INSTITUTIONAL RESEARCH

Prestige Estates

Stellar show

Prestige Estates (PEPL) registered its highest-ever annual presales in FY24, reaching INR 210bn (+63% YoY) on the back of 40.2 msf of new launches. Non-Bengaluru sales climbed to 42% and are gradually heading north, with Mumbai contributing 18% to total sales. For FY25, PEPL expects annual presales to grow by 15% YoY to INR 240-250bn, supported by a robust launch pipeline of INR 600bn across 60 msf. This includes projects like Prestige Southern Star, Prestige Raintree Park, and Prestige Falcon City Luxe in Bengaluru; The Prestige City Indirapuram and Prestige Bougainvillea in NCR; and Prestige Forest Hills and Prestige Nautilus in Mumbai. Along with the substantial INR 35bn investment in its residential portfolio, PEPL is well-positioned for strong future growth and financial stability across multiple sectors. We reiterate our BUY rating, with an unchanged SOTP-based target price of INR 2,060/share.

- **Key operational highlights:** Prestige registered FY24 presales of INR 210bn (+63% YoY) with area booked at 20.2msf (35% YoY). As a result, the average price realisation increased to INR 10,410psf (+22%YoY). During the year, the company launched 15 new residential projects with a saleable area of 40.2msf (16.5msf in FY23) and six commercial project with a saleable area of 8.2msf (9.9msf in FY23). Collections during the year were the highest ever at INR 119bn (+22% YoY).
- **Management discussion and analysis:** India's economy grew by 8.2% in FY24, up from 7.0% in FY23, driven by strong performances in mining, manufacturing, and key service sectors. The residential real estate market is expected to experience a sustained bull run, with strong demand continuing into 2024. The luxury segment is anticipated to remain in high demand as buyer preferences have evolved. Major large and listed developers are likely to pursue opportunities to consolidate their market positions and seek out new business development prospects to build a robust future pipeline. This could lead to price increases across markets, potentially ranging from 8% to 10% in the coming year. Leading developers are aggressively acquiring new land parcels and venturing into new markets to capitalise on the ongoing housing boom and meet the escalating demand for residential properties.
- **Outlook and growth drivers:** The developer remains committed to launching strategic projects and expanding its land bank to fuel future growth opportunities. It continues to broaden its geographical reach and strengthen its presence in new markets. A key focus is on consistently meeting delivery timelines while maintaining a strong emphasis on customer satisfaction across all operations. Additionally, the company prioritises effective capital management strategies and value creation initiatives to ensure sustainable growth and long-term success.

Consolidated financial summary

YE March (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	51,719	81,248	72,419	63,895	83,150	78,771	88,538	1,10,648
EBITDA	14,538	23,560	19,583	15,335	20,863	24,984	28,396	35,182
APAT	3,926	4,815	3,809	4,764	5,592	5,491	5,481	8,966
Diluted EPS (INR)	10.5	12.0	9.5	11.9	13.9	13.7	13.7	22.4
P/E (x)	167.5	146.1	184.6	147.6	125.7	138.2	136.7	83.6
EV / EBITDA (x)	50.6	33.4	36.7	48.7	36.7	33.9	30.1	24.6
RoE (%)	8.8	10.0	5.7	5.6	5.9	5.2	4.8	7.4

Source: Company, HSIE Research

BUY

CMP *(as on 24 Sep 2024)*	INR 1,869
Target Price	INR 2,060
NIFTY	25,940

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,060	INR 2,060
EPS Change %	FY25E -	FY26E -

KEY STOCK DATA	
Bloomberg code	PEPL IN
No. of Shares (mn)	431
MCap (INR bn) / ($ mn)	805/9,622
6m avg traded value (INR mn)	2,461
52 Week high / low	INR 2,075/592

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(9.1)	69.8	212.3
Relative (%)	(18.9)	53.2	183.7

SHAREHOLDING PATTERN (%)	Mar-24	Jun-24
Promoters	65.48	65.48
FIs & Local MFs	14.96	14.43
FPIs	16.06	16.83
Public & Others	3.51	3.27
Pledged Shares	-	-

Source: BSE

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FY24 operational highlights

Presales value: PEPL achieved its highest-ever annual presales in FY24, both in value and volume, recording INR 210bn (+63% YoY) and 20.2 msf (+34% YoY) respectively. Prestige's share of booking value stood at INR 196bn (+66% YoY) with a volume of 18.8 msf (+39% YoY).

