

We initiate coverage on SOBHA with BUY and TP of Rs1,900, based on 8x EV/embedded EBITDA, at 21% premium to NAV (the stock is trading at 13% discount to NAV). SOBHA is one of the fastest-growing real estate companies, with a strong track record and presence across multiple geographies. Since its inception in 1995, the company has executed and delivered 589 real estate and contractual projects covering 152.7msf to date; currently, 41.9msf is under development across 14 cities in 8 states. In FY26, SOBHA reported its best-ever pre-sales of Rs81.36bn and operational cash flow of Rs16.37bn. With a strong pipeline for FY27 and beyond, we expect the company to clock >20% pre-sales CAGR in the medium term. We expect FY27E/FY28E pre-sales of Rs99bn/Rs112bn, respectively. The company also plans to expand its footprint in Mumbai, Noida/Greater Noida, and Hyderabad in the coming years, providing significant headroom for growth. Key monitorables include launches and business development in new markets, including Mumbai and Greater Noida.

Strong pipeline

SOBHA has a strong pipeline for FY27 and beyond. The company has forthcoming projects of 20.7msf, with gross development value (GDV) of Rs272bn, across Bengaluru, NCR, Pune, Kerala, and Tamil Nadu, of which 10msf (GDV of ~Rs150bn) is expected to be launched in FY27. In addition, the company has 20.2msf of 'subsequent land' (pre-approval stage) across geographies.

Robust guidance for FY27

On the back of a strong pipeline across geographies and continued robust absorption both in Bengaluru and NCR, SOBHA has provided pre-sales growth guidance of 30% YoY for FY27, translating to pre-sales of Rs106bn in FY27.

Diversified presence

Although Bengaluru still contributes more than half of the pre-sales, the share of other markets has gradually increased. Bengaluru's share of total pre-sales declined from 67% in FY19 to 55% in FY26. NCR and Kerala contributed 30% and 10%, respectively, to total sales value in FY26. As the company has forayed into MMR and is expected to increase its footprint in Greater Noida and Hyderabad, we expect SOBHA to become a pan-India player, with an increasing share from non-Bengaluru markets.

Strong balance sheet with net cash position

SOBHA's focus on strong cash flow generation and financial discipline led to a consistent reduction in net debt from a high of Rs30.5bn in 2QFY21; the company turned cash-positive in FY25 and recorded net cash of Rs8bn as of 4QFY26-end. The successful rights issue of Rs19.99bn in FY25 also strengthened liquidity further. The current net cash balance sheet gives sufficient firepower for SOBHA to aggressively pursue business development in new markets such as Mumbai, Greater Noida, and Hyderabad.

Target Price – 12M	Apr-27
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	38.0

Stock Data	SOBHA IN
52-week High (Rs)	1,733
52-week Low (Rs)	1,130
Shares outstanding (mn)	106.9
Market-cap (Rs bn)	147
Market-cap (USD mn)	1,538
Net-debt, FY27E (Rs mn)	(5,650.0)
ADTV-3M (mn shares)	0.2
ADTV-3M (Rs mn)	270.0
ADTV-3M (USD mn)	2.8
Free float (%)	52.9
Nifty-50	23,719.3
INR/USD	95.7

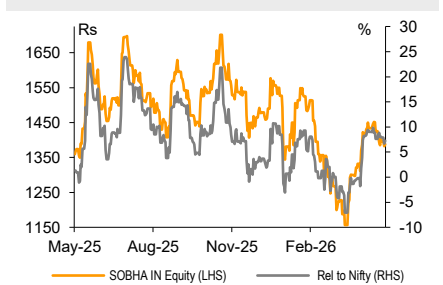
Shareholding, Mar-26

Promoters (%)	52.9
FPIs/MFs (%)	6.2/26.1

Price Performance

(%)	1M	3M	12M
Absolute	(0.8)	(9.1)	0.7
Rel. to Nifty	2.0	(2.0)	4.5

1-Year share price trend (Rs)



Sobha: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue	30,969	40,387	51,905	54,874	65,775
EBITDA	2,770	2,943	3,104	7,681	13,442
Adj. PAT	491	947	1,934	5,540	9,850
Adj. EPS (Rs)	4.6	8.9	18.1	51.8	92.1
EBITDA margin (%)	8.9	7.3	6.0	14.0	20.4
EBITDA growth (%)	(25.0)	6.3	5.5	147.5	75.0
Adj. EPS growth (%)	(52.9)	92.8	104.3	186.5	77.8
RoE (%)	2.0	2.7	4.2	11.2	17.5
RoIC (%)	6.1	7.6	8.3	27.7	40.0
P/E (x)	299.9	155.5	76.1	26.6	15.0
EV/EBITDA (x)	58.3	54.9	52.1	21.0	12.0
P/B (x)	5.9	3.2	3.1	2.8	2.4
FCFF yield (%)	2.5	(0.3)	0.2	1.4	0.8

Source: Company, Emkay Research

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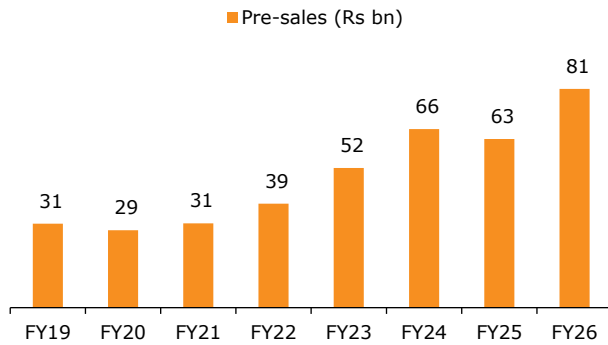
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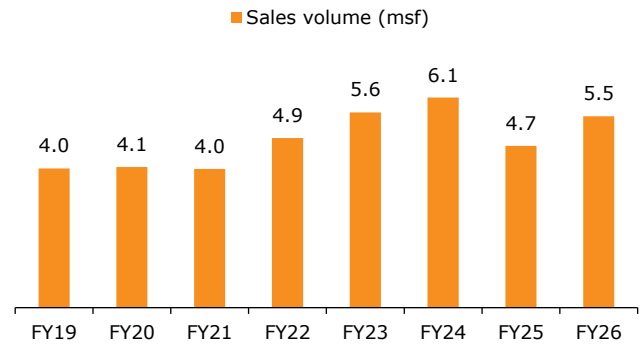
Story in charts

