

# Shoppers Stop

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	SHOP IN
Equity Shares (m)	109
M.Cap.(INRb)/(USD\$)	84.9 / 1
52-Week Range (INR)	818 / 278
1, 6, 12 Rel. Per (%)	6/51/181
12M Avg Val (INR M)	187

## Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
Sales	24.9	38.8	42.4
EBITDA	2.7	6.5	7.5
Adj. PAT	-1.0	0.8	1.0
EBITDA Margin (%)	10.7	16.7	17.6
Adj. EPS (INR)	-12.2	9.2	12.4
EPS Gr. (%)	-65.8	LP	34.5
BV/Sh. (INR)	2.7	11.4	23.0

## Ratios

Net D:E	19.5	10.9	7.4
RoE (%)	-72.6	56.7	46.0
RoCE (%)	2.3	9.4	10.1
Payout (%)	0.0	0.0	0.0

## Valuations

P/E (x)	-64.9	85.6	63.7
EV/EBITDA (x)	40.0	16.5	14.6
EV/Sales (x)	4.3	2.8	2.6
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	2.7	6.6	3.6

## Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	65.6	65.6	65.5
DII	20.5	19.8	19.9
FII	6.4	6.1	5.8
Others	7.6	8.5	8.9

FII Includes depository receipts

**CMP: INR780**      **TP: INR805 (+3%)**      **Neutral**

## Ticking the right boxes

- Aided by price hikes, SHOP reported a healthy 19% revenue growth in 2QFY23 from pre-COVID levels (8% beat) on healthy (+10%) SSSG and sustained volumes. EBITDA grew 2.3x YoY (22% over pre-COVID levels), with a 540bp margin improvement.
- 1) A strong recovery in revenue, backed by an improved pricing; 2) expansion within the Beauty and Private Label segment; and 3) healthy annual 12/15 store additions for SHOP/Beauty are expected to drive business growth going forward. We expect a revenue/EBITDA CAGR of 30%/67% over FY22-24. Sustained SSSG and increased competition from newly launched Centro will remain key monitorables. We maintain our Neutral rating with a TP of INR805 per share.

## Revenue up 19% (8% beat) v/s pre-COVID levels on healthy LFL growth

- Standalone revenue grew a healthy 60%/19% from 2QFY22/2QFY20 levels to INR10.1b (8% beat), aided by price hikes and a healthy SSSG of 10% from pre-COVID levels.
- Gross margin improved by 300bp YoY to 41.2% in 2QFY23 (est. 41%), which can be attributable to the improved share of Private Labels. However, there was a 100bp contraction on a sequential basis, possibly due to postponement of the end of season sale as indicated in 1QFY23.
- EBITDA grew by ~2.4x YoY (in line) to INR1.7b, with a margin improvement of 540bp to 16.6% led by healthy revenue growth. This was an expansion of 40bp from pre-COVID levels.
- SHOP reported a PAT of INR181m (12% miss) v/s a loss of INR30m/INR54m in 2QFY22/2QFY20. Adjusted for a one-time write-off of INR20m towards ICD receivable from Crossword Bookstores Pvt. (Crossword), PAT stood at INR201m (in line).
- The company opened a Department and two Beauty stores in 2QFY23. It has a further six Department stores under fit-out.

## Highlights from the management commentary

- The strong 19% growth over pre-COVID levels is due to the 10% SSSG attributed to the 10% price hike taken in Feb'22. Despite that, volumes have sustained. SHOP is also seeing healthy growth in the ongoing festive season.
- The management expects mid to high single-digit operating margin in the short term, backed by an improved focus on the margin accretive Beauty segment, improved product mix, and rationalization of fixed costs.
- It has maintained its guidance to open 15 Beauty stores in FY23, of which seven have already been opened and four are under fit-out. Going forward, this should increase with the launch of the newly acquired brands: L'Oreal and Clarins.
- The management expects the share of private brands within the Apparel segment to improve to 25-30% in the near term from 21% currently.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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**Valuation and view**

- The company's recent initiatives, which includes smaller sized stores (of 30k sq. ft. as against its existing average of 50k sq. ft.) to improve store efficiency; growing Private Label mix; and continued focus on high-growth and margin accretive Beauty segment present good growth opportunities.
- Strong demand momentum in Oct'22, healthy SSSG, and store addition guidance of 12/15 in the SHOP/Beauty segment are expected to drive growth going forward.
- A healthy Balance Sheet, net cash of INR130m, and a strong FCF generating capability of INR4-5b provide comfort for growth funding.
- Headwinds from the inflationary pressures in the discretionary spending space and increased competition from the newly launched Centro will remain key monitorables.
- The stock has rallied by ~60% in the last six months, but is still trading at 14.5x FY24E EV/EBITDA on a 67% EBITDA CAGR over FY22-24E.
- The management aims to double revenue over the next five years. This, along with the healthy SSSG, remains key to a possible re-rating.
- We value SHOP at 14x FY24E EV/EBITDA to arrive at our TP of INR805. We maintain our **Neutral** rating.

