



PASSION AT WORK

The background of the entire page is a grayscale image of a city skyline, likely Dubai, with several prominent skyscrapers. The image is heavily obscured by a thick layer of white fog or smoke, creating a hazy, atmospheric effect. The word 'FUTUREREADY' is superimposed over this background.

# FUTUREREADY

ANNUAL REPORT 2017

# OUR COMPANY AT A GLANCE

## SOBHA

After 22 years in the business, SOBHA is now a Rs. 26 billion real estate company headquartered in Bangalore. It employs around 2,700 people directly and has a presence in 26 cities across 13 states in the country.

One of the well-respected names in the real estate sector, SOBHA has many distinctions to its credit: it is the only company in the sector whose initial public offering in 2006 was oversubscribed 126 times, and today SOBHA is recognised with the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems.

Since inception, the Company has completed 406 projects in both real estate and contracts verticals with a total developed area of 86.73 million square feet.

Further, SOBHA's unique backward integrated model ensures that it has control not only over the supply but more importantly over the quality of the materials it uses in construction activities.

At the same time, SOBHA also places a lot of emphasis on in-house training which is done at its training centre, SOBHA Academy. At SOBHA, training is an on-going process for all employees, ensuring they are abreast of the latest developments in their fields of work.

In another distinction, SOBHA's CSR activities are undertaken through a public charitable trust, the Sri Kurumba Educational and Charitable Trust. The CSR activities focus on three major areas in select panchayats of Palakkad district in Kerala: education and vocational training, providing healthcare facilities and helping the aged, single mothers, children and others in need with financial and other assistance for a life of dignity.



### SOBHA Real Estate

SOBHA is known for its superior quality products. Its residential projects include luxury and super luxury apartments, villas, row houses, plotted development and aspirational homes. All these projects provide world-class amenities and standards. Equally important is their focus on environment, with emphasis on rainwater harvesting and high safety standards.

As of 31<sup>st</sup> March, 2017, SOBHA has completed and handed over 118 real estate projects with a total developed area of 42.44 million square feet and super built-up area of 32.88 million square feet in 7 cities.

SOBHA is considered a pioneer in the real estate and construction sector in the country and not without reason. All its products come with the best engineering standards, architectural finesse, aesthetics and innovative designs. SOBHA also has its own designers, architects, structural, mechanical, electrical, plumbing and environmental professionals who bring in ingenuity to its in-house processes. This combined with transparency in its functioning followed by backward integrated processes ensures that the Company has full control over the materials used.

Following its commitment to transforming the way real estate business is done in the country, SOBHA believes in constantly striving towards enhancing customer value by delivering high-quality products at competitive prices.



## SOBHA LIMITED

### SOBHA Contractual

SOBHA Contractual was started in 1999 to mark its foray in the Contractual segment of providing end-to-end solutions. This vertical provides end-to-end solutions starting from the conceptualisation of a project to its final satisfactory completion. SOBHA's Contractual division has developed numerous facilities for corporate entities including offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres, club houses and factory buildings. Its emphasis on world-class quality and passion for perfection has attracted contractual orders from various prestigious institutions across India.

The services that SOBHA Contractual provides include civil, mechanical, electrical, plumbing, interiors, glazing, metal works and landscaping. All these works are carried out by members who are trained at SOBHA's in-house training facility. The emphasis in every aspect of the work is on providing world-class facilities and standards with designs that are innovative and are delivered to the utmost satisfaction of its customers.

As of 31<sup>st</sup> March, 2017, SOBHA Contractual has completed 288 projects covering a total area of 44.29 million square meters in 24 cities.

### SOBHA Manufacturing

SOBHA Manufacturing contributes to the overall goal of the Company by being the best in the business. It serves as the Company's backbone and enables it to bring in impeccable quality and workmanship in all its products.

SOBHA Manufacturing is responsible for providing the best raw materials needed for construction activities. It has an Interiors division with one of the largest woodworking factories in the country; it also has a glazing and metal works factory and a Concrete Products division. SOBHA's manufacturing facilities are spread over a 600,000 square feet area and are comparable with the best in the world.

The division has managed to make a mark as all its employees are trained in the latest technology and the best-in-class equipment for seamless use of these while manufacturing the products used for SOBHA's construction activities. This is also SOBHA's way of ensuring control over the quality of the materials that it uses, thereby providing the best products to its customers.