Exhibit 1: Pre-sales saw 15% CAGR over FY19-26



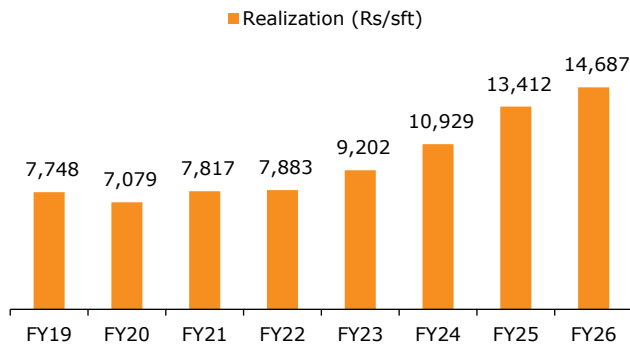
Source: Company, Emkay Research

Exhibit 2: Volumes expanded at 5% CAGR over FY19-26



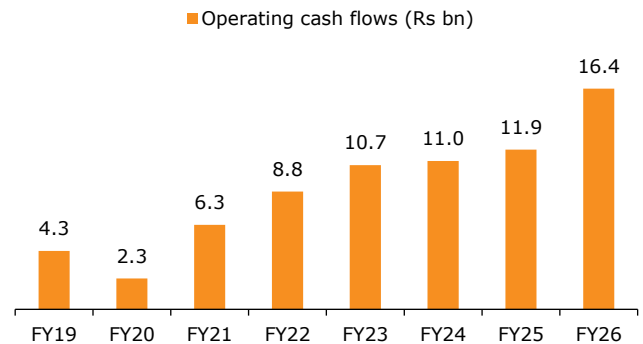
Source: Company, Emkay Research

Exhibit 3: Realizations witnessed 10% CAGR over FY19-26



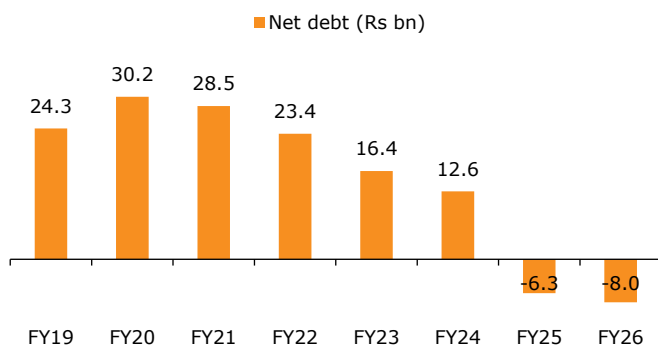
Source: Company, Emkay Research

Exhibit 4: Operating cash flow saw 20% CAGR over FY19-26



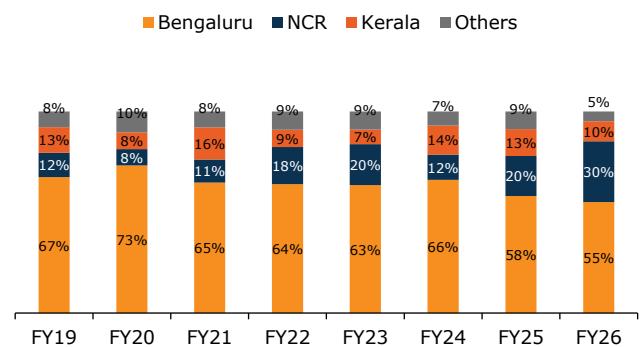
Source: Company, Emkay Research

Exhibit 5: SOBHA turned net cash positive in FY25



Source: Company, Emkay Research

Exhibit 6: Share of Bengaluru has been declining



Source: Company, Emkay Research

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Valuation

Exhibit 7: SOTP-based valuation using EV/embedded EBITDA multiple for residential segment

	FY28E	Comments
Sales booking (Rs bn)	112.0	
Embedded EBITDA margin	21%	FY26A embedded EBITDA: 33%; FY27 guidance: 32-34%
Embedded EBITDA (Rs bn)	23.6	
EV/EBITDA (x)	8.0	
EV of residential (Rs bn)	188.6	
EV of rental portfolio (Rs bn)	6.9	FY26 NOI: Rs522mn; FY27E NOI: Rs553mn and cap rate of 8%
Contract and manufacturing business (Rs bn)	-	Zero value assigned
Add: Net cash (Rs bn)	8.0	
Equity value (Rs bn)	203.5	
O/S shares (mn)	107.0	
TP (Rs)	1,900	

Source: Company, Emkay Research

Exhibit 8: NAV

	Rs bn	
Value of completed + ongoing projects	58.0	Surplus of Rs95.6bn discounted in 2.3 years
Value of forthcoming projects (GDV: ~Rs262bn)	42.0	Surplus of Rs87bn discounted in 4.1 years
Value of 'subsequent land' (pre-approval stage; GDV: ~Rs283bn)	33.5	Surplus of Rs87.3bn discounted in 6.0 yrs
Contract and manufacturing business	-	Zero value assigned
EV of rental portfolio	6.9	FY26 NOI: Rs522mn; FY27E NOI: Rs553mn; cap rate of 8%
Land bank (1,752 acres)	20.0	114msf (FAR1.5) and Rs175/sft assumed
Total value	160.6	
Add net cash	8	
NAV	168.6	
NAV (Rs/share)	1,576	

Source: Company, Emkay Research

Exhibit 9: The stock is trading at a discount to NAV

	Rs/share	Premium to NAV
NAV	1,576	0%
CMP	1,377	-13%
TP	1,900	21%
Upside		38%

Source: Company, Emkay Research

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Business overview

SOBHA largely focuses on the residential real-estate segment, with dominance in Bengaluru. The company has diversified its operations into various geographies, and currently has operational projects in 14 cities, including Gurugram, Pune, Hyderabad, Chennai, Kochi, and a few others. In FY26, SOBHA entered Mumbai (MMR) and Greater Noida (NCR) markets. It also has a portfolio of two commercial assets with 0.55msf of operational area (SOBHA's share: 0.44msf) and NOI of Rs522mn in FY26. Apart from real estate, the company is also engaged in contractual engineering, procurement, and construction services for institutional customers.

Residential portfolio

As of 31-Mar-26, SOBHA has delivered a cumulative saleable area of 66.5msf and has ongoing projects with a saleable area of 27.59msf. Unsold inventory from ongoing projects (7.75msf) and future phases (2.54msf) have an estimated sales potential of Rs128bn and Rs40bn, respectively (SOBHA's share: 75%). Future marginal cashflow from the ongoing and completed projects stands at Rs95.6bn (SOBHA's share: 87.3%).

SOBHA has development potential of 40.34msf across 409 acres of land in 8 cities. The company's project pipeline to be launched over the next 6-8 quarters (excluding future phases of ongoing projects) spans over 20.07msf, with estimated GDV of Rs263bn and marginal cash flow potential of Rs87bn (SOBHA's share: 87.3%). The remaining 20.24msf will be launched in subsequent periods. Apart from this, the company has a total of 1,752 acres of land bank (owned/JD/lease) under various stages of consolidation, monetization, and self-use.

