

Analyst Meeting

Ajmera Realty and Infra Ltd.

We recently interacted with the management of Ajmera Realty, which primarily focuses on developing projects in Mumbai, Pune and Bengaluru. Key takeaways are: 1. Has 1.3 msf of projects under development and land bank of 11.8 msf for future development; 2. launched flagship project Ajmera Manhattan in April 2022 and sold 25% of inventory; 3. reported strong operating cashflow of INR200cr for FY22. 4. plans to reduce gross debt by INR350–400cr by FY24 by generating high operating cashflows and monetising assets; 5. targeting an asset-light model for growth by exploring JV/JDA models, which will constitute as a core strategy to scale operations; 6. provided guidance for 3.5–4 lac sqft of annual sales for the next 3–4 years, up from 2.5 lac sqft in FY22, with ARR of INR25,000/sqft; 7. EBITDA margins estimated at 24–30% and project level IRR expected to be more than 20%.

Key takeaways from management meeting

Strong traction in ongoing projects, robust launch pipeline in place

The company currently has over 1.3 msf of projects under development, including flagship projects such as Manhattan, Greenfinity and Sikova. The Manhattan project has seen strong traction, which has already sold 25% of inventory worth INR354cr in less than six months of the launch. Greenfinity, expected to complete by FY23, has sold over 62% of its inventory to date.

The company plans to launch over 1 msf across Ghatkopar, Juhu and Central Mumbai in the next two years with a potential revenue size of ~INR2,100cr. The management has guided to double annual sales to 3.5–4 lac sqft over the coming 3–4 years with average ARR of INR25,000/sqft.

Plan to monetise existing land bank and adopt asset-light model

Currently, the company has 11.8 msf of land bank, 2.5msf being in Wadala and the rest in Kanjurmarg. Majority of land issues in Kanjurmarg have been resolved, where Ajmera Realty aims to develop projects in the near term. It strategically plans to operate asset light by exploring JV/JDA and DM models.

Asset monetisation, high operating cashflow to aid debt reduction

As of FY22, the company has ~INR800cr of gross debt on the books, out of which INR250cr is for projects and the balance has been utilised for general corporate purpose. The company plans to reduce gross debt by almost 60% by FY24E. Annual operating cashflow of INR200cr, repatriation of UK and Bahrain investments worth INR160cr, and monetisation of Indian assets of INR140cr will help the company to significantly cut down its debt.

Steady growth and margin guidance

The size of the company's primary micro market (Wadala) has increased by almost 30% from pre-Covid levels to 5 lac sqft/year. Ajmera Realty has almost 40% share in this market, with other large players being Lodha and Dosti. With strong traction in the primary market, the management has provided robust guidance for growth in annual sales to 3.5–4 lac sqft over the next 3–4 years, backed by a robust launch pipeline and development potential.

The company will be primarily focused in Mumbai, which will constitute ~85% of the projects and the remaining 15% to be developed in Pune and Bengaluru. The company will maintain sustainable EBITDA margins of 25–30% and invest in projects with potential IRR of over 20%.

Financial Summary

Particulars	FY18	FY19	FY20	FY21	FY22
Sales volume (msf)	NA	NA	NA	0.5	0.32
Average realisation (Rs/sqft)	NA	NA	NA	12,116	12,447
Sales value (INR cr)	NA	NA	NA	617	431
EBITDA (INR cr)	148	138	104	95.4	116
EBITDA margins (%)	39%	35%	30%	28%	24%
Gross Debt	335.7	793	866	775	867
Net Debt to Equity	0.59	1.23	1.32	1.1	1.1

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CMP: INR 253
Rating: Not Rated
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QUICK DATA

Face Value (INR)	10
Div. Yield (%)	0.87
No of shares (in Cr)	3.54
52-week High/Low (INR)	210 / 495
NSE Symbol	AJMERA
BSE Code	513349
Bloomberg Code	AREAL
Market cap (INR Cr)	915

SHAREHOLDING PATTERN (%)

Promoters	69.73
FIIs	0.02
MFs & DIIs	-
Others	30.25

Financials

Consol Profit and loss Statements (Rs in mn)	FY18	FY19	FY20	FY21	FY22
Revenue from operations	3,696	3,815	3,444	3,467	4,827
Other operating income	100	112			
Total Revenue for operations	3,796	3,927	3,444	3,467	4,827
Operating Expenses					
Cost of Material consumed	2,028	2,287	2,132	2,257	3,387
Employee Benefit expense	284	257	267	256	278
Total	2,313	2,544	2,399	2,513	3,665
EBITDA	1,483	1,383	1,045	954	1,162
EBITDA%	39%	35%	30%	28%	24%
Depreciation and Amortization	28	24	22	18	17
EBIT	1,456	1,359	1,023	936	1,145
Finance cost	463	503	659	577	592
Other income	72	83	62	51	64
EBT	1,065	939	427	410	617
Tax expense	220	177	98	95	154
PAT	845	762	329	315	464

