

Issue Details

Listing	BSE & NSE
Open Date	07 April 2021
Close Date	09 April 2021
Price Band	Rs. 483-486
Market Lot	30 shares
Minimum Lot	1 Lot

Macrotech Developers Ltd. (formerly known as Lodha developers), is one of the largest real estate developers in India, by residential sales value, for the financial years 2014 to 2020 as per an Anarock Report. The company's core business is residential real estate development with a focus on affordable and mid-income housing, with projects mainly in the MMR and Pune region. In 2019, the company also forayed into the development of logistics and industrial parks. It also develops commercial real estate.

During FY18-20, revenue de-grew at a 4.1% CAGR to Rs. 12,442 cr in FY20. Over the same period, its EBITDA de-grew at a CAGR of 23.6% to Rs. 1,920 cr in FY20. The PAT de-grew at 36.0% over the same period.

Issue Structure

Offer for sale	NA
Fresh Issue	100%
Issue Size	Rs. 2500 cr
Total shares in cr	5.1
QIB share (%)	≤ 50%
Non Inst share (%)	≥ 15%
Retail share (%)	≥ 35%

Key Highlights:

- ❖ **The real estate market in India has grown at a CAGR of approximately 10% from USD 50 billion in 2008 to USD 120 billion in 2017, and is expected to further grow at a CAGR of 17.7% to reach USD 1 trillion by 2030.**
- ❖ **As on Dec 31, 2020, the company has 91 completed projects comprising approximately 77.22 mn sq.ft of developable area, of which 59.13 mn sq ft is in affordable & mid-income housing, 12.15 mn sq ft is in premium and luxury housing, 5.21 mn sq ft is in office space & 0.74 mn sq ft is in retail space.**
- ❖ **The company has a high net debt to equity of ~4x in FY20. The company expects to utilize major proceeds (60% of IPO funds) to bring down the debt.**

Shareholding Pattern

	Pre (%)	Post (%)
Promoters	100.0	88.5
Public	N.A	11.5

Valuation

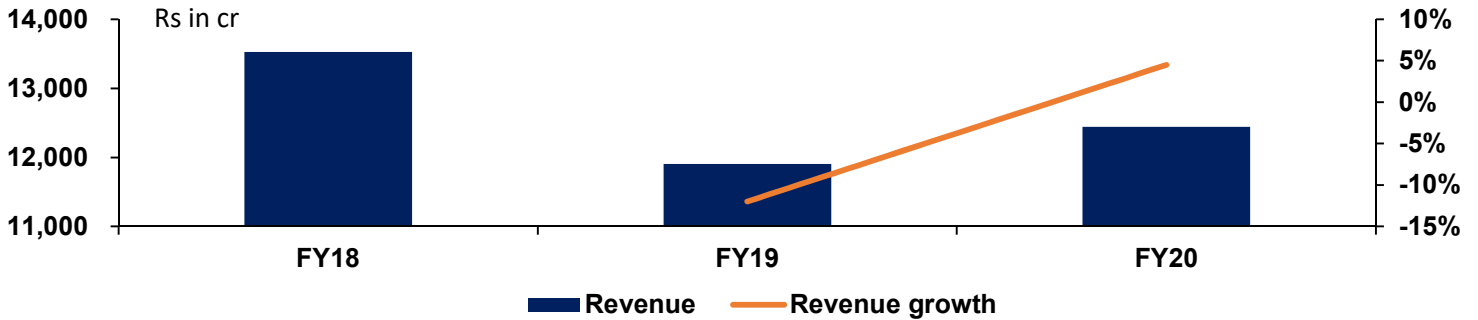
At the upper band of Rs 486, the company is valued at 18.4x FY20 EV/EBITDA.

Key Financials (in ₹ crores)

	Sales	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS* ₹	BV* ₹	RoE (%)	RoCE (%)	P/E* (x)	P/BV* (x)	EV/EBITDA (x)
FY18	13,527	3,290	1,789	24.3	13.2	39.9	49.6	80.6	12.5	12.2	9.8	11.8
FY19	11,907	3,167	1,644	26.6	13.8	36.6	85.9	42.8	11.2	13.3	5.7	12.9
FY20	12,443	1,920	739**	15.4	5.9	16.3	101.8	16.2	7.5	29.7	4.8	18.4

