

Aditya Birla Fashion & Retail

Refer to important disclosures at the end of this report

Margins miss; growth plans remain aggressive

- Q4 operating performance was ~20% below estimate due to lower margins, while revenue came in largely in line. Revenues recovered further and were flat in Q4 (recovery was 80% in Q3). EBITDA margins were lower vs. estimates at 14.4% on higher overhead expenses.
- Lifestyle and Pantaloons businesses (~90% of sales) recovered ~95%, while other businesses grew 36%. The recovery in Lifestyle was driven by retail/online channels. The wholesale channel struggled due to lower offtake by department stores.
- Growth plans remain aggressive with higher store roll-outs in Tier-3/4 cities, led by value formats PE Red/AS Prime/Pantaloons (gross addition of ~400/19 Lifestyle/Pantaloons in FY21). Margin miss was due to higher investment and should improve with full recovery.
- We cut FY22E EBITDA by 32% but retain FY23 estimates. Aggressive growth plans, scope for margin gains and a strong balance sheet after reduction in debt (to Rs6.5bn from Rs25bn) reinforce our positive view on ABFRL. Maintain Buy with a revised TP of Rs210.

Strong recovery in Retail/Other channels: Q4 revenues recovered almost to the normal levels vs. Q4FY20 (down 2%), driven by ~95% recovery in Lifestyle/Pantaloons (~90% of sales) and strong 36% growth in other businesses (Innerwear/Intl. brands/Ethnic: ~10% of sales). In the Lifestyle business, recovery was driven by ~8%/30% growth in retail/online channels, while the wholesale channel struggled with ~40% decline. The wholesale channel is expected to recover with the opening up of department stores in malls. The innerwear business saw strong 56%/3% growth in Q4/FY21 on ~25% expansion in distribution reach. The e-commerce channel grew strongly, with its share in Lifestyle/others doubling to ~15% and 2.3x growth in Pantaloons. Network expansion was healthy on a gross basis, with 383 store additions in Lifestyle (88% franchised), 19 new additions in Pantaloons and ~5,500 MBO additions in the innerwear business. ABFRL said it will focus on market share gains with aggressive expansion into Tier-3/4/5 towns, with PE Red/AS Prime formats and 60 new store additions under Pantaloons in FY22E.

Cost savings and full recovery to aid structural margin improvement: EBITDA margins at 14.4% improved 580bps yoy but declined 350bps qoq on higher other costs (22% of sales vs. 17% in Q3). ABFRL reduced its operating costs by Rs12.2bn in FY21 (down 30% vs. ~40% revenue decline). Negotiated rental reductions were Rs4.8bn, while employee/other costs were down by Rs2.0bn/5.4bn. ABFRL expects some of the savings to be structural, leading to higher margin profile upon return to normal.

Strong balance sheet and growth plans: Aggressive store additions, scope for margin gains and significant debt reduction in FY21 should drive healthy EBITDA/PAT CAGR. We estimate sales/EBITDA recovery at ~80% in FY22 vs. FY20, and growth thereafter (13% EBITDA CAGR in FY20-24E). Retain Buy with a revised TP of Rs210 (22x Jun'23E pre-IndAS116 EBITDA). Delayed recovery on extended lockdowns remains the key risk.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Goods & Retail \(Page 8\)](#)

Financial Snapshot (Standalone)

| (Rs mn) | FY20 | FY21 | FY22E | FY23E | FY24E |
|-------------------|---------|---------|---------|--------|----------|
| Revenue | 87,425 | 51,393 | 72,086 | 99,372 | 1,15,685 |
| EBITDA | 12,254 | 5,524 | 9,905 | 16,819 | 19,635 |
| EBITDA Margin (%) | 14.0 | 10.7 | 13.7 | 16.9 | 17.0 |
| APAT | (1,452) | (6,915) | (1,361) | 3,146 | 4,498 |
| EPS (Rs) | (1.9) | (7.6) | (1.5) | 3.4 | 4.8 |
| EPS (% chg) | (145.2) | 0.0 | 0.0 | 0.0 | 43.0 |
| ROE (%) | (11.5) | (36.7) | (5.0) | 10.7 | 13.5 |
| P/E (x) | (101.8) | (25.3) | (131.6) | 56.9 | 39.8 |
| EV/EBITDA (x) | 14.1 | 32.8 | 18.6 | 10.9 | 9.0 |
| P/BV (x) | 13.6 | 6.5 | 6.4 | 5.8 | 5.0 |

Source: Company, Emkay Research

| | |
|---------------------------------------|--------------------------------|
| CMP | Target Price |
| Rs 191 as of (May 28, 2021) | Rs 210 (▲) 12 months |
| Rating | Upside |
| BUY (■) | 9.9 % |

Change in Estimates

| | |
|-------------------------|--------|
| EPS Chg FY22E/FY23E (%) | NA/(9) |
| Target Price change (%) | 1.9 |
| Target Period (Months) | 12 |
| Previous Reco | BUY |

