

Aditya Birla Fashion and Retail

Estimate changes

TP change

Rating change



Bloomberg	ABFRL IN
Equity Shares (m)	817
M.Cap.(INRb)/(USDb)	270.6 / 3.7
52-Week Range (INR)	300 / 144
1, 6, 12 Rel. Per (%)	12/41/44
12M Avg Val (INR M)	669

Financials & Valuations (INR b)

INRb	FY21	FY22E	FY23E
Sales	52.5	80.9	109.0
EBITDA	5.5	11.0	19.1
Adj. PAT	-7.4	-1.2	2.5
EBITDA Margin (%)	10.6	13.6	17.6
Adj. EPS (INR)	-8.0	-1.1	2.2
EPS Gr. (%)	1,727.9	-86.9	-306.8
BV/Sh. (INR)	29.2	24.1	26.2

Ratios

Net D:E	0.2	0.3	0.0
RoE (%)	-39.1	-4.5	8.6
RoCE (%)	-9.2	5.0	19.9
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	-35.9	-274.9	132.9
EV/EBITDA (x)	49.2	31.6	18.1
EV/Sales (x)	5.2	4.3	3.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	3.3	-0.1	3.0

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	56.1	56.1	59.8
DII	18.2	17.0	22.3
FII	14.4	14.4	6.6
Others	11.3	12.5	11.3

FII Includes depository receipts

CMP: INR290

TP: INR350 (+21%)

Buy

See healthy expansion led growth ahead; leverage a key monitorable

- Revenue recovered to 89% of pre-COVID levels (2QFY20) at INR20.5b, with a 340bp improvement in gross margin. This translated into an EBITDA/PAT improvement to INR3.1b/INR59m.
- We factor in a revenue/EBITDA CAGR of 7%/16% over FY20-23E, and estimate Ind AS 116 EBITDA at INR7.3b in FY23E. Net debt remains a key monitorable as earnings in 2HFY22 and the final tranche of the rights issue could offset capex and WC spends. We maintain our Buy rating.

EBITDA/PAT turn positive

- Consolidated revenue grew by 2x YoY to INR20.5b (7% beat), or 89% of pre-COVID levels (2QFY20). Estimated LTL fell 11% as it saw limited store additions. TRENT clocked 25% YoY revenue growth, with a 46% addition in its area footprint.
- Gross margin improved significantly (590bp YoY) to 53.4% (~340bp above pre-COVID levels) on lower mark downs and higher share of private labels. EBITDA came in 43% higher than our estimate at INR3.1b v/s an operating loss of INR76m in 2QFY21 (and INR3.3b in 2QFY20). Net profit stood at INR59m v/s an estimated loss of INR835m.
- Net debt stood at INR8.7b v/s INR5.3b/INR12b as of FY21/1QFY22 end. The profitability and working capital unwind have reduced net debt QoQ.
- Lifestyle:** Revenue grew by 2.2x YoY to INR11.5b (92% of pre-COVID levels), with EBITDA up by 3.3x YoY at INR2.1b. **Pantaloons:** Revenue grew 80% YoY to INR6.6b (27% below pre-COVID levels), with EBITDA at INR1.2b. **Ethnic Wear:** Revenue grew by ~5.8x YoY to INR0.6b, with an EBITDA of INR10m v/s an operating loss of INR70m QoQ and INR40m YoY.

Highlights from the management commentary

- Recovery:** The management expects a strong and a sustained recovery on the back of tailwinds from the festive season and opening up of the economy after the lifting of COVID-related restrictions.
- Capex:** It expects an annual capex of ~INR4b.
- Margin improvements:** ABFRL witnessed a margin improvement on an improved share of Retail and private labels, lower mark downs, and cost control measures.
- Store expansion:** The management will continue with its aggressive store expansion plans across segments. Ethnic Wear and Pantaloons will see over 100 new stores annually.

Valuation and view

- We factor in a revenue/EBITDA CAGR of 7%/16% over FY20-23E, and estimate Ind AS 116 EBITDA at INR7.3b in FY23E. ABFRL has consistently improved its earnings graph, with a revenue/EBITDA CAGR of 37%/75% over FY14-19. If FY20 growth is taken into consideration, revenue/EBITDA CAGR stands at 32%/55% over FY14-20 (FY20 pre-Ind AS 116 EBITDA of INR4.5b).

