

# Macrotech Developers

Estimate change 

TP change 

Rating change 

**CMP: INR1,013**

**TP: INR1,570 (+55%)**

**Buy**

## Ticking the right boxes

	LODHA IN
Equity Shares (m)	482
M.Cap.(INRb)/(USD\$b)	452.9 / 5.9
52-Week Range (INR)	1539 / 561
1, 6, 12 Rel. Per (%)	-5/2/51
12M Avg Val (INR M)	498

### Financials & Valuations (INR b)

Y/E Mar	FY22	FY23E	FY24E
Sales	92.3	94.5	94.7
EBITDA	21.2	26.3	27.9
EBITDA (%)	23.0	27.8	29.4
Net profit	12.1	16.3	19.3
EPS (Rs)	25.1	33.8	40.1
EPS Growth (%)	40.3	89.1	60.7
BV/Share (Rs)	252.6	285.2	325.3

### Ratios

Net D/E	0.8	0.4	0.0
RoE (%)	13.6	12.6	13.1
RoCE (%)	7.3	8.6	10.1
Payout (%)	0.0	0.0	0.0

### Valuations

P/E (x)	40.4	29.9	25.2
P/BV (x)	4.0	3.5	3.1
EV/EBITDA (x)	27.3	21.0	17.8
Div Yield (%)	0.0	0.0	0.0

### Shareholding pattern (%)

As On	Mar-22	Dec-21
Promoter	82.2	82.2
DII	1.5	1.2
FII	14.9	15.3
Others	1.4	1.3

- LODHA reported an improved performance in 4QFY22 across all metrics, with its best-ever quarterly and yearly bookings and strong collections, leading to a steady reduction (INR6b) in net debt to INR93b.
- As it closed FY22 on a high note, the management has set a pre-sales target of INR115b in FY23, up 27% YoY. It aims to generate INR60b of operating cash flows, which will help it reduce its net debt to sub-INR60b.
- We lower our FY23 pre-sales marginally (2%) to incorporate lower than estimated launches, but improve our collections and operating cash flows by 15% and 30%, respectively, on better collection efficiency. We increase our risk-free rate assumption to 7.1% from 6.5%, leading to a higher WACC. We base our net debt assumption on FY23 (from FY24) for the purpose of NAV calculation as net debt is expected to sustain at the FY23 run-rate. **As a result, our TP reduces by 8% to INR1,570 (an upside potential of 55%). We reiterate our Buy rating.**

### Record operational performance; guided at 27% sales growth in FY23

- LODHA reported its highest ever quarterly pre-sales of INR34.6b in 4QFY22, up 37% YoY and 33% QoQ. Pre-sales for the Residential segment grew 55% YoY to INR31.2b and was better than INR8b monthly run-rate guided for in 2HFY22.
- The record quarterly performance was driven by improved bookings in its core markets of South and Central Mumbai (+27% YoY) and extended eastern suburbs (EES, +94% YoY), and increased contributions from suburban markets and Pune due to fresh JDA launches (INR8b v/s INR1b in FY21).
- It launched 1.6msf/5.8msf of projects in 4Q/FY22. In FY23, it plans to launch 8.7msf of projects, with a GDV of INR133b.
- The company booked sales of INR90b, which was a record and in line with the management's guidance for FY22. In FY23, it is targeting a 27% YoY growth in pre-sales to INR115b, of which the Residential segment will contribute INR105b (or a growth of 24%).
- Revenue rose 36% YoY to INR34.4b. Adjusted EBITDA grew 30% YoY to INR12.3b, but margin fell 150bp to 35.7%. Adjusted PAT almost doubled YoY to INR5.7b, with a margin of 16.6%.

### Debt reduction on track, aims to reduce it to sub-INR60b in FY23

- Collections improved in line with sales growth to INR28b, leading to 10% YoY and 43% QoQ growth in operating cash flows to INR14b. After interest and land payouts, the surplus cash flow of INR6b was utilized to reduce its debt to INR93b, leading to a D/E ratio of 0.76x.
- LODHA aims to reduce its debt to sub-INR60b as it expects to generate INR60b of operating cash flow (OCF) in FY23, leading to a net debt/OCF ratio of 1x, which is in line with the company's targets.
- With a significant improvement in its UK business performance, it expects the repatriation of surplus cash flows of INR15b to begin in FY23, which is currently not incorporated in its net debt reduction targets for the fiscal.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Key highlights from the management interaction

- **Demand:** The management believes the current demand environment is at the start of a structural housing cycle. While it is confident of delivering 25% YoY growth in pre-sales in FY23, it expects pre-sales to continue to grow at over 20% CAGR over the next three-to-five years.
- **Pricing:** In 4QFY22, LODHA has raised prices by 6% and the management has reiterated that prices would continue to grow at mid- to high single-digits, but lower than the wage growth rate in order to maintain affordability.
- **Sensitivity to prices and mortgage rates:** While a steep price rise impacts demand, no price appreciation too tends to discourage buyers from making property purchases. As against that, a moderate 5-7% price hike, which is below the wage growth, is necessary to encourage customers to invest in Real Estate. The management feels a 50bp increase in the mortgage rate will be a non-event. It is ready with a roadmap to mitigate the risk of a higher increase in mortgage rates.
- **Construction cost:** Given the recent cost inflation, construction cost rose by 13.7% in FY22, of which two-third was seen in 4Q. Considering the mix of ready and ongoing projects at various stages, the overall impact on the sales price is estimated to be 2.5%.
- **Deal addition momentum to continue:** Since LODHA had already met its FY22 guidance in terms of business development, it made a deliberate choice not to add any new projects in 4Q as it wanted to gauge the impact of geopolitical events on market sentiment. It expects the deal addition momentum to continue in FY23 as it targets to add projects with a cumulative GDV of INR150b.

