

# Sapphire Foods

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	SAPPHIRE IN
Equity Shares (m)	321
M.Cap.(INRb)/(USDb)	92.9 / 1.1
52-Week Range (INR)	375 / 242
1, 6, 12 Rel. Per (%)	-12/-13/-21
12M Avg Val (INR M)	219

## Financials & Valuations (INR b)

Y/E Mar	2026E	2027E	2028E
Sales	31.9	36.2	40.8
Sales Gr. (%)	10.7	13.6	12.7
EBITDA	4.6	5.9	6.8
Margins (%)	14.4	16.3	16.6
Adj. PAT	-0.1	0.6	1.0
Adj. EPS (INR)	-0.3	2.0	3.1
EPS Gr. (%)	-128.6	-806.6	54.6
BV/Sh.(INR)	43.2	45.3	48.4

## Ratios

RoE (%)	-0.7	4.6	6.7
RoCE (%)	3.1	5.9	7.1

## Valuations

P/E (x)	-1,013.3	143.4	92.8
P/BV (x)	6.7	6.4	6.0
EV/Sales (x)	2.8	2.5	2.2
Pre Ind-AS EV/EBITDA (x)	42.8	28.1	23.3

## Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	26.1	26.1	26.2
DII	37.3	37.9	37.1
FII	31.3	31.6	31.5
Others	5.4	4.5	5.2

FII includes depository receipts

**CMP: INR289**

**TP: INR350 (+21%)**

**Buy**

## Early festive season adds pressure

- Sapphire Foods India (SAPPHIRE) reported revenue growth of 7% YoY (in line) in 2QFY26, backed by a 10% YoY increase in store count. KFC sales grew 7% YoY and same-store sales declined 3% (in line). Excluding Navratri, sales grew 10% YoY with flat SSSG. Pizza Hut (PH) revenue declined 6% YoY as same-store sales declined 8% (est. -7%). PH in Tamil Nadu grew in double digits, backed by mass media advertising. PH saw 5% store additions. Sri Lanka posted healthy revenue growth of 23% YoY (+18% in LKR), driven by 14% LKR SSSG and 7% store growth.
- Gross margin contracted 100bp YoY (up 40bp QoQ) to 67.8% (in line). KFC ROM was down 270bp YoY at 13.8% (est. 13%), impacted by lower ADS (down 7% YoY to INR103k), operating deleverage, lower gross margin and higher delivery mix. PH ROM contracted 590bp YoY to -1.8%. However, excluding additional marketing investments, PH ROM was at a breakeven level. Sri Lanka ROM declined 10bp YoY to 15.4%. Consolidated restaurant EBITDA pre-Ind-AS fell 13% YoY to INR841m (beat) and margins declined 250bp YoY to 11.3% (12.1% in 1QFY26). Pre-Ind-AS EBITDA fell 7% YoY to INR548m and margins contracted 110bp to 7.4% (7.1% in 1QFY26).
- The recent GST reduction on input prices resulted in a marginal benefit of around 50bp. However, the company has not realized the benefit yet, as most of its inventory was procured at pre-revised rates. From 22nd Sep, the company passed on the benefit to consumers, adopting a selective approach by offering price reductions on 7-10 high-selling products across KFC and PH.
- The growth weakness with continuous contraction in store profitability is a big concern for QSR players. KFC ADS has dipped ~30% over the last three years and ROM contracted by ~700bp. SAPPHIRE is taking various steps to drive order growth. We model marginal growth in ADS for FY27, with improved store profitability. Although management commentary for recovery was muted, we will track if overall consumption drivers help in recovering dine-in demand. We reiterate **our BUY rating on the stock with a TP of INR350 (30x Sep'27E pre-IND-AS EV/EBITDA).**

## In-line performance; early Navratri weighs on KFC

- **In-line revenue growth:** Consolidated sales grew 7% YoY to INR7.4b (est: INR7.6b). KFC revenue grew 7% YoY to INR4.9b and same-store sales declined 3%. Excluding Navratri, sales grew 10% YoY with flat SSSG. Sales declined by 6% YoY to INR1.3b, with same-store sales down 8%. KFC ADS fell 7% YoY to INR103k, while PH ADS decreased 11% YoY to INR42k. PH Tamil Nadu, Sapphire's exclusive territory, saw double-digit revenue growth. Sri Lanka sales grew 23% YoY (+18% in LKR term) to INR1.3b and SSSG was 14%. ADS grew 17% YoY to INR109k.

