Institutional Equities | Realty

Choice Institutional Equities

Q1FY27 Result Update

SOBHA: Launches Drive Pre-sales; Execution Remains Strong

BUY

July 21, 2026 CMP: INR 1,456 I Target Price: INR 1,840

Expected Share Price Return: 26.4% I Dividend Yield: 0.4% I Potential Upside: 26.8%

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 156.59 / $1.63
Shares o/s (Mn)	106.9
3M Avg. Daily Volume	1,84,399

Change in CIE Estimates

	Q1FY27		
INR Bn	**Actual**	Estimate	**Dev (%)**
Pre-sales (Value)	36.6	31.7	15.5
Collection	19.2	23.4	(17.8)

Key Financials

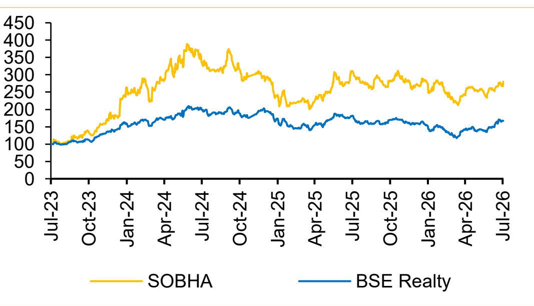
INR Mn	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	40,387	51,905	68,637	79,484	94,387
YoY (%)	30.4	28.5	32.2	15.8	18.8
EBITDA	2,943	3,104	4,903	6,338	8,015
EBITDAM (%)	10.1	9.4	10.5	11.3	11.8
RPAT	947	1,934	3,724	5,148	6,817
EPS	8.9	18.1	34.8	48.1	63.7
ROE (%)	2.1	4.1	7.4	9.3	11.1
ROCE (%)	3.6	3.6	6.2	8.0	9.6

Shareholding Pattern (%)

	Jun-26	**Mar-26**	**Dec-25**
Promoters	52.88	52.88	52.88
FIIs	6.12	6.23	6.26
DIIs	25.99	26.10	25.78
Public	15.00	14.78	15.09

Relative Performance (%)

YTD	**3Y**	**2Y**	**1Y**
BSE Realty	68.6	(15.5)	(6.7)
SOBHA	166.8	(21.0)	(13.9)



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Q1FY27_Realty Preview

Project Completions Lead to Strong Revenue and PAT YoY Growth

Sobha Ltd (SOBHA) **delivered a strong pre-sales growth backed by a healthy demand and successful launches of cumulatively 6.89 msf in Bengaluru and Gurugram markets.** The **management remains confident** on sustaining pre-sales and collection, going forward. Moreover, the Board approved the **private placement of up to INR 10 Bn in NCDs**, issuance will be raised in tranches over the next few quarters, to fund future land acquisitions and aggressive expansion.

Robust Pipeline in FY26 and FY27E will Drive Pre-sales Growth: The management is confident of delivering ~30% 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 projects of ~6.04 msf in FY26, covering 6 cities. From its existing inventory of 14.94 msf, SOBHA expects to generate **pre-sales of INR 192.24 Bn**, while **future projects of 20.77 msf are forecast to yield pre-sales of INR 295.57 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 also increasing its presence in Kerala. In addition, SOBHA is **investing in new geographies**, such as Pune, Hyderabad and MMR.

Robust Balance Sheet to Support Future Pipeline: SOBHA maintains a **historically low debt-to-equity ratio (~0.14),** 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 a 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 probable changes in regulatory guidelines.

