

Indigo Paints ("Indigo") is the fifth largest decorative paint company in India. It manufactures decorative paints including emulsions, enamels, wood coatings, distempers, primers, putties and cement paints. The company has over the years introduced unique paints products which has helped it to expand its dealers reach into domestic markets which is otherwise dominated by top four players. The premium product category contributes 28.6% in topline while rest comes from the other paint products categories. The company has pan India reach with its 11,230 dealer networks and it is growing 10% annually. For FY18-20, company reported sales, PAT CAGR of 26%, 104% respectively, supported by EBITDA margin expansion of ~800 bps during the same period. Indigo has lean balance sheet with D/E 0.2x and RoE, RoCE of ~24%, ~29% respectively.

## Focus on differentiated product categories

Indigo was the first company to launch differentiated paint products and has enjoyed the first mover advantage. The revenue from premium products categories have registered CAGR of 30% in FY18-20, while the revenue contribution from the same has increased from 26.7% in FY18 to 28.6% by FY20. These products command superior EBITDA margin (~10 percent points higher than normal products) and company is planning to increase revenue contribution from premium products through dealer additions.

## Strong presence in the semi urban and rural markets

The company has a significant presence in the semi urban and rural markets which contributes ~85% of total revenue. The significant presence in the semi urban and rural markets has helped company to recover its lost sales quickly amid pandemic. The company now sees a significant untapped opportunity in Metros and tier 1 cities that can be capitalized by expanding distribution networks.

## Focus to rationalise advertisement expenses going forward

Indigo's spend on advertisement and promotion at ~13% is one of the highest in the industry. The higher expenditure could be attributable towards company's efforts to strengthen the "Indigo" brand. However, company is now planning to rationalise future media advertising expenses to drive profitability going forward

## Key risks and concerns

- Delay in passing of higher input price
- High dependence on Southern regions
- Inability to increase number of tinting machines
- Delay in expansion plans

## Priced at PE of 148x FY20 (post issue) on upper band

At the higher end of price band, the stock is available at a P/E of 148x FY20 earnings & ~11x FY20 Mcap/sales.



### Particulars

#### Issue Details

Issue Opens	20-Jan-21
Issue Closes	22-Jan-21
Issue Size (₹ crore)	~1170
Price Band (₹ per share)	1488 - 1490
Fresh issues (at upper band)	0.20 crores
Offer for Sale	0.58 cores
No. of Shares on Offer (crore)	0.78 crores
QIB (%)	50.0
Non-Institutional (%)	15.0
Retail (%)	35.0
Commencemnt of Trading	2-Feb-21

\*based on upper price band of ₹ 1490 per share

#### Shareholding Pattern (%)

	Pre-Offer	Post-Offer
Promoter	60.1	54.0
Non promoter-Non Public	38.9	28.5
Public	1.0	17.5

#### Objects of issue

	₹ crore
Plant expansion in Tamilnadu	150.0
Purchase of Tinting m/c & Gyroshakers	50.0
Pre/Repayment of loans	25.0
Others	75.0
<b>Fresh issue</b>	<b>300.0</b>
<b>Offer for sales</b>	<b>870.0</b>

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### Key Financial Summary

(₹ crore)	FY18	FY19	FY20	CAGR 18-20E
Net Sales	395.1	535.6	624.8	26%
EBITDA	25.8	54.1	91.0	88%
EBITDA Margin (%)	6.5	10.1	14.6	
Net Profit	11.5	26.6	47.8	104%
EPS (₹)	2.4	5.6	10.1	
P/E (x)	613.6	266.7	148.2	
RoE (%)	11.2	18.3	24.3	
RoCE (%)	10.9	18.1	28.8	

Source: ICICIdirect Research, RHP

## Company background

Started in the year 2000, Indigo Paints Ltd ("Indigo") is the fifth largest decorative paint company in India. It manufactures a complete range of decorative paints including emulsions, enamels, wood coatings, distempers, primers, putties and cement paints. Over the years, the company has introduced some of the unique paints products (where the presence of other paint companies is negligible) which helped Indigo to expand its dealers reach into domestic markets which is otherwise dominated by top four players. Few products where indigo has first mover advantages are Metallic Emulsions, Tile Coat Emulsions, Bright Ceiling Coat Emulsions, Floor Coat Emulsions, Dirtproof & Waterproof Exterior Laminate, Exterior and Interior Acrylic Laminate, and PU Super Gloss Enamel (together referred as 'premium products'). The premium product category contributes 28.6% in topline while rest comes from the other paint products categories. Indigo has total paint manufacturing capacity of ~1.95 lakh metric tonnes and its three plants are located in Rajasthan, Kerala and Tamilnadu. The company has pan India reach with its 11,230 dealer networks which is growing ~10% annually. Over the last three years Indigo's revenue grew at a CAGR of 26% to ₹ 624 crore led by volume CAGR of 27%. The EBITDA margin increased by ~800 bps to 14.6% during FY18-20 supported by benign input prices and rising contribution of premium products (revenue grew at CAGR of 30%). Finally, the PAT grew at CAGR of 104% in FY18-20 to ₹ 47.8 crore.

