18 October 2023

Company Update | Sector: Real estate

Prestige Estates

BSE SENSEX	NIFTY-50
65,877	19,671

Bloomberg	PEPL IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	293.7 / 3.5
52-Week Range (INR)	796 / 391
1, 6, 12 Rel. Per (%)	22/55/57
12M Avg Val (INR M)	371

Financials & Valuations (INR b)

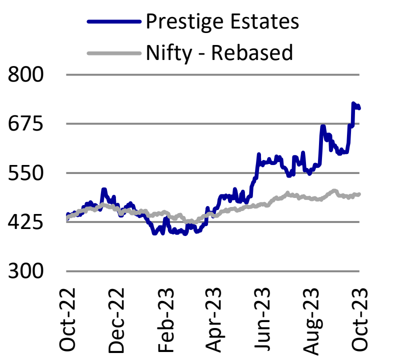
Y/E MARCH	FY24E	FY25E	FY26E
Sales	96.1	104.2	114.3
EBITDA	24.4	27.5	31.7
EBITDA Margin (%)	25.4	26.4	27.7
Adj PAT	9.4	8.8	11.0
Cons. EPS (INR)	25.0	23.5	29.3
EPS Growth (%)	146.1	68.1	146.2
BV/Share (INR)	289.5	311.3	339.0
Ratios			
Net D:E	0.7	0.8	0.7
RoE (%)	9.0	7.8	9.0
RoCE (%)	8.9	8.2	8.8
Payout (%)	6.4	6.8	5.5
Valuations			
P/E (x)	29.3	31.2	25.0
P/BV (x)	2.5	2.4	2.2
EV/EBITDA (x)	15.1	13.9	12.1
Div. yield (%)	0.2	0.2	0.2

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	65.5	65.5	65.5
DII	11.3	10.5	7.6
FII	20.7	21.2	23.7
Others	2.6	2.8	3.2

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR733 TP: INR900 (+23%) Buy

Surpassing growth expectations; reiterate Buy

Targeting INR200b pre-sales in FY24 vs. initial guidance of INR160b

At the beginning of CY23, Prestige Estates (PEPL) was identified as our top pick for the year due to its robust launch pipeline, ensuring a significant expansion in the residential business. This not only offered visibility for growth but also allayed concerns regarding leverage. PEPL's pre-sales grew ~25% YoY in FY23 on a higher base and followed it up with another strong performance in 1HFY24 with bookings of INR110b. Management now aims to achieve pre-sales of INR200b in FY24 and seems on track to achieve its pre-sales target of INR250b by FY26. The stock has outperformed its peers and realty index with 53% YTD return. While net debt has increased by INR25b since Sep'22 to INR65b as of Jun'23, driven by aggressive business development initiatives, the scale up in the residential segment will limit the rise in leverage, ensuring it remains at comfortable levels. We expect net debt to peak out at INR90b in FY25. We increase our TP to INR900 and reiterate our BUY rating.

Key downside risks to our target price include (a) a slowdown in residential absorption, (b) inability to sign BD deals, and (c) execution delays in certain key commercial projects.

Significant expansion on a higher base; on track for INR250b of pre-sales by FY26

- PEPL has grown its pre-sales to INR129b in FY23 from INR55b in FY21. This growth can be attributed to the successful expansion into the Mumbai market and the consolidation of its leadership position in Bengaluru, where the company achieved bookings of ~INR80b.
- As highlighted in our top pick note, the company scaled up its launches in 1HFY24 to 19msf vs. 17msf in FY23. As a result, its bookings surged to INR110b in 1HFY24 and have achieved 85% of bookings reported in FY23,.
- With the upcoming large launches in Hyderabad, Chennai, and MMR, the management now expects to clock bookings of INR200b in FY24 vs. its initial guidance of INR160b.
- The company boasts a robust upcoming project pipeline of 60msf and when combined with its existing inventory, commands a GDV of ~INR530b. With an aggressive business development strategy, the company is steadily progressing toward its pre-sales target of INR250b by FY26, a goal it had outlined during its investor day presentation in Feb'23.

Impressive performance in new markets

- PEPL forayed into the Mumbai market in FY22 with the launch of Prestige City at Mulund and has gradually strengthened its presence in the city by acquiring six projects across various micro-markets. The GDV of these projects stands at INR220b.
- Mumbai's contribution to overall sales has improved to 21% in FY23 from 7% in FY22 and it is now almost at par with a few large developers in the city despite being a new entrant. The share of Mumbai is set to improve further as the company plans to launch Prestige Nautilus and Ocean Tower in 2HFY24.

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- Similarly, its portfolio in Hyderabad has steadily scaled up and accounted for 14% of PEPL's FY23 pre-sales (vs. 10% in FY22), on the back of three ongoing projects. Our recent ground checks in Hyderabad suggests strong response to its project 'Prestige City', which is expected to be launched in 3QFY24.

