INSTITUTIONAL RESEARCH

Godrej Properties

The housing factory

Godrej Properties Ltd (GPL) is a sectoral bell-weather with an innate capacity to build homes. Over the years, it has metamorphosed into a seamless home manufacturing machine with the shortest production time from land acquisition to approvals to launches and sales. In this journey, it has gained market share and emerged a crucial challenger in the respective micro-markets; it is on its way to becoming a leader. Given strong brand, robust financial capacity and strong execution capabilities, landowners/Tier 2 developers have been partnering with GPL for JV opportunities. The growth journey is expected to crystallise further with the regulatory landscape changing over the years, in favour of organised developers. We believe GPL only constrains itself, and that is its biggest strength or weakness. Given recent run up we initiate coverage on the stock with an ADD recommendation and SOTP of Rs 1,164/sh (40% NAV premium).

- **Whilst others want to grab it all, GPL stays focused on residential:** GPL has always stressed that it anchors its strategy mainly towards residential developments. The market has been giving premium to mixed-use players with exposure to annuity and residential developments. In between, the capital allocations get jumbled up in office/retail/hospitality and residential. GPL is clear that it would allocate the lion share of its capital to residential, which reflects in strong market share gains over the years in the Top-4 regions of Mumbai, Pune, Bengaluru and NCR. We believe it would continue to dominate these markets and remain developer of choice for buyers, given its strong track record and robust housing demand.
- **Regulatory overhaul could consolidate the market among 8-10 developers:** Over the past few years, demonetisation, RERA, GST, NBFC crisis and COVID-19 have restricted sectoral funding, resulting in consolidation of market share amongst Top 5-10 developers. GPL's massive expansion has been in sync with the long-pending regulatory overhauls. It has been averaging at 1-2.5mn sqft per micro-market and is well-poised to double the presales over the next four years. Whilst other developers are defocused on residential, GPL has a hawk-eye on residential opportunities, from perspective of both business development (BD) and launches.
- **Cash flow to remain mostly negative, BD opportunities to lead to debt build out:** Whilst the past three years' BD efforts have started paying off in terms of new launches, GPL may continue to pursue new BD deals. Although a large part of the BD funding may be met with project cash flows, GPL has given net D/E target of 1x, which implies about Rs 20-25bn outlay on land acquisitions over the next four years. GPL maintains a 20% ROE target from FY23/24E. Interest cost for GPL at 7.5% pre-tax (~5% post-tax) reduces the cost of capital and aids accelerated launches in the key markets.

Consolidated Financial summary

YE March (Rs mn)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	21,226	15,829	16,037	28,174	24,414	13,097	13,440	19,627
EBITDA	1,366	2,527	(1,789)	1,780	3,454	352	1,027	5,246
APAT	1,434	2,068	869	2,532	2,672	2,009	2,346	6,372
Diluted EPS (Rs)	6.6	9.6	4.0	11.0	10.6	8.0	9.3	25.3
P/E (x)	167.0	115.8	275.5	100.2	104.4	138.9	119.0	43.8
EV / EBITDA (x)	194.7	108.7	(150)	154.4	84.1	870.2	307.2	61.1
RoE (%)	8.5	14.3	7.5	13.8	7.3	4.1	4.6	11.5

Source: Company, HSIE Research

ADD

CMP *(as on 26 Nov 20)*	Rs 1,107
Target Price	Rs 1,164
NIFTY	12,987

KEY STOCK DATA	
Bloomberg code	GPL IN
No. of Shares (mn)	252
MCap (Rs bn) / ($ mn)	279/3,776
6m avg traded value (Rs mn)	1,010
52 Week high / low	Rs 1,189/505

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	30.3	83.8	23.2
Relative (%)	17.0	39.2	14.7

SHAREHOLDING PATTERN (%)	Jun-20	Sep-20
Promoters	64.44	64.44
FIs & Local MFs	3.94	4.25
FPIs	20.05	19.81
Public & Others	11.57	11.50
Pledged Shares	-	-

Source : BSE

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Over FY17-1HFY21, GPL has added ~94.3msf of saleable area, all in top four micro-markets viz. NCR, MMR, Pune and Bengaluru

The company has ramped-up activity in Bengaluru and intends to do more BD given strong demand in the micro-market

The ramp-up in business developments has been backed by equity raise in FY20

Recent BDs have increased landbank of GPL substantially and provides visibility for new launches

Focus on land parcels, quick turnaround time and shorter go-to-market time augurs well

A conscious shift away from pure development management (DM) in the offing

Business development over FY15-21YTD –added ~94.3mn sqft saleable area

GPL business development (BD) pipeline has swelled over FY17-1HFY21 with cumulative new project additions encompassing a saleable area of ~94.3mn sqft. This shall be launched over the next 5-8 years. The landbank addition is mainly in Top-4 focused regions viz. NCR, Pune, Bengaluru and Mumbai. The company seems to have timed these land acquisitions with equity capital raise of Rs 10/20.6bn during FY19/20 through QIP. As of now, the company has no plans to raise further equity, and new BD funding will take place through low-cost debt. If sizeable and attractive land opportunities come, GPL may take a call on further fundraising.

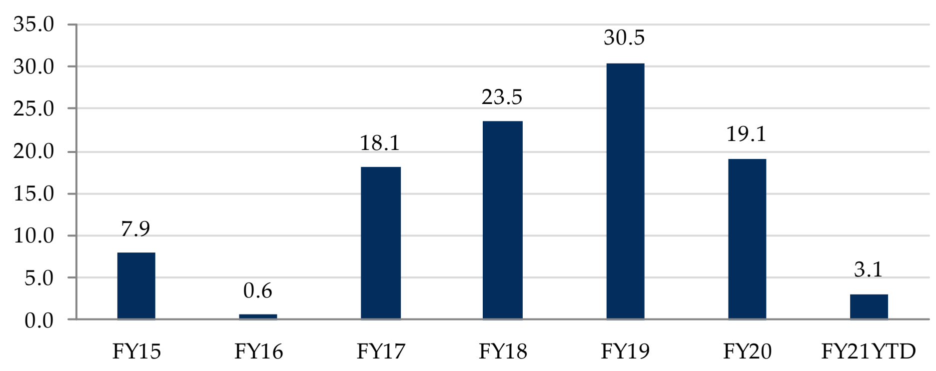
(msf)	FY17	FY18	FY19	FY20	FY21YTD	Comments
Bengaluru	10.8	10.2	-	3.0	1.6	GPL has highlighted that they intend to do more BD in the Bengaluru given the scale and demand the city enjoys
MMR	2.7	2.1	2.3	11.8	1.5	Has seen good addition and GPL may continue to add more value-accretive projects on JV/Profit share
NCR	4.0	6.7	3.2	4.3	-	A lot has been done, and GPL may continue to add projects with milestone linked payment and shorter go to market
Pune	0.6	4.5	25.0	-	-	Sufficient land in place may have saturated for now in terms of BD opportunities
Total	**18.1**	**23.5**	**30.5**	**19.1**	**3.1**	

Source: Company, HSIE Research

Landbank lends sufficient visibility to presales

Having tied up the landbank over the past few years, GPL has built up robust launch pipelines for the next few years (as discussed further in the initiation note). GPL differentiation vs peers is that it focuses on land parcels, which have a quick turnaround and shorter go-to-market time, rather than pooling long-term strategic landbank inventory. We believe this just in time inventory addition strategy augurs well for the company's growth and efficient capital allocation.

