

# Shoppers Stop

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	SHOP IN
Equity Shares (m)	109
M.Cap.(INRb)/(USDb)	70.8 / 0.9
52-Week Range (INR)	819 / 403
1, 6, 12 Rel. Per (%)	-4/-12/24
12M Avg Val (INR M)	118

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	40.0	42.2	47.9
EBITDA	7.0	7.4	8.6
Adj. PAT	1.2	1.0	1.3
EBITDA Margin (%)	17.5	17.5	17.9
Adj. EPS (INR)	14.5	12.4	15.0
EPS Gr. (%)	NM	-14.4	20.9
BV/Sh. (INR)	24.7	36.3	50.6

## Ratios

Net D:E	9.7	6.9	5.4
RoE (%)	73.4	36.9	31.9
RoCE (%)	11.5	9.7	9.9
Payout (%)	0.0	0.0	0.0

## Valuations

P/E (x)	47.5	55.5	45.9
EV/EBITDA (x)	14.2	13.5	11.8
EV/Sales (x)	2.5	2.4	2.1
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	4.3	2.4	4.0

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	65.6	65.6	65.5
DII	22.0	21.6	20.4
FII	6.9	6.8	7.0
Others	5.6	6.3	7.1

FII Includes depository receipts

**CMP: INR690**      **TP: INR695 (+1%)**      **Neutral**

## Softening growth hurts earnings; focus on new format "Intune"

- Shoppers Stop (SHOP) reported a moderate 2% YoY EBITDA growth (in line) to INR2.2b in 3QFY24, as the 7% YoY revenue growth was offset by gross margin contraction of 120bp YoY. The margin decline was attributed to weak demand despite the festive season and continued muted performance within Private Labels.
- Management has indicated that the softness in demand is likely to persist for another quarter and anticipates a reversal in FY25. This, along with steady store additions, particularly in the recently launched value retail format "Intune", and growth in the beauty segment, could drive growth in the coming period. We expect a 9%/11% CAGR in revenue/EBITDA over FY23-25. We value SHOP at 10x FY26E EV/EBITDA to arrive at our TP of INR695. **Reiterate Neutral.**

## EBITDA flat YoY (in line) due to muted demand

- SHOP's standalone revenue grew 7% YoY to INR12.1b (in line) in 3QFY24, mainly driven by store additions and expansion of Intune.
  - LFL growth YoY (calculated) is estimated to be flat (~1% YoY).
  - Private Brands' revenue declined 6% YoY to INR1.9b, whereas the Beauty segment reported 13% YoY growth.
  - Revenue from Intune stood at INR110m, with a gradual improvement in items per ticket and ATV.
- Gross margin contracted 120bp YoY to 39.7% (est. 40.9%), mainly due to a drop in the share of private labels and some impact of EOSS.
- Employee costs/other expenses grew 9%/4% YoY during the quarter.
- Hence, EBITDA grew merely by 2% YoY to INR2.2b (in line), dragged by a contraction in gross margin. EBITDA margin contracted 90bp YoY to 17.8%.
- Other income dipped 86% YoY to INR33m, while finance cost rose 12% YoY.
- PAT, at INR356m, declined 43% YoY due to lower other income and reduced operating profits (a big miss).
- SHOP's 9MFY24 revenue grew moderately, while EBITDA remained flat YoY, with margins declining 60bp YoY to 17%. PAT for 9MFY24 declined 49% YoY hit by lower operating profits and lower other income.

## Highlights from the management commentary

- Overall LFL growth declined 1% for 3QFY24, despite a healthy LFL growth of 4% and revenue growth of 9% seen during the festive period.
- Margin contraction was mainly due to inventory clean up (60bp GM impact), higher discounts within private labels, and operating deleverage.
- Management has suggested a mid-single-digit growth range for revenue growth for 4QFY24 and aims to achieve a LFL growth ranging between mid-high single-digit in the long term with resumption of demand.
- SHOP would look to grow Intune through its own stores initially and later explore the franchise model after attaining scale.
- SHOP opened four new stores under beauty and departmental stores and targets to add 56 stores in FY24, of which 32 have already been added.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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**Valuation and view**

- SHOP's focus on: 1) opening smaller stores (30k sqft vs. existing average of 50k sqft) to improve store efficiency; 2) reviving the Private Label mix; and 3) focusing on the high-growth and margin-accretive Beauty segment could drive growth. It plans to step up on the pace of store additions with 12/15 additions in the departmental/beauty segments.
- Its recent foray into the value segment category through 'In-Tune' is a welcome move, which witnessed healthy traction and good EBITDA margin. The aggressive expansion plan of reaching 164 stores by FY26E from 10 currently could be a key lever for growth and re-rating going forward. However, it will be crucial to expand design and private label merchandising capabilities to enhance the value proposition.
- Sustained weakness in discretionary demand has continued to hinder revenue growth, with a weak SSSG. Sustaining high single-digit SSSG will be crucial for driving overall growth and re-rating potential of the company.
- The stock is currently trading at a healthy valuation of 11.8x EV/EBITDA on FY25E. We expect a 9%/11% CAGR in revenue/EBITDA to reach INR47.9b/INR8.6b over FY23-25.
- We value SHOP at 10x FY26E EV/EBITDA to arrive at our TP of INR695. **Reiterate Neutral.**