**Standalone quarterly earning model**

(INR m)

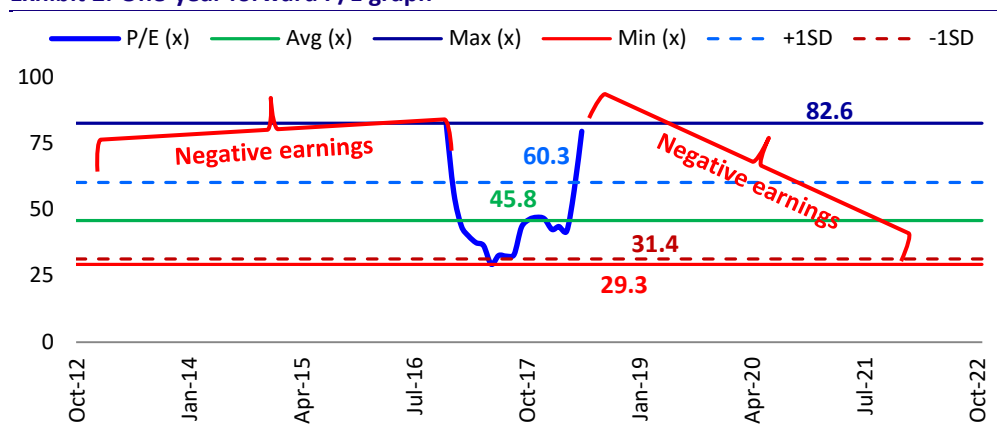
Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
<b>Total Revenue from Operations</b>	<b>2,011</b>	<b>6,316</b>	<b>9,513</b>	<b>7,099</b>	<b>9,419</b>	<b>10,082</b>	<b>11,374</b>	<b>7,902</b>	<b>24,938</b>	<b>38,778</b>	<b>9,370</b>	<b>8</b>
YoY Change (%)	272.9	116.0	34.4	5.8	368.4	59.6	19.6	11.3	44.6	55.5		
<b>Total Expenditure</b>	<b>2,638</b>	<b>5,610</b>	<b>7,683</b>	<b>6,332</b>	<b>7,795</b>	<b>8,411</b>	<b>9,077</b>	<b>7,011</b>	<b>22,263</b>	<b>32,293</b>	<b>7,777</b>	<b>8</b>
<b>EBITDA</b>	<b>-628</b>	<b>706</b>	<b>1,829</b>	<b>767</b>	<b>1,624</b>	<b>1,672</b>	<b>2,298</b>	<b>891</b>	<b>2,675</b>	<b>6,484</b>	<b>1,593</b>	<b>5</b>
EBITDA Margin (%)	-31.2	11.2	19.2	10.8	17.2	16.6	20.2	11.3	10.7	16.7	17.0	
Depreciation	878	903	812	927	846	927	895	884	3,520	3,552	888	4
Interest	509	520	497	528	511	514	513	513	2,054	2,051	513	0
Other Income	641	676	146	198	56	39	42	30	1,661	166	83	-53
<b>PBT before EO expense</b>	<b>-1,373</b>	<b>-41</b>	<b>666</b>	<b>-490</b>	<b>323</b>	<b>270</b>	<b>932</b>	<b>-477</b>	<b>-1,238</b>	<b>1,047</b>	<b>275</b>	<b>-2</b>
Extra-Ord expense	150	0	0	0	0	20	0	0	150	20	0	NM
<b>PBT</b>	<b>-1,523</b>	<b>-41</b>	<b>666</b>	<b>-490</b>	<b>323</b>	<b>250</b>	<b>932</b>	<b>-477</b>	<b>-1,388</b>	<b>1,027</b>	<b>275</b>	<b>-9</b>
Tax	-346	-10	164	-329	95	68	233	-119	-521	277	69	
Rate (%)	22.7	25.6	24.6	67.1	29.5	27.3	25.0	25.0	37.5	27.0	25.0	
<b>Reported PAT</b>	<b>-1,178</b>	<b>-30</b>	<b>502</b>	<b>-161</b>	<b>228</b>	<b>181</b>	<b>699</b>	<b>-358</b>	<b>-867</b>	<b>750</b>	<b>206</b>	<b>-12</b>
<b>Adj PAT</b>	<b>-1,028</b>	<b>-30</b>	<b>502</b>	<b>-161</b>	<b>228</b>	<b>201</b>	<b>699</b>	<b>-358</b>	<b>-717</b>	<b>770</b>	<b>206</b>	<b>-2</b>
YoY Change (%)	-7.6	-97.3	-342.3	-34.8	-122.2	-766.9	39.2	122.2	-73.3	-207.4	-120.1	

E: MOFSL Estimates

**Exhibit 1: FY24E EV/EBITDA ratio for SHOP**

	Methodology	Driver (INR b)	Multiple (x)	Fair Value (INR b)	Value/share (INR)
Standalone (SHOP)	EV/EBITDA	7	14	107	979
<b>Total Enterprise Value</b>				<b>107</b>	<b>979</b>
Less: Net debt				19	175
<b>Equity Value</b>				<b>88</b>	<b>805</b>
Shares o/s (m)				109.6	
CMP (INR)					790
<b>Upside (%)</b>					<b>2</b>