Business developments- saleable area (msf)



Source: Company, HSIE Research

Focus has shifted to increase share of 100% owned projects, which is visible from the new acquisitions by GPL

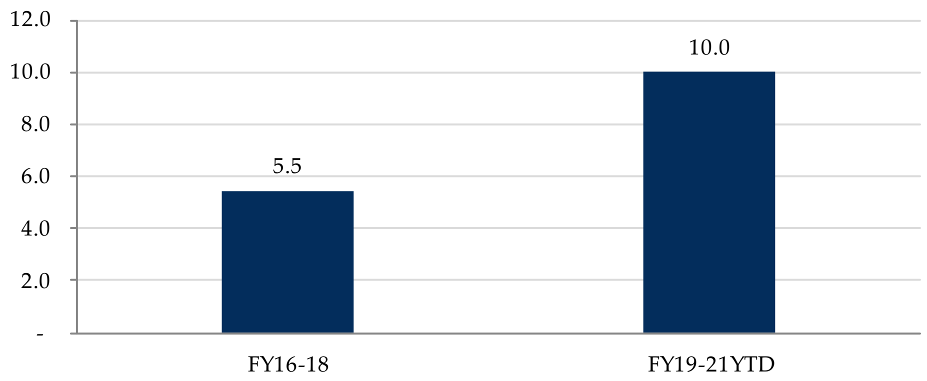
Landbank addition laudable; focus on 100% owned area; higher JV profit share

The share of 100% owned saleable area has gone up in the mix with the new land acquisitions. Value-wise, the share may still be higher with the purchase of Ashok Vihar type of land in Delhi. GPL has mainly followed an asset-light model with a mix of DM, profit share, JVs and limited outright land purchase. But given regulatory overhauls of the past few years, its risk appetite has increased with the company gobbling up new BD land opportunities.

GPL has acquired land parcels with saleable area of 10 msf over FY19-1HFY21 (vs 5.5 msf over FY16-18)

Regulatory overhauls, favouring large developers, have potentially increased risk appetite of GPL

Outright land purchases - Saleable area (msf)



Source: Company, HSIE Research

Higher profit share in the recent joint development transactions

While there is increased focus on 100% owned area, and higher profit share in JVs or mix of DM+Profit share in new BD, GPL has de-risked from pure DM projects, given the inherent challenges in executing such projects. Hence, GPL could do DM only for group companies

GPL is consciously staying away from new development model projects (DM), given the efforts that go into developing a project and regulatory changes like RERA. If the landlord fails to meet the condition precedents, the overall project regulatory risk comes to the player like GPL. RERA has made the DM model unattractive except for when the developer takes a call on the landlord. Hence, GPL is only doing DM for the group companies now. Focus on profitability has led it to ask for a higher profit share in JV partnerships with the landlord, and in lieu, it is giving higher deposits. This is a good sign for its profitability and RoEs. The exhibit below highlights how GPL is trying for higher share of 50:50 profit in JV projects.

Market condition favouring large players has allowed GPL to demand a higher share of profits in JVs

This is apparent from the deals done over FY19-1HFY21 (profit share >47% in all deals)

Year	Project	Saleable area (msf)	Profit share (%)
FY19-21YTD			
FY20	Navi Mumbai, MMR	7.50	53
FY20	Worli, MMR	1.17	50
FY20	Ambernath, MMR	1.10	47
FY20	Bagalur, Bengaluru	3.00	49
FY19	Pune	25.00	50
FY19	Sector 43, Noida	2.20	49
FY19	Vashi, Mumbai	0.50	50
FY16-18			
FY18	Godrej Nature+, Gurgaon	1.70	40
FY18	Sector 85, New Gurgaon	1.05	38
FY18	Devanhalli 2, Bengaluru	1.34	*55
FY18	Devanhalli 3, Bengaluru	2.15	22
FY18	Electronic City, Bengaluru	1.40	50
FY17	Godrej Golf Links, Greater Noida	4.00	40
FY17	Bavdhan, Pune	0.56	45
FY16	Godrej Avenues, Bengaluru	0.07	40

Source: HSIE Research *For 90% of the area

GPL emerging a key challenger in Top 4 micro-markets

With more than 1 msf of presales in each of the four key micro-markets for three consecutive years over FY18-20, GPL has established itself as key challenger in these geographies

On the back of the BD efforts, as highlighted earlier, GPL has not only added new landbank but established itself as a formidable player in the key focused markets. The strong on-ground sale/channel partner's engine, which is mostly a mix of owned and channel partners (30:70), has helped make inroads in the local markets. In the Indian real estate history, GPL has successfully transitioned as a pan-India real estate player. Real estate is generally a much-localised sort of play with strong on-ground presence needed for liaison and approvals. Many players in the past have tried to diversify nationally but failed; GPL has shown the lead making inroads into the Top-4 Indian real estate markets and achieving the Top-3 dominant position in them.

GPL has relied on its own sales team and channel partners to drive sales

Region-wise presales – GPL figures amongst Top 3 developers

Region	Presales (msf)			% of total presales		
	FY18	FY19	FY20	FY18	FY19	FY20
MMR	**1.5**	**1.1**	**1.2**	**24%**	**13%**	**13%**
NCR	**1.6**	**2.4**	**1.8**	**25%**	**27%**	**21%**
Bengaluru	**1.3**	**2.3**	**2.0**	**20%**	**26%**	**23%**
Pune	**1.5**	**1.5**	**2.6**	**23%**	**17%**	**29%**
Others	0.4	1.5	1.2	7%	17%	14%
Total	6.3	8.8	8.8	100%	100%	100%

Source: Company, HSIE Research

Perhaps, GPL is the only player to have significant presence and figures in top three in the four key markets

83% of the saleable area is concentrated in four key micro markets

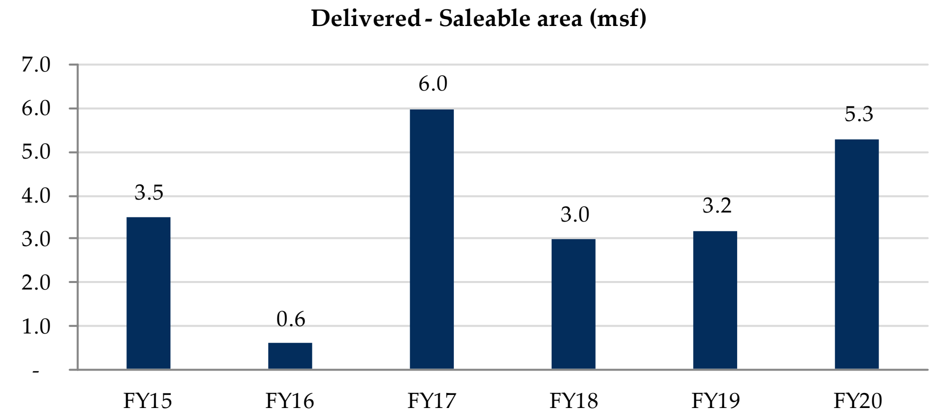
Micro market	Saleable area (msf)			As % of total saleable area		
	Ongoing	Forthcoming	Total	Ongoing	Forthcoming	Total
Ahmedabad	14.8	-	14.8	10%	0%	10%
Bengaluru	14.3	10.4	24.7	9%	7%	16%
Chennai	2.6	-	2.6	2%	0%	2%
NCR	16.9	6.5	23.4	11%	4%	15%
Kochi	-	2.2	2.2	0%	1%	1%
Kolkata	3.6	-	3.6	2%	0%	2%
Mangalore	0.6	-	0.6	0%	0%	0%
MMR	17.8	17.9	35.7	12%	12%	23%
Nagpur	2.2	-	2.2	1%	0%	1%
Pune	19.9	23.9	43.8	13%	16%	29%
Total	**92.7**	**60.9**	**153.6**	**60%**	**40%**	**100%**

Source: Company, HSIE Research

Market share of GPL is likely to increase in coming years as 83% of saleable area is concentrated in the four key markets

Delivered 17.5 msf in last 4 years – demonstrates strong execution scale

Launches and presales have been ably supported by execution as GPL delivered 17.5 msf over the past four years



Source: Company, HSIE Research

Pre-sales volumes have grown 2x over FY16-20 (8.8 msf in FY20 vs 4.3 msf in FY16), backed by market share gain on strong brand recognition and execution track record

GPL plans to double its presales value over the next 3-4 years with a mix of mid and high-value launches in MMR and NCR. Also, pre-sales would be supported by residual inventory in ~29.3 msf launches over FY18-20

