Motilal Oswal Financial Services

24 July 2026

1QFY27 Results Update | Sector: Retail

Sapphire Foods

Estimate changes	↑
TP change	⟷
Rating change	⟷

Bloomberg	SAPPHIRE IN
Equity Shares (m)	321
M.Cap.(INRb)/(USDb)	57.6 / 0.6
52-Week Range (INR)	348 / 140
1, 6, 12 Rel. Per (%)	-3/2/-42
12M Avg Val (INR M)	240

Financials & Valuations (INR b)

Y/E Mar	2026	2027E	2028E
Sales	31.3	35.4	39.9
Sales Gr. (%)	8.4	13.3	12.7
EBITDA	4.7	5.7	6.6
Margins (%)	15.2	16.0	16.6
Adj. PAT	-0.1	0.3	0.6
Adj. EPS (INR)	-0.4	0.9	1.8
EPS Gr. (%)	-149.8	-303.9	105.0
BV/Sh.(INR)	43.3	44.2	46.0
Ratios			
RoE (%)	-1.0	2.0	4.0
RoCE (%)	2.5	4.7	5.8
Valuations			
P/E (x)	-410.1	201.1	98.1
P/BV (x)	4.1	4.1	3.9
EV/Sales (x)	1.8	1.6	1.4
Pre Ind-AS EV/EBITDA (x)	23.9	18.1	14.5

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	26.1	26.1	26.1
DII	41.9	37.5	37.9
FII	25.3	29.0	31.6
Others	6.8	7.5	4.5

FII includes depository receipts

CMP: INR179 TP: INR240 (+34%) Buy

Improved print; positive SSSG across brands

- Sapphire Foods India (SAPPHIRE) reported revenue growth of 15% YoY (highest in the last 11 quarters; in line) in 1QFY27. KFC sales grew 17% YoY with SSSG of 5% (in line). Pizza Hut (PH) posted 3% revenue growth with SSSG of 1% (in line) on a weak base of -8%. Sri Lanka maintained its strong momentum, with revenue growth of 16% YoY (+14% in LKR terms), driven by 9% LKR SSSG and healthy store expansion.
- Demand trends remained broadly unchanged sequentially. Sapphire's initiatives helped KFC deliver healthy momentum, while PH witnessed improvements in dine-in trends. April-May remained healthy, June softened, and July demand has again turned encouraging. The company has been gradually reducing discounting (~50bp since Oct'25), while ~2% price hikes taken during 1QFY27 supported gross margins and profitability. Management expects no further price hikes as stable raw material costs and operational efficiency are expected to offset inflation.
- KFC margins remained strong despite energy cost inflation. KFC ROM expanded 120bp YoY to 16.9% (in line), supported by GM expansion of 160bp YoY. PH ROM remained under pressure at -3.6% (vs. -2.5% in 1QFY26) due to higher energy costs. Sri Lanka ROM declined 70bp YoY to 12%. At the company level, EBITDA (pre-Ind AS) increased 24% YoY to INR749m (beat), with EBITDA margin expanding 90bp YoY to 13% (beat).
- KFC is witnessing a gradual improvement in operating performance, with positive trends in both SSSG and margins, supported by Sapphire's initiatives to enhance consumer engagement. We expect improving demand trends, stronger execution, operational efficiencies and recovering unit economics to drive earnings growth ahead. Additionally, the proposed Devyani-Sapphire merger is likely to unlock scale synergies and strengthen execution across brands and geographies. **We maintain our BUY rating with a TP of INR240, based on 20x Mar'28E pre-Ind AS EV/EBITDA.**

KFC-led margin expansion drives operational beat

- **KFC remains healthy; PH turns positive:** Consolidated sales grew 15% YoY (highest in the last 11 quarters) to INR8.9b (est. INR8.8b). KFC revenue grew 17% YoY (in line) to INR6.2b, with SSSG of 5%. KFC ADS increased 2% YoY to INR118k. PH revenue grew 3% YoY (in line) to INR1.4b with SSSG of 1% (vs. -8% base), while dine-In SSSG also turned positive. PH ADS remained flat YoY at INR44k. Tamil Nadu continued to outperform, driven by higher marketing investments and aggressive value-led dine-in offerings. Sri Lanka sales grew 16% YoY (+14% in LKR terms) to INR1.3b with SSSG of 9% in LKR terms. ADS increased 9% YoY to INR112k.

