

# Burger King Ltd



BK Cafes and Store Expansions to stir growth



Kyon ki bhaiya, sabse bada rupaiya.

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**BUY @ CMP INR 163**

**Target: INR 252 in 18-24 months**

**Upside Potential: 54.1%**

## BK Cafes and Store Expansions to stir growth

Burger King India Ltd is a QSR company which came into being on November 11th 2013. The brand has an international presence across 100 countries with more than 18,500 outlets. It is held by QSR Asia Holdings which has a 94% stake in the company. In India they currently have 261 restaurants operating in 6 clusters within the country and are winning consumers by tailoring their offerings, pricings and promotions according to Indian tastes and preferences.

There is strong growth visibility on the cards as the company plans to roll out 700 stores by FY26 from its current count of 270 stores. Q4FY22 is also going to witness the launch of BK Cafes and the count is expected to reach 75 by FY23. We expect the total store count to reach 447 by FY24. Revenues are expected to grow at a CAGR of 55.5% to INR 1,861 cr by FY24 driven by a 19% CAGR in number of outlets, improving footfalls and strong SSSG.

The company is also in the process of acquiring an 85% stake in Burger King Indonesia which is valued at 12 times FY23 EV/EBITDA. 85% of the business is valued at USD 131.8 mn and BK India plans to further invest USD 40 mn which is going to be used to grow the number of outlets from the current 175 to 360 stores over the next 5 years. The share issue expenses are expected to touch USD 8 mn and USD 10 mn will be used in the expansion of BK cafes in India. The company plans to raise a total of USD 190 mn for these purposes, either through a preferential issue or a QIP. The company is expecting to operate about 1,100 stores in India and Indonesia combined with a revenue potential of INR 7,000 cr by FY27.

At the CMP of Rs. 163, Burger King is valued at 2.9X FY24 EV/Sales basis. This compares very favourably with the valuation of Jubilant FoodWorks (5.7X FY24 EV/Sales), Devyani International (4.2X FY24 EV/Sales) and Westlife Development (3.5X FY24 EV/Sales). We initiate coverage on Burger King India with a price objective of INR 251.6 (5.0X FY24 EV/Sales) representing a 54.1% upside potential in the next 18-24 months.

### Key Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoCE (%)	P/BV(X)	EV/Sales (X)
FY20	841	104	-77	12.4	-9.1	-	7.2	-27.8	-2.6	21.5	7.3
FY21	494	15	-174	3.0	-35.2	-	17.6	-25.8	-16.7	8.8	11.4
FY22E	1,054	189	-58	17.9	-5.5	-	10.0	-9.4	7.9	15.5	5.3
FY23E	1,343	252	-38	18.8	-2.9	-	17.5	-6.7	13.8	8.8	4.1
FY24E	1,861	389	-8	20.9	-0.4	-	14.8	-1.4	31.2	10.5	2.9

Industry	QSR
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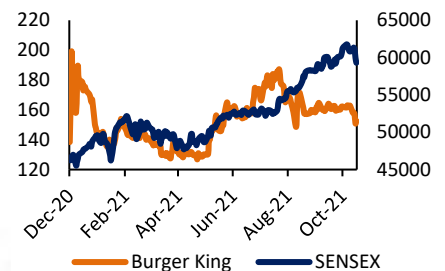
#### Scrip Details

Face Value (INR)	10.0
Market Cap (INR Cr)	6,268
Price (INR)	163
No of Shares O/S (Cr)	38.4
3M Avg Vol (000)	2,449
52W High/Low (INR)	219/108
Dividend Yield (%)	0.00

#### Shareholding (%) Jun 2021

Promoter	52.6
Institution	21.9
Public	25.6
<b>TOTAL</b>	<b>100.0</b>

#### Price Chart



### ❖ Key Rationale

1. The Quick Service Restaurant (QSR) is a INR 307bn market and is expected to grow at a CAGR of 11% over FY19-24. The market is highly fragmented and presents a huge opportunity for the shift from unorganized to organized. The management of Burger King has been quick to galvanize on this opportunity by rolling out a record number of stores in the first five years of its operations.
2. Burger King is led by a strong management team with the CEO, Rajeev Verma having over 20 years of experience in the F&B industry. Further, the holding company, QSR Asia has a global network of 18,675 restaurants across 100 countries. Being the national master franchisee of the globally recognized brand in India, the company is in good hands.
3. Significant operating leverage exists given the business model of the company. Over the period FY21-24, we expect EBITDA to grow at a CAGR of 196.2% to INR 389.5 cr. EBITDA margin is set to expand by 1,790 bps to 20.9%. PAT is expected to turnaround by FY25 to touch INR 30.2 cr while the PAT margin is set to show improvement from -35.2% to -0.4% over the forecast period. Return ratio ROCE is expected to reach 31.2% by FY24. Burger King enjoys a negative working capital of 98 crores which is expected to improve to negative 143 crores.