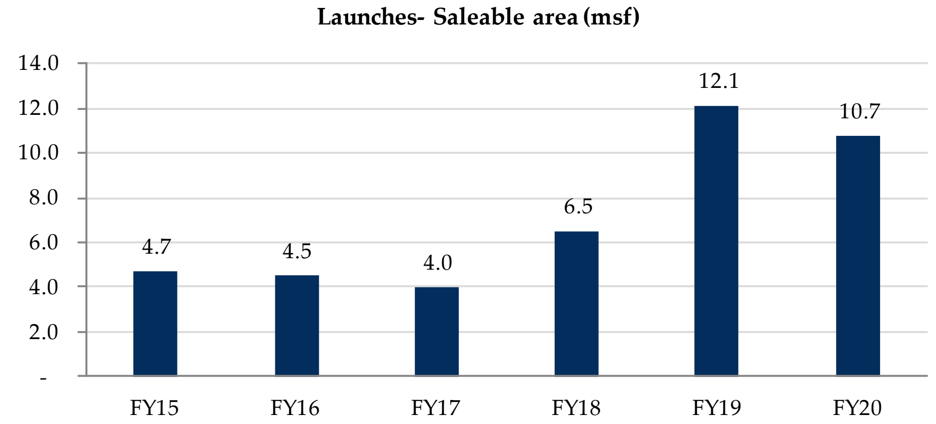
We expect residential demand to pick up from FY23 onwards as the economy stabilises

Market consolidation will boost GPL's presales meaningfully as buyers increasingly prefer established names

Robust launches in FY18-20 to support sales in FY21-23

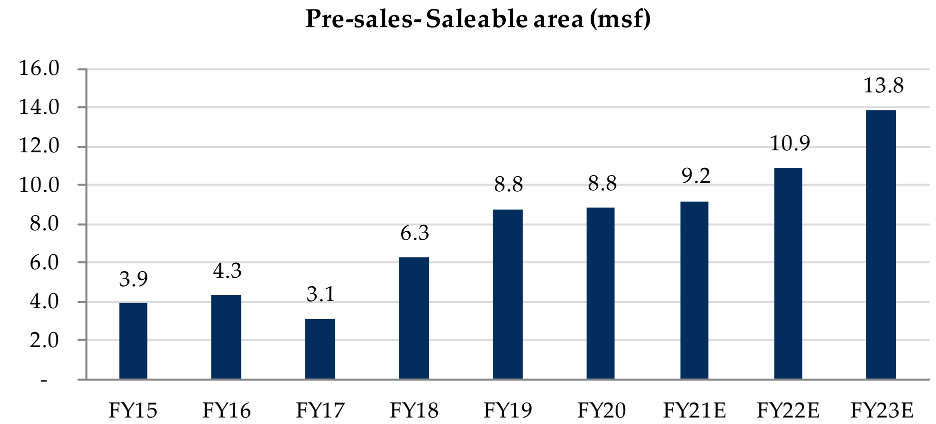
The GPL story is one of growth and market share gain. Its success recipe lies in its strong brand pull, robust on-ground execution, and tie-up for landbanks at client-centric locations. As the company plans to double its presales value over the next 3-4 years, it will be backed by market-beating launches and shift towards higher-value products. We expect the doubling of value to be achieved through a mix of robust mid-income launches and calibrated high-value launches in Mumbai and Delhi markets. Competition is busy with many other things while GPL is the only pure-play pan-India real estate player. We expect residential demand to start growing from FY23E as the economy stabilises; this, along with consolidation, shall aid GPL presales growth.

Presales ramp-up to be backed by robust launch pipeline



Source: Company, HSIE Research

Presales volume – to multiply 1.6x over FY20-23E



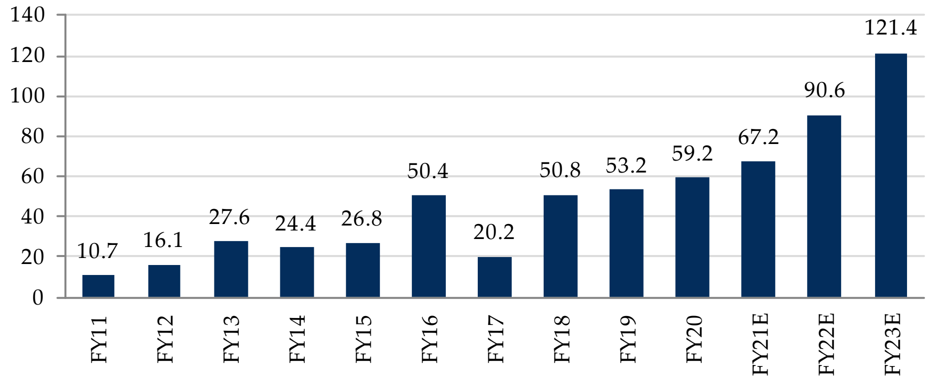
Source: Company, HSIE Research

Presales value – a mix of mid-income and affordable luxury

GPL sustenance sales and new launches are a mix of the mid-income and affordable luxury segment. We believe the presale value would multiply 2x over FY20-23E, driven by new launches in Bandra, Worli and Delhi and mid-income launches in Bengaluru, Pune, MMR and NCR.

We expect pre-sales value to double over FY21-23E, aided by sustenance sales in the projects launched over FY19-20 (unsold area) and sales from new mid and high-value launches in the four key micro-markets

Presales Value (Rs bn)



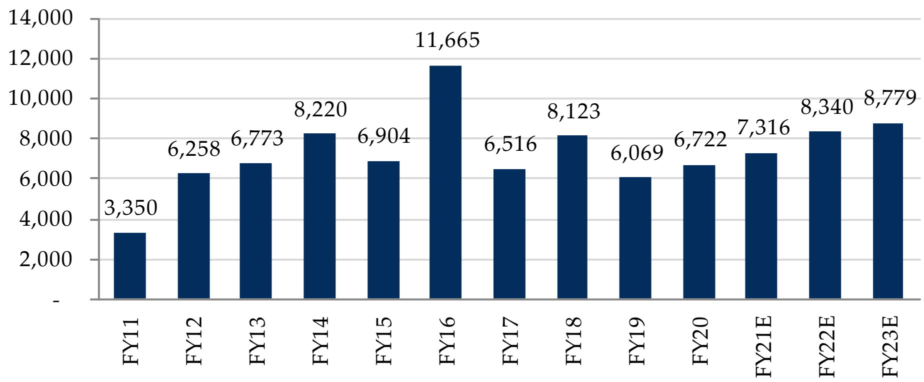
Source: Company, HSIE Research

Average realisation (Rs/sqft) – to multiply 1.3x over FY20-23E

This will be driven by the higher realisation of Rs 16,000-30,000/sqft in Delhi, Bandra and Worli projects. These premium projects are in advance stages of launch with most of the new launches panning out during FY22E.

Average realisation to jump 1.3x over FY21-23E driven by mix and higher realization from Delhi, Bandra and Worli launches (Rs 16-30k/sf)

Average realization (Rs/sf))



Source: Company, HSIE Research

Frequent equity fundraises have kept GPL's balance sheet under check

The cumulative fundraises of Rs 47.7bn over FY09-20 has helped growth and contain debt build-up

On the back of QIP in FY20, GPL reduced net debt to Rs 11bn, with net D/E at 0.24x on FY20-end

Large part of the QIP proceeds has been utilised to shore up land bank of the company as seen from the outright land purchases in FY20

GPL is targeting net D/E of 1x over the next few years

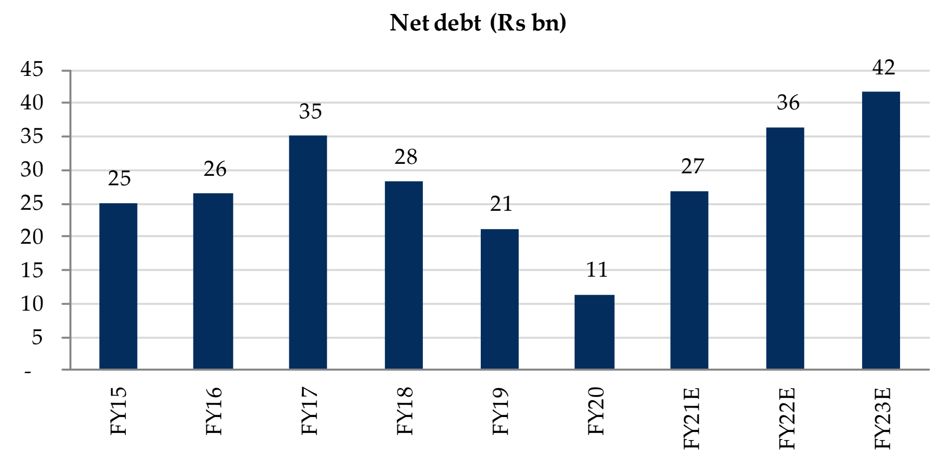
While GPL will allocate large capital towards land buying, launches of the recently done BD would self sustain, in our view

We expect meaningful earnings traction to build up from FY23, which coincides with GPL target of 20% ROE over net 3-4 years

A healthy balance sheet provides room for growth

GPL, through a series of equity fundraisers, has kept its balance sheet under check while being able to allocate large capital towards land buying. The sharp ramp-up in launches should self-sustain, and going ahead debt increase will be for business development activities pertaining to land acquisitions. GPL has highlighted it will target for 1x net D/E over the next few years.

