

# Devyani International

Estimate changes



TP change



Rating change



Bloomberg	DEVYANI IN
Equity Shares (m)	1205
M.Cap.(INRb)/(USDb)	227.5 / 2.7
52-Week Range (INR)	215 / 134
1, 6, 12 Rel. Per (%)	0/15/-10
12M Avg Val (INR M)	547

## Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	30.0	37.8	46.4
Sales Gr. (%)	43.8	26.0	22.7
EBITDA	6.6	8.2	10.5
Margins (%)	21.9	21.6	22.6
Adj. PAT	2.8	2.5	3.4
Adj. EPS (INR)	2.3	2.1	2.9
EPS Gr. (%)	18.9	-10.9	36.6
BV/Sh.(INR)	8.1	9.7	12.6

## Ratios

RoE (%)	34.0	23.4	25.5
RoCE (%)	19.8	13.7	14.8

## Valuation

P/E (x)	81.0	90.9	66.5
P/BV (x)	23.5	19.5	15.1
EV/Sales (x)	7.6	6.0	4.8
EV/EBITDA (x)	34.8	27.7	21.4

## Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	62.8	62.8	62.8
DII	8.8	9.7	6.3
FII	12.1	9.8	6.9
Others	16.4	17.8	24.1
FII Includes depository receipts			

**CMP: INR190**

**TP: INR220 (+16%)**

**Buy**

## SSSG remains weak; RM trend improving

- DEVYANI reported 20% YoY revenue growth (in line), aided by 28% store adds. SSSG remained weak for both KFC and PH. However, the decline in RM prices led to a 120bp gain in gross margin QoQ. Due to higher corporate G&A and employee expenses, EBITDAM contracted by ~290bp YoY to 20.5%, translating into 5% growth in EBITDA and a 39% decline in PAT.
- Due to the challenging environment, SSSG remained weak, and a recovery is expected to take a couple of quarters. The PH format is expected to recover gradually. Moreover, strong store addition guidance (275-300), expected SSSG recovery in 2HFY24, and moderation in inflation should boost profitability. We model revenue/EBITDA CAGRs of 24%/26% over FY23-25E. **Reiterate BUY with an SoTP-based TP of INR220** (based on 43x/35x for KFC/Pizza Hut on a pre-Ind AS basis on Mar'25 estimates).

## Revenue/EBITDA in-line; SSSG remain weak

- Sales grew 20% YoY to INR 8.5b (in line), led by 28% YoY store adds.
- SSSG: KFC at -0.9% (est. +1%), PH at -5.3% (est. -4%), CC at 9.4% (est. +15%) and Vaango at 8.2%.
- Total 47 stores added: 20 - KFC, 15 - PH, 11 - CC.
- Total store count stands at 1,290: 510 – KFC, 521 – PH, 123 – CC, 52 – Vaango, 60 – International, 24 – Others (India).
- Gross profit grew 20% YoY to INR6.0b (in line), led by lower RM inflation. Margin was down 25bp YoY/up 120bp QoQ at 70.8%
- Reported EBITDA increased by 5% YoY to INR1.7b (in line). Margins contracted 290bp YoY to 20.5% (est. 20.6%).
- PAT declined 39% YoY to INR457m (13% beat) due to higher depreciation.

## Highlights from the management commentary

- DEVYANI targets to add 275-300 stores in FY24 and to increase the total store count to 2,000 by FY26, implying a 17% CAGR in store adds over FY23-26E. It plans to add 70-75 stores p.a. for PH, 60-70 stores for Costa Coffee and 120-125 stores for KFC.
- The company has increased prices in PH by less than 1% just to neutralize the slightly margin-dilutive value category. Similarly, it hiked prices in KFC by 3% last quarter.
- KFC's SSSG in 2QFY24 could be lower owing to Hindu festivals. However, RM prices in KFC have largely stabilized and cheese and milk prices for PH/CC have started to stabilize.
- The company intends to strengthen the PH model by continuing marketing expenditure (6% of sales), developing customer franchisees and innovating products.

