



Launch Pipeline to Drive Performance; Maintain BUY

Est. vs. Actual for Q3FY25: Revenue – **BEAT** ; EBITDA – **BEAT** ; PAT – **BEAT**

Changes in Estimates post Q3FY25

FY25E/FY26E: Revenue: 0%/0%; EBITDA: 0%/0%; PAT: 0%/0%

Recommendation Rationale

- Entry into key micro markets:** The company plans to expand into key markets such as Delhi NCR, which offers significant potential and absorption capacity for premium projects. A growing trend toward premiumization in these regions is expected to boost the company's collections. Oberoi is anticipated to establish a strong presence in these new markets, achieving over 40%-50% bookings within the year of launch. The company is also experiencing strong traction for its new Thane launch, with additional launches anticipated from this project. By FY27E, bookings are projected to exceed Rs 9,000 Cr, driven by launches in Thane, South Mumbai, and Delhi NCR.
- GDV Additions and Annuity Strength:** Oberoi has a substantial leasing portfolio in marquee locations, with occupancy levels exceeding 90%. Its current projects include Commerz, Commerz II, and Oberoi Mall, along with recent additions such as Commerz III, the Borivali Skycity extension, and Borivali Mall. The EBITDA margins for these properties are consistently above 90%. The company is expected to attract marquee and high-end clients for its upcoming projects, leveraging its established relationships and strong brand reputation. Overall occupancy for its annuity portfolio is projected to surpass 90% by FY27E. Additionally, its hospitality segment aims to expand its presence in the city, with over 1,000 keys anticipated by FY27E. The office portfolio alone has the potential to generate exit rentals of up to Rs 1,000 Cr by FY27E.
- Strong Cashflows and Low Leverage:** The company is expected to fundraise a sum of Rs 6,000 Cr, which is expected to generate a GDV of Rs 70,000-80,000 Cr in the coming years. With a net debt-to-equity ratio of 0.02, the company is well-positioned to raise additional funds if required. Oberoi has always maintained a net debt-to-equity level of 0.4, demonstrating the company's financial discipline and ability to stay solid even during challenging cycles. Its annuity cash flows are also set to grow, further contributing to its liquidity. This improvement in financial strength enhances the company's ability to raise capital, supporting strong business development opportunities. Additionally, with a cash-rich balance sheet, the company can comfortably acquire large land parcels.

Sector Outlook: **Positive**

Company Outlook & Guidance: We remain positive about the company's long-term prospects.

Current Valuation: DCF-based valuation

Current TP: Rs 2,560/share (Earlier TP: Rs 2,560 /share).

Recommendation: With a 38% upside from the CMP, we maintain our long-term BUY rating on the stock.

Financial Performance

The company reported a 6.9% QoQ increase in revenue, with EBITDA at Rs 856 Cr, reflecting a 5.6% QoQ rise and an EBITDA margin of approximately 61%. Adjusted PAT stood at Rs 616 Cr, marking an impressive 72% YoY growth. Pre-sales for Q3FY25 were recorded at Rs 1,918 Cr, while collections stood at Rs 1,395 Cr. During the quarter, the company commenced bookings for Jardin at Oberoi Garden City, Thane. The company has a Net debt of Rs 101 Cr.

Key Financials (Consolidated)

(Rs Cr)	Q3FY25	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	1,411	6.9	33.9	1,188	15.8
EBITDA	856	5.2	68.1	689	19.5
EBITDA Margin (%)	60.7	(1.6)	25.5	58	4.4
Net Profit	616	4.8	72.0	444	27.8
EPS (Rs)	17.0	4.8	(31.9)	12.3	27.7

Source: Company, Axis Securities Research

(CMP as of 21th January 2025)

CMP (Rs)	1,857
Upside /Downside (%)	38%
High/Low (Rs)	2,349/1,268
Market cap (Cr)	67,266
Avg. daily vol. (1m)Shrs'000.	747
No. of shares (Cr)	36

Shareholding (%)

	Jun-24	Sep-24	Dec-24
Promoter	67.7	67.7	67.7
FII	17.0	18.1	20.2
MF's/Banks	11.1	10.7	8.7
Others	4.3	3.5	3.4

