Indigo Paints

15 January 2021

IPO note

IIFL SECURITIES

Multi-year high growth story

Indigo Paints has rapidly scaled up to become the fifth largest player in a competitive, oligopolistic decorative-paints industry in India, delivering an organic revenue CAGR of 29% in the past five years. Growth has been driven by differentiated products backed by heavy advertising, an incentivised workforce and a focus on smaller towns. We forecast FY20-23ii EPS CAGR of 48% for Indigo Paints vs. 14-15% for Asian Paints and Berger, whereas company valuation at 46x FY23 EPS implies a 28-41% discount to both these peers. We recommend investors to subscribe to the IPO.

The fifth-largest decorative-paints company in India: Incorporated in Mar-2000, Indigo Paints has rapidly scaled up, logging a turnover of Rs6.2bn in FY20 and delivering an organic revenue CAGR of 29% (48%, including acquisitions) in the past five years. It has 2% market share and is at the #5 spot in a highly competitive and oligopolistic decorative-paints industry. Indigo Paints derives ~46% of its sales from southern India and commands the #3 position in the state of Kerala. It has built a network of ~11,000 dealers and ~4,600 tinting machines.

A solid growth model: Indigo Paints has been able to stand out in an industry with a cluttered tail, via development of differentiated products (29% of sales) catering to specific consumer needs, supported by ad spends similar to major players' (except Asian Paints), on an absolute basis, despite its smaller size. A focus on smaller towns and cities helps it to grow faster and make inroads in the trade, which is a highly daunting task for any new company to achieve in big cities. The tinting machine-to-dealer ratio for Indigo is 0.38 vs ~0.65 for the top-three players; Indigo plans to focus on ramping up this ratio, as the addition of a tinting machine more than doubles the sales from a dealer.

We recommend subscribing to the IPO: Despite our negative stance on the paints sector, we recommend subscribing to the Indigo Paints IPO, given the favourable growth-valuation equation. We forecast FY20-23ii sales/Ebitda/PAT CAGR of 20%/36%/48% vs. 9%/13%/14% for the top-four, on aggregate. Per our estimates, Indigo Paints would yield a valuation of 46x FY23 EPS, based on the upper price band vs. 63x for Asian Paints and 77x for Berger Paints. A combination of higher growth and lower valuations makes for an exciting investment opportunity.

Figure 1: Offer details

Particulars	
Price band (Rs)	1,488-1,490
Primary issue (Rs mn)	3,000
Secondary issue (Rs mn) *	8,702
- of which promoter *	2,488
- of which Sequoia *	6,213
Implied post money market cap (Rs bn) *	70.2

Source: Company, IIFL Research. *based on

Figure 2: Key dates pertaining to the IPO

Key dates	
Anchor issue on	19-Jan-21
Issue opens on	20-Jan-21
Issue closes on	22-Jan-21
Likely listing on	2-Feb-21

Source: Company, IIFL Research

Financial summary (Rs m)

Y/e 31 Mar	FY19A	FY20A	FY21ii	FY22ii	FY23ii
Revenues (Rs m)	5,356	6,248	6,873	8,935	10,721
EBITDA Margins (%)	10.1	14.6	17.0	20.2	21.3
Pre-Exceptional PAT (Rs m)	275	478	813	1,222	1,552
Reported PAT (Rs m)	272	478	813	1,222	1,552
EPS (Rs)	6.0	10.5	17.1	25.7	32.6
Growth (%)	91.8	75.8	62.8	50.4	27.0
PER (x)	**249.6**	**142.0**	**87.2**	**58.0**	**45.7**
ROE (%)	19.8	27.8	21.0	19.1	19.9
Debt/Equity (x)	0.1	0.1	(0.6)	(0.5)	(0.6)
EV/EBITDA (x)	126.8	74.0	56.9	36.8	28.6
Price/Book (x)	46.4	34.1	12.1	10.0	8.2

Source: Company, IIFL Research. Priced on the upper price band at Rs1,490

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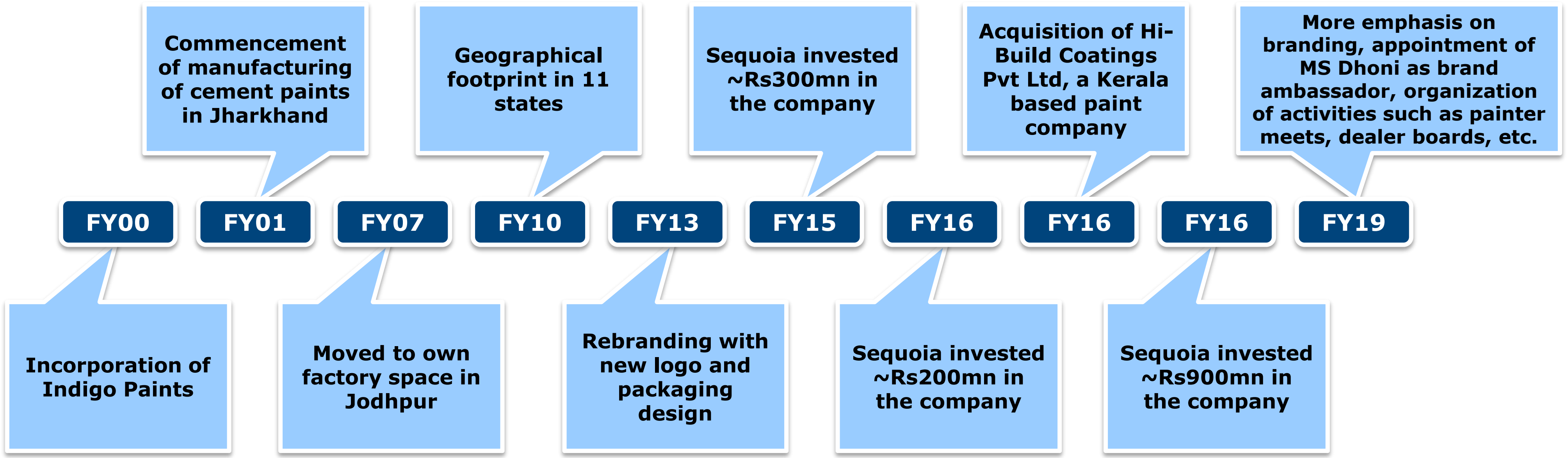
Company snapshot

Indigo Paints (Indigo) is the fifth-largest decorative paints company in India, with a larger presence in tier 3/4 towns and rural areas as well as a strong portfolio of differentiated products. It has clocked the fastest organic revenue CAGR of 29% in the past five years among the top-five decorative paints companies in India.

