

Confident of resuming growth trajectory

Sobha reported healthy improvement in quarterly pre-sales, which came in at INR 18.4bn (+22% YoY; +32% QoQ) – in-line with our estimates. The quarterly performance was driven by healthy response to two new launches in Bengaluru having a cumulative GDV of c. INR 40bn. In FY25, bookings value declined 6% YoY to INR 62.8bn. The company is optimistic about resuming its growth trajectory, backed by a robust pipeline of c.30msf across ongoing and upcoming projects and is targeting a 30-35% growth in bookings in FY26E. With a strong balance sheet post the INR 20bn rights issue, the management has accelerated its business development efforts, adding INR 150bn worth of new projects in FY25, almost 2x from last year. We expect Sobha to clock 23% CAGR in bookings over FY25-28E; higher-than-anticipated launches remain an upside risk to our estimates. We maintain BUY with an increased TP of INR 1,650.

- Healthy performance aided by new launch:** After a subdued performance in 9MFY25, Sobha reported a healthy improvement in pre-sales, which came in at INR 18.4bn (+22% YoY; +32% QoQ), and was largely in-line with our estimates. Sobha's share accounted for INR 13.7bn (+8% YoY; +10% QoQ). Sales volume for the quarter stood at 1.55msf (+16% YoY) and realisation improved 5% YoY to INR 11,781 psf. During the quarter, the company achieved 60% of bookings from Bengaluru aided by two new project launches having a total saleable area of 4.1msf and GDV of c. INR 40bn. In FY25, volume declined 23% YoY to 4.7msf but bookings value declined just 6% YoY to INR 62.8bn driven by higher realisation of INR 13,412psf (+23% YoY).
- Targeting over 30% growth on the back of strong pipeline:** Sobha achieved 28% CAGR in bookings over FY21-24 but the performance was significantly impacted in FY25 due to delayed launches. Looking ahead, the company is optimistic about resuming its growth trajectory, backed by a robust pipeline of c. 23msf along with an inventory of 6.3msf across its on-going projects. The company has guided for a 30-35% growth in bookings in FY26. The upcoming projects are expected to be launched in 6-8 quarters with c. 3.5msf coming in 1HFY26 with a GDV of c. INR 50bn. Furthermore, if key launches happen as per schedule, the management has indicated that pre-sales can potentially surpass INR 100bn in pre-sales in the current financial year itself (implying 60% growth in FY26E).
- Accelerated business development:** In 4QFY25, collections increased 19% YoY to INR 15.8bn and operating cash flows (before interest) was up 29% YoY to INR 4.7bn. With INR 100bn of surplus expected from on-going projects and successful closure of the rights issue, the management has accelerated investment on business development. Net land payments for the year stood at INR 9.4bn, which led to addition of INR 150bn worth of new projects (vs. INR 80bn in FY24) including its maiden project in Noida and Mumbai.
- Reported financials:** In 4QFY25, revenue increased 63% YoY to INR12.4bn and the company achieved EBITDA of INR 0.9bn (+52% YoY; +40% QoQ) with 8% margin. In FY25, revenue stood at INR 40.4bn (+30% YoY) and EBITDA came in at INR 2.9bn (+6%

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	30,969	44,561	62,836	72,379	84,738
Sales Growth (%)	-6.4	43.9	41.0	15.2	17.1
EBITDA	2,770	4,056	19,267	23,740	29,701
EBITDA Margin (%)	8.9	9.1	30.7	32.8	35.1
Adjusted Net Profit	491	1,670	13,481	16,921	21,479
Diluted EPS (INR)	5.2	15.6	126.0	158.2	200.8
Diluted EPS Growth (%)	-52.9	201.4	707.4	25.5	26.9
ROIC (%)	3.2	5.4	27.9	29.5	33.0
ROE (%)	2.0	4.7	25.6	25.4	25.5
P/E (x)	276.7	91.8	11.4	9.1	7.1
P/B (x)	5.4	3.3	2.6	2.1	1.6
EV/EBITDA (x)	61.9	37.8	7.8	6.0	4.3
Dividend Yield (%)	0.0	0.1	0.8	1.0	1.3

