Aditya Birla Fashion Retail Ltd

March 5, 2019

DALAL & BROACHA
STOCK BROKING PVT. LTD.

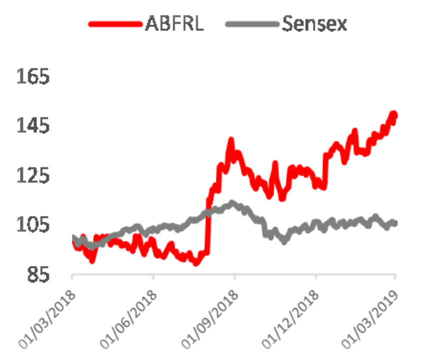
Analyst: Kunal Bhatia/ Suraj Nandu

Initiating Coverage@ Dalal and Broacha

BUY	
Current Price	222
52 Week Range	132/229
Target Price	269
Upside	21%

Key Share Data	
Market Cap (Rs.bn)	171.37
Market Cap (US$ mn)	2396.97
No of o/s shares (mn)	771.69
Face Value	10
Monthly Avg. vol(BSE+NSE) Nos	12045.52
BSE Code	535755
NSE Code	ABFRL
Bloomberg	ABFRL:IN

Price performance



% Shareholding	Dec-18	Sept-18
Promoters	59.24	59.24
Public	40.76	40.76
Others	0.00	0.00
Total	**100.0**	**100.0**

Indian Apparel Industry to reach $65.8bn by 2020, growing at 9% CAGR while organized branded apparel expected to grow at 21% till 2021: A leading player with large well-known brands both nationally and internationally under its belt, ABFRL will benefit from the rapid industry growth driven by change in consumer taste and preferences from unbranded to branded, improving macro-economic factors such as Per Capita Income and higher penetration into deeper India.

Aggressive store additions through Franchisee Route to aid profitability: 300-350 gross additions across Madura and 60-70 stores in Pantaloons for FY19 and FY20 each mainly done through the Franchisee Route. Ratio of Franchised stores to Owned Stores will be 75%:25% for Madura and 17%:83% for Pantaloons. This route will help with achieving double digit topline growth as well as remain asset light in the future.

Brands under Madura Lifestyle to double in revenues in the next 4 years: Van Heusen, Louis Phillipe and Peter England have a turnover of Rs. 10bn+ and Allen Solly with Rs. 7.5-8.0bn. Such brands have over 3 decades of exposure to India and its apparel market. In past couple of years the brands have seen subdued growth but with more investment through higher store openings with deeper penetration in India (tier 2, 3, 4 towns), revamp in collections and offerings and boost to branded retail due to GST introduction the company expects the 4 brands to double in revenues. As per our estimates, on a conservative basis lifestyle revenues till FY22E on a CAGR of 12.5% between FY19-22E, does come close to the target.

Pantaloons FY18 EBITDA margins at 6% to increase to 10% in the next few years: Company is working on cost rationalization by opening smaller sized stores compared to older larger sized stores and expanding store network through a higher share of Franchisees. Pantaloons has a strong brand network in East India (~29% of Pantaloons revenue as of FY18) and is increasing the number of stores in the region due to Its low attractive rentals. Furthermore, the company has increased share of private labels from ~55% in FY16 to 62% in H1FY19 and aims it to increase to 75%. Margins have improved since the initiative was undertaken with H1FY19 margins at 8% vs 6% in H1FY18.

Higher Focus on Innerwear Business, currently at ~10,000 point of sales, aims to reach 25,000 in next 2 years: As on FY18, innerwear revenues stood at Rs. 1bn which is expected to double to Rs. 2bn by end of FY19 and management has guided to reach Rs. 5bn by FY21. Company is expanding its product line and moving to "ath-leisure" encompassing all extensions ranging from innerwears to gym and sports clothes. The sole focus is on increasing presence in the market and grabbing the immense opportunity of Rs. 550bn. (estimated market size of innerwear business).

Reduction in Debt and increase in profitability will improve ROE and ROCE by 861 and 608 basis points by FY20E: Management has guided to reach their target of 2x Debt/EBITDA ratio by FY20E from the current 3.8x. As per our estimates, EBITDA Is growing at 31.8% CAGR between FY 19-21E due to company's cost rationalization efforts and a healthy double digit topline growth which will further help repay debt. This will lead to a major improvement in ratios with current ROE and ROCE standing at ~10.7% and ~7.74% respectively to increase to ~20.72% and ~17.35% respectively.