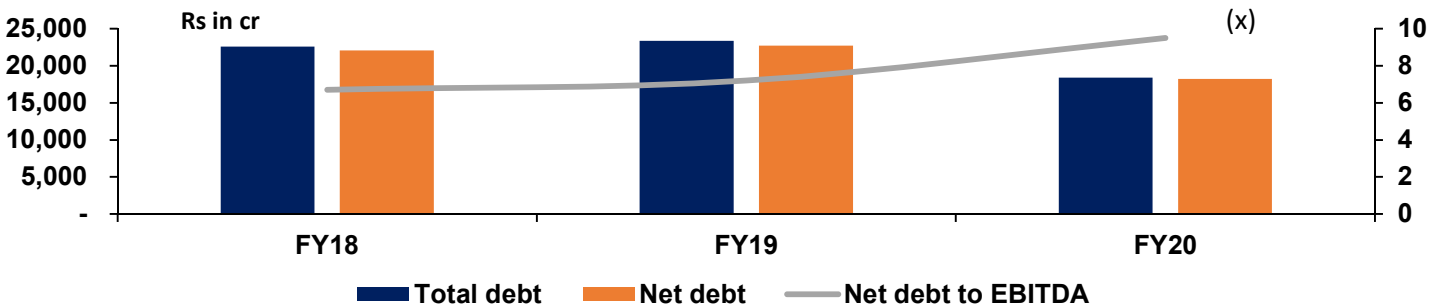
* Post issue number of shares considered, **PAT is before exceptional item, PE & PB is calculated at upper price band

Revenue trajectory over FY18-20



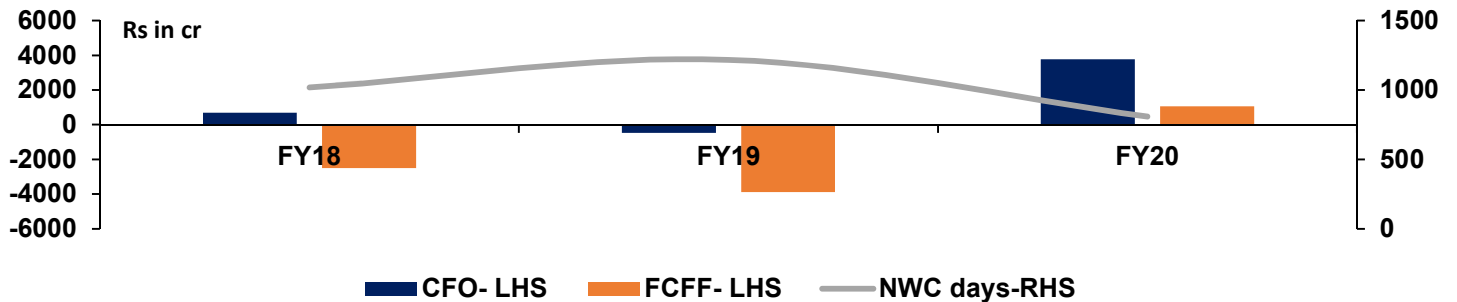
Source: Company Reports and Ventura Research

Total debt is expected to reduce post IPO



Source: Company Reports and Ventura Research

Co has high WC days due to high inventory



Source: Company Reports and Ventura Research

Issue Structure and Offer Details

The proposed issue size of Macrotech IPO is Rs. 2500 cr. It comprises a fully fresh issue of equity shares. The price band for the issue is in the range of Rs. 483-486 and the bid lot is 30 shares and multiples thereof.

Issue Structure at upper price band		
Category	No. of shares offered	Offer Details
Total fresh issue of shares	5,14,40,328	
- Employee reservation	6,17,283	
- Net Offer for Sale	5,08,23,045	
- Qualified Inst. Buyers	Not more than 2,54,11,523	≤ 50% of Net OFS
- Non Inst. Investors	Not less than 76,23,457	≥ 15% of Net OFS
- Retail Investors	Not less than 1,77,88,066	≥ 35% of Net OFS

Source: Company Reports & SEBI

Objects of the offer	
Purpose	Amount (Rs. cr.)
Reduction of the aggregate borrowings on consolidated basis	1,500.0
Acquisition of land or developmental rights	375.0
General corporate purposes	•
Total	•

Shareholding Pattern		
Category	Pre-issue	Post-issue
Promoters	100.0%	88.5%
Public	NA	11.5%

