




## Accumulate

Sector: Real Estate

31<sup>st</sup> October 2025

| Key Changes |                | Target  | Rating  | Earnings  |            | Target        | Rs.1,820        |
|-------------|----------------|--|--|--|------------|---------------|-----------------|
| Stock Type  | Bloomberg Code | Sensex   | NSE Code   | BSE Code   | Time Frame | <b>CMP</b>    | <b>Rs.1,577</b> |
| Small Cap   | SOBHA:IN       | 84,404   | SOBHA  | 532784   | 12 Months  | <b>Return</b> | <b>+15%</b>     |

**Data as of: 30-10- 2025, 18:00 hrs**

**Strong recovery in pre-sales; solid outlook.**

**Sobha Ltd., based in Bangalore, is a leading real estate company with a track record of completing ~144msf across 532 projects. The company's operations extend across 14 states, highlighting its significant presence in India's real estate market.**

- In Q2FY26, Sobha recorded a 61% YoY surge in pre-sales, driven by strong demand from its ongoing projects, despite limited launches in the period.
- However, total sales volume stood at 1.39msf, marking a growth of 50% YoY, while average realisation increased by 8% YoY.
- Sobha reported strong performance in Q2FY26, with revenue rising 51% YoY, supported by 1.18msf of project completions. The EBITDA and PAT margin stood at 7% and 5%, respectively.
- Despite strong revenue growth, EBITDA margins remained constrained, primarily due to delays in obtaining occupancy certificates for Bangalore projects, provisioning for ground rent, and higher costs associated with joint development models.
- Sobha has a strong inventory level of 10.26msf and ongoing projects of 27.68msf, along with launch pipeline of around 16.69msf expected to launch within the next 4 – 6 quarters.

## Outlook & Valuation

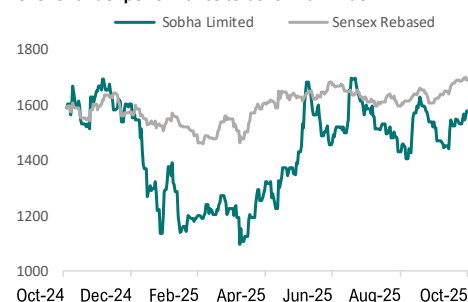
Sobha delivered a strong quarter, supported by robust pre-sales and record cash collections. Although margins remain under pressure, recovery is expected from Rs.18,000cr of pending revenue with an estimated 33% project-level margin. With a healthy project pipeline and strategic regional expansion, the company is on track to achieve its 30% YoY pre-sales growth guidance. **Given the sustained pre-sales momentum and improving margin outlook, we upgrade our rating to Accumulate with a revised target price of Rs.1,820 (NAV-based).**

## Quarterly Financials Consol.

| Rs. cr        | Q2FY26 | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | H1Y26 | H1Y25 | YoY (%) |
|---------------|--------|--------|---------|--------|---------|-------|-------|---------|
| Sales         | 1,408  | 934    | 51      | 852    | 65      | 2,260 | 1,574 | 44      |
| EBITDA        | 96     | 77     | 24      | 24     | 302     | 119   | 133   | -10     |
| Margins(%)    | 7      | 8      | -147bps | 3      | 400bps  | 5     | 8     | -316bps |
| EBIT          | 131    | 86     | 53      | 50     | 164     | 181   | 151   | 20      |
| PBT           | 99     | 36     | 173     | 19     | 430     | 118   | 47    | 148     |
| Reported PAT  | 73     | 26     | 178     | 14     | 433     | 86    | 32    | 168     |
| Adj PAT       | 73     | 26     | 178     | 14     | 433     | 86    | 32    | 168     |
| Adj. EPS (Rs) | 7      | 2      | 178     | 1      | 433     | 8     | 3     | 168     |

