

IPO Report

“SUBSCRIBE” to

Electronics Mart India Ltd.

A dominating consumer durables & electronics retailer in South India



IPO Report

Salient features of the IPO:

- Consumer durables retail chain, **Electronics Mart India Ltd.** (EMIL) is coming up with an IPO to raise Rs. 500cr, which opens on 4th Oct. and closes on 7th Oct. 2022. The price band is Rs. 56 - 59 per share.
- The IPO is a combination of fresh issue and OFS portion. EMIL will not receive any proceeds from the OFS portion. Of the fresh issue net proceeds, Rs. 111cr will be utilized to fund the expansion of retail stores & warehouses; Rs. 220cr will be used to fund the incremental working capital requirement and another Rs. 55cr will be used for re-paying/pre-paying certain borrowing availed by the company.

Key competitive strengths:

- The 4th largest consumer durable and electronics retailer in India with a leadership position in South India.
- Scale of operations and long-standing relationship with leading consumer brands enables the company to procure products at competitive rates
- One of the fastest growing consumer durable & electronics retailers with consistent track record of growth and sector leading profitability
- Increasing market presence and geographic reach with cluster-based expansion
- A business model providing operational flexibility to create long term sustainable footprint
- Diversified product offering & optimal product assortment
- Strategically located logistics & warehousing facilities backed by stringent inventory management using IT systems
- Robust customer service support, timely delivery & installation support
- Experienced management team with a proven track record

Risk and concerns:

- Unfavorable government policies & regulations
- Rise in interest rates
- Subdued consumer demand and economic activities
- Regional concentration of the business
- Unfavorable product-mix
- Difficulty in maintaining the profitability
- Competition, especially from on-line retailers

Below are the key highlights of the company:

- The consumer durable appliance (which includes large consumer durables, mobile phones and smaller appliances) retail market is estimated at Rs. 3-3.2lakh cr in FY22. This market has clocked a business growth of around 12% CAGR between FY17-20, mainly on the back of increasing disposable incomes, lower penetration, widened product base, competitive pricing, lowering replacement cycles and an expanding product portfolio. Going forward, the consumer durable appliance market is anticipated to grow by 10-12% CAGR over FY22-27 to reach a size of Rs. 4.8-5.3lakh cr.
- The organized consumer durable market is growing fast, riding on increasing urbanization, changing consumer preferences, expansion of organized brick-and-mortar players and deeper internet penetration. The organized market share expanded from around 40% in FY13 to 58-60% in FY20. However, the Covid-19 pandemic has put the brakes on the market expansion in FY21. According to Crisil Research, the share of the organized market in consumer durables retail is likely to expand to 70-75% by FY27.

Recommendation	SUBSCRIBE
Price band	Rs. 56 - 59 per share
Face value	Rs. 10
Shares for fresh issue	8.475 - 8.929cr shares
Shares for OFS	Nil
Fresh issue size	Rs. 500cr
OFS issue size	N/a
Total issue size	8.475 - 8.929cr shares (Rs. 500cr)
Bidding date	4 th Oct. - 7 th Oct. 2022
MCAP at higher price band	Rs. 2,270cr
Enterprise value at higher price band	Rs. 2,911cr

Book running lead manager Anand Rathi Advisors Ltd., IIFL Securities Ltd. and JM Financial Ltd.

Registrar KFin Technologies Ltd.

Sector Retail

Promoters Mr. Pavan kumar Bajaj and Mr. Karan Bajaj

Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	50%	4.237 - 4.464cr shares
Non institutional portion	15%	1.271 - 1.339cr shares
Retail portion	35%	2.966 - 3.125cr shares

Indicative IPO process time line

Finalization of basis of allotment	12 th Oct. 2022
Unblocking of ASBA account	13 th Oct. 2022
Credit to demat accounts	14 th Oct. 2022
Commencement of trading	17 th Oct. 2022

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	100.00%	77.97%
Public	0.00%	22.03%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot

Number of shares per lot	254
Application money	Rs. 14,986 per lot

Analyst

Rajnath Yadav

Research Analyst (022 - 6707 9999; Ext: 912)

