

Estimate change

TP change

Rating change



Bloomberg	SOBHA IN
Equity Shares (m)	107
M.Cap.(INRb)/(USDb)	153.2 / 1.8
52-Week Range (INR)	2178 / 1075
1, 6, 12 Rel. Per (%)	7/-17/-31
12M Avg Val (INR M)	445

Financials & Valuations (INR b)

Y/E Mar	FY25	FY26E	FY27E
Sales	40.4	50.3	58.1
EBITDA	2.9	6.3	8.5
EBITDA (%)	7.3	12.5	14.6
PAT	0.9	3.6	5.4
EPS (INR)	8.9	33.7	50.6
EPS Gr. (%)	71.0	281.0	49.9
BV/Sh. (INR)	426.5	457.2	504.8

Ratios

Net D/E	(0.1)	(0.5)	(0.2)
RoE (%)	2.7	7.6	10.5
RoCE (%)	4.6	7.8	10.2
Payout (%)	33.9	8.9	5.9

Valuations

P/E (x)	162	42	28
P/BV (x)	3	3	3
EV/EBITDA (x)	50	21	17
Div Yield (%)	0.2	0.2	0.2

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	52.9	52.8	52.3
DII	24.0	24.2	17.6
FII	8.9	10.0	11.9
Others	14.2	13.1	18.3

CMP: INR1,433

TP: INR1,778 (+24%)

Buy

Miss on financials; strong launch pipeline shows visibility

Strong YoY performance from Gurugram, Tamil Nadu, and Gift City

- SOBHA reported bookings of INR18.4b (8% above estimate), up 22%/32% YoY/QoQ. Its share of sales stood at INR13.7b, up 8%/10% YoY/QoQ. Additionally, SOBHA's share accounted for 75% of total bookings. In FY25, the company reported bookings of INR63b, down 6% YoY (in line with estimates), while its share of sales stood at INR50b, down 8% YoY.
- In 4QFY25, ~76% of sales were led by Bengaluru, contributing INR14b across 1.24msf, supported by two new launches—SOBHA Madison Heights and SOBHA Hamptons—with a total saleable area of 3.7msf. Hyderabad and Tamil Nadu sales were up ~2x/54% YoY to INR418m/INR371m. Gurgaon recorded 25% QoQ growth in sales, whereas Kerala remained steady.
- Total sales volume for the quarter stood at ~1.6msf, up 16%/+53% YoY/QoQ. However, realization was up 5% YoY to INR11,781. In FY25, total sales volume stood at ~4.7msf, down 23% YoY. Realization was up 23% YoY to INR13,399, driven by an increase in the prices of ongoing projects and higher realization from new launches.
- The company's project pipeline increased to ~31msf (vs 24msf in 4QFY24), including 19msf of new projects, with ~8msf located in Bengaluru.
- Collections increased 99%/101% YoY/QoQ to INR26.5b. Total cash inflow (incl. contractual business) stood at INR17.9b, up 19% YoY.
- Operating cash flows (before interest and taxes) increased 29% YoY to INR4.6b.
- Aligned with its growth-focused strategy, SOBHA increased its land-related investment for the quarter to ~INR3.1b, up 49% YoY. During the quarter, the company generated a cash surplus of INR10.9b.
- Net cash position stood at INR6.3b or 0.14x of equity (vs net debt of INR4.59b or 0.13x in 3QFY25). Cost of borrowings reduced to 9.12% (vs 9.44% in 3QFY25).
- SOBHA delivered 4.54msf in FY25, translating into 3,008 apartments, while it delivered 1.11msf for the quarter.
- **P&L performance:** In 4QFY25, revenue increased 63%/flat YoY/QoQ to INR12.4b (11% below estimate). Real estate revenue was up 74%/flat YoY/QoQ to INR34b.
- EBITDA was up 52%/40% YoY/QoQ to INR0.9b (in line with estimate), while margin stood at 7.6%, down 56bp YoY and up 209bp QoQ. Margin for the Real Estate business stood at 8%.
- Adj. PAT stood at INR409m, 6x/88% YoY/QoQ (36% below estimate). PAT margin stood at 3.3%, up 237bp/152bp YoY/QoQ.
- In FY25, revenue increased 30% YoY to INR40b, in line with estimates. Real Estate revenue was up 40% YoY to INR34b.
- EBITDA was up 6% YoY to INR2.9b (in line with the estimate), while margin stood at 7.3%, up 29bp YoY. Margin for the Real Estate business stood at 10%.
- For FY25, adj. PAT stood at INR947m, up 93% YoY. PAT margin stood at 2.3%, up 76bp YoY.

