



PASSION AT WORK

Redefining spaces

Reaching new heights





At Sobha we are in the business of transforming wide open spaces into timeless soaring structures. We are constantly striving to reach the pinnacle of perfection that the towers on the cover page personify.

While we have met with unbelievable success on our path to the top, the foundation for every project is symbolic of Sobha being a well-anchored company. Our continuing quest to satisfy the customer with uncompromising standards ensures that Sobha creates spaces with a guarantee of quality. Our focus on backward integration enables us to be a one-stop destination, providing solutions at every stage of the construction process and ensure adequate attention to the smallest detail. It gives an added impetus in our quest for perfection.

In this annual report we share with you our path-breaking journey to success.

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Vision

Transform the way people perceive 'Quality'

Mission

No Short-cuts to Quality

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Philosophy

Passion at Work





“

Discipline, Commitment and Perfection are the key to success and there is no short-cut to quality.

”

P.N. C. Menon
Chairman



■ Chairman's Statement

Dear Shareholder,

First of all, I wish to thank each one of you for your excellent response to our Initial Public Offer which was over subscribed 126 times excluding employee reservation and was voted the IPO of the year.

This is my first direct interaction with you all and I am happy to address you with an excellent performance by your Company during the year 2006-07. I am also aware of the high expectations that you have in the future of your Company. Sobha Developer's underlying philosophy which drives its passion is its uncompromising adherence to world-class quality.

Your Company's primary focus continues to be "Customer Delight" and we endeavour to create and nurture a satisfying relationship lasting the entire period of our association including post-delivery maintenance. To achieve this we have put in place a structured, highly process driven and trained management team.

It is our avowed objective to produce a 'zero-error' product with the highest quality standards and deliver it to the customer on time. For the customer it should translate to 'more value for money'.

Sobha puts a lot of emphasis on continuous training of its human resources. The biggest challenge today is to continuously train and retrain the human capital. I compare training with charging of a battery. Our exponential growth would not have been possible but for the high quality of our manpower.

In the Indian scenario with an average economic growth of 8.4% and a burgeoning urban growth, housing plays a crucial role. Your Company has already initiated steps to extend operations in eight more cities in India. Necessary land has already been procured and projects are on the anvil for launch in the next 12 months in Phase I.

Our challenge today is scalability. With a scalable contracting model and a unique backward integration model comprising of an In-house Architectural Design Studio, Mechanical, Electrical & Plumbing (MEP) Department, Interior Woodwork Factory, Metal and Glazing Factory, Concrete Products Factory, etc. your Company is seeking to create an organization of enormous strength and capability. Your Company is investing heavily in newer technologies so as to perfect this backward integration model and some of the initiatives planned include facility for manufacturing Large Area Precast Concrete Products for the first time in India. New manufacturing facilities are also planned in Pune, Chennai and Cochin so as to supplement our capabilities and logistics. Shortage of skills is a challenge and your Company has set up 'Sobha Training Academy' which supplies highly trained-on-the-job skilled personnel.

The outlook for the future is to become a national player with world-class capabilities. Plans are afoot to expand our presence in five more cities in the following two years in Phase II. Our commitments is also shared by our highly motivated and innovative team of employees at all levels and I am confident of taking your Company to greater heights in the years to come.

P.N.C. Menon

Chairman

May 27, 2007

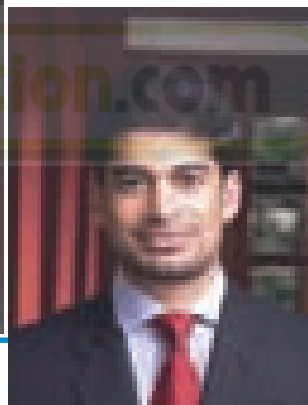
■ Board of Directors

Mr. P.N.C. Menon - *Chairman*

The underlying philosophy which drives his passion is an uncompromising adherence to world-class quality in whatever he does, be it in the realm of business or in 'giving it back to society', which he refuses to call charity.

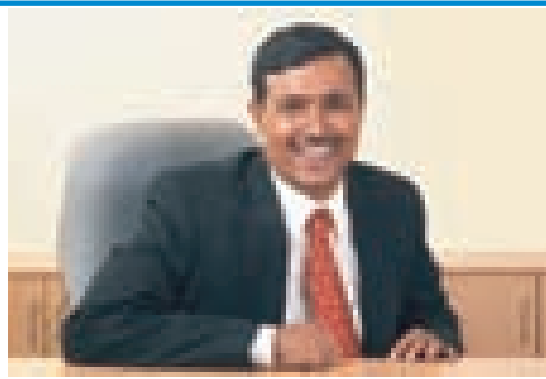
Mr. Menon started his professional career in the Sultanate of Oman and in no time, demonstrated that an Indian could achieve perfection in quality and succeed against stiff international competition. In the early 90's Mr. Menon decided to bring his expertise to his homeland, India. Sobha Developers launched their first residential project in Bangalore in 1995.

