

Sobha

Demand stays resilient

Sobha Ltd (SDL) reported strong quarterly presales growth in Q3FY26 at INR 21.1bn (+52.3%/+11.1% YoY/QoQ). For FY26, SDL has guided presales of INR 85bn (9MFYTD INR 61bn), which we believe should cross INR 100bn. Looking at market dynamics, demand in Bengaluru remains steady, while Gurgaon shows pockets of concern for a higher ticket size (>INR 8-10cr). For the next 15 months, the company has an ambitious launch pipeline of 16.5msf, with 6msf planned for Q4FY26 and 10.5msf for FY27. This includes projects in Pune, Hoskote (5.4msf), Gurgaon, and two more in Bengaluru. SDL anticipates significant margin expansion with EBITDA margins reaching 18-19% over 12-15 months and 34% for those beyond 15 months, with healthy 30-35% margins, setting the stage for a significant financial uplift from FY27 onwards. SDL is well-positioned to continue its growth trajectory, leveraging its brand equity to dominate the premium, end-user segment. Sobha seems to be on track with INR 100bn+ new launches in Q4FY26 (NCR launch), setting the stage for FY26 presales to cross INR 100bn. Given the robust launch pipeline, strong balance sheet, and stable cash flows, we maintain **BUY** with a TP of INR 2,459/sh.

■ **Q3FY26 financial highlights:** Revenue INR 9.4bn (-23.1%/-33.0% YoY/QoQ, a 36% miss). EBITDA came in at INR 388mn (-42.4%/-59.5% YoY/QoQ, miss by 60%). EBITDA margin came in at 4.1% (-138/-269 bps YoY/QoQ, vs. estimate of 6.6%). RPAT/APAT was INR 154mn (-28.9%/-78.7% YoY/QoQ, a miss by 81%).

■ **Presales guidance looks achievable with robust launch pipeline ahead:** SDL reported a strong quarter with presales in value and volume at INR 21.1bn (+52.3%/+11.1% YoY/QoQ) and 1.4msf (+35.2%/-1.7% YoY/QoQ) resp. The average price realization was INR 15,436/sf (+13.0%/+13.1%, YoY/QoQ). Bengaluru drove 70% of demand, primarily from end users. To strengthen its presence in NCR, SDL is actively pursuing land acquisitions via both government and private routes, while maintaining a selective approach due to its strong land bank.

■ **Balance sheet strong; net cash position post rights:** Net debt decreased significantly post rights issue and as of 9MFY26, SDL has net cash position of INR 7.9bn (INR 7.5bn in Q2FY26). At INR 9.9bn, gross debt reduced vs INR 10.1bn QoQ. The operating cash flow from completed and ongoing projects is expected to be at INR 90.6bn while that from forthcoming projects is INR 73.1bn.

Consolidated financial summary (INR mn)

(INR mn)	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	9,431	12,241	-23.0%	14,076	-33.0%	40,386	47,025	53,366	60,569
EBITDA	388	672	-42.4%	956	-59.5%	2,942	3,038	10,067	15,363
APAT	154	217	-28.9%	725	-78.7%	947	1,969	6,941	11,080
Diluted EPS	1.4	2.0	-28.9%	6.8	-78.7%	9	18.4	64.9	103.6
P/E (x)						166	79.9	22.7	14.2
EV/EBITDA (x)						51	49.3	14.2	8.6
RoE (%)						3	4.2	13.7	18.8

Source: Company, HSIE Research

Change in Estimates (INR mn)

Particulars	FY26E			FY27E			FY28E		
	New	Old	Chg. (%)	New	Old	Chg. (%)	New	Old	Chg. (%)
Revenues	47,025	47,025	-	53,366	53,366	-	60,569	60,569	-
EBITDA	3,038	6,318	(51.9)	10,067	11,988	(16.0)	15,363	13,728	11.9
EBITDA (%)	6.5	13.4	(69.5)	18.9	22.5	(360.0)	25.4	22.7	270.0
APAT	1,969	3,785	(48.0)	6,941	7,913	(12.3)	11,080	9,400	17.9

Source: Company, HSIE Research

BUY

CMP (as on 16 Jan 2026)	INR 1,527
Target Price	INR 2,459
NIFTY	25,694

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,459	INR 2,459
EPS	FY26E	FY27E
Change %	-48.0	-12.3
		17.9

KEY STOCK DATA

Bloomberg code	SOBHA IN
No. of Shares (mn)	107
MCap (INR bn) / (\$ mn)	163/1,797
6m avg traded value (INR mn)	341
52 Week high / low	INR 1,733/1,075

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(1.2)	(7.5)	18.3
Relative (%)	(1.4)	(8.6)	9.9

SHAREHOLDING PATTERN (%)

	Sept-25	Dec-25
Promoters	52.88	52.88
FIs & Local MFs	26.04	25.78
FPIs	6.41	6.26
Public & Others	14.68	15.09
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

Parikshit D Kandpal, CFA

parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Jay Shah

jay.Shah1@hdfcsec.com
+91-22-6171-7353

Aditya Sahu

aditya.sahu@hdfcsec.com
+91-22-6171-7338