INSTITUTIONAL RESEARCH

Fsn E-commerce Ventures

BPC ambition plausible; but fashion's seems lofty

FY25 marked a step-up in customer acquisition in BPC. This note, alongside key highlights from the FY25 analyst meet, assesses the feasibility of Nykaa's stated ambitions across segments. In BPC, mid-to-late 20s growth target for FY25-30 seems aggressive but plausible (21% CAGR built in). We expect the focus to stay on customer acquisition, amid benign competition (unlike the FY21-24 period, which focused on extracting more from existing customers). GCC also presents an interesting opportunity. In fashion, while the targets have been toned down, they remain steep. Nykaa aims to scale NSV 3-4x FY25 by FY30 and achieve mid-to-high single-digit EBITDAM by FY28 (up from -8.3% in FY25). We have built in 15% NSV CAGR, -1.3% EBITDAM by FY28. The focus will be on improving existing customers' GMV contribution (target: 75-80% of GMV). We disagree on the quantum of change possible (factoring in a generous 700bps EBITDAM swing over FY25-28 against management's stated 1,800bps+). Our REDUCE rating holds with a DCF-based TP of INR180 (implying 62x Jun-27 EV/EBITDA). Estimates largely remain unchanged.

- **Customer acquisition picked up in BPC in FY25, with a mid-20s growth target over FY25-30:** Management aims for BPC GMV to grow in the mid-20s (we pencil in 24% CAGR) over FY25-27, led by of (1) AUTC additions, (2) sophistication of purchases (premiumization), and (3) further proliferation of skin routines. Management remains aggressive in its offline plans as well; it intends to more than double the store count to 500 by FY30 (vs 237 in FY25). BPC supply chain continues to be streamlined to support rapid deliveries via the new offering Nykaa Now (30-120 min service levels; introduced 40 stores in seven cities). While this move could increase fulfillment costs—and thus weigh on margins—Nykaa's focus on scaling its own brands (House of Nykaa) may act as a margin offset. We factor in 150bps margin expansion in the core online BPC business over FY25-27 (reaching 13.5% of NSV).

- **Fashion ambitions toned down, but still a bit 'out there'…:** Management seems to have toned down its fashion growth ambitions from 3x FY24 NSV by FY27 (per FY24 analyst meet presentation) to 3-4x FY25 NSV by FY30 (which is ~25-32% CAGR over FY25-30). It also expects to achieve EBITDAM-break-even by FY26 and mid-to-high single-digit EBITDAM by FY28 (from -8.3% in FY25; an 1,800bps+ swing)—a stretch, in our view. Levers for this are (a) improving own/key brand salience; (2) reducing returns and improving fulfilment costs; and (3) earning more ad income. However, the biggest profitability unlock in fashion will come from lower marketing spends. Management expects marketing spends to come down to 15-20% of NSV by FY30 (from 29.4% in FY25), which seems unlikely, in our view, without meaningfully hurting growth ambitions. In fashion, we've penciled in -5.4/-3.6/-1.3% EBITDAM (as a percentage of NSV) for FY26/27/28 respectively.

  …our rebuttal on the fashion ambition—either growth or margins: If Nykaa guns for growth, levers (except customer acquisition) seem missing—(1) AOVs (2x industry average); (2) take rates, i.e., NSV/GMV at 32%; (3) purchase frequencies at 2.4x seem nearly optimized. Hence, growth mainly has to be AUTC-led for which it needs to spend aggressively on customer acquisition. If Nykaa decides to milk its existing customer base instead, purchase frequencies may inch up, but this has limited elasticity. Hence, growth could suffer. In our view, it's difficult to tread the same growth-unit economics path in fashion as in BPC, given the inherent discovery-based nature of consumer shopping in fashion.

