

SOBHA: Deliveries Boost Revenue, Margin and PAT

BUY

May 06, 2026 CMP: INR 1,447 | Target Price: INR 1,840

Expected Share Price Return: 27.2% | Dividend Yield: 0.2% | Potential Upside: 27.4%

Sector View: Positive

Change in Estimates	✓
Change in Target Price	✗
Change in Recommendation	✗

Company Info

BB Code	SOBHA IN EQUITY
Face Value (INR)	10
52-week High/Low (INR)	1,732/1,131
Mkt Cap (INR Bn)	INR 154.73 / \$1.63
Shares o/s (Mn)	106.9
3M Avg. Daily Volume	1,37,266

Change in CIE Estimates

INR Bn	FY27E			FY28E		
	New	Old	Dev (%)	New	Old	Dev (%)
Pre-sales (Value)	1,01,535	94,798	7.1	1,16,156	1,06,363	9.2
Pre-sales (Volume)	6.7	6.7	(0.7)	7.3	7.4	(0.0)
Collection	93,631	85,726	9.2	1,08,546	96,953	12.0

Key Financials

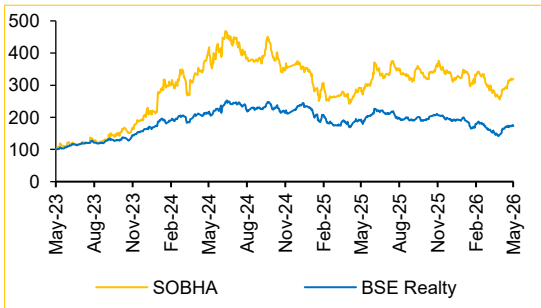
INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	40,387	51,905	66,286	76,457	90,596
YoY (%)	30.4	28.5	27.7	15.3	18.5
EBITDA	2,943	3,104	2,957	4,839	7,613
EBITDAM (%)	10.1	9.4	7.9	9.7	11.7
RPAT	947	1,934	2,459	4,201	6,672
EPS	8.9	18.1	23.0	39.3	62.4
ROE (%)	2.1	4.1	5.0	7.9	11.3
ROCE (%)	3.6	3.6	3.2	6.1	9.7

Shareholding Pattern (%)

	Dec-25	Sep-25	Jun-25
Promoters	52.88	52.88	52.88
FIIIs	6.23	6.26	6.41
DIIIs	26.10	25.78	26.04
Public	14.78	15.09	14.68

Relative Performance (%)

YTD	3Y	2Y	1Y
BSE Realty	73.6	(18.1)	(9.9)
SOBHA	220.9	(19.6)	9.9


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Q4FY26 Realty Preview
Project Completions Lead to Strong Revenue and PAT Growth

Sobha Ltd (SOBHA) delivered a strong performance backed by delivery of completed projects of 1.76 msf, which led to a notable rise in revenue, profit and margin. With a solid launch pipeline and a strengthened balance sheet, the management remains confident of sustaining pre-sales and collection, going forward.

Robust Pipeline in FY26 and FY27E will Drive Pre-sales Growth: The Management is confident of delivering 15–20% YoY growth in pre-sales in FY27E, building on its record pre-sales of INR 81.36 Bn achieved in FY26. SOBHA has launched 9 project of ~6.04 msf in FY26, covering 6 cities. From its ongoing and completed projects, SOBHA expects to generate **net cash flows of INR 95.6 Bn** in the next 4–5 years, while **future projects of 20.67 msf** are forecasted to yield pre-sales of INR 271.65 Bn.

Expanding into New Geographies: SOBHA is gradually expanding its presence beyond the Southern market. The company has already made an impressive start in NCR and is investing in **new geographies**, such as Pune, Hyderabad and MMR. It is also increasing its presence in Kerala.

Robust Balance Sheet to Support Future Pipeline: SOBHA maintains a **historically low debt-to-equity ratio (~0.17)**, providing ample headroom to invest in business development and sustain pre-sales growth. Despite higher land prices across Tier-I and Tier II cities, we believe SOBHA has the execution wherewithal to generate over 30% project-level EBITDA.

Valuation: We maintain our 'BUY' rating on SOBHA with a **TP of INR 1,840/sh** (unchanged), factoring in the residential business with strong pipeline, growth trajectory in commercial segment, stable contract & manufacturing business, as well as its land bank.