His emphasis on process and attention to detail has ensured the Company is recognized internationally as the benchmark of quality. Under his able guidance, Sobha Developers has moved from strength to strength to emerge a leader in the construction industry.



Mr. Ravi Menon - *Vice Chairman*

Mr. Ravi Menon is the Vice Chairman of our Company. He graduated with a Distinction in Civil Engineering from Purdue University, USA. At Sobha he is in charge of Product delivery, Quality, R & D and Innovation. He joined our company in the year 2004.



Mr. J.C. Sharma - *Managing Director*

Mr. J. C. Sharma is our Managing Director. He is a qualified Chartered Accountant and Company Secretary and has over 25 years of experience in diversified industries such as automobiles, textiles, steel & real estate in the areas of Finance and Management. His repertoire of experience includes General Manager - Auto Distributors Limited and General Manager of Finance - Bhoruka Steels Limited.



Board of Directors

Mrs. Sobha Menon

- Non Executive Director

Mrs. Sobha Menon is a businesswoman by profession. She has been partnering and supporting her husband Mr. P.N.C. Menon in his business enterprises in India and abroad. She has over 25 years of experience in business and is a founder director of our Company.

Mr. Anup Shah

- Independent Director

Mr. Anup Shah is a leading lawyer in the country and has over 22 years of experience in the field with particular expertise in real estate and property matters. He specializes in commercial and property documentation, corporate and commercial litigation, property related issues, laws and arbitration and alternative dispute resolutions. He is also featured in the Times of India, Bangalore through his weekly column titled 'Legal Eagle', where he answers legal queries from readers.

Dr. S. K. Gupta

- Independent Director

Dr. S. K. Gupta holds dual Doctorates in Philosophy and Science. He has over 47 years of experience in the field of metallurgy, engineering and management, in the steel domain in particular. His expertise was recognized by the Government of India in 1980 and is a recipient of "Metallurgist of the Year" award. He was also conferred the honour of being nominated as the National Metallurgist in 1998. He has the rare distinction of being an UNESCO Fellow to the Moscow Steel Institute.

Mr. N. S. Raghavan

- Independent Director

Mr. N. S. Raghavan is a highly respected Technocrat and a veteran in the field of Engineering and Management. He is one of the Founder Directors of Infosys Technologies Limited and retired as its Joint Managing Director. He has established a number of unique business enterprises led by Nadathur Holdings and Investments Private Ltd. His initiative resulted in the establishment of the N.S. Raghavan Centre for Entrepreneurial Learning at the Indian Institute of Management, Bangalore and is a member on the board of Governors of Xavier Institute of Management and Entrepreneurship, Bangalore. He is the Founding Trustee of the Foundation for Action, Motivation and Empowerment, and one of the first Trustees of Viksit Bharat Foundation. His contributions have been recognized by the Reliance Group which conferred on him the Outstanding Entrepreneurship Award in 2004.

Mr. R.V.S. Rao

- Independent Director

Mr. R.V.S. Rao has over 36 years of experience in the area of Banking and Finance and has been a member of the Board of Directors of Housing Development Finance Corporation Limited (HDFC). He was a Team Leader for USAID Consulting, which reviewed and made recommendations on Housing Finance in Ghana. He also led the team as a consultant for the National Development Bank of Sri Lanka in establishing the Mortgage Finance Business. Mr. Rao is an Associate of the Indian Institute of Bankers, a Life Member of All India Management Association, and was an Executive Committee Member of Bangalore Management Association and Greater Mysore Chamber of Industry.

■ Milestones of Success



Our Revenues reached **Rs. 11,893**
million in fiscal 2007.



Our profit after tax was
Rs. 1,615 million in fiscal 2007.



We have constructed
17 million sq. ft. of area
as of March 2007.

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Our corporate clients list include Infosys Technologies,
Timkin, Taj Hotels, MICO, HP and Dell, among others.



We have completed **39 residential/commercial**
in-house projects and have another
32 ongoing projects.