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- **Store additions remain in line:** Store base grew 8% YoY to 1,074 stores. The company added a net 22 stores during the quarter (16 KFC, 5 PH and 1 in Sri Lanka).
- **KFC lifts operating margins**: Consolidated gross profit grew 17% YoY to INR6.1b (est. INR6b). Consolidated GM expanded 140bp YoY to 68.8% (est. 67.9%). Reported EBITDA margin expanded 120bp YoY to 15.7% (est. 15.2%), while EBITDA increased 24% YoY to INR1.4b (est. INR1.3b). Consolidated ROM (pre Ind-AS) expanded 90bp YoY to 13%. EBITDA (pre Ind-AS) margin expanded 135bp YoY to 8.4% (est. 8%), with EBITDA (pre Ind-AS) at INR749m (est. INR703m).
- Profit before tax stood at INR162m against a loss of INR18m in 1QFY26.
- Profit after tax stood at INR140m compared to a loss of INR17m in the base quarter.

Highlights from the management commentary

- The demand environment has remained broadly unchanged sequentially. Healthy KFC performance is attributed to the company's initiatives. PH dine-in sales have improved and the overall brand has done well.
- The company generally passes on only 50-60% of RM inflation and the rest is managed by operational efficiencies. Sapphire has taken a ~2% price hike in KFC and PH each and expects no further hikes given stable RM prices.
- In smaller cities, ADS came in ~20% lower vs. metros/T1 cities; however, operating costs are materially lower. Thus, from the profitability and payback perspective, small-city stores work similar to T1-city stores.
- While 1QFY27 was challenging for Sri Lanka business, management remains confident of a gradual recovery over the next two quarters and strong performance over the long term.

Valuation and view

- We increase our EBITDA estimates by 1% for FY28.
- Demand trends remained broadly unchanged sequentially. Sapphire's initiatives helped KFC deliver healthy momentum, while PH witnessed improvements in dine-in trends. While July demand trends remain encouraging, the sustainability of improving dine-in footfalls will remain a key monitorable. The company is gradually reducing discounting (~50bp since Oct'25), with ~2% price hikes taken to support margins. Management expects no further price hikes and operational efficiencies are expected to offset inflation.
- KFC is witnessing a gradual improvement in operating performance, with both SSSG and margins trending positively. This is supported by Sapphire's initiatives to enhance consumer engagement. We expect improving demand trends, stronger execution, operational efficiencies and recovering unit economics to drive earnings growth ahead. Additionally, the proposed Devyani-Sapphire merger is likely to unlock scale synergies and strengthen execution across brands and geographies. **We maintain our BUY rating with a TP of INR240, based on 20x Mar'28E pre-Ind AS EV/EBITDA.**

Quarterly Performance **(INR m)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
KFC - No. of stores	510	529	556	575	591	611	631	650	575	650	590	
PH - No. of stores	336	338	339	341	346	348	350	351	341	351	346	
KFC - SSSG (%)	0.0	-3.0	1.0	4.0	5.0	5.0	3.5	4.5	1.0	4.5	5.0	
PH - SSSG (%)	-8.0	-8.0	-12.0	-7.0	1.0	2.0	2.0	3.0	-9.0	2.0	0.5	
Net Sales	**7,768**	**7,424**	**8,138**	**7,922**	**8,910**	**8,393**	**9,171**	**8,939**	**31,253**	**35,413**	**8,812**	1.1
YoY change (%)	8.1	6.7	7.6	11.4	14.7	13.1	12.7	12.8	8.4	13.3	13.4	
Gross Profit	**5,235**	**5,031**	**5,589**	**5,448**	**6,129**	**5,698**	**6,260**	**6,063**	**21,301**	**24,120**	**5,982**	2.5
Margin (%)	67.4	67.8	68.7	68.8	68.8	67.9	68.3	67.8	68.2	68.1	67.9	
EBITDA (Pre IND AS)	**548**	**450**	**774**	**610**	**749**	**648**	**914**	**793**	**2,382**	**3,105**	**703**	6.5
EBITDA growth %	-22.5	-23.7	-4.6	20.1	36.7	44.1	18.1	30.0	-8.9	30.3	28.3	
Margin (%)	7.1	6.1	9.5	7.7	8.4	7.7	10.0	8.9	7.6	8.8	8.0	
EBITDA	**1,129**	**1,021**	**1,342**	**1,245**	**1,398**	**1,276**	**1,539**	**1,453**	**4,736**	**5,666**	**1,342**	4.2
EBITDA growth %	-9.1	-8.9	-0.1	17.2	23.9	25.0	14.7	16.7	-0.7	19.7	18.9	
Margin (%)	14.5	13.8	16.5	15.7	15.7	15.2	16.8	16.3	15.2	16.0	15.2	
Depreciation	920	972	1,020	1,010	974	1,070	1,122	1,123	3,921	4,288	1,011	
Interest	295	307	315	311	319	337	346	343	1,228	1,346	325	
Other Income	68	92	71	50	57	85	90	118	280	350	85	
PBT	**-18**	**-166**	**78**	**-27**	**162**	**-46**	**161**	**105**	**-133**	**382**	**90**	
Tax	-1	-38	15	-29	21	-11	41	46	-53	96	23	
Rate (%)	5.7	22.9	18.6	106.4	13.3	25.2	25.2	43.4	39.8	25.2	25.2	
Adjusted PAT	**-17**	**-128**	**36**	**-30**	**140**	**-34**	**120**	**60**	**-140**	**286**	**68**	