Risks: A possible broad-based slowdown in the domestic economy and regulatory procedures.

SOBHA Valuation Summary

	NAV Per Share
Residential Value	1,455
Land Value	285
Commercial Rental	16
Contract Mfg NAV (FY25E EV/EBIDTA10X)	61
Less Net Debt (FY26E)	(47)
Total Value (Target Price)	1,840
CMP	1,447
Upside (%)	27.4

Quarterly Performance

- Q4FY26 **Pre-sales (value)** came in at **INR 20,390 Mn**, down 3.6% QoQ and up 11.1% YoY in line with CIE estimate
- Collection** was **INR 19,900 Mn**, up 0.3% and 11.5% QoQ and YoY, respectively, vs CIE estimate of INR 15,590 Mn
- SOBHA reported Q4FY26 **revenues from operations** at **INR 19,878 Mn**, up 110.8% and 60.2% QoQ and YoY, respectively
- RPAT** for Q4FY26 stood at **INR 918 Mn**, up 495.2% and 124.8% QoQ and YoY, respectively. **RPAT Margin** came in at **4.5% vs 1.6% in Q3FY26 and 3.2% in Q4FY25**. Higher deliveries were instrumental in generating a strong margin
- During this quarter, SOBHA **launched three projects** across Bengaluru (SOBHA Altair), Gurugram (SOBHA Rivana), and Thiruvananthapuram (Woods Whispering Hill), **adding 3.31 msf** of saleable area

SOBHA Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Presales (Value)	20,390	18,360	11.1	21,152	(3.6)
Presales (Volume)	1.3	1.6	(14.1)	1.4	(2.2)
Collection	19,900	17,850	11.5	19,850	0.3
Average Price Realisation (INR Psf)	15,268	11,781	29.6	15,439	(1.1)
Revenue From Operations	19,878	12,406	60.2	9,431	110.8
EBITDA (including OI)	1,943	1,242	56.4	787	146.7
RPAT	918	409	124.8	154	495.2
Basic EPS (INR)	8.6	3.8	124.8	1.4	495.2

Source: SOBHA, Choice Institutional Equities

Management Call – Highlights

There is no significant war impact – inquiries remain stable across SOBHA's project portfolio

Demand remains strong in the sub-INR 30 Mn segment in NCR and Bengaluru

Macro Environment:

- **Inquiries remain stable** across SOBHA's projects, with demand momentum holding positive **despite the Middle East crisis/AI concerns**
- **Demand remains strong** in the sub-INR 30 Mn segment, with stable pricing and steady momentum **across NCR and Bengaluru**
- There is a **significant increase in price of raw materials** (event-led). Effect on margin is to be seen in the next 1 year. Price increases so as to counter the effect will depend on the demand-supply dynamics
- The management is **seeing an increase in inquiries in the Kerala market** in the backdrop of the uncertainty in Middle East

Operations:

- **FY26 sales were led by** Bangalore (INR 45 Bn, 55%), followed by NCR (INR 24.55 Bn, (30%). Kerala contributed INR 8.08 Bn (10%) and other cities INR 3.96 Bn (5%)
- **Launched projects of 6.04 msf** in FY26. More launches were delayed due to internal and external factors during Q4FY26
- **SOBHA marked its entry into Greater Noida with Sobha Rivana (~2.57 msf) achieving ~25% pre-sales (INR 5 Bn) within 2 weeks of its launch.** Initial sales were not very impressive as they were **impacted by late-quarter launch timing.** The Management expects steady momentum and potential price hike over time
- **For its larger projects, the management is focusing on phased launches** in order to optimize pricing and sustain absorption for large-scale developments
- **Commercial strategy is back-ended,** with limited exposure in Phase 1 of township projects and more meaningful rental/commercial development planned in subsequent phases
- **Yet to recognise revenue of INR ~186 Bn (by end of FY26)**
- **1,087 units were delivered in Q4FY26**

Launches:

- **Project Hoskute of 5.3 msf and GVD of INR 70 Bn to be launched in Q1FY27**
- **Sobha Crescent Phase 1** in Gurgaon, which was launched in April '26, has seen a good response (50% or units worth INR 11 Bn sold till date)
- Plan to launch a **couple of projects in Kerala** in Q2FY27
- **Tentative FY27E launch** schedule includes one project in Pune and Chennai each

Guidance:

- **The management is guiding for 30% growth in pre-sales in FY27E,** broadly in line with FY26 trajectory
- **For FY27E,** sales are expected to be roughly **45–50% from sustenance** and **50-55% from new launches**
- **Plan to launch projects of 20.67 msf and 10 msf in FY27E in the next 6–8 quarters**
- **Margin expected to improve from Q2/Q3 FY27** as key projects near completion and get recognised
- **Plan to do business development of 10 msf by investing ~INR 11 Bn every year** with visibility for the next 2 years
- **Business development** is focussed on Mumbai (MMR) and Hyderabad with a calibrated scale-up approach. SOBHA is adopting a cautious Mumbai strategy by starting with smaller and redevelopment projects as they want to build execution capability before scaling up

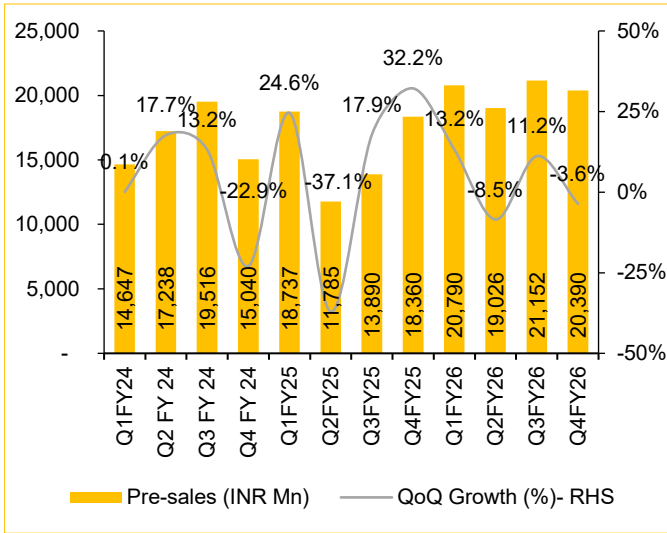
Project Hoskute of INR 70 Bn GDV to be launched in Q1FY27

Guidance of 30% growth in pre-sales for FY27E and business development of 10 msf per annum

Management is guiding to launch 20.67 msf in the next 6–8 quarters

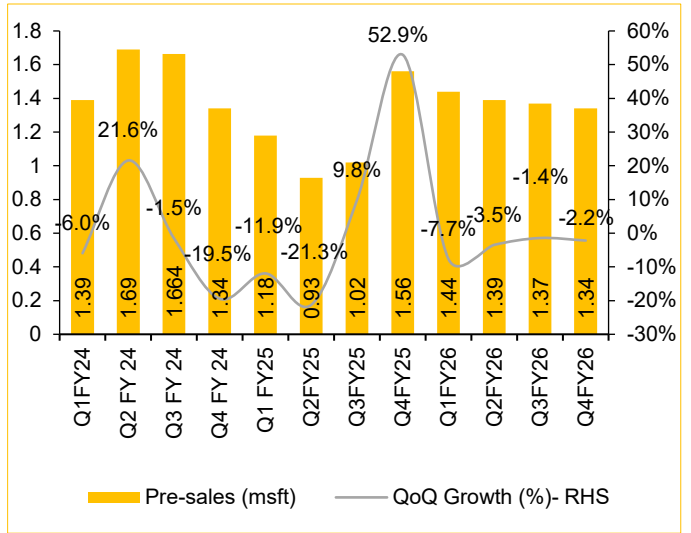
Margins to improve from Q2/Q3 FY27E on project completions and revenue recognition

Pre-sales (INR Mn) down 3.6% QoQ and up 11.1% YoY



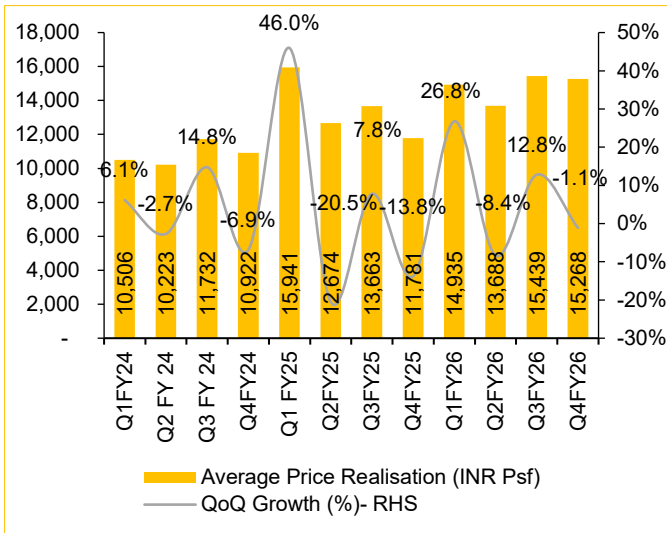
Source: SOBHA, Choice Institutional Equities

