INDEPENDENT AUDITORS' REPORT

To the Members of Sobha Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sobha Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2022, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of matter

We draw attention to note 40 to the standalone financial statements that explains that during the previous years, the Company had entered into a joint development agreement (JDA) in which the counter party, i.e. land owners had obtained a license for setting up a residential township on land parcels. The license is based on the Bilateral Agreement which was entered into between the land owners and District Town and Country Planner (DTCP), Haryana and is governed under the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975.

In respect of this transaction, the concerned authorities are inspecting if there were any irregularities in respect of the manner of allotment and pricing of certain plots under this project by the Company, with respect to the terms and conditions of the license and HRDUAA regulations and also whether the concerned charges were paid pursuant to the change in beneficial interest.

The Company has responded to the concerned authorities on these transactions from time to time. The matter has not yet been concluded, and the duration and outcome of the ongoing regulatory proceedings is presently uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Regulatory Inquiry - refer note 40 to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of certain transactions entered into by the Company and recoverability of balances, on which regulatory inquiries are ongoing During the previous years, the Company has received enquiries from Securities and Exchange Board of India (SEBI) about certain transactions entered into by the Company in earlier years. SEBI had further summoned the Company under section 11(2), and 11C(2), 11C(3) of the SEBI Act, 1992 for production of documents and responses in respect of the aforesaid transactions. The enquiries and consequently the Summons were directed to ascertain if there was any undue favour towards any individuals in these specific business transactions carried out by the Company, which represented aged receivables and other asset balances recoverable from the various parties and SEBI had sought responses and evidences for the efforts taken by the Company to recover these amounts. During the current year, the Company and the other parties to the transactions have agreed to the manner of settlement of the dues according to which the Company is expected to recover the dues over a period of time. During the current year, SEBI has initiated adjudication proceedings against the Company and its officers and issued a Show Cause Notice (SCN) to the Company under Rule 4(1) of the SEBI (Procedure for holding inquiry and imposing penalties) Rules, 1995. The Company, in consultation with its legal counsel has responded to the allegations in the SCN and also filed a settlement application under SEBI (Settlement Proceedings) Regulations, 2018. The matter has not yet been concluded by SEBI. Considering the significance of the matter which involves uncertainty of outcome due to ongoing inquiries from SEBI and significant judgements and estimates by the Company on the realisability of these balances, this is considered as a key audit matter.	Our audit procedures on this matter included the following: • Inquired with senior personnel of the Company to understand the status of recovery of aged receivables and other asset balances outstanding from these transactions pursuant to the manner of settlement as agreed among the parties to the transactions; • Verified the correspondence with the various parties to recover the outstanding balances; • Read the Company's communications to SEBI to ensure consistency with the explanations and documentation / correspondences provided to us; • Evaluated and challenged the Company's assessment of recoverability of the balances outstanding as at the balance sheet date, the business rationale for these transactions and the timing and manner of settlement, including considering the developments subsequent to the balance sheet date; • Evaluated the legal opinions obtained by the Company on the implications of adjudication proceedings initiated on the Company; • Communicated and discussed periodic updates on these transactions to those charged with governance, including the recoverability and business rationale aspects for these transactions; • Read the minutes of the meetings of the management discussions with the Board of Directors and those charged with governance on this matter; • Read the Company's submission to SEBI for the settlement application made; and • Considered the adequacy of the disclosures in the standalone financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
Key Audit Matter (continued)

B. Revenue recognition - refer note 2.2(a)(ii)(a) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of residential units Revenues from sale of residential units represents the largest portion of the total revenues of the Company. Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Company expects to receive in exchange for those units. The point of revenue recognition is normally based on the terms as included in the intimation for the handover of unit to the customer on completion of the project, post which the contract becomes non-cancellable by the parties. The Company records revenue at a point in time upon transfer of control of residential units to the customers. Considering the volume of the Company's projects, spread across different regions within the country and the competitive business environment, there is a risk of revenue being recorded in an incorrect period (for example, through premature revenue recognition i.e., recording revenue prior to handover of unit to the customers or improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Company's profitability, there is a possibility of the Company being biased, hence this is considered as a key audit matter.	Our audit procedures on revenue recognition on sale of residential units included the following: • Evaluation of the Company's accounting policies for revenue recognition on sale of residential units are in line with the applicable accounting standards and their application to customer contracts, including consistent application; • Identifying and testing operating effectiveness of key controls around approvals of contracts, milestone billing, intimation of handover letters and controls over collection from customers; • For samples selected, verifying the underlying documents – handover letter, sale agreement signed by the customer, handover intimation mail sent to the customer and the collections against the units sold; • Cut-off procedures for recording of revenue in the relevant reporting period; • Site visits during the year for selected projects to understand the scope, nature, status and progress of the projects; and • Considering the adequacy of the disclosures in note 2.2(a)(ii)(a) to the standalone financial statements in respect of recognising revenue on sale of residential units.

B. Revenue recognition - refer note 2.2(a)(i) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue on contractual construction projects recorded over time which is dependent on the estimates of the costs to complete Revenue recognition from contractual projects represents a significant portion of the total revenues of the Company.	Our audit procedures on revenue recognition on contractual construction projects included the following: • Evaluation of Company's accounting policies for revenue recognition on contractual projects are in line with the applicable accounting standards and their application to customer contracts, including consistent application;

Key Audit Matter	How the matter was addressed in our audit
Revenue recognition from contractual projects involves significant estimates primarily pertaining to measurement of costs to complete the projects. Revenue from projects is recorded based on Company's assessment of the work completed, costs incurred and accrued and the estimate of the balance costs to complete. Due to inherent nature of the projects and significant judgment involved in the estimate of costs to complete, there is risk of overstatement or understatement of revenue, hence this is considered as a key audit matter.	• Identifying and testing operating effectiveness of key controls around budgeting of project cost, approval of purchase orders, recording of actual cost, raising of invoices and estimating the cost to complete the project; • For samples selected during the year, verifying the underlying documents – contracts with customers, invoices raised and collections from the customers; • Comparing the estimated costs to complete with the budgeted costs and analysis of the variances, if any; • Sighting approvals for budgeted costs with the rationale for the changes; • Assessment of costs incurred on projects, which is used by the Company to determine the percentage of completion; • Considering the adequacy of the disclosures in note 2.2(a)(i) to the standalone financial statements in respect of judgements taken to recognise revenue for contractual projects; and • Considering the adequacy of the disclosures in note 42 to the standalone financial statements in respect of revenue recognised, cost incurred, amount received/ retentions due from customers, work in progress, value of inventories and profit recognised till date.

B. Revenue recognition - refer note 2.2(a)(iii) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of manufactured products Revenue is recognised upon transfer of control of products manufactured by the Company to customers for an amount which reflects the consideration the Company expects to receive in exchange for those products. The point of revenue recognition is normally upon transfer of control to the customer on delivery of product.	Our audit procedures on revenue recognition from sale of manufactured products included the following: • Evaluation of Company's accounting policies for revenue recognition on sale of products manufactured, are in line with the applicable accounting standards and their application to agreement with customers, including consistent application;

Key Audit Matter	How the matter was addressed in our audit
Considering the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e., recording revenue prior to transfer of control to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Company's profitability, there is a possibility of the Company being biased, hence this is considered as a key audit matter.	• Identifying and testing operating effectiveness of key controls around approvals of sale order received, invoice raised, intimation of delivery of product, and controls over collection from customers; • For samples selected, verifying the underlying documents – sales order, invoice raised, good received note authorised by the customer and the collections; • Cut-off procedures for recording of revenue in the relevant reporting period; and • Considering the adequacy of the disclosures in note 2.2(a)(iii) to the standalone financial statements in respect of recognizing revenue on sale of manufactured products.

C.Inventories - refer note 3(b)(iv) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of net realisable value (NRV) of inventories Inventories on construction of residential units comprising ongoing and completed projects, initiated but unlaunched projects and land stock, represents a significant portion of the Company's total assets. The Company recognises profit on the sale of each residential unit with reference to the overall profit margin depending upon the total cost incurred on the project. A project comprises multiple units, the construction of which is carried out over a number of years. The recognition of profit for sale of a unit, is therefore dependent on the estimate of future selling prices and construction costs. Further, estimation uncertainty and exposure to cyclicality exists within long- term projects.	Our audit procedures to assess the net realisable value (NRV) of inventories included the following: • Enquiry with the Company's personnel to understand the basis of computation and justification for the estimated recoverable amounts of the unsold units in both ongoing and completed projects ("the NRV assessment"); • Assessing the Company's valuation methodology for the key estimates, data inputs and assumptions adopted in the valuation. This involved comparing the total cost per sqft with expected average selling prices such as recently transacted prices maintained by the Company. For projects which are not launched and / (or) there are no sales, the total cost per sqft is compared to the selling prices of similar properties located in nearby vicinity of each project • While analysing the expected average selling price, we have performed a sensitivity analysis on the selling price and compared this to the budgeted cost;

Key Audit Matter	How the matter was addressed in our audit
Forecasts of future sales are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors. Considering the significance of the amount of carrying value of inventories and the involvement of significant estimation and judgement in assessment of NRV, this is considered as a key audit matter.	• For our samples of land stock, obtained the fair valuation reports and published guidance values for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and • Verifying the NRV assessment and comparing the estimated construction costs to complete each development with the Company's updated budgets.

D. Land Advances - refer note 3(b)(iv) to the standalone financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of recoverability of land advances Land advances represents a significant portion of the Company's total assets. Land advance represents the amount paid towards procurement of land parcels to be used in the future for construction of residential projects. These advances are carried at cost less impairment losses. These land advances are converted into land stock as per the terms of the underlying contracts under which these land advances have been given. The carrying value of advances are tested for recoverability by the Company by comparing the valuation of land parcels in the same area for which land advances have been given. Due to the quantum of carrying value of land advances to total assets of the Company and significant estimates and judgements involved in assessing recoverability of land advances, this is considered as a key audit matter.	Our audit procedures to assess the recoverability of land advances included the following: • Enquiry with the Company's personnel on the process of providing land advances and testing of key controls over such land advances paid during the year; • Obtaining explanations from Company's personnel on the long-standing land advances and understanding Company's plan for conversion of the land advances to land stock; • For our samples, verifying the underlying agreements or memorandum of understanding in possession of the Company, based on which land advances were given, to assess the Company's rights over the land parcels in subject; • For our samples, obtaining the fair valuation reports of such land parcels for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and • For our samples, verifying the published guidance values for the area in which these land parcels are situated.

INDEPENDENT AUDITORS' REPORT (Continued)

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

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

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer note 40 to the standalone financial statements;

   b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

   d. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or
      - on behalf of the Company or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

      (ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or
- on behalf of the Funding Party or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 22065155AJHJUM1713

Place : Bengaluru
Date : 20 May 2022

Annexure A to the Independent Auditor's Report on Standalone Financial Statements of Sobha Limited ('the Company')

With reference to the Annexure A referred to in the Independent Auditors' report to the members of the Company on the standalone financial statement for the year ended 31 March 2022, we report the following:

(i) (a (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and Rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to limited liability partnership or any other parties during the year. The Company has made investment, provided guarantee to a firm. The Company has also provided guarantee, granted loans to companies in respect of which the requisite information is as below. The Company has not made any investments in companies, limited liability partnership or any other parties.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity as below:

Particulars	Guarantees (₹ In millions)	Loans (₹ In millions)
Aggregate amount during the year Subsidiaries*	-	49.32
Balance outstanding as at balance sheet date Subsidiaries*	1,226	342.89

*As per the Companies Act, 2013

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular, except for the loan of ₹151 million given to Sobha Contracting Private Limited, ₹158 million given to Sobha Highrise Ventures Private Limited, ₹4 million given to Sobha Developers (Pune) Limited and ₹30 million given to Sobha Assets Private Limited which is repayable on demand. As informed to us, the Company has not demanded repayment of the loan during the year. Thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular. Further, the Company has not given any advance in the nature of loan to any other party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

(₹ in million)

	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan - Repayable on demand (A) - Agreement does not specify any terms or period of Repayment (B)	 - -	 - -	 343 -
Total (A+B)	-	-	343
Percentage of loans/advances in nature of loan to the total loans	-	-	100%

FINANCIAL STATEMENTS STANDALONE

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') (continued)

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods (and/or services provided by it) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Goods and Service Tax ('GST').

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of statute	Nature of dues	Amount (₹ in million)*	Period to which amount relates	Forum where dispute is pending
Andhra Pradesh Sales Tax Act	Basis of charge of sales tax	2.05	2002-05	High Court of Andhra Pradesh
Karnataka Sales Tax Act	Basis of charge of sales tax	127.27	2007-08	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	25.6	2008-09	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	27.62	2009-10	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	67.71	2010-11	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	43.97	2011-12	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	64.63	2013-14	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	43.52	2014-15	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	11.71	2012-13	High Court of Karnataka

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') (continued)

Name of statute	Nature of dues	Amount (₹ in million)*	Period to which amount relates	Forum where dispute is pending
Karnataka Sales Tax Act	Basis of charge of sales tax	7.19	2016-17	High Court of Karnataka
Karnataka Sales Tax Act	Basis of charge of sales tax	56.72	2017-18	High Court of Karnataka
Maharashtra Value Added Tax Act	Basis of charge of sales tax	5.87	2008-09	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	6.22	2010-11	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	1.43	2010-11	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.34	2008-09	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.38	2011-12	Joint Commissioner of Sales Tax appeal, Pune
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.85	2011-12	Appeal Filed
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.51	2014-15	Pending in Appeal
Maharashtra Value Added Tax Act	Basis of charge of sales tax	0.93	2016-17	Pending in Appeal
Kolkata Value Added Tax Act	Basis of charge of sales tax	1	2009-10	West Bengal Commercial Taxes appellate, Kolkata
Kerala Sales Tax Act	Basis of charge of sales tax	28.57	2010-11 to 2013-14	District Commissioner - (Appeals) Thiruvananthapuram
Kerala Sales Tax Act	Basis of charge of sales tax	20.97	2012-13	District Commissioner - (Appeals) Thiruvananthapuram
Kerala Sales Tax Act	Basis of charge of sales tax	192.02	2014-15	District Commissioner - (Appeals) Thiruvananthapuram
Finance Act, 1994 (service tax provisions)	Service tax demand	343.09	2006-12	Central Excise and Service Tax Appellate Tribunal, Bangalore
Finance Act, 1994 (service tax provisions)	Service tax demand	91.47	2008-16	Commissioner of Central Tax, GST Commissioner, Bangalore
Customs Act, 1962	Differential tax treatment	1.27	2010-11	Central Excise and Service Tax Appellate Tribunal, Bangalore

Net of ₹356 million in total, paid under protest

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') (continued)

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

Annexure A to the Independent Auditors' Report on the standalone financial statements of Sobha Limited ('the Company') (continued)

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 22065155AJHJUM1713

Place : Bengaluru
Date : 20 May 2022

Annexure B to the Independent Auditors' report on the standalone financial statements of Sobha Limited for the period ended 31 March 2022.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Sobha Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Annexure B to the Independent Auditors' report on the standalone financial statements of Sobha Limited for the period ended 31 March 2022. (continued)

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 22065155AJHJUM1713

Place : Bengaluru
Date : 20 May 2022

SOBHA LIMITED
STANDALONE BALANCE SHEET

in ₹ million

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Assets			
Non-current assets			
Property, plant and equipment	4	2,315.48	2,647.77
Investment property	5	1,882.71	1,691.59
Investment property under construction	6	-	700.58
Intangible assets	7	0.14	0.21
Right of use assets	8	199.25	245.99
Financial assets			
Investments	10	4,398.49	3,975.63
Trade receivables	11	564.23	423.99
Other non-current financial assets	12	1,541.06	1,414.40
Other non-current assets	13	4,338.62	5,200.77
		15,239.98	**16,300.93**
Current assets			
Inventories	9	70,352.24	67,515.27
Financial assets			
Trade receivables	11	3,502.14	1,934.98
Cash and cash equivalents	14	1,346.04	1,572.88
Bank balance other than cash and cash equivalents	15	384.34	392.61
Other current financial assets	12	5,208.43	6,021.52
Other current assets	13	13,706.44	13,802.75
		94,499.63	**91,240.01**
Total assets		**1,09,739.61**	**107,540.94**
Equity and liabilities			
Equity			
Equity share capital	16	948.46	948.46
Other equity	17	22,709.83	21,922.28
Equity attributable to owners of the Company		23,658.29	22,870.74
Non-controlling interest		-	-
Total equity		**23,658.29**	**22,870.74**
Non-current liabilities			
Financial liabilities			
Borrowings	19	6,635.92	2,767.76
Lease liabilities	19	40.02	67.97
Provisions	21	174.70	151.46
Deferred tax liabilities (net)	22	73.05	258.67
		6,923.69	**3,245.86**
Current liabilities			
Financial liabilities			
Borrowings	19	17,252.46	26,104.02
Lease liabilities	19	60.87	61.98
Trade payables			
Dues of micro enterprises and small enterprises; and	23	-	-
Dues of creditors other than micro enterprises and small enterprises	23	6,698.30	7,339.81
Other current financial liabilities	20	5,882.40	5,644.09
Other current liabilities	24	48,906.11	42,048.86
Provisions	21	154.55	138.50
Liabilities for current tax (net)	22	202.94	87.08
		79,157.63	**81,424.34**
Total liabilities		**86,081.32**	**84,670.20**
Total equity and liabilities		**1,09,739.61**	**107,540.94**

Summary of significant accounting policies 2.2

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place : Bengaluru, India
Date: 20 May 2022

FINANCIAL STATEMENTS STANDALONE

SOBHA LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS

in ₹ million

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	25	27,140.93	20,966.96
Finance income	27	399.41	451.73
Other income	26	549.25	492.82
Total income		**28,089.59**	**21,911.51**
Expenses			
Land purchase cost		1,959.10	2,148.20
Cost of raw materials and components consumed	28	1,982.21	1,861.96
Purchase of project materials		5,179.60	4,009.55
Changes in Inventories of Raw materials, Land stock, Work in progress, Stock in trade and Finished goods	29	(2,745.78)	(3,383.09)
Subcontractor and other charges		6,381.37	5,093.60
Employee benefits expense	30	2,294.47	1,771.27
Finance costs	34	7,283.26	5,759.58
Depreciation and amortization expense	31	680.42	754.96
Other expenses	32	3,548.33	3,148.84
Total expenses		**26,562.98**	**21,164.87**
Profit before tax		**1,526.61**	**746.64**
Tax expenses			
Current tax	22	580.69	98.78
Deferred tax (credit) /charge	22	(182.60)	(7.53)
Income tax expense		**398.09**	**91.25**
Profit for the year		**1,128.52**	**655.39**
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement on defined benefit plan (net of tax)	37	(9.01)	6.50
Other comprehensive income for the year, net of tax		**(9.01)**	**6.50**
Total comprehensive income for the year		**1,119.51**	**661.89**
Earnings per equity share [nominal value of ₹ 10 fully paid (31 March 2021 - ₹ 10 fully paid)]			
Basic and diluted (amount in ₹)	38	11.90	6.91
Summary of significant accounting policies	2.2		

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place Bengaluru, India
Date: 20 May 2022

FINANCIAL STATEMENTS
STANDALONE

SOBHA LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

	No. of shares in million	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at 1 April 2020	**94.84**	**948.46**
Balance as at 31 March 2021	**94.84**	**948.46**
Balance as at 1 April 2021	**94.84**	**948.46**
Balance as at 31 March 2022	**94.84**	**948.46**

b. Other equity

in ₹ million

	Attributable to owners of the Company						
	Reserves and Surplus					Items of OCI	Total
	Capital redemption reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2020	**119.47**	**9,328.92**	**-**	**4,170.11**	**8,313.65**	**(7.84)**	**21,924.31**
Profit for the year	-	-	-	-	655.39	-	655.39
Other comprehensive income (net of tax)	-	-	-	-	-	6.50	6.50
Total comprehensive income	**119.47**	**9,328.92**	**-**	**4,170.11**	**8,969.04**	**(1.34)**	**22,586.20**
Transfer to other reserves							
General reserve	-	-	-	65.54	(65.54)	-	-
Total transfer to other reserves	**-**	**-**	**-**	**65.54**	**(65.54)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 18	-	-	-	-	(663.92)	-	(663.92)
Total distribution to owners	**-**	**-**	**-**	**-**	**(663.92)**	**-**	**(663.92)**
As at 31 March 2021	**119.47**	**9,328.92**	**-**	**4,235.65**	**8,239.58**	**(1.34)**	**21,922.28**
As at 1 April 2021	**119.47**	**9,328.92**	**-**	**4,235.65**	**8,239.58**	**(1.34)**	**21,922.28**
Profit for the year	-	-	-	-	1,128.52	-	1,128.52
Other comprehensive income (net of tax)	-	-	-	-	-	(9.01)	(9.01)
Total comprehensive income	**119.47**	**9,328.92**	**-**	**4,235.65**	**9,368.10**	**(10.35)**	**23,041.79**
Transfer to other reserves							
General reserve	-	-	-	112.85	(112.85)	-	-
Total transfer to other reserves	**-**	**-**	**-**	**112.85**	**(112.85)**	**-**	**-**
Transaction with owners, recorded directly in equity Distribution to owners							
Dividend (including dividend distribution tax) refer note 18	-	-	-	-	(331.96)	-	(331.96)
Total distribution to owners	**-**	**-**	**-**	**-**	**(331.96)**	**-**	**(331.96)**
As at 31 March 2022	**119.47**	**9,328.92**	**-**	**4,348.50**	**8,923.29**	**(10.35)**	**22,709.83**

Summary of significant accounting policies 2.2

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place Bengaluru, India
Date: 20 May 2022

SOBHA LIMITED
STANDALONE STATEMENT OF CASH FLOWS

in ₹ million

Particulars	For the year ended 31 March 20222	For the year ended 31 March 2021
Cash flows from operating activities		
Profit before tax	**1,526.61**	**746.64**
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	569.12	656.30
Depreciation of investment properties	111.30	98.66
Gain on sale of other property	(221.36)	-
Gain on sale of property, plant and equipment	(132.86)	(1.69)
Finance income (including fair value change in financial instruments)	(399.41)	(451.73)
Finance costs (including fair value change in financial instruments)	7,283.26	5,759.58
Allowance for credit loss	18.52	191.70
Bad debts written off	3.54	-
Share of profit from sale of interest in partnership firm	-	(144.25)
Share of (profit)/ loss from investment in partnership firm	5.73	(138.43)
Working capital adjustments		
(Increase) / Decrease in trade receivables	(1,995.72)	1,299.97
Increase in inventories	(2,791.97)	(3,280.21)
Decrease in other financial assets	896.37	1,388.32
Decrease in other assets	978.60	53.83
Decrease in trade payables and other financial liabilities	(368.73)	(1,223.81)
Increase / (Decrease) in provisions	39.29	(6.10)
Increase in other non-financial liabilities	2,925.96	1,742.50
Cash generated from operating activities	**8,448.25**	**6,691.28**
Income tax paid (net of refund)	(464.83)	(280.73)
Net cash flows from/ (used in) operating activities (A)	**7,983.42**	**6,410.55**
Cash flows from investing activities		
Purchase of property, plant and equipment	(256.52)	(444.73)
Proceeds from sale of other property	480.82	-
Proceeds from sale of property, plant and equipment	180.49	2.03
Proceeds from sale of interest in partnership firm	-	144.25
Loan to subsidiaries	(9.43)	(126.77)
Contribution to partnership current account	(417.13)	(440.01)
Investments in fixed deposits (net)	(74.18)	(184.04)
Interest received	32.05	132.26
Net cash flows used in investing activities (B)	**(63.90)**	**(917.01)**
Cash flows from financing activities		
Proceeds from long-term borrowings	4,286.72	1,718.45
Repayment of long-term borrowings	(419.99)	(174.73)
Proceeds from short-term borrowings	8,848.89	14,167.21
Repayment of short-term borrowings	(17,691.25)	(16,436.47)
Lease payments	(29.06)	(22.70)
Interest paid	(2,809.70)	(3,105.80)
Dividend paid on equity shares	(331.97)	(664.10)
Net cash flows used in financing activities (C)	**(8,146.36)**	**(4,518.14)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(226.84)	975.40
Cash and cash equivalents at the beginning of the year (refer note 14)	1,572.88	597.48
Cash and cash equivalents at the end of the year (refer note 14)	**1,346.04**	**1,572.88**
Less: Book overdraft from scheduled banks	(271.10)	(240.39)
Cash and cash equivalents at the end of the year	**1,074.94**	**1,332.49**

Summary of significant accounting policies 2.2

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place Bengaluru, India
Date: 20 May 2022

1 Corporate information

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

The Company is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office is located at Bangalore. The Company's shares and debentures are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The standalone financial statements are approved for issue by the Company's Board of Directors on 20 May 2022.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provision of the Act.

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

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

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

2.2 Summary of significant accounting policies

a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Company on its own account. However, sales tax/value added tax (VAT)/Goods and Services Tax (GST) is not received by the Company on its own account. These taxes are collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

i. Recognition of revenue from contractual projects

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

ii. Recognition of revenue from real estate projects

a. Recognition of revenue from property development

Revenue is recognized upon transfer of control of residential units to customers, in an amount that reflects the consideration the Company expects to receive in exchange for those residential units. The Company shall determine the performance obligations associated with the contract with customers at contract inception and also determine whether they satisfy the performance obligation over time or at a point in time. In case of residential units, the Company satisfies the performance obligation and recognises revenue at a point in time i.e., upon handover/deemed handover of the residential units.

Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupancy certificate and receipt of total sale consideration.

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. The Company when adjusting the promised amount of consideration for a significant financing component is to recognise revenue at an amount that reflects the cash selling price of the transferred residential unit.

