October 29, 2018

Rating matrix		
Rating	:	Hold
Target	:	₹ 450
Target Period	:	18-24 months
Potential Upside	:	10%

What's Changed?	
Target	Changed from ₹ 600 to ₹ 450
EPS FY19E	Changed from ₹ 22.9 to ₹ 21.8
EPS FY20E	Changed from ₹ 30.3 to ₹ 33.7
Rating	Changed from Buy to Hold

Quarterly Performance (Standalone)

	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	71.6	75.8	-5.5	133.0	-46.2
EBITDA	1.0	(6.9)	(115.1)	13.1	(92.1)
EBITDA (%)	1.5	(9.1)	1055 bps	9.9	-840 bps
PAT	22.1	12.8	72.7	15.2	45.1

Key Financials

₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	762.2	566.2	498.5	665.7
EBITDA	50.3	57.4	44.0	113.6
Adj. PAT	102.2	101.0	111.8	173.0
Adj. EPS (₹)	19.9	19.7	21.8	33.7

Valuation summary

(x)	FY17	FY18	FY19E	FY20E
P/E (Adjusted)	20.6	20.8	18.8	12.2
Target P/E	18.1	22.9	20.7	13.4
EV / EBITDA	49.7	34.7	45.5	18.3
P/BV	1.0	1.0	1.0	0.9
RoNW (%)	6.0	4.9	5.2	7.6
RoCE (%)	4.7	5.5	4.8	7.4

Stock data

Particular	Amount (₹ crore)
Market Capitalization	2,104.5
Total Debt	233.6
Cash and Investments	130.2
EV	2,208.0
52 week H/L (₹)	669 / 392
Equity capital	51.3
Face value	₹ 10

Price performance (%)

Return %	1M	3M	6M	12M
Sobha	0.6	(10.1)	(22.4)	(17.0)
Sunteck Realty	(33.1)	(19.7)	(30.5)	(17.9)
Mahindra Lifespace	(9.9)	(24.6)	(5.3)	(8.3)
Oberoi Realty	(8.6)	(18.3)	(31.4)	(15.1)
BSE Realty	(18.5)	(21.2)	(33.7)	(27.3)

Research Analyst

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Mahindra Lifespace (MAHLIF) ₹ 410

Awaits operational improvement…

- In Q2FY19, MLD recorded its best ever Q2 sales volume of 0.40 msf or 350 units (our estimate: 0.28 msf)
- Standalone net sales declined 5.5% YoY to ₹ 71.6 crore (our expectation: ₹ 107.3 crore)
- EBITDA margins turned positive to 1.5% due to lower project costs as a percentage of sales (58.8% in Q2FY19 vs. 70.9% in Q2FY18)
- PAT grew 72.7% YoY to ₹ 22.1 crore (our expectation: ₹ 14.1 crore) led by better margins, lower interest expenses & lower tax rate
- On a consolidated basis, the topline declined 19.8% YoY to ₹ 80.2 crore while bottomline grew robustly by 188.1% YoY to ₹ 40.3 crore
- In Q2FY19, Series III NCDs worth ₹ 200 crore were redeemed along with redemption premium and interest. With this, the company has repaid entire NCDs of ₹ 500 crore in full

Records 0.4 mn sq ft in Q2FY19 led by recent launches…

MLD's sales volume grew at a robust 81.8% YoY to 0.40 msf (350 units) in Q2FY19, registering best ever Q2 sales. It recorded sales worth ₹ 256 crore during the quarter, triggered mainly by the recently launched large-ticket projects like ROOTS (Kandivali) and Lakewoods (MWCC). These projects contributed ~₹ 88 crore out of total sales value and helped the company clock an average realisation of ₹ 6400 per sq ft. Additionally, MLD completely sold out L'Arista (Pune) and completed Phase-I of Windchimes project, Bengaluru (0.44 msf saleable area).