- After the recent fund raise through a rights issue of INR2.5b and strategic stake sale to Flipkart, leverage has come under control. Net debt rose to INR8.7b in 2QFY22 v/s INR5.3b in FY21. It remains a key monitorable as earnings in 2HFY22 and the final tranche of the rights issue could offset capex and WC spends.
- The near term increase in losses from expansion in the Ethnic Wear vertical remains a concern, but we expect it to be largely offset by a reduction in losses from other business and growth in the Lifestyle/Pantaloons business.
- We value ABFRL on a SoTP basis, rolling forward our valuation to Sep'23E. We assign an EV/EBITDA of 16x/15x to Lifestyle/Pantaloons and 1x EV/sales to other businesses, slightly upping our multiple, given the quick recovery and improving Balance Sheet. We arrive at a TP of INR350/share (from INR280 earlier). We maintain our Buy rating.

Consolidated quarterly earnings model

(INR m)

Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Revenue	3,230	10,281	20,762	18,216	8,120	20,543	29,069	23,180	52,489	80,911	19,122	7.4
Change (YoY %)	-84.4	-55.4	-19.6	-0.6	151.4	99.8	40.0	27.3	-40.3	54.1	86.0	
Total Expenditure	6,834	10,358	17,116	15,863	9,807	17,408	22,442	20,211	50,171	69,868	16,924	2.9
EBITDA	-3,604	-76	3,646	2,353	-1,687	3,135	6,627	2,968	2,318	11,043	2,198	42.6
Change (YoY %)	-214.8	-102.3	-10.7	56.6	-53.2	-4,203.8	81.8	26.1	-80.9	376.3	-2,977.4	
Depreciation	2,369	2,415	2,311	2,533	2,378	2,416	2,460	2,503	9,628	9,756	2,473	
Interest	1,262	1,449	1,106	1,209	852	876	898	921	5,026	3,547	889	
Other Income	1,785	1,432	570	177	243	252	80	85	3,963	661	50	
PBT	-5,449	-2,509	798	-1,212	-4,674	96	3,349	-371	-8,372	-1,600	-1,114	-108.6
Tax	-1,346	-626	214	743	-1,156	37	837	-93	-1,015	-375	-278	
Rate (%)	24.7	25.0	26.8	-61.3	24.7	38.5	25.0	25.0	12.1	23.4	25.0	
Reported PAT	-4,104	-1,883	584	-1,955	-3,518	59	2,512	-278	-7,357	-1,225	-835	-107.1
Adj. PAT	-4,104	-1,883	584	-1,955	-3,518	59	2,512	-278	-7,357	-3,254	-835	-107.1
YoY Change (%)	-2,003.3	-944.6	-14.9	33.4	-14.3	-103.1	329.8	-85.8	2061.3	-55.8	-55.6	

E: MOFSL estimates

Segmental split

- Lifestyle segment: Revenue grew 2.2x YoY to INR11.5b (92% of pre-COVID levels), aided by strong growth (~2x) in the e-commerce segment. The recovery in Retail continued, while the Wholesale channel is showing a gradual recovery in 2QFY22. EBITDA stood at INR2.1b, up 3.3x YoY (est. INR793m). Factoring in new area additions, implied LTL revenue for the Lifestyle segment was down 13% as compared to 2QFY20 levels.
- Pantaloons: Revenue grew 80% YoY to INR6.6b (27% below pre-COVID levels), aided by robust growth (40% YoY) in the e-commerce segment. EBITDA turned positive at INR1.2b in 2QFY22, up 76.1% YoY, aided by strong cost control measures. Factoring in new area addition, implied LTL revenue for Pantaloons fell 23% as compared to 2QFY20 levels.
- Ethnic Wear segment: Revenue grew by ~5.8x YoY to INR0.6b, with growth accruing from both network expansion and category extensions. The segment reported an EBITDA of INR10m v/s an operating loss of INR70m QoQ and INR40m YoY.