Upcoming office & retail portfolio to generate INR38b of rental income

- PEPL is actively engaged in the construction of 24msf of commercial projects, and it has plans to undertake an additional 15msf in the next five years. Simultaneously, the company is set to expand its retail portfolio to 9msf (v/s residual ownership of ~0.5msf across eight malls now). Once these assets stabilize, they are expected to generate a rental income of INR38b.
- Ongoing and upcoming commercial projects are expected to offer a leasable area of 31msf, with 16msf to be delivered in Bengaluru, 8msf in MMR, the remaining space distributed across Pune, Kochi, Hyderabad, and Chennai. We do not anticipate any leasing risks in most assets, except for Prestige Liberty Towers in Mahalaxmi, considering the location and the upcoming supply in that market.
- Apart from the annuity portfolio, PEPL is expanding its hospitality portfolio to ~3000 keys, with the potential to regenerate INR18b of revenue (at PEPL share) once stabilized.

Debt to increase in the near term, but would remain under control

- The balance capex outlay on ongoing and upcoming office, retail, and hospitality projects is estimated at INR160b. PEPL remains committed to delivering these projects within the next five years, and hence, an annual capex run-rate is expected to increase to INR35b in FY25-27 from INR18b in FY23.
- The management is also driven to be aggressive in adding residential projects to sustain growth, and thustarget INR40-50b in land investments in the near term.
- While OCF is expected to scale up to INR75b in FY25, given the large capital investments of INR75-80b, the company will continue to report net cash deficit over the next two years before reporting a surplus in FY26. We expect PEPL's net debt to peak out at~INR90b by FY25.
- While this may lead to the net D:E overshooting the guidance level of 0.5x in the near term, pending revenue recognition from residential projects totaling ~INR40-50b will boost the company's equity. This influx of equity is expected to bring the D/E ratio back in line with the targeted 0.5x.

Valuation and view

- We raise our FY24E pre-sales by 11% to INR200b, on the back of higher-than-expected sales in 1HFY24 and improved guidance. Our recent channel check indicates that demand momentum continues to remain strong in Bengaluru, and thus, we remain confident of PEPL's pre-sales growth trajectory.
- Once fully stabilized over the next five-six years, the commercial portfolio will generate a rental income of INR38b, and the current valuation does not reflect this yet.
- We reiterate our BUY rating with a revised SOTP-based TP of INR900, implying a 23% upside potential.

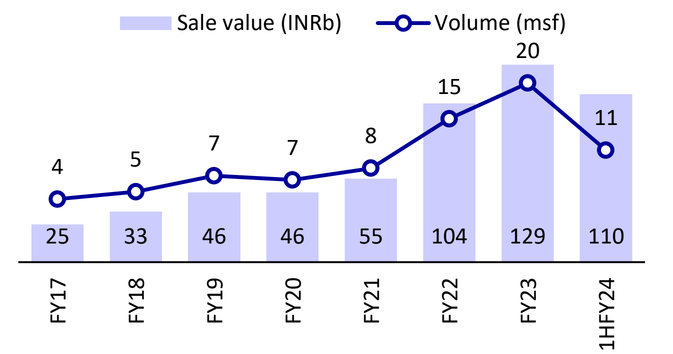
On track to achieve INR200b of pre-sales in FY24

Pre-sales target of INR250b by FY26 remain in sight

PEPL delivered strong growth in residential segment on high base

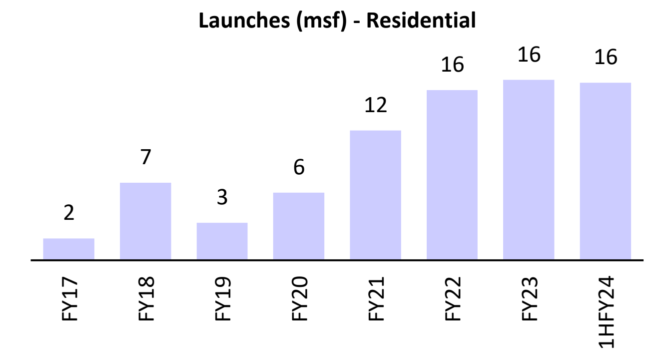
- After becoming the first real estate company in the country to breach INR100b pre-sales mark in FY22, PEPL reported ~25% YoY growth in bookings to INR129b in FY23.
- Citing strong demand momentum, PEPL ramped up launches to 19msf in 1HFY24 vs. 16msf in FY23. This surge in launches resulted in a two-fold increase in bookings to INR110b in 1HFY24. The company has already achieved 85% of the total bookings recorded in FY23.
- The growth was driven by a successful foray into MMR and consolidation of its leadership position in Bengaluru. Despite being the new entrant, PEPL is now at par with other large listed developers in MMR.

