



## INDEPENDENT AUDITOR'S REPORT

To the members of Sobha Nandambakkam Developers Limited

### Report on the Ind AS Financial Statements

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

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with 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 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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## CHARTERED ACCOUNTANTS

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

**Opinion**

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.



- (c) The Balance Sheet, Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
- (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its Ind AS financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. PURUSHOTTAM & CO.  
Chartered Accountants  
Reg. No. 0026085

*B. S. Purushottam*  
B.S. PURUSHOTTAM  
Partner  
M.No. 26786



Place : Chennai  
Date : 15-05-2018



Annexure "A" to our Report of Even Date to the members of Sobha Nandabakkam Developers Limited for the year ended 31st March, 2018:

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of Sobha Nandambakkam Developers Limited, on the Ind AS financial statements for the year ended 31st March 2018, we report that:

**(i) In Respect of Fixed Assets:**

According to information and explanations provided to us, the Company doesn't have any fixed assets as on date, hence reporting under this clause doesn't arise.

**(ii) In Respect of Inventories:**

(a) Inventory for the Company is in the form of development cost incurred for development of plots and hence physical verification of inventory is not possible.

(b) Reporting of discrepancy is not applicable and hence we have no comments to offer under this point.

**(iii) In Respect of Loans granted to Companies, firms or other parties in the register maintained under Sec 189 of Companies Act 2013:**

(a) According to the information and explanations given to us, the company has not granted any loans, Secured or unsecured to the Companies, Firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(b) In view of what has been stated above, clause iii (a), iii (b) & iii(c) of the order are not applicable to the Company for the year.

**(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans to directors or provided any guarantee or security to the persons or body corporate as stated in 185 and 186 of the act, hence reporting under this clause does not arise.**

**(v) The Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Hence, reporting under clause 3(v) of the Order does not arise.**

**(vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.**



- (vii) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- (viii) According to the records of the company examined by us and based on the information and explanations given to us, the company has not availed any loans from banks, financial institutions, government and debenture holders, hence reporting under this clause does not arise
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid or provided any managerial remuneration as per provision of Section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- (xiv) According to the information and explanations give to us and based on 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.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B. PURUSHOTTAM & CO.  
Chartered Accountants  
Reg. No. 0026085  
*B. S. Purush*  
B.S. PURUSHOTHAM  
Partner  
M.No. 26785



Place: Chennai  
Date: 15-05-2018



**"Annexure B" to Auditors' Report of even date**

**Report on the Internal Controls on Financial Controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ("the Act")**

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

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

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

For B. PURUSHOTTAM & CO.  
Chartered Accountants  
Reg. No. 0925085  
*B. S. Purushottam*  
B.S. PURUSHOTTAM  
Partner  
M.No. 28786



Place : Chennai  
Date : 15-05-2018



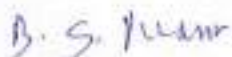
Sobha Nandambakkam Developers Limited  
formerly known as Tirur Cybercity Developers Private Limited  
Balance sheet as at March 31, 2018

	Note	As at 31-Mar-18 ₹ million	As at 31-Mar-17 ₹ million
<b>Assets</b>			
<b>Current assets</b>			
Inventories	4	73,103	73,734
Financial assets			
Trade receivables	5	11,826	18,162
Cash and cash equivalents	6	0,606	0,650
Other current assets	7	9,945	44,550
Current tax assets (net)		1,009	0,227
		<b>96,489</b>	<b>137,323</b>
<b>Total assets</b>		<b>96,489</b>	<b>137,323</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	8	0,500	0,500
Other equity	9	47,925	47,277
<b>Total equity</b>		<b>48,425</b>	<b>47,777</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	10	0,036	-
Other current financial liabilities	11	44,969	84,969
Other current liabilities	12	3,059	4,577
Liabilities for current tax (net)		-	-
		<b>48,064</b>	<b>89,546</b>
<b>Total liabilities</b>		<b>48,064</b>	<b>89,546</b>
<b>Total equity and liabilities</b>		<b>96,489</b>	<b>137,323</b>
Summary of significant accounting policies	2.2		

