

Brigade Enterprises

Capex behind, Leasing awaited

BEL 4QFY20/FY20 was operationally strong quarter as it sold ~1/4.3mn sqft on back of robust demand in residential segment. FY20 realization remained flat whilst presales grew 45% YoY to Rs 23.7bn. BEL achieved lifetime high leasing of 2.45mn sqft during FY20 and hotel occupancies increased from 64% to 67% YoY. Despite midterm challenges in Hospitality/Retail business, BEL has strong liquidity and office rental collection remains strong. Chennai WTC is already leased out. BTG property leasing is expected to pick up over next 12m. Debt is nearing peak and large Capex is already incurred. We maintain BUY with TP of Rs 213/sh (vs. Rs 218/sh earlier).

- Reported PAT impacted by one-off:** BEL posted revenue of Rs 6.4bn, in-line with our estimates. EBITDA/APAT however missed our estimates by 12%/21% on margin contraction and higher depreciation. Reported PAT came in at Rs 27mn (-96% YoY) on back of Rs 205mn write down of investment properties in leasing and hospitality segment.
- Commercial rent collection at +96%; Concession given to retail tenants:** Despite lockdown, rent collection from commercial space remained healthy at +96% in March/April/May-20 period as no client opted for force majeure. Also, there has been no renegotiation from clients to reduce rent except for small area in WTC Kochi. Company does not foresee major impact on leasing as it believes impact from WFH would largely get mitigated by demand for larger space to maintain social distancing.
- Malls given limited relief, additional payment period:** Although, malls have reopened since 10th June after easing of restrictions, footfall remains at 15-20% of pre-Covid level, multiplexes are yet to reopen. BEL has given 50% concession on rent during lockdown period (which shall be collected of next 3-4months) and lower MG until Sep-20. Collection in residential has also improved to 70% in May and is expected to reach 80-90% by end of 1QFY21.
- Enough liquidity to tide out near term headwinds:** Consolidated debt increased marginally to Rs 35.2bn (vs Rs 34.2bn on Dec'19), including SPVs debt of Rs 14bn. With Rs 4.4bn of cash, Net D/E stood at 1.17x. BRGD has opted for loan moratorium for hospitality in which it is facing significant headwinds. With international flights yet to resume, company is targeting operational breakeven at 35-40% occupancy and will provide additional support if needed. Considering current scenario, BEL has halted work on 2 of its 4 hospitality projects to conserve cash. Hospitality stake sale is on hold.
- We reiterate BUY on Brigade Enterprises** with revised TP of Rs 213/sh despite near term headwinds in hospitality as capex is largely behind and lease tieup in BTG will lead to further re-rating. We revise our FY21E/FY22E EPS estimates from Rs 2.7/4.6 to Rs -1.2/6.6 to account for weak demand in FY21 and subsequent recovery in FY22. Key risks (1) Delay in demand recovery in hospitality segment (2) Inability to monetize hospitality assets.

Financial summary

YE March (Rs mn)	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY19	FY20	FY21E	FY22E
Net Sales	6,359	7,600	(16.3)	5,523	15.2	29,727	26,322	19,813	29,248
EBITDA	1,352	2,154	(37.3)	1,556	(13.1)	7,897	6,633	5,416	9,629
APAT	232	596	(61.1)	493	(53.0)	2,399	1,511	(249)	1,352
Diluted EPS (Rs)	1.1	2.9	(61.1)	2.4	(53.0)	11.7	6.4	(1.2)	6.6
P/E (x)						11.7	21.5	(112.4)	20.7
EV / EBITDA (x)						8.0	10.3	13.4	7.8
RoE (%)						10.7	5.8	(1.1)	6.1

Source: Company, HSIE Research

BUY

CMP (as on 19 June 2020)	Rs 142
Target Price	Rs 213
NIFTY	10,244

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	Rs 218	Rs 213
EPS FY21E	Rs 2.7	Rs (1.2)
EPS FY22E	Rs 4.6	Rs 6.6

KEY STOCK DATA

Bloomberg code	BRGD IN
No. of Shares (mn)	204
MCap (Rs bn) / (\$ mn)	29/382
6m avg traded value (Rs mn)	38
52 Week high / low	Rs 255/91

