# Electronics Mart India Ltd

## The largest electronics retailer in South India


VENTURA

Kyon ki bhaiya, sabse bada rupaiya.

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**SUBSCRIBE at Upper Price Band of INR 59**

# The largest electronics retailer in South India

**Established in 1980, Electronic Mart India Limited (EMIL) is the 4th largest and one of the fastest growing consumer durables and electronics retailers in India and as of FY2021, EMIL is the largest regional organised player in the southern region in revenue terms, with dominance in the states of Telangana and Andhra Pradesh.**

**It offers a diversified range of products with focus on large appliances (air conditioners, televisions, washing machines and refrigerators), mobiles and small appliances, IT and others. EMIL's offering includes more than 6,000 SKUs across product categories from more than 70 consumer durable and electronic brands.**

**As of August 2022, it has a network of 112 stores, comprises of 100 multi-brand outlets and 12 exclusive brand outlets, across 36 cities in South India , spanning 1.12 mn sq.ft. of retail business area. . Further, it plans to open 58 new stores in India across AP, Telangana & NCR region in next 2-3 years. As of Q1FY23, 'Large appliances' contributes 53.8% of revenue followed by Mobiles and Small appliances.**

**During FY19-22, the company's revenue/ EBITDA/ PAT grew at a CAGR of 15.5%/ 10.6%/ 10.5% to INR 4,349 cr/ INR 292 cr/ INR 104 cr, respectively, while EBITDA and net margins declined by 94bps (to 6.7%) and 34bps (to 2.4%), respectively over the same period. Return ratios – RoE & RoIC – too declined by 523bps (to 17.4%) and 652bps (to 19.1%), respectively.**

**Over the period of FY22-25E, we are expecting revenue/ EBITDA/ PAT to grow at a CAGR of 19.4%/ 22.1%/ 22.9% to INR 7,411 cr/ INR 532 cr/ INR 193 cr, respectively, while EBITDA and net margins are expected to improve by 46bps (to 7.2%) and 22bps (to 2.6%), respectively. Subsequently, return ratio RoE is expected to decline by 526bps (to 12.2%) & RoIC to improve by 308bps (to 22.2%) respectively by FY25.**

**With strong potential for revenue growth and scope for further improvement in profitability, we recommend a SUBSCRIBE rating for a target price of INR 201 (40.1X FY25 PE) for long-term gains.**

| Industry | Retail |
|---|---|

| Issue Details | |
|---|---|
| Listing | BSE & NSE |
| Open Date | 04rd Oct 2022 |
| Close Date | 07th Oct 2022 |
| Price Band | INR 56-59 |
| Face Value | INR 10 |
| Market Lot | 254 shares |
| Minimum Lot | 1 Lot |

| Issue Structure | |
|---|---|
| Offer for Sale | 0% |
| Fresh Issue | 100% |
| Issue Size (Amt) | INR 500 cr |
| Issue Size (Shares) | 84,745,762 |
| QIB Share (%) | ≤ 50% |
| Non-Inst Share (%) | ≥ 15% |
| Retail Share (%) | ≥ 35% |
| Pre-issue sh (nos) | 300,003,000 |
| Post issue sh (nos) | 384,748,762 |
| Post issue M Cap | INR 2,270 cr |

| Shareholding (%) | Pre (%) | Post (%) |
|---|---|---|
| Promoter | 100.0 | 78.0 |
| Public | 0.0 | 22.0 |
| **TOTAL** | **100** | **100** |

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

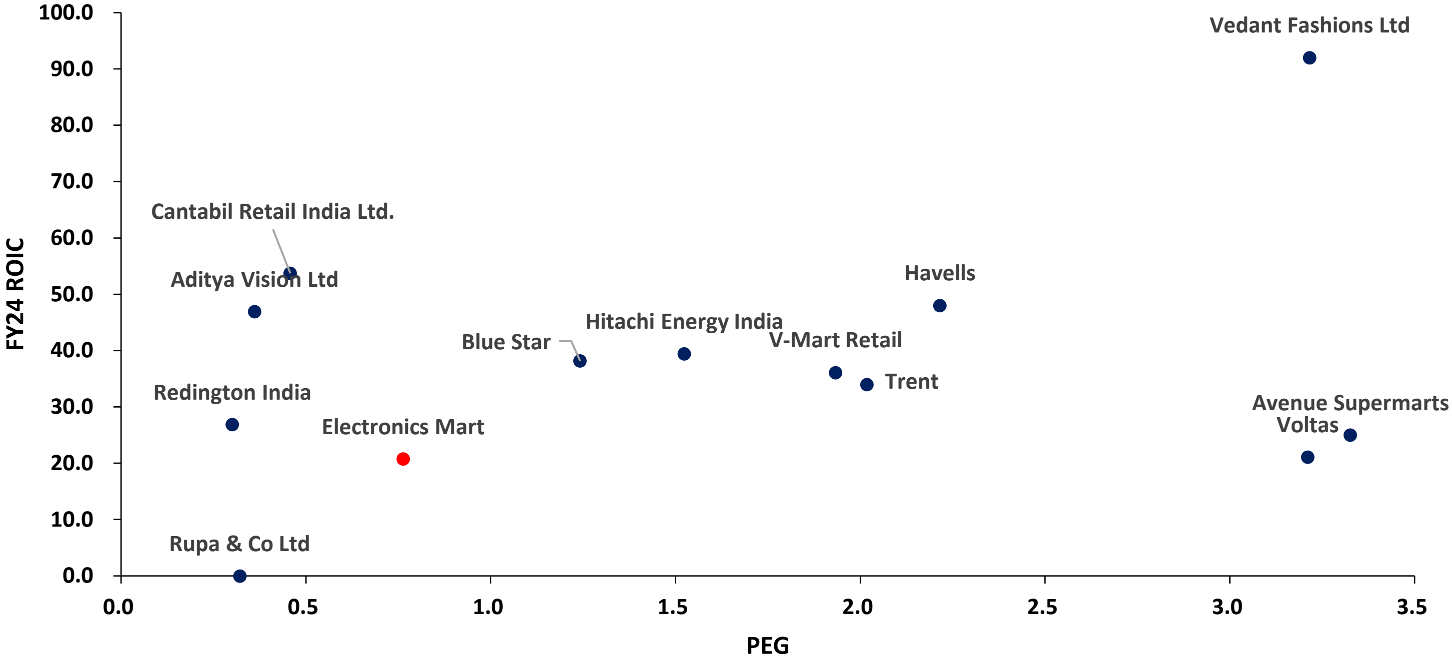
| | Revenue | EBITDA | Net Profit | EBITDA (%) | Net Profit (%) | EPS (₹) | BVPS (₹) | RoE (%) | RoIC (%) | P/E (X) | P/BV (X) | EV/ EBITDA (X) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FY21 | 3,202 | 204 | 59 | 6.4 | 1.8 | 1.5 | 12.8 | 11.9 | 14.5 | 38.7 | 4.6 | 13.6 |
| FY22 | 4,349 | 292 | 104 | 6.7 | 2.4 | 2.7 | 15.5 | 17.4 | 19.1 | 21.9 | 3.8 | 9.7 |
| FY23E | 5,206 | 373 | 138 | 7.2 | 2.7 | 3.6 | 32.1 | 11.2 | 19.6 | 16.4 | 1.8 | 6.5 |
| FY24E | 6,301 | 450 | 161 | 7.1 | 2.6 | 4.2 | 36.3 | 11.5 | 20.7 | 14.1 | 1.6 | 5.5 |
| FY25E | 7,411 | 532 | 193 | 7.2 | 2.6 | 5.0 | 41.3 | 12.2 | 22.2 | 11.8 | 1.4 | 4.6 |

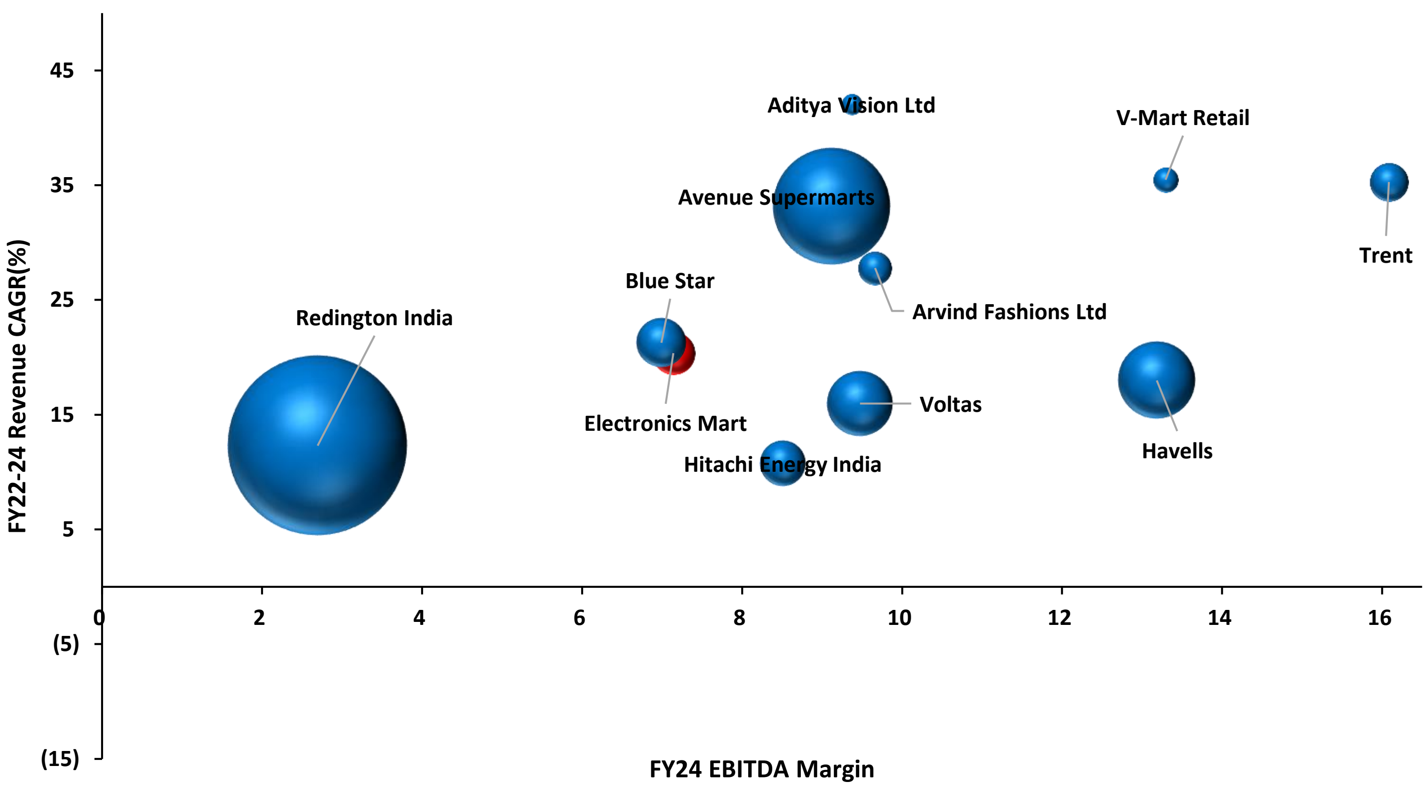
## Valuation and Comparable Metric of Domestic and Global Peers