**Standalone - Quarterly Earning**

(INR m)

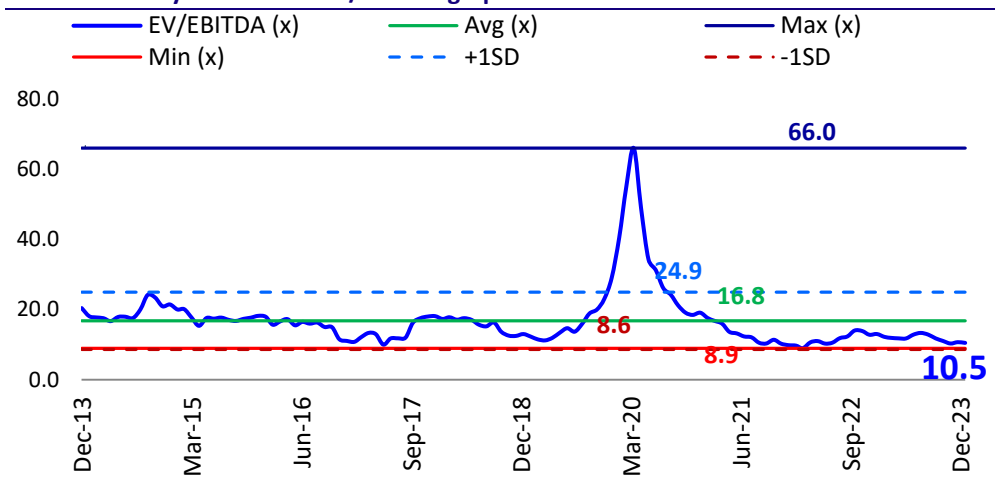
Y/E March	FY23				FY24E				FY23	FY24E	FY24 Est. Var 3QE	Est. Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Total Revenue from Operations</b>	<b>9,419</b>	<b>10,082</b>	<b>11,317</b>	<b>9,165</b>	<b>9,816</b>	<b>10,252</b>	<b>12,068</b>	<b>10,022</b>	<b>39,984</b>	<b>42,156</b>	<b>11,918</b>	<b>1</b>
YoY Change (%)	368.4	59.6	19.0	29.1	4.2	1.7	6.6	9.3	60.3	5.4		
Total Expenditure	7,795	8,411	9,196	7,594	8,093	8,654	9,914	8,138	32,996	34,798	9,684	2
<b>EBITDA</b>	<b>1,624</b>	<b>1,672</b>	<b>2,121</b>	<b>1,571</b>	<b>1,723</b>	<b>1,598</b>	<b>2,154</b>	<b>1,884</b>	<b>6,988</b>	<b>7,359</b>	<b>2,235</b>	<b>-4</b>
EBITDA Margin (%)	17.2	16.6	18.7	17.1	17.6	15.6	17.8	18.8	17.5	17.5	18.8	
Depreciation	846	927	999	1,044	1,050	1,081	1,112	1,162	3,816	4,405	1,095	2
Interest	511	514	515	551	541	548	579	460	2,092	2,127	563	3
Other Income	56	39	244	222	73	105	33	349	561	561	105	-68
<b>PBT before EO expense</b>	<b>323</b>	<b>270</b>	<b>851</b>	<b>197</b>	<b>204</b>	<b>74</b>	<b>496</b>	<b>612</b>	<b>1,641</b>	<b>1,387</b>	<b>682</b>	<b>-27</b>
Extra-Ord expense	0	20	0	0	0	-49	0	0	20	-49	0	
<b>PBT</b>	<b>323</b>	<b>250</b>	<b>851</b>	<b>197</b>	<b>204</b>	<b>25</b>	<b>496</b>	<b>612</b>	<b>1,621</b>	<b>1,338</b>	<b>682</b>	<b>-27</b>
Tax	95	68	230	35	55	8	141	146	429	349	171	
Rate (%)	29.5	27.3	27.1	17.6	26.9	29.9	28.3	23.8	26.4	26.1	25.0	
<b>Reported PAT</b>	<b>228</b>	<b>181</b>	<b>621</b>	<b>163</b>	<b>149</b>	<b>18</b>	<b>356</b>	<b>466</b>	<b>1,192</b>	<b>989</b>	<b>512</b>	<b>-31</b>
<b>Adj PAT</b>	<b>228</b>	<b>201</b>	<b>621</b>	<b>163</b>	<b>149</b>	<b>67</b>	<b>356</b>	<b>466</b>	<b>1,212</b>	<b>1,038</b>	<b>512</b>	<b>-31</b>
YoY Change (%)	-122.2	-766.9	23.7	-200.9	-34.4	-66.8	-42.7	186.7	-269.1	-14.4	-17.5	