Source: Company data, JM Financial. Note: Valuations as of 30/May/2025

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	HOLD
Current Price Target (12M)	1,650
Upside/(Downside)	15.1%
Previous Price Target	1,615
Change	+2.2%

Key Data – SOBHA IN

Current Market Price	INR1,433
Market cap (bn)	INR153.2/US\$1.8
Free Float	42%
Shares in issue (mn)	107.0
Diluted share (mn)	107.0
3-mon avg daily val (mn)	INR310.7/US\$3.6
52-week range	2,178/1,075
Sensex/Nifty	81,451/24,751
INR/US\$	85.6

Price Performance

%	1M	6M	12M
Absolute	8.4	-14.1	-22.5
Relative*	7.1	-15.4	-29.6

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

YoY) with margin of 7%. The management highlighted that most of the legacy contractual projects have been fully recognised, and the margin performance will improve gradually from FY26E led by the real estate vertical.

- **Maintain BUY with an increased TP of INR 1,650:** After a subdued year, we expect the company to clock 23% CAGR in bookings over FY25-28E; higher-than-anticipated launches remain an upside risk to our estimates.
- **Key conference call takeaways:**
 - Sobha has a strong pipeline of 30msf that will be launched in 7-8 quarters and if approvals are received as per expected timelines, 50% of these projects will be launched in FY26
 - For the first time, the company has a strong visibility on launches and net cash balance sheet which will drive the scale-up to the next level
 - The management expects that 40% of annual targeted launches will be in NCR, 15% in Gurugram, 10% in Chennai, and 5% in Mumbai and other markets
 - The company has added INR 150bn worth of projects in FY26 with Sobha's share at 80%. Over 50% of new addition was in NCR, 40% in Bengaluru, and the balance in Chennai, Pune and Kerala
 - In the ongoing portfolio, the company has INR 160bn of revenue to be recognised and it has embedded margin of 33% at the project level
 - Margin improvement journey should commence in FY26 since most of the legacy low-margin contractual projects are now behind

Exhibit 1. Financial snapshot

INR mn	4QFY25	4QFY24	YoY (%)	3QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Net Sales	12,406	7,629	63%	12,241	1%	10%	30,969	40,387	30%
Cost of Sales	8,142	4,270	91%	8,618	-6%	32%	19,048	26,656	40%
Gross Margin (%)	34%	44%	-966bps	30%	478bps	-1,006bps	38%	34%	-449bps
Employee Expenses	1,087	918	18%	1,040	4%	22%	3,526	4,052	15%
Other Expenses	2,237	1,820	23%	1,910	17%	0%	5,625	6,736	20%
EBITDA	940	620	52%	672	40%	-38%	2,770	2,943	6%
EBITDA Margin (%)	7.6%	8.1%	-55bps	5.5%	209bps	-944bps	8.9%	7.3%	-166bps
Depreciation	230	205	12%	233	-1%	-5%	782	898	15%
Interest Costs	450	590	-24%	473	-5%	-15%	2,455	1,956	-20%
Other Income	301	284	6%	328	-8%	52%	1,209	1,241	3%
PBT	563	110	413%	294	91%	-56%	742	1,330	79%
Tax	154	39	296%	78	97%	-47%	251	383	53%
PAT	409	71	477%	217	89%	-59%	491	947	93%

Source: Company, JM Financial

Exhibit 2. Cash flow summary

Cash Flows (INR mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Real Estate Operations	11,478	12,598	12,929	13,339	13,917	12,227	13,206	15,834
Contractual & Manufacturing	2,073	1,902	2,002	1,644	1,544	1,524	1,575	2,014
Operating Inflows	13,551	14,500	14,931	14,983	15,461	13,751	14,781	17,848
Operating Outflow	11,544	11,490	12,522	11,365	12,168	11,865	12,722	13,167
Real Estate project expenses	7,652	7,676	8,761	7,422	8,062	7,803	8,595	9,160
Contracts project expenses	1,911	1,864	1,733	1,671	1,409	1,317	1,535	1,647
Statutory Dues & Other Taxes	730	510	605	614	611	807	577	774
Corpus Repayment	255	318	325	331	397	268	149	171
Over Heads	486	490	515	546	682	754	661	757
Advertising & Marketing expenses	265	354	347	352	335	364	566	385
Income Tax	245	278	236	429	672	552	639	273
Net Operating Cash Flows (ex-land payment)	2,007	3,010	2,409	3,618	3,293	1,886	2,059	4,681
Rights issue proceeds	-	-	-	-	-	9,995	-	9,966
Interest Paid (Net of interest received)	483	490	515	464	478	352	338	301
Net Cash Flow After Financial expenses	1,524	2,520	1,894	3,154	2,815	11,529	1,721	14,346
Land Payments	431	688	605	2,105	1,609	1,664	3,058	3,132
Dividend including tax	-	284	-	-	-	301	-	-
CSR Contribution	59	40	23	30	22	46	27	45
Capex – General	332	218	298	209	445	441	394	303
Capex – Commercial Real Estate	-	-	-	-	-	-	-	-
Total Capital Outflow	822	1,230	926	2,344	2,076	2,452	3,479	3,480
Net Cash Flow	702	1,290	968	810	739	9,077	(1,758)	10,866