REDUCE

CMP *(as on 27 Jun 2025)*	INR 209
Target Price	INR 180
NIFTY	25,638

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 180	INR 180
EBITDA%	FY26E -	FY27E -

KEY STOCK DATA	
Bloomberg code	NYKAA IN
No. of Shares (mn)	2,860
MCap (INR bn) / ($ mn)	600/7,020
6m avg traded value (INR mn)	1,714
52 Week high / low	INR 230/155

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	20.2	31.4	18.8
Relative (%)	11.9	24.6	12.7

SHAREHOLDING PATTERN (%)	Dec-24	Mar-25
Promoters	52.16	52.16
FIs & Local MFs	23.56	25.20
FPIs	9.04	8.83
Public & Others	15.24	13.81
Pledged Share	0	0

Source : BSE

Pledged shares as % of total shares

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- **Superstore pegged to achieve EBITDAM at 4x the current scale:** Progress of Nykaa's B2B offering Superstore continues to track well. Meaningful improvements have been made both on scale and unit economics. The segment now serves 276k retailers (vs 112k/195k in FY23/FY24) across 1,100 cities. Growth is expected to be predominantly expansion-led with tier 3+ towns contributing toward two-thirds of the GMV.
- **Ad income outlook:** The improved ad tech stack is designed to offer layered advertising spots (i.e., more ad inventory). This coupled with its preferred partner positioning keeps management confident of gaining its fair share of ad dollars within the marketplace. In FY25, ad/shipping income finally stabilized at 9% (similar to FY24) following around three years of consistent declines. We build in largely stable ad income over FY25-27
- **Owned brands scaling well:** Nykaa continues to improve on its owned brand portfolio in both segments (BPC/fashion). Owned brands in BPC grew 55% to INR17bn and are pegged to hit INR60bn+ by FY30 (30% CAGR over FY25-30). In fashion too, management expects to increase the owned brand salience over time.
- **What's built in?** We expect Nykaa to clock 25/16/43% (overall: 25%) revenue CAGR for BPC/fashion/other segments (INR 106/9.1/10bn) over FY25-27 respectively. Customer addition and CAC remain the anchor variables across segments. We are building in a ~280bps expansion in EBITDAM to 6.1% (Pre-INDAS 116) over FY25-27, led by (1) improvement in core BPC product margins from 3% to 5% courtesy higher private labels; (2) scale-driven operating efficiencies; and (3) ebbing fashion losses (building in a break-even in FY29). RoCEs could improve to 17.1% by FY27 (from 5.2% in FY25).
- **Valuation and outlook:** While Nykaa remains an efficient online business, especially in the BPC segment, its success in part is due to the absence of potent competitors (a fact that is gradually changing). Fashion remains a WIP and its path to profitability remains unclear (despite the stated ambition). Ex-ad income, the lack of non-linear monetization levers forces us to restrict our valuation compass somewhere between a linear business and a pure platform. Our REDUCE rating on Nykaa holds with a DCF-based TP of INR180/sh (implying 62x Jun-27 EV/EBITDA).

Financial summary

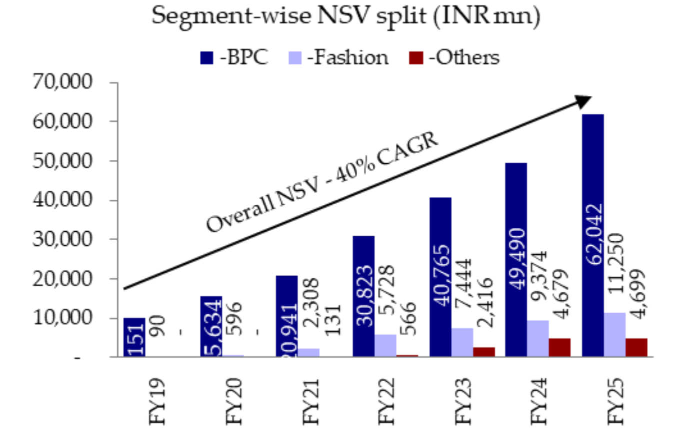
(Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Revenue	51,438	63,856	79,498	1,01,086	1,25,115
EBITDA	2,560	3,462	4,739	8,172	10,940
Pre-IND-AS EBITDA	1,179	1,658	2,672	5,543	7,687
APAT	210	397	721	2,939	4,482
EPS (Rs)	0.1	0.1	0.3	1.0	1.6
P/E (x)	2,844.1	1,501.7	829.2	203.3	133.3
EV/EBITDA (x)	508.0	362.6	226.4	109.0	78.3
Core RoCE(%)	1.9	2.4	4.2	12.9	16.8