In an attempt to diversify further and extend the reach of its finest quality products to quality conscious customers, SOBHA has also ventured into the retail space with the launch of ergonomic spring mattresses under the brand name SOBHA Restoplus.

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SOBHA has proven that when international quality product and passion are combined with transparency, integrity and a reliable way of functioning there is no reason why a company cannot be a leader, a pioneer and a trendsetter. Our five values - international quality, passion, reliability, transparency and integrity - are our guiding principles, which have stood the test of the times. These values give us the strength and the confidence to keep moving ahead and continue to strengthen our process further which will make us truly future-ready. At the same time, SOBHA's diverse footprint across geographies and verticals, backed by these values on which the company has been built, will enable us to take advantage of the new RERA regime and the GST. This will help us bring in more people in our fold by giving them an opportunity to convert their dreams of owning a house into reality.



# Being Future Ready

For SOBHA being future ready is a journey that started 22 years ago when Mr. PNC Menon set up the company in Bangalore in 1995. Built on five pillars -- International Quality, Passion, Reliability, Transparency and Integrity -- SOBHA does all its work based on these five core values. Today, these five values are the bedrock on which SOBHA rests. Adhering to these have become a way of life for us. Following these five values has helped SOBHA move from strength to strength and expand both in terms of its geographical reach and also in terms of the products that it offers.

SOBHA City, Thrissur



Little wonder then that SOBHA dealt with the far-reaching reforms introduced by the Indian Government in the real estate sector, in 2016 with ease. Big-ticket steps like demonetization of higher value currency notes, Real Estate (Regulation and Development) Act, 2016, relaxation in foreign direct investments in the sector, PMAY (Pradhan Mantri Awas Yojna), and GST (Goods and Services Tax) came in quick succession and gave pause to many.

But for us, at SOBHA, it was business as usual. In fact, we welcome these transformational reforms because we realise that the real estate sector is in for positive changes, and we are looking forward to working in this changed, positive environment.

Unlike others, we are not worried about the implications of these changes. We, at SOBHA, have been adhering to all of what the Government is now forcing the real estate sector to do to make it transparent and professional. Thanks to our strong principles, we are future ready.

## What makes SOBHA future ready?

### INTERNATIONAL QUALITY

At SOBHA, providing international quality is an on-going process, as it has to do with setting international standards in thoughts, processes and actions, and more importantly, achieving these standards. It is a relentless and painstaking process meant to better the existing

benchmarks by being ahead of the pack in terms of knowledge, abilities and competencies.

### Backward integration

In an industry which is characterized by fragmented segments and players -- design, manufacturing, construction and sales -- what has stood in SOBHA's stead is its unique backward integrated process focused on quality. This model enables us to have end-to-end capabilities. By having total control over the value chains -- the supply and quality of the products that we use -- SOBHA has managed to deliver quality products to its customers, understand the various market segments, and also move to different geographies.

SOBHA was the first and the only real estate company even today in the country that follows the backward integrated model, enabling us to offer different choices to customers and differentiate ourselves from competitors, thus reaping profits even when the external environment was volatile and unstable. Backward integration also helps us reduce indirect costs over the long run as repair/maintenance/rework costs are extremely low

SOBHA was the first and the only real estate company even today in the country that follows the backward integrated model



due to the good quality of the products that we use. It also reduces indirect costs as the projects get completed on time.

## Doing things in-house

As a pioneer in the field of real estate in the country, SOBHA has invested substantially in developing internal expertise and competencies, encompassing all the critical activities involved in construction.

## The mechanical, electrical and plumbing (MEP) works too are executed by in-house teams

At SOBHA, we do everything from precision engineering to aesthetic designing, from quality metal glazing to high-class interiors in-house, giving our customers a fine combination of quality construction with timely delivery at competitive prices.

SOBHA follows a path which is very different from what most others developers do. Unlike others, SOBHA does not outsource its construction activity. Instead, the Company has built competent and professional teams of highly skilled and trained engineers, technicians, and a workforce that take the project from the drawing board to the actual site.

