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IPO REPORT

**“SUBSCRIBE” to
Burger King India Ltd.**
In growth phase with discounted valuation

Salient features of the IPO:

- Burger King India Ltd.** (Burger King), a quick-service restaurant (QSR) chain is looking to raise around Rs. 8,100mn from an IPO. The issue is set to opens on 2nd Dec. and closes on 4th Dec. 2020. The price band is Rs. 59 - 60 per share.
- The issue is a combination of fresh (Rs. 4,500mn) and OFS (Rs. 8,040 - 8,100mn). The company will not receive any proceeds from the OFS portion. Of the net proceeds from the fresh issue, Rs. 1,650mn will be utilized for the repayment/prepayment of outstanding debt; Rs. 1,770mn will be used by the company for restaurant expansion.
- In May 2020, Burger King by way of right issue has undertaken pre-IPO placement. It allotted 13.2mn shares to the promoter selling shareholder at a price of Rs. 44 per share aggregating to Rs. 580.8mn. In another pre-IPO placement - in Nov. 2020, the company has raised Rs. 919.2mn through preferential allotment of 15.7mn equity shares to Amansa Investment Ltd. at a price of Rs. 58.5 per share. Consequently, fresh offer size has been reduced from Rs. 6,000mn to Rs. 4,500mn. Pre-IPO placement funds too will be utilized toward setting up of new company-owned Burger King restaurants.

Key competitive strengths:

- Exclusive national master franchise rights in India
- Strong customer proposition
- Brand positioned for millennials
- Vertically managed and scalable supply chain model
- Operational quality, a people-centric culture and effective technology systems
- Well defined restaurant development process
- Experienced, passionate and professional management team

Risk and concerns:

- Unfavorable macroeconomic conditions
- Continuation or worsening of the COVID-19 crisis and an adverse effect on liquidity
- Unfavorable change in the consumer taste and preferences
- Slower expansion in the restaurant network
- Competition from other QSR entities and delivery aggregators
- Unfavorable government policies

Peer comparison and valuation: At the higher price band of Rs. 60 per share, Burger King's share is valued at an EV/sales multiple of 5.2x, which is at a discount to the peer average of 8.9x.

Below are few key observations of the issue: (continued in next page)

- The Indian chain QSR sub-segment is dominated by burgers and sandwiches (with a market share of 31%) followed by pizza (26%) and chicken (15%) in FY20. In terms of number of outlets, in FY20 - Domino's Pizza has a market share of 19%, followed by Subway (8%), McDonald's (7%), KFC (6%) and Burger King (4%). While in terms of revenue, Domino's Pizza has a market share of 21% followed by McDonald's (11%), KFC (10%), Subway (6%) and Burger King (5%).
- The organized QSR sub-segment was estimated at Rs. 348bn in FY20 and is projected to grow at 19% CAGR to Rs. 825bn by FY25. Growth in the QSR sub-segment is expected to be driven by the chain QSR market, which was approximately 54% of the total QSR sub-segment in FY20 and is estimated to be approximately 64% of the total QSR sub-segment by FY25. The historical growth of chain QSR has primarily been driven by international brands such as Domino's Pizza, McDonald's, Burger King, KFC and Subway, which combined account for approximately 44% of the total chain outlets in India in FY20.
- Based on the number of restaurants in the last five years, Burger King is one of the fastest growing international QSR chains in India. As the national master franchisee of the BURGER KING (global) brand in India, the company has exclusive rights to develop, establish, operate and franchise Burger King branded restaurants in India.
- The globally recognized BURGER KING brand, was founded in 1954 in the US and is owned by Burger King Corporation. As of 30th Sept. 2020, the BURGER KING brand is the second largest fast food burger brand globally (based on number of restaurants), with a global network of 18,675 restaurants in more than 100 countries and the US territories.
- The master franchisee arrangement, which expires on 31st Dec. 2039, gives the company to use BURGER KING's globally recognized brand name to grow the business in India, while leveraging the technical, marketing and operational expertise associated with the global BURGER KING. The arrangement also provides it with the flexibility to tailor menu, promotions and pricing to the Indian tastes and preferences while meeting BURGER KING global quality assurance standards. In return, the company pays a royalty, which ranges from 2.5-5% of the sales, while the upper limit is capped at 5%.

