

SOBHA TAKES FORWARD LAND MONETISATION PLANS

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Bangalore headquartered real estate company, Sobha Developers has monetised around 11 acres of land in Mysore for a value of about ₹20 crore as part of its land monetisation plan. Earlier, the company has given a guidance to raise around ₹200 crore - 220 crore for the last fiscal from land proceeds.

"Mysore land is part of company's land monetisation effort to reduce the debt component," two industry sources familiar with the development said. The real estate company, which was leveraged by two times one and half year back, has reduced it to 0.67 by end of December, 2010 through improved cash flow situation and land monetisation. The company monetised around ₹450 crore worth of land in the last three years out of its total land holding of close to 2500 acres.

Industry sources also said the company might have monetised more land in the fourth



quarter of FY11. The company officials refused to comment on this development. During pre-recession period, most of the real estate developers aggregated large chunk of land in their efforts to build up a land bank. However, companies had to face cash crunch situation as sales volume dipped during the recession. Subsequently, most developers are in the process of offloading some of their land parcels in order to improve cash flow situation in post-re-

cession period. "Post-recession, cash flow is of prime importance for all real estate companies than locking the money in fixed assets. Also, trend is slowly moving towards joint development than outright buy of huge land parcels," an analyst said.

Sobha Developers posted a 20 per cent rise in its net profit to ₹49 crore for the quarter ended December as compared with ₹40.8 crore in the same period an year ago.

Revenue of the company

rose by 17 per cent to ₹364.7 crore in the third quarter of the last financial year as compared with ₹310.4 crore in the corresponding period of the last year.

Sobha, earlier, said it planned to launch projects of around 11 million sq ft in the next few quarters with sales target of six million sq ft per year. It had 22 housing projects, six commercial projects and 36 contractual projects under various stages of construction by December, 2010.