E: MOFSL Estimates

**Exhibit 1: Valuation based on FY26E EV/EBITDA**

	Methodology	Driver (INR b)	Multiple	Fair Value (INR b)	Value/sh (INR)
Standalone (Shoppers Stop)	EV/EBITDA	10	10	99	900
<b>Total Enterprise Value</b>				<b>99</b>	<b>900</b>
Less Net debt				23	206
<b>Equity Value</b>				<b>76</b>	<b>695</b>
Shares o/s (m)				109.7	
CMP (INR)					690
<b>Upside (%)</b>					<b>1</b>

Source: MOFSL, Company

**Exhibit 2: One-year forward EV/EBITDA graph**

Source: MOFSL, Company

## Other business highlights

- Store additions continue: The company added net three new departmental stores and one new beauty store during 3QFY24.
- Investments and capex: Total capex for the quarter stood at INR410m, which consisted of INR380m for new stores & renovations, and INR30m for technology & other items.
- Intune update: Sales for 3QFY24 stood at INR110m (vs. INR80m in 2QFY24). It had an ASP of INR450, driven by sharp pricing and table offers. Items per ticket improved to 3.7, driving ATV of INR1,691. SHOP currently has 10 Intune stores and plans to add 14 stores in 4QFY24.
- Expansion plan: SHOP plans to add nearly 300 stores over FY24-26 — 164 Intune stores, 45 departmental stores, and 70 beauty stores.



## Highlights from the management commentary

### Key Highlights:

- Overall LFL growth declined 1% for 3QFY24, despite a healthy LFL growth of 4% and revenue growth of 9% seen during the festive period.
- Margin contraction was mainly due to inventory clean up (60bp GM impact), higher discounts within private labels, and operating deleverage.
- Management has suggested a mid-single-digit growth range for revenue growth for 4QFY24 and aims to achieve a LFL growth ranging between mid-high single-digit in the long term with resumption of demand.
- SHOP would look to grow Intune through its own stores initially and later explore the franchise model after attaining scale.
- SHOP opened four new stores under beauty and departmental stores and targets to add 56 stores in FY24, of which 32 have already been added.

### Detailed highlights:

#### Financial performance and demand:

- The company indicated healthy traction within the festive period as LFL growth stood at 4%, while overall LTL growth declined 1% for 3QFY24. The Premium category witnessed growth during the festive period
- Sales grew 9% YoY during the festive period with premium portfolio growth of 6% in 3QFY24.
- The company stated that there has been some impact on winter apparels due to the delayed winter, and it has further indicated some softness in demand to persist.
- The softness is mainly attributed to the shift in consumer spending towards travel and experiences rather than apparels.
- During 3Q, 14 stores (8 stores launched in FY20-22) achieved the highest sales mainly led by non-apparel categories as apparel continues to have muted growth.
- The contraction in gross margin was mainly due to the impact of cleanup of inventory to the tune of INR90-100m (60bp impact) and higher discounts in private brands during EOSS.
- LFL operating costs grew 4% YoY, which was mainly in line with inflation. EBITDA margins witnessed a drag due to lower gross margin and negative leverage due to fixed cost of rentals.
- The significant decline in other income on YoY basis was mainly due to GST reversal of INR170m, which was a one-off in 3QFY23.
- ATVs for 3QFY24 grew 6% YoY while IPT (items per ticket) rose 5% YoY.

#### Strategic Pillars:

##### First Citizen

- The segment achieved 78% contribution (65% from repeat customers)
- It has 9.7m memberships, will reach 10m shortly
- Beauty contribution is growing rapidly, 5% growth in first-time category shoppers

##### Private label and In-tune

- Challenges continue in women's western wear and some categories under men's wear

- Sales declined 6% YoY (excluding Intune) and contribution declined to 13%
- Indian women's wear is doing well along with Kids wear. Women's western wear remained weak due to overall slowdown in demand. Will look at offering differentiated products and clearing of inventory to improve traction.
- Working with Axis Bank to roll out co-branded cards
- **Intune:**
  - The company currently operates 11 stores under Intune, of which four stores were opened in 3QFY24.
  - There was a delay in opening of two stores due to regulatory approvals, of which one has been opened in Jan'24
  - The company is currently working on understanding the customer's behaviors to improve KPIs as early signs have been encouraging towards merchandise
  - The segment continues to garner positive EBITDA at store levels
  - The company will add own stores initially and after achieving a scale, it will look to expand through the franchise model
  - The company plans to end FY24 with 24 stores for Intune and plans to add 14 stores for 4QFY24
  - Full-priced sales stood at 65%, will see some liquidation of inventory but will not resort to heavy EOSS.

#### **Beauty:**

- The segment achieved the highest ever quarterly sales during 3QFY24 with overall share improving to 18% of overall revenue.
- The company opened four stores including one large store in Bangalore Airport
- Management believes that the beauty market in India remains underpenetrated and sees a huge opportunity within this fast growing segment
- Distribution business:
  - The company has stated that the segment remains EBITDA positive with single-digit EBITDA margin aided by decent GM.
  - It stated that the segment could see an expansion in margins with increased volume and expects to reach a range of high single-digit to low double-digit margin in the long term.

