

Achieves highest ever sales volume in Q1FY20...

Brigade Enterprises (BEL) achieved highest ever quarterly sales volume at 1.13 msf (1.6x YoY growth) in Q1FY20. Pre-sales grew 1.7x YoY to ₹ 593.3 crore. On the leasing front, BEL leased 0.77 msf of new office space in Q1FY20, which is estimated to yield rentals worth ₹ 66.0 crore. On the financial front, revenues grew 1.4% YoY to ₹ 708.7 crore. EBITDA margins were flattish YoY at 25.7%. PAT de-grew 34.7% YoY to ₹ 41.2 crore in Q1FY20 on account of higher interest expense and higher tax rate.

Lease portfolio may generate ₹ 533.0 crore exit rental by FY21

BEL clocked lease rental revenues to the tune of ₹ 84.1 crore in Q1FY20. It leased 0.77 million sq ft (msf) in Q1FY20, taking total leased area to 2.50 msf area (out of 3.27 msf total leasable operational area). Of this, 0.38 msf at Brigade Tech Gardens (BTG), 0.37 at WTC Chennai. Till date, the company has leased total ~1.4 msf area at BTG and WTC Chennai and aims to lease total 4 msf (out of 5.2 msf) area by FY20E end. Going ahead, once the 8.7 msf area becomes operational, it could generate an exit rental worth ₹ 736.4 crore by FY21E. Of this, BEL's economic interest is expected at ₹ 533.0 crore.

Sales volumes grow robustly by 1.65x YoY to 1.13 msf

BEL recorded sales volume growth by 1.65x (18.2% growth QoQ) to 1.13 msf in Q1FY20, the highest ever quarterly sales achieved by the company. Of this, 25% sales volume was from new launches, 25% from completed projects and remaining from ongoing projects. Pre-sales jumped 1.7x YoY to ₹ 593.3 crore in Q1FY20. The company launched four projects over total area of 1.29 msf in Q1FY20 across Bengaluru and Mysore. Going ahead, the company plans to launch projects on ~6.5 msf area. Overall, it expects to clock sales volumes of 1.0 msf in Q2FY20E and ~4.0 msf in FY20E. We build in sales volumes of 3.4 msf and 3.5 msf in FY20E and FY21E, respectively.

Looking to raise ₹ 115 crore from promoters

BEL is looking to raise ₹ 115 crore from promoters through preferential issue of convertible warrants at an issue price of ₹ 269/share. These warrants can be converted to equity shares of BEL within 18 months from the date of allotment. Secondly, the company shall issue bonus shares in the ratio of 1:2 i.e. one equity share for every two equity shares held as on the record date (August 29, 2019).

Valuation & Outlook

Considering a sharp ramp up in its leasing portfolio and in sales momentum in the residential business, we believe BEL's current valuation is attractive (1.6x FY20E P/BV). Hence, we maintain our **BUY** recommendation on the stock with an SoTP-based target price of ₹ 330/share.

Key Financial Summary

(₹ crore)	FY17	FY18	FY19E	FY20E	FY21E	CAGR (FY19-21E)
Net Sales	2024.1	1897.2	2972.8	3034.9	2627.9	-6.9%
EBITDA	574.4	554.5	789.7	864.9	879.8	0.9%
EBITDA Margin(%)	28.4	29.2	26.6	28.5	33.5	
Net Profit	167.2	139.2	239.9	247.0	113.2	-32.3%
EPS (₹)	12.3	10.2	17.6	18.1	8.3	
P/E(x)	22.1	26.5	15.4	14.9	32.6	
EV/EBITDA(x)	10.6	12.1	9.1	9.6	9.2	
RoE(%)	9.9	6.1	11.1	10.7	4.7	
RoCE(%)	11.2	8.1	11.8	10.8	8.5	

Source: Company, ICICI Direct Research; *Under Ind-As 115 which came into effect from April 1, 2018, BEL switched to project completion method from percentage completion method earlier. Consequently, it had to reverse revenues & PAT to the tune of ~₹ 2,300 crore & ~₹ 400 crore, respectively. A major portion of these revenues is getting booked in FY19E & FY20E. Hence, revenues from the residential business showed an optical decline in FY21E, causing overall optical decline in revenues and PAT in FY21E



Particulars

Particulars	Amount (₹ crore)
Market Capitalization	3,687.5
Total Debt	3,785.5
Cash	222.2
EV	7,250.8
52 week H/L (₹)	285/ 157
Equity capital	136.2
Face value (₹)	10.0

