

Mahindra Lifespace (MAHLIF)

₹ 460

Reports better sales performance...

- Mahindra Lifespace Developers' (MLD) reported Q4FY18 results which were above our expectations on both topline & bottomline front. On volume front, sales volumes grew robustly by 44% sequentially to 0.36 msf
- Standalone net sales de-grew 51.5% YoY to ₹ 145.3 crore (our expectation: ₹ 110.2 crore) due to high base impact
- The EBITDA margins expanded sharply 1030 bps YoY to 10.5% (our expectation: 12.5%) mainly on account of lower project costs as a percentage of sales (67.2% in Q4FY18 vs. 88.2% in Q4FY17)
- Standalone PAT grew 223.8% YoY to ₹ 16.5 crore. It was above our expectation of ₹ 11.7 crore due to higher than expected other income (₹ 18.9 crore in Q4FY18 vs. our expectation of ₹ 14.0 crore)
- On a consolidated basis, topline declined 50.5% YoY to ₹ 161.8 crore while its bottomline grew robustly by 145.3% YoY to ₹ 47.7 crore
- The board has recommended final dividend of ₹ 6/share for FY18

Sales volumes grew robustly by 44.0% sequentially...

MLD's sales volume grew 44.0% sequentially to 0.36 msf in Q4FY18 showing an improvement in demand environment. It recorded sales worth ₹ 192 crore during the quarter. Sales were boosted mainly by the "Happiest Palghar" project launched under the HDFC partnership. The company received strong response for this project as it managed to sell close to 500 apartments within first two months of launch. The company is also in advance stages of due diligence for a land parcel in the MMR region with development potential of 0.7-0.8 msf. For FY18, the sales volumes grew robustly by 20.9% YoY to 1.1 msf.

New launches to boost sales volumes ahead...

The company is planning to launch 5 projects with total saleable area of ~2 msf in FY19E. Also, for Andheri project, the company is waiting for additional height approval and expects to launch the project in May, 2019. IOD and CC are in place for the project. While for Kandivali project, the dumping ground issue is cleared and company expects to launch it in Q1FY19E. For Sakinaka project, the company awaits height approvals, post which it will launch the same. Consequently, with strong new launch pipeline and approval issues getting cleared at its Mumbai projects, we expect MLD to post sales volumes of 1.8 msf in FY20E.

Improved performance at industrial clusters....

MLD has signed one new customer in MWCC & five new customers at MWCJ totaling ~18 acres of land lease in Q4FY18. While for FY18, it leased 45.9 acres at MWCJ and 15.3 acres at MWCC totaling 61.2 acres of land lease. The management expects the demand scenario to further improve over the next few quarters. With North Chennai park leasing to begin coupled with strong residential sales, we expect MLD's PAT to grow at 16.1% CAGR to ₹ 136.1 crore over FY18-20E.

Available at 1.1x FY20 P/BV; Maintain BUY...

We like MLD given its strong parentage, management's focus on improving return ratios through strategic partnerships with IFC & HDFC Capital & comfortable balance sheet (0.2x net D/E). With anticipated pick up in leasing activity at industrial clusters & various high margin projects to hit revenue recognition, we expect revenues to grow 23.0% YoY to ₹ 637.2 crore in FY20E and sales volumes to grow to 1.8 msf in FY20E. We have a **BUY** rating on MLD with TP of ₹ 525 (0.7x its potential NAV).

Rating matrix	
Rating	: Buy
Target	: ₹ 525
Target Period	: 18-24 months
Potential Upside	: 14%

What's Changed?	
Target	Changed from ₹ 570 to ₹ 525
EPS FY19E	Changed from ₹ 21.6 to ₹ 19.1
EPS FY20E	Introduced at ₹ 26.3
Rating	Unchanged

Quarterly Performance (Standalone)					
	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)
Revenue	145.3	299.5	-51.5	144.7	0.4
EBITDA	15.2	0.6	2,440.0	16.1	(5.3)
EBITDA (%)	10.5	0.2	1029 bps	11.1	-64 bps
PAT	16.5	5.1	223.8	13.2	24.9