Regulatory approvals delaying MLD's Mumbai & Pune launches…

MLD launched 'Lakewoods' Phase-I in MWCC, with 0.90 msf total saleable area, comprising 747 units. However, its planned launches of Saki Naka and Andheri projects faced delays as they did not get timely clearance from regulatory authorities in Mumbai. Also, with environmental clearances not yet in place, launch of the Pune project has been delayed. We highlight that new launches hold the key for improvement in sales volume for MLD's residential portfolio. On the positive side, MLD executed definitive agreements for acquisition of a land parcel on Kalyan-Bhiwandi road, with development potential of ~0.84 msf. Also, it is in final stage of discussion for two more memorandum of understanding for two more projects aggregating 1.4 mn sq ft.

Acquires additional land of 70.8 acres at Origins, Ahmedabad ….

MLD recorded lease value of ₹ 67.4 crore in Q2FY19. It leased ~12.3 acres (three customers) at MWCC & ~13.0 acres (two customers) at MWCJ. The company received ~₹ 195 crore funding in MWCJ from IFC & acquired additional 70.8 acre land at Origins, Ahmedabad, enhancing the project's total gross area to 340 acres. MLD is also in final stages of discussions for signing anchor customer for its North Chennai industrial cluster. With this, we expect PAT to grow 27.5% CAGR to ₹ 164.2 crore in FY18-20E.

Awaiting improvement across project portfolio; revise to HOLD…

We like MLD given its strong parentage, management's focus on improving return ratios via strategic partnerships with IFC, HDFC Capital & comfortable balance sheet (0.01x net D/E). Also, it is currently trading at attractive valuation of 1x FY19E P/BV. However, we await significant ramp up in residential project portfolio and progress over sales pattern of industrial cluster business. Hence, we revise our recommendation to **HOLD** with target price of ₹ 450 (0.6x its potential NAV).

Variance analysis (Standalone)							
Particular	Q2FY19	Q2FY19E	Q1FY19	QoQ (Chg %)	Q2FY18	YoY (Chg %)	Comments
Income from Operation	71.6	107.3	133.0	-46.2	75.8	-5.5	
Other Income	33.4	30.0	12.4	168.4	34.8	-4.0	
Cost of Projects	42.1	71.1	88.1	-52.2	53.7	-21.6	
Operating Expenses	5.5	3.4	4.2	28.5	4.9	10.8	
Employee cost	15.1	14.3	17.7	-14.7	15.4	-1.4	
Other expenditure	7.9	24.6	9.9	-20.3	8.7	-9.4	
EBITDA	1.0	-6.1	13.1	-92.1	-6.9	-115.1	
EBITDA Margin (%)	1.5	-5.6	9.9	-840 bps	-9.1	1055 bps	EBITDA margin improved significantly with revenue recognition from high margin projects
Depreciation	0.8	0.7	0.7	1.4	1.0	-25.7	
Interest	2.4	2.6	2.6	-8.9	7.9	-70.1	
PBT	31.3	20.6	22.2	40.9	19.0	64.9	
Taxes	9.2	6.5	7.0	31.6	6.2	48.8	
PAT	22.1	14.1	15.2	45.1	12.8	72.7	PAT was above expectations led by strong topline growth

Source: Company, ICICI Direct Research

Change in estimates								
	FY18	FY19E			FY20E			
(₹ Crore)	Actual	Old	New	% Change	Old	New	% Change	Comments
Revenue	566.2	594.9	498.5	-16.2	683.3	665.7	-2.6	
EBITDA	57.4	78.9	44.0	-44.2	119.4	113.6	-4.9	
EBITDA Margin (%)	10.1	13.3	8.8	-447 bps	17.5	17.1	-43 bps	
PAT	101.0	117.4	111.8	-4.8	155.5	173.0	11.3	We have factored in strong Q2FY19 performance
EPS (₹)	19.7	22.9	21.8	-4.8	30.3	33.7	11.2	

Source: Company, ICICI Direct Research

Assumptions								
				Current	Old	Current	Old	Comments
Volume sold in msf	FY16	FY17	FY18	FY19E	FY19E	FY20E	FY20E	
Residential Sales Volume	1.2	1.0	1.1	1.4	1.9	2.1	1.9	We factor in delay in launches in FY19E

