

Opportune

Exclusively curated opportunities to re-enter fundamentally strong companies at attractive valuations!

BUY – Sobha Ltd

CMP: ₹705 (Upside Potential: 24.8%) as on 2nd September 2022

Fair Value (FV): ₹880 | Time Period: **12 months**

Why Invest?

- Sobha continues to deliver healthy pre-sales—Rs1150 cr in 1QFY23 with more confident outlook on future growth on the back of new launches.
- As of June 2022, Sobha has planned launches of 16 projects (including 2 commercial projects) with 1.21 cr sq. ft of area and another 1.34 cr sq. ft of inventory from projects launched.
- Management remains upbeat on the residential business momentum and is looking to clock sales volumes of 70-80 lakh sq. ft (on an annual basis) over the coming years. We currently factor sales to improve to 50 lakh sq. ft in FY23E with new launches.
- Healthy cash generation was supplemented by land monetization, allowing the company to continue deleveraging the balance sheet with net debt down to Rs2100 cr (Rs2800 cr in 1QFY22). The company is looking to pare debt by Rs500 cr in the next 12 months.
- We arrive at sum of the parts based fair value of Rs880.

Maintain BUY with **FV Rs-880**

Read Full Report

This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Disclaimer: <http://bit.ly/2n5AxIE>