### ❖ Valuation

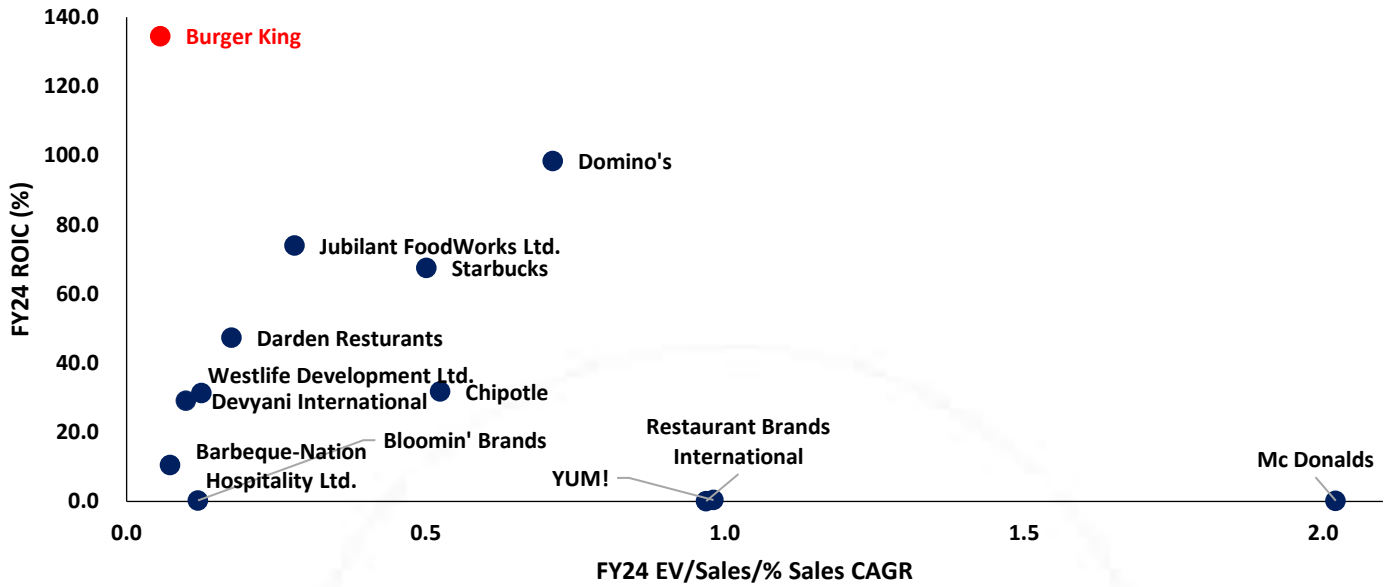
At the CMP of Rs. 163, Burger King is valued at 3.1X FY24 EV/Sales basis. This compares very favourably with the valuation of Jubilant FoodWorks (7.2X FY23 EV/Sales), Devyani International (4.6X EV/Sales) and Westlife Development (3.9X FY23 EV/Sales).

