Press Release
For immediate publication

SOBHA DEVELOPERS LIMITED ANNOUNCES FINANCIAL RESULTS FOR Q2 of FY 2010 – 11

Highlights of Q2 FY 2010-11:

- **Revenues at Rs.4,313 Millions, Up 91% from Q2 FY 2009-10**
- **PAT at Rs. 589 Million, Up 114% from Q2 FY 2009-10**
- **Revenues at Rs.7,503 Millions, Up 85% from H1 FY 2009-10**
- **PAT at Rs. 932 Million, Up 132% from H1 FY 2009-10**
- **Sold 744,678 Sq. Ft. in Q2 FY 2010-11, volume up 90 % from Q2 FY 2009-10**
- **Launched two Projects - Sobha Classic in Bangalore and Sobha Turquoise in Coimbatore**
- **Awarded "India's Top 10 Builders" award by Construction World for the year 2010**
- **Awarded "ICI-KBC Birla Super Endowment Award" for *Outstanding Concrete Structure of Karnataka - 2010* for Infosys Global Education Center-II**

Bangalore, 22 October, 2010: Sobha Developers Limited, one of India's leading Real Estate Company known for its quality, delivery and customer orientation, today declared its financial results for the 2nd Quarter ended September 30, 2010 at its board meeting held in Bangalore.

Financial Performance:

Sobha Developers has registered a turnover of Rs.4,313 Million for the 2nd Quarter ended September 30, 2010 as compared to Rs.2,263 Million in Q2 of FY 2009-10, up 91%. The Profit after tax stood at Rs.589 Million compared to Rs.275 Million in Q2 of FY 2009-10, up 114 %.

The company has registered a turnover of Rs.7,503 Million for the 1st Half ended September 30, 2010 as compared to Rs. 4,053 Million in H1 of FY 2009-10, up 85%. The Profit after tax stood at Rs.932 Million compared to Rs. 402 Million in H1 of FY 2009-10, up 132 %.

The company in the 2nd Quarter of FY 2010-11 sold 744,678 sft as compared to 392,022 sft in the same period of FY 2009-10, volume up by 90%. The company in the 1st Half of FY 2010-11 sold 1,415,561 sft of area, as compared to 642,407 sft in the same period of FY 2009-10, volume up by 120%.

Expressing his happiness over the Q2 results for FY 2010-11, **Mr. J C Sharma, Managing Director, Sobha Developers Limited,** said: **"**The performance of the last 2 quarters clearly shows that demand is back into the market. Not only has our sales increased but we have also been able to launch two new projects. Also we have done a select price increase in some of our projects."

Also during the 2nd quarter we have succeeded in monetizing land for Rs.1,140 Million. With this we hope to achieve our projected land monetization of Rs.2000 Million for the current financial year. On the contractual front, which is our other vertical, we have seen a growth of about 5% compared to the 1st quarter of the current financial year and 100% jump during the current quarter compared to the corresponding period of the previous year and a jump of 75% in the top line during 1st Half compared to the corresponding period of the last year" added Mr. Sharma.

During the 2nd Quarter we have completed and handed over 3 contractual projects measuring 0.65mn.sft and 1 real estate project measuring 0.1 mn. sft. We have about 4.27 mn. sft of contractual projects on hand to be delivered over a period of 1 to 1.5 year and fresh committed orders of 6.58 mn. sft from Infosys, for which the work will be started from coming quarters onwards to be delivered progressively in 2 to 3 years. We continue to operate with 15% margin. The Contractual and manufacturing divisions promise a robust growth this year. The top line for the 2nd qtr increased by 16% compared to the corresponding period of the last year.

Mr. Sharma further stated that "The cash flow from operations continues to remain positive for the last four quarters. During the 2nd Quarter the company has generated operational cash flow of Rs.2,050 Million. The debt has been reduced by Rs.1,680 Million and the debt - equity ratios stands at 0.69 as on 30th Sept 2010 compared to 0.81 as on 30th June 2010."

New Launches:

In the second quarter two new projects were launched - **Sobha Classic** in Sarjapur Area, Bangalore and **Sobha Turquoise** in Coimbatore.

