SOBHA

PASSION AT WORK

May 2, 2014

To

The Deputy Manager Department of Corporate Services, The Bombay Stock Exchange Limited Floor 25, P.J Towers, Dalal Street, Mumbai – 400 001 **Scrip Code: 532784**	The Manager National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 **Scrip Code: SOBHA**

Dear Sir/ Madam,

Sub: Agreement with Puravankara Projects Limited being arrangement for execution of a Project in Kochi, Kerala as Co-Owners

This is to inform that the Company has acquired from Puravankara Projects Limited lands in Kochi, Kerala by way of Sale Deed and Agreement for Sale. As a co-owner with Puravankara Projects Limited, the Company will be constructing a super luxurious residential project near Marine Drive in Kochi, Kerala.

The Project comprises of constructing a residential building complex having a saleable area of approximately 3 Million Square Feet in a land area of 16.69 Acres. The Project located in Kanayannur Taluk, Ernakulam District falling within the jurisdiction of Kochi Corporation is one of the prime and aesthetic locations in Kochi with the backwaters forming the perfect backdrop. The Project is expected to be launched in a phased manner subject to receipt of all statutory and regulatory clearances which have already been applied for.

The Company and Puravankara Projects Limited would be executing the Project as co-owners with each party being entitled to equal rights in the Project. The total consideration for acquiring the co-ownership rights is ₹ 3,26,56,00,000 (Rupees Three Hundred and Twenty Six Crores and Fifty Six Lakhs). The Company has paid ₹ 1,61,56,00,000 (Rupees One Hundred and Sixty One Crores and Fifty Six Lakhs) as part consideration with the remaining payable within 9 months from the date of receipt of plan approval.

In addition to the aforementioned rights to the constructed area, the Company will also be undertaking the construction of the Project and will be entitled to cost of construction

plus a markup of 10% over and above such cost. The Company is also entitled to an additional 5% of the net profits of the Project as management fees from Puravankara.

The Company believes that this Project will not materially impact the debt-equity ratio which is expected to be around 0.60 by the close of the financial year 2014-15.

The Company has a strong presence in Kerala and is currently executing projects in three cities – Thrissur, Calicut and Kochi. The Kerala market is one of the Company's core focus area in the southern markets apart from Bangalore and has registered an average growth of 35% in the past three years. This Project will deepen the Company's brand presence in Kochi, the largest residential market in Kerala.

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

Thanking you.

Yours sincerely,

FOR SOBHA DEVELOPERS LIMITED

Sobha Developers Ltd. ★ Bangalore ★

KISHORE KAYARAT
COMPANY SECRETARY AND COMPLIANCE OFFICER