SOBHA

PASSION AT WORK

Press Release
For immediate publication

9M and Q3 FY 14 mark Best Ever Cash Flows for Sobha

"Sobha Developers: recognised as the 'Builder of the Year' by CNBC Awaaz"

Bangalore, Saturday, 1st February, 2014:

Key Highlights – 9M FY 14

- Registered new sales value of Rs. 17.37 billion, up 12.8% YoY
- Registered new sales volume of 2.66 million square feet
- Achieved average price realisation of Rs. 6,522 per square feet, up 13.7% YoY
- Launched 6 new projects: 3.38 million square feet of developable area and 2.01 million square feet of saleable area
- Completed and handed-over 5 real estate projects of 1.85 million square feet of developable area and 14 contractual projects of 3.63 million square feet of developable area
- Revenues at Rs. 15.53 billion on a consolidated basis, up 21% YoY
- PBT at Rs. 2.59 billion, up 17% YoY
- PAT at Rs. 1.65 billion, up 12% YoY
- Debt-Equity Ratio at 0.57 on a consolidated basis

Key Highlights – Q3 FY 14

- Registered new sales value of Rs. 5.02 billion
- Registered new sales volume of 0.74 million square feet
- Achieved average price realisation of Rs. 6,786 per square feet
- Launched 2 new projects: 0.66 million square feet of developable area and 0.46 million square feet of saleable area
- Completed and handed-over 2 real estate projects of 1.10 million square feet of developable area and 8 contractual projects of 2.76 million square feet of developable area
- Revenues at Rs. 5.45 billion on a consolidated basis, up 26% YoY
- PBT at Rs. 884 million, up 11% YoY
- PAT at Rs. 581 million, up 10% YoY
- Received 7 awards in Q3 FY 2013-14 from various institutes of repute

Realty major Sobha Developers Limited, on a consolidated basis, registered a turnover of Rs. 5.45 billion during the 3rd Quarter of FY 2013-14, which ended on Tuesday, 31st December, 2013. The Profit before Tax (PBT) stood at Rs. 884 million, and the Profit after Tax (PAT) was Rs. 581 million on a consolidated basis. The revenues increased by 26% and both PBT and PAT increased by 11% and 10% respectively, YoY.

Expressing his delight over the Company's performance, **Mr. J.C. Sharma, Vice Chairman and Managing Director, Sobha Developers Limited,** said, "Despite the prevailing economic headwinds and consequently, a muted performance by real estate firms, Sobha has been consistently outperforming with an increase in the top-line and the bottom-line on a year-on-year as well as a quarter-on-quarter basis. For the quarter, the revenues have increased by 26% year on year while PBT and PAT have increased by 11% and 10% respectively. The unbilled revenue as of 31st December, 2013 is Rs. 22.64 billion on the sales made so far, out of which we expect a minimum of Rs. 3.55 billion to be recognized in the last quarter of FY 13-14. In addition to this, income from new sales will also contribute to the revenue," added Mr. Sharma.

Elaborating further, **Mr. J.C. Sharma** stated, "Sobha has been able to consistently generate positive cash flows on a quarter on quarter basis. In fact, this quarter has been the best ever for Sobha as far as the collections are concerned. The same is true for the current fiscal, marking the highest ever cash flows for Sobha. During Q3 of FY 14, the Company generated Rs. 1.62 billion of operational cash flows compared to Rs. 1.11 billion in the previous year. "

"We continue to believe that our superior quality products, supported by timely delivery and exemplary customer relationship management, will aid in continuous and sustained growth. Notwithstanding the rising concerns on the inflationary costs and overall economic conditions, we try to absorb the costs without passing it on to our customers and still, consistently maintain our margins. We have constantly aimed at improving our internal processes, thereby, providing our customers with not just the best quality apartments, but also world-class amenities and infrastructure. We do not sell apartments to our customers, we provide them with the best living experience," concluded Mr. Sharma.

New Launches in Q3 FY 2013-14

During the quarter, Sobha Developers Ltd. launched 2 new projects measuring 0.46 million square feet. The Company launched a new project in Coimbatore called ***élan*** - a joint development residential project between Sobha Developers Ltd. and Lakshmi Machine Works (LMW) having a total saleable area of 0.32 million square feet.

Mr. Sharma said, "Both our launches in the quarter have met with good response. The joint development project in Coimbatore between Sobha and LMW, ***élan***, provides 236 units of pure luxurious and elegant lifestyle along with world-class facilities in the heart of the city."