Other highlights

- The Retail channel saw a rapid growth in demand as the number of COVID-19 cases declined. In 2QFY22, alternate Retail sales channels like e-commerce and omnichannel performed well.
- The e-commerce business grew 74% YoY.
- The Madura/Lifestyle/Pantaloons segment recovered to 95%/92%/73% of pre-COVID levels.

Exhibit 1: SoTP-based valuation

	EBITDA/Sales (INR m)	Multiple (x)	EV (INR m)
Lifestyle brands	10,562	16	1,72,153
Pantaloons	9,918	15	1,48,764
Others	12,386	1	12,386
Total EV			3,33,303
Less: Net debt			47,096
Equity Value			2,86,207
No. of Shares (m)			817
TP (INR)			350
CMP (INR)			289
Upside			21%

Source: MOFSL, Company

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

- **Recovery:** The management expects a strong and a sustained recovery on the back of tailwinds from the festive season and opening up of the economy after the lifting of COVID-related restrictions.
- **Capex:** It expects an annual capex of ~INR4b.
- **Margin improvements:** ABFRL clocked a margin improvement on an improved share of Retail and private labels, lower mark downs, and cost control measures.
- **Store expansion:** The management will continue with its aggressive store expansion plans across segments. Ethnic Wear and Pantaloons will see over 100 new stores annually.

Detailed highlights**Lifestyle:**

- A shift in the product portfolio: In line with consumer demand, the company has shifted its product portfolio towards Casual Wear.
- Rapid recovery: The segment witnessed a strong recovery, with revenue at 92% of pre-COVID levels on the back of an industry-leading QoQ Retail performance. Revenue was up 2.2x YoY.
- Launches: In 2QFY22, it launched Casual Wear under the Louis Philippe brand. The management plans to enter the Kids Wear segment under the Peter England brand.
- Store expansion: ABFRL continued with its aggressive expansion plans and opened 140 stores, mainly through the franchise route. It also opened 18 stores under Allen Solly Prime.

- Digital: Revenue from the e-commerce channel doubled over FY21, with revenue from ownbrand.com growing by 2.5x YoY. The management continues to critically invest in enhancing its website experience.

Pantaloons:

- Recovery was slower given its higher presence in malls and restrictions in certain states like Uttar Pradesh and Maharashtra. Revenue stood at 73% of pre-COVID levels in 2QFY22. Revenue has recovered for Pantaloons from last Diwali.
- Store expansion: The company launched seven stores in 2QFY22, besides re-launching six iconic stores. The management plans to accelerate its expansion and targets over 100 store additions on an annual basis. Store expansion will be financed solely by the company, with franchise stores comprising only 25-30% of total stores in the medium term.

Innerwear and Active Wear

- Recovery was strong, with 2QFY22 revenue growing by 12% over pre-COVID levels. Revenue for Forever 21 stood at 71% of pre-COVID levels.
- Store expansion: ABFRL is well on track to open over 50 stores by FY22-end.
- Guidance: The management expects a growth of 40-50% within this segment on a quarterly run-rate of INR2.5b.

Ethnic Wear

- Store expansion: It plans to open 10-15/25-30 stores in FY22/FY23. It will open 50 stores over the next 12 months in the Men's Premium Ethnic Wear segment in collaboration with Mr. Tarun Tahiliani. Overall the company will open more than 100 stores in the Ethnic Wear segment starting 3QFY22.
- Launches:
 - Men's Ethnic Wear: The Men's Premium Ethnic Wear Brand, in collaboration with Mr. Tarun Tahiliani, is expected to be launched in Nov'21.
 - Marigold Lane: In 2QFY22, it launched Marigold Lane in the Women's Ethnic Wear category.
- Profitability: With Jaypore still in early stages, the management expects the expansion to last the next 18-24 months. Similarly, the Men's Ethnic Wear segment will take 2-3 years to turn profitable.