### Valuation and view: Growth momentum to sustain; retain BUY

- LODHA delivered its highest ever pre-sales in FY22. Given the strong demand momentum and healthy pipeline, it expects pre-sales to grow by 25% YoY in FY23. We expect the growth momentum to continue, and the company to deliver a pre-sales CAGR of 17% over FY22-25.
- Strong pre-sales momentum will ensure healthy cash generation of INR50-60b over the next two-to-three years, leaving ample room for de-leveraging as well as growth opportunities.
- We raise our FY23 revenue/EBITDA/PAT estimate by 15%/23%/31% to incorporate higher delivery.
- **We maintain our Buy rating on LODHA with a revised SoTP-based TP of INR1,570 (from INR1,700 earlier), implying a potential upside of 55%.**

## Financial performance

Y/E March	FY21				FY22				FY21	FY22	FY22E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Gross Sales</b>	<b>5,001</b>	<b>9,008</b>	<b>15,141</b>	<b>25,336</b>	<b>16,054</b>	<b>21,238</b>	<b>20,594</b>	<b>34,446</b>	<b>54,486</b>	<b>92,332</b>	<b>29,778</b>	<b>16</b>
YoY Change (%)	NA	NA	NA	-20.1	221	136	36	36	0.0	69.5	17.5	
Total Expenditure	5,537	7,564	10,414	17,252	12,295	17,320	15,737	25,733	40,766	71,085	22,194	
<b>EBITDA</b>	<b>-535</b>	<b>1,444</b>	<b>4,727</b>	<b>8,084</b>	<b>3,759</b>	<b>3,918</b>	<b>4,858</b>	<b>8,713</b>	<b>13,720</b>	<b>21,247</b>	<b>7,584</b>	<b>15</b>
Margin (%)	-10.7	16.0	31.2	31.9	23.4	18.4	23.6	25.3	25.2	23.0	25.5	
<b>Adj. EBITDA (as per co.)</b>	<b>150</b>	<b>1,530</b>	<b>4,500</b>	<b>9,430</b>	<b>5,380</b>	<b>7,780</b>	<b>6,980</b>	<b>12,300</b>	<b>17,110</b>	<b>32,440</b>	<b>NA</b>	
Margin (%)	3.0	17.0	29.7	37.2	33.5	36.6	33.9	35.7	31.4	35.1	NA	
Depreciation	204	178	183	170	186	184	187	190	734	748	190	
Interest	2,441	3,012	2,657	3,147	2,451	1,562	1,573	1,218	11,257	6,803	1,537	
Other Income	724	874	857	776	1,070	778	893	719	3,231	3,460	471	
<b>PBT before EO expense</b>	<b>-2,456</b>	<b>-871</b>	<b>2,743</b>	<b>5,543</b>	<b>2,191</b>	<b>2,950</b>	<b>3,991</b>	<b>8,023</b>	<b>4,959</b>	<b>17,156</b>	<b>6,328</b>	
Extra-Ord. expense	0	4,600	28	0	0	0	0	0	-4,628	0	0	
<b>PBT</b>	<b>-2,456</b>	<b>-5,471</b>	<b>2,716</b>	<b>5,543</b>	<b>2,191</b>	<b>2,950</b>	<b>3,991</b>	<b>8,023</b>	<b>9,587</b>	<b>17,156</b>	<b>6,328</b>	<b>27</b>
Tax	-971	-1,996	397	2,423	588	719	1,131	2,643	-147	5,080	1,659	
Rate (%)	39.5	36.5	14.6	43.7	26.8	24.4	28.3	32.9	0.0	0.3	26.2	
Minority Interest and Profit/Loss of Asso. Cos.	-151	151	2	-2	-5	-2	-3	0	-151	-10	10	
<b>Reported PAT</b>	<b>-1,334</b>	<b>-3,626</b>	<b>2,317</b>	<b>3,122</b>	<b>1,608</b>	<b>2,234</b>	<b>2,864</b>	<b>5,380</b>	<b>9,885</b>	<b>12,085</b>	<b>4,658</b>	<b>15</b>
<b>Adj. PAT (as per co.)</b>	<b>-1,380</b>	<b>620</b>	<b>1,250</b>	<b>2,910</b>	<b>1,220</b>	<b>2,870</b>	<b>2,790</b>	<b>5,730</b>	<b>3,400</b>	<b>12,610</b>	<b>4,658</b>	
YoY Change (%)	NM	NA	NA	750.1	-188	363	123	97	NA	270.9	60.1	
Margin (%)	-27.6	6.9	8.3	11.5	7.6	13.5	13.5	16.6	6.2	13.7	15.6	99bp

