

Sobha

Sustenance show, strong launch pipeline

Sobha's (SDL) Q2FY27 presales value of INR 22.1bn (+16% YoY, -40% QoQ) is its second highest quarter ever, following a record Q1FY27 (INR 36.6bn) that was driven by large launches. Sales area was 1.42msf (+2% YoY) and ASP improved to INR 15,522psf (+14% YoY, flat QoQ). H1FY27 presales value hit an all time high of INR 58.6bn (+47% YoY), already 59% of the INR 100bn FY27 guidance. Two projects (1.03msf) were launched in Calicut and Mysore, taking H1 launches to 7.9msf / INR 112bn, about 75% of the ~INR 150bn FY27 launch GDV guided earlier. We expect INR 60bn of new launches in Q3FY27 including crystal meadows phase 1 INR 20bn, Gurugram 63A phase 2- INR 15bn, Hyderabad INR 15bn and whitefield INR 10bn. H2FY27 needs INR 41.4bn (~INR 20.7bn/qtr) presales to hit INR 100bn, below Q2FY27 run-rate, with strong Q3FY27 launches this seems doable with likely beat on guidance. Bengaluru remained the anchor in Q2FY27, contributing INR 13.1bn (~60% of total presales). NCR contributed INR 5.9bn in Q2FY27 (~27%), down from INR 13.8bn in Q1FY27 when SOBHA Crescent launched in Gurugram. Kerala and other cities contributed about INR 3.0bn in Q2FY27 (~13.5%). Overall, the quarter has reinforced the demand resilience, brand-led pricing strength, and execution consistency that have underpinned SDL's recent growth trajectory, setting a strong base heading into the rest of FY27. Consequently, while the broader Bengaluru market may see a slowdown in investor-driven projects, SDL is well-positioned to continue its growth trajectory, leveraging its brand equity to dominate the premium, end-user segment. Given the robust launch pipeline, strong BS, and stable CF, we maintain BUY with a TP of INR 1,930/sh.

- **Robust presales achieved:** Q2FY27 presales value of INR 22.1bn was up 16% YoY but 40% lower QoQ, as Q1FY27 carried the launch bookings of Sobha OneWorld (Hoskote) and Sobha Crescent (Gurugram). Sustenance sales stayed strong, led by SOBHA OneWorld and SOBHA Neopolis (Bengaluru) and SOBHA Crescent and SOBHA Aranya (Gurugram). H1FY27 volume was 3.76msf (+32% YoY) at an average INR 15,604psf (+11% YoY). The company has guided for ~10 msf/INR 150bn GDV of new launches in FY27. Additionally, margins are set to improve meaningfully from H2FY27, as the INR186bn unrecognized revenue book carrying 30%+ project-level EBITDA margins moves into revenue recognition.
- **Well-poised for growth:** SDL is expected to clock INR 100bn+ in sales for FY27 (+70% YoY), supported by: 1) a strong launch pipeline in high-growth markets (Bengaluru, NCR, and Pune) and 2) brand-led pricing power and strong execution. The combination of improved execution ramp-up, a higher share of self-owned land, and continued pricing strength is expected to drive both growth and profitability from FY27 onward, as the embedded value in the project pipeline begins to translate into visible financial performance. SDL highlighted that concerns on AI-led disruption may be overdone as underlying demand is still strong.

Consolidated Financial Summary

YE March (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	33,101	30,969	41,132	46,313	40,386	51,905	64,012	76,146
EBITDA	4,102	5,328	3,695	2,770	2,942	3,104	9,950	16,119
APAT	623	1,732	1,042	491	947	1,934	6,740	11,505
Diluted EPS (INR)	5.8	16.2	9.7	4.6	8.9	18.1	63.1	107.2
P/E (x)	252.4	90.8	150.9	320.2	166.1	81.3	23.3	13.7
EV / EBITDA (x)	45.2	33.9	46.8	61.2	51.1	49.0	14.0	8.3
RoE (%)	2.6	7.4	4.2	2.0	2.7	4.2	13.3	19.5

Source: Company, HSIE Research

BUY

CMP (as on 01 Oct 2026)	INR 1,210
Target Price	INR 1,930
NIFTY	22,422

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,930	INR 1,930
EPS Change %	FY27E	FY28E
	-	-

