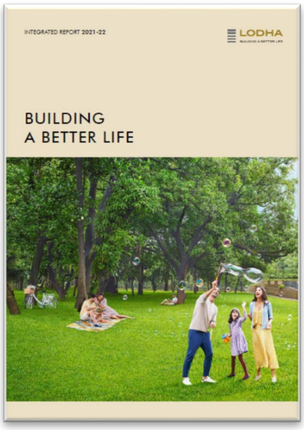
10 July 2022

Annual Report Update | Sector: Real estate

Macrotech Developers

BSE SENSEX	S&P CNX
58,817	17,535



Bloomberg	LODHA IN
Equity Shares (m)	482
M.Cap.(INRb)/(USDb)	514.5 / 6.5
52-Week Range (INR)	1539 / 761
1, 6, 12 Rel. Per (%)	-10/-19/14
12M Avg Val (INR M)	496

Financials & Valuations (INR b)

Y/E MARCH	FY22	FY23E	FY24E
Sales	92.3	95.3	103.7
EBITDA	21.2	22.1	29.1
EBITDA Margin (%)	23.0	23.2	28.1
Adj PAT	12.1	14.3	21.7
Cons. EPS (INR)	25.1	29.8	45.1
EPS Growth (%)	40.3	66.4	80.9
BV/Share (INR)	252.6	281.2	317.3
Ratios			
Net D:E	0.8	0.4	0.1
RoE (%)	13.6	11.2	15.1
RoCE (%)	7.3	7.7	10.9
Payout (%)	0.0	0.0	20.0
Valuations			
P/E (x)	42.4	35.7	23.5
P/BV (x)	4.2	3.8	3.3
EV/EBITDA (x)	28.5	26.0	18.4
Div. Yield (%)	0.0	0.0	0.9

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	82.2	82.2	88.5
DII	1.9	1.5	1.0
FII	14.5	14.9	8.7
Others	1.4	1.4	1.8

FII Includes depository receipts

CMP: INR1,052 TP: INR1,570 (+49%) Buy

Healthy growth outlook; balance sheet strengthening

Macrotech Developers (MDL)'s FY22 Annual Report highlights: a) the management target of 20% pre-sales CAGR in the medium term along with consistent improvement in RoE, b) accelerated deleveraging of balance sheet that is likely to reach 1x Net Debt/OCF in FY23 and c) active risk mitigation strategies to minimize the adverse impact of macroeconomic challenges.

Takeaways from the MD's letter – growth drivers in place

- The Indian housing market is on the cusp of multi-year growth and the industry has the potential to grow by 3-4x in the next decade aided by rising income levels and improving demography.
- On this backdrop, MDL is aiming 20% CAGR in pre-sales in the medium term backed by robust launch pipeline and targeted growth strategy.
- During the reporting year, the company expanded into newer micro-markets across Mumbai Metropolitan Region (MMR) and Pune through the capital-light JDA route and added 11 new projects amounting to nearly INR150b of cumulative GDV.
- MDL also intends to grow in Bengaluru, which is a steady but fragmented market with top five players having 30% aggregate market share.
- During the year, MDL entered into partnerships with two strategic investors to establish a pan-India presence in digital infrastructure space that includes logistics, industrial parks and in-city fulfillment centers.
- The UK projects too posted the best ever pre-sales of GBP531m and the company is likely to get a part of its investment repatriated during FY23E.

Healthy project pipeline; encouraging progress on asset-light strategy

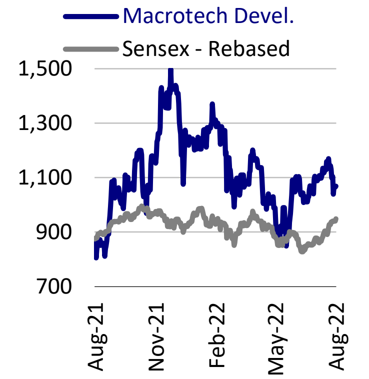
- MDL has outlined a project pipeline of 11msf to be launched in FY23E, including some of the recently signed projects along with its first project in Bengaluru and another 20msf to be launched over the next 2-3 years.
- In FY22, MDL has signed 11 projects with development potential of 9msf and GDV of INR146b. Management aims to continue with the new project addition momentum and add projects with GDV of INR150b in FY23E.
- While the company has progressed well in increasing its exposure in Mumbai, it is aiming at similar deal additions in Pune and at the newly entered market of Bengaluru.
- During the recent concall, management highlighted that it has significantly expanded the company's addressable market to INR2.5t by tapping into the newer micro-markets mentioned above.

Key Financial highlights – deleveraging plans on track

- **P&L highlights:** Revenue from operations grew 69% YoY to INR92b, driven by completion of 5.2msf residential projects. MDL's EBITDA stood at INR21b, up 55% YoY, with an operating margin of 23% (v/s 25% in FY21). The company reported PAT of INR12b v/s loss of INR2.5b in FY22.

Pritesh Sheth - Research Analyst (Pritesh.Sheth@MotilalOswal.com)
Sourabh Gilda – Research Analyst (Sourabh.Gilda@motilaloswal.com)

Stock's performance (one-year)



- **Debt:** Gross debt of INR115b included – LT borrowings amounting to INR27b and ST borrowings of INR88b in FY22.
- **Liquidity:** In addition to cash and bank balance of INR14b, MDL also had liquid investments amounting to INR6b, thus resulting in a net debt of INR95b in FY22.
- Driven by INR40b equity raise, strong collections of INR78b and OCF of INR40b in FY22, MDL's net debt declined to INR95b from INR162b in FY21.