Exhibit 10: Developable land bank to support sustained growth

City/Region	Land for forthcoming projects (acres)	Land for Subsequent projects (acres)	Total (acres)
Bengaluru	149	74	223
Gurugram	18	44	62
Greater NOIDA	-	-	0
Kerala	8	-	8
Tamil Nadu	9	68	77
Pune	7	27	34
Hyderabad	-	5	5
Total	191	218	409
Development potential (msf)	20.7	20.2	40.9
SOBHA's share	87.3%	80.8%	84.1%

Source: Company, Emkay Research

Exhibit 11: Inventory visibility of ongoing and forthcoming projects

Inventory status	Area (msf)	Sales value (Rs bn)
Completed projects	0.2	1.9
Ongoing projects – Released	7.8	128.0
Ongoing projects – Unreleased	2.5	40.4
Forthcoming projects – Residential	20.1	262.6
Forthcoming projects – Commercial	0.6	9.0
Total inventory visibility	31.2	442.0

Source: Company, Emkay Research; Note: SOBHA's share of ongoing projects is 75% and of forthcoming projects is 87.3%

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Exhibit 12: Details of forthcoming projects

City / Region	No of projects	Area (msf)
Bangalore	6	14.6
Gurgaon	2	1.4
Chennai	1	1.4
Pune	1	1.0
Calicut	1	0.8
Thrissur	1	0.8
Mumbai	1	0.1
Residential projects (total)	13	20.1
Gurugram	1	0.6
Commercial projects (total)	1	0.6
Total forthcoming projects	14	20.7

Source: Company, Emkay Research; Note: SOBHA's share 87.3%

Rental portfolio

SOBHA has a relatively small rental portfolio of two retail assets, with an operational area of ~0.55msf (SOBHA's share: 0.44msf). These two assets generated an NOI of Rs522mn in FY26. The company currently has two ongoing retail projects (Bengaluru and Thrissur) aggregating ~0.05msf, and three forthcoming retail projects (all in Gurugram) spanning ~0.66msf (SOBHA's share: ~0.57msf).

Exhibit 13: Commercial portfolio details

Project Name	Status	Total Leasable Area (sft)	SOBHA's Share of Leasable Area (sft)
SOBHA City Mall, Thrissur	Operational	3,22,964	2,80,805
1 SOBHA, Bangalore	Operational	2,31,241	1,57,318
Total		5,54,205	4,38,123
SOBHA Arcadia, Bangalore	Ongoing	28,863	28,863
SOBHA Metropolis - Retail, Thrissur	Ongoing	27,607	27,607
Total		56,470	56,470
ICG - Retail, Gurgaon	Forthcoming	4,07,171	4,07,171
SOBHA Altus - Retail, Gurgaon	Forthcoming	1,72,636	1,09,624
SOBHA Strada - Retail, Gurgaon	Forthcoming	82,691	54,692
Total		6,62,498	5,71,487
Total		12,73,173	10,66,080

Source: Company, Emkay Research

Other businesses

Contracts and manufacturing businesses: SOBHA's contractual business provides integrated project solutions across commercial and institutional developments in 27 cities in India. Services include design, civil and structural works, MEP, interior fit-outs, aluminum and glazing systems, and landscaping. As of 31-Mar-25, the contractual business had completed 341 developments covering 59.34msf, with an additional 3.86msf under execution. Key clients include Infosys, Dell, LuLu, Biocon, Taj, and ITC, with projects spanning technology, healthcare, hospitality, education, and research sectors.

Manufacturing and retail: The manufacturing business segment comprises glazing and metal works, concrete product division, and precast division. The retail business segment comprises home interiors business and Restoplus.

The company operates glazing and metal works facilities across Bengaluru, Chennai, and Sonipat, with the flagship Bengaluru unit spread across 7.9 acres. Its concrete product division operates facilities in Bengaluru and Gurugram, with annual capacity of ~16mn blocks or 8mn landscaping units.

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Sobha Interiors, established in 2000, operates a 375,000sft woodworking facility in Bengaluru, along with a second unit in Bhiwadi, Rajasthan. The company's precast division, established in 2015, manufactures modular structural components using German-engineered systems. Restoplus has been offering over 36 mattress combinations since its launch in 2007. SOBHA's home interiors business, metercube, has a catalogue of over 2,000 products across furniture, lighting, furnishings, and accessories.

The contract, manufacturing, and retail businesses in the last 5 years have been stagnant, with revenue of ~Rs7-8bn/year. In addition, the businesses continue to see low margins, thus dragging overall margin. PBT in FY26 from this segment was ~10%.

Exhibit 14: Contract and manufacturing

Rs bn	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Revenue	11.8	14.7	8.0	7.1	7.8	6.8	6.6	7.7

Source: Company, Emkay Research

The civil contract segment has the lowest margin and highest risk, with high resource requirement. SOBHA is exiting this segment. The company will continue its MEP contract business and will pursue only select projects, mainly commercial, hospitality, etc, where it can clock gross margin of >15%.

SOBHA's manufacturing segment, comprising concrete products, glazing and metal works, and interiors, is a niche business and not big in scale.

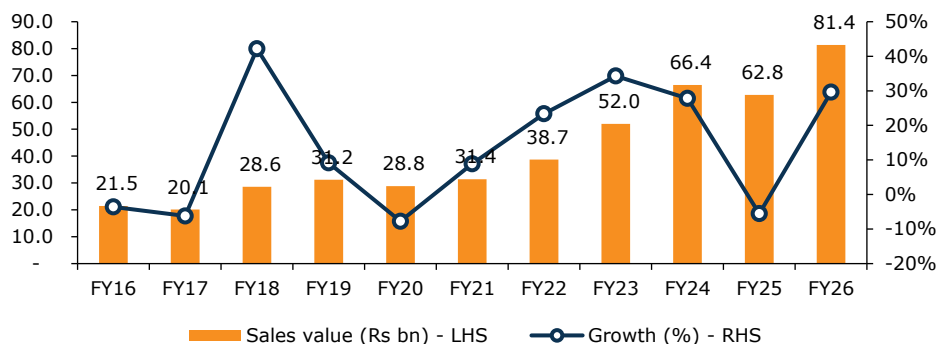
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Investment thesis

Strong rebound in performance

Like other developers, SOBHA saw muted pre-sales growth pre-Covid (6% CAGR during FY14-19), while witnessing a significant uptick post-Covid (28% CAGR during FY21-24). However, due to approval-related issues, SOBHA faced challenges in launches in FY25 and consequently saw degrowth in pre-sales by 6% to Rs62.8bn. However, in FY26, SOBHA demonstrated a sharp rebound in performance and achieved its best-ever pre-sales of Rs81.4bn (~30% YoY), driven by strong volume growth (18% YoY) and realization uptick (10% YoY). Sales area stood at 5.54msf, with realization of Rs14,687/sft in FY26.