SOBHA Valuation Summary	**NAV Per Share**
Residential Value	1,451
Land Value	249
Commercial Rental	20
Contract Mfg NAV (FY25E EV/EBIDTA10X)	76
Less Net Debt (FY26E)	(47)
Total Value (Target Price)	**1,840**
CMP	1,456
Upside (%)	**26.4**

Quarterly Performance

- Q1FY26 **Pre-sales (value)** came in at **INR 36,561 Mn**, up 75.9% YoY and 79.3% QoQ vs CIE estimate of INR 31,687 Mn
- **Collection** was **INR 19,240 Mn**, up 8.2% YoY and down 3.3% QoQ vs CIE estimate of INR 23,400 Mn
- SOBHA reported Q1FY27 **revenues from operation at INR 12,782 Mn**, up 50.0% YoY and down 35.7% QoQ
- **RPAT for Q1FY27 stood at INR 508 Mn**, up 273.4% YoY and down 44.6% QoQ. Q1FY27 RPAT margin came in at 4.0% vs 1.6% in Q1FY26 and 4.6% in Q4FY26
- SOBHA **launched 6.89 msf** of saleable area during the quarter, featuring key projects, such as SOBHA OneWorld (Bengaluru), Sacred Grove (Bengaluru) and SOBHA Crescent (Gurugram)

SOBHA Particulars	**Q1FY27**	**Q1FY26**	**YoY (%)**	**Q4FY26**	**QoQ (%)**
Presales (Value)	**36,561**	**20,790**	**75.9**	**20,390**	**79.3**
Presales (Volume)	2.3	1.4	62.5	1.3	74.6
Collection	**19,240**	**17,780**	**8.2**	**19,900**	**(3.3)**
Average Price Realisation (INR Psf)	15,655	14,935	4.8	15,268	2.5
Revenue From Operations	**12,782**	**8,519**	**50.0**	**19,878**	**(35.7)**
EBITDA (including OI)	1,297	733	77.0	1,943	(33.2)
RPAT	**508**	**136**	**273.4**	**918**	**(44.6)**
Basic EPS (INR)	4.8	1.3	273.4	8.6	(44.6)

Source: SOBHA, Choice Institutional Equities

Management Call – Highlights

Operations:

Sobha One World contributed ~45% of Q1FY27 pre-sales

Lower collections were attributed to quarter-end timing of new sales

Guiding to complete 6.0–6.5 msf in FY27E

- **SOBHA** achieved its **highest-ever quarterly pre-sales of INR 36.62 Bn** in **Q1FY27**, up **76% YoY**, driven by a strong demand for **SOBHA One World (Bengaluru)** and **Sobha Crescent (NCR)**
- **SOBHA One World contributed ~45% of Q1FY27 pre-sales**, with some bookings expected to be recognised in **Q2FY27**
- Lower collections were attributed to **quarter-end timing of new sales** and labour shortages, delaying construction milestones; the **management expects collections to improve from Q2FY27E**
- **In terms of project completion,** the management reaffirmed its guidance to complete **6.0–6.5 msf** in FY27E and indicated that a detailed project-wise completion schedule will be shared separately

Launches:

Sobha One World sold ~40% of the launched inventory at launch

The company plans to launch ~8.2 msf across nine projects in FY27, with an estimated GDV of INR ~ 120 Bn

- **SOBHA One World sold ~40% of the launched inventory at the announcement stage,** while Sobha Crescent achieved ~60% sales in Q1FY27
- The company plans to **launch ~8.2 msf across nine projects in FY27**, with an estimated **GDV of INR ~120 Bn**, including **four projects in Bengaluru (~3 msf), two in NCR (~2 msf), one in Hyderabad and two in Kerala (~1.5 msf).** Around **three projects are scheduled for Q2FY27E**, with the remaining launches expected in **Q3/Q4FY27E**

Business Development:

Invested INR ~3.7 Bn towards land during Q1FY27. FY27E land investments to be to the tune of INR ~11.6 Bn

- **Invested INR ~3.7 Bn towards land in Q1FY27,** including acquisitions in Mumbai and Greater Noida. **FY27 land investments are expected to be broadly similar to FY26 (INR ~11.6 Bn)**
- Acquired a **1.3-acre Mumbai land parcel (INR ~1.80 Bn)** and entered a **Greater Noida JV**, together offering an estimated **GDV of INR 27–30 Bn**. The Greater Noida project is targeted for launch in FY27E
- The planned **~0.6 msf Gurugram commercial project** has been excluded from the sale pipeline as the company is evaluating **its utilisation it as a leased commercial asset** so as to generate recurring rental income

Fund Raise:

- **NCD issuance to be phased:** The approved **INR 10 Bn NCD issuance** will be raised **in tranches in the next few quarters**, linked to funding requirements for land acquisitions rather than a one-time issuance

Guidance:

Guidance of 30% growth in pre-sales for FY27E

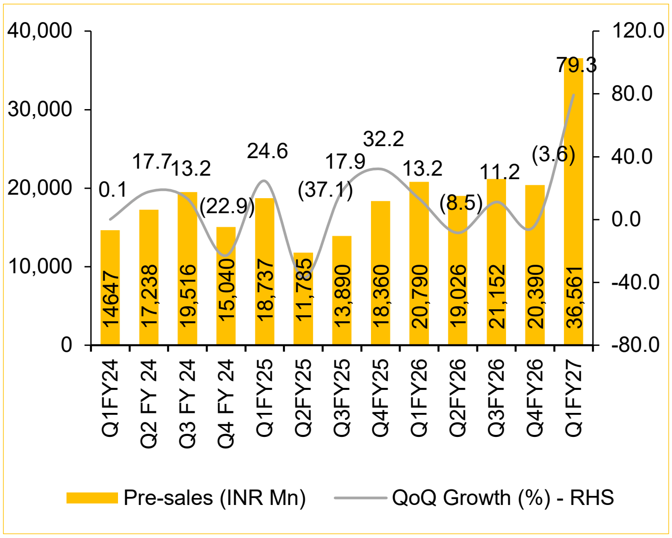
6.0–6.5 msf of project completions in FY27

Expects to remain in a net cash position through FY27E

EBITDA margin should improve sequentially from H2FY27E

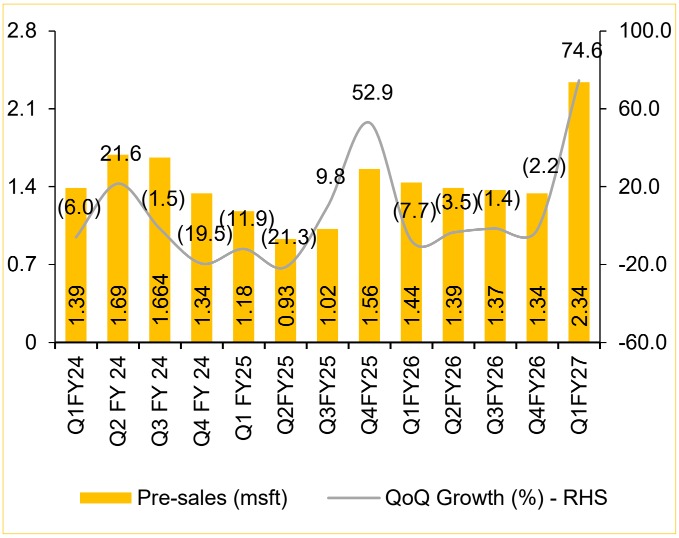
- **The management is guiding for 30% growth in pre-sales in FY27E,** with potential upside if all launches take place as per schedule
- Execution outlook: **Guided for 6.0–6.5 msf of project completions in FY27E**, indicating ~20% growth over FY26 completions of 5.4 msf
- The company **reiterated its medium-term objective of generating INR ~20 Bn of annual operating cash flow**
- The management expects to remain in **a net cash position through FY27**
- Contracting manufacturing and rental businesses to remain stable, with the management expecting FY27 revenue broadly in line with FY26
- The management reiterated that EBITDA margin should improve sequentially from H2FY27 as higher-margin FY23 projects are completed, with **Q4 EBITDA margin targeted at 17–20%**