Source: Company, ICICI Direct Research

Exhibit 1: Summary by legal entity as per IND AS

	Q2FY19				
Entity	Total Income	EBITDA	PAT	Debt	Networth
MLDL	250.4	59.9	37.3	123.9	1,730.9
MHPL	261.3	45.2	24.4	902.2	(27.1)
MBDL	42.2	4.9	3.2	50.8	(10.7)
MITL	13.0	3.2	1.4	58.6	85.3
MRDL	17.4	2.5	1.4	-	81.0
MHDL	0.3	(2.8)	(2.9)	99.1	(5.3)
MWCDL	54.6	26.1	9.3	328.4	144.5
MWCJL	72.8	46.5	24.3	298.9	283.5
MIPCL	-	(2.2)	(1.9)	123.0	170.9
MIPPL	0.6	(0.2)	(0.2)	129.5	(0.2)

Source: Company, ICICI Direct Research

Conference Call Highlights:

- **Credit crisis comment:** The management sees the ongoing credit crisis scenario as the right opportunity to win and grow as small developers find it difficult to sustain amid inadequate funds from NBFCs

- **Residential update**: MLD recorded its best ever quarterly sales volume of 0.40 msf or 350 units sales in Q2FY19 for ₹ 256 crore and achieved ₹ 249 core of collections, highest in the last four years. Furthermore, the company's L'Arista in Pune is fully sold out and has completed Phase-I of Windchimes, Bengaluru having 0.44 msf saleable area. The management said the Windchimes project was completed five months ahead of schedule

- **New launches:** The company launched a new project 'Lakewoods' Phase-I in MWC Chennai. The project has a total saleable area of 0.90 msf comprising 747 units. On the other hand, MLD's few projects in Mumbai & Pune have been facing delays due to several issues such as environmental clearance delays, height clearances etc. However, the management expects these issues to be resolved soon

- **New MoU for residential:** MLD executed definitive agreements for acquisition of a land parcel on Kalyan – Bhiwandi road, having a development potential of ~0.84 msf. The project shall comprise of affordable houses under the 'Happinest' category with variants in 1 & 2 BHK. The project is expected to be launched in Q4FY19E. Additionally, the company is in final stages of discussion for two residential projects aggregating 1.4 mn sq ft, which are expected to closed very soon.

- **World Cities Update:** The company leased an area of ~12.3 acres to three customers at MWC Chennai with an area of ~13.0 acre to two customers at MWC Jaipur, making MLD achieve its best ever Q2 lease value of ₹ 67.4 crore. Furthermore, pursuant to its partnership with International Finance Corporation (IFC), the company received funding of ~₹ 195 crore in MWC Jaipur, which will be utilised to deleverage the company from obligatory debt and invest in SEZ

- **Ahmedabad & Chennai industrial parks:** The company acquired additional land of 70.8 acres at Origins, Ahmedabad during Q2 FY19, enhancing the project's total gross area to 340 acres from 268 acres. MLD has also signed an LoI with an anchor customer at Origins, Chennai and is in is in final stage of negotiations

- **Cost of debt:** MLD has a standalone D/E ratio of 0.01 while the weighted average cost of debt is at 8.84% as of Q2FY19

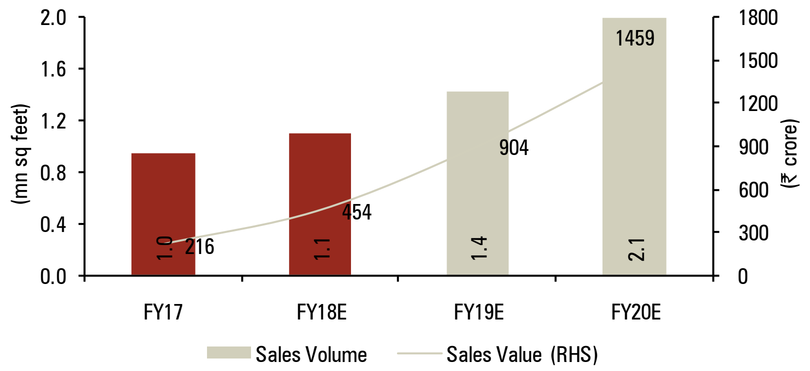
- **Project completion:** The management indicated that it shall be achieving project completion of four more projects in H2FY19E