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

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/based upon the contracts/agreements entered into by the Company with its customers.

iv. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholder approve the dividend.

v. Share in profits of partnership firm investments

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

vi. Rental income from operating leases

Rental income receivable under operating leases (excluding variable rental income) is recognized in the statement of profit and loss on a straight-line basis over the term of the lease including lease income on fair value of refundable security deposits. Rental income under operating leases having variable rental income is recognized as per the terms of the contract.

vii. **Interest income**

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

b) Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

c) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit and loss in the period of derecognition.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

e) Depreciation on property, plant and equipment

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - temporary structure for precast plant	8
Buildings - temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipment	5
Investment property	
Buildings - other than factory buildings	60
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. These lives are higher than those indicated in Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Impairment of non-financial assets

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

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

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

g) 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.

h) 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 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 up to 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of up to 5 years. Borrowings in connection with such projects are classified as short-term (i.e. current) since they are payable over the term of the respective projects.

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

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

i) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

j) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

On initial recognition, financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI) - debt investment
- fair value through other comprehensive income (FVTOCI) - equity investment
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met and is not designated as FVTPL:

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt investment at Fair value through Other comprehensive income (FVTOCI)

A 'Debt investment' is classified as at the FVTOCI if both of the following criteria are met and is not designated as FVTPL:

a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Financial assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any financial asset as at FVTPL.

Equity investments in subsidiaries and joint ventures

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

Derecognition

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

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

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

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification, subsequent measurement and gains and losses

The financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is as derivative or deginated as such on initial recognition. Financial liabilities measured as FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

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

k) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with borrowings of funds. Borrowing costs directly attributable to acquisition/construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. All other borrowing costs not eligible for inventorisation/ capitalisation are charged to statement of profit and loss.

l) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company makes contributions to Sobha Developers Employees Gratuity Trust ('the trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of

- The date of the plan amendment or curtailment, and
- The date that the company recognises related restructuring costs

  Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

n) 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.

o) Contingent liabilities

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

p) Earnings per share

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

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

q) Foreign currency transactions

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

r) Inventories

Related to contractual and real estate activity

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

i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

iii. Finished goods - Flats: Valued at lower of cost and net realisable value.

iv. Finished goods - Plots: Valued at lower of cost and net realisable value.

v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

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

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

s) Land

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

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Company under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

t) Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

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

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

u) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3 Significant accounting judgements, estimates and assumptions

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

a) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Classification of property

The Company determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before or on completion of construction.

b) Estimates and assumptions

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

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

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

ii) Income taxes

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

iii) Accounting for advance from customer considering the time value of money

When determining whether a contract includes a significant financing component, the Company considers the period between performance and payment for that performance. For contracts where revenue is recognised at a point in time, the period considered is that between transfer of control of the good and the payment. Therefore, if payment for a property is made before the date on which control is transferred, an assessment is required of whether the contract includes a significant financing component, especially if the period is greater than twelve months.

Advanced payments from the customer lead to higher amount of revenue being recognised than the contract price because the Company accepts a lower amount in return for financing. As the entity recognises the interest expense related to the financing component, the corresponding amount is recorded as a contract liability/revenue.

iv) Estimation of net realisable value for inventory property (including land advances)

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

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

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

With respect to land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

c) **Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any impact in its financial statements.

SOBHA LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. Property, plant and equipment

in ₹ million

Particulars	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
Cost										
As at 1 April 2020	**81.90**	**659.38**	**1,199.18**	**1,648.38**	**1,572.73**	**41.21**	**8.60**	**115.99**	**27.95**	**5,355.32**
Additions during the year	-	2.23	6.57	58.23	289.36	2.70	1.78	28.21	1.88	390.96
Deletions during the year	-	-	-	(4.35)	(0.43)	(0.02)	-	(0.16)	(0.04)	(5.00)
As at 31 March 2021	**81.90**	**661.61**	**1,205.75**	**1,702.26**	**1,861.66**	**43.89**	**10.38**	**144.04**	**29.79**	**5,741.28**
Additions during the year	-	-	0.01	54.27	118.97	2.89	0.03	32.97	4.14	213.28
Deletions during the year	(14.82)	(12.24)	-	(11.84)	(28.79)	-	(0.11)	(1.61)	(0.04)	(69.45)
As at 31 March 2022	**67.08**	**649.37**	**1,205.76**	**1,744.69**	**1,951.84**	**46.78**	**10.30**	**175.40**	**33.89**	**5,885.11**
Accumulated depreciation										
As at 1 April 2020	**-**	**391.25**	**310.41**	**766.02**	**905.12**	**26.14**	**5.91**	**90.01**	**18.71**	**2,513.57**
Charge for the year	-	105.64	59.05	206.26	184.03	3.41	0.59	21.28	4.34	584.60
Deletions during the year	-	-	-	(4.02)	(0.43)	(0.01)	-	(0.16)	(0.04)	(4.66)
As at 31 March 2021	**-**	**496.89**	**369.46**	**968.26**	**1,088.72**	**29.54**	**6.50**	**111.13**	**23.01**	**3,093.51**
Charge for the year	-	68.69	44.35	161.83	187.69	2.96	0.84	27.79	3.79	497.94
Deletions during the year	-	(7.49)	-	(8.29)	(4.39)	-	(0.07)	(1.54)	(0.04)	(21.82)
As at 31 March 2022	**-**	**558.09**	**413.81**	**1,121.80**	**1,272.02**	**32.50**	**7.27**	**137.38**	**26.76**	**3,569.63**
Carrying amount										
As at 31 March 2022	**67.08**	**91.28**	**791.95**	**622.89**	**679.82**	**14.28**	**3.03**	**38.02**	**7.13**	**2,315.48**
As at 31 March 2021	**81.90**	**164.72**	**836.29**	**734.00**	**772.94**	**14.35**	**3.88**	**32.91**	**6.78**	**2,647.77**

Note:

a) **Property, plant and equipment**
Property, plant and equipment with a carrying amount of ₹601.02 million (31 March 2021 - ₹1,420.16 million) are subject to a first charge to secure the Company's bank loans.

5. Investment property

in ₹ million

	Other buildings	Other assets forming part of Building: Plant and machinery	Other assets forming part of Building: Furniture and fixtures	Total
Cost				
As at 1 April 2020	**-**	**-**	**-**	**-**
Additions during the year	1,652.99	137.26	-	1,790.25
As at 31 March 2021	**1,652.99**	**137.26**	**-**	**1,790.25**
Additions during the year	302.42	-	-	302.42
As at 31 March 2022	**1,955.41**	**137.26**	**-**	**2,092.67**
Accumulated depreciation				
As at 1 April 2020	-	-	-	-
Charge for the year	73.82	24.84	-	98.66
As at 31 March 2021	**73.82**	**24.84**	**-**	**98.66**
Charge for the year	90.95	20.35	-	111.30
As at 31 March 2022	**164.77**	**45.19**	**-**	**209.96**
Carrying amount				
As at 31 March 2022	**1,790.64**	**92.07**	**-**	**1,882.71**
As at 31 March 2021	**1,579.17**	**112.42**	**-**	**1,691.59**

Investment property with a carrying amount of ₹1,882.71 million (31 March 2021 - ₹1,691.59 million) are subject to a first charge to secure the Company's loans.

Note:

Information regarding income and expenditure of investment property	**31 March 2022 ₹ million**	**31 March 2021 ₹ million**
Rental income derived from investment properties	**297.32**	**121.08**
Direct operating expenses (including repairs and maintenance) generating rental income	(55.50)	(29.85)
Direct operating expenses (including repairs and maintenance) that did not generate rental income		
Profit arising from investment properties before depreciation and indirect expenses	**241.82**	**91.23**
Less:- Depreciation	(111.30)	(98.66)
Profit arising from investment properties before indirect expenses	**130.52**	**(7.43)**

The fair value of Investment property is ₹4,432 million (31 March 2021 - ₹3,967 million). These valuations are based on valuations performed by Registered Valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. Fair value hierarchy for investment properties have been provided in Note 47b.

6 Investment property under construction

in ₹ million

	Investment property under construction	Total
As at 1 April 2020	**2,323.14**	**2,323.14**
Additions during the year (refer note 46)	167.68	167.68
Capitalised during the year	(1,790.24)	(1,790.24)
As at 31 March 2021	**700.58**	**700.58**
Additions during the year (refer note 46)	-	-
Charged to cost of sale on sale of property	(449.07)	(449.07)
Capitalised as investment property during the year (refer note 46)	(251.51)	(251.51)
As at 31 March 2022	**-**	**-**

Investment property under construction ageing schedule

As at 31 March 2022 in ₹ million

	Amount of Investment property under construction for the period of				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

As at 31 March 2021 in ₹ million

	Amount of Investment property under construction for the period of				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Projects in progress	-	135.50	178.02	387.06	700.58
Total	**-**	**135.50**	**178.02**	**387.06**	**700.58**

7 Intangible assets

in ₹ million

	Software	Intellectual property rights	Total
Cost			
As at 1 April 2020	**15.33**	**0.05**	**15.38**
Additions during the year	-	-	-
As at 31 March 2021	**15.33**	**0.05**	**15.38**
Additions during the year	-	-	-
As at 31 March 2022	**15.33**	**0.05**	**15.38**
Amortization and impairment			
As at 1 April 2020	**14.95**	**0.05**	**15.00**
Charge for the year	0.17	-	0.17
As at 31 March 2021	**15.12**	**0.05**	**15.17**
Charge for the year	0.07	-	0.07
As at 31 March 2022	**15.19**	**0.05**	**15.24**
Carrying amount			
As at 31 March 2022	**0.14**	**-**	**0.14**
As at 31 March 2021	**0.21**	**-**	**0.21**

8 Right of use assets

in ₹ million

	Other buildings	Vehicles	Plant and machinery	Total
Cost				
As at 1 April 2020	**-**	**93.53**	**90.73**	**184.26**
Additions during the year	143.77	45.56	-	189.33
Other adjustments		(15.14)	-	(15.14)
As at 31 March 2021	**143.77**	**123.95**	**90.73**	**358.45**
Additions during the year	-	24.37	-	24.37
Deletions during the year	-	(4.61)	-	(4.61)
As at 31 March 2022	**143.77**	**143.71**	**90.73**	**378.21**
Accumulated depreciation				
As at 1 April 2020	**-**	**33.73**	**22.34**	**56.07**
Charge for the year	19.04	30.28	22.21	71.53
Other adjustments		(15.14)	-	(15.14)
As at 31 March 2021	**19.04**	**48.87**	**44.55**	**112.46**
Charge for the year	17.68	31.15	22.28	71.11
Deletions during the year	-	(4.61)	-	(4.61)
As at 31 March 2022	**36.72**	**75.41**	**66.83**	**178.96**
Carrying amount				
As at 31 March 2022	**107.05**	**68.30**	**23.90**	**199.25**
As at 31 March 2021	**124.73**	**75.08**	**46.18**	**245.99**

9 Inventories (valued at lower of cost and net realisable value)

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Raw materials and components	636.87	545.68
Building materials	75.80	77.55
Land stock *	10,607.32	12,037.89
Work-in-progress *	48,083.87	43,437.87
Stock in trade - flats *	10,889.47	11,362.75
Finished goods	58.91	53.53
	70,352.24	**67,515.27**

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2022 - ₹39,019.57 million (31 March 2021 - ₹34,653.23 million)

10 Investments

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Non-current investments:		
Investments carried at cost		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiaries		
199,999 (31 March 2021 - 199,999) Class A equity shares of ₹10 each fully paid-up in Sobha Highrise Ventures Private Limited	2.00	2.00
10,200,000 (31 March 2021 - 10,200,000) Class C equity shares of ₹33.90 each fully paid-up in Sobha Highrise Ventures Private Limited	345.78	345.78
2,500,000 (31 March 2021 - 2,500,000) Class D equity shares of ₹10 each fully paid-up in Sobha Highrise Ventures Private Limited	25.00	25.00
526,320 (31 March 2021 - 526,320) equity shares of ₹1 each fully paid-up in Sobha Developers (Pune) Limited	986.41	986.41
50,000 (31 March 2021 - 50,000) equity shares of ₹10 each fully paid-up in Sobha Nandambakkam Developers Limited	13.74	13.74
50,002 (31 March 2021 - 50,002) equity shares of ₹10 each fully paid-up in Sobha Tambaram Developers Limited	2.24	2.24
10,000 (31 March 2021 - 10,000) equity shares of ₹10 each fully paid-up in Sobha Assets Private Limited	0.10	0.10
10,00,000 (31 March 2021 - 10,00,000) equity shares of ₹10 each fully paid-up in Sobha Construction Products Private Limited	10.00	10.00
Unquoted preference instruments (in the nature of equity)		
Investment in subsidiary		
7,700,000 (31 March 2021 - 7,700,000) compulsorily convertible preference shares of ₹10 each fully paid-up in Sobha Highrise Ventures Private Limited	77.00	77.00
Investment in the capital of partnership firm (Subsidiary)		
99% (31 March 2021 - 99%) share in the profits of partnership firm:		
Sobha City - Capital account	399.99	399.99
Sobha City - Current account	1,259.42	842.77
Consideration paid for additional share in capital and profit of the partnership firm	128.00	128.00
Investment in the capital of partnership firm (Joint Venture)		
50% (31 March 2021 - 50%) share in the profits of partnership firm:		
Kondhwa Projects LLP - Current account	1,148.73	1,142.52
Total investments carried at cost	**4,398.41**	**3,975.55**

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Investments carried at fair value through profit and loss (FVTPL)		
Investments at amortized cost		
Government and trust securities (unquoted)		
National savings certificates	0.08	0.08
Investments at fair value through profit or loss	-	-
Total investments carried at amortised cost	**0.08**	**0.08**
Total investments	**4,398.49**	**3,975.63**
Aggregate amount of unquoted investments	**4,398.49**	**3,975.63**
Aggregate amount of impairment in value of investments	**-**	**-**

FINANCIAL STATEMENTS
STANDALONE

11 Trade receivables

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Trade receivables				
Unsecured, considered good	3,502.14	1,934.98	564.23	423.99
Unsecured, considered doubtful	652.52	637.54	-	-
	4,154.66	**2,572.52**	**564.23**	**423.99**
Less: Allowances for credit loss	(652.52)	(637.54)	-	-
Net trade receivables	**3,502.14**	**1,934.98**	**564.23**	**423.99**

Trade receivable ageing schedule

As at 31 March 2022 — **in ₹ million**

	Outstanding for following periods from due date of payment					
	Less than 6 months	**6 months -1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade receivables-considered good	1,534.65	387.14	1,191.39	655.08	298.11	4,066.37
Undisputed Trade receivables-considered doubtful	6.34	8.64	28.15	104.46	504.93	652.52
Undisputed Trade receivables-credit impaired	(6.34)	(8.64)	(28.15)	(104.46)	(504.93)	(652.52)
Disputed Trade receivables-considered good	-	-	-	-	-	-
Disputed Trade receivables-considered doubtful	-	-	-	-	-	-
Disputed Trade receivables-credit impaired	-	-	-	-	-	-
Total	**1,534.65**	**387.14**	**1,191.39**	**655.08**	**298.11**	**4,066.37**

As at 31 March 2021 — **in ₹ million**

	Outstanding for following periods from due date of payment					
	Less than 6 months	**6 months-1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed Trade receivables-considered good	1,046.20	318.66	809.48	47.07	137.56	2,358.97
Undisputed Trade receivables-considered doubtful	173.00	18.70	61.52	52.11	332.21	637.54
Undisputed Trade receivables-credit impaired	(173.00)	(18.70)	(61.52)	(52.11)	(332.21)	(637.54)
Disputed Trade receivables-considered good	-	-	-	-	-	-
Disputed Trade receivables-considered doubtful	-	-	-	-	-	-
Disputed Trade receivables-credit impaired	-	-	-	-	-	-
Total	**1,046.20**	**318.66**	**809.48**	**47.07**	**137.56**	**2,358.97**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

12 Other financial assets

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good				
Refundable deposit towards joint development agreement	2,889.50	3,677.32	1,190.56	1,152.66
Less: Allowances for credit loss	(50.55)	(73.02)	-	-
	2,838.95	**3,604.30**	**1,190.56**	**1,152.66**
Unsecured, considered good				
Security deposits	132.78	126.66	207.45	201.14
Loans to related parties (refer note 35 & 51)	342.88	303.45	-	-
Others	1,893.82	1,987.11	-	-
Non-current bank balances*	-	-	143.05	60.60
	5,208.43	**6,021.52**	**1,541.06**	**1,414.40**

* Bank deposits due to mature after twelve months from the reporting date.

13 Other assets

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good				
Capital advances	-	-	323.37	298.61
Land advances (refer note 35)*	8,507.50	8,925.49	3,985.07	4,852.69
Advances recoverable in kind (refer note 35)**	386.87	418.99	-	-
Prepaid expenses	791.52	344.40	30.18	49.47
Balances with statutory/ government authorities	1,181.03	1,019.31	-	-
Contract assets (refer note 43)	2,839.52	3,094.56	-	-
Other receivables	-	-	-	-
	13,706.44	**13,802.75**	**4,338.62**	**5,200.77**

Contract assets ageing schedule

As at 31 March 2022 in ₹ million

	Outstanding for following periods from due date of payment					
	Less than 6 months	**6 months-1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Contract assets	276.86	-	1,025.33	1,537.33	-	2,839.52
Total	**276.86**	**-**	**1,025.33**	**1,537.33**	**-**	**2,839.52**

Other assets (continued)

As at 31 March 2021						in ₹ million
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
Contract assets	635.95	389.38	1,537.33	227.65	304.25	3,094.56
Total	**635.95**	**389.38**	**1,537.33**	**227.65**	**304.25**	**3,094.56**

*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/ memorandum of understanding executed by the Company and the Company/ seller/ intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

**Advances recoverable in cash or kind due by Directors or other officers or companies in which Directors are interested

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Advances recoverable in cash or kind Dues from Sobha Assets Private Limited, in which the Company's director is a director	87.24	87.24	-	-

14 Cash and cash equivalents

in ₹ million

	Current	
	As at 31 March 2022	As at 31 March 2021
Cash on hand	15.83	8.10
Cheques/ drafts on hand	74.98	147.66
Balances with banks:		
– On current accounts	1,255.23	1,417.12
	1,346.04	**1,572.88**

15 Bank balance other than cash and cash equivalents

in ₹ million

	Current	
	As at 31 March 2022	As at 31 March 2021
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	2.32	2.33
– Margin money deposit	382.02	390.28
	384.34	**392.61**

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹525.08 million (31 March 2021 -₹450.88 million) are subject to first charge to secure the Company's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

16 Equity share capital

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Authorised shares		
150,000,000 (31 March 2021 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (31 March 2021 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2021 - 94,845,853) equity shares of ₹10 each fully paid up	948.46	948.46
Total issued, subscribed and fully paid-up share capital	**948.46**	**948.46**

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

	31 March 2022		31 March 2021	
	No of shares	₹ million	No of shares	₹ million
Equity shares				
At the beginning of the year	94,845,853	948.46	94,845,853	948.46
Outstanding at the end of the year	**94,845,853**	**948.46**	**94,845,853**	**948.46**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

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

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

	31 March 2022		31 March 2021	
	No of shares in million	Holding percentage	No of shares in million	Holding percentage
Equity shares of ₹10 each fully paid up				
Mrs. Sobha Menon	28.73	30.29%	28.73	30.29%
Mr. P.N.C. Menon	12.06	12.71%	11.06	11.66%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	5.29	5.58%
Anamudi Real Estates LLP	9.48	9.99%	9.48	10.00%
Schroder International Selection Fund Emerging Asia	5.54	5.84%	6.24	6.58%
Franklin India Focused Equity Fund	5.57	5.87%	4.80	5.06%

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

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

31 March 2022

Promoter Name	No. of shares in million at the beginning of the year	Change during the year	No. of shares in million at the end of the year	% of Total Shares	% change during the year
Mrs. Sobha Menon	28.73	-	28.73	30.29	-
Mr. P.N.C. Menon	12.06	-	12.06	12.71	-
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	-	5.29	5.58	-
Mr. Ravi PNC Menon	3.19	-	3.19	3.36	-

31 March 2021

Promoter Name	No. of shares in million at the beginning of the year	Change during the year	No. of shares in million at the end of the year	% of Total Shares	% change during the year
Mrs. Sobha Menon	28.73	-	28.73	30.29	-
Mr. P.N.C. Menon	12.06	-	12.06	12.71	-
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	-	5.29	5.58	-
Mr. Ravi PNC Menon	2.99	0.20	3.19	3.36	-

17 Other equity

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Capital redemption reserve		
Balance at the beginning and end of the year	119.47	119.47
Closing balance	**119.47**	**119.47**
Securities premium		
Balance at the beginning and end of the year	9,328.92	9,328.92
Closing balance	**9,328.92**	**9,328.92**
General reserve		
Balance at the beginning of the year	4,235.65	4,170.11
Add: Transfer from statement of profit and loss	112.85	65.54
Closing balance	**4,348.50**	**4,235.65**
Surplus in the statement of profit and loss		
Balance at the beginning of the year	8,238.24	8,305.81
Profit for the year	1,128.52	655.39
Other comprehensive income		
Re-measurement gains/ (loss) on defined benefit plans	(9.01)	6.50
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 18	(331.96)	(663.92)
Transfer to general reserve	(112.85)	(65.54)
Net surplus in the statement of profit and loss	**8,912.94**	**8,238.24**
Total other equity	**22,709.83**	**21,922.28**

Nature and purpose of reserve

(a) **Capital redemption reserve**
The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

(b) **Securities premium**
Securities premium reserve is used to record the premium received on issue of shares by the Company. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

c) **General reserve**
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

(d) **Surplus in the statement of profit and loss**
The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under surplus in the statement of profit and loss.

18 Distribution made and proposed

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Cash dividend on equity shares paid		
Final dividend for the year ended 31 March 2021 paid during the current year - ₹3.5 per share (31 March 2020- ₹7 per share)	331.96	663.92
	331.96	**663.92**
Proposed dividend on equity shares		
Final dividend proposed for the year ended 31 March 2022- ₹3 per share (31 March 2021- ₹3.5 per share)	284.54	331.96
	284.54	**331.96**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2022.

19 Borrowings

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Non-current borrowings		
Secured loans		
Term loans from banks	6,866.77	3,187.76
Term loans from financial institutions	192.30	-
Finance lease obligations	40.02	67.97
Equipment loans	-	-
	7,099.09	**3,255.73**
Amount disclosed under the head "other current financial liabilities" (refer note 20)	(423.15)	(420.00)
Total non-current borrowings	**6,675.94**	**2,835.73**
Current borrowings		
Secured debentures		
8.75% Non listed debentures	495.09	-
Secured loans		
Term loans from banks*	11,097.67	15,992.65
Term loans from financial institutions*	2,666.45	6,270.66
Finance lease obligations	60.87	61.98
Cash credit from banks	2,993.25	3,840.71
	16,818.24	**26,166.00**
Total current borrowings	**17,313.33**	**26,166.00**

* Term loan from banks and financial institutions represents amount repayable within the operating cycle amounting to ₹ 16,757.37 million (31 March 2021 - ₹26,104.02 million).

As at 31 March 2021, the Company is not in breach of any covenants as defined in the loan agreements.

Terms and repayment schedule

Non-current borrowings
Secured loans

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	1,527.98	1,576.82	7%-9%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company and maintaining Debt Service Reserve account equal to 2 months interest & principal.	153 Structured Monthly instalments, starting at the end of Moratorium 3 months from the date of disbursement - June -2020.
Term loans from banks	370.69	518.94	8%-10%	Secured by equitable mortgage of fixed assets of the Company.	Repayable in 16 equal quarterly instalments of ₹37.50 million from the date of disbursement.
Term loans from banks	873.69	1,092.00	8%-10%	Secured by equitable mortgage of certain land of the company.	Repayable in 20 equal quarterly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period.
Term loans from banks	4,094.41	-	7%-9%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-14 to Q-23 from first disbursement.
Term loans from financial institutions	192.30	-	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 48 unequal monthly instalments.

Secured debentures

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Debentures	495.09	-	8.75%	Secured by equitable mortgage by pari passu charge over tangible immovable property of the company.	Debentures repayment has been linked to the collection account and will be get repaid accordingly based on the collection.

Current borrowings
Secured loans

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	374.63	-	8%-10%	Secured by equitable mortgage of certain Asset of the Company.	Repayable in 24 equal monthly instalments commencing from last day of every month from the date of disbursement.

Current borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	-	3,033.19	7%-9%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-14 to Q-23 from first disbursement.
Term loans from banks	452.33	-	8%-10%	Secured by equitable mortgage of certain Asset of the Company.	Repayable in 24 equal monthly instalments commencing from last day of every month from the date of disbursement.
Term loans from banks	-	697.79	7%-9%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand (Sub limit of Cash Credit).
Term loans from banks	-	86.92	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 June 2018.
Term loans from banks	-	260.72	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 September 2018.
Term loans from banks	-	681.70	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal monthly instalments after 30 months moratorium period commencing from first disbursement.
Term loans from banks	1,783.96	1,985.76	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand (Sub limit of Cash Credit).
Term loans from banks	-	48.09	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in equal monthly instalments after 12 months moratorium period commencing from first disbursement.
Term loans from banks	-	1,122.16	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal quarterly instalments after 9 quarter moratorium period commencing from first disbursement.
Term loans from banks	511.60	1,044.25	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 September 2018.
Term loans from banks	104.21	923.37	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 5 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	-	136.66	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.

Current borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	134.56	347.87	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-8 to Q-26 from first disbursement.
Term loans from banks	456.29	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing from last day of every month from the date of disbursement..
Term loans from banks	1,794.87	1,042.19	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-15 to Q-24 from first disbursement.
Term loans from banks	510.00	510.00	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand (Sub limit of Cash Credit).
Term loans from banks	60.00	300.00	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit).
Term loans from banks	348.12	574.27	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	787.06	1,001.64	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.
Term loans from banks	150.00	148.81	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.
Term loans from banks	-	500.00	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable Rs.50Cr on 30.04.2021
Term loans from banks	-	16.67	7%-9%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 6 Monthly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period

Current borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	-	83.33	9%-11%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 18 Monthly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period.
Term loans from banks	479.30	476.63	8%-10%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 30 quarterly instalments starting from 31st quarter from the date of disbursement after 30 month moratorium period.
Term loans from banks	194.71	193.62	8%-10%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 16 quarterly instalments starting from 31st quarter from the date of disbursement after 30 month moratorium period.
Term loans from banks	91.17	187.06	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period.
Term loans from banks	-	442.04	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 24 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period.
Term loans from banks	-	147.91	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 30 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period.
Term loans from banks	0.11	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period.
Term loans from banks	500.00	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period.
Term loans from banks	698.29	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period.
Term loans from banks	688.44	-	8%-10%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit).

