

V-Mart Retail

Estimate change



TP change



Rating change



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Bloomberg	VMART IN
Equity Shares (m)	20
M.Cap.(INRb)/(USD\$)	67.4 / 0.9
52-Week Range (INR)	4076 / 1700
1, 6, 12 Rel. Per (%)	6/9/49
12M Avg Val (INR M)	103

Financials & Valuations (INR b)

INR b	FY21	FY22E	FY23E
Sales	10.8	15.0	23.5
EBITDA	1.3	1.8	3.1
NP	-0.1	0.0	0.8
EBITDA Margin (%)	12.2	11.7	13.4
Adj. EPS (INR)	-3.4	1.2	43.0
EPS Gr. (%)	NM	NM	NM
BV/Sh. (INR)	456.0	457.1	500.1

Ratios

Net D:E	0.3	0.2	0.2
RoE (%)	NM	0.3	9.0
RoCE (%)	2.7	3.7	8.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	NM	2,962.0	79.6
EV/EBITDA (x)	51.3	37.9	21.5
EV/Sales (x)	5.7	4.1	2.6
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	1.7	2.1	-0.5

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	46.7	46.7	51.2
DII	20.9	20.8	17.2
FII	23.4	24.4	23.1
Others	9.1	8.2	8.5

FII Includes depository receipts

CMP: INR3,420 TP: INR3,920 (+15%)
Buy

Recovery in sight; poised for steady growth

- V-Mart Retail (VMART)'s revenue was up 2.3x YoY, 61% below pre-COVID levels (1QFY20). This is closer to other retailers' performances, as the second COVID wave has seen lower impact. EBITDA loss at INR20m recovered 67% YoY (6% miss).
- Given the expectation of swift recovery from the second COVID wave lockdowns by 3QFY22, we raise our FY23E revenue/EBITDA estimates by 7%, factoring in a revenue/EBITDA CAGR of 12%/14% over FY20–23E. The recent acquisition announcement of the "Unlimited" Value Retail chain and aggressive store additions in core markets should drive steady growth – which may be well-supported by a lean balance sheet, supported by the recent QIP. Maintain Buy.

Rev at 61% below pre-COVID levels; EBITDA loss at INR20m (6% miss)

- V-Mart's 1QFY22 revenues were up 2.3x YoY to INR1.7b (4.3% miss). However, revenues were down 61% v/s pre-COVID levels of 1QFY20. (ABFRL / Shoppers Stop / Trent were down by 63%/76%/57%).
- Gross margins remained stable YoY at 31% (+20bps YoY) and improved 120bps on a QoQ basis despite rising RM costs. This was attributable to a 19% increase in ASP on the back of a 5–6% price increase and a favorable mix of higher value products.
- EBITDA loss came in at INR20m, recovering 66.5% YoY (5.7% miss), aided by strong recovery in revenues. Adjusted for an INR20m ESOP cost impact, EBITDA achieved breakeven during the quarter.
- Other income grew 3.2x YoY to INR45m. Subsequently, net loss stood at INR287m – recovery of 14.6% YoY (4.4% miss).
- It opened up three new stores (two in Jharkhand and one in UP) during the quarter, taking the tally of total stores to 282.
- Footfall increased 115% YoY to 3.1m during the quarter; Average Selling Price for Fashion increased 19% and Average Bill Size 3% YoY.

Highlights from management commentary

- Recovery in sight:** The lockdowns continue to impact store operations in UP, Bihar, and the eastern region. However, strong demand in June/July, gradually easing restrictions, and strong festive/wedding demand should lead to pre-COVID throughput by 3QFY22.
- Margin profile to improve:** The gross margin was maintained at 31%, with a price hike of 5–6% cushioning the RM increase; incrementally, cost efficiencies should help improve the operating margin to above pre-COVID levels.
- Steady capex plan:** The target is to expand its retail space by 20–25%, with capex of INR1b for FY22. Of this, ~INR500m would be spent towards each store adds and new warehouses. Additionally, ~INR1,500m towards the acquisition of the "Unlimited" Retail business.

- Unlimited biz deal integration: This is in-line; it aims to complete the deal and take a handover of the business by 30th August 21.