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

As per our report of even date

For B.Purushottam & Co.,  
ICAI Firm registration number:002808S  
Chartered Accountants

  
B S Purshotham  
Partner  
Membership No.: 26785



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

  
Subhash Mohan Bhat  
Director  
DIN: 02812693

  
Ravi N Doddabale  
Director  
DIN: 07116130

Place: Chennai, India  
Date: 15th May, 2018

Place: Bengaluru, India  
Date: 15th May, 2018

Sobha Nandambakkam Developers Limited  
formerly known as Tirur Cybercity Developers Private Limited  
Statement of profit and loss for the year ended March 31, 2018

	Note	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Revenue from operations	13	1,326	82,147
Other income	14	0,199	0,031
Finance income	15	0,013	0,054
<b>Total income</b>		<b>1,538</b>	<b>82,232</b>
<b>Expenses</b>			
(Increase)/ decrease in inventories of land stock and work-in-progress	16	0,631	7,798
Subcontractor and other charges		0,012	33,483
Other expenses	17	0,022	1,261
<b>Total expenses</b>		<b>0,665</b>	<b>42,542</b>
<b>Profit before tax</b>		<b>0,873</b>	<b>39,690</b>
Tax expenses	18		
Current tax		0,225	13,123
<b>Income tax expense</b>		<b>0,225</b>	<b>13,123</b>
<b>Profit for the year</b>		<b>0,648</b>	<b>26,567</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>0,648</b>	<b>26,567</b>
<b>Earnings per equity share [nominal value of ₹ 10 (Previous year - ₹ 10)]</b>			
Basic and Diluted in Rupees	24	12.951	531.349
Summary of significant accounting policies	2.2		

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

For B.Purushottam & Co.,  
ICAI Firm registration number:0028085  
Chartered Accountants

*B. S. Purushottam*  
B S Purushottam  
Partner  
Membership No.: 26785



Place: Chennai, India  
Date: 15th May, 2018

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

*Subhash Mohan Bhat*  
Subhash Mohan Bhat  
Director  
DIN: 02812693

*Ravi N Doddabale*  
Ravi N Doddabale  
Director  
DIN: 07116130

Place: Bengaluru, India  
Date: 15th May, 2018

Sobha Nandambakkam Developers Limited  
formerly known as Tirur Cybercity Developers Private Limited  
Statement of Changes in Equity for the year ended March 31, 2018

a. Equity share capital

	No of Shares	Amount in ₹ million
Equity shares of ₹ 10 each issued, subscribed and fully paid		
At March 31, 2017	50,000	0.500
At March 31, 2018	50,000	0.500

b. Other equity

For the year ended March 31, 2018

₹ million

Attributable to the equity holders of the Company		Total
Particulars	Reserves and Surplus	
	Retained earnings	
As at April 1, 2017	47.277	47.277
Profit for the year	0.648	0.648
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
Total comprehensive income	47.925	47.925
At March 31, 2018	47.925	47.925

For the year ended March 31, 2017

₹ million

Attributable to the equity holders of the Company		Total
Particulars	Reserves and Surplus	
	Retained earnings	
As at April 1, 2016	20.710	20.710
Profit for the year	26.567	26.567
Other comprehensive income		
Transfer to other reserves		
General reserve	-	-
Total comprehensive income	47.277	47.277
At March 31, 2017	47.277	47.277

Summary of significant accounting policies

2.2

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

For B.Purushottam & Co.,  
ICAI Firm registration number:002808S  
Chartered Accountants

B. S. Purushottam

B S Purushottam

Partner

Membership No.: 26785

Place: Chennai, India  
Date: 15th May, 2018



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

Sabhash Mohan Bhat

Director

DIN: 02812693

Place: Bengaluru, India  
Date: 15th May, 2018

Ravi N Doddabale

Director

DIN: 07116130



Sobha Nandambakkam Developers Limited  
formerly known as Tirur Cybercity Developers Private Limited  
Statement of Cash Flows for the year ended March 31, 2018.