The Company also launched a plotted development in Mysore, **Sobha Estate**, with a total saleable area of 0.14 million square feet. "After the success of **Sobha Garden**, our plotted development on the Bangalore-Mysore highway, we launched **Sobha Estate** in Nadanahalli that offers 85 plots spread across a total area of 6.2 acres," added Mr. Sharma.

Growth Plans and Project Launches in the Coming Quarters

Commenting on the Company's growth plans, Mr. J.C. Sharma said, "We are bullish about the industry and the markets in which we operate. We have scheduled 11 million square feet of new launches in the coming four to five quarters. We also plan to enter the Kochi market in Kerala during this financial year."

Delineating the Company's core markets, Mr. Sharma said, "We are optimistic that our key southern markets will drive the sales. With a strong pipeline of proposed new launches, we expect the sales to gain momentum in the coming few quarters. Our core market, Bangalore, has been the most resilient Indian real estate market. Thanks to the IT boom, this market has gained popularity as the preferred market for real estate investment. In the current financial year (until September), Bangalore alone has accounted for 18% of the nation-wide sales, making the city the fastest growing as well as the largest real estate market in India. We expect the trend to continue in the coming year and Bangalore to remain the most lucrative real estate market."

Exceptional Execution

Sobha's superior execution capability is its core strength. Since inception, Sobha has completed 90 real estate projects and 242 contractual projects covering about 61.73 million square feet of area. The Company currently has 45 ongoing residential projects aggregating to 27.32 million square feet of developable area and 18.90 million square feet of saleable area, and 34 ongoing contractual projects aggregating to 9.50 million square feet under various stages of construction. The Company has a real estate presence in eight cities, viz. Bangalore, Gurgaon, Chennai, Pune, Coimbatore, Thrissur, Kozhikode and Mysore. Overall, Sobha has a footprint in 24 cities and 13 states across India.

Recognition & Awards

Sobha Developers Ltd. and its senior management have been honoured with over 125 prestigious awards so far. This quarter saw the Company being honoured with seven different recognitions by various institutions of repute. The key awards won during the quarter are as listed below:

- Sobha Developers Ltd. was adjudged as '**The Builder of the Year**' award by CNBC Awaaz
- Sobha Lifestyle Phase I was awarded the '**Best 100 percent Complete Residential Project in the Ultra Luxury Segment – Bangalore**' by CNBC Awaaz
- Sobha Garnet Blocks I and II received Jury's recommendation for '**Well Built Structure Competition – 2013'** from Builders' Association of India, Pune Centre
- Sobha Developers Ltd. received the '**Vasant Rao'** Trophy for the second best organization in India that practices Value Methodology from INVEST
- Sobha Developers Ltd. was presented the **'Muthiah Kasi'** Trophy for the best organization in India for Construction and Development of Infrastructure that practices Value Methodology as an organized corporate activity from INVEST
- Sobha Developers Ltd. was bestowed with **'Strategy Award in Construction, Real Estate & Steel'** by Mint-Institute for Competitiveness

In addition to the above awards, Mr. P.N.C. Menon, Chairman Emeritus, Sobha Developers Ltd. received the '**Business Man of the Year**' award by State Forum of Bankers Clubs, Kerala.

<u>About Sobha Developers Ltd.:</u>

Winner of the Prestigious "Builder of the Year" Award by CNBC Awaaz

Founded in 1995, Sobha Developers Limited, a Rs. 22 billion company, is one of the fastest growing and foremost backward integrated real estate players in the country. It means the Company has all the key competencies and in-house resources to deliver a project from its conceptualization to completion. Sobha is primarily focused on residential and contractual projects. The Company's residential projects include presidential apartments, villas, row houses, luxury, super luxury & moderately priced apartments and plotted development. In all its residential projects, the Company lays strong emphasis on environmental management, water harvesting and highest safety standards. On the contractual projects side, the Company has constructed a variety of structures for corporates including offices, convention centres, software development blocks, multiplex theatres, hostel facilities, guest houses, food courts, *restaurants, research centres, and club houses. For more information on Sobha Developers Ltd., please visit: www.sobha.com*

For further information, please contact:

Sobha Developers Limited
Abhinav Kanchan
Senior Vice President - Corporate Communications
Off: +91 80 49320000 Ext. 6029
abhinav.kanchan@sobha.com