Emkay vs Consensus

| | EPS Estimates | |
|-------------------------|---------------|-------|
| | FY22E | FY23E |
| Emkay | (1.5) | 3.4 |
| Consensus | 1.4 | 3.0 |
| Mean Consensus TP (12M) | Rs 224 | |

Stock Details

| | |
|------------------------------|------------|
| Bloomberg Code | ABFRL IN |
| Face Value (Rs) | 10 |
| Shares outstanding (mn) | 848 |
| 52 Week H/L | 224 / 100 |
| M Cap (Rs bn/USD bn) | 176 / 2.43 |
| Daily Avg Volume (nos.) | 27,46,132 |
| Daily Avg Turnover (US\$ mn) | 7.3 |

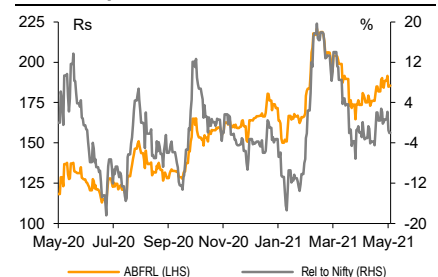
Shareholding Pattern Mar '21

| | |
|-------------------|-------|
| Promoters | 56.1% |
| FIIs | 14.0% |
| DIIIs | 17.5% |
| Public and Others | 12.4% |

Price Performance

| (%) | 1M | 3M | 6M | 12M |
|----------------------|----|-----|-----|-----|
| Absolute | 6 | 4 | 17 | 64 |
| Rel. to Nifty | 2 | (2) | (1) | 1 |

Relative price chart



Source: Bloomberg

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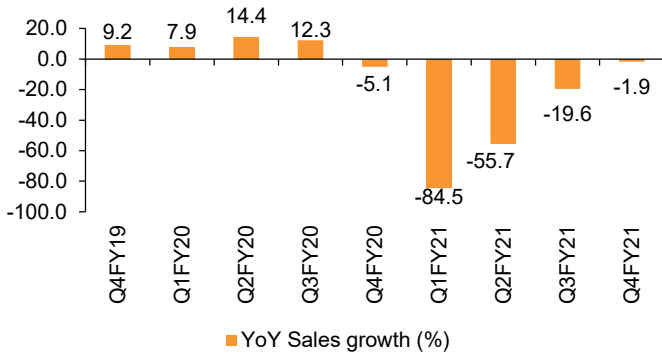
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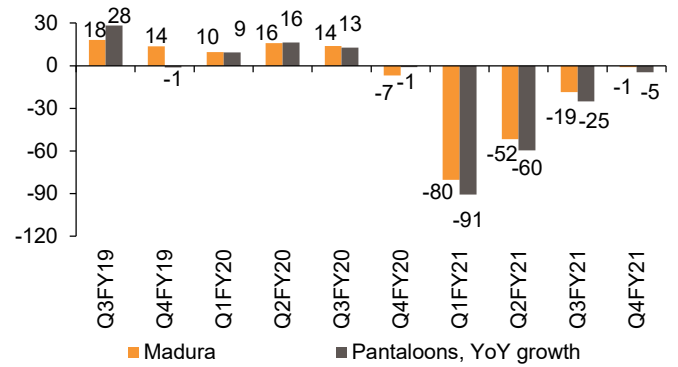
Story in Charts

Exhibit 1: Recovery continues qoq on better performance in smaller towns and high-street stores



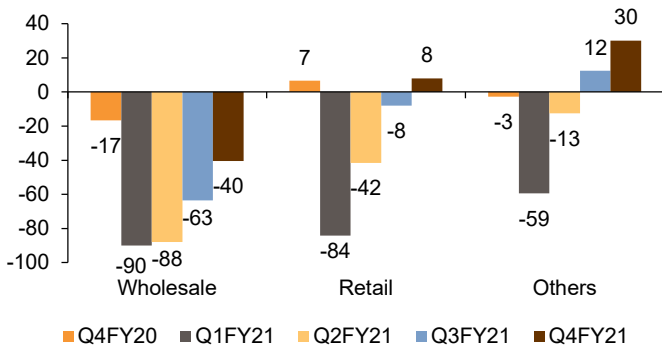
Source: Company, Emkay Research

Exhibit 2: Wholesale channel impacted Lifestyle business while higher mall presence impacted Pantaloon's business