- **Ready inventory:** The company has ready inventory of 157 flats in its completed projects, which it expects to sell over the next few quarters

Company Analysis

We expect MLD to post sales volumes of 2.1 msf in FY20E against 1.1 msf in FY18

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



Source: Company, ICICI Direct Research

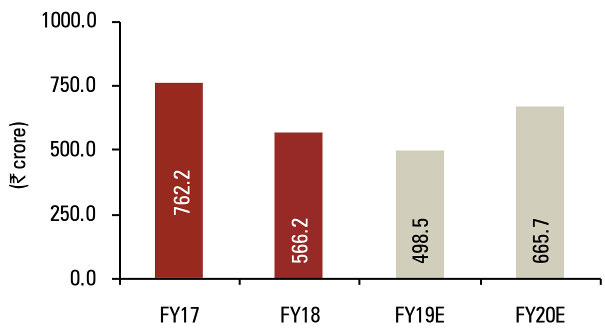
Exhibit 3: Strong forthcoming project pipeline to push up sales volume, going ahead

	Location	Project ıg	ESA (mn sft)
Existing projects new phases	MMR	Serenes	0.09
	Nagpur	Bloomdale	0.20
	Chennai	Aqualily	0.07
	Chennai	Lakewoods	0.62
	NCR	Luminare	0.37
	MMR	Happinest Palgarh 1	0.04
	Chennai	Happinest Avadi	0.20
New Projects	MMR	Sakinaka	0.34
	MMR	Andheri	0.26
	Pune	Pimpri	0.33
	Chennai	MWCC Residential 21	0.41
	MMR	Happinest Palghar II	0.64
	MMR	Happinest Kalyan	0.84
	Forthcoming projects over the next 12-18 months	**Total**	**3.87**

Source: Company, ICICI Direct Research
**Joint Development*

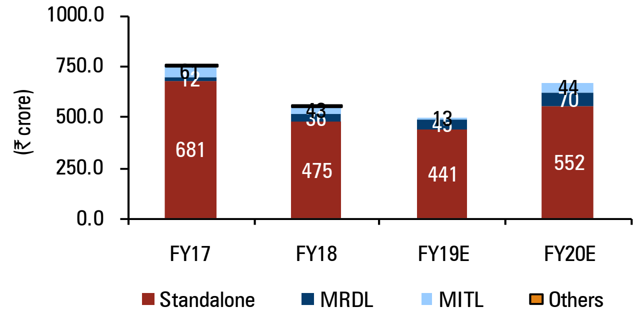
Financial story in charts…

Exhibit 4: Consolidated revenues trend



Source: Company, ICICI Direct Research

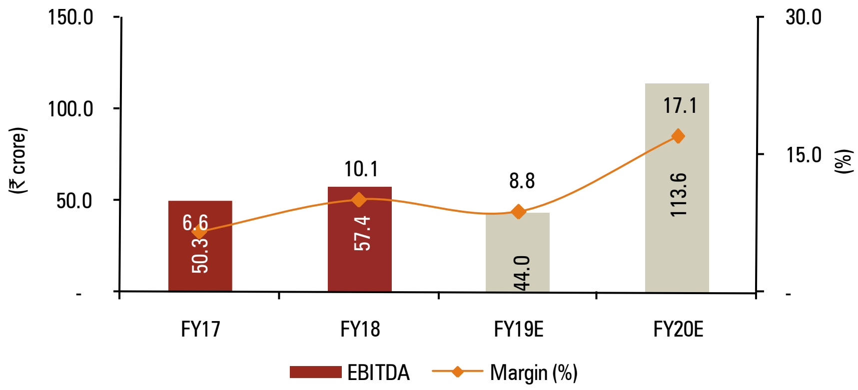
Exhibit 5: Forthcoming project to boost sales volume, going ahead…



Source: Company, ICICI Direct Research

We expect EBITDA margins to improve significantly to 17.1% in FY20E with revenue recognition from high margin projects ahead.