Key Financials				
₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	762.2	566.2	518.1	637.1
EBITDA	50.3	57.4	64.9	109.9
Adj. PAT	102.2	101.0	98.6	136.1
Adj. EPS (₹)	19.8	19.5	19.1	26.3

Valuation summary				
(x)	FY17	FY18E	FY19E	FY20E
P/E (Adjusted)	23.3	23.5	24.1	17.5
Target P/E	21.1	26.9	27.5	19.9
EV / EBITDA	45.4	33.0	28.5	16.8
P/BV	1.1	1.1	1.1	1.1
RoNW (%)	6.0	4.9	4.6	6.1
RoCE (%)	4.7	5.1	5.2	6.7

Stock data	
Particular	Amount (₹ crore)
Market Capitalization	1,886.5
Total Debt	651.6
Cash and Investments	84.0
EV	2,454.1
52 week H/L (₹)	563 / 382
Equity capital	41.1
Face value	₹ 10

Price performance (%)				
Return %	1M	3M	6M	12M
Suntech Realty	12.2	10.1	23.5	105.8
Oberoi Realty	21.0	4.2	21.7	40.9
Sobha Ltd	16.3	(4.6)	1.3	39.3
Mahindra Lifespace	7.9	(13.3)	(3.6)	12.2
BSE Realty	8.1	(10.8)	9.2	21.8

Research Analyst	
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Variance analysis (Standalone)

Particular	Q4FY18	Q4FY18E	Q3FY18	QoQ (Chg %)	Q4FY17	YoY (Chg %)	Comments
Income from Operation	145.3	110.2	144.7	0.4	299.5	-51.5	
Other Income	18.9	14.0	14.0	35.0	15.7	20.6	
Cost of Projects	97.6	76.7	102.7	-5.0	264.2	-63.1	
Operating Expenses	5.1	4.1	5.3	-4.5	7.5	-32.0	
Employee cost	14.2	11.0	14.5	-2.2	16.4	-13.8	
Other expenditure	13.2	4.6	6.1	117.5	10.7	22.7	
EBITDA	15.2	13.8	16.1	-5.3	0.6	2,440.0	
EBITDA Margin (%)	10.5	12.5	11.1	-64 bps	0.2	1029 bps	EBITDA margin improved significantly with revenue recognition from high margin projects
Depreciation	0.9	1.0	1.0	-6.1	1.1	-15.6	
Interest	8.4	9.0	9.0	-6.2	7.5	11.7	
PBT	24.8	17.9	20.2	23.2	7.7	223.9	
Taxes	8.4	6.2	7.0	19.8	2.6	224.0	
PAT	16.5	11.7	13.2	24.9	5.1	223.8	PAT was about our expectation led by higher than expected other income

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	FY18 Actual	FY19E Old	FY19E New	% Change	FY20E Introduced	Comments
Revenue	566.2	529.8	518.1	-2.2	637.1	
EBITDA	57.4	87.7	64.9	-26.0	109.9	
EBITDA Margin (%)	10.1	16.6	12.5	-408 bps	17.2	We have delayed our sales assumptions on account of weak demand environment, especially in high margin projects.
PAT	101.0	111.2	98.6	-11.3	136.1	
EPS (₹)	19.5	21.5	19.1	-11.3	26.3	

Source: Company, ICICI Direct Research

Assumptions

Volume sold in msf	FY16	FY17	FY18	Current FY19E	Old FY19E	Introduced FY20E	Comments
Residential Sales Volume	1.2	1.0	1.0	1.8	1.9	1.8	We have tweaked our estimates

Source: Company, ICICI Direct Research

Exhibit 1: Summary by legal entity as per IND AS

Entity	Q4FY18				
	Total Income	EBITDA	PAT	Debt	Networth
MLDL	164.2		34.2	16.5	367.9
MHPL	85.2		7.5	2.3	908.2
MBDL	(4.0)		(9.8)	(6.1)	43.9
MITL	5.5		0.4	(0.6)	75.0
MRDL	10.2		0.4	0.3	-
MHDL	-		(2.5)	(2.5)	65.5
MWCDL	50.1		13.9	9.2	359.5
MWCJL	33.5		20.7	15.9	263.0
MIPCL	-		(1.3)	0.4	88.3
ICPL	0.3		(0.1)	(0.1)	127.6