	Note	31-Mar-18 ₹ million	31-Mar-17 ₹ million
<b>Operating activities</b>			
Profit before tax		0.873	39.690
<i>Working capital adjustments:</i>			
(Increase)/ decrease in trade receivables		6.336	(18.162)
(Increase)/ decrease in inventories		0.632	7.797
(Increase)/ decrease in other financial and non-financial assets		34.605	(12.217)
Increase/ (decrease) in trade payables and other financial liabilities		(39.964)	(5.083)
Increase/ (decrease) in other non-financial liabilities		(1.518)	2.269
		0.964	14.294
Income tax paid (net of refund)		(1.008)	(13.772)
<b>Net cash flows from/ (used in) operating activities (A)</b>		<b>(0.044)</b>	<b>0.522</b>
<b>Investing activities</b>			
<b>Net cash flows from/ (used in) investing activities (B)</b>		<b>-</b>	<b>-</b>
<b>Financing activities</b>			
<b>Net cash flows from/ (used in) financing activities (C)</b>		<b>-</b>	<b>-</b>
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(0.044)	0.522
Cash and cash equivalents at the beginning of the year	6	0.650	0.128
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>0.606</b>	<b>0.650</b>

Summary of significant accounting policies

2.2

As per our report of even date

For B.Purushottam & Co.,  
ICAI Firm registration number:002808S  
Chartered Accountants

B. S. Purushottam  
Partner  
Membership No.: 26785

Place: Chennai, India  
Date: 15th May, 2018



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

Subhash Mohan Bhat  
Director  
DIN: 02812693

Ravi N Doddabale  
Director  
DIN: 07116130

Place: Bengaluru, India  
Date: 15th May, 2018

## 1 Corporate Information

Sobha Nandambakkam Developers Limited ('Company') was incorporated on April 19, 2007. The Company is primarily engaged in procurement, sale and development of lands into a residential, commercial complex and plotted development.

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

## 2 Significant accounting policies

### 2.1 Basis of preparation

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

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

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

The financial statements are presented in INR, 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.

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

#### 1. Recognition of revenue from real estate projects

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

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

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

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



**b) Impairment of non financial assets**

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

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

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

**c) Impairment of financial assets**

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

**d) Current versus non-current classification**

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

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

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





**e) Fair value measurement**

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

Fair value hierarchy:

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

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

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

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

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

**f) Financial instruments**

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

*Financial assets*

Initial recognition and measurement

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

Subsequent measurement

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

Debt instruments at amortised cost

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

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

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

**Debt instruments at amortised cost**

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

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

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

**Debt instrument at FVTOCI**

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

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

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



**Debt instrument at FVTPL**

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

**Equity investments in subsidiaries and joint ventures**

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

**Derecognition**

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

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

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

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

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

**Loans and borrowings**

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

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

**Derecognition**

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



**g) 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.

**h) 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.

**i) 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.

**j) Earnings per share**

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

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





k) Taxes

*Current income tax*

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

*Deferred income tax*

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

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

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

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

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

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

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



#### D) Inventories

*Related to contractual and real estate activity*

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

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

### 3 Significant accounting judgements, estimates and assumptions

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

#### a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or 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 real estate projects. The percentage of completion is measured by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. These estimates are based on events existing at the end of each reporting date.

##### ii) Estimation of net realisable value for inventory property

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

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

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





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

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Land stock	55,320	55,308
Land stock - Plots	17,783	18,426
	<u>73,103</u>	<u>73,734</u>

5 Trade receivables

	₹ million			
	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Trade receivables	11,826	18,162	-	-
<b>Total Trade receivables</b>	<b>11,826</b>	<b>18,162</b>	<b>-</b>	<b>-</b>
<i>Other receivables</i>				
Unsecured, considered good	11,826	18,162	-	-
	<u>11,826</u>	<u>18,162</u>	<u>-</u>	<u>-</u>
<b>Total Trade receivables</b>	<b>11,826</b>	<b>18,162</b>	<b>-</b>	<b>-</b>

6 Cash and bank balances

	₹ million			
	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
<b>Cash and cash equivalents</b>				
<i>Balances with banks:</i>				
- On current accounts	0.586	0.650	-	-
Cash on hand	0.020	0.000	-	-
	<u>0.606</u>	<u>0.650</u>	<u>-</u>	<u>-</u>

