

On a Cyclical High



SECTOR THEMATIC

REAL ESTATE

On a cyclical high

Debate around the new real estate upcycle continues to cloud the market's collective wisdom. Upcycles are driven by rising income levels, narrowing of the rental yields and interest rate corridor gap, structural changes like market share gains by organised players, wealth effect, joint family nuclearization, and confidence in strong economic growth. These tailwinds are favoring a real estate revival and have led to an unprecedented pick-up in sales. A large share of household savings is being directed into home purchases, which could lead to disproportionate gains for strong branded players. The collapse of the tier-2 developer ecosystem is changing the supply chain, with competitors becoming partners and land bank suppliers. We build a case for playing this cycle by betting on local market leaders and identifying new challengers who previously had the right to win but were hesitant to exercise it.



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Debate around the new real estate upcycle continues to cloud the market's collective wisdom. Upcycles are driven by rising income levels, narrowing of the rental yields and interest rate corridor gap, structural changes like market share gains by organised players, wealth effect, joint family nuclearization, and confidence in strong economic growth. These tailwinds are favoring a real estate revival and have led to an unprecedented pick-up in sales. A large share of household savings is being directed into home purchases, which could lead to disproportionate gains for strong branded players. The collapse of the tier-2 developer ecosystem is changing the supply chain, with competitors becoming partners and land bank suppliers. We build a case for playing this cycle by betting on local market leaders and identifying new challengers who previously had the right to win but were hesitant to exercise it.

A lot has changed; best-ever affordability, wealth creation impact: COVID-19 stood out as a big real estate disruptor and accelerated housing demand conversion. Some of the catalysts that fueled this include stamp duty cuts, developer discounts, high attrition and resultant hikes, democratization of ESOPs to cover a broader employee spectrum, achievement of accelerated unicorn status, and stock market rally. All-time low mortgage rates and all-time high affordability have provided the supporting environment. We perceive inflation as a key risk since it may drive input cost and mortgage rates higher and derail the recovery. We still believe that developers have headroom to absorb inflation as greater transparency over time has reduced costs of capital and organised developers enjoy 25-30% lower funding costs than tier-2 players.

Multiple tailwinds propel market share shift to organised players: A large share of the buyer's universe remains circumspect on completion of under construction projects by tier-2 developers. This has caused a structural change with brands winning psychological mind games as well as market shares. Tier-2 developers are creators of clean land bank titles, filtering them through an opaque sourcing system (slums, redevelopment, government colonies, political land, etc.), and making them launchable. The formalisation of the sector could make tier-2 developers partners (vs. competitors), leading to market share gains for tier-1 developers. Land banking and real estate development has been finally detached.

Asset light balance sheet leaves headroom to seek growth opportunities: Our coverage universe has significantly deleveraged in the past few years and companies are pursuing new growth opportunities through an asset-light way of joint development or land JVs. Outright land purchases have seen a declining trend as focus is more on acquiring inventory with up to 1 year launch readiness. Further, companies are focusing on maximising IRRs vs. earlier focus on maximising pricing and profits. This shall help in upfronting cash flows and lead to stronger balance sheets. Stronger players remain flexible and may acquire land banks, if interesting opportunities come up.

Addressing valuation conundrum: Real estate rally has led to NAV discount contraction (vs. long term average) for our coverage universe. We have a limited history of Indian upcycle and its behavior on stock prices (few listed stocks during the previous upcycle). It is difficult to factor multiple random inputs in a scenario of structural changes, both macro and micro, into the valuation, as they take time to unfold. We have built scenarios and sensitivities with presales, new market entries, market share gains, etc. **Top picks: DLF, Oberoi, Phoenix Mills, Mahindra Lifespaces, and Brigade Enterprises.**

COMPANY	CMP (INR)	OLD RECO	NEW RECO
DLF	360	BUY	BUY
Oberoi Realty	891	ADD	BUY
Sobha	758	ADD	BUY
Brigade	494	ADD	BUY
Kolte-Patil Developers	273	BUY	BUY
Prestige	446	ADD	BUY
Phoenix Mills	973	BUY	BUY
Godrej Prop.	1,569	REDUCE	ADD
Mahindra Lifespaces	310	BUY	BUY

COMPANY	Old TP (INR)	New TP (INR)
DLF	460	486
Oberoi Realty	1,060	1,143
Sobha	964	1,000
Brigade	530	619
Kolte-Patil Developers	377	381
Prestige	540	633
Phoenix Mills	1,360	1,364
Godrej Prop.	1,800	1,804
Mahindra Lifespaces	379	473

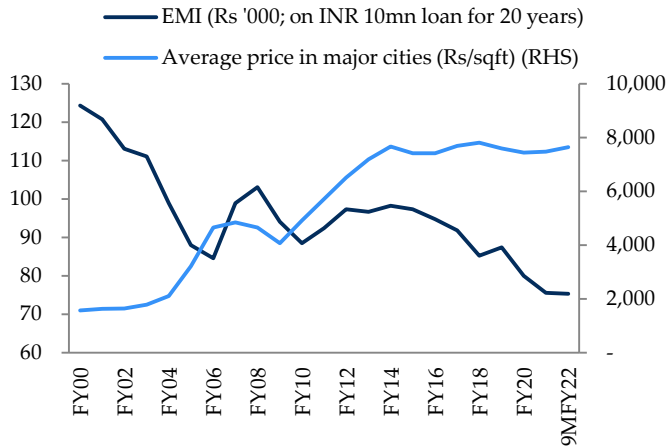
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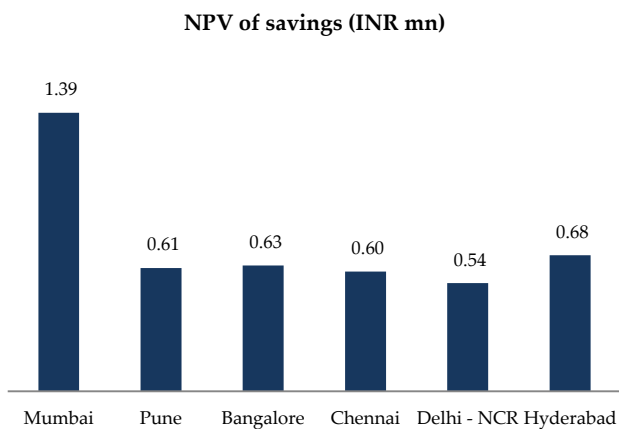
Focus Charts

Lower mortgage rate and higher income level has improved affordability



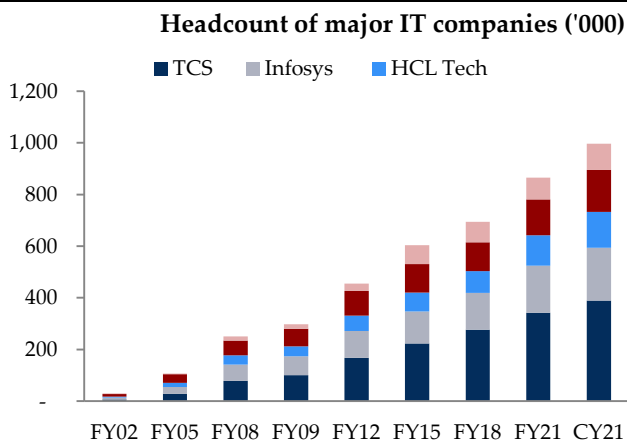
Source: Banks, HSIE Research

Residents of Mumbai benefit more from lower mortgage rates than those in other major cities



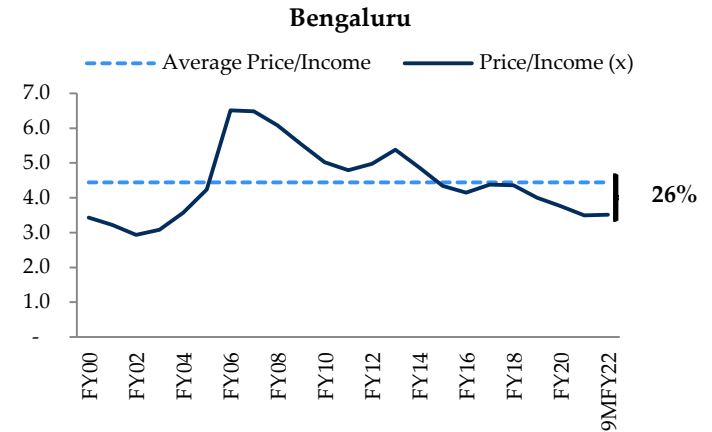
Source: HSIE Research

IT professionals form higher share in house buyer's profile



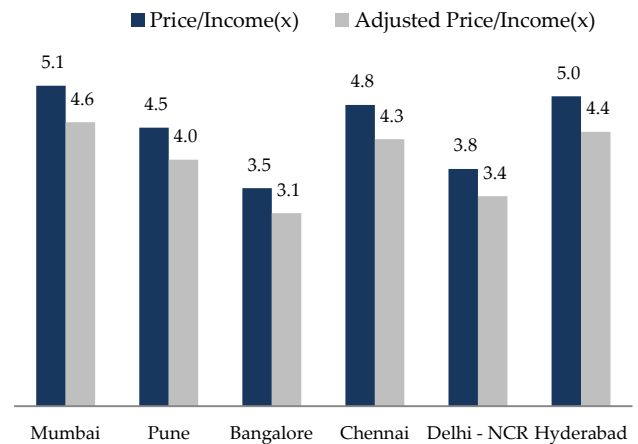
Source: Company, HSIE Research

According to our model, Bengaluru may see highest price appreciation over next two years



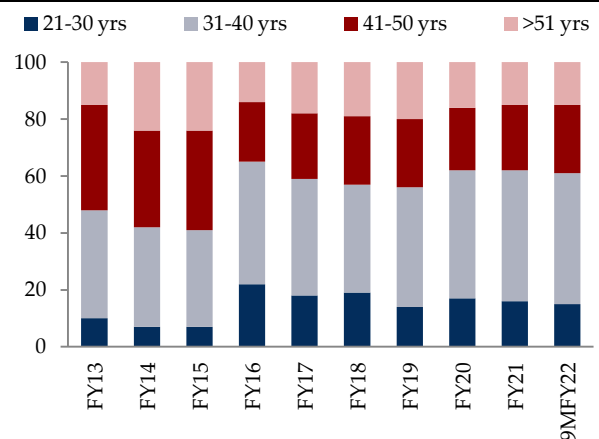
Source: HSIE Research

However, affordability for an average Bengaluru resident has improved the maximum (lower the value, better the affordability)



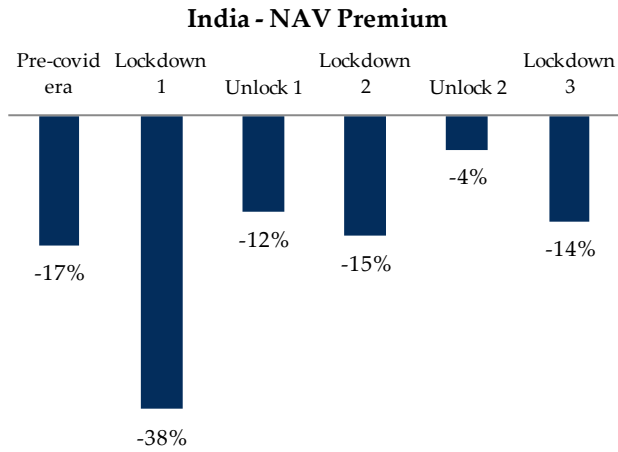
Source: HSIE Research

Millenials in the age group of 31-40years are driving the housing demand



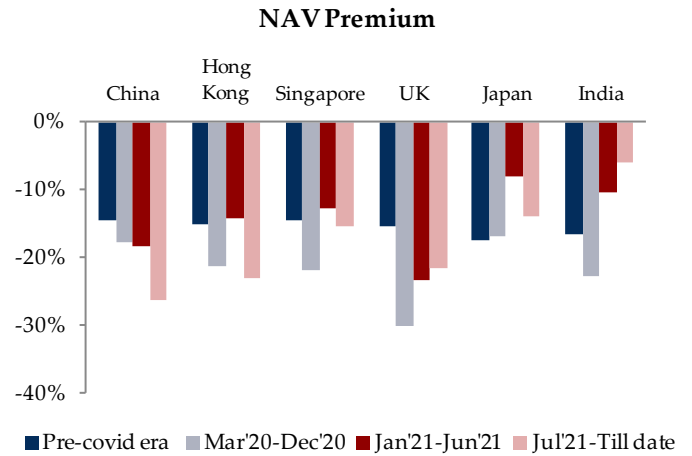
Source: Sobha Ltd.

India trading at lower discount to NAV than in pre-covid level



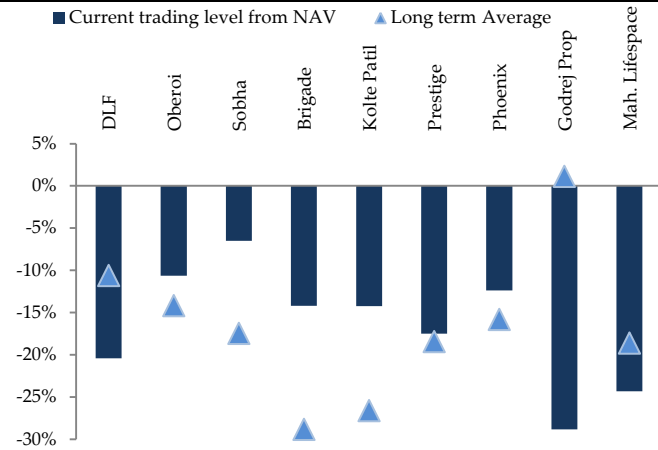
Source: Based on bloomberg consensus estimates

Globally realty is trading at higher discount to NAV compared to their pre-covid levels



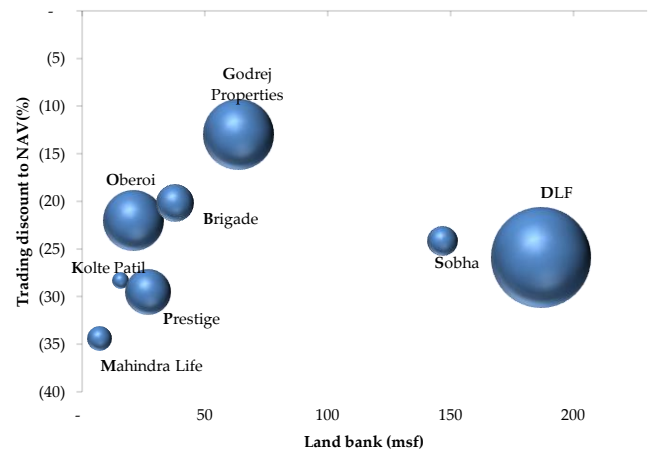
Source: Based on bloomberg consensus estimates

Companies in our coverage universe have traded on average 30% discount to NAV



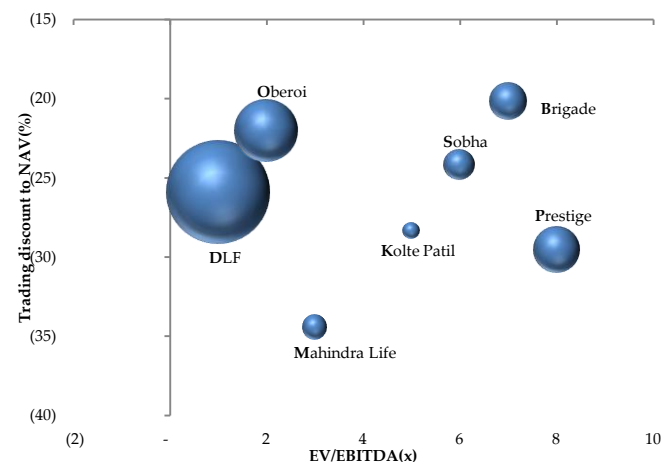
Source: Based on bloomberg consensus estimates

Generally, companies with larger land bank trade at lower discount to NAV



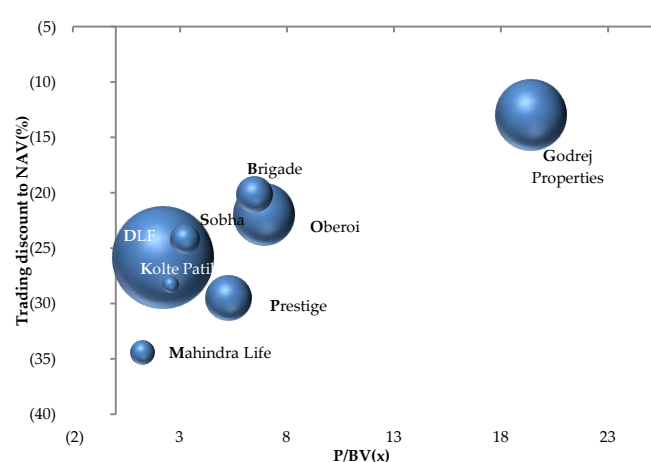
Source: HSIE Research; *Size of the bubble indicates market cap

Companies with higher EV/EBITDA(x) trade at lower discount to NAV



Source: HSIE Research; *Size of the bubble indicates market cap

Companies with higher P/BV(x) trade at lower discount to NAV



Source: HSIE Research; *Size of the bubble indicates market cap

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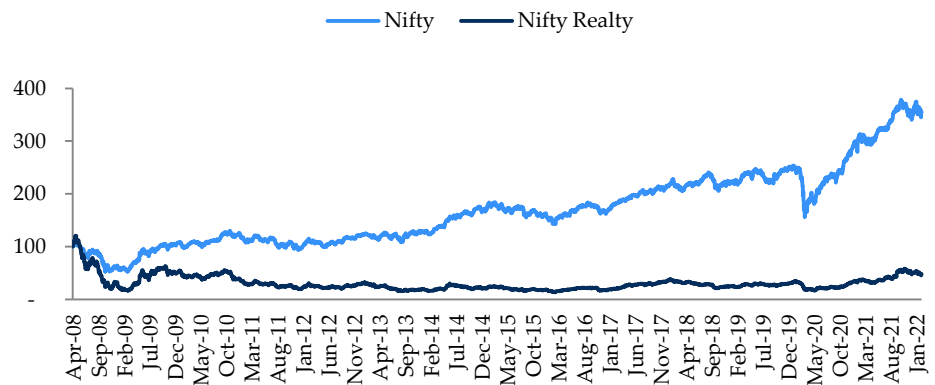
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Real estate stocks' long-term underperformance is also a function of their opaqueness, corporate governance issues, accounting complexities, and complex valuations

Real estate broader decadal underperformance

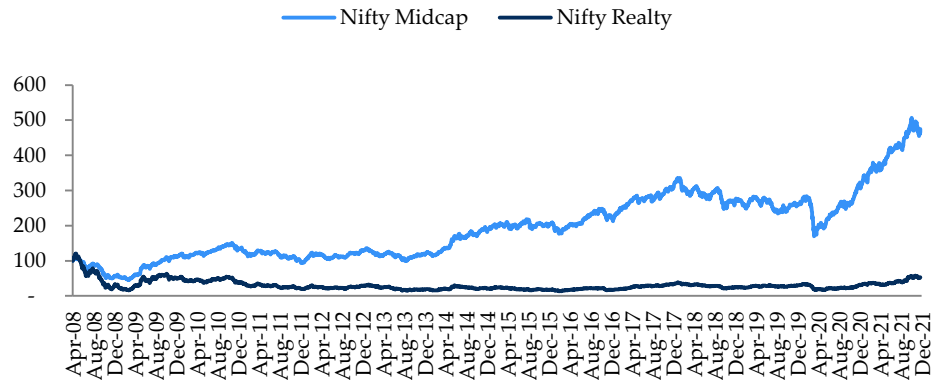
The long-term real estate index price performance cuts a sorry picture for most of the surviving listed stocks. The real estate sector is usually characterised by (1) opaqueness, (2) corporate governance issues, (3) accounting complexities, and (4) convoluted valuation methodologies. GFC, prolonged volatility in economic recovery, unveiling of multiple scams, GST, demonetization, and DHFL crisis led to a highly volatile demand-supply conundrum. In the charts below, we compare the Nifty Realty Index with Nifty and Nifty midcap indices; whilst the large and midcap index has increased 3.5x and 4.5x respectively since the start of FY08, realty index has halved since then. However, the momentum in the realty sector has surpassed both the other indices with Nifty Realty up 1.6x vs Nifty/Nifty midcap up 1.1/1.5x since the start of the pandemic, which was supposedly a sectoral game changer.

Nifty vs Nifty Realty



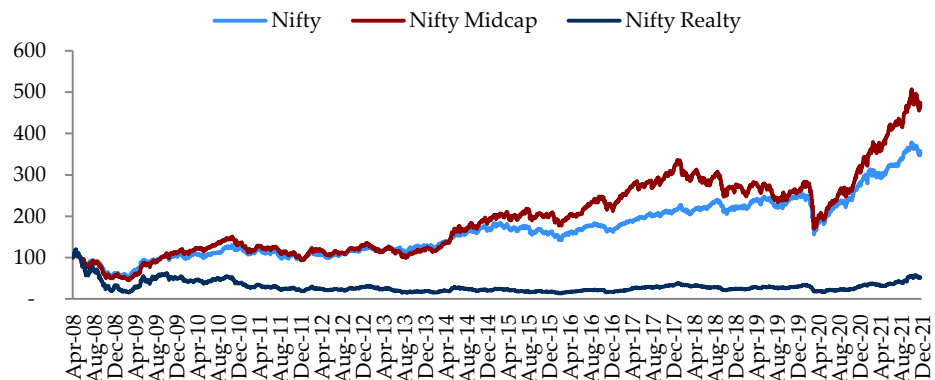
Source: Company, HSIE Research

Nifty Realty vs Nifty Midcap



Source: Bloomberg, HSIE Research

Nifty Realty vs Nifty Vs Nifty Midcap



Source: Bloomberg, HSIE Research

Pandemic-led demand recovery- realisation of home ownership

The pandemic triggered a demand recovery in the following ways: (1) the slowdown led to real estate fiscal stimulus, viz., cuts in stamp duties and premium by Maharashtra; (2) it drove sinking realisation of house ownership and associated benefit of having a bigger house; (3) accelerated digitalisation led to high demand for tech talent, while higher attrition and salary hikes led to more savings in the hands of potential buyers; (4) low interest rates and unexpected salary hikes made house-buying more affordable; (5) the start-up ecosystem wealth unlock in a favorable underlying stock market rally aided financial wealth transfer towards purchase of physical asset like real estate. In true sense, it looks like a 'Tulip Mania' that had spread like a contagion, with every other person looking to/firming up mind to buy a house. We believe that the trend is more end-users driven rather than speculative and hence more stable demand dynamics may continue over the medium to long term.

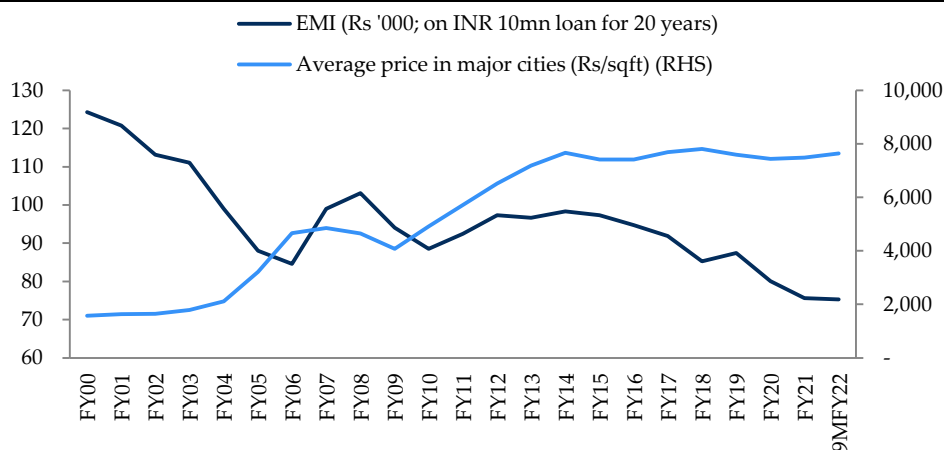
The current demand trend for housing, we believe, is end-user driven rather than speculative and, hence, more stable

Stable prices, rising incomes take affordability to all-time high

An all-time low mortgage rate and higher income for the working class (especially IT/ITes) has taken affordability of house ownership to an all-time high. As a measure of affordability, we have shown how much EMI is charged on an INR10mn loan with a 20-year tenure. The overall trend though gives a picture of increasing affordability; viewing this in conjunction with average prices in major cities tells as that, despite flattish prices since FY14, affordability has gone up. We have still not factored in the rising wealth effect, broad-based stock market rally and associated wealth creation, and likely shifting of this non-salary income/wealth to physical assets like real estate. Based on our assumption on income levels and capital values/EMIs, we project city-wise affordability and likely pricing actions that may follow over the next few years in these macro markets.

Low mortgage rate and rising income level of IT/ITes have taken affordability to an all-time high

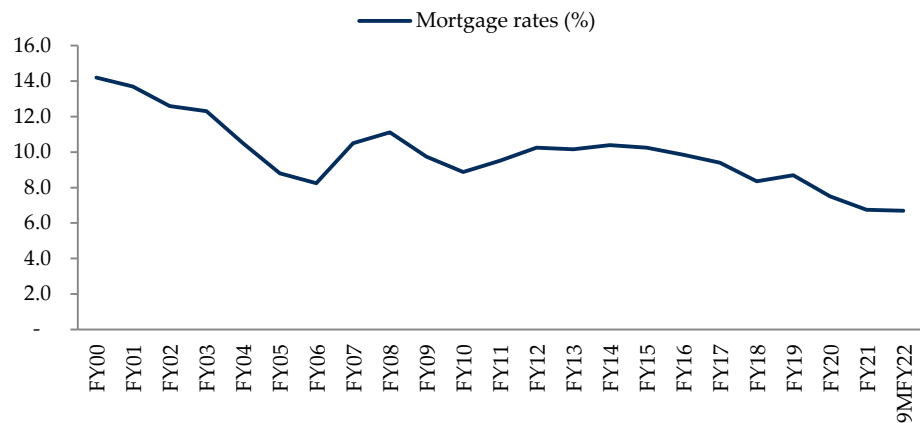
Affordability has improved



Source: Banks, HSIE Research

Mortgage rates at all-time lows

Mortgage rates are key drivers of affordability or the ratio EMI/lakh of borrowing. They are indirect transfers of wealth from risk-free savers to borrowers. Over the years, the cost of deposits have come down and consequently the banks/NBFCs have been passing on the benefits to real estate buyers in terms of lower borrowing costs. In the past 20 years, mortgage rates have halved, making property purchase affordable as capital values have been stable over the last few years. We delve more into the city-wise affordability in the tables below.



Source: Banks

City-wise affordability and pricing prediction

We have built a customised HSIE city-wise affordability model to showcase how residential property value/income ratio has moved over 20 years for a 1,000sqft apartment. We have collated average yearly income levels of a household, mortgage rates, property prices, and capital value for housing units. We then take the average 20-year ratio and, using it, we predict likely real estate property hikes in each of the top-6 cities over the next two years.

Mumbai property market may see upto 20% price appreciation over next two years

Our affordability plot shows that Mumbai affordability is at a multiyear high. Stagnant property price, rising income level, and correction of mortgage rates over past 20 years are the key drivers of affordability. We believe that to catch up with the 20-year average capital value/income ratio, property prices need to rise by 20%. The only impediment here is that the unlocking of CRZ land, old government colonies, and slum rehabilitation shall increase supply and keep prices under check and affordability high, resulting in sustained healthy demand for residential housing.

Pune property market may see upto 21% price appreciation over next two years

Pune is witnessing a congregation of tier-1 developer expansion with the likes of Godrej, Mahindra, and Macrotech expanding presence. The macro market is well-served by IT/ITES, automobile, manufacturing, etc., and the income levels have risen over the past two years. In close proximity to Mumbai, the macro market still remains a substantial discount to MMR property prices.

Bengaluru property market may see 26% price appreciation over next two years

India's silicon valley and home to many startups is the best-performing market with multiyear high affordability and lowest capital value/income ratios vs other key residential markets. Strong IT/ITES demand, manufacturing, pharma, and startups are key drivers of residential demand. The increase in incomes, high IT attrition, ESOP buybacks, and listing of unicorns has increased affordability. Multiple tier-1 developers are evaluating expansion plans in Bengaluru residential market. We believe that Bengaluru may see a price uptick of about 26% over the next two years.

Chennai property market may see upto 19% price appreciation over next two years

A similar setup like Bengaluru, Chennai could see 19% price appreciation. Whilst the high rise group housing is picking up in Chennai with buyers opting for more open spaces and amenities, it still remains a value buyer's market. Given high affordability, there is a case for price appreciation.