Exhibit 15: Pre-sales grew at 14% CAGR over FY16-26



Source: Company, Emkay Research

Strong growth guidance; expected to outperform

The company gave a strong pre-sales growth guidance of 30% YoY for FY27. While we expect other Grade A players with high bases such as Godrej Properties, Lodha Developers, Prestige Estates, and DLF to see a more measured growth (10-15%) in FY27, we estimate SOBHA to surpass >Rs100bn of pre-sales in FY27, up ~30% YoY. Only Mahindra Lifespace Developers has given similar high-growth guidance (32% YoY) for FY27. In the medium term, SOBHA aspires to achieve 10msf of sales volume, with RoE of 20%. Thus, we expect SOBHA to stand out among mid-sized peers, with stronger pre-sales CAGR of 20-25% in the next few years.

Exhibit 16: SOBHA and Mahindra Lifespaces to outperform

Bloomberg code	FY26A	FY27	YoY	Comments
MAHLIFE	34.1	45.0	32%	Guidance
SOBHA	81.4	105.8	30%	Guidance
RUSTOMJE	40.2	50.0	24%	Guidance
BRGD	74.2	90.0	21%	Guidance
LODHA	205.3	240.0	17%	Guidance
DLFU	210.0	200.0	-1%	Guidance
GPL	341.7	390.0	14%	Guidance
OBER	54.5	60.0	10%	Estimate
PEPL	300.0	350.0	17%	Estimate
ABREL	81.4	84.0	3%	Estimate

Source: Company, Emkay Research

Right ammunition to fire for next few years

A strong pipeline visibility of 3-4 years and a quickly monetizable large land bank are advantages for SOBHA, in our view.

Substantial near-term launch pipeline + unsold inventory

The company has a significant number of forthcoming projects (launches in next 1-2 years) totaling 20.7msf across key markets, including Bengaluru, Gurugram, Chennai, Pune, Kerala, and Mumbai. Of these, >10.0msf (GDV: ~Rs150.0bn) would be launched in FY27. In addition to the near-term pipeline, the company has unsold inventory of 10.53msf (valued at Rs127.7bn) to sell. Thus, SOBHA would have inventory of ~Rs278bn to sell in FY27. Even a modest ~35% absorption would surpass pre-sales of >Rs100.0bn in FY27, on our estimate.

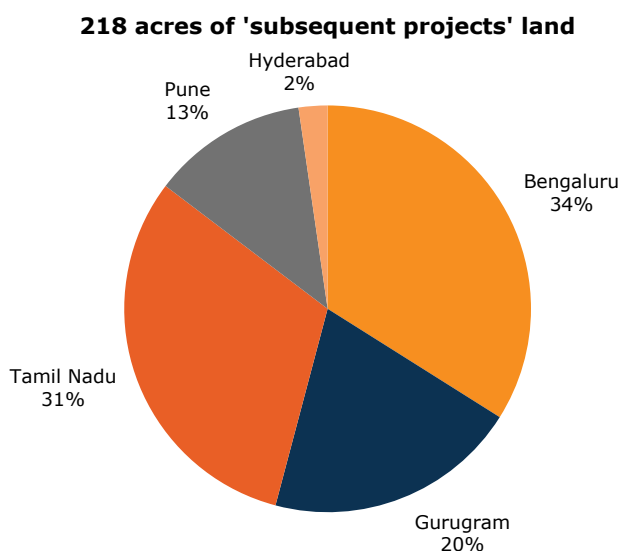
Key projects for launches in FY27 are given below:

- Gurugram (Sector 63A): Sobha Crescent has already been launched in 1QFY27. The project has 0.75msf area with GDV of ~Rs18.7bn. The project received a strong response, with Rs11.0bn (~60%) of inventory already sold.
- Hoskote, Bengaluru: The company has a large land parcel in Hoskote, Bengaluru North District, of which 45 acres has been carved out for Phase 1. Phase 1, with saleable area of 5.3msf (GDV: ~Rs65bn), is slated to be launched in 1HFY27. Initially, half of the inventory would be released for sale. The Hoskote project would be an integrated residential township, which would also have commercial and other developments in subsequent phases.
- H2FY27 launches: Windsor Phase 2 with GDV of Rs4.0bn (0.4msf); Mysore project with GDV of Rs960mn (0.19msf of plotted development); Kerala project with GDV of Rs17.0bn (1.5msf); Chennai project with GDV of Rs16.0bn (1.3msf); and Pune project with GDV of Rs10.0bn.

Developable land bank for sustained growth in the medium term

SOBHA has land parcel of 20.24msf (218 acres) for 'subsequent projects' (launch in 2-4 years). This assures the company a strong launch pipeline visibility in the medium term. In addition, SOBHA plans to aggressively pursue business development in new markets, such as Mumbai, Greater Noida, and Hyderabad. Moreover, the company has total land parcel of 1,725 acres (joint development/owned/lease) under various stages of consolidation, monetization, and self-use. Although visibility on the inclusion of this land parcel in the pipeline remains distant, we expect a significant portion to eventually be added, albeit over the long term.

Exhibit 17: Distribution of 'subsequent projects' land to be added to launch pipeline



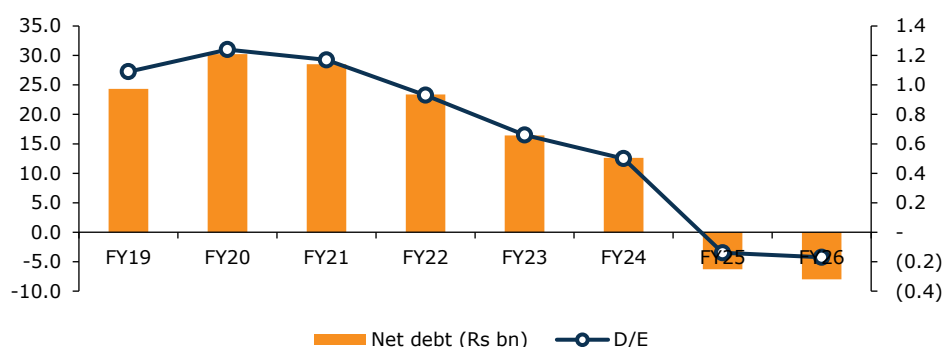
Source: Company, Emkay Research; Note: 218 acres (20.2msf) of developable land under pre-approval stage

Net cash balance sheet to aid aggressive business development in new markets

From high debt overhang to net cash

SOBHA’s improving cash flow and net cash position reflect disciplined execution and focus on profitability. The company succeeded in generating cashflow through internal accruals and reducing net debt from a peak of Rs30.9bn (D/E of 1.28x) at the end of 3QFY20 to turning cash-positive in FY25 and achieving net cash of Rs8.0bn at the end of FY26. Debt reduction was partially aided by the rights issue of Rs20.0bn in FY25. However, even before the rights issue, SOBHA reduced net debt from Rs30.9bn (D/E of 1.28x) in 3QFY20 to Rs4.6bn (D/E of 0.13x) by the end of 2QFY25 entirely through internal accruals.

