

# Reliance Retail

## Top-line disappoints, margins surprise

Amidst the COVID-19 induced lockdown and subsequent store closures, Grocery taking the lead on growth was par for the course, while Consumer Electronics (CE) and Fashion & Lifestyle (F&L) take a beating. Net Revenue for Reliance Retail (RR) grew 5.5% YoY in 4Q to Rs. 344bn (HSIE: Rs. 356bn); while Core Retail gross revenue (Grocery/F&L/CE) declined by 7.6% YoY to Rs. 195bn (HSIE: Rs. 234bn). The miss in top-line was on account of subdued CE (down 43% YoY) and F&L (flat YoY) revenues. Interestingly, while CE & F&L revenues declined, their respective margins inexplicably improved.

- **Grocery takes centre-stage in growth narrative:** Grocery revenue grew 44% YoY to Rs. 100.4bn (HSIE: Rs. 82.4bn) as bill sizes increased courtesy excessive hoarding of essentials during the lockdown. Our store network analysis for grocery biz validates RR's focus on the 'SMART' format. (HSIE: 166/253 SMART stores added over FY18-20E), Grocery margins improved 237bp YoY to 7.8% (on gross sales). Cost of retailing has inched down (HSIE: down 250bp) over FY18-20E as store network gets denser with time.
- **CE and F&L top-line takes a beating, margins inexplicably improve:** While the lockdown-induced store closures in Mid-Mar-20 took a toll on RR's CE (down 43% YoY to ~Rs.62bn) and F&L revenues (0.3% YoY; Rs. 32.9bn); margins inexplicably improved YoY despite the revenue drop. Adj. CE/F&L EBITDA (Pre-IND-AS 116) margins is estimated to have improved by 190/158bp YoY to 6.9/22.6% resp. in 4Q.
- **FY20 store addition remains strong across categories:** RR added 1,370 stores (net) and ~6.7mn sq. ft in retail area (30% YoY growth) in FY20. 85%+ of incremental area addition is estimated to have come from Grocery/F&L, which ties into our argument that Grocery/F&L are likely to be growth anchors for RR over the medium-to-long term ([Link](#)).
- **Margin levers limited:** While RR enjoys best-in-class margins across all categories given its unparalleled scale. Benefits hereon seem limited as 1. Competitive intensity increases in CE (biggest EBITDA contributor) and 2. Omni-investments increase cost of doing biz. Expect 50bp cut in FY21 (COVID-led) and full recovery in margins by FY22.
- **STANCE:** RR's long term growth visibility remains high esp. in grocery and F&L as 1. it seems past its "rummaging through formats phase" and 2. Addressable market remains massive. However, CE growth (biggest segment) should cool off as JIO phone sales moderate and competitive intensity increases. We maintain our FY21/22 estimates and build in Rev/EBITDA/PAT CAGR of 15/14/12% over FY20-22E. We assign an SOTP-based fair value of Rs. 2.36tn (EV), implying 19x FY22 EV/EBITDA (Rs. 380/sh) on RIL share count.

### Financial Summary – Standalone

(Rs bn)	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY19	FY20E	FY21E	FY22E
Net Revenue	344	326	5.5	407	(15.4)	1,306	1,629	1,826	2,160
EBITDA	26	19	32.9	27	(6.3)	62	97	100	126
EPS (Rs)						5.4	9.8	9.7	12.5
FV/E (x)						69.7	38.2	38.8	30.0
EV/EBITDA (x)						38.9	24.5	23.7	18.8
Core RoCE(%)						20.3	24.3	19.1	20.4

Source: Company, HSIE Research

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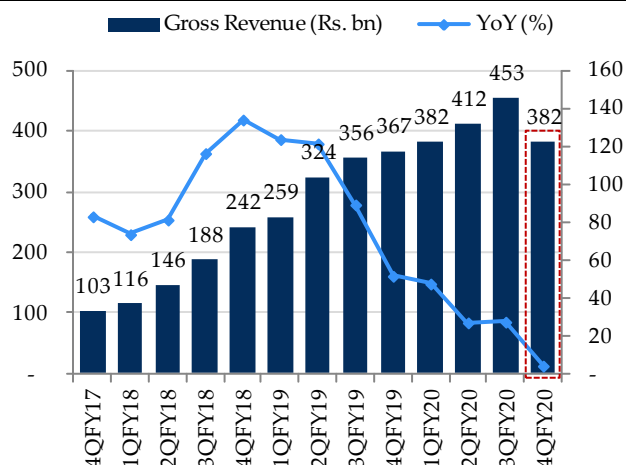
## Quarterly Financial Snapshot (Rs. mn)

