



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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ACCUMULATE

Current Price	198
52 Week Range	132/237

Key Share Data

Market Cap (Rs.bn)	151.06
Market Cap (US\$ mn)	2142.69
No of o/s shares (mn)	771.72
Face Value	10
Monthly Avg.	
vol(BSE+NSE) Nos'000	557.07
BSE Code	535755
NSE Code	ABFRL
Bloomberg	ABFRL:IN

Results were below expectations as higher marketing spends impacted Operating Profits

Revenue grew by 9.2% y-o-y to Rs. 19153.1mn
EBITDA de grew by 23.7% y-o-y to Rs. 1245mn; Margins stood at 6.5% v/s 9.3% y-o-y.

As a % of sales: **Rent** 14.6% vs 14.5%/ **Other Expenses** 19.7% v/s 19.3% yoy
Employee Costs grew by 36% y-o-y to Rs. 2351.9mn (**new factory in Orissa started which had a short term impact, would neutralise going forward**)

Finance Costs grew by 6.2% yoy to Rs. 453mn

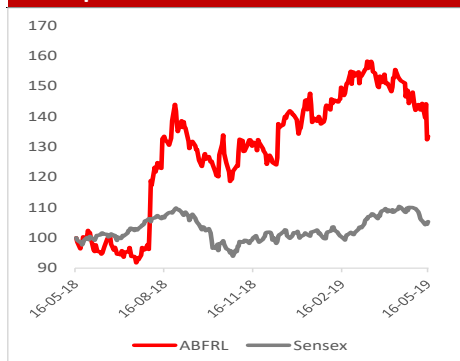
PBT (before exceptional) de grew by 31.1% yoy to Rs. 305.2mn

Tax at MAT rate amounting to Rs. 218.4mn v/s Rs. 0 yoy

PAT grew by 79.1% yoy to Rs.2026.4mn (**includes Deferred tax credit of Rs. 1939.6mn**)

EPS Rs. 2.62 vs Rs. 1.46 yoy.

Price performance



SEGMENTS

1. **Madura Fashion & Lifestyle (MFL):** 68% of Sales / 53% of EBIDTA/Sales grew by 14% yoy to Rs.13198.8mn

A. **Lifestyle Business:** Sales grew by 12% to Rs. 11320mn; **6% LTL growth;** added 21 stores (YTD: 167, total 1980, total area 2.56mn sq ft); EbidtaM% 14.93% vs 16.35% yoy

B. **Fast Fashion:** Sales de grew by 1% yoy to Rs. 800mn; Operating Losses remained flat to Rs.50 mn

C. **Others Businesses (super premium brands & innerwear):** sales grew by 65% yoy to Rs. 1070mn; Operating loss of 240mn as against loss of Rs.120mn

% Shareholding

	Mar-19	Dec-18
Promoters	59.10	59.24
Public	40.90	40.76
Others	0	0
Total	100.0	100.0

2. **Pantaloons:** 32% of Sales / 47% of EBIDTA

Sales de grew by 1%% y-o-y to Rs.6331.7mn, **-4.4% LTL growth adjusted for IND AS 115, sales would have been +4%**

added 6 stores (YTD 33, total 308; total area 4.02mn sq ft);

EbidtaM% of (-ve) 2.05% vs 4.21% yoy., **due to inventory markdown of Rs. 100mn, and higher ad spends by Rs. 50mn yoy**

Financials (Rs. Mn)

Year	Op Income	% Growth	EBIDTA	OPM%	PAT	% Growth	EPS	PE (x)	ROE%	ROCE%
FY17	66,028.6	9.4%	4,374.9	6.6%	535.0	148.0%	0.7	292.4	6%	8%
FY18	71,720.7	8.6%	4,682.8	6.5%	1,177.9	120.2%	1.5	133.0	11%	8%
FY19E	81,177.2	13.2%	5,540.7	6.8%	3,212.2	172.7%	4.2	47.7	22%	13%
FY20E	93,340.8	15.0%	7,171.2	7.7%	2,719.4	-15.3%	3.5	56.3	16%	15%
FY21E	106,099.3	13.7%	9,209.5	8.7%	4,046.5	48.8%	5.2	37.8	19%	18%



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Other KTA's:

1. Innerwear: Revenue crossed Rs.2bn in menswear/14000 outlets reached (ambition 30-40K)/single stores of women-wear will be opened/aim to breakeven by FY21e
2. Debt Rs.17030mn v/s Rs.18610mn
3. Life-Style E-Commerce +53%
4. Private label share in Pantaloons to increase to 65% v/s 61% in FY19
5. Target gross additions in Lifestyle stores 400 in FY20e
6. "People" brand standalone stores (100) to be converted to existing brand stores
7. Target gross additions in Pantaloons stores 70 in FY20e/ EBITDA target of 10% over long term
8. Capex for FY20e is Rs. 3500mn

Valuation: On SOTP based calculation, we value the Lifestyle business and Pantaloons business on EV/EBITDA basis, giving FY21e multiple of 20x and 15x respectively to arrive at a target price of Rs. 250. We Maintain **BUY**.



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