Estimate changes

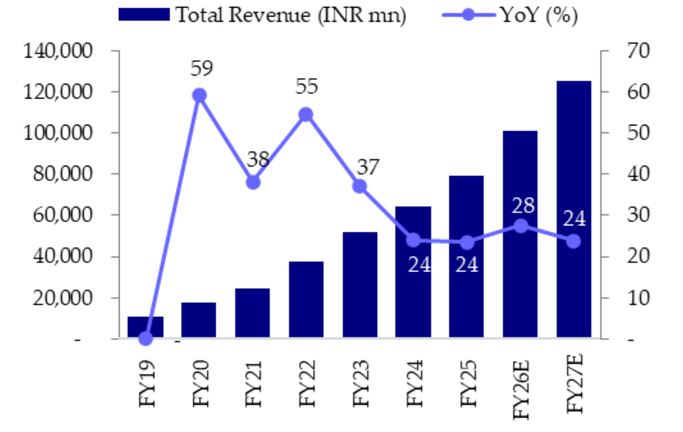
(Rs mn)	FY26E			FY27E		
	New	Old	Change (%)	New	Old	Change (%)
Revenue	1,01,086	1,01,086	-	1,25,115	1,25,115	-
Gross Profit	43,751	43,751	-	53,577	53,577	-
Gross Profit Margin (%)	43.3	43.3	-	42.8	42.8	-
Reported EBITDA	8,172	8,172	-	10,940	10,940	-
Reported EBITDA margin (%)	8.1	8.1	-	8.7	8.7	-
Pre-IND AS EBITDA*	5,543	5,543	-	7,687	7,687	-
EBITDA margin (%)*	5.5	5.5	-	6.1	6.1	-

Focus Charts

Nykaa has clocked 40%/39% NSV/revenue CAGR over FY19-25

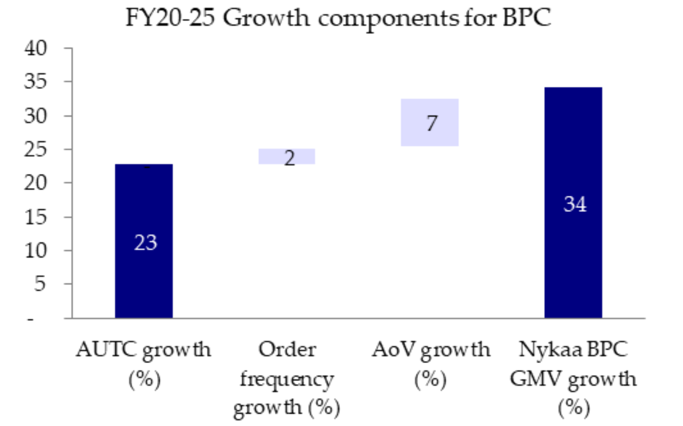


Source: Companies, HSIE Research

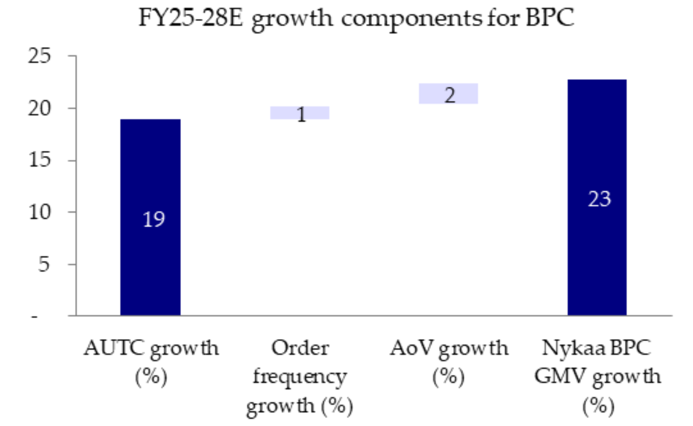


Source: Company, HSIE Research

Over FY25-28E, we expect AUTC growth to do most of the heavy-lifting for GMV growth (19% CAGR built in)…

