

## V-Mart Retail Ltd.

No. of shares (m)	19.74
Mkt cap (Rs crs/\$m)	7161/962.5
Current price (Rs/\$)	3628/48.8
Price target (Rs/\$)	3000/40.3
52 W H/L (Rs.)	4849/2323
Book Value (Rs/\$)	400/5.4
Beta	0.7
Daily NSE volume ( avg. monthly)	23240
P/BV (FY22e/23e)	8.4/7.9
EV/EBITDA (FY22e/23e)	40.5/28.9
P/E (FY22e/23e)	255.4/145.3
EPS growth (FY21/22e/23e)	-111/-/75.8
OPM (FY21/22e/23e)	12.3/9.9/11.2
ROE (FY21/22e/23e)	-0.9/3.3/5.6
ROCE (FY21/22e/23e)	2.7/3.7/5.9
D/E ratio (FY21/22e/23e)	0.7/0.9/0.9
BSE Code	534976
NSE Code	VMART
Bloomberg	VMART IN
Reuters	VMAR.NS

## Shareholding pattern

	%
Promoters	46.4
MFs / Banks / FIs	21.7
Foreign Portfolio Investors	22.1
Govt. Holding	-
Total Public & Others	9.8
<b>Total</b>	<b>100.0</b>

As on September 30, 2021

## Recommendation

### REDUCE

Phone: + 91 (33) 4488 0011

E- mail: [research@cdequi.com](mailto:research@cdequi.com)

## Quarterly Highlights

- Helped by a lower base effect, V-Mart posted a massive 92.6% year-over-year increase in its Q2FY22 revenue from operations to Rs. 337.97 crs. Despite being near-to-fully operational for the quarter (95%), V-Mart's growth over pre-Covid levels (Q2FY20 for like-to-like comparison) was just 7.6%. Of this growth about 7% came from the recently acquired Unlimited franchise in the southern markets. Hence, the organic top-line growth remained almost flattish compared to pre-Covid levels. Though recovery was quicker than expected, but limited working hours and regulatory weekend closures in various states affected overall operations.
- The second quarter of the fiscal year is generally low on margins with no major festivals or any major consumption drivers and largely comprises of end of season liquidation. Moreover, there has been immense margin pressures on the product sourcing side due to spike in cotton yarn prices, with little signs of abatement. However, the company mitigated the same by taking price increases with a better product mix and lower discounting. V-Mart operating profits in Q2FY22 stood at Rs. 20.65 crs compared to an operating loss of Rs. 0.34 crs in Q2FY21 and gain of Rs. 11.32 crs in Q2FY20. OPMs also stood at 6.1%, expanding by almost 250 bps over pre-Covid levels.
- The overall store expansion pace also remained swift in Q2FY22 with the company opening 13 new stores; further acquired 74 Unlimited stores, taking the total pan India store count to 368. Other operating matrices are also showing signs of strong recovery as overall footfalls grew by 88.6% to 66 lakhs year-on-year with a conversion rate of almost 65%.
- The stock currently trades at 255.4x FY22e EPS of Rs. 14.20 and 145.3x FY23e EPS of Rs 24.97. Sales in Q3 are expected to remain strong with consumer sentiment bouncing back to normal, successful mass vaccination drive and festive led consumption. However, GST hike proposed from the current 5% to 12% could call for further price increase and impact margins and future sales. But rollback of GST won't have much of an impact on FY23 projected earnings. Weighing odds, we maintain 'REDUCE' rating on the stock with target price of Rs 3000; earnings are expected to bounce back, raking in some Rs. 28.04 crs in FY22 and Rs. 49.29 crs in FY23 compared to FY20 pre-Covid level of Rs. 48.87 crs.

