

Commercial assets stake sale a key catalyst...

Oberoi Realty's (ORL) resilient Q2FY21 print was a pleasant surprise as the sales volumes decline of 6.6% YoY at 1.3 lakh sq ft was much better than the anticipated 30% decline. **However, key highlight was the company's intent to sell a minority stake in commercial assets (on a platform basis to unlock value as well as for growth capital).** On the financials front, revenues declined 35.7% YoY to ₹ 316 crore in Q2FY21. Among major segments, revenue from projects, rent, hospitality has declined 39%, 8.6%, 79.6% YoY to ₹ 214.2 crore, ₹ 85.4 crore, ₹ 6.3 crore, respectively. EBITDA margins expanded ~15.7 percentage points (pp) YoY to 59% given the revenue mix and lower cost recognition in the residential segment. PAT was up 0.5% YoY to ₹ 138.7 crore.

Residential witnesses recovery; launch, response to be key

The reported sales volume of 1.30 lakh sq feet, down just ~6.6% YoY, clearly signified a robust recovery. The sales value was up 1.4% YoY at ₹ 327.3 crore, given the mix towards higher realisation projects. During FY21, ORL is likely to launch projects at a) Borivali Phase II (to provide alternatives to homebuyers to buy apartments at lower floors/comparatively inexpensive flats as apartments on phase-1 are currently available only on higher floors) and b) Goregaon - Exquisite III. For Thane launch, plans/designs are ready. However, the company is likely to launch the project only after the implementation of the government's unified development control regulations (DCR). We, however, conservatively bake in sales volume estimates at 0.6 msf in FY21 while we bake in 1.7 msf volumes in FY22E, with Thane/Goregaon Phase III volumes traction likely then.

Stake sale in commercial assets on the anvil

ORL has indicated that it intends to dilute a minority share in its portfolio of commercial assets with a dual intent of a) raising required growth capital to funds for business expansion plans and b) unlocking its NPV value of the assets by bringing in marquee investor and then go for REIT listing in the medium term. It expects the same to be done in the next two to three months. The company is also planning to replicate the same for retail/malls assets in the near to medium term. Over the medium term, it aspires to be keenly focused on commercial development. We highlight that we value the rental (commercial + malls) at ~₹ 9500 crore with expected annual rental of ~₹ 1000 crore in FY25. The deal valuation, therefore, will be a key catalyst for upsides, going ahead. On Oberoi mall, it has decided to waive off 50% rentals for FY21E, with agreements largely reached except multiplexes. It has also extended the tenure of leases by 12 months.

Valuation & Outlook

While we are impressed by residential recovery, launch response will be key ahead. The commercial assets stake deal, however, could be a key trigger, going ahead. Valuation pegging at higher end will drive the overall NAV upwards while sum raised would also drive business expansion plans, Thus, we upgrade to **BUY** (vs. HOLD earlier) with a revised target price of ₹ 485.

Key Financial Summary

₹ crore	FY18	FY19	FY20	FY21E	FY22E	CAGR FY20-22E
Net Sales	1265.4	2582.5	2237.6	1363.1	2168.1	-1.6%
EBITDA	675.3	1155.4	1048.0	646.7	1049.4	0.1%
EBITDA Margin (%)	53.4	44.7	46.8	47.4	48.4	
Net Profit	458.8	816.9	689.3	403.8	683.8	-0.4%
EPS (₹)	12.6	22.5	19.0	11.1	18.8	
P/E (x)	32.5	18.2	21.6	36.9	21.8	
EV/EBITDA (x)	20.8	11.4	12.9	20.8	12.6	
RoE (%)	7.5	10.1	7.9	4.4	7.1	
RoCE (%)	8.4	12.4	10.8	5.9	9.6	

Source: Company, ICICI Direct Research



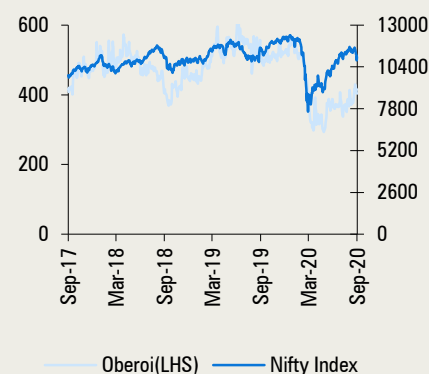
Particulars

Particular	₹ crore
Market Capitalization	14,907.6
Total Debt (FY20)	1,143.9
Cash (FY20)	108.3
EV	15,943.2
52 week H/L (₹)	584 / 290
Equity capital	363.6
Face value (₹)	10.0