Valuation and view

- The apparel retailer saw the slowest recovery during the first COVID wave lockdown, but the swift recovery from the second wave lockdowns has been a welcome positive.
- VMART is strongly positioned to compete with regional and national players in the Value Retail segment, given its (a) better performance v/s national peers, (b) strong liquidity (INR3.5b cash as of Mar'21, post the INR3.8b fundraise in 4QFY21), and (c) prudent inventory management amid the pandemic.
- The recent acquisition of the Unlimited business – value retail store chain from Arvind Fashion Ltd, which has a complementing presence in the southern and western markets – at an attractive valuation should certainly give impetus to growth
- Ongoing investments in warehousing and technology infrastructure should debottleneck the backend, supporting sales growth.
- Given the expectation of swift recovery from the second wave lockdowns by 3QFY22, we raise our FY23E revenue/EBITDA estimates by 7%, factoring in a revenue/EBITDA CAGR of 12%/14% over FY20–23E on the back of 40/55 store adds in FY22/FY23E. Furthermore, the Unlimited brand could potentially contribute ~INR350m in EBITDA over the next 2–3 years, i.e., 11% of FY23E EBITDA.
- We assign a 23x FY23E EV/EBITDA multiple to arrive at our TP of INR3,920 (v/s INR3,880 earlier). Given the huge growth opportunity in the Value Fashion segment and V-Mart's strong execution capability, it has the potential to garner 25–30% EBITDA/PAT growth sustainably for a prolonged period – backed by 20%+ revenue growth (SSSG + new store adds). Maintain Buy.

Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E	FY22	Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Revenue	781	1,755	4,700	3,519	1,774	2,991	6,223	4,004	10,755	14,992	1,853	-4
YoY Change (%)	-82.8	-44.1	-16.4	5.8	127.3	70.4	32.4	13.8	-35.3	39.4	137.4	
Total Expenditure	839	1,758	3,662	3,183	1,794	2,883	4,929	3,632	9,442	13,238	1,872	-4
EBITDA	-58	-3	1,038	336	-20	108	1,294	372	1,312	1,754	-19	6
EBITDA Margin (%)	-7.5	-0.2	22.1	9.5	-1.1	3.6	20.8	9.3	12.2	11.7	-1.0	
Depreciation	263	257	254	256	255	301	324	354	1,030	1,234	287	-11
Interest	146	147	150	146	156	163	169	172	589	660	134	16
Other Income	14	150	3	43	45	67	17	39	210	168	63	-29
PBT	-454	-257	637	-23	-385	-289	817	-115	-97	28	-377	2
Tax	-117	-68	158	-8	-98	-74	208	-29	-35	7	-102	
Rate (%)	25.8	26.3	24.9	35.6	25.4	25.4	25.4	25.4	35.8	25.4	27.0	
Reported PAT	-336	-190	479	-15	-287	-216	609	-86	-62	21	-275	4
Adj PAT	-336	-190	479	-15	-287	-216	609	-86	-62	21	-275	4
YoY Change (%)	-291.1	5.1	-17.8	-82.5	-14.6	13.7	27.3	481.9	-112.6	-133.7	-18.3	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY21				FY22E				FY21	FY22E	FY22
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
SSSG (%)	-84.7	-50.0	-41.9	10.0	-66.3	-12.0	0.0	13.0	-39.9	-18.0	-60.0
Total stores	266	264	274	279	282	289	304	319	279	319	281
Store adds	0	-2	10	5	3	7	15	15	13	40	2
Gross Margins (%)	30.8	28.8	36.7	29.8	31.0	30.0	36.0	28.8	32.7	31.0	29.5
EBITDA Margins (%)	-7.5	-0.2	22.1	9.5	-1.1	3.6	20.8	9.3	12.2	11.7	-1.0
PAT Margins (%)	-43.1	-10.8	10.2	-0.4	-16.2	-7.2	9.8	-2.1	-0.6	0.1	-14.8

E:MOFSL Estimates

Impetus from Unlimited brand deal

- VMART in July'21 announced the acquisition of Arvind Fashions' Value Apparel Retail format, Unlimited, for cash consideration of INR1.5b.
- As a part of the transaction, VMART would acquire stores, warehouses, inventory, as well as the store brand "Unlimited" for INR1.5b. It has agreed to pay an additional ~INR300m – subject to certain milestones in terms of revenue/sq. ft. – for the next three years.
- At an acquisition cost of INR1.5b (or INR1,923/sq. ft., including capex and inventory cost), it would have proved challenging for VMART to set up the same organically.
- Historically, the Unlimited brand has achieved revenue of INR7b from 75 stores or INR90–100m in revenue/store (annual revenue/sq. ft. of INR10k). Unlimited posted operating loss prior to the acquisition. Despite the ongoing challenges in Unlimited's operations, it currently generates revenue of INR5.3b.
- VMART could leverage its cost optimization measures. After it rationalizes around five stores, it could garner EBITDA of INR346m from 69 stores at an estimated EBITDA margin of 7%. This would constitute ~11% of the FY23E EBITDA of INR3.1b.
- With potential EBITDA of INR346m, at VMART's FY23E valuation of ~22x EV/EBITDA, the acquisition has the potential to add INR7.4b to the company's equity value. Adjusted for the acquisition cost (INR1.5b + an additional INR0.3b), the deal could add INR5.6b (INR309/share) to equity value, i.e., 9% incremental value.
- [Click here for our detailed report on the deal.](#)

