

Aditya Birla Fashion and Retail

Estimate changes

TP change

Rating change



	ABFRL IN
Bloomberg	
Equity Shares (m)	772
M.Cap.(INRb)/(USD\$)	175.8 / 2.4
52-Week Range (INR)	224 / 101
1, 6, 12 Rel. Per (%)	3/1/4
12M Avg Val (INR M)	465

Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
Sales	51.8	60.1	98.7
EBITDA	2.7	3.2	14.3
Adj. PAT	-6.5	-5.6	-0.6
EBITDA Margin (%)	5.3	5.3	14.5
Adj. EPS (INR)	-7.1	-4.8	-0.5
EPS Gr. (%)	3,769.5	-32.1	-89.8
BV/Sh. (INR)	29.3	20.4	19.9

Ratios

Net D:E	0.9	0.9	0.0
RoE (%)	-34.5	-22.2	-2.4
RoCE (%)	-3.8	-3.2	5.6
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	-26.8	-39.5	-388.0
EV/EBITDA (x)	75.5	78.5	17.5
EV/Sales (x)	4.0	4.1	2.5
Dic Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	56.1	59.8	59.1
DII	18.1	22.3	21.9
FII	14.5	6.8	9.0
Others	11.4	11.1	10.0

FII Includes depository receipts

CMP: INR190

TP: INR240 (+26%)

Buy

Some recovery and cost savings seen in 4Q

- Aditya Birla Fashion and Retail (ABFRL)'s revenue fell 2% YoY (in-line). However, healthy 200bp gross margin improvement (better than even pre-COVID levels) and strong cost management (aided by rent/employee cost savings) drove a 65% YoY EBITDA jump. Nevertheless, the company posted net loss of INR1.3b (in-line) on tax and other income impact.
- Given the lockdowns amid the second COVID wave, we cut our FY22 revenue/EBITDA estimate by 29%/74%, marginally above FY21 levels. However, we expect swift recovery in FY23E, keeping the revenue/EBITDA estimate intact at 13%/16% above FY20 stable-state financials. Maintain Buy.

EBITDA posts massive beat, but net loss in-line

- ABFRL's 4QFY21 revenue fell 2% YoY to INR17.8b (in-line), led by strong traction in e-commerce and strong sales in smaller towns and cities. (Westside / Shoppers Stop / V-Mart saw 0%/-5%/6% growth YoY).
- Gross margins increased 200bp YoY to 53.3%. Gross profits posted a 5% beat to INR9.5b (up 2% YoY).
- SG&A / employee cost fell 2%/20% YoY and rent expenses fell 18% YoY – overall expense was down a commendable 11% YoY, particularly surprising on rental cost.
- Better-than-expected revenue, strong gross margins, and rental savings led to a massive EBITDA beat of 73% to INR2.5b (up 65% YoY on a low base in 4QFY20). The big beat in EBITDA was primarily owing to lower rent.
- Finance cost declined 20% YoY to INR1.1b (18% below est). Other income stood at INR202m (-65% YoY). Subsequently, net loss stood at INR1.3b (in-line).
- For the full year FY21, revenue/EBITDA declined 41%/78%, with net loss of INR6.5b (v/s INR1.5b in FY20). ABFRL launched more than 400 new stores across businesses and formats in FY21.
- The company lowered net debt by ~74% to INR6.5b in FY21 (from INR25.1b in FY20) through fundraise and working capital efficiency.
- Lifestyle revenue/EBITDA at INR10b/INR1.8b was -6%/7% YoY, with 220bp margin improvement to 17.5%. Pantaloon's revenue/EBITDA at INR6b/INR860m was -5%/54% YoY, with 560bp margin improvement to 14.5%.

Highlights from management commentary

- The COVID impact has been lower in smaller stores v/s large formats, high streets v/s malls, and lower tier towns v/s metros; hence, Pantaloon has seen a higher revenue impact.
- Recovery is expected to commence from 2QFY22 if the COVID situation is controlled. Moreover, the spurt in consumer demand, coupled with a better competitive position against smaller peers, should translate to a revenue scale better than pre-COVID levels.

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- It should be able to retain a portion of the cost savings permanently, and the EBITDA margin should improve once revenue recovers to normalized levels.
- Balance sheet strength would be maintained, and there is strong flexibility to manage working capital. Hence, even once revenue recovers, it should be contained along with the leverage.