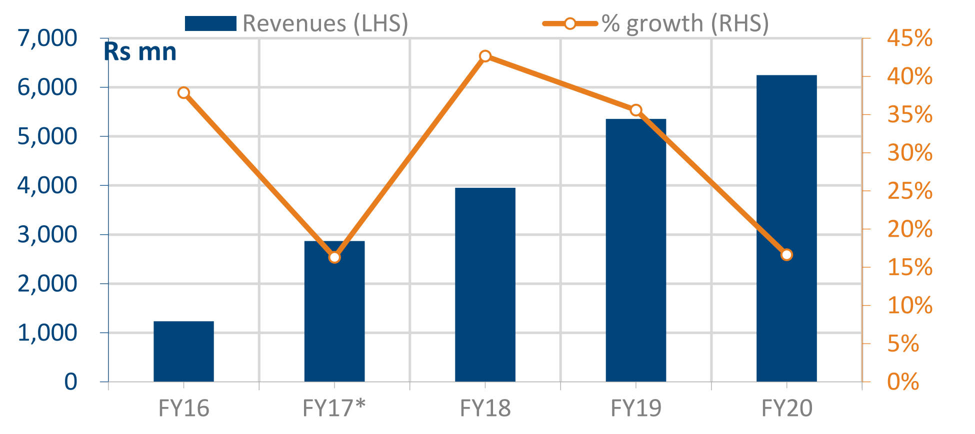
- The company was incorporated as "Indigo Paints Private Ltd" at Pune on 28th March, 2000 and was later converted into a public limited company in August 2000.
- Indigo raised capital via private equity in FY15, from Sequoia Capital, and in FY16 from SCI investments.
- In order to expand footprint in southern India and gain access to solvent-based paints, Indigo acquired Kerala-based paints player Hi Build Coatings, in FY16, which had a turnover of Rs1,230mn in FY16. With the acquisition, Indigo also gained access to manufacturing facilities in Kochi and Pudukkottai.
- South India constituted 46%, while East India constituted 29% of the company's sales in FY20. It is the #3 player in Kerala, close on the heels of the #2 player (Berger Paints) and almost twice the size of the #4 player (Kansai Nerolac) in that market.
- Indigo derives 45% of its sales from emulsion paints. Also, it has a distinguished portfolio of differentiated products based on end-use and value-added properties, which include products such as floor coat emulsion, bright ceiling coat, tile coat, dirtproof and waterproof exterior laminate.
- As of March 2020, Indigo has three manufacturing facilities – Jodhpur, Kochi, Pudukkotai – with combined capacity utilisation of ~48%.

Figure 1: Indigo Paints – Time-line



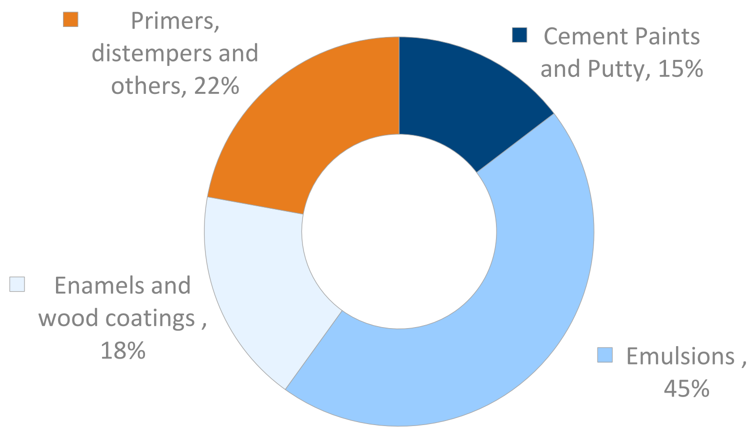
Source: Company, IIFL Research

Figure 2: Indigo Paints has clocked an organic revenue CAGR of ~27% in the past five years, much ahead of the top-four at 10%



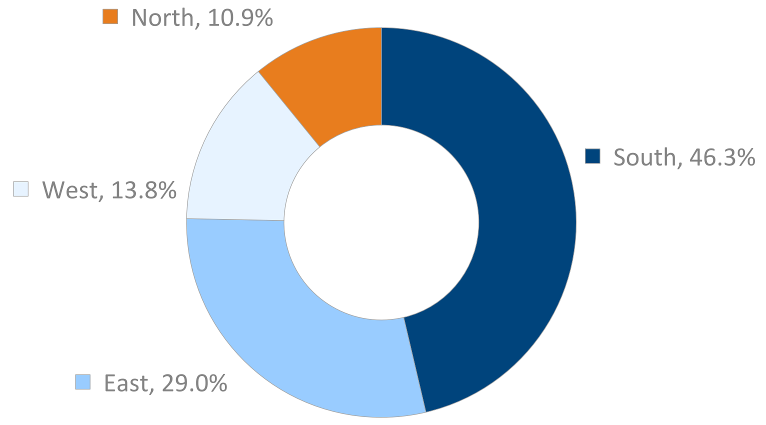
Source: Company, IIFL Research. * growth represents organic increase

Figure 3: Indigo Paints – Gross-revenue split by category in FY20



Source: Company, IIFL Research

Figure 4: Indigo Paints – Gross-revenues split by geography in FY20



Source: Company, IIFL Research

Figure 5: Indigo has three manufacturing facilities in India

Facility	Products manufactured
Jodhpur Unit I (Rajasthan)	Emulsions, Distempers, Primers
Jodhpur Unit II (Rajasthan)	Putties, Cement paints
Kochi (Kerala)	Emulsions, Primers, Other products
Pudukkotai (Tamil Nadu)	Enamels, Wood Coatings, Primers, Other products

