

SOBHA DEVELOPERS

LTP: 295.50 52-wk H/L: 403.90/185 EPS: 20.10

Business & background: Sobha Developers is one of the few backward integrated companies in the construction arena.

Prospects: Analysts feel that Sobha Developers, like its large peers, has enjoyed a smart rally of nearly 14 per cent in the past two weeks on the back of bottoming of pessimism surrounding the sector and better-than-anticipated recovery in fundamentals. Sobha Developers, a strong name in region-specific realty players, has enjoyed the benefits of a comparatively less speculative property market in the south and improvement in governance and earnings quality. However, oversupply, delay in new project approvals and liquidity tightening remain key risks.

Standalone results

	Q3 FY11	Q3 FY10	% CHG
Net Sales	362.9	307	18.21
Expenditure	280.9	248.4	13.08
PAT	49	40.8	20.10

All figures in Rs crore

Valuation: At the present stock price, Sobha Developers stock is trading at 14.70 times its 12-month trailing EPS of Rs 20.10.