



Choice

Nurturing Financial Excellence

IPO REPORT

**“Subscribe with Caution” to
Sterling and Wilson Solar Ltd.**

Long term solar play, but current market turbulence not supportive

Salient features of the IPO:

- **Sterling and Wilson Solar Ltd.** (SWSL), the solar engineering and construction arm of Shapoorji Pallonji Group, is planning to raise up to Rs. 31,250mn through an IPO, which will open on 06th Aug. and close on 08th Aug. 2019. The price band is Rs. 775 - 780 per share.
- The issue is a secondary sale (OFS) of the shares, thus it will not receive any proceeds from the issue.

Key competitive strengths:

- Largest global solar EPC solutions provider in a fast growing solar industry
- Comprehensive end-to-end EPC solutions provider with a global execution track record
- Dedicated design and engineering team focused on innovation, efficiency and cost effective engineering solutions
- Strong relationships with customers and other key stakeholders
- Strong parentage and ability to leverage global Shapoorji Pallonji "SP" brand
- Asset-light business model

Risk and concerns:

- Slowdown in global economic expansion leading to subdued demand of solar EPC services
- Inability to maintain profitability margins
- Increased competition may result in poor performance in winning tender bids
- Revenue concentration among top-10 customers
- Poor expansion of high margin O&M business

Peer comparison and valuation: There is no listed entity in India comparable to the business profile of SWSL. At the higher price band of Rs. 780 per share, the company's share is valued at a P/E multiple of 19.6x (to its FY19 consolidated EPS of Rs. 39.8).

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

- SWSL is a global pure-play, end-to-end solar engineering, procurement and construction (EPC) solution provider. It is engaged in providing EPC services primarily for utility-scale solar power projects with a focus on project design and engineering and manages all aspects of project execution from conceptualizing to commissioning. The company also provides operations and maintenance (O&M) services, including for projects constructed by third-parties. Its global operations contributed around 70% to the consolidated revenue in FY19.
- The company commenced operations in 2011 and over a span of seven years, it expanded to 26 countries and became the largest solar EPC solutions provider in each of India, Africa and the Middle East. As of 31st Mar. 2019, SWSL has in its portfolio 205 commissioned and contracted solar power projects with an aggregate capacity of 6,870MW. The portfolio includes an impressive 1,177MW single location solar PV plant in Abu Dhabi - one of the world's largest single location solar plants. For O&M business, the company has a contracted capacity of 5,558MW.
- Based on annual installations of utility-scale photovoltaic (PV) systems of more than 5MW, SWSL is world's largest solar EPC solutions provider in 2018 (Source: Company RHP). It had a global market share of 4.6% (more than twice of the next four players each) in 2018. Ex-Chinese installations, the company had a global market share of 8.6% in 2018. In domestic market, it is the leader with a market share of 16.6% (3x times the size of its closest competitor). Additionally, in Africa and Middle East, the company has a market share of 36.6% and 40.4%, respectively.
- SWSL has increased its global market share from 0.3% in 2014 to 4.6% in 2018. Expansion in the market share can be primarily attributed to its continued leadership in the domestic market, higher solar installation in the domestic market, geographic expansion and association with the world's largest single location solar plant in Abu Dhabi.
- As of 31st Mar. 2019, SWSL had an order book of Rs. 38,315.8mn spanned across 28 solar projects. Additionally, it has received letter of intents of Rs. 39,081.6mn value of solar power projects. The company has won these orders by participating in a tender bidding process.
- Through its strong execution track record, SWSL has developed strong brand recognition among its customers and financial institutions (who funds solar projects). This can be demonstrated from the higher number of repeat orders from the existing customers. In FY19, 83.3% and 64.4% of the customers were repeat customer in domestic and overseas markets. Through its long experience in executing EPC projects, SWSL intends to deliver its cost effective design & engineering solutions and quality services to its customers. We believe that the company is successful in its intent, which can be concluded by its zero sites with performance related liabilities in the last two years and higher volume of repeat customers.

Recommendation	Subscribe with Caution
Price Band (Rs.)	Rs. 775 - 780 per Share
Face Value (Rs.)	Rs. 1
Shares for Fresh Issue (mn)	Nil
Shares for OFS (mn)	40.1 - 40.3mn Shares
Fresh Issue Size (Rs. mn)	N/A
OFS Issue Size (Rs. mn)	Rs. 31,250mn
Total Issue Size (Rs. mn)	40.1 - 40.3mn Shares (Rs. 31,250mn)
Bidding Date	06 th Aug. - 08 th Aug. 2019
MCAP at Higher Price Band	Rs. 125,081mn
Enterprise Value at Higher Price Band	Rs. 142,813mn
Book Running Lead Manager	ICICI Securities Ltd., Axis Capital Ltd., Credit Suisse Securities (India) Pvt. Ltd., Deutsche Equities India Pvt. Ltd., IIFL Securities Ltd., SBI Capital Markets Ltd., IndusInd Bank Ltd., and YES Securities (India) Ltd.
Registrar	Link Intime India Pvt. Ltd.
Sector/Industry	Construction & Engineering
Promoters	Shapoorji Pallonji and Company Pvt. Ltd. and Mr. Khurshed Yazdi Daruvala