E: MOFSL Estimates

Brand-wise performance

KFC Performance – SSSG 5%; margin expansion

- Sales grew 17% YoY to INR6.2b (in line), with SSSG of 5%.
- GP grew 20% YoY to INR4.2b and margins expanded 160bp YoY to 68.7%.
- ROM was up 26% YoY at INR1b and margins expanded 120bp YoY to 16.9% (est. 16.5%), despite high energy cost inflation (majorly gas costs).
- ADS rose 2% YoY to INR118k.
- Added 16 stores for KFC, taking the total store count to 591.

Pizza Hut Performance – Improving trends albeit weak base

- Sales grew by 3% YoY (est. +3%) to INR1.4b, with same store sale growing 1% on a base of -8%. Dine-in SSSG was also positive.
- Sapphire's exclusive territory, Tamil Nadu, continues to do well thanks to additional marketing investments and aggressive value dine-in offers to drive transaction growth.
- GP was up 4% YoY at INR1b and margin expanded 80bp YoY to 75.4%.
- ROM was -3.6% vs. -2.5% in 1QFY26 as ROM was impacted significantly by higher energy costs (majorly gas costs).
- ADS was flat YoY at INR44k.
- Opened five stores for PH, takin the total count to 346.

Sri Lanka Performance – Strong growth trajectory

- Sales grew 16% YoY (+14% in LKR term) to INR1.3b, with SSSG at 9% in LKR terms.
- GP grew 20% YoY to INR851m and margins rose 220bp YoY to 63.1%
- ROM grew 10% YoY to INR162m. ROM declined 70bp YoY to 12%.
- Operating leverage out of positive SSSG has been impacted by minimum wage revisions and high energy & food cost inflation amid the geopolitical conflict.
- ADS grew 9% YoY to INR112k.
- Added one store, reaching the total store count in Sri Lanka to 137.

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

CONFERENCE CALL

Highlights from the management commentary

Business environment and operations

- 1QFY27 was Sapphire's best quarter in the last 11 quarters in terms of revenue and adj. EBITDA growth (in last 15 quarters), led by positive SSSG across all brand verticals.
- The demand environment has remained largely unchanged sequentially. Healthy KFC performance is attributed to the company's initiatives. PH dine-in sales have improved and the overall brand has done well.
- **April-May was good, June was subdued, and July again is trending healthy for the company.**
- **The company has been reducing discounts (~50bp) since Oct'25, which, coupled with some price increases taken in 1QFY27, supported gross margin and profit in 1Q.**
- The company generally passes on only 50-60% of RM inflation and the rest is managed through operational efficiencies. Sapphire has taken a ~2% price hike in KFC and PH each and expects no further hikes given stable RM prices.
- In smaller cities, ADS came in ~20% lower vs. metros/T1 cities; however, operating costs are materially lower. Thus, from the profitability and payback perspective, small-city stores work similar to T1-city stores.

- In 1QFY27, Sapphire opened 22 net new stores, including 16 KFC restaurants, five Pizza Hut stores in India and one Pizza Hut store in Sri Lanka. Sapphire's total restaurant count was 1,074 as of Jun'26.
- The company plans to open 60-80 KFC stores in FY27; however, it remains cautious about PH store expansion.

