Choice
Nurturing Financial Excellence

# IPO REPORT

"SUBSCRIBE" to

# Aditya Birla Sun Life AMC Ltd.

**Largest non-bank AMC with strong parentage**

Choice
Nurturing Financial Excellence

# IPO UPDATE

27[st] Sept. 2021

## Salient features of the IPO:

- **Aditya Birla Sun Life AMC Ltd.** (ABAMC) - the country's largest non-banking affiliated fund house is coming up with an IPO to raise Rs. 2,770cr, which opens on 29th Sept. and closes on 1st Oct. 2021. The price band is Rs. 695 - 712 per share.
- The company is promoted by Aditya Birla Capital Ltd. (ABCL) and Sun Life (India) AMC Investments Inc.
- The issue consists of only OFS portion. As a result, the company will not receive any proceeds from it.

## Key competitive strengths:

- Largest non-bank affiliated asset manager in India
- Well-recognized brand with experienced promoters
- Growing individual investor customer base driven by strong systematic flows and B-30 penetration
- Diverse product portfolio with fund performance supported by research driven investment philosophy
- Pan-India, diversified distribution network
- Long-term track record of innovation and use of technology
- Franchise led by experienced and stable management and investment teams

## Risk and concerns:

- Slow revival in economic activities post pandemic
- Decline or volatility in global & domestic equity markets
- Changes in interest rates and defaults
- Unfavorable composition of AUM
- Intense competition
- Unfavorable regulation

## Below are the key highlights of the company:

- Since Mar. 2018, ABAMC is ranked as the largest non-bank affiliated AMC in India and among the top-4 largest AMCs in India since September 30, 2011. As of 30th Jun. 2021, it managed total asset under management (AUM) of Rs. 2.9tn, under various schemes of mutual funds, portfolio management services, offshore and real estate offerings.
- As of 30th Jun. 2021, the company managed 118 schemes comprising of 37 equity schemes, 68 debt schemes, two liquid schemes, five ETFs and six domestic FoFs. Its flagship schemes include Aditya Birla Sun Life Frontline Equity Fund and Aditya Birla Sun Life Corporate Bond Fund, both of which have grown to become one of the leading funds in India.
- Equity-oriented schemes generally generate higher management fees. Between Mar- 2016 and Jun. 2021, ABAMC witnessed a 14.4% increase in equity-mix, which was greater than the sector's increase of 13.7%. This was also the second highest among the top-five AMCs and the fourth highest among the top-10 AMCs. As of 30th Jun. 2021, ABAMC's equity AUM was ranked fifth among its top-10.
- ABAMC has seen a consistent improvement in AUM share from B-30 in the last three years. Among the top-5 AMCs, the company has witnessed highest improvement in the business contribution from the B-30 during Mar. 2019 and Jun. 2021. It is the fifth largest player in the individual investor's AUM among the top-10 AMCs. Correspondingly, its individual investor-mix increased from 40% (as of 31st Mar. 2016) to 47% (as of 30the Jun. 2021), which was the second highest increase among the top-5 largest AMCs in India.

| Recommendation | SUBSCRIBE |
|---|---|
| Price band | Rs. 695 - 712 per share |
| Face value | Rs. 5 |
| Shares for fresh issue | Nil |
| Shares for OFS | 3.888cr shares |
| Fresh issue size | N/a |
| OFS issue size | Rs. 2,702.2 - 2,768.3cr |
| Total issue size | 3.888cr shares (Rs. 2,702.2 - 2,768.3cr) |
| Reserved for ABCL shareholders | 0.194cr shares |
| Net issue size | 3.694cr shares (Rs. 2,567.1 - 2,629.8cr) |
| Bidding date | 29th Sept. - 1st Oct. 2021 |
| MCAP at higher price band | Rs. 20,506cr |
| Enterprise value at higher price band | Rs. 18,828cr |
| Book running lead manager | Kotak Mahindra Capital Company Ltd., BofA Securities India Ltd., Citigroup Global Markets India Pvt. Ltd., Axis Capital Ltd., HDFC Bank Ltd., ICICI Securities Ltd., IIFL Securities Ltd., JM Financial Ltd., Motilal Oswal Investment Advisors Ltd., SBI Capital Markets Ltd. and YES Securities (India) Ltd. |
| Registrar | KFin Technologies Pvt. Ltd. |
| Sector | Asset management company |
| Promoters | Aditya Birla Capital Ltd. and Sun Life (India) AMC Investments Inc. |

