

Devyani International

Estimate changes



TP change



Rating change

Bloomberg	DEVYANI IN
Equity Shares (m)	1205
M.Cap.(INRb)/(USDb)	208.6 / 2.5
52-Week Range (INR)	228 / 134
1, 6, 12 Rel. Per (%)	-10/-23/-9
12M Avg Val (INR M)	431

Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	33.3	39.9	46.5
Sales Gr. (%)	11.1	19.9	16.4
EBITDA	6.4	8.1	10.0
Margins (%)	19.1	20.3	21.6
Adj. PAT	1.2	1.8	2.8
Adj. EPS (INR)	1.0	1.5	2.4
EPS Gr. (%)	-56.6	49.1	58.0
BV/Sh.(INR)	7.4	7.2	7.6

Ratios

RoE (%)	12.9	20.5	31.9
RoCE (%)	10.9	11.7	14.3

Valuation

P/E (x)	173.0	116.0	73.4
P/BV (x)	23.4	24.1	22.8
EV/Sales (x)	6.8	5.7	5.0
EV/EBITDA (x)	35.9	28.4	23.0

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	62.7	62.7	62.8
DII	8.5	8.3	7.9
FII	12.5	13.3	8.8
Others	16.3	16.4	20.5

FII Includes depository receipts

CMP: INR173

TP: INR195 (+13%)

Buy

Weak SSSG drags profitability

- Devyani reported 6.6% YoY revenue growth, despite a 23% store growth, which was offset by weak SSSG for both KFC (-5%) and PH (-13%) along with the devaluation of Nigerian Naira. KFC revenue grew 14% YoY, while PH revenue contracted 2% despite a 17% store growth. Growth metrics have slowed down; a similar trend was witnessed across most QSR peers.
- GM trend was positive across brands due to benign RM basket. However, unit economics was adversely impacted by weak growth metrics. KFC with superior unit economics displayed resilience; its ROM declined 70bp YoY to 19% (19.4% in 2QFY24). However, PH ROM declined 800bp to 6.1% (7.7% in 2QFY24).
- Consolidated restaurant EBITDA contracted 11% YoY to INR1.3b, with a margin dip of 290bp YoY to 15.4% (flat sequentially). Pre Ind-AS EBITDA declined 33% YoY to INR787m and margin declined 550bp YoY to 9.3% (11.5% in 2Q). PBT declined 87% YoY to INR 97m with PBT margin at 1% vs. 9% in 3QFY23 and 4% 2QFY24.
- The QSR industry continues to see weak unit economics, across dine-in and delivery formats. Despite these industry-wide difficulties, KFC has shown resilience in managing the crisis effectively. On the other hand, PH has been struggling, partly attributed to intense competition in the market. Store expansion plans remain buoyant for Devyani despite near-term industry challenges. The overall guidance of reaching 2,000 stores by FY24 remains on track. We maintain a cautious stance due to the ongoing demand challenges in the near term. The recent correction in the stock partially covers up the near-term pressure. We reiterate **our BUY rating on the stock with a TP of INR195.**

Slow sales growth; miss on margin

- Sales growth was slow at 6.6% YoY (10% in 2Q) to INR8.4b, with weakness in demand across formats and brands.
- SSSG: KFC at -4.7% (-4% in 2Q), PH at -12.6% (-10%), Coast coffee at +5.9%.
- A total of 94 stores have been added, led by KFC/PH/CC/Vaango and others/ international brands at 50/30/8/1/5 stores.
- The total number of stores stands at 1,452, contributed by KFC/PH/CC/Vaango and others/international stores at 590/565/154/78/65.
- Gross profit grew 9% YoY to INR6.0b and margins improved 130bp YoY, while it contracted 20bp QoQ to 70.6%.
- Reported EBITDA declined 16% YoY to INR1.5b due to higher operating expenses and weak SSSG.
- EBITDA margins contracted 470bp YoY to 17.4%.
- Consolidated ROM decreased 11% YoY to INR1.3b and margins declined 290bp YoY to 15.4% (flat sequentially).

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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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Pre Ind-AS EBITDA decreased 33% YoY to INR787m and margin declined 550bp YoY to 9.3% (11.5% in 2Q).
- PBT declined 87% YoY to INR 97mn. PBT margin stood at 1% vs. 9% 3QFY23 and 4% 2QFY24.
- PAT declined 94% YoY to INR51m and margins stood at 0.6%.

