



PASSION AT WORK

January 03, 2020

To

To The Deputy Manager Department of Corporate Services BSE Limited PJ Towers, Dalal Street Mumbai - 400 001 Scrip Code : 532784	To The Manager The National Stock Exchange of India Limited Exchange Plaza, Plot No C/1, G Block Bandra Kurla Complex Mumbai - 400 051 Scrip Code : SOBHA
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Dear Sir / Madam,

**Sub: Real Estate Operations Update for the quarter ended December 31, 2019**

With reference to the above captioned subject, please find enclosed a statement containing an update on the real estate operations of the Company for the quarter ended December 31, 2019.

We request you to kindly take the aforesaid information on record for dissemination through your website.

Thanking You.

Yours sincerely,

**FOR SOBHA LIMITED**

A handwritten signature in black ink, appearing to read "Vighneshwar G Bhat".

**VIGHNESHWAR G BHAT  
COMPANY SECRETARY AND COMPLIANCE OFFICER**

**SOBHA LIMITED**

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## **SOBHA LIMITED**

### **REAL ESTATE OPERATIONAL UPDATE – Q3 FY 2019-20**

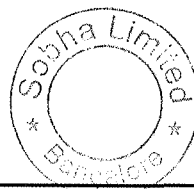
Season's Greetings and best wishes to all our esteemed stakeholders for a happy and prosperous 2020.

The year 2019 has played out on a mixed note. Politically, the general election outcome upheld the popular choice of a majority Government. Economically, conditions weakened rapidly through the year. In fact, a hint of concern about the economic situation prevailed throughout 2019. This surfaced immediately after the election and reached a critical stage by the middle of the year. Business confidence and consumer sentiments plunged, gross domestic product growth fell sharply to 5 per cent in April-June and the leading growth indicators continued to show a downward trend. The growth further slipped to 4.5 per cent in July-September.

To reverse the downward trend and stimulate the economy, the Indian Government has already initiated a several measures, such as corporate tax reduction, financial sector restructuring, and interest rate reductions (RBI has announced 5 rate cut in 2019 alone). Nonetheless, the economic outlook for 2020 remains tepid. Rate cuts have not been as impactful as hoped initially, as banks have not yet passed on the lower rates to consumers, and there are still challenges in reviving domestic consumption. However, the Government look at infrastructure spending. The Government is planning to spend Rs 100 lakh crore on infrastructure projects in the next five years to boost employment.

India's GDP is expected to grow above 6 per cent in 2020-21. The RBI expects an early comeback — an average of 6.1 per cent in April-September 2020. And, the International Monetary Fund's October World Economic Outlook forecast suggests that India's GDP is likely to accelerate to 7 per cent in 2020, up from 6.1 per cent in 2019. This optimism is presumed on the likelihood of an increase in spending and production from monetary and fiscal policy support, namely, enhanced pass-through of cumulative monetary easing in 2019, lower business taxes, partially eased labour regulations, more counter-cyclical stimulus expectations from the forthcoming budget, and other sector-specific relief measures.

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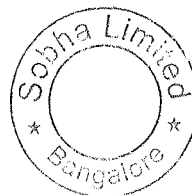
Globally, growth is expected to revive in 2020. The IMF expects global GDP growth to increase to 3.4 per cent in 2020 compared to the 3 per cent growth in 2019. This increased growth will come largely from emerging markets, and, to a certain extent, an improving outlook in Europe. US GDP growth will be largely flat (projected to be around 2 percent in 2020 against 2.3 percent in 2019).

India is steadily moving up the 'Ease of Doing Business' ranking. It had climbed 14 spots in 2019 to reach 63<sup>rd</sup> position in the Index. We are again among one of the top 10 improved countries of recent times. Domestically, with the settling down of major disruptions caused by demonetisation/GST and overcoming the initial teething problems of RERA, the sector is showing positive trends, especially for organised and listed players.

The year 2019 has been a satisfying year for the real estate, as it saw the revival of buyer's faith in real estate. From repo rate cuts to the passing of the benefits to the homebuyers, to announcement of packages for the sector, to the hopes of likely infusion of funds, all have made 2019 a year that will be remembered for the all-out efforts made by any Government towards the primary need of the citizens, which is housing.