Key Highlights

- BEL recorded sales volume growth by 1.65x (18.2% growth QoQ) to 1.13 msf in Q1FY20, highest ever quarterly sales achieved by the company
- Management aims to achieve 4 msf sales volume in FY20E
- Till date, company has leased total ~1.4 msf area at BTG, WTC Chennai
- Maintain BUY with target price of ₹ 330/share

Research Analyst

Deepak Purswani, CFA
deepak.purswani@icicisecurities.com

Harsh Pathak
harsh.pathak@icicisecurities.com

Exhibit 1: Variance Analysis

	Q1FY20	Q1FY20E	Q1FY19	YoY (Chg %)	Q4FY19	QoQ (Chg %)	Comments
Income from Operation	708.7	756.9	699.1	1.4	760.0	-6.8	
Other Income	8.3	14.3	8.8	-5.7	17.8	-53.5	
Total Operating Cost	153.5	0.0	160.5	-4.4	294.0	-47.8	
Employee cost	58.2	47.8	46.3	25.7	49.8	16.8	
Other expenditure	103.8	102.0	91.6	13.3	103.4	0.4	
EBITDA	182.3	213.5	179.5	1.5	215.4	-15.4	
EBITDA Margin (%)	25.7	28.2	25.7	4 bps	28.3	-262 bps	
Depreciation	38.3	42.5	31.7	21.1	42.5	-9.7	
Interest	79.6	76.3	62.8	26.7	76.3	4.3	
PBT	72.7	109.1	93.8	-22.6	114.4	-36.5	
Total Tax	26.9	37.1	31.3	-14.1	42.8	-37.2	
Pat after Minority Interest	41.2	64.7	63.1	-34.7	59.7	-30.9	PAT de-growth was on account of higher interest expense and higher tax rate

Key Metrics

Sales Volume (in lakh sq ft)	11.3	7.8	4.3	165.1	9.6	18.2
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Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY18	FY19	FY20E			FY21E			Comments
			Old	New	% Change	Old	New	% Change	
Revenue	1,897.2	2,972.8	3,093.0	3034.9	-1.9	2,627.9	2,627.9	0.0	We maintain our estimates
EBITDA	554.5	789.7	881.8	864.9	-1.9	882.9	879.8	-0.4	
EBITDA Margin (%)	29.2	26.6	28.5	28.5	-1 bps	33.6	33.5	-12 bps	
PAT	139.2	239.9	239.2	247.0	3.3	138.4	113.2	-18.2	
EPS (₹)	10.2	17.6	17.6	18.1	3.3	10.2	8.3	-18.2	

Source: Company, ICICI Direct Research

Conference Call Highlights

- Real estate sales:** BEL recorded sales volume growth by 1.65x (18.2% growth QoQ) to 1.13 msf in Q1FY20. Of this, 25% sales volume was from new launches, 25% from completed projects and remaining from ongoing projects. Pre-sales jumped 1.7x YoY to ₹ 593.3 crore, while it clocked collections worth ₹ 331 crore in Q1FY20. The management expects to clock sales volumes of 1.0 msf in Q2FY20E and ~4.0 msf in FY20E
- Management guidance, real estate launch plans:** BEL launched four projects over a total area of 1.29 msf across Bengaluru and Mysore in Q1FY20. These were Brigade El Dorado (0.52 msf), Brigade Topaz (0.12 msf), Brigade Triumph (0.22 msf) and Brigade Deccan Heights (0.43 msf). Going ahead, the company plans to launch projects on ~6.5 msf area: 0.7 msf WTC Chennai residences (expected in Q3FY20E), 1.3 msf Brigade Xanadu P-II, incremental 1 msf at Brigade El Dorado (expected in Q2FY20E), new block at Brigade Utopia on up to 0.5 msf and 0.15 msf in Mysore. Earlier, the residential business made up 80% of the overall portfolio, which has now come down to 55%. The management's strategy is to bring it further down to 50% to increase the share of non-residential business
- Lease rental business update:** In Q1FY20, BEL leased 0.77 msf area – 0.38 msf at Brigade Tech Gardens (BTG), 0.37 at WTC Chennai and balance area in other projects. Overall, of the total leasable operational area of 3.27 msf, BEL leased 2.95 msf area as of Q1FY20. BEL has seen good leasing traction till now and aims to lease 0.6-0.7 msf in Q2FY20E. At the two SEZs - BTG and WTC Chennai, where the company has total 5.2 msf leasable area, it aims 4 msf area cumulatively to be leased out before sunset clause kicks in from April, 2020. In case the company is unable to lease out entire space at these two SEZ properties before April, 2020, it could consider converting the remaining area into incubators like co-working spaces
- Brigade Tech Garden:** The company currently has five tenants and has leased total 0.75 msf area at BTG at an average lease rate of ₹ 50-55/sq ft. The asset started generating lease income on 0.15 msf area from July, 2019. Going ahead, leasing income on incremental 0.60 msf area should start in H2FY20E. Also, BEL has planned Novotel Suites with 112 keys at BTG
- World Trade Center, Chennai:** The company currently has three tenants and has leased total 0.63 msf area at WTC Chennai at an average lease rate of ₹ 75-80/sq ft. The company has planned executive apartments with 80 keys at residencies at WTC, Chennai
- Brigade Twin Towers:** Currently, BEL has 1.4 msf development potential at this project. Towards this, it is on the verge of finalising contract, which is expected to happen over the next four weeks. While a change in TDR norms make it is eligible for total development of up to 2.5 msf, this could not happen due to political instability in Karnataka. However, with a stable government now formed in the state, this issue is expected to be resolved by December, 2019
- Hospitality business:** Hospitality division clocked ₹ 77.6 crore revenues in Q1FY20. Average occupancy rate increased to 67% from 55% YoY (excluding Four Points Sheraton, Kochi). The management has guided for incremental 300 keys to be operational across Grand Mercure (GIFT City) and Holiday Inn Express (Bengaluru) in H2FY20E. With regards to the stake dilution, BEL is in advanced stages of negotiation with one party, while it is in fair stage of negotiation with another party