Source: Company, MOFSL

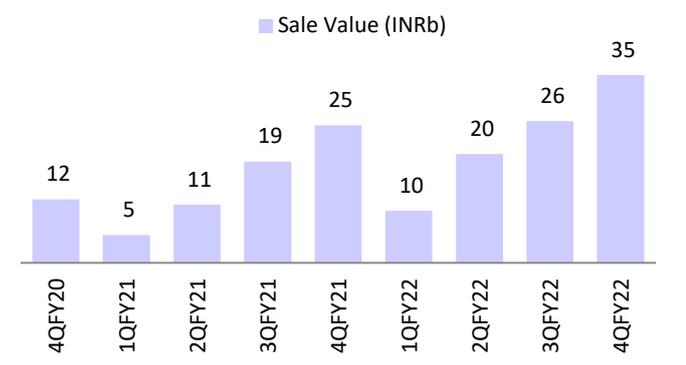
## Exhibit 1: Operational performance

Key metrics	FY21				FY22				FY21	FY22E	FY22E	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sale volume (msf)	0.6	1.1	1.6	1.8	0.7	1.8	2.4	3.0	5.1	8.0	3.1	-4
Sale value (INR b)	5.1	10.7	18.6	25.3	9.6	20.0	26.1	34.6	59.7	84.5	33.8	2
Collections (INR b)	3.8	11.1	14.7	20.9	17.1	19.1	21.3	28.4	50.5	85.9	21.5	32
Realization (INR/sq. ft.)	8,039	8,884	11,873	11,099	11,364	10,218	10,649	11,520	10,484	10,563	10,749	7

Source: Company, MOFSL

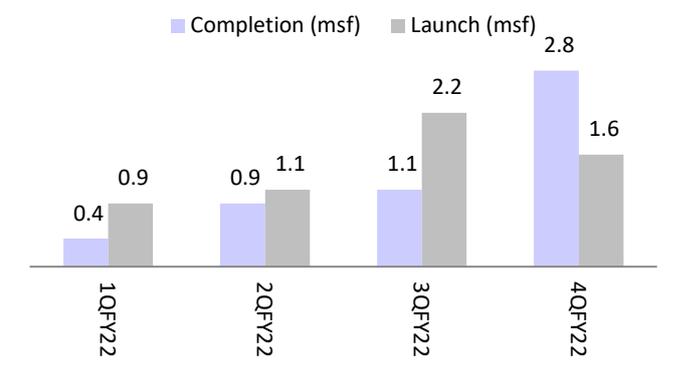
## Key exhibits

## Exhibit 2: LODHA reports its best ever pre-sales of INR35b

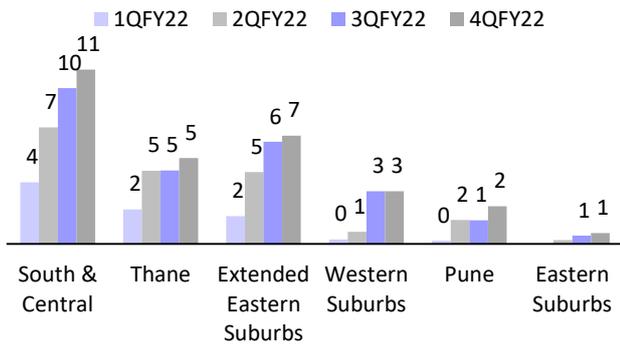


Source: Company, MOFSL

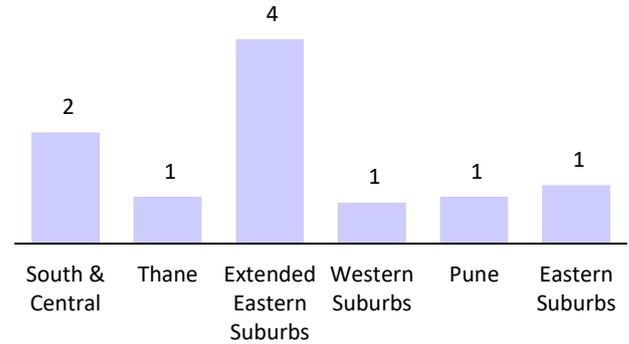
## Exhibit 3: LODHA launches/delivers 5.8msf/5.2msf in FY22



Source: Company, MOFSL

**Exhibit 4: All key micro-markets see a QoQ improvement in the sales run-rate**

Source: Company, MOFSL

**Exhibit 5: Strong launch pipeline of 9msf over the next 12 months**

Source: Company, MOFSL

**Exhibit 6: Launch pipeline has a healthy mix of its own/JDA projects**

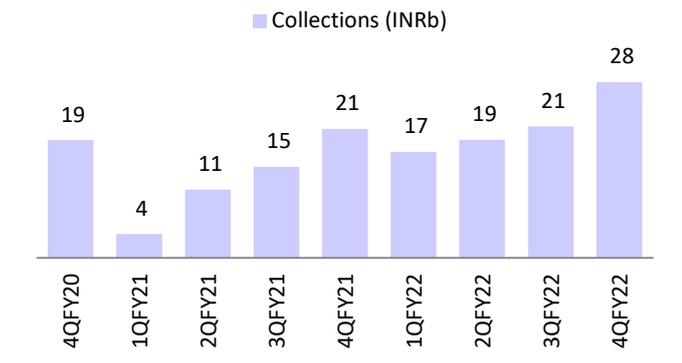
Micro-market	Own/JDA	Area (msf)	Est. GDV (INR b)	No. of projects
South central	Own	1	49.5	3
South central	JDA	0.9	21.9	2
Extended eastern suburbs	Own	3.5	20.7	1
Eastern suburbs	JDA	1	17.7	3
Western suburbs	JDA	0.7	9.2	2
Thane	Own	0.8	7.9	2
Pune	JDA	0.7	4.9	1
Pune	Own	0.1	0.8	1
<b>Total</b>		<b>8.7</b>	<b>132.6</b>	<b>15</b>

