May 22, 2018

Sobha Ltd (SOBDEV)

₹ 501

Rating matrix

Rating	:	Hold
Target	:	₹ 550
Target Period	:	12 months
Potential Upside	:	10%

What's Changed?

Target	Changed from ₹ 610 to ₹ 550
EPS FY19E	Changed from ₹ 27.7 to ₹ 25.8
EPS FY20E	Introduced at ₹ 29.1
Rating	Unchanged

Quarterly Performance

	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)
Revenue	769.6	583.9	31.8	691.9	11.2
EBITDA	136.4	120.2	13.5	137.5	-0.8
EBITDA (%)	17.7	20.6	-286 bps	19.9	-215 bps
PAT	65.4	47.0	39.1	53.4	22.5

Key Financials

(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	2,229.0	2,783.0	3,093.5	3,397.2
EBITDA	419.8	519.7	588.8	658.9
Net Profit	160.8	216.8	245.0	275.8
EPS (₹)	16.7	22.9	25.8	29.1

Valuation summary

(x)	FY17	FY18E	FY19E	FY20E
P/E	30.0	22.3	19.7	17.5
Target P/E	33.0	24.4	21.6	19.2
EV / EBITDA	16.6	13.7	12.1	10.7
P/BV	1.8	1.7	1.6	1.5
RoNW (%)	6.1	7.8	8.3	8.8
RoCE (%)	7.7	9.7	10.3	11.2

Stock data

Particular	Amount (₹ crore)
Market Capitalization	5,501.4
Total Debt	2,239.5
Cash and Investments	165.9
EV	7,575.0
52 week H/L (₹)	687 / 277
Equity capital	96.3
Face value (₹)	10.0

Price performance (%)

Return %	1M	3M	6M	12M
Sobha	(6.3)	(7.1)	(3.2)	28.5
Sunteck Realty	(3.4)	4.4	9.5	86.4
Mahindra Lifespace	16.6	16.5	17.1	23.2
Oberoi Realty	(1.0)	10.6	4.8	32.3
BSE Realty	(5.5)	(7.4)	(6.6)	9.3

Research Analyst

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Sales volumes improve further…

- Sobha's topline grew robustly by 31.8% YoY to ₹ 769.6 crore (our estimate: ₹ 704.4 crore) led by 34.7% YoY growth in revenues from real estate division to ₹ 501.3 crore (our estimate: ₹ 391.9 crore). Also, its contractual revenues grew 23.9% YoY to ₹ 268.3 crore (our estimate: ₹ 197.4 crore)
- EBITDA margin contracted 290 bps YoY to 17.7% (our estimate: 20.2%) possibly due to cost escalation booked in real estate division
- Net profit grew robustly by 39.1% YoY to ₹ 65.4 crore (our estimate: ₹ 56.3 crore) led by strong topline growth and lower effective tax rate (27.9% in Q4FY18 vs. 39.2% in Q4FY17)

Sales volumes grow robustly at 8.8% QoQ to 1.02 msf in Q4FY18…

Sobha's sales volumes grew robustly at 8.8% sequentially (up 40.4% YoY) to 1.02 million square feet (msf) led by two new launches viz. 'Sobha Forest Edge' in Bengaluru and 'Sobha Gardenia' in Chennai during Q4FY18 with combined saleable potential of 0.63 msf. The Bengaluru market continued to perform robustly with 16.5% QoQ growth to 0.75 msf. Also, the company saw good traction in the Kochi market where it managed volumes of 116409 sq ft (vs. 109704 sq ft in Q3FY18). Further, Sobha has achieved sales worth ₹ 655.8 crore (up 7.4% sequentially) with average realisation of ₹ 6457/ sq ft. The management believes the demand scenario is steadily improving with RERA implementation.

Planning to launch eight to nine new projects in FY19E…

The company plans to launch eight to nine projects in FY19E across key markets including Bengaluru, Chennai, Mysore and Kochi. Consequently, Sobha expects to improve its sales momentum ahead. Also, with implementation of RERA, the management indicated that several unorganised developers have stopped operations that enables organised developer like Sobha to grab market share in its key areas of operations. Sobha is also looking to enter newer geographies like Hyderabad and Thiruvananthapuram over the course of time. With the demand scenario expected to improve with rising consumer confidence amid RERA and well planned new launches, we build in sales volumes of 3.9 msf and 4.1 msf in FY19E and FY20E, respectively.

Contractual division orderbook strong at ₹ 1740 crore…

With order inflows worth ₹ 610 crore from the LuLu Group and Biocon in FY18, Sobha's contractual orderbook is strong at ~₹ 1740 crore, 3.8x its TTM contractual division revenues, showing strong revenue visibility over the next few years. Also, the company received one contractual order worth ₹ 563 crore from Azim Premji Foundation in Q1FY19E. Despite strong order accretion and a robust orderbook, given the high base, we expect contractual & manufacturing revenues to grow moderately at 7.5% CAGR to ₹ 908.3 crore in FY18-20E.