Pre and post - issue shareholding pattern		
	Pre – Issue	Post - Issue
Promoter & Promoter Group	100.00%	75.02%
Public	0.00%	24.98%
Total	100.00%	100.00%
Retail application money at higher cut-off price per lot		
Number of Shares per Lot	19	
Application Money	Rs. 14,820 per Lot	
Analyst		
Rajnath Yadav		
Research Analyst (022 - 6707 9999; Ext: 912)		
Email: rajnath.yadav@choiceindia.com		

Peer comparison and valuation (Contd...):

Company Name	Currency	CMP (Rs.)	MCAP (Rs. mn)	EV (Rs. mn)	Total Operating Revenue (Rs. mn)	EBITDA (Rs. mn)	PAT (Rs. mn)	EBITDA Margin (%)	PAT Margin (%)
Sterling and Wilson Solar Ltd.	INR	780	125,081	142,813	82,404.1	6,421.0	6,389.9	7.8%	7.8%
Sungrow Power Supply Co. Ltd.	CNY	10	15,004	16,742	10,334.4	1,006.3	776.4	9.7%	7.5%
Risen Energy Co., Ltd.	CNY	10	9,447	15,151	9,699.8	741.9	351.4	7.6%	3.6%
First Solar, Inc.	USD	67	7,044	4,963	2,244.0	261.6	216.0	11.7%	9.6%
Acciona S.A.	EUR	96	5,273	9,607	7,554.5	1,255.1	262.8	16.6%	3.5%
Scatec Solar ASA	NOK	96	10,925	19,487	1,151.0	862.0	156.9	74.9%	13.6%
Average								11.4%	6.1%

Company Name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt Equity Ratio	Fixed Asset Turnover Ratio	RoE (%)	RoCE (%)	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning Yield (x)
Sterling and Wilson Solar Ltd.	39.8	52.2	0.0	2.7	261.7	76.3%	75.0%	19.6	14.9	1.7	22.2	1.5	5.1%
Sungrow Power Supply Co. Ltd.	0.5	5.3	0.1	0.7	4.0	10.0%	10.6%	19.3	1.9	1.6	16.6	1.5	5.2%
Risen Energy Co., Ltd.	0.4	9.3	0.1	0.8	1.2	4.2%	4.7%	26.9	1.1	1.6	20.4	1.0	3.7%
First Solar, Inc.	2.0	49.5	0.0	0.1	1.0	4.1%	2.4%	32.6	1.4	2.2	19.0	3.1	3.1%
Acciona S.A.	4.8	63.7	3.0	1.8	1.0	7.5%	7.3%	20.1	1.5	1.3	7.7	0.7	5.0%
Scatec Solar ASA	1.4	21.7	0.0	3.9	0.1	6.3%	4.0%	69.6	4.4	16.9	22.6	9.5	1.4%
Average			0.6	1.4	1.5	6.4%	5.8%	33.7	2.1	4.7	17.3	3.2	3.7%

Note: All financials and ratio based on FY19 data or TTM; Data in their respective currency; Source: Choice Broking Research

