BUY Aditya Birla Real Estate

Muted 1H; FY27 pre-sales expected to decline yoy

Real Estate | Result Update | October 26, 2026

CMP (Rs): 1,078 | TP (Rs): 1,400

We retain BUY on Aditya Birla Real Estate (ABREL) while cutting TP by ~20% to Rs1,400 (from Rs1,750), based on 6x EV/embedded EBITDA, at par with the NAV (the stock is trading at 24% discount to the NAV). We cut our pre-sales estimates by 26%/19%/34% for FY27/FY28/FY29 to Rs60bn/Rs87bn/Rs100bn, respectively. With 1HFY27 pre-sales at Rs6.2bn and the launch pipeline reduced by Rs49bn due to the rollover of the Niyaara Tower C launch to FY28, we expect ABREL's FY27 pre-sales to decline yoy. With the sale of the paper business concluding, ABREL's net debt has become negligible at Rs2.84bn (down from Rs34.4bn at the end of 1QFY27). However, business development (BD) has yet to gain significant traction, and will be the key monitorable.

2QFY27 snapshot: Muted performance

Operational: Pre-sales stood at Rs3bn (-67% yoy) in 2QFY27, versus our estimate of Rs3.5bn, taking 1HFY27 pre-sales to Rs6.2bn (-52% yoy). Sales were contributed by Birla Taranya in MMR (Rs1.23bn), Birla Punya and Evam in Pune (Rs1bn), and Birla Ojasvi/Evara in Bengaluru (Rs0.7bn). Volumes stood at 0.2msf (-57% yoy) in 2QFY27 and 0.6msf (-30% yoy) in 1HFY27. Collections grew 47% yoy to Rs 7.5bn in 2QFY27 and 39% yoy to Rs14.6bn in 1HFY27. Net debt declined to Rs2.8bn in 1HFY27 from Rs32bn in Mar-26, following the completion of the paper business sale. **Financial:** Revenue stood at Rs8.3bn (+744% yoy) in 2QFY27, taking 1HFY27 revenue to Rs 10.1bn (+317% yoy). Revenue for Tisya (28% EBITDA margin) and another phase of Navya (35% EBITDA margin) was also recognized during the quarter. 1HFY27 EBITDA stood at Rs1bn, versus a loss of Rs1.1bn in 1HFY26, and adjusted PAT stood at Rs0.8bn, versus a loss of Rs1.2bn in 1HFY26. Reported PAT stood at Rs9.1bn in 2QFY27, including a one-time gain of Rs8.7bn on the sale of the paper business.

BD gaining traction

So far this year, ABREL did two BD deals – a redevelopment project in Navi Mumbai with Rs26bn GDV and a JDA project in Hinjewadi, Pune, with Rs16.5bn GDV. In addition, net GDV of Rs19bn was added in Niyaara following the amalgamation of two plots (one bought from Wadia and one legacy plot). Thus, so far, Rs62bn of GDV was added to the portfolio. ABREL is confident of meeting its BD guidance of Rs100-150bn GDV in FY27.

FY27 outlook weakens on launch deferrals; FY28 pipeline offers hope

FY27 is expected to remain muted, with the rollover of Niyaara Tower C to FY28 necessitating a cut in our FY27 pre-sales estimates. However, there is some optimism for FY28, with Niyaara's GDV increased to Rs79bn from Rs49bn. In addition, projects acquired in FY27 (Rs42bn GDV so far) are expected to be launched in FY28. New phases of Arika, Taranya, and Punya also provide a healthy launch pipeline for FY28. The company maintains its FY29 guidance of achieving pre-sales of Rs150bn.

