

## Macrotech Developers Ltd : Average Issue

**IPO Note : Largest Real Estate Developers in India: Loss in FY21 (9 Months) : High Debt: Ranking\*\***



LODHA

### Issue details

Price band (Rs)	Rs.483-486
IPO Opening Date	07/04/21
IPO Closing Date	09/03/21
Issue Size	Rs.2500 Cr.

### Recommendation

On the financial performance front, for the last three fiscals, MDL has posted turnover/net profits of Rs. 13726.56 cr. / Rs. 1789.39 cr. (FY18), Rs. 11978.86 cr. / Rs. 1643.97 cr. (FY19) and Rs. 12560.98 cr. / Rs. 744.83 cr. (FY20). For the first nine months of the current fiscal ended on December 31, 2020, it has posted a net loss of Rs. 264.30 cr. on a turnover of Rs. 3160.48 cr. If we attribute FY20 earnings on fully diluted post issue equity then asking price is at a **P/E of around 29.18** against industry PE of 42.13. As per offer documents, MDL has shown Brigade Enterpirce, DLF Ltd, Godrej Properties, Oberoy Realty, Prestige Estate, Sobha Ltd and Suntek Realty as its listed peers. They are currently trading at a P/Es of around 43.62, nil, 131.10, 30.80, 25.80, 15.56 and 48.10. **Based on FY21 9M earnings, the issue is priced at a negative P/E. It has total debt of more than Rs.18000 crore. it appears aggressively priced.**

### Highlights

- One of the largest real estate developers in India, by residential Sales value for the financial years 2014 to 2020.
- As of December 31, 2020, we have 91 completed projects comprising approximately 77.22 million square feet of Developable Area
- In addition to our ongoing and planned projects, as of December 31, 2020, we have land reserves of approximately 3,803 acres for future development in the MMR, with the potential to develop approximately 322 million square feet of Developable Area.

### Company Introduction

Incorporated in 1995, Macrotech Developers [Formerly known as Lodha Developers] is the largest real estate developer in India. The company is primarily engaged in affordable residential real estate developments and in 2019, it entered into the development of logistics and industrial parks and also develop commercial real estate.

Palava (Navi Mumbai, Dombivali Region), Upper Thane (Thane outskirts), Amara (Thane), Lodha Sterling (Thane), Lodha Luxuria (Thane), Crown Thane (Thane), Bel Air (Jogeshwari), Lodha Belmondo (Pune), Lodha Splendor (Thane) and Casa Maxima (Mira Road) are some of its affordable and mid-income housing projects. Company generates maximum revenue from this segment as in the fiscal 2020, the revenue from this segment accounted for 57.77%.

Under the logistic and industrial park portfolio, it has planned to develop an industrial park of over 800 acres of land near Palava. However, the commercial real estate portfolio includes projects like corporate offices, IT campuses, and boutique office spaces. As on Dec 31 2020, the firm has successfully completed 91 projects comprising 77.22 million sq. ft. of developable area, with 59.13 million sq. ft. in the affordable

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### Financial Summary (Rs. In Crore)

Particulars	Nine months ended Dec. 30, 2020	FY2020	FY2019	FY2018
<b>Total Income</b>	<b>3160.48</b>	<b>12560.98</b>	<b>11978.86</b>	<b>13726.56</b>
<b>Net Profit</b>	<b>-264.30</b>	<b>744.83</b>	<b>1643.97</b>	<b>1789.39</b>
<b>EPS (Rs)</b>	<b>-</b>	<b>16.65</b>	<b>36.75</b>	<b>40.00</b>

\*EPS not annualized

Source: RHP and ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

housing segment.

### Company Promoters:

Abhishek Mangal Prabhat Lodha, Rajendra Narpatmal Lodha, Sambhavnath Infrabuild and Sambhavnath Trust are the company promoters.

### Objects of the Issue:

- To reduce aggregate outstanding borrowings of the company on consolidated basis.
- To acquire land or land development rights.
- To meet general corporate purposes.

### IPO Issue Proceed

To reduce aggregate outstanding borrowings, to acquire land or land development rights and general corpus fund needs, the company is coming out with a maiden IPO by way of fresh equity issue worth Rs. 2500 cr. The issue is for approx 51440328 equity shares (at the upper cap of the price) of Rs. 10 each being offered in the price band of Rs. 483 - Rs. 486 per share. Minimum application is to be made for 30 shares and in multiples thereon, thereafter. The company has reserved 617283 equity shares for eligible employees and out of the rest, it has allocated 50% QIBs, 15% HNIs and 35% for Retail investors. The issue opens for subscription on April 07, 2021, and will close on March 09, 2021. MDL's current paid-up equity capital of Rs. 395.87 cr. will stand enhanced to Rs. 447.31 cr. post issue.

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