Annuity portfolio: Exit rentals of rent-yielding commercial asset is INR 5.1bn (projected at INR 33.4bn by FY28) and of retail assets is INR 2.1bn (projected at INR 5.8bn by FY28).

Project launches: PEPL launched 40.2msf of projects across segments and geographies (+35% YoY).

Collections: Collection increased to INR 119bn from INR 98bn in FY23 (+22% YoY).

Debt: Prestige reported gross/net debt at INR 104/75.4bn as of Mar'24 vs INR 81.2/60.6bn for FY23. Net D/E stood at 0.66x vs 0.59x during FY23. The increase in borrowings can be attributable to the company's strategy to venture into new geographies and acquisition of land parcels to ensure its future growth.

Management discussion and analysis

Residential sector: The residential segment in India is poised for sustained growth and is characterised by a diverse array of projects, including apartments, villas, integrated townships and plotted developments. Residential sales volumes reached a 15-year high despite concerns over inflation, high interest rates, and slowing economic growth. Government schemes like the Pradhan Mantri Awas Yojana (PMAY), along with financial incentives, are making affordable housing more accessible. The surge in demand has also spurred a rapid increase in residential development, with new unit launches over the past 12 months reaching their highest levels since 2015. While ready-to-move-in inventory remains a strong preference among homebuyers, established developers with a solid execution track record are increasingly finding a market for their underconstruction properties. The high sales volumes and increased new launches during the year have also driven significant price appreciation across the top seven cities, with prices rising between 10% and 24%. Hyderabad led the way with 24% YoY growth, followed by Bengaluru's at 18%, and MMR's and NCR's at 15% each. The residential real estate market is expected to experience a sustained bull run, with strong demand continuing into FY25. The luxury segment is anticipated to remain in high demand as buyer preferences have evolved. Lastly, the government's emphasis on infrastructure development and enhanced connectivity expects to positively impact tier II and III cities across the country, resulting in increased demand of residential projects in these cities.

Related party transaction

Major transactions were:

Intercorporate deposit given to: Dashanya Tech Parkz – INR 2.7bn (INR 2mn in FY23); Pinnacle investment—INR 1.3bn (INR 2bn in FY23); Bamboo Hotel and Global Centre (Delhi) Pvt. Ltd.—INR 2.7bn (INR 2.2bn in FY23)

Intercorporate deposits given recovered from: Dashanya Tech Parkz – INR 3.4bn (NIL in FY23); Pinnacle investment—INR 3.3bn (NIL in FY23)

Guarantees and collaterals received from: Directors—INR 275mn (INR 1bn in FY23)

Release of guarantees and collaterals provided to: Dashanya Tech Parkz – INR 5.1bn (NIL in FY23); Turf Estate Joint Venture LLP- INR 4bn (NIL in FY23); Bamboo Hotel and Global Centre (Delhi) Private Limited- INR 2.2bn (NIL in FY23)

Guarantees & Collaterals Provided: Dashanya Tech Parkz – INR 2.5bn (NIL in FY23)

Outstanding Inter Corporate Deposit receivable: Bamboo Hotel and Global Centre (Delhi) Pvt. Ltd. – INR 7.6bn (INR 4.8bn in FY23)

Issue of debentures: Pandora Projects Private Limited. – INR 2.5bn (Nil as of FY23)

Remuneration of key management personnel

Mr. Irfan Razack, Chairman & MD: INR 86mn (INR 86mn in FY23)

Mr Rezwan Razack, Joint MD: INR 86mn (INR 86mn in FY23)

Mr Noaman Razack, WTD: INR 12mn (INR 12mn in FY23)

Ms Uzma Irfan, Director: INR 12mn (INR 12mn in FY23)

Auditors fees: Payment to auditors increased to INR 28mn in FY24 (vs. INR 18mn in FY23).

