

Sobha

Strong kick-off to FY26

Sobha Ltd (SDL) reported a strong Q1FY26 presales performance, up 11% YoY to INR 20.8bn, driven by robust sustenance sales in Gurugram, Bengaluru, and other markets (INR 10bn), along with healthy new launches contributing INR 10.8bn (72% of the INR 15bn launched GDV). The company also delivered 1.07msf across key projects, showcasing its execution strength and in-house development capabilities. H2FY26 is expected to see an even stronger momentum, with big launches including Gurgaon Sector 63A (INR 30bn GDV), Pune, Mumbai, and Bengaluru (INR 30bn). These launches could drive presales of ~INR 60bn in H2FY26, setting the stage for FY26 presales to cross INR 100bn. This growth trajectory reinforces confidence in SDL's ability to sustain strong sales performance, supported by strategic market presence and high-demand projects. SDL maintains a strong balance sheet (net cash-to-equity at 0.13x) and liquidity of INR 7bn. FY26 will be a year of major transition with (1) new geographies added in Noida (INR 10bn launch sold out in 1QFY26), Pune, and MMR (combined GDV of INR 100bn launches in FY26); (2) smaller single-phase multiple launches with GDV of up to INR 10bn each; (3) improving approval scenario; and (4) robust net cash of INR 7bn to be topped up with INR 15bn+ annual CFO. We expect presales momentum to sustain in the INR 90–100bn range for FY26, with upside possible if launch timelines and approval cycles further improve. SDL has laid out plans to expand in the MMR and Noida markets from FY26, ramp up its presence in Pune and Gurugram, and consolidate in Bengaluru. Valuation comfort, robust FCF generation, and likely deleveraging are key near-term triggers for further rerating. Given the robust launch pipeline, strong balance sheet, and stable cash flows, we maintain BUY on SDL with a TP of INR 2,459/sh.

- Record quarterly sales:** The Noida maiden new launch played a pivotal role in SDL's Q1FY26 performance, contributing INR 8.5bn (41%) to INR 20.8bn in presales. Of the INR 15bn GDV launched in the quarter, an impressive INR 10.8bn (72%) was sold, led by strong absorption in Noida (INR 8.7bn) and Kochi (INR 2.1bn). With INR 25bn worth of launches planned for Q2FY26 and assuming a 40% sales velocity, SDL is well-positioned to replicate the robust Q1FY26 presales at INR 19–20bn. Momentum could accelerate in H2FY26, which includes large-scale launches such as Gurgaon Sector 63A (INR 30bn), Pune, Mumbai, and Chennai (INR 15bn each), and Bengaluru (INR 30bn), setting the stage for a stronger H2FY26, with presales of INR 60bn. This underpins confidence in Sobha achieving INR 100bn+ (70% YoY growth) presales in FY26.
- Regulatory tailwinds support launch momentum:** Regulatory approvals are now back on track, particularly in key markets like NCR/Bengaluru. This easing of approvals should help launch acceleration over the next 2-3 quarters. This revival will not only assist with project pipeline visibility but also help inventory monetization and scale-based margin recovery. Despite increasing activity, SDL maintains a disciplined capex approach, with a healthy balance sheet (net C/E at 0.13x). The company ended Q4FY25 with net cash of INR 7bn.
- Well-poised for growth:** SDL is expected to clock INR 100bn in sales for FY26 (+70% YoY), supported by: 1) a strong launch pipeline in high-growth markets (Bengaluru, NCR, and Pune); 2) a balanced mix of plotted, premium, and mid-income products; 3) brand-led pricing power and strong execution. While near-term P&L margins may be impacted by CCM accounting, improved execution ramp-up, self-owned land share, and pricing strength should enable embedded profitability in FY26. SDL remains a top pick in the southern premium housing space, with strong recall, expanding geographic footprint, and improving financial metrics. Its expanding launch pipeline and improving approvals position it well for volume-led growth, cash flow generation, and margin recovery in FY26.