Valuation and view

- ABFRL has consistently improved its earnings graph, with a revenue/EBITDA CAGR of 37%/75% over FY14–19. If dented FY20 growth is taken into consideration, the revenue/EBITDA CAGR would stand at 32%/55% over FY14–20 (FY20 pre-IND AS 116 EBITDA of INR4.5b).
- ABFRL's high leverage and poor balance sheet strength were key concerns for investors. However, the fundraise through a rights issue of INR10b and stake sale to Flipkart, coupled with working capital management, reduced its core net debt to INR6.6b in FY21 (from INR25b in FY20) – INR5.2b was spent on acquiring two ethnic wear brands.
- The company's lifestyle brands' retail channel sales posted 8% YoY growth, by far the best in the industry. The company's execution capabilities and its agility to tweak its product portfolio as per changing consumer needs have enabled this. Losses have reduced as fast fashion delivered the first quarter of profitability. Cumulative loss was INR100m (4% of EBITDA) in 4QFY21 v/s INR530m (32% of EBITDA) in 4QFY20, even after including losses in Ethnic Wear, as fast fashion turned profitable. Furthermore, Pantaloons/Innerwear presents a long runway for growth.
- We value ABFRL on an SOTP basis and assign an EV/EBITDA of 18x to the lifestyle brands and Pantaloons segment and EV/sales of 1x to other business – slightly upping our multiple given its better **balance sheet position to bolster growth**. Subsequently, we arrive at TP of INR240 (v/s INR220 earlier). **Maintain Buy.**

Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY21 3QE	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Revenue	20,655	22,972	25,625	18,174	3,200	10,186	20,590	17,836	87,425	51,811	17,094	4.3
YoY Change (%)	7.9	14.4	12.3	-5.1	-84.5	-55.7	-19.6	-1.9	7.7	-40.7	-5.9	
Total Expenditure	17,514	19,510	21,534	16,614	6,713	10,203	16,906	15,266	75,172	49,088	15,610	-2.2
EBITDA	3,141	3,462	4,091	1,561	-3,513	-17	3,685	2,570	12,254	2,724	1,484	73.2
Change, YoY (%)	175.9	142.4	136.6	25.3	-211.9	-100.5	-9.9	64.7	121.2	-77.8	-4.9	6960bps
Depreciation	2,022	2,213	2,208	2,325	2,334	2,375	2,271	2,470	8,768	9,450	2,421	
Interest	942	1,052	1,047	1,186	1,253	1,440	1,095	1,196	4,227	4,984	1,455	
Other Income	175	162	145	169	1,765	1,408	570	202	651	3,946	570	
PBT	351	358	981	-1,782	-5,335	-2,424	888	-893	-91	-7,764	-1,823	-51.0
Tax	136	289	1,315	-379	-1,336	-611	224	455	1,361	-1,268	-456	
Rate (%)	38.6	80.7	134.0	21.3	25.0	25.2	25.2	-50.9	-1497.2	16.3	25.0	
Reported PAT	216	69	-334	-1,403	-3,999	-1,813	664	-1,348	-1,452	-6,496	-1,367	-1.4
Adj PAT	216	315	730	-1,403	-3,999	-1,813	664	-1,348	-142	-6,496	-1,367	-1.4
YoY Change (%)	285.0	-26.2	3.8	-1,716.8	-1,954.9	-674.6	-9.0	-3.9	-111.2	4474.9	-2.5	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY20				FY21				FY20	FY21E	FY21 4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Pantaloons											
SSSG (%)	4%	10%	5%	-12%	-92%	-57%	-27%	-11%	3%	3%	-28%
Store Adds	6	17	12	-1	0	-3	5	2	34	4	10
Total Stores	314	331	343	342	342	339	344	346	342	346	349
EBITDA Margin (%)	18.4	15.8	18.2	-6.1	-87.8	19.2	23.4	14.4	13.3	14.8	4.6
Lifestyle Business											
SSSG (%)	3.2	7.0	15.0	-6.0	-86.0	-50.0	-20.0	-1.7	5.1	-37.1	-22.0
EBO Stores	2,057	2,096	2,187	2,253	2,222	2,247	2,341	2,341	2,253	2,341	2277
- New stores	77	60	91	66	-31	25	94	0	273	88	30
Value Stores	449	448	469	446	440	439	472	525	446	525	444
- New stores	23	-1	21	-23	-6	-1	33	53	20	79	5
EBITDA Margin (%)	13.4	16.5	14.6	0.0	-44.3	9.2	17.4	15.4	11.5	10.7	6.7
Gross Margins (%)	51.9	50.3	52.0	51.3	41.4	47.4	52.3	53.3	51.9	51.0	41.4
EBITDA Margins (%)	15.2	15.1	16.0	8.6	-109.8	-0.2	17.9	14.4	14.0	5.3	8.7
PAT Margins (%)	1.0	1.4	2.8	-7.7	-125.0	-17.8	3.2	-7.6	-0.2	-12.5	-8.0