	4QFY20	4QFY19	3QFY20	YoY (%)	QoQ (%)	4QFY20E	Variance (%)
<b>Gross Revenue</b>	<b>382,110</b>	<b>366,630</b>	<b>453,270</b>	<b>4.2</b>	<b>(15.7)</b>	<b>397,550</b>	<b>(3.9)</b>
-Grocery	100,430	69,850	87,790	43.8	14.4	82,431	21.8
-Consumer Electronics	61,980	108,530	143,500	(42.9)	(56.8)	111,401	(44.4)
-Fashion & Lifestyle	32,920	33,020	39,400	(0.3)	(16.4)	40,077	(17.9)
-Connectivity	151,930	120,110	145,330	26.5	4.5	131,625	15.4
-Petro Retail	34,860	35,120	37,250	(0.7)	(6.4)	32,017	8.9
<b>Net Revenue</b>	<b>344,020</b>	<b>326,190</b>	<b>406,600</b>	<b>5.5</b>	<b>(15.4)</b>	<b>356,617</b>	<b>(3.5)</b>
<b>Core Retail revenue</b>	<b>195,330</b>	<b>211,400</b>	<b>270,690</b>	<b>(7.6)</b>	<b>(27.8)</b>	<b>233,908</b>	<b>(16.5)</b>
<b>EBITDA</b>	<b>25,560</b>	<b>19,230</b>	<b>27,270</b>	<b>32.9</b>	<b>(6.3)</b>	<b>22,599</b>	<b>13.1</b>
-Grocery	7,830	3,790	5,930	106.6	32.0	6,456	21.3
-Consumer Electronics	4,270	5,420	8,943	(21.2)	(52.3)	7,574	(43.6)
-Fashion & Lifestyle	7,450	6,950	8,827	7.2	(15.6)	6,387	16.6
-Connectivity	3,370	2,640	3,210	27.7	5.0	1,938	73.9
-Petro Retail	300	430	359	(30.2)	(16.5)	245	22.5
<b>EBITDA margin (%) - on gross sales</b>	<b>7.4</b>	<b>5.9</b>	<b>6.7</b>	<b>153 bps</b>	<b>72 bps</b>	<b>6.3</b>	<b>109 bps</b>
-Grocery	7.8	5.4	6.8	237 bps	104 bps	7.8	(4 bps)
-Consumer Electronics	6.9	5.0	6.2	190 bps	66 bps	6.8	9 bps
-Fashion & Lifestyle	22.6	21.0	22.4	158 bps	23 bps	15.9	669 bps
-Connectivity	2.2	2.2	2.2	2 bps	1 bps	1.5	75 bps
-Petro Retail	0.9	1.2	1.0	(36 bps)	(10 bps)	0.8	10 bps
<b>Adj. EBITDA</b>	<b>23,220</b>	<b>19,230</b>	<b>27,270</b>	<b>20.7</b>	<b>(14.9)</b>	<b>22,599</b>	<b>2.7</b>
<b>Adj. EBITDA margin (%)</b>	<b>6.7</b>	<b>5.9</b>	<b>6.7</b>	<b>85 bps</b>	<b>4 bps</b>	<b>6.3</b>	<b>41 bps</b>
<b>EBIT</b>	<b>20,620</b>	<b>17,210</b>	<b>23,890</b>	<b>19.8</b>	<b>(13.7)</b>	<b>19,635</b>	<b>5.0</b>
<b>EBIT margin (%)</b>	<b>6.0</b>	<b>5.3</b>	<b>5.9</b>	<b>72 bps</b>	<b>12 bps</b>	<b>5.5</b>	<b>49 bps</b>
<b>Core Retail EBITDA</b>	<b>21,890</b>	<b>16,160</b>	<b>23,700</b>	<b>35.5</b>	<b>(7.6)</b>	<b>20,417</b>	<b>7.2</b>
<b>Core Retail EBITDA margin (%)*</b>	<b>11.2</b>	<b>7.6</b>	<b>8.8</b>	<b>356 bps</b>	<b>245 bps</b>	<b>8.7</b>	<b>248 bps</b>
Assets	381,650	355,600	446,340	7.3	(14.5)	-	-
Liabilities	192,760	225,080	262,460	(14.4)	(26.6)	-	-
<b>Capital Employed</b>	<b>188,890</b>	<b>130,520</b>	<b>183,880</b>	<b>44.7</b>	<b>2.7</b>	<b>-</b>	<b>-</b>
Pre-tax RoCE	10.7	7.6	9.1	305 bps	159 bps	-	-

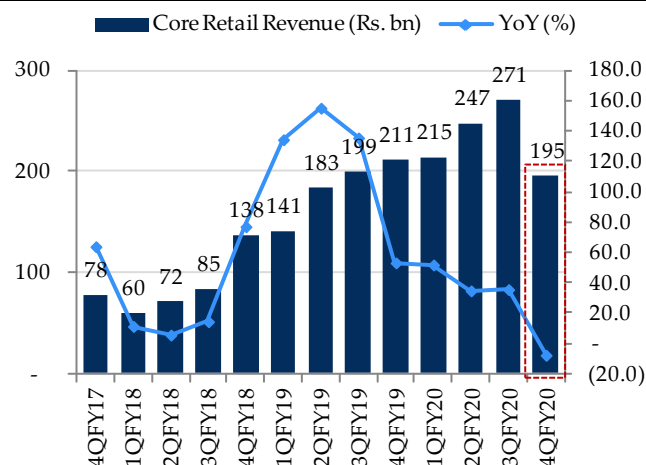
Source: Company, HSIE Research, Note: Core Retail EBITDA margin is on gross sales; 3QFY20 segmental EBITDA are estimates; Adj. EBITDA and margins are Pre-IND-AS 116