Recommendation	SUBSCRIBE
Price band	Rs. 59 - 60 per share
Face value	Rs. 10
Shares for fresh issue	75 - 76.271mn shares
Shares for OFS	60mn shares
Fresh issue size	Rs. 4,500mn
OFS issue size	Rs. 3,540 - 3,600mn
Total issue size	135 - 136.271mn shares (Rs. 8,040 - 8,100mn)
Bidding date	2 nd Dec. - 4 th Dec. 2020
MCAP at higher price band	Rs. 22,899mn
Enterprise value at higher price band	Rs. 29,049mn
Book running lead manager	Kotak Mahindra Capital Company Ltd., CLSA India Pvt. Ltd., Edelweiss Financial Services Ltd. and JM Financial Ltd.
Registrar	Link Intime India Pvt. Ltd.
Sector/Industry	Restaurants
Promoters	QSR Asia Pte. Ltd.

Issue breakup		
Category	Percent of issue (%)	Number of shares (mn)
QIB portion	75%	101.250 - 102.203mn shares
Non institutional portion	15%	20.250 - 20.441mn shares
Retail portion	10%	13.500 - 13.627mn shares

Indicative IPO process time line	
Finalization of basis of allotment	9 th Dec. 2020
Unblocking of ASBA account	10 th Dec. 2020
Credit to demat accounts	11 th Dec. 2020
Commencement of trading	14 th Dec. 2020

Pre and post - issue shareholding pattern		
	Pre-issue	Post-issue
Promoter & promoter group	94.34%	60.08%
Public	5.66%	39.92%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot	
Number of shares per lot	250
Application money	Rs. 15,000 per Lot

Analyst	
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Peer comparison and valuation (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. mn)	EV (Rs. mn)	Operating revenue (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EBITDA margin (%)	PAT margin (%)
Burger King India Ltd.	10	60	22,899	29,049	5,541	182	(1,716)	3.3%	-31.0%
Westlife Development Ltd.	2	435	67,786	76,666	10,727	1,244	(969)	11.6%	-9.0%
Jubilant Foodworks Ltd.	10	2,498	329,619	339,683	31,848	6,518	1,370	20.5%	4.3%
Average								16.0%	-2.4%

Company Name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio	Total asset turnover ratio	RoE (%)	RoCE (%)	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning Yield (%)
Burger King India Ltd.	(4.5)	11.1	0.0	1.9	0.4	-40.3%	-9.3%	(13.3)	5.4	5.2	159.2	4.1	-7.5%
Westlife Development Ltd.	(6.2)	37.1	0.0	1.8	0.6	-16.8%	-2.8%	(70.0)	11.7	7.1	61.6	6.3	-1.4%
Jubilant Foodworks Ltd.	10.4	85.8	6.0	1.5	0.9	12.1%	10.1%	240.5	29.1	10.7	52.1	10.3	0.4%
Average			3.0	1.7	0.8	-2.3%	3.7	85.3	20.4	8.9	56.9	8.3	-0.5%