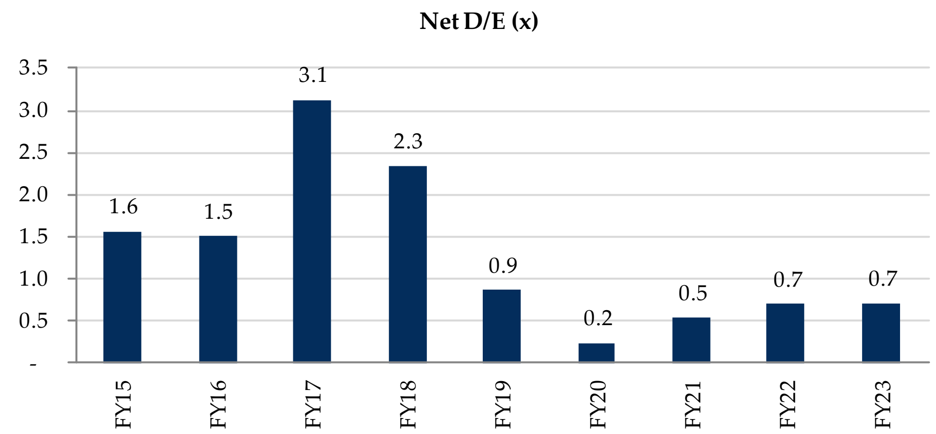
Significant reduction in debt over FY17-20



Source: Company, HSIE Research

Improvement in leverage ratio – aided by equity raise

As of FY20, GPL total equity fundraise as a percentage of reserves stood at 99.7%. The cumulative fundraise of Rs 47.7bn over FY09-20 has helped growth and contain debt build-up. GPL needs to shore up profitability to assuage investor concerns on cashflows generation. We expect meaningful earnings traction to build up from FY23E, which also coincides with GPL target of 20% ROE over net 3-4 years.



Source: Company, HSIE Research

Collections to see a ramp-up with pick up in presales

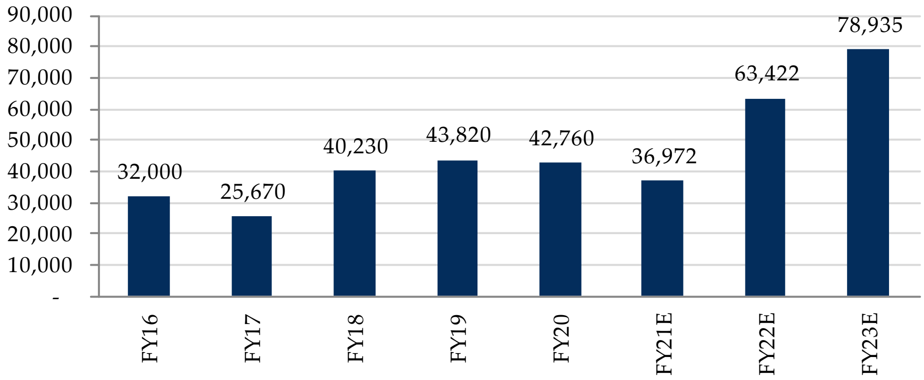
We expect collections, which were hampered in 1HFY21 due to lockdown, to recover as construction activity and sales from new launches pick up

FY21E cash collection got impacted due to lockdown in 1HFY21 and with gradual opening up and pick-up in construction-related milestone, we expect collections also to ramp up. Labour has normalised, and construction velocity has picked up. GPL will now see more normalised construction-linked demand from customer for payments. The sales promotion viz. 10:90 schemes were offered during 1HFY21, which have been withdrawn in most of the projects now. GPL was recovering NPV loss through higher pricing to customers opting for 10:90 schemes. The collection is expected to pick up sharply from 2HFY21 –FY23E as new launches drive presales and most of these are linked to the construction plan.

2HFY21 would see normalised labour availability and construction activity

Construction milestones-linked payment demand from customers would also normalize, going forward

Annual collections (Rs mn)



Source: Company, HSIE Research

While competitors have diversified in other segments and remain focused in their home markets for residential business, GPL stuck to residential real estate and strengthened its position pan-India

Better positioned against peers to gain from consolidation trend

GPL has a hawk-eye on residential development and over a short period has established a brand name in key micro markets. NCR, Pune, Bengaluru and MMR are key markets for residential demand. Other players have a dominant regional presence with aspirations for diversifications in these markets. The interest of competition also gets diluted due to presence across different real estate asset classes like office, malls, hospitality etc. where GPL has limited interest/focus or presence.

Residential presence across key geographies

Company	Key markets
Godrej	Bengaluru, Mumbai Metropolitan Region, NCR, Pune
Brigade	Bengaluru, Chennai mainly
DLF	NCR - largely Northern India
Kolte-Patil	MMR, Pune, Bengaluru
Oberoi	MMR
Prestige	Bengaluru – mainly Southern India, MMR
Sobha	Bengaluru, Pune, NCR, Madurai, Chennai, Kochi etc – largely Southern India

Source: Company, HSIE Research

Its focus on residential has helped the company immensely as it registered pre-sales of more than one msf in each of the four key markets for three consecutive years over FY18-20

Pan-India presence allows ramp-up in sales – GPL largest player by volumes

(msf)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Godrej	2.6	4.1	3.0	3.9	4.3	3.1	6.3	8.8	8.8	9.2	10.9	13.8
Brigade	1.3	1.9	2.6	2.8	2.2	1.6	1.6	3.0	4.3	2.5	3.5	4.0
Kolte-Patil	2.8	2.6	2.1	2.9	2.1	2.1	2.1	2.7	2.5	2.0	2.7	3.0
Oberoi	0.7	0.9	0.3	1.0	1.3	0.6	0.6	0.8	0.7	1.0	1.1	1.2
Prestige	4.9	6.0	6.1	6.7	4.3	3.1	3.8	5.7	5.4	6.5	6.5	7.0
Sobha	3.3	3.8	3.6	3.3	3.4	3.0	3.6	4.0	4.1	3.5	4.0	4.4

Source: Company, HSIE Research

Pan-India presence allows GPL to quickly ramp up launches and pre-sales

Over the years GPL has emerged as largest pan India developer by presales value

(Rs bn)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Godrej	16	28	24	27	50	20	51	53	59	67	91	121
Brigade	6	8	13	14	12	10	9	16	24	14	19	24
DLF	53	38	41	30	32	12	11	24	25	19	24	29
Kolte-Patil	11	13	11	17	13	12	12	14	13	10	15	17
Oberoi	10	9	7	18	23	15	13	18	13	19	21	24
Prestige	21	31	36	44	26	20	26	36	38	43	43	46
Sobha	17	22	23	21	20	18	29	31	29	25	29	33

Source: Company, HSIE Research

Over the past five years, GPL has emerged the largest player in terms of pre-sales value. We expect this trend to continue, going forward

GPL realization in line with peers with increase depending on the project mix

(Rs/sf)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Godrej	6,258	6,773	8,220	6,904	11,665	6,516	8,123	6,069	6,722	7,316	8,340	8,779
Brigade	4,231	4,158	5,120	5,075	5,554	5,876	5,720	5,535	5,575	5,455	5,512	5,985
Kolte-Patil	3,929	4,808	5,381	5,884	6,173	5,838	5,762	5,377	5,259	5,199	5,462	5,695
Oberoi	13,666	9,436	23,204	17,107	17,752	26,913	22,434	21,420	18,728	18,453	19,741	20,638
Prestige	4,303	5,212	5,916	6,511	6,181	6,449	6,676	6,318	7,001	6,551	6,551	6,513
Sobha	5,181	5,897	6,534	6,389	5,946	6,032	7,892	7,749	7,075	7,037	7,273	7,468

Source: Company, HSIE Research

Relatively better finances than most of the peers will help GPL maintain lead over other players