Source: Company, JM Financial

Exhibit 3. Bengaluru accounted for c. 80% of volume in 4QFY25

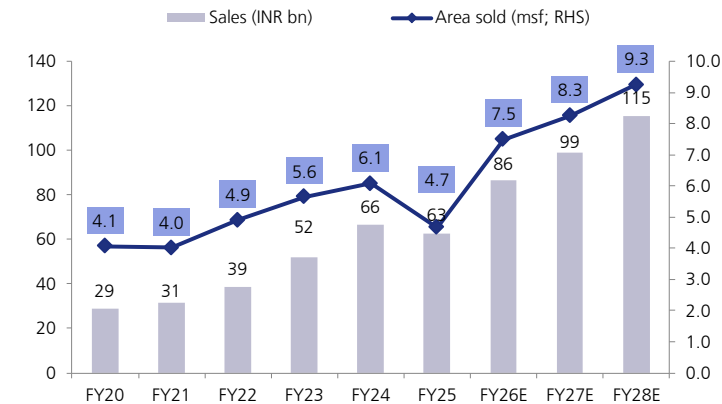
Sales - sq ft	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	YoY	QoQ
Bangalore	8,39,373	10,07,103	12,53,071	10,05,697	4,67,071	4,13,537	7,22,886	12,42,456	24%	72%
Pune	10,346	11,238	-2,023	16,526	13,039	10,431	28,539	19,401	17%	-32%
NCR	2,12,986	2,27,795	88,035	7,132	3,37,316	40,458	59,127	77,458	986%	31%
Gift City	65,400	1,07,725	82,874	6,303	75,390	31,414	14,714	17,481	177%	19%
Kerala	2,11,890	2,65,876	2,06,776	2,53,772	2,19,705	2,99,204	1,18,267	1,20,687	-52%	2%
Tamil Nadu	36,927	40,742	19,903	31,990	50,926	1,10,300	52,263	52,067	63%	0%
Hyderabad	17,195	25,717	14,870	17,899	11,914	24,563	20,571	28,640	60%	39%
Total (sq ft)	13,94,117	16,86,196	16,63,506	13,39,319	11,75,361	9,29,907	10,16,367	15,58,190	16%	53%

Source: Company, JM Financial

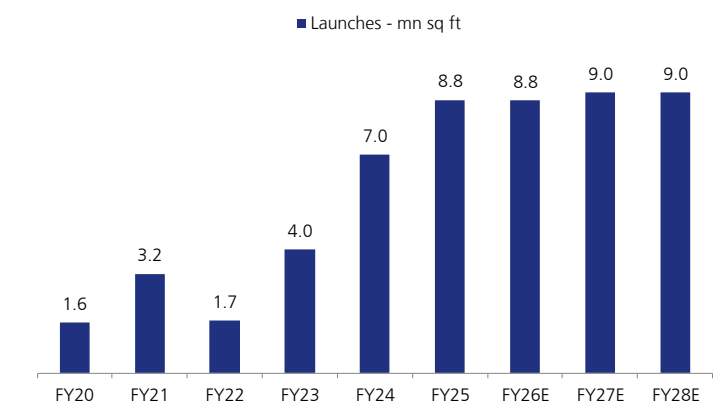
Exhibit 4. . Net debt reduced significantly due to rights issue proceeds

