

Aditya Birla Fashion and Retail

Estimate changes

TP change

Rating change



Bloomberg	ABFRL IN
Equity Shares (m)	949
M.Cap.(INRb)/(USDb)	205.6 / 2.5
52-Week Range (INR)	323 / 184
1, 6, 12 Rel. Per (%)	0/3/-39
12M Avg Val (INR M)	706

Financials & Valuations (INR b)

INRb	FY23	FY24E	FY25E
Sales	124.2	135.9	156.5
EBITDA	14.9	13.2	16.9
Adj. PAT	-0.7	-5.7	-5.0
EBITDA Margin (%)	12.0	9.7	10.8
Adj. EPS (INR)	-0.7	-5.6	-4.9
EPS Gr. (%)	-45.7	699.2	-12.3
BV/Sh. (INR)	35.3	41.8	36.9

Ratios

Net Debt:EBITDA	0.4	0.0	0.1
RoE (%)	-2.2	-14.9	-12.4
RoCE (%)	4.8	-0.5	0.5
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	NM	NM	-44.1
EV/EBITDA (x)	17.7	20.5	17.1
EV/Sales (x)	1.8	1.6	1.4
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-0.2	5.3	3.6

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	55.5	55.5	56.1
DII	17.0	16.9	19.4
FII	14.5	14.7	14.7
Others	13.0	13.0	9.9

FII Includes depository receipts

CMP: INR217

TP: INR235 (+8%)

Neutral

Profitability remains weak

- ABFRL continued to report weak profitability as EBITDA declined 19% YoY to INR3.2b in 2QFY24 (10% miss). EBITDA was dragged down by weaker LFL in retail and pantaloons, lower gross margins and subsidiary losses. Consolidated revenue grew modestly by 4% YoY to INR32b (in line), mainly driven by the contribution from new business as Retail channel and Pantaloons reported LFL declines of 12%/15% due to a shift in the festive season.
- Persistent demand weakness across the value and premium categories and a shift in the festive and wedding seasons impacted revenue growth. However, demand is expected to revive in 3QFY24. Slower revival of demand within the mass segment and investments in new businesses could put pressure on earnings for the next 4-6 quarters. Accordingly, we lower our FY24/FY25 EBITDA estimates by 10%/8% and build a CAGR of 12%/6% in revenue/EBITDA over FY23-25E. Retain Neutral rating.

EBITDA down 19% YoY (10% miss) due to LFL decline

- 2QFY24 consol. revenue grew 5% YoY (in-line) to INR32b.
 - Lifestyle declined 6% YoY due to fewer wedding dates and a shift in festivals. Wholesale channels were flat, while retail channels declined 4% YoY with a 12% LTL decline.
 - Pantaloons declined 7% YoY, led by 11% store adds; LFL declined 15% YoY.
 - Adjusting TMRW sales (INR850m), ABFRL consol. sales grew 3% YoY.
- Gross profit grew 2% YoY to INR17.2b (5% miss), while margin contracted 170bp YoY to 53.4%.
- EBITDA declined 19% YoY (10% miss) to INR3.2b, with a margin of 10% (-290bp YoY). EBITDA decline was **mainly due to lower retail throughput, EOSS, and losses in subsidiaries (TMRW, Ethnic)**.
- Segment wise operating performance stood as below:
 - Madura segment reported EBITDA growth of 18.5% to INR3.4b, led by Lifestyle business.
 - Pantaloons' EBITDA declined 41.5% YoY to INR1b with margin contraction of 600bps to 10.1% mainly dragged by weak LFL revenues and operating leverage.
 - TMRW's operating loss widened QoQ to INR390m (v/s INR350m in 1QFY24),
 - Ethnic wear segment's operating loss of INR180m saw an improvement on YoY and QoQ basis.
- Subsequently, the company reported a net loss of INR2b (est. loss of INR1.2b), led by operating deleverage, resulting from subdued sales in Pantaloons and continued investments in TMRW and ethnic businesses.

Highlights from the management commentary

- ABFRL expects healthy demand in 3QFY24 in the wedding and premium categories, while the mass category will continue to see pressure.

