

May 16, 2025

Stays on-course of high growth trajectory

About the stock: Aditya Birla Real Estates (CENTEX), is the real estate arm of the Aditya Birla group.

- Residential portfolio is well diversified across MMR, NCR, Bengaluru and Pune. Worli comprise more than 50% of the overall portfolio GDV.
- Two operational commercial assets of 6 lakh square feet.

Investment Rationale

- Eyeing ₹ 15,000 crore annual pre-sales by FY28 at 23% CAGR over FY25-28:** CENTEX achieved significant milestones in pre-sales booking (up 2x YoY at ₹ 8087 crore), collections (up 2x YoY at ₹ 2706 crore) and new business developments (₹ 25000 crore) during FY25. It plans to launch ₹ 13,900 crore GDV projects (including sustenance sales) during FY26 (majorly during H2). It has unsold inventory of ~₹ 6400 crore in existing projects and ₹ 46216 crore GDV of forthcoming projects aggregating ₹ 52,600+ crore. Additionally, it targets to add ₹ 15,000-20,000 crore GDV of new projects in FY26. Consequently, the management is eyeing to achieve annual pre-sales of ₹ 15,000 crore in FY28, translating to 23% CAGR over FY2025-FY2028. Led by strong brand recognition, timely execution track record and healthy demand environment in its areas of operations, we pencil in pre-sales growth CAGR of 23% over FY25-FY28.
- Paper business divestment to reduce leverage and sharpen focus on realty:** CENTEX initiated divestment of its Pulp and Paper business by way of slump sale to ITC for ₹ 3498 crore, which is expected to complete in next six months. Out of the proceeds, it would be paring down its net debt (₹ 3575 crore, net debt to equity – 0.92x) by ₹ 2000 crore. The balance funds of ₹ 1200-1300 crore (post tax) are expected to be utilised as growth capital (new business development) while internal cash flow generation would be sufficed to fund construction expense (₹ 1600 crore for FY26). Consequently, it is planning to venture in to redevelopment space in Mumbai (South Mumbai, Bandra, Juhu) and mulling expansion of commercial annuity portfolio.

Rating and Target Price

- The stock has risen ~11% from our initiating coverage report dated April 4, 2025 and is currently trading near its NAV.
- Strong project launch pipeline and sustained new business developments coupled with sharpened focus on core business post Paper business exit is expected to drive pre-sales momentum going forward. We retain Buy on the stock with a revised SOTP based price target of ₹ 2550.



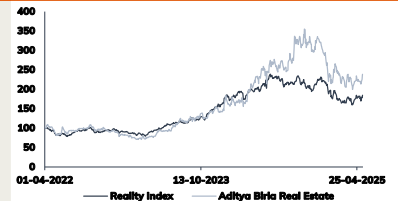
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	23,341
FY25 Gross Debt (₹ Crore)	4,997
FY25 Cash (₹ Crore)	1,001
EV (₹ Crore)	27,337
52 Week H/L (Rs)	3142/1638
Equity Capital (Rs cr)	112
Face Value	10.0

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	50.2	50.2	50.2	50.2
FII	8.5	9.4	9.5	9.3
DII	15.8	15.9	15.3	15.9
Others	25.5	24.5	24.9	24.7

Price Chart



Key risks

- Delay in monetizing Worli land parcel
- Inability to acquire new residential projects
- Geographic concentration

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Key Financial Summary

(₹ crore)	FY24	FY25	YoY (%)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenues	1100.6	1218.9	10.7%	925.5	1409.2	7.5
EBITDA	242.7	29.6	-	-3.6	187.2	151.6
EBITDA margin (%)	22.1	2.4	-	-0.4	13.3	-
Net Profit	118.4	-28.6	-	-68.4	85.4	-
EPS (Rs)	10.6	-2.6	-	-6.1	7.6	-
P/E (x)	197.2	-815.9	-	-341.1	273.5	-
P/B (x)	5.9	6.1	-	6.3	6.2	-
RoCE (%)	2.8	-0.4	-	-1.1	1.7	-
RoE (%)	2.9	-0.7	-	-1.8	2.3	-

Source: Company, ICICI Direct Research, Note: Starting FY24, financials are reported on continued operations of the company and PAT is adjusted for exceptional items and net earnings of discontinued operations.