## Story in charts

### Consumer Electronics drags down core retail revenue (Rs. 195bn, down -8% YoY), non-core cushions the drag

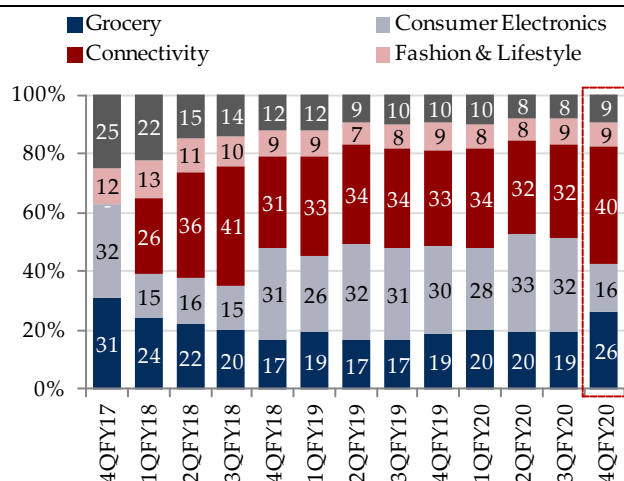


Source: Company, HSIE Research



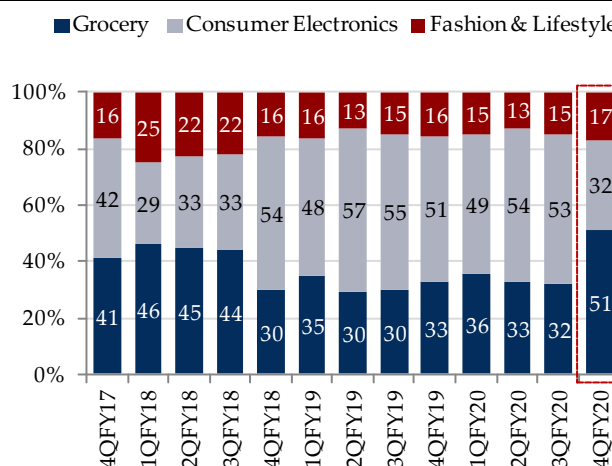
Source: Company, HSIE Research

### Retail revenue mix (%)



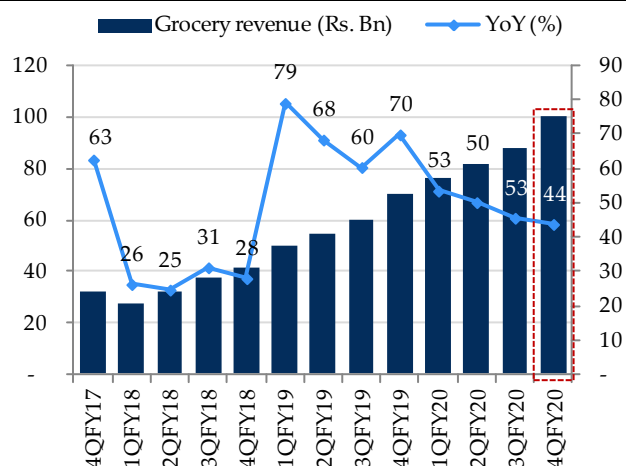
Source: Company, HSIE Research

### COVID19-induced lockdown makes mix Grocery-heavy

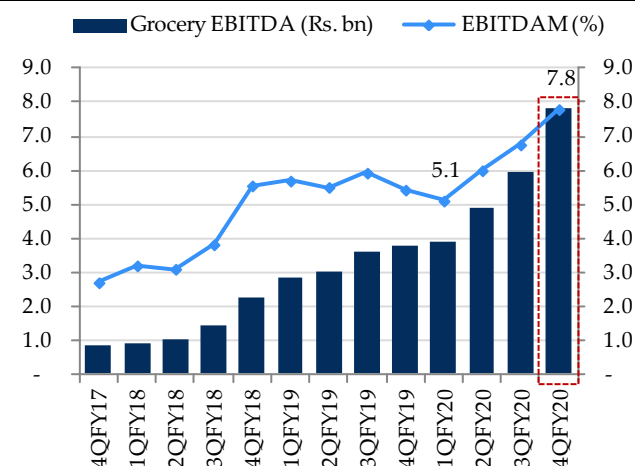


Source: Company, HSIE Research