Note: Profitability data as on TTM basis; Source: Choice Broking Research

- The company's core strength is burgers and currently its wide menu includes 18 different vegetarian and non-vegetarian burgers covering both value and premium offerings. To enhance customer experience it has other varieties of food offerings, which includes - wraps, rice, beverages, sides, snacks, shakes and desserts across different day parts, including breakfast, lunch & dinner, and snack times & late night.
- Burger King aims to continue its restaurant network expansion by using a cluster approach and penetration strategy. Over FY17-20, Burger King has added net 211 stores, thereby taking total restaurants to 260 in FY20 from 88 restaurants in FY17. As of 30th Sept. 2020, Burger King had 261 restaurants, including eight sub-franchised restaurants, across 17 states and union territories and 57 cities across India. Since its commencement of operations in Nov. 2014, the company had seven permanent restaurant closure, of which five closures happened in H1 FY21, mainly directly related to the Covid-19 crisis.
- The company has reported a same store sales growth (SSSG) of 12.2%, 29.2% in FY18 and FY19, respectively. For the nine month ended Dec. 2019, SSSG stood at 6.1%, but due to Covid-19 pandemic led crisis and lockdown, SSSG declined by 0.3% in FY20. It declined further by 56.9% in H1 FY21.
- Due to the lockdown, only 59 its restaurants were operational as at 31st Mar. 2020. The company witnessed significant reduction in the footfalls and sales, thereby severely impacting the business. With gradual unlocking of the activities, it re-opened 130 restaurants in Q1 FY21 either for dine-in or food delivery. Subsequently in the next quarter, it further re-opened 37 restaurants. As of 25th Nov. 2020, Burger King had 259 company-owned restaurants and nine sub-franchised restaurants, of which 249 were operational with limited operations or limitations on capacity for dine-in guests, depending on local regulations. The company has not witnessed recovery in the footfall and sales levels, as it was prior pre-Covid crisis.
- As per the Master Franchise and Development Agreement, Burger King is obligated to develop and open at least 700 restaurants by 31st Dec. 2026, provided that at all times the company-owned restaurants should represent 60% of the total number of restaurants at the end of each development year. Currently it has plans to have approximately 300 restaurants 31st Dec. 2021.
- One of the key focus areas of Burger King is to build brand awareness and loyalty. With revenue being highly influenced by brand marketing & advertising, brand awareness is essential for continued growth and financial success. During FY17-18, its average spending towards advertising & marketing activities was 9.6% of the top-line.
- Introduction of online ordering & mobile applications and emergence of third-party delivery aggregators has made delivery a material part of the company's operations. In general this has positively impacted the business of QSR companies. During lockdown, dine-in services were mostly shut down. Delivery aggregator platforms have played an important role in delivering food and keeping the food services industry afloat. But increasing penetration of delivery aggregators and other food service platforms (like cloud kitchen) might have a negative impact on the dine-in services of the company.
- On the back of rapid restaurant expansion over FY17-20, Burger King has demonstrated rapid growth in the top-line, while expansion in gross and operating margin with improving economic of scale. However, since the start of Q4 FY20 the food service sector was impacted by the wide spread of Covid-19 pandemic. During FY17-20, the company opened net 211 restaurants, thereby reporting a 54.1% CAGR rise in top-line to Rs. 8,412.4mn in FY20. With improved absorption of fixed cost, EBITDA stood at a profit of Rs. 1,040.1mn in FY20 as compared to a loss of Rs. 38.9mn. EBITDA margin stood at 12.4% in FY20 as compared to 2.1% in FY18 and 12.5% in FY19. The company has reported pre-tax loss over FY17-20. In FY20, reported net loss was in the tune of Rs. 765.7mn as compared to a net loss of Rs. 718.5mn in FY17.
- On TTM basis, the company has reported a top-line of Rs. 5,541.2mn (down 34.1% from the FY20 levels). EBITDA margin stood at 3.3%, while reported net loss was 1,780.9mn. In H1 FY21, operations were impacted by Covid-19 restrictions, as a result, top-line declined by 68% Y-o-Y to Rs. 1,352.1mn. We are anticipating around 65 net restaurant additions over the next three years, which is very conservative considering their last four years track record. For FY21, we are forecasting a top-line of Rs. 4,050mn, while over FY20-23 it is expected to grow by 7.3% CAGR to Rs. 10,400mn in FY23. There could be an EBITDA loss in FY21, but the same is likely to grow by 5.6% CAGR over FY20-23. EBITDA margin to contract by 59bps over the period to stood at 11.8% in FY23. The company is likely to report to pre-tax loss over FY20-23.
- At the higher price band of Rs. 60 per share, Burger King's share is valued at an EV/sales multiple of 5.2x, which is at a discount to the peer average of 8.9x.

The company is in growth phase and has scheduled an aggressive restaurant expansion plan. Considering Covid-19 as an exceptional phase for the sector, we feel that with positive advancement in vaccine development and considerable relaxation in the economic activities, it is expected to report improved financials over the period. Thus considering the discounted valuations, we assign a "SUBSCRIBE" rating for the issue.

About the issue:

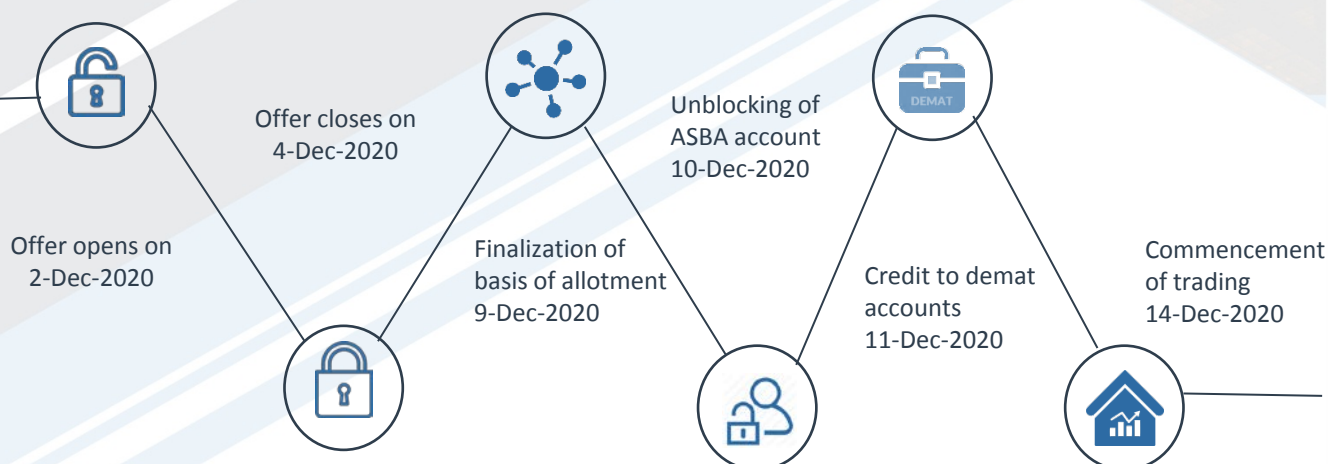
- Burger King is coming up with an IPO with 135 - 136.271mn shares (fresh issue: 75 - 76.271mn shares; OFS shares: 60mn shares) in offering. The offer represents around 35.37% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 8,040 - 8,100mn.
- The issue will open on 2nd Dec. 2020 and close on 4th Dec. 2020.
- The issue is through book building process with a price band of Rs. 59 - 60 per share.
- The issue is a combination of fresh (Rs. 4,500mn) and OFS (Rs. 8,040 - 8,100mn). The company will not receive any proceeds from the OFS portion. Of the net proceeds from the fresh issue, Rs. 1,650mn will be utilized for the repayment or prepayment of outstanding borrowings; Rs. 1,770mn will be utilized to fund the restaurant expansion by the company.
- In May 2020, Burger King by way of right issue has undertaken pre-IPO placement. It allotted 13.2mn shares to the promoter selling shareholder at a price of Rs. 44 per share aggregating to Rs. 580.8mn. In another pre-IPO placement - in Nov. 2020, the company has raised Rs. 919.2mn through preferential allotment of 15.7mn equity shares to Amansa Investment Ltd. at a price of Rs. 58.5 per share. Consequently, fresh offer size has been reduced from Rs. 6,000mn to Rs. 4,500mn. Pre-IPO placement funds too will be utilized toward setting up of new company-owned Burger King restaurants
- 75% of the net issue shall be allocated on a proportionate basis to qualified institutional buyers, while rest 15% and 10% is reserved for non-institutional bidders and retail investors, respectively.
- Promoter holds 94.34% stake in the company and post-IPO this will come down to 60.08%. Public holding will increase from current 5.66% to 39.92%.

Pre and post issue shareholding pattern (%)

	Pre Issue	Post Issue (at higher price band)
Promoter & promoter group	94.34%	60.08%
Public	5.66%	39.92%

Source: Choice Equity Broking

Indicative IPO process time line:



Company introduction:

Based on the number of restaurants in the last five years, Burger King is one of the fastest growing international QSR chains in India. As the national master franchisee of the BURGER KING brand in India, the company has exclusive rights to develop, establish, operate and franchise Burger King branded restaurants in India. Its master franchisee arrangement provides it with the ability to use BURGER KING's globally recognized brand name to grow business in India, while leveraging the technical, marketing and operational expertise associated with the global BURGER KING brand.

The globally recognized BURGER KING brand - also known as the "Home of the Whopper", was founded in 1954 in the US and is owned by Burger King Corporation. As of 30th Sept. 2020, the BURGER KING brand is the second largest fast food burger brand globally (based on number of restaurants), with a global network of 18,675 restaurants in more than 100 countries and the US territories.

Burger King's master franchisee arrangement provides it with flexibility to tailor the menu to Indian tastes and preferences, as well as on promotions and pricing. The company's customer proposition focuses on value leadership, offering customers variety through innovative new food offerings at different day parts, catering to the local Indian palate, offering a wide range of vegetarian meal options, and taste advantage and flame grilling expertise. This approach assisted in driving footfalls and same-store sales in its restaurants and enabled the company to become one of the fastest growing QSR brands to reach 200 restaurants among international QSR brands in India during its first five years of operations.

Since opening its first restaurant in Nov. 2014, Burger King have used its well defined restaurant roll out and development process with the aim of growing quickly, consistently and efficiently into a pan-India QSR chain and capitalizing on the growing market opportunity in India for QSR restaurants. Although the COVID-19 crisis has adversely affected the company's ability to open new restaurants and expand the restaurant network temporarily, it continues to evaluate the pace and quantity of new restaurant openings and the expansion of restaurant network and aims to increase the pace of growth when the COVID-19 crisis subsides and more of its restaurants become operational again.