Source: MOFSL, Company

**Exhibit 7: LODHA signs 11 JDA projects over the last three-to-four quarters; expect deal addition momentum to continue**

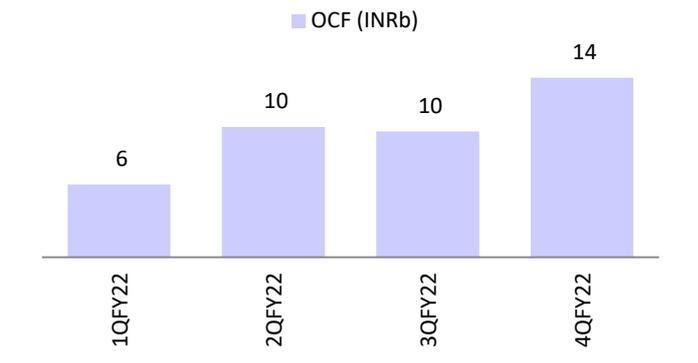
Micro-market	Saleable area (msf)	Est. GDV (INR b)	LODHA's commercial interest	Launched/estimate launch
<b>Signed prior to Q3FY22</b>				
MMR – western suburbs	1.2	15	Attributable PBT at 20% of GDV	3QFY22
Pune	1.5	10	67.5% of revenue	2QFY22
MMR – eastern suburbs	0.6	10	69% of revenue	2QFY22
MMR – eastern suburbs	0.3	5	Attributable PBT at 18% of GDV	FY23
MMR – western suburbs	0.4	5	Attributable PBT at 20% of GDV	FY23
MMR – eastern suburbs	1.5	25	Attributable PBT at 18% of GDV	FY23
MMR – south central	0.8	21	65% of revenue	FY23
MMR – south central	0.8	20	65% of revenue	FY23
MMR – eastern suburbs	1.0	17	Attributable PBT at 18% of GDV	FY23
MMR – south central	0.4	10	65% of revenue	FY23
MMR – eastern suburbs	0.4	8	Attributable PBT at 20% of GDV	FY23
<b>Total</b>	<b>8.9</b>	<b>146</b>		

**Exhibit 8: Collections healthy at INR28b, up 36% YoY**



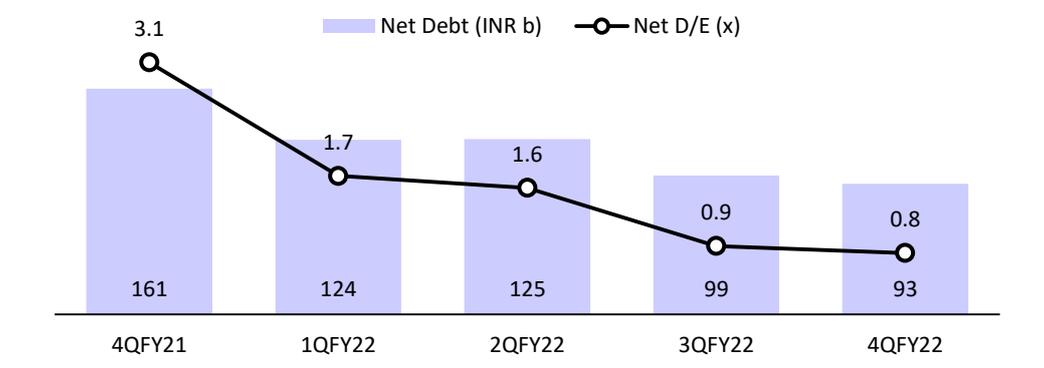
Source: MOFSL, Company

**Exhibit 9: LODHA reports an OCF of INR40b in FY22**



Source: MOFSL, Company

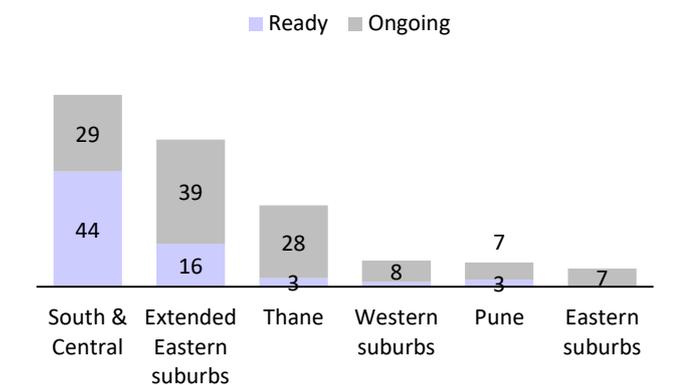
**Exhibit 10: Since its IPO, LODHA has seen a consistent reduction in its net debt**