KFC

- Sapphire KFC delivered strong revenue growth of 17% with SSSG of 5%.
- Gross margin improved, backed by lower discounts YoY and a 2% price increase (in two tranches) during the quarter. Moreover, an increase in dine-in & take-away mix and operating leverage because of positive SSSG also aided margin expansion.
- ROM came in at 16.9% (up 120 bps YoY) despite high energy cost inflation (majorly gas costs).
- Management targets ROM of 18% going ahead.
- Dine-in performance was encouraging with 59% growth vs. 57% in 1QFY26.
- Dine-In & Take Away transaction growth has been enabled through continuation of the a two-pronged consumer recruitment strategy of disruptive 'Every Day Value' (INR99 Chicken Krisper Burger Meal) and 'Abundant Value' on select days (BOGO on Chicken Buckets), backed by marketing investments.
- Launched 'KFC Double Chicken Dynamite'.
- Recently launched 'KFC Shawowrma'; traction has been good.
- Digital kiosks are now implemented across more than 75% of KFC restaurants, enhancing efficiency and customer experience.

Pizza Hut

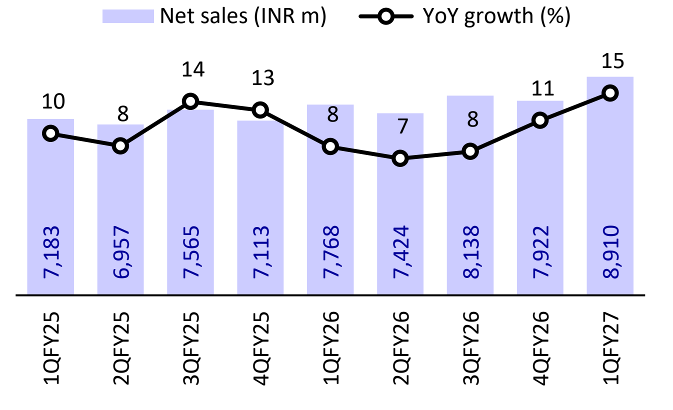
- Sapphire Pizza Hut delivered positive SSSG (+1%), with revenue growth of 3%.
- Dine-in SSSG was also positive, led by exclusive territory Tamil Nadu, where the company's additional marketing investments and aggressive value dine-in exclusive offers continue to drive transaction growth.
- Gross margin improved by 80bp owing to lower discounts and a price increase of 2% taken at the end of the quarter.
- Dine-in offers to drive transaction growth. ROM was negative at 3.6% (down 110bp YoY), impacted significantly by higher energy costs (majorly gas cost).
- Sapphire is focusing on improving the dine-in speed of service metrics.
- The company remains cautious about PH store expansion.
- New line of Masala Beverages was introduced in 1Q.
- Launched exclusive value offerings in dine-in (Buy1 Get3, 4 course Meal starting INR99, Unlimited Pizza Fridays).

Sri Lanka

- In 1QFY26, Sri Lanka business revenue grew by 14% in LKR with SSSG of 9% in LKR.
- Operating leverage owing to positive SSSG has been impacted by minimum wage revisions and high energy & food cost inflation due to the geopolitical conflict.
- While 1QFY27 was challenging, management remains confident of a gradual recovery over the next two quarters and a strong performance in the long term.