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(11.0)	(32.2)	(10.9)
Relative (%)	(33.8)	(15.5)	0.3

SHAREHOLDING PATTERN (%)

	Dec-19	Mar-20
Promoters	46.83	46.82
FIs & Local MFs	16.76	17.17
FPIs	12.76	11.85
Public & Others	23.62	24.16
Pledged Shares	0.0	0.0

Source : BSE

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Revenue: Rs 6.4bn (-16%YoY, +15% QoQ, inline)

EBIDTA margins: 21.3% (-709bps YoY, -691bps QoQ)

EBIDTA: Rs 1.35bn (-37% YoY, -13%QoQ, 12% miss)

Interest cost: Rs 805mn (+5.5% YoY, -7% QoQ)

Depreciation: Rs 563mn (+32.5% YoY, +12.5% QoQ). The YoY increase in depreciation is on account of capitalization of 4 commercial properties and 1 hospitality property during FY20

RPAT: Rs 27mn (-95.5% YoY, -95% QoQ). Steep fall in RPAT is on account of Rs 205mn write down of investment properties in leasing and hospitality segment

Adjusting for the same, APAT came in at Rs 232mn (-61% YoY, -53% QoQ, 21% miss)

Sales -1mn sqft (+10% YoY, -3% QoQ); Rs 6.5bn (+25% YoY, +8% QoQ). Realisation was at Rs 6,176/sqft (14% YoY, +11% QoQ). Launches: 4QFY20 - 2.34mn sqft residential (Bengaluru-1.22mn sqft, Chennai-1.12mn sqft) & 0.12mn sqft commercial-sale in Bengaluru

Quarterly Financials Snapshot - Standalone

Particulars (Rs mn)	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY20	FY19	YoY (%)
Net Sales	6,359	7,600	(16.3)	5,523	15.2	26,322	29,728	(11.5)
Construction Expenses	(3,394)	(3,914)	(13.3)	(2,395)	41.7	(13,154)	(15,948)	(17.5)
Employee Expenses	(456)	(498)	(8.5)	(564)	(19.2)	(2,160)	(1,879)	15.0
Other Operating Expenses	(1,158)	(1,034)	12.0	(1,008)	14.9	(4,375)	(4,004)	9.3
EBITDA	1,352	2,154	(37.3)	1,556	(13.1)	6,632	7,897	(16.0)
Interest Cost	(805)	(763)	5.5	(863)	(6.7)	(3,403)	(2,785)	22.2
Depreciation	(563)	(425)	32.5	(501)	12.5	(1,920)	(1,401)	37.1
Other Income + Exceptional	(121)	178	(167.9)	164	(173.7)	289	546	(47.0)
PBT	(138)	1,144	(112.0)	356	(138.7)	1,598	4,257	(62.5)
Minority Interest	137	(124)		84		166	(420)	(139.5)
Share of associates/CI	(0)	4	(105.0)	5	(104.4)	16	18	(11.6)
Tax	28	(428)	(106.5)	49	(43.4)	(474)	(1,456)	(67.5)
RPAT	27	596	(95.5)	493	(94.6)	1,306	2,399	(45.6)
E/o (adj for tax)	205	-				205	-	
APAT	232	596	(61.1)	493	(53.0)	1,511	2,399	(37.0)

Source: Company, HSIE Research

Margin Analysis

MARGIN ANALYSIS	4Q FY20	4Q FY19	YoY (bps)	3Q FY20	QoQ (bps)	FY20	FY19	YoY (bps)
Material Expenses % Net Sales	53.4	51.5	187	43.4	1,000	50.0	53.6	(367)
Employee Expenses % Net Sales	7.2	6.6	61	10.2	(305)	8.2	6.3	189
Other Operating Expenses % Net Sales	18.2	13.6	461	18.3	(4)	16.6	13.5	315
EBITDA Margin (%)	21.3	28.3	(709)	28.2	(691)	25.2	26.6	(137)
Tax Rate (%)	20.1	37.4	(1,728)	(13.7)	3,386	29.6	34.2	(457)
APAT Margin (%)	0.4	7.8	(743)	8.9	(851)	5.0	8.1	(311)

