6 April 2023

Company Update | Sector: Real estate

Godrej Properties

BSE SENSEX	S&P CNX
59,833	17,599

Bloomberg	GPL IN
Equity Shares (m)	278
M.Cap.(INRb)/(USDb)	312.8 / 3.8
52-Week Range (INR)	1705 / 1006
1, 6, 12 Rel. Per (%)	-3/-10/-32
12M Avg Val (INR M)	814

Financials & Valuations (INR b)

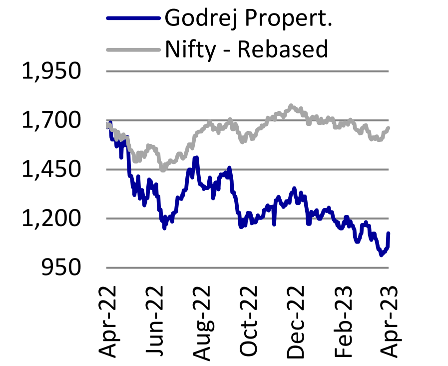
Y/E Mar	FY23E	FY24E	FY25E
Sales	14.0	31.1	34.6
EBITDA	2.0	7.7	8.3
EBITDA (%)	14.0	24.9	24.0
Net profit	9.4	13.4	14.2
EPS (INR)	33.7	48.1	43.9
EPS Growth (%)	264.3	281.6	30.4
BV/Share (INR)	345.8	393.9	444.9
Ratios			
Net D/E	0.3	0.4	0.3
RoE (%)	10	13	12
RoCE (%)	5	5	4
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	33	23	26
P/BV (x)	3	3	3
EV/EBITDA (x)	174	46	42
Div Yield (%)	0	0	0

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	58.5	58.5	58.4
DII	4.6	4.5	4.1
FII	27.4	27.5	29.9
Others	9.6	9.5	7.6

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR1,125 TP: INR1,575 (+40%) Upgrade to Buy

Profitability improvement on the cards; upgrade to Buy

Strong sales and healthy project addition momentum to continue

- **Godrej Properties (GPL) reported a four-fold jump in sales bookings to ~INR80b during FY17-22, driven by over 100msf of project additions. GPL's market share expanded to 8% in CY22 from 2% in CY16** and **it was one of the biggest beneficiaries of industry consolidation.**
- **With a strong visibility on consolidation, GPL raised ~INR68b over FY19-21 but a large part of it remained undeployed until FY22. While the company reported a strong scale-up in project pipeline and sales bookings, subdued profitability and declining OCF trend failed to justify its premium valuation.**
- **In Jan'22, we initiated coverage on GPL with a Neutral rating, citing: (1) its expensive valuation, which incorporated strong business development and (2) no near-term catalysts for improvement in profitability, which has remained a key concern. The stock has corrected ~40% since then and with record project additions (GDV of ~INR300b) in FY23, the valuations have become attractive.**
- **During our recent meeting with GPL's management, Mr. Pirojsha highlighted that strong business development momentum is expected to continue in FY24 and the company remains on track to deliver improved profitability.**
- **We estimate that the company could deliver 38msf of projects over the next two years, and the improved profitability will be one of the key re-rating triggers. We upgrade the stock to BUY with revised a TP of INR1,575 implying 40% potential upside.**

FY17-22: Strong scale-up in pre-sales and pipeline but subdued profitability and cash flows

- GPL pioneered the asset-light business development strategy over FY17-20, adding ~90msf of projects through joint venture (JV)/joint development agreements (JDA) that led to a four-fold jump in pre-sales to ~INR80b through FY22.
- Though GPL's net worth surged to INR87b in FY22 from INR12b in FY18, a large part of the increase was led by INR68b of capital raise over FY19-21 as profitability remained subdued.
- Further, OCF declined to INR9b in FY21 from INR19b in FY18 and the declining pipeline in the high-margin MMR market failed to provide comfort on improvement in profitability that remained a key concern.

FY23 – Best year for business development; momentum to continue

- After two subdued years (FY21-22), business development momentum for GPL picked up in FY23 with the company adding 27msf of projects with a revenue potential of ~INR300b.
- The total cost of acquisition is expected to be INR35-40b, of which, the company has already spent INR25b in 9MFY23. The investment was partially funded through INR8.5b of operating cash surplus in the first 9M and the balance through INR45b of cash and investments as of Mar'22.

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Sourabh Gilda – Research Analyst (Sourabh.Gilda@motilaloswal.com)

- With ~INR30b of un-deployed QIP money and a strong pipeline, the company expects similar business development traction in FY24 as well. We expect the company to generate INR63b of operating cash surplus over FY24-25, curtailing the increase in net debt to around INR40b.

Interest rate no more a dampener; expect industry volumes to grow at 5-10%

- Despite over 200bp rise in mortgage rates, residential absorption has sustained at a quarterly run-rate of ~80,000 units for top-8 cities over the last five quarters.
- With a surprise pause in rate hike by the RBI in its Apr'23 policy meeting, our economist believes that the probability of any further rate hikes is minimal and we might witness a rate cut from late-CY23. Thus, interest rate hikes are unlikely to be a dampener from here on.
- According to Knight Frank affordability index, the affordability ratio remains materially lower than the threshold of 50% across the top-8 cities except Mumbai. Thus, decline in interest rate, sustained affordability and gradual price hikes will lead to at least 5-10% growth in industry volumes in CY23 and beyond.

Sales bookings to accelerate; expect 25% pre-sales CAGR over FY23-25

- In our recent interaction, management indicated that with sustenance of demand despite interest rate hikes, the focus is now on shorter turnaround cycle of projects from acquisition to launch.
- The company is targeting ~20% pre-sales CAGR over FY23-26 to INR200b; however, if launches happen as planned, management is confident of achieving the target a year in advance, i.e., FY25.
- With ~130msf of project pipeline, we expect the annual launch run-rate to double to 20msf+ over the next two years, leading to 25% CAGR in pre-sales over FY23-25 to over INR184b.

Profitability to improve with ~40msf of completions over FY23-25E

- Completions remained subdued at 5-6 msf over the last three years, but is expected to double to over >10msf annually over FY23-26, driving up profitability (key investor concern) from here on.
- In our recent note, we tried to dissect GPL's JV project economics and inferred that a) recognition of overheads in ongoing projects without the corresponding revenue is dragging profitability at a consolidated level, b) a large part of GPL's profit is realized through interest arbitrage for a tax-efficient structure and c) GPL is reporting improved EBITDA margins for JV projects added post FY18.
- Thus, increased scale of delivery and higher proportion of completions from projects added post FY18 are expected to drive up profitability. Further, with increased proportion of high margin plotted and MMR projects healthy profitability is expected to sustain for a longer period
- Management is confident of delivering a PAT margin of 10-15% on projects to be delivered over the next two years and increase to above 15% with the delivery of recent outright/plotted development projects post FY26. We expect the company to deliver 33% CAGR in PAT over FY23-25.

