ArihantCapital
Generating Wealth

Initiating Coverage
7th March 2019

Oberoi Realty Ltd (ORL)

Premium branding in Mumbai market, with low debt and strong cashflow makes us bullish on ORL, initiate with Buy with TP of Rs 634

CMP : Rs 478

Rating : BUY

Target : Rs 634

STOCK INFO	
INDEX	
BSE	533273
NSE	OBEROIRLTY
Bloomberg	OBER IN
Reuters	OEBO.BO
Sector	Realty
Face Value (Rs)	10
Equity Capital (Rs mn)	3636
Mkt Cap (Rs mn)	173801
52w H/L (Rs)	610 / 351
Avg Weekly Vol (BSE+NSE)	3717430

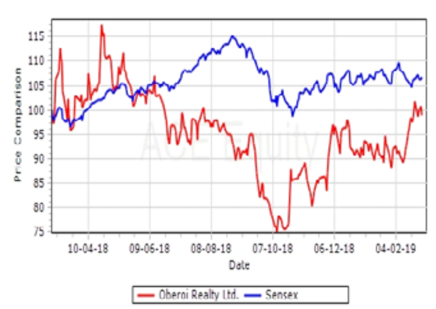
SHAREHOLDING PATTERN	%
(As on December, 2018)	
Promoters	67.7
Public & Others	32.3

Source: ACE Equity, Arihant Research

STOCK PERFORMANCE(%)	3m	6m	12m
Oberoi Realty	1.3	7.8	0.2
SENSEX	3.7	-4.2	9.9

Source: ACE Equity, Arihant Research

Oberoi Realty v/s SENSEX



Source: ACE Equity, Arihant Research

Oberoi Realty Ltd (ORL) is a Mumbai focussed premium real estate developer, primarily catering to the ultra-luxury and luxury segment. With city-centric operations well spread out across the Mumbai region, ORL has a project portfolio of ~34 msf spread across 24 projects. With a strong brand name and a dominant position in each of its micro market, ORL has a strong visibility of future cash flows. With lowest debt/equity ratio in the industry (0.2x) and robust execution, ORL can achieve substantial value creation in the medium term. We remain positive on ORL's future prospects and initiate coverage with a 'Buy' rating and a TP of Rs 634, which gives an upside potential of 32.7%.

- **Key regulatory reforms driving significant momentum**
  Recent regulatory changes like RERA and GST will help the operating environment to be more transparent thereby benefitting the organised players like ORL to gain market share which in turn will drive sales momentum.

- **Established brand with special focus on Mumbai market**
  ORL is a Mumbai-focused developer with an established brand name and good know-how of the micro market, which allows it to identify attractive opportunities in the city. With the interim budget raising the disposable income in the hands of the people, and a growing number of young, upwardly mobile professionals in Mumbai, there will be substantial demand for ORL's projects.

- **Proven and scalable business model with outsourced execution**
  Traditionally ORL has outsourced most of its projects and delegated non-core activities (such as design and construction) to long-term service providers. This strategy has helped the company to reduce its project execution risk keeping a tab on costs/quality, which in turn increased ORL's efficiency.

- **Strong cash flow visibility from ongoing and planned projects**
  Currently ORL has total 24 projects under its belt, which is a mix of completed (1.4msf), ongoing (15.5msf) and planned projects (16.9msf) with total 33.8msf of estimated area, providing revenue visibility for nearly 12-15 years. Over FY18-21E, we expect OBL to generate strong cash flow, which would be sufficient to fund future land acquisitions.

Valuation

We have valued ORL using DCF method, wherein we have calculated value of its ongoing and forthcoming projects, pending value from completed development projects and completed annuity projects. We have discounted ORL's cash flows at WACC of 11.4% till FY25E and calculated its terminal value beyond that assuming terminal growth rate of 3%. Our DCF method yields a NAV of Rs 634/share for ORL. We initiate coverage on ORL with a BUY rating and a target price of Rs 634, which gives an upside potential of 32.7%.

Financial Performance

YE March (Rs Mn)	Net Sales	EBITDA	PAT	EPS (Rs)	EBITDA Margin %	RoE (%)	P/E (x)	EV/EBITDA (x)
FY17	11136	5698	3786	11.2	51.2	6.6	42.9	29.4
FY18	12654	6753	4588	13.5	53.4	7.5	35.4	25.3
FY19E	26126	11399	8123	22.3	43.6	12.0	21.4	15.2
FY20E	28257	12548	8803	24.2	44.4	11.7	19.7	13.5
FY21E	34469	15408	10868	29.9	44.7	12.8	16.0	10.9