- Debt:** The company's net debt increased ₹ 176.9 crore QoQ to ₹ 3,131.9 crore (net D/E: 1.07x) on account of higher leasing capex in Q1FY20

Company Analysis

Exhibit 3: Consolidated Cash Flows

Particulars	Q1FY19	Q2FY19	Q3FY19	Q4FY19	FY19	Q1FY20
Operating Activities						
Total Collection	462.2	608.2	552.7	618.5	2241.6	502.5
Direct Cost/Construction Cost	205.9	302.1	371.4	272.6	1152	-319.1
LO Payment	14.7	12	13.4	20.7	60.8	-17.8
Employee And Admin Expense	78.4	67.5	70.9	62.8	279.6	-66.8
Sales & Marketing Expense	13.9	15.4	17	24.1	70.4	-17.2
Statutory Payments	49.3	39.2	37.2	76.3	202	-51.7
Other Payments	1	4.9	3.3	17.3	26.5	-2.1
Net Cash Flow From Operating Activities(A)	99	167.1	39.5	144.7	450.3	27.8
Investment Activities						
Cash from Investment Activities	202.6	79.8	99.7	119.5	501.6	78.8
Construction Cost-(CWIP/Capex Projects)	117.2	167.7	91.6	156.2	532.7	-188.4
Investments in Land/JD/JV/TDR	3.1	5.2	15.5	71.4	95.2	-2.1
Other Investments (FD&Mutual fund)	105.8	124.7	46.7	22.9	300.1	-89.8
Net Cash Flow From Investment Activities(B)	-23.5	-217.8	-54.1	-131	-426.4	-201.5
Financing Activities						
Debt Drawdown	192.2	351.8	284.3	288.2	1116.5	290.9
Proceeds from QIP/ESOP	0.3		0.3	0.2	0.8	0
Dividend Payment		31.9				
Debt Payment	199.2	167	224.5	136	726.7	-173.5
Interest Payment	67.6	74.4	78.8	79.2	300	-80.3
Investment by PE						60
Net Cash Flow from Financing Activities (C)	-74.3	78.5	-17.7	73.2	59.7	97.1
Net Cash Flows for the Period(A+B+C)	1.2	27.8	-32.3	86.9	83.6	-76.6

