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Press Release
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Sobha's H1'14 - Impressive Performance Despite the Challenging Environment

Bangalore, November 6, 2013:

Key Highlights – H1 FY 14

- Registers new Sales Value of ` 12.35 Billion, up 23% YoY
- Registers new Sales Volume of 1.92 million square feet, up 8% YoY
- Achieved average price realisation of ` 6,420 per square feet, up 14% YoY
- Revenues at ` 10.08 Billion on a consolidated basis, up 18% YoY
- PBT at ` 1.71 Billion, up 21% YoY
- PAT at ` 1.07 Billion, up 12% YoY
- Debt-Equity Ratio at 0.57 on a consolidated basis
- Collections of ` 12.50 Billion during H1-14 as against ` 8.50 Billion during H1-13 from core operations
- Operational cash flows of ` 2.58 Billion during H1-14 as against ` 969 Million during H1-13 from core operations
- Bagged 4 prestigious contractual orders from Dell, Bosch, LuLu Mall - MLCP and Manipal University; approx. order valued at ` 2.20 Billion
- Launched 4 projects with Total Developable Area of 2.71 million square feet and Total Saleable Area of 1.54 million square feet
- Targets New Sales Value of ` 26 Billion covering 4.20 million square feet for FY 2013-14

Key Highlights – Q2 FY 14

- ICRA upgrades long term rating to A- from BBB+
- Entered a new geography – Kozhikode, Kerala
- Registers new Sales Value of ` 6.32 Billion, up 20% YoY
- Registers new Sales Volume of 1 million square feet, up 6% YoY
- Achieved average price realisation of ` 6,304 per square feet, up 13% YoY

- Revenues at ` 5.45 Billion on a consolidated basis, up 31% YoY
- PBT at ` 863 Million, up 21% YoY
- PAT at ` 566 Million, up 13% YoY
- Collections of ` 6.34 Billion during Q2-14 as against ` 4.50 Billion during Q2-13 from core operations
- Operational cash flows of ` 1.36 Billion during Q2-14 as against ` 897 Million during Q2-13 from core operations
- Received numerous awards from various reputed institutes

Realty major Sobha Developers Limited, on a consolidated basis, registered a turnover of ` 10.08 Billion during the first half of FY 2013-14. The Profit before Tax (PBT) stood at ` 1.71 Billion, and the Profit after Tax (PAT) was ` 1.07 Billion. On a year-on-year basis, Revenues have increased by 18%, PBT by 21% and PAT by 12% from its operations.

During Q2 of FY14, the Company registered a turnover of ` 5.45 Billion on a consolidated basis, up by 31%. PBT increased by 21% YoY to ` 863 Million, and PAT by 13% to ` 566 Million.

Commenting on the results, **Mr. J.C. Sharma, Vice Chairman and Managing Director, Sobha Developers Limited,** said, "Despite the economy growing below 5%, increasing concerns on high interest rates, continuing inflationary pressures and the steep depreciation of Indian Rupee, our performance has been operationally better vis-à-vis the previous quarter. We have sold 1 million square feet of new space compared to 0.95 million square feet in the same quarter last year. The sales value in Q2'14 has increased to ` 6,323 Million from ` 5,274 Million in Q2'13. The average price realisation has increased to ` 6,304 per square feet from ` 5,575 per square feet a year ago."

Mr. Sharma explained further, "The revenues for the quarter have increased by 31 % YoY while PBT and PAT have increased by 21% and 13% respectively. Our performance in the first half of this financial year has also been credible with revenues increasing by 18% YoY, PBT and PAT by 21% and 12% respectively."

Furthermore, Mr. Sharma stated, "The unbilled revenue as of 30th September, 2013 is ` 21.97 Billion on the sales made so far, out of which we expect a minimum of ` 4.97 Billion to be recognized during the second half of the financial year. In addition to this, income from new sales will also contribute to the revenue."

"The Company has been able to consistently generate positive cash flows on a quarter on quarter basis for the last 5 quarters. We have generated ` 1.36 Billion of operational cash flows in Q2'14 and ` 2.58 Billion in H1'14" added Mr. Sharma

"On the Contractual front," Mr. Sharma informed, "the Company has bagged contractual orders worth approximately ` 2.20 Billion from 4 reputed clients which ensures a healthy pipeline."

New Launches in Q2 FY 2013-14

The Company's strategic decision to diversify into new markets, backed by its robust launch pipeline, has yielded great results. "We have launched two new projects this quarter with an aggregate Total Saleable Area of 1.13 million square feet. *'Sobha Palladian'*, a 100% FDI compliant project by Sobha Highrise Ventures Private Limited – a joint venture between Sobha Developers Limited and Sun Area Property Partners, is situated on Old Airport Road, Bangalore and has a Total Saleable Area of 0.55 million square feet. *'Sobha Bela Encosta'*, our maiden project in Kozhikode, Kerala, has a Total Saleable Area of 0.58 Million square feet." said Mr. J C Sharma.

Despite the economic challenges, Sobha Developers has recorded an increase in sales value and the sales volume, particularly in its core market - Bangalore. "Bangalore market has been particularly resilient to the economic environment. We have received great response for our new launch in the city. Of the 1 million square feet of new sales in the quarter, Bangalore alone has recorded 0.67 Million square feet of sales – a 12% sequential growth and 14% growth QoQ." added Mr. Sharma.

"Kerala has emerged as another strong market and is growing at a fast pace. Our launches in Kerala has met with tremendous response. Continued support and increased buying from the NRI community have been driving the sales in this market. The performance of other markets was also stable," said Mr. J C Sharma.

Growth Plans and Project Launches in the Coming Quarters

Commenting on the Company's growth plans, Mr. J C Sharma said, "There is no denying that the headwinds prevailing in the real estate sector is perturbing. 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 as reflected in the H1'14 performance."

"We have scheduled 12.38 million square feet of new launches in our existing markets in the coming three to four quarters. We also plan to enter the Kochi market in Kerala during this financial year. With the help of our existing inventory and the new launches planned in the coming quarters, we are confident that the guidance set for the current financial year will be achieved," said Mr. Sharma.

Exceptional Execution

Sobha's superior execution capability is its core strength. Since inception, Sobha has completed 88 real estate projects and 234 contractual projects covering about 57.87 million square feet of area.

The Company currently has 45 ongoing real estate projects aggregating to 27.77 million square feet of developable area and 19.35 million square feet of saleable area, and 38 ongoing contractual projects aggregating to 11.11 million square feet under various stages of construction.

The Company has a real estate presence in eight cities, viz. Bangalore, Gurgaon, Chennai, Thrissur, Coimbatore, Pune, Mysore and Kozhikode. Overall, Sobha has a footprint in 24 cities and 13 states across India.

Recognition & Awards

This quarter saw Sobha being honored with seven different recognitions by various institutions of repute.

Some of the key awards won during the second quarter of FY 2013-14 are listed below:

- Sobha received Special Commendation from the Golden Peacock Awards for 'Excellence in Corporate Governance'
- Sobha Developers was recognized with 'India's Top 10 Builders Award' by Construction World
- Sobha was awarded with 'Certificate of Commendation - Ultratech Endowment Appreciation Award for Outstanding Concrete Structure of Andhra Pradesh, 2013'

About Sobha Developers Ltd.:

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.

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