KEY STOCK DATA

Bloomberg code	SOBHA IN
No. of Shares (mn)	107
MCap (INR bn) / (\$ mn)	129/1,343
6m avg traded value (INR mn)	248
52 Week high / low	INR 1,732/1,130

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(14.2)	1.0	(20.1)
Relative (%)	(7.7)	2.7	(8.9)

SHAREHOLDING PATTERN (%)

	Mar-26	Jun-26
Promoters	52.88	52.88
FIs & Local MFs	26.10	25.99
FPIs	6.23	6.12
Public & Others	14.78	15.00
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Sobha: Company Update

INCOME STATEMENT (INR mn)

Year ending March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	34,421	37,539	21,098	25,613	33,101	30,969	40,386	51,905	64,012	76,146
Growth (%)	23.5	9.1	(43.8)	21.4	29.2	(6.4)	30.4	28.5	23.3	19.0
Material Expenses	20,561	19,910	9,282	14,129	21,021	19,048	26,656	35,108	38,023	41,119
Employee Expenses	2,359	2,464	1,771	2,512	2,945	3,526	4,052	5,041	6,149	7,144
Other Operating Expenses	4,768	7,572	5,943	3,644	5,440	5,625	6,736	8,652	9,890	11,765
EBIDTA	6,733	7,593	4,102	5,328	3,695	2,770	2,942	3,104	9,950	16,119
EBIDTA (%)	19.6	20.2	19.4	20.8	11.2	8.9	7.3	6.0	15.5	21.2
EBIDTA Growth (%)	29.6	12.8	(46.0)	29.9	(30.6)	(25.0)	6.2	5.5	220.5	62.0
Other Income	735	718	806	840	923	1,209	1,241	1,933	2,029	2,232
Depreciation	623	723	794	718	678	782	898	1,060	1,107	1,129
EBIT	6,845	7,588	4,114	5,450	3,940	3,197	3,285	3,976	10,872	17,222
Interest	2,362	3,258	3,362	3,083	2,490	2,455	1,956	1,374	1,698	1,521
Exceptional items	-	-	-	-	-	-	-	-	-	-
PBT	4,482	4,330	752	2,366	1,450	742	1,329	2,602	9,175	15,701
Tax	1,512	1,515	129	634	408	251	382	665	2,434	4,193
PAT	2,970	2,815	623	1,732	1,042	491	947	1,938	6,740	11,505
EO items (net of tax)	-	-	-	-	-	-	-	-	-	-
APAT	2,970	2,815	623	1,732	1,042	491	947	1,934	6,740	11,505
APAT Growth (%)	27.9	(5.2)	(77.9)	178.0	(39.8)	(52.9)	92.8	104.3	246.1	71.2
EPS	27.8	26.3	5.8	16.2	9.7	4.6	8.9	18.1	63.0	107.6
EPS Growth (%)	27.9	(5.2)	(77.9)	178.0	(39.8)	(52.9)	92.8	104.3	246.1	71.2

Source: Company, HSIE Research

BALANCE SHEET (INR mn)

