

**BSE SENSEX** 58,569  
**S&P CNX** 17,465



Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	341.5 / 4.5
52-Week Range (INR)	1052 / 514
1, 6, 12 Rel. Per (%)	-1/-2/45
12M Avg Val (INR M)	986

### Financials & Valuations (INR b)

Y/E MARCH	2022E	2023E	2024E
Sales	27.9	42.6	47.8
EBITDA	12.5	20.1	22.5
EBITDA Margin (%)	44.6	47.1	47.1
Adj PAT	13.9	20.1	19.1
Cons. EPS (Rs)	38.3	55.3	52.4
EPS Growth (%)	88.2	44.4	-5.1
BV/Share (Rs)	294	347	398

### Ratios

Net D:E	0.2	0.1	(0.0)
RoE (%)	13.9	17.2	14.1
RoCE (%)	8.0	11.2	11.1
Payout (%)	5.2	3.6	3.8

### Valuations

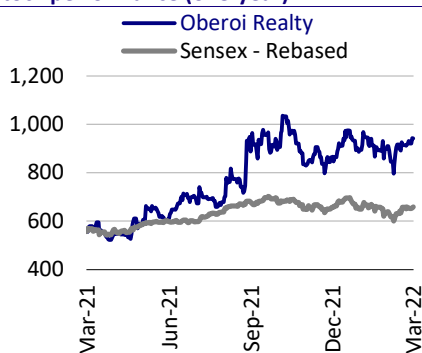
P/E (x)	24.7	17.1	18.0
EV/EBITDA (x)	3.2	2.7	2.4
Div. Yield (%)	29.0	17.7	15.1
FCF Yield (%)	12.9	8.3	7.1
EV/Sales (x)	24.7	17.1	18.0

### Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	67.7	67.7	67.7
DII	8.7	7.3	4.4
FII	20.5	22.2	25.6
Others	3.1	2.8	2.3

FII Includes depository receipts

### Stock performance (one-year)



**CMP: INR939**      **TP: INR1,200 (+28%)**      **Buy**

## Thane launch deferred to 1QFY23; sales momentum in ongoing projects intact

- As per our channel checks, OBER's Thane launch has been pushed out to 1QFY23 (likely in Apr'22) v/s our initial expectation of an early launch in Mar'22 as the company awaits approvals.
- We had assumed INR6b of sales from the Thane project in 4QFY22, which will now spill over to FY23. While the delayed launch will impact our 4QFY22 pre-sales/collections estimate, sales momentum in ongoing projects has largely remained intact.
- As per registry data, both Feb'22 and Mar'22 (till date) have reported a 25-30% rise in Mumbai property sales MoM. Total registrations are likely to end 35-50% higher in 4Q than the rest of the quarters in FY22.
- Project wise registration data till the beginning of Mar'22 for OBER indicates sales of 15-20 units across all projects, except Sky City, Borivali, which reported sales of ~75 units. With a further pickup in momentum in Mar'22, we expect the quarterly run-rate across all projects to at least remain intact, if not increase further.
- On the back of a delayed launch, we reduce our FY22 pre-sales estimate by 14%, but increase the same by 4%/7% for FY23/FY24 to account for the spillover. The Thane launch; restart of sales in Three Sixty West, Worli; and progress on new land acquisitions are key near term triggers for the stock. We maintain our Buy rating with a SoTP based TP of INR1,200.

## Thane project to be launched in 1QFY23; competition revving up

- As per our interactions with channel partners, OBER has not launched its Thane project. The same is likely to be launched in Apr'22, subject to approvals.
- While we had expected the project to be launched in the beginning of Mar'22, the management, in its recent concall, had indicated its plan to launch the project by 4QFY22 and not later than 1QFY23.
- Meanwhile, we have seen competition in the vicinity also gathering pace as Shapoorji Pallonji launched its next phase (Skyraa) of its Northern Lights project, offering 3BHK/4BHK starting at INR24.4m/INR30m. Apart from Skyraa, it will also compete with Raymond's The Address by GS and Indiabulls' One Indiabulls project offering a similar configuration.
- As per our channel checks, OBER is likely to differentiate itself from the competition by offering larger 3BHK/4BHK units starting at INR30m.