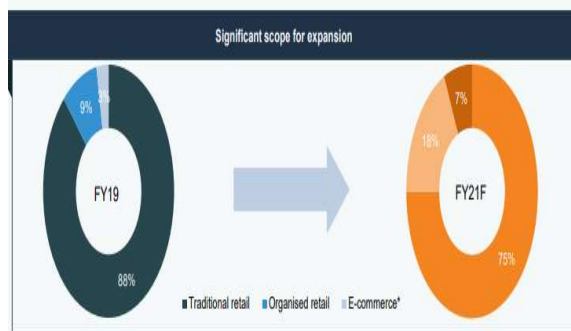
	FY19	FY20	FY21	FY22e	FY22e
Income from operations	1433.74	1662.02	1075.46	1685.38	2214.00
Other Income	5.92	4.48	21.04	25.27	20.65
EBITDA (other income included)	129.05	218.24	152.25	192.36	269.47
PAT after EO	67.23	48.87	-5.81	28.04	49.29
EPS(Rs)	37.08	26.92	-2.95	14.20	24.97
EPS growth (%)	-12.8	-27.4	-111.0	-	75.8

## Outlook and Recommendation

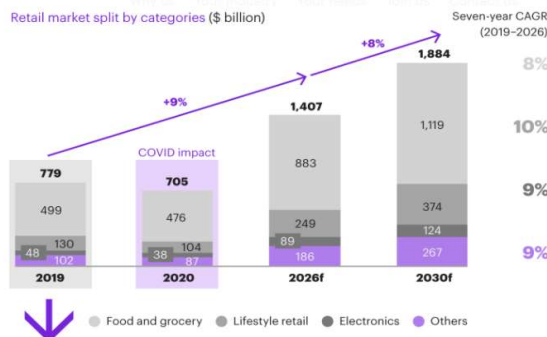
### Indian Retail Industry

FY21 was a challenging year for Indian retail with extended and intermittent lockdowns. The pandemic played a major role in reshaping Indian retail landscape. Consumer shopping preferences and demography underwent a dramatic shift with a growing preference for online shopping and restricted physical store visits accentuated by health and safety concerns. Widespread disruption exposed inefficiencies in the supply chain, leading some retailers to realize how ill-equipped they are to anticipate and meet consumer demand amid unprecedented times and propelled them to fill all the gaps in the distribution network. According to Kearney research, India's retail market was valued at \$705 billion in 2020 registering a decline of 9.5%. Moreover, according to Technopak analysis, with over two decades of presence the contribution of organized retail, primarily brick and mortar, to total retail has witnessed substantial improvement to 11.9% (\$94 billion) in FY20 from a mere 8.3% in FY15.

Kearney Research projects the overall retail industry to grow at a CAGR of 9% between 2019 and 2030, from \$779 billion in 2019 to \$1,407 billion by 2026 and more than \$1.8 trillion by 2030. Much of the growth this report pegs will be driven by greater purchasing power, higher brand consciousness and increasing internet penetration. As per the RedSeer report, India is set to become the third largest online retail market by 2030 after the US and China with an annual gross merchandise value (GMV) of some \$350 billion. Moreover, GOI also plans to allow 100% FDI in e-commerce under the arrangement that the products sold must be manufactured in India to gain from the liberalized regime. In FY19, traditional retail, organized retail and e-commerce segments accounted for 88%, 9% and 3% of the market, respectively. As per IBEF, the organized retail market in India is growing at a CAGR of 20-25% and expects it to account for 18% of total retail in FY21.



Source: IBEF



Source: Kearney

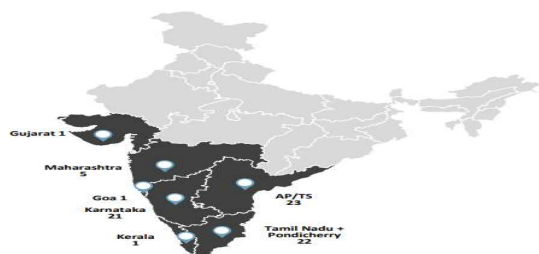
As per ResearchAndMarkets, the Indian textile and apparel market was valued at \$133 billion in 2020 and is expected to grow at a CAGR of 13.80% during 2021-2026. Given the prevalent pricing gaps in the apparel market, value-led fashion growth is expected to be a major trend. Value fashion is a promising segment in fashion retail with the potential of appealing to a wider customer base and reaching more addressable geographies. Moreover, organized players in the mid-segment of fashion are bringing in economies of scale to provide quality fashion at affordable prices in a modern retail ambience. By some industry reports, popular and mass-priced products possibly constitute over 75% of the total fashion market in India.