Exhibit 1: Pre-sales increased 69% YoY in 1HFY24…



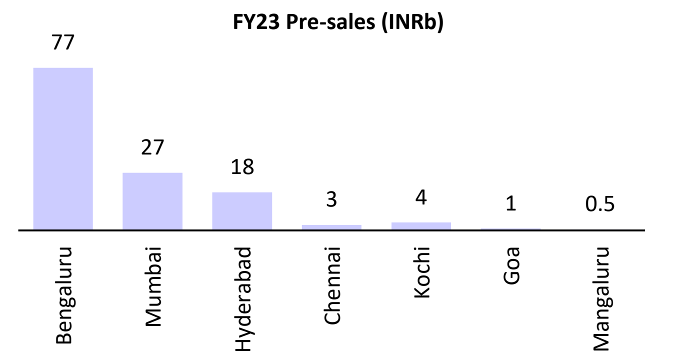
Source: Company, MOFSL

Exhibit 2: …on account of aggressive new launches



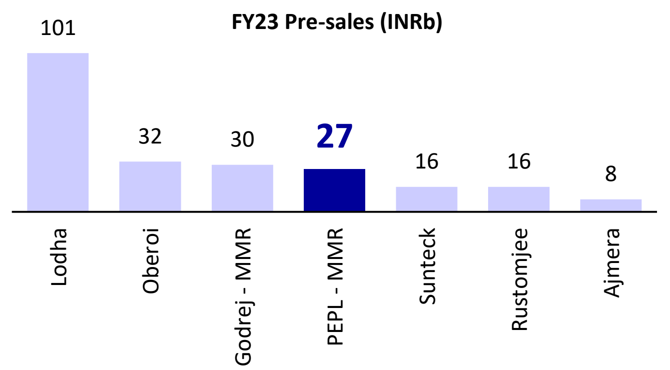
Source: Company, MOFSL

Exhibit 3: PEPL has generated ~40% pre-sales from non-Bengaluru portfolio



Source: Company, MOFSL

Exhibit 4: In Mumbai, PEPL is now almost at par with other large developers despite being a new entrant



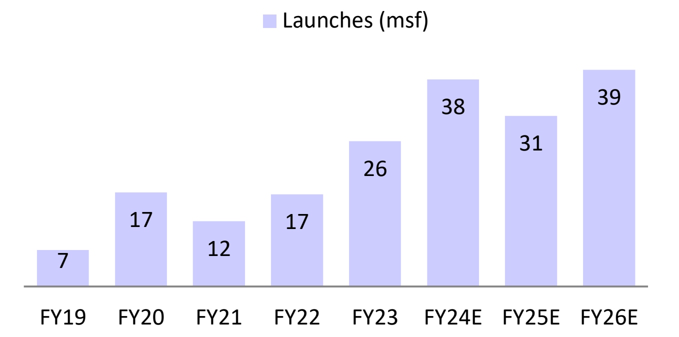
Source: Company, MOFSL

Aiming to achieve INR200b of pre-sales in FY24

- PEPL has had a strong start to the year with INR110b of bookings in 1HFY24 and is about to enter a seasonally strong second half. Thus, the management now aims to achieve over INR200b of pre-sales in FY24 vs. the initial guidance of INR160b.

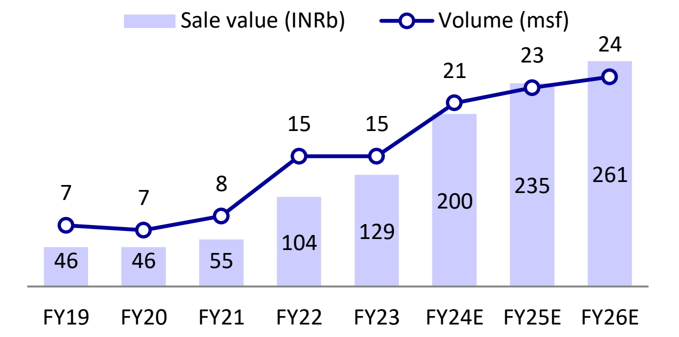
- Sales momentum is expected to remain strong in 2HFY24 with the launch of large projects in Hyderabad and Chennai along with a couple of launches in MMR.