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

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Store additions on expected lines:** Store growth was 10% YoY in 2Q to 997 stores. It added net 23 stores during the quarter (19 KFC, 2 PH and 2 in Sri Lanka).
- **Weak operating margin:** Consolidated gross profit grew 5% YoY to INR5b (est. INR5.1b). GM contracted 100bp YoY to 67.8%. Reported EBITDA declined 9% YoY to INR1b (est. INR1b), while margins contracted 240bp YoY and 80bp QoQ to 13.8% (est. 13.2%). Consolidated ROM (pre Ind-AS) decreased 250bp YoY and 80bp QoQ to 11.3%. EBITDA pre-Ind AS contracted 110bp YoY but increased 30bp QoQ to 7.4%. SAPPHERE reported a loss before tax amounting to INR166m.

#### Highlights from the management commentary

- The recent GST reduction on input prices resulted in a marginal benefit of around 50bp. However, the company has not realized the benefit yet, as most of the inventory was procured at pre-revised rates. From 22nd Sep, the company passed on the benefit to consumers, adopting a selective approach by offering price reductions on 7-10 high-selling products across KFC and PH instead of across the entire portfolio.
- KFC's dine-in revenue share declined due to multiple factors: (1) the company's extended delivery operations between 11 p.m. and 2 a.m., with around 10-15% of stores remaining open till 5 a.m.; (2) a higher concentration of high-street stores, which witness stronger delivery footfalls; and (3) structurally lower mall dine-in footfalls after Covid.
- Dine-in mix improved to 50% in 2QFY26 vs. 48% in 2QFY25, supported by strong regional initiatives and improved customer engagement.
- In Sri Lanka, the company effectively managed the minimum wage increase implemented in 1QFY26 and maintained EBITDA margins above 15% in 2Q. The company said that it will sustain margins at the current level in India as well.

#### Valuation and view

- We cut our EBITDA estimates by ~5% for FY27.
- KFC's store addition is expected to continue in FY26, while PH's store addition will be muted as management focuses on addressing ADS and profitability challenges within the current network.
- The company continues to face challenges in unit economics, with dine-in seeing more pressure than delivery. To drive recovery, SAPPHERE focuses on driving product innovation, enhancing customer engagement, and strengthening value-led offerings. However, improvement in ADS and SSSG will be key monitorables, as they are essential for restoring unit-level profitability. The stock trades at 42x and 28x pre-Ind-AS EV/EBITDA on FY26E and FY27E, respectively. We reiterate **our BUY rating on the stock with a TP of INR350 (30x Sep'27E pre-IND-AS EV/EBITDA).**

## Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
KFC - No. of stores	442	461	496	502	510	529	549	572	502	572	528	
PH - No. of stores	320	323	339	334	336	338	347	354	334	354	339	
KFC - SSSG (%)	-6.0	-8.0	-3.0	-1.0	0.0	-3.0	3.5	3.5	-4.0	1.0	-2.5	
PH - SSSG (%)	-7.0	-3.0	5.0	1.0	-8.0	-8.0	1.0	1.0	-1.0	-3.5	-7.0	
<b>Net Sales</b>	<b>7,183</b>	<b>6,957</b>	<b>7,565</b>	<b>7,113</b>	<b>7,768</b>	<b>7,424</b>	<b>8,471</b>	<b>8,233</b>	<b>28,819</b>	<b>31,897</b>	<b>7,567</b>	<b>-1.9</b>
YoY change (%)	9.8	8.3	13.7	12.6	8.1	6.7	12.0	15.7	11.1	10.7	8.8	
<b>Gross Profit</b>	<b>4,927</b>	<b>4,786</b>	<b>5,189</b>	<b>4,848</b>	<b>5,235</b>	<b>5,031</b>	<b>5,811</b>	<b>5,548</b>	<b>19,750</b>	<b>21,663</b>	<b>5,122</b>	<b>-1.8</b>
Margin (%)	68.6	68.8	68.6	68.2	67.4	67.8	68.6	67.4	68.5	67.9	67.7	
<b>EBITDA</b>	<b>1,242</b>	<b>1,120</b>	<b>1,343</b>	<b>1,062</b>	<b>1,129</b>	<b>1,021</b>	<b>1,273</b>	<b>1,165</b>	<b>4,768</b>	<b>4,587</b>	<b>997</b>	<b>2.4</b>
EBITDA growth %	2.3	-2.7	10.3	3.2	-9.1	-8.9	-5.2	9.7	3.4	-3.8	-11.0	
Margin (%)	17.3	16.1	17.8	14.9	14.5	13.8	15.0	14.2	16.5	14.4	13.2	
Depreciation	904	881	1,005	850	920	972	1,105	1,052	3,639	4,049	969	
Interest	273	271	275	298	295	307	303	306	1,116	1,211	298	
Other Income	53	85	105	130	68	92	125	265	372	550	115	
<b>PBT</b>	<b>118</b>	<b>53</b>	<b>168</b>	<b>45</b>	<b>-18</b>	<b>-166</b>	<b>-10</b>	<b>72</b>	<b>384</b>	<b>-122</b>	<b>-155</b>	
Tax	36	1	41	-14	-1	-38	-3	11	64	-31	-39	
Rate (%)	30.8	2.2	24.3	-31.7	5.7	22.9	25.2	14.9	16.7	25.2	25.2	
<b>Adjusted PAT</b>	<b>82</b>	<b>52</b>	<b>127</b>	<b>59</b>	<b>-17</b>	<b>-128</b>	<b>-8</b>	<b>61</b>	<b>320</b>	<b>-92</b>	<b>-116</b>	
YoY change (%)	-67.1	-65.9	29.5	189.3	-121.2	-346.8	-106.0	4.0	-38.4	-128.6	-323.9	