| Company Name | Mkt Cap | Price | PEG | P/E Ratio | | | | P/BV | | | | EV/EBITDA | | | | RoE (%) | | | | RoIC (%) | | | | EBITDA Margin (%) | | | | | Net Margin (%) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | FY24 | 2022 | 2023 | 2024 | 2025 | 2022 | 2023 | 2024 | 2025 | 2022 | 2023 | 2024 | 2025 | 2022 | 2023 | 2024 | 2025 | 2022 | 2023 | 2024 | 2025 | 2022 | 2023 | 2024 | 2025 | 2020 | 2022 | 2023 | 2024 | 2025 |
| Domestic Peers (fig in INR Cr, unless specified) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electronics Mart | 2,270 | 59 | 0.8 | 21.9 | 16.4 | 14.1 | 11.8 | 3.8 | 1.8 | 1.6 | 1.4 | 9.7 | 6.5 | 5.5 | 4.6 | 17.4 | 11.2 | 11.5 | 12.2 | 19.1 | 19.6 | 20.7 | 22.2 | 6.7 | 7.2 | 7.1 | 7.2 | 2.6 | 2.4 | 2.7 | 2.6 | 2.6 |
| Aditya Vision Ltd | 1,755 | 1,459 | 0.4 | 49.7 | 27.8 | 18.2 | 14.6 | 22.3 | 22.3 | 10.3 | 6.2 | 22.2 | 14.0 | 11.2 | 7.4 | 44.8 | 80.2 | 56.6 | 42.2 | 40.7 | 106.1 | 46.9 | 160.2 | 9.2 | 9.2 | 9.4 | 9.3 | 1.8 | 3.9 | 4.6 | 5.3 | 5.2 |
| V-Mart Retail | 5,662 | 2,864 | 1.9 | 318.6 | 81.4 | 47.6 | 36.6 | 6.7 | 6.2 | 5.5 | 5.0 | 30.3 | 16.9 | 13.2 | 10.2 | 2.1 | 7.6 | 11.6 | 13.7 | 7.1 | 36.6 | 36.1 | 37.5 | 11.2 | 13.0 | 13.3 | 13.4 | 3.0 | 1.0 | 2.7 | 3.8 | 4.0 |
| Avenue Supermarts | 2,89,274 | 4,466 | 3.3 | 179.4 | 114.0 | 87.4 | 69.5 | 21.0 | 17.8 | 14.8 | 12.3 | 112.8 | 73.1 | 56.6 | 45.2 | 11.7 | 15.6 | 16.9 | 17.7 | 16.6 | 22.0 | 25.0 | 28.6 | 8.1 | 8.9 | 9.1 | 9.3 | 5.2 | 5.1 | 5.8 | 5.9 | 6.1 |
| Trent | 46,706 | 1,314 | 2.0 | 249.8 | 131.1 | 87.8 | 73.7 | 18.3 | 17.0 | 14.3 | 13.4 | 74.7 | 46.7 | 35.9 | 30.3 | 7.3 | 13.0 | 16.2 | 18.1 | 12.0 | 28.5 | 34.0 | 32.7 | 14.6 | 15.3 | 16.1 | 16.8 | 3.6 | 4.3 | 5.5 | 6.7 | 7.0 |
| Redington India | 11,636 | 149 | 0.3 | 9.0 | 8.8 | 8.4 | 7.6 | 2.1 | 1.7 | 1.5 | 1.4 | 6.3 | 6.2 | 5.3 | 4.8 | 23.2 | 19.6 | 18.2 | 18.2 | 31.8 | 24.8 | 26.9 | 27.5 | 2.9 | 2.8 | 2.7 | 2.7 | 1.0 | 2.1 | 1.8 | 1.8 | 1.8 |
| Voltas | 31,609 | 955 | 3.2 | 56.2 | 52.9 | 38.7 | 31.5 | 5.8 | 5.3 | 4.9 | 4.4 | 40.7 | 38.6 | 29.1 | 23.0 | 10.4 | 10.1 | 12.6 | 13.9 | 19.9 | 17.5 | 21.1 | 23.7 | 9.1 | 8.3 | 9.5 | 10.1 | 6.8 | 7.0 | 6.4 | 7.6 | 8.0 |
| Havells | 85,888 | 1,371 | 2.2 | 72.4 | 64.1 | 51.0 | 42.2 | 14.4 | 12.6 | 11.0 | 9.6 | 48.6 | 42.7 | 34.0 | 28.4 | 19.9 | 19.7 | 21.6 | 22.7 | 37.7 | 37.2 | 48.0 | 56.3 | 13.1 | 12.1 | 13.2 | 13.7 | 7.8 | 9.0 | 8.3 | 9.2 | 9.8 |
| Blue Star | 10,794 | 1,121 | 1.2 | 65.2 | 40.4 | 30.9 | 25.3 | 11.2 | 9.2 | 7.8 | 6.3 | 32.2 | 23.0 | 18.3 | 15.1 | 17.2 | 22.7 | 25.1 | 24.9 | 26.4 | 31.3 | 38.2 | 40.6 | 5.9 | 6.5 | 7.0 | 7.4 | 2.7 | 2.9 | 3.7 | 4.2 | 4.5 |
| Hitachi Energy India | 15,176 | 3,581 | 1.5 | 69.1 | 73.6 | 49.4 | 39.9 | 12.7 | 11.8 | 9.8 | 7.8 | 39.0 | 42.2 | 30.8 | N/A | 18.4 | 16.1 | 19.8 | 19.5 | 24.7 | 25.9 | 39.4 | N/A | 8.4 | 7.0 | 8.5 | N/A | 2.9 | 4.8 | 4.0 | 5.4 | 6.2 |
| Cantabil Retail India Ltd. | 2,446 | 1,498 | 0.5 | 64.5 | 39.6 | 25.4 | 16.6 | 15.3 | 11.7 | 8.5 | 6.1 | 21.9 | 16.5 | 11.8 | 8.3 | 16.2 | 29.5 | 33.6 | 36.7 | 41.6 | 45.8 | 53.7 | 68.0 | 29.1 | 27.1 | 28.1 | 30.0 | 4.9 | 9.9 | 11.2 | 13.1 | 15.4 |
| Arvind Fashions Ltd | 4,012 | 302 | N/A | -37.1 | 38.7 | 23.9 | N/A | 4.0 | 4.1 | 3.9 | N/A | N/A | N/A | N/A | N/A | -10.9 | 10.7 | 16.2 | N/A | N/A | N/A | N/A | N/A | 4.1 | 9.2 | 9.7 | N/A | -11.1 | -3.7 | 2.6 | 3.5 | N/A |
| Rupa & Co Ltd | 2,786 | 350 | 0.3 | 13.2 | 15.5 | 12.3 | N/A | 3.2 | 2.8 | 2.4 | N/A | N/A | N/A | N/A | N/A | 24.4 | 17.8 | 19.4 | N/A | N/A | N/A | N/A | N/A | 19.1 | 23.0 | 24.9 | N/A | 6.4 | 13.5 | 15.7 | 17.5 | N/A |
| Vedant Fashions Ltd | 34,725 | 1,431 | 3.2 | 110.3 | 82.2 | 68.1 | 55.7 | 31.8 | 25.9 | 21.0 | 17.4 | 69.2 | 53.4 | 44.0 | 36.5 | 28.8 | 31.5 | 30.9 | 31.2 | 59.4 | 81.8 | 92.0 | 130.4 | 47.6 | 47.0 | 47.0 | 46.9 | 25.8 | 30.3 | 30.8 | 30.9 | 31.5 |
| Global Peers (fin in US$ Mn, unless specified) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apple Inc | 24,72,324 | 154 | 1.4 | 24.8 | 24.2 | 23.3 | 22.7 | 44.1 | 35.6 | 27.6 | 10.9 | 18.5 | 18.0 | 17.3 | 16.6 | 178.0 | 147.0 | 118.2 | 48.0 | -5,087.7 | -2,562.5 | -3,034.4 | 134.4 | 33.3 | 32.4 | 32.0 | 31.0 | 20.9 | 25.4 | 24.8 | 24.6 | 24.0 |
| HP Inc | 27,120 | 27 | 1.1 | 6.3 | 7.5 | 7.3 | 8.9 | -7.9 | -6.6 | -5.6 | N/A | 5.4 | 6.3 | 6.3 | N/A | -126.0 | -87.6 | -76.7 | N/A | 185.0 | 158.1 | 202.7 | N/A | 9.8 | 9.0 | 8.9 | 7.1 | 5.0 | 6.8 | 6.0 | 6.0 | 4.9 |
| Dell Technologies | 28,072 | 38 | 1.9 | 5.0 | 5.5 | 5.4 | 5.1 | -17.2 | -18.6 | 11.7 | 6.4 | 4.9 | 4.6 | 4.2 | 4.2 | -341.0 | -341.2 | 215.8 | 124.0 | 27.6 | 44.9 | 40.5 | 55.8 | 9.4 | 9.9 | 10.6 | 8.7 | 5.0 | 5.5 | 5.0 | 5.1 | 5.2 |
| Xerox Holdings | 2,484 | 16 | 0.7 | 14.6 | 8.7 | 8.4 | N/A | 0.6 | 0.6 | 0.5 | N/A | 9.8 | 6.9 | 4.8 | N/A | 4.1 | 6.3 | 6.0 | N/A | 4.2 | 7.0 | 8.4 | N/A | 6.1 | 8.5 | 9.0 | N/A | 2.7 | 2.4 | 4.0 | 4.2 | N/A |
| Vizio Holdings | 2,273 | 12 | -8.7 | 574.0 | 50.7 | 24.9 | 15.6 | N/A | N/A | N/A | N/A | N/A | 18.6 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 2.5 | 4.9 | 6.7 | 8.3 | 5.0 | 0.2 | 2.1 | 4.0 | 5.8 |
| Dolby Laboratories | 7,261 | 74 | 1.3 | 21.4 | 20.1 | 18.4 | 16.7 | 3.0 | 2.9 | 2.8 | 3.2 | 12.8 | 11.5 | 10.5 | N/A | 14.0 | 14.5 | 15.4 | 18.9 | 22.6 | 24.3 | 25.8 | N/A | 38.0 | 40.3 | 41.5 | 40.3 | 19.9 | 26.5 | 26.5 | 26.9 | 28.4 |
| Walmart | 3,67,019 | 135 | 4.5 | 26.8 | 22.9 | 20.6 | 19.2 | 4.5 | 4.5 | 4.1 | 4.0 | 10.5 | 11.3 | 10.3 | 9.7 | 16.7 | 19.4 | 20.0 | 21.0 | 20.9 | 22.3 | 23.8 | 25.6 | 6.8 | 5.7 | 6.1 | 6.2 | 2.8 | 2.4 | 2.7 | 2.9 | 3.0 |
| Target | 76,514 | 166 | 1.1 | 11.0 | 20.5 | 14.2 | 12.9 | 6.1 | 7.2 | 7.4 | 8.2 | 7.3 | 11.2 | 8.9 | 8.3 | 55.4 | 35.3 | 52.3 | 63.9 | 38.8 | 23.5 | 31.1 | 32.4 | 11.3 | 7.2 | 9.0 | 9.5 | 4.2 | 6.6 | 3.4 | 4.8 | 5.1 |
| Costco | 2,26,044 | 510 | 1.9 | 38.7 | 35.0 | 31.1 | 27.3 | 10.5 | 9.4 | 8.1 | 6.2 | 22.2 | 19.8 | 17.6 | 15.8 | 27.2 | 27.0 | 26.1 | 22.8 | 56.4 | 61.8 | 61.6 | 44.0 | 4.3 | 4.5 | 4.7 | 4.9 | 2.4 | 2.6 | 2.6 | 2.8 | 3.0 |
| Macy's | 4,642 | 17 | 0.3 | 3.2 | 4.0 | 4.4 | 4.5 | 1.4 | 1.2 | 1.0 | 0.9 | 2.7 | 2.4 | 2.5 | 2.4 | 42.6 | 30.5 | 22.6 | 19.1 | 28.1 | 31.2 | 25.7 | 23.0 | 14.2 | 10.5 | 10.1 | 9.8 | 2.2 | 5.7 | 4.7 | 4.3 | 4.3 |
| Deckers Outdoor | 8,833 | 333 | 0.8 | 19.5 | 18.2 | 16.0 | 13.8 | 5.8 | 5.1 | 4.2 | 3.6 | 12.4 | 11.6 | 9.9 | 10.7 | 29.9 | 27.9 | 26.2 | 26.1 | 63.3 | 89.6 | 89.7 | 28.0 | 21.0 | 19.2 | 19.5 | 20.3 | 12.9 | 14.3 | 13.8 | 14.2 | 14.8 |
| Levi Strauss | 7,510 | 19 | N/A | 12.1 | 11.6 | 10.8 | 8.7 | 3.9 | 3.4 | 3.1 | N/A | 8.1 | 7.4 | 7.0 | N/A | 32.3 | 29.2 | 28.7 | N/A | 35.8 | 38.7 | 39.8 | N/A | 14.9 | 14.9 | 14.6 | 15.5 | -2.9 | 9.7 | 9.5 | 9.7 | 10.7 |
| Ralph Lauren Cor | 6,659 | 98 | 1.0 | 11.1 | 12.2 | 11.2 | 10.7 | 2.7 | 2.8 | 2.7 | 2.4 | 5.4 | 6.2 | 5.6 | 5.5 | 24.4 | 23.2 | 23.8 | 22.6 | 27.6 | 38.6 | 42.1 | 38.9 | 21.3 | 16.1 | 16.5 | 16.3 | 6.2 | 9.7 | 8.6 | 9.0 | 9.0 |
| Urban Outfitter | 2,039 | 22 | 1.6 | 6.6 | 10.9 | 9.6 | 8.4 | 1.2 | 1.2 | 1.0 | 0.9 | 3.3 | 6.0 | 5.3 | 3.8 | 18.6 | 10.6 | 10.4 | 11.2 | 18.7 | 12.7 | 12.8 | 17.9 | 17.2 | 7.5 | 8.4 | 8.9 | 4.2 | 6.8 | 3.9 | 4.3 | 4.8 |
| PLBY Group Inc | 223 | 5 | N/A | -32.6 | -57.5 | 11.4 | 6.0 | 0.5 | 0.6 | N/A | N/A | 20.0 | 10.4 | N/A | N/A | -1.7 | -1.0 | N/A | N/A | 0.8 | 2.0 | N/A | N/A | 6.4 | 10.8 | 13.8 | 16.4 | -3.6 | -2.2 | -1.1 | 4.5 | 7.3 |
| Guess? Inc | 1,142 | 19 | 0.3 | 6.7 | 6.0 | 5.4 | N/A | 1.9 | 2.6 | 2.6 | N/A | 3.3 | 4.3 | 4.0 | N/A | 29.0 | 42.4 | 47.8 | N/A | 22.9 | 36.7 | 39.9 | N/A | 21.9 | 12.4 | 13.3 | N/A | 3.6 | 6.6 | 7.2 | 7.6 | N/A |