The finance ministry, through a notification on November 18, communicated the decision to correct the inverted tax structure by raising GST from 5% to 12% for several textiles and apparel (other than fibre and yarn) items from January 1, 2022. Associations representing the textile manufacturers have said the proposed move will create stress on working capital requirements of manufacturers, especially micro, small and medium enterprises. "The cost of yarn has gone up by 60 percent in the past 12 months. So, the government is putting an additional 7 percentage point increase on consumers at a time they are already faced with a 20 percent cost increase due to profit margins," said Rahul Mehta, chief mentor of the Clothing Manufacturers Association of India.

## Acquisition of Unlimited

In Q2FY22, V-Mart Retail Ltd entered into an asset transfer agreement to acquire all of existing running stores of 'Unlimited' from Arvind Lifestyle Brands Ltd., a wholly owned subsidiary of Arvind Fashions Ltd. As part of the transaction, V-Mart acquired the assets of all stores, warehouse, inventory as well as the store brand 'Unlimited' at their book value. In addition, the company also paid against security deposit of all 74 retail stores and one warehouse taking the total consideration amount to some Rs. 169 crs. This acquisition would enable V-Mart to establish a quick and wide footprint in yet untapped southern markets, thereby shortening the time required for geographical expansion of this scale. However, the store economics of Unlimited is quite different from VRL as Unlimited's average selling price is Rs. 500 compared to some Rs. 310 for V-Mart; average store size is also 25%-30% larger for Unlimited with majority of the presence across Tier-I cities, whereas V-Mart primarily being a Tier-II and Tier-III player. Besides, Unlimited primarily caters to family crowd, while V-Mart is largely focused on serving the youth. Though this acquisition fits in with V-Mart's cluster-based expansion strategy and would make it a pan-India retail player, but given enormity of the investment one has to wait for a while as to how V-Mart would benefit from the synergy and integration into a single brand.

Unlimited Store Footprint



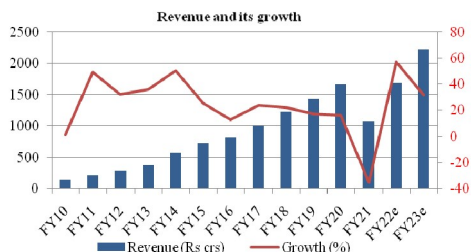
Tier	Cities	Stores	% of Stores
Tier I	4	33	45%
Tier II	10	15	20%
Tier III	12	14	19%
Tier IV	11	12	16%
Total	37	74	100%

Source: V-Mart Ltd.

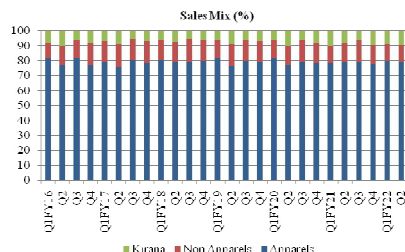
Source: V-Mart Ltd.

## Financials & Valuation

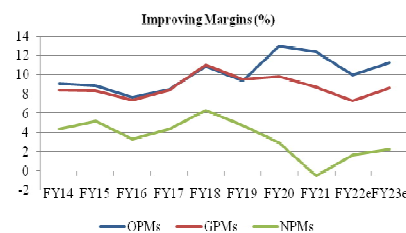
As V-Mart was overcoming the economic crisis caused by the nationwide lockdowns and expecting things to get back to normalcy at the earliest, the outbreak of second wave of Covid-19 had further throttled the ongoing recovery. Q1 usually tends to be a very strong quarter for the company normally accounting for almost 25% of overall top-line. Ending FY21 on a reasonably positive note, the resurgence of nationwide lockdowns significantly impacted VML's operations and as a result, it could get only some 49% of the operating days in Q1FY22. VML's H1FY22 revenue from operations grew by 103.3% to Rs. 515.38 crs over H1FY21, but still almost 33% lower than pre-Covid revenues of Rs. 767.21 crs in H1FY20. Apparels business, contributing almost 80% to the overall mix, raked in Rs. 410.25 crs over the same period, down 33.2% from pre-Covid levels.