Source: MOFSL, Company

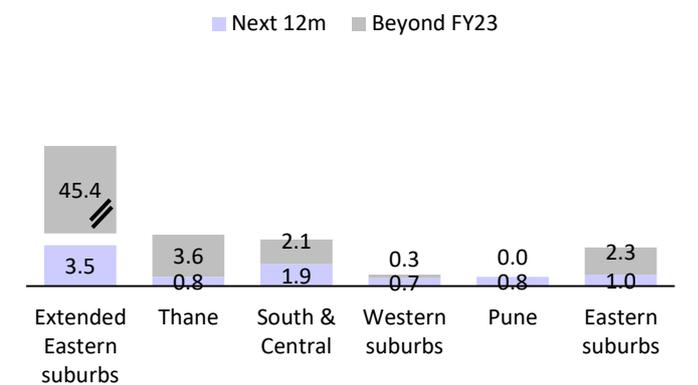
## Story in charts

**Exhibit 11: Focus on execution led to INR67b of ready inventory, with INR125b of inventory in progress**



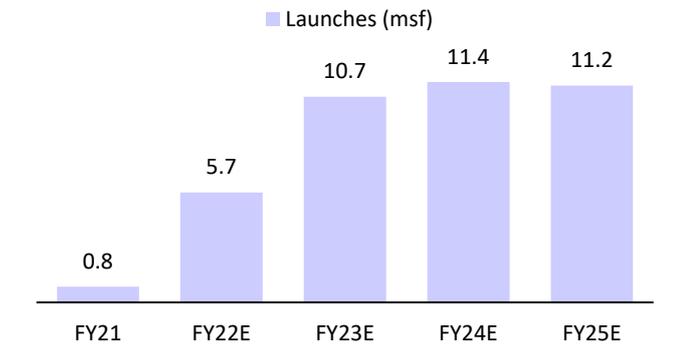
Source: Company, MOFSL

**Exhibit 12: Strong medium-term launch pipeline of 70msf**



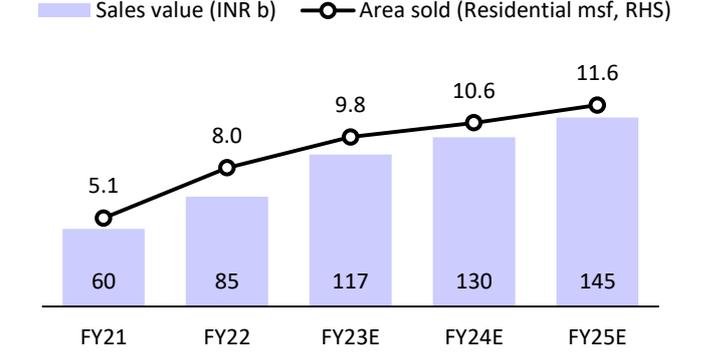
Source: Company, MOFSL

**Exhibit 13: Expect launches to rise further from FY23 onwards**



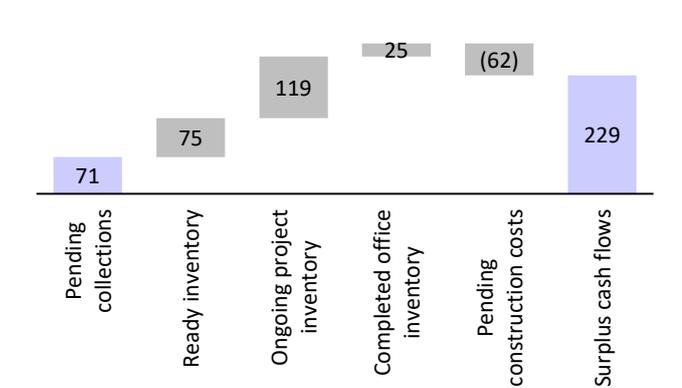
Source: MOFSL, Company

**Exhibit 14: Expect 17% CAGR in pre-sales to INR145b over FY22-25**



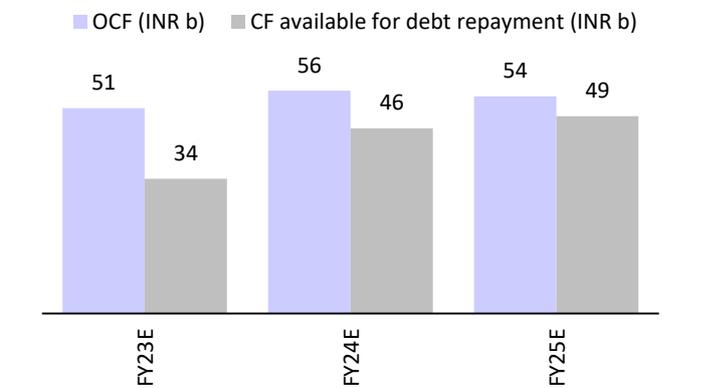
Source: MOFSL, Company

**Exhibit 15: Over the next four-to-five years, ongoing and completed projects will contribute ~INR230b to cash flows**



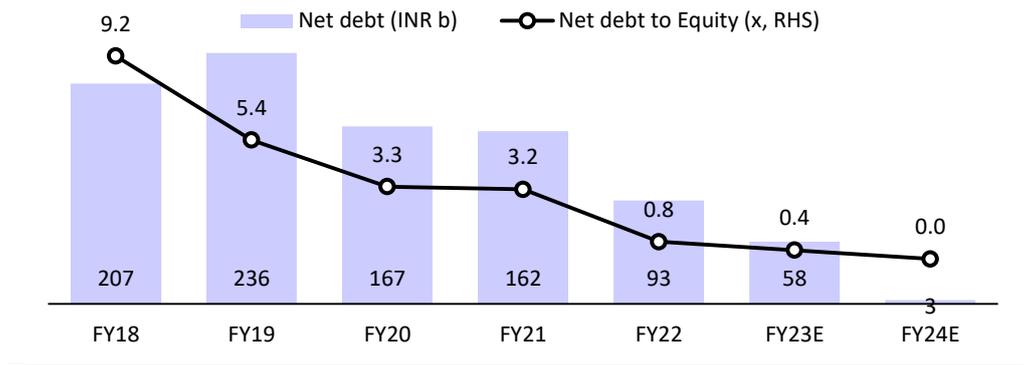
Source: Company, MOFSL

**Exhibit 16: Expect LODHA to generate an OCF of more than INR50b over the next three years**



Source: Company, MOFSL

**Exhibit 17: Healthy cash flows may accelerate deleveraging**



Source: MOFSL, Company

**Exhibit 18: Based on our SoTP approach, we arrive at a NAV of INR814b (or INR1,570/share), implying a 55% upside potential**

Particulars	Rationale	Value (INR b)	Per share (INR)	Contribution	As a percentage of CMP
Residential	❖ DCF of four years cash flows at a WACC of 11.6% and a terminal value assuming 5% long-term growth	665	1,381	88%	136%
Commercial	❖ Cap rate of 9% for operational assets and a DCF for ongoing and planned assets	49	102	7%	10%
Industrial	❖ PV of future cash flows discounted at a WACC of 12%	79	164	10%	16%
UK investment	❖ PV of future cash flows discounted at a WACC of 12%	21	44	3%	4%
<b>Gross asset value</b>		<b>814</b>	<b>1,691</b>	<b>108%</b>	<b>167%</b>
Net debt	❖ FY23E	(58)	(121)	-8%	-12%
<b>Net asset value</b>		<b>756</b>	<b>1,570</b>	<b>100%</b>	<b>155%</b>
Number of shares (m)		481.5			
Target price (INR)		<b>1,570</b>			
CMP (INR)		1,013			
Upside (%)		55			

Source: MOFSL, Company

**Highlights from the management commentary****Mortgage mix and NRI mix**

- Close to 90% of customers in the Affordable and Mid-Income segment avail home loans. The same stands at 60% in the Premium segment. On a blended basis, it stands at 75%.