Source: Company, HSIE Research

Pre-sales Trend

Pre-sales	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY20	FY19	YoY (%)
Sales Volume (mn sqft)	1.08	0.96	13	1.08	0	4.3	3.0	43.8
Sales Value (Rs mn)	6,035	5,198	16.1	6,035	0.0	23,768	16,440	44.6
Average Realization (Rs/sqft)	5,578	5,415	3.0	5,578	0.0	5,572	5,545	0.5

Source: Company, HSIE Research

Consolidated net debt has increased QoQ to Rs 35.2bn (+Rs 1bn QoQ). Net D/E is 1.17x as per IND AS 115

Collections stood at Rs 7.2bn for 4QFY20 vs Rs 7.3bn QoQ. For FY20/19 collections came in at Rs 25.4/22.4bn.

BEL generated Rs 5bn of CFO which was utilized toward Rs 7.6bn in capex assets, to bridge the gap BEL availed financing cash flows of Rs 3.4bn. 4QFY20 saw new leasing of ~0.21mn sqft of new office and retail area (2.45mn sqft in FY20 which is expected to yield rentals of ~Rs2.4bn).

Net Debt (BEL's share) stood at Rs 28.3bn (Vs Rs 27.8bn on Dec'19). Net D/E is 1.17x as per IND AS 115

Consolidated Net Debt/Equity Ratio (x) Trend

(Rs mn)	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20
Net Debt	28,339	29,551	31,319	33,426	34,182	35,182
Networth- IND AS 115	27,514	28,269	29,372	29,971	30,250	30,070
Net D/E (x)- IND AS 115	1.03	1.05	1.07	1.12	1.13	1.17

Source: Company, HSIE Research

Details of ongoing projects

	Ongoing BEL projects	Ongoing SPV projects	Stock sales	Total
Area (mn sqft)				
Total Launched Saleable Area	13.23	2.39	1.15	16.77
Less: LO Share	3.36	-	-	3.36
Co Share Of Saleable Area	9.87	2.39	1.15	13.41
Sold Till Date	4.76	0.85	-	5.61
To Be Sold	5.11	1.54	1.15	7.8
Estimated Sale value (Rs mn)				
Value Of Sold Units	25,411	4,950	-	30,361
Value Of Unsold Units	29,198	10,882	5,810	45,890
Total Sale Value - a	54,609	15,832	5,810	76,251
Collection Till Date On Sold Units - b				
Balance Collection (Including Sold Units) - c = a-b	43,295	12,782	5,810	61,887
Estimated Cost For Projects (Incl Land/NRD) - d				
Cost Incurred Till Date - e	15,822	7,943	3,882	27,647
Balance Cost To Be Incurred - f = d-e	27,300	4,292	0	31,592
Pre-tax Surplus - g = c-f	15,995	8,490	5,810	30,295

Source: Company, HSIE Research

Key Assumptions & Estimates

Particulars	Estimates		Growth YoY (%)		Comments
	FY21E	FY22E	FY21E	FY22E	
Volume assumptions					
Residential - Brigade share (mn sqft)	2.5	3.5	(41.4)	40.0	
Average rate (Rs/sqft)	5,455	5,512	(2.2)	1.0	Expect price to remain flattish given uncertain scenario
Sales value - Brigade share (Rs mn)	13,637	19,291	(42.6)	41.5	Revenue booking will get delayed and will recover in FY22
Rental Income:					
Gross area for lease (mnsf)	5.5	7.5	15.1	36.4	Addition of smaller assets will lead to gradual ramp-up of annuity
Average Occupancy (%)	68.0	74.0	(794)	600	
Brigade leased space (mnsf)	3.7	5.6	3.0	48.4	Multiplied by average occupancy
Average Rental (Rs/sqft/month)	80	107	(6.6)	33.4	
Brigade share - Net rental income (Rs mn)	3,595	7,115	(3.7)	97.9	Rental income will normalize by FY22 as WTC Chennai and BTG Bangalore become fully operational. Both will get line by line consolidated
Earnings forecast					
Residential Sales (Rs mn)	15,053	19,593	(21.8)	30.2	
Rental income (Rs mn)	3,595	7,115	(3.7)	97.9	
Hospitality (Rs mn)	1,166	2,541	(65.1)	118.0	We expect occupancy of 35-40% in FY21 as international flights are yet to resume
Total	19,813	29,248	(24.7)	47.6	
EBIDTA (Rs mn)	5,416	9,629	(18.3)	77.8	
EBIDTA Margin (%)	27.3	32.9	214	559	Higher EBIDTA on larger portion of better margin rental income
Net interest expense*	4,152	5,398	22.0	30.0	Interest increase in line with capex
PAT (Rs mn)	(249)	1,352	(116.5)	(642.6)	Expect BRGD to report loss in FY21E, largely from losses in hospitality and retail assets
PAT Margin (%)	(1.3)	4.6	(121.9)	(467.5)	
EPS (Rs)	(1.2)	6.6	(119.1)	(642.6)	
Cash flows forecast					
CFO - a	5,713	8,829	22.9	54.5	
CFI - b	(5,384)	(5,634)	(24.9)	4.7	
FCF - a+b	330	3,194	(113.1)	868.6	Despite losses in FY21, BRGD will be able to generate marginally positive FCF
CFF-c	(227)	(4,472)	(107.1)	1,872.4	
Total change in cash - a+b+c	103	(1,278)	(85.1)	(1,340.5)	