Remain watchful on new geography foray; maintain HOLD…

Sobha's sales volumes continued to improve with the company posting volume growth of 20.8% YoY to 3.6 msf. Furthermore, with the demand scenario improving and a slew of new launches lined up, the company expects the sales momentum to improve further. However, we do not foresee any meaningful debt reduction in the near future. Also, the company's plans to enter new geographies like Ahmedabad, Thiruvananthapuram and Hyderabad needs to be watched closely. Hence, we maintain our **HOLD** recommendation on the stock with a revised SOTP based target price of ₹ 550/share.

Variance analysis

₹ crore	Q4FY18	Q4FY18E	Q4FY17	YoY (Chg %)	Q3FY18	QoQ (Chg %)	Comments
Income from Operation	769.6	704.4	583.9	31.8	691.9	11.2	Topline growth could be attributed to strong growth in real estate revenues
Other Income	19.6	8.5	12.5	56.8	8.5	130.6	
Material & construction cost	414.1	406.9	399.9	3.6	399.7	3.6	
Employee cost	52.6	48.2	43.2	21.8	47.3	11.2	
Other expenditure	110.1	81.6	81.8	34.6	82.1	34.1	
EBITDA	136.4	142.0	120.2	13.5	137.5	-0.8	
EBITDA Margin (%)	17.7	20.2	20.6	-286 bps	19.9	-215 bps	
Depreciation	13.5	13.7	17.3	-22.0	13.7	-1.5	
Interest	51.8	49.8	39.7	30.5	49.8	4.0	
PBT	90.7	87.0	75.7	19.8	82.5	9.9	
Taxes	25.3	30.7	29.7	-14.8	29.1	-13.1	
PAT	65.4	56.3	47.0	39.1	53.4	22.5	PAT growth was led by strong topline growth and lower tax expenses
Key Metrics							
Sales Volume (msf)	1.02	0.93	0.72	40.4	0.93	8.8	Sobha reported strong sequential volume growth of 8.8% indicating a gradual revival in demand environment
Realisation (₹)	6,457	6,600	6,979	-7.5	6,541	-1.3	

Source: Company, ICICI Direct Research

Change in estimates

	FY17	FY18	FY19E			FY20E	Comments
(₹ Crore)			Old	New	% Change	New	
Revenue	2,229.0	2,783.0	3,188.9	3,093.5	-3.0	3,397.2	We tweak our estimates
EBITDA	419.8	519.7	629.8	588.8	-6.5	658.9	
EBITDA Margin (%)	18.8	18.7	19.7	19.0	-67 bps	19.4	We lower our margin assumptions after factoring in FY18 performance
PAT	160.8	216.8	267.0	245.0	-8.3	275.8	
EPS (₹)	16.7	22.9	27.7	25.8	-8.3	29.1	

Source: Company, ICICI Direct Research

Assumptions

					Current	Earlier	Introduced	
Volume sold in msf	FY15	FY16	FY17	FY18	FY19E	FY19E	FY20E	
Total	3.3	3.4	3.0	4.1	3.9	3.8	4.1	We factor in strong sales momentum ahead

Source: Company, ICICI Direct Research

Conference Call Highlights:

- **New launches:** The company plans to launch eight to nine new projects in FY19E with a total saleable area of 8 msf. Around four to five projects are at advanced stages while the balance is expected to be launched by FY19E end
- **Affordable housing:** The management is bullish on the affordable housing prospects and is planning to launch an affordable housing project in North Bengaluru. It would be an 1800-apartment project (2 BHK each). Also, the building plan has been approved
- **New markets:** The company is assessing and may look to enter new markets like Hyderabad and Thiruvananthapuram in the near future. Also, in the last quarter, the company entered the Gujarat market with a residential project in Gift City, Ahmedabad
- **Revenue recognition:** One wing of Sobha Dream Acres and Sobha Clovely reached the revenue recognition threshold during the quarter and contributed ₹ 69.5 crore to the topline
- **EBITDA margin:** Margins continued to remain under pressure due to a rise in input costs and higher marketing & sales promotion costs (~4% of revenue)
- **Debt update:** Net debt has reduced by ₹ 128.5 crore to ₹ 2199.1 crore with net debt to equity of 0.79x in Q4FY18. The current cost of debt has come down to 9.39% in Q4FY18 vs. 9.74% in Q3FY18
- **Contract & manufacturing division:** The orderbook is strong at ₹ 1740 crore. Also, the company has received one contractual order worth ₹ 563 crore in Q1FY19E. The management expects the revenue momentum to improve, going forward