Valuation: We believe due to the efforts taken by the company for expansion through higher store additions, superior product mix in flagship brands and store rationalization, the company will deliver Revenue/EBITDA/PAT CAGR of 14.4%/32%/65.3% over FY19-21e. 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. 269, giving an upside of 21% from current levels. We recommend investors to **BUY** the stock.

Financials (Consolidated)

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	82,910.9	15.6%	5,719.4	6.9%	1,471.7	24.9%	1.9	111.7	12%	11%
FY20E	95,167.8	14.8%	7,629.3	8.0%	2,982.9	102.7%	3.9	55.1	19%	14%
FY21E	1,08,425.9	13.9%	9,929.0	9.2%	4,020.7	34.8%	5.2	40.9	21%	17%

Background

Madura Fashion and Lifestyle (MFL), earlier known as Madura Garments was acquired in 1999 by Aditya Birla Nuvo Limited (ABNL) and currently houses brands such as Louis Phillipe, Van Heusen, Peter England and Allen Solly under its Lifestyle business. MFL has two other segments, Fast Fashion which houses Forever 21 and The People and other business which has the innerwear business and super luxury brands such as Ted Baker, Polo Ralph Lauren, Simon Cartell and Hackett.

In 2013, Aditya Birla group acquired “Pantaloons” from Future Group for a sum of Rs. 16bn and was separately listed as Pantaloons Fashion and Retail ltd. In 2015, as part of the restructuring process, MFL was demerged from ABNL and was merged with Pantaloons Fashion and Retail Ltd as a separate business segment. To move towards “A leading fashion retail company” the listed entity was renamed as “Aditya Birla Fashion Retail Ltd” which had two different segment, namely Madura Fashion and Lifestyle and Pantaloons. Current store count as of H1FY19 for Madura Lifestyle stands at 1897 and 288 stores for Pantaloons.

Industry Overview

The Indian Apparel market is expected to grow at 9% CAGR from 2018-20 increasing its size from the current $51bn to $65.8bn, whereas organized branded retail will grow almost 3 times as fast at 21% till 2021. Several policy changes have occurred in India in the last couple of years namely, Demonetization in November 2016 and GST introduction in July 2017 which has resulted in shifts from unorganized retail to organized retail.

The share of organized retail in FY 07 stood at 14% which, increased to 24% in FY18. The percentage has increased further given the successful implementation of GST and the subsequent changes mainly a drop in GST rates for apparel produce of ticket size below and above Rs.1000 to fuel more consumption. Contribution of Menswear: Womenswear: kids stands at 41%:38:21% for the apparel Industry where as globally the share of womenswear trends in the majority when compared to Menswear, showing a big room for growth.

The innerwear market in India has a size of Rs. 250.34bn as of 2016 which is expected to grow at 11% CAGR to Rs.801.2bn by 2026. Premium branded innerwear is currently under penetrated in India.

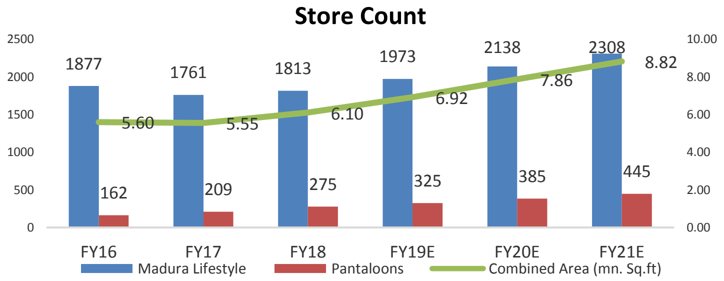
ABFRL is a leading player in the branded apparel industry in India with product ranges fit for all types of demographics with brands such as Van Heusen which caters to all and brands which are exclusively for a particular market such as Forever 21 which is purely into Women Fashion. The company is well positioned to enjoy the robust growth that the industry is offering on top of its own internal growth; and with favorable macros going forward such as rising Per Capita Income and increase in consumption as a result, the company is sure to benefit.