Source: HSIE Research

Outlook and valuation

We value the residential Real Estate business at Rs 49/share, Commercial Annuity assets at Rs 238/share, Hospitality at Rs 66/share, Land Bank at Rs 58/share

We reduce net debt (economic interest) and balance land payments at Rs 185/share and Rs 13/share respectively, to arrive at a total SOTP valuation of Rs 213/share

We maintain BUY on BEL with a revised NAV Target of Rs 213/sh (vs Rs 218/sh earlier)

Valuation

Segment - FY20 GAV	Methodology	INR mn	Rs/share
Development properties	NAV based on the methodology discussed	10,107	49
Land bank	NAV based on the methodology discussed	11,845	58
Rental assets	NAV based on the methodology discussed	48,689	238
Hospitality	15x FY22E EV/EBITDA	13,454	66
Total GAV	Gross NAV	84,095	411
Less: Net Debt - FY20E	FY22 E Net Debt (Economic interest)	37,843	185
Less: Unpaid land cost	As per 4QFY20 presentation	2,757	13
NAV		43,495	213

Source: HSIE Research

SOTP Valuation

- We have adopted DCF methodology to arrive at BEL's NAV/share. We value the Residential Real Estate business at Rs 49/share, Commercial Annuity Assets at Rs 238/share, Hospitality at Rs 66/share, Land bank at Rs 58/share and reduce net debt and balance land payments at Rs 185/share and Rs 13/share, respectively, to arrive at a total SOTP valuation of Rs 218/share. We don't ascribe any NAV discount to BEL, as we have only valued projects that have visibility over the next five years. We have valued the land bank beyond that period at current market rates..
- We have divided BEL's entire land bank (with launch visibility over the next five years) into Residential projects (based on the information given by the company).
- We have arrived at the sales price/sq ft and anticipated sales volumes for each project, based on our discussions with industry experts.
- We have deducted the cost of construction based on our assumed cost estimates, which have been arrived at after discussions with experts.
- We have further deducted marketing and other costs that have been assumed at 5% of the sales revenue.
- We have deducted income tax based on the tax applicable for the project.
- The resultant cash inflows at the project level have been discounted, based on WACC of 12% (cost of equity 17% based on beta of 1.6x and debt/equity ratio of 0.5x). All the project-level NAVs have then been summed up to arrive at the NAV of the company.
- For commercial office/retail space, we have discounted rentals using 12% WACC for the forecasted period and terminal value using the cap rate of 7.7%.
- For land beyond the five-year visibility, we have valued at the current market price.
- We have valued Hotels at 15x FY21E EV/EBIDTA From the NAV, we have deducted the net debt (economic interest) and likely outgo on balance land payments to arrive at the final valuation of the company

NAV Sensitivity Analysis

1% increase in average base sale price impacts our NAV positively by 1.9%

Every 100bps increase in sales price inflation impacts our NAV positively by 5.2%

100bps increase in cost inputs decreases our NAV by 3.4%

100bps increase in discounting rate impacts our NAV negatively by 4.6%

We have revised our estimates to increase in interest cost and higher depreciation due to capitalization of commercial and hospitality assets during FY20

