22 October 2026
2QFY27 Results Update | Sector: Retail

Sapphire Foods

Estimate changes	↓
TP change	↔
Rating change	↔

CMP: INR198 **TP: INR245 (+24%)** **Buy**

Bloomberg	SAPPHIRE IN
Equity Shares (m)	321
M.Cap.(INRb)/(USDb)	63.6 / 0.7
52-Week Range (INR)	311 / 140
1, 6, 12 Rel. Per (%)	-14/19/-20
12M Avg Val (INR M)	324

Financials & Valuations (INR b)

Y/E Mar	2026	2027E	2028E
Sales	31.3	36.2	40.9
Sales Gr. (%)	8.4	15.8	13.0
EBITDA	4.7	5.3	6.3
Margins (%)	15.2	14.7	15.5
Adj. PAT	-0.1	0.0	0.4
Adj. EPS (INR)	-0.4	0.0	1.2
EPS Gr. (%)			3,593.1
BV/Sh.(INR)	43.3	43.3	44.5
Ratios			
RoE (%)	-1.0	0.1	2.8
RoCE (%)	2.5	3.7	5.2
Valuations			
P/E (x)		5,795.7	156.9
P/BV (x)	4.5	4.5	4.4
EV/Sales (x)	2.0	1.7	1.5
Pre Ind-AS EV/EBITDA (x)	26.0	22.5	17.3

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	26.1	26.1	26.1
DII	43.2	41.9	37.3
FII	24.0	25.3	31.3
Others	6.8	6.8	5.4

FII includes depository receipts

Beat across heads; cautious commentary on margins

- Sapphire Foods India (SAPPHIRE) reported revenue growth of 20% YoY (highest in the last 12 quarters; in line) in 2QFY27. KFC revenue grew 26% YoY, with 14% SSSG (beat). Underlying SSSG was at high-single-digit after adjusting for the shift in Navratri season to 3QFY27. Pizza Hut (PH) revenue grew 7% YoY, with 5% SSSG (in line) on a weak base of -12% in 2QFY26, while Sri Lanka revenue grew 9% in LKR terms, with 5% SSSG.
- Both KFC and PH have seen a pickup in footfall, well supported by aggressive value offers and higher marketing spends. Management expects FY27 marketing spends to increase 50-100bp for KFC and 100-150bp for PH vs FY26. Price hikes of 2-3% were taken in April-May, with a further 2-3% hike in PH toward the end of 1QFY27.
- Given the rising cost inflation (energy, input material), restaurant margins faced higher sequential pressure. Management remains cautious on near-term margins, as cost inflation is expected to further rise in 3QFY27. KFC restaurant's EBITDA margin expanded 70bp YoY to 14.5% (16.9% in 1QFY27), supported by 50bp gross margin expansion. PH restaurant's EBITDA margin contracted to -2.8% from -1.8% in 2QFY26, while Sri Lanka's margin contracted 290bp YoY to 12.5% (2QFY26: 15.4%). Consolidated adjusted EBITDA rose 39% YoY to INR624m (beat), with margin expanding 90bp to 7.1%.
- Management remains focused on transaction growth and customer acquisition, limiting further price hikes to protect demand. Improving SSSG, operating efficiencies, and better unit economics should support earnings growth. Additionally, the proposed Devyani-Sapphire merger is likely to unlock scale synergies and strengthen execution across brands and geographies. **We reiterate our BUY rating with a TP of INR245, based on 20x Sep'28E pre-Ind AS EV/EBITDA.**

Beat on performance; positive SSSG across all brands

- **Strong growth in KFC; improvement in PH:** Consolidated sales grew 20% YoY (highest in the last 12 quarters) to INR8.9b (est. INR8.5b). KFC revenue grew 26% YoY (beat) to INR6.1b, with SSSG of 14%. Adjusted for Navratri, SSSG was close to double digits. KFC ADS increased 10% YoY to INR113k. PH revenue grew 7% YoY (in line) to INR1.4b, with SSSG of 5% (vs. -12% base). PH's same store transaction growth was in double digit, including positive SSTG in Dine in and Takeaway. PH ADS rose 5% YoY to INR44k. Sri Lanka sales grew 8% YoY (+9% in LKR terms) to INR1.4b, with SSSG of 5% in LKR terms. ADS remained flat YoY at INR109k.

