

S. JANARDHAN & ASSOCIATES

CHARTERED ACCOUNTANTS

VIJAY BHATIA, B.com., F.C.A.,
BALAKRISHNA S.BHAT, B.com., F.C.A.,
B. ANAND, B.Sc., F.C.A.,



Apt. No.103 & 106
Embassy Centre
No.11, Crescent Road
Bangalore - 560 001

Phone :22265438, 22260055
22202709 Fax: 22265572
E-mail : ca.sjassociates@gmail.com

Independent Auditor's Report

To the Members of Sobha Developers Pune Limited,

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Sobha Developers Pune Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Statement of Changes in Equity and the statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. In conduct of our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to me:
 - i. The Company did not have any pending litigations as at 31st March 2018 which have an impact on its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses, and



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S Janardhan & Associates

Chartered Accountants

Firm's registration number: 0053105



B Anand

Partner

Membership number: 029146



Place: Bengaluru

Date: 17th May 2018

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

- i. The Company has no fixed assets during the year and hence provisions of sub clause 3 (i) (a),(b) and (c) of this Para are not applicable to the company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. According to the Information and explanations given to us, the Company had not granted any loan secured or unsecured to any companies, firms, Limited Liability Partnerships or other parties as covered in the register maintained under section 189 of the Companies Act, 2013, except for certain advances towards purchase of land to its holding company. Accordingly, in our opinion, the provisions of clause 3 (iii) (a), (b), (c) of the said Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013, in respect of loans advances given, investments made and, guarantees, and securities to given to the entities in which directors are interested have been complied with by the Company.
- v. The Company has not accepted any deposits from the public and does not have any unclaimed deposits as at 31st March 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the construction of buildings/ structures and other related activities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of provident fund, employees' state insurance and duty of excise.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no material dues of income tax, sales tax, duty of excise, service tax, value added tax and duty of customs which have not been deposited with the appropriate authorities on account of any dispute.
- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under paragraph 3(viii) of the Order is not applicable.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we



report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration. Accordingly, reporting under paragraph 3 (xi) of the Order is not applicable and hence not commented upon.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S Janardhan & Associates

Chartered Accountants

Firm's registration number: 8053105



B Anand

Partner

Membership number: 029146

Place: Bengaluru

Date: 17th May 2018

Annexure - B to the Independent Auditors' Report of even date on the Ind AS Financial Statements of Sobha Developers Pune Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the members of Sobha Developers Pune Limited,

We have audited the internal financial controls over financial reporting of **Sobha Developers Pune Limited** ("the Company") as of 31st March 2018, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI") and Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and Guidance Notes required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.


Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S Janardhan & Associates

Chartered Accountants

Firm's registration number: 0053105



B Anand
Partner

Membership number: 029146



Place: Bengaluru

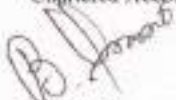
Date: 17th May 2018

Sobha Developers Pune Limited
Balance sheet as at March 31, 2018

	Note	As at 31-Mar-18 ₹ million	As at 31-Mar-17 ₹ million
Assets			
Non-current assets			
Financial assets			
Investments	4	5,666	4,399
Other non-current financial assets	8	28,818	10,664
		34,484	15,063
Current assets			
Inventories	5	242,286	878,211
Financial assets			
Trade receivables	6	88,318	18,025
Cash and cash equivalents	7	32,973	11,527
Other current financial assets	8	-	63,091
Other current assets	9	1,844,841	1,235,238
Current tax assets (net)		12,787	12,619
		2,221,205	2,218,711
Total assets		2,255,689	2,233,774
Equity and liabilities			
Equity			
Equity share capital	10	0,526	0,526
Other equity	11	2,142,595	2,031,316
Total equity		2,143,121	2,031,842
Non-current liabilities			
Deferred tax liabilities (net)	21	3,685	18,069
		3,685	18,069
Current liabilities			
Financial liabilities			
Trade payables	12	5,880	2,346
Other current financial liabilities	13	50,631	64,910
Other current liabilities	14	49,172	110,335
Liabilities for current tax (net)		3,200	6,272
		108,883	183,863
Total liabilities		112,568	201,932
Total equity and liabilities		2,255,689	2,233,774
Summary of significant accounting policies	2.2		