Sensitivity to property prices

- Our model is sensitive to changes in the assumptions regarding property prices. For every 1% change in the base property prices (see exhibit above for base price assumptions), the NAV will change by approximately 1.9%

% change in sale price	-10%	-5%	0%	5%	10%
NAV/Share	172	192	213	233	254
Change in NAV (%)	-19.3%	-9.5%	0.0%	9.7%	19.5%

Sensitivity of NAV to changes in sales' inflation

- In our base case, we have assumed annual sale price inflation at 5%. For every 100bps increase in the annual sale price inflation, the NAV will increase by ~5.2%.

Sales Inflation Rates (%)	3%	4%	5%	6%	7%
NAV/Share	189	201	213	224	235
Change in NAV (%)	-10.9%	-5.4%	0.0%	5.2%	10.5%

Sensitivity of NAV to changes in cost inflation

- In our base case, we have assumed the cost of inflation to be 6%. For every 100bps increase in construction cost inflation, the NAV will change by about 3.4%.

Cost Inflation Rates (%)	4%	5%	6%	7%	8%
NAV/Share	228	220	213	205	198
Change in NAV (%)	7.1%	3.5%	0.0%	-3.4%	-6.9%

- The combined impact of a 100bps increase in sales price inflation and cost inflation will be a NAV increase of 1.8%.

Sensitivity of NAV to changes in the discount rate

- In our base case, we have assumed a discount rate of 16%. For every 100bps increase in the discount rate, the NAV will fall by 4.6%.

WACC Rates	10%	11%	12%	13%	14%
NAV/Share	231	222	213	203	193
Change in NAV (%)	8.8%	4.4%	0.0%	-4.6%	-9.1%

Change in estimates

Rs mn	FY21E New	FY21E Old	Change (%/bps)	FY22E New	FY22E Old	Change (%/bps)
Revenues	19,813	22,844	(13.3)	29,248	26,991	8.4
EBIDTA	5,416	5,924	(8.6)	9,629	7,028	37.0
EBIDTA Margins (%)	27.3	25.9	5.4	32.9	26.0	26.4
APAT	(249)	551	-	1,352	943	43.5
Adj. EPS (Rs)	(1.2)	2.7	-	6.6	4.6	43.4

Source: HSIE Research

Financials

Standalone Income Statement

Year ending March	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Sales	20,241	18,972	29,727	26,322	19,813	29,248
<i>Growth (%)</i>	<i>(0.7)</i>	<i>(6.3)</i>	<i>56.7</i>	<i>(11.5)</i>	<i>(24.7)</i>	<i>47.6</i>
Material Expenses	10,025	8,448	15,948	13,154	8,715	13,176
Employee Expenses	1,433	1,545	1,879	2,160	2,117	2,307
Other Operating Expenses	3,040	3,434	4,004	4,375	3,566	4,137
EBIDTA	5,744	5,545	7,897	6,633	5,416	9,629
<i>EBIDTA (%)</i>	<i>28.4</i>	<i>29.2</i>	<i>26.6</i>	<i>25.2</i>	<i>27.3</i>	<i>32.9</i>
<i>EBIDTA Growth (%)</i>	<i>17.2</i>	<i>(3.5)</i>	<i>42.4</i>	<i>(16.0)</i>	<i>(18.3)</i>	<i>77.8</i>
Other Income	342	483	546	494	519	571
Depreciation	1,226	1,377	1,401	1,920	2,228	2,517
EBIT	4,861	4,651	7,041	5,206	3,707	7,682
Interest	2,465	2,594	2,785	3,403	4,152	5,398
Exceptional items	-	115	-	205	-	-
PBT	2,396	1,942	4,256	1,598	(445)	2,284
Tax	736	628	1,456	474	-	575
PAT	1,660	1,314	2,800	1,124	(445)	1,709
Minority Interest	141	(63)	420	(166)	(196)	357
Share of associates	12	15	18	16	-	-
EO items (net of tax)	-	115	-	205	-	-
APAT	1,531	1,507	2,399	1,511	(249)	1,352
<i>APAT Growth (%)</i>	<i>23.5</i>	<i>(1.5)</i>	<i>59.1</i>	<i>(37.0)</i>	<i>-</i>	<i>-</i>
EPS	7.5	7.4	11.7	6.4	(1.2)	6.6
<i>EPS Growth (%)</i>	<i>23.5</i>	<i>(1.5)</i>	<i>59.1</i>	<i>(45.5)</i>	<i>-</i>	<i>-</i>