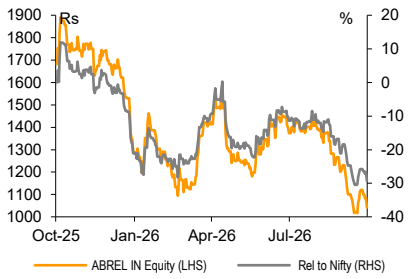
Target Price – 12M	Sep-27
Change in TP (%)	**(20.0)**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	29.9

Stock Data	**ABREL IN**
52-week High (Rs)	1,914
52-week Low (Rs)	1,002
Shares outstanding (mn)	111.7
Market-cap (Rs bn)	120
Market-cap (USD mn)	1,264
Net-debt, FY27E (Rs mn)	11,627.4
ADTV-3M (mn shares)	0.2
ADTV-3M (Rs mn)	267.0
ADTV-3M (USD mn)	2.8
Free float (%)	49.8
Nifty-50	22,753.2
INR/USD	95.2

Shareholding,Sep-26	
Promoters (%)	50.2
FPIs/MFs (%)	9.0/16.9

Price Performance			
(%)	**1M**	**3M**	**12M**
Absolute	(12.5)	(21.6)	(36.0)
Rel. to Nifty	(11.0)	(18.1)	(27.4)

1-Year share price trend (Rs)



Aditya Birla Real Estate: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	12,189	4,072	15,735	29,148	40,524
EBITDA	296	(3,592)	763	6,434	9,141
Adj. PAT	(286)	(3,017)	261	4,598	6,707
Adj. EPS (Rs)	(2.6)	(27.0)	2.3	41.2	60.1
EBITDA margin (%)	2.4	(88.2)	4.9	22.1	22.6
EBITDA growth (%)	(95.5)	0	0	742.9	42.1
Adj. EPS growth (%)	0	0	0	1,658.7	45.9
RoE (%)	(0.7)	(8.0)	0.7	11.6	14.8
RoIC (%)	(0.1)	(4.5)	0.1	11.2	15.8
P/E (x)	(74.6)	(116.6)	460.3	26.2	17.9
EV/EBITDA (x)	467.5	(38.5)	181.2	21.5	15.1
P/B (x)	3.1	3.3	3.2	2.9	2.5
FCFF yield (%)	(11.4)	3.9	14.9	7.2	(1.8)

Source: Company, Emkay Research

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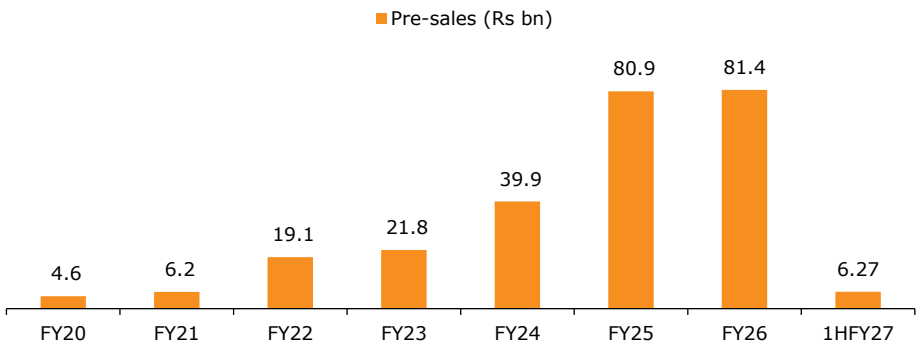
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Earnings call highlights

- **Market trends:** The market above Rs10mn is showing resilience, particularly for new launches.
  - **Niyaara:** Net GDV of Rs19bn was added following the amalgamation of the existing plot with the Wadia plot acquired by ABREL in FY25, increasing the net developable area. Tower C is likely to be launched in 2QFY28.
  - **Cancellations:** Of 474 apartments (Rs47bn) sold in Arika, Gurugram, 11 cancellations were recorded. Six of these apartments have been resold at higher prices. In Pravaah, Gurugram, there are three cancellations, all of which have been rebooked.
  - **Revenue recognition:** Birla Tisya was delivered four months ahead of schedule and recognized. In FY28, the company expects partial recognition of Niyaara Tower 1 with >40% EBITDA margin.
  - **BD:** ABREL saw BD of Rs62bn GDV YTD, including additional GDV of Rs19bn in Niyaara. It is confident of achieving FY27 BD guidance of Rs100–150bn.
  - **Pre-sales guidance:** FY27 pre-sales would be certainly lower than last year's pre-sales of Rs80bn. The company is targeting Rs150bn of pre-sales by FY29.
  - **Commercial development:** ABREL is planning a 1.3msf commercial development within the Niyaara compound.