#### **Omni and Home Stop:**

- The company will continue to invest in omni channel capabilities as it continues to be a major channel under beauty
- Home Stop: The company is seeing improved sales within the segment and will look to revamp the business with introductions of new product lines

#### **Capex and working capital:**

- Total capex for the quarter stood at INR510m. The company opened four new stores under beauty and departmental stores during the quarter. It is targeting a total store addition of 56 in FY24 of which 32 stores have been added up to Dec'23.
- The company is looking to renovate 7-8 stores in the coming year. It further stated that by FY25, 75% of old stores would be renovated.

- The company has successfully reduced working capital to negative INR1.7b, while inventory (excluding beauty and Intune) was reduced by INR450m mainly led by the clean-up of private labels.

#### Outlook:

- The company expects to grow well within the non-apparel (mainly beauty) segment in 4QFY24 and expects revenue growth to range in mid-single digit growth in revenue for 4QFY24. It further aims to achieve a mid-high single-digit LFL growth in stores in the long term with resumption in demand.
- There could be some impact of EOSS in Jan'24.
- It expects to open 100 new stores in FY25
- Demand revival within the discretionary category is expected to be supported by non-apparel and premiumization.

#### Exhibit 3: Standalone quarterly performance (INR m)

	3QFY23	2QFY24	3QFY24	YoY%	QoQ%	3QFY24E	v/s Est (%)
<b>Total Revenue</b>	<b>11,317</b>	<b>10,252</b>	<b>12,068</b>	<b>7</b>	<b>18</b>	<b>11,918</b>	<b>1</b>
Raw Material cost	6,693	6,080	7,272	9	20	7,044	3
<b>Gross Profit</b>	<b>4,624</b>	<b>4,171</b>	<b>4,796</b>	<b>4</b>	<b>15</b>	<b>4,875</b>	<b>-2</b>
<b>Gross margin (%)</b>	<b>40.9</b>	<b>40.7</b>	<b>39.7</b>	<b>-112</b>	<b>-95</b>	<b>40.9</b>	<b>-116</b>
Employee Costs	886	976	964	9	-1	1,001	-4
SGA Expenses	1,617	1,597	1,678	4	5	1,639	2
<b>EBITDA</b>	<b>2,121</b>	<b>1,598</b>	<b>2,154</b>	<b>2</b>	<b>35</b>	<b>2,235</b>	<b>-4</b>
<b>EBITDA margin (%)</b>	<b>18.7</b>	<b>15.6</b>	<b>17.8</b>	<b>-89</b>	<b>226</b>	<b>18.8</b>	<b>-90</b>
Depreciation and amortization	999	1,081	1,112	11	3	1,095	2
EBIT	1,122	517	1,042	-7	102	1,140	-9
<b>EBIT margin (%)</b>	<b>9.9</b>	<b>5.0</b>	<b>8.6</b>	<b>-128.5</b>	<b>359.1</b>	<b>9.6</b>	<b>-93</b>
Finance Costs	515	548	579	12	6	563	3
Other income	244	105	33	-86	-68	105	-68
Exceptional item	0	-49	0	NM	NM	0	NM
<b>Profit before Tax</b>	<b>851</b>	<b>25</b>	<b>496</b>	<b>NM</b>	<b>1,854</b>	<b>682</b>	<b>-27</b>
Tax	230	8	141	NM	1,751	171	-18
<b>Tax rate (%)</b>	<b>27.1</b>	<b>29.9</b>	<b>28.3</b>	<b>127.6</b>	<b>-157.1</b>	<b>25.0</b>	<b>335</b>
<b>Profit after Tax</b>	<b>621</b>	<b>18</b>	<b>356</b>	<b>-43</b>	<b>1,898</b>	<b>512</b>	<b>-31</b>
<b>Adj Profit after Tax</b>	<b>621</b>	<b>67</b>	<b>356</b>	<b>-43</b>	<b>432</b>	<b>512</b>	<b>-31</b>

Source: MOFSL, Company

#### Exhibit 4: Standalone estimate revision summary

	FY24E	FY25E
<b>Revenue (INR m)</b>		
Old	42,253	50,255
Actual/New	42,156	47,891
<b>Change (%)</b>	<b>-0.2</b>	<b>-4.7</b>
<b>EBITDA (INR m)</b>		
Old	7,385	9,206
Actual/New	7,359	8,559
<b>Change (%)</b>	<b>-0.4</b>	<b>-7.0</b>
<b>EBITDA margin (%)</b>		
Old	17.5	18.3
Actual/New	17.5	17.9
<b>Change (bp)</b>	<b>-2</b>	<b>-45</b>
<b>Net Profit (INR m)</b>		
Old	934	1,743
Actual/New	989	1,254
<b>Change (%)</b>	<b>5.9</b>	<b>-28.0</b>
<b>EPS (INR)</b>		
Old	11.8	20.9
Actual/New	12.4	15.0
<b>Change (%)</b>	<b>5.6</b>	<b>-28.0</b>