RoE normalizes to 14% in FY22; targeting 20% RoE in the medium term

- The accelerated deleveraging aided by capital raise and strong OCF normalized MDL's RoE to 14% in FY22 from 40%+ in FY19.
- The company is targeting to improve its RoE to 20% in the medium term, which we believe will be driven by: a) improving PAT margins through operating leverage, b) higher asset turns led by increase in completions and c) rising share of JDA projects capping the increase in assets.

Valuation and view:

- We revisited our project delivery assumptions and revise our FY24E Revenue/EBITDA/PAT by 10%/19%/19% and also introduce our FY25 projections.
- We maintain our pre-sales and cash flow estimates for MDL as new project additions are already built-in to our estimates.
- The company continues to progress well both on deleveraging as well as seeking its '20-20-20' medium-term growth strategy as highlighted in our recent report.
- At CMP, the stock trades at 1.0x P/NAV indicating limited premium for growth that the company will achieve beyond FY23E. **Maintain BUY with an unchanged SoTP-based TP of INR1,570.**

Exhibit 1: Based on our SoTP approach, we arrive at a NAV of INR814b (or INR1,570/share)

Particulars	Rationale	Value (INR b)	Per share (INR)	Contribution	As a percentage of CMP
Residential	❖ DCF of four years cash flow at a WACC of 11.6% and terminal value assuming 5% long term growth	666	1,384	88%	134%
Commercial	❖ Cap rate of 9% for operational assets and DCF for ongoing and planned assets	46	95	6%	9%
Industrial	❖ PV of future cash flows discounted at a WACC of 12%	80	166	11%	16%
UK investment	❖ PV of future cash flows discounted at a WACC of 12%	22	46	3%	4%
Gross asset value		**814**	**1,690**	**108%**	**163%**
Net debt	❖ FY23E	(58)	(120)	-8%	-12%
Net asset value		**756**	**1,570**	**100%**	**152%**
No. of share (m)		481.5			
Target price (INR)		**1,570**			
CMP (INR)		1,052			
Upside (%)		49			

Source: MOFSL, Company

Existing markets contribute ~80% to overall sales

- **In FY22, MDL achieved pre-sales of INR84b from residential business (up 56% YoY) driven by strong traction in its core markets of South/Central Mumbai, Thane and extended eastern suburbs.**
- **While the improved demand for RTM inventory led to 41% YoY increase in sales in South/Central Mumbai, strong response to new launches at Palava resulted in 86% YoY growth in pre-sales from extended eastern suburbs.**
- **During the year, MDL booked 7.9msf (up 60% YoY) and launched 5.2 msf.**

Micro-market performance review

South and central Mumbai:

- In these markets, the company achieved INR32b of pre-sales (41% YoY growth). This was largely driven by availability of ready and mature inventories and lack of similar supply in the segment from competitors.

Thane:

- In Thane, MDL achieved INR16.7b of pre-sales primarily driven by the strong recovery seen at all its Thane projects.

Extended eastern suburbs:

- Pre-sales in the extended eastern suburb of MMR climbed to INR19.5b, delivering 86% YoY growth as both the townships at Palava and Upper Thane showed strong traction.
- Upper Thane witnessed strong uptick in occupancy as the company received Occupation Certificate (OC) for 24 buildings since Mar'21 and this will further help in sustaining sales traction.
- During the year, MDL launched a new sector at Phase 2 of Palava, which substantially contributed to pre-sales. New launches planned at both Palava and Upper Thane coupled with significant infrastructure augmentation around both the townships will drive the pre-sales momentum going ahead.

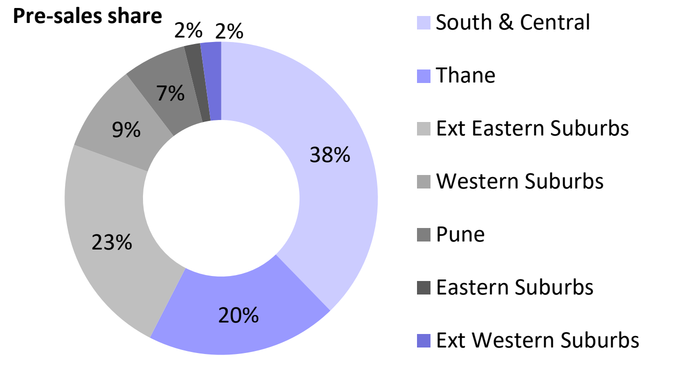
Western Suburbs:

- Backed by the new project addition in Kandivali (a suburb of Mumbai), pre-sales surged ~5x YoY to INR7.7b. Management expects this micro market to be one of the growth areas for the company over the next 2-3 years.

