



Launches drive Pre-Sales; Valuations Constrain Upside

Recommendation Rationale

- **Annuities performing well:** Commerz III and Skycity Mall had successful launches and are gaining traction. The office and retail operating revenue for the quarter reached Rs 264 Cr, while hospitality revenue stood at Rs 42.6 Cr. Both Commerz I and II are operating at high occupancies of 96%, delivering EBITDA margins of 88% and 93%, respectively. Commerz III reported a gradual increase in occupancy, reaching 83% for the quarter, with an EBITDA margin of 90%. Oberoi Mall maintained a strong 99% occupancy with an EBITDA margin of 96%, while Skycity Mall reported 50% occupancy with an 89% EBITDA margin. Management highlighted excellent traction across both new launches and expressed confidence in sustained demand trends going forward. In the hospitality segment, The Westin Mumbai reported 72% occupancy with relatively lower EBITDA margin of 38%.
- **Sustenance Sales and Upcoming Launches:** Oberoi reported pre-sales of Rs 1,639 Cr for Q1FY26, nearly doubling sequentially due to a significant surge in sales volumes. The strong performance was primarily driven by the Tower D launch of the Elysian project, which contributed approximately 69% of total pre-sales. The next major contributor was Oberoi 360 West, accounting for 13%. As of Q1FY26, the company has 3.57 Mn sq ft of unsold inventory across ongoing projects. Collections for the quarter stood at Rs 997 Cr.
- Regarding upcoming launches, the company does not anticipate any new projects in Q2. However, a tower launch in Borivali is expected in Q3, followed by launches in NCR and Peddar Road in Q4. For the Gurgaon project, all entitlements are in place, the office setup is operational, and demolition work has commenced. In Thane, the company plans to develop an international school and a mall, with physical work starting before the residential tower launches. The company envisions this as a second Goregaon in the making. On sustenance sales, the management guided for periodic sales spurts supported by strong momentum and high realisations.
- **Strong Cashflows and Low Leverage:** With a net debt-to-equity ratio of 0.01, the company is well-positioned to raise additional funds if needed. Oberoi has historically maintained a net debt-to-equity cap of 0.4, reflecting its financial discipline and resilience even during challenging business cycles. Annuity cash flows are expected to increase, further strengthening liquidity. This enhanced financial position improves the company's ability to raise capital, supporting robust business development prospects. The company's OCF stood at Rs 252 Cr, which is lower as all construction-related expenses are recorded under OCF rather than investing cash flows. Backed by strong margins and return ratios (ROE) above 15%, the company maintains a solid financial foundation with the capacity to undertake further business development. It is actively evaluating large land parcel acquisitions in the MMR and NCR regions and is well-equipped to execute them.

Sector Outlook: Positive

Company Outlook & Guidance: Oberoi has plans for additional launches in H2FY26 to capitalise on the festive season. Q2FY26 is expected to be seasonally soft due to the absence of new launches and relatively subdued sustenance sales. However, management remains optimistic about demand prospects and the ability to command premium pricing across both its residential and annuity portfolios. They anticipate strong spurts of volume pickup post the second quarter.

Current Valuation: DCF-based valuation

Current TP: Rs 1,860/share (Earlier TP: Rs 1,860 /share).

Recommendation: With a 2% upside from the CMP, we change our rating from **BUY** to **HOLD** on the stock.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	Q1FY26	QoQ (%)	Q1FY25	YoY (%)
Net Sales	1,150	988	(14.1)	1,405	(29.7)
EBITDA	618	520	(15.8)	815	(36.2)
EBITDA Margin (%)	53.7	52.7	(2.0)	58.0	(9.2)
Net Profit	433	414	(4.3)	582	(28.8)
EPS (Rs)	11.9	11.6	(2.8)	16.1	(27.9)

Source: Company, Axis Securities Research

(CMP as of 22nd July, 2025)

CMP (Rs)	1,625
Upside /Downside (%)	2%
High/Low (Rs)	2,350/1,440
Market cap (Cr)	66,343
Avg. vol. 1Mth	5,81,439
No. of shares (Cr)	36.3