“Athleisure” a new foray, to grow 5x by FY21

Currently reported under “Other Business” in MFL, the company has introduced men and women innerwear under their flagship brand “Van Heusen”. As of FY18, Innerwear business has a revenue of Rs. 1bn which by end of FY19 as per management is expected to double to Rs.2bn and further expects to cross Rs.5bn by FY21e. Company plans to expand into Athletic apparel or “Athleisure” ranging from all sports apparel to gym and yoga clothes. Further, the product ranges would be sold under all 4 brands, namely Van Heusen, Louis Phillipe, Allen Solly and Peter England going forward. Currently, penetration of branded innerwear is very low, and to counter it the company is aggressively increasing its presence Pan India. As of

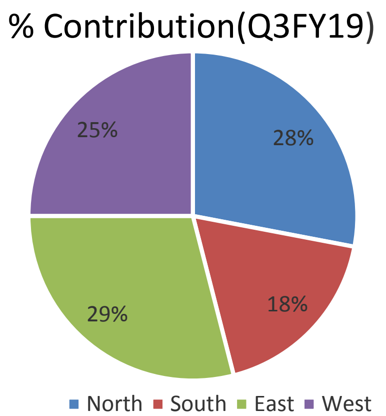
Q3FY19, for innerwear business, the company has 9500 point of sales which in the next two years company plans to increase to 25000.

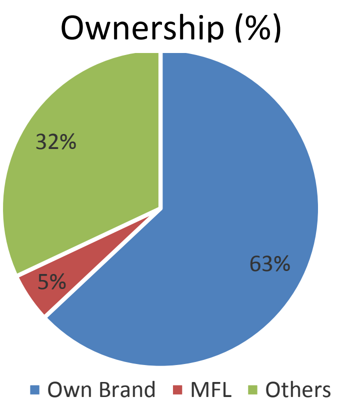
Higher Store openings through Franchise route to drive double digit revenue growth and improve margins ABFRL has guided to have 300-350 gross additions in Madura Fashion and Lifestyle and to add 60-70 stores in Pantaloons for FY19e and FY20e each. An aggressive target compared to earlier years where the company has only added 52 stores between FY17 and FY18. Additions in both business segment would be done through Franchisee route where in for MFL, the ratio of Franchisee to Own Stores is 75%:25% and 17%:83% for Pantaloons. We estimate net additions between 160-170 stores in MFL, majority of which would be opened under Madura Lifestyle i.e. all 4 brands and 50 stores for pantaloons for FY19 and 60 stores from FY19 onwards. Opening stores through Franchisee route helps the company remain asset light in the future as well as avoid hiring a higher number of employees resulting in operating margin improvement.



Particulars	CAGR (FY19-21)
Pantaloons Stores	19.6%
Madura Lifestyle Stores	8.3%
Total Area (Pantaloons+ Madura Lifestyle)	14.4%

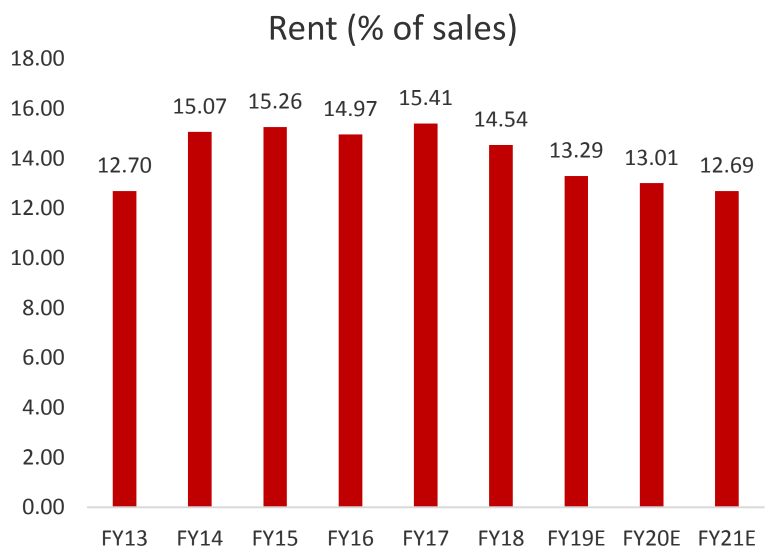
Pantaloons EBIT margins to increase from 6%-10% on back of store rationalization and higher share of private labels Company has undertaken store rationalization by opening smaller sized stores compared to older stores and shutting down stores which are loss making and opening in more profitable areas. The Geography mix of Pantaloons is as seen in the chart below.