Other highlights:

- Recovery: The management expects the recovery to sustain on the back of tailwinds from the festive season and opening up of the economy after the lifting of COVID-related restrictions.
- Net debt: It is targeting medium term net debt at 1-1.5x of EBITDA.
- Margin improvement: ABFRL witnessed a margin improvement on an improved share of Retail and private labels, lower mark downs, and cost control measures.
- Capex: The management expects an annual capex of ~INR4b.
- Super app: The consolidated app is expected to be launched in the next 5-6 months.

Exhibit 2: Quarterly performance (INR m)

	2QFY21	1QFY22	2QFY22	YoY (%)	QoQ (%)	2QFY22E	Var. (%)
Revenue	10,281	8,120	20,543	99.8	153.0	19,122	7.4
Raw Material cost	5,399	3,999	9,565	77.2	139.1	9,944	-3.8
Gross Profit	4,883	4,120	10,979	124.8	166.5	9,179	19.6
Gross margin (%)	47.5	50.7	53.4	595bp	270bp	48.0	544bp
Employee Costs	1,755	2,496	2,866	63.3	14.8	2,773	3.4
Rent	654	0	504	-22.9	#DIV/0!	382	31.9
SGA Expenses	2,550	3,312	4,474	75.4	35.1	3,825	16.9
EBITDA	-76	-1,687	3,135	-4203.8	-285.8	2,198	42.6
EBITDA margin (%)	-0.7	-20.8	15.3	1600bp	3604bp	11.5	377bp
Depreciation and amortization	2,415	2,378	2,416	0.0	1.6	2,473	-2.3
EBIT	-2,492	-4,065	720	-128.9	-117.7	-274	-362.3
EBIT margin (%)	-24.2	-50.1	3.5	2774bp	5357bp	-1.4	494bp
Finance Costs	1,449	852	876	-39.6	2.8	889	-1.5
Other income	1,432	243	252	-82.4	3.5	50	403.8
Profit before Tax	-2,509	-4,674	96	-103.8	-102.0	-1,114	-108.6
Tax	-626	-1,156	37	-105.9	NM	-278	NM
Tax rate (%)	25.0	24.7	38.5	1350bp	1371bp	25.0	1345bp
Profit after Tax	-1,883	-3,518	59	-103.1	-101.7	-835	-107.1
Adj. Profit after Tax*	-1,883	-3,518	59	-103.1	-101.7	-835	-107.1

Source: MOFSL, Company

Exhibit 3: Segment-wise performance

Segment-wise performance	2QFY21	1QFY22	2QFY22	YoY (%)	QoQ (%)	2QFY22E	Var. (%)
Madura							
Revenue	7,060	5,550	13,910	97.0	150.6	12,532	11.0
EBITDA	650	-790	2,120	226.2	-368.4	793	167.4
EBITDA margin (%)	9.2	-14.2	15.2	603bp	2948bp	6.3	140.9
Pantaloons							
Revenue	3,690	2,200	6,650	80.2	202.3	6,883	-3.4
EBITDA	710	-550	1,250	76.1	-327.3	1,510	-17.2
EBITDA margin (%)	19.2	-25.0	18.8	-44bp	4380bp	21.9	NM
Ethnic							
Revenue	100	380	580	480.0	52.6	380	52.6
EBITDA	-40	-70	10	-125.0	-114.3	-70	-114.3
EBITDA margin (%)	-40.0	-18.4	1.7	4172bp	2015bp	-18.4	NM
Gross							
Revenue	10,850	8,130	21,140	94.8	160.0		
Madura mix	65.1	68.3	65.8	73bp	-247bp		
Pantaloons mix	34.0	27.1	31.5	-255bp	440bp		
Ethnic Mix	0.9	4.7	2.7				
EBITDA	1,320	-1,410	3,380	156.1	-339.7		
Madura mix	49.2	56.0	62.7	1348bp	669bp		
Pantaloons mix	53.8	39.0	37.0	-1681bp	-202bp		