Source: MOFSL, Company

**Exhibit 2: One-year forward P/E graph**

Source: MOFSL, Company

**Other business highlights****Segmental performance in 2QFY23:**

- Private labels: Share in revenue improved from 11.8% in 2QFY20 to 15.2%.
- Beauty: Share in revenue declined from 15.3% in 2QFY20 to 14.6% due to lower growth, as other categories saw price increase.
- Omni: Share in revenue significantly improved from merely 1.9% in 2QFY20 to 5%.
- **ATV grew by 8%/26% v/s 2QFY22/2QFY20 levels, respectively.**

**Investments:**

- Total capex for the quarter stood at INR560m which consists of INR470m towards new stores and renovation, INR90m towards technology and INR120m (recognized as OPEX) towards building omnichannel capabilities.
- Company continues to remain net debt free with net cash of INR130m.



## Highlights from the management commentary

### Key Highlights:

- The strong 19% growth over pre-COVID levels is due to the 10% SSSG attributed to the 10% price hike taken in Feb'22. Despite that, volumes have sustained. SHOP is also seeing healthy growth in the ongoing festive season.
- The management expects mid to high single-digit operating margin in the short term, backed by an improved focus on the margin accretive Beauty segment, improved product mix, and rationalization of fixed costs.
- It has maintained its guidance to open 15 Beauty stores in FY23, of which seven have already been opened and four are under fit-out. Going forward, this should increase with the launch of the newly acquired brands: L'Oreal and Clarins.
- The management expects the share of private brands within the Apparel segment to improve to 25-30% in the near term from 21% currently.

### Detailed highlights:

#### Business Recovery:

- Company recorded its highest ever quarterly Sales, EBITDA and PAT in 2QFY23 with significant improvement in KPIs.
- Customer footfalls have witnessed a significant surge with 48.1m visits (Online + offline) as compared to 25.3m footfalls in 2QFY22.
- Festive demand aided in sales growth during the quarter which was evident from 25% improved footfalls in Eastern India region on account of "Pujo" festival.
- ATV (Average Transaction value) grew 8% YoY aided by increased demand under the premium and lifestyle category.
- The company, during the quarter had closed few stores for refurbishment; this impacted the sales by ~INR200m.

#### Costs:

- Impact of ESOP expenses for FY23 to be INR140-150m. This would be at similar or slightly lower levels for FY24. The expenses however remain non cash outflow in nature.
- Recorded a cost savings of INR200m which was partially offset by incremental investment within the marketing and digital commerce.
- Recorded a one off items to the tune of INR20m which was attributed towards ICD receivable from Crossword Bookstores Private Limited (Crossword)

#### Demand outlook and guidance:

- SSSG: Shoppers stop saw a 10% SSSG as compared to pre-COVID levels. Going ahead it expects the SSSG to range between mid to high single digit.
- EBITDA Margin: Company expects margins to range in high single digit for next 3 years and lower double digit from 4<sup>th</sup> year onwards.
- The company expects margins improvement through focus on margin accretive beauty segment, improved product mix and rationalization of fixed costs.
- Company is currently witnessing strong demand in Oct'22 on the back of festive season.

**Strategic pillars:****First Citizen:**

- Contribution to sales stood at 77% with new enrolments of 0.2m.
- The “360 degree” campaign undertaken by the company witnessed successful response as it helped in improving the active base by 300bp. This was done through activation of inactive citizens.
- The company will continue to focus on its First Citizen Black segment and improve its customer base.

**Private brands:**

- The segment reported its highest ever quarterly sales in 2QFY23 with a total sales of sales INR1.9b, growing 76% YoY. The growth was 78% within the apparel segment and 64% over pre-COVID levels.
- The segment is witnessing improvement in share with 21% share within apparel segment and 15% within overall.
- The company expects the share in apparel segment to continue to grow and range between 25-30% in next couple of years.
- The company has signed actress Saniya Malhotra as brand ambassador for its private brands and undertook a brand campaign for “Kashish” which has seen a 170% YoY growth.
- Company’s brand “Bandeya” has seen a good reception and grown over 3x YoY in 2QFY23

**Beauty:**

- Sales under this segment grew 45% YoY, with a sales contribution of 14.6%.
- Launches:
  - The company launched 24 brands under this segment, taking the total to 35 brands as on date.
  - Company’s private brand “Arcelia” launched 35 new SKUs taking its total to 135 new SKUs on a YTD basis.
- Company expects the global supply chain disruptions to normalize in the coming period.
- **Brands distribution agreement:**
  - The company announced obtaining exclusive rights for distribution and retailing of brands from L’Oreal and Clarins under the niche fragrance and skin and make-up segment.
  - Obtaining the rights for these brands is mainly attributed to company’s plan to a) create a brand proposition in the segment, b) create a better brand representation
  - The company expects sales from L’Oreal brands to accrue from Dec’22 and Clarins to flow from 4QFY23.
  - Company expects this to be margin accretive as the whole supply chain for these products will be under its control.
  - It expects to meet the funding for such acquisition from internal flows.
  - Distribution of such brands would be done via a subsidiary using the company’s existing infrastructure. As a result, it does not expect major capex.