Highlights from the management commentary

- Bengaluru accounted for 76% of 4QFY25 sales, contributing INR14b across 1.24msf. New launches included SOBHA Madison Heights and Hamptons.
- The FY26 pipeline includes 10msf of planned launches, with 45% coming from NCR and a key project in Mumbai scheduled for 3QFY26.
- The EBITDA margin on current sales stood at 40%, with project-level margins targeted at 33% for EBITDA and 28% for PBT.
- Revenue of INR159b is yet to be recognized, with an upcoming pipeline of 18.56msf residential and 0.71 msf of commercial developments across nine cities.
- Land investments rose to INR9.5b in FY25 (vs INR3.8b in FY24), supporting growth plans and future project approvals across 24msf and 1,765 acres.

Valuation and view

- SOBHA continues to provide strong growth visibility by unlocking its vast land reserves. Additionally, the recent fundraise and strong cash flows will enable the company to focus on new land acquisitions, which will further enhance its growth pipeline.
- We have incorporated the updated launch pipeline and newly acquired projects during the year. Ongoing and upcoming projects are likely to generate ~INR124b of gross cash flows, which we value at around INR74b.
- We value SOBHA's land reserve of 154msf at INR86b (previously INR87b), assuming 25-75 years of monetization.
- **We reiterate our BUY rating on the stock with a revised TP of INR1,778 (earlier 1,803), indicating a 24% upside potential.**

Quarterly Performance

Y/E March	FY24				FY25				FY24	FY25	FY25E	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	
Net Sales	9,079	7,412	6,849	7,629	6,404	9,336	12,241	12,406	30,969	40,387	14,011	-11%
YoY Change (%)	60.8	11.1	-21.1	-36.9	-29.5	25.9	78.7	62.6			83.7	
Total Expenditure	8,425	6,658	6,108	7,008	5,845	8,565	11,569	11,466	28,199	37,444	13,074	
EBITDA	654	754	741	621	559	771	672	941	2,770	2,943	937	0%
Margins (%)	7.2	10.2	10.8	8.1	8.7	8.3	5.5	7.6	8.9	7.3	6.7	89.6
Depreciation	183	193	201	205	204	232	233	230	782	898	198	
Interest	611	639	614	590	539	494	473	450	2,455	1,956	436	
Other Income	313	324	288	284	295	317	328	301	1,209	1,241	700	
PBT before EO expense	173	247	214	109	111	362	295	562	742	1,330	1,003	-44%
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	173	247	214	109	111	362	295	562	742	1,330	1,003	-44%
Tax	52	97	63	39	50	101	78	154	251	383	370	
Rate (%)	30.2	39.4	29.4	35.5	45.4	28.0	26.4	27.3	33.8	28.8	36.8	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	121	149	151	70	61	261	217	409	491	947	633	-36%
Adj PAT	121	149	151	70	61	261	217	409	491	947	633	-36%
YoY Change (%)	168.3	-22.2	-52.6	-85.5	-49.8	74.6	43.8	481.1	-52.9	92.8	800.9	
Margins (%)	1.3	2.0	2.2	0.9	0.9	2.8	1.8	3.3	1.6	2.3	4.5	
Key metrics												
Sale Volume (msf)	1.4	1.7	1.7	1.3	1.2	0.9	1.0	1.6	6.1	4.7	1.9	-18%
Sale Value (INRb)	14.6	17.2	19.5	15.0	18.7	11.8	13.9	18.4	66.4	62.8	17.0	8%
Collections (INRb)	11.5	12.6	12.9	13.3	13.9	12.8	13.2	15.8	50.3	55.2	15.2	4%
Realization (INR/sft)	10,537	10,224	11,735	11,230	15,879	12,673	13,662	11,781	10,931	13,399	8873	33%

