

Estimate change

TP change

Rating change

Bloomberg	TRENT IN
Equity Shares (m)	332
M.Cap.(INRb)/(USD\$)	157.4 / 2.1
52-Week Range (INR)	804 / 368
1, 6, 12 Rel. Per (%)	-4/12/38
12M Avg Val (INR M)	186

## Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	34.9	33.2	48.3
EBITDA	5.4	4.4	8.1
Adj. PAT	1.1	0.4	3.2
EBITDA Margin (%)	15.6	13.2	16.8
Adj. EPS (INR)	3.0	1.1	9.1
EPS Gr. (%)	2.1	-63.9	742.1
BV/Sh. (INR)	71.9	73.0	82.7

## Ratios

Net D:E	-0.5	-0.5	-0.5
RoE (%)	5.3	1.6	12.5
RoCE (%)	13.0	8.2	17.6
Payout (%)	33.5	0.0	0.0

## Valuations

P/E (x)	148.6	411.3	48.8
EV/EBITDA (x)	29.4	36.4	19.5
EV/Sales (X)	4.6	4.8	3.3
Div. Yield (%)	0.2	0.0	0.0
FCF Yield (%)	1.7	0.6	2.2

## Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	37.0	37.0	32.6
DII	15.6	15.9	16.9
FII	21.2	20.9	22.2
Others	26.2	26.2	28.3
FII Includes depository receipts			

**CMP: INR443**
**TP: INR610 (+38%)**
**Buy**

## Dented quarter; Initial insights of recovery strong

- TRENT's reported 4QFY20 revenue/EBITDA were 4%/28% above estimates due to cost savings in opex. Jan-Feb'20 revenues grew ~33% YoY, highlighting strong performance in the pre COVID-19 period.
- We have cut our standalone FY21E/FY22E revenue estimates by 10%/9% due to the prolonged lockdown. But our channel checks indicate healthy revenue recovery in stores that have resumed operations. **Maintain Buy**
- Jan-Feb'20 revenue up 33%, Zudio's quarterly revenue surges ~110%**
- 4QFY20 standalone revenue grew 8% YoY to INR7.2b (4% above est.), despite the lockdown in Mar'20. Revenues in Jan- Feb'20 grew 33%, which implies ~42% decline in the Mar'20 (according to our calculations).
- Revenues were driven by Westside, which saw flattish sales at INR6b whereas Zudio revenues grew ~110% YoY to INR1.1b (according to our working), reflecting strong revenue growth in the pre COVID-19 era.
- Standalone EBITDA was at INR929 (up 175% YoY) due to Ind-AS 116 impact.
- According to our calculations and excl. Ind-AS 116, EBITDA declined ~90% YoY to INR29m, due to higher rent expense.
- Standalone PBT declined to INR67m (64% YoY). Pre-Ind-AS 116, PBT stood at INR104m (down 43% YoY), which was supported by higher other income.
- Excl. other income, net loss before tax stood at INR240m v/s PBT of INR95m, which highlights the sharp rise in opex due to new store openings.
- Post Ind-AS 116, PAT stood at INR26m v/s INR160m despite higher other income.

## Balance sheet remains strong with liquidity of INR8.4b

- In 4QFY20, Westside's revenue declined 1% YoY to INR5.9b (in-line). Due to store closures, same store sales growth (SSSG) decreased 7% YoY. Zudio revenues grew ~110% YoY to INR1.1b, led by strong store additions in FY20.
- Westside added 20 stores in FY20, taking the total store count to 170. Zudio added 41 stores, taking the total store count in FY20 to 81. The company also opened 2 'Utsah' stores. Moreover, 4/17 Westside/ Zudio stores are under fit-outs (impacted in Mar'20 and early-Apr'20) and would open once the lockdown measures are relaxed.
- In FY20, Westside's total revenue grew 16% YoY to INR27b while SSSG stood at +7%.
- Amidst the COVID-19 crisis, the company has issued a statement: **"TRENT along with its JV/subsidiaries has no major debt repayment obligations over the next one year and liquid resources materially exceeds aggregate outstanding debt; TRENT holds a significant proportion of its current investments in highly liquid debt mutual funds (from the proceeds of ~INR10b QIP in 1HFY20)."**
- As of 31<sup>st</sup> Mar'20, TRENT had INR8.4 in cash balances and liquid debt funds, indicating strong cash position of the company. This should enable TRENT to tide over the cash crunch cycle that the retail sector is currently hit by.

Aliasgar Shakir – Research Analyst (Aliasgar.Shakir@motilaloswal.com); +91 22 6129 1565

Suhel Shaikh – Research Analyst (Suhel.Ahmad@MotilalOswal.com); +91 22 6129 1568

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## Valuation and view

- Retail sector is the worst hit due to the current COVID-19 lockdowns, which has led to a drop in social events and lower disposable income. We, thus, expect the apparel sector to take a longer time to recover and return to the high growth stage witnessed earlier.
- Further, TRENT's cost of retailing should rise due to high store additions in FY20, which would weigh on its EBITDA margins.
- We expect TRENT to deliver standalone revenue/PAT CAGR of 9%/50% over FY20-22E on robust growth led by new stores. Our SOTP-based TP of INR610 values Westside and Zara at 34x EV/EBITDA and Star at 2x EV/sales on FY22E.
- We, thus, maintain our bullish stance on TRENT. Healthy business model and strong balance sheet should help the company tide over the current COVID-19 crisis with limited inventory risks. The company currently trades at FY22E EV/EBITDA of 20x. **Maintain Buy.**

## Standalone Quarterly Earning Model

(INR Million)

Y/E March	FY19				FY20				FY19	FY20	FY20E	Est. Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	
Revenue	5,906	6,159	6,565	6,687	7,672	8,180	8,697	7,228	25,317	31,777	6,946	4
YoY Change (%)	24.4	4.3	6.6	1.9	14.7	6.6	6.3	-16.9	22.5	25.5	-20.1	
Total Expenditure	5,196	5,567	5,838	6,349	6,033	6,852	6,962	6,298	22,950	26,145	6,220	1
EBITDA	710	592	727	338	1,639	1,328	1,735	929	2,366	5,632	726	28
EBITDA Margin (%)	12.0	9.6	11.1	5.0	21.4	16.2	20.0	12.9	9.3	17.7	10.5	
Depreciation	105	108	116	135	536	585	579	612	465	2,311	608	1
Interest	75	102	88	103	597	598	593	595	368	2,383	609	-2
Other Income	57	124	94	88	359	433	382	344	363	1,518	246	40
PBT	586.9	505.1	617.5	187.8	864.9	577.7	946.0	66.9	1,897.2	2,455.6	-245.3	NM
Tax	203	176	214	24	286	195	389	40	617	909	-101	
Rate (%)	35	35	35	13	33	34	41	60	33	37	41	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	384	329	404	164	579	383	557	26	1,281	1,546	-145	NM
Adj PAT	384	329	404	164	579	383	557	26	1,281	1,546	-145	NM
YoY Change (%)	0.5	-14.2	22.7	-59.4	253.2	-33.9	45.6	-95.2	9.3	20.7	NM	