Exhibit 1: Calculations for expected revenue and EBITDA generation

Particulars	
Total number of stores	74
Average size per store (sq ft)	10,541
Area Covered (m sq ft)	0.8
Revenue per sq ft	6,795
Total revenue (INR m)	5,300
EBITDA margin (%)	7.0
Rationalization (%)	0.9
Total EBITDA (INR m)	346
Consideration (INR m)	1,500
Valuation (x)	4

Source: MOFSL, Company

Exhibit 2: Cost of setting up a store

Particulars	Scenario 1	Scenario 2
Consideration (INR m)	1,500	1,800
Area Covered (m sq ft)	0.8	0.8
Consideration/sq ft	1,923	2,308
Inventory cost/sq ft	828	828
Lease deposit/sq ft	170	170
Actual cost of set up/sq ft	925	1,310

Source: MOFSL, Company

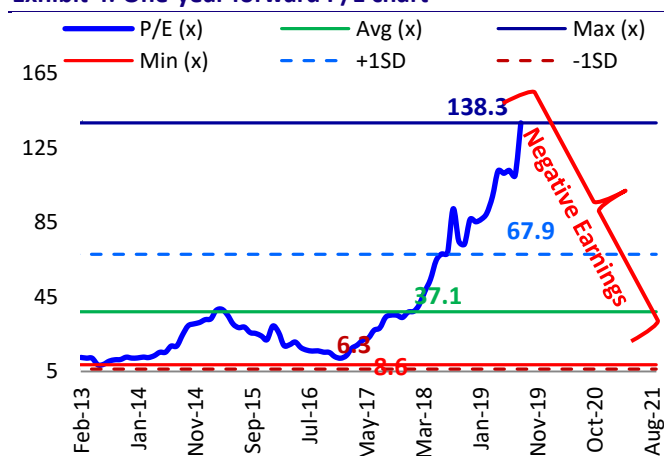
Other operational highlights

- Footfall increased 115% YoY to 3.1m during the quarter, while Average Selling Price (Apparel) increased 19% to INR295. Average Bill Size grew 3% YoY and stood at INR848.
- VMART opened up three new stores in 1QFY22. The total store count stood at 282 as of Jun'21.
- Inventory fell 15% QoQ to INR3.7b, aided by prudent inventory control measures.
- Shrinkage declined to 4.9% in 1QFY22 (10.3% in 1QFY21).

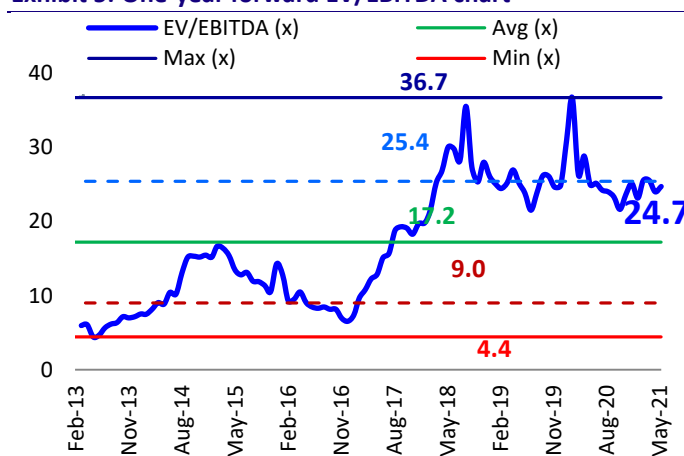
Exhibit 3: Valuation based on FY23E EBITDA

	Methodology	Driver (INR m)	Multiple	Fair Value (INR m)	Value/sh (INR)
EBITDA	FY23 EV/EBITDA	3,131	23	72,563	3,998
Less Net debt				1,407	78
Total Value				71,155	3,920
Shares o/s (m)				18.2	
CMP (INR)					3,420
Upside (%)					15

Source: MOFSL, Company

Exhibit 4: One-year forward P/E chart

Source: MOFSL, Company

Exhibit 5: One-year forward EV/EBITDA chart

Source: MOFSL, Company

Concall highlights

Key highlights

- **Recovery in sight:** The lockdowns continue to impact store operations in UP, Bihar, and the eastern region. However, strong demand in June/July, gradually easing restrictions, and strong festive/wedding demand should lead to pre-COVID throughput by 3QFY22.
- **Margin profile to improve:** The gross margin was maintained at 31%, with a price hike of 5–6% cushioning the RM increase; incrementally, cost efficiencies should help improve the operating margin to above pre-COVID levels.
- **Steady capex plan:** The target is to expand its retail space by 20–25%, with capex of INR1b for FY22. Of this, ~INR500m would be spent towards each store adds and new warehouses. Additionally, ~INR1,500m towards the acquisition of the “Unlimited” Retail business.
- **Unlimited biz deal integration:** This is in-line; it aims to complete the deal and take a handover of the business by 30th August 21.