*Source: Company Reports & Ventura Research*

## EMIL is available at cheap valuations compared to peers



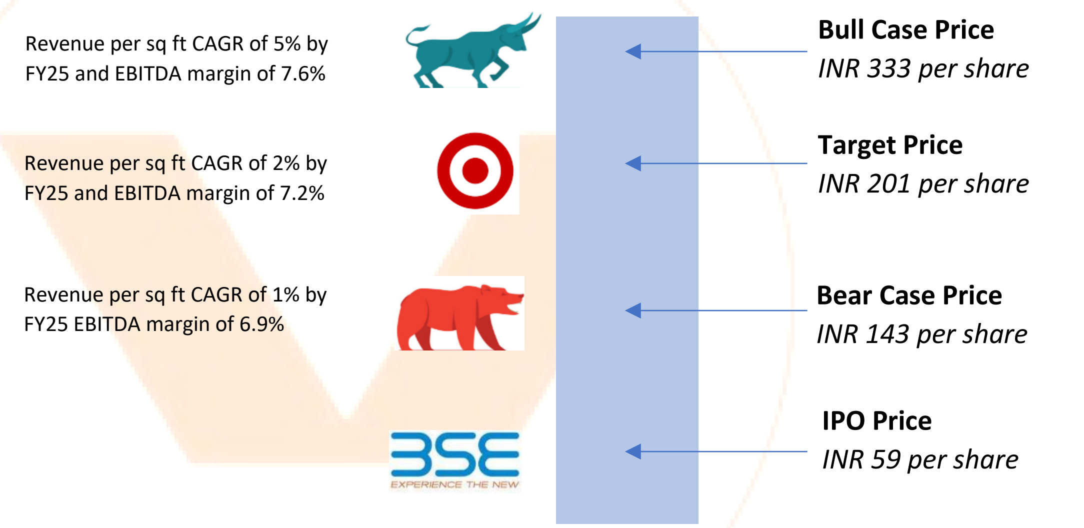

*Source: Company Report, Ventura Research, ACE Equity & Bloomberg*

## Our Bull and Bear Case Scenarios

We have prepared a Bull and Bear case scenario based on EMIL' FY25 Revenue per sq ft CAGR and EBITDA margins.

- **Bull Case:** We have assumed a 5% revenue per sq ft CAGR which will result in revenues to grow at INR 8,290 cr by FY25 and EBITDA margin of 7.6%, which will result in a Bull Case price target of INR 333 per share (an upside of 464% from the upper band IPO price of INR 59 per share).
- **Bear Case:** We have assumed a 1% revenue per sq ft CAGR which will result in revenues to grow at INR 7,378 cr by FY25 and EBITDA margin of 6.9%, which will result in a Bear Case price target of INR 143 per share (an upside of 142% from the upper band IPO price of INR 59 per share).

**Bull & Bear Case Scenario**




*Source: Ventura research*

## Financial Analysis and Projections

Over the period of FY22-25E, we expect revenues to grow at a CAGR of 19.4% from INR 4,349 cr in FY22 to INR 7411 cr in FY25, driven by

- 19.3% CAGR growth in Retail income to INR 6,728 cr
- 19.3% CAGR growth in E-commerce income to INR 68 cr
- 19.4% CAGR growth in Wholesale income to INR 109 cr
- 20.8% CAGR growth in Other income (which includes commission & incentive income, other collections from customers) to INR 505 cr

EBITDA and PAT are expected to grow at CAGRs of 22.1% and 22.9% to INR 532 cr and INR 193 cr, respectively, while EBITDA and net margins are expected to improve by 46bps (to 7.2%) and 22bps (to 2.6%), respectively. Subsequently, return ratio RoE is expected to decline by 526bps (to 12.2%) & RoIC to improve by 308bps (to 22.2%) respectively by FY25.

## Financial Summary

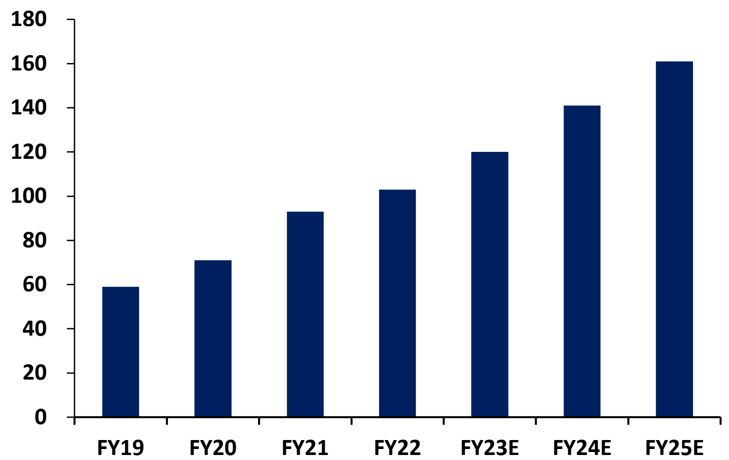
| Fig in INR Cr (unless specified) | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue from operations** | **2,823.7** | **3,172.5** | **3,201.9** | **4,349.3** | **5,206.4** | **6,301.0** | **7,410.6** | **8,581.1** | **9,815.2** | **11,115.6** | **12,485.1** | **13,926.9** |
| *YoY Growth (%)* | *0.0* | *12.4* | *0.9* | *35.8* | *19.7* | *21.0* | *17.6* | *15.8* | *14.4* | *13.2* | *12.3* | *11.5* |
| Raw Material Cost | 2,396.8 | 2,702.2 | 2,767.3 | 3,755.4 | 4,495.4 | 5,440.6 | 6,398.6 | 7,409.3 | 8,474.8 | 9,597.6 | 10,780.2 | 12,025.1 |
| *RM Cost to Sales (%)* | *84.9* | *85.2* | *86.4* | *86.3* | *86.3* | *86.3* | *86.3* | *86.3* | *86.3* | *86.3* | *86.3* | *86.3* |
| Employee Cost | 49.4 | 58.6 | 61.4 | 78.8 | 88.4 | 114.4 | 138.2 | 164.1 | 192.0 | 222.1 | 254.3 | 288.6 |
| *Employee Cost to Sales (%)* | *1.7* | *1.8* | *1.9* | *1.8* | *1.7* | *1.8* | *1.9* | *1.9* | *2.0* | *2.0* | *2.0* | *2.1* |
| Other Expenses | 161.5 | 184.0 | 169.3 | 223.2 | 249.1 | 296.1 | 342.1 | 389.3 | 437.6 | 487.2 | 538.1 | 590.3 |
| *Other Expenses to Sales (%)* | *5.7* | *5.8* | *5.3* | *5.1* | *4.8* | *4.7* | *4.6* | *4.5* | *4.5* | *4.4* | *4.3* | *4.2* |
| **EBITDA** | **216.0** | **227.6** | **203.9** | **291.9** | **373.4** | **449.9** | **531.7** | **618.5** | **710.7** | **808.6** | **912.6** | **1,022.9** |
| *EBITDA Margin (%)* | *7.6* | *7.2* | *6.4* | *6.7* | *7.2* | *7.1* | *7.2* | *7.2* | *7.2* | *7.3* | *7.3* | *7.3* |
| **Net Profit** | **77.1** | **81.6** | **58.6** | **103.9** | **138.2** | **160.8** | **193.1** | **224.3** | **260.4** | **301.7** | **348.3** | **397.8** |
| *Net Margin (%)* | *2.7* | *2.6* | *1.8* | *2.4* | *2.7* | *2.6* | *2.6* | *2.6* | *2.7* | *2.7* | *2.8* | *2.9* |
| | | | | | | | | | | | | |
| **Adjusted EPS** | **2.0** | **2.1** | **1.5** | **2.7** | **3.6** | **4.2** | **5.0** | **5.8** | **6.8** | **7.8** | **9.1** | **10.3** |
| *P/E (X)* | *29.4* | *27.8* | *38.7* | *21.9* | *16.4* | *14.1* | *11.8* | *10.1* | *8.7* | *7.5* | *6.5* | *5.7* |
| **Adjusted BVPS** | **8.8** | **11.3** | **12.8** | **15.5** | **32.1** | **36.3** | **41.3** | **47.1** | **53.9** | **61.7** | **70.8** | **81.1** |
| *P/BV (X)* | *6.7* | *5.2* | *4.6* | *3.8* | *1.8* | *1.6* | *1.4* | *1.3* | *1.1* | *1.0* | *0.8* | *0.7* |
| **Enterprise Value** | **2,607.6** | **2,718.0** | **2,782.9** | **2,829.3** | **2,445.9** | **2,459.6** | **2,435.1** | **2,404.9** | **2,348.7** | **2,262.2** | **2,140.6** | **1,981.8** |
| *EV/EBITDA (X)* | *12.1* | *11.9* | *13.6* | *9.7* | *6.5* | *5.5* | *4.6* | *3.9* | *3.3* | *2.8* | *2.3* | *1.9* |
| | | | | | | | | | | | | |
| **Net Worth** | **340.5** | **433.1** | **491.9** | **596.5** | **1,234.7** | **1,395.6** | **1,588.6** | **1,813.0** | **2,073.4** | **2,375.1** | **2,723.4** | **3,121.3** |
| *Return on Equity (%)* | *22.6* | *18.8* | *11.9* | *17.4* | *11.2* | *11.5* | *12.2* | *12.4* | *12.6* | *12.7* | *12.8* | *12.7* |
| **Capital Employed** | **728.9** | **968.2** | **1,039.9** | **1,190.2** | **1,497.6** | **1,658.8** | **1,836.3** | **2,028.1** | **2,237.4** | **2,468.0** | **2,723.4** | **3,121.3** |
| *Return on Capital Employed (%)* | *14.9* | *13.3* | *10.3* | *13.8* | *13.8* | *14.8* | *15.8* | *16.7* | *17.5* | *18.2* | *18.7* | *18.4* |
| **Invested Capital** | **678.1** | **881.1** | **1,004.8** | **1,155.8** | **1,410.6** | **1,585.1** | **1,753.8** | **1,947.9** | **2,152.1** | **2,367.3** | **2,594.0** | **2,833.0** |
| *Return on Invested Capital (%)* | *25.6* | *20.1* | *14.5* | *19.1* | *19.6* | *20.7* | *22.2* | *23.3* | *24.3* | *25.3* | *26.2* | *27.1* |
| | | | | | | | | | | | | |
| Cash Flow from Operations | 69.2 | 36.0 | 64.0 | 121.6 | 266.6 | 353.1 | 383.3 | 427.4 | 475.8 | 528.6 | 586.1 | 649.4 |
| Cash Flow from Investing | (52.5) | (70.4) | (60.0) | (67.9) | (295.2) | (251.6) | (227.0) | (242.6) | (243.3) | (245.2) | (248.2) | (252.3) |
| Cash Flow from Financing | 8.8 | 70.6 | (56.1) | (54.4) | 81.2 | (114.9) | (147.4) | (187.2) | (227.4) | (268.0) | (309.1) | (238.3) |
| **Net Cash Flow** | **25.6** | **36.3** | **(52.1)** | **(0.6)** | **52.6** | **(13.3)** | **8.9** | **(2.4)** | **5.1** | **15.4** | **28.7** | **158.8** |
| **Free Cash Flow** | | **10.4** | **21.6** | **46.6** | **(34.4)** | **137.3** | **207.3** | **248.2** | **308.5** | **372.5** | **440.3** | **512.2** |
| *FCF to Revenue (%)* | | *0.3* | *0.7* | *1.1* | *(0.7)* | *2.2* | *2.8* | *2.9* | *3.1* | *3.4* | *3.5* | *3.7* |
| *FCF to EBITDA (%)* | | *4.6* | *10.6* | *16.0* | *(9.2)* | *30.5* | *39.0* | *40.1* | *43.4* | *46.1* | *48.2* | *50.1* |
| *FCF to Net Profit (%)* | | *12.8* | *36.9* | *44.9* | *(24.9)* | *85.4* | *107.4* | *110.6* | *118.5* | *123.5* | *126.4* | *128.7* |
| *FCF to Net Worth (%)* | | *2.4* | *4.4* | *7.8* | *(2.8)* | *9.8* | *13.0* | *13.7* | *14.9* | *15.7* | *16.2* | *16.4* |
| | | | | | | | | | | | | |
| **Total Debt** | **388.4** | **535.1** | **547.9** | **593.6** | **262.9** | **263.3** | **247.7** | **215.1** | **164.0** | **92.9** | **0.0** | **0.0** |
| **Net Debt** | **337.6** | **448.0** | **512.9** | **559.2** | **175.9** | **189.6** | **165.1** | **134.9** | **78.7** | **(7.8)** | **(129.4)** | **(288.2)** |
| *Net Debt to Equity (X)* | *1.0* | *1.0* | *1.0* | *0.9* | *0.1* | *0.1* | *0.1* | *0.1* | *0.0* | *(0.0)* | *(0.0)* | *(0.1)* |
| *Net Debt to EBITDA (X)* | *1.6* | *2.0* | *2.5* | *1.9* | *0.5* | *0.4* | *0.3* | *0.2* | *0.1* | *(0.0)* | *(0.1)* | *(0.3)* |
| *Interest Coverage Ratio (X)* | *3.3* | *2.8* | *2.0* | *2.6* | *2.9* | *2.9* | *2.9* | *2.9* | *3.0* | *3.0* | *3.1* | *3.2* |