Key Highlights

- Reported sales volume of 1.30 lakh sq feet, down just ~6.6% YoY, clearly signified robust recovery sales
- Upgrade to BUY (vs. HOLD earlier) with revised target price of ₹ 485

Price Chart



Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

Exhibit 1: Variance Analysis

	Q2FY21	Q2FY21E	Q2FY20	YoY (Chg %)	Q1FY21	QoQ (Chg %)	Comments
Income from Operation	316.1	320.2	491.4	-35.7	118.0	167.8	Among the major segment, revenue from projects/ rent/ hospitality has declined by 39%/ 8.6%/ 79.6% respectively on YoY basis to ₹ 214.2 crore/ ₹ 85.4 crore/ ₹ 6.3 crore, respectively.
Other Income	9.2	10.0	13.6	-32.4	8.8	4.3	
Operating Cost	107.5	153.7	242.5	-55.7	40.3	167.0	
Employee cost	10.1	12.8	17.1	-40.7	11.7	-13.6	
Other expenditure	11.9	16.0	19.0	-37.5	8.1	47.2	
EBITDA	186.5	137.7	212.8	-12.4	57.9	221.9	Beat owing to revenue mix and lower cost recognition in the residential segment
EBITDA Margin (%)	59.0	43.0	43.3	1570 bps	49.1	991 bps	
Depreciation	10.3	10.6	11.3	-9.1	10.6	-2.7	
Interest	18.2	17.9	24.6	-25.8	17.9	1.7	
PBT	167.2	119.2	190.6	-12.3	38.3	336.6	
Taxes	30.1	35.8	54.0	-44.3	11.7	156.8	
PAT	138.7	84.9	138.0	0.5	28.1	394.3	

Key Metrics

Sales Volume (in sq ft)	1,30,236	97,600	1,39,454	-6.6	12,308	958.1
-------------------------	----------	--------	----------	------	--------	-------

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY19	FY20	FY21E			FY22E		
			Old	New	% Change	Old	New	% Change
Revenue	2582.5	2237.6	1277.8	1363.1	6.7	2186.3	2168.1	-0.8
EBITDA	1155.4	1048.0	519.1	646.7	24.6	989.0	1049.4	6.1
EBITDA Margin (%)	44.7	46.8	40.6	47.4	681 bps	44.2	48.4	420 bps
PAT	816.9	689.3	276.3	403.8	46.2	617.4	683.8	10.8
EPS (₹)	22.5	19.0	7.6	11.1	46.1	17.0	18.8	10.8

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

Volume sold in msf	FY18	FY19	FY20	FY21E		FY22E		Comments
				New	Earlier	New	Earlier	
Goregaon	0.2	0.2	0.3	0.2	0.1	0.3	0.3	
Andheri/Borivali	0.2	0.2	0.3	0.1	0.1	0.3	0.3	
Worli	0.1	0.1	0.1	0.1	0.1	0.2	0.2	
Mulund	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Pune	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Thane	0.0	0.0	0.0	0.1	0.1	1.8	1.8	
Total	0.55	0.6	0.8	0.6	0.5	1.7	1.7	