BUY

CMP (as on 8 Jul 2025)	INR 1,520
Target Price	INR 2,459
NIFTY	25,523

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,459	INR 2,459
EPS Change %	FY26E	FY27E
	-	-

KEY STOCK DATA

Bloomberg code	SOBHA IN
No. of Shares (mn)	107
MCap (INR bn) / (\$ mn)	163/1,897
6m avg traded value (INR mn)	500
52 Week high / low	INR 2,075/1,075

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	31.4	5.9	(24.9)
Relative (%)	18.7	(1.3)	(29.6)

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	52.78	52.88
FIs & Local MFs	24.16	24.09
FPIs	10.03	10.93
Public & Others	13.04	14.04
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Sobha: Company Update

Consolidated Financial Summary

YE March (INR mn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	25,613	33,101	30,969	41,132	46,313	40,386	47,025	53,366
EBITDA	7,593	4,102	5,328	3,695	2,770	2,942	6,318	11,988
APAT	2,815	623	1,732	1,042	491	947	3,785	7,913
Diluted EPS (INR)	26.3	5.8	16.2	9.7	4.6	8.9	35.4	74.0
P/E (x)	57.7	260.8	93.8	155.9	330.9	171.6	42.9	20.5
EV / EBITDA (x)	25.4	46.5	34.9	48.2	63.1	52.9	24.2	12.1
RoE (%)	12.1	2.6	7.4	4.2	2.0	2.7	8.0	15.0

Source: Company, HSIE Research

FY26 potential launch pipeline and estimated presales outlook

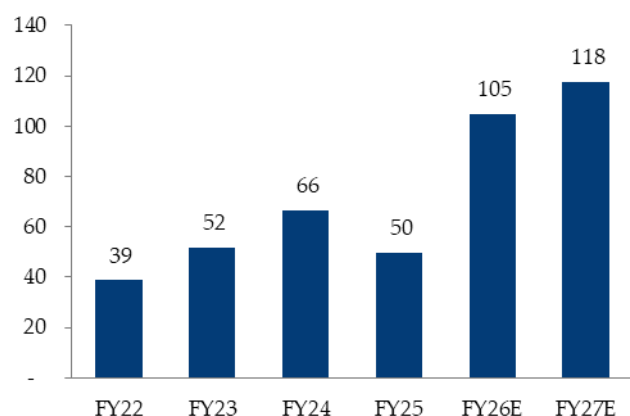
Quarter	City	Location	Area (mn sqft)	GDV (INR mn)	Comment	Launched GDV (INR mn)	Sales booked/ Estimated (INR mn)
Q1FY26*	Kochi	Marina one	0.9	12,420	Only INR 6bn launched in Q1FY26	6,210	2,100
	Noida	Sector 36	0.7	9,814	Entire project launched	9,814	8,700
		Sub total	1.6	22,234		16,024	10,800
		Sustenance Sales					9,988
		Total Overall					20,788
Q2FY26	Bengaluru	Banerghatta Road	0.6	9,000	Single phase	9,000	3,600
	Bengaluru	Whitefield	0.3	4,500	Single phase	4,500	1,800
	Trivandrum	Trivandrum	0.5	4,500	Single phase	4,500	1,575
	NCR	Gurgaon	0.3	5,400	Single phase	5,400	1,890
		Sub total	1.7	23,400		23,400	8,865
		Sustenance Sales					9,800
		Total Overall					18,665
Q3FY26	Gurgaon	63A	1.5	33,000	Total INR 16bn expected to launch in Phase 1	16,000	4,800
	Gurgaon	ICJ Commercial	0.65	9,750	Single Phase	9,750	2,925
	Mumbai	Mumbai	0.5	13,500	Single Phase	13,500	4,050
	NCR	Greater Noida	2.4	30,000	Total INR 15bn expected to launch in Phase 1	15,000	10,500
	Tamil Nadu	Chennai	2.0	20,000	Total INR 10bn expected to launch in Phase 1	10,000	2,000
	Pune	Pune	0.9	10,200	Single Phase	10,200	3,570
	Bengaluru	Royal Pavillion	0.6	7,150	Single Phase	7,150	2,860
		Sub total	8.5	1,23,600		81,600	30,705
		Sustenance Sales					12,000
		Total Overall					42,705
4QFY26	Bengaluru	Hoskote Phase 1	4.5	42,750	Phase 1 can be INR 15bn	15,000	6,000
	Bengaluru	Sobha Infinia Phase 2	0.2	4,000	Single phase	4,000	1,600
	Calicut	Calicut	0.8	10,400	Total INR 6bn expected to launch in Phase 1	6000	2100
		Sub total	5.5	57,150		25,000	9,700
		Sustenance Sales					14,000
		Total Overall					23,700
Grand Total FY26			17	2,26,384		1,46,024	1,05,858

