



IPO DETAILS

Issue Date	07 th Apr-09 th Apr 2021
Price Band	Rs 483-486 per Share
Bid Lot	30 & in multiple thereof
Face Value	Rs 10/Share
Listing	BSE, NSE
Issue Size	Rs 2500 Cr
Fresh Issue	Rs 2500 Cr
Pre Issue Eq Shares	3,958,78,000 Eq Shares
BRLM	JP Morgan India Private Limited, Axis Capital Limited, Kotak Mahindra Capital Company Ltd
Registrar	Link Intime India Private Limited

Company is one of the largest real estate developers in India, by residential Sales value for the financial years 2014 to 2020. Company's core business is residential real estate developments with a focus on affordable and mid-income housing.

Currently, company have residential projects in the MMR and Pune. In 2019, company forayed into the development of logistics and industrial parks and entered into a joint venture with ESR Mumbai Pte. Limited ("ESR"), a subsidiary of ESR Cayman Limited, an Asia Pacific focused logistics real estate platform. Company also develop commercial real estate, including as part of mixed-use developments in and around its core residential projects.

Key Highlights:

Strong brands: Company's brands include "Lodha", "CASA by Lodha" and "Crown – Lodha Quality Homes" for its affordable and mid-income housing projects, the "Lodha" and "Lodha Luxury" brands for premium and luxury housing projects, and the "iThink", "Lodha Excelus" and "Lodha Supremus" brands for office spaces. Company's inhouse sales team is supported by a distribution network of multiple channels across India as well as key non-resident Indian ("NRI") markets, such as the Gulf Cooperation Council, United Kingdom, Singapore and the United States.

Diversified Portfolio: Company have a diversified portfolio of residential developments, spread across price points and micro-markets in the MMR, catering to a wide spectrum of economic and demographic segments, from luxury residences in South Mumbai to large, integrated townships in the extended suburbs offering affordable homes. As of December 31, 2020, 35% of company's unsold inventory of residential developments was priced under ₹ 10 million, 21% was priced between ₹ 10 and ₹ 30 million, 7% was priced between ₹ 30 and ₹ 50 million, 22% was priced between ₹ 50 and ₹ 80 million and 15% was priced above ₹ 80 million. For the nine months ended December 31, 2020, 39% of residential Sales value was obtained through the sale of residential developments that were priced under ₹ 10 million, 23% priced between ₹ 10 and ₹ 30 million, 14% priced between ₹ 30 and ₹ 50 million, 11% priced between ₹ 50 and ₹ 80 million and 13% priced above ₹ 80 million

Valuation

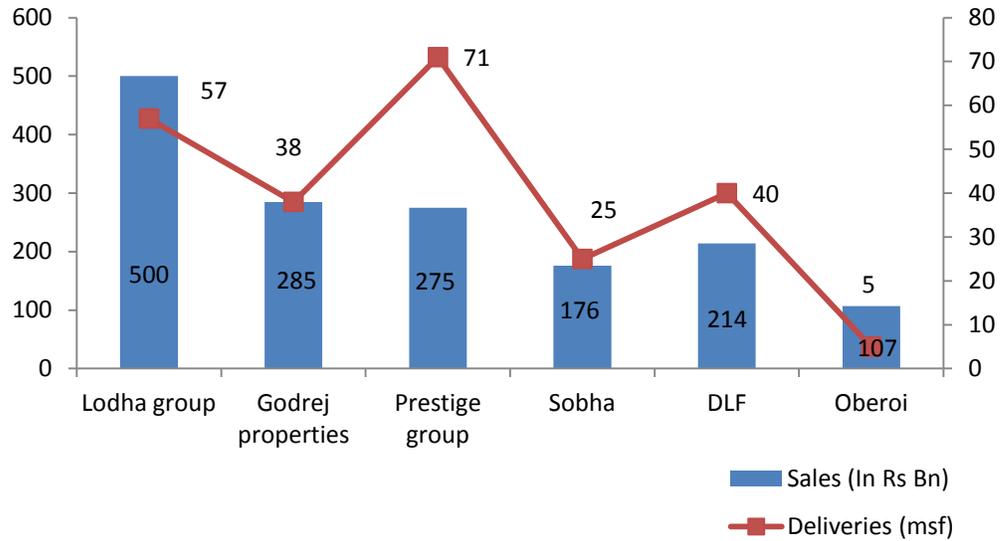
Company is bringing the issue at p/e multiple of 29x at higher end of price band of Rs 483-486 per share on FY20 EPS basis.