The company plans to continue to build its restaurant network using a cluster approach and penetration strategy with the objective to provide greater convenience and accessibility for its customers across relevant geographies. The company launches its brand from flagship locations in high traffic and high visibility locations in key metropolitan areas and cities across India and then develops new restaurants within that cluster. This approach helped Burger King to efficiently manage its vertically managed and scalable supply chain and drive down costs, due to the proximity of its restaurants to each other and to the distribution centers of its third-party distributor.

As of 30th Sept. 2020, Burger King had 261 restaurants, including eight sub-franchised restaurants, across 17 states and union territories and 57 cities across India. Of these restaurants, 226 were operational as of 30th Sept. 2020. Subject to local regulations, majority of Burger King restaurants have opened for dine-in guests and to support food delivery services. As of 25th Nov. 2020, it had 259 company-owned Burger King restaurants and nine sub-franchised Burger King restaurants, of which 249 were operational, including two sub-franchised Burger King restaurant.

Competition: Burger King competes within the food service industry and the QSR sector not only for customers, but also for personnel and suitable sites for its restaurants. The company's competitors include international QSR chains operating in India, such as McDonalds, KFC, Domino's Pizza, Subway and Pizza Hut, as well as local restaurants in the QSR segment. It generally competes on the basis of product & service quality, price, location. The industry is often also affected by changes in consumer tastes, religious beliefs, economic conditions, demographic trends and consumer disposable income.

Company introduction (Contd...):

Financial performance: On the back of rapid restaurant expansion over FY17-20, Burger King has demonstrated rapid growth in the top-line, while expansion in gross and operating margin with improving economic of scale. However, since the start of Q4 FY20 the food service sector was impacted by the wide spread of Covid-19 pandemic. During FY17-20, the company opened net 211 restaurants, thereby reporting a 54.1% CAGR rise in top-line to Rs. 8,412.4mn in FY20. H1 FY21 operations were impacted by Covid-19 restrictions, as a result, top-line declined by 68% Y-o-Y to Rs. 1,352.1mn. On TTM basis, the company has reported a top-line of Rs. 5,541.2mn (down 34.1% from the FY20 levels).

With expansion in the operations over FY17-20, cost of revenue increased by 48.4% CAGR (lower than the topline growth), thereby resulting to a 427bps expansion in the gross margin to 64.2% in FY20. Moreover, with improved absorption of fixed cost, EBITDA stood at a profit of Rs. 1,040.1mn in FY20 as compared to a loss of Rs. 38.9mn. EBITDA margin stood at 12.4% in FY20 as compared to 2.1% in FY18 and 12.5% in FY19. During the period, total operating expenditure increased by 46.6% CAGR. In H1 FY21, gross margin contracted by 63bps Y-o-Y, while EBITDA was at a loss of Rs. 287.3mn as compared to a positive EBITDA of Rs. 570.4mn in H1 FY20. On TTM basis, gross and EBITDA margin stood at 64% and 3.3%, respectively.

The company is in growth phase, thus with expansion in the restaurants network over FY17-20, depreciation charge increased by 37.5% CAGR, while finance cost increased by 33.7% CAGR. As a result, pre-tax profit was at loss in each year during the period. In FY20, reported net loss was in the tune of Rs. 765.7mn as compared to a net loss of Rs. 718.5mn in FY17. For H1 FY21, net loss expanded to Rs. 1,189.5mn from a net loss of Rs. 174.3mn in H1 FY20. On TTM basis, net loss stood at 1,780.9mn.

Baring FY17, Burger King has reported positive operating cash flow over FY17-20. Average operating cash flow during FY18-20 stood at Rs. 765.8mn.

