Avenue Supermarts

BSE SENSEX	S&P CNX
37,663	11,102

CMP: INR2,160 **TP: INR2,000 (-7%)** **Upgrade to Neutral**

Preparing for normalcy; bringing back lost customers

DMart hosted its annual analyst call, discussing in detail the current business environment, growth opportunity, online strategy, and means to combat the resurgence of strong online players. DMart re-emphasized its uniqueness in terms of right pricing and assortment. Furthermore, it highlighted creating a certain positioning and customer affinity that is ensuring swift recovery from the pandemic-led lockdown. Here are the key takeaways:

Swift recovery from lockdown

DMart has reopened most stores, and sales have reached ~80% across assortments as customer traffic is gradually returning to stores given the brand's value offering. However, the profile of customers has changed to lower middle and middle class v/s upper middle class, which is still wary of stepping out and therefore prefers to shop online.

Growth trajectory remains strong

Same-store sales growth (SSSG) has fallen but is not concerning, excluding the high base of last year and select low-performing stores. We think longer term SSSG should normalize to the high single digits. Management indicated that in terms of store adds, it aims to make up for the lost period of lockdown with ~59 store additions over FY21–22 (the next six quarters). The company has set various targets for the coming year. A) It plans to add 70–80% stores in existing markets given its better understanding and cost efficiency in these markets. B) It would focus on larger sized stores, predominantly in semi-urban and lower tier cities, that may have slightly sluggish metrics in the near term, but bring longer term growth, operating leverage, premiumization, and thus ROIC. C) It would continue property acquisitions unabated, as it did even in the last four months of lockdown.

Online strategy and competition

The focus and presence of DMart Ready has increased over the last two years. Management still believes in the growth opportunity of the brick-and-mortar model, along with its cost and price competitiveness. It is cognizant of the scale achieved by online players, their deep pockets, and their market-building ability. However, it believes online is still restricted to the urban markets, where DMart Ready offers both delivery and pick-up options at more attractive pricing v/s online and would wait for the model to turn profitable. The company is agile and could take price action in merely two hours, keeping track of competitor pricing on a daily basis.

Would continue to pass on cost efficiency

Improving scale, assortment from larger sized stores, and supply chain efficiency are aiding margin improvement. However, the company would continue to pass it on to consumers to maintain the lowest cost / price competitiveness in the market with both offline/online players.

Stock Info

Bloomberg	DMART IN
Equity Shares (m)	624
M.Cap.(INRb)/(USDb)	1399.5 / 18.7
52-Week Range (INR)	2559 / 1400
1, 6, 12 Rel. Per (%)	-10/5/42
12M Avg Val (INR M)	1579
Free float (%)	25.0

Financials Snapshot (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	248.7	272.2	368.3
EBITDA	21.3	20.3	30.4
Adj. PAT	13.0	12.8	19.5
EBITDA Margin (%)	8.6	7.4	8.3
Adj. EPS (INR)	20.1	19.8	30.0
EPS Gr. (%)	38.9	-1.2	51.5
BV/Sh. (INR)	177.5	198.1	229.3
Ratios			
Net D:E	0.0	0.0	0.0
RoE (%)	15.6	11.0	14.6
RoCE (%)	15.5	10.9	14.5
Payout (%)	0	0	0
Valuations			
P/E (x)	116.0	117.5	77.6
EV/EBITDA (x)	71.0	74.2	49.6
EV/Sales (X)	6.1	5.5	4.1
Div. Yield (%)	0	0	0
FCF Yield (%)	-0.3	0.4	-0.4

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	75.0	75.0	81.2
DII	6.0	6.6	3.6
FII	10.4	9.6	5.5
Others	8.6	8.8	9.8

FII Includes depository receipts

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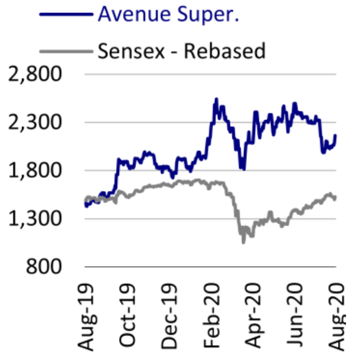
Stock Performance (1-year)



Notes from peer online retailer BigBasket are astounding

Online players are growing significantly, with BigBasket's monthly orders having jumped to INR7.2–7.3b in Jul'20, i.e., ~INR90b annually, which is 30–50% of the top offline grocery retailers. This indicates 3x growth v/s the last fiscal and 2x v/s Jan'20. BigBasket is seeing very high customer retention, with a huge number of repeat orders (creating customer loyalty) in grocery, typically the slowest to move online. High-margin new categories, increased efficiency measures, and end-to-end digitization are aiding profitability. The key point of contention is whether this would sustain once normalcy resumes.

Consistent performer, but SSSG, ROIC may normalize

The massive growth opportunity in the Grocery space, coupled with DMart's cost competitiveness, provides huge runway for growth. While the pace of growth may moderate due to the high scale, it could still achieve healthy growth of 20–25%. With 5–10% revenue from new stores and SSSG moderation at 10–15%, revenue and PAT should grow at 20–25% v/s ~30% in the last five years. The company highlighted that fixed asset turnover has remained intact. However, capex/sq. ft. has increased significantly by >4x in the last five years as we believe new stores may be coming up in locations with higher real estate prices. With SSSG moderating and capex/sq. ft. increasing, ROIC could moderate to the high teens from upwards of 20% previously.