Valuation and view: Delivery and profitability to improve; Upgrade to BUY

- We raise our FY24E/FY25E pre-sales by 23/44% as we incorporate recent project additions. With another expected strong year of project additions in FY24, we believe the company is on track to achieve its pre-sales target of INR200b by FY26.
- We revise our FY25 revenue/PAT estimates by 23%/10% as we update the project completion timelines for recently added projects.
- While the company continues to provide strong visibility on pre-sales growth with pick up in business development activity, stock performance continues to remain muted, which reflects a concern on profitability. However, with expected improvement in delivery and profitability from 4QFY23, we believe the re-rating triggers are imminent.
- **We upgrade GPL to BUY with a SOTP-based target price of INR1,575, indicating a 40% potential upside.**
- **Key downside risks to our target price include: (a) slowdown in residential absorption, (b) inability to deliver profitability as anticipated, and (c) delay in launching new projects impacting sales growth adversely.**

Exhibit 1: Our SoTP-based approach denotes 40% upside for GPL based on CMP

Particulars	Rationale	Value (INR b)	Per share	% contribution
Own and JV/JDA projects	DCF of four-year cash flow at a WACC of 10.5% and a terminal value assuming 3% long term growth	463	1,664	106%
DM Projects	PV of future cash flows discounted at a WACC of 10.5%	3	10	1%
Commercial projects	PV of future cash flows discounted at a WACC of 10.5%	14	51	3%
Gross Asset value		**480**	**1,726**	**110%**
Net debt	FY24E	(42)	(152)	-10%
Net Asset value		**438**	**1,575**	**100%**
No. of shares (m)		278		
NAV per share		**1,575**		
CMP		**1,125**		
Upside		**40%**		

Source: MOFSL

FY17-22: GPL reported four-fold jump in pre-sales…

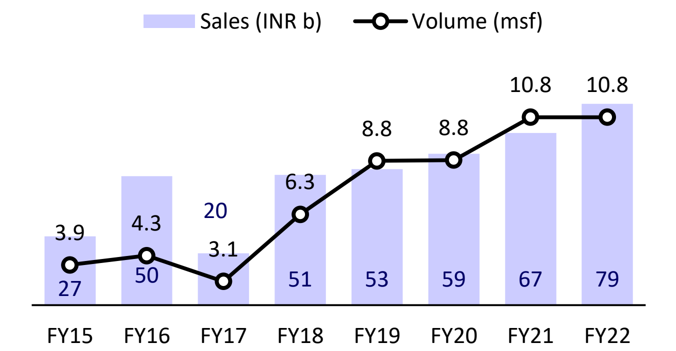
…however, profitability and cash flows remained subdued

- **GPL pioneered the asset-light business development strategy during FY17-20, adding ~90msf of projects through JV/JDA. Hence, its pre-sales jumped four-fold through FY17-22 to ~INR80b and the market share expanded to 8% from 2% in CY16.**
- **Citing a strong consolidation opportunity, GPL raised INR68b of capital over FY19-21; however, business development momentum ebbed during Covid-19 leading to INR45b of undeployed cash as of Mar'22.**
- **GPL recognized cumulative profit of INR8b over FY18-22 despite 23msf of completions, raising concerns around its underwriting quality. Further, declining trend in OCF along with diminishing pipeline in high-margin MMR market failed to provide comfort on improvement in profitability that remained a key concern.**

Four-fold jump in pre-sales over FY17-22; market share rose to 8%

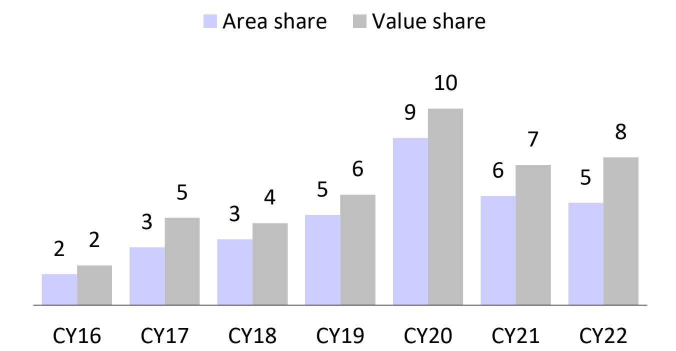
- GPL reported a four-fold surge in sales bookings over FY17-22 to ~INR80b with acceleration in launches being aided by strong business development.
- The company's market share expanded to 8% in CY22 from 2% in CY16; GPL was one of the biggest beneficiaries of industry consolidation.

Exhibit 2: Pre-sales surged four-fold to ~INR80b…



Source: Company, MOFSL

Exhibit 3: …while market share jumped to 8% from 2% over FY17-22

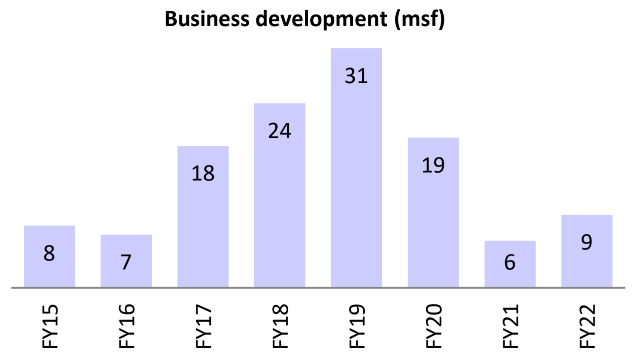


Source: Knight Frank, MOFSL

Added ~90msf of projects over FY17-20 and created a war-chest for more

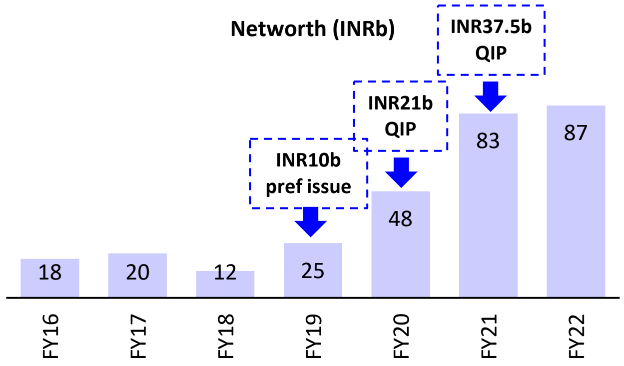
- In order to gain advantage from the consolidation opportunity, GPL shifted its focus to asset-light JV/JDA and added ~90msf of projects over FY17-20.
- With strong visibility on business development, GPL raised INR68b of capital over FY19-21 (INR10b in FY19 at INR783/share, INR21b in FY20 at INR928/share and INR37.5b in FY21 at INR1,450/share).
- However, business development activity ebbed during Covid-19 as the company focused on execution of existing pipeline leading to INR45b of surplus un-deployed cash as of Mar'22.