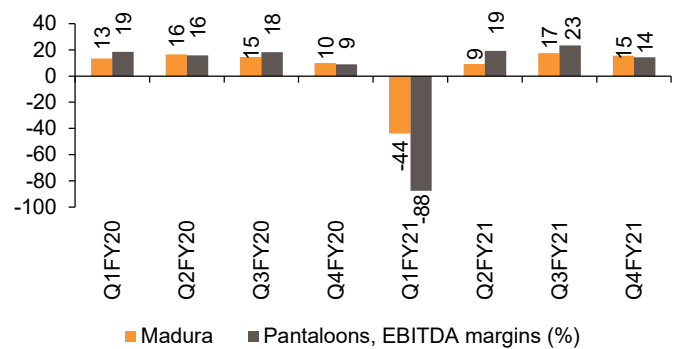
Source: Company, Emkay Research

Exhibit 3: Others/Retail channel picked up strongly for Lifestyle business while Wholesale channel continued to struggle



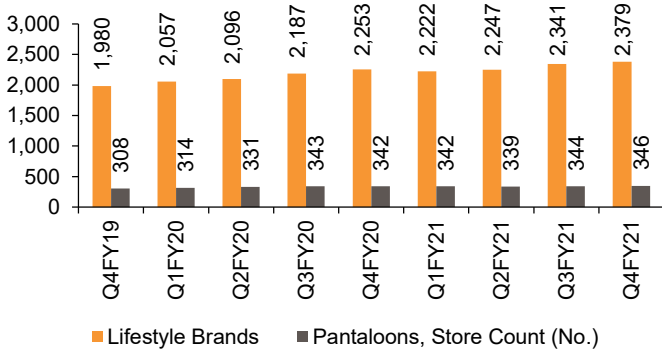
Source: Company, Emkay Research, *Lifestyle business

Exhibit 4: Margins returned to Pre-COVID levels but higher other expenses led to a sequential decline



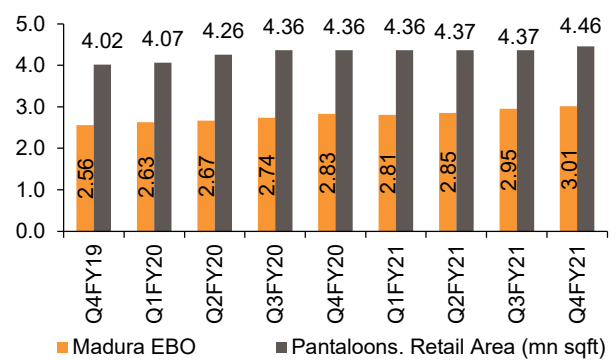
Source: Company, Emkay Research, *Post-IndAS116 EBITDA margins

Exhibit 5: Store additions were healthy with ~126 net new Lifestyle stores and 4 net new Pantaloon's stores in FY21



Source: Company, Emkay Research

Exhibit 6: ABFRL expects ~60 Pantaloon's and 300-350 Madura gross store additions in FY22E



Source: Company, Emkay Research

Exhibit 7: Actual vs. Estimates (Q4FY21)

| Rs mn | Actual | Estimates | | % Variation | | Comment |
|-------------------|--------|-----------|-----------|-------------|-----------|---|
| | | Emkay | Consensus | Emkay | Consensus | |
| Sales | 17,836 | 18,321 | 18,121 | -2.6% | -1.6% | Revenues were slightly lower than expectations |
| EBITDA | 2,570 | 3,153 | 2,428 | -18.5% | 5.8% | |
| EBITDA margin (%) | 14.4% | 17.2% | 13.4% | | | EBITDA margins came in lower than expectations |
| PAT | -1,348 | 323 | -356 | | | PAT was lower due to Rs0.7bn one-off tax charge |

Source: Company, Emkay Research

Exhibit 8: Quarterly performance (Standalone)