As seen in the first pie chart, it represents the region wise distribution of revenues of Pantaloons. 29% of revenues come from east India where it has a strong brand presence. ABFRL has started expanding Pantaloons' store network to Tier 3 & 4 cities and towns where they see great demand for growth. Rental Costs are lower in such areas and as such will aid margins. Furthermore, the company is focused on increasing the share of Own brands in the pantaloons portfolio. As seen in the pie chart titled "Ownership (%)", share of private labels stands at 63% which the management plans to increase to 75%. A mix of these factors in addition to the store expansion through Franchisee route will boost margins.

Rental Costs to Further decrease going forward as expansion takes place in Deeper India:

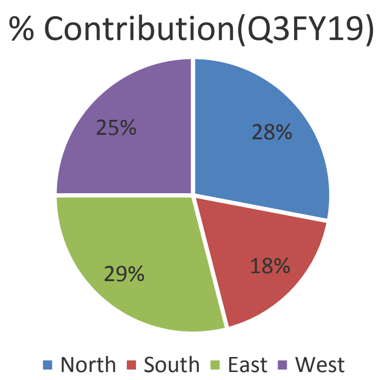


Madura Fashion and Lifestyle (MFL) is predominantly present in Metro and Tier 1 cities and towns due to which the rental costs are high. Pantaloons is present from Metro onwards till Tier 2 towns. Company has started expanding into Tier 3, 4, 5 towns through both their business verticals. Company has recently opened several Peter England stores in Tier 5 towns and Pantaloons in Tier 3, 4 towns. This will be beneficial for the company as their rental cost for opening the store would be low compared to opening one in metro or tier 1 as well as getting more presence into rural India and thus widening the brand name. Rent as a % of sales has decreased from a high of 15.41% in FY17 to 13.4% in 9MFY19 and as per our projections as more expansion occurs into tier 3 and 4 towns the rental cost will decrease to 12.7% by FY21E.

Revival in Madura Lifestyle L-T-L growth to continue going forward: Company between FY16-18 went through a no growth phase with LTL growth of Lifestyle business also suffering (FY16: 0, FY17: -6%). A different strategy approach to revive growth (store rationalization, better product mix, focused marketing), the company reported the highest ever LTL growth of 9.2% in FY18. The company is confident in maintain 8% LTL growth going forward, with a possibility of reaching double digit in the near future.

All distribution channels for Madura Lifestyle to grow in double digits

Currently, products of the 4 brands are sold through 3 different channels namely, Wholesale, Retail and Others.



Retail is through new store openings as well as a double digit LTL growth. Wholesale Channel is a preferred channel for the company as profitability is high and "other" channel mainly constitutes of E-Commerce. Since the entry of big E-commerce players such as Flipkart and Amazon, the channel is growing substantially with growth rates reaching triple digits at a point and is expected to grow robustly going forward. Currently E-commerce contributes 7% to the overall revenues of the company. We expect Wholesale, Retail and other channel to grow at a CAGR of 10%, 14% and 15% respectively over FY19-21E.

A strong brand presence in a growing competitive industry

Company Name	Store Count (Q3FY19)	Tier1	Tier2	Tier3	Tier4
Trent (Westside)	144	Yes	Yes	No	No
Brand Factory	89	Yes	Yes	No	No
Central	44	Yes	Yes	No	No
Zara (FY18)	20	Yes	Yes	No	No
V-Mart	200	Yes	Yes	Yes	Yes
Madura Lifestyle	1959	Yes	Yes	yes	Yes
Pantaloons	302	Yes	Yes	yes	yes

ABFRL as on Q3FY19, has a store network of 1959 in Madura Lifestyle and 302 stores in Pantaloons. As seen in the table are data points of peers and its presence across the country. In the recent past, many companies have started or are thinking of expanding into Tier 3 and 4 towns. As more companies move deeper into India, the market becomes more aware of the presence of the availability of branded apparel and thus expands the scope of growth in the market. ABFRL's large presence in India and with brands to cater to all demographics at all income levels, the company is likely to maintain its dominant position when expanding into Tier 3 and 4 towns. Currently Louis Phillipe is the largest brand in India by Value and Peter England by Volume.

	Number of stores (EBO)			Presence in Cities (EBO+MBO)		
Brands	**FY17**	**FY18**	**Change**	**FY17**	**FY18**	**Change**
Louis Phillipe	277	298	21	400	400	0
Van Heusen	278	276	-2	400	450	50
Allen Solly	226	226	0	350	400	50
Peter England	669	684	15	750	750	0
Pantaloons	209	275	66	97	130	33
people	91	86	-5	50	48	-2
Forever 21	16	22	6	9	18	9

The above table shows the presence of each brand under ABFRL across India. It showcases the brand strength the company already has through Exclusive brand outlets (EBO) as well Multi Brand Outlets (MBO) and will continue to become more prominent in entire India through increased penetration by aggressive store openings from Tier 1 to Tier 4 cities and towns.