**Valuation and view**

- We remain bullish on DEVYANI's prospects, considering: a) KFC's strong brand equity and its growth opportunity; b) a gradual turnaround in PH, driven by the management's focus on delivery and improved store metrics; c) network expansion across the portfolio; and d) healthy operating profitability in the mid-teens (on a pre-Ind AS basis).
- We largely maintain our estimates for FY24/FY25 given the easing inflationary environment and falling RM prices. We model revenue/EBITDA CAGRs of 24%/26% over FY23-FY25E.
- **We reiterate our BUY rating with an SoTP-based TP of INR220 (based on 43x/35x for KFC/Pizza Hut on a pre-Ind AS basis on Mar'25 estimates).**

**Quarterly Performance**

											(INR m)	
Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	(%)
KFC - No. of stores	391	423	461	490	510	540	570	600	490	610	520	-10.0
PH - No. of stores	436	466	483	506	521	536	556	581	506	581	521	0.0
KFC - SSSG (%)	63.6	13.0	3.0	1.9	-0.9	1.0	6.0	7.6	16.0	3.5	1.0	-1.9
PH - SSSG (%)	31.5	2.9	-6.1	-3.2	-5.3	-2.0	5.5	5.5	4.4	1.0	-4.0	-1.3
<b>Net Sales</b>	<b>7,047</b>	<b>7,474</b>	<b>7,906</b>	<b>7,550</b>	<b>8,466</b>	<b>9,279</b>	<b>10,014</b>	<b>10,007</b>	<b>29,977</b>	<b>37,766</b>	<b>8,836</b>	-4.2
YoY change (%)	99.8	44.8	26.6	27.8	20.1	24.1	26.7	32.5	43.8	26.0	25.4	
<b>Gross Profit</b>	<b>5,010</b>	<b>5,246</b>	<b>5,482</b>	<b>5,254</b>	<b>5,998</b>	<b>6,573</b>	<b>7,101</b>	<b>7,092</b>	<b>20,991</b>	<b>26,764</b>	<b>6,174</b>	-2.9
Margin (%)	71.1	70.2	69.3	69.6	70.8	70.8	70.9	70.9	70.0	70.9	69.9	9708bp
<b>EBITDA</b>	<b>1,647</b>	<b>1,655</b>	<b>1,739</b>	<b>1,513</b>	<b>1,734</b>	<b>1,964</b>	<b>2,170</b>	<b>2,308</b>	<b>6,551</b>	<b>8,176</b>	<b>1,820</b>	-4.7
EBITDA growth %	167.5	34.2	17.7	8.3	5.3	18.7	24.8	52.5	21.9	24.8	10.5	
Margin (%)	23.4	22.1	22.0	20.0	20.5	21.2	21.7	23.1	21.9	21.6	20.6	-1101bp
Depreciation	637	660	706	784	796	842	885	929	2,788	3,452	954	-16.5
Interest	328	348	378	420	404	443	443	482	1,475	1,772	409	-1.2
Other Income	90	45	81	110	68	92	92	115	326	367	81	-15.8
<b>PBT</b>	<b>771</b>	<b>692</b>	<b>736</b>	<b>419</b>	<b>603</b>	<b>771</b>	<b>934</b>	<b>1,012</b>	<b>2,614</b>	<b>3,319</b>	<b>539</b>	11.9
Tax	24	19	-62	-186	146	185	224	251	-206	805	136	7.2
Rate (%)	3.1	2.8	-8.5	-44.5	24.1	24.0	24.0	24.8	-7.9	24.3	25.2	
<b>Adjusted PAT</b>	<b>748</b>	<b>672</b>	<b>798</b>	<b>606</b>	<b>457</b>	<b>586</b>	<b>710</b>	<b>761</b>	<b>2,820</b>	<b>2,514</b>	<b>403</b>	13.5
Margin (%)	10.6	9.0	10.1	8.0	5.4	6.3	7.1	7.6	9.4	6.7	4.6	8406bp
YoY change (%)	L/P	58.3	22.0	-22.9	-38.8	-12.8	-11.1	25.6	18.9	-10.9	-46.1	