Comparatively in better financial position against most of the comparable peers

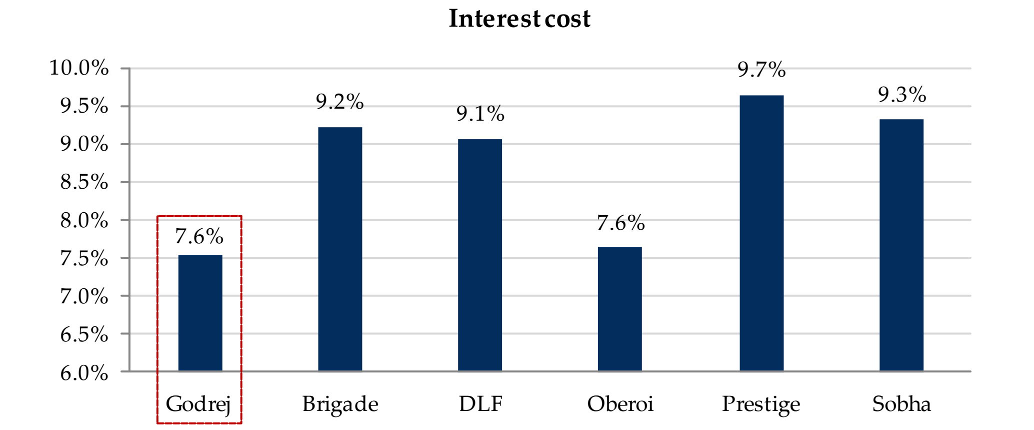
Net D/E (x)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Godrej	1.0	1.1	0.9	1.6	1.5	3.1	2.3	0.9	0.2	0.5	0.7	0.7
Brigade	0.7	0.8	0.8	1.2	1.5	1.4	1.3	1.6	1.8	2.0	2.1	2.1
DLF	0.8	0.8	0.7	0.7	0.9	1.0	0.4	0.4	0.1	0.2	0.1	0.1
Kolte-Patil	0.3	0.1	0.3	0.4	0.9	0.5	0.3	0.6	0.5	0.5	0.5	0.5
Oberoi	(2.7)	(1.8)	(1.0)	1.2	0.0	0.1	0.3	0.1	0.1	0.1	0.1	0.1
Prestige	0.8	0.7	0.9	0.9	1.2	1.2	1.4	1.8	1.4	1.6	1.6	1.5
Sobha	0.6	0.6	0.6	0.8	0.8	0.8	0.8	1.1	1.2	1.2	1.1	1.0

Source: Company, HSIE Research

One of the lowest costs of borrowing (as on Sep-20)

GPL enjoys the lowest interest cost vs peers. This is on the back of strong parentage, decades of groups banking relationship and robust corporate governance practices. It also serves as an endorsement of the GPL brand and delivery commitment. Low cost of capital helps the company acquire landbanks at lower prices and group track record helps it get more significant and durable funding lines from banks, other financial institutions, and capital providers. GPL enjoys this competitive advantage over peers, which helps it raise capital at low cost.

At 7.6% interest rate, GPL enjoys one of the lowest cost of borrowing, allowing it to fund acquisitions at better bargains than peers



Source: Company, HSIE Research

Direct cash flow – debt to increase by Rs 28bn, in line with GPL expectation on account of land additions

Rs mn	FY17	FY18	FY19	FY20	FY18-20 Cumulative	FY21E	FY22E	FY23E	FY21-23E Cumulative
Gross Sales Value	20,230	50,830	53,160	59,150	**163,140**	67,222	90,603	121,439	**279,263**
Operating Cash Inflow (Collections)	25,670	40,230	43,820	42,760	**126,810**	36,972	63,422	78,935	**179,329**
Operating Cash Outflow	(19,750)	(21,550)	(32,030)	(34,840)	**(88,420)**	(29,376)	(51,462)	(66,518)	**(147,356)**
Construction and related outflow	(14,030)	(11,270)	(19,270)	(19,020)	**(49,560)**	(16,805)	(29,899)	(40,075)	**(86,779)**
Other project related outflow	(5,720)	(10,280)	(12,760)	(15,820)	**(38,860)**	(12,570)	(21,563)	(26,443)	**(60,577)**
Net Operating Surplus..(A)	5,920	18,680	11,790	7,920	**38,390**	7,596	11,960	12,417	**31,973**
Financial Cashflows:									
Inflow on private placement/QIP	0	0	10,000	20,660	**30,660**	0	0	0	**0**
PE exit/stake dilution	(2,490)	0	(1,920)	1,450	**(470)**	0	0	0	**0**
Interest and corporate taxes	(4,710)	(2,220)	(4,760)	(5,950)	**(12,930)**	(4,758)	(5,531)	(7,720)	**(18,008)**
Net Financial cashflow..(B)	(7,200)	(2,220)	3,320	16,160	**17,260**	(4,758)	(5,531)	(7,720)	**(18,008)**
									0
Capital Cashlows:									**0**
Land & approval related outflow	(5,930)	(6,500)	(13,390)	(17,350)	**(37,240)**	(17,165)	(14,113)	(12,034)	**(43,312)**
Advance to JV partners and others	(690)	(2,360)	(1,220)	(2,870)	**(6,450)**	(2,000)	(3,500)	(2,100)	**(7,600)**
Net Capital cashflow..(C)	(6,620)	(8,860)	(14,610)	(20,220)	**(43,690)**	(19,165)	(17,613)	(14,134)	**(50,912)**
									0
Adjustment for JV Projects..(D)	0	0	5,470	6,250	**11,720**	3,000	2,500	3,500	**9,000**
									0
Total net GPL cashflow	(7,900)	7,600	5,970	10,110	**23,680**	(13,327)	(8,684)	(5,936)	**(27,947)**
									0
Other INDAS adjustments..(E)	1,850	(1,070)	1,070	(290)	**(290)**	(500)	200	450	**150**
									0
(Increase)/Decrease in Net Debt under Ind AS..(A+B+C+D+E)	(6,050)	6,530	7,040	9,820	**23,390**	(13,827)	(8,484)	(5,486)	**(27,797)**

Source: HSIE Research

- We have forecasted presales value multiplying 2x over FY20-23E, driven mainly by volumes multiplying 1.6x (overall ramp-up in presales volume on the back of a robust launch pipeline) and realisation 1.3x (driven by high-value launches, viz Bandra, Worli and Delhi).
- Using the direct cash flow method, we have forecasted that GPL debt will increase by Rs 28bn over FY21-23E. The large part will go towards land bank addition keeping in mind the growth GPL is chasing.
- Collections may remain bit 65-70% of the presales as GPL may have to continue coming up with subvention schemes to prop up sales. This could be the case with some of the premium launches like Bandra, Worli and Delhi.
- We are not forecasting any near-term equity dilution unless GPL seeks some sizeable strategic land parcel which requires large cash outgo.

Key Assumptions and Estimates

Particulars (Rs mn)	Estimates			Growth YoY (%)			Comments
	FY21	FY22	FY23	FY21	FY22	FY23	
Presales assumptions							
Volume (msf)	9.2	10.9	13.8	4.4	18.2	27.3	Growth in line with GPL guidance. Presales volume to multiply 1.6x over FY20-23E
Value	67,222	90,603	1,21,439	13.6	34.8	34.0	GPL expects pre-sales to double over FY23/24E
Realization (Rs/sqft)	7,316	8,340	8,779	8.8	14.0	5.3	Realization growth driven by mix and contribution from large ticket size Bandra, Worli and Delhi projects
Earnings forecast							
Revenue from sale model	9,863	8,631	9,934				
DM revenue	3,234	4,809	9,693				
Total revenue	13,097	13,440	19,627	(46.4)	2.6	46.0	
EBIDTA	352	1,027	5,246	(89.8)	192.1	411.0	
EBIDTA margin (%)	3%	8%	27%	(1146)	496	1909	
Interest expense	2,504	2,908	3,427	12.8	16.1	17.8	
Profits from associates	672	1,293	3,212	(175.9)	92.3	148.5	
APAT	2,009	2,346	6,372	(24.8)	16.8	171.6	
PAT Margin (%)	15%	17%	32%	439	212	1501	
EPS (Rs/sh)	8.0	9.3	25.3	(24.8)	16.8	171.6	
Cash flows forecast							
CFO - a	(6,326)	(704)	5,627				
Capex - b	(903)	(938)	(975)				
FCF - a+b	(7,229)	(1,642)	4,652				
CFI - c	3,987	(2,033)	(8,304)				
CFF - d	3,912	2,251	4,404				
Total change in cash - a+c+d	1,572	(485)	1,727				