Highlights from the management commentary

- Despite the festive season, there was some contraction in consumer sentiments, reflecting broader economic concerns and a cautious approach to mass discretionary spending.
- Currency devaluation in Nigeria continues to impact the profitability.
- The company plans to open 250-275 stores in 4QFY24 and is on track to achieve its target of 2,000 stores by FY24.
- Pizza Hut faces competition from the local players; however, the company is taking proactive measures to enhance the overall consumer store experience.
- Thailand business margins are at 15%, lower than the India business of 20%. The management is confident of achieving the margins equal to that of India over a period of time.

Valuation and view

- We cut our FY24/FY25 estimates, given weak delivery in 3QFY24 and weak near-term outlook.
- KFC is among the top brands in the QSR industry with positive unit economics and long-term sustainability. We believe that once the overall QSR industry will see revival, KFC will bounce back quickly. However, PH performance remained weak despite several initiatives taken over the last many years. However, current operating margins (ROM close to 6-7%) of PH factors in most operating negatives. We expect sustainable ROM should surpass the current levels.
- The QSR industry continues to see weak unit economics, across dine-in and delivery formats. Despite these industry-wide difficulties, KFC has shown resilience in managing the crisis effectively. On the other hand, PH has been struggling, partly attributed to intense competition in the market. Store expansion plans remain buoyant for Devyani despite near-term industry challenges. The overall guidance of reaching 2,000 stores by FY24 remains on track. We maintain a cautious stance due to the ongoing demand challenges in the near term. The recent correction in the stock partially covers up the near-term pressure. We reiterate **our BUY rating on the stock with a TP of INR195.**

Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
KFC - No. of stores	391	423	461	490	510	540	590	630	490	630	570	20.0
PH - No. of stores	436	466	483	506	521	535	565	591	506	591	555	10.0
KFC - SSSG (%)	63.6	13.0	3.0	1.9	-0.9	-3.9	-4.7	-4.5	16.0	-3.5	0.0	-4.7
PH - SSSG (%)	31.5	2.9	-6.1	-3.2	-5.3	-10.4	-12.6	-7.7	4.4	-9.0	-13.0	0.4
Net Sales	7,047	7,474	7,906	7,550	8,466	8,195	8,431	8,217	29,977	33,309	8,737	-4%
YoY change (%)	99.8	44.8	26.6	27.8	20.1	9.6	6.6	8.8	43.8	11.1	10.5	
Gross Profit	5,010	5,246	5,482	5,254	5,998	5,802	5,954	5,871	20,991	23,625	6,190	-4%
Margin (%)	71.1	70.2	69.3	69.6	70.8	70.8	70.6	71.5	70.0	70.9	70.9	
EBITDA	1,643	1,655	1,739	1,513	1,734	1,588	1,463	1,572	6,551	6,357	1,766	-17%
EBITDA growth %	167.0	34.2	17.7	5.6	5.6	-4.1	-15.9	3.9	37.6	-3.0	1.6	
Margin (%)	23.3	22.1	22.0	20.0	20.5	19.4	17.4	19.1	21.9	19.1	20.2	
Depreciation	637	660	706	784	796	863	930	916	2,788	3,505	881	
Interest	328	348	378	420	404	417	482	509	1,475	1,812	442	
Other Income	90	45	81	110	68	66	46	55	326	235	83	
PBT	768	692	736	419	603	373	97	202	2,614	1,276	527	-82%
Tax	24	19	-62	-186	146	70	46	0	-206	74	127	
Rate (%)	3.1	2.8	-8.4	-44.5	24.1	18.7	47.6	0.0	-7.9	5.8	24.0	
Adjusted PAT	744	672	798	606	457	304	51	152	2,770	1,202	401	-87%
Margin (%)	10.6	9.0	10.1	8.0	5.4	3.7	0.6	1.9	9.2	3.6	4.6	
YoY change (%)	-619.2	58.3	22.0	-26.3	-38.5	-54.8	-93.6	-74.8	61.5	-56.6	-49.8	

E: MOFSL Estimates

Core brands' performances

KFC Performance

- Sales grew 14% YoY to INR5.2b. Same-store-sales declined 4.7%.
- GP grew 17% YoY to INR3.5b and margins improved 180bp YoY to 69.4%.
- ROM grew 10% YoY to INR1.1b and margins declined 70bp YoY to 19% (19.4% in 2QFY24).
- ADS declined 10%/5% YoY/QoQ to INR104k.
- On-premise channel contribution declined YoY to 60% vs 64% in 3QFY23.