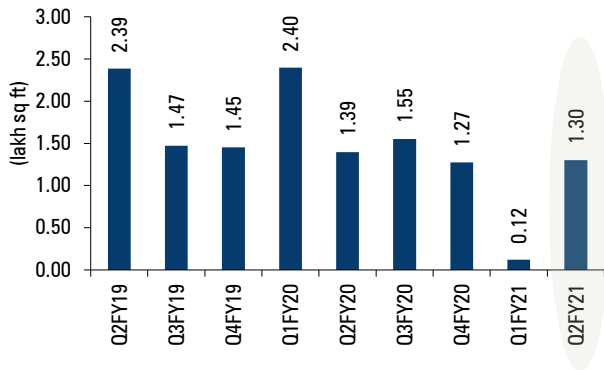
Source: Company, ICICI Direct Research

Conference Call Highlights

- **Investment properties performance:** ORL had opted for deferral of revenue recognition from Oberoi Mall during Q1FY21 due to re-negotiation of rentals with tenants owing to Covid-19. However, despite recognition of revenue for Q1FY21 and Q2FY21 in the current quarter, Oberoi Mall's performance was tepid with 12.8% YoY drop in revenue to ₹ 35 crore. ORL has decided to waive off 50% rentals for FY21E, with agreements largely reached except multiplexes. It has also extended the tenure of the leases by 12 months. For Commerz-II, the occupancy level remained at an elevated level of 97.4%, which aided 7.6% YoY growth in revenues to ₹ 32.6 crore at a rental rate of ₹ 142/sq ft per month in Q2FY21. Commerz I revenues dropped 46.6% with drop in occupancy level to 33.6%. The management expects the occupancy in the Commerz I to revert back to ~70% in the near term.
- **Development properties performance:** Exquisite project has registered 29,300 sq ft and 14,78,766 sq ft of bookings in Q2FY21 and till date while total booking value was at ₹ 67 crore and ₹ 2,467 crore, respectively. For Esquire, 14,000 sq ft, 17,43,125 sq ft of area has been booked during Q2FY21, till date, respectively. Total booking value in Q2FY21, till date was at ₹ 30 crore, ₹ 2,867 crore, respectively. Both projects are 100% complete. For the Sky City project, the company has witnessed bookings of 36,000 sq ft during Q2FY21 with value of ₹ 60 crore. Project completion for Sky City Tower A-D was at ~74% while for Tower E is ~46% completed.
- **New project launches:** During FY21, ORL is likely to launch projects at a) Borivali Phase II to provide alternatives to homebuyers to buy apartments at lower floors/comparatively inexpensive flats (as apartments on phase-1 are currently available only on higher floors) and b) Goregaon location. For Thane launch, plans/designs are ready. However, the company is likely to launch the project only after implementation of the government's unified Development Control Regulations (DCR).
- **Other highlights:**
 - The growing preference of home buyers towards apartments built by marquee developers' projects, mainly in the uncertain Covid-19 period, is expected to aid large players. **The management expects ORL's sales/booking during FY21 to exceed the count of FY20 with availability of ready-to-move-in flats and many projects under launch-phase**
 - Labour availability in most of its sites has improved and is currently better than pre-Covid levels
 - The company has issued two tranches of Non-convertible debentures totalling ₹ 698 crore, which we believe is to keep liquidity high in case sales weakness is seen coupled with capitalising on any opportunistic deal