- NRIs constitute 13-14% of total sales for the company.

**UK projects**

- Projects in the UK continue to witness healthy traction, with GSQ (Grosvenor Square) witnessing sales of GBP152m. LSQ (Lincoln Square) achieved pre-sales of GBP21m.
- The company's UK arm has partially pre-paid USD denominated bond to the tune of USD170m (out of USD250m) in 4QFY22.

**Platform for Digital Infra**

- LODHA will invest ~USD1b to set up a platform for warehousing and light industrial parks. It will inject land and assets and significant equity will be brought in by two partners.
- The discussions are at an advance stage and the terms will be disclosed once finalized. This investment will have no impact on its deleveraging plans.

**Market mix**

- LODHA is looking to generate 10-20% of sales from the Pune market and targets a presence in at least five out of the six micro markets.
- The management is also evaluating a foray into Bengaluru.

**South and Central Mumbai launch**

- FY23 project launches in South and Central Mumbai includes Malabar Hill, Tardeo, JDA project in Central Mumbai, and the last tower in New Cuffe Parade.

**Valuation and view: growth momentum to sustain; retain BUY**

- We value LODHA on a SoTP basis: 1) The Residential segment is valued using the DCF of four-years cash flows at a WACC of 12% and terminal growth of 5%, 2) the Commercial business is valued at an 8% cap rate for operational assets and DCF for ongoing and planned assets, 3) The Industrial and UK Investment is valued at a present value of future cash flows, discounted at a WACC of 12%.
- We arrive at a NAV of INR814b, assuming net debt of INR58b in FY23, which will be a sustainable run-rate for the company. Applying zero discount to its NAV, we arrive at a TP of INR1,570 per share, indicating an upside potential of 55%.

**Exhibit 19: Change in earnings summary**

(INR m)	Old		New		Change	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Revenue	82,505	1,04,626	94,541	94,750	15%	-9%
EBITDA	21,361	31,491	26,278	27,887	23%	-11%
Adj. PAT	12,448	21,506	16,292	19,302	31%	-10%
Pre-sales	1,18,903	1,32,381	1,16,879	1,30,303	-2%	-2%
Collections	88,187	1,14,106	1,00,524	1,10,224	14%	-3%
OCF	39,540	52,471	51,236	55,600	30%	6%

