

### Muted performance, growth story intact!

- Vmart's performance was below estimates owing to the Covid second wave. Costs control was appreciable. Store additions during the quarter were muted at 3. Mgmt remains cautiously optimistic on the recovery. That said, mgmt has maintained guidance of 40-50 store additions in FY22 which imbibes confidence of the recovery.
- VMart's recent acquisition of 74 stores of Unlimited at an attractive price vs. its own valuations (~1/11th on EV/store or EV/sales). Unlimited with presence in South complements Vmart footprint in North and East with economies of scale and go-to-market advantage. Timing is appropriate as economy comes out of Covid. With Vmart's superior execution, prudent capital allocation, focused cluster-based expansion approach, we believe the turnaround of 'Unlimited' is highly plausible with negligible downside. We build ~Rs 171 (25% of the potential) from 'Unlimited' in the TP of Vmart and would wait for the delivery. Once 'Unlimited' is stabilized, Vmart mgmt expect to grow at 20-22% CAGR in on expanded base which is another positive.
- We reduce our FY22 estimates but broadly maintained FY23/24. Reiterate BUY with TP of Rs 3,956 (Rs 3,785 @ 30x Jun-23E EV/EBITDA + Rs 171 for Unlimited) vs. earlier TP Rs 3,906.

### Operating and financial highlights

Vmart's revenue/EBITDA/APAT were 1,774/-20/-287mn. Revenue was +127.3% YoY and 39% of Q1FY20. Performance was similar to Q2FY21 when Vmart reported revenue/EBITDA/APAT of Rs 1755/-3/-190mn. Revenue drop was a result of second wave of covid, leading to a loss of 51% operating days. East performed better due to higher operating days.

GM at 31% YoY (+20bps YoY) was healthy. Vmart took 5-6% price increases to off-set RM price increases. Fixed cost reductions remained restricted due to partial and random store opening permissions. Footfalls were ~30% of pre-covid but conversion was 20% higher and basket size +18%. Mgmt expects H2FY22 to be strong led by festivity, pent-up demand and good monsoons partly off-set by inflation and covid impact for working class.

### Q1FY22 Result (Rs Mn)

Particulars	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)
Revenue	1,774	781	127.3	3,519	(49.6)
Total Expense	1,794	839	113.8	3,183	(43.7)
EBITDA	(20)	(58)	(66.4)	336	(105.8)
Depreciation	255	263	(3.1)	256	(0.3)
EBIT	(274)	(321)	(14.6)	80	(442.8)
Other Income	45	14	223.2	43	3.7
Interest	156	146	6.7	146	6.5
EBT	(385)	(454)	(15.1)	(23)	1581.4
Tax	(98)	(117)	(16.4)	(8)	1101.2
RPAT	(287)	(336)	(14.6)	(15)	1847.1
APAT	(287)	(336)	(14.6)	(15)	1847.1
			(bps)		(bps)
Gross Margin (%)	31.0	30.8	20	29.8	121
EBITDA Margin (%)	(1.1)	(7.5)	637	9.5	(1064)
NPM (%)	(16.2)	(43.1)	2690	(0.4)	(1577)
Tax Rate (%)	25.4	25.8	(40)	35.6	(1017)
EBIT Margin (%)	(15.5)	(41.2)	2570	2.3	(1774)

CMP	Rs 3,424
Target / Upside	Rs 3,956 / 16%
NIFTY	16,282

### Scrip Details

Equity / FV	Rs 197mn / Rs 10
Market Cap	Rs 67bn
	USD 906mn
52-week High/Low	Rs 4,085/ 1,730
Avg. Volume (no)	54,857
Bloom Code	VMART IN

Price Performance	1M	3M	12M
Absolute (%)	8	28	91
Rel to NIFTY (%)	4	17	47

### Shareholding Pattern

	Dec'20	Mar'21	Jun'21
Promoters	50.8	46.7	46.7
MF/Banks/FIs	18.5	20.8	20.9
FIIIs	22.6	24.4	23.4
Public / Others	8.1	8.2	9.1

### Valuation (x)

	FY22E	FY23E	FY24E
P/E	1720.6	58.8	44.0
EV/EBITDA	42.9	20.4	16.3
ROE (%)	0.5	13.0	15.2
RoACE (%)	5.0	12.7	14.3

### Estimates (Rs mn)

	FY22E	FY23E	FY24E
Revenue	14,833	23,418	28,048
EBITDA	1,613	3,418	4,221
PAT	39	1,148	1,534
EPS (Rs.)	2.0	58.3	77.9