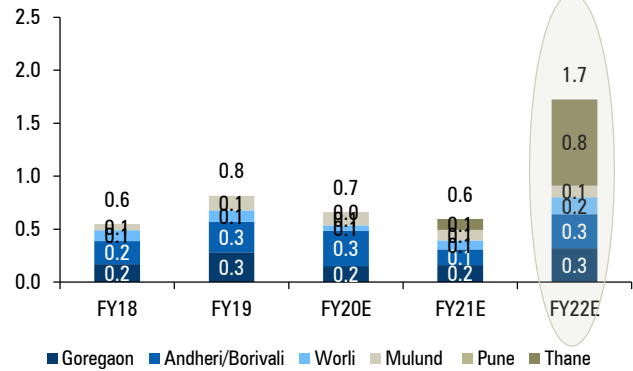
Company Analysis

Exhibit 4: Quarterly sales volumes trend



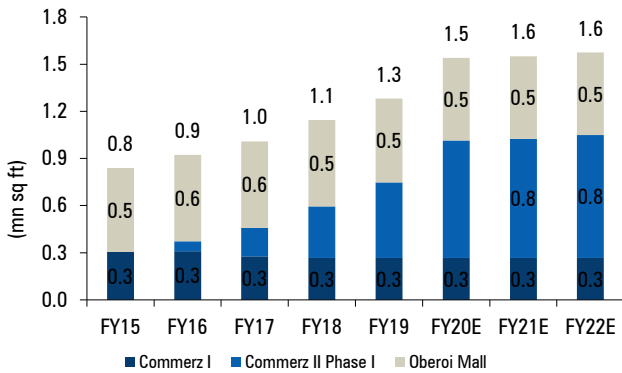
Source: Company, ICICI Direct Research

Exhibit 5: Sales volumes to improve from here on



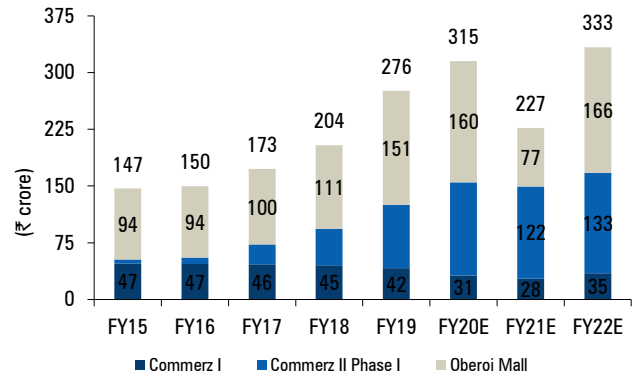
Source: Company, ICICI Direct Research

Exhibit 6: Leasing trend



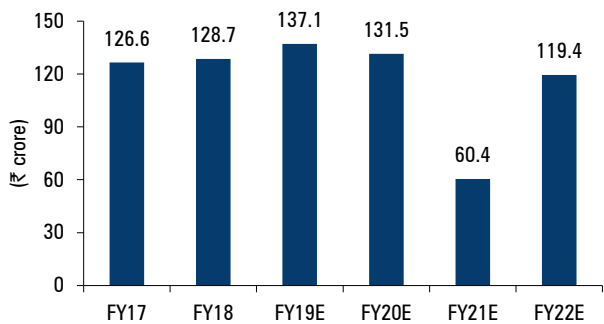
Source: Company, ICICI Direct Research

Exhibit 7: Leasing revenues trend



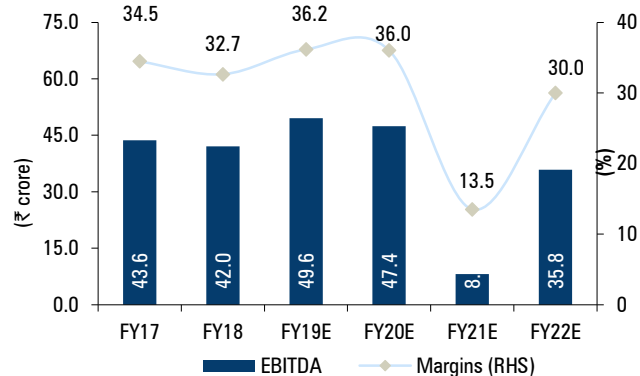
Source: Company, ICICI Direct Research

Exhibit 8: Hotel revenue trend



Source: Company, ICICI Direct Research

Exhibit 9: Westin's operating profit trend



Source: Company, ICICI Direct Research

Exhibit 10: Ongoing residential projects operational metrics

Particulars	Q2FY21	Q1FY21	Q4FY20	Q3FY20	Q2FY20	Q1FY20
Area Booked (sq ft)						
Oberoi Esquire	14079	7191	20361	26872	18772	63204
Oberoi Exquisite	29305	-	5895	17601	-	-
Three Sixty West	24611	-	1860	10394	36127	1821
Maxima	-	-	9139	13803	-	-
Prisma	-	-	7806	2602	9171	8004
Eternia	1670	-	22270	11730	18470	20260
Enigma	24533	3411	13644	6822	11841	22541
Sky City	36038	1706	46484	65326	45073	124138
Total	1,30,236	12,308	1,27,459	1,55,150	1,39,454	2,39,968
Sales Value (₹ crore)						
Oberoi Esquire	30.1	16.7	42.0	59.3	41.4	124.1
Oberoi Exquisite	67.7	-	13.0	35.5	-	-
Three Sixty West	126.7	-	17.6	54.3	150.2	11.5
Maxima	0.0	7.0	14.7	21.9	-	-
Prisma	-	-	16.0	5.1	19.4	16.4
Eternia	2.5	-	33.7	17.1	23.6	27.1
Enigma	40.3	5.5	19.0	9.8	15.8	34.3
Sky City	60.0	2.0	74.3	100.4	72.5	187.7
Avg. Realization for the quarter (₹/sq ft)						
Oberoi Esquire	21,372	23,154	20,618	22,053	22,045	19,631
Oberoi Exquisite	23,088	-	22,087	20,180	-	-
Three Sixty West	51,481	-	94,839	52,233	41,581	-
Maxima	-	-	16,107	15,853	-	-
Prisma	-	-	20,471	19,666	21,125	20,528
Eternia	15,090	-	15,123	14,546	12,789	13,382
Enigma	16,406	16,124	13,889	14,302	13,297	15,234
Sky City	16,660	11,547	15,984	15,372	16,075	15,119
Project Completion (%)						
