

# S. JANARDHAN & ASSOCIATES

## CHARTERED ACCOUNTANTS

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



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### INDEPENDENT AUDITOR'S REPORT

#### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying Standalone Ind AS financial statements of Sobha City ("the firm"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of 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 Ind AS financial statements give the information 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 Firm as at March 31, 2021, its Profit including other comprehensive income and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Ind AS financial statements in accordance with the applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

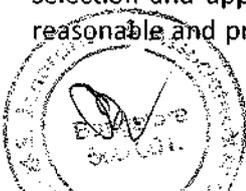
#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

Our opinion on the Standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Standalone Ind AS 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.

#### Responsibility of Management for the Standalone Ind AS Financial Statements

The partners of the Firm are responsible for preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Firm in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS). This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Firm 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



controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, partners are responsible for assessing the Firm'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 management either intends to liquidate the firm or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 Ind AS financial statements.

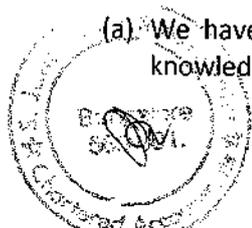
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS 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. We are also responsible for expressing our opinion on whether the Firm has adequate internal financial controls system 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 made by management.
- Conclude on the appropriateness of management's 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 Firm'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 Firm to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Report on Other Legal and Regulatory Requirements**

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 Firm so far as it appears from our examination of those books;
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards, pronouncements issued by the Institute of Chartered Accountants of India;
- (e) With respect to the other matters to be included in the Auditor's Report, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Firm has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements.
  - ii. The Firm did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

For S Janardhan and Associates  
Chartered Accountants  
ICAI Firm Registration Number: 005310S

  
  
B Anand  
Partner  
Membership Number: 029146

Place: Bengaluru  
Date: 25<sup>th</sup> May 2021  
UDIN: 21029146AAAAHH4304

Sobha City  
REG NO: 709/2007-08  
Balance sheet as at March 31, 2021

|  | Notes | As at<br>31-Mar-21<br>₹ million | As at<br>31-Mar-20<br>₹ million |
|--|-------|---------------------------------|---------------------------------|
| <b>Assets</b>  |       |                                 |                                 |
| <b>Non-current assets</b>  |       |                                 |                                 |
| Investment property  | 4     | 1,895.212                       | 1,938.541                       |
| <b>Financial assets</b>  |       |                                 |                                 |
| Investments  | 5     | 0.600                           | 0.600                           |
| Other non-current financial assets   | 9     | 8.730                           | 8.730                           |
| Current tax assets (net)   |       | 85.280                          | 76.306                          |
|  |       | <b>1,989.822</b>                | <b>2,024.177</b>                |
| <b>Current assets</b>  |       |                                 |                                 |
| Inventories  | 6     | 1,146.418                       | 1,010.714                       |
| <b>Financial assets</b>  |       |                                 |                                 |
| Trade receivables  | 7     | 142.895                         | 287.483                         |
| Cash and cash equivalents  | 8     | 28.362                          | 46.356                          |
| Other current financial assets   | 9     | 25.953                          | -                               |
| Other current assets   | 10    | 24.463                          | 307.097                         |
|  |       | <b>1,368.091</b>                | <b>1,651.650</b>                |
| <b>Total assets</b>  |       | <b>3,357.913</b>                | <b>3,675.827</b>                |
| <b>Equity and liabilities</b>  |       |                                 |                                 |
| <b>Equity</b>  |       |                                 |                                 |
| Partners capital   | 11    | 400.000                         | 400.000                         |
| Partners Current account and Other equity  | 12    | 830.260                         | 526.859                         |
| <b>Total equity</b>  |       | <b>1,230.260</b>                | <b>926.859</b>                  |
| <b>Non-current liabilities</b>   |       |                                 |                                 |
| <b>Financial liabilities</b>   |       |                                 |                                 |
| Borrowings   | 13    | 725.737                         | 802.257                         |
| Deferred tax liabilities (net)   |       | 126.481                         | 85.453                          |
|  |       | <b>852.218</b>                  | <b>887.710</b>                  |
| <b>Current liabilities</b>   |       |                                 |                                 |
| <b>Financial liabilities</b>   |       |                                 |                                 |
| Borrowings   | 13    | 292.322                         | 280.000                         |
| Trade payables   | 14    | -                               | -                               |
| - Total outstanding dues of micro enterprises and small enterprises; and                 |       | -                               | -                               |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 32.743                          | 34.996                          |
| Other current financial liabilities  | 15    | 259.518                         | 220.435                         |
| Other current liabilities  | 16    | 690.852                         | 1,325.827                       |
|  |       | <b>1,275.435</b>                | <b>1,861.258</b>                |
| <b>Total liabilities</b>   |       | <b>2,127.653</b>                | <b>2,748.968</b>                |
| <b>Total equity and liabilities</b>  |       | <b>3,357.913</b>                | <b>3,675.827</b>                |

Summary of significant accounting policies 2

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

For S.Janardhan & Associates  
Firms' Registration No:0053109  
Chartered Accountants

B. Anand  
Partner  
Membership No. 29146

Place: Bengaluru, India  
Date: 25-05-2021

For and on behalf of the Management Committee of  
Sobha City

For Sobha Limited  
Authorised Signature  
Subhash Mohan Bhat - CFO

Place: Bengaluru, India  
Date: 25-05-2021

For Sobha Developers Pune Ltd  
Authorised Signature  
M Radhakrishnan - Director

UDIN: 21029011AAA4441201

Sobha City  
 REG NO: 709/2007-08  
 Statement of profit and loss for the year ended March 31, 2021

|   | Notes | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|---|-------|------------------------|------------------------|
| Revenue from operations   | 17    | 405.225                | 340.859                |
| Other income  | 18    | 0.074                  | 3.576                  |
| Finance income  | 19    | 0.941                  | 0.750                  |
| <b>Total income</b>   |       | <b>406.240</b>         | <b>345.185</b>         |
| <b>Expenses</b>   |       |                        |                        |
| (Increase)/ decrease in inventories of land stock and work-in-progress              | 20    | (135.704)              | (254.516)              |
| Subcontractor and other charges   |       | 105.854                | 263.805                |
| Depreciation and amortization   | 21    | 43.329                 | 43.459                 |
| Other expenses  | 22    | 111.241                | 181.760                |
| Finance cost  | 23    | 100.694                | 82.252                 |
| <b>Total expenses</b>   |       | <b>225.414</b>         | <b>316.760</b>         |
| <b>Profit/(Loss) before tax</b>   |       | <b>180.826</b>         | <b>28.425</b>          |
| Tax expenses  |       |                        |                        |
| Current tax   |       | -                      | -                      |
| Deferred tax charge/ (credit)   |       | 41.029                 | 11.444                 |
| <b>Income tax expense</b>   |       | <b>41.029</b>          | <b>11.444</b>          |
| <b>Profit/(Loss) for the year</b>   |       | <b>139.797</b>         | <b>16.981</b>          |
| <b>Total comprehensive income for the year attributable to partners of the firm</b> |       | <b>139.797</b>         | <b>16.981</b>          |
| <b>Total comprehensive income for the period attributable to:</b>                   |       |                        |                        |
| Partners of the Firm  |       | 139.797                | 16.981                 |
|   |       | <b>139.797</b>         | <b>16.981</b>          |