E: MOFSL Estimates

**Core brands' performances****KFC**

- Sales grew 22% YoY to INR5.2b (61% of consol revenue), led by 30% store adds. SSSG stood at -0.9% (Sapphire at 0%).
- GP increased by 23% YoY to INR3.6b and margins declined 70bp YoY to 69.7%.
- ROM grew 15% YoY to INR1.1b and margins declined 130bp YoY to 21.1%.
- ADS of INR117k as against INR127k/INR117k in 1QFY23/FY23.
- The on-premise channel's contribution declined to 63% vs. 65% in 1QFY23.

**Pizza Hut**

- Sales grew 11% YoY to INR1.8b (22% of consol revenue), led by 19% store adds. SSSG remained weak at -5.3% (Sapphire at -9%).
- GP increased by 9% YoY to INR1.4b and margins declined 130bp YoY to 74.9%.
- ROM declined 36% YoY to INR185m and margins contracted 7.4pp YoY to 10.1% due to weak SSSG and operating deleverage.
- ADS of INR40k as against INR44k/INR42k in 1QFY23/FY23.
- The on-premise channel's contribution declined to 43% vs. 46% in 1QFY23.

**Costa Coffee**

- Sales grew 84% YoY to INR324m (4% of consol revenue), led by 78% store adds and +9.4% SSSG.
- GP grew 74% YoY to INR250m and margins declined 4.6pp YoY to 77.2%, which could be due to milk-related inflation.
- ROM grew 26% YoY to INR68m and margins declined 9.7pp YoY to 21%.
- ADS of INR33k as against INR36k/INR35k in 1QFY23/FY23.

**Vaango**

- Sales grew 33% YoY to INR152m (2% of consol revenue), led by 27% store adds and +8.2% SSSG.
- GP grew 32% YoY to INR121m and margins declined 110bp YoY to 79.6%.
- ROM grew 23% YoY to INR37m and margins declined 200bp YoY to 24.3%.

**Quarterly brands performance**

	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23E	3QFY23	4QFY23	1QFY24
<b>KFC</b>									
No. of stores	284	309	339	364	391	423	461	490	510
Net store addition	20	25	30	25	27	32	38	29	20
SSSG (%)	158.0	72.0	23.8	3.0	63.6	13.0	3.0	1.9	-0.9
Net sales (INR m)	2,029	3,014	3,621	3,526	4,250	4,430	4,595	4,439	5,164
YoY growth (%)	-	140.9	63.8	38.8	109.5	47.0	26.9	25.9	21.5
ADS (INR '000)	92.1	116.4	124.0	113.0	127.0	121.0	116.0	106.0	117.0
Gross Margins (%)	69.4	69.1	69.3	69.3	69.0	67.9	67.6	68.6	69.7
Brand Contribution Margin (%)	16.0	22.4	23.0	21.8	22.4	21.5	19.7	17.5	21.1
Channel mix (%)									
Off-Premise	65	44	36	41	35	36	36	38	37
On-Premise	35	56	64	59	65	64	64	62	63
<b>Pizza Hut</b>									
No. of stores	317	351	391	413	436	466	483	506	521
Net store addition	20	34	40	22	23	30	17	23	15
SSSG (%)	216.1	73.5	24.7	2.3	31.5	2.9	-6.1	-3.2	-5.3
Net sales (INR m)	965	1,333	1,556	1,464	1,651	1,812	1,836	1,697	1,835
YoY growth (%)	-	111.6	63.6	41.3	71.1	35.9	18.0	15.9	11.1
ADS (INR '000)	38.4	45.1	47.0	41.0	44.0	45.0	43.0	39.0	40.0
Gross Margins (%)	75.9	75.5	75.6	75.5	76.2	74.5	73.6	73.2	74.9
Brand Contribution Margin (%)	14.1	15.8	16.8	17.6	17.5	17.0	14.1	9.3	10.1
Channel mix (%)									
Off-Premise	80	62	58	59	54	55	57	58	57
On-Premise	20	38	42	41	46	45	43	42	43
<b>Costa</b>									
No. of stores	44	45	50	55	69	88	103	112	123
Net store addition	0	1	5	5	14	8	15	9	11
SSSG (%)	344.9	225.9	101.2	24.0	206.8	50.7	20.1	42.6	9.4
Net sales (INR m)	37	94	143	137	176	220	291	331	324
YoY growth (%)	-	135.0	88.2	61.2	375.7	134.0	103.5	141.6	84.1
ADS (INR '000)	16.1	27.4	37.0	30.0	36.0	31.0	37.0	36.0	33.0
Gross Margins (%)	78.4	79.8	79.7	81.8	81.8	79.5	77.7	78.2	77.2
Brand Contribution Margin (%)	16.2	33.0	32.2	29.9	30.7	19.5	26.5	20.2	21.0