## Mumbai registrations data indicate continued momentum

- After a strong performance in Feb'22, property registrations gathered pace in Mar'22 (touched over 16,200 units MTD), with stamp duty poised to rise by 1% from 1<sup>st</sup> Apr'22.
- Project-wise registrations data for OBER available till the beginning of Mar'22 indicates sustained momentum, with registrations of 15-20 units across all projects, excluding Sky City, where registrations reached ~75 units.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- With a further increase in momentum in the industry in Mar'22, we expect sales velocity across OBER's projects to at least sustain the trend in 3Q and report pre-sales of INR8b in 4QFY22.

#### Valuation and view

- Adjusting for the delayed launch, we reduce our FY22 pre-sales estimate by 14% to INR38b. The same will increase to INR47b/INR51b in FY23/FY24.
- We tweak our FY22 revenue/EBITDA/PAT estimate by 19%/17%/13% to incorporate slower than expected progress in construction in its Mulund projects till 9MFY22 and the Omicron COVID wave delaying a recovery in the Retail business.
- With a robust (7msf) near-term launch pipeline across projects in Borivali, Goregaon, and Thane and INR100b of inventory nearing completion in Mulund and Worli, the sales run-rate is expected to remain strong over the next three-to-four years.
- Strong cash generation will enable business development and further growth visibility leading to a re-rating. We maintain our Buy rating on OBER, with a SoTP based unchanged TP of INR1,200, indicating an upside potential of 28%.

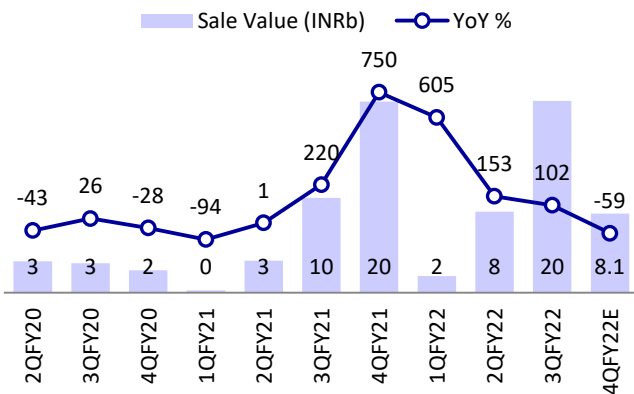
#### Exhibit 1: Based on our SoTP approach, we arrive at a NAV of INR437b, or INR1,200 per share, an upside potential of 28%

NAV calculation	Rationale	INR b	Per share (INR)	(%)
Residential	❖ DCF of five years' cash flow at a WACC of 11.3% and terminal value assuming 5% long-term growth	323	888	74%
Leasing – Offices and Malls	❖ Cap rate of 8.5% for operational assets and DCF for ongoing and planned assets	111	306	25%
Hospitality	❖ FY24E EBITDA at 17.5x EV/EBITDA	15	41	3%
<b>Gross asset value</b>		<b>449</b>	<b>1235</b>	<b>103%</b>
Less: Net debt	❖ FY23 estimate	(13)	(35)	(3%)
<b>Net asset value</b>		<b>437</b>	<b>1200</b>	<b>100%</b>
CMP			939	
Up/down (%)			28	