*Source: Company Reports & Ventura Research*

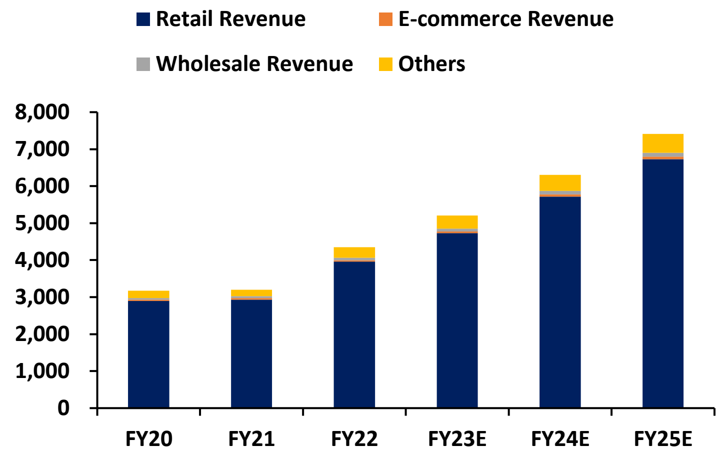
# EMIL Story in Charts



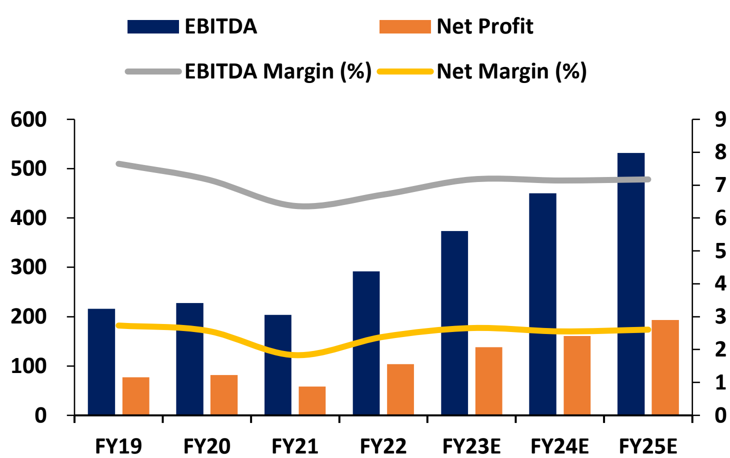
EMIL to add ~20 stores annually



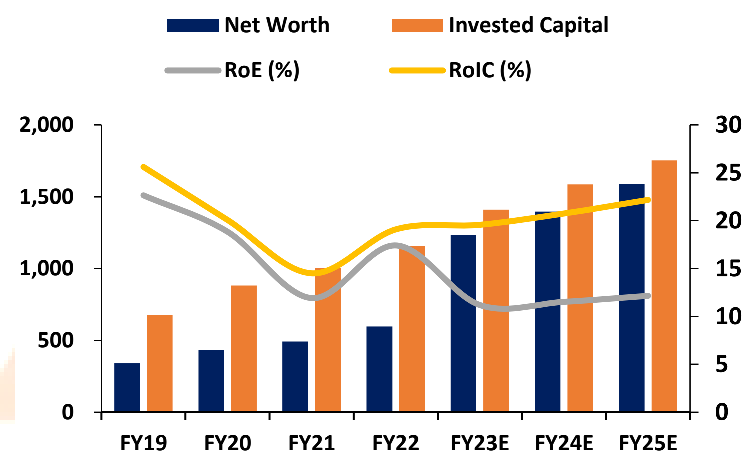

Total revenue to grow at 19.4% CAGR



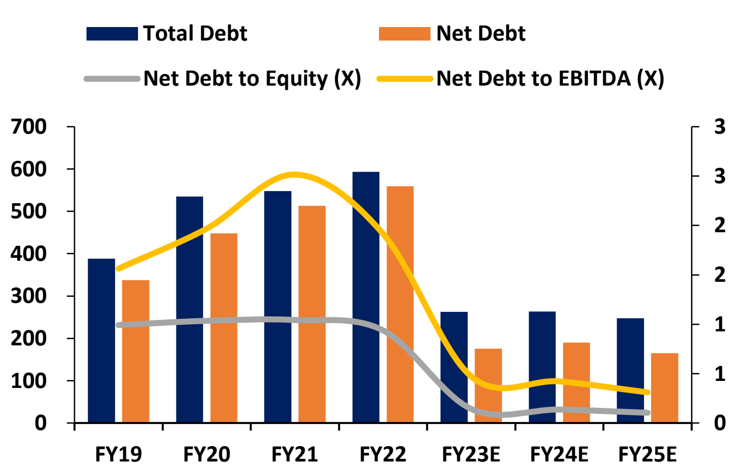

Improving profitablilty ratios



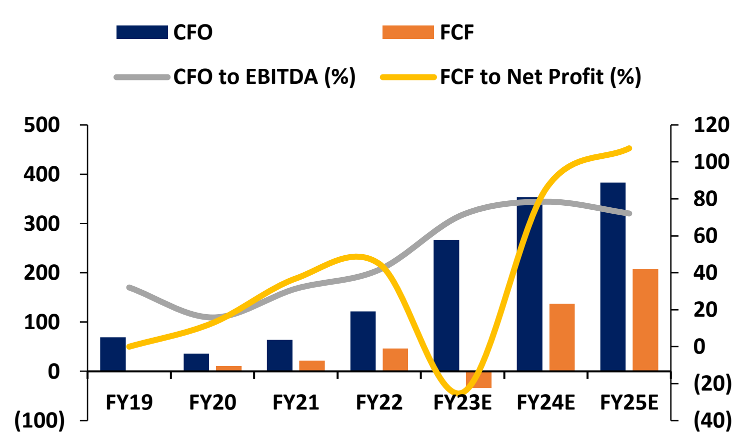

Return ratios to follow margin expansion




Net debt to equity ratio to become almost zero




Expected to generate free cash flows upto INR 383 cr by FY25




*Source: Company Reports & Ventura Research*

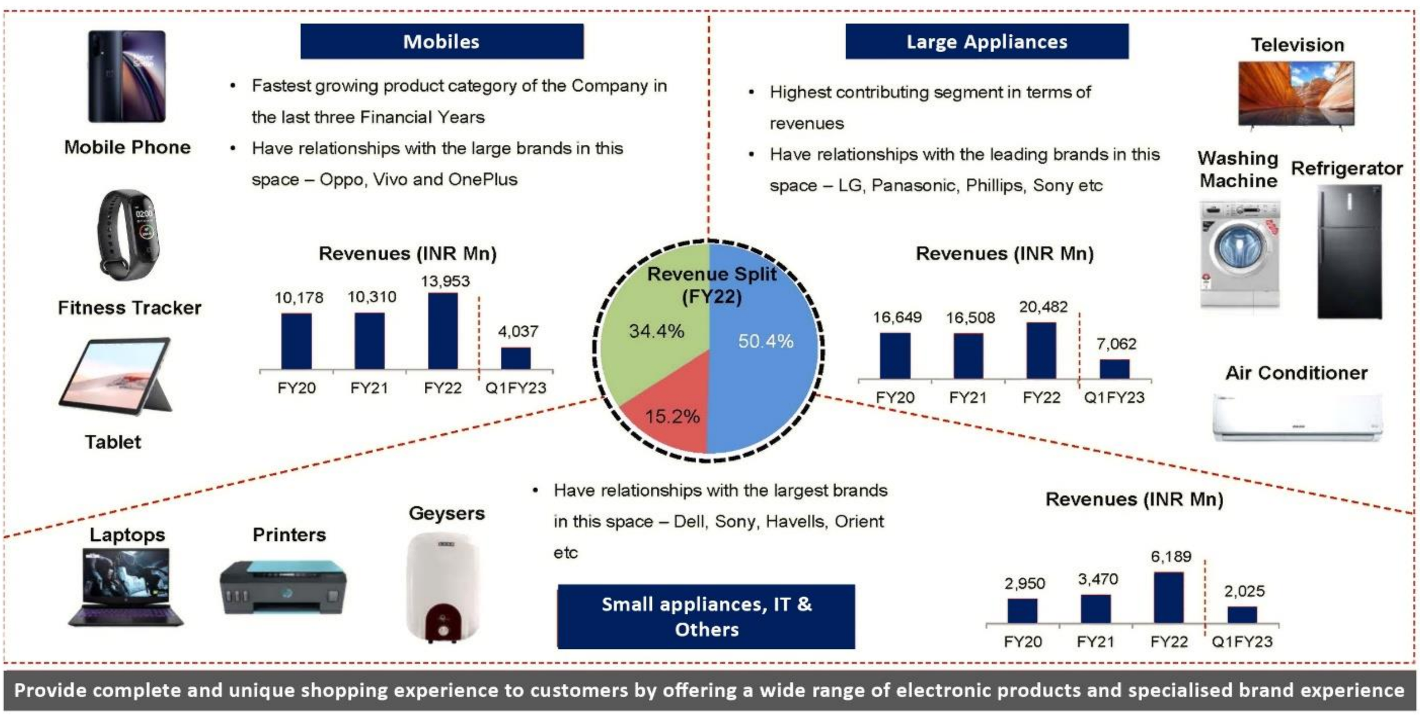
## Company Overview

Established in 1980, Electronic Mart India Limited (EMIL) is the 4th largest and one of the fastest growing consumer durables and electronics retailers in India and as of FY2021, EMIL is the largest regional organised player in the southern region in revenue terms with dominance in the states of Telangana and Andhra Pradesh.

It offers a diversified range of products with focus on large appliances (air conditioners, televisions, washing machines and refrigerators), mobiles and small appliances, IT and others. EMIL's offering includes more than 6,000 SKUs across product categories from more than 70 consumer durable and electronic brands.

Company's business model is a mix of ownership and lease rental model, as it focuses to secure retail spaces which ensures high visibility and easy accessibility to customers. It has been one of the fastest growing consumer durable & electronics retailers in India with a revenue CAGR of 17.90% from FY16 to FY21.

**Diversified Product Profile comprising of more than 6,000 SKUs with Comprehensive Range**

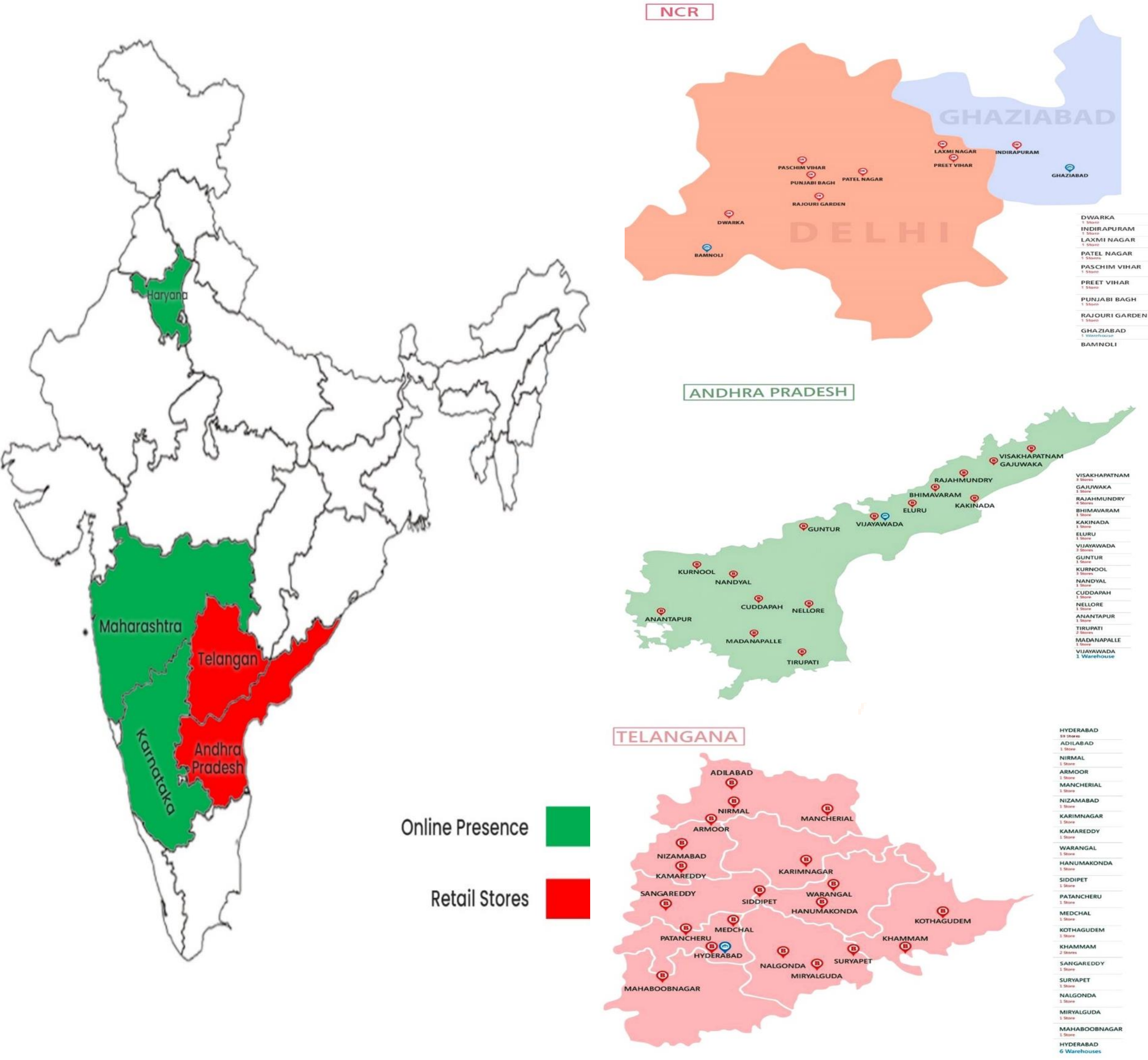



*Source: Company Presentation*

The company is currently associated with more than 70 electronic brands and has a long-standing relationship of more than 15 years with some brands which operate in product categories such as large appliances, mobiles, small appliances, IT and others.

 For any further query, please email us on research@ventura1.com

## 112 stores across 36 cities in South India with dominance in Telangana and Andhra Pradesh




*Source: Company RHP*