E: MOFSL Estimates

## Brand-wise performance

### KFC: Lower ADS leads to dip in ROM, Navratri weighs on 2Q performance

- Sales grew 7% YoY to INR4.9b and same-store sales declined 3%. Excluding Navratri, sales grew 10% YoY with flat SSSG.
- GP grew 6% YoY to INR3.3b and margins contracted 110bp YoY (flat QoQ) to 67.2%.
- **ROM fell 10% YoY to INR670m and margins declined 270bp YoY/190bp QoQ to 13.8%.**
- **ADS declined 7% YoY to INR103k from INR111k in 2QFY25.**
- Added 19 KFC stores, taking the total to 529 stores.

### Pizza Hut: Continues to struggle

- Sales declined by 6% YoY to INR1.3b with same-store sales declining 8%.
- PH Tamil Nadu saw double-digit revenue growth.
- GP declined 8% YoY to INR964m and margins contracted 210bp YoY/20bp QoQ to 74.4%.
- **ROM fell 140% YoY to -INR23m and margins declined 590bp YoY to -1.8%.**
- **ADS decreased 11% YoY to INR42k vs. INR47k in 2QFY25.**
- Opened 2 stores for PH reaching 338.

### Sri Lanka: Strong growth trajectory

- Sales grew 23% YoY (+18% in LKR term) to INR1.3b. SSSG was 14% in LKR terms. Management stated that growth is led by continued investments in brand innovation, marketing, and value-focused offerings.
- GP grew 28% YoY to INR800m and margins rose 220bp YoY and 240bp QoQ to 63.3%.
- ROM grew 23% YoY to INR195m, while margins contracted 10bp YoY but improved 270bp QoQ to 15.4%.
- ADS of INR 109k vs. INR93k in 2QFY25, up 17% YoY.
- Added 2 stores, taking the total store count in Sri Lanka to 130.