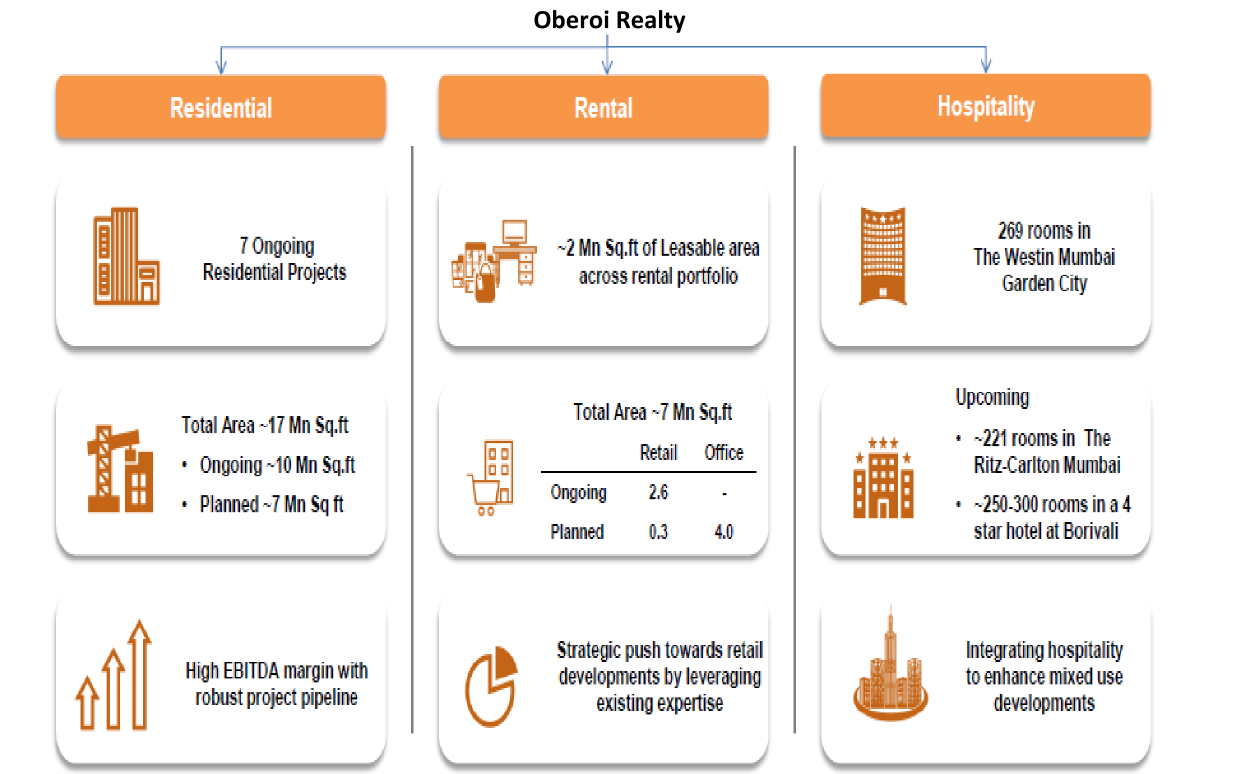
Source: Company, Arihant Research

Company Background

Oberoi Realty Ltd. (ORL) is India's leading real estate development company, focused on premium developments in the residential, office space, retail, hospitality and social infrastructure verticals. It is an established brand with good track record and management bandwidth to execute large projects. The company is a Mumbai-focused player, with ample know-how of the micro market and the regulatory environment, which allows it to identify attractive opportunities in the city. Factors such as rising income levels, a discerning customer base, and increasing young, upwardly mobile professionals in Mumbai are expected to ensure substantial demand for ORL's projects in the days to come.

Project Portfolio

ORL has ~34msf of premium developable/unsold area in prime locations of Mumbai/Thane, which is suitable for large-format integrated development. It typically buys large land parcels of over 25 acres, which are developed in phases over 12-15 years. Integrated development consisting of residential, social infrastructure, malls, hotels and offices uplifts the image of the micro market, creating value for itself. ORL's superior product quality and timely delivery have enabled it to create a trusted brand. This helps its projects to command premium over prevailing rates in the vicinity, resulting in superior EBITDA margins of >50%. Also, traditionally it enjoyed >20% bookings within a quarter of project launch.

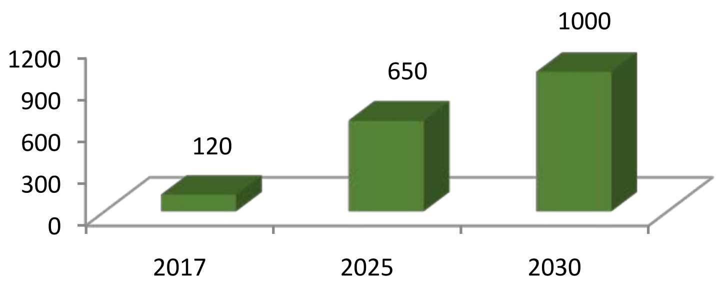


Source: Company, Arihant Research

Investment Rationale

- **A large, growing population to drive demand for real estate**
  In a growing economy like India, increasing share of real estate in the country's GDP would be supported by increased pace of industrial activity, improving income level of a growing population and rapid pace of urbanisation, which in turn would drive demand for real estate. Real Estate sector in India is expected to reach a market size of US $ 1 trillion by 2030 from US $ 120 billion in 2017 (as per KPMG report).

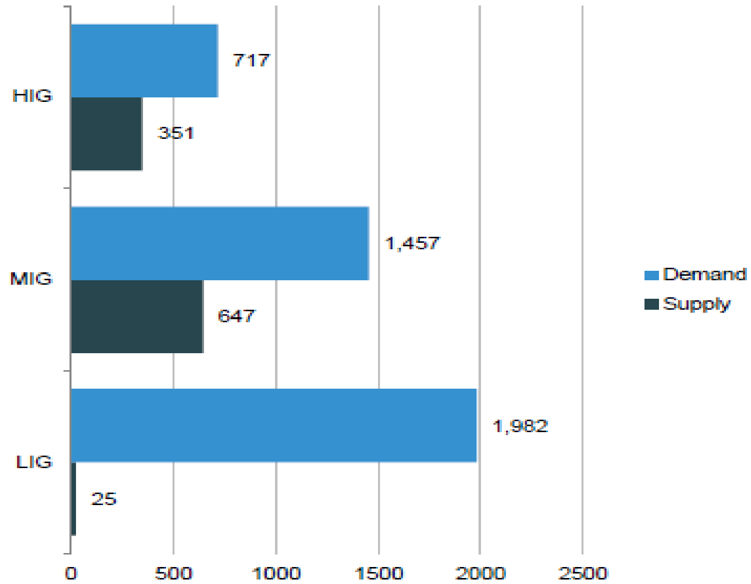
Market size of Real Estate in India (US $ Bn)



Source: KPMG, Arihant Research

- **Residential space to be the key demand driver**
  With rapid urbanisation and easy availability of finance through housing loans, residential space will be the key demand driver for the real estate sector going forward. Government's schemes like 'Housing for All By 2022' and the granting of infrastructure status to the affordable housing sector have also been aimed at boosting housing supply for the low and mid income segments and improving affordability of the home-buyer.