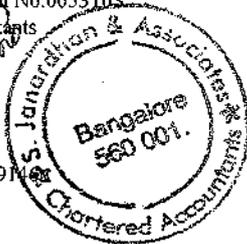
Summary of significant accounting policies

2

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

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

B.Anand  
 Partner  
 Membership No.29146



Place: Bengaluru, India  
 Date:25-05-2021

For and on behalf of the Management Committee of  
 Sobha City

For Sobha Limited  
 Authorised Signature  
 Subhash Mohan Bhat - CFO

Place: Bengaluru, India  
 Date:25-05-2021

For Sobha Developers Pune Ltd  
 Authorised Signature  
 M Radhakrishnan - Director

UDIN: 21029146AAAAHH4304

Sobha City

REG NO: 709/2007-08

Statement of Changes in Equity of Partners for the year ended March 31, 2021

a. Partners Capital

Amount in ₹million

| Partners Capital  |         |
|-------------------|---------|
| At March 31, 2020 | 400.000 |
| At March 31, 2021 | 400.000 |

b. Other equity

For the year ended March 31, 2021

₹ million

| Attributable to the Partners                         | Other equity             |         |
|--|--------------------------|---------|
|  | Partners Current Account | Total   |
| As at April 1, 2020                                  | 526.859                  | 526.859 |
| Profit/ (Loss) for the year                          | 139.797                  | 139.797 |
| Additional contribution to Partner's current account | 163.604                  | 163.604 |
| At March 31, 2021                                    | 830.260                  | 830.260 |

For the year ended March 31, 2020

₹ million

| Attributable to the Partners                         | Other equity             |           |
|--|--------------------------|-----------|
|  | Partners Current Account | Total     |
| As at April 1, 2019                                  | 1,039.885                | 1,039.885 |
| Profit/ (Loss) for the year                          | 16.981                   | 16.981    |
| Restatement of profit as per Ind AS 115              | -                        | -         |
| Additional contribution to Partner's current account | (530.007)                | (530.007) |
| At March 31, 2020                                    | 526.859                  | 526.859   |

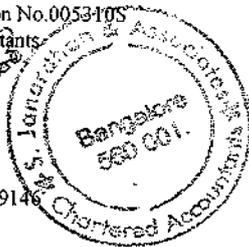
Summary of significant accounting policies

2

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

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

B. Anand  
Partner  
Membership No.29146



For and on behalf of the Management Committee of  
Sobha City

For Sobha Limited  
Authorised Signature  
Subhash Mohan Bhat - CFO

For Sobha Developers Pune Ltd  
Authorised Signature  
M Radhakrishnan - Director

Place: Bengaluru, India  
Date:25-05-2021

Place: Bengaluru, India  
Date:25-05-2021

UDIN NO: 21029146 AAAA HH 4304

Sobha City  
REG NO: 709/2007-08  
Statement of Cash Flows for the year ended March 31, 2021

|   | Notes    | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|---|----------|------------------------|------------------------|
| <b>Operating activities</b>   |          |                        |                        |
| Profit/(Loss) before tax  |          | 180.826                | 28.425                 |
| <i>Adjustments to reconcile profit before tax to net cash flows:</i>                                |          |                        |                        |
| Depreciation of Investment property, plant and equipment  |          | 43.329                 | 43.459                 |
| Finance income (including fair value change in financial instruments)                               |          | (0.941)                | (0.750)                |
| Finance costs (including fair value change in financial instruments)                                |          | 100.694                | 82.252                 |
| Restatement of profit as per Ind AS 115   |          | -                      | -                      |
| <i>Working capital adjustments:</i>   |          |                        |                        |
| (Increase)/ decrease in trade receivables   |          | 144.588                | (30.847)               |
| (Increase)/ decrease in inventories   |          | (135.704)              | (254.516)              |
| (Increase)/ decrease in other financial and non-financial assets                                    |          | 256.681                | (1.456)                |
| Increase/ (decrease) in trade payables and other financial liabilities                              |          | 37.398                 | 89.282                 |
| Increase/ (decrease) in other non-financial liabilities   |          | (634.976)              | 268.324                |
| Income tax paid (net of refund)   |          | (8.105)                | 224.172                |
| <b>Net cash flows from/ (used in) operating activities (A)</b>                                      |          | <b>(17.079)</b>        | <b>201.447</b>         |
| <b>Investing activities</b>   |          |                        |                        |
| Purchase of property, plant and equipment (including capital work-in-progress and capital advances) |          | -                      | (19.280)               |
| Interest received   |          | 0.941                  | 0.750                  |
| <b>Net cash flows from/ (used in) investing activities (B)</b>                                      |          | <b>0.941</b>           | <b>(18.530)</b>        |
| <b>Financing activities</b>   |          |                        |                        |
| Proceeds from long-term borrowings(net)   |          | (76.520)               | 175.046                |
| Contribution to Partner's current account   |          | 163.604                | (530.007)              |
| Proceeds from short-term borrowings   |          | 12.322                 | 280.000                |
| Interest paid (gross)   |          | (101.262)              | (81.703)               |
| <b>Net cash flows from/ (used in) financing activities (C)</b>                                      |          | <b>(1.856)</b>         | <b>(156.664)</b>       |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C)                                       |          | (17.994)               | 26.253                 |
| Cash and cash equivalents at the beginning of the year  | 8        | 46.356                 | 20.103                 |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>8</b> | <b>28.362</b>          | <b>46.356</b>          |

Summary of significant accounting policies 2

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

For S.Janardhan & Associates  
Firms' Registration No.005370S  
Chartered Accountants

B.Anand  
Partner  
Membership No.29146



For and on behalf of the Management Committee of  
Sobha City

For Sobha Limited  
Authorised Signature  
Subhash Mohan Bhat - CFO

For Sobha Developers Pune Ltd  
Authorised Signature  
M Radhakrishnan - Director

Place: Bengaluru, India  
Date:25-05-2021

Place: Bengaluru, India  
Date:25-05-2021

UDIN : 21029146 AAAAHH4304

Sobha City

REG NO: 709/2007-08

Notes to the financial statements for the year ended March 31, 2021

## 1 Corporate Information

Sobha City a registered Partnership Firm('Firm') was incorporated on June 11, 2007. The Firm is primarily engaged in procurement, sale and development of lands into a residential, commercial complex and plotted development.

The Firm is domiciled in India and registered under the provisions of the Indian Partnership Act. The registered office is located at Bengaluru, Karnataka and having a branch at Thrissur, Kerala.

## 2 Significant accounting policies

### 2.1 Basis of preparation

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

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

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

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

### 2.2 Summary of significant accounting policies

#### a) Revenue recognition

##### i. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Firm expects to be entitled in exchange for those goods or services. The Firm has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, credits, concessions and incentives, if any, as specified in the contract with the customer. The Firm presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

The Firm considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Firm considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### Recognition of revenue from real estate developments

Revenue from real estate development of residential unit is recognised at the point in time, when the control of the asset is transferred to the customer, which generally coincides with either of the two conditions as stated below -

- a) on transfer of legal title of the residential or commercial unit to the customer; or
- b) on transfer of physical procession of the residential or commercial unit to the customer and collection of complete

##### ii. Rental income from operating leases

Rental income receivable under operating leases (excluding variable rental income) is recognized in the income statement 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.