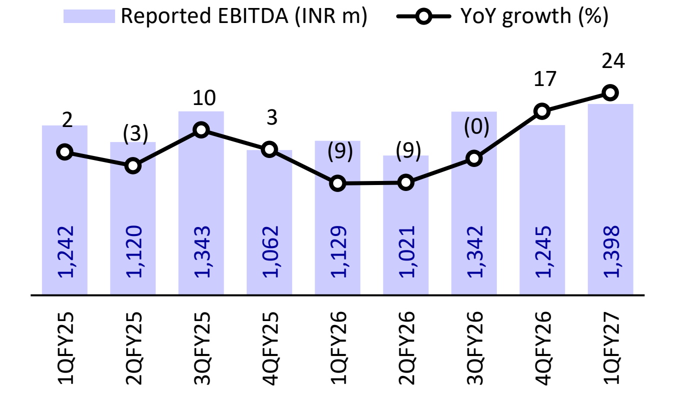
Key exhibits

Exhibit 1: Net sales grew 15% YoY to INR8.9b



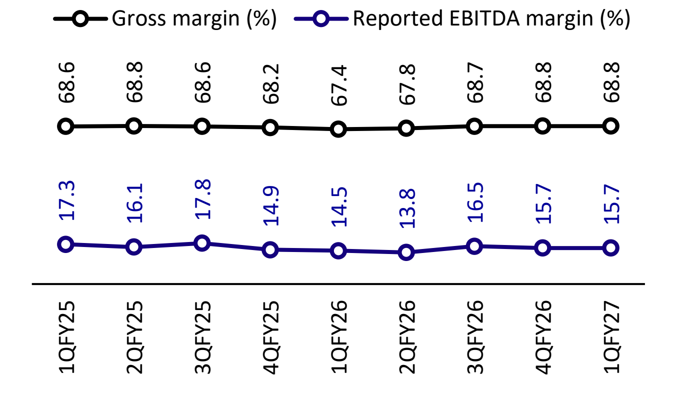
Source: Company, MOFSL

Exhibit 2: EBITDA grew 24% YoY to INR1.4b



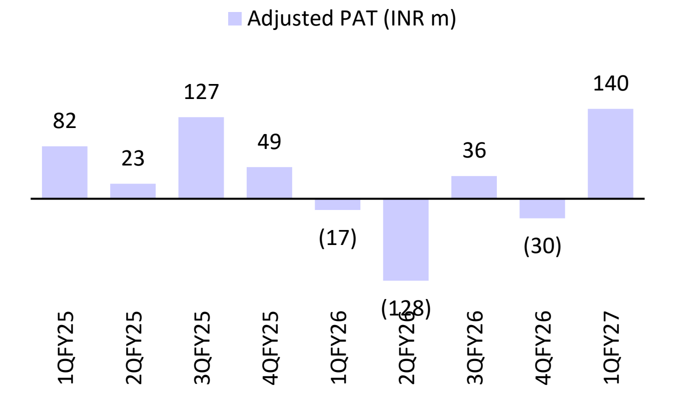
Source: Company, MOFSL

Exhibit 3: Gross margin expanded 140bp YoY to 68.8%, and EBITDA margin expanded 120bp YoY to 15.7%



Source: MOFSL, Company

Exhibit 4: Adjusted profit after tax at INR140m



Source: MOFSL, Company

Valuation and view

- We increase our EBITDA estimates by 1% for FY28.
- Demand trends remained broadly unchanged sequentially. Sapphire's initiatives helped KFC deliver a healthy momentum, while Pizza Hut witnessed improvements in dine-in trends. While July demand trends remain encouraging, the sustainability of improving dine-in footfalls will remain a key monitorable. The company is gradually reducing discounting (~50bp since Oct'25), with a ~2% price hikes taken to support margins. Management expects no further price hikes and operational efficiencies are expected to offset inflation.
- KFC is witnessing a gradual improvement in operating performance, with both SSSG and margins trending positively. This is supported by Sapphire's initiatives to enhance consumer engagement. We expect improving demand trends, stronger execution, operational efficiencies and recovering unit economics to drive earnings growth ahead. Additionally, the proposed Devyani-Sapphire merger is likely to unlock scale synergies and strengthen execution across brands and geographies. **We maintain our BUY rating with a TP of INR240, based on 20x Mar'28E pre-Ind AS EV/EBITDA.**

Exhibit 5: We increase our EBITDA estimates by 1% for FY28

	New		Old		Change (%)	
(INR b)	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Sales	35.4	39.9	35.4	39.9	0.0	0.0
EBITDA	5.7	6.6	5.6	6.6	0.4	0.9
Adjusted PAT	0.3	0.6	0.3	0.5	6.6	7.7