Valuation and view

We value DMart at an FY22E EV/EBITDA multiple of 42x, maintaining TP of INR2,000. The recent price correction, expectation of swift recovery post COVID-19, and continued cost/price competitiveness should hold the company in good stead. However, a) the growing scale of online retailers, including the prominence of deep-pocket players such as Amazon and Reliance Retail, and b) the potential moderation in growth and the return profile may restrict a re-rating. Thus, we value DMart at a 35% discount to the three-year average EV/EBITDA multiple of 65x, implying 7% downside. **We upgrade from SELL to NEUTRAL.**

Analyst meet highlights

Key takeaways

- **Swift recovery post lockdown:** Operations are returning to normal, with ~95% stores now allowed to sell all categories. Moreover, stores are now operational for extended hours in certain areas. As a result, the company has reached ~80% of stable-state revenue.
- **High store adds; focus on larger store size:** DMart indicated that to make up for lost time, it would aim to open ~59 stores in FY21 and FY22. It plans to focus on larger store sizes that would provide better margins, RoCE, and CAGR in the longer run. Of these, 70–80% would be opened up in existing locations to bring efficiency.
- **DMart Ready / E-Commerce:** Currently, DMart has 220 stores across Mumbai, Thane, and Navi Mumbai and looks to achieve scale and profitability to expand (viable only in larger towns). It remains highly price competitive and agile to compete with online/offline peers and would expect offline to gain once normalcy returns.
- **More of the same:** It does not plan to enter the Wholesale business, increase private label share, or grow margins (would pass benefit on to customer). It may look to its own supply chain once it gains more scale and only move to leased stores that offer 20- to 30-year leasing options.

Operational performance/metrics

- **FMCG outpaces non-FMCG:** In FY20, the contribution of FMCG products increased in the company's total revenue as FMCG seemed to perform better than non-FMCG products in existing stores. This is because people who live near the stores have a higher tendency to shop at the stores more frequently.
- **LTL growth:** DMart recorded LTL growth of 10.9% in FY20 v/s 17.8% in FY19 – this appears higher due to the base effect of extremely high growth stores. Even if we remove low-performing stores from this 10.9% growth, the performance is not very different.
- **New stores:** DMart opened 38 new stores in FY20, reaching a total of 214 stores. Furthermore, it opened 70–80% of the stores in existing cities/states. This provides better operating leverage and opportunity to increase the topline as market demand is known.
- **Inventory/payable days:** Inventory and payable days were stable in FY20.
- **Asset turnover:** The fixed asset turnover ratio was also stable during the year.

Focus on larger store size

- **Higher area additions in FY20:** The area addition was higher in FY20 (1.9m sq. ft.) as the size of the stores is consciously larger as smaller stores are reaching high throughput faster, leading to a reduction in revenue/sq. ft.
- **Larger store size better for longer term:** Management indicated that larger stores have lower throughput, but continue to grow for longer periods. Furthermore, the capex/sq. ft. of larger stores is disproportionate. In the near term, smaller stores are better as costs are lower, but in the longer term, large stores provide better growth, margins, and RoCE.

- **Strategy around large stores:** DMart does not have a different SKU strategy for larger stores, but the stores have more space to display higher margin products and also allow higher inventory storage. Furthermore, the management indicated that the actual store size would depend on real estate cost, and it is likely to have larger stores in small towns v/s metro cities.
- **New store openings:** Store additions would be muted in FY21 as four months have already passed. However, the company would compensate for this in FY22 and is likely to open a total of ~60 stores in FY21 and FY22 to maintain the run-rate.
- **Acceleration of store additions:** Acceleration happens in terms of land acquisitions as there is a two-year lag from land acquisitions to store openings. The company is very active in land acquisitions even during this crisis.

Impact of COVID-19 and recovery

- **Revenue impact:** Revenue was impacted due to store shutdowns and stores being operational for minimal hours. Furthermore, the Apparel and General Merchandise categories were closed for business even in the operating stores.
- **High density:** Company sales were impacted due to social distancing norms as footfall in DMart stores generally remains at high density.
- **Shift to neighborhood stores:** Due to the lockdown, shoppers' focus has shifted to neighborhood *kirana* stores.
- **Margin dilution:** The major portion of margin dilution is attributed to the company's inability to sell high-margin apparel and general merchandise. It was further impacted by its liberal incentive offerings to employees to motivate them to work during the pandemic.
- **Resumption of operations:** ~95% of DMart stores are now being allowed to sell all categories. General Merchandise and Apparel are not performing at pre-COVID-19 levels.
- **Change in customer mix:** DMart's customer mix has changed, with the contribution of low- and middle-income groups increasing, while the contribution of higher income groups declining. This may lead to a reduction in premiumization.
- **Likely revenue recovery:** Operations are returning to normal. Management indicated that if the stores are allowed to operate at normal durations for a longer period of time, DMart would be able to generate at least 80% of its pre-COVID-19 revenue. Furthermore, margins would be largely the same in both the pre- and post-COVID-19 eras.
- **Inventory:** DMart has very little perishable inventory. The concern is more toward Apparel inventory as it could become obsolete.
- **Extended operating hours:** In certain areas, the company is allowed to keep stores open for extended hours (from 6 AM or up to 11 PM) to manage the crowds. Furthermore, stores are allowed to remain open for 24 hours in certain locations.

DMart Ready and E-Commerce

- **Needs massive scale to be profitable:** DMart Ready's operational scale is too small to be profitable. To reach breakeven, it needs to primarily increase the top line.

