Sobha Ltd (SOBDEV)

₹ 448

Sales volume momentum remains strong…

- Sobha's topline grew 1.9% YoY to ₹ 658.7 crore (our estimate: ₹ 681.4 crore) led by 78.0% YoY growth in revenues from contractual division to ₹ 273.2 crore (our estimate: ₹ 181.7 crore)
- The EBITDA margin expanded 198 bps YoY to 21.3%, in line with our estimate of 21.5% despite higher revenue share from the low-margin construction business
- PAT grew robustly by 22.1% YoY to ₹ 61.4 crore (our estimate: ₹ 63.1 crore) led by strong EBITDA margin expansion)

Sales volumes grow robustly at 19.7% YoY to 1.03 msf in Q2FY19…

Sobha's sales volumes grew robustly by 19.7% YoY (up 7.4% QoQ) to 1.03 million square feet (msf). The Bangalore market continued to perform strongly with 14.5% QoQ rise in sales volumes to 702072 sq ft in Q2FY19 due to higher demand in the <₹ 50 lakh and ₹ 1-2 crore category of flats. Also, the NCR market performed strongly with sales volumes of 132875 sq ft in Q2FY19 (vs. 102190 sq ft in Q1FY19). Kerala region was impacted due to floods in Q2FY19 leading to a dip in sales in the "₹ 2-3 crore" category flats. The management expects its impact on sales to continue in Q3FY19E. The company launched Sobha Lake Garden in Bangalore with total saleable area of 0.89 msf in Q2FY19. Overall, Sobha achieved sales worth ₹ 616.6 crore (4.0% YoY growth) at an average realisation of ₹ 5977/ sq ft in Q2FY19.

Planning to launch projects on 8.6 msf area by H1FY20E end…

The company launched Sobha Isle in Kochi in Q3FY19E. Sobha further plans to launch one affordable housing project in Bangalore and 1.8 msf project in GIFT City Gujarat. Overall, the company plans to launch 8.6 msf projects over the next three to four quarters across key markets including Bengaluru, Thrissur and Pune. With the demand scenario expected to improve with well-planned launches, we maintain our sales volumes estimates of 4.0 & 4.1 msf in FY19E & FY20E, respectively. On the commercial front, the company recently invested ~₹ 100 crore in the Kochi market to develop it into the commercial space and is also looking to develop ~0.5 msf in Delhi.

Contractual division grows strongly in Q2FY19…

Sobha's contractual revenues grew at a stellar 64.5% YoY to ₹ 299.5 crore in Q2FY19. The company's contractual orderbook is at ~₹ 2267 crore, showing strong revenue visibility over the next few years. It is currently executing orders for 8.6 msf area across eight cities in India for various clients. The management indicated that the Infosys order will keep execution strong in H2FY19E. Also, with a ramp up in execution expected on other contractual orders, it has guided for ₹ 1200 crore (gross revenues) revenue in FY19E. Overall, we build in net contractual revenue growth at 14.6% CAGR to ₹ 1032.2 crore in FY18-20E.

No substantial debt reduction expected in near term; maintain HOLD…

Sobha's sales volumes improved as it posted volume growth of 20.8% YoY to 3.6 msf in FY18. Furthermore, with the demand scenario improving and a strong line-up of new launches ahead, the company expects 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, Trivandrum and Hyderabad needs to be watched closely. Hence, we maintain our **HOLD** recommendation on the stock with a revised SOTP based target price of ₹ 490/share.

Rating matrix

Rating	:	Hold
Target	:	₹ 490
Target Period	:	12 months
Potential Upside	:	9%

What's Changed?

Target	Changed from ₹ 570 to ₹ 490
EPS FY19E	Changed from ₹ 26.1 to ₹ 24.5
EPS FY20E	Changed from ₹ 30.5 to ₹ 33.0
Rating	Unchanged

Quarterly Performance

	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	658.7	646.6	1.9	597.7	10.2
EBITDA	140.2	124.8	12.3	130.6	7.4
EBITDA (%)	21.3	19.3	198 bps	21.9	-57 bps
PAT	61.4	50.3	22.1	52.6	16.7

Key Financials

(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	2,229.0	2,783.0	2,645.0	3,309.0
EBITDA	419.8	519.7	554.6	717.9
Net Profit	160.8	216.8	232.4	313.2
EPS (₹)	16.7	22.9	24.5	33.0