**Omnichannel:**

- The company witnessed ~30% digital sales originating from cities where the company does not have physical presence through ShoppersStop.com portal.
- Company launched its new app “SSbeauty” dedicated to beauty segment. The app is currently working on a testing basis and is expected to go live from the end of 3QFY23.

**Store expansion:**

- Company, during the quarter opened 1 departmental store and 2 beauty stores.
- Its store addition pipeline continues to remain robust with 2 stores being opened last week and 4 stores expected to open in next 6 weeks. It is well on track to open 12 stores in FY23, of which 9 stores would be in Tier 2 cities.
- The delay in store opening was mainly on account of delay due to regulatory approvals.
- Company maintains its guidance to open 15 beauty doors for FY23 with 3 stores being opened and 4 stores under fit out.
- In addition to above, the company also plans to add boutique doors for newly acquired brands from L’Oreal brands.

**New format launch**

- Value segment continues to remain a large segment in country and it will continue to look and evaluate any opportunities to venture in this segment

**Other highlights:**

- The company does not see significant threat from “Centro” given the huge opportunity within organized retail.
- The rise in inventory witnessed was mainly on to meet the demand for festive and winter wear season. It is expected to neutralize as quarter progresses.
- Company saw a margin impact of ~50bp within its Gross margins as compared to per-COVID levels, which was mainly due to improved share of digital sales and one time gain in 2QFY20.
- The overall ASP increased by 10% which was on the back of price hike undertaken in Feb’22. This has been received well by customers.

**Exhibit 3: Standalone quarterly performance (INR m)**

	2QFY20	2QFY22	1QFY23	2QFY23	YoY (%)	QoQ (%)	Pre-COVID %	2QFY23E	Var. (%)
<b>Total Revenue</b>	<b>8,453</b>	<b>6,316</b>	<b>9,419</b>	<b>10,082</b>	<b>60</b>	<b>7</b>	<b>19</b>	<b>9,370</b>	<b>8</b>
Raw Material cost	4,951	3,906	5,445	5,929	52	9	20	5,528	7
<b>Gross Profit</b>	<b>3,502</b>	<b>2,410</b>	<b>3,974</b>	<b>4,154</b>	<b>72</b>	<b>5</b>	<b>19</b>	<b>3,842</b>	<b>8</b>
<b>Gross margin (%)</b>	<b>41.4</b>	<b>38.2</b>	<b>42.2</b>	<b>41.2</b>	<b>304</b>	<b>-99</b>	<b>-23</b>	<b>41.0</b>	<b>20</b>
Employee Costs	830	634	829	873	38	5	5	843	3
SGA Expenses	1,164	1,071	1,521	1,609	50	6	38	1,405	15
<b>EBITDA</b>	<b>1,372</b>	<b>706</b>	<b>1,624</b>	<b>1,672</b>	<b>137</b>	<b>3</b>	<b>22</b>	<b>1,593</b>	<b>5</b>
<b>EBITDA margin (%)</b>	<b>16.2</b>	<b>11.2</b>	<b>17.2</b>	<b>16.6</b>	<b>540</b>	<b>-66</b>	<b>35</b>	<b>17.0</b>	<b>-42</b>
Depreciation and amortization	878	903	846	927	3	10	6	888	4
EBIT	494	-196	779	745	NM	NM	51	705	6
<b>EBIT margin (%)</b>	<b>5.8</b>	<b>-3.1</b>	<b>8.3</b>	<b>7.4</b>	<b>1049.3</b>	<b>-88.0</b>	<b>154.1</b>	<b>7.5</b>	<b>-14</b>
Finance Costs	474	520	511	514	-1	1	8	513	0
Other income	181	676	56	39	-94	-31	-79	83	-53
Exceptional item	0	0	0	-20	NM	NM	NM	0	NM
<b>Profit before Tax</b>	<b>201</b>	<b>-41</b>	<b>323</b>	<b>250</b>	<b>NM</b>	<b>-23</b>	<b>24</b>	<b>275</b>	<b>-9</b>
Tax	255	-10	95	68	NM	-29	-73	69	-1
<b>Tax rate (%)</b>	<b>126.7</b>	<b>25.6</b>	<b>29.5</b>	<b>27.3</b>	<b>167.9</b>	<b>-221.4</b>	<b>-9942.3</b>	<b>25.0</b>	<b>229</b>
<b>Profit after Tax</b>	<b>-54</b>	<b>-30</b>	<b>228</b>	<b>181</b>	<b>NM</b>	<b>-20</b>	<b>-438</b>	<b>206</b>	<b>-12</b>
<b>Adj Profit after Tax</b>	<b>-54</b>	<b>-30</b>	<b>228</b>	<b>201</b>	<b>NM</b>	<b>-12</b>	<b>-475</b>	<b>206</b>	<b>-2</b>

