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Rating	Accumulate
Price	Rs270
Target Price	Rs309
Implied Upside	14.4%
Sensex	17,131
Nifty	5,189

(Prices as on April 26, 2012)
Trading data

Market Cap. (Rs bn)	80.7
Shares o/s (m)	298.4
3M Avg. Daily value (Rs m)	66.4

Major shareholders

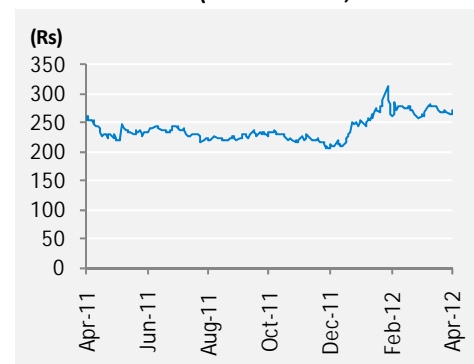
Promoters	78.49%
Foreign	10.33%
Domestic Inst.	0.67%
Public & Other	10.51%

Stock Performance

(%)	1M	6M	12M
Absolute	4.0	16.6	6.6
Relative	3.6	17.5	19.0

How we differ from Consensus

EPS (Rs)	PL	Cons.	% Diff.
2013	20.7	22.4	-7.4
2014	33.5	32.9	2.1

Price Performance (RIC: OEBO.BO, BB: OBER IN)


Source: Bloomberg

■ **Results above estimates:** Oberoi Realty declared results above ours as well as consensus estimates driven by a combination of better-than-expected sales along with higher execution at a few of their projects. Revenues grew by 35% QoQ to Rs2,548m; however, slightly down by 4.5% YoY on account of lower contribution from the completed project '*Splendor*' during the quarter. Boosted by higher realizations in the residential segment, reported EBITDA margins stood at 64.5%, the highest recorded in any quarter so far, an increase of 360bps QoQ and 1020bps YoY. Consequently, PAT increased by 5% YoY and 38.5% QoQ to Rs1,436m.

■ **Absorption increases despite sharp realization uptick:** During the quarter, Oberoi delivered an impressive sales performance, clocking sales to the tune of Rs2,789m, an increase of 57% QoQ, on the back of 42% increase in volumes (@ 0.176 msf) along with 10.5% increase in blended realizations. Despite 11.3% QoQ hike in prices at 'Esquire', Oberoi was able to sell ~10% higher volumes at this project reaffirming the location strength of Oberoi's land parcels. Healthy absorption at existing projects at Goregaon augurs well in terms of visibility of future pipeline of projects as the company has ~3.76 msf monetizable residential area at this location. In addition, increased construction progress at 'Splendor Grande' drove realizations higher by 5.4% QoQ at the project, post an already steep 10.6% hike seen in Q3FY12.

■ **Key concall highlights:** 1> State government has applied for environment clearance with the MOEF for the Mulund land and thus, management expects to launch the first phase of Mulund project by Q2FY13 2> Oasis Worli is expected to be launched soon, company has advanced an additional Rs1.8bn to slum rehab partner in lieu of an expected hike in FSI 3> Last phase of Goregaon residential project is expected to start construction by the end of FY13 4> Commerz II phase 1 is expected to be completed by September 2012, management has indicated a surge in inquiries for commercial space at Goregaon (~2 msf of lease inquiries in Goregaon commercial market).

Key financials (Y/e March)

	2011	2012	2013E	2014E
Revenues (Rs m)	9,843	8,247	13,525	21,891
<i>Growth (%)</i>	25.6	(16.2)	64.0	61.9
EBITDA (Rs m)	5,653	4,835	8,207	12,490
PAT (Rs m)	5,059	4,633	6,811	10,009
EPS (Rs)	15.4	14.1	20.7	33.5
<i>Growth (%)</i>	(2.7)	(8.4)	47.0	61.7
Net DPS (Rs)	1.0	2.0	3.5	5.0

Profitability & Valuation

	2011	2012	2013E	2014E
EBITDA margin (%)	57.4	58.6	60.7	57.1
RoE (%)	19.7	13.2	17.0	21.3
RoCE (%)	19.4	13.1	17.0	21.3
EV / sales (x)	7.6	9.2	5.8	3.3
EV / EBITDA (x)	13.2	15.7	9.5	5.8
PE (x)	17.5	19.2	13.0	8.1
P / BV (x)	2.7	2.4	2.1	1.6
Net dividend yield (%)	0.4	0.7	1.3	1.8

Source: Company Data; PL Research

- Valuation and outlook:** We retain our positive stance on the stock, given Oberoi's high visibility premium land bank, coupled with a strong balance sheet. We see multiple triggers ahead for the stock in the form of Mulund and Worli project launches In FY13 along with possible value accretive land acquisitions ahead. Our SOTP based target price stands at Rs309. We maintain **Accumulate**.