Valuation summary

(x)	FY17	FY18	FY19E	FY20E
P/E	26.8	19.9	18.6	13.8
Target P/E	29.4	21.8	20.3	15.1
EV / EBITDA	15.4	12.7	12.3	9.4
P/BV	1.6	1.5	1.5	1.4
RoNW (%)	6.1	7.8	8.0	10.1
RoCE (%)	7.7	9.7	9.7	12.1

Stock data

Particular	Amount (₹ crore)
Market Capitalization	4,393.3
Total Debt	2,308.7
Cash and Investments	119.4
EV	6,582.6
52 week H/L (₹)	687 / 345
Equity capital	94.8
Face value (₹)	10.0

Price performance (%)

Return %	1M	3M	6M	12M
Sunteck Realty	(5.7)	(26.5)	(22.7)	(9.8)
Oberoi Realty	6.2	(15.4)	(22.4)	(13.9)
Sobha Ltd	7.3	(15.4)	(14.5)	(11.4)
Mahindra Lifespace	(1.5)	(17.1)	(20.8)	(5.1)
BSE Realty	7.1	(17.4)	(25.5)	(24.4)

Research Analyst

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Variance analysis

₹ crore	Q2FY19	Q2FY19E	Q2FY18	YoY (Chg %)	Q1FY19	QoQ (Chg %)	Comments
Income from Operation	658.7	681.4	646.6	1.9	597.7	10.2	Topline growth on account of strong growth in contractual division
Other Income	17.5	12.4	11.2	56.3	12.4	41.1	
Material & construction cost	477.9	497.0	362.0	32.0	436.0	9.6	
Employee cost	59.8	61.3	49.5	20.8	51.7	15.7	
Other expenditure	131.7	113.8	85.4	54.2	99.8	32.0	
EBITDA	140.2	146.7	124.8	12.3	130.6	7.4	
EBITDA Margin (%)	21.3	21.5	19.3	198 bps	21.9	-57 bps	
Depreciation	15.4	14.9	13.7	12.4	14.9	3.4	
Interest	53.2	54.1	51.3	3.7	54.1	-1.7	
PBT	89.1	90.1	71.0	25.5	74.0	20.4	
Taxes	27.7	27.0	20.7	33.8	21.4	29.4	
PAT	61.4	63.1	50.3	22.1	52.6	16.7	PAT growth was led by strong margin expansion
Key Metrics							
Sales Volume (msf)	1.03	0.97	0.82	26.5	0.96	7.4	Sobha reported strong sequential volume growth of 7.4% indicating a gradual revival in demand environment
Realisation (₹)	5,977	6,300	6,902	-13.4	6,372	-6.2	

Source: Company, ICICI Direct Research

Change in estimates

	FY17	FY18	FY19E			FY20E			Comments
(₹ Crore)			Old	New	% Change	Old	New	% Change	
Revenue	2,229.0	2,783.0	3,136.4	2,645.0	-15.7	3,465.2	3,309.0	-4.5	We tweak our estimates
EBITDA	419.8	519.7	592.1	554.6	-6.3	679.8	717.9	5.6	
EBITDA Margin (%)	18.8	18.7	18.9	21.0	209 bps	19.6	21.7	208 bps	We revise our EBITDA margin estimates for real estate division factoring in management commentary
PAT	160.8	216.8	247.9	232.4	-6.2	289.5	313.2	8.2	
EPS (₹)	16.7	22.9	26.1	24.5	-6.2	30.5	33.0	8.2	

Source: Company, ICICI Direct Research

Assumptions

					Current	Earlier	Current	Earlier	
Volume sold in msf	FY15	FY16	FY17	FY18	FY19E	FY19E	FY20E	FY20E	
Total	3.3	3.4	3.0	4.1	4.0	4.0	4.1	4.1	We maintain our estimates

Source: Company, ICICI Direct Research

Conference Call Highlights:

- **NBFC funding for Sobha:** The management said that Sobha deals with NBFCs like Aditya Birla Finance, Punjab National Housing Finance, etc. However, the company's debt exposure to these NBFCs is only 14% of its total loan outstanding. These NBFCs, along with many other, are in discussions to extend fresh credit lines to Sobha, if required. Hence, we do not foresee any issues related to funding for the company

- **New launches:** In Q2FY19, Sobha launched Sobha Lake Garden in Bangalore, with a total saleable area of 0.89 msf and also released 0.21 msf for sales from its existing project Sobha city in Gurgaon. Furthermore, in H2FY19E, Sobha has already launched Sobha Isle in Kochi. The company further plans to launch an affordable housing project in north Bangalore for which all approvals have been received. It has applied for RERA registration. It will also be launching 1.8 msf area soon in the GIFT City (Gujarat). With this, Sobha plans to launch 8.6 msf residential space in the next few quarters