- **Store throughput is too high to service online from stores:** DMart's intensity of revenue from the store does not allow enough room to scale the e-commerce business as the offline business generates enough revenue to accommodate the e-commerce business. Therefore, DMart would have to discontinue the delivery business once stores resume operations.
- **DMart Ready stores:** The company has a total of 220 stores in Mumbai, Thane, and Navi Mumbai.
- **Online opportunity:** Management believes there is an e-commerce opportunity for the Grocery category only in large towns. Furthermore, it looks to explore e-commerce only through DMart Ready, which would have both the pick-up and home delivery options. Opportunity for DMart Ready is massive once the company model turns profitable.
- **E-Commerce intensity likely to diminish:** Intensity of demand through e-commerce would not sustain as the pandemic settles.
- **Ability to scale:** DMart is not pessimistic about the e-commerce opportunity due to its inability. If customers were to start seeing e-commerce as the preferred option, the company could scale the business in a short span of time.
- **Alignment with stores:** It is attempting to formulate a DMart Ready model that is aligned with the brick-and-mortar model.
- **Premiumization:** The DMart Ready format is aiding premiumization as it allows many customers who do not wish to come to DMart stores to shop from the retailer through DMart Ready.
- **Cost metrics:** There are two components to cost: a) operational cost and b) head office and technical cost. Currently, the company is looking to achieve breakeven at the operational cost level and would later look at head office and technical cost.

No new strategy

- **Wholesale business:** It has postponed the idea of the Cash-and-Carry business; currently, the major focus is on the brick-and-mortar business and some on the e-commerce business.
- **Private labels:** Management believes the pandemic is not a time to focus on private labels as customers would prefer known brands in these times.
- **Backend integration:** DMart may explore supply chain ownership in the coming two to four years. The company would like to wait to acquire a denser presence before moving to the supply chain.
- **Store leasing:** The company is open to taking stores on lease, but seeks longer lease durations, i.e., 20 to 30 years.
- **Margin outlook:** DMart seeks to maintain gross margins within the range of 15–16% and pass the remaining benefit to customers. It has clear product-wise margin guidelines.
- **Competitive intensity:** It was less aggressive in FY20 than in FY19. The company would compete with online players on pricing. In the last couple of years, DMart performed well despite an increase in price competition as the market size is large. Furthermore, apart from pricing, assortment is DMart's USP.
- **Pricing agility:** DMart is highly agile in terms of price action and can change pricing in just a couple of hours. The technology is aligned to do this at a pan-India level and across regions.

Product assortment

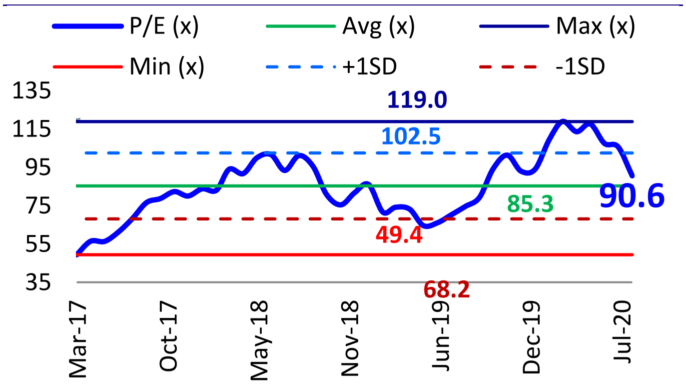
- **Consumer durables:** The company is open to low price products in the Small Appliance Home Durables category.
- **Risk associated with Chinese goods:** The contribution of Chinese components in non-FMCG is insignificant and hence would not have any material impact on the company's product assortment.
- **Lower SKUs and sharp assortment:** DMart's SKUs are lower than the industry and it keeps a very sharp product assortment.
- **Quick product categories:** The company is continuously seeking revenue opportunities from additional product categories as long as they align with the company model, i.e., are quickly viewable, can be quickly analyzed, and have quick pick-up.

Exhibit 1: Valuation based on FY21E EBITDA

	Methodology	Driver (INR b)	Multiple (x)	Fair Value (INR b)	Value/share (INR)
EBITDA	FY22 EV/EBITDA	30	42	1,285	1,984
Less Net debt				-11	-16
Total Value				**1,296**	**2,000**
Shares o/s (m)				648	
CMP (INR)					2,160
Upside (%)					**-7**

