1QFY27 Result Update

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Muted start, BD progress remains key monitorable in the near-term

Aditya Birla Real Estate

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Maintain BUY

Current Price (Rs)	: 1,400
Target Price (Rs)	: 1,906
Potential Upside (%)	: 36.1

Source: Bloomberg, 360 ONE CM Research

Market Data

No. of Shares (mn)	: 112
Free Float (%)	: 49.8
Market Cap (Rs bn)	: 156
52-week High/Low (Rs)	: 1,975/1,080
Avg. Daily Volume (6M)	: 0.3 mn
Avg. Daily Value (6M; US$)	: 3.7 mn
Bloomberg Code	: ABREL IN
Promoters Holding (%)	: 50.2
FII/DII (%)	: 10.0/16.6

Source: Bloomberg, 360 ONE CM Research

Price Performance

(%)	1M	3M	12M
Absolute	(1.6)	7.2	(21.1)
Relative	(2.8)	3.7	(17.9)

Source: Bloomberg, 360 ONE CM Research

Key sense of result and Outlook & Valuation

Aditya Birla Real Estate (ABREL) reported a muted start to the year with pre-sales of just Rs 3.3 bn mainly due to absence of any launch and weak sustenance sales. Major contribution was from Pune location (Punya and Evam), which contributed Rs 1.2 bn pre-sales. Niyaara, however, saw some cancellation (due to financial constraint at buyer end) with negative Rs 575 mn contribution. Collections increased by 31% YoY to Rs 7.13 bn with OCF of Rs 520 mn (versus -Rs 3.4 bn OCF in 1QFY25 and Rs 2.3 bn in 4QFY26). Net debt increased by Rs 2.3 bn QoQ to Rs 34.4 bn as of quarter-end but turned nil post receipt of cash from the ITC deal on 01 August 2026. Overall, the quarter was muted, with BD execution remaining the key concern. Management, however, reiterated its Rs 100-150 bn FY27 BD guidance, which remains a key catalyst for further re-rating. Progress on planned launches and recovery in sustenance sales will also be important for stock performance. We maintain our Buy rating with an unchanged target price of Rs 1,906, based on NAV valuation.

What has changed in estimates

No change in estimates.

Key result highlights

Revenue recognised for 1QFY27 stood at Rs 1.9 bn due to higher handover and 27% higher leasing income at Rs 348 mn (versus Rs 275 mn YoY and Rs 335 mn QoQ). **EBITDA and Adjusted PAT** (excl. exceptional and discontinued operation) stood at loss of Rs 55 mn and Rs 709 mn loss on expected line given the accounting treatment where overhead cost are immediately charges to P/L, whereas revenue is recognised on handovers. Discontinued operations reported a PAT of Rs 324 mn (versus Rs 202 mn YoY and Rs 1.2 bn QoQ).

Key concall highlights

Long-term guidance intact at Rs 150 bn of pre-sales in three years remains; no near-term guidance provided. BD discussion ongoing for Rs 600 bn+ GDV worth of project, reasonably diversified across NCR, Mumbai, Pune and Bengaluru. FY27 BD target of Rs 100-150 bn. Progress on BD has been slower due to challenges around pricing, location and title. Management believes that disciplined underwriting should create long-term shareholder value. New Vashi project announced has GDV of Rs 26 bn with 90% economic interest; ~1 msf saleable area, Rs 30,000-40,000/sq ft realisation and 25-30% margin. Launch targeted for 2QFY28. ITC transaction has resulted in Rs 33.25 bn cash received (~95% of consideration), with the remaining 5% subject to working capital adjustments. Some tax outflow is also expected. Capex for 1Q includes Rs 1.25 bn for land payment, Rs 1.5 bn deposit for redevelopment properties and the Noida land auction. Expect Rs 12-13 bn of construction cost for FY27. Four units in Niyara were cancelled, but two have subsequently been rebooked at higher prices. Launches remain weighted toward 3Q/4Q. New tower targeted for the launch by 3Q, with emphasis on larger-format apartments. Redevelopment economics remain attractive with expected margins of 25-30%. Construction of the planned 1.3 msf commercial tower in Niyara land is expected to commence by the year-end, with ~4-year completion timeline. Potential leasing revenue of Rs 8 bn; PE funding is being explored. Century Bhavan redevelopment remains a potential opportunity in the near-term.