##### iii. 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 & 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 Firm 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 profit or 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 income statement 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.

**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.

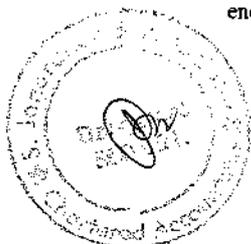
The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Firm depreciates them separately based on their specific useful lives.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

Though the Firm 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 de-recognized 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 profit or loss in the period of de-recognition.

**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 and Investment property**

Depreciation is calculated on straight line basis using the following useful lives prescribed under Schedule II, except where specified.

| Particulars   | Useful lives estimated by the management<br>(in years) |
|---|--|
| <b>Property, plant and equipment</b>                |  |
| 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   |
| Motor vehicles                                      | 8  |
| Computers   |  |
| i. Computer equipment                               | 3  |
| ii. Servers and network equipment                   | 6  |
| Office equipments                                   | 5  |
| <b>Investment property</b>                          |  |
| 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   |
| Computer equipment                                  | 3  |
| Furniture and fixtures                              | 10   |

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**

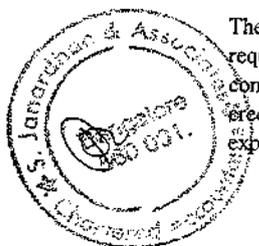
The Firm assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Firm estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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.

g) **Impairment of financial assets**

The Firm 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 Firm 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.



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Notes to the financial statements for the year ended March 31, 2021

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

The Firm 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 Firm 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 Firm generally run over a period ranging upto 5 years. Operating assets and liabilities relating to such projects are classified as current based on an operating cycle of upto 5 years. Borrowings in connection with such projects are classified as short-term (i.e. current) since they are payable over the term of the respective projects.

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

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



**i) Fair value measurement**

The Firm measures financial instruments, such as investments 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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
  - ▶ In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Firm.

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 Firm 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 (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 Firm 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*

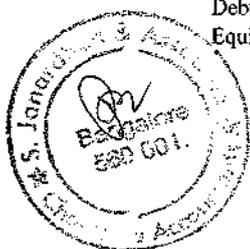
Initial recognition and measurement

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. 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 Firm 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 and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)



**Debt instruments at amortised cost**

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

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

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

**Debt instrument at FVTOCI**

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value 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.

In addition, the Firm may elect to designate a debt instrument, 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 Firm has not designated any debt instrument as at FVTPL.

**Equity investments in subsidiaries and joint ventures**

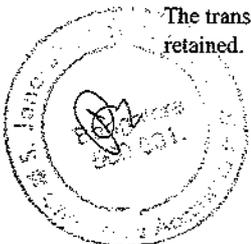
The Firm has availed the option available in Ind AS 27 to carry its investment in subsidiaries and joint ventures at cost. Impairment recognized, if any, is reduced from the carrying value.

**Derecognition**

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

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Firm 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 Firm has transferred substantially all the risks and rewards of the asset, or (b) the Firm has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Firm 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 Firm continues to recognise the transferred asset to the extent of the Firm's continuing involvement. In that case, the Firm 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 Firm has retained.



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Notes to the financial statements for the year ended March 31, 2021

*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 Firm'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 Firm. 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.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Firm prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is due within 12 months after reporting period. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Firm are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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.

**k) Borrowing costs**

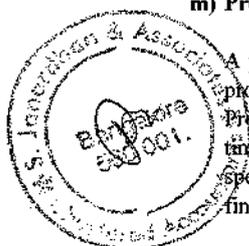
Borrowing costs directly attributable to acquisition/ construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time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

**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 Firm's cash management.

**m) 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.



**n) 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 Firm 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 Firm does not recognize a contingent liability but discloses its existence in the financial statements.

**o) 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.

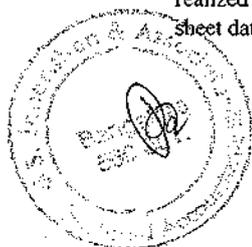
Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax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



p) Inventories

*Related to 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 - 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.
- ii. Finished goods - Flats: Valued at lower of cost and net realisable value.
- iii. Finished goods - Plots: Valued at lower of cost and net realisable value.
- iv. 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.
- v. Land inventory: Valued at lower of cost and net realisable value.

q) Leases

**Where the Firm is lessor**

Leases in which the Firm 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.

**3 Significant accounting 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 accounting 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.

i) **Classification of property**

The Firm 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 Firm, 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 Firm develops and intends to sell before or on completion of construction.



**Sobha City**

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**Notes to the financial statements for the year ended March 31, 2021**

**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 Firm 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 Firm. Such changes are reflected in the assumptions when they occur.

**i) Revenue recognition**

-Determination of performance obligations and timing of revenue recognition on revenue from real estate development (Refer

**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 Firm, based on comparable transactions identified by the Firm 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.



Sobha City  
Notes to the financial statements for the year ended March 31, 2021

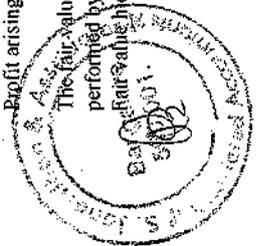
4 Investment Property

|                             | Other assets forming part of Building |                 |                     |                        |            | Total     |
|-----------------------------|---------------------------------------|-----------------|---------------------|------------------------|------------|-----------|
|                             | Freehold land                         | Other buildings | Plant and machinery | Furniture and fixtures | Equipments |           |
| Cost or valuation           |                                       |                 |                     |                        |            |           |
| At 1 April 2019             | 132.471                               | 1,773.263       | 116.956             | 24.311                 | 47.492     | 2,094.493 |
| Additions                   | -                                     | 7.541           | -                   | 11.740                 | -          | 19.281    |
| Disposals                   | -                                     | -               | -                   | -                      | -          | -         |
| At 31 March 2020            | 132.471                               | 1,780.804       | 116.956             | 36.051                 | 47.492     | 2,113.774 |
| Additions                   | -                                     | -               | -                   | -                      | -          | -         |
| Disposals                   | -                                     | -               | -                   | -                      | -          | -         |
| At 31 March 2021            | 132.471                               | 1,780.804       | 116.956             | 36.051                 | 47.492     | 2,113.774 |
| Depreciation and impairment |                                       |                 |                     |                        |            |           |
| At 1 April 2019             | -                                     | 87.028          | 22.969              | 7.109                  | 14.668     | 131.774   |
| Charge for the year         | -                                     | 28.196          | 7.407               | 2.685                  | 5.171      | 43.459    |
| Disposals                   | -                                     | -               | -                   | -                      | -          | -         |
| Other adjustments           | -                                     | -               | -                   | -                      | -          | -         |
| At 31 March 2020            | -                                     | 115.224         | 30.376              | 9.794                  | 19.839     | 175.233   |
| Charge for the year         | -                                     | 28.196          | 7.407               | 3.428                  | 4.298      | 43.329    |
| Disposals                   | -                                     | -               | -                   | -                      | -          | -         |
| At 31 March 2021            | -                                     | 143.420         | 37.783              | 13.222                 | 24.137     | 218.562   |
| Net Book value              |                                       |                 |                     |                        |            |           |
| At 31 March 2021            | 132.471                               | 1,637.384       | 79.173              | 22.829                 | 23.355     | 1,895.212 |
| At 31 March 2020            | 132.471                               | 1,665.580       | 86.580              | 26.257                 | 27.653     | 1,938.541 |

|  | Information regarding income and expenditure of investment property |           |
|--|---|-----------|
|  | 31-Mar-21   | 31-Mar-20 |
| Rental income derived from investment properties                                       | 165.606   | 292.133   |
| Direct operating expenses (including repairs and maintenance) generating rental income | (84.094)  | (156.592) |
| Profit arising from investment properties before depreciation and indirect expenses    | 81.512  | 135.541   |
| Less:- Depreciation  | 40.248  | 40.377    |
| Profit arising from investment properties before indirect expenses                     | 41.264  | 95.164    |

The fair value of investment property is ₹ 2,923 million (March 31, 2020 - ₹ 2,805 million). These valuations are based on valuations performed by an independent valuer.