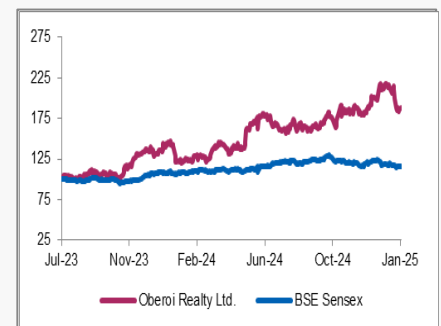
Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	4,496	5,893	7,024
EBITDA	2,401	3,218	3,835
Net Profit	1,918	2,277	2,773
EPS, Rs	52.7	62.6	76.2
PER, x	35.2	33.7	27.7
EV/EBITDA, x	28.7	23.7	19.9
ROE, %	13.9	14.4	15.1

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	0%	0%
EBITDA	0%	0%
PAT	0%	0%

Relative Performance



Source: Ace Equity, Axis Securities Research

Eesha Shah

Research Analyst
 email: eesha.shah@axissecurities.in

Preeyam Tolia

Research Analyst
 email: preeyam.tolia@axissecurities.in

Outlook

- The company has a strategically planned launch trajectory for the upcoming quarters. The strong annuity business and ready-to-sell inventory are expected to result in a strong cash position for the company. Additionally, they have been acquiring land parcels in key micro markets, resulting in a geographically diversified portfolio. The company is focused on maintaining low leverage to further enhance its balance sheet strength. The company was able to achieve good pre-sales figures for the projects launched, showcasing a strong brand position.

Valuation & Recommendation

- We continue to value the company using a DCF-based valuation and arrive at a TP of Rs 2,560/share implying a 38% upside from the CMP.

Key Highlights

- Upcoming Launches:** The company is gearing up multiple launches in key locations, including Thane, Mumbai and Gurugram, in FY26. In Thane, the company is focused on creating an integrated ecosystem with residential phases alongside malls & schools, thus setting a benchmark in urban living. The company focuses on launching diverse projects while continuing to sell inventory for existing projects.
- Annuity Business:** The company has been able to generate steady cashflows owing to the leasing business. The occupancy rate has reached ~95% in Commerz and Commerz II. The company is expected to do a soft launch of Sky City Mall in Borivali around mid-February or March 2025.
- Strategic Investments:** The company has successfully acquired ~81-acre land parcels in Alibaug with an upfront payment of ~90 cr. The company also concluded the acquisition of Nirmal Lifestyle by making a payment of ~300 cr. SRA appointed The company as a property developer for Bandra Reclamation, which has a free sale potential of 0.32 mn sqft.
- Cashflow:** The company has strategically increased pricing by ~20-25% in Thane, Borivali and Goregaon projects aligned to the re-sale trends in the market. The company expects to generate surplus cash flow from selling the remaining inventory and leasing business, which will be used to purchase further land banks.

Key Risks to Our Estimates and TP

- Approval Delays:** The company must launch several projects to achieve its targeted GDV and pre-sales for the financial year. Since H1FY25 experienced slower performance, the company must accelerate its launch schedule. This acceleration hinges on obtaining RERA registrations for projects at an expedited pace.
- Geographical Challenges:** Oberoi may encounter difficulties maintaining its momentum in regions outside its core domain. Addressing these geographical challenges will be essential for the company's continued growth and operational efficiency.

Change in Estimates

	Old Est.		Revised Est.		% Revision	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	5,893	7,024	5,893	7,024	0	0
EBITDA	3,218	3,835	3,218	3,835	0	0
PAT	2,277	2,773	2,277	2,773	0	0
EPS	62.6	76.2	62.6	76.2	0	0