Pre-sales (msf) down 2.2% QoQ and up 14.1% YoY



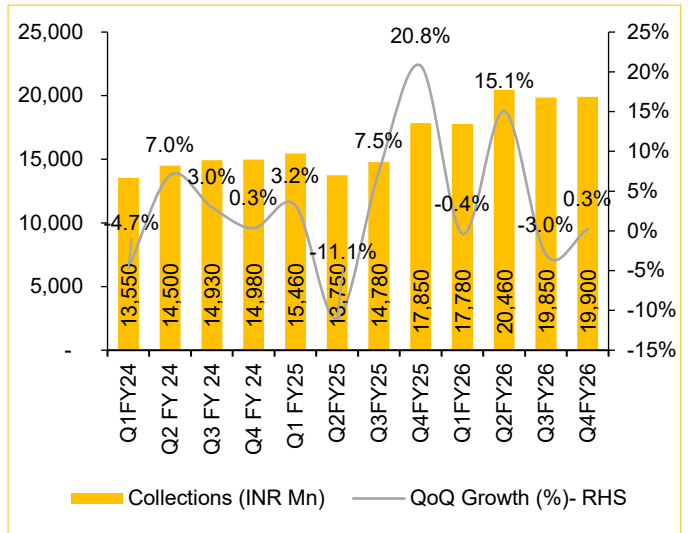
Source: SOBHA, Choice Institutional Equities

Average price realisation down 1.1% QoQ and up 29.6% YoY



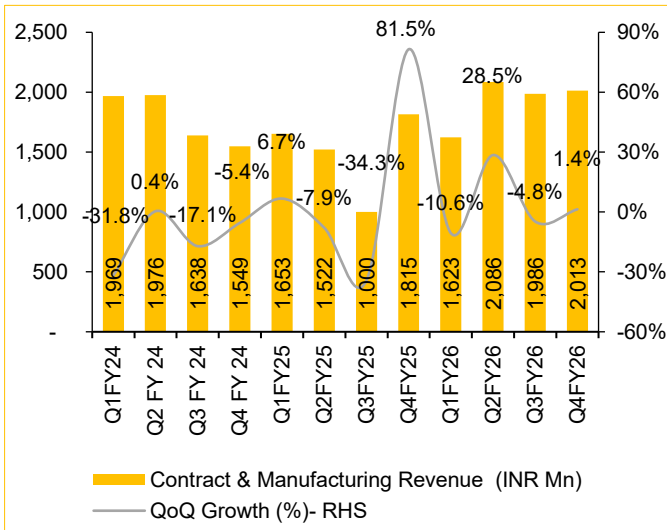
Source: SOBHA, Choice Institutional Equities

Collections up 0.3% QoQ and 11.5% YoY



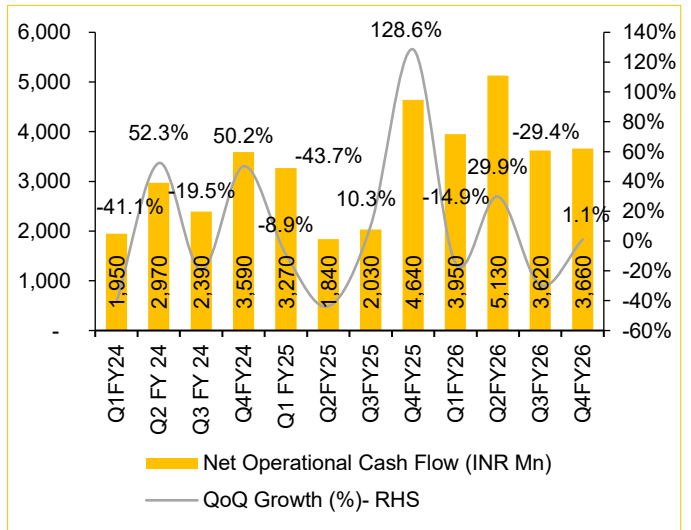
Source: SOBHA, Choice Institutional Equities