Exhibit 4: GPL added ~90msf of projects over FY17-20…



Source: Company, MOFSL

Exhibit 5: …and raised INR68b of equity to capitalize on the consolidation opportunity

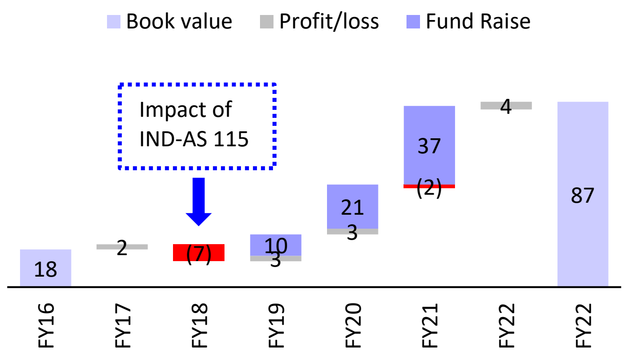


Source: Knight Frank, MOFSL

Profitability remained subdued and OCF was on a declining trend

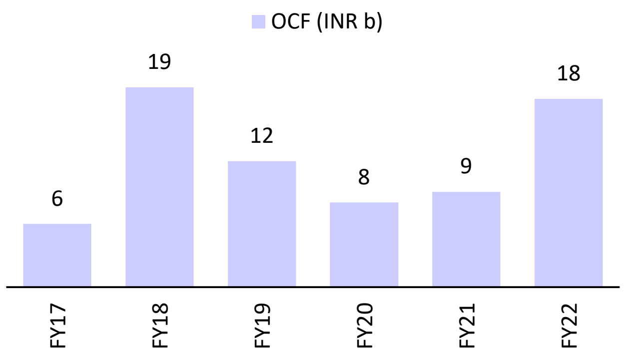
- A large part of GPL's growth in net worth over FY18-22 came from INR68b of capital raise as it cumulatively reported INR8b of profit despite 23msf of completions during the period
- Further, GPL's OCF declined to INR9b in FY21 from INR19b in FY18 and depleting pipeline in high-margin MMR market failed to provide comfort on profitability in future that has remained a key concern.

Exhibit 6: Profitability remained subdued over FY18-22



Source: Company, MOFSL

Exhibit 7: OCF also was on a declining trend



Source: Company, MOFSL

FY23 – Best year for business development

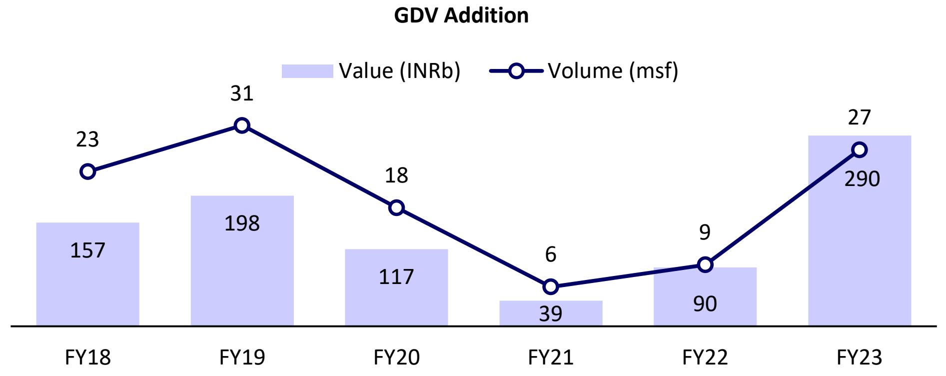
Similar traction expected in FY24

- **GPL raised INR37.5b in FY21 with an aim to benefit from the consolidation wave by doubling down its investments in core markets and gaining significant market share**
- **The last two years remained subdued in terms of BD as the sector was battling Covid shocks and the company's focus shifted to executing its ongoing pipeline. However, GPL has more than made up for it in FY23 by adding 27msf of projects with cumulative GDV of ~INR300b.**
- **It has spent ~INR40b on acquiring these projects and given that the company still has a liquidity of INR35b, we expect the momentum on BD to continue for at least 12-18 months.**

Strong show in business development after two subdued years

- In FY21, GPL raised INR37.5b to benefit from the consolidation wave by doubling down its investments in core markets and gaining significant market share.
- Between FY17-20 company added 100msf of projects but business development activity dropped during FY21-22 with cumulative project additions of 15msf
- GPL has accelerated its BD activities by signing 15 new projects, in FY23, with cumulative saleable area of 27msf with a sales potential of more than ~INR300b. This has turned out to be its best year for business development.

Exhibit 8: GPL had its best year in terms of BD with new GDV additions of ~INR300b

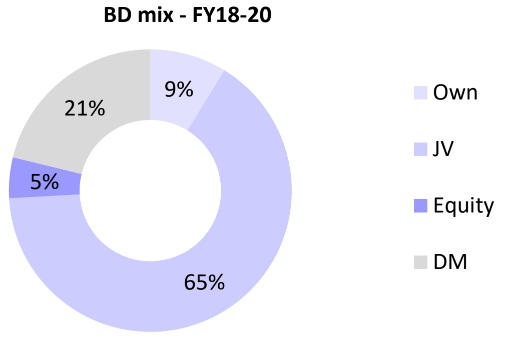


Source: Company, MOFSL

Ownership structure provides comfort on profitability

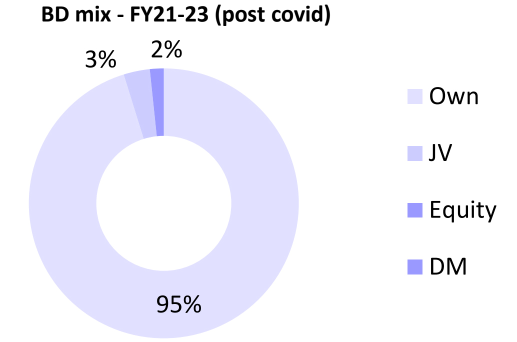
- It is encouraging to note that almost all the projects acquired since FY21 are fully owned by the company, thus deviating from the JV model, which hurt its profitability in the past. While GPL continues to evaluate JV projects, the focus has shifted toward underwriting projects with a higher share accruing to GPL.
- It has also acquired five projects in the plotted segment and moving forward, plotted development projects will remain 15-20% of the business as the company would continue to pursue opportunistic deals in the segment in 10-12 cities, given the high IRRs, high margins, and less turnaround.