Sobha Classic is a 3 BHK super luxury residential apartment spread over 6.9 acres of land and comprises of 3 Blocks. It would have a total of 243 units with a built up area ranging from 1752 sq ft and 2070 sq ft with cost (basic + car park) varying from Rs.76.71 lacs to Rs.90.10 lacs.

Sobha Turquoise is one of the most innovative Row Houses developments at the foothills of the majestic Western Ghats at Coimbatore. The project is spread over an area of 9.63 acres with more than 70% open space. It comprises of 95 exclusive 3 bed room Row Houses ranging from 1885 sq. ft. to 2102 sq. ft.
Both the projects have received good response from customers.

Growth Plans:

Elaborating on the Company's growth plans Mr. Sharma said "There would about 6.48 million sq ft of new launches this year. Currently Sobha has ongoing projects in Bangalore, Thrissur, Coimbatore and Pune. Apart from these four cities, we have planned to launch our projects in Gurgaon and Chennai in the current fiscal."

As of September 30, 2010 Sobha has completed 48 residential projects,13 commercial projects and 173 contractual projects covering about 37.37 Million sq. ft. area in 18 cities across India. Sobha currently has 22 ongoing residential projects aggregating to 9.04 Million sq. ft., 6 commercial projects aggregating 0.60 million sq. ft, while 4.27 Million sq. ft. of contractual projects are under various stages of construction. In the current year, which is our 15th year of establishment, we have already stepped into 50th million sq. ft. of execution, which is a kind of landmark in the industry.

Industry Outlook:

It is now clear that the economy is growing at over 8.5% growth rate which has a direct impact on the Real estate industry. Inventories are getting absorbed and new projects are being launched. Easy availability of loans and a favorable lending rate are further augmenting demand in this sector. As a consequence, Sobha is witnessing a robust demand in all cities where Sobha operates and has land banks for future development.

Talking specifically about Bangalore Mr. Sharma commented that, "it is one such market which has all the leading players of the industry from across the country including North, East and West. Still, Sobha has been able to maintain its leadership in middle and upper segment in which it operates. This has been possible because of the unmatched quality reinforced by its backward integration model which means that the company clearly has all the key competencies and in-house resources to deliver a project from conceptualization to completion."

Organizational Development:

Sobha Developers Ltd. has earmarked the setting up of a full Leadership & Development Center to meet the full fledge requirement of training and organizational development of the company. Sobha Academy which was hitherto used to cater to the requirement of trained technicians has now been extended to cover Organizational Development requirement. The company also lays a strong emphasis on training of fresh college engineers. To facilitate this, a comprehensive training program has been initiated for a total of 90 fresh engineering graduates who joined in second quarter in two different batches.

Further initiatives are being taken to identify and develop future leaders within the organization on a more planned and sustainable basis to meet the growing need of the organization.

Innovation:

Sobha Developers Ltd. encourages an innovative environment within the organization on a day-to-day basis. The Value Engineering Department of the company has created a soft portal for idea generation called IdeaSpace which encourages every employee of the company to upload his / her idea which is evaluated by the committee and the concerned department. The ideas if feasible are implemented in the organization for real, resulting in Cost Saving and Value Enhancement.

Recognition & Awards:

Sobha was awarded the Construction World magazine's **"India's Top 10 Builders"** award for the year 2010 in Mumbai. India's Top 10 Builders Award was adjudged based on a perception survey conducted by Construction World and judged by a panel of eminent industry professionals.

Sobha was also conferred with ICI-KBC Birla Super Endowment Award instituted by Indian Concrete Institute for Infosys Global Education Center-II at the Mysore campus as the **Outstanding Concrete Structure of Karnataka – 2010.**

About Sobha Developers Ltd.:

Founded in 1995, Sobha Developers Ltd is one of the largest and the only backward integrated real estate player in the country. It means that it has 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. Company's residential projects include presidential apartments, villas, row houses, super luxury apartments, luxury apartments, moderately priced apartments and plotted development. In all its residential projects Company lays strong emphasis on environment management, water harvesting and high safety standards.

On the contractual side, the Company has constructed a variety of structures for corporates including corporate offices, convention centres, software development blocks, multiplex theatres, hostel facilities, guest houses, food courts, restaurants, research centres and club houses. Infosys is one of its leading clients.

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