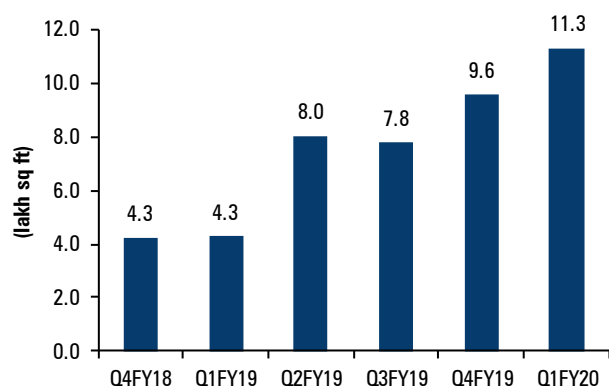
Source: Company, ICICI Direct Research

Exhibit 4: Consolidated Debt profile

PARTICULARS	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20
Real Estate	597.0	708.7	663.6	684.9	680.7
Hospitality					
GOP Securitised	333.5	327.8	331.2	331.9	437.0
Capex	136.6	137.5	146.4	188.3	99.9
Leasing					
Securitized Lease Rental	1285.6	1275.8	1264.9	1253.5	1241.4
Capex	550.4	683.4	774.5	880.9	1015.3
Less:Liquid Investments	338.0	432.4	346.7	384.4	342.5
Net Debt	2565.0	2700.8	2833.9	2955.1	3131.9
Less:SPV partners's share of Debt	337.7	399.6	433.4	484.8	508.4
Exposure of BEL	2227.3	2301.2	2400.5	2470.3	2623.5
Cost of Debt	9.18%	9.33%	9.45%	9.63%	9.71%
Credit Rating					
	CRISIL"A"	CRISIL"A"	CRISIL"A"	CRISIL"A"	CRISIL"A"
	ICRA"A"	ICRA"A"	ICRA"A"	ICRA"A"	ICRA"A"

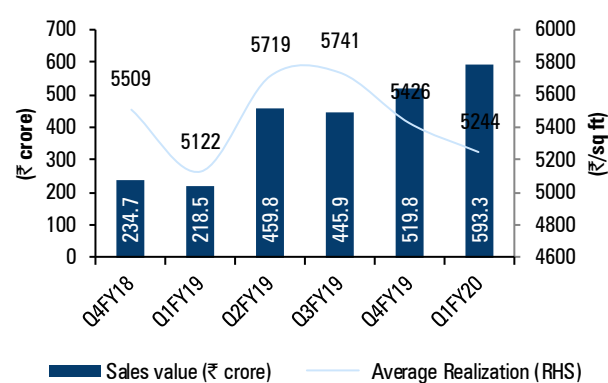
Source: Company, ICICI Direct Research

Exhibit 5: Quarterly sales volume trend



Source: Company, ICICI Direct Research

Exhibit 6: Quarterly sales value & realisation trend



Source: Company, ICICI Direct Research

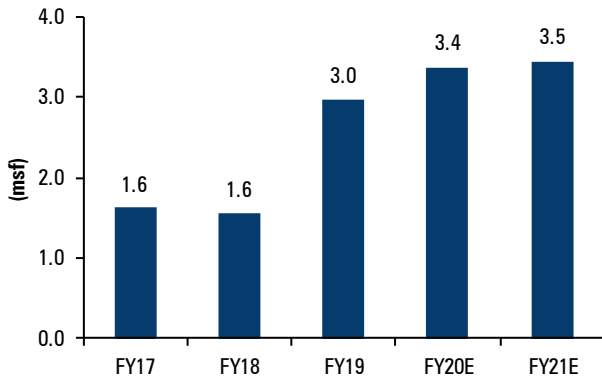
Exhibit 7: Consolidated synopsis of real estate projects as of Q4FY19

Particulars	Ongoing BEL Projects	Ongoing SPV Projects	Stock Sales	Total
(in msf)				
Total super built-up area of projects on sale basis	8.97	4.44	0.86	14.27
Less: LO Share	1.97	0.79		2.76
Co share of saleable area	7.00	3.65	0.86	11.51
Sold till date	2.65	1.53		4.18
To be sold	4.35	2.12	0.86	7.33
(in ₹ crore)				
From Sold units	1342.8	793.3	0.0	2136.2
From Unsold Units	2266.1	1116.3	464.9	3847.2
Estimated Receipts	3608.9	1909.6	464.9	5983.4
Collection Till Date on Sold Units	728.4	309.8	0.0	1038.1
Balance collection for the projects (From Sold Units)	614.5	483.6	0.0	1098.0
Balance collection for the projects (Sold and Unsold units)-A	2880.5	1599.8	464.9	4945.2
Estimated Total cost to be spent	2702.6	1487.9	211.8	4402.3
Cost incurred till date	1199.1	531.8	211.8	1942.8
Balance Cost to be incurred to finish the project- B	1503.5	956.1	0.0	2459.5
Gross Operating Cash Flows (A-B)	1377.0	643.7	464.9	2485.7
Present Borrowings – C	458.9	141.5	80.3	680.7
Net Operating Cash Flows projected (A-B-C)	918.1	502.2	384.5	1805.0