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

For S.Janardhan & Associates
Firms' Registration No.0053108
Chartered Accountants



B. Anand
Partner
Member Ship No.29146



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


Kavya Chandrashekar Gowda
Director
DIN :06852235


M. Radhakrishnan
Director
DIN: 02226337

Place: Bengaluru, India
Date: 17th May, 2018

Place: Bengaluru, India
Date: 17th May, 2018

Sobha Developers Pune Limited
Statement of profit and loss for the year ended March 31, 2018

	Note	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Revenue from operations	15	1,106,969	588,420
Other income	16	0.084	0.381
Finance income	17	2.078	0.862
Total income		1,109.131	589.663
Expenses			
(Increase)/ decrease in inventories of land stock and work-in-progress	18	635.925	30.592
Subcontractor and other charges		167.334	492.980
Other expenses	19	130.770	57.597
Finance cost	20	1.188	0.802
Total expenses		935.217	581.971
Profit before tax		173.914	7.692
Tax expenses	21		
Current tax		77.019	12.231
Deferred tax charge/ (credit)		(14.384)	18.069
Income tax expense		62.635	30.300
Profit for the year		111.279	(22.608)
Total comprehensive income for the year attributable to owners of the Company		111.279	(22.608)
Earnings per equity share [nominal value of ₹ 1 (Previous year - ₹ 1)]	28	211.429	(42.954)
Basic and Diluted [in Rupees]			

Summary of significant accounting policies

2.2

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

 For S.Janardhan & Associates
 Firms' Registration No.005310S
 Chartered Accountants



 B. Anand
 Partner
 Member Ship No.29146

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


 Kayana Chandrashekar Gowda
 Director
 DIN :06852235


 M Radhakrishnan
 Director
 DIN: 02226337

 Place: Bengaluru, India
 Date: 17th May, 2018

 Place: Bengaluru, India
 Date: 17th May, 2018

Sobha Developers Pune Limited
Statement of Changes in Equity for the year ended March 31, 2018

a. Equity share capital

	No of Shares	Amount ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
At March 31, 2017	526,320	0.526
At March 31, 2018	526,320	0.526

b. Other equity

For the year ended March 31, 2018

Attributable to the equity holders of the Company			₹ million
	Reserves and Surplus		Total
	Securities premium account	Retained earnings	
As at April 1, 2017	883.921	1,147.395	2,031.316
Profit for the year		111.279	111.279
Transfer to other reserves			
General reserve	-	-	-
Total comprehensive income	883.921	1,258.675	2,142.595
At March 31, 2018	883.921	1,258.675	2,142.595

For the year ended March 31, 2017

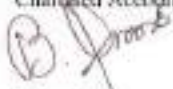
Attributable to the equity holders of the Company			₹ million
	Reserves and Surplus		Total
	Securities premium account	Retained earnings	
As at April 1, 2016	883.921	1,170.003	2,053.924
Profit for the year		(22.608)	(22.608)
Transfer to other reserves			
General reserve	-	-	-
Total comprehensive income	883.921	1,147.395	2,031.316
At March 31, 2017	883.921	1,147.395	2,031.316

Summary of significant accounting policies

2.2

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

For S. Janardhan & Associates
Firms' Registration No.0053105
Chartered Accountants



B. Anand
Partner
Member Ship No.29146



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


Kavya Chundreshkar-Bowda
Director
DIN: 306852235


M Radhakrishnan
Director
DIN: 02226337

Place: Bengaluru, India
Date: 17th May, 2018

Place: Bengaluru, India
Date: 17th May, 2018

Sobha Developers Pune Limited
Statement of Cash Flows for the year ended March 31, 2018