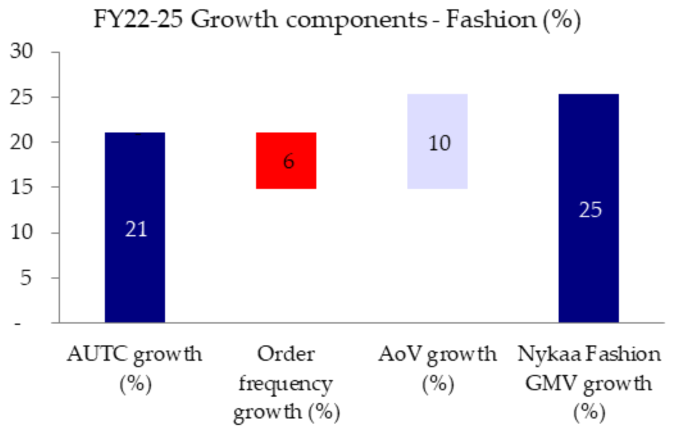


Source: Companies, HSIE Research

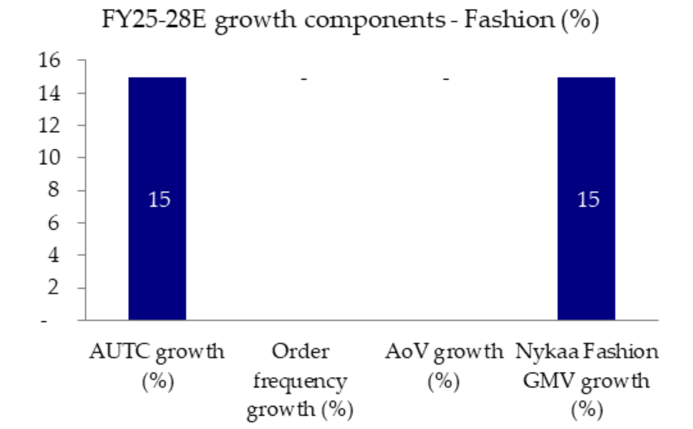


Source: Company, HSIE Research

…ditto for fashion; we don't expect the order frequency and AOV levers to be in play over FY25-28 in fashion

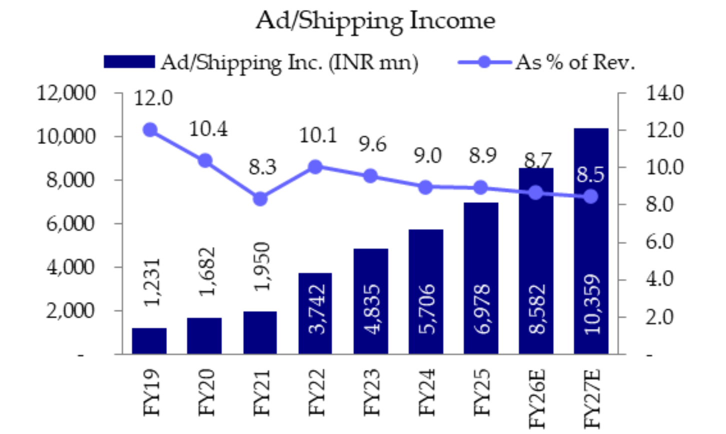


Source: Companies, HSIE Research



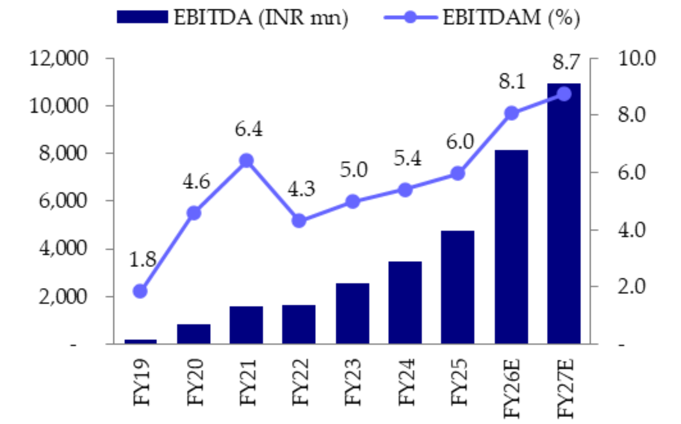
Source: Company, HSIE Research

We build in largely stable ad income over FY25-27



Source: Companies, HSIE Research

Building in 270bps EBITDAM expansion over FY25-27E



Source: Company, HSIE Research

Cash generating power has improved meaningfully; peak investment phase seems behind us