Exhibit 5: Launches to remain elevated…



Source: Company, MOFSL

Exhibit 6: …resulting in a sharp increase in pre-sales in FY24

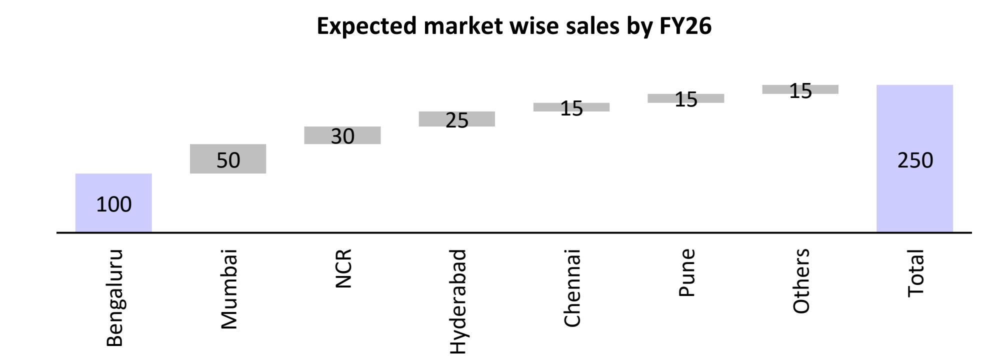


Source: Company, MOFSL

On track to achieve its target of INR250b by FY26

- At the analyst day in Feb'23, PEPL had set its sight on INR250b of pre-sales by FY26 and with INR200b already expected to be achieved in FY24, the company remains on track for its target of INR250b.
- Of the INR250b of pre-sales, 40% of the contribution (i.e., INR100b) is expected from Bengaluru. MMR is expected to contribute INR50b, NCR INR30b, Hyderabad INR25b, and INR15b each from Pune, Chennai, and other cities.
- PEPL clocked INR76b of pre-sales from Bengaluru in FY23 and is on track to achieve INR100b in FY24 with INR80b already clocked in 1HFY24. Additionally, the company boasts a substantial pipeline of 27msf in Bengaluru, valued at INR250b, which is expected to sustain this growth trajectory.
- MMR contributed INR27b to pre-sales in FY23 and is expected to ramp up further with the launch of Prestige Ocean towers, Marine lines and Prestige Nautilus, Worli in 2HFY24. Contribution from Hyderabad is expected to improve with the launch of The Prestige city, Hyderabad, and Pallava Gardens, Chennai.
- PEPL now has two projects in the NCR (Noida and Delhi) with a combined GDV potential of INR30-35b. It will look to further ramp up its pipeline in the NCR along with Pune to achieve its target of INR250b of pre-sales by FY26.

Exhibit 7: PEPL targets INR250b of pre-sales by FY26



Source: Company, MOFSL

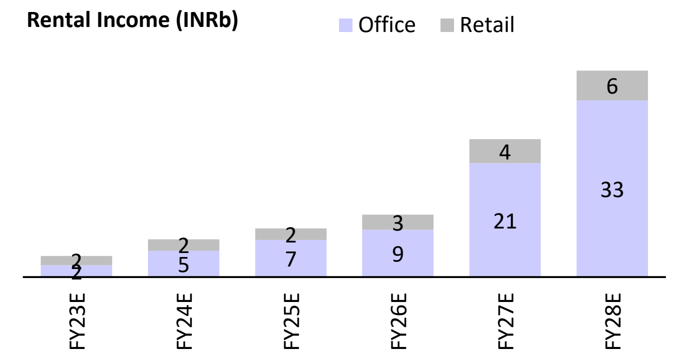
Embarking on the next leg of annuity portfolio development

Estimated to generate INR38b of rental income with an outlay of INR145b

About 35msf (TLA) of assets to be delivered over the next five years; rental income to scale up to INR38b once stabilized

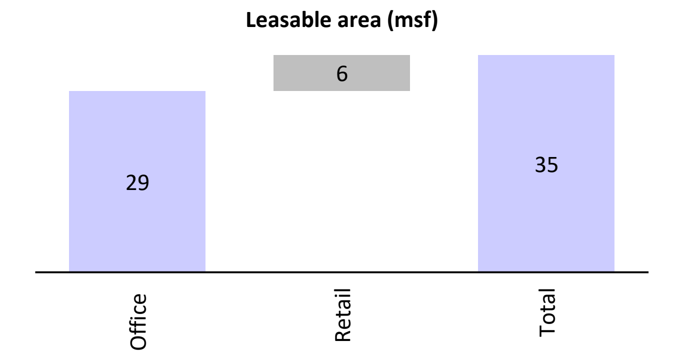
- PEPL currently has 47msf of projects, encompassing office (39msf) and retail (8msf) assets. These projects are spread across both ongoing (26msf) and upcoming (21msf) developments in the pipeline.
- The total leasable area for these projects stands at 35msf, which the company is aiming to deliver over the next five years.
- The portfolio once fully leased will generate a rental income of INR38b without incorporating any escalation or growth in rentals.

Exhibit 8: PEPL aspires to scale up the annuity rentals to INR38b over the next five years…



Source: Company, MOFSL

Exhibit 9: …driven by 35msf addition to its annuity portfolio

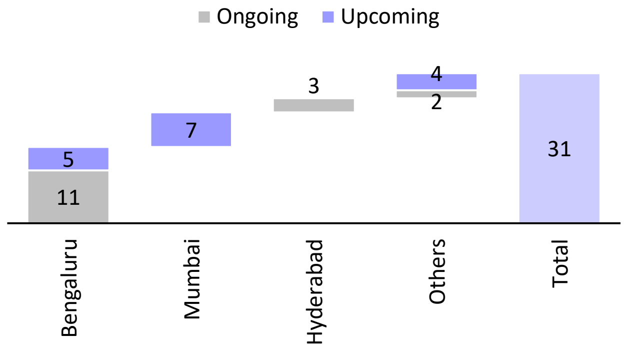


Source: Company, MOFSL

Office portfolio largely concentrated in Bengaluru

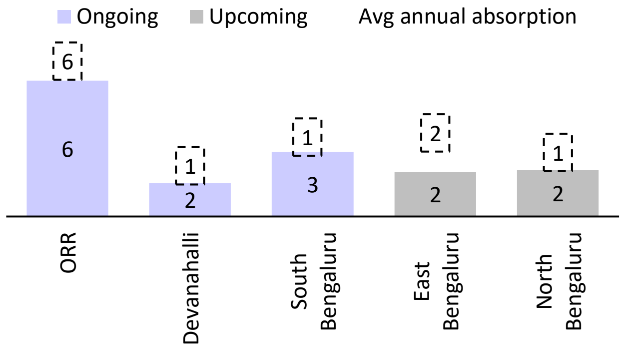
- Of the 31msf of ongoing and upcoming office portfolio (leasable area), ~16msf will be delivered in Bengaluru over the next five years.
- As per Cushman and Wakefield, Bengaluru reported an average net leasing of 9msf over CY15-22. Thus, leasing 16msf over the next five years at a market share of ~25-30% should not be a challenge for PEPL.
- Our micro-market analysis indicates (Exhibit 11) that of the 16msf expected to be delivered in Bengaluru, ~6msf is likely in ORR, where annual absorption is ~6msf, while 2msf/3msf will be delivered in North, East and South Bengaluru.
- PEPL will also deliver 7msf of office space in Mumbai across the two assets in BKC and Mahalaxmi. While we remain confident of absorption in the company's asset in BKC, considering the location and the lack of Grade-A supply, leasing traction in Prestige Liberty Towers, Mahalaxmi, remains to be monitored.