Pune:

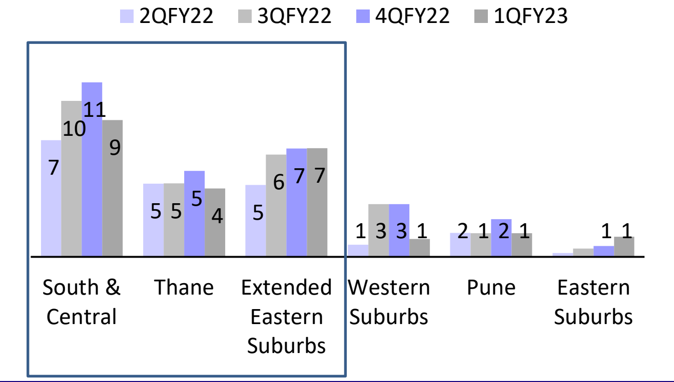
- MDL expanded in this market through a JDA at NIBM road. Driven by a strong response to the new project launch, Pune accounted for a pre-sales of INR5.6b for the financial year, a 2.7x YoY growth.

Exhibit 2: MDL generated ~80% share from core markets



Source: Company, MOFSL

Exhibit 3: Quarterly split of sales from various micro-markets (INR b)

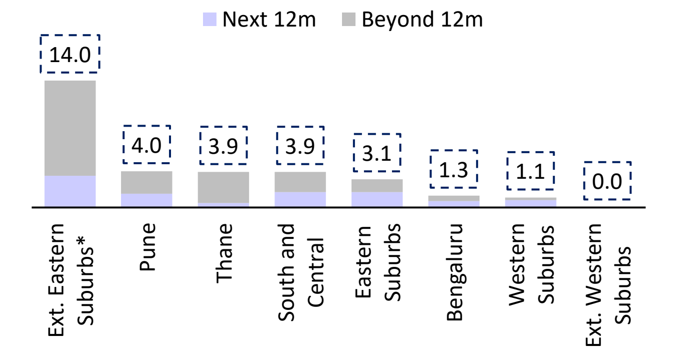


Source: Company, MOFSL

31msf of medium-term launch pipeline; largely concentrated in existing core markets

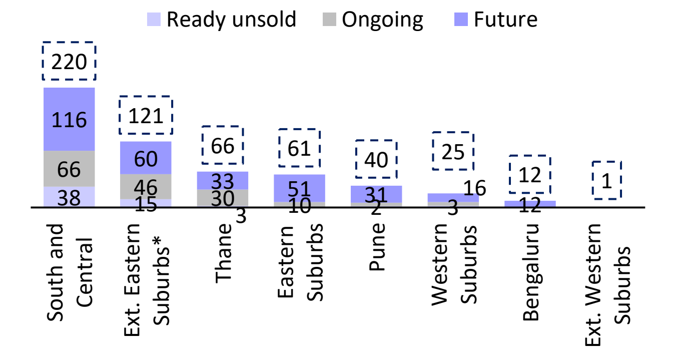
- As of Jun'22, MDL had 31msf of project pipeline to be launched over the next three years.
- Including the ready and ongoing unsold inventory of INR227b, the total revenue potential accounts for INR550b that should suffice for the targeted pre-sales growth in the next two years.
- Existing core markets of South/Central Mumbai, Thane and extended eastern suburbs account for 70% of the total pipeline in terms of volume and 75% in terms of value.

Exhibit 4: MDL has a strong 31msf of pipeline to be launched in the medium term



Source: Company, MOFSL

Exhibit 5: Including ready and ongoing unsold inventory, the pipeline has a revenue potential of INR550b



Source: Company, MOFSL

Management discussion and analysis

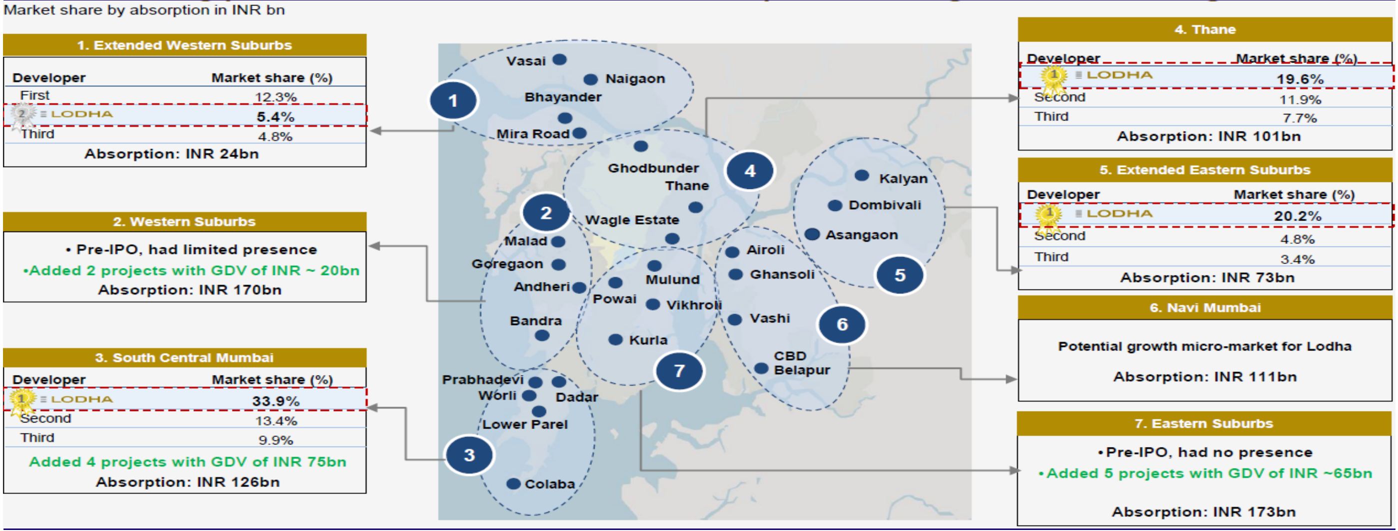
- **With leadership position in three core markets of Mumbai, MDL now plans to leverage on the JDA opportunities and diversify its presence across all seven micro-markets in the city.**
- **The company forayed into Pune and Bengaluru and it intends to capture 10-15% market share there, which would enable it to deliver on its target of 20%+ consistent growth in the medium term.**
- **MDL also has superior risk management practices as it has highlighted various mitigation measures towards risk that can impact its operational and financial performances adversely.**