| Company Data               |               |         |        |
|----------------------------|---------------|---------|--------|
| Market Cap (Rs. cr )       | 16,676        |         |        |
| 52 Week High — Low (Rs.)   | 1,732 - 1,076 |         |        |
| Enterprise Value (Rs. cr)  | 15,998        |         |        |
| Outstanding Shares (Rs cr) | 10.7          |         |        |
| Free Float (%)             | 41.5          |         |        |
| Dividend Yield (%)         | 0.2           |         |        |
| 6m average volume (cr)     | 0.03          |         |        |
| Beta                       | 1.0           |         |        |
| Face value (Rs)            | 10.0          |         |        |
| Shareholding (%)           | Q4FY25        | Q1FY26  | Q2FY26 |
| Promoters                  | 52.9          | 52.9    | 52.9   |
| FII's                      | 8.9           | 8.1     | 6.4    |
| MFs/Institutions           | 24.0          | 24.6    | 26.0   |
| Public                     | 14.2          | 14.4    | 14.7   |
| Total                      | 100.0         | 100.0   | 100.0  |
| Promoter Pledge            | Nil           | Nil     | Nil    |
| Price Performance          | 3 Month       | 6 Month | 1 Year |
| Absolute Return            | -1%           | 20%     | -1%    |
| Absolute Sensex            | 4%            | 5%      | 6%     |
| Relative Return            | -5%           | 15%     | -7%    |

\*over or under performance to benchmark index

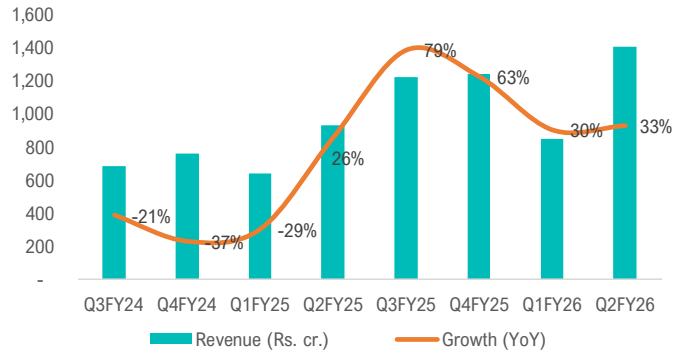


| Consolidated(Rs.cr) | FY25A | FY26E | FY27E |
|---------------------|-------|-------|-------|
| Sales               | 4,039 | 4,945 | 5,785 |
| Growth (%)          | 30    | 22    | 17    |
| EBITDA              | 294   | 542   | 868   |
| EBITDA Margin(%)    | 7     | 11    | 15    |
| PAT Adj.            | 95    | 342   | 553   |
| Growth (%)          | 93    | 262   | 62    |
| Adjusted EPS        | 9     | 32    | 52    |
| Growth (%)          | 93    | 262   | 62    |
| P/E                 | 180   | 50    | 31    |
| P/B                 | 3.7   | 3.5   | 3.2   |
| EV/EBITDA           | 55    | 30    | 19    |
| ROE (%)             | 3     | 7     | 11    |
| D/E                 | 0.2   | 0.2   | 0.3   |

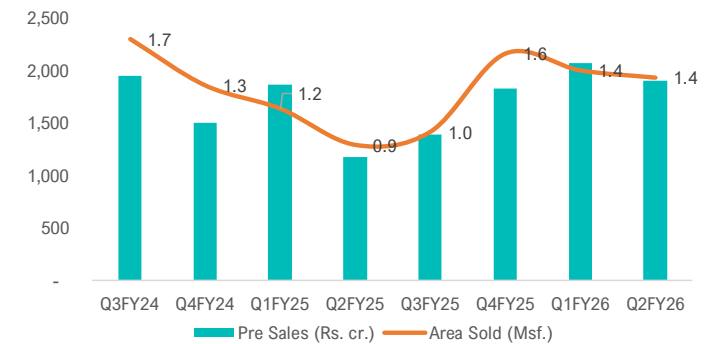
## Key Highlights

- Cash collection for the quarter rose 51% YoY to Rs.2,046cr, driven by Rs.1,846cr from real estate and Rs.200cr from contracts and the manufacturing segment.
- The company provisioned Rs. 27cr for ground rent following fresh demands from the Bangalore civic authority, which impacted margins and profitability.
- Based on the pre-sales number and the planned launch of 16.69msf over the next 6 quarters, the company is targeting Rs.10,000cr in pre-sales in the next financial year.