Email: rajnath.yadav@choiceindia.com

Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return (%)				FY22 total operating revenue (Rs. cr)	FY22 EBITDA (Rs. cr)	FY22 PAT (Rs. cr)	FY22 gross margin	FY22 EBITDA margin	FY22 PAT margin
					1 M	3 M	6 M	1 Y						
Electronics Mart India Ltd.	10	59	2,270	2,911					4,349	292	104	13.7%	6.7%	2.4%
Aditya Birla Fashion and Retail Ltd.	10	321	30,103	30,154	5.3%	32.5%	9.4%	42.1%	8,136	1,138	-109	54.3%	14.0%	-1.3%
Aditya Vision Ltd.	10	1,421	1,709	1,793	3.9%	80.7%	98.4%	65.5%	899	83	35	15.8%	9.2%	3.9%
Avenue Supermarts Ltd.	10	4,283	2,77,455	2,77,150	-2.9%	25.7%	7.1%	-2.4%	30,976	2,499	1,493	14.8%	8.1%	4.8%
Ethos Ltd.	10	990	2,311	2,321	-6.6%	22.4%			577	72	23	28.8%	12.4%	4.1%
Redington Ltd.	2	143	11,171	8,137	-5.9%	10.3%	-3.1%	0.4%	62,644	1,839	1,280	6.0%	2.9%	2.0%
Shoppers Stop Ltd.	5	714	7,818	7,751	16.0%	52.5%	60.2%	170.2%	2,519	284	-47	40.2%	11.3%	-1.9%
Spencer's Retail Ltd.	5	75	676	961	-1.5%	4.9%	-8.2%	-36.1%	2,300	15	-121	20.7%	0.7%	-5.3%
Trent Ltd.	1	1,396	49,614	49,498	0.4%	33.1%	10.7%	39.1%	4,498	594	106	44.8%	13.2%	2.4%
V2 Retail Ltd.	10	108	371	418	-4.6%	0.5%	-23.1%	-32.9%	629	67	-12	36.0%	10.7%	-1.9%
Vaibhav Global Ltd.	2	351	5,766	5,674	13.4%	13.2%	-7.9%	-50.6%	2,752	281	238	64.5%	10.2%	8.6%
V-Mart Retail Ltd.	10	2,838	5,609	5,453	-3.1%	15.7%	-24.0%	-19.0%	1,666	209	12	34.5%	12.6%	0.7%
Average												32.8%	9.6%	1.5%

Company name	4Y top-line growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	4Y average EBITDA margin	4Y average PAT margin	4Y capital employed growth (CAGR)	4Y CFO growth (CAGR)	4Y average working capital cycle (Days)	4Y average fixed asset turnover (x)	4Y average total asset turnover (x)	4Y average RoE	4Y average RoIC
Electronics Mart India Ltd.	15.5%	10.6%	10.5%	7.0%	2.4%	20.8%	20.7%	59.8	5.3	2.2	16.2%	12.8%
Aditya Birla Fashion and Retail Ltd.	0.1%	25.5%		11.6%		35.3%	21.7%	(127.4)	1.8	0.9		
Aditya Vision Ltd.	16.8%	69.6%	83.0%	5.6%	2.4%	121.9%	134.0%	13.4	21.6	3.0	36.0%	29.4%
Avenue Supermarts Ltd.	15.7%	15.2%	18.3%	8.0%	4.8%	36.0%	19.4%	18.2	3.5	2.2	12.0%	13.3%
Ethos Ltd.	9.2%	25.6%	20.5%	10.9%	2.0%	28.5%		91.5	7.0	1.2		
Redington Ltd.	10.4%	23.9%	36.1%	2.4%	1.4%	-7.3%	-2.5%	22.7	84.8	3.6	15.6%	17.7%
Shoppers Stop Ltd.	-14.2%	1.7%		9.5%		16.1%	23.7%	(131.1)	2.6	1.0		
Spencer's Retail Ltd.	1.7%	20.2%		0.9%		35.1%		(21.4)	3.8	1.8		
Trent Ltd.	19.6%	35.0%	3.0%	11.4%	1.0%	50.7%	40.7%	9.9	1.7	0.7		
V2 Retail Ltd.	-5.6%	10.8%		9.4%		24.1%		49.3	3.0	1.0		
Vaibhav Global Ltd.	14.9%	11.5%	15.5%	12.3%	9.4%	29.5%	-24.5%	24.4	11.6	1.8	24.2%	23.0%
V-Mart Retail Ltd.	5.1%	15.2%	-42.6%	12.0%		64.6%		45.1	3.5	1.3		8.7%
Average	6.7%	23.1%	19.1%	8.5%	3.5%	39.5%	30.3%	(0.5)	13.2	1.7	21.9%	18.4%