Current borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	570.46	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 24 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period.
Term loans from banks	407.56	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 30 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period.
Term loans from financial institutions	-	142.22	9%-11%	Secured by equitable mortgage of certain land stock , building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable in 30 monthly instalments after principle moratorium period of 18 months.
Term loans from financial institutions	-	124.68	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	172.90	530.02	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables of certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	414.23	746.89	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables of certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	-	1,410.46	10%-12%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of company's share of receivables of the projects.	Repayable in 24 monthly instalments after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	406.58	-	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments staring from 12th month moratorium starts from date of first disbursement.
Term loans from financial institutions	48.82	-	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.

Current borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from financial institutions	185.13	-	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables company's share of receivables of the projects.	Repayable in 24 monthly instalments ₹3.75cr each & 30 monthly instalments ₹2.67cr each after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	369.27	889.03	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	375.22	816.61	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in equal monthly instalments starting from 7th month from first disbursement.
Term loans from financial institutions	-	278.51	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 48 unequal monthly instalments
Term loans from financial institutions	48.76	447.08	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 11 quarterly instalments after principle moratorium period of 3 months from first disbursement.
Term loans from financial institutions	645.54	885.16	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 24 Monthly instalments after principle moratorium period of 24 months from first disbursement.
Cash credit	1,473.89	1,949.44	9%-11%	Secured by way of equitable mortgage of certain land stock and certain receivables of the Group Company.	Repayable on demand
Cash credit	173.54	175.72	7%-9%	Secured by equitable mortgage of certain land stock , specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	6.08	9.41	7%-9%	Secured by equitable mortgage of certain land stock , specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	0.03	-	7%-9%	Secured by equitable mortgage of certain land stock , specific project inventory, and receivables of the Company.	Repayable on demand
Cash credit	-	1.63	10%-12%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	129.55	197.42	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand
Cash credit	14.46	7.71	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand

Current borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Cash credit	26.95	181.22	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand.
Cash credit	574.66	538.82	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand.
Cash credit	49.30	102.67	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.
Cash credit	0.24	-	7%-9%	Secured by equitable mortgage of certain land stock , specific project inventory, and receivables of the Company.	Repayable on demand.
Cash credit	11.62	8.64	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	0.76	0.84	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	231.02	-	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	-	21.25	8%-10%	Secured by equitable mortgage of certain land stock , project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	301.15	645.94	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand
Total borrowings	**24,311.53**	**29,291.78**			

Details of collateral securities offered by related companies in respect of loans availed by the Company

in ₹ million

Nature of loan	Carrying amount as at		Year of maturity	Name of the Company
	31 March 2022	31 March 2021		
Term loans	587.00	1,279.21	2022	Sri Durga Devi Property Management Private Limited
Term loans				Sri Parvathy Land Developers Private Limited
Term loans	4,366.79	4,189.16	On Demand	Kilai Builders Private Limited
Term loans	726.00	1,100.00	2026	Sobha Interior Private Limited

20 Other financial liabilities

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Current		
Current maturities of long-term borrowings (refer note 19)	423.15	420.00
Letter of credit payable	2,701.64	2,459.77
Book overdraft from scheduled banks	271.10	240.39
Interest accrued but not due on borrowings	18.07	30.85
Unclaimed dividend*	2.32	2.33
Lease deposit	74.76	64.15
Deferred Lease Rental	3.53	7.82
Non-trade payable	251.53	207.18
Security deposit towards lease and maintenance services	2,005.21	2,034.35
Payable to related parties (refer note 35)	128.73	156.41
Payable for purchase of property, plant and equipment	2.36	20.84
Total other financial liabilities	**5,882.40**	**5,644.09**

*Investor Protection and Education Fund is credited for unclaimed dividends when due.

21 Provisions

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits				
Provision for gratuity (refer note 37)	73.12	66.50	174.70	151.46
Provision for compensated absence	81.43	72.00	-	-
	154.55	**138.50**	**174.70**	**151.46**

22 Income taxes

The significant components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

A. Amounts charged to statement of profit and loss

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Current income tax:		
Current income tax charge	580.69	98.78
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(182.60)	(7.53)
Income tax expense reported in the statement of profit and loss	**398.09**	**91.25**

B. Income tax recognised in other comprehensive income

in ₹ million

	31 March 2022	31 March 2021
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charge to other comprehensive income	**-**	**-**

C. Reconciliation of effective tax rate

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Accounting profit before income tax	1,526.61	746.64
Tax on accounting profit at statutory income tax rate 25.17% (31 March 2021: 25.17%)*	384.25	187.93
Adjustments in respect of current income tax of previous years	-	-
Non-deductible expenses for tax purposes:		
Permanent disallowances	(28.16)	(147.53)
Others:	43.44	16.01
Non taxable income for tax purposes:		
Tax impact on profit/ (loss) from partnership firm	(1.44)	34.84
Other:		
Effect of increase in surcharge	-	-
MAT credit reversal/(entitlement)	-	-
At the effective income tax rate of 26.08% (31 March 2021: 12.22%)	398.09	91.25
Tax expense reported in the statement of profit and loss	**398.09**	**91.25**

* The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for the year ended 31 March 2021 and has accordingly re-measured its deferred tax assets/(liabilities) basis the rate prescribed in the said section. Further, the MAT credit available from earlier years has been reversed in the previous year on the exercise of this said option.

D. Deferred tax

Deferred tax assets and liabilities relates to the following

in ₹ million

	Balance as at 1 April 2020	Movement during 2020-21	Balance as at 31 March 2021	Movement during 2021-22	Balance as at 31 March 2022
Interest u/s 36(1)(iii)-interest inventorised/capitalised in the books but claimed as expense in tax	(2,489.63)	(139.97)	(2,629.60)	(75.79)	(2,705.39)
Property, plant and equipment	137.06	(0.19)	136.87	(9.05)	127.82
Provision for compensated absence	20.83	(2.71)	18.12	2.37	20.49
Provision for gratuity	53.69	1.17	54.86	7.52	62.38
Provision for exgratia	-	-	-	-	-
Provision for doubtful debts	36.88	64.28	101.16	(6.05)	95.11
Difference of finance lease depreciation and interest as per books and rent allowed as per IT Act	1.51	0.57	2.08	(15.75)	(13.67)
Deferred tax adjustment for opening Ind AS adjustments	-	-	-	-	-
Deferred tax adjustment on adoption of Ind AS 115	1,975.64	82.20	2,057.84	282.37	2,340.21
Deferred tax adjustment for periods Ind AS adjustments*	-	-	-	-	-
Deferred tax expense / (income)	**-**	**5.35**	**-**	**185.62**	**-**
Net deferred tax assets / (liabilities)	**(264.02)**	**-**	**(258.67)**	**-**	**(73.05)**

(*) adjusted against current tax liability

Reconciliation of deferred tax assets/(liabilities), net:

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	**(258.67)**	**(264.02)**
Tax income/(expense) during the period recognised in profit or loss	(182.60)	(7.53)
Deferred tax adjustment on adoption of Ind AS 115	514.32	12.88
Tax income/(expense) during the period recognised in OCI	-	-
Closing balance	**73.05**	**(258.67)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31 March 2022 and 31 March 2021, the Company has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

E. Liabilities for current tax (net)

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Current income tax:		
Opening	87.08	269.03
Add: Additions during the year	580.69	98.78
Less: MAT credit adjustment	-	-
Less: Payments during the year	(464.83)	(280.73)
	202.94	**87.08**

23 Trade payables

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Trade payables		
Land cost payable	-	200.00
Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	6,698.30	7,139.81
	6,698.30	**7,339.81**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. For explanations on the Company's credit risk management processes, refer to note 48.

Trade payable ageing schedule

As at 31 March 2022 in ₹ million

	Outstanding for following periods from due date of payment				
	Less than 1 year	**1-2 years**	**2-3 years**	**more than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,626.68	2,582.83	85.83	402.96	6,698.30
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**3,626.68**	**2,582.83**	**85.83**	**402.96**	**6,698.30**

Trade payable ageing schedule

As at 31 March 2021 in ₹ million

	Outstanding for following periods from due date of payment				
	Less than 1 year	**1-2 years**	**2-3 years**	**more than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,822.40	795.52	565.57	156.32	7,339.81
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**5,822.40**	**795.52**	**565.57**	**156.32**	**7,339.81**

24 Other liabilities

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Advance from customers	48,697.47	41,868.07
Withholding taxes payable	63.77	75.04
Others	144.87	105.75
	48,906.11	**42,048.86**

Breakup of financial liabilities carried at amortised cost

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Borrowings (refer note 19)	23,989.27	29,001.73
Other financial liabilities (refer note 20)	5,882.40	5,644.09
Trade payables (refer note 23)	6,698.30	7,339.81
Total financial liabilities carried at amortised cost	**36,569.97**	**41,985.63**

25 Revenue from operations

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products/ finished goods		
Income from property development	18,064.88	12,285.06
Income from sale of land and development rights	1,270.98	249.18
Income from glazing works	1,207.87	1,452.35
Income from interior works	737.70	805.76
Income from concrete blocks	520.10	410.59
Sale of services		
Income from contractual activity - Subsidiaries	322.60	287.54
Income from contractual activity - Others	4,662.19	5,324.63
Rental income from operating leases (refer note 39)	297.32	121.08
Other operating revenue		
Scrap sales	57.29	30.77
	27,140.93	**20,966.96**

26 Other income

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Other non-operating income (net of expenses directly attributable to such income)	195.03	352.65
Share in profits/ (loss) of partnership firm investments (post tax)	-	138.43
Gain on foreign exchange difference (net)	-	0.05
Profit on sale of property, plant and equipment (net)	354.22	1.69
	549.25	**492.82**

27 Finance income

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on		
Bank deposits	62.05	132.26
Unwinding of discount on deposits	337.36	319.47
	399.41	**451.73**

28 Cost of raw material and components consumed

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material at the beginning of the year	545.68	648.56
Add: Purchases during the year	2,073.40	1,759.08
Less: Raw Material at the end of the year	636.87	545.68
Cost of raw material and components consumed	**1,982.21**	**1,861.96**

29 Changes in Inventories of Raw Materials, Land stock, Work in Progress, Stock in Trade and Finished Goods

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventories at the end of the yearxa		
Building materials	75.80	77.55
Land stock	10,607.32	12,037.89
Work-in-progress	48,083.87	43,437.87
Stock in trade - flats	10,889.47	11,362.75
Finished goods	58.91	53.53
	69,715.37	**66,969.59**
Inventories at the beginning of the year		
Building materials	77.55	91.59
Land stock	12,037.89	10,391.08
Work-in-progress	43,437.87	40,816.00
Stock in trade - flats	11,362.75	12,232.21
Finished goods	53.53	55.62
	66,969.59	63,586.50
(Increase)/ decrease	**(2,745.78)**	**(3,383.09)**

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30 Employee benefits expense

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	2,089.48	1,612.64
Contribution to provident and other funds	80.19	63.54
Gratuity expenses (refer note 37)	36.16	36.35
Compensated absence	37.57	9.59
Staff welfare expenses	51.07	49.15
	2,294.47	**1,771.27**

31 Depreciation and amortization expense

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment	569.05	656.13
Amortization of intangible assets	0.07	0.17
Depreciation of investment properties	111.30	98.66
	680.42	**754.96**

32 Other expenses

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
License fees and plan approval charges	199.22	177.72
Power and fuel	483.49	374.11
Water charges	31.68	33.80
Freight and forwarding charges	232.39	159.88
Rent (refer note 35)	169.43	194.69
Rates and taxes	93.27	88.93
Insurance	110.20	91.22
Property maintenance expenses	147.92	162.72
Repairs and maintenance		
Plant and machinery	36.92	30.21
Others	50.11	60.61
Advertising and sales promotion	603.65	422.38
Brokerage and discounts	79.19	129.08
Donation	120.80	91.20
Travelling and conveyance	236.10	178.61
Printing and stationery	28.10	29.18
Legal and professional fees	358.44	190.23
Directors' commission and sitting fees (refer note 35)	5.03	7.29
Payment to auditor (Refer details below)*	13.62	10.88
Exchange difference (net)	0.45	-
Allowance for credit loss	14.98	191.70
Bad debts written off	3.54	-
Security charges	184.23	180.45
Share of loss from investment in partnership firm (post tax)	5.73	-
Miscellaneous expenses	339.84	343.95
	3,548.33	**3,148.84**

***Payment to auditor**

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
As auditor:		
Audit fees [including fees for limited review ₹ 5.30 million (31 March 2021 - ₹ 4.20 million)]	10.00	9.00
In other capacity:		
Other services	2.50	1.00
Reimbursement of expenses	1.12	0.88
	13.62	**10.88**

33 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹63.18 million (31 March 2021 ₹77.03 million)

Amount spent during the year ended 31 March 2022:	In Cash	In Cash
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	120.50	90.70
	120.50	**90.70**
Amount spent during the year ended 31 March 2021:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	90.70	149.60
	90.70	**149.60**
Shortfall at the end of the year	Nil	Nil
Total of previous years shortfall	Nil	Nil
Reasons for shortfall	Not applicable	Not applicable
Nature of CSR activities	Social empowerment	Social empowerment
Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Nil	Nil
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	Nil	Nil

34 Finance costs

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest		
- On borrowings	2,080.96	2,696.01
- Others	5,008.36	2,892.26
Other borrowing cost and bank charges	193.94	171.31
Total finance costs	**7,283.26**	**5,759.58**

35 Related party disclosures

a) Name of the related parties and the nature of its relationship with the Company's as below

Subsidiaries

Direct Subsidiaries

Sobha City
Sobha Highrise Ventures Private Limited
Sobha Developers (Pune) Limited
Sobha Assets Private Limited
Sobha Tambaram Developers Limited
Sobha Nandambakkam Developers Limited
Sobha Construction Products Private Limited

Subsidiaries of Sobha City

Vayaloor Properties Private Limited
Vayaloor Builders Private Limited
Vayaloor Developers Private Limited
Vayaloor Real Estate Private Limited
Vayaloor Realtors Private Limited
Valasai Vettikadu Realtors Private Limited

Subsidiaries of Sobha Highrise Ventures Private Limited

Sobha Contracting Private Limited
Annalakshmi Land Developers Pvt Ltd (till 31.12.2021)

Subsidiaries of Sobha Developers (Pune) Limited

Kilai Builders Private Limited
Kuthavakkam Builders Private Limited
Kuthavakkam Realtors Private Limited
Sobha Interiors Private Limited

Joint Venture

Kondhwa Projects LLP

Key Shareholder

Mr. P. N. C. Menon
Mrs. Sobha Menon

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman
Mr. J. C. Sharma - Vice Chairman and Managing Director (till 31 March 2022)
Mr. T P Seetharam - Whole-time Director
Mr. Jagadish Nangineni - Managing Director (Effective from 1st April 2022)

Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place

Mr. Subhash Bhat - Chief Financial Officer (till 14th November 2021)
Mr. Yogesh Bansal - Chief Financial Officer (with effect from 15th November 2021)
Mr. Vigneshwar G Bhat - Company Secretary

Other Directors
Mr. Anup Shah
Mr. R V S Rao
Mrs. Srivathsala KN
Mr. Sumeet Jagdish Puri (till 7th October 2021)

Relatives of key management personnel
Mrs. Sudha Menon

Other related parties [Enterprise owned or significantly influenced by key management personnel]
C.V.S.Tech Park Private Limited
Divyakaushal Properties LLP
Mannur Properties Private Limited
Mannur Real Estate Private Limited
Punkunnam Builders and Developers Private Limited
Puzhakkal Developers Private Limited
SBG Housing Private Limited
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Glazing & Metal Works Private Limited
Sobha Projects & Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited

b) **Details of the transactions with the related parties:**

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
I. Transaction with wholly owned subsidiaries		
Income from contractual activity		
Sobha City	34.44	108.56
Sobha Highrise Ventures Private Limited	177.96	6.63
Income from other services		
Sobha Highrise Ventures Private Limited	19.75	7.94
Income from lease rental services		
Sobha Highrise Ventures Private Limited	53.10	-

b) **Details of the transactions with the related parties (continued)**

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Purchase of project items		
Sobha Highrise Ventures Private Limited	0.19	1.34
Share in profit/ (loss) of partnership firm		
Sobha City	(5.73)	138.43
Interest income on unsecured loans to related parties		
Sobha Highrise Ventures Private Limited	15.21	8.39
Sobha Developers (Pune) Limited	0.77	0.56
Sobha Assets Private Limited	4.04	-
Amount contributed to partnership current account		
Sobha City	416.65	301.58
Refund of advance by the related party		
Sobha Assets Private Limited	-	3.00
Sobha Construction Products Private Limited	0.22	-
Sobha Nandambakkam Developers Limited	7.69	-
Unsecured loans		
Sobha Highrise Ventures Private Limited	7.19	89.90
Sobha Developers (Pune) Limited	-	13.91
II. Transaction with Joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	6.21	-
III. Transaction with other related parties		
Income from contractual activity		
Sobha Projects & Trade Private Limited	70.14	42.00
Kilai Builders Private Limited	13.60	25.87
Sobha Contracting Private Limited	66.53	56.13
Mr. Ravi PNC Menon	-	19.58
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	1.71	-
Mr. Ravi PNC Menon	-	18.04
Income from interior works		
Sri Kurumba Educational and Charitable Trust	0.43	-
Mr. Anup Shah	1.80	4.56
Mr. Ravi PNC Menon	-	15.20
Interest income on unsecured loans to related parties		
Sobha Contracting Private Limited	13.86	12.03

b) Details of the transactions with the related parties (continued)

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Investment in partnership firm		
CVS TechZone LLP	-	3.59
Sale of interest in partnership firm		
CVS TechZone LLP	-	144.25
Purchase of project items		
Sobha Projects & Trade Private Limited	530.59	179.78
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	109.63	61.38
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	120.50	91.20
Unsecured loans		
Sobha Contracting Private Limited	12.47	22.96
Land advance		
Technobuild Developers Private Limited	-	41.36
Advance paid towards purchase of goods or services		
Sobha Assets Private Limited	1.64	-
Puzhakkal Developers Private Limited	-	0.03
Sri Parvathy Land Developers Private Limited	0.03	-
Sri Durga Devi Property Management Private Limited	0.05	0.13
Refund of advance by the related party		
Technobuild Developers Private Limited	339.52	14.71
Sobha Projects & Trade Private Limited	-	13.17
Rent paid		
Sobha Interiors Private Limited	14.76	14.05
Sobha Glazing & Metal Works Private Limited	5.60	5.06
Directors' remuneration		
Mr. J. C. Sharma	35.04	19.92
Mr. Ravi PNC Menon	80.38	51.15
Mr.T P Seetharam	6.44	6.71
Mr. Jagadish Nangineni (till 25 February 2021)	-	6.46
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	11.15	21.74
Mr. J. C. Sharma	0.38	0.75
Mr. Subhash Bhat	0.00	-
Mr. Anup Shah	0.02	-
Mr. R V S Rao	0.05	-

b) Details of the transactions with the related parties (continued)

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salary (including perquisites)		
Mr. Subhash Bhat (till 14th November 2021)	7.92	10.35
Mr. Vigneshwar G Bhat	4.69	3.45
Mr. Yogesh Bansal (with effect from 15th November 2021)	2.08	-
Directors' sitting fees and commission		
Mr. Anup Shah	1.88	1.79
Mr. R V S Rao	1.94	1.83
Mr. Sumeet Jagdish Puri	0.99	1.89
Mrs. Srivathsala KN	1.92	1.78
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	60.73	84.43
Mrs. Sobha Menon	100.54	201.08
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	37.02	37.02

c) Details of balances receivable from and payable to related parties are as follows:

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
I. Balances receivable from and payable to wholly owned subsidiaries		
Investment in unquoted equity shares		
Sobha Highrise Ventures Private Limited	372.78	372.78
Sobha Developers (Pune) Limited	986.41	986.41
Sobha Nandambakkam Developers Limited	13.74	13.74
Sobha Tambaram Developers Limited	2.24	2.24
Sobha Assets Private Limited	0.10	0.10
Sobha Construction Products Private Limited	10.00	10.00
Investment in the capital of partnership firm		
Sobha City - Capital account	399.99	399.99
Sobha City - Consideration paid for additional share in capital	128.00	128.00
Investment in subsidiaries - current account		
Sobha City - partner current account	1,259.42	842.77
Investment in preference shares		
Sobha Highrise Ventures Private Limited	77.00	77.00
Advances recoverable in cash or in kind		
Sobha Assets Private Limited	88.88	87.24
Sobha Construction Products Private Limited	-	0.22
Sobha Nandambakkam Developers Limited	-	0.09

c) **Details of balances receivable from and payable to related parties (continued)**

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Trade receivables		
Sobha Highrise Ventures Private Limited	29.42	4.18
Sobha Developers (Pune) Limited	0.01	40.31
Advance from customers		
Sobha Nandambakkam Developers Limited	7.69	-
Sobha Tambaram Developers Limited	7.05	7.45
Unsecured loan to related parties		
Sobha Highrise Ventures Private Limited	158.18	150.98
Sobha Developers (Pune) Limited	4.02	13.91
Sobha Assets Private Limited	29.66	-
Guarantees & Collaterals provided		
Sobha Assets Private Limited	227.32	227.32
Sobha City	998.78	1,498.78
II. Balances receivable from and payable to joint ventures		
Investment in partners current account		
Kondhwa Projects LLP	1,148.73	1,142.52
III. Balances receivable from and payable to other related parties		
Unsecured loan to related parties		
Sobha Contracting Private Limited	151.03	138.56
Land advance		
Technobuild Developers Private Limited	8,199.84	8,539.36
Puzhakkal Developers Private Limited	52.20	52.20
Sri Parvathy Land Developers Private Limited	164.46	164.43
Sri Durga Devi Property Management Private Limited	43.10	43.05
Rent deposit		
Sobha Interiors Private Limited	121.42	107.83
Sobha Glazing & Metal Works Private Limited	47.47	42.36
Advances recoverable in cash or in kind		
Sobha Puravankara Aviation Private Limited	164.73	189.91
Punkunnam Builders and Developers Private Limited	-	0.05
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.02	0.02
Moolamcode Traders Private Limited	0.02	0.02

c) **Details of balances receivable from and payable to related parties (continued)**

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Trade receivables		
Sri Kurumba Educational and Charitable Trust	15.42	15.42
Sobha Projects & Trade Private Limited	211.57	361.96
Sobha Contracting Private Limited	115.06	153.22
Trade payables		
Kilai Builders Private Ltd	181.04	36.38
SBG Housing Private Limited	-	2.67
Sobha Projects & Trade Private Limited	19.19	14.80
Divyakaushal Properties LLP	-	0.60
Guarantees & Collaterals received		
Sri Durga Devi Property Management Private Limited	1,500.00	1,500.00
Sri Parvathy Land Developers Private Limited	1,500.00	1,500.00
Kilai Builders Private Ltd	5,750.00	5,250.00
Sobha Interiors Private Limited	1,100.00	1,100.00
Sobha Contracting Private Limited	700.00	-

IV. Balances receivable from and payable to key managerial personnel

in ₹ million

Non-trade payable	As at 31 March 2022	As at 31 March 2021
Mr. J. C. Sharma	23.45	11.81
Mr. Ravi PNC Menon	15.52	2.00

d) **Terms and conditions of transactions with related parties**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The above related party transactions have been approved by the Board of Directors. Outstanding balances at the year-end are unsecured and interest free (except for loans taken mentioned in (d) and investment in debentures of subsidiaries) and settlement occurs in cash. For the year ended 31 March 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021 - ₹Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) **Compensation of key management personnel of the Company**

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Short-term employee benefits	99.58	79.08
Commission to independent directors	6.73	7.29
Other benefits*	36.97	18.96
	143.28	**105.33**

*As the liability for gratuity and leave encashment is provided on actuarial basis for the Company as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

f) Also, refer note 18 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Company.

36 Segment information

Basis of segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the business units, the Company's CEO reviews internal management reports on at least a quarterly basis.

The CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:

a) Real estate segment;

b) Contractual and manufacturing segment.

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Company's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Company's operating segments for the year ended 31 March 2022 and 31 March 2021 respectively:

Business segments

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Segment revenue		
Real estate	19,690.93	12,686.09
Contractual and manufacturing	8,242.00	8,979.02
Total segment revenue	**27,932.93**	**21,665.11**
Inter segment revenues	(792.00)	(698.15)
Net revenue from operations	**27,140.93**	**20,966.96**

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Segment result		
Real estate	5,561.47	3,331.72
Contractual and manufacturing	770.00	1,417.98
Total segment results	**6,331.47**	**4,749.70**
Finance costs	(2,808.00)	(3,244.61)
Other unallocable expenditure	(2,602.13)	(1,703.00)
Share of profits/ (losses) in a subsidiary partnership firm	(5.73)	138.43
Other income (including finance income)	611.00	806.12
Profit before taxation	**1,526.61**	**746.64**
Income taxes	(398.09)	(91.25)
Profit after taxation	**1,128.52**	**655.39**

The following table presents assets and liabilities information for the Company's operating segments as at 31 March 2022 and 31 March 2021 respectively:-

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Segment assets		
Real estate	87,176.92	86,635.67
Contractual and manufacturing	10,387.25	10,397.00
Total segment assets	**97,564.17**	**97,032.67**
Unallocated assets	12,175.44	10,508.27
Total assets	**1,09,739.61**	**1,07,540.94**
Segment liabilities		
Real estate	52,153.35	49,732.42
Contractual and manufacturing	4,685.75	4,264.96
Total segment liabilities	**56,839.10**	**53,997.38**
Unallocated liabilities	29,242.22	30,672.82
Total liabilities	**86,081.32**	**84,670.20**
Capital employed		
Real estate	35,023.57	36,903.25
Contractual and manufacturing	5,701.50	6,132.04
Unallocated capital employed	(17,066.78)	(20,164.55)
Total capital employed	**23,658.29**	**22,870.74**

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Company basis.