Sources: V-Mart Retail Ltd., CD Euisearch



Source: V-Mart Retail Ltd.



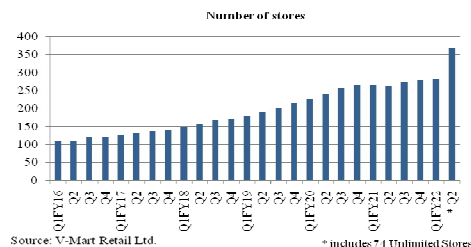
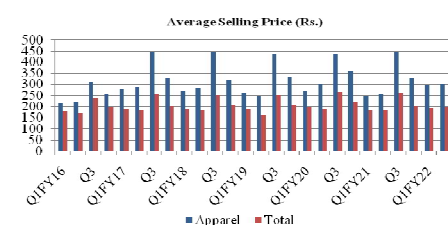
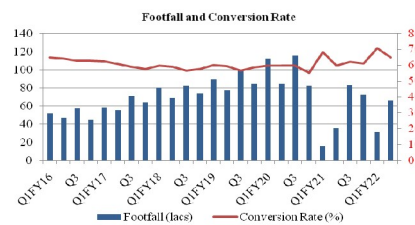
Sources: V-Mart Retail Ltd., CD Euisearch

Lower operating days, volatile top-line and no major large scale cost reductions for extended periods like last fiscal did nothing but depressed OPMs. Moreover, immense pressure on raw material cost especially cotton yarn prices and elevated logistics cost driven by oil prices, in the last six to seven months further festered profitability. OPMs in H1FY22 stood at an unpleasing 3.6%, contracting by 540 bps from pre-covid levels. However, the company continued to embark on achieving its strategic transformation objectives strengthening across the front-end and back-end operations while continuing with its swift store expansion plans- opening around 16 new stores in H1FY22, thus taking the total store count to 368.

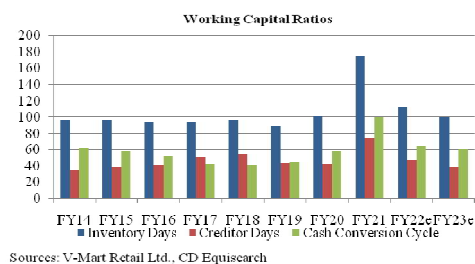
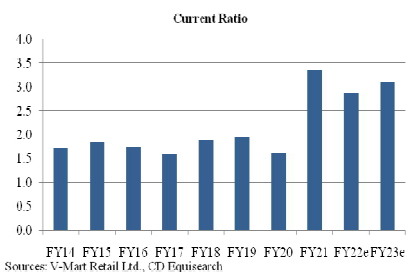
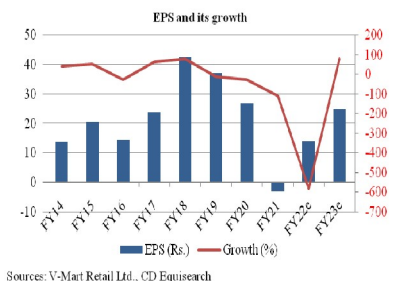


# CD Euisearch Pvt Ltd

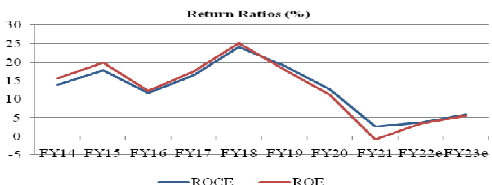
Assuming that consumption will get back to near-normal Q3 onwards with further price increase still not ruled out, VRL could clock in revenues of Rs. 1685.38 crs in FY22e and Rs. 2214 crs in FY23e. A rise in revenues on account of improving asset utilization is expected to boost asset turnovers with fixed asset turnover climbing to 2.1 this fiscal and 2.5 in FY23 from 1.6 in FY21. Consequently, better earnings visibility could improve interest coverage to 1.1 this fiscal and 1.7 in FY23 (vs. 0.8 in FY21). ROE is also expected to see an upsurge to 3.3% in FY22 from a negative 0.9% in FY21 owing to higher profitability, though well below pre-Covid level of 11.3%.