| Y/E, Mar (Rs mn) | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | YoY (%) | QoQ (%) | FY20 | FY21 | Gr (%) |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------|---------|---------------|---------------|--------|
| Revenue | 18,174 | 3,200 | 10,186 | 20,590 | 17,836 | -1.9 | -13.4 | 87,425 | 51,811 | -40.7 |
| Expenditure | 16,614 | 6,713 | 10,203 | 16,906 | 15,266 | -8.1 | -9.7 | 75,172 | 49,088 | -34.7 |
| Consumption of RM | 8,856 | 1,874 | 5,354 | 9,823 | 8,326 | -6.0 | -15.2 | 42,058 | 25,376 | -39.7 |
| as % of sales | 48.7% | 58.6% | 52.6% | 47.7% | 46.7% | | | 48.1% | 49.0% | |
| Employee Cost | 2,749 | 2,407 | 1,691 | 2,044 | 2,204 | -19.8 | 7.8 | 10,584 | 8,346 | -21.1 |
| as % of sales | 15.1% | 75.2% | 16.6% | 9.9% | 12.4% | | | 12.1% | 16.1% | |
| Rental Cost | 1,062 | 280 | 652 | 1,526 | 869 | -18.2 | -43.1 | 4,869 | 3,326 | -31.7 |
| as % of sales | 5.8% | 8.7% | 6.4% | 7.4% | 4.9% | | | 5.6% | 6.4% | |
| Other expenditure | 3,948 | 2,152 | 2,508 | 3,512 | 3,867 | -2.0 | 10.1 | 17,661 | 12,039 | -31.8 |
| as % of sales | 21.7% | 67.3% | 24.6% | 17.1% | 21.7% | | | 20.2% | 23.2% | |
| EBITDA | 1,561 | -3,513 | -17 | 3,685 | 2,570 | 64.7 | -30.2 | 12,254 | 2,724 | -77.8 |
| Depreciation | 2,325 | 2,334 | 2,375 | 2,271 | 2,470 | 6.2 | 8.8 | 8,768 | 9,450 | 7.8 |
| EBIT | -764 | -5,847 | -2,393 | 1,414 | 100 | | -92.9 | 3,486 | -6,726 | |
| Other Income | 169 | 1,765 | 1,408 | 570 | 202 | | | 651 | 3,946 | 506.2 |
| Interest | 1,186 | 1,253 | 1,440 | 1,095 | 1,196 | 0.8 | 9.2 | 4,227 | 4,984 | 17.9 |
| PBT | -1,782 | -5,335 | -2,424 | 888 | -893 | | | -91 | -7,764 | |
| Total Tax | -379 | -1,336 | -611 | 224 | 455 | | | 1,361 | -1,268 | |
| Reported PAT | -1,403 | -3,999 | -1,813 | 664 | -1,348 | | | -1,452 | -6,496 | |
| (Profit)/loss from JV's/Ass/MI | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 | |
| APAT after MI | -1,403 | -3,999 | -1,813 | 664 | -1,348 | | | -1,452 | -6,496 | |
| Extra ordinary items | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 | |
| Adjusted PAT | -1,403 | -3,999 | -1,813 | 664 | -1,348 | | | -1,452 | -6,496 | |
| Adjusted EPS (Rs) | -1.8 | -5.2 | -2.2 | 0.8 | -1.5 | | | -1.9 | -8.0 | |
| Margins (%) | | | | | | | | | | |
| EBIDTA | 8.6 | -109.8 | -0.2 | 17.9 | 14.4 | 580 | -350 | 14.0 | 5.3 | -880 |
| EBIT | -4.2 | -182.7 | -23.5 | 6.9 | 0.6 | | | 4.0 | -13.0 | |
| EBT | -9.8 | -166.7 | -23.8 | 4.3 | -5.0 | | | -0.1 | -15.0 | |
| PAT | -7.7 | -125.0 | -17.8 | 3.2 | -7.6 | | | -1.7 | -12.5 | |
| Effective Tax rate | 21.3 | 25.0 | 25.2 | 25.2 | -50.9 | | | -1497.2 | 16.3 | |

Source: Company, Emkay Research

Exhibit 9: Segment performance

| Quarterly Summary - Standalone | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | YoY (%) | QoQ (%) | FY20 | FY21 | Gr (%) |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Segment Revenues (Rs mn) | | | | | | | | | | |
| Madura | 12,290 | 2,370 | 7,060 | 12,460 | 12,170 | -1.0 | -2.3 | 54,350 | 34,060 | (37.3) |
| Pantaloons | 6,260 | 822 | 3,690 | 8,110 | 5,970 | -4.6 | -26.4 | 35,140 | 18,592 | (47.1) |
| Less: Intersegment | 380 | -11 | 560 | -20 | 300 | -21.1 | -1600.0 | 2,050 | 829 | (59.5) |
| Total | 18,170 | 3,203 | 10,190 | 20,590 | 17,840 | (1.8) | (13.4) | 87,440 | 51,823 | (40.7) |
| Segment EBIT | | | | | | | | | | |
| Madura | -227 | -2,473 | -706 | 832 | 205 | | | 2,259 | -2,142 | |
| Pantaloons | -394 | -1,730 | -380 | 891 | -226 | | | 1,845 | -1,445 | |
| Less: Intersegment | 51 | 8 | 1 | -175 | -79 | | | 227 | -245 | |
| Total | -671 | -4,210 | -1,086 | 1,897 | 58 | | | 3,878 | -3,341 | |
| Segment Margins (%) | | | | | | | | | | |
| Madura | -1.8 | -104.3 | -10.0 | 6.7 | 1.7 | | | 4.2 | -6.3 | |
| Pantaloons | -6.3 | -210.4 | -10.3 | 11.0 | -3.8 | | | 5.3 | -7.8 | |
| Total | -3.7 | -131.5 | -10.7 | 9.2 | 0.3 | | | 4.4 | -6.4 | |