Source: HSIE Research

Credit rating of peers

Company	Rating
Godrej	ICRA AA (Stable)
Brigade	Crisil A (Stable)
DLF	Crisil A+ (Stable)
KPDL	Crisil A+ (Stable)
Oberoi	Care AA+
Prestige	ICRA A+ (Stable)
Sobha	ICRA A+ (Negative)

Source: ICRA, CRISIL, CARE

GPL enjoys sectors best credit rating – a notch below Oberoi Realty

Instrument	Type	FY18			FY19	FY20		FY21	
		08/08/17	09/10/17	24/10/17	10/09/18	28/11/19	26/12/19	27/04/20	11/06/20
FB CC	LT	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable
NFB limits	LT	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable
CP	ST	A1+	A1+	A1+	A1+	A1+	A1+	A1+	A1+
NCD	LT	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable	AA Stable
NCD	LT								AA Stable

Source: ICRA; FB: Fund-based; NFB: Non-fund-based; CP: Commercial Paper

- In its latest rating report for GPL, ICRA assigned AA (Stable) rating to Non-convertible Debenture Programme of the company and reaffirmed AA (Stable)/A1+ on other debt instruments. <u>The rating agency has noted the comfort from the current availability of liquidity, robust booking in residential portfolio, cash flow visibility in the near-to-medium term on pending customer collections from sold inventory (Rs. 115bn on March 31, 2020) and strong parentage under the Godrej Group. Besides, ICRA expects GPL to benefit from current market consolidation, given its established brand and strong execution record.</u>
- Although GPL has ramped up launches, increased project portfolio and witnessed strong sales traction over FY19-20, it is yet to see a ramp-up in collections. Most of the projects at present are in the initial to intermediate stage of construction with a predominant portion of collections linked to construction milestones. <u>Hence, execution and collections, in turn, would be very critical for GPL, going forward.</u>
- <u>GPL's profitability and return ratios have improved sequentially; however, these remain at moderate levels, given thin margins in the earlier large projects. ICRA expects profitability ratios to improve, going forward, on higher profit share and better bargains in new business developments.</u> However, it would be long before it reflects in its financial performance and shall remain a key monitorable.
- A major chunk of GPL's debt is financed by short-term instruments, helping it to maintain the average cost of borrowing at 7.85% as on March 2020 (7.55% as on Sep-20), which exposes GPL to rollover risk. However, as per ICRA, the risk is mitigated, to a large extent, by healthy liquidity and strong parentage.
- ICRA believes moderation in demand, a slower-than-expected ramp-up in execution, and delay in collections would impact the company's financials and may warrant a review of the ratings assigned.

Revenue: Rs 895mn (-66% YoY, +24% QoQ)

EBITDA margins: -80% (shrinks by 89% YoY, 6% QoQ)

EBITDA: Rs (714) mn (Rs 247/(535) mn 2QFY20/1QFY21)

PAT: Rs 71mn (Rs 342/(202) mn 2QFY20/1QFY21)

Presales volume for the quarter stood at 1.7msf (-23%/-31% YoY/QoQ)

Total sales by value at Rs 10.7bn (-26%/30% YoY/QoQ), with average price realisation at Rs 6,212/sqft

Net debt increased by Rs 10bn to Rs 27.3bn with Net D/E at 0.57x, up from 0.37x on Jun'20

Cost of funds decreased by ~20bps QoQ to 7.55%

Quarterly Financials Snapshot - Consolidated

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	1HFY21	1HFY20	YoY (%)
Total Operating income	895	2,597	(65.5)	723	23.8	1,618	8,956	(81.9)
Raw Materials	506	1,326	(61.8)	308	64.3	814	5,455	(85.1)
Personnel Cost	371	336	10.4	350	6.1	721	654	10.2
Other Expenses	732	688	6.4	601	21.8	1,332	1,370	(2.8)
Total Expenses	1,609	2,350	(31.5)	1,258	27.8	2,867	7,479	(61.7)
EBITDA	(714)	247	NA	(535)	NA	(1,249)	1,477	NA
EBITDA margin (%)	*(79.7)*	*9.5*	*(8,924.4)*	*(74.1)*	*(566.9)*	*(77.2)*	*16.5*	*(9,369.0)*
Interest (Net)	493	568	(13.2)	499	(1.2)	992	1,070	(7.3)
Depreciation	49	50	(2.0)	44	9.7	93	97	(4.0)
Other Income	1,607	1,354	18.7	1,234	30.3	2,841	2,134	33.1
Profit Before Tax	352	984	(64.2)	155	127.2	507	2,444	(79.2)
Taxation	155	387	(60.0)	55	179.2	210	890	(76.4)
Profit After Tax before MI/Associate	197	597	(66.9)	100	98.3	297	1,555	(80.9)
MI/Associate share	(127)	(255)		(302)		(428)	(314)	
Reported PAT	71	342	(79.2)	-202	NA	-131	1,241	NA
E/O items								
APAT	71	342	(79.2)	-202	NA	-131	1,241	NA

Source: Company, HSIE Research

Margin Analysis

as % Sales	Q2FY21	Q2FY20	YoY (bps)	Q1FY21	QoQ (bps)	1HFY21	1HFY20	YoY (bps)
Material Expenses	56.5	51.1	548	42.6	1,393	50.3	60.9	(1,058)
Employee Expenses	41.4	12.9	2,851	48.4	(692)	44.5	7.3	3,723
Other Operating Expenses	81.7	26.5	5,526	83.1	(134)	82.3	15.3	6,704
EBITDA	(79.7)	9.5	(8,924)	(74.1)	(567)	(77.2)	16.5	(9,369)
Tax Rate	43.9	39.3	461	35.7	818	41.4	36.4	503
Net Margin	7.9	13.2	(523)	(28.0)	3,592	(8.1)	13.9	(2,197)

Source: Company, HSIE Research

Presales Trend

	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	1HFY21	1HFY20	YoY (%)
Volumes (msf)	1.7	2.3	(23.4)	2.5	(31.2)	4.2	3.6	17.6
Value of sales (Rs mn)	10,740	14,460	(25.7)	15,310	(29.8)	26,050	23,430	11.2
Average realization (Rs/sf)	6,212	6,408	(3.1)	6,094	1.9	6,142	6,498	(5.5)

Source: Company, HSIE Research

Net-debt Trend

(Rs mn)	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
Shareholder funds	25,916	24,690	46,200	46,560	47,020	48,050	47,880	47,960
Net debt - Reported (Rs mn)	17,950	21,410	9,320	10,890	10,930	11,590	17,520	27,330
Net D/E (x)	0.69	0.87	0.20	0.23	0.23	0.24	0.37	0.57
Avg borrowing costs (%)	7.9	8.0	8.2	8.1	8.0	7.9	7.8	7.6

Source: Company, HSIE Research

We value the sale component of real estate business at Rs 641/share, Vikhroli DM at Rs 130/ share, other DM businesses at Rs 88/share and two lease assets at Rs 79/share

From the gross NAV, we deduct the net debt (Rs 107/share) to arrive at NAV of Rs 832/share

We add NAV premium of Rs 333/sh to account for future developments and come to a target price of Rs 1,164/share

Outlook and valuation

Valuation

SOTP Summary	Rs mn	Per-share	Comments
PV of Cash flows - Rs mn	1,61,516	641	Cash flows from Sale business discounted
Less: Net Debt - Rs mn	26,843	107	FY21E
Value from Sale Model - DCF	1,34,673	534	
Value of Vikhroli DM - DCF	32,739	130	DCF assuming ~500acres to be developed
Value of Trees	19,973	79	
Other DM - EV/EBITDA	22,178	88	Other DM at 12x EV/EBITDA
Total Equity Value	2,09,563	832	FY22E NAV
No of Shares	252		
NAV Premium	83,825	333	40% premium for future development
Target price	**2,93,388**	**1,164**	

Source: HSIE Research

SOTP valuation

We initiate coverage on GPL with SOTP-based target price of Rs 1,164/share. We ascribe Rs 641/sh to sale component of the real estate business, Rs 130/sh to Vikhroli DM and Rs 88/sh to other DM business. We add Rs 79/sh for two lease assets at Vikhroli (Trees Hospitality/Retail and Godrej-2). From the gross NAV, we deduct the net debt (Rs 107/share) to arrive at NAV of Rs 832/share. We add NAV premium of Rs 333/sh to account for future development and come to a target price of Rs 1,164/sh.