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

- **Store additions remained in line:** Store base grew 9% YoY to 1,086 stores. The company added a net 12 stores during the quarter (15 KFC, 1 in Sri Lanka and closed 4 in PH).
- **Sequential contraction in margins**: Consolidated gross profit grew 20% YoY to INR6.1b (est. INR5.8b). Consolidated GM expanded 50bp YoY, while contracted 50bp YoY to 68.3% (est. 67.6%). It was impacted by higher food inflation, higher minimum wages, and elevated utility costs, particularly gas and electricity. Reported EBITDA margin expanded 50bp YoY to 14.3% (est. 13.5%). EBITDA grew 24% YoY to INR1.3b (est. INR1.1b). Consolidated RoM (Pre Ind-AS) expanded 10bp YoY, while contracted 150bp YoY to 11.5%. EBITDA Pre-Ind AS expanded 100bp YoY, while contracted 140bp YoY to 7% (est. 6.1%).
- Loss before tax stood at 6m vs loss of 166m in 2QFY26.

Highlights from the management commentary

- The company's growth was driven by aggressive entry-level value offerings, incremental marketing spends, and a focus on customer recruitment amid subdued discretionary spending.
- FY27 marketing spends are expected to increase 50-100bp for KFC and 100-150bp for Pizza Hut vs FY26.
- KFC store addition guidance remains unchanged at 60-80 restaurants for FY27, with 15 restaurants added during 2QFY27 (31 stores in 1HFY27).
- Following CCI approval, SAPPHIRE and Devyani International expect to align on a common Pizza Hut strategy. Management indicated that the brand may need a couple of quarters after strategic alignment to start delivering stronger performance.

Valuation and view

- We cut our EBITDA estimates by 5% for FY27 and 4% for FY28, given the inflationary pressure.
- Both KFC and PH have seen a pickup in footfall, well supported by aggressive value offers and higher marketing spends. Management expects FY27 marketing spends to increase 50-100bp for KFC and 100-150bp for PH vs FY26.
- Management remains focused on transaction growth and customer acquisition, limiting further price hikes to protect demand. Improving SSSG, operating efficiencies and better unit economics should support earnings growth. Additionally, the proposed Devyani-Sapphire merger is likely to unlock scale synergies and strengthen execution across brands and geographies. **We reiterate our BUY rating with a TP of INR245, based on 20x Sep'28E pre-Ind AS EV/EBITDA.**

Quarterly Performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
KFC - No. of stores	510	529	556	575	591	606	626	650	575	650	611	
PH - No. of stores	336	338	339	341	346	342	344	349	341	349	348	
KFC - SSSG (%)	0.0	-3.0	1.0	4.0	5.0	14.0	5.0	6.0	1.0	7.5	8.0	
PH - SSSG (%)	-8.0	-8.0	-12.0	-7.0	1.0	5.0	5.0	5.0	-9.0	4.0	4.0	
Net Sales	**7,768**	**7,424**	**8,138**	**7,922**	**8,910**	**8,880**	**9,265**	**9,134**	**31,253**	**36,189**	**8,527**	4.1
YoY change (%)	8.1	6.7	7.6	11.4	14.7	19.6	13.8	15.3	8.4	15.8	14.9	
Gross Profit	**5,235**	**5,031**	**5,589**	**5,448**	**6,129**	**6,062**	**6,277**	**6,177**	**21,301**	**24,628**	**5,764**	5.2
Margin (%)	67.4	67.8	68.7	68.8	68.8	68.3	67.8	67.6	68.2	68.1	67.6	
EBITDA (Pre IND AS)	**548**	**450**	**774**	**610**	**749**	**624**	**696**	**660**	**2,382**	**2,729**	**521**	19.8
EBITDA growth %	-22.5	-23.7	-4.6	20.1	36.7	38.7	-10.0	8.1	-8.9	14.6	15.8	
Margin (%)	7.1	6.1	9.5	7.7	8.4	7.0	7.5	7.2	7.6	7.5	6.1	
EBITDA	**1,129**	**1,021**	**1,342**	**1,245**	**1,398**	**1,269**	**1,346**	**1,319**	**4,736**	**5,333**	**1,149**	10.5
EBITDA growth %	-9.1	-8.9	-0.1	17.2	23.9	24.3	0.3	6.0	-0.7	12.6	12.5	
Margin (%)	14.5	13.8	16.5	15.7	15.7	14.3	14.5	14.4	15.2	14.7	13.5	
Depreciation	920	972	1,020	1,010	974	1,013	1,122	1,173	3,921	4,282	1,070	
Interest	295	307	315	311	319	331	340	346	1,228	1,337	337	
Other Income	68	92	71	50	57	69	80	94	280	300	85	
PBT	**-18**	**-166**	**78**	**-27**	**162**	**-6**	**-35**	**-106**	**-133**	**14**	**-173**	
Tax	-1	-38	15	-29	21	-4	-9	-5	-53	4	-44	
Rate (%)	5.7	22.9	18.6	106.4	13.3	67.9	25.2	4.7	39.8	25.2	25.2	
Adjusted PAT	**-17**	**-128**	**36**	**-30**	**140**	**-5**	**-26**	**-101**	**-140**	**11**	**-129**	
YoY change (%)	-121.2	-649.5	-72.0	-161.4	-906.8	-96.0	-173.8	234.5	-149.8	-107.7	1.3	

