19 October 2026
2QFY27 Results Update | Sector: Real Estate

Sobha

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SOBHA IN
Equity Shares (m)	107
M.Cap.(INRb)/(USDb)	126 / 1.3
52-Week Range (INR)	1732 / 1130
1, 6, 12 Rel. Per (%)	-1/-6/-12
12M Avg Val (INR M)	253

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	51.9	52.2	63.1
EBITDA	3.1	4.7	6.7
EBITDA (%)	6.0	9.1	10.6
PAT	1.9	3.3	5.2
EPS (INR)	18.1	30.7	48.9
EPS Gr. (%)	104.3	69.8	59.2
BV/Sh. (INR)	441.4	465.7	508.2
Ratios			
Net D/E	(0.1)	(0.2)	(0.2)
RoE (%)	4.2	6.8	10.0
RoCE (%)	5.1	7.2	9.9
Payout (%)	35.2	20.7	13.0
Valuations			
P/E (x)	81	42	26
P/BV (x)	3	3	3
EV/EBITDA (x)	49	28	20
Div Yield (%)	0.4	0.4	0.4

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	52.9	52.9	52.9
DII	26.0	26.1	24.6
FII	6.1	6.2	8.1
Others	15.0	14.8	14.4

CMP: INR1,178 **TP: INR1,710 (+45%)** **Buy**

Multiple new launches expected in 2H

Strong operational performance; Bangalore remains top performer

Sobha reported 16% YoY pre-sales growth to INR22.1b in 2QFY27 (second highest-ever bookings after 1QFY27), driven by mix of sustenance sales and new launches. It launched two projects in 2Q – Sobha Boulevard in Mysuru (plotted development) with GDV of INR1.2b and Sobha Bellevue in Calicut with GDV of INR11.5b. In 2QFY27, Bangalore remained the largest contributor with 60% share of the quarter's presales, followed by NCR at 27% and Kerala at 10%. In terms of price segments, INR20-30m/unit contributed ~30% to the presales, followed by 26% from >INR50m. In 1HFY27, the company clocked INR59b in presales, of which 70% came from new launches.

Strong launch pipeline; well on track for 30% YoY growth

The company's forthcoming launch pipeline consists of 18 projects covering 20.4msf (INR314b GDV), out of which 12msf (GDV of ~INR180b) across eight projects is expected to be launched during 2HFY27. This pipeline comprises three projects in Bengaluru and one project each in Hyderabad, Chennai, Gurgaon, Greater Noida and Thrissur. It also has ~INR229b worth inventory across its ongoing projects. Sobha has maintained 30% YoY presales growth guidance for FY27, which translates into ~INR105b in presales. We bake in a 27% CAGR in presales to INR130b during FY26-28E.

Highest quarterly collections; land payments increase

In 2QFY27, collections from the residential segment grew 4% YoY to INR19.2b, recording the highest-ever quarterly collections, driven by the deferred collections from 1QFY27. Net operational cash flow (NOCF) declined 14% YoY to INR4.4b, with NOCF margin at 21% (vs. 25% in 2QFY26 and 16% in 1QFY27). Sobha incurred INR6.2b, up 76% YoY, toward land investment during the quarter. We expect a 21% CAGR in residential collections in FY26-28 to INR103b.

Contracts & Manufacturing business reports steady performance

As of 1HFY27, revenue from the Contracts & Manufacturing business grew 6.8% YoY to INR4.0b, of which INR1.9b (+4.5% YoY) came in from Contracts business and INR2.1b from Manufacturing & Retail. Overall, 1H collections from this division declined by 12.9% YoY to INR3.3b.

P&L performance:

- In 2QFY27, revenue declined by 31% YoY to INR9.7b. EBITDA fell 28% YoY to INR687m, with EBITDA margins of 7.1%. Adj. PAT declined 54.6% YoY to INR330m, with PAT margin of 6.1%.
- As of 1HFY27, revenue remained flat YoY at INR22.4b. EBITDA increased 23% YoY to INR1.5b, with EBITDA margins of 6.5%. Adj. PAT declined 3% YoY to INR838m with PAT margin of 3.7%.
- The company reported net cash of INR3.2b as of 2QFY27.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- Ongoing and upcoming projects are valued on a DCF basis at INR148b.
- We have factored in land value from only the subsequent projects (191 acres/ 15.6msf) that are in the future pipeline. However, we are now not factoring in any value from the additional 1,745 acres of land, which is still under various stages of consolidation. We would consider value from these land parcels once there are concrete plans in place. **Hence, the TP is revised to INR1,710, indicating a 45% upside potential. We reiterate our BUY rating on the stock.**