Significant changes in accounting

- No significant change in accounting policy.
- Actuarial assumptions: Overall, discount rate range decreased to 6.9-7.3% from 6.9-7.2% in FY23. Salary escalation was unchanged at 5-10%.

Consolidated segmental review

During FY24, business performance of segments was:

- **Residential:** revenue share— 65%; Completion—25.6msf; Ongoing projects—65msf; Upcoming projects—75msf. FCF from completed inventory and under-construction projects—INR 123bn and from upcoming projects—INR 273bn.
- **Offices:** revenue share—3.8%; Exit rental—INR 5.1bn; GLA of ongoing projects—23msf; GLA of under planning projects—8msf and projected annuity income of INR 33.4bn.
- **Retails:** revenue share—3%; Exit rental—INR 2.1bn; GLA of ongoing projects—1msf; GLA of under planning projects—6msf; FY28 Exit rental—INR 5.8bn.
- **Hospitality:** Overall revenue share—10%; revenue—INR 8bn; operating and ongoing keys —2,444; under planning keys—765.
- **Property management:** Overall revenue share—12%; revenue—INR 9.5bn; area under management: 120msf; pipeline projects—150msf.

Consolidated Profit & Loss Statement:

Year ending March (INR mn)	FY22	FY23	FY24	Comments
Sale of Real Estate Developments	52,292	63,606	54,540	Residential and Commercial projects sale decreased by 14.1% YoY mainly on account of lesser handovers
Sale of Services	4,809	9,756	12,207	Increase on account of Room revenue and F&B revenue growing by 27% and 26% YoY resp. Also, Facility and Hire charges increased by 25% YoY.
Revenue from Property Rental	5,085	6,387	9,942	
Other Operating Revenue	1,709	3,401	2,082	
Net Sales	**63,895**	**83,150**	**78,771**	
Growth (%)	*(12)*	*30*	(5)	
Material Expenses	38,904	47,244	27,131	Material expense as a percentage of sales decreased to 34% from 53% in FY23 on account of revenue mix
Employee Expenses	4,510	6,034	7,467	Median remuneration of employees increased by 28% YoY to INR 0.98mn
Other Operating Expenses	5,146	9,009	19,189	High mainly on account of higher Repairs and maintenance expenses and selling expenses
EBIDTA	**15,335**	**20,863**	**24,984**	Margin improved to 31% from 25% in FY23
EBIDTA (%)	***24***	***25***	**31.7**	
EBIDTA Growth (%)	***(22)***	***36***	**20**	
Other Income	2,107	4,570	15,482	Growth of 2.4x mainly due to increase in net gain recognized on financial assets designated at FVPL to INR 3.9bn (vs INR 2.9bn in FY23). Moreover, PEPL has derecognised its investment in couple of JVs and now holds 100% interest in these entities, thereby gaining control and recognised INR 8.5bn
Depreciation	4,710	6,471	7,165	Higher on account of higher gross asset
EBIT	**12,732**	**18,962**	**33,301**	
Interest	5,553	8,066	12,191	Higher on account of increase in gross debt to INR 114bn (vs. INR 81bn in FY23). Borrowing cost capitalized was at INR 1.7bn (vs INR 601mn in FY23)
Exceptional items	8,079	3,079	11,000	PEPL has derecognised its investments in JV and now holds 100% interest in these entities and since being a one off , have included in exceptional item
PBT	**15,258**	**13,975**	**21,110**	Higher on account of decrease in material cost and significant jump in other income
Tax	2,945	3,475	4,936	Higher on account of higher deferred tax of INR 1.8bn (vs. INR 884mn in FY23). Current tax was INR 3.1bn (vs. INR 2.6bn in FY23)
PAT	**11,500**	**9,418**	**13,741**	
Minority Interest	648	1,250	2,546	
Share of associates	**(165)**	**168**	113	
APAT	**4,764**	**5,592**	**5,491**	Profit after adjusting for exceptional item
APAT Growth (%)	*25*	*17*	**(2)**	
Adj. EPS	**12**	**14**	**13.7**	