E: MOFSL Estimates

## Key Performance Indicators

Y/E March	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
SSSG - Westside (%)	8.0	9.0	12.0	12.0	12.0	14.0	10.2	-7.3	9.0	8.0
Revenue Mix										
Westside (%)	96.0	90.4	93.2	90.5	89.4	83.7	85.9	82.7	90.0	96.0
Zudio (%)	2.4	8.0	5.3	8.1	9.4	15.2	13.1	16.0	5.8	2.4
Landmark (%)	1.6	1.6	1.5	1.4	1.2	1.1	1.1	1.3	4.2	1.6
Gross Margins (%)	54.4	50.8	53.0	47.4	53.0	47.8	50.6	46.5	51.3	49.5
EBITDA Margins (%)	12.0	9.6	11.1	5.0	21.4	16.2	20.0	12.9	9.3	17.7
PAT Margins (%)	6.5	5.3	6.2	2.5	7.6	4.7	6.4	0.4	5.1	4.9

## Post Covid-19 Progress

- Our channel checks indicate that 55 Westside and 20 Zudio stores have opened so far in permitted areas, and these stores have reached a steady state revenue of ~60-65% (of average daily revenue pre-lockdown), implying customers are eager to shop post the lockdown phase.
- Expect 90% of stores to be operational by 15<sup>th</sup> Jun'20.

- TRENT has not accounted for rent expenses during the shutdown period (10-15 days) in Mar'20.
- Senior management has taken 20-25% cut in salary, and accordingly, employee cost should reduce.
- SG&A has also seen aggressive cost optimization on account of the lockdown.

### Consolidated Performance

- TRENT's consolidated revenue grew 21% YoY to INR8.4b (12% beat) driven by inorganic growth of Booker India (acquisition in Sep'19), which operates under the wholesale cash and carry model.
- Booker India's FY19 revenue stood at INR2.5b (quarterly revenue at ~INR625m). Thus, post-acquisition of Booker India in 3QFY20, TRENT's revenue has been augmented by ~INR650-700m. Consolidated EBITDA stood at INR836m, up 2x YoY (6% miss) on Ind-AS 116 standards; thus, EBITDA margin rose by 580bp to 9.9%.
- Other income fell 5% QoQ to INR376m, which includes income from highly liquid debt investments.
- Consolidated loss before taxes stood at INR72m, while large net tax credit of INR399m led to PAT rising by 3x YoY to INR327m.

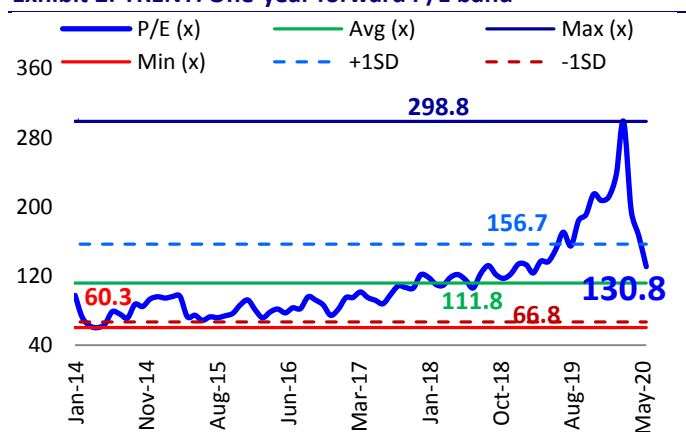
### Our view – sharp correction an opportunity to 'Buy'

- We expect TRENT's consolidated revenue/EBITDA to register CAGR of 18%/22% over FY20-22E.
- As highlighted in our earlier report ([click here](#)), Zudio's share is currently low at 13% in TRENT's overall revenue base. However, considering the current pace of growth, it has the potential to reach revenue/EBITDA base of INR16b/INR1.5b on stable state basis with 250 stores in 3 years, contributing over one-third of overall revenues
- We have factored in 15/30 store adds for Westside in FY21E/FY22E and 35/70 store adds for Zudio over FY21E/22E.
- Westside's strong >80% full-price sales and high private label share along with strong store adds should continue to drive healthy growth.
- The newly launched ethnic wear 'Utsah' store (women's ethnic wear) has also witnessed decent traction and may prove to be the next growth lever.
- Our SOTP-based TP of INR610 values Westside and Zara at 34x EV/EBITDA and Star at 2x EV/sales on FY22E.
- We, thus, maintain our bullish stance on TRENT. Healthy business model and strong balance sheet should help the company tide over the current COVID-19 crisis with limited inventory risks. The company currently trades at FY22E EV/EBITDA of 20x. **Maintain Buy.**

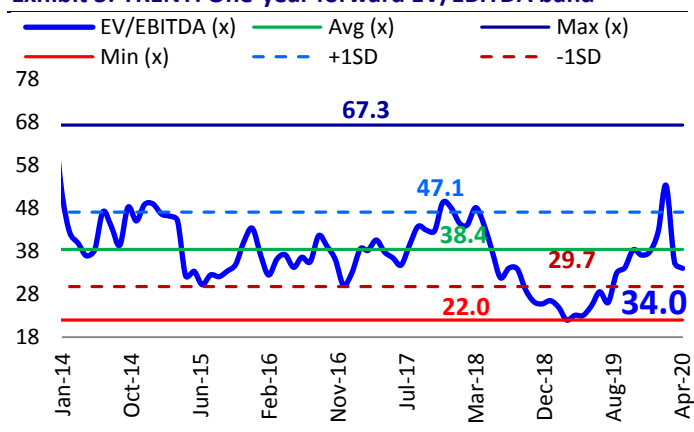
**Exhibit 1: Valuation based on SOTP**

Particulars	Financial metric	Multiple (x)	EBITDA/Sales (INR b)	Value (INR b)
Standalone	FY22E EBITDA	34	3.3	112
Star	FY22E Sales	1.5	7.3	11
Zara	FY22E EBITDA	34	1.7	59
<b>Total Enterprise Value</b>				<b>183</b>
Net Debt				-34
Equity Value				217
Shares (m)				355
<b>Target Price (INR)</b>				<b>610</b>
CMP (INR)				443
<b>Upside (%)</b>				<b>38%</b>