Q4FY25 Result Highlights:

- Aditya Birla Real Estate reported 51.5% YoY decline (up 93.7% YoY) in consolidated revenues at ₹ 395 crore for Q4FY25. Consolidated operating loss stood at ₹ 25 crores as against operating profit of ₹ 205 crore and operating loss of ₹ 18 crore in Q4FY24 and Q3FY25 respectively. It reported consolidated net loss of ₹ 131 crore (net profit of ₹ 4 crore and net loss of ₹ 41 crore in Q4FY24 and Q3FY25 respectively) on account of ₹ 124 crore exceptional items (₹ 81 crore provision pertaining to textile division divestment, ₹ 43 crore write-off pertaining to hand over of 6.31 acres Worli land). Pre-sales during Q4FY25 stood at ₹ 5738 crores (+99% YoY, +750% QoQ) driven by strong bookings in Birla Arika, NCR (₹ 3100 crore). Collection during the quarter stood at ₹ 1073 crores (+106% YoY, +114.2% QOQ). The company added projects worth ₹ 25,000 crores GDV in FY25.

Earnings call highlights:

- Guidance:** The company targets to reach ₹ 15,000 crore annual pre-sales over the next three years. It targets to launch ~₹ 14,000 crore GDV projects (including sustenance sales) in FY26. The launches are skewed towards H2FY26 while it is trying to launch couple of projects in Q3FY26.
- Q4FY25 highlights:** Pre-sales booking was up 2x YoY at ₹ 5738 crore led by strong sales at three new projects and two new phases launched across NCR, Bengaluru and Pune. Collections were up 106% YoY at ₹ 1073 crore.
- Business Development:** It added ₹ 25000 crore GDV projects in FY25 taking total project portfolio size to close to ₹ 70,000 crore. It expects to add at least ₹ 15,000-20,000 crore GDV projects in FY26 across all four markets. The same includes its venture into redevelopment space in Mumbai (South Mumbai, Bandra, Juhu).
- Launch pipeline:** The projects which are expected to be launched in FY26 are as follows: Trimaya phase 4 (Bengaluru), Phase 1 of Thane (MMR), New tower in Niyaara (Worli, Mumbai), Boisar plotted development, two phase of Puniya (Pune), Manjri (Pune), Phase 2 of Arika (Sector 31, Gurugram) and Sector 71 (Gurugram).
- Delivery:** It delivered three projects (Vanya, Alokya, phase 1 of Niyaara) well within RERA timelines during FY25. For FY26, balance inventory and pending receivables from Vanya are expected to be booked. In FY27, it will be delivering Tisya and new phase of Navya. Its biggest delivery milestone is expected to be done in FY28, which will be Tower A of Niyaara project.
- Paper business divestment:** It initiated divestment of Pulp and paper business by way of slump sale to ITC for consideration of ₹ 3498 crore, which is expected to complete in next 6 months.
- Debt:** The consolidated net debt stands at ₹ 3575 crore with net debt to equity at 0.92x. Out of the proceeds of divestment from paper business, ₹ 2000 crore would be utilized to repay debt of the paper business. It would be left with ₹ 1200-1300 crore, which would be utilized as growth capital for new business development. It may take fresh debt if further need arises for business development.
- Sarjapur, Pune:** The company opened seven towers in the project aggregating ~₹ 1500 crore GDV. The balance six towers will be opened in the future. It was able to clock sales of over ₹ 850 crore in a week's time. As the project was launched during the fag end of Q4FY25, it expects reasonable traction in pre-sales in FY26.
- India Humes Pipes land:** The India Humes pipes land in Mathura is stuck in approval process. It needs to form standing committee for approvals. As the project is JV project, it has not much capital invested.
- Noida project:** There has not been much progress made on the project. The management is not confident of concluding the deal while the agreement is getting expired by the current month end.
- Construction:** The construction spends for FY26 is estimated at ₹ 1600 crore.