DETAIL CONCALL HIGHLIGHTS

Performance for the quarter

- **Revenues:** Revenues were impacted during the quarter, largely due to the resurgence of COVID in April. The company operated at 49% of operating days during the quarter, with stringent restrictions.
- **Gross margins:** It maintained GM in the range of 31% despite the increase in RM and logistic costs, offset by a price increase of 5–6% across various product categories.
- **Online:** It streamlined operating issues and improved efficiencies in the online channel. The hyperlocal delivery model is expected to improve delivery times and last-mile costs. Furthermore, the company expects its revenue share to improve to ~5% over the next 2–3 yrs. The current average basket size stands at INR550.

Inventory

- Prudent inventory control and dynamic supply chain management helped in lowering inventory levels by 15% on YoY and QoQ basis.
- Fresh ordering for the autumn season is in full swing.
- Provisions: The company has continued to carry forward the additional provisions created a year ago.

Capex and cash

- The company maintains a comfortable liquidity position, aided by a fundraise in the form of QIP.
- It incurred capex of INR360b during the quarter towards the launch of three new stores and land acquisition for a warehouse near Gurugram. The warehouse would take 9–12 months to be up and running.

Expenditure

- Major expenditure (emp costs and rent) remained fixed. It grew YoY primarily due to lower cost-control measures and marginal relief from landlords.
- Electricity and marketing expenses: These remained largely in line with sales. The company would focus on digital marketing going ahead.

Business outlook**Business recovery**

- **Recovery:** Recovery is expected to be quick on the back of (a) a better comeback in June/July v/s May, (b) the expected easing of restrictions in operations post 15th August 21, and (c) strong festive and wedding season demand in 3QFY22. The company expects to reach pre-COVID levels of revenue/sq. ft. by 3QFY22.
- **Growth tailwinds:** The company is seeing tailwinds on account of improved MSP, the expectation of a good monsoon, and agri income. This would be partly offset by increased costs of cotton and yarn products, coupled with inflation.
- UP and Bihar are still seeing restrictions due to govt-imposed lockdowns – UP faces weekend shutdowns, while stores in Bihar operate on alternate days.
- The northeastern and eastern regions are yet to fully recover from restrictions due to the prevalent COVID cases in the state.
- The company is seeing good recovery in metros and tier 1 cities v/s other regions.
- **Election impact:** The company expects tailwinds post the elections as a result of liquidity infusion. This is expected to be partly offset by the pre-election impact related to rallies and lockdowns.

Capex plan

- The company opened up 5–6 stores post June. It expects annual capex on stores to be ~INR500m, while capex on the warehouse would be INR400–500m. Additional capex of ~INR1,500m is expected towards the acquisition of the “Unlimited” Retail business, which has a warehouse and stores in south India.
- **Store expansions:** There is no change in its expansion plans, subject to small adjustments. It would grow its retail space by 20–25%.
- **Price hike:** The company has gradually increased its prices by 5–6% across various products to pass on the higher cost of raw materials and logistics.
- **Unlimited deal integration:** The integration process is in-line, and the company has set a cut-off date for the completion to 30th August 21.
- **Loyalty customer initiatives:** More than 65% of sales come from loyalty customers. It aims to improve the annual lifetime value through the analytics of its database of 2m strong regular customers.

Exhibit 6: Standalone quarterly performance (INR m)

	1QFY21	4QFY21	1QFY22	YoY%	QoQ%	1QFY22E	v/s est (%)
Revenue	781	3,519	1,774	127.3	-49.6	1,853	-4.3
Raw Material cost	540	2,470	1,224	126.6	-50.4	1,306	-6.3
Gross Profit	240	1,049	550	128.8	-47.5	547	0.6
Gross Margin (%)	30.8	29.8	31.0	20bps	121bps	29.5	151bps
Employee Costs	189	355	334	77.1	-5.9	334	0.2
Other Expenses	110	358	235	113.7	-34.2	232	1.6
EBITDA	-58	336	-20	-66.5	-105.8	-19	5.7
EBITDA margin (%)	-7.5	9.5	-1.1	638bps	NM	-1.0	-10bps
Depreciation and amortization	263	256	255	-3.1	-0.3	287	-11.3
EBIT	-321	80	-274	-14.7	NM	-306	-10.3
EBIT margin (%)	-41.2	2.3	-15.5	2571bps	NM	-16.5	103bps
Finance Costs	146	146	156	6.7	6.5	134	16.2
Other income	14	43	45	223.2	3.7	63	-28.6
Exceptional item	0	0	0	0.0	0.0	0	NM
Profit before Tax	-454	-23	-385	-15.1	1581.4	-377	2.2
Tax	-117	-8	-98	-16.4	1101.2	-102	-3.7
Tax rate (%)	25.8	35.6	25.4	-40bps	-1017bps	27.0	-157bps
Profit after Tax	-336	-15	-287	-14.6	NM	-275	4.4