Financial summary

Operational data (Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	YoY (%)	QoQ (%)
Pre-Sales	4,225	8,895	25,361	42,882	3,290	(22)	(92)
Collection	5,453	5,120	12,899	9,937	7,130	31	(28)

Consolidated financials (Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	YoY (%)	QoQ (%)
	Actuals	Actuals	Actuals	Actuals	Actuals		
Net sales (incl. other operating income)	1,456	978	812	826	1,889	30	129
EBITDA	(399)	(701)	(891)	(1,601)	(553)	NM	NM
EBITDA margin (%)	**(27.4)**	**(71.6)**	**(109.7)**	**(193.8)**	**(29.3)**	**NM**	**NM**
Other income	119	154	92	156	169	42	8
Interest	71	177	190	206	258	266	25
Depreciation	155	157	178	185	174	12	(6)
Share of profit/loss from JV	(25)	(37)	(16)	(55)	(14)	NM	NM
PBT before Exceptional and Discontinued operation	**(531)**	**(918)**	**(1,183)**	**(1,891)**	**(830)**	**NM**	**NM**
Exceptional	0	0	(223)	(25)	0	NM	NM
PBT before discontinued operation	**(531)**	**(918)**	**(1,406)**	**(1,916)**	**(830)**	**NM**	**NM**
Discontinued operation	202	553	321	1,157	324	60	(72)
Tax	(58)	(187)	(332)	(813)	(160)	177	(80)
Minority interest	(16)	(21)	(25)	(55)	40	(346)	(173)
Reported PAT (Post MI)	**(255)**	**(157)**	**(729)**	**108**	**(386)**	**NM**	**NM**
Adjusted PAT (Exceptionals and discontinued)	**(457)**	**(710)**	**(826)**	**(1,024)**	**(709)**	**NM**	**NM**
Adjusted EPS (Rs)	(4.1)	(6.4)	(7.4)	(9.2)	(6.3)	NM	NM

Change in estimates

(Rs mn)	FY27E			FY28E		
	Old	New	Change (%)	Old	New	Change (%)
Revenue	8,699	8,699	0.0	37,917	37,917	0.0
EBITDA	(1,688)	(1,688)	0.0	13,233	13,233	0.0
Adjusted PAT	(1,814)	(1,814)	0.0	8,883	8,883	0.0
EPS (Rs)	(16.2)	(16.2)	0.0	79.5	79.5	0.0

Aditya Birla Real Estate

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Financial Summary (Consolidated)

Income Statement

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E
Net sales	**12,034**	**4,038**	**8,699**	**37,917**
Growth (%)	*35.4*	*(66.4)*	*115.5*	*335.9*
Raw material	(7,420)	(1,691)	(3,669)	(17,080)
Gross profit	**4,614**	**2,347**	**5,031**	**20,837**
Employee cost	(1,715)	(2,287)	(2,516)	(2,768)
Other expenditure	(2,758)	(3,686)	(4,239)	(4,874)
Other operating income	155	34	36	38
EBITDA	**296**	**(3,592)**	**(1,688)**	**13,233**
Growth (%)	*(87.8)*	–	–	–
Depreciation	(638)	(675)	(692)	(710)
Other income	385	520	260	130
EBIT	**43**	**(3,747)**	**(2,121)**	**12,653**
Finance cost	(458)	(644)	(425)	(783)
Exceptional income/(expense)	(1,240)	(248)	–	–
Profit before tax	**(1,655)**	**(4,639)**	**(2,546)**	**11,871**
Tax (current + deferred)	303	1,390	657	(3,063)
Profit/(loss) for the year	**(1,439)**	**(1,017)**	**(1,889)**	**8,808**
P/L of JV/A, minority interest	(174)	(16)	75	75
Reported profit/(loss)	**(1,613)**	**(1,032)**	**(1,814)**	**8,883**
Adjusted net profit/(loss)	**(286)**	**(3,017)**	**(1,814)**	**8,883**