Exhibit 9: GPL's business model was skewed toward JV until FY20 …



Source: MOFSL, Company

Exhibit 10: … but is now dominated by 100% owned projects

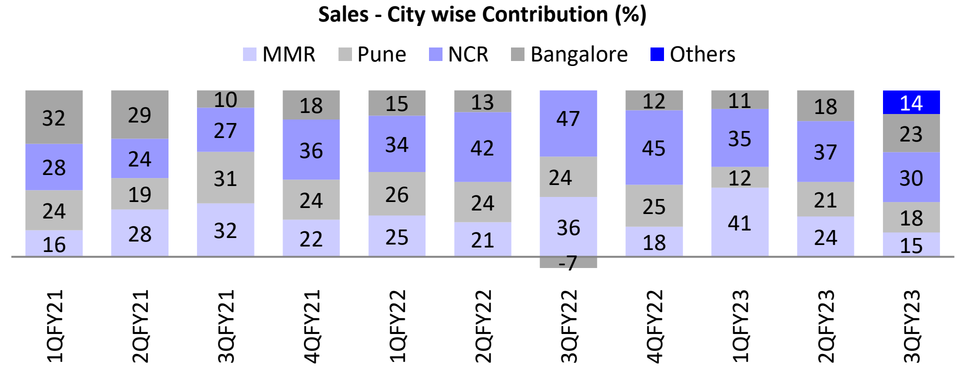


Source: MOFSL, Company

Market share in MMR set to jump notably

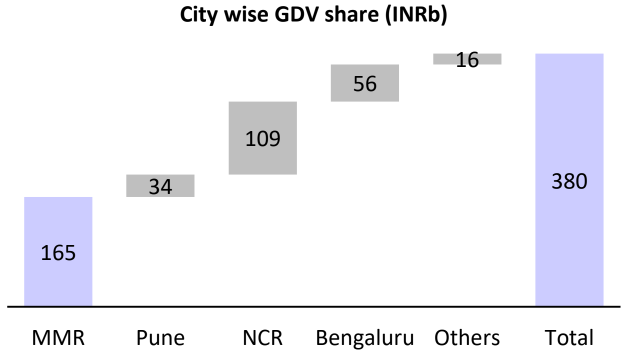
- GPL has remained vocal about its intention to increase its market share in MMR. We believe the same is now set to materialize as ~45% GDV of all new projects acquired over the last two years will be generated from MMR.
- Responses to the recent new launches at Thane and Wadala have been encouraging with GPL having sold ~70% of launched inventory at both the projects and has opened up the second phase in 4QFY23.

Exhibit 11: NCR and Pune remained best performing market for GPL



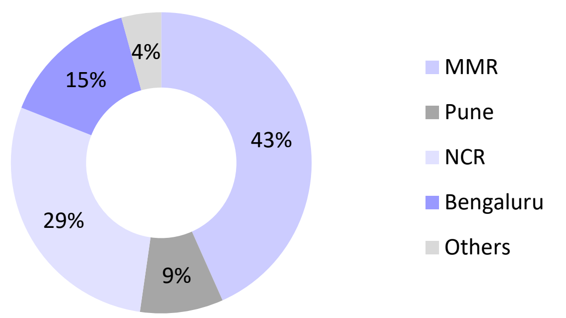
Source: Company, MOFSL

Exhibit 12: City-wise GDV additions since FY22



Source: MOFSL, Company

Exhibit 13: MMR has the highest share at ~45%, which will help GPL gaining market share in the city

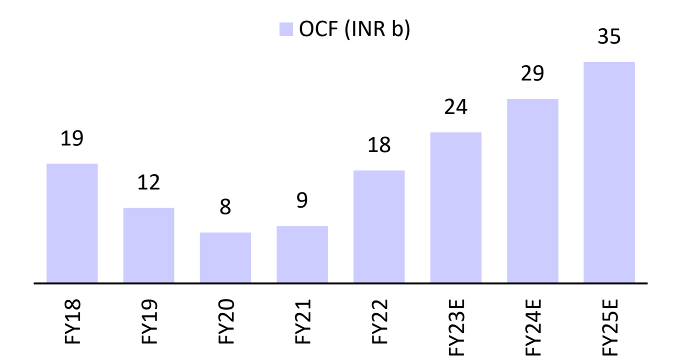


Source: MOFSL, Company

Strong business development traction to continue in FY24E

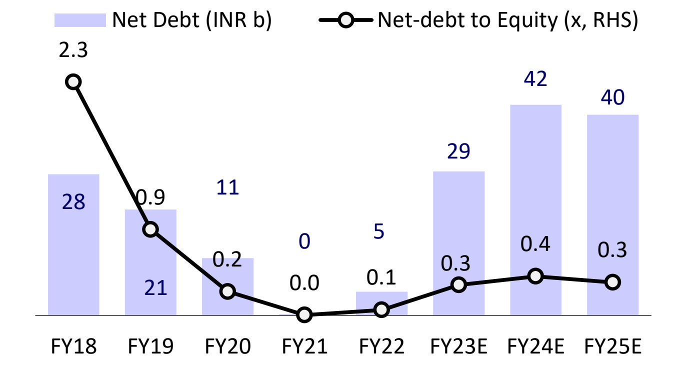
- Total investment for projects acquired in FY23 is expected at INR35-40b, of which, the company has paid INR25b in the first 9MFY23. The investment was partially funded through INR8.5b of operating surplus with the balance from INR45b of undeployed QIP money as of Mar'22.
- GPL still has surplus liquidity of INR35b for business development. Management continues to have a strong visibility on project acquisition pipeline, and thus, expects to replicate similar a BD activity in FY24.
- We expect the company to generate INR63b of cumulative surplus over FY24-25. Thus, despite sustained project additions, we expect GPL's net debt to remain below INR40b.

