

BONANZA WEALTH MANAGEMENT RESEARCH



13th March 2025

Oberoi Realty – BUY

CMP : Rs.1,556.0
Target Price : Rs.2,010.0
Upside : 29%+
Stop Loss : Rs.1,270.0 (Closing basis)

Investment Thesis

- Oberoi Realty Ltd. (OBEROIRLTY) is a one of the leading real estate companies in India with a focused development on residential, hospitality and commercial spaces. OBEROIRLTY aspires to develop aspirational projects through its marquee projects which has enabled them to successfully complete 47 projects across Mumbai.
- OBEROIRLTY has seven projects in its pipeline spanned over 24 million square feet, including the most anticipated gurugram project. This aligns OBEROIRLTY with a booming premium market which delivered a growth of 53% between FY23-24.
- OBEROIRLTY is positioned to deliver an improvement in EBITDA margin, this is supported by a diversified revenue mix and strong annuity income from its commercial portfolio. OBEROIRLTY showed tremendous growth in the occupancy rate of Commerz III and the management is optimistic to fully lease all its commercial portfolio by Y/E FY25.
- OBEROIRLTY has started worked strategically to diverse its geographical portfolio outside the Mumbai metropolitan region to tackle concentration risk, this strategy included acquisition of significant land parcels in Gurugram with the use of reinvested cashflow. In FY23, Oberoi realty also expanded its current MMR portfolio with the acquisition of land parcels in Thane, as a part of its long term growth strategy. The Thane development was announced in Q2FY25 which led to the company grow its pre-sales by 144% YoY in Q3 and is expected to generate nearly Rs.850 million in revenue during Q4FY25.

Financials

- OBEROIRLTY posted a 7.4% revenue growth in FY24, slowed by the absence of new launches and muted sales from existing projects. However, revenue is projected to rise 25% in FY25, driven by increased occupancy at Commerz III and revenue recognition from the Jardin project in Thane, positioning the company for accelerated growth.

Consol. (Rs. Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	42,932	44,958	55,921	64,940	76,729
EBITDA	22,123	24,099	33,586	38,982	45,437
EBITDA Margin (%)	52%	54%	60%	60%	60%
PAT	19,045	19,266	23,893	27,577	31,815
EPS (Rs.)	52.32	52.93	65.64	75.76	87.41
P/E (x)	29.74	29.40	23.71	20.54	17.80
RoE (%)	16.80%	14.80%	16.30%	17.10%	17.0%

Stock Data

Market Cap (Rs. Mn)	5,66,470
Market Cap (\$ Mn)	6,504.5
Shares O/S (in Mn)	364
Avg. Volume (3 month)	1,34,000
52-Week Range (Rs.)	2,350.00 / 1,274.00

Shareholding Pattern

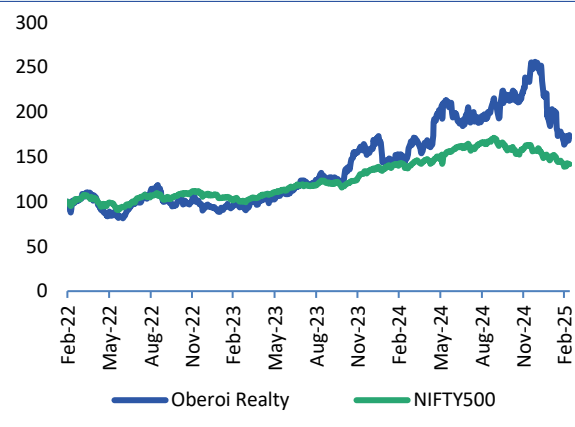
Promoters	67.71%
FII's	20.24%
Institutions	10.05%
Others (incl. body corporate)	2.00%

Key Ratios

Div Yield	0.51%
TTM PE	22.0x
ROE	13.5%
TTM EPS (Rs.)	71.0/-

Stock Performance

Performance (%)	1M	6M	1Yr
ABSOLUTE	-4.2%	-11.1%	18.5%
Nifty 500	-3.1%	-15.2%	0.5%



- PAT grew 1.2% YoY to Rs. 19,266 mn in FY24 due to a decrease in sales velocity of the Mulund and Borivali project. Management is optimistic of sales traction to return with a focus on accelerating upcoming launches.
- OBEROIRLTY reported an accelerated EBITDA 53.6% in FY24, up 320bps YoY as a result of increase in occupancy of commercial properties with strong annuity and leasing strength.
- OBEROIRLTY pre sales jumped 144% YoY and is expected to grow at a CAGR of 45% between FY25E to FY27E. Commercial portfolio saw an increase from 1 msq to 3.2 msq strengthening EBITDA margins for the upcoming years.
- Oberoi Mall operated at full capacity this quarter generating over Rs. 496 mn in revenue, whereas revenue from the hospitality business improved by 23%