Source: Company, Emkay Research

Exhibit 10: Changes in estimates

| Rs mn | FY22E | | | FY23E | | | FY24E |
|-------------------|---------|---------|----------|----------|---------|----------|------------|
| | Earlier | Revised | % Change | Earlier | Revised | % Change | Introduced |
| Revenues | 86,405 | 72,086 | -16.6 | 1,00,489 | 99,372 | -1.1 | 1,15,685 |
| Comparable EBITDA | 14,594 | 9,905 | -32.1 | 17,283 | 16,819 | -2.7 | 19,635 |
| EBITDA Margin (%) | 16.9 | 13.7 | -310 bps | 17.2 | 16.9 | -30 bps | 17.0 |
| PAT | 2,404 | -1,361 | | 3,471 | 3,146 | -9.4 | 4,498 |
| EPS (Rs) | 2.6 | -1.5 | | 3.7 | 3.4 | -9.4 | 4.8 |

Source: Company, Emkay Research

Exhibit 11: Peer comparison

| Companies | Price (Rs) | Mcap (Rs bn) | Reco | TP (Rs) | EPS (Rs) | | | P/E (x) | | | EV / EBITDA (x) | | |
|----------------------|------------|--------------|------------|------------|-------------|-------------|------------|--------------|---------------|-------------|-----------------|-------------|-------------|
| | | | | | FY20 | FY21E | FY22E | FY20 | FY21E | FY22E | FY20 | FY21E | FY22E |
| ABFRL | 191 | 170 | Buy | 210 | -7.6 | -1.5 | 3.4 | -25.3 | -131.6 | 56.9 | 32.0 | 17.7 | 10.3 |
| Jubilant FoodWorks | 3,121 | 415 | Buy | 2,750 | 18.0 | 44.6 | 54.5 | 173.2 | 69.9 | 57.3 | 53.4 | 32.4 | 27.2 |
| Page Industries | 31,362 | 355 | Buy | 36,500 | 307.7 | 475.9 | 629.6 | 101.9 | 65.9 | 49.8 | 66.3 | 45.1 | 34.8 |
| Shoppers Stop | 220 | 25 | Hold | 230 | -23.1 | -7.8 | 6.9 | -9.5 | -28.1 | 31.8 | 81.6 | 18.2 | 7.0 |
| Titan Company | 1,577 | 1,405 | Buy | 1,725 | 11.0 | 25.6 | 32.8 | 143.7 | 61.5 | 48.1 | 79.6 | 39.6 | 31.3 |
| Westlife Development | 480 | 73 | Buy | 600 | -6.7 | 0.0 | 4.0 | -72.0 | 9829.3 | 119.3 | 131.9 | 38.0 | 23.1 |

Source: Company, Emkay Research

Con-call takeaways

- **Lifestyle Business (~55% of sales)** saw 95% recovery, driven by ~8%/30% growth in retail/online channels, while the wholesale channel struggled with ~40% decline. The wholesale channel is expected to recover with the opening up of department stores in malls. ABFRL indicated market share gains with industry leading recovery in Q4 (-1.7% LTL decline). Focus remains on gaining further market share with aggressive store roll-outs in Tier-3/4/5 cities under value formats PE Red/AS Prime. ABFRL opened ~400 new stores (mostly under franchisee route) and closed down ~150 unprofitable stores in FY21.
- **Pantaloon business (~35% of sales)** saw 95% recovery (-10.5% LTL), driven by healthy growth in the online channel. Higher presence in malls led to a 47% revenue decline in FY21 vs. 40% decline overall. However, decent cost savings helped protect EBITDA margins in FY21 (15% vs. 16% in FY20). ABFRL opened 19 new stores and closed 15 unviable stores in FY21. ABFRL expects to open 60 new stores in FY22.
- **Other businesses (~10% of sales)**
 - Innerwear revenues (~3% of sales) grew 56%/3% in Q4/FY21. Strong growth was led by distribution expansion (+5,500 outlets in FY21 to 28,000 outlets) and increased consumption on WFH trends. ABFRL currently has 47 EBOs for this channel and indicated aggressive store openings for this channel in FY22E.
 - International brands saw 80-100% yoy growth and healthy profitability improvement, driven by strong traction in online sales (online share almost doubled in FY21).
 - Ethnic categories saw growth recovery, with 72% growth in Jaypore and 12% growth in Shantanu & Nikhil. ABFRL indicated investment in this category to continue, with 10 new stores to be opened for Jaypore, 2 new stores for S&N and the launch of new premium brands/formats in partnerships with Sabyasachi and Tarun Tahiliani.
- **Ecommerce channel:** ABFRL has integrated ~1,000 stores for omni-channel sales and has invested in its own brand.com websites as well. ABFRL expects improved customer experience through the omni-channel with higher assortments and faster deliveries. Fulfilment from stores is currently not opened for third-party players and is being used for servicing own brand websites/app sales. EBITDA margins in third-party e-commerce business is more or less in line with company margins, while own website business has slightly lower margins due to high initial customer acquisition cost.
- **Lockdown impact:** 419 stores out of its overall store network of 3,212 stores were open as of 25/05/21. ABFRL expects normalcy to return by H1FY22-end, based on increasing vaccination and a gradual unlocking by states.
- **Rs22.5bn equity infusion in FY21**, with Rs15bn coming from Flipkart preferential issue and Rs7.5bn from Rs10bn rights issue. The proceeds have been used for retiring debt (down by Rs18.5bn to Rs6.5bn) and Rs5.2bn investment in ethnic partnerships with Sabyasachi (Rs4bn) and Tarun Tahiliani (Rs1.2bn). The remaining Rs2.5bn from the rights issue is expected to be raised in H1FY22.