- 2Q revenue growth of 5% was mainly driven by new line of business as LFL growth remained fairly flat in a slower market.
- The company has completed the acquisition of TCNS. It expects a quarterly revenue run rate of INR20-25b with double-digit EBITDA margins (Pre-Ind AS 116).
- Store addition in Lifestyle is expected to continue; ABFRL maintains 30-35 store addition target for Pantaloons, while the expansion in the innerwear category could slow down.
- It expects debt levels to remain elevated at around INR28b by Mar'24 as funding from GIC would be used for future expansions.

Valuation and view

- A softer demand environment and a shift in wedding dates and the festive period resulted in a subdued performance in 1HFY24. However, demand is expected to recover in 3QFY24. The value segment is expected to remain under pressure, which may impact earnings for a prolonged period.
- In the last few years, ABFRL has invested in multiple new businesses, with a long tail of businesses that are presently loss-making or yet to stabilise. Scaling up the ethnic wear and Reebok and turning around the newly set up D2C segment could be a bumpy ride. The inclusion of TCNS to this portfolio may further accentuate near-term profitability risks.
- We lower our FY24/FY25 EBITDA estimates by 10%/8%, factoring in a CAGR of 12%/6% in revenue/EBITDA over FY23-25E.
- We value ABFRL on the SOTP basis, assigning EV/EBITDA of 20x to Lifestyle Brands, 15x to Pantaloons, and EV/sales of 1x to other businesses on FY25E. Subsequently, we retain our Neutral rating with a TP of INR235.

Consolidated - Quarterly Earning Model

Y/E March									(INR m)			
	FY23				FY24E				FY23	FY24E	FY24	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	Var (%)
Revenue	28,748	30,746	35,888	28,797	31,961	32,264	39,685	32,120	1,24,179	1,35,891	33,019	-2.3
YoY Change (%)	254.1	49.7	20.1	26.1	11.2	4.9	10.6	11.5	52.6	9.4	7.4	
Total Expenditure	24,063	26,779	31,532	26,869	29,037	29,031	34,789	29,826	1,09,243	1,22,684	29,426	-1.3
EBITDA	4,684	3,967	4,356	1,928	2,923	3,233	4,896	2,293	14,936	13,207	3,593	-10.0
Change, YoY (%)	-377.6	26.5	-25.2	-48.3	-37.6	-18.5	12.4	18.9	35.8	-11.6	-9.4	
Depreciation	2,703	2,907	3,175	3,485	3,670	3,888	3,731	3,634	12,270	14,922	3,731	
Interest	944	1,036	1,321	1,422	1,873	2,084	1,746	1,282	4,724	6,985	1,746	
Other Income	311	220	269	364	603	457	291	-187	1,165	1,165	291	
PBT	1,349	245	129	-2,615	-2,017	-2,281	-290	-2,810	-893	-7,535	-1,593	43.2
Tax	411	-56	62	-646	-397	-282	-73	-1,132	-230	-1,884	-398	
Rate (%)	30.4	-23.0	48.3	24.7	19.7	12.4	25.0	40.3	25.7	25.0	25.0	
Reported PAT	938	301	67	-1,969	-1,620	-1,999	-218	-1,677	-663	-5,651	-1,195	67.3
Adj PAT	938	301	67	-1,969	-1,620	-1,999	-218	-1,677	-663	-5,651	-1,195	67.3
YoY Change (%)	-126.7	411.2	-96.6	-740.1	-272.7	-763.8	-426.1	-14.8	-45.1	752.3	-496.8	

E: MOFSL Estimates

Exhibit 1: SOTP-based valuation

FY25E	EBITDA/Sales	Multiple	EV
Lifestyle Brands	13,211	20	2,60,251
Pantaloons	2,968	15	43,042
Others	19,234	1	19,234
Total EV			3,22,527
Less: Net debt			99,567
Equity Value			2,22,960
No of Shares			949
TP			235
CMP			217
Upside			8%

Source: MOFSL, Company

Segmental split**Lifestyle:**

- Revenue declined 6% YoY to INR15.9b due to fewer wedding dates and a shift in festivals.
- Wholesale channels were flat at INR4.6b.
- Retail channels declined 4% YoY with 12% LTL decline to INR7b.
- Others channels (ecom, exports) dipped 13% YoY to INR4.2b.
- EBITDA margin increased 430bp YoY to 21.4%, driven by GM improvements.
- Total store count stood at 2,660 (+17/+99 store additions QoQ/YoY).