Source: MOFSL, Company

Exhibit 7: Summary of estimate change

Particulars	FY22E	FY23E
Revenue (INR m)		
Old	14,377	21,926
Actual/New	14,992	23,454
Change (%)	4.3	7.0
EBITDA (INR m)		
Old	1,610	2,927
Actual/New	1,754	3,131
Change (%)	8.9	7.0
EBITDA margin (%)		
Old	11.2	13.4
Actual/New	11.7	13.4
Change (bp)	50	0
Net Profit (INR m)		
Old	48	744
Actual/New	21	778
Change (%)	-56.0	4.5
EPS (INR)		
Old	3	41
Actual/New	1	43
Change (%)	-56.0	4.5

Source: MOFSL, Company

Story in charts

Exhibit 8: Revenue up 127% YoY

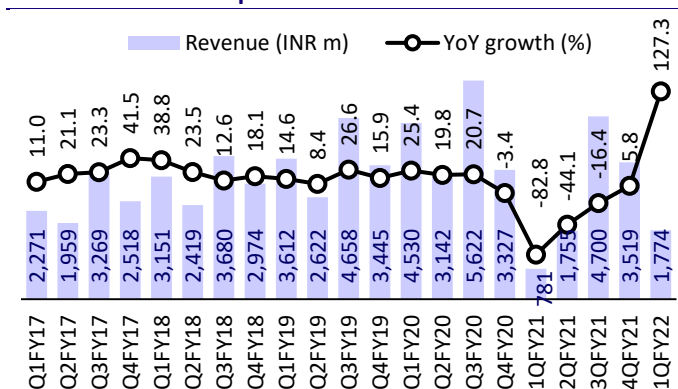
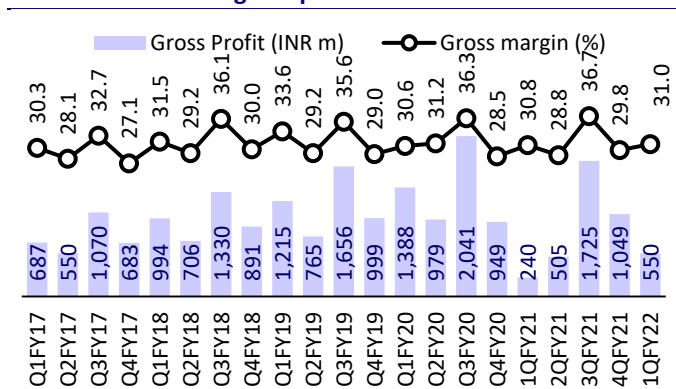


Exhibit 9: Gross margin expands to 31%



Source: Company, MOFSL

Exhibit 10: EBITDA turns negative in 1QFY22

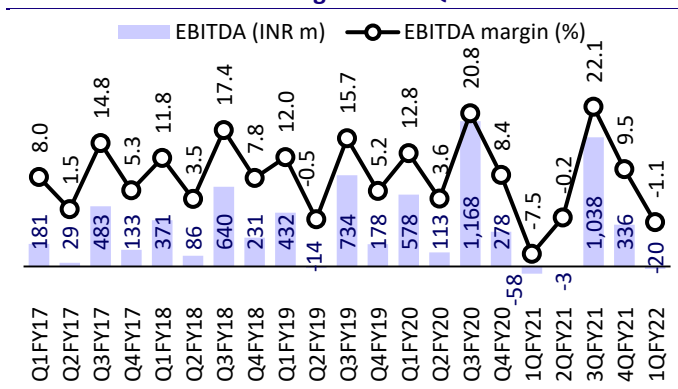
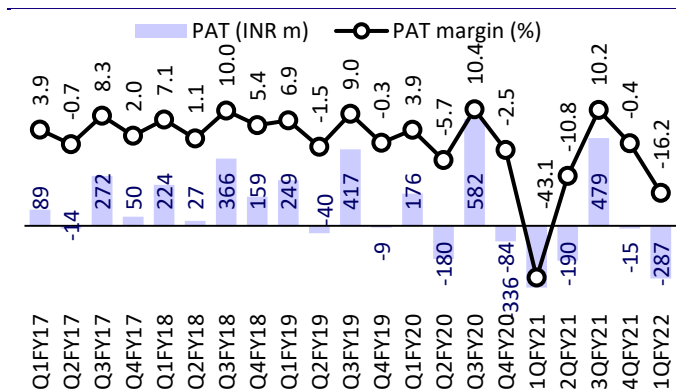