Pizza Hut Performance

- Sales declined 2% YoY to INR1.8b. Same-store-sales remained weak, declining -12.6%
- GP grew 1% YoY to INR1.4b and margins improved 210bp YoY to 75.8%.
- ROM declined 58% YoY to INR110m and margins declined 80bp YoY to 6.1% (7.7% in 2QFY24)
- ADS declined 14%/5% YoY/QoQ to INR37k.
- On-premise channel contribution increased YoY to 44% vs 43% in 3QFY23.

Costa Coffee Performance

- Sales grew 36% YoY to INR397m, registering a SSSG of 5.9%
- GP grew 35% YoY to INR306m and margins declined 60bp YoY to 77.1%
- ROM declined 23% YoY to INR59m and margins declined 1160bp YoY to 14.9% (14.7% in 2QFY24).
- ADS declined 5%/13% YoY/QoQ to INR35k.

Quarterly brands performance

	3QFY22	4QFY22	1QFY23	2QFY23E	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
KFC									
No. of stores	339	364	391	423	461	490	510	540	590
Net store addition	30	25	27	32	38	29	20	30	50
SSSG (%)	23.8	3.0	63.6	13.0	3.0	1.9	-0.9	-3.9	-4.7
Net sales (INR m)	3,621	3,526	4,250	4,430	4,595	4,439	5,164	5,090	5,243
YoY growth (%)	63.8	38.8	109.5	47.0	26.9	25.9	21.5	14.9	14.1
ADS (INR '000)	124.0	113.0	127.0	121.0	116.0	106.0	117.0	109.0	104.0
Gross Margins (%)	69.3	69.3	69.0	67.9	67.6	68.6	69.7	69.0	69.4
Brand Contribution Margin (%)	23.0	21.8	22.4	21.5	19.7	17.5	21.1	19.4	19.0
Channel mix (%)									
Off-Premise	36	41	35	36	36	38	37	39	40
On-Premise	64	59	65	64	64	62	63	61	60
Pizza Hut									
No. of stores	391	413	436	466	483	506	521	535	565
Net store addition	40	22	23	30	17	23	15	14	30
SSSG (%)	24.7	2.3	31.5	2.9	-6.1	-3.2	-5.3	-10.4	-12.6
Net sales (INR m)	1,556	1,464	1,651	1,812	1,836	1,697	1,835	1,840	1,796
YoY growth (%)	63.6	41.3	71.1	35.9	18.0	15.9	11.1	1.5	-2.2
ADS (INR '000)	47.0	41.0	44.0	45.0	43.0	39.0	40.0	39.0	37.0
Gross Margins (%)	75.6	75.5	76.2	74.5	73.6	73.2	74.9	75.7	75.8
Brand Contribution Margin (%)	16.8	17.5	17.5	17.0	14.1	9.3	10.1	7.7	6.1
Channel mix (%)									
Off-Premise	58	59	54	55	57	58	57	55	56
On-Premise	42	41	46	45	43	42	43	45	44
Costa									
No. of stores	50	55	69	88	103	112	123	146	154
Net store addition	5	5	14	19	15	9	11	23	8
SSSG (%)	101.2	24.0	206.8	50.7	20.1	42.6	9.4	8.5	5.9
Net sales (INR m)	143	137	176	220	291	331	324	346	397
YoY growth (%)	88.2	61.2	375.7	134.0	103.5	141.6	84.1	57.3	36.4
ADS (INR '000)	37.0	30.0	36.0	31.0	37.0	36.0	33.0	31.0	35.0
Gross Margins (%)	79.8	81.6	81.6	79.5	77.7	78.2	77.2	76.3	77.1
Brand Contribution Margin (%)	32.1	30.2	30.5	19.5	26.5	20.2	21.0	14.7	14.9



Highlights from the management commentary

Key Highlights

Business Environment

- Despite the festive season, there was some contraction in consumer sentiments, reflecting broader economic concerns and a cautious approach to mass discretionary spending.
- The management is optimistic that weak consumer sentiments and depressed summer spending are temporary and will witness recovery over the next few quarters.
- Currency devaluation in Nigeria continues to impact the profitability.
- The company is not changing its growth aspirations in India despite a subdued macro environment.
- American-based brand is getting more affected due to geo-political issues.
- Food aggregators such as Zomato, swiggy have broadened the reach of local players, escalating competition in the market.