Oberoi Esquire	100.0	100.0	100.0	100.0	100.0	100.0
Oberoi Exquisite	100.0	100.0	100.0	100.0	100.0	100.0
Three Sixty West	*	*	*	*	*	*
Maxima	*	*	*	*	-	-
Prisma	100.0	100.0	100.0	100.0	100.0	100.0
Eternia	67.0	65.0	64.0	58.0	54.0	49.0
Enigma	64.0	63.0	62.0	*	*	*
Sky City	74.0	72.0	72.0	68.0	61.0	56.0
Inventory as on Date (sq ft)						
Oberoi Esquire	378906	392985	400176	420567	447439	466211
Oberoi Exquisite	68844	98149	98149	104044	121645	121645
Three Sixty West	1655988	1680600	1680600	1682460	1692854	1728981
Maxima	387653	387653	387653	281301	0	0
Prisma	9171	9171	9171	16977	19579	28750
Eternia#	1097260	1098930	1098930	930680	548000	566470
Enigma#	1253722	1278255	1281666	1097906	850010	861851
Sky City#	969523	1005561	1007267	1046884	811358	838591

Source: Company, ICICI Direct Research

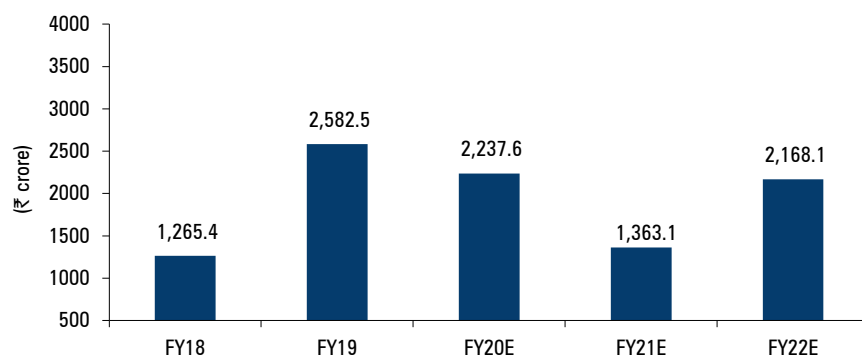
Exhibit 11: Operational trend in Oberoi's rental and hospitality portfolio

Particulars	Q2FY21	Q1FY21	Q4FY20	Q3FY20	Q2FY20	Q1FY20
Oberoi Mall (Retail Property)						
Operating Revenue (₹ crore)	35.0	1.5	39.8	40.9	40.1	39.6
EBITDA margin (%)	94.8	31.2	94.8	95.4	94.1	95.5
Occupancy (%)	93.6	95.0	95.0	96.9	96.6	96.6
Realisation (₹/sqft/month)	NA	NA	253	255	250	247
Commerz I (Commercial Space)						
Operating Revenue (₹ crore)	5.5	4.4	4.4	6.7	10.3	10.4
EBITDA margin(%)	88.9	86.7	86.7	94.0	94.7	94.9
Occupancy (%)	33.6	33.6	25.6	50.6	77.0	77.4
Realisation (₹/sqft/month)	143	140	145	143	145	141
Commerz II Phase I (Commercial Space)						
Operating Revenue (₹ crore)	32.6	32.6	32.2	31.2	30.3	29.9
EBITDA margin(%)	87.6	98.8	94.6	95.5	95.7	93.5
Occupancy (%)	97.4	100.0	100.0	100.0	96.9	95.7
Realisation (₹/sqft/month)	142	139	137	133	133	143
The Westin Mumbai Garden City (Hospitality)						
Operating Revenue (₹ crore)	6.6	2.5	29.6	38.4	31.4	32.1
EBITDA margin(%)	-9.8	-194.9	30.6	39.8	32.1	32.0
Average Room Rate (₹)	4775	7426	9771	10148	8588	8946
Occupancy (%)	40.5	7.2	62.2	79.3	78.3	79.9
RevPAR (₹)	1622	459	6290	8094	6717	7148