Exhibit 1: Product range includes interior and exterior paints, floor paints & PU enamels etc



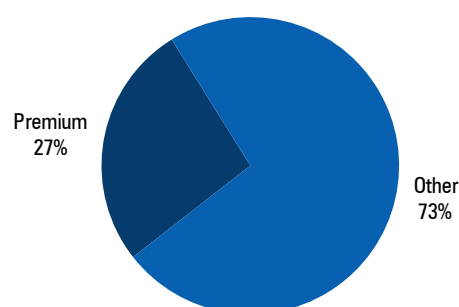
Source: Company, ICICI Direct Research

Exhibit 2: Creating difference by launching innovative solutions

Unique products that help company to create distribution networks which are largely dominated by top four players	
Products	Applications
Metallic Emulsion (Walls)	Indigo Paints pioneered the Metallic Emulsion segment, which gives a designer finish with glossy metallic texture effect. This has been used to glam up spaces suitable for interior and exterior walls of homes and offices, and is available in shades of Gold, Silver, and Copper
Tile Coat Emulsion (Roof Tiles)	The Tile Coat Paint is a special paint for external roof tiles that provides unmatched gloss and sheen with excellent protection against algae and fungus
Bright Ceiling Coat (Interior Ceilings)	Indigo Paints created a new category for Ceiling Paints with the introduction of the Bright Ceiling Coat which offers unmatched brightness to the ceilings with a smooth matt finish to enhance the brightness of the room
Floor Coat Emulsion (Driveways)	This is India's first Floor Coat Paint that offers a glossy finish while also protecting the terrace floor, driveways, walkways and cement surfaces
New launches into existing categories	
Products	Applications
Dirt-proof & Water-proof Exterior Laminate	Indigo launched paint that gives effective protection from dirt as well as water; it offers superior resistance from dirt, while the silicone polymer repels water, and offers the walls an extremely smooth finish
Acrylic Laminate	Indigo Acrylic Laminate is a premium quality emulsion that gives the walls (both exterior and interior walls) a rich sheen finish offering a high quality finish to the walls
PU Super Gloss Enamels	PU Super Gloss Enamel is an all-surface enamel paint that delivers superior gloss and protects wood and metal with its anti-fungal and non-yellowing properties
Polymer Putty	Indigo Paints' Polymer Putty is a white cement based putty with special polymers that gives double protection to the wall with a smooth and bright finish

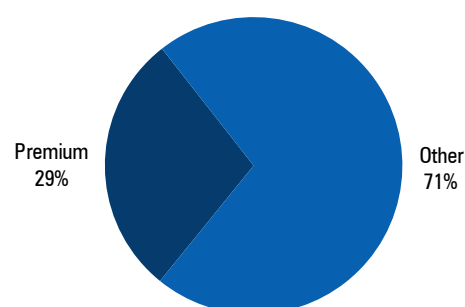
Source: Company, ICICI Direct Research

Exhibit 3: Product wise revenue contribution (FY18)



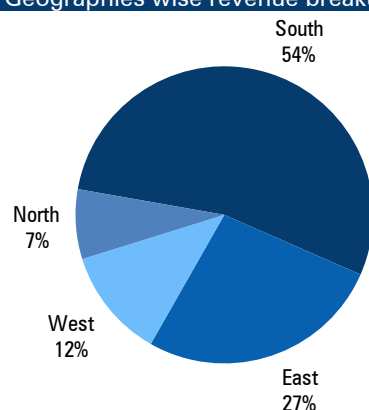
Source: RHP, ICICI Direct Research

Exhibit 4: Product wise revenue contribution (FY20)



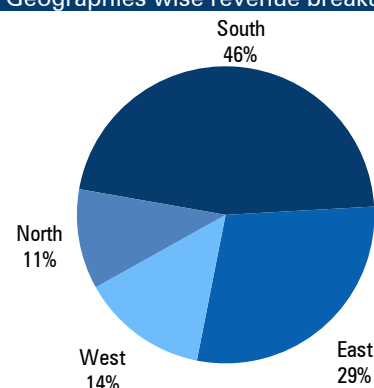
Source: RHP, ICICI Direct Research

Exhibit 5: Geographies wise revenue breakup (FY18)



Source: RHP, ICICI Direct Research

Exhibit 6: Geographies wise revenue breakup (FY20)



Source: RHP, ICICI Direct Research

Exhibit 7: H1FY21 performance amid covid-19 led disruptions

Rs crore	H1FY20	H1FY21	YoY (%)
<b>Revenue</b>	<b>272.6</b>	<b>259.4</b>	<b>-5%</b>
Other Income	0.8	0.8	8%
Raw Material Exp	145.5	135.2	-7%
Employee Exp	21.0	22.0	5%
Other exp	82.7	54.1	-35%
<b>Total Exp</b>	<b>249.2</b>	<b>211.3</b>	<b>-15%</b>
<b>EBITDA</b>	<b>23.5</b>	<b>48.1</b>	<b>105%</b>
<b>EBITDA Margin (%)</b>	<b>8.6</b>	<b>18.5</b>	<b>993 bps</b>
Depreciation	9.6	11.2	16%
Interest	2.8	2.5	-11%
Exceptional items			
<b>PBT</b>	<b>11.8</b>	<b>35.2</b>	<b>198%</b>
Total Tax	5.8	8.0	38%
<b>PAT</b>	<b>6.0</b>	<b>27.2</b>	<b>354%</b>