Source: MOFSL, Company

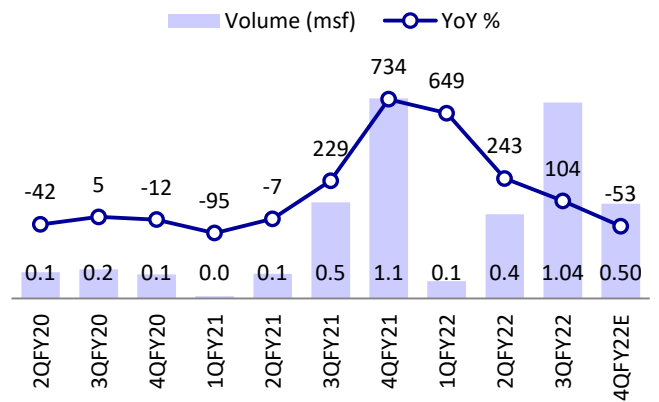
**Key exhibits**

**Exhibit 2: Expect pre-sales to decline by 59% YoY in 4QFY22 due to delay in the Thane launch and a higher base**



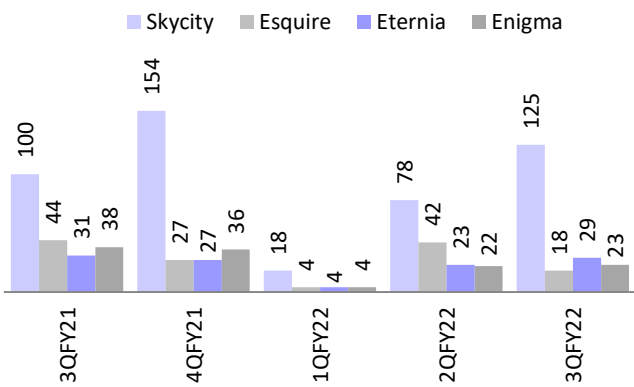
Source: Company, MOFSL

**Exhibit 3: Expect sales volume to decrease by 53% YoY**



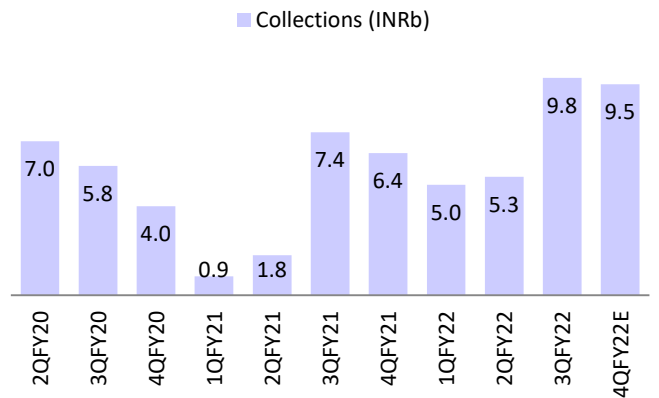
Source: Company, MOFSL

**Exhibit 4: Over the last few quarters, the strong demand momentum sustained across key projects**



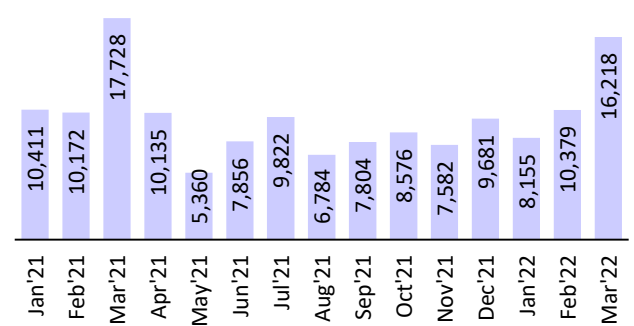
Source: MOFSL, Company

**Exhibit 5: Collections will largely remain flat QoQ at INR9.5b**



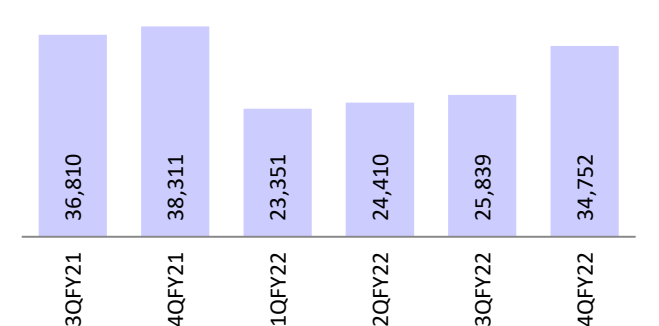
Source: MOFSL, Company

**Exhibit 6: Mar'22 to be the best month in FY22 for property registration, given the rise in stamp duty from Apr'22**



Source: MOFSL, Company

**Exhibit 7: Expect sales momentum for OBER to sustain as registrations pick up further in 4QFY22**



Source: MOFSL, Company

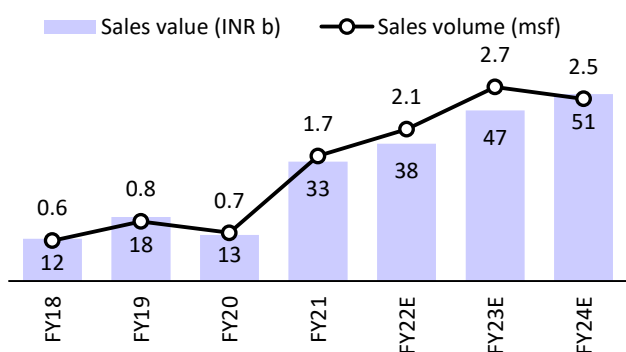