	Note	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Operating activities			
Profit before tax		173.914	7.692
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Finance income (including fair value change in financial instruments)		(2.078)	(0.862)
Finance costs (including fair value change in financial instruments)		1.188	0.802
Share of (profit)/Loss from investment in partnership firm		(1.267)	1.101
<i>Working capital adjustments:</i>			
(Increase)/ decrease in trade receivables		(70.294)	(3.164)
(Increase)/ decrease in inventories		635.925	30.592
(Increase)/ decrease in other financial and non-financial assets		(545.868)	(76.844)
Increase/ (decrease) in trade payables and other financial liabilities		(10.746)	(28.448)
Increase/ (decrease) in other non-financial liabilities		(61.163)	79.926
		119.611	10.795
Income tax paid (net of refund)		(81.309)	(6.578)
Net cash flows from/ (used in) operating activities (A)		38.302	4.217
Investing activities			
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net		(18.154)	(10.659)
Interest received		1.435	0.086
Net cash flows from/ (used in) investing activities (B)		(16.719)	(10.573)
Financing activities			
Repayment of short-term borrowings		-	-
Interest paid (gross)		(0.137)	(0.142)
Net cash flows from/ (used in) financing activities (C)		(0.137)	(0.142)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		21.446	(6.498)
Cash and cash equivalents at the beginning of the year	7	11.527	18.025
Cash and cash equivalents at the end of the year	7	32.973	11.527

Summary of significant accounting policies

2.2

As per our report of even date

For S.Janardhan & Associates
Firms' Registration No.005310S
Chartered Accountants


B. Anand
Partner

Member Ship No.29146



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


Kayara Chandrashekar Gowda
Director
DIN :06852235


M Radhakrishnan
Director
DIN: 02226337

Place: Bengaluru, India
Date: 17th May, 2018

Place: Bengaluru, India
Date: 17th May, 2018

1 Corporate Information

Sobha Developers Pune Limited ("Company") was incorporated on February 13, 2007. The Company is primarily engaged in procurement, sale and development of lands into a residential, commercial complex and plotted development.

The Company is a public limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office is located at Bengaluru. Its shares are not listed and is a fully owned subsidiary of Sobha Limited, a listed company in the real estate sector and having its registered office at Bengaluru.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in INR and all values are rounded to the nearest millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Company on its own account.

The specific recognition criteria described below must also be met before revenue is recognised.

i. 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

Revenue from real estate projects including revenue from sale of undivided share of land [group housing] is recognised upon transfer of all significant risks and rewards of ownership of such real estate/ property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Where the Company still has obligations to perform substantial acts even after the transfer of all significant risks and rewards, revenue in such cases is recognised by applying the percentage of completion method only if the following thresholds have been met:

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

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



b) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

c) Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The real estate development projects undertaken by the Company generally run over a period ranging upto 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of upto 5 years. Borrowings in connection with such projects are classified as short-term (i.e current) since they are payable over the term of the respective projects.

Assets and liabilities, other than those discussed above, are classified as current to the extent they are expected to be realised / are contractually repayable within 12 months from the Balance sheet date and as non-current, in other cases.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



e) Fair value measurement

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value improvements are recognized in the other comprehensive income (OCI).



Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments in subsidiaries and joint ventures

The Company has availed the option available in Ind AS 27 to carry its investment in subsidiaries and joint ventures at cost. Impairment recognized, if any, is reduced from the carrying value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

g) 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.

h) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



i) Provisions

A provision is recognized when an enterprise has a present obligation (legal or constructive) as result of past event and it is probable that an outflow of embodying economic benefits of resources will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) 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.

k) 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.

l) Taxes

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised using the balance sheet approach, deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:

> In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.



Minimum Alternative Tax (MAT) may become payable when the taxable profit is lower than the book profit. Taxes paid under MAT are available as a set off against regular corporate tax payable in subsequent years, as per the provisions of Income Tax Act. MAT paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

m) Foreign currency translation

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

n) 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.

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or uncertainties arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



i) Revenue recognition, contract costs and valuation of unbilled revenue

The Company uses the percentage-of-completion method for recognition of revenue, accounting for unbilled revenue and contract cost thereon for its real estate projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

ii) Estimation of net realisable value for inventory property

Inventory property is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.