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Capital expenditure		
Real estate	130.30	69.60
Contractual and manufacturing	42.54	293.46
Unallocated capital expenditure	65.20	202.92
Total capital expenditure	**238.04**	**565.98**

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location has not been furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Company outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Segment assets	**97,564.17**	**97,032.67**
Investment (refer note 10)	4,398.49	3,975.63
Prepaid expenses (refer note 13)	821.70	393.87
Balances with statutory/ government authorities (refer note 13)	1,181.03	1,019.31
Cash and bank balances (refer note 14 and 15)	1,730.38	1,965.49
Non-current bank balances (refer note 12)	143.05	60.60
Other unallocable assets	3,900.79	3,093.37
Total assets	**1,09,739.61**	**1,07,540.94**

(ii) Reconciliation of liabilities

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Segment liabilities	**56,839.10**	**53,997.38**
Borrowings (refer note 19)	23,989.27	29,001.73
Provisions (refer note 21)	329.25	289.96
Deferred tax liabilities (refer note 22)	73.05	258.67
Liabilities for current tax (net) (refer note 22)	202.94	87.08
Withholding taxes payable (refer note 24)	63.77	75.04
Others payable (refer note 24)	144.87	105.75
Other unallocable liabilities	4,439.07	854.59
Total liabilities	**86,081.32**	**84,670.20**

37 Employment benefit plans

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Net benefit liability-gratuity	**247.82**	**217.96**
Non-current	174.70	151.46
Current	73.12	66.50

The Company has a defined benefit gratuity plan in India ('the Plan'), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days on salary for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Company. The board of the gratuity fund comprises three employees. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

in ₹ million

Particulars	31 March 2022	31 March 2021
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	220.36	215.46
Service cost	22.91	23.13
Interest cost	13.35	13.44
Benefits settled	(17.47)	(23.02)
Actuarial (gain)/loss (through OCI)	12.02	(8.65)
Obligation at the end of the year	**251.17**	**220.36**
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	2.40	2.15
Interest income	0.15	0.13
Actuarial gain/(loss) (through OCI)	(0.03)	0.04
Contributions paid into the plan	18.30	23.10
Benefits settled	(17.47)	(23.02)
Plan assets at the end of the year, at fair value	**3.35**	**2.40**
Present value of defined benefit obligation at the end of the year	251.17	220.36
Less: Fair value of plan assets at the end of the year	3.35	2.40
Net liability recognised in the balance sheet	**247.82**	**217.96**

in ₹ million

Particulars	31 March 2022	31 March 2021
Expenses recognised in statement of profit and loss		
Service cost	22.91	23.13
Interest cost (net)	13.21	13.31
Gratuity cost	**36.12**	**36.44**
Capitalised to property plant and equipment	(0.12)	(0.09)
Net gratuity cost	**36.00**	**36.35**
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes	-	-
Actuarial gain / (loss) due to financial assumption changes	3.49	(1.62)
Actuarial gain / (loss) due to experience adjustments	(15.55)	10.27
Return on plan assets greater (less) than discount rate	0.02	0.04
Deferred tax charge	3.03	(2.19)
Total expenses routed through OCI	**(9.01)**	**6.50**

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Particulars	31 March 2022	31 March 2021
Investment in insurance fund	100%	100%

Acturial assumptions

Particulars	31 March 2022	31 March 2021
Discount rate	6.41%	6.06%
Future salary growth	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	6.41%	6.24%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (2006-08)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

in ₹ million

Particulars	31 March 2022	31 March 2021
Effect of + 1% change in rate of discounting	(9.39)	(8.67)
Effect of - 1% change in rate of discounting	10.28	9.53
Effect of + 1% change in rate of salary growth	9.16	8.68
Effect of - 1% change in rate of salary growth	(8.60)	(8.13)
Effect of + 1% change in rate of employee turnover	0.51	0.17
Effect of - 1% change in rate of employee turnover	(0.59)	(0.22)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

in ₹ million

Particulars	31 March 2022	31 March 2021
Within the next 12 months	49.27	42.77
Between 2 and 5 years	131.96	109.01
Between 5 and 10 years	89.56	81.27
Total expected payments	**270.79**	**233.05**

38 Earnings per share ['EPS']

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2022	31 March 2021
Profit after tax attributable to shareholders (amount in ₹ million)	1,128.52	655.39
Weighted average number of equity shares of ₹10 each fully paid outstanding during the year used in calculating basic and diluted EPS	94,845,853	94,845,853
Earnings per share - Basic and diluted (amount in ₹)*	11.90	6.91

* The Company does not have any potential dilutive equity shares and therefore basic and diluted EPS are same.

39 Leases

Operating lease - Company as lessor

The Company has entered into commercial property leases on its property, plant and equipment. These operating leases have variable terms ranging from 12 months to 36 months up to eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

The Company has recognised ₹297.32 million (31 March 2021 - ₹121.08 million) during the year towards lease rental income.

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

in ₹ million

Particulars	31 March 2022	31 March 2021
Within one year	235.91	181.12
After one year but not more than five years	489.75	555.72
More than five years	0.71	65.02
	726.37	**801.86**

Operating lease - Company as lessee

Operating lease obligations: The Company has taken office, other facilities and other equipment under cancellable and non-cancellable operating leases, which are renewable on a periodic basis with escalation as per agreement.

The Company has paid ₹169.43 million (31 March 2021 - ₹176.47 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

in ₹ million

Particulars	31 March 2022	31 March 2021
Within one year	64.03	77.92
After one year but not more than five years	157.14	164.56
More than five years	45.34	66.91
	266.51	**309.39**

40 Contingent liabilities

Contingent liabilities (to the extent not provided for)

in ₹ million

Particulars	31 March 2022	31 March 2021
i Guarantees given by the Company	3,057.56	3,331.97
ii Income tax matters in dispute	-	250.42
iii Sales tax matters in dispute	737.09	727.26
iv Service tax matters in dispute	434.56	434.56
v Excise duty matters in dispute	1.27	7.27
	4,230.48	**4,751.48**

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursements in respect of the above contingent liabilities.

Regulatory Matters

a. In respect of matters relating to certain transactions entered into by the Company in earlier years, the Company was asked to provide contracts, documents, correspondences, business rationale and justification for these transactions by regulatory authorities, the Company has been responding to the same from time to time. Securities and Exchange Board of India (SEBI) had further summoned the Company under section 11(2), and 11C(2), 11C(3) of the SEBI Act, 1992 for production of documents and responses in respect of the aforesaid transactions. The Company has duly responded to the e-mail queries and the Summons within the time allotted.

During the current year, the Company has agreed, with the other parties, for a manner of settlement of the dues amounting to ₹578 million. Based on this, ₹278 million has been settled by transfer of other parties' units of an ongoing launched project (Project 1). The Company has sold these units in its normal course of business during the current year, so transferred, and realise the amount. The realization terms of the balance, i.e.₹300 million has been renegotiated and agreed to be settled through the landowners' revenue share in sales proceeds of another project (Project 2), which is expected to be launched by next year. The Company has a consent / confirmation from the other party for appropriation of the landowners' revenue share in sales proceeds of another project (Project 2), settlement of this due which is supported by a legal advise on its enforceability. Based on the best estimate of the management, this will be realized over a period of 2 – 4 years.

Also, during the current year, the Company has received a show cause notice (SCN) from SEBI for alleged violation of certain provisions of the SEBI Act, 1992 and Regulations issued by SEBI thereunder, thus, initiating adjudication proceedings in the above matter. The Company, in consultation with its external legal counsel, has responded to the charges made in the SCN and has filed a settlement application under the SEBI (Settlement Proceedings) Regulation, 2018, without admitting or denying the finding of fact and conclusions of law.

Further, the Company, based on its discussion with SEBI and in consultation with it's external counsel, has agreed for the settlement amount, vide letter to SEBI dated 25 April 2022. The response from SEBI is currently awaited.

Based on the Company's overall assessment including legal advice on enforceability of the manner of settlement, the outstanding amounts are considered fully recoverable and the terms of the aforesaid transactions are not prejudicial to the interests of the Company. The Company has not identified any adverse material impact to the financial statements of the Company as at 31 March 2022 or for earlier periods.

b. The Company had entered into a joint development arrangement with certain Land Owners in Gurugram, Haryana, in earlier years. In respect of this transaction, the concerned authorities are examining if there were irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP).

As part of the inquiry, the Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities and the proceedings on this matter are in progress. The Company and its officers have been responding to the queries raised / documents sought from time to time.

The Company, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement. The Company has not identified any adverse material impact to the financial statements of the Company as at 31 March 2022 or for earlier periods.

41 Commitments and other litigations

a. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹Nil million (31 March 2021 - ₹0.07 million).

(b) At 31 March 2022, the Company has given ₹12,492.57 million (31 March 2021 - ₹13,778.18 million) as advances for purchase of land. Under the agreements executed with the land owners, the Company is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreements.

(c) The Company has entered into joint development agreements with owners of land for its construction and development. Under the agreements, the Company is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of 31 March 2022, the Company has paid ₹4,080.06 million (31 March 2021 - ₹4,829.98 million) as refundable deposit (undiscounted) against the joint development agreements.

(d) The Company has entered into an aircraft usage agreement with a party wherein the Company along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2022, the Company incurred ₹109.63 million (31 March 2021 - ₹61.38 million) towards aircraft usage as per the agreement.

b. Other litigations

(a) Claims have been levied on the Company by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Company, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

(b) The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Company has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

42 Construction contracts

in ₹ million

Particulars	31 March 2022	31 March 2021
Contract revenue recognised as revenue for the year ended	23,049.67	17,922.74
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to for all the contracts in progress	178,550.41	72,663.02
The amount of customer advances outstanding for contracts in progress for which revenue has been recognised	16,225.49	8,229.27
The amount of work-in-progress and value of inventories	33,475.63	24,330.29
The amount of retentions due from customers for contracts in progress	648.45	514.35

43 Contract balances

The following table discloses the movement in contract assets

in ₹ million

Particulars	31 March 2022	31 March 2021
Opening balance	3,094.56	2,060.71
Revenue recognised during the year	5,282.11	5,733.25
Invoices during the year	(5,537.15)	(4,699.40)
Closing balance	**2,839.52**	**3,094.56**

44 Derivative instruments and unhedged foreign currency exposure

in ₹ million

Particulars	31 March 2022	31 March 2021
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	24.78	11.40

45 Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis or the information and records available with the management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small mid Medium Enterprises Development Act, 2006 except as set out in the following disclosures.

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the standalone financial statement as at 31 March 2022 and 31 March 2021 based on the information received and available with the Company.

in ₹ million

Particulars	31 March 2022	31 March 2021
i. Principal amount remaining unpaid to any supplier as at the year end	-	-
ii. Interest due thereon	-	-
iii. Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
iv. Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED, 2006	-	-
v. Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
vi. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

46 Capitalization of expenditure

During the year, the Company has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

in ₹ million

Particulars	31 March 2022	31 March 2021
Opening capital work in progress	700.58	2,323.14
Add: Expenses incurred during the year		
Purchase of project materials	-	103.65
Subcontractor and other charges	-	37.94
Salaries, wages and bonus	-	4.89
Rent	-	0.95
Others	-	20.25
Sub-total	**-**	**167.68**
Less: Expenses charged to profit and loss account	449.07	-
Less: Expenses capitalised as investment property	251.51	1,790.24
Sub-total	**700.58**	**1,790.24**
Closing capital work in progress	**-**	**700.58**

47 Fair value measurements

a. The carrying amounts of financial instruments by categories is as follows:

in ₹ million

Particulars	As at 31 March 2022			As at 31 March 2021		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 10)	4,398.41	-	0.08	3,975.55	-	0.08
Trade receivables (refer note 11)	-	-	4,066.37	-	-	2,358.97
Cash and bank balances (refer note 14 and 15)	-	-	1,730.38	-	-	1,965.49
Other financials assets (refer note 12)	-	-	6,749.49	-	-	7,435.92
Total	**4,398.41**	**-**	**12,546.32**	**3,975.55**	**-**	**11,760.46**
Financial liabilities						
Borrowings (refer note 19)	-	-	23,494.18	-	-	29,001.73
Trade payables (refer note 23)	-	-	6,698.30	-	-	7,339.81
Other financial liabilities (refer note 20)	-	-	5,882.40	-	-	5,644.09
Total	**-**	**-**	**36,074.88**	**-**	**-**	**41,985.63**

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

in ₹ million

Particulars	As at 31 March 2022				As at 31 March 2021			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Investments carried at fair value through profit and loss	-	-	-	-	-	-	-	-
Investments at amortized cost	0.08	-	-	0.08	0.08	-	-	0.08
Total	**0.08**	**-**	**-**	**0.08**	**0.08**	**-**	**-**	**0.08**
Assets for which fair value are disclosed								
Investment properties	1,882.71	-	-	4,432.00	1,691.59	-	-	3,967.00
	1,882.71	**-**	**-**	**4,432.00**	**1,691.59**	**-**	**-**	**3,967.00**

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the year.

Financial instruments carried at amortised cost such as instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

48 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include instruments, trade and other receivables, cash and bank balances, land advances and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2022 and 31 March 2021. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2022 and 31 March 2021.

Interest rate risk

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

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

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

in ₹ million

	Increase/ decrease in interest rate	Effect on profit before tax *
31 March 2022		
INR	+1%	(243.70)
INR	-1%	243.70
31 March 2021		
INR	+1%	(292.92)
INR	-1%	292.92

* determined on gross basis i.e. with out considering inventorisation of such borrowing cost.

The Company's exposure to equity price risk is not material as at all the reporting periods presented in the financial statements.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

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

(b) Receivables resulting from other than sale of properties: Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company's credit period generally ranges from 30-60 days.

(c) Revenue from one customer individually accounted for more than 10% of the company's revenue for the year ended 31 March 2022 and 31 March 2021. No single customer individually accounted for more than 10% of the trade receivable balance of the company as at 31 March 2022 and 31 March 2021.

Movement in allowance for credit losses

in ₹ million

Particulars	31 March 2022	31 March 2021
Opening balance	637.54	534.40
Amounts written off	-	-
Net remeasurement of loss allowance	14.98	103.14
Closing balance	**652.52**	**637.54**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2022 and 31 March 2021 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

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

The following table summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

in ₹ million

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2022						
Borrowings (refer note 19)	6,293.84	1,280.31	5,910.31	10,009.02	495.79	23,989.27
Trade payables (refer note 23)	-	6,050.61	381.24	266.45	-	6,698.30
Other financial liabilities (refer note 20)	253.85	1,260.25	4,368.30	-	-	5,882.40
	6,547.69	**8,591.17**	**10,659.85**	**10,275.47**	**495.79**	**36,569.97**
31 March 2021						
Borrowings (refer note 19)	3,846.01	1,797.08	4,791.00	17,488.16	1,079.48	29,001.73
Trade payables (refer note 23)	200.00	5,691.26	1,150.07	250.67	47.81	7,339.81
Other financial liabilities (refer note 20)	206.54	2,336.06	3,101.49	-	-	5,644.09
	4,252.55	**9,824.40**	**9,042.56**	**17,738.83**	**1,127.29**	**41,985.63**

49 Capital management

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

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

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 19 & 20)	24,412.42	29,421.73
Trade payables (Note 23)	6,698.30	7,339.81
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 20)	5,459.25	5,224.09
Other liabilities (Note 24)	48,906.11	42,048.86
Less: Cash and bank balances (Note 14 and 15)	(1,730.38)	(1,965.49)
Net debt	**83,745.70**	**82,069.00**
Equity share capital (Note 16)	948.46	948.46
Other equity (Note 17)	22,709.83	21,922.28
Total capital	**23,658.29**	**22,870.74**
Capital and net debt	**107,403.99**	**104,939.74**
Gearing ratio	77.97%	78.21%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

50 Utilisation of borrowed funds

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Gross proceeds from non-current borrowings	4,286.72	1,718.45
Gross proceeds from secured debentures	495.09	-
Gross proceeds from secured loans	8,353.80	14,167.21
	13,135.61	**15,885.66**
Utilisation for the general construction and development purpose	13,135.61	15,885.66
Unutilised borrowed funds	**-**	**-**

51 Loans or advances to specified persons

in ₹ million

Type of the Borrower	Amount outstanding as at 31 March 2022 *	% of Total ^	Amount outstanding as at 31 March 2021	% of Total
Promoters	-	-	-	-
Directors	-	-	-	-
Key Managerial Persons (KMPs)	-	-	-	-
Related Parties	342.88	100%	303.45	100%
Total aggregate loans (refer note 12)	**342.88**	**-**	**303.45**	**-**

* represents repayable on demand

^ represents percentage to the total Loans and Advances in the nature of loan

There are no loans without specifying any terms or period of repayment in the current and previous year.

52 Ratios

in ₹ million

Ratios	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% of Change	Explanation for change in ratio for more than 25%
Liquidity ratio						
Current ratio	Current Assets	Current Liabilities	1.19	1.12	6.54%	-
Solvency ratio						
Debt-Equity ratio	Total Debt	Shareholder's Equity	1.03	1.28	-19.77%	-
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	0.21	0.20	3.04%	-
Profitability ratio						
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.05	0.03	69.28%	Net surplus to shareholders increased due to increase in profit
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.04	0.03	34.32%	Turnover for the financial year increased due to which profit increased significantly
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	0.09	0.08	18.10%	-
Return on Investment	Interest (Finance Income)	Investment	-	-	-	-

in ₹ million

Ratios	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% of Change	Explanation for change in ratio for more than 25%
Utilization ratio						
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	6.67	8.89	-24.91%	-
Inventory Turnover ratio	Cost of goods sold	Average Inventory	0.30	0.24	25.61%	On account of increase in revenue which lead to increase in Cost of goods sold
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	2.04	1.48	37.54%	On account of settlement of dues in current year
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets– Current liabilities	1.77	2.14	-17.18%	-

53 Disclosure required for Borrowing based on security of current Assets

The Company has been sanctioned borrowings amounting to ₹4,000 million, in aggregate, from banks or financial institutions on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks or financial institutions which are in agreement with books of account of the Company.

54 Disclosure of Struck off companies

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

55 Other Statutory Information

a) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

b) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

c) The company is not declared as wilful defaulter by any bank of financial institution or other lenders.

d) The Company does not have any approved schemes of arrangements during the year.

e) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or,

ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

f) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or,

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

a) Crypto currency or Virtual Currency.

b) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

56 Impact due to outbreak of COVID-19

The management has assessed and determined that considering the nature of its operations and overall revenue model, the second and the third wave of COVID-19 have not had any material impact on the Company's financial position as at 31 March 2022, its financial performance for the year then ended and its internal control over financial reporting as at 31 March 2022. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties in future periods, if any.

57 Prior year comparatives

The previous period / year figures have been regrouped / reclassified, wherever necessary, to conform to the current quarter presentation in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place Bengaluru, India
Date: 20 May 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Sobha Limited
Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sobha Limited (hereinafter referred to as the "Holding Company") and subsidiaries, including step down subsidiaries (Holding Company and subsidiaries together referred to as "the Group") and its joint venture, which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on separate financial statements of such subsidiaries, including step down subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and a joint venture as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the branch auditors and other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to note 40 to the consolidated financial statements that explains that during the previous years, the Holding Company had entered into a joint development agreement (JDA) in which the counter party, i.e. land owners had obtained a license for setting up a residential township on land parcels. The license is based on the Bilateral Agreement which was entered into between the land owners and District Town and Country Planner (DTCP), Haryana and is governed under the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975.

In respect of this transaction, the concerned authorities are inspecting if there were any irregularities in respect of the manner of allotment and pricing of certain plots under this project by the Holding Company, with respect to the terms and conditions of the license and HRDUAA regulations and also whether the concerned charges were paid pursuant to the change in beneficial interest.

The Holding Company has responded to the concerned authorities on these transactions from time to time. The matter has not yet been concluded, and the duration and outcome of the ongoing regulatory proceedings is presently uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Regulatory Inquiry - refer note 40 to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of certain transactions entered into by the Holding Company and recoverability of balances, on which regulatory inquiries are ongoing During the previous years, the Holding Company has received enquiries from Securities and Exchange Board of India (SEBI) about certain transactions entered into by the Holding Company in earlier years. SEBI had further summoned the Holding Company under section 11(2), and 11C(2), 11C(3) of the SEBI Act, 1992 for production of documents and responses in respect of the aforesaid transactions. The enquiries and consequently the Summons were directed to ascertain if there was any undue favour towards any individuals in these specific business transactions carried out by the Holding Company, which represented aged receivables and other asset balances recoverable from the various parties and SEBI had sought responses and evidences for the efforts taken by the Holding Company to recover these amounts. During the current year, the Holding Company and the other parties to the transactions have agreed to the manner of settlement of the dues according to which, the Holding Company is expected to recover the dues over a period of time. During the current year, SEBI has initiated adjudication proceedings against the Holding Company and its officers and issued a Show Cause Notice (SCN) to the Holding Company under Rule 4(1) of the SEBI (Procedure for holding inquiry and imposing penalties) Rules, 1995.	Our audit procedures on this matter included the following: • Inquired with senior personnel of the Holding Company to understand the status of recovery of aged receivables and other asset balances outstanding from these transactions pursuant to the manner of settlement as agreed among the parties to the transactions; • Verified the correspondence with the various parties to recover the outstanding balances; • Read the Holding Company's communications to SEBI to ensure consistency with the explanations and documentation/ correspondences provided to us; • Evaluated and challenged the Holding Company's assessment of recoverability of the balances outstanding as at the balance sheet date, the business rationale for these transactions and the timing and manner of settlement, including considering the developments subsequent to the balance sheet date; • Evaluated the legal opinions obtained by the Holding Company on the implications of adjudication proceedings initiated on the Holding Company; • Communicated and discussed periodic updates on these transactions to those charged with governance, including the recoverability and business rationale aspects for these transactions;

Key Audit Matter	How the matter was addressed in our audit
The Holding Company, in consultation with its legal counsel has responded to the allegations in the SCN and also filed a settlement application under SEBI (Settlement Proceedings) Regulations, 2018. The matter has not yet been concluded by SEBI. Considering the significance of the matter which involves uncertainty of outcome due to ongoing inquiries from SEBI and significant judgements and estimates by the Holding Company on the realisability of these balances, this is considered as a key audit matter.	• Read the minutes of the meetings of the management discussions with the Board of Directors and those charged with governance on this matter; • Read the Holding Company's submission to SEBI for the settlement application made; and • Considered the adequacy of the disclosures in the consolidated financial statements.

B. Revenue recognition - refer note 2.4(b)(ii)(a) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue recorded from sale of residential units Revenues from sale of residential units represents the largest portion of the total revenues of the Group. Revenue is recognised upon transfer of control of residential units to customers for an amount which reflects the consideration the Group expects to receive in exchange for those units. The point of revenue recognition is normally based on the terms as included in the intimation for the handover of unit to the customer on completion of the project, post which the contract becomes non-cancellable by the parties. The Group records revenue at a point in time upon transfer of control of residential units to the customers. Considering the volume of the Group's projects, spread across different regions within the country and the competitive business environment, there is a risk of revenue being recorded in an incorrect period (for example, through premature revenue recognition i.e., recording revenue prior to handover of unit to the customers or improperly shifting revenues to a later period) in order to present consistent financial results. Since revenue recognition has direct impact on the Group's profitability, there is a possibility of the Group being biased, hence this is considered as a key audit matter.	Our audit procedures on revenue recognition on sale of residential units included the following: • Evaluation of the Group's accounting policies for revenue recognition on sale of residential units are in line with the applicable accounting standards and their application to customer contracts, including consistent application; • Identifying and testing operating effectiveness of key controls around approvals of contracts, milestone billing, intimation of handover letters and controls over collection from customers; • For samples selected, verifying the underlying documents – handover letter, sale agreement signed by the customer, handover intimation mail sent to the customer and the collections against the units sold; • Cut-off procedures for recording of revenue in the relevant reporting period; • Site visits during the year for selected projects to understand the scope, nature, status and progress of the projects; and • Considering the adequacy of the disclosures in note 2.4(b)(ii)(a) to the consolidated financial statements in respect of recognising revenue on sale of residential units.

B. Revenue recognition - refer note 2.4(b)(i) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Measurement of revenue on contractual construction projects recorded over time which is dependent on the estimates of the costs to complete Revenue recognition from contractual projects represents a significant portion of the total revenues of the Group. Revenue recognition from contractual projects involves significant estimates primarily pertaining to measurement of costs to complete the projects. Revenue from projects is recorded based on Group's assessment of the work completed, costs incurred and accrued and the estimate of the balance costs to complete. Due to inherent nature of the projects and significant judgment involved in the estimate of costs to complete, there is risk of overstatement or understatement of revenue, hence this is considered as a key audit matter.	Our audit procedures on revenue recognition on contractual construction projects included the following: • Evaluation of Group's accounting policies for revenue recognition on contractual projects are in line with the applicable accounting standards and their application to customer contracts, including consistent application; • Identifying and testing operating effectiveness of key controls around budgeting of project cost, approval of purchase orders, recording of actual cost, raising of invoices and estimating the cost to complete the project; • For samples selected during the year, verifying the underlying documents – contracts with customers, invoices raised and collections from the customers; • Comparing the estimated costs to complete with the budgeted costs and analysis of the variances, if any; • Sighting approvals for budgeted costs with the rationale for the changes; • Assessment of costs incurred on projects, which is used by the Group to determine the percentage of completion; • Considering the adequacy of the disclosures in note 2.4(b)(i) to the consolidated financial statements in respect of judgements taken to recognise revenue for contractual projects; and • Considering the adequacy of the disclosures in note 42 to the consolidated financial statements in respect of revenue recognised, cost incurred, amount received/ retentions due from customers, work in progress, value of inventories and profit recognised till date.

