

Limited Review Report

Review Report to the Board of Directors,
Sobha Developers Limited

1. We have reviewed the financial results for the quarter ended December 31, 2008, included in the accompanying statement of unaudited financial results of Sobha Developers Limited ('the Company'). This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, "Engagements to Review Financial Statements" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *As detailed in Note 4 in the accompanying statement of unaudited financial results, the computation of diluted earnings per share has been calculated on the present outstanding equity shares without considering the amount received from the promoters as advance towards share subscription amount. Accordingly, we are unable to comment on the diluted EPS as disclosed in the statement of results*
4. *Subject to our comments in para 3 above, based on our review conducted as above, nothing has come to our attention that causes us to believe that the financial results for the quarter ended December 31, 2008 included in the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", [notified pursuant to the Companies (Accounting Standards) Rules, 2006] and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.*

S. R. Batliboi & Associates

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Sunil Bhuralkar

per Sunil Bhuralkar
Partner
Membership No.: 35141

Bangalore, India
February 28, 2009



SOBHA DEVELOPERS LIMITED

Regd. Office: F-106, Sunrise Chambers, 22, Ulsoa Road, Bangalore - 560 042


Unaudited financial results for the quarter ended on December 31, 2008
(Rs in million)

	Quarter ended 31. 12. 2008 [Unaudited]	Quarter ended 31. 12. 2007 [Unaudited]	Nine months ended on 31. 12. 2008 [Unaudited]	Nine months ended on 31. 12. 2007 [Unaudited]	Year ended 31. 0. 2008 [Audited]
1 Net sales/Income from operations	1,805	3,553	8,090	9,485	14,226
2 Share of profits/ (losses) in a partnership firm [Subsidiary]	31	(3)	112	52	66
3 Total income (1+2)	1,836	3,550	8,202	9,537	14,292
4 Expenditure					
(a) (Increase)/decrease in stock in trade and work in progress	(811)	(1,085)	(1,620)	(3,189)	(4,063)
(b) Land cost	428	1,119	1,229	2,811	3,900
(c) Consumption of materials and construction cost	1,117	1,872	4,120	5,360	7,887
(d) Employee cost	248	247	777	723	1,025
(e) Depreciation / amortization	91	87	269	258	350
(f) Other expenditure	348	439	1,293	1,323	1,940
Total	1,421	2,679	6,068	7,286	11,039
5 Profit from operations before other income, interest and exceptional items (3-4)	415	871	2,134	2,251	3,253
6 Other income	40	7	66	43	53
7 Profit before interest and exceptional items (5+6)	455	878	2,200	2,294	3,306
8 Interest (net)	286	170	838	405	597
9 Profit after interest but before exceptional items (7-8)	169	708	1,362	1,889	2,709
10 Exceptional items	-	-	-	-	-
11 Profit from ordinary activities before tax (9+10)	169	708	1,362	1,889	2,709
12 Tax expenses					
- Current tax	98	104	355	310	453
- Deferred tax	(5)	(10)	(22)	(9)	(33)
- Fringe benefits tax	1	2	4	6	6
13 Net profit from ordinary activities after tax (11-12)	75	612	1,025	1,582	2,283
14 Extraordinary items (net of tax expenses)	-	-	-	-	-
15 Net profit for the period (13-14)	75	612	1,025	1,582	2,283
16 Paid-up equity share capital (Face value per share - Rs.10)	729	729	729	729	729
17 Reserves excluding revaluation reserves as per balance sheet of previous accounting year					9,154
18 Earnings Per Share (EPS) - (Rs.)					
a) Basic and diluted EPS before extraordinary items for the period, for the year to date and for the previous year (not annualised)	1.03	8.38	14.05	21.69	31.32
b) Basic and diluted EPS after extraordinary items for the period, for the year to date and for the previous year (not annualised)	1.03	8.38	14.05	21.69	31.32
19 Public shareholding					
- Number of equity shares			9,480,353	9,480,353	9,480,353
- Percentage of shareholding			13%	13%	13%

Notes :

- There were no complaints from investors outstanding at the beginning of the quarter. The Company had received 2 complaints from investors during the quarter and 2 complaints were resolved/ replied during the quarter. There were no complaints pending to be resolved/ replied at the end of the quarter.
- As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided under Accounting Standard 17 'Segment Reporting'.
- With effect from April 1, 2008, the Company has changed its accounting policy for revenue recognition for sale of undivided share of land [group housing] on the basis of certain minimum level of collection of dues from the customer and/ or agreement for sale being executed rather than criteria relating to the project reaching a significant level of completion, to align it with revenue recognition policy for sale of villa plots. This has resulted in lower revenue recognition and lower profits before taxes of Rs.393 million and Rs.236 million respectively during the quarter ended December 31, 2008 and additional revenue recognition and higher profits before taxes of Rs.64 million and Rs.16 million respectively during the nine months ended December 31, 2008.
- During the quarter, the Company has received from the promoters towards the proposed rights issue an amount of Rs.475 million as advance towards share subscription amount. As on date, computation of potential equity shares in terms of AS 20, using the most dilutive price for the calculation of diluted EPS cannot be made as the price at which equity shares will be issued is not fixed. Hence, diluted EPS is calculated on the present outstanding equity shares.
- This statement has been reviewed by the Audit Committee and taken on record at the meeting of the Board of Directors of the Company held on January 31, 2009.
- The figures of the previous year/ periods have been regrouped/ reclassified, wherever necessary.

 For and on behalf of the
Board of Directors


J. C. Sharma
Managing Director

 Bengaluru
January 31, 2009