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### 'Unlimited' – Timely acquisition at attractive price

We find the Vmart's acquisition of 'Unlimited' timely, especially as economy comes out of Covid and at an attractive price viz. EV/sales (FY20) of 0.3x and EV/Store of Rs 20mn. Vmart itself trades at a rich valuation of 3.8x/Rs 222mn. Vmart may pay ~Rs 300mn additional (~2% of revenues in first two years and 1% in third year) st certain milestone achievements. For CY21, 'Unlimited' shall run as it is with tweak in operations to increase through-put. From CY22, gradual integration will happen with focus to bring more value additions. Vmart management believes acquisition to take more than a year to bear fruits which is understandable in our view.

### Prudent utilization of QIP proceeds

Vmart management expect the next 5-years to be game changer for India's consumption story. Vmart promoter had been eyeing 'Unlimited' for nearly two years and the availability of the asset at desired price has led to the strategic move. Vmart had net cash of Rs 4.1bn (post QIP of Rs 3.75bn @ Rs 2,450 in Feb'21). We find the capital allocation towards 'Unlimited' to be prudent with limited downside.

#### Exhibit 1: Actual vs. Estimates

	Actual	Estimate	Variance (%/bps)	Remarks
Revenue (Rs Mn)	1,774	2,852	(37.8)	Q1FY22 was below estimates on account lower than expected revenues largely led by Covid
Gross Profit (Rs Mn)	550	898	(38.8)	
GP Margin (%)	31.0	31.5	(49)	
EBITDA (Rs Mn)	(20)	248	(107.9)	
EBITDA Margin (%)	(1.1)	8.7	(979)	
APAT (Rs Mn)	(287)	(76)	275.7	
APAT Margin (%)	(16.2)	(2.7)	(1350.5)	
AEPS (Rs)	(14.6)	(3.9)	275.7	

Source: DART, Company

#### Exhibit 2: Change in estimates

Particulars (Rs mn)	FY22E			FY23E			FY24E			Remarks
	New	Old	%/bps	New	Old	%/bps	New	Old	%/bps	
Revenue	14,833	17,434	(14.9)	23,418	23,840	(1.8)	28,048	28,046	0.0	We marginally alter our FY23/24E estimates. Decline in our FY22 estimate is to factor the higher than expected impact of Covid
Gross Profit	4,721	5,546	(14.9)	7,345	7,516	(2.3)	8,865	8,912	(0.5)	
EBITDA	1,613	2,222	(27.4)	3,418	3,412	0.2	4,221	4,060	4.0	
APAT	39	498	(92.1)	1,148	1,151	(0.2)	1,534	1,422	7.9	
AEPS (Rs)	2.0	25.3	(92.1)	58.3	58.4	(0.2)	77.9	72.2	7.9	
<b>Margin (%)</b>										
GP Margin (%)	31.8	31.8	1	31.4	31.5	(16)	31.6	31.8	(17)	
EBITDA Margin (%)	10.9	12.7	(187)	14.6	14.3	28	15.1	14.5	57	
APAT Margin (%)	0.3	2.9	(259)	4.9	4.8	8	5.5	5.1	40	
<b>Operating KPIs</b>										
Stores (No)	318	318	-	366	366	-	406	406	-	
Store Area (Mn Sq ft)	2.6	2.6	(0.2)	3.0	3.0	(0.1)	3.3	3.3	(0.2)	
<b>Avg Per Sq Ft (Rs)</b>										
Revenue	6,045	7,099	(14.9)	8,364	8,502	(1.6)	8,898	8,887	0.1	
Gross Profit	1,924	2,258	(14.8)	2,623	2,680	(2.1)	2,812	2,824	(0.4)	
EBITDA	657	905	(27.4)	1,221	1,217	0.3	1,339	1,286	4.1	
Net Profit	16	203	(92.1)	410	410	0.0	487	451	7.9	