Particular (INR mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
Sources of Funds										
Cash from Operations (excl. WC change)	(1)	(94)	287	890	1,903	1,831	2,839	3,828	5,053	16,535
Less : Rent Adjustment	-	-	211	471	429	652	1,169	1,479	1,797	6,209
: Int on Lease Liability Adjustment										-
Other Income	-	-	1	1	36	166	181	218	96	698
Sub Total (A)	**(1)**	**(94)**	**76**	**419**	**1,510**	**1,345**	**1,851**	**2,567**	**3,352**	**11,024**
Net Proceeds from Issue of Capital	112	-	1,340	1,037	1,029	8,729	288	279	312	13,126
Borrowings	250	777	1,426	419	(800)	1,456	1,263	2,200	2,768	9,758
Total (B)	**361**	**682**	**2,841**	**1,876**	**1,739**	**11,529**	**3,403**	**5,046**	**6,431**	**33,909**
Application of Funds										
Working Capital	243	445	1,284	829	405	5,371	4,241	3,825	387	17,029
Net Capex	115	144	1,618	(888)	421	940	2,082	1,107	1,272	6,811
Investments -										
- in subsidiary	-	-	0	-	16	508	702	-	290	1,517
- others	-	-	2	739	897	4,746	(3,999)	(788)	588	2,184
Other Investing Cash flows	(4)	(0)	-	-	-	-	-	-	-	(5)
Interest	0	83	197	298	177	262	334	558	724	2,633
Net Change in cash	7	10	(260)	898	(176)	(297)	42	344	492	1,059
Total (C)	**361**	**682**	**2,841**	**1,876**	**1,739**	**11,529**	**3,403**	**5,046**	**3,752**	**31,230**
As a % of Source of Funds (A)										
WC + Capex	(26,517)	(626)	3,825	(14)	55	469	342	192	49	**216**
Obligatory payments (Interest)	(0)	(88)	260	71	12	20	18	22	22	**24**
Total	**(26,517)**	**(715)**	**4,085**	**57**	**66**	**489**	**360**	**214**	**71**	**240**

Source: Companies, HSIE Research

Key takeaways from investor meet

BPC

- India's BPC market is projected to be a substantial USD40-45bn opportunity by FY30, highlighting massive growth potential.
- Nykaa aims to grow their BPC segment at mid-20% levels driven by customer acquisition and expansion of its retail footprint.
- Nykaa plans to expand their retail footprint and reach a target of 500+ stores by FY30.
- Nykaa is actively penetrating deeper into the country, bringing in new buyers and expanding its base of shoppers in terms of both scale and quality, especially by growing in smaller towns.
- Nykaa has more than 30% market share in the online BPC market.
- SSSG stood at 15% in FY25.
- Premiumization is a critical theme within the beauty sector, as consumers increasingly seek high-quality and specialized products.
- Premium customer annual consumption value was nine times more than an average customer's.
- The premium segment of Nykaa's beauty assortment is growing faster than the platform average, indicating a clear trend towards high-value products.
- Nykaaland had 25k footfalls in three days and 80 brands participated in the event.
- Average annual spends for top 10% customers stood at USD395.
- Major global brands are significantly increasing their investments in India, recognizing its strategic importance and burgeoning consumer base.
- Gen Z is a pivotal demographic driving significant growth in the BPC segment, influencing 44% of the total consumer spend in FY25.
- Nykaa aims to grow its organic beauty portfolio at a 30% CAGR, targeting a substantial GMV of INR60bn by FY30.
- Nykaa cosmetics grew more than 3x over FY19-25.
- Kay Beauty is growing at a CAGR of ~50% over FY22-25, led by strong innovation and marketing. The brand has also successfully expanded its footprint in the global market with its entry into the UK with Space NK.
- Dot & Key is one of India's fastest growing skincare brand and has achieved a remarkable growth of ~12x, attributed to its effective omnichannel strategy.
- Nykaa continues to invest in new customer acquisition and initiatives to grow customer engagement across its beauty platform.
- "Nykaa Now" is available in seven cities and delivers order within 30-120 minutes, leveraging a network of over 40 rapid stores.

