

Sobha's Q1 net zooms 170%

TIMES NEWS NETWORK

Bangalore: Increase in sales coupled with higher pricing has catapulted Sobha Developers' first quarter (April-June) net profit by 170% over the same quarter a year ago.

The net profit soared to Rs 34.3 crore from Rs 12.7 crore. The net profit would have been substantially higher, if not for a Rs 15 crore provision that it has made as part of relinquishing joint development rights for a project in the National Capital Region.

The company reported a 27% growth in price realization in the quarter, compared to a year ago. "We have also changed the product mix as compared to last year. We have more premium to high end projects selling as compared to more affordable projects that we were selling at Rs 2,200 per sqft last year," said J C Sharma, MD, Sobha Developers.

Sharma expects price realization to grow by 10% with new project launches.

Revenues saw a 78% growth at Rs 318 crore. The company had launched 1.8 million sqft of res-

idential space in the last eight months of which it sold 600,000 sqft. The accumulated unsold inventory stands at 1,400 units, which Sharma said "would be

sold over the next 18 months." The total realization of this unsold inventory plus the addition of 1,600 units of new inventory, minus the construction cost, would be about Rs 1,100 crore over a period of 18 to 24 months. On the contractual front, the company has 4.45 million sqft of projects on hand, to be deliv-

ered over 18 months. It has also received fresh orders of 6.75 million sqft from Infosys, for which the work will be started from second quarter of the current fiscal, and will be delivered over 2 to 3 years. As the current orders stand, revenues from the contractual business amount to Rs 833 crore of which 80% would come from work done for Infosys.



STRATEGY AHEAD

- To hive off Rs 200 crore worth of land bank in the next quarter
- Working to bring down debt to equity ratio from the present 0.81:1, to 0.5:1, by the end of the fiscal