Company name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	Fixed asset turnover ratio (x)	Total asset turnover ratio (x)	RoE	RoCE	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning yield	
Electronics Mart India Ltd.	2.7	28.5	0.0	1.1	5.4	1.9	9.5%	19.2%	21.8	2.1	0.7	10.0	0.5	4.6%	
Aditya Birla Fashion and Retail Ltd.	(1.2)	29.6	0.0	0.3	1.3	0.7		2.6%		10.9	3.7	26.5	3.7	-0.4%	
Aditya Vision Ltd.	29.3	65.4	5.0	1.4	6.0	2.1	44.8%	38.2%	48.4	21.7	2.0	21.6	1.9	2.1%	
Avenue Supermarts Ltd.	23.0	211.1	0.0	0.0	3.0	2.0	10.9%	14.3%	185.9	20.3	8.9	110.9	9.0	0.5%	
Ethos Ltd.	10.0	99.2	0.0	0.2	4.5	1.2	10.1%	13.8%	98.8	10.0	4.0	32.4	4.0	1.0%	
Redington Ltd.	16.4	74.0	5.9	0.1	79.8	3.4	22.1%	60.1%	8.7	1.9	0.1	4.4	0.2	11.5%	
Shoppers Stop Ltd.	(4.3)	6.9	0.0	1.5	1.4	0.7				103.0	3.1	27.3	3.1	-0.6%	
Spencer's Retail Ltd.	(13.5)	6.9	0.0	5.2	2.2	1.5				10.9	0.4	62.2	0.3	-18.0%	
Trent Ltd.	3.0	66.5	1.2	0.2	0.9	0.6	4.5%	4.5%	468.8	21.0	11.0	83.3	11.0	0.2%	
V2 Retail Ltd.	(3.4)	75.1	0.0	0.2	1.6	0.8		1.5%		1.4	0.7	6.2	0.6	-3.1%	
Vaibhav Global Ltd.	14.5	68.6	6.2	0.1	5.6	1.7	21.1%	23.4%	24.3	5.1	2.1	20.2	2.1	4.1%	
V-Mart Retail Ltd.	5.9	429.9	0.0	0.0	1.5	0.8	1.4%	5.2%	481.9	6.6	3.3	26.1	3.4	0.2%	
Average				1.7	0.8	9.8	1.4	16.4%	18.2%	188.1	19.3	3.6	38.3	3.6	-0.2%

Note: Financial data as of FY22 with IPO related adjustments; Source: Choice Broking Research

- Starting operations in 1980, EMIL today is the fourth largest and one of the fastest-growing consumer durables & electronics retailers in India. It is a multi-brand retailer dealing in home entertainment, mobiles, laptop, home appliances, camera, kitchen appliances and personal care. EMIL's offering includes more than 6,000 SKUs across the product categories from more than 70 consumer durable & electronics brands. The company clocked a business growth of 17.9% CAGR over FY16-21. In terms of revenue, EMIL is the largest regional organized player in the south India with dominance in Telangana and Andhra Pradesh.
- As of 31st Aug. 2022, EMIL had 112 stores with retail business area of 1.12mn sq. ft., across 36 cities/urban in India. Its retail business area increased by 17% CAGR over FY19-22. Out of 112 stores, 100 are multi brand outlets (MBO) and 12 stores are exclusive brand outlets. The company operates 89 MBOs under the brand name "Bajaj Electronics" in Telangana and Andhra Pradesh. And eight MBOs under the name of "Electronics Mart" in the NCR region. Further it operated two specialized stores under the brand name "Kitchen Stories", which caters to kitchen specific demands and one specialized store under the brand name "Audio&Beyond", which focuses on high-end home audio & home automation solutions. Of the total 112 operational stores, 11 stores are owned, 93 stores are under long term lease rental model and eight stores are partly owned & partly leased.

Key highlights of the company (Contd...):