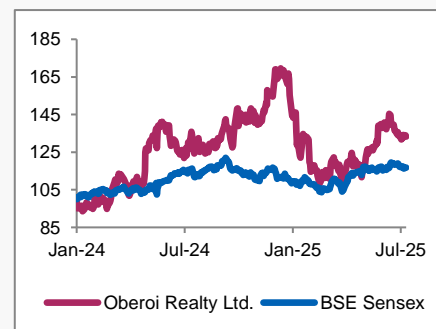
Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	67.7	67.7	67.7
FII	20.2	20.0	19.4
MF's/Banks	8.7	8.8	9.1
Others	3.4	3.6	3.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	5,286	6,608	7,269
EBITDA	3,103	3,931	4,411
Net Profit	2,226	2,788	3,173
EPS, Rs	61.1	76.6	87.2
PER, x	26.5	21.2	18.6
EV/EBITDA, x	22.5	17.4	14.9
ROE, %	14.2	15.3	15.1

Relative Performance



Source: Ace Equity, Axis Securities Research

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Financial Performance

The company reported revenue for the quarter at Rs 988 Cr, down 14% QoQ and ~30% YoY. It posted EBITDA of Rs 520 Cr with EBITDA margins of 52.7%, against Rs 618 Cr and margins of 53.7%, down 15.8%/2% QoQ. It reported PAT of Rs 414 Cr, down 4.3% QoQ. The company reported pre-sales of Rs 1,639 Cr, largely driven by the Elysian Tower D launch and 360 West. Booking volume stood at 0.35 Mn sq ft across 181 units booked. The pre-sales were up ~92% due to a surge in volumes. The quarter also saw the opening of Skycity Mall with an occupancy of ~50%, generating revenue of Rs 40 Cr with EBITDA margins of 89%. The Westin Mumbai recorded Rs 42 Cr with 72% occupancy and slightly lower EBITDA margins of 38%. Commerz III saw a gradual ramp-up, while Commerz I and II maintained occupancies as high as 96%.

Outlook

The company demonstrated strong pre-sales performance, primarily driven by the Tower D launch of Elysian. Sustenance sales were slower during the quarter, and a similar trend is expected to continue in Q2FY26. Most new launches are planned for H2FY26, aligning with festive season demand patterns. The annuity portfolio continues to perform well, with operating revenue of Rs 264 Cr from retail and office segments and Rs 42 Cr from hospitality.

The growth outlook remains positive, led by momentum in the luxury segment. Business development activity has accelerated, with plans to ramp up launches in the coming quarters. However, we believe the anticipated scale-up is already priced in and maintain a HOLD rating on the stock.

Valuation & Recommendation

We continue to value the company using a DCF-based valuation and arrive at a TP of Rs 1,860/share, implying a 2% upside from the CMP.

Key Highlights

- **Gurgaon Project:** The company has commenced demolition work, with an on-site office set up, design work completed, and contracts ready for issuance. The project is in a ready-to-roll stage with all entitlements cleared. It will be developed as a high-end luxury offering.
- **SkyCity Mall:** The mall witnessed strong demand and is currently operating at 50% occupancy. The company is taking a calibrated approach to leasing and is confident of achieving higher occupancy by the end of FY26. EBITDA margin has been maintained at 89%.
- **Thane Project:** The company has guided towards creating supporting infrastructure around the current towers, including a mall, international school, and hotel, before launching further residential towers. The goal is to establish a premium living ecosystem, similar to its Goregaon developments, which bodes well for future demand.
- **Launch Guidance:** The company has indicated additional launches in H2FY26, including a Borivali tower launch in Q3 and NCR and Peddar Road launches in Q4FY26. H2 is typically seasonally strong for the real estate sector, supported by festive demand. For ongoing sustenance sales, the company does not plan any price hikes, as units are already priced at a premium and management is satisfied with current rates.
- **Business Development:** The management continues to evaluate large land parcels for future developments. Land acquisitions are approached with financial prudence and long-term vision, enabling the company to command a premium of ~30–40%. Despite the absence of major price increases, the company expects to sustain industry-leading EBITDA margins.