Source: MOFSL, Company

## Financials and valuations

Consolidated Income statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
<b>Total Income from Operations</b>	<b>1,35,272</b>	<b>1,19,070</b>	<b>1,24,426</b>	<b>54,486</b>	<b>92,332</b>	<b>94,541</b>	<b>94,750</b>	
Change (%)	NA	-12.0	4.5	-56.2	69.5	2.4	0.2	
<b>Total Expenditure</b>	<b>1,02,375</b>	<b>87,399</b>	<b>1,05,223</b>	<b>40,766</b>	<b>71,085</b>	<b>68,263</b>	<b>66,863</b>	
As a percentage of Sales	75.7	73.4	84.6	74.8	77.0	72.2	70.6	
<b>EBITDA</b>	<b>32,897</b>	<b>31,670</b>	<b>19,203</b>	<b>13,720</b>	<b>21,247</b>	<b>26,278</b>	<b>27,887</b>	
Margin (%)	24.3	26.6	15.4	25.2	23.0	27.8	29.4	
Depreciation	3,979	1,944	3,064	734	748	769	798	
<b>EBIT</b>	<b>28,917</b>	<b>29,726</b>	<b>16,139</b>	<b>12,985</b>	<b>20,499</b>	<b>25,509</b>	<b>27,089</b>	
Int. and Finance Charges	3,816	5,556	7,315	11,257	6,803	4,315	2,193	
Other Income	1,994	719	1,184	3,231	3,460	1,057	1,450	
<b>PBT bef. EO Exp.</b>	<b>27,095</b>	<b>24,889</b>	<b>10,008</b>	<b>4,959</b>	<b>17,156</b>	<b>22,250</b>	<b>26,345</b>	
EO Items	0	0	56	-4,628	0	0	0	
<b>PBT after EO Exp.</b>	<b>27,095</b>	<b>24,889</b>	<b>10,064</b>	<b>332</b>	<b>17,156</b>	<b>22,250</b>	<b>26,345</b>	
Total Tax	9,201	8,449	2,615	-147	5,080	5,896	6,982	
Tax Rate (%)	34.0	33.9	26.0	-44.4	29.6	26.5	26.5	
Minority Interest	39	78	130	77	61	61	61	
<b>Reported PAT</b>	<b>17,855</b>	<b>16,361</b>	<b>7,319</b>	<b>402</b>	<b>12,014</b>	<b>16,292</b>	<b>19,302</b>	
<b>Adjusted PAT</b>	<b>17,855</b>	<b>16,361</b>	<b>7,278</b>	<b>7,084</b>	<b>12,014</b>	<b>16,292</b>	<b>19,302</b>	
Change (%)	NA	-8.4	-55.5	-2.7	69.6	35.6	18.5	
Margin (%)	13.2	13.7	5.8	13.0	13.0	17.2	20.4	

Consolidated Balance Sheet							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
Equity Share Capital	3,959	3,959	3,959	3,959	4,815	4,815	4,815	
Total Reserves	18,232	34,451	41,564	42,031	1,16,235	1,32,528	1,51,830	
<b>Net Worth</b>	<b>22,190</b>	<b>38,410</b>	<b>45,523</b>	<b>45,990</b>	<b>1,21,050</b>	<b>1,37,343</b>	<b>1,56,645</b>	
Minority Interest	359	5,348	5,192	5,269	568	568	568	
Total Loans	2,26,161	2,56,406	1,84,232	1,81,669	1,15,367	82,367	37,367	
Deferred Tax Liabilities	-11,033	-3,206	-935	-2,098	1,911	5,486	9,270	
<b>Capital Employed</b>	<b>2,37,678</b>	<b>2,96,958</b>	<b>2,34,011</b>	<b>2,30,829</b>	<b>2,38,896</b>	<b>2,25,764</b>	<b>2,03,849</b>	
Gross Block	16,850	17,704	17,499	17,608	18,318	19,087	19,885	
Less: Accum. Deprn.	3,997	4,877	5,649	6,383	7,130	7,900	8,697	
<b>Net Fixed Assets</b>	<b>12,853</b>	<b>12,827</b>	<b>11,851</b>	<b>11,226</b>	<b>11,187</b>	<b>11,187</b>	<b>11,187</b>	
<b>Investment Property</b>	<b>1,990</b>	<b>1,933</b>	<b>2,882</b>	<b>2,767</b>	<b>2,650</b>	<b>2,650</b>	<b>2,650</b>	
Goodwill on Consolidation	7,505	6,627	5,477	5,471	5,388	5,388	5,388	
Capital WIP	59	63	63	63	0	0	0	
<b>Total Investments</b>	<b>13,841</b>	<b>14,050</b>	<b>15,529</b>	<b>15,794</b>	<b>5,740</b>	<b>5,678</b>	<b>5,617</b>	
<b>Curr. Assets, Loans, and Adv.</b>	<b>4,30,831</b>	<b>4,59,933</b>	<b>3,70,188</b>	<b>3,55,663</b>	<b>3,59,824</b>	<b>3,67,191</b>	<b>3,74,886</b>	
Inventory	3,91,635	4,15,124	2,90,314	2,83,007	2,73,583	2,62,301	2,55,070	
Account Receivables	7,340	4,843	7,943	6,545	6,461	5,180	5,192	
Cash and Bank Balance	5,224	6,575	1,870	3,668	12,457	18,387	28,302	
Loans and Advances	26,632	33,390	70,061	62,442	67,322	81,322	86,322	
<b>Curr. Liability and Prov.</b>	<b>2,29,402</b>	<b>1,98,475</b>	<b>1,71,979</b>	<b>1,60,153</b>	<b>1,45,892</b>	<b>1,66,330</b>	<b>1,95,878</b>	
Account Payables	21,570	22,631	22,728	16,978	15,087	18,131	18,171	
Other Current Liabilities	2,07,492	1,75,490	1,49,012	1,42,963	1,30,581	1,47,975	1,77,483	
Provisions	340	354	239	212	224	224	224	
<b>Net Current Assets</b>	<b>2,01,429</b>	<b>2,61,457</b>	<b>1,98,210</b>	<b>1,95,509</b>	<b>2,13,932</b>	<b>2,00,861</b>	<b>1,79,008</b>	
Misc. Expenditure	0	0	0	0	0	0	0	
<b>Appl. of Funds</b>	<b>2,37,678</b>	<b>2,96,958</b>	<b>2,34,011</b>	<b>2,30,829</b>	<b>2,38,896</b>	<b>2,25,764</b>	<b>2,03,850</b>	