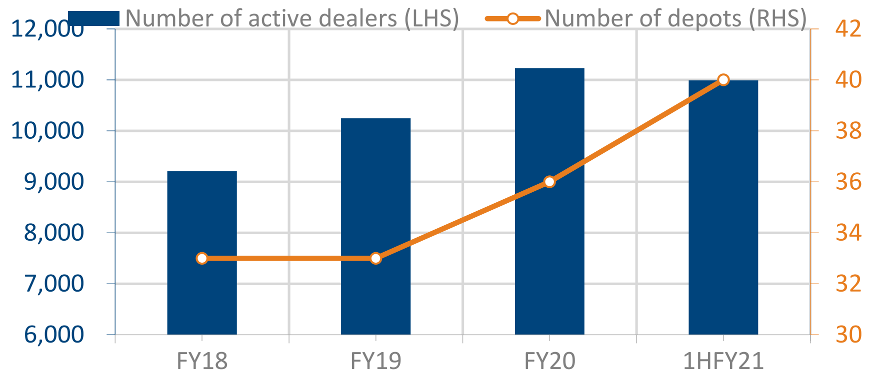
Source: Company, IIFL Research

Figure 6: Indigo's capacity utilisation was ~48% in FY20

Liquid paints (KL) in FY20	Licensed capacity	Annual production	Capacity utilisation
Jodhpur	45,544	23,167	50.87%
Kochi	42,701	18,406	43.10%
Pudukkottai	13,658	6,817	49.91%
Total	**101,903**	**48,390**	**47.49%**

Source: Company, IIFL Research

Figure 7: Number of active dealers have grown at a steady rate for Indigo



Source: Company, IIFL Research

Figure 8: Management snapshot

Name	Designation	Brief profile
Hemant Jalan	Managing Director	Mr. Jalan has over 20 years of experience in the paints industry and was previously associated with AF Ferguson & Co as a consultant. He has a Master's degree in Science from Stanford University and a Master's degree in Business Administration from the University of Chicago.
Chetan Bhalchandra Humane	Chief Financial Officer	Mr. Humane has over 19 years of experience in accounting and finance and was previously associated with Jenson & Nicholson as a commercial assistant. He holds a Bachelor's and Master's in Commerce from the University of Pune.
Thundiyil Surendra Suresh Babu	Chief Operating Officer	Mr. Babu has over 16 years of experience in marketing and sales, and was previosuly associated with Berger Paints, Idea Cellular, Etisalat and Hi Build Coatings. He holds a Post Graduate Diploma in Management from XIM Bhubaneswar.
Varghese Idicula	VP - Technical	Mr. Idicula has over 35 years of experience in research, development and production, and was previously associated with Asian Paints, Pidilite, Sherwin Williams Saudi Arabia and Hi Build Coatings. He has a Master's degree in Administrative Management from the University of Bombay and a diploma in paint technology from the Colour Society and the Indian Paint association.

Source: Company, IIFL Research

A solid growth model in a tough industry

A differentiated product offering

Indigo has been consistent in seeking first to market products by identifying niche product opportunities. It has been a pioneer of certain category creator products such as metallic emulsions, title coat emulsions, bright ceiling coat emulsions and floor coat emulsions. The value added portfolio comprises of products such as dirt-proof and waterproof exterior laminate, exterior and interior acrylic laminate and PU super gloss enamels.

Differentiated products have not only helped the company enhance its brand recognition across dealers, but has also resulted in superior gross margins. Aggregate gross margin in differentiated products is 8-10 percentage points higher than the rest of the portfolio. Moreover, it has resulted in creating cross selling opportunities for the rest of the company's portfolio. Revenues from differentiated products have consistently comprised ~27-28% of total revenues for Indigo in the past three years. As of September 2020, Indigo has a portfolio of seven differentiated products.

Figure 9: Indigo Paints' differentiated products

Product	Applications
Floor coat emulsion	Concrete, cement tiles, terrace floor tiles, paver blocks
Bright ceiling coat	Concrete and plastered ceilings
Metallic emulsion	Wood, metal and masonry
Tile coat	Concrete and roof tiles
PU super gloss enamel	Wood and metal
Dirtproof and waterproof exterior laminate	Cement plaster, concrete and other masonry
Exterior and Interior acrylic laminate	

Source: Company, IIFL Research

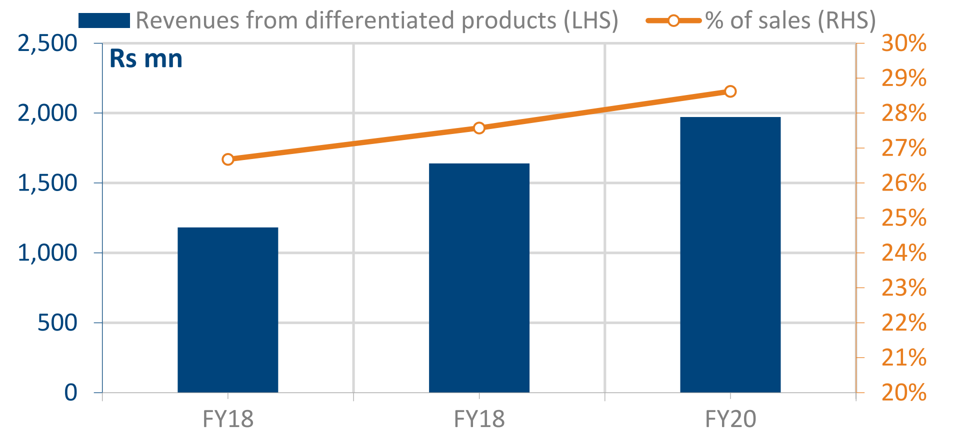
Category creator products

- Metallic emulsion (walls): Available in shades of gold, silver and copper, the product gives a designer finish with glossy metallic texture effect and is used to glam up spaces suitable for interior and exterior walls of homes and offices.
- Tile coat emulsion (roof tiles): A special paint for external roof tiles that provides gloss and sheen along with protection against algae and fungus.
- Bright Ceiling coat (interior ceilings): The product offers a smooth matt finish to enhance the brightness of the room.
- Floor coat emulsion (driveways) – India's first floor coat paint that offers a glossy finish while also protecting the terrace floor, driveways, walkways and cement surfaces.