Pantaloons:

- A subdued demand environment led to +1.2% growth YoY in revenue to INR10.3b, led by 16% store adds and 8% LFL decline.
- Pantaloons declined 7% YoY to INR10.2b, led by 11% store adds, while LFL dipped 15%.
- Value fashion & low-tier markets remained subdued.
- The private label portfolio's share remained high at 64%.
- EBITDA margin contracted 6pp YoY to 10.1%.
- The segment added net five stores, taking the total store count to 439.

Ethnic wear segment

- The segment reported 32% YoY revenue growth to INR1.4b, driven by store expansion and brand development initiatives.
- Added five new brands to the portfolio of TCNS: W, Aurelia, Wishfil, Eleven and Folksong
- **Jaypore:** Retail revenue grew 49% YoY led by aggressive retail expansion
- **Sabyasachi** grew 39% YoY with 18% LTL growth
- **Shantnu & Nikhil** posted 33% YoY revenue growth with 45% LTL growth
- **Tasva** surged 2.2x YoY; store count stood at 59
- **House of Masaba** posted 18% YoY revenue growth
- The segment reported an operating loss of INR180m vs. INR400m operating loss in 2QFY23.

Other Segment (Athleisure/Innerwear, casuals, Reebok, TMRW, and smaller brands/formats)

- Revenue grew 44% YoY to INR4.2b, while operating loss stood at INR70m.

- **Innerwear and Athleisure** declined 10% YoY, but innerwear category was flat.
- **Reebok** posted 77% YoY growth and is on track to cross INR4b revenue with healthy EBITDAM
- **Super premium brands** grew 26% YoY led by 11% LTL growth
- **Youth western wear** posted 37% YoY revenue growth

Balance Sheet and Cash Flow

- WC days increased to 73 (vs. -4 days/50 days in 1HFY23/FY23), led by a drop in payable days to 277 (from 327 days/253 days in 1HFY23/FY23).
- Inventory days stood at 302 (vs. 289 days in 1HFY23).
- Operating cash outflow was INR5b in 1HFY24 (vs. INR550m in 1HFY23) due to a decrease in OCF before WC by 56% YoY to INR2b (INR4.6b in 1HFY23) and INR7b blocked in WC (INR4b in 1HFY23).
- Further, high capex of INR4b and interest payments of INR3.8b led to cash outflow of INR12.8b, which was funded by proceeds from borrowings.
- ABFRL paid INR16.1b for the TCNS acquisition, which was funded by borrowings.
- Net debt increased INR28.4b from the FY23 level to INR42.7b in 1HFY24.

Highlights from management commentary

Key Highlights:

- Expects 3QFY24 to see marginally positive demand within wedding and premium category, while mass category will continue to see pressure.
- Revenue growth of 5% in 2QFY24 was mainly driven by new lines of business as LFL growth remained fairly flat in a slower market.
- Completed the acquisition of TCNS; Expects to take quarterly revenue run-rate of INR20-25b with double-digit EBITDA margins (Pre-Ind AS 116)
- Store addition in Lifestyle is expected to continue; maintains 30-35 store addition target for Pantaloons, while expansion in innerwear could see some slowdown.
- Expects debt levels to remain elevated at around INR28b by Mar'24 as funding from GIC would be used for future expansions.