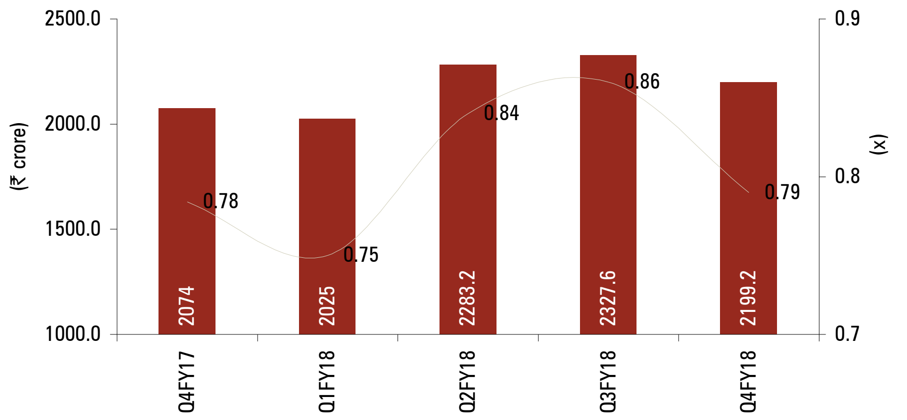
Company Analysis

Exhibit 1: Quarterly sales trend

Particulars	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	YoY	QoQ
Bengaluru										
Sales Volume (Sq ft)	606,633	637,198	503,037	508,572	592,936	612,818	644,123	750,375	-2.3%	16.6%
Average Realisation (₹/sq ft)	5,785	5,785	5,985	7,320	7,100	7,174	6,183	6,958	22.7%	-3.0%
Sale Value (₹ crore)	350.9	368.6	301.1	372.3	421.0	439.6	398.2	522.1	20.0%	13.1%
Thrissur										
Sales Volume (Sq ft)	53,216	6,540	13,289	3,312	13,191	19,919	20,036	6,425	-75.2%	298.3%
Average Realisation (₹/sq ft)	7,869	7,869	8,749	9,519	9,233	9,329	7,997	9,049	17.3%	-3.0%
Sale Value (₹ crore)	41.9	5.1	11.6	3.2	12.2	18.6	16.0	5.8	-70.9%	286.3%
Coimbatore										
Sales Volume (Sq ft)	5,467	9,773	5,059	8,355	15,913	13,234	14,997	25,127	191.1%	90.5%
Average Realisation (₹/sq ft)	4,467	4,467	4,235	4,122	3,998	4,040	4,392	3,918	-10.5%	-3.0%
Sale Value (₹ crore)	2.4	4.4	2.1	3.4	6.4	5.3	6.6	9.8	160.5%	84.7%
Pune										
Sales Volume (Sq ft)	13,335	20,576	12,603	7,883	(8,941)	6,239	-	5,727	-167.0%	-213.4%
Average Realisation (₹/sq ft)	5,470	5,470	7,396	10,474	10,160	10,265	7,313	9,957	85.7%	-3.0%
Sale Value (₹ crore)	7.3	11.3	9.3	8.3	-9.1	6.4	0.0	5.7	-224.5%	-210.0%
Mysore										
Sales Volume (Sq ft)	29,417	19,051	13,524	15,389	14,592	18,812	22,882	10,944	-50.4%	-5.2%
Average Realisation (₹/sq ft)	2,235	2,235	1,986	1,965	1,906	1,926	2,066	1,868	-14.7%	-3.0%
Sale Value (₹ crore)	6.6	4.3	2.7	3.0	2.8	3.6	4.7	2.0	-57.7%	-8.0%
NCR										
Sales Volume (Sq ft)	62,839	49,782	23,104	97,867	123,874	78,721	82,529	75,733	97.1%	26.6%
Average Realisation (₹/sq ft)	5,755	5,755	6,562	7,180	6,965	7,036	6,455	6,825	21.0%	-3.0%
Sale Value (₹ crore)	36.2	28.6	15.2	70.3	86.3	55.4	53.3	51.7	138.6%	22.8%
Chennai										
Sales Volume (Sq ft)	29,100	62,008	33,470	55,651	27,485	27,837	26,804	20,100	-5.5%	-50.6%
Average Realisation (₹/sq ft)	6,111	6,111	7,855	5,169	5,014	5,066	5,714	4,914	-18.0%	-3.0%
Sale Value (₹ crore)	17.8	37.9	26.3	28.8	13.8	14.1	15.3	9.9	-22.5%	-52.1%
Calicut										
Sales Volume (Sq ft)	5,542	1,957	2,224	18,036	7,750	20,429	12,290	4,871	39.8%	-57.0%
Average Realisation (₹/sq ft)	5,895	5,895	6,273	6,122	5,938	6,000	6,044	5,820	0.7%	-3.0%
Sale Value (₹ crore)	3.3	1.2	1.4	11.0	4.6	12.3	7.4	2.8	40.9%	-58.3%
Cochin										
Sales Volume (Sq ft)	3,700	48,777	7,342	8,200	28,430	63,075	109,704	116,409	668.4%	246.7%
Average Realisation (₹/sq ft)	9,493	9,493	1,986	5,623	5,454	5,511	5,054	5,345	-42.5%	-3.0%
Sale Value (₹ crore)	3.5	46.3	1.5	4.6	15.5	34.8	55.4	62.2	341.5%	236.3%
Total										
Sales Volume (Sq ft)	809,249	855,662	613,652	723,265	815,230	861,084	933,365	1,015,711	0.7%	12.7%
Average Realisation (₹/sq ft)	5,805	6,056	6,082	6,979	6,770	6,840	6,092	6,635	16.6%	-3.0%
Sale Value (₹ crore)	469.9	507.6	371.1	504.8	562.7	592.7	610.5	655.8	19.8%	11.5%