Quarterly performance

Y/E March	FY26				FY27E				FY26	FY27	FY27 2Q Est.	2QE Variance (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	**8,519**	**14,076**	**9,431**	**19,878**	**12,782**	**9,671**	**9,578**	**20,161**	**51,905**	**52,192**	**13,024**	**-26%**
YoY Change (%)	33.0	50.8	-23.0	60.2	50.0	-31.3	1.6	1.4				
Total Expenditure	8,281	13,120	9,044	18,357	12,004	8,983	8,723	17,736	48,801	47,447	11,891	
EBITDA	**238**	**956**	**388**	**1,522**	**777**	**687**	**855**	**2,426**	**3,104**	**4,745**	**1,133**	**-39%**
Margins (%)	2.8	6.8	4.1	7.7	6.1	7.1	8.9	12.0	6.0	9.1	8.7	-159.4
Depreciation	237	262	277	285	284	316	316	218	1,060	1,134	284	
Interest	310	322	303	439	321	401	210	211	1,374	1,143	260	
Other Income	495	617	400	421	520	502	428	494	1,933	1,943	485	
PBT before EO expense	**187**	**989**	**208**	**1,219**	**693**	**471**	**757**	**2,490**	**2,602**	**4,410**	**1,074**	**-56%**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**187**	**989**	**208**	**1,219**	**693**	**471**	**757**	**2,490**	**2,602**	**4,410**	**1,074**	**-56%**
Tax	50	264	51	299	183	140	193	610	665	1,126	274	
Rate (%)	27.0	26.7	24.6	24.6	26.4	29.8	25.5	24.5	25.5	25.5	25.5	
MI & P/L of Asso. Cos.	0	0	2	1	1	1	0	-3	4	0	0	
Reported PAT	**136**	**725**	**154**	**918**	**508**	**330**	**563**	**1,882**	**1,934**	**3,284**	**800**	**-59%**
Adj PAT	**136**	**725**	**154**	**918**	**508**	**330**	**563**	**1,882**	**1,934**	**3,284**	**800**	**-59%**
YoY Change (%)	124.9	178.0	-28.9	124.8	273.4	-54.6	265.2	105.0	104.3	69.8	10.3	
Margins (%)	1.6	5.2	1.6	4.6	4.0	3.4	5.9	9.3	3.7	6.3	6.1	

Source: MOFSL, Company

Key highlights from the management commentary

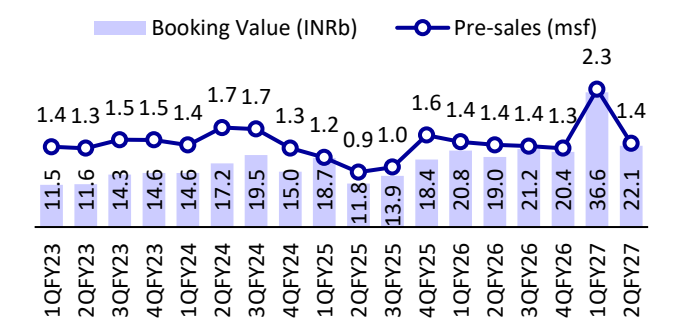
- The launch pipeline for 2HFY27 comprises eight projects, including three in Bangalore and one each in Hyderabad, Chennai, Gurgaon, Greater Noida and Thrissur, aggregating 12msf with an estimated GDV of INR180b. Two large Bangalore launches, with estimated GDVs of approximately INR30b and INR25b, are planned for 2HFY27.
- SOBHA expects to exceed its FY27 pre-sales growth guidance of 30% YoY, supported by healthy sustenance sales and a robust launch pipeline. Management highlighted steady customer inquiries and walk-ins across key markets despite macroeconomic uncertainties, geopolitical developments and interest rate concerns.
- Hoskote remains a key contributor to Bangalore sales, with cumulative pre-sales exceeding INR25b against a total project GDV of INR75b. Approximately 65% of the project's inventory has been released so far, with further inventory releases planned based on sales traction and construction progress.
- Sustenance sales improved across SOBHA's portfolio, particularly at SOBHA One World, SOBHA Neopolis, SOBHA Crescent and SOBHA Aranya. SOBHA Neopolis witnessed a recovery in sustenance sales after nearly 1.5 years of subdued traction, supported by tower completions and customer handovers.
- Premium housing demand remains strong, with Gurgaon contributing the majority of sales in the >INR50m ticket-size segment. However, management

indicated that the overall portfolio remains concentrated in the INR20-50m per unit segment, which accounts for over 70% of inventory.