E:MOFSL Estimates

Segmental split

- Lifestyle revenue/EBITDA at INR10b/INR1.8b was -6%/7% YoY, with 220bp margin improvement to 17.5%. The Retail category saw 8% YoY growth, with -1.7% LTL. E-Commerce revenue doubled to reach 15% share (v/s 7% last year).
- Pantaloons' revenue/EBITDA at INR6b/INR860m was -5%/54% YoY, with 560bp margin improvement to 14.5%. LTL of -10.6% was attributable to the impact on sales from lockdowns amid the second COVID wave in Mar'21. Smaller towns expanded YoY, while metros / Tier 1 cities continued to trail YoY. The e-commerce channel grew 3x.
- Other business revenue grew 36% YoY to INR2.1b and turned profitable at the EBITDA level at INR120m with a 5.7% margin (v/s INR430m loss in 4QFY21). Innerwear/Athleisure grew 56% YoY with a 15% e-commerce mix.

Other highlights

- The company lowered net debt by ~74% to INR6.5b in FY21 (from INR25.1b in FY20) through a mix of operating cash flows and equity infusion. Excluding a new investment of INR5.2b toward partnerships with Sabyasachi and Tarun Tahiliani, debt was actually down to INR1.3b.
- An equity infusion of INR22.5b, raised in FY21 through a rights issue and preference fundraise, was utilized for acquisitions and deleveraging.
- Working capital management: It focused on liquidating old inventory in 1H. Deferred buying was seen in line with business recovery, with some freshness introduced in 4Q.
- ~1000 stores were omni-channel enabled.
- Cost reduction: Cost reduction of INR12.2b was reported in FY21 v/s FY20 on the back of rent / employee / other exp coming in lower by INR4.8b/INR2.b/INR5.4b. A portion of this may be sustainable as the management agreed that this should allow the company to garner better EBITDA margins.
- The 4Q monthly run-rate was ahead of last year. Lifestyle brands / Pantaloons recovered to 94%/95% of LY levels. Other business segments reported maiden profits. However, the advent of the second COVID wave has affected momentum.

- Redesigning category: Innovative products were launched to cater to changing consumer needs. Categories such as Work-from-Home, Kids Wear, and Home Furnishing gained traction.
- Geographically, smaller Tier 1 and Tier 2 markets recovered much faster.

Exhibit 1: FY23 SOTP-based valuation

Particulars	EBITDA/Sales (INR m)	Multiple (x)	Value (INR m)
Lifestyle Brands (gross EBITDA)	7,549	18	1,35,878
Pantaloons (gross EBITDA)	5,501	18	98,464
Others (gross sales)	10,025	1	10,025
Total EV (net)			2,44,367
Less: Net debt			20,396
Equity Value			2,23,971
No of Shares (m)			933
Target Price (INR)			240
CMP (INR)			190
Upside (%)			26%

Source: MOFSL, Company

**Highlights from management commentary****Key takeaways**

- The COVID impact has been lower in smaller stores v/s large formats, high streets v/s malls, and lower tier towns v/s metros; hence, Pantaloons has seen a higher revenue impact.
- Recovery is expected to commence from 2QFY22 if the COVID situation comes under control, and revenues should recover over a stable-state scale once the business normalizes – owing to a spurt in consumer demand and a better competitive position v/s smaller peers.
- It should be able to retain a portion of the cost savings permanently, and the EBITDA margin should improve once revenue recovers to normalized levels.
- Balance sheet strength would be maintained, and there is strong flexibility to manage working capital. Hence, even once revenue recovers, it should be contained along with the leverage.

Operational performance

- ABFRL invested INR5.2b toward the acquisitions of Sabyasachi and Tarun Tahiliani in 4QFY21.
- Actual net debt stood at INR6.5b, against the forecast INR2.5b (ex-investments, net debt stood at INR1.5b).
- It added more than 400 new stores and closed 215 unviable stores in FY21.

Lifestyle brands

- Brands reported an industry-leading increase of 8% in sales across channels despite the COVID-led lockdowns.
- Sales in wholesale/MBOs were down 15% YoY; robust sales recovery is expected as the situation normalizes.
- It added more than 300 stores in FY21 and piloted Allen Solly Prime in some markets to leverage the potential in untapped markets.
- It improved its WC management.