Delhi-NCR market may see upto 18% price appreciation over next two years

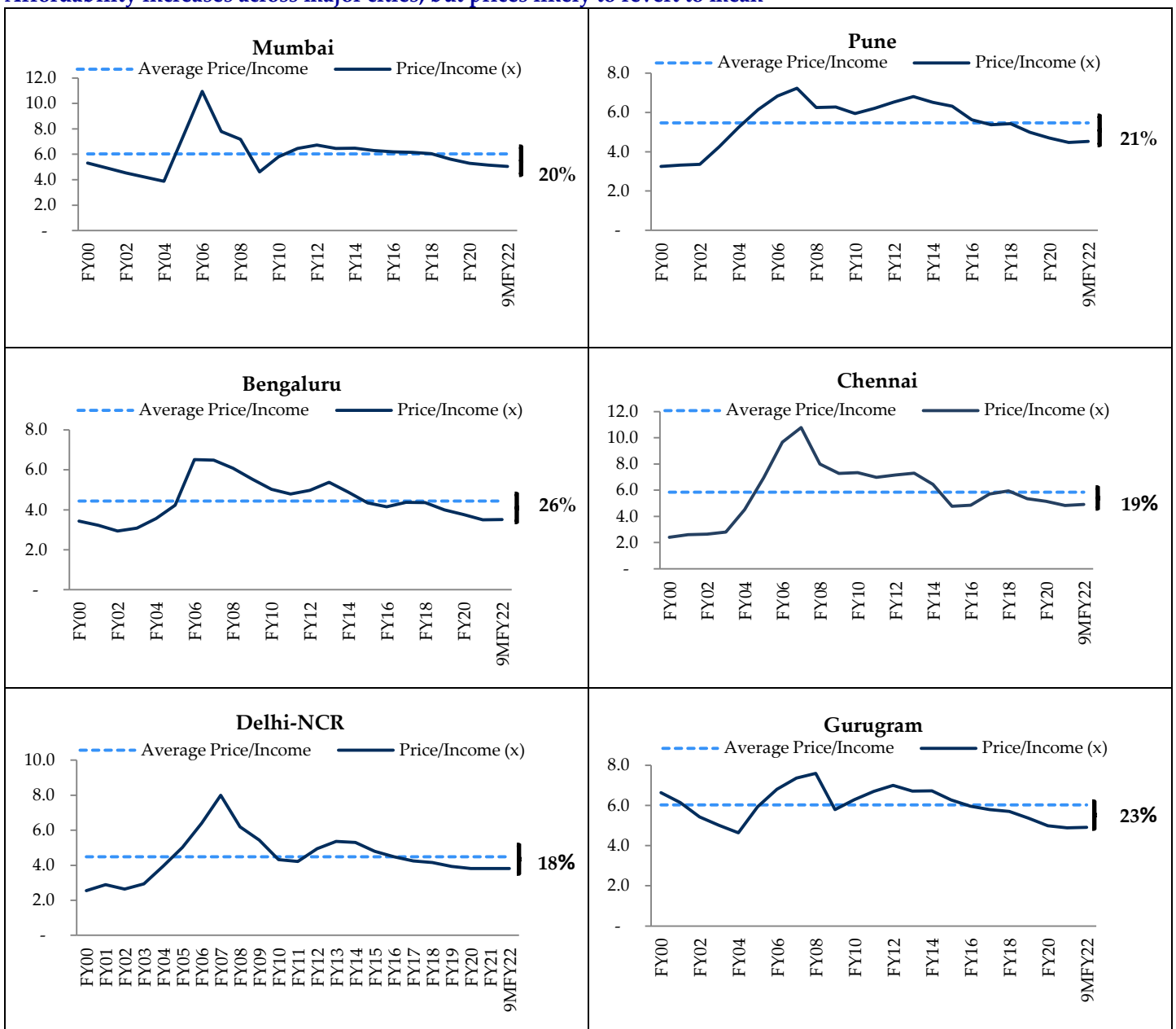
Whilst NCR remains a value housing market, the entry of tier-1 developers like Godrej and Prestige Estates may result in some price uptick on the back of better

Bengaluru may see the highest price appreciation among major cities, with others not far behind

product. Despite this, supply may continue to outpace demand and, with market largely IT/ITES driven, it shall remain a value market. Delhi supply is controlled by the government mainly; now, opening of some private land with entry of developers like Godrej could increase supply. Overall, we expect about 18% price appreciation in Delhi-NCR over the next two years.

Gurugram property market may see 23% price appreciation over next two years
Close proximity to Delhi, robust infrastructure, presence of tier-1 developers, and a high services-driven economy have made Gurugram a hotbed for residential development. DLF is a key player in this market, with a large installed base of annuity assets and historical land bank at strategic locations. Other players like Mahindra, Godrej, and Birla Estates have a presence and are looking to ramp it up. DLF though should remain the key beneficiary of property price appreciation in this market, owing to its large swathes of land banks in it.

Affordability increases across major cities, but prices likely to revert to mean



Source: HSIE estimates

HSIE proprietary affordability index

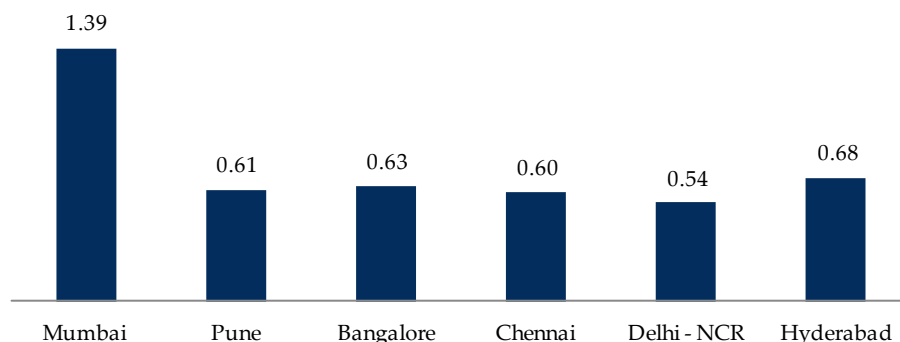
Adj for mortgage savings, index reflects clearer affordability picture

To better take into account the effect of lower mortgage rate on affordability for a typical house buyer, we quantified the implied savings on a 20-year loan at 80% LTV in major cities. The present value of total savings an average house buyer will have for a home loan taken in FY21 was calculated by discounting the incremental savings over the 20-year loan tenor with FY21 mortgage rate against that of FY18 (capital prices remained stable while mortgage rates reduced from 8.4% in FY18 to 6.8% in FY21 - the analysis period).

In the graph below, we can see that higher the property prices, higher will be the savings. However, when we offset this saving with the capital value of a house and view this in conjunction with the average household income, we get adjusted affordability ratio (the lower the better). On an adjusted basis, it can be deduced that a person in Bengaluru has the best affordability in FY21 (3.1x price/income). However, an average Mumbai resident benefits more from a lower mortgage rate than residents of any other major city (the gap in adjusted and unadjusted price/income ratio is most extreme in Mumbai - at 0.59).

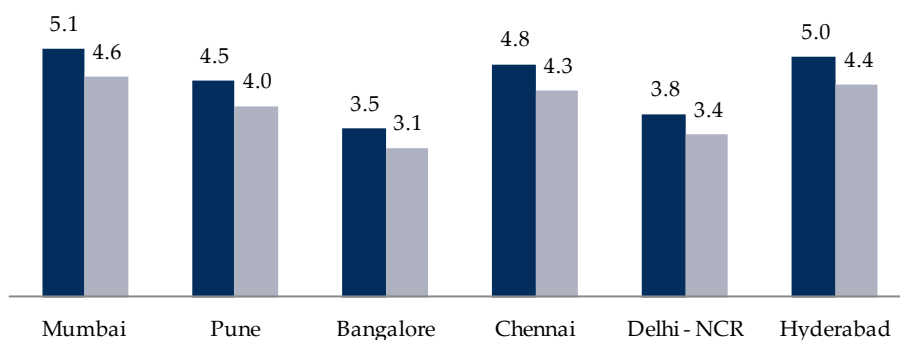
Adjusted affordability ratio – incorporates implied savings on lower mortgage rate, capita value of a house, and average household income

NPV of savings (Rs mn)



Source: HSIE Research

■ Price/Income(x) ■ Adjusted Price/Income(x)



Source: HSIE Research

The implied price hike a developer must take to nullify higher construction cost, especially in raw material, is 6.6%

Cost inflation not sustainable; developers need 5-10% price hikes to offset impact

Real estate developers have been impacted by raw material price increases, labour cost increases, and finished product price increases. Post the COVID-19 pandemic, the sharp cyclical recovery has hardened commodity prices, partly due to demand and partly through pricing discipline. Real estate developers and buyer agreements are fixed price in nature and, hence, are exposed to vagaries of raw material price escalation both ways – during upsides and downsides.

In the example below, we have broken down various cost components into labour and material and ascribed approximately inflation over the past year to these costs. We have assumed INR 7,000/sqft of average realisation of mass market real estate and about INR 4,000/sqft of construction costs. On a blended basis, we have estimated that construction costs have increased by 11.6%, which translates to about 44% EPS cuts. The implied price hike required to subsume this cost increase is about 6.6%.

The above example is for pure play residential players, viz., Sobha, Kolte Patil, Godrej Properties, etc. For mixed use, the impact is difficult to assess as already different segments are facing headwinds, which is difficult to incorporate in the model. These are: (1) volatile hospitality ARR and occupancies; (2) office assets rental discount and rising vacancies; (3) retail mall consumption volatility; (4) mix of luxury, affordable and mid-income revenues in the quarterly mix; (5) cost overruns due to COVID-19.

Construction Costs (INR/sqft)	Core and Shell (INR/sqft)	INR/sqft	Increase (%)	Prices post Increase (INR/sqft)	Finishing material	INR/sqft	Increase (%)	Prices post Increase (INR/sqft)	Total (INR/sqft)	Comments
Lock and Key	2,200				1,800				4,000	Includes, Material, Shuttering, Electrical, Plumbing, Doors, Windows, Tiling, Fire Fighting etc
Labour	30%	660.0	6.5%	702.9	30%	540	6.5%	575.1		
Materials breakup										
Steel	30%	660.0	37%	903.2						
Concrete	15.0%	330.0	16%	383.7						
Shuttering Materials	25%	550.0	5%	577.5						
Finishing Materials					70%	1,260	5.0%	1,323.0		
Materials	70%	1,540.0		1,864.4						
Total	100%	2,200		2,567	100%	1,800		1,898		
Precovid Costs (INR/sqft)		4,000								
Postcovid Costs (INR/sqft)		4,465								
Increased Costs (INR/sqft)		465								
% Increase		11.6%								
Average Realization (INR/sqft)		7000								
Gross Margins		3,000								
Gross Margins Pre-COVID (%)		42.9%								
Gross Margins		2,535								
Gross Margins Post-COVID (%)		36%								
Drop in margins (BPS)		664.83								
Net Margins %		15%								
Impact on EPS downgrade (%)		44.3								
Price hike required		7,465								
Implied increase in prices (%)		6.6%								

Source: HSIE Research

Other macro-micro factors supporting demand positively

Near-term demand drivers

#Wealth effect building out and propelling luxury real estate

Startups are one of the main demand drivers for office spaces. As a startup grows and adds employees, demand for space also increases. The momentum in demand for office spaces has picked up with the number of unicorns (companies with USD >1bn valuation) in CY21 jumping 3.6x compared to CY20. Whilst startups contribute to office demand, the valuation and wealth creation is driving asset ownership, be it stock, real estate, commodities, or digital currency. Low inflation is facilitating capital movement into various asset classes. With ESOP monetisation at an all-time high, startup valuation is being seen as an opportunity to invest in real estate and house ownership. Particularly, there is a huge tax arbitrage on investing in a house by monetising ESOPs and there is no need to pay capital gains on such investments. Given the highest tax bracket and low acquisition costs, harvesting tax savings into real estate makes sense.

Monetising ESOP to buy a house presents a tax arbitrage opportunity

India Unicorn

SR NO.	Company	Segment	Year of entry in USD 1bn+	Valuation (\$ mn)
1	InMobi	Mobile Ads	2011	1,000
2	Mu Sigma	Analytics	2013	1,500
3	Flipkart	E-Commerce	2012	37,600
4	Snapdeal	E-Commerce	2014	6,500
5	Ola	Ride Hailing	2015	6,700
6	Paytm	Payments	2015	16,000
7	Zomato	Foodtech	2015	8,000
8	Byjus Classes	Edtech	2018	13,700
9	Paytm Mall	E-Commerce	2018	3,000
10	Swiggy	Foodtech	2018	5,000
11	PolicyBazaar	Insurance Tech	2018	2,400
12	Oyo Rooms	Budget Hotels	2018	8,400
13	Udaan	E-Commerce (B2B)	2018	3,100
14	Freshworks	SaaS – CRM	2018	3,500
15	BillDesk	Payments (B2B)	2018	1,600
16	Delhivery	Logistics Services	2019	1,600
17	Dream11	Gaming	2019	5,000
18	BigBasket	Groceries	2019	2,000
19	Rivigo	Trucking Services	2019	1,100
20	Druva Software	Data Management	2019	1,000
21	Icertis	Contract Management	2019	2,800
22	Citius Tech	IT - Healthcare	2019	1,100
23	Ola Electric	Mobility	2019	1,100
24	Lenskart	Eyewear	2019	1,500
25	Pine Labs	Payments	2020	2,000
26	Nykaa	E-Commerce	2020	1,200
27	Postman	SaaS - API Development & Testing	2020	2,000
28	Unacademy	Edtech	2020	2,000
29	RazorPay	Payments (B2B)	2020	1,000
30	Cars24	Auto Sales (Used Cars)	2020	1,000
31	Zenoti	SaaS - Salon & Spa Management	2020	1,000
32	Dailyhunt	Content - News	2020	1,000
33	Glance InMobi	Content - News	2020	1,000
34	Digit	Insurance - General	2021	3,500

SR NO.	Company	Segment	Year of entry in USD 1bn+	Valuation (\$ mn)
35	Innovacer	Data Analytics - Healthcare	2021	1,300
36	Infra.Market	Marketplace - Construction Materials	2021	1,000
37	Five Star Business Finance	NBFC	2021	1,400
38	FirstCry	E-Commerce	2021	2,100
39	Meesho	Social Commerce	2021	2,100
40	CRED	Payments - Credit Card Rewards	2021	2,200
41	Pharmeasy	E-Pharmacies	2021	1,500
42	Groww	Personal Finance - Mutual Funds	2021	1,000
43	ShareChat	Social Media	2021	2,100
44	Gupshup	Conversational Messaging	2021	1,400
45	ChargeBee	SaaS - Subscription Billing Solution	2021	1,400
46	Urban Company	Marketplace - Handyman Services	2021	2,000
47	Moglix	Marketplace - Industrial Equipment	2021	1,000
48	Zeta	API - Financial Services - Banking	2021	1,400
49	Browserstack	SaaS - Programming Tools - Testing	2021	4,000
50	BlackBuck	Logistics Services	2021	1,000
51	Droom	Marketplace - Used cars	2021	1,200
52	Ofbusiness	NBFC (SME Loans)	2021	1,500
53	BharatPe	Payments	2021	2,800
54	MindTickle	SaaS - HR - Training	2021	1,200
55	upGrad	Edtech	2021	1,200
56	CoinDCX	Exchange - Cryptocurrency	2021	1,100
57	Eruditus	Edtech	2021	3,200
58	Grofers	E-Commerce - Groceries	2021	1,000
59	Zetwerk	Marketplace - Manufacturing Services	2021	1,000
60	Apna	Marketplace - Jobs	2021	1,100
61	Mobile Premier League	Gaming	2021	2,300
62	Vedantu	Edtech	2021	1,000
63	Licious	E-Commerce	2021	1,000
64	Coinswitch	Exchange - Cryptocurrency	2021	1,900
65	Rebel Foods	Foodtech - Cloud Kitchen	2021	1,400
66	Car Dekho	Marketplace - Used cars	2021	1,200

Source: HSIE Research

#Startups ESOP buyback program – a real estate demand catalyst

ESOP buyback programs have been the main highlight since the the start of the pandemic. The acceleration of digitalisation, ecommerce, and automation has led to huge valuation rerating and part of funding being utilised towards ESOP monetisation as a tool to motivate and retain employees. In the table below, we highlight some of the public ESOP buyback announcements made by these companies worth USD 440mn. This can be leveraged upto 4x for buying real estate, though all of it may not come into the realty market.

Higher ESOP buybacks

Sr.No.	Year of announcement	Name of the company/Start-up	No. of employees covered in ESOP program	Value of ESOP buyback (USD Mn)
2022				
1	February, 2022	The Math Company		12.3
2	January, 2022	Bizongo	102	3.7
3	January, 2022	Slice	60	8.5
				24.5
2021				
1	January, 2021	WakeFit	15-20	1.90
2	January, 2021	FarEye		0.74
3	March, 2021	Razorpay		10.00
4	March, 2021	Zetwerk		8.30
5	March, 2021	Cashify		1.00
6	April, 2021	Udaan		23.00
7	April, 2021	Acko		2.00
8	May, 2021	Zerodha	850	27.00
9	June, 2021	ShareChat	200	19.10
10	July, 2021	Flipkart	6000	80.50
11	July, 2021	Moglix	300	3.00
12	July, 2021	UpGrad	37	29.50
13	July, 2021	MoEngage		1.50
14	July, 2021	Locus		4.00
15	July, 2021	Whatfix	175	4.30
16	August, 2021	Loconav	50	3.00
17	August, 2021	Healthyfyme	100	12.00
18	August, 2021	Khatabook		10.00
19	August, 2021	Cropln		4.30
20	August, 2021	BharatPe		Undisclosed
21	August, 2021	InVideo		Undisclosed
22	September, 2021	BrowserStack		50.00
23	September, 2021	ClassPlus		1.00
24	October, 2021	Swiggy		40.00
25	October, 2021	Meesho		5.50
26	October, 2021	mobikwik		Undisclosed
27	October, 2021	Unacademy	300	10.50
28	October, 2021	Chalo		10.00
29	November, 2021	Simply Learn		6.40
30	November, 2021	Vedantu		3.00
31	November, 2021	Izooto		1.35
32	November, 2021	PhonePe	2200	18.00
33	November, 2021	CRED		19.30
34	November, 2021	Licious	600	4.00
35	November, 2021	TeachMint		Undisclosed
36	November, 2021	Innoviti		5.00
37	November, 2021	Nuclei	102	Undisclosed
38	December, 2021	Spinny		12.00
39	December, 2021	Urban Company	940	7.30
40	December, 2021	Mama Earth		2.60
41	December, 2021	Renew Buy		1.80
				442.89
2020				
1	2020	Zerodha	700	9.00
2	2020	Swiggy		9.00
3	2020	Meesho		6.00
4	2020	Urban Company	180	5.00
5	2020	Shadowfax		5.00
6	2020	FirstCry		4.00
7	2020	Unacademy	300	4.00
8	2020	Cardekho	100	3.50
9	2020	MPL		3.20
10	2020	PharmEasy	45	3.00
11	2020	Niyo	100	13.10
				64.80

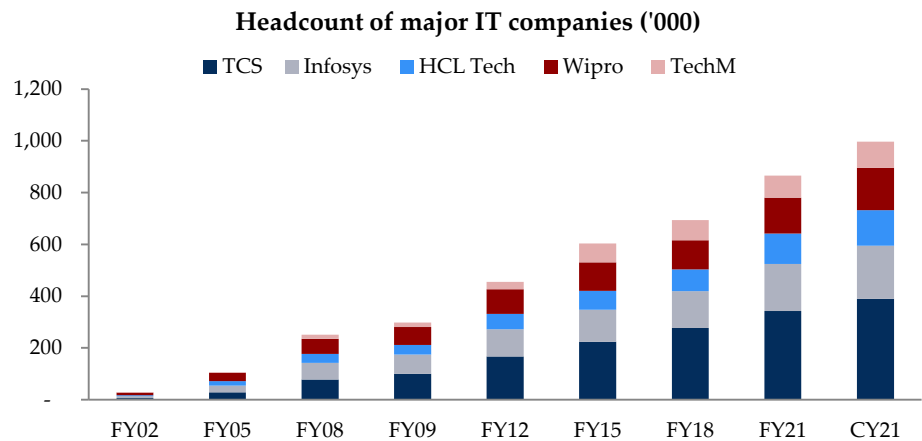
Source: Media reports, HSIE Research

Millennials are the major driving force of housing demand, especially people in the 31-40 year age bracket

#Traditional tech companies see major spur in headcount (in '000)

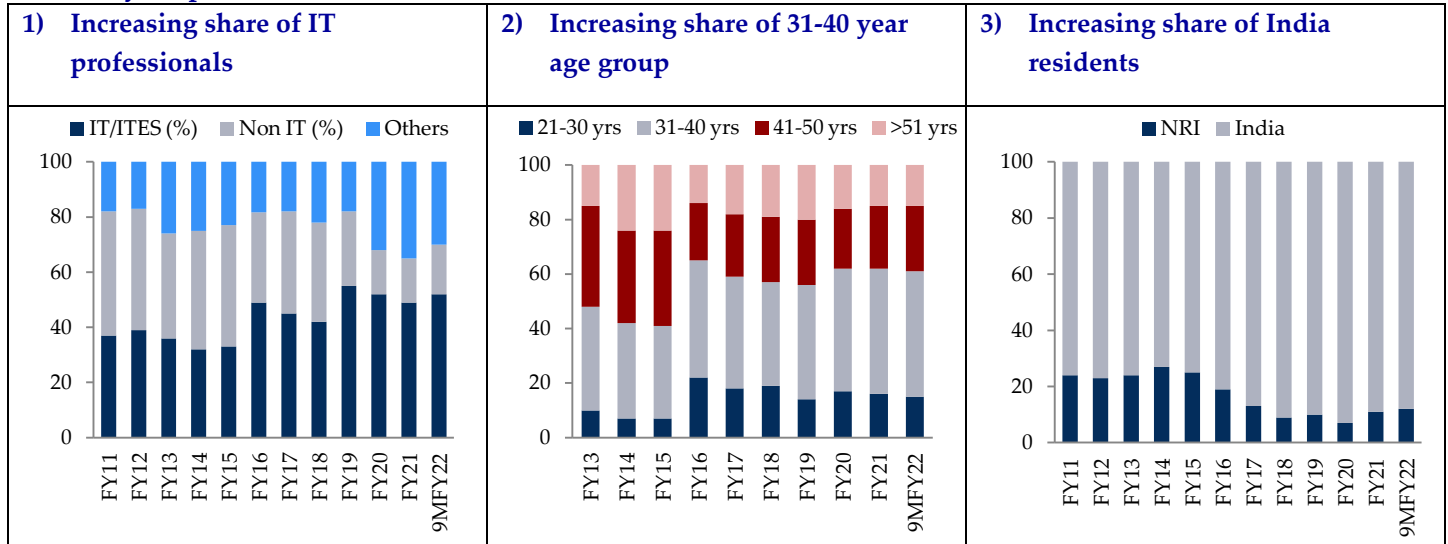
The demand for residential/office spaces comes majorly from IT employees and companies. The employee strength of major IT majors have on an average increased 4.5x since FY07. This momentum is expected to continue in the near future, thus maintaining a sustained demand. Most of the millenials population (born between 1981 to 1996) have entered the workforce after the dotcom burst in early 20s. They are now mid-way in their career in late 30s early 40s. With the increase in financial capital, accumulated savings over the year and wealth effect, this is the age group which contributes most house buying. Even in late 20s, with attrition and demand for tech talent, salary increases have been better than historical averages. This may have led to affordability reset and shall help in sustaining demand for housing over the near to mid term, as an increasing number of millenials decide to own a house.

Headcount of major IT companies ('000)



Source: Company, HSIE Research

Sobha buyer's profile:



Source: Sobha Ltd

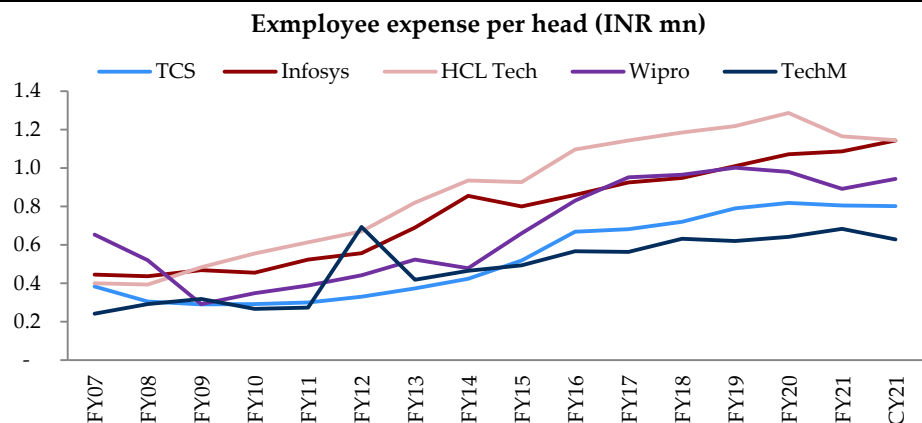
#Large real estate demand contributed by 31-40 year age group

Due to unavailability of real estate data points, the above charts have been taken from Sobha's annual report and quarterly results presentation. Whilst the sector's buying mix may be more relevant to Bengaluru's macro market, the age-wise mix may be extrapolated to other cities as well. Millenials have been key drivers of real estate purchases. Major IT employee addition took place in the early part of 2000s and, with increase in salaries, these employees fall well within the purview of the current multi-year high affordability graph.

#Employee expenses more than doubled in past 15 years

The average employee expense has increased 2.5x for major IT companies. Higher salary of IT employees could translate into higher residential demand.

Employee expense per head (INR mn)



Source: Company, HSIE Research

Employee numbers, on an average, for major IT companies, have increased 4.8x with salaries having increased 3.06x since FY07. At INR 1.1mn salary, a housing loan eligibility could be INR 7.2mn+. With two earning members in the family, loan eligibility can move to INR 14mn+. This segment is a sweet spot for most real estate markets, except the Mumbai Metropolitan Region (MMR).

	No. of employees ('000)					Employee expenses (INR bn)					Cost per employee (INR mn)				
	TCS	Infosys	HCL Tech	Wipro	TechM	TCS	Infosys	HCL Tech	Wipro	TechM	TCS	Infosys	HCL Tech	Wipro	TechM
FY07	62.6	50.6	29.4	47.5	13.8	24.0	22.5	11.7	31.0	3.3	0.4	0.4	0.4	0.7	0.2
FY08	78.0	63.8	35.5	57.5	16.0	23.7	27.8	13.9	29.9	4.7	0.3	0.4	0.4	0.5	0.3
FY09	100.6	73.4	38.0	68.5	17.5	29.2	34.4	18.3	19.9	5.6	0.3	0.5	0.5	0.3	0.3
FY10	112.3	79.7	45.2	75.6	23.5	32.6	36.2	25.1	26.3	6.2	0.3	0.5	0.6	0.3	0.3
FY11	139.0	91.6	53.9	85.7	26.8	41.6	47.9	33.0	33.3	7.3	0.3	0.5	0.6	0.4	0.3
FY12	167.0	105.0	59.0	95.1	28.5	55.0	58.5	39.5	41.9	19.8	0.3	0.6	0.7	0.4	0.7
FY13	193.3	109.7	59.9	102.1	58.2	72.1	75.6	49.1	53.4	24.3	0.4	0.7	0.8	0.5	0.4
FY14	210.3	112.3	64.2	102.2	62.6	89.0	95.9	60.0	48.8	29.1	0.4	0.9	0.9	0.5	0.5
FY15	223.8	123.3	72.9	110.8	72.3	115.9	98.6	67.5	73.1	35.6	0.5	0.8	0.9	0.7	0.5
FY16	247.7	135.8	73.4	121.0	73.8	165.5	116.8	80.5	100.4	41.7	0.7	0.9	1.1	0.8	0.6
FY17	271.1	140.3	81.2	115.8	82.4	184.7	129.7	92.8	110.3	46.4	0.7	0.9	1.1	1.0	0.6
FY18	276.5	142.9	84.1	111.9	79.0	199.1	135.4	99.6	108.0	49.8	0.7	0.9	1.2	1.0	0.6
FY19	297.0	159.7	96.6	120.0	84.8	234.3	161.2	117.7	120.1	52.5	0.8	1.0	1.2	1.0	0.6
FY20	313.9	169.7	105.3	128.0	87.7	256.5	181.7	135.4	125.4	56.2	0.8	1.1	1.3	1.0	0.6
FY21	342.1	181.7	118.3	138.4	84.7	275.3	197.4	137.8	123.4	57.8	0.8	1.1	1.2	0.9	0.7
CY21	389.9	204.4	138.4	162.2	101.5	312.6	233.7	158.4	152.8	63.7	0.8	1.1	1.1	0.9	0.6

Source: Company, HSIE Research

Our interaction with developers suggest return-to-office will bring back migrant workforce who in turn will boost housing demand

Wealth effect is evident from high correlation of stock market performance with presales

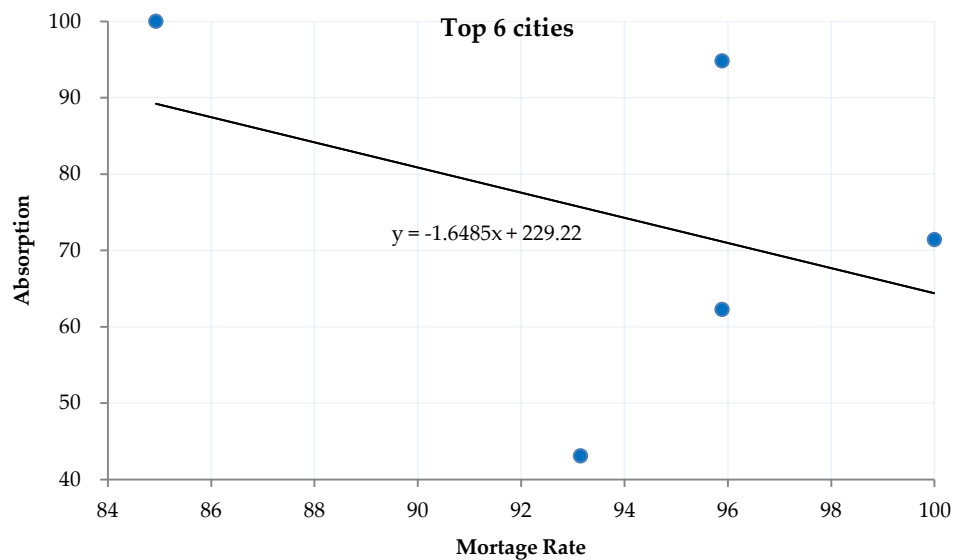
#Return to office to bring migrant workforce back to workplaces, boosting demand

Due to the COVID-19 pandemic, many families moved to their native places or home towns. They have not yet returned to cities and are waiting for the 'return-to-office' signal from employers. While this would have happened, the Omicron variant struck, further pushing back 'return-to-office' by a couple of quarters. Our interactions with leading developers suggest that many customers are not coming to take possession due to the pandemic and they believe that once they start going to office, many of them will come back and start searching for a house.