- 1HFY27 land payment stood at INR9.9b, of which ~30% of payments related to the settlement of dues for existing projects is now complete. Around 50% was for new land acquisitions in Bangalore, Gurgaon and Mumbai, while the balance was deployed toward the consolidation of existing land parcels. The newly acquired land is expected to enter the launch pipeline in the next 12-18 months.
- The Chandivali project in MMR has an estimated GDV of INR10b, with land acquisition completed and the project currently at the design and approvals stage. The additional saleable area planned for the ongoing Inizio project is also reflected in the forthcoming MMR pipeline.
- Revenue yet to be recognized from sold units stood at INR220.4b as of Sep'26, providing strong revenue visibility. Management expects EBITDA margins to improve from 3QFY27 as higher-margin projects contribute to revenue recognition and legacy low-margin projects run off. EBITDA margins are expected to exceed 15% in 2HFY27 and move toward 20% or higher from FY28 onwards.
- SOBHA expects PAT to grow by at least 50% YoY in FY27, supported by improved revenue recognition, higher-margin projects and increased handovers. The company targets deliveries of approximately 6msf in FY27, implying around 3.5msf of additional deliveries in 2HFY27.
- The company acquired the fire and safety business of Sobha Projects and Trade Ltd. to strengthen execution capabilities and improve cost efficiencies across its projects. The business currently generates annual revenue of INR600-650m, with an order book of INR1.8b, approximately 70% of which is attributable to SOBHA projects. Management expects revenue to scale up significantly, with potential benefits from GST efficiencies and procurement synergies. No significant incremental capex is expected.
- SOBHA's share of saleable inventory across its portfolio is approximately 80-85%. The project pipeline mix comprises ~50% owned-land and 50% JDA projects. In joint-development projects, the assumed landowner share is ~35%.

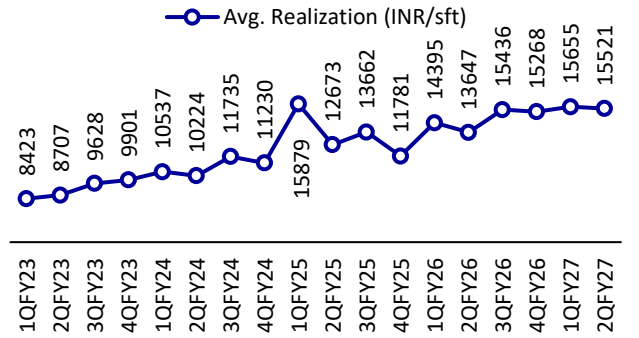
Key exhibits

Exhibit 1: SOBHA reported sales of INR22b, up 16% YoY



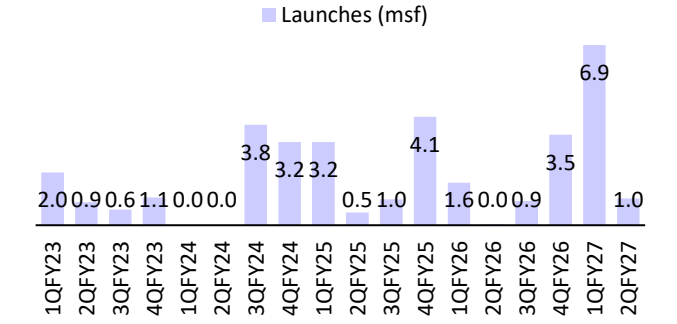
Source: MOFSL, Company

Exhibit 2: Realizations were up 14% YoY



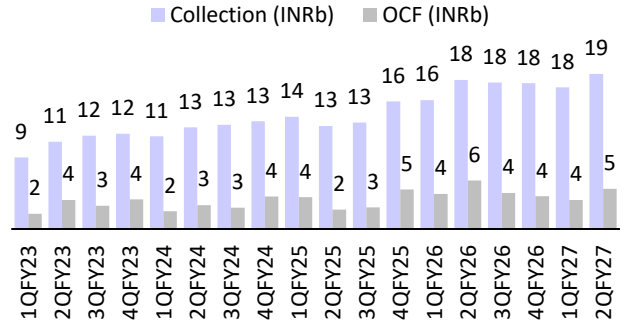
Source: MOFSL, Company

Exhibit 3: 1.0msf of launches during the quarter



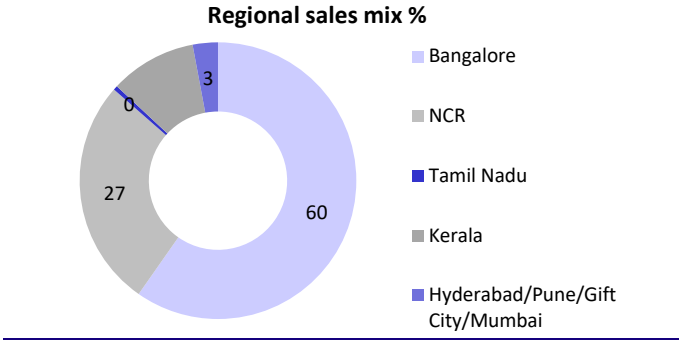
Source: MOFSL, Company

Exhibit 4: Collections increased 4% YoY to INR19b and OCF stood at INR5b, down 17% YoY