Exhibit 1: Q4FY12 Result Overview (Rs m)

Y/e March	Q4FY12	Q4FY11	YoY gr. (%)	Q3FY12	FY12	FY11	YoY gr. (%)
Sales	2,548	2,668	(4.5)	1,889	8,247	9,843	(0.2)
Expenditure							
Cost of construction	793	1,079	(26.5)	620	2,960	3,766	(21.4)
<i>% of Net Sales</i>	<i>31.1</i>	<i>40.5</i>		<i>32.8</i>	<i>35.9</i>	<i>38.3</i>	
Staff cost	85	80	6.4	76	329	270	21.7
<i>% of Net Sales</i>	<i>3.3</i>	<i>3.0</i>		<i>4.0</i>	<i>4.0</i>	<i>2.7</i>	
Other exp	28	59	(53.4)	44	123	153	(19.7)
<i>% of Net Sales</i>	<i>1.1</i>	<i>2.2</i>		<i>2.3</i>	<i>1.5</i>	<i>1.6</i>	
Total Expenses	906	1,218	(25.7)	739	3,412	4,190	(18.6)
EBITDA	1,642	1,449	13.3	1,150	4,835	5,653	(14.5)
<i>EBITDA Margin (%)</i>	<i>64.5</i>	<i>54.3</i>		<i>60.9</i>	<i>58.6</i>	<i>57.4</i>	
Depreciation	70	73	(4.1)	68	269	237	13.8
Other Income	307	286	7.3	310	1,501	627	139.3
EBIT	1,879	1,662	13.1	1,392	6,066	6,044	0.4
Less: Interest	1	0	300.0	1	3	2	98.5
PBT	1,878	1,662	13.0	1,391	6,063	6,042	0.3
Tax	443	291	52.5	354	1,430	983	45.5
<i>Effective Tax Rate (%)</i>	<i>23.6</i>	<i>17.5</i>		<i>25.5</i>	<i>23.6</i>	<i>16.3</i>	
PAT	1,435	1,371	4.6	1,037	4,633	5,059	(8.4)
Prior period items	(1)	5	NA	-	4	(5)	NA
Reported PAT	1,436	1,367	5.1	1,037	4,629	5,064	(8.6)

Source: Company Data, PL Research

Income Statement (Rs m)

Y/e March	2011	2012	2013E	2014E
Net Revenue	9,843	8,247	13,525	21,891
Raw Material Expenses	3,766	2,960	4,798	8,795
Gross Profit	6,077	5,287	8,727	13,095
Employee Cost	270	329	379	435
Other Expenses	153	123	142	170
EBITDA	5,653	4,835	8,207	12,490
Depr. & Amortization	237	269	260	260
Net Interest	2	3	—	—
Other Income	627	1,501	841	685
Profit before Tax	6,042	6,063	8,788	12,915
Total Tax	983	1,430	1,977	2,906
Profit after Tax	5,059	4,633	6,811	10,009
Ex-Od items / Min. Int.	(9)	—	—	—
Adj. PAT	5,059	4,633	6,811	10,009
Avg. Shares O/S (m)	328.2	328.2	328.2	298.4
EPS (Rs.)	15.4	14.1	20.7	33.5

Cash Flow Abstract (Rs m)

Y/e March	2011	2012	2013E	2014E
C/F from Operations	2,207	2,053	3,641	2,722
C/F from Investing	(1,624)	(3,621)	(3,427)	(3,777)
C/F from Financing	10,638	9	(9)	—
Inc. / Dec. in Cash	11,221	(1,559)	205	(1,056)
Opening Cash	3,631	13,993	12,934	10,537
Closing Cash	13,998	11,663	11,812	7,765
FCFF	(2,531)	1,298	1,159	2,609
FCFE	(2,531)	1,298	1,159	2,609