Source: MOFSL, Company

**Exhibit 2: TRENT: One-year forward P/E band**

Source: Bloomberg, MOFSL

**Exhibit 3: TRENT: One-year forward EV/EBITDA band**

Source: Bloomberg, MOFSL

## Exhibit 4: Standalone quarterly performance (INR m)

Standalone P&L (INR m)	Post IND AS 116 Effect							Pre Ind AS 116 effect			
	4QFY19	3QFY20	4QFY20	YoY%	QoQ%	4QFY20E	v/s est (%)	3QFY20	4QFY20	YoY%	QoQ%
<b>Revenue</b>	<b>6,687</b>	<b>8,697</b>	<b>7,228</b>	<b>8.1</b>	<b>-16.9</b>	<b>6,946</b>	<b>4.1</b>	<b>8,697</b>	<b>7,228</b>	<b>8.1</b>	<b>-16.9</b>
Raw Material cost	3,515	4,294	3,870	10.1	-9.9	3,738	3.5	4,294	3,870	10.1	-9.9
<b>Gross Profit</b>	<b>3,172</b>	<b>4,403</b>	<b>3,358</b>	<b>5.9</b>	<b>-23.7</b>	<b>3,209</b>	<b>4.6</b>	<b>4,403</b>	<b>3,358</b>	<b>5.9</b>	<b>-23.7</b>
<b>Gross margin (%)</b>	<b>47.4</b>	<b>50.6</b>	<b>46.5</b>	<b>-98bps</b>	<b>-417bps</b>	<b>46.2</b>	<b>26bps</b>	<b>50.6</b>	<b>46.5</b>	<b>-98bps</b>	<b>-417bps</b>
Employee Costs	675	805	758	12.3	-5.8	807	-6.0	805	758	12.3	-5.8
Rent	842	586	390	-53.6	-33.4	503	-22.3	1,515	1,290	53.3	-14.9
SGA Expenses	1,318	1,277	1,280	-2.9	0.2	1,173	9.1	1,277	1,280	-2.9	0.2
<b>Total Opex</b>	<b>6,349</b>	<b>6,962</b>	<b>6,298</b>	<b>-0.8</b>	<b>-9.5</b>	<b>6,220</b>	<b>1.3</b>	<b>7,891</b>	<b>7,198</b>	<b>13.4</b>	<b>-8.8</b>
<b>EBITDA</b>	<b>338</b>	<b>1,735</b>	<b>929</b>	<b>175.3</b>	<b>-46.4</b>	<b>726</b>	<b>28.0</b>	<b>806</b>	<b>29</b>	<b>-91.3</b>	<b>-96.3</b>
<b>EBITDA margin (%)</b>	<b>5.0</b>	<b>20.0</b>	<b>12.9</b>	<b>781bps</b>	<b>-709bps</b>	<b>10.5</b>	<b>240bps</b>	<b>9.3</b>	<b>0.4</b>	<b>-464bps</b>	<b>-886bps</b>
Depreciation and amortization	135	579	612	351.6	5.6	608	0.5	179	182	34.0	1.4
EBIT	202	1,156	318	57.2	-72.5	118	169.4	627	-152	-175.2	-124.2
<b>EBIT margin (%)</b>	<b>3.0</b>	<b>13.3</b>	<b>4.4</b>	<b>138bps</b>	<b>-890bps</b>	<b>1.7</b>	<b>270bps</b>	<b>7.2</b>	<b>-2.1</b>	<b>-513bps</b>	<b>-931bps</b>
Finance Costs	103	593	595	479.2	0.3	609	-2.3	152	165	60.4	8.5
Other income	88	382	344	289.5	-10.1	246	39.9	382	344	289.5	-10.1
Exceptional item	-5	0	0	0.0	0.0	0	#DIV/0!	0	0	0.0	0.0
<b>Profit before Tax</b>	<b>183</b>	<b>946</b>	<b>67</b>	<b>-63.6</b>	<b>-93.0</b>	<b>-245</b>	<b>-127.2</b>	<b>858</b>	<b>27</b>	<b>-85.5</b>	<b>-96.9</b>
Tax	24	389	40	70.2	-89.6	-101	-140.1	389	7	-71.8	-98.3
Tax rate (%)	13.0	41.1	60.6	4767bps	1955bps	41.0	1959bps	45.3	25.2	1220bps	-2016bps
<b>Profit after Tax</b>	<b>160</b>	<b>557</b>	<b>26</b>	<b>-83.6</b>	<b>-95.3</b>	<b>-145</b>	<b>-118.1</b>	<b>469</b>	<b>20</b>	<b>-87.5</b>	<b>-95.7</b>
<b>Adj Profit after Tax</b>	<b>155</b>	<b>557</b>	<b>26</b>	<b>-83.2</b>	<b>-95.3</b>	<b>-145</b>	<b>-118.0</b>	<b>469</b>	<b>20</b>	<b>-87.3</b>	<b>-95.8</b>

Source: MOFSL, Company

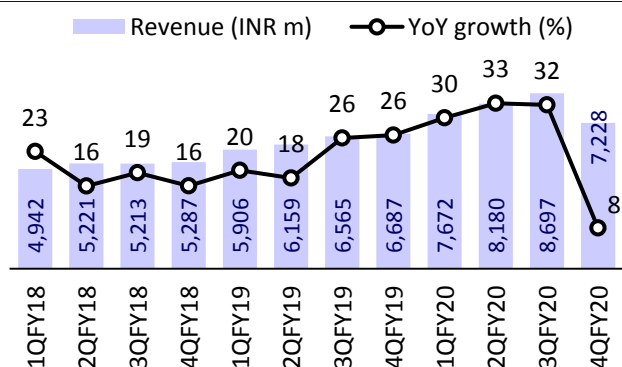
## Exhibit 5: Standalone estimate change summary