Exhibit 10: PEPL to deliver 31msf of office space by FY28



Source: MOFSL

Exhibit 11: Bengaluru to account for 16msf

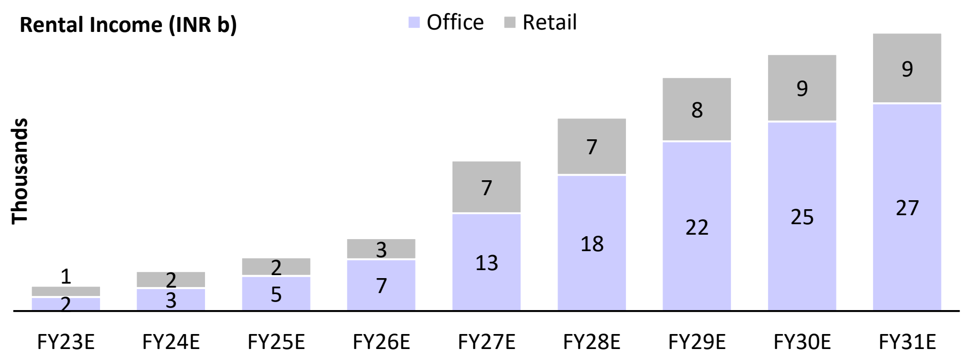


Source: MOFSL

We built in a little longer leasing cycle for now…

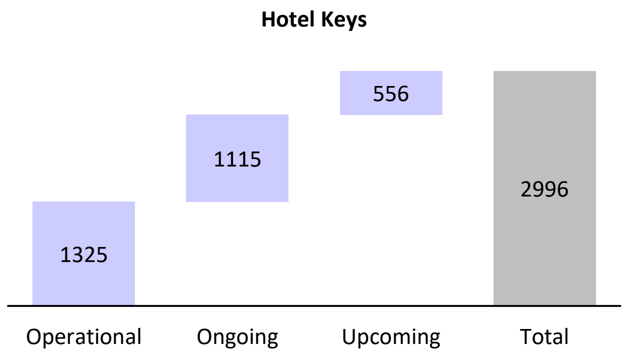
- While the management remains confident of leasing the whole commercial pipeline by the end of the construction cycle, we have built in a little longer leasing cycle, especially for its assets in Mumbai.
- We expect the rental income to grow to INR6b by FY25 and forecast PEPL to reach a steady state by FY31, contrary to the FY28 target set by its management.

Exhibit 12: We expect annuity portfolio to stabilize by FY31



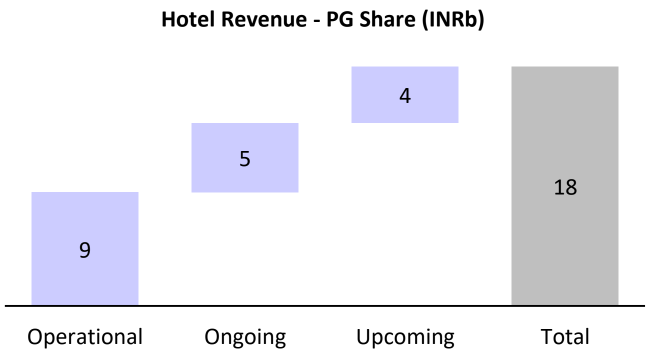
Source: Company, MOFSL

Exhibit 13: PEPL is scaling up its Hotel segment to ~3000 keys…



Source: Company, MOFSL

Exhibit 14: …and it expects the business to generate INR18b of revenue post stabilization



Source: Company, MOFSL

High capital investments will lead to cash deficit in the near term

Expect net debt to peak out at INR90b in FY25

- In FY23, PEPL's gross collections increased to INR98b, up 31% YoY, which led to an operating cash flow of INR40b. With further scale-up in residential business and annuity income, we expect collections to rise to INR191b by FY26.
- Net off construction costs, overheads, taxes, and interest OCF is expected to increase to INR82b during the same period.
- Significant expansion in residential business have also compelled the company to escalate its spend on business development. The company intends to spend INR40-50b on new project additions and approvals.
- The management is also committed to deliver its ongoing and upcoming commercial, retail, and hospitality projects within five years, thus with a pending capex of INR160b, annual capex is expected to rise INR35b.