Differentiated products in existing categories

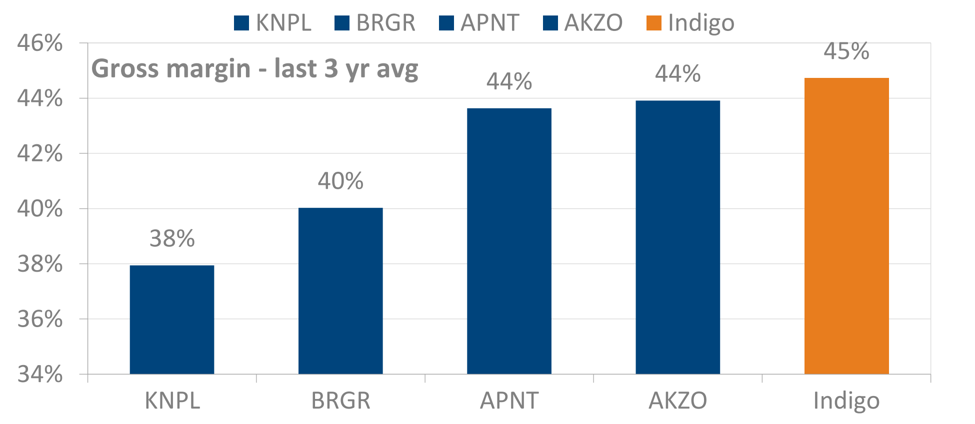
- Dirt proof and water proof exterior laminate: India's first and only paint that gives effective protection from dirt as well as water.
- Acrylic laminate: A premium quality emulsion that gives the walls a rich sheen finish.
- PU super gloss enamels: An all surface enamel paint that delivers superior gloss and protects wood and metal anti-fungal and non-yellowing properties.
- Polymer putty – A white cement based putty with special polymers that gives double protection to the wall with a smooth and bright finish.

Figure 10: Differentiated products have comprised ~27-28% of sales in the past three years



Source: Company, IIFL Research; Note: Revenues are based on invoicing, as per contracted price

Figure 11: A large share of differentiated products has resulted in higher gross margin vs peers, for Indigo



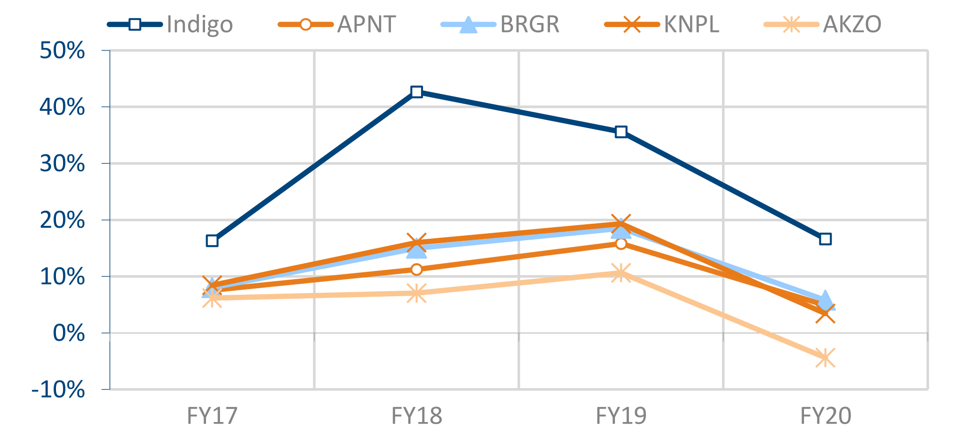
Source: Company, IIFL Research

Targeting tier 3-4 towns for faster growth

In order to create demand for its differentiated products, Indigo tapped into tier 3/4 towns and rural areas, where brand penetration is easier and dealers have greater ability to influence customer-purchase decisions. Typically, when Indigo enters new states, it begins with doing business with dealers in tier 3/4 towns and rural areas and, subsequently, leverages this dealer network to engage with dealers in larger cities. The company has used this approach to expand into cities such as Kanpur, Kochi, Thiruvananthapuram, Patna and Ranchi.

The strategy has prevented the company from directly taking on larger players head on, and steadily building its own footprint in a profitable way. Also, riding on this strategy, Indigo has clocked an organic revenue CAGR of ~27% in the past four years, which is comfortably higher than the 5-12% clocked by the top-four over the same period, in the domestic decorative paints segment, albeit on a much smaller base.

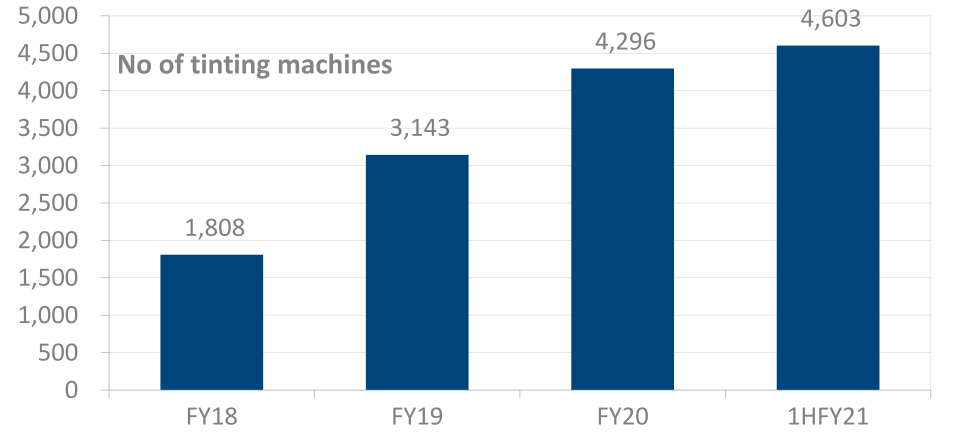
Figure 12: Indigo has clocked comfortably higher revenue growth than the larger, listed peers, through its small-towns strategy