## Valuation and Comparable Metric of Domestic and Global QSR Companies

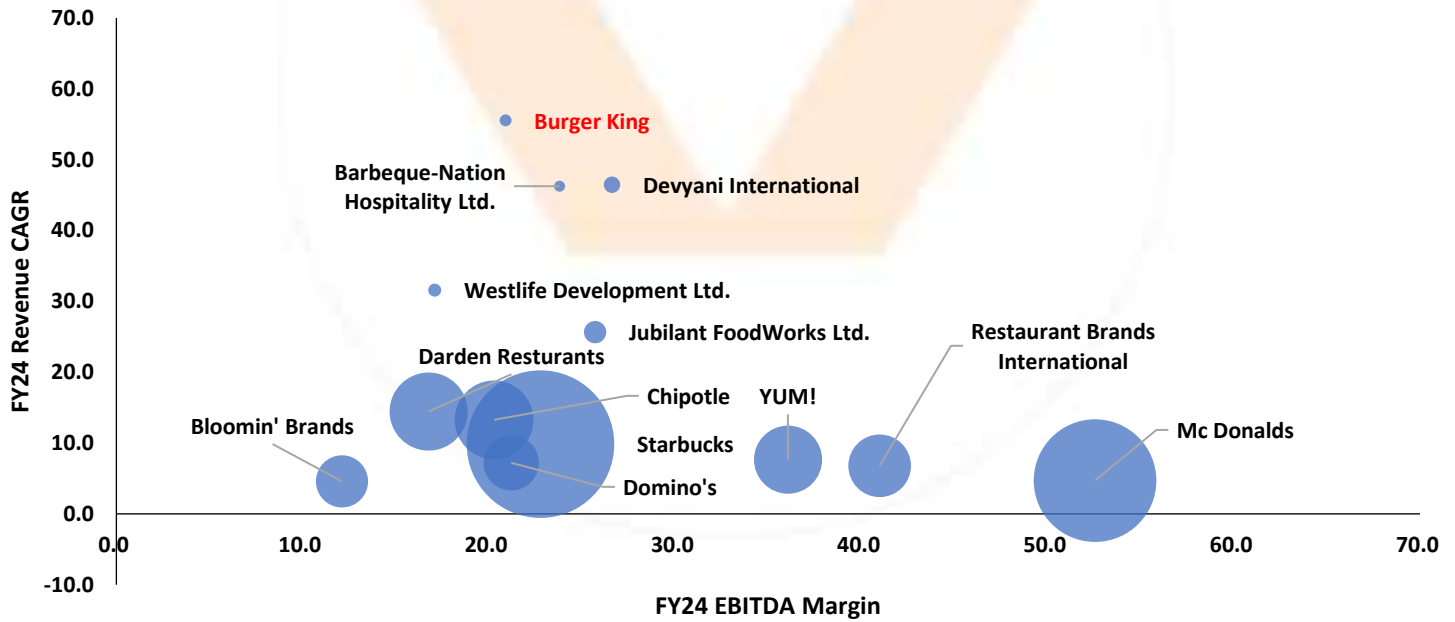
Figures as mentioned				P/E (X)				EV/EBITDA (X)				P/BV (X)				RoE (%)				RoIC (%)				Sales				EBITDA Margin (%)				Net Margin (%)			
Company Name	Mkt Cap	Price	PEG 2021-24	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
<b>Domestic Peers (Fig in INR Cr)</b>																																			
Devyani	16,306	136	-	(192.4)	167.0	58.6	42.4	77.2	34.1	21.9	17.3	137.5	25.0	17.5	12.4	(71.5)	15.0	29.9	29.3	(3.8)	11.3	20.4	29.0	1,135	1,910	2,830	3,565	20.0	26.3	27.4	26.6	(7.2)	5.1	9.8	10.8
Burger King	6,268	163	-	(36.0)	(108.6)	(163.2)	(814.0)	395.5	29.5	22.1	14.2	8.8	9.7	10.3	10.5	(25.8)	(9.4)	(6.7)	(1.4)	(33.8)	20.5	41.6	134.5	495	1,054	1,343	1,861	3.0	17.9	18.8	20.9	(35.2)	(5.5)	(2.9)	(0.4)
Jubilant Foodworks	48,429	3,670	52.1	209.0	99.6	74.9	59.4	64.1	42.0	33.7	28.0	33.9	27.3	21.9	17.8	16.2	27.4	29.2	29.9	16.3	49.8	63.8	74.0	3,312	4,531	5,514	6,570	23.3	25.4	25.7	25.7	7.0	10.7	11.7	12.4
Westlife Development	8,853	572	-	(89.0)	(48.2)	108.9	71.0	204.7	44.6	27.5	23.1	18.4	18.5	16.0	13.3	(20.7)	(0.4)	14.7	18.8	(7.5)	11.6	23.4	31.3	986	1,470	1,926	2,247	4.8	13.5	16.9	17.1	(10.1)	(0.1)	4.2	5.6
Barbeque Nation	4,730	1,219	-	(0.5)	(103.7)	69.6	40.6	109.0	41.8	18.3	14.2	19.4	23.0	17.2	11.7	(37.1)	(22.2)	24.6	28.8	(13.1)	(8.6)	0.9	10.6	507	850	1,243	1,586	9.1	14.6	23.2	23.8	(17.8)	(5.4)	5.5	7.3
<b>Global Peers (Fig in USD mn)</b>																																			
Starbucks	1,29,564	109.8	6.8	30.9	31.7	28.1	27.4	31.6	21.8	19.7	18.1	(24.3)	(17.8)	(12.7)	(33.1)	(78.9)	(56.1)	(45.2)	(120.7)	41.8	198.4	547.6	67.5	29,061	32,361	35,399	38,514	22.0	22.1	22.3	22.8	14.5	12.6	13.0	12.3
Mc Donalds	1,87,133	250.6	3.9	25.9	24.9	23.3	22.0	20.7	18.0	16.9	16.2	(46.1)	(62.3)	(149.9)	25.7	(178.1)	(250.6)	(642.2)	117.2	37.8	39.1	40.7	0.2	23,187	24,670	25,879	26,610	52.3	52.1	52.5	52.6	31.2	30.5	31.0	32.0
YUM!	37,408	126.5	2.7	27.2	25.6	23.6	21.6	27.6	20.5	19.2	18.2	(4.8)	(4.4)	(4.3)	(5.4)	(17.7)	(17.4)	(18.2)	(24.9)	87.3	108.7	124.0	0.4	6,580	7,054	7,518	8,209	35.6	35.6	36.1	36.1	20.9	20.8	21.1	21.1
Darden Restaurants	19,211	148.0	0.7	30.5	19.2	17.7	16.5	29.4	13.7	11.7	10.7	6.9	6.6	6.0	4.9	22.5	34.6	34.2	29.6	8.8	45.9	48.9	47.4	7,196	9,544	10,216	10,786	19.2	16.7	16.8	16.8	8.7	10.5	10.6	10.8
Chipotle	50,677	1,801.2	1.4	70.9	54.6	44.3	36.1	58.6	43.5	33.7	28.6	22.4	18.4	16.1	11.8	31.6	33.7	36.4	32.8	47.0	54.0	45.4	31.8	7,545	8,600	9,693	10,965	15.3	17.6	19.0	20.3	9.5	10.8	11.8	12.8
Restaurant Brands International	26,073	57.6	1.6	20.2	18.6	16.7	15.3	28.3	16.6	15.2	14.3	9.0	10.0	10.2	6.1	44.6	53.6	61.1	40.0	14.0	15.9	17.0	0.1	5,701	6,139	6,445	6,942	39.3	39.9	40.7	41.0	22.6	22.8	24.2	24.6
Domino's	17,734	487.4	2.7	34.4	31.7	28.6	26.0	27.0	25.5	23.5	21.4	(4.5)	(4.2)	(4.3)	(4.7)	(13.1)	(13.4)	(15.2)	(18.1)	92.9	119.8	108.6	98.4	4,400	4,711	5,081	5,421	20.2	20.5	20.8	21.2	11.7	11.9	12.2	12.6
Bloomin' Brands	2,014	22.6	1.4	7.5	7.6	7.2	6.5	15.0	4.6	4.4	4.2	7.5	10.2	5.3	2.9	100.1	135.0	73.0	44.8	39.5	50.5	50.0	0.3	4,209	4,501	4,686	4,815	13.1	11.9	11.7	12.1	6.4	5.9	5.9	6.4