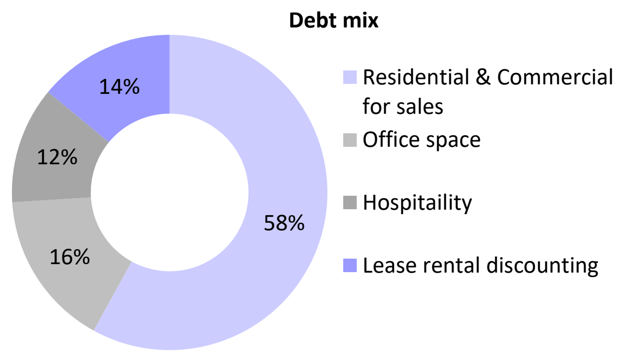
Exhibit 15: We expect PEPL's net debt to peak out at INR90b by FY25

INR m	FY24E	FY25E	FY26E
Collections (PEPL share)	1,19,365	1,61,126	1,91,247
Annuity - Income	6,226	8,472	11,476
Hotel	8,048	8,807	12,064
PMS	7,129	8,617	10,471
Total Inflows (INRm)	**1,40,768**	**1,87,022**	**2,25,257**
Construction costs	-60,193	-83,218	-93,644
Annuity - Expense	-9,997	-11,576	-15,101
Overheads	-10,993	-14,741	-19,907
Taxes	-2,570	-3,413	-4,312
Operating cash flow	**57,015**	**74,073**	**92,294**
Annuity Monetization			
Land, TDR and approvals	-40,000	-44,000	-48,000
Capex	-29,686	-35,764	-32,647
Interest Payment	-8,190	-9,235	-10,375
Net Surplus/Shortfall	**-20,861**	**-14,926**	**1,272**
Debt	76,518	91,444	90,172
Net D/E	0.7	0.8	0.7

Debt should peak out at ~INR90b by FY25

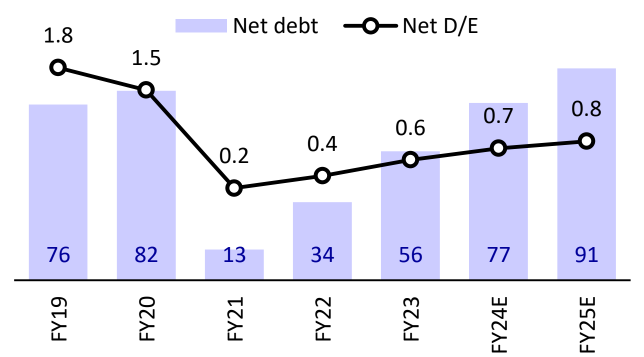
- Annual capital investments on residential projects and capex will increase to INR70-80b over the next two-three years. While OCF will increase gradually to INR82b in FY26, PEPL will continue to report net cash deficit over the next two years.
- Net debt is expected to peak out at INR90b by FY25 as PEPL starts generating surplus cash flows from FY26 and beyond.

Exhibit 16: Residential segment accounts for 58% of debt



Source: Company, MOFSL

Exhibit 17: Expect debt to peak out at ~INR90b



Source: Company, MOFSL

Valuation and view: Reiterate BUY with revised TP of INR900

Growing confidence: Strengthening cash flows and advancing execution progress

- PEPL's pre-sales doubled in 2QFY24 to INR71b; however, collections were flat at INR26b. Increase in collections will lead to higher operating surplus and alleviate concerns over the rising everage.
- Further, the company is executing a couple of complex commercial projects in MMR. One project involves the redevelopment of an SRA property, while the other is envisioned as the tallest commercial tower in MMR. These projects are expected to contribute 45% to the total rental income potential.
- Therefore, the progress in executing these projects and having clear visibility on their completion will instill confidence in the ramp-up of rental income and positively impact stock performance.

We value PEPL using an SoTP approach

- The company's Residential business is valued using the DCF method at a WACC of 12.5% and assuming **nil** terminal growth rate.
  - The company's operational Commercial assets are valued at a 9% cap rate on Mar'25E EBITDA and ongoing and upcoming projects are valued using the DCF method.
- Its Hospitality business is valued at 17.5x EV/EBITDA on Mar'25E basis.
  - Based on the above approach, we arrive at a GAV of INR451b. Netting-off FY25E net debt of INR91b, we derive at an NAV of INR360b, or INR900/share, indicating an upside potential of 23% from the current levels. We reiterate our **BUY** rating on the stock**.**

Exhibit 18: Our SoTP-based approach denotes 23% upside for PEPL based on CMP; reiterate BUY

NAV calculation	Rationale	INR b	per share (INR)	%
Residential	❖ DCF of five year cash flow at a WACC of 12% and nil terminal growth	289	722	80%
Office – Operational	❖ Cap rate of 8.75% for operational assets and DCF for ongoing and planned assets	18	45	5%
Office – Ongoing and Upcoming	❖ Cap rate of 8.75% for operational assets and DCF for ongoing and planned assets	50	125	14%
Retail Malls	❖ Cap rate of 8.75% for operational assets and DCF for ongoing and planned assets	36	90	10%
Hospitality	❖ FY25E EBITDA at 17.5x EV/EBITDA	50	124	14%
Property Management Services	❖ FY25E EBITDA at 10x EV/EBITDA	8	20	2%
Gross Asset Value		**451**	**1126**	**125%**
Less: Net debt	❖ FY25E	(91)	(227)	(25%)
Net Asset Value		**360**	**900**	**100%**
CMP			733	
Upside			**23%**	

