

# Outlook Profit

## SOBHA DEVELOPERS

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### SOBHA DEVELOPERS

### Contractual project development for the software industry

This Bangalore-based developer's fortune is tied to that of the information technology/ enabled services (IT/ITES). It does contractual projects for the IT industry and its residential sales also depend on a healthy scenario in the IT-hub because most of the potential retail clientele is employed in IT/ITES. In FY10 it delivered 3.75 million square feet (msf) worth of contractual projects and also sold and delivered 1.82 msf of real estate.

In FY11, 3.3 msf of real estate and 3.15 msf of contractual project delivery is expected. Real estate prices are expected to rise by around 15 to 20 per cent in the core Bangalore area. On that basis, the NAV is about Rs 320/share and that makes the stock cheap. The usual real estate caveats apart, the IT factor has to be taken into account.



Price Target (Rs)	420
Turnover growth (%)	47
PAT growth (%)	96
EPS growth (%)	97

Source: J. P. Morgan