- Apart from retail operations, the company has wholesale and e-commerce operations. Under wholesale operations, it supplies products to single shop retailers in Telangana and Andhra Pradesh region. In 2017, the company ventured into e-commerce space through its own website. Further in 2019, it associated with large domestic and international players in the e-commerce market.
- With around 97% contribution to the revenue from the sales of products, retail operations is the main business activity of the company. Wholesale and e-commerce activities contributed around 2% and 1%, respectively during FY19-22. In terms of product category, large appliances (which have higher margins) contributed around 50% to the revenue from the sales of products, followed by mobiles and small appliances & others with a contribution of around 34% and 15%, respectively in FY22.
- Prominent brands catered by the company under the large appliances were LG, Panasonic, Philips, Sony, Godrej, IFB, Daikin, Symphony, Voltas etc. Under mobiles category Oppo, One Plus, Vivo etc. are the brands covered, while under the small appliances, brands like Dell, Sony, AO Smith, Ariston Thermo, Butterfly, Miele, Preethi, Havells, Kaff, Orient, Liebherr, Franke Faber etc. are covered by the company.
- For the timely delivery and at cost competitive price, EMIL has nine large warehouses across the operating regions. It has six large warehouses in Hyderabad, one central warehouse in Vijayawada and two warehouses in NCR. The company procures over 80% of the goods from the OEMs, which minimizes the procurement costs.
- With net proceeds from the IPO, the company intends to set-up 58 stores, comprising of 48 MBOs and 10 EBOs, in Telangana, Andhra Pradesh and the NCR region over FY23-25; and one warehouse in the NCR region during the FY24.
- On the back of retail stores expansion, EBIL has reported a robust growth in the business during FY19-22. However profitability declined mainly on account of higher cost of sales. With net addition of 44 stores during FY19-22 (20.4% CAGR) and 4.2% CAGR decline in sales per stores, the company reported a 15.3% CAGR rise in the business from the retail sales of products. Consequently, consolidated revenue increased by 15.5% CAGR to Rs. 4,349.3cr in FY22. Cost of revenue increased by 16.1% CAGR, thereby leading to a 146bps contraction in gross margin. However, relatively lower other operating expenses led to a 94bps contraction in EBITDA margin, which stood at 6.7% in FY22. Consolidated EBITDA increased by 10.6% CAGR to Rs. 291.9cr in FY22. With expansion in stores network, depreciation charge increased by 19% CAGR, while on account of higher financial liabilities, finance costs increased by 17.2% CAGR. However, lower tax expenses led to a 10.5% rise in consolidated PAT to Rs. 103.9cr in FY22. PAT margin contracted by 34bps during FY19-22 to at 2.4% in FY22.
- The company reported a positive operating cash flow during the period, with 20.7% CAGR growth and an average operating cash flow of Rs. 72.7cr. Financial liabilities increased by 18.2% CAGR, however debt-to-equity ratio marginally improved from 2.1x in FY19 to 2x in FY22. Pre-issue average RoIC and RoE stood at 13.8% and 18.2%, respectively.
- With further expansion in the stores network and increase in the volume of retail bill cuts & realization per bill, EMIL reported a consolidated top-line of Rs. 1,408.4cr in Q1 FY23. Consolidated EBITDA and PAT stood at Rs. 97cr and Rs. 40.7cr, respectively. EBITDA and PAT margin stood at 6.9% and 2.9%, respectively as compared to 6.7% and 2.4% in FY22
- Based on our conservative estimates, we are forecasting a top-line growth of 16.3% CAGR over FY22-24 to Rs. 5,887.4cr in FY24E. This growth would be mainly on the back of 11% and 3.8% CAGR rise in number of operational stores and sales per stores, respectively. EBITDA and PAT margins are anticipated at 6.6% and 2.3%, respectively, in FY24E. RoIC and RoE is forecasted to expand by 56bps and 82bps, respectively, over the period.

Peer comparison and valuation: At higher price band, EMIL is demanding an EV/Sales multiple of 0.7x, which is lower than the above peer average. Considering the expected growth in the business, we feel the IPO is attractively priced. Thus we assign a “**SUBSCRIBE**” rating for the issue.