4 Investments

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Non-current investments:		
Investments carried at cost		
Investment in the capital of partnership firm (Subsidiary)		
1% (March 31, 2017 - 1%) share in the profits of partnership firm:		
Sobha City - Capital account	0.010	0.010
Sobha City - Current account	5.656	4.389
Total investments carried at cost	5.666	4.399
Total investments	5.666	4.399

Details of investments in partnership firms*Investment in Sobha City*

Name of Partner	Share of partner in profits (%)	
	31-Mar-18	31-Mar-17
Sobha Limited	99%	99%
Sobha Developers (Pune) Limited	1%	1%
Total capital of the firm (₹ million)	400	400

5 Inventories (valued at lower of cost and net realizable value)

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Land stock	49.000	49.000
Work-in-progress	193.286	829.211
	242.286	878.211

6 Trade receivables

	₹ million			
	Current 31-Mar-18	31-Mar-17	Non-current 31-Mar-18	31-Mar-17
Trade receivables	88.318	18.025	-	-
Total Trade receivables	88.318	18.025	-	-
<i>Other receivables</i>				
Unsecured, considered good	88.318	18.025	-	-
	88.318	18.025	-	-
Total Trade receivables	88.318	18.025	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.



7 Cash and bank balances

	₹ million			
	Current 31-Mar-18	31-Mar-17	Non-current 31-Mar-18	31-Mar-17
Cash and cash equivalents				
<i>Balances with banks:</i>				
– On current accounts	15,454	8,290	-	-
Cheques/ drafts on hand	17,500	2,940	-	-
Cash on hand	0,019	0,297	-	-
	32,973	11,527	-	-
Bank balance other than cash and cash equivalents				
– Deposits with maturity for more than 12 months	28,813	10,659	-	-
	28,813	10,659	-	-
Less: Amount disclosed under non-current financial assets (refer note 8)	28,813	10,659	-	-
	32,973	11,527	-	-

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
<i>Balances with banks:</i>		
– On current accounts	15,454	8,290
Cheques/ drafts on hand	17,500	2,940
Cash on hand	0,019	0,297
	32,973	11,527



8 Other financial assets

	₹ million			
	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Security deposit				
<i>Unsecured, considered good</i>				
Security deposit - Others	-	-	0.005	0.005
	-	-	0.005	0.005
Others				
Unbilled revenue	-	63.091	-	-
Non-current bank balances (refer note 7)	-	-	28.813	10.659
	-	63.091	28.818	10.664

9 Other assets

	₹ million			
	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Land advance				
Unsecured, considered good	1,825.057	1,147.796	-	-
Advances recoverable in cash or kind				
Unsecured considered good	0.245	0.234	-	-
Others				
Prepaid expenses	0.218	0.092	-	-
Balances with statutory/ government authorities	17.902	86.340	-	-
Interest accrued on investments	1.419	0.776	-	-
	1,844.841	1,235.238	-	-

Loans and advances due by directors or other officers, etc.

	₹ million			
	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Land advance				
Dues from Sobha Limited, a holding company (refer note 27)	1,825.057	1,147.796	-	-



10 Share Capital

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Authorised shares		
800,000 (March 31, 2017 - 800,000) equity shares of ₹1 each	0.800	0.800
Issued, subscribed and fully paid-up shares		
526,320 (March 31, 2017 - 526,320) equity shares of ₹1 each fully paid up	0.526	0.526
Total issued, subscribed and fully paid-up share capital	0.526	0.526

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

	31-Mar-18 No of Shares	₹ million	31-Mar-17 No of Shares	₹ million
Equity shares				
At the beginning of the year	526,320	0.526	526,320	0.526
Issued during the year	-	-	-	-
Outstanding at the end of the year	526,320	0.526	526,320	0.526

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share.

Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend during the year.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31-Mar-18 No of Shares	Holding percentage	31-Mar-17 No of Shares	Holding percentage
Equity shares of ₹10 each fully paid up				
Sobha Limited	526,320	100.00%	526,320	100.00%

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

11 Other equity

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Securities premium account		
Balance at the beginning of the year	883.921	883.921
Closing balance	883.921	883.921
Surplus in the statement of profit and loss		
Balance at the beginning of the year	1,147.395	1,170.003
Profit for the year	111.279	(22.608)
Net surplus in the statement of profit and loss	1,258.674	1,147.395
Total other equity	2,142.595	2,031.316



12 Trade payables

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 24 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	5,880	2,346
	<u>5,880</u>	<u>2,346</u>

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 60-day terms

-Trade payables with related parties, refer to note 27

For explanations on the Company's credit risk management processes, refer to note 30

13 Other financial liabilities

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Current		
Security deposit towards maintenance services	50,631	64,910
Total current other financial liabilities	<u>50,631</u>	<u>64,910</u>
Total other financial liabilities	<u>50,631</u>	<u>64,910</u>

14 Other liabilities

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Advance from customers	44,566	93,747
Withholding taxes payable	0,099	0,286
Others	4,507	16,302
Total Other liabilities	<u>49,172</u>	<u>110,335</u>



15 Revenue from operations

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Revenue from operations		
Sale of products/ finished goods		
Income from property development	1,068,129	559,105
Other operating revenue		
Share in profits of partnership firm investments (post tax)	1,267	-
Income from maintenance services	29,211	16,584
Others	8,362	12,731
Total	1,106,969	588,420

16 Other income

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Other non-operating income	0.084	0.381
	0.084	0.381

17 Finance income

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Interest income on Bank deposits	2.078	0.862
	2.078	0.862

18 (Increase)/ decrease in inventories

	₹ million 31-Mar-18	₹ million 31-Mar-17		₹ million (Increase)/ decrease
			Less: Transferred to Capital work-in-progress/ tangible assets/ advances	
Inventories at the end of the year				31-Mar-18
Land stock	49,000	49,000		-
Work-in-progress	193,286	829,211		635,925
	242,286	878,211	-	635,925
Inventories at the beginning of the year				31-Mar-17
Land stock	49,000	50,098		1,098
Work-in-progress	829,211	858,705		29,494
	878,211	908,803	-	30,592
(Increase)/ decrease	635,925	30,592		



19 Other expenses

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Rent	0.160	0.022
Rates and taxes	65.413	0.621
Property maintenance expenses	39.327	26.683
Brokerage and discounts	12.070	15.841
Donation (refer note 27)	9.700	7.000
Legal and professional fees	4.019	0.540
Directors' commission and sitting fees	-	0.221
Payment to auditor (Refer details below)	0.060	0.050
Share of loss from Sobha City	-	1.101
Miscellaneous expenses	0.021	5.518
	130.770	57.597

Payment to auditor

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
As auditor:		
Audit fee	0.060	0.050
	0.060	0.050

20 Finance costs

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Interest		
- Others	1.057	0.728
Bank charges	0.131	0.074
	1.188	0.802
Total finance costs	1.188	0.802



21 Income tax

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

Statement of profit and loss:

Profit or loss section

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Current income tax:		
Current income tax charge	77,019	12,231
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(14,384)	18,069
Income tax expense reported in the statement of profit or loss	62,635	30,300

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Accounting profit before income tax	173,914	7,692
At India's statutory income tax rate of 34.608% (March 31, 2017: 33.063%)	60,188	2,543
Adjustments in respect of current income tax of previous years	-	-
<i>Non-deductible expenses for tax purposes:</i>		
Disallowance u/s 80G	1,678	1,671
Ineligible interest expense	15,591	7,653
<i>Non taxable income for tax purposes:</i>		
Profit/Loss from partnership firm	(0,438)	0,364
At the effective income tax rate of 34.608% (March 31, 2017: 33.063%)	77,019	12,231
	77,019	12,231

Deferred tax

Deferred tax relates to the following:

	Balance sheet		Statement of profit and loss	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Accelerated depreciation for tax purposes				
Interest U/S 36(1)(iii)-Interest	(3,685)	(18,069)	(14,384)	18,069
Inventorised/Capitalised in the books but claimed as expense in Tax				
Deferred tax expense / (income)			(14,384)	18,069
Net deferred tax assets / (liabilities)	(3,685)	(18,069)		