The Company has dedicated Environmental & Engineering departments which focus on value engineering and environment friendly aspects of its projects. Further, the mechanical, electrical and plumbing (MEP) works too are executed by in-house teams. The MEP division has experts in mechanical, engineering, plumbing, electrical, HVAC and related ancillary building services. SOBHA provides turnkey solutions for MEP requirements and also special plumbing and electrical consulting services.

## Concrete Products Division, Glazing & Metal Works Division and the Interiors Division

The Concrete Products Division manufactures large volumes of concrete blocks, pavers, kerbs, water drainage channels, paving slabs and related landscape products. All of them meet the highest international standards. These are manufactured at the Company's hi-tech full-fledged manufacturing facility spread over 8 acres.

The Glazing & Metal Works Division manufactures aluminium doors, windows, structural glazing, aluminium composite panels and stainless steel cladding, architectural metal works etc. The division has a dedicated 25,000 square feet state-of-the-art manufacturing unit which has over the years successfully executed a range of projects for a number of reputed organisations.





SOBHA Clovelly, Bangalore

The Interiors Division is engaged in wood work and manufacturing wood based products. These are not only of the highest quality but also come with the best finish and impeccable durability. The products include doors and windows, wooden floorings, ceilings, panels, pillars and staircases. Another feather in the division's cap is manufacturing custom-built furniture for both commercial and residential use.

In addition, this division also has an in-house wood working design studio and a dedicated design team that provides interior design schemes and production specific drawings. Additionally, SOBHA has the hugely successful Spring Mattress Division with its only retail brand 'Restoplus.' Launched in 2007, Restoplus today has 423 franchises across the country. The mattresses are manufactured using imported machinery and quality materials which make them durable and also comfortable.

## Matters of design

The way real estate projects are designed is crucial for their success. That is why design plays a significant role in all the projects that SOBHA undertakes. All our projects are designed by an in-house team of expert designers and architects. The designs are functional, efficient and aesthetically appealing. More importantly, the buildings are durable and environmentally friendly. A team of landscape professionals work on all our projects to give them a visually appealing and sustainable look.

## Meeting international benchmarks

The control over quality and providing environment friendly buildings that are both durable and sustainable is combined with SOBHA conforming to the ISO 9001, ISO 14001 and OHSAS 18001 certifications for its quality, safety and environment management systems.

## PASSION

For us, at SOBHA, our brand is sacrosanct. Our philosophy of 'Passion at Work' guides us to do our best every time so as to sustain the respect that we enjoy for our brand.

At SOBHA, we also believe in working passionately and improving on whatever we do. With a motto of 'to better the best', we try and excel at every aspect of our business – our products, research and development, timely delivery, customer satisfaction and transparency. We diligently follow attributes such as transparency, quality, aesthetics and timely delivery for all our projects. We believe these are the key factors that differentiate us in the market and help us in maintaining our brand leadership.

Today, SOBHA is known as a process driven organisation that is professionally run. All our practices and processes have helped strengthen our bond with our stakeholders, including our employees, and also helped us build immense trust as a brand.

## Our workforce

Currently, SOBHA has about 2,800 professionals on its rolls. They are drawn from different parts of the country. The Company is run as a corporate entity, with function heads leading the way and setting best management practices.

We, at SOBHA, value and promote professionalism and merit. We also believe in empowering our people and giving them enough freedom to innovate and add value to the existing processes. At the same time, we are ever ready to adapt and adopt practices which are promising. We encourage innovation and

appreciate talent for its qualities and diversity of ideas and practices.

Achieving the highest standards in each of the three pillars of sustainability -- Economic, Environmental and Social -- is what we aspire continuously

Our core philosophy of 'Passion at Work' has stood the test of time. Thanks to our efforts, we have achieved numerous milestones during our journey, and today we have set the benchmark for quality in the industry. We are also flexible enough to continuously align ourselves with the changing market trends and offer customised products in order to ensure the highest level of customer satisfaction. That is why we entered into the new compact luxury home segment, SOBHA Dream Series to cater to a new demand from professionals who wanted a best-in-class quality product but of a smaller ticket size. We believe in honest, transparent, value laden hard work. We want all employees to become true brand ambassadors of SOBHA.

## Taking society along

Going hand in hand with our passion for work is the importance that we attach to our CSR activities. This is something that has been ingrained in us by our Founder Mr. PNC Menon. Even before he had made any profits in India he was conscious of his role