Financial snapshot (Rs. mn)	FY17	FY18	FY19	FY20	H1 FY20	H1 FY21	TTM	CAGR (%)	Y-o-Y (%, Annual)	Y-o-Y (%, Half yearly)
Total revenue from operations	2,299.5	3,781.2	6,327.4	8,412.4	4,223.3	1,352.1	5,541.2	54.1%	33.0%	-68.0%
EBITDA	(38.9)	81.3	789.9	1,040.1	570.4	(287.3)	182.4		31.7%	
Adjusted PAT	(718.5)	(822.3)	(382.8)	(722.3)	(174.3)	(1,168.2)	(1,716.1)			
Restated adjusted EPS	(1.9)	(2.2)	(1.0)	(1.9)	(0.5)	(3.1)	(4.5)			
Cash flow from operating activities	(32.8)	304.9	865.4	1,127.2	738.2	95.6	484.6		30.2%	-87.0%
NOPLAT	(486.6)	(559.1)	(32.2)	(123.6)	73.1	(908.8)	(1,105.5)			
FCF		520.6	682.0	(1,785.1)						
Revenue growth rate (%)		64.4%	67.3%	33.0%		-68.0%				
EBITDA growth rate (%)			872.0%	31.7%						
EBITDA margin (%)	-1.7%	2.1%	12.5%	12.4%	13.5%	-21.2%	3.3%	1,406 bps	(12) bps	(3,475) bps
EBIT margin (%)	-21.2%	-14.8%	-0.5%	-1.5%	1.7%	-67.2%	-19.9%	1,969 bps	(96) bps	(6,894) bps
Restated adjusted PAT margin (%)	-31.2%	-21.7%	-6.0%	-8.6%	-4.1%	-86.4%	-31.0%	2,266 bps	(254) bps	(8,227) bps
Fixed asset turnover ratio (x)	0.5	0.6	0.8	0.8			0.5	17.9%	-0.3%	
Total asset turnover ratio (x)	0.3	0.5	0.7	0.7			0.5	28.7%	2.2%	
Current ratio (x)	4.2	1.3	0.4	0.5			0.5	-50.5%	33.3%	
Quick ratio (x)	4.1	1.2	0.3	0.4			0.4	-52.2%	28.3%	
Total debt (Rs.)	3,016.6	3,857.6	5,962.4	8,116.1			8,038.0	39.1%	36.1%	
Net debt (Rs.)	1,119.1	2,914.8	5,418.1	7,649.9			7,424.3	89.8%	41.2%	
Debt to equity (x)	0.8	1.3	2.4	2.9			3.7	53.1%	23.4%	
Net debt to EBITDA (x)	(28.8)	35.9	6.9	7.4			40.7	-163.5%	7.2%	
RoE (%)	-19.5%	-28.6%	-15.3%	-26.2%			-78.4%	(668) bps	(1,089) bps	
RoA (%)	-10.3%	-11.3%	-4.2%	-6.0%			-14.6%	426 bps	(187) bps	
RoCE (%)	-7.5%	-8.7%	-0.5%	-1.2%			-11.3%	629 bps	(73) Bps	

Source: Choice Equity Broking



Competitive strengths:

- Exclusive national master franchise rights in India
- Strong customer proposition
- Brand positioned for millennials
- Vertically managed and scalable supply chain model
- Operational quality, a people-centric culture and effective technology systems
- Well defined restaurant development process
- Experienced, passionate and professional management team

Business strategy:

- Increase the pace of expansion of the restaurant network
- Continue to build on value leadership
- Continue to grow brand awareness and loyalty
- Actively manage unit economics and achieve economies of scale through operational leverage
- Leverage technologies across the business



Risk and concerns:

- Unfavorable macroeconomic conditions
- Continuation or worsening of the COVID-19 crisis and an adverse effect on liquidity
- Unfavorable change in the consumer taste and preferences
- Slower expansion in the restaurant network
- Competition
- Unfavorable government policies

Financial statements:

Profit and loss statement (Rs. mn)

	FY17	FY18	FY19	FY20	H1 FY20	H1 FY21	TTM	CAGR over FY17 - 20 (%)	Annual growth over FY19 (%)	Half yearly growth (%)
Revenue from sale of food and beverages	2,282.9	3,752.0	6,285.9	8,353.2	4,193.7	1,346.9	5,506.5	54.1%	32.9%	-67.9%
Revenue from sub franchisee operations	11.6	18.8	22.9	29.5	14.0	0.7	16.2	36.6%	28.7%	-95.1%
Other operating revenue	5.0	10.4	18.6	29.6	15.6	4.5	18.6	80.5%	59.7%	-71.1%
Total revenue from operations	2,299.5	3,781.2	6,327.4	8,412.4	4,223.3	1,352.1	5,541.2	54.1%	33.0%	-68.0%
Cost of materials consumed	(922.3)	(1,438.5)	(2,300.8)	(3,014.9)	(1,509.8)	(491.9)	(1,997.0)	48.4%	31.0%	-67.4%
Employee benefits expense	(512.6)	(704.3)	(968.6)	(1,365.0)	(703.1)	(517.1)	(1,179.1)	38.6%	40.9%	-26.4%
Other expenses	(903.5)	(1,557.1)	(2,268.1)	(2,992.3)	(1,440.0)	(630.4)	(2,182.8)	49.1%	31.9%	-56.2%
EBITDA	(38.9)	81.3	789.9	1,040.1	570.4	(287.3)	182.4			31.7%
Depreciation and amortization expense	(447.7)	(640.4)	(822.1)	(1,163.7)	(497.3)	(621.4)	(1,287.9)	37.5%	41.6%	25.0%
EBIT	(486.6)	(559.1)	(32.2)	(123.6)	73.1	(908.8)	(1,105.5)	-36.7%	283.5%	
Finance cost	(273.7)	(369.4)	(464.5)	(654.5)	(277.8)	(423.9)	(800.6)	33.7%	40.9%	52.6%
Other income	41.9	106.2	114.0	55.9	30.4	164.4	189.9	10.1%	-50.9%	440.6%
Exceptional items				(43.5)		(21.3)	(64.8)			
PBT	(718.5)	(822.3)	(382.8)	(765.7)	(174.3)	(1,189.5)	(1,780.9)	2.1%	100.0%	582.5%
Tax expenses										
Reported PAT	(718.5)	(822.3)	(382.8)	(765.7)	(174.3)	(1,189.5)	(1,780.9)	2.1%	100.0%	582.5%
Adjusted PAT	(718.5)	(822.3)	(382.8)	(722.3)	(174.3)	(1,168.2)	(1,716.1)	0.2%	88.7%	570.3%