Exhibit 14: GPL to generate INR63b OCF over FY24-25, which will be redeployed in building project pipeline



Source: MOFSL, Company

Exhibit 15: Net debt to remain stable at INR40b



Source: MOFSL, Company

Interest rates no more a dampener from here on

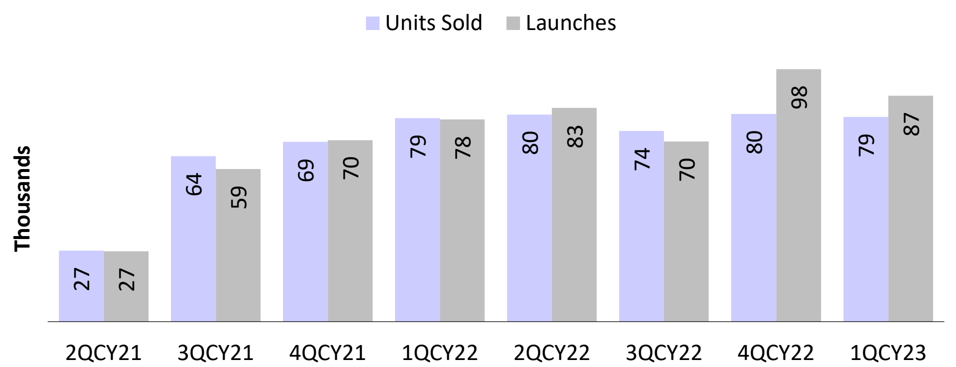
Expect industry volumes to grow at 5-10%

- **Despite over 200bp rise in mortgage rates, residential absorption has sustained at a quarterly run-rate of ~80,000 units for top-8 cities over the last five quarters.**
- **With a surprise pause in rate hike by the RBI in its Apr'23 policy meeting, our economist believes that the probability of any further rate hikes is minimal and we might witness a rate cut from late-CY23. Thus, interest rate hikes are unlikely to be a dampener from here on.**
- **According to Knight Frank affordability index, the affordability ratio remains materially lower than the threshold of 50% across the top-8 cities except Mumbai. Thus, decline in interest rate, sustained affordability and gradual price hikes will lead to at least 5-10% growth in industry volumes in CY23 and beyond.**

Demand momentum has sustained despite rate hikes

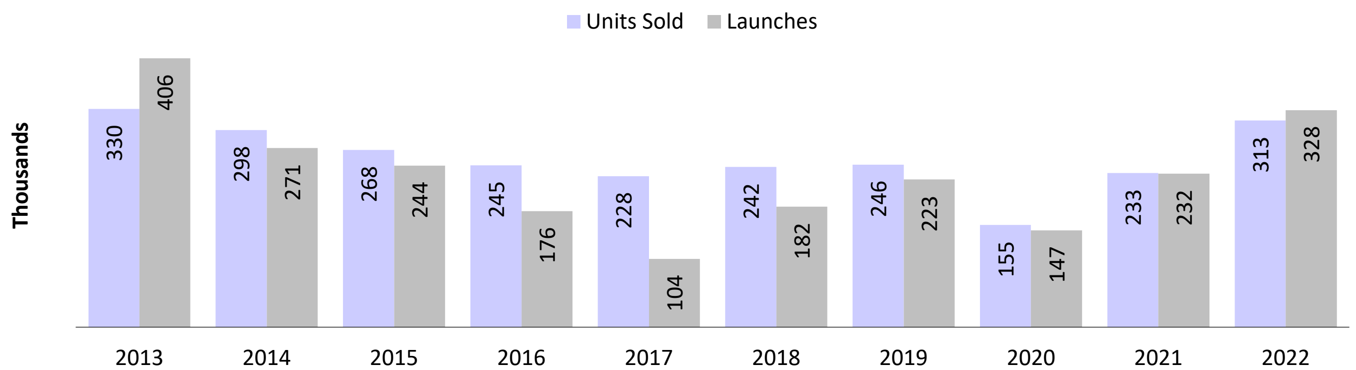
- Despite over 200bp rise in mortgage rates, residential absorption has sustained at a quarterly run-rate of ~80,000 units for top-8 cities over the last five quarters.
- Residential absorption of 313,000 in CY22 was the highest over last nine years and as the concerns over interest rate hikes diminish, we expect industry volume growth to pick-up to at least 5-10% YoY from here on.

Exhibit 16: Quarterly absorption has sustained at ~80,000 units since last five quarters



Source: Knight Frank, MOFSL

Exhibit 17: Residential sales hit nine-year high and expect to grow at least 5-10% YoY from here on

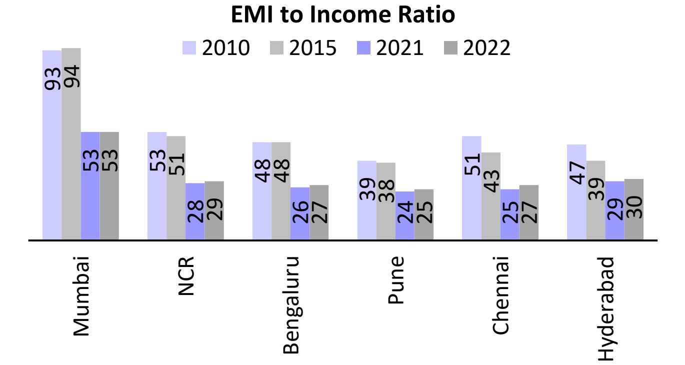


Source: Knight Frank, MOFSL

Interest rates unlikely to increase from here on

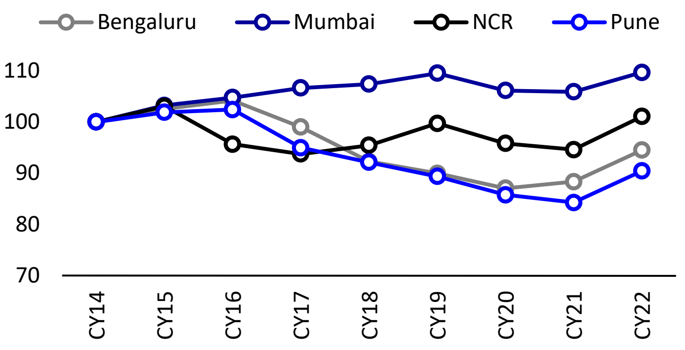
- After a surprise pause by the RBI in its recent (Apr'23) policy meeting, our economist believes that interest rates are unlikely to increase from here on and even expects a rate cut cycle from late-CY23. Thus, interest rates are unlikely to be a dampener from here on.
- According to Knight Frank affordability index, the affordability ratio across top-8 cities increased marginally for the first time in last 11 years but continues to remain well below the threshold of 50% across the top markets except Mumbai.
- Thus with affordability sustaining at healthy levels and gradual price hikes below the wage growth level keep buyers interested for house purchase.