Source: Company, HSIE Research

Standalone Balance Sheet

As at March	FY17	FY18	FY19	FY20	FY21E	FY22E
SOURCES OF FUNDS						
Share Capital	1,137	1,361	1,362	2,044	2,044	2,044
Reserves	15,813	21,510	20,332	20,768	19,944	20,721
Total Shareholders Funds	16,950	22,871	21,694	22,811	21,987	22,765
Minority Interest	2,274	2,231	1,884	1,659	1,463	1,820
Long Term Debt	15,885	26,331	33,156	38,671	43,171	44,671
Short Term Debt	9,878	7,566	4,693	4,507	4,507	4,507
Total Debt	25,763	33,897	37,848	43,177	47,677	49,177
Deferred Taxes	455	22	(1,141)	(1,475)	(1,475)	(1,475)
Long Term Provisions & Others	1,127	1,725	1,686	2,487	2,541	2,595
TOTAL SOURCES OF FUNDS	46,569	60,745	61,972	68,660	72,193	74,883
APPLICATION OF FUNDS						
Net Block	4,794	8,171	9,248	10,243	13,915	17,298
CWIP	15,637	21,291	20,097	20,975	19,475	17,975
Goodwill	43	43	43	43	43	43
Investments + Inv. Property	10,009	10,380	14,039	20,252	21,916	23,721
Other Non Current Assets	4,852	6,927	5,812	6,507	6,572	6,638
Inventories	22,639	21,795	48,161	52,094	52,615	53,667
Debtors	374	1,770	4,208	4,306	4,349	4,393
Cash & Equivalents + Treasury investments	1,363	3,279	2,636	3,211	3,152	1,874
Advances and Other current assets	3,624	4,205	2,614	3,504	3,669	3,843
Total Current Assets	28,000	31,048	57,618	63,115	63,785	63,776
Creditors	5,161	5,265	6,081	5,005	5,255	5,518
Other Current Liabilities & Provns	11,605	11,850	38,805	47,470	48,275	49,084
Total Current Liabilities	16,767	17,115	44,886	52,475	53,530	54,602
Net Current Assets	11,233	13,933	12,732	10,640	10,256	9,174
TOTAL APPLICATION OF FUNDS	46,568	60,745	61,972	68,660	72,193	74,883

Source: Company, HSIE Research

Standalone Cash Flow

Year ending March	FY17	FY18	FY19	FY20	FY21E	FY22E
PAT	1,640	994	3,157	972	(445)	1,709
Non-operating & EO items	(218)	(336)	(307)	(3)	(519)	(571)
Interest expenses	2,465	2,594	2,785	3,403	4,152	5,398
Depreciation	1,226	1,377	1,400	1,920	2,228	2,517
Working Capital Change	(1,134)	(4,141)	(2,363)	(1,643)	297	(225)
OPERATING CASH FLOW (a)	3,978	487	4,672	4,650	5,713	8,829
Capex	(3,686)	(9,140)	(6,005)	(7,328)	(6,064)	(6,205)
Free cash flow (FCF)	292	(8,652)	(1,333)	(2,679)	(351)	2,624
Investments + Other income	340	(1,703)	1,485	162	681	571
INVESTING CASH FLOW (b)	(3,346)	(10,842)	(4,520)	(7,166)	(5,384)	(5,634)
Share capital Issuance and Misc	25	4,955	5	320	0	0
Debt Issuance	1,747	8,002	3,925	7,324	4,500	1,500
Interest expenses	(2,350)	(2,232)	(3,154)	(3,859)	(4,152)	(5,398)
Dividend	(1)	(408)	(328)	(575)	(575)	(575)
FINANCING CASH FLOW (c)	(579)	10,317	449	3,210	(227)	(4,472)
NET CASH FLOW (a+b+c)	54	(38)	601	693	103	(1,278)
Closing Cash & Equivalents	1,363	3,279	2,636	3,211	3,152	1,874