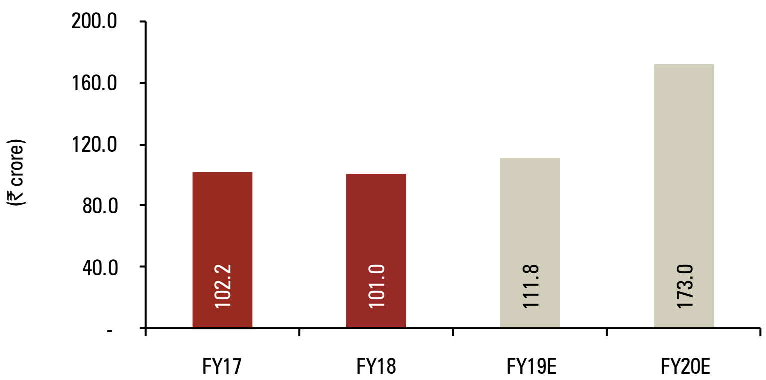
Exhibit 6: EBITDA and EBITDA margin trend…



Source: Company, ICICI Direct Research

PAT is expected to grow at 30.9% CAGR to ₹ 173.0 crore over FY18-20E.

Exhibit 7: PAT trend…



Source: Company, ICICI Direct Research

We revise our recommendation to **HOLD** on the stock with revised target price of ₹ 450 (at 0.6x its potential NAV)

Outlook and valuation

We like MLD given its strong parentage, the management's focus on improving return ratios via strategic partnerships with IFC & HDFC Capital, comfortable balance sheet (0.01x net D/E). Also, it is currently trading at attractive valuation of 1x FY19E P/BV. However, we await significant ramp up in residential project portfolio and progress over sales pattern of industrial cluster business. Hence, we revise our recommendation to **HOLD** with a target price of ₹ 450 (0.6x its potential NAV).

Exhibit 8: Valuation

		NAV					Target Valuation			
Project	Mn sq ft/Acres	Value	MLD (%)	Stake value	Value / share	NAV Multiple	Value	MLD (%)	Stake value	Value / share
Chennai		**344.6**		**326.4**	**63.6**		**261.3**		**246.5**	**48**
MWC - Chennai & North Chennai SEZ (in Acres)	2300	51.6	89	45.9	8.9	1.0x	51.6	89	45.9	9
Canopy	0.1	13.7	89	12.2	2.4	1.0x	13.7	89	12.2	2
MITL	9.5	201.8	96	193.8	37.7	0.7x	141.3	96	135.6	26
MRDL	0.4	72.5	96	69.6	13.6	0.7x	50.7	96	48.7	9
Avadi	0.4	5.0	100	5.0	1.0	0.8x	4.0	100	4.0	1
Jaipur		**1335.2**		**1117.8**	**217.8**		**623.3**		**461.2**	**90**
MWC Jaipur SEZ (in Acres)	3000	485.4	74	359.2	70.0	1.0x	485.4	74	359.2	70
Evolve IT park - Operational	0.4	137.9	74	102.0	19.9	1.0x	137.9	74	102.0	20
Evolve IT park - Development	1.0	213.0	74	157.6	30.7	0.0x	0.0	74	0.0	0
Residential Area	13.6	499.0	100	499.0	97.2	0.0x	0.0	100	0.0	0
Ahmedabad	**350.0**	**192.8**	**50***	**96.4**	**18.8**	**1.0x**	**192.8**	**50**	**96.4**	**19**
MMR	**3.0**	**1100.5**		**1065.3**	**207.5**		**755.4**		**720.3**	**140**
Andheri	0.7	548.8	100.0	548.8	106.9	0.7x	384.2	100.0	384.2	75
Thane	0.6	313.1	100.0	313.1	61.0	0.5x	156.6	100.0	156.6	31
Kandivli	0.1	76.2	100.0	76.2	14.8	1.0x	76.2	100.0	76.2	15
Boisar	0.1	11.1	100.0	11.1	2.2	1.0x	11.1	100.0	11.1	2
Palghar	0.9	71.7	51.0	36.6	7.1	1.0x	71.7	51.0	36.6	7
Pimpri	0.6	79.5	100.0	79.5	15.5	0.7x	55.7	100.0	55.7	11
Bengaluru	**0.9**	**122.0**	**50**	**61.0**	**11.9**	**1.0x**	**122.0**	**50**	**61.0**	**12**
NCR	**1.8**	**514.7**		**547.4**	**106.6**		**412.8**		**435.7**	**85**
Luminare	1.8	339.7	109.6	372.4	72.5	0.7x	237.8	109.6	260.7	51
Mahindra Tower	0.1	175.0	100.0	175.0	34.1	1.0x	175.0	100.0	175.0	34
Pune	**0.7**	**95.9**	**100**	**95.9**	**18.7**	**1.0x**	**95.9**	**100**	**95.9**	**19**
Hyderabad	**0.7**	**1.5**	**100**	**1.5**	**0.3**	**1.0x**	**1.5**	**100**	**1.5**	**0**
Nagpur	**0.6**	**55.8**	**70**	**39.1**	**7.6**	**0.7x**	**39.1**	**70**	**27.3**	**5**
Alibaug	**0.2**	**49.7**	**100**	**49.7**	**9.7**	**0.7x**	**34.8**	**100**	**34.8**	**7**
Nasik	**0.6**	**100.5**	**100**	**100.5**	**19.6**	**0.7x**	**70.4**	**100**	**70.4**	**14**
(Net Debt) / Cash		**69.5**	**100**	**69.5**	**13.5**	**1.0x**	**69.5**	**100**	**69.5**	**14**
NAV Valuation		**3982.8**		**3570.6**	**695.6**		**2678.9**		**2320.5**	**452**
Rounded off Target price										**450**