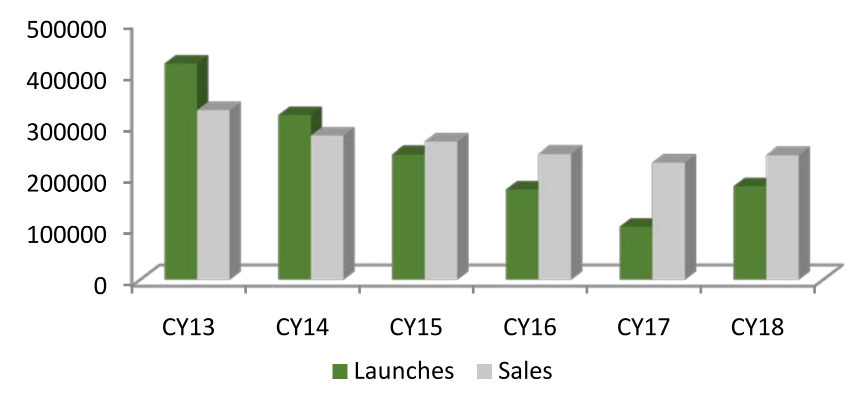
Cumulative Housing Demand-Supply in Top 8 Cities 2016-20 ('000 units)



Source: Cushman & Wakefield, Anarock Property Consultants, Arihant Research

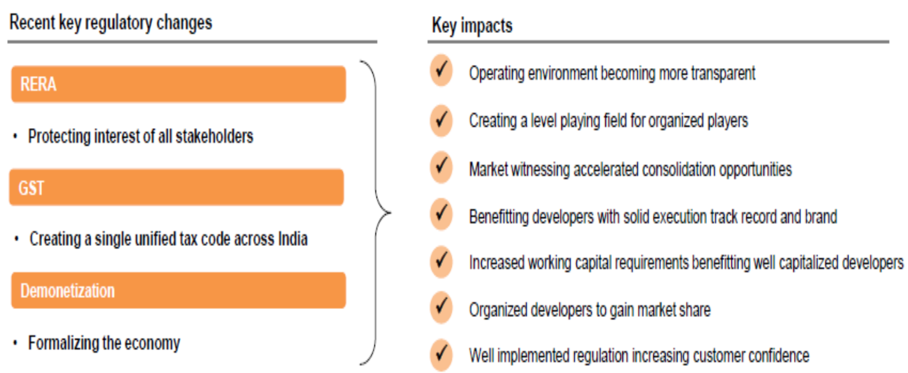
- **Key regulatory reforms driving significant momentum**
  Regulations imposed by the government to ensure accountability on the developer such as the Real Estate (Regulations and Development) Act, 2016 (RERA), Goods and Services Tax Act (GST) and the Benami Transactions (Prohibition) Amendment Act, 2016 have discouraged speculators and laid the foundation of a healthy end users' market. Vast unsold inventory levels that peaked in 2014 at 0.72mn units forced developers to curtail supplies in a bid to lighten this inventory load. This course of action has seen reasonable success even in the face of lacklustre demand as unsold inventory levels have fallen 29% since H1CY16 to 0.47mn units in H2CY18 as per the recent report by property consultant Knight Frank India.

All India Annual Residential Launches & Sales



Source: Knight Frank, Arihant Research

The YoY growth in supply and sales during CY18 is especially exceptional considering that this is the first year that saw any YoY growth in both sales and supply during this decade. While this is the first time that sales have increased YoY in any year during this decade, volumes are still a far cry from 2011 highs. However Mumbai residential market experienced the largest sales volume among all the cities. With the operating environment being more transparent due to the above regulatory changes, Mumbai focussed organised players like ORL will be key beneficiary which would help the company to gain market share which in turn will drive sales momentum.



Source: Company, Arihant Research

- **Established brand with special focus on Mumbai market**
  ORL is a Mumbai-focused developer with an established brand name and good know-how of the Mumbai micro-market, which enables the company to identify attractive opportunities in the city.

Mumbai Micro-market Classification

Micro-market	Locations
Central Mumbai	Dadar, Lower Parel, Mahalaxmi, Worli, Prabhadevi
Central Suburbs	Sion, Chembur, Wadala, Kurla, Ghatkopar, Vikhroli, Bhandup, Mulund
Navi Mumbai	Vashi, Nerul, Belapur, Kharghar, Airoli, Panvel, Ulwe, Sanpada
Peripheral Central Suburbs	Kalyan, Kalwa, Dombivli, Ambernath, Bhiwandi, Mumbra, Karjat
Peripheral Western Suburbs	Vasai, Virar, Boisar, Palghar, Bhayandar, Nalasopara
South Mumbai	Malabar Hill, Napean Sea Road, Walkeshwar, Altamount Road, Colaba
Thane	Naupada, Ghodbunder Road, Pokhran Road, Majiwada, Khopat, Panchpakhadi
Western Suburbs	Bandra, Andheri, Goregaon, Kandivali, Borivali, Santacruz, Vile Parle

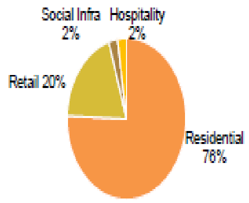
Source: Knight Frank, Arihant Research

With a proven track record of 30+ years, ORL has completed 40 projects across micro-markets till date. With its portfolio spread across residential, commercial, retail, hospitality and social infrastructure, ORL has ~34 mn sqft of ongoing and planned projects.