**Exhibit 1: SoTP valuation for DEVYANI based on pre-Ind AS EV/EBITDA**

	<b>FY25E EBITDA*</b>	<b>Multiple</b>	<b>EV</b>
KFC	4.6	43	201.6
Pizza Hut	1.0	35	36.2
Costa Coffee	0.4	30	13.1
Other brands	0.0	20	0.4
International	0.7	10	7.2
<b>Total</b>	<b>6.8</b>	<b>38</b>	<b>258.5</b>
Net debt	FY25E		-4.5
<b>Equity value</b>			<b>263</b>
<b>TP (INR)</b>			<b>220</b>
<b>Upside (%)</b>			<b>16%</b>

\*Pre-Ind AS 116

Source: Company, MOFSL

**Exhibit 2: Changes to our estimates**

	<b>FY24E</b>	<b>FY25E</b>
<b>Revenue (INR m)</b>		
Old	38,133	46,938
Actual/New	37,766	46,358
Change (%)	-1.0	-1.2
<b>Gross Profit (INR m)</b>		
Old	26,830	33,256
Actual/New	26,764	32,920
Change (%)	-0.2	-1.0
<b>Gross margin (%)</b>		
Old	70.4%	70.9%
Actual/New	70.9%	71.0%
Change (bp)	51	16
<b>EBITDA (INR m)</b>		
Old	8,283	10,434
Actual/New	8,176	10,459
Change (%)	-1.3	0.2
<b>EBITDA margin (%)</b>		
Old	21.7%	22.2%
Actual/New	21.6%	22.6%
Change (bp)	-7	33
<b>Net Profit (INR m)</b>		
Old	3,049	3,896
Actual/New	2,514	3,434
Change (%)	-17.6	-11.8
<b>EPS (INR)</b>		
Old	2.5	3.2
Actual/New	2.1	2.9
Change (%)	-17.6	-11.8

Source: Company, MOFSL



## Highlights from the management commentary

### Key Highlights

- DEVYANI targets to add 275-300 stores in FY24 and to increase the total store count to 2,000 by FY26, implying a 17% CAGR in store adds over FY23-26E. It plans to add 70-75 stores p.a. for PH, 60-70 stores for Costa Coffee and 120-125 stores for KFC.
- The company has increased prices in PH by less than 1% just to neutralize the slightly margin-dilutive value category. Similarly, it hiked prices in KFC by 3% last quarter.
- KFC's SSSG in 2QFY24 could be lower owing to Hindu festivals. However, RM prices in KFC have largely stabilized and cheese and milk prices for PH/CC have started to stabilize.
- The company intends to strengthen the PH model by continuing marketing expenditure (6% of sales), developing customer franchisees and innovating products.

### Detailed Highlights:

#### Strategy

##### a) Stores expansion

- DEVYANI targets to add 275-300 stores in FY24 and to increase the total store count to 2,000 by FY26, implying a 17% CAGR in store adds over FY23-26E. It plans to add 70-75 stores p.a. for PH, 60-70 stores for Costa Coffee and 120-125 stores for KFC.
- The store expansion would not have a material impact on operating margins and the funding will be done via internal accruals.
- The company continues to favor non-metro destinations (52% of total store count). New stores take time to stabilize and reach the maturity level, and hence this has impacted the overall brand performance. The company expects it to stabilize in the due course of time.