E: MOSL Estimates

Brand-wise performance

KFC Performance – SSSG 14%; margin expansion YoY

- Sales grew 26% YoY to INR6.1b (beat), with same store sale growth of 14%.
- Adjusted for Navratri (shift to 3Q instead of 2Q in last year), KFC SSSG was close to double-digit.
- Dine-In & Takeaway SSSG was higher than the delivery SSSG, backed by double-digit transaction growth.
- GP grew 27% YoY to INR4.1b, and margins expanded 50bp YoY to 67.7%.
- RoM expanded 32% YoY to INR0.9b, and margins expanded 70bp YoY to 14.5% (est. 14%), despite high RM and energy cost.
- ADS rose 10% YoY to INR113k.
- The company added 15 stores for KFC, reaching 606.

Pizza Hut Performance – Improving trends, albeit on a weak base; SSSG +5%

- Sales grew 7% YoY (est. +7%) to INR1.4b, with same store sale growing 5% on a base of -12%.
- SSTG was in double digits, including positive SSTS in Dine in and Takeaway.
- GP rose 9% YoY to INR1.1b, with GP margin expanding 190bp YoY to 76.3%.
- RoM was -2.8% vs -1.8% in 2QFY26, as it was significantly impacted by higher energy costs (majorly gas cost).
- ADS rose 5% YoY to INR44k.
- The company closed four stores for PH, reaching 342.

Sri Lanka Performance - Moderation in growth trajectory

- Sales grew 8% YoY (+9% in LKR term) to INR1.4b. SSSG stood at 5% in LKR terms.

- GP grew 8% YoY to INR865m, while margins contracted 10bp YoY to 63.2%.
- RoM contracted 10% YoY to INR171m, with RoM margin contracting 290bp YoY to 12.5%.
- ADS remained flat YoY at INR109k.
- The company added one store in Sri Lanka, reaching a total store count to 138.