Source: Company, ICICI Direct Research

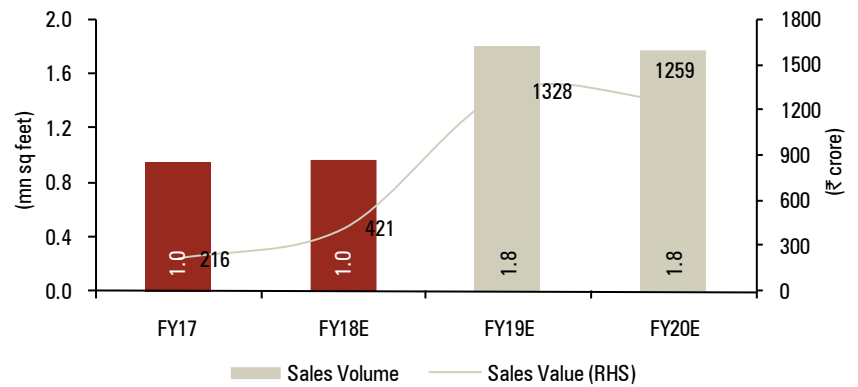
Conference Call Highlights:

- **HDFC Capital Partnership:** The company launched its first affordable housing project under this partnership. It launched Happinest Palghar which received strong response as the company managed to sell ~500 units within two months of launch. The company is also in advance stages of due diligence for a land parcel in the MMR region with development potential of 0.7-0.8 msf
- **Land parcels:** The company is looking to sign MoU's in Bangalore, MMR and Pune
- **World Cities Update:** MLD leased 15.5 acres at MWCJ and 2.5 acres in MWCC, respectively
- **New launches:** The company is planning to launch 5 projects with total saleable area of ~2 msf in FY19E
- **Mumbai projects:** For Andheri project, the company is waiting for additional height approval and expects to launch the project in May, 2019. IOD and CC are in place for the project. While for Kandivali project, the dumping ground issue is cleared and company expects to launch it in Q1FY19E. For Sakinaka project, the company awaits height approval, post which it will launch the same
- **Cost of debt:** The company repaid the last tranche of NCD's worth ₹ 200 crore (@10.75%) which should reduce its cost of debt, going forward
- **Land & property sale:** With its plan to focus on core assets, the company sold off its Nashik land for a consideration of ₹ 24 crore. It also sold Canopy commercial property for ₹ 15 crore
- **Ready inventory:** The company has ready inventory of 168 flats in its completed projects which it expects to sell over the next few quarters

Company Analysis

Exhibit 2: Forthcoming project to boost sales volume, going ahead

We expect MLD to post sales volumes of 1.8 msf in FY20E against 1.1 msf in FY18.



Source: Company, ICICI Direct Research

Exhibit 3: Strong forthcoming project pipeline to push up sales volume, going ahead

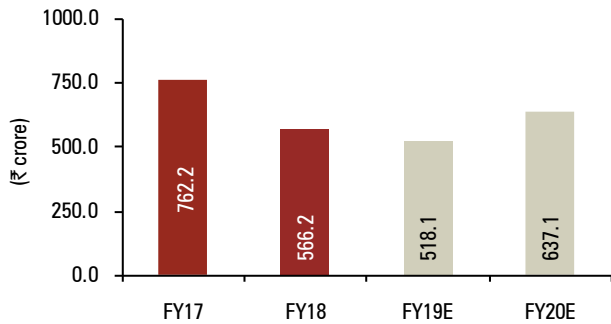
	Location	Project	Company	MLDL Holding	ESA (mn sft)
Existing projects new phases	Pune	Antheia subsequent phases	MLDL	100%	0.30
	Chennai	Aquality subsequent phases	MRDL	96%	0.07
	Chennai	Happinest Avadi - subsequent phases	MLDL	100%	0.26
	Nagpur	Bloomdale subsequent phases	MBDL	70%	0.22
	NCR	Luminare-subsequent phases*	MHPL	50%	0.37
	Mumbai	TheSerenes, Alibaug-subsequent phases	MLDL	100%	0.09
New Projects	MMR	Andheri	MLDL	100%	0.26
	MMR	Sakinaka	MLDL	100%	0.34
	MMR	Kandivali	MLDL	100%	0.14
	Pune	Pimpri	MLDL	100%	0.33
	Chennai	MWCC Residential	MITL	96%	1.31
	MMR	Palghar (I & II)	MLDL	100%	0.77
Forthcoming projects over the next 12-18 months				Total	4.44