##### b) Formats growth

- The innovation pipeline remains strong and expect to introduce new products in the upcoming quarters.
- Expects Vaango (South Indian brand) to become the INR1b brand by FY24. The management expects the brand can do well in high footfall locations, and hence the focus area is Airports, Food court in mall, etc. The store size is expected to be bigger and marketing spend is required.
- Expanding Costa Coffee at a rapid pace as its store count has doubled in the last 4-5 quarters.

#### Performance

- Gross margin at 69.7% was higher by 1.1% QoQ due to a marginal price increase at the beginning of the quarter, along with stable input material costs. Costa Coffee GM has been impacted due to milk and coffee bean pricing inflation.
- Brand contribution margin stood at 21.1%, improved by 3.6% QoQ, due to better leveraging

- A rise in minimum wage in some states and increment in Apr'23 led to high employee costs.
- Devaluation in Nigerian currency impacted P&L, accounted as an exceptional item of INR470m. There is no cash impact.
- On a normalized basis, PBT and PAT would be INR600m/INR460m.

#### **Expect RM prices to remain stable**

- In KFC, prices of key RMs, such as chicken, oil, flour, and packing material, are stabilizing.
- In PH, the cheese and milk prices were increasing and now the cheese prices and milk prices started to stabilize. There is excess supply of milk now in the country.
- Hence, expects the demand environment to pick up in 3QFY24.
- During the inflationary environment, there was a trend of downgrading among consumers, and hence the company had introduced the value layer pizza and value rolls and other products in KFC.

#### **KFC**

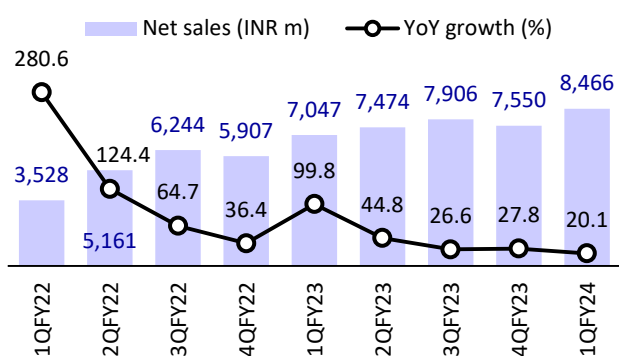
- 2Q is seasonally the slowest quarter and this time it is affected by Hindu festivals.
- High pent-up demand last year impacted SSSG this quarter.
- The introduction of the value meal layer in KFC is slightly margin-dilutive, but on a combo meal basis, it gets neutralized.

#### **PH**

- The company has increased prices in PH by less than 1% just to balance the overall mix and the headwinds from the Fun Flavor launch last year.
- With inflation likely to stabilize, premium pizzas are getting good responses. With milk and cheese prices stabilizing, the management expects an increase in store margins going forward.
- There is nothing fundamentally wrong with the pizza market as it is still growing despite being the largest QSR segment in the country. It is just kind of demand getting balanced out with the other formats available (McD/BK/KFC has expanded a lot). Also, pizza is one of the most expensive subcategories and high inflation led to people downtrading.
- From a brand perspective, the company is spending 6% of revenue on marketing and new product launches.