As at March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
SOURCES OF FUNDS										
Share Capital	948	948	948	948	948	948	1,070	1,070	1,070	1,070
Reserves	21,343	23,364	21,890	23,281	23,998	24,192	44,536	46,130	52,475	62,725
Total Shareholders' Funds	22,291	24,312	22,838	24,229	24,947	25,141	45,605	47,199	53,544	63,794
Minority Interest	-	-	-	-	-	-	-	-	-	-
Long Term Debt	26,039	31,137	26,816	21,389	13,901	11,972	3,648	5,952	4,452	2,952
Short Term Debt	-	-	3,504	3,648	6,135	7,163	7,661	4,071	3,571	3,071
Total Debt	26,039	31,137	30,321	25,037	20,035	19,135	11,309	10,023	8,023	6,023
Deferred Taxes	-	311	126	117	126	149	164	191	229	274
Long Term Provisions & Others	121	206	370	377	434	459	1,688	1,079	1,186	1,305
TOTAL SOURCES OF FUNDS	48,451	55,966	53,655	49,761	45,542	44,884	58,766	58,492	62,983	71,397
APPLICATION OF FUNDS										
Net Block	2,848	4,991	4,728	4,314	4,233	4,788	5,291	6,351	2,593	1,685
CWIP	1,900	2,323	701	65	68	68	238	272	272	272
Goodwill	-	-	180	176	192	228	215	199	199	199
Investments	1,128	1,143	1,142	1,149	1,149	1,149	1,146.2	1,201.0	1,201.0	1,201.0
Investment Property	2,029	1,881	3,956	3,962	4,519	4,433	4,307	4,214	4,762	5,381
Other Non-Current Assets	6,395	5,618	6,707	6,134	10,916	13,871	14,355	20,328	20,795	21,274
Inventories	65,173	67,045	74,984	76,516	87,610	93,764	1,12,522	1,28,263	1,66,677	1,85,881
Debtors	3,272	3,603	1,935	3,503	1,578	1,643	1,864	2,768	3,508	4,172
Cash & Equivalents	1,772	884	2,041	1,783	4,514	6,733	18,089	15,036	25,539	29,110
ST Loans & Advances, Others	22,881	22,634	18,772	17,816	11,103	10,286	14,184	16,548	17,498	18,448
Total Current Assets	93,098	94,166	97,733	99,618	104,805	1,12,426	1,46,659	1,62,615	2,13,222	2,37,611
Creditors	11,328	9,567	4,987	4,470	5,987	6,165	5,648	8,276	14,030	16,690
Other Current Liabilities & Provns	47,621	44,590	56,508	61,189	74,354	85,915	1,07,796	1,28,411	1,66,030	1,79,535
Total Current Liabilities	58,948	54,157	61,495	65,659	80,341	92,081	1,13,444	1,36,686	1,80,060	1,96,225
Net Current Assets	34,150	40,009	36,238	33,959	24,464	20,346	33,215	25,929	33,163	41,387
Misc Expenses & Others	-	-	-	-	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	48,451	55,966	53,655	49,761	45,542	44,884	58,766	58,492	62,983	71,397

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
PBT before minority and Share of profits	4,482	4,330	752	1,582	1,450	743	1,329	2,602	9,175	15,701
Non-operating & EO items	(369)	(186)	(420)	(576)	(293)	(687)	(936)	(1,755)	(2,033)	(2,235)
Taxes	(882)	(1,063)	(266)	(515)	(679)	(772)	(1,577)	(2,300)	(2,477)	(4,239)
Interest expenses	2,147	6,595	6,012	7,497	2,490	2,455	1,956	1,374	1,698	1,521
Depreciation	623	723	794	721	678	782	898	1,060	1,107	1,129
Working Capital Change	(3,942)	(7,783)	(788)	(411)	7,575	3,980	(418)	3,245	2,948	(4,967)
OPERATING CASH FLOW (a)	2,061	2,616	6,084	8,298	11,221	6,501	1,251	4,227	10,418	6,909
Capex	(1,150)	(3,011)	(395)	462	(1,166)	(1,237)	(1,302)	(2,054)	(200)	(200)
Free cash flow (FCF)	910	(395)	5,689	8,760	10,055	5,264	(51)	2,173	10,218	6,709
Investments	152	(161)	(50)	(109)	(1,327)	(3,875)	(11,224)	(441)	(548)	(619)
Others	388	430	112	30	124	363	727	1,579	2,029	2,232
INVESTING CASH FLOW (b)	(610)	(2,742)	(333)	383	(2,369)	(4,749)	(11,800)	(916)	1,281	1,413
Share capital Issuance	-	-	-	-	-	-	19,842	7	-	-
Debt Issuance	2,706	3,254	(757)	(5,565)	(5,198)	(974)	(7,909)	(1,348)	(2,000)	(2,000)
Interest expenses	(2,768)	(3,299)	(3,414)	(2,945)	(2,247)	(2,123)	(1,702)	(1,188)	(1,698)	(1,521)
Dividend	(800)	(800)	(664)	(332)	(286)	(285)	(303)	(321)	(349)	(1,209)
FINANCING CASH FLOW (c)	(862)	(845)	(4,835)	(8,841)	(7,731)	(3,381)	9,928	(2,850)	(4,047)	(4,729)
NET CASH FLOW (a+b+c)	589	(971)	916	(160)	1,122	(1,630)	(620)	461	7,652	3,593