Exhibit 18: Consistent net debt reduction over past six years



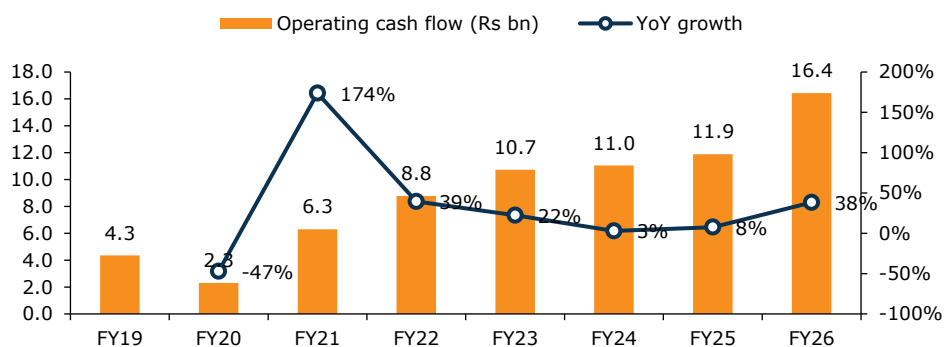
Source: Company, Emkay Research

Strong cashflow generation to continue

SOBHA has been generating consistent positive net cash flow over the past six years (FY21-26), with operating cash flow (OCF) expanding at a CAGR of 21% during this period. OCF in FY26 stood at ~Rs16.4bn (+40% YoY). While reported margins have been in single digits, revenue of Rs186.5bn is yet to be recognized from ongoing projects, with project-level EBITDA margin expected to be >30%, on our estimate. Healthy project-level margins (~40% on new pre-sales and >30% on unrecognized revenue) support ~25% company-level EBITDA margin, enabling steady free cash flow generation and funding for growth.

Thus, with the right ammunition in place, we expect SOBHA to double-down on business development in the medium term and increase its footprint in new focus markets of Mumbai, Greater Noida, and Hyderabad.

Exhibit 19: Operating cashflow momentum to continue



Source: Company, Emkay Research

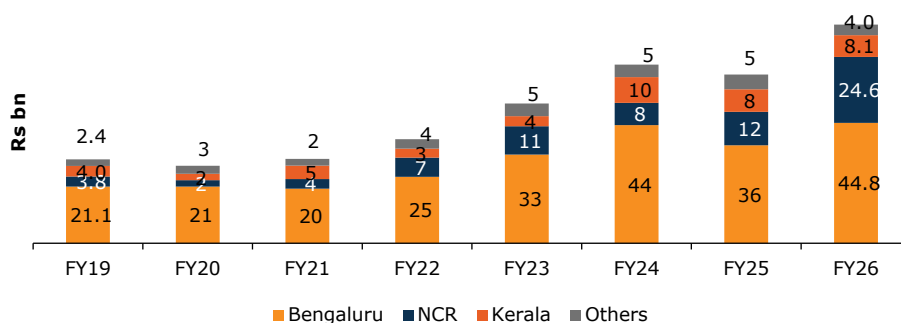
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Headroom for growth in new geographies

Foray into new geographies

The company has ongoing projects in 11 cities: Bengaluru, Gurugram, Kochi, Thrissur, Kozhikode, Thiruvananthapuram, Chennai, Coimbatore, Hyderabad, GIFT City, and Pune. In FY26, SOBHA extended presence to two new geographies—Mumbai and Greater Noida—expanding footprint to 13 cities currently. However, Bengaluru continues to be the dominant market, contributing 55% (Rs44.8bn) to total pre-sales in FY26. Other key markets are NCR (Rs24.6bn) and Kerala (Rs8.1bn), which contributed 30% and 10%, respectively, to total pre-sales in FY26.

Exhibit 20: Bengaluru continues to be the key market; footprint in other markets increasing



Source: Company, Emkay Research

Contribution from the Bengaluru market grew 2.1x from Rs21.1bn in FY19 to Rs44.8bn in FY26, reflecting a modest CAGR of 11% over the period. Meanwhile, contribution from non-Bengaluru markets grew faster at 3.6x from Rs10.2bn in FY19 to Rs36.6bn in FY26, implying a CAGR of 20%. Non-Bengaluru markets outperformed primarily due to the NCR region, where contribution increased 6.5x from Rs3.8bn in FY19 to Rs24.6bn in FY26, at a CAGR of 31%. This growth was driven by deeper penetration in the Gurugram market as well as entry into a new market, Greater Noida, in FY26. Alongside Greater Noida, SOBHA also entered Mumbai in FY26 with the launch of its first project, SOBHA Inizio.

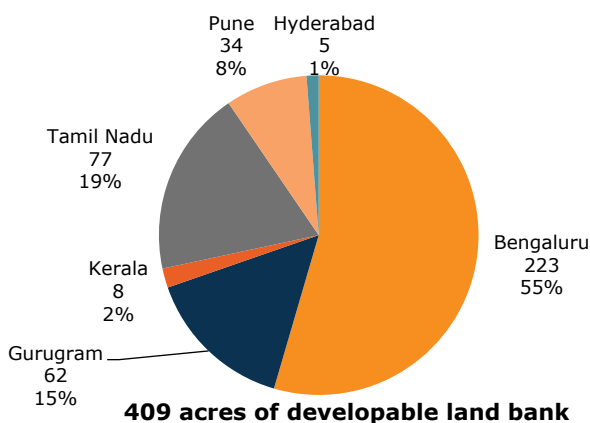
Focus markets

SOBHA's focus geographies for long-term growth include Bengaluru, NCR (Gurugram and Greater Noida), Hyderabad, and Mumbai. In its existing markets, including Bengaluru and Gurugram, SOBHA has strong pipeline visibility. While business development is expected in all these markets, it is likely to accelerate in new markets such as Mumbai, Greater Noida, and Hyderabad. These new markets are among the top-seven real estate markets in India and offer significant headroom for growth.