Exhibit 11: Net loss of INR287m



Source: Company, MOFSL

Exhibit 12: SSSG trend

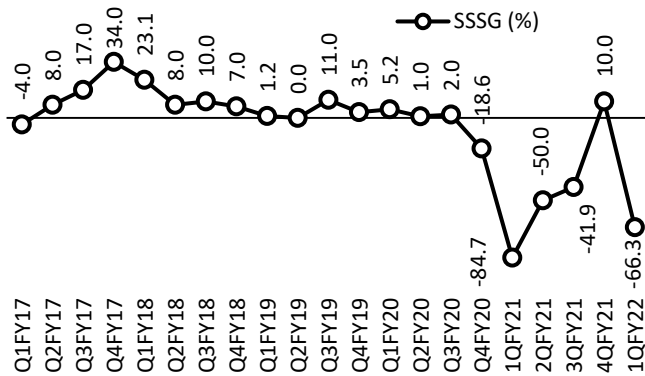
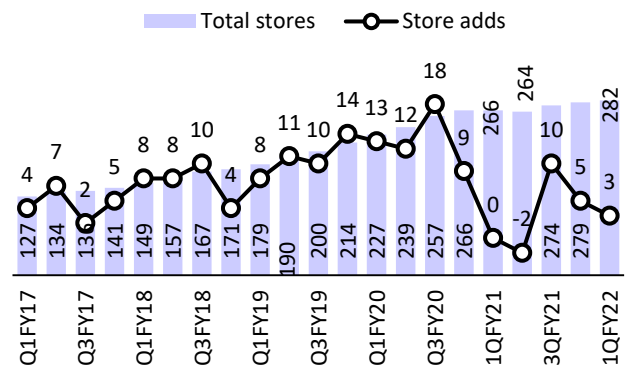
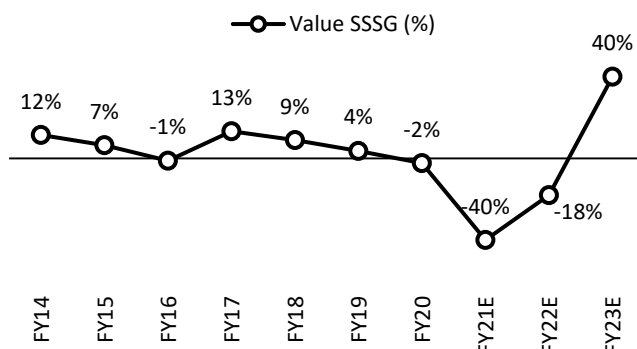