Source: Company, MOFSL

Financials and valuations

Income Statement consol. (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	**13,404**	**10,196**	**17,216**	**22,656**	**25,943**	**28,819**	**31,253**	**35,413**	**39,900**
Change (%)	12.3	-23.9	68.8	31.6	14.5	11.1	8.4	13.3	12.7
Raw Materials	4,317	3,099	5,278	7,407	8,109	9,068	9,952	11,292	12,656
Gross Profit	**9,087**	**7,097**	**11,938**	**15,249**	**17,834**	**19,750**	**21,301**	**24,120**	**27,244**
Margin (%)	67.8	69.6	69.3	67.3	68.7	68.5	68.2	68.1	68.3
Operating Expenses	7,232	5,853	8,888	10,965	13,221	14,983	16,566	18,454	20,632
EBITDA (Pre IND AS)	**662**	**382**	**1,808**	**2,647**	**2,717**	**2,616**	**2,382**	**3,105**	**3,837**
Change (%)	52.3	-42.3	373.5	46.4	2.6	-3.7	-8.9	30.3	23.6
Margin (%)	4.9	3.7	10.5	11.7	10.5	9.1	7.6	8.8	9.6
EBITDA	**1,856**	**1,244**	**3,050**	**4,284**	**4,613**	**4,768**	**4,736**	**5,666**	**6,612**
Change (%)	27.1	-33.0	145.2	40.4	7.7	3.4	-0.7	19.7	16.7
Margin (%)	13.8	12.2	17.7	18.9	17.8	16.5	15.2	16.0	16.6
Depreciation	1,913	2,091	2,135	2,642	3,239	3,639	3,921	4,288	4,701
Int. and Fin. Charges	722	756	781	869	1,009	1,116	1,228	1,346	1,482
Other Income	113	616	380	311	334	372	280	350	355
Profit before Taxes	**-666**	**-987**	**514**	**1,084**	**699**	**384**	**-133**	**382**	**784**
Change (%)	-2.5	48.2	-152.1	111.0	-35.5	-45.0	-134.7	-386.4	105.0
Margin (%)	-5.0	-9.7	3.0	4.8	2.7	1.3	-0.4	1.1	2.0
Total tax	-17	12	54	-7	180	64	-53	96	197
Tax Rate (%)	2.6	-1.2	10.5	-0.6	25.7	16.7	39.8	25.2	25.2
Adjusted PAT	**-649**	**-999**	**460**	**1,091**	**520**	**282**	**-140**	**286**	**586**
Change (%)	-6.6	54.0	-146.0	137.2	-52.4	-45.8	-149.8	-303.9	105.0
Margin (%)	-4.8	-9.8	2.7	4.8	2.0	1.0	-0.4	0.8	1.5
Reported PAT	**-1,592**	**-999**	**460**	**2,364**	**520**	**167**	**-320**	**286**	**586**