Source: Company, IIFL Research

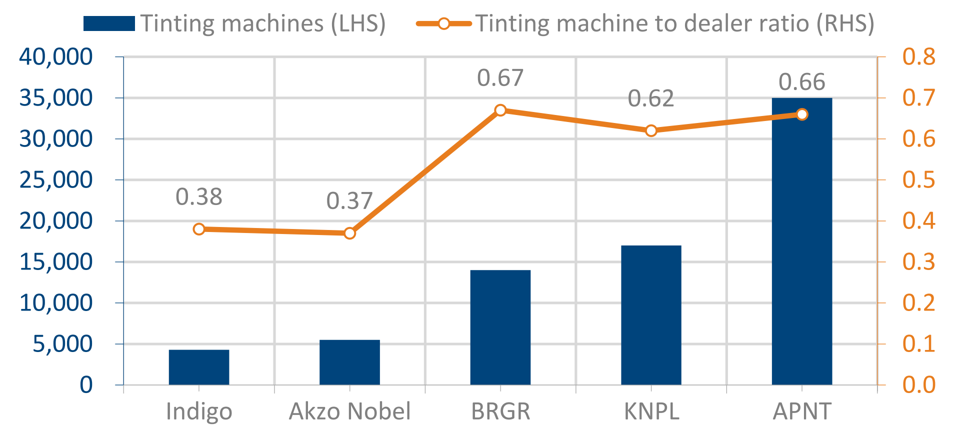
Presence of in-shop tinting machines, which are exclusive to each paints company, serves as a strong entry barrier in penetrating the dealer network. Typically, dealers tend to install tinting machines of only recognised players due to space constraints. Indigo with its small-towns approach has been able to partner with a large number of dealers in tier 3/4 towns, which have few or no tinting machines at their premises, thereby making acceptance of the company's tinting machines at these locations relatively easier. Installation of a tinting machine tends to increase sales throughput of a company from a particular dealer by 2.5 times. As of September 2020, Indigo has a total of 4,603 tinting machines across its dealer network. In terms of the tinting machines-to-dealer ratio at 0.38, while Indigo fares better than Akzo Nobel, there is still significant room to cover with respect to other peers.

Figure 13: Steady increase in the number of Indigo's tinting machines



Source: Company, IIFL Research

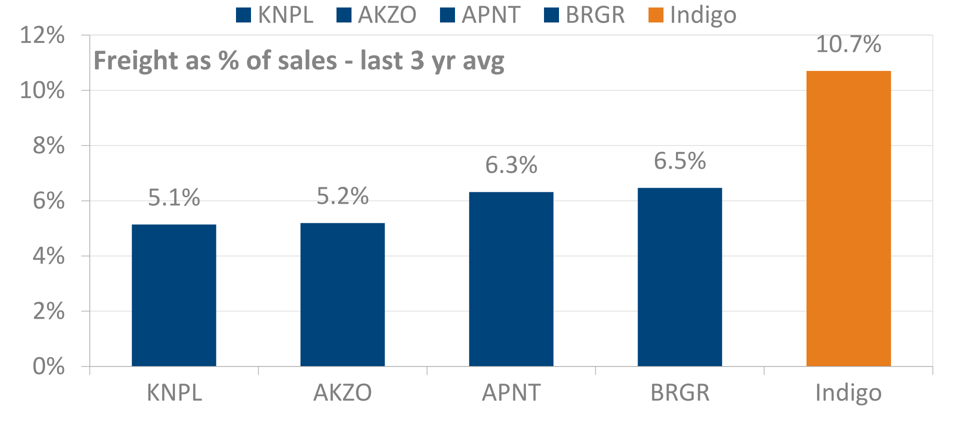
Figure 14: Indigo still significantly trails behind larger peers, in terms of the tinting machines-to-dealer ratio



Source: Company, IIFL Research

While the strategy has resulted in significantly higher growth for Indigo vs. the industry, it has also entailed higher costs in terms of freight. The company has three manufacturing facilities located strategically near raw-material sourcing areas and therefore incurs higher outward freight costs in order to service a dealer network which is located in smaller cities and towns vs. other players. Moreover, the company has a higher share of putty and white cement (~15%), which is a voluminous product, and hence entails higher freight costs as a percentage of sales.

Figure 15: Indigo has the highest freight costs among peers



Source: Company, IIFL Research

Focus on brand building

With a large differentiated product portfolio, Indigo has rolled out advertising campaigns that focus on garnering better recognition for these products. Rather than focussing on product-specific sub-brands, the company has used an umbrella branding strategy, with the primary consumer brand of "Indigo". Based on price points, the products are labelled as "Platinum series", "Gold series", "Silver series" and "Bronze series".

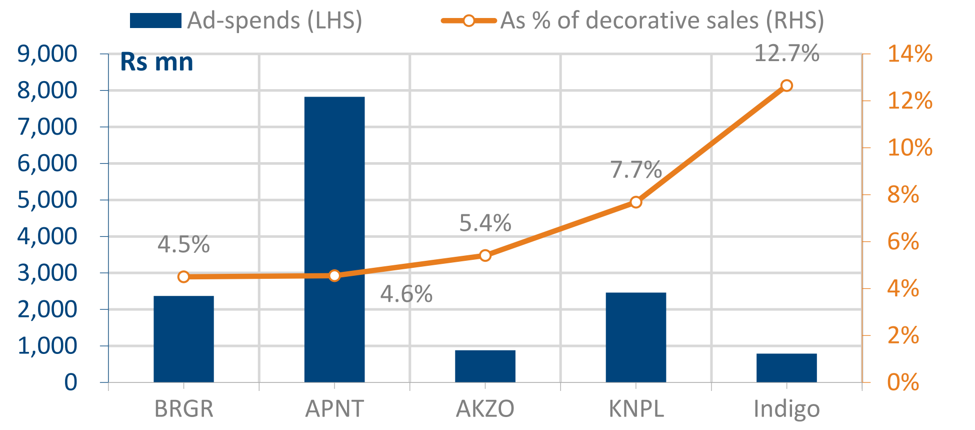
The company appointed Mahendra Singh Dhoni as its brand ambassador. Standardisation of the packaging design has lent uniformity and enabled easier brand recognition at dealer outlets. The company has also created a mascot – a zebra with colourful stripes – in order to increase brand recall. Further, Indigo works with its dealers to display boards and carry out in-shop branding at their outlets.