#Stock market wealth effect to drive part gains into buying a house

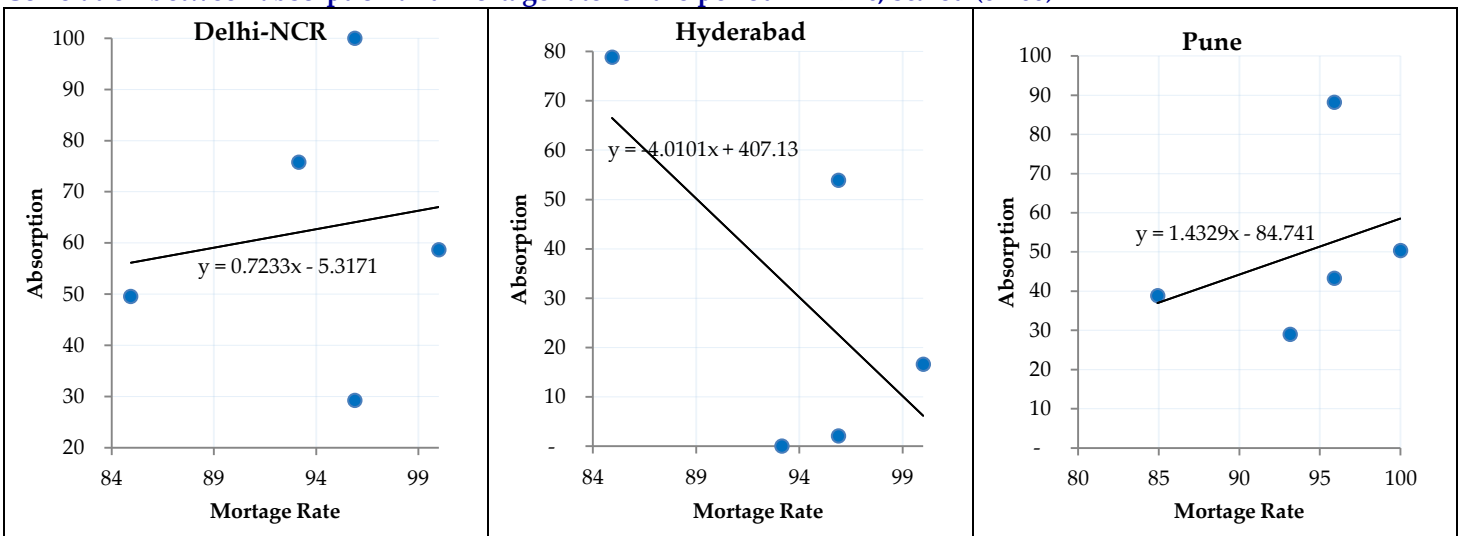
The general tendency of an investor is to realise the gains. This can be seen in high correlation between sales volume in major cities and the Sensex. It can be argued that investors over time allocate their capital gains from financial assets like equity to hard assets like realty, thus locking in the gains. A case in point is the rally in the Sensex of the past few quarters, which was followed by higher sales in top cities.

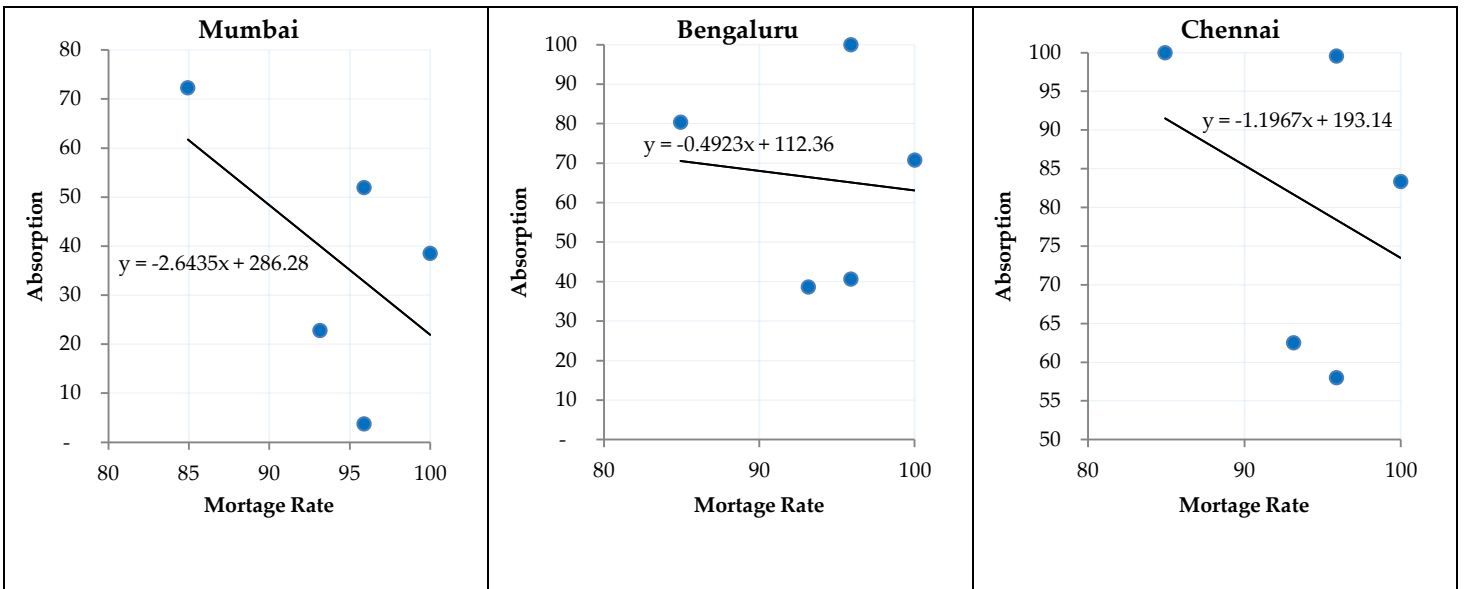
Correlation between absorption and mortgage rate for the period FY12-16 (stock market gave better return during this period); scaled (0-100)



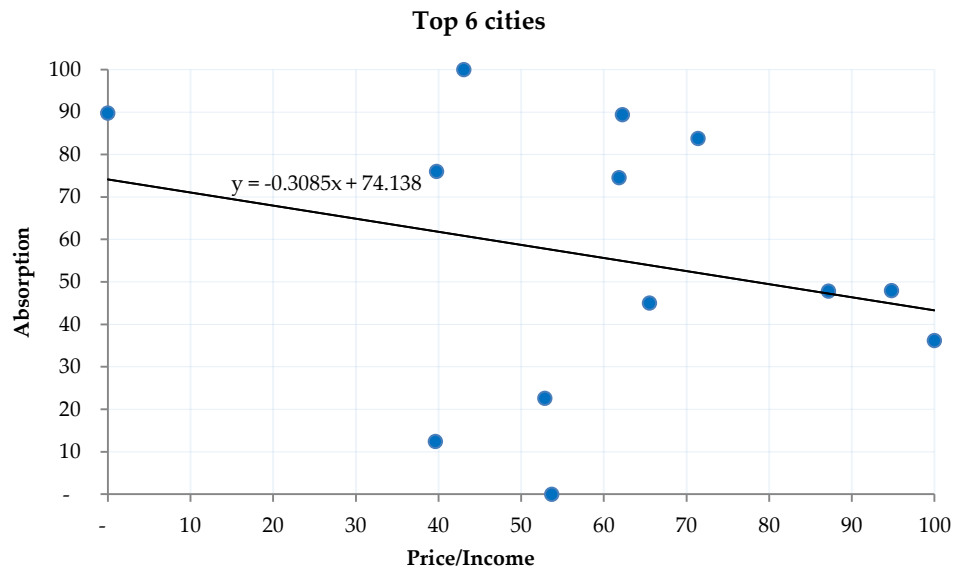
Source: HSIE Research

Correlation between absorption and mortgage rate for the period FY12-16; scaled (0-100)

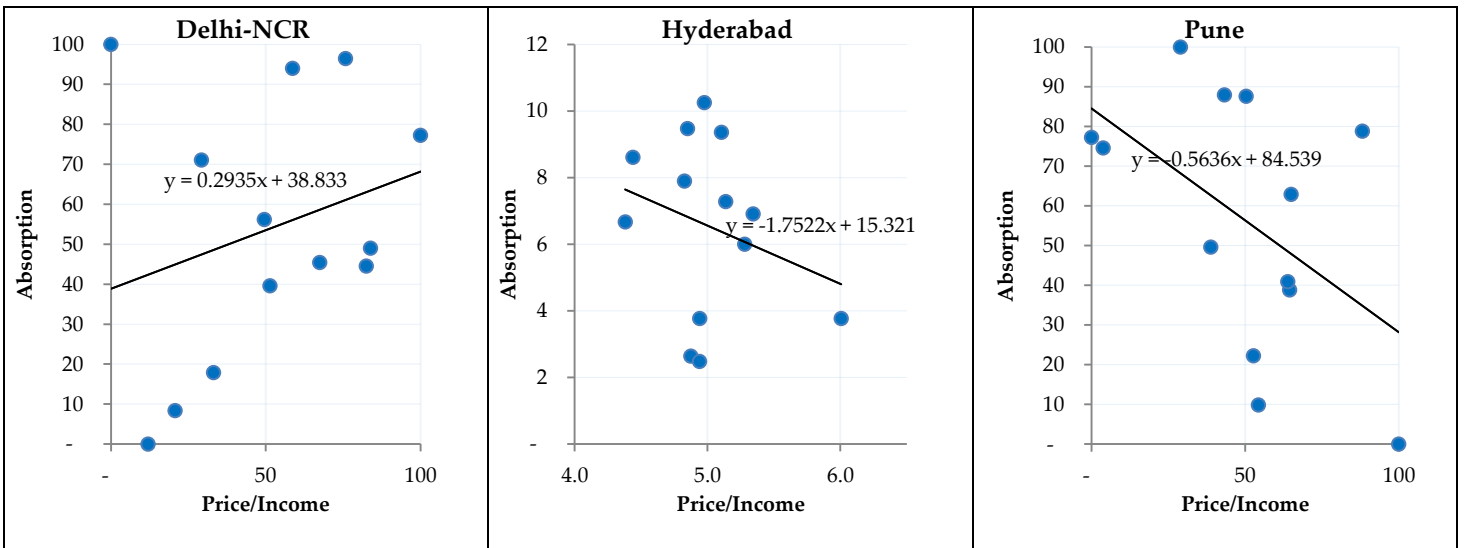


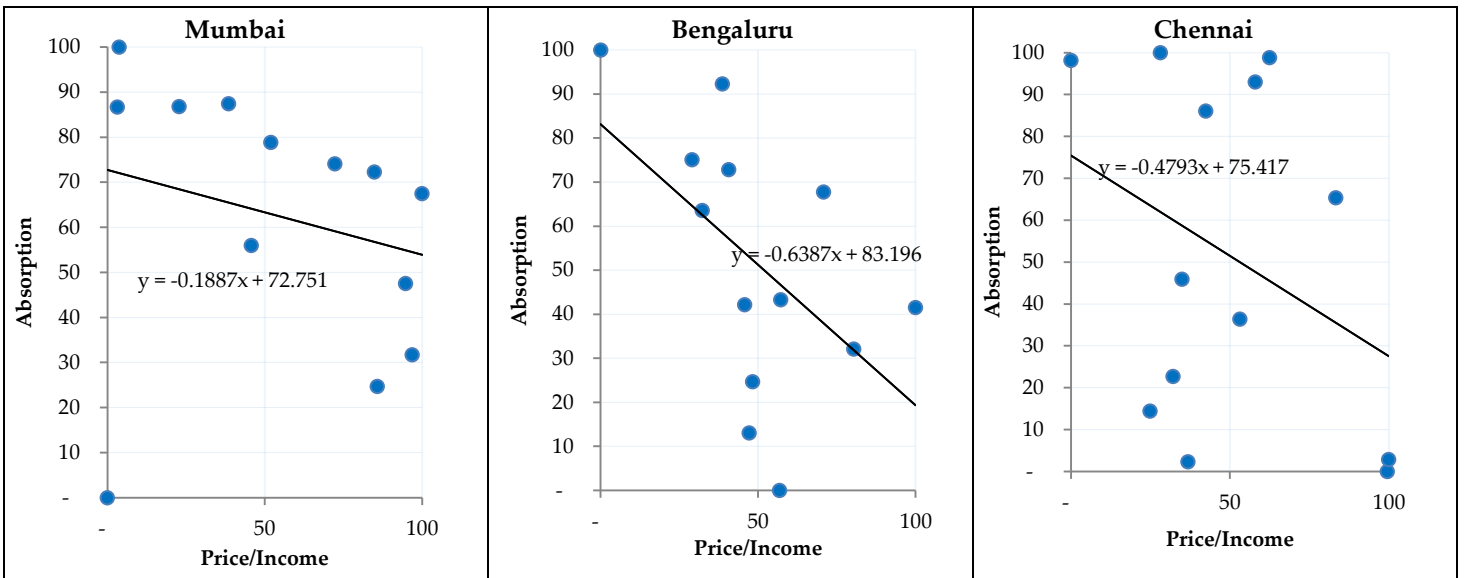


Correlation between absorption and price for the period FY09-21; scaled (0-100)



Source: Liases Foras, HSIE Research

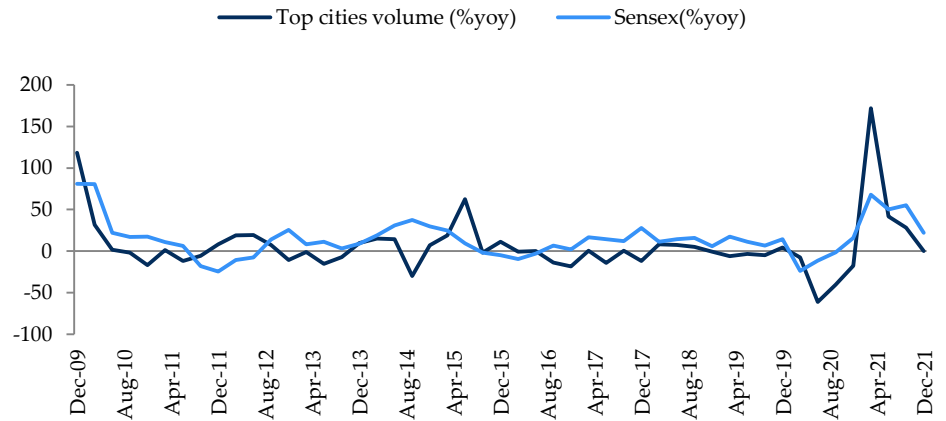




Source: Liasas Foras , HSIE Research

Wealth effect on realty sales volume

Wealth effect on realty sales volume of late has become highly correlated



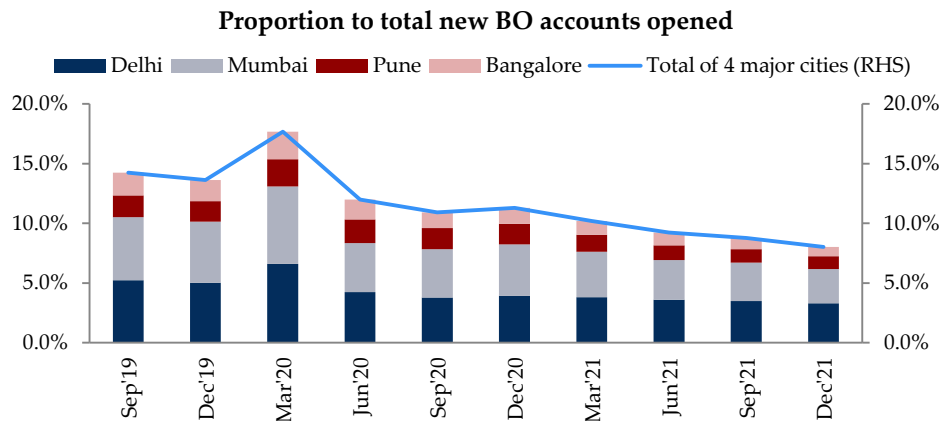
Source: Liasas Foras, HSIE Research, Bloomberg

We are seeing higher participation in equity investing from tier-2 cities. Thus, if we extend the argument of a wealth effect on realty volumes, the opportunity size is huge for one to take. This particularly benefits developers with stronger balance sheets, higher execution capabilities, and presence in multiple geographies.

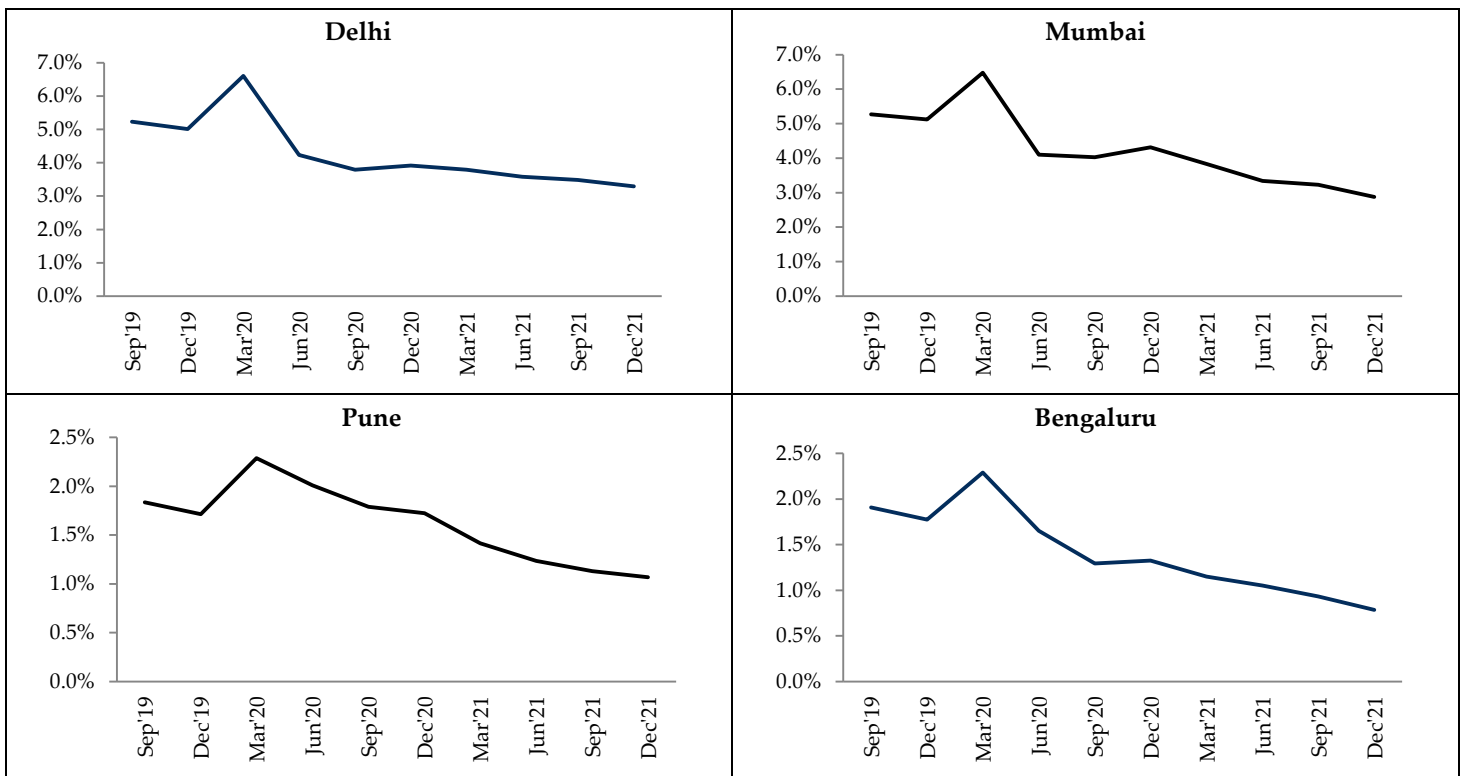
The implied DMAT account share of tier-2 cities has increased

Proportion to total new BO accounts opened

Higher equity investment from tier-2 cities augurs well for big developers



Source: NSE, CDSL, HSIE Research



Source: CDSL, HSIE Research

Organised players greatest beneficiaries of market share gains

We have plotted the presales number of listed players and have made reasonable estimates of city-wise sales to arrive at market shares. Plotting these numbers historically, we see that market share gains for larger listed players have accelerated in the pandemic and a broader consolidation/market share gain is visible in their presales number. Increased sale is seen for not only the Bengaluru-focused players but also for other players (such as Kolte-Patil and Godrej Prop).

Bangalore market share gain for listed players

Bangalore (msf)	FY18	FY19	FY20	FY21	CY21
Godrej	1.3	2.3	2.0	3.0	1.3
Kolte	0.3	0.3	0.2	0.3	0.3
Brigade	1.0	1.9	2.8	3.2	4.8
Sobha	2.6	2.8	3.0	2.7	3.3
Prestige	3.4	5.0	4.6	5.7	13.0
Total	42.6	48.5	50.9	33.2	55.2
Market share (%)	20.0	25.1	24.7	44.9	41.0

Source: Company, Liases Foras, HSIE Research

Whilst one may argue that Bengaluru is a more resilient and healthy real estate market, we see a similar trend visible in Pune, where not only the core market players but also players like Sobha are seeing good growth.

Consolidation of market share has benefitted large listed players, as evident in their presales figure

Pune following a similar trend

Pune (msf)	FY18	FY19	FY20	FY21	CY21
Godrej	1.5	1.5	2.6	2.7	2.5
Kolte-Patil	1.8	2.4	2.3	1.8	2.3
Sobha	-	-	0.1	0.1	0.2
Total	39.7	42.3	41.2	34.5	49.2
Market share (%)	8.2	9.3	11.9	13.2	10.2

Source: Company, Liases Foras, HSIE Research

All geography (msf)	FY18	FY19	FY20	FY21	CY21
Godrej	6.3	8.8	8.8	10.8	10.8
Kolte-Patil	2.1	2.7	2.5	2.1	2.8
Brigade	1.6	3.0	4.3	4.6	4.8
Sobha	3.6	4.0	4.1	4.0	4.9
Prestige	4.9	7.1	6.5	8.2	13.0
Oberoi	0.6	0.8	0.7	1.7	2.6
Mahindra Life	1.1	1.7	1.4	1.1	1.4
Major cities total	266.8	276.1	267.5	188.9	267.1
Market share (%)	7.5	10.1	10.6	17.2	15.1

Goal FY22: land banks, business development, diversification

From the growth perspective, land is the key raw material for real estate developers. We have developers with strong historical land bank sitting at book value and huge mark-to-market gain potential whilst a few developers are building new land banks at current prices in an asset-light way via joint development/joint ventures. Other developers with strong balance sheets/recent fund-raises are looking to acquire new land parcels. We believe the days of outright large land bank addition are over and most developers are looking to add projects that can be launched within a year and sold over the next 3-4 years. We have bucketed developers (1) with strong land banks; (2) that are likely to add more projects via JD/JV/redevelopment modes; and (3) that have mid to long-term strategies pertaining to diversification. Most developers have sufficient land banks providing sales visibility for many years.

Most developers have a comfortable land bank and are looking to add projects that can be launched within a year and sold over the next 3-4 years rather than outright land bank addition

Most listed players have enough inventory/land bank

Sno	Company Name	Current launch potential/unsold value (INR mn)	Residual land bank - with development plans yet to be finalized (INR mn)	Presales - (INR mn)		Near term years of inventory (yrs)		Overall years of inventory (yrs)	
				FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
1	DLF	550,640	1,520,000	63,000	69,930	8.7	7.9	32.9	29.6
2	Godrej Properties	109,410	1,360,000	73,603	99,439	1.5	1.1	20.0	14.8
3	Oberoi Realty	133,828	192,000	52,000	55,000	2.6	2.4	6.3	5.9
4	Mahindra Lifespaces	41,440	70,000	12,000	18,000	3.5	2.3	9.3	6.2
5	Kolte Patil	73,905	79,000	18,000	19,500	4.1	3.8	8.5	7.8
6	Phoenix Mills	10,000	10,000	2,500	2,750	4.0	3.6	8.0	7.3
7	Sobha	212,535	855,000	38,700	42,000	5.5	5.1	27.6	25.4
8	Brigade Enterprises	36,225	174,000	29,010	33,362	1.2	1.1	7.2	6.3
9	Prestige Estates	327,607	168,000	103,000	105,060	3.2	3.1	4.8	4.7

Source: Company, HSIE Research

Post-pandemic finished inventory demand- big CF driver

Whilst the buying preference shifted to tier-1 developers' under construction projects, the market remained indifferent between under construction and ready-to-move-in inventory of any developers as there was no completion risk and one could see the ready product. Even tier-1 developers saw this as an opportunity to liquidate inventory and realise cash flows as costs have been incurred. The inventory level has started stabilising over the years and, with higher underlying demand, developers are expected to increase prices.

With stabilising inventory level and higher underlying demand, prices are expected to rise

Ready-to-move-in residential inventory stock

INR mn	FY18	FY19	FY20	FY21	9MFY22
DLF	1,50,000	1,16,500	90,960	56,000	41,000
Oberoi	1,149	5,379	4,041	2,247	1,369
Mahindra Life	1,433	2,319	1,041	897	1,192
Kolte Patil	1,041	3,480	2,600	1,700	950
Sobha	1,560	1,170	3,010	1,000	3,250
Brigade	3,724	10,129	7,532	8,761	9,877
Prestige estates	9,813	28,721	34,342	16,724	20,449

Source: Company, HSIE Research

The overall sales momentum has picked up in the past few quarters whilst launches have not kept pace. This has caused depletion of inventory in the system. Launches picked up pace around Diwali and, with a launch-heavy Q4FY22, the inventory may start rising, leading to a healthy demand-price equilibrium. Otherwise supply shortages would have led to higher prices and demand slowdown.

Major cities inventory (months) level inched up in Q3FY22

	Mumbai	NCR	Bangalore	Chennai	Pune	Hyderabad
FY10	20	18	25	24	13	26
FY11	38	25	22	23	18	26
FY12	43	26	23	23	17	41
FY13	43	34	21	31	19	52
FY14	46	42	23	23	23	45
FY15	49	70	28	32	21	27
FY16	57	60	39	31	37	25
FY17	60	48	47	56	38	36
FY18	47	42	37	59	33	27
FY19	51	49	37	72	39	26
FY20	53	55	37	85	45	27
FY21	48	55	28	63	32	24
1QFY22	56	77	28	74	39	30
2QFY22	53	58	24	63	30	31
3QFY22	52	59	23	67	30	32

Source: Liases Foras

Many mixed-use players are readying for an aggressive office Capex cycle

Aggressive office Capex to drive rerating in mixed-use plays

Traditional old school mixed-use plays have embarked on aggressive office Capex. Whilst most of the players are ramping it up to make the portfolio REIT-able, Prestige Estate is currently ramping up its rental portfolio and is well-placed to deliver cap rate compression from under-construction to maturity to REIT. Phoenix Mills has been focusing on its mall development and, with some of the malls now stabilising and others likely to get commissioned, focus is coming back to monetisation of additional unutilised FSI towards office asset class. Whilst there is limited visibility on this right now, the good part is that the foundation is designed keeping office expansion in mind and it will be more like a brownfield expansion as the basic mall asset is already in place and is generating rents. Oberoi has, for the time being, mellowed down its rental Capex plan and may revisit once the recovery pans out. Brigade has a string partner in GIC and, besides, it has INR 11bn of surplus cash that can be deployed for growth.

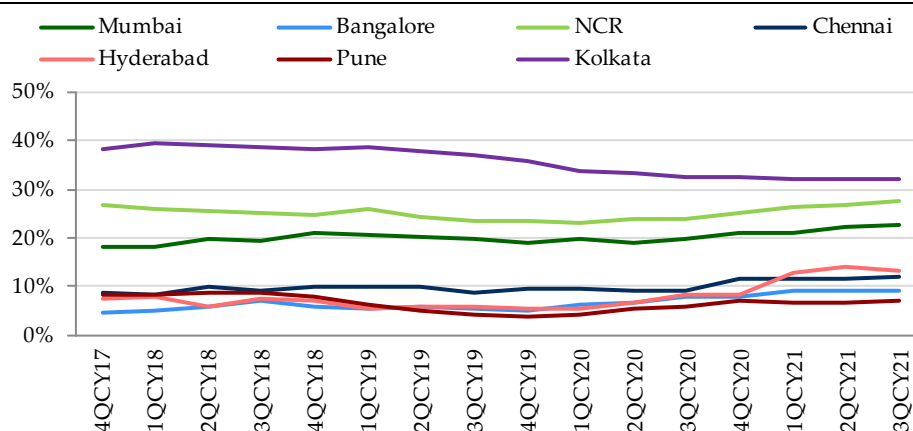
Rental assets Capex plan

INR mn	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
DLF	1,386	692	6,000	10,000	11,000			
Oberoi	2,261	13,238	5,250	2,500	2,750			
Phoenix	7,417	6,949	8,285	8,941	6,230	5,177		
Brigade	7,328	4,670	1,786	2,400	1,500			
Prestige estates	8,500	7,521	13,300	19,500	29,000	34,500	10,000	

Source: Company, HSIE Research

Vacancies peaking out, make a case for Capex uptick

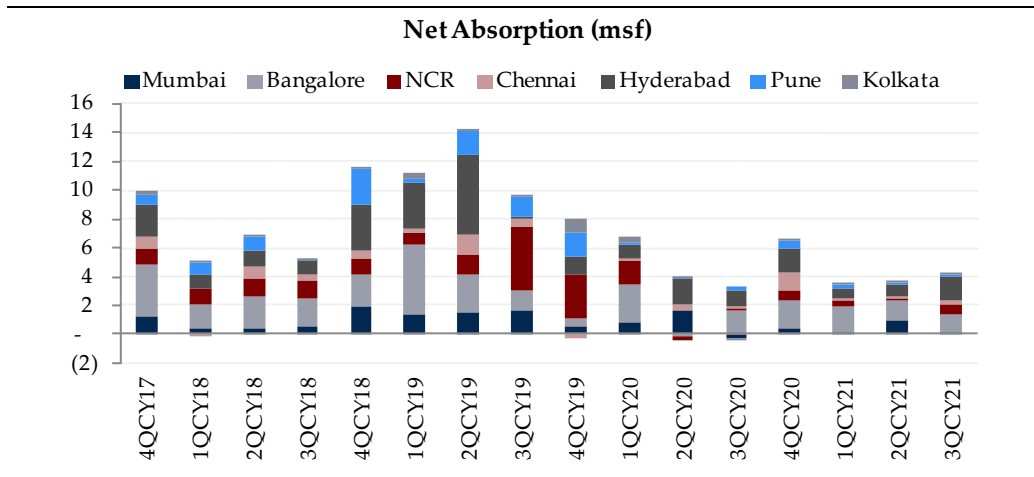
Vacancy level has been increasing continuously now for the past seven quarters, owing to lease expiries not getting renewed, voluntary exits, and slow demand/muted new leasing due to limited visibility on 'return-to-office'. With the ebbing of the second wave, absorption has increased and would have gathered momentum from Q1CY22 but for the Omicron third wave, which may delay recovery by 1-2 quarter. Vacancy in Q3CY21 was 16.9% (+29/248 bps QoQ/YoY). Vacancy for all major cities has increased annually, except in Kolkata. Among the IT hubs, Bengaluru and Hyderabad vacancies dropped sequentially to 8.9/13.3%, from 9.3/14% in Q2CY21. Vacancy level in Mumbai is at 22.8% (22.1/19.8% QoQ/YoY).