Source: Company, DART

## Con-call and other highlights

- Q1FY22 performance has been muted on account of greater impact of Covid in tier III/IV cities (63% stores of Vmart), strict restrictions especially in UP/Bihar, lack of health infrastructure, diverse impact on disposal income due to inflationary pressure, absence of salary hikes etc. Covid cases still prevalent in north eastern states but Vmart foot-print is smaller.
- The quarter recorded only 49% operational days which were further impacted by timing restrictions. But recovery has been improving MoM. Categories such kids wear and casual wear are doing well.
- Management expects a near normalized festive season with 25 days of wedding season in Q3FY22. Sales per sq foot to reach pre-covid level by Q3 if restrictions are lifted.
- Employee cost increase was on account of no pay cuts unlike last year and minimum wages implementation.
- Omni channel network has been established pan India. Mumbai/Bangalore are 3<sup>rd</sup>/4<sup>th</sup> largest city in terms of omni sales. Currently, orders are being met through nearest stores or warehouses for this cities. Post 'Unlimited' acquisition (expected to close by Aug end), these stores would also act as fulfillment centers. Online contributes ~1% of sales and shall increase upto 5% in 2-3 years. It remains a key focus area for the company.
- Capex during the quarter was ~Rs 360mn primarily on new warehouse.

### Exhibit 3: Operational highlights

Rs Mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY (%)	Chg QoQ (%)
No of stores	266	264	274	279	282	6.0	1.1
Sq ft (mn)	2.2	2.2	2.3	2.3	2.3	4.5	0.9
Size/Store (Sq ft)	8,346	8,333	8,350	8,244	8,227	(1.4)	(0.2)
Sales/Sqft (Computed) (Rs)	117	265	698	511	256	117.9	(49.9)
Revenue Mix (%)	100.0	100.0	100.0	100.0	100.0	-	(0)
- Apparels	78.3	77.0	79.3	77.9	80.0	170	210
- Non-Apparel	11.2	14.0	14.0	12.7	10.7	(50)	(200)
- Kirana	10.5	9.0	6.7	9.4	9.3	(120)	(10)
Footfalls (mn)	1.5	3.5	8.3	7.2	3.1	106.7	(56.9)
Conversion rate (%)	68.2	59.5	62.1	61.1	70.7	250	960
Transaction size (Rs)	824	844	968	851	848	2.9	(0.4)
ASP (Rs)- Total	179	183	262	202	193	7.8	(4.5)
ASP (Rs)- Apparels	247	254	446	327	295	19.4	(9.8)

Source: DART, Company

Q1FY22 performance is similar to that of Q2FY21

#### Exhibit 4: Standalone P&L

(Rs Mn)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY (%)	Chg QoQ (%)
<b>Net Sales</b>	<b>781</b>	<b>1,755</b>	<b>4,700</b>	<b>3,519</b>	<b>1,774</b>	<b>127.3</b>	<b>(49.6)</b>
RM Costs	540	1,250	2,975	2,470	1,224	126.6	(50.4)
<b>Gross Profit</b>	<b>240</b>	<b>505</b>	<b>1,725</b>	<b>1,049</b>	<b>550</b>	<b>128.8</b>	<b>(47.5)</b>
Employees cost	189	300	325	355	334	77.1	(5.9)
Power	65	85	111	94	94	45.1	(0.4)
Advertisement	2	62	52	67	27	1,604.5	(60.3)
Other expenses	44	61	199	196	115	162.5	(41.5)
Total expenses	299	508	687	<b>713</b>	<b>570</b>	<b>90.7</b>	<b>(20.1)</b>
<b>EBITDA</b>	<b>(58)</b>	<b>(3)</b>	<b>1,038</b>	<b>336</b>	<b>(20)</b>	<b>(66.4)</b>	<b>(105.8)</b>
D&A	263	257	254	256	255	(3.1)	(0.3)
EBIT	(321)	(261)	785	<b>80</b>	<b>(274)</b>	<b>(14.6)</b>	<b>(442.8)</b>
Other income	14	150	3	43	45	223.2	3.7
Interest costs	146	147	150	146	156	6.7	6.5
PBT	(454)	(257)	637	<b>(23)</b>	<b>(385)</b>	<b>(15.1)</b>	<b>1,581.4</b>
Tax	(117)	(68)	158	(8)	(98)	(16.4)	1,101.2
<b>APAT</b>	<b>(336)</b>	<b>(190)</b>	<b>479</b>	<b>(15)</b>	<b>(287)</b>	<b>(14.6)</b>	<b>1,847.1</b>