In Gurugram, the company took more than 15 years to achieve pre-sales of ~Rs12–13bn. However, its foray into Greater Noida was significantly more successful, recording pre-sales of ~Rs12–13bn in its first year of entry in FY26. SOBHA is currently actively exploring deals in new markets, including Mumbai and NCR. The company is expected to conclude two deals in Mumbai in FY27 (one outright and one redevelopment), with a combined GDV of ~Rs20bn, while another deal in Greater Noida/Noida is also in the pipeline. While deals are also expected in Bengaluru and Gurugram, we believe these will likely be more opportunistic in nature, given the already strong visibility in these markets.

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 21: Significant visibility in its existing markets of Bengaluru and Gurugram



Source: Company, Emkay Research

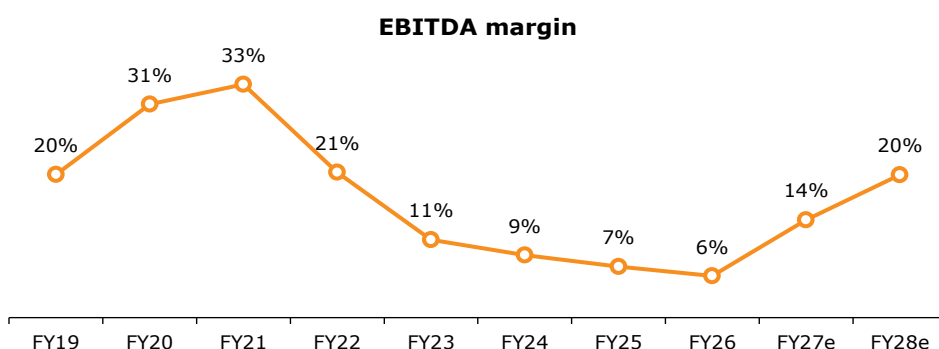
Reported EBITDA margin key monitorable

EBITDA margin expected to improve

The company has reported muted EBITDA margins in single digits over the past four years, primarily due to revenue recognition from legacy low-margin projects and weak performance in the civil contract segment. Although reported EBITDA margin stood at 6.0% in FY26, profitability was temporarily hit by delays in revenue recognition, higher periodic overheads, and elevated sales and marketing expenses associated with strong booking volumes.

Currently, revenue recognition of Rs186.5bn is pending, with a blended project-level EBITDA margin of ~30%. We expect profitability to improve on revenue recognition from new high-margin projects. We believe reported EBITDA margin is likely to improve from 2HFY27 onward, when revenue recognition is expected to accelerate. We project EBITDA margin to expand progressively, reaching 18–19% by 3QFY27 and 34% from FY28 onward. We expect SOBHA to exit FY27 with PAT margin in double digits, while FY28E PAT is projected at Rs1bn, with a PAT margin of 12%.

Exhibit 22: Reported EBITDA margin to improve from FY27 onward

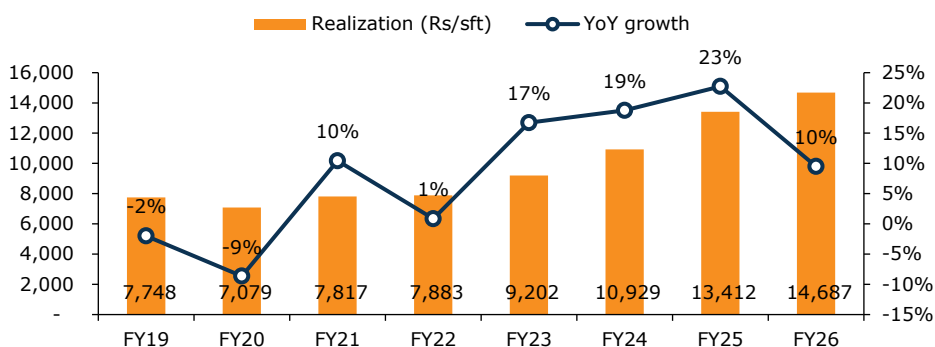


Source: Company, Emkay Research

Premiumization and expansion into new geographies to drive realization growth

Sales realizations have improved meaningfully due to increasing premiumization and expansion into new geographies such as NCR and Mumbai (although Mumbai’s contribution currently is minuscule). While realizations for SOBHA were largely flat during FY18–22, the company saw a healthy 17% CAGR in realizations over FY22–26, supported by a shift in product mix toward premium products and strong traction in higher-realization markets, such as Gurugram. In addition, there was an overall rise in realizations in all markets over FY22–26, which we expect to moderate to 6-7% going forward.

Exhibit 23: SOBHA's realization expanded at 17% CAGR over FY22-26

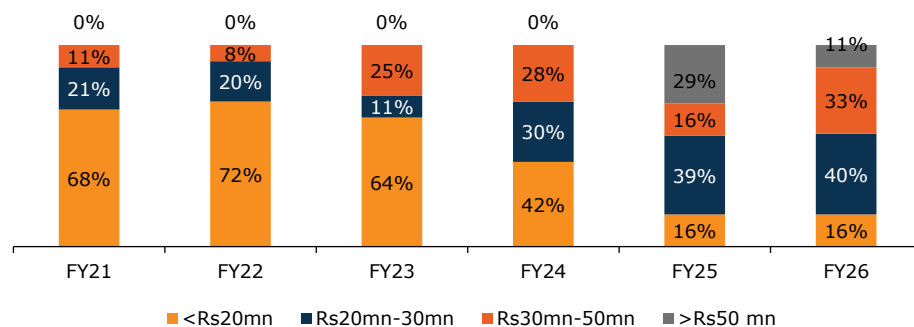


Source: Company, Emkay Research

Average realizations increased, aided by price hikes and premium launches, along with higher luxury contribution. The share of bookings from ticket sizes below Rs20mn dropped drastically from 68% in FY21 to 16% in FY26; during the same period, the share of bookings from luxury products moved from 0% to 11%. During FY21-24, ticket size below Rs20mn was the sweet spot, accounting for a large share of total sales. However, in FY25 and FY26, the sweet spot shifted to Rs20-30mn, accounting for ~40% of sales. In addition, the super-luxury segment, with ticket size above Rs50mn, made its mark in FY25-26. This shift has been driven by the combined effect of price increases and growing average unit sizes over the past few years.

However, going forward, we do not expect significant price hikes, and unit sizes are likely to stabilize. We expect sales mix to normalize with upcoming launches across ticket sizes, which should support sales velocity while moderating the skew toward high-ticket inventory. Moreover, we expect realization growth to remain healthy, although sharp price hikes and further increases in unit sizes are unlikely.