Source: Company, ICICI Direct Research

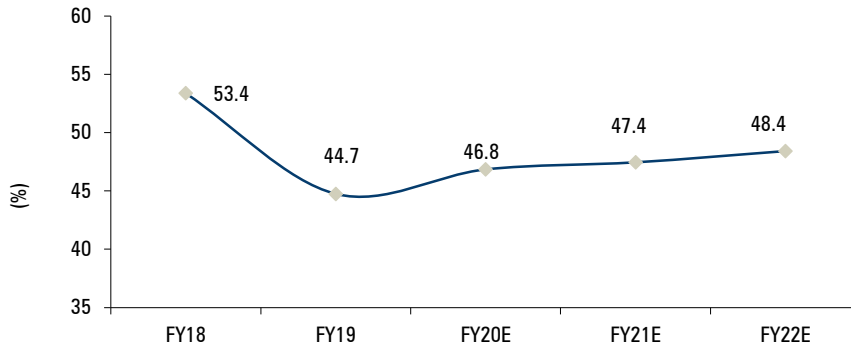
Financial story in charts

Exhibit 12: Revenue trend



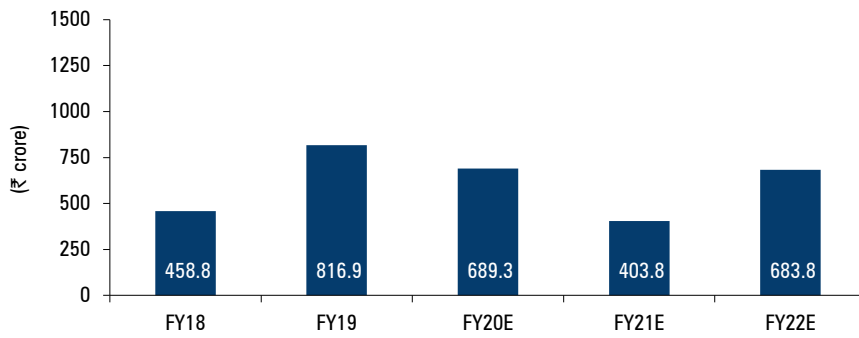
Source: Company, ICICI Direct Research

Exhibit 13: EBITDA margin trend



Source: Company, ICICI Direct Research

Exhibit 14: PAT trend



Source: Company, ICICI Direct Research

Valuation & Outlook

While we are impressed by residential recovery, launch response will be key ahead. The commercial assets stake deal, however, could be a key trigger, going ahead. Valuation pegging at higher end will drive the overall NAV upwards while sum raised would also drive business expansion plans, Thus, we upgrade to **BUY** (vs. HOLD earlier) with a revised target price of ₹ 485.