	FY21E	FY22E
<b>Revenue (INR m)</b>		
Old	33,120	49,324
Actual/New	29,843	44,667
Change (%)	-9.9	-9.4
<b>RM cost (INR m)</b>		
Old	17,194	26,142
Actual/New	15,575	23,763
Change (%)	-9.4	-9.1
<b>EBITDA (INR m)</b>		
Old	4,763	8,198
Actual/New	4,601	8,274
Change (%)	-3.4	0.9
<b>EBITDA margin (%)</b>		
Old	14.4	16.6
Actual/New	15.4	18.5
Change (bp)	104	190
<b>Depreciation &amp; amortization (INR m)</b>		
Old	2,634	2,811
Actual/New	2,623	2,540
Change (%)	-0.4	-9.6
<b>Finance cost (INR m)</b>		
Old	2,472	2,472
Actual/New	2,388	2,388
Change (%)	-3.4	-3.4
<b>Net Profit (INR m)</b>		
Old	743	3,181
Actual/New	677	3,488
Change (%)	-8.8	9.7
<b>EPS (INR)</b>		
Old	2	9
Actual/New	2	10
Change (%)	-8.8	9.7

Source: MOFSL, Company

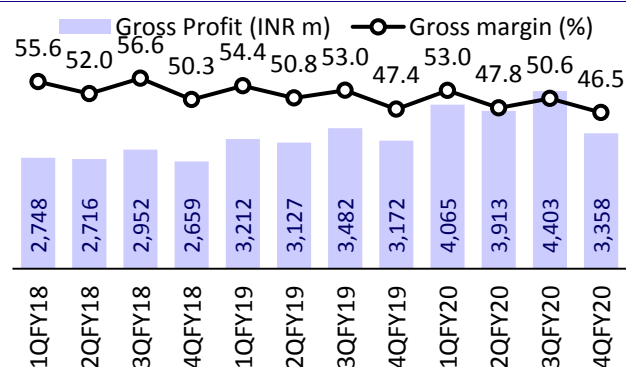
## Story in charts

**Exhibit 6: Standalone revenue grew 8% YoY**



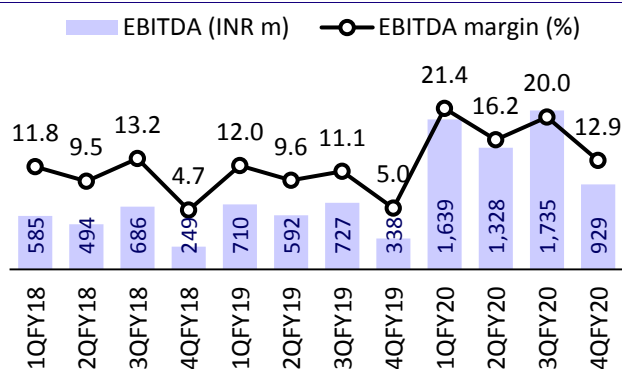
Source: MOFSL, Company

**Exhibit 7: Standalone gross margin shrank 46.5%**



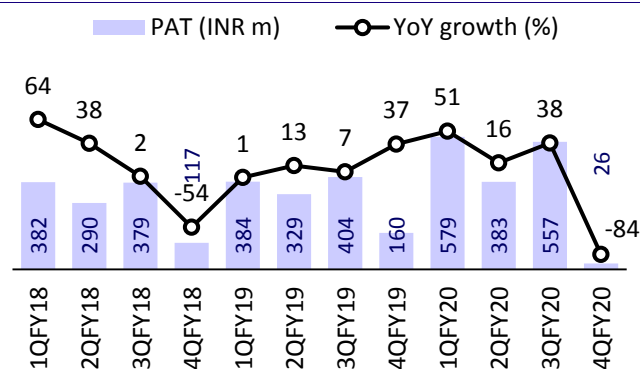
Source: MOFSL, Company

**Exhibit 8: Standalone EBITDA margin at 12.9%**



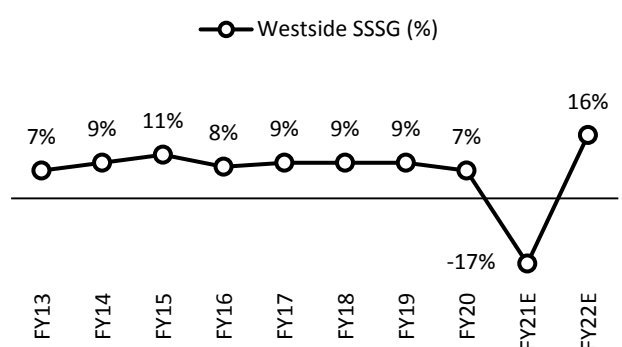
Source: MOFSL, Company

**Exhibit 9: Standalone PAT down 84% YoY**



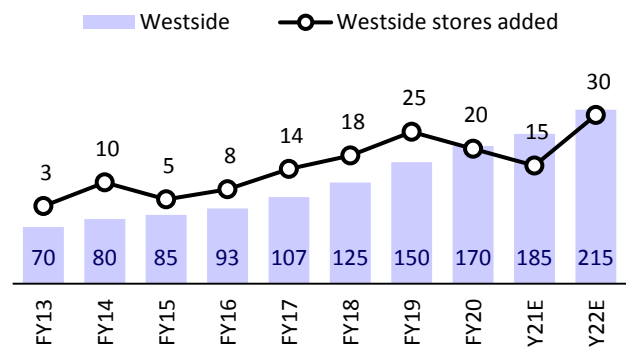
Source: MOFSL, Company

**Exhibit 10: Expect SSSG for Westside to dip in FY21E**

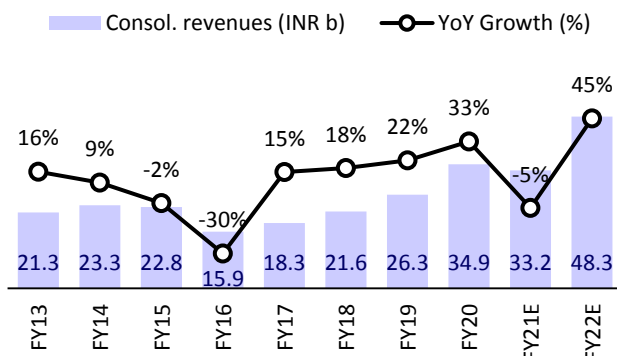


Source: MOFSL, Company

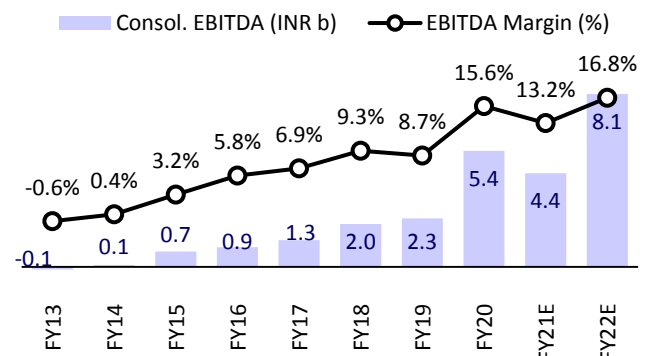
**Exhibit 11: Expect strong 15/35 Westside store adds in FY21/22E**