Breakeven Analysis of an Average sized Madura Lifestyle store

Breakeven Analysis (FY18)	Madura
Sales Per store (Rs.mn)	8.70
Average Sq.Ft Per store	1324
Capex Per sq.ft	2500
Total Capex	3.31
Inventory (Rs. Mn)	2.05
Rent (14.5% of sales)	1.26
Employee Cost (10.8% of sales)	0.94
Other expenses (20.9% of Sales)	1.82
Total Cost	6.07
EBITDA	2.63
Margin	30.2%
Payback Period (years)	2.0

As seen in the table, an average sized Madura Lifestyle store of ~1324 sq.ft would take 2 years to achieve EBITDA breakeven assuming Capex of Rs. 2500 per sq. ft. The store would achieve cash breakeven within 4-5 months of commencement. For a Pantaloons store, as per management, full breakeven happens in 4-5 years.

FINANCIALS

Revenues

ABFRL reported Rs. 71814.1mn as on March FY18 and Rs. 62024.1mn as on 9MFY19. Company's two operating segments namely Madura Fashion and Lifestyle (MFL) and Pantaloons contribute ~59% and 41% respectively as of 9MFY19. As per our estimates the overall revenues is projected to grow at a CAGR of 14.4% between FY19-21.

Madura Fashion and Lifestyle (MFL)

Consists of 3 segments, Lifestyle, Fast Fashion and Others (innerwear+ luxury brands). **Lifestyle business** contributes ~85% to MFL revenues amounting to Rs. 31720mn as of 9MFY19. In past 2 years Lifestyle revenues has grown at mere 1.2% CAGR between FY16-18. As part of their future growth strategy, company has guided for 300-350 gross additions across Madura. We forecast 160-175 net additions going forward majorly in Lifestyle business. In FY17, the company had shut down 116 stores and added only 52 in FY18 taking the total to 1813 stores. About 75-80% of additions will be done through franchisee route. Products under the lifestyle business are sold through 3 routes namely Wholesale, Retail and Others, each contributing ~40%, 42.5%, 17.5% respectively to lifestyle revenues. The management is confident in achieving double digit growth in all 3 channels. With strong well-known brands like Van Heusen and Louis Phillipe under its belt, coupled with aggressive expansion to increase presence across India through store additions, we expect Lifestyle business to grow at a CAGR of 13.6% between FY19-21e.

Fast Fashion houses Forever 21 and the people, and constitutes ~7.5% to MFL revenues amounting to Rs. 2780mn as on 9MFY19. Since acquisition of the rights in 2016, the company has not been able to reap the benefits it envisioned while acquiring the brand due to high competition from other brands in the segment. The company has undertaken another strategy to bring back growth in the segment with a change in product mix, offering of products on E-commerce platforms, store rationalizations where loss making stores are shut down and new stores will be opened in key market and profitable areas. We believe the new strategy will bring benefits to the segment and as such expect it to grow at CAGR of 11% between FY19-21e.

Others business consists of innerwear business and other luxury brands. This segment contributes ~ 7.5% to MFL revenues amounting to Rs. 2610mn as of 9MFY19. This segment has been achieving phenomenal growth in past years achieving 46% CAGR between FY16-18. We believe the business will continue to grow at an accelerated rate due to the company's foray into "Athleisure" as well as expanding the product lines to all 4 brands under the Lifestyle business (currently only sold under Van Heusen). Luxury brands such as Polo Ralph Lauren and Hackett will continue to provide support to the segment and can be an avenue for future growth depending on favorable macros. We believe the segment will grow at a CAGR of 28% between FY19-21e.

Pantaloons, the other major segment of ABFRL constitutes 41% to overall revenues amounting to Rs. 25610mn as on 9MFY19. It currently has 302 stores opened spread across India. Company has guided to open 50-60 stores going forward where in about 18-20% of the stores would be through the franchisee route. Company has been working on improving product mix for all categories which has received positive response from customers. We expect revenues to grow at a CAGR of 14% CAGR between FY19-21e.