Store Expansion

- It opened 94 stores during the quarters, reaching a total of 1,452 stores. Including the 283 KFC Thailand stores, the total number of stores stood at 1,735.
- The company will open 250-275 stores in 4QFY24 and is on track to achieve its target of 2,000 stores by FY24.

Cost and margins

- The corporate expenditure has been increased, considering the impact of Nigeria currency devaluation.

Segmental information

KFC

- EBITDA margin contracted 70bp YoY, due to weak SSSG and lower ADS.

Pizza Hut

- It added 30 stores during the quarter, lower than the earlier guidance.
- The brand has faces competition from the local players; however, the company is taking proactive measures to enhance the overall consumer store experience.

Costa coffee

- Coffee penetration is substantial, with a strong presence in airports and high-footfall locations. Due to the resilience of air travel, it has been comparatively less affected than other sectors.
- The performance of stores at airports differs from those on the street. Street stores align with the trends observed in KFC and Pizza outlet.

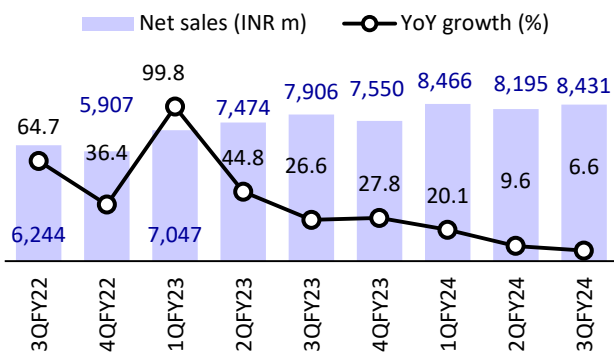
Acquisition - Restaurants Development Co Ltd (RD), KFC at Thailand

- The acquisition of Restaurants Development Co Ltd (RD), KFC in Thailand is a great deal as Thailand is not yet a developed economy in the eastern world and out-of-home consumption is also 8-9x compared to India.
- Management aspired to double the count of stores in the region in the next seven to eight years.

- Thailand business margins are at 15%, lower than the India business of 20%. The management is confident of achieving the margins equal to that of India over a period of time.
- Thailand is a tourist country and still suffers from the adverse impact of Covid-19. It gives opportunity of growth during recovery.
- Out-of-home consumption includes dine-in and local street food. As income levels rise, consumers are likely to gravitate towards premium brands.
- The consolidation with the business will start from 4QFY24.