Fashion

- India's fashion market is projected to grow from USD100bn in FY25 to USD185-200bn by FY30 at a CAGR of 10-12%.
- India's online fashion market is projected to grow from USD18bn currently to USD55-60bn by FY30.
- Premium fashion market in India is expected to become 3x by FY30.
- The share of branded fashion is projected to increase significantly from 40% to 60% by FY30, driven by consumers moving from lower to higher income brackets.
- Nykaa aims to grow its fashion segment NSV by 3-4x in the next five years.
- Women are likely to retain their dominance in the fashion segment. However, men and kids are projected to gain share by FY30

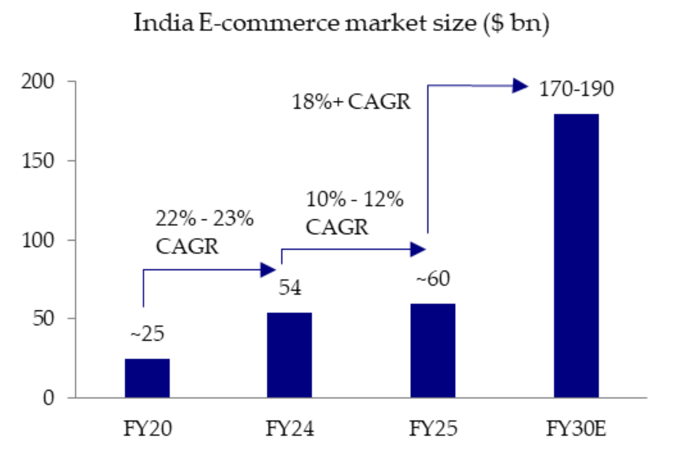
- Key brands are projected to grow faster and account for 65-70% of the fashion business share.
- Gen Z is a primary driver of growth in the fashion segment, influencing 47% of the total consumer spend in FY25.
- The fashion segment's AOV is approximately twice that of the industry average.
- Nykaa fashion is adopting strategies similar to its beauty business, focusing on acquiring more new customers while simultaneously bringing down marketing spends as % to NSV.
- Nykaa aims for an EBITDA breakeven in the fashion segment by FY26, targeting a mid to high single-digit EBITDA margin by FY28, with a long-term goal of reaching ~10% steady state EBITDA margin thereafter.
- Nykaa aims to achieve steady-stage EBITDA in the fashion segment through a combination of strong repeat buying leading to marketing efficiencies (especially with the growth of owned brands) and significant leverage in the overhead costs as the business scales.

eB2B

- Nykaa has tripled its eB2B GMV in the last two years, driven by strong growth in the cumulative transacting customers and growth in order volume.
- Approximately 89% of sales came from tier 2+ cities and approximately 51% of sales were from non-Kirana formats such as beauty centre, pharmacy, and salons.
- Nykaa plans to expand its current city presence from 1,100 cities to 3,200 cities in the future.
- At 4x the current GMV, Nykaa expects eB2B segment to break even at EBITDA level.
- Increase in ad income and the expansion of beauty & wellness portfolio, challenger and owned brands are likely to improve margin mix.

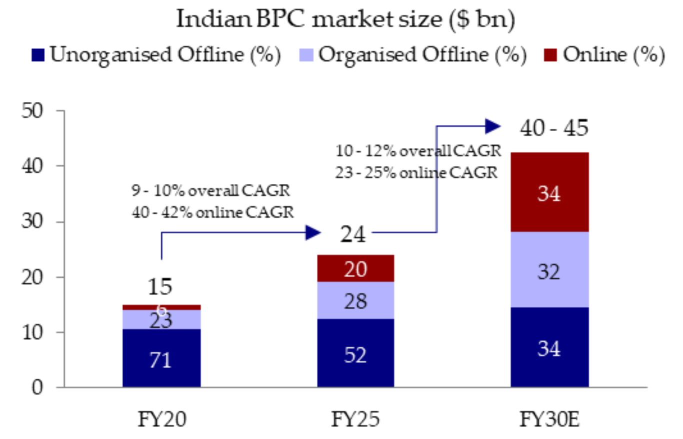
Key charts from investor presentation

While e-commerce currently faces impacts from consumption slowdown and inflation, its long-term growth trajectory remains strong



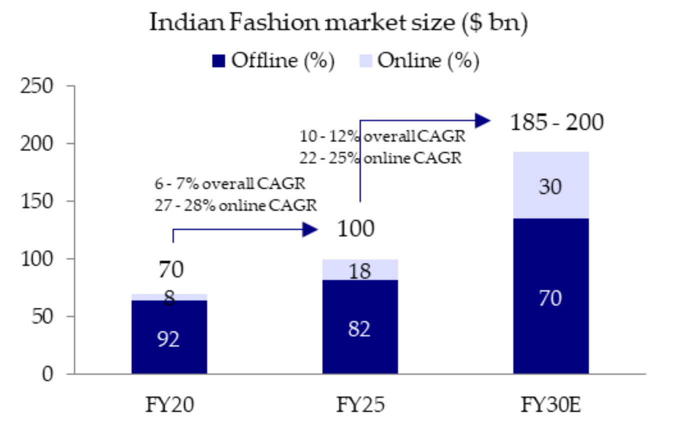
Source: Company, HSIE Research

India's BPC market is fastest-growing globally, projected to be a USD0-45bn opportunity by 2030