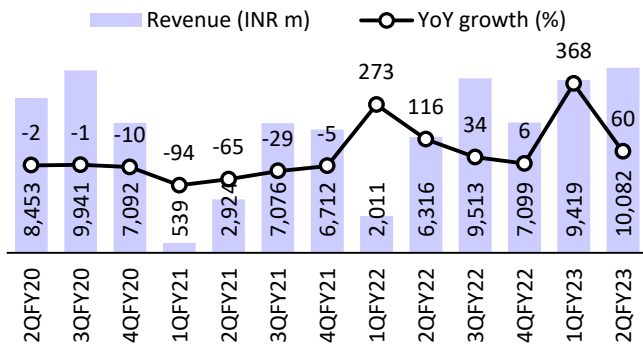
Source: MOFSL, Company

**Exhibit 4: Standalone estimate revision summary**

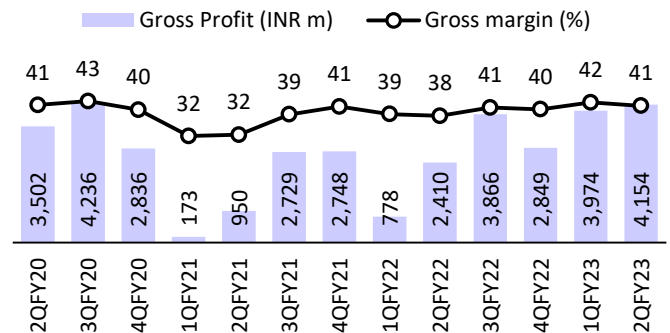
	FY23E	FY24E
<b>Revenue (INR m)</b>		
Old	38,344	41,930
Actual/New	38,778	42,394
<b>Change (%)</b>	<b>1.1</b>	<b>1.1</b>
<b>EBITDA (INR m)</b>		
Old	6,651	7,403
Actual/New	6,484	7,453
<b>Change (%)</b>	<b>-2.5</b>	<b>0.7</b>
<b>EBITDA margin (%)</b>		
Old	17.3	17.7
Actual/New	16.7	17.6
<b>Change (bp)</b>	<b>-62</b>	<b>-7</b>
<b>Net Profit (INR m)</b>		
Old	1,020	1,123
Actual/New	750	1,036
<b>Change (%)</b>	<b>-26.5</b>	<b>-7.7</b>
<b>EPS (INR)</b>		
Old	12.2	13.4
Actual/New	9.2	12.4
<b>Change (%)</b>	<b>-24.5</b>	<b>-7.7</b>

## Story in charts

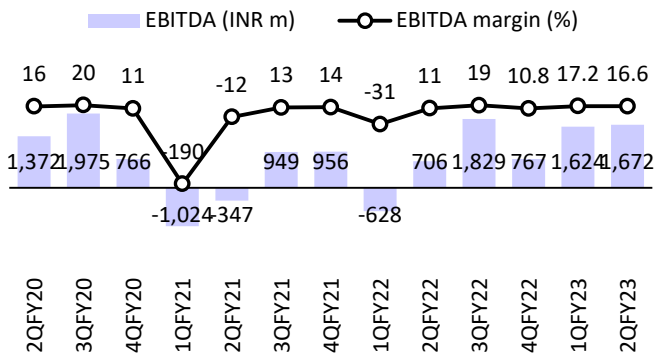
**Exhibit 5: Standalone revenue grew 19% from pre-COVID levels**



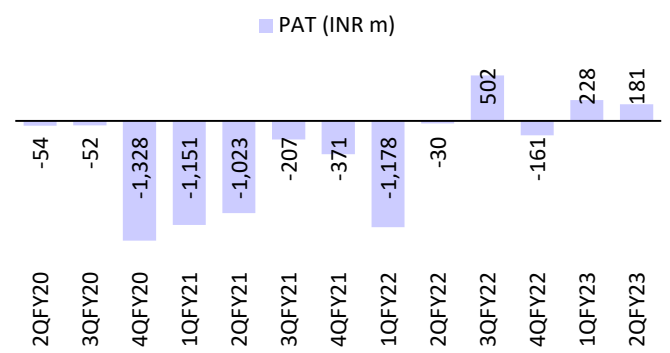
**Exhibit 6: Standalone gross margin at 41.2% in 2QFY23**



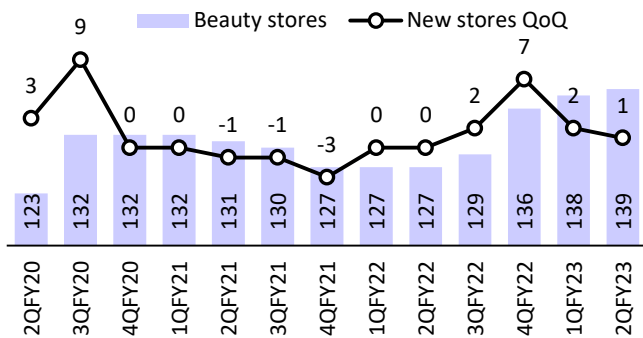
**Exhibit 7: Standalone EBITDA margin at 16.6% in 2QFY23**