Expanding reach in other micro-markets

- In Mumbai, MDL has been predominantly present in South Central Mumbai, Thane and extended eastern suburbs with 20%+ market share. As a part of its consistent growth strategy, it highlighted the need to expand into under-represented micro-markets by way of JDAs.
- Eastern suburbs could be the fourth micro-market where MDL could gain significant market share in the near term as it has signed five new projects with cumulative development potential of 4msf and GDV of INR65b.
- While deal additions on Western suburbs have been slow, management expects this micro-market to be one of the growth areas for the company over the next 2-3 years.

Exhibit 6: MDL is looking to expand its presence in under-penetrated markets of MMR with an addressable size of INR480b

Market share by absorption in INR bn



Source: Company

Foraying into new markets

- With an aim to deliver consistent growth of 20%+ in medium term, MDL is expanding its footprints to Pune and Bengaluru.
- While the company already had a small presence in Pune market, it is now actively looking out to add multiple projects in the city. Driven by the launch of its new project, MDL achieved sales of INR6b in FY22 as it sold more than 60% of the launched inventory.
- MDL currently has a team of 150 and will reach 250 soon as it is targeting to capture 15% market share in the medium term.

- Similarly, MDL has recently forayed into Bengaluru by signing a JDA project with GDV of INR12b. It intends to capture a market share of 10% driven by gradual gains of 2-3% over the next five years

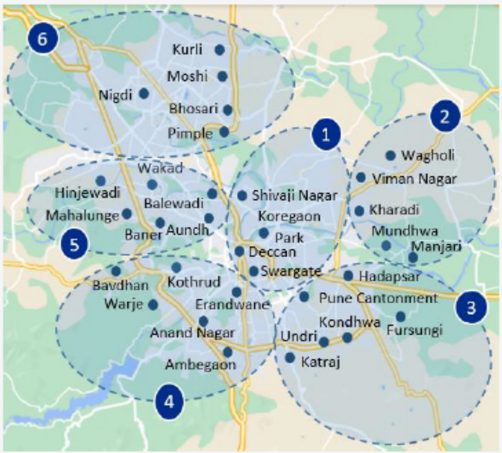
Exhibit 7: Signed three new JDA projects in 1QFY23; expects the deal addition momentum to continue

Micro-market	Saleable Area (msf)	Est GDV (INR b)	MDL's commercial interest	Launched/Est. Launch
		Signed till FY22		
MMR -Western Suburbs	1.2	15	Attributable PBT at 20% of GDV	Q3FY22
Pune	1.5	10	67.5% of Revenue	Q2FY22
MMR -Eastern Suburbs	0.6	10	69% of Revenue	Q2FY22
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	Q4FY22
		Signed in 1QFY23		
MMR - South Central	0.5	24	50% of Revenue	FY23
Pune - South West	3.3	26	75% of Revenue	Starting FY23
Bengaluru - North	1.3	12	70% of Revenue	Starting FY23
1QFY23	**5.1**	**62**		
Total	**14.0**	**208**		

Exhibit 8: Pune has a market size of INR250b evenly spread across the micro-markets

Market size: INR ~25,000cr

	Micro-market	Market Size (INR cr)
1	Central	1,000
2	North-East	4,500
3	South-East	3,500
4	South-West	3,500
5	North-West	6,500
6	Pimpri-Chinchwad	6,000
	Total	25,000

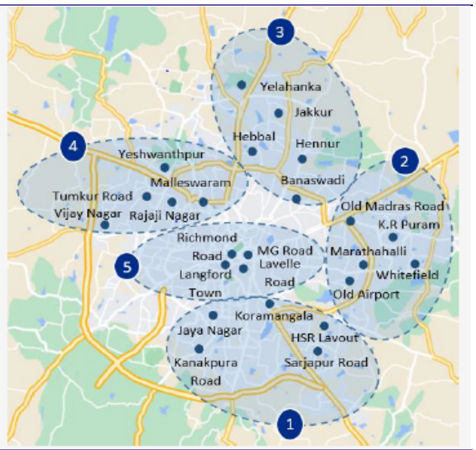


Source: Company

Exhibit 9: Bengaluru has a market size of INR400b dominated by South East, and North

Market size: INR ~40,000 crores

	Micro-market	Market Size (INR cr)
1	South	18,500
2	East	8,000
3	North	11,200
4	West	2,000
5	Central	300
	Total	40,000