Brand-wise Performance	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
<b>KFC</b>									
No. of stores	381	406	429	442	461	496	502	510	529
Net store addition	23	25	23	13	19	35	6	8	19
SSSG (%)	0	-2	-3	-6	-8	-3	-1	0	-3
Net sales (INR m)	4,165	4,421	4,285	4,770	4,527	4,948	4,793	5,275	4,856
YoY growth (%)	19.3	16.0	16.1	11.3	8.7	11.9	11.9	10.6	7.3
ADS (INR '000)	125	125	114	122	111	115	108	116	103
Gross Margins (%)	67.9	68.4	68.3	68.2	68.3	68.2	68.0	67.1	67.2
Restaurant EBITDA Margin (%)	19.2	20.1	18.7	18.8	16.5	18.2	15.7	15.7	13.8
Channel mix (%)									
Delivery	38	38	39	40	42	41	43	43	45
Dine-in + Takeaway	62	62	61	60	58	59	57	57	55
<b>Pizza Hut</b>									
No. of stores	311	319	319	320	323	339	334	336	338
Net store addition	9	8	-	1	3	16	(5)	2	2
SSSG (%)	(20)	(19)	(15)	(7)	(3)	5	1	(8)	(8)
Net sales (INR m)	1,330	1,305	1,188	1,397	1,376	1,430	1,248	1,320	1,296
YoY growth (%)	(5.7)	(4.3)	(2.7)	2.6	3.5	9.6	5.1	(5.5)	(5.8)
ADS (INR '000)	48	45	41	48	47	48	42	44	42
Gross Margins (%)	76.1	75.7	75.5	76.1	76.5	75.6	74.8	74.6	74.4
Restaurant EBITDA Margin (%)	7.6	4.6	(2.7)	4.6	4.1	4.7	(4.6)	(2.5)	(1.8)
Channel mix (%)									
Delivery	49	49	50	50	52	51	52	50	50
Dine-in + Takeaway	51	51	50	50	48	49	48	50	50
<b>Sri Lanka</b>									
No. of stores	118	121	120	120	121	126	127	128	130
Net store addition	4	3	(1)	-	1	5	1	1	2
SSSG (%)	1	1	4	11	9	14	16	12	14
Net sales (INR m)	864	892	816	978	1,024	1,159	1,066	1,164	1,264
YoY growth (%)	29.1	22.0	22.3	18.5	18.5	29.9	30.6	19.0	23.4
ADS (INR '000)	81	81	75	89	93	103	95	103	109
Gross Margins (%)	66.2	61.8	61.9	60.6	61.1	62.1	60.6	60.9	63.3
Restaurant EBITDA Margin (%)	15.3	14.2	12.3	13.2	15.5	17.8	14.8	12.7	15.4



## Highlights from the management commentary

### Business environment

- The macro environment is turning favourable, supported by income tax relief, GST rate reductions, and lower interest rates, which are expected to improve disposable incomes and drive consumer spending from 3QFY26 onward.
- The company's performance in the first 15 days of the quarter was encouraging, though the LFL comparison was impacted as Navratri was in 3Q last year.
- In Sri Lanka, the company effectively managed the minimum wage increase implemented in 1QFY26 and maintained EBITDA margins above 15% in 2Q. The company said that it will sustain margins at the current level in India as well.
- The recent GST reduction on input prices resulted in only a marginal benefit of around 50bp. However, the company has not realized the benefit yet, as most of the inventory was procured at pre-revised rates. From 22nd Sep, the company passed on the benefit to consumers, adopting a selective approach by offering price reductions on 7-10 high-selling products across KFC and Pizza Hut instead of across the entire portfolio.

### Segmental information

#### KFC

- On LFL basis (Ex- Navratri days), KFC's revenue grew in double digits and SSSG was flat.

- Adjusted EBITDA for KFC showed improvement on a trend basis when normalized for the Navratri impact.
- KFC's dine-in revenue share declined due to multiple factors: (1) the company's extended delivery operations between 11 p.m. and 2 a.m., with around 10-15% of stores remaining open till 5 a.m.; (2) a higher concentration of high-street stores, which witness stronger delivery footfalls; and (3) structurally lower mall dine-in footfalls after Covid.
- The company launched the premium "KFC Gold" range featuring Zinger Burgers and Chicken Strips to strengthen its 'craveable' taste proposition.
- KFC added 19 new stores during the quarter, taking the total store count to 529, and maintains its expansion pace of 60-80 stores per year.
- App downloads for KFC crossed 60.2 million, with 2.1 million monthly active users.
- Digital kiosks are now implemented across more than 50% of KFC restaurants, enhancing efficiency and customer experience.
- KFC's margins are expected to remain in the current range, with further improvement contingent on stronger SSSG performance.
- Multiple revival initiatives have been undertaken to improve demand momentum in the coming quarters.