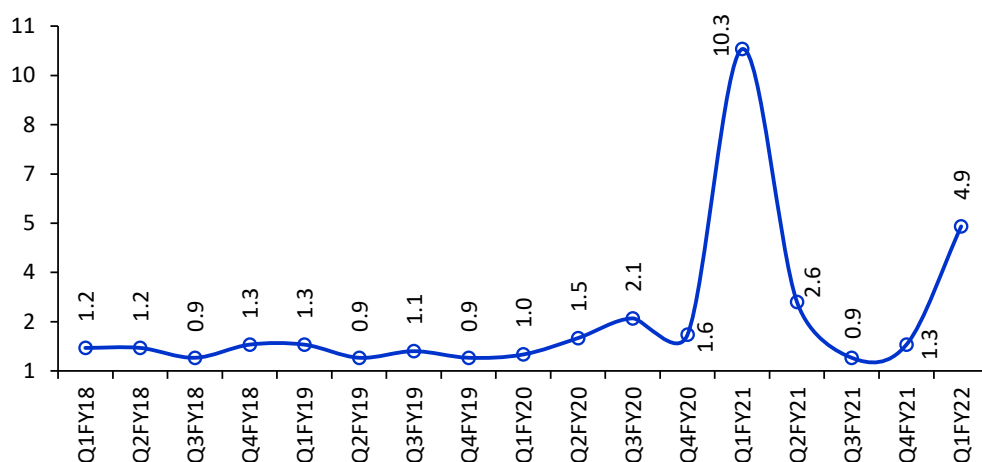
Source: DART, Company

#### Exhibit 5: Margin Analysis

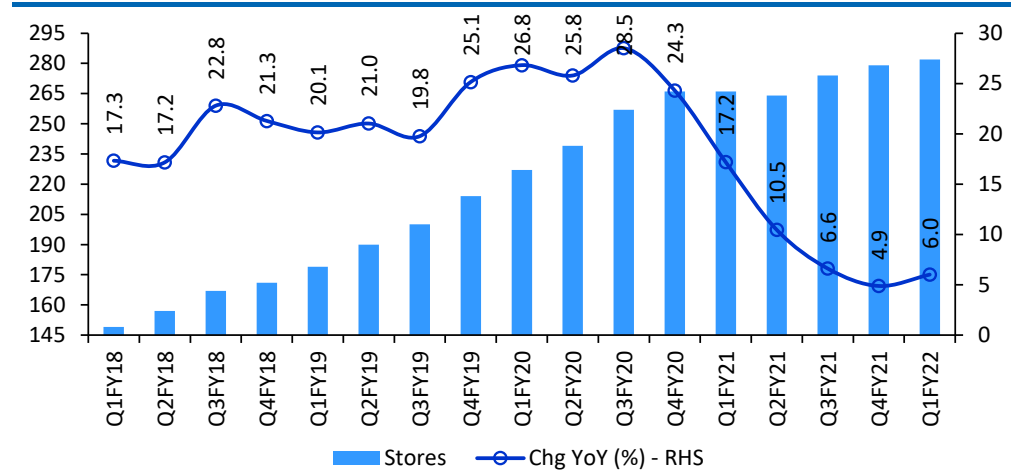
Particulars	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Chg YoY (bps)	Chg QoQ (bps)
RM Costs	69.2	71.2	63.3	70.2	69.0	(20)	(121)
<b>Gross Profit</b>	<b>30.8</b>	<b>28.8</b>	<b>36.7</b>	<b>29.8</b>	<b>31.0</b>	<b>20</b>	<b>121</b>
Employees cost	24.2	17.1	6.9	10.1	18.8	(533)	874
Other expenses	5.6	3.5	4.2	2.7	5.3	(300)	262
Total Other expenses	38.3	29.0	14.6	1.9	1.5	130	(41)
<b>EBITDA</b>	<b>(7.5)</b>	<b>(0.2)</b>	<b>22.1</b>	<b>5.6</b>	<b>6.5</b>	<b>87</b>	<b>89</b>
D&A	33.7	14.7	5.4	20.3	32.1	(617)	1,185
<b>EBIT</b>	<b>(41.2)</b>	<b>(14.9)</b>	<b>16.7</b>	<b>9.5</b>	<b>(1.1)</b>	<b>637</b>	<b>(1,064)</b>
Other income	1.8	8.6	0.1	7.3	14.4	(1,933)	710
Interest costs	18.7	8.4	3.2	2.3	(15.5)	2,570	(1,774)
PBT	(58.1)	(14.7)	13.6	1.2	2.5	75	131
Tax	(15.0)	(3.9)	3.4	4.2	8.8	(993)	463
<b>APAT</b>	<b>(43.1)</b>	<b>(10.8)</b>	<b>10.2</b>	<b>(0.7)</b>	<b>(21.7)</b>	<b>3,639</b>	<b>(2,106)</b>
Tax as % of PBT	25.8	26.3	24.9	(0.2)	(5.5)	949	(529)