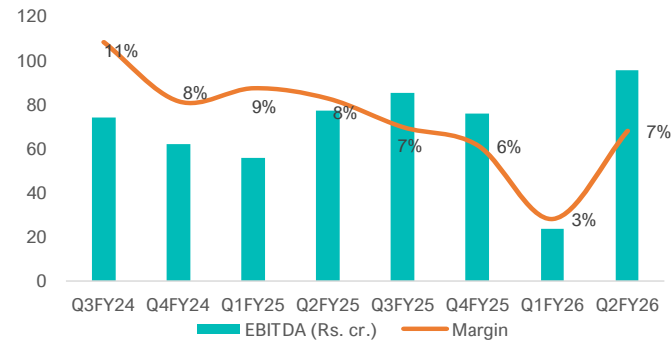
## Revenue



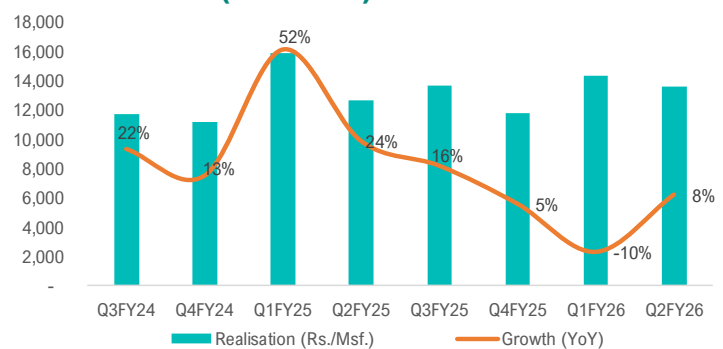
## Pre-Sales



## EBITDA



## Realisation (Rs./Msf.)



## Net Asset Valuation (NAV)

| Segment  | Value (Rs. cr) |
|--|----------------|
| Real Estate Development (Including Land)         | 17,741         |
| Value of Rental Assets                           | 514            |
| Value of construction and manufacturing business | 777            |
| Value of retail sales segment                    | 40             |
| <b>Total Gross Assets Value</b>                  | <b>19,072</b>  |
| Less : Net Debt (FY 27E)                         | (390)          |
| Less: Discount to NAV (0%)                       | -              |
| <b>NAV</b>                                       | <b>19,462</b>  |
| No of Shares (cr.)                               | 10.7           |
| <b>NAV Per Share</b>                             | <b>1,820</b>   |
| CMP  | 1,577          |
| <b>Returns</b>                                   | <b>15%</b>     |

## Change in Estimates

|              | Old estimates |       | New estimates |       | Change (%) |         |
|--------------|---------------|-------|---------------|-------|------------|---------|
| Year / Rs cr | FY26E         | FY27E | FY26E         | FY27E | FY26E      | FY27E   |
| Revenue      | 4,772         | 5,686 | 4,945         | 5,785 | 4          | 2       |
| EBITDA       | 578           | 1,030 | 542           | 868   | -6         | -16     |
| Margins (%)  | 12            | 18    | 11            | 15    | -115bps    | -312bps |
| Adj. PAT     | 344           | 691   | 342           | 553   | 0          | -20     |
| Adj. EPS     | 32            | 65    | 32            | 52    | 0          | -20     |



## Consolidated Financials

### Profit & Loss

| Y.E March (Rs cr)   | FY23A        | FY24A        | FY25A        | FY26E        | FY27E        |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Sales</b>        | <b>3,310</b> | <b>3,097</b> | <b>4,039</b> | <b>4,945</b> | <b>5,785</b> |
| % change            | 29           | -6           | 30           | 22           | 17           |
| <b>EBITDA</b>       | <b>370</b>   | <b>277</b>   | <b>294</b>   | <b>542</b>   | <b>868</b>   |
| % change            | -31          | -25          | 6            | 84           | 60           |
| Depreciation        | 68           | 78           | 90           | 97           | 116          |
| <b>EBIT</b>         | <b>394</b>   | <b>320</b>   | <b>329</b>   | <b>613</b>   | <b>948</b>   |
| Interest            | 249          | 246          | 196          | 156          | 211          |
| Other Income        | 92           | 121          | 124          | 168          | 197          |
| <b>PBT</b>          | <b>145</b>   | <b>74</b>    | <b>133</b>   | <b>457</b>   | <b>737</b>   |
| % change            | -39          | -49          | 79           | 243          | 62           |
| <b>Tax</b>          | <b>41</b>    | <b>25</b>    | <b>38</b>    | <b>114</b>   | <b>184</b>   |
| Tax Rate (%)        | 28           | 34           | 29           | 25           | 25           |
| <b>Reported PAT</b> | <b>104</b>   | <b>49</b>    | <b>95</b>    | <b>342</b>   | <b>553</b>   |
| Adj.*               | 0            | 0            | 0            | 0            | 0            |
| <b>Adj. PAT</b>     | <b>104</b>   | <b>49</b>    | <b>95</b>    | <b>342</b>   | <b>553</b>   |
| % change            | -40          | -53          | 93           | 262          | 62           |
| No. of shares (cr)  | 9            | 9            | 11           | 11           | 11           |
| <b>Adj EPS (Rs)</b> | <b>10</b>    | <b>5</b>     | <b>9</b>     | <b>32</b>    | <b>52</b>    |
| % change            | -40          | -53          | 93           | 262          | 62           |
| DPS (Rs)            | 3            | 3            | 3            | 4            | 4            |