Source: Cushman & Wakefield

We believe vacancy level has peaked out in office space and demand for it will pick up from Q2CY22

Net absorption for Q3CY21 in seven major cities improved to 4.2msf (+15/42%, QoQ/YoY). Among the major cities, the NCR, Hyderabad, Chennai, and Kolkata showed growth sequentially. Mumbai degrew the most by 80% sequentially. Supply for the quarter was at 6.9msf (-3.8/-13% QoQ/YoY) with the highest coming in NCR region at 3msf. With higher vaccination levels, the lesser intensity COVID wave-3 expected hybrid WFH and at-office culture and improving demand from IT sector we expect demand for office space to likely show increasing momentum from 2QCY22.



Source: Cushman & Wakefield

Hybrid work culture already factored in demand

Office stakeholders believe that there is general consensus on 10-15% workforce permanently working from home and similar numbers may work permanently from the office. The clarity on the remaining 70% workforce and type of work mode remains an area of concern and shall determine future leasing. Models like three-day-a-week and two-day-a-week work from office and home or four and one days may lead to additional area being released for fresh hires/employees of a company. Most of the tenants are abiding by contractual obligations and more clarity will emerge on renewals/new demand after leases expire. This overhang may play out in the near to medium term. Here, the concerns will be more for legacy office asset owners/mature asset landlord as recent offices or new office build-out leasing is yet to meaningfully reflect in numbers and hence the question of lease expiry doesn't arise. Over the long term, we expect demand to stabilise with resumption of work from office and ramp-up in re-occupancies. The huge pent-up demand, owing to large employee additions by traditional office occupiers, shall return once COVID-19 turns an endemic from a pandemic.

Hybrid work culture has led to more hiring, which in turn will become pent-up demand for office space after the pandemic

Robust business models of demand sectors fuel our optimism

Technology (~50% of demand) continues to see strong growth, driven by traditional drivers like (1) low-cost talent pool, (2) increased offshoring, (3) fast-forwarding of digitalisation, (4) captives looking at India for expanding development centers. New age drivers include (1) more high-end work getting offshored beyond the usual application development & maintenance viz. automation, digitalisation, E- R&D, AI etc. This expansion might drive hiring and office demand.

BFSI (~10% of demand) expansion of global financial services firm in accounting, consulting, and trading has led to the likes of MNCs, mainly financial banks and Big-4, expanding their presence in India.

Manufacturing (~12% of demand) demand is driven by global MNC/Indian MNCs looking to expand their presence in India. China +1, PLI linked incentives and lower taxation on the green field manufacturing expansion shall drive manufacturing

demand whilst sales function, head office, etc., may see more urban expansion in top cities, positively impacting leasing demand.

E-commerce (~8% of demand): Both homegrown start-ups (some unicorns) and MNC firms have been expanding new service offerings in India. The entire ecommerce ecosystem has seen strong fillip/acceleration since the onset of COVID-19, as consumption moved online not only in tier-1 cities but tier-2 cities as well. This segment may continue to see robust demand in times to come, which may positively impact leasing demand.

Co-working (~7% of demand) is the conduit for more affordable leasing space on a time-share basis and it has seen strong demand. Flexible work culture may further accelerate leasing demand for coworking spaces over the next few years.

Segmental leasing demand – technology sector demands most space

%	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20
BFSI	11%	8%	15%	14%	13%	12%	11%	7%	9%	10%
Consultancy Business	0%	3%	3%	3%	4%	3%	7%	6%	5%	6%
Co-working	0%	0%	0%	0%	0%	0%	5%	8%	14%	7%
E-Commerce	8%	4%	10%	9%	8%	7%	8%	5%	2%	8%
IT &ITES	36%	41%	33%	36%	38%	41%	36%	42%	42%	50%
Manu. & Ind.	26%	29%	24%	15%	15%	17%	15%	12%	9%	12%
Misc	2%	3%	4%	1%	7%	10%	9%	12%	10%	3%
Telecom/Pharma/Realty	17%	13%	12%	22%	15%	11%	9%	8%	9%	7%

Source: JLL

Rental ramp-up to support further rerating for mixed-use players

The COVID-19 pandemic has derailed the office segment recovery. Whilst there are debates going on sustainability of office asset class, we believe that a hybrid work culture will be the main structural outcome emerging from the pandemic. The real estate market has already seen serious cuts in lease momentum over the past two years; robust hiring and pent-up demand may help robust leasing in CY22/23. What happened with residential demand is expected to mirror in the office leasing space as well.

Our interaction with sectoral leaders, large MNC occupiers, and an independent third party consultant suggests that we are on the cusp of recovery, with demand recovery starting from H2CY22. Office plays will benefit from this recovery, as highlighted in the below table. Prestige has embarked on an aggressive expansion plan in the office space, whilst Phoenix Mills is pursuing a retail expansion with opportunistic office build-out. The rental income shall stabilise the overall income and insulate from any downsides on account of cyclical corrections and shocks.

Rental ramp-up

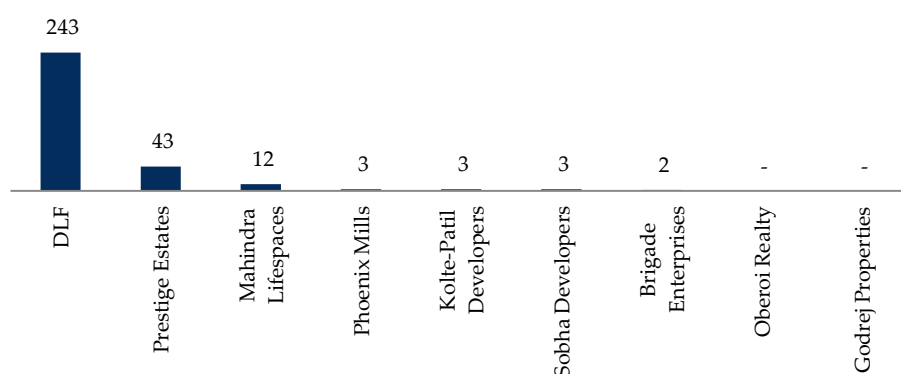
INR mn	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
DLF	30,060	30,290	36,673	43,212	45,372	47,641	50,023	52,524
Oberoi	3,158	2,729	3,756	6,854	10,203	11,136	12,137	13,209
Phoenix	10,275	5,639	9,173	12,426	16,371	19,166	20,124	21,130
Brigade	3,734	3,712	3,695	4,855	5,584	6,400	7,074	7,421
Prestige Estates	12,044	2,650	5,000	8,000	15,000	22,000	26,504	30,000

Source: Company, HSIE Research

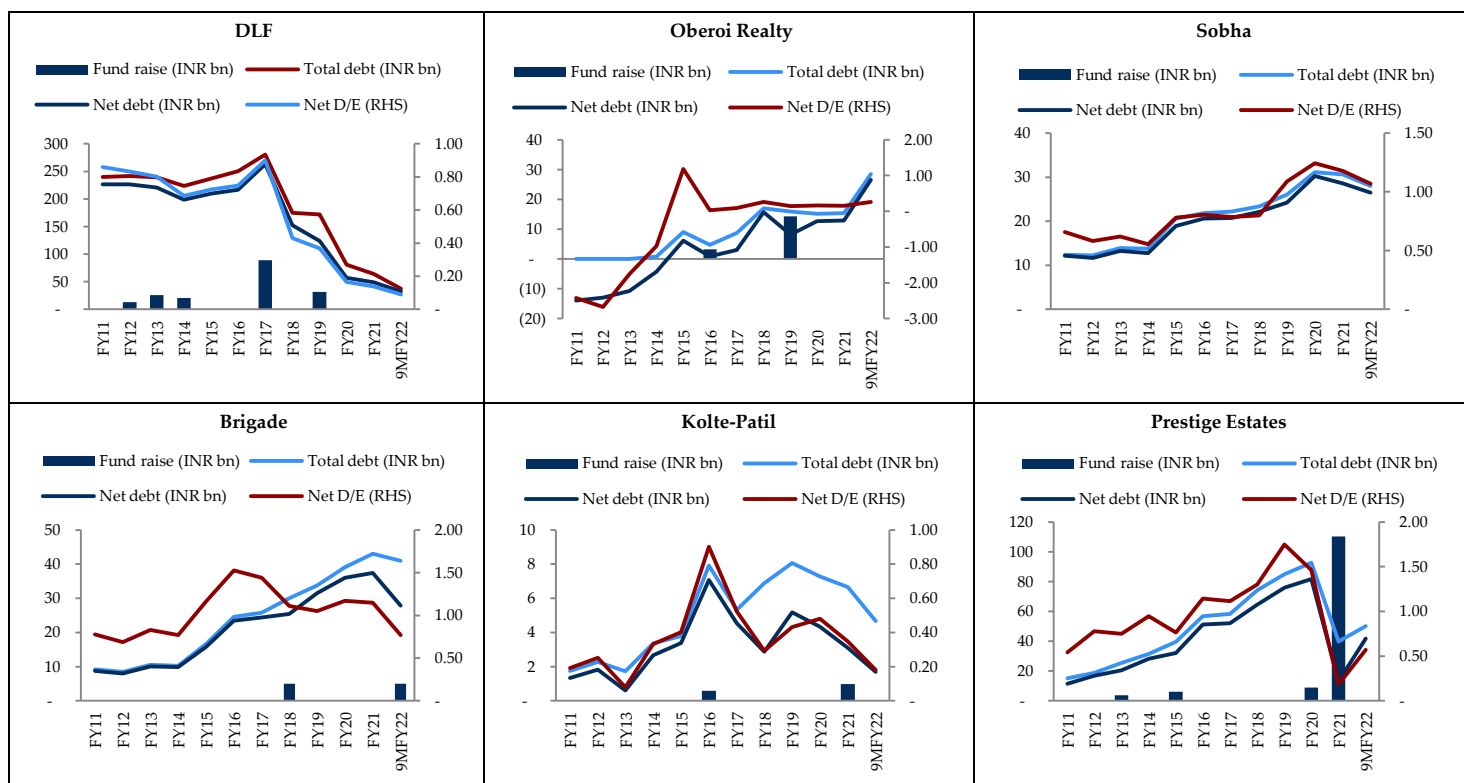
Fundraising a saviour; aids growth and deleveraging

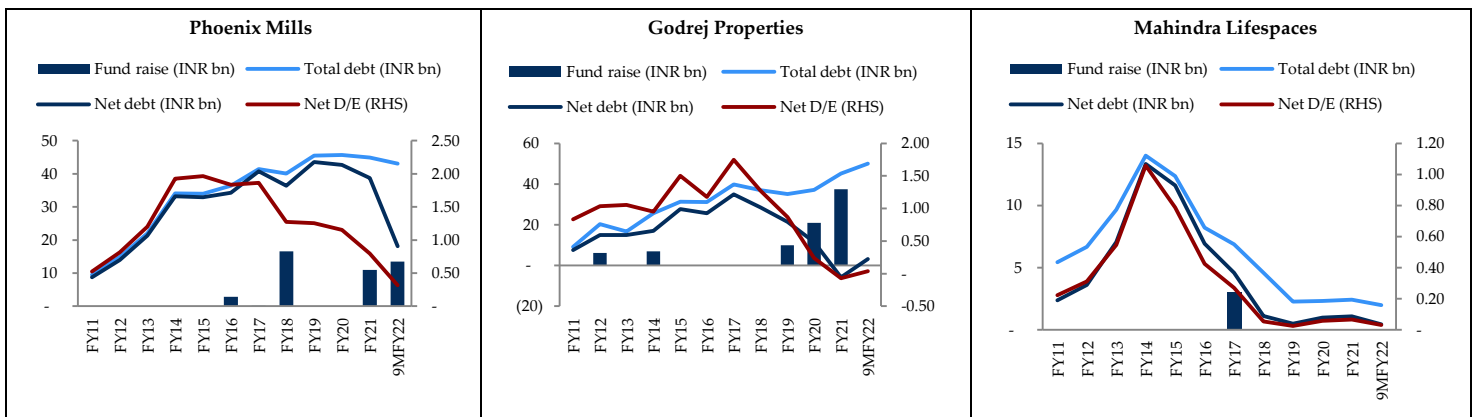
Real estate developers in the past 10 years have raised funds generally through stake sales in completed/under construction assets with some companies raising funds through the QIP route as well. The proceeds have been essentially utilised for acquiring land banks, incurring Capex on annuity assets, and partly reducing group level gross debt. A mix of internal accruals and fundraise has helped companies like Prestige, Mahindra Lifespaces, Phoneix Mills, Kolte-Patil, Sobha, and Brigade reduce debt. Oberoi Realty and Godrej Properties are the exceptions as their gross debt levels are at an all-time high, though net debt is low at INR 16/0bn respectively . Godrej Properties has raised INR 82bn in the past ten years, with proceeds being used mainly for capital expenditure, including land acquisition and investment in subsidiaries and JVs.

Debt reduced (INR bn) from peak



Source: Company, HSIE Research





Source: Company, HSIE Research

Companies	Gross debt (INR bn)											
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	9MFY22
DLF	240	242	239	223	237	250	280	175	172	81	64	38
Oberoi Realty	-	-	-	1	9	5	9	17	16	15	15	29
Sobha Developers	12	12	14	14	21	22	22	23	26	31	31	28
Brigade Enterprises	9	9	11	10	17	25	26	30	34	39	43	41
Kolte-Patil Developers	2	2	2	3	4	8	5	7	8	7	7	5
Prestige Estates	15	19	25	32	40	57	58	74	85	93	40	50
Phoenix Mills	10	15	22	34	34	36	41	40	45	46	45	43
Godrej Properties	9	20	17	26	31	31	40	37	35	37	45	50
Mahindra Lifespaces	5	7	10	14	12	8	7	5	2	2	2	2
Aggregate debt	303	325	339	357	405	442	489	408	424	352	292	285

Source: Company, HSIE Research

Companies	Net debt (INR bn)											
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	9MFY22
DLF	226	226	221	199	210	217	263	152	124	57	49	32
Oberoi Realty	(14)	(13)	(11)	(4)	6	1	3	16	8	13	13	27
Sobha Developers	12	12	13	13	19	21	21	22	24	30	29	27
Brigade Enterprises	9	8	10	10	16	23	24	25	32	36	37	28
Kolte-Patil Developers	1	2	1	3	3	7	5	3	5	4	3	2
Prestige Estates	11	17	21	28	32	51	52	65	76	82	13	42
Phoenix Mills	9	14	21	33	33	34	41	36	44	43	39	18
Godrej Properties	8	15	15	17	28	26	35	28	21	12	(6)	3
Mahindra Lifespaces	2	4	7	13	12	7	5	1	0	1	1	0
Aggregate debt	265	284	298	312	358	387	450	349	337	279	179	178

Source: Company, HSIE Research

Details of the funds raised

Company	S.No	Tranx date	Tranx type	Deal value (INR mn)	Deal value (USD mn)	Price (INR per share)	Target	Buyer/Lender	Seller
Mahindra Lifespaces	1	18-Oct-17	Stake sale	Not disclosed	Not disclosed	Not disclosed	Mahindra Happinest Developers Ltd.	HDFC Capital Affordable Real Estate Fund-1	Mahindra Lifespaces Developers Ltd.
	2	19-Jan-17	Rights Issue	2,990	44.1	292	Mahindra Lifespaces Developers Ltd.	-	-
	3	27-Sep-06	QIP	4,800	104.3	800	Mahindra Lifespaces Developers Ltd.		
DLF	1	25-Mar-19	QIP	31,728	457.4	183	DLF Ltd		
	2	19-Feb-19	Stake sale	Not disclosed	Not disclosed	Not disclosed	Hyma Developers Pvt. Ltd.	My Home Constructions Pvt. Ltd.	DLF Ltd.
	3	01-Mar-17	Stake sale	89,000	1,332.0		DLF Cyber City Developers Ltd.	GIC Pvt. Ltd.	DLF Ltd.
	4	25-Jul-13	Stake sale	1,900	32.0		Pramerica Life Insurance Ltd.	Dewan Housing Finance Corporation Ltd.	DLF Ltd.
	5	29-Apr-13	QIP	18,630	345.7	230	DLF Ltd		
	6	31-Jan-13	Stake sale	3,250	54.1		DLF Ltd	Vayu Project 1 Pvt. Ltd.	DLF Ltd.
	7	12-Dec-12	Stake sale	22,500	413.8		Silverlink Resorts Ltd.	Aman Resorts Group Ltd.	DLF Ltd.
	8	20-Jul-12	Stake sale	263	4.5		DLF Ltd	Goyal MG Gases Pvt. Ltd.	DLF Ltd.
	9	28-Dec-11	Stake sale	8,390	154.2	4,050	Quadron Business Park Pvt. Ltd.	Blackstone Advisors India Pvt. Ltd.	DLF Ltd.; Hubtown Ltd.
	10	21-Sep-11	Stake sale	4,500	92.5		Galaxy Mercantile Ltd.	IDFC Ltd.	DLF Ltd.; Three C Universal Developers Ltd.
Phoenix Mills	1	15-Nov-21	Stake sale	13,500	179.3		Plutocrat Commercial Real Estate Pvt. Ltd.	CPP Investment Board	Phoenix Mills Ltd.
	2	18-Aug-20	QIP	11,000	147.0	605	Phoenix Mills Ltd.	GIC Pvt. Ltd.	
	3	05-Apr-17	Stake sale	16,620	255.0	168	Island Star Mall Developers Pvt. Ltd.	CPP Investment Board	Phoenix Mills Ltd.
	4	31-Mar-17	Stake sale	33	0.5	1,320	Escort Developers Pvt. Ltd.	Crest Ventures Ltd.	Phoenix Mills Ltd.
	5	09-Jul-15	QIP	2,830	44.6	354	Phoenix Mills Ltd.		
Kolte-Patil	1	07-Apr-20	Stake sale	991	13.0		Kolte-Patil Planet Real Estate Pvt. Ltd.	Planet Holding Ltd.	Kolte-Patil Developers Ltd.
	2	09-Dec-15	Stake sale	580	8.7		Kolte-Patil Developers Ltd., City Avenue	India Realty Excellence Fund II LLP, India Realty Excellence Fund III	Kolte-Patil Developers Ltd.
Prestige Estates	1	03-Dec-20	Stake sale	1,10,340	1,500.0		Prestige Estates Projects Ltd., Certain Commercial and Retail Properties	The Blackstone Group LP	Prestige Estates Projects Ltd.
	2	30-Jan-20	QIP	4,630	64.9	373	Prestige Estates Projects Ltd.	GIC Pvt. Ltd.	Prestige Estates Projects Ltd.
	3	20-Dec-19	QIP	4,370	61.5	325	Prestige Estates Projects Ltd.	GIC Pvt. Ltd.	Prestige Estates Projects Ltd.
	4	04-Aug-14	QIP	6,125	100.4	245	Prestige Estates Projects Ltd.		
	5	15-Jan-13	QIP	3,640	67.8	166	Prestige Estates Projects Ltd.		
Brigade	1	21-Jun-21	QIP	5,000	67.4	268	Brigade Enterprises Ltd.		
	2	25-Apr-17	QIP	5,000	77.1	228	Brigade Enterprises Ltd.		

Company	S.No	Tranx date	Tranx type	Deal value (INR mn)	Deal value (USD mn)	Price (INR per share)	Target	Buyer/Lender	Seller
Godrej Properties	1	09-Mar-21	QIP	37,500	511.6	1,450	Godrej Properties Ltd.	GIC Pvt. Ltd.	
	2	25-Jun-19	QIP	21,000	301.4	928	Godrej Properties Ltd.		
	3	04-May-18	Stake sale	10,000	149.7	784	Godrej Properties Ltd.	GIC Pvt. Ltd.	
	4	05-Jun-13	Rights Issue	7,000	123.8		Godrej Properties Ltd.		
	5	31-Mar-12	Stake sale	1,000	19.2		Godrej Landmark Redevelopers Pvt. Ltd.	ASK Real Estate Special Opportunities Fund	Godrej Properties Ltd.
	6	15-Mar-12	QIP	4,710	89.5	575	Godrej Properties Ltd.		
	7	29-Dec-11	Stake sale	450	8.3		Godrej Premium Builders Pvt. Ltd.	SUN Apollo India Real Estate Fund	Godrej Properties Ltd.
Oberoi Realty	1	13-Jun-18	QIP	12,000	177.7	500	Oberoi Realty Ltd.	BNP Paribas S.A., Cornerstone Advisors Group LLC, DB International GmbH, Edelweiss Asset Management Ltd., FIL Ltd., General Mills Inc., GSAM Services Pvt. Ltd., HSBC Asset Management India Pvt. Ltd., Indus Capital Partners LLC, Invesco Asset Management India Pvt. Ltd., JP Morgan Chase and Co., Morgan Stanley Real Estate, Nomura Asset Management Co. Ltd., Reliance Nippon Life Insurance Company Ltd., Societe Generale Group, Sundaram Asset Management Company Ltd., UBS AG, Wells Fargo and Company	
	2	01-Apr-18	Stake sale	2,340	36.0	515	Oberoi Realty Ltd.	GIC Pvt. Ltd.	
	3	20-Jul-15	Stake sale	3,250	50.8	295	Oberoi Realty Ltd.	Temasek Holdings Advisors India Pvt. Ltd.	
Macrotech	1	15-Nov-21	QIP	40,000	537.4	1,170	Macrotech Developers Ltd.		
	2	16-Feb-21	IPO	25,000	344	486	Macrotech Developers Ltd.		

Source: Company, VCC Edge, HSIE Research

Interest rate cuts have benefited companies too

Interest rate correction has helped the real estate sector borrow at lower cost for working capital loans or term loans. There is a clear-cut borrowing cost advantage for stronger balance sheet companies and those backed by conglomerates such as Godrej Properties, Mahindra Lifespaces, etc. A sustained decrease in the cost of debt has improved access to capital for companies with stronger balance sheets. This has translated into greater confidence among investors, which is also reflected in the rally seen in realty stocks. It is a competitive advantage that tier-1 players have vs. tier-2 developers in terms of borrowing costs in early double digits.

Cost of debt

(in %)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	9MFY22
DLF	12.4	12.5	11.5	9.7	8.9	10.2	9.8	8.4	7.7
Oberoi				8.4	8.7	9.0	9.5	8.1	
Mahindra Life	11.7	11.5	10.5	9.9	9.5	9.1	8.7	7.1	7.2
Godrej Properties	11.3	11.2	10.1	8.8	7.8	8.0	7.9	6.8	6.3
Sobha	12.8	12.6	11.8	10.4	9.4	9.7	9.7	9.0	8.7
Brigade	12.2	11.9	10.9	10.4	9.2	9.6	9.6	8.4	7.8
Prestige estates	12.8	12.5	11.3				9.8	9.8	9.4

Source: Company, HSIE Research

Credit rating stable with positive bias

Sector well-placed for credit rating upgrades

Most of our coverage universe companies in the past seven years have seen credit rating upgrades. We believe the positive bias will continue, with more upgrades are on the anvil

Over the past seven years, our coverage universe credit rating has been stable with a positive bias towards upgrades. During this period, companies that achieved credit rating upgrades include DLF (on the back of debt reduction, stake sale in DCCDL and infusion in DLF, OIP), Brigade, GPL, MLIFE, and Sobha. With the accelerated reset in coverage universe presales (completed and advance stages of completion inventory), and its likely resultant improvement in cash flow and positive market liquidity (equity and debt both), we build a case for credit rating upgrade for our coverage universe. This shall also be supported by COVID-19 moving towards an endemic status, which may result in rating agencies taking a more lenient view on annuity assets cash inflow and easier servicing of developers liabilities.

Credit rating status quo or improved for better

Credit rating for LT debt

Company	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Latest PR Date
Brigade Enterprises Limited	CRISIL A; Stable	CRISIL A; Negative	CRISIL A; Negative	CRISIL A; Negative	CRISIL A; Negative	CRISIL A; Stable	CRISIL A; Stable	CRISIL A+; Stable	23-Aug-21
DLF Limited	CRISIL A; watch Negative	CRISIL A; Negative	CRISIL A; Stable	CRISIL A; watch Developing	CRISIL A+; Stable	CRISIL A+; Stable	CRISIL A+; Stable	CRISIL AA+; Stable	17-Feb-22
Godrej Properties Limited	ICRA AA-; Stable	ICRA AA; Stable	ICRA AA; Stable	ICRA AA; Stable	ICRA AA; Stable	ICRA AA; Stable	ICRA AA; Stable	ICRA AA; Positive	6-Apr-21
Kolte Patil Developers Limited	CRISIL A+; Stable	CRISIL A+; Stable	CRISIL A+; Stable	CRISIL A+; Stable	CRISIL A+; Positive	CRISIL A+; Stable	CRISIL A+; Stable	CRISIL A+; Stable	11-Feb-22
Mahindra Lifespaces Developers Limited	CRISIL AA-; Stable	CRISIL AA-; Stable	CRISIL AA-; Stable	CRISIL AA-; Stable	CRISIL AA; Stable	CRISIL AA; Stable	CRISIL AA; -	CRISIL AA; Stable	30-Apr-21
Oberoi Realty Limited	-	-	-	CARE AA+; Stable	CARE AA+; Stable	CARE AA+; Stable	CARE AA+; Negative	CARE AA+; Stable	6-Dec-21
Phoenix Mills Limited	-	-	-	-	CRISIL A+; Stable	CRISIL A+; Stable	CRISIL A+; Negative	CRISIL A+; Stable	26-Nov-21
Prestige Estates Projects Limited	ICRA A+; Stable	ICRA A+; Stable	ICRA A+; Stable	ICRA A+; Stable	ICRA A+; Stable	ICRA A+; Stable	ICRA A+; Stable	ICRA A+; Stable	16-Nov-21
Sobha Limited	ICRA A; Stable	ICRA A; Stable	ICRA A; Stable	ICRA A+; Stable	ICRA A+; Stable	ICRA A+; Negative	ICRA A+; Negative	ICRA A+; Stable	11-Jun-21

Source: Company, HSIE Research

Governance is improving

Large developers, credible auditors, no major governance lapses

Real estate sector is perceived to be highly opaque with a checkered history of corporate governance issues in the past. While government measures like demonetisation and GST have reduced the black economy to a large extent, accounting gimmicks have largely been taken care of by completed contract method of accounting. Investors remain circumspect on the JD/JV methods of business tie-ups as they don't get adequately captured under assets and liabilities in financial statements, with economic value just being captured by a single item as profit and loss share. Quarterly disclosures should improve, annually more clarity is needed on related-party deals, and data on land acquisitions needs to be more transparent.

Coverage universe auditors are mostly the big-4 firms-provide financial comfort

Company	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Brigade Enterprises Limited	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP
DLF Limited	Walker Chandiook & Co LLP	Walker Chandiook & Co LLP	Walker Chandiook & Co LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP
Godrej Properties Limited	Kalyaniwalla & Mistry	Kalyaniwalla & Mistry	Kalyaniwalla & Mistry	B S R & Co. LLP	B S R & Co. LLP	B S R & Co. LLP	B S R & Co. LLP
Kolte Patil Developers Limited	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP
Mahindra Lifespaces Developers Limited	B. K. Khare & Co	B. K. Khare & Co	B. K. Khare & Co	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP
Oberoi Realty Limited	P. Raj & Co.	P. Raj & Co.	P. Raj & Co.	S R B C & CO LLP	S R B C & CO LLP	S R B C & CO LLP	S R B C & CO LLP
Phoenix Mills Limited	M/s. A.M. Ghelani & Company M/s. Chaturvedi & Shah	M/s. A.M. Ghelani & Company M/s. Chaturvedi & Shah	M/s. A.M. Ghelani & Company M/s. Chaturvedi & Shah	D T S & Associates LLP	D T S & Associates LLP	D T S & Associates LLP	D T S & Associates LLP
Prestige Estates Projects Limited	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	Deloitte Haskins & Sells LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP
Sobha Limited	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	S.R. Batliboi & Associates LLP	B S R & Co. LLP	B S R & Co. LLP	B S R & Co. LLP	B S R & Co. LLP

Source: Company, HSIE Research

Coverage universe – upsides from multiple opportunities

Given the complexities involved in the real estate sector, there is no right or wrong way to design an analytical approach for arriving at investment conclusions. To forecast performing real estate macro markets, a top-down analysis may be a good starting point, followed by a bottom-up technique to arrive at winning stock ideas.

Each company is unique, and it is at a different stage in evolution. In the table below, we have attempted to summarize our coverage universe's current positioning, opportunities, challenges, and factors that may drive further valuation upsides. Cyclically, the sector seems to be on the rise, boosted by both macro and micro factors; nevertheless, the stock specific rerating will be determined by how well the stock's strategic vision aligns with the overall real estate growth story and opportunity.