Balance sheet statement (Rs. mn)

	FY17	FY18	FY19	FY20	H1 FY20	H1 FY21	TTM	CAGR over FY17 - 20 (%)	Annual growth over FY19 (%)	Half yearly growth (%)
Equity share capital	2,650.0	2,650.0	2,650.0	2,777.4	2,666.3	2,909.4	2,909.4	1.6%	4.8%	9.1%
Other equity	1,025.5	221.3	(153.5)	(23.2)	(292.1)	(720.5)	(720.5)			
Long term borrowings				1,787.9	385.3	1,759.9	1,759.9			356.7%
Long term lease liabilities	2,792.1	3,522.8	4,508.4	5,665.5	4,999.2	5,616.6	5,616.6	26.6%	25.7%	12.3%
Long term provisions	26.8	33.2	51.8	187.3	61.9	196.6	196.6	91.1%	261.7%	217.5%
Other non current liabilities	9.8	7.3	7.9	8.2	8.8	7.5	7.5	-6.0%	3.8%	-15.4%
Short term borrowings			1,000.0	197.3	1,000.0	197.7	197.7		-80.3%	-80.2%
Short term lease liabilities	117.8	177.4	231.8	312.0	288.4	266.5	266.5	38.4%	34.6%	-7.6%
Other current financial liabilities	106.7	157.4	222.2	153.5	253.9	197.4	197.4	12.9%	-30.9%	-22.3%
Trade payables	194.8	434.1	609.0	816.0	767.6	1,260.8	1,260.8	61.2%	34.0%	64.2%
Short term provisions	8.5	17.0	23.8	32.9	34.1	37.2	37.2	56.9%	38.1%	9.0%
Other current liabilities	52.5	82.9	53.5	62.3	78.5	42.2	42.2	5.9%	16.6%	-46.3%
Total liabilities	6,984.6	7,303.6	9,204.7	11,977.1	10,252.1	11,771.2	11,771.2	19.7%	30.1%	14.8%
Property, plant and equipment	1,869.0	2,401.6	3,475.4	4,742.3	3,956.7	4,591.2	4,591.2	36.4%	36.5%	16.0%
Intangible assets	63.5	88.0	157.9	245.0	189.6	255.5	255.5	56.9%	55.1%	34.7%
Capital work-in-progress	104.6	103.2	202.4	475.6	362.6	411.5	411.5	65.7%	135.0%	13.5%
Right-of-use assets	2,814.0	3,433.5	4,292.3	5,379.5	4,769.2	5,216.8	5,216.8	24.1%	25.3%	9.4%
Long term loans	111.6	161.4	213.1	291.0	265.8	296.3	296.3	37.6%	36.5%	11.5%
Other long term financial assets	0.8	0.3	0.6	0.9	0.9	0.4	0.4	1.2%	40.3%	-57.5%
Long term net income tax assets	2.4	6.0	8.2	10.4	8.4	2.5	2.5	62.3%	27.8%	-70.4%
Other non current assets	11.6	18.9	39.5	33.1	191.5	33.3	33.3	42.0%	-16.0%	-82.6%
Inventories	40.0	51.9	68.6	94.3	85.5	80.5	80.5	33.1%	37.6%	-5.8%
Trade receivables	14.2	25.9	59.0	32.2	65.9	67.2	67.2	31.5%	-45.4%	2.0%
Current investments	1,772.6	868.9	384.1	185.8	92.7	280.2	280.2	-52.9%	-51.6%	202.4%
Cash and cash balances	124.8	73.9	160.2	280.4	135.4	333.5	333.5	31.0%	75.1%	146.4%
Other financial assets	8.3	13.3	29.7	12.3	25.2	4.9	4.9	14.0%	-58.5%	-80.5%
Other current assets	47.2	56.8	114.0	194.2	102.8	197.6	197.6	60.2%	70.4%	92.2%
Total assets	6,984.6	7,303.6	9,204.7	11,977.1	10,252.1	11,771.2	11,771.2	19.7%	30.1%	14.8%