Pantaloons

- Profitability improved, led by excellent inventory management, working capital management, and cost optimization.
- It launched a new product line of home, saree, bag, and ethnic wear collections.
- Pantaloons added premium stores in 4QFY21.
- Inventory fell 49% in FY21. Operating capital employed stands at INR2.5b; it is in line to deliver RoCE of 20%+.
- It plans to accelerate the Pantaloons retail network and would focus on building a large-scale store brand on profitability.

Other business

- Active Athleisure Wear sales increased 65% YoY.
- Forever 21 / American Eagle sales stood at 27%/70% YoY, coupled with rising profitability.
- The Ethnic Wear segment now has products across price points and for various occasions.
- Jaypore sales were up 71% YoY, led by e-commerce sales. The brand added the Flipwear and Lounge Wear categories. It opened the first store in 4Q and would open 10 new stores in FY22.
- Shantanu & Nikhil sales were up 12% YoY; it added three new stores in FY21 and would launch two more in FY22.
- Sabyasachi would be scaled as a global ethnic wear brand.
- Tarun Tahiliani would foray into the premium Mens Wear category and launch a new brand by the festive season of FY22.

Measures/Initiatives in FY21

- The company reduced its balance sheet leverage, along with improving its working capital management.
- ABFRL has achieved best-in-class reduction in rent expenses, employee costs, and overhead expenses.
- It increased market share in the lifestyle brands segment.
- The company has deepened its partnerships with e-com players.
- Ownbrand.com has seen strong growth from Pantaloons and other lifestyle brands. The share of e-commerce sales is above 10% of total sales.
- Large-format stores and mall stores have performed better as customers have remained hesitant amid the COVID disruption. Standalone and small-format stores performed better than mall stores and large-format stores in FY21.
- Growth would be seen across wholesale channels as the lockdown situation improves and receivables improve for wholesale partners.
- Liquidity levels would improve over time.
- E-Com sales grew 3x YoY.
- While 50% of e-commerce demand is usually fulfilled from stores, it is currently being fulfilled from warehouses as stores remain closed.
- 200 Pantaloons stores are enabled for online demand fulfillment.
- Losses are expected in Ethnic Wear brands over the next 3–5 years as the management plans to scale and grow the business.

Exhibit 2: Standalone quarterly performance (INR m)

	4QFY20	3QFY21	4QFY21	YoY%	QoQ%	4QFY21E	v/s est (%)
Revenue	18,174	20,590	17,836	-1.9	-13.4	17,094	4.3
Raw Material cost	8,856	9,823	8,326	-6.0	-15.2	8,032	3.7
Gross Profit	9,318	10,767	9,510	2.1	-11.7	9,063	4.9
Gross margin (%)	51.3	52.3	53.3	205bps	103bps	53.0	31bps
Employee Costs	2,749	2,044	2,204	-19.8	7.8	2,080	6.0
Rent	1,062	1,526	869	-18.2	-43.1	1,573	-44.8
SGA Expenses	3,948	3,512	3,867	-2.0	10.1	3,925	-1.5
EBITDA	1,561	3,685	2,570	64.7	-30.2	1,484	73.2
EBITDA margin (%)	8.6	17.9	14.4	582bps	-349bps	8.7	573bps
Depreciation and amortization	2,325	2,271	2,470	6.2	8.8	2,421	2.0
EBIT	-764	1,414	100	-113.1	-92.9	-937	-110.7
EBIT margin (%)	-4.2	6.9	0.6	477bps	-630bps	-5.5	605bps
Finance Costs	1,186	1,095	1,196	0.8	9.2	1,455	-17.8
Other income	169	570	202	19.7	-64.5	570	-64.5
Profit before Tax	-1,782	888	-893	-49.9	-200.6	-1,823	-51.0
Tax	-379	224	455	NM	NM	-456	NM
Tax rate (%)	21.3	25.2	-50.9	NM	-7614bps	25.0	-7591bps
Profit after Tax	-1,403	664	-1,348	-3.9	-303.1	-1,367	-1.4
Adj Profit after Tax*	-1,403	664	-1,348	-3.9	-303.1	-1,367	-1.4