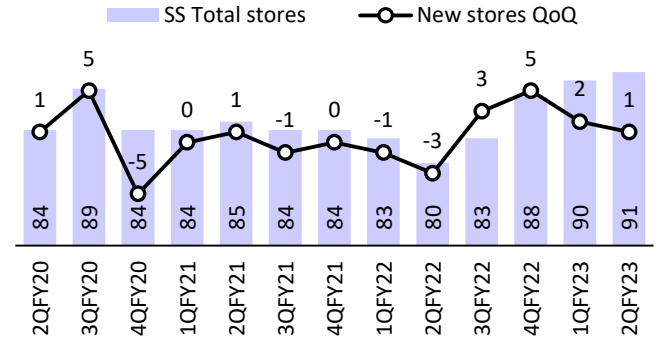
**Exhibit 8: PAT remains positive in 2QFY23**



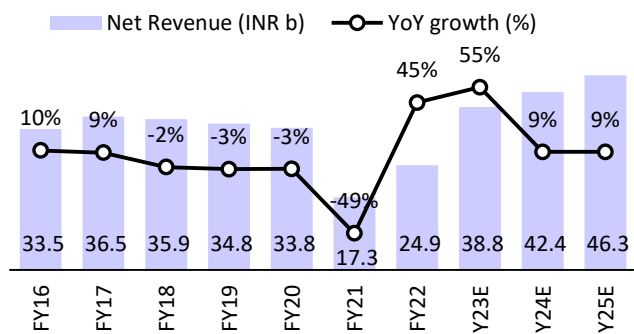
**Exhibit 9: Beauty store count stands at 139 in 2QFY23**



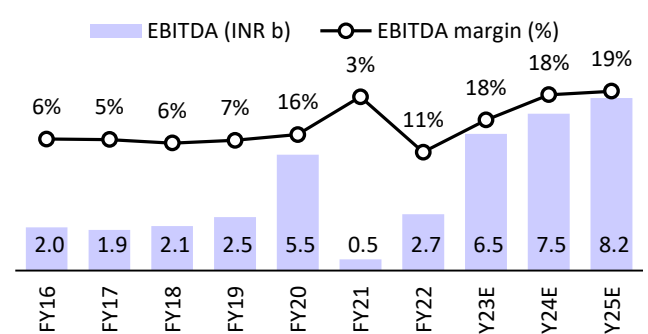
**Exhibit 10: SHOP adds a Departmental store in 2QFY23**



**Exhibit 11: Expect a strong revenue recovery from FY23**



**Exhibit 12: Expect EBITDA margin to recover from FY23**



Source: MOFSL, Company

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## Standalone financials and valuations

### Standalone - Income Statement

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Total Income from Operations</b>	<b>36,480</b>	<b>35,915</b>	<b>34,813</b>	<b>33,810</b>	<b>17,251</b>	<b>24,938</b>	<b>38,778</b>	<b>42,394</b>
Change (%)	8.7	-1.6	-3.1	-2.9	-49.0	44.6	55.5	9.3
Raw Materials	22,874	22,134	20,272	19,676	10,651	15,034	22,724	24,801
Employees Cost	2,735	3,013	3,145	3,219	2,575	2,693	3,501	3,781
Lease Rentals	3,480	3,597	3,863	560	0	0	0	0
Other Expenses	5,467	5,054	5,000	4,860	3,492	4,536	6,069	6,359
<b>Total Expenditure</b>	<b>34,555</b>	<b>33,799</b>	<b>32,280</b>	<b>28,315</b>	<b>16,717</b>	<b>22,263</b>	<b>32,293</b>	<b>34,941</b>
% of Sales	94.7	94.1	92.7	83.7	96.9	89.3	83.3	82.4
<b>EBITDA</b>	<b>1,925</b>	<b>2,116</b>	<b>2,533</b>	<b>5,494</b>	<b>534</b>	<b>2,675</b>	<b>6,484</b>	<b>7,453</b>
Margin (%)	5.3	5.9	7.3	16.3	3.1	10.7	16.7	17.6
Depreciation	1,155	1,119	1,351	4,392	3,847	3,520	3,552	3,860
<b>EBIT</b>	<b>770</b>	<b>997</b>	<b>1,182</b>	<b>1,102</b>	<b>-3,313</b>	<b>-844</b>	<b>2,933</b>	<b>3,593</b>
Int. and Finance Charges	585	362	124	1,944	2,200	2,054	2,051	2,375
Other Income	296	160	179	335	2,188	1,661	166	166
<b>PBT bef. EO Exp.</b>	<b>481</b>	<b>796</b>	<b>1,237</b>	<b>-507</b>	<b>-3,325</b>	<b>-1,238</b>	<b>1,047</b>	<b>1,385</b>
EO Items	-478	-504	0	-200	-224	-150	-20	0
<b>PBT after EO Exp.</b>	<b>3</b>	<b>292</b>	<b>1,237</b>	<b>-707</b>	<b>-3,549</b>	<b>-1,388</b>	<b>1,027</b>	<b>1,385</b>
Total Tax	203	176	449	703	-797	-521	277	349
Tax Rate (%)	6425.7	60.2	36.3	-99.5	22.5	37.5	27.0	25.2
Minority Interest	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>-199</b>	<b>116</b>	<b>788</b>	<b>-1,409</b>	<b>-2,752</b>	<b>-867</b>	<b>750</b>	<b>1,036</b>
<b>Adjusted PAT</b>	<b>-677</b>	<b>765</b>	<b>1,001</b>	<b>-1,609</b>	<b>-2,976</b>	<b>-1,017</b>	<b>770</b>	<b>1,036</b>
Change (%)	7,183.7	-213.0	30.8	-260.8	84.9	-65.8	-175.8	34.5
Margin (%)	-1.9	2.1	2.9	-4.8	-17.3	-4.1	2.0	2.4