- SWSL operates an asset-light business model, under which its customers are responsible for sourcing and acquiring real estate while it typically lease equipment required for the operations. Its asset-light business model generally entails low capital expenditures and fixed costs, while offering flexibility and scalability to meet the customer requirement. In the last three fiscals, its depreciation charge is 0.1% of the top-line, while the average fixed asset turnover is around 250x. As a result, SWSL's average RoCE stood at 144% over FY17-19. The company also has a negative working capital cycle, which is rare with a company in an EPC space. The reason for negative working capital cycle is the initial partial advance payment from the customers, while a longer payment cycles for the suppliers.
- With declining solar PV cost, increased concerned towards green environment, favorable government policies across the globe towards solar power, lower interest cost etc. thereby leading to a lower cost of solar electricity, the importance of solar energy is further expected to increase in future. According to the RHP, the total cumulative installed solar PV generation capacity could reach nearly 1,090GW globally by 2022, compared to less than 100GW at the end of 2012. Thus, with its global leadership position, diversified global presence and presence in the high growing domestic market, SWSL is better placed to benefit from the growth in the solar space.
- SWSL is a group company of Shapoorji Pallonji Group (SP Group), a global conglomerate and has over 150 years of experience as an EPC solutions provider in various industries across 45 countries. Another promoter is the Sterling and Wilson Group, which also has over 90 years of experience in offering EPC solutions with operations across 34 countries. SWSL benefits from global presence and stakeholder relationships of the SP Group. Pre-ipo, the promoters have 100% stake and post-ipo the stake is likely to decline to around 74.85-75.02%. Since this issue is a pure OFS, SWSL will not receive any proceeds from it. Infact, the promoters would utilize the ipo proceeds to repay the debt availed from SWSL, which in turn would repay to the lenders. The stipulated time period for this transaction is around 90 days. As on FY19, SWSL had total debt of Rs. 22,277.8mn, while post repayment exercise, the debt will decline significantly. With positive cash flow generation from the solar EPC business, the management has guided that it would become debt free in future.
- SWSL has reported a short financial history, but demonstrated a strong financial performance. With increased solar power expansion across the globe, SWSL reported a 44.4% CAGR rise in consolidated operating revenue over FY16-19 to Rs. 82,404.1mn in FY19. With minimized costs, consolidated EBITDA increased by 50.4% CAGR over FY16-19 to Rs. 6,421mn. EBITDA margin expanded from 6.9% in FY16 to 7.8% in FY19. Reported PAT increased by 72.1% CAGR to Rs. 6,389.9mn in FY19. PAT margin expanded by over 3ppts over the period to stood at 7.8% in FY19. The company reported positive consolidated operating cash flow in FY16 and FY18. Absence of large orders led to a negative cash flow in FY17, while demerger from the parent company led to a negative cash flow in FY19. Cash flow before working capital changes increased by 54.1% CAGR over FY16-19. Consolidated RoIC and RoE stood at 63.9% and 76.3%, respectively, while RoCE stood at 75% in FY19.
- Based on our quick estimate, we are forecasting a 32.8% rise in revenue in FY20E to Rs. 109,393.6mn. EBITDA and PAT margin are expected at 8% and 6.8%, respectively, in FY20E as against respective margins of 7.8% and 7.8% in FY19. Similarly, FY21E top-line is forecasted to be at Rs. 136,742mn (a growth of 25% over FY20E), while EBITDA and PAT margin are anticipated to be at 8.8% and 7.7%, respectively.
- There is no listed entity in India or across the globe comparable to the business profile and geographical diversification of SWSL. The above peers are the global peers for reference. At the higher price band, the company is demanding a consolidated P/E valuation of 19.6x (to its FY19 EPS of Rs. 39.8), which at discount to its peers average of 33.7x (excluding P/E multiple of Scatec Solar ASA). Based on FY20E and FY21E EPS, SWSL is demanding a P/E multiple of 16.8x and 11.8x, respectively.

Thus considering the above observations, long term growth potential of solar energy and the demanded valuation, we feel that the company is better placed at right time. However, with current turbulence in the domestic equity market, we assign a "Subscribe with Caution" rating for the issue.

About the issue:

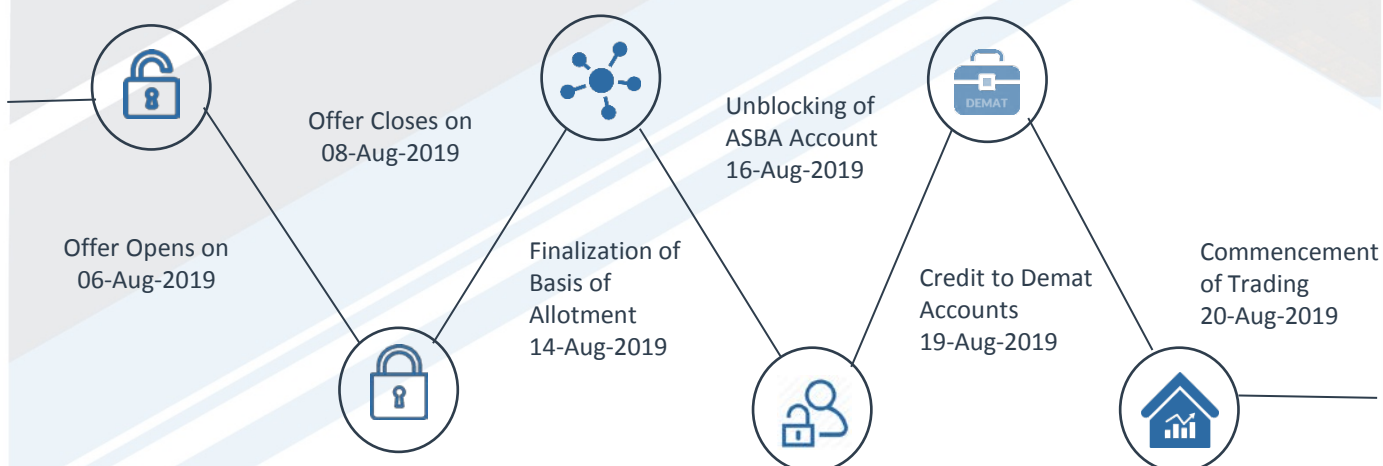
- SWSL is coming up with an initial public offering (IPO) with around 40.1 - 40.3mn shares (fresh issue: Nil; OFS shares: 40.1 - 40.3mn shares) in offering. The offer represents around 24.98% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 31,250mn.
- The issue will open on 06th Aug. 2019 and close on 08th Aug. 2019.
- The issue is through book building process with a price band of Rs. 775 - 780 per share.
- The issue is a secondary sale (OFS) of the shares, thus it will not receive any proceeds from the issue.
- 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 100% stake in the company and post-IPO this will come down to 75.02%. Public holding will increase from current nil to 24.98%.