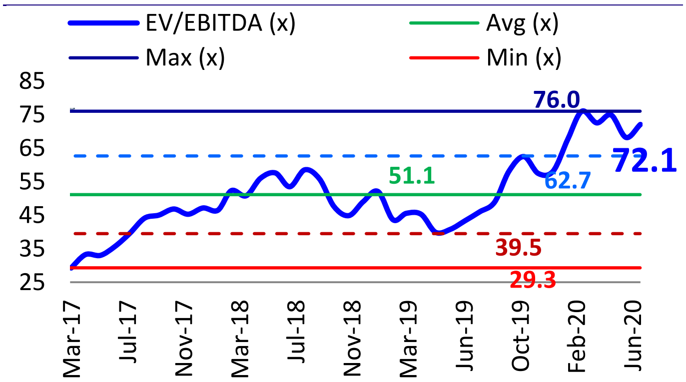
Source: MOFSL, Company

Exhibit 2: DMART: 1-year forward P/E



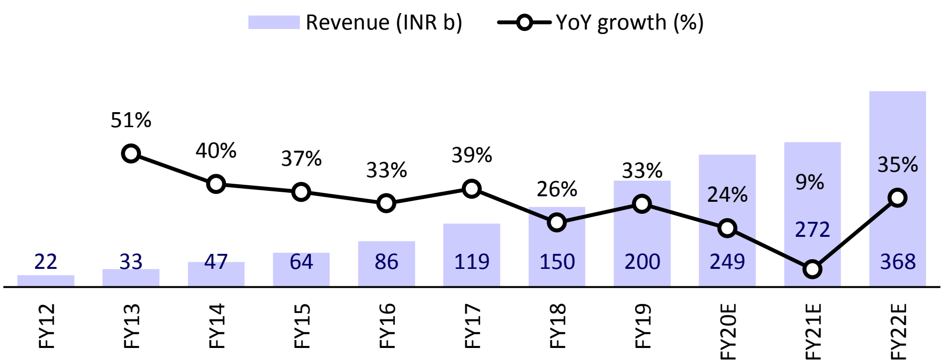
Source: Bloomberg, MOFSL

Exhibit 3: DMART: 1-year forward EV/EBITDA



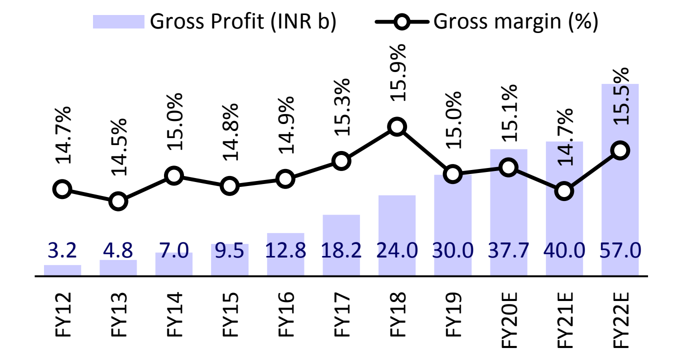
Source: Bloomberg, MOFSL

Exhibit 4: Revenue to witness robust 22% CAGR over FY20–22E



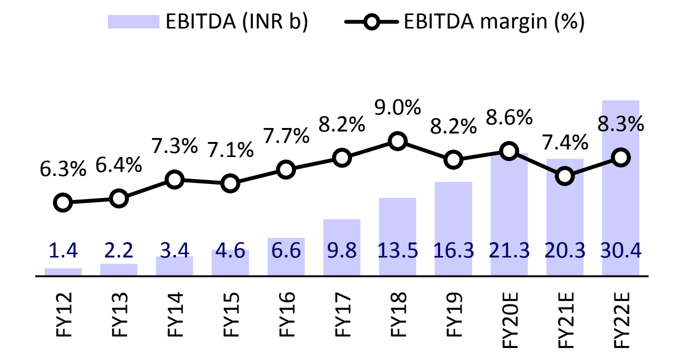
Source: MOFSL, Company

Exhibit 5: Gross margin to decline 40bp in FY21E



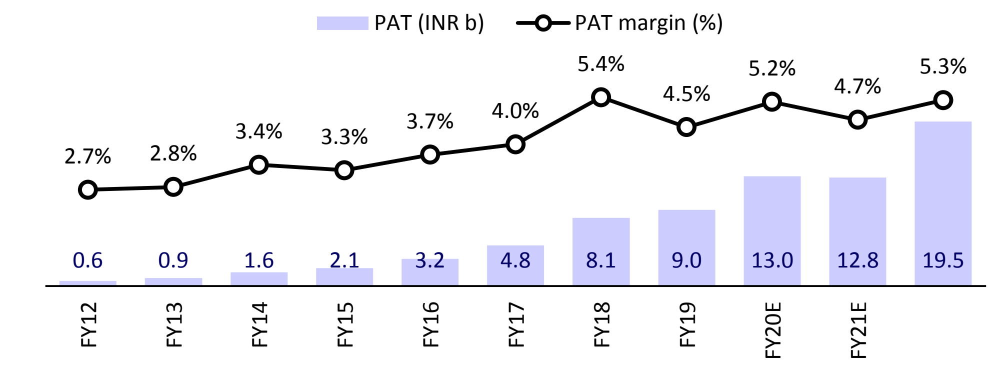
Source: MOFSL, Company

Exhibit 6: EBITDA margin to decline 110bp in FY21E



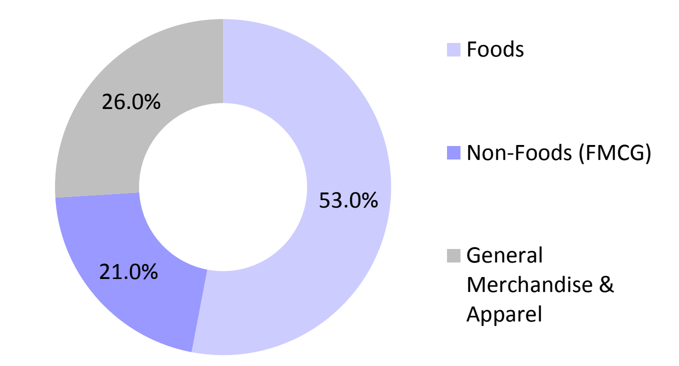
Source: MOFSL, Company

Exhibit 7: PAT to clock 21% CAGR over FY20–22E