Detailed Highlights:

Demand scenario and financial performance:

- Demand has remained sluggish, primarily due to a slowdown in discretionary spending, further impacted by 'Adhik maas' and a shift in the festive period.
- The company anticipates an upswing in consumer sentiment during and after the festive period.
- While demand remains flat to marginally positive for premium and wedding related portfolios, it continues to see some pressure in the mass category.
- Geography wise, the company continues to see more pain in eastern markets, like UP, Bihar and some parts of North India.
- Revenue growth of 5% was mainly driven by new lines of business as LFL growth remained fairly flat in a slower market.
- EBITDA margin was hit by subdued sales on a cost-based build for higher sales.
- Gross margins for Madura expanded of 150-200bp YoY, mainly driven by lower RM prices. Pantaloons margins contracted 250-300bp, impacted by a demand slowdown and impact of EOSS.

Business segments:**TCNS:**

- ABFRL completed the acquisition of a 51% stake in TCNS Clothing Company Limited in the last week of Sep'23.
- The second leg of this transaction is anticipated to be completed in next 6-9 months.
- Revenues from the segment, which saw an impact in recovery post Covid, are expected to improve in the next couple of quarters.
- The company expects the revenue run rate to reach INR20-25b, with targets to achieve double-digit pre-Ind AS EBITDA margins.

Lifestyle:

- Business saw an impact of feeble wedding calendar (driving large part of suits and blazer), a shift in festivals and an overall economic slowdown.
- EBITDA margins for Madura remained strong despite weaker revenues as the company took active cost-control measures and focused on quality of growth.
- In 2QFY24, the retail channel declined 4% YoY, while the wholesale segment remained flat YoY despite the addition of 17 new stores.
- American Eagle continued its strong revenue growth at 37% YoY, led by strong distribution expansion.
- Athleisure and innerwear categories continued to see pressures, given the shift-out demand witnessed post Covid. ABFRL is looking to slow down the expansion in this category amid demand weakness.
- Reebok's quarterly revenue grew 77% YoY, led by a rapid distribution expansion and strong LTL growth. The brand expanded its network with 15 store adds.
- Premium categories saw a strong performance as the Collective and other super premium brands witnessed a stellar growth of 26% YoY, with 11% L2L growth over last year.

Pantaloons:

- Segment was impacted by persistent consumption slowdown and a shift in Pujo to 3QFY24.
- It continued footprint expansion and added net 5 stores, taking the total to 439 stores as on Sep'23.
- The brand continued to enhance in-store ambience and elevate customer experience by rolling out new stores with new retail identity.
- The company has maintained its store addition guidance of 30-35 stores for FY24. It has already opened 15 stores so far.

Ethnic:

- The segment's capex grew 32% YoY as it continued to invest in brand-building initiatives and new store openings, with the addition of six new stores in 2QFY24.
- The company's in-house men's premium ethnic wear brand TASVA is now available in over 60 stores. ABFRL has reiterated its plan to continue investing in the brand building and expansion for the brand given the strong growth opportunity.
- House of Masaba grew 18% YoY with a presence across total 12 stores.

Other highlights:

- In 2QFY24, ABFRL added net 48 stores, taking the total store count to 4,056 across 11.2m sqft.
- TMRW expanded its portfolio by adding India Garage Company, which specializes in male casual space. The company has stated that it has covered ~90% of investments related to the segment now and expects further investments of INR1.5b.
- Warrant amount from GIC is expected to come in by Mar'24 to the tune of INR14, which will be used for funding future growth of the company.
- ABFRL maintains its debt targets at around INR28b by the end of Mar'24.

Exhibit 2: Quarterly performance (INR m)