Source: Company

Risk mitigation to minimize the adverse impact of macroeconomic factors

The company has identified certain key risk areas and has adopted mitigation measures to minimize the adverse impact of such risk on its operating and financial performances:

- **Economic slowdown:** Aided by rising income and improving demography along with factors such as increasing urbanization and the trend of nuclear families, the industry has the potential to scale up 3x to 4x over the next decade. Additionally, attractive affordability means that any negative impact of economic slowdown will be overcome in a relatively shorter time frame.
- **Mortgage rate:** In line with MDL's endeavor to keep the affordability intact, the strategy is to absorb any increase in mortgage rate beyond 50-75 bp for a period of two years, beyond which rising wages will take care of the shortfall. The cost of absorption for a 100 bp increase in mortgage rate (beyond 50 bp) would be around 1% to 1.25% of the capital value over a two-year period and can be comfortably offset by price hikes
- **Commodity inflation:** Construction cost is incurred over the entire construction lifecycle for three to four years, during which commodity costs could moderate. Additionally, MDL has ready unsold inventory as well as advanced under-construction inventory where the commodity-linked costs are primarily incurred. This provides a natural hedge to the commodity price inflation and would benefit in a rising home price environment.
- **Concentration risk:** MDL plans to expand into all micro-markets of MMR/Pune, and has also announced its entry into Bengaluru in FY23E. The plan is also to diversify operations by developing digital infrastructure that includes warehousing, logistics, etc.

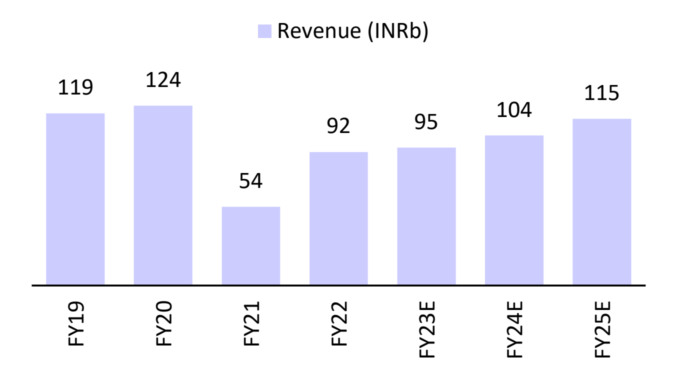
Financial analysis – declining debt; improving RoE

- **MDL reported FY22 revenue of INR92b, up 69% YoY, and its EBITDA stood at INR21b. It reported a PAT of INR12b v/s a loss of INR2.5b in FY21.**
- **Driven by INR40b equity raise, strong collections of INR78b and OCF of INR40b during FY22, MDL's net debt declined to INR93b from INR162b in FY21. It is aiming to further reduce the net debt below INR60b during the current year.**
- **The accelerated deleveraging has normalized MDL's RoE to 14% in FY22 and management has highlighted its intention to increase it to 20% in near term.**

Revenue to report 7% CAGR; PAT to post 29% CAGR over FY22-25E

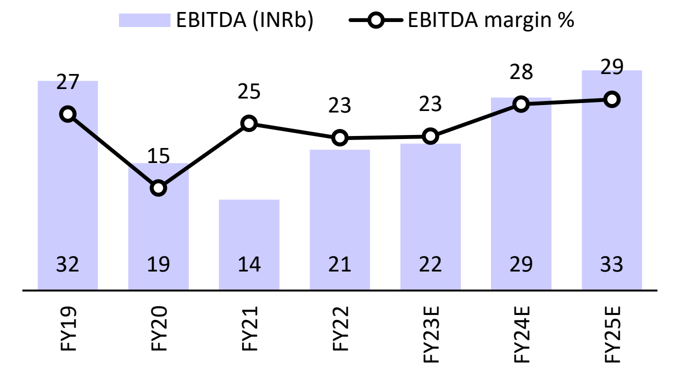
- MDL's revenue from operations grew 69% YoY to INR92b driven by completion of 5.2msf of residential projects. We expect the topline to clock 7% CAGR over FY22-25 aided by 8-9msf of project completions each year and INR12-16b of monetization in commercial and industrial segments.
- MDL's EBITDA stood at INR21b, up 55% YoY with a margin of 23% (v/s 25% in FY21). The EBITDA growth is likely to be higher driven by improvement in margin due to declining mix of low-margin projects and improved operating leverage.

Exhibit 10: MDL's topline to report 7% CAGR over FY22-25E



Source: Company, MOFSL

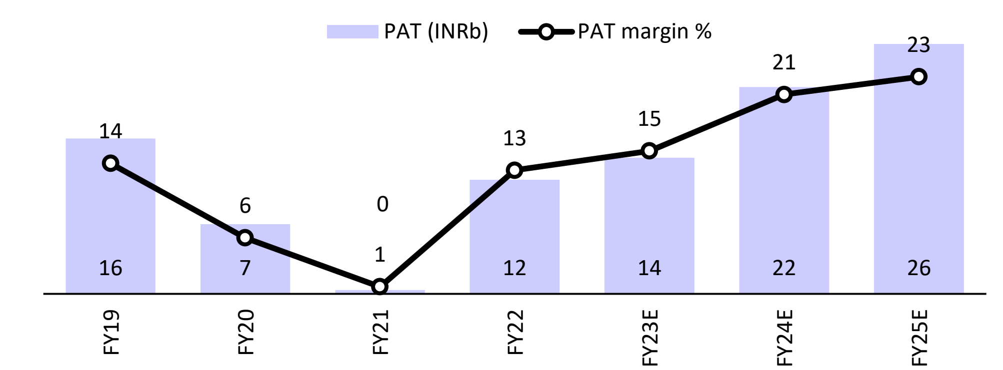
Exhibit 11: EBITDA growth to post 16% CAGR



Source: Company, MOFSL

- Accelerated de-leveraging will further enhance the PAT margin to 23% in FY25E leading to a PAT CAGR of 29% over FY22-25E.