Pre and post issue shareholding pattern (%)

	Pre Issue	Post Issue (at lower price band)	Post Issue (at higher price band)
Promoter & Promoter Group (%)	100.00%	74.85%	75.02%
Public (%)	0.00%	25.15%	24.98%

Source: Choice Equity Broking

Indicative IPO process time line:



Company introduction:

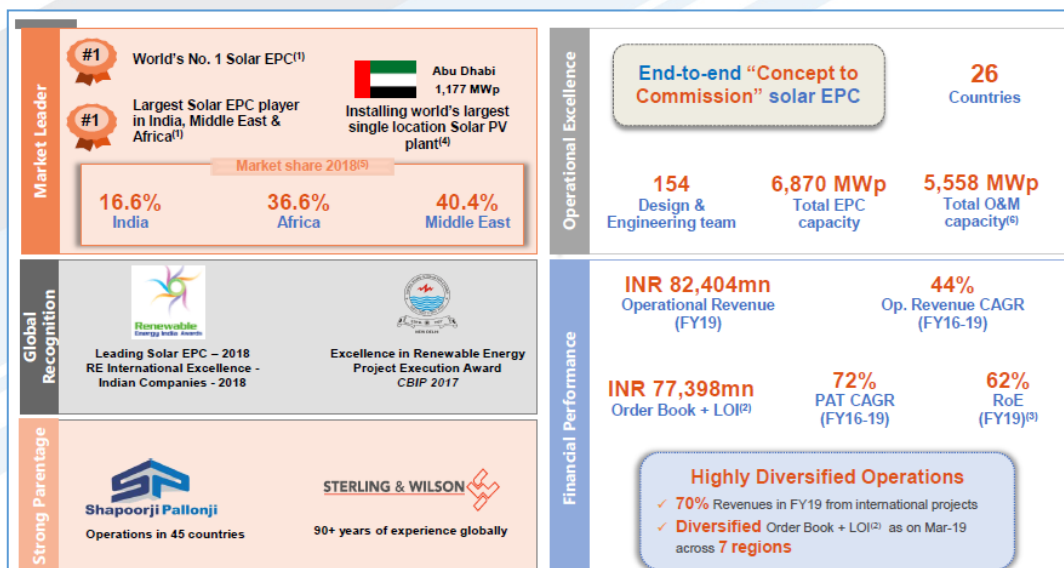
SWSL is a global pure-play, end-to-end solar EPC solutions provider, and is the world's largest solar EPC solutions provider in 2018 based on annual installations of utility-scale PV systems of more than 5MW (Source: Company RHP). The company provides EPC services primarily for utility-scale solar power projects with a focus on project design & engineering and manages all aspects of project execution from conceptualizing to commissioning. It also provides O&M services, including for projects constructed by third-parties.

SWSL commenced operations in 2011 as the Solar EPC Division of Sterling and Wilson Pvt. Ltd. (SWPL) and demerged from SWPL with effect from 01st Apr. 2017. Over a span of seven years, the company became the largest solar EPC solutions provider in each of India, Africa and the Middle East in 2018 and currently have presence across 26 countries. As of 31st Mar. 2019, it has 205 commissioned and contracted solar power projects with an aggregate capacity of 6,870MW. SWSL's order book, which is the value of solar power projects for which the company has entered into definitive EPC contracts minus the revenue already recognized from those projects, was Rs. 38,315.8mn.