## Story in charts

**Exhibit 8: To launch 17msf of projects in coming years, 3msf of which will be launched over the next six months**

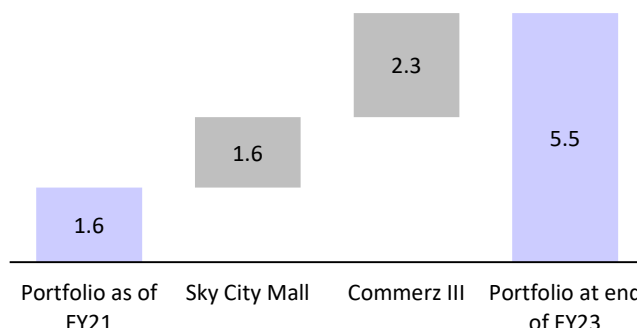
Project	Pending area to be launched	Comment
Sky City	2	❖ The management expects to launch the next phase of Sky City over the next 12 months
Worli	1.7	❖ It is planning a Residential project on GSK's land parcel in Worli, instead of a mixed-use project. Being adjacent to Three Sixty West, the launch will happen only post FY24
Elysian	3.4	❖ After the successful launch of the first phase, OBER launched another phase in Oct'21, which received a strong response. New inventory is not competitive to existing inventory
Thane	10	❖ After a long wait, the company is looking to launch Phase I of the Thane project in 1QFY23
<b>Total</b>	<b>17.1</b>	

Source: MOFSL, Company

**Exhibit 9: Expect OBER to deliver 15% CAGR in sales bookings over FY21-24 on a higher base**      **Exhibit 10: Expect the Commercial portfolio to treble to 5.5msf by FY23-end (msf)**