Figure 16: Indigo appointed MS Dhoni as brand ambassador and has also created a mascot

Source: Company, IIFL Research

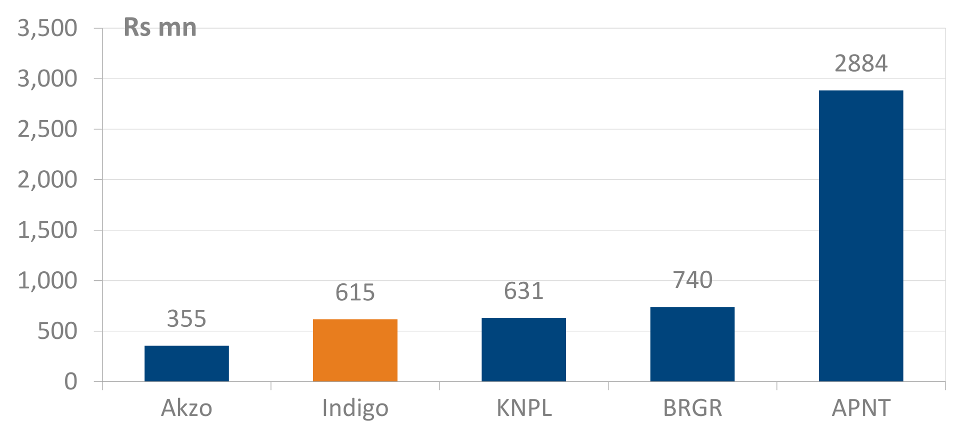
Indigo's ad-spends, as a percentage of sales, at 13% are significantly higher than peers. At an absolute level too, these are similar to Akzo Nobel, whose decorative sales are more than double that of Indigo. If we consider only the media advertising expenses within overall ad-spends, Indigo spent Rs615mn in FY20, which was only slightly below BRGR's and at par with KNPL's, despite much lower decorative sales. As the company reaps the benefits of scaling up of operations, we believe that ad-spends as a percentage of sales would move closer to industry standards, providing operating leverage fillip to margins.

Figure 17: Indigo's ad-spends as a percentage of sales are significantly higher than peers



Source: Company, IIFL Research

Figure 18: Media spends for Indigo were at par with KNPL and only slightly below BRGR in FY20



Source: Company, IIFL Research

A well incentivised second line of management

Indigo has a lean operating structure that focusses on hiring young talent with engineering or management degrees, straight out of reputed institutions, and entrusting them with major responsibilities. The workforce is incentivised with a higher variable component and ESOPs, which do not vest before four years; this results in a loyal workforce and a close to zero attrition rate. This approach not only yields a more growth-oriented workforce, but simultaneously develops a second line of management in an organic manner.

Comparison of key financial metrics vs. peers

We compare the key financial metrics of Indigo with those of listed peers, for the past three years. Indigo has clocked a significantly higher growth vs peers in the time period and also commanded higher gross margin, with no exposure to industrial paints and a large salience of differentiated products. However, this has been offset by a large ad-spend component in order to support the differentiated product portfolio as well as high freight costs in pursuit of growth via its small-towns strategy, resulting in lower Ebitda margin vs. peers.

Balance sheet hygiene, in terms of working capital and gross asset turnover, is at par or better than peers' and has resulted in an impressive average ROE/ROIC of 24%/23% over the past three years. While ROIC for Indigo lags the market leader, it is similar or better than other peers.

Figure 19: Indigo is at par or better on most key financial metrics vs. peers

Last 3-yr average	Indigo	APNT	BRGR	KNPL	Akzo
Sales growth	31.5%	10.7%	10.6%	7.7%	1.4%
Gross margin	44.7%	43.6%	40.0%	37.9%	43.9%
Employee costs	7.1%	5.6%	5.8%	5.1%	9.6%
Ad-spends	12.2%	4.2%	4.0%	5.3%	3.5%
Freight & forwarding	10.7%	6.3%	6.5%	5.1%	5.2%
Other costs	4.3%	6.0%	7.6%	6.6%	13.3%
Ebitda margin	10.4%	21.5%	16.1%	15.8%	12.3%
Inventory - days of sales	48	58	75	69	51
Receivables - days of sales	74	27	40	50	54
Payables - days of sales	91	44	67	46	86
Working capital - days of sales	15	32	52	96	8
Gross asset turnover	3.6	3.3	3.9	2.4	3.8
Capex - as % of sales	7.3%*	5.9%	4.0%	6.4%	1.5%
ROE	23.8%*	26.8%	23.3%	15.2%	18.5%
ROIC	23.3%*	40.2%	27.9%	18.0%	29.1%

Source: Company, IIFL Research; * represents the last two-year average; Note: represents standalone figures for all peers

Subscribe to the IPO

We have a negative view on the paints sector, as explained in our detailed report dated 26-Oct-2020. Our view is predicated on the fact that the paints industry is not as under-penetrated now as it was earlier and, therefore, growth rates in the future will be lower than what they were in the past. In light of these lower growth-rates, paints stocks are clearly over-valued.

However, we would advise investors to subscribe to the Indigo Paints IPO, as the growth-valuation equation seems favourable here.

Growth

- Over the past four years, Indigo Paints has listed an organic Cagr of 27% vs the top-4 players' aggregate at 10%.
- In future, too, we expect growth rate for Indigo Paints to outstrip other players'. We forecast FY20-23 sales/Ebitda/net profit Cagr of 19.7%/35.9%/48.1% vs the top-4 players' aggregate at 9%/13%/14%.
- Indigo's growth is not constrained by industry growth or structure. Currently at 2% market share, it will still be at a low 4.4% market share 10 years down the line, if it grows at double the rate of the industry (18% for Indigo vs 9% for the industry). With smaller players (i.e. players other than the top-4) comprising ~25% of the decorative paints market, Indigo's growth is therefore unlikely to hurt growth of the top-4 players.