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

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
<i>Balances with banks:</i>		
- On current accounts	0.586	0.650
Cash on hand	0.020	0.000
	<u>0.606</u>	<u>0.650</u>



Sobha Nandambakkam Developers Limited  
 formerly known as Tirur Cybercity Developers Private Limited  
 Notes to the financial statements for the year ended March 31, 2018

7 Other assets

	₹ million			
	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Land advance				
Unsecured, considered good	6,000	6,000	-	-
Advances recoverable in cash or kind				
Unsecured considered good	3,945	38,550	-	-
	9,945	44,550	-	-

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

	₹ million			
	Current		Non-current	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Advances recoverable in cash or kind				
Dues from Sobha Limited, a holding company	3,945	38,550	-	-



## 8 Share Capital

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
<b>Authorised shares</b>		
50,000 (March 31, 2017 - 50,000;) equity shares of ₹10 each	0.500	0.500
<b>Issued, subscribed and fully paid-up shares</b>		
50,000 (March 31, 2017 - 50,000;) equity shares of ₹10 each fully paid up	0.500	0.500
<b>Total issued, subscribed and fully paid-up share capital</b>	<u>0.500</u>	<u>0.500</u>

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

	31-Mar-18		31-Mar-17	
	No of Shares	₹ million	No of Shares	₹ million
<i>Equity shares</i>				
At the beginning of the year	50,000	0.500	50,000	0.500
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,000	0.500	50,000	0.500

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

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

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

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

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

	31-Mar-18		31-Mar-17	
	No of Shares	Holding percentage	No of Shares	Holding percentage
<i>Equity shares of ₹10 each fully paid up</i>				
Sobha Limited	50,000	100%	50,000	100%

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

9 Other equity

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	47.277	20.710
Profit for the year	0.648	26.567
<b>Net surplus in the statement of profit and loss</b>	<b>47.925</b>	<b>47.277</b>
<b>Total other equity</b>	<b>47.925</b>	<b>47.277</b>



10 Trade payables

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
<b>Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises (refer note 22 for details of dues to micro and small enterprises)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	0.036	-
	<u>0.036</u>	<u>-</u>

Terms and conditions of the above financial liabilities:

-Trade payables are non-interest bearing and are normally settled on 30-60-day terms  
 For explanations on the Company's credit risk management processes, refer to note 26

11 Other financial liabilities

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
<b>Current</b>		
Payable to related parties (refer note 23)	44.969	84.969
<b>Total current other financial liabilities</b>	<u>44.969</u>	<u>84.969</u>
<b>Total other financial liabilities</b>	<u>44.969</u>	<u>84.969</u>

12 Other liabilities

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Advance from customers	0.400	0.400
Withholding taxes payable	-	0.024
Others	2.659	4.153
<b>Total other liabilities</b>	<u>3.059</u>	<u>4.577</u>



13 Revenue from operations

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Revenue from operations		
Sale of products/ finished goods		
Income from property development	1,326	82,147
<b>Total</b>	<b>1,326</b>	<b>82,147</b>

14 Other income

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Other non-operating income	0,199	0,031
	<b>0,199</b>	<b>0,031</b>

15 Finance income

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Interest income on Others	0,013	0,054
	<b>0,013</b>	<b>0,054</b>

16 (Increase)/ decrease in inventories

	₹ million 31-Mar-18	₹ million 31-Mar-17	Less: Transferred to Capital work- in-progress/ tangible assets/ advances	₹ million (Increase) / decrease
Inventories at the end of the year				31-Mar-18
Land stock	55,320	55,308		(0,012)
Land stock - Plots	17,783	18,426		0,643
	<b>73,103</b>	<b>73,734</b>	<b>-</b>	<b>0,631</b>
Inventories at the beginning of the year				31-Mar-17
Land stock	55,308	55,308		0,000
Land stock - Plots	18,426	26,224		7,798
	<b>73,734</b>	<b>81,532</b>	<b>-</b>	<b>7,798</b>
(Increase)/ decrease	<b>0,631</b>	<b>7,798</b>		