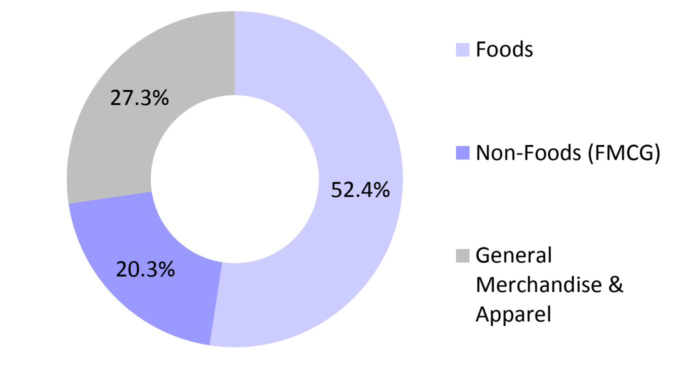
Source: MOFSL, Company

Exhibit 8: Revenue mix remains skewed (FY12)…



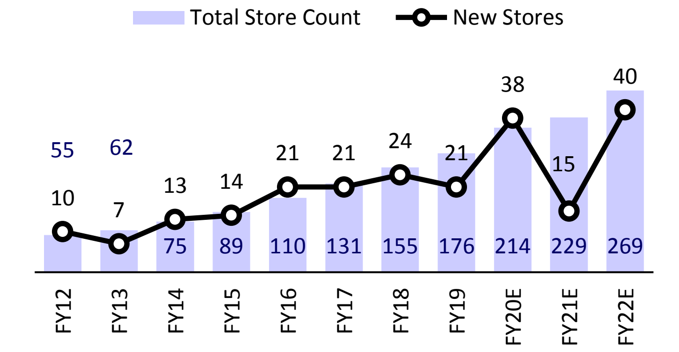
Source: Company, MOFSL

Exhibit 9: …towards Foods category (FY20)



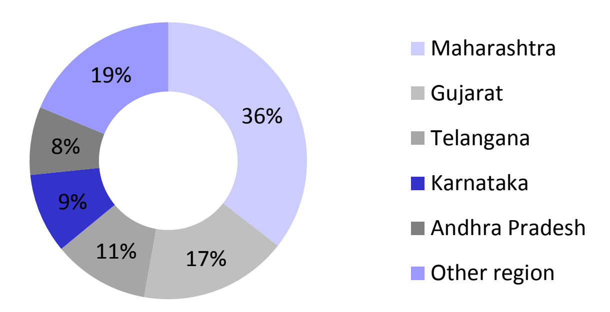
Source: Company, MOFSL

Exhibit 10: Store additions to remain muted in FY21E



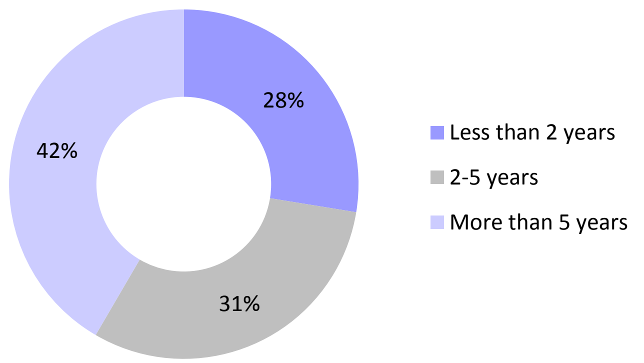
Source: Company, MOFSL

Exhibit 11: Five key markets account for 81% of total store network (FY20)



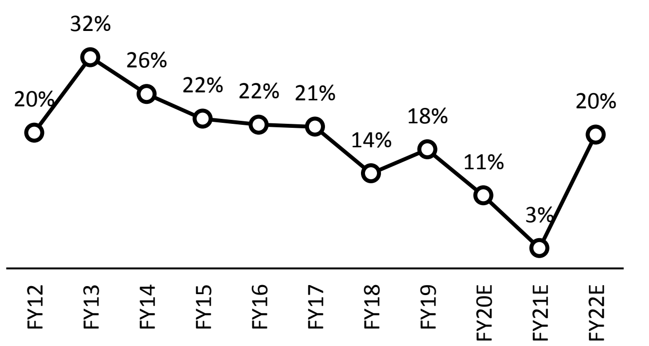
Source: Company, MOFSL

Exhibit 12: ~One-fourth stores less than two years old (%)



Source: Company, MOFSL

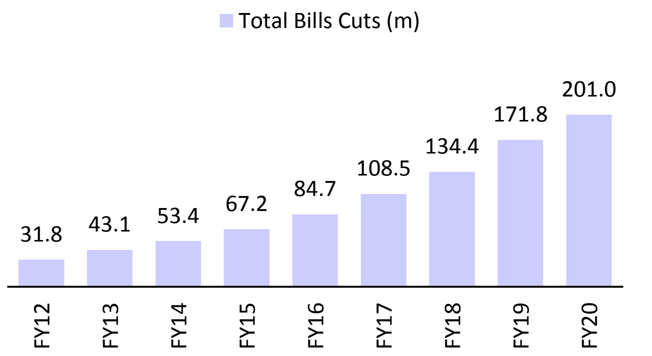
Exhibit 13: Expect SSSG to decline in FY21E (%)