*adjusted for DTA impact; Source: MOFSL, Company

Exhibit 3: Segment-wise performance

Segment-wise Performance	4QFY20	3QFY21	4QFY21	YoY%	QoQ%	4QFY21E	v/s est (%)
Madura							
Revenue	12,290	12,460	10,624	-13.6	-14.7	11,931	-11.0
EBITDA	0	2,170	1,880	#DIV/0!	-13.4	1,586	NM
EBITDA margin (%)	0.0	17.4	17.7	1770bps	28bps	13.3	NM
Pantaloons							
Revenue	6,260	8,110	5,970	-4.6	-26.4	5,835	2.3
EBITDA	-380	1,900	860	-326.3	-54.7	183	NM
EBITDA margin (%)	-6.1	23.4	14.4	2048bps	-902bps	3.1	NM

Source: MOFSL, Company

Exhibit 4: Segment-wise performance in Madura

Madura Segments	4QFY20	3QFY21	4QFY21	YoY%	QoQ%	4QFY21E	v/s est (%)
Lifestyle							
Revenue	10,720	10,260	10,030	-6.4	-2.2	9,829	2.0
EBITDA	660	1,920	1,760	166.7	-8.3	1,226	43.5
EBITDA margin (%)	6.2	18.7	17.5	1139bps	-117bps	12.5	507bps
Fast Fashion							
Revenue	410	594	594	44.9	0.0	538	10.5
EBITDA	-340	25	12	NM	NM	64	NM
EBITDA margin (%)	-82.9	4.2	2.0	NM	NM	11.9	NM

Source: MOFSL, Company

Exhibit 5: Summary of estimate change

	FY21E	FY22E
Revenue (INR m)		
Old	84,706	96,884
Actual/New	60,142	98,746
Change (%)	-29.0	1.9
EBITDA (INR m)		
Old	12,090	14,195
Actual/New	3,171	14,272
Change (%)	-73.8	0.5
EBITDA margin (%)		
Old	14.3	14.7
Actual/New	5.3	14.5
Change (bp)	-900	-20
Net Profit (INR m)		
Old	58	1,237
Actual/New	-5,615	-571
Change (%)	-9814.0	-146.2
EPS (INR)		
Old	0.0	0.4
Actual/New	-4.8	-0.5
Change (%)	-27,397.6	-229.8