### Grocery revenue grew 44% YoY to Rs. 100.4bn, margins up 237bp as more profitable SMART format increases in store mix

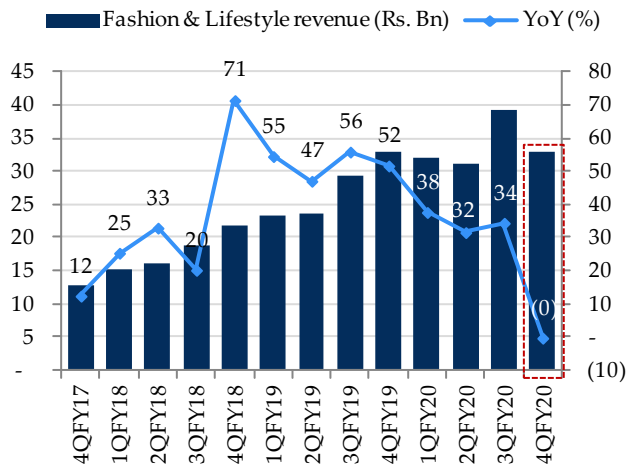


Source: Company, HSIE Research



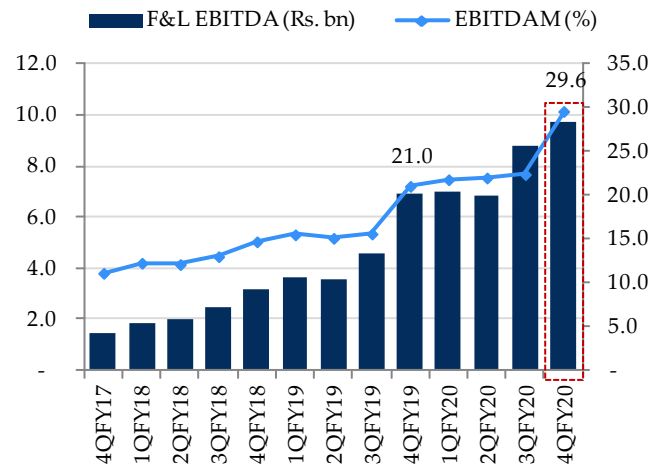
Source: Company, HSIE Research, Note: EBITDAM on gross sales

## F&L revenue remains largely flat YoY



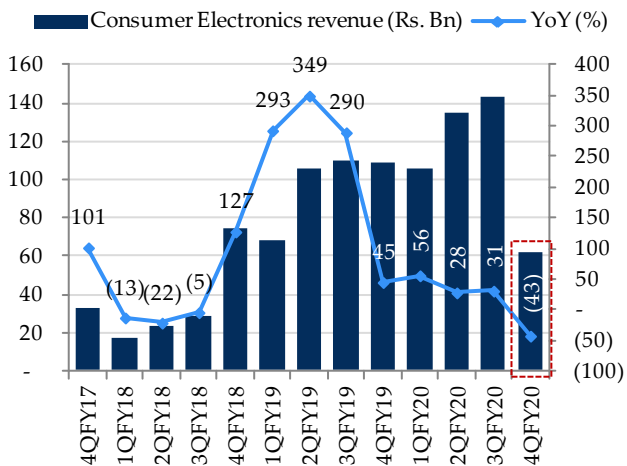
Source: Company, HSIE Research

## ...However, margin profile improves



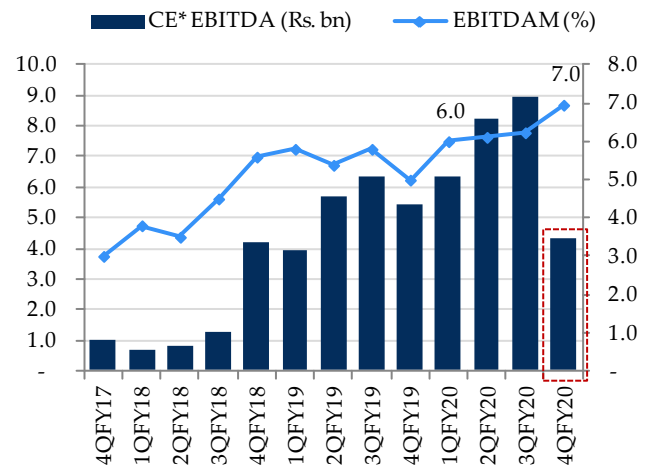
Source: Company, HSIE Research, Note: EBITDAM on gross sales