Exhibit 18: Affordability remains well below 50% threshold across top cities



Source: Knight Frank, MOFSL

Exhibit 19: Prices increased 5-7% across markets in CY22 and are poised for a gradual rise from hereon



Source: Knight Frank, MOFSL

Sales to accelerate; to report 25% CAGR over FY23-25E

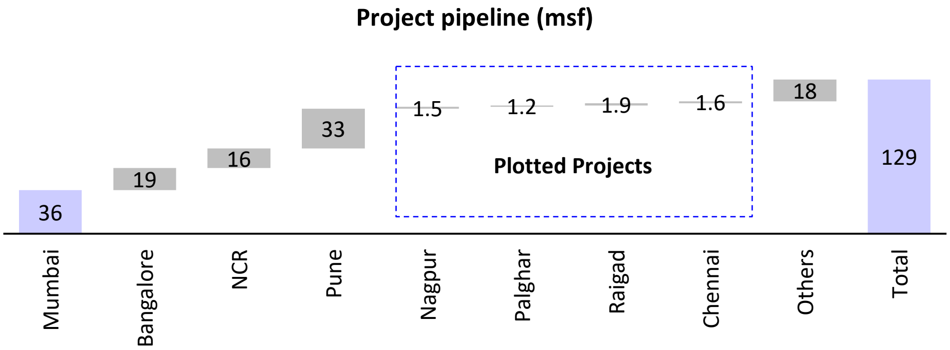
Aims to achieve 20% consistent growth in medium term

- **Mr. Pirojsha highlighted that the demand momentum continues to remain strong and driven by rapid urbanization/job growth, India could go through strong structural upswing in housing demand over the next two decades, similar to what China witnessed a few decades back.**
- **In 9MFY23, GPL has already surpassed its FY22 pre-sales and our checks suggest a relatively strong 4QFY23 in terms of new launches, which will enable the company to comfortably exceed its annual sales guidance of INR100b.**
- **The company currently has a project pipeline of 130msf, which can support its aspiration of achieving 20% CAGR to clock pre-sales of INR200b by FY26.**

130msf of project pipeline provides growth visibility

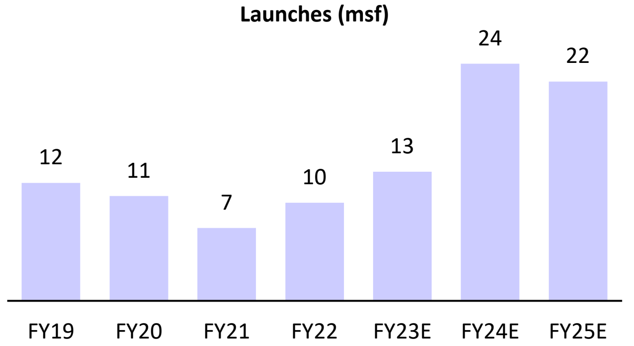
- GPL currently has 130msf of project pipeline across its top-4 markets with Mumbai (36msf) and Pune (33msf) dominating the share.
- Even if we exclude pending launches from some legacy projects, the total pipeline of 20msf provides visibility for five to six years, considering existing sales velocity.
- As per our recent interaction, the management indicated that it continues to witness strong demand, despite interest rate hikes
- Hence, the company's focus is on ensuring that there are no internal constraints in capturing the growth share with fast turnaround of projects.
- Thus, we expect annual launch velocity to double to 20msf+ over the next two years.

Exhibit 20: GPL has a significantly large project pipeline of 130msf



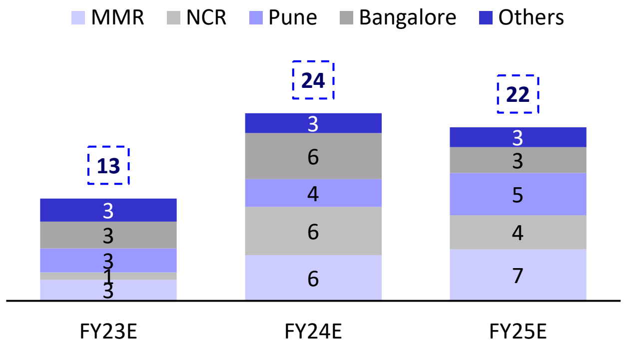
Source: Company, MOFSL

Exhibit 21: We expect launches to increase to 20msf+ over the next two years…



Source: Company, MOFSL

Exhibit 22: …with rising share of MMR

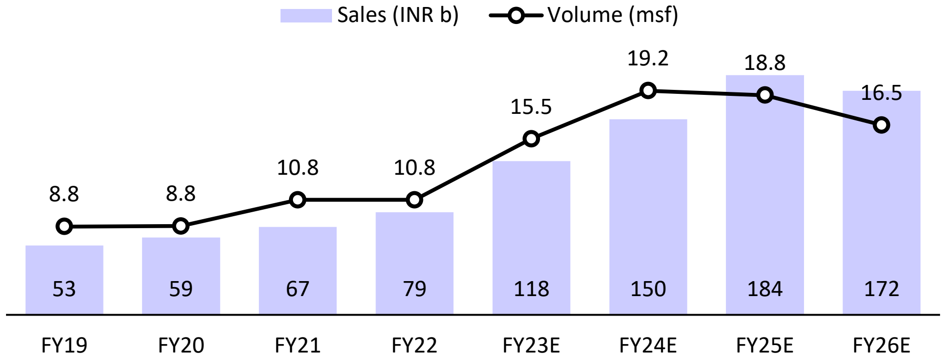


Source: Company, MOFSL

Pre-sales to register a CAGR of 25% over FY23-25

- In FY22, GPL reported 18% YoY growth in pre-sales to INR79b and guided for INR100b of pre-sales in FY23.
- For 9MFY23, GPL has already surpassed its FY22 pre-sales and with bookings of INR80b, our checks indicate a healthy quarter of launch for GPL in 4QFY23. Thus, we expect it to better its guidance and report INR118b in pre-sales.
- Given that the bulk of the new projects acquired over the last few quarters will be launched over the next two years, the company is expected to report 25% CAGR in pre-sales over FY23-25 to INR184b.
- The company is targeting to clock a booking of INR200b by FY26, but if launches come through as planned, it expects to achieve its INR200b pre-sales target a year in advance.