Consolidated Balance Sheet Statement

As at March (INR mn)	FY22	FY23	FY24	Comments
SOURCES OF FUNDS				
Share Capital	4,009	4,009	4,009	
Reserves	86,937	95,744	1,08,879	Higher on account of profit accretion
Total Shareholders' Funds	**90,946**	**99,753**	**1,12,888**	
Minority Interest	4,523	2,832	5,122	Increase on account of increase in profits and non-repayment to Non-Controlling Interests though there were no acquisition of subsidiary during the year FY24
Long Term Debt	63,010	73,532	1,10,129	Bank term loan increased by INR 9bn. NCD increased by INR 1.2bn
Short Term Debt	2,120	7,676	4,494	One of the subsidiary raised funds through NCDs worth INR 2.6bn, having discounted rate of 12%, repayable Jun'24
Total Debt	**65,130**	**81,208**	**1,14,623**	The increase in borrowings can be attributable to Company's strategy to venture in new geographies and acquisition of land parcels to ensure future growth of the Company.
Deferred Taxes	(3,136)	(2,464)	-841	
TOTAL SOURCES OF FUNDS	**157,463**	**181,329**	**2,31,792**	
APPLICATION OF FUNDS				
Net Block	57,981	67,224	86,095	Increase on account of increase in Investment Property by INR 23.6bn YoY to INR 58bn. This in turn was higher mainly because of addition in land of INR 4.3bn, Buildings of INR 6.6bn and right of use assets of INR 10.5bn
CWIP	17,246	23,987	21,372	Investment property under construction is INR 21.3bn (vs. INR 22.5bn in FY23)
Goodwill	534	534	534	
Investments, LT Loans & Advances	7,724	10,228	12,786	Increase in unquoted equity investment
Inventories	115,667	143,671	2,41,562	The increase is attributable to increase in construction activities coupled with new land purchase during the year. Carrying amount of inventory pledged for borrowing forms 71% of total inventory (vs. 60% in FY23)
Debtors	14,196	13,286	12,340	54% of receivables are pledged for borrowing (vs. 37% in FY23)
Cash & Equivalents	21,712	18,146	25,582	Includes INR 1.7bn of FD with bank and INR 1bn held as margin money which was INR 1.6/2bn resp. in FY23
ST Loans & Advances, Others	63,514	83,171	78,628	Refundable deposit increased by INR 5bn YoY to INR 14.1bn. Moreover, advances paid to suppliers increased by INR 2.4bn YoY and unbilled revenue decreased by INR 3bn
Total Current Assets	**215,089**	**258,274**	**3,58,112**	
Creditors	9,800	14,514	16,574	
Other Current Liabilities & Provisions	131,311	164,404	2,30,533	
Total Current Liabilities	**141,111**	**178,918**	**2,47,107**	
Net Current Assets	**73,978**	**79,356**	**1,11,005**	
TOTAL APPLICATION OF FUNDS	**157,463**	**181,329**	**2,31,792**	