The fair value hierarchy for investment properties have been provided in Note 29



## 5 Investments

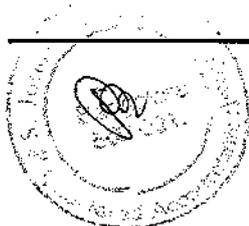
|  | 31-Mar-21    | 31-Mar-20    |
|--|--------------|--------------|
|  | ₹ million    | ₹ million    |
| <b>Non-current investments:</b>  |              |              |
| <b>Investments carried at cost</b>   |              |              |
| <b>Trade investments (valued at cost unless stated otherwise)</b>  |              |              |
| <b>Unquoted equity shares</b>  |              |              |
| <i>Investment in subsidiaries</i>  |              |              |
| 9,999 (March 31, 2020 - 9,999) Class A equity shares of `10 each fully paid-up in Vayaloor Builders Private Limited. | 0.100        | 0.100        |
| 9,999 (March 31, 2020 - 9,999) Class A equity shares of `10 each fully paid-up in Vayaloor Builders Private Limited. | 0.100        | 0.100        |
| 9,999 (March 31, 2020 - 9,999) Class A equity shares of `10 each fully paid-up in Vayaloor Builders Private Limited. | 0.100        | 0.100        |
| 9,999 (March 31, 2020 - 9,999) Class A equity shares of `10 each fully paid-up in Vayaloor Builders Private Limited. | 0.100        | 0.100        |
| 9,999 (March 31, 2020 - 9,999) Class A equity shares of `10 each fully paid-up in Vayaloor Builders Private Limited. | 0.100        | 0.100        |
| 9,999 (March 31, 2020 - 9,999) Class A equity shares of `10 each fully paid-up in Vayaloor Builders Private Limited. | 0.100        | 0.100        |
| <b>Total investments carried at cost</b>   | <b>0.600</b> | <b>0.600</b> |
| <b>Total investments</b>   | <b>0.600</b> | <b>0.600</b> |

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

| Name of Partner                              | Share of partner in profits (%) |            |
|--|---------------------------------|------------|
|  | 31-Mar-21                       | 31-Mar-20  |
| Sobha Limited                                | 99%                             | 99%        |
| Sobha Developers (Pune) Limited              | 1%                              | 1%         |
| <b>Total capital of the firm (₹ million)</b> | <b>400</b>                      | <b>400</b> |

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

|                  | 31-Mar-21        | 31-Mar-20        |
|------------------|------------------|------------------|
|                  | ₹ million        | ₹ million        |
| Land stock       | 569.975          | 569.975          |
| Work-in-progress | 576.443          | 440.739          |
|                  | <b>1,146.418</b> | <b>1,010.714</b> |



## 7 Trade receivables

|   | ₹ million      |                      |           |                          |
|---|----------------|----------------------|-----------|--------------------------|
|   | 31-Mar-21      | Current<br>31-Mar-20 | 31-Mar-21 | Non-current<br>31-Mar-20 |
| Trade receivables   | 142.895        | 287.483              | -         | -                        |
| <b>Total Trade receivables</b>  | <b>142.895</b> | <b>287.483</b>       | <b>-</b>  | <b>-</b>                 |
| <b>Break up of security details and more than 6 months overdue:</b>                         |                |                      |           |                          |
| <i>Outstanding for a period exceeding six months from the date they are due for payment</i> |                |                      |           |                          |
| Unsecured, considered good  | 82.826         | 180.312              | -         | -                        |
|   | 82.826         | 180.312              | -         | -                        |
| <i>Other receivables</i>  |                |                      |           |                          |
| Unsecured, considered good  | 60.069         | 107.171              | -         | -                        |
|   | 60.069         | 107.171              | -         | -                        |
| <b>Total Trade receivables</b>  | <b>142.895</b> | <b>287.483</b>       | <b>-</b>  | <b>-</b>                 |

## 8 Cash and cash equivalents

|                             | ₹ million |                      |           |                          |
|-----------------------------|-----------|----------------------|-----------|--------------------------|
|                             | 31-Mar-21 | Current<br>31-Mar-20 | 31-Mar-21 | Non-current<br>31-Mar-20 |
| <i>Balances with banks:</i> |           |                      |           |                          |
| – On current accounts       | 28.357    | 46.299               | -         | -                        |
| Cash on hand                | 0.005     | 0.057                | -         | -                        |
|                             | 28.362    | 46.356               | -         | -                        |
|                             | 28.362    | 46.356               | -         | -                        |

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

|                             | 31-Mar-21 | 31-Mar-20 |
|-----------------------------|-----------|-----------|
|                             | ₹ million | ₹ million |
| <i>Balances with banks:</i> |           |           |
| – On current accounts       | 28.357    | 46.299    |
| Cash on hand                | 0.005     | 0.057     |
|                             | 28.362    | 46.356    |



## Sobha City

Notes to the financial statements for the year ended March 31, 2021

## 9 Other financial assets

|  | ₹ million |                      |           |                          |
|--|-----------|----------------------|-----------|--------------------------|
|  | 31-Mar-21 | Current<br>31-Mar-20 | 31-Mar-21 | Non-current<br>31-Mar-20 |
| <b>Security deposit</b>                                |           |                      |           |                          |
| <i>Unsecured, considered good</i>                      |           |                      |           |                          |
| Refundable deposit towards joint development agreement |           |                      |           |                          |
| Security deposit - Others                              | -         | -                    | 8.730     | 8.730                    |
|  | -         | -                    | 8.730     | 8.730                    |
| <b>Others</b>  |           |                      |           |                          |
| Unbilled revenue                                       | 25.953    | -                    | -         | -                        |
|  | 25.953    | -                    | 8.730     | 8.730                    |

## 10 Other assets

|  | ₹ million |                      |           |                          |
|--|-----------|----------------------|-----------|--------------------------|
|  | 31-Mar-21 | Current<br>31-Mar-20 | 31-Mar-21 | Non-current<br>31-Mar-20 |
| <b>Advances recoverable in cash or kind</b>    |           |                      |           |                          |
| <i>Unsecured considered good</i>               |           |                      |           |                          |
| Unsecured considered good                      | 7.427     | 7.464                | -         | -                        |
| <b>Others</b>                                  |           |                      |           |                          |
| Prepaid expenses                               | 0.116     | 0.133                | -         | -                        |
| Balances with statutory/government authorities | 16.920    | 299.500              | -         | -                        |
|  | 24.463    | 307.097              | -         | -                        |