Company being one of the India's largest residential real estate developer has consistently outperformed all the peers in sales performance from FY14-20. We like the company's diversified portfolio across various price points & MMR micro markets. With company's strong focus on affordable & mid income housing segment, Macrotech is well poised to cater the opportunities present in the sector due to healthy prospects of real estate markets. However subdued financial performance by company with high debt act as a spoilsport. Although company is committed to reduce debt & intended to bring to the level of net debt positive by FY24 which needs to be seen & infusing optimism in long term prospects of company.

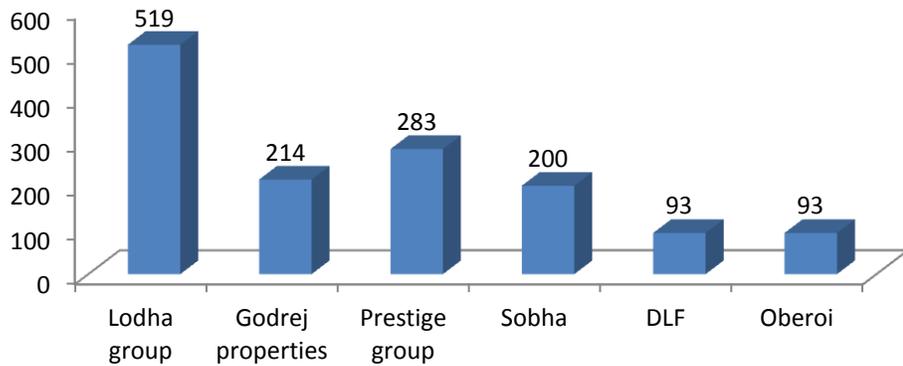
Therefore looking above all we recommend "Subscribe" to the issue for long term perspective.



PEERS DATA



Collections (in Rs Bn)





Significant inventory of completed, ready-to-move units

Residential customers in India have started to prefer ready-to-move homes and the COVID-19 pandemic has further accentuated this trend. As of December 31, 2020, company had approximately 5.5 million square feet of ready-to-move inventory of residential projects in India, which accounted for 29.6% of its total unsold residential inventory, by area. Such inventory status positions company as one of the few real estate developers in India with a diverse portfolio of ready-to-move homes, enabling to cater to the requirements of residential customers preferring such homes. During the nine months ended December 31, 2020 and the financial years 2020, 2019 and 2018, company sold 1.6 million square feet, 2.6 million square feet, 2.6 million square feet and 3.4 million square feet of ready-to-move inventory, which represented 58% and 51%, 53% and 57% of company's residential Sales from India Operations, respectively.

Unique ability to develop townships and generate recurring operating cash flows from them

Company have the ability to identify land, acquire it at competitive cost, aggregate it from several landowners and design a master plan to develop township projects. Upon development of the townships, Government agencies develop the surrounding infrastructure such as enhancing road and railway connectivity to improve the standard of living for the residents of the townships. Company is currently developing large townships located at Palava (Navi Mumbai, Dombivali Region) and Upper Thane (Thane outskirts) under affordable and mid-income housing projects. Company's ability to develop such townships, coupled with the strength of its brand and innovative sales and marketing strategies will help drive sales volumes and generate recurring operating cash flows .

Develop large-scale industrial parks

Company have planned to develop a logistics and industrial park of over 800 acres near Palava, which is strategically located near the Jawaharlal Nehru Port, the proposed international airport in Navi Mumbai and the industrial hub of Taloja. Out of this area, approximately 290 acres is under-construction, as of December 31, 2020. Company's product offerings include built to suit structures, standard structures and land for its logistics and industrial clients for manufacturing, warehousing and data centre space.

As of December 31, 2020, company have entered into agreements for sub-lease with entities such as Kattera, a US based construction materials company and Swegon Blue Box Private Limited, a Swedish cooling systems manufacturer engaged in managing indoor environment quality.

