

October 19, 2025

RESULT REPORT Q2 FY26 | Sector: Real Estate

Sobha Ltd

On track to achieve strong presales growth for FY26; we maintain our BUY rating on the stock!

Key Highlights from Q2FY26:

Area sold – Strong sustenance sales: 1.39msft; a growth of 50%YoY. Bengaluru (71% of sale vols) stood at 0.98msft, backed by strong sales momentum in ongoing projects. NCR (12% of sale vols) reported sales of 0.17msft a jump of 3x YoY. All other regions cumulative sales (17% of sales) came in at 0.24msft.

Sales value – Healthy pick-up: Rs19Bn, a healthy growth of 61%YoY. Bengaluru (70% of sales value) came in at Rs13.2Bn, a growth to ~2x YoY. In NCR, company reported sales of Rs3.1Bn, registering a growth of 3x YoY. Other region's combined sales value stood at 2.7Bn, lower by 51%YoY.

ASP – Price hikes taken at major projects: Blended realization came in at Rs13,647/sft, a growth of 8%YoY. Bengaluru ASP stood at Rs13,494/sft, a decline of 8%YoY and pricing in NCR region witnessed minor decline of 2%YoY to Rs18,271/sft.

New launches – Soft Q2, H2 to be launch heavy: Company launched 3-projects of 1.65msft during the quarter. Though H1FY26 was soft in-terms of launches, Sobha is scheduled to launch ~8-9msft in H2FY26.

Cash Flow – Record high cash flows: Total Cash inflow came in at record high of Rs20.46Bn, of which real-estate cash inflow stood at Rs18.46Bn and outflow came in at Rs7.40Bn. Total Net OCF stood at Rs5.13Bn.

Contracts & Manufacturing Biz – Decent ramp-up: Total revenue stood at Rs2.09Bn, a growth of 38%YoY & 29%QoQ. EBIT% came in at 15% Vs 0.4%/9.1% in Q2FY25/Q1FY26 respectively.

Sales Mix – Skewed towards ~Rs20-30Mn average ticket price units: During the quarter, homes worth Rs<20mn/Rs20-30Mn/Rs30-50Mn/Rs50Mn+ constituted 27%/46%/17%/10% of residential sales respectively.

Financial Overview

Parameter	Q2FY26	QoQ (%)	YoY (%)
Revenue (Rs Mn)	14,076	65%	51%
EBITDA (Rs Mn)	956	302%	24%
EBITDA Margin (%)	6.8%	400 bps	-147 bps
PAT (Rs Mn)	725	432.5%	177.9%

Source: Company, YES Sec

Key Data points

Parameter	Q2FY26	QoQ (%)	YoY (%)
Sales Area (msft)	1.39	-3%	50%
Sales (Rs Mn)	19,026	-8%	61%
Sobha's share of Sales (Rs Mn)	15,370	-10%	56%
ASP (Rs/sft)	13,647	-5%	8%
Collections (Rs Mn)	20,458	15%	49%

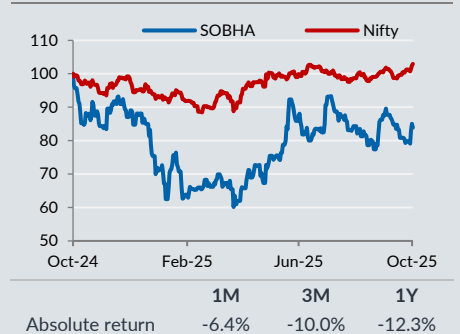
Source: Company, YES Sec

Reco	: BUY
Current Price	: Rs 1,526
Target Price	: Rs 2,113
Potential Return	: +38%

Stock data (as on Oct 17, 2025)

Nifty	25,710
52 Week h/l (Rs)	1,831 / 1,075
Market cap (Rs/USD mn)	163,169 / 1,855
Outstanding Shares (mn)	107
6m Avg t/o (Rs mn):	426
Div yield (%):	0.2
Bloomberg code:	SOBHA IN
NSE code:	SOBHA

Stock performance



Shareholding pattern (As of Sep'25 end)

