

# Sobha Developers' Q3 net soars 20% on better pricing

Realty firm's price realisation improves to ₹4,000 per sqft from ₹3,000; company's focus in fourth quarter would be on contractual projects

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Riding the wave of recovery in information technology (IT) sector and surge in contractual orders, real estate firm Sobha Developers reported a 17% increase in its revenues in the October-December quarter to ₹364 crore from ₹310.4 crore in the same period last year.

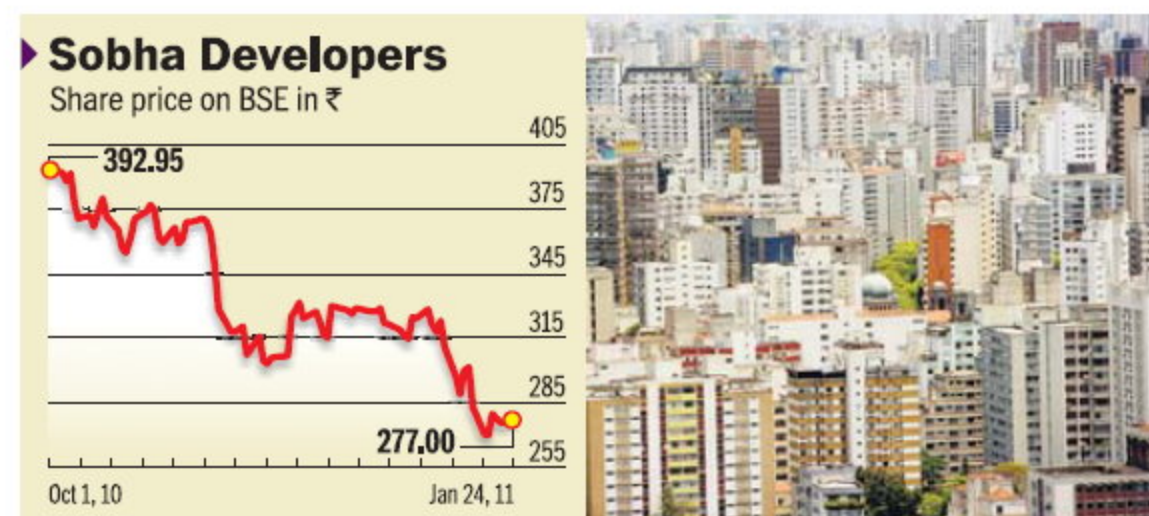
The realtor's net profit in the quarter jumped 20% to ₹49 crore compared to ₹40.8 crore last year.

At a time when most other realty firms were grappling with cash

flow problems due to slow pre-sales, the Bangalore-based company managed to improve its cash flow during the third quarter by monetising land worth ₹34.2 crore.

Sobha has projected a land monetisation of ₹200 crore in the current fiscal. In the third quarter, the company generated operational cash flow of ₹300.6 crore. It was also able to substantially de-leverage its balance sheet by trimming debt-equity ratio to 0.67 as on December 31 from 0.69 as on September 30.

The company said it aims to bring this down to 0.30 soon. They



are also looking to pay back an outstanding debt of ₹550 crore by the end of March 2012.

J C Sharma, managing director,



Sobha Developers, said, "The cash flow from operations continues to remain positive for the last few quarters."

During the third quarter, the developer completed and handed over six projects totalling 0.43 million square feet (sqft) and added 15 new clients for contractual orders including ITC, Biocon, GMR, Hotel Leela Ventures and others.

Sharma said they have 8.64 million sqft of executed projects as on date and around 1.8 lakh sqft of unsold apartments is expected to generate further revenue of ₹156.7 crore.

Last quarter, Sobha also saw its price realisation shoot up from ₹3000 per sqft to ₹4000 per sqft along with higher sales. Sharma

expects it to further go up by around 2.5% to ₹4500 per sqft in the current quarter.

Sharma added the company's focus in the fourth quarter would be on contractual projects, which gave maximum growth in the last quarter.

Sobha was to develop 192 acres of land in Gurgaon with a developable area of 5.7 million sqft by the end of this month. However, the project has been delayed and will now be launched only in March this year. The developers have invested approximately ₹450 crore in the project so far.