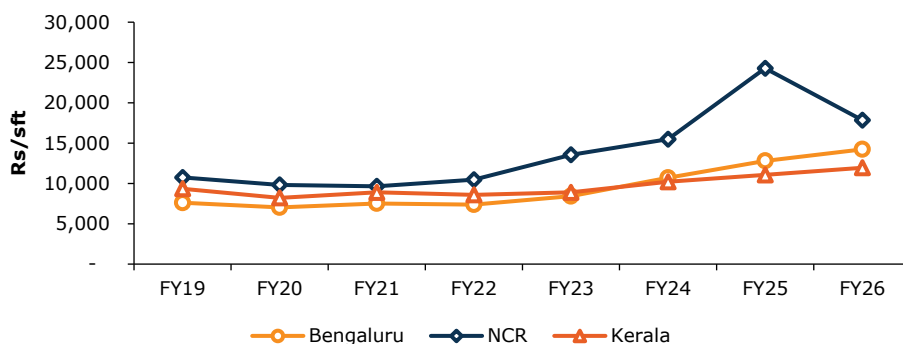
Exhibit 24: Share of premium and luxury products increased significantly from FY24 onward



Source: Company, Emkay Research

We expect realizations to further move upward, owing to SOBHA's entry in high-realization markets, such as Gurugram and MMR. As realizations move up, we also expect SOBHA's EBITDA margin to expand. Thus, we expect all new projects to report strong margins once they start recognizing revenue.

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Exhibit 25: SOBHA's realization trend in different markets

Source: Company, Emkay Research

Strong cashflow visibility from ongoing projects

The projected marginal cashflow of ongoing projects = pending collection from sold inventory + unsold inventory – balance cost to be incurred for completion of the ongoing projects. This cashflow gives visibility for the next 3-4 years and does not include new launches. SOBHA's projected marginal cashflow is Rs95.6bn that can be realized over the next 3-4 years from ongoing projects, providing comfort on liquidity in the near-to-medium term. This projected marginal cashflow is further augmented with marginal cashflow from forthcoming projects (not yet launched but expected in next 1-2 years) of Rs87.0bn.

Exhibit 26: Projected marginal cashflow from ongoing and forthcoming projects

	completed	Ongoing – released	Ongoing – unreleased	Total
Total area (msf)	19.2	25.4	2.6	47.1
SOBHA's share of area (msf)	18.2	24.6	2.5	45.3
Total area sold till Mar-26 (msf)	18.0	16.9	-	34.8
Unsold area as of Mar-26 (msf)	0.2	7.7	2.5	10.5
Balance cost to be incurred (Rs bn)	3.3	119.5	19.4	142.2
Outstanding receivables (Rs bn)	1.1	109.0	0.1	110.1
Sales value of unsold stock (Rs bn)	1.7	99.3	26.7	127.7
Marginal cashflow from ongoing projects (Rs bn)	(0.6)	88.8	7.4	95.6
Marginal cashflow from forthcoming projects (Rs bn)				87.0

Source: Company, Emkay Research

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Company profile

SOBHA is among the select few fully backward-integrated real estate developers in India, with a primary focus on the residential segment. The company completed its first project, located in Bengaluru, in 1999. It gradually expanded its geographical presence to Gurugram, Chennai, Pune, Kochi, and Hyderabad. In FY26, the company expanded its presence in Greater Noida and Mumbai. It is also engaged in contractual engineering, procurement, and construction services for institutional customers. As of FY26, the company has delivered 153msf of developable area.

Over the years, SOBHA has built a strong reputation for excellence and governance standards, reflected in its consistent delivery track record and customer-centric approach. As a vertically integrated company, the company has developed in-house competencies commencing from identification of developable land parcels and conceptualization of project-to-project execution, which involves planning, designing, costing, estimation, and overseeing construction activities at site and delivering units to customers.

Exhibit 27: Company overview

- Unique backward integrated model powering in-house delivery of concept-to-completion
- Execution track record of 580+ precision-built residential and commercial projects
- Strengthened balance sheet with net-debt negative position
- Diversified presence across multiple real estate formats and business verticals
- Well positioned to capture demand growth for a sustained long-term value creation

152.69 mn sft completed	589 Developments	7 mn sft annual delivery rate*	41.93 mn sft 53 projects under development
28 Cities and 14 states across India	30+ Acres manufacturing facilities	4,450+ Employees	10,400+ Technicians

*Annual delivery rate (developable area) in last decade

Source: Company, Emkay Research

Exhibit 28: A journey of excellence



Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Leadership team

Exhibit 29: Board of directors

Name	Designation	Background
Ravi PNC Menon	Chairman	Menon has >23 years of experience in the real estate and construction business. He holds Bachelor of Science in Civil Engineering from Purdue University, USA.
Jagadish Nangineni	Managing Director	Nangineni has >23 years of experience across diverse sectors – real estate, consulting, and technology. He holds BTech in Civil Engineering from IIT Bombay and PGDM from IIM Calcutta.
Nisanth MN	Deputy Managing Director	Nisanth has >22 years of experience in civil engineering and real estate sectors. He holds a BTech degree from Thrissur Government College.
Srivathsala K Nandagopal	Independent Director	Nandagopal is a serial entrepreneur. He has founded 4 companies, with businesses spanning angel investing, financial planning for HNIs, and strategic business advisory.
Raman Mangalorkar	Independent Director	Raman has >31 years of industry, consulting, and private equity experience. He holds an MBA from Indiana University.
Subba Rao Amarthaluru	Independent Director	Amarthaluru has >35 years of experience across industries such as manufacturing, financial services, and infrastructure. He is a commerce graduate and CA.
Gopal B Hosur	Independent Director	Hosur is a retired IPS officer in Karnataka Cadre, with experience of over 4 decades.

Source: Company, Emkay Research

Exhibit 30: Management team

Name	Designation	Background
Jagadish Nangineni	Managing Director	Nangineni has >23 years of experience across diverse sectors – real estate, consulting, and technology. He holds a BTech degree in Civil Engineering from IIT Bombay and PGDM from IIM Calcutta.
Nisanth MN	Deputy Managing Director	Nisanth has >22 years of experience in civil engineering and real estate sectors. He holds a BTech degree from Thrissur Government College.
Yogesh Bansal	Chief Financial Officer	Bansal has ~20 years of experience in finance, compliance, process control, risk management, and accounting. He has been associated with SOBHA since Apr-11. He is a CA.
Sumeet Chunkhare	Chief Marketing Officer	Chunkhare has over 15 years of experience across FMCG, FinTech, and real estate industries. He joined SOBHA in 2019. He is an MBA from IIM Lucknow.
Devaraja TH	Head - Electrical and HVAC	He has more than 28 years of experience in the field of design and execution of electrical systems.
Harish Babu	CEO – Interiors Division	With over 29 years of experience, he has developed expertise in the field of interiors, designs, and production.
Rajesh Nair	CEO – Glazing and Metal Works	He has been heading SOBHA's Glazing and Metal Works Division since May-25, bringing over three decades of extensive experience in the construction industry.