Source: Company, ICICI Direct Research

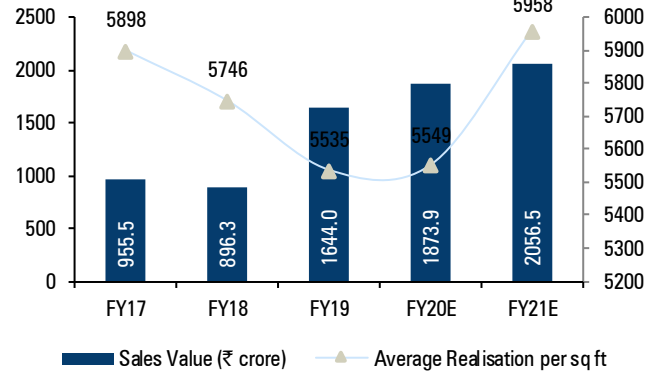
Financial story in charts

Exhibit 8: BEL sales volume expected at 3.5 msf in FY21E



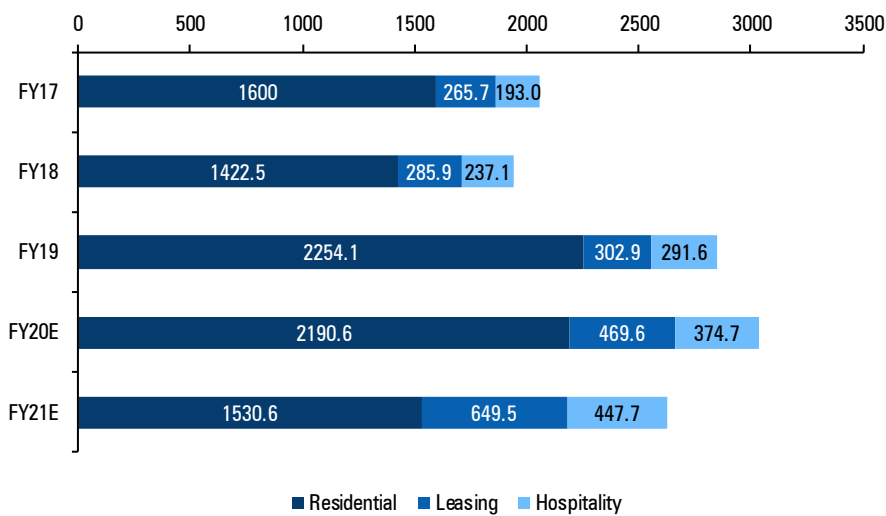
Source: Company, ICICI Direct Research

Exhibit 9: Pre-sales expected at ₹ 2087.6 crore in FY21E



Source: Company, ICICI Direct Research

Exhibit 10: Revenues to grow in FY19-20E before optically declining in FY21E

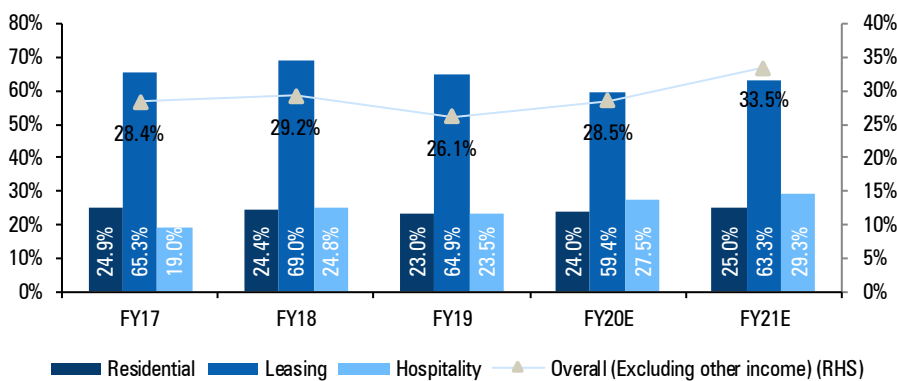


Source: Company, ICICI Direct Research

As per the new accounting method, which came into effect from April 1, 2018, the company switched to project completion method from percentage completion method earlier. Consequently, it had to reverse revenues & PAT to the tune of ~₹ 2,300 crore & ~₹ 400 crore, respectively. A major portion of these revenues is getting booked in FY19E & FY20E.