B. Revenue recognition - refer note 2.4(b)(iii) to the consolidated financial statements

Key Audit Matter

Measurement of revenue recorded from sale of manufactured products

Revenue is recognised upon transfer of control of products manufactured by the Group to customers for an amount which reflects the consideration the Group expects to receive in exchange for those products. The point of revenue recognition is normally upon transfer of control to the customer on delivery of product.

Considering the competitive business environment, there is a risk of revenue being overstated (for example, through premature revenue recognition i.e., recording revenue prior to transfer of control to the customers) or understated (for example, through improperly shifting revenues to a later period) in order to present consistent financial results.

Since revenue recognition has direct impact on the Group's profitability, there is a possibility of the Group being biased, hence this is considered as a key audit matter.

How the matter was addressed in our audit

Our audit procedures on revenue recognition from sale of manufactured products included the following:

- Evaluation of Company's accounting policies for revenue recognition on sale of products manufactured, are in line with the applicable accounting standards and their application to agreement with customers, including consistent application;
- Identifying and testing operating effectiveness of key controls around approvals of sale order received, invoice raised, intimation of delivery of product, and controls over collection from customers;
- For samples selected, verifying the underlying documents – sales order, invoice raised, good received note authorised by the customer and the collections;
- Cut-off procedures for recording of revenue in the relevant reporting period; and
- Considering the adequacy of the disclosures in note 2.4(b)(iii) to the consolidated financial statements in respect of recognizing revenue on sale of manufactured products.

C. Inventories - refer note 3(b)(iv) to the consolidated financial statements

Key Audit Matter

Assessment of net realisable value (NRV) of inventories

Inventories on construction of residential units comprising ongoing and completed projects, initiated but unlaunched projects and land stock, represents a significant portion of the Group's total assets.

How the matter was addressed in our audit

Our audit procedures to assess the net realisable value (NRV) of inventories included the following:

- Enquiry with the Group's personnel to understand the basis of computation and justification for the estimated recoverable amounts of the unsold units in both ongoing and completed projects ("the NRV assessment");

Key Audit Matter	How the matter was addressed in our audit
The Group recognises profit on the sale of each residential unit with reference to the overall profit margin depending upon the total cost incurred on the project. A project comprises multiple units, the construction of which is carried out over a number of years. The recognition of profit for sale of a unit, is therefore dependent on the estimate of future selling prices and construction costs. Further, estimation uncertainty and exposure to cyclicality exists within long- term projects. Forecasts of future sales are dependent on market conditions, which can be difficult to predict and be influenced by political and economic factors. Considering the significance of the amount of carrying value of inventories and the involvement of significant estimation and judgement in assessment of NRV, this is considered as a key audit matter.	• Assessing the Group's valuation methodology for the key estimates, data inputs and assumptions adopted in the valuation. This involved comparing the total cost per sqft with expected average selling prices such as recently transacted prices maintained by the Group. For projects which are not launched and/(or) there are no sales, the total cost per sqft is compared to the selling prices of similar properties located in nearby vicinity of each project • While analysing the expected average selling price, we have performed a sensitivity analysis on the selling price and compared this to the budgeted cost; • For our samples of land stock, obtained the fair valuation reports and published guidance values for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and • Verifying the NRV assessment and comparing the estimated construction costs to complete each development with the Group's updated budgets.

D. Land Advances - refer note 3(b)(iv) to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
Assessment of recoverability of land advances Land advances represents a significant portion of the Group's total assets. Land advance represents the amount paid towards procurement of land parcels to be used in the future for construction of residential projects. These advances are carried at cost less impairment losses. These land advances are converted into land stock as per the terms of the underlying contracts under which these land advances have been given. The carrying value of advances are tested for recoverability by the Group by comparing the valuation of land parcels in the same area for which land advances have been given.	Our audit procedures to assess the recoverability of land advances included the following: • Enquiry with the Group's personnel on the process of providing land advances and testing of key controls over such land advances paid during the year; • Obtaining explanations from Company's personnel on the long-standing land advances and understanding Company's plan for conversion of the land advances to land stock; • For our samples, verifying the underlying agreements or memorandum of understanding in possession of the Group, based on which land advances were given, to assess the Group's rights over the land parcels in subject;

Key Audit Matter	How the matter was addressed in our audit
Due to the quantum of carrying value of land advances to total assets of the Group and significant estimates and judgements involved in assessing recoverability of land advances, this is considered as a key audit matter.	• For our samples, obtaining the fair valuation reports of such land parcels for assessing the valuation methodology, key estimates and assumptions adopted in the valuation; and • For our samples, verifying the published guidance values for the area in which these land parcels are situated.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors'/Designated Partners' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies/ Designated Partners of the limited liability partnerships (LLPs) included in the Group and the respective Management and Board of Directors/ Designated Partners of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company/ LLP and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies/ Designated Partners of the LLPs included in the Group and respective Management and Board of Directors/Designated Partners of its joint venture are responsible for assessing the ability of each company/LLP to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors/Designated Partners either intends to liquidate the company/LLP or to cease operations, or has no realistic alternative but to do so.

The respective Management and Board of Directors of the companies/Designated Partners of the LLP included in the Group and respective Management and Board of Directors/Designated Partners of its joint venture is responsible for overseeing the financial reporting process of each company/LLP.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of

the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of 18 subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹8,583.80 million as at 31 March 2022, total revenues (before consolidation adjustments) of ₹386.27 million and net cash outflow (before consolidation adjustments) amounting to ₹28.77 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) The consolidated financial statements also include the Group's share of net profit/loss (and other comprehensive income) of ₹ Nil for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us or by other auditor. The unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid joint venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1 As required by the Companies (Auditor's Report) Order, 2020 ("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 paragraphs 3 and 4 of the Order, to the extent applicable.

2 (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and a joint venture as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and a joint venture incorporated in India, none of the directors of the Group companies and its joint venture incorporated in India are disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies and a joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and a joint venture, as noted in the "Other Matters" paragraph:

a. The Group has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its consolidated financial statements. Refer note 40 to the consolidated financial statements.

b. The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022.

c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended 31 March 2022. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and joint venture incorporated in India during the year ended 31 March 2022.

d. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies and joint venture incorporated in India to or in any other persons or entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies and joint venture incorporated in India or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Holding Company or its subsidiary companies and joint venture incorporated in India from any persons or entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies and joint venture incorporated in India shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e. The dividend declared or paid during the year by the Holding Company incorporated in India is in compliance with Section 123 of the Act.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies and joint venture to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies and joint venture, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 22065155AJHKBY6069

Place : Bengaluru
Date : 20 May 2022

Annexure A to the Independent Auditor's Report on Consolidated Financial Statements of Sobha Limited ("the Company")

With reference to the **Annexure A** referred to in the Independent Auditors' report to the members of the Company on the consolidated financial statement for the year ended 31 March 2022, we report the following:

(xxi) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

The above does not include comments, if any, in respect of the following entity as the CARO report relating to the entity has not been issued by its auditor till the date of principal auditor's report:

Name of the entity	CIN	Subsidiary/ JV/ Associate
Kondhwa Projects LLP	AAH-5729	Joint Venture

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 22065155AJHKBY6069

Place : Bengaluru
Date : 20 May 2022

Annexure B to the Independent Auditors' report on the consolidated financial statements of Sobha Limited for the period ended 31 March 2022.

Report on the Internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022 we have audited the internal financial controls with reference to consolidated financial statements of Sobha Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

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

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 18 subsidiary companies (including step down subsidiaries), which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership number: 065155
UDIN: 22065155AJHKBY6069

Place : Bengaluru
Date : 20 May 2022

SOBHA LIMITED
CONSOLIDATED BALANCE SHEET

in ₹ million

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Assets			
Non-current assets			
Property, plant and equipment	4	4,079.85	4,415.00
Investment property	5	3,676.61	3,529.21
Investment property under construction	6	65.03	700.58
Intangible assets	7	226.78	232.13
Right of use assets	8	123.37	157.42
Financial assets			
Investments	10	1,148.91	1,142.70
Trade receivables	11	564.23	423.99
Other non-current financial assets	12	1,460.92	1,418.24
Other non-current assets	13	4,341.36	5,200.77
Current tax assets (net)	22	116.01	96.75
Deferred tax asset (net)	22	19.37	19.21
		15,822.44	**17,336.00**
Current assets			
Inventories	9	74,271.19	71,246.35
Financial assets			
Trade receivables	11	3,504.52	1,937.18
Cash and cash equivalents	14	1,390.65	1,637.38
Bank balance other than cash and cash equivalents	15	392.44	404.11
Other current financial assets	12	4,884.91	5,718.07
Other current assets	13	13,834.32	13,822.43
		98,278.03	**94,765.52**
Total assets		**114,100.47**	**112,101.52**
Equity and liabilities			
Equity			
Equity share capital	16	948.46	948.46
Other equity	17	24,156.75	23,328.89
Equity attributable to owners of the Company		25,105.21	24,277.35
Non-controlling interest		-	-
Total equity		**25,105.21**	**24,277.35**
Non-current liabilities			
Financial liabilities			
Borrowings	19	7,277.05	3,504.33
Lease liabilities	19	40.02	67.97
Provisions	21	174.70	151.46
Deferred tax liabilities (net)	22	150.72	341.75
		7,642.49	**4,065.51**
Current liabilities			
Financial liabilities			
Borrowings	19	17,252.46	26,396.34
Lease liabilities	19	60.87	61.98
Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and	23	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	6,752.66	7,317.59
Other current financial liabilities	20	6,440.74	6,562.97
Other current liabilities	24	50,488.55	43,194.17
Provisions	21	154.55	138.50
Liabilities for current tax (net)	22	202.94	87.11
		81,352.77	**83,758.66**
Total liabilities		**88,995.26**	**87,824.17**
Total equity and liabilities		**1,14,100.47**	**112,101.52**

Summary of significant accounting policies 2.4

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place : Bengaluru, India
Date : 20 May 2022

SOBHA LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS

in ₹ million

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	25	27,308.60	21,097.79
Finance income	27	354.45	419.81
Other income	26	552.70	386.40
Total income		**28,215.75**	**21,904.00**
Expenses			
Land purchase cost		1,960.18	2,543.94
Cost of raw materials and components consumed	28	1,982.21	1,861.96
Purchase of project materials		5,194.63	3,920.98
Changes in Inventories of Raw materials, Land stock, Work in progress, Stock in trade and Finished goods	29	(3,152.08)	(4,169.41)
Subcontractor and other charges		6,412.58	5,124.14
Employee benefits expense	30	2,294.47	1,771.27
Finance costs	34	7,496.58	6,012.14
Depreciation and amortization expense	31	721.09	793.67
Other expenses	32	3,724.07	3,293.46
Total expenses		**26,633.73**	**21,152.15**
Profit before tax		**1,582.02**	**751.85**
Tax expenses			
Current tax	22	611.40	100.81
Deferred tax (credit)/charges	22	(198.21)	28.28
Income tax expense		**413.19**	**129.09**
Profit for the year		**1,168.83**	**622.76**
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement on defined benefit plan	37	(9.01)	6.50
Income tax effect		-	-
Other comprehensive income for the year, net of tax		**(9.01)**	**6.50**
Total comprehensive income for the year attributable to owners of the Company		**1,159.82**	**629.26**
Profit for the year attributable to :			
Owners of the Company		1,168.83	622.76
Non-controlling interests		-	-
		1,168.83	**622.76**
Total comprehensive income for the year attributable to :			
Owners of the Company		1,159.82	629.26
Non-controlling interests		-	-
		1,159.82	**629.26**
Earnings per equity share [nominal value of ₹ 10 fully paid (31 March 2021 - ₹ 10 fully paid)]			
Basic and diluted (amount in ₹)	38	12.32	6.57

Summary of significant accounting policies 2.4

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place : Bengaluru, India
Date : 20 May 2022

SOBHA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

	Number of shares in million	Amount in ₹ million
Equity shares of ₹10 each issued, subscribed and fully paid		
Balance as at 1 April 2020	**94.84**	**948.46**
Balance as at 31 March 2021	**94.84**	**948.46**
Balance as at 1 April 2021	**94.84**	**948.46**
Balance as at 31 March 2022	**94.84**	**948.46**

b. Other equity

in ₹ million

	Attributable to owners of the Company						
	Reserves and Surplus					Items of OCI	Total
	Capital redemption reserve	Securities premium	Debenture redemption reserve	General reserve	Retained earnings	Other items of OCI	
As at 1 April 2020	**119.47**	**9,328.92**	**-**	**4,170.11**	**9,751.05**	**(6.00)**	**23,363.55**
Profit for the year	-	-	-	-	622.76	-	622.76
Other comprehensive income (net of tax)	-	-	-	-	-	6.50	6.50
Total comprehensive income	**119.47**	**9,328.92**	**-**	**4,170.11**	**10,373.81**	**0.50**	**23,992.81**
Transfer to other reserves							
General reserve	-	-	-	65.54	(65.54)	-	-
Total transfer to other reserves	**-**	**-**	**-**	**65.54**	**(65.54)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) (refer note 18)	-	-	-	-	(663.92)	-	(663.92)
Total distribution to owners	**-**	**-**	**-**	**-**	**(663.92)**	**-**	**(663.92)**
As at 31 March 2021	**119.47**	**9,328.92**	**-**	**4,235.65**	**9,644.35**	**0.50**	**23,328.89**
As at 1 April 2021	**119.47**	**9,328.92**	**-**	**4,235.65**	**9,644.35**	**0.50**	**23,328.89**
Profit for the year	-	-	-	-	1,168.83	-	1,168.83
Other comprehensive income (net of tax)	-	-	-	-	-	(9.01)	(9.01)
Total comprehensive income	**119.47**	**9,328.92**	**-**	**4,235.65**	**10,813.18**	**(8.51)**	**24,488.71**
Transfer to other reserves							
General reserve	-	-	-	112.85	(112.85)	-	-
Total transfer to other reserves	**-**	**-**	**-**	**112.85**	**(112.85)**	**-**	**-**
Transaction with owners, recorded directly in equity							
Distribution to owners							
Dividend (including dividend distribution tax) refer note 18	-	-	-	-	(331.96)	-	(331.96)
Total distribution to owners	**-**	**-**	**-**	**-**	**(331.96)**	**-**	**(331.96)**
As at 31 March 2022	**119.47**	**9,328.92**	**-**	**4,348.50**	**10,368.37**	**(8.51)**	**24,156.75**

Summary of significant accounting policies 2.4

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place : Bengaluru, India
Date : 20 May 2022

SOBHA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flows from operating activities		
Profit before tax	**1,582.02**	**751.85**
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Depreciation and amortization expense	566.06	651.68
Depreciation of investment properties	155.03	141.99
Gain on sale of other property	(221.36)	-
Gain on sale of property, plant and equipment	(132.86)	(1.69)
Finance income (including fair value change in financial instruments)	(354.45)	(419.81)
Finance costs (including fair value change in financial instruments)	7,496.58	6,012.14
Allowance for credit loss	43.03	191.70
Share of profit from sale of interest in partnership firm	-	(144.25)
Bad debts written off	3.54	-
Working capital adjustments:		
(Increase) / Decrease in trade receivables	(1,996.34)	1,405.57
Increase in inventories	(2,913.98)	(4,187.60)
Decrease in other financial assets	1,006.85	1,180.73
Decrease in other assets	867.66	512.70
Decrease in trade payables and other financial liabilities	(677.44)	(945.29)
Increase / (Decrease) in provisions	39.29	(6.10)
Increase in other non-financial liabilities	3,263.10	1,250.87
Cash generated from operating activities	**8,726.73**	**6,394.49**
Income tax paid (net of refund)	(514.83)	(266.05)
Net cash flows from/ (used in) operating activities (A)	**8,211.90**	**6,128.44**
Cash flows from investing activities		
Purchase of property, plant and equipment	(201.93)	(413.72)
Purchase of intangible assets	2.26	(4.12)
Proceeds from sale of other property	481.00	-
Proceeds from sale of property, plant and equipment	180.49	23.04
Proceeds from sale of interest in partnership firm	-	144.25
Investment in Mutual funds	(6.21)	(0.01)
Investments in fixed deposits (net)	(103.01)	(193.76)
Interest received	30.10	112.46
Net cash flows used in investing activities (B)	**382.70**	**(331.86)**
Cash flows from financing activities		
Proceeds from long-term borrowings	4,094.42	1,718.45
Repayment of long-term borrowings	(496.51)	(245.78)
Proceeds from short-term borrowings	8,998.88	14,185.29
Repayment of short-term borrowings	(18,161.52)	(16,414.27)
Lease payments	(29.06)	(22.70)
Interest paid	(2,915.57)	(3,391.17)
Dividend paid on equity shares	(331.97)	(664.11)
Tax on dividend paid	-	-
Net cash flows used in financing activities (C)	**(8,841.33)**	**(4,834.29)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(246.73)	962.29
Cash and cash equivalents at the beginning of the year (refer note 14)	1,637.38	675.09
Cash and cash equivalents at the end of the year (refer note 14)	**1,390.65**	**1,637.38**
Less: Book overdraft from scheduled banks	(289.92)	(240.39)
Cash and cash equivalents at the end of the year	**1,100.73**	**1,396.99**

Summary of significant accounting policies 2.4

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place : Bengaluru, India
Date : 20 May 2022

1 Corporate information

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

The Company is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office is located at Bangalore. The Company's shares and debentures are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The consolidated financial statements are approved for issue by the Board of Directors on 20 May 2022.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provision of the Act.

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

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

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

2.2 Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of investee	Principal activities	Country of incorporation	Percentage of ownership/ voting rights	
			31 March 2022	31 March 2021
Subsidiaries				
Annalakshmi Land Developers Pvt Ltd (till 31.12.2021)	Real estate development	India	100%	0%
Sobha City ['Partnership firm']		India	100%	100%
Sobha Contracting Pvt Ltd		India	100%	100%
Sobha Developers (Pune) Limited		India	100%	100%
Sobha Assets Private Limited		India	100%	100%
Sobha Highrise Ventures Private Limited		India	100%	100%
Sobha Interiors Private Limited		India	100%	100%
Sobha Nandambakkam Developers Limited		India	100%	100%
Sobha Tambaram Developers Limited		India	100%	100%
Sobha Construction Products Private Limited		India	100%	100%
Kilai Builders Private Limited		India	100%	100%
Kondhwa Projects LLP ['Partnership firm']		India	50%	50%
Kuthavakkam Builders Private Limited		India	100%	100%
Kuthavakkam Realtors Private Limited		India	100%	100%
Vayaloor Properties Private Limited		India	100%	100%
Vayaloor Builders Private Limited		India	100%	100%
Vayaloor Developers Private Limited		India	100%	100%
Vayaloor Real Estate Private Limited		India	100%	100%
Vayaloor Realtors Private Limited		India	100%	100%
Valasai Vettikadu Realtors Private Limited		India	100%	100%

The consolidated financial statements also includes the result of a joint venture, Kondhwa Projects LLP, which has been accounted for under the equity method of accounting.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and a joint venture. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2022.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Include the results, i.e. profit or loss from the joint venture in the consolidated Statement of profit and loss.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue includes excise duty, since the recovery of excise duty flows to the Group on its own account. However, sales tax/value added tax (VAT)/Goods and Services Tax (GST) is not received by the Group on its own account. These taxes are collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

i. Recognition of revenue from contractual projects

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

ii. Recognition of revenue from real estate projects

a. Recognition of revenue from property development

Revenue is recognized upon transfer of control of residential units to customers, in an amount that reflects the consideration the Group expects to receive in exchange for those residential units. The Group shall determine the performance obligations associated with the contract with customers at contract inception and also determine whether they satisfy the performance obligation over time or at a point in time. In case of residential units, the Group satisfies the performance obligation and recognises revenue at a point in time i.e., upon handover/deemed handover of the residential units.

Deemed handover of the residential units is considered upon intimation to the customers about receipt of occupany certificate and receipt of total sale consideration.

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. The Group when adjusting the promised amount of consideration for a significant financing component is to recognise revenue at an amount that reflects the cash selling price of the transferred residential unit.

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

Revenue from sale of land and development rights is recognised upon transfer of all significant risks and rewards of ownership of such real estate/property, as per the terms of the contracts entered into with buyers, which generally coincides with the firming of the sales contracts/ agreements. Revenue from sale of land and development rights is only recognised when transfer of legal title to the buyer is not a condition precedent for transfer of significant risks and rewards of ownership to the buyer.

iii. Recognition of revenue from manufacturing division

Revenue from sale of materials is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with dispatch of goods to the customers. Service income is recognised on the basis of completion of a physical proportion of the contract work/based upon the contracts/ agreements entered into by the Group with its customers.

iv. Dividend income

Revenue is recognised when the shareholders' or unit holders' right to receive payment is established, which is generally when shareholders approve the dividend.

v. Rental income from operating leases

Rental income receivable under operating leases (excluding variable rental income) is recognized in the statement of profit and loss on a straight-line basis over the term of the lease including lease income on fair value of refundable security deposits. Rental income under operating leases having variable rental income is recognized as per the terms of the contract.

vi. Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method.

c) Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition/construction, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

d) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in statement of profit and loss in the period of derecognition.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets, comprising of software and intellectual property rights are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

f) Depreciation on property, plant and equipment

Depreciation is calculated on written down value basis using the following useful lives prescribed under Schedule II of the Act, except where specified.

Particulars	Useful lives estimated by the management (in years)
Property, plant and equipment	
Factory buildings	30
Buildings - other than factory buildings	60
Buildings - temporary structure for precast plant	8
Buildings - temporary structure	3
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and machinery - Electrical installations	10
Furniture and fixtures	10
Motor vehicles	8

Particulars	Useful lives estimated by the management (in years)
Computers	
i. Computer equipment	3
ii. Servers and network equipment	6
Office equipment	5
Investment property	
Buildings - other than factory buildings	60
Plant and machinery	
i. General plant and machinery	15
ii. Plant and machinery - Civil construction	12
iii. Plant and Machinery - Electrical installations	10
Furniture and fixtures	10

Steel scaffolding items are depreciated using straight line method over a period of 6 years, which is estimated to be the useful life of the asset by the management based on planned usage and technical advice thereon. This estimate of useful life is higher than those indicated in Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of non-financial assets

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

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

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

h) Impairment of financial assets

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

i) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

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

j) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

k) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

On initial recognition, financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVTOCI) - debt investment
- fair value through other comprehensive income (FVTOCI) - equity investment
- fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A ‘financial asset’ is measured at the amortised cost if both the following conditions are met and is not designated as FVTPL:

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

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

Debt instrument at Fair value through Other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met and is not designated as FVTPL:

a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial instrument, and

b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Financial assets at Fair Value Through Profit or Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any financial asset as at FVTPL.

Equity investments in joint ventures

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of joint ventures until the date on which significant influence or joint control ceases.

Derecognition

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

- The rights to receive cash flows from the asset have expired, or

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

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

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification, subsequent measurement and gains and losses

The financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is as derivative or deginated as such on initial recognition. Financial liabilities measured as FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

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

l) Borrowing costs

Borrowing costs are interest and other costs incurred in connection with borrowings of funds. Borrowing costs directly attributable to acquisition/construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. All other borrowing costs not eligible for inventorisation/capitalisation are charged to statement of profit and loss.

m) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

n) Employee benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

ii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI) . The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group makes contributions to Sobha Developers Employees Gratuity Trust ('the Trust') to discharge the gratuity liability to employees. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end. The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the projected unit credit method at each year end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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

o) Provisions

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

p) Contingent liabilities

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

q) Earnings per share

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

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

r) Foreign currency transactions

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

s) Inventories

Related to contractual and real estate activity

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

i. Work-in-progress - Contractual: Cost of work yet to be certified/ billed, as it pertains to contract costs that relate to future activity on the contract, are recognised as contract work-in-progress provided it is probable that they will be recovered. Contractual work-in-progress is valued at lower of cost and net realisable value.

ii. Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

iii. Finished goods - Flats: Valued at lower of cost and net realisable value.

iv. Finished goods - Plots: Valued at lower of cost and net realisable value.

v. Building materials purchased, not identified with any specific project are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

vi. Land inventory: Valued at lower of cost and net realisable value.

Related to manufacturing activity

i. Raw materials are valued at lower of cost and net realisable value. Cost is determined based on a weighted average basis.

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

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

t) Land

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

Land/ development rights received under joint development arrangements is measured at the fair value of the estimated construction service rendered to the land owner and the same is accounted on launch of the project. Further, non-refundable deposit amount paid by the Group under joint development arrangements is recognised as land advance under other assets and on the launch of the project, the non-refundable amount is transferred as land cost to work-in-progress.

u) Leases

Where the Group is lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the statement of profit and loss.

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

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

Where the Group is lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease, unless the lease agreement explicitly states that increase is on account of inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

v) Cash dividend to equity holders of the Group

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group’s Board of Directors.

3 Significant accounting judgements, estimates and assumptions

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

a) Judgements

In the process of applying the accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

i) Classification of property

The Group determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

ii) Business combination

The Group has granted land advances to a land aggregator Group, named Technobuild Developers Private Limited ('Technobuild'), wherein Technobuild is engaged in business of acquiring large parcels of lands and transferring it for development for consideration to the Group. In order to protect the right of the Company to recover the advance, the shareholders of Technobuild have signed a non-disposal undertaking with the Company. The management assessed whether or not the Company has control over Technobuild based on such non-disposal undertaking. In exercising its judgement, management considers, that rights are only protective rights to safeguard the Group's interest to the extent of land advances granted by it to Technobuild. Further, such rights will get terminated once the entire land parcels are transferred to the Company as per the terms of the arrangement. Also the Group does not exercise any control/ power over the entire financial and business operations of Technobuild since it neither holds (Directly/ Indirectly) any shareholding/ voting rights in Technobuild nor it exercises any board control to demonstrate any power or ability to use its power over the operations of Technobuild, which could impact the returns of the Company. The undertaking provided by the shareholders of Technobuild does not provide substantive rights to the Group to participate in the business operations of Technobuild, since such rights are only protective in nature, hence management has concluded that the Company does not have sufficient dominant vesting interest to exert control over Technobuild.

b) Estimates and assumptions

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

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

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

ii) Accounting for advance from customer considering the time value of money

When determining whether a contract includes a significant financing component, the Group considers the period between performance and payment for that performance. For contracts where revenue is recognised at a point in time, the period considered is that between transfer of control of the good and the payment. Therefore, if payment for a property is made before the date on which control is transferred, an assessment is required of whether the contract includes a significant financing component, especially if the period is greater than twelve months.