Pre-sales (INR Mn) up 79.3% QoQ and up 75.9% YoY



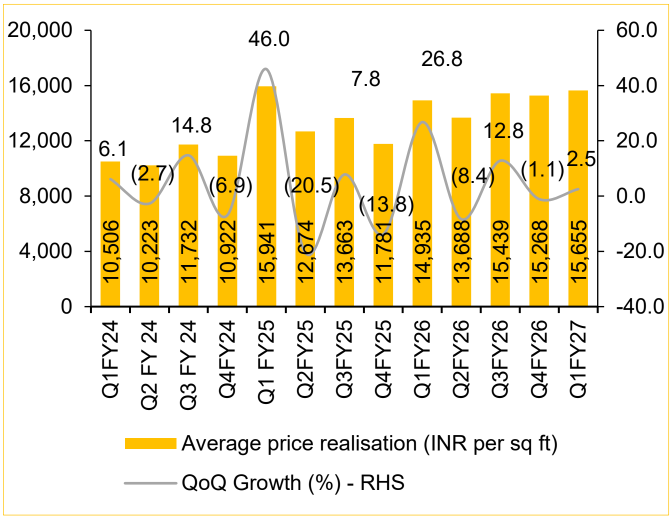
Source: SOBHA, Choice Institutional Equities

Pre-sales (msf) up 74.6% QoQ and 62.5% YoY



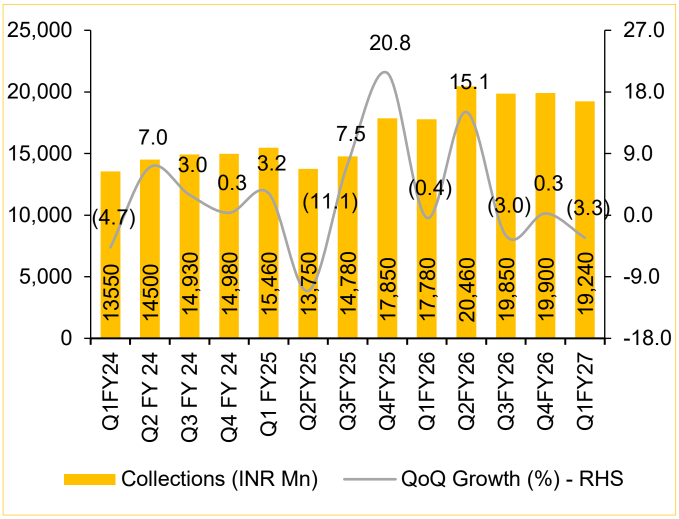
Source: SOBHA, Choice Institutional Equities

Average price realisation up 2.5% QoQ and 4.8% YoY



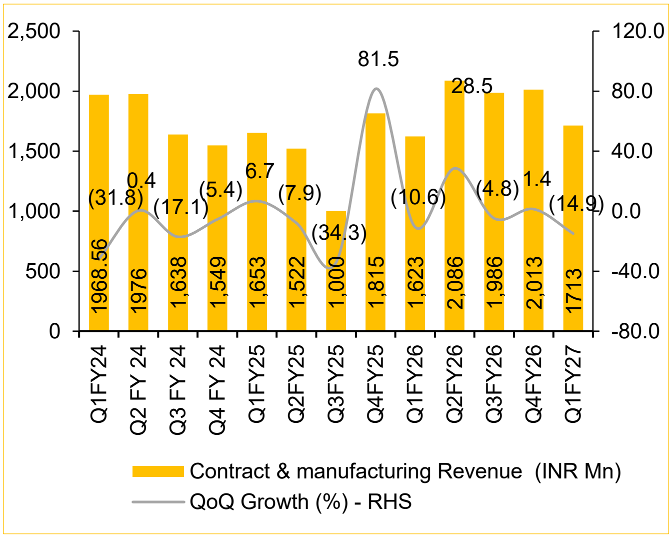
Source: SOBHA, Choice Institutional Equities

