

Sobha Developers net profit up 170%

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BANGALORE-based real estate firm, Sobha Developers posted net profit of ₹34.3 crore for the first quarter of FY11, a 170% rise over the corresponding figure of ₹12.7 crore a year ago, as it saw higher margins on the back of soaring home prices.

Its net sales jumped by 77.65% to Rs 318 crore in April-June 2010 as against ₹179 crore during the same period last year. "The margins in the current quarter have been boosted due to improvement of sales and cash flow comfort," said JC Sharma MD of Sobha Developers.

The company sold 6,71,000 sqft in FY 2009-10 a growth of 168% last year. Encouraged by recent buoyant market trends the firm plans to launch 1.76 million sqft residential projects across South in the current quarter.

The firm also plans to monetise land worth ₹200-250 crore this fiscal to reduce the ₹1389 crore debt. Sobha has so far sold over 90 acres valued at ₹180 crore. "Enhancing operational efficiency, reducing fixed costs, debt restructuring, land monetisation, investment in marketing, and continuous emphasis to bring down debt-equity ratio has yielded remarkable results," added Sharma. It plans to bring down its debt-equity ratio to 0.5 from 0.8 in FY 2010-2011.