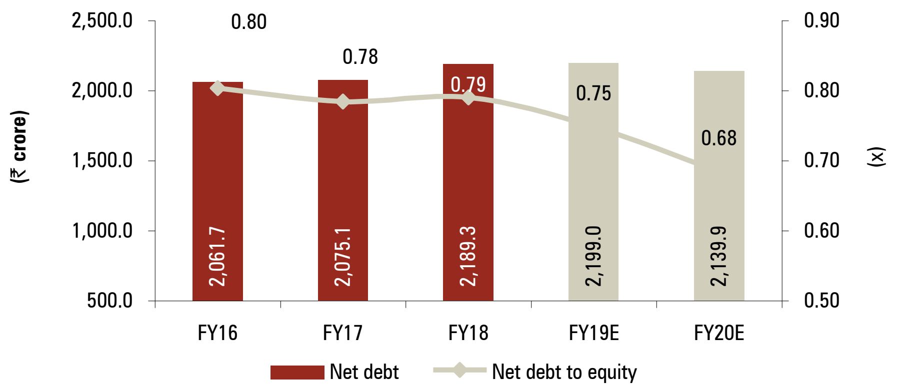
Source: Company, ICICI Direct Research

Exhibit 2: Quarterly net debt equity trend



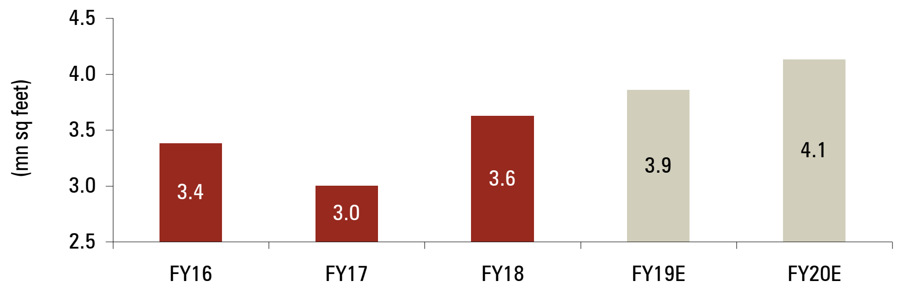
Source: Company, ICICI Direct Research

Exhibit 3: Yearly net debt to equity trend



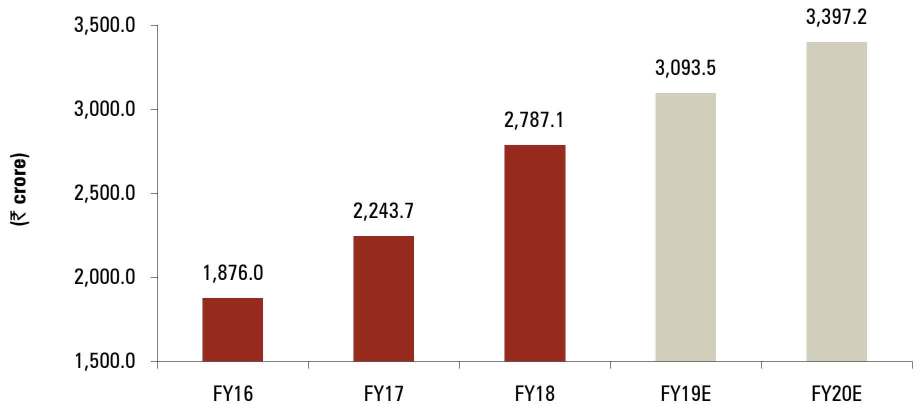
Source: Company, ICICI Direct Research

Exhibit 4: We build in moderate sales volumes, going ahead



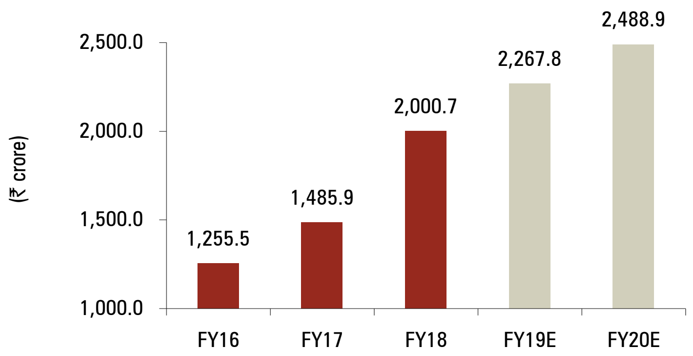
Source: Company, ICICI Direct Research

Exhibit 5: Revenues trend…



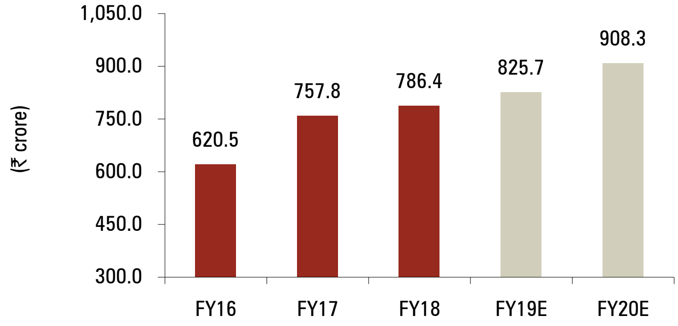
Source: Company, ICICI Direct Research