**Issue breakup**

| Category | Percent of issue (%) | Number of shares |
|---|---|---|
| QIB portion | 50% | 1.847cr shares |
| Non institutional portion | 15% | 0.554cr shares |
| Retail portion | 35% | 1.293cr shares |

**Indicative IPO process time line**

| | |
|---|---|
| Finalization of basis of allotment | 6th Oct. 2021 |
| Unblocking of ASBA account | 7th Oct. 2021 |
| Credit to demat accounts | 8th Oct. 2021 |
| Commencement of trading | 11th Oct. 2021 |

**Pre and post - issue shareholding pattern**

| | Pre-issue | Post-issue |
|---|---|---|
| Promoter & promoter group | 100.00% | 86.50% |
| Public | 0.00% | 13.50% |
| **Total** | **100.00%** | **100.00%** |

**Retail application money at higher cut-off price per lot**

| | |
|---|---|
| Number of shares per lot | 20 |
| Application money | Rs. 14,240 per Lot |

**Analyst**

**Rajnath Yadav**

Research Analyst (022 - 6707 9999; Ext: 912)

Email: rajnath.yadav@choiceindia.com

# IPO UPDATE

## Key highlights of the company (Contd…):

| Company name | Face value (Rs.) | CMP (Rs.) | MCAP (Rs. cr) | EV (Rs. cr) | Stock return | | | | MF AUM (Rs. cr) | AUM Market share | TTM total operating revenue (Rs. cr) | TTM EBITDA (Rs. cr) | TTM PAT (Rs. cr) | TTM EBITDA margin | TTM PAT margin |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 1 M | 3 M | 6 M | 1 Y | | | | | | | |
| **Aditya Birla Sun Life AMC Ltd.** | **5** | **712** | **20,506** | **18,828** | | | | | **282,127** | **8.3%** | **1,268** | **800** | **584** | **63.1%** | **46.1%** |
| HDFC Asset Management Company Ltd. | 5 | 3,239 | 69,008 | 64,847 | 9.6% | 9.4% | 12.6% | 52.5% | 418,700 | 12.4% | 1,948 | 1,529 | 1,369 | 78.5% | 70.3% |
| Nippon Life India Asset Management Ltd. | 10 | 442 | 27,348 | 26,988 | 8.9% | 21.6% | 30.0% | 73.2% | 244,200 | 7.2% | 1,131 | 627 | 706 | 55.4% | 62.4% |
| UTI Asset Management Company Ltd. | 10 | 1,113 | 14,111 | 13,905 | 0.3% | 25.9% | 95.7% | 0.0% | 187,210 | 5.6% | 1,252 | 687 | 548 | 54.9% | 43.8% |
| **Average** | | | | | | | | | | | | | | **62.9%** | **58.8%** |

| Company name | 4Y AUM growth (CAGR) | 4Y average revenue / AUM | 4Y average PAT / AUM | 4Y top-line growth (CAGR) | 4Y EBITDA growth (CAGR) | 4Y PAT growth (CAGR) | 4Y average EBITDA margin | 4Y average PAT margin | 4Y CFO growth (CAGR) | 4Y average RoE | 4Y average RoIC |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Aditya Birla Sun Life AMC Ltd.** | **4.1%** | **0.6%** | **0.2%** | **-3.4%** | **9.5%** | **14.7%** | **52.0%** | **35.6%** | **14.0%** | **33.9%** | **35.2%** |
| HDFC Asset Management Company Ltd. | 9.8% | 0.6% | 0.3% | 1.8% | 15.3% | 23.1% | 68.7% | 55.9% | 20.6% | 30.2% | 33.3% |
| Nippon Life India Asset Management Ltd. | 0.4% | 0.6% | 0.2% | -12.6% | 3.1% | 14.3% | 40.9% | 40.0% | 6.6% | 19.0% | 43.9% |
| UTI Asset Management Company Ltd. | 5.7% | 0.7% | 0.2% | -0.1% | 4.4% | 11.4% | 46.4% | 34.5% | -1.6% | 13.4% | 122.2% |
| **Average** | **5.3%** | **0.6%** | **0.3%** | **-3.6%** | **7.6%** | **16.3%** | **52.0%** | **43.5%** | **8.6%** | **20.9%** | **66.5%** |