Exhibit 23: Current pipeline can deliver 170-180b annual sales by FY26



Source: Company, MOFSL

Completions and profitability to improve; upgrade to BUY

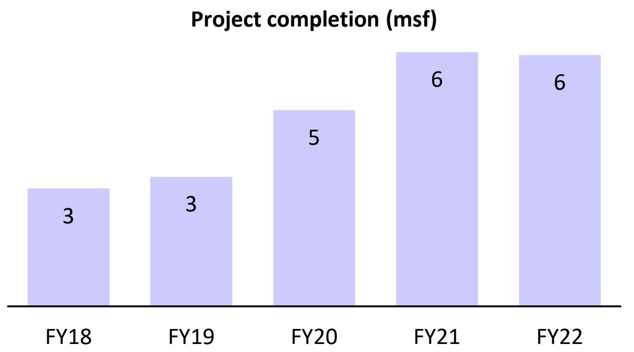
PAT to register a 33% CAGR over FY23-25

- **Historically, GPL's performance in terms of sales and new project acquisitions has remained strong, but it struggled to deliver sustained profitability.**
- **In our recent note, we made an attempt to understand the JV projects economics and highlighted that a) recognition of overheads in ongoing projects without the corresponding revenue is dragging profitability at consolidated level, b) a large part of GPL's profit is realized through interest arbitrage for a tax-efficient structure, c) GPL is reporting improved EBITDA margins for JV projects added post FY18.**
- **As recent projects hit P&L, we expect GPL's PAT to clock a 33% CAGR over FY23-25.**
- **While the company continues to provide strong visibility on pre-sales growth with pick up in business development activity, stock performance continues to remain muted, which reflects a concern on profitability. However, with expected improvement in delivery and profitability from 4QFY23, we believe the re-rating triggers are imminent.**
- **We upgrade GPL to BUY with a SOTP-based target price of INR1,575, indicating a 40% potential upside.**

Enhanced completions to drive profitability

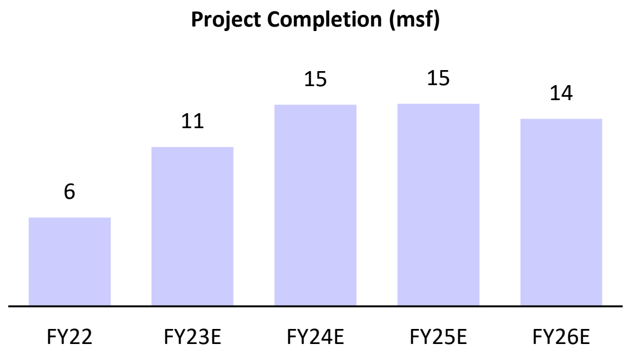
- Driven by scale-up in launches since FY19, we expect GPL to deliver ~40msf of projects over FY23-26 across the project structures of ownership, JV and DM.
- JV projects are expected to record the highest completions with an annual run-rate of ~8-9msf, while owned projects will also see a gradual pickup in delivery after a muted four-year period with 3-6msf completion occurring over FY23-26E
- Although the project completions in 9MFY23 remained weak at only 2.5msf, management remains confident of delivering over 10msf in FY23 and on the back of strong completions in the near term, we expect GPL to report a 33% PAT CAGR over FY23-25.

Exhibit 24: Completions remained at 5-6msf until FY22…



Source: Company, MOFSL

Exhibit 25: …but will increase to 10msf+



Source: Company, MOFSL

Recent projects have a healthy margin profile

- While GPL's legacy portfolio failed to deliver desired profitability, projects signed post FY19 indicate better profitability.
- For instance, projects such as Hillside (Pune) and Oasis (NCR), which witnessed a phase completion in FY21 generated healthy Adj. EBITDA margin of 30% and 23%, respectively, indicating better underwriting of the projects.

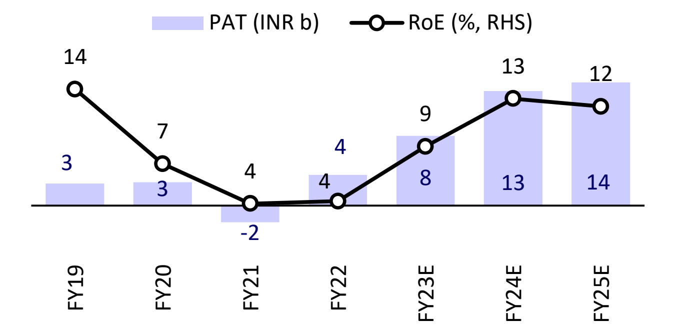
- Going ahead, as the share of such projects improve in P&L, we expect GPL to report substantial improvement in profitability with RoE inching to 13% by FY25.
- Since FY21, the company's BD mix has substantially skewed toward own projects, which have 25%+ OPM and as these projects are launched and completed over the medium term, the management expects the RoE to increase to 20%.

Exhibit 26: Margin profile of some of the key projects

Project	City	Adj EBITDA %	Completion year
Godrej Hillside	Pune	30	FY21
Godrej Air	Bengaluru	28	FY21
Godrej Oasis	NCR	23	FY19
Palm Retreat	Noida	21	FY21
Godrej Central	Mumbai	19	FY19
Godrej Avenues	Bengaluru	14	FY21

Adj. = Adjusted for finance cost capitalized Source: Company, MOFSL

Exhibit 27: PAT to witness 33% CAGR over FY23-25



Source: Company, MOFSL

Financials and valuations

Consolidated Profit and Loss

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	**28,174**	**24,414**	**7,649**	**18,249**	**14,008**	**31,067**	**34,644**
Change (%)	75.7	-13.3	-68.7	138.6	-23.2	121.8	11.5
Cost of Sales	21,939	15,633	4,751	11,939	5,996	15,052	17,369
Employees Cost	1,730	1,847	1,785	1,103	1,488	1,786	2,143
Other Expenses	2,725	3,480	3,236	3,876	4,564	6,484	6,806
Total Expenditure	**26,394**	**20,960**	**9,772**	**16,917**	**12,048**	**23,322**	**26,318**
% of Sales	93.7	85.9	127.7	92.7	86.0	75.1	76.0
EBITDA	**1,780**	**3,454**	**-2,123**	**1,332**	**1,959**	**7,745**	**8,326**
Margin (%)	6.3	14.1	-27.7	7.3	14.0	24.9	24.0
Depreciation	143	205	195	214	245	280	280
EBIT	**1,637**	**3,249**	**-2,318**	**1,117**	**1,714**	**7,465**	**8,046**
Int. and Finance Charges	2,340	2,220	1,849	1,675	1,761	1,843	1,843
Other Income	4,046	4,732	5,684	7,608	7,778	3,320	2,132
PBT after EO Exp.	**3,343**	**5,761**	**-767**	**7,051**	**7,731**	**8,943**	**8,335**
Total Tax	951	2,203	734	1,658	1,392	2,236	2,084
Tax Rate (%)	28.4	38.2	-95.7	23.5	18.0	25.0	25.0
MI & Profit from Assoc.	140	-885	-401	-1,887	3,018	6,670	7,921
Reported PAT	**2,532**	**2,672**	**-1,902**	**3,506**	**9,358**	**13,377**	**14,173**
Adjusted PAT	**2,532**	**2,672**	**2,568**	**3,506**	**9,358**	**13,377**	**14,173**
Change (%)	191.3	5.6	-3.9	36.5	166.9	43.0	5.9
Margin (%)	9.0	10.9	33.6	19.2	66.8	43.1	40.9