Collections down 3.3% QoQ and up 8.2% YoY



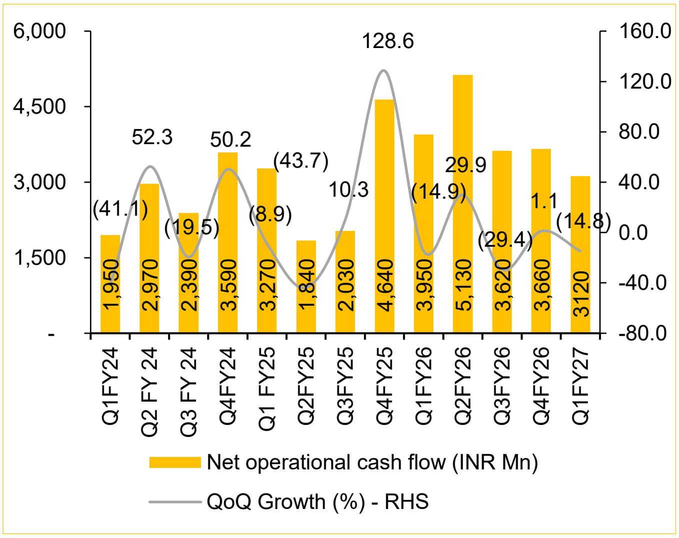
Source: SOBHA, Choice Institutional Equities

Contract manufacturing revenue down 14.9% QoQ & up 5.5% YoY



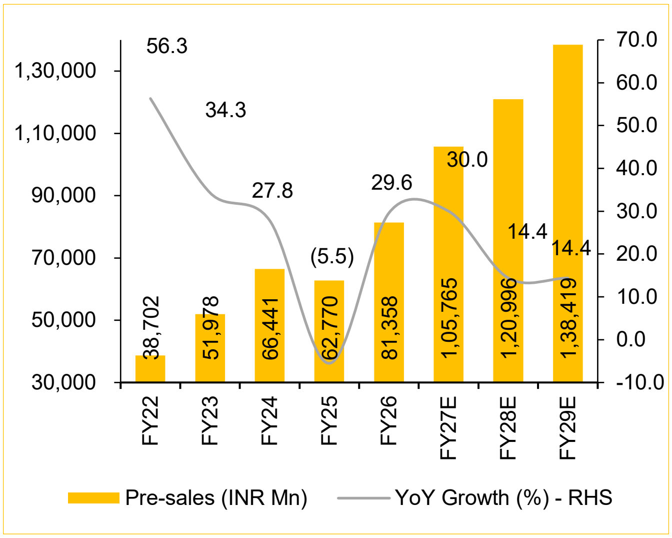
Source: SOBHA, Choice Institutional Equities

Net operational cash flow down 14.8% QoQ and 21.0% YoY



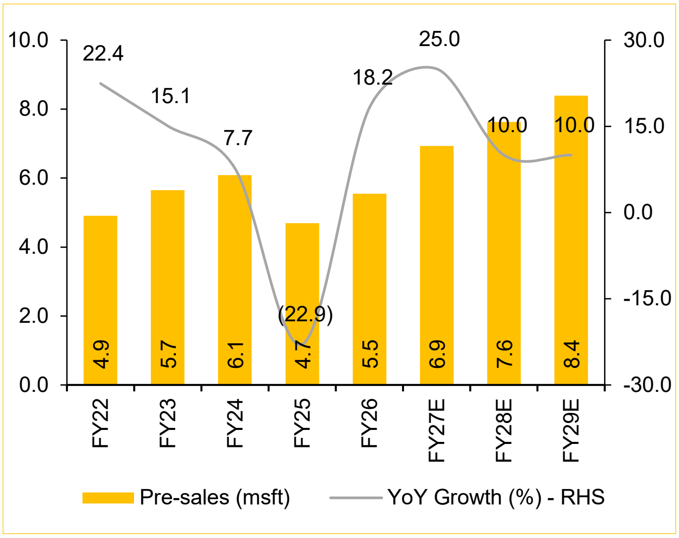
Source: SOBHA, Choice Institutional Equities