Source: Company Reports, Bloomberg & Ventura Research

**BK India has the highest ROIC among peers globally**



Source: Ventura Research & Bloomberg

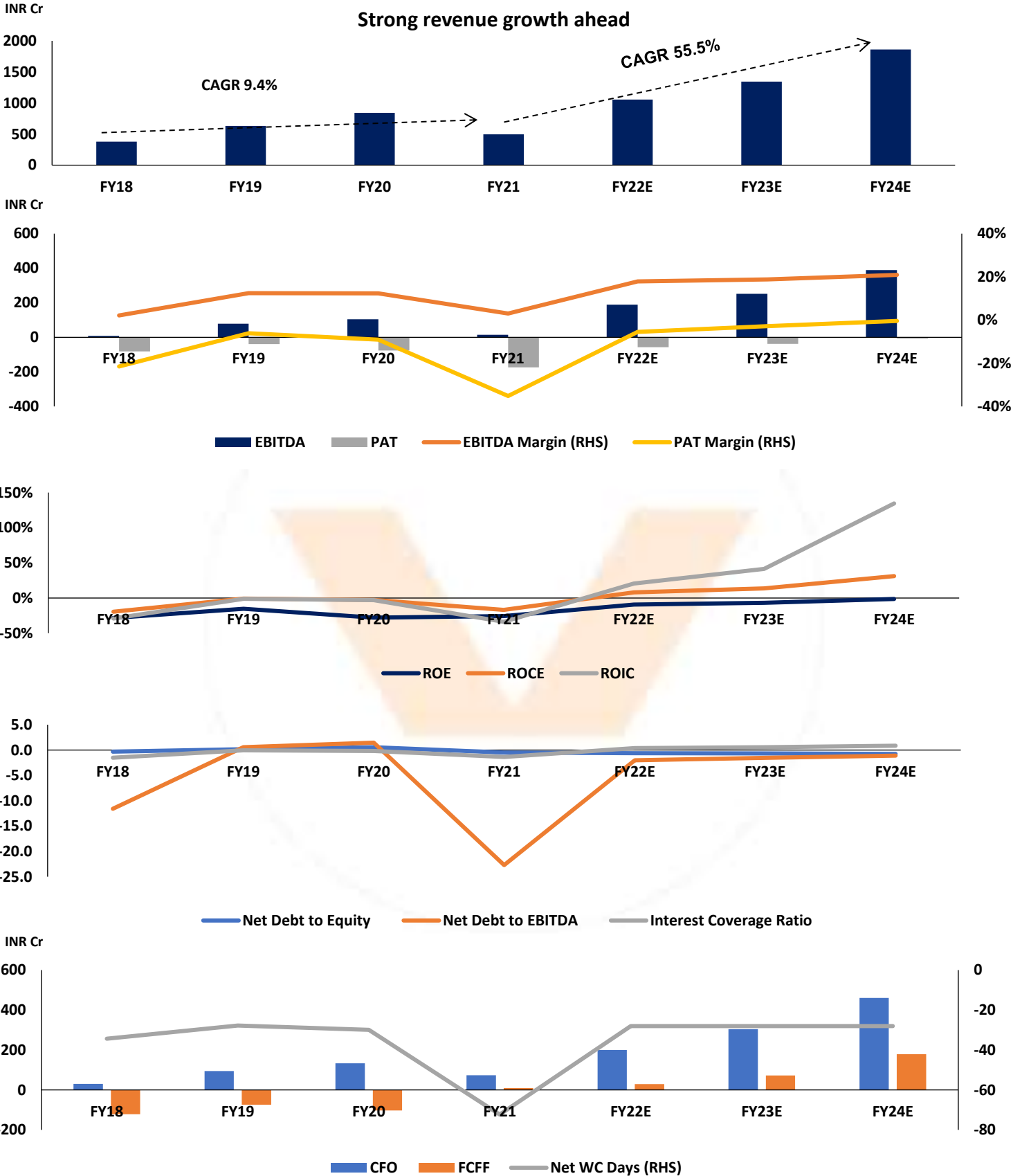


Source: Ventura Research & Bloomberg

## Financial Summary

Fig in INR Cr (unless specified)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Revenue</b>	<b>378.1</b>	<b>632.7</b>	<b>841.2</b>	<b>494.5</b>	<b>1,054.0</b>	<b>1,343.2</b>	<b>1,860.9</b>	<b>2,272.5</b>	<b>2,741.9</b>	<b>3,273.0</b>	<b>3,870.0</b>	<b>4,536.4</b>	<b>5,275.9</b>
<i>YoY Growth (%)</i>	<i>0.0</i>	<i>67.3</i>	<i>33.0</i>	<i>-41.2</i>	<i>113.2</i>	<i>27.4</i>	<i>38.5</i>	<i>22.1</i>	<i>20.7</i>	<i>19.4</i>	<i>18.2</i>	<i>17.2</i>	<i>16.3</i>
Raw Material Cost	143.9	230.1	301.5	175.6	363.9	447.6	595.9	723.2	867.0	1,028.5	1,208.3	1,407.3	1,626.2
Employee Cost	70.4	96.9	136.5	117.6	155.0	189.7	232.4	276.6	324.9	377.4	434.3	495.7	561.7
Other Expenses	155.7	226.8	299.2	186.2	346.1	453.5	643.1	789.9	958.5	1,150.8	1,368.4	1,613.1	1,886.6
<b>EBITDA</b>	<b>8.1</b>	<b>79.0</b>	<b>104.0</b>	<b>15.0</b>	<b>189.0</b>	<b>252.5</b>	<b>389.5</b>	<b>482.9</b>	<b>591.4</b>	<b>716.4</b>	<b>859.0</b>	<b>1,020.3</b>	<b>1,201.5</b>
<i>YoY Growth (%)</i>	<i>0.0</i>	<i>872.0</i>	<i>31.7</i>	<i>-85.6</i>	<i>1161.3</i>	<i>33.5</i>	<i>54.3</i>	<i>24.0</i>	<i>22.5</i>	<i>21.1</i>	<i>19.9</i>	<i>18.8</i>	<i>17.8</i>
<i>Margin (%)</i>	<i>2.1</i>	<i>12.5</i>	<i>12.4</i>	<i>3.0</i>	<i>17.9</i>	<i>18.8</i>	<i>20.9</i>	<i>21.2</i>	<i>21.6</i>	<i>21.9</i>	<i>22.2</i>	<i>22.5</i>	<i>22.8</i>
<b>Net Profit</b>	<b>-81.4</b>	<b>-38.6</b>	<b>-76.6</b>	<b>-173.9</b>	<b>-57.7</b>	<b>-38.4</b>	<b>-7.7</b>	<b>30.2</b>	<b>82.1</b>	<b>151.9</b>	<b>242.1</b>	<b>355.1</b>	<b>493.5</b>
<i>YoY Growth (%)</i>	<i>0.0</i>	<i>-52.7</i>	<i>98.6</i>	<i>127.1</i>	<i>-66.8</i>	<i>-33.4</i>	<i>-79.9</i>	<i>-492.5</i>	<i>171.8</i>	<i>85.0</i>	<i>59.4</i>	<i>46.6</i>	<i>39.0</i>
<i>Margin (%)</i>	<i>-21.5</i>	<i>-6.1</i>	<i>-9.1</i>	<i>-35.2</i>	<i>-5.5</i>	<i>-2.9</i>	<i>-0.4</i>	<i>1.3</i>	<i>3.0</i>	<i>4.6</i>	<i>6.3</i>	<i>7.8</i>	<i>9.4</i>