Exhibit 1: Q4FY25 result snapshot (₹ crore)

Particulars	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Comments
Operating Income	394.8	814.2	-51.5	203.8	93.7	Revenue decreased due to lower revenue recognition in Vanya
Total Revenue	394.8	814.2	-51.5	203.8	93.7	
Raw materials costs	266.4	472.8	-43.6	123.1	116.4	
Employees Expenses	47.4	39.5	20.1	43.3	9.5	
Other Expenses	105.9	97.4	8.8	56.0	89.1	
Total Expenditure	419.8	609.6	-31.1	222.4	88.7	
EBITDA	-25.0	204.6	-	-18.7	-	Lower revenue recognition and higher marketing
EBITDA margins (%)	-6.3	25.1	-3146 bps	-9.2	282 bps	spends in launch heavy quarter leads to operating loss
Interest	11.5	10.4	11.0	7.8	48.4	
Depreciation	15.8	15.2	3.9	16.1	-1.8	
Tax	-41.9	39.2	-	-7.4	-	
Other Income	13.0	9.1	42.9	4.2	210.0	
Adj. PAT	-7.2	143.7	-	-29.1	-	Adjusted for one-off exceptional items of ₹ 124 crore

Source: Company, ICICI Direct Research

Valuation

We value CENTEX on SOTP basis valuing 1) residential projects (ongoing and upcoming) on project NAV basis 2) commercial assets on 7.5% capitalization rate 3) Paper and pulp business on deal transaction with ITC and 4) Land bank at current land prices. We have assigned 35% NAV premium. Consequently, we arrive at our SOTP based price target price of ₹. 2550.

CENTEX has risen ~11% since our initiating coverage report dated April 4, 2025 and is currently trading broadly at par to its NAV which we believe is unwarranted considering its high pre-sales growth trajectory over the next three years and consistent new business developments. Consequently, we retain Buy rating on the stock with a price target of ₹ 2550.

Exhibit 2: Valuation Mix

Particulars	Valuation Methodology	Value per share (Rs)
Residential (Ongoing+Upcoming)	Project NAV basis	1512
Commercial	Capitalisation at 7.5%	157
Paper and Pulp	As per deal with ITC	313
Land Bank	At current land prices	358
Less Net Debt		320
NAV		2020
NAV Premium (%)	35% premium to NAV	530
Price Target (Rs)		2550

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Revenue	1,100.6	1,218.9	925.5	1,409.2
% Growth	(71.3)	10.7	(24.1)	52.3
Other income	48.1	38.5	42.3	46.5
Total Revenue	1,148.7	1,257.3	967.8	1,455.7
% Growth	(70.2)	9.5	(23.0)	50.4
Total Raw Material Costs	507.1	742.0	536.8	704.3
Employee Expenses	140.3	171.5	188.7	207.6
Other expenses	210.5	275.8	203.6	310.0
Total Operating Expenditure	857.9	1,189.3	929.1	1,221.9
Operating Profit (EBITDA)	242.7	29.6	(3.6)	187.2
% Growth	(57.3)	(87.8)	(112.2)	(5,305.8)
Interest	29.9	45.8	59.9	44.9
PBDT	261.0	22.3	(21.2)	188.8
Depreciation	59.0	63.8	70.0	75.0
PBT before Exceptional Items	202.0	(41.5)	(91.2)	113.8
Total Tax	51.3	(30.3)	(22.8)	28.5
PAT before MI	150.6	(11.2)	(68.4)	85.4
PAT	118.4	(28.6)	(68.4)	85.4
% Growth	(37.2)	(124.2)	139.2	(224.7)
EPS	10.6	(2.6)	(6.1)	7.6