| Company Name | TTM EPS (Rs.) | TTM BVPS (Rs.) | TTM DPS (Rs.) | TTM RoE (%) | TTM RoCE (%) | TTM P / E (x) | TTM P / B (x) | EV / TTM Sales (x) | EV / TTM EBITDA (x) | MCAP / TTM Sales (x) | MCAP / AUM (%) | Earning yield (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Aditya Birla Sun Life AMC Ltd.** | **20.3** | **59.2** | **4.9** | **34.3%** | **41.5%** | **35.1** | **12.0** | **14.9** | **23.5** | **16.2** | **7.3%** | **2.8%** |
| HDFC Asset Management Company Ltd. | 64.2 | 224.2 | 28.0 | 28.7% | 30.6% | 50.4 | 14.4 | 33.3 | 42.4 | 35.4 | 16.5% | 2.0% |
| Nippon Life India Asset Management Ltd. | 11.4 | 50.1 | 5.0 | 22.8% | 18.9% | 38.8 | 8.8 | 23.9 | 43.1 | 24.2 | 11.2% | 2.6% |
| UTI Asset Management Company Ltd. | 43.2 | 254.4 | 7.0 | 17.0% | 19.6% | 25.8 | 4.4 | 11.1 | 20.2 | 11.3 | 7.5% | 3.9% |
| **Average** | | | **13.3** | **22.8%** | **23.0%** | **38.3** | **9.2** | **22.8** | **35.2** | **23.6** | **11.7%** | **2.8%** |

*Source: Choice Broking Research*

- Over FY18-21, the AMC sector witnessed volatility in the equity markets & loss of investor sentiment in the later part of the period and change in the SEBI's regulations on TER & prepaid commission expense, which led to lower asset management fees and decrease in commission expenses for the AMCs. Thus despite reporting a 4.1% CAGR higher AUM, ABAMC's consolidated total revenue during FY18-21 declined by 3.4% CAGR to Rs. 1,191cr in FY21. Mainly on the back of lower fees & commission expenses (led by SEBI's regulation), consolidated EBITDA increased by 9.5% CAGR, while EBITDA margin expanding by around 20ppts to 60.8% in FY21. With relatively stable expenses towards the corporate taxation, ABAMC reported a 14.7% CAGR higher PAT, which stood at Rs. 526.3cr with a margin of 44.2% (which expanded by around 18ppts during FY18-21). The company has consistently generated a positive operating cash flow over FY18-21, which has increased by 14% CAGR. Average operating cash flow during the period stood at Rs. 417.7cr. Average RoE during the period stood at 33.9%. It is consistently paying dividend with an average payout of 63.7% during FY18-20. Dividend payout stood at 26.6% in FY21.
- On TTM basis, the company has reported a top-line of Rs. 1,267.7cr, with EBITDA and PAT margins of 63.1% and 46.1%, respectively. Assuming around 6% CAGR rise in AUM over FY21-24E, the company is likely to report a 10.5% CAGR rise in consolidated top-line to Rs. 1,607.6cr in FY24E. It would largely maintain its profitability margins with EBITDA margin expanding by 25bps, while PAT margin contracting by 80bps (mainly due to lower other income). Anticipating a dividend per share of Rs. 10, RoE is forecasted to contract by around 6ppts to 25.2% in FY24E.

**Peer comparison and valuation:** With supportive government policies, financialization of household savings, increasing penetration in the B30 cities, the macros of the domestic mutual fund industry are positive and provide huge scope for growth and development. At higher price band of Rs. 712, ABAMC is demanding a TTM P/E multiple of 35.1x (to its TTM EPS of Rs. 20.3), which is at discount to the peer average of 38.3x. Moreover, based on FY24E earnings, the stock is demanding a P/E valuation of 29.4x, which seems to be attractive for a company with a RoE excess of 25%. Thus considering the above observations, we assign a "**SUBSCRIBE**" rating for the issue.