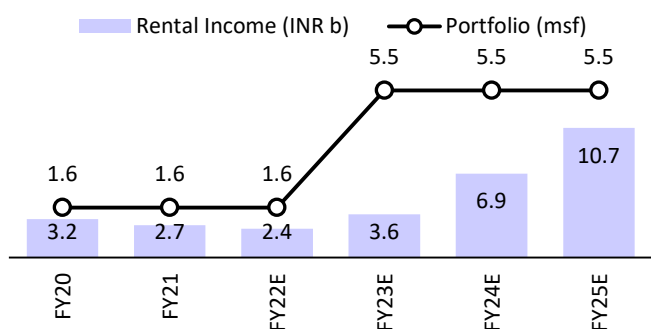


Source: Company, MOFSL



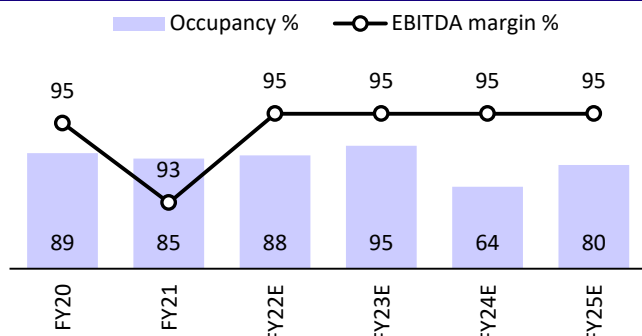
Source: Company, MOFSL

**Exhibit 11: Expect rental income to register 37% CAGR over FY21-24**



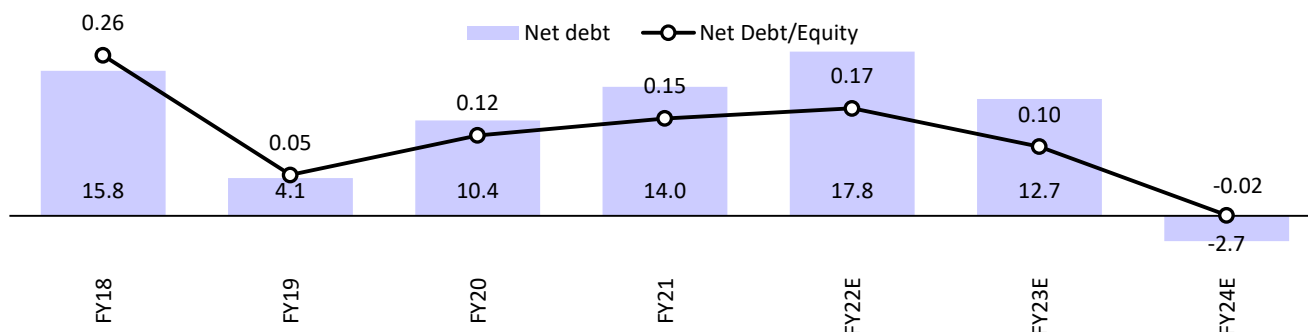
Source: MOFSL, Company

**Exhibit 12: Expect EBITDA margin to recover to over 95% by FY22**



Source: MOFSL, Company

**Exhibit 13: Annual post-tax cash flow run-rate of INR15-30b over the next three-to-four years to enable OBER to retain its financial strength and focus on business development**



Source: MOFSL, Company

## Financials and valuations

### Consolidated Income Statement

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Total Income from Operations</b>	<b>11,138</b>	<b>12,654</b>	<b>25,825</b>	<b>22,376</b>	<b>20,526</b>	<b>27,936</b>	<b>42,614</b>	<b>47,827</b>
Change (%)	-21.4	13.6	104.1	-13.4	-8.3	36.1	52.5	12.2
<b>Total Expenditure</b>	<b>5,440</b>	<b>5,902</b>	<b>14,271</b>	<b>11,897</b>	<b>10,522</b>	<b>15,482</b>	<b>22,534</b>	<b>25,321</b>
As a percentage of Sales	48.8	46.6	55.3	53.2	51.3	55.4	52.9	52.9
<b>EBITDA</b>	<b>5,698</b>	<b>6,753</b>	<b>11,554</b>	<b>10,480</b>	<b>10,004</b>	<b>12,454</b>	<b>20,080</b>	<b>22,506</b>
Margin (%)	51.2	53.4	44.7	46.8	48.7	44.6	47.1	47.1
Depreciation	495	491	440	449	412	400	981	1,640
<b>EBIT</b>	<b>5,203</b>	<b>6,262</b>	<b>11,113</b>	<b>10,031</b>	<b>9,592</b>	<b>12,053</b>	<b>19,099</b>	<b>20,866</b>
Int. and Finance Charges	56	69	194	885	760	780	758	533
Other Income	508	302	856	484	380	517	789	886
<b>PBT bef. EO Exp.</b>	<b>5,655</b>	<b>6,495</b>	<b>11,776</b>	<b>9,630</b>	<b>9,212</b>	<b>11,790</b>	<b>19,130</b>	<b>21,219</b>
EO Items	0	0	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>5,655</b>	<b>6,495</b>	<b>11,776</b>	<b>9,630</b>	<b>9,212</b>	<b>11,790</b>	<b>19,130</b>	<b>21,219</b>
Total Tax	1,869	1,907	3,607	2,796	1,851	2,948	4,783	5,305
Tax Rate (%)	33.0	29.4	30.6	29.0	20.1	25.0	25.0	25.0
Minority Interest/Profit from JV	0	0	0	59	32	5,072	5,741	3,157
<b>Reported PAT</b>	<b>3,786</b>	<b>4,588</b>	<b>8,169</b>	<b>6,893</b>	<b>7,393</b>	<b>13,914</b>	<b>20,089</b>	<b>19,071</b>
<b>Adjusted PAT</b>	<b>3,786</b>	<b>4,588</b>	<b>8,169</b>	<b>6,893</b>	<b>7,393</b>	<b>13,914</b>	<b>20,089</b>	<b>19,071</b>
Change (%)	-12.4	21.2	78.1	-15.6	7.2	88.2	44.4	-5.1
Margin (%)	34.0	36.3	31.6	30.8	36.0	49.8	47.1	39.9