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	118.4	(28.6)	(68.4)	85.4
Depreciation	239.0	220.4	70.0	75.0
Interest	-	-	59.9	44.9
Cash Flow before WC changes	586.3	222.5	38.7	233.8
Changes in inventory	(36.7)	(253.9)	(24.4)	(37.4)
Changes in debtors	(16.0)	(37.6)	(2.1)	(2.1)
Changes in loans & Advances	(36.7)	(253.9)	(24.4)	(37.4)
Changes in other current assets	-	-	-	-
Net Increase in Current Assets	(89.4)	(545.3)	(50.9)	(77.0)
Changes in creditors	599.3	3,467.1	966.1	1,111.0
Changes in provisions	4.9	9.6	-	-
Net Inc in Current Liabilities	604.2	3,476.7	966.1	1,111.0
Net CF from Operating activities	(315.3)	(1,293.4)	1,659.6	34.0
Changes in deferred tax assets				
(Purchase)/Sale of Fixed Assets	(174.6)	(120.0)	(12.0)	(12.0)
Net CF from Investing activities	(706.5)	(325.9)	(12.0)	(12.0)
Dividend and Dividend Tax	(55.4)	(55.3)	(55.8)	(55.8)
Net CF from Financing Activities	1,272.2	2,218.4	(2,115.8)	(100.8)
Net Cash flow	250.4	599.1	(468.2)	(78.8)
Opening Cash/Cash Equivalent	151.1	401.5	1,000.6	532.4
Closing Cash/ Cash Equivalent	401.5	1,000.6	532.4	453.6

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	111.7	111.7	111.7	111.7
Reserve and Surplus	3,983.0	3,776.6	3,652.3	3,681.8
Total Shareholders funds	4,094.7	3,888.3	3,764.0	3,793.5
Total Debt	2,481.5	4,996.5	2,996.5	2,996.5
Total Liabilities	6,576.2	8,884.8	6,760.5	6,790.0
Gross Block	7,469.7	5,238.6	5,250.6	5,262.6
Acc: Depreciation	3,735.2	3,799.0	3,869.0	3,944.0
Net Block	3,734.5	1,439.5	1,381.5	1,318.5
Capital WIP	57.2	24.2	24.2	24.2
Total Fixed Assets	3,791.7	1,463.7	1,405.7	1,342.7
Non Current Assets	861.2	4,271.8	4,271.8	4,271.8
Inventory	4,725.8	8,943.4	8,284.9	9,527.6
Debtors	165.6	104.7	106.7	108.9
Other Current Assets	552.5	699.1	723.5	760.9
Cash	401.5	1,000.6	532.4	453.6
Total Current Assets	5,845.4	10,747.7	9,647.5	10,851.0
Current Liabilities	3,733.8	7,414.3	8,380.4	9,491.4
Provisions	187.9	184.1	184.1	184.1
Total Current Liabilities	3,921.7	7,598.4	8,564.5	9,675.5
Net Current Assets	1,923.7	3,149.3	1,083.0	1,175.5
Total Assets	6,576.6	8,884.8	6,760.5	6,790.0

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per Share Data				
EPS	10.6	(2.6)	(6.1)	7.6
Cash per Share	15.9	3.1	0.1	14.4
DPS	5.0	5.0	5.0	5.0
BV	356.3	343.8	332.7	335.3
Operating Ratios				
EBITDA Margin	22.1	2.4	(0.4)	13.3
PAT Margin	10.8	(2.3)	(7.4)	6.1
Return Ratios				
RoE	2.9	(0.7)	(1.8)	2.3
RoCE	2.8	(0.4)	(1.1)	1.7
Valuation Ratios				
EV / EBITDA	105.0	926.1	(7,193.3)	138.6
P/E	197.2	(815.9)	(341.1)	273.5
EV / Net Sales	23.2	22.5	28.0	18.4
Sales / Equity	0.3	0.3	0.2	0.4
Market Cap / Sales	21.3	19.2	25.3	16.6
Price to Book Value	5.9	6.1	6.3	6.2
Working Capital Management Ratios				
Inventory Days	1,567.3	2,678.1	3,267.5	2,467.8
Debtor Days	54.9	31.3	42.1	28.2
Creditor Days	242.8	247.7	375.1	283.3
Asset Turnover	0.2	0.1	0.1	0.2
Solvency Ratios				
Debt / Equity	0.6	1.3	0.8	0.8
Current Ratio	1.5	1.4	1.1	1.1
Quick Ratio	0.3	0.2	0.2	0.1

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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