Source: DART, Company

#### Exhibit 6: Shrinkage %



Source: Company, DART

**Exhibit 7: Store count trend**


Source: DART, Company

**Exhibit 8: State-wise store foot-print of V-Mart**

State	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	Q1 FY22
UP	41	50	53	59	72	85	103	110	111
Bihar	16	21	27	31	36	41	45	51	51
Jharkhand	4	7	7	8	14	17	19	20	22
MP	4	4	4	4	6	8	15	15	15
West Bengal	-	-	2	4	6	12	16	14	14
Rajasthan	4	4	4	4	4	5	13	16	16
Assam	-	-	-	-	-	6	9	9	9
Odisha	-	-	4	10	10	10	9	8	8
J&K	1	1	1	2	3	5	8	8	8
Uttarakhand	3	5	5	5	6	8	8	8	8
Gujarat	7	7	7	6	6	6	6	6	6
Punjab	4	4	4	3	3	3	4	4	4
Delhi	3	3	3	3	3	3	3	3	3
Himachal Pradesh	-	-	-	-	-	2	3	2	2
Chandigarh	1	1	1	1	1	1	1	1	1
Haryana	1	1	1	1	1	1	1	1	1
Meghalaya	-	-	-	-	-	1	1	1	1
Nagaland	-	-	-	-	-	-	1	1	1
Arunachal Pradesh	-	-	-	-	-	-	1	1	1
<b>Total</b>	<b>89</b>	<b>108</b>	<b>123</b>	<b>141</b>	<b>171</b>	<b>214</b>	<b>266</b>	<b>279</b>	<b>282</b>

Source: DART, Company

*V-Mart ensures all new stores are strategically located within ~50km radius of cities where it already has stores.*

*V-Mart follows cluster strategy of expansion viz. deeper rather than wider penetration.*

*V-Mart's cluster approach of 'creeping expansion' is aimed at generating visibility, supply chain efficiencies, rapid scalability leading to buying / procurement flexibility and cost savings.*

*Vmart and Unlimited have nominal overlap in Gujarat viz. not a key focus state for either of them in immediate future though Vmart started its first store over there*

**Exhibit 9: State-wise store foot-print Mix of V-Mart**

State	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	Q1 FY22
UP	46	46	43	42	42	40	39	39	39
Bihar	18	19	22	22	21	19	17	18	18
Jharkhand	4	6	6	6	8	8	7	7	8
MP	4	4	3	3	4	4	6	5	5
West Bengal	-	-	2	3	4	6	6	5	5
Rajasthan	4	4	3	3	2	2	5	6	6
Assam	-	-	-	-	-	3	3	3	3
Odisha	-	-	3	7	6	5	3	3	3
J&K	1	1	1	1	2	2	3	3	3
Uttarakhand	3	5	4	4	4	4	3	3	3
Gujarat	8	6	6	4	4	3	2	2	2
Punjab	4	4	3	2	2	1	2	1	1
Delhi	3	3	2	2	2	1	1	1	1
Himachal Pradesh	-	-	-	-	-	1	1	1	1
Chandigarh	1	1	1	1	1	0	0	0	0
Haryana	1	1	1	1	1	0	0	0	0
Meghalaya	-	-	-	-	-	0	0	0	0
Nagaland	-	-	-	-	-	-	0	0	0
Arunachal Pradesh	-	-	-	-	-	-	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: DART, Company

**Exhibit 10: State-wise store foot-print of 'Unlimited'**

States	No of stores	Mix %
AP + Telangana	23	31
TN + Pondicherry	22	30
Karnataka	21	28
Kerala	1	1
Maharashtra	5	7
Gujarat	1	1
Goa	1	1
	<b>74</b>	<b>100</b>

Source: DART, Company

**Exhibit 11: Vmart + Unlimited – A healthy mix**

Particulars	Vmart	Unlimited	Combined
No of states	19	7	25
No of cities	192	37	229
No of stores	282	74	356
Towns	Tier III & IV	Tier I & II	
Area (Mn Sqft)	2.30	0.78	3.08
Store Size (Sqft)	8,156	10,541	8,652
ASP (Rs)	300+	500+	
Valuation comparison			
EV or Acquisition Price (Rs Mn)	63,911	1,500	
EV/Store (Rs Mn)	227	20	
Sales FY20 (Rs Mn)	16,620	5,330	
EV/Sales (Rs Mn)	3.85	0.28	