Source: MOFSL, Company

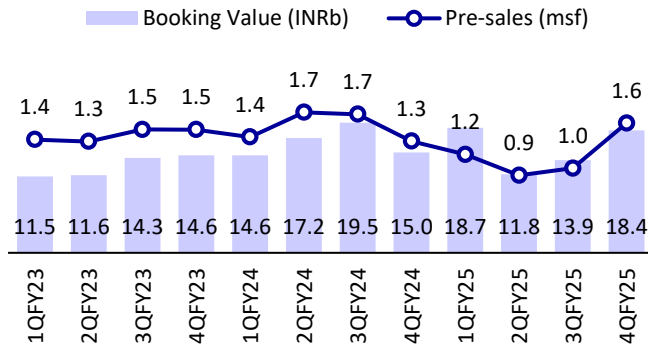


Concall highlights

- **Recent launches:** In 4QFY25, ~76% of its sales were led by Bengaluru. It recorded INR14b of sales across 1.24msf, supported by two new launches, SOBHA Madison Heights and SOBHA Hamptons, with a total saleable area of 3.7msf. Sales in Hyderabad and Tamil Nadu were up ~2x/54% YoY to INR418m/INR371m. Gurgaon posted a 25% QoQ growth in sales, whereas Kerala remained steady. Further, the company plans to launch 10msf in FY26.
- **Upcoming launches:** The company has guided for 30-35% growth in pre-sales for FY26, which will also depend on the timing of new launches. Key upcoming launches include a 0.7msf project in Greater Noida and the Marina One development in 1QFY26, followed by a 0.6msf launch in Bengaluru. In 2QFY26, a commercial project is planned in Gurgaon, along with another 0.5msf launch in Bengaluru. Overall, the company plans to launch 3-3.5msf in 1HFY26. Overall, 45% of the new launches in FY26 will be from NCR.
- **MMR launch:** The MMR project is in the final stages. Management believes that Mumbai offers a range of opportunities across segments and intends to build a strong presence in the city over the long term. The project is estimated to be launched in 3QFY26.
- **Margins:** EBITDA margins on current sales to be recognized stand at 40%. Management targets a project-level EBITDA margin of 33% and an embedded PBT margin of 28% from the remaining INR 160 billion revenue to be recognized, with overall margins (excluding overheads and interest) expected in the range of 15-18%. Overall margins in Q4 have recovered from previous losses caused by contractual business and a reduction in JV projects. RE margins currently stand at 8% and are expected to rise further in the coming quarters.
- SOBHA has a robust upcoming pipeline of 18.56msf across 18 residential projects in nine cities and a commercial pipeline of 0.71msf across two projects, scheduled for launch in the next six to eight quarters. Effective share of SOBHA expected from the upcoming launch is guided at ~81%.
- SOBHA has a completed inventory of 11.4msf, valued at INR147b. With the inventory buildup and accelerated launches, management expects decent sales in FY26.
- Revenue to be recognized from the Real Estate business stands at INR159b.
- The company has spent INR9.5b in land outflow for FY25, compared to INR3.8b in FY24, which is aligned with its growth and expansion plans.
- Operating cash flow is aimed to grow at 10% in FY26.
- For Gurgaon, the company has three projects in the pipeline, which will be brought to the market in FY26.
- Apart from the forthcoming projects totaling 19msf, the company has identified 24msf of projects for which the approval process will soon begin, along with a land bank of 1,765 acres.
- Spending on new deals is expected to be higher in the future.

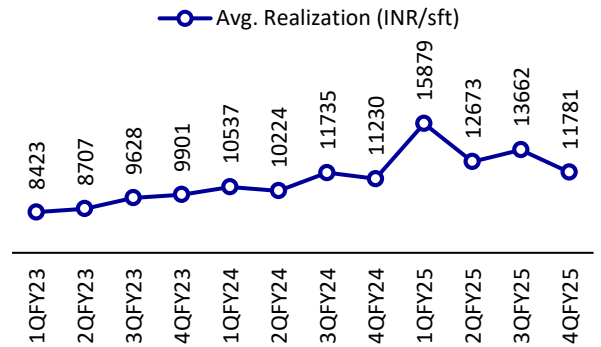
Key exhibits

Exhibit 1: SOBHA reported sales of INR18.4b, a 22% YoY increase



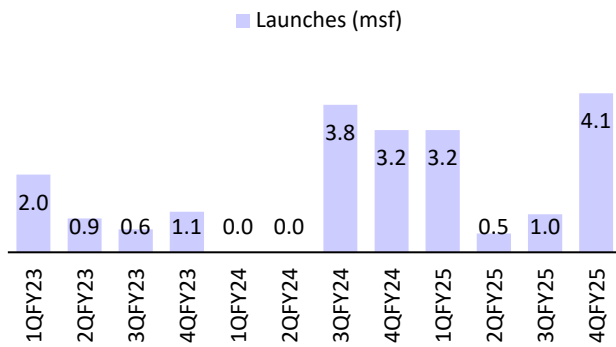
Source: Company, MOFSL

Exhibit 2: Realizations responding to price changes in existing projects and new launches