Source: Company, Arihant Research

- **Robust pipeline of ongoing and planned projects across segments**
  Currently ORL has total twenty four (24) projects under its belt, which is a mix of completed (1.4msf), ongoing (15.5msf) and planned projects (16.9msf) with total 33.8msf of estimated area, providing revenue visibility for nearly 12-15 years. Over FY18-21E, we expect ORL to generate good sales volume which should lead to strong cash flow over FY18-21E, which would be sufficient to fund future land acquisitions.

A Key Ongoing Projects

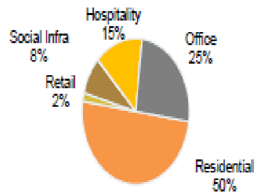


Total Estimated Area: ~13 Mn Sq.ft

Select Key Projects

Project	Act./Est. Area (Mn Sq.ft)
Residential	
Eternia, Mulund	2.14
Enigma, Mulund	1.99
Sky City Phase I, Borivali	2.89
Three Sixty West, Worli	2.28
Prisma, JVLR	0.27
Maxima, JVLR	0.38
Hospitality	
Three Sixty West, Worli	0.31
Retail	
Sky City, Borivali	1.56
I-Ven, Worli	1.02
Social Infra	
Oberoi International School II	0.32

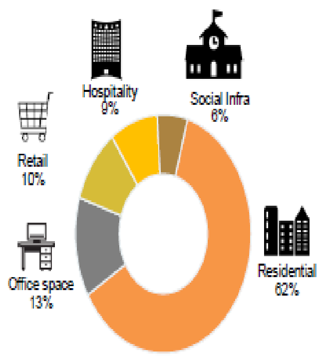
B Key Planned Projects



Total Estimated Area: ~15 Mn Sq.ft

Project	Act./Est. Area (Mn Sq.ft)
Residential	
Phase III, Oberoi Garden City	4.59
Sky City Phase II, Borivali	1.71
Tardeo	0.35
Office	
Commerz II – Ph II, Oberoi Garden City	2.30
Sky City Extension, Borivali	1.05
Mulund Commercial	0.14
Hospitality	
Sky City, Borivali	0.17
I-Ven, Worli	0.68
Social Infra	
Educational Complex, Oberoi Garden City	0.87
Hospital, Oberoi Garden City	0.38

Total Estimated Area: ~28 Mn Sq.ft



- Large and diversified project portfolio for balanced cash flow
- Ongoing / planned projects in proven locations provide visibility of cash flows

Source: Company, Arihant Research

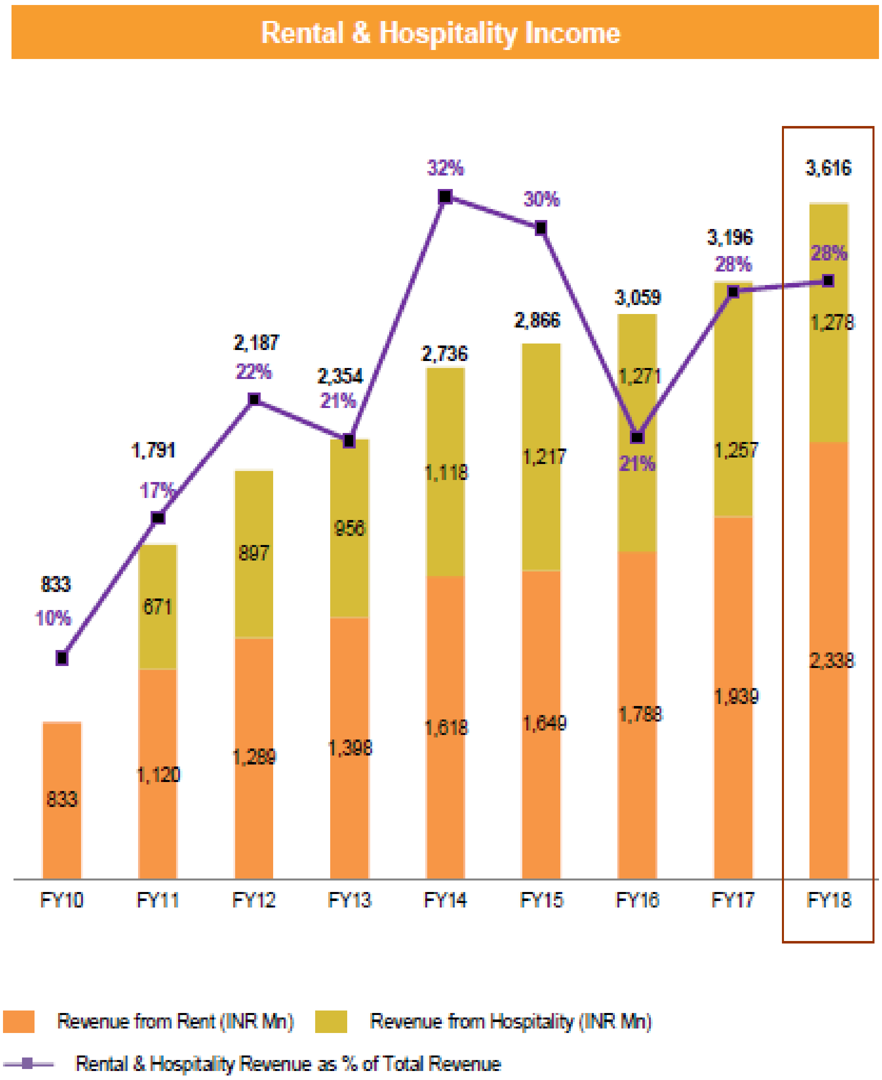
In the next one year till FY20E, ORL is expected to launch the following projects,-- a) Goregaon (Garden City Phase III), b) JVLR (Maxima) and Borivali (Sky City). Its other big project in 63-acre land parcel in Thane could also be launched in FY20E. With expected launch of all the above three projects in FY20E, investors will get clear earnings visibility for the company. This will also aid its future cash flow generation for next 4-5 years till FY25E.

