



Q2FY26: Healthy Sustenance 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 275 Cr, while hospitality revenue stood at Rs 44.6 Cr. Both Commerz I and II are operating at high occupancies of 96%, delivering EBITDA margins of 88% and 92%, respectively. Commerz III reported a gradual increase in occupancy, reaching 87% for the quarter, with an EBITDA margin of 91%. Oberoi Mall maintained a strong 99% occupancy with an EBITDA margin of 99%, while Skycity Mall reported 53% occupancy with a 92% 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 80% occupancy with a relatively flatter EBITDA margin of 40%.
- Sustenance Sales and Upcoming Launches:** Oberoi reported pre-sales of Rs 1,299 Cr for Q2FY26, down 10% YoY due to a higher base last year, in line with our estimates. The pre-sales were primarily driven by sustenance sales of the Elysian project and Three sixty west, which contributed approximately 62% of total pre-sales. The next major contributors were the Enigma and Skycity projects with 14/13%. As of Q2FY26, the company has 3.3 Mn sq. ft. of unsold inventory across ongoing projects. Collections for the quarter stood at Rs 1,353 Cr, up 12% YoY.
- Strong Cashflows and Low Leverage:** With a net debt-to-equity ratio of (0.02), 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. Its OCF stood at Rs 645 Cr, which is marginally lower as all construction-related expenses are recorded under OCF rather than investing cash flows. Backed by strong margins and return ratios (ROE) slightly below 14%, Oberoi 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 was seasonally soft due to the absence of new launches, but showed strong sustenance sales. However, management remains optimistic about demand prospects and the ability to command premium pricing across both its residential and annuity portfolios. It anticipates strong spurts of volume pickup post H2FY26.

Current Valuation: DCF-based Valuation

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

Recommendation: With a 9% upside from the CMP, we maintain our **HOLD** rating on the stock.

Key Financials (Consolidated)

(Rs Cr)	Q2FY25	Q1FY26	Q2FY26	YoY growth %	QoQ growth %
Net Sales	1,320	988	1,779	34.8	80.1
EBITDA	814	520	1,020	25.4	96.1
EBITDA Margin (%)	61.7	52.7	57.4	(7.0)	8.8
Net Profit	588	414	749	27.4	80.6
EPS (Rs)	16.2	11.6	20.9	28.8	80.5

Source: Company, Axis Securities Research

(CMP as of 17th October, 2025)

CMP (Rs)	1,701
Upside /Downside (%)	9%
High/Low (Rs)	2,349/1,440
Market cap (Cr)	61,821
Avg. vol. 1Mth	6,78,697
No. of shares (Cr)	36.3

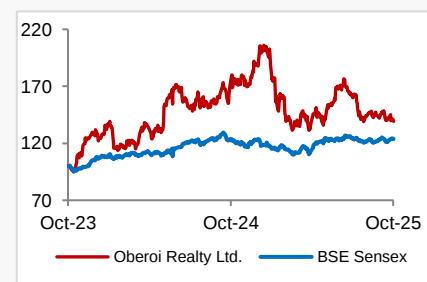
Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	67.7	67.7	67.7
FII	20.0	19.4	16.1
MF's/Banks	8.8	9.1	12.0
Others	3.6	3.9	4.3

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	6,608	7,269	8,359
EBITDA	3,942	4,394	4,948
Net Profit	2,796	3,161	3,576
EPS, Rs	76.8	86.8	98.2
PER, x	22.2	19.7	17.4
EV/EBITDA, x	16.0	14.1	12.3
P/BV	3.4	3.0	2.6
ROE	15.4	15.1	14.8
Debt/Equity	-0.1	-0.1	-0.1

Relative Performance



Source: Ace Equity, Axis Securities Research

Result Gallery

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

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Financial Performance

The company reported Q2FY26 revenue of Rs 1,779Cr, up 80% QoQ and 35% YoY, mainly due to Elysian crossing the revenue recognition threshold. It posted EBITDA of Rs 1,020 Cr with EBITDA margins of 57.4%, against Rs 520 Cr and margins of 52.7%. It reported PAT of Rs 749 Cr, up 28% YoY. Pre-sales stood at Rs 1,299 Cr, largely driven by the Elysian and 360 West collections, which together contributed Rs 1,353 Cr.

Outlook

The company demonstrated strong pre-sales performance, primarily driven by sustenance sales of the Tower D of Elysian and 360 West. Rental income is expected to see steady growth as occupancy at new assets improves and Ritz Carlton is launched. 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.

Valuation & Recommendation

We believe the anticipated scale-up is already priced in and maintain a **HOLD** rating on the stock. We continue to value the company using a DCF-based valuation, arriving at a TP of Rs 1,860/share, implying a 9% upside from the CMP.