Brand wise Performance	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
KFC										
No. of stores	442	461	496	502	510	529	556	575	591	606
Net store addition	13	19	35	6	8	19	27	19	16	15
SSSG (%)	-6	-8	-3	-1	0	-3	1	4	5	14
Net sales (INR m)	4,770	4,527	4,948	4,793	5,275	4,856	5,509	5,495	6,183	6,113
YoY growth (%)	11.3	8.7	11.9	11.9	10.6	7.3	11.3	14.6	17.2	25.9
ADS (INR '000)	122	111	115	108	116	103	112	109	118	113
Gross Margins (%)	68.2	68.3	68.2	68.0	67.1	67.2	68.6	68.7	68.7	67.7
Restaurant EBITDA Margin (%)	18.8	16.5	18.2	15.7	15.7	13.8	18.8	16.8	16.9	14.5
Channel mix (%)										
Delivery	40	42	41	43	43	45	44	43	41	43
Dine-in + Takeaway	60	58	59	57	57	55	56	57	59	57
Pizza Hut										
No. of stores	320	323	339	334	336	338	339	341	346	342
Net store addition	1	3	16	(5)	2	2	1	2	5	(4)
SSSG (%)	(7)	(3)	5	1	(8)	(8)	(12)	(7)	1	5
Net sales (INR m)	1,397	1,376	1,430	1,248	1,320	1,296	1,275	1,174	1,360	1,383
YoY growth (%)	2.6	3.5	9.6	5.1	(5.5)	(5.8)	(10.8)	(5.9)	3.0	6.7
ADS (INR '000)	48	47	48	42	44	42	41	39	44	44
Gross Margins (%)	76.1	76.5	75.6	74.8	74.6	74.4	74.9	75.2	75.4	76.3
Restaurant EBITDA Margin (%)	4.6	4.1	4.7	(4.6)	(2.5)	(1.8)	(3.1)	(6.0)	(3.6)	(2.8)
Channel mix (%)										
Delivery	50	52	51	52	50	50	47	51	50	52
Dine-in + Takeaway	50	48	49	48	50	50	53	49	50	48
Sri Lanka										
No. of stores	120	121	126	127	128	130	133	136	137	138
Net store addition	-	1	5	1	1	2	3	3	1	1
SSSG (%)	11	9	14	16	12	14	11	11	9	5
Net sales (INR m)	978	1,024	1,159	1,066	1,164	1,264	1,342	1,237	1,349	1,368
YoY growth (%)	18.5	18.5	29.9	30.6	19.0	23.4	15.8	16.0	15.9	8.2
ADS (INR '000)	89	93	103	95	103	109	114	104	112	109
Gross Margins (%)	60.6	61.1	62.1	60.6	60.9	63.3	63.7	63.5	63.1	63.2
Restaurant EBITDA Margin (%)	13.2	15.5	17.8	14.8	12.7	15.4	16.7	14.6	12.0	12.5



Highlights from the management commentary

Business environment and performance

- SAPPHIRE delivered the strongest quarterly revenue growth of 20% YoY and EBITDA pre Ind-As growth of 39% YoY in the last 16 quarters.
- The growth was driven by aggressive entry-level value offerings, incremental marketing spends, and a focus on customer recruitment amid subdued discretionary spending.
- **Management expects high-single-digit combined SSSG for KFC in 2Q and 3Q, after accounting for the shift in Navratri timing, with momentum expected to sustain into 3Q.**

Cost and margins

- Operating costs remain under pressure from food inflation, higher minimum wages, and elevated utility costs, particularly gas and electricity. Karnataka's minimum wages increased 26%.
- Input cost inflation is expected to rise further in 3Q, with management expecting inflationary pressures to peak during the quarter.
- **Pricing actions of 2-3% were implemented in April and May, with an additional 2-3% price increase taken by Pizza Hut toward the end of 1Q.**
- Management will remain cautious on further price hikes, prioritizing transaction growth and customer recruitment through aggressive value offers and higher marketing spends.
- **FY27 marketing spends are expected to increase 50-100bp for KFC and 100-150bp for Pizza Hut vs FY26.**
- Dine-in and takeaway have lower gross margins than delivery but deliver better restaurant-level profitability due to the absence of delivery commissions and associated delivery costs.

Store additions and expansion

- KFC store addition guidance remains unchanged at 60-80 restaurants for FY27, with 15 restaurants added during 2QFY27 (31 stores in 1HFY27).
- Around two-third of new KFC stores are typically opened in metros and cities with populations >1mn.
- Pizza Hut store additions are expected to remain broadly neutral in CY26 as management prioritizes SSSG recovery and store-level profitability.
- Following CCI approval, SAPPHIRE and Devyani International expect to align their Pizza Hut strategy to address business challenges and determine the future expansion roadmap.

KFC India

- Revenue grew 26% YoY, with SSSG at 14%; adjusted for the shift in Navratri timing, SSSG was close to double-digit.
- More than 50% of SSSG was driven by transaction growth, with the balance contributed by average per-customer spend (APC), largely through mix improvement.
- Around 60-70% of customers recruited through INR99/INR149 entry-value offers return for repeat transactions, with ticket sizes increasing as they revisit.
- Dine-in and takeaway contributed 57% of sales mix, supported by aggressive entry-value promotions; growth in these channels exceeded delivery growth.
- Gross margin expanded 50bp YoY to 67.7%, while restaurant EBITDA margin expanded 70bp to 14.5%, despite higher poultry and energy costs.
- Digital kiosks are now installed in 80% of KFC restaurants, supporting operational efficiency and customer experience.