Valuation

- The PER valuation of Indigo Paints on FY23 is 46x on our estimates vs 63x for Asian Paints, 77x for Berger, 48x for Kansai and 31x for Akzo Nobel.
- We believe that business-wise, Indigo is more comparable to Asian Paints/Berger. Kansai and Akzo have ~35-40% exposure to industrial paints, which are B2B; moreover, Akzo's growth has been historically lagging other players', which explains its lower valuations.
- A combination of higher growth and lower valuations make for an exciting investment opportunity, in our view.

Figure 20: Paint companies – Valuation matrix

	Mkt Cap	CMP	ROE	PE			EV/EBITDA		
	(US$ mn)	(Rs)	FY22	FY21	FY22	FY23	FY21	FY22	FY23
Indigo Paints*	967	1,490	19.1	87.2	58.0	45.7	57.5	37.2	28.9
Asian Paints	34,849	2,664	28.9	88.6	69.4	63.2	55.1	44.8	40.7
Berger Paints	10,517	794	24.7	113.0	85.7	77.0	67.4	54.2	48.4
Kansai Nerolac	4,823	656	15.6	65.7	52.5	47.8	40.2	32.8	29.4
Akzo Nobel	1,461	2,352	20.9	42.6	33.6	31.2	25.5	20.2	18.6

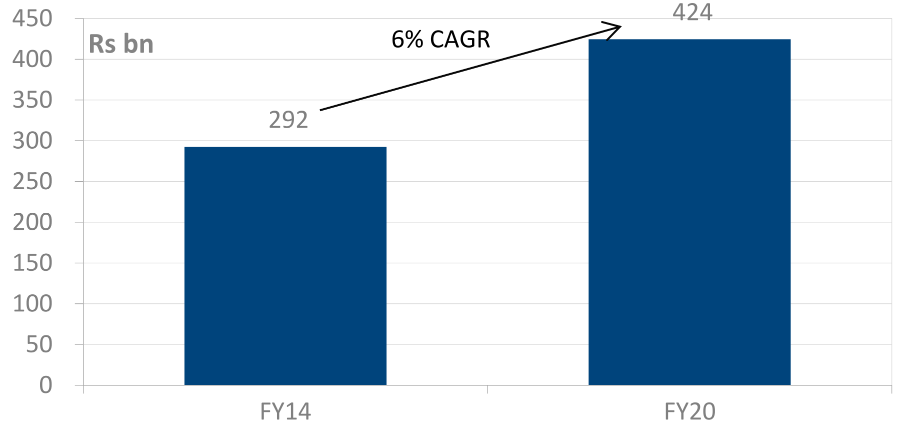
Source: Company, IIFL Research; Note: Data is based on post money valuation at the upper price band of Rs1,490

Industry snapshot

While the DRHP for Indigo Paints pegs the estimate of India's decorative paints industry size at Rs403bn in FY19, our industry estimates (as published in our detailed paints industry report) point towards a higher number, at Rs424bn in FY19. Also, our industry CAGR estimates for FY14-19 at 8% are lower than the estimate from the DRHP at 11.5%.

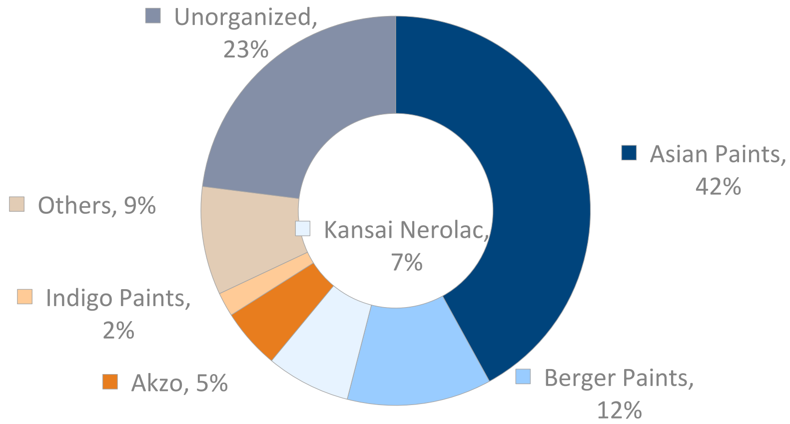
Asian Paints is the market leader in the Indian decorative paints category, followed by Berger Paints with a 12% share, Kansai Nerolac at 7% share and Akzo Nobel at 5% share. Indigo has been steadily gaining share in this oligopolistic industry and is currently the fifth-largest player with a 2% market share. Other paints companies include Nippon India, Kamdhenu Paints, Jenson & Nicholson Paints Private, JSW Paints and Jotun Paints. Almost 23% of the Indian decorative market comprises many small players, which can be said to be part of the 'unorganised sector'.

Figure 21: Our estimates suggest that the decorative industry has registered a CAGR of 6% over FY14-20



Source: IIFL Research

Figure 22: Indigo has grown steadily, to command a 2% market share in the Indian decorative paints industry