Key Business Highlights

- Oberoi Realty, headquartered in Mumbai, is a prominent player in India's real estate sector, with a strategic focus on premium developments across residential, commercial, retail, hospitality, and social infrastructure segments. The company has established a strong brand presence, accompanied by a consistent track record of delivering high-quality projects that emphasize distinctive design, functional aesthetics, and superior finishes. OBEROIRLTY adopts a balanced approach through both multi-segment community based and single-segment developments, positioning itself as a key contributor to Mumbai's urban landscape.
- Oberoi Realty generates majority of its revenue from three verticals, residential properties accounts for 82% of revenue, followed by rental income from commercial property which generates 13% and lastly hospitality which comprises of 4%. It's residential development is set to add three new launches to a fleet of 47 projects in the upcoming year, A commercial project is in the pipeline in worli additional to a new mall in SkyCity Borivali which is expected to be operational by Y/E FY25. Hosiplatilty vertical includes 32 five star hotels excluding an upcoming hotel in SkyCity.
- Oberoi Realty gets its industry edge by deleveloping multi-segment projects, such development comprises of a combination of different verticals within a project, this helps Oberoi create a community and infrastructure that promises luxury and status.

Valuation

- A strong development pipeline for HIFY26, an improved EBITDA margin supported by higher occupancy in the commercial vertical and revenue recognition from the recent Jardin project, we expect the company to deliver an EPS CAGR of 16% between FY25E-FY27E, we recommend buy with a target price of Rs.2,010 valuing it at 23x FY27E EPS.

Risk & Concern

- The MMR region where OBEROIRLTY is currently concentrated saw a moderation in growth in the month Febuary with nearly 11,500 properties being registered as compared to the 12,000 number of January, Western suburbs saw a decline of market share of 10% brining concerns to OBEROIRLTY Skycity and Elysian projects.
- The recently launched Forestville project on Kolshet Road saw limited traction, with only 2.3% inventory sold this quarter. This increases Oberoi's reliance on the Jardin projects until the Gurugram launch.

Graphs & Charts

Figure 1: Net Sales Trend

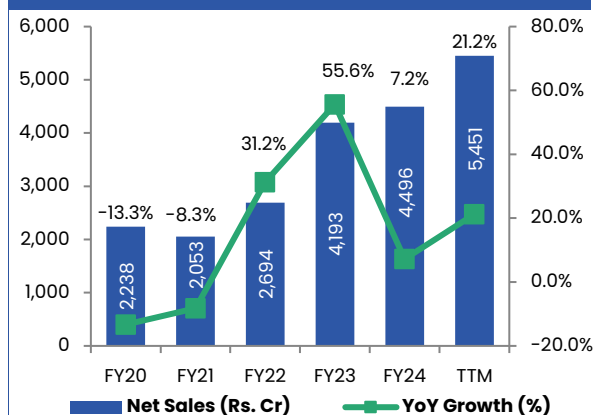


Figure 2: EBITDA & EBITDA Margin Trend

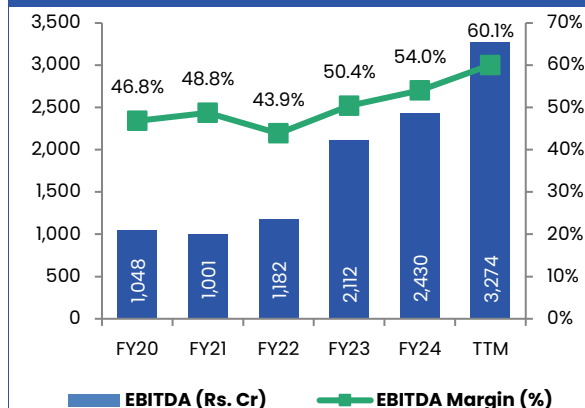


Figure 3: Product-wise Revenue

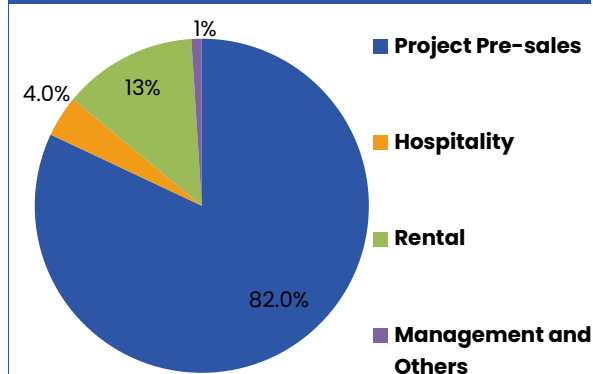
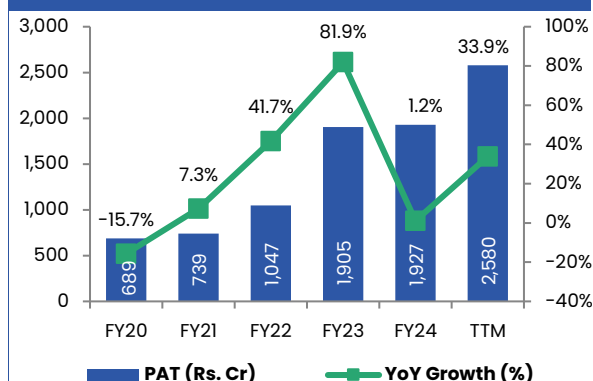


Figure 4: PAT Trend



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