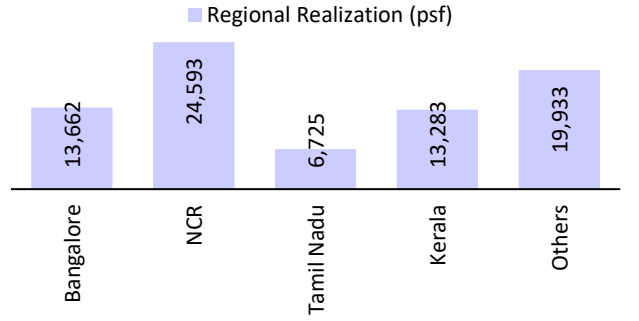
Source: MOFSL, Company

Exhibit 5: Bangalore held the highest share in total bookings in 2QFY27



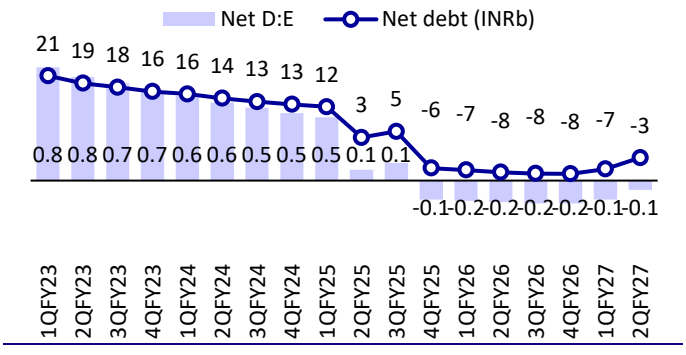
Source: MOFSL, Company

Exhibit 6: Realization/sqft in SOBHA's key markets



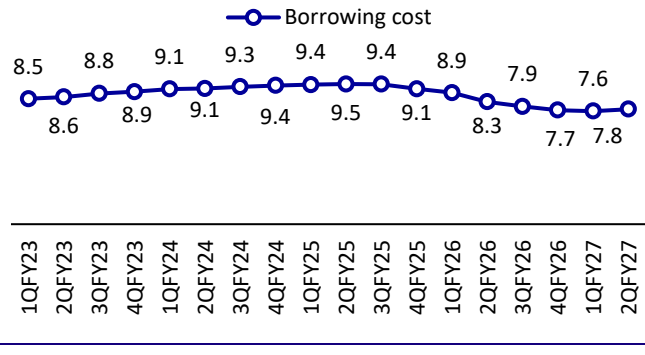
Source: MOFSL, Company; Note: Others includes Hyderabad/Pune/Gift City/Mumbai

Exhibit 7: Net cash 4QFY25 onwards…



Source: MOFSL, Company

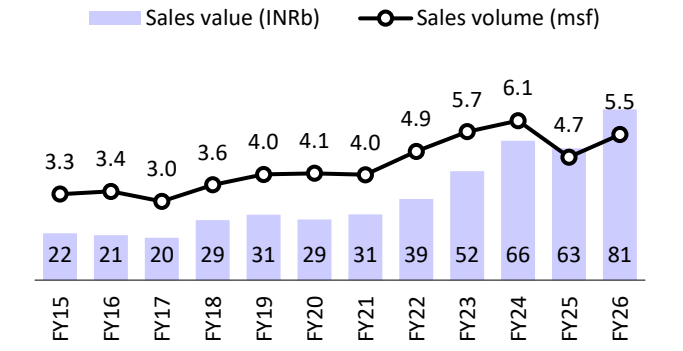
Exhibit 8: …with a low cost of debt at 7.75%