Source: Company, Axis Securities Research

Results Review

Y/E Mar (Rs Cr)	Q3FY24	Q2FY25	Q3FY25	YoY growth %	QoQ growth %
Revenue from Operations	1,054	1,320	1411	33.9	6.9
Total operating costs	544	506	555	2.0	9.6
% sales	52	38	39	(23.9)	2.6
Raw Material expenses	474	430	468	(1.9)	8.2
Employee costs	28	30	33	22.8	12.4
Other expenses	43	46	56	31.2	21.8
EBITDA	509	814	856	68.1	5.2
% margin	48	62	61	25.5	(1.6)
Depreciation	11	20	23	104.5	15.2
EBIT	498	794	832	67.3	5.0
Finance Costs	50	52	75	48.9	44.1
Other income	29	39	49	68.4	27.0
PBT	477	781	808	69.3	3.4
Tax	119	193	192	61.0	(0.6)
Associates and JVs	2	2	3	24.2	9.2
Adjusted PAT	358	588	616	72.0	4.8
Reported PAT	360	590	619	71.7	4.8
Reported EPS	25.0	16.2	17	(31.9)	4.8

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E	FY27E
Net sales	4,496	5,893	7,024	8,171
Growth, %	7.2	31.1	19.2	16.3
Other operating income	-	-	-	-
Total income	4,496	5,893	7,024	8,171
Raw material expenses	(1,794)	-2,351	-2,802	-3,260
Employee expenses	(102)	-134	-160	-130
Other Operating expenses	(198)	-190	-227	-245
EBITDA (Core)	2,401	3,218	3,835	4,536
Growth, %	14.0	34.0	19.2	18.3
Margin, %	53.4	54.6	54.6	55.5
Depreciation	(48)	-110	-116	-123
EBIT	2,354	3,108	3,719	4,413
Growth, %	14	32	20	19
Margin, %	52	53	53	54
Interest paid	(218)	-131	-145	-150
Other Income	323	63	129	119
Share of profits from associates	9	-	-	-
Pre-tax profit	2,467	3,040	3,702	4,382
Tax provided	(549)	-763	-930	-1,096
Profit after tax	1,918	2,277	2,773	3,287
Net Profit	1,918	2,277	2,773	3,287
Growth,%	1.0	18.7	21.8	18.5

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E	FY27E
Cash & bank	767	3,177	3,466	5,468
Marketable securities at cost	204	204	204	204
Inventory	9,261	9,233	11,722	13,133
Other current assets	2,825	2,825	2,825	2,825
Total current assets	13,057	15,439	18,216	21,630
Gross fixed assets	3,453	3,654	3,855	4,066
Less: Depreciation	(399)	-510	-626	-749
Add: Capital WIP	2,705	2,705	2,705	2,705
Net fixed assets	5,758	5,849	5,934	6,022
Non-current assets	335	335	335	335
Total assets	19,633	22,105	24,968	28,470
Current liabilities	3,031	2,981	3,281	3,781
Provisions	29	29	29	29
Total current liabilities	3,060	3,010	3,310	3,810
Non-current liabilities	2,729	3,229	3,329	3,429
Total liabilities	5,789	6,239	6,639	7,239
Paid-up capital	364	364	364	364
Reserves & surplus	13,481	15,503	17,965	20,867
Shareholders' equity	13,844	15,866	18,329	21,231
Total equity & liabilities	19,633	22,105	24,968	28,470

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E	FY27E
PBT	2,476	3,053	3,718	4,382
Add: Depreciation	48	110	116	123
Interest Paid	218	131	145	150
Op profit before WC changes	2,430	3,294	3,979	4,655
Cash from Operations	3,283	3,273	1,790	3,743
Taxes paid	-474	-763	-930	-1,096
Cash from Operating Activities	2,810	2,509	861	2,648
Change in Fixed Assets	-677	-201	-201	-211
Net Cash from Investing Activities	-644	-201	-201	-211
Interest paid	-304	-131	-145	-150
Dividend paid	-291	-268	-326	-385
Net Cash from Financing	-2,034	102	-371	-434
Net cash for the period	131	2,410	289	2,003
Cash at end of period	319	2,729	3,018	5,020
Others	-	-	-	-
Cash as per Balance sheet	319	2,729	3,018	5,020