As of August 2022, it has 112 stores across 36 cities in South India , spanning 1.12 mn sq.ft. of retail business area. The network of 112 stores comprises of 100 multi-brand outlets and 12 exclusive brand outlets. Further, it plans to open 58 new stores in India across AP, Telangana & the NCR region.

**Maintaining & forging new relationships with leading brands across existing and new format stores thereby ensuring a wider product range**

| Brand | Description |
|---|---|
| Bajaj Electronics | Multi - brand chain |
| IQ | 12 Exclusive Apple storechains |
| Kitchen Stories | India's first experiential showroom with 100+ luxury built- in kitchen appliance brands |
| Audio & Beyond | Audio, Video & Automation brand |
| Electronic Mart | Multi - brand chain |
| E-commerce | Commenced from 2017, e-commerce website currently functions as a catalogue for the products it retails at stores |

*Source: Company, Ventura research*

EMIL operates multi-brand outlets under the Bajaj Electronics brand name. The company also operates exclusive brand outlets for various brands and a special format store for kitchen appliances called Kitchen Stories. IQ is an exclusive Apple Store-chain and Kitchen Stories is an experiential showroom which deals with luxury built-in kitchen appliance products across more than 100 brands, including a partnership with German brand Häcker Kitchens.

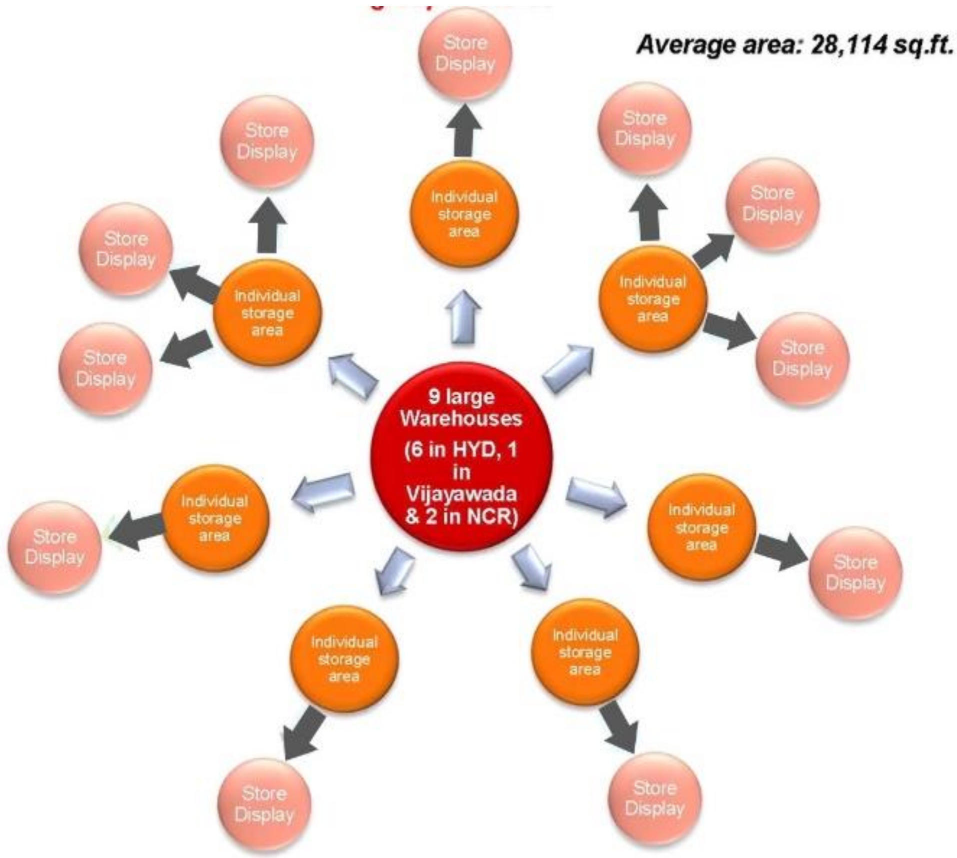
**Long Term Relationship with marquee Brands in each segment**

| Particulars | Large Appliances | Mobiles | Small appliances, IT & Others |
|---|---|---|---|
| Brands | Panasonic, LG, SONY, Godrej | oppo, vivo | DELL, PHILIPS, AO Smith, Symphony, orient electric, KAFF, ARISTON THERMO GROUP |
| Revenue Contribution (Q1FY23) | 53.8% | 30.8% | 15.4% |

*Source: Company RHP*

EMIL is currently associated with more than 70 electronic brands and has a long-standing relationship of more than 15 years with a certain number of brands. EMIL stores offers customers a comprehensive, distinctive and convenient shopping experience which enables it to showcase a wide range of electronic products of varied brands and price ranges under one roof, thereby offering a **one-stop-solution** to all the electronic needs of customers.