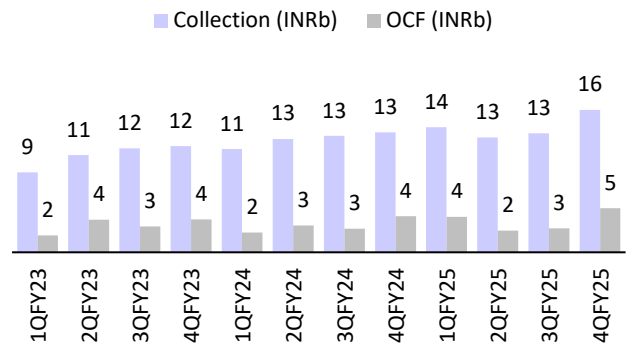
Source: Company, MOFSL

Exhibit 3: Launches of 4.1msf



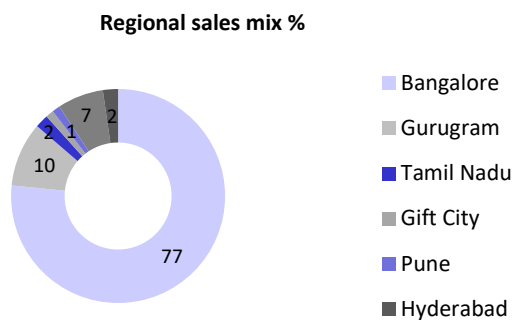
Source: MOFSL, Company

Exhibit 4: Collections increased 19% YoY to INR16b and OCF stood at INR5b, up 22% YoY



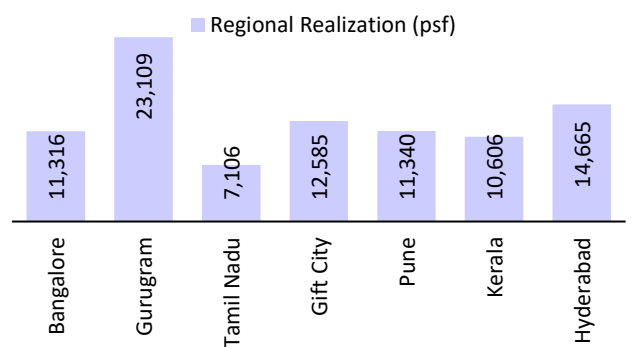
Source: MOFSL, Company

Exhibit 5: BGLR had the highest share in total bookings



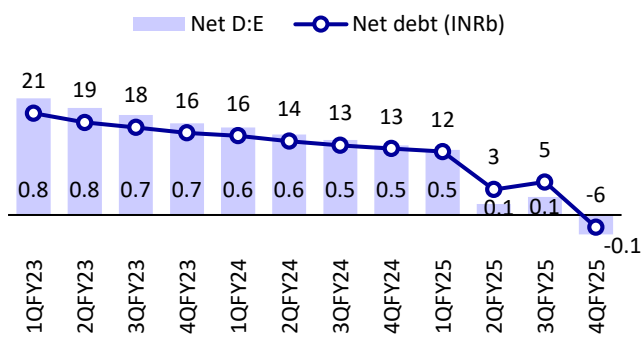
Source: Company, MOFSL

Exhibit 6: Realization/sft in SOBHA's key markets



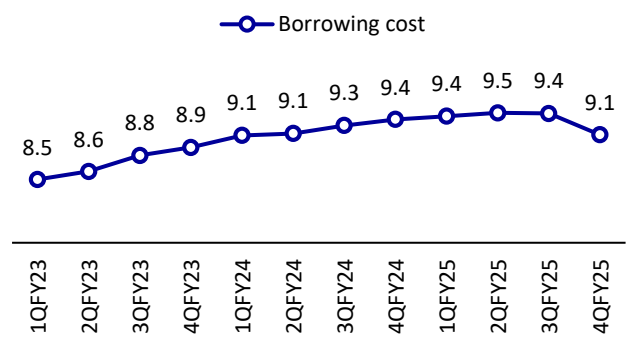
Source: Company, MOFSL

Exhibit 7: Net cash of INR6b aided by rights issue...