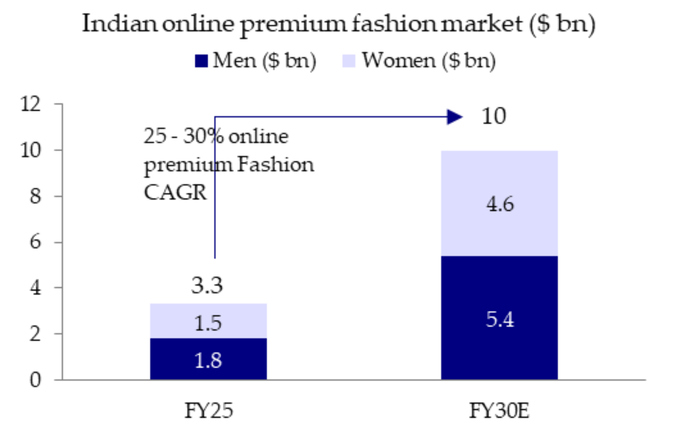
Source: Company, HSIE Research

India's fashion market is projected to reach USD185-200bn by 2030…



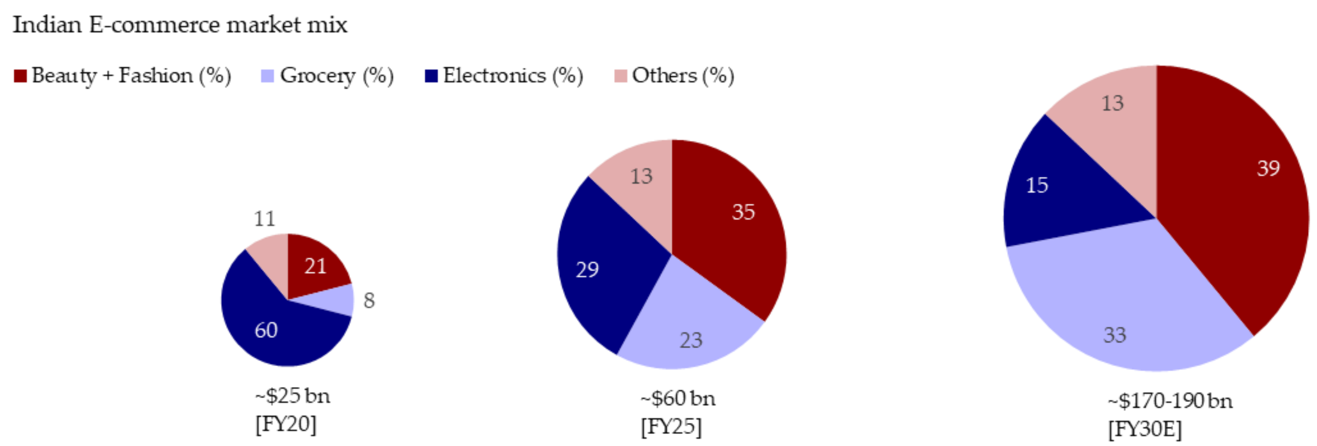
Source: Company, HSIE Research

….while the online premium fashion market is expected to become 3x by 2030



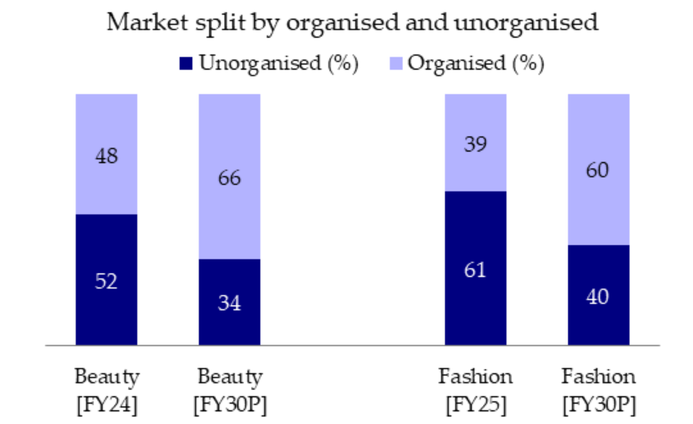
Source: Company, HSIE Research

Lifestyle categories such as beauty and fashion are set to drive e-commerce market growth, with their combined share projected to rise from 35% in FY25 to 39% by FY30