Sobha City

Notes to the financial statements for the year ended March 31, 2021

11 Partners Capital

|                                 | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|---------------------------------|------------------------|------------------------|
| Sobha Limited                   | 399.990                | 399.990                |
| Sobha Developers (Pune) Limited | 0.010                  | 0.010                  |
| Total capital                   | 400.000                | 400.000                |

| Name of Partner                 | Share of partner in profits (%) |           |
|---------------------------------|---------------------------------|-----------|
|                                 | 31-Mar-21                       | 31-Mar-20 |
| Sobha Limited                   | 99                              | 99        |
| Sobha Developers (Pune) Limited | 1                               | 1         |

12 Partners Current Account and Other equity

|   | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|---|------------------------|------------------------|
| <b>Partners Current account : Sobha Limited</b>                 |                        |                        |
| Balance at the beginning of the year                            | 521.266                | 1,034.462              |
| Share of Profit transferred during the year                     | 138.399                | 16.811                 |
| Transfers during the year                                       | 163.604                | (530.007)              |
| <b>Closing balance</b>  | <b>823.269</b>         | <b>521.266</b>         |
| <b>Partners Current account : Sobha Developers Pune Limited</b> |                        |                        |
| Balance at the beginning of the year                            | 5.593                  | 5.423                  |
| Share of Profit transferred during the year                     | 1.398                  | 0.170                  |
| <b>Closing balance</b>  | <b>6.991</b>           | <b>5.593</b>           |
| <b>Total other equity</b>                                       | <b>830.260</b>         | <b>526.859</b>         |



13 Borrowings

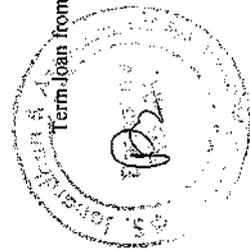
|  | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|--|------------------------|------------------------|
| <b>Non-current Borrowings</b>  |                        |                        |
| Secured loans  |                        |                        |
| Term loans from bank   | 802.256                | 873.298                |
| Less : Amount disclosed under the head "other current financial liabilities" (refer note 15) | 76.519                 | 71.041                 |
| Net Amount   | 725.737                | 802.257                |
| <b>Total non-current Borrowings</b>  | <b>725.737</b>         | <b>802.257</b>         |
| <b>Current Borrowings</b>  |                        |                        |
| Secured loans  |                        |                        |
| Term loans from bank*  | 292.322                | 280.000                |
| Net amount   | 292.322                | 280.000                |
| <b>Total current Borrowings</b>  | <b>292.322</b>         | <b>280.000</b>         |

\* Term loan from banks and financial institutions represents amount repayable within the operating cycle. Amount payable within twelve months Rs.288 mn

**Non-current Borrowings**

(i) Secured loans

| Particulars         | Amount outstanding<br>( ₹ million) |           | Effective<br>Interest rate | Security details   | Repayment terms   |
|---------------------|------------------------------------|-----------|----------------------------|--|---|
|                     | 31-Mar-21                          | 31-Mar-20 |                            |  |   |
| Term loan from bank | 572.391                            | 627.212   | 7%-9%                      | Secured by equitable mortgage of certain land of the group companies and Firm's Commercial Land and Building, equipments, plant and machinery and its receivables. Corporate Guarantee of group Company. | Repayable in 126 Monthly installments of multiple payment pattern starting from 15th January,2018 |
| Term loan from bank | 229.865                            | 246.086   | 7%-9%                      | Secured by equitable mortgage of certain land of the group companies and Firm's Commercial Land and Building, equipments, plant and machinery and its receivables. Corporate Guarantee of group Company. | Repayable in 126 Monthly installments of multiple payment pattern starting from 12th January,2020 |



Current Borrowings

(i) Secured loans

| Particulars          | Amount outstanding<br>(₹ million) | Effective<br>Interest rate | Security details | Repayment terms  |  |
|----------------------|-----------------------------------|----------------------------|------------------|--|--|
|                      | 31-Mar-21                         | 31-Mar-20                  |                  |  |  |
| Term loans from bank | 292.322                           | 280.000                    | 9%-11%           | Secured against equitable mortgage of certain project specific Inventory and receivable of the Firm and the project land held by four subsidiaries of the Firm. Corporate Guarantees of group Company. | Repayable in 7 equal quarterly instalments after the moratorium period of 21 months from the date of disbursement. |



**14 Trade payables**

|  | 31-Mar-21     | 31-Mar-20     |
|--|---------------|---------------|
|  | ₹ million     | ₹ million     |
| <b>Trade payables</b>  |               |               |
| - Total outstanding dues of micro enterprises and small enterprises (refer note 26 for details of dues to micro and small enterprises) | -             | -             |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises   | 32.743        | 34.996        |
|  | <b>32.743</b> | <b>34.996</b> |

Terms and conditions of the above financial liabilities:

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

-Trade payables of related parties are disclosed in the note 28

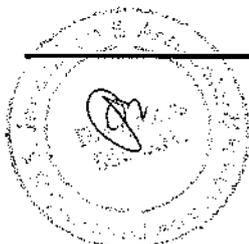
For explanations on the Firm's credit risk management processes, refer to note 30

**15 Other financial liabilities**

|  | 31-Mar-21      | 31-Mar-20      |
|--|----------------|----------------|
|  | ₹ million      | ₹ million      |
| <b>Current</b>   |                |                |
| Current maturities of long-term borrowings (refer note 13) | 76.519         | 71.041         |
| Interest accrued but not due on borrowings                 | 5.131          | 5.699          |
| Deferred lease rental                                      | 21.866         | -              |
| Lease deposit  | 52.603         | 76.275         |
| <b>Others</b>  |                |                |
| Security deposit towards maintenance services              | 90.286         | 54.307         |
| Payable to related parties (refer note 28)                 | 13.113         | 13.113         |
| <b>Total current other financial liabilities</b>           | <b>259.518</b> | <b>220.435</b> |
| <b>Total other financial liabilities</b>                   | <b>259.518</b> | <b>220.435</b> |

**16 Other liabilities**

|                                | 31-Mar-21      | 31-Mar-20        |
|--------------------------------|----------------|------------------|
|                                | ₹ million      | ₹ million        |
| Advance from customers         | 679.095        | 1,316.200        |
| Withholding taxes payable      | 1.214          | 1.486            |
| Others                         | 10.542         | 7.083            |
| Kerala Flood Cess payable      | 0.001          | 1.058            |
| <b>Total Other liabilities</b> | <b>690.852</b> | <b>1,325.827</b> |



## 17 Revenue from operations

|                                  | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|----------------------------------|------------------------|------------------------|
| <b>Revenue from operations</b>   |                        |                        |
| Sale of products/ finished goods |                        |                        |
| Income from property development | 51.889                 | 48.726                 |
| Other operating revenue          |                        |                        |
| Income from maintenance services | 86.119                 | 100.538                |
| Income from Rental services      | 86.112                 | 191.595                |
| Others                           | 181.105                | -                      |
| <b>Total</b>                     | <b>405.225</b>         | <b>340.859</b>         |

## 18 Other income

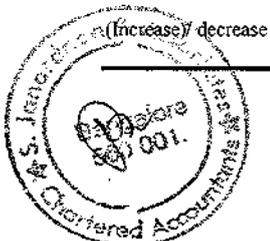
|                            | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|----------------------------|------------------------|------------------------|
| Other non-operating income | 0.074                  | 0.032                  |
| Sundry balances write back | -                      | 3.544                  |
|                            | <b>0.074</b>           | <b>3.576</b>           |