Source: Company, ICICI Direct Research

*Joint Development

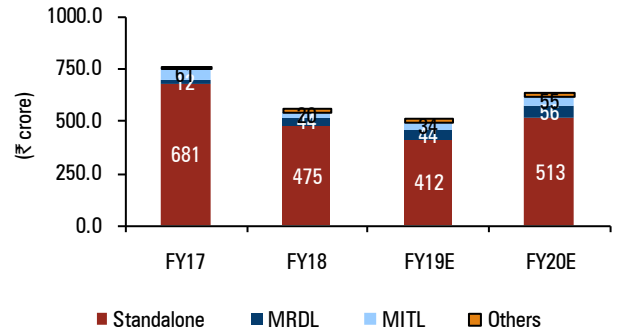
Financial story in charts...

Exhibit 4: Consolidated revenues trend



Source: Company, ICICI Direct Research

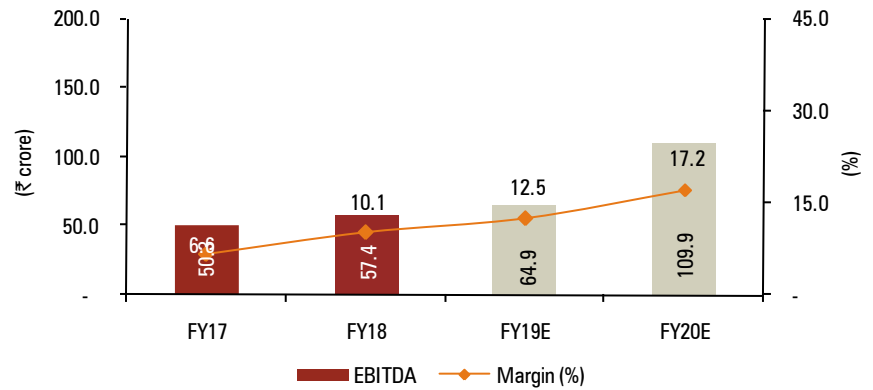
Exhibit 5: Forthcoming project to boost sales volume, going ahead...



Source: Company, ICICI Direct Research

We expect EBITDA margins to improve significantly to 17.2% in FY20E with revenue recognition from high margin projects ahead.

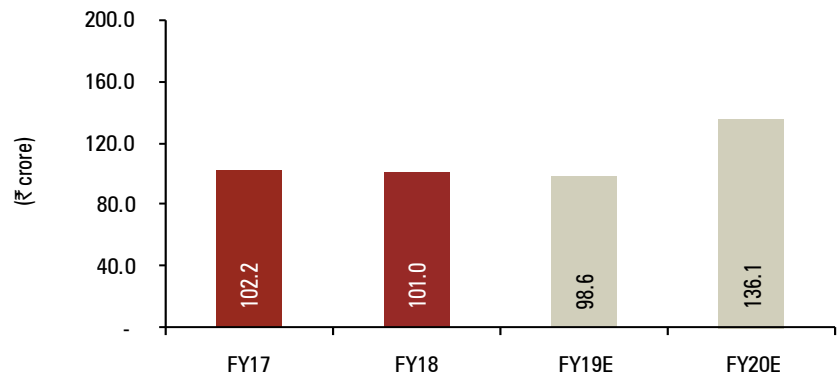
Exhibit 6: EBITDA and EBITDA margin trend...



Source: Company, ICICI Direct Research

MLD's PAT is expected to grow at 16.1% CAGR to ₹ 136.1 crore over FY18-20E.