### Consolidated Balance Sheet

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	3,636	3,636	3,636	3,636	3,636	3,636	3,636	3,636
Total Reserves	76,656	82,659	90,055	1,05,265	1,23,116	1,03,243	1,22,605	1,40,948
<b>Net Worth</b>	<b>80,292</b>	<b>86,295</b>	<b>93,691</b>	<b>1,08,901</b>	<b>1,26,752</b>	<b>1,06,879</b>	<b>1,26,241</b>	<b>1,44,584</b>
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	8,361	11,439	15,338	19,338	12,338	19,338	14,338	9,338
Deferred Tax Liabilities	260	284	348	348	348	348	348	348
<b>Capital Employed</b>	<b>88,912</b>	<b>98,018</b>	<b>1,09,378</b>	<b>1,28,587</b>	<b>1,39,438</b>	<b>1,26,565</b>	<b>1,40,927</b>	<b>1,54,270</b>
Gross Block	12,526	12,824	12,907	12,907	50,407	12,907	50,407	55,407
Less: Accum. Deprn.	1,910	2,359	2,771	3,171	4,153	3,171	4,153	5,793
<b>Net Fixed Assets</b>	<b>10,616</b>	<b>10,465</b>	<b>10,136</b>	<b>9,736</b>	<b>46,255</b>	<b>9,736</b>	<b>46,255</b>	<b>49,614</b>
Goodwill on Consolidation	0	0	0	0	0	0	0	0
Capital WIP	1,261	3,055	19,799	28,698	2,199	28,698	2,249	1,537
<b>Total Investments</b>	<b>29,378</b>	<b>24,062</b>	<b>16,196</b>	<b>21,339</b>	<b>27,128</b>	<b>21,268</b>	<b>27,009</b>	<b>30,166</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>69,983</b>	<b>74,632</b>	<b>74,405</b>	<b>83,974</b>	<b>80,659</b>	<b>79,134</b>	<b>85,123</b>	<b>95,075</b>
Inventory	41,655	53,173	46,626	49,865	47,225	51,735	50,342	45,831
Account Receivables	1,094	1,153	1,280	944	1,052	765	1,168	1,310
Cash and Bank Balance	4,253	1,083	1,331	2,161	1,664	1,491	1,653	12,064
Loans and Advances	22,981	19,223	25,168	31,003	30,718	25,142	31,961	35,870
<b>Curr. Liability and Prov.</b>	<b>22,325</b>	<b>14,196</b>	<b>11,158</b>	<b>15,160</b>	<b>16,803</b>	<b>12,271</b>	<b>19,709</b>	<b>22,122</b>
Account Payables	2,323	859	938	1,337	1,395	1,060	1,543	1,734
Other Current Liabilities	19,974	13,294	10,194	13,779	15,359	11,174	18,111	20,326
Provisions	28	43	26	44	49	36	55	61
<b>Net Current Assets</b>	<b>47,658</b>	<b>60,436</b>	<b>63,247</b>	<b>68,814</b>	<b>63,856</b>	<b>66,863</b>	<b>65,414</b>	<b>72,953</b>
<b>Appl. of Funds</b>	<b>88,912</b>	<b>98,018</b>	<b>1,09,378</b>	<b>1,28,588</b>	<b>1,39,439</b>	<b>1,26,566</b>	<b>1,40,927</b>	<b>1,54,271</b>