- **Debt update:** The net debt has increased by ₹ 102 crore to ₹ 2365 crore with net debt to equity (D/E) of 0.80x in Q1FY19 (as per AS-11 & 18). The management expects 0.8x as an ideal D/E rate. As per the newly adopted Ind-As 115, D/E is at 1.16x. The current cost of debt has further come down to 9.30% in Q2FY19 vs. 9.31% in Q1FY19 amid an increase in repo rate by the RBI

- **Contract & manufacturing division:** The orderbook is strong at ₹ 2440 crore. This order book includes Lulu, Aziz Premji University, Biocon, Manipal Group, ITC, etc. The company is currently working on ~8.6 msf area across eight different cities for various clients. Furthermore, it is extremely bullish on the Infosys project and also expects to ramp-up execution in H2FY19E. Thus, it has guided to clock ₹ 1200 crore revenues from contractual division in FY19E

- **Commercial segment update:** Sobha would look for commercial development mainly in Kochi and Delhi. On this front, it recently invested ~₹ 100 crore in Kochi market, which it plans develop into the commercial space. The management is also working to develop ~0.5 msf commercial space in Delhi

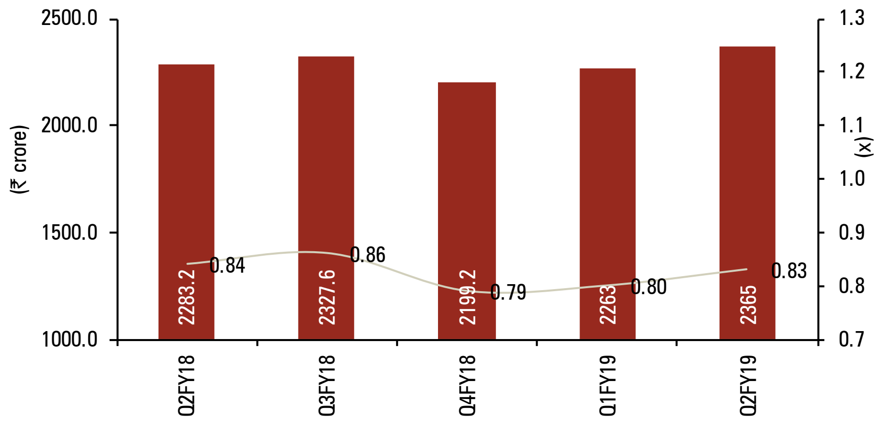
Company Analysis

Exhibit 1: Quarterly sales trend

Particulars	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	YoY	QoQ
Bengaluru										
Sales Volume (Sq ft)	503,037	508,572	592,936	612,818	644,123	750,375	612,944	702,072	14.6%	14.5%
Average Realisation (₹/sq ft)	5,985	7,320	7,100	7,174	6,183	6,958	6,819	6,887	-4.0%	1.0%
Sale Value (₹ crore)	301.1	372.3	421.0	439.6	398.2	522.1	418.0	483.5	10.0%	15.7%
Thrissur										
Sales Volume (Sq ft)	13,289	3,312	13,191	19,919	20,036	6,425	27,400	17,247	-13.4%	-37.1%
Average Realisation (₹/sq ft)	8,749	9,519	9,233	9,329	7,997	9,049	8,868	8,956	-4.0%	1.0%
Sale Value (₹ crore)	11.6	3.2	12.2	18.6	16.0	5.8	24.3	15.4	-16.9%	-36.4%
Coimbatore										
Sales Volume (Sq ft)	5,059	8,355	15,913	13,234	14,997	25,127	31,004	46,807	253.7%	51.0%