<i>EPS (INR)</i>	<i>-2.1</i>	<i>-1.0</i>	<i>-2.0</i>	<i>-4.5</i>	<i>-1.5</i>	<i>-1.0</i>	<i>-0.2</i>	<i>0.8</i>	<i>2.1</i>	<i>4.0</i>	<i>6.3</i>	<i>9.2</i>	<i>12.9</i>
<i>P/E</i>	<i>-77.0</i>	<i>-162.6</i>	<i>-81.9</i>	<i>-36.0</i>	<i>-108.6</i>	<i>-163.2</i>	<i>-814.0</i>	<i>207.4</i>	<i>76.3</i>	<i>41.3</i>	<i>25.9</i>	<i>17.7</i>	<i>12.7</i>
<i>BVPS (INR)</i>	<i>7.5</i>	<i>6.5</i>	<i>7.2</i>	<i>17.5</i>	<i>16.0</i>	<i>15.0</i>	<i>14.8</i>	<i>15.6</i>	<i>17.8</i>	<i>21.7</i>	<i>28.0</i>	<i>37.3</i>	<i>50.1</i>
<i>P/B</i>	<i>21.8</i>	<i>25.1</i>	<i>22.8</i>	<i>9.3</i>	<i>10.2</i>	<i>10.9</i>	<i>11.0</i>	<i>10.4</i>	<i>9.2</i>	<i>7.5</i>	<i>5.8</i>	<i>4.4</i>	<i>3.3</i>
<i>EV</i>	<i>6173.7</i>	<i>6313.6</i>	<i>6419.9</i>	<i>5927.6</i>	<i>5889.2</i>	<i>5883.0</i>	<i>5830.4</i>	<i>5675.1</i>	<i>5416.0</i>	<i>5030.9</i>	<i>4495.1</i>	<i>3781.5</i>	<i>2860.1</i>
<i>EV/EBITDA</i>	<i>759.8</i>	<i>79.9</i>	<i>61.7</i>	<i>395.5</i>	<i>31.2</i>	<i>23.3</i>	<i>15.0</i>	<i>11.8</i>	<i>9.2</i>	<i>7.0</i>	<i>5.2</i>	<i>3.7</i>	<i>2.4</i>
<i>EV/Sales</i>	<i>16.3</i>	<i>10.0</i>	<i>7.6</i>	<i>12.0</i>	<i>5.6</i>	<i>4.4</i>	<i>3.1</i>	<i>2.5</i>	<i>2.0</i>	<i>1.5</i>	<i>1.2</i>	<i>0.8</i>	<i>0.5</i>
<b>Shareholder's Fund</b>	<b>287.1</b>	<b>249.6</b>	<b>275.4</b>	<b>673.5</b>	<b>615.8</b>	<b>577.4</b>	<b>569.7</b>	<b>599.9</b>	<b>682.0</b>	<b>833.9</b>	<b>1,076.1</b>	<b>1,431.1</b>	<b>1,924.7</b>
<i>Return on Equity (%)</i>	<i>-28.4</i>	<i>-15.4</i>	<i>-27.8</i>	<i>-25.8</i>	<i>-9.4</i>	<i>-6.7</i>	<i>-1.4</i>	<i>5.0</i>	<i>12.0</i>	<i>18.2</i>	<i>22.5</i>	<i>24.8</i>	<i>25.6</i>
<b>Capital Employed</b>	<b>287.1</b>	<b>349.6</b>	<b>473.9</b>	<b>673.5</b>	<b>615.8</b>	<b>577.4</b>	<b>569.7</b>	<b>599.9</b>	<b>682.0</b>	<b>833.9</b>	<b>1,076.1</b>	<b>1,431.1</b>	<b>1,924.7</b>
<i>Return on Capital Employed (%)</i>	<i>-19.5</i>	<i>-0.9</i>	<i>-2.6</i>	<i>-16.7</i>	<i>7.9</i>	<i>13.8</i>	<i>31.2</i>	<i>38.5</i>	<i>43.5</i>	<i>45.0</i>	<i>43.5</i>	<i>40.2</i>	<i>36.3</i>
<b>Invested Capital</b>	<b>192.8</b>	<b>295.2</b>	<b>427.3</b>	<b>333.1</b>	<b>237.0</b>	<b>192.3</b>	<b>132.1</b>	<b>7.0</b>	<b>-170.0</b>	<b>-403.1</b>	<b>-696.8</b>	<b>-1055.4</b>	<b>-1483.2</b>