Consolidated Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	1,147	1,260	1,390	1,390	1,390	1,390	1,390
Total Reserves	23,544	46,785	81,805	85,364	94,722	1,08,099	1,22,272
Net Worth	**24,690**	**48,045**	**83,195**	**86,754**	**96,111**	**1,09,489**	**1,23,661**
Minority Interest	0	0	0	-18	-18	-18	-18
Total Loans	**35,158**	**37,101**	**45,131**	**51,698**	56,698	56,698	56,698
Deferred Tax Liabilities	-5,148	-3,640	-2,906	0	232	1,126	1,960
Capital Employed	**54,701**	**81,506**	**1,25,420**	**1,38,434**	**1,53,023**	**1,67,295**	**1,82,301**
Gross Block	1,508	1,875	2,606	2,912	3,157	3,437	3,717
Less: Accum. Deprn.	541	746	860	1,075	1,320	1,600	1,880
Net Fixed Assets	**967**	**1,129**	**1,745**	**1,837**	**1,837**	**1,837**	**1,837**
Goodwill on Consolidation	0	0	0	0	0	0	0
Capital WIP	995	1,629	2,293	3,395	3,395	3,395	3,395
Total Investments	**26,372**	**35,710**	**52,426**	**48,830**	**32,830**	**17,830**	**17,830**
Curr. Assets, Loans&Adv.	**47,438**	**58,947**	**1,03,097**	**1,23,974**	**1,68,118**	**2,24,797**	**2,89,715**
Inventory	22,108	21,253	48,014	56,683	1,05,577	1,61,373	2,23,620
Account Receivables	1,599	4,328	3,101	3,649	2,209	1,544	2,250
Cash and Bank Balance	3,426	5,070	7,729	13,385	10,076	11,624	13,589
Loans and Advances	20,305	28,297	44,253	50,256	50,256	50,256	50,256
Curr. Liability & Prov.	**21,072**	**15,910**	**34,140**	**39,602**	**53,157**	**80,564**	**1,30,476**
Account Payables	2,477	7,197	19,017	22,541	22,093	18,524	27,005
Other Current Liabilities	18,368	8,354	14,642	16,498	30,500	61,478	1,02,909
Provisions	227	360	481	563	563	563	563
Net Current Assets	**26,367**	**43,037**	**68,956**	**84,372**	**1,14,961**	**1,44,233**	**1,59,239**
Misc Expenditure	0	0	0	0	0	0	0
Appl. of Funds	**54,701**	**81,506**	**1,25,420**	**1,38,434**	**1,53,023**	**1,67,295**	**1,82,301**

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)							
EPS	**9.1**	**9.6**	**9.2**	**12.6**	**33.7**	**48.1**	**43.9**
Cash EPS	9.6	10.4	9.9	13.4	34.5	49.1	44.6
BV/Share	88.8	172.9	299.3	312.1	345.8	393.9	444.9
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
Valuation (x)							
P/E	131.8	107.0	111.4	81.6	33.4	23.4	25.6
Cash P/E	124.7	99.4	103.5	76.9	32.6	22.9	25.2
P/BV	13.5	6.0	3.4	3.3	3.3	2.9	2.5
EV/Sales	13.0	13.0	42.3	15.9	24.4	11.4	10.2
EV/EBITDA	199.2	86.1	-134.8	218.3	174.4	45.9	42.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	14.5	NM	NM	NM	-101.0	-44.5	15.2
Return Ratios (%)							
RoE	13.8	7.3	3.9	4.1	10.2	13.0	12.2
RoCE	7.5	6.8	6.2	5.0	5.3	5.1	4.4
RoIC	4.9	6.4	-8.9	1.3	1.6	4.6	4.3
Working Capital Ratios							
Fixed Asset Turnover (x)	18.7	13.0	2.9	6.3	4.4	9.0	9.3
Asset Turnover (x)	0.5	0.3	0.1	0.1	0.1	0.2	0.2
Inventory (Days)	286	318	2,291	1,134	2,751	1,896	2,356
Debtor (Days)	21	65	148	73	58	18	24
Creditor (Days)	32	108	907	451	576	218	285
Leverage Ratio (x)							
Current Ratio	2.3	3.7	3.0	3.1	3.2	2.8	2.2
Interest Cover Ratio	0.7	1.5	-1.3	0.7	1.0	4.1	4.4
Net Debt/Equity	0.9	0.2	0.0	0.1	0.3	0.4	0.3

Consolidated Cash flow

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	3,482	4,909	-857	5,163	10,749	15,613	16,257
Depreciation	143	205	195	214	245	280	280
Interest & Finance Charges	16	-1,273	1,849	1,675	1,761	1,843	1,843
Direct Taxes Paid	-381	-232	154	-1,912	-1,160	-1,341	-1,250
(Inc)/Dec in WC	2,984	-6,219	-3,566	-5,439	-31,654	-25,172	-10,490
CF from Operations	**6,245**	**-2,610**	**-2,225**	**-299**	**-20,058**	**-8,777**	**6,639**
Others	-1,465	312	-4,487	-4,218	-7,778	-3,320	-2,132
CF from Operating incl EO	**4,781**	**-2,297**	**-6,712**	**-4,517**	**-27,836**	**-12,097**	**4,507**
(Inc)/Dec in FA	-738	-631	-1,253	-1,403	-245	-280	-280
Free Cash Flow	**4,043**	**-2,928**	**-7,965**	**-5,920**	**-28,081**	**-12,377**	**4,227**
(Pur)/Sale of Investments	-5,120	-10,991	-24,016	4,366	16,000	15,000	0
Others	-195	-498	-7,949	-1,725	7,778	3,320	2,132
CF from Investments	**-6,053**	**-12,120**	**-33,219**	**1,238**	**23,533**	**18,040**	**1,852**
Issue of Shares	9,995	20,659	36,909	0	0	0	0
Inc/(Dec) in Debt	2,655	2,081	9,412	6,041	5,000	0	0
Interest Paid	-2,950	-3,014	-3,731	-3,585	-4,007	-4,394	-4,394
Dividend Paid	0	0	0	0	0	0	0
Others	-3	-4	-1	-104	0	0	0
CF from Fin. Activity	**9,698**	**19,722**	**42,590**	**2,352**	**993**	**-4,394**	**-4,394**
Inc/Dec of Cash	**8,426**	**5,305**	**2,659**	**-926**	**-3,310**	**1,548**	**1,965**
Opening Balance	-5,000	-235	5,070	7,729	13,385	10,076	11,624
Closing Balance	**3,426**	**5,070**	**7,729**	**13,385**	**10,076**	**11,624**	**13,589**

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SELL	< - 10%
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