Average Realisation (₹/sq ft)	4,235	4,122	3,998	4,040	4,392	3,918	3,840	3,878	-4.0%	1.0%
Sale Value (₹ crore)	2.1	3.4	6.4	5.3	6.6	9.8	11.9	18.2	239.6%	52.5%
Pune										
Sales Volume (Sq ft)	12,603	7,883	(8,941)	6,239	-	5,727	1,104	4,825	-22.7%	337.0%
Average Realisation (₹/sq ft)	7,396	10,474	10,160	10,265	7,313	9,957	9,757	9,855	-4.0%	1.0%
Sale Value (₹ crore)	9.3	8.3	-9.1	6.4	0.0	5.7	1.1	4.8	-25.7%	341.4%
Mysore										
Sales Volume (Sq ft)	13,524	15,389	14,592	18,812	22,882	10,944	49,371	61,881	228.9%	25.3%
Average Realisation (₹/sq ft)	1,986	1,965	1,906	1,926	2,066	1,868	1,831	1,849	-4.0%	1.0%
Sale Value (₹ crore)	2.7	3.0	2.8	3.6	4.7	2.0	9.0	11.4	215.8%	26.6%
NCR										
Sales Volume (Sq ft)	23,104	97,867	123,874	78,721	82,529	75,733	102,190	132,875	68.8%	30.0%
Average Realisation (₹/sq ft)	6,562	7,180	6,965	7,036	6,455	6,825	6,689	6,756	-4.0%	1.0%
Sale Value (₹ crore)	15.2	70.3	86.3	55.4	53.3	51.7	68.4	89.8	62.1%	31.3%
Chennai										
Sales Volume (Sq ft)	33,470	55,651	27,485	27,837	26,804	20,100	48,253	43,731	57.1%	-9.4%
Average Realisation (₹/sq ft)	7,855	5,169	5,014	5,066	5,714	4,914	4,815	4,864	-4.0%	1.0%
Sale Value (₹ crore)	26.3	28.8	13.8	14.1	15.3	9.9	23.2	21.3	50.8%	-8.5%
Calicut										
Sales Volume (Sq ft)	2,224	18,036	7,750	20,429	12,290	4,871	12,192	9,438	-53.8%	-22.6%
Average Realisation (₹/sq ft)	6,273	6,122	5,938	6,000	6,044	5,820	5,703	5,760	-4.0%	1.0%
Sale Value (₹ crore)	1.4	11.0	4.6	12.3	7.4	2.8	7.0	5.4	-55.6%	-21.8%
Cochin										
Sales Volume (Sq ft)	7,342	8,200	28,430	63,075	109,704	116,409	75,627	12,726	-79.8%	-83.2%
Average Realisation (₹/sq ft)	1,986	5,623	5,454	5,511	5,054	5,345	5,238	5,291	-4.0%	1.0%
Sale Value (₹ crore)	1.5	4.6	15.5	34.8	55.4	62.2	39.6	6.7	-80.6%	-83.0%
Total										
Sales Volume (Sq ft)	613,652	723,265	815,230	861,084	933,365	1,015,711	960,085	1,031,602	19.8%	7.4%
Average Realisation (₹/sq ft)	6,082	6,979	6,770	6,840	6,092	6,635	6,502	6,567	-4.0%	1.0%
Sale Value (₹ crore)	371.1	504.8	562.7	592.7	610.5	655.8	611.8	616.6	4.0%	0.8%