Sobha Developers Pune Limited

Notes to the financial statements for the year ended March 31, 2018

- 22 There is no expenditure or earnings in Foreign exchange during the period.
- 23 **Contingent Liability:**
Corporate Guarantee to HDFC Bank limited against the credit facility extended by the bank to Sobha City, being a related party.
- 24 There are no dues to any party covered under Micro, Small and medium Enterprises Development Act, 2006, and hence information required under the said Act has not been furnished.
- 25 The provision of Gratuity and other related acts are not applicable and hence no such provisions are made.
- 26 **Construction Contracts:**

Particulars	31-Mar-18	31-Mar-17
	₹ million	₹ million
Contract Revenue recognized as revenue in the year	1,068.129	559.105
Contract Cost incurred and recognized Profits (less recognized Losses) upto the reporting date	4,351.035	3,929.592
Advances received	4,089.924	3,103.926
Amount of Work-in-progress and value of inventories	193.286	829.211
Gross amount due from customers for contract work	88.318	63.091

- 27 The related parties and transactions with them during the year as identified by the management are given under:

a) List of Related Companies

Holding Company

Sobha Limited

(formerly known as Sobha Developers Limited)



Name of the Other Related Parties

Allapuzha Fine Real Estate Private Limited
 Ahuja Realities Private Limited
 Annalakshmi Land Developers Private Limited
 Bikaia Properties Private Limited
 Bikaia Realstates Private Limited
 Bikaia Realtors Private Limited
 Chennai Supercity Developers Private Limited
 Chikmangaloor Builders Private Limited
 Chikmangaloor Developers Private Limited
 Chikmangaloor Properties Private Limited
 Chikmangaloor Realtors Private Limited
 Cochin Cyber City Private Limited
 Cochin Cyber Estates Private Limited
 Cochin Cyber Golden Properties Private Limited
 Cochin Cyber Value Added Properties Private Limited
 Cochin Realtors Private Limited
 Duram Cyber Builders Private Limited
 Duram Cyber Developers Private Limited
 Duram Cyber Properties Private Limited
 Duram Lands Real Estate Private Limited
 Greater Cochin Cybercity 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
 Ilupur Builders Private Limited
 Ilupur Developers Private Limited
 Ilupur Properties Private Limited
 Ilupur Real Estate Private Limited
 Ilupur Realtors Private Limited
 Indiset Electromechanical Private Limited
 Indiset Steel Private Limited
 Kaloor Realtors Private Limited
 Kaveripuram Developers Private Limited
 Kilai Builders Private Limited
 Kilai Properties Private Limited
 Kilai Super Developers Private Limited
 Kottaiyur Developers Private Limited
 Kottaiyur Real Estates Private Limited
 Kottaiyur Realtors Private Limited
 Kuthavakkam Builders Private Limited
 Kuthavakkam Developers Private Limited
 Kuthavakkam Properties Private Limited
 Kuthavakkam Realtors Private Limited
 Lotus Manpower Consultants Services Private Limited
 Mamballi Builders Private Limited
 Mannur Builders Private Limited
 Mannur Properties Private Limited
 Mannur Real Estate Private Limited
 Mapodu Builders Private Limited
 Mapodu Real Estates Private Limited
 Mapodu Realtors Private Limited
 Marina Realtors Private Limited
 Sobha Tamharam Developers Limited (formerly known as Megatech Software Private Limited)
 Moolamcode Traders Private Limited
 Nasarpet Developers Private Limited
 Nasarpet Properties Private Limited
 Nasarpet Realtors Private Limited
 Navabhusan Properties And Developers Private Limited
 Objective Systems Integrators India Private Limited
 Oman Builders Private Limited
 Padma Lechana Enterprises Private Limited
 Palani Properties Private Limited
 Pallavur Projects Private Limited
 Panamakudi Properties Private Limited
 Perambakkam Builders Private Limited
 PNC Switchgears Private Limited