Story in charts

Exhibit 5: Standalone revenue grew 7% YoY

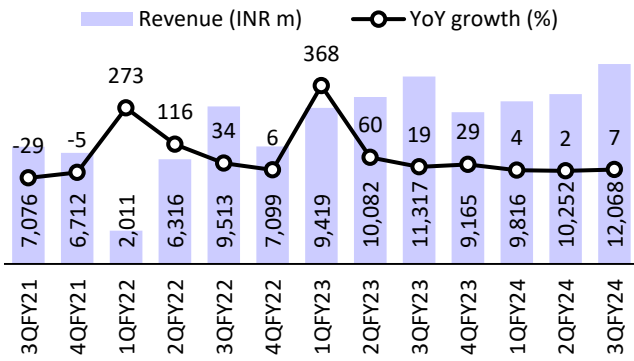


Exhibit 6: Standalone gross margin stood at 39.7% in 3QFY24

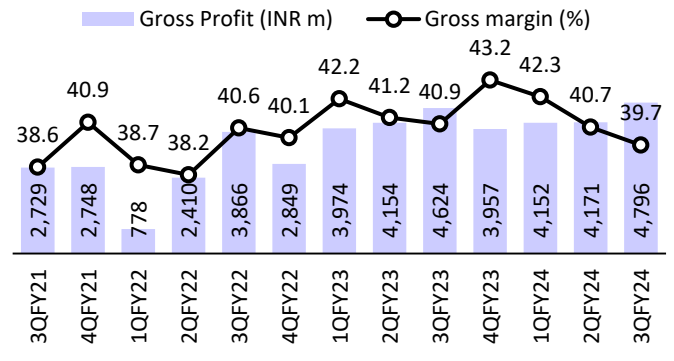


Exhibit 7: Standalone EBITDA margin contracted 100bp YoY

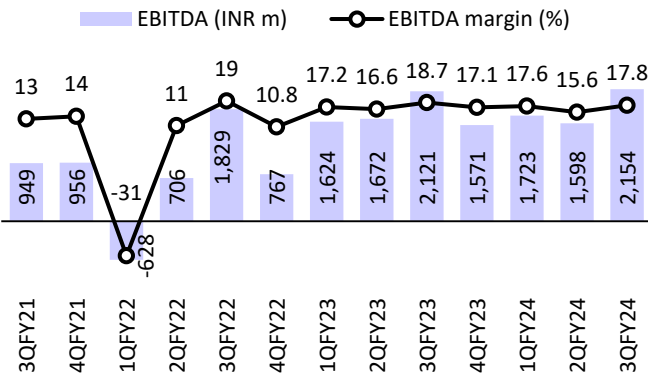


Exhibit 8: PAT hit by subdued revenue growth

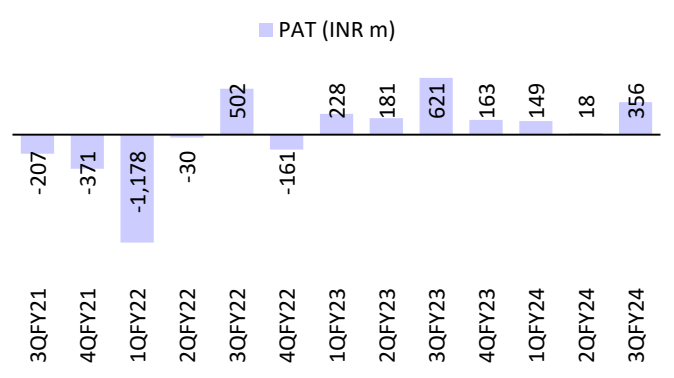


Exhibit 9: Beauty store count stood at 145

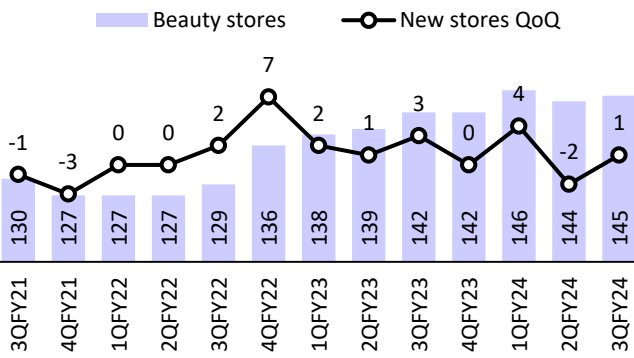


Exhibit 10: Added net three Departmental stores

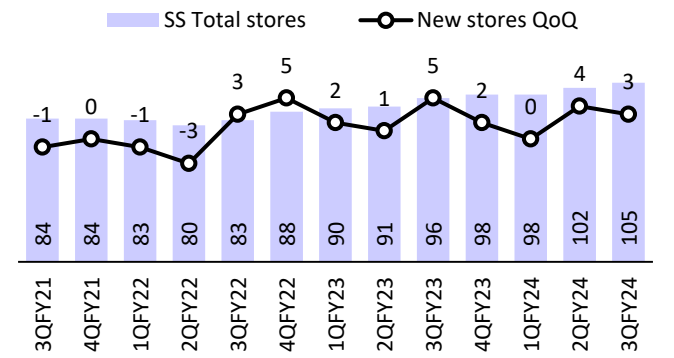
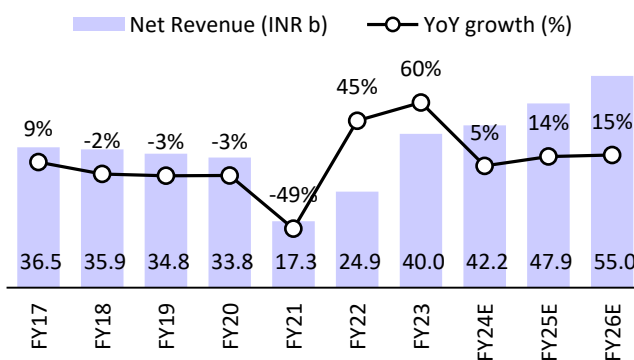
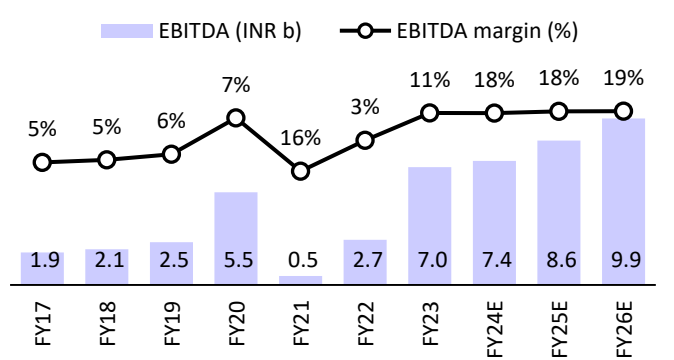


Exhibit 11: Standalone revenue trajectory



Source: MOFSL, Company

Exhibit 12: Expect EBITDA margin to improve gradually



Source: MOFSL, Company

**Exhibit 13: The company's store addition plans****On course to meet the planned Store Expansion for FY24**

Store					Additions				
	FY23	H1	H2	FY24	FY25	FY26	Total	Area (Mn Sq ft)	FY26
Department	98	4	11	15	15	15	45	1.15	143
Beauty	85	9	7	16	27	27	70	0.05	155
SSBeauty	10	2	2	4	15	15	34	0.04	44
EBOs	75	7	5	12	12	12	36	0.01	111
Intune		6	18	24	60	80	164	0.80	164
HomeStop	7	1		1	7	10	18	0.11	25
<b>Total Stores*</b>	<b>190</b>	<b>20</b>	<b>36</b>	<b>56</b>	<b>109</b>	<b>132</b>	<b>297</b>	<b>2.10</b>	<b>487</b>

\*Excl Airport stores



## Standalone financials and valuations

Standalone - Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Total Income from Operations</b>	<b>34,813</b>	<b>33,810</b>	<b>17,251</b>	<b>24,938</b>	<b>39,984</b>	<b>42,156</b>	<b>47,891</b>	<b>55,018</b>
Change (%)	-3.1	-2.9	-49.0	44.6	60.3	5.4	13.6	14.9