Key Highlights

- **SkyCity Project:** Average realisations improved 15% QoQ to ~Rs 50,000/sq ft, supported by strong connectivity to the metro, an in-house mall, and limited available inventory, enabling premium pricing.
- **360 West:** With no comparable ready-to-move luxury supply expected in the micro-market for the next three years, the project remains a preferred choice for buyers. The company expects a complete sell-out within two years; project's inventory stood at Rs 4,000 Cr as of Sep'25.
- **Gurgaon Project:** The entire TDR potential has been integrated into the project plan, with single-phase approval expected by Jan'26. The company targets a launch by the end of FY26.
- **Jardin:** Upon stabilisation, Jardin is expected to generate annual pre-sales of ~Rs 1,000 Cr, contributing meaningfully to the company's recurring sales momentum.
- **Business Development:** Residential EBITDA margins moderated this quarter, primarily due to ongoing cost booking for the Jardin project ahead of revenue recognition. Further, shifts in the product mix continued to influence margins on a sequential basis.

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	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	FY26E
Bookings (Pre-Sales)	1,442	1,918	853	1,639	1,299	6,580
Collections	1,211	1,395	765	997	1,353	
Cumulative Bookings				1,639	2,938	
% Cumulative Completion of Bookings				25%	45%	

Source: Company, Axis Securities Research

Results Review

Y/E Mar (Rs Cr)	Q2FY25	Q1FY26	Q2FY26	YoY growth %	QoQ growth %
Net revenue	1,320	988	1,779	34.8	80.1
Total operating costs	506	467	759	49.9	62.4
% Sales	38	47	43	11.2	(9.9)
Cost of RE operations	430	390	673	56.6	72.7
% Sales	33	39	38	16.2	(4.1)
Employee costs	30	32	34	14.7	7.3
% Sales	2	3	2	(14.9)	(40.4)
Other expenses	46	45	51	10.7	12.9
% Sales	4	5	3	(17.9)	(37.3)
EBITDA	814	520	1,020	25.4	96.1
% Margin	62	53	57	(7.0)	8.8
Depreciation	20	32	33	65.7	5.7
EBIT	794	489	987	24.4	101.9
Interest	52	75	71	37.7	(5.0)
Other income	39	86	66	69.9	(23.9)
PBT	781	500	981	25.7	96.2
Tax	193	86	233	20.6	171.7
Adj PAT	588	414	749	27.4	80.6
% Margin	45	42	42	(5.5)	0.3

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
Sales	5,286	6,608	7,269	8,359
% YoY growth	17.6	25%	10%	15%
Employee costs	-114	-143	-115	-130
Cost of construction	-1,845	-2,306	-2,537	-2,917
Other Expenses	-224	-216	-223	-363
Total expenditure	-2,183	-2,665	-2,874	-3,411
EBITDA	3,103	3,942	4,394	4,948
EBITDA margin (%)	58.7	59.7	60.5	59.2
Depreciation	-88	-137	-170	-175.8
EBIT	3,015	3,795	4,224	4,772
Interest	-265	-140	-164	-166
Other Income	188	63	154	162
PBT	2,937	3,728	4,214	4,768
Taxes	-719	-938	-1,053	-1,192
PAT (before Minority & Associates)	2,218	2,796	3,160	3,576
PAT	2,226	2,796	3,160	3,576
PAT Margin (%)	42.1	42.3	43.5	42.8

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
Shareholders' funds	15,705	18,174	20,968	24,123
Share capital	364	364	364	364
Reserves and surplus	15,341	17,810	20,605	23,759
Loan funds	3,300	3,400	3,500	3,500
Deferred tax liability	27	27	27	27
Others	541	541	541	541
Total liabilities & shareholders' funds	19,573	22,142	25,033	28,191
Fixed assets	8,467	8,532	8,573	8608.9
Depreciation	488	625	774	951
Net block	4,685	4,749	4,791	4826
Capital WIP	1,604	1,604	1,604	1604
Investments	2,178	2,178	2,178	2178
Net Current Assets	10,103	11,303	13,151	15,153
Current assets	13,272	14,772	15,721	16,722
Inventories	9,447	10,947	11,895	12,897
Other	3,713	3,713	3,713	3,713
Trade Receivables	113	113	113	113
Cash and bank balance	1,003	2,300	3,308	4,429
Current Liabilities	3,169	3,469	2,569	1,569
Others	2,446	2,446	2,446	2,446
Total assets	19,573	22,142	25,033	28,191