Consolidated cash flow statement

Year ending March (INR mn)	FY22	FY23	FY24	Comments
PBT incl. minority	15,093	14,143	21,223	
Non-operating & EO items	(9,737)	(7,579)	(15,059)	Includes exception gains from sale of subsidiaries
Taxes	(2,361)	(3,288)	-4,164	
Interest expenses	5,553	8,066	12,191	
Depreciation	4,710	6,471	7,165	Higher on account of addition in net block during the year
Working Capital Change	8,141	(2,418)	-8,383	Mainly on account of increase in inventory
OPERATING CASH FLOW (a)	**21,399**	**15,395**	**12,973**	
Capex	(21,578)	(16,006)	-28,790	Includes INR 19.1bn of capex on PP&E
Free cash flow (FCF)	(179)	(611)	-15,817	Higher capex and lower OCF
Investments	(18,876)	(11,555)	3,308	Increase in partnership current account by INR 8.1bn
INVESTING CASH FLOW (b)	**(40,454)**	**(27,561)**	**-25,482**	
Share capital Issuance	-	-	-	
Debt Issuance	21,926	13,468	32,454	Secured loan availed was more than repaid
Interest expenses	(5,341)	(7,412)	-12,161	Higher on account of higher debt
Dividend	(601)	(601)	(601)	Dividend declared for FY24 was 15% of face value. Cash outgo expected for FY24 would be same as INR 601mn
FINANCING CASH FLOW (c)	**15,984**	**5,455**	**19,692**	
NET CASH FLOW (a+b+c)	**(3,071)**	**(6,711)**	**7,183**	

ESG

Environment: Prestige has mapped its energy consumption, water management, waste management, and material sourcing practices to meet the standards set by the ISO 14001:2015 Environmental Management System. The company achieves energy and emission management by using effective designs, appropriate materials, and energy-efficient equipment, significantly reducing overall energy consumption and CO_2 emissions, and thus taking steps against the climate crisis. Towards Green building - 90% of the office pipeline is LEED Gold, LEED Platinum and WELL Certified. In terms of waste management, it recycled 36354mt in FY24.

Projects are built on the green housing concept with sustainable design and maximum utilisation of renewable natural resources, including solar energy harnessing, energy-efficient water pumps and rainwater harvesting, thus reducing long-term carbon footprint. Some of the measures that are continued to be used are as follows: (1) use of STP-treated water for flushing, landscaping and air conditioning; (2) harvesting rainwater in the form of deep well recharging, collection, treatment and use of terrace storm water etc.; (3) increased use of water-cooled chillers; (4) use of centralized LPT reticulation system with piped gas supply to individual flats; (5) use of low flow toilet fixtures with sensors, concealed valves, etc.

Social: PEPL spent INR 87mn on CSR (INR 9mn) brought forward from the previous year) as against the obligation of INR 77mn. CSR projects undertaken include Ulsoor Lake Development & Maintenance, St. Marks Road - both side garden and water body maintenance, and Prestige Pinewood surrounding parks.

Corporate governance: Governance strategy at Prestige—accountability, transparency, and shareholder engagement. PEPL Board has a proper mix of executive and independent directors to maintain its independence and separate its functions of governance and management. The Board has four executive directors (one woman) and five independent directors (one woman).

SOTP target of INR 2,060/sh

We believe the developer presents a distinctive combination of scale, diversity, and market dominance. Along with its residential portfolio, developer is strengthening its annuity portfolio with a Capex of INR 137bn which will eventually help to generate recurring cashflows. Additionally, we anticipate the company will manage peak net debt of around INR 150bn backed by recent INR 50bn fund raise via QIP. With these favorable dynamics, we reiterate Buy, with an unchanged TP of INR 2,060.

Segment	INR mn	Rs/share
Residential - for sale	2,67,053	666
Commercial – lease	33,898	85
Incremental office lease	85,327	213
Retail – lease	21,138	53
Hospitality	95,051	237
Project management	4,823	12
Capital work in progress	-	-
Land bank/new JVs	1,18,257	295
Total GAV	**6,25,548**	**1,560**
Less: FY23 Net Debt - Economic interest	56,125	140
Equity value	**5,69,423**	**1,420**
NAV Premium	**45%**	**639**
Target Price		**2,060**