HSIE coverage universe – positioning, opportunities, challenges, and upsides

Developer	Current positioning	Change to positioning	New opportunities emerging	Challenges	Likely valuation upsides
Oberoi	Premium Tier 1 developer	Focus to remain on premium segment. Don't think the affordable luxury strategy is being thought upon. Some revival in annuity asset portfolio expected	- Addition of new geographies, viz., south and NCR - Redevelopment focus on INR 10bn+ GDV segment	Little movement beyond MMR - need to deliver on diversification; appointment of non MMR CEO and closing on redevelopment projects	Can add INR 20bn each in presales from non-MMR market and redevelopment opportunities
GPL	Presence in Premium and mid income projects	Looking at increasing share of premium projects in the mix that will drive presales higher	- Entrench deeper in non MMR markets - redevelopment opportunities - builder of first choice to most redevelopment projects on the back of longstanding brand trust	Ramping up premium projects in the mix, especially in home market MMR; increasing direct sales in the mix	Limited scope from new triggers except redevelopment opportunities and further expansion in existing macro markets through land buy, JD, JV, etc.
Mahindra Lifespaces	Presence in affordable luxury and mid income residential segment. Industrial segment caters to development of industrial parks	Focus to remain on residential and Industrial segment	New business development INR 25bn GDV addition per year target/INR 5bn industrial land monetisation. JV/JDA/Redevelopment opportunities will add value	Yet to showcase meaningfully GDV addition so as to move from maintenance GDV replenishment to growth GDV addition	Redevelopment projects addition, parent Kandivali land addition and launch of Ghodbunder project.
Kolte Patil	Key player in value housing in Pune and expanding with similar strategy in MMR	Focus to remain on residential segment with increasing BD from redevelopment opportunities	On small MMR base, there is scope of further expansion into Central/Navi Mumbai redevelopment markets and new land JV/JD/DM addition in Pune	Due to conservative stance on debt, large land purchase or capital allocation is difficult	New BD addition in Central/Navi Mumbai markets
Phoenix Mills	Mixed use retail malls development strategy (dominantly), followed by Office and Residential	Focus to remain on new mall developments, and with malls achieving stabilisation, office Capex may pick up	From offices addition in existing operating malls	E-retailisation, disruption in ecommerce	New office value addition, new brownfield and greenfield malls expansion and likely upsides from rentals repricing/consumption catchup in an inflationary environment
Prestige Estates	Mixed use developer with presence in residential and annuity business	Focus to remain on expansion in residential and rental business	MMR expansion in office and residential segment. This could be as big as South Indian presence for PEPL	MMR is a challenging market and PEPL needs to maintain sales momentum and rely less on standalone balance sheet for expansion here	Valuation accruing from the MMR portfolio

Developer	Current positioning	Change to positioning	New opportunities emerging	Challenges	Likely valuation upsides
Sobha	Residential development, EPC contracts business and Manufacturing of building materials. Small retail portfolio	Focus to remain on residential and contracts business	Focus to remain largely on home markets don't see any major expansion non South	Ramping up sales on the back drop of high leverage. Need to do more from captive land bank led developments	With the likely increase in property prices on account of highest pan India affordability, Sobha land valuation may see further re-rating
Brigade	Mixed use developer	No change in positioning, though there could be ramp up in South India ex of Bengaluru	Can't see much beyond the expansion in existing markets in the residential and commercial segment	Needs to add gross development value to deliver presales growth beyond 2-3yrs	BRGD has INR 11bn of unutilized cash which may be used towards land acquisitions, besides JV/JD route is open for GDV addition
DLF	Mixed use developer with large exposure in residential, malls and office space	Not much change	Whilst NCR markets have picked, DLF may re-evaluate growth opportunities in MMR and Southern markets	Accelerated pace of development on its historical land bank. DLF needs to design new strategy on land monetisation	Geographical diversification, accelerated go to market on historical land holding in Gurgaon

Source: HSIE Research

Valuation gap premium vs. value

Standardisation of products, vendors, and supply chains has not left enough room for project differentiation

Hence, final products are generally a 'me-too' product

Tier-1 developers secure higher multiples on the back of stronger EBITDA margins in high-value category

Premium vs. value developers and market ecosystem

The real estate sector ecosystem is very localised and demand supply dynamics can be highly volatile, depending on the underlying macro market and presence of tier-1 vs . tier-2 developers within that macro market. As real estate products, vendors, supply chains, and other factors become standardised, there is virtually little differentiation between projects.

This has resulted in real estate developers' final products becoming increasingly 'me too' from the perspective of buyer selection or purchase choice, especially when there is little price difference. Locations, amenities, fittings and fixtures, construction quality, and customer experience may all be reproduced using standard templates. Some of the other important considerations are on-time/ahead-of-schedule completion, capital value appreciation in the resale market, and brand.

In the table below, we highlight core EV/presales (x) valuations of developers with a large presence in mid- to high-end luxury development and others who focus on more affordable and economical products. Tier-1 developers in high value category have been able to secure stronger multiples as the EBITDA margins are almost ~2-3x higher than in the value homes category. Aside from growth, additional factors that contribute to a higher multiple include a more diversified presence, a diverse asset class in the business mix, and a historical land bank.

EV/presales (x) – high ticket size vs value homes

High ticket size	Core - EV/Presales (x)			Average (x)
	FY22E	FY23E	FY24E	
DLF	5.4	4.7	4.2	4.8
Godrej Properties	4.8	3.6	3.3	3.9
Oberoi Realty	3.5	3.3	2.9	3.2
Macrotech Developers	7.2	6.3	5.6	6.4
Sunteck Realty	5.5	4.0	3.6	4.4
Average	5.28	4.38	3.92	

Source: Company, HSIE Research

Value ticket size	Core - EV/Presales (x)			Average (x)
	FY22E	FY23E	FY24E	
Kolte Patil	1.3	1.2	1.1	1.2
Brigade Enterprises	1.8	1.7	1.5	1.6
Prestige Estates	1.0	1.0	1.1	1.0
Sobha	2.4	2.2	1.9	2.2
Mahindra Lifespaces	3.0	2.1	1.3	2.1
Average	1.9	1.6	1.4	

Source: Company, HSIE Research

SOTP: Valuation under different scenarios

	Mahindra Lifespaces	DLF	Phoenix Mills	Sobha	KPDL	Prestige Est	Brigade	Godrej Prop	Oberoi Realty
Base case –assumed (1) 5-10% increase in volumes, (2) 10-15% price increase and (3) stable cost of capital									
Residential	9,304	1,09,141		35,564	20,881	1,35,097	36,184	1,98,466	1,66,684
Industrial Parks & SEZs	12,432								
Rental Income (incl. Hospitality)	3,876	41,638	1,71,293			1,14,208	95,295		1,36,445
DCCDL Rentco		4,26,997							
DCCDL Land		1,00,000							
Other business		22,195	52,587	8,019		4,823		88,352	10,708
Land Bank	32,754	6,63,272		76,078	11,124	25,642			
Refundable JDA deposits				4,182					
Gross NAV	58,367	13,63,243	2,23,880	1,23,843	32,005	2,79,770	1,31,479	2,86,818	3,13,837
NAV Premium	25%		15%				30%	50%	35%
Growth capital Premium								83,325	
Net debt		1,60,683	20,904	27,346	3,148	25,909	20,287	8,186	5,966
Unpaid land cost				1,613			1,829		
Equity Value	72,958	12,02,560	2,33,423	94,884	28,858	2,53,861	1,42,171	5,01,272	4,15,625
TP	473	486	1,364	1,000	381	633	619	1,804	1,143
CMP	310	360	973	758	273	446	494	1,569	891
Upside (%)	53	35	40	32	40	42	25	15	28
Bear case –assumed (1) 15-20% decline in volumes, (2) 10-15% price cut and (3) 150bps increase in cost of capital									
NAV Discount	-30%	-30%	-25%	-30%	-35%	-35%	-20%	-10%	-20%
Equity value	40,857	7,93,587	1,47,007	57,731	17,656	1,55,942	83,067	3,24,942	2,45,103
TP	265	321	859	609	233	389	362	1,169	674
CMP	310	360	973	758	273	446	494	1,569	891
Upside (%)	(14)	(11)	(12)	(20)	(15)	(13)	(27)	(25)	(24)
Bull case –assumed (1) 10-15% increase in volumes, (2) 15-20% price increase and (3) 50bps decline in cost of capital									
NAV Premium	30%	20%	25%	20%	15%	20%	40%	100%	50%
Equity value	75,877	14,75,209	2,58,947	1,19,652	33,659	3,09,815	1,61,954	5,65,449	4,64,789
TP	492	596	1,513	1,261	444	773	705	2,034	1,278
CMP	310	360	973	758	273	446	494	1,569	891
Upside (%)	59	66	55	66	63	73	43	30	43

Source: HSIE Research

Change in TP

Company	Mcap (INR bn)	CMP (INR)	OLD RECO	NEW RECO	Old TP (INR)	New TP (INR)	Rationale for Price change
DLF	890	360	BUY	BUY	460	486	Increase land and property price realisation by 10-15% as per HSIE price prediction model for respective macro markets. No change in cap rate at 7%
Oberoi Realty	324	891	ADD	BUY	1,060	1,143	Increase in prices by 5-10% across projects
Sobha Developers	72	758	ADD	BUY	964	1,000	Increase in land value and property prices by 10-15%, in line with HSIE price predictions
Brigade Enterprises	113	494	ADD	BUY	530	619	Incorporated cap rate compression from 8% to 7% and increase in property prices by 10-15%
Kolte-Patil Developers	21	273	BUY	BUY	377	381	Increase in land value and property prices by 10-15%
Prestige Estates	179	446	ADD	BUY	540	633	Incorporated the Mumbai projects and Commercial Assets, 10-15% price hikes in Bengaluru in line with HSIE price predictions
Phoenix Mills	174	973	BUY	BUY	1,360	1,364	No major change
Godrej Properties	436	1,569	REDUCE	ADD	1,800	1,804	No major changes as we had already assumed premium prices vs peers earlier
Mahindra Lifespaces	48	310	BUY	BUY	379	473	Incorporated 10-15% increase in industrial land prices and added NAV Premium of 25% to account for improvement in visibility of GDV addition

Source: HSIE Research

Change in estimate

COMPANY	Revenue (INR bn)			Change (%)			EBITDA Margin (%)			Change (bps)			APAT (Rs bn)			Change		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
DLF	58.2	66.4	67.4	(3.1)	-	-	33.2	30.1	30.1	463.0	28.2	29.4	17.9	20.4	22.0	4.0	(9.6)	(15.9)
Oberoi Realty	27.5	30.2	33.5	-	-	-	44.0	44.9	45.3	(143.8)	(381.1)	(297.2)	12.7	11.9	13.4	1.8	(2.4)	(0.9)
Sobha Developers	27.1	32.3	35.8	-	-	-	18.3	19.8	19.8	-	(250.1)	(249.9)	1.3	2.3	2.7	0.0	(20.5)	(19.5)
Brigade Enterprises	29.9	32.4	35.0	-	-	-	26.5	26.4	26.1	3.7	99.2	(162.1)	1.8	0.6	1.0	-	(52.4)	(57.2)
Kolte-Patil	10.5	12.9	15.8	-	-	-	19.9	21.5	23.4	3.0	(331.8)	(474.7)	0.9	1.6	2.3	(0.0)	(16.1)	(19.8)
Prestige Estates	57.9	71.4	85.6	(3.3)	-	-	26.6	25.9	25.1	59.9	(158.9)	(153.6)	3.2	5.8	6.7	(20.1)	(3.0)	(5.0)
Phoenix Mills	14.8	20.9	26.1	11.1	-	-	52.1	62.2	61.9	(60.5)	3.9	4.4	2.5	5.1	6.7	39.4	0.1	0.1
Godrej Properties	12.5	15.6	17.1	(0.8)	(0.8)	(0.8)	(2.4)	13.9	17.8	(737.2)	(125.3)	(104.8)	1.9	4.0	5.8	(59.1)	(45.9)	(27.3)
Mahindra Lifespaces	3.1	7.7	10.2	-	-	-	(25.6)	2.0	4.1	(0.4)	0.1	(0.4)	0.3	1.4	1.8	0.1	0.0	0.0

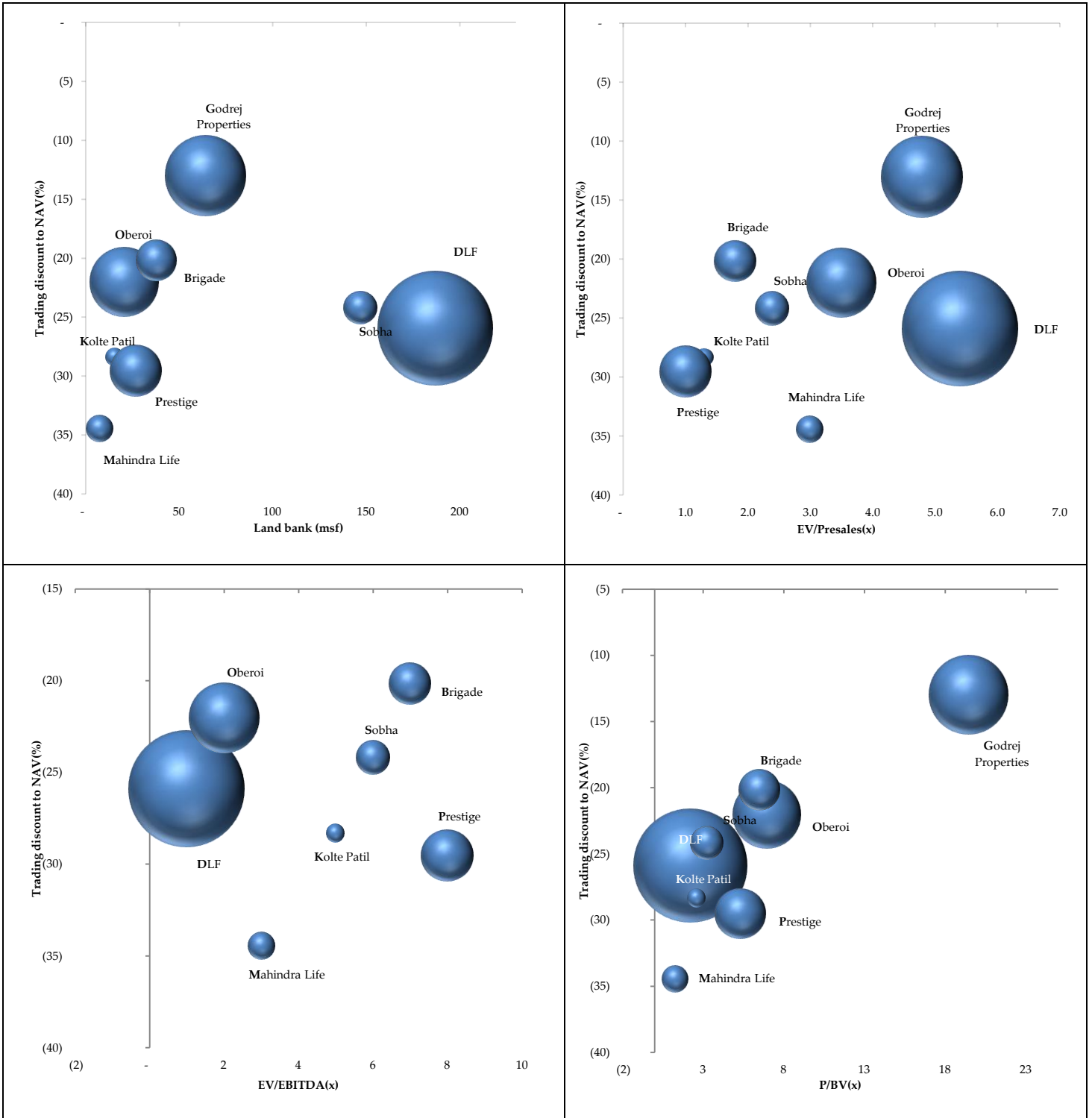
Source: HSIE Research

Valuation summary

Companies	Mcap (INR bn)	CMP (INR/sh)	Reco	TP (INR/sh)	Adj. EPS (INR/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
DLF	890	360	BUY	486	6.3	8.2	8.9	57.7	44.4	41.1	49.0	47.0	45.6	4.4	5.5	5.7
Oberoi Realty	324	891	BUY	1,143	35.0	32.8	36.9	25.7	27.4	24.4	27.6	24.3	21.3	12.8	10.7	10.9
Sobha Developers	72	758	BUY	1,000	13.7	24.1	28.5	55.5	31.6	26.7	20.2	15.6	13.9	5.2	8.6	9.4
Brigade Enterprises	113	494	BUY	619	6.3	2.7	4.3	78.6	186.1	114.1	18.5	17.7	16.8	5.1	1.9	3.1
Kolte-Patil Developers	21	273	BUY	381	14.1	21.0	29.9	19.5	13.1	9.2	11.1	8.7	6.4	9.8	14.3	17.1
Prestige Estates	179	446	BUY	633	7.9	14.4	16.7	57.1	31.3	27.0	13.6	11.6	10.6	4.7	8.1	8.7
Phoenix Mills	174	973	BUY	1,364	14.6	29.8	39.0	66.7	32.8	25.1	25.6	15.2	12.0	4.5	9.4	11.2
Godrej Properties	436	1,569	ADD	1,804	6.7	14.5	20.7	240.1	111.4	77.8	(1,545.9)	213.0	150.1	2.2	4.5	6.1
Mahindra Lifespaces	48	310	BUY	473	2.1	9.3	11.6	152.2	33.7	27.1	(38.3)	209.2	82.6	1.9	8.3	9.4

Source: HSIE Research

INDIA NAV PREMIUM FACTORS: PEER COMPARISON

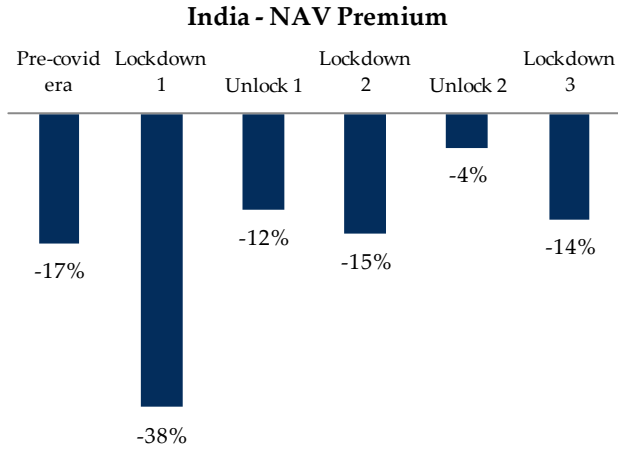


Source: Bloomberg, HSIE Research

Note: Based on FY22E HDFC estimates; *Size of the bubble indicates market cap.

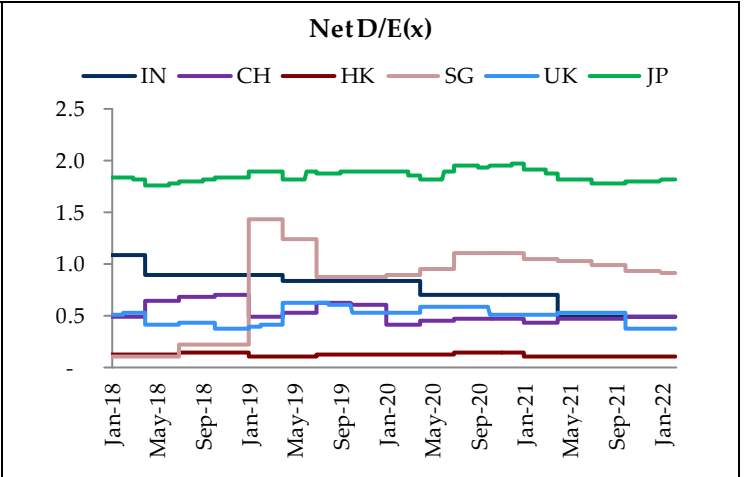
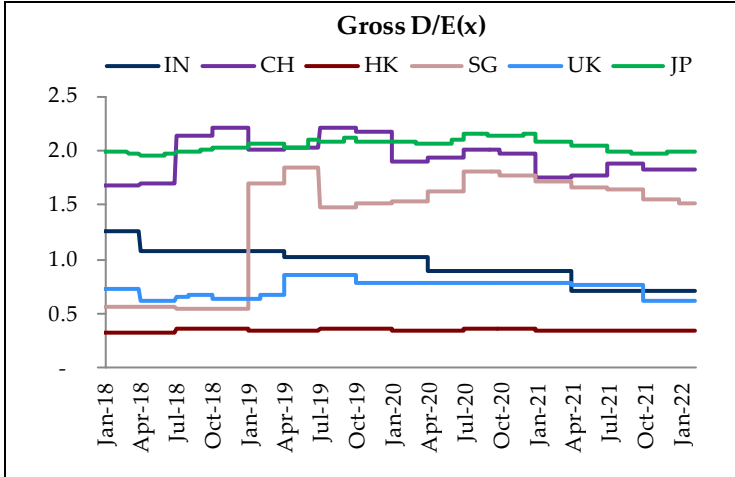
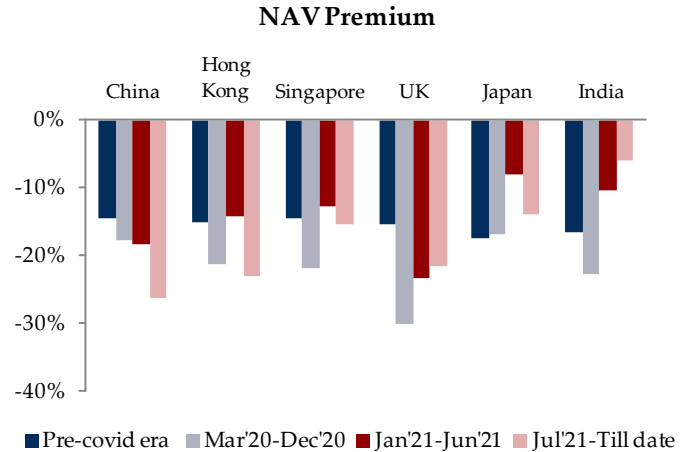
Real Estate Thematic

India trading at lower discount to NAV than in pre-COVID times

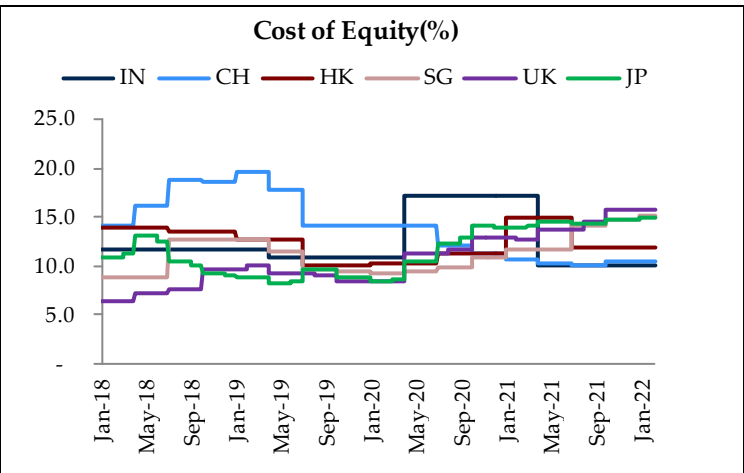
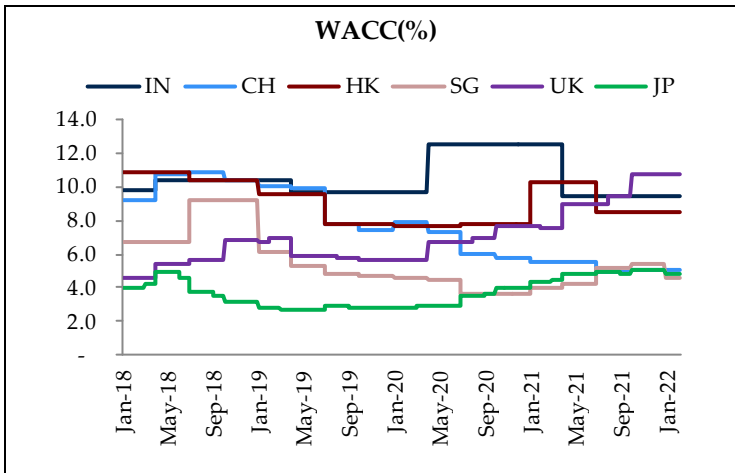


Source: Based on bloomberg consensus estimates

Globally, realty trading at higher discount to NAV vs the pre-COVID levels

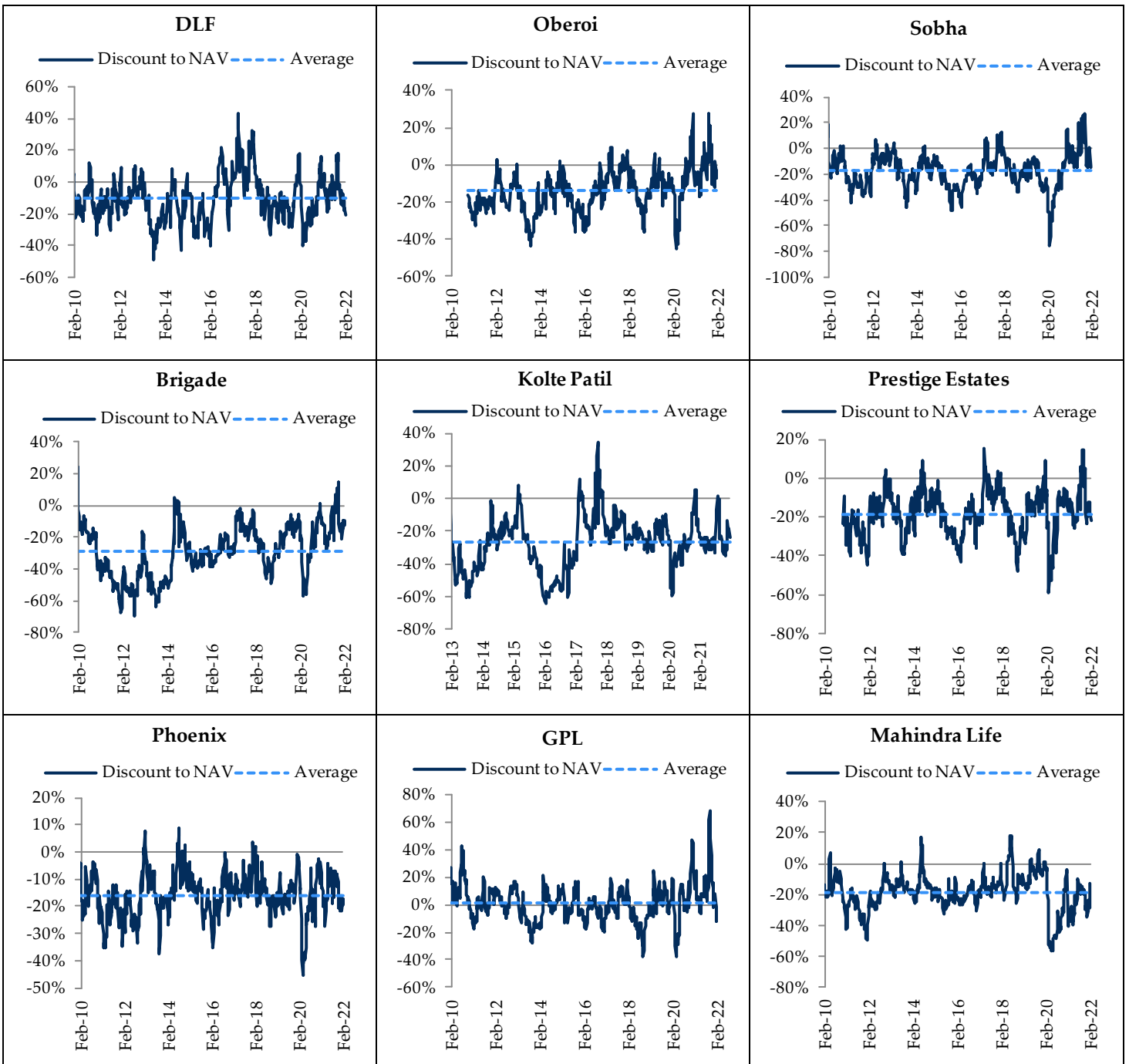
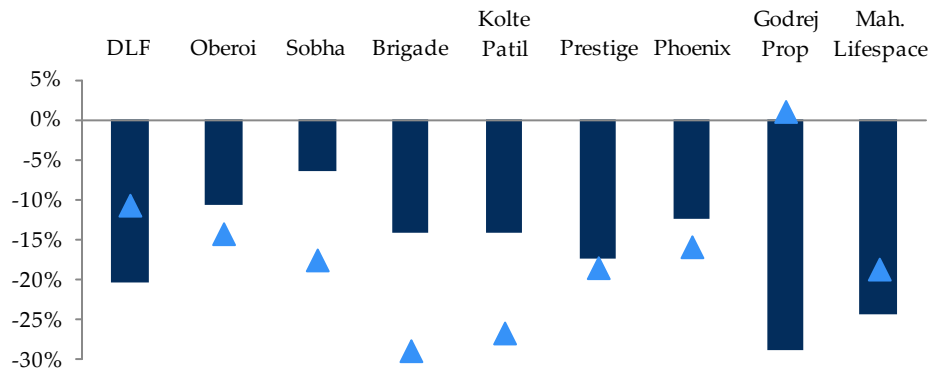