Key Financials (Standalone)**Income Statement**

| Y/E Mar (Rs mn) | FY20 | FY21 | FY22E | FY23E | FY24E |
|----------------------------------|----------------|----------------|----------------|---------------|-----------------|
| Revenue | 87,425 | 51,393 | 72,086 | 99,372 | 1,15,685 |
| Expenditure | 75,172 | 45,868 | 62,180 | 82,552 | 96,050 |
| EBITDA | 12,254 | 5,524 | 9,905 | 16,819 | 19,635 |
| Depreciation | 8,768 | 9,450 | 9,485 | 10,574 | 11,609 |
| EBIT | 3,486 | (3,926) | 420 | 6,245 | 8,026 |
| Other Income | 522 | 726 | 550 | 633 | 727 |
| Interest expenses | 4,098 | 4,984 | 2,789 | 2,672 | 2,740 |
| PBT | (91) | (8,183) | (1,819) | 4,205 | 6,013 |
| Tax | 1,361 | (1,268) | (458) | 1,060 | 1,515 |
| Extraordinary Items | 0 | 0 | 0 | 0 | 0 |
| Minority Int./Income from Assoc. | 0 | 0 | 0 | 0 | 0 |
| Reported Net Income | (1,452) | (6,915) | (1,361) | 3,146 | 4,498 |
| Adjusted PAT | (1,452) | (6,915) | (1,361) | 3,146 | 4,498 |

Balance Sheet

| Y/E Mar (Rs mn) | FY20 | FY21 | FY22E | FY23E | FY24E |
|--|---------------|---------------|---------------|---------------|---------------|
| Equity share capital | 7,740 | 9,151 | 9,376 | 9,376 | 9,376 |
| Reserves & surplus | 3,119 | 17,695 | 18,585 | 21,730 | 26,228 |
| Net worth | 10,859 | 26,846 | 27,960 | 31,106 | 35,604 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
| Loan Funds | 27,763 | 11,179 | 9,179 | 7,179 | 5,179 |
| Net deferred tax liability | (1,950) | (3,212) | (3,212) | (3,212) | (3,212) |
| Total Liabilities | 36,672 | 34,813 | 33,927 | 35,073 | 37,571 |
| Net block | 22,645 | 21,208 | 20,347 | 19,459 | 18,156 |
| Investment | 1,700 | 9,891 | 6,895 | 6,895 | 6,895 |
| Current Assets | 45,520 | 39,114 | 43,697 | 48,378 | 55,570 |
| Cash & bank balance | 2,651 | 1,645 | 3,942 | 3,743 | 7,415 |
| Other Current Assets | 10,868 | 12,725 | 13,997 | 15,117 | 16,326 |
| Current liabilities & Provision | 33,594 | 35,746 | 37,358 | 40,007 | 43,397 |
| Net current assets | 11,926 | 3,368 | 6,338 | 8,372 | 12,173 |
| Misc. exp | 0 | 0 | 0 | 0 | 0 |
| Total Assets | 36,672 | 34,813 | 33,927 | 35,073 | 37,571 |

Cash Flow

| Y/E Mar (Rs mn) | FY20 | FY21 | FY22E | FY23E | FY24E |
|---------------------------------------|----------------|----------------|----------------|-----------------|-----------------|
| PBT (Ex-Other income) (NI+Dep) | (91) | (7,764) | (1,819) | 4,205 | 6,013 |
| Other Non-Cash items | 0 | 0 | 0 | 0 | 0 |
| Chg in working cap | (6,987) | 7,553 | (674) | (2,231) | (130) |
| Operating Cashflow | 4,590 | 13,501 | 9,690 | 13,528 | 17,990 |
| Capital expenditure | (2,684) | (1,935) | (3,000) | (3,500) | (3,500) |
| Free Cash Flow | 1,906 | 11,566 | 6,690 | 10,028 | 14,490 |
| Investments | 0 | (2,995) | 2,995 | 0 | 0 |
| Other Investing Cash Flow | 0 | 0 | 0 | 0 | 0 |
| Investing Cashflow | (3,821) | (9,399) | 545 | (2,868) | (2,773) |
| Equity Capital Raised | 106 | 22,435 | 2,475 | 0 | 0 |
| Loans Taken / (Repaid) | 10,735 | (16,584) | (2,000) | (2,000) | (2,000) |
| Dividend paid (incl tax) | 0 | 0 | 0 | 0 | 0 |
| Other Financing Cash Flow | (7,410) | (7,949) | (7,599) | (8,359) | (9,195) |
| Financing Cashflow | 1,307 | (5,107) | (7,939) | (10,859) | (11,545) |
| Net chg in cash | 2,076 | (1,005) | 2,297 | (198) | 3,672 |
| Opening cash position | 574 | 2,651 | 1,645 | 3,942 | 3,743 |
| Closing cash position | 2,651 | 1,645 | 3,942 | 3,743 | 7,415 |