**Strategically located logistics and warehousing facilities backed by stringent inventory management using IT systems**




*Source: Company RHP*

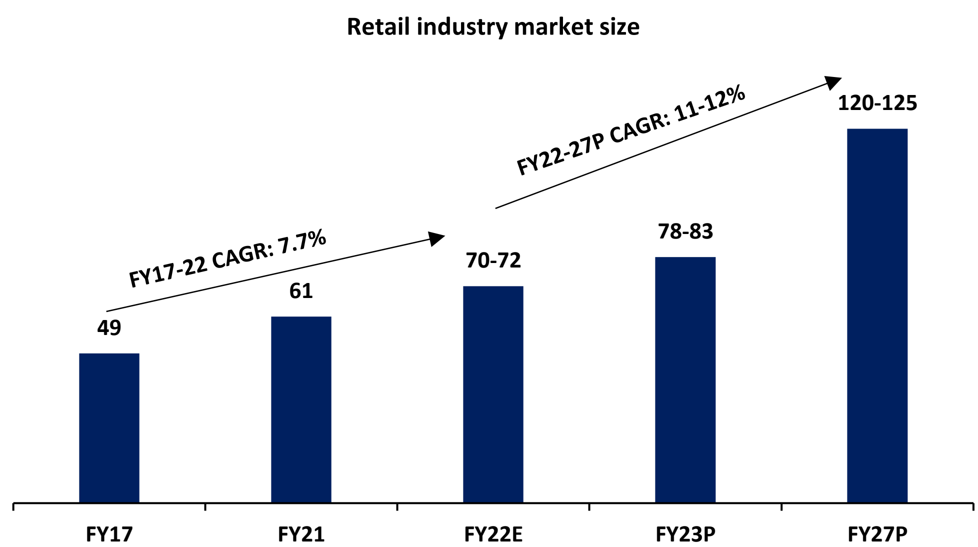
EMIL operates nine large warehouses with an average area of 28,114 sq ft. These inventory management systems of all stores are synchronised with distribution centres and offices which are backed by individual storage areas at the store level of varying sizes to cater to individual stores or a group of stores. It has six large warehouses in Hyderabad to cater to the Telangana region, one central warehouse in Vijayawada to cater for the Andhra Pradesh region and two warehouses in NCR to cater to the NCR region .

## Key Investment highlights

### Organized Brick & Mortar (B&M) has a large headroom for growth in the retail industry

The retail sector is estimated to have grown 15-17% in FY22 on the low base of fiscal 2021, backed by a revival in discretionary spending amid the waning impact of the pandemic, increased market activity as well as an improvement in macroeconomic factors. With the third wave of Covid-19 behind us and easing of most pandemic restrictions, RHP expects full resumption of service activities in fiscal 2023. The uptrend in retail is expected to continue and the segment should grow 12-13% in fiscal 2023.

**Retail industry market size expected to grow at 12% CAGR by FY27**

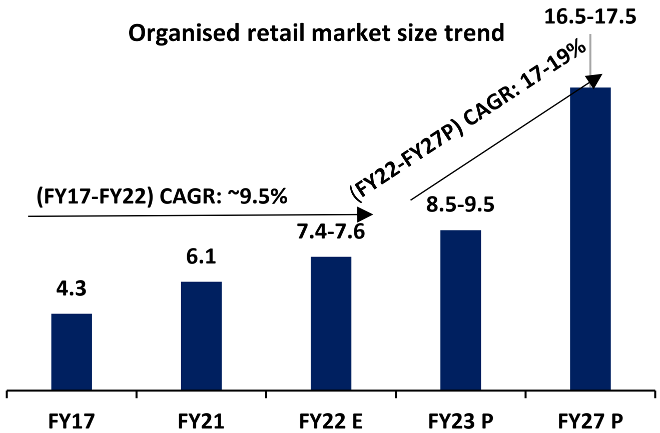



*Source: Company, Ventura research*

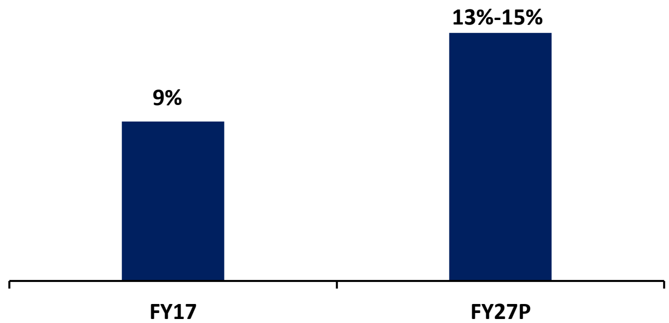
Between FY22 and FY27, as per RHP, growth will accelerate at a 11-12% CAGR, as economic activity picks up and inflation remains in a low to moderate range in the long term. Consumption revival, coupled with economic growth, will boost consumer sentiment and drive discretionary spend. Increased investment by large retailers will further propel retail growth.

**The low penetration of the organised segment provides a good opportunity for further expansion.**

**Organised retail market size trend**




**Organised retail penetration to reach 13-15% by FY27**




*Source: Company RHP*

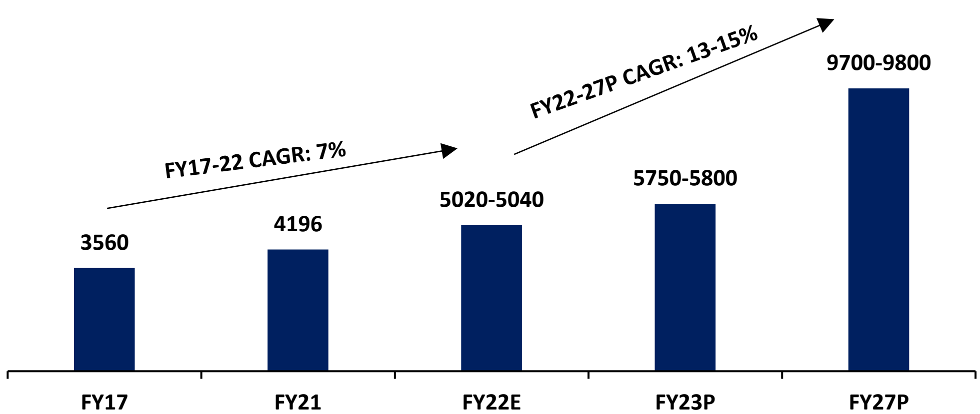
The share of organised retail sales in total retail has continued to expand over the past few years. From ~8% in fiscal 2017, the share of organised retail increased to ~12% in fiscal 2020. Countrywide lockdowns and restrictions impacted the organised segment more and its share contracted to 10-11% as of fiscal 2022.

Organised retail penetration (ORP) is likely to reach ~14% in fiscal 2027 from 10-11% in fiscal 2022. New store rollouts as well as increasing penetration into tier-II and III cities over and above metros and tier-I cities will propel growth in the longer term. The government's decision to permit 100% foreign direct investment (FDI) in single-brand retail under the automatic route from 49% earlier and relaxation in sourcing norms will boost growth in the longer term. Further, with the pickup in the macro scenario and improved consumer spending in the longer term, organised retail will see healthy growth.

Organised retail is expected to clock 17-19% CAGR over fiscals 2022 to 2027, while overall retail is projected to grow at a slower pace of 11- 12% during the same period, thus, accelerating the expansion of the organised segment.

**Organised Brick & Mortar (B&M) to grow faster**

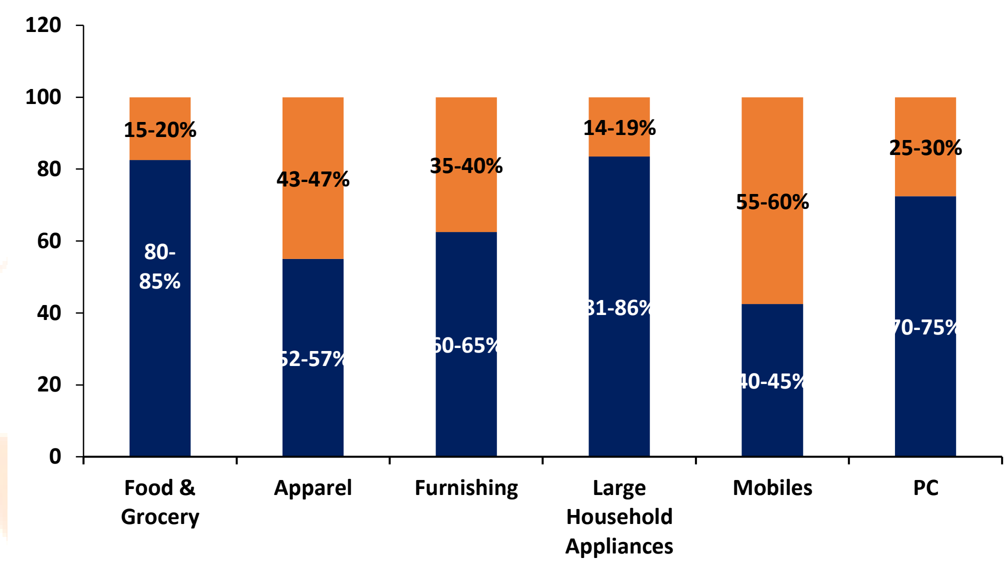
**Organised B&M market size trend**




*Source: Company, Ventura research*

Over the next five years, the industry is expected to log 13-15% CAGR growth and reach Rs 9.7-9.8 trillion by FY27. CRISIL Research expects growth to be fuelled by an increasing store count and preference for making purchases from large, organised outlets. Moreover, higher disposable income and a better economic outlook are expected to boost consumer spending, encouraging retailers to open more stores.

**Brick & Mortar dominates the organised retail market- FY22**




*Source: Company, Ventura research*

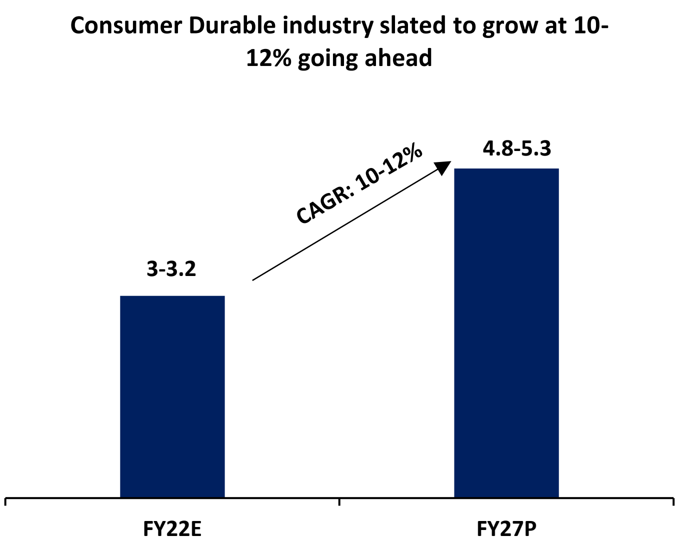
B&M players dominate the large consumer durables category. Tactile experience provides a unique advantage to B&M stores, which online retail cannot match. It is one of the primary reasons for consumers preferring to purchase large durables, particularly higher-value household appliances, through B&M retail outlets. Moreover, organised B&M players have been able to build a strong connect with customers by providing one-on-one advisory services through in-store personnel and authorised brand personnel

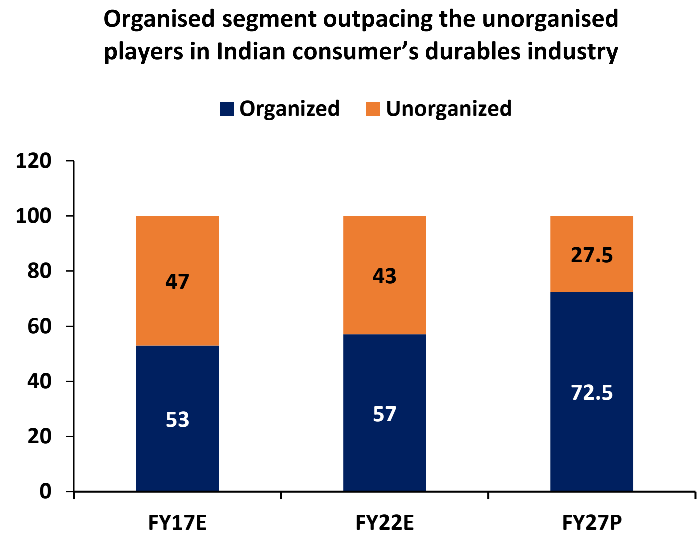
In the organised large consumer durables segment, ~81% of the sale is through the B&M format. The lockdown forced many consumers to shift from the B&M to online format for urgent needs and CRISIL Research expects most consumers to revert to B&M stores for large consumer durables in the longer term. CRISIL Research expects the organised B&M segment to continue to play a significant role in the large consumer appliances segment.