Exhibit 7: PAT trend...



Source: Company, ICICI Direct Research

We maintain our BUY recommendation on the stock with revised TP of ₹ 525 (at 0.7x its potential NAV)

Outlook and valuation

We like MLD given its strong parentage, management's focus on improving return ratios through strategic partnerships with IFC & HDFC Capital & comfortable balance sheet (0.2x net D/E). With anticipated pick up in leasing activity at industrial clusters & various high margin projects to hit revenue recognition, we expect revenues to grow 23.0% YoY to ₹ 637.2 crore in FY20E. We have a **BUY** rating on MLD with TP of ₹ 525 (0.7x its potential NAV).

Exhibit 8: Valuation Table

Project	Mn sq ft/Acres	Value	NAV			NAV Multiple	Value	Target Valuation		
			MLD (%)	Stake	value			MLD (%)	Stake	value
Chennai		357.6			340.3		65.8			295.9
MWC - Chennai & North Chennai SEZ (in Acres)	2300	34.3	89	30.5		1.0x	34.3	89	30.5	6
Canopy	0.1	15.1	89	13.5		1.0x	15.1	89	13.5	3
MITL	9.5	195.3	96	187.4		0.8x	156.2	96	150.0	29
MRDL	0.4	100.0	96	96.0		0.8x	80.0	96	76.8	15
Avadi	0.4	12.9	100	12.9		0.8x	10.3	100	10.3	2
Jaipur		1119.2			995.6		192.6			436.2
MWC Jaipur SEZ (in Acres)	3000	324.4	74	240.1		1.0x	324.4	74	240.1	46
Evolve IT park - Operational	0.4	111.8	74	82.7		1.0x	111.8	74	82.7	16
Evolve IT park - Development	1.0	39.3	74	29.1		0.0x	0.0	74	0.0	0
Residential Area	13.6	643.7	100	643.7		0.0x	0.0	100	0.0	0
Ahmedabad		350.0			301.5		50*			150.7
MMR		2.4			886.2		171.4			796.2
Andheri	0.7	467.9	100.0	467.9		1.0x	486.6	100.0	486.6	94
Thane	0.6	284.4	100.0	284.4		0.7x	199.1	100.0	199.1	39
Kandivli	0.1	78.1	100.0	78.1		0.7x	54.7	100.0	54.7	11
Boisar	0.1	18.6	100.0	18.6		1.0x	18.6	100.0	18.6	4
Palghar	0.9	37.2	100.0	37.2		1.0x	37.2	100.0	37.2	7
Bengaluru		0.9			181.6		50			90.8
NCR		1.8			633.6		117.9			496.5
Luminare	1.8	457.2	94.7	432.8		0.7x	320.0	94.7	303.0	59
Mahindra Tower	0.1	176.5	100.0	176.5		1.0x	176.5	100.0	176.5	34
Pune		0.7			157.3		30.4			157.3
Hyderabad		0.7			14.5		2.8			14.5
Nagpur		0.6			68.2		9.2			47.7
Alibaug		0.2			141.9		27.5			99.4
Nasik		0.6			273.8		53.0			191.6
(Net Debt) / Cash		86.7	100	86.7		1.0x	86.7	100	86.7	17
NAV Valuation		4222.0			3794.9		734.1			3105.0
Rounded off Target price										525