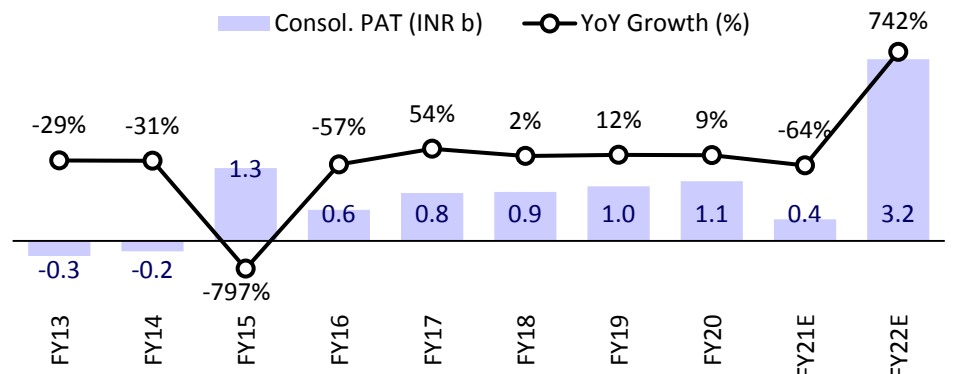
Source: MOFSL, Company

**Exhibit 12: Expect healthy consol. revenue CAGR of 18% over FY20-22E**

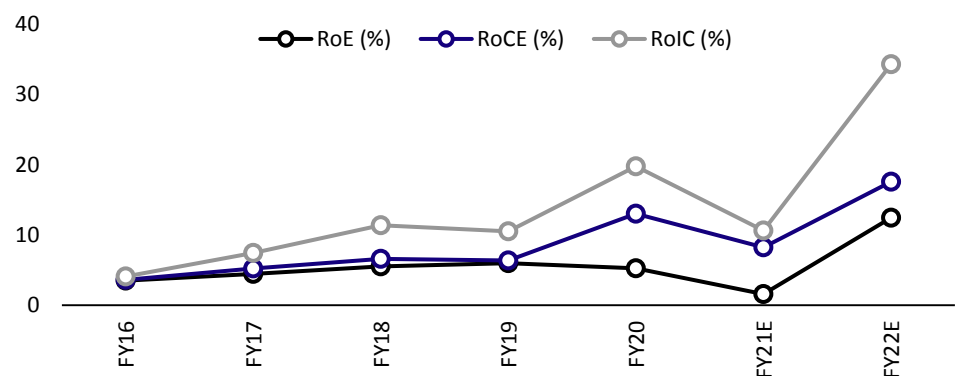
Source: MOFSL, Company

**Exhibit 13: EBITDA margin to remain depressed in FY22E**

Source: MOFSL, Company

**Exhibit 14: Expect consol. PAT to recover in FY22E**

Source: MOFSL, Company

**Exhibit 15: Return ratios set to recover in FY22E (%)**

Source: MOFSL, Company



## Financials and valuations - standalone

### Standalone - Income Statement

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Total Income from Operations</b>	<b>13,580</b>	<b>14,919</b>	<b>17,381</b>	<b>20,663</b>	<b>25,317</b>	<b>31,777</b>	<b>29,843</b>	<b>44,667</b>
Change (%)	9.4	9.9	16.5	18.9	22.5	25.5	-6.1	49.7
Raw Materials	6,810	7,213	8,275	9,587	12,324	16,037	15,575	23,763
Employees Cost	1,240	1,323	1,661	2,026	2,524	3,131	3,112	4,015
Rent and lease expenses	1,067	1,874	2,278	2,668	3,179	2,026	2,199	2,808
Advertising & Sales Promotion	404	424	461	398	0	0	0	0
Other Expenses	3,510	3,158	3,479	3,970	4,924	4,950	4,357	5,807
<b>Total Expenditure</b>	<b>13,031</b>	<b>13,992</b>	<b>16,154</b>	<b>18,649</b>	<b>22,951</b>	<b>26,145</b>	<b>25,242</b>	<b>36,393</b>
% of Sales	96.0	93.8	92.9	90.3	90.7	82.3	84.6	81.5
<b>EBITDA</b>	<b>549</b>	<b>927</b>	<b>1,226</b>	<b>2,014</b>	<b>2,366</b>	<b>5,632</b>	<b>4,601</b>	<b>8,274</b>
Margin (%)	4.0	6.2	7.1	9.7	9.3	17.7	15.4	18.5
Depreciation	398	345	376	417	465	2,311	2,623	2,540
<b>EBIT</b>	<b>151</b>	<b>582</b>	<b>850</b>	<b>1,596</b>	<b>1,902</b>	<b>3,321</b>	<b>1,978</b>	<b>5,734</b>
Int. and Finance Charges	70	376	337	306	368	2,383	2,388	2,388
Other Income	745	888	590	426	363	1,518	1,315	1,315
<b>PBT bef. EO Exp.</b>	<b>825</b>	<b>1,094</b>	<b>1,103</b>	<b>1,716</b>	<b>1,897</b>	<b>2,456</b>	<b>905</b>	<b>4,661</b>
EO Items	564	-1	247	0	-5	0	0	0
<b>PBT after EO Exp.</b>	<b>1,389</b>	<b>1,093</b>	<b>1,350</b>	<b>1,716</b>	<b>1,892</b>	<b>2,456</b>	<b>905</b>	<b>4,661</b>
Total Tax	389	227	282	549	617	909	228	1,173
Tax Rate (%)	28.0	20.8	20.9	32.0	32.6	37.0	25.2	25.2
Minority Interest	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>1,000</b>	<b>866</b>	<b>1,069</b>	<b>1,167</b>	<b>1,276</b>	<b>1,546</b>	<b>677</b>	<b>3,488</b>
<b>Adjusted PAT</b>	<b>594</b>	<b>866</b>	<b>873</b>	<b>1,167</b>	<b>1,254</b>	<b>1,546</b>	<b>677</b>	<b>3,488</b>
Change (%)	26.9	45.8	0.8	33.7	7.5	59.4	-56.2	415.1
Margin (%)	4.4	5.8	5.0	5.6	5.0	4.9	2.3	7.8