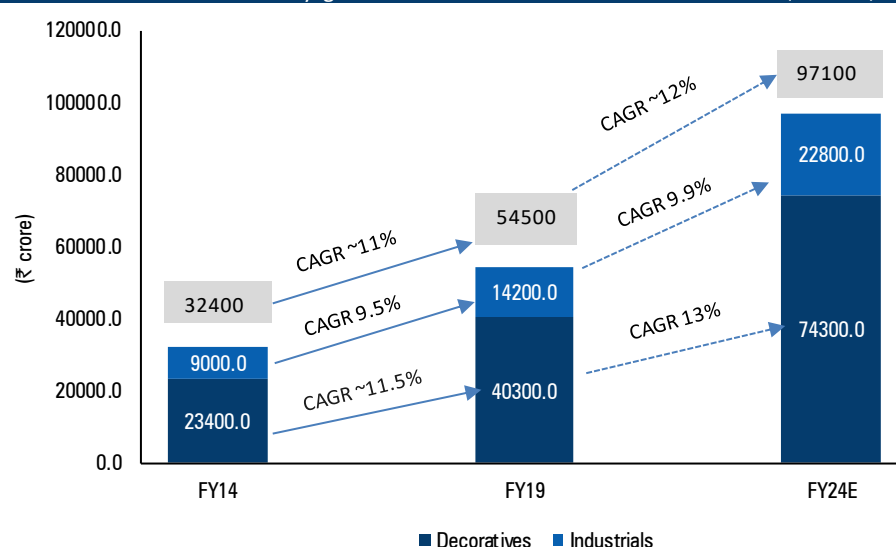
Source: Company, ICICI Direct Research

## Industry background

The Indian Paint industry is valued at ₹ 54500 crore and it is expected to grow at 12% CAGR in next five years. The decorative paint segment constitutes ~74% of total paint sales (i.e. ~₹ 40,300 crore) and is likely to grow at CAGR 13% to ₹ 74300 crore by FY24E backed by shortening repainting cycle, rising urbanisation and aspiration level of middle class household in India. With oligopoly in nature, the domestic decorative paint industry is largely dominated by organized players with ~67% market share, while unorganized/regional players hold rest 33% market share. Until 2015 the unorganized sector had a market share of approximately 35%, which has been penetrated by the organized sector due to challenges faced by smaller players in the form of demonetization and implementation of GST. The organized players are likely to further gain the market share from unorganized players by increasing their presence into rural and semi urban regions through their strong supply chain networks. On the other hand, Industrial paint category (which includes automotive, performance coatings/ general industrial and powder coating) contributes rest ~26% in total paint sales and it is likely to grow at CAGR of 10% to ₹ 22800 crore by FY24E supported by favourable base and revival in the automotive industry.

Exhibit 4: Indian Paint industry growth trend

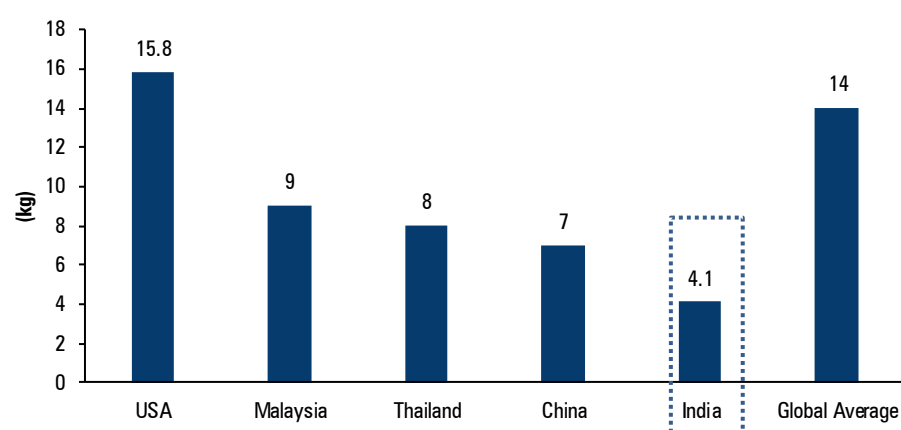
(₹ crore)



Source: RHP, ICICI Direct Research

Per capita paint consumption in India has increased by ~7% over the last seven years. Compared to the global average consumption of ~14 kg per capita, the per capita consumption of paints in India is low, indicating a significant opportunity for market penetration going forward.

Exhibit 5: Per capita consumption of paints (in kg)

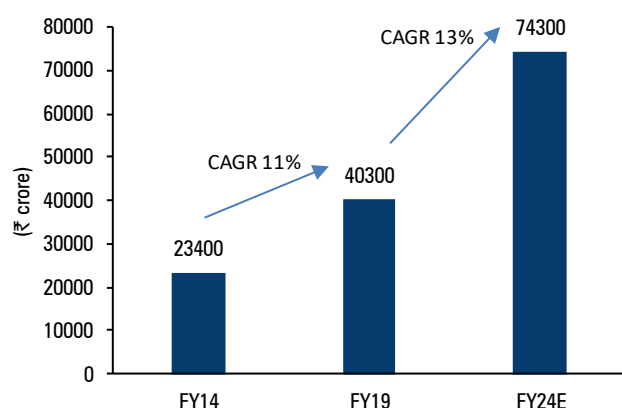


Source: RHP, ICICI Direct Research

## Decorative paint industry overview

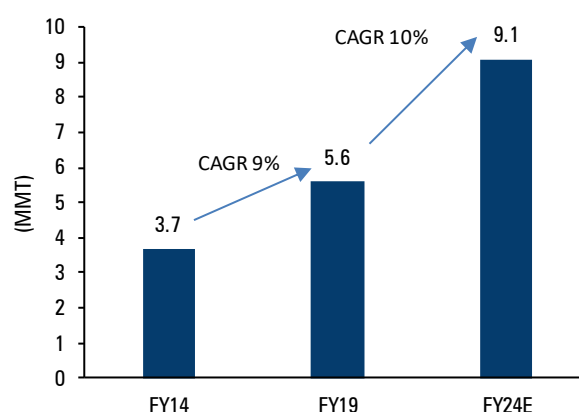
The decorative paints segment represents around 74% of the overall paint market in India and includes wall finishes for interior and exterior use, enamels, wood finishes and ancillary products such as primers and putties. Over the past five years, the share of decorative paints has increased from 67% to 74%. The decorative segment has grown at a CAGR of 11.5% during FY14-19, driven by the increase in consumption of paints in small cities. COVID-19 has impacted the metro cities and Tier 1 cities more with most regions being under complete lockdown. As a result, the demand recovery outside the metros has been faster. For the paint industry, rural areas and small cities account for nearly half the total sales. Accordingly, the pandemic-led decline in demand, least impacted paint players who has good presence in the tier 2 – 4 cities (like Berger Paints, Kansai Nerolac and Indigo Paints). The Indian decorative paints market is expected to growth at a CAGR of ~13% in terms of value led by volume CAGR of ~10% by FY24 driven by higher disposable income, market share gains from the unorganized players and various government housing schemes ('Housing for All' will also be a major driver for growth of fresh painting)