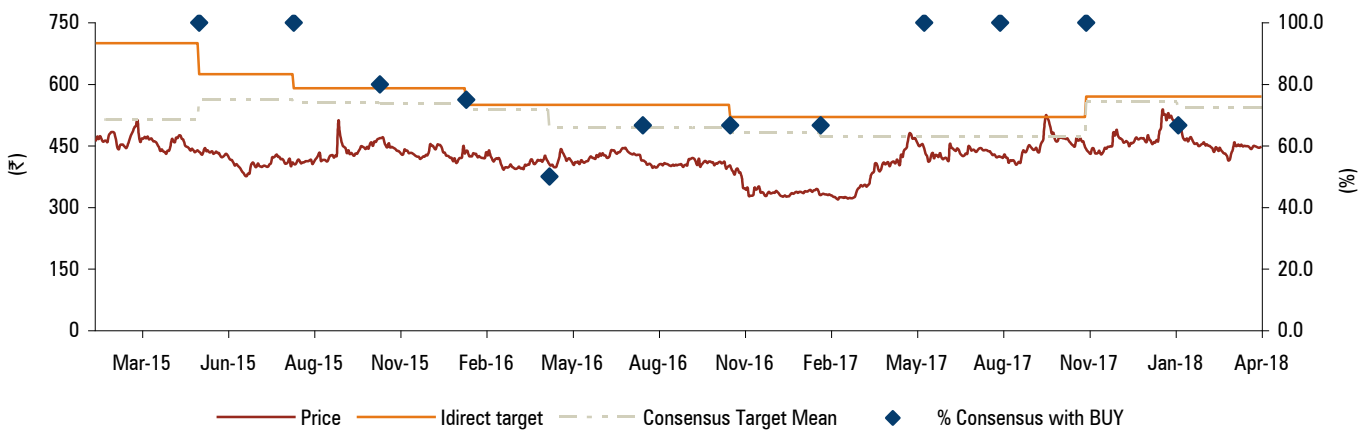
Source: Company, ICICI Direct Research

Exhibit 9: Valuation Metrics

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	762.2	28.5	24.9	11.4	18.5	45.4	6.0	4.7
FY18E	566.2	(25.7)	19.5	(21.5)	23.5	33.0	4.9	5.1
FY19E	518.1	(8.5)	19.1	(2.4)	24.1	28.5	4.6	5.2
FY20E	637.1	23.0	26.3	38.0	17.5	16.8	6.1	6.7

Source: Company, ICICI Direct Research

Recommendation History vs. Consensus chart



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Jun-15	Forays into Bengaluru market, by announcing upcoming launch of premium residential project, Windchimes spread over 5.85 acres offering 403 units of luxurious 3 and 4 BHK residences across 2 towers. Company looks to generate revenues of ₹ 700 crore over next four years
Jul-15	Looks to set up residential projects in states like Andhra Pradesh, Rajasthan, Madhya Pradesh under the affordable housing space
Nov-15	Acquires a land parcel in District Palghar, Maharashtra measuring 85,000 square metre for residential development
Dec-15	Commerce Ministry renews its demand that developers of special economic zones (SEZs), as well as the units in these enclaves, be given exemption from minimum alternate tax (MAT) and dividend distribution tax (DDT). If it is implemented, it will not only improve MLDL's cash flow position due to lower tax rate but would also improve demand absorption in Jaipur SEZ
Jan-16	The minimum alternate tax (MAT) levied on special economic zone (SEZ) developers and units may finally be removed in the coming Budget. Currently, MAT is levied at 18.5% on the book profit, with the effective rate touching 20%, factoring in surcharges
Mar-16	Rajya Sabha passes the Real Estate Regulation bill paving the way for regulation in the real estate sector. The bill would promote timely execution of projects, ensure speedy adjudication of disputes and help promote private participation
Apr-16	Mahindra Lifespace (MLDL) launches Phase 3 of its Affordable Residential Project 'HappinestBoisar' in Maharashtra on March 30, 2016
May-16	Mahindra Lifespaces launches Phase 3 of Antheia, Pune. It will comprise four towers and the first tower – currently earmarked for sale, will offer 2 and 2.5 BHK apartments, ranging in size from 1090 sq. ft. to 1390 sq. ft with total saleable area exceeding 1.5 lakh sq. ft.
Jun-16	Mahindra Lifespaces commences Phase 1 handover at Happinest, Avadi. Spread over 13.22 acres, it consists of 1 and 2 BHK apartments with sizes ranging from 396 sq. ft. to 677 sq. ft., priced from ₹ 19 - 24 lakh onwards (1 BHK regular and 2 BHK).