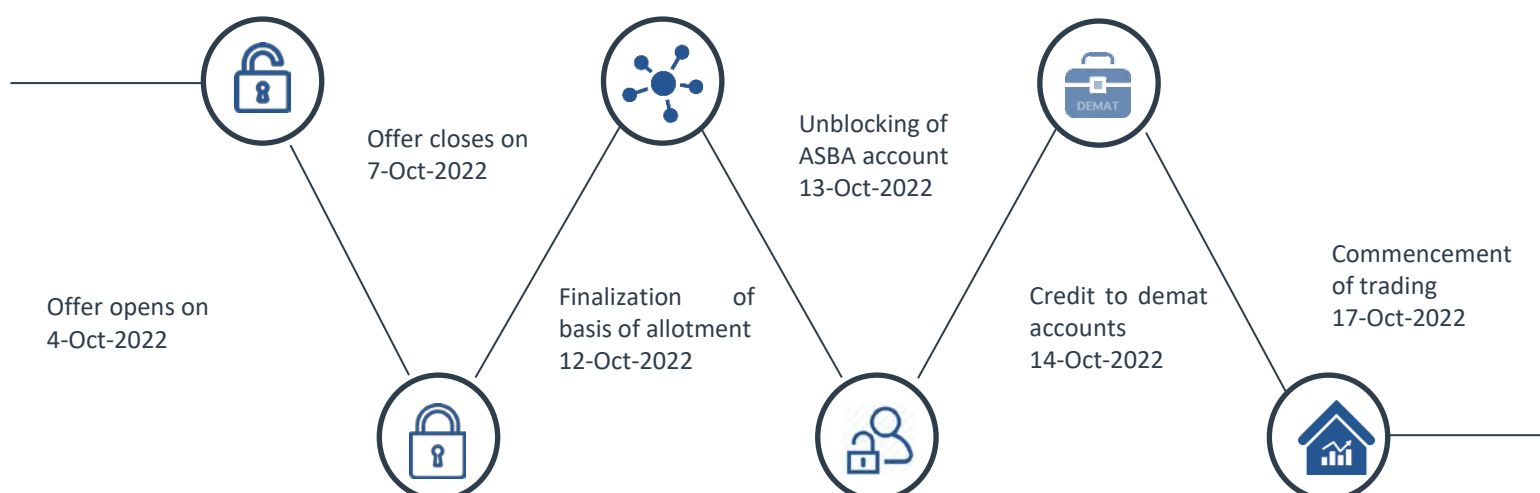
About the issue:

- EMIL is coming up with an IPO with 8.475 - 8.929cr shares (fresh issue: 8.475 - 8.929cr shares; OFS shares: nil shares) in offering. This offer represents around 22.0 - 22.9% of its post issue paid-up equity shares of the company. Total IPO size is Rs. 500cr.
- The issue will open on 4th Oct. 2022 and close on 7th Oct. 2022.
- The issue is through book building process with a price band of Rs. 56 - 59 per share.
- The IPO is a combination of fresh issue and OFS portion. EMIL will not receive any proceeds from the OFS portion. Of the fresh issue net proceeds, Rs. 111cr will be utilized to fund the expansion of retail stores & warehouses; Rs. 220cr will be used to fund the incremental working capital requirement and another Rs. 55cr will be used for re-paying/pre-paying certain borrowing availed by the company.
- 50% of the net issue are reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- Promoter currently holds 100% stake in the company and post-IPO this will come down to 77.97%. Public holding will increase from current nil to 22.03%.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	100.00%	77.97%
Public	0.00%	22.03%

Source: Choice Equity Broking

Indicative IPO process time line:



Financial performance:

Performance over FY19-22: On the back of retail stores expansion, EBIL has reported a robust growth in the business during FY19-22. However profitability declined mainly on account of higher cost of sales.

With net addition of 44 stores during FY19-22 (20.4% CAGR) and 4.2% CAGR decline in sales per stores, the company reported a 15.3% CAGR rise in the business from the retail sales of products. Other operating income increased by 53.2% CAGR, thereby leading to a 15.5% CAGR rise in consolidated revenue to Rs. 4,349.3cr in FY22. Total bills cuts from the retail operations increased by 11.4% CAGR, while realization per bill grew by 3.5% CAGR. In terms of product categories, business from large appliances, mobiles and small appliances & others increased by 8.4%, 21.9% and 31.7%, respectively, over FY19-22. Moreover in terms of business operations, retail, wholesale and e-commerce sales increased by 15.3%, 11.3% and 23.4% CAGR, respectively.

Cost of revenue increased by 16.1% CAGR, thereby leading to a 146bps contraction in gross margin. However, relatively lower other operating expenses led to a 94bps contraction in EBITDA margin, which stood at 6.7% in FY22. Consolidated EBITDA increased by 10.6% CAGR to Rs. 291.9cr in FY22.

With expansion in stores network, depreciation charge increased by 19% CAGR, while on account of higher financial liabilities, finance costs increased by 17.2% CAGR. However, lower tax expenses led to a 10.5% rise in consolidated PAT to Rs. 103.9cr in FY22. PAT margin contracted by 34bps during FY19-22 to at 2.4% in FY22.

The company reported a positive operating cash flow during the period, with 20.7% CAGR growth and an average operating cash flow of Rs. 72.7cr. Financial liabilities increased by 18.2% CAGR, however debt-to-equity ratio marginally improved from 2.1x in FY19 to 2x in FY22. Pre-issue average RoIC and RoE stood at 13.8% and 18.2%, respectively.