	2QFY23	1QFY24	2QFY24	YoY%	QoQ%	2QFY24E	v/s est (%)
Revenue	30,746	31,961	32,264	4.9	1.0	33,019	-2.3
Raw Material cost	13,803	14,460	15,037	8.9	4.0	14,825	1.4
Gross Profit	16,943	17,500	17,227	1.7	-1.6	18,193	-5.3
Gross margin (%)	55.1	54.8	53.4	-171bps	-136bps	55.1	-171bps
Employee Costs	3,790	4,376	4,231	11.6	-3.3	4,160	1.7
Rent	2,018	2,268	2,099	4.0	-7.5	2,351	-10.7
SGA Expenses	7,168	7,934	7,664	6.9	-3.4	8,090	-5.3
EBITDA	3,967	2,923	3,233	-18.5	10.6	3,593	-10.0
EBITDA margin (%)	12.9	9.1	10.0	-288bps	87bps	10.9	-86bps
Depreciation and amortization	2,907	3,670	3,888	33.8	5.9	3,731	4.2
EBIT	1,061	-747	-655	-161.7	-12.3	-138	-375.2
EBIT margin (%)	3.4	-2.3	-2.0	-548bps	31bps	-0.4	-161bps
Finance Costs	1,036	1,873	2,084	101.2	11.2	1,746	19.3
Other income	220	603	457	107.8	-24.1	291	57.1
Profit before Tax	245	-2,017	-2,281	-1031.7	13.1	-1,593	-43.2
Tax	-56	-397	-282	401.1	NM	-398	NM
Tax rate (%)	-23.0	19.7	12.4	NM	NM	25.0	-1263bps
Profit after Tax	301	-1,620	-1,999	-763.8	23.4	-1,195	-67.3
Adj Profit after Tax	301	-1,620	-1,999	-763.8	23.4	-1,195	-67.3

Source: MOFSL, Company

Exhibit 3: Summary of estimate change

	FY24E	FY25E
Revenue (INR m)		
Old	1,37,681	1,60,782
Actual/New	1,35,891	1,56,480
Change (%)	-1.3	-2.7
EBITDA (INR m)		
Old	14,701	18,291
Actual/New	13,207	16,884
Change (%)	-10.2	-7.7
EBITDA margin (%)		
Old	10.7	11.4
Actual/New	9.7	10.8
Change (bp)	-96	-59
Net Profit (INR m)		
Old	-4,531	-3,899
Actual/New	-5,651	-4,955
Change (%)	24.7	27.1
EPS (INR)		
Old	-4.5	-3.9
Actual/New	-5.6	-4.9
Change (%)	24.7	27.1