Source: MOFSL, Company

Exhibit 4: Segment-wise performance for Madura

Madura	2QFY21	1QFY22	2QFY22	YoY (%)	QoQ (%)	2QFY22E	Var. (%)
Lifestyle							
Revenue	5,310	4,350	11,560	117.7	165.7	10,659	8.5
EBITDA	390	-570	1,880	382.1	-429.8	767	145.0
EBITDA margin (%)	7.3	-13.1	16.3	892bp	2937bp	7.2	906bp
Fast Fashion							
Revenue	525	360	705	34.3	95.8	600	17.5
EBITDA	-78	-66	-72	-7.7	9.1	-90	-20.0
EBITDA margin (%)	-14.9	-18.3	-10.2	NM	NM	-15.0	NM
Other businesses							
Revenue	1,225	840	1,645	34.3	95.8	1,273	29.2
EBITDA	338	-154	312	-7.7	-302.6	115	170.4
EBITDA margin (%)	27.6	-18.3	19.0	-863bp	3730bp	9.1	990bp

Source: MOFSL, Company

Exhibit 5: Summary of estimate change

	FY22E	FY23E
Revenue (INR m)		
Old	79,213	1,06,586
Actual/New	80,911	1,08,974
Change (%)	2.1	2.2
EBITDA (INR m)		
Old	11,156	18,902
Actual/New	11,043	19,132
Change (%)	-1.0	1.2
EBITDA margin (%)		
Old	14.1	17.7
Actual/New	13.6	17.6
Change (bp)	-44	-18
Net Profit (INR m)		
Old	-1,356	2,606
Actual/New	-1,225	2,533
Change (%)	-9.7	-2.8
EPS (INR)		
Old	-1.2	2.2
Actual/New	-1.1	2.2
Change (%)	-9.7	-2.8