### Standalone - Balance Sheet

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	332	332	332	332	332	355	355	355
Total Reserves	13,899	14,000	15,076	15,839	16,636	24,634	25,311	28,799
<b>Net Worth</b>	<b>14,232</b>	<b>14,332</b>	<b>15,408</b>	<b>16,171</b>	<b>16,968</b>	<b>24,990</b>	<b>25,667</b>	<b>29,155</b>
Total Loans	2,414	3,958	3,917	3,914	3,942	2,997	2,997	2,997
Deferred Tax Liabilities	-184	-86	-101	-28	-72	-1,070	-1,070	-1,070
<b>Capital Employed</b>	<b>16,461</b>	<b>18,205</b>	<b>19,225</b>	<b>20,057</b>	<b>20,838</b>	<b>26,918</b>	<b>27,595</b>	<b>31,083</b>
<b>Net Fixed Assets</b>	<b>3,375</b>	<b>4,160</b>	<b>4,899</b>	<b>5,779</b>	<b>6,271</b>	<b>26,182</b>	<b>24,568</b>	<b>26,344</b>
Capital WIP	462	537	55	96	850	231	231	231
<b>Total Investments</b>	<b>10,484</b>	<b>10,857</b>	<b>11,127</b>	<b>10,519</b>	<b>9,410</b>	<b>16,068</b>	<b>16,068</b>	<b>16,068</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>5,171</b>	<b>5,190</b>	<b>5,644</b>	<b>6,721</b>	<b>9,001</b>	<b>10,399</b>	<b>13,308</b>	<b>16,193</b>
Inventory	2,504	2,701	2,983	3,391	4,894	5,865	7,113	7,954
Account Receivables	22	20	31	131	141	133	164	245
Cash and Bank Balance	273	252	316	303	509	441	1,680	2,342
Loans and Advances	2,372	2,217	2,314	2,896	3,457	3,960	4,352	5,651
<b>Curr. Liability &amp; Prov.</b>	<b>3,030</b>	<b>2,538</b>	<b>2,500</b>	<b>3,057</b>	<b>4,696</b>	<b>25,963</b>	<b>26,582</b>	<b>27,754</b>
Account Payables	1,426	1,492	1,328	1,946	2,289	2,565	2,943	3,671
Other Current Liabilities	1,474	916	1,002	929	2,221	23,181	23,420	23,865
Provisions	130	131	169	182	186	218	218	218
<b>Net Current Assets</b>	<b>2,140</b>	<b>2,651</b>	<b>3,144</b>	<b>3,664</b>	<b>4,306</b>	<b>-15,564</b>	<b>-13,274</b>	<b>-11,562</b>
<b>Appl. of Funds</b>	<b>16,461</b>	<b>18,205</b>	<b>19,225</b>	<b>20,057</b>	<b>20,838</b>	<b>26,917</b>	<b>27,594</b>	<b>31,082</b>



## Financials and valuations - standalone

### Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>1.8</b>	<b>2.6</b>	<b>2.6</b>	<b>3.5</b>	<b>3.8</b>	<b>4.3</b>	<b>1.9</b>	<b>9.8</b>
Cash EPS	3.0	3.6	3.8	4.8	5.2	11.6	9.9	18.1
BV/Share	42.8	43.1	46.4	48.7	51.1	75.2	77.2	87.7
DPS	10.0	9.0	1.0	1.1	1.3	1.0	0.0	0.0
Payout (%)	332.2	345.6	31.1	32.7	40.8	23.0	0.0	0.0
<b>Valuation (x)</b>								
P/E					143.6	101.8	232.6	45.1
Cash P/E					104.8	38.2	44.6	24.4
P/BV					10.6	5.9	5.7	5.0
EV/Sales					7.3	5.0	5.3	3.5
EV/EBITDA					77.6	28.4	34.5	19.1
Dividend Yield (%)					0.2	0.2	0.0	0.0
FCF per share					-4.7	7.4	6.5	4.9
<b>Return Ratios (%)</b>								
RoE	4.3	6.1	5.9	7.4	7.6	7.4	2.7	12.7
RoCE	4.0	6.7	6.1	7.0	7.4	12.5	8.7	17.3
RoIC	1.9	7.8	9.4	12.9	13.3	20.7	15.4	38.9
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.8	2.6	2.7	3.0	3.4	1.0	0.9	1.2
Asset Turnover (x)	0.8	0.8	0.9	1.0	1.2	1.2	1.1	1.4
Inventory (Days)	67	66	63	60	71	67	87	65
Debtor (Days)	1	0	1	2	2	2	2	2
Creditor (Days)	38	37	28	34	33	29	36	30
<b>Leverage Ratio (x)</b>								
Current Ratio	1.7	2.0	2.3	2.2	1.9	0.4	0.5	0.6
Interest Cover Ratio	2.1	1.5	2.5	5.2	5.2	1.4	0.8	2.4
Net Debt/Equity	-0.6	-0.5	-0.5	-0.4	-0.4	-0.5	-0.6	-0.5