Source: DART, Company



**Exhibit 12: Valuation Snapshot**

(Rs Mn)	Vmart (Jun-23E)	Unlimited (FY24E)
EBITDA (Rs Mn)	3,619	499
(-) IndAS 116 impact (Rs Mn)	1,290	
IndAS adj. EBITDA (Rs Mn)	2,329	499
Target Multiple (x)	30	30
<b>Enterprise Value (Rs Mn)</b>	<b>69,862</b>	<b>14,982</b>
Net debt incl Lease Liabilities	2,023	1,500
(-) Lease Liabilities (Rs Mn)	6,754	
Net debt incl Lease Liabilities (Rs Mn)	(4,731)	1,500
<b>Equity Value (Rs Mn)</b>	<b>74,593</b>	<b>13,482</b>
O/s shares (Mn)	19.7	19.7
<b>Target Price (Rs/sh)</b>	<b>3,785</b>	<b>684</b>
Add: 25% of 'Unlimited' Value	171	
<b>Target Price (Rs/sh)</b>	<b>3,956</b>	
CMP (Rs)	3,419	
<b>+ / (-) %</b>	<b>15.7</b>	

Source: DART

**Exhibit 13: 'Unlimited' – key assumption**

Particulars	FY20E	FY21E	FY22E	FY23E	FY24E
No of stores	74	74	74	74	74
Area	0.78	0.78	0.78	0.78	0.78
Rev/Sq ft (Rs/month)	566	309	463	556	667
Rev/Sq ft (Rs)	6,795	3,705	5,558	6,669	8,003
Revenue (Rs Mn)	5,300	2,890	4,335	5,202	6,242
EBITDA Margin (%)	(5)	(20)	(10)	3	8
EBITDA (Rs Mn)	(265)	(578)	(434)	156	499
Opex (Rs Mn)	5,565	3,468	4,769	5,046	5,743
D&A (Rs Mn)	53	29	43	52	62
Int (Rs Mn)	120	120	120	120	120
PBT (Rs Mn)	(438)	(727)	(597)	(16)	317
Tax @ 25%	(110)	(182)	(149)	(4)	79
PAT (Rs Mn)	(329)	(545)	(448)	(12)	238

Source: DART, Company

We have assumed  
'Unlimited' revenue/sq  
ft at ~10% and EBITDA  
margin ~20% lower  
than Vmart

**Exhibit 14: Key assumptions**

Particulars	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Store count (Nos)	89	108	123	141	171	214	266	279	318	366	406
New Stores (Nos)	20	19	15	18	30	43	52	13	39	48	40
Store Area (Mn Sq ft)	0.71	0.88	1.01	1.20	1.44	1.79	2.21	2.30	2.61	2.99	3.31
Area/Store (Sq Ft)	8,003	8,176	8,244	8,475	8,421	8,364	8,308	8,244	8,201	8,175	8,158
Inc Area/Store (Sq Ft)	8,063	8,987	8,733	10,056	8,167	8,140	8,077	6,923	7,897	8,000	8,000
Revenue	5,750	7,202	8,093	10,017	12,224	14,337	16,620	10,755	14,833	23,418	28,048
Gross Profit	1,709	2,059	2,380	2,990	3,921	4,635	5,358	3,519	4,721	7,345	8,865
EBITDA	522	636	620	848	1,328	1,329	2,137	1,312	1,613	3,418	4,221
Net Profit	252	391	264	439	777	714	493	(62)	39	1,148	1,534
YE No of shares (Mn)	18.0	18.0	18.1	18.1	18.1	18.1	18.2	19.7	19.7	19.7	19.7
EPS (Rs)	14.0	21.7	14.6	24.3	42.9	39.4	27.2	(3.1)	2.0	58.3	77.9
<b>Margin %</b>											
Gross Profit	29.7	28.6	29.4	29.8	32.1	32.3	32.2	32.7	31.8	31.4	31.6
EBITDA	9.1	8.8	7.7	8.5	10.9	9.3	12.9	12.2	10.9	14.6	15.1
Net Profit	4.4	5.4	3.3	4.4	6.4	5.0	3.0	(0.6)	0.3	4.9	5.5
<b>Avg Per Sq Ft (Rs)</b>											
Revenue	9,103	9,029	8,532	9,069	9,278	8,878	8,310	4,769	6,045	8,364	8,898
Gross Profit	2,706	2,581	2,510	2,707	2,976	2,870	2,679	1,560	1,924	2,623	2,812
EBITDA	827	797	654	767	1,008	823	1,069	582	657	1,221	1,339
Net Profit	398	490	278	398	590	442	247	(27)	16	410	487
<b>Growth %</b>											
Store count (Nos)	29.0	21.3	13.9	14.6	21.3	25.1	24.3	4.9	14.0	15.1	10.9
Store Area (Mn Sq ft)	29.3	24.0	14.8	17.9	20.5	24.3	23.5	4.1	13.4	14.7	10.7
Sales/Sqft/ (Comp PM) (Rs)	19.5	(0.8)	(5.5)	6.3	2.3	(4.3)	(6.4)	(42.6)	26.7	38.4	6.4
Revenue (Rs Mn)	49.9	25.3	12.4	23.8	22.0	17.3	15.9	(35.3)	37.9	57.9	19.8
EBITDA (Rs Mn)	33.5	21.7	(2.5)	36.6	56.7	0.1	60.8	(38.6)	22.9	111.9	23.5
APAT (Rs Mn)	44.8	55.5	(32.5)	66.4	77.0	(8.1)	(30.9)	(112.6)	(163.3)	2,828.1	33.6
EPS (Rs)	44.8	55.0	(32.7)	66.4	76.7	(8.2)	(31.0)	(111.6)	(163.3)	2,828.1	33.6
<b>Avg Per Sq Ft (Rs)</b>											
Revenue	19.5	(0.8)	(5.5)	6.3	2.3	(4.3)	(6.4)	(42.6)	26.7	38.4	6.4
Gross Profit	19.5	(4.6)	(2.8)	7.8	10.0	(3.6)	(6.7)	(41.7)	23.3	36.4	7.2
EBITDA	6.4	(3.6)	(18.0)	17.3	31.3	(18.3)	29.8	(45.6)	12.9	85.7	9.7
Net Profit	15.5	23.1	(43.3)	42.9	48.4	(25.0)	(44.2)	(111.1)	(158.2)	2,466.3	18.7