Perambakkam Properties Private Limited
 Pillaiyakkam Properties Private Limited
 Pillaiyakkam Builders Private Limited
 PNC Lighting Solutions Private Limited
 PNC Technologies Private Limited
 Pudukkottai Builders And Developers Private Limited
 Pudukkottai Developers Private Limited
 Red Lotus Facility Services Private Limited
 Red Lotus Metal Works Facilities And Services Private Limited
 Red Lotus Realtors Private Limited
 Royal Interiors Private Limited
 Rusoh Fine Builders Private Limited
 Rusoh Home Developers Private Limited
 Rusoh Marina Properties Private Limited
 Rusoh Modern Builders Private Limited
 Rusoh Modern Developers Private Limited
 Rusoh Modern Properties Private Limited
 S.B.G Housing Private Limited
 Santhavellur Builders Private Limited
 Santhavellur Developers Private Limited
 Santhavellur Realtors Private Limited
 Sengadu Builders Private Limited
 Sengadu Developers Private Limited
 Sengadu Properties Private Limited
 Sengadu Realstates Private Limited
 Sengadu Realtors Private Limited
 Sobha Academy Private Limited
 Sobha Assets Private Limited
 Sobha Aviation And Engineering Services Private Limited
 Sobha Contracting Private Limited
 Sobha Electro Mechanical Private Limited
 Sobha Glazing And Metal Works Private Limited
 Sobha Highrise Ventures Private Limited
 Sobha Hitechcity Developers Private Limited
 Sobha Innerscity Technopolis Private Limited
 Sobha Interiors Private Limited
 Sobha Jewellery Private Limited
 Sobha Mapletree Developers Private Limited
 Sobha Projects And Trade Private Limited
 Sobha Puravankara Aviation Private Limited
 Sobha Renaissance Information Technology Private Limited
 Sobha Space Private Limited
 Sobha Technocity Private Limited
 Sri Durga Devi Property Management Private Limited
 Sri Kanakadurga Property Developers Private Limited
 Sri Parvathy Land Developers Private Limited
 Sunbeam Projects Private Limited
 Techobuild Developers Private Limited
 Thakathi Developers Private Limited
 Thakathi Realtors Private Limited
 Thiruchour Builders Private Limited
 Thiruchour Developers Private Limited
 Tirur Cyber Real Estates Private Limited
 Valasai Vettikadu Builders Private Limited
 Sobha Nandambakkam Developers Limited (formerly known as Tirur Cybercity Developers Private Limited)
 Valasai Vettikadu Properties Private Limited
 Valasai Vettikadu Real Estate Private Limited
 Valasai Vettikadu Realtors Private Limited
 Vayaloor Builders Private Limited
 Vayaloor Developers Private Limited
 Vayaloor Properties Private Limited
 Vayaloor Real Estate Private Limited
 Vayaloor Realtors Private Limited
 Sri Kurumba Trust
 Sobha City
 Kondrwa Projects LLP
 C V S Tech Park Private Limited



b) Transactions with Related Parties:

Nature of transaction	Description of relationship	Name of the Related party	31-Mar-18	31-Mar-17
			₹ million	₹ million
Balance Receivable	Holding Company	Sobha Limited	1,825.057	1,147.296
	Other Related Party	Sobha City	5.666	4.399
Purchase of goods and services	Holding Company	Sobha Limited	179.050	503.811
	Other Related Party	Lotus Manpower Consultant Services Private Limited	1.855	1.277
Reimbursements	Other Related Party	Sobha Assets Private Limited	0.227	-
Donation	Other Related Party	Sri Karunha Trust	9.700	7.000
Share of Loss	Other Related Party	Sobha City	-	1.101
Share of Profit		Sobha City	1.267	-
Investment		Sobha City	0.010	0.010
Balance Payable	Other Related Party	Lotus Manpower Consultant Services Private Limited	1.202	1.024
Security/Guarantee offered for loan availed	Other Related Party	Sobha City	727.700	744.000

Key Managerial Personnel

M Radhakrishnan

Kayara Chandrashekar Gowda

J C Sharma

28 Earnings per Share:

a) Basic Earnings per share is calculated by dividing the net profit attributable to the ordinary Shareholders by the weighted average number of ordinary shares outstanding during the year.

b) The following reflects the income and share data used in the computation of Basic Earnings per share.