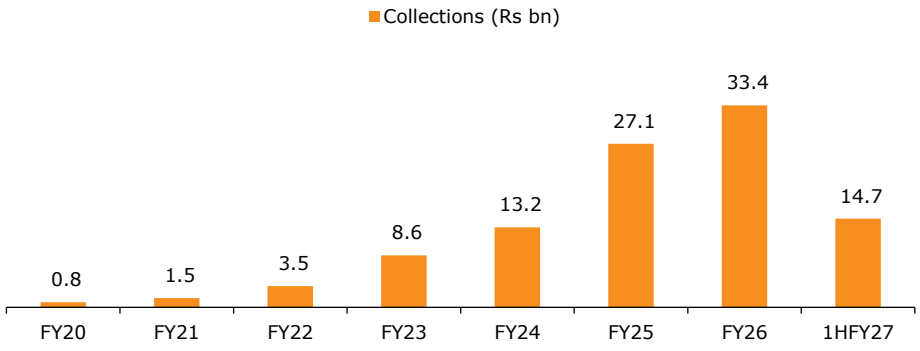
Story in charts

Exhibit 1: Muted pre-sales in 1HFY27



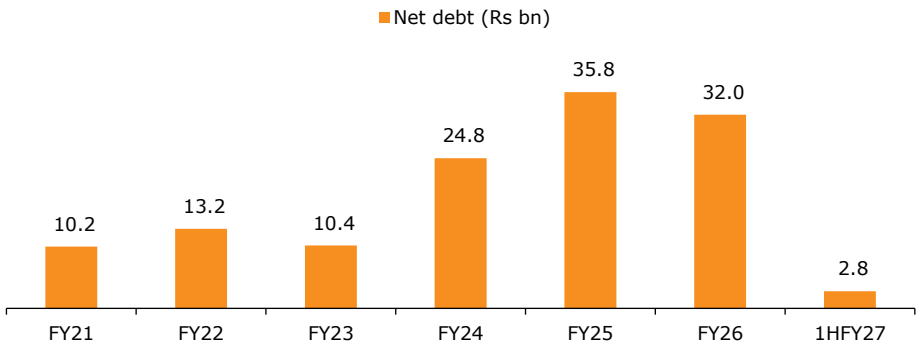
Source: Company, Emkay Research

Exhibit 2: Healthy collections in 1HFY27



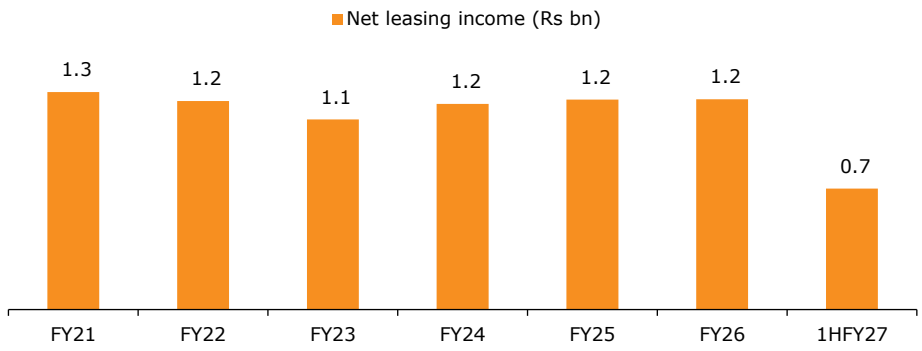
Source: Company, Emkay Research

Exhibit 3: Net debt almost zero due to conclusion of paper business sale



Source: Company, Emkay Research

Exhibit 4: Leasing income steady



Source: Company, Emkay Research

Exhibit 5: Quarterly summary

Particulars	1QFY26	2QFY26	3QFY26	4QFY26	FY26	1QFY27	2QFY27	yoy growth
Pre-sales (Rs bn)	4.2	8.9	25.4	42.9	81.4	3.3	2.9	-67%
Collections (Rs bn)	5.5	5.1	12.9	9.9	33.4	7.1	7.5	47%
Leasing income (Rs bn)	0.3	0.3	0.3	0.3	1.2	0.4	0.4	13%
Revenue (Rs bn)	1.5	1.0	0.8	0.8	4.1	1.9	8.3	744%
EBITDA (Rs bn)	-0.4	-0.7	-0.9	-1.6	-3.6	-0.6	1.6	na
PAT (Rs bn)	-0.5	-0.7	-0.9	-1.1	-3.1	-0.7	1.4	na
Net debt (Rs bn)	39.5	42.3	35.1	32.0	32.0	34.4	2.8	