Other than the above, its Thane projects is too big and once launched would have a sale horizon of nearly 10 years, thereby significantly boosting ORL's revenue stream and cash flows in coming years.

Financial Performance Analysis

- **Consolidated revenue to grow at a CAGR of 39.7% over FY18-21E**
  ORL has strong revenue visibility from its ongoing and already completed projects. The company has a healthy mix of investment (annuity) and developmental projects. The investment projects are mostly matured assets generating stable annuity cash flows for the company. Most of its rental projects are having > 90% occupancy (Oberoi Mall, Westin Hotel, Commerz and Commerz II – Phase I) generating stable annuity income for ORL.

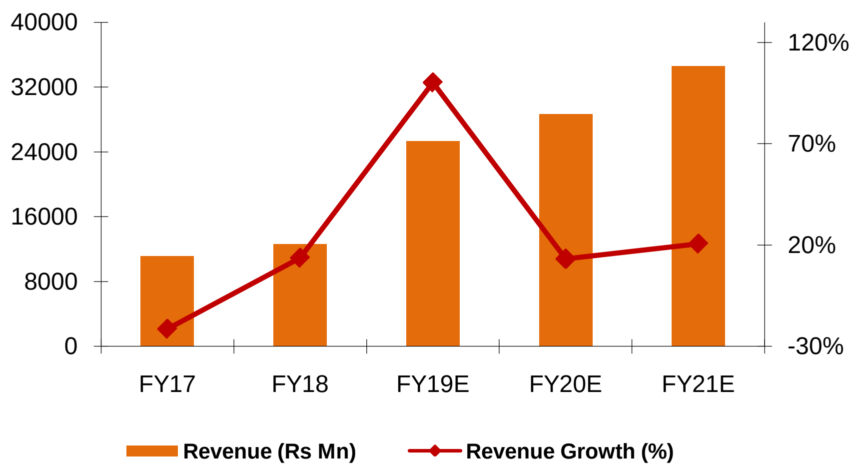
Stable Annuity Income of ORL from Rental & Hospitality



Source: Company, Arihant Research

Other than annuity projects, its developmental projects also have potential to generate steady cash flows in coming years. With expected launch of its three key developmental projects (Garden City – Phase III), Maxima and Sky City – Borivali in FY20E, revenue will get further boost. Going forward we expect ORL to sustain its current growth momentum and expect its consolidated revenue to clock a CAGR of 39.7% over FY18-21E.

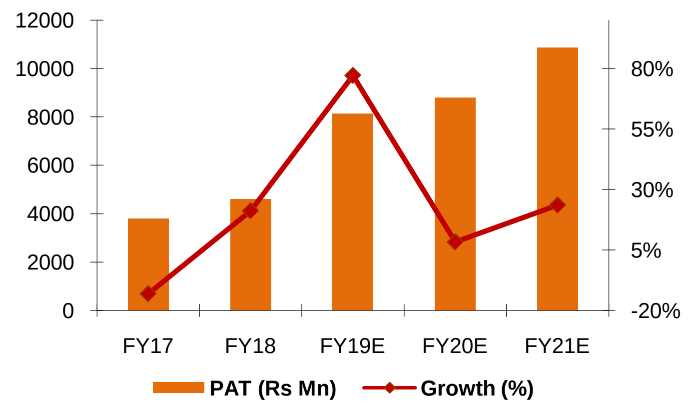
Consolidated revenue growth trend of ORL



Source: Company, Arihant Research

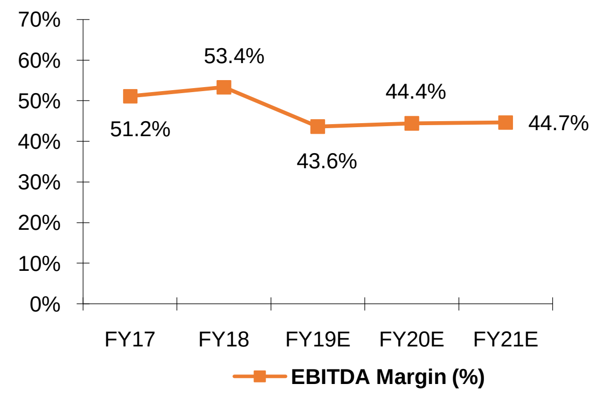
- **PAT to witness 33.3% CAGR over FY18-21E with stable margin of ~45%**
  We believe, going forward, ORL's robust sales momentum coupled with strong execution of its ongoing projects would help the company to ramp up its earnings over the next few years. We expect ORL to report 33.3% CAGR in its earnings over FY18-21E with stable EBITDA margin of ~45%.