Financials

Consolidated Income Statement

Year ending March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	**51,719**	**81,248**	**72,419**	**63,895**	**83,150**	**78,771**	**88,538**	**1,10,648**
Growth (%)	*(6)*	*57*	*(11)*	*(12)*	**30**	**(5)**	**12**	**25**
Material Expenses	28,599	47,516	44,673	38,904	47,244	26,578	30,821	44,690
Employee Expenses	3,986	4,601	4,203	4,510	6,034	7,467	8,214	9,035
Other Operating Expenses	4,596	5,571	3,960	5,146	9,009	19,189	21,108	21,741
EBIDTA	**14,538**	**23,560**	**19,583**	**15,335**	**20,863**	**25,537**	**28,396**	**35,182**
EBIDTA (%)	*28.1*	*29.0*	*27.0*	*24.0*	**25.1**	**32.4**	**32.1**	**31.8**
EBIDTA Growth (%)	*33*	*62*	*(17)*	*(22)*	**36**	**22**	**14**	**24**
Other Income	1,122	1,185	2,435	2,107	4,570	15,482	6,193	4,954
Depreciation	3,229	6,667	5,926	4,710	6,471	7,165	7,823	8,542
EBIT	**12,431**	**18,078**	**16,092**	**12,732**	**18,962**	**33,854**	**26,766**	**31,594**
Interest	7,228	10,233	9,793	5,553	**8,066**	**12,744**	**15,843**	**15,823**
Exceptional items	(894)	(380)	(27,926)	(8,079)	**(3,079)**	**-**	**-**	**-**
PBT	**6,097**	**8,225**	**34,225**	**15,258**	**13,975**	**21,110**	**10,923**	**15,770**
Tax	1,985	2,783	5,193	2,945	3,475	4,936	2,621	3,785
RPAT	**4,156**	**4,031**	**27,823**	**11,500**	**9,418**	**13,741**	**5,481**	**8,966**
Minority Interest	263	1,455	959	648	1,250	2,546	2,673	2,807
Share of associates	307	44	(250)	(165)	**168**	**113**	(147)	(212)
EO items (net of tax)	894	380	27,926	8,079	3,079	11,000	-	-
APAT	**3,926**	**4,815**	**3,809**	**4,764**	**5,592**	**5,491**	**5,481**	**8,966**
APAT Growth (%)	*(9)*	*23*	*(21)*	*25*	*17*	*(2)*	**(0)**	**64**
EPS	**10.5**	**12.0**	**9.5**	**11.9**	**13.9**	**13.7**	13.7	22.4