Source: Company, Emkay Research

Exhibit 6: FY27 launch pipeline (Niyaara rolled over to FY28)

Pipeline for FY27	City	Location	GDV (Rs bn)	Area (msf)
Birla Taranya	MMR	Thane	13.8	1.1
Khar redevelopment	MMR	Khar	16.3	0.3
Birla Navya	NCR	Sec-63	7.1	0.3
Birla Punya	Pune	Wellesley Road	5.8	0.3
Birla Evam	Pune	Manjri	4.3	0.5
Total			**47.3**	**2.6**

Source: Company, Emkay Research

Exhibit 7: Total project portfolio

Region	Projects	Ownership	Economic Interest	Estimated GDV (Rs bn)	Total Saleable Area (msf)
	Ongoing Projects Pre-FY27 (A)			**311.0**	**19.3**
	FY27 Pipeline (B)			**47.3**	**2.6**
Mumbai	Birla Niyaara Tower C	Own	100%	78.2	1.0
Mumbai	Birla Taranya	Outright	56%	69.4	3.9
Mumbai	Worli – New Plot	Own	100%	148.7	2.6
Mumbai	Worli West	Own	100%	27.0	0.4
Bengaluru	Birla Trimaya	Profit Share	47%	8.2	0.6
NCR	Birla Arika	Revenue Share	58%	12.0	0.3
NCR	Mathura Road	Revenue Share	64%	34.4	1.5
Pune	Birla Evam	Outright	56%	16.1	1.6
Pune	Birla Punya	Outright	100%	9.3	0.4
	Future Pipeline (C)			**418.9**	**13.1**
	Total Portfolio (A+B+C)			**777.2**	**35.0**

Source: Company, Emkay Research

Valuation

Exhibit 8: SOTP-based valuation using EV/embedded EBITDA for the residential segment

	Sep-28	Comments
Sales booking (Rs bn)	93	
Embedded EBITDA margin	25%	Current embedded EBITDA margin at 25-30%
Embedded EBITDA (Rs bn)	23	
EV/EBITDA (x)	6.0	
EV of residential (Rs bn)	140.0	
Commercial portfolio at cap rate of 7.0% (Rs bn)	19	Rental income of Rs1.2bn in FY26
Less: Net debt (Rs bn)	(3)	Reduced due to sale of paper business
Equity value (Rs bn)	**155**	
Number of o/s shares (mn)	112	
TP (Rs)	**1,400**	

Source: Company, Emkay Research

Exhibit 9: NAV

Completed projects (Rs bn)	1.2
Ongoing projects (Rs bn)	21.5
Forthcoming projects (Rs bn)	109.8
Rental assets (Arora+Centurion) (Rs bn)	18.6
Land (Talegaon) (Rs bn)	4.5
Sub-total (Rs bn)	**155.6**
Less: Net debt (Rs bn)	*(3)*
Total NAV (Rs bn)	**158.4**
Number of o/s shares (mn)	112
NAV (Rs/share)	**1,414**

Exhibit 10: The stock is trading at a discount to the NAV

	Rs/share	Premium/discount to NAV
NAV	1,414	0%
CMP	1,078	-24%
TP	1,400	-1%
Upside		**30%**

Source: Company, Emkay Research

Exhibit 11: Change in estimates

	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Pre-sales (Rs bn)	60	87	100	81	107	150	-26%	-19%	-34%

Source: Company, Emkay Research

Exhibit 12: Partial revenue recognition of Niyaara in FY28E

	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY26E	FY27E	FY28E
Revenue (Rs bn)	16	29	41	16	36	54	0%	-19%	-24%
EBITDA (Rs bn)	1	6	9	0	8	14	162%	-16%	-36%