EBITDA

On an overall basis, the company reported an EBITDA of Rs. 4682.8mn as of FY18 and Rs. 4295.7mn as of 9MFY19, with a margin of 6.5% and 6.9% respectively. **Lifestyle business** reported an EBITDA of Rs. 4760mn in FY18 and Rs. 3490mn in 9MFY19 with a margin of 12.8% and 11% respectively. Company has started expanding business into deeper India, with Peter England receiving major focus currently. Peter England has lower margins compared to other brands in the portfolio and thus is a reason for the margin drop. With expansion for all 4 brands to come in the future, mixed with superior offerings and a low discount model; will stabilize margins at 12% from FY20 onwards.

Fast Fashion business has been reporting operating losses at an increasing rate between FY16-18, with highest loss reported in FY18 at Rs.530mn. Company has under taken store rationalization efforts in an attempt to reduce losses by re-negotiating rental deals, closing down loss making stores and opening newer stores in more profitable areas, closing larger stores and opening reduced but optimum sized stores. In 9MFY19, the losses have reduced to Rs. 280mn. We believe the benefits will continue going forward with Fast Fashion breaking even at an operating level by FY21e.

In **Other Business,** company is focused on increasing the distribution reach in Innerwear business. As on FY18, the company reported an operating loss of Rs. 470mn and in 9MFY19, the loss has increased to Rs. 610mn. We believe company will continue to incur higher losses till FY20e in order to achieve their targets post the losses would show a reducing trend.

Pantaloons: reported an EBITDA of Rs. 1710mn in FY18 and Rs.2180mn in 9MFY19 with margins of 6% and 8.5% respectively. Company has taken store rationalization efforts by reducing the store sizes and re-negotiating rental deals. With expansion into Tier 3 and 4 cities and towns, rentals rates are lower when compared to Metro and Tier 1 towns. Pantaloons has already seen an improvement in margins and going forward will further see an improvement, with the segment clocking 9% margins in FY21e from 6% in FY18.

On an Overall basis, as per our estimates, the company's EBITDA will grow at CAGR of 32% between FY19-FY21e with a margin improvement of 270 basis points to 9.2% in FY21e.

PAT: Since FY17, the company has reporting after tax profits. In FY18, the company reported a Profit of Rs. 1177.90mn to deferred tax credit of Rs. 688.20mn. in 9MFY19, the company reported profits of Rs. 1185.80mn. Company has taken necessary steps to boost profitability, with reducing losses for Fast Fashion and Other businesses; going forward the company aims to reduce Debt/EBITDA ratio from 4x to 2x by FY20E, which will reduce finance costs and thus aid in profit growth. As on FY18, the company has an accumulated loss of Rs. 4733.1mn, we believe as per our estimates company's profits will grow **at a CAGR of 65.3% between FY19-21e**. Due to the accumulated loss, the company will not pay any taxes till FY21e, post which, taxes will paid but at a reduced rate due to MAT credit.

ROE & ROCE: The Company had low ROE and ROCE due to high debt and low profitability in earlier years. ROE and ROCE in FY18 stood at 10.7% and 7.74% respectively. Going forward, with increasing profitability and debt reduction, the two key ratios will substantially improve by 860 bps and 608 bps respectively to 20.72% and 17.35% by FY21e.

Madura Lifestyle	FY21
Sales	56013.81
EBITDA	6721.66
Margins	12%
EV/EBITDA (x)	20
EV	134433.1
Pantaloons	**FY21**
Sales	42244.01
EBITDA	3801.96
Margins	9%
EV/EBITDA (x)	15
EV	57029.41
Total EV	**191462.56**
less: Debt	16336.7
Add: Cash	324.12
Total	**207475.14**
Number of shares	771.69
Target Price	**269**
CMP	222
% Upside	**21%**

Peers (Lifestyle)	EV/EBITDA
Trent	29.91
Kewal Kiran	11.54
Raymond	9.84
Page Industries	27.98
Arvind	18
Average	**19.45**
Peers (Pantaloons)	**EV/EBITDA**
V-Mart	17.78
Shopper Stop	11.87
Future Retail	14.93
Average	**14.86**

Outlook: ABFRL is one of country's top fashion retailers in India with strong brands under its belt catering to all demographics. The country is just witnessing growth in branded apparel post government efforts to enable shift from the unorganized to organized sector. There is a large opportunity for growth which many other branded fashion players have also witnessed, and such have taken expansion as a means of growth, with ABFRL being part of the expansion drive. This is advantageous for the company as it makes the entire India more aware of the presence of such branded players in the Industry. MFL brands have over 3 decades of experience, and Pantaloons also an experienced player in the Industry will benefit with their already strong and large store network (1959 for MFL and 302 for Pantaloons). With consumer trends tilting towards more branded apparel, favorable Macros, government push to accelerate rural growth will in time increase income levels and as such increase consumption.