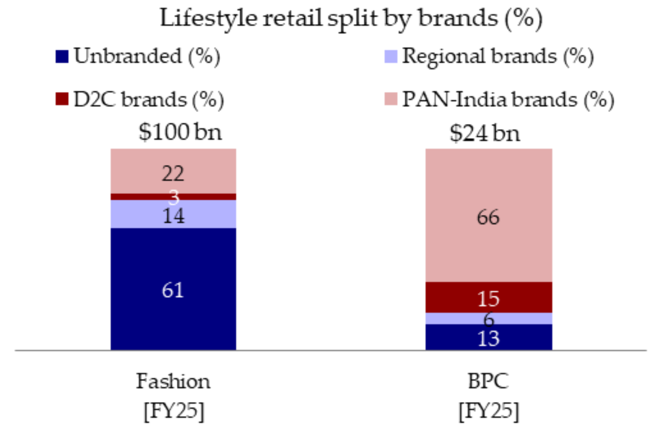


Source: Company, HSIE Research

The organized fashion market's share is expanding driven by rapid brandification, a boom in D2C and online-first brands, and evolving consumer preferences enabled by e-commerce

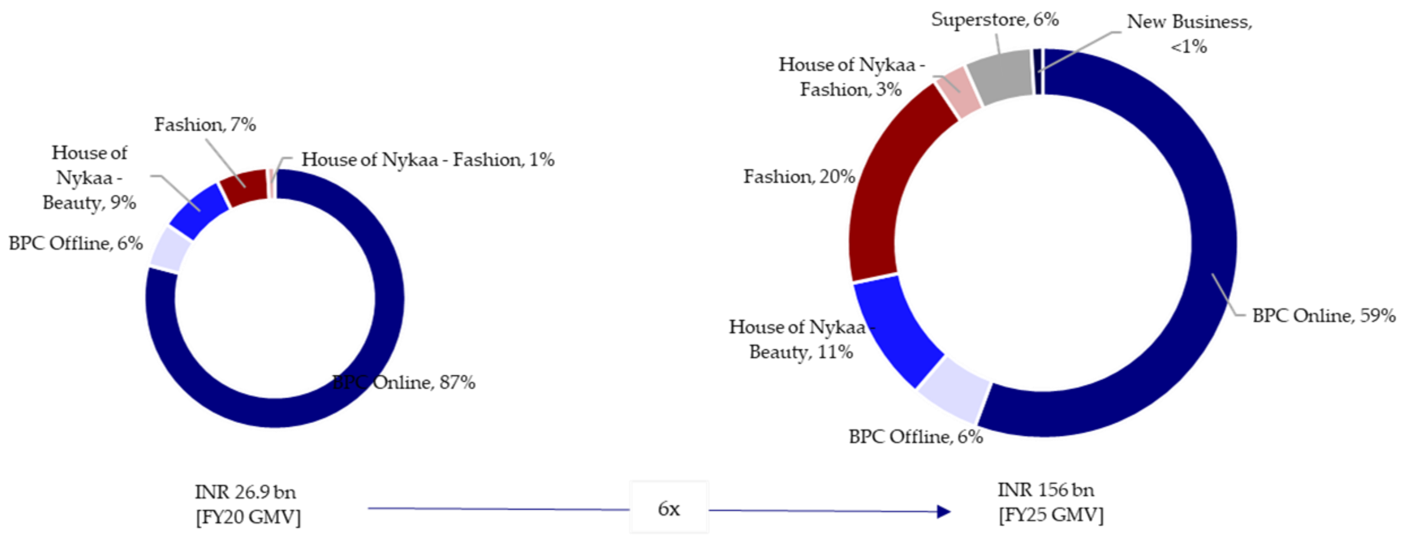


Source: Company, HSIE Research