Source: Company, Emkay Research

Aditya Birla Real Estate: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**12,189**	**4,072**	**15,735**	**29,148**	**40,524**
Revenue growth (%)	(73.0)	(66.6)	286.4	85.2	39.0
EBITDA	**296**	**(3,592)**	**763**	**6,434**	**9,141**
EBITDA growth (%)	(95.5)	0	0	742.9	42.1
Depreciation & Amortization	638	675	685	700	721
EBIT	**(342)**	**(4,267)**	**78**	**5,734**	**8,420**
EBIT growth (%)	0	0	0	7,217.4	46.8
Other operating income	155	34	260	481	669
Other income	385	520	629	656	810
Financial expense	458	644	337	223	244
PBT	**(415)**	**(4,391)**	**371**	**6,167**	**8,986**
Extraordinary items	(1,327)	1,985	0	0	0
Taxes	(303)	(1,390)	93	1,552	2,261
Minority interest	(174)	(16)	(16)	(17)	(18)
Income from JV/Associates	-	-	-	-	-
Reported PAT	**(1,613)**	**(1,032)**	**261**	**4,598**	**6,707**
PAT growth (%)	0	0	0	1,658.7	45.9
Adjusted PAT	**(286)**	**(3,017)**	**261**	**4,598**	**6,707**
Diluted EPS (Rs)	**(2.6)**	**(27.0)**	**2.3**	**41.2**	**60.1**
Diluted EPS growth (%)	0	0	0	1,658.7	45.9
DPS (Rs)	**5.0**	**2.0**	**0**	**0**	**0**
Dividend payout (%)	**(34.3)**	**(21.5)**	**0**	**0**	**0**
EBITDA margin (%)	2.4	(88.2)	4.9	22.1	22.6
EBIT margin (%)	(2.8)	(104.8)	0.5	19.7	20.8
Effective tax rate (%)	72.9	31.7	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**(93)**	**(2,916)**	**59**	**4,291**	**6,301**
Shares outstanding (mn)	112	112	112	112	112