Exhibit 15: Valuation

Location	Type	Status	Saleable Area (in mn sq ft)	NAV	NAV Multiple	Value (₹ cr)	₹/share
Goregaon			10.1	8,595.4		8,595.4	236.4
Oberoi Mall	Retail	Completed	0.6	1,788.1	1.0	1,788.1	49.2
Commerz I	Commercial	Completed	0.4	305.9	1.0	305.9	8.4
Westin	Hotel	Completed	0.4	358.3	1.0	358.3	9.9
Exquisite I	Residential	Ongoing	1.5	295.5	1.0	295.5	8.1
Exquisite II	Residential	Ongoing	1.5	409.6	1.0	409.6	11.3
Commerz II Phase I	Commercial	Ongoing	0.7	1,287.0	1.0	1,287.0	35.4
Exquisite III	Residential	Planned	1.9	579.1	1.0	579.1	15.9
Commerz II Phase II	Commercial	Planned	1.7	3,460.1	1.0	3,460.1	95.2
Oberoi International school	Social Infrastructure	Ongoing	0.3				
Education complex		Planned	0.9	111.9	1.0	111.9	3.1
Hospital		Planned	0.4				
Andheri/Borivali			3.1	4,980.7		4,980.7	137.0
Oberoi Maxima	Residential	Ongoing	0.3	281.8	1.0	281.8	7.8
Oberoi Prisma	Residential	Ongoing	0.7	12.1	1.0	12.1	0.3
Oberoi Splendour IT park	Commercial	Planned	0.1	86.1	1.0	86.1	2.4
Oberoi Splendour school	Social Infrastructure	Planned	0.4	14.7	1.0	14.7	0.4
Borivali	Residential	Ongoing	4.5	2,602.6	1.0	2,602.6	71.6
Borivali	Mall	Planned	1.6	1,983.4	1.0	1,983.4	54.5
Worli			3.6	2,864.5		1,989.9	54.7
Oasis Residential	Residential	Ongoing	2.3	1,115.3	1.0	1,115.3	30.7
Oasis Hospitality	Hotel	Ongoing	0.3	681.9	0.5	340.9	9.4
I-Ventures	Mall	Planned	1.0	1,067.3	0.5	533.7	14.7
Thane	Residential	Planned	10.2	2,413.9	0.5	1,206.9	33.2
Mulund			3.2	1,828.3		1,828.3	50.3
Eternia	Residential	Ongoing	1.6	856.2	1.0	856.2	23.5
Enigma	Residential	Ongoing	1.6	893.7	1.0	893.7	24.6
Mulund Commercial	Commercial	Planned	0.1	78.5	1.0	78.5	2.2
Pune			1.3	104.8		-	-
Sangam city - Residential	Residential	Planned	0.8	41.5	-	-	-
Sangam city - Commercial	Commercial	Planned	0.3	33.7	-	-	-
Sangam city - Retail	Retail	Planned	0.3	29.7	-	-	-
Net cash/ (Debt)				(972.8)	1.0	(972.8)	(26.8)
Total			31.6	19,814.8	0.9	17,628.5	485
Rounded off Target price							485

Source: Company, ICICI Direct Research

Financial summary

Exhibit 16: Profit and loss statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Net Sales	2,582.5	2,237.6	1,363.1	2,168.1
Other Operating Income	0.0	0.0	0.0	0.0
Total Operating Income	2,582.5	2,237.6	1,363.1	2,168.1
Growth (%)	104.1	-13.4	-39.1	59.1
Operating Costs	1,247.2	1,035.7	570.2	957.8
Employee Expenses	73.4	64.2	61.0	67.1
Other Expenses	106.6	89.7	85.3	93.8
Total Operating Expenditure	1,427.1	1,189.7	716.5	1,118.7
EBITDA	1,155.4	1,048.0	646.7	1,049.4
Growth (%)	102.7	55.2	-44.0	62.3
Depreciation	44.0	44.9	53.3	55.3
Interest	19.4	88.5	100.4	164.4
Other Income	78.8	48.4	39.0	76.5
PBT	1,170.7	963.0	532.0	906.3
Prior Period Adjustments	0.0	0.0	0.0	0.0
Total Tax	360.7	279.6	134.1	228.4
PAT before profit from associates	810.0	683.4	397.9	677.9
Minority Interest	0.0	0.0	0.0	0.0
Profit from associates	6.9	5.9	5.9	5.9
PAT	816.9	689.3	403.8	683.8
EPS (₹)	22.5	19.0	11.1	18.8