24 months SSSG

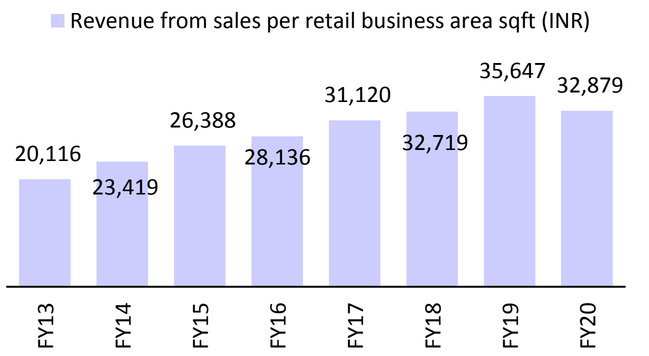
Source: Company, MOFSL

Exhibit 14: Total billings on a steep rise (m)



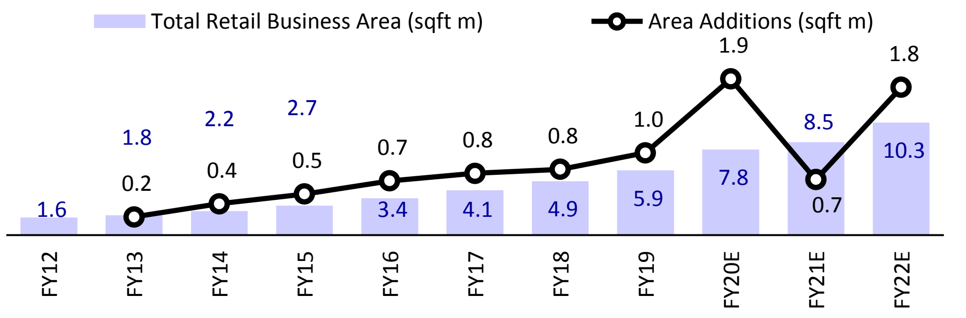
Source: Company, MOFSL

Exhibit 15: Revenue/sq. ft. declines as store size increases



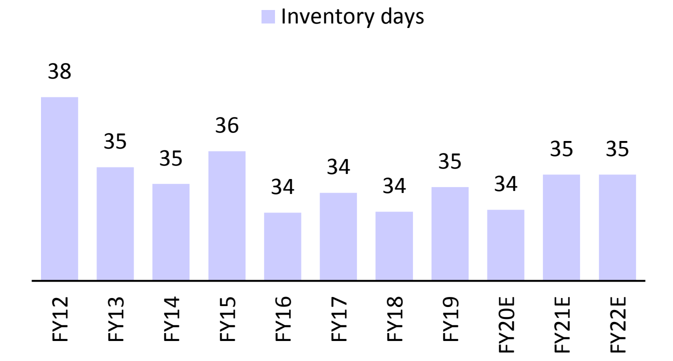
Source: Company, MOFSL

Exhibit 16: Retail business area to show ~15% growth over FY20-22E



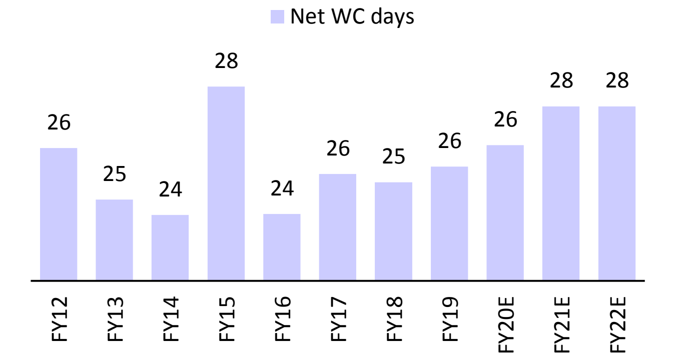
Source: Company, MOFSL

Exhibit 17: Inventory days to remain steady at 35 days



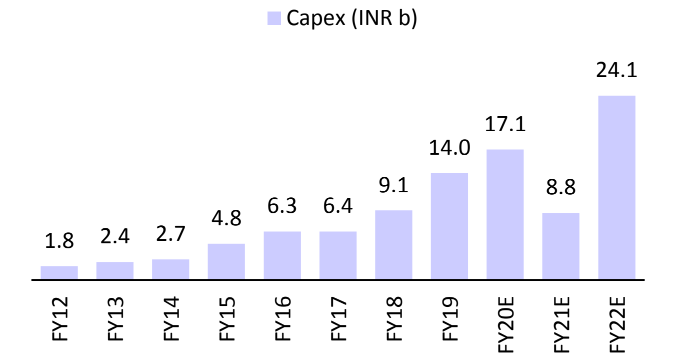
Source: MOFSL, Company

Exhibit 18: Net WC days to remain steady near 30 days



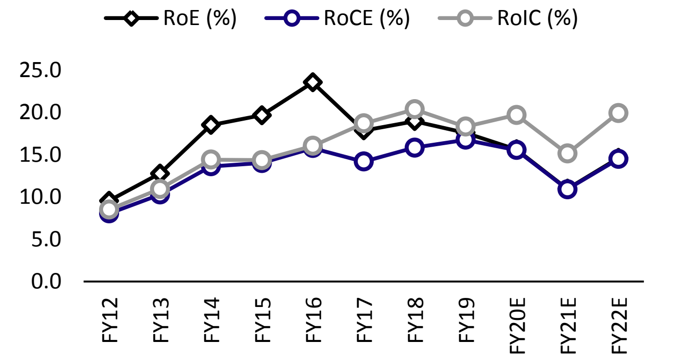
Source: MOFSL, Company

Exhibit 19: Capex to decline in FY21E on muted store adds



Source: MOFSL, Company

Exhibit 20: Return ratios to decline in FY21E



Source: MOFSL, Company

Financials and valuations

Consolidated – Income Statement (INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Total Income from Operations	**46,865**	**64,394**	**85,838**	**1,18,977**	**1,50,332**	**2,00,045**	**2,48,702**	**2,72,237**	**3,68,340**
Change (%)	40.3	37.4	33.3	38.6	26.4	33.1	24.3	9.5	35.3
Raw Materials	39,845	54,879	73,035	1,00,810	1,26,356	1,70,008	2,11,029	2,32,280	3,11,313
Gross Profit	**7,020**	**9,515**	**12,802**	**18,167**	**23,976**	**30,037**	**37,673**	**39,957**	**57,026**
Margin (%)	15.0	14.8	14.9	15.3	15.9	15.0	15.1	14.7	15.5
Employees Cost	873	1,341	1,490	1,925	2,826	3,554	4,561	5,526	7,698
Other Expenses	2,729	3,592	4,676	6,429	7,622	10,150	11,829	14,156	18,896
Total Expenditure	**43,448**	**59,811**	**79,201**	**1,09,165**	**1,36,804**	**1,83,712**	**2,27,419**	**2,51,963**	**3,37,907**
% of Sales	92.7	92.9	92.3	91.8	91.0	91.8	91.4	92.6	91.7
EBITDA	**3,417**	**4,583**	**6,636**	**9,812**	**13,528**	**16,333**	**21,283**	**20,274**	**30,432**
Margin (%)	7.3	7.1	7.7	8.2	9.0	8.2	8.6	7.4	8.3
Depreciation	570	815	984	1,278	1,590	2,125	3,744	4,299	5,091
EBIT	**2,847**	**3,768**	**5,652**	**8,534**	**11,938**	**14,208**	**17,539**	**15,975**	**25,342**
Int. and Finance Charges	557	724	913	1,220	595	472	691	225	225
Other Income	158	183	179	286	693	484	600	946	355
PBT bef. EO Exp.	**2,449**	**3,226**	**4,918**	**7,600**	**12,036**	**14,219**	**17,448**	**16,696**	**25,472**
EO Items	0	0	0	0	0	0	0	0	0
PBT after EO Exp.	**2,449**	**3,226**	**4,918**	**7,600**	**12,036**	**14,219**	**17,448**	**16,696**	**25,472**
Total Tax	835	1,109	1,715	2,683	4,158	5,195	4,438	4,216	6,368