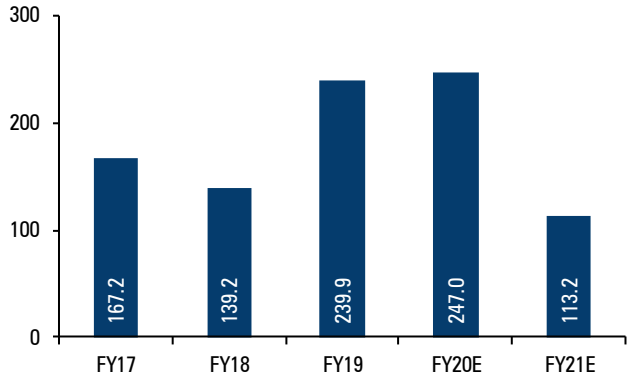
Hence, revenues from the residential business showed an optical decline in FY21E

Exhibit 11: EBITDA margin trends



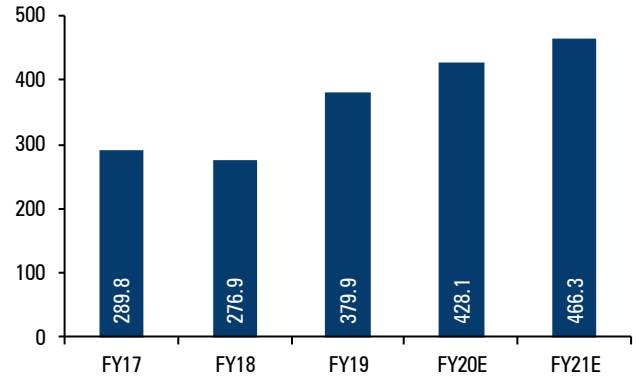
Source: Company, ICICI Direct Research

Exhibit 12: PAT to remain stable in FY20E



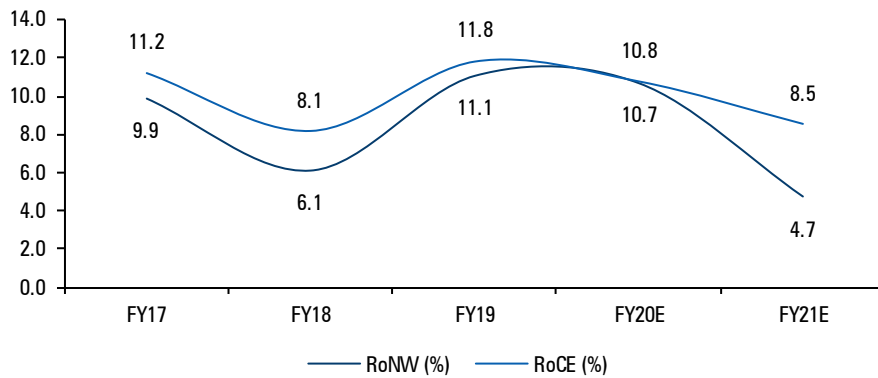
Source: Company, ICICI Direct Research

Exhibit 13: Cash profit to grow 9.3% CAGR in FY19-21E



Source: Company, ICICI Direct Research

Exhibit 14: Return ratios trend



Source: Company, ICICI Direct Research

Valuation & Outlook

Considering a sharp ramp up in its leasing portfolio & in sales momentum in the residential business, we believe BEL's current valuation is attractive (1.6x FY20E P/BV). Hence, we maintain **BUY** recommendation on the stock with a SoTP-based target price of ₹ 330/share.

Exhibit 15: Valuation

Project	Area (msf)	Value	NAV/share	Contribution (%)	Remarks
Residential/Commercial Sales					
Completed	1.0	113	8	3	
Ongoing	9.4	1136	83	26	We have discounted cash flow of Ongoing & New launches residential assets at 14% discount rate while land bank is valued at 1x amount invested
New Launches	7.1	309	23	7	
Land Bank	33.1	1016	75	23	
Total	50.6	2574	189	58	
Leasing Portfolio					
Completed	2.6	2778	204	63	We have considered cap rate of 9% and discount rate of 13% for operational assets and 14% for under construction assets
Ongoing	6.3	1672	123	38	
Total	8.9	4450	327	100	
Hospitality Portfolio					
	No. of Keys				
Hospitality Portfolio	1788	1341	99	30	12x FY20E EV/EBITDA
Total Gross Asset Valuation		8365	615	188	
Less: FY20E Net Debt		3927	289	88	We have considered Brigade effective debt
Target Valuation		4439	326	100	
Rounded-off target			330		