## Financials and valuations

<b>Ratios</b>							
<b>Y/E March</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>
<b>Basic (INR)</b>							
<b>EPS</b>	<b>45.1</b>	<b>41.3</b>	<b>18.4</b>	<b>17.9</b>	<b>25.0</b>	<b>33.8</b>	<b>40.1</b>
Cash EPS	55.2	46.2	26.1	19.7	26.5	35.4	41.7
BV/Share	56.1	97.0	115.0	116.2	251.4	285.2	325.3
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>							
P/E	28.1	30.7	68.9	70.8	48.1	29.9	25.2
Cash P/E	23.0	27.4	48.5	64.2	45.3	28.6	24.2
P/BV	22.6	13.1	11.0	10.9	4.8	3.5	3.1
EV/Sales	5.3	6.3	5.5	12.5	7.4	5.8	5.2
EV/EBITDA	22.0	23.7	35.6	49.5	32.1	21.0	17.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	16.5	-14.2	94.6	63.9	41.7	96.5	120.1
<b>Return Ratios (%)</b>							
RoE	160.9	54.0	17.3	15.5	14.4	12.6	13.1
RoCE	16.4	7.4	4.4	10.2	7.3	8.6	10.1
RoIC	17.5	7.9	4.8	8.8	6.7	8.9	10.7
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	8.0	6.7	7.1	3.1	5.0	5.0	4.8
Asset Turnover (x)	0.6	0.4	0.5	0.2	0.4	0.4	0.5
Inventory (Days)	1,057	1,273	852	1,896	1,082	1,013	983
Debtor (Days)	20	15	23	44	26	20	20
Creditor (Days)	58	69	67	114	60	70	70
<b>Leverage Ratio (x)</b>							
Current Ratio	1.9	2.3	2.2	2.2	2.5	2.2	1.9
Interest Coverage Ratio	7.6	5.4	2.2	1.2	3.0	5.9	12.4
Net Debt/Equity ratio	10.0	6.5	4.0	3.9	0.9	0.5	0.1
<b>Consolidated Cash Flow Statement</b>							
<b>Y/E March</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>
OP/(Loss) before Tax	27,095	24,889	10,007	4,959	17,156	22,250	26,345
Depreciation	3,979	1,944	3,064	734	748	769	798
Interest and Finance Charges	29,349	30,032	31,119	25,246	19,923	8,609	4,376
Direct Taxes Paid	-5,647	-3,116	-821	857	-1,778	-2,321	-3,198
(Inc.)/Dec. in WC	-47,652	-59,476	-4,112	-1,218	-13,565	19,001	31,768
<b>CF from Operations</b>	<b>7,124</b>	<b>-5,726</b>	<b>39,257</b>	<b>30,579</b>	<b>22,483</b>	<b>48,308</b>	<b>60,088</b>
Others	-164	1,095	-1,525	-5,339	-2,500	-1,057	-1,450
<b>CF from Operations incl. EO</b>	<b>6,960</b>	<b>-4,632</b>	<b>37,732</b>	<b>25,239</b>	<b>19,984</b>	<b>47,251</b>	<b>58,638</b>
(Inc.)/Dec. in FA	-416	-991	-292	65	78	-769	-798
<b>Free Cash Flow</b>	<b>6,544</b>	<b>-5,622</b>	<b>37,439</b>	<b>25,304</b>	<b>20,062</b>	<b>46,482</b>	<b>57,841</b>
(Pur.)/Sale of Investments	-5,583	-300	-2,822	-176	1,491	0	0
Others	-553	-552	5,231	4,310	9,820	1,057	1,450
<b>CF from Investments</b>	<b>-6,552</b>	<b>-1,843</b>	<b>2,117</b>	<b>4,199</b>	<b>11,389</b>	<b>287</b>	<b>652</b>
Issue of Shares	0	0	0	0	63,466	0	0
Inc./(Dec.) in Debt	30,454	37,050	-11,362	-10,325	-66,138	-33,000	-45,000
Interest Paid	-30,214	-29,691	-30,534	-18,027	-19,427	-8,609	-4,376
Dividend Paid	0	0	0	0	0	0	0
Others	0	0	0	0	-6,777	0	0
<b>CF from Fin. Activity</b>	<b>239</b>	<b>7,359</b>	<b>-41,896</b>	<b>-28,351</b>	<b>-28,877</b>	<b>-41,609</b>	<b>-49,376</b>
<b>Inc./Dec. in Cash</b>	<b>647</b>	<b>885</b>	<b>-2,047</b>	<b>1,087</b>	<b>2,496</b>	<b>5,930</b>	<b>9,915</b>
Opening Balance	1,858	2,552	3,525	1,185	2,272	4,768	10,698
<b>Closing Balance</b>	<b>2,505</b>	<b>3,437</b>	<b>1,479</b>	<b>2,272</b>	<b>4,768</b>	<b>10,698</b>	<b>20,612</b>

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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