Source: MOFSL, Company

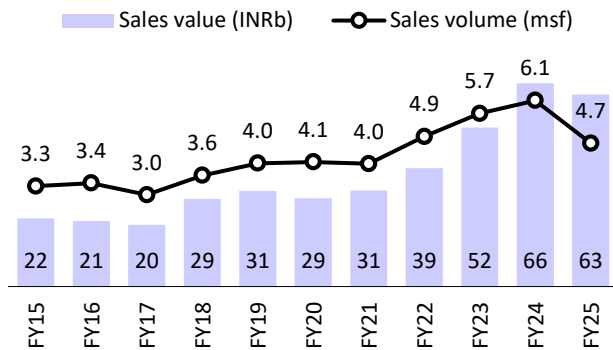
Exhibit 8: ...with low cost of debt at 9.1%



Source: MOFSL, Company

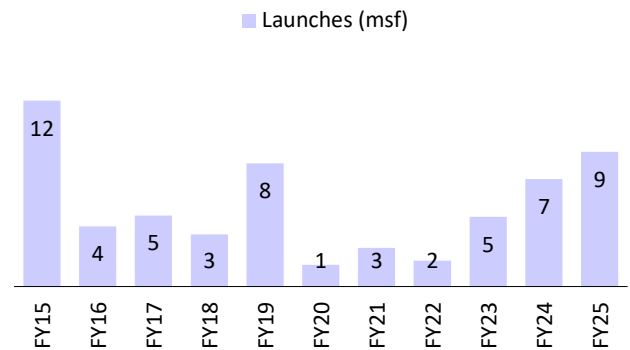
Story in charts

Exhibit 9: Sales have improved sharply over the past three years



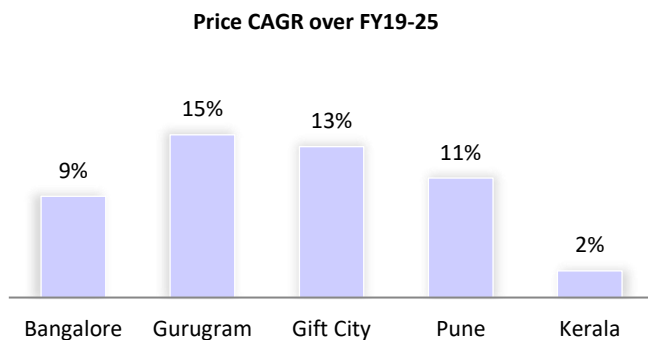
Source: Company, MOFSL

Exhibit 10: SOBHA has witnessed a gradual increase in new launches since FY20



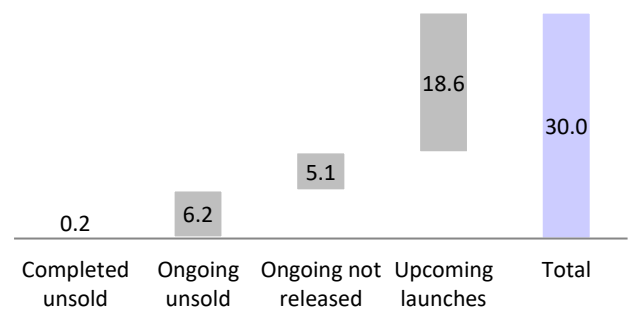
Source: Company, MOFSL

Exhibit 11: Healthy price growth witnessed across markets



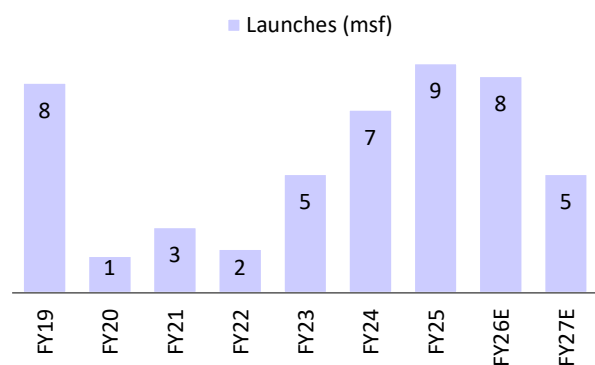
Source: MOFSL, Company

Exhibit 12: SOBHA has a pipeline of 30msf (incl 18.6msf of forthcoming projects)