Market not ascribing much value to residential/commercial growth

- PEPL currently trades at an EV of INR381b, assuming a peak debt of INR91b.
- Operational commercial portfolio at end-FY25 will generate an EBITDA of INR9b and at a cap rate of 8.5%, it is valued at INR115b (including for sale portfolio).
- PMS business will generate a revenue of INR10b and is valued at INR15b at a margin of 15% and EV/EBITDA of 10x.
- The Hospitality business is expected to generate EBITDA of INR3b by FY25 and is valued at INR45b at 15x EV/EBITDA.
- Thus, we derive a value of INR175b for its commercial and hospitality businesses, implying INR206b value for its residential business.
- Net asset value of PEPL's current residential pipeline is INR139b, based on its INR200b OCF potential and monetization timeline of six to seven years. Hence, its residential business is currently trading at 48% premium to NAV of its existing pipeline. This is lower than the peers despite significant expansion in PEPL's residential portfolio and visibility for sustained growth in medium term
- In the above analysis, We have considered the peak debt required to fully execute the commercial portfolio without accounting for the sharp scale-up in rental income beyond FY25

Exhibit 19: Current valuation ascribes limited value to PEPL's growth potential in residential/commercial segments

Segment	Description	Value (INR b)
Market cap	Valued at CMP of INR733	293
Net debt	Peak debt at FY25E	91
Enterprise value		**384**
Operation portfolio at FY25	FY25 EBITDA of INR9b @ 8.5% cap rate + value of for-sale commercial	115
PMS	INR10b revenue (FY25) at 15% EBITDA margin valued at 10x EV/EBITDA	15
Hospitality	INR3b of EBITDA valued at 15x EV/EBITDA	45
Total value of commercial and hospitality		**175**
Implied residential value		**209**
NAV of existing pipeline	~INR200b OCF potential to be realized in 6-7 years	139
Premium to NAV		**50%**

Source: MOFSL

Financials and valuations

Consolidated Profit & Loss (INR m)

Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	**72,644**	**63,895**	**83,150**	**96,071**	**1,04,178**	**1,14,313**
Change (%)	-10.6	-12.0	30.1	15.5	8.4	9.7
Construction Cost	44,753	38,904	47,244	54,761	59,902	65,387
Employees Cost	4,206	4,510	6,034	6,781	7,353	8,069
Other Expenses	3,963	5,146	9,009	10,087	9,376	9,145
Total Expenditure	**52,922**	**48,560**	**62,287**	**71,629**	**76,632**	**82,600**
% of Sales	72.9	76.0	74.9	74.6	73.6	72.3
EBITDA	**19,722**	**15,335**	**20,863**	**24,442**	**27,546**	**31,712**
Margin (%)	27.1	24.0	25.1	25.4	26.4	27.7
Depreciation	5,926	4,710	6,471	7,262	9,243	10,553
EBIT	**13,796**	**10,625**	**14,392**	**17,180**	**18,303**	**21,159**
Int. and Finance Charges	9,899	5,553	8,066	8,190	8,902	9,140
Other Income	2,374	2,107	4,570	5,284	4,167	4,573
PBT bef. EO Exp.	**6,271**	**7,179**	**10,896**	**14,274**	**13,568**	**16,592**
EO Items	14,698	8,079	3,079	0	0	0
PBT after EO Exp.	**20,969**	**15,258**	**13,975**	**14,274**	**13,568**	**16,592**
Total Tax	5,198	2,945	3,475	3,569	3,392	4,148
Tax Rate (%)	24.8	19.3	24.9	25.0	25.0	25.0
Minority Interest	250	813	1,250	1,313	1,378	1,447
Reported PAT	**15,521**	**11,500**	**9,250**	**9,393**	**8,798**	**10,997**
Adjusted PAT	**4,466**	**4,552**	**7,213**	**9,393**	**8,798**	**10,997**
Change (%)	-14.7	1.9	58.5	30.2	-6.3	25.0
Margin (%)	6.1	7.1	8.7	9.8	8.4	9.6

Consolidated Balance Sheet (INR m)

Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	4,009	4,009	4,009	4,009	4,009	4,009
Total Reserves	62,744	86,937	95,744	1,04,536	1,12,732	1,23,128
Net Worth	**66,753**	**90,946**	**99,753**	**1,08,545**	**1,16,741**	**1,27,137**
Minority Interest	4,198	4,523	2,832	2,832	2,832	2,832
Total Loans	36,112	65,130	81,208	91,208	96,208	96,208
Deferred Tax Liabilities	2,688	2,731	3,118	3,118	3,118	3,118
Capital Employed	**1,09,751**	**1,63,330**	**1,86,911**	**2,05,703**	**2,18,899**	**2,29,295**
Gross Block	50,188	75,671	91,370	1,25,403	1,58,997	1,92,769
Less: Accum. Deprn.	12,918	17,628	24,099	31,361	40,604	51,157
Net Fixed Assets	**37,270**	**58,043**	**67,271**	**94,042**	**1,18,394**	**1,41,612**
Goodwill on Consolidation	534	534	534	534	534	534
Capital WIP	27,396	17,246	23,987	19,641	21,810	20,686
Total Investments	**9,072**	**7,724**	**10,228**	**10,228**	**10,228**	**10,228**
Curr. Assets, Loans&Adv.	**1,92,917**	**2,20,894**	**2,63,809**	**2,73,106**	**2,70,798**	**2,84,530**
Inventory	95,805	1,15,667	1,43,671	1,55,033	1,60,611	1,69,727
Account Receivables	13,740	14,196	13,286	18,171	18,552	20,357
Cash and Bank Balance	24,012	21,712	18,146	15,359	6,209	6,426
Loans and Advances	59,360	69,319	88,706	84,543	85,426	88,021
Curr. Liability & Prov.	**1,57,438**	**1,41,111**	**1,78,918**	**1,94,993**	**2,06,009**	**2,31,441**
Account Payables	10,820	9,800	14,514	15,700	16,796	18,104
Other Current Liabilities	1,41,805	1,23,211	1,59,270	1,72,928	1,82,311	2,05,763
Provisions	4,813	8,100	5,134	6,365	6,902	7,574
Net Current Assets	**35,479**	**79,783**	**84,891**	**81,258**	**67,934**	**56,235**
Appl. of Funds	**1,09,751**	**1,63,330**	**1,86,911**	**2,05,703**	**2,18,899**	**2,29,295**