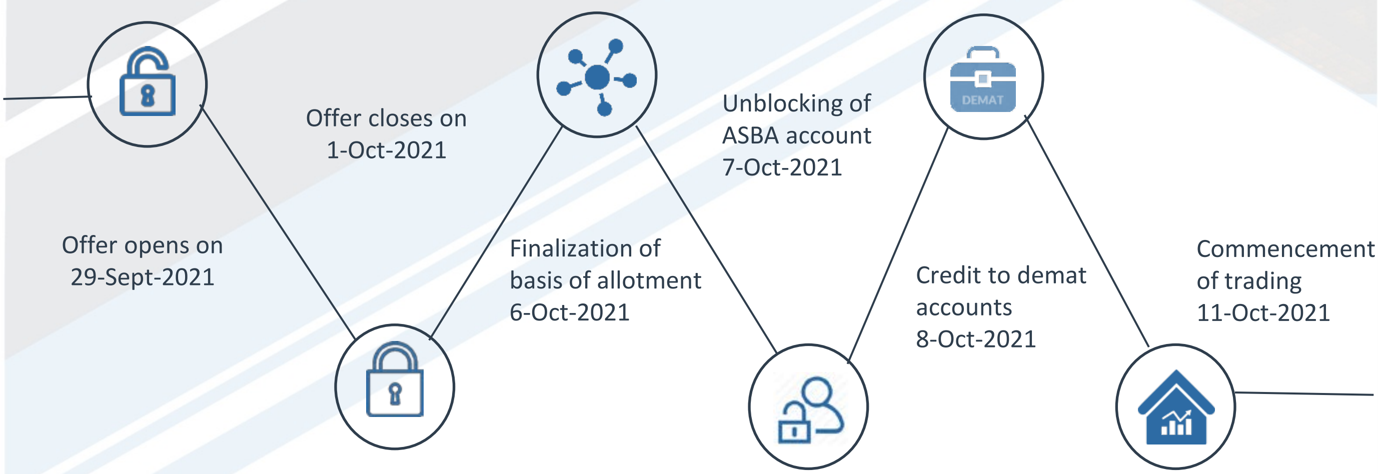
## About the issue:

- ABAMC is coming up with an initial public offering (IPO) with 3.888cr shares (fresh issue: nil; OFS shares: 3.888cr shares) in offering. The offer represents around 13.50% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 2,702.2 - 2,768.3cr.
- The issue will open on 29th Sept. 2021 and close on 1st Oct. 2021.
- The issue is through book building process with a price band of Rs. 695 - 712 per share.
- The issue consists of only OFS portion. As a result, the company will not receive any proceeds from it.
- 0.194cr shares are reserved for the eligible shareholders of ABCL. Thus the net issue size is Rs. 2,567.1 - 2,629.8cr.
- 50% of the net issue are reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- Promoter currently holds 100% stake in the company and post-IPO this will come down to 86.50%. Public holding will increase from current nil to 13.50%.

| Pre and post-issue shareholding pattern (%) | | |
|---|---|---|
| | **Pre-issue** | **Post-issue (at higher price band)** |
| Promoter & promoter group (%) | 100.00% | 86.50% |
| Public (%) | 0.00% | 13.50% |

*Source: Choice Equity Broking*

## Indicative IPO process time line:



## Financial performance:

**Performance over FY18-21:** Over FY18-21, the AMC sector has witnessed fall in AUM (mainly arising from the volatility in the equity markets and loss investor sentiment in the later part of the period) and change in the SEBI's regulations on TER and prepaid commission expense, which led to lower asset management fees and decrease in commission expenses for the AMCs. Thus despite reporting a 4.1% CAGR higher AUM, ABAMC reported a 3.2% CAGR fall in the fees & commission income over FY18-21, which was partially offset by 18.5% CAGR rise in net gain on fair value changes (arising mainly due to higher gains earned on debt and equity schemes). Consequently, consolidated total revenue during FY18-21 declined by 3.4% CAGR to Rs. 1,191cr in FY21. On TTM basis, total revenue stood at Rs. 1,267.7cr.