Valuation: We believe due to the efforts taken by the company for expansion through higher store additions, superior product mix in flagship brands and store rationalization, the company will deliver Revenue/EBITDA/PAT CAGR of 14.4%/32%/65.3% over FY19-21e. 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. 269, giving an upside of 21% from current levels. We recommend investors to **BUY** the stock.

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ABFRL Ltd Financial data

P&L (Rs mn)	FY16	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	60,339.2	66,028.6	71,720.7	82,910.9	95,167.8	1,08,425.9
Cost of sales	56,555.0	61,653.7	67,037.9	77,191.5	87,538.6	98,496.9
Operating Profit	**3,784.2**	**4,374.9**	**4,682.8**	**5,719.4**	**7,629.3**	**9,929.0**
Depreciation	3,380.9	2,424.7	2,805.2	2,792.0	3,486.0	4,180.0
PBIT	403.3	1,950.2	1,877.6	2,927.4	4,143.2	5,749.0
Other income	263.7	381.5	328.1	439.0	445.0	451.5
Interest	1,764.5	1,796.7	1,716.0	1,894.7	1,605.3	1,470.3
Profit before tax	(1,097.5)	535.0	489.7	1,471.7	2,982.9	4,730.2
Exceptional and Extra Ordinary	-	-	-	-	-	-
share of profit/loss in JV	-	-	-	-	-	-
PBT (Post Extra Ordinary)	(1,097.5)	535.0	489.7	1,471.7	2,982.9	4,730.2
Provision for tax	-	-	(688.2)	-	-	709.5
Reported PAT	**(1,097.5)**	**535.0**	**1,177.9**	**1,471.7**	**2,982.9**	**4,020.7**
MI	-	-	-	-	-	-
Adjusted PAT	**(1,097.5)**	**535.0**	**1,177.9**	**1,471.7**	**2,982.9**	**4,020.7**

Cash Flow St. (Rs. mn)	FY16	FY17	FY18	FY19E	FY20E	FY21E
Net Profit	(1,097.5)	535.0	1,177.9	1,471.7	2,982.9	4,020.7
Add: Dep. & Amort.	3,380.9	2,424.7	2,805.2	2,792.0	3,486.0	4,180.0
Minority Interest	-	-	-	-	-	-
Cash profits	**2,283.4**	**2,959.7**	**3,983.1**	**4,263.7**	**6,469.0**	**8,200.7**
(Inc)/Dec in						
-Sundry debtors	961.3	(1,398.0)	(996.6)	(190.5)	(578.0)	(872.2)
-Inventories	(2,602.8)	(207.2)	(2,599.5)	(2,498.2)	(2,855.8)	(3,089.0)
-Loans/advances	4.3	7.1	(3.0)	(6.1)	(6.7)	(7.3)
'-Current Liab and Provisions	3,988.6	(1,545.4)	8,364.1	1,042.3	2,065.4	1,803.9
'- Other Assets	(1,015.5)	(481.3)	(881.6)	(436.5)	(474.2)	(521.1)
`- Non Curent security Deposit	32.3	(516.0)	(376.3)	(523.7)	(346.3)	(346.3)
Change in working capital	1,368.2	(4,140.8)	3,507.1	(2,612.8)	(2,195.5)	(3,031.9)
CF from Oper. activities	**3,651.6**	**(1,181.1)**	**7,490.2**	**1,650.9**	**4,273.4**	**5,168.8**
CF from Inv. activities	**(2,125.8)**	**(4,055.7)**	**(4,446.8)**	**(3,250.0)**	**(3,500.0)**	**(3,500.0)**
CF from Fin. activities	**(1,700.6)**	**5,544.8**	**(2,562.1)**	**1,053.1**	**(800.0)**	**(1,500.0)**
Cash generated/(utilised)	**(174.8)**	**308.0**	**481.3**	**(546.0)**	**(26.6)**	**168.8**
Cash at start of the year	113.4	(61.4)	246.6	727.9	181.9	155.3
Cash at end of the year	(61.4)	246.6	727.9	181.9	155.3	324.1
	(61.4)	246.6	727.9	181.9	155.3	324.1
	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)