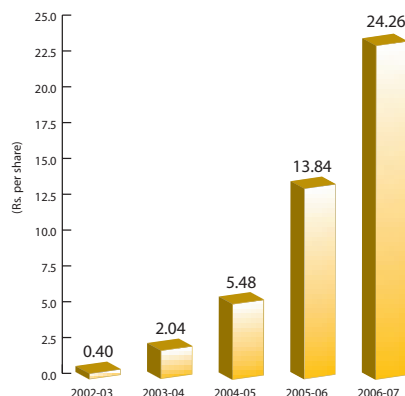


We have recently ventured into Retail Lifestyle Products
with “Sobha Restoplus Spring Mattresses.”

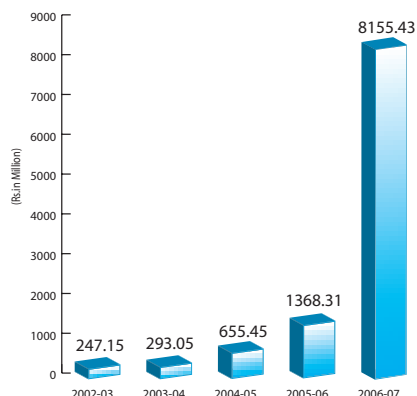


Financials at a glance

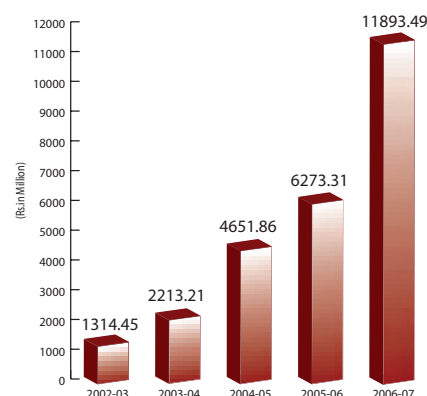
Earning Per Share



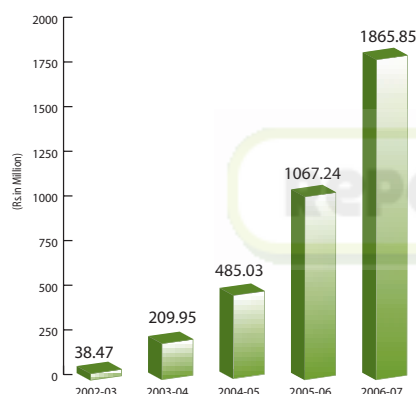
Net Worth



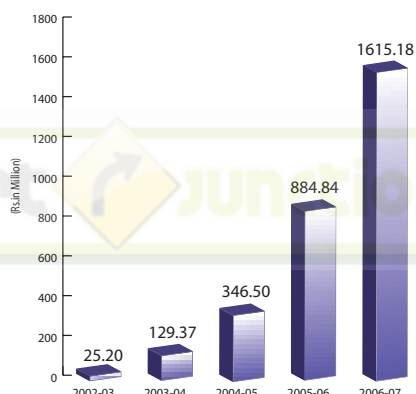
Turnover



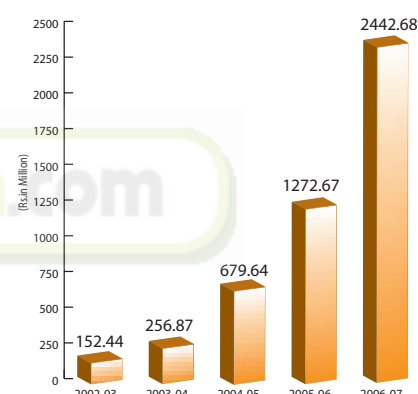
Profit Before Tax



Profit After Tax



Gross Fixed Assets



Five Year Financial Highlights	(Rs. in Million)				
Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Turnover	11,893	6,273	4,652	2,213	1,314
PBDIT	2,590	1,404	657	281	111
Depreciation	244	128	63	24	15
PBIT	2,347	1,276	594	257	96
Interest	481	208	109	48	58
PBT	1,866	1,067	485	210	38
PAT	1,615	885	347	129	25
Dividend					
Equity	401	145	63	74	-
Preference	5	6	-	-	-
Shareholders Fund	8,155	1,368	655	294	247
Borrowed Funds	5,837	4,231	2,233	558	295
Total	13,992	5,599	2,888	852	542
Net Fixed Assets	1,948	1,020	554	194	111
Investments	528	27	-	190	-
Net Current Assets	11,517	4,552	2,334	468	431
Total	13,992	5,599	2,888	852	542