It offers a complete range of customized solutions for solar power projects. SWSL's customers include leading independent power producers (IPP), developers and equity funds. The company follows a "hub-and-spoke" business model where it manages the complete supply chain from India, including the design and engineering functions, and engage a few suppliers and third-party subcontractors and procure part of the raw materials locally in each of its markets, where there is a cost advantage or to comply with local regulations. The company seeks to leverage this business model to procure products and services solutions for its customers at competitive prices. Customers also benefit from SWSL's relationships with key stakeholders, such as, suppliers, project lenders and consultants, which help to execute projects efficiently and at competitive prices.

In FY18 and FY19, its revenue from operations outside India accounted for 59.1% and 69.8% of the total revenue from operations, respectively. The company often receives repeat orders from its customers and as of 31st Mar. 2019 customers in India and outside India for whom SWSL has executed more than one project constituted 83.3% and 64.4% of the total commissioned solar capacity, respectively.

SWSL's operations are supported by a competent and sizable design and engineering team who are responsible for designing solutions, that it believes are innovative and cost-effective, with an aim to increase the performance ratio of solar power projects. Its design and engineering team of 154 employees continually seeks to improve the efficiency of solutions and services. SWSL believes that its design and engineering solutions, coupled with robust quality compliance checks on PV modules helps it in achieving more than the contractually agreed performance ratio for the solar power projects. In FY18 and FY19, the company did not pay liquidated damages related to performance ratios under its EPC contracts.



Source: Company Presentation

Company introduction (Contd...):

SWSL strategically focus on markets that have conducive solar power policies and high solar resources, and invest in geographies with long-term solar opportunities. It adopts a disciplined expansion strategy that customize for each market with a view to enhancing its bidding abilities in these geographies. For example, to tap opportunities in the United States, the company adopted a co-development business model to help it secure the EPC rights through equity investments in relevant projects. In other markets, such as Australia and Kazakhstan, SWSL has acquired local entities to help it establish a permanent presence in such markets. Additionally, as part of the expansion strategy, the company conduct an on-the-ground market diligence to evaluate each local opportunity and establish relationships with local suppliers and subcontractors. It believes that this helps it to identify potential bids in advance and prepare for bids quickly when opportunities arise. After winning a bid, SWSL's team executes the project with the support of internal processes, global supply chain network, three-step quality management process comprising initial factory audit, production process audit and monitoring and pre-shipment inspection, risk management and field quality monitoring.

Business model: SWSL operate an asset-light business model, under which its customers are responsible for sourcing and acquiring real estate while it typically lease equipment required for the operations. Its asset-light business model generally entails low capital expenditures and fixed costs, and offers flexibility and scalability to meet the customer's needs, provide customized solutions and respond quickly to market conditions. SWSL is able to operate with low working capital requirements as its EPC contracts are typically of short duration. The company typically require an advance payment from customers for certain deliverables and its EPC contracts include shorter payment cycles from its customers compared to longer payment cycles from its suppliers.

Wide presence and operational experience across geographies



5,558MWp Total O&M contracts⁽⁵⁾

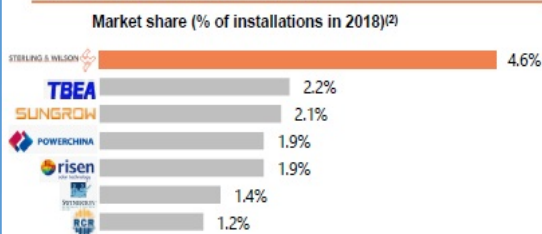
28.3% Third Party O&M contracts⁽⁵⁾

6,870 MWp
Total capacity till date⁽⁵⁾

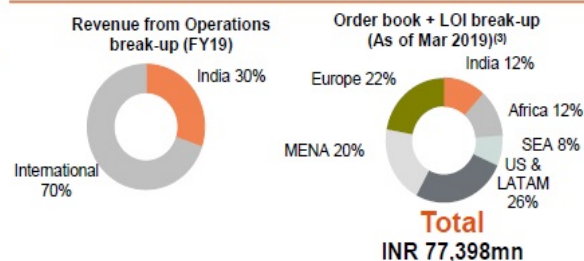
177
Projects commissioned

28
Projects under-construction

Largest market share in solar EPC globally



Diversified global operations with a high contribution of revenue from international operations



Source: Company Presentation

Company introduction (Contd...):

Financial performance: With increased solar power expansion across the globe, SWSL reported a 44.4% CAGR rise in consolidated operating revenue over FY16-19 to Rs. 82,404.1mn in FY19. Top-line growth was primarily aided by 43.9% CAGR rise in the business from EPC contracts.

Cost of revenue increased by 43.8% CAGR over FY16-19, however as a percent of topline it declined from 68.9% in FY16 to 68.1% in FY19. Direct project costs increased in-line with top-line, while employee expenses increased by 75.4% and other expenses increased by 14.3% CAGR during the period. Consequently, consolidated EBITDA increased by 50.4% CAGR over FY16-19 to Rs. 6,421mn. EBITDA margin expanded from 6.9% in FY16 to 7.8% in FY19.