Source: MOFSL, Company

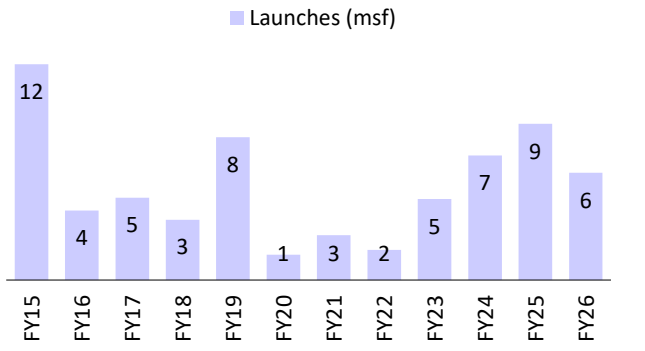
Story in charts

Exhibit 9: Sales surged over the past three years



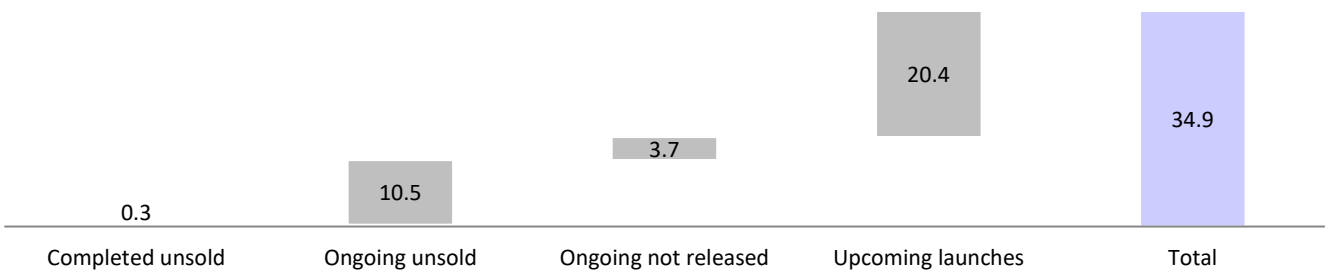
Source: Company, MOFSL

Exhibit 10: A gradual increase seen in launches since FY20



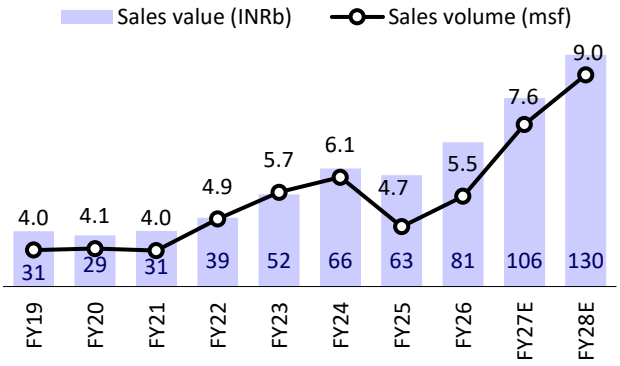
Source: Company, MOFSL

Exhibit 11: Pipeline of 34.9msf (incl. 20.4msf of upcoming projects)



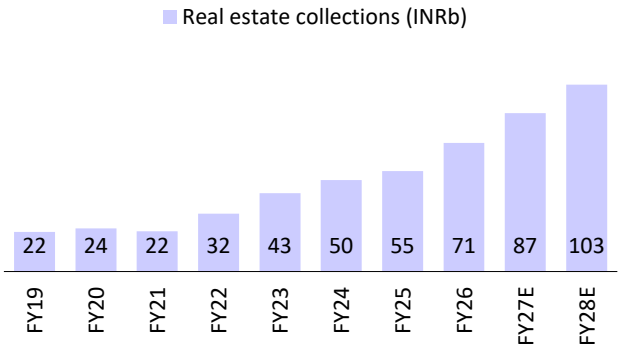
Source: MOFSL, Company

Exhibit 12: Pre-sales to clock a 27% CAGR by FY28E, reaching INR130b



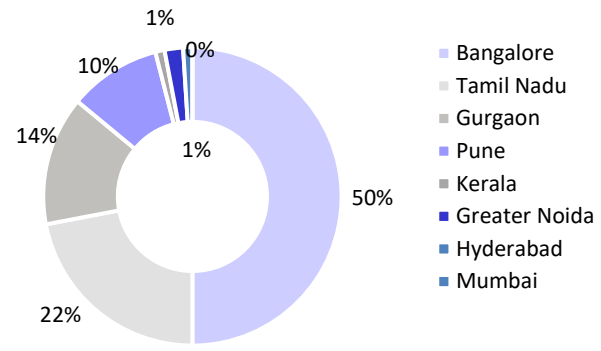
Source: Company, MOFSL

Exhibit 13: Real estate collections to clock a 21% CAGR by FY28E, reaching INR103b