## CE revenue declines 43% YoY; ex-Devices, CE sales were up 41% YoY



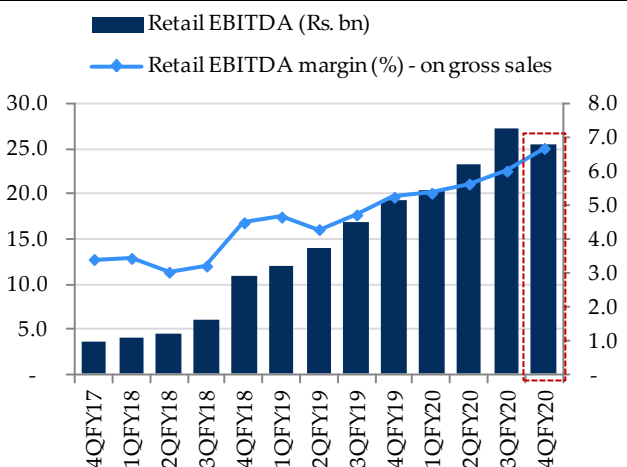
Source: Company, HSIE Research

## ...EBITDA decline was lower as margins up 200bp YoY



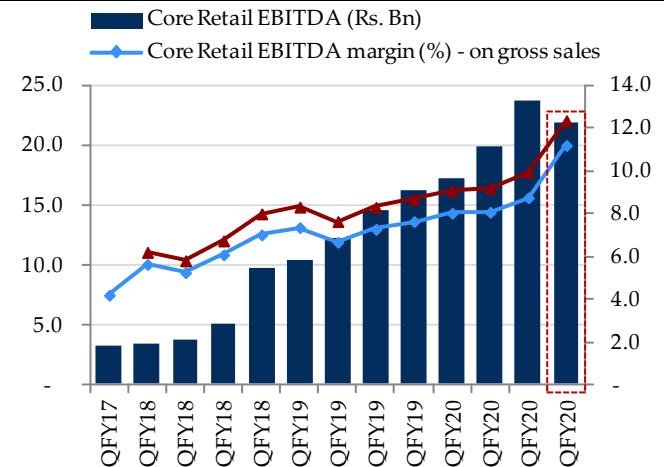
Source: Company, HSIE Research, CE = Consumer Electronics

## EBITDA grew 33% YoY; margin up ~145bp YoY



Source: Company, HSIE Research, margins not comparable as 4QFY20 EBITDA is post IND-AS 116

## Core EBITDA grew 35% YoY; margin up 356bp YoY



Source: Company, HSIE Research, margins not comparable as 4QFY20 EBITDA is post IND-AS 116

### Estimate changes (%)

(Rs mn)	FY20E			FY21E			FY22E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,462,730	1,467,463	(0.3)	1,639,004	1,641,371	(0.1)	1,939,412	1,947,785	(0.4)
Gross Profit	208,962	209,638	(0.3)	233,324	233,661	(0.1)	275,120	276,307	(0.4)
Gross Profit Margin (%)	14.3	14.3	0 bps	14.2	14.2	(0 bps)	14.2	14.2	(0 bps)
EBITDA	96,540	93,580	3.2	99,782	99,563	0.2	125,584	124,158	1.1
EBITDA margin (%)	6.6	6.4	22 bps	6.1	6.1	2 bps	6.5	6.4	10 bps
Adj. EBITDA margin	94,200	93,580	0.7						
Adj. EBITDA margin (%)									
APAT	58,894	56,169	4.9	57,964	57,200	1.3	74,902	73,050	2.5
APAT margin (%)	4.0	3.8	20 bps	3.5	3.5	5 bps	3.9	3.8	11 bps
EPS (Rs)	9.8	9.4	4.9	9.7	9.5	1.3	12.5	12.2	2.5

Gross Revenue Split (Rs. mn)	FY20E			FY21E			FY22E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Grocery	346,020	328,021	5.5	404,580	383,143	5.6	513,894	486,424	5.6
Consumer Electronics	446,250	495,671	(10.0)	450,189	516,057	(12.8)	531,687	608,271	(12.6)
Connectivity	559,440	539,135	3.8	665,734	636,179	4.6	765,594	737,968	3.7
Fashion & Lifestyle	135,520	142,677	(5.0)	155,978	162,960	(4.3)	192,475	202,052	(4.7)
Petro Retail	142,150	139,307	2.0	149,258	141,397	5.6	156,720	148,467	5.6
Total Gross Revenue (Rs. mn)	1,629,380	1,644,810	(0.9)	1,825,738	1,839,736	(0.8)	2,160,371	2,183,182	(1.0)

Source: Company, HSIE Research

### RRVL – SOTP Valuation

	FY22 Revenue (Rs. bn)	FY22 EBITDA (Rs. bn)	Target EV/EBITDA (x)	EV (Rs. bn)	Rev CAGR (FY19-22E)	EBITDA CAGR (FY19-22E)	Comments
Grocery	514	36	27	985	30.0	40.4	DMART trading at ~50x EV/EBITDA, Our target multiple for DMART is ~34x. Valuing Reliance's Grocery biz at 20% discount to DMART's target multiple given the difference in store make up and customer profile
F&L	192	38	20	770	20.8	27.2	@ par with market leader V-MART (Closest competitor)
Consumer Electronics	532	32	16	515	10.7	14.5	Great Franchise but category at risk of increasingly moving online
Connectivity	766	17	5	84	20.5	32.9	Commodity biz. Just a master distributor
Petro Retail	157	2	5	8	5.6	0.8	Commodity biz
<b>Total</b>	<b>2,160</b>	<b>126</b>	<b>18.8</b>	<b>2,362</b>			
<b>Net Debt</b>				<b>113</b>			
<b>Equity Value (Rs. Mn)</b>				<b>2,249</b>			
Per Share (Rs.) on RRVL count				375			
Per Share (Rs.) on RIL count				380			
<b>Core Retail</b>		<b>107</b>	<b>21.2</b>	<b>2,270</b>			