According to the Anarock Report commissioned by Company, the Indian e-commerce industry is expected to grow at aCAGR of 25% to reach US\$200 billion by 2027, primarily on account of increasing smartphone and internet penetration, consumer wealth, online shopping and traction from tier-2 and tier-3 cities. In addition, several Government and private initiatives, such as Digital India, Internet Saathi and Udaan, which are encouraging people to use online modes of commerce, along with increasing inflow of foreign direct investment are expected to drive growth of the e-commerce industry. Company intend to capitalize on the growing demand for warehousing and logistics as well as industrial developments as a result of the growth of the e-commerce sector in India and expand into other locations in India.



As of December 31, 2020, company had 91 completed projects with a Developable Area of 77.22 million square feet, of which 71.93 million square feet is located in the MMR. As of December 31, 2020, company also had 36 ongoing and 18 planned projects in India.

Company's businesses can be classified into the following:

- Residential portfolio, consisting of:
 - ❖ Affordable and mid-income housing projects; and
 - ❖ Premium and luxury housing projects.
- Logistics and industrial park portfolio.
- Commercial portfolio, consisting of:
 - ❖ Office projects; and
 - ❖ Retail projects.

The tables below provide an overview of company's ongoing and planned projects in India, as of December 31, 2020:

Particulars	Affordable & Mid Income		Premium & Luxury		Total	
	Number Of Projects	Saleable Area(mn Sq Feet)	Number Of Projects	Saleable Area(mn Sq Feet)	Number Of Projects	Saleable Area(mn Sq Feet)
Residential projects						
Ongoing Projects	22	23.57	7	2.80	29	26.37
Planned Projects	7	35.48	5	2.04	12	37.52
Total for Residential projects	29	59.05	12	4.84	41	63.89
Commercial projects						
Ongoing Projects	6	2.38	1	0.04	7	2.41
Planned projects	3	7.13	3	0.43	6	7.56
Total for commercial projects	9	9.51	4	0.46	13	9.97

As part of logistics and industrial park portfolio, company have planned to develop a logistics and industrial park of over 800 acres of land near Palava, which is strategically located near the Jawaharlal Nehru Port, the proposed international airport in Navi Mumbai and the industrial hub of Taloja. Out of this area, approximately 290 acres is under development as of December 31, 2020, including an 89-acre logistics and industrial park that is being developed in partnership with ESR. Company's product offerings under this category include built to suit structures, standard structures and land parcels for company's logistics and industrial clients.



Risk Factors:

Company have a substantial amount of debt, which could affect its ability to obtain future financing or pursue its growth strategy. As of December 31, 2020, company had ₹ 186,621.85 million of aggregate outstanding borrowings on a consolidated basis, of which ₹ 184,975.61 million was secured indebtedness and ₹ 1,646.24 million was unsecured indebtedness. Company's indebtedness could have important consequences and significant adverse effects on company's business,

Objects of Issue:

The Net Proceeds from the Issue are proposed to be utilised in the following manner:

1. Reduction of the aggregate outstanding borrowings of company on a consolidated basis;
2. Acquisition of land or land development rights; and
3. General corporate purposes.

Financial Statement

(Rs Cr)

Particulars	FY18	FY19	FY20	9MFY21
Total Income	13527.19	11906.98	12442.59	2915.01
Total Exp	10237.53	8739.95	10522.33	2351.44
EBIDTA	3289.66	3167.03	1920.27	563.58
Other Income	199.38	71.89	118.39	245.47
Depreciation	397.92	194.45	306.39	56.42
EBIT	3091.12	3044.48	1732.27	752.63
Interest	381.59	555.59	731.52	810.96
PBT	2709.53	2488.88	1000.75	-58.34
E/O Items	0.00	0.00	5.62	-462.75
PBT	2709.53	2488.88	1006.38	-521.09
Sh Of Profit in Asso	0.00	0.00	0.00	0.00
PBT	2709.53	2488.88	1006.38	-521.09
Tax	920.14	844.91	261.50	-257.04
PAT	1789.39	1643.98	744.88	-264.05
Eq Cap	395.88	395.88	395.88	395.88
Net Worth	2,254.93	4,375.79	4,929.83	4,812.15
Eq Shares	39.59	39.59	39.59	39.59
EPS	45.20	41.53	18.82	-6.67
Book Value	56.96	110.53	124.53	121.56
ROE	79.31	37.59	15.11	-5.49
EBIDTA Margin %	24.32	26.60	15.43	19.33
PAT Margin %	13.22	13.81	5.99	-9.06

Source:RHP

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