### Balance Sheet

| Y.E March (Rs cr)        | FY23A         | FY24A         | FY25A         | FY26E         | FY27E         |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash                     | 451           | 673           | 1,809         | 1,864         | 1,894         |
| Account Receivable       | 238           | 204           | 240           | 336           | 377           |
| Inventories              | 8,761         | 9,376         | 11,252        | 13,311        | 15,570        |
| Other Cur. Assets        | 1,110         | 1,029         | 1,418         | 1,730         | 2,024         |
| Investments              | 153           | 206           | 176           | 183           | 189           |
| Gross Fixed Assets       | 1,343         | 1,462         | 1,581         | 1,771         | 1,962         |
| Net Fixed Assets         | 865           | 909           | 946           | 1,039         | 1,113         |
| CWIP                     | 9             | 12            | 24            | 41            | 58            |
| Intangible Assets        | 28            | 31            | 36            | 37            | 38            |
| Other Assets             | 974           | 1,257         | 1,320         | 1,421         | 1,534         |
| <b>Total Assets</b>      | <b>12,588</b> | <b>13,696</b> | <b>17,221</b> | <b>19,961</b> | <b>22,796</b> |
| Current Liabilities      | 8,014         | 9,186         | 11,317        | 13,766        | 15,700        |
| Provisions               | 43            | 47            | 53            | 57            | 62            |
| Debt Funds               | 2,004         | 1,914         | 1,131         | 1,118         | 1,504         |
| Other Liabilities        | 33            | 36            | 159           | 159           | 159           |
| Equity Capital           | 95            | 95            | 107           | 107           | 107           |
| Reserves & Surplus       | 2,400         | 2,419         | 4,454         | 4,753         | 5,264         |
| Shareholder's Fund       | 2,495         | 2,514         | 4,561         | 4,860         | 5,370         |
| <b>Total Liabilities</b> | <b>12,588</b> | <b>13,696</b> | <b>17,221</b> | <b>19,961</b> | <b>22,796</b> |
| <b>BVPS</b>              | <b>263</b>    | <b>265</b>    | <b>427</b>    | <b>455</b>    | <b>502</b>    |

### Cash Flow

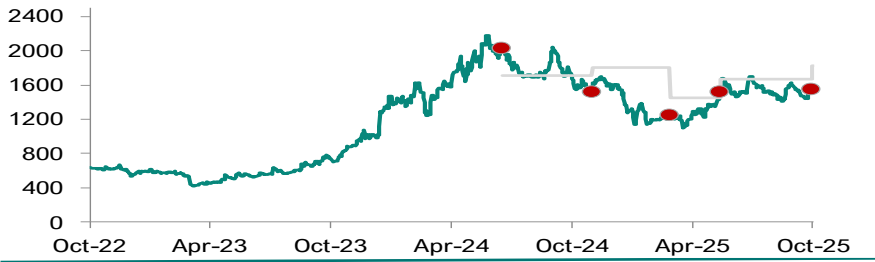
| Y.E March (Rs cr)       | FY23A        | FY24A       | FY25A         | FY26E       | FY27E       |
|-------------------------|--------------|-------------|---------------|-------------|-------------|
| Net inc. + Depn.        | 213          | 152         | 223           | 554         | 854         |
| Non-cash adj.           | 248          | 174         | 177           | 156         | 211         |
| Other adjustments       | 0            | 0           | 0             | 0           | 0           |
| Changes in W.C          | 758          | 398         | -42           | -33         | -380        |
| <b>C.F. Operation</b>   | <b>1,218</b> | <b>725</b>  | <b>358</b>    | <b>678</b>  | <b>685</b>  |
| Capital exp.            | -123         | -125        | -131          | -327        | -338        |
| Change in inv.          | 7            | 1           | 1             | 0           | 0           |
| Other invest.CF         | -120         | -351        | -1,050        | 0           | 0           |
| <b>C.F - Investment</b> | <b>-237</b>  | <b>-475</b> | <b>-1,180</b> | <b>-327</b> | <b>-338</b> |
| Issue of equity         | 0            | 0           | 1,984         | 0           | 0           |
| Issue/repay debt        | -512         | -90         | -783          | 18          | 121         |
| Dividends paid          | -29          | -28         | -30           | -43         | -43         |
| Other finance.CF        | -233         | -220        | -176          | -156        | -211        |
| <b>C.F - Finance</b>    | <b>-773</b>  | <b>-338</b> | <b>995</b>    | <b>-182</b> | <b>-132</b> |
| Chg. in cash            | 208          | -88         | 173           | 169         | 214         |
| <b>Closing cash</b>     | <b>177</b>   | <b>71</b>   | <b>76</b>     | <b>181</b>  | <b>211</b>  |