Mainly on the back of SEBI's regulation on the prepaid commission, the AMC reported a 43.5% CAGR lower fees & commission expenses. Additionally, as a percent of top-line, fees & commission expenses stood at 4% in FY21 as compared to 19.8% in FY18. Other expenses, which stood at 20.7% of the top-line in FY18 declined by 13.2% CAGR, leading to a 15.4% CAGR fall in total operating expenditure. As a result, consolidated EBITDA increased by 9.5% CAGR, while EBITDA margin expanding by around 20ppts to 60.8% in FY21. On a TTM basis, EBITDA stood at Rs. 800.3cr with a margin of 63.1%.

With relatively stable expenses towards the corporate taxation, ABAMC reported a 14.7% CAGR higher PAT, which stood at Rs. 526.3cr with a margin of 44.2% (which expanded by around 18ppts during FY18-21). During the last 12 months, reported PAT stood at Rs. 583.9cr with a margin of 46.1%.

The company has consistently generated a positive operating cash flow over FY18-21, which has increased by 14% CAGR. Average operating cash flow during the period stood at Rs. 417.7cr. Average RoE during the period stood at 33.9%. It is consistently paying dividend with an average payout of 63.7% during FY18-20. Dividend payout stood at 26.6% in FY21.

| Consolidated financial snapshot (Rs. cr) | FY18 | FY19 | FY20 | FY21 | TTM | CAGR over FY18-21 (%) | Y-o-Y (%, Annual) |
|---|---|---|---|---|---|---|---|
| *Total fees and commission income* | *1,249.1* | *1,326.8* | *1,159.7* | *1,067.9* | *1,152.4* | *-5.1%* | *-7.9%* |
| *Net gain/(loss) on fair value changes* | *74.0* | *79.3* | *74.2* | *123.1* | *115.3* | *18.5%* | *66.0%* |
| Revenue from operations | 1,323.1 | 1,406.1 | 1,233.8 | 1,191.0 | 1,267.7 | -3.4% | -3.5% |
| EBITDA | 551.6 | 682.7 | 701.8 | 724.1 | 800.3 | 9.5% | 3.2% |
| Reported PAT | 348.6 | 446.8 | 494.4 | 526.3 | 583.9 | 14.7% | 6.4% |
| | | | | | | | |
| Restated reported EPS | 12.1 | 15.5 | 17.2 | 18.3 | 20.3 | 14.7% | 6.4% |
| | | | | | | | |
| Cash flow from operating activities | 346.0 | 315.3 | 497.0 | 512.3 | 567.0 | 14.0% | 3.1% |
| NOPLAT | 382.3 | 424.3 | 503.8 | 518.3 | 569.2 | 10.7% | 2.9% |
| FCF | | 378.9 | 346.4 | 61.6 | | | -82.2% |
| | | | | | | | |
| RoIC (%) | 36.0% | 37.7% | 38.9% | 29.3% | 30.4% | (666) bps | (960) bps |
| | | | | | | | |
| Revenue growth rate (%) | | 6.3% | -12.2% | -3.5% | | | |
| EBITDA growth rate (%) | | 23.8% | 2.8% | 3.2% | | | |
| EBITDA margin (%) | 41.7% | 48.6% | 56.9% | 60.8% | 63.1% | 1,910 bps | 392 bps |
| EBIT growth rate (%) | | 23.6% | 2.3% | 3.2% | | | |
| EBIT margin (%) | 39.8% | 46.3% | 53.9% | 57.7% | 60.2% | 1,790 bps | 373 bps |
| Restated reported PAT growth rate (%) | | 28.2% | 10.7% | 6.4% | | | |
| Restated reported PAT margin (%) | 26.3% | 31.8% | 40.1% | 44.2% | 46.1% | 1,784 bps | 412 bps |
| | | | | | | | |
| Fixed asset turnover ratio (x) | 14.6 | 14.5 | 14.2 | 15.2 | 17.4 | 1.3% | 7.6% |
| Total asset turnover ratio (x) | 0.9 | 0.9 | 0.8 | 0.6 | 0.6 | -11.1% | -23.5% |
| | | | | | | | |
| Current ratio (x) | 4.5 | 6.1 | 8.7 | 12.8 | 13.5 | 41.2% | 46.7% |
| Total debt (Rs.) | 130.0 | 125.5 | 109.0 | 105.9 | 102.2 | -6.6% | -2.8% |
| Net debt (Rs.) | (1,055.0) | (1,051.1) | (1,201.2) | (1,677.2) | (1,802.2) | 16.7% | 39.6% |
| Debt to equity (x) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | -18.4% | -24.9% |
| Net debt to EBITDA (x) | (1.9) | (1.5) | (1.7) | (2.3) | (2.3) | 6.6% | 35.3% |
| | | | | | | | |
| RoE (%) | 30.6% | 36.6% | 37.5% | 30.9% | 32.4% | 23 bps | (667) bps |
| RoA (%) | 22.5% | 29.8% | 31.5% | 26.5% | 28.0% | 402 bps | (493) bps |