Promoter	52.9%
FII+DII	32.4%
Others	14.7%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	2,113	2,113

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Net Revenue	40,387	50,782	60,733
YoY Growth	30.4	25.7	19.6
EBITDA	2,943	5,878	7,489
EBITDA (%)	7.3	11.6	12.3
PAT	947	3,203	4,435
YoY Growth	92.8	238.2	38.5
ROE	2.7	6.8	8.8
EPS	9.3	29.9	41.5
P/E	138.3	50.9	36.8
BV/Share	426.5	453.6	492.2
P/BV	2.9	3.4	3.1

UDIT GAJIWALA

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ANALYST VIEW & INVESTMENT THESIS

Sobha Ltd delivered a healthy performance in Q2 & H1FY26, with sales momentum driven by robust sustenance sales supported by strong demand in Bengaluru and notable improvement in NCR projects.

While H1FY26 was relatively soft on launches, the company remains confident of launching ~8–9msft in H2FY26, including three projects in NCR, one in Mumbai, and the balance across Bengaluru and other southern regions. Over the next 4–6 quarters, management targets ~15.96msft of launches, reflecting an aggressive growth pipeline.

We expect FY26 presales at ~Rs87Bn, supported by upcoming launches and healthy sustenance demand. However, execution in NCR and the company's entry into the MMR region remain key monitorable.

Going forward, we anticipate margin improvement driven by a higher share of premium/high-end projects. Sobha's continued focus on business development and land acquisition provides a solid runway for future growth, further reinforced by a strong balance sheet with net debt at Rs7.51Bn.

Overall, we remain positive on Sobha's growth trajectory, expecting sustained presales momentum and strong collections in the coming years. We maintain our BUY rating with a target price of Rs2,113, implying an upside potential of 38% from current levels.

CONCALL SUMMARY

- Management maintained their FY26 presales guidance of ~Rs85Bn for FY26; however, company aspires to achieve much higher.
- Q2FY26 Presales were largely driven by healthy sustenance sales and healthy pick-up at Town Park- Bengaluru.
- Launches in H1 were soft; but company is confident of launching 8-9msft in H2FY26. Overall, Sobha plans to launch ~15.96msft in coming 4-6 quarters. Incrementally ~24msft is under planning phase beyond the forthcoming launches.
- In this fiscal company will complete ~5.5msft area.
- Company expects to generate net cash flow of Rs98Bn from ongoing & completed. From, forthcoming planned projects; Sobha eyes ~Rs78Bn cash flow generation.
- Net cash as on Sept-end stood at Rs7.51Bn.
- In Q2FY26, company spent Rs6.32Bn on land related activities.
- Revenue recognition pending from sold area stand at Rs180Bn (Sobha's share).
- Margins are ~20%+ at project level; the same will improve from coming fiscal with high-end project's contribution expected to improve.
- Town Park Bengaluru witnessed healthy traction as the delivery commenced at Manhattan tower which is in same project & the same improved customer confidence.
- Company believes Bengaluru has seen strong pricing expansion in past 3-years due to demand-supply mismatch. However with supply coming-up & steady demand; management expects pricing to improve at inflationary rate going ahead.
- In NCR, company is expected to launch 3 projects- 1-service apartment and 1-residential project in Gurgaon and 1-project in Greater Noida; cumulative area will be ~3.5msft.

Segmental performance

Revenue (Rs Mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Real estate	5,436	5,212	6,080	4,751	7,814	10,627	10,591	6,897	11,990
Contract & Manufacturing	2,352	1,984	1,913	2,051	1,812	2,146	2,293	2,199	2,723
Inter segment	(376)	(346)	(364)	(397)	(290)	(532)	(478)	(577)	(637)
Net revenue	7,412	6,849	7,629	6,404	9,336	12,241	12,406	8,519	14,076

Source: Company, YES Sec

EBIT margin (%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Real estate	18.6%	20.2%	15.7%	12.2%	10.8%	11.8%	7.7%	5.7%	11.2%
Contract & Manufacturing	18.1%	4.1%	15.9%	16.2%	0.4%	-6.7%	12.9%	9.1%	15.1%