Source: Company, HSIE Research

# Financials

## Consolidated Income Statement

Year End (March)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
<b>Net Revenues</b>	<b>144,960</b>	<b>175,485</b>	<b>209,282</b>	<b>333,311</b>	<b>621,616</b>	<b>1,163,575</b>	<b>1,462,730</b>	<b>1,639,004</b>	<b>1,939,412</b>
Growth (%)			19.3	59.3	86.5	87.2	25.7	12.1	18.3
Material Expenses	115,602	139,375	171,176	277,862	544,196	997,931	1,253,768	1,405,680	1,664,292
Employee Expense	5,480	5,401	5,938	7,380	8,296	10,784	12,825	12,731	14,095
A&P Expense	7,241	7,633	7,241	6,945	7,413	8,994	9,698	11,194	13,634
Other selling and distribution Expense	1,868	2,785	2,383	8,037	15,165	27,924	35,103	39,334	46,543
Other Expenses	11,378	12,776	13,816	21,248	21,888	57,184	54,796	70,283	75,263
<b>EBITDA</b>	<b>3,391</b>	<b>7,515</b>	<b>8,729</b>	<b>11,840</b>	<b>24,658</b>	<b>60,758</b>	<b>96,540</b>	<b>99,782</b>	<b>125,584</b>
EBITDA Growth (%)			16.1	35.6	108.3	146.4	58.9	3.4	25.9
<b>EBITDA Margin (%)</b>	<b>2.3</b>	<b>4.3</b>	<b>4.2</b>	<b>3.6</b>	<b>4.0</b>	<b>5.2</b>	<b>6.6</b>	<b>6.1</b>	<b>6.5</b>
Depreciation	2,339	3,489	3,465	3,950	4,646	6,553	10,815	14,756	18,255
<b>EBIT</b>	<b>1,052</b>	<b>4,026</b>	<b>5,263</b>	<b>7,890</b>	<b>20,013</b>	<b>54,204</b>	<b>85,725</b>	<b>85,026</b>	<b>107,329</b>
Other Income (Including EO Items)	2,660	748	213	379	467	826	1,407	712	1,320
Interest	713	1,508	1,180	645	1,004	6,210	9,351	9,294	9,676
<b>PBT</b>	<b>3,000</b>	<b>3,266</b>	<b>4,296</b>	<b>7,624</b>	<b>19,475</b>	<b>48,820</b>	<b>77,781</b>	<b>76,444</b>	<b>98,974</b>
Total Tax	1,079	1,224	1,686	3,177	6,536	17,136	19,577	19,241	24,912
<b>PAT before share of associate earnings</b>	<b>1,920</b>	<b>2,042</b>	<b>2,610</b>	<b>4,446</b>	<b>12,939</b>	<b>31,684</b>	<b>58,203</b>	<b>57,203</b>	<b>74,062</b>
Share of associate earnings	6	(1)	(380)	(160)	215	600	660	726	799
<b>RPAT</b>	<b>1,926</b>	<b>2,041</b>	<b>2,230</b>	<b>4,286</b>	<b>13,155</b>	<b>32,284</b>	<b>58,864</b>	<b>57,930</b>	<b>74,861</b>
Exceptional Gain/(loss)	-	-	-	-	-	-	-	-	-
<b>Adjusted PAT</b>	<b>1,926</b>	<b>2,041</b>	<b>2,230</b>	<b>4,286</b>	<b>13,155</b>	<b>32,284</b>	<b>58,864</b>	<b>57,930</b>	<b>74,861</b>
<b>APAT Growth (%)</b>		<b>6.0</b>	<b>9.2</b>	<b>92.2</b>	<b>206.9</b>	<b>145.4</b>	<b>82.3</b>	<b>(1.6)</b>	<b>29.2</b>
<b>Adjusted EPS (Rs)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.7</b>	<b>2.2</b>	<b>5.4</b>	<b>9.8</b>	<b>9.7</b>	<b>12.5</b>
<b>EPS Growth (%)</b>		<b>6.0</b>	<b>9.2</b>	<b>92.2</b>	<b>206.9</b>	<b>145.4</b>	<b>82.3</b>	<b>(1.6)</b>	<b>29.2</b>