With a number of initiatives and policies coming up, 2020 is expected to be the year of emerging micro-markets along with huge demand for quality homes, transparency in the real estate deals and improving accountability of developers. According to an industry report, the real estate sector will be at the centre of rapid economic and social development, which will further transform the economy. These emerging trends are expected to create a highly competitive environment for the developers. According to a report by CREDAI & IBEF, the sector will reach US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and will constitute 13 per cent of the country's GDP by 2025. Moreover, the housing sector's contribution to the GDP is expected to almost double to more than 11% by 2020. Hence, the real estate sector could be different with the likely new reforms within the next few decades.

*Ashat*

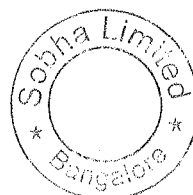




The emerging construction technologies are being adopted by large players increasingly, helping them deliver quality projects on time. Going forward, technologies such as Robotics and Cognitive Automation, Artificial Intelligence (AI), Machine Learning, Internet of Things (IoT) are likely to transform the Indian realty sector in 2020. For developers, technology advances will make eco-efficient building more viable. These will further precede effective planning in construction project management, leading to leaner construction, optimised cost value, better quality, and value engineered products.

In this background, we are pleased to present our operational performance for Q3-20, which was quite satisfactory. During the quarter, the company has achieved new sales volume of 1,066,022 square feet valued at Rs. 7.26 billion, with a total average realisation of Rs. 6,811 per square feet (SOBHA's share of sales value is at Rs 6.08 billion). The total sales volume is up by 17% in Q3-20 as compared to Q3-19, and by 9% during 9M-20 compared to 9M-19. Total Sale Value is up by 4% during Q3-20 as compared to Q3-19 and by 6% as compared to Q2-20. Total average price realization during Q3-20 has increased by 3% as compared to Q2-20 and is expected to move upwards, as we see good sales traction in our luxury and super luxury ongoing projects across cities. During the quarter, we have released new towers to the tune of 0.61 million square feet saleable area in SOBHA Royal Pavilion project situated in Bengaluru.

Bengaluru has contributed 77% of total sales volume in this quarter along with meaningful contribution from other regions. Demand remains consistent in all the cities where we operate. With sufficient unsold inventory in ongoing projects coupled with planned new launches of 10.46 million square feet in the coming quarters, we expect the sales volume to grow in future. This is expected to translate into better operational and financial performance. During the quarter, we have received a new contractual order to the tune of Rs 196 crore.





The summarized real estate performance for the quarter ended December 31, 2019 is given below:

**New Sales:**

**In Square Feet**

Location	Q3-20	Q3-19	Q2-20	9M-20	9M-19	FY-19
Bengaluru	819,227	613,816	781,686	2,344,392	1,928,832	2,767,789
Gurugram	50,749	49,561	35,782	152,714	284,626	351,242
Kochi	31,687	118,377	45,338	123,522	206,730	318,155
Mysore	-	50,836	14,588	63,608	162,088	180,662
Chennai	56,822	34,705	62,659	173,210	126,689	176,341
Coimbatore	25,509	17,228	18,615	58,971	95,039	112,805
Thrissur	28,646	16,304	26,576	78,419	60,951	66,380
Kozhikode	16,156	2,061	-	32,433	23,691	39,505
Pune	9,800	5,936	12,835	43,346	11,865	11,865
GIFT City	27,425	-	38,261	95,379	-	5,036
<b>Total</b>	<b>1,066,022</b>	<b>908,824</b>	<b>1,036,340</b>	<b>3,165,994</b>	<b>2,900,511</b>	<b>4,029,779</b>

**Sales Value and Price Realisation:**

Particulars	Q3-20	Q3-19	Q2-20	9M-20	9M-19	FY-19
<b>Total Sales value (Rs Million)</b>	7,261	6,988	6,823	21,861	22,020	31,225
<b>Total Average Price Realisation – (Rs / Square Feet)</b>	6,811	7,689	6,584	6,905	7,592	7,749
<b>Sales Value – Sobha Share (Rs Million)</b>	6,075	6,002	5,610	18,291	18,286	25,401

**Investor Contact Details:**

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*Disclaimer: The information in this update contains certain forward-looking statements. These include statements regarding outlook on future development schedules, business plans and expectations of capital expenditure. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated by the Company.*

*Subhash*