Source: Company, YES Sec

Quarterly operating metrics

Area sold (msft)*	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Bangalore	1.01	1.25	1.01	0.47	0.41	0.72	1.24	0.46	0.98
NCR	0.23	0.09	0.01	0.34	0.04	0.06	0.08	0.71	0.17
Kerala	0.27	0.21	0.25	0.22	0.30	0.12	0.12	0.17	0.16
GIFT City	0.11	0.08	0.01	0.08	0.03	0.01	0.02	0.01	0.02
Tamil Nadu	0.04	0.02	0.03	0.05	0.11	0.05	0.05	0.08	0.03
Others	0.04	0.01	0.03	0.02	0.03	0.05	0.05	0.01	0.02
Total	1.69	1.66	1.34	1.18	0.93	1.02	1.56	1.44	1.39

Source: Company, YES Sec

Area sold (% of total)*	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Bangalore	60%	75%	75%	40%	44%	71%	80%	32%	71%
NCR	14%	5%	1%	29%	4%	6%	5%	49%	12%
Kerala	16%	12%	19%	19%	32%	12%	8%	12%	12%
GIFT City	6%	5%	0%	6%	3%	1%	1%	1%	2%
Tamil Nadu	2%	1%	2%	4%	12%	5%	3%	6%	2%
Others	2%	1%	3%	2%	4%	5%	3%	0%	2%

Source: Company, YES Sec

Sobha's share of presales (Rs Mn)*	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Bangalore	7,003	13,904	10,099	5,886	5,549	9,544	10,380	4,785	10,710
NCR	2,325	988	103	4,434	541	877	1,080	10,444	2,440
Kerala	1,777	1,401	1,890	1,826	2,394	1,026	1,120	1,402	1,480
GIFT City	895	731	55	933	385	174	220	122	290
Tamil Nadu	262	136	241	169	481	259	260	337	160
Others	494	195	386	328	478	619	640	82	290
Total	12,756	17,355	12,774	13,576	9,828	12,499	13,700	17,172	15,370

Source: Company, YES Sec

Sobha's share of sales (% of total)*	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Bangalore	55%	80%	79%	43%	56%	76%	76%	28%	70%
NCR	18%	6%	1%	33%	6%	7%	8%	61%	16%
Kerala	14%	8%	15%	13%	24%	8%	8%	8%	10%
GIFT City	7%	4%	0%	7%	4%	1%	2%	1%	2%
Tamil Nadu	2%	1%	2%	1%	5%	2%	2%	2%	1%
Others	4%	1%	3%	2%	5%	5%	5%	0%	2%

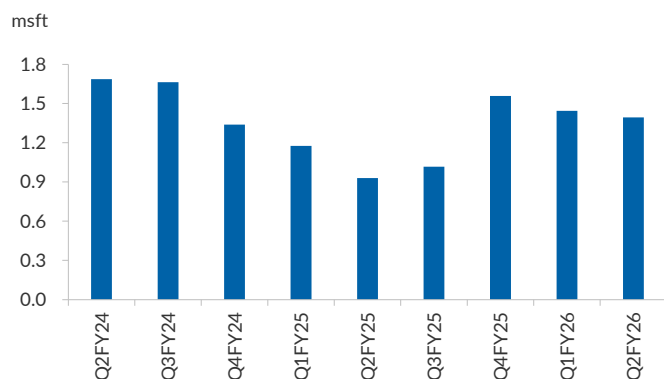
Source: Company, YES Sec

ASP (Rs/sft)*	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Bangalore	9,254	11,961	11,596	13,424	14,717	13,850	11,316	12,986	13,494
NCR	15,611	15,619	15,564	25,261	18,587	24,168	23,109	16,662	18,271
Kerala	9,982	9,977	10,186	10,960	11,300	11,017	10,606	12,418	11,282
GIFT City	8,308	8,821	8,726	12,376	12,256	11,825	12,585	12,225	12,512
Tamil Nadu	7,781	8,240	7,534	5,439	6,374	6,678	7,106	7,062	7,016
Others	13,368	15,179	11,213	13,145	13,659	12,604	13,322	15,171	13,506
Overall ASP	10,222	11,732	11,230	15,941	12,673	13,662	11,783	14,395	13,647