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Profit after Tax	816.9	689.3	403.8	683.8
Depreciation	44.0	44.9	53.3	55.3
Interest	19.4	88.5	100.4	164.4
Others	-71.7	-54.3	-44.9	-82.4
Net Increase in Current Assets	296.2	-787.8	244.7	-751.7
Net Increase in Current Liabilities	-995.7	-93.9	25.8	612.5
Net cf from operating activities	145.6	-43.3	783.1	681.9
(Purchase)/Sale of Fixed Assets	-170.6	-209.1	-664.9	-241.4
Others	-71.7	-54.3	-44.9	-82.4
Net cf from Investing Activities	-645.8	339.5	-620.0	-159.0
Inc / (Dec) in Equity Capital	1,182.7	-89.0	0.0	0.0
Inc / (Dec) in Loan Funds	-110.3	-441.9	500.0	0.0
(Payment) of Dividend & Div. Tax	-81.9	0.0	0.0	-170.9
Interest paid	-151.6	-88.5	-100.4	-164.4
Net cf from Financing Activities	838.9	-619.4	399.6	-335.3
Net Cash flow	338.8	-323.2	562.8	187.6
Opening Cash/Cash Equivalent	92.8	431.5	108.3	671.1
Closing Cash/ Cash Equivalent	431.5	108.3	671.1	858.7

Source: Company, ICICI Direct Research

Exhibit 18: Balance sheet				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Equity Capital	363.6	363.6	363.6	363.6
Preference Capital	0.0	0.0	0.0	0.0
Reserve and Surplus	7,665.6	8,265.9	8,669.7	9,182.6
Total Shareholders funds	8,029.2	8,629.5	9,033.3	9,546.2
Total Debt	1,585.8	1,143.9	1,643.9	1,643.9
Total Liabilities	11,129	11,193	12,123	13,248
Assets				
Gross Block	1,252.5	1,281.8	1,331.8	1,381.8
Less Accumulated Depreciation	189.9	234.8	288.1	343.3
Net Block	1,062.5	1,047.0	1,043.7	1,038.4
Capital WIP	125.1	304.9	919.8	1,111.2
Total Fixed Assets	1,187.7	1,352.0	1,963.5	2,149.6
Goodwill on consolidation	0.0	0.0	0.0	0.0
Investments	2,942.8	2,442.3	2,442.3	2,442.3
Inventory	4,165.5	5,317.3	4,855.5	4,833.3
Debtors	109.4	115.2	266.4	315.9
Loans and Advances	1,946.6	1,161.0	1,226.8	1,951.3
Cash	425.3	108.3	671.1	858.7
Other Current Assets	216.4	632.1	632.1	632.1
Total Current Assets	6,863.2	7,334.0	7,652.0	8,591.3
Creditors	1,512.7	1,418.7	1,444.5	2,057.0
Provisions	0.8	0.8	0.8	0.8
Net Current Assets	5,349.7	5,914.4	6,206.7	6,533.4
Deferred Tax Assets	134.8	64.8	64.8	64.8
Total Assets	11,128	11,193	12,123	13,248

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios				
(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
EPS	22.5	19.0	11.1	18.8
Cash EPS	23.7	20.2	12.6	20.3
BV	220.8	237.3	248.4	262.5
Operating profit per share	31.8	28.8	17.8	28.9
Cash Per Share	11.7	3.0	18.5	23.6
Operating Ratios (%)				
EBITDA Margin	44.7	46.8	47.4	48.4
PBT / Net Sales	45.3	43.0	39.0	41.8
PAT Margin	31.4	30.5	29.2	31.3
Inventory days	589	867	1,300	814
Debtor days	15	19	71	53
Creditor days	214	232	387	346
Return Ratios (%)				
RoE	10.1	7.9	4.4	7.1
RoCE	12.4	10.8	5.9	9.6
RoIC	18.6	14.6	9.0	14.8
Valuation Ratios (x)				
P/E	18.2	21.6	36.9	21.8
EV / EBITDA	11.4	12.9	20.8	12.6
EV / Net Sales	5.1	6.0	9.9	6.1
Market Cap / Sales	5.8	6.7	10.9	6.9
Price to Book Value	1.9	1.7	1.7	1.6
Solvency Ratios (x)				
Debt / EBITDA	1.4	1.1	2.5	1.6
Debt / Equity	0.2	0.1	0.2	0.2
Current Ratio	4.3	5.1	4.8	3.8
Quick Ratio	1.5	1.3	1.5	1.4

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, CFA, MBA (Finance), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with SEBI Registration Number – INH00000990. ICICI Securities Limited Sebi Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.