Source: Company, MOFSL

Story in charts

Exhibit 6: Standalone revenue up 2% YoY

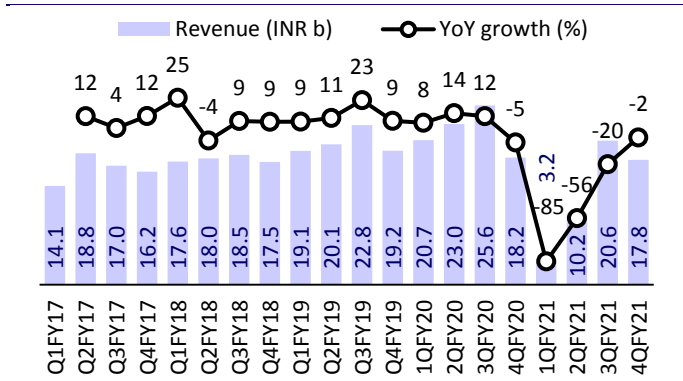


Exhibit 7: Gross margin improves 200bp YoY

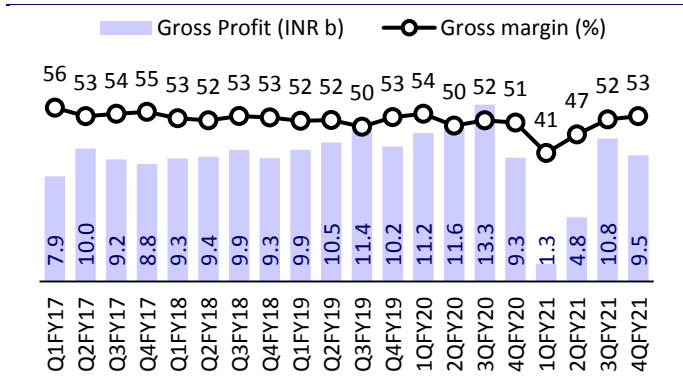


Exhibit 8: EBITDA margin improves to 2.6%

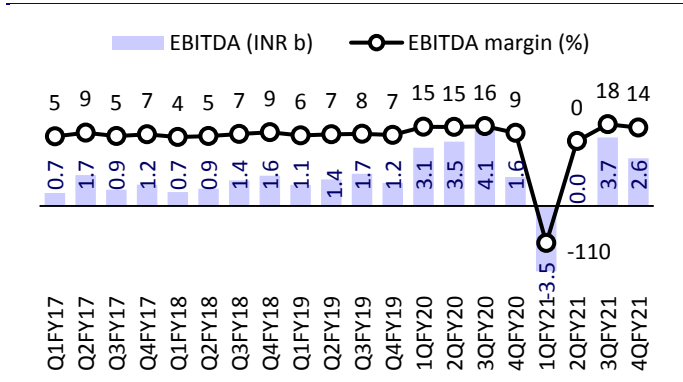


Exhibit 9: Net losses flat YoY

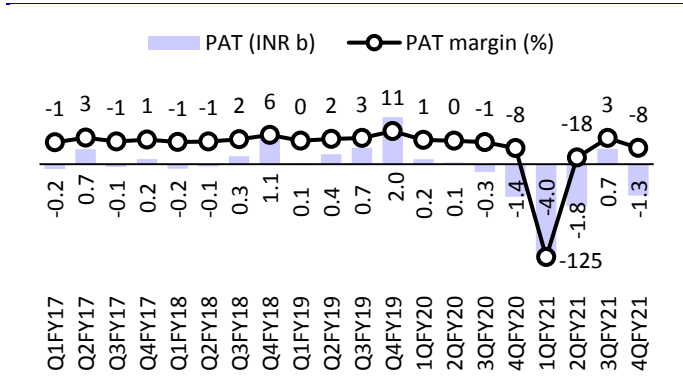


Exhibit 10: Madura posts revenue of INR12b

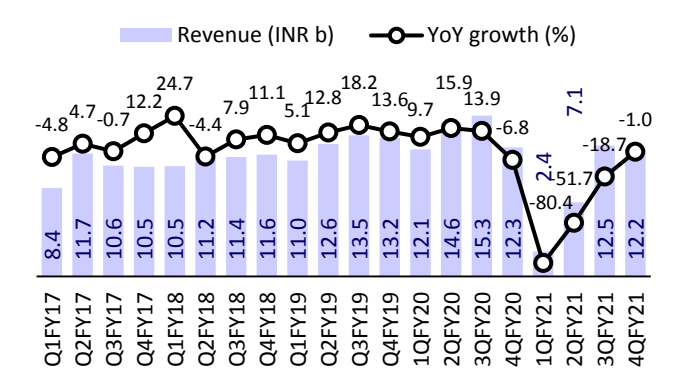


Exhibit 11: Madura reports EBITDA of INR1.9b

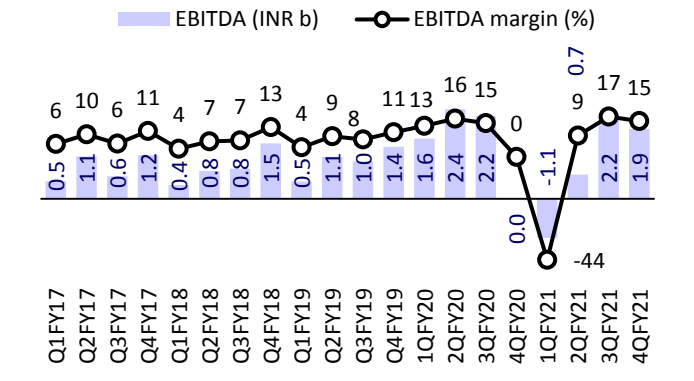


Exhibit 12: Madura's EBO increases in 4QFY21

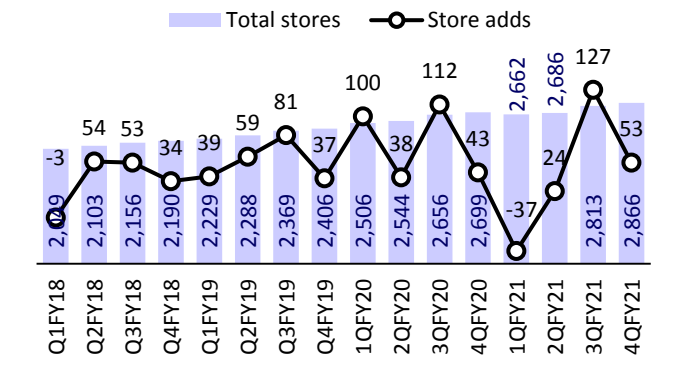
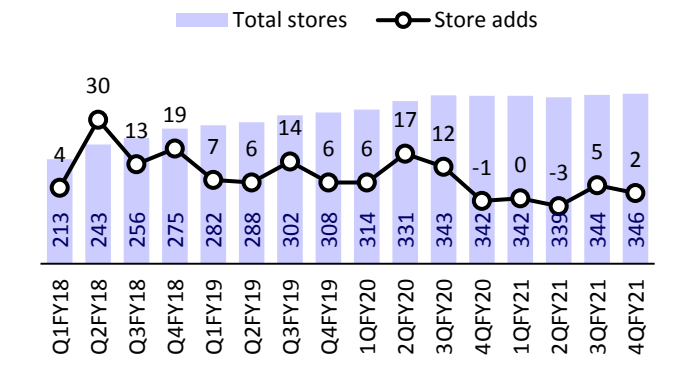