Source: Company, HSIE Research

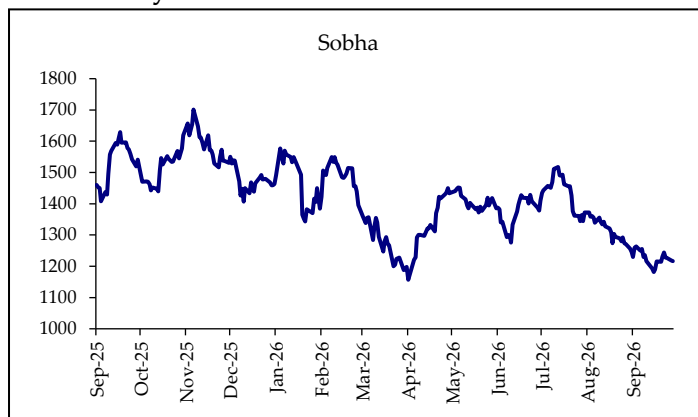
KEY RATIOS

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
PROFITABILITY (%)										
GPM	40.3	47.0	56.0	44.8	36.5	38.5	34.0	32.4	40.6	46.0
EBITDA Margin	19.6	20.2	19.4	20.8	11.2	8.9	7.3	6.0	15.5	21.2
APAT Margin	8.6	7.5	3.0	6.8	3.1	1.6	2.3	3.7	10.5	15.0
RoE	11.9	12.1	2.6	7.4	4.2	2.0	2.7	4.2	13.3	19.5
Core RoCE	13.7	14.9	7.7	10.8	8.5	7.3	6.5	6.9	18.3	26.1
RoCE	9.1	9.5	6.3	7.8	6.0	4.7	4.6	5.2	13.4	19.1
EFFICIENCY										
Tax Rate (%)	33.7	35.0	17.2	26.8	28.1	33.8	28.8	25.5	27.0	27.0
Asset Turnover (x)	0.7	0.7	0.4	0.5	0.7	0.7	0.7	0.9	1.0	1.1
Inventory (days)	602	643	1,229	1,079	905	1,069	932	847	841	845
Debtors (days)	35	33	48	39	28	19	16	16	18	18
Payables (days)	98	102	126	67	58	72	53	49	64	74
Cash Conversion Cycle (days)	538	575	1,151	1,051	875	1,016	895	814	795	803
Debt/EBITDA (x)	3.9	4.1	7.4	4.7	5.4	6.9	3.8	3.2	0.8	0.4
Net D/E	1.1	1.2	1.2	1.0	0.6	0.5	(0.1)	(0.1)	(0.3)	(0.3)
Interest Coverage	2.9	2.3	1.2	1.8	1.6	1.3	1.7	2.9	6.4	11.3
PER SHARE DATA										
EPS (Rs/sh)	27.8	26.3	5.8	16.2	9.7	4.6	8.9	18.1	62.6	107.2
CEPS (Rs/sh)	33.6	33.1	13.3	22.9	16.1	11.9	17.3	28.0	73.0	117.8
DPS (Rs/sh)	6.2	6.2	6.2	3.1	2.7	2.7	2.8	3.0	2.7	9.4
BV (Rs/sh)	208.5	227.4	213.6	226.7	233.4	235.2	426.6	441.5	500.9	596.8
VALUATION										
P/E	52.9	55.9	252.4	90.8	150.9	320.2	166.1	81.3	23.5	13.7
P/BV	7.1	6.5	6.9	6.5	6.3	6.3	3.4	3.3	2.9	2.5
EV/EBITDA	27.0	24.7	45.2	33.9	46.8	61.2	51.1	49.0	14.0	8.7
OCF/EV (%)	1.1	1.4	3.3	4.6	6.5	3.8	0.8	2.8	7.5	0.9
FCF/EV (%)	0.5	(0.2)	3.1	4.9	5.8	3.1	(0.0)	1.4	7.3	0.8
FCFE/Market Cap	2.3	1.8	3.1	2.0	3.1	2.7	(5.1)	0.5	5.2	(0.6)
Dividend Yield (%)	0.4	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.6

Source: Company, HSIE Research

Sobha: Company Update

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

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