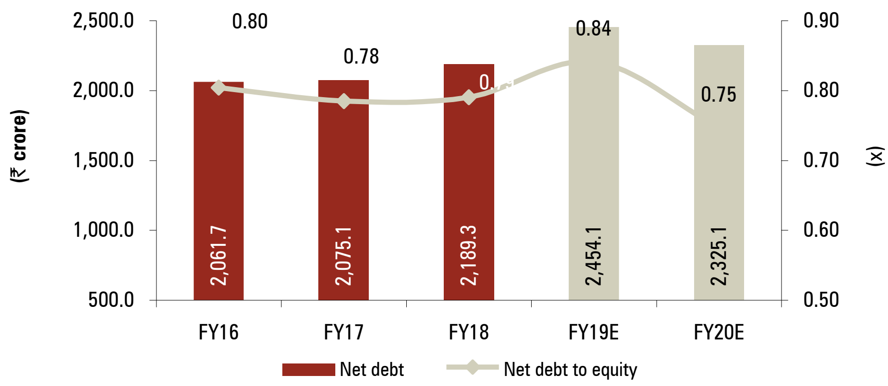
Source: Company, ICICI Direct Research

Exhibit 2: Quarterly net debt equity trend



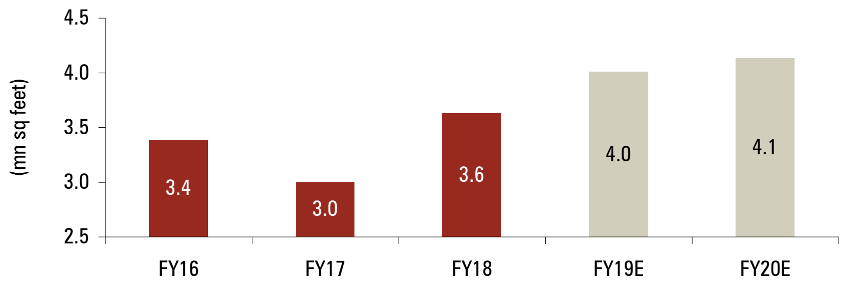
Source: Company, ICICI Direct Research

Exhibit 3: Yearly net debt to equity trend



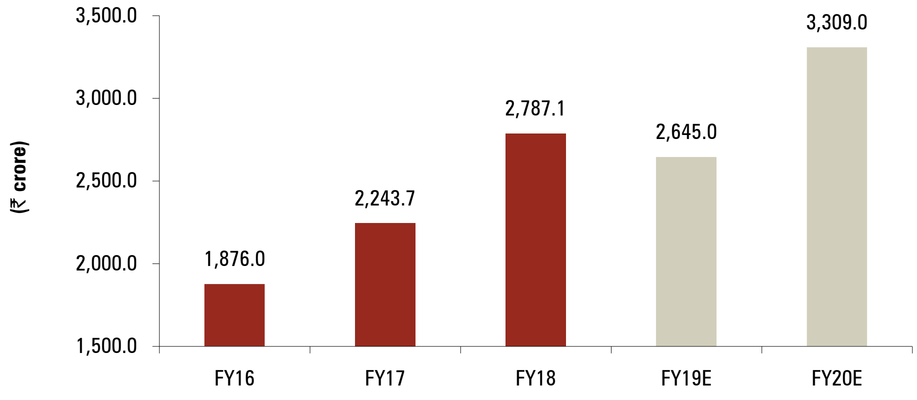
Source: Company, ICICI Direct Research

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



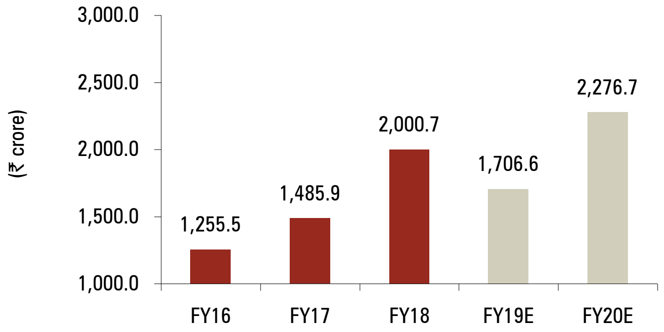
Source: Company, ICICI Direct Research

Exhibit 5: Revenues trend…



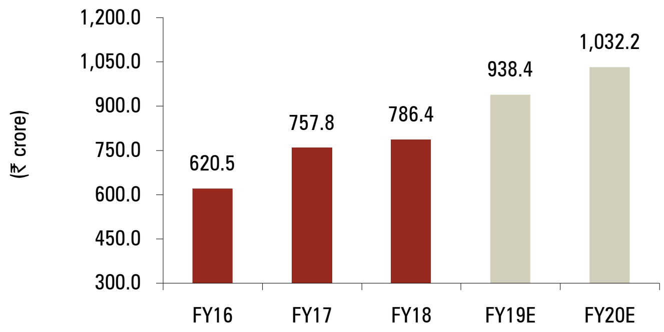
Source: Company, ICICI Direct Research

Exhibit 6: Real estate revenue trend…



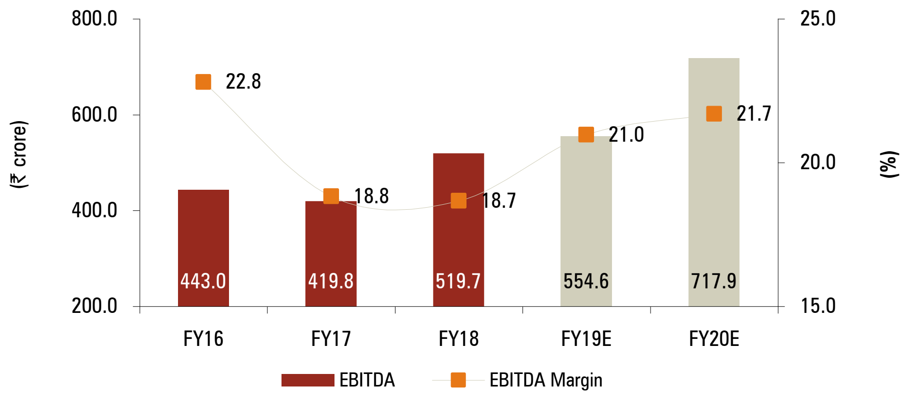
Source: Company, ICICI Direct Research

Exhibit 7: Construction revenues trend…



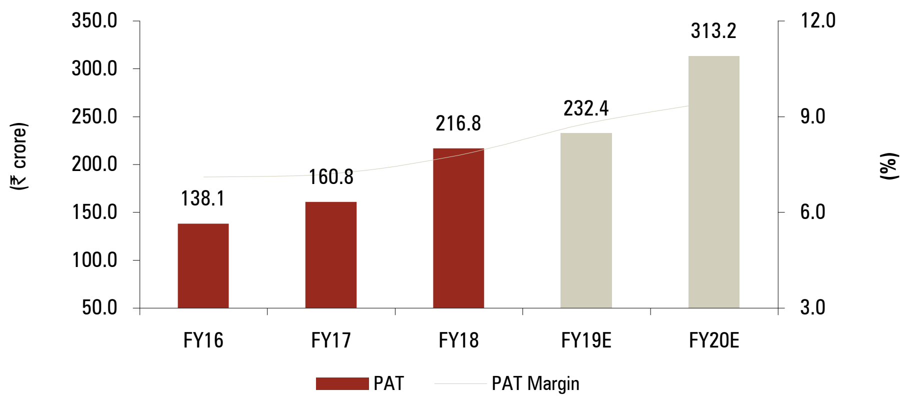
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA margin trend



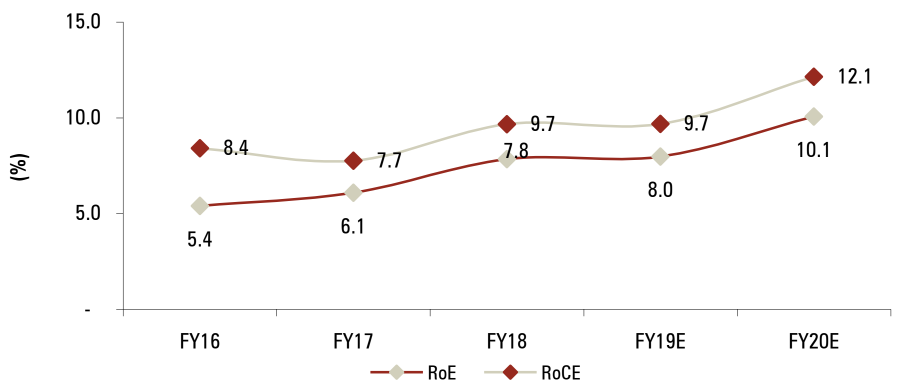
Source: Company, ICICI Direct Research

Exhibit 9: PAT trend



Source: Company, ICICI Direct Research

Exhibit 10: Return ratio to bounce back



Source: Company, ICICI Direct Research

Outlook and Valuation