## 19 Finance income

|                    | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|--------------------|------------------------|------------------------|
| Interest income on |                        |                        |
| Others             | 0.941                  | 0.750                  |
|                    | <b>0.941</b>           | <b>0.750</b>           |

## 20 (Increase)/ decrease in inventories

|  | ₹ million<br>31-Mar-21 | ₹ million<br>31-Mar-20 |
|--|------------------------|------------------------|
| Inventories at the end of the year       |                        |                        |
| Land stock                               | 569.975                | 569.975                |
| Work-in-progress                         | 576.443                | 440.739                |
|  | <b>1,146.418</b>       | <b>1,010.714</b>       |
| Inventories at the beginning of the year |                        |                        |
| Land stock                               | 569.975                | 570.686                |
| Work-in-progress                         | 440.739                | 185.512                |
|  | <b>1,010.714</b>       | <b>756.198</b>         |
|  | <b>1,010.714</b>       | <b>756.198</b>         |
|  | <b>(135.704)</b>       | <b>(254.516)</b>       |



**21 Depreciation and amortization expense**

|                                       | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|---------------------------------------|------------------------|------------------------|
| Depreciation of investment properties | 40,248                 | 40,377                 |
| Depreciation of Other assets          | 3,081                  | 3,082                  |
|                                       | <u>43,329</u>          | <u>43,459</u>          |

**22 Other expenses**

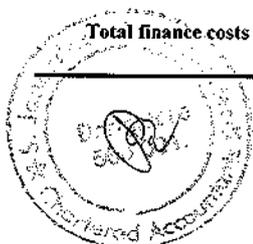
|  | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|--|------------------------|------------------------|
| Power and fuel                                   | 42,095                 | 74,382                 |
| Rates and taxes                                  | 11,481                 | 5,816                  |
| Insurance  | 1,541                  | 1,955                  |
| Property maintenance expenses                    | 26,905                 | 46,025                 |
| Advertising and sales promotion consultancy fees | 2,077                  | 8,381                  |
| Brokerage and discounts                          | -                      | 0,405                  |
| Travelling and conveyance                        | 0,046                  | 0,087                  |
| Communication costs                              | 0,178                  | 0,185                  |
| Printing and stationery                          | 0,088                  | 0,111                  |
| Legal and professional fees                      | 18,609                 | 24,155                 |
| Payment to auditor (Refer details below)         | 0,245                  | 0,230                  |
| Repurchase cost of the unit                      | -                      | 7,541                  |
| Sundry Balances written off                      | -                      | 8,798                  |
| Miscellaneous expenses                           | 7,976                  | 11,230                 |
| Less : Amount transferred to fixed asset         | -                      | (7,541)                |
|  | <u>111,241</u>         | <u>181,760</u>         |

**Payment to auditor**

|                    | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|--------------------|------------------------|------------------------|
| As auditor:        |                        |                        |
| Audit fee          | 0,060                  | 0,060                  |
| In other capacity: |                        |                        |
| Taxation matters   | 0,185                  | 0,170                  |
|                    | <u>0,245</u>           | <u>0,230</u>           |

**23 Finance costs**

|                            | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|----------------------------|------------------------|------------------------|
| Interest                   |                        |                        |
| - On borrowings            | 97,015                 | 78,483                 |
| - Others                   | 3,654                  | 3,730                  |
| Bank charges               | 0,025                  | 0,039                  |
|                            | <u>100,694</u>         | <u>82,252</u>          |
| <b>Total finance costs</b> | <u>100,694</u>         | <u>82,252</u>          |



**Sobha City****Notes to the financial statements for the year ended March 31, 2021**

24 There is no expenditure or earnings in Foreign exchange during the period.

25 **Commitments and contingencies**

**a. Leases**

**Operating lease commitments - Firm as lessor**

The Firm has entered into commercial property leases on its fixed assets. These operating leases have variable terms ranging from 12 months to 36 months upto 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 Firm has recognised ₹ 86.112 million (March 31, 2020 - ₹ 191.595 million) during the year towards lease rental income.

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

| Particulars                                 | 31-Mar-21<br>₹ million | 31-Mar-20<br>₹ million |
|---|------------------------|------------------------|
| Within one year                             | 27.915                 | 37.388                 |
| After one year but not more than five years | 0.593                  | 24.556                 |
| <b>Total</b>                                | <b>28.508</b>          | <b>61.944</b>          |

**b. Contingent Liability:**

**i) Tax Disputes**

| Particulars                        | 31-Mar-21 | 31-Mar-20 |
|------------------------------------|-----------|-----------|
|                                    | ₹ million |           |
| Service tax matters in dispute     | 147.287   | 147.287   |
| Value added tax matters in dispute | 181.745   | 143.348   |
| Income tax matters in dispute      | 34.924    | 70.584    |

**ii) Other Disputes**

The Firm is subject to legal proceedings and claims, which have arisen in the ordinary course of business, 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.

26 There are no dues to any party covered under Micro, Small and medium Enterprises Development Act, 2006, and hence information required under the said Act has not been furnished.

27 The provision of Gratuity and other related acts are not applicable and hence no such provisions are made.



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

**a ) List of Related Parties**

**Partner:**

Sobha Limited  
Sobha Developers (Pune) Limited

**Other Related Parties :**

Allapuzha Fine Real Estate Private Limited  
Aluva Realtors Private Limited  
Annalakshmi Land Developers Private Limited  
Bikasa Properties Private Limited  
Bikasa Realestates Private Limited  
Bikasa Realtors Private Limited  
Chennai Supercity Developers Private Limited  
Chikmangaloor Builders Private Limited  
Chikmangaloor Developers Private Limited  
Chikmangaloor Properties Private Limited  
Chikmangaloor Realtors Private Limited  
Cochin Cyber City Private Limited  
Cochin Cyber Estates Private Limited  
Cochin Cyber Golden Properties Private Limited  
Cochin Cyber Value Added Properties Private Limited  
Cochin Realtors Private Limited  
Daram Cyber Builders Private Limited  
Daram Cyber Developers Private Limited  
Daram Cyber Properties Private Limited  
Daram Lands Real Estate Private Limited  
Greater Cochin Cybercity Private Limited  
Greater Cochin Developers Private Limited  
Greater Cochin Properties Private Limited  
Greater Cochin Realtors Private Limited  
HBR Consultants Private Limited  
Hill And Menon Securities Private Limited  
Ilupur Builders Private Limited  
Ilupur Developers Private Limited  
Ilupur Properties Private Limited  
Ilupur Real Estate Private Limited  
Ilupur Realtors Private Limited  
Indeset Electromechanical Private Limited  
Indeset Steel Private Limited  
Kaloor Realtors Private Limited  
Kaveripuram Developers Private Limited  
Kilai Builders Private Limited  
Kilai Properties Private Limited  
Kilai Super Developers Private Limited  
Kottaiyur Developers Private Limited  
Kottaiyur Real Estates Private Limited  
Kottaiyur Realtors Private Limited  
Kuthavakkam Builders Private Limited  
Kuthavakkam Developers Private Limited  
Kuthavakkam Properties Private Limited  
Kuthavakkam Realtors Private Limited  
Lotus Manpower Consultants Services Private Limited  
Mamballi Builders Private Limited  
Mannur Builders Private Limited  
Mannur Properties Private Limited  
Mannur Real Estate Private Limited  
Mapedu Builders Private Limited  
Mapedu Real Estates Private Limited  
Mapedu Realtors Private Limited  
Marina Realtors Private Limited  
Sobha Tambaram Developers Limited  
Moolamcode Traders Private Limited  
Nasarapet Developers Private Limited  
Nasarapet Properties Private Limited  
Nasarapet Realtors Private Limited  
Navabhusan Properties And Developers Private Limited  
Oman Builders Private Limited  
Padma Lochana Enterprises Private Limited