<i>Return on Invested Capital</i>	<i>-29.0</i>	<i>-1.1</i>	<i>-2.9</i>	<i>-33.8</i>	<i>20.5</i>	<i>41.6</i>	<i>134.5</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Cash Flow from Operations	30.5	94.3	133.8	73.0	200.3	304.4	460.5	538.5	643.1	763.8	901.8	1,058.5	1,234.9
Cash Flow from Investing	12.8	-122.7	-305.4	-181.8	-239.3	-369.3	-652.9	-379.1	-451.6	-535.1	-599.6	-715.3	-782.1
Cash Flow from Financing	-48.4	153.6	156.8	227.0	51.7	71.2	44.9	76.0	112.6	156.4	208.7	270.5	343.6
<b>Net Cash Flow</b>	<b>-5.2</b>	<b>125.1</b>	<b>-14.8</b>	<b>118.1</b>	<b>12.7</b>	<b>6.3</b>	<b>-147.5</b>	<b>235.3</b>	<b>304.1</b>	<b>385.1</b>	<b>510.8</b>	<b>613.7</b>	<b>796.3</b>
NOPLAT	-55.4	-3.2	-12.4	-112.6	48.5	79.9	177.6	172.9	221.9	280.6	349.8	430.5	523.2
<b>Free Cash Flow</b>	<b>-121.8</b>	<b>-74.0</b>	<b>-102.7</b>	<b>9.0</b>	<b>28.9</b>	<b>72.7</b>	<b>178.8</b>	<b>199.6</b>	<b>272.1</b>	<b>357.1</b>	<b>455.3</b>	<b>567.6</b>	<b>694.8</b>
<i>FCF to Net Profit (%)</i>	<i>149.6</i>	<i>191.9</i>	<i>134.1</i>	<i>-5.2</i>	<i>-50.1</i>	<i>-189.3</i>	<i>-2,322.0</i>	<i>660.4</i>	<i>331.3</i>	<i>235.0</i>	<i>188.0</i>	<i>159.9</i>	<i>140.8</i>
<i>FCF to Sales (%)</i>	<i>-32.2</i>	<i>-11.7</i>	<i>-12.2</i>	<i>1.8</i>	<i>2.7</i>	<i>5.4</i>	<i>9.6</i>	<i>8.8</i>	<i>9.9</i>	<i>10.9</i>	<i>11.8</i>	<i>12.5</i>	<i>13.2</i>
<b>Total Debt</b>	<b>0.0</b>	<b>100.0</b>	<b>198.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net Debt</b>	<b>-94.3</b>	<b>45.6</b>	<b>151.9</b>	<b>-340.4</b>	<b>-378.8</b>	<b>-385.1</b>	<b>-437.6</b>	<b>-592.9</b>	<b>-852.0</b>	<b>-1,237.1</b>	<b>-1,772.9</b>	<b>-2,486.6</b>	<b>-3,407.9</b>
<i>Net Debt to Equity</i>	<i>-0.3</i>	<i>0.2</i>	<i>0.6</i>	<i>-0.5</i>	<i>-0.6</i>	<i>-0.7</i>	<i>-0.8</i>	<i>-1.0</i>	<i>-1.2</i>	<i>-1.5</i>	<i>-1.6</i>	<i>-1.7</i>	<i>-1.8</i>
<i>Net Debt to EBITDA</i>	<i>-11.6</i>	<i>0.6</i>	<i>1.5</i>	<i>-22.7</i>	<i>-2.0</i>	<i>-1.5</i>	<i>-1.1</i>	<i>-1.2</i>	<i>-1.4</i>	<i>-1.7</i>	<i>-2.1</i>	<i>-2.4</i>	<i>-2.8</i>