Advanced payments from the customer lead to higher amount of revenue being recognised than the contract price because the Group accepts a lower amount in return for financing. As the entity recognises the interest expense related to the financing component, the corresponding amount is recorded as a contract liability/revenue.

iii) Income taxes

Income tax expense comprises of current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

iv) Estimation of net realisable value for inventory property (including land advances)

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

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

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

With respect to land advance given, the net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs.

c) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any impact in its financial statements.

4 Property, plant and equipment

in ₹ million

	Freehold land	Factory buildings	Other buildings	Plant and machinery	Scaffolding items	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
Cost										
As at 1 April 2020	**1,811.82**	**715.35**	**1,199.18**	**1,649.31**	**1,572.73**	**47.88**	**8.60**	**116.05**	**29.23**	**7,150.15**
Additions during the year	-	2.23	6.57	58.26	289.36	2.70	1.78	29.79	5.42	396.11
Deletions during the year	(21.01)	-	-	(4.35)	(0.43)	(0.02)	-	(0.16)	(0.04)	(26.01)
As at 31 March 2021	**1,790.81**	**717.58**	**1,205.75**	**1,703.22**	**1,861.66**	**50.56**	**10.38**	**145.68**	**34.61**	**7,520.25**
Additions during the year	(0.01)	-	0.01	54.27	118.97	3.16	0.03	36.23	4.37	217.03
Deletions during the year	(14.82)	(12.24)	-	(11.84)	(28.79)	-	(0.11)	(1.61)	(0.04)	(69.45)
As at 31 March 2022	**1,775.98**	**705.34**	**1,205.76**	**1,745.65**	**1,951.84**	**53.72**	**10.30**	**180.30**	**38.94**	**7,667.83**
Accumulated depreciation										
As at 1 April 2020	**-**	**396.47**	**310.41**	**766.08**	**905.12**	**26.62**	**5.91**	**90.03**	**18.80**	**2,519.44**
Charge for the year	-	110.37	59.05	206.31	184.03	4.04	0.59	21.36	4.72	590.47
Deletions during the year	-	-	-	(4.02)	(0.43)	(0.01)	-	(0.16)	(0.04)	(4.66)
As at 31 March 2021	**-**	**506.84**	**369.46**	**968.37**	**1,088.72**	**30.65**	**6.50**	**111.23**	**23.48**	**3,105.25**
Charge for the year	-	72.98	44.35	161.88	187.69	3.61	0.84	28.45	4.75	504.55
Deletions during the year	-	(7.49)	-	(8.29)	(4.39)	-	(0.07)	(1.54)	(0.04)	(21.82)
As at 31 March 2022	**-**	**572.33**	**413.81**	**1,121.96**	**1,272.02**	**34.26**	**7.27**	**138.14**	**28.19**	**3,587.98**
Carrying amount										
As at 31 March 2022	**1,775.98**	**133.01**	**791.95**	**623.69**	**679.82**	**19.46**	**3.03**	**42.16**	**10.75**	**4,079.85**
As at 31 March 2021	**1,790.81**	**210.74**	**836.29**	**734.85**	**772.94**	**19.91**	**3.88**	**34.45**	**11.13**	**4,415.00**

Note:

a) Property, plant and equipment

Property, plant and equipment with a carrying amount of ₹601.02 million (31 March 2021 - ₹1,420.16 million) are subject to a first charge to secure the Group's loans.

5 Investment property

in ₹ million

	Freehold land	Other buildings	Other assets forming part of Building		Total
			Plant and machinery	Furniture and fixtures	
Cost					
As at 1 April 2020	**132.47**	**1,721.77**	**164.45**	**36.05**	**2,054.74**
Additions during the year	-	1,652.99	137.26	-	1,790.25
As at 31 March 2021	**132.47**	**3,374.76**	**301.71**	**36.05**	**3,844.99**
Additions during the year	-	302.43	-	-	302.43
As at 31 March 2022	**132.47**	**3,677.19**	**301.71**	**36.05**	**4,147.42**
Accumulated depreciation					
As at 1 April 2020	**-**	**113.78**	**50.22**	**9.79**	**173.79**
Charge for the year	-	102.02	36.54	3.43	141.99
As at 31 March 2021	**-**	**215.80**	**86.76**	**13.22**	**315.78**
Charge for the year	-	119.14	32.46	3.43	155.03
As at 31 March 2022	**-**	**334.94**	**119.22**	**16.65**	**470.81**
Carrying amount					
As at 31 March 2022	**132.47**	**3,342.25**	**182.49**	**19.40**	**3,676.61**
As at 31 March 2021	**132.47**	**3,158.96**	**214.95**	**22.83**	**3,529.21**

Investment property with a carrying amount of ₹3,676.61 million (31 March 2021 - ₹3,529.21 million) are subject to a first charge to secure the Group's loans.

Note:

Information regarding income and expenditure of investment property	**31 March 2022 ₹ million**	**31 March 2021 ₹ million**
Rental income derived from investment properties	**499.75**	**301.34**
Direct operating expenses (including repairs and maintenance) generating rental income	(155.10)	(115.54)
Profit arising from investment properties before depreciation and indirect expenses	**344.65**	**185.80**
Less:- Depreciation	(155.03)	(141.99)
Profit arising from investment properties before indirect expenses	**189.62**	**43.81**

The fair value of Investment property is ₹7,546 million (31 March 2021 - ₹6,890 million). These valuations are based on valuations performed by Registered Valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. Fair value hierarchy for investment properties have been provided in Note 47b.

6 Investment property under construction

in ₹ million

	Investment property under construction	Total
As at 1 April 2020	**2,323.14**	**2,323.14**
Additions during the year (refer note 46)	167.68	167.68
Capitalised as investment property during the year (refer note 46)	(1,790.24)	(1,790.24)
As at 31 March 2021	**700.58**	**700.58**
Additions during the year (refer note 46)	65.03	65.03
Charged to cost of sale on sale of property	(449.07)	(449.07)
Capitalised as investment property during the year (refer note 46)	(251.51)	(251.51)
As at 31 March 2022	**65.03**	**65.03**

Investment property under construction ageing schedule

As at 31 March 2022 — in ₹ million

	Amount of Investment property under construction for the period of				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

As at 31 March 2021 — in ₹ million

	Amount of Investment property under construction for the period of				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Projects in progress	-	135.50	178.02	387.06	700.58
Total	**-**	**135.50**	**178.02**	**387.06**	**700.58**

7 Intangible assets

in ₹ million

	Goodwill	Software	Intellectual property rights	Total
Cost				
As at 1 April 2020	**222.09**	**24.60**	**0.05**	**246.74**
Additions during the year	1.23	2.89	-	4.12
As at 31 March 2021	**223.32**	**27.49**	**0.05**	**250.86**
Additions during the year	(1.23)	(1.03)	0.00	(2.26)
As at 31 March 2022	**222.09**	**26.46**	**0.05**	**248.60**
Amortization and impairment				
As at 1 April 2020	**-**	**14.95**	**0.05**	**15.00**
Charge for the year	-	3.73	-	3.73
As at 31 March 2021	**-**	**18.68**	**0.05**	**18.73**
Charge for the year	-	3.09	-	3.09
As at 31 March 2022	**-**	**21.77**	**0.05**	**21.82**
Carrying amount				
As at 31 March 2022	**222.09**	**4.69**	**-**	**226.78**
As at 31 March 2021	**223.32**	**8.81**	**-**	**232.13**

8 Right of use assets

in ₹ million

	Other buildings	Vehicles	Plant and machinery	Total
Cost				
As at 1 April 2020	**-**	**93.53**	**90.73**	**184.26**
Additions during the year	41.15	45.56	-	86.71
Deletions during the year	-	(15.14)	-	(15.14)
As at 31 March 2021	**41.15**	**123.95**	**90.73**	**255.83**
Additions during the year	-	24.37	-	24.37
Deletions during the year	-	(4.61)	-	(4.61)
As at 31 March 2022	**41.15**	**143.71**	**90.73**	**275.59**
Accumulated depreciation				
As at 1 April 2020	-	33.73	22.34	56.07
Charge for the year	4.99	30.28	22.21	57.48
Deletions during the year	-	(15.14)	-	(15.14)
As at 31 March 2021	**4.99**	**48.87**	**44.55**	**98.41**
Charge for the year	4.99	31.15	22.28	58.42
Deletions during the year	-	(4.61)	-	(4.61)
As at 31 March 2022	**9.98**	**75.41**	**66.83**	**152.22**
Carrying amount				
As at 31 March 2022	**31.17**	**68.30**	**23.90**	**123.37**
As at 31 March 2021	**36.16**	**75.08**	**46.18**	**157.42**

9 Inventories (valued at lower of cost and net realisable value)

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Raw materials and components	636.87	545.68
Building materials	75.80	77.55
Land stock *	11,693.84	13,982.28
Work-in-progress *	50,795.52	44,840.41
Stock in trade - flats *	10,945.01	11,684.87
Finished goods	124.15	115.56
	74,271.19	**71,246.35**

* Carrying amount of inventories pledged as securities against borrowings as at 31 March 2022 - ₹39,019.57 million (31 March 2021 - ₹35,388.27 million)

10 Investments

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Investment in the capital of partnership firm (Joint Venture)		
50% (31 March 2021 - 50%) share in the profits of partnership firm:		
Kondhwa Projects LLP - Current account	1,148.73	1,142.52
Total investments carried at cost	**1,148.73**	**1,142.52**

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Investments carried at fair value through profit and loss (FVTPL)		
Investments at amortized cost		
Government and trust securities (unquoted)		
National savings certificates	0.08	0.08
Investment in Mutual funds	0.10	0.10
Investments at fair value through profit or loss	-	-
Total investments carried at amortised cost	**0.18**	**0.18**
Total investments	**1,148.91**	**1,142.70**
Aggregate amount of unquoted investments	**1,148.91**	**1,142.70**
Aggregate amount of impairment in value of investments	**-**	**-**

Details of investments in partnership firms

Investment in Kondhwa Projects LLP

Name of Partner	**Share of partner in profits (%)**	
	31 March 2022	**31 March 2021**
Sobha Limited	50	50
Total capital of the firm (₹ million)	**1,148.73**	**1,142.52**

11 Trade receivables

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Trade receivables				
Unsecured, considered good	3,504.52	1,937.18	564.23	423.99
Unsecured, considered doubtful	680.58	637.54	-	-
	4,185.10	**2,574.72**	**564.23**	**423.99**
Less: Allowances for credit loss	(680.58)	(637.54)	-	-
Net trade receivables	**3,504.52**	**1,937.18**	**564.23**	**423.99**

Trade receivable ageing schedule

As at 31 March 2022 in ₹ million

	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables-considered good	1,537.03	387.14	1,191.39	655.08	298.11	4,068.75
Undisputed Trade receivables-considered doubtful	34.40	8.64	28.15	104.46	504.93	680.58
Undisputed Trade receivables-credit impaired	(34.40)	(8.64)	(28.15)	(104.46)	(504.93)	(680.58)
Disputed Trade receivables-considered good	-	-	-	-	-	-
Disputed Trade receivables-considered doubtful	-	-	-	-	-	-
Disputed Trade receivables-credit impaired	-	-	-	-	-	-
Total	**1,537.03**	**387.14**	**1,191.39**	**655.08**	**298.11**	**4,068.75**

As at 31 March 2021 in ₹ million

	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables-considered good	1,048.40	318.66	809.48	47.07	137.56	2,361.17
Undisputed Trade receivables-considered doubtful	173.00	18.70	61.52	52.11	332.21	637.54
Undisputed Trade receivables-credit impaired	(173.00)	(18.70)	(61.52)	(52.11)	(332.21)	(637.54)
Disputed Trade receivables-considered good	-	-	-	-	-	-
Disputed Trade receivables-considered doubtful	-	-	-	-	-	-
Disputed Trade receivables-credit impaired	-	-	-	-	-	-
Total	**1,048.40**	**318.66**	**809.48**	**47.07**	**137.56**	**2,361.17**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

12 Other financial assets

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good				
Refundable deposit towards joint development agreement	2,889.50	3,677.32	1,190.56	1,152.66
Less: Allowances for credit loss	(50.55)	(73.02)	-	-
	2,838.95	**3,604.30**	**1,190.56**	**1,152.66**
Unsecured, considered good				
Security deposits	141.18	126.66	95.08	204.98
Loans to related parties (refer note 35)	10.96	-		
Others	1,893.82	1,987.11	-	-
Non-current bank balances*	-	-	175.28	60.60
	4,884.91	**5,718.07**	**1,460.92**	**1,418.24**

* Bank deposits due to mature after twelve months from the reporting date.

13 Other assets

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good				
Capital advances	-	-	323.37	298.61
Land advances (refer note 35)*	8,538.50	8,958.99	3,985.07	4,852.69
Advances recoverable in kind (refer note 35)**	353.66	374.04	2.74	-
Prepaid expenses	797.60	345.08	30.18	49.47
Balances with statutory/ government authorities	1,268.07	1,097.26	-	-
Contract assets (refer to note 43)	2,876.49	3,047.06	-	-
	13,834.32	**13,822.43**	**4,341.36**	**5,200.77**

Contract assets ageing schedule

As at 31 March 2022 in ₹ million

	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
Contract assets	295.36	18.47	1,025.33	1,537.33	-	2,876.49
Total	**295.36**	**18.47**	**1,025.33**	**1,537.33**	**-**	**2,876.49**

Contract assets ageing schedule

As at 31 March 2021 **in ₹ million**

	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
Contract assets	611.95	365.88	1,537.33	227.65	304.25	3,047.06
Total	**611.95**	**365.88**	**1,537.33**	**227.65**	**304.25**	**3,047.06**

*Advances for land though unsecured, are considered good as the advances have been given based on arrangements/memorandum of understanding executed by the Group and the Group/seller/intermediary is in the course of obtaining clear and marketable title, free from all encumbrances, including for certain properties under litigation.

****Advances recoverable in cash or kind due by Directors or other officers or companies in which Directors are interested**

14 Cash and cash equivalents

in ₹ million

	Current	
	As at 31 March 2022	As at 31 March 2021
Cash on hand	16.36	8.46
Cheques/ drafts on hand	74.98	147.66
Balances with banks:		
– On current accounts	1,299.31	1,481.26
	1,390.65	**1,637.38**

15 Bank balance other than cash and cash equivalents

in ₹ million

	Current	
	As at 31 March 2022	As at 31 March 2021
Bank balance other than cash and cash equivalents		
– On unclaimed dividend account	2.32	2.33
– Margin money deposit	390.12	401.78
	392.44	**404.11**

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹533.17 million (31 March 2021 - ₹450.88 million) are subject to first charge to secure the Group's borrowings.

Short-term deposits are made for varying periods of between seven day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

16 Equity share capital

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Authorised shares		
150,000,000 (31 March 2021 - 150,000,000) equity shares of ₹10 each	1,500.00	1,500.00
5,000,000 (31 March 2021 - 5,000,000) 7% redeemable preference shares of ₹100 each	500.00	500.00
Issued, subscribed and fully paid-up shares		
94,845,853 (31 March 2021 - 94,845,853) equity shares of ₹10 each fully paid up	948.46	948.46
Total issued, subscribed and fully paid-up share capital	**948.46**	**948.46**

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

	31 March 2022		31 March 2021	
	No. of shares	₹ million	No. of shares	₹ million
Equity shares				
At the beginning of the year	94,845,853	948.46	94,845,853	948.46
Outstanding at the end of the year	**94,845,853**	**948.46**	**94,845,853**	**948.46**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share fully paid up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

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

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

	31 March 2022		31 March 2021	
	No. of shares in million	Holding percentage	No. of shares in million	Holding percentage
Equity shares of ₹10 each fully paid up				
Mrs. Sobha Menon	28.73	30.29%	28.73	30.29%
Mr. P.N.C. Menon	12.06	12.71%	11.06	11.66%
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	5.58%	5.29	5.58%
Anamudi Real Estates LLP	9.48	9.99%	9.48	10.00%
Schroder International Selection Fund Emerging Asia	5.54	5.84%	6.24	6.58%
Franklin India Focused Equity Fund	5.57	5.87%	4.80	5.06%

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

(d) Details of shares held by promoters

As at 31 March 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No.of shares at the end of the year	% of Total Shares	% change during the year
Mrs. Sobha Menon	28.73	-	28.73	30.29	-
Mr. P.N.C. Menon	12.06	-	12.06	12.71	-
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	-	5.29	5.58	-
Mr. Ravi PNC Menon	3.19	-	3.19	3.36	-

As at 31 March 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No.of shares at the end of the year	% of Total Shares	% change during the year
Mrs. Sobha Menon	28.73	-	28.73	30.29	-
Mr. P.N.C. Menon	12.06	-	12.06	12.71	-
Mr. P.N.C. Menon (inclusive of joint holding with Mrs. Sobha Menon)	5.29	-	5.29	5.58	-
Mr. Ravi PNC Menon	2.99	0.20	3.19	3.36	-

17 Other equity

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Capital redemption reserve		
Balance at the beginning and end of the year	119.47	119.47
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Add: Amount transferred from surplus in the statement of profit and loss	-	-
- On account of buy back of equity shares [Refer note (a) below]		
Closing Balance	**119.47**	**119.47**
Securities premium		
Balance at the beginning and end of the year	9,328.92	9,328.92
General reserve		
Balance at the beginning of the year	4,235.65	4,170.11
Add: Transfer from consolidated statement of profit and loss	112.85	65.54
Closing balance	**4,348.50**	**4,235.65**
Surplus in the statement of profit and loss		
Balance at the beginning of the year	9,644.85	9,745.05
Profit for the year	1,168.83	622.76
Other comprehensive income		
Re-measurement gains/(loss) on defined benefit plans	(9.01)	6.50
Less: Appropriations		
Dividend (including dividend distribution tax) refer note 18	(331.96)	(663.92)
Transfer to general reserve	(112.85)	(65.54)
Net surplus in the consolidated statement of profit and loss	**10,359.86**	**9,644.85**
Total other equity	**24,156.75**	**23,328.89**

Nature and purpose of reserve

(a) **Capital redemption reserve**
The Group recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.

(b) **Securities premium**
Securities premium reserve is used to record the premium received on issue of shares by the Group. The reserve can be utilised in accordance with the provision of Section 52(2) of Companies Act, 2013.

(c) **General reserve**
The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

(d) **Surplus in the statement of profit and loss**
The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Consolidated statement of profit and loss to Surplus in the statement of profit and loss account.

18 Distribution made and proposed

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Cash dividend on equity shares proposed and paid		
Final dividend for the year ended 31 March 2021 paid during the current year - ₹3.5 per share (31 March 2020- ₹7 per share)	331.96	663.92
	331.96	**663.92**
Proposed dividend on equity shares		
Final dividend proposed for the year ended 31 March 2022- ₹3 per share (31 March 2021- ₹ 3.5 per share)	284.54	331.96
	284.54	**331.96**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2022.

19 Borrowings

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Non-current borrowings		
Secured loans		
Term loans from banks	7,592.51	3,990.02
Term loans from financial institutions	192.30	-
Finance lease obligation	40.02	67.97
Equipment loans	-	-
	7,824.83	**4,057.99**
Amount disclosed under the head "other current financial liabilities" (refer note 20)	(507.76)	(485.69)
Total non-current borrowings	**7,317.07**	**3,572.30**
Current borrowings		
Secured debentures		
8.75% Non listed debentures	495.09	-
Secured loans		
Term loans from banks*	11,097.67	16,284.97
Term loans from financial institutions*	2,666.45	6,270.66
Finance lease obligation	60.87	61.98
Cash credit from banks	2,993.25	3,840.71
	16,818.24	**26,458.32**
Total current borrowings	**17,313.33**	**26,458.32**

* Term loan from banks and financial institutions represents amount repayable within the operating cycle amounting to ₹16,757.37 million (31 March 2021 - ₹26,396.34 million)

As at 31 March 2022, the Group is not in breach of any covenants as defined in the loan agreements.

Non-Current Borrowings

Terms and repayment schedule

i) Secured loans

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	1,527.98	1,576.82	7%-9%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company and maintaining Debt Service Reserve account equal to 2 months interest & principal.	153 Structured Monthly instalments, starting at the end of Moratorium 3 months from the date of disbursement - June -20.
Term loans from banks	725.74	802.26	7%-9%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company. Corporate guarantee of Group Company	126 Structured Monthly instalments ,as per repayment schedule from 15 January 2018 & 120 Structured Monthly instalments ,as per repayment schedule from 15 January 2020.
Term loans from banks	370.69	518.94	8%-10%	Secured by equitable mortgage of fixed assets of the Company.	Repayable in 16 equal quarterly instalments of ₹37.50 million from the date of disbursement.
Term loans from banks	873.69	1,092.00	8%-10%	Secured by equitable mortgage of certain land of the company	Repayable in 20 equal quarterly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period.

Non-Current Borrowings

Terms and repayment schedule

Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
Term loans from banks	4,094.41	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-14 to Q-23 from first disbursement.
Term loans from financial institutions	192.30	-	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 48 unequal monthly instalments.

ii) Secured debentures

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2022	31 March 2021			
Debentures	495.09	-	8.75%	Secured by equitable mortgage by pari passu charge over tangible immovable property of the company	Debentures repayment has been linked to the collection account and will be get repaid accordingly based on the collection.

Current Borrowings

i) Secured loans

in ₹ million

Particulars	Carrying amount as at		Effective interest rate	Security Details	Repayment terms
	31 March 2022	31 March 2021			
Term loans from banks	374.63	-	8%-10%	Secured by equitable mortgage of certain Asset of the Company.	Repayable in 24 equal monthly instalments commencing from last day of every month from the date of disbursement.
Term loans from banks	452.33	-	8%-10%	Secured by equitable mortgage of certain Asset of the Company.	Repayable in 24 equal monthly instalments commencing from last day of every month from the date of disbursement.
Term loans from banks	-	697.79	7%-9%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit).
Term loans from banks	688.44	-	7%-9%	Secured by charge on specific project inventory, current assets and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit).
Term loans from banks	-	86.92	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 June 2018.
Term loans from banks	-	260.72	9%-11%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from Sep 30, 2018.
Term loans from banks	-	681.70	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal monthly instalments after 30 months moratorium period commencing from first disbursement.
Term loans from banks	1,783.96	1,985.76	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand (Sub limit of Cash Credit).

Current Borrowings
Secured loans (continued)

Particulars	Carrying amount as at (in ₹ million) 31 March 2022	31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	-	48.09	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in equal monthly instalments after 12 months moratorium period commencing from first disbursement.
Term loans from banks	-	1,122.16	9%-11%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in equal quarterly instalments after 9 quarter moratorium period commencing from first disbursement.
Term loans from banks	511.60	1,044.25	8%-10%	Secured by equitable mortgage of certain land stock of the Company.	Repayable in 12 quarterly instalments commencing from 30 September 2018.
Term loans from banks	104.21	923.37	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 5 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	456.29	-	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing from last day of every month from the date of disbursement.
Term loans from banks	-	3,033.19	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-14 to Q-23 from first disbursement.
Term loans from banks	-	136.66	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-12 to Q-16 from first disbursement.
Term loans from banks	134.56	347.87	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly unequal instalments commencing Q-8 to Q-26 from first disbursement.
Term loans from banks	1,794.87	1,042.19	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-15 to Q-24 from first disbursement.
Term loans from banks	510.00	510.00	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	60.00	300.00	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand(Sub limit of Cash Credit)
Term loans from banks	348.12	574.27	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 10 quarterly equal instalments commencing Q-11 to Q-20 from first disbursement.
Term loans from banks	787.06	1,001.64	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.
Term loans from banks	150.00	148.81	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from 15 June 2022.
Term loans from banks	-	292.32	9%-11%	Secured by equitable mortgage of project specific inventory and certain receivables of the Company. Corporate guarantee of Group Company.	Repayable in 7 quarterly instalments after 21 months moratorium period commencing from first disbursement.

Current Borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from banks	-	500.00	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable ₹50 Cr on 30.04.2021.
Term loans from banks	-	16.67	7%-9%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 6 Monthly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period.
Term loans from banks	-	83.33	9%-11%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 18 Monthly instalments starting from 7th Month from the date of disbursement after 6 month moratorium period.
Term loans from banks	479.30	476.63	8%-10%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 30 quarterly instalments starting from 31st quarter from the date of disbursement after 30 month moratorium period.
Term loans from banks	194.71	193.62	8%-10%	Secured by equitable mortgage of certain land, specific project inventory, and receivables of the Company.	Repayable in 16 quarterly instalments starting from 31st quarter from the date of disbursement after 30 month moratorium period.
Term loans from banks	91.17	187.06	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period.
Term loans from banks	0.11	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period.
Term loans from banks	500.00	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period.
Term loans from banks	698.29	-	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable in 8 quarterly instalments starting from 13th Month from the date of disbursement after 12 month moratorium period.
Term loans from banks	570.46	442.04	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 24 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period.
Term loans from banks	407.56	147.91	8%-10%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 30 Monthly instalments starting from 31st Month from the date of disbursement after 30 month moratorium period.
Term loans from financial institutions	406.58	-	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in equal monthly instalments staring from 12th month moratorium starts from date of first disbursement.