Exhibit 13: Pantaloons store count reaches 346



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Standalone – Income Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Total income from Operations	60,339	66,029	71,721	81,177	87,425	51,811	60,142	98,746
Change (%)	226.0	9.4	8.6	13.2	7.7	-40.7	16.1	64.2
Raw Materials	27,518	30,070	33,901	39,250	42,058	25,376	29,444	47,616
Employees Cost	6,205	7,058	7,723	9,130	10,584	8,346	10,224	12,590
Rent	9,032	10,871	10,429	11,104	4,869	3,326	4,060	5,727
Other Expenses	13,801	13,638	14,985	16,153	17,661	12,039	13,243	18,540
Total Expenditure	56,555	61,637	67,038	75,637	75,172	49,088	56,971	84,474
% of Sales	93.7	93.3	93.5	93.2	86.0	94.7	94.7	85.5
EBITDA	3,784	4,392	4,683	5,541	12,254	2,724	3,171	14,272
Margin (%)	6.3	6.7	6.5	6.8	14.0	5.3	5.3	14.5
Depreciation	3,381	2,425	2,805	2,823	8,768	9,450	9,626	10,707
EBIT	403	1,967	1,878	2,717	3,486	-6,726	-6,454	3,565
Int. and Finance Charges	1,765	1,797	1,716	1,874	4,227	4,984	4,978	4,978
Other Income	264	382	328	648	651	3,946	3,946	651
PBT bef. EO Exp.	-1,098	552	490	1,491	-91	-7,764	-7,486	-762
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	-1,098	552	490	1,491	-91	-7,764	-7,486	-762
Total Tax	0	0	-688	-1,721	1,361	-1,268	-1,872	-190
Tax Rate (%)	0.0	0.0	-140.5	-115.4	-1497.2	16.3	25.0	25.0
Reported PAT	-1,098	552	1,178	3,212	-1,452	-6,496	-5,615	-571
Adjusted PAT	-1,098	552	494	1,273	-142	-6,496	-5,615	-571
Change (%)	-51.9	-150.3	-10.5	157.7	-111.2	4,474.9	-13.6	-89.8
Margin (%)	-1.8	0.8	0.7	1.6	-0.2	-12.5	-9.3	-0.6

Standalone – Balance Sheet

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	7,688	7,705	7,717	7,735	7,740	9,151	11,651	11,651
Total Reserves	1,367	1,876	3,214	6,554	3,119	17,695	12,081	11,509
Net Worth	9,055	9,582	10,931	14,289	10,859	26,846	23,731	23,160
Total Loans	15,436	20,446	18,615	17,029	52,437	33,184	33,184	33,184
Lease Liability					24,674	23,856	23,856	23,856
Deferred Tax Liabilities	0	0	-688	-2,634	-1,950	-3,212	-3,212	-3,212
Capital Employed	24,491	30,028	28,857	28,684	61,346	56,817	53,702	53,131
Net Fixed Assets	23,232	24,871	25,823	25,555	47,319	45,063	37,437	30,630
Right to use Assets					21,744	20,669	20,669	20,669
Capital WIP	254	250	459	224	401	346	346	1,000
Total Investments	0	0	42	42	1,700	6,829	6,829	6,829
Curr. Assets, Loans&Adv.	22,338	25,238	30,326	37,756	45,520	42,176	47,152	50,653
Inventory	14,105	14,313	16,912	19,213	23,494	17,429	17,301	24,348
Account Receivables	3,124	4,522	5,518	7,866	8,402	7,224	7,415	9,469
Cash and Bank Balance	192	497	728	574	2,651	1,645	5,959	5,203
Loans and Advances	4,917	5,907	7,168	10,103	10,974	15,877	16,477	11,633
Curr. Liability & Prov.	21,334	20,331	27,793	34,893	33,594	37,597	38,063	35,981
Account Payables	14,298	14,578	20,093	23,986	22,733	23,337	23,068	24,348
Other Current Liabilities	6,290	3,823	5,780	8,885	9,011	12,517	13,182	9,469
Provisions	746	1,929	1,920	2,023	1,850	1,744	1,813	2,164
Net Current Assets	1,005	4,907	2,533	2,863	11,926	4,579	9,089	14,672
Appl. of Funds	24,491	30,028	28,858	28,684	61,346	56,817	53,702	53,131