Key Risks to Our Estimates and TP

- **Approval/Launch Delays:** The company has several launches planned for FY26, and any delays could materially impact its pre-sales and collections.
- **Geographical Challenges:** Oberoi has entered key micro markets of Adarsh Nagar and Thane, where the absorption capacity and other regional complexities could hamper the company's sales momentum.

Operational Performance

Rs Cr	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	FY26E
Bookings (Pre-Sales)	1,067	1,442	1,918	853	1,639	6,580
Collections	1,011	1,211	1,395	765	997	
% Completion					25%	

Source: Company, Axis Securities Research

Results Review

Y/E Mar (Rs Cr)	Q1FY25	Q4FY25	Q1FY26	YoY growth %	QoQ growth %
Net revenue	1,405	1,150	988	(29.7)	(14.1)
Total operating costs	590	532	467	(20.8)	(12.2)
% Sales	42	46	47	12.7	2.3
Cost of RE operations	533	417	390	(26.9)	(6.7)
% Sales	38	36	39	4.0	8.7
Employee costs	262	24	32	22.8	32.4
% Sales	2	2	3	74.7	54.2
Other expenses	31	90	45	47.7	(49.7)
% Sales	2	8	5	110.1	(41.4)
EBITDA	815	618	520	(36.2)	(15.8)
% Margin	58	54	53	(9.2)	(2.0)
Depreciation	20	24	32	56.7	30.7
EBIT	795	594	489	(38.5)	(17.7)
Interest	59	80	75	27.3	(6.5)
Other income	37	63	86	134.9	36.8
PBT	773	577	500	(35.3)	(13.3)
Tax	191	144	86	(55.0)	(40.5)
Adj PAT	582	433	414	(28.8)	(4.3)
% Margin	41	38	42	1.3	11.5

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Sales	5,286	6,608	7,269
% YoY growth	17.6	25%	10%
Employee costs	-114	-143	-115
Cost of construction	-1,845	-2,306	-2,537
Other Expenses	-224	-227	-205
Total expenditure	-2,183	-2,676	-2,857
EBITDA	3,103	3,932	4,412
EBITDA margin (%)	58.7	59.5	60.7
Depreciation	-88	-137	-170
EBIT	3,015	3,795	4,242
Interest	-265	-140	-164
Other Income	188	63	154
PBT	2,937	3,718	4,230
Taxes	-719	-929	-1,057
PAT (before Minority & Associates)	2,218	2,788	3,173
Profit in Associates	8	-	-
Prior period items	-	-	-
PAT	2,226	2,788	3,173
PAT Margin (%)	42.1	42.2	43.7

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Shareholders' funds	15,705	18,166	20,968
Share capital	364	364	364
Reserves and surplus	15,341	17,803	20,605
Loan funds	3,300	3,400	3,500
Deferred tax liability	27	27	27
Others	541	541	541
Total liabilities & shareholders' funds	19,573	22,134	25,036
Fixed assets	8,467	8,532	8,573
Depreciation	488	625	795
Net block	4,685	4,749	4,790
Capital WIP	1,604	1,604	1,604
Investments	2,178	2,178	2,178
Net Current Assets	10,103	11,303	11,317
Current assets	13,272	14,772	15,286
Inventories	9,447	10,947	11,461
Other	3,713	3,713	3,713
Trade Receivables	113	113	113
Cash and bank balance	1,003	2,300	5,146
Current Liabilities	3,169	3,469	3,969
Others	2,446	2,446	2,446
Total assets	19,573	22,134	25,036

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
PBT	2,945	3,717	4,231
Add: Depreciation	88	137	170
Interest Paid	265	140	164
Op profit before WC changes	3,105	3,994	4,565
Cash from Operations	2,813	2,794	4,550
Taxes paid	-650	-929	-1,058
Cash from Operating Activities	2,163	1,865	3,493
	-	-	-
Net Cash from Investing Activities	-2,393	-201	-211
	-	-	-
Dividend paid	-364	-326	-371
Net Cash from Financing Activities	200	-366	-435
Net cash for the period	-30	1,297	2,846
Cash as per Balance sheet	289	1,586	4,432