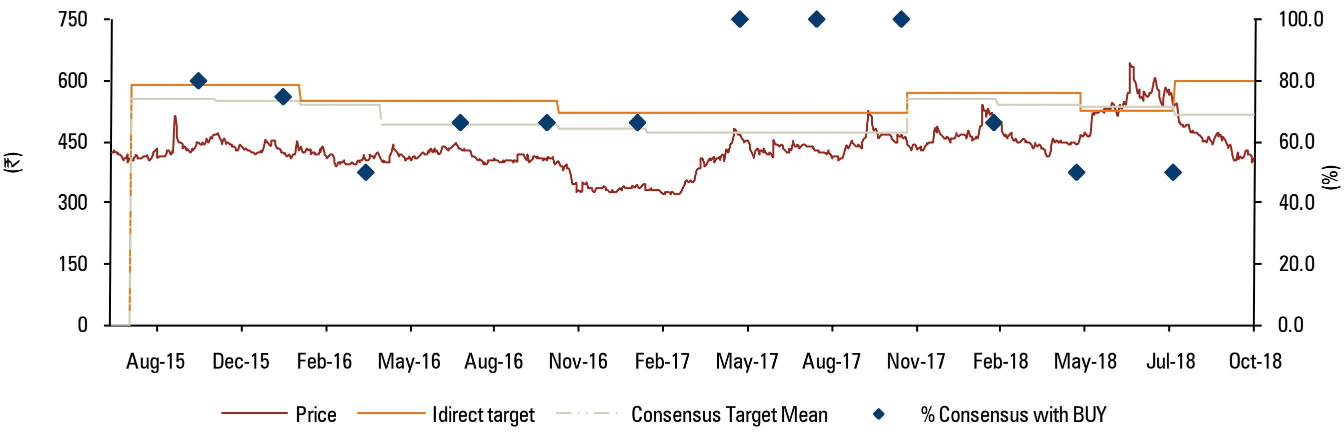
Source: Company, ICICI Direct Research

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	16.5	49.7	6.0	4.7
FY18	566.2	(25.7)	19.7	(21.0)	20.8	34.7	4.9	5.5
FY19E	498.5	(12.0)	21.8	10.7	18.8	45.5	5.2	4.8
FY20E	665.7	33.5	33.7	54.7	12.2	18.3	7.6	7.4