Particulars	31-Mar-18	31-Mar-17
Amount used as the numerator Net Profit attributable to the ordinary Shareholders for Basic Earnings per Share (₹ million)	111.279	(22.608)
No of Ordinary Shares used as denominator Weighted average number of ordinary shares in issue applicable to Basic earnings per Share	526,320	526,320
Basic EPS (In Rs)	211.429	(42.954)

29 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹ 2.54 million (Previous year: ₹ 6.56 million)

Amount spent during the year ending on March 31, 2018:

Construction/acquisition of any asset
On purposes other than above

₹ million	
In cash	Yet to be paid in cash
-	-
9.70	-
<u>9.70</u>	<u>-</u>

Amount spent during the year ending on March 31, 2017:

Construction/acquisition of any asset
On purposes other than above

₹ million	
In cash	Yet to be paid in cash
-	-
7.00	-
<u>7.00</u>	<u>-</u>



30 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations in support its operations. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analyses in the following section relate to the position as at March 31, 2018 and March 31, 2017.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

B Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and investing activities (short term bank deposits).

Trade receivables

Receivables resulting from sale of properties: Customer credit risk is managed by requiring customers to pay advances before transfer of ownership, therefore, substantially eliminating the Company's credit risk in this respect.



Financial instrument and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2018 and 2017 is the carrying amounts.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

C Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

						₹ million
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2018						
Other financial liabilities	50,631	-	-	-	-	50,631
Trade and other payables	-	5,880	-	-	-	5,880
	50,631	5,880	-	-	-	56,511
Year ended March 31, 2017						
Other financial liabilities	64,910	-	-	-	-	64,910
Trade and other payables	-	2,346	-	-	-	2,346
	64,910	2,346	-	-	-	67,256



31 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	₹ million	
	31-Mar-18	31-Mar-17
Trade payables (Note 12)	5,880	2,346
Other payables (Note 14 and note 13)	99,803	175,245
Less: Cash and cash equivalents (Note 7)	(32,973)	(11,527)
Net debt	72,710	166,064
Equity (Note 10)	0,526	0,526
Other Equity (Note 11)	2,142,595	2,031,316
Total capital	2,143,121	2,031,842
Capital and net debt	2,215,831	2,197,906
Gearing ratio	3.28%	7.56%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.



32 Fair value measurements

The carrying value of financial instruments by categories is as follows:

Particulars	As at March 31, 2018			As at March 31, 2017		
	At Cost	Fair value through profit or loss	At Amortised Cost	At Cost	Fair value through profit or loss	At Amortised Cost
Financial assets						
Trade receivables	-	-	88,318	-	-	18,025
Cash and cash equivalents	-	-	32,973	-	-	11,527
Other current financial assets	-	-	-	-	-	63,091
Total	-	-	121,291	-	-	92,643
Financial liabilities						
Trade payables	-	-	5,880	-	-	2,346
Other financial liabilities	-	-	50,631	-	-	64,910
Total	-	-	56,511	-	-	67,256



33 Standards issued but not effective

The standards issued, but not effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 - Revenue from Contracts with Customers

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Indian Accounting Standard (Ind AS) 115, Revenue from Contracts with Customers.

Ind AS 115 introduces a five-step model to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer (i.e., when (or as) the customer obtains control of that asset) at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for accounting periods commencing on or after April 1, 2018.

The Company will adopt Ind AS 115 effective from April 1, 2018. Since the Company does not have any ongoing realstate project as on March 31, 2018, the Company does not expect any impact on its financial statements.

Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments are not applicable to the Company.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Amendments to Ind AS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not applicable to the Company.



Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. These amendments are not applicable to the Company.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, these amendments are not applicable to the Company.

As per our report of even date

For S.Janardhan & Associates
Firms' Registration No.005310S
Chartered Accountants

B.Anand
Partner
Member Ship No.29146



Place: Bengaluru, India
Date: 17th May, 2018

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

Kajara Chandrashekar Gowda
Director
DIN :06852235

M Radhakrishnan
Director
DIN: 02226337

Place: Bengaluru, India
Date: 17th May, 2018