Key Financial Metrics

Y/e March	2011	2012	2013E	2014E
Growth				
Revenue (%)	25.6	(16.2)	64.0	61.9
EBITDA (%)	21.0	(14.5)	69.7	52.2
PAT (%)	10.6	(8.4)	47.0	47.0
EPS (%)	(2.7)	(8.4)	47.0	61.7
Profitability				
EBITDA Margin (%)	57.4	58.6	60.7	57.1
PAT Margin (%)	51.4	56.2	50.4	45.7
RoCE (%)	19.4	13.1	17.0	21.3
RoE (%)	19.7	13.2	17.0	21.3
Balance Sheet				
Net Debt : Equity	(0.4)	(0.3)	(0.2)	(0.2)
Net Wrkng Cap. (days)	186	1,248	243	323
Valuation				
PER (x)	17.5	19.2	13.0	8.1
P / B (x)	2.7	2.4	2.1	1.6
EV / EBITDA (x)	13.2	15.7	9.5	5.8
EV / Sales (x)	7.6	9.2	5.8	3.3
Earnings Quality				
Eff. Tax Rate	16.3	23.6	22.5	22.5
Other Inc / PBT	10.4	24.8	9.6	5.3
Eff. Depr. Rate (%)	3.0	3.3	2.3	2.3
FCFE / PAT	(50.0)	28.0	17.0	26.1

Source: Company Data, PL Research.

Balance Sheet Abstract (Rs m)

Y/e March	2011	2012	2013E	2014E
Shareholder's Funds	33,117	37,342	42,817	51,109
Total Debt	—	—	—	—
Other Liabilities	359	—	—	—
Total Liabilities	33,476	37,342	42,817	51,109
Net Fixed Assets	9,691	11,047	14,206	17,723
Goodwill	—	2,654	2,654	2,654
Investments	650	—	—	—
Net Current Assets	23,126	25,591	25,949	30,724
<i>Cash & Equivalents</i>	<i>13,993</i>	<i>12,934</i>	<i>10,537</i>	<i>7,765</i>
<i>Other Current Assets</i>	<i>15,545</i>	<i>22,408</i>	<i>29,413</i>	<i>38,326</i>
<i>Current Liabilities</i>	<i>6,412</i>	<i>9,751</i>	<i>14,001</i>	<i>15,366</i>
Other Assets	9	—	9	9
Total Assets	33,476	39,292	42,817	51,109

Quarterly Financials (Rs m)

Y/e March	Q1FY12	Q2FY12	Q3FY12	Q4FY12
Net Revenue	1,609	2,226	1,889	2,548
EBITDA	903	1,155	1,150	1,642
<i>% of revenue</i>	<i>56.1</i>	<i>51.9</i>	<i>60.9</i>	<i>64.5</i>
Depr. & Amortization	65	66	68	70
Net Interest	1	—	1	1
Other Income	542	343	310	307
Profit before Tax	1,384	1,432	1,391	1,877
Total Tax	316	317	354	443
Profit after Tax	1,063	1,114	1,037	1,436
Adj. PAT	1,058	1,114	1,037	1,437

Key Operating Metrics

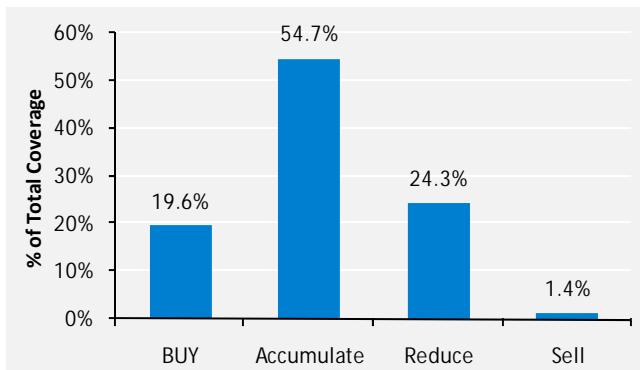
Y/e March	2011	2012	2013E	2014E
Sales Volume (msf)	0.9	0.7	1.5	2.6
Sales Value (Rs m)	9,143	9,560	27,243	44,036

Source: Company Data, PL Research.



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Rating Distribution of Research Coverage



PL's Recommendation Nomenclature

BUY	: Over 15% Outperformance to Sensex over 12-months	Accumulate	: Outperformance to Sensex over 12-months
Reduce	: Underperformance to Sensex over 12-months	Sell	: Over 15% underperformance to Sensex over 12-months
Trading Buy	: Over 10% absolute upside in 1-month	Trading Sell	: Over 10% absolute decline in 1-month
Not Rated (NR)	: No specific call on the stock	Under Review (UR)	: Rating likely to change shortly

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