#### **PH**

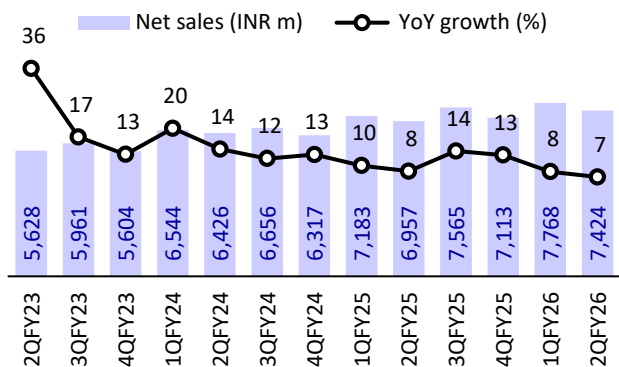
- In PH, the Tamil Nadu market demonstrated the success of Sapphire's dine-in forward omni-channel strategy, backed by product innovation and brand investments, delivering double-digit growth.
- The company plans to replicate the Tamil Nadu strategy across the rest of India to drive consistent growth.
- Product innovation continued with the Juicylicious range in 1Q/2Q, Ultimate Cheese Pizza and Cheesy Pocket launched in Oct'25, and the Cold Coffee range now available in nearly 80% of stores.
- Dine-in appeal strengthened through exclusive value offers such as "Buy 1 Get 3," "4-Course Meals starting ₹99," and "Unlimited Pizza Fridays."
- The company remains cautious on store expansion, focusing on smaller 1,000-1,200 sq. ft. formats; net store count declined by one during Jan-Sep'25.
- In Tamil Nadu, joint media investments by Sapphire and Yum! led to a mid-teens delta improvement in SSSG and overall sales growth compared with other regions.
- App downloads for PH exceeded 19 million, with 1.1 million monthly active users.
- Dine-in mix improved to 50% in 2QFY26 vs. 48% in 2QFY25, supported by strong regional initiatives and improved customer engagement.
- PH margins are expected to improve once average daily sales (ADS) begin to recover meaningfully.

#### **Sri Lanka business**

- In Sri Lanka, the business continued to deliver strong performance under the same dine-in forward omni-channel strategy, supported by consistent innovation and marketing investments.
- The Sri Lanka business recorded SSSG of 14% in LKR terms, with healthy same-store transaction growth.
- Restaurant-level EBITDA stood at 15.4%, down only 10bp YoY, supported by strong revenue growth of 18% YoY in LKR terms.