Particulars (INR mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Interest Cost	9.11%	9.14%	9.26%	9.35%	9.40%	9.40%	9.44%	9.12%
Net Debt	15,690	14,400	13,430	12,620	11,880	2,800	4,560	-6,300
Actual D:E	0.63	0.58	0.54	0.50	0.47	0.08	0.13	-0.14

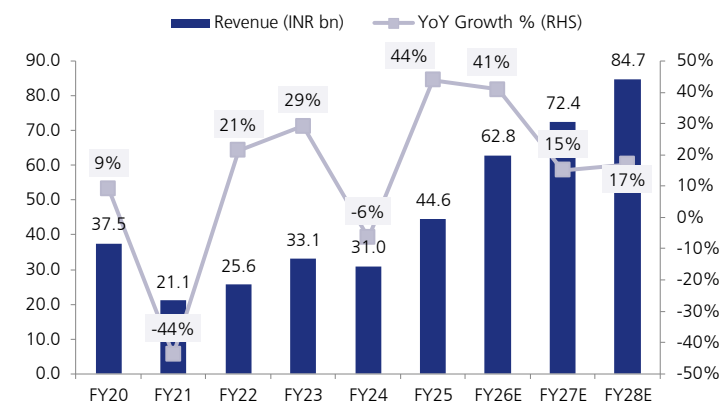
Source: Company, JM Financial

Annual Estimates and Valuation**Exhibit 5. Pre-sales to pick up in FY26E...**

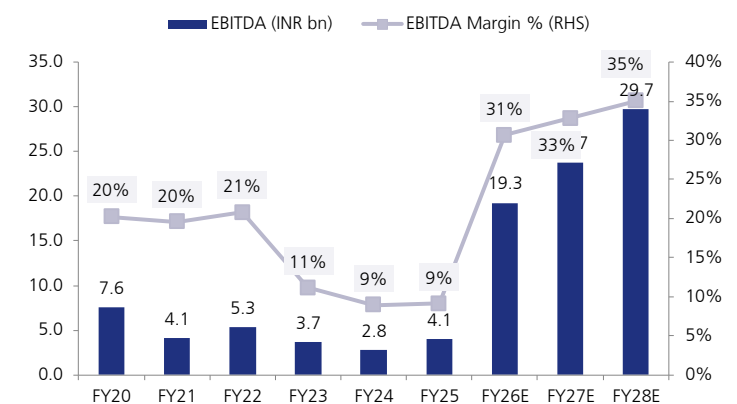
Source: Company, JM Financial

Exhibit 6. ...on the back of robust launches

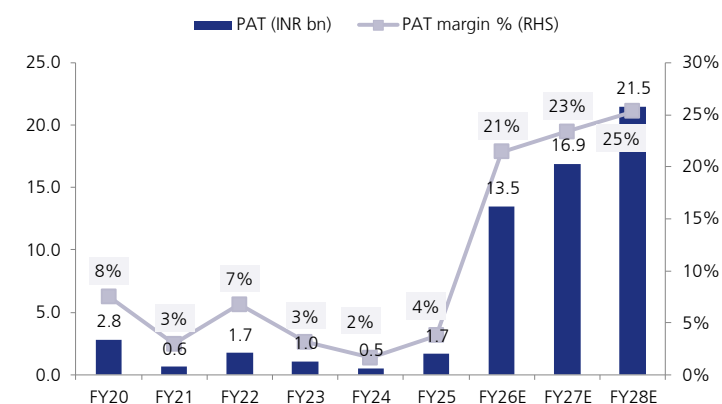
Source: Company, JM Financial

Exhibit 7. Revenue recognition to pick up in coming years

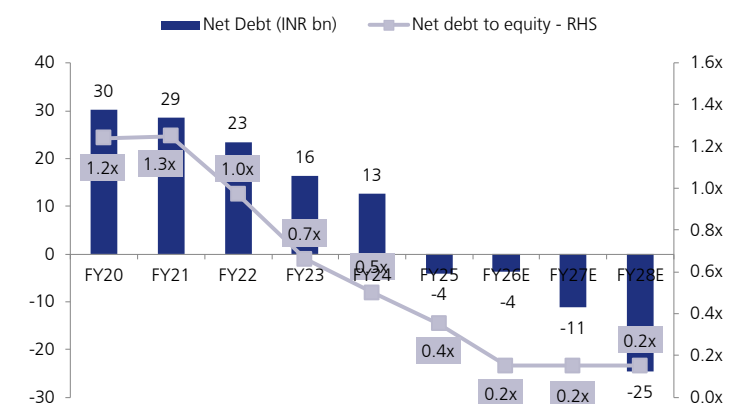
Source: Company, JM Financial

Exhibit 8. EBITDA margin expected to improve significantly

Source: Company, JM Financial

Exhibit 9. PAT expected to recover sharply in FY26 / FY27

Source: Company, JM Financial

Exhibit 10. . Net debt reduced due to rights issue proceeds

Source: Company, JM Financial

Exhibit 11. SOTP-based TP of INR 1,650

SOTP Valuation	INR bn	INR /sh
Residential	106.0	991
Commerical	17.5	163
Land	25.8	241
Contract business	26.6	249
SOTP Value	175.9	1,647
Net Debt	-0.1	-1
Mar'26 TP	176.0	1,650

Source: Company, JM Financial

Exhibit 12. Peer comps

Company	CMP	Mcap (INR bn)	EV/Pre-sales			EV/EBITDA			EV/OCF			Pre-sales CAGR
			FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25-27E
DLF	797	1,973	6.7	6.3	5.9	16.8	15.8	14.7	29.2	15.6	8.5	7%
Macrotech	1,423	1,415	6.7	5.4	4.3	23.9	19.1	15.3	21.2	16.0	13.0	25%