Exhibit 12: PAT is expected to grow at 29% CAGR over FY22-25



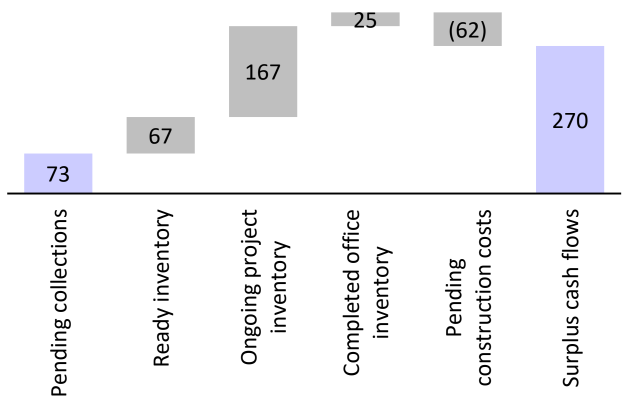
Source: Company, MOFSL

Deleveraging plans on track

- MDL's current project pipeline has a potential to generate INR270b over the next few years, which would translate into an OCF of INR50b+ each year

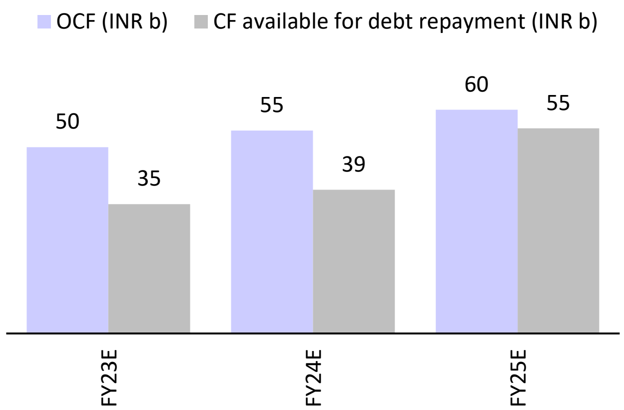
- While the management is targeting to reach 1x Debt/OCF in the current year, strengthening B/S would enable company to seek any opportunistic outright land transaction that market may offer in future.

Exhibit 13: Over next 4-5 years, ongoing and completed project pipeline will contribute ~INR270b of cash flows



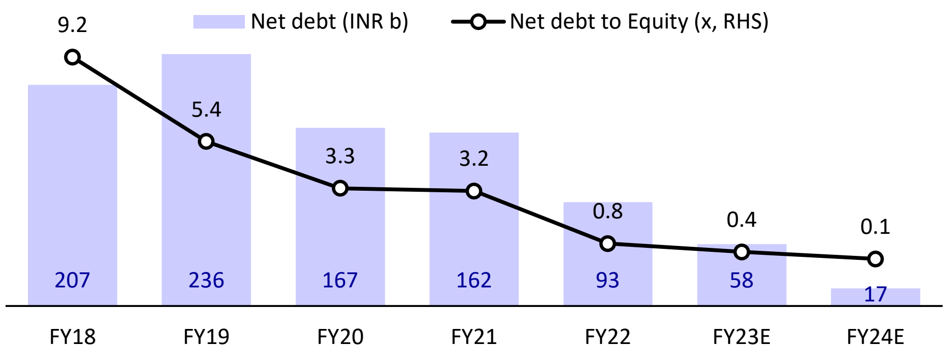
Source: Company, MOFSL

Exhibit 14: The company is likely to generate INR50b+ OCF over the next three years



Source: Company, MOFSL

Exhibit 15: Healthy cash flows could enable accelerated deleveraging



Return on Equity – DuPont analysis

- Driven by accelerated deleveraging and lower PAT margin, MDL's RoE normalized to 17% in FY20. While it stood at 14% in FY22, the RoE is expected to further decline to 11% in FY23 led by inflated equity base (post-fundraise) and lower asset turnover ratio, which has been in the range of 0.2-0.3x over the last five years.
- However, during the next two years, we expect the company's RoE to improve to 16% aided by expanding PAT margin and marginal improvement in asset turnover from FY23E base.

Exhibit 16: MDL's RoE to improve to 16% by FY25E

	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
PAT Margin	14%	6%	1%	13%	15%	21%	23%
Asset turnover	0.2	0.3	0.1	0.2	0.2	0.3	0.3
Financial Leverage	12.9	10.7	8.7	4.6	3.0	2.7	2.5
RoE	**43%**	**17%**	**1%**	**14%**	**11%**	**15%**	**16%**

Source: Company, MOFSL

ESG, CSR & Diversity

Environment

- MDL constituted the ESG committee to oversee implementation of ESG programs.
- Partnered with Rocky Mountain Institute (RMI) to develop the MDL Net Zero Accelerator and achieve the net zero target by 2035.
- Initiated end-to-end renewable energy transition at construction sites. In FY22, the share of renewable energy in operations was 18%.
- Achieved more than 50% reduction in absolute GHG emission – Scope 1, 2 since FY18.
- Over 40MLD capacity of Sewage Treatment Plants (STP) have been installed across projects.