Contract manufacturing revenue up 1.4% QoQ and 10.9% YoY



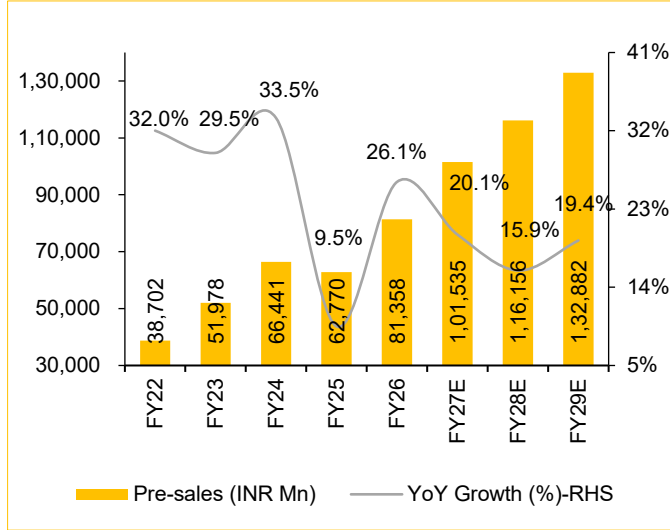
Source: SOBHA, Choice Institutional Equities

Net operational cash flow up 1.1% QoQ and down 21.1% YoY



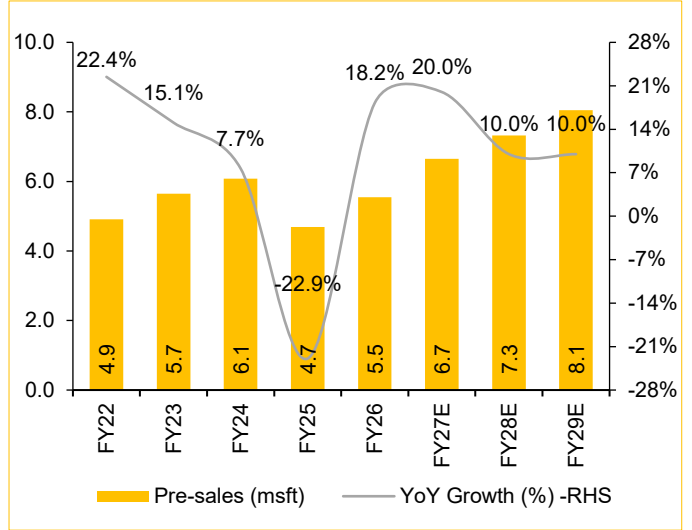
Source: SOBHA, Choice Institutional Equities

FY26–FY29E: Pre-sales (Value) anticipated to grow at 17.8% CAGR



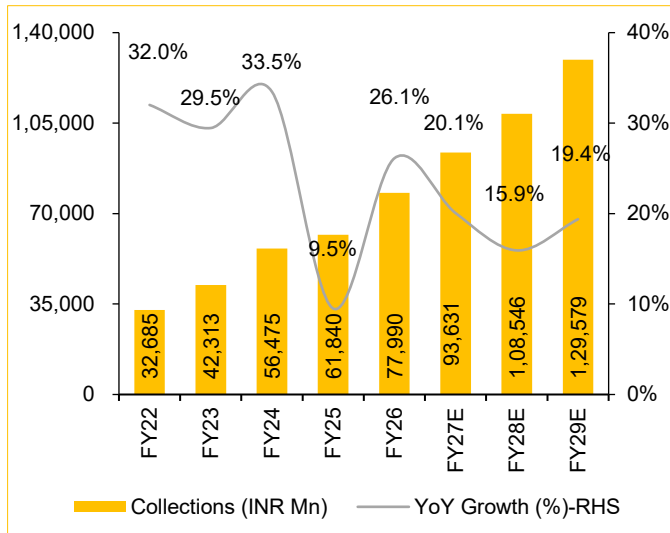
Source: SOBHA, Choice Institutional Equities