Balance Sheet (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	502	528	635	635	637	642	643	643	643
Reserves	4,742	4,271	9,436	11,924	12,754	13,338	13,263	13,549	14,136
Net Worth	**5,245**	**4,799**	**10,071**	**12,559**	**13,391**	**13,981**	**13,906**	**14,192**	**14,779**
Loans	712	757	612	443	276	199	56	31	56
Other Liability	5,744	5,692	7,280	9,185	11,363	12,723	14,115	15,363	16,638
Minority Interest	3	-12	-17	-20	7	-19	-21	-21	-21
Deferred tax liability (net)	117	107	87	-1,184	-1,095	-1,098	-1,259	-1,259	-1,259
Capital Employed	**11,820**	**11,343**	**18,034**	**20,983**	**23,942**	**25,786**	**26,797**	**28,306**	**30,192**
Gross Block	6,567	6,905	8,948	12,134	14,622	16,438	17,884	19,660	21,504
Less: Accum. Depn.	2,221	2,974	3,487	4,428	4,998	6,252	6,936	8,907	11,068
Net Fixed Assets	**4,346**	**3,932**	**5,462**	**7,706**	**9,624**	**10,185**	**10,948**	**10,753**	**10,436**
Capital WIP	184	213	320	550	673	567	603	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	1,194	740	747
Right to Use Assets	4,953	4,739	6,249	7,915	9,818	10,935	11,967	13,215	14,489
Investments	**155**	**267**	**1,525**	**659**	**0**	**1,437**	**31**	**31**	**31**
Curr. Assets, L&A	**1,828**	**2,074**	**5,890**	**5,607**	**4,815**	**3,909**	**4,961**	**5,956**	**7,211**
Inventory	444	474	652	993	969	956	1,123	1,191	1,334
Account Receivables	46	78	141	179	344	366	350	449	506
Cash and Bank Balance	392	500	2,546	2,204	1,676	783	681	1,458	2,041
Others	947	1,022	2,551	2,231	1,826	1,804	2,807	2,858	3,330
Curr. Liab. and Prov.	**1,987**	**2,147**	**3,605**	**3,738**	**3,330**	**3,509**	**4,489**	**4,270**	**4,604**
Account Payables	1,307	1,440	1,991	2,170	2,308	2,425	2,836	3,020	3,385
Other Liabilities	529	544	1,438	1,391	793	800	1,193	687	596
Provisions	151	163	176	177	229	284	459	564	623
Net Current Assets	**-158**	**-73**	**2,285**	**1,870**	**1,485**	**399**	**472**	**1,686**	**2,607**
Application of Funds	**11,820**	**11,343**	**18,034**	**20,983**	**23,943**	**25,786**	**26,797**	**28,306**	**30,192**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)									
EPS	**-2.6**	**-3.8**	**1.4**	**3.4**	**1.6**	**0.9**	**-0.4**	**0.9**	**1.8**
Cash EPS	5.0	4.1	8.2	11.7	11.8	12.2	11.8	14.2	16.5
BV/Share	20.9	18.2	31.7	39.5	42.0	43.5	43.3	44.2	46.0
Valuation (x)									
P/E	N/M	N/M	123.7	52.1	109.7	204.1	-410.1	201.1	98.1
Cash P/E	35.6	43.2	21.9	15.2	15.2	14.7	15.2	12.6	10.9
EV/Sales	3.4	4.6	3.1	2.4	2.1	1.9	1.8	1.6	1.4
EV/EBITDA	24.3	38.0	17.5	12.7	12.1	11.6	12.0	9.9	8.4
EV/EBITDA (Pre Ind AS)	68.2	123.7	29.5	20.6	20.5	21.2	23.9	18.1	14.5
P/BV	8.6	9.8	5.6	4.5	4.3	4.1	4.1	4.1	3.9
Return Ratios (%)									
RoE	-14.0	-19.9	6.2	9.6	4.0	2.1	-1.0	2.0	4.0
RoCE	0.5	-2.0	7.9	10.1	5.7	5.0	2.5	4.7	5.8
RoIC	-0.6	-7.8	6.3	9.9	5.1	4.1	2.0	4.0	5.3
Working Capital Ratios									
Debtor (Days)	1	3	3	3	5	5	4	5	5
Asset Turnover (x)	1.1	0.9	1.0	1.1	1.1	1.1	1.2	1.3	1.3
Leverage Ratio									
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	FY26	FY27E	FY28E
Profit before Tax	-1,610	-987	514	1,084	699	231	-373	382	784
Depreciation	1,913	2,091	2,135	2,642	3,239	3,639	3,921	4,288	4,701
Net interest	722	756	781	869	1,009	1,116	1,228	1,346	1,482
Others	950	-409	-10	-86	-122	-9	200	-350	-355
Direct Taxes Paid	0	-28	-63	-21	-20	-42	-67	-96	-197
(Incr)/Decr in WC	155	118	592	-669	-317	144	161	-260	-148
CF from Operations	**2,130**	**1,541**	**3,949**	**3,818**	**4,488**	**5,080**	**5,070**	**5,310**	**6,266**
Incr in FA	-1,430	-740	-2,853	-3,842	-3,851	-2,631	-3,183	-1,472	-1,844
Free Cash Flow	**701**	**801**	**1,096**	**-23**	**637**	**2,449**	**1,887**	**3,837**	**4,422**
Pur of Investments	1,409	-39	-4,063	1,806	1,982	-1,350	1,452	240	-238
Others	-2,063	-159	1,884	-176	-1,022	113	-839	167	162
CF from Invest.	**-2,083**	**-938**	**-5,032**	**-2,212**	**-2,891**	**-3,868**	**-2,571**	**-1,065**	**-1,920**
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	-1,372	12	66
Dividend Paid	0	0	0	0	0	0	0	0	0
Net interest Paid	-699	-758	-780	-864	-1,005	-1,117	-1,229	-3,480	-3,829
Others									
CF from Fin. Activity	**-1,520**	**-494**	**3,130**	**-1,948**	**-2,125**	**-2,106**	**-2,601**	**-3,467**	**-3,763**
Incr/Decr of Cash	**-1,473**	**109**	**2,046**	**-342**	**-528**	**-894**	**-102**	**777**	**583**
Add: Opening Balance	1,865	392	500	2,546	2,204	1,676	783	681	1,458
Closing Balance	**392**	**500**	**2,546**	**2,204**	**1,676**	**783**	**681**	**1,458**	**2,041**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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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