Exhibit 13: Total stores stand at 282



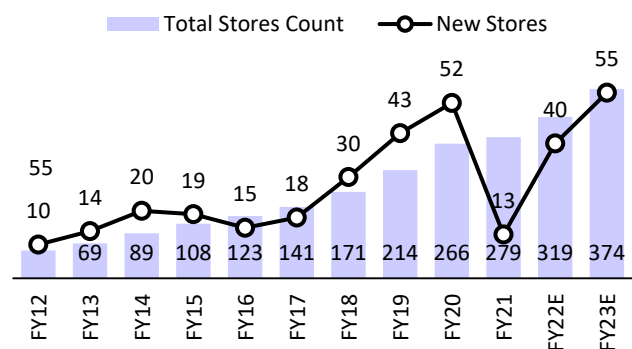
Source: Company, MOFSL

Exhibit 14: Expect SSSG to recover in FY23E



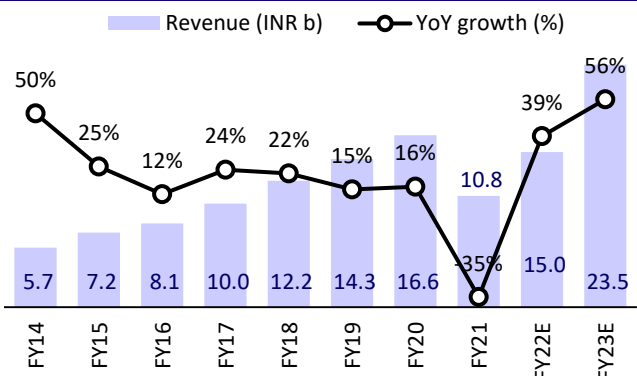
Source: Company, MOFSL

Exhibit 15: Store expansion trend



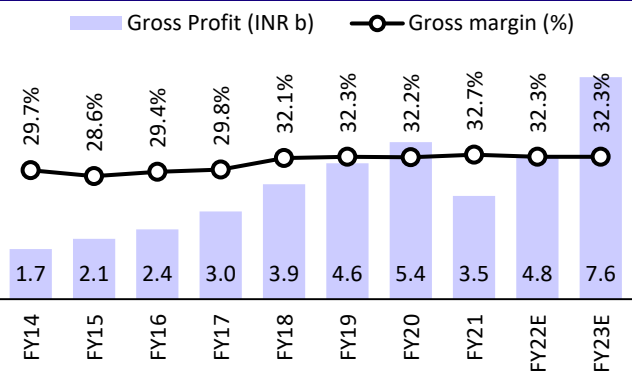
Source: Company, MOFSL

Exhibit 16: Revenue trend



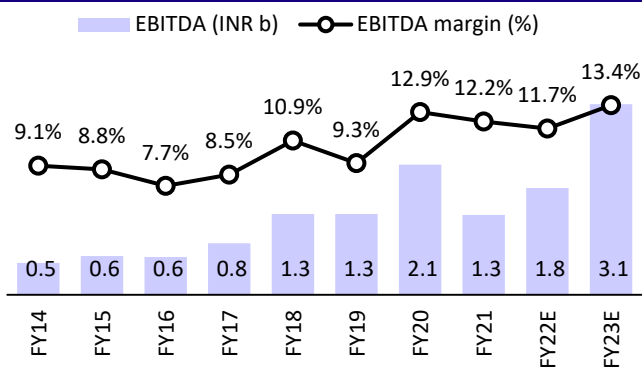
Source: Company, MOFSL

Exhibit 17: Gross margin trend



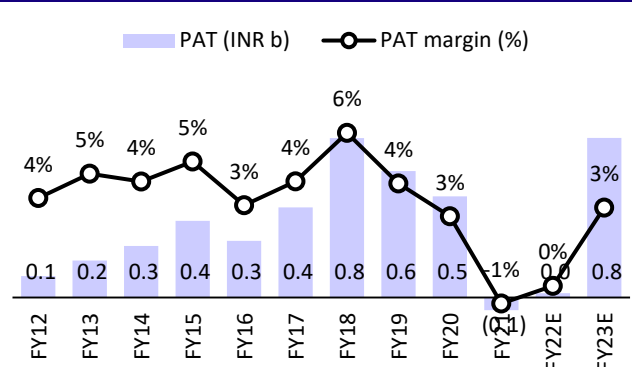
Source: Company, MOFSL

Exhibit 18: EBITDA margin to recover by FY23E



Source: Company, MOFSL

Exhibit 19: Expected PAT trend



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	8,093	10,017	12,224	14,337	16,620	10,755	14,992	23,454
Change (%)	12.4	23.8	22.0	17.3	15.9	-35.3	39.4	56.4
Raw Materials	5,712	7,028	8,303	9,703	11,263	7,236	10,150	15,878
Employees Cost	623	783	984	1,257	1,536	1,169	1,499	1,947
Rent and lease expenses	400	452	526	658	934	504	720	1,231
Advertising & Sales Promotion	191	0	0	394	354	180	315	493
Other Expenses	547	908	1,083	996	396	354	555	774
Total Expenditure	7,472	9,170	10,896	13,008	14,483	9,442	13,238	20,323
% of Sales	92.3	91.5	89.1	90.7	87.1	87.8	88.3	86.7
EBITDA	620	848	1,328	1,329	2,137	1,312	1,754	3,131
Margin (%)	7.7	8.5	10.9	9.3	12.9	12.2	11.7	13.4
Depreciation	190	186	229	276	939	1,030	1,234	1,515
EBIT	430	662	1,099	1,053	1,198	282	520	1,616
Int. and Finance Charges	31	35	15	16	548	589	660	660
Other Income	12	41	41	59	45	210	168	110
PBT bef. EO Exp.	411	668	1,125	1,096	695	-97	28	1,066
EO Items	12	0	0	-98	0	0	0	0
PBT after EO Exp.	423	668	1,125	998	695	-97	28	1,066
Total Tax	147	229	348	382	202	-35	7	288
Tax Rate (%)	34.7	34.3	30.9	38.3	29.0	35.8	25.4	27.0
Minority Interest	0	0	0	0	0	0	0	0
Reported PAT	276	439	777	616	493	-62	21	778
Adjusted PAT	268	439	777	715	493	-62	21	778
Change (%)	-30.4	63.7	76.9	-8.0	-31.0	-112.6	-133.7	NM
Margin (%)	3.3	4.4	6.4	5.0	3.0	-0.6	0.1	3.3

Standalone - Balance Sheet

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	181	181	181	181	182	197	197	197
Total Reserves	2,127	2,520	3,293	3,911	4,408	8,055	8,076	8,854
Net Worth	2,307	2,700	3,474	4,093	4,589	8,252	8,273	9,051
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	270	357	6	0	10	0	0	0
Deferred Tax Liabilities	-42	-79	-92	-118	-160	-253	-253	-253
Other long term liabilities	84	37	42	111	5,218	5,751	7,363	7,275
Lease Liabilities					5,157	5,678	5,678	5,678
Capital Employed	2,535	2,979	3,430	4,086	9,658	13,750	15,382	16,072
Net Fixed Assets	1,103	1,173	1,447	1,655	6,670	6,965	6,875	6,105
Right to use assets					4,921	5,180	5,180	5,180
Capital WIP	23	12	35	40	25	22	22	22
Total Investments	324	718	340	607	79	3,189	3,189	3,189
Curr. Assets, Loans&Adv.	2,340	2,925	3,584	3,898	5,302	5,836	8,203	9,763
Inventory	2,044	2,692	3,071	3,290	4,779	4,283	5,340	6,747
Account Receivables	0	0	0	0	0	0	0	0
Cash and Bank Balance	43	29	196	166	50	275	1,082	230
Loans and Advances	253	204	317	443	473	1,278	1,781	2,786
Curr. Liability & Prov.	1,255	1,850	1,977	2,114	2,419	2,262	2,906	3,006
Account Payables	956	1,599	1,668	1,483	1,968	1,917	2,464	2,570
Other Current Liabilities	217	220	267	534	451	345	441	436
Provisions	82	31	42	97	0	0	0	0
Net Current Assets	1,085	1,075	1,607	1,784	2,883	3,574	5,297	6,757
Appl. of Funds	2,535	2,979	3,430	4,086	9,658	13,750	15,382	16,072