ORL's PAT trend over the years



Source: Company, Arihant Research

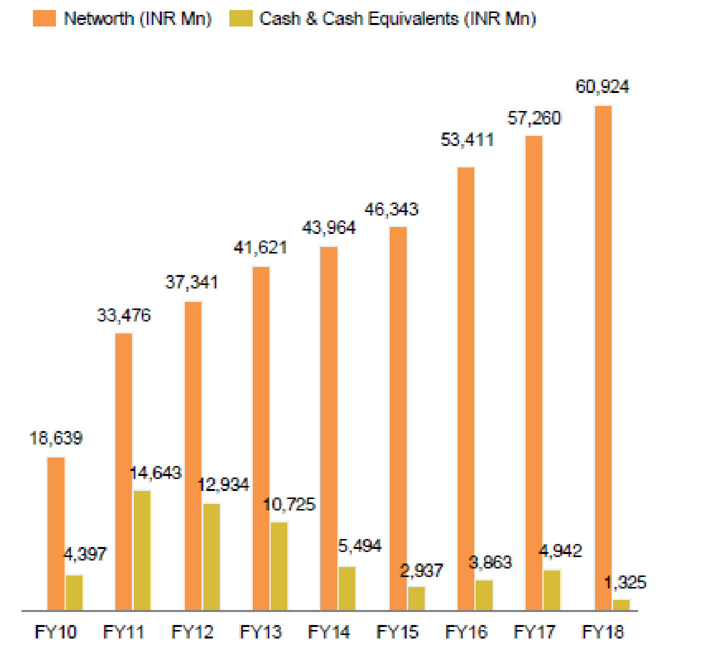
EBITDA margin trend of ORL over the years



Source: Company, Arihant Research

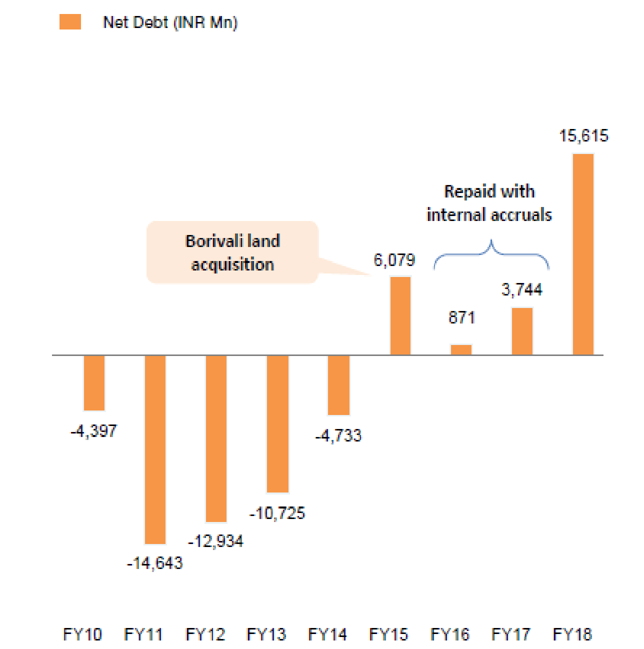
- **Prudent financial management leading to lowest D/E ratio in industry**
  While most of the developers are struggling with a debt heavy balance sheet, ORL enjoys the lowest debt-equity ratio in the industry at 0.2x. With ample cash in its hand (~Rs 11,210mn at FY19E) courtesy its QIP proceeds, the company has the elbow room to invest in suitable projects without increasing its leverage. Also the strong cash flow and high net worth of ORL give it the much needed ammunition to fund future land acquisitions.

ORL maintains optimal capital structure



Source: Company, Arihant Research

Prudent use of leverage by ORL



Source: Company, Arihant Research

Over the years ORL has acquired large land parcels with clear and clean title and have developed those lands in phases. In Mumbai, there are very few developers which are able to offer such large format development. With ample cash and very low D/E ratio, ORL does not block its cash in land acquisition and does not go in shopping spree for lands at exorbitant rates like other land hungry developers. This significantly reduces the land acquisition risk for ORL unlike other developers. ORL by virtue of its dominant position in the Mumbai market is able to strike good deals with land owners by outright purchase that few developers are able to do. After land acquisition, ORL quickly starts developing the projects by virtue of its outsourced execution expertise thereby considerably reducing the lead time to monetize those projects. This ensures good cash flow visibility and keeps the D/E ratio under control.

Q3FY19 and 9MFY19 Financial Performance

Rs Mn (Consolidated)	Q3FY19	Q2FY19	Q3FY18	*Q-o-Q*	*Y-o-Y*	9MFY19	9MFY18	*Y-o-Y*
Net Revenue	**5286**	**5921**	**3562**	***-10.7%***	***48.4%***	**20090**	**9204**	***118.3%***
Operating Cost	2975	2574	1320	*15.6%*	*125.4%*	9304	3359	*177.0%*
Employee cost	174	193	150	*-10.0%*	*16.1%*	553	515	*7.3%*
Other Expenses	257	196	166	*31.2%*	*54.3%*	777	411	*89.0%*
EBITDA	**1881**	**2958**	**1926**	***-36.4%***	***-2.4%***	**9456**	**4919**	***92.2%***
EBITDA margin %	***35.6%***	***50.0%***	***54.1%***	***-1438***	***-1850***	***47.1%***	***53.4%***	***-637***
Other Income	202	277	42	*-27.1%*	*384.9%*	550	187	*193.7%*
Depreciation	114	110	122	*3.9%*	*-6.5%*	330	373	*-11.6%*
EBIT	**1969**	**3125**	**1846**	***-37.0%***	***6.6%***	**9676**	**4733**	***104.4%***
Finance cost	49	58	18	*-16.8%*	*169.4%*	156	50	*213.3%*
Exceptional Item	0	0	0			0	0	-
PBT	**1920**	**3067**	**1828**	***-37.4%***	***5.0%***	**9520**	**4683**	***103.3%***
Tax Expense	573	940	635	*-39.1%*	*-9.8%*	2963	1550	*91.2%*
Effective tax rate %	29.8%	30.7%	34.8%			31.1%	33.1%	
Reported Net Profit	1347	2127	1192	*-36.7%*	*13.0%*	6557	3133	*109.3%*
MI & Associates	32	12	10	*176.9%*	*241.1%*	55	26	*115.7%*
Consolidated PAT	**1379**	**2138**	**1202**	***-35.5%***	***14.8%***	**6612**	**3159**	***109.3%***
PAT Margin %	*26.1%*	*36.1%*	*33.7%*	*-1002*	*-765*	*32.9%*	*34.3%*	*-141*
EPS (Rs)	**4.1**	**6.3**	**3.5**	***-35.5%***	***14.8%***	**19.5**	**9.3**	***109.3%***