Source: Company, MOFSL

Story in charts

Exhibit 6: Consolidated revenue

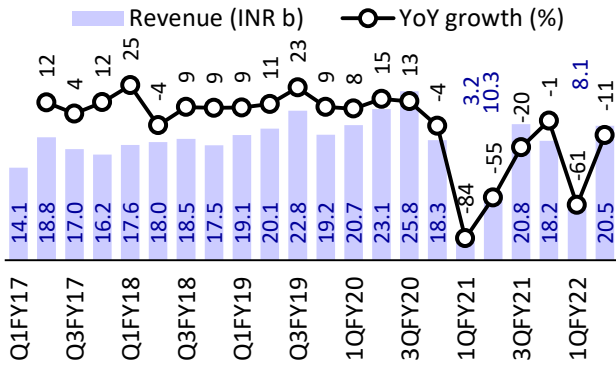


Exhibit 7: Gross margin expands by 270bp QoQ

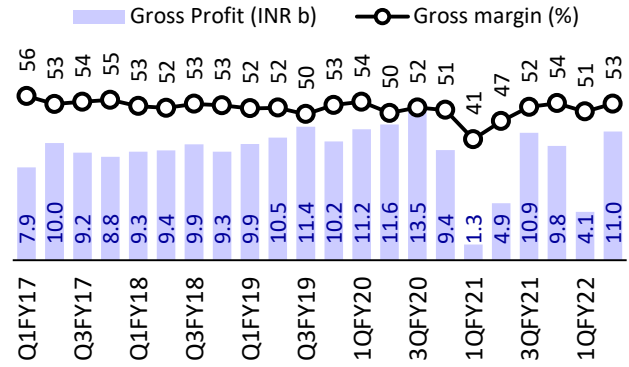


Exhibit 8: EBITDA turns positive

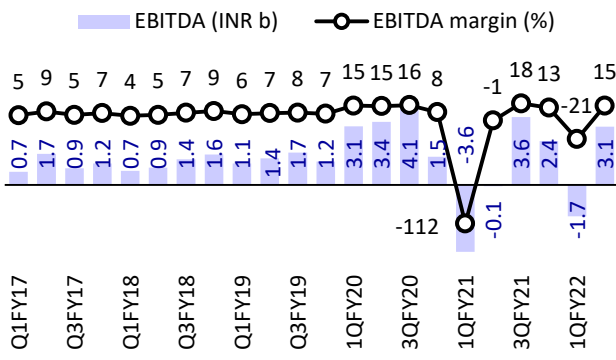


Exhibit 9: PAT turns positive

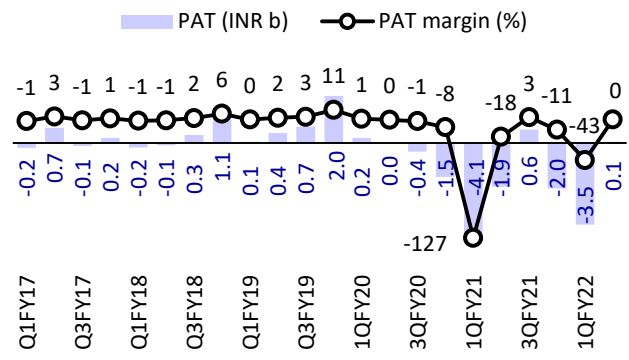


Exhibit 10: Madura posts a revenue of INR13.9b

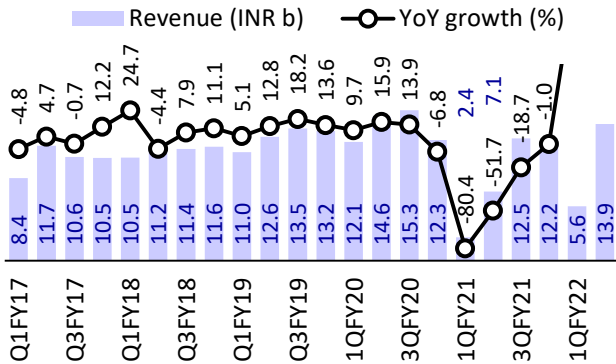


Exhibit 11: Madura reports an EBITDA of INR2.1b

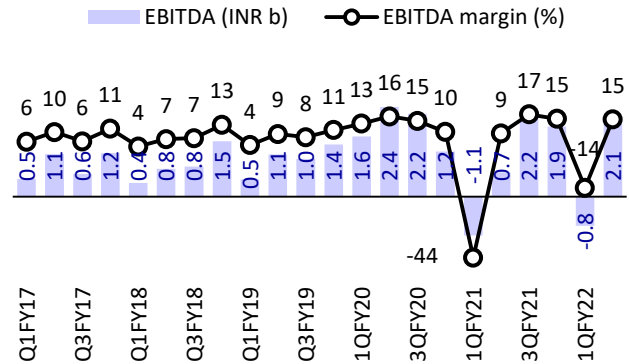


Exhibit 12: Madura store count at 2,917

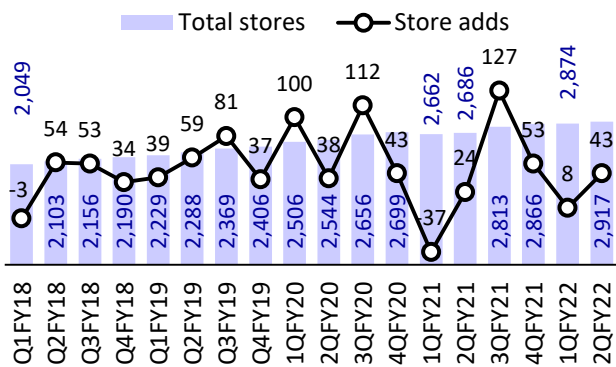
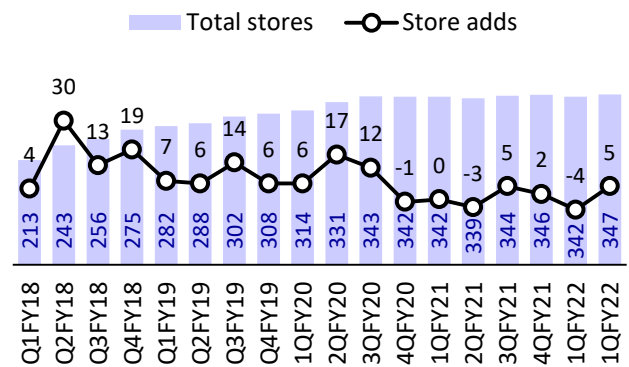