Source: HSIE Research *Actuals

Sobha: Company Update

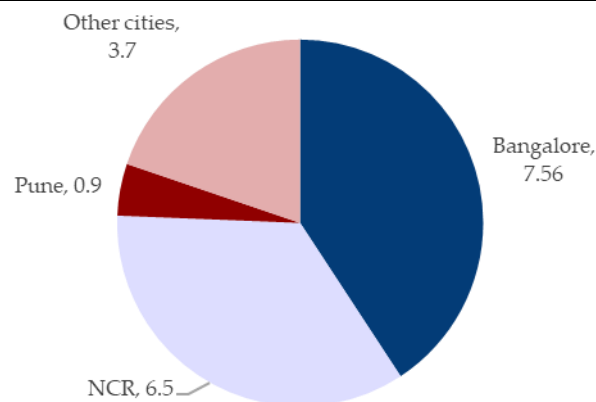
Focus Charts

5Yr Presales by value (in INR bn)



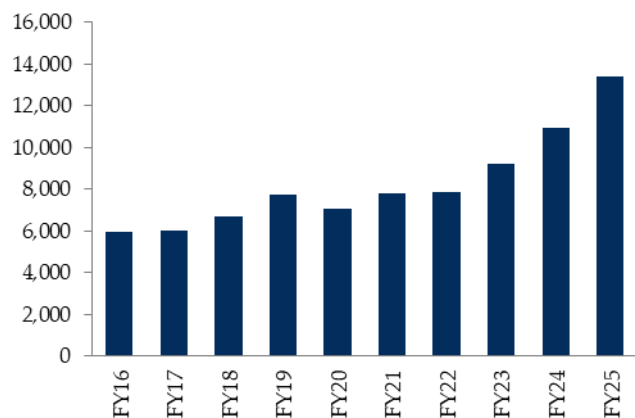
Source: Company, HSIE Research

City wise breakup of forthcoming projects (in acres)



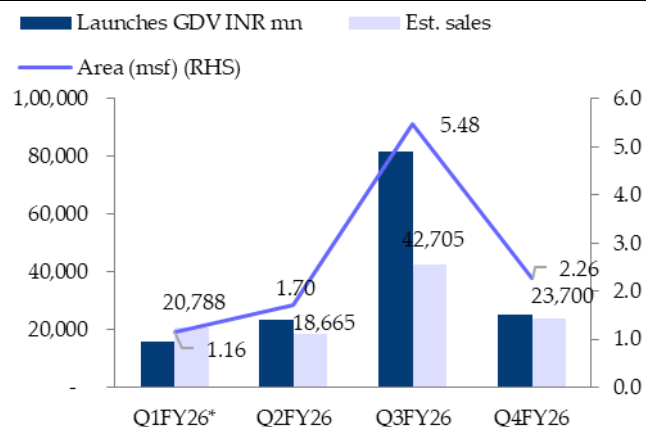
Source: Company, HSIE Research

Average realization (in psf)



Source: Company, HSIE Research

FY26 Launches with quarterly sales projections



Source: Company, HSIE Research *Actuals

Sobha SOTP valuation – NAV based TP to INR 2,459/sh

SDL has laid out plans to expand in the MMR market from FY26, ramp up its presence in Pune and NCR, and consolidate in Bengaluru. Valuation comfort, robust FCF generation, and likely deleveraging are key near-term triggers for further rerating. Given the robust launch pipeline, strong balance sheet, and stable cash flows, we maintain BUY on SDL with a TP of INR 2,459/sh