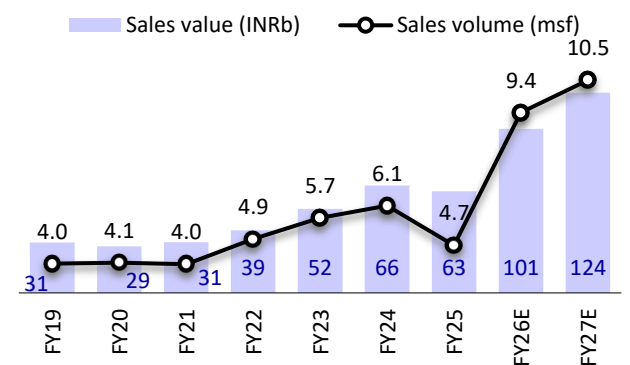
Source: MOFSL, Company

Exhibit 13: Expect SOBHA to release 13msf over the next two years



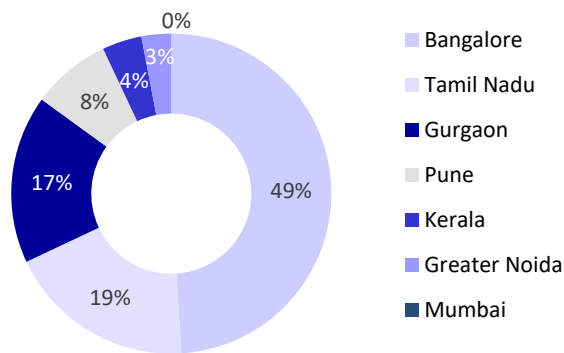
Source: Company, MOFSL

Exhibit 14: Pre-sales can increase to over INR124b by FY27E



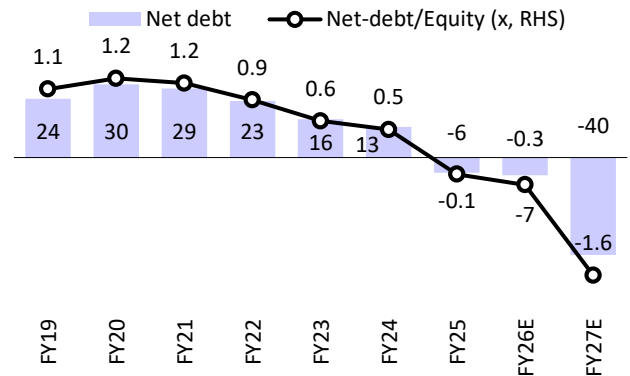
Source: Company, MOFSL

Exhibit 15: Developable land bank to support growth



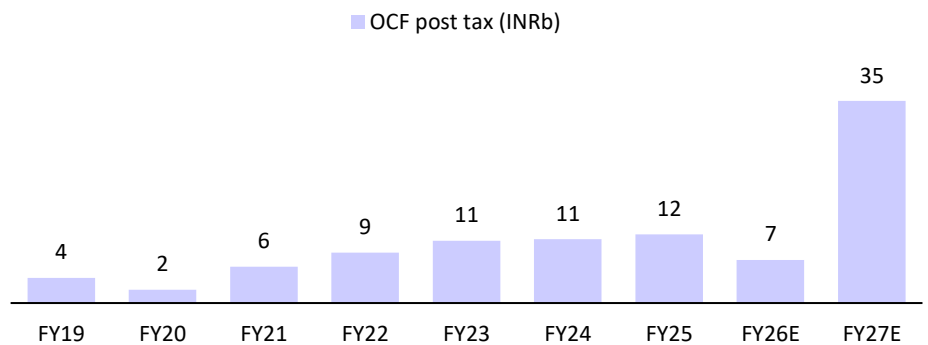
Source: Company, MOFSL

Exhibit 16: Net cash in FY25 due to rights issue cash



Source: Company, MOFSL

Exhibit 17: SOBHA to generate an OCF of INR35b in FY27E



Source: Company, MOFSL

Exhibit 18: Our earnings revisions

(INR b)	Old		New		Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	50	58	50	58	0%	0%
EBITDA	8	12	6	8	-22%	-32%
Adj. PAT	5	8	4	5	-27%	-34%
Pre-sales	100	121	101	124	1%	2%
Collections	70	111	70	113	1%	2%

Source: MOFSL, Company

Valuation and view

- We value SOBHA based on our SoTP approach, wherein:
 - Its ongoing inventory and the upcoming pipeline are valued using NAV, with expected cash flow discounted over the next four to six years at a WACC of 11.3%.
 - Cash flow potential of its 154msf land bank is discounted at a WACC of 11.3% over 25-75 years, assuming marginal expansion in existing sales velocity across markets that the company is exposed to.
 - Operational commercial projects are valued at an 8.5% cap rate and ongoing projects on a DCF basis.
 - SOBHA's contractual business is valued at an EV/EBITDA of 10x on FY26E EBITDA.

Based on the above approach, we arrive at a GAV of INR184b. Adding net cash of INR6b for FY25, we derive a NAV of INR190b, or INR1,778/share (earlier INR182b or INR1,803/share), indicating a potential upside of 24%.