The inventory levels as of September 30, 2021 at around Rs. 560 crs remains healthy, well in line with the buildup for the upcoming festive requirement and includes approximately Rs. 110 crs pertaining to the Unlimited stores that has recently been taken over. However, it should also be noted that barring the recent and first ever fund-raise since listing (QIP of around Rs. 375 crs in Feb'21), VRL's growth over the last many years has been driven by internal cash flows, with no major equity dilution and almost net cash position. Given the nature of retail business, many players engage in aggressive store expansion, which after a certain period gets difficult to manage and often leads to closure. But V-Mart's strong focus on cost and ability to open new stores at a reasonable capex provides it no small competitive edge.



The stock currently trades at 255.4x FY22e EPS of Rs. 14.20 and 145.3x FY23e EPS of Rs 24.97. The company has been boosting its private label offerings that now accounts for approximately 65% of their apparels section. It is taking strategic digitalization initiatives and vendor development programs to enhance the fashion quotient across all its departments. While V-Mart could still be lagging as far as digital penetration is concerned as share of online revenues is still around 1%, but the management aims to increase it to around 5% in the next couple of years. Growth in the coming years would likely be a function of SSSG and maintaining a superior store economics amid a challenging business environment. Though domestic retail sector is expected to recover vigorously this year, yet lingering effects of the pandemic and lurching uncertainty have muddled economic outlook for much of the global economy, precipitating the risk of missing the growth guidance. Moreover, given the evident differences in the nature of operations between V-Mart and Unlimited, it is quite difficult as of now to decipher how the integration into a single brand would eventually pan out. Weighing odds, we maintain 'REDUCE' rating on the stock with target price of Rs 3000 (previous target Rs 1692). For more information, refer to our August 2020 report.





## Cross Sectional Analysis

Company	Equity*	CMP	MCAP*	Sales*	Profit*	OPM (%)	NPM (%)	Int Cov	ROE (%)	Mcap/Sales	P/BV	P/E
Shoppers Stop	55	320	3499	2244	-158	8.8	-7.0	0.04	-	1.6	253.5	-
Trent Ltd.	36	1033	36717	3429	83	13.9	1.9	1.4	3.8	10.7	16.5	444.5
V-Mart	20	3628	7161	1337	4	11.8	0.3	1.1	0.7	5.4	9.1	1823.0

\*figures in crores; standalone/consolidated data as applicable; calculations on ttm basis.

Shoppers Stop Ltd. witnessed a strong demand recovery post second-wave of Covid-19 largely due to improved mobility and positive consumer sentiment. On a consolidated basis SSL raked in Rs. 642.07 crs in revenue from operations in Q2FY22, up by a massive 116.2% year-over-year, yet almost 26% below pre-covid levels (Q2FY20) of Rs. 866.48 crs. First Citizen segment contributed 75% to overall revenues aided by newly enrolled 8000 black card customers that added Rs. 48 crs to sales for the quarter. Beauty brands, on the other hand, raked in Rs. 133 crs during the quarter, registering a y-o-y growth of 146.3%. Beauty Brands contribution also increased from 15% to 17% during the same period. Omni channel sales grew by 103.4% y-o-y at Rs. 59 crs with contribution to sales stable at 8%. Despite swift recovery in demand, SSL has reduced its inventory by some Rs 82 crs against the same period last year in order to maintain sufficient liquidity. With better inventory management the net debt on books reduced to Rs. 62 crs in Q2FY22 from Rs. 196 crs in Q2FY21 and Rs. 96 crs in Q1FY22. Despite several cost levers in place, SSL was unable to completely shield itself from inflation pressures. OPMs in Q2FY22 declined by almost 460 bps from pre-covid levels.

Trent's recovery from second wave of Covid-19 was more pronounced in Q2FY22 with revenues of Rs. 1178.09 crs, up by 101.3% from Q2FY21 and by 37.8% from pre-covid levels. Trent's fashion business (Westside and Zudio) operated for 91% of the trading days, up from 46% in Q1FY22. In addition, the company successfully implemented its cost mitigation measures, including property related pay-outs that led to improved operating profitability. Operating profits grew by a pleasing 62.2% to Rs. 209.73 crs from pre-covid level (Q2FY20) taking OPMs to 17.8%. Trent also continued to accelerate its store expansion plans. As of Q2FY22, 191 Westside and 147 Zudio stores were operational.