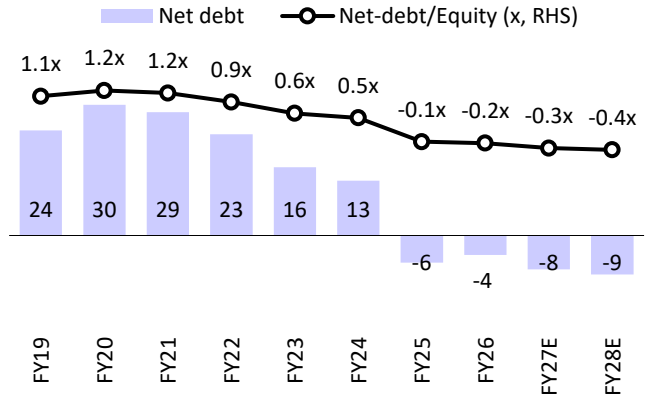
Source: Company, MOFSL

Exhibit 14: Developable land bank to support growth



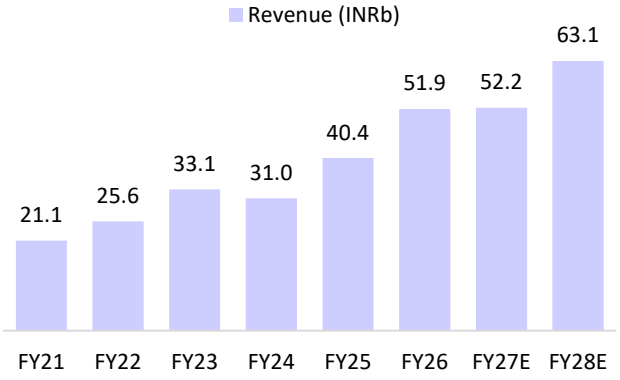
Source: Company, MOFSL

Exhibit 15: Achieved net-cash status in FY25



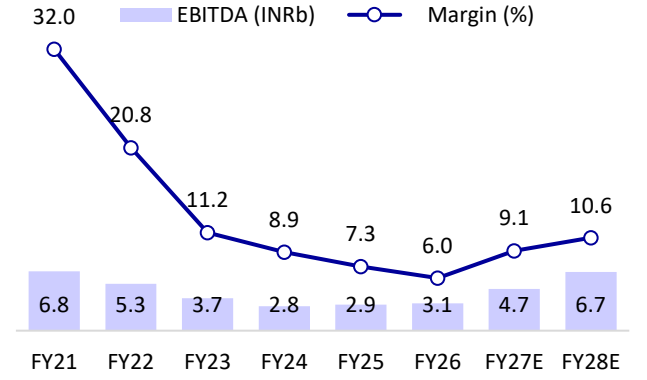
Source: Company, MOFSL

Exhibit 16: Revenue to expand at a 10% CAGR over FY26-28E



Source: Company, MOFSL

Exhibit 17: EBITDA to stand at INR6.7b, with 10.6% margin



Source: Company, MOFSL

Exhibit 18: Revisions to our estimates

	Old		New		Change	
(INR b)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	57	69	52	63	-9%	-8%
EBITDA	5	7	5	7	-8%	-10%
Adj. PAT	4	6	3	5	-12%	-12%
Pre-sales	106	130	106	130	0%	0%
Collections	87	103	87	103	0%	0%

Source: MOFSL, Company

Valuation and view

- Ongoing and upcoming projects are valued on a DCF basis at INR148b.
- We have factored in land value from only the subsequent projects (191 acres/ 15.6msf) that are in the future pipeline. However, we do not factor in any value from the additional 1,745 acres of land, which is still under various stages of consolidation. We would consider value from these land parcels once there are concrete plans in place. Hence, the TP is revised to INR1,710, indicating a 45% upside potential. We reiterate our BUY rating on the stock.

Exhibit 19: Our SoTP-based approach denotes a 45% upside for SOBHA based on CMP; reiterate BUY

NAV summary	Description	INR b	Per share	As a percentage of NAV
Ongoing projects	❖ Net cash surplus discounted at a WACC of 11.3%	76	708	41%
Upcoming projects	❖ Upcoming pipeline discounted at a WACC of 11.3%	73	678	40%
Value of residential business		**148**	**1,386**	**81%**
Subsequent projects land bank	❖ Cash flow potential from land bank discounted at a WACC of 11.3%	8	75	4%
Contractual, Mfg & Commercial	❖ Commercial valued at 8.5% cap rate while Contractual/mfg at 8x EV/EBITDA multiple on FY27E EBITDA	22	205	12%
Gross asset value		**178**	**1,667**	**97%**
Net debt		4	42	2%
Net asset value		**183**	**1,708**	**100%**
Shares outstanding		106.9		
Target Price (rounded-off)		**1,710**		
CMP		1,178		
Upside		**45%**		