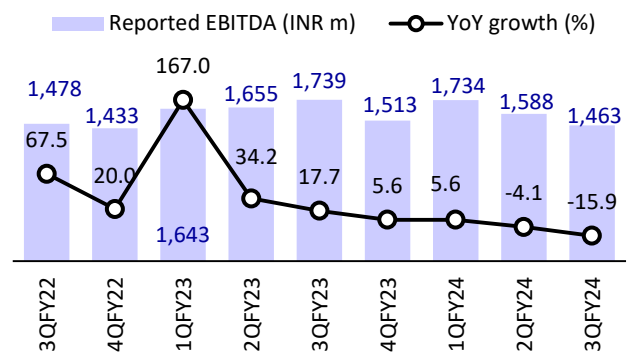
Key exhibits

Exhibit 1: Sales grew 7% YoY to 8.4b



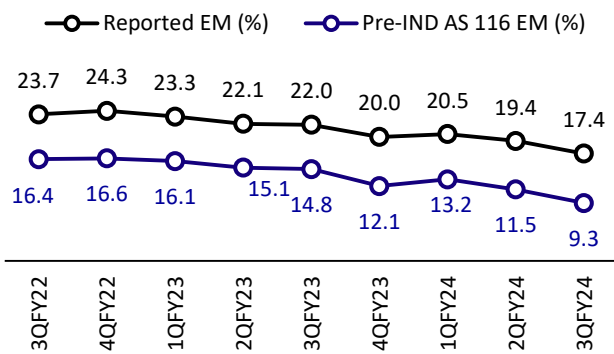
Source: Company, MOFSL

Exhibit 2: EBITDA declined 16% YoY to 1.5m



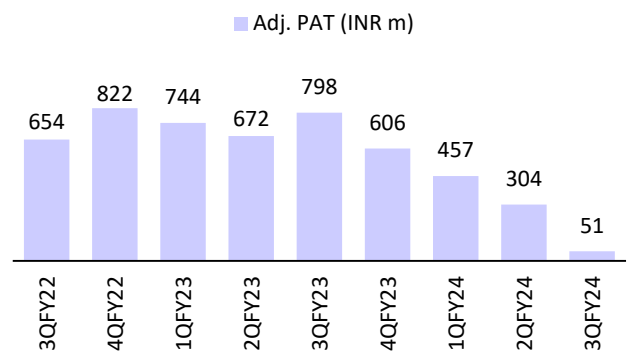
Source: Company, MOFSL

Exhibit 3: Margin contracted 470bp YoY/200bp QoQ



Source: MOFSL, Company

Exhibit 4: Adjusted PAT declined 94% YoY to INR51m



Source: MOFSL, Company

Exhibit 5: KFC (INR m)

	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	4,641	6,091	6,443	12,189	17,714	20,579	24,800	29,691
YoY (%)	31%	31%	6%	89%	45%	16%	21%	20%
SSSG	5%	3%	-34%	49%	16%	-4%	6%	6%
Stores	134	172	264	364	490	630	740	865
Revenue/store	41.1	39.8	28.4	40.1	42.7	36.7	36.2	37.0
Avg daily sales per store	1,13,851	1,16,740	1,00,269	1,13,000	1,17,000	1,02,080	1,00,568	1,02,773
YoY (%)	0%	3%	-14%	13%	4%	-13%	-1%	2%
Raw material	1,577	2,141	2,083	3,745	5,619	6,297	7,440	8,907
Gross Profit – Store Level	3,064	3,950	4,360	8,444	12,095	14,282	17,360	20,784
Gross Margin – Store Level Margin	66%	65%	68%	69%	69%	69%	70%	70%
Employee expenses	335	454	436	655	882	1,229	1,443	1,687
% of sales	7%	7%	7%	5%	5%	6%	6%	6%
Per store	3	3	2	2	2	2	2	2
Other overheads	1,875	2,523	2,743	5,187	7,629	9,041	10,907	12,803
% of sales	40%	41%	43%	43%	43%	44%	44%	43%
Per store	14	15	10	14	16	14	15	15
Operating expenses (ex-RM) - Store level	2,211	2,977	3,178	5,842	8,511	10,269	12,350	14,489
% of sales	48%	49%	49%	48%	48%	50%	50%	49%
Per store	16	17	12	16	17	16	17	17
Rest. EBITDA	854	973	1,182	2,602	3,584	4,013	5,010	6,295
Rest. EBITDA Margin	18%	16%	18%	21%	20%	20%	20%	21%

Exhibit 6: Pizza Hut

	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	4,232	4,174	2,879	5,318	6,997	7,168	8,267	9,284
YoY (%)	9%	-1%	-31%	85%	32%	2%	15%	12%
SSSG	5%	-4%	-30%	45%	4%	-9%	7%	5%
Stores	268	269	297	413	506	591	651	721
Revenue/store (INR mn)	15.8	15.5	9.7	12.9	13.8	12.1	12.7	12.9
Avg daily sales per store	44,679	43,917	34,900	43,000	42,000	36,871	37,338	37,980
YoY (%)	0%	-2%	-21%	23%	-2%	-12%	1%	2%
Raw material	1,101	1,048	744	1,297	1,794	1,749	2,017	2,265
Gross Profit – Store Level	3,131	3,126	2,135	4,021	5,203	5,419	6,250	7,019
Gross Margin – Store Level Margin	74%	75%	74%	76%	74%	76%	76%	76%
Employee expenses	513	514	273	496	607	768	846	937
% of sales	12%	12%	9%	9%	9%	11%	10%	10%
Per store	2	2	1	1	1	1	1	1
Other overheads	1,963	2,173	1,489	2,660	3,584	4,113	4,701	5,107
% of sales	46%	52%	52%	50%	51%	57%	57%	55%
Per store	7	8	5	6	7	7	7	7
Operating expenses (ex-RM) - Store level	2,476	2,687	1,762	3,156	4,191	4,881	5,547	6,044
% of sales	59%	64%	61%	59%	60%	68%	67%	65%
Per store	9	10	6	8	8	8	9	8
Rest. EBITDA	655	439	372	865	1,012	538	703	975
Rest. EBITDA Margin	15%	11%	13%	16%	14%	8%	9%	11%