### Ratios

| Y.E March                      | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| <b>Profitab &amp; Return</b>   |       |       |       |       |       |
| EBITDA margin (%)              | 11.2  | 8.9   | 7.3   | 11.0  | 15.0  |
| EBIT margin (%)                | 11.9  | 10.3  | 8.1   | 12.4  | 16.4  |
| Net profit mgn.(%)             | 3.1   | 1.6   | 2.3   | 6.9   | 9.6   |
| ROE (%)                        | 4.2   | 2.0   | 2.7   | 7.3   | 10.8  |
| ROCE (%)                       | 6.0   | 4.7   | 4.6   | 7.9   | 11.1  |
| <b>W.C &amp; Liquidity</b>     |       |       |       |       |       |
| Receivables (days)             | 28.0  | 19.0  | 15.9  | 16.9  | 18.0  |
| Inventory (days)               | 1,425 | 1,738 | 1,412 | 1,417 | 1,470 |
| Payables (days)                | 91    | 116   | 81    | 88    | 109   |
| Current ratio (x)              | 1.1   | 1.1   | 1.3   | 1.2   | 1.2   |
| Quick ratio (x)                | 0.2   | 0.2   | 0.3   | 0.3   | 0.3   |
| <b>Turnover &amp; Leverage</b> |       |       |       |       |       |
| Gross asset T.O (x)            | 2.6   | 2.2   | 2.7   | 3.0   | 3.1   |
| Total asset T.O (x)            | 0.3   | 0.2   | 0.3   | 0.3   | 0.3   |
| Int. covge. ratio (x)          | 158   | 130   | 168   | 392   | 450   |
| Adj. debt/equity (x)           | 0.8   | 0.8   | 0.2   | 0.2   | 0.3   |
| <b>Valuation</b>               |       |       |       |       |       |
| EV/Sales (x)                   | 3.3   | 5.2   | 4.0   | 3.3   | 2.9   |
| EV/EBITDA (x)                  | 29.5  | 58.5  | 55.5  | 30.0  | 19.1  |
| P/E (x)                        | 89.7  | 304.5 | 179.6 | 49.7  | 30.7  |
| P/BV (x)                       | 3.7   | 5.9   | 3.7   | 3.5   | 3.2   |



## Recommendation Summary (last 3 years)



| Dates     | Rating     | Target |
|-----------|------------|--------|
| 08.Jul.24 | Sell       | 1714   |
| 21.Nov.24 | Accumulate | 1,802  |
| 19.Mar.25 | Buy        | 1,447  |
| 04.Jun.25 | Hold       | 1,671  |
| 31.Oct.25 | Accumulate | 1,820  |

## Investment Rating Criteria

| Ratings     | Large caps                 | Midcaps                   | Small Caps                |
|-------------|----------------------------|---------------------------|---------------------------|
| Buy         | Upside is above 10%        | Upside is above 15%       | Upside is above 20%       |
| Accumulate  | -                          | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold        | Upside is between 0% - 10% | Upside is between 0%-10%  | Upside is between 0%-10%  |
| Reduce/sell | Downside is more than 0%   | Downside is more than 0%  | Downside is more than 0%  |

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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