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Mahindra Group	31-Dec-17	51.5%	26.4	0.0
2	Stewart Investors	31-Dec-17	8.8%	4.5	-1.2
3	Capital Research Global Investors	31-Dec-17	7.3%	3.8	0.0
4	First State Investments (Singapore)	28-Feb-18	4.9%	2.5	0.0
5	ICICI Prudential Life Insurance Company Ltd.	31-Dec-17	4.3%	2.2	0.0
6	UTI Asset Management Co. Ltd.	31-Dec-17	2.7%	1.4	0.2
7	First State Investments (U.K.) Ltd	30-Sep-17	1.8%	0.9	0.0
8	Briarwood Capital Partners, L.P.	31-Dec-17	1.2%	0.6	0.6
9	Dimensional Fund Advisors, L.P.	28-Feb-18	1.1%	0.6	0.0
10	Caisse de Depot et Placement du Quebec	31-Dec-17	1.0%	0.5	0.5

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Jun-17	Sep-17	Dec-17	Mar-18
Promoter	51.6	51.6	51.6	51.6
Public	48.4	48.4	48.4	48.4
Others	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0

Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
Briarwood Capital Partners, L.P.	4.4	0.6	Stewart Investors	-8.9	-1.2
Caisse de Depot et Placement du Quebec	3.5	0.5	Dimensional Fund Advisors, L.P.	-0.1	0.0
UTI Asset Management Co. Ltd.	1.1	0.2			
ICICI Prudential Life Insurance Company Ltd.	0.3	0.0			
UTI International (Singapore) Pvt. Ltd.	0.1	0.0			

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				
	₹ Crore			
(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	762.2	566.2	518.1	637.1
Other Income	68.9	77.9	76.0	77.7
Total operating income	831.0	644.1	594.0	714.8
Operating Expenses	588.5	393.6	332.3	400.3
Employee Expenses	68.1	66.0	69.3	72.8
Administrative Expenses	55.2	49.1	51.6	54.2
Total Operating Expenditure	711.8	508.8	453.2	527.2
EBITDA	50.3	57.4	64.9	109.9
Interest	20.2	41.3	42.7	43.1
Depreciation	4.6	4.3	4.7	5.4
Other income	68.9	77.9	76.0	77.7
PBT	138.9	134.5	142.5	196.3
Taxes	33.0	31.2	41.3	56.5
PAT before MI	105.9	103.4	101.2	139.8
Minority Interest	(3.7)	(2.4)	(2.5)	(3.7)
PAT	102.2	101.0	98.6	136.1
PAT Growth rate	11.5	(1.2)	(2.4)	38.0
EPS	24.9	19.5	19.1	26.3

Source: Company, ICICI Direct Research

Cash flow statement				
	₹ Crore			
(₹ Crore)	FY17	FY18E	FY19E	FY20E
Profit after Tax	102.2	101.0	98.6	136.1
Depreciation	4.6	4.3	4.7	5.4
Add: Interest	20.2	41.3	42.7	43.1
Other Income	(68.9)	(77.9)	(76.0)	(77.7)
Cash Flow before wc changes	91.2	99.8	111.4	163.5
Changes in Working Capital	1,154.3	21.2	(28.1)	(95.0)
Taxes Paid	(35.5)	(31.2)	(41.3)	(56.5)
Net CF from operating activities	1,210.0	89.8	42.0	12.0
(Purchase)/Sale of Fixed Assets	231.8	(5.2)	(5.0)	(5.0)
(Purchase)/Sale of Investment	(433.9)	-	-	-
Other Income	68.9	77.9	76.0	77.7
Net CF from Investing activities	(133.2)	72.8	71.0	72.7
Issue/(Repayment of Debt)	(1,146.8)	(250.0)	-	(20.0)
Changes in Minority Interest	(127.0)	-	-	-
Changes in Networth	34.0	271.2	(28.1)	(38.8)
Interest	(20.2)	(41.3)	(42.7)	(43.1)
Net CF from Financing activities	(1,223.9)	(20.1)	(70.8)	(101.9)
Net Cash flow	(147.0)	142.5	42.2	(17.2)
Opening Cash	180.8	84.0	226.5	268.7
Closing Cash/ Cash Equivalent	33.8	226.5	268.7	251.4