Raw Materials	20,272	19,676	10,651	15,034	23,274	24,535	27,657	31,773
Employees Cost	3,145	3,219	2,575	2,693	3,493	3,982	4,539	5,174
Lease Rentals	3,863	560	0	0	0	0	0	0
Other Expenses	5,000	4,860	3,492	4,536	6,229	6,281	7,136	8,198
<b>Total Expenditure</b>	<b>32,280</b>	<b>28,315</b>	<b>16,717</b>	<b>22,263</b>	<b>32,996</b>	<b>34,798</b>	<b>39,331</b>	<b>45,145</b>
% of Sales	92.7	83.7	96.9	89.3	82.5	82.5	82.1	82.1
<b>EBITDA</b>	<b>2,533</b>	<b>5,494</b>	<b>534</b>	<b>2,675</b>	<b>6,988</b>	<b>7,359</b>	<b>8,559</b>	<b>9,873</b>
Margin (%)	7.3	16.3	3.1	10.7	17.5	17.5	17.9	17.9
Depreciation	1,351	4,392	3,847	3,520	3,816	4,405	5,116	6,187
<b>EBIT</b>	<b>1,182</b>	<b>1,102</b>	<b>-3,313</b>	<b>-844</b>	<b>3,172</b>	<b>2,953</b>	<b>3,443</b>	<b>3,686</b>
Int. and Finance Charges	124	1,944	2,200	2,054	2,092	2,127	2,328	2,662
Other Income	179	335	2,188	1,661	561	561	561	561
<b>PBT bef. EO Exp.</b>	<b>1,237</b>	<b>-507</b>	<b>-3,325</b>	<b>-1,238</b>	<b>1,641</b>	<b>1,387</b>	<b>1,676</b>	<b>1,585</b>
EO Items	0	-200	-224	-150	-20	-49	0	0
<b>PBT after EO Exp.</b>	<b>1,237</b>	<b>-707</b>	<b>-3,549</b>	<b>-1,388</b>	<b>1,621</b>	<b>1,338</b>	<b>1,676</b>	<b>1,585</b>
Total Tax	449	703	-797	-521	429	349	422	399
Tax Rate (%)	36.3	-99.5	22.5	37.5	26.4	26.1	25.2	25.2
Minority Interest	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>788</b>	<b>-1,409</b>	<b>-2,752</b>	<b>-867</b>	<b>1,192</b>	<b>989</b>	<b>1,254</b>	<b>1,186</b>
<b>Adjusted PAT</b>	<b>1,001</b>	<b>-1,609</b>	<b>-2,976</b>	<b>-717</b>	<b>1,212</b>	<b>1,038</b>	<b>1,254</b>	<b>1,186</b>
Change (%)	30.8	-260.8	84.9	-75.9	-269.2	-14.4	20.9	-5.5
Margin (%)	2.9	-4.8	-17.3	-2.9	3.0	2.5	2.6	2.2