Source: Company, Emkay Research

Key Ratios

| Profitability (%) | FY20 | FY21 | FY22E | FY23E | FY24E |
|--------------------------|-------------|-------------|--------------|--------------|--------------|
| EBITDA Margin | 14.0 | 10.7 | 13.7 | 16.9 | 17.0 |
| EBIT Margin | 4.0 | (7.6) | 0.6 | 6.3 | 6.9 |
| Effective Tax Rate | (1,497.2) | 15.5 | 25.2 | 25.2 | 25.2 |
| Net Margin | (1.7) | (13.5) | (1.9) | 3.2 | 3.9 |
| ROCE | 12.3 | (9.0) | 2.8 | 19.9 | 24.1 |
| ROE | (11.5) | (36.7) | (5.0) | 10.7 | 13.5 |
| RoIC | 11.7 | (14.3) | 1.8 | 26.7 | 34.2 |

| Per Share Data (Rs) | FY20 | FY21 | FY22E | FY23E | FY24E |
|----------------------------|-------------|-------------|--------------|--------------|--------------|
| EPS | (1.9) | (7.6) | (1.5) | 3.4 | 4.8 |
| CEPS | 9.5 | 2.8 | 8.7 | 14.6 | 17.2 |
| BVPS | 14.0 | 29.3 | 29.8 | 33.2 | 38.0 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| Valuations (x) | FY20 | FY21 | FY22E | FY23E | FY24E |
|-----------------------|-------------|-------------|--------------|--------------|--------------|
| PER | (101.8) | (25.3) | (131.6) | 56.9 | 39.8 |
| P/CEPS | 20.2 | 69.0 | 22.0 | 13.1 | 11.1 |
| P/BV | 13.6 | 6.5 | 6.4 | 5.8 | 5.0 |
| EV / Sales | 2.0 | 3.6 | 2.6 | 1.9 | 1.5 |
| EV / EBITDA | 14.1 | 32.8 | 18.6 | 10.9 | 9.0 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| Gearing Ratio (x) | FY20 | FY21 | FY22E | FY23E | FY24E |
|--------------------------|-------------|-------------|--------------|--------------|--------------|
| Net Debt/ Equity | 2.3 | 0.2 | 0.2 | 0.1 | (0.1) |
| Net Debt/EBIDTA | 2.0 | 1.2 | 0.5 | 0.2 | (0.1) |
| Working Cap Cycle (days) | 38.7 | 12.2 | 12.1 | 17.0 | 15.0 |

| Growth (%) | FY20 | FY21 | FY22E | FY23E | FY24E |
|-------------------|-------------|-------------|--------------|--------------|--------------|
| Revenue | 7.7 | (41.2) | 40.3 | 37.9 | 16.4 |
| EBITDA | 121.2 | (54.9) | 79.3 | 69.8 | 16.7 |
| EBIT | 28.3 | (212.6) | 0.0 | 1,386.9 | 28.5 |
| PAT | (145.2) | 0.0 | 0.0 | 0.0 | 43.0 |

| Quarterly (Rs mn) | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 |
|--------------------------|---------------|----------------|---------------|---------------|---------------|
| Revenue | 18,174 | 3,200 | 10,186 | 20,590 | 17,836 |
| EBITDA | 1,561 | (3,513) | (17) | 3,685 | 2,570 |
| EBITDA Margin (%) | 8.6 | (109.8) | (0.2) | 17.9 | 14.4 |
| PAT | (1,403) | (3,999) | (1,813) | 664 | (1,348) |
| EPS (Rs) | (1.8) | (5.2) | (2.2) | 0.8 | (1.5) |

Source: Company, Emkay Research

| Shareholding Pattern (%) | Sep-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Promoters | 59.8 | 59.8 | 55.1 | 55.1 | 56.1 |
| FIs | 6.1 | 6.3 | 13.6 | 13.9 | 14.0 |
| DIs | 21.7 | 21.7 | 19.5 | 18.6 | 17.5 |
| Public and Others | 12.4 | 12.2 | 11.7 | 12.4 | 12.4 |

Source: Capitaline

Emkay Alpha Portfolio – Consumer Goods & Retail



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Sector

Consumer Goods & Retail

Analyst bio

Ashit Desai holds a PGDM and FRM (US GARP) with 12 years of research experience on the sell side. His team currently covers 24 stocks in the Indian Consumer and Retail space.