Governance pointers

- MDL has a multi-tiered governance structure with well-defined roles and responsibilities. Of the total seven Board members, four are Non-Executive and one among them is a woman. Average Board tenure in 4.9 years.
- As per the auditor report, MDL has complied with all the statutory and regulatory compliance requirements.

CSR and social initiatives

- An amount of INR59.8m (INR146m in FY21) has been spent on CSR during FY22 for the activities mentioned in Schedule VII of the Companies Act 2013.
- Registration under Building and Other Construction Workers (BOCW) Welfare schemes has enabled access to social security for 170,000+ workers.

Financials and valuations

Consolidated – Income statement							(INR m)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**	**FY25E**
Total Income from Operations	**1,19,070**	**1,24,426**	**54,486**	**92,332**	**95,284**	**1,03,709**	**1,15,236**
Change (%)	-12.0	4.5	-56.2	69.5	3.2	8.8	11.1
Total Expenditure	**87,399**	**1,05,223**	**40,766**	**71,085**	**73,128**	**74,572**	**82,002**
% of Sales	73.4	84.6	74.8	77.0	76.7	71.9	71.2
EBITDA	**31,670**	**19,203**	**13,720**	**21,247**	**22,156**	**29,137**	**33,233**
Margin (%)	26.6	15.4	25.2	23.0	23.3	28.1	28.8
Depreciation	1,944	3,064	734	748	769	798	827
EBIT	**29,726**	**16,139**	**12,985**	**20,499**	**21,387**	**28,339**	**32,406**
Int. and Finance Charges	5,556	7,315	11,257	6,803	4,152	665	359
Other Income	719	1,184	3,231	3,460	2,357	2,013	3,863
PBT bef. EO Exp.	**24,889**	**10,008**	**4,959**	**17,156**	**19,591**	**29,688**	**35,910**
EO Items	0	56	-4,628	0	0	0	0
PBT after EO Exp.	**24,889**	**10,064**	**332**	**17,156**	**19,591**	**29,688**	**35,910**
Total Tax	8,449	2,615	-147	5,080	5,192	7,867	9,516
Tax Rate (%)	33.9	26.0	-44.4	29.6	26.5	26.5	26.5
Minority Interest	78	130	77	61	52	52	52
Reported PAT	**16,361**	**7,319**	**402**	**12,014**	**14,348**	**21,768**	**26,342**
Adjusted PAT	**16,361**	**7,278**	**7,084**	**12,014**	**14,348**	**21,768**	**26,342**
Change (%)	-8.4	-55.5	-2.7	69.6	19.4	51.7	21.0
Margin (%)	13.7	5.8	13.0	13.0	15.1	21.0	22.9

Consolidated - Balance Sheet							(INR m)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**	**FY25E**
Equity Share Capital	3,959	3,959	3,959	4,815	4,815	4,815	4,815
Total Reserves	34,451	41,564	42,031	1,16,235	1,30,583	1,47,997	1,69,071
Net Worth	**38,410**	**45,523**	**45,990**	**1,21,050**	**1,35,398**	**1,52,813**	**1,73,886**
Minority Interest	5,348	5,192	5,269	568	568	568	568
Total Loans	2,56,406	1,84,232	1,81,669	1,15,367	82,367	37,367	27,367
Deferred Tax Liabilities	-3,206	-935	-2,098	1,911	5,833	10,176	15,940
Capital Employed	**2,96,958**	**2,34,011**	**2,30,829**	**2,38,896**	**2,24,166**	**2,00,923**	**2,17,761**
Gross Block	17,704	17,499	17,608	18,318	19,087	19,885	20,711
Less: Accum. Deprn.	4,877	5,649	6,383	7,130	7,900	8,697	9,524
Net Fixed Assets	**12,827**	**11,851**	**11,226**	**11,187**	**11,187**	**11,187**	**11,187**
Investment Property	**1,933**	**2,882**	**2,767**	**2,650**	**2,650**	**2,650**	**2,650**
Goodwill on Consolidation	6,627	5,477	5,471	5,388	5,388	5,388	5,388
Capital WIP	63	63	63	0	0	0	0
Total Investments	**14,050**	**15,529**	**15,794**	**5,740**	**5,688**	**5,636**	**20,584**
Curr. Assets, Loans&Adv.	**4,59,933**	**3,70,188**	**3,55,663**	**3,59,824**	**3,66,029**	**3,62,489**	**3,77,851**
Inventory	4,15,124	2,90,314	2,83,007	2,73,583	2,65,823	2,56,467	2,40,597
Account Receivables	4,843	7,943	6,545	6,461	3,916	4,262	4,736
Cash and Bank Balance	6,575	1,870	3,668	12,457	18,968	14,438	45,196
Loans and Advances	33,390	70,061	62,442	67,322	77,322	87,322	87,322
Curr. Liability & Prov.	**1,98,475**	**1,71,979**	**1,60,153**	**1,45,892**	**1,66,776**	**1,86,426**	**1,99,898**
Account Payables	22,631	22,728	16,978	15,087	18,274	19,889	22,100
Other Current Liabilities	1,75,490	1,49,012	1,42,963	1,30,581	1,48,279	1,66,313	1,77,574
Provisions	354	239	212	224	224	224	224
Net Current Assets	**2,61,457**	**1,98,210**	**1,95,509**	**2,13,932**	**1,99,253**	**1,76,063**	**1,77,953**
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	**2,96,958**	**2,34,011**	**2,30,829**	**2,38,896**	**2,24,166**	**2,00,923**	**2,17,761**