Source: Company, ICICI Direct Research

Recommendation History vs. Consensus



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	30-Jun-18	51.5%	26.4	0.0
2	Stewart Investors	30-Jun-18	7.8%	4.0	0.0
3	Capital Research Global Investors	30-Jun-18	7.3%	3.8	0.0
4	ICICI Prudential Life Insurance Company Ltd.	30-Jun-18	5.3%	2.7	0.5
5	First State Investments (Singapore)	31-Aug-18	4.8%	2.5	0.5
6	UTI Asset Management Co. Ltd.	30-Jun-18	3.1%	1.6	0.0
7	First State Investments (U.K.) Ltd	31-Mar-18	1.8%	0.9	0.0
8	Dimensional Fund Advisors, L.P.	31-Aug-18	1.2%	0.6	0.0
9	Kotak Mahindra Asset Management Company Ltd.	31-Aug-18	1.1%	0.6	0.3
10	Caisse de Depot et Placement du Quebec	31-Dec-17	1.0%	0.5	0.5

Shareholding Pattern

(in %)	Dec-17	Mar-18	Jun-18	Sep-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

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
First State Investments (Singapore)	3.0	0.5	Capital World Investors	-16.2	-2.7
ICICI Prudential Life Insurance Company Ltd.	3.8	0.5			
Kotak Mahindra Asset Management Company Ltd.	1.9	0.3			
PineBridge India Private Limited	0.6	0.1			
BNY Mellon Asset Management North America Corpora	0.3	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	498.5	665.7
Other Income	68.9	77.9	80.4	82.1
Total operating income	831.0	644.1	578.9	747.8
Operating Expenses	588.5	393.6	333.6	425.1
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	454.5	552.1
EBITDA	50.3	57.4	44.0	113.6
Interest	20.2	41.3	20.6	20.1
Depreciation	4.6	4.3	4.9	5.7
Other income	68.9	77.9	80.4	82.1
PBT	138.9	134.5	158.1	243.8
Taxes	33.0	31.2	43.9	66.0
PAT before MI	105.9	103.4	114.3	177.8
Minority Interest	(3.7)	(2.4)	(2.5)	(4.8)
PAT	102.2	101.0	111.8	173.0
PAT Growth rate	11.5	(1.2)	10.7	54.7
EPS	24.9	19.7	21.8	33.7

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(₹ Crore)	FY17	FY18	FY19E	FY20E
Profit after Tax	102.2	101.0	111.8	173.0
Depreciation	4.6	4.3	4.9	5.7
Add: Interest	20.2	41.3	20.6	20.1
Other Income	(68.9)	(77.9)	(80.4)	(82.1)
Cash Flow before wc changes	91.2	99.8	100.7	182.7
Changes in Working Capital	1,154.3	260.6	(91.4)	(202.2)
Taxes Paid	(35.5)	(29.9)	(43.9)	(66.0)
Net CF from operating activities	1,210.0	330.5	(34.5)	(85.5)
(Purchase)/Sale of Fixed Assets	231.8	(1.7)	(5.9)	(5.0)
(Purchase)/Sale of Investment	(433.9)	(112.4)	-	-
Other Income	68.9	77.9	80.4	82.1
Net CF from Investing activities	(133.2)	(36.2)	74.5	77.1
Issue/(Repayment of Debt)	(1,146.8)	(418.0)	9.4	(20.0)
Changes in Minority Interest	(127.0)	1.1	-	-
Changes in Networth	34.0	258.3	(31.9)	(49.3)
Interest	(20.2)	(41.3)	(20.6)	(20.1)
Net CF from Financing activities	(1,223.9)	(200.0)	(43.1)	(89.4)
Net Cash flow	(147.0)	94.3	(3.1)	(97.8)
Opening Cash	180.8	84.0	130.2	127.1
Closing Cash/ Cash Equivalent	33.8	178.3	127.1	29.3