Pizza Hut India

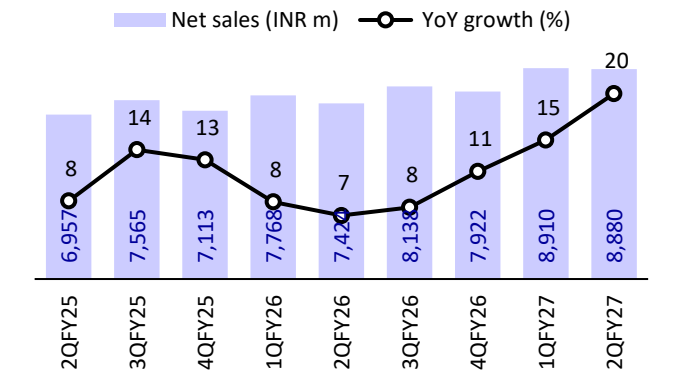
- SSSG improved to 5%, the highest in seven quarters, with double-digit same-store transaction growth, including positive dine-in and takeaway transactions.
- Revenue grew 7% YoY, supported by value offers, additional late-night marketing spends and product innovation, including the 3-in-1 Triple Spice Pizza.
- Delivery contributed 52% of sales mix vs 50% previously, while dine-in and takeaway accounted for 48%.
- Gross margin expanded 190bp YoY to 76.3%, benefiting from the full-quarter impact of 2-3% price hikes implemented toward the end of 1Q and a modest reduction in online discounts.
- Restaurant EBITDA margin remained -2.8%, impacted by higher energy and wage inflation.
- Management is prioritizing SSSG recovery and store-level profitability before resuming expansion.
- Following CCI approval, SAPPHIRE and Devyani International expect to align on a common Pizza Hut strategy.
- Management indicated that the brand may need a couple of quarters after strategic alignment to start delivering stronger performance.

Sri Lanka business

- SSSG grew 5%, while revenue increased 9% in LKR terms, reflecting continued underlying demand despite macroeconomic challenges.
- Restaurant EBITDA margin stood at 12.5%, impacted by elevated energy and wage inflation.
- Dine-in and takeaway contributed 61% of sales mix, while delivery accounted for 39%; the channel mix remained broadly stable.
- Product innovation, including Pasta Pizza, and promotional initiatives continued to support customer engagement.
- Management remains confident about the business's recovery potential as economic conditions improve, although near-term performance remains exposed to inflationary pressures stemming from the Middle East conflict.