With expansion in the business, depreciation charge increased by 102.9% CAGR, while finance cost increased by 411.9% CAGR. Other income increased by 209.9% CAGR, leading to a 57.5% CAGR rise in pre-tax profit during FY16-19. Effective tax rate declined from 35.6% in FY16 to 18.3% in FY19, as a result consolidated reported PAT increased by 72.1% CAGR to Rs. 6,389.9mn in FY19. PAT margin expanded by over 3ppts over the period to stood at 7.8% in FY19.

The company reported positive consolidated operating cash flow in FY16 and FY18. Absence of large orders led to a negative cash flow in FY17, while demerger from the parent company led to a negative cash flow in FY19. Cash flow before working capital changes increased by 54.1% CAGR over FY16-19. Consolidated RoIC and RoE stood at 63.9% and 76.3%, respectively, while RoCE stood at 75% in FY19.

(Rs. mn)	FY16	FY17	FY18	FY19	CAGR (%)	Y-o-Y (%)
Total Operating Revenue	27,394.3	16,402.7	68,717.1	82,404.1	44.4%	19.9%
EBITDA	1,888.2	548.8	5,377.5	6,421.0	50.4%	19.4%
Reported PAT	1,253.6	314.3	4,521.8	6,389.9	72.1%	41.3%
Restated Adjusted EPS	7.8	2.0	28.2	39.8	72.1%	41.3%
Cash Flow from Operating Activities	598.2	(3,186.4)	2,510.6	(7,233.4)	-329.5%	-388.1%
NOPLAT	1,209.4	190.6	4,486.2	5,179.5	62.4%	15.5%
FCF		(1,057.2)	3,147.6	(1,051.3)		-133.4%
RoIC (%)	-156.4%	40.2%	246.5%	63.9%		(7,407) bps
Revenue Growth Rate (%)		-40.1%	318.9%	19.9%		
EBITDA Growth Rate (%)		-70.9%	879.9%	19.4%		
EBITDA Margin (%)	6.9%	3.3%	7.8%	7.8%	90 bps	(3) bps
EBIT Growth Rate (%)		-71.6%	902.8%	18.7%		
EBIT Margin (%)	6.9%	3.3%	7.8%	7.7%	84 bps	(8) Bps
Reported PAT Growth Rate (%)		-74.9%	1338.6%	41.3%		
Reported PAT Margin (%)	4.6%	1.9%	6.6%	7.7%	317 bps	119 bps
Inventories Turnover Ratio (x)	1,414.3	143.1	321.7	353.9	-37.0%	10.0%
Trade Receivable Turnover Ratio (x)	5.9	2.9	3.8	4.4	-8.9%	17.4%
Accounts Payable Turnover Ratio (x)	2.8	2.0	2.6	2.0	-10.8%	-22.5%
Fixed Asset Turnover Ratio (x)	411.3	193.3	284.8	261.7	-14.0%	-8.1%
Total Asset Turnover Ratio (x)	3.8	1.5	1.4	1.5	-26.4%	9.4%
Current Ratio (x)	0.9	1.0	1.0	1.2	9.4%	13.3%
Debt to Equity (x)	(0.0)	5.6	0.9	2.7	-971.7%	180.1%
Net Debt to EBITDA (x)	(0.2)	5.5	0.1	2.8	-357.3%	1756.2%
RoE (%)	-162.9%	55.5%	233.2%	76.3%		
RoA (%)	17.6%	2.9%	9.2%	11.8%	(574) bps	0.0268
RoCE (%)	-247.8%	89.1%	268.0%	75.0%		

Source: Choice Equity Broking



Competitive strengths:

- Largest global solar EPC solutions provider in a fast growing solar industry
- Comprehensive end-to-end EPC solutions provider with a global execution track record
- Dedicated design and engineering team focused on innovation, efficiency and cost effective engineering solutions
- Strong relationships with customers and other key stakeholders
- Strong parentage and ability to leverage global “SP” brand
- Asset-light business model

Business strategy:

- Maintain market leadership through strategic expansion of overseas operations
- Expand customer base and maintain relationships with other key stakeholders
- Focus on increasing operational and financial efficiency
- Focus on expanding O&M, rooftop solar EPC and solar storage solutions



Risk and concerns:

- Slowdown in global economic expansion and subdued demand of solar EPC services
- Inability to maintain profitability margins
- Increased competition leading to poor performance in tender bids
- Revenue concentration among top-10 customers
- Poor expansion of high margin O&M business

Financial statements:

Consolidated profit and loss statement (Rs. mn)

	FY16	FY17	FY18	FY19	CAGR over FY16 - 19 (%)	Annual Growth over FY18 (%)
Total Operating Revenue	27,394.3	16,402.7	68,717.1	82,404.1	44.4%	19.9%
Cost of Construction Materials, Stores and Spare Parts	(18,871.1)	(11,760.2)	(53,734.5)	(56,090.9)	43.8%	4.4%
Changes in Inventories of Stock-in-Trade	3.8	129.7	(119.0)	(12.7)	-249.7%	-89.4%
Direct Project Costs	(5,204.0)	(2,640.6)	(7,336.3)	(16,450.4)	46.8%	124.2%
Employee Benefits Expenses	(329.8)	(599.8)	(986.2)	(1,778.9)	75.4%	80.4%
Other Expenses	(1,105.0)	(983.1)	(1,163.6)	(1,650.2)	14.3%	41.8%
EBITDA	1,888.2	548.8	5,377.5	6,421.0	50.4%	19.4%
Depreciation and Amortization Expenses	(9.3)	(15.7)	(31.7)	(78.0)	102.9%	146.3%
EBIT	1,878.9	533.1	5,345.8	6,343.0	50.0%	18.7%
Finance Costs	(6.3)	(28.0)	(186.2)	(846.5)	411.9%	354.7%
Other Income	70.4	97.9	127.1	2,095.3	209.9%	1548.2%
Share of (Loss) of Equity Accounted Investees		(0.2)				
PBT	1,942.9	602.8	5,286.8	7,591.7	57.5%	43.6%
Tax Expenses	(689.3)	(288.5)	(781.4)	(1,209.4)	20.6%	54.8%
PAT before Minority Interest	1,253.6	314.3	4,505.4	6,382.3	72.0%	41.7%
Non-Controlling Interests			16.4	7.6		-53.9%
Reported PAT	1,253.6	314.3	4,521.8	6,389.9	72.1%	41.3%

Consolidated balance sheet statement (Rs. mn)

	FY16	FY17	FY18	FY19	CAGR over FY16 - 19 (%)	Annual Growth over FY18 (%)
Equity Share Capital			160.4	160.4		0.0%
Other Equity	(769.5)	566.2	1,751.3	8,180.0	-319.9%	367.1%
Minority Interest			27.2	34.9		28.4%
Long Term Borrowings	0.0	0.0	0.0	0.0	0.0%	0.0%
Non Current Provisions	11.2	31.9	55.8	86.1	97.7%	54.4%
Short Term Borrowings	3.1	3,151.3	1,841.4	22,277.7	1836.0%	1109.9%
Current Trade Payables	6,738.5	4,626.0	37,397.9	19,125.5	41.6%	-48.9%
Other Current Financial Liabilities	53.2	220.5	309.1	337.5	85.1%	9.2%
Short Term Provisions	321.4	379.1	552.0	768.5	33.7%	39.2%
Current Tax Liabilities (Net)	2.5		83.4	502.6	484.2%	502.7%
Other Current Liabilities	771.9	1,810.4	7,025.6	2,446.0	46.9%	-65.2%
Total Liabilities	7,132.2	10,785.3	49,203.8	53,919.2	96.3%	9.6%
Property, Plant and Equipment	61.0	76.1	202.2	265.4	63.3%	31.3%
Intangible Assets	5.7	8.8	10.4	18.3	48.0%	76.9%
Capital Work-in-Progress			28.7			-100.0%
Goodwill				31.2		
Non Current Loans and Advances				11.7		
Non Current Deferred Tax Assets (Net)	10.2	111.1	110.2	321.2	215.8%	191.4%
Non Current Tax Assets (Net)	4.8	12.3	10.2		-100.0%	-100.0%
Other Non Current Assets			54.0	24.5		-54.6%
Current Investment		3.3	1.6	1.7		6.3%
Inventories	13.3	149.2	185.6	131.5	114.4%	-29.1%
Current Trade Receivables	4,682.6	6,480.1	18,214.7	19,002.2	59.5%	4.3%
Cash and Cash Equivalents	309.3	108.7	1,041.3	4,545.4	144.9%	336.5%
Short Term Loans and Advances	16.0	28.0	93.6	19,533.9	969.7%	20762.9%
Other Current Financial Assets	1,832.0	3,296.2	10,298.8	2,456.3	10.3%	-76.1%
Current Tax Assets (Net)			9.0	8.4		-6.8%
Other Current Assets	197.5	511.6	18,943.6	7,567.5	237.2%	-60.1%
Total Assets	7,132.2	10,785.3	49,203.8	53,919.2	96.3%	9.6%

Source: Choice Equity Broking

Financial statements:

Consolidated cash flow statement (Rs. mn)

Particulars (Rs. mn)	FY16	FY17	FY18	FY19	CAGR over FY16 - 19 (%)	Annual Growth over FY18 (%)
Cash Flow Before Working Capital Changes	1,957.5	737.3	5,562.2	7,157.6	54.1%	28.7%
Change in Working Capital	(1,314.8)	(3,913.7)	(2,265.5)	(13,382.1)	116.7%	490.7%
Cash Flow from Operating Activities	598.2	(3,186.4)	2,510.6	(7,233.4)	-329.5%	-388.1%
Purchase of Property , Plant & Equipment	(34.8)	(33.9)	(181.1)	(98.6)	41.5%	-45.6%
Cash Flow from Investing Activities	(47.3)	(20.6)	(187.4)	(9,288.3)	481.1%	4855.9%
Cash Flow from Financing Activities	(548.8)	3,242.7	(1,409.7)	19,722.1	-430.0%	-1499.0%
Net Cash Flow	2.1	35.5	915.3	3,246.6	1056.3%	254.7%
Opening Balance of Cash and Bank Balances		2.1	39.4	961.1		2340.5%
Closing Balance of Cash and Bank Balances	2.1	37.6	954.7	4,207.7	1160.7%	340.8%

Consolidated financial ratios

Particulars (Rs. mn)	FY16	FY17	FY18	FY19
Revenue Growth Rate (%)		-40.1%	318.9%	19.9%
EBITDA Growth Rate (%)		-70.9%	879.9%	19.4%
EBITDA Margin (%)	6.9%	3.3%	7.8%	7.8%
EBIT Growth Rate (%)		-71.6%	902.8%	18.7%
EBIT Margin (%)	6.9%	3.3%	7.8%	7.7%
Adjusted PAT Growth Rate (%)		-74.9%	1338.6%	41.3%
Adjusted PAT Margin (%)	4.6%	1.9%	6.6%	7.7%

Liquidity ratios

Current Ratio	0.9	1.0	1.0	1.2
Debt Equity Ratio	(0.0)	5.6	0.9	2.7
Net Debt to EBITDA	(0.2)	5.5	0.1	2.8

Turnover ratios

Inventories Days	0.3	2.6	1.1	1.0
Debtor Days	62.4	124.2	65.6	82.4
Payable Days	(130.4)	(178.3)	(142.4)	(183.9)
Cash Conversion Cycle	(67.7)	(51.6)	(75.7)	(100.4)
Fixed Asset Turnover Ratio (x)	411.3	193.3	284.8	261.7
Total Asset Turnover Ratio (x)	3.8	1.5	1.4	1.5

Return ratios

RoE (%)	-162.9%	55.5%	233.2%	76.3%
RoA (%)	17.6%	2.9%	9.2%	11.8%
RoCE (%)	-247.8%	89.1%	268.0%	75.0%

Per share data

Restated Reported EPS (Rs.)	7.8	2.0	28.2	39.8
Restated BVPS (Rs.)	(4.8)	3.5	12.1	52.2
Restated Operating Cash Flow Per Share (Rs.)	3.7	(19.9)	15.7	(45.1)
Restated Free Cash Flow Per Share (Rs.)		(6.6)	19.6	(6.6)

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

Disclaimer

This is solely for information of clients of Choice Broking and does not construe to be an investment advice. It is also not intended as an offer or solicitation for the purchase and sale of any financial instruments. Any action taken by you on the basis of the information contained herein is your responsibility alone and Choice Broking its subsidiaries or its employees or associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained in this recommendation, but Choice Broking or any of its subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this recommendation or any action taken on basis of this information. This report is based on the fundamental analysis with a view to forecast future price. The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Choice Broking has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Choice Broking makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The opinions contained within the report are based upon publicly available information at the time of publication and are subject to change without notice. The information and any disclosures provided herein are in summary form and have been prepared for informational purposes. The recommendations and suggested price levels are intended purely for stock market investment purposes. The recommendations are valid for the day of the report and will remain valid till the target period. The information and any disclosures provided herein may be considered confidential. Any use, distribution, modification, copying, forwarding or disclosure by any person is strictly prohibited. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase or sell any security or other financial product or instrument. The current performance may be unaudited. Past performance does not guarantee future returns. There can be no assurance that investments will achieve any targeted rates of return, and there is no guarantee against the loss of your entire investment.

POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report) Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.



+91-022-6707 9999



www.choicebroking.in



+91-022-6707 9959

Choice Equity Broking Pvt. Ltd.

Choice House, Shree Shakambhari Corporate Park, Plot No: -156-158,
J.B. Nagar, Andheri (East), Mumbai - 400 099.