*Source: Choice Equity Broking*

## Competitive strengths:

- Largest non-bank affiliated asset manager in India
- Well-recognized brand with experienced promoters
- Growing individual investor customer base driven by strong systematic flows and B-30 penetration
- Diverse product portfolio with fund performance supported by research driven investment philosophy
- Pan-India, diversified distribution network
- Long-term track record of innovation and use of technology
- Franchise led by experienced and stable management and investment teams

## Business strategy:

- Continue to increase geographic reach and strengthen relationships with the distributors
- Continue to focus on delivering sustained investment performance and portfolio differentiation
- Strengthen employee value proposition to continue to attract and retain good quality talent
- Leverage digital platforms to increase customer acquisition and enhance customer experience
- Enhance product portfolio by developing investment offerings


## Risk and concerns:

- Slow revival in economic activities post pandemic
- Decline or volatility in global & domestic equity markets
- Changes in interest rates and defaults
- Unfavorable composition of AUM
- Intense competition
- Unfavorable regulation

## Financial statements:

| Consolidated profit and loss statement (Rs. cr) | FY18 | FY19 | FY20 | FY21 | TTM | CAGR over FY18 - 21 (%) | Annual growth over FY20 (%) |
|---|---|---|---|---|---|---|---|
| **Revenue from operations** | **1,323.1** | **1,406.1** | **1,233.8** | **1,191.0** | **1,267.7** | **-3.4%** | **-3.5%** |
| Fees and commission expenses | (261.5) | (143.5) | (75.1) | (47.1) | (37.1) | -43.5% | -37.3% |
| Employee benefit expenses | (236.3) | (277.5) | (242.0) | (240.7) | (249.6) | 0.6% | -0.5% |
| Other expense | (273.6) | (302.3) | (215.0) | (179.2) | (180.7) | -13.2% | -16.7% |
| **EBITDA** | **551.6** | **682.7** | **701.8** | **724.1** | **800.3** | **9.5%** | **3.2%** |
| Depreciation and amortization expense | (25.7) | (32.4) | (36.5) | (37.4) | (36.9) | 13.4% | 2.5% |
| **EBIT** | **525.9** | **650.3** | **665.2** | **686.6** | **763.4** | **9.3%** | **3.2%** |
| Finance cost | (5.0) | (5.7) | (5.4) | (5.6) | (5.4) | 3.3% | 2.1% |
| Other income | 0.6 | 1.2 | 0.9 | 14.8 | 13.7 | 190.2% | 1487.7% |
| **PBT** | **521.5** | **645.8** | **660.7** | **695.9** | **771.7** | **10.1%** | **5.3%** |
| Tax expenses | (172.9) | (199.0) | (166.3) | (169.6) | (187.8) | -0.6% | 2.0% |
| **Reported PAT** | **348.6** | **446.8** | **494.4** | **526.3** | **583.9** | **14.7%** | **6.4%** |