Godrej Properties	2,246	676	2.5	2.1	1.8	11.4	9.6	8.3	13.0	10.8	8.6	17%
Oberoi Realty	1,749	636	8.7	6.5	4.9	24.7	18.6	14.0	14.2	18.9	14.2	33%
Sobha	1,430	136	1.4	1.0	1.0	6.8	5.2	4.9	10.9	4.1	5.1	18%
Keystone Realtors	540	68	2.1	1.5	1.1	10.4	7.5	5.6	5.7	11.3	7.9	36%

Source: Company, JM Financial

Exhibit 13. Sobha stock is currently trading at 3x P/B

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	30,969	44,561	62,836	72,379	84,738
Sales Growth	-6.4%	43.9%	41.0%	15.2%	17.1%
Other Operating Income	0	0	0	0	0
Total Revenue	30,969	44,561	62,836	72,379	84,738
Cost of Goods Sold/Op. Exp	19,048	30,482	32,944	37,525	43,410
Personnel Cost	3,526	3,949	4,186	4,354	4,528
Other Expenses	5,625	6,074	6,439	6,761	7,099
EBITDA	2,770	4,056	19,267	23,740	29,701
EBITDA Margin	8.9%	9.1%	30.7%	32.8%	35.1%
EBITDA Growth	-25.0%	46.4%	375.1%	23.2%	25.1%
Depn. & Amort.	782	876	751	829	907
EBIT	1,988	3,180	18,516	22,911	28,795
Other Income	1,209	1,078	1,132	1,189	1,248
Finance Cost	2,455	2,032	1,674	1,539	1,404
PBT before Excep. & Forex	742	2,226	17,974	22,561	28,639
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	742	2,226	17,974	22,561	28,639
Taxes	251	557	4,494	5,640	7,160
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	491	1,670	13,481	16,921	21,479
Adjusted Net Profit	491	1,670	13,481	16,921	21,479
Net Margin	1.6%	3.7%	21.5%	23.4%	25.3%
Diluted Share Cap. (mn)	94.8	107.0	107.0	107.0	107.0
Diluted EPS (INR)	5.2	15.6	126.0	158.2	200.8
Diluted EPS Growth	-52.9%	201.4%	707.4%	25.5%	26.9%
Total Dividend + Tax	0	150	1,213	1,523	1,933
Dividend Per Share (INR)	0.0	1.4	11.3	14.2	18.1