Exhibit 7: Decorative Paint industry growth trend (in value)



Source: RHP, ICICI Direct Research

Exhibit 8: Decorative Paint Industry growth trend (in volume)

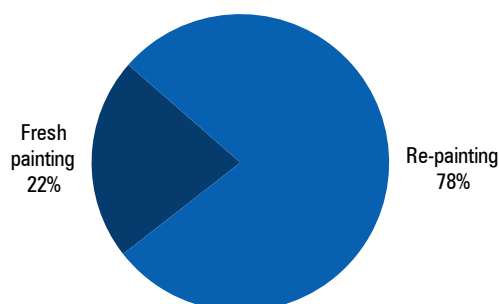


Source: RHP, ICICI Direct Research

## Shorter repainting cycle to accelerate paint demand

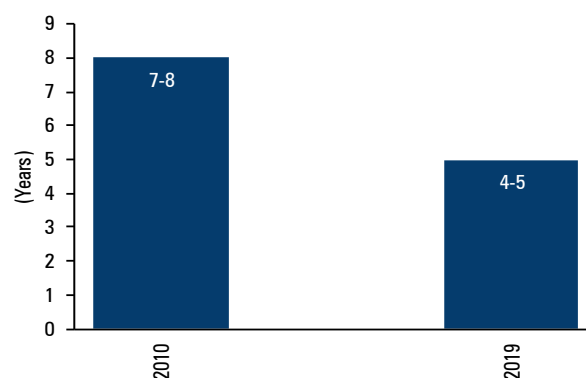
Repainting contributes 78% of total decorative paint demand in India while fresh painting accounts 22% of the total demand. Of the fresh demand, the share of unorganized players tends to remain high as not all builders provide high quality paints in newly constructed houses. Some builders opt for low-quality distempers (mostly purchased from unorganized players) with the assumption that buyers will either get interiors done or repaint their houses as per their choice. Accordingly, opting for local paints allows builders to reduce cost of construction. This leads to incremental demand of repainting using better-quality paints (mostly emulsions). In the last decade, the average re-painting cycle has gradually reduced from repainting the house from an interval of 7 to 8 years in 2010 to 4 to 5 years in 2019 (mostly interior painting). Earlier the major factor for re-painting the house was the life of paint coat i.e., repainting was done only when paint withered. However, this trend has been changing gradually with some consumers giving more importance to aesthetics, change in looks and appearance of their premises at regular intervals even while the condition of the existing paint is good. These consumer behavioural changes have led to reduction in re-painting cycle.

Exhibit 9: Fresh Vs Re-painting demand contribution



Source: RHP, ICICI Direct Research

Exhibit 10: House repainting cycle (in years)

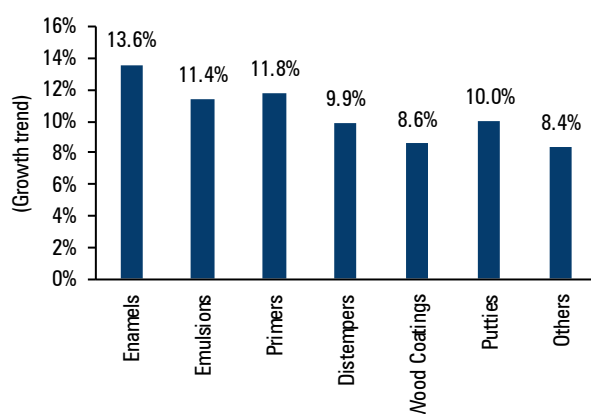


Source: RHP, ICICI Direct Research

## Premium products to help drive future growth for industry

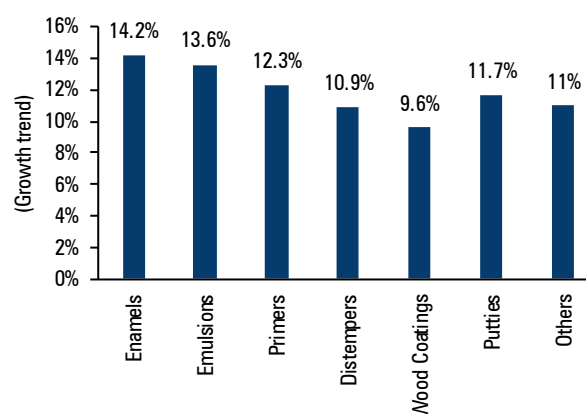
Within the decorative paint market, enamels and emulsion paints (Premium Products) are the fastest growing segments. The higher demand of premium products is largely supported by better quality (as they are less toxic than most oil-based paints & devoid of any strong odor) and rising aspirational level of middle class populations. The Indian decorative paint industry has been witnessing a gradual shift in preferences from the traditional whitewash to high-quality paints like emulsions and enamel paints. According to company, decorative paints industry is likely to grow at a CAGR of 13% FY19-24 driven by 14.2% and 13.6% CAGR of enamels and emulsions paint categories (Premium category) respectively. Other products that are expected to grow in performance are low-value products such as putty and distempers. The reduction in the GST on paints, varnishes & putty, from 28% to 18% in July'18, has helped drive demand of these segments. The direct application of paints on cemented or plastered walls is now reducing as rural consumers are becoming aware of the benefits of applying putty over walls prior to painting. Demand for putty is also being driven by incentivizing painters to purchase putty along with paints. However, this trend is not expected to continue going forward and the current surge in demand for distemper and putty is expected to normalize with an increase in consumption of enamel and emulsion paints.