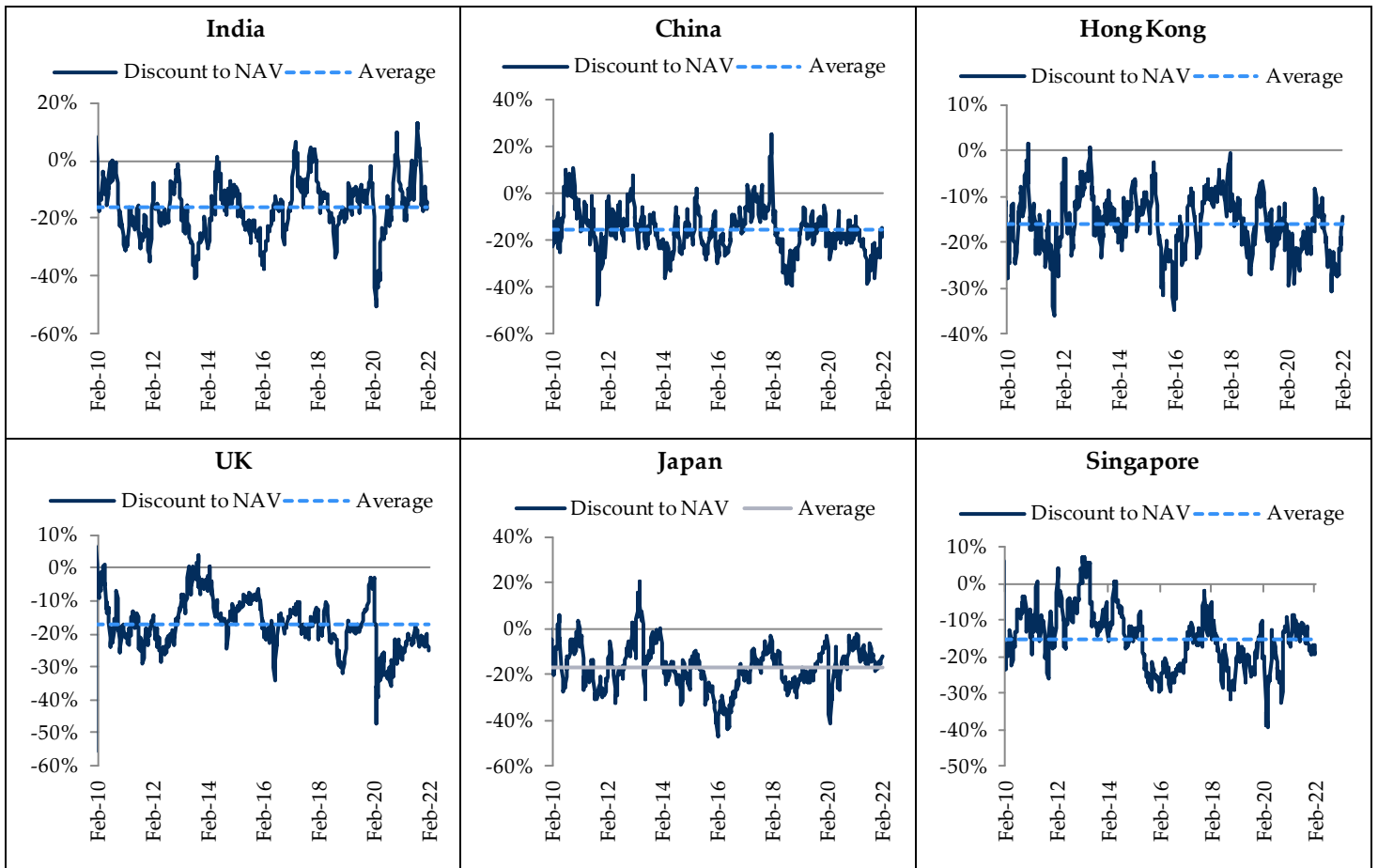
Source: Based on bloomberg consensus estimates



Source: Based on bloomberg consensus estimates

■ Current trading level from NAV ▲ Long term Average





Source: Based on bloomberg consensus estimates

Consensus estimate

Country	Company name	Mcap (USD mil)	PE			PB			ROE			EBITDA margin (%)			EV EBITDA		
			FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
CH	LONGFOR GROUP	36.8	10.5	9.1	7.9	1.9	1.6	1.4	18.7	19.2	19.2	21	21	20	9	8	7
CH	CHINA VANKE	37.7	5.7	5.6	5.7	0.8	0.7	0.7	15.2	14.2	12.8	18	17	16	7	6	7
CH	SEAZEN HOLDING	12.9	4.6	4.1	3.8	1.3	1.0	0.9	26.8	24.4	22.2	15	15	15	7	6	5
CH	COUNTRY GARDEN	20.2	3.6	3.4	3.1	0.6	0.5	0.5	18.2	16.9	15.4	14	13	13	5	5	4
CH	CHINA MERCHANT	17.7	8.3	7.8	6.9	1.1	1.0	0.9	12.0	12.5	12.9	19	18	19	14	13	11
HK	SHK PPT	36.6	9.2	8.5	8.3	0.5	0.5	0.4	5.2	5.4	5.5	48	45	41	9	9	9
HK	SHK PPT	36.6	9.2	8.5	8.3	0.5	0.5	0.4	5.2	5.4	5.5	48	45	41	9	9	9
HK	SINO LAND	10.1	10.2	10.5	10.7	0.5	0.4	0.4	4.7	4.6	4.4	45	38	33	5	6	8
HK	CHINA RES LAND	37.1	8.8	7.8	7.1	1.1	1.0	0.9	13.1	13.1	13.3	24	23	23	7	7	6
HK	KERRY PPT	4.3	6.5	6.7	5.8	0.3	0.3	0.3	4.7	4.4	4.9	54	45	48	10	10	9
SG	YANLORD LAND	1.7	4.7	3.8	4.5	0.3	0.3	0.3	7.3	8.4	7.2	24	24	22	6	5	5
SG	FRASERS PROPERTY	3.2	18.5	17.6	15.9	0.4	0.4	0.4	2.5	2.5	2.9	29	28	30	25	24	26
SG	OXLEY HOLDINGS	0.6	4.1	3.8	3.0	NA	NA	NA	13.7	13.0	15.0	20	29	26	14	14	12
SG	CITY DEVELOPS	4.9	32.2	12.0	12.2	0.8	0.7	0.7	2.4	6.3	5.8	23	27	26	27	18	16
SG	UOL GROUP LTD	4.7	20.5	16.6	15.6	0.6	0.6	0.6	2.8	3.5	3.5	32	31	30	20	17	17
UK	WATKIN JONES	0.9	14.6	11.1	9.3	3.1	2.7	NA	18.9	19.6	8.7	13	14	14	9	7	6
UK	INLAND HOMES	0.2	10.6	8.1	6.0	NA	NA	NA	8.8	9.8	11.3	10	11	12	10	8	7
UK	GRAINGER PLC	3.0	34.3	32.1	23.4	118.0	109.3	105.4	3.7	3.8	3.8	93	93	92	26	24	21
UK	HELICAL PLC	0.7	257.5	55.7	37.8	0.8	0.8	0.7	0.5	1.4	1.7	47	61	66	54	32	25
UK	LOK'N STORE	0.4	30.2	30.7	29.9	NA	NA	NA	4.1	3.8	3.7	60	60	59	28	26	25
JP	AEON MALL	3.3	16.6	11.5	10.2	1.0	0.9	0.9	6.1	8.3	8.8	33	36	36	10	8	8
JP	TOKYO TATEMONO	3.1	10.4	9.8	9.0	0.9	0.8	0.8	8.5	8.5	8.7	21	20	21	18	17	15
JP	HEIWA RE	1.4	17.8	17.6	16.5	1.2	1.2	1.1	7.0	6.8	7.3	31	38	38	19	19	18
JP	SUMITOMO REALTY	15.1	11.5	11.0	10.5	1.1	1.0	0.9	9.5	9.3	8.9	31	31	32	18	17	16
JP	NOMURA RE	4.4	9.7	9.0	8.6	0.8	0.8	0.7	8.6	9.0	8.8	16	16	16	15	14	14
IN	DLF LTD	12.4	52.3	40.2	30.9	2.5	2.4	2.3	4.7	6.0	7.7	34	33	33	46	42	42
IN	OBEROI REALTY	4.4	28.3	24.6	18.7	3.2	2.9	2.5	11.2	11.8	13.0	45	47	49	27	21	15
IN	SOBHA LTD	1.1	30.8	21.1	16.0	3.0	2.7	2.4	11.8	13.7	16.2	28	27	27	12	10	9
IN	BRIGADE ENTERPRI	1.5	93.7	42.9	28.3	3.9	3.6	3.3	6.2	10.1	13.9	29	32	33	18	14	12
IN	KOLTE-PATIL	0.3	20.7	13.4	11.0	2.3	2.0	1.8	10.7	15.3	15.4	20	23	25	11	8	7
IN	PRESTIGE ESTATES	2.4	32.2	23.2	19.4	2.5	2.3	2.1	8.0	10.0	10.8	28	29	31	13	11	9
IN	PHOENIX MILLS	2.3	89.4	35.1	26.1	3.1	2.9	2.6	3.5	8.6	10.8	49	55	55	31	18	14
IN	GODREJ PROPERTIE	5.8	165.0	67.1	54.9	5.0	4.6	4.3	3.2	7.0	8.3	3	15	19	1,809	161	107
IN	MAHINDRA LIFESPA	0.6	178.6	71.8	46.7	2.9	2.8	2.6	1.6	3.9	5.7	(15)	2	6	NA	483	115

Source: Based on bloomberg consensus estimates

COVERAGE COMPANIES FINANCIALS

Brigade

INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	20,241	18,972	29,728	26,322	19,500	29,942	32,383	34,969
<i>Growth (%)</i>	(0.7)	(6.3)	56.7	(11.5)	(25.9)	53.5	8.2	8.0
Material Expenses	10,025	8,447	15,947	13,154	10,530	16,303	17,933	19,726
Employee Expenses	1,433	1,545	1,879	2,160	1,509	1,992	2,091	2,196
Other Operating Expenses	3,040	3,434	4,005	4,375	2,742	3,702	3,813	3,927
EBITDA	5,744	5,546	7,897	6,632	4,719	7,945	8,547	9,120
<i>EBITDA (%)</i>	28.4	29.2	26.6	25.2	24.2	26.5	26.4	26.1
<i>EBITDA Growth (%)</i>	18.0	3.0	(9.1)	(5.1)	(3.9)	9.6	(0.5)	(1.2)
Other Income	342	483	545	494	604	628	660	693
Depreciation	1,226	1,377	1,400	1,920	2,369	3,502	3,619	3,756
EBIT	4,861	4,652	7,042	5,206	2,954	5,072	5,588	6,056
Interest	2,465	2,594	2,785	3,403	3,468	4,514	4,358	4,320
Exceptional items	-	(115)	-	(205)	(763)	(367)	-	-
PBT	2,396	2,173	4,257	2,008	(1,277)	191	1,229	1,736
Tax	736	642	1,455	474	(287)	63	369	521
PAT	1,660	1,532	2,801	1,534	(990)	128	861	1,215
Minority Interest	141	73	420	(166)	(501)	(1,284)	250	220
Share of associates	12	15	18	16	26	34	-	-
EO items (net of tax)	-	(100)	-	(410)	(763)	(367)	0	(0)
APAT	1,531	1,374	2,399	1,306	300	1,813	611	995
<i>APAT Growth (%)</i>	23.5	(10.2)	74.6	(45.6)	(77.1)	505.1	(66.3)	63.0
EPS	9.0	6.8	11.8	6.4	(2.2)	6.3	2.7	4.3
<i>EPS Growth (%)</i>	22.9	(24.8)	74.6	(45.8)	(134.4)	(386.8)	(57.8)	63.0

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	1,137	1,357	1,362	2,044	2,109	2,296	2,296	2,296
Reserves	15,813	21,540	20,332	20,480	21,368	27,416	27,221	27,276
Warrants	-	-	-	287	-	-	-	-
Total Shareholders' Funds	16,950	22,897	21,694	22,811	23,477	29,712	29,517	29,572
Minority Interest	2,274	2,347	1,884	1,659	1,156	(128)	122	342
Long Term Debt	15,885	19,885	33,156	38,671	42,264	44,264	46,264	48,264
Short Term Debt	9,873	10,118	623	437	732	732	732	732
Total Debt	25,758	30,003	33,778	39,107	42,996	44,996	46,996	48,996
Deferred Taxes	619	619	(1,141)	(1,374)	(2,155)	(2,155)	(2,155)	(2,155)
Long Term Provisions & Others	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS	45,601	55,867	56,216	62,204	65,473	72,424	74,479	76,754
APPLICATION OF FUNDS								
Net Block	14,347	18,005	22,724	29,935	50,156	50,407	49,188	46,931
CWIP	15,553	21,207	20,097	20,975	4,949	6,735	7,960	8,285
Goodwill	43	43	43	43	43	43	43	43
Investments, LT Loans & Advances	4,430	4,455	3,132	3,733	3,078	3,091	3,104	3,117
Inventories	22,639	21,795	48,161	52,094	59,020	61,971	68,168	74,985
Debtors	374	377	4,208	4,306	5,272	5,325	5,378	5,432
Cash & Equivalents	1,363	4,533	2,223	3,049	5,594	11,874	9,723	9,267
ST Loans & Advances, Others	3,624	4,479	5,508	6,251	7,096	7,470	7,853	8,245
Total Current Assets	28,000	31,184	60,099	65,700	76,981	86,640	91,121	97,928
Creditors	5,161	5,419	6,081	5,005	5,770	6,058	6,361	6,679
Other Current Liabilities & Provns	11,610	13,609	43,799	53,178	63,965	65,936	68,078	70,410
Total Current Liabilities	16,772	19,029	49,879	58,182	69,735	71,994	74,439	77,089
Net Current Assets	11,228	12,156	10,220	7,518	7,247	14,646	16,682	20,839
Misc Expenses & Others	-	-	-	-	-	(2,498)	(2,498)	(2,461)
TOTAL APPLICATION OF FUNDS	45,601	55,867	56,216	62,204	65,473	72,424	74,479	76,754

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Reported PAT	1,531	1,374	2,399	1,306	300	1,813	611	995
Non-operating & EO items	129	158	402	228	(1,289)	(1,685)	250	220
PAT from Operations	1,660	1,532	2,801	1,534	(990)	128	861	1,215
Interest expenses	2,465	2,594	2,785	3,403	3,468	4,514	4,358	4,320
Depreciation	1,226	1,377	1,400	1,920	2,369	3,502	3,619	3,756
Working Capital Change	(1,134)	2,244	(2,363)	(1,643)	3,740	(1,116)	(4,185)	(4,610)
OPERATING CASH FLOW (a)	4,217	7,747	4,623	5,215	8,588	7,028	4,653	4,682
Capex	(3,686)	(6,017)	(6,005)	(7,328)	(4,670)	(1,786)	(2,400)	(1,500)
Free cash flow (FCF)	531	1,730	(1,382)	(2,113)	3,918	5,242	2,253	3,182
Investments	259	-	1,601	237	(2,814)	-	-	-
INVESTING CASH FLOW (b)	(3,427)	(6,017)	(4,404)	(7,091)	(7,484)	(1,786)	(2,400)	(1,500)
Share capital Issuance	26	5,001	-	287	883	5,000	-	-
Debt Issuance	1,240	4,076	3,925	7,324	3,432	2,000	2,000	2,000
Interest expenses	(2,349)	(2,594)	(3,154)	(3,859)	(3,944)	(4,514)	(4,358)	(4,320)
Dividend	(1)	(426)	(328)	(575)	-	(211)	(806)	(940)
FINANCING CASH FLOW (c)	(1,085)	6,057	443	3,178	371	2,275	(3,164)	(3,260)
NET CASH FLOW (a+b+c)	(295)	7,786	662	1,302	1,475	7,517	(911)	(78)
Non-operating and EO items	569	(4,617)	(2,973)	(476)	1,070	(1,237)	(1,241)	(378)
Closing Cash & Equivalents	1,363	4,533	2,223	3,049	5,594	11,874	9,723	9,267

Source: Company, HSIE Research

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	50.5	55.5	46.4	50.0	46.0	45.6	44.6	43.6
EBITDA Margin	28.4	29.2	26.6	25.2	24.2	26.5	26.4	26.1
EBIT Margin	24.0	24.5	23.7	19.8	15.1	16.9	17.3	17.3
APAT Margin	7.6	7.2	8.1	5.0	1.5	6.1	1.9	2.8
RoE	9.4	7.3	10.7	7.6	(2.1)	5.1	1.9	3.1
Core RoCE	19.6	20.6	21.6	22.6	22.6	22.6	22.6	22.6
RoCE	12.3	10.0	13.5	9.3	4.9	7.7	7.9	8.4
EFFICIENCY								
Tax Rate (%)	30.7	29.5	34.2	23.6	22.5	33.0	30.0	30.0
Asset Turnover (x)	0.5	0.4	0.6	0.5	0.3	0.4	0.5	0.5
Inventory (days)	412	427	429	695	1,040	737	733	747
Debtors (days)	7	7	28	59	90	65	60	56
Payables (days)	85	102	71	77	101	72	70	68
Cash Conversion Cycle (days)	335	333	387	677	1,029	730	724	735
Debt/EBITDA (x)	4.5	5.4	4.3	5.9	9.1	5.7	5.5	5.4
Net D/E	1.4	1.1	1.5	1.6	1.6	1.1	1.3	1.3
Interest Coverage	2.0	1.8	2.5	1.5	0.9	1.1	1.3	1.4
PER SHARE DATA								
EPS (INR/sh)	9.0	6.8	11.8	6.4	(2.2)	6.3	2.7	4.3
CEPS (INR/sh)	16.2	13.5	18.6	15.8	12.7	23.2	18.4	20.7
DPS (INR/sh)	3.0	2.0	2.0	2.0	1.0	3.0	3.5	3.5
BV (INR/sh)	99.4	112.5	106.2	111.6	111.3	129.4	128.6	128.8
VALUATION								
P/E	55.0	73.2	41.9	77.3	(224.9)	78.4	185.7	113.9
P/BV	5.0	4.4	4.7	4.4	4.4	3.8	3.8	3.8
EV/EBITDA	18.9	22.7	16.8	20.7	30.0	18.4	17.6	16.8
OCF/EV (%)	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
FCF/EV (%)	0.5	1.4	(1.0)	(1.5)	2.8	3.6	1.5	2.1
FCFE/Market Cap (%)	(0.7)	3.2	(0.6)	1.3	3.3	2.4	(0.1)	0.8
Dividend Yield (%)	0.6	0.4	0.4	0.4	0.2	0.6	0.7	0.7

Source: Company, HSIE Research

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INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	82,212	67,068	83,661	60,828	54,141	58,211	66,402	67,383
<i>Growth (%)</i>	(17)	(18)	25	(27)	(11)	8	14	1
Material Expenses	34,658	31,153	49,511	33,804	28,492	27,825	34,840	34,919
Employee Expenses	3,283	3,436	3,516	3,567	3,138	3,420	3,557	3,699
Other Operating Expenses	9,938	8,704	9,219	12,106	8,333	7,666	8,049	8,452
EBITDA	34,333	23,774	21,415	11,350	14,178	19,300	19,956	20,313
<i>EBITDA (%)</i>	<i>41.8</i>	<i>35.4</i>	<i>25.6</i>	<i>18.7</i>	<i>26.2</i>	<i>33.2</i>	<i>30.1</i>	<i>30.1</i>
<i>EBITDA Growth (%)</i>	<i>(14.1)</i>	<i>(30.8)</i>	<i>(9.9)</i>	<i>(47.0)</i>	<i>24.9</i>	<i>36.1</i>	<i>3.4</i>	<i>1.8</i>
Other Income	7,193	9,569	6,633	8,054	5,308	3,981	4,340	4,730
Depreciation	5,725	5,335	2,246	2,003	1,595	1,531	1,592	1,656
EBIT	35,801	28,008	25,802	17,401	17,891	21,750	22,703	23,387
Interest	29,798	29,507	20,619	14,269	8,534	6,470	5,886	5,142
Exceptional items	(4,293)	(47,053)	(1,273)	15,757	962	2,244	-	-
PBT	10,295	45,555	6,456	(12,625)	8,396	13,036	16,817	18,245
Tax	2,293	2,631	2,774	2,167	3,623	4,067	5,045	5,474
PAT	7,147	44,639	13,192	(5,832)	10,936	15,693	20,383	22,035
Minority Interest	(67)	129	(51)	(65)	(110)	-	-	-
Share of associates	(923)	1,844	9,458	8,895	6,053	6,724	8,611	9,264
EO items (net of tax)	2,120	(47,053)	(1,273)	15,757	1,265	(2,244)	-	-
APAT	5,027	(2,415)	11,919	9,925	12,201	17,937	20,383	22,035
<i>APAT Growth (%)</i>	<i>279.0</i>	<i>(148.0)</i>	<i>(593.6)</i>	<i>(16.7)</i>	<i>22.9</i>	<i>47.0</i>	<i>13.6</i>	<i>8.1</i>
EPS	3.9	23.6	6.0	(2.4)	4.4	6.3	8.2	8.9
<i>EPS Growth (%)</i>	<i>149.5</i>	<i>505.9</i>	<i>(74.6)</i>	<i>(139.3)</i>	<i>(287.5)</i>	<i>43.5</i>	<i>29.9</i>	<i>8.1</i>

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	19,533	11,069	4,414	4,951	4,951	4,951	4,951	4,951
Reserves	2,72,907	3,42,029	3,31,351	3,39,517	3,48,489	3,59,591	3,74,012	3,89,602
Total Shareholders' Funds	2,92,440	3,53,098	3,35,766	3,44,467	3,53,439	3,64,542	3,78,963	3,94,553
Minority Interest	1,187	488	406	184	203	203	203	203
Long Term Debt	2,75,370	88,080	91,637	56,631	43,185	33,185	23,185	13,185
Short Term Debt	4,970	86,828	80,587	24,394	23,449	23,449	23,449	23,449
Total Debt	2,80,340	1,74,908	1,72,225	81,025	66,634	56,634	46,634	36,634
Deferred Taxes	(25,774)	4,385	(19,372)	2,465	5,408	5,408	5,408	5,408
Long Term Provisions & Others	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS	5,48,193	5,32,878	4,89,025	4,28,142	4,25,684	4,26,787	4,31,208	4,36,798
APPLICATION OF FUNDS								
Net Block	1,80,628	70,731	53,125	42,426	39,120	42,589	49,997	58,341
CWIP	65,284	1,373	1,029	887	942	1,942	2,942	3,942
Goodwill	10,630	10,092	10,092	9,443	9,443	9,443	9,443	9,443
Investments, LT Loans & Advances	9,210	2,08,315	2,10,047	1,85,658	1,97,455	1,97,355	1,97,255	1,97,155
Inventories	1,89,906	1,97,529	2,20,086	2,24,862	2,10,866	1,89,780	1,80,291	1,71,276
Debtors	24,776	12,858	8,323	7,204	5,813	17,543	20,012	20,307
Cash & Equivalents	17,179	22,779	48,554	24,204	14,069	15,523	14,258	15,149
ST Loans & Advances, Others	1,64,462	82,167	94,201	64,220	57,161	56,443	55,760	55,111
Total Current Assets	3,96,323	3,15,334	3,71,163	3,20,491	2,87,909	2,79,288	2,70,320	2,61,844
Creditors	20,407	20,139	20,714	-	-	-	-	-
Other Current Liabilities & Provns	93,475	52,828	1,35,717	1,30,763	1,09,185	1,03,831	98,749	93,927
Total Current Liabilities	1,13,882	72,967	1,56,431	1,30,763	1,09,185	1,03,831	98,749	93,927
Net Current Assets	2,82,441	2,42,367	2,14,732	1,89,728	1,78,724	1,75,458	1,71,571	1,67,917
Misc Expenses & Others	-	-	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	5,48,193	5,32,878	4,89,025	4,28,142	4,25,684	4,26,787	4,31,208	4,36,798

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Reported PAT	5,027	(2,415)	11,919	9,925	12,201	17,937	20,383	22,035
Non-operating & EO items	2,120	47,053	1,273	(15,757)	(1,265)	(2,244)	-	-
PAT from Operations	7,147	44,639	13,192	(5,832)	10,936	15,693	20,383	22,035
Interest expenses	29,798	29,507	20,619	14,269	8,534	6,470	5,886	5,142
Depreciation	5,725	5,335	2,246	2,003	1,595	1,531	1,592	1,656
Working Capital Change	(46,998)	(17,839)	(241)	(10,950)	(7,020)	4,720	2,622	4,545
OPERATING CASH FLOW (a)	(4,328)	61,642	35,816	(510)	14,044	28,415	30,483	33,379
Capex	(6,000)	(7,251)	(5,687)	(1,386)	692	(6,000)	(10,000)	(11,000)
Free cash flow (FCF)	(10,328)	54,391	30,129	(1,896)	14,736	22,415	20,483	22,379
Investments	500	(9,349)	7,325	50,912	(5,291)	100	100	100
INVESTING CASH FLOW (b)	(5,500)	(16,599)	1,639	49,526	(4,599)	(5,900)	(9,900)	(10,900)
Share capital Issuance	-	(7)	30,917	22,459	7	-	-	-
Debt Issuance	29,500	(17,010)	(7,285)	(18,119)	(11,308)	(10,500)	(10,500)	(10,500)
Interest expenses	(29,798)	(20,355)	(16,775)	(23,819)	(7,202)	(6,470)	(5,886)	(5,142)
Dividend	(4,056)	(8,156)	(1,696)	(8,077)	(1,987)	(4,590)	(5,962)	(6,445)
FINANCING CASH FLOW (c)	(4,354)	(45,528)	5,162	(27,556)	(20,490)	(21,560)	(22,348)	(22,087)
NET CASH FLOW (a+b+c)	(14,183)	(486)	42,616	21,461	(11,045)	954	(1,765)	392
Non-operating and EO items	2,580	(1,246)	(809)	711	1,063	500	500	500
Closing Cash & Equivalents	17,179	22,779	48,554	24,204	14,069	15,523	14,258	15,149

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	57.8	46.5	59.2	55.6	52.6	47.8	52.5	51.8
EBITDA Margin	41.8	35.4	25.6	18.7	26.2	33.2	30.1	30.1
APAT Margin	6.1	(3.6)	14.2	16.3	22.5	30.8	30.7	32.7
RoE	2.5	13.8	3.8	(1.7)	3.2	4.4	5.5	5.7
Core RoCE	6.8	6.5	8.6	6.7	7.6	9.5	9.8	9.9
RoCE	6.8	6.5	8.6	6.7	7.6	9.5	9.8	9.9
EFFICIENCY								
Tax Rate (%)	22.3	5.8	43.0	(17.2)	43.2	31.2	30.0	30.0
Asset Turnover (x)	0.2	0.2	0.3	0.3	0.2	0.3	0.3	0.3
Inventory (days)	810	1,054	911	1,335	1,469	1,256	1,017	952
Debtors (days)	92	102	46	47	44	73	103	109
Payables (days)	88	110	89	62	-	-	-	-
Cash Conversion Cycle (days)	814	1,046	868	1,319	1,513	1,329	1,120	1,061
Debt/EBITDA (x)	8.2	7.4	8.0	7.1	4.7	2.9	2.3	1.8
Net D/E	0.9	0.4	0.4	0.2	0.1	0.1	0.1	0.1
Interest Coverage	1.2	0.9	1.3	1.2	2.1	3.4	3.9	4.5
PER SHARE DATA								
EPS (INR/sh)	3.9	23.6	6.0	(2.4)	4.4	6.3	8.2	8.9
CEPS (INR/sh)	6.0	1.5	6.4	4.8	5.6	7.9	8.9	9.6
DPS (INR/sh)	1.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0
BV (INR/sh)	164.4	186.8	152.6	139.2	142.8	147.3	153.1	159.4
VALUATION								
P/E	92.1	15.2	59.9	(152.4)	81.3	56.6	43.6	40.3
P/BV	2.2	1.9	2.4	2.6	2.5	2.4	2.3	2.3
EV/EBITDA	26.3	34.9	42.7	83.3	66.4	48.2	46.2	44.8
OCF/EV (%)	(0.0)	0.1	0.0	(0.0)	0.0	0.0	0.0	0.0
FCF/EV (%)	(1.1)	6.5	3.3	(0.2)	1.6	2.4	2.2	2.5
FCFE/Market Cap (%)	(1.7)	2.5	0.8	(4.9)	(0.4)	0.6	0.5	0.8
Dividend Yield (%)	0.5	0.8	0.8	0.8	0.8	0.8	0.8	0.8

Source: Company, HSIE Research

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INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	15,829	16,037	28,174	24,414	7,649	12,450	15,563	17,119
<i>Growth (%)</i>	(25.4)	1.3	75.7	(13.3)	(68.7)	62.8	25.0	10.0
Construction expenses	10,809	13,609	21,939	15,633	4,751	7,500	8,000	8,550
Employee expenses	928	1,384	1,730	1,847	2,996	1,920	2,100	2,126
Other expenses	1,565	2,833	2,725	3,480	3,238	3,325	3,292	3,404
Operating Expenses	13,302	17,826	26,394	20,960	10,985	12,745	13,392	14,080
EBITDA	2,527	(1,789)	1,780	3,454	(3,336)	(295)	2,170	3,039
<i>EBITDA (%)</i>	16.0	(11.2)	6.3	14.1	(43.6)	(2.4)	13.9	17.8
<i>Growth (%)</i>	84.9	(170.8)	(199.5)	94.0	(196.6)	(91.1)	(835.1)	40.0
Depreciation & Amortisation	145	161	143	205	195	220	291	355
Other Income	1,185	4,986	4,046	4,732	5,682	7,491	7,235	7,444
EBIT	3,566	3,036	5,683	7,981	2,151	6,976	9,115	10,128
Interest expense	1,038	1,501	2,340	2,220	1,849	1,665	1,748	1,783
Recurring PBT	2,528	1,535	3,343	5,761	302	5,311	7,366	8,345
Less: Taxes	777	300	951	2,203	1,036	1,275	1,842	2,086
PAT before Minority/Associate	1,751	1,235	2,392	3,558	(734)	4,036	5,525	6,259
Minority/Associate share	317	(366)	140	(885)	(1,161)	(2,169)	(1,500)	(500)
Net Income (Reported)	2,068	869	2,532	2,672	(1,894)	1,867	4,025	5,759
EO items					(2,288)			
Net income adjusted	2,068	869	2,532	2,672	393	1,867	4,025	5,759
EPS	9.6	4.0	11.0	9.6	1.4	6.7	14.5	20.7
<i>EPS Growth (%)</i>	44.1	(58.0)	175.0	(13.0)	(85.3)	374.9	115.5	43.1

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	1,082	1,082	1,147	1,260	1,390	1,390	1,390	1,390
Reserves	10,137	11,022	23,544	46,785	81,805	85,483	89,498	95,565
Total Shareholders' Funds	11,219	12,104	24,690	48,045	83,195	86,873	90,888	96,954
Minority Interest	-	-	-	-	-	-	-	-
Long term debt	4,748	5,000	5,000	5,000	10,000	15,000	20,000	20,000
Short term debt	35,057	32,029	30,158	32,101	35,131	37,131	42,131	42,131
Total Debt	39,804	37,029	35,158	37,101	45,131	52,131	62,131	62,131
Deferred Taxes	-	6	7	4	10	10	10	10
Long Term Provisions & Others								
TOTAL SOURCES OF FUNDS	51,023	49,139	59,856	85,150	1,28,336	1,39,014	1,53,030	1,59,096
APPLICATION OF FUNDS								
Net Block	1,020	1,126	967	1,129	1,745	1,673	1,582	4,891
CWIP	0.3	715	995	1,629	2,294	3,031	3,806	1,120
Goodwill	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Investments	6,973	14,541	26,372	35,710	52,426	50,426	53,426	53,426
<i>Of which current investments</i>	3,663	5,438	10,521	20,616	37,194	35,194	38,194	38,194
Other Non Current Assets	6,859	7,569	6,735	5,192	3,602	3,602	3,602	3,602
Inventories	51,622	37,334	22,108	21,253	48,014	52,916	61,287	66,855
Debtors	2,114	1,562	1,599	5,226	3,101	3,411	3,503	3,503
Cash & Equivalents	1,104	3,327	3,426	5,070	6,732	8,751	9,856	16,027
ST Loans & Advances, Others	7,539	10,791	10,588	16,289	24,664	31,664	39,664	45,613
Other current assets	5,247	5,753	8,138	9,562	19,900	20,895	21,939	26,327
Total Current Assets	67,626	58,767	45,859	57,399	1,02,410	1,17,636	1,36,249	1,58,325
Creditors	5,171	3,130	2,477	7,197	19,017	19,667	25,568	25,568
Other Current Liabilities & Provns	26,285	30,450	18,595	8,713	15,123	17,688	20,069	36,701
Total Current Liabilities	31,456	33,579	21,072	15,910	34,140	37,355	45,636	62,269
Net Current Assets	36,170	25,188	24,787	41,489	68,270	80,281	90,613	96,056
Misc Expenses & Others								
TOTAL APPLICATION OF FUNDS	51,023	49,139	59,856	85,150	1,28,336	1,39,014	1,53,030	1,59,096