Source: Company, Arihant Research

Future Outlook

We like ORL's business model, given the quality of its land bank coupled with its low D/E ratio and healthy balance sheet. Also management's expertise in executing large projects in record time with minimal delay imparts faith in the ability of the management. ORL's strong balance sheet (D/E of 0.2x as of FY19E) gives the company ample room for leverage to buy new land parcels to fuel future growth. Also ORL's strong brand equity helps it to command premium pricing and enter into JD/JV contracts with other developers for mutually beneficial associations.

Valuations

We have valued ORL using DCF method, wherein we have calculated value of its real estate business comprising ongoing and upcoming projects, planned projects, pending value from completed development projects and completed annuity projects. We have assumed a risk free rate of 7.5%, equity risk premium of 5%, beta of 0.8, tax rate of 30%, terminal growth rate of 3% and 10.5% pre-tax cost of debt to arrive at our WACC of 11.4%. Our DCF method yields a NAV of Rs 634/share for ORL.

At CMP of Rs 478, ORL is currently available at a discount of 24.2% to its NAV of Rs 634, which is quite attractive given the company's future growth potential. We initiate coverage on ORL with a BUY rating and a target price of Rs 634, giving an upside potential of 32.7%.

DCF Valuation of ORL

Rs Mn	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E
Revenue	26126	28257	34469	39639	45981	52649	63178
EBITDA	11399	12548	15408	17838	20692	23692	28430
PBT	11505	12576	15526	16756	19616	22596	27314
Tax	3451	3773	4658	5027	5885	6779	8194
PAT	8123	8803	10868	11730	13731	15817	19120
Operating Cash Flow	11973	13114	16097	17457	20341	23371	28140
Free Cash Flow	**11903**	**14168**	**15957**	**16057**	**18841**	**21371**	**26140**
Sum of PV of FCF	78227						
Terminal Value	321687						
NPV of Terminal Value	151380						
Enterprise Value (EV)	229607						
Less: Net Debt	-1035						
Net Asset Value (NAV)	230642						
No. of SRL Shares (Mn)	364						
NAV per Share (Rs)	634						
Discount to NAV (%)	0%						
Value per Share (Rs)	**634**						

WACC Calculation

Beta	0.8
Risk Free Rate	7.5%
Equity Risk Premium	5%
Cost of Equity	11.5%
Cost of Debt	10.5%
WACC	**11.37%**

Peer Comparison

ORL's closest peer companies are Brigade Enterprises, Sunteck Realty, Prestige Estates and Sobha Developers. In the following table we have compared ORL with its peers Brigade Enterprises, Sunteck Realty, Prestige Estates and Sobha Developers on key parameters.

Company Name (FY21E estimates)	Price (Rs)	Sales (Rs Mn)	EBITDA (Rs Mn)	EBITDA Margin (%)	PAT (Rs Mn)	EPS (Rs)	P/E (x)	P/BV (x)	ROE (%)
Sunteck Realty*	394	15693	6434	41.0	3999	28.5	13.8	1.9	13.5
Brigade Enterprises	218	29454	9128	30.9	2620	21.4	10.2	1.0	9.3
Oberoi Realty	478	34469	15408	44.7	10868	29.9	16.0	2.1	12.8
Prestige Estates	205	58214	16105	27.7	4984	13.9	14.8	1.4	9.6
Sobha Developers	440	33454	7152	21.4	3093	31.2	14.1	1.4	10.1

Source: Company, Bloomberg, Arihant Research ** under Arihant active coverage*

Consolidated Financials

Income Statement (Rs Mn)

Year End-March	FY17	FY18	FY19E	FY20E	FY21E
Revenues	11,136	12,654	26,126	28,257	34,469
Change (%)	-21.4%	13.6%	106.5%	8.2%	22.0%
Operating Costs	4,287	4,679	12,410	13,564	17,062
Employee costs	642	672	784	848	1,034
Other expenses	510	551	1,534	1,298	965
Total Expenses	**5,439**	**5,901**	**14,728**	**15,709**	**19,061**
EBITDA	**5,698**	**6,753**	**11,399**	**12,548**	**15,408**
Other Income	476	266	784	848	1,034
Depreciation	495	491	468	538	572
Interest	56	69	209	283	345
PBT	**5,623**	**6,459**	**11,505**	**12,576**	**15,526**
Extra-ordinary	0	0	0	0	0
PBT after ext-ord.	**5,623**	**6,459**	**11,505**	**12,576**	**15,526**
Tax	1,868	1,907	3,451	3,773	4,658
Rate (%)	*33.2%*	*29.5%*	*30.0%*	*30.0%*	*30.0%*
PAT	**3,754**	**4,552**	**8,053**	**8,803**	**10,868**
MI & Associates	31	36	70	0	0
Consolidated PAT	**3,786**	**4,588**	**8,123**	**8,803**	**10,868**
Change (%)	*-13.1%*	*21.2%*	*77.1%*	*8.4%*	*23.5%*