Exhibit 19: Our SoTP-based approach denotes a 24% upside for SOBHA based on CMP; reiterate BUY

NAV summary	Description	INR b	Per share	As a percentage of NAV
Ongoing projects	❖ Net cash surplus ex. overheads discounted at a WACC of 11.3% over the next four years	21	200	11%
Upcoming projects	❖ ~15msf unreleased ongoing and upcoming pipeline discounted over five years at a WACC of 11.3%	53	492	28%
Value of ongoing and upcoming projects			74	692
Commercial properties	❖ Operational assets valued at a cap rate of 8.5% and ongoing projects through DCF	9	82	5%
Land bank (net of cost payable)	❖ Cash flow potential from 154msf land bank discounted at a WACC of 11.3% over 25-75 years, depending on the size of land parcel	86	805	45%
Contractual and manufacturing	❖ FY26E EBITDA at EV/EBITDA of 10x	15	140	8%
Gross asset value		184	1,719	97%
Net debt	❖ FY25 Net-debt	6	59	3%
Net asset value		190	1,778	100%
Shares outstanding		106.9		
Target Price		1,778		
CMP		1,433		
Upside		24%		

Source: MOFSL

Financials and Valuation

Consolidated Profit & Loss

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	21,098	25,613	33,101	30,969	40,387	50,333	58,105
Change (%)	-43.8	21.4	29.2	-6.4	30.4	24.6	15.4
Project Cost & Subcontractor Charges	9,281	14,129	21,022	19,048	26,612	32,030	36,025
Employees Cost	1,771	2,512	2,945	3,526	4,052	4,457	4,903
Other Expenses	3,294	3,644	5,440	5,625	6,779	7,550	8,716
Total Expenditure	14,346	20,285	29,407	28,199	37,444	44,038	49,644
% of Sales	68.0	79.2	88.8	91.1	92.7	87.5	85.4
EBITDA	6,752	5,328	3,694	2,770	2,943	6,296	8,461
Margin (%)	32.0	20.8	11.2	8.9	7.3	12.5	14.6
Depreciation	794	719	678	782	898	950	978
EBIT	5,958	4,609	3,016	1,988	2,045	5,345	7,483
Int. and Finance Charges	6,012	3,083	2,490	2,455	1,956	1,326	1,012
Other Income	807	840	923	1,209	1,241	1,295	1,494
PBT bef. EO Exp.	752	2,366	1,449	742	1,330	5,314	7,965
EO Items	0	0	0	0	0	0	0
PBT after EO Exp.	752	2,366	1,449	742	1,330	5,314	7,965
Total Tax	129	634	407	251	383	1,707	2,558
Tax Rate (%)	17.2	26.8	28.1	33.8	28.8	32.1	32.1
Minority Interest	0	0	0	0	0	0	0
Reported PAT	623	1,732	1,042	491	947	3,608	5,407
Adjusted PAT	623	1,732	1,042	491	947	3,608	5,407
Change (%)	-77.9	177.8	-39.8	-52.9	92.8	281.0	49.9
Margin (%)	3.0	6.8	3.1	1.6	2.3	7.2	9.3

Consolidated Balance Sheet

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	949	949	948	948	1,069	1,069	1,069
Total Reserves	23,329	24,157	23,998	24,192	44,536	47,823	52,909
Net Worth	24,277	25,106	24,947	25,141	45,605	48,892	53,978
Minority Interest	0	0	0	0	0	0	0
Total Loans	30,031	24,630	20,268	19,397	11,835	9,335	6,835
Deferred Tax Liabilities	342	151	126	149	164	-4,298	-7,402
Capital Employed	54,650	49,887	45,341	44,687	57,604	53,929	53,411
Gross Block	11,892	12,384	12,488	14,961	16,277	16,777	17,247
Less: Accum. Deprn.	3,558	4,277	4,955	5,737	6,635	7,586	8,564
Net Fixed Assets	8,334	8,107	7,533	9,224	9,641	9,191	8,683
Goodwill on Consolidation	0	0	172	172	172	172	172
Capital WIP	701	65	86	122	238	357	256
Total Investments	1,143	1,149	1,149	1,149	1,146	1,146	1,146
Curr. Assets, Loans&Adv.	1,01,924	1,04,779	1,15,721	1,26,298	1,61,013	1,65,422	1,66,990
Inventory	71,246	74,271	87,610	93,764	1,12,522	1,02,553	1,15,610
Account Receivables	2,361	4,069	2,375	2,039	2,404	2,758	3,184
Cash and Bank Balance	2,041	1,783	4,514	6,733	18,089	32,427	16,238
Loans and Advances	26,275	24,656	21,222	23,762	27,997	27,683	31,958
Curr. Liability & Prov.	57,452	64,214	80,542	92,277	1,14,606	1,22,359	1,23,837
Account Payables	7,318	6,753	5,987	6,165	5,648	13,272	14,961
Other Current Liabilities	49,844	57,131	74,123	85,643	1,08,425	1,08,423	1,08,108
Provisions	290	330	432	469	534	665	768
Net Current Assets	44,473	40,565	36,574	34,021	46,406	43,063	43,153
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	54,650	49,886	45,342	44,687	57,604	53,928	53,411