Current Borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Term loans from financial institutions	-	142.22	9%-11%	Secured by equitable mortgage of certain land stock, building and project specific inventory of the Company, leasehold rights of the company and hypothecation of receivables and Escrow account of the Company. Corporate guarantee of Group Company.	Repayable in 30 monthly instalments after principle moratorium period of 18 months.
Term loans from financial institutions	48.82	-	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on company's share of receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	-	124.68	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables of the projects.	Repayable in 36 monthly instalments after principle moratorium period of 18 months from first disbursement.
Term loans from financial institutions	172.90	530.02	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables of certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	414.23	746.89	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables of certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	-	1,410.46	10%-12%	Secured by equitable mortgage of immovable properties, building and other assets of the project and first charge on receivables of company's share of receivables of the projects.	Repayable in 24 monthly instalments after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	185.13	-	9%-11%	Secured by equitable mortgage of certain land stock and immovable properties, building and other assets of the project and first charge on receivables company's share of receivables of the projects.	Repayable in 24 monthly instalments ₹3.75cr each & 30 monthly instalments ₹2.67cr each after principle moratorium period of 30 months from first disbursement.
Term loans from financial institutions	369.27	889.03	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 18 monthly instalments after principle moratorium period of 24 months from first disbursement.
Term loans from financial institutions	375.22	816.61	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in equal monthly instalments starting from 7th month from first disbursement.
Term loans from financial institutions	-	278.51	9%-11%	Secured by equitable mortgage of land stock and hypothecation pari-passu charge on the entire escrow receivables of the project.	Repayable in 48 unequal monthly instalments.
Term loans from financial institutions	48.76	447.08	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 11 quarterly instalments after principle moratorium period of 3 months from first disbursement.
Term loans from financial institutions	645.54	885.16	9%-11%	Secured by equitable mortgage of certain land stock and first charge on receivables certain projects.	Repayable in 24 Monthly instalments after principle moratorium period of 24 months from first disbursement.
Cash credit	1,473.89	1,949.44	9%-11%	Secured by way of equitable mortgage of certain land stock and certain receivables of the Group Company.	Repayable on demand.

Current Borrowings
Secured loans (continued)

in ₹ million

Particulars	Carrying amount as at 31 March 2022	Carrying amount as at 31 March 2021	Effective interest rate	Security Details	Repayment terms
Cash credit	173.54	175.72	7%-9%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand.
Cash credit	6.08	9.41	7%-9%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand.
Cash credit	0.03	-	7%-9%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand.
Cash credit	-	1.63	10%-12%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand.
Cash credit	129.55	197.42	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand.
Cash credit	14.46	7.71	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company.	Repayable on demand.
Cash credit	26.95	181.22	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand.
Cash credit	574.66	538.82	8%-10%	Secured by equitable mortgage of certain land stock and receivables of the Company.	Repayable on demand.
Cash credit	49.30	102.67	8%-10%	Secured by equitable mortgage of property, hypothecation on scheduled company's share of receivables, Escrow account and maintaining of Debt Service Reserve account equal to three months interest.	Repayable in 24 monthly instalments commencing from June 15, 2022.
Cash credit	0.24	-	7%-9%	Secured by equitable mortgage of certain land stock, specific project inventory, and receivables of the Company.	Repayable on demand.
Cash credit	11.62	8.64	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	0.76	0.84	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand
Cash credit	231.02	-	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	301.15	-	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	-	21.25	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	-	-	8%-10%	Secured by equitable mortgage of certain land stock, project specific inventory and receivables of the Company and hypothecation of movable fixed assets of the Company. Corporate guarantee of Group Company.	Repayable on demand.
Cash credit	-	645.94	8%-10%	Secured by equitable mortgage of certain land and receivables of the Company.	Repayable on demand.
Total borrowings	**25,037.37**	**30,386.36**			

Details of collateral securities offered by related companies in respect of loans availed by the Group

Nature of loan	Carrying amount as at		Year of maturity	Name of the Company
	31 March 2022	31 March 2021		
Term loans	726.00	802.25	2029	Vayaloor Developers Private Limited
Term loans				Vayaloor Builders Private Limited
Term loans	-	292.32	2021	Vayaloor Properties Pvt. Ltd.
Term loans				Vayaloor Real Estate Pvt. Ltd
Term loans				Vayaloor Builders Pvt. Ltd
Term loans				Vayaloor Developers Pvt. Ltd
Term loans	587.00	1,279.21	2022	Sri Durga Devi Property Management Private Limited
Term loans				Sri Parvathy land Developers Private Limited
Term loans	4,366.79	4,189.16	On demand	Kilai Builders Private Limited
Term loans	726.00	1,100.00	2026	Sobha Interior Private Limited

20 Other financial liabilities

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Current		
Current maturities of long-term borrowings (refer note 19)	507.76	485.69
Letter of credit payable	2,701.64	2,459.77
Book overdraft from scheduled banks	289.92	240.39
Interest accrued but not due on borrowings	29.04	35.98
Unclaimed dividend*	2.32	2.33
Lease deposit	121.70	111.54
Deffered Lease Rental	22.23	29.69
Non-trade payable	252.17	207.26
Security deposit towards maintenance services	2,082.16	2,311.38
Payable to related parties (refer note 35)	429.44	658.10
Payable for purchase of property, plant and equipment	2.36	20.84
Total other financial liabilities	**6,440.74**	**6,562.97**

21 Provisions

in ₹ million

	Current		Non-current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits				
Provision for gratuity (refer note 37)	73.12	66.50	174.70	151.46
Provision for compensated absence	81.43	72.00	-	-
	154.55	**138.50**	**174.70**	**151.46**

22 Income tax

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

A Amounts charged to statement of profit and loss

Profit or loss section

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Current income tax:		
Current income tax charge	611.40	100.81
Deferred tax:		
Relating to origination and reversal of temporary differences	(198.21)	28.28
Income tax expense reported in the statement of profit and loss	**413.19**	**129.09**

B. Income tax recognised in other comprehensive income

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Income tax charge to other comprehensive income	-	-

C. Reconciliation of effective tax rate

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Accounting profit before income tax	1,582.02	751.85
Tax on accounting profit at statutory income tax rate 25.17% (31 March 2021: 25.17%)*	398.19	189.24
Adjustments in respect of current income tax of previous years	-	-
Adjustments in respect of deferred tax of previous years	-	-
Adjustments in respect of losses in subsidiaries on consolidation	-	-
Non-deductible expenses for tax purposes:		
Permanent disallowances	(28.44)	(76.16)
Permanent differences in subsidiaries	43.44	16.01
Others	-	-
Effect of increase in surcharge	-	-
MAT credit reversal/(entitlement)	-	-
At the effective income tax rate of 26.12% (31 March 2021: 12.22%)	413.19	129.09
Tax expense reported in the statement of profit and loss	**413.19**	**129.09**

* The Group has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for the year ended 31 March 2021 and has accordingly re-measured its deferred tax assets/(liabilities) basis the rate prescribed in the said section. Further, the MAT credit available from earlier years has been reversed in the current year on the exercise of this said option.

D. Deferred tax

Deferred tax assets and liabilities relates to the following

in ₹ million

	Balance as at 1 April 2020	Movement during 2020-21	Balance as at 31 March 2021	Movement during 2021-22	Balance as at 31 March 2022
Interest u/s 36(1)(iii)-interest inventorised/capitalised in the books but claimed as expense in tax	(2,489.63)	(182.02)	(2,671.65)	(75.79)	(2,747.44)
Property, plant and equipment	130.85	(23.73)	107.12	(4.20)	102.92
Provision for compensated absence	20.83	(2.71)	18.12	2.38	20.50
Provision for gratuity	53.69	1.17	54.86	7.52	62.38
Provision for doubtful debts	38.23	62.93	101.16	1.01	102.17
Difference of finance lease depreciation and interest as per books and rent allowed as per IT Act	1.51	0.57	2.08	(15.75)	(13.67)
Deferred tax on brought forward losses	-	-	-	-	-
Deferred tax adjustment on adoption of Ind AS 115	1,953.75	112.02	2,065.77	276.02	2,341.79
Deferred tax adjustment for periods Ind AS adjustments*	-	-	-	-	-
Deferred tax expense / (income)	**-**	**(31.77)**	**-**	**191.19**	**-**
Net deferred tax assets / (liabilities)	**(290.77)**	**-**	**(322.54)**	**-**	**(131.35)**

(*) adjusted against current tax liability

Reconciliation of deferred tax assets/(liabilities), net:

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	**(322.54)**	**(290.77)**
Tax income/(expense) during the period recognised in profit or loss	(198.21)	28.28
Deferred tax adjustment on adoption of Ind AS 115	389.40	(60.05)
Closing balance	**(131.35)**	**(322.54)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

During the year ended 31 March 2022 and 31 March 2021, the Group has paid dividend to its shareholders. This has resulted in payment of DDT to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.

E. Liabilities for current tax (net)

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Current income tax:		
Opening	(9.64)	(155.60)
Add: Additions during the year	611.40	100.81
Add/(less): MAT credit adjustment	-	-
Less: Payments during the year	(514.83)	45.15
	86.93	**(9.64)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities. Accordingly, as at 31 March 2022, current tax was presented as assets of ₹116.01 million and liabilities of ₹202.94 million

23 Trade payables

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Trade payables		
Land cost payable	-	200.00
Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	6,752.66	7,117.59
	6,752.66	**7,317.59**

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms. For explanations on the Company's credit risk management processes, refer to note 48.

Trade payable ageing schedule

As at 31 March 2022 in ₹ million

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	more than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,681.04	2,582.83	85.83	402.96	6,752.66
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**3,681.04**	**2,582.83**	**85.83**	**402.96**	**6,752.66**

Trade payable ageing schedule

As at 31 March 2021 in ₹ million

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	more than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,800.18	795.52	565.57	156.32	7,317.59
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Total	**5,800.18**	**795.52**	**565.57**	**156.32**	**7,317.59**

24 Other liabilities

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Advance from customers	50,247.88	42,996.49
Withholding taxes payable	70.19	79.10
Others	170.48	118.58
	50,488.55	**43,194.17**

Breakup of financial liabilities carried at amortised cost

in ₹ million

	As at 31 March 2022	As at 31 March 2021
Borrowings (refer note 19)	24,630.40	30,030.62
Other financial liabilities (refer note 20)	6,440.74	6,562.97
Trade payables (refer note 23)	6,752.66	7,317.59
Total financial liabilities carried at amortised cost	**37,823.80**	**43,911.18**

25 Revenue from operations

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products/ finished goods		
Income from property development	18,111.10	12,521.55
Income from sale of land and development rights	1,435.69	249.18
Income from glazing works	1,207.87	1,452.35
Income from interior works	737.70	799.13
Income from concrete blocks	520.10	410.59
Sale of services		
Income from contractual activity - Subsidiaries	-	-
Income from contractual activity	4,662.19	5,324.63
Rental income from operating leases (refer note 39)	395.82	206.04
Income from retail sales	76.91	8.25
Income from maintenance	103.93	95.30
Other operating revenue		
Scrap sales	57.29	30.77
	27,308.60	**21,097.79**

26 Other income

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Other non-operating income (net of expenses directly attributable to such income)	198.48	384.66
Gain on foreign exchange difference (net)	-	0.05
Profit on sale of property, plant and equipment (net)	354.22	1.69
	552.70	**386.40**

27 Finance income

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on		
Bank deposits	30.10	112.46
Unwinding of discount on deposits	324.35	307.35
	354.45	**419.81**

28 Cost of raw material and components consumed

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material at the beginning of the year	545.68	648.56
Add: Purchases during the year	2,073.40	1,759.08
Less: Raw material at the end of the year	636.87	545.68
Cost of raw material and components consumed	**1,982.21**	**1,861.96**

29 Changes in Inventories of Raw materials, Land stock, Work in progress, Stock in trade and Finished goods

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventories at the end of the year		
Building materials	75.80	77.55
Land stock	11,852.43	13,982.28
Work-in-progress	50,357.49	44,840.41
Stock in trade - flats	11,224.45	11,684.87
Finished goods	124.15	115.56
	73,634.32	**70,700.67**
Inventories at the beginning of the year		
Building materials	77.55	91.59
Land stock	13,982.28	11,992.28
Work-in-progress	44,840.41	41,913.65
Stock in trade - flats	11,684.87	12,301.52
Finished goods	115.56	97.30
	70,700.67	**66,396.34**
Less: Transferred to other assets for development charges recoverable at cost from customers	-	25.23
Add: Opening inventory acquired on acquisition of subsidiary*	-	160.15
Less: Opening Inventory transferred to capital work in progress in SAPL	218.43	-
	70,482.24	**66,531.26**
(Increase)/ decrease	**(3,152.08)**	**(4,169.41)**

* Inventory acquired from acquisition of Annalakshmi Land Developers Pvt Ltd (with effect from 19.01.2021) by Sobha Highrise Ventures Private Limited.

30 Employee benefits expense

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	2,089.48	1,612.64
Contribution to provident and other funds	80.19	63.54
Gratuity expenses (refer note 37)	36.16	36.35
Compensated absence	37.57	9.59
Staff welfare expenses	51.07	49.15
	2,294.47	**1,771.27**

31 Depreciation and amortization expense

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment	562.97	647.95
Amortization of intangible assets	3.09	3.73
Depreciation of investment properties	155.03	141.99
	721.09	**793.67**

32 Other expenses

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
License fees and plan approval charges	201.69	177.72
Power and fuel	531.48	416.74
Water charges	31.68	33.80
Freight and forwarding charges	235.11	160.31
Rent (refer note 35)	177.33	207.58
Rates and taxes	99.64	106.89
Insurance	113.26	93.30
Property maintenance expenses	168.96	193.87
Repairs and maintenance		
Plant and machinery	36.92	30.21
Others	55.06	62.60
Advertising and sales promotion	607.06	424.63
Brokerage and discounts	81.01	129.28
Donation	121.40	97.90
Travelling and conveyance	236.20	178.86
Printing and stationery	28.48	29.59
Communication costs	0.14	0.18
Legal and professional fees	387.70	214.30
Directors' commission and sitting fees (refer note 35)	5.03	7.29
Payment to auditor (Refer details below)*	14.28	11.77
Exchange difference (net)	0.49	0.05
Allowance for credit loss	43.03	191.70
Bad debts written off	3.54	-
Security charges	184.23	180.45
Miscellaneous expenses	360.35	344.44
	3,724.07	**3,293.46**

***Payment to auditor**

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
As auditor:		
Audit fees [including fees for limited review ₹5.45 million (31 March 2021 - ₹4.35 million)]	10.56	9.68
In other capacity:		
Other services	2.60	1.21
Reimbursement of expenses	1.12	0.88
	14.28	**11.77**

33 Details of CSR expenditure:

Gross amount required to be spent during the year was ₹63.77 million (31 March 2021 -₹79.90 million)

Amount spent during the year ended 31 March 2022:	In cash	in cash
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	123.20	97.90
	123.20	**97.90**
Amount spent during the year ended 31 March 2021:		
Construction/acquisition of any asset (in ₹ million)	-	-
On purposes other than above (in ₹ million)	97.90	162.60
	97.90	**162.60**
Shortfall at the end of the year	Nil	Nil
Total of previous years shortfall	Nil	Nil
Reasons for shortfall	Not applicable	Not applicable
Nature of CSR activities	Social empowerment	Social empowerment
Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Nil	Nil
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	Nil	Nil

34 Finance costs

in ₹ million

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest		
- On borrowings	2,160.52	2,793.02
- Others	5,145.28	3,045.39
Other borrowing cost and bank charges	190.78	173.73
Total finance costs	**7,496.58**	**6,012.14**

35 Related party disclosures

a) Name of the related parties and the nature of its relationship with the Group as below:

Joint Venture

Kondhwa Projects LLP

Key Shareholder

Mr. P. N. C. Menon
Mrs. Sobha Menon

Key Management Personnel ('KMP')

Mr. Ravi PNC Menon - Chairman
Mr. J. C. Sharma - Vice Chairman and Managing Director (till 31 March 2022)
Mr. T P Seetharam - Whole-time Director
Mr. Jagadish Nangineni - Managing Director (Effective from 1st April 2022)

Additional related parties ('KMP's) as per Companies Act, 2013 with whom transactions have taken place

Mr. Subhash Bhat - Chief Financial Officer (till 14th November 2021)
Mr. Yogesh Bansal - Chief Financial Officer (with effect from 15th November 2021)
Mr. Vighneshwar G Bhat - Company Secretary

Other Directors

Mr. Anup Shah
Mr. R V S Rao
Mrs. Srivathsala KN
Mr. Sumeet Jagdish Puri (till 7th October 2021)

Relatives of key management personnel

Mrs. Sudha Menon

Other related parties [Enterprise owned or significantly influenced by key management personnel]

C.V.S.Tech Park Private Limited
Divyakaushal Properties LLP
Mannur Properties Private Limited
Mannur Real Estate Private Limited
Punkunnam Builders and Developers Private Limited
Puzhakkal Developers Private Limited
SBG Housing Private Limited
Sobha Aviation and Engineering Services Private Limited
Sobha Contracting LLC, Dubai
Sobha Glazing & Metal Works Private Limited
Sobha Projects & Trade Private Limited
Sobha Puravankara Aviation Private Limited
Sobha Renaissance Information Technology Private Limited
Sobha Space Private Limited
Sobha Technocity Private Limited
Sri Durga Devi Property Management Private Limited
Sri Kanakadurga Property Developers Private Limited
Sri Kurumba Educational and Charitable Trust
Sri Parvathy Land Developers Private Limited
Technobuild Developers Private Limited

b) Details of the transactions with the related parties:

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
I. Transaction with joint venture		
Amount contributed to partnership current account		
Kondhwa Projects LLP	6.21	-
II. Transaction with other related parties		
Income from contractual activity		
Sobha Projects & Trade Private Limited	70.14	42.00
Mr. Ravi PNC Menon	-	19.58
Income from glazing works		
Sri Kurumba Educational and Charitable Trust	1.71	-
Mr. Ravi PNC Menon	-	18.04
Income from interior works		
Sri Kurumba Educational and Charitable Trust	0.43	-
Mr. Anup Shah	1.80	4.56
Mr. Ravi PNC Menon	-	15.20
Investment in partnership firm		
CVS TechZone LLP	-	3.59
Sale of interest in partnership firm		
CVS TechZone LLP	-	144.25
Purchase of project items		
Sobha Projects & Trade Private Limited	530.59	179.78
Aircraft hire charges		
Sobha Puravankara Aviation Private Limited	109.63	61.38
CSR expenditure - Donation		
Sri Kurumba Educational and Charitable Trust	121.10	97.90
Payments made on behalf of related party		
Pallavur Projects Private Limited	-	0.01
Puzhakkal Developers Private Limited	-	0.01
Land Advance		
Technobuild Developers Private Limited	-	41.36
Advance paid towards purchase of goods or services		
Puzhakkal Developers Private Limited	-	0.03
Sri Parvathy Land Developers Private Limited	0.03	-
Sri Durga Devi Property Management Private Limited	0.05	0.13
Refund of advance by the related party		
Technobuild Developers Private Limited	339.52	14.71
Sobha Projects & Trade Private Limited	-	13.17
Rent		
Sobha Glazing & Metal Works Private Limited	5.60	5.06

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
III. Transaction with key managerial personnel		
Directors' remuneration		
Mr. J. C. Sharma	35.04	19.92
Mr. Ravi PNC Menon	80.38	51.15
Mr.T P Seetharam	6.44	6.71
Mr. Jagadish Nangineni (till 25 February 2021)	-	6.46
Dividend paid (payment basis)		
Mr. Ravi PNC Menon	11.15	21.74
Mr. J. C. Sharma	0.38	0.75
Mr. Subhash Bhat	0.00	-
Mr. Anup Shah	0.02	-
Mr. R V S Rao	0.05	-
Salary (including perquisites)		
Mr. Subhash Bhat (till 14th November 2021)	7.92	10.35
Mr. Vighneshwar G Bhat	4.69	3.45
Mr. Yogesh Bansal (with effect from 15th November 2021)	2.08	-
Directors' sitting fees and commission		
Mr. Anup Shah	1.88	1.79
Mr. R V S Rao	1.94	1.83
Mr. Sumeet Jagdish Puri	0.99	1.89
Mrs. Srivathsala KN	1.92	1.78
IV. Transaction with key shareholders		
Dividend paid (payment basis)		
Mr. P. N. C. Menon	60.73	84.43
Mrs. Sobha Menon	100.54	201.08
Mr. P. N. C. Menon and Mrs. Sobha Menon (jointly held shares)	37.02	37.02

c) Details of balances receivable from and payable to related parties are as follows:

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
I. Balances receivable from and payable to joint ventures		
Investment in partners current account		
Kondhwa Projects LLP	1,148.73	1,142.52
II. Balances receivable from and payable to other related parties		
Land advance		
Technobuild Developers Private Limited	8,199.84	8,543.01
Puzhakkal Developers Private Limited	52.20	52.20
Sri Parvathy Land Developers Private Limited	164.46	164.43
Sri Durga Devi Property Management Private Limited	43.10	43.05
Rent deposit		
Sobha Glazing & Metal Works Private Limited	47.47	42.36

c) Details of balances receivable from and payable to related parties (continued)

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Advances recoverable in cash or in kind		
Sobha Puravankara Aviation Private Limited	164.73	189.91
Punkunnam Builders and Developers Private Limited	-	0.05
Sobha Aviation and Engineering Services Private Limited	0.01	0.01
Mannur Properties Private Limited	0.02	0.02
Sobha Technocity Private Limited	0.02	0.02
Moolamcode Traders Private Limited	0.02	0.02
Trade receivables		
Sri Kurumba Educational and Charitable Trust	35.10	35.10
Puzhakkal Developers Private Limited	0.01	0.01
Technobuild Developers Private Limited	0.07	-
Sobha Projects & Trade Private Limited	211.57	361.96
Trade payables		
SBG Housing Private Limited	-	2.67
Sobha Projects & Trade Private Limited	26.20	28.09
Divyakaushal Properties LLP	-	0.60
Technobuild Developers Private Limited	382.25	586.42
Puzhakkal Developers Private Limited	0.01	0.01
Sri Parvathy Land Developers Private Limited	0.04	0.04
Sri Durga Devi Property Management Private Limited	0.02	0.02
Guarantees & Collaterals received		
Sri Durga Devi Property Management Private Limited	1,500.00	1,500.00
Sri Parvathy Land Developers Private Limited	1,500.00	1,500.00

III. Balances receivable from and payable to key managerial personnel

in ₹ million

Non-trade payable	As at 31 March 2022	As at 31 March 2021
Mr. J. C. Sharma	23.45	11.81
Mr. Ravi PNC Menon	15.52	2.00

d) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. The above related party transactions have been approved by the Board of Directors. Outstanding balances at the year-end are unsecured and interest free and will be settled in cash. For the year ended 31 March 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021 - ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Compensation of key management personnel of the Group

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Short-term employee benefits	99.58	79.08
Commission to independent directors	6.73	7.29
Other benefits*	36.97	18.96
	143.28	**105.33**

*As the liability for gratuity and leave encashment is provided on actuarial basis for the Group as whole, the amount pertaining to the directors are not included above.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

f) Also, refer note 19 as regards guarantees received from key management personnel and relative of key management personnel and collateral securities offered by related companies in respect of loans availed by the Group.

36 Segment information

Basis of segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has identified following as its reportable segment for the purpose of Ind AS 108:
a) Real estate segment;
b) Contractual and manufacturing segment.

Real Estate segment (RE) comprises development, sale, management and operation of all or any part of townships, housing projects, also includes leasing of self owned commercial premises.

The operation of the Contractual and Manufacturing segment (CM) comprises development of commercial premises and other related activities, also includes manufacturing activities related to interiors, glazing and metal works and concrete products.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a overall basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2022 and 31 March 2021 respectively:

Business segments

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Segment revenue		
Real estate	20,180.74	13,102.84
Contractual and manufacturing	7,919.86	7,296.80
Total segment revenue	**28,100.60**	**20,399.64**
Inter segment revenues	(792.00)	698.15
Net revenue from operations	**27,308.60**	**21,097.79**
Segment result		
Real estate	5,648.22	3,629.21
Contractual and manufacturing	849.78	1,381.26
Total segment results	**6,498.00**	**5,010.47**
Finance costs	(2,897.55)	(3,361.83)
Other unallocable expenditure	(2,601.43)	(1,703.00)
Other income (including finance income)	583.00	806.21
Profit before taxation	**1,582.02**	**751.85**
Income taxes	(413.19)	(129.09)
Profit after taxation	**1,168.83**	**622.76**

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2022 and 31 March 2021 respectively:-

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Segment assets		
Real estate	92,642.34	94,324.95
Contractual and manufacturing	9,282.69	10,008.87
Total segment assets	**1,01,925.03**	**1,04,333.82**
Unallocated assets	12,175.44	7,767.70
Total assets	**1,14,100.47**	**1,12,101.52**
Segment liabilities		
Real estate	55,366.87	51,932.87
Contractual and manufacturing	4,386.17	4,106.48
Total segment liabilities	**59,753.04**	**56,039.35**
Unallocated liabilities	29,242.22	31,784.82
Total liabilities	**88,995.26**	**87,824.17**
Capital employed		
Real estate	37,275.47	42,392.08
Contractual and manufacturing	4,896.52	5,902.39
Unallocated capital employed	(17,066.78)	(24,017.12)
Total capital employed	**25,105.21**	**24,277.35**

Basis of segmentation (continued)

Finance income and costs, and fair value gains and losses on financial assets pertaining to individual segments are allocated to respective segments.

Current taxes, deferred taxes and certain financial assets and liabilities are considered as unallocated as they are also managed on a Group basis.

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Capital expenditure		
Real estate	-	57.86
Contractual and manufacturing	-	293.46
Unallocated capital expenditure	239.53	202.92
Total capital expenditure	**239.53**	**554.24**

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment property under development.

Information of revenue and non-current operating assets based on location has not been furnished since there are no revenue generated from business activities outside India and there are no non-current operating assets held by the Group outside India.