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Basic (INR)								
EPS	-1.4	0.7	0.6	1.6	-0.2	-7.1	-4.8	-0.5
Cash EPS	3.0	3.9	4.3	5.3	11.1	3.2	3.4	8.7
BV/Share	11.8	12.4	14.2	18.5	14.0	29.3	20.4	19.9
DPS	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
Valuation (x)								
P/E	-115.6	229.8	256.7	100.0	NM	-26.8	-39.5	-388.0
Cash P/E	55.5	42.6	38.4	31.0	14.8	59.0	55.3	21.9
P/BV	14.0	13.2	11.6	8.9	11.7	6.5	9.3	9.6
EV/Sales	2.3	2.2	2.0	1.8	2.0	4.0	4.1	2.5
EV/EBITDA	37.5	33.4	30.9	25.9	14.5	75.5	78.5	17.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	1.3	-0.3	3.5	3.2	2.5	11.0	2.4	3.1
Return Ratios (%)								
RoE	NM	5.9	4.8	10.1	NM	-34.5	-22.2	-2.4
RoCE	2.6	8.6	17.8	23.8	139.7	-3.8	-3.2	5.6
RoIC	1.6	7.4	15.9	21.1	131.9	-10.8	-10.9	6.6
Working Capital Ratios								
Fixed Asset Turnover (x)	2.4	2.4	2.3	2.4	1.4	0.7	0.8	1.3
Asset Turnover (x)	2.5	2.2	2.5	2.8	1.4	0.9	1.1	1.9
Inventory (Days)	85	79	86	86	98	123	105	90
Debtor (Days)	19	25	28	35	35	51	45	35
Creditor (Days)	86	81	102	108	95	164	140	90
Leverage Ratio (x)								
Current Ratio	1.0	1.2	1.1	1.1	1.4	1.1	1.2	1.4
Interest Cover Ratio	0.2	1.1	1.1	1.4	0.8	-1.3	-1.3	0.7
Net Debt/Equity	1.7	2.1	1.6	1.1	4.4	0.9	0.9	0.9

Standalone – Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
OP/(Loss) before Tax	-1,098	535	490	1,491	-91	-7,764	-7,486	-762
Depreciation	3,381	2,425	2,805	2,823	8,768	9,450	9,626	10,707
Interest & Finance Charges	1,765	1,761	1,669	1,846	4,200	4,962	4,978	4,978
Direct Taxes Paid	-19	-30	-10	-196	-61	9	1,872	190
(Inc)/Dec in WC	-741	-573	760	-937	-6,082	8,543	-197	-6,338
CF from Operations	3,288	4,118	5,714	5,028	6,734	15,199	8,791	8,775
Others	-179	134	237	249	-117	-3,697	-3,946	-651
CF from Operating incl EO	3,109	4,252	5,951	5,276	6,617	11,503	4,846	8,124
(Inc)/Dec in FA	-2,076	-4,499	-3,271	-2,792	-4,668	-1,475	-2,000	-4,554
Free Cash Flow	1,033	-247	2,680	2,484	1,949	10,027	2,846	3,571
(Pur)/Sale of Investments	0	4	-36	22	-11,079	-8,403	0	0
Others	219	40	58	6	7	35	3,948	654
CF from Investments	-1,857	-4,455	-3,250	-2,763	-5,740	-9,843	1,948	-3,900
Issue of Shares	-16	11	12	9	72	22,388	2,500	0
Inc/(Dec) in Debt	508	1,948	-1,832	-1,576	10,725	-20,613	0	0
Interest Paid	-1,821	-1,450	-649	-1,098	-4,226	-4,725	-4,978	-4,978
Others	0	0	0	0	-5,370	287	0	0
CF from Fin. Activity	-1,330	509	-2,469	-2,664	1,202	-2,663	-2,478	-4,978
Inc/Dec of Cash	-78	306	233	-151	2,079	-1,004	4,317	-753
Opening Balance	270	190	495	725	571	2,649	1,642	5,956
Closing Balance	192	496	727	574	2,650	1,645	5,959	5,203
less: Other Bank Balance	2	1	2	2	1	3	3	0
Net Closing Balance	190	495	725	571	2,649	1,642	5,956	5,203

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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