Source: Company, Axis Securities Research

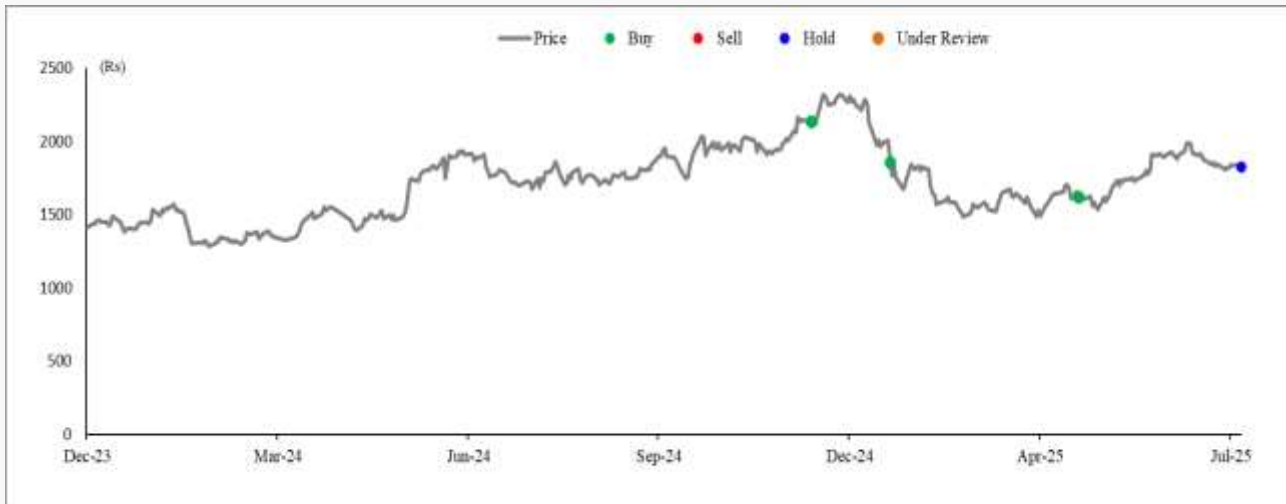
Ratio Analysis

(%)

Y/E Mar	FY25	FY26E	FY27E
EPS (INR)	61.1	76.6	87.2
Growth, %	15.5	25.3	13.8
Book NAV/share (INR)	431.5	499.1	576.1
FDEPS (INR)	61.1	76.6	87.2
DPS (INR)	9.3	9.0	10.2
Return ratios			
Return on assets (%)	11.8	12.1	12.2
Return on equity (%)	14.2	15.3	15.1
Return on capital employed (%)	13.8	14.0	14.3
Turnover ratios			
Asset turnover (x)	0.3	0.4	0.4
Sales/Total assets (x)	0.2	0.3	0.3
Sales/Net FA (x)	0.9	1.0	1.1
Working capital/Sales (x)	1.9	1.7	1.5
Liquidity ratios			
Current ratio (x)	4.5	4.9	5.1
Quick ratio (x)	1.5	1.8	2.3
Interest cover (x)	11.4	27.1	25.8
Total debt/Equity (%)	0.3	0.4	0.3
Net debt/Equity (%)	0.1	(0.1)	(0.2)
Valuation			
PER (x)	26.5	21.2	18.6
PEG (x) - y-o-y growth	1.7	0.8	1.3
Price/Book (x)	3.8	3.2	2.8
EV/Net sales (x)	11.6	9.1	7.9
EV/EBITDA (x)	19.7	15.2	13.0

Source: Company, Axis Securities Research

Oberoi Realty Price Chart and Recommendation History



Date	Reco	TP	Research
12-Dec-24	BUY	2,560	Initiating Coverage
22-Jan-25	BUY	2,560	Result Update
30-Apr-25	BUY	1,860	Result Update
23-Jul-25	HOLD	1,860	Result Update

Source: Axis Securities Research

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NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.