**Subsidiaries:**

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

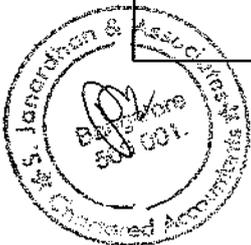
**Other Related Parties :**

Pallavur Projects Private Limited  
Paramakudi Properties Private Limited  
Perambakkam Builders Private Limited  
PNC Switchgears Private Limited  
Perambakkam Properties Private Limited  
Pillaipakkam Properties Private Limited  
Pillaipakkam Builders Private Limited  
PNC Lighting Solutions Private Limited  
PNC Technologies Private Limited  
Punkunnam Builders And Developers Private Limited  
Puzhakkal Developers Private Limited  
Red Lotus Facility Services Private Limited  
Red Lotus Metal Works Facilities And Services Private Limited  
Red Lotus Realtors Private Limited  
Royal Interiors Private Limited  
Rusoh Fine Builders Private Limited  
Rusoh Home Developers Private Limited  
Rusoh Marina Properties Private Limited  
Rusoh Modern Builders Private Limited  
Rusoh Modern Developers Private Limited  
Rusoh Modern Properties Private Limited  
S.B.G Housing Private Limited  
Santhavellur Builders Private Limited  
Santhavellur Developers Private Limited  
Santhavellur Realtors Private Limited  
Sengadu Builders Private Limited  
Sengadu Developers Private Limited  
Sengadu Properties Private Limited  
Sengadu Realestates Private Limited  
Sengadu Realtors Private Limited  
Sobha Academy Private Limited  
Sobha Assets Private Limited  
Sobha Aviation And Engineering Services Private Limited  
Sobha Contracting Private Limited  
Sobha Electro Mechanical Private Limited  
Sobha Glazing And Metal Works Private Limited  
Sobha Highrise Ventures Private Limited  
Sobha Hitechcity Developers Private Limited  
Sobha Innercity Technopolis Private Limited  
Sobha Interiors Private Limited  
Sobha Jewellery Private Limited  
Sobha Mapletree Developers Private Limited  
Sobha Projects And Trade Private Limited  
Sobha Puravankara Aviation Private Limited  
Sobha Space Private Limited  
Sobha Technocity Private Limited  
Sri Durga Devi Property Management Private Limited  
Sri Kanakadurga Property Developers Private Limited  
Sri Parvathy Land Developers Private Limited  
Sunbeam Projects Private Limited  
Technobuild Developers Private Limited  
Thakazhi Developers Private Limited  
Thakazhi Realtors Private Limited  
Sobha Nadambakkam Developers Limited  
Thiruchour Developers Private Limited  
Tirur Cyber Real Estates Private Limited  
Thiruchour Builders Private Limited  
Valasai Vettikadu Builders Private Limited  
Valasai Vettikadu Properties Private Limited  
Valasai Vettikadu Real Estate Private Limited  
Sri Kurumba Trust  
Lotus Manpower Services



b) Transactions with Related Parties

| Nature of transaction                      | Description of relationship | Name of the Related party                  | 31-Mar-21 | 31-Mar-20 |
|--|-----------------------------|--|-----------|-----------|
|  |                             |  | ₹ million | ₹ million |
| Balance Receivable                         | Other Related Parties       | Technobuild Developers Private Limited     | 6.283     | 6.283     |
| Purchase of goods and services             | Partner                     | Sobha Limited                              | 108.557   | 260.403   |
| Balance Payable                            | Subsidiaries                | Sobha Projects and Trade Private Limited   | 13.113    | 13.113    |
|  |                             | Valasai Vettikadu Realtors Private Limited | 1.367     | 1.371     |
|  |                             | Vayaloor Builders Private Limited          | 3.137     | 3.142     |
|  |                             | Vayaloor Developers Private Limited        | 3.078     | 3.083     |
|  |                             | Vayaloor Properties Private Limited        | 1.902     | 1.905     |
|  |                             | Vayaloor Real Estate Private Limited       | 3.157     | 3.164     |
|  |                             | Vayaloor Realtors Private Limited          | 0.678     | 0.682     |
| Investment in Equity Shares of Rs.10/-each | Subsidiaries                | Valasai Vettikadu Realtors Private Limited | 0.100     | 0.100     |
|  |                             | Vayaloor Builders Private Limited          | 0.100     | 0.100     |
|  |                             | Vayaloor Developers Private Limited        | 0.100     | 0.100     |
|  |                             | Vayaloor Properties Private Limited        | 0.100     | 0.100     |
|  |                             | Vayaloor Real Estate Private Limited       | 0.100     | 0.100     |
|  |                             | Vayaloor Realtors Private Limited          | 0.100     | 0.100     |
| Rent and Maintenance charges Received      | Partner                     | Sobha Limited                              | 1.113     | 1.571     |
| Current Account amount Received(net)       | Partner                     | Sobha Limited                              | 163.604   | -         |
| Current Account amount drawn(net)          | Partner                     | Sobha Limited                              | -         | 530.007   |
| Share of Profit                            | Partner                     | Sobha Limited                              | 138.399   | 16.811    |
|  |                             | Sobha Developers Pune Limited              | 1.398     | 0.170     |
| Current account Balance Payable            | Partner                     | Sobha Limited                              | 823.269   | 521.266   |
|  |                             | Sobha Developers Pune Limited              | 6.991     | 5.593     |
| Guarantees Received                        | Partner                     | Sobha Limited                              | 1,490.000 | 1,153.298 |
|  |                             | Sobha Developers Pune Limited              |           |           |
|  | Subsidiaries                | Vayaloor Builders Private Limited          |           |           |
|  |                             | Vayaloor Properties Private Limited        |           |           |
|  |                             | Vayaloor Real Estate Private Limited       |           |           |
|  |                             | Vayaloor Developers Private Limited        |           |           |
| Partner                                    | Sobha Limited               | 8.775                                      | 8.775     |           |