Source: Company Reports and SEBI

Financial Analysis

Figures in Rs Cr	FY18	FY19	FY20	Figures in Rs Cr	FY18	FY19	FY20
Income Statement				Per Share Data & Yields			
Net Revenue	13,527.2	11,907.0	12,442.6	Adjusted EPS	39.9	36.6	16.3
<i>YoY Growth (%)</i>		<i>-12.0</i>	<i>4.5</i>	Adjusted BVPS	49.6	85.9	101.8
Cost of projects	8,908.5	7,378.0	9,550.0	CFO per share	15.6	-10.4	84.4
<i>YoY Growth (%)</i>		<i>-17.2</i>	<i>29.4</i>	CFO Yield (%)	3.2	-2.1	17.4
Employee Benefit Expenses	493.0	389.9	390.4	FCF per share	-55.9	-86.9	23.7
<i>YoY Growth (%)</i>		<i>-20.9</i>	<i>0.1</i>	FCF Yield (%)	-11.5	-17.9	4.9
Other Operating Expenses	836.1	972.1	581.9				
<i>YoY Growth (%)</i>		<i>16.3</i>	<i>-40.1</i>	Solvency Ratio (X)			
EBITDA	3,289.7	3,167.0	1,920.3	Net Debt to Equity	9.9	5.9	4.0
<i>YoY Growth (%)</i>		<i>-3.7</i>	<i>-39.4</i>	Net Debt to EBITDA	6.7	7.2	9.5
<i>Margin (%)</i>	<i>24.3</i>	<i>26.6</i>	<i>15.4</i>	Interest Coverage Ratio	7.6	5.4	2.2
Depreciation & Amortization	397.9	194.4	306.4				
EBIT	2,891.7	2,972.6	1,613.9	Working Capital Ratios			
<i>YoY Growth (%)</i>		<i>2.8</i>	<i>-45.7</i>	Payable Days	58	69	67
<i>Margin (%)</i>	<i>21.4</i>	<i>25.0</i>	<i>13.0</i>	Receivable Days	20	15	23
Other Income	199.4	71.9	118.4	Inventory Days	1,057	1,273	852
Exceptional Items	-	-	5.62	Net Working Capital Days	1,018	1,218	808
Finance Cost	381.6	555.6	731.5				
PBT	2,709.5	2,488.9	1,006.4	Return Ratios (%)			
<i>YoY Growth (%)</i>		<i>-8.1</i>	<i>-59.6</i>	Return on Equity	80.6	42.8	16.2
<i>Margin (%)</i>	<i>20.0</i>	<i>20.9</i>	<i>8.1</i>	Return on Capital Employed	12.5	11.2	7.5
Tax	920.1	844.9	261.5	Return on Invested Capital	8.2	7.4	5.6
<i>Tax Rate (%)</i>	<i>34.0</i>	<i>33.9</i>	<i>26.0</i>				
PAT	1,789.4	1,644.0	744.9	Valuation (X)			
Share of Profit from JV	0.0	0.0	-0.0	P/E	12.2	13.3	29.7
Net Profit	1,789.4	1,644.0	744.8	P/BV	9.8	5.7	4.8
Net Profit after MI	1,785.5	1,636.1	730.9	EV/EBITDA	11.8	13.0	18.4
<i>YoY Growth (%)</i>		<i>-8.4</i>	<i>-55.3</i>	EV/sales	3.1	3.5	3.0
<i>Margin (%)</i>	<i>13.2</i>	<i>13.7</i>	<i>5.9</i>				
Balance Sheet				Cash Flow Statement			
Share Capital	395.9	395.9	395.9	Profit Before Tax	2,709.5	2,488.9	1,006.3
Total Reserves	1,823.2	3,445.1	4,156.4	Add: Depreciation	397.9	194.4	306.4
Shareholders' Fund	2,219.0	3,841.0	4,552.3	Add: Finance Cost	2,934.9	3,003.2	3,111.9
Minority interest	35.9	534.8	519.2	Change in other assets & liabilities	-16.4	109.5	-158.1
Financial Liabilities	2,733.3	733.1	2,443.3	Change in working capital	-4,765.2	-5,947.6	-411.2
Other Non Current Liabilities	0.0	0.0	96.9	Less: Tax Paid	-564.7	-311.6	-82.1
Long Term Provisions	24.8	26.2	17.7	Cash Flow from Operations	696.0	-463.2	3,773.2
Total Liabilities	5,013.0	5,135.1	7,629.4	Net Capital Expenditure	-41.6	-99.1	-29.2
Gross Block	1,685.0	1,770.4	1,749.9	Change in other investments	-529.0	-44.2	-275.4
Less: Accumulated Depreciation	399.7	487.7	564.9	Loans	-184.4	-66.1	471.0
Net Block	1,285.3	1,282.7	1,185.1	Add: Dividend & Interest Income	99.7	25.1	45.3
Capital WIP	5.9	6.3	6.3	Cash Flow from Investing	-655.2	-184.3	211.7
Investment property	199.0	193.3	288.2	Change in Share Capital	-	-	-
Other intangible assets	2.4	1.7	1.0	Proceeds from Equity	-	-	-
Goodwill	748.1	661.1	546.7	Change in Borrowings	3,045.4	3,705.0	-1,136.2
Investments	14.0	14.0	58.3	Less: Interest Paid	-3,021.4	-2,969.1	-3,053.4
Financial assets	218.1	372.1	4,592.0	Cash Flow from Financing	23.9	735.9	-4,189.6
Deferred Tax Assets (net)	1,103.3	320.6	93.6	Net Cash Flow	64.7	88.5	-204.7
Other Non Current Assets	212.6	361.8	433.8	Changes due to Business combination	17.3	0.0	-30.3
Net Current Assets	1,224.2	1,921.6	424.6	Net foreign exchange difference	-12.7	8.9	1.0
Total Assets	5,013.0	5,135.1	7,629.4	Opening Balance of Cash	185.8	255.2	352.5
				Closing Balance of Cash	255.2	352.5	118.5

Source: Company Reports & Ventura Research

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