Indexed Sales



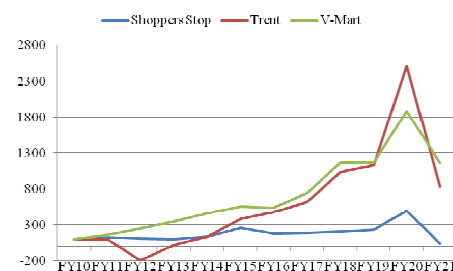
Sources: Companies, ACE Equity, Base Year FY10=100

Operating Profit Margins (%)



Sources: Companies, ACE Equity

Indexed Operating Profits



Sources: Companies, ACE Equity, Base Year FY10=100

Note: Graphs on standalone/consolidated data as applicable.



## Financials

## Quarterly Results

Figures in Rs crs

	Q2FY22	Q2FY22	% chg	H1FY22	H1FY21	% chg
<b>Income From Operations</b>	<b>337.97</b>	<b>175.51</b>	<b>92.6</b>	<b>515.38</b>	<b>253.57</b>	<b>103.3</b>
Other Income	4.07	15.01	-72.9	8.57	16.41	-47.8
<b>Total Income</b>	<b>342.04</b>	<b>190.52</b>	<b>79.5</b>	<b>523.96</b>	<b>269.98</b>	<b>94.1</b>
Total Expenditure	317.32	175.85	80.5	496.69	259.75	91.2
<b>EBITDA (other income included)</b>	<b>24.71</b>	<b>14.67</b>	<b>68.4</b>	<b>27.26</b>	<b>10.23</b>	<b>166.6</b>
Interest	16.92	14.67	15.3	32.51	29.28	11.0
Depreciation	27.25	25.74	5.9	52.72	52.04	1.3
<b>PBT</b>	<b>-19.45</b>	<b>-25.74</b>	-	<b>-57.97</b>	<b>-71.10</b>	-
Tax	-5.31	-6.77	-	-15.11	-18.49	-
<b>PAT</b>	<b>-14.14</b>	<b>-18.96</b>	-	<b>-42.86</b>	<b>-52.60</b>	-
Extraordinary Item	-	-	-	-	-	-
<b>Adjusted Net Profit</b>	<b>-14.14</b>	<b>-18.96</b>	-	<b>-42.86</b>	<b>-52.60</b>	-
EPS (Rs)	-7.17	-10.43	-	-21.72	-28.94	-

## Income Statement

Figures in Rs crs

	FY19	FY20	FY21	FY22e	FY23e
<b>Income From Operations</b>	<b>1433.74</b>	<b>1662.02</b>	<b>1075.46</b>	<b>1685.38</b>	<b>2214.00</b>
Growth (%)	17.3	15.9	-35.3	56.7	31.4
Other Income	5.92	4.48	21.04	25.27	20.65
<b>Total Income</b>	<b>1439.67</b>	<b>1666.50</b>	<b>1096.50</b>	<b>1710.66</b>	<b>2234.65</b>
Total Expenditure	1310.62	1448.27	944.25	1518.29	1965.18
<b>EBITDA (other income included)</b>	<b>129.05</b>	<b>218.24</b>	<b>152.25</b>	<b>192.36</b>	<b>269.47</b>
Interest	1.61	54.78	58.95	69.30	78.22
Depreciation	27.63	93.92	102.97	118.65	138.87
<b>PBT</b>	<b>99.81</b>	<b>69.53</b>	<b>-9.66</b>	<b>4.41</b>	<b>52.38</b>
Tax	38.18	20.18	-3.46	-23.63	3.10
<b>PAT</b>	<b>61.63</b>	<b>49.35</b>	<b>-6.20</b>	<b>28.04</b>	<b>49.29</b>
Extraordinary Item	-5.61	0.47	-0.39	-	-
<b>Adjusted Net Profit</b>	<b>67.23</b>	<b>48.87</b>	<b>-5.81</b>	<b>28.04</b>	<b>49.29</b>
EPS (Rs)	37.08	26.92	-2.95	14.20	24.97