### Standalone - Balance Sheet

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	418	440	440	440	547	548	548	548
Total Reserves	7,190	9,094	9,337	926	1,270	435	1,185	2,222
<b>Net Worth</b>	<b>7,608</b>	<b>9,534</b>	<b>9,776</b>	<b>1,366</b>	<b>1,817</b>	<b>983</b>	<b>1,733</b>	<b>2,769</b>
Total Loans	5,759	874	0	21,915	20,054	20,934	24,240	27,113
Lease Liabilities				20,678	19,116	18,995	22,301	25,175
Deferred Tax Liabilities	-43	-198	-320	-2,641	-3,424	-3,740	-3,740	-3,740
<b>Capital Employed</b>	<b>13,324</b>	<b>10,210</b>	<b>9,457</b>	<b>20,640</b>	<b>18,447</b>	<b>18,177</b>	<b>22,233</b>	<b>26,143</b>
Gross Block	8,125	9,282	9,907	11,457	11,923	14,913	15,760	17,662
Less: Accum. Deprn.	1,772	2,804	3,959	5,930	6,912	10,432	9,343	10,760
<b>Net Fixed Assets</b>	<b>6,353</b>	<b>6,478</b>	<b>5,948</b>	<b>5,527</b>	<b>5,011</b>	<b>4,481</b>	<b>6,417</b>	<b>6,902</b>
Right to use assets				13,257	12,096	12,764	12,764	12,764
Capital WIP	169	182	351	443	29	140	140	140
<b>Total Investments</b>	<b>4,080</b>	<b>3,176</b>	<b>2,935</b>	<b>2,057</b>	<b>1,279</b>	<b>1,464</b>	<b>1,464</b>	<b>1,464</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>7,712</b>	<b>7,592</b>	<b>15,199</b>	<b>16,727</b>	<b>13,902</b>	<b>15,240</b>	<b>22,022</b>	<b>24,885</b>
Inventory	3,528	3,284	10,535	12,239	8,472	10,075	13,280	14,519
Account Receivables	357	437	444	351	348	382	594	649
Cash and Bank Balance	50	52	167	13	416	321	3,867	5,037
Loans and Advances	3,777	3,818	4,052	4,125	4,666	4,462	4,281	4,680
<b>Curr. Liability &amp; Prov.</b>	<b>4,990</b>	<b>7,218</b>	<b>14,977</b>	<b>17,370</b>	<b>13,870</b>	<b>15,913</b>	<b>21,950</b>	<b>22,255</b>
Account Payables	3,302	4,886	12,542	14,967	11,399	14,419	18,677	18,685
Other Current Liabilities	1,617	2,252	2,341	2,295	2,409	1,409	3,187	3,484
Provisions	72	79	93	108	62	86	86	86
<b>Net Current Assets</b>	<b>2,722</b>	<b>374</b>	<b>222</b>	<b>-643</b>	<b>32</b>	<b>-673</b>	<b>72</b>	<b>2,629</b>
<b>Appl. of Funds</b>	<b>13,324</b>	<b>10,210</b>	<b>9,456</b>	<b>20,640</b>	<b>18,447</b>	<b>18,177</b>	<b>22,233</b>	<b>26,143</b>