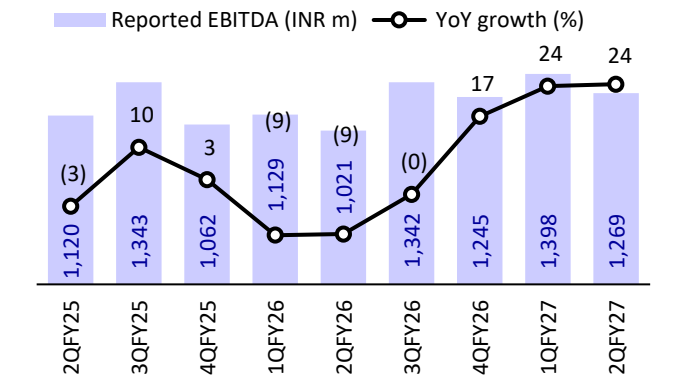
Key exhibits

Exhibit 1: Net sales grew 20% YoY to INR8.9b



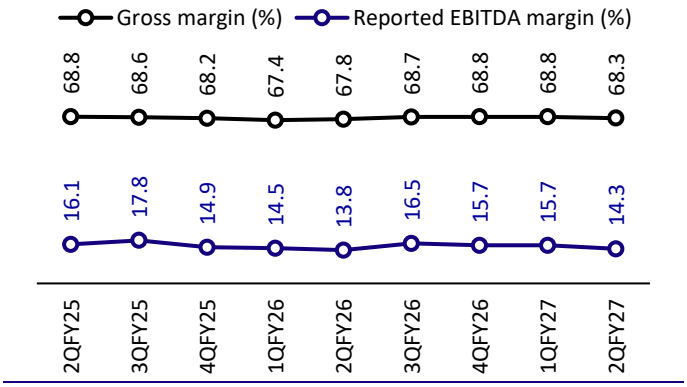
Source: Company, MOFSL

Exhibit 2: EBITDA grew 24% YoY to INR1.3b



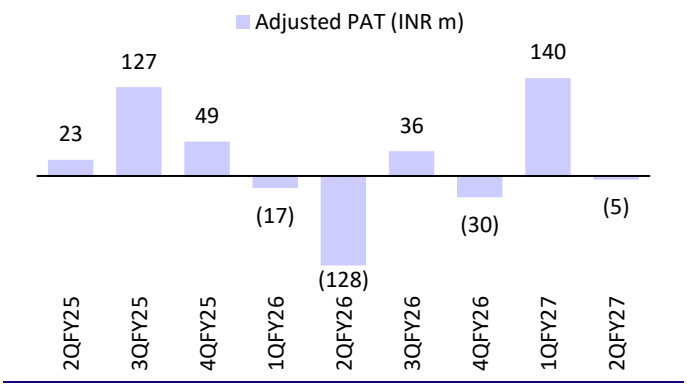
Source: Company, MOFSL

Exhibit 3: Gross margin expanded 50bp YoY to 68.3%, and EBITDA margin expanded 50bp YoY to 14.3%



Source: MOFSL, Company

Exhibit 4: Adjusted loss after tax at INR5m



Source: MOFSL, Company

Valuation and view

- We cut our EBITDA estimates by 5% for FY27 and 4% for FY28, given the inflationary pressure.
- KFC and PH both have seen pickup in footfall, well supported by aggressive value offers and higher marketing spends. Management expects FY27 marketing spends to increase by 50-100bp for KFC and 100-150bp for PH vs FY26.
- Management remains focused on transaction growth and customer acquisition, limiting further price hikes to protect demand. Improving SSSG, operating efficiencies, and better unit economics should support earnings growth. Additionally, the proposed Devyani-Sapphire merger is likely to unlock scale synergies and strengthen execution across brands and geographies. **We reiterate our BUY rating with a TP of INR245, based on 20x Sep'28E pre-Ind AS EV/EBITDA.**

Exhibit 5: We cut our EBITDA estimates by 6% for FY27 and 4% for FY28

Change in Estimates	New		Old		Change (%)	
(INR b)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Sales	36.2	40.9	35.9	40.4	0.8	1.1
EBITDA	5.3	6.3	5.7	6.6	-5.9	-4.3
Adjusted PAT	0.0	0.4	0.3	0.6	-96.3	-33.7

Source: Company, MOFSL

Financials and valuations

Income Statement consol. (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Sales	**13,404**	**10,196**	**17,216**	**22,656**	**25,943**	**28,819**	**31,253**	**36,189**	**40,899**	**46,174**
Change (%)	12.3	-23.9	68.8	31.6	14.5	11.1	8.4	15.8	13.0	12.9
Raw Materials	4,317	3,099	5,278	7,407	8,109	9,068	9,952	11,560	13,004	14,653
Gross Profit	**9,087**	**7,097**	**11,938**	**15,249**	**17,834**	**19,750**	**21,301**	**24,628**	**27,895**	**31,521**
Margin (%)	67.8	69.6	69.3	67.3	68.7	68.5	68.2	68.1	68.2	68.3
Operating Expenses	7,232	5,853	8,888	10,965	13,221	14,983	16,566	19,296	21,550	24,110
EBITDA (Pre IND AS)	**662**	**382**	**1,808**	**2,647**	**2,717**	**2,616**	**2,382**	**2,729**	**3,525**	**4,374**
Change (%)	52.3	-42.3	373.5	46.4	2.6	-3.7	-8.9	14.6	29.2	24.1
Margin (%)	4.9	3.7	10.5	11.7	10.5	9.1	7.6	7.5	8.6	9.5
EBITDA	**1,856**	**1,244**	**3,050**	**4,284**	**4,613**	**4,768**	**4,736**	**5,333**	**6,345**	**7,411**
Change (%)	27.1	-33.0	145.2	40.4	7.7	3.4	-0.7	12.6	19.0	16.8
Margin (%)	13.8	12.2	17.7	18.9	17.8	16.5	15.2	14.7	15.5	16.0
Depreciation	1,913	2,091	2,135	2,642	3,239	3,639	3,921	4,282	4,688	5,113
Int. and Fin. Charges	722	756	781	869	1,009	1,116	1,228	1,337	1,478	1,613
Other Income	113	616	380	311	334	372	280	300	355	391
Profit before Taxes	**-666**	**-987**	**514**	**1,084**	**699**	**384**	**-133**	**14**	**534**	**1,075**
Change (%)	-2.5	48.2	-152.1	111.0	-35.5	-45.0	-134.7	-110.8	3,593.1	101.4
Margin (%)	-5.0	-9.7	3.0	4.8	2.7	1.3	-0.4	0.0	1.3	2.3
Total tax	-17	12	54	-7	180	64	-53	4	134	271
Tax Rate (%)	2.6	-1.2	10.5	-0.6	25.7	16.7	39.8	25.2	25.2	25.2
Adjusted PAT	**-649**	**-999**	**460**	**1,091**	**520**	**282**	**-140**	**11**	**399**	**804**
Change (%)	-6.6	54.0	-146.0	137.2	-52.4	-45.8	-149.8	-107.7	3,593.1	101.4
Margin (%)	-4.8	-9.8	2.7	4.8	2.0	1.0	-0.4	0.0	1.0	1.7
Reported PAT	**-1,592**	**-999**	**460**	**2,364**	**520**	**167**	**-320**	**11**	**399**	**804**