Figures FY20 onwards not truly comparable to those in previous periods due to change in accounting standards

## Balance Sheet

Figures in Rs crs

Balance Sheet	FY19	FY20	FY21	FY22e	FY23e
<b>Sources of Funds</b>					
Share Capital	18.13	18.16	19.71	19.74	19.74
Reserves	391.14	440.78	805.52	833.56	882.84
<b>Total Shareholders' Funds</b>	<b>409.27</b>	<b>458.93</b>	<b>825.23</b>	<b>853.30</b>	<b>902.58</b>
Long Term Debt	0.03	437.84	530.78	707.24	762.24
<b>Total Liabilities</b>	<b>409.30</b>	<b>896.77</b>	<b>1356.01</b>	<b>1560.54</b>	<b>1664.82</b>
<b>Application of Funds</b>					
Gross Block	229.57	820.97	948.26	1285.89	1385.89
Less: Accumulated Depreciation	64.07	153.93	251.72	370.37	509.23
<b>Net Block</b>	<b>165.49</b>	<b>667.04</b>	<b>696.54</b>	<b>915.52</b>	<b>876.65</b>
Capital Work in Progress	4.01	2.47	2.19	2.00	2.00
Investments	60.68	7.89	318.98	184.00	262.00
<b>Current Assets, Loans &amp; Advances</b>					
Inventory	328.98	477.92	428.31	505.62	575.64
Cash and Bank	16.59	4.99	27.47	38.37	33.58
Other Current Assets	25.16	30.10	110.78	124.50	137.25
<b>Total CA</b>	<b>370.73</b>	<b>513.01</b>	<b>566.56</b>	<b>668.48</b>	<b>746.48</b>
Current Liabilities	199.61	308.54	247.86	279.95	307.02
Provisions-Short term	11.83	12.22	15.32	15.42	15.72
<b>Total Current Liabilities</b>	<b>211.44</b>	<b>320.76</b>	<b>263.19</b>	<b>295.37</b>	<b>322.74</b>
Net Current Assets	159.29	192.26	303.38	373.12	423.74
Net Deferred Tax Asset	11.83	16.01	25.27	50.00	60.00
Net long term assets ( net of liabilities)	8.00	11.10	9.65	35.90	40.43
<b>Total Assets</b>	<b>409.30</b>	<b>896.77</b>	<b>1356.01</b>	<b>1560.54</b>	<b>1664.82</b>

Figures FY20 onwards not truly comparable to those in previous periods due to change in accounting standards

## Financial Ratios

	FY19	FY20	FY21	FY22e	FY23e
<b>Growth Ratios(%)</b>					
Revenue	17.3	15.9	-35.3	56.7	31.4
EBITDA	1.4	58.0	-29.7	25.8	40.1
Net Profit	-12.6	-27.3	-111.9	-	75.8
EPS	-12.8	-27.4	-111.0	-	75.8
<b>Margins (%)</b>					
Operating Profit Margin	9.3	12.9	12.3	9.9	11.2
Gross profit Margin	9.5	9.8	8.7	7.3	8.6
Net Profit Margin	4.7	2.9	-0.5	1.7	2.2
<b>Return (%)</b>					
ROCE	19.0	12.7	2.7	3.7	5.9
ROE	18.0	11.3	-0.9	3.3	5.6
<b>Valuations</b>					
Market Cap/ Sales	3.4	1.6	5.1	4.2	3.2
EV/EBITDA	34.9	14.2	37.4	40.5	28.9
P/E	72.7	52.8	-944.2	255.4	145.3
P/BV	12.0	5.6	6.7	8.4	7.9
<b>Other Ratios</b>					
Interest Coverage	68.3	2.3	0.8	1.1	1.7
Debt Equity	0.0	1.1	0.7	0.9	0.9
Current Ratio	2.0	1.6	3.4	2.9	3.1
<b>Turnover Ratios</b>					
Fixed Asset Turnover	9.2	4.0	1.6	2.1	2.5
Total Asset Turnover	3.8	2.6	1.0	1.2	1.4
Inventory Turnover	4.1	3.6	2.1	3.3	3.6
Creditor Turnover	8.3	8.4	4.9	7.7	9.3
<b>WC Ratios</b>					
Inventory Days	89.3	101.8	175.4	112.3	100.4
Creditor Days	44.2	43.5	75.2	47.4	39.3
Cash Conversion Cycle	45.1	58.2	100.2	64.9	61.1