Exhibit 7: We cut our estimates by ~18%-30% for FY24/FY25

(INR b)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	33,309	39,943	34,138	41,916	-2.4%	-4.7%
EBITDA	6,357	8,094	6,768	9,302	-6.1%	-13.0%
PAT	1,202	1,793	1,462	2,512	-17.8%	-28.6%

Source: MOFSL

Financials and valuations

Income Statement consol.

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	13,106	15,164	11,348	20,840	29,977	33,309	39,943	46,479
Change (%)		15.7	-25.2	83.6	43.8	11.1	19.9	16.4
Raw Materials	3,889	4,604	3,447	5,998	8,986	9,685	11,451	13,328
Gross Profit	9,217	10,560	7,902	14,842	20,991	23,625	28,492	33,152
Margin (%)	70.3	69.6	69.6	71.2	70.0	70.9	71.3	71.3
Operating Expenses	6,428	8,005	5,556	10,082	14,440	17,268	20,398	23,109
EBITDA	2,789	2,555	2,346	4,760	6,551	6,357	8,094	10,042
Change (%)		-8.4	-8.2	102.9	37.6	-3.0	27.3	24.1
Margin (%)	21.3	16.8	20.7	22.8	21.9	19.1	20.3	21.6
Depreciation	2,028	2,233	2,295	2,213	2,788	3,505	4,112	4,666
Int. and Fin. Charges	1,356	1,584	1,495	1,270	1,475	1,812	2,041.1	2,196.0
Other Income	131	187	641	161	326	235	300	360
Profit before Taxes	-464	-1,076	-803	1,438	2,614	1,276	2,241	3,540
Change (%)		131.8	-25.4	-279.1	81.8	-51.2	75.7	58.0
Margin (%)	-3.5	-7.1	-7.1	6.9	8.7	3.8	5.6	7.6
Total tax	13	18	-11	-320	-206	74	448	708
Tax Rate (%)	-2.8	-1.7	1.3	-22.2	-7.9	5.8	20.0	20.0
PAT before Minority and Exceptionals	-477	-1,095	-792	1,757	2,820	1,202	1,793	2,832
Adjusted PAT	-444	-1,008	-677	1,715	2,770	1,202	1,793	2,832
Change (%)		N/M	N/M	L/P	61.5	-56.6	49.1	58.0
Margin (%)	-3.4	-6.6	-6.0	8.2	9.2	3.6	4.5	6.1
Minority interest	-149	3	-78	-12	-25	0	0	0
Exceptional items	149	-221	136	164	145	43	0	0
Reported PAT	-445	-790	-735	1,563	2,650	1,159	1,793	2,832

Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	1,062	1,062	1,154	1,205	1,205	1,205	1,205	1,205
Reserves	-1,764	-2,953	-16	5,658	8,499	7,690	7,418	7,911
Net Worth	-702	-1,891	1,138	6,863	9,703	8,895	8,622	9,116
Loans	4,002	4,307	4,633	1,325	774	767	567	367
Lease Liability	12,347	12,882	8,724	11,217	14,875	18,607	21,282	24,262
Minority Interest	-510	-391	-419	-47	-62	-65	-68	-71
Capital Employed	15,136	14,906	14,076	19,358	25,290	28,204	30,404	33,673
Gross Block	7,230	7,707	7,276	9,660	13,838	18,360	21,000	24,179
Less: Accum. Depn.	9,932	9,542	7,914	11,709	14,278	13,990	15,124	17,022
Net Fixed Assets	5,204	5,364	6,162	7,649	11,012	14,214	15,280	16,652
Capital WIP	115	135	143	68	153	100	100	100
Goodwill	161	224	644	644	644	644	644	644
Right to Use Assets	9,947	10,351	6,660	8,911	12,258	14,023	14,633	15,274
Investments	471	414	456	351	353	353	353	353
Non-current	471	414	456	351	353	353	353	353
Deferred tax asset (net)	81	75	96	482	963	944	925	907
Curr. Assets, L&A	2,096	2,272	2,523	4,519	4,502	2,855	4,247	6,425
Inventory	549	721	622	855	1,290	1,327	1,569	1,826
Account Receivables	230	173	169	211	289	456	547	637
Cash and Bank Balance	271	160	405	659	851	-1,074	-162	1,524
Others	1,046	1,218	1,327	2,795	2,071	2,146	2,293	2,439
Curr. Liab. and Prov.	2,938	3,929	2,608	3,267	4,595	4,929	5,778	6,682
Account Payables	1,368	1,632	1,619	1,964	2,419	2,607	3,082	3,588
Other Liabilities	1,359	2,074	678	991	1,830	1,972	2,332	2,714
Provisions	211	223	311	313	346	349	364	380
Net Current Assets	-842	-1,657	-85	1,252	-93	-2,074	-1,531	-256
Application of Funds	15,136	14,906	14,076	19,358	25,290	28,204	30,404	33,673

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	-0.4	-0.9	-0.6	1.4	2.3	1.0	1.5	2.4
Cash EPS	1.5	1.2	1.4	3.3	4.6	3.9	4.9	6.2
BV/Share	-0.7	-1.8	1.0	5.7	8.1	7.4	7.2	7.6
Valuation (x)								
P/E	N/M	N/M	N/M	121.2	75.1	173.0	116.0	73.4
Cash P/E	115.7	149.5	123.1	52.9	37.4	44.2	35.2	27.7
EV/Sales	15.2	13.2	18.6	10.5	7.4	6.8	5.7	5.0
EV/EBITDA	71.3	78.2	90.2	46.1	33.9	35.9	28.4	23.0
P/BV	N/M	N/M	175.0	30.3	21.4	23.4	24.1	22.8
Return Ratios (%)								
RoE		N/M	N/M	42.9	33.4	12.9	20.5	31.9
RoCE		3.4	4.7	19.8	19.8	10.9	11.7	14.3
RoIC		2.3	0.4	19.9	19.2	10.2	10.8	13.9
Working Capital Ratios								
Debtor (Days)	6	4	5	4	4	5	5	5
Asset Turnover (x)	0.9	1.0	0.8	1.1	1.2	1.2	1.3	1.4
Leverage Ratio								
Debt/Equity (x)	N/M	N/M	11.7	1.8	1.6	2.2	2.5	2.7

Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Profit before Tax	-928	-1,196	-641	1,231	2,419	1,233	2,241	3,540
Depreciation	2,505	2,506	2,887	2,249	2,788	3,548	4,112	4,666
Net interest	1,421	1,688	1,622	1,270	1,475	1,812	2,041	2,196
Others	-235	-206	-1,874	-303	-79	-235	-300	-360
Direct Taxes Paid	-3	-8	5	-103	-478	-74	-448	-708
(Incr)/Decr in WC	17	223	397	162	246	61	374	416
CF from Operations	2,777	3,007	2,396	4,506	6,370	6,344	8,020	9,750
Incr in FA	-1,711	-999	-3,673	-3,063	-4,240	-4,469	-2,640	-3,179
Free Cash Flow	1,067	2,008	-1,278	1,443	2,130	1,875	5,380	6,571
Pur of Investments	34	25	87	-689	743	-117	-40	-14
CF from Invest.	-1,677	-974	-3,586	-3,753	-3,497	-4,586	-2,680	-3,194
Incr in Debt	-967	-1,791	-1,564	-4,776	-2,822	4	-189	-190
Net interest Paid	-338	-435	-492	-147	-27	-3,687	-4,238	-4,681
CF from Fin. Activity	-1,305	-2,226	1,420	-584	-2,827	-3,683	-4,428	-4,871
Incr/Decr of Cash	-204	-193	229	170	46	-1,925	912	1,686
Add: Opening Balance	443	271	160	405	659	851	-1,074	-162
Closing	239	78	390	575	704	-1,074	-162	1,524
Closing Balance	271	160	405	659	851	-1,074	-162	1,524

E: MOFSL Estimates

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UNDER REVIEW	Rating may undergo a change
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