Exhibit 6: Real estate revenue trend…



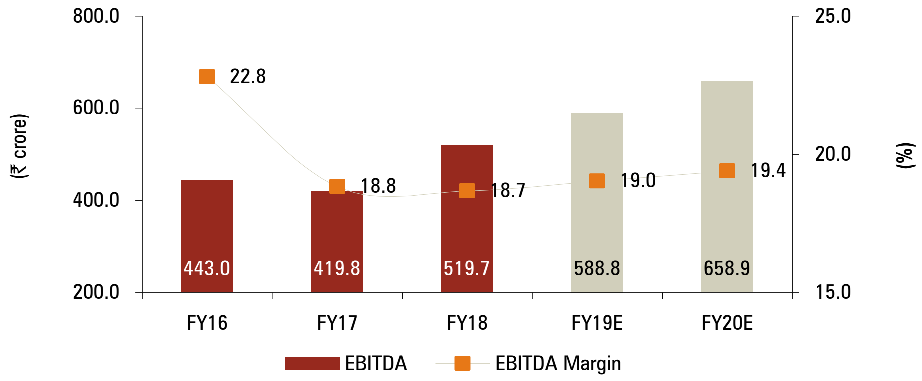
Source: Company, ICICI Direct Research

Exhibit 7: Construction revenues trend…



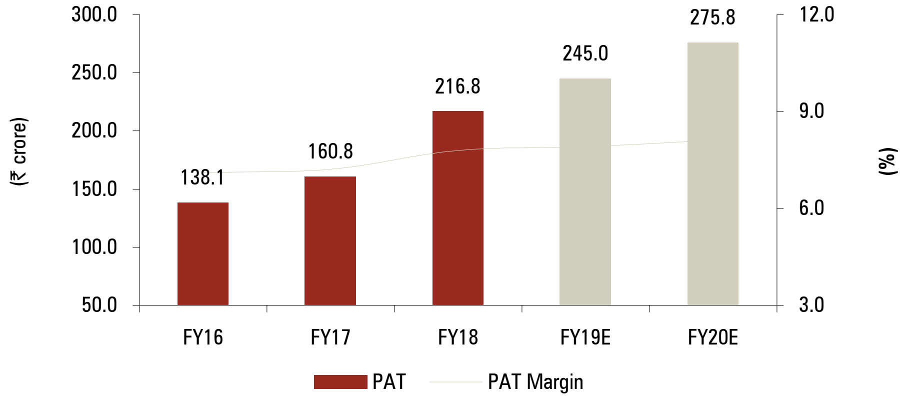
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA margin trend



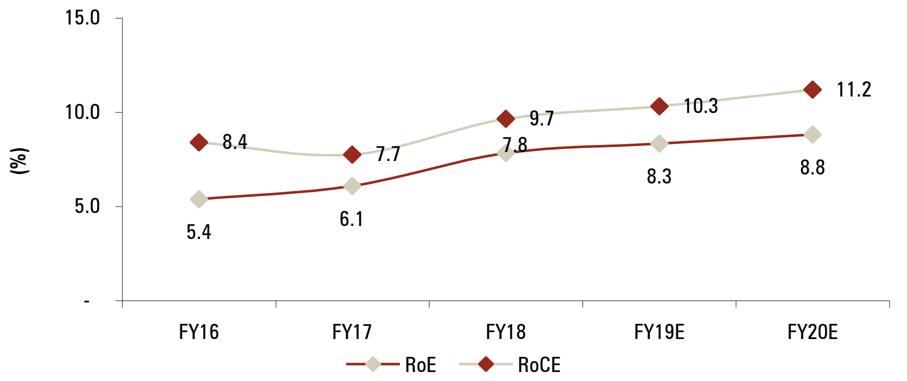
Source: Company, ICICI Direct Research

Exhibit 9: PAT trend



Source: Company, ICICI Direct Research

Exhibit 10: Return ratio to bounce back



Source: Company, ICICI Direct Research

We value Sobha using the SoTP valuation methodology.