Exhibit 11: Category-wise growth trend (2014-19)



Source: RHP, ICICI Direct Research

Exhibit 12: Category-wise growth trend (2019-24E)



Source: RHP, ICICI Direct Research



## Other major industry growth drivers for decorative paint

- The **Pradhan Mantri Awas Yojana - Urban and Gramin (PMAY-U & G)** was launched in 2015 and 2016 to construct ~1 crore urban and ~2.3 crore rural houses, respectively. The government has achieved ~36% and 52% of targeted urban and rural houses, respectively (i.e. 0.4 crore and 1.2 crore for urban and rural respectively). The addition of ~1.7 crore new houses in Urban and Gramin over the years would help drive fresh paint demand and repainting demand in India going forward.

- Smart cities**- In order to sustain the rapid urbanization in India, the Government launched the Smart City Mission in 2015, with an intention to develop 109 cities as Smart Cities over the next 5 years. This is expected to lead to larger number of commercial and residential complexes being created driving the demand for decorative paints.

- **AMRUT** - Atal Mission for Rejuvenation and Urban Transformation was launched by the Government to provide basic civic amenities which will involve renovation of 500 cities.

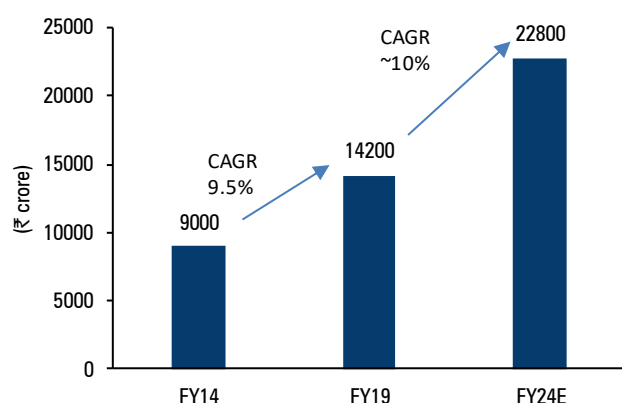
- **Urbanization** – The rise in urbanization, supported by demand for real estate and improved infrastructure, has increased the application of paint. India's trajectory of urbanization has grown well from 25.6% in 1990 to 34.5% in 2019 (34.9% in 2020). The rise in urbanization, supported by demand for real estate and improved infrastructure, has increased paint application. The UN expects that by 2030 approximately 40% of the population of India will reside in urban areas.

- **Real Estate Sector Growth** – The residential real estate sector (top 7 cities) in India has faced various challenges in 2020 owing to the impact of on-going pandemic. However, the real estate sector in India is expected to reach US\$ 1 trillion by 2030. By 2025, it has been estimated to contribute 13% to India's GDP. Emergence of nuclear families, rapid urbanization and rising household income are likely to remain the key drivers for growth of real estate.

## Industrial paint: impacted by automotive industry slowdown

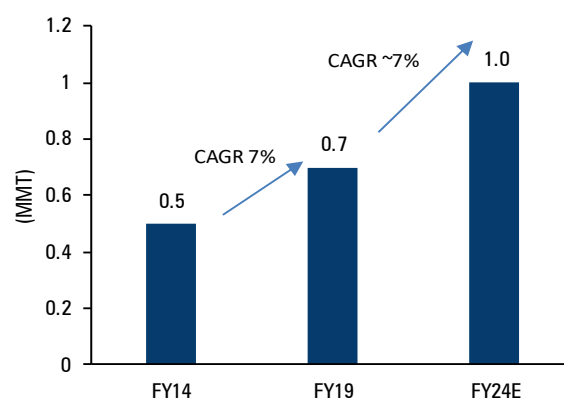
Industrial paint accounts for 26% of total Paint demand in India and grew at CAGR of 9.5% over FY14-19. The sub-segment includes Auto OEM, Refinishing, protective coatings, powder coatings, General Industrial (GI) and other segments. Auto OEM and Refinish forms the largest component of the industrial paints in India. Unlike decorative business model which largely happens through strong distribution networks, in the case of Industrial paints the sales contribution of the dealer channel is low. Further, unlike decorative paints Industrial is more capital intensive and requires a strong corporate relation to run the business. Hence Industrial paints category dominated by organized players in India with minimal unorganized play. The industrial paint likely to grow by ~10% FY19-24E on a favourable base and gradual recovery in the automotive and industrials.

Exhibit 13: Category-wise growth trend (2014-19)



Source: RHP, ICICI Direct Research

Exhibit 14: Category-wise growth trend (2019-24E)