Standalone - Balance Sheet								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	440	440	547	548	548	548	548	548
Total Reserves	9,337	926	1,270	435	1,771	2,760	4,014	5,200
<b>Net Worth</b>	<b>9,776</b>	<b>1,366</b>	<b>1,817</b>	<b>983</b>	<b>2,320</b>	<b>3,308</b>	<b>4,563</b>	<b>5,749</b>
Total Loans	0	21,915	20,054	20,934	23,527	24,557	28,076	31,517
Lease Liabilities		20,678	19,116	18,995	22,487	23,516	23,516	23,516
Deferred Tax Liabilities	-320	-2,641	-3,424	-3,740	-3,312	-3,312	-3,312	-3,312
<b>Capital Employed</b>	<b>9,457</b>	<b>20,640</b>	<b>18,447</b>	<b>18,177</b>	<b>22,535</b>	<b>24,553</b>	<b>29,327</b>	<b>33,954</b>
Gross Block	9,907	11,457	11,923	14,913	13,432	13,086	16,146	19,206
Less: Accum. Deprn.	3,959	5,930	6,912	10,432	8,820	9,960	11,347	13,008
<b>Net Fixed Assets</b>	<b>5,948</b>	<b>5,527</b>	<b>5,011</b>	<b>4,481</b>	<b>4,612</b>	<b>3,126</b>	<b>4,800</b>	<b>6,198</b>
Right to use assets		13,257	12,096	12,764	16,361	17,141	17,458	0
Capital WIP	351	443	29	140	339	339	339	339
<b>Total Investments</b>	<b>2,935</b>	<b>2,057</b>	<b>1,279</b>	<b>1,464</b>	<b>734</b>	<b>734</b>	<b>734</b>	<b>734</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>15,199</b>	<b>16,727</b>	<b>13,902</b>	<b>15,240</b>	<b>20,629</b>	<b>25,479</b>	<b>31,117</b>	<b>38,557</b>
Inventory	10,535	12,239	8,472	10,075	14,863	19,635	22,961	26,378
Account Receivables	444	351	348	382	304	320	364	418
Cash and Bank Balance	167	13	416	321	254	1,097	2,762	5,982
Loans and Advances	4,052	4,125	4,666	4,462	5,208	4,428	5,030	5,779
<b>Curr. Liability &amp; Prov.</b>	<b>14,977</b>	<b>17,370</b>	<b>13,870</b>	<b>15,913</b>	<b>20,139</b>	<b>22,266</b>	<b>25,121</b>	<b>28,854</b>
Account Payables	12,542	14,967	11,399	14,419	18,259	19,225	21,671	24,896
Other Current Liabilities	2,341	2,295	2,409	1,409	1,841	3,003	3,411	3,919
Provisions	93	108	62	86	39	39	39	39
<b>Net Current Assets</b>	<b>222</b>	<b>-643</b>	<b>32</b>	<b>-673</b>	<b>490</b>	<b>3,213</b>	<b>5,996</b>	<b>9,703</b>
<b>Appl. of Funds</b>	<b>9,456</b>	<b>20,640</b>	<b>18,447</b>	<b>18,177</b>	<b>22,535</b>	<b>24,554</b>	<b>29,328</b>	<b>33,954</b>