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(₹ Crore)	FY17	FY18	FY19E	FY20E
Equity Capital	41.1	51.3	51.3	51.3
Reserve and Surplus	1,658.5	2,007.5	2,087.5	2,211.2
Total Shareholders funds	1,699.6	2,058.8	2,138.8	2,262.5
Minority Interest	43.5	44.6	44.6	44.6
Total Debt	651.6	233.6	243.0	223.0
Deferred Tax Liability (Net)	37.5	38.7	38.7	38.7
Total Liabilities	2,432	2,376	2,465	2,569
Gross Block	30.9	30.0	35.9	40.9
Less Acc. Dep	20.7	23.0	27.9	33.6
Net Block	10.2	7.0	8.0	7.3
Goodwill on Consolidation	66.1	66.1	66.1	66.1
Capital WIP	8.5	9.2	9.2	9.2
Total Fixed Assets	84.7	82.2	83.2	82.5
Investments	765.7	926.3	926.3	926.3
Inventory	1,171.2	912.4	1,052.5	1,193.0
Sundry Debtors	98.1	156.2	142.0	172.2
Loans & Advances	289.6	225.5	201.1	245.0
Cash & Bank Balances	84.0	130.2	127.1	29.3
Other Current Assets	424.6	565.2	442.7	556.3
Total Current Assets	2,067.6	1,989.5	1,965.4	2,195.9
Other Current Liabilities	473.5	608.5	498.8	622.0
Provisions	12.3	13.7	11.1	13.9
Net Current Assets	1,581.7	1,367.3	1,455.6	1,559.9
Total Assets	2,432	2,376	2,465	2,569

Source: Company, ICICI Direct Research

Key ratios				
	FY17	FY18	FY19E	FY20E
Per Share Data (₹)				
EPS - Diluted	19.9	19.7	21.8	33.7
Cash EPS	26.0	20.5	22.7	34.8
Book Value	331.1	401.1	416.7	440.8
Dividend per share	7.1	5.6	6.2	9.6
Operating Ratios (%)				
EBITDA / Net Sales	6.6	10.1	8.8	17.1
PAT / Net Sales	13.4	17.8	22.4	26.0
Return Ratios (%)				
RoE	6.0	4.9	5.2	7.6
RoCE	4.7	5.5	4.8	7.4
RoIC	2.1	2.6	1.9	4.7
Valuation Ratios (x)				
EV / EBITDA	41.3	27.3	35.9	14.6
P/E (Diluted)	20.6	20.8	18.8	12.2
EV / Net Sales	2.7	2.8	3.2	2.5
Market Cap / Sales	2.2	3.0	3.4	2.5
Price to Book Value	1.0	1.0	1.0	0.9
Solvency Ratios (x)				
Debt / Equity	0.4	0.1	0.1	0.1
Debt / EBITDA	12.9	4.1	5.5	2.0
Current Ratio	4.1	3.0	3.6	3.4
Quick Ratio	1.7	1.5	1.5	1.5

Source: Company, ICICI Direct Research

ICICI Direct Research coverage universe (Real Estate)

Sector / Company	CMP (₹)	TP(₹)	Rating	M Cap (₹ Cr)	EPS (₹) FY18	FY19E	FY20E	P/E (x) FY18	FY19E	FY20E	EV/EBITDA (x) FY18	FY19E	FY20E	P/B (x) FY18	FY19E	FY20E	RoE (%) FY18	FY19E	FY20E
Oberoi Realty (OBEREA)	420	500	Buy	15,271	10.4	12.6	25.9	40.3	33.3	16.2	24.5	20.3	9.4	2.7	2.5	1.9	6.6	7.5	10.7
Mahindra Lifespace (GESCOR)	410	450	Hold	2,105	19.7	21.8	33.7	20.8	18.8	12.2	34.7	45.5	18.3	1.0	1.0	0.9	4.9	5.2	7.6
Sobha (SOBDEV)	428	570	Hold	5,176	14.1	16.7	22.5	37.5	31.6	23.4	16.3	17.3	14.2	2.0	1.9	1.8	5.4	6.1	7.8
Sunteck Realty (SUNRE)	319	525	Buy	3,828	14.8	15.2	18.1	31.9	31.1	26.1	21.3	18.8	16.3	3.7	2.5	2.3	11.6	8.1	8.9

Source: Company, ICICI Direct Research

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