Source: Company, YES Sec

*Bangalore includes Mysore; NCR includes Gurgaon, Noida; Kerala includes Kochi Thrissur, Calicut, Trivandrum, Kozhikode; GIFT City includes Ahmedabad; Tamil Nadu includes Chennai, Coimbatore, Hosur; Others includes Hyderabad, Pune

Exhibit 1: Area sold



Source: Company, YES Sec

Exhibit 2: Sales value

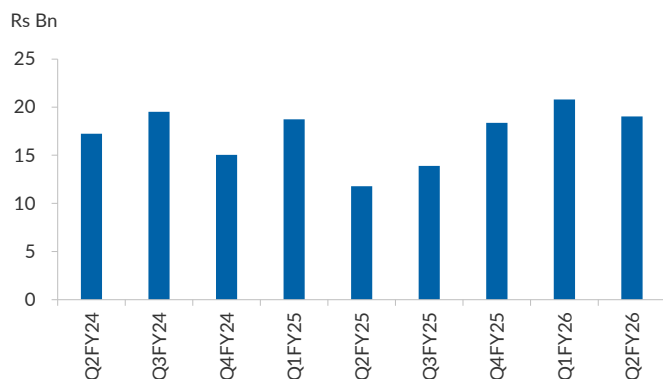
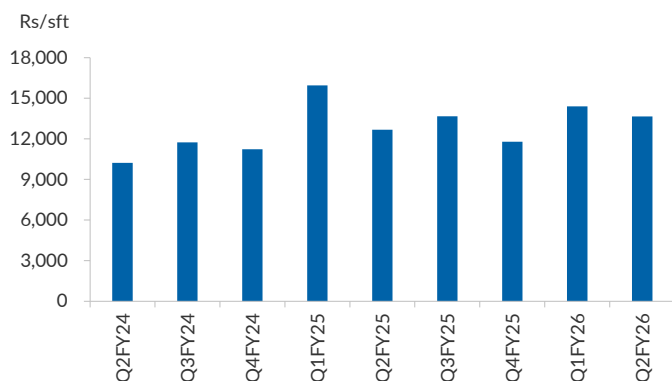
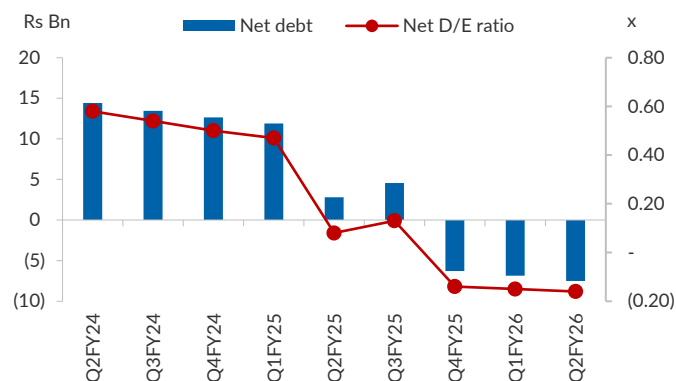


Exhibit 3: Average selling price



Source: Company, YES Sec

Exhibit 4: Net debt and net debt to equity



FINANCIALS

Exhibit 5: Quarterly snapshot (Consolidated)

Particulars (Rs Mn)	Q2FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Net Sales	9,336	8,519	14,076	50.8	65.2
COGS	6,220	5,481	9,303	49.6	69.7
% of sales	66.6	64.3	66.1	(53.7)	175.6
Gross margin %	33.4	35.7	33.9	53.7	(175.6)
Employee costs	996	1,096	1,280	28.5	16.7
% of sales	10.7	12.9	9.1	(157.6)	(377.8)
Other expenses	1,349	1,704	2,537	88.1	48.9
% of sales	14.4	20.0	18.0	358.0	(197.6)
EBITDA	771	238	956	24.0	301.5
EBITDA margin %	8.3	2.8	6.8	(146.6)	399.8
Depreciation	232	237	262	12.9	10.8
EBIT	539	2	694	28.8	44,978.6
EBIT margin %	5.8	0.0	4.9	(84.1)	491.4
Interest expense	494	310	322	(34.7)	4.0
Other income	317	495	617	94.7	24.7
PBT	362	187	989	173.0	430.3
Tax	101	50	264	160.3	424.6
Effective tax rate %	28.0	27.0	26.7	(130.1)	(29.4)
Adj.PAT after Share of Assc & JV	261	136	725	177.9	432.5
PAT margin %	2.8	1.6	5.2	235.7	355.3