E: MOSL Estimates

## Standalone financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>12.0</b>	<b>-19.3</b>	<b>-35.6</b>	<b>-8.6</b>	<b>14.5</b>	<b>12.4</b>	<b>15.0</b>	<b>14.2</b>
Cash EPS	28.2	33.3	10.4	33.6	60.2	65.2	76.3	88.3
BV/Share	117.1	16.4	21.8	11.8	27.8	39.6	54.6	68.8
DPS	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>								
P/E	57.6	-35.8	-19.4	-80.4	47.5	55.5	45.9	48.6
Cash P/E	24.5	20.7	66.2	20.6	11.5	10.6	9.0	7.8
P/BV	5.9	42.2	31.7	58.6	24.8	17.4	12.6	10.0
EV/Sales	1.7	2.4	5.5	3.9	2.5	2.4	2.1	1.8
EV/EBITDA	23.9	15.0	178.2	36.0	14.2	13.5	11.8	10.3
Dividend Yield (%)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	11.1	43.8	-6.6	25.8	38.1	21.9	36.2	54.1
<b>Return Ratios (%)</b>								
RoE	10.4	-28.9	-187.0	-51.2	73.4	36.9	31.9	23.0
RoCE	8.6	17.3	-3.9	2.3	11.5	9.7	9.9	9.1
RoIC	11.8	18.2	-14.7	-3.2	12.5	10.0	10.8	10.5
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.5	3.0	1.4	1.7	3.0	3.2	3.0	2.9
Asset Turnover (x)	3.7	1.6	0.9	1.4	1.8	1.7	1.6	1.6
Inventory (Days)	110	132	179	147	136	170	175	175
Debtor (Days)	5	4	7	6	3	3	3	3
Creditor (Days)	132	162	241	211	167	166	165	165
<b>Leverage Ratio (x)</b>								
Current Ratio	1.0	1.0	1.0	1.0	1.0	1.1	1.2	1.3
Interest Cover Ratio	9.5	0.6	-1.5	-0.4	1.5	1.4	1.5	1.4
Net Debt/Equity	-0.3	14.5	10.1	19.5	9.7	6.9	5.4	4.3

### Standalone - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	1,237	-707	-3,549	-1,388	1,621	1,387	1,676	1,585
Depreciation	1,351	4,392	3,847	3,520	3,816	4,405	5,116	6,187
Interest & Finance Charges	124	1,944	2,200	2,054	2,092	2,127	2,328	2,662
Direct Taxes Paid	-565	-422	124	210	-36	-349	-422	-399
(Inc)/Dec in WC	-24	538	-575	899	-1,683	-1,878	-1,113	-480
<b>CF from Operations</b>	<b>2,124</b>	<b>5,745</b>	<b>2,046</b>	<b>5,295</b>	<b>5,810</b>	<b>5,692</b>	<b>7,585</b>	<b>9,554</b>
Others	-24	-101	-1,948	-1,403	-188	-610	-561	-561
<b>CF from Operating incl EO</b>	<b>2,100</b>	<b>5,644</b>	<b>99</b>	<b>3,892</b>	<b>5,622</b>	<b>5,082</b>	<b>7,024</b>	<b>8,994</b>
(Inc)/Dec in FA	-1,123	-1,786	-823	-1,067	-1,444	-2,678	-3,060	-3,060
<b>Free Cash Flow</b>	<b>977</b>	<b>3,858</b>	<b>-724</b>	<b>2,824</b>	<b>4,178</b>	<b>2,404</b>	<b>3,964</b>	<b>5,934</b>
(Pur)/Sale of Investments	-224	-1,033	578	-55	796	0	0	0
Others	-864	421	-721	-666	-365	66	63	61
<b>CF from Investments</b>	<b>-2,211</b>	<b>-2,397</b>	<b>-965</b>	<b>-1,788</b>	<b>-1,013</b>	<b>-2,612</b>	<b>-2,997</b>	<b>-2,999</b>
Issue of Shares	11	0	2,960	25	27	0	0	0
Inc/(Dec) in Debt	-398	-400	1,500	-773	-1,102	0	0	0
Interest Paid	-124	-1,944	-2,195	-2,056	-2,094	-2,127	-2,328	-2,662
Dividend Paid	-80	-80	0	0	0	0	0	0
Others	0	-1,809	-558	0	-2,203	7	-527	-606
<b>CF from Fin. Activity</b>	<b>-591</b>	<b>-4,232</b>	<b>1,707</b>	<b>-2,804</b>	<b>-5,372</b>	<b>-2,120</b>	<b>-2,854</b>	<b>-3,268</b>
<b>Inc/Dec of Cash</b>	<b>-702</b>	<b>-986</b>	<b>841</b>	<b>-701</b>	<b>-763</b>	<b>350</b>	<b>1,173</b>	<b>2,727</b>
Opening Balance	869	998	-425	1,022	1,017	747	1,590	3,255
<b>Closing Balance</b>	<b>167</b>	<b>12</b>	<b>416</b>	<b>321</b>	<b>254</b>	<b>1,097</b>	<b>2,762</b>	<b>5,982</b>
<b>Less: Other bank balance/ (Overdraft)</b>	<b>831</b>	<b>-437</b>	<b>605</b>	<b>696</b>	<b>493</b>	<b>493</b>	<b>493</b>	<b>493</b>
<b>Net closing balance/ (Overdraft)</b>	<b>998</b>	<b>-425</b>	<b>1,022</b>	<b>1,017</b>	<b>747</b>	<b>1,590</b>	<b>3,255</b>	<b>6,475</b>

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