FY26–FY29E: Pre-sales (value) forecast to expand at 22.1% CAGR



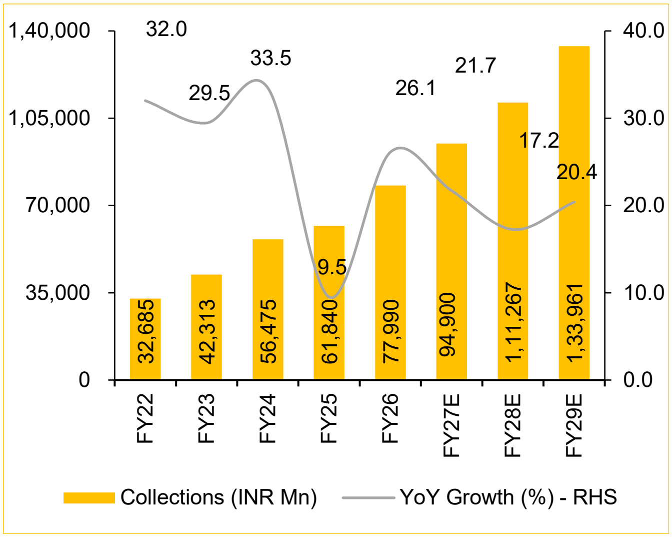
Source: SOBHA, Choice Institutional Equities

FY26–FY29E: Pre-sales (volume) expected to expand at 16.3% CAGR



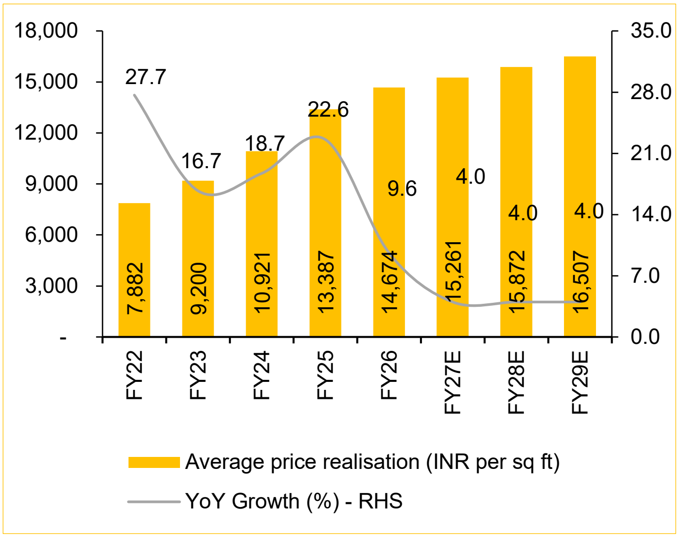
Source: SOBHA, Choice Institutional Equities

FY26–FY29E: Collection projected to expand at 22.0% CAGR



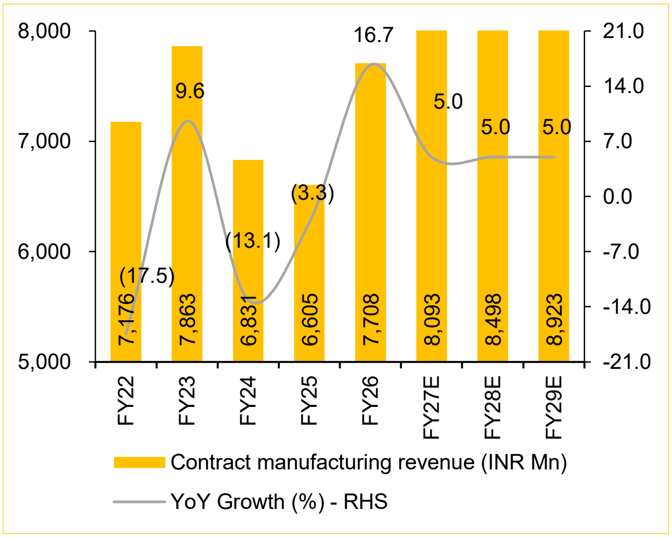
Source: SOBHA, Choice Institutional Equities