Source: Choice Equity Broking

Financial statements:

Cash flow statement (Rs. mn)

Particulars (Rs. mn)	FY17	FY18	FY19	FY20	H1 FY20	H1 FY21	TTM	CAGR over FY17 - 20 (%)	Annual growth over FY19 (%)	Half yearly growth (%)
Cash flow before working capital changes	(28.5)	107.2	801.2	1,021.6	602.1	(359.6)	60.0			
Change in working capital	(3.1)	201.2	66.4	107.9	136.4	447.3	418.7		27.5%	227.9%
Cash flow from operating activities	(32.8)	304.9	865.4	1,127.2	738.2	95.6	484.6		30.2%	-87.0%
Purchase of property, plant & equipment	(933.3)	(865.5)	(1,654.5)	(2,275.3)	(1,003.1)	(190.7)	(1,462.8)	34.6%	37.5%	-81.0%
Cash flow from investing activities	(2,218.8)	127.9	(1,139.6)	(2,304.2)	(714.3)	(277.5)	(1,867.4)	1.3%	102.2%	-61.1%
Cash flow from financing activities	2,348.0	(484.3)	360.7	1,059.0	(59.1)	233.1	1,351.3	-23.3%	193.6%	
Net cash flow	96.4	(51.6)	86.5	(118.0)	(35.2)	51.2	(31.6)	-207.0%		
Opening balance of cash and bank balances	27.2	123.6	72.0	158.6	158.6	40.5	123.3	79.9%	120.1%	-74.4%
Closing balance of cash and bank balances	123.6	72.0	158.6	40.5	123.3	91.8	91.8	-31.0%	-74.4%	-25.6%

Financial ratios

Particulars (Rs. mn)	FY17	FY18	FY19	FY20	H1 FY20	H1 FY21	TTM
Revenue growth rate (%)		64.4%	67.3%	33.0%		-68.0%	
EBITDA growth rate (%)			872.0%	31.7%			
EBITDA margin (%)	-1.7%	2.1%	12.5%	12.4%	13.5%	-21.2%	3.3%
EBIT growth rate (%)		14.9%	-94.2%	283.5%			
EBIT margin (%)	-21.2%	-14.8%	-0.5%	-1.5%	1.7%	-67.2%	-19.9%
Restated adjusted PAT growth rate (%)		14.5%	-53.4%	88.7%		570.3%	
Restated adjusted PAT margin (%)	-31.2%	-21.7%	-6.0%	-8.6%	-4.1%	-86.4%	-31.0%

Liquidity ratios

Current ratio (x)	4.2	1.3	0.4	0.5			0.5
Debt to equity (x)	0.8	1.3	2.4	2.9			3.7
Net debt to EBITDA (x)	(28.8)	35.9	6.9	7.4			40.7

Turnover ratios

Inventory days	15.8	11.7	9.6	9.9			
Debtor days	2.2	1.9	2.4	2.0			
Payable days	(77.1)	(79.8)	(82.7)	(86.3)			
Cash conversion cycle	(59.0)	(66.2)	(70.7)	(74.4)			
Fixed asset turnover ratio (x)	0.5	0.6	0.8	0.8			0.5
Total asset turnover ratio (x)	0.3	0.5	0.7	0.7			0.5

Return ratios

RoE (%)	-19.5%	-28.6%	-15.3%	-26.2%			-78.4%
Cash flow RoE (%)	-0.9%	10.6%	34.7%	40.9%			22.1%
RoA (%)	-10.3%	-11.3%	-4.2%	-6.0%			-14.6%
RoCE (%)	-7.5%	-8.7%	-0.5%	-1.2%			-11.3%
Cash return on capital invested (%)	-1.1%	2.8%	31.6%	37.8%			8.3%

Per share data

Restated adjusted EPS (Rs.)	(1.9)	(2.2)	(1.0)	(1.9)			(4.5)
Restated DPS (Rs.)							
Restated BVPS (Rs.)	9.6	7.5	6.5	7.2			5.7
Restated operating cash flow per share (Rs.)	(0.1)	0.8	2.3	3.0			1.3
Restated free cash flow per share (Rs.)		1.4	1.8	(4.7)			0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%			0.0%

Note: Ratios calculated on pre-issue data; Source: Company RHP

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