Balance Sheet (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Share Capital	502	528	635	635	637	642	643	643	643	643
Reserves	4,742	4,271	9,436	11,924	12,754	13,338	13,263	13,274	13,673	14,478
Net Worth	**5,245**	**4,799**	**10,071**	**12,559**	**13,391**	**13,981**	**13,906**	**13,917**	**14,316**	**15,121**
Loans	712	757	612	443	276	199	56	-44	56	56
Other Liability	5,744	5,692	7,280	9,185	11,363	12,723	14,115	15,323	16,597	17,872
Minority Interest	3	-12	-17	-20	7	-19	-21	-21	-21	-21
Deferred tax liability (net)	117	107	87	-1,184	-1,095	-1,098	-1,259	-1,259	-1,259	-1,259
Capital Employed	**11,820**	**11,343**	**18,034**	**20,983**	**23,942**	**25,786**	**26,797**	**27,916**	**29,690**	**31,769**
Gross Block	6,567	6,905	8,948	12,134	14,622	16,438	17,884	19,608	21,452	23,330
Less: Accum. Depn.	2,221	2,974	3,487	4,428	4,998	6,252	6,936	8,904	11,060	13,411
Net Fixed Assets	**4,346**	**3,932**	**5,462**	**7,706**	**9,624**	**10,185**	**10,948**	**10,704**	**10,392**	**9,919**
Capital WIP	184	213	320	550	673	567	603	300	300	300
Goodwill	1,622	1,622	1,622	1,622	1,622	1,583	1,583	1,583	1,583	1,583
Other Intangible assets	719	642	573	661	720	680	1,194	740	747	741
Right to Use Assets	4,953	4,739	6,249	7,915	9,818	10,935	11,967	13,174	14,449	15,724
Investments	**155**	**267**	**1,525**	**659**	**0**	**1,437**	**31**	**31**	**31**	**31**
Curr. Assets, L&A	**1,828**	**2,074**	**5,890**	**5,607**	**4,815**	**3,909**	**4,961**	**5,747**	**6,907**	**8,576**
Inventory	444	474	652	993	969	956	1,123	1,219	1,371	1,545
Account Receivables	46	78	141	179	344	366	350	459	519	586
Cash and Bank Balance	392	500	2,546	2,204	1,676	783	681	1,148	1,604	2,465
Others	947	1,022	2,551	2,231	1,826	1,804	2,807	2,921	3,413	3,980
Curr. Liab. and Prov.	**1,987**	**2,147**	**3,605**	**3,738**	**3,330**	**3,509**	**4,489**	**4,362**	**4,719**	**5,104**
Account Payables	1,307	1,440	1,991	2,170	2,308	2,425	2,836	3,092	3,478	3,919
Other Liabilities	529	544	1,438	1,391	793	800	1,193	703	613	490
Provisions	151	163	176	177	229	284	459	567	628	696
Net Current Assets	**-158**	**-73**	**2,285**	**1,870**	**1,485**	**399**	**472**	**1,384**	**2,189**	**3,472**
Application of Funds	**11,820**	**11,343**	**18,034**	**20,983**	**23,943**	**25,786**	**26,797**	**27,916**	**29,690**	**31,769**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Basic (INR)										
EPS	**-2.6**	**-3.8**	**1.4**	**3.4**	**1.6**	**0.9**	**-0.4**	**0.0**	**1.2**	**2.5**
Cash EPS	5.0	4.1	8.2	11.7	11.8	12.2	11.8	13.4	15.8	18.4
BV/Share	20.9	18.2	31.7	39.5	42.0	43.5	43.3	43.3	44.5	47.0