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PBT	2,845	1,169	348	4,909	(857)	4,904	5,354	8,088
Non-operating and EO items	(954)	(1,387)	(2,324)	(3,493)	(5,039)	(7,491)	(7,235)	(7,444)
Depreciation	145	161	143	205	195	220	291	355
Interest expense	1,038	1,501	2,340	2,220	1,849	3,702	4,363	4,920
Non-Cash Adjustments	(355)	(1,752)	(1,465)	312	552	-	-	-
Working Capital Changes	(4,555)	12,541	2,984	(6,219)	(3,566)	(2,992)	(1,226)	6,677
Taxes Paid	(1,603)	(685)	(381)	(232)	154	(1,226)	(1,338)	(2,022)
Operating Cashflow	(3,440)	11,548	1,647	(2,298)	(6,712)	(2,883)	207	10,573
Capital Commitments	(126)	(1,503)	(738)	(631)	(1,253)	(938)	(975)	(1,114)
Free Cashflow	(3,566)	10,045	909	(2,929)	(7,965)	(3,821)	(767)	9,460
Changes in strategic Investments	(2,912)	(5,923)	(6,666)	(6,659)	(9,236)	(7,000)	(8,000)	(5,950)
Changes in liquid Investments	376	(3,173)	(3,706)	(10,730)	(24,016)	2,000	(3,000)	-
Interest and dividend income received	716	872	1,296	801	1,285	7,491	7,235	7,444
Others	(14)	(7)	8	7	1	-	-	-
Cashflow from Investing Activities	(1,959)	(9,734)	(9,806)	(17,212)	(33,219)	1,553	(4,740)	381
Issue of Share Capital	1	1	9,995	20,659	36,909	-	-	-
Inc (Dec) in Borrowings	5,947	(1,964)	2,655	2,169	9,510	7,000	10,000	-
Dividend paid	-	-	-	-	-	-	-	-
Interest paid	(3,142)	(2,984)	(2,950)	(3,014)	(3,731)	(3,702)	(4,363)	(4,920)
Others	348	19	(3)	(92)	(98)	-	-	-
Cashflow from Financing activities	3,154	(4,929)	9,698	19,722	42,590	3,298	5,637	(4,920)
Chg. in Cash & Bank balances	(2,245)	(3,115)	1,539	213	2,659	1,968	1,105	6,035
Net cash at the beginning of the period	1,056	1,104	3,327	3,426	5,070	6,732	8,751	9,856
Adjustments (Reco)	2,292	5,338	(1,440)	1,431	(997)	51	-	136
Net cash at the end of the period	1,104	3,327	3,426	5,070	6,732	8,751	9,856	16,027

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	31.7	15.1	22.1	36.0	37.9	39.8	48.6	50.1
EBITDA Margin	16.0	(11.2)	6.3	14.1	(43.6)	(2.4)	13.9	17.8
APAT Margin	13.1	5.4	9.0	10.9	5.1	15.0	25.9	33.6
RoE	14.3	7.5	13.8	7.3	0.6	2.2	4.5	6.1
Core RoCE	6.6	5.6	13.7	10.9	(7.2)	4.2	6.3	7.9
RoCE	5.6	4.1	7.7	5.6	(3.8)	2.3	3.7	4.5
EFFICIENCY								
Tax Rate (%)	30.7	19.5	28.4	38.2	342.8	24.0	25.0	25.0
Asset Turnover (x)	0.4	0.5	0.8	0.5	0.1	0.1	0.2	0.2
Inventory (days)	1,534	1,193	494	506	2,661	2,456	2,605	2,735
Debtors (days)	24	42	20	51	199	95	81	75
Payables (days)	188	111	47	113	1,007	941	1,032	1,091
Cash Conversion Cycle (days)	1,371	1,123	468	444	1,852	1,610	1,654	1,718
Debt/EBITDA (x)	14.0	(21.5)	20.3	10.5	(12.3)	(164.7)	26.3	20.4
Net D/E	3.1	2.3	0.9	0.2	0.0	0.1	0.2	0.1
Interest Coverage	3.4	2.0	2.4	3.6	1.2	4.2	5.2	5.7
PER SHARE DATA								
EPS (INR/sh)	9.6	4.0	11.0	9.6	1.4	6.7	14.5	20.7
CEPS (INR/sh)	10.2	4.8	11.7	10.4	2.1	7.5	15.5	22.0
DPS (INR/sh)	-	-	-	-	-	-	-	-
BV (INR/sh)	51.9	55.9	107.8	172.9	299.3	312.6	327.0	348.8
VALUATION								
P/E	164.2	390.5	142.0	163.2	1,109.1	233.5	108.4	75.7
P/BV	30.3	28.0	14.6	9.1	5.2	5.0	4.8	4.5
EV/EBITDA	148.2	(205.5)	213.8	129.6	(131.1)	(1,504.7)	207.4	146.1
OCF/EV (%)	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0
FCF/EV (%)	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.0
FCFE/Market Cap	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0
Dividend Yield (%)	-	-	-	-	-	-	-	-

Source: Company, HSIE Research

Kolte Patil

INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	9,656	12,192	8,693	11,295	6,917	10,540	12,944	15,764
<i>Growth (%)</i>	28.1	26.3	(28.7)	29.9	(38.8)	52.4	22.8	21.8
Material Expenses	6,082	7,819	4,543	7,327	4,963	7,143	8,492	10,112
Employee Expenses	422	370	538	587	650	650	702	807
Other Operating Expenses	753	970	1,141	1,045	681	646	970	1,164
EBITDA	2,400	3,033	2,471	2,336	624	2,101	2,781	3,681
<i>EBITDA (%)</i>	24.9	24.9	28.4	20.7	9.0	19.9	21.5	23.4
<i>EBITDA Growth (%)</i>	21.0	26.4	(18.5)	(5.5)	(73.3)	236.7	32.4	32.4
Other Income	82	156	111	470	167	176	190	205
Depreciation	149	153	149	172	120	109	134	166
EBIT	2,334	3,036	2,433	2,633	671	2,168	2,837	3,720
Interest	860	987	920	797	703	524	559	540
Exceptional items	-	-	-	-	-	-	-	-
PBT	1,473	2,049	1,513	1,837	(32)	1,644	2,277	3,180
Tax	624	493	518	840	7	526	638	827
Minority Interest	23	(322)	(240)	(273)	(7)	(50)	(50)	(90)
Share of associates	-	-	-	-	(10)	(92)	-	-
RPAT	872	1,234	755	724	(55)	976	1,590	2,263
EO items (net of tax)	-	(18)	-	(67)	-	(92)	-	-
APAT	872	1,216	755	657	(55)	884	1,590	2,263
<i>APAT Growth (%)</i>	48.0	39.5	(37.9)	(13.0)	(108.4)	(1,700.8)	79.9	42.4
EPS	11.5	16.0	10.0	8.7	(0.7)	14.1	21.0	29.9
<i>EPS Growth (%)</i>	48.0	39.5	(37.9)	(13.0)	(108.4)	(2,034.1)	48.9	42.4

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	758	758	758	758	760	760	760	760
Reserves	7,880	9,080	7,643	8,292	8,179	9,245	10,834	13,096
Total Shareholders' Funds	8,638	9,838	8,401	9,050	8,939	10,005	11,594	13,856
Minority Interest	2,666	2,075	59	149	2	52	102	192
Long Term Debt	1,417	1,478	2,623	1,985	1,965	1,465	1,465	965
Short Term Debt	3,903	2,527	3,207	3,812	3,653	3,653	3,653	3,653
Current Maturities								
Total Debt	5,320	4,005	5,830	5,797	5,617	5,117	5,117	4,617
Deferred Taxes	(25)	(225)	(1,755)	(1,408)	(1,791)	(1,791)	(1,791)	(1,791)
Long Term Provisions & Others	2,432	3,270	2,585	2,785	2,993	2,993	2,993	2,993
TOTAL SOURCES OF FUNDS	19,032	18,964	15,121	16,372	15,760	16,376	18,014	19,866
APPLICATION OF FUNDS								
Net Block	1,061	968	837	736	627	818	985	1,119
CWIP	22	-	5	6	3	3	3	3
Goodwill	211	207	207	2,013	2,040	2,040	2,040	2,040
Investments, LT Loans & Advances	-	-	-	-	169	100	100	100
Other Non Current Assets	1,662	2,632	2,621	2,818	2,748	2,776	2,804	2,832
Inventories	20,607	18,364	28,270	27,582	28,640	23,101	28,370	30,232
Debtors	1,770	1,828	1,079	617	331	1,588	1,950	2,375
Cash & Equivalents	797	1,183	638	972	1,639	2,690	1,970	1,903
ST Loans & Advances, Others	1,972	1,208	861	944	1,025	2,311	2,661	3,067
Total Current Assets	25,147	22,583	30,848	30,114	31,634	29,690	34,951	37,577
Creditors	1,761	2,498	2,535	2,825	2,904	3,195	3,514	3,865
Other Current Liabilities & Provns	7,311	4,929	16,862	16,492	18,558	15,856	19,354	19,940
Total Current Liabilities	9,072	7,427	19,397	19,317	21,462	19,051	22,868	23,805
Net Current Assets	16,075	15,156	11,451	10,797	10,172	10,639	12,083	13,772
Misc Expenses & Others	-	-	-	1	-	-	-	-
TOTAL APPLICATION OF FUNDS	19,032	18,964	15,121	16,372	15,760	16,376	18,014	19,866

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PBT before minority	1,473	2,028	1,512	1,837	(32)	1,644	2,277	3,180
Non-operating & EO items	(29)	60	(0)	(370)	80	(176)	(190)	(205)
Taxes	(494)	(781)	(706)	(649)	(469)	(526)	(638)	(827)
Interest expenses	860	987	920	797	703	524	559	540
Depreciation	149	154	149	172	120	109	134	166
Working Capital Change	(543)	(878)	(2,552)	1,057	2,787	626	(2,192)	(1,784)
OPERATING CASH FLOW (a)	1,417	1,569	(676)	2,844	3,189	2,200	(49)	1,070
Capex	(77)	(42)	(24)	(105)	(57)	(300)	(300)	(300)
Free cash flow (FCF)	1,340	1,528	(700)	2,739	3,132	1,900	(349)	770
Investments	496	417	183	(550)	(1,490)	176	190	205
INVESTING CASH FLOW (b)	419	376	159	(655)	(1,547)	(124)	(110)	(95)
Share capital Issuance	-	3	2	-	28	-	-	-
Debt Issuance	(655)	(672)	1,114	(783)	(638)	(500)	-	(500)
Interest expenses	(792)	(1,002)	(755)	(822)	(709)	(524)	(559)	(540)
Dividend	(262)	(146)	(205)	(197)	(2)	(2)	(2)	(2)
FINANCING CASH FLOW (c)	(1,709)	(1,817)	157	(1,803)	(1,320)	(1,025)	(561)	(1,042)
NET CASH FLOW (a+b+c)	126	128	(361)	386	322	1,050	(720)	(66)
Opening Cash	552	678	806	446	972	1,639	2,690	1,970
Other Bank Deposits not considered as CC&CE	119	377	193	140	486	-	-	-
Closing Cash & Equivalents	797	1,183	638	972	1,639	2,690	1,970	1,903

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	37.0	35.9	47.7	35.1	28.3	32.2	34.4	35.9
EBITDA Margin	24.9	24.9	28.4	20.7	9.0	19.9	21.5	23.4
EBIT Margin	24.2	24.9	28.0	23.3	9.7	20.6	21.9	23.6
APAT Margin	9.0	10.0	8.7	5.8	(0.8)	8.4	12.3	14.4
RoE	10.9	9.9	5.6	5.2	(0.7)	9.8	14.3	17.1
Core RoCE	13.9	19.7	17.0	11.0	7.6	14.8	20.6	25.3
RoCE	12.3	16.0	14.3	16.7	4.2	13.6	16.6	19.7
EFFICIENCY								
Tax Rate (%)	42.4	24.1	34.2	45.7	(21.5)	32.0	28.0	26.0
Asset Turnover (x)	0.5	0.6	0.6	0.7	0.4	0.6	0.7	0.8
Inventory (days)	775	583	979	902	1,483	896	726	678
Debtors (days)	61	54	61	27	25	33	50	50
Payables (days)	62	64	106	87	151	106	95	85
Cash Conversion Cycle (days)	774	573	934	843	1,357	824	681	643
Debt/EBITDA (x)	2.2	1.3	2.4	2.5	9.0	2.4	1.8	1.3
Net D/E	0.5	0.3	0.6	0.5	0.4	0.2	0.3	0.2
Interest Coverage	2.7	3.1	2.6	3.3	1.0	4.1	5.1	6.9
PER SHARE DATA								
EPS (INR/sh)	11.5	16.0	10.0	8.7	(0.7)	14.1	21.0	29.9
CEPS (INR/sh)	13.5	18.1	11.9	10.9	0.8	13.1	22.7	32.0
DPS (INR/sh)	2.3	3.2	2.0	2.6	0.0	0.0	0.0	0.0
BV (INR/sh)	114.0	129.8	110.9	119.4	117.6	131.6	152.5	182.3
VALUATION								
P/E	23.7	17.0	27.4	31.5	(374.8)	19.4	13.0	9.1
P/BV	2.4	2.1	2.5	2.3	2.3	2.1	1.8	1.5
EV/EBITDA	10.5	7.8	10.5	10.9	39.6	11.0	8.6	6.4
OCF/EV (%)	0.1	0.1	(0.0)	0.1	0.1	0.1	(0.0)	0.0
FCF/EV (%)	5.3	6.5	(2.7)	10.7	12.7	8.2	(1.5)	3.3
FCFE/Market Cap	3.3	4.1	2.0	9.4	12.0	6.7	(1.7)	1.3
Dividend Yield (%)	0.8	1.2	0.7	1.0	0.0	0.0	0.0	0.0

Source: Company, HSIE Research

Mahindra Lifespaces

INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	7,621	5,662	5,928	6,109	1,663	3,119	7,663	10,171
<i>Growth (%)</i>	28	(26)	5	3	(73)	88	146	33
Material Expenses	5,885	3,936	4,096	4,830	1,173	2,495	5,441	7,222
Employee Expenses	681	660	740	822	757	848	916	1,007
Other Operating Expenses	552	491	834	1,025	668	574	1,149	1,526
EBITDA	503	575	258	(568)	(935)	(798)	157	417
<i>EBITDA (%)</i>	<i>6.6</i>	<i>10.2</i>	<i>4.4</i>	<i>(9.3)</i>	<i>(56.2)</i>	<i>(25.6)</i>	<i>2.0</i>	<i>4.1</i>
<i>EBITDA Growth (%)</i>	<i>(41.2)</i>	<i>14.3</i>	<i>(55.1)</i>	<i>(319.8)</i>	<i>64.6</i>	<i>(14.6)</i>	<i>(119.7)</i>	<i>165.3</i>
Other Income	688	779	610	350	216	799	420	422
Depreciation	46	43	38	77	70	57	73	79
EBIT	1,145	1,311	831	(295)	(789)	(57)	504	759
Interest	202	413	125	76	110	72	438	583
Exceptional items			-	1,346				
PBT	943	898	706	(1,718)	(899)	(129)	66	176
Tax	331	312	246	(17)	(63)	(32)	17	44
PAT	612	586	460	(1,701)	(836)	(96)	50	132
Minority Interest	(36)	(24)	10	11	(3)	20	30	30
Share of associates	445	447	726	(245)	121	394	1,353	1,620
EO items (net of tax)				1,346	-	-	-	-
APAT	1,021	1,009	1,197	(588)	(717)	317	1,432	1,782
<i>APAT Growth (%)</i>	<i>11.4</i>	<i>(1.2)</i>	<i>18.6</i>	<i>(149.1)</i>	<i>22.0</i>	<i>(144.2)</i>	<i>351.5</i>	<i>24.5</i>
EPS	25.0	6.5	7.8	(3.8)	(4.7)	2.1	9.3	11.6
<i>EPS Growth (%)</i>	<i>11.4</i>	<i>(73.8)</i>	<i>18.6</i>	<i>(149.1)</i>	<i>22.0</i>	<i>(144.2)</i>	<i>351.5</i>	<i>24.5</i>

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	411	513	513	514	514	1,541	1,541	1,541
Reserves	16,585	20,075	18,782	16,499	15,797	15,087	16,519	18,302
Total Shareholders' Funds	16,996	20,588	19,295	17,013	16,311	16,628	18,060	19,843
Minority Interest	435	445	435	419	420	420	420	420
Long Term Debt	2,748	576	326	629	752	3,752	6,152	8,152
Short Term Debt	4,135	4,010	1,951	1,686	1,682	1,682	1,682	1,682
Total Debt	6,883	4,586	2,277	2,314	2,434	5,434	7,834	9,834
Deferred Taxes	375	387	134	77	(26)	(26)	(26)	(26)
Long Term Provisions & Others	576	92	85	66	70	80	90	100
TOTAL SOURCES OF FUNDS	25,265	26,098	22,226	19,890	19,209	22,536	26,379	30,171
APPLICATION OF FUNDS								
Net Block	335	289	290	320	249	261	289	309
CWIP	85	91	98	122	146	146	146	146
Goodwill	660	660	660	660	660	660	660	660
Investments	5,968	7,092	6,877	5,482	5,581	6,081	6,781	7,481
Other Non Current Assets	583	710	532	774	707	777	855	941
Inventories	11,712	9,124	13,451	12,043	13,447	16,136	18,670	20,537
Debtors	761	1,452	1,373	1,144	564	508	482	458
Cash & Equivalents	2,296	3,473	1,794	1,324	1,355	884	1,002	1,418
ST Loans & Advances, Others	6,780	7,085	4,860	3,548	2,993	5,387	7,811	10,936
Total Current Assets	21,549	21,134	21,478	18,059	18,359	22,915	27,965	33,349
Creditors	2,570	1,943	1,880	1,276	1,349	1,619	2,428	3,642
Other Current Liabilities & Provns	1,346	1,935	5,829	4,252	5,143	6,686	7,889	9,073
Total Current Liabilities	3,916	3,878	7,710	5,527	6,492	8,305	10,317	12,715
Net Current Assets	17,634	17,256	13,768	12,531	11,867	14,611	17,648	20,634
Misc Expenses & Others	-	-	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	25,265	26,098	22,226	19,890	19,209	22,536	26,379	30,171

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Reported PBT + share of JV	944	898	706	(372)	(778)	265	1,419	1,796
Non-operating & EO items	(192)	(761)	(504)	(242)	(286)	20	30	30
Taxes paid	(171)	(174)	(270)	(132)	(128)	32	(17)	(44)
Interest expenses	202	413	125	76	110	72	438	583
Depreciation	46	43	38	77	70	57	73	79
Working Capital Change	311	1,525	1,581	(36)	332	(3,275)	(2,987)	(2,645)
OPERATING CASH FLOW (a)	1,140	1,944	1,675	(628)	(680)	(2,829)	(1,044)	(201)
Capex	(119)	(749)	2,143	(31)	(29)	(70)	(100)	(100)
Free cash flow (FCF)	1,021	1,195	3,819	(659)	(709)	(2,899)	(1,144)	(301)
Investments	1,083	(1,048)	734	911	1,133	(500)	(700)	(700)
INVESTING CASH FLOW (b)	964	(1,797)	2,877	881	1,104	(570)	(800)	(800)
Share capital Issuance	(7)	2,939	0.2	(14)	0.3	-	-	-
Debt Issuance	(1,326)	(1,930)	(2,802)	(12)	77	3,000	2,400	2,000
Interest expenses	(932)	(1,036)	(523)	(292)	(271)	(72)	(438)	(583)
Dividend	(284)	(373)	(380)	(356)	(4)	-	-	-
FINANCING CASH FLOW (c)	(2,549)	(400)	(3,704)	(674)	(198)	2,928	1,962	1,417
NET CASH FLOW (a+b+c)	(445)	(253)	848	(421)	226	(471)	118	416
Non-operating and EO items	1,462	1,430	(2,527)	(49)	(195)	-	-	-
Closing Cash & Equivalents (ex. FDR and current investments)	2,296	3,473	1,794	1,324	1,355	884	1,002	1,418

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	22.8	30.5	30.9	20.9	29.4	20.0	29.0	29.0
EBITDA Margin	6.6	10.2	4.4	(9.3)	(56.2)	(25.6)	2.0	4.1
APAT Margin	13.4	17.8	20.2	(9.6)	(43.2)	10.2	18.7	17.5
RoE	6.1	5.4	6.0	(10.7)	(4.3)	1.9	8.3	9.4
Core RoCE	5.0	5.7	5.9	(2.8)	(3.4)	1.8	7.4	8.1
RoCE	4.7	5.1	5.4	(2.5)	(3.2)	1.8	7.2	7.9
EFFICIENCY								
Tax Rate (%)	35.1	34.7	34.8	1.0	7.0	25.0	25.0	25.0
Asset Turnover (x)	0.4	0.3	0.4	0.4	0.1	0.2	0.4	0.4
Inventory (days)	593	672	695	762	2,798	1,731	829	703
Debtors (days)	33	71	87	75	187	63	24	17
Payables (days)	122	145	118	94	288	174	96	109
Cash Conversion Cycle (days)	504	597	664	742	2,697	1,620	756	611
Debt/EBITDA (x)	13.7	8.0	8.8	(4.1)	(2.6)	(6.8)	49.9	23.6
Net D/E	0.3	0.1	0.0	0.1	0.1	0.3	0.4	0.4
Interest Coverage	5.7	3.2	6.7	(3.9)	(7.2)	(0.8)	1.2	1.3
PER SHARE DATA								
EPS (INR/sh)	25.0	6.5	7.8	(3.8)	(4.7)	2.1	9.3	11.6
CEPS (INR/sh)	6.9	6.8	8.0	(3.3)	(4.2)	2.4	9.8	12.1
DPS (INR/sh)	1.8	2.4	2.5	2.3	0.0	-	-	-
BV (INR/sh)	110.3	133.6	125.2	110.4	105.9	107.9	117.2	128.8
VALUATION								
P/E	12.4	47.2	39.8	(80.9)	(66.4)	150.1	33.2	26.7
P/BV	2.8	2.3	2.5	2.8	2.9	2.9	2.6	2.4
EV/EBITDA	103.8	84.7	186.1	(85.5)	(52.1)	(65.4)	346.6	134.5
OCF/EV (%)	0.0	0.0	0.0	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)
FCF/EV (%)	2.0	2.5	7.9	(1.4)	(1.5)	(5.6)	(2.1)	(0.5)
Dividend Yield (%)	0.6	0.8	0.8	0.7	0.0	-	-	-

Source: Company, HSIE Research

Oberoi Realty

INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	11,137	12,654	25,825	22,376	20,526	27,496	30,218	33,542
<i>Growth (%)</i>	(21.4)	13.6	104.1	(13.4)	(8.3)	34.0	9.9	11.0
Material Expenses	4,372	4,679	12,472	10,357	8,908	13,676	14,735	16,208
Employee Expenses	642	672	734	642	491	632	786	872
Other Operating Expenses	423	551	1,067	897	1,122	1,100	1,133	1,258
EBITDA	5,701	6,752	11,553	10,480	10,004	12,088	13,565	15,204
<i>EBITDA (%)</i>	51.2	53.4	44.7	46.8	48.7	44.0	44.9	45.3
<i>EBITDA Growth (%)</i>	(15.7)	18.4	71.1	(9.3)	(4.5)	20.8	12.2	12.1
Other Income	473	266	788	484	380	521	547	574
Depreciation	495	491	440	449	412	403	470	500
EBIT	5,679	6,527	11,901	10,515	9,972	12,205	13,642	15,278
Interest	56	69	194	885	760	768	776	783
PBT	5,623	6,459	11,707	9,630	9,212	11,437	12,866	14,495
Tax	1,868	1,907	3,607	2,796	1,851	3,054	3,435	3,870
PAT	3,754	4,551	8,100	6,834	7,360	8,384	9,431	10,625
Minority Interest	-	-	-	-	-	-	-	-
Profit from associates	31	36	69	59	33	4,347	2,505	2,789
EO Items	-	-	-	-	-	-	-	-
APAT	3,786	4,588	8,169	6,893	7,393	12,731	11,935	13,414
<i>APAT Growth (%)</i>	(13.1)	21.2	78.1	(15.6)	7.2	72.2	(6.3)	12.4
EPS	11.2	13.5	22.5	19.0	20.3	35.0	32.8	36.9
<i>EPS Growth (%)</i>	(13.1)	21.2	66.2	(15.6)	7.2	72.2	(6.3)	12.4

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	3,393	3,396	3,636	3,636	3,636	3,636	3,636	3,636
Reserves	53,864	57,528	76,656	82,659	90,055	1,02,042	1,13,279	1,25,908
Total Shareholders' Funds	57,257	60,924	80,292	86,295	93,691	1,05,678	1,16,915	1,29,544
Minority Interest	-	-	-	-	-	-	-	-
Long Term Debt	7,494	6,786	5,885	-	3,590	3,590	3,590	3,590
Short Term Debt	1,193	10,154	9,975	15,188	11,748	11,748	11,748	11,748
Total Debt	8,686	16,941	15,860	15,188	15,338	15,338	15,338	15,338
Deferred Taxes	(997)	(1,087)	(1,039)	(648)	(531)	(531)	(531)	(531)
Long Term Provisions & Others	799	1,153	1,736	1,805	2,066	2,273	2,500	2,750
TOTAL SOURCES OF FUNDS	65,745	77,930	96,849	1,02,642	1,10,566	1,22,758	1,34,222	1,47,102
APPLICATION OF FUNDS								
Net Block	2,297	2,086	1,969	2,073	2,087	1,934	1,714	1,464
CWIP	1,095	1,126	1,261	3,055	19,799	24,799	29,799	34,799
Goodwill	-	-	-	-	-	-	-	-
Investment Property	7,154	7,677	8,647	8,391	8,049	8,130	8,211	8,293
Other Non Current Assets	1,490	1,503	2,215	6,682	6,977	7,674	8,442	9,286
Investments, LT Loans & Advances	18,243	24,066	25,989	22,621	15,094	15,547	16,013	16,494
Inventories	37,664	42,467	41,655	53,173	46,626	46,389	47,285	47,500
Debtors	1,058	1,813	1,094	1,152	1,280	2,064	2,268	2,518
Cash & Equivalents	3,517	1,167	4,253	1,083	1,331	9,372	13,115	18,823
ST Loans & Advances, Others	11,087	18,884	22,855	13,051	18,415	18,415	19,003	19,615
Total Current Assets	53,325	64,331	69,857	68,460	67,652	76,240	81,671	88,456
Creditors	17,780	22,817	12,969	8,620	9,082	11,554	11,617	11,679
Other Current Liabilities & Provns	79	43	119	22	11	11	11	11
Total Current Liabilities	17,859	22,860	13,088	8,642	9,092	11,565	11,627	11,690
Net Current Assets	35,466	41,472	56,769	59,818	58,560	64,675	70,044	76,766
Misc Expenses & Others	-	-	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	65,745	77,930	96,849	1,02,642	1,10,566	1,22,758	1,34,222	1,47,102

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PBT before minority	5,623	6,459	11,776	9,689	9,244	15,785	15,371	17,284
Non-operating income & EO items	(361)	(230)	(717)	(416)	(362)	(521)	(547)	(574)
Taxes	(1,825)	(1,997)	(3,243)	(2,221)	(2,031)	(3,054)	(3,435)	(3,870)
Interest expenses	718	69	194	885	760	768	776	783
Depreciation	495	491	440	449	412	403	470	500
Working Capital Change	(2,845)	(8,014)	(6,997)	(11,204)	(999)	1,435	(2,166)	(1,608)
OPERATING CASH FLOW (a)	1,805	(3,223)	1,453	(2,820)	7,025	14,816	10,468	12,515
Capex	(763)	(311)	(1,706)	(2,261)	(13,238)	(5,250)	(5,250)	(5,250)
Free cash flow (FCF)	1,042	(3,534)	(253)	(5,081)	(6,212)	9,566	5,218	7,265
Investments	82	(6,346)	310	78	39	(453)	(466)	(480)
Others	(3,709)	266	(5,062)	5,768	7,224	440	465	492
INVESTING CASH FLOW (b)	(4,389)	(6,391)	(6,458)	3,584	(5,975)	(5,263)	(5,251)	(5,238)
Share capital Issuance	-	3	11,827	-	-	-	-	-
Debt Issuance	3,880	8,254	(1,103)	(508)	316	-	-	-
Interest expenses	(525)	(69)	(1,516)	(1,711)	(1,480)	(768)	(776)	(783)
Dividend	-	(924)	(819)	(877)	-	(745)	(698)	(785)
FINANCING CASH FLOW (c)	3,356	7,265	8,389	(3,095)	(1,164)	(1,513)	(1,474)	(1,568)
NET CASH FLOW (a+b+c)	771	(2,349)	3,385	(2,330)	(113)	8,041	3,743	5,708
Non-operating and EO items			299	839	(361)	-	-	-
Closing Cash & Equivalents	3,517	1,167	4,253	1,083	1,331	9,372	13,115	18,823