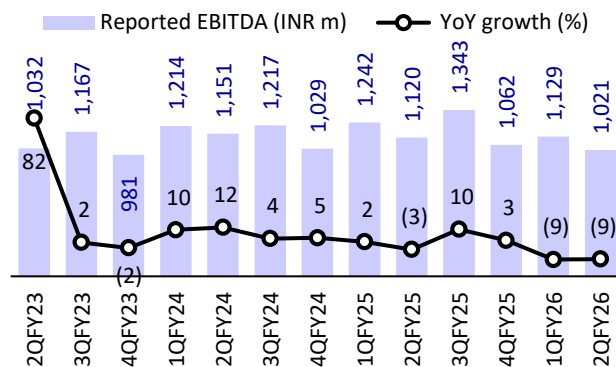
## Key exhibits

**Exhibit 1: Net sales grew 7% YoY to INR7.4b**



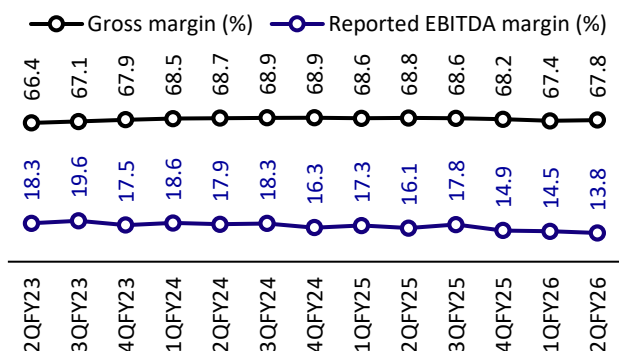
Source: Company, MOFSL

**Exhibit 2: EBITDA declined 9% YoY to INR1b**



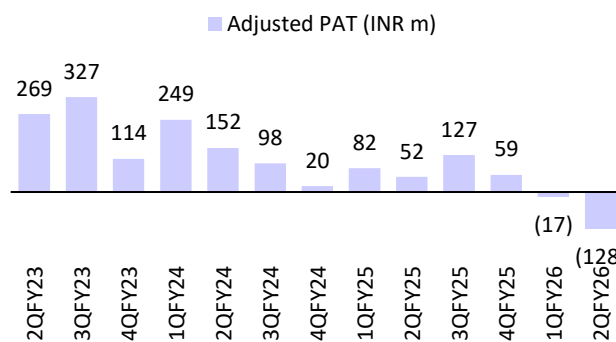
Source: Company, MOFSL

**Exhibit 3: Gross margin contracted 100bp YoY to 67.8%, while EBITDA margin contracted 240bp YoY to 13.8%**



Source: MOFSL, Company

**Exhibit 4: Reported Loss after tax at INR128m**



Source: MOFSL, Company

### Valuation and view

- We cut our EBITDA estimates by ~5% for FY27.
- KFC's store addition is expected to continue in FY26, while PH's store addition will be muted as management focuses on addressing ADS and profitability challenges within the current network.
- The company continues to face challenges in unit economics, with dine-in seeing more pressure than delivery. To drive recovery, it focuses on driving product innovation, enhancing customer engagement, and strengthening value-led offerings. However, improvement in ADS and SSSG will be key monitorables, as they are essential for restoring unit-level profitability. The stock trades at 42x and 28x pre-Ind-AS EV/EBITDA on FY26E and FY27E, respectively. We reiterate **our BUY rating on the stock with a TP of INR350 (30x Sep'27 pre-IND-AS EV/EBITDA).**

**Exhibit 5: We cut our EBITDA estimates by ~5% for FY27**

(INR b)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Sales	31.9	36.2	31.9	36.0	0.0	0.5
EBITDA	4.6	5.9	4.5	6.2	1.1	-4.8
Adjusted PAT	-0.1	0.6	-0.1	0.9	-29.1	-25.5

Source: Company, MOFSL



## Financials and valuations

### Income Statement consol.

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>13,404</b>	<b>10,196</b>	<b>17,216</b>	<b>22,656</b>	<b>25,943</b>	<b>28,819</b>	<b>31,897</b>	<b>36,234</b>	<b>40,823</b>
Change (%)	12.3	-23.9	68.8	31.6	14.5	11.1	10.7	13.6	12.7
Raw Materials	4,317	3,099	5,278	7,407	8,109	9,068	10,234	11,558	12,983
<b>Gross Profit</b>	<b>9,087</b>	<b>7,097</b>	<b>11,938</b>	<b>15,249</b>	<b>17,834</b>	<b>19,750</b>	<b>21,663</b>	<b>24,676</b>	<b>27,840</b>
Margin (%)	67.8	69.6	69.3	67.3	68.7	68.5	67.9	68.1	68.2
Operating Expenses	7,232	5,853	8,888	10,965	13,221	14,983	17,076	18,753	21,054
<b>EBITDA</b>	<b>1,856</b>	<b>1,244</b>	<b>3,050</b>	<b>4,284</b>	<b>4,613</b>	<b>4,768</b>	<b>4,587</b>	<b>5,923</b>	<b>6,786</b>
Change (%)	27.1	-33.0	145.2	40.4	7.7	3.4	-3.8	29.1	14.6
Margin (%)	13.8	12.2	17.7	18.9	17.8	16.5	14.4	16.3	16.6
Depreciation	1,913	2,091	2,135	2,642	3,239	3,639	4,049	4,469	4,915
Int. and Fin. Charges	722	756	781	869	1,009	1,116	1,211	1,338	1,491
Other Income	113	616	380	311	334	372	550	750	957
<b>Profit before Taxes</b>	<b>-666</b>	<b>-987</b>	<b>514</b>	<b>1,084</b>	<b>699</b>	<b>384</b>	<b>-122</b>	<b>865</b>	<b>1,337</b>
Change (%)	-2.5	48.2	-152.1	111.0	-35.5	-45.0	-131.9	-806.6	54.6
Margin (%)	-5.0	-9.7	3.0	4.8	2.7	1.3	-0.4	2.4	3.3
Total tax	-17	12	54	-7	180	64	-31	218	337
Tax Rate (%)	2.6	-1.2	10.5	-0.6	25.7	16.7	25.2	25.2	25.2
<b>Adjusted PAT</b>	<b>-649</b>	<b>-999</b>	<b>460</b>	<b>1,091</b>	<b>520</b>	<b>320</b>	<b>-92</b>	<b>647</b>	<b>1,001</b>
Change (%)	-6.6	54.0	-146.0	137.2	-52.4	-38.4	-128.6	-806.6	54.6
Margin (%)	-4.8	-9.8	2.7	4.8	2.0	1.1	-0.3	1.8	2.5
<b>Reported PAT</b>	<b>-1,592</b>	<b>-999</b>	<b>460</b>	<b>2,364</b>	<b>520</b>	<b>167</b>	<b>-92</b>	<b>647</b>	<b>1,001</b>

### Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	502	528	635	635	637	642	642	642	642
Reserves	4,742	4,271	9,436	11,924	12,754	13,338	13,247	13,894	14,895
<b>Net Worth</b>	<b>5,245</b>	<b>4,799</b>	<b>10,071</b>	<b>12,559</b>	<b>13,391</b>	<b>13,981</b>	<b>13,889</b>	<b>14,536</b>	<b>15,537</b>
Loans	712	757	612	443	276	199	59	-41	100
Other Liability	5,744	5,692	7,280	9,185	11,363	12,723	14,018	15,379	16,700
Minority Interest	3	-12	-17	-20	7	-19	-19	-19	-19
Deferred tax liability (net)	117	107	87	-1,184	-1,095	-1,098	-1,098	-1,098	-1,098
<b>Capital Employed</b>	<b>11,820</b>	<b>11,343</b>	<b>18,034</b>	<b>20,983</b>	<b>23,942</b>	<b>25,786</b>	<b>26,849</b>	<b>28,757</b>	<b>31,220</b>
Gross Block	6,567	6,905	8,948	12,134	14,622	16,438	18,037	19,986	21,920
Less: Accum. Depn.	2,221	2,974	3,487	4,428	4,998	6,252	8,067	10,063	12,263
<b>Net Fixed Assets</b>	<b>4,346</b>	<b>3,932</b>	<b>5,462</b>	<b>7,706</b>	<b>9,624</b>	<b>10,185</b>	<b>9,970</b>	<b>9,923</b>	<b>9,657</b>
Capital WIP	184	213	320	550	673	567	300	300	300
Goodwill	1,622	1,622	1,622	1,622	1,622	1,583	1,583	1,583	1,583
Other Intangible assets	719	642	573	661	720	680	626	540	440
Right to Use Assets	4,953	4,739	6,249	7,915	9,818	10,935	12,230	13,591	14,912
<b>Investments</b>	<b>155</b>	<b>267</b>	<b>1,525</b>	<b>659</b>	<b>0</b>	<b>1,437</b>	<b>1,437</b>	<b>1,437</b>	<b>1,437</b>
<b>Curr. Assets, L&amp;A</b>	<b>1,828</b>	<b>2,074</b>	<b>5,890</b>	<b>5,607</b>	<b>4,815</b>	<b>3,909</b>	<b>4,582</b>	<b>5,599</b>	<b>7,443</b>
Inventory	444	474	652	993	969	956	1,079	1,219	1,369
Account Receivables	46	78	141	179	344	366	405	460	518
Cash and Bank Balance	392	500	2,546	2,204	1,676	783	1,014	1,454	2,665
Others	947	1,022	2,551	2,231	1,826	1,804	2,084	2,467	2,891
<b>Curr. Liab. and Prov.</b>	<b>1,987</b>	<b>2,147</b>	<b>3,605</b>	<b>3,738</b>	<b>3,330</b>	<b>3,509</b>	<b>3,879</b>	<b>4,216</b>	<b>4,551</b>
Account Payables	1,307	1,440	1,991	2,170	2,308	2,425	2,737	3,091	3,472
Other Liabilities	529	544	1,438	1,391	793	800	762	703	612
Provisions	151	163	176	177	229	284	380	422	468
<b>Net Current Assets</b>	<b>-158</b>	<b>-73</b>	<b>2,285</b>	<b>1,870</b>	<b>1,485</b>	<b>399</b>	<b>703</b>	<b>1,384</b>	<b>2,892</b>
<b>Application of Funds</b>	<b>11,820</b>	<b>11,343</b>	<b>18,034</b>	<b>20,983</b>	<b>23,943</b>	<b>25,786</b>	<b>26,849</b>	<b>28,757</b>	<b>31,220</b>