Valuation (x)										
P/E	N/M	N/M	134.7	56.8	119.5	222.3	-446.8	5,795.7	156.9	77.9
Cash P/E	38.7	47.1	23.9	16.6	16.5	16.0	16.6	14.6	12.3	10.6
EV/Sales	3.7	5.0	3.4	2.6	2.3	2.1	2.0	1.7	1.5	1.3
EV/EBITDA	26.5	41.4	19.2	13.9	13.2	12.7	13.1	11.5	9.6	8.1
EV/EBITDA (Pre Ind AS)	74.2	134.8	32.4	22.5	22.3	23.2	26.0	22.5	17.3	13.8
P/BV	9.3	10.7	6.2	4.9	4.6	4.5	4.5	4.5	4.4	4.1
Return Ratios (%)										
RoE	-14.0	-19.9	6.2	9.6	4.0	2.1	-1.0	0.1	2.8	5.5
RoCE	0.5	-2.0	7.9	10.1	5.7	5.0	2.5	3.7	5.2	6.5
RoIC	-0.6	-7.8	6.3	9.9	5.1	4.1	2.0	3.0	4.6	6.1
Working Capital Ratios										
Debtor (Days)	1	3	3	3	5	5	4	5	5	5
Asset Turnover (x)	1.1	0.9	1.0	1.1	1.1	1.1	1.2	1.3	1.4	1.5
Leverage Ratio										
Debt/Equity (x)	0.1	0.2	0.1	0.0	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	FY26	FY27E	FY28E	FY29E
Profit before Tax	-1,610	-987	514	1,084	699	231	-373	14	534	1,075
Depreciation	1,913	2,091	2,135	2,642	3,239	3,639	3,921	4,282	4,688	5,113
Net interest	722	756	781	869	1,009	1,116	1,228	1,337	1,478	1,613
Others	950	-409	-10	-86	-122	-9	200	-300	-355	-391
Direct Taxes Paid	0	-28	-63	-21	-20	-42	-67	-4	-134	-271
(Incr)/Decr in WC	155	118	592	-669	-317	144	161	-229	-146	-196
CF from Operations	**2,130**	**1,541**	**3,949**	**3,818**	**4,488**	**5,080**	**5,070**	**5,100**	**6,065**	**6,945**
Incr in FA	-1,430	-740	-2,853	-3,842	-3,851	-2,631	-3,183	-1,421	-1,844	-1,878
Free Cash Flow	**701**	**801**	**1,096**	**-23**	**637**	**2,449**	**1,887**	**3,679**	**4,221**	**5,066**
Pur of Investments	1,409	-39	-4,063	1,806	1,982	-1,350	1,452	201	-250	-265
Others	-2,063	-159	1,884	-176	-1,022	113	-839	117	162	184
CF from Invest.	**-2,083**	**-938**	**-5,032**	**-2,212**	**-2,891**	**-3,868**	**-2,571**	**-1,104**	**-1,931**	**-1,959**
Issue of Shares	0	444	4,690	0	83	227	0	0	0	0
Incr in Debt	-822	-180	-780	-1,084	-1,203	-1,216	-1,372	-63	141	45
Dividend Paid	0	0	0	0	0	0	0	0	0	0
Net interest Paid	-699	-758	-780	-864	-1,005	-1,117	-1,229	-3,467	-3,818	-4,169
Others										
CF from Fin. Activity	**-1,520**	**-494**	**3,130**	**-1,948**	**-2,125**	**-2,106**	**-2,601**	**-3,529**	**-3,677**	**-4,124**
Incr/Decr of Cash	**-1,473**	**109**	**2,046**	**-342**	**-528**	**-894**	**-102**	**467**	**456**	**861**
Add: Opening Balance	1,865	392	500	2,546	2,204	1,676	783	681	1,148	1,604
Closing Balance	**392**	**500**	**2,546**	**2,204**	**1,676**	**783**	**681**	**1,148**	**1,604**	**2,465**

E: MOFSL Estimates

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SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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