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	60.7	63.0	51.7	53.7	56.6	50.3	51.2	51.7
EBITDA Margin	51.2	51.2	44.7	46.8	48.7	44.0	44.9	45.3
APAT Margin	34.0	36.3	31.6	30.8	36.0	46.3	39.5	40.0
RoE	6.8	7.8	11.6	8.3	8.2	12.8	10.7	10.9
Core RoCE	13.6	13.6	20.1	14.5	11.6	17.2	15.9	16.7
RoCE	12.6	13.0	19.2	14.0	11.4	16.3	14.3	14.5
EFFICIENCY								
Tax Rate (%)	33.2	29.5	30.8	29.0	20.1	26.7	26.7	26.7
Asset Turnover (x)	0.2	0.2	0.4	0.3	0.2	0.3	0.3	0.3
Inventory (days)	1,164	1,156	594	773	887	617	566	516
Debtors (days)	36	41	21	18	22	22	26	26
Payables (days)	555	585	253	176	157	137	140	127
Cash Conversion Cycle (days)	645	612	362	616	752	503	452	415
Debt/EBITDA (x)	1.5	2.5	1.4	1.4	1.5	1.3	1.1	1.0
Net D/E	0.1	0.3	0.1	0.2	0.1	0.1	0.0	(0.0)
Interest Coverage	101.9	95.2	61.5	11.9	13.1	15.9	17.6	19.5
PER SHARE DATA								
EPS (INR/sh)	11.2	13.5	22.5	19.0	20.3	35.0	32.8	36.9
CEPS (INR/sh)	12.6	15.0	23.7	20.2	21.5	36.1	34.1	38.3
DPS (INR/sh)	-	0.7	3.8	3.9	1.5	3.3	3.1	3.3
BV (INR/sh)	168.7	179.6	220.8	237.3	257.7	290.6	321.5	356.3
VALUATION								
P/E	79.9	65.9	39.7	47.0	43.8	25.4	27.1	24.2
P/BV	5.3	5.0	4.0	3.8	3.5	3.1	2.8	2.5
EV/EBITDA	53.9	47.1	29.0	32.3	33.8	27.3	24.0	21.1
OCF/EV (%)	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0
FCF/EV (%)	0.3	(1.1)	(0.1)	(1.5)	(1.8)	2.9	1.6	2.3
Dividend Yield (%)	-	0.1	0.4	0.4	0.2	0.4	0.4	0.4

Source: Company, HSIE Research

Phoenix Mills

INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	18,246	16,198	19,816	19,411	10,733	14,819	20,897	26,130
<i>Growth (%)</i>	2.6	(11.2)	22.3	(2.0)	(44.7)	38.1	41.0	25.0
Material Expenses	4,404	1,319	2,189	1,959	769	1,853	1,112	1,446
Employee Expenses	1,403	1,473	1,615	1,655	1,125	1,575	1,245	1,307
Other Operating Expenses	3,970	5,630	6,080	6,126	3,897	3,676	5,550	7,215
EBITDA	8,469	7,776	9,931	9,671	4,942	7,715	12,990	16,163
<i>EBITDA (%)</i>	<i>46.4</i>	<i>48.0</i>	<i>50.1</i>	<i>49.8</i>	<i>46.0</i>	<i>52.1</i>	<i>62.2</i>	<i>61.9</i>
<i>EBITDA Growth (%)</i>	<i>4.9</i>	<i>3.4</i>	<i>4.4</i>	<i>(0.6)</i>	<i>(7.6)</i>	<i>13.1</i>	<i>19.4</i>	<i>(0.5)</i>
Other Income	472	556	851	585	923	623	1,015	1,066
Depreciation	1,953	1,983	2,042	2,076	2,094	1,978	2,944	3,664
EBIT	6,988	6,349	8,740	8,180	3,770	6,360	11,061	13,565
Interest	4,230	3,476	3,506	3,478	3,478	2,874	3,317	3,385
Exceptional items	-	-	481	78	-	-	-	-
PBT	2,758	2,873	5,716	4,780	292	3,486	7,744	10,180
Tax	858	758	1,098	1,221	(47)	952	1,549	2,036
PAT	1,900	2,115	4,617	3,559	339	2,534	6,195	8,144
Minority Interest	212	135	760	538	(49)	304	1,239	1,629
Share of associates	(15)	442	353	326	138	277	152	160
EO items (net of tax)	-	-	-	-	-	-	-	-
APAT	1,673	2,423	4,211	3,347	526	2,507	5,108	6,675
<i>APAT Growth (%)</i>	<i>112.8</i>	<i>44.8</i>	<i>73.8</i>	<i>(20.5)</i>	<i>(84.3)</i>	<i>376.5</i>	<i>103.8</i>	<i>30.7</i>
EPS	10.9	15.8	27.5	21.9	3.1	14.6	29.8	39.0
<i>EPS Growth (%)</i>	<i>112.8</i>	<i>44.8</i>	<i>73.8</i>	<i>(20.5)</i>	<i>(86.0)</i>	<i>376.5</i>	<i>103.8</i>	<i>30.7</i>

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	306	306	307	307	344	344	344	344
Reserves	20,053	28,213	34,435	36,777	48,504	50,310	54,717	60,691
Total Shareholders' Funds	20,359	28,519	34,741	37,084	48,848	50,654	55,061	61,035
Minority Interest	4,723	4,661	12,233	12,788	13,190	28,444	29,683	31,312
Long Term Debt	39,004	34,509	39,810	41,075	38,489	42,489	43,489	44,489
Short Term Debt	2,432	5,612	5,659	4,656	6,376	6,376	6,376	6,376
Total Debt	41,436	40,121	45,469	45,731	44,865	48,865	49,865	50,865
Deferred Taxes	(1,108)	(1,394)	(1,390)	(612)	(1,237)	(1,237)	(1,237)	(1,237)
Long Term Provisions & Others	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS	65,409	71,907	91,053	94,990	1,05,666	1,26,726	1,33,373	1,41,976
APPLICATION OF FUNDS								
Net Block	44,077	52,939	61,489	60,795	69,013	69,343	70,094	70,852
CWIP	1,949	5,025	8,960	15,341	12,740	17,329	21,874	23,191
Goodwill	-	3,711	3,711	3,711	3,711	3,711	3,711	3,711
Investments, LT Loans & Advances	2,360	8,290	7,450	5,897	5,740	7,740	9,740	11,740
Inventories	15,240	6,615	8,986	8,161	7,682	7,182	6,682	6,182
Debtors	3,701	1,292	1,955	2,017	2,950	3,050	3,150	3,250
Cash & Equivalents	5,788	406	1,920	1,407	5,139	18,958	19,190	24,661
ST Loans & Advances, Others	7,731	5,450	5,298	7,532	6,356	6,506	6,656	6,806
Total Current Assets	32,459	13,763	18,159	19,117	22,127	35,697	35,678	40,899
Creditors	1,339	1,099	1,479	1,089	847	932	1,025	1,127
Other Current Liabilities & Provns	14,098	10,722	7,237	8,782	6,817	6,162	6,699	7,289
Total Current Liabilities	15,436	11,821	8,716	9,871	7,664	7,093	7,723	8,416
Net Current Assets	17,023	1,942	9,444	9,246	14,463	28,603	27,955	32,482
Misc Expenses & Others								
TOTAL APPLICATION OF FUNDS	65,409	71,907	91,053	94,990	1,05,666	1,26,726	1,33,373	1,41,976

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Reported PAT	1,673	2,423	4,211	3,347	526	2,507	5,108	6,675
Non-operating & EO items	227	(308)	407	212	(187)	27	1,087	1,469
PAT from Operations	1,900	2,115	4,617	3,559	339	2,534	6,195	8,144
Interest expenses	4,230	3,476	3,506	3,478	3,478	2,874	3,317	3,385
Depreciation	1,953	1,983	2,042	2,076	2,094	1,978	2,944	3,664
Working Capital Change	(2,006)	7,417	(5,749)	(1,422)	(927)	(320)	880	943
OPERATING CASH FLOW (a)	6,078	14,991	4,417	7,691	4,984	7,066	13,337	16,136
Capex	(2,500)	(15,013)	(14,606)	(7,417)	(6,949)	(6,898)	(8,239)	(5,740)
Free cash flow (FCF)	3,578	(23)	(10,189)	274	(1,965)	168	5,098	10,396
Investments	(500)	(440)	609	-	-	(2,000)	(2,000)	(2,000)
INVESTING CASH FLOW (b)	(3,000)	(15,454)	(13,997)	(7,417)	(6,949)	(8,898)	(10,239)	(7,740)
Share capital Issuance	-	6,322	9,035	63	11,357	14,950	-	-
Debt Issuance	5,000	410	5,301	647	(2,228)	4,000	1,000	1,000
Interest expenses	(4,230)	(3,516)	(3,329)	(3,025)	(3,680)	(2,874)	(3,317)	(3,385)
Dividend	(394)	(442)	(480)	(556)	(3)	(701)	(701)	(701)
FINANCING CASH FLOW (c)	376	2,774	10,527	(2,871)	5,447	15,375	(3,018)	(3,086)
NET CASH FLOW (a+b+c)	3,454	2,311	947	(2,597)	3,482	13,543	79	5,311
Non-operating and EO items	394	(120)	626	(1,402)	3,548	-	-	-
Closing Cash & Equivalents	5,788	406	1,920	1,407	5,139	18,958	19,190	24,661

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	75.9	91.9	89.0	89.9	92.8	87.5	94.7	94.5
EBITDA Margin	46.4	48.0	50.1	49.8	46.0	52.1	62.2	61.9
APAT Margin	9.2	15.0	21.2	17.2	4.9	16.9	24.4	25.5
RoE	8.6	8.1	12.2	8.4	0.9	4.5	9.4	11.2
Core RoCE	20.5	10.0	11.9	9.5	4.0	5.8	9.1	10.7
RoCE	11.7	10.0	11.9	9.5	4.0	5.8	9.1	10.7
EFFICIENCY								
Tax Rate (%)	31.1	26.4	19.2	25.5	(16.0)	27.3	20.0	20.0
Asset Turnover (x)	0.3	0.3	0.2	0.2	0.1	0.1	0.2	0.2
Inventory (days)	285	246	144	161	269	183	121	90
Debtors (days)	69	56	30	37	84	74	54	45
Payables (days)	26	27	24	24	33	22	17	15
Cash Conversion Cycle (days)	328	275	150	174	321	235	158	120
Debt/EBITDA (x)	4.9	5.2	4.6	4.7	9.1	6.3	3.8	3.1
Net D/E	1.8	1.4	1.3	1.2	0.8	0.6	0.6	0.4
Interest Coverage	1.7	1.8	2.5	2.4	1.1	2.2	3.3	4.0
PER SHARE DATA								
EPS (INR/sh)	10.9	15.8	27.5	21.9	3.1	14.6	29.8	39.0
CEPS (INR/sh)	23.7	28.8	40.9	35.4	15.3	26.2	47.0	60.4
DPS (INR/sh)	3.2	2.8	3.7	3.7	4.1	4.1	4.1	4.1
BV (INR/sh)	133.1	186.4	227.1	242.4	285.4	295.9	321.7	356.6
VALUATION								
P/E	89.0	61.4	35.4	44.5	316.6	66.4	32.6	25.0
P/BV	7.3	5.2	4.3	4.0	3.4	3.3	3.0	2.7
EV/EBITDA	21.8	24.3	19.4	20.0	41.7	25.5	15.2	11.9
OCF/EV (%)	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1
FCF/EV (%)	1.9	(0.0)	(5.3)	0.1	(1.0)	0.1	2.6	5.4
FCFE/Market Cap (%)	2.9	(2.1)	(5.5)	(1.4)	(4.7)	0.8	1.7	4.8
Dividend Yield (%)	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4

Source: Company, HSIE Research

Prestige Estates

INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	47,745	54,986	51,719	81,248	72,644	57,874	71,376	85,622
<i>Growth (%)</i>	(13.7)	15.2	(5.9)	57.1	(10.6)	(20.3)	23.3	20.0
Material Expenses	33,541	38,582	28,599	47,516	44,753	33,565	43,634	54,543
Employee Expenses	2,933	2,952	3,986	4,601	4,206	4,530	4,756	4,994
Other Operating Expenses	2,073	2,512	4,596	5,571	3,963	4,379	4,467	4,556
EBITDA	9,197	10,940	14,538	23,560	19,722	15,400	18,519	21,529
<i>EBITDA (%)</i>	19.3	19.9	28.1	29.0	27.1	26.6	25.9	25.1
<i>EBITDA Growth (%)</i>	(13.7)	19.0	32.9	62.1	(16.3)	(21.9)	20.3	16.3
Other Income	872	679	1,122	1,185	2,374	1,448	1,463	1,477
Depreciation	1,637	1,547	3,229	6,667	5,926	4,545	4,681	4,822
EBIT	8,432	10,072	12,431	18,078	16,170	12,303	15,300	18,185
Interest	3,160	3,827	7,228	10,233	9,899	6,294	5,929	7,320
Exceptional items	-	-	(894)	(380)	(14,698)	-	-	-
PBT	5,273	6,245	6,097	8,225	20,969	6,009	9,371	10,865
Tax	1,601	2,135	1,985	2,783	5,198	1,923	3,280	3,803
PAT	3,672	4,110	4,112	5,442	15,771	4,086	6,091	7,062
Minority Interest	(1,095)	-	(263)	(1,455)	(959)	(633)	(365)	(424)
Share of associates	111	(392)	307	44	(250)	(286)	61	71
EO items (net of tax)	160	95	894	380	11,024	-	-	-
APAT	2,529	3,623	3,262	3,651	3,539	3,167	5,787	6,709
<i>APAT Growth (%)</i>	(36.6)	43.3	(10.0)	11.9	(3.1)	(10.5)	82.7	15.9
EPS	6.7	9.7	8.7	9.1	8.8	7.9	14.4	16.7
<i>EPS Growth (%)</i>	(36.6)	43.3	(10.0)	4.7	(3.1)	(10.5)	82.7	15.9

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	3,750	3,750	3,750	4,009	4,009	4,009	4,009	4,009
Reserves	39,500	43,577	38,516	49,593	62,744	64,973	69,821	75,592
Total Shareholders Funds	43,250	47,327	42,266	53,602	66,753	68,982	73,830	79,601
Minority Interest	4,328	2,300	1,120	2,284	4,198	4,831	5,197	5,621
Long Term Debt	57,161	69,078	82,108	86,269	36,112	31,112	37,112	46,112
Short Term Debt	1,171	5,077	2,761	6,446	3,713	3,713	3,713	3,713
Total Debt	58,332	74,155	84,869	92,715	39,825	34,825	40,825	49,825
Deferred Taxes	45	1,743	(4,083)	(2,685)	(3,320)	(3,320)	(3,320)	(3,320)
Long Term Provisions & Others	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS	1,05,955	1,25,525	1,24,172	1,45,916	1,07,456	1,05,318	1,16,532	1,31,731
APPLICATION OF FUNDS								
Net Block	36,122	48,176	64,139	84,617	37,219	23,550	24,375	26,059
CWIP	6,733	25,081	16,450	21,431	27,396	26,596	42,596	68,096
Goodwill	8,998	3,069	3,069	5,167	534	534	534	534
Investments, LT Loans & Advances	3,038	4,346	7,784	7,893	9,072	21,072	21,072	21,072
Inventories	64,326	57,127	1,31,501	1,13,750	95,805	1,05,386	1,02,224	99,157
Debtors	10,588	9,645	16,544	14,765	13,740	16,488	17,312	18,178
Cash & Equivalents	2,089	3,532	6,530	7,857	23,460	6,037	7,198	2,226
ST Loans & Advances, Others	27,308	38,049	34,591	36,596	39,372	47,072	50,082	53,092
Total Current Assets	1,04,310	1,08,353	1,89,166	1,72,968	1,72,377	1,74,983	1,76,816	1,72,653
Creditors	9,230	13,542	12,530	12,249	10,820	10,928	11,037	11,148
Other Current Liabilities & Provns	44,015	49,958	1,43,906	1,33,911	1,28,322	1,30,038	1,37,242	1,44,837
Total Current Liabilities	53,245	63,500	1,56,436	1,46,160	1,39,142	1,40,967	1,48,280	1,55,985
Net Current Assets	51,065	44,853	32,730	26,808	33,235	34,016	28,536	16,668
Misc Expenses & Others	-	-	-	-	-	(450)	(581)	(698)
TOTAL APPLICATION OF FUNDS	1,05,955	1,25,525	1,24,172	1,45,916	1,07,456	1,05,318	1,16,532	1,31,731

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PBT incl. minority	5,273	6,381	6,404	8,269	20,719	6,009	9,371	10,865
Non-operating & EO items	(3,279)	1,141	(2,106)	(1,306)	(16,487)	(779)	(771)	(785)
Taxes	(1,601)	(2,844)	(2,330)	(3,033)	(2,074)	(1,923)	(3,280)	(3,803)
Interest expenses	3,160	3,827	7,228	10,233	9,899	6,294	5,929	7,320
Depreciation	1,637	1,547	3,229	6,667	5,926	4,545	4,681	4,822
Working Capital Change	(4,063)	664	(4,804)	1,433	545	(18,204)	6,640	6,896
OPERATING CASH FLOW (a)	1,127	10,716	7,621	22,263	18,528	(4,057)	22,571	25,315
Capex	(4,246)	(14,246)	(9,846)	(21,991)	(8,415)	9,919	(21,506)	(32,006)
Free cash flow (FCF)	(3,119)	(3,530)	(2,225)	272	10,113	5,861	1,065	(6,691)
Investments	372	(5,808)	3,570	(1,505)	13,326	(11,052)	963	977
INVESTING CASH FLOW (b)	(3,874)	(20,054)	(6,276)	(23,496)	4,911	(1,133)	(20,543)	(31,029)
Share capital Issuance	-	-	-	8,939	-	-	-	-
Debt Issuance	1,500	15,904	8,550	5,133	3,397	(5,000)	6,000	9,000
Interest expenses	(3,160)	(5,767)	(7,137)	(10,149)	(9,847)	(6,294)	(5,929)	(7,320)
Dividend	(878)	(541)	(543)	(1,403)	-	(938)	(938)	(938)
FINANCING CASH FLOW (c)	(2,537)	9,596	870	2,520	(6,450)	(12,232)	(867)	742
NET CASH FLOW (a+b+c)	(5,284)	258	2,215	1,287	16,989	(17,423)	1,160	(4,972)
Non-operating and EO items	(2,406)	(183)	(1,374)	(440)	(15,087)	670	692	692
Closing Cash & Equivalents	2,089	3,532	6,530	7,857	23,460	6,037	7,198	2,226

KEY RATIOS

	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	29.7	29.8	44.7	41.5	38.4	42.0	38.9	36.3
EBITDA Margin	19.3	19.9	28.1	29.0	27.1	26.6	25.9	25.1
APAT Margin	5.3	6.6	6.3	4.5	4.9	5.5	8.1	7.8
RoE	6.0	8.0	7.3	7.6	5.9	4.7	8.1	8.7
Core RoCE	8.4	9.0	10.5	14.2	13.7	13.5	17.0	17.6
RoCE	8.4	9.0	10.5	14.2	13.7	13.5	17.0	17.6
EFFICIENCY								
Tax Rate (%)	30.4	34.2	32.6	33.8	24.8	32.0	35.0	35.0
Asset Turnover (x)	0.5	0.5	0.4	0.6	0.7	0.7	0.7	0.8
Inventory (days)	441	403	666	551	526	634	531	429
Debtors (days)	79	67	92	70	72	95	86	76
Payables (days)	70	76	92	56	58	69	56	47
Cash Conversion Cycle (days)	450	395	666	566	540	661	561	458
Debt/EBITDA (x)	6.3	6.8	5.8	3.9	2.0	2.3	2.2	2.3
Net D/E	1.3	1.5	1.9	1.6	0.2	0.4	0.5	0.6
Interest Coverage	2.7	2.6	1.7	1.8	1.6	2.0	2.6	2.5
PER SHARE DATA								
EPS (INR/sh)	6.7	9.7	8.7	9.1	8.8	7.9	14.4	16.7
CEPS (INR/sh)	11.1	13.8	17.3	25.7	23.6	19.2	26.1	28.8
DPS (INR/sh)	2.1	3.2	4.3	5.4	5.7	2.3	2.3	2.3
BV (INR/sh)	115.3	126.2	112.7	133.7	166.5	172.1	184.2	198.6
VALUATION								
P/E	75.6	52.8	58.6	56.0	57.8	64.6	35.3	30.5
P/BV	4.4	4.0	4.5	3.8	3.1	3.0	2.8	2.6
EV/EBITDA	26.9	23.9	18.5	12.3	11.2	15.1	12.9	11.7
OCF/EV (%)	0.0	0.0	0.0	0.1	0.1	(0.0)	0.1	0.1
FCF/EV (%)	(1.3)	(1.3)	(0.8)	0.1	4.6	2.5	0.4	(2.7)
FCFE/Market Cap (%)	(2.5)	3.5	(0.4)	(2.3)	1.8	(2.7)	0.6	(2.5)
Dividend Yield (%)	0.4	0.6	0.8	1.1	1.1	0.4	0.4	0.4

Source: Company, HSIE Research

Sobha

INCOME STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	22,462	27,870	34,421	37,539	21,098	27,087	32,299	35,831
<i>Growth (%)</i>	14.8	24.1	23.5	9.1	(43.8)	28.4	19.2	10.9
Material Expenses	13,190	16,840	20,561	19,910	9,282	12,356	17,765	19,707
Employee Expenses	1,779	1,985	2,359	2,464	1,771	2,152	2,649	2,938
Other Operating Expenses	3,294	3,848	4,768	7,572	5,943	7,621	5,491	6,091
EBITDA	4,199	5,197	6,733	7,593	4,102	4,958	6,395	7,095
<i>EBITDA (%)</i>	18.7	18.6	19.6	20.2	19.4	18.3	19.8	19.8
<i>EBITDA Growth (%)</i>	(5.2)	23.8	29.6	12.8	(46.0)	20.9	29.0	10.9
Other Income	386	496	735	718	806	444	466	373
Depreciation	638	544	623	723	794	710	726	743
EBIT	3,947	5,149	6,845	7,588	4,114	4,692	6,136	6,725
Interest	1,497	1,978	2,362	3,258	3,362	2,962	3,002	3,020
Exceptional items	-	-	-	-	-	-	-	-
PBT	2,450	3,171	4,482	4,330	752	1,730	3,134	3,705
Tax	970	1,002	1,512	1,515	129	427	846	1,000
PAT	1,480	2,169	2,970	2,815	623	1,302	2,288	2,705
Share of profits	129	-	-	-	-	-	-	-
Share of associates	129	-	-	-	-	-	-	-
EO items (net of tax)	58	154	-	-	-	-	-	-
APAT	1,666	2,323	2,970	2,815	623	1,302	2,288	2,705
<i>APAT Growth (%)</i>	13.4	39.4	27.9	(5.2)	(77.9)	109.1	75.6	18.2
EPS	17.3	24.5	31.3	29.7	6.6	13.7	24.1	28.5
<i>EPS Growth (%)</i>	15.5	41.5	27.9	(5.2)	(77.9)	109.1	75.6	18.2

BALANCE SHEET (INR mn)

As at March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
SOURCES OF FUNDS								
Share Capital	963	948	948	948	948	948	948	948
Reserves	25,482	26,751	21,343	23,364	23,329	24,519	26,572	28,863
Total Shareholders Funds	26,445	27,699	22,291	24,312	24,277	25,467	27,520	29,811
Minority Interest	-	-	-	-	-	-	-	-
Long Term Debt	22,219	23,346	26,039	31,137	30,620	29,620	28,120	26,620
Short Term Debt	-	-	-	-	-	-	-	-
Total Debt	22,219	23,346	26,039	31,137	30,620	29,620	28,120	26,620
Deferred Taxes	2,684	2,521	-	311	342	410	492	591
Long Term Provisions & Others	163	185	121	206	219	241	265	291
TOTAL SOURCES OF FUNDS	51,512	53,751	48,451	55,966	55,458	55,738	56,397	57,314
APPLICATION OF FUNDS								
Net Block	3,173	2,796	2,848	4,991	4,804	4,294	3,768	3,225
CWIP	799	1,345	1,900	2,323	701	701	701	701
Goodwill	-	-	-	-	-	-	-	-
Investments	0	1,125	1,128	1,143	1,143	1,143	1,143	1,143
Investment Property	1,979	1,961	2,029	1,881	3,529	3,988	4,506	5,092
Other Non Current Assets	4,860	4,873	6,395	5,618	7,159	7,324	7,492	7,664
Inventories	50,960	48,349	65,173	67,045	71,246	67,705	68,138	71,540
Debtors	2,267	3,272	3,272	3,603	1,935	2,595	3,095	3,434
Cash & Equivalents	1,468	1,194	1,772	884	2,041	1,806	774	594
ST Loans & Advances, Others	23,423	25,333	22,881	22,634	19,542	20,492	21,442	22,392
Total Current Assets	78,118	78,148	93,098	94,166	94,764	92,598	93,450	97,960
Creditors	7,693	7,205	11,328	9,567	7,318	7,473	8,911	9,885
Other Current Liabilities & Provns	29,726	29,292	47,621	44,590	49,325	46,837	45,753	48,587
Total Current Liabilities	37,419	36,497	58,948	54,157	56,643	54,310	54,664	58,472
Net Current Assets	40,699	41,652	34,150	40,009	38,121	38,288	38,786	39,487
Misc Expenses & Others	-	-	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	51,512	53,751	48,451	55,966	55,458	55,738	56,397	57,314

Source: Company, HSIE Research

CASH FLOW STATEMENT (INR mn)

Year ending March	FY17	FY18	FY19P	FY20	FY21	FY22E	FY23E	FY24E
PBT before minority and Share of profits	2,449	3,171	4,482	4,330	752	1,730	3,134	3,705
Non-operating & EO items	(326)	(340)	(369)	(186)	(420)	(444)	(466)	(373)
Taxes	(679)	(837)	(882)	(1,063)	(266)	(427)	(846)	(1,000)
Interest expenses	1,327	1,780	2,147	6,595	6,012	2,962	3,002	3,020
Depreciation	638	544	623	723	794	710	726	743
Working Capital Change	130	(888)	(3,942)	(7,783)	(788)	(477)	(1,591)	(929)
OPERATING CASH FLOW (a)	3,539	3,430	2,061	2,616	6,084	4,054	3,958	5,165
Capex	(316)	(617)	(1,150)	(3,011)	(395)	(200)	(200)	(200)
Free cash flow (FCF)	3,223	2,813	910	(395)	5,689	3,854	3,758	4,965
Investments	(199)	124	152	(161)	(50)	(459)	(518)	(586)
Others	534	331	388	430	112	444	466	373
INVESTING CASH FLOW (b)	20	(163)	(610)	(2,742)	(333)	(215)	(252)	(413)
Share capital Issuance	(582)	(620)	-	-	-	-	-	-
Debt Issuance	(40)	1,088	2,706	3,254	(757)	(1,000)	(1,500)	(1,500)
Interest expenses	(2,602)	(2,606)	(2,768)	(3,299)	(3,414)	(2,962)	(3,002)	(3,020)
Dividend	(232)	(290)	(800)	(800)	(664)	(112)	(235)	(413)
FINANCING CASH FLOW (c)	(3,455)	(2,428)	(862)	(845)	(4,835)	(4,074)	(4,737)	(4,933)
NET CASH FLOW (a+b+c)	103	840	589	(971)	916	(235)	(1,032)	(180)
Non-operating and EO items	3	(9)	(7)	-	-	-	-	-
Other Deposits not considered in C&CE	227							
Closing Cash & Equivalents	1,468	1,194	1,772	884	2,041	1,806	774	594

KEY RATIOS

	FY17	FY18	FY19P	FY20	FY21	FY22E	FY23E	FY24E
PROFITABILITY (%)								
GPM	41.3	39.6	40.3	47.0	56.0	54.4	45.0	45.0
EBITDA Margin	18.7	18.6	19.6	20.2	19.4	18.3	19.8	19.8
APAT Margin	7.4	8.3	8.6	7.5	3.0	4.8	7.1	7.5
RoE	5.2	8.0	11.9	12.1	2.6	5.2	8.6	9.4
Core RoCE	7.8	9.9	13.7	14.9	7.5	8.6	11.2	12.1
RoCE	5.3	7.4	9.1	9.5	6.2	6.4	8.1	8.8
EFFICIENCY								
Tax Rate (%)	39.6	31.6	33.7	35.0	17.2	24.7	27.0	27.0
Asset Turnover (x)	0.4	0.5	0.7	0.7	0.4	0.5	0.6	0.6
Inventory (days)	761	650	602	643	1,196	936	768	711
Debtors (days)	39	36	35	33	48	31	32	33
Payables (days)	88	98	98	102	146	100	93	96
Cash Conversion Cycle (days)	711	589	538	575	1,098	867	707	649
Debt/EBITDA (x)	5.3	4.5	3.9	4.1	7.5	6.0	4.4	3.8
Net D/E	0.8	0.8	1.1	1.2	1.2	1.1	1.0	0.9
Interest Coverage	2.6	2.6	2.9	2.3	1.2	1.6	2.0	2.2
PER SHARE DATA								
EPS (INR/sh)	17.3	24.5	31.3	29.7	6.6	13.7	24.1	28.5
CEPS (INR/sh)	23.9	30.2	37.9	37.3	14.9	21.2	31.8	36.3
DPS (INR/sh)	2.0	2.5	7.0	7.0	7.0	1.0	2.1	3.6
BV (INR/sh)	274.6	292.0	235.0	256.3	256.0	268.5	290.1	314.3
VALUATION								
P/E	43.9	31.0	24.2	25.6	115.6	55.3	31.5	26.6
P/BV	2.8	2.6	3.2	3.0	3.0	2.8	2.6	2.4
EV/EBITDA	22.4	18.1	14.3	13.5	24.5	20.1	15.5	13.8
OCF/EV (%)	3.8	3.6	2.1	2.6	6.0	4.1	4.0	5.3
FCF/EV (%)	3.4	3.0	0.9	(0.4)	5.7	3.9	3.8	5.1
FCFE/Market Cap	4.4	5.4	5.0	4.0	6.9	4.0	3.1	4.8
Dividend Yield (%)	0.3	0.3	0.9	0.9	0.9	0.1	0.3	0.5

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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