E: MOSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>-2.6</b>	<b>-3.8</b>	<b>1.4</b>	<b>3.4</b>	<b>1.6</b>	<b>1.0</b>	<b>-0.3</b>	<b>2.0</b>	<b>3.1</b>
Cash EPS	5.0	4.1	8.2	11.7	11.8	12.3	12.3	15.9	18.4
BV/Share	20.9	18.2	31.7	39.5	42.0	43.5	43.2	45.3	48.4
<b>Valuation (x)</b>									
P/E	N/M	N/M	199.7	84.2	177.2	290.1	-1,013.3	143.4	92.8
Cash P/E	57.4	69.8	35.4	24.6	24.5	23.4	23.5	18.1	15.7
EV/Sales	5.4	7.5	5.1	3.9	3.5	3.2	2.8	2.5	2.2
EV/EBITDA	39.2	61.3	29.0	20.9	19.7	19.0	19.7	15.2	13.1
EV/EBITDA (Pre Ind AS)	109.9	199.8	48.9	33.8	33.4	34.7	42.1	27.7	22.9
P/BV	13.8	15.9	9.1	7.3	6.9	6.6	6.7	6.4	6.0
<b>Return Ratios (%)</b>									
RoE	-14.0	-19.9	6.2	9.6	4.0	2.3	-0.7	4.6	6.7
RoCE	0.5	-2.0	7.9	10.1	5.7	5.0	3.1	5.9	7.1
RoIC	-0.6	-7.8	6.3	9.9	5.1	4.1	1.6	4.1	5.1
<b>Working Capital Ratios</b>									
Debtor (Days)	1	3	3	3	5	5	5	5	5
Asset Turnover (x)	1.1	0.9	1.0	1.1	1.1	1.1	1.2	1.3	1.3
<b>Leverage Ratio</b>									
Debt/Equity (x)	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0

### Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before Tax	-1,610	-987	514	1,084	699	231	-122	865	1,337
Depreciation	1,913	2,091	2,135	2,642	3,239	3,639	4,049	4,469	4,915
Net interest	722	756	781	869	1,009	1,116	1,211	1,338	1,491
Others	950	-409	-10	-86	-122	-9	-550	-750	-957
Direct Taxes Paid	0	-28	-63	-21	-20	-42	31	-218	-337
(Incr)/Decr in WC	155	118	592	-669	-317	144	25	-96	-145
<b>CF from Operations</b>	<b>2,130</b>	<b>1,541</b>	<b>3,949</b>	<b>3,818</b>	<b>4,488</b>	<b>5,080</b>	<b>4,643</b>	<b>5,609</b>	<b>6,304</b>
Incr in FA	-1,430	-740	-2,853	-3,842	-3,851	-2,631	-1,243	-1,949	-1,934
<b>Free Cash Flow</b>	<b>701</b>	<b>801</b>	<b>1,096</b>	<b>-23</b>	<b>637</b>	<b>2,449</b>	<b>3,400</b>	<b>3,660</b>	<b>4,370</b>
Pur of Investments	1,409	-39	-4,063	1,806	1,982	-1,350	-66	-83	-78
Others	-2,063	-159	1,884	-176	-1,022	113	189	464	657
<b>CF from Invest.</b>	<b>-2,083</b>	<b>-938</b>	<b>-5,032</b>	<b>-2,212</b>	<b>-2,891</b>	<b>-3,868</b>	<b>-1,120</b>	<b>-1,567</b>	<b>-1,355</b>
Issue of Shares	0	444	4,690	0	83	227	0	0	0
Incr in Debt	-822	-180	-780	-1,084	-1,203	-1,216	-118	-76	168
Dividend Paid	0	0	0	0	0	0	0	0	0
Net interest Paid	-699	-758	-780	-864	-1,005	-1,117	-3,173	-3,526	-3,906
Others									
<b>CF from Fin. Activity</b>	<b>-1,520</b>	<b>-494</b>	<b>3,130</b>	<b>-1,948</b>	<b>-2,125</b>	<b>-2,106</b>	<b>-3,292</b>	<b>-3,602</b>	<b>-3,738</b>
<b>Incr/Decr of Cash</b>	<b>-1,473</b>	<b>109</b>	<b>2,046</b>	<b>-342</b>	<b>-528</b>	<b>-894</b>	<b>232</b>	<b>440</b>	<b>1,211</b>
Add: Opening Balance	1,865	392	500	2,546	2,204	1,676	783	1,014	1,454
<b>Closing Balance</b>	<b>392</b>	<b>500</b>	<b>2,546</b>	<b>2,204</b>	<b>1,676</b>	<b>783</b>	<b>1,014</b>	<b>1,454</b>	<b>2,665</b>

E: MOFSL Estimates

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