Source: Company, Axis Securities Research

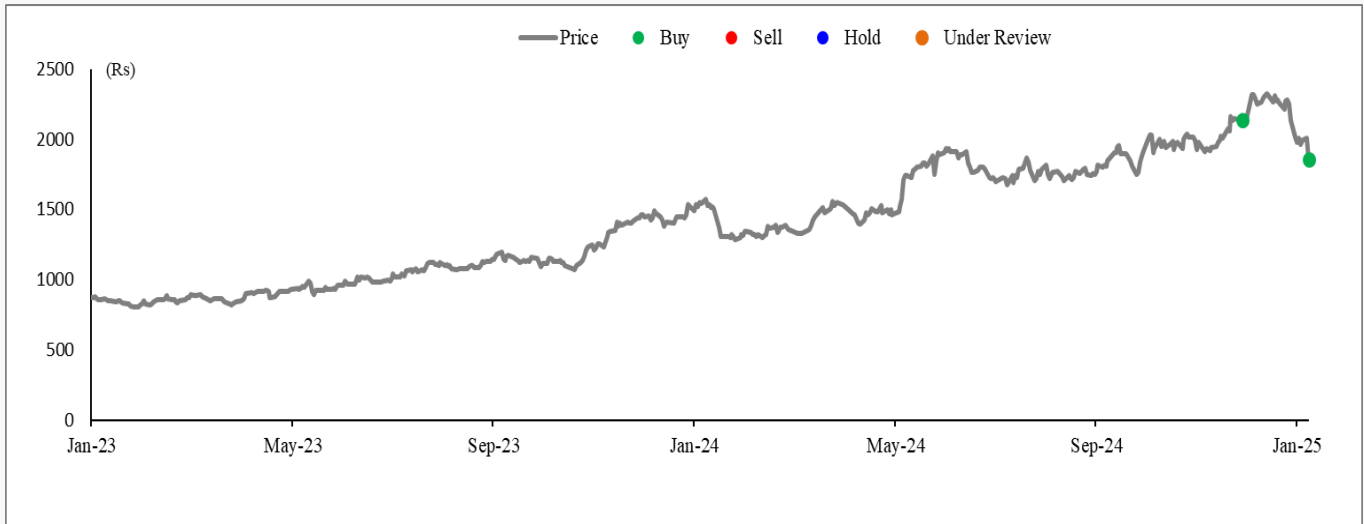
Ratio Analysis

(%)

Y/E Mar	FY24	FY25E	FY26E	FY27E
EPS (INR)	52.7	62.6	76.2	90.3
Growth, %	1.0	18.7	21.8	18.5
DPS (INR)	9.3	7.4	9.0	10.6
Return ratios				
Return on assets (%)	11.2	11.5	12.4	12.9
Return on equity (%)	13.9	14.4	15.1	15.5
Return on capital employed (%)	13.0	13.5	14.3	14.8
Turnover ratios				
Asset turnover (x)	0.3	0.4	0.4	0.5
Sales/Total assets (x)	0.2	0.3	0.3	0.3
Sales/Net FA (x)	0.8	1.0	1.2	1.4
Working capital/Sales (x)	2.0	1.5	1.6	1.5
Liquidity ratios				
Current ratio (x)	4.3	5.2	5.6	5.7
Quick ratio (x)	1.3	2.1	2.0	2.2
Interest cover (x)	10.8	23.8	25.7	29.5
Total debt/Equity (%)	0.2	0.3	0.4	0.3
Net debt/Equity (%)	0.1	0.2	0.3	(0.4)
Valuation				
PER (x)	35.2	33.7	27.7	23.4
PEG (x) - y-o-y growth	36.9	1.8	1.3	1.3
Price/Book (x)	4.9	4.8	4.2	3.6
EV/Net sales (x)	17.4	13.0	10.8	9.1
EV/EBITDA (x)	32.6	23.7	19.9	16.4
EV/EBIT (x)	33.3	24.6	20.5	16.8

Source: Company, Axis Securities Research

Oberoi Realty Price Chart and Recommendation History



Date	Reco	TP	Research
16-Dec-24	BUY	2,560	Initiating Coverage
22-Jan-24	BUY	2,560	Result Update

Source: Axis Securities Research

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Maneesh Mathew, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
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.