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)							
EPS	**41.3**	**18.4**	**17.9**	**25.0**	**29.8**	**45.2**	**54.7**
Cash EPS	46.2	26.1	19.7	26.5	31.4	46.9	56.4
BV/Share	97.0	115.0	116.2	251.4	281.2	317.4	361.1
DPS	0.0	0.0	0.0	0.0	0.0	9.0	10.9
Payout (%)	0.0	0.0	0.0	0.0	0.0	20.0	20.0
Valuation (x)							
P/E	25.7	57.8	59.4	42.6	35.7	23.5	19.4
Cash P/E	23.0	40.7	53.8	40.1	33.9	22.7	18.8
P/BV	11.0	9.2	9.2	4.2	3.8	3.3	2.9
EV/Sales	5.6	4.8	11.0	6.7	6.0	5.2	4.2
EV/EBITDA	21.2	31.4	43.6	28.9	26.0	18.4	14.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.9	1.0
FCF per share	-14.2	94.6	63.9	41.7	98.7	101.3	125.4
Return Ratios (%)							
RoE	54.0	17.3	15.5	14.4	11.2	15.1	16.1
RoCE	7.4	4.4	10.2	7.3	7.7	10.9	13.6
RoIC	7.9	4.8	8.8	6.7	7.5	11.0	14.3
Working Capital Ratios							
Fixed Asset Turnover (x)	6.7	7.1	3.1	5.0	5.0	5.2	5.6
Asset Turnover (x)	0.4	0.5	0.2	0.4	0.4	0.5	0.5
Inventory (Days)	1,273	852	1,896	1,082	1,018	903	762
Debtor (Days)	15	23	44	26	15	15	15
Creditor (Days)	69	67	114	60	70	70	70
Leverage Ratio (x)							
Current Ratio	2.3	2.2	2.2	2.5	2.2	1.9	2.0
Interest Cover Ratio	5.4	2.2	1.2	3.0	5.2	42.6	90.2
Net Debt/Equity	6.5	4.0	3.9	0.9	0.5	0.2	-0.2

Consolidated - Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	24,889	10,007	4,959	17,156	19,591	29,688	35,910
Depreciation	1,944	3,064	734	748	769	798	827
Interest & Finance Charges	30,032	31,119	25,246	19,923	10,381	5,987	3,237
Direct Taxes Paid	-3,116	-821	857	-1,778	-1,270	-3,524	-3,752
(Inc)/Dec in WC	-59,476	-4,112	-1,218	-13,565	21,189	18,660	28,868
CF from Operations	**-5,726**	**39,257**	**30,579**	**22,483**	**50,661**	**51,607**	**65,090**
Others	1,095	-1,525	-5,339	-2,500	-2,357	-2,013	-3,863
CF from Operating incl EO	**-4,632**	**37,732**	**25,239**	**19,984**	**48,304**	**49,594**	**61,227**
(Inc)/Dec in FA	-991	-292	65	78	-769	-798	-827
Free Cash Flow	**-5,622**	**37,439**	**25,304**	**20,062**	**47,535**	**48,797**	**60,400**
(Pur)/Sale of Investments	-300	-2,822	-176	1,491	0	0	-15,000
Others	-552	5,231	4,310	9,820	2,357	2,013	3,863
CF from Investments	**-1,843**	**2,117**	**4,199**	**11,389**	**1,588**	**1,215**	**-11,963**
Issue of Shares	0	0	0	63,466	0	0	0
Inc/(Dec) in Debt	37,050	-11,362	-10,325	-66,138	-33,000	-45,000	-10,000
Interest Paid	-29,691	-30,534	-18,027	-19,427	-10,381	-5,987	-3,237
Dividend Paid	0	0	0	0	0	-4,354	-5,268
Others	0	0	0	-6,777	0	0	0
CF from Fin. Activity	**7,359**	**-41,896**	**-28,351**	**-28,877**	**-43,381**	**-55,340**	**-18,505**
Inc/Dec of Cash	**885**	**-2,047**	**1,087**	**2,496**	**6,511**	**-4,531**	**30,758**
Opening Balance	2,552	3,525	1,185	2,272	4,768	11,279	6,748
Closing Balance	**3,437**	**1,479**	**2,272**	**4,768**	**11,279**	**6,748**	**37,506**

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL , including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore.As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

1. MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2. MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3. MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4. MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5. Research Analyst has not served as director/officer/employee in the subject company
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7. MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8. MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9. MOFSL has not received any compensation or other benefits from third party in connection with the research report
10. MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:
- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential 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 MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

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. This report and information herein is solely for informational purpose and may 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. 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. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.CIN no.: L67190MH2005PLC153397.Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs,Insurance Products and IPOs.Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.