## Consolidated Balance Sheet

Year End (March)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
<b>SOURCES OF FUNDS</b>									
Share Capital - Equity	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Reserves	(547)	1,008	9,003	13,544	36,867	75,309	133,512	190,716	264,778
<b>Total Shareholders Funds</b>	<b>59,453</b>	<b>61,008</b>	<b>69,003</b>	<b>73,544</b>	<b>96,867</b>	<b>135,309</b>	<b>193,512</b>	<b>250,716</b>	<b>324,778</b>
Minority Interest	26	28	(92)	(224)	239	1,116	1,116	1,116	1,116
Long Term Debt	17,421	37	11	2	-	3	3	3	3
Short Term Debt	1,836	16,783	7,302	212	34,480	128,317	116,817	126,817	126,817
<b>Total Debt</b>	<b>19,257</b>	<b>16,820</b>	<b>7,313</b>	<b>214</b>	<b>34,480</b>	<b>128,320</b>	<b>116,820</b>	<b>126,820</b>	<b>126,820</b>
Net Deferred Taxes	(7,579)	(5,998)	(10,540)	(9,057)	(6,801)	(798)	(798)	(798)	(798)
Other Non-current Liabilities & Provns	1,447	1,561	130	-	-	-	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>	<b>72,605</b>	<b>73,419</b>	<b>65,814</b>	<b>64,477</b>	<b>124,786</b>	<b>263,947</b>	<b>310,650</b>	<b>377,854</b>	<b>451,916</b>
<b>APPLICATION OF FUNDS</b>									
Net Block	23,010	27,179	21,911	24,482	34,362	75,898	140,879	158,618	195,348
CWIP	8,084	4,304	5,435	7,407	41,635	43,664	43,664	43,664	43,664
Other Non-current Assets	-	-	5,769	5,758	11,243	15,101	15,101	15,101	15,101
<b>Total Non-current Assets</b>	<b>31,094</b>	<b>31,483</b>	<b>33,115</b>	<b>37,647</b>	<b>87,239</b>	<b>134,663</b>	<b>199,644</b>	<b>217,383</b>	<b>254,113</b>
Inventories	35,966	41,170	54,507	54,240	108,223	119,784	140,262	193,088	217,852
Debtors	1,887	2,324	2,652	8,550	24,459	47,649	59,900	89,808	98,299
Other Current Assets	14,428	14,523	10,204	10,639	23,209	24,247	26,474	29,664	35,101
<b>Cash &amp; Equivalents</b>	<b>6,772</b>	<b>2,170</b>	<b>2,035</b>	<b>8,372</b>	<b>5,195</b>	<b>37,260</b>	<b>9,650</b>	<b>14,099</b>	<b>29,917</b>
<b>Total Current Assets</b>	<b>59,053</b>	<b>60,187</b>	<b>69,397</b>	<b>81,801</b>	<b>161,086</b>	<b>228,941</b>	<b>236,285</b>	<b>326,659</b>	<b>381,168</b>
Creditors	13,100	13,425	28,765	43,114	87,099	47,027	59,117	94,299	100,956
Other Current Liabilities & Provns	4,443	4,826	7,933	11,857	36,441	52,630	66,162	71,890	82,409
<b>Total Current Liabilities</b>	<b>17,542</b>	<b>18,251</b>	<b>36,698</b>	<b>54,971</b>	<b>123,540</b>	<b>99,657</b>	<b>125,279</b>	<b>166,188</b>	<b>183,365</b>
<b>Net Current Assets</b>	<b>41,511</b>	<b>41,936</b>	<b>32,699</b>	<b>26,830</b>	<b>37,546</b>	<b>129,284</b>	<b>111,007</b>	<b>160,471</b>	<b>197,803</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>72,605</b>	<b>73,419</b>	<b>65,814</b>	<b>64,477</b>	<b>124,786</b>	<b>263,947</b>	<b>310,650</b>	<b>377,854</b>	<b>451,916</b>