17 Other expenses

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Rates and taxes	0.002	0.001
Advertising and sales promotion consultancy fees	-	1.134
Brokerage and discounts	-	0.108
Payment to auditor (Refer details below)	0.018	0.017
Bank charges	0.002	0.000
Miscellaneous expenses	0.000	0.001
	<b>0.022</b>	<b>1.261</b>

Payment to auditor

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
As auditor:		
Audit fee	0.018	0.017
	<b>0.018</b>	<b>0.017</b>





**Statement of profit and loss:**

31-Mar-18	31-Mar-17
₹ million	₹ million

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

	31-Mar-18 ₹ million	31-Mar-17 ₹ million
Accounting profit before income tax	0.873	39.690
At India's statutory income tax rate of 25.75% (March 31, 2017: 33.063%)	0.225	13.123
<i>Non-deductible expenses for tax purposes:</i>		
Ineligible interest expense	-	-
At the effective income tax rate of 25.75% (March 31, 2017: 33.063%)	0.225	13.123
	<b>0.225</b>	<b>13.123</b>



- 19 There is no contingent liability during the year.
- 20 The company does not have any employees and hence no provision is considered in respect of employee benefits.
- 21 There is no expenditure or earnings in Foreign exchange during the period.
- 22 Based on the information available with the Company, no amount is due to the small & Micro Enterprises as under Micro, Small and Medium Enterprises Development Act, 2006
- 23 **RELATED PARTY DISCLOSURES;**

The names of the related parties with the description of relationships and transactions between the reporting enterprise and its related parties have been identified and certified by the management.

**a. List of Related Parties**

Holding Company : Sobha Limited wef 16/03/2015

Sl. No	Name of the Other Related Parties
1	Allapuzha Fine Real Estates Private Limited
2	Aluva Realtors Private Limited
3	Annalakshmi Land Developers Private Limited
4	Bikasa Properties Private Limited
5	Bikasa Realstates Private Limited
6	Bikasa Realtors Private Limited
7	Chennai Supercity Developers Private Limited
8	Chikmangaloor Builders Private Limited
9	Chikmangaloor Developers Private Limited
10	Chikmangaloor Properties Private Limited
11	Chikmangaloor Realtors Private Limited
12	Cochin Cyber City Private Limited
13	Cochin Cyber Estates Private Limited
14	Cochin Cyber Golden Properties Private Limited
15	Cochin Cyber Value Added Properties Private Limited
16	Cochin Realtors Private Limited
17	Daram Cyber Builders Private Limited
18	Daram Cyber Developers Private Limited
19	Daram Cyber Properties Private Limited
20	Daram Lands Real Estate Private Limited
21	Greater Cochin Cybercity Private Limited
22	Greater Cochin Developers Private Limited
23	Greater Cochin Properties Private Limited
24	Greater Cochin Realtors Private Limited
25	Ilupur Builders Private Limited
26	Ilupur Developers Private Limited
27	Ilupur Properties Private Limited
28	Ilupur Real Estate Private Limited
29	Ilupur Realtors Private Limited
30	Kaloor Realtors Private Limited
31	Kaveripuram Developers Private Limited
32	Kilai Builders Private Limited
33	Kilai Properties Private Limited
34	Kilai Super Developers Private Limited
35	Kottaiyur Developers Private Limited
36	Kottaiyur Real Estates Private Limited
37	Kottaiyur Realtors Private Limited
38	Kuthavakkam Builders Private Limited
39	Kuthavakkam Developers Private Limited
40	Kuthavakkam Properties Private Limited
41	Kuthavakkam Realtors Private Limited
42	Mamballi Builders Private Limited
43	Mannur Builders Private Limited
44	Mannur Properties Private Limited
45	Mannur Real Estates Private Limited
46	Mapedu Builders Private Limited
47	Mapedu Real Estates Private Limited
48	Mapedu Realtors Private Limited