Source: Company Reports &amp; Ventura Research



Source: Company reports and Ventura Research



### Quarterly and Annual Performance

Figures are in Rs Cr	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	FY20	FY21	YoY (%)	FY22E	YoY (%)	FY23E	YoY (%)
Net Sales	150	38	2.6	196	-23.6	841	494	-41.2	1,054	113.2	1,343	27.4
Raw Material Cost	52	15	-3.6	68	-22.8	301	176	-41.7	364	107.2	448	23.0
RM Cost to Sales (%)	34.8	37.7		34.4		35.8	35.5	-0.9	34.5		33.3	
Gross Profit	98	24	6.3	129	-24.1	540	319	-40.9	690	116.5	896	29.8
Gross Profit Margin	65.2%	62.3%		65.6%		64.2%	64.5%		65.5%		66.7%	
Employee Cost	31	27	21.0	33	-7.2	137	118	-13.8	155	31.8	190	22.4
Employee Cost to Sales (%)	20.7	70.2		17.0		16.2	23.8		14.7		14.1	
Operating Expenses	186	26	-2.4	71	163.2	299	186	-37.8	346	85.9	453	31.0
Operating Expenses to Sales (%)	124.4	67.6		36.1		35.6	37.7		32.8		33.8	
EBITDA	-120	-29		24		104	15	-85.6	189	1,161.3	252	33.5
EBITDA Margin (%)	-79.9	-75.5		12.5		12.4	3.0		17.9		18.8	
Depreciation	33	31	-7.0	32	3.0	116	128	9.6	140	10.1	173	22.8
Interest	17	21	-24.4	16	2.3	65	82	25.5	127	54.8	141	11.0
Other Income	4	3	73.8	3	8.3	6	28	409.4	21	-26.8	23	9.2
Other Income to Sales (%)	2.5	6.6		1.7		0.7	5.8		2.0		1.7	
Exceptional (loss)/gain	0	-1		-6		-4	-8		0		0	
Profit Before Tax	-165	-80		-26		-77	-174	-127.1	-58		-38	
Tax Rate (%)	0.0	0.0		272.7		-0.0	0.0		0.0		0.0	
Net Profit	-165	-80		45		-77	-174		-58		-38	
Net Profit Margin (%)	-110.5	-209.0		22.9		-9.1	-35.2		-5.5		-2.9	
Adjusted EPS	-4.3	-2.1	-219.8	1.2	0.0		-4.5	#D	-1.5		-1.0	
Shareholder's Funds				673		275	673	144.5	616		577	
BV per share				17.5			17.5		16.0		15.0	
Net Debt				-340		152	-340		-379		-385	
Net Debt to Equity				-0.5		0.6	-0.5		-0.6		-0.7	
Net Debt to EBITDA				-22.7		1.5	-22.7		-2.0		-1.5	
Capex				35.0		227.5	35.0		143.0		201.9	
RoE(%)				-25.8		-27.8	-25.8		-9.4		-6.7	
RoCE(%)				-16.7		-2.6	-16.7		7.9		13.8	
P/E				-34.2			-36.0		-108.6		-163.2	
P/B				8.8			9.3		10.2		10.9	
EV/EBITDA				374.6			395.5		31.2		23.3	