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Consolidated Balance Sheet (Rs in mn)	FY18	FY19	FY20	FY21	FY22
Particulars (Rs in mn)					
Equity and liabilities					
Equity					
Equity Share capital	355	355	355	355	355
other equity instruments					
other equity	5,274	5,876	6,033	6,292	6,744
Total equity	5,629	6,230	6,387	6,647	7,099
Liabilities					
Non Current liabilities					
Borrowings	3,553	7,938	8,666	7,753	8,677
Other Financial Liabilities		15	1	1	1
Provisions	73	53	47	30	30
Other non-current liabilities	2,496	1,793	757	1,748	972
Total	6,122	9,799	9,471	9,532	9,680
Capital Employed	11,751	16,029	15,859	16,178	16,779
Other Current Liabilities					
Other financial liabilities	1,780	822	1,189	87	83
Other current liabilities	137	260	943	1,024	1,474
provisions	120	44	147	182	119
current tax liabilities	1	1	1	1	1
Total	2,038	1,127	2,280	1,293	1,678
Assets					
Non Current Assets					
Property, Plant and Machinery	269	292	340	244	246
Intangible assets	2	1	1	1	1
Goodwill	416	416	416	416	416
Investments	245	345	345	345	144
Loans	3,285	3,820	3,960	4,428	4,455
Other financials assets	8	13	18	26	27
Other non current assets	8	2	306	523	578
Total	4,232	4,889	5,385	5,982	5,867
Current Assets					
Inventories	7,594	9,691	9,995	9,417	9,993
Investments		62	322	156	102
Trade receivables	1,635	1,751	2,104	1,802	2,651
Cash and Cash equivalents	35	157	84	251	233
Other bank Balances	160	120	136	176	121
Total current assets	9,425	11,781	12,642	11,802	13,099
Current Liabilities					
Trade Payables	591	509	540	484	713
Working Capital	8,834	11,272	12,102	11,318	12,386
Other Current assets					
loans	907	475	430	2	49
Other current assets	603	1,374	1,151	1,060	1,060
Current tax assets	45	100	119	124	111
Total	1,555	1,949	1,699	1,186	1,219
Non Controlling interest	832	954	1,047	1,015	1,015

Analyst Meeting

Ajmera Realty and Infra Ltd.

The Team

Analysts	Sector
Vinay Khattar	Head of Research
Sandeep Raina	Head - Fundamental
Sagar Doshi	Head - Trading
Arun Jain	Practice Head - Trading
Kavita Chacko	Chief Economist
Amit Agarwal	Infra, Real Estate, Hotels
Praveen Sahay	Consumer Durables, Building materials, Healthcare services, Hospitality
Kapil Jagasia	Consumption, Textile, QSR, Retail
Raj Jha	BFSI, NBFC
Jigar Jani	BFSI, NBFC
Ranvir Singh	Pharma, Chemicals
Himanshu Yadav	Cement, Logistics, Mid-caps
Sushil Sharma	IT, Capital Goods, Defence
Tushar Chaudhari	Metals, Mid- Caps
Parag Shah	Technical Analyst
Ankit Narshana	Option Trader

Sales Team	Location
Sharad Tripathi	Mumbai
Ketan Malkan	Mumbai
Vikas Sharma	Bengaluru
Abhishek Agarwal	Kolkata
Vivek Khanna	Delhi

Coverage Universe

Sr. No	Coverage
1	Aditya Birla Fashion & Retail Ltd
2	Aegis Logistics Ltd
3	Amber Enterprises India Ltd
4	Astral Ltd
5	Balaji Amines Ltd
6	Bata India Ltd
7	Birla Corporation Limited
8	Can Fin Homes Ltd
9	Century Plyboards India Ltd
10	Cholamandalam Inv and Finance Ltd
11	City Union Bank Ltd
12	CreditAccess Grameen Ltd
13	Crompton Greaves Consumer Electricals Ltd
14	CSB Bank Ltd
15	Deepak Nitrite Ltd
16	Easy Trip Planner Ltd
17	Escorts Ltd
18	Finolex Industries Ltd
19	Home First Finance Company India Ltd
20	Indo Count Industries Ltd
21	K P R Mill Ltd
22	KNR Constructions Ltd
23	Krishna Institute of Medical Sciences Ltd
24	Lumax Industries. Ltd
25	Metropolis Healthcare Ltd
26	Minda Industries Ltd
27	Motherson Sumi Ltd
28	Navin Fluorine International Ltd
29	Neogen Chemicals Ltd
30	Newgen Software Technologies Ltd
31	Orient Electric Ltd
32	PSP Projects Ltd
33	Rossari Biotech Ltd
34	Shriram Transport Finance Company Ltd
35	SRF Ltd
36	Vinati Organics Ltd
37	Voltas Ltd
38	Westlife Development Ltd
39	Zydus Wellness Ltd
40	Tarsons Products Ltd
41	MTAR Technologies Ltd.

Sr. No	Tactical Buy
1	ACC Ltd
2	Ajanta Pharma Ltd
3	Ambuja Cements Ltd
4	Ashok Leyland Ltd
5	Axis Bank Ltd
6	Bharat Electronics Ltd
7	Brigade Enterprises Ltd
8	DLF Ltd
9	eClerx Services Ltd
10	Globus Spittits Ltd
11	GNA Axles Ltd
12	HDFC Life Insurance Co. Ltd
13	ICICI Bank Ltd
14	Indusind Bank Ltd
15	Jamna Auto Industries Ltd
16	JK Cement Ltd
17	Larsen & Toubro Ltd
18	Mahindra and Mahindra Ltd
19	Max Financial Services Ltd
20	Max Healthcare Institute Ltd
21	PNC Infratech Ltd
22	RBL Bank Ltd
23	Sun Pharma Ltd
24	TechMahindra Ltd
25	Ultratech Cement Ltd
26	Elecon Engineering Company Ltd

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