Source: MOFSL

Financials and Valuation

Consolidated Profit & Loss

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**25,613**	**33,101**	**30,969**	**40,387**	**51,905**	**52,192**	**63,149**
Change (%)	21.4	29.2	-6.4	30.4	28.5	0.6	21.0
Project Cost & Subcontractor Charges	14,129	21,022	19,048	26,612	35,109	33,142	40,100
Employees Cost	2,512	2,945	3,526	4,052	5,041	5,545	6,099
Other Expenses	3,644	5,440	5,625	6,779	8,652	8,761	10,284
Total Expenditure	**20,285**	**29,407**	**28,199**	**37,444**	**48,801**	**47,447**	**56,483**
% of Sales	79.2	88.8	91.1	92.7	94.0	90.9	89.4
EBITDA	**5,328**	**3,694**	**2,770**	**2,943**	**3,104**	**4,745**	**6,666**
Margin (%)	20.8	11.2	8.9	7.3	6.0	9.1	10.6
Depreciation	719	678	782	898	1,060	1,134	1,159
EBIT	**4,609**	**3,016**	**1,988**	**2,045**	**2,044**	**3,610**	**5,507**
Int. and Finance Charges	3,083	2,490	2,455	1,956	1,374	1,143	837
Other Income	840	923	1,209	1,241	1,933	1,943	2,351
PBT bef. EO Exp.	**2,366**	**1,449**	**742**	**1,330**	**2,602**	**4,410**	**7,022**
EO Items	0	0	0	0	0	0	0
PBT after EO Exp.	**2,366**	**1,449**	**742**	**1,330**	**2,602**	**4,410**	**7,022**
Total Tax	634	407	251	383	665	1,126	1,793
Tax Rate (%)	26.8	28.1	33.8	28.8	25.5	25.5	25.5
Minority Interest	0	0	0	0	4	0	0
Reported PAT	**1,732**	**1,042**	**491**	**947**	**1,934**	**3,284**	**5,228**
Adjusted PAT	**1,732**	**1,042**	**491**	**947**	**1,934**	**3,284**	**5,228**
Change (%)	177.8	-39.8	-52.9	92.8	104.3	69.8	59.2
Margin (%)	6.8	3.1	1.6	2.3	3.7	6.3	8.3

Consolidated Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	949	948	948	1,069	1,069	1,069	1,069
Total Reserves	24,157	23,998	24,192	44,536	46,130	48,734	53,282
Net Worth	**25,106**	**24,947**	**25,141**	**45,605**	**47,199**	**49,803**	**54,351**
Minority Interest	0	0	0	0	0	0	0
Total Loans	24,630	20,268	19,397	11,835	10,574	8,074	5,574
Deferred Tax Liabilities	151	126	149	164	191	-963	-4,979
Capital Employed	**49,887**	**45,341**	**44,687**	**57,604**	**57,964**	**56,914**	**54,946**
Gross Block	12,384	12,488	14,785	16,031	17,845	18,247	18,624
Less: Accum. Deprn.	4,277	4,955	5,562	6,390	7,254	8,388	9,547
Net Fixed Assets	**8,107**	**7,533**	**9,223**	**9,641**	**10,591**	**9,859**	**9,077**
Goodwill on Consolidation	0	172	172	172	172	172	172
Capital WIP	65	86	122	238	272	239	233
Total Investments	**1,149**	**1,149**	**1,149**	**1,146**	**1,201**	**1,201**	**1,201**
Curr. Assets, Loans&Adv.	**1,04,779**	**1,15,721**	**1,26,298**	**1,61,013**	**1,82,942**	**1,83,950**	**1,84,294**
Inventory	74,271	87,610	93,764	1,12,522	1,28,263	1,36,491	1,31,536
Account Receivables	4,069	2,375	2,039	2,404	3,295	2,860	3,460
Cash and Bank Balance	1,783	4,514	6,733	18,089	15,036	15,894	14,566
Loans and Advances	24,656	21,222	23,762	27,997	36,348	28,705	34,732
Curr. Liability & Prov.	**64,214**	**80,542**	**92,277**	**1,14,606**	**1,37,214**	**1,38,508**	**1,40,031**
Account Payables	6,753	5,987	6,165	5,648	8,276	9,749	11,606
Other Current Liabilities	57,131	74,123	85,643	1,08,425	1,28,196	1,28,012	1,27,522
Provisions	330	432	469	534	742	746	903
Net Current Assets	**40,565**	**36,574**	**34,021**	**46,406**	**45,728**	**45,442**	**44,263**
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	**49,886**	**45,342**	**44,687**	**57,604**	**57,964**	**56,914**	**54,946**