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E	FY28E
PBT	2,945	3,728	4,214	4,768
Add: Depreciation	88	137	170	176
Interest Paid	265	140	164	167
Op profit before WC changes	3,105	4,005	4,547	5,110
Cash from Operations	2,813	2,805	2,699	3,109
Taxes paid	-650	-932	-1,054	-1,192
Cash from Operating Activities	2,163	1,873	1,645	1,917
	-	-	-	-
Net Cash from Investing Activities	-2,393	-201	-211	-211
	-	-	-	-
Dividend paid	-364	-327	-369	-418
Net Cash from Financing Activities	200	-367	-434	-584
Net cash for the period	-30	1,304	1,000	1,121
Cash as per Balance Sheet	289	1,594	2,593	3,715

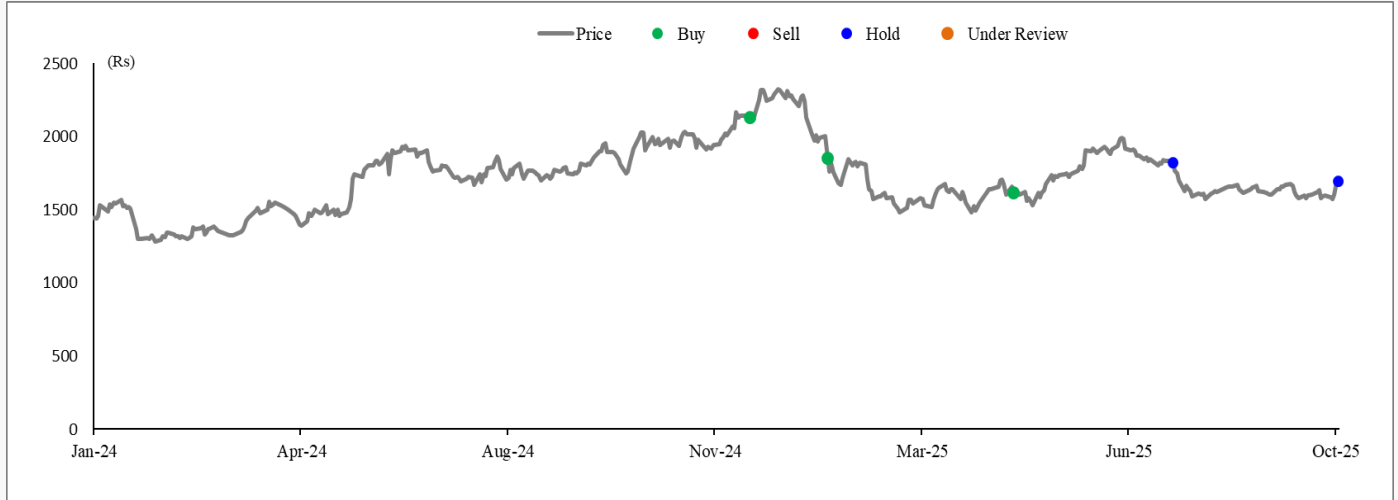
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E Mar	FY25	FY26E	FY27E	FY28E
EPS (Rs)	61.1	76.8	86.8	98.2
Growth, %	15.5	25.6	13.0	13.1
Book NAV/share (Rs)	431.5	499.3	576.0	662.7
FDEPS (Rs)	61.1	76.8	86.8	98.2
DPS (Rs)	9.3	9.0	10.2	11.5
Return ratios				
Return on assets (%)	11.8	12.1	12.5	13.0
Return on equity (%)	14.2	15.4	15.1	14.8
Return on capital employed (%)	13.8	14.1	14.1	14.1
Turnover ratios				
Asset turnover (x)	0.3	0.4	0.4	0.4
Sales/Total assets (x)	0.2	0.3	0.3	0.3
Sales/Net FA (x)	0.9	1.0	1.1	1.3
Working capital/Sales (x)	1.9	1.7	1.8	1.8
Liquidity ratios				
Current ratio (x)	4.5	4.9	7.4	13.5
Quick ratio (x)	1.5	1.8	2.8	5.3
Interest cover (x)	11.4	27.1	25.7	28.7
Net debt/Equity (%)	0.1	-0.05	-0.09	-0.12
Valuation				
PER (x)	26.5	22.2	19.7	17.4
PEG (x) YoY growth	1.7	0.9	1.5	1.3
Price/Book (x)	3.8	3.4	3.0	2.6
EV/Net sales (x)	11.6	9.5	8.5	7.3
EV/EBITDA (x)	19.7	16.0	14.1	12.3

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
20-Oct-25	HOLD	1,860	Result Update

Source: Axis Securities Research

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