### Standalone - Cash Flow Statement

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
OP/(Loss) before Tax	825	1,094	1,103	1,716	1,896	2,454	905	4,661
Depreciation	398	345	376	417	465	2,311	2,623	2,540
Interest & Finance Charges	-156	160	128	87	180	2,058	2,388	2,388
Direct Taxes Paid	48	-189	-313	-491	-781	-807	-228	-1,173
(Inc)/Dec in WC	-185	280	-336	-668	-1,356	-1,112	-1,052	-1,050
<b>CF from Operations</b>	<b>930</b>	<b>1,690</b>	<b>958</b>	<b>1,061</b>	<b>404</b>	<b>4,905</b>	<b>4,637</b>	<b>7,367</b>
Others	-671	-609	-317	-32	-122	-1,220	-1,315	-1,315
<b>CF from Operating incl EO</b>	<b>259</b>	<b>1,081</b>	<b>642</b>	<b>1,029</b>	<b>282</b>	<b>3,685</b>	<b>3,322</b>	<b>6,051</b>
(Inc)/Dec in FA	-1,117	-1,342	-675	-1,296	-1,859	-1,050	-1,010	-4,316
<b>Free Cash Flow</b>	<b>-858</b>	<b>-261</b>	<b>-33</b>	<b>-267</b>	<b>-1,577</b>	<b>2,635</b>	<b>2,312</b>	<b>1,735</b>
(Pur)/Sale of Investments	-399	-67	176	881	2,234	-5,870	0	0
Others	1,557	517	394	113	-833	-650	1,315	1,315
<b>CF from Investments</b>	<b>41</b>	<b>-892</b>	<b>-105</b>	<b>-302</b>	<b>-457</b>	<b>-7,570</b>	<b>306</b>	<b>-3,001</b>
Issue of Shares	0	745	-2,000	-1,024	0	9,498	0	0
Inc/(Dec) in Debt	0	0	1,864	1,000	1,061	-2,725	0	0
Interest Paid	-70	-204	-330	-317	-220	-2,437	-2,388	-2,388
Dividend Paid	-272	-752	-6	-399	-459	-520	0	0
Others	-13	0	0	0	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-355</b>	<b>-211</b>	<b>-472</b>	<b>-740</b>	<b>382</b>	<b>3,816</b>	<b>-2,388</b>	<b>-2,388</b>
<b>Inc/Dec of Cash</b>	<b>-55</b>	<b>-22</b>	<b>64</b>	<b>-12</b>	<b>206</b>	<b>-69</b>	<b>1,239</b>	<b>662</b>
Opening Balance	329	274	252	316	303	509	441	1,680
<b>Closing Balance</b>	<b>273</b>	<b>252</b>	<b>316</b>	<b>303</b>	<b>509</b>	<b>441</b>	<b>1,680</b>	<b>2,342</b>

## Financials and valuations - consolidated

Consolidated - Income Statement								(INR m)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Total Income from Operations</b>	<b>22,843</b>	<b>15,893</b>	<b>18,339</b>	<b>21,575</b>	<b>26,302</b>	<b>34,860</b>	<b>33,176</b>	<b>48,271</b>
Change (%)	-2.1	-30.4	15.4	17.6	21.9	32.5	-4.8	45.5
Raw Materials	13,290	7,956	9,028	10,315	13,114	18,818	18,408	26,826
Employees Cost	2,079	1,638	1,925	2,305	2,868	3,585	3,634	4,537
Rent and lease expenses	1,156	1,924	2,317	2,725	3,165	1,935	2,160	2,769
Advertising & Sales Promotion	475	440	481	418	0	0	0	0
Other Expenses	5,122	3,007	3,331	3,800	4,878	5,083	4,583	6,034
<b>Total Expenditure</b>	<b>22,121</b>	<b>14,966</b>	<b>17,082</b>	<b>19,563</b>	<b>24,025</b>	<b>29,420</b>	<b>28,786</b>	<b>40,167</b>
% of Sales	96.8	94.2	93.1	90.7	91.3	84.4	86.8	83.2
<b>EBITDA</b>	<b>722</b>	<b>928</b>	<b>1,257</b>	<b>2,012</b>	<b>2,277</b>	<b>5,440</b>	<b>4,390</b>	<b>8,104</b>
Margin (%)	3.2	5.8	6.9	9.3	8.7	15.6	13.2	16.8
Depreciation	743	386	413	455	517	2,472	2,851	2,768
<b>EBIT</b>	<b>-21</b>	<b>542</b>	<b>844</b>	<b>1,557</b>	<b>1,761</b>	<b>2,967</b>	<b>1,539</b>	<b>5,336</b>
Int. and Finance Charges	107	376	338	306	368	2,458	2,472	2,472
Other Income	972	573	605	442	408	1,445	1,445	1,445
<b>PBT bef. EO Exp.</b>	<b>843</b>	<b>739</b>	<b>1,112</b>	<b>1,693</b>	<b>1,801</b>	<b>1,954</b>	<b>512</b>	<b>4,309</b>
EO Items	1,152	79	258	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>1,995</b>	<b>818</b>	<b>1,370</b>	<b>1,693</b>	<b>1,802</b>	<b>1,954</b>	<b>512</b>	<b>4,309</b>
Total Tax	701	347	431	596	736	590	129	1,084
Tax Rate (%)	35.1	42.4	31.4	35.2	40.9	30.2	25.2	25.2
Minority Interest	1	-79	91	227	95	304	0	0
<b>Reported PAT</b>	<b>1,293</b>	<b>550</b>	<b>849</b>	<b>870</b>	<b>970</b>	<b>1,060</b>	<b>383</b>	<b>3,224</b>
<b>Adjusted PAT</b>	<b>546</b>	<b>505</b>	<b>672</b>	<b>870</b>	<b>970</b>	<b>1,060</b>	<b>383</b>	<b>3,224</b>
Change (%)	-206.9	-7.5	33.0	29.5	11.6	9.2	-63.9	742.1
Margin (%)	2.4	3.2	3.7	4.0	3.7	3.0	1.2	6.7

Consolidated - Balance Sheet								(INR m)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	332	332	332	332	332	355	355	355
Total Reserves	13,887	14,312	15,145	15,621	16,133	23,525	23,908	27,132
<b>Net Worth</b>	<b>14,220</b>	<b>14,644</b>	<b>15,477</b>	<b>15,954</b>	<b>16,465</b>	<b>23,880</b>	<b>24,263</b>	<b>27,487</b>
Total Loans	2,669	3,998	3,917	3,914	3,942	2,997	2,997	2,997
Deferred Tax Liabilities	-21	-26	90	193	255	-1,104	-1,104	-1,104
<b>Capital Employed</b>	<b>16,893</b>	<b>18,719</b>	<b>19,491</b>	<b>20,068</b>	<b>20,632</b>	<b>26,576</b>	<b>26,959</b>	<b>30,183</b>
Gross Block	9,506	6,535	7,492	8,341	9,354	32,727	34,361	37,079
Less: Accum. Deprn.	2,822	2,024	2,266	2,478	2,994	5,613	7,739	10,508
<b>Net Fixed Assets</b>	<b>6,685</b>	<b>4,511</b>	<b>5,226</b>	<b>5,864</b>	<b>6,360</b>	<b>27,114</b>	<b>26,622</b>	<b>26,572</b>
Goodwill on Consolidation	0	261	262	261	261	272	272	272
Capital WIP	921	537	55	96	872	231	231	231
<b>Total Investments</b>	<b>7,397</b>	<b>10,670</b>	<b>10,800</b>	<b>10,229</b>	<b>8,828</b>	<b>15,148</b>	<b>15,148</b>	<b>15,148</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>7,042</b>	<b>5,554</b>	<b>5,823</b>	<b>6,904</b>	<b>9,265</b>	<b>11,197</b>	<b>12,259</b>	<b>16,665</b>
Inventory	3,299	2,792	3,054	3,448	4,970	6,078	7,031	7,954
Account Receivables	177	130	59	151	165	171	164	245
Cash and Bank Balance	555	269	343	328	542	614	496	2,598
Loans and Advances	3,011	2,363	2,367	2,977	3,587	4,334	4,568	5,868
<b>Curr. Liability &amp; Prov.</b>	<b>5,151</b>	<b>2,821</b>	<b>2,673</b>	<b>3,286</b>	<b>4,955</b>	<b>27,386</b>	<b>27,573</b>	<b>28,705</b>
Account Payables	2,213	1,662	1,422	2,084	2,450	2,976	3,107	3,794
Other Current Liabilities	1,181	997	1,056	997	2,293	24,155	24,212	24,657
Provisions	1,758	162	195	205	212	254	254	254
<b>Net Current Assets</b>	<b>1,890</b>	<b>2,733</b>	<b>3,150</b>	<b>3,618</b>	<b>4,311</b>	<b>-16,189</b>	<b>-15,314</b>	<b>-12,040</b>
<b>Appl. of Funds</b>	<b>16,893</b>	<b>18,719</b>	<b>19,491</b>	<b>20,068</b>	<b>20,632</b>	<b>26,576</b>	<b>26,959</b>	<b>30,183</b>