Source: RHP, ICICI Direct Research

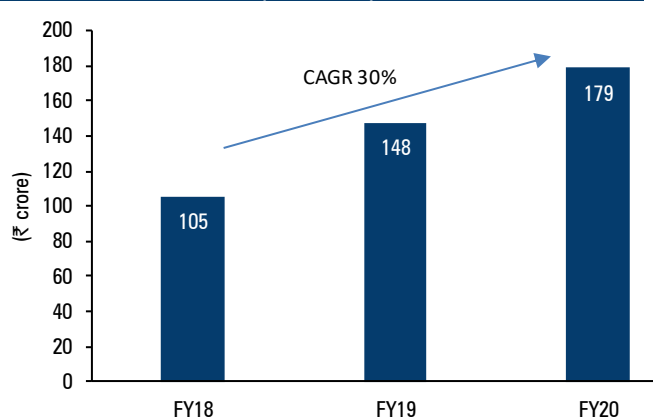


## Investment Rationale

### Continue to focus on developing differentiated products to grow market share

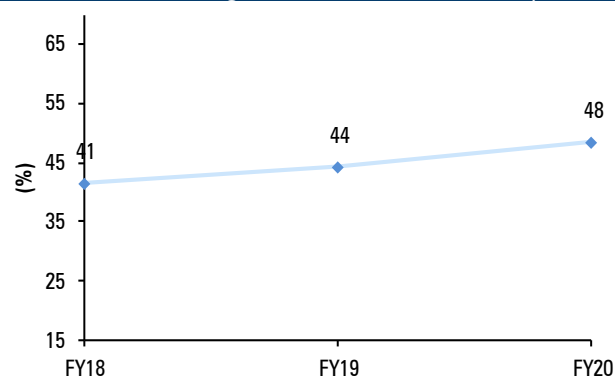
Indigo Paints was the first company to launch various new product categories which is known as premium category products. Those products are Metallic Emulsions, Tile Coat Emulsions, Bright Ceiling Coat Emulsions, Floor Coat Emulsions, Dirtproof & Waterproof Exterior Laminate, Exterior & Interior Acrylic Laminate and PU Super Gloss Enamel. The revenue from premium products categories have registered CAGR of 30% in FY18-20, while the revenue contribution from the same has increased from 27% in FY18 to 29% by FY20. Further, these products command superior EBITDA margin (~10 percent points higher than normal products). The company has further planned to increase revenue contribution of premium products through dealer additions across newly entered geographies.

Exhibit 15: Revenue from premium products



Source: RHP, ICICI Direct Research

Exhibit 16: Gross margin movement of last three years

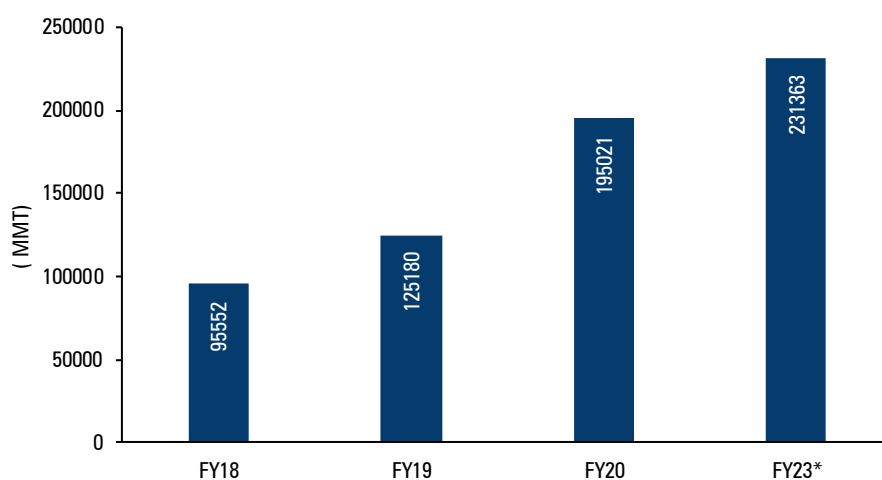


Source: RHP, ICICI Direct Research

### Capacity additions in next three years to boost volume growth

Company's installed capacity has increased at CAGR of 43% in the last three years. That has helped company to achieve volume CAGR of 27% in FY18-20. The company further plans to increase the existing capacity by ~17% by adding capacity at its Tamilnadu facilities. Indigo has earmarked an investment of ₹ 150 crore to expand its Tamilnadu based capacity, which will be largely funded through IPO proceeds. Company currently manufactures only solvent-based paints at its Tamil Nadu facility, it is now planning to include manufacturing of water-based paints (largely higher end products) to cater the growing demand of water based paints.

Exhibit 5: Indigo Paints manufacturing capacities

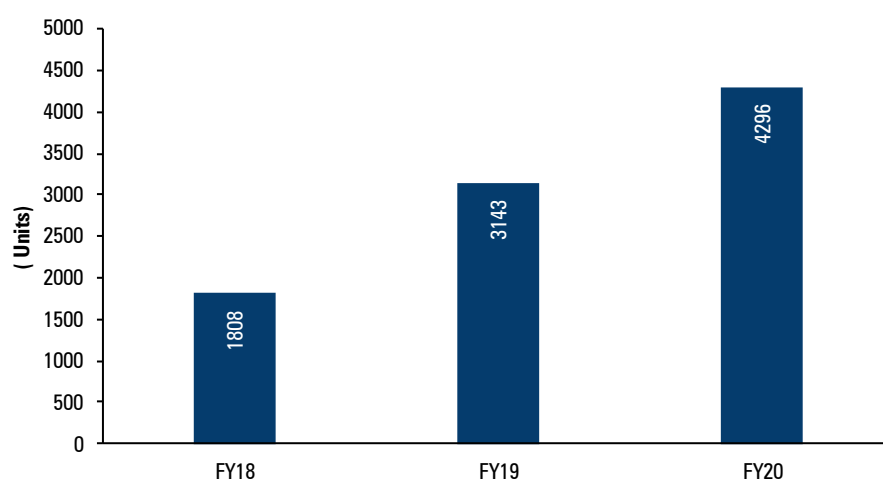


Source: RHP, ICICI Direct Research, excluding regular capex

## Strong presence in the semi urban and rural markets

The company has a significant presence in the semi urban and rural markets which contributes ~85% of total revenue. The significant presence in the semi urban and rural markets has helped company to recover its lost sales quickly amid pandemic. However, Indigo now sees a significant untapped opportunity in Metros and tier 1 cities that can be capitalized by expanding distribution networks. In these markets Indigo will initially launch their differentiated products followed by entire portfolio of products. In order to increase distribution and sale of emulsion products, company continue to invest in populating tinting machines. According to the company, the tinting machine to dealer ratio for Indigo is on lower side i.e. ~38% by FY20 as compared to a range of 37% to 67% of top four paint companies and it is continuously seeking opportunities to improve ratio.