Exhibit 13: Pantaloon store count at 347



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Consolidated 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	87,879	52,489	80,911	1,08,974
Change (%)	226.0	9.4	8.6	13.2	8.3	-40.3	54.1	34.7
Raw Materials	27,518	30,070	33,901	39,250	42,242	25,630	39,809	53,058
Employees Cost	6,205	7,058	7,723	9,130	10,805	8,654	11,328	12,968
Rent	9,032	10,871	10,429	11,104	4,870	107	1,780	5,340
Other Expenses	13,801	13,638	14,985	16,153	17,843	12,552	16,951	18,477
Total Expenditure	56,555	61,637	67,038	75,637	75,760	46,942	69,868	89,842
As a percentage of Sales	93.7	93.3	93.5	93.2	86.2	89.4	86.4	82.4
EBITDA	3,784	4,392	4,683	5,541	12,118	5,548	11,043	19,132
Margin (%)	6.3	6.7	6.5	6.8	13.8	10.6	13.6	17.6
Depreciation	3,381	2,425	2,805	2,823	8,853	9,628	9,756	11,475
EBIT	403	1,967	1,878	2,717	3,265	-4,080	1,287	7,658
Int. and Finance Charges	1,765	1,797	1,716	1,874	4,247	5,026	3,547	4,934
Other Income	264	382	328	648	653	734	661	653
PBT bef. EO Exp.	-1,098	552	490	1,491	-329	-8,372	-1,600	3,377
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	-1,098	552	490	1,491	-329	-8,372	-1,600	3,377
Total Tax	0	0	-688	-1,721	1,321	-1,015	-375	844
Tax Rate (%)	0.0	0.0	-140.5	-115.4	-401.7	12.1	23.4	25.0
Reported PAT	-1,098	552	1,178	3,212	-1,650	-7,357	-1,225	2,533
Adjusted PAT	-1,098	552	494	1,273	-340	-7,357	-1,225	2,533
Change (%)	-51.9	-150.3	-10.5	157.7	-126.7	2,061.2	-83.4	-306.8
Margin (%)	-1.8	0.8	0.7	1.6	-0.4	-14.0	-1.5	2.3

Consolidated 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	3,138	17,612	16,388	18,920
Net Worth	9,055	9,582	10,931	14,289	10,878	26,763	28,038	30,571
Total Loans	15,436	20,446	18,615	11,982	23,688	11,364	12,364	12,364
Lease Liability					25,018	24,634	33,174	40,775
Deferred Tax Liabilities	0	0	-688	-2,634	-1,950	-3,339	-3,339	-3,339
Capital Employed	24,491	30,028	28,857	23,637	57,634	59,421	70,237	80,370
Gross Block	24,943	27,575	30,667	32,410	63,457	75,981	90,081	1,05,231
Less: Accum. Deprn.	1,711	2,704	4,844	6,855	14,022	21,851	31,607	43,082
Net Fixed Assets	23,232	24,871	25,823	25,555	49,435	54,130	58,474	62,149
Right to use Assets					22,069	21,414	25,084	27,441
Capital WIP	254	250	459	224	441	376	376	376
Total Investments	0	0	42	42	142	4,198	4,198	4,198
Curr. Assets, Loans, and Adv.	22,338	25,238	30,326	37,756	45,688	39,671	46,646	54,848
Inventory	14,105	14,313	16,912	19,213	23,668	18,470	22,167	26,870
Account Receivables	3,124	4,522	5,518	7,808	8,405	7,305	8,867	10,450
Cash and Bank Balance	192	497	728	574	2,669	2,618	95	2,600
Loans and Advances	4,917	5,907	7,168	10,161	10,946	11,279	15,517	14,928
Curr. Liability and Prov.	21,334	20,331	27,793	39,940	38,072	38,954	39,458	41,201
Account Payables	14,298	14,578	20,093	23,974	22,899	23,734	24,384	28,363
Other Current Liabilities	6,290	3,823	5,780	13,943	13,284	13,342	13,300	10,450
Provisions	746	1,929	1,920	2,023	1,888	1,878	1,773	2,388
Net Current Assets	1,005	4,907	2,533	-2,184	7,616	717	7,188	13,647
Appl. of Funds	24,491	30,028	28,858	23,637	57,634	59,421	70,237	80,370