Source: Company, YES Sec

Exhibit 6: Income statement

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	33,101	30,969	40,387	50,782	60,733
Growth (%)	29.2%	-6.4%	30.4%	25.7%	19.6%
EBITDA	3,695	2,770	2,943	5,878	7,489
EBITDA margin (%)	11.2%	8.9%	7.3%	11.6%	12.3%
Growth (%)	-30.6%	-25.0%	6.2%	99.7%	27.4%
Depreciation & Amortization	678	782	898	920	984
Other income	923	1,209	1,241	1,016	1,215
EBIT	3,940	3,197	3,286	5,973	7,719
EBIT margin (%)	11.9%	10.3%	8.1%	11.8%	12.7%
Interest	2,490	2,455	1,956	1,703	1,806
PBT	1,450	742	1,330	4,270	5,913
Tax	408	251	383	1,068	1,478
Net profit	1,042	491	947	3,203	4,435
Net profit margin (%)	3.1%	1.6%	2.3%	6.3%	7.3%
EPS	11.0	5.2	9.3	29.9	41.5
Growth (%)	-39.8%	-52.9%	79.2%	222.7%	38.5%

Source: Company, YES Sec

Exhibit 7: Balance sheet

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
Share Capital	948	948	1,069	1,069	1,069
Reserves	23,998	24,192	44,536	47,436	51,568
Non-current Liab	6,694	7,772	9,513	9,513	9,513
ST Borrowings	13,901	11,972	3,648	3,648	3,648
Payables	5,987	6,165	5,648	7,102	8,494
Other current Liab	74,354	85,915	107,796	128,618	151,401
Total Equity & Liab	125,882	136,965	172,210	197,386	225,693
Net Block	4,130	4,653	5,150	3,337	4,701
Investment properties	4,587	4,501	4,545	4,545	4,545
Other Noncurrent Assets	12,360	15,384	15,857	15,857	15,857
Inventory	87,610	93,764	112,522	146,086	166,393
Receivables	1,580	1,645	1,864	2,087	2,163
Cash & Bank	4,514	6,733	18,089	9,316	13,986
Other Current Assets	11,102	10,285	14,183	16,157	18,047
Total Assets	125,882	136,965	172,210	197,386	225,693

Source: Company, YES Sec

Exhibit 8: Cash flow statement

Particulars (Rs Mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	1,450	742	1,330	4,270	5,913
Add: Depreciation	678	782	898	920	984
Add: Interest	2,490	2,455	1,956	1,703	1,806
Less: WC changes	7,576	3,980	(418)	(13,486)	1,901
Less: taxes paid	(679)	(772)	(1,577)	(1,068)	(1,478)
Cash flow from operations	11,502	6,474	1,999	(7,660)	9,127
Capital expenditure	(1,234)	(1,247)	(1,312)	893	(2,348)
Cash flow from investing activities	(2,368)	(4,749)	(11,799)	893	(2,348)
Movement in borrowings	(5,119)	(900)	(7,826)	0	0
Interest paid	(2,247)	(2,123)	(1,702)	(1,703)	(1,806)
Dividend	(285)	(285)	(303)	(303)	(303)
Cash from financing activities	(7,730)	(3,382)	9,928	(2,005)	(2,109)
Change in cash balance	1,403	(1,657)	128	(8,772)	4,670
Opening cash balance	1,391	2,794	1,137	18,089	9,316
Closing cash balance	2,794	1,137	1,266	9,316	13,986