Exhibit 5: Indigo Paints nos of tinting machines

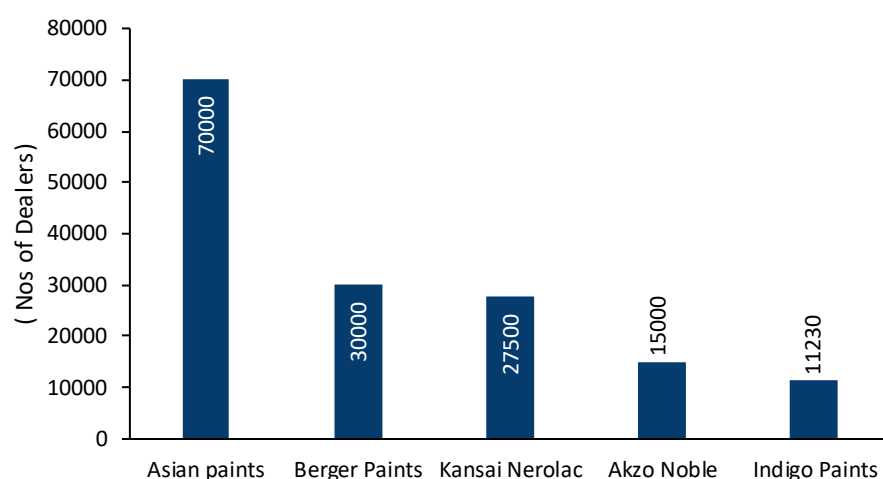


Source: RHP, ICICI Direct Research

## Extensive distribution network for better brand penetration

Paint companies are required to spend significant to develop their distribution network to increase reach of their products. The dealers are typically multi-brand and are located across Metros, large cities, towns as well as Rural Areas. The company has established its distribution network gradually and strategically through the bottom-up approach. As a relatively new entrant in the market, company first focused on dealers in Tier 3, Tier 4 Cities, and Rural Areas, where brand penetration is easier and dealers have greater ability to influence customer purchase decisions. This helped company engage with a larger base of dealers across Tier 3, Tier 4 cities, and rural areas, which Indigo subsequently leveraged to expand into larger cities and metros. Currently for Indigo, southern regions dominates in terms of revenue contribution (~46%). However, company has recently entered into Punjab and Uttarakhand, and Jammu & Kashmir to expand its reach into northern markets. The industry leader had the largest dealer network of ~70,000 dealers, compared to 11,230 Active Dealers of Indigo. Therefore, the company sees a significant growth opportunity in its dealer networks in the new markets it targets.

Exhibit 5: Distribution networks of major paint players in India

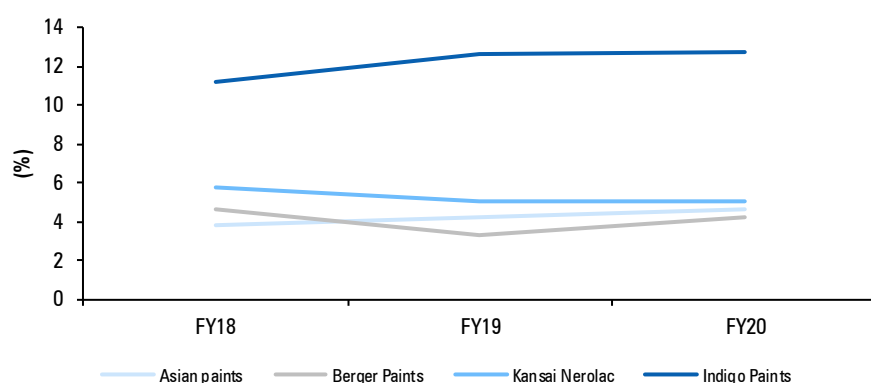


Source: RHP, ICICI Direct Research

### Focus on rationalise advertisement expanses going forward

The company has one of the highest advertisement and promotion expenditures as a per cent of sales. The higher expenditure could be attributable towards company's efforts to strengthen the "Indigo" brand and increase brand recall through marketing initiatives. Indigo has consciously developed portfolio of products under the primary consumer brand of "Indigo", with variants such as "Platinum Series", "Gold Series", "Silver Series", and "Bronze Series", for better brand recall. Advertising efforts have been focused on select products that differentiate Indigo from competitors. Over the past three years, company has gradually increased its media advertising spends. However, company is now planning to rationalise future media advertising expenses to drive profitability going forward.

Exhibit 5: Advertisement expenditure % of sales across major players



Source: RHP, ICICI Direct Research

## Key risks & concerns

### Delay in passing on higher input prices may impact margins

Historically, Paint companies have been one of the biggest beneficiaries of benign raw material prices resulting in significant gross margin expansion. Prices of principal raw materials (largely crude derivatives) are subject to changes in the prices of crude oil and other petrochemical intermediates, which are linked to international prices and are susceptible to significant volatility from time to time. Any significant upward movement in crude prices from current level possesses a significant risk at gross margin

### Highly dependence on Southern regions

Company historically derived a significant portion of its revenue from sales in the state of Kerala. In FY20 revenue generated from sales in the state of Kerala represented 34.6% of revenue from operations and revenue generated from Southern region (comprising states of Karnataka, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Pondicherry) represented ~46% of revenues from operations in FY20. Accordingly, any materially adverse social, political or economic development, natural calamities, civil disruptions, regulatory developments or changes in the policies of the state or local government in this region could adversely affect manufacturing and distribution activities which may lead to a significant loss for company

### An inability to increase the number of tinting machines may delay dealer additions in new geographies

According to the company, the tinting machine to dealer ratio for Indigo is on lower side i.e. ~38% by FY20 as compared to a range of 37% to 67% of top four paint companies. Indigo is providing tinting machines with built in computers which differs company's product from competition. The company has entered into a long-term agreement with the manufacturer of tinting machines (until FY24) for minimum number of purchase. Hence, any delay in addition of tinting machines at dealer end or delays in shorting out any technical errors in the machine could impact dealer addition of company in newer geographies.