E: MOFSL estimates

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	-0.4	-8.0	-1.1	2.2
Cash EPS	3.0	3.9	4.3	5.3	11.0	2.5	7.3	12.0
BV/Share	11.8	12.4	14.2	18.5	14.1	29.2	24.1	26.2
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	-202.9	403.4	450.7	175.6	-657.1	-35.9	-274.9	132.9
Cash P/E	97.5	74.8	67.5	54.4	26.3	116.5	39.5	24.0
P/BV	24.6	23.2	20.4	15.6	20.6	9.9	12.0	11.0
EV/Sales	3.9	3.7	3.4	2.9	2.8	5.2	4.3	3.2
EV/EBITDA	62.7	55.2	51.4	42.4	20.2	49.2	31.6	18.1
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	9.8	-0.4	9.0
Return Ratios (%)								
RoE	-11.4	5.9	4.8	10.1	-2.7	-39.1	-4.5	8.6
RoCE	2.6	8.6	7.4	12.1	12.9	-9.2	5.0	19.9
RoIC	1.6	7.4	6.6	10.8	8.5	-6.7	1.7	8.3
Working Capital Ratios								
Fixed Asset Turnover (x)	2.4	2.4	2.3	2.5	1.4	0.7	0.9	1.0
Asset Turnover (x)	2.5	2.2	2.5	3.4	1.5	0.9	1.2	1.4
Inventory (Days)	85	79	86	86	98	128	100	90
Debtor (Days)	19	25	28	35	35	51	40	35
Creditor (Days)	86	81	102	108	95	165	110	95
Leverage Ratio (x)								
Current Ratio	1.0	1.2	1.1	0.9	1.2	1.0	1.2	1.3
Interest Coverage Ratio	0.2	1.1	1.1	1.4	0.8	-0.8	0.4	1.6
Net Debt/Equity	1.7	2.1	1.6	0.8	1.9	0.2	0.3	0.2

Consolidated Cash Flow Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
(INR m)								
OP/(Loss) before Tax	-1,098	535	490	1,491	-329	-8,375	-1,600	3,377
Depreciation	3,381	2,425	2,805	2,823	8,853	9,628	9,756	11,475
Interest and Finance Charges	1,765	1,761	1,669	1,846	4,220	5,004	3,547	4,934
Direct Taxes Paid	-19	-30	-10	-196	-65	-28	375	-844
(Inc.)/Dec. in WC	-741	-573	760	-937	-6,126	8,528	-8,994	-3,953
CF from Operations	3,288	4,118	5,714	5,028	6,552	14,756	3,084	14,988
Others	-179	134	237	249	-112	-3,718	-661	-653
CF from Operations incl. EO	3,109	4,252	5,951	5,276	6,440	11,038	2,423	14,335
(Inc.)/Dec in FA	-2,076	-4,499	-3,271	-2,792	-4,485	-2,101	-2,850	-3,900
Lease Payments							-4,927	-6,635
Free Cash Flow	1,033	-247	2,680	2,484	1,955	8,937	-427	10,435
(Pur.)/Sale of Investments	0	4	-36	22	-1,027	-6,475	0	0
Others	219	40	58	6	5	181	817	809
CF from Investments	-1,857	-4,455	-3,250	-2,763	-5,508	-8,396	-6,960	-9,726
Issue of Shares	-16	11	12	9	72	22,388	2,500	0
Inc./(Dec.) in Debt	508	1,948	-1,832	-1,576	10,742	-16,547	1,000	0
Interest Paid	-1,821	-1,450	-649	-1,098	-4,243	-4,759	-1,330	-1,948
Others	0	0	0	0	-5,407	-3,774	0	0
CF from Fin. Activity	-1,330	509	-2,469	-2,664	1,165	-2,692	2,170	-1,948
Inc./Dec. in Cash	-78	306	233	-152	2,098	-50	-2,366	2,661
Opening Balance	270	190	495	725	571	2,668	2,461	-61
Closing Balance	192	496	727	574	2,669	2,618	95	2,600
less: Other Bank Balance	2	1	2	2	1	156	156	0
Net Closing Balance	190	495	725	571	2,668	2,461	-61	2,600

NOTES

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

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