Details	Amount (Rs mn)	Rs/share
Devco:		
Total Ongoing	13,500	126
Receivables	34,856	326
Forthcoming:		
Bengaluru	38,018	356
NCR	30,436	285
GIFT City	3,014	28
Kerala	4,490	42
Tamil Nadu	3,044	28
Total Devco	1,27,359	1,191
Land Bank	78,375	733
Contractual/Manufacturing	7,957	74
Refundable JDA deposits	4,182	39
Total GAV	2,17,873	2,038
Less:		
Net Debt	-6,500	-61
Unpaid land cost	1,613	15
Equity value	2,19,145	2,050
NAV Premium	20%	409
Target price		2,459

Source: HSIE Research

Sobha trading at discount vs peers

Companies	Rating	TP	Core EV/presales (x)					Core EV/Embedded EBITDA (x)				
			FY23	FY24	FY25	FY26E	FY27E	FY23	FY24	FY25	FY26E	FY27E
DLF	BUY	989	9.7	9.9	6.9	6.6	6.0	25.6	26.1	18.2	17.3	15.7
Godrej Properties	ADD	2,672	6.8	3.7	2.8	2.4	2.1	27.1	14.7	11.2	9.8	8.5
Oberoi Realty	BUY	2,302	10.2	11.9	9.1	6.7	5.6	25.4	29.8	24.1	14.9	12.4
Mahindra Lifespaces	BUY	700	3.1	2.0	2.0	1.4	1.1	12.2	7.6	7.3	4.9	3.8
Kolte Patil	BUY	480	2.0	1.6	1.6	1.3	1.1	9.5	7.4	7.5	6.2	5.2
Sobha	BUY	2,459	3.4	2.6	2.8	1.9	1.5	13.4	10.5	11.1	7.4	5.9
Brigade Enterprises	BUY	1,400	5.1	3.5	2.7	2.4	2.1	20.4	13.9	10.9	9.4	8.2
Prestige Estates	BUY	1,914	4.8	3.0	3.9	2.3	1.9	20.9	12.8	16.8	9.9	8.2
Macrotech Developers	ADD	1,311	12.3	10.3	8.4	7.3	6.1	37.4	31.1	25.6	22.2	18.5

Source: HSIE Research

Sobha: Company Update

Financial Statement:

INCOME STATEMENT (INR mn)

Year ending March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	34,421	37,539	21,098	25,613	33,101	30,969	40,386	47,025	53,366
Growth (%)	23.5	9.1	(43.8)	21.4	29.2	(6.4)	30.4	16.4	13.5
Material Expenses	20,561	19,910	9,282	14,129	21,021	19,048	26,656	28,685	27,857
Employee Expenses	2,359	2,464	1,771	2,512	2,945	3,526	4,052	4,756	5,276
Other Operating Expenses	4,768	7,572	5,943	3,644	5,440	5,625	6,736	7,265	8,245
EBIDTA	6,733	7,593	4,102	5,328	3,695	2,770	2,942	6,318	11,988
EBIDTA (%)	19.6	20.2	19.4	20.8	11.2	8.9	7.3	13.4	22.5
EBIDTA Growth (%)	29.6	12.8	(46.0)	29.9	(30.6)	(25.0)	6.2	114.7	89.7
Other Income	735	718	806	840	923	1,209	1,241	1,265	1,392
Depreciation	623	723	794	718	678	782	898	888	906
EBIT	6,845	7,588	4,114	5,450	3,940	3,197	3,285	6,696	12,474
Interest	2,362	3,258	3,362	3,083	2,490	2,455	1,956	1,511	1,634
Exceptional items	-	-	-	-	-	-	-	-	-
PBT	4,482	4,330	752	2,366	1,450	742	1,329	5,185	10,840
Tax	1,512	1,515	129	634	408	251	382	1,400	2,927
PAT	2,970	2,815	623	1,732	1,042	491	947	3,785	7,913
EO items (net of tax)	-	-	-	-	-	-	-	-	-
APAT	2,970	2,815	623	1,732	1,042	491	947	3,785	7,913
APAT Growth (%)	27.9	(5.2)	(77.9)	178.0	(39.8)	(52.9)	92.8	299.7	109.1
EPS	27.8	26.3	5.8	16.2	9.7	4.6	8.9	35.4	74.0
EPS Growth (%)	27.9	(5.2)	(77.9)	178.0	(39.8)	(52.9)	92.8	299.7	109.1