### Delay in expansion plans

he company plans to increase the existing capacity by ~17% by adding capacity at its Tamilnadu facilities (excluding regular capex). The company has earmarked an investment of ₹ 150 crore to expand its Tamilnadu based capacity, which will be largely funded through IPO proceeds. However, any adverse event (such as natural calamity or political disruption) would lead to delay in commencing the operations thereby restrict the volume growth.

## Financial Summary

Exhibit 14: Profit & loss statement (₹ crore)			
(Year-end March)	FY18	FY19	FY20
<b>Revenue</b>	<b>395.1</b>	<b>535.6</b>	<b>624.8</b>
Growth (%)		35.6	16.6
Raw material expense	225.7	290.4	332.0
Employee expenses	30.3	36.4	42.0
Advertisement Exp	45.0	67.6	79.1
Other expenses	62.7	79.0	90.8
Total Operating Exp	369.3	481.5	533.8
<b>EBITDA</b>	<b>25.8</b>	<b>54.1</b>	<b>91.0</b>
Growth (%)		109.6	68.2
Depreciation	9.0	17.1	19.6
Interest	4.5	4.7	5.6
Other Income	1.6	1.6	1.6
PBT	12.6	33.4	67.4
Total Tax	-0.3	6.8	19.6
<b>PAT</b>	<b>12.9</b>	<b>26.6</b>	<b>47.8</b>
Growth (%)		106.5	80.0
EPS (₹)	3.0	5.7	10.1

Source: RHP, ICICI Direct Research

Exhibit 15: Balance Sheet (₹ crore)			
(Year-end March)	FY18	FY19	FY20
<b>Liabilities</b>			
Equity Capital	46.9	47.2	47.3
Reserve and Surplus	80.6	100.3	149.7
Total Shareholders funds	127.5	147.5	197.1
Total Debt	31.6	51.6	39.2
Other non current liabilities	9.5	14.7	17.1
<b>Total Liabilities</b>	<b>168.5</b>	<b>213.7</b>	<b>253.4</b>
<b>Assets</b>			
Gross Block	78.2	134.9	201.8
Less: Acc Depreciation	6.6	16.9	31.7
Total Fixed Assets	74.1	122.4	171.2
Investments	18.4	19.7	20.8
Inventory	55.2	69.3	76.8
Debtors	96.8	103.8	104.5
Loans and Advances	0.3	0.3	0.3
Other CA	1.8	3.0	3.2
Cash	4.6	14.0	5.7
Total Current Assets	158.7	190.5	190.4
Creditors	108.5	136.2	138.6
Provisions	0.1	0.0	2.4
Other CL	20.2	23.2	27.6
Total Current Liabilities	128.9	159.4	168.6
Net current assets	29.8	31.1	21.8
Other non current assets	46.2	40.5	39.4
<b>Total Assets</b>	<b>168.5</b>	<b>213.7</b>	<b>253.3</b>

Source: RHP, ICICI Direct Research

Exhibit 16: Cash flow statement (₹ crore)			
(Year-end March)	FY18	FY19	FY20
Profit after Tax	12.9	26.9	47.8
Add: Depreciation	9.0	17.1	19.6
(Inc)/dec in Current Assets	-154.0	-22.5	-8.2
Inc/(dec) in CL and Provisions	128.9	30.6	9.1
Others	4.5	4.7	5.6
<b>CF from operating activities</b>	<b>1.3</b>	<b>56.7</b>	<b>74.0</b>
(Inc)/dec in Investments	-18.4	-1.3	-1.1
(Inc)/dec in Fixed Assets	-83.1	-65.4	-68.4
Others	-36.7	10.8	3.5
<b>CF from investing activities</b>	<b>-138.2</b>	<b>-55.9</b>	<b>-66.1</b>
Issue/(Buy back) of Equity	46.9	0.3	0.2
Inc/(dec) in loan funds	31.6	20.1	-12.4
Dividend paid & dividend tax	0.0	0.0	0.0
Others	63.2	-11.8	-4.0
<b>CF from financing activities</b>	<b>141.6</b>	<b>8.5</b>	<b>-16.2</b>
Net Cash flow	4.7	9.3	-8.3
Opening Cash	0.0	4.6	14.0
Closing Cash	4.6	14.0	5.7

Source: RHP, ICICI Direct Research

Exhibit 17: Key Ratios			
(Year-end March)	FY18	FY19	FY20
<b>Per share data (₹)</b>			
EPS	2.7	5.6	10.1
Cash EPS	4.6	9.2	14.2
BV	26.8	31.0	41.4
DPS	0.0	0.0	0.0
<b>Operating Ratios (%)</b>			
EBITDA Margin	6.5	10.1	14.6
PAT Margin	3.6	5.1	7.7
Asset Turnover	5.1	4.0	3.1
Inventory Days	51.0	47.2	44.8
Debtor Days	89.4	70.8	61.0
Creditor Days	100.3	92.8	81.0
<b>Return Ratios (%)</b>			
RoE	11.1	18.3	24.3
RoCE	10.9	18.1	28.8
RoIC	12.4	20.8	30.4
<b>Valuation Ratios (x)</b>			
P/E	550.8	266.7	148.2
EV / EBITDA	275.6	131.7	78.2
EV / Net Sales	18.0	13.3	11.4
Market Cap / Sales	17.9	13.2	11.3
Price to Book Value	55.6	48.0	36.0
<b>Solvency Ratios</b>			
Debt / Equity	0.2	0.4	0.2
Current Ratio	1.4	1.3	1.3
Quick Ratio	0.9	0.8	0.8

Source: RHP, ICICI Direct Research

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