Performance during Q1 FY23: With further expansion in the stores network and increase in the volume of retail bill cuts & realization per bill, EMIL reported a consolidated top-line of Rs. 1,408.4cr in Q1 FY23. Consolidated EBITDA and PAT stood at Rs. 97cr and Rs. 40.7cr, respectively. EBITDA and PAT margin stood at 6.9% and 2.9%, respectively as compared to 6.7% and 2.4% in FY22.

Consolidated financial snapshot (Rs. cr)	FY19	FY20	FY21	FY22	Q1 FY23	CAGR over FY19-22	Y-o-Y (Annual)
Sale of products - Consumer electronics and durables	2,648.0	2,977.7	3,028.8	4,062.3	1,312.4	15.3%	34.1%
Other operating income	175.6	194.8	173.1	287.0	96.1	17.8%	65.8%
Revenue from operations	2,823.6	3,172.5	3,201.9	4,349.3	1,408.4	15.5%	35.8%
Gross profit	426.8	470.3	434.6	593.9	196.9	11.6%	36.7%
EBITDA	216.0	227.6	203.9	291.9	97.0	10.6%	43.2%
Adjusted PAT	77.1	89.5	58.6	103.9	40.7	10.5%	77.2%
Restated adjusted EPS	2.0	2.3	1.5	2.7	1.1	10.5%	77.2%
Cash flow from operating activities	69.2	36.0	64.0	121.6	283.0	20.7%	90.0%
NOPLAT	103.8	121.8	98.5	154.4	55.2	14.2%	56.7%
FCF		53.4	70.2	106.8			52.1%
RoIC (%)	15.5%	15.4%	10.7%	13.8%	4.3%	(167) bps	318 bps
Revenue growth rate (%)		12.4%	0.9%	35.8%			
Gross profit growth rate (%)		10.2%	-7.6%	36.7%			
Gross profit margin (%)	15.1%	14.8%	13.6%	13.7%	14.0%	(146) bps	8 bps
EBITDA growth rate (%)		5.4%	-10.4%	43.2%			
EBITDA margin (%)	7.6%	7.2%	6.4%	6.7%	6.9%	(94) bps	34 bps
EBIT growth rate (%)		1.8%	-17.6%	51.4%			
EBIT margin (%)	6.2%	5.6%	4.6%	5.1%	5.5%	(108) bps	52 bps
Restated adjusted PAT growth rate (%)		16.1%	-34.5%	77.2%			
Restated adjusted PAT margin (%)	2.7%	2.8%	1.8%	2.4%	2.9%	(34) bps	56 bps
Inventory days	49.9	49.3	58.2	53.2	40.4	2.2%	-8.6%
Debtor days	10.9	9.7	10.3	8.5	6.7	-7.8%	-16.8%
Payable days	(5.5)	(2.9)	(0.9)	(1.6)	(1.8)	-34.2%	67.5%
Cash conversion cycle	55.3	56.1	67.6	60.2	45.2	2.9%	-10.9%
Fixed asset turnover ratio (x)	5.6	5.5	4.7	5.4	1.5	-1.2%	13.5%
Total asset turnover ratio (x)	2.5	2.4	2.1	2.4	0.8	-2.2%	13.4%
Current ratio (x)	1.4	1.4	1.5	1.5	1.7	1.8%	2.0%
Quick ratio (x)	0.6	0.6	0.6	0.5	0.6	-4.1%	-10.1%
Total debt (Rs.)	711.8	895.6	1,003.7	1,175.9	1,067.1	18.2%	17.2%
Net debt (Rs.)	661.0	808.5	968.7	1,141.5	1,047.4	20.0%	17.8%
Debt to equity (x)	2.1	2.1	2.0	2.0	1.7	-1.9%	-3.4%
Net debt to EBITDA (x)	3.1	3.6	4.8	3.9	10.8	8.5%	-17.7%
RoE (%)	22.6%	20.7%	11.9%	17.4%	6.4%	(523) bps	550 bps
RoA (%)	7.0%	6.6%	3.8%	5.7%	2.3%	(126) bps	185 bps
RoCE (%)	26.6%	23.4%	15.6%	19.2%	5.9%	(742) bps	362 bps

Source: Choice Equity Broking

Competitive strengths:



- The 4th largest consumer durable and electronics retailer in India with a leadership position in South India.
- Scale of operations and long-standing relationship with leading consumer brands enables the company to procure products at competitive rates
- One of the fastest growing consumer durable & electronics retailers with consistent track record of growth and sector leading profitability
- Increasing market presence and geographic reach with cluster-based expansion
- A business model providing operational flexibility to create long term sustainable footprint
- Diversified product offering & optimal product assortment
- Strategically located logistics & warehousing facilities backed by stringent inventory management using IT systems
- Robust customer service support, timely delivery & installation support
- Experienced management team with a proven track record