## Financials and valuations

<b>Ratios</b>								
<b>Y/E March</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
<b>Basic (INR)</b>								
<b>EPS</b>	<b>10.4</b>	<b>12.6</b>	<b>22.5</b>	<b>19.0</b>	<b>20.3</b>	<b>38.3</b>	<b>55.3</b>	<b>52.4</b>
Cash EPS	11.8	14.0	23.7	20.2	21.5	39.4	57.9	57.0
BV/Share	157.5	167.6	220.8	237.3	257.7	293.9	347.2	397.6
DPS	0.0	2.2	2.3	2.3	0.0	2.0	2.0	2.0
Payout (%)	0.0	17.8	10.0	14.3	0.0	5.2	3.6	3.8
<b>Valuation (x)</b>								
P/E	87.7	72.4	40.6	48.2	44.9	24.7	17.1	18.0
Cash P/E	77.6	65.4	38.6	45.2	42.5	24.0	16.3	16.6
P/BV	5.8	5.5	4.1	3.8	3.5	3.2	2.7	2.4
EV/Sales	30.3	27.5	13.0	15.3	16.9	12.9	8.3	7.1
EV/EBITDA	59.2	51.5	29.1	32.7	34.6	29.0	17.7	15.1
Dividend Yield (%)	0.0	0.2	0.2	0.2	0.0	0.2	0.2	0.2
FCF per share	2.7	-7.7	-0.7	-14.0	-17.1	-5.5	18.4	45.0
<b>Return Ratios (%)</b>								
RoE	6.8	7.8	11.6	8.3	8.2	13.9	17.2	14.1
RoCE	6.2	6.4	10.0	8.0	7.7	8.0	11.2	11.1
RoIC	9.4	9.6	14.8	11.5	10.8	12.3	15.5	14.2
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.1	1.1	2.1	1.7	1.6	2.2	0.8	0.9
Asset Turnover (x)	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.3
<b>Leverage Ratio (x)</b>								
Net Debt/Equity ratio	0.1	0.3	0.1	0.1	0.1	0.2	0.1	0.0

<b>Consolidated Cash Flow Statement</b>								<b>(INR m)</b>
<b>Y/E March</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
OP/(Loss) before Tax	5,623	6,495	11,776	9,689	9,244	16,862	24,872	24,375
Depreciation	495	491	440	449	412	400	981	1,640
Interest and Finance Charges	-319	-129	-251	885	760	780	758	533
Direct Taxes Paid	-1,825	-2,108	-3,243	-2,221	-2,031	-2,948	-4,783	-5,305
(Inc.)/Dec. in WC	-2,180	-6,754	-6,997	-11,205	-998	-3,456	1,611	2,872
<b>CF from Operations</b>	<b>1,794</b>	<b>-2,005</b>	<b>1,725</b>	<b>-2,404</b>	<b>7,387</b>	<b>11,638</b>	<b>23,439</b>	<b>24,115</b>
Others	-56	-17	-269	-416	-362	-5,589	-6,530	-4,042
<b>CF from Operations incl. EO</b>	<b>1,738</b>	<b>-2,022</b>	<b>1,456</b>	<b>-2,820</b>	<b>7,025</b>	<b>6,049</b>	<b>16,909</b>	<b>20,073</b>
(Inc.)/Dec. in FA	-763	-773	-1,707	-2,261	-13,241	-8,032	-10,209	-3,696
<b>Free Cash Flow</b>	<b>976</b>	<b>-2,795</b>	<b>-251</b>	<b>-5,081</b>	<b>-6,216</b>	<b>-1,983</b>	<b>6,700</b>	<b>16,377</b>
(Pur.)/Sale of Investments	82	0	0	5,863	39	0	0	0
Others	-4,071	-6,006	-5,053	-857	6,687	517	789	886
<b>CF from Investments</b>	<b>-4,752</b>	<b>-6,779</b>	<b>-6,760</b>	<b>2,745</b>	<b>-6,515</b>	<b>-7,515</b>	<b>-9,420</b>	<b>-2,811</b>
Issue of Shares	60	17	11,827	0	0	0	0	0
Inc./(Dec.) in Debt	3,820	8,306	-1,103	-508	317	4,000	-5,000	-5,000
Interest Paid	-527	-996	-1,516	-1,711	-1,480	-1,647	-1,600	-1,125
Dividend Paid	0	-818	-819	-877	0	-727	-727	-727
Others	0	0	0	0	-1	0	0	0
<b>CF from Fin. Activity</b>	<b>3,353</b>	<b>6,510</b>	<b>8,389</b>	<b>-3,095</b>	<b>-1,164</b>	<b>1,626</b>	<b>-7,327</b>	<b>-6,852</b>
<b>Inc./Dec. in Cash</b>	<b>339</b>	<b>-2,291</b>	<b>3,085</b>	<b>-3,169</b>	<b>-654</b>	<b>160</b>	<b>162</b>	<b>10,411</b>
Opening Balance	3,119	3,458	1,167	4,253	1,985	1,331	1,491	1,653
<b>Closing Balance</b>	<b>3,458</b>	<b>1,167</b>	<b>4,253</b>	<b>1,083</b>	<b>1,331</b>	<b>1,491</b>	<b>1,653</b>	<b>12,064</b>

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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