Source: Company, HSIE Research

Consolidated Balance Sheet

As at March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
SOURCES OF FUNDS								
Share Capital	3,750	4,009	4,009	4,009	4,009	4,009	4,009	4,009
Reserves	38,516	49,593	76,005	86,937	95,744	1,08,879	1,13,422	1,21,450
Total Shareholders' Funds	**42,266**	**53,602**	**80,014**	**90,946**	**99,753**	**1,12,888**	**1,17,431**	**1,25,459**
Minority Interest	**1,120**	**2,284**	**4,198**	**4,523**	**2,832**	**5,122**	**7,795**	**10,602**
Long Term Debt	82,108	86,269	36,112	63,010	73,532	1,14,623	1,23,623	1,32,623
Short Term Debt	2,761	6,446	3,713	2,120	7,676	-	-	-
Total Debt	**84,869**	**92,715**	**39,825**	**65,130**	**81,208**	**1,14,623**	**1,23,623**	**1,32,623**
Deferred Taxes	**(4,083)**	**(2,685)**	**(3,320)**	**(3,136)**	**-2,464**	**-841**	**-841**	**-841**
TOTAL SOURCES OF FUNDS	**124,172**	**145,916**	**120,717**	**157,463**	**1,81,329**	**2,31,792**	**2,48,008**	**2,67,843**
APPLICATION OF FUNDS								
Net Block	**64,139**	**84,617**	**37,219**	**57,981**	**67,224**	**86,095**	**84,778**	**71,444**
CWIP	**16,450**	**21,431**	**27,396**	**17,246**	**23,987**	**21,372**	**46,872**	**83,670**
Goodwill	**3,069**	**5,167**	**534**	**534**	**534**	**534**	**534**	**534**
Investments, LT Loans & Advances	**7,784**	**7,893**	**9,072**	**7,724**	**10,228**	**12,786**	**12,786**	**12,786**
Inventories	131,501	113,750	95,805	115,667	1,43,671	2,41,562	2,34,315	2,27,286
Debtors	16,544	14,765	13,740	14,196	13,286	12,340	12,957	13,605
Cash & Equivalents	6,530	7,857	24,012	21,712	18,146	25,582	18,872	14,914
ST Loans & Advances, Others	34,591	36,596	38,820	63,514	83,171	78,628	96,638	1,16,648
Total Current Assets	**189,166**	**172,968**	**172,377**	**215,089**	**2,58,274**	**3,58,112**	**3,62,783**	**3,72,452**
Creditors	12,530	12,249	10,820	9,800	14,514	16,574	16,740	16,907
Other Current Liabilities & Provisions	143,906	133,911	115,061	131,311	1,64,404	2,30,533	2,43,005	2,56,135
Total Current Liabilities	**156,436**	**146,160**	**125,881**	**141,111**	**1,78,918**	**2,47,107**	**2,59,745**	**2,73,043**
Net Current Assets	**32,730**	**26,808**	**46,496**	**73,978**	**79,356**	**1,11,005**	**1,03,038**	**99,410**
TOTAL APPLICATION OF FUNDS	**124,172**	**145,916**	**120,717**	**157,463**	**1,81,329**	**2,31,792**	**2,48,008**	**2,67,843**

Source: Company, HSIE Research

Consolidated Cash Flow

Year ending March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
PBT incl. minority	6,404	8,269	33,975	15,093	14,143	21,223	10,923	15,770
Non-operating & EO items	(2,106)	(1,306)	(29,776)	(9,737)	-7,579	-15,612	-6,340	-5,166
Taxes	(2,330)	(3,033)	(2,069)	(2,361)	-3,288	-4,164	-2,621	-3,785
Interest expenses	7,228	10,233	9,793	5,553	8,066	12,744	15,843	15,823
Depreciation	3,229	6,667	5,926	4,710	6,471	7,165	7,823	8,542
Working Capital Change	(4,804)	1,433	545	8,141	-2,418	-8,383	1,258	-331
OPERATING CASH FLOW (a)	**7,621**	**22,263**	**18,394**	**21,399**	**15,395**	**12,973**	**26,885**	**30,854**
Capex	(9,846)	(21,991)	(8,388)	(21,578)	-16,006	-28,790	-32,006	-32,006
Free cash flow (FCF)	(2,225)	272	10,006	(179)	-611	-15,817	-5,121	-1,152
Investments	3,570	(1,505)	13,327	(18,876)	-11,555	3,308	6,193	4,954
INVESTING CASH FLOW (b)	**(6,276)**	**(23,496)**	**4,939**	**(40,454)**	**-27,561**	**-25,482**	**-25,813**	**-27,052**
Share capital Issuance	-	8,939	-	-	0	0	0	0
Debt Issuance	8,550	5,133	3,397	21,926	13,468	32,454	9,000	9,000
Interest expenses	(7,137)	(10,149)	(9,741)	(5,341)	-7,412	-12,161	-15,843	-15,823
Dividend	(543)	(1,403)	-	(601)	-601	-601	-938	-938
FINANCING CASH FLOW (c)	**870**	**2,520**	**(6,344)**	**15,984**	**5,455**	**19,692**	**-7,781**	**-7,761**
NET CASH FLOW (a+b+c)	**2,215**	**1,287**	**16,989**	**(3,071)**	**-6,711**	**7,183**	**-6,710**	**-3,959**