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E
Share Capital	1,117	1,117	1,117	1,117
Reserves & surplus	37,286	35,891	68,854	77,513
Shareholders' funds	**38,403**	**37,008**	**69,971**	**78,630**
Minority interest	480	(16)	59	134
Long-term borrowings	37,086	37,610	12,610	37,610
Other non-current liabilities	5,193	4,875	5,833	6,980
Total non-current liab.	**42,279**	**42,485**	**18,443**	**44,591**
Short-term borrowings	12,879	18,755	22,505	27,006
Trade payables	8,272	6,614	7,937	9,524
Other current liabilities	63,019	97,482	130,983	197,960
Total current liabilities	**84,170**	**122,850**	**161,425**	**234,491**
Total (Equity & Liab.)	**165,332**	**202,328**	**249,898**	**357,846**
Fixed assets (net block)	7,043	6,484	6,215	5,956
Non-current investments	14,315	12,658	12,865	13,199
Other non-current assets	3,786	6,679	6,011	5,410
Non-current assets	**25,144**	**25,821**	**25,091**	**24,564**
Cash and cash equivalents	14,133	23,809	12,084	5,967
Inventories	89,434	110,605	199,849	312,241
Trade receivables	1,047	167	358	1,558
Other current assets	35,575	41,925	12,515	13,515
Current assets	**140,188**	**176,507**	**224,806**	**333,281**
Total (Assets)	**165,332**	**202,328**	**249,898**	**357,846**

Cash Flow

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E
Profit before tax	(1,655)	(4,639)	(2,546)	11,871
Depreciation	638	675	692	710
Change in working capital	(35,118)	6,239	(25,184)	(46,008)
Total tax paid	1,635	891	657	(3,063)
Others	458	644	425	783
CF from operations (a)	**(34,042)**	**3,809**	**(25,956)**	**(35,707)**
Capital expenditure	22,211	(116)	(424)	(450)
Change in investments	–	–	–	–
Others	(4,049)	(1,236)	461	268
CF from investing (b)	**18,162**	**(1,352)**	**37**	**(182)**
Free cash flow	**(11,831)**	**3,694**	**(26,380)**	**(36,157)**
Equity raised/(repaid)	–	–	–	–
Debt raised/(repaid)	24,949	6,400	(21,249)	29,501
Dividend (excl. tax)	(223)	(279)	(223)	(223)
Others	(1,554)	1,099	35,665	496
CF from financing (c)	**23,171**	**7,220**	**14,193**	**29,774**
Net change in cash (a+b+c)	**7,291**	**9,677**	**(11,726)**	**(6,116)**

Key Ratios

Y/E Mar (%)	FY25	FY26	FY27E	FY28E
Adjusted EPS (Rs)	(2.6)	(27.0)	(16.2)	79.5
Growth	–	–	–	–
Book NAV/share (Rs)	343.8	331.3	626.5	704.0
Dividend payout ratio	(13.9)	(27.1)	(12.3)	2.5
Gross margin	38.3	58.1	57.8	55.0
EBITDA margin	2.5	(89.0)	(19.4)	34.9
EBIT margin	0.4	(92.8)	(24.4)	33.4
Tax rate	91.0	19.4	25.8	25.8
RoCE	0.1	(3.9)	(2.0)	9.7
RoE	(0.7)	(8.0)	(3.4)	12.0
RoIC (post-tax)	0.0	(4.7)	(2.1)	8.6
Net debt/equity (x)	0.9	0.9	0.3	0.7
Net debt/EBITDA (x)	121.1	(9.1)	(13.6)	4.4
Fixed asset turnover (x)	0.1	0.0	0.0	0.1
Net working capital days	1,699.1	4,850.4	2,659.3	951.0

Valuations

Y/E (x)	FY25	FY26	FY27E	FY28E
P/E	(546.5)	(51.8)	(86.2)	17.6
P/B	4.1	4.2	2.2	2.0
Dividend yield (%)	14.3	17.9	14.3	14.3
OCF yield (%)	21.8	(2.4)	16.6	22.8
EV/EBITDA	649.5	(52.6)	(106.3)	16.2
EV/Sales	16.0	46.8	20.6	5.7

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