Source: Company, ICICI Direct Research

Balance sheet				
	₹ Crore			
(₹ Crore)	FY17	FY18E	FY19E	FY20E
Equity Capital	41.1	41.1	41.1	41.1
Reserve and Surplus	1,658.5	2,030.7	2,101.3	2,198.6
Total Shareholders funds	1,699.6	2,071.8	2,142.3	2,239.6
Minority Interest	43.5	43.5	43.5	43.5
Total Debt	651.6	401.6	401.6	381.6
Deferred Tax Liability (Net)	37.5	37.5	37.5	37.5
Total Liabilities	2,432	2,554	2,625	2,702
Gross Block	30.9	35.9	40.9	45.9
Less Acc. Dep	20.7	24.8	29.5	34.9
Net Block	10.2	11.2	11.4	11.0
Goodwill on Consolidation	66.1	66.1	66.1	66.1
Capital WIP	8.5	8.5	8.5	8.5
Total Fixed Assets	84.7	85.7	85.9	85.5
Investments	765.7	765.7	765.7	765.7
Inventory	1,171.2	1,216.0	1,272.9	1,318.7
Sundry Debtors	98.1	81.1	75.9	87.9
Loans & Advances	289.6	450.7	396.2	486.6
Cash & Bank Balances	84.0	226.5	268.7	251.4
Other Current Assets	424.6	200.5	172.8	217.2
Total Current Assets	2,067.6	2,174.8	2,186.5	2,361.9
Other Current Liabilities	473.5	381.2	334.6	413.1
Provisions	12.3	90.6	78.6	97.8
Net Current Assets	1,581.7	1,703.0	1,773.3	1,851.0
Total Assets	2,432	2,554	2,625	2,702

Source: Company, ICICI Direct Research

Key ratios				
	FY17	FY18E	FY19E	FY20E
Per Share Data (₹)				
EPS - Diluted	19.8	19.5	19.1	26.3
Cash EPS	26.0	20.4	20.0	27.4
Book Value	328.8	400.8	414.4	433.3
Dividend per share	7.1	5.6	5.4	7.5
Operating Ratios (%)				
EBITDA / Net Sales	6.6	10.1	12.5	17.2
PAT / Net Sales	13.4	17.8	19.0	21.4
Return Ratios (%)				
RoE	6.0	4.9	4.6	6.1
RoCE	4.7	5.1	5.2	6.7
RoIC	2.1	2.5	2.8	4.6
Valuation Ratios (x)				
EV / EBITDA	45.4	33.0	28.5	16.8
P/E (Diluted)	23.3	23.5	24.1	17.5
EV / Net Sales	3.0	3.3	3.6	2.9
Market Cap / Sales	2.5	3.3	3.6	3.0
Price to Book Value	1.1	1.1	1.1	1.1
Solvency Ratios (x)				
Debt / Equity	0.4	0.2	0.2	0.2
Debt / EBITDA	12.9	7.0	6.2	3.5
Current Ratio	4.1	4.1	4.6	4.1
Quick Ratio	1.7	1.6	1.6	1.5

Source: Company, ICICI Direct Research

ICICI Direct Research coverage universe (Real Estate)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
	(₹)	TP(₹)	Rating		FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Oberoi Realty (OBBEREA)	549	550	Hold	18,018	11.2	13.5	24.3	51.2	42.3	23.5	31.7	27.3	12.9	3.4	3.2	2.9	6.6	7.5	12.2
Mahindra Lifespace (GESCOR)	460	525	Buy	1,879	24.9	19.5	19.1	8.9	25.9	23.3	7.0	38.4	45.4	1.3	1.2	1.1	18.0	5.9	6.0
Sobha (SOBDEV)	547	610	Hold	5,501	16.7	22.7	27.7	33.6	24.8	20.2	18.0	14.2	12.5	2.0	1.9	1.8	6.1	7.8	9.0
Sunteck Realty (SUNRE)	428	440	Buy	5,136	14.8	16.9	22.7	16.7	14.7	10.9	12.3	9.2	6.8	1.9	1.3	1.2	11.6	8.9	10.9

Source: Company, ICICI Direct Research

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Buy: > 10%/15% for large caps/midcaps, respectively;

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Sell: -10% or more;



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