Balance Sheet	FY16	FY17	FY18	FY19E	FY20E	FY21E
Equity capital	7,688.4	7,705.3	7,716.9	7,716.9	7,716.9	7,716.9
Reserves	1,366.5	1,876.3	3,214.2	4,685.9	7,668.9	11,689.5
Net worth	**9,054.9**	**9,581.6**	**10,931.1**	**12,402.8**	**15,385.8**	**19,406.4**
Minority Interest	-	-	-	-	-	-
Non Current Liabilites	7,984.3	15,198.4	14,697.1	14,776.1	14,198.1	12,942.2
Current Liabilites	28,784.9	25,578.5	31,710.2	33,726.6	35,570.1	37,129.9
CAPITAL EMPLOYED	**45,824.1**	**50,358.5**	**57,338.4**	**60,905.5**	**65,153.9**	**69,478.5**
Non Current Assets	26,164.6	29,250.5	30,835.4	31,933.7	32,416.8	32,218.2
Fixed Assets	5,787.4	6,774.6	7,685.9	8,143.9	8,157.9	7,477.9
Non Current Investments	-	-	42.1	42.1	42.1	42.1
Non Current tax assets	-	177.8	187.5	**187.5**	**187.5**	**187.5**
Long Term Loans and Advances	35.7	34.9	29.0	30.5	32.0	33.6
Other NON Current Assets	766.3	1,528.2	1,091.4	1,206.5	1,327.8	1,461.4
Goodwill	17,952.2	18,596.0	18,596.0	18,596.0	18,596.0	18,596.0
Deferred Tax Assets	-	-	688.2	688.2	688.2	688.2
Security Deposits	1,623.0	2,139.0	2,515.3	3,039.0	3,385.3	3,731.5
Current Assets	19,659.5	21,108.0	26,503.0	28,971.8	32,737.1	37,260.3
Current investments	-	-	-	-	-	-
Inventories	14,105.3	14,312.5	16,912.0	19,410.2	22,266.0	25,355.0
Trade Receivables	3,123.8	4,521.8	5,518.4	5,708.9	6,286.9	7,159.1
Cash and Bank Balances	(61.4)	246.6	727.9	181.9	155.3	324.1
Short Term Loans and Advances	44.3	38.0	46.9	51.6	56.7	62.4
Other Current Assets	2,447.5	1,989.1	3,297.8	3,619.2	3,972.1	4,359.7
CAPITAL DEPLOYED	**45,824.1**	**50,358.5**	**57,338.4**	**60,905.5**	**65,153.9**	**69,478.5**

Ratios	FY16	FY17	FY18	FY19E	FY20E	FY21E
OPM	6.3	6.6	6.5	6.9	8.0	9.2
NPM	(1.8)	0.8	1.6	1.8	3.1	3.7
Tax rate	-	-	(140.5)	-	-	15.0
Growth Ratios (%)						
Net Sales	226.0	9.4	8.6	15.6	14.8	13.9
Operating Profit	420.5	15.6	7.0	22.1	33.4	30.1
PBIT	(136.4)	383.6	(3.7)	55.9	41.5	38.8
PAT	(51.9)	(148.7)	120.2	24.9	102.7	34.8
Per Share (Rs.)						
Net Earnings (EPS)	(1.4)	0.7	1.53	1.9	3.9	5.2
Cash Earnings (CPS)	(5.8)	(2.5)	(2.1)	(1.7)	(0.7)	(0.2)
Dividend	-	-	-	-	-	-
Book Value	11.8	12.4	14.2	16.1	19.9	25.1
Free Cash Flow	2.0	(6.8)	3.9	(2.1)	1.0	2.2
Valuation Ratios						
P/E(x)	**(155.5)**	**319.7**	**145.4**	**116.4**	**57.4**	**42.6**
P/B(x)	18.8	17.9	15.7	13.8	11.1	8.8
EV/EBIDTA(x)	49.0	43.7	40.2	33.2	24.8	18.9
Div. Yield(%)	-	-	-	-	-	-
FCF Yield(%)	**0.9**	**(3.1)**	**1.8**	**(0.9)**	**0.5**	**1.0**
Return Ratios (%)						
ROE	-12%	6%	11%	12%	19%	21%
ROCE	3%	8%	8%	11%	14%	17%

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