We value the stock at ₹ 550/share

Outlook and Valuation

Sobha's sales volumes continue to improve with the company posting volume growth of 20.8% YoY to 3.6 msf. Furthermore, with the demand scenario improving and a slew of new launches lined up, the company expects the sales momentum to improve further. However, we do not foresee any meaningful debt reduction in near future. Also Sobha's plans to enter new geographies like Ahmedabad, Thiruvananthapuram and Hyderabad need to be watched closely. Hence, we maintain our **HOLD** rating on the stock with a revised SOTP based target price of ₹ 550/share.

Exhibit 11: SoTP valuation

	NAV				Fair value	
	Mn sq ft	₹ crore	₹ /share	NAV multiple (x)	₹ crore	₹ /share
Completed projects (A)	0.4	170.2	18.0	1.0	170.2	17.4
Ongoing & Proposed projects (B)						
Bangalore	15.4	1527	161.1	1.0	1526.8	161.1
NCR	5.5	636	67.0	0.8	476.7	50.3
Thrissur & Calicut	1.5	15	1.6	0.7	10.6	1.1
Pune	0.5	153	16.1	0.8	122.3	12.9
Chennai	0.8	121	12.7	0.8	96.6	10.2
Mysore	0.3	69	7.3	0.7	48.2	5.1
Coimbatore	0.5	36	3.8	0.8	29.1	3.1
Ongoing & Proposed projects (B)	24.5	2557	269.7	0.9	2310.4	243.7
Other Land Bank (C)	204.0	4307	454.3	1.0	4306.8	454.3
Real Estate Business value (A+B+C)	**228.9**	**7033.5**	**741.9**	1.0	**6787.4**	**715.4**
Less:						
Net debt		2140	225.7		2139.9	225.7
Land cost outstanding		69	7.3		69.2	7.3
Real Estate equity value		**4824**	**508.9**	**0.95**	**4578.3**	**482.4**
Construction Business			5x FY20E EV/EBITDA		681.2	71.9
Total SoTP Valuation					**5259.5**	**554.2**
Rounded off Target price						**550.0**

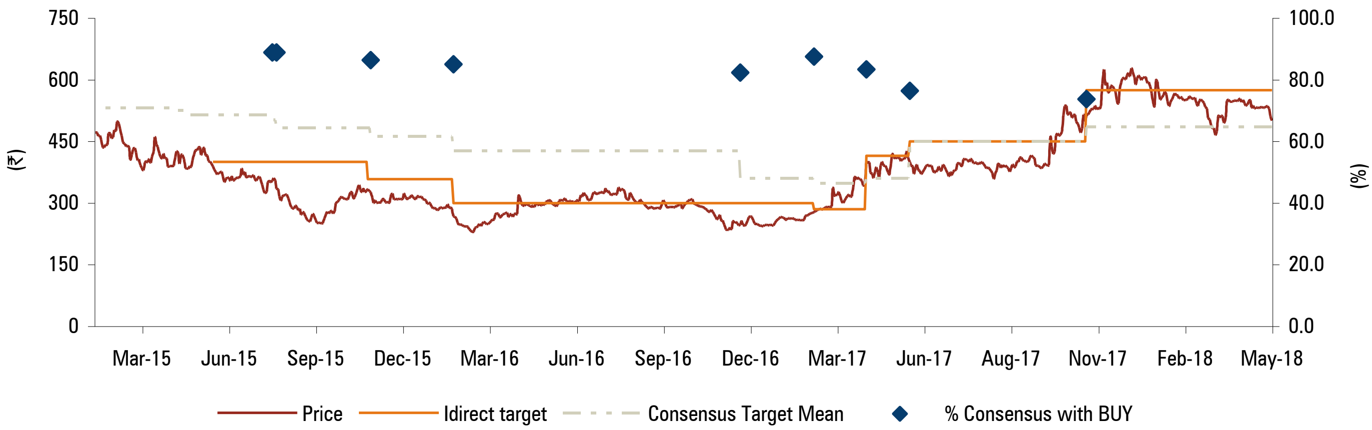
Source: Company, ICICI Direct Research

Exhibit 12: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	2,229.0	14.7	16.7	18.5	30.0	16.6	6.1	7.7
FY18E	2,783.0	24.9	22.5	34.9	22.3	13.7	7.8	9.7
FY19E	3,093.5	11.2	25.4	13.0	19.7	12.1	8.3	10.3
FY20E	3,397.2	9.8	28.6	12.6	17.5	10.7	8.8	11.2

