

**OBEROI REALTY**

OBEROIRLTY reported 16% YoY growth & 30% QoQ growth in consolidated revenue to Rs.258 Cr. driven by healthy execution of Reality Project. Revenue growth for the quarter was better than street expectation on account of better than expected revenues recognition, however other income declined to Rs 25 Cr. From 35 Cr. YoY. Revenue growth was primarily due to better than expected growth of revenue from project activities which grew by 21% YoY & 44% QoQ to Rs 198 Cr, revenue from rental activities also grown by 9% YoY to 35 Cr. The pre-sales volume at 1,30,094 sq feet was better than the expectation. ORL has also indicated that it applied for conversion of its commercial project Splendor Prisma into residential Revenue from project activities is driven by strong revenue recognition in Oberoi Exquisite, Oberoi Splendor Grande, & Oberoi Splendor projects, which shown a performance ahead of expectation. Average realization of Oberoi Exquisite, Oberoi Splendor Grande, & Oberoi Splendor projects is also shown a increasing tread. Unbilled Revenue of the company at the end of the current qtr stands at 1600 cr which shows the vision of strong revenue recognition in future. Mulund and Worli expected to be launched in Q3FY13 would hold key for pre-sales traction and stock performance going ahead. Environmental clearance of Exotica (Mulund) is delayed to Q2FY13, launch in Q3FY13E.

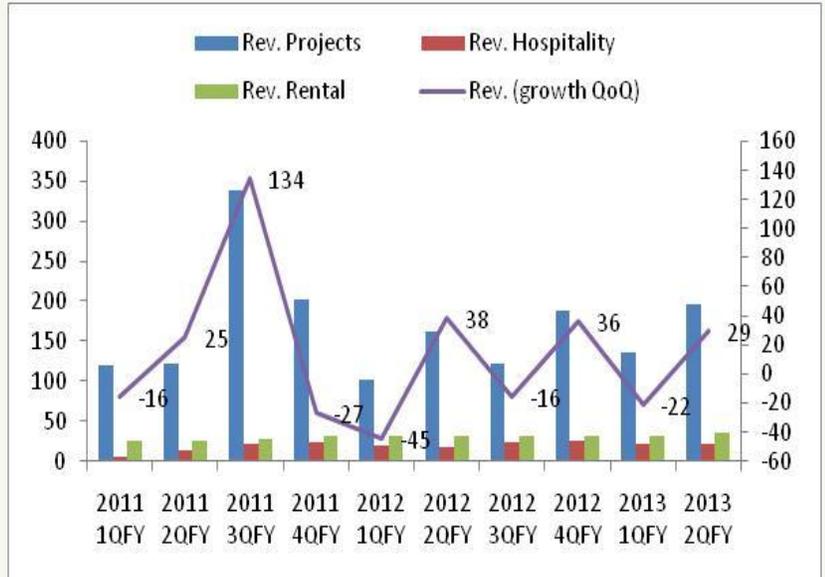
The Company EBITDA margin grew by 600 bps YoY & by 110 bps QoQ and stands at 58.1%. Company operating costs grew by 31% QoQ however cost as a percentage of sales were inline with the historical trends which help the company to maintain a growth in its EBITDA margin %.

EBITDA margin from projects business are increase by 600 bps YoY, however flat on QoQ, however EBITDA margin from rental activities Reduce to 96% (earlier 97%). In absolute term EBITDA increased by 29% YoY & 31% QoQ to Rs.150 Cr.

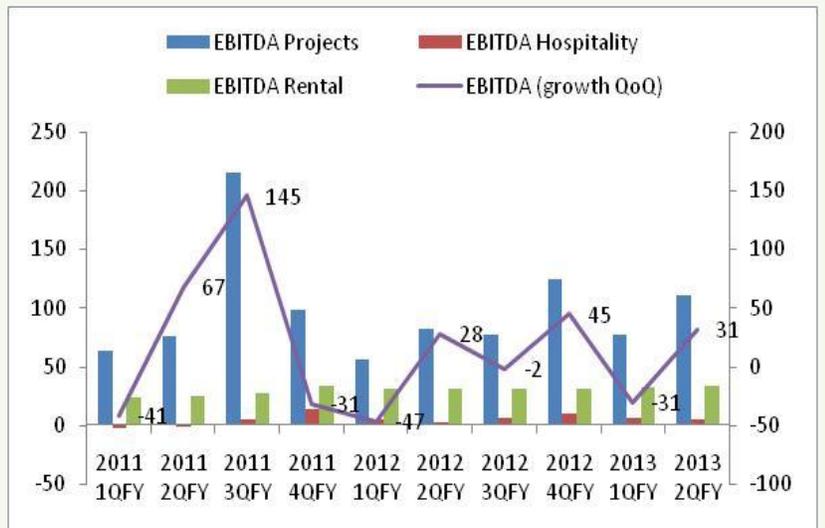
As the company is a debt free company there is not any kind of intrest burden which help the company to maintain its margin. There is a improvement of 180 bps in company operating profit & 110 bps in company net profit percentage due to decrease in depreciation expences & employee benefit expences by 100 bps in terms of sales on QoQ, while operating costs & other expences are in line with the historical trends.

We believe operating performance of reality sector is bottoming out. We have seen project volume growth of all majors reality companies; debt reduction plan and sustained realization. The company's net cash position, strong cash collection and quality management are significant positives.

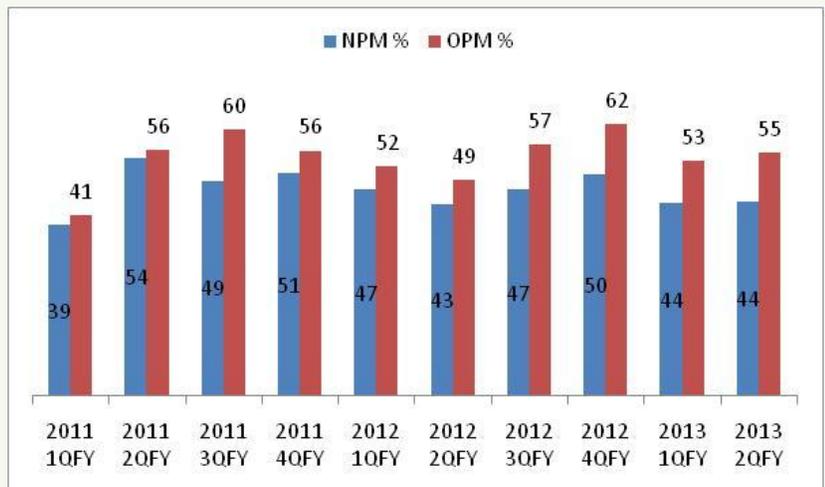
Oberoi has guided for launch of its Worli residential project and the environment clearance for Mulund project in Q2FY13. We believe these events are likely to be the key volumes / cash flow drivers for the company in FY13E/FY14E as existing projects are witnessing slowing volumes due to projects attaining mid-stage in its life cycle. We maintain 'BUY/Sector Performer'



(Source: Eastwind)



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