EAP sector portfolio

| Company Name | BSE200 Weight | EAP Weight | OW/UW (%) | OW/UW (bps) | EAP Weight (Normalised) |
|------------------------------------|---------------|--------------|-----------|-------------|-------------------------|
| Consumer Goods & Retail | 10.66 | 10.66 | 0% | 0 | 100.00 |
| Asian Paints | 1.40 | 0.61 | -56% | -78 | 5.77 |
| Berger Paints | 0.21 | 0.00 | -100% | -21 | 0.00 |
| Britannia Industries | 0.50 | 0.51 | 1% | 0 | 4.77 |
| Colgate-Palmolive | 0.24 | 0.31 | 30% | 7 | 2.92 |
| Dabur India | 0.37 | 0.32 | -13% | -5 | 3.00 |
| Emami | 0.13 | 0.15 | 18% | 2 | 1.44 |
| Godrej Consumer Products | 0.32 | 0.38 | 17% | 6 | 3.53 |
| Hindustan Unilever | 2.56 | 1.85 | -28% | -71 | 17.34 |
| ITC | 2.17 | 2.19 | 1% | 3 | 20.58 |
| Marico | 0.25 | 0.28 | 11% | 3 | 2.63 |
| Nestle India | 0.72 | 0.65 | -10% | -8 | 6.07 |
| Pidilite Industries | 0.34 | 0.00 | -100% | -34 | 0.00 |
| Radico Khaitan | 0.00 | 0.37 | NA | 37 | 3.47 |
| United Breweries | 0.10 | 0.55 | 473% | 46 | 5.18 |
| United Spirits | 0.00 | 0.36 | NA | 36 | 3.33 |
| Varun Beverages | 0.11 | 0.15 | 45% | 5 | 1.45 |
| ABFRL | 0.07 | 0.16 | 141% | 9 | 1.51 |
| Jubilant FoodWorks | 0.22 | 0.27 | 21% | 5 | 2.49 |
| Page Industries | 0.21 | 0.24 | 15% | 3 | 2.23 |
| Shoppers Stop | 0.00 | 0.00 | NA | 0 | 0.00 |
| Titan Company | 0.75 | 1.03 | 37% | 28 | 9.67 |
| Westlife Development | 0.00 | 0.28 | NA | 28 | 2.63 |
| Cash | 0.00 | 0.00 | NA | 0 | 0.00 |

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

| | Base | | | | | Latest |
|---|----------|-----------|-----------|-----------|-----------|-----------|
| | 1-Apr-19 | 27-May-20 | 26-Nov-20 | 25-Feb-21 | 27-Apr-21 | 27-May-21 |
| EAP - Consumer Goods & Retail | 100.0 | 97.1 | 110.0 | 116.8 | 119.9 | 126.1 |
| BSE200 Neutral Weighted Portfolio (ETF) | 100.0 | 91.9 | 105.7 | 110.9 | 115.4 | 121.0 |

*Performance measurement base date 1st April 2019

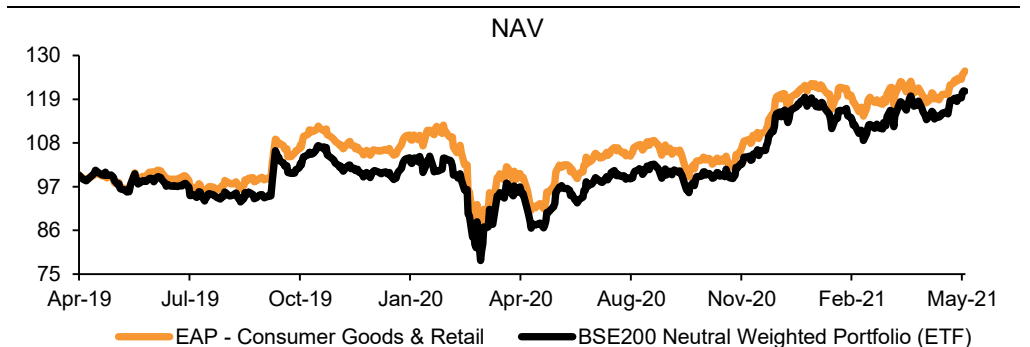
Source: Emkay Research

Price Performance (%)

| | 1m | 3m | 6m | 12m |
|---|------|------|-------|-------|
| EAP - Consumer Goods & Retail | 5.2% | 8.0% | 14.6% | 29.9% |
| BSE200 Neutral Weighted Portfolio (ETF) | 4.9% | 9.2% | 14.6% | 31.7% |

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

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| Ratings | Expected Return within the next 12-18 months. |
|---------|---|
| BUY | Over 15% |
| HOLD | Between -5% to 15% |
| SELL | Below -5% |

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