FY26–FY29E: Pre-sales (Volume) expected to grow at 13.2% CAGR



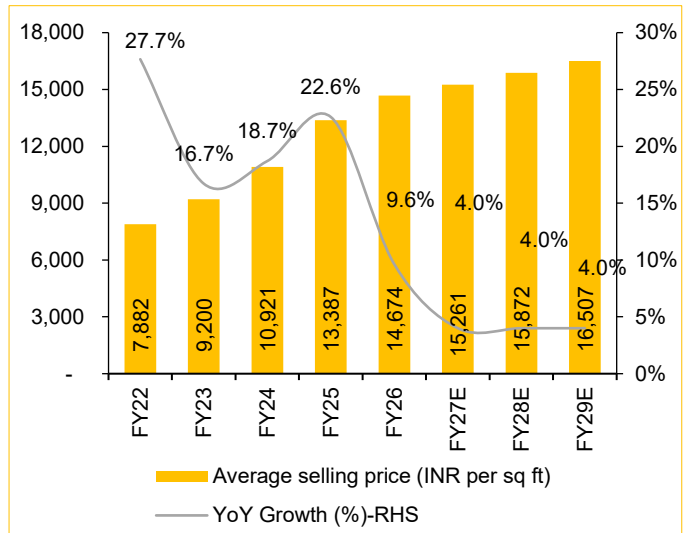
Source: SOBHA, Choice Institutional Equities

FY26–FY29E: Collection forecast to grow at 18.4% CAGR



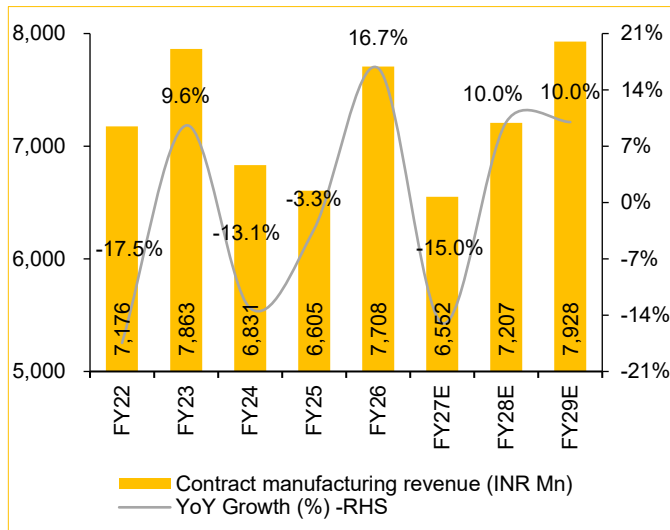
Source: SOBHA, Choice Institutional Equities

Average selling price (INR) projected to increase marginally



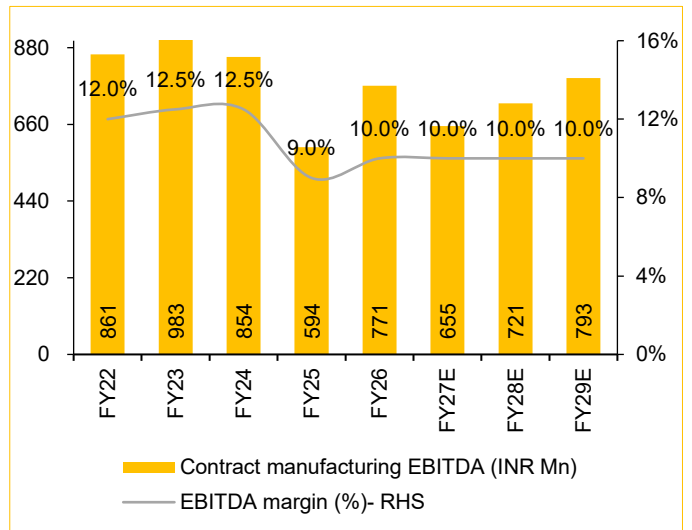
Source: SOBHA, Choice Institutional Equities

Contract manufacturing revenue expected to pick up from FY28E



Source: SOBHA, Choice Institutional Equities

Contract manufacturing EBITDA margin forecast to settle at 10%



Source: SOBHA, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	40,387	51,905	66,286	76,457	90,596
Gross Profit	23,398	29,216	37,547	44,735	54,888
EBITDA (Excluding OI)	2,943	3,104	2,957	4,839	7,613
Depreciation	898	1,060	1,184	1,259	1,333
EBIT	2,045	2,043	1,773	3,580	6,279
Interest Expense	1,956	1,374	963	826	757
Other Income	1,241	1,933	2,468	2,847	3,373
PBT	1,330	2,598	3,278	5,601	8,896
Reported PAT	947	1,934	2,459	4,201	6,672
EPS	8.9	18.1	23.0	39.3	62.4