Source: Company, Emkay Research

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Sobha: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue	30,969	40,387	51,905	54,874	65,775
Revenue growth (%)	(6.4)	30.4	28.5	5.7	19.9
EBITDA	2,770	2,943	3,104	7,681	13,442
EBITDA growth (%)	(25.0)	6.3	5.5	147.5	75.0
Depreciation & Amortization	782	898	1,060	901	901
EBIT	1,988	2,045	2,044	6,779	12,541
EBIT growth (%)	(34.1)	2.9	(0.1)	231.7	85.0
Other operating income	-	-	-	-	-
Other income	1,209	1,241	1,933	1,933	1,933
Financial expense	2,455	1,956	1,374	1,305	1,305
PBT	742	1,330	2,602	7,407	13,168
Extraordinary items	0	0	0	0	0
Taxes	251	383	665	1,867	3,318
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	(4)	0	0
Reported PAT	491	947	1,934	5,540	9,850
PAT growth (%)	(52.9)	92.8	104.3	186.5	77.8
Adjusted PAT	491	947	1,934	5,540	9,850
Diluted EPS (Rs)	4.6	8.9	18.1	51.8	92.1
Diluted EPS growth (%)	(52.9)	92.8	104.3	186.5	77.8
DPS (Rs)	2.7	0	3.0	8.4	8.4
Dividend payout (%)	57.9	0	16.6	16.2	9.1
EBITDA margin (%)	8.9	7.3	6.0	14.0	20.4
EBIT margin (%)	6.4	5.1	3.9	12.4	19.1
Effective tax rate (%)	33.8	28.8	25.5	25.2	25.2
NOPLAT (pre-IndAS)	1,315	1,456	1,522	5,071	9,381
Shares outstanding (mn)	107	107	107	107	107

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
PBT (ex-other income)	(467)	89	666	5,474	11,236
Others (non-cash items)	-	-	-	-	-
Taxes paid	(772)	(1,577)	(2,300)	(1,867)	(3,318)
Change in NWC	7,115	(418)	3,245	(3,259)	(8,833)
Operating cash flow	5,265	758	2,366	2,555	1,290
Capital expenditure	(1,247)	(1,302)	(2,054)	(228)	0
Acquisition of business	-	-	-	-	-
Interest & dividend income	-	-	-	-	-
Investing cash flow	(3,540)	(10,559)	962	1,204	1,433
Equity raised/(repaid)	0	19,842	7	0	0
Debt raised/(repaid)	(900)	(7,826)	(1,286)	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(2,123)	(1,702)	(1,188)	(1,305)	(1,305)
Dividend paid (incl tax)	(285)	0	(321)	(898)	(898)
Others	(74)	(385)	(63)	0	0
Financing cash flow	(3,382)	9,928	(2,850)	(2,204)	(2,204)
Net chg in Cash	(1,657)	128	478	1,556	519
OCF	5,265	758	2,366	2,555	1,290
Adj. OCF (w/o NWC chg.)	(1,850)	1,176	(879)	5,814	10,124
FCFF	4,018	(544)	312	2,327	1,290
FCFE	1,563	(2,499)	(1,062)	1,021	(15)
OCF/EBITDA (%)	190.1	25.8	76.2	33.3	9.6
FCFE/PAT (%)	318.2	(263.9)	(54.9)	18.4	(0.2)
FCFF/NOPLAT (%)	305.5	(37.3)	20.5	45.9	13.8

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Share capital	948	1,069	1,069	1,069	1,069
Reserves & Surplus	24,192	44,536	46,130	50,772	59,723
Net worth	25,141	45,605	47,199	51,841	60,793
Minority interests	0	0	0	0	0
Non-current liab. & prov.	149	164	191	191	191
Total debt	19,643	12,093	10,941	10,941	10,941
Total liabilities & equity	44,933	57,862	58,331	62,973	71,924
Net tangible fixed assets	-	-	-	-	-
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	68	238	272	500	500
Goodwill	-	-	-	-	-
Investments [JV/Associates]	15,022	15,640	21,671	22,171	22,671
Cash & equivalents	6,733	18,089	15,036	16,591	17,110
Current Liab. (ex-cash)	105,695	128,569	147,578	180,753	223,646
Current Liab. & Prov.	92,032	114,348	136,847	166,763	200,823
NWC (ex-cash)	13,662	14,221	10,731	13,990	22,823
Total assets	44,933	57,862	58,331	62,973	71,924
Net debt	12,910	(5,996)	(4,095)	(5,650)	(6,169)
Capital employed	44,933	57,862	58,331	62,973	71,924
Invested capital	18,676	19,587	17,139	19,497	27,429
BVPS (Rs)	235.1	426.4	441.3	484.7	568.4
Net Debt/Equity (x)	0.5	(0.1)	(0.1)	(0.1)	(0.1)
Net Debt/EBITDA (x)	4.7	(2.0)	(1.3)	(0.7)	(0.5)
Interest coverage (x)	1.3	1.7	2.9	6.7	11.1
RoCE (%)	7.1	6.4	6.9	14.4	21.5

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY24	FY25	FY26	FY27E	FY28E
P/E (x)	299.9	155.5	76.1	26.6	15.0
EV/CE(x)	3.6	2.8	2.8	2.6	2.3
P/B (x)	5.9	3.2	3.1	2.8	2.4
EV/Sales (x)	5.2	4.0	3.1	2.9	2.5
EV/EBITDA (x)	58.3	54.9	52.1	21.0	12.0
EV/EBIT(x)	81.3	79.0	79.1	23.8	12.9
EV/IC (x)	8.7	8.2	9.4	8.3	5.9
FCFF yield (%)	2.5	(0.3)	0.2	1.4	0.8
FCFE yield (%)	1.1	(1.7)	(0.7)	0.7	-
Dividend yield (%)	0.2	0	0.2	0.6	0.6
DuPont-RoE split					
Net profit margin (%)	1.6	2.3	3.7	10.1	15.0
Total asset turnover (x)	0.7	0.8	0.9	0.9	1.0
Assets/Equity (x)	1.8	1.5	1.3	1.2	1.2
RoE (%)	2.0	2.7	4.2	11.2	17.5
DuPont-RoIC					
NOPLAT margin (%)	4.2	3.6	2.9	9.2	14.3
IC turnover (x)	1.4	2.1	2.8	3.0	2.8
RoIC (%)	6.1	7.6	8.3	27.7	40.0
Operating metrics					
Core NWC days	161.0	128.5	75.5	93.1	126.7
Total NWC days	161.0	128.5	75.5	93.1	126.7
Fixed asset turnover	6.8	7.8	8.8	9.2	13.0
Opex-to-revenue (%)	29.5	26.7	26.4	24.7	24.7

Source: Company, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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