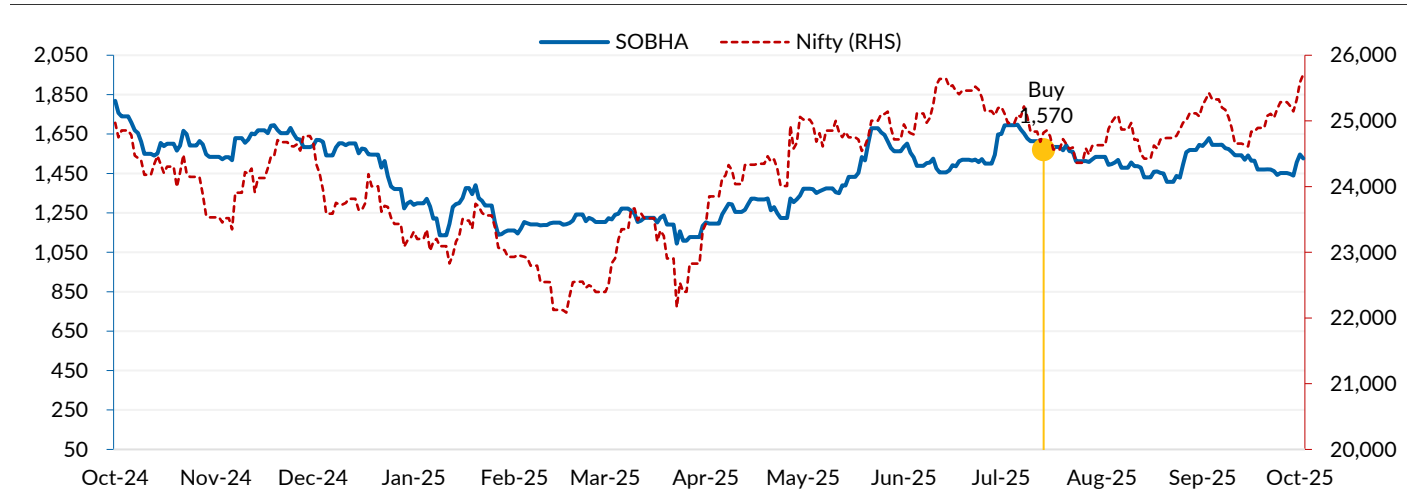
Source: Company, YES Sec

Exhibit 9: Ratio analysis

Particulars	FY23	FY24	FY25	FY26E	FY27E
Profitability ratios (%)					
GP margin	36.5%	38.5%	34.0%	36.7%	37.1%
EBITDA margin	11.2%	8.9%	7.3%	11.6%	12.3%
Return ratios (%)					
RoA	0.9%	0.4%	0.6%	1.7%	2.1%
RoE	4.2%	2.0%	2.7%	6.8%	8.8%
RoCE	13.1%	9.9%	7.5%	10.6%	12.8%
Turnover ratios (x)					
Sales/Total assets	0.27	0.24	0.26	0.27	0.29
Sales/Fixed assets	1.80	1.36	1.61	2.06	2.49
Liquidity ratios (x)					
Current ratio	1.11	1.08	1.25	1.25	1.23
Quick ratio	0.05	0.06	0.15	0.07	0.09
Interest cover	1.6	1.3	1.7	3.5	4.3
Debt/Equity	0.81	0.76	0.32	0.24	0.22
Net debt/Equity	0.63	0.50	(0.19)	0.04	(0.05)
Per share data (Rs)					
EPS	11.0	5.2	8.9	29.9	41.5
CEPS	18.1	13.4	17.3	38.6	50.7
BVPS	263.0	265.1	426.5	453.6	492.2
Valuation ratios (x)					
P/E	38.1	272.3	138.3	50.9	36.8
P/BV	1.6	5.3	2.9	3.4	3.1
EV/EBITDA	15.0	52.8	42.2	28.1	21.4
MCap/Revenue	1.2	4.3	3.2	3.2	2.7
MCap/Presales	0.8	2.0	2.6	1.9	1.9

Source: Company, YES sec

Recommendation Tracker



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Analyst signature

Analyst signature

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