Source: Company, HSIE Research

## Consolidated Cash Flow

Year ending March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Reported PBT	3,000	3,266	4,296	7,624	19,476	48,821	77,781	76,444	98,974
Non-operating & EO Items	(2,217)	(266)	37	390	1,021	301	(1,407)	(712)	(1,320)
Interest Expenses	713	1,508	1,180	645	1,004	6,210	9,351	9,294	9,676
Depreciation	2,339	3,489	3,465	3,950	4,646	6,553	10,815	14,756	18,255
Working Capital Change	(10,771)	(4,475)	2,657	10,529	(16,063)	(39,067)	(9,333)	(45,015)	(21,515)
Tax Paid	(307)	(519)	(1,304)	(762)	(4,929)	(10,414)	(19,577)	(19,241)	(24,912)
<b>OPERATING CASH FLOW ( a )</b>	<b>(7,243)</b>	<b>3,003</b>	<b>10,331</b>	<b>22,375</b>	<b>5,155</b>	<b>12,404</b>	<b>67,629</b>	<b>35,525</b>	<b>79,158</b>
Capex	(4,139)	(2,309)	(5,203)	(13,594)	(49,336)	(49,638)	(75,796)	(32,495)	(54,985)
Free Cash Flow (FCF)	(11,383)	694	5,129	8,781	(44,180)	(37,234)	(8,166)	3,030	24,173
Investments	-	-	-	-	-	(33,801)	30,000	-	-
Non-operating Income	958	2,453	5,330	224	62	228	1,407	712	1,320
<b>INVESTING CASH FLOW ( b )</b>	<b>(3,181)</b>	<b>145</b>	<b>127</b>	<b>(13,370)</b>	<b>(49,274)</b>	<b>(83,211)</b>	<b>(44,388)</b>	<b>(31,782)</b>	<b>(53,664)</b>
Debt Issuance/(Repaid)	13,073	(4,015)	(10,630)	(7,735)	33,262	87,657	(20,851)	706	(9,676)
FCFE	1,691	(3,321)	(5,501)	1,047	(10,918)	50,423	(29,018)	3,736	14,498
Share Capital Issuance	(2,017)	-	-	-	10,485	7,377	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(22,924)	-	-	-
<b>FINANCING CASH FLOW ( c )</b>	<b>11,056</b>	<b>(4,015)</b>	<b>(10,630)</b>	<b>(7,735)</b>	<b>43,747</b>	<b>72,109</b>	<b>(20,851)</b>	<b>706</b>	<b>(9,676)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>631</b>	<b>(868)</b>	<b>(171)</b>	<b>1,271</b>	<b>(371)</b>	<b>1,302</b>	<b>2,390</b>	<b>4,449</b>	<b>15,818</b>
EO Items, Others	(1)	-	-	-	1	1	1	1	1
Closing Cash & Equivalents	5,060	1,949	1,632	2,903	2,531	4,096	6,486	10,935	26,753

## Key Ratios

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
<b>PROFITABILITY (%)</b>									
GPM	20.3	20.6	18.2	16.6	12.5	14.2	14.3	14.2	14.2
EBITDA Margin	2.3	4.3	4.2	3.6	4.0	5.2	6.6	6.1	6.5
EBIT Margin	0.7	2.3	2.5	2.4	3.2	4.7	5.9	5.2	5.5
APAT Margin	1.3	1.2	1.1	1.3	2.1	2.8	4.0	3.5	3.9
RoE		3.4	3.4	6.0	15.4	27.8	35.8	26.1	26.0
RoIC (or Core RoCE)		3.7	4.7	7.7	15.1	20.3	24.3	19.1	20.4
RoCE		4.1	4.2	7.2	14.6	18.7	22.9	18.8	19.8
<b>EFFICIENCY</b>									
Tax Rate (%)	36.0	37.5	39.3	41.7	33.6	35.1	25.2	25.2	25.2
Fixed Asset Turnover (x)	4.2	4.7	5.6	7.8	11.1	12.6	8.7	8.2	7.6
Inventory (days)	90.6	85.6	95.1	59.4	63.5	37.6	35.0	43.0	41.0
Debtors (days)	4.8	4.8	4.6	9.4	14.4	14.9	14.9	20.0	18.5
Other Current Assets (days)	36.3	30.2	17.8	11.6	13.6	7.6	6.6	6.6	6.6
Payables (days)	33.0	27.9	50.2	47.2	51.1	14.8	14.8	21.0	19.0
Other Current Liab & Provns (days)	11.2	10.0	13.8	13.0	21.4	16.5	16.5	16.0	15.5
Cash Conversion Cycle (days)	87.5	82.7	53.5	20.2	19.0	28.9	25.3	32.6	31.6
Net D/E (x)	0.2	0.2	0.1	(0.1)	0.3	0.7	0.6	0.4	0.3
Interest Coverage (x)	1.5	2.7	4.5	12.2	19.9	8.7	9.2	9.1	11.1
<b>PER SHARE DATA (Rs)</b>									
EPS	0.3	0.3	0.4	0.7	2.2	5.4	9.8	9.7	12.5
CEPS	0.7	0.9	0.9	1.4	3.0	6.5	11.6	12.1	15.5
Book Value	9.9	10.2	11.5	12.3	16.1	22.6	32.3	41.8	54.1
<b>VALUATION</b>									
FV/E (x)	1,167.9	1,102.0	1,008.8	524.8	171.0	69.7	38.2	38.8	30.0
FV/BV (x)	37.8	36.9	32.6	30.6	23.2	16.6	11.6	9.0	6.9
EV/EBITDA (x)	696.5	314.3	270.6	199.5	95.8	38.9	24.5	23.7	18.8
EV/Revenues (x)	16.3	13.5	11.3	7.1	3.8	2.0	1.6	1.4	1.2
OCF/EV (%)	(0.3)	0.1	0.4	0.9	0.2	0.5	2.9	1.5	3.4
FCF/EV (%)	(0.5)	0.0	0.2	0.4	(1.9)	(1.6)	(0.3)	0.1	1.0
FCFE/Mkt Cap (%)	0.1	(0.1)	(0.2)	0.0	(0.5)	2.2	(1.3)	0.2	0.6
Dividend Yield (%)				-	-	-	-	-	-

Source: Company, HSIE Research



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