Source: Company, MOFSL

Story in charts

Exhibit 4: Consolidated revenue grew 5% YoY

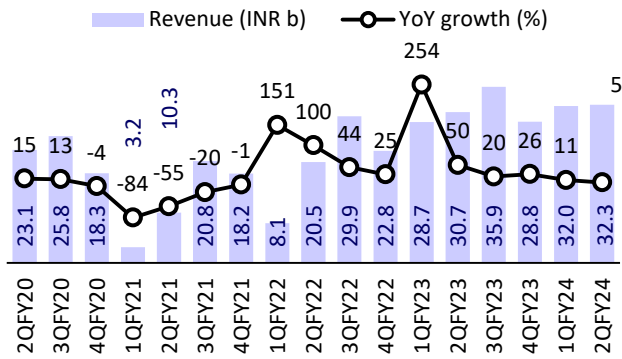


Exhibit 5: Gross margin saw contraction in 2QFY24

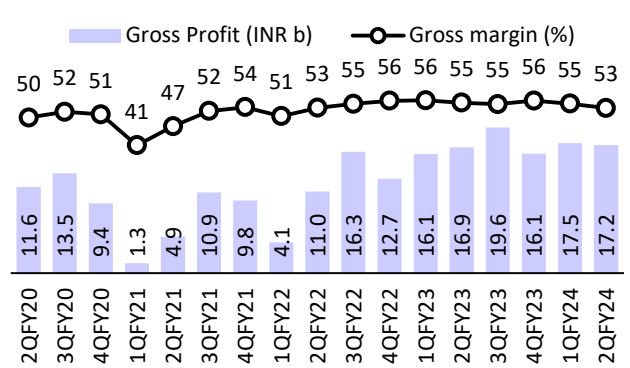


Exhibit 6: EBITDA margins contracted 290bp YoY

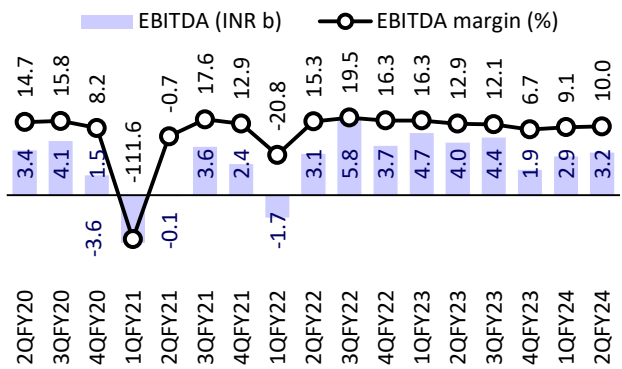


Exhibit 7: Continues to report net loss in 1QFY24

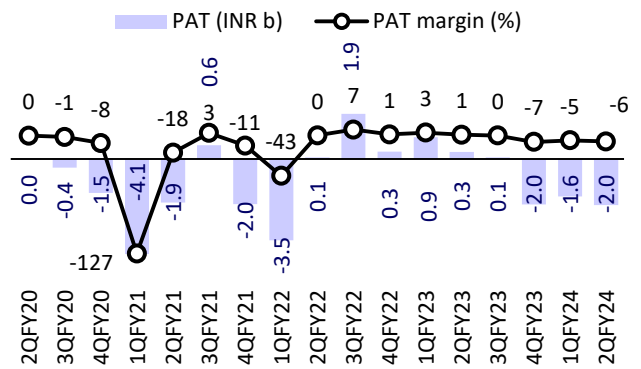
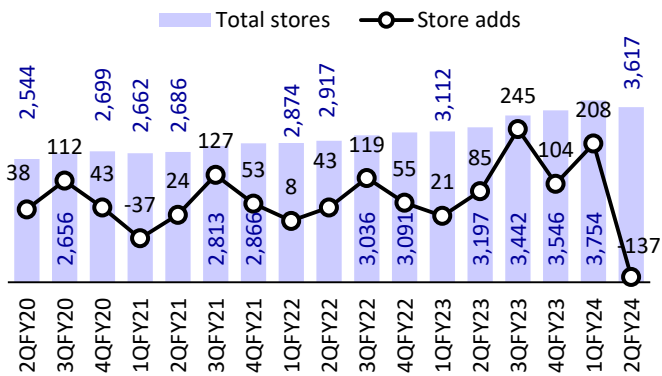
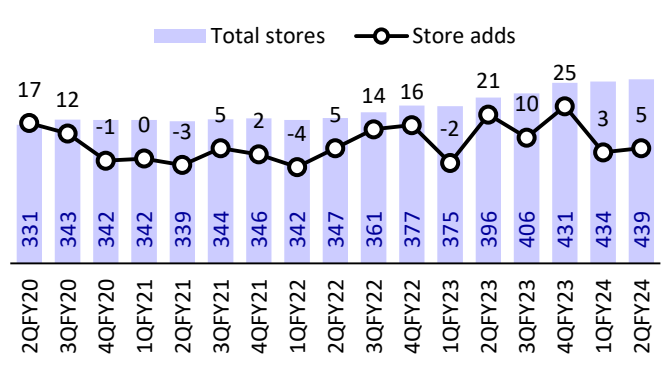