Source: Company, ICICI Direct Research

Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Q3FY14	Posts dismal sales volume clearly signifying lower offtake in high ticket size projects in Bengaluru and NCR
Jul-14	Launches $4 billion Sobha Hartland, a new mixed-use development near Burj Khalifa, Dubai. Construction has already started and the company plans to deliver a
Aug-14	Sobha plans to invest ₹ 250 crore in premium projects in the western suburb of Pune and developing over one million square feet of area, primarily in the residential space
Apr-15	Launches first phase of new project Sobha Dream Series with total developable area of 10.7 msf with the realisation expected at ₹ 5,500 per square feet, lower than the usual ₹ 6,000 square feet
Aug-15	Sobha launches ultra-luxurious residential tower in South Bangalore comprising of 137 - 3 BHK apartments and 4 BHK duplex apartments
Aug-15	Sobha adds another quill to its top by offering top of the line extravagance condo called Sobha Meritta situated at Keleambakkam in Chennai consisting of 556 homes having a super developed range of 1336 - 2179 sq ft and price ranging from ₹ 23.57 lakh to ₹ 1.03 crore
Jan-16	Sobha's sales volume de-grow 5.2% sequentially to 8.1 lakh sq. ft valued at ₹ 478.3 crore, attributed to no new launches in the current quarter. The average price realisation was at ₹ 6371/ sq ft of which Sobha's share was ₹ 5932/ sq ft
Mar-16	The company allots secured redeemable non convertible debentures aggregating to ₹ 25 crore on private placement basis reaching total outstanding debentures including the present allotment at ₹ 225 crore
Apr-16	In Q4FY16, Sobha's sales volume grow 9.8% sequentially to 8.86 lakh sq ft valued at ₹ 534.7 crore with average price realisation of ₹ 6037/sq ft. For FY16, the company achieved sales volume of 33.8 lakh sq ft (3.2% YoY growth) with average realisation of ₹ 5946/sq ft
May-17	In Q4FY17, Sobha's sales volume grow 17.9% sequentially to 7.23 lakh sq ft valued at ₹ 504.8 crore with average price realisation of ₹ 6980/sq ft. For FY17, the company achieved sales volume of 30 lakh sq ft (11.3% YoY de-growth)

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	O/S	Position (m)	Change (m)
1	Menon (Sobha)	31-Dec-17	37.6%	35.6	-0.7
2	Menon (P N C)	31-Dec-17	18.3%	17.4	-0.2
3	Nordea Funds Oy	31-Dec-17	7.3%	6.9	1.3
4	Franklin Templeton Asset Management (India) Pvt. Ltd.	31-Dec-17	7.0%	6.6	0.2
5	Adawi Investments Holdings, Ltd.	31-Dec-17	4.4%	4.2	0.0
6	Schroder Investment Management (Hong Kong) Ltd.	31-Dec-17	3.0%	2.8	1.4
7	Dimensional Fund Advisors, L.P.	31-Mar-18	2.0%	1.9	0.0
8	L&T Investment Management Limited	31-Dec-17	1.6%	1.5	0.1
9	INVESCO Asset Management Limited	28-Feb-18	1.6%	1.5	-0.7
10	The Vanguard Group, Inc.	30-Apr-18	1.5%	1.4	0.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

Promoter	56.1	55.9	55.9
Public	43.9	44.1	44.1
Others	0.0	0.0	0.0
Total	100.0	100.0	100.0

Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
Nordea Funds Oy	13.1	1.3	Menon (Sobha)	-7.0	-0.7
Franklin Templeton Asset Management (India) Pvt. Ltd.	2.1	0.2	ÖKOWORLD LUX S.A.	-1.6	-0.3
Manulife Asset Management (Asia)	1.1	0.2	Menon (P N C)	-2.3	-0.2
HSBC Global Asset Management (Hong Kong) Limited	0.8	0.1	INVESCO Asset Management Limited	-0.7	-0.1
Neuberger Berman, LLC	1.2	0.1	J.P. Morgan Asset Management (Hong Kong) Ltd.	-0.6	-0.1

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				₹ Crore
(₹ Crore)	FY17	FY18E	FY19E	FY20E
Net Sales	2,229.0	2,783.0	3,093.5	3,397.2
Growth (%)	14.7	24.9	11.2	9.8
Other income	38.6	49.5	37.1	39.0
Total revenue	2,267.6	2,832.5	3,130.7	3,436.2
Raw Material Expense	1,302.0	1,680.0	1,892.3	2,095.2
Land cost	713.0	46.6	928.1	1,002.2
Employee benefit expenses	177.9	198.5	208.4	218.8
Other Expenses	329.4	384.8	404.0	424.2
EBITDA	419.8	519.7	588.8	658.9
Growth (%)	(5.2)	23.8	13.3	11.9
Interest	149.7	197.8	196.2	219.3
Depreciation	63.8	54.4	58.5	60.8
Other income	38.6	49.5	37.1	39.0
PBT	244.9	317.0	371.1	417.8
Taxes	97.0	100.2	126.2	142.1
Minoriy Interest	(12.9)	-	-	-
PAT after MI	160.8	216.8	245.0	275.8
PAT Growth rate	16.4	34.9	13.0	12.6
Adjusted EPS (Diluted)	16.7	22.5	25.4	28.6