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	742	2,226	17,974	22,561	28,639
Depn. & Amort.	782	876	751	829	907
Net Interest Exp. / Inc. (-)	2,455	2,032	1,674	1,539	1,404
Inc (-) / Dec in WCap.	3,980	-2,531	-8,435	-7,801	-5,801
Others	-713	-1,078	-1,132	-1,189	-1,248
Taxes Paid	-772	-557	-4,494	-5,640	-7,160
Operating Cash Flow	6,474	968	6,338	10,299	16,741
Capex	10	-1,500	-1,200	-1,200	-1,200
Free Cash Flow	6,485	-532	5,138	9,099	15,541
Inc (-) / Dec in Investments	-5,123	0	222	222	0
Others	363	1,078	1,132	1,189	1,248
Investing Cash Flow	-4,749	-422	154	211	48
Inc / Dec (-) in Capital	0	61	61	0	0
Dividend + Tax thereon	-285	-150	-1,213	-1,523	-1,933
Inc / Dec (-) in Loans	-974	0	-1,500	-1,500	-1,500
Others	-2,123	17,836	-1,674	-1,539	-1,404
Financing Cash Flow	-3,382	17,746	-4,327	-4,562	-4,837
Inc / Dec (-) in Cash	-1,657	18,292	2,165	5,948	11,952
Opening Cash Balance	2,794	1,137	19,430	21,595	27,543
Closing Cash Balance	1,137	19,430	21,595	27,543	39,495

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	25,141	46,588	58,916	74,314	93,860
Share Capital	948	1,009	1,070	1,070	1,070
Reserves & Surplus	24,192	45,579	57,847	73,244	92,790
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	19,349	19,349	17,849	16,349	14,849
Def. Tax Liab. / Assets (-)	-1,107	-1,107	-1,107	-1,107	-1,107
Total - Equity & Liab.	43,382	64,830	75,658	89,555	107,602
Net Fixed Assets	9,517	9,138	9,587	9,958	10,251
Gross Fixed Assets	9,450	10,950	12,150	13,350	14,550
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	0	1,880	2,631	3,459	4,366
Capital WIP	68	68	68	68	68
Investments	1,149	1,149	927	705	705
Current Assets	125,042	152,357	195,896	221,391	253,980
Inventories	93,764	99,025	136,144	150,791	167,123
Sundry Debtors	2,039	4,383	7,158	10,506	13,181
Cash & Bank Balances	1,137	19,430	21,595	27,543	39,495
Loans & Advances	0	12	17	20	24
Other Current Assets	28,102	29,507	30,982	32,531	34,158
Current Liab. & Prov.	92,326	97,814	130,753	142,499	157,335
Current Liabilities	6,165	7,427	10,473	12,063	14,123
Provisions & Others	86,161	90,387	120,280	130,435	143,212
Net Current Assets	32,716	54,543	65,144	78,892	96,645
Total - Assets	43,382	64,830	75,658	89,555	107,601

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	1.6%	3.7%	21.5%	23.4%	25.3%
Asset Turnover (x)	0.7	0.8	0.9	0.9	0.8
Leverage Factor (x)	1.8	1.6	1.4	1.3	1.2
RoE	2.0%	4.7%	25.6%	25.4%	25.5%

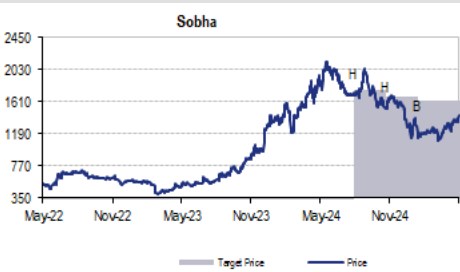
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	265.2	435.6	550.9	694.8	877.6
ROIC	3.2%	5.4%	27.9%	29.5%	33.0%
ROE	2.0%	4.7%	25.6%	25.4%	25.5%
Net Debt/Equity (x)	0.7	0.0	-0.1	-0.2	-0.3
P/E (x)	276.7	91.8	11.4	9.1	7.1
P/B (x)	5.4	3.3	2.6	2.1	1.6
EV/EBITDA (x)	61.9	37.8	7.8	6.0	4.3
EV/Sales (x)	5.5	3.4	2.4	2.0	1.5
Debtor days	24	36	42	53	57
Inventory days	1,105	811	791	760	720
Creditor days	80	67	88	91	94

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
26-Aug-24	Hold	1,755	
17-Nov-24	Hold	1,675	-4.6
9-Feb-25	Buy	1,615	-3.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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