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Basic (INR)								
EPS	14.8	24.3	42.9	39.5	27.3	-3.4	1.2	43.0
Cash EPS	25.3	34.5	55.6	54.8	79.2	53.5	69.3	126.7
BV/Share	127.5	149.2	192.0	226.1	253.6	456.0	457.1	500.1
DPS	1.3	0.0	0.0	1.7	0.0	0.0	0.0	0.0
Payout (%)	9.9	0.0	0.0	6.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	230.9	141.1	79.7	86.7	125.5	NM	2,962.0	79.6
Cash P/E	135.1	99.2	61.6	62.5	43.2	64.0	49.3	27.0
P/BV	26.8	22.9	17.8	15.1	13.5	7.5	7.5	6.8
EV/Sales	7.7	6.2	5.1	4.3	3.7	5.7	4.1	2.6
EV/EBITDA	100.2	73.5	46.5	46.5	31.5	51.3	37.9	21.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	11.1	30.0	9.2	19.7	17.5	60.1	71.8	-16.7
Return Ratios (%)								
RoE	12.3	17.5	25.2	18.9	11.4	NM	0.3	9.0
RoCE	11.7	16.4	24.1	18.1	12.7	2.7	3.7	8.8
RoIC	13.3	19.9	29.9	21.2	13.3	1.8	3.6	9.9
Working Capital Ratios								
Fixed Asset Turnover (x)	7.3	8.5	8.4	8.7	2.5	1.5	2.2	3.8
Asset Turnover (x)	3.2	3.4	3.6	3.5	1.7	0.8	1.0	1.5
Inventory (Days)	92	98	92	84	105	145	130	105
Debtor (Days)	0	0	0	0	0	0	0	0
Creditor (Days)	43	58	50	38	43	65	60	40
Leverage Ratio (x)								
Current Ratio	1.9	1.6	1.8	1.8	2.2	2.6	2.8	3.2
Interest Cover Ratio	13.8	18.8	71.9	65.3	2.2	0.5	0.8	2.4
Net Debt/Equity	0.0	-0.1	-0.2	-0.2	0.0	-0.4	-0.5	-0.4

Standalone - Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
OP/(Loss) before Tax	423	668	1,125	993	695	-97	28	1,066
Depreciation	190	179	222	268	939	1,030	1,234	1,515
Interest & Finance Charges	0	35	15	16	548	589	660	660
Direct Taxes Paid	-149	-243	-381	-332	-241	-35	-7	-288
(Inc)/Dec in WC	-207	69	-346	-270	-1,091	182	695	-2,400
CF from Operations	257	709	635	674	850	1,669	2,611	553
Others	204	-22	8	89	13	-176	-168	-110
CF from Operating incl EO	461	687	643	763	863	1,493	2,442	443
(Inc)/Dec in FA	-260	-145	-478	-407	-546	-406	-1,143	-746
Free Cash Flow	201	542	166	357	317	1,087	1,299	-302
(Pur)/Sale of Investments	-101	-337	395	-339	550	-3,092	0	0
Others	-10	-245	-68	12	2	-690	168	110
CF from Investments	-372	-728	-151	-734	5	-4,188	-975	-636
Issue of Shares	8	0	9	19	13	3,713	0	0
Inc/(Dec) in Debt	-20	87	-351	-3	8	-11	0	0
Interest Paid	-35	-37	-15	-16	-933	-589	-660	-660
Dividend Paid	-48	-2	-27	-44	-31	0	0	0
Others	0	0	0	0	0	-244	0	0
CF from Fin. Activity	-96	49	-384	-44	-943	2,869	-660	-660
Inc/Dec of Cash	-6	8	109	-14	-75	174	807	-853
Opening Balance (excluding bank bal.)	26	20	29	137	123	48	222	1,029
Closing Balance	20	29	137	123	48	222	1,029	177
Bank balance	22	1	59	43	1	53	53	53
Closing Balance (including bank balance)	43	29	196	166	50	275	1,082	230

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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