Source: DART, Company



**Profit and Loss Account**

(Rs Mn)	FY21E	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>10,755</b>	<b>14,833</b>	<b>23,418</b>	<b>28,048</b>
<b>Total Expense</b>	<b>9,442</b>	<b>13,220</b>	<b>20,000</b>	<b>23,827</b>
COGS	7,236	10,113	16,073	19,183
Employees Cost	1,169	1,531	1,867	2,207
Other expenses	1,038	1,576	2,059	2,436
<b>EBIDTA</b>	<b>1,312</b>	<b>1,613</b>	<b>3,418</b>	<b>4,221</b>
Depreciation	1,030	1,077	1,230	1,368
<b>EBIT</b>	<b>282</b>	<b>536</b>	<b>2,188</b>	<b>2,853</b>
Interest	589	665	777	889
Other Income	210	191	162	138
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>(97)</b>	<b>62</b>	<b>1,573</b>	<b>2,102</b>
Tax	(35)	23	425	568
RPAT	(62)	39	1,148	1,534
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>(62)</b>	<b>39</b>	<b>1,148</b>	<b>1,534</b>

**Balance Sheet**

(Rs Mn)	FY21E	FY22E	FY23E	FY24E
<b>Sources of Funds</b>				
Equity Capital	197	197	197	197
Minority Interest	0	0	0	0
Reserves & Surplus	8,055	8,092	9,183	10,641
<b>Net Worth</b>	<b>8,252</b>	<b>8,290</b>	<b>9,380</b>	<b>10,838</b>
Total Debt	5,678	6,081	6,653	7,057
Net Deferred Tax Liability	0	0	0	0
<b>Total Capital Employed</b>	<b>13,930</b>	<b>14,371</b>	<b>16,034</b>	<b>17,895</b>

**Applications of Funds**

Net Block	6,965	7,515	8,245	8,562
CWIP	22	29	25	25
Investments	423	471	522	572
<b>Current Assets, Loans &amp; Advances</b>	<b>8,855</b>	<b>8,455</b>	<b>10,878</b>	<b>13,205</b>
Inventories	4,283	3,988	6,063	6,981
Receivables	0	0	0	0
Cash and Bank Balances	3,465	4,307	4,456	5,557
Loans and Advances	0	0	0	0
Other Current Assets	1,108	160	360	667
<b>Less: Current Liabilities &amp; Provisions</b>	<b>2,335</b>	<b>2,100</b>	<b>3,636</b>	<b>4,469</b>
Payables	1,917	1,594	2,810	3,400
Other Current Liabilities	418	505	826	1,069
<i>sub total</i>				
Net Current Assets	6,520	6,356	7,242	8,736
<b>Total Assets</b>	<b>13,930</b>	<b>14,371</b>	<b>16,034</b>	<b>17,895</b>