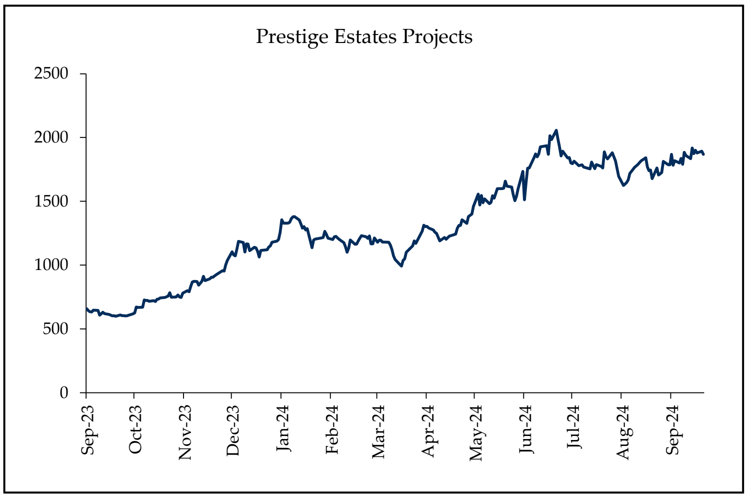
Source: Company, HSIE Research

Key Ratios

	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
PROFITABILITY (%)								
GPM	44.7	41.5	38.3	39.1	43.2	66.3	65.2	59.6
EBITDA Margin	28.1	29.0	27.0	24.0	25.1	32.4	32.1	31.8
APAT Margin	7.6	5.9	5.3	7.5	6.7	7.0	6.2	8.1
RoE	8.8	10.0	5.7	5.6	5.9	5.2	4.8	7.4
Core RoCE	10.5	14.2	12.9	9.7	11.8	17.4	11.8	12.9
RoCE	10.5	14.2	12.9	9.7	11.8	17.4	11.8	12.9
EFFICIENCY								
Tax Rate (%)	32.6	33.8	15.2	19.3	24.9	23.4	24.0	24.0
Asset Turnover (x)	0.4	0.6	0.6	0.4	0.5	0.4	0.4	0.4
Inventory (days)	666	551	528	604	569	893	981	761
Debtors (days)	92	70	72	80	60	59	52	44
Payables (days)	92	56	58	59	53	72	69	55
Cash Conversion Cycle (days)	666	566	542	625	576	880	964	750
Debt/EBITDA (x)	5.8	3.9	2.0	4.2	3.9	4.5	4.4	3.8
Net D/E	1.85	1.58	0.2	0.5	0.6	0.8	0.9	0.9
Interest Coverage	1.7	1.8	1.6	2.3	2.4	2.7	1.7	2.0
PER SHARE DATA								
EPS (INR/sh)	10.5	12.0	9.5	11.9	13.9	13.7	13.7	22.4
CEPS (INR/sh)	19.1	28.6	24.3	23.6	30.1	31.6	33.2	43.7
DPS (INR/sh)	4.3	5.4	5.7	2.3	2.3	2.3	2.3	2.3
BV (INR/sh)	112.7	133.7	199.6	226.9	248.8	281.6	292.9	312.9
VALUATION								
P/E	178.5	155.6	196.7	157.3	134.0	136.5	136.7	83.6
P/BV	16.6	14.0	9.4	8.2	7.5	6.6	6.4	6.0
EV/EBITDA	53.6	35.4	39.1	51.7	38.9	33.6	30.1	24.6
OCF/EV (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF/EV (%)	(0.3)	0.0	1.3	(0.0)	(0.1)	(1.9)	(0.6)	(0.1)
FCFE/Market Cap (%)	(0.1)	(0.6)	0.5	2.2	0.7	0.6	(1.6)	(1.1)
Dividend Yield (%)	0.2	0.3	0.3	0.1	0.1	0.1	0.1	0.1

Source: Company, HSIE Research

1 Yr Price movement



Rating Criteria

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

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