49	Miriam Realtors Private Limited	93	HBR Consultants Private Limited
50	Sobha Tambaram Developers Limited	94	Hill And Menon Securities Private Limited
	(Formerly known as Megatech Software Private Limited)	95	Indeset Electromechanical Private Limited
51	Moolamcode Traders Private Limited	96	Indeset Steel Private Limited
52	Nasarapet Developers Private Limited	97	Lotus Manpower Consultants Services Pvt Ltd
53	Nasarapet Properties Private Limited	98	Lotus Manpower Services
54	Nasarapet Realtors Private Limited	99	Objective Systems Integrators India Private Ltd
55	Navabhusan Properties and Developers Private Limited	100	Oman Builders Private Limited
56	Padma Lochana Enterprises Private Limited	101	PNC Lighting Solutions Private Limited
57	Palani Properties Private Limited	102	PNC Technologies Private Limited
58	Pallavur Projects Private Limited	103	Purikannam Builders And Developers Private Ltd
59	Paramakudi Properties Private Limited	104	Red Lotus Facility Services Private Limited
60	Perambakkam Builders Private Limited	105	Red Lotus Metal Works Facilities And Services Pvt Ltd
61	Perambakkam Properties Private Limited	106	Royal Interiors Private Limited
62	Pillaiappakkam Properties Private Limited	107	Sobha Academy Private Limited
63	Pillaiappakkam Builders Private Limited	108	Sobha Assets Private Limited
64	Red Lotus Realtors Private Limited	109	Sobha Aviation And Engineering Services Pvt Ltd
65	Rusoh Fine Builders Private Limited	110	Sobha City
66	Rusoh Home Developers Private Limited	111	Sobha Contracting Private Limited
67	Rusoh Marina Properties Private Limited	112	Sobha Developers (Pune) Limited
68	Rusoh Modern Builders Private Limited	113	Sobha Electro Mechanical Private Limited
69	Rusoh Modern Developers Private Limited	114	Sobha Glazing And Metal Works Private Limited
70	Rusoh Modern Properties Private Limited	115	Sobha Highrise Ventures Private Limited
71	Santhavellur Builders Private Limited	116	Sobha Hitechcity Developers Private Limited
72	Santhavellur Developers Private Limited	117	Sobha Innerscity Technopolis Private Limited
73	Santhavellur Realtors Private Limited	118	Sobha Interiors Private Limited
74	Sengadu Builders Private Limited	119	Sobha Jewellery Private Limited
75	Sengadu Developers Private Limited	120	Sobha Mapletree Developers Private Limited
76	Sengadu Properties Private Limited	121	Sobha Projects And Trade Private Limited
77	Sengadu Realstates Private Limited	122	Sobha Puravankara Aviation Private Limited
78	Sengadu Realtors Private Limited	123	Sobha Renaissance Information Technology Pvt Ltd
79	Sri Durga Devi Property Management Private Limited	124	Sobha Space Private Limited
80	Sri Kanakadurga Property Developers Private Limited	125	Sobha Technocity Private Limited
81	Sri Parvathy Land Developers Private Limited	126	Sri Kurumba Trust
82	Sunbeam Projects Private Limited	127	Valasai Vettikadu Realtors Private Limited
83	Thakazhi Developers Private Limited	128	Vayaloor Builders Private Limited
84	Thakazhi Realtors Private Limited	129	Vayaloor Developers Private Limited
85	Thiruchour Builders Private Limited	130	Vayaloor Properties Private Limited
86	Thiruchour Developers Private Limited	131	Vayaloor Real Estate Private Limited
87	Tirur Cyber Real Estates Private Limited	132	Vayaloor Realtors Private Limited
88	Valasai Vettikadu Builders Private Limited	133	PNC Switchgears Private Limited
89	Valasai Vettikadu Properties Private Limited	134	Technobuild Developers Private Limited
90	Valasai Vettikadu Real Estate Private Limited		(Holding company upto 15/03/2015)
91	SBG Housing Private Limited	135	C V S Tech Park Private Limited
92	Puthakkal Developers Private Limited	136	Kondhwa Projects LLP





## b. Transaction with Related Parties

Name of the Related Party	Nature of Relationship	Nature of transactions	Current year	Previous year
			₹ million	₹ million
Technobuild Developers Private Limited (upto 15/03/2015)	Holding Company	Advances refunded	40,000	-
Sobha Limited (Formerly known as Sobha Developers Limited (wef 16/03/2015)	Holding Company	Marketing and Mangement Fees	-	8,986
		Subcontracting Charges	-	29,326