Source: Company, HSIE Research

BALANCE SHEET (INR mn)

As at March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
SOURCES OF FUNDS									
Share Capital	948	948	948	948	948	948	1,070	1,070	1,070
Reserves	21,343	23,364	21,890	23,281	23,998	24,192	44,536	48,150	55,379
Total Shareholders' Funds	22,291	24,312	22,838	24,229	24,947	25,141	45,605	49,219	56,449
Minority Interest	-	-	-	-	-	-	-	-	-
Long Term Debt	26,039	31,137	26,816	21,389	13,901	11,972	3,648	2,148	648
Short Term Debt	-	-	3,504	3,648	6,135	7,163	7,661	7,161	6,661
Total Debt	26,039	31,137	30,321	25,037	20,035	19,135	11,309	9,309	7,309
Deferred Taxes	-	311	126	117	126	149	164	197	237
Long Term Provisions & Others	121	206	370	377	434	459	1,688	1,857	2,043
TOTAL SOURCES OF FUNDS	48,451	55,966	53,655	49,761	45,542	44,884	58,766	60,582	66,037
APPLICATION OF FUNDS									
Net Block	2,848	4,991	4,728	4,314	4,233	4,788	5,291	4,581	3,893
CWIP	1,900	2,323	701	65	68	68	238	238	238
Goodwill	-	-	180	176	192	228	215	215	215
Investments	1,128	1,143	1,142	1,149	1,149	1,149	1,146.2	1,146.2	1,146.2
Investment Property	2,029	1,881	3,956	3,962	4,519	4,433	4,307	4,867	5,500
Other Non-Current Assets	6,395	5,618	6,707	6,134	10,916	13,871	14,355	14,685	15,023
Inventories	65,173	67,045	74,984	76,516	87,610	93,764	1,12,522	1,33,603	1,29,744
Debtors	3,272	3,603	1,935	3,503	1,578	1,643	1,864	2,577	2,924
Cash & Equivalents	1,772	884	2,041	1,783	4,514	6,733	18,089	19,090	24,619
ST Loans & Advances, Others	22,881	22,634	18,772	17,816	11,103	10,286	14,184	15,134	16,084
Total Current Assets	93,098	94,166	97,733	99,618	104,805	1,12,426	1,46,659	1,70,404	1,73,371
Creditors	11,328	9,567	4,987	4,470	5,987	6,165	5,648	10,307	11,697
Other Current Liabilities & Provns	47,621	44,590	56,508	61,189	74,354	85,915	1,07,796	1,25,247	1,21,652
Total Current Liabilities	58,948	54,157	61,495	65,659	80,341	92,081	1,13,444	1,35,554	1,33,349
Net Current Assets	34,150	40,009	36,238	33,959	24,464	20,346	33,215	34,850	40,022
Misc Expenses & Others	-	-	-	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	48,451	55,966	53,655	49,761	45,542	44,884	58,766	60,582	66,037

Source: Company, HSIE Research

Sobha: Company Update

CASH FLOW STATEMENT (INR mn)

Year ending March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
PBT before minority and Share of profits	4,482	4,330	752	1,582	1,450	743	1,329	5,185	10,840
Non-operating & EO items	(369)	(186)	(420)	(576)	(293)	(687)	(936)	(1,265)	(1,392)
Taxes	(882)	(1,063)	(266)	(515)	(679)	(772)	(1,577)	(1,400)	(2,927)
Interest expenses	2,147	6,595	6,012	7,497	2,490	2,455	1,956	1,511	1,634
Depreciation	623	723	794	721	678	782	898	888	906
Working Capital Change	(3,942)	(7,783)	(788)	(411)	7,575	3,980	(418)	(762)	244
OPERATING CASH FLOW (a)	2,061	2,616	6,084	8,298	11,221	6,501	1,251	4,156	9,305
Capex	(1,150)	(3,011)	(395)	462	(1,166)	(1,237)	(1,302)	(200)	(200)
Free cash flow (FCF)	910	(395)	5,689	8,760	10,055	5,264	(51)	3,956	9,105
Investments	152	(161)	(50)	(109)	(1,327)	(3,875)	(11,224)	(560)	(633)
Others	388	430	112	30	124	363	727	1,265	1,392
INVESTING CASH FLOW (b)	(610)	(2,742)	(333)	383	(2,369)	(4,749)	(11,800)	506	559
Share capital Issuance	-	-	-	-	-	-	19,842	-	-
Debt Issuance	2,706	3,254	(757)	(5,565)	(5,198)	(974)	(7,909)	(2,000)	(2,000)
Interest expenses	(2,768)	(3,299)	(3,414)	(2,945)	(2,247)	(2,123)	(1,702)	(1,511)	(1,634)
Dividend	(800)	(800)	(664)	(332)	(286)	(285)	(303)	(171)	(683)
FINANCING CASH FLOW (c)	(862)	(845)	(4,835)	(8,841)	(7,731)	(3,381)	9,928	(3,682)	(4,318)
NET CASH FLOW (a+b+c)	589	(971)	916	(160)	1,122	(1,630)	(620)	980	5,546