E – Estimates

### Important Ratios

Particulars	FY21E	FY22E	FY23E	FY24E
<b>(A) Margins (%)</b>				
Gross Profit Margin	32.7	31.8	31.4	31.6
EBIDTA Margin	12.2	10.9	14.6	15.1
EBIT Margin	2.6	3.6	9.3	10.2
Tax rate	35.8	36.7	27.0	27.0
Net Profit Margin	(0.6)	0.3	4.9	5.5
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	67.3	68.2	68.6	68.4
Employee	10.9	10.3	8.0	7.9
Other	9.7	10.6	8.8	8.7
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.7	0.7	0.7	0.7
Interest Coverage	0.5	0.8	2.8	3.2
Inventory days	145	98	94	91
Debtors days	0	0	0	0
Average Cost of Debt	10.9	11.3	12.2	13.0
Payable days	65	39	44	44
Working Capital days	221	156	113	114
FA T/O	1.5	2.0	2.8	3.3
<b>(D) Measures of Investment</b>				
AEPS (Rs)	(3.1)	2.0	58.3	77.9
CEPS (Rs)	49.1	56.6	120.7	147.3
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	418.8	420.7	476.0	550.0
RoANW (%)	(1.0)	0.5	13.0	15.2
RoACE (%)	4.5	5.0	12.7	14.3
RoAIC (%)	2.8	5.2	20.2	23.9
<b>(E) Valuation Ratios</b>				
CMP (Rs)	3424	3424	3424	3424
P/E	(1089.1)	1720.6	58.8	44.0
Mcap (Rs Mn)	67,476	67,476	67,476	67,476
MCap/ Sales	6.3	4.5	2.9	2.4
EV	69,689	69,250	69,673	68,975
EV/Sales	6.5	4.7	3.0	2.5
EV/EBITDA	53.1	42.9	20.4	16.3
P/BV	8.2	8.1	7.2	6.2
Dividend Yield (%)	0.0	0.0	0.0	0.0
<b>(F) Growth Rate (%)</b>				
Revenue	(35.3)	37.9	57.9	19.8
EBITDA	(38.6)	22.9	111.9	23.5
EBIT	(76.4)	89.9	307.9	30.4
PBT	(113.9)	(164.1)	2439.9	33.6
APAT	(112.6)	(163.3)	2828.1	33.6
EPS	(112.6)	(163.3)	2828.1	33.6

### Cash Flow

(Rs Mn)	FY21E	FY22E	FY23E	FY24E
CFO	1,102	2,788	2,418	3,399
CFI	(1,153)	(1,314)	(1,485)	(1,367)
CFF	3,387	(632)	(785)	(931)
FCFF	39	1,523	984	2,082
Opening Cash	129	3,465	4,307	4,456
Closing Cash	3,465	4,307	4,456	5,557

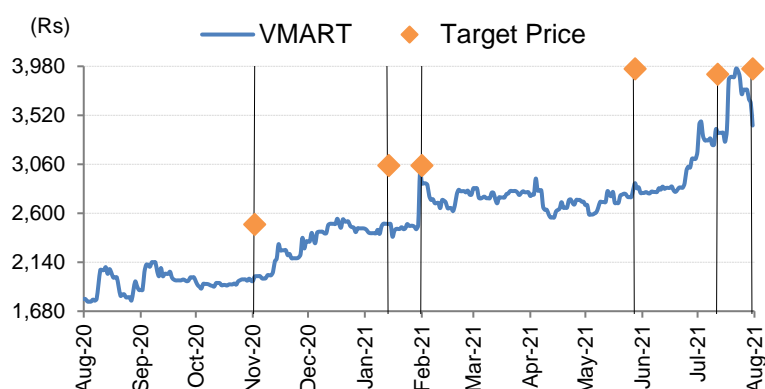
E – Estimates

### DART RATING MATRIX

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

### Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-20	BUY	2,496	2,004
Jan-21	BUY	3,048	2,498
Feb-21	BUY	3,048	2,881
Jun-21	BUY	3,956	2,883
Jul-21	BUY	3,906	3,355
Aug-21	BUY	3,956	3,424

\*Price as on recommendation date

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