NAV premium - we believe GPL deserves an outlier premium

For real estate we don't capture terminal value (theoretically 40-50% of NAV) for most of the coverage companies as the projects have a finite completion timelines. In case of developers with 50-60yrs land bank at current pre-sales volume run-rate, the NAV premium is not justified. Even the pre-sales growth has largely been stagnating or correcting for most of the developers. Only GPL/Brigade Enterprises have delivered 16% pre-sales volume CAGR over last 8yrs (FY12-20) whilst peers have seen flat CAGR. Pricing growth has also been muted. With likely change in GPL's sales mix toward higher value units and intent to double the volume from current numbers, GPL may deliver outlier growth numbers. We give 20% NAV premium to Oberoi Realty, whilst consensus is giving about 30-40% NAV premium for GPL. We ascribe 40% NAV premium to GPL as we believe it can achieve about 4mn sqft of pre-sales over next 5-6yrs in the 4 key markets where it is present. Viz. Bengaluru, Pune, MMR, NCR and others (may also contribute about 4mn sqft).

Real Estate Development: NAV calculation methodology

- We have arrived at the sales price/sq ft and the anticipated sales volumes for each project, based on our discussions with industry experts.
- We have deducted the cost of construction, based on our assumed cost estimates, which have been arrived at after discussions with industry experts.
- We have further deducted marketing and other costs. We have then deducted income tax, based on the tax applicable for the project.
- The resultant cash inflows at the project level have been discounted based on WACC of 9.5% (cost of equity 10%, post-tax cost of debt 5%). All the project-level NAVs have been summed up to arrive at the NAV of the company.
- For annuity income-generating assets, we have valued cash flows at a cap rate of 8%.
- From the total equity value, we have deducted net debt as of FY21E, to arrive at the NAV of the company.

Key valuation assumptions

Selling Price increase p.a	7.0%
Construction Cost increase p.a	7.0%
FY21 EV/EBITDA multiple for DM	12.0x
Cost of Equity	10.0%
WACC – Calculated	9.5%
Tax rate	25%

Source: HSIE Research

- In the exhibit below, we highlight our sales price and construction cost forecasts. Our pricing assumptions are moderate, and at a 0-10% discount to the current prevailing prices.

Our pricing assumptions are at 0-10% discount to current market prices

Base Property Price and Construction Cost Assumptions

	Prices Rs/sqft	Costs Rs/sqft
Ahmedabad	3,200	2,000
Bengaluru	3,500-9,000	1,000-2,500
Chandigarh	6,000	2,500
Chennai	4,500-5,000	2,000-2,500
Kochi	7,500	2,000
Kolkata	4,500-10,000	2,500
Mangalore	4,000	2,500
Mumbai	6,000-45,000	2,500-15,000
NCR	6,000-20,000	2,000-7,000
Pune	3,500-7,000	2,500

Source: HSIE Research

NAV Sensitivity Analysis

1% increase in average base sale price impacts our NAV positively by 8%

Sensitivity of NAV to changes in sales' inflation

- In our base case, we have assumed an annual sales price inflation of 7%. For every 100bps increase in the annual sale price inflation, the NAV will increase by approximately 8%.

Sales inflation rates (%)	5	6	7	8	9
NAV (Rs/sh)	988	1,074	1,164	1,259	1,359
% change in NAV	-15%	-8%	0%	8%	17%

100bps increase in cost inputs decreases our NAV by 3%

Sensitivity of NAV to changes in cost inflation

- In our base case, we have assumed a cost inflation of 7%. For every 100bps increase in construction cost inflation, the NAV will decrease by approximately 3%.

Cost inflation rates (%)	5	6	7	8	9
NAV (Rs/sh)	1,238	1,202	1,164	1,125	1,083
% change in NAV	6%	3%	0%	-3%	-7%

- The combined impact of a 100bps increase in sales price inflation and cost inflation will be an increase in NAV of 5%.

100bps increase in discounting rate impacts our NAV negatively by 4%

Sensitivity of NAV to changes in the discount rate

- In our base case, we have assumed a discount rate of 9.5%. For every 100bps increase in the discount rate, NAV will fall by 4%.

WACC rates (%)	7.5	8.5	9.5	10.5	11.5
NAV (Rs/sh)	1,283	1,220	1,164	1,115	1,071
% change in NAV	10%	5%	0%	-4%	-8%

Financials

Consolidated Income Statement

Year ending March (Rs mn)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	**21,226**	**15,829**	**16,037**	**28,174**	**24,414**	**13,097**	**13,440**	**19,627**
Growth (%)	15%	-25%	1%	76%	-13%	-46%	3%	46%
Construction expenses	17,342	10,809	13,609	21,939	15,633	8,042	7,133	8,376
Employee expenses	450	928	1,384	1,730	1,847	1,844	2,112	2,669
Other expenses	2,068	1,565	2,833	2,725	3,480	2,859	3,168	3,336
Operating Expenses	**19,860**	**13,302**	**17,826**	**26,394**	**20,960**	**12,745**	**12,413**	**14,381**
EBITDA	**1,366**	**2,527**	**(1,789)**	**1,780**	**3,454**	**352**	**1,027**	**5,246**
% margins	6.4%	16.0%	-11.2%	6.3%	14.1%	2.7%	7.6%	26.7%
Growth (%)	-46.9%	84.9%	-170.8%	-199.5%	94.0%	-89.8%	192.1%	411.0%
Depreciation & Amortisation	142	145	161	143	205	171	189	207
Other Income	1,295	1,185	4,986	4,046	4,732	4,329	3,905	3,671
EBIT	**2,519**	**3,566**	**3,036**	**5,683**	**7,981**	**4,509**	**4,743**	**8,710**
Interest expense	406	1,038	1,501	2,340	2,220	2,504	2,908	3,427
Recurring PBT	**2,113**	**2,528**	**1,535**	**3,343**	**5,761**	**2,006**	**1,835**	**5,283**
Less: Taxes	679	777	300	951	2,203	670	782	2,124
PAT before Minority/Associate	**1,434**	**1,751**	**1,235**	**2,392**	**3,558**	**1,336**	**1,053**	**3,159**
Minority/Assocate share	-	317	(366)	140	(885)	672	1,293	3,212
Net Income (Reported)	**1,434**	**2,068**	**869**	**2,532**	**2,672**	**2,009**	**2,346**	**6,372**
EO items								
Net income adjusted	**1,434**	**2,068**	**869**	**2,532**	**2,672**	**2,009**	**2,346**	**6,372**

Source: Company, HSIE Research

Consolidated Balance Sheet

As at March (Rs mn)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
SOURCES OF FUNDS								
Share Capital	1,081	1,082	1,082	1,147	1,260	1,260	1,260	1,260
Reserves	16,567	10,137	11,022	23,544	46,785	48,793	51,139	57,511
Total Shareholders Funds	17,648	11,219	12,104	24,690	48,045	50,053	52,399	58,771
Minority Interest	0	0	0	0	0	0	0	0
Long term debt	5,000	4,748	5,000	5,000	5,000	10,000	15,000	20,000
Short term debt	26,175	35,057	32,029	30,158	32,101	35,101	37,101	42,101
Total Debt	31,175	39,804	37,029	35,158	37,101	45,101	52,101	62,101
Deferred Taxes	0	0	6	7	4	4	4	4
TOTAL SOURCES OF FUNDS	**48,823**	**51,023**	**49,139**	**59,856**	**85,150**	**95,158**	**1,04,504**	**1,20,875**
APPLICATION OF FUNDS								
Net Block	1,067	1,020	1,126	967	1,129	1,158	1,169	1,162
CWIP	5	0	715	995	1,629	2,332	3,070	3,845
Goodwill	0	0	0	0	0	0	0	0
Investments	6,639	6,973	14,541	26,372	35,710	28,149	26,149	29,149
Of which current investments	*3,665*	*3,663*	*5,438*	*10,521*	*20,616*	*11,616*	*9,616*	*12,616*
Other Non Current Assets	2,039	6,859	7,569	6,735	5,192	5,192	5,192	5,192
Inventories	39,231	51,622	37,334	22,108	21,253	40,775	48,503	58,119
Debtors	0	2,114	1,562	1,599	5,226	2,613	2,874	2,952
Cash & Equivalents	1,056	1,104	3,327	3,426	5,070	6,642	6,157	7,884
ST Loans & Advances, Others	6,229	7,539	10,791	10,588	16,289	23,289	30,289	38,289
Other current assets	7,800	5,247	5,753	8,138	9,562	10,040	10,542	11,069
Total Current Assets	54,316	67,626	58,767	45,859	57,399	83,358	98,365	1,18,312
Creditors	5,949	5,171	3,130	2,477	7,197	17,992	18,608	24,190
Other Current Liabilities & Provns	9,294	26,285	30,450	18,595	8,713	7,039	10,833	12,595
Total Current Liabilities	15,243	31,456	33,579	21,072	15,910	25,031	29,441	36,785
Net Current Assets	39,073	36,170	25,188	24,787	41,489	58,327	68,924	81,527
Misc. Expenses & Others								
TOTAL APPLICATION OF FUNDS	48,823	51,023	49,139	59,856	85,150	95,158	1,04,504	1,20,875