Average price realisation (INR) expected to increase marginally



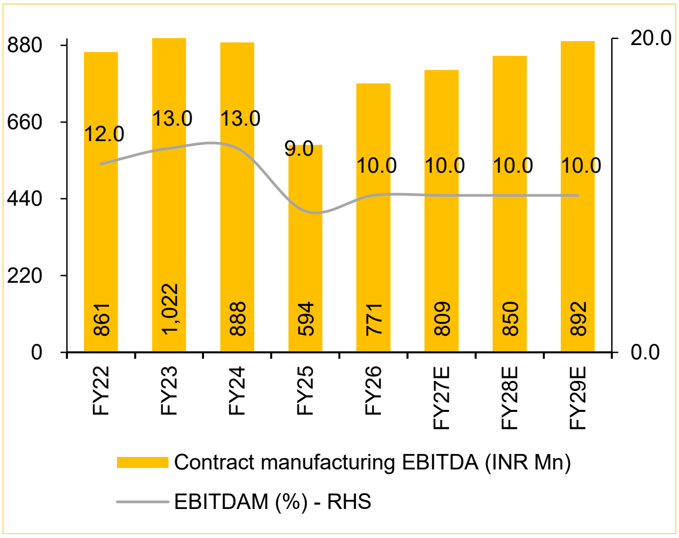
Source: SOBHA, Choice Institutional Equities

Contract manufacturing revenue likely to pick up from FY28E



Source: SOBHA, Choice Institutional Equities

Contract manufacturing EBITDA margin forecast to settle at 10.0%



Source: SOBHA, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue	40,387	51,905	68,637	79,484	94,387
Gross Profit	23,398	29,216	38,879	45,682	54,737
EBITDA (Excluding OI)	2,943	3,104	4,903	6,338	8,015
Depreciation	898	1,060	1,188	1,264	1,341
EBIT	2,045	2,043	3,715	5,073	6,674
Interest Expense	1,956	1,374	1,306	1,168	1,100
Other Income	1,241	1,933	2,556	2,960	3,514
PBT	1,330	2,598	4,966	6,864	9,089
Reported PAT	947	1,934	3,724	5,148	6,817
EPS	8.9	18.1	34.8	48.1	63.7

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	30.4	28.5	32.2	15.8	18.8
EBITDA (%)	6.2	5.4	58.0	29.3	26.5
PAT (%)	92.7	104.3	92.6	38.2	32.4
Margins					
Gross Profit Margin (%)	57.9	56.3	56.6	57.5	58.0
EBITDA Margin (%)	10.1	9.4	10.5	11.3	11.8
PAT Margin (%)	2.3	3.6	5.2	6.2	7.0
Profitability					
Return On Equity (ROE)	2.1	4.1	7.4	9.3	11.1
Return On Capital Employed (ROCE)	3.6	3.6	6.2	8.0	9.6
Working Capital					
Inventory Days	1,017	902	900	900	875
Debtor Days	17	19	19	19	19
Payable Days	51	58	60	60	60
Cash Conversion Cycle	983	863	859	859	834
Financial Stability					
Net Debt to Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Net Debt to EBITDA (x)	(2.3)	(1.6)	(1.0)	(1.1)	(1.4)
Interest Cover (x)	1.0	1.5	2.8	4.3	6.1
Valuation Metrics					
PE(x)	138.4	65.6	41.8	30.2	22.8
EV/EBITDA (x)	42.2	21.8	13.8	10.4	7.7
Price to BV (x)	2.9	2.7	3.1	2.8	2.5
EV/OCF (x)	62.1	15.8	20.0	14.5	9.7

Source: SOBHA, Choice Institutional Equities

Balance Sheet (Consolidated in INR Mn)

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	45,605	47,199	50,496	55,216	61,605
Total Debt	11,309	10,023	9,523	8,523	8,023
Other Liabilities & Provisions	1,852	1,269	1,202	1,202	1,202
Total Net Worth & Liabilities	**58,766**	**58,492**	**61,221**	**64,941**	**70,830**
Net Block	5,291	6,351	6,663	6,299	5,858
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	14,627	15,660	19,088
Net Current Assets	33,214	25,928	28,345	32,429	38,759
Total Assets	**58,766**	**58,492**	**61,221**	**64,941**	**70,830**

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	2,000	4,299	3,391	4,530	6,356
Cash Flows from Investing	(11,799)	(971)	(1,500)	(900)	(900)
Cash Flows from Financing	9,928	(2,850)	(2,301)	(2,596)	(2,028)

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
July 21, 2026	BUY	1,840

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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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