Tax Rate (%)	34.1	34.4	34.9	35.3	34.5	36.5	25.4	25.3	25.0
Minority Interest	0	0	1	129	-185	1	1	0	0
Reported PAT	**1,614**	**2,117**	**3,202**	**4,788**	**8,063**	**9,024**	**13,009**	**12,480**	**19,104**
Adjusted PAT	**1,614**	**2,117**	**3,202**	**4,788**	**8,063**	**9,024**	**13,009**	**12,480**	**19,104**
Change (%)	71.9	31.2	51.3	49.5	68.4	11.9	44.2	-4.1	53.1
Margin (%)	3.4	3.3	3.7	4.0	5.4	4.5	5.2	4.6	5.2

Consolidated – Balance Sheet (INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	5,468	5,615	5,615	6,241	6,241	6,241	6,478	6,478	6,478
Total Reserves	4,088	6,377	9,589	32,177	40,450	49,634	1,04,320	1,17,168	1,36,630
Net Worth	**9,556**	**11,992**	**15,204**	**38,418**	**46,691**	**55,875**	**1,10,797**	**1,23,646**	**1,43,107**
Total Loans	6,408	9,043	11,923	14,973	4,393	4,298	2,248	2,248	2,248
Deferred Tax Liabilities	265	305	399	505	452	633	474	474	474
Lease Liabilities							744	744	744
Capital Employed	**16,229**	**21,340**	**27,527**	**53,898**	**51,541**	**60,811**	**1,14,268**	**1,27,117**	**1,46,579**
Gross Block	13,969	18,321	21,918	27,764	37,223	49,352	60,127	68,902	93,004
Less: Accum. Deprn.	2,252	3,041	983	2,260	4,006	6,131	8,603	12,409	17,023
Net Fixed Assets	**11,717**	**15,281**	**20,935**	**25,504**	**33,217**	**43,221**	**51,524**	**56,493**	**75,981**
Goodwill	0	0	0	0	783	783	783	783	783
Right to use assets							7,173	7,173	7,173
Capital WIP	888	981	817	1,529	1,471	3,768	34,871	34,871	34,871
Total Investments	**155**	**152**	**293**	**531**	**682**	**165**	**147**	**147**	**147**
Curr. Assets, Loans&Adv.	**5,316**	**7,134**	**8,970**	**30,629**	**20,330**	**22,118**	**26,264**	**35,434**	**37,542**
Inventory	3,783	5,396	6,717	9,479	11,634	16,087	19,474	22,273	29,852
Account Receivables	95	71	84	210	335	644	196	216	292
Cash and Bank Balance	554	380	351	18,843	5,602	2,191	1,079	7,429	1,882
Loans and Advances	884	1,287	1,818	2,097	2,758	3,197	5,516	5,516	5,516
Curr. Liability & Prov.	**1,847**	**2,208**	**3,488**	**4,295**	**4,942**	**9,246**	**6,497**	**7,785**	**9,920**
Account Payables	1,226	1,185	1,944	2,607	3,173	4,633	4,335	4,791	6,421
Other Current Liabilities	533	843	1,487	1,605	1,642	4,474	1,996	2,722	3,131
Provisions	89	179	56	84	127	139	167	272	368
Net Current Assets	**3,469**	**4,926**	**5,482**	**26,334**	**15,387**	**12,872**	**19,767**	**27,648**	**27,622**
Deferred Tax assets	0	0	0	0	1	2	3	3	3
Appl. of Funds	**16,229**	**21,340**	**27,527**	**53,897**	**51,541**	**60,811**	**1,14,268**	**1,27,118**	**1,46,579**