Source: Company, ICICI Direct Research

Exhibit 16: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 17: Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Jaishankar (Mysore Ramachandrs Setty)	30-Jun-19	16.9%	23.0	0.0
2	Shankar (Githa)	30-Jun-19	13.7%	18.7	0.0
3	Shankar (Nirupa)	30-Jun-19	6.8%	9.3	0.0
4	ICICI Prudential Asset Management Co. Ltd.	31-Jul-19	5.2%	7.1	0.0
5	Franklin Templeton Asset Management (India) Pvt. Ltd.	30-Jun-19	4.7%	6.4	0.1
6	Nomura Asset Management Co., Ltd.	30-Jun-19	4.0%	5.4	5.4
7	The Nomura Trust and Banking Co., Ltd.	31-Mar-19	3.9%	5.4	0.0
8	Manjula (M K)	30-Jun-19	3.3%	4.5	0.0
9	Mysore (Ramachandra Krishnakumar Setty)	30-Jun-19	2.9%	4.0	0.0
10	Kotak Mahindra Asset Management Company Ltd.	30-Jun-19	2.8%	3.9	0.0

Source: Reuters, ICICI Direct Research

Exhibit 18: Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
Nomura Asset Management Co., Ltd.	20.1	5.4	Ravindra (M S)	-0.4	-0.1
Franklin Templeton Asset Management (India) Pvt.	0.2	0.1	Kotak Mahindra Life Insurance Company Limited	-0.1	0.0
Mukherjee (Arindam)	0.1	0.0	Mahesh (Suchetha)	0.0	0.0
Mohan (A)	0.0	0.0	Kotak Mahindra Asset Management Company Ltd.	0.0	0.0
Acadian Asset Management LLC	0.0	0.0			

Source: Reuters, ICICI Direct Research

Exhibit 19: Shareholding Pattern

(in %)	Dec-18	Mar-19	Jun-19
Promoter	46.9	46.8	46.8
Public	53.2	53.2	53.2
Others	0.0	0.0	0.0
Total	100.0	100.0	100.0

Source: Company, ICICI Direct Research

Financial summary

Exhibit 20: Profit and loss statement				
	₹ crore			
₹ crore	FY18	FY19	FY20E	FY21E
Net Sales	1,897.2	2,972.8	3,034.9	2,627.9
Other Income	48.3	54.5	57.2	60.1
Total revenues	1,945.5	3,027.3	3,092.1	2,687.9
Cost of Materials Sold	844.8	1,594.7	1,563.8	1,186.9
Employee Cost	154.5	187.9	197.3	207.2
Other Expenditure	343.4	400.5	408.8	354.0
Total Operating Expenditure	1,342.7	2,183.1	2,170.0	1,748.0
EBITDA	554.5	789.7	864.9	879.8
Interest	259.4	278.5	321.6	401.1
Depreciation	137.7	140.0	181.1	353.1
PBT	194.2	425.7	419.4	185.7
Tax	62.8	145.5	143.4	63.5
Reported PAT	131.4	280.1	276.0	122.2
Minority Interests	(6.3)	42.0	31.0	11.1
Profit for the company	139.2	239.9	247.0	113.2
EPS (₹)	10.2	17.6	18.1	8.3

Source: Company, ICICI Direct Research

Exhibit 21: Cash flow statement				
	₹ crore			
₹ crore	FY18	FY19	FY20E	FY21E
Profit before Tax	194.2	425.7	419.4	185.7
Depreciation	137.7	140.0	181.1	353.1
Interest paid	259.4	278.5	321.6	401.1
Cash Flow before wc changes	557.6	813.5	835.9	870.9
Net Increase in Current Assets	(422.7)	(804.8)	867.7	242.8
Net Increase in Current Liabilities	8.7	568.5	(131.2)	(480.2)
Net cash flow from op. activities	48.7	465.4	1,437.8	661.6
Purchase of Fixed Assets	(915.7)	(628.5)	(2,258.6)	(72.0)
(Purchase)/Sale of Investments	(163.3)	(237.3)	97.7	-
Net cash flow from inv. activities	(1,084.2)	(452.0)	(2,103.7)	(11.9)
Proceeds from Borrowing	2,120.3	###	-	-
Interest Paid	(223.2)	(315.4)	(321.6)	(401.1)
Dividend Paid	(40.8)	(32.8)	(51.9)	(41.9)
Net cash flow from fin. activities	1,031.7	44.8	407.1	(513.6)
Net Cash flow	(3.8)	58.3	(258.9)	136.0
Opening Cash	70.7	66.9	222.2	(36.7)
Closing Cash	66.9	222.2	(36.7)	99.3