### The organised segment will continue to outpace the unorganised players in the Indian consumer's durables industry.

CRISIL Research estimates the size of India's consumer durables industry, including large consumer durables, mobile phones and smaller appliances, at Rs 3-3.2 trillion as of FY22. The industry recorded ~12% CAGR between fiscals FY17 and FY20, backed by increasing disposable incomes, lower penetration, a widening product base, competitive pricing, lowering replacement cycles and an expanding product portfolio.

## The organised segment will continue to outpace the unorganised players in the Indian consumer's durables industry



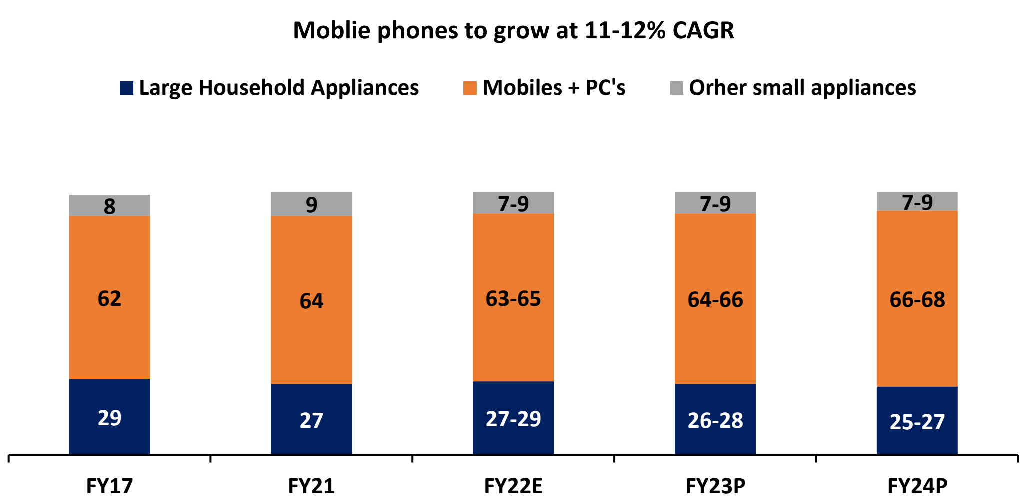




*Source: Company RHP*

In fiscal 2023, with lifting of all Covid-19 curbs, normalised market operations and estimated improvement in the economic scenario, the industry is expected to continue its growth trend and reach Rs 3.3-3.8 trillion, clocking 13-15% growth on a near-normal base of fiscal 2022.

The organised market in the consumer durables space is growing fast, riding on increasing urbanisation, changing consumer preferences, expansion of organised B&M players and deeper internet penetration. However, CRISIL Research expects the share of the organised segment in consumer durables retail to expand in the long-term horizon and reach 70-75% by FY 2027.

### Consumer durables market segment-wise split




*Source: Company RHP*

Industry-leading mobile phone segment is projected to clock 11-12% CAGR led by

- expected improvement in customer disposable incomes,
- continuous upgradation in mobile technology,
- premiumisation trend in consumer preference,
- shorter product usage cycle, and intermittent launches by manufacturers.

Large consumer durables are projected to clock 8-10% CAGR led by

- an expected rise in household incomes,
- better affordability,
- changing consumer preferences,
- shorter replacement cycles, multiple ownership (in the case of CTVs) and
- lower penetration levels (in the case of other appliances such as RACs and WMs). Increasing average temperatures during summer will provide an additional boost to the low-penetrated RAC segment.

Smaller appliances (microwaves, mixers/ grinders, dishwashers, etc.) are projected to clock 6-8% CAGR led by

- an expected improvement in the economy,
- increased urbanisation, and
- changing consumer lifestyles

.

**India lags global average in consumer durable penetration**

| India lags global peers in consumer durables penetration | | | | | | | |
|---|---|---|---|---|---|---|---|
| % of households | India | UK | Germany | Japan | Austrila | China | Brazil |
| Colour television | 58% | 98-100% | 96-98% | 96-98% | 98-100% | 96-98% | 95-97% |
| Refrigerator | 40% | 98-100% | 98-100% | 97-99% | 98-100% | 95-97% | 97-99% |
| Mobiles | 41% | 94-96% | 97-99% | 96-98% | 98-100% | 96-98% | 93-95% |
| Washing Machine | 21% | 85-87% | 95-97% | 96-98% | 97-99% | 93-95% | 66-68% |
| Air Conditioner | 17% | 91-93% | 25-27% | 93-95% | 79-81% | 92-94% | 19-21% |
| Personal Computer | 14% | 91-93% | 91-93% | 79-81% | 84-86% | 59-61% | 44-46% |

*Source: Company RHP*

Household penetration of consumer durables in India remains much lower than that of many developed and developing nations. Only 17% of households in India own an RAC, compared with above 90% in China, Japan and the US. For WMs, penetration in India is 21%, as against the global average of more than 50%.

However, the pandemic has led to an increase in penetration of products due to work from home and schools being shut. Even in the case of TVs, the most penetrated product,

India's level is around 58%, compared with above 95% for Brazil, another developing nation.

### Comparative assessment and key success factors for organised electronic retailers

The Indian electronics retail market has become increasingly competitive in recent years. Some of the key direct competitors include other organized brick & mortar retailers such as Reliance Retail, Croma, Vijay Sales, Sathya, Sargam, Girias, Aditya Vision, Adishwar, Viveks, etc. and unorganized retailers such as local electronic stores and others.

**Peer comparision**

Comparative parameters of some key organised electronic retailers in India (FY21)

| Parameter | Reliance Retail | Croma | Vijay Sales | EMIL | Sathya | Sargam | Girias | Aditya Vision | Adishwar | Viveks | Avg |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue (CAGR FY16-21) | 48% | 13% | NA | 18% | 16% | 11% | 5% | 26% | -8% | -20% | **12%** |
| Revenue (₹ Cr) | 131690 | 5350 | 3670 | 3200 | 990 | 920 | 780 | 750 | 260 | 170 | |
| Type(National/ Regional) | N | N | N | R-S | R-S | R-N | R-S | R-E | R-S | R-S | |
| No. of stores3 | 300+ | 195 | 121 | 105 | 157 | 15 | 104 | 70 | 70 | 34 | |
| Per store revenue (₹ Cr) | NA | 27.4 | 30.3 | 30.5 | 6.1 | NM | 7.5 | 10.7 | 3.6 | 5 | **15** |
| Online presence | YES | YES | YES | YES | YES | NO | YES | YES | YES | YES | |
| Own brand | YES | YES | YES | NO | NO | NO | NO | NO | NO | YES | |
| Presence across cities | 100+ | 63 | 20 | 30+ | 40+ | 2 | 48 | 38 | 24 | 7 | |
| Employee cost (% of sales) | 1% | 5% | 3% | 2% | 4% | 3% | 6% | 3% | 8% | 6% | **4%** |
| Operating margin (%) | 6% | 1% | 7% | 6% | 3% | 3% | 3% | 6% | 4% | 1% | **4%** |

*Source: Company RHP*

Reliance Retail, Aditya Vision, Sathya, and EMIL are among the top four fastest-growing retailers in the fiscal FY16-21 period. During FY21, EMIL's revenue per store was one of the highest in the pure-play consumer durables space and had second highest operating margin among its peers, after Vijay sales, in FY21.

Further, amongst the four players, Reliance, Croma, EMIL and Aditya Vision, Croma clocked the highest year on year growth of 53%, followed by EMIL at 36% during FY22.

| EMIL's management team | | |
|---|---|---|
| **Key Person** | **Designation** | **Details** |
| **Pavan Kumar Bajaj** | **Chairman and Managing Director** | He has basic education and has appeared for the first and second year of bachelor's degree in commerce held in Osmania University. He founded the erstwhile sole proprietorship 'M/s. Bajaj Electronics' in 1980 and has over 40 years of experience in retail business management. |
| **Karan Bajaj** | **CEO** | He has cleared the examination of the degree course of bachelors of commerce from Osmania University and holds a post graduate diploma in international management from University of Strathclyde. He has 10+ years of experience in retail business management. |
| **Premchand Devarakonda** | **Group CFO** | He holds a bachelor's degree in commerce from Andhra University. He is a fellow member of the Institute of Chartered Accountants of India. In the past, he was associated with M/s. Manoj & Prem Associates, Chartered Accountants in the capacity of a partner, Services & Trade Company in the capacity of manager-internal audit and Coromandel Fertilisers Limited in the capacity of manager – management audit and Services & Trade Company LLC in the capacity of an Executive Director. |
| **Giridhar Rao Chilamkurthi** | **Vice President - Sales** | He holds a bachelor's degree in science and a master's degree in business administration from Nagarjuna University. Prior to joining our Company, he was associated with Tirumala Music Centre Private Limited in the capacity of a chief operating officer. |
| **Annapurna Devi Kuchibhatla** | **CTO** | She holds a bachelor's degree in science from Nagarjuna University and a master's degree in computer Applications from Padmavati Mahila Visva Vidyalayam. She has received a certificate from Carnegie Mellon University on completion of requirements of professional education series and is also a certified information systems auditor. Prior to joining the Company, she was associated with LV Prasad Eye Institute in the capacity of a CTO from 2009 to 2015 and in the capacity of consultant from 2015 to 2020. |
| **Vishal Singh** | **Head- Marketing** | He holds a bachelor's degree in commerce from Veer Bahadur Singh Purvanchal University and has completed post graduate diploma in management (marketing management) from Vishwa Vishwani Institute of Systems and Management. Prior to joining the Company, he was associated with Bennett Coleman & Company Limited in the capacity of a manager in response department from 2011 to 2020. |

*Source: Company RHP*

## Key Risks & Concerns

- Majority of the stores are presently concentrated in Andhra Pradesh and Telangana. However, the company plans to expand into new geographies. It may be exposed to significant liability and could lose some or all of the investment in such regions, as a result of which business, the financial condition and results of operations could be adversely affected.

- Competition from online retailers who are able to offer a wide range of products at competitive prices may adversely affect the business and financial condition, through operations and cash flows.
- EMIL's stores are concentrated mainly in Telangana and Andhra Pradesh, and hence, generate a majority of retail sales from stores in these states. Any adverse developments affecting operations in these states could have an adverse impact on revenue and results of operations
- A large part of revenues is dependent on the top five brands. Any loss of the major brands or a decrease in the supply or volume from these brands, will materially and adversely affect revenues and profitability.
- EMIL's business is highly dependent on the brand owners effectively maintaining, promoting or developing their brands and maintaining standard quality products including launching new electronic products at regular intervals. In case any of the brand partners is unable to do so, sales would get impacted which would have an adverse impact on the operations and financial performance of the company.

## Issue Structure and Offer Details

The proposed issue size of EMIL's IPO is INR 500 cr which is fully fresh issue. The price band for the issue is in the range of INR 56 - 59 and the bid lot is 254 shares and multiples thereof.