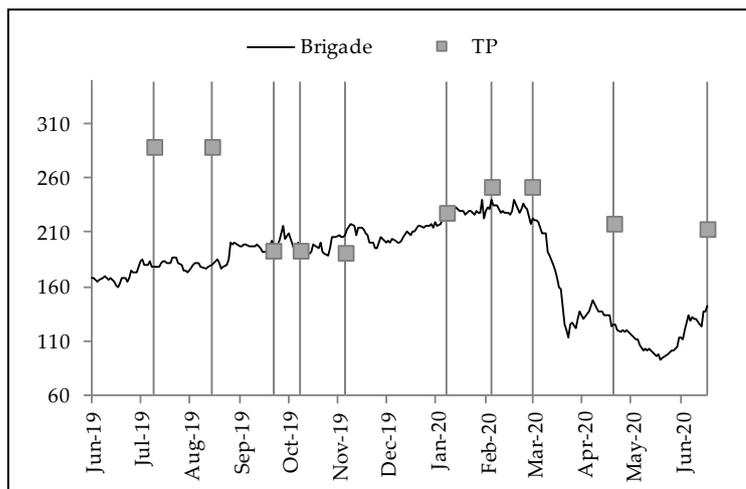
Source: Company, HSIE Research

Key Ratios

	FY17	FY18	FY19	FY20	FY21E	FY22E
PROFITABILITY (%)						
GPM	50.5	55.5	46.4	50.0	56.0	55.0
EBITDA Margin	28.4	29.2	26.6	25.2	27.3	32.9
EBIT Margin	24.0	24.5	23.7	19.8	18.7	26.3
APAT Margin	7.6	7.9	8.1	5.7	(1.3)	4.6
RoE	9.4	6.9	10.7	5.8	(1.1)	6.1
Core RoCE	19.6	20.6	21.6	22.6	22.6	22.6
RoCE	13.7	10.7	14.3	10.8	7.5	15.1
EFFICIENCY						
Tax Rate (%)	30.7	32.4	34.2	29.6	0.0	25.2
Asset Turnover (x)	0.6	0.4	0.6	0.5	0.4	0.6
Inventory (days)	412	427	429	695	964	663
Debtors (days)	7	21	37	59	80	55
Payables (days)	85	100	70	77	95	67
Cash Conversion Cycle (days)	335	348	397	677	950	650
Debt/EBITDA (x)	4.5	6.1	4.8	6.5	8.8	5.1
Net D/E	1.4	1.3	1.6	1.8	2.0	2.1
Interest Coverage	2.0	1.8	2.5	1.5	0.9	1.4
PER SHARE DATA						
EPS (Rs/sh)	7.5	7.4	11.7	6.4	-1.2	6.6
CEPS (Rs/sh)	13.5	14.1	18.6	16.8	9.7	18.9
DPS (Rs/sh)	2.5	2.0	2.0	2.0	2.0	2.0
BV (Rs/sh)	82.9	111.9	106.1	111.6	107.6	111.4
VALUATION						
P/E	18.9	19.2	12.1	22.2	(116.3)	21.4
P/BV	1.7	1.3	1.3	1.3	1.3	1.3
EV/EBITDA	9.3	10.8	8.1	10.4	13.6	7.9
OCF/EV (%)	0.1	0.0	0.1	0.1	0.1	0.1
FCF/EV (%)	0.5	(14.5)	(2.1)	(3.9)	(0.5)	3.4
FCFE/Market Cap (%)	(1.1)	(9.9)	(1.9)	2.7	(0.0)	(4.4)
Dividend Yield (%)	1.8	1.4	1.4	1.4	1.4	1.4

Source: Company, HSIE Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
11-Jul-19	267	NEU	289
17-Aug-19	271	NEU	289
22-Sep-19	194	NEU	193
10-Oct-19	196	NEU	193
7-Nov-19	207	NEU	191
9-Jan-20	225	NEU	228
7-Feb-20	240	NEU	252
2-Mar-20	232	ADD	252
22-Apr-20	124	BUY	218
20-Jun-20	142	BUY	213

From 2nd March 2020, we have moved to new rating system

Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: >10% Downside return potential

Disclosure:

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