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)							
EPS	6.5	18.0	10.8	5.2	8.9	33.7	50.6
Cash EPS	14.7	25.4	17.9	13.4	17.3	42.6	59.7
BV/Share	252.1	260.7	259.0	265.1	426.5	457.2	504.8
DPS	7.0	3.5	3.4	3.4	3.0	3.0	3.0
Payout (%)	106.5	19.2	30.8	65.3	33.9	8.9	5.9
Valuation (x)							
P/E	221.4	79.7	132.4	276.7	161.8	42.5	28.3
Cash P/E	97.4	56.3	80.2	106.7	83.1	33.6	24.0
P/BV	5.7	5.5	5.5	5.4	3.4	3.1	2.8
EV/Sales	7.8	6.2	4.6	4.8	3.6	2.6	2.5
EV/EBITDA	24.3	29.8	41.1	53.6	49.9	20.7	17.0
Dividend Yield (%)	0.5	0.2	0.2	0.2	0.2	0.2	0.2
FCF per share	60.3	99.7	108.3	55.2	6.5	160.8	-126.6
Return Ratios (%)							
RoE	2.6	7.0	4.2	2.0	2.7	7.6	10.5
RoCE	10.2	7.7	6.0	4.7	4.6	7.8	10.2
RoIC	9.4	6.9	5.0	3.4	3.9	12.5	18.2
Working Capital Ratios							
Fixed Asset Turnover (x)	1.8	2.1	2.7	2.1	2.5	3.0	3.4
Asset Turnover (x)	0.4	0.5	0.7	0.7	0.7	0.9	1.1
Inventory (Days)	1,233	1,058	966	1,105	1,017	744	726
Debtor (Days)	41	58	26	24	22	20	20
Creditor (Days)	127	96	66	73	51	96	94
Leverage Ratio (x)							
Current Ratio	1.8	1.6	1.4	1.4	1.4	1.4	1.3
Interest Cover Ratio	1.0	1.5	1.2	0.8	1.0	4.0	7.4
Net Debt/Equity	1.2	0.9	0.6	0.5	-0.1	-0.5	-0.2

Consolidated Cash flow

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	752	2,366	1,449	742	1,330	5,314	7,965
Depreciation	652	719	678	782	898	950	978
Interest & Finance Charges	6,012	7,497	2,490	2,455	1,956	1,326	1,012
Direct Taxes Paid	-266	-515	-679	-772	-1,577	-6,169	-5,662
(Inc)/Dec in WC	-789	-409	7,635	3,980	-418	17,684	-15,964
CF from Operations	6,361	9,658	11,573	7,188	2,189	19,105	-11,671
Others	-231	-661	-71	-713	-189	-1,295	-1,494
CF from Operating incl EO	6,130	8,997	11,502	6,474	1,999	17,811	-13,165
(Inc)/Dec in FA	-414	461	-1,234	-1,237	-1,302	-618	-370
Free Cash Flow	5,716	9,458	10,268	5,238	697	17,192	-13,535
(Pur)/Sale of Investments	0	-6	-1,327	-3,875	-11,224	0	0
Others	82	-85	192	363	727	1,295	1,494
CF from Investments	-332	370	-2,369	-4,749	-11,799	676	1,124
Issue of Shares	0	0	0	0	19,842	0	0
Inc/(Dec) in Debt	-756	-5,595	-5,198	-974	-7,909	-2,500	-2,500
Interest Paid	-3,391	-2,916	-2,247	-2,123	-1,702	-1,328	-1,328
Dividend Paid	-664	-332	-321	-285	-303	-321	-321
Others	-23	0	0	0	0	0	0
CF from Fin. Activity	-4,834	-8,843	-7,766	-3,382	9,928	-4,148	-4,148
Inc/Dec of Cash	964	524	1,367	-1,657	128	14,339	-16,189
Opening Balance	1,078	2,042	3,111	8,390	17,960	18,089	32,427
Closing Balance	2,042	2,566	4,478	6,733	18,089	32,427	16,238

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