**Issue break-up**

| Category | No.of shares offered | % of issue |
|---|---|---|
| QiB | 42,372,880 | < 50% |
| Non institutional bidders | 12,711,865 | >15% |
| Retail | 29,661,017 | >35% |
| **Total** | **84,745,762** | |

*Source: Company, Ventura research*

## Financial Analysis & Projections

| Fig in INR Cr (unless specified) | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E | FY25E |
|---|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | | |
| **Revenue** | **2,823.7** | **3,172.5** | **3,201.9** | **4,349.3** | **5,206.4** | **6,301.0** | **7,410.6** |
| *YoY Growth (%)* | | *12.4* | *0.9* | *35.8* | *19.7* | *21.0* | *17.6* |
| Raw Material Cost | 2,396.8 | 2,702.2 | 2,767.3 | 3,755.4 | 4,495.4 | 5,440.6 | 6,398.6 |
| *RM Cost to Sales (%)* | *84.9* | *85.2* | *86.4* | *86.3* | *86.3* | *86.3* | *86.3* |
| Employee Cost | 49.4 | 58.6 | 61.4 | 78.8 | 88.4 | 114.4 | 138.2 |
| *Employee Cost to Sales (%)* | *1.7* | *1.8* | *1.9* | *1.8* | *1.7* | *1.8* | *1.9* |
| Other Expenses | 161.5 | 184.0 | 169.3 | 223.2 | 249.1 | 296.1 | 342.1 |
| *Other Exp to Sales (%)* | *5.7* | *5.8* | *5.3* | *5.1* | *4.8* | *4.7* | *4.6* |
| **EBITDA** | **216.0** | **227.6** | **203.9** | **291.9** | **373.4** | **449.9** | **531.7** |
| *Margin (%)* | *7.6* | *7.2* | *6.4* | *6.7* | *7.2* | *7.1* | *7.2* |
| *YoY Growth (%)* | | *5.4* | *(10.4)* | *43.2* | *27.9* | *20.5* | *18.2* |
| Depreciation & Amortization | 42.3 | 50.8 | 58.1 | 71.3 | 97.4 | 121.1 | 142.9 |
| **EBIT** | **173.7** | **176.9** | **145.7** | **220.6** | **276.0** | **328.9** | **388.8** |
| *Margin (%)* | *6.2* | *5.6* | *4.6* | *5.1* | *5.3* | *5.2* | *5.2* |
| *YoY Growth (%)* | | *1.8* | *(17.6)* | *51.4* | *25.1* | *19.1* | *18.2* |
| Other Income | 2.5 | 6.5 | 5.5 | 3.8 | 3.4 | 1.3 | 1.1 |
| Finance Cost | 52.6 | 63.4 | 71.7 | 84.6 | 94.7 | 115.2 | 131.9 |
| Interest Coverage (X) | 3.3 | 2.8 | 2.0 | 2.6 | 2.9 | 2.9 | 2.9 |
| Exceptional Item | 0.0 | (7.9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **PBT** | **123.6** | **112.2** | **79.6** | **139.8** | **184.7** | **214.9** | **258.0** |
| *Margin (%)* | *4.4* | *3.5* | *2.5* | *3.2* | *3.5* | *3.4* | *3.5* |
| *YoY Growth (%)* | | *(9.2)* | *(29.1)* | *75.7* | *32.1* | *16.4* | *20.0* |
| Tax Expense | 46.5 | 30.6 | 20.9 | 35.9 | 46.5 | 54.1 | 64.9 |
| *Tax Rate (%)* | *37.6* | *27.3* | *26.3* | *25.7* | *25.2* | *25.2* | *25.2* |
| **PAT** | **77.1** | **81.6** | **58.6** | **103.9** | **138.2** | **160.8** | **193.1** |
| *Margin (%)* | *2.7* | *2.6* | *1.8* | *2.4* | *2.7* | *2.6* | *2.6* |
| *YoY Growth (%)* | | *5.9* | *(28.2)* | *77.2* | *33.0* | *16.4* | *20.0* |
| Min Int/Sh of Assoc | 0.0 | 0.0 | 0.0 | (0.0) | 0.0 | 0.0 | 0.0 |
| **Net Profit** | **77.1** | **81.6** | **58.6** | **103.9** | **138.2** | **160.8** | **193.1** |
| *Margin (%)* | *2.7* | *2.6* | *1.8* | *2.4* | *2.7* | *2.6* | *2.6* |
| *YoY Growth (%)* | | *5.8* | *(28.2)* | *77.2* | *33.0* | *16.4* | *20.0* |
| | | | | | | | |
| **Balance Sheet** | | | | | | | |
| Share Capital | 300.0 | 300.0 | 300.0 | 300.0 | 384.7 | 384.7 | 384.7 |
| Total Reserves | 40.5 | 133.1 | 191.9 | 296.5 | 850.0 | 1,010.8 | 1,203.9 |
| **Shareholders Fund** | **340.5** | **433.1** | **491.9** | **596.5** | **1,234.7** | **1,395.6** | **1,588.6** |
| Long Term Borrowings | 55.0 | 63.0 | 62.1 | 55.2 | 88.9 | 0.0 | 0.0 |
| Deferred Tax Assets / Liabilities | (8.5) | (6.8) | (11.6) | (17.6) | (17.6) | (17.6) | (17.6) |
| Other Long Term Liabilities | 298.7 | 336.6 | 401.7 | 523.9 | 728.0 | 996.9 | 1,248.4 |
| Long Term Trade Payables | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long Term Provisions | 0.0 | 1.3 | 2.1 | 0.7 | 0.8 | 1.0 | 1.2 |
| **Total Liabilities** | **685.7** | **827.1** | **946.2** | **1,158.6** | **2,034.7** | **2,375.9** | **2,820.7** |
| Net Block | 486.9 | 223.2 | 276.1 | 280.0 | 414.6 | 428.4 | 434.4 |
| Capital Work in Progress | 19.5 | 2.4 | 2.0 | 23.8 | 0.0 | 0.0 | 0.0 |
| Intangible assets under development | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non Current Investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long Term Loans & Advances | 25.4 | 45.1 | 32.9 | 48.9 | 51.3 | 62.1 | 73.0 |
| Other Non Current Assets | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Net Current Assets | 153.9 | 556.2 | 635.1 | 805.7 | 1,568.7 | 1,885.2 | 2,313.1 |
| **Total Assets** | **685.7** | **827.1** | **946.2** | **1,158.6** | **2,034.7** | **2,375.9** | **2,820.7** |

| Fig in INR Cr (unless specified) | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E | FY25E |
|---|---|---|---|---|---|---|---|
| **Per share data & Yields** | | | | | | | |
| Adjusted EPS (INR) | 2.0 | 2.1 | 1.5 | 2.7 | 3.6 | 4.2 | 5.0 |
| Adjusted Cash EPS (INR) | 3.1 | 3.4 | 3.0 | 4.6 | 6.1 | 7.3 | 8.7 |
| Adjusted BVPS (INR) | 8.8 | 11.3 | 12.8 | 15.5 | 32.1 | 36.3 | 41.3 |
| Adjusted CFO per share (INR) | | 0.9 | 1.7 | 3.2 | 6.9 | 9.2 | 10.0 |
| CFO Yield (%) | | 1.6 | 2.8 | 5.4 | 11.7 | 15.6 | 16.9 |
| Adjusted FCF per share (INR) | | 0.3 | 0.6 | 1.2 | (0.9) | 3.6 | 5.4 |
| FCF Yield (%) | | 0.5 | 1.0 | 2.1 | (1.5) | 6.0 | 9.1 |
| | | | | | | | |
| **Solvency Ratio (X)** | | | | | | | |
| Total Debt to Equity | 1.1 | 1.2 | 1.1 | 1.0 | 0.2 | 0.2 | 0.2 |
| Net Debt to Equity | 1.0 | 1.0 | 1.0 | 0.9 | 0.1 | 0.1 | 0.1 |
| Net Debt to EBITDA | 1.6 | 2.0 | 2.5 | 1.9 | 0.5 | 0.4 | 0.3 |
| | | | | | | | |
| **Return Ratios (%)** | | | | | | | |
| Return on Equity | 22.6 | 18.8 | 11.9 | 17.4 | 11.2 | 11.5 | 12.2 |
| Return on Capital Employed | 14.9 | 13.3 | 10.3 | 13.8 | 13.8 | 14.8 | 15.8 |
| Return on Invested Capital | 25.6 | 20.1 | 14.5 | 19.1 | 19.6 | 20.7 | 22.2 |
| | | | | | | | |
| **Working Capital Ratios** | | | | | | | |
| Payable Days (Nos) | 5 | 1 | 1 | 2 | 2 | 2 | 2 |
| Inventory Days (Nos) | 42 | 46 | 55 | 52 | 53 | 53 | 53 |
| Receivable Days (Nos) | 11 | 10 | 11 | 9 | 10 | 10 | 10 |
| Net Working Capital Days (Nos) | 49 | 55 | 65 | 58 | 61 | 61 | 61 |
| Net Working Capital to Sales (%) | 13.3 | 15.1 | 17.8 | 16.0 | 16.7 | 16.7 | 16.7 |
| | | | | | | | |
| **Valuation (X)** | | | | | | | |
| P/E | 29.4 | 27.8 | 38.7 | 21.9 | 16.4 | 14.1 | 11.8 |
| P/BV | 6.7 | 5.2 | 4.6 | 3.8 | 1.8 | 1.6 | 1.4 |
| EV/EBITDA | 12.1 | 11.9 | 13.6 | 9.7 | 6.5 | 5.5 | 4.6 |
| EV/Sales | 0.9 | 0.9 | 0.9 | 0.7 | 0.5 | 0.4 | 0.3 |
| | | | | | | | |
| **Cash Flow Statement** | | | | | | | |
| PBT | 123.6 | 112.2 | 79.6 | 139.8 | 184.7 | 214.9 | 258.0 |
| Adjustments | | 58.3 | 94.8 | 145.5 | 301.5 | 375.2 | 375.7 |
| Change in Working Capital | | (103.9) | (89.5) | (127.8) | (173.2) | (182.9) | (185.4) |
| Less: Tax Paid | (46.5) | (30.6) | (20.9) | (35.9) | (46.5) | (54.1) | (64.9) |
| **Cash Flow from Operations** | **77.1** | **36.0** | **64.0** | **121.6** | **266.6** | **353.1** | **383.3** |
| Net Capital Expenditure | (48.6) | (59.4) | (54.4) | (60.9) | (165.2) | (46.9) | (41.1) |
| Change in Investments | (3.8) | (11.0) | (5.5) | (6.9) | (130.1) | (204.7) | (185.9) |
| **Cash Flow from Investing** | **(52.5)** | **(70.4)** | **(60.0)** | **(67.9)** | **(295.2)** | **(251.6)** | **(227.0)** |
| Change in Borrowings | 61.4 | 134.0 | 15.6 | 30.2 | (324.0) | 0.4 | (15.6) |
| Less: Finance Cost | (52.6) | (63.4) | (71.7) | (84.6) | (94.7) | (115.2) | (131.9) |
| Proceeds from Equity | 0.0 | 0.0 | 0.0 | 0.0 | 500.0 | 0.0 | 0.0 |
| Buyback of Shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend Paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Cash flow from Financing** | **8.8** | **70.6** | **(56.1)** | **(54.4)** | **81.2** | **(114.9)** | **(147.4)** |
| **Net Cash Flow** | **33.4** | **36.3** | **(52.1)** | **(0.6)** | **52.6** | **(13.3)** | **8.9** |
| Forex Effect | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Opening Balance of Cash | | 50.8 | 87.1 | 35.0 | 34.4 | 87.0 | 73.7 |
| **Closing Balance of Cash** | **50.8** | **87.1** | **35.0** | **34.4** | **87.0** | **73.7** | **82.6** |

*Source: Company Reports & Ventura Research*

 For any further query, please email us on research@ventura1.com

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