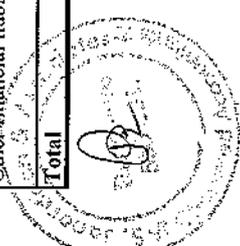


**Sobha City**  
Notes to the financial statements for the year ended March 31, 2021

**29 Fair value measurements**

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

| Particulars                   | As at March 31, 2021 |                                   |                   |              | As at March 31, 2020              |                   |          |  |
|-------------------------------|----------------------|-----------------------------------|-------------------|--------------|-----------------------------------|-------------------|----------|--|
|                               | At Cost              | Fair value through profit or loss | At Amortised Cost | At Cost      | Fair value through profit or loss | At Amortised Cost | At Cost  |  |
|                               |                      |                                   |                   |              |                                   |                   |          |  |
| <b>Financial assets</b>       |                      |                                   |                   |              |                                   |                   |          |  |
| Investments                   | 0.600                | -                                 | -                 | 0.600        | -                                 | -                 | -        |  |
| Trade receivables             | -                    | -                                 | 142.895           | -            | -                                 | 287.483           | -        |  |
| Cash and cash equivalents     | -                    | -                                 | 28.362            | -            | -                                 | 46.356            | -        |  |
| Other current financial asset | -                    | -                                 | 34.683            | -            | -                                 | 8.730             | -        |  |
| <b>Total</b>                  | <b>0.600</b>         | <b>-</b>                          | <b>205.940</b>    | <b>0.600</b> | <b>-</b>                          | <b>342.569</b>    | <b>-</b> |  |
| <b>Financial liabilities</b>  |                      |                                   |                   |              |                                   |                   |          |  |
| Borrowings                    | -                    | -                                 | 1,018,059         | -            | -                                 | 1,082,257         | -        |  |
| Trade payables                | -                    | -                                 | 32,743            | -            | -                                 | 34,996            | -        |  |
| Other financial liabilities   | -                    | -                                 | 259,518           | -            | -                                 | 220,435           | -        |  |
| <b>Total</b>                  | <b>-</b>             | <b>-</b>                          | <b>1,310,320</b>  | <b>-</b>     | <b>-</b>                          | <b>1,337,688</b>  | <b>-</b> |  |



b) Fair value hierarchy

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

| Particulars                               | As at March 31, 2021 |            |                  | As at March 31, 2020 |            |          | ₹ million        |
|---|----------------------|------------|------------------|----------------------|------------|----------|------------------|
|   | Carrying amount      | Fair value |                  | Carrying amount      | Fair value |          |                  |
|   |                      | Level 1    | Level 2          |                      | Level 1    | Level 2  |                  |
| Assets for which fair value are disclosed |                      |            |                  |                      |            |          |                  |
| Investment properties                     | 1,895,212            | -          | 2,923,000        | 1,938,541            | -          | -        | 2,805,000        |
|   | <b>1,895,212</b>     | <b>-</b>   | <b>2,923,000</b> | <b>1,938,541</b>     | <b>-</b>   | <b>-</b> | <b>2,805,000</b> |

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 period.

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



### 30 Financial risk management objectives and policies

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

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

#### A Market risk

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

The sensitivity analyses in the following section relate to the position as at March 31, 2021 and March 31, 2020.

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

##### 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 Firm's exposure to the risk of changes in market interest rates relates primarily to the Firm's short-term debt obligations with floating interest rates.

The Firm manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Firm 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 loans and borrowings affected. With all other variables held constant, the Firm's profit before tax is affected through the impact on floating rate borrowings, as follows:

|                      |           | ₹ million                        |
|----------------------|-----------|----------------------------------|
|                      | Increase/ | Effect on profit<br>before tax * |
| <b>31 March 2021</b> |           |                                  |
| INR                  | +1%       | 7.680                            |
| INR                  | -1%       | (7.680)                          |
| <b>31 March 2020</b> |           |                                  |
| INR                  | +1%       | 8.413                            |
| INR                  | -1%       | (8.413)                          |

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

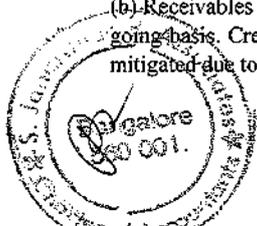
#### B Credit risk

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 Firm is exposed to credit risk from its operating activities (primarily trade receivables) and investing activities (short term bank deposits).

##### 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 Firm's credit risk in this respect.

(b) Receivables resulting from leasing of properties: Firm 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.



### Financial instrument and cash deposits

Credit risk from balances with banks and financial institutions is managed by the firm's treasury department in accordance with the Firm'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 Firm's Management Committee 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 Firm's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2021 and 2020 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 Firm'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 Firm's financial liabilities based on contractual undiscounted payments.

|                                  | On demand      | Less than 3 months | 3 to 12 months | 1 to 5 years   | > 5 years | ₹ million<br>Total |
|----------------------------------|----------------|--------------------|----------------|----------------|-----------|--------------------|
| <b>Year ended March 31, 2021</b> |                |                    |                |                |           |                    |
| Borrowings                       | -              | 72.000             | 216.00         | 4.32           | -         | 292.322            |
| Other financial liabilities      | 103.400        | 23.578             | 58.072         | 74.470         | -         | 259.519            |
| Trade payables                   | 32.743         | -                  | -              | -              | -         | 32.743             |
|                                  | <b>136.142</b> | <b>95.578</b>      | <b>274.072</b> | <b>78.792</b>  | <b>-</b>  | <b>584.584</b>     |
| <b>Year ended March 31, 2020</b> |                |                    |                |                |           |                    |
| Borrowings                       | -              | -                  | -              | 280.00         | -         | 280.000            |
| Other financial liabilities      | 67.420         | 23.002             | 53.738         | 76.275         | -         | 220.435            |
| Trade payables                   | 32.74          | -                  | -              | -              | -         | 32.743             |
|                                  | <b>100.163</b> | <b>23.002</b>      | <b>53.738</b>  | <b>356.275</b> | <b>-</b>  | <b>533.178</b>     |



**Sobha City**

Notes to the financial statements for the year ended March 31, 2021

**31 Capital management**

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

The Firm 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 Firm may adjust the payment to partners, return capital to Partners or issue new shares. The Firm monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Firm includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

|   | ₹ million        |                  |
|---|------------------|------------------|
|   | 31-Mar-21        | 31-Mar-20        |
| Borrowings (Note 13)                                | 1,018.059        | 1,082.257        |
| Trade payables (Note 14)                            | 32.743           | 34.996           |
| Other payables (Note 15 and Note 16)                | 950.370          | 1,546.262        |
| Less: Cash and cash equivalents (Note 8)            | (28.362)         | (46.356)         |
| <b>Net debt</b>                                     | <b>1,972.810</b> | <b>2,617.159</b> |
| Partners Capital (Note 11)                          | 400.000          | 400.000          |
| Partners Current account and Other Equity (Note 12) | 830.260          | 526.859          |
| <b>Total capital</b>                                | <b>1,230.260</b> | <b>926.859</b>   |
| <b>Capital and net debt</b>                         | <b>3,203.070</b> | <b>3,544.018</b> |
| Gearing ratio                                       | 61.59%           | 73.85%           |

In order to achieve this overall objective, the Firm'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, 2021 and March 31, 2020.

**32 Prior year comparatives**

The figures of the previous year have been regrouped/reclassified, where necessary, to confirm with the current year's classification.

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

As per our report of even date

For S. Janardhan & Associates

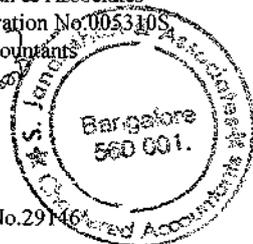
Firms' Registration No. 0053105

Chartered Accountants



B. Anand  
Partner

Membership No. 29146



For and on behalf of the Management Committee of

Sobha City



For Sobha Limited  
Authorised Signature  
Subhash Mohan Bhat - CFO



For Sobha Developers Pune Ltd  
Authorised Signature  
M Radhakrishnan - Director

Place: Bengaluru, India

Date: 25-05-2021

Place: Bengaluru, India

Date: 25-05-2021

UDIN: 2102914C AAAA HH4304