## c. Closing Balance at the year end:

Name of the Related Party	Nature of Relationship	Nature of transactions	Current year	Previous year
			₹ million	₹ million
Technobuild Developers Private Limited (Holding company upto 15/03/2015)	Other Related party	Balance payable	44,969	84,969
Sobha Limited (Formerly known as Sobha Developers Limited (wef 16/03/2015)	Holding Company	Balance receivable	1,945	38,550

## Key Managerial Personnel

Mr. Subhash Mohan Bhatt

Mr. Ravi D N

Mr. Ramakrishnan Prahakaran - Resigned wef 07.04.2017

Mr. Vigneshwar G Bhat - Appointed wef 07.04.2017

## 24 EARNINGS PER SHARE:

Particulars	Current year	Previous year
Nominal value of equity shares	10	10
Profit after tax attributable to shareholders (Amount in ₹ million)	0,648	26,567
Weighted average number of equity shares outstanding during the year	50,000	50,000
Basic EPS (In Rs)	12.951	531.349



25 Fair value measurements

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	At Cost	Fair value through profit or loss	At Cost	Fair value through profit or loss
<b>Financial assets</b>				
Trade receivables	-	-	-	-
Cash and cash equivalents	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial liabilities</b>				
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
<b>Total</b>	-	-	-	-



## 26 Financial risk management objectives and policies

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

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

### A Market risk

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

#### a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's does not have any exposure to the risk of changes in market interest rates as it does not have any long-term debt obligations with floating interest rates. The Company does not enter into any interest rate swaps.

### B Credit risk

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

#### Trade receivables

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





**Financial instrument and cash deposits**

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

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

**C Liquidity risk**

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

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	₹ million Total
<b>Year ended March 31, 2018</b>						
Other financial liabilities	44,969	-	-	-	-	44,969
Trade and other payables	0,036	-	-	-	-	0,036
	<b>45,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,005</b>
<b>Year ended March 31, 2017</b>						
Other financial liabilities	84,969	-	-	-	-	84,969
Trade and other payables	-	-	-	-	-	-
	<b>84,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,969</b>



## 27 Capital management

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

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

	₹ million	
	31-Mar-18	31-Mar-17
Trade payables (Note 10)	0.036	-
Other payables (Note 11 and Note 12)	48.028	89.546
Less: Cash and cash equivalents (Note 6)	0.606	0.650
<b>Net debt</b>	<b>47.422</b>	<b>88.896</b>
Equity (Note 8)	0.500	0.500
Other Equity (Note 9)	47.925	47.277
<b>Total capital</b>	<b>48.425</b>	<b>47.777</b>
<b>Capital and net debt</b>	<b>95.847</b>	<b>136.673</b>
Gearing ratio	49%	65%

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

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



28 Construction contracts

Particulars	₹ million	
	31-Mar-18	31-Mar-17
Contract revenue recognised as revenue for the year ended March 31, 2018	1,326	82,147
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to March 31, 2018 for all the contracts in progress	146,134	144,808
The amount of customer advances outstanding for contracts in progress as at March 31, 2018	-	0,400
The amount of work-in-progress and value of inventories	17,783	18,426

29 Standards issued but not effective

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

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

**Ind AS 115 - Revenue from Contracts with Customers**

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

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

Under Ind AS 115, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer (i.e., when (or as) the customer obtains control of that asset) at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for accounting periods commencing on or after April 1, 2018.

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

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

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





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

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

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

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

#### **Amendments to Ind AS 40 Transfers of Investment Property**

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

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

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

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

The amendments clarify that:

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

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



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

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

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

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

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

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

As per our report of even date

For B.Purushottam & Co.,  
ICAI Firm registration number:002808S  
Chartered Accountants

*B. S. Purushottam*

B S Purushottam  
Partner  
Membership No.: 26785



Place: Chennai, India  
Date: 15th May, 2018

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

*Subhash Mohan Bhat*  
Subhash Mohan Bhat  
Director  
DIN: 02812693

*Ravi N Doddabale*  
Ravi N Doddabale  
Director  
DIN: 07116130

Place: Bengaluru, India  
Date: 15th May, 2018