Financials and valuations

Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Basic (INR)									
EPS (diluted from FY17)	**3.0**	**3.8**	**5.7**	**7.7**	**12.9**	**14.5**	**20.1**	**19.8**	**30.0**
Cash EPS	3.9	5.2	7.5	9.7	15.5	17.9	26.8	26.7	38.6
BV/Share	17.5	21.4	27.1	61.6	74.8	89.5	177.5	198.1	229.3
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)									
P/E				303.7	180.4	161.1	116.0	117.5	77.6
Cash P/E				239.7	150.6	130.4	86.8	87.3	60.4
P/BV				37.9	31.1	26.0	13.1	11.8	10.2
EV/Sales				12.2	9.7	7.3	6.1	5.5	4.1
EV/EBITDA				147.8	107.4	89.2	71.0	74.2	49.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	-1.2	-4.1	-3.6	-2.8	-2.9	-9.5	-6.6	8.7	-8.8
Return Ratios (%)									
RoE	18.5	19.6	23.6	17.9	18.9	17.6	15.6	11.0	14.6
RoCE	13.6	14.0	15.8	14.2	15.8	16.8	15.5	10.9	14.5
RoIC	14.4	14.3	16.0	18.7	20.4	18.3	19.7	15.1	19.9
Working Capital Ratios									
Fixed Asset Turnover (x)	3.4	3.5	3.9	4.3	4.0	4.1	4.1	4.0	4.0
Asset Turnover (x)	2.9	3.0	3.1	2.2	2.9	3.3	2.2	2.1	2.5
Inventory (Days)	35	36	34	34	34	35	34	35	35
Debtor (Days)	1	0	0	1	1	1	0	0	0
Creditor (Days)	11	8	10	9	9	10	7	8	8
Leverage Ratio (x)									
Current Ratio	2.9	3.2	2.6	7.1	4.1	2.4	4.0	4.6	3.8
Interest Cover Ratio	5.1	5.2	6.2	7.0	20.0	30.1	25.4	73.2	114.8
Net Debt/Equity	0.6	0.7	0.7	-0.1	0.0	0.0	0.0	0.0	0.0

Consolidated – Cash Flow Statement **(INR m)**

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
OP/(Loss) before Tax	2,449	3,226	4,918	7,600	12,036	14,219	17,448	17,189	25,948
Depreciation	570	815	984	1,278	1,590	2,125	3,744	3,806	4,614
Interest & Finance Charges	557	724	913	1,220	595	472	691	225	225
Direct Taxes Paid	-750	-1,000	-1,642	-2,586	-4,027	-5,018	-4,924	-4,340	-6,487
(Inc)/Dec in WC	-827	-1,520	-685	-2,697	-2,427	-3,507	-3,762	-1,531	-5,520
CF from Operations	**1,998**	**2,245**	**4,489**	**4,815**	**7,767**	**8,292**	**13,197**	**15,349**	**18,780**
Others	-17	-25	-154	-237	-467	-224	-395	-946	-355
CF from Operating incl EO	**1,981**	**2,220**	**4,335**	**4,578**	**7,300**	**8,068**	**12,801**	**14,403**	**18,425**
(Inc)/Dec in FA	-2,706	-4,770	-6,350	-6,354	-9,087	-13,970	-17,060	-8,775	-24,102
Free Cash Flow	**-724**	**-2,549**	**-2,015**	**-1,775**	**-1,787**	**-5,902**	**-4,259**	**5,628**	**-5,677**
(Pur)/Sale of Investments	7	31	-151	-229	-247	0	0	0	0
Others	8	8	183	244	383	400	-30,426	946	354
CF from Investments	**-2,691**	**-4,731**	**-6,318**	**-6,339**	**-8,951**	**-13,570**	**-47,486**	**-7,829**	**-23,748**
Issue of Shares	46	326	0	18,406	0	0	41,869	0	0
Inc/(Dec) in Debt	1,148	2,634	2,898	3,050	-10,791	2,600	-6,615	0	0
Interest Paid	-552	-621	-934	-1,203	-800	-510	-682	-225	-225
Dividend Paid	0	0	0	0	0	0	0	0	0
Others	11	5	0	0	0	0	-998	0	0
CF from Fin. Activity	**652**	**2,345**	**1,964**	**20,253**	**-11,591**	**2,090**	**33,574**	**-225**	**-225**
Inc/Dec of Cash	**-57**	**-166**	**-19**	**18,492**	**-13,242**	**-3,412**	**-1,111**	**6,349**	**-5,548**
Opening Balance	614	546	370	351	18,843	5,602	2,191	1,079	7,429
Closing Balance	**557**	**380**	**351**	**18,843**	**5,601**	**2,190**	**1,080**	**7,428**	**1,881**

NOTES

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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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