Source: Company, HSIE Research

KEY RATIOS

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
PROFITABILITY (%)									
GPM	40.3	47.0	56.0	44.8	36.5	38.5	34.0	39.0	47.8
EBITDA Margin	19.6	20.2	19.4	20.8	11.2	8.9	7.3	13.4	22.5
APAT Margin	8.6	7.5	3.0	6.8	3.1	1.6	2.3	8.0	14.8
RoE	11.9	12.1	2.6	7.4	4.2	2.0	2.7	8.0	15.0
Core RoCE	13.7	14.9	7.7	10.8	8.5	7.3	6.5	11.4	20.1
RoCE	9.1	9.5	6.3	7.8	6.0	4.7	4.6	8.5	14.9
EFFICIENCY									
Tax Rate (%)	33.7	35.0	17.2	26.8	28.1	33.8	28.8	27.0	27.0
Asset Turnover (x)	0.7	0.7	0.4	0.5	0.7	0.7	0.7	0.8	0.8
Inventory (days)	602	643	1,229	1,079	905	1,069	932	955	901
Debtors (days)	35	33	48	39	28	19	16	17	19
Payables (days)	98	102	126	67	58	72	53	62	75
Cash Conversion Cycle (days)	538	575	1,151	1,051	875	1,016	895	911	844
Debt/EBITDA (x)	3.9	4.1	7.4	4.7	5.4	6.9	3.8	1.5	0.6
Net D/E	1.1	1.2	1.2	1.0	0.6	0.5	(0.1)	(0.2)	(0.3)
Interest Coverage	2.9	2.3	1.2	1.8	1.6	1.3	1.7	4.4	7.6
PER SHARE DATA									
EPS (Rs/sh)	27.8	26.3	5.8	16.2	9.7	4.6	8.9	35.4	74.0
CEPS (Rs/sh)	33.6	33.1	13.3	22.9	16.1	11.9	17.3	43.7	82.5
DPS (Rs/sh)	6.2	6.2	6.2	3.1	2.7	2.7	2.8	1.3	5.3
BV (Rs/sh)	208.5	227.4	213.6	226.7	233.4	235.2	426.6	460.4	528.1
VALUATION									
P/E	54.7	57.7	260.8	93.8	155.9	330.9	171.6	42.9	20.5
P/BV	7.3	6.7	7.1	6.7	6.5	6.5	3.6	3.3	2.9
EV/EBITDA	27.7	25.4	46.5	34.9	48.2	63.1	52.9	24.2	12.1
OCF/EV (%)	1.1	1.4	3.2	4.5	6.3	3.7	0.8	2.7	6.4
FCF/EV (%)	0.5	(0.2)	3.0	4.7	5.6	3.0	(0.0)	2.6	6.3
FCFE/Market Cap	2.2	1.8	3.0	2.0	3.0	2.6	(4.9)	1.2	4.4
Dividend Yield (%)	0.4	0.4	0.4	0.2	0.2	0.2	0.2	0.1	0.3

Source: Company, HSIE Research

Sobha: Company Update

1 Yr Price History



Rating Criteria

BUY: >+15% return potential
 ADD: +5% to +15% return potential
 REDUCE: -10% to +5% return potential
 SELL: >10% Downside return potential

Sobha: Company Update

Disclosure:

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