## Financials and valuations - consolidated

### Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>1.6</b>	<b>1.5</b>	<b>2.0</b>	<b>2.6</b>	<b>2.9</b>	<b>3.0</b>	<b>1.1</b>	<b>9.1</b>
Cash EPS	3.9	2.7	3.3	4.0	4.5	10.6	9.7	18.0
BV/Share	42.8	44.1	46.6	48.0	49.5	71.9	73.0	82.7
DPS	10.0	9.0	1.0	1.1	1.3	1.0	0.0	0.0
Payout (%)	257.0	543.6	39.2	43.9	53.7	33.5	0.0	0.0
<b>Valuation (x)</b>								
P/E					185.6	148.6	411.3	48.8
Cash P/E					121.1	41.7	45.5	24.6
P/BV					10.9	6.2	6.1	5.4
EV/Sales					7.0	4.6	4.8	3.3
EV/EBITDA					80.6	29.4	36.4	19.5
Dividend Yield (%)					0.2	0.2	0.0	0.0
FCF per share					-5.2	6.8	2.6	8.8
<b>Return Ratios (%)</b>								
RoE	4.5	3.5	4.5	5.5	6.0	5.3	1.6	12.5
RoCE	4.1	3.6	5.2	6.6	6.4	13.0	8.2	17.6
RoIC	-0.2	4.1	7.5	11.4	10.5	19.8	10.6	34.3
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.4	2.4	2.4	2.6	2.8	1.1	1.0	1.3
Asset Turnover (x)	1.4	0.8	0.9	1.1	1.3	1.3	1.2	1.6
Inventory (Days)	53	64	61	58	69	64	77	60
Debtor (Days)	3	3	1	3	2	2	2	2
Creditor (Days)	35	38	28	35	34	31	34	29
<b>Leverage Ratio (x)</b>								
Current Ratio	1.4	2.0	2.2	2.1	1.9	0.4	0.4	0.6
Interest Cover Ratio	-0.2	1.4	2.5	5.1	4.8	1.2	0.6	2.2
Net Debt/Equity	-0.4	-0.5	-0.5	-0.4	-0.3	-0.5	-0.5	-0.5

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
OP/(Loss) before Tax	843	785	1,354	1,467	1,685	1,650	512	4,309
Depreciation	743	387	413	455	517	2,472	2,851	2,768
Interest & Finance Charges	-100	174	128	88	165	2,126	2,472	2,472
Direct Taxes Paid	-134	-199	-384	-501	-791	-835	-129	-1,084
(Inc)/Dec in WC	-613	313	-244	-643	-1,352	-1,033	-992	-1,173
<b>CF from Operations</b>	<b>740</b>	<b>1,460</b>	<b>1,268</b>	<b>866</b>	<b>223</b>	<b>4,381</b>	<b>4,714</b>	<b>7,292</b>
Others	-841	-366	-244	-98	-14	-828	-1,445	-1,445
<b>CF from Operating incl EO</b>	<b>-101</b>	<b>1,094</b>	<b>1,024</b>	<b>769</b>	<b>210</b>	<b>3,553</b>	<b>3,269</b>	<b>5,847</b>
(Inc)/Dec in FA	-1,555	-1,307	-686	-1,068	-1,953	-1,142	-2,359	-2,718
<b>Free Cash Flow</b>	<b>-1,656</b>	<b>-213</b>	<b>339</b>	<b>-300</b>	<b>-1,743</b>	<b>2,411</b>	<b>910</b>	<b>3,129</b>
(Pur)/Sale of Investments	-2,177	-60	146	928	2,253	-6,574	0	0
Others	671	383	103	100	-670	-407	1,445	1,445
<b>CF from Investments</b>	<b>-3,062</b>	<b>-984</b>	<b>-437</b>	<b>-40</b>	<b>-370</b>	<b>-8,123</b>	<b>-914</b>	<b>-1,273</b>
Issue of Shares	3,500	840	-2,002	-1,024	0	9,324	0	0
Inc/(Dec) in Debt	-9	-4	1,864	1,000	1,061	-1,773	0	0
Interest Paid	-110	-213	-365	-317	-227	-2,511	-2,472	-2,472
Dividend Paid	-272	-756	-11	-403	-459	-398	0	0
Others	-11	0	0	0	0	0	0	0
<b>CF from Fin. Activity</b>	<b>3,099</b>	<b>-133</b>	<b>-514</b>	<b>-743</b>	<b>375</b>	<b>4,642</b>	<b>-2,472</b>	<b>-2,472</b>
<b>Inc/Dec of Cash</b>	<b>-64</b>	<b>-23</b>	<b>74</b>	<b>-15</b>	<b>214</b>	<b>72</b>	<b>-118</b>	<b>2,102</b>
Opening Balance	619	292	269	343	328	542	614	496
<b>Closing Balance</b>	<b>555</b>	<b>269</b>	<b>343</b>	<b>328</b>	<b>542</b>	<b>614</b>	<b>496</b>	<b>2,598</b>

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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