Figures FY20 onwards not truly comparable to those in previous periods due to change in accounting standards



## Cumulative Financial Data

Figures in Rs crs

Figures in Rs crs	FY15-17	FY18-20	FY21-23e
Income from operations	2531	4318	4975
Operating profit	210	481	548
EBIT	172	347	254
PBT	162	289	48
PAT	107	193	72
Dividend	9	8	0
Store count*	141	266	422 <sup>#</sup>
OPM (%)	8.3	11.1	11.0
NPM (%)	4.2	4.5	1.4
Interest coverage	16.0	6.0	1.2
ROE (%)	16.3	17.7	3.5
ROCE (%)	14.7	12.4	4.6
Debt-equity ratio*	0.1	1.1	0.9
Fixed asset turnover	9.0	3.7	2.1
Inventory turnover	3.5	3.4	2.8
Creditors turnover	6.9	7.2	7.1
Inventory days	103.1	106.6	130.3
Creditor days	53.0	50.9	51.7
Cash conversion cycle	50.1	55.7	78.6
Dividend payout ratio (%)	8.0	4.3	0.0

FY 15-17 implies three year period ending fiscal 17;\*as on terminal year; # includes 74 Unlimited stores

Presumably driven by the inflationary trend, VRL's cumulative revenues would grow by 15.2% for the three year period ending FY23e to Rs. 4975crs. The recent price increases taken by the management would be able to safeguard, to some extent, the operating margins of VRL as it would remain almost flat at 11% on the back of prevalent cost pressures in product sourcing. Expected recovery in consumer demand next fiscal and later part of this year would do little to prevent the fall in pre-tax earnings by 83.5% to Rs 48 crs in FY21-23e period largely due to losses incurred in FY21. Grave stress in earnings coupled with barely strong asset utilization (fixed asset turnover is expected to fall to 2.1 in the projected period) would plunge ROCE to 4.6% in FY21-23e (see table). Moreover, high inventory days would be barely counterbalanced by almost flat creditor days leading to rise in cash conversion cycle (see table).

## Financial Summary- US dollar denominated

million \$	FY19	FY20	FY21	FY22e	FY23e
Equity capital	2.6	2.4	2.7	2.7	2.7
Shareholders' funds	58.6	60.9	112.3	114.7	121.3
Total debt	0.0	68.5	77.2	101.1	109.2
Net fixed assets (incl. CWIP)	24.5	88.8	95.1	123.3	118.1
Net current assets	22.5	25.5	41.3	50.2	57.0
Total assets	58.6	119.0	184.5	209.7	223.8
Revenues	205.1	234.5	144.9	226.5	297.6
EBITDA	19.7	30.7	20.6	25.9	36.2
EBDT	19.5	23.0	12.7	16.5	25.7
PBT	15.5	9.7	-1.2	0.6	7.0
PAT	9.6	6.9	-0.8	3.8	6.6
EPS(\$)	0.53	0.38	-0.04	0.19	0.34
Book value (\$)	3.2	3.4	5.7	5.8	6.1

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs74.40/\$). All dollar denominated figures are adjusted for extraordinary items.



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CD Euisearch Private Limited (CIN: U67120WB1995PTC071521)

Registered Office: 37, Shakespeare Sarani, 3<sup>rd</sup> Floor, Kolkata – 700 017; Phone: +91(33) 4488 0000; Fax: +91(33) 2289 2557 Corporate Office: 10, Vasawani Mansion, 5th Floor, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020. Phone: +91(22) 2283 0652/0653; Fax: +91(22) 2283, 2276 Website: www.cdequi.com; Email: research@cdequi.com

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Exchange Rates Used- Indicative

Rs/\$	FY18	FY19	FY20	FY21
Average	64.45	69.89	70.88	74.20
Year end	65.04	69.17	75.39	73.50

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate. Cumulative dollar figure is the sum of respective yearly dollar value.