We value Sobha using the SoTP valuation methodology.

We value Sobha's stock at ₹ 490/share

Sobha's sales volumes continue to improve with the company posting volume growth of 20.8% YoY to 3.6 msf in FY18. 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, 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 ₹ 490/share.

Exhibit 11: SoTP valuation

		NAV			Fair value	
	Mn sq ft	₹ crore	₹ /share	NAV multiple (x)	₹ crore	₹ /share
Completed projects (A)	0.4	162.8	17.2	1.0	162.8	16.6
Ongoing & Proposed projects (B)						
Bangalore	15.4	1526	161.0	1.0	1526.2	161.0
NCR	5.5	636	67.0	0.9	572.0	60.3
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	2556	269.6	0.9	2405.1	253.7
Other Land Bank (C)	204.0	3922	413.7	1.0	3922.2	413.7
Real Estate Business value (A+B+C)	**228.9**	**6641.0**	**700.5**	1.0	**6490.2**	**684.1**
Less:						
Net debt		2325	245.3		2325.1	245.3
Land cost outstanding		69	7.3		69.2	7.3
Real Estate equity value		**4247**	**448.0**	**0.96**	**4095.9**	**431.5**
Construction Business			5x FY20E EV/EBITDA		516.1	54.4
Total SoTP Valuation					**4612.1**	**485.9**
Rounded off Target price						**490.0**