Source: Company, ICICI Direct Research

Exhibit 22: Balance sheet				
	₹ crore			
₹ crore	FY18	FY19	FY20E	FY21E
Equity Capital	136.1	136.2	136.2	136.2
Reserves & Surplus	2,374.0	2,221.7	2,335.4	2,406.8
Networth	2,287.0	2,169.4	2,314.1	2,396.6
Total Debt	3,389.6	3,785.5	4,566.0	4,495.4
Deferred Tax Liability	38.1	-	-	-
Source of Funds	5,937.8	6,143.3	7,037.6	7,038.4
Gross Block	2,143.8	2,728.2	3,889.9	5,496.7
Less: Accumulated Dep	353.5	468.5	649.6	1,002.6
Net Block	1,790.3	2,259.8	3,240.3	4,494.1
Capital WIP	2,120.7	2,001.3	3,098.3	1,563.4
Total Fixed Assets	3,911.0	4,261.1	6,338.6	6,057.5
Investments	235.9	97.7	-	-
Inventories	2,179.5	4,816.1	3,860.6	3,620.4
Trade Receivables	177.0	420.8	409.0	408.2
Loans & Advances	290.0	304.7	438.1	437.3
Cash & Bank Balances	146.6	222.2	(36.7)	99.3
Other Current Assets	412.8	246.1	600.2	599.1
Total Current Assets	3,658.6	6,322.7	5,575.2	5,376.8
Trade Payable	526.5	608.1	590.9	589.9
Provisions	8.1	9.7	9.4	6.6
Other Current Liabilities	1,349.43	4,038.81	4,394.18	3,917.92
Total Current Liabilities	1,884.0	4,656.6	4,994.5	4,514.4
Net Current Assets	1,774.5	1,666.2	580.6	862.5
Application of Funds	5,937.8	6,143.6	7,037.6	7,038.4

Source: Company, ICICI Direct Research

Exhibit 23: Key ratios				
	FY18	FY19	FY20E	FY21E
Per Share Data				
Reported EPS	10.2	17.6	18.1	8.3
Cash EPS	20.3	27.9	31.4	34.2
BVPS	168.1	159.3	169.9	176.0
Operating Ratios				
EBITDA / Net Sales	29.2	26.6	28.5	33.5
PAT / Net Sales	7.3	8.1	8.1	4.3
Return Ratios				
RoE	6.1	11.1	10.7	4.7
RoCE	8.1	11.8	10.8	8.5
RoIC	17.1	27.5	37.8	28.2
Valuation Ratios				
EV / EBITDA	12.1	9.1	9.6	9.2
P/E	26.5	15.4	14.9	32.6
EV / Net Sales	3.5	2.4	2.7	3.1
Market Cap / Sales	1.9	1.2	1.2	1.4
Price to Book Value	1.6	1.7	1.6	1.5
Turnover Ratios				
Asset turnover	0.3	0.5	0.4	0.4
Gross Block Turnover	2.0	2.6	2.0	1.7
Solvency Ratios				
Net Debt / Equity	1.3	1.6	2.0	1.8
Current Ratio	1.6	1.2	1.1	1.1
Quick Ratio	0.5	0.2	0.3	0.3

Source: Company, ICICI Direct Research

Exhibit 24: ICICI Direct coverage universe (Real Estate)

Sector / Company	CMP		M Cap (₹ Cr)	EPS (₹)			P/E (x)		V/EBITDA (x)			P/B (x)		RoE (%)					
	(₹)	TP(₹)		Rating	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E			
Oberoi Realty (OBBERA)	550	590	Hold	19,998	22.5	22.2	29.5	24.5	24.7	18.7	15.1	14.7	14.1	2.5	2.0	1.8	10.1	7.6	7.3
Mahindra Lifespace (MAHLIF)	371	380	Hold	1,904	23.3	21.6	25.3	15.9	17.2	14.7	61.6	56.3	33.0	0.9	0.9	0.8	5.6	5.0	5.6
Sobha (SOBDEV)	499	525	Hold	4,893	30.8	36.2	39.8	16.2	13.8	12.5	10.6	9.0	8.4	2.1	1.9	1.8	13.3	14.2	14.3
Sunteck Realty (SUNRE)	461	490	Hold	6,468	16.2	21.0	26.6	28.5	21.9	17.3	17.9	14.0	11.1	2.3	2.1	1.9	8.0	9.6	11.0
The Phoenix Mills (PHOMIL)	640	765	Buy	9,969	27.5	24.2	26.4	23.7	26.9	24.6	14.1	12.8	12.2	2.6	2.4	2.1	9.8	8.8	8.7
Brigade Enterprises (BRIENT)	271	330	Buy	3,688	17.6	18.1	8.3	15.4	14.9	32.6	9.1	9.6	9.2	1.7	1.6	1.5	11.1	10.7	4.7

Source: Company, ICICI Direct Research

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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

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