Reconciliations to amounts reflected in the financial statements

(i) Reconciliation of assets

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Segment assets	**1,01,925.03**	**1,04,333.82**
Investment (refer note 10)	1,148.91	1,142.70
Prepaid expenses (refer note 13)	827.78	394.55
Balances with statutory/ government authorities (refer note 13)	1,268.07	1,097.26
Current tax assets (net) (refer note 22)	116.01	96.75
Deferred tax assets (net) (refer note 22)	19.37	19.21
Cash and bank balances (refer note 14 and 15)	1,783.09	2,041.49
Non-current bank balances (refer note 12)	175.28	60.60
Other unallocable assets	6,836.93	2,915.14
Total assets	**1,14,100.47**	**1,12,101.52**

(ii) Reconciliation of liabilities

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Segment liabilities	**59,753.04**	**56,039.35**
Borrowings (refer note 19)	24,630.40	30,030.62
Provisions (refer note 21)	329.25	289.96
Deferred tax liabilities (refer note 22)	150.72	341.75
Liabilities for current tax (net) (refer note 22)	202.94	87.11
Withholding taxes payable (refer note 24)	70.19	79.10
Others payable (refer note 24)	170.48	118.58
Other unallocable liabilities	3,688.24	837.70
Total liabilities	**88,995.26**	**87,824.17**

37 Employment benefit plans

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Net benefit liability-gratuity	**247.82**	**217.96**
Non-current	174.70	151.46
Current	73.12	66.50

The Group has a defined benefit gratuity plan in India ('the Plan'), governed by the Payment of Gratuity Act, 1972. The Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days on salary for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Group. The board of the gratuity fund comprises three employees. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

in ₹ million

Particulars	31 March 2022	31 March 2021
Reconciliation of present value defined benefit obligation		
Obligation at the beginning of the year	220.36	215.46
Service cost	22.91	23.13
Interest cost	13.35	13.44
Benefits settled	(17.47)	(23.02)
Actuarial (gain)/loss (through OCI)	12.02	(8.65)
Obligation at the end of the year	**251.17**	**220.36**
Reconciliation of present value of planned assets		
Plan assets at the beginning of the year, at fair value	2.40	2.15
Interest income	0.15	0.13
Actuarial gain/(loss) (through OCI)	(0.03)	0.04
Contributions paid into the plan	18.30	23.10
Benefits settled	(17.47)	(23.02)
Plan assets at the end of the year, at fair value	**3.35**	**2.40**
Present value of defined benefit obligation at the end of the year	251.17	220.36
Less: Fair value of plan assets at the end of the year	3.35	2.40
Net liability recognised in the consolidated balance sheet	**247.82**	**217.96**
Expenses recognised in consolidated statement of profit and loss		
Service cost	22.91	23.13
Interest cost (net)	13.21	13.31
Gratuity cost	**36.12**	**36.44**
Capitalised to property plant and equipment	0.04	(0.09)
Net gratuity cost	**36.16**	**36.35**
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes	-	-
Actuarial gain / (loss) due to financial assumption changes	3.49	(1.62)
Actuarial gain / (loss) due to experience adjustments	(15.55)	10.27
Return on plan assets greater (less) than discount rate	0.02	0.04
Deferred tax charge	3.03	(2.19)
Total expenses routed through OCI	**(9.01)**	**6.50**

Employment benefit plans (continued)

The major categories of plan assets as a percentage of the fair value of the total plan assets are as follows:

Investment in insurance fund	100%	100%
Acturial assumptions		
Discount rate	6.41%	6.06%
Future salary growth	5.00%	5.00%
Employee turnover	15.00%	15.00%
Estimated rate of return on plan assets	6.41%	6.24%

Assumptions regarding future mortality are based on Indian Assured Lives Mortality (2006-08)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

in ₹ million

Particulars	**31 March 2022**	**31 March 2021**
Effect of + 1% change in rate of discounting	(9.39)	(8.67)
Effect of - 1% change in rate of discounting	10.28	9.53
Effect of + 1% change in rate of salary growth	9.16	8.68
Effect of - 1% change in rate of salary growth	(8.60)	(8.13)
Effect of + 1% change in rate of employee turnover	0.51	0.17
Effect of - 1% change in rate of employee turnover	(0.59)	(0.22)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the projected benefit plan in future years:

in ₹ million

Particulars	**31 March 2022**	**31 March 2021**
Within the next 12 months	49.27	42.77
Between 2 and 5 years	131.96	109.01
Between 5 and 10 years	89.56	81.27
Total expected payments	**270.79**	**233.05**

38 Earnings per share [‘EPS’]

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	**31 March 2022**	**31 March 2021**
Profit after tax attributable to shareholders (amount in ₹ million)	1,168.83	622.76
Weighted average number of equity shares of ₹10 each fully paid outstanding during the year used in calculating basic and diluted EPS	94,845,853	94,845,853
Earnings per share - Basic and diluted (amount in ₹)*	12.32	6.57

* The Group does not have any potential dilutive equity shares and therefore basic and diluted EPS are same

39 Leases

Operating lease - Group as lessor

The Group has entered into commercial property leases on its property, plant and equipment. These operating leases have variable terms ranging from 12 months to 36 months up to eleven years. All leases include a clause to enable upward revision of the lease rental on periodical basis and includes variable rent determined based on percentage of sales of lessee.

The Group has recognised ₹395.82 million (31 March 2021 - ₹206.04 million) during the year towards lease rental income.

Minimum lease payments receivable in respect of these leases for non-cancellable period are as follows:

in ₹ million

Particulars	31 March 2022	31 March 2021
Within one year	374.97	320.18
After one year but not more than five years	869.51	1,073.06
More than five years	0.71	66.50
	1,245.19	**1,459.74**

Operating lease - Group as lessee

Operating lease obligations: The Group has taken office, other facilities and other equipment under cancellable and non-cancellable operating leases, which are renewable on a periodic basis with escalation as per agreement.

The Group has paid ₹177.33 million (31 March 2021 - ₹189.37 million) during the year towards minimum lease payments.

Future minimum rentals payable under non-cancellable operating lease are as follows:

in ₹ million

Particulars	31 March 2022	31 March 2021
Within one year	64.03	77.92
After one year but not more than five years	157.14	164.56
More than five years	45.34	66.91
	266.51	**309.39**

40 Contingent liabilities

Contingent liabilities (to the extent not provided for)

in ₹ million

Particulars	31 March 2022	31 March 2021
i Guarantees given by the Group	2,095.47	3,516.61
ii Income tax matters in dispute	105.55	308.82
iii Sales tax matters in dispute	918.84	909.00
iv Service tax matters in dispute	581.85	581.85
v Excise duty matters in dispute	1.27	7.27
	3,702.98	**5,323.55**

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities.

Regulatory Matters

a. In respect of matters relating to certain transactions entered into by the Holding Company in earlier years, the Holding Company was asked to provide contracts, documents, correspondences, business rationale and justification for these transactions by regulatory authorities, the Holding Company has been responding to the same from time to time. Securities and Exchange Board of India (SEBI) had further summoned the Holding Company under section 11(2), and 11C(2), 11C(3) of the SEBI Act, 1992 for production of documents and responses in respect of the aforesaid transactions. The Holding Company has duly responded to the e-mail queries and the Summons within the time allotted.

During the current year, the Holding Company has agreed, with the other parties, for a manner of settlement of the dues amounting to ₹578 million. Based on this, ₹278 million has been settled by transfer of other parties' units of an ongoing launched project (Project 1). The Holding Company has sold these units in its normal course of business during the current year, so transferred, and realise the amount. The realization terms of the balance, i.e. ₹300 million has been renegotiated and agreed to be settled through the landowners' revenue share in sales proceeds of another project (Project 2), which is expected to be launched by next year. The Holding Company has a consent/confirmation from the other party for appropriation of the landowners' revenue share in sales proceeds of another project (Project 2), settlement of this due which is supported by a legal advise on its enforceability. Based on the best estimate of the management, this will be realized over a period of 2 – 4 years.

Also, during the current year, the Holding Company has received a show cause notice (SCN) from SEBI for alleged violation of certain provisions of the SEBI Act, 1992 and Regulations issued by SEBI thereunder, thus, initiating adjudication proceedings in the above matter. The Holding Company, in consultation with its external legal counsel, has responded to the charges made in the SCN and has filed a settlement application under the SEBI (Settlement Proceedings) Regulation, 2018, without admitting or denying the finding of fact and conclusions of law.

Further, the Holding Company, based on its discussion with SEBI and in consultation with it's external counsel, has agreed for the settlement amount, vide letter to SEBI dated 25 April 2022. The response from SEBI is currently awaited.

Based on the Holding Company's overall assessment including legal advice on enforceability of the manner of settlement, the outstanding amounts are considered fully recoverable and the terms of the aforesaid transactions are not prejudicial to the interests of the Holding Company. The Holding Company has not identified any adverse material impact to the financial statements of the Holding Company as at 31 March 2022 or for earlier periods.

b. The Holding Company had entered into a joint development arrangement with certain Land Owners in Gurugram, Haryana, in earlier years. In respect of this transaction, the concerned authorities are examining if there were irregularities in respect of the manner of allotment and pricing of certain plots under this project or payment of applicable fees and charges by the Holding Company or the landowners, with respect to the terms and conditions mentioned in the development policy of Haryana Development and Regulation of Urban Areas Act (HDRUAA), 1975 and the bilateral agreement between the land owners and Directorate of Town and Country Planning, Haryana (DTCP).

. As part of the inquiry, the Holding Company and its officers have been asked to provide contracts, documents and justification in respect of this transaction by the concerned authorities and the proceedings on this matter are in progress. The Holding Company and its officers have been responding to the queries raised / documents sought from time to time.

The Holding Company, based on its overall assessment and independent legal opinion obtained, believes that these transactions have been carried out in accordance with all the applicable laws and regulations and the said bilateral agreement. The Holding Company has not identified any adverse material impact to the financial statements of the Holding Company as at 31 March 2022 or for earlier periods.

41 Commitments and other litigations

a. Commitments

(a) The estimated amount of contracts, net of advances remaining to be executed on capital account is ₹ Nil million (31 March 2021 - ₹0.07 million).

(b) At 31 March 2022, the Group has given ₹12,523.57 million (31 March 2021 - ₹13,811.68 million) as advances for purchase of land. Under the agreements executed with the land owners, the Group is required to make further payments under the agreements based on the terms/ milestones stipulated under the agreements.

(c) The Group has entered into joint development agreements with owners of land for its construction and development. Under the agreements, the Group is required to pay deposits to the owners of the land and share in area/ revenue from such development in exchange of undivided share in land as stipulated under the agreements. As of 31 March 2022, the Group has paid ₹4,080.06 million (31 March 2021 - ₹4,829.98 million) as refundable deposit (undiscounted) against the joint development agreements.

(d) The Group has entered into an aircraft usage agreement with a party wherein the Group along with certain other parties has committed minimum usage of aircraft. During the year ended 31 March 2022, the Group incurred ₹109.63 million (31 March 2021 - ₹61.38 million) towards aircraft usage as per the agreement.

b. Other litigations

(a) Claims have been levied on the Group by Bruhat Bengaluru Mahanagara Palike ('BBMP') towards certain statutory charges which includes betterment charges, ground rent charges, etc. on certain real estate projects undertaken by the Group, the impact of which is not quantifiable. These claims are pending with various courts and are scheduled for hearings. Based on internal assessment, the management is confident that the matter would be decided in its favour, accordingly no provisions has made in this regard.

(b) The Group is subject to legal proceedings and claims, which have arisen in the ordinary course of business, including certain litigation for lands acquired by it for construction purposes, either through joint development agreements or through outright purchases, the impact of which is not quantifiable. These cases are pending with various courts and are scheduled for hearings. After considering the circumstances and legal advice received, management believes that these cases will not adversely effect its financial statements.

Service tax matters in dispute includes demands raised for joint development agreements, the tax impact of which for future years is not ascertainable. The Group has evaluated such arrangements for tax compliance and based on experts opinion, the management is of the view that the tax positions are appropriate.

42 Construction contracts

in ₹ million

Particulars	31 March 2022	31 March 2021
Contract revenue recognised as revenue for the year ended	23,326.05	17,916.11
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to for all the contracts in progress	177,390.90	69,305.80
The amount of customer advances outstanding for contracts in progress for which revenue has been recognised	16,179.90	8,229.27
The amount of work-in-progress and value of inventories	37,273.81	24,330.29
The amount of retentions due from customers for contracts in progress	648.45	514.35

43 Contract balances

The following table discloses the movement in contract assets

in ₹ million

Particulars	31 March 2022	31 March 2021
Opening balance	3,047.06	1,932.50
Revenue recognised during the year	5,058.01	5,530.67
Invoices during the year	(5,228.58)	(4,416.11)
Closing balance	**2,876.49**	**3,047.06**

44 Derivative instruments and unhedged foreign currency exposure

in ₹ million

Particulars	31 March 2022	31 March 2021
Foreign currency exposure that are not hedged by derivative instruments or otherwise:		
Trade payables	24.85	11.40

45 Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis or the information and records available with the management, there are no outstanding dues to the Micro and Small enterprises as defined in the Micro, Small mid Medium Enterprises Development Act, 2006 except as set out in the following disclosures.

The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the standalone financial statement as at 31 March 2022 and 31 March 2021 based on the information received and available with the Company.

in ₹ million

Particulars	31 March 2022	31 March 2021
i. Principal amount remaining unpaid to any supplier as at the year end	-	-
ii. Interest due thereon	-	-
iii. Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	-	-
iv. Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED, 2006	-	-
v. Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
vi. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

46 Capitalization of expenditure

During the year, the Group has capitalized the following expenses of revenue nature to capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

in ₹ million

Particulars	31 March 2022	31 March 2021
Opening capital work in progress	700.58	2,323.14
Add: Expenses incurred during the year		
Purchase of project materials	65.03	103.65
Subcontractor and other charges	-	37.94
Salaries, wages and bonus	-	4.89
Rent	-	0.95
Others	-	20.25
Sub-total	**65.03**	**167.68**
Less: Expenses charged to profit and loss account	449.07	1,790.24
Less: Expenses capitalised as investment property	251.51	-
Sub-total	**700.58**	**1,790.24**
Closing capital work in progress	**65.03**	**700.58**

47 Fair value measurements

a. The carrying amounts of financial instruments by categories is as follows: in ₹ million

Particulars	As at 31 March 2022			As at 31 March 2021		
	At cost	Fair value through profit or loss	At amortised cost	At cost	Fair value through profit or loss	At amortised cost
Financial assets						
Investments (refer note 10)	1,148.73	-	0.18	1,142.52	-	0.18
Trade receivables (refer note 11)	-	-	4,068.75	-	-	2,361.17
Cash and bank balances (refer note 14 and 15)	-	-	1,783.09	-	-	2,041.49
Other financials assets (refer note 12)	-	-	6,345.83	-	-	7,136.31
Total	**1,148.73**	**-**	**12,197.85**	**1,142.52**	**-**	**11,539.15**
Financial liabilities						
Borrowings (refer note 19)	-	-	24,630.40	-	-	30,030.62
Trade payables (refer note 23)	-	-	6,752.66	-	-	7,317.59
Other financial liabilities (refer note 20)	-	-	6,440.74	-	-	6,562.97
Total	**-**	**-**	**37,823.80**	**-**	**-**	**43,911.18**

b. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

in ₹ million

Particulars	As at 31 March 2022				As at 31 March 2021			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Investments carried at fair value through profit and loss	-	-	-	-	-	-	-	-
Investments at amortized cost	0.18	-	-	0.18	0.18	-	-	0.18
	0.18	**-**	**-**	**0.18**	**0.18**	**-**	**-**	**0.18**
Assets for which fair value are disclosed								
Investment properties	3,676.61	-	-	7,546.00	3,529.21	-	-	6,890.00
	3,676.61	**-**	**-**	**7,546.00**	**3,529.21**	**-**	**-**	**6,890.00**

Notes:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There have been no transfers between the levels during the year.

Financial instruments carried at amortised cost such as instruments, trade receivables, cash and other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

48 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Group's operations. The Group's principal financial assets include instruments, trade and other receivables, cash and bank balances, land advances and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include borrowings and refundable deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2022 and 31 March 2021. The sensitivity analysis have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2022 and 31 March 2021.

Interest rate risk

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

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

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

in ₹ million

	Increase/ decrease in interest rate	Effect on profit before tax *
31 March 2022		
INR	+1%	(250.11)
INR	-1%	250.11
31 March 2021		
INR	+1%	(303.86)
INR	-1%	303.86

* Determined on gross basis i.e. without considering inventorisation of such borrowing cost.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including refundable joint development deposits, security deposits, loans to employees and other financial instruments.

Trade receivables

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

(b) Receivables resulting from leasing of properties: Group has established credit limits for customers and monitors their balances on an on-going basis. Credit appraisal is performed by the management before lease agreements are entered into with customers. The risk is also mitigated due to customers placing significant amount of security deposits for lease and fit-out rentals.

(c) Receivables resulting from other than sale of properties and leasing of properties : Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group's credit period generally ranges from 30-60 days.

(d) Revenue from one customer individually accounted for more than 10% of the Group's revenue for the year ended 31 March 2022 and 31 March 2021. No single customer individually accounted for more than 10% of the trade receivable balance of the Group as at 31 March 2022 and 31 March 2021.

Movement in allowance for credit losses — in ₹ million

Particulars	31 March 2022	31 March 2021
Opening balance	637.54	534.40
Amounts written off	-	-
Net remeasurement of loss allowance	43.04	103.14
Closing balance	**680.58**	**637.54**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2022 and 31 March 2021 is the carrying amounts.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.
The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

in ₹ million

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2022						
Borrowings (refer note 19)	6,293.84	1,300.31	5,974.31	10,563.01	498.93	24,630.40
Trade payables (refer note 23)	-	6,104.97	381.24	266.45	-	6,752.66
Other financial liabilities (refer note 20)	812.19	1,260.25	4,368.30	-	-	6,440.74
	7,106.03	**8,665.53**	**10,723.85**	**10,829.46**	**498.93**	**37,823.80**

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Liquidity risk (continued)

in ₹ million

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31 March 2021						
Borrowings (refer note 19)	3,846.01	1,868.84	5,006.30	18,012.32	1,297.15	30,030.62
Trade payables (refer note 23)	200.00	5,686.70	1,150.07	250.67	47.81	7,335.25
Other financial liabilities (refer note 20)	207.49	3,037.47	3,318.01	-	-	6,562.97
	4,253.50	**10,593.01**	**9,474.38**	**18,262.99**	**1,344.96**	**43,928.84**

49 Capital management

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

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

in ₹ million

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings (long-term and short-term, including current maturities of long term borrowings) (Note 19 and 20)	25,138.16	30,030.62
Trade payables (Note 23)	6,752.66	7,317.59
Other financial liabilities (current and non-current, excluding current maturities of long term borrowings) (Note 20)	5,932.98	6,077.28
Other liabilities (Note 24)	50,488.55	43,194.17
Less: Cash and bank balances (Note 14 and 15)	(1,783.09)	(2,041.49)
Net debt	**86,529.26**	**84,578.17**
Equity share capital (Note 16)	948.46	948.46
Other equity (Note 17)	24,156.75	23,328.89
Total capital	**25,105.21**	**24,277.35**
Capital and net debt	**111,634.47**	**108,855.52**
Gearing ratio	77.51%	77.70%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

50 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2022 and 31 March 2021

31 March 2022 in ₹ million

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
Parent								
Sobha Limited	83.56%	23,658.29	91.99%	1,128.52	100.00%	(9.01)	91.93%	1,119.51
Subsidiaries								
Indian								
Sobha City ['Partnership firm']	5.88%	1,665.58	1.06%	12.95	0.00%	-	1.06%	12.95
Vayaloor Properties Private Limited	0.01%	2.07	0.00%	-	0.00%	-	0.00%	-
Vayaloor Builders Private Limited	0.01%	3.44	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.33	0.00%	-	0.00%	-	0.00%	-
Vayaloor Real Estate Private Limited	0.01%	3.44	0.00%	-	0.00%	-	0.00%	-
Vayaloor Realtors Private Limited	0.00%	0.69	0.00%	-	0.00%	-	0.00%	-
Valasai Vettikadu Realtors Private Limited	0.01%	1.47	0.00%	-	0.00%	-	0.00%	-
Sobha Developers (Pune) Limited	7.56%	2,140.06	1.78%	21.86	0.00%	-	1.80%	21.86
Sobha Assets Private Limited	0.00%	0.57	0.05%	0.63	0.00%	-	0.05%	0.63
Sobha Highrise Ventures Private Limited	2.41%	681.66	2.20%	26.99	0.00%	-	2.22%	26.99
Sobha Interiors Private Limited	0.12%	32.61	0.38%	4.66	0.00%	-	0.38%	4.66
Sobha Construction Products Private Limited	0.04%	10.23	0.03%	0.38	0.00%	-	0.03%	0.38
Sobha Contracting Private Ltd	-0.01%	(1.56)	-0.02%	(0.20)	0.00%	-	-0.02%	(0.20)
Sobha Nandambakkam Developers Limited	0.16%	44.72	0.27%	3.35	0.00%	-	0.28%	3.35
Sobha Tambaram Developers Limited	0.36%	103.24	1.60%	19.65	0.00%	-	1.61%	19.65
Kilai Builders Pvt Ltd	0.00%	(0.18)	-0.02%	(0.21)	0.00%	-	-0.02%	(0.21)
Kuthavakkam Builders Private Limited	-0.07%	(18.74)	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Kuthavakkam Realtors Private Limited	-0.06%	(17.64)	0.67%	8.20	0.00%	-	0.67%	8.20
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	**100.00%**	**28,313.28**	**100.00%**	**1,226.76**	**100.00%**	**(9.01)**	**100.00%**	**1,217.75**
Adjustments arising out of consolidation		(3,208.07)		(57.93)		-		(57.93)
Total		**25,105.21**		**1,168.83**		**(9.01)**		**1,159.82**

50 Additional information pursuant to para 2 of general instructions for the preparation of the consolidated financial statements for year ended 31 March 2022 and 31 March 2021 (continued)

31 March 2021 in ₹ million

Name of the entity	Net assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
	% of consolidated net assets	₹ million	% of consolidated profit or loss	₹ million	% of consolidated OCI	₹ million	% of consolidated total comprehensive income	₹ million
Parent								
Sobha Limited	84.68%	22,870.74	81.70%	655.39	100.00%	6.50	81.85%	661.89
Subsidiaries								
Indian								
Sobha City ['Partnership firm']	4.56%	1,232.57	17.72%	142.11	0.00%	-	17.57%	142.11
Vayaloor Properties Private Limited	0.01%	2.07	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Builders Private Limited	0.01%	3.43	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Developers Private Limited	0.01%	3.32	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Real Estate Private Limited	0.01%	3.43	0.00%	0.01	0.00%	-	0.00%	0.01
Vayaloor Realtors Private Limited	0.00%	0.70	0.00%	-	0.00%	-	0.00%	-
Valasai Vettikadu Realtors Private Limited	0.01%	1.47	0.00%	-	0.00%	-	0.00%	-
Sobha Developers (Pune) Limited	7.84%	2,117.92	0.48%	3.89	0.00%	-	0.48%	3.89
Sobha Assets Private Limited	0.00%	(0.06)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sobha Highrise Ventures Private Limited	2.42%	654.66	-0.64%	(5.16)	0.00%	-	-0.64%	(5.16)
Sobha Interiors Private Limited	0.10%	27.95	0.67%	5.37	0.00%	-	0.66%	5.37
Sobha Construction Products Private Limited	0.04%	9.92	0.02%	0.16	0.00%	-	0.02%	0.16
Sobha Contracting Private Ltd	-0.01%	(1.36)	-0.03%	(0.24)	0.00%	-	-0.03%	(0.24)
Annalakshmi Land Developers Private Ltd	0.00%	(0.11)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sobha Nandambakkam Developers Limited	0.15%	41.37	0.11%	0.87	0.00%	-	0.11%	0.87
Sobha Tambaram Developers Limited	0.31%	83.59	0.00%	0.01	0.00%	-	0.00%	0.01
Kilai Builders Pvt Ltd	0.00%	(0.11)	0.00%	-	0.00%	-	0.00%	-
Kuthavakkam Builders Private Limited	-0.07%	(18.69)	0.00%	-	0.00%	-	0.00%	-
Kuthavakkam Realtors Private Limited	-0.10%	(25.72)	-0.03%	(0.23)	0.00%	-	-0.03%	(0.23)
Joint ventures (Investment as per the equity method)								
Kondhwa Projects LLP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sub total	**100.00%**	**27,007.09**	**100.00%**	**802.19**	**100.00%**	**6.50**	**100.00%**	**808.69**
Adjustments arising out of consolidation		(2,727.46)		(177.15)		-		(177.15)
Total		**24,279.63**		**625.04**		**6.50**		**631.54**

51 Utilisation of borrowed funds

in ₹ million

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gross proceeds from non-current borrowings	4,094.42	1,718.45
Gross proceeds from secured debentures	495.09	-
Gross proceeds from secured loans	8,503.79	14,185.29
	13,093.30	**15,903.74**
Utilisation for the general construction and development purpose	13,093.30	15,903.74
Unutilised borrowed funds	**-**	**-**

52 Disclosure required for Borrowing based on security of current Assets

The Group has been sanctioned borrowings amounting to ₹ 4,000 million, in aggregate, from banks or financial institutions on the basis of security of current assets. The Group has filed quarterly returns or statements with such banks or financial institutions which are in agreement with books of account of the Group.

53 Disclosure of Struck off companies

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

54 Other Statutory Information

a) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

b) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

c) The Group is not declared as wilful defaulter by any bank of financial institution or other lenders.

d) The Group does not have any approved schemes of arrangements during the year.

e) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or,

ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

f) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or,

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

a) Crypto currency or Virtual Currency

b) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

55 Impact due to oubreak of COVID-19

The management has assessed and determined that considering the nature of its operations and overall revenue model, the second and the third wave of COVID-19 have not had any material impact on the Group's financial position as at 31 March 2022, its financial performance for the year then ended and its internal control over financial reporting as at 31 March 2022. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties in future periods, if any.

56 Prior year comparatives

The previous period / year figures have been regrouped / reclassified, wherever necessary, to conform to the current quarter presentation in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No.: 065155

Place : Bengaluru, India
Date : 20 May 2022

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

Ravi PNC Menon
Chairman
DIN: 02070036

Jagadish Nangineni
Managing Director
DIN: 01871780

Yogesh Bansal
Chief Financial Officer

Vighneshwar G Bhat
Company Secretary and Compliance Officer

Place : Bengaluru, India
Date : 20 May 2022