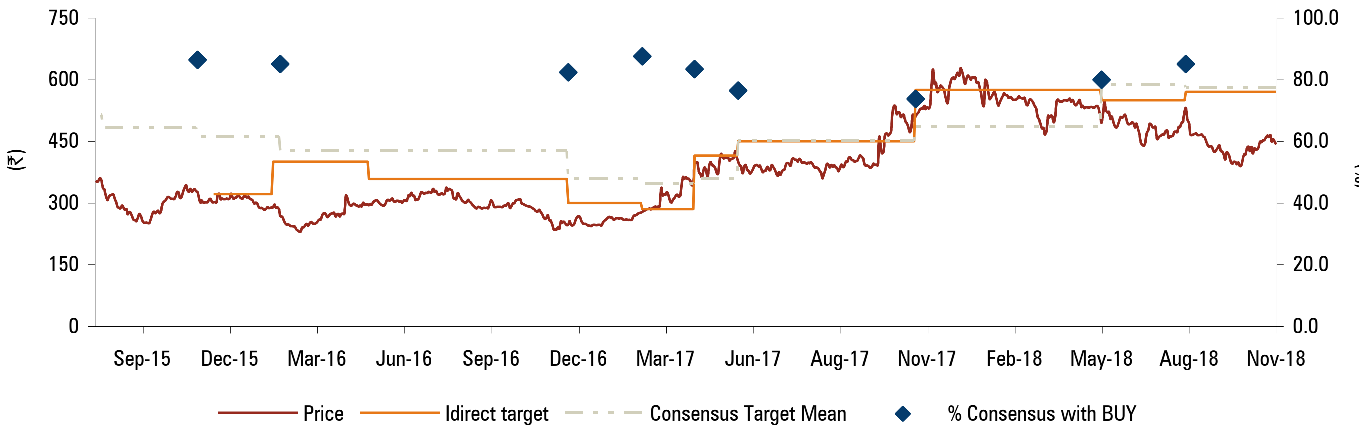
Source: Company, ICICI Direct Research

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	26.2	15.2	6.1	7.7
FY18	2,783.0	24.9	22.5	34.9	19.4	12.5	7.8	9.7
FY19E	2,645.0	(5.0)	24.1	7.2	18.1	12.2	8.0	9.7
FY20E	3,309.0	25.1	32.5	34.8	13.4	9.2	10.1	12.1

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)	30-Jun-18	37.6%	35.6	0.0
2	Menon (P N C)	30-Jun-18	18.3%	17.4	0.0
3	Franklin Templeton Asset Management (India) Pvt. Ltd.	30-Sep-17	6.7%	6.4	3.0
4	Schroder Investment Management (Hong Kong) Ltd.	30-Jun-18	5.8%	5.5	4.0
5	Nordea Funds Oy	30-Jun-18	4.9%	4.7	0.0
6	L&T Investment Management Limited	30-Jun-18	3.5%	3.3	-0.2
7	Dimensional Fund Advisors, L.P.	31-Aug-18	2.0%	1.9	0.0
8	Norges Bank Investment Management (NBIM)	30-Jun-18	1.6%	1.6	0.4
9	The Vanguard Group, Inc.	31-Aug-18	1.5%	1.5	0.0
10	Fidelity International	30-Jun-18	1.4%	1.3	0.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Mar-18	Jun-18	Sep-18
Promoter	55.9	55.9	55.9
Public	44.1	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)
Schroder Investment Management (Hong Kong) Ltd.	26.0	4.0	L&T Investment Management Limited	-1.4	-0.2
Japan Trustee Services Bank Ltd.	6.3	1.0	Neuberger Berman, LLC	-0.6	-0.1
Norges Bank Investment Management (NBIM)	2.7	0.4	Taurus Asset Management Co. Ltd.	-0.3	0.0
SBI Funds Management Pvt. Ltd.	1.4	0.3	Aletti Gestielle SGR S.p.A.	-0.2	0.0
Pzena Investment Management, LLC	1.5	0.2	J O Hambro Capital Management Limited	-0.1	0.0

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				₹ Crore
(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	2,229.0	2,783.0	2,645.0	3,309.0
Growth (%)	14.7	24.9	(5.0)	25.1
Other income	38.6	49.5	54.5	57.2
Total revenue	2,267.6	2,832.5	2,699.4	3,366.1
Raw Material Expense	1,302.0	1,680.0	1,477.9	1,947.9
Land cost	713.0	46.6	793.5	976.1
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	554.6	717.9
Growth (%)	(5.2)	23.8	6.7	29.4
Interest	149.7	197.8	216.4	237.5
Depreciation	63.8	54.4	60.7	63.1
Other income	38.6	49.5	54.5	57.2
PBT	244.9	317.0	332.0	474.6
Taxes	97.0	100.2	99.6	161.3
Minoriy Interest	(12.9)	-	-	-
PAT after MI	160.8	216.8	232.4	313.2
PAT Growth rate	16.4	34.9	7.2	34.8
Adjusted EPS (Diluted)	16.7	22.5	24.1	32.5