Source: Company Reports &amp; Ventura Research

## Financial Analysis & Projections

Figures in INR Crores	FY20	FY21	FY22E	FY23E	FY24E	Figures in INR Crores	FY20	FY21	FY22E	FY23E	FY24E
<b>Income Statement</b>						<b>Per Share Data &amp; Yield</b>					
<b>Revenue</b>	<b>841.2</b>	<b>494.5</b>	<b>1,054.0</b>	<b>1,343.2</b>	<b>1,860.9</b>	Adjusted EPS (Rs)	(2.0)	(4.5)	(1.5)	(1.0)	(0.2)
<i>YoY Growth (%)</i>	<i>33.0</i>	<i>(41.2)</i>	<i>113.2</i>	<i>27.4</i>	<i>38.5</i>	Adjusted CEPS (Rs)	1.0	(1.2)	2.2	3.5	5.3
Raw Material Cost	301.5	175.6	363.9	447.6	595.9	Adjusted BVPS (Rs)	7.2	17.5	16.0	15.0	14.8
<i>YoY Growth (%)</i>	<i>31.0</i>	<i>(41.7)</i>	<i>107.2</i>	<i>23.0</i>	<i>33.1</i>	FCF per share (Rs)	(2.7)	0.2	0.8	1.9	4.7
Employee Cost	136.5	117.6	155.0	189.7	232.4	FCF Yield (%)	(1.6)	0.1	0.5	1.2	2.9
<i>YoY Growth (%)</i>	<i>40.9</i>	<i>(13.8)</i>	<i>31.8</i>	<i>22.4</i>	<i>22.5</i>	CFO per share (Rs)	3.5	1.9	5.2	7.9	12.0
Other Expenses	299.2	186.2	346.1	453.5	643.1	<b>Solvency Ratio (X)</b>					
<i>YoY Growth (%)</i>	<i>31.9</i>	<i>(37.8)</i>	<i>85.9</i>	<i>31.0</i>	<i>41.8</i>	Total Debt to Equity	0.7	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>104.0</b>	<b>15.0</b>	<b>189.0</b>	<b>252.5</b>	<b>389.5</b>	Net Debt to Equity	0.6	(0.5)	(0.6)	(0.7)	(0.8)
<i>YoY Growth (%)</i>	<i>31.7</i>	<i>(85.6)</i>	<i>1,161.3</i>	<i>33.5</i>	<i>54.3</i>	Net Debt to EBITDA	1.5	(22.7)	(2.0)	(1.5)	(1.1)
<i>Margin (%)</i>	<i>12.4</i>	<i>3.0</i>	<i>17.9</i>	<i>18.8</i>	<i>20.9</i>	<b>Return Ratios (%)</b>					
Depreciation & Amortization	116.4	127.5	140.5	172.5	211.8	Return on Equity	(27.8)	(25.8)	(9.4)	(6.7)	(1.4)
<b>EBIT</b>	<b>(12.4)</b>	<b>(112.6)</b>	<b>48.5</b>	<b>79.9</b>	<b>177.6</b>	Return on Capital Employed	(2.6)	(16.7)	7.9	13.8	31.2
<i>YoY Growth (%)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>64.7</i>	<i>122.3</i>	Return on Invested Capital	(2.9)	(33.8)	20.5	41.6	134.5
<i>Margin (%)</i>	<i>(1.5)</i>	<i>(22.8)</i>	<i>4.6</i>	<i>6.0</i>	<i>9.5</i>	<b>Working Capital Ratios</b>					
Other Income	5.6	28.5	20.8	22.8	22.7	Receivable Days	1	4	3	3	3
Finance Cost	65.5	82.1	127.1	141.1	208.1	Inventory Days	4	7	4	4	4
<i>Interest Coverage Ratio</i>	<i>(0.2)</i>	<i>(1.4)</i>	<i>0.4</i>	<i>0.6</i>	<i>0.9</i>	Payable Days	35	84	35	35	35
Exceptional Item	4.3	7.7	0.0	0.0	0.0	Net Working Capital Days	-30	-72	-28	-28	-28
<b>PBT</b>	<b>(76.6)</b>	<b>(173.9)</b>	<b>(57.7)</b>	<b>(38.4)</b>	<b>(7.7)</b>	<b>Valuation (X)</b>					
<i>YoY Growth (%)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	P/E Ratio	(81.9)	(36.0)	(108.6)	(163.2)	(814.0)
<i>Margin (%)</i>	<i>(9.1)</i>	<i>(35.2)</i>	<i>(5.5)</i>	<i>(2.9)</i>	<i>(0.4)</i>	P/BV Ratio	22.8	9.3	10.2	10.9	11.0
Reported Tax	0.0	0.0	0.0	0.0	0.0	EV/EBITDA	61.7	395.5	31.2	23.3	15.0
<i>Tax Rate (%)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	EV/Sales	7.6	12.0	5.6	4.4	3.1
<b>PAT</b>	<b>(76.6)</b>	<b>(173.9)</b>	<b>(57.7)</b>	<b>(38.4)</b>	<b>(7.7)</b>	<b>Cash Flow Statement</b>					
<i>YoY Growth (%)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	Profit Before Tax	(76.6)	(173.9)	(57.7)	(38.4)	(7.7)
<i>Margin (%)</i>	<i>(9.1)</i>	<i>(35.2)</i>	<i>(5.5)</i>	<i>(2.9)</i>	<i>(0.4)</i>	Adjustments	189.6	217.8	275.1	320.6	428.5
<b>Balance Sheet</b>						Change in Working Capital	20.8	29.0	(17.1)	22.2	39.7
Share Capital	277.7	383.0	383.0	383.0	383.0	<b>Cash Flow from Operations</b>	<b>133.8</b>	<b>73.0</b>	<b>200.3</b>	<b>304.4</b>	<b>460.5</b>
Total Reserves	(2.3)	290.5	232.8	194.4	186.7	Net Capital Expenditure	(227.5)	(35.0)	(143.0)	(201.9)	(250.4)
<b>Shareholders' Fund</b>	<b>275.4</b>	<b>673.5</b>	<b>615.8</b>	<b>577.4</b>	<b>569.7</b>	Change in Investments	(77.9)	(146.8)	(96.3)	(167.4)	(402.5)
P/B	178.8	0.0	0.0	0.0	0.0	<b>Cash Flow from Investing</b>	<b>(305.4)</b>	<b>(181.8)</b>	<b>(239.3)</b>	<b>(369.3)</b>	<b>(652.9)</b>
0.0	566.5	559.4	737.3	939.0	1,179.3	Proceeds from issue of equity capital	0.0	508.1	0.0	0.0	0.0
Other Financial Liabilities	18.7	20.9	27.6	33.8	41.4	Payment of Lease Liabilities	123.7	(0.5)	178.8	212.3	253.0
As a % of Sales	0.8	0.8	0.8	0.8	0.8	Change in LT Borrowings	178.8	(178.8)	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>1,040.3</b>	<b>1,254.6</b>	<b>1,381.5</b>	<b>1,550.9</b>	<b>1,791.2</b>	Change in ST Borrowings	(80.3)	(19.7)	0.0	0.0	0.0
Net Block	474.2	445.9	517.7	630.2	768.7	Less: Finance Cost	(65.5)	(82.1)	(127.1)	(141.1)	(208.1)
Capital WIP	47.6	30.1	0.0	0.0	0.0	<b>Cash Flow from Financing</b>	<b>156.8</b>	<b>227.0</b>	<b>51.7</b>	<b>71.2</b>	<b>44.9</b>
Right of Use Assets	538.0	513.1	544.5	628.7	731.3	<b>Net Cash Flow</b>	<b>(14.8)</b>	<b>118.1</b>	<b>12.7</b>	<b>6.3</b>	<b>(147.5)</b>
Intangible Assets	24.5	26.5	26.5	26.5	26.5	Opening Balance of Cash	16.0	28.0	216.1	228.8	235.1
Loans & Advances	29.1	29.0	29.0	29.0	29.0	Other Adjustments	26.8	0.0	0.0	0.0	0.0
Other Financial Assets	0.1	0.0	0.0	0.0	0.0	<b>Closing Balance of Cash</b>	<b>28.0</b>	<b>146.1</b>	<b>228.8</b>	<b>235.1</b>	<b>87.6</b>
Loans	1.0	1.5	1.5	1.5	1.5						
Other Non Current Assets	3.3	2.4	2.4	2.4	2.4						
Net Current Asset	(77.5)	206.2	259.9	232.6	231.8						
<b>Total Assets</b>	<b>1,040.3</b>	<b>1,254.6</b>	<b>1,381.5</b>	<b>1,550.9</b>	<b>1,791.2</b>						

Source: Company Reports &amp; Ventura Research

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