Source: Company

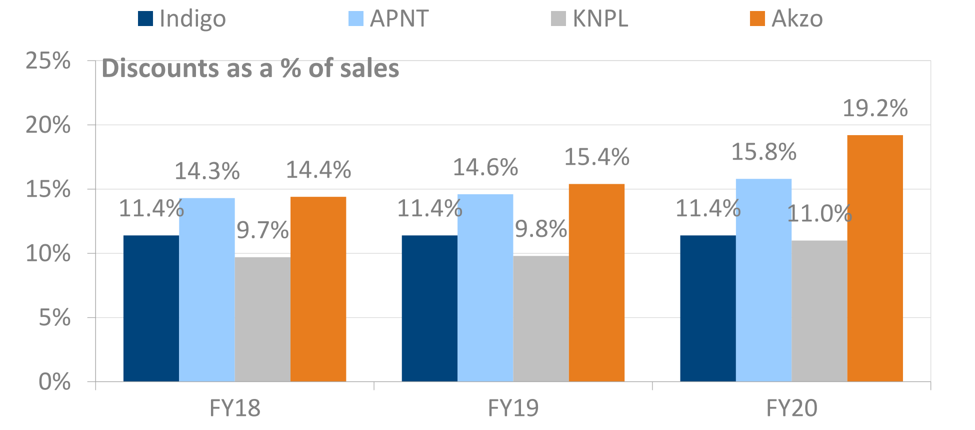
In terms of dealer servicing, Asian Paints has the least trade margins or incentives, but makes up for this by lower dealer inventory days and lower time taken to supply post-order placement. Berger Paints, on the other hand, offers higher trade margins and incentives to its dealers. Indigo Paints maintains an inventory of 15-18 days with its dealers and takes ~12-24 hours to supply post-order placement, both of which are in line with industry standards.

Figure 23: Dealer hygiene across peers – Indigo is at par with others except Asian Paints on most parameters

	Dealer inventory days	Time to supply after placing order	Incentives / margins	New products / services
Asian Paints	6-10 days	4-6 hours	3-5%	Sanitizer, safe painting
Berger Paints	15-18 days	12-24 hours	10-15%	Sanitizer, Express Painting services
Kansai Nerolac	15-18 days	12-24 hours	8-10%	
Akzo Nobel India	15-20 days	12-24 hours	8-10%	
Indigo Paints	15-18 days	12-24 hours	Cash and scheme discounts	

Source: Company

Figure 24: Indigo's discounts offered to dealers are lower than Asian paints and Akzo Nobel



Source: Company

Financial summary

Income statement summary (Rs m)

Y/e 30 Jun	FY19A	FY20A	FY21	FY22ii	FY23ii
Revenues	**5,356**	**6,248**	**6,873**	**8,935**	**10,721**
Ebitda	**541**	**910**	**1,169**	**1,805**	**2,282**
Depreciation and amortisation	-171	-196	-227	-362	-430
Ebit	370	714	942	1,443	1,853
Non-operating income	16	16	181	208	239
Financial expense	-47	-56	-36	-17	-17
PBT	340	674	1,087	1,634	2,075
Exceptionals	-3	0	0	0	0
Reported PBT	337	674	1,087	1,634	2,075
Tax expense	-68	-196	-274	-412	-523
PAT	269	478	813	1,222	1,552
Minorities, Associates etc.	0	0	0	0	0
Attributable PAT	**272**	**478**	**813**	**1,222**	**1,552**

Ratio analysis

Y/e 30 Jun	FY19A	FY20A	FY21	FY22ii	FY23ii
Per share data (Rs)					
Pre-exceptional EPS	6.0	10.5	17.1	25.7	32.6
DPS	-	-	-	-	-
BVPS	32.1	43.7	122.8	148.7	181.7
Growth ratios (%)					
Revenues	35.6	16.6	10.0	30.0	20.0
Ebitda	109.6	68.2	28.4	54.4	26.4
EPS	91.8	75.8	62.8	50.4	27.0
Profitability ratios (%)					
Ebitda margin	10.1	14.6	17.0	20.2	21.3
Ebit margin	6.9	11.4	13.7	16.1	17.3
Tax rate	20.1	29.1	25.2	25.2	25.2
Net profit margin	5.1	7.7	11.8	13.7	14.5
Return ratios (%)					
ROE	19.8	27.8	21.0	19.1	19.9
ROCE	19.4	30.5	21.8	21.5	22.8
Solvency ratios (x)					
Net debt-equity	0.1	0.1	(0.6)	(0.5)	(0.6)
Net debt to Ebitda	0.3	0.1	(3.2)	(2.1)	(2.1)
Interest coverage	8.0	12.8	26.3	84.4	108.4

Source: Company data, IIFL Research

Balance sheet summary (Rs m)

Y/e 30 Jun	FY19A	FY20A	FY21	FY22ii	FY23ii
Cash & cash equivalents	337	265	3,854	3,871	5,044
Inventories	693	768	844	1,098	1,317
Receivables	1,038	1,045	1,149	1,494	1,793
Other current assets	33	35	38	50	60
Creditors	1,362	1,386	1,524	1,982	2,378
Other current liabilities	232	287	282	367	441
Net current assets	**508**	**439**	**4,079**	**4,164**	**5,395**
Fixed assets	1,530	2,018	1,941	3,079	3,399
Investments	0	0	0	0	0
Other long-term assets	100	89	89	89	89
Total net assets	**2,137**	**2,547**	**6,109**	**7,332**	**8,883**
Borrowings	516	392	142	142	142
Other long-term liabilities	147	184	184	184	184
Shareholders' equity	**1,475**	**1,971**	**5,783**	**7,005**	**8,557**
Total liabilities	**2,137**	**2,547**	**6,109**	**7,332**	**8,883**

Cash flow summary (Rs m)

Y/e 30 Jun	FY19A	FY20A	FY21	FY22ii	FY23ii
Ebit	370	714	942	1,443	1,853
Tax paid	(68)	(196)	(274)	(412)	(523)
Depreciation and amortization	171	196	227	362	430
Net working capital change	81	(4)	(51)	(67)	(58)
Other operating items					
Operating cash flow before interest	553	710	844	1,326	1,701
Financial expense	(47)	(56)	(36)	(17)	(17)
Non-operating income	16	16	181	208	239
Operating cash flow after interest	**523**	**671**	**989**	**1,517**	**1,923**
Capital expenditure	**(237)**	**(630)**	**(150)**	**(1,500)**	**(750)**
Long-term investments	-	-	-	-	-
Others	(311)	(7)	-	-	-
Free cash flow	**(25)**	**34**	**839**	**17**	**1,173**
Equity raising	(69)	18	3,000	-	-
Borrowings	201	(124)	(250)	-	-
Dividend					
Net chg in cash and equivalents	107	(72)	3,589	17	1,173

Source: Company data, IIFL Research