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(₹ Crore)	FY17	FY18	FY19E	FY20E
Profit after Tax	160.8	216.8	232.4	313.2
Depreciation	63.8	54.4	60.7	63.1
Interest	149.7	197.8	216.4	237.5
Others	(50.4)	(246.1)	(154.0)	(218.5)
Cash Flow before wc changes	420.9	323.1	455.0	556.6
Net Increase in Current Assets	(740.5)	(212.2)	(197.8)	(461.5)
Net Increase in Current Liabilities	673.5	242.6	(198.9)	514.8
Net CF from operating activities	353.9	353.4	58.2	609.8
(Purchase)/Sale of Fixed Assets	(31.6)	(59.7)	(75.0)	(185.0)
Net CF from Investing activities	1.9	(128.7)	(20.6)	(127.8)
Inc / (Dec) in Equity Capital	(58.1)	(62.0)	-	-
Dividend	(23.2)	(29.0)	(85.7)	(115.5)
Interest paid	(260.2)	(260.6)	(216.4)	(237.5)
Inc / (Dec) in Loans	(4.1)	108.8	191.3	-
Net CF from Financing activities	(345.6)	(242.8)	(110.8)	(353.0)
Net Cash flow	10.2	(18.1)	(73.1)	129.0
Opening Cash	113.5	124.1	119.0	45.9
Closing Cash/ Cash Equivalent	123.7	119.0	45.9	174.9

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(₹ Crore)	FY17	FY18	FY19E	FY20E
Liabilities				
Equity Capital	96.3	94.8	94.8	94.8
Reserve and Surplus	2,548.2	2,675.1	2,821.8	3,019.5
Total Shareholders funds	2,644.5	2,769.9	2,916.6	3,114.4
Minority Interest	-	-	-	-
Total Debt	2,221.9	2,308.7	2,500.0	2,500.0
Deferred Tax Liability	228.3	252.1	252.1	252.1
Total Liabilities	5,095	5,331	5,669	5,866
Assets				
Gross Block	610.1	613.8	638.8	663.8
Less Acc. Dep	94.9	138.0	198.7	261.7
Net Block	515.4	475.8	440.1	402.0
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	4,826.0	4,840.7
Sundry Debtors	226.7	327.2	326.1	408.0
Loans & Advances	2,828.4	3,020.5	3,228.4	3,593.4
Cash & Bank Balances	146.8	119.4	45.9	174.9
Total Current Assets	8,297.9	8,414.5	8,538.8	9,129.4
Creditors	3,784.1	3,663.5	3,478.3	3,988.9
Provisions	14.2	30.6	16.8	21.1
Net Current Assets	4,499.6	4,607.9	4,931.2	5,007.0
Total Assets	5,095	5,331	5,668	5,866

Source: Company, ICICI Direct Research

Key ratios				
	FY17	FY18	FY19E	FY20E
Per Share Data (₹)				
EPS - Diluted	16.7	22.5	24.1	32.5
Cash EPS	23.3	28.6	30.9	39.7
Book Value	274.6	287.6	302.9	323.4
Dividend per share	5.3	8.4	9.0	12.2
Operating Ratios (%)				
EBITDA / Net Sales	18.8	18.7	21.0	21.7
PAT / Net Sales	7.2	7.8	8.8	9.5
Inventory Days	834.5	634.1	666.0	534.0
Debtor Days	37.1	42.9	45.0	45.0
Return Ratios (%)				
RoNW	6.1	7.8	8.0	10.1
RoCE	7.7	9.7	9.7	12.1
RoIC	7.3	9.2	9.1	12.2
Valuation Ratios (x)				
EV / EBITDA	15.4	12.7	12.3	9.4
P/E (Diluted)	26.8	19.9	18.6	13.8
EV / Net Sales	2.9	2.4	2.6	2.0
Market Cap / Sales	2.0	1.6	1.7	1.3
Price to Book Value	1.6	1.5	1.5	1.4
Dividend yield	1.2	1.9	2.0	2.7
Solvency Ratios (x)				
Net Debt / Equity	0.8	0.8	0.8	0.7
Debt / EBITDA	5.3	4.4	4.5	3.5
Current Ratio	2.1	2.2	2.4	2.2
Quick Ratio	0.8	0.9	1.0	1.0

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)	448	490	Hold	4,393	22.5	24.1	32.5	19.9	18.6	13.8	12.7	12.3	9.4	1.5	1.5	1.4	7.8	8.0	10.1
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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