Source: Company, Arihant Research

Balance Sheet (Rs Mn)

Year End-March	FY17	FY18	FY19E	FY20E	FY21E
Sources of Funds					
Share Capital	3,395	3,396	3,636	3,636	3,636
Reserves & Surplus	53,864	57,528	64,197	71,545	80,959
Net Worth	**57,260**	**60,924**	**67,833**	**75,181**	**84,595**
Loan Funds	**8,686**	**9,445**	**10,175**	**12,029**	**12,689**
Deferred Tax & Other Liabilities	389	553	553	553	553
Capital Employed	**66,335**	**70,922**	**78,561**	**87,764**	**97,837**
Application of Funds					
Gross Block	10,417	11,209	12,009	12,809	13,609
Less: Depreciation	968	1,446	1,914	2,452	3,024
Net Block	9,449	9,763	10,095	10,357	10,585
CWIP	1,095	1,126	1,126	1,126	1,126
Other Non-Current Assets	1,431	1,462	1,462	1,462	1,462
Deferred Tax Assets	1,258	1,458	1,458	1,458	1,458
Net Fixed Assets	**13,234**	**13,809**	**14,141**	**14,403**	**14,631**
Investments	**18,302**	**24,242**	**24,242**	**24,242**	**24,242**
Debtors	1,058	1,813	2,147	2,323	2,833
Inventories	37,664	42,467	50,105	54,192	66,105
Cash & Bank Balance	3,458	1,167	11,210	15,851	18,378
Loans & Advances & Other CA	11,140	18,749	26,842	30,967	37,774
Total Current Assets	**53,319**	**64,197**	**90,304**	**1,03,333**	**1,25,090**
Current Liabilities	18,483	31,304	50,105	54,192	66,105
Provisions	37	21	21	21	21
Net Current Assets	**34,800**	**32,871**	**40,179**	**49,119**	**58,965**
Total Assets	**66,335**	**70,922**	**78,561**	**87,764**	**97,837**

Source: Company, Arihant Research

Cash Flow Statement (Rs Mn)

Year End-March	FY17	FY18	FY19E	FY20E	FY21E
PBT	**5,623**	**6,459**	**11,505**	**12,576**	**15,526**
Depreciation	495	491	468	538	572
Interest & Others	-389	-161	-505	-565	-689
Cash Flow before WC changes	5,729	6,789	11,469	12,548	15,408
(Inc)/dec in Working Capital	**-2,180**	**-3,914**	**-3,933**	**-11,649**	**-16,731**
Operating CF after WC changes	3,549	2,875	7,535	900	-1,323
Less: Taxes	-1,868	-1,907	-3,451	-3,773	-4,658
Operating Cash Flow	**1,680**	**968**	**4,084**	**-2,873**	**-5,981**
(Inc)/dec in F.A + CWIP	-763	-826	-800	-800	-800
(Pur)/sale of Investment	-4,828	-6,170	0	0	0
Cash Flow from Investing	**-5,591**	**-6,997**	**-800**	**-800**	**-800**
Free Cash Flow (FCF)	**918**	**142**	**3,284**	**-3,673**	**-6,781**
Loan Raised/(Repaid)	3,820	759	730	1,854	660
Equity Raised	60	1	240	0	0
Interest & Others	631	59	541	635	689
Dividend	0	-817	-1,454	-1,454	-1,454
Cash Flow from Financing Activities	**4,511**	**3,738**	**6,759**	**8,314**	**9,309**
Net Inc /(Dec) in Cash	**600**	**-2,291**	**10,043**	**4,641**	**2,528**
Opening Balance of Cash	2,858	3,458	1,167	11,210	15,851
Closing Balance of Cash	3,458	1,167	11,210	15,851	18,378

Source: Company, Arihant Research

Key Ratios

Year End-March	FY17	FY18	FY19E	FY20E	FY21E
Per share (Rs)					
EPS	11.2	13.5	22.3	24.2	29.9
CEPS	12.6	15.0	23.6	25.7	31.5
BVPS	168.6	179.4	186.6	206.8	232.7
DPS	0.0	2.4	4.0	4.0	4.0
Payout (%)	0.0%	17.8%	17.9%	16.5%	13.4%
Valuation (x)					
P/E	42.9	35.4	21.4	19.7	16.0
P/CEPS	37.9	32.0	20.2	18.6	15.2
P/BV	2.8	2.7	2.6	2.3	2.1
EV/EBITDA	29.4	25.3	15.2	13.5	10.9
Dividend Yield (%)	0.0%	0.5%	0.8%	0.8%	0.8%
Return ratio (%)					
EBIDTA Margin	51.2%	53.4%	43.6%	44.4%	44.7%
PAT Margin	34.0%	36.3%	31.1%	31.2%	31.5%
ROE	6.6%	7.5%	12.0%	11.7%	12.8%
ROCE	7.8%	8.8%	13.9%	13.7%	15.2%
Leverage Ratio (%)					
Total D/E	0.2	0.2	0.2	0.2	0.2
Net D/E	0.1	0.1	0.0	-0.1	-0.1
Turnover Ratios					
Asset Turnover (x)	0.2	0.2	0.3	0.3	0.4
Inventory Days	1234	1225	700	700	700
Receivable Days	35	52	30	30	30
Payable days	607	904	700	700	700

Source: Company, Arihant Research

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Stock Rating Scale

	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	<-5%

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