| Consolidated balance sheet statement (Rs. cr) | FY18 | FY19 | FY20 | FY21 | TTM | CAGR over FY18 - 21 (%) | Annual growth over FY20 (%) |
|---|---|---|---|---|---|---|---|
| Equity share capital | 18.0 | 18.0 | 18.0 | 18.0 | 144.0 | 0.0% | 0.0% |
| Other equity | 1,119.5 | 1,202.6 | 1,298.9 | 1,686.6 | 1,658.2 | 14.6% | 29.9% |
| Trade payables | 144.7 | 75.5 | 47.4 | 37.4 | 42.1 | -36.3% | -21.1% |
| Lease liabilities | 70.0 | 71.9 | 62.1 | 59.3 | 57.0 | -5.4% | -4.5% |
| Other financial liabilities | 60.0 | 53.6 | 46.9 | 46.6 | 45.2 | -8.1% | -0.7% |
| Current net tax liabilities | 0.1 | 0.0 | 0.0 | 9.4 | 15.5 | 366.1% | 52233.3% |
| Provisions | 88.5 | 50.3 | 70.5 | 94.5 | 95.5 | 2.2% | 34.0% |
| Net deferred tax liabilities | 33.1 | 7.0 | 14.6 | 13.7 | 9.9 | -25.4% | -6.0% |
| Other non-financial liabilities | 15.3 | 19.5 | 13.5 | 18.9 | 18.4 | 7.4% | 40.4% |
| **Total liabilities** | **1,549.3** | **1,498.5** | **1,572.0** | **1,984.6** | **2,085.9** | **8.6%** | **26.2%** |
| | | | | | | | |
| Property, plant and equipment | 17.3 | 20.5 | 19.1 | 12.2 | 10.5 | -10.9% | -35.8% |
| Other intangible assets | 7.9 | 9.5 | 12.4 | 13.3 | 12.4 | 19.0% | 6.9% |
| Capital work-in-progress | 0.2 | 1.2 | 0.2 | 0.1 | 0.2 | -19.8% | -49.7% |
| Intangible assets under development | 0.3 | 1.1 | 0.8 | 1.0 | 0.8 | 57.6% | 21.9% |
| Right of use assets | 64.7 | 64.6 | 54.7 | 51.6 | 49.1 | -7.3% | -5.7% |
| Current net tax assets | 12.6 | 16.0 | 27.4 | 16.9 | 6.4 | 10.3% | -38.4% |
| Other non-financial assets | 199.2 | 154.8 | 93.6 | 56.2 | 63.6 | -34.4% | -39.9% |
| Investments | 1,140.7 | 1,138.1 | 1,263.4 | 1,726.3 | 1,852.1 | 14.8% | 36.6% |
| Loans | | 0.1 | 0.1 | 0.0 | 0.0 | | -74.4% |
| Receivables | 44.7 | 25.7 | 40.5 | 31.0 | 25.7 | -11.5% | -23.5% |
| Cash and cash equivalents | 44.3 | 38.5 | 46.9 | 56.8 | 52.3 | 8.7% | 21.2% |
| Other financial assets | 17.5 | 28.5 | 12.9 | 19.2 | 12.7 | 3.2% | 48.4% |
| **Total assets** | **1,549.3** | **1,498.5** | **1,572.0** | **1,984.6** | **2,085.9** | **8.6%** | **26.2%** |

*Source: Choice Equity Broking*

## Financial statements:

| Consolidated cash flow statement (Rs. cr) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Particulars (Rs. mn)** | **FY18** | **FY19** | **FY20** | **FY21** | **TTM** | **CAGR over FY18 - 21 (%)** | **Annual growth over FY20 (%)** |
| Cash flow before working capital changes | 483.6 | 600.7 | 629.9 | 601.9 | 698.0 | 7.6% | -4.5% |
| Working capital changes | 8.3 | (57.1) | 37.4 | 61.4 | 31.7 | 94.9% | 63.8% |
| **Cash flow from operating activities** | **346.0** | **315.3** | **497.0** | **512.3** | **567.0** | **14.0%** | **3.1%** |
| Purchase and construction of property, plant and equipment | (16.5) | (20.4) | (16.4) | (11.5) | (9.3) | -11.3% | -29.7% |
| **Cash flow from investing activities** | **(69.3)** | **62.4** | **(66.1)** | **(339.8)** | **(323.8)** | **69.9%** | **414.3%** |
| **Cash flow from financing activities** | **(258.6)** | **(383.6)** | **(422.5)** | **(162.5)** | **(235.0)** | **-14.4%** | **-61.5%** |
| | | | | | | | |
| **Net cash flow** | **18.1** | **(5.8)** | **8.4** | **9.9** | **8.2** | **-18.2%** | **18.4%** |
| Opening balance of cash | 25.9 | 44.0 | 38.2 | 46.6 | 43.8 | 21.6% | 21.9% |
| **Closing balance of cash** | **44.0** | **38.2** | **46.6** | **56.5** | **52.0** | **8.7%** | **21.3%** |