Financials and valuations

Consolidated Cash flow (INR m)

Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)						
EPS	**11.9**	**12.1**	**19.2**	**25.0**	**23.5**	**29.3**
Cash EPS	27.7	24.7	36.5	44.4	48.1	57.5
BV/Share	178.0	242.5	266.0	289.5	311.3	339.0
DPS	2.6	1.5	1.5	1.5	1.5	1.5
Payout (%)	8.2	5.2	6.5	6.4	6.8	5.5
Valuation (x)						
P/E	60.7	59.6	37.6	29.3	31.2	25.0
Cash P/E	26.1	29.3	19.8	16.5	15.2	12.8
P/BV	4.1	3.0	2.7	2.5	2.4	2.2
EV/Sales	4.2	5.2	4.2	3.8	3.7	3.4
EV/EBITDA	15.3	21.7	16.9	15.1	13.9	12.1
Dividend Yield (%)	0.4	0.2	0.2	0.2	0.2	0.2
FCF per share	27.3	-3.3	-2.8	-12.0	-18.5	17.0
Return Ratios (%)						
RoE	7.4	5.8	7.6	9.0	7.8	9.0
RoCE	10.0	7.9	8.5	8.9	8.2	8.8
RoIC	13.3	10.3	8.6	8.7	8.0	8.5
Working Capital Ratios						
Fixed Asset Turnover (x)	1.4	0.8	0.9	0.8	0.7	0.6
Asset Turnover (x)	0.7	0.4	0.4	0.5	0.5	0.5
Inventory (Days)	481	661	631	589	563	542
Debtor (Days)	69	81	58	69	65	65
Creditor (Days)	54	56	64	60	59	58
Leverage Ratio (x)						
Current Ratio	1.2	1.6	1.5	1.4	1.3	1.2
Interest Cover Ratio	1.4	1.9	1.8	2.1	2.1	2.3
Net Debt/Equity	0.0	0.4	0.6	0.7	0.8	0.7

Consolidated Cash flow (INR m)

Y/E March	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	20,719	15,093	14,143	14,274	13,568	16,592
Depreciation	5,926	4,710	6,471	7,262	9,243	10,553
Interest & Finance Charges	9,899	5,553	8,066	2,906	4,735	4,567
Direct Taxes Paid	-2,074	-2,361	-3,288	-3,569	-3,392	-4,148
(Inc)/Dec in WC	545	8,141	-2,418	3,991	4,174	11,916
CF from Operations	**35,015**	**31,136**	**22,974**	**24,864**	**28,328**	**39,480**
Others	-16,495	-9,737	-7,579	0	0	0
CF from Operating incl EO	**18,520**	**21,399**	**15,395**	**24,864**	**28,328**	**39,480**
(Inc)/Dec in FA	-7,591	-22,704	-16,502	-29,686	-35,764	-32,647
Free Cash Flow	**10,929**	**-1,305**	**-1,107**	**-4,822**	**-7,436**	**6,833**
(Pur)/Sale of Investments	-4,060	-18,144	-9,111	0	0	0
Others	16,562	394	-1,948	5,284	4,167	4,573
CF from Investments	**4,911**	**-40,454**	**-27,561**	**-24,403**	**-31,597**	**-28,075**
Issue of Shares	0	0	0	0	0	0
Inc/(Dec) in Debt	4,812	21,358	17,027	10,000	5,000	0
Interest Paid	-9,847	-5,341	-7,412	-8,190	-8,902	-9,140
Dividend Paid	0	-601	-601	-601	-601	-601
Others	-1,415	568	-3,559	-1,313	-1,378	-1,447
CF from Fin. Activity	**-6,450**	**15,984**	**5,455**	**-104**	**-5,882**	**-11,188**
Inc/Dec of Cash	**16,981**	**-3,071**	**-6,711**	**358**	**-9,151**	**217**
Opening Balance	7,031	24,012	21,712	15,001	15,359	6,209
Closing Balance	**24,012**	**20,941**	**15,001**	**15,359**	**6,209**	**6,426**

N O T E S

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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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