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	30.4	28.5	27.7	15.3	18.5
EBITDA (%)	6.2	5.4	(4.7)	63.6	57.3
PAT (%)	92.7	104.3	27.1	70.8	58.8
Margins					
Gross Profit Margin (%)	57.9	56.3	56.6	58.5	60.6
EBITDA Margin (%)	10.1	9.4	7.9	9.7	11.7
PAT Margin (%)	2.3	3.6	3.6	5.3	7.1
Profitability					
Return On Equity (ROE)	2.1	4.1	5.0	7.9	11.3
Return On Capital Employed (ROCE)	3.6	3.6	3.2	6.1	9.7
Working Capital					
Inventory Days	1,017	902	850	850	850
Debtor Days	17	19	19	19	19
Payable Days	51	58	60	60	60
Cash Conversion Cycle	983	863	809	809	809
Financial Stability					
Net Debt to Equity (x)	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)
Net Debt to EBITDA (x)	(2.3)	(1.6)	(4.1)	(3.2)	(2.0)
Interest Cover (x)	1.0	1.5	1.8	4.3	8.3
Valuation Metrics					
PE(x)	166.8	81.6	64.2	37.6	23.7
EV/EBITDA (x)	51.4	21.8	20.5	11.9	7.5
Price to BV (x)	3.5	3.3	3.2	3.0	2.7
EV/OCF (x)	75.6	15.8	6.0	10.8	27.3

Source: SOBHA, Choice Institutional Equities

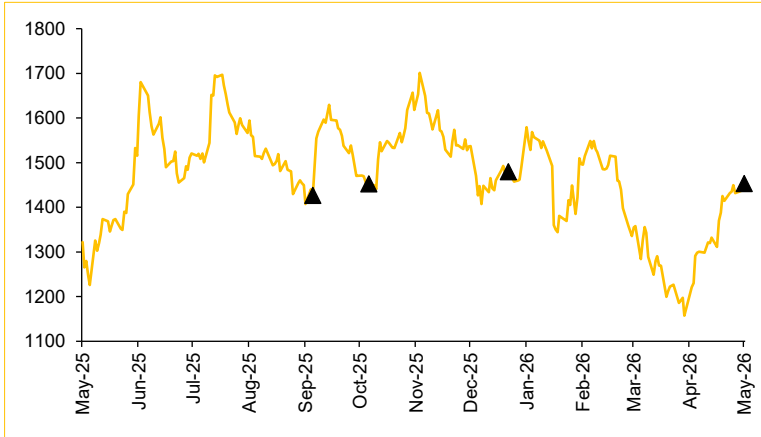
Balance Sheet (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	45,605	47,199	49,230	53,003	59,247
Total Debt	11,309	10,023	7,023	6,023	5,523
Other Liabilities & Provisions	1,852	1,269	1,202	1,202	1,202
Total Net Worth & Liabilities	58,766	58,492	57,455	60,228	65,972
Net Block	5,291	6,351	6,667	6,308	5,874
Investment Property	4,545	4,486	4,486	4,486	4,486
Investment	1,146	1,201	1,201	1,201	1,201
Cash & Bank Balance	14,570	20,526	20,526	20,526	20,526
Other Non-current Assets	18,089	15,036	19,228	21,393	20,910
Net Current Assets	33,214	25,928	24,576	27,707	33,885
Total Assets	58,766	58,492	57,455	60,228	65,972

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	2,000	4,299	10,150	5,319	2,102
Cash Flows from Investing	(11,799)	(971)	(1,500)	(900)	(900)
Cash Flows from Financing	9,928	(2,850)	(4,458)	(2,253)	(1,685)

Source: SOBHA, Choice Institutional Equities

Historical Price Chart: SOBHA



Date	Rating	Target Price
Feb 08, 2024	NEUTRAL	1,360
May 18, 2024	REDUCE	1,861
Nov 16, 2024	SELL	1,421
Feb 10, 2025	SELL	1,200
Sept 10, 2025	BUY	1,800
Oct 20, 2025	BUY	1,840
Jan 19, 2026	BUY	1,840
May 06, 2026	BUY	1,840

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CHOICE RATING DISTRIBUTION & METHODOLOGY

Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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