| Consolidated financial ratios | | | | | |
|---|---|---|---|---|---|
| **Particulars (Rs. mn)** | **FY18** | **FY19** | **FY20** | **FY21** | **TTM** |
| Revenue growth rate (%) | | 6.3% | -12.2% | -3.5% | |
| EBITDA growth rate (%) | | 23.8% | 2.8% | 3.2% | |
| EBITDA margin (%) | 41.7% | 48.6% | 56.9% | 60.8% | 63.1% |
| EBIT growth rate (%) | | 23.6% | 2.3% | 3.2% | |
| EBIT margin (%) | 39.8% | 46.3% | 53.9% | 57.7% | 60.2% |
| Restated reported PAT growth rate (%) | | 28.2% | 10.7% | 6.4% | |
| Restated reported PAT margin (%) | 26.3% | 31.8% | 40.1% | 44.2% | 46.1% |
| **Turnover ratios** | | | | | |
| Trade receivable turnover ratio (x) | 29.6 | 40.0 | 37.3 | 33.4 | 49.3 |
| Accounts payable turnover ratio (x) | 9.1 | 12.8 | 20.1 | 28.1 | 30.1 |
| Fixed asset turnover ratio (x) | 14.6 | 14.5 | 14.2 | 15.2 | 17.4 |
| Total asset turnover ratio (x) | 0.9 | 0.9 | 0.8 | 0.6 | 0.6 |
| **Return ratios** | | | | | |
| RoE (%) | 30.6% | 36.6% | 37.5% | 30.9% | 32.4% |
| RoA (%) | 22.5% | 29.8% | 31.5% | 26.5% | 28.0% |
| **Per share data** | | | | | |
| Restated adjusted EPS (Rs.) | 12.1 | 15.5 | 17.2 | 18.3 | 20.3 |
| DPS (Rs.) | 6.9 | 10.4 | 11.5 | 4.9 | 7.3 |
| BVPS (Rs.) | 39.5 | 42.4 | 45.7 | 59.2 | 62.6 |
| Operating cash flow per share (Rs.) | 12.0 | 10.9 | 17.3 | 17.8 | 19.7 |
| Free cash flow per share (Rs.) | | 13.2 | 12.0 | 2.1 | |
| Dividend payout ratio | 57.3% | 67.1% | 66.7% | 26.6% | 36.1% |

*Note: Ratios calculated on pre-issue data; Source: Choice Equity Broking*

# Disclaimer

This is solely for information of clients of Choice Broking and does not construe to be an investment advice. It is also not intended as an offer or solicitation for the purchase and sale of any financial instruments. Any action taken by you on the basis of the information contained herein is your responsibility alone and Choice Broking its subsidiaries or its employees or associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained in this recommendation, but Choice Broking or any of its subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this recommendation or any action taken on basis of this information. This report is based on the fundamental analysis with a view to forecast future price. The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Choice Broking has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Choice Broking makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The opinions contained within the report are based upon publicly available information at the time of publication and are subject to change without notice. The information and any disclosures provided herein are in summary form and have been prepared for informational purposes. The recommendations and suggested price levels are intended purely for stock market investment purposes. The recommendations are valid for the day of the report and will remain valid till the target period. The information and any disclosures provided herein may be considered confidential. Any use, distribution, modification, copying, forwarding or disclosure by any person is strictly prohibited. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase or sell any security or other financial product or instrument. The current performance may be unaudited. Past performance does not guarantee future returns. There can be no assurance that investments will achieve any targeted rates of return, and there is no guarantee against the loss of your entire investment.

POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report) Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.

+91-022-6707 9999

www.choicebroking.in

+91-022-6707 9959

**Choice Equity Broking Pvt. Ltd.**

Choice House, Shree Shakambhari Corporate Park, Plot No: -156-158,
J.B. Nagar, Andheri (East), Mumbai - 400 099.