Exhibit 8: Madura stores in 2QFY24



Source: Company, MOFSL

Exhibit 9: Pantaloon's added 5 stores



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	71,721	81,177	87,879	52,489	81,362	1,24,179	1,35,891	1,56,480
Change (%)	8.6	13.2	8.3	-40.3	55.0	52.6	9.4	15.2
Raw Materials	33,901	39,250	42,242	25,630	37,202	55,520	61,999	71,694
Employees Cost	7,723	9,130	10,805	8,654	11,585	15,634	17,394	19,560
Rent	10,429	11,104	4,870	107	3,932	8,970	9,512	10,171
Other Expenses	14,985	16,153	17,843	12,552	17,644	29,120	33,779	38,170
Total Expenditure	67,038	75,637	75,760	46,942	70,363	1,09,243	1,22,684	1,39,595
% of Sales	93.5	93.2	86.2	89.4	86.5	88.0	90.3	89.2
EBITDA	4,683	5,541	12,118	5,548	10,999	14,936	13,207	16,884
Margin (%)	6.5	6.8	13.8	10.6	13.5	12.0	9.7	10.8
Depreciation	2,805	2,823	8,853	9,628	9,970	12,270	14,922	17,441
EBIT	1,878	2,717	3,265	-4,080	1,029	2,666	-1,715	-557
Int. and Finance Charges	1,716	1,874	4,247	5,026	3,507	4,724	6,985	7,214
Other Income	328	648	653	734	1,006	1,165	1,165	1,165
PBT bef. EO Exp.	490	1,491	-329	-8,372	-1,473	-893	-7,535	-6,606
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	490	1,491	-329	-8,372	-1,473	-893	-7,535	-6,606
Total Tax	-688	-1,721	1,321	-1,015	-266	-230	-1,884	-1,652
Tax Rate (%)	-140.5	-115.4	-401.7	12.1	18.0	25.7	25.0	25.0
Reported PAT	1,178	3,212	-1,650	-7,357	-1,207	-663	-5,651	-4,955
Adjusted PAT	1,178	3,212	-1,650	-7,357	-1,207	-663	-5,651	-4,955
Change (%)	113.4	172.7	-151.4	345.8	-83.6	-45.1	752.3	-12.3
Margin (%)	1.6	4.0	-1.9	-14.0	-1.5	-0.5	-4.2	-3.2

Consolidated - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	7,717	7,735	7,740	9,151	9,383	9,488	10,118	10,118
Total Reserves	3,214	6,554	3,138	17,612	18,502	23,972	32,190	27,236
Net Worth	10,931	14,289	10,878	26,763	27,885	33,460	42,309	37,354
Total Loans	18,615	11,982	23,688	11,364	12,323	23,055	23,055	23,055
Lease Liability			25,018	24,634	28,681	42,673	50,922	63,272
Deferred Tax Liabilities	-688	-2,634	-1,950	-3,339	-3,805	-4,085	-4,085	-4,085
Capital Employed	28,857	23,637	57,634	59,421	65,085	95,104	1,12,201	1,19,596
Gross Block	30,667	32,410	63,457	75,981	92,395	1,26,197	1,46,273	1,72,003
Less: Accum. Deprn.	4,844	6,855	14,022	21,851	31,821	42,060	56,982	74,423
Net Fixed Assets	25,823	25,555	49,435	54,130	60,573	84,138	89,292	97,580
Right to use Assets			22,069	21,414	25,229	36,234	38,713	44,629
Capital WIP	459	224	441	376	1,032	1,457	1,457	1,457
Total Investments	42	42	142	4,198	6,860	2,702	2,702	2,702
Curr. Assets, Loans&Adv.	30,326	37,756	45,688	39,671	51,796	78,031	86,882	87,737
Inventory	16,912	19,213	23,668	18,470	29,296	42,144	40,954	42,871
Account Receivables	5,518	7,808	8,405	7,305	7,564	8,864	9,308	10,718
Cash and Bank Balance	728	574	2,669	2,618	1,205	7,011	21,728	17,000
Loans and Advances	7,168	10,161	10,946	11,279	13,731	20,012	14,892	17,148
Curr. Liability & Prov.	27,793	39,940	38,072	38,954	55,176	71,224	68,132	69,880
Account Payables	20,093	23,974	22,899	23,734	34,106	38,461	37,230	38,584
Other Current Liabilities	5,780	13,943	13,284	13,342	19,041	30,313	27,923	27,866
Provisions	1,920	2,023	1,888	1,878	2,030	2,450	2,978	3,430
Net Current Assets	2,533	-2,184	7,616	717	-3,380	6,807	18,750	17,857
Appl. of Funds	28,858	23,637	57,634	59,421	65,085	95,104	1,12,201	1,19,596