Business strategy:

- Expand reach across select geographies and deepen the footprint in existing markets
- Enhancing sales volumes by continuing to prioritize customer satisfaction through optimal product assortment and offering value for money
- Technology led effective inventory management & lean operating structure to maintain & improve operating efficiencies
- Maintaining & forging new relationships with leading brands across existing and new format stores thereby ensuring wider product range
- Continuous training of manpower



Risk and concerns:

- Unfavorable government policies & regulations
- Rise in interest rates
- Subdued consumer demand and economic activities
- Regional concentration of the business
- Unfavorable product-mix
- Difficulty in maintaining the profitability
- Competition, especially from on-line retailers

Financial statements:

Consolidated profit and loss statement (Rs. cr)

	FY19	FY20	FY21	FY22	Q1 FY23	CAGR over FY19 - 22	Annual growth over FY21
Revenue from operations	2,823.6	3,172.5	3,201.9	4,349.3	1,408.4	15.5%	35.8%
Purchases of stock-in-trade	(2,466.9)	(2,776.2)	(2,846.9)	(3,887.8)	(1,071.0)	16.4%	36.6%
Changes in inventories of stock-in-trade	70.1	74.0	79.6	132.5	(140.5)	23.6%	66.4%
Gross profit	426.8	470.3	434.6	593.9	196.9	11.6%	36.7%
Employee benefits expense	(49.4)	(58.6)	(61.4)	(78.8)	(21.7)	16.8%	28.3%
Other expenses	(161.4)	(184.0)	(169.2)	(223.2)	(78.2)	11.4%	31.9%
EBITDA	216.0	227.6	203.9	291.9	97.0	10.6%	43.2%
Depreciation and amortization expense	(42.3)	(50.8)	(58.1)	(71.3)	(19.9)	19.0%	22.7%
EBIT	173.7	176.9	145.7	220.6	77.1	8.3%	51.4%
Finance costs	(52.6)	(63.4)	(71.7)	(84.6)	(23.8)	17.2%	18.1%
Other income	2.5	6.5	5.5	3.8	1.8	15.3%	-31.6%
Exceptional items		(7.9)					
PBT	123.6	112.2	79.6	139.8	55.1	4.2%	75.7%
Tax expenses	(46.5)	(30.6)	(20.9)	(35.9)	(14.4)	-8.3%	71.3%
Reported PAT	77.1	81.6	58.6	103.9	40.7	10.5%	77.2%
Adjusted PAT	77.1	89.5	58.6	103.9	40.7	10.5%	77.2%

Consolidated balance sheet statement (Rs. cr)

	FY19	FY20	FY21	FY22	Q1 FY23	CAGR over FY19 - 22	Annual growth over FY21
Equity share capital	300.0	300.0	300.0	300.0	300.0	0.0%	0.0%
Other equity	40.5	133.1	191.9	296.5	338.0	94.2%	54.5%
Non current borrowings	63.8	72.5	74.0	61.9	165.7	-1.0%	-16.4%
Non current lease liabilities	298.7	336.6	401.7	523.9	526.7	20.6%	30.4%
Non current provisions		1.3	2.1	0.7	0.2		-65.7%
Current borrowings	313.2	457.6	485.8	538.5	332.1	19.8%	10.8%
Current lease liabilities		14.6	18.2	25.9	27.7		41.9%
Other current financial liabilities	36.0	14.5	23.9	25.8	14.9	-10.6%	7.7%
Trade payables	36.3	6.7	7.6	24.8	24.5	-11.9%	227.0%
Current tax liabilities	5.1		1.8	7.1	13.6	11.4%	284.1%
Other current liabilities	15.5	11.0	16.4	19.8	12.2	8.6%	20.5%
Total liabilities	1,109.1	1,347.6	1,523.5	1,824.7	1,755.6	18.1%	19.8%
Property, plant and equipment	178.1	222.9	275.5	279.5	432.5	16.2%	1.5%
Intangible assets	1.2	0.3	0.6	0.6	0.6	-22.7%	-12.1%
Capital work-in-progress	19.5	2.4	2.0	23.8	16.6	6.9%	1066.5%
Right-of-use assets	307.5	348.2	397.5	504.9	504.1	18.0%	27.0%
Non current loans	9.5	0.4					
Other non current financial assets		19.0	25.0	29.2	32.0		16.8%
Net deferred tax assets	8.5	6.8	11.6	17.6	18.8	27.4%	52.3%
Other non current tax assets	5.9	8.6	4.8	5.7	5.6	-1.5%	18.6%
Other non current assets	9.9	17.2	3.2	14.1	3.4	12.4%	348.1%
Inventories	327.8	401.8	481.4	613.8	473.3	23.3%	27.5%
Trade receivables	84.3	84.6	95.4	107.9	101.1	8.6%	13.1%
Cash and cash equivalents	50.8	87.1	35.0	34.4	19.7	-12.2%	-1.8%
Current loans	1.0	0.9	1.0	1.3	1.4	8.1%	37.6%
Other current financial assets		0.2	0.2	0.2	3.7		-10.5%
Other current assets	104.9	147.1	190.4	191.7	142.9	22.3%	0.7%
Total assets	1,109.1	1,347.6	1,523.5	1,824.7	1,755.6	18.1%	19.8%