E: MOFSL Estimates

## Standalone financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>-8.1</b>	<b>9.2</b>	<b>12.0</b>	<b>-19.3</b>	<b>-35.6</b>	<b>-12.2</b>	<b>9.2</b>	<b>12.4</b>
Cash EPS	5.7	22.6	28.2	33.3	10.4	30.0	51.8	58.6
BV/Share	91.1	114.2	117.1	16.4	21.8	11.8	20.8	33.2
DPS	0.8	0.8	0.8	0.0	0.0	0.0	0.0	0.0
Payout (%)	-37.8	67.8	9.8	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>								
P/E	-97.4	86.2	65.9	-41.0	-22.2	-64.9	85.6	63.7
Cash P/E	138.0	35.0	28.1	23.7	75.8	26.4	15.3	13.5
P/BV	8.7	6.9	6.7	48.3	36.3	67.1	38.1	23.8
EV/Sales	2.0	2.0	2.0	2.7	6.1	4.3	2.8	2.6
EV/EBITDA	37.2	33.2	27.4	16.6	198.7	40.0	16.5	14.6
Dividend Yield (%)	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
FCF per share	6.1	23.2	11.1	43.8	-6.6	25.8	63.8	34.9
<b>Return Ratios (%)</b>								
RoE	-8.8	8.9	10.4	-28.9	-187.0	-72.6	56.7	46.0
RoCE	-498.4	3.9	8.6	17.3	-3.9	2.3	9.4	10.1
RoIC	-532.7	5.0	11.8	18.2	-14.7	-3.2	13.0	14.8
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	4.5	3.9	3.5	3.0	1.4	1.7	2.5	2.4
Asset Turnover (x)	2.7	3.5	3.7	1.6	0.9	1.4	1.7	1.6
Inventory (Days)	35	33	110	132	179	147	125	125
Debtor (Days)	4	4	5	4	7	6	6	6
Creditor (Days)	33	50	132	162	241	211	176	161
<b>Leverage Ratio (x)</b>								
Current Ratio	1.5	1.1	1.0	1.0	1.0	1.0	1.0	1.1
Interest Cover Ratio	1.3	2.8	9.5	0.6	-1.5	-0.4	1.4	1.5
Net Debt/Equity	0.2	-0.2	-0.3	14.5	10.1	19.5	10.9	7.4

### Standalone - Cash Flow Statement

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
OP/(Loss) before Tax	481	796	1,237	-707	-3,549	-1,388	1,047	1,385
Depreciation	1,155	1,119	1,351	4,392	3,847	3,520	3,552	3,860
Interest & Finance Charges	585	362	124	1,944	2,200	2,054	2,051	2,375
Direct Taxes Paid	-237	-356	-565	-422	124	210	-277	-349
(Inc)/Dec in WC	-264	1,341	-24	538	-575	899	2,823	-1,382
<b>CF from Operations</b>	<b>1,720</b>	<b>3,261</b>	<b>2,124</b>	<b>5,745</b>	<b>2,046</b>	<b>5,295</b>	<b>9,196</b>	<b>5,889</b>
Others	-150	-43	-24	-101	-1,948	-1,403	-166	-166
<b>CF from Operating incl EO</b>	<b>1,570</b>	<b>3,218</b>	<b>2,100</b>	<b>5,644</b>	<b>99</b>	<b>3,892</b>	<b>9,030</b>	<b>5,723</b>
(Inc)/Dec in FA	-1,063	-1,179	-1,123	-1,786	-823	-1,067	-2,040	-1,902
<b>Free Cash Flow</b>	<b>506</b>	<b>2,039</b>	<b>977</b>	<b>3,858</b>	<b>-724</b>	<b>2,824</b>	<b>6,990</b>	<b>3,821</b>
(Pur)/Sale of Investments	-502	456	-224	-1,033	578	-55	0	0
Others	725	229	-864	421	-721	-666	-551	-535
<b>CF from Investments</b>	<b>-841</b>	<b>-494</b>	<b>-2,211</b>	<b>-2,397</b>	<b>-965</b>	<b>-1,788</b>	<b>-2,591</b>	<b>-2,437</b>
Issue of Shares	9	1,814	11	0	2,960	25	0	0
Inc/(Dec) in Debt	-140	-4,062	-398	-400	1,500	-773	0	0
Interest Paid	-581	-378	-124	-1,944	-2,195	-2,056	-2,051	-2,375
Dividend Paid	0	-75	-80	-80	0	0	0	0
Others	0	0	0	-1,809	-558	0	-1,537	-437
<b>CF from Fin. Activity</b>	<b>-712</b>	<b>-2,701</b>	<b>-591</b>	<b>-4,232</b>	<b>1,707</b>	<b>-2,804</b>	<b>-3,588</b>	<b>-2,811</b>
<b>Inc/Dec of Cash</b>	<b>17</b>	<b>23</b>	<b>-702</b>	<b>-986</b>	<b>841</b>	<b>-701</b>	<b>2,850</b>	<b>474</b>
Opening Balance	34	30	869	998	-425	1,022	1,017	4,563
<b>Closing Balance</b>	<b>50</b>	<b>52</b>	<b>167</b>	<b>12</b>	<b>416</b>	<b>321</b>	<b>3,867</b>	<b>5,037</b>
<b>Less: Other bank balance/ Overdraft</b>	<b>21</b>	<b>-816</b>	<b>-831</b>	<b>437</b>	<b>-605</b>	<b>-696</b>	<b>-696</b>	<b>-696</b>
<b>Net closing balance/ (Overdraft)</b>	<b>30</b>	<b>869</b>	<b>998</b>	<b>-425</b>	<b>1,022</b>	<b>1,017</b>	<b>4,563</b>	<b>5,733</b>

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