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	1.5	4.2	-2.1	-8.0	-1.3	-0.7	-5.6	-4.9
Cash EPS	5.2	7.8	9.3	2.5	9.3	12.2	9.2	12.3
BV/Share	14.2	18.5	14.1	29.2	29.7	35.3	41.8	36.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	141.3	52.0	-101.3	-26.9	-167.9	-309.1	-38.7	-44.1
Cash P/E	41.8	27.6	23.2	87.0	23.1	17.7	23.6	17.5
P/BV	15.2	11.6	15.4	7.4	7.3	6.1	5.2	5.9
EV/Sales	2.6	2.2	2.1	3.9	2.6	1.8	1.6	1.4
EV/EBITDA	39.4	32.2	17.6	41.6	22.0	17.7	20.5	17.1
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	3.5	3.2	2.5	9.8	6.7	-0.4	11.5	7.8
Return Ratios (%)								
RoE	11.5	25.5	-13.1	-39.1	-4.4	-2.2	-14.9	-12.4
RoCE	7.5	12.8	9.6	-5.7	3.3	4.8	-0.5	0.5
RoIC	6.6	10.8	8.5	-7.7	1.9	3.8	-2.0	-0.6
Working Capital Ratios								
Fixed Asset Turnover (x)	2.3	2.5	1.4	0.7	0.9	1.0	0.9	0.9
Asset Turnover (x)	2.5	3.4	1.5	0.9	1.3	1.3	1.2	1.3
Inventory (Days)	86	86	98	128	131	124	110	100
Debtor (Days)	28	35	35	51	34	26	25	25
Creditor (Days)	102	108	95	165	153	113	100	90
Leverage Ratio (x)								
Current Ratio	1.1	0.9	1.2	1.0	0.9	1.1	1.3	1.3
Interest Cover Ratio	1.1	1.4	0.8	-0.8	0.3	0.6	-0.2	-0.1
Net Debt/Equity	1.6	0.8	1.9	0.2	0.2	0.4	0.0	0.1

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	490	1,491	-329	-8,375	-1,449	-842	-7,535	-6,606
Depreciation	2,805	2,823	8,853	9,628	9,970	12,270	14,922	17,441
Interest & Finance Charges	1,669	1,846	4,220	5,004	3,484	4,724	6,985	7,214
Direct Taxes Paid	-10	-196	-65	-28	-164	25	1,884	1,652
(Inc)/Dec in WC	760	-937	-6,126	8,528	241	-9,118	2,775	-3,836
CF from Operations	5,714	5,028	6,552	14,756	12,082	7,058	19,031	15,865
Others	237	249	-112	-3,718	-2,577	-696	-1,165	-1,165
CF from Operating incl EO	5,951	5,276	6,440	11,038	9,505	6,362	17,866	14,700
(Inc)/Dec in FA	-3,271	-2,792	-4,485	-2,101	-3,185	-6,708	-6,280	-6,760
Lease Payments					0	-8,910	-8,961	-10,694
Free Cash Flow	2,680	2,484	1,955	8,937	6,321	-346	11,586	7,940
(Pur)/Sale of Investments	-36	22	-1,027	-6,475	-2,422	2,733	0	0
Others	58	6	5	181	116	186	1,248	1,248
CF from Investments	-3,250	-2,763	-5,508	-8,396	-5,491	-12,699	-13,993	-16,205
Issue of Shares	12	9	72	22,388	2,476	7,728	14,500	0
Inc/(Dec) in Debt	-1,832	-1,576	10,742	-16,547	960	9,763	0	0
Interest Paid	-649	-1,098	-4,243	-4,759	-3,097	-5,327	-3,571	-3,140
Dividend Paid	0	0	0	0	0	0	0	0
Others	0	0	-5,407	-3,774	-5,609	0	0	0
CF from Fin. Activity	-2,469	-2,664	1,165	-2,692	-5,270	12,165	10,929	-3,140
Inc/Dec of Cash	233	-152	2,098	-50	-1,256	5,828	14,801	-4,645
Opening Balance	495	725	571	2,668	2,461	1,182	6,927	21,645
Closing Balance	727	574	2,669	2,618	1,205	7,011	21,728	17,000
less: Other Bank Balance	2	2	1	156	23	84	84	84
Net Closing Balance	725	571	2,668	2,461	1,182	6,927	21,645	16,916

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at

<http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.