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	1,117	1,117	1,117	1,117	1,117
Reserves & Surplus	37,286	35,891	36,153	40,751	47,458
Net worth	**38,403**	**37,008**	**37,270**	**41,868**	**48,575**
Minority interests	480	-	-	-	-
Non-current liab. & prov.	499	0	0	0	0
Total debt	**49,966**	**56,349**	**27,765**	**27,897**	**33,009**
Total liabilities & equity	**94,041**	**98,232**	**69,910**	**74,640**	**86,459**
Net tangible fixed assets	14,143	13,321	14,397	15,697	16,976
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	494	526	526	526	526
Goodwill	-	-	-	-	-
Investments [JV/Associates]	6,721	5,295	5,295	5,295	5,295
Cash & equivalents	**14,133**	**23,809**	**16,138**	**26,707**	**29,822**
Current assets (ex-cash)	126,055	152,697	398,555	708,241	984,636
Current Liab. & Prov.	71,290	104,096	371,680	688,505	957,475
NWC (ex-cash)	**54,765**	**48,602**	**26,875**	**19,737**	**27,161**
Total assets	**94,041**	**98,232**	**69,910**	**74,640**	**86,459**
Net debt	35,833	32,539	11,627	1,190	3,187
Capital employed	94,041	98,232	69,910	74,640	86,459
Invested capital	**68,908**	**61,923**	**41,272**	**35,433**	**44,137**
BVPS (Rs)	343.8	331.3	333.7	374.9	434.9
Net Debt/Equity (x)	0.9	0.9	0.3	-	0.1
Net Debt/EBITDA (x)	121.1	(9.1)	15.2	0.2	0.3
Interest coverage (x)	0.1	(5.8)	2.1	28.7	37.9
RoCE (%)	**0.1**	**(4.1)**	**0.9**	**9.5**	**12.2**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	(1,924)	(2,668)	371	6,167	8,986
Others (non-cash items)	1,369	(246)	(1,374)	(656)	(810)
Taxes paid	(966)	(1,193)	(93)	(1,552)	(2,261)
Change in NWC	(14,194)	10,144	21,727	7,138	(7,425)
Operating cash flow	**(12,936)**	**7,472**	**21,652**	**12,021**	**(545)**
Capital expenditure	(2,861)	(2,124)	(1,000)	(2,000)	(2,000)
Acquisition of business	-	-	-	-	-
Interest & dividend income	80	399	629	656	810
Investing cash flow	**(4,380)**	**(5,877)**	**(371)**	**(1,344)**	**(1,190)**
Equity raised/(repaid)	64	39	0	0	0
Debt raised/(repaid)	25,012	6,091	(28,600)	132	5,112
Payment of lease liabilities	0	0	0	0	0
Interest paid	(1,597)	(2,517)	(337)	(223)	(244)
Dividend paid (incl tax)	(553)	(222)	0	0	0
Others	(742)	(405)	(16)	(17)	(18)
Financing cash flow	**22,184**	**2,986**	**(28,953)**	**(108)**	**4,850**
Net chg in Cash	4,869	4,581	(7,671)	10,569	3,116
OCF	(12,936)	7,472	21,652	12,021	(545)
Adj. OCF (w/o NWC chg.)	1,259	(2,672)	(75)	4,883	6,880
FCFF	(15,796)	5,348	20,652	10,021	(2,545)
FCFE	(16,174)	5,104	20,945	10,454	(1,978)
OCF/EBITDA (%)	(4,371.6)	(208.0)	2,836.3	186.8	(6.0)
FCFE/PAT (%)	1,002.7	(494.5)	8,010.5	227.3	(29.5)
FCFF/NOPLAT (%)	**17,031.2**	**(183.4)**	**35,214.6**	**233.5**	**(40.4)**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	(74.6)	(116.6)	460.3	26.2	17.9
EV/CE(x)	1.6	1.5	2.1	2.0	1.7
P/B (x)	3.1	3.3	3.2	2.9	2.5
EV/Sales (x)	11.5	34.3	8.9	4.8	3.5
EV/EBITDA (x)	467.5	(38.5)	181.2	21.5	15.1
EV/EBIT(x)	(404.4)	(32.4)	1,765.2	24.1	16.4
EV/IC (x)	2.0	2.2	3.4	3.9	3.1
FCFF yield (%)	(11.4)	3.9	14.9	7.2	(1.8)
FCFE yield (%)	(13.4)	4.2	17.4	8.7	(1.6)
Dividend yield (%)	0.5	0.2	0	0	0
DuPont-RoE split					
Net profit margin (%)	(2.3)	(74.1)	1.7	15.8	16.6
Total asset turnover (x)	0.1	-	0.2	0.4	0.5
Assets/Equity (x)	2.1	2.5	2.3	1.8	1.8
RoE (%)	**(0.7)**	**(8.0)**	**0.7**	**11.6**	**14.8**
DuPont-RoIC					
NOPLAT margin (%)	(0.8)	(71.6)	0.4	14.7	15.5
IC turnover (x)	0.2	0.1	0.3	0.8	1.0
RoIC (%)	**(0.1)**	**(4.5)**	**0.1**	**11.2**	**15.8**
Operating metrics					
Core NWC days	1,640.0	4,356.7	623.4	247.1	244.6
Total NWC days	**1,640.0**	**4,356.7**	**623.4**	**247.1**	**244.6**
Fixed asset turnover	0.5	0.3	1.1	1.9	2.5
Opex-to-revenue (%)	0	0	0	0	0

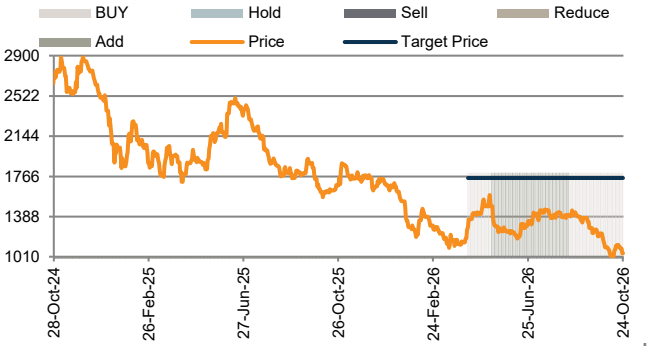
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
24-Aug-26	1,430	1,750	Buy	Biplab Debbarma
16-Aug-26	1,403	1,750	Buy	Biplab Debbarma
08-May-26	1,486	1,750	Add	Biplab Debbarma
09-Apr-26	1,289	1,750	Buy	Biplab Debbarma

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research