Financials and valuations

Ratios							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Basic (INR)							
EPS	**16.2**	**9.7**	**4.6**	**8.9**	**18.1**	**30.7**	**48.9**
Cash EPS	22.9	16.1	11.9	17.3	28.0	41.3	59.7
BV/Share	234.8	233.3	235.1	426.4	441.4	465.7	508.2
DPS	3.5	3.4	3.4	3.0	6.0	6.0	6.0
Payout (%)	19.2	30.8	65.3	33.9	35.2	20.7	13.0
Valuation (x)							
P/E	72.6	120.7	256.1	132.8	65.0	38.3	24.1
Cash P/E	51.3	73.1	98.8	68.2	42.0	28.5	19.7
P/BV	5.0	5.0	5.0	2.8	2.7	2.5	2.3
EV/Sales	5.8	4.3	4.5	3.0	2.3	2.3	1.8
EV/EBITDA	27.9	38.3	50.0	40.6	39.1	24.9	17.5
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.5	0.5	0.5
FCF per share	88.4	96.0	49.0	6.5	21.0	32.0	7.7
Return Ratios (%)							
RoE	7.0	4.2	2.0	2.7	4.2	6.8	10.0
RoCE	7.7	6.0	4.7	4.6	5.1	7.2	9.9
RoIC	6.9	5.0	3.4	3.9	3.8	6.6	10.4
Working Capital Ratios							
Fixed Asset Turnover (x)	2.1	2.7	2.1	2.5	2.9	2.9	3.4
Asset Turnover (x)	0.5	0.7	0.7	0.7	0.9	0.9	1.1
Inventory (Days)	1,058	966	1,105	1,017	902	955	760
Debtor (Days)	58	26	24	22	23	20	20
Creditor (Days)	96	66	73	51	58	68	67
Leverage Ratio (x)							
Current Ratio	1.6	1.4	1.4	1.4	1.3	1.3	1.3
Interest Cover Ratio	1.5	1.2	0.8	1.0	1.5	3.2	6.6
Net Debt/Equity	0.9	0.6	0.5	-0.1	-0.1	-0.2	-0.2

Consolidated Cash flow							
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
OP/(Loss) before Tax	2,366	1,449	742	1,330	2,599	4,410	7,022
Depreciation	719	678	782	898	1,060	1,134	1,159
Interest & Finance Charges	7,497	2,490	2,455	1,956	1,374	1,143	837
Direct Taxes Paid	-515	-679	-772	-1,577	-2,300	-2,280	-5,810
(Inc)/Dec in WC	-409	7,635	3,980	-418	3,245	1,327	342
CF from Operations	**9,658**	**11,573**	**7,188**	**2,189**	**5,978**	**5,736**	**3,550**
Others	-661	-71	-713	-189	-1,679	-1,943	-2,351
CF from Operating incl EO	**8,997**	**11,502**	**6,474**	**1,999**	**4,299**	**3,792**	**1,199**
(Inc)/Dec in FA	461	-1,234	-1,237	-1,302	-2,054	-370	-370
Free Cash Flow	**9,458**	**10,268**	**5,238**	**697**	**2,245**	**3,422**	**829**
(Pur)/Sale of Investments	-6	-1,327	-3,875	-11,224	-495	0	0
Others	-85	192	363	727	1,579	1,943	2,351
CF from Investments	**370**	**-2,369**	**-4,749**	**-11,799**	**-971**	**1,573**	**1,981**
Issue of Shares	0	0	0	19,842	7	0	0
Inc/(Dec) in Debt	-5,595	-5,198	-974	-7,909	-1,348	-2,500	-2,500
Interest Paid	-2,916	-2,247	-2,123	-1,702	-1,188	-1,328	-1,328
Dividend Paid	-332	-321	-285	-303	-321	-680	-680
Others	0	0	0	0	0	0	0
CF from Fin. Activity	**-8,843**	**-7,766**	**-3,382**	**9,928**	**-2,850**	**-4,508**	**-4,508**
Inc/Dec of Cash	**524**	**1,367**	**-1,657**	**128**	**478**	**858**	**-1,328**
Opening Balance	2,042	3,111	8,390	17,960	14,558	15,036	15,894
Closing Balance	**2,566**	**4,478**	**6,733**	**18,089**	**15,036**	**15,894**	**14,566**

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NOTES

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BUY	>=15%
SELL	< - 10%
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