Source: Choice Equity Broking

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)							
	FY19	FY20	FY21	FY22	Q1 FY23	CAGR over FY19 - 22	Annual growth over FY21
Cash flow before working capital changes	220.9	231.8	209.9	292.3	96.4	9.8%	39.3%
Working capital changes	(91.9)	(153.0)	(125.8)	(133.2)	195.7	13.2%	5.8%
Cash flow from operating activities	69.2	36.0	64.0	121.6	283.0	20.7%	90.0%
Purchase of fixed assets and CWIP	(48.6)	(64.4)	(54.4)	(60.9)	(141.7)	7.8%	11.9%
Cash flow from investing activities	(52.5)	(70.3)	(59.9)	(67.9)	(150.3)	9.0%	13.2%
Cash flow from financing activities	8.8	70.6	(56.1)	(54.4)	(147.4)		-3.1%
Net cash flow	25.6	36.3	(52.1)	(0.6)	(14.7)		-98.8%
Opening balance of cash	25.2	50.8	87.1	35.0	34.4	11.6%	-59.8%
Closing balance of cash	50.8	87.1	35.0	34.4	19.7	-12.2%	-1.8%

Consolidated financial ratios					
Particulars (Rs. mn)	FY19	FY20	FY21	FY22	Q1 FY23
Revenue growth rate (%)		12.4%	0.9%	35.8%	
Gross profit growth rate (%)		10.2%	-7.6%	36.7%	
Gross profit margin (%)	15.1%	14.8%	13.6%	13.7%	14.0%
EBITDA growth rate (%)		5.4%	-10.4%	43.2%	
EBITDA margin (%)	7.6%	7.2%	6.4%	6.7%	6.9%
EBIT growth rate (%)		1.8%	-17.6%	51.4%	
EBIT margin (%)	6.2%	5.6%	4.6%	5.1%	5.5%
Restated adjusted PAT growth rate (%)		16.1%	-34.5%	77.2%	
Restated adjusted PAT margin (%)	2.7%	2.8%	1.8%	2.4%	2.9%
Turnover ratios					
Inventories turnover ratio (x)	8.6	8.7	7.3	7.9	3.0
Trade receivable turnover ratio (x)	33.5	37.6	35.6	42.8	13.9
Accounts payable turnover ratio (x)	77.8	147.7	449.4	268.5	57.4
Fixed asset turnover ratio (x)	5.6	5.5	4.7	5.4	1.5
Total asset turnover ratio (x)	2.5	2.4	2.1	2.4	0.8
Return ratios					
RoIC (%)	15.5%	15.4%	10.7%	13.8%	4.3%
RoE (%)	22.6%	20.7%	11.9%	17.4%	6.4%
RoA (%)	7.0%	6.6%	3.8%	5.7%	2.3%
RoCE (%)	26.6%	23.4%	15.6%	19.2%	5.9%
Per share data					
Restated adjusted EPS (Rs.)	2.0	2.3	1.5	2.7	1.1
DPS (Rs.)	0.0	0.0	0.0	0.0	0.0
BVPS (Rs.)	8.8	11.3	12.8	15.5	16.6
Operating cash flow per share (Rs.)	1.8	0.9	1.7	3.2	7.4
Free cash flow per share (Rs.)		1.4	1.8	2.8	
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Pre-IPO financial ratios; Source: Choice Equity Broking

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Choice Equity Broking Pvt. Ltd.

Sunil Patodia Tower, J.B. Nagar, Andheri (East), Mumbai 400099



+91-022-6707 9999





www.choicebroking.in



+91-022-6707 9959

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