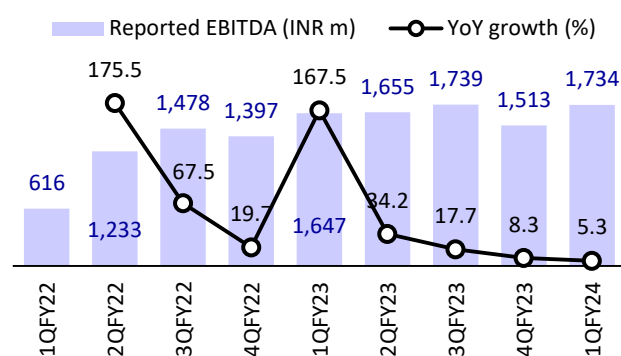
## Key exhibits

Exhibit 3: Sales grew 20% YoY, led by 22% YoY growth in KFC



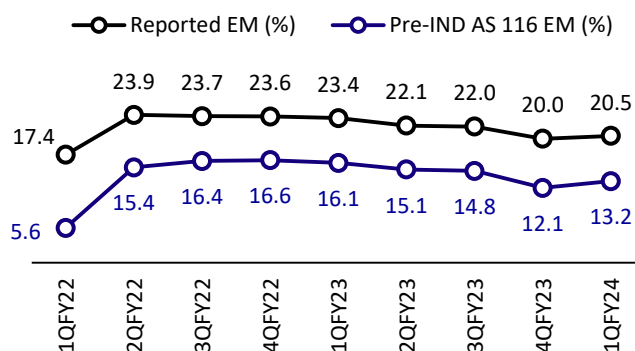
Source: Company, MOFSL

Exhibit 4: EBITDA grew 5% YoY



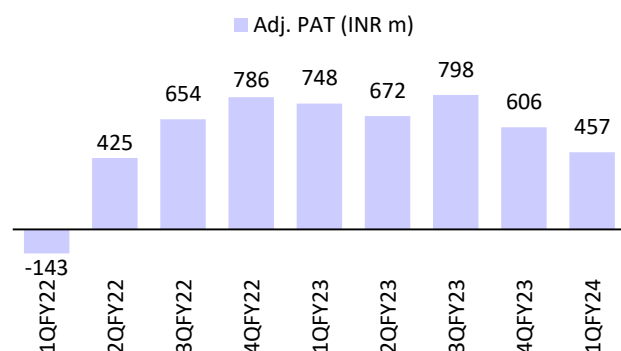
Source: Company, MOFSL

Exhibit 5: Margin down YoY/up QoQ



Source: MOFSL, Company

Exhibit 6: Adjusted PAT came in at INR457m



Source: MOFSL, Company

## Financials and valuations

### Income Statement consol.

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>13,106</b>	<b>15,164</b>	<b>11,348</b>	<b>20,840</b>	<b>29,977</b>	<b>37,766</b>	<b>46,358</b>
Change (%)		15.7	-25.2	83.6	43.8	26.0	22.7
Raw Materials	3,889	4,604	3,447	5,998	8,986	11,002	13,437
<b>Gross Profit</b>	<b>9,217</b>	<b>10,560</b>	<b>7,902</b>	<b>14,842</b>	<b>20,991</b>	<b>26,764</b>	<b>32,920</b>
Margin (%)	70.3	69.6	69.6	71.2	70.0	70.9	71.0
Operating Expenses	6,428	8,005	5,638	9,468	14,440	18,588	22,461
<b>EBITDA</b>	<b>2,790</b>	<b>2,555</b>	<b>2,263</b>	<b>5,373</b>	<b>6,551</b>	<b>8,176</b>	<b>10,459</b>
Change (%)		-8.4	-11.4	137.4	21.9	24.8	27.9
Margin (%)	21.3	16.8	19.9	25.8	21.9	21.6	22.6
Depreciation	2,028	2,233	2,295	2,213	2,788	3,452	4,251
Int. and Fin. Charges	1,356	1,584	1,528	1,270	1,475	1,772.3	2,139.0
Other Income	131	187	641	161	326	367	449
<b>Profit before Taxes</b>	<b>-464</b>	<b>-1,076</b>	<b>-919</b>	<b>2,051</b>	<b>2,614</b>	<b>3,319</b>	<b>4,519</b>
Change (%)		132.0	-14.6	-323.3	27.4	27.0	36.1
Margin (%)	-3.5	-7.1	-8.1	9.8	8.7	8.8	9.7
Total tax	13	18	-11	-320	-206	805	1,085
Tax Rate (%)	-2.8	-1.7	1.2	-15.6	-7.9	24.3	24.0
<b>PAT before Minority and Exceptionals</b>	<b>-477</b>	<b>-1,095</b>	<b>-908</b>	<b>2,371</b>	<b>2,820</b>	<b>2,514</b>	<b>3,434</b>
Gain/ (Loss) from Discontinued Operations	-349	-427	183	0	0	0	0
<b>Adjusted PAT</b>	<b>-825</b>	<b>-1,521</b>	<b>-725</b>	<b>2,371</b>	<b>2,820</b>	<b>2,514</b>	<b>3,434</b>
Change (%)		N/M	N/M	L/P	18.9	-10.9	36.6
Margin (%)	-6.3	-10.0	-6.4	11.4	9.4	6.7	7.4
Minority Interest	-149	3	-78	-12	-25	-59	-65
Exceptional items	116	-307	-89	206	195	473	0
<b>Reported PAT</b>	<b>-792</b>	<b>-1,217</b>	<b>-558</b>	<b>2,177</b>	<b>2,650</b>	<b>2,100</b>	<b>3,499</b>

### Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	1,062	1,062	1,154	1,205	1,205	1,205	1,205
Reserves	-1,764	-2,953	-16	5,658	8,499	10,539	13,973
<b>Net Worth</b>	<b>-702</b>	<b>-1,891</b>	<b>1,138</b>	<b>6,863</b>	<b>9,703</b>	<b>11,744</b>	<b>15,178</b>
Loans	4,002	4,307	3,805	1,325	774	774	774
Lease Liability	12,347	12,882	8,724	11,217	14,875	18,500	21,859
Minority Interest	-510	-391	-419	-47	-62	-121	-185
<b>Capital Employed</b>	<b>15,136</b>	<b>14,906</b>	<b>13,248</b>	<b>19,358</b>	<b>25,290</b>	<b>30,897</b>	<b>37,626</b>
Gross Block	7,233	9,625	9,495	11,749	16,142	19,969	23,690
Less: Accum. Depn.	2,028	4,261	3,333	4,100	5,130	6,777	8,815
<b>Net Fixed Assets</b>	<b>5,204</b>	<b>5,364</b>	<b>6,162</b>	<b>7,649</b>	<b>11,012</b>	<b>13,192</b>	<b>14,875</b>
Capital WIP	115	135	143	68	153	153	153
Goodwill	161	224	644	644	644	644	644
Right to Use Assets	9,947	10,351	6,660	8,911	12,258	15,094	17,536
<b>Investments</b>	<b>471</b>	<b>414</b>	<b>456</b>	<b>351</b>	<b>353</b>	<b>353</b>	<b>353</b>
Current	0	0	0	0	0	0	0
Non-current	471	414	456	351	353	353	353
<b>Curr. Assets, L&amp;A</b>	<b>2,177</b>	<b>2,347</b>	<b>2,619</b>	<b>5,001</b>	<b>5,466</b>	<b>7,376</b>	<b>10,984</b>
Inventory	549	721	622	855	1,290	1,626	1,996
Account Receivables	230	173	169	211	289	364	447
Cash and Bank Balance	271	160	405	659	851	2,352	4,960
Others	1,127	1,293	1,423	3,277	3,035	3,035	3,581
<b>Curr. Liab. and Prov.</b>	<b>2,938</b>	<b>3,929</b>	<b>3,436</b>	<b>3,267</b>	<b>4,595</b>	<b>5,915</b>	<b>6,919</b>
Account Payables	1,368	1,632	1,619	1,964	2,419	3,559	4,368
Other Liabilities	1,400	2,138	1,565	1,043	1,899	2,051	2,216
Provisions	170	160	252	261	277	304	335
<b>Net Current Assets</b>	<b>-762</b>	<b>-1,582</b>	<b>-818</b>	<b>1,734</b>	<b>870</b>	<b>1,462</b>	<b>4,065</b>
<b>Application of Funds</b>	<b>15,136</b>	<b>14,906</b>	<b>13,248</b>	<b>19,358</b>	<b>25,290</b>	<b>30,897</b>	<b>37,626</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>-0.8</b>	<b>-1.4</b>	<b>-0.6</b>	<b>2.0</b>	<b>2.3</b>	<b>2.1</b>	<b>2.9</b>
Cash EPS	1.1	0.7	1.4	3.8	4.7	5.0	6.4
BV/Share	-0.7	-1.8	1.0	5.7	8.1	9.7	12.6
<b>Valuation (x)</b>							
P/E	N/M	N/M	N/M	96.3	81.0	90.9	66.5
Cash P/E	167.4	282.7	139.3	49.8	40.7	38.3	29.7
EV/Sales	15.6	13.5	19.5	11.0	7.6	6.0	4.8
EV/EBITDA	73.3	80.2	97.9	42.6	34.8	27.7	21.4
P/BV	N/M	N/M	192.2	33.3	23.5	19.5	15.1
<b>Return Ratios (%)</b>							
RoE		N/M	N/M	59.3	34.0	23.4	25.5
RoCE		3.4	4.3	23.5	19.8	13.7	14.8
RoIC		2.3	-0.2	23.9	19.2	13.8	15.7
<b>Working Capital Ratios</b>							
Debtor (Days)	6	4	5	4	4	4	4
Asset Turnover (x)	0.9	1.0	0.9	1.1	1.2	1.2	1.2
<b>Leverage Ratio</b>							
Debt/Equity (x)	N/M	N/M	11.0	1.8	1.6	1.6	1.5

### Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
						<b>(INR m)</b>	
OP/(loss) before Tax	-928	-1,196	-641	1,231	2,419	2,846	4,519
Depreciation	2,257	2,467	2,357	2,213	2,788	3,452	4,251
Net interest	1,348	1,594	1,518	1,180	1,355	1,405	1,690
Others	86	-74	-1,240	-177	41	0	0
Direct Taxes Paid	-3	-8	5	-103	-478	-805	-1,085
(Incr)/Decr in WC	17	223	397	162	246	909	5
<b>CF from Operations</b>	<b>2,778</b>	<b>3,007</b>	<b>2,396</b>	<b>4,506</b>	<b>6,370</b>	<b>7,806</b>	<b>9,380</b>
Incr in FA	-1,407	-988	-1,329	-2,930	-4,240	-3,827	-3,721
<b>Free Cash Flow</b>	<b>1,371</b>	<b>2,019</b>	<b>1,066</b>	<b>1,576</b>	<b>2,130</b>	<b>3,979</b>	<b>5,660</b>
Pur of Investments	3	-2	22	-912	693	0	0
Others	-273	98	-2,263	89	50	308	385
<b>CF from Invest.</b>	<b>-1,677</b>	<b>-892</b>	<b>-3,570</b>	<b>-3,753</b>	<b>-3,497</b>	<b>-3,519</b>	<b>-3,336</b>
Issue of Shares	0	0	3,476	4,486	7	0	0
Incr in Debt	-967	-1,791	-1,564	-4,776	-2,807	0	0
Dividend Paid	0	0	0	0	0	0	0
Net interest Paid	-338	-435	-492	-147	-27	-1,772	-2,139
Min Int/ Dt							
Others	0	0	0	-146	5	-1,015	-1,297
<b>CF from Fin. Activity</b>	<b>-1,305</b>	<b>-2,226</b>	<b>1,420</b>	<b>-584</b>	<b>-2,822</b>	<b>-2,787</b>	<b>-3,436</b>
<b>Incr/Decr of Cash</b>	<b>-204</b>	<b>-111</b>	<b>245</b>	<b>170</b>	<b>51</b>	<b>1,500</b>	<b>2,609</b>
Add: Opening Balance	475	271	160	405	575	626	2,126
Closing	271	160	405	575	626	2,126	4,735
Other Balances	0	0	0	84	226	226	226
<b>Closing Balance</b>	<b>271</b>	<b>160</b>	<b>405</b>	<b>659</b>	<b>851</b>	<b>2,352</b>	<b>4,960</b>

E: MOFSL Estimates

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NOTES

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Investment Rating	Expected return (over 12-month)
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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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