Source: Company, HSIE Research

Consolidated Cash Flow

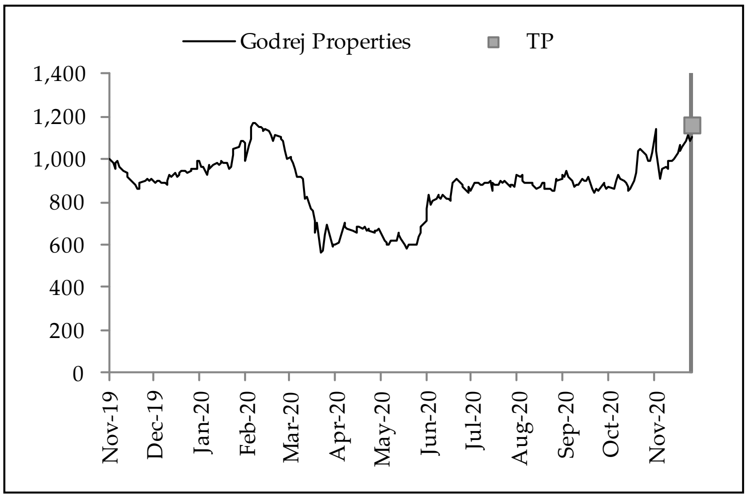
Year ending March (Rs mn)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
PBT	**2,277**	**2,845**	**1,169**	**348**	**4,909**	**2,678**	**3,128**	**8,495**
Non-operating and EO items	**(821)**	**(954)**	**(1,387)**	**(2,324)**	**(3,493)**	**(4,329)**	**(3,905)**	**(3,671)**
Depreciation	142	145	161	143	205	171	189	207
Interest expense	406	1,038	1,501	2,340	2,220	4,088	4,749	5,596
Non-Cash Adjustments	(535)	(355)	(1,752)	(1,465)	312	0	0	0
Working Capital Changes	4,480	(4,555)	12,541	2,984	(6,219)	(8,266)	(4,082)	(2,877)
Taxes Paid	(1,049)	(1,603)	(685)	(381)	(232)	(670)	(782)	(2,124)
Operating Cashflow	**4,898**	**(3,440)**	**11,548**	**1,647**	**(2,298)**	**(6,326)**	**(704)**	**5,627**
Capital Commitments	(235)	(126)	(1,503)	(738)	(631)	(903)	(938)	(975)
Free Cashflow	**4,663**	**(3,566)**	**10,045**	**909**	**(2,929)**	**(7,229)**	**(1,642)**	**4,652**
Changes in strategic Investments	(25)	(2,912)	(5,923)	(6,666)	(6,659)	(8,439)	(7,000)	(8,000)
Changes in liquid Investments	1,922	376	(3,173)	(3,706)	(10,730)	9,000	2,000	(3,000)
Interest and dividend income received	204	716	872	1,296	801	4,329	3,905	3,671
Others	0	(14)	(7)	8	7	0	0	0
Cashflow from Investing Activities	**1,866**	**(1,959)**	**(9,734)**	**(9,806)**	**(17,212)**	**3,987**	**(2,033)**	**(8,304)**
Issue of Share Capital	1	1	1	9,995	20,659	0	0	0
Inc (Dec) in Borrowings	(981)	5,947	(1,964)	2,655	2,169	8,000	7,000	10,000
Dividend paid	(399)	0	0	0	0	0	0	0
Interest paid	(4,083)	(3,142)	(2,984)	(2,950)	(3,014)	(4,088)	(4,749)	(5,596)
Others	(81)	348	19	(3)	(92)	0	0	0
Cashflow from Financing activities	**(5,544)**	**3,154**	**(4,929)**	**9,698**	**19,722**	**3,912**	**2,251**	**4,404**
Chg. in Cash & Bank balances	**1,220**	**(2,245)**	**(3,115)**	**1,539**	**213**	**1,572**	**(485)**	**1,727**
Net cash at the beginning of the period	**860**	**1,056**	**1,104**	**3,327**	**3,426**	**5,070**	**6,642**	**6,157**
Adjustments (Reco)	**(1,023)**	**2,292**	**5,338**	**(1,440)**	**1,431**	**0**	**0**	**0**
Net cash at the end of the period	**1,056**	**1,104**	**3,327**	**3,426**	**5,070**	**6,642**	**6,157**	**7,884**

Key Ratios

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
PROFITABILITY (%)								
GPM	18.3	31.7	15.1	22.1	36.0	38.6	46.9	57.3
EBITDA Margin	6.4	16.0	(11.2)	6.3	14.1	2.7	7.6	26.7
APAT Margin	6.8	13.1	5.4	9.0	10.9	15.3	17.5	32.5
RoE	8.5	14.3	7.5	13.8	7.3	4.1	4.6	11.5
Core RoCE	4.2	6.6	5.6	13.7	10.9	7.0	6.1	10.8
RoCE	3.5	5.6	4.1	7.7	5.6	4.1	4.0	7.5
EFFICIENCY								
Tax Rate (%)	32.1	30.7	19.5	28.4	38.2	33.4	42.6	40.2
Asset Turnover (x)	0.50	0.36	0.46	0.84	0.49	0.20	0.17	0.21
Inventory (days)	811	1,534	1,193	494	506	1,408	2,284	2,323
Debtors (days)	-	24	42	20	51	109	75	54
Payables (days)	116	188	111	47	113	572	936	932
Cash Conversion Cycle (days)	696	1,371	1,123	468	444	945	1,422	1,445
Debt/EBITDA (x)	22.9	14.0	(21.5)	20.3	10.5	116.9	47.3	10.9
Net D/E	1.5	3.1	2.3	0.9	0.2	0.5	0.7	0.7
Interest Coverage	6.2	3.4	2.0	2.4	3.6	1.8	1.6	2.5
PER SHARE DATA								
EPS (Rs/sh)	6.6	9.6	4.0	11.0	10.6	8.0	9.3	25.3
CEPS (Rs/sh)	7	10	5	12	11	9	10	26
DPS (Rs/sh)	-	-	-	-	-	-	-	-
BV (Rs/sh)	81.6	51.9	55.9	107.8	190.6	198.6	207.9	233.1
VALUATION								
P/E	167.0	115.8	275.5	100.2	104.4	138.9	119.0	43.8
P/BV	13.6	21.3	19.8	10.3	5.8	5.6	5.3	4.7
EV/EBITDA	194.7	108.7	(149.7)	154.4	84.1	870.2	307.2	61.1
OCF/EV (%)	0.02	(0.01)	0.04	0.01	(0.01)	(0.02)	(0.00)	0.02
FCF/EV (%)	0.02	(0.01)	0.04	0.00	(0.01)	(0.02)	(0.01)	0.01
FCFE/Market Cap	(0.00)	(0.00)	0.02	0.00	(0.01)	(0.01)	0.00	0.03
Dividend Yield (%)	-	-	-	-	-	-	-	-

Source: Company, HSIE Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
26-Nov-20	1,107	ADD	1,164

Rating Criteria
BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: > 10% Downside return potential

Disclosure:

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