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(₹ Crore)	FY17	FY18E	FY19E	FY20E
Profit after Tax	160.8	216.8	245.0	275.8
Depreciation	63.8	54.4	58.5	60.8
Interest	149.7	197.8	196.2	219.3
Others	(50.4)	(149.7)	(163.3)	(181.0)
Cash Flow before wc changes	420.9	419.5	462.6	516.9
Net Increase in Current Assets	(740.5)	(31.5)	(300.5)	(381.7)
Net Increase in Current Liabilities	673.5	(104.2)	139.6	376.3
Net CF from operating activities	353.9	283.8	301.7	511.5
(Purchase)/Sale of Fixed Assets	(31.6)	(69.6)	(75.0)	(185.0)
Net CF from Investing activities	1.9	(132.6)	(37.9)	(146.0)
Inc / (Dec) in Equity Capital	(58.1)	(1.5)	-	-
Dividend	(23.2)	(68.4)	(77.3)	(87.0)
Interest paid	(260.2)	(197.8)	(196.2)	(219.3)
Inc / (Dec) in Loans	(4.1)	86.8	-	-
Net CF from Financing activities	(345.6)	(180.9)	(273.5)	(306.3)
Net Cash flow	10.2	(29.7)	(9.7)	59.1
Opening Cash	113.5	146.8	119.4	109.7
Closing Cash/ Cash Equivalent	123.7	117.1	109.7	168.8

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(₹ Crore)	FY17	FY18E	FY19E	FY20E
Liabilities				
Equity Capital	96.3	94.8	94.8	94.8
Reserve and Surplus	2,548.2	2,675.1	2,842.8	3,031.6
Total Shareholders funds	2,644.5	2,769.9	2,937.6	3,126.4
Minority Interest	-	-	-	-
Total Debt	2,221.9	2,308.7	2,308.7	2,308.7
Deferred Tax Liability	228.3	252.1	252.1	252.1
Total Liabilities	5,095	5,331	5,498	5,687
Assets				
Gross Block	610.1	625.1	650.1	675.1
Less Acc. Dep	94.9	149.3	207.8	268.6
Net Block	515.4	475.8	442.3	406.5
Goodwill on Consolidation	-	-	-	-
Capital WIP	79.9	134.5	184.5	344.5
Investments	0.0	112.5	112.5	112.5
Inventory	5,096.0	4,834.9	4,831.0	4,871.1
Sundry Debtors	226.7	327.2	423.8	465.4
Loans & Advances	2,828.4	3,020.5	3,228.4	3,528.4
Cash & Bank Balances	146.8	119.4	109.7	168.8
Total Current Assets	8,297.9	8,414.5	8,705.3	9,146.1
Creditors	3,784.1	3,663.5	3,814.0	4,188.3
Provisions	14.2	30.6	19.7	21.6
Net Current Assets	4,499.6	4,607.9	4,759.1	4,823.6
Total Assets	5,095	5,331	5,498	5,687

Source: Company, ICICI Direct Research

Key ratios				
	FY17	FY18E	FY19E	FY20E
Per Share Data (₹)				
EPS - Diluted	16.7	22.5	25.4	28.6
Cash EPS	23.3	28.6	32.0	35.5
Book Value	274.6	287.6	305.0	324.6
Dividend per share	5.3	7.2	8.1	9.2
Operating Ratios (%)				
EBITDA / Net Sales	18.8	18.7	19.0	19.4
PAT / Net Sales	7.2	7.8	7.9	8.1
Inventory Days	834.5	634.1	570.0	523.4
Debtor Days	37.1	42.9	50.0	50.0
Return Ratios (%)				
RoNW	6.1	7.8	8.3	8.8
RoCE	7.7	9.7	10.3	11.2
RoIC	7.3	9.2	10.2	11.6
Valuation Ratios (x)				
EV / EBITDA	16.6	13.7	12.1	10.7
P/E (Diluted)	30.0	22.3	19.7	17.5
EV / Net Sales	3.1	2.6	2.3	2.1
Market Cap / Sales	2.2	1.8	1.6	1.4
Price to Book Value	1.8	1.7	1.6	1.5
Dividend yield	1.1	1.4	1.6	1.8
Solvency Ratios (x)				
Net Debt / Equity	0.8	0.8	0.7	0.7
Debt / EBITDA	5.3	4.4	3.9	3.5
Current Ratio	2.1	2.2	2.2	2.1
Quick Ratio	0.8	0.9	1.0	0.9

Source: Company, ICICI Direct Research

ICICI Direct Research Coverage Universe (Real Estate)

Sector / Company	CMP (₹)	TP(₹)	Rating	M Cap (₹ Cr)	EPS (₹) FY17E	FY18E	FY19E	P/E (x) FY17E	FY18E	FY19E	EV/EBITDA (x) FY17E	FY18E	FY19E	P/B (x) FY17E	FY18E	FY19E	RoE (%) FY17E	FY18E	FY19E
Oberoi Realty (OBEREA)	510	550	Hold	16,738	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)	526	525	Buy	2,149	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)	501	550	Hold	4,913	14.1	16.7	22.5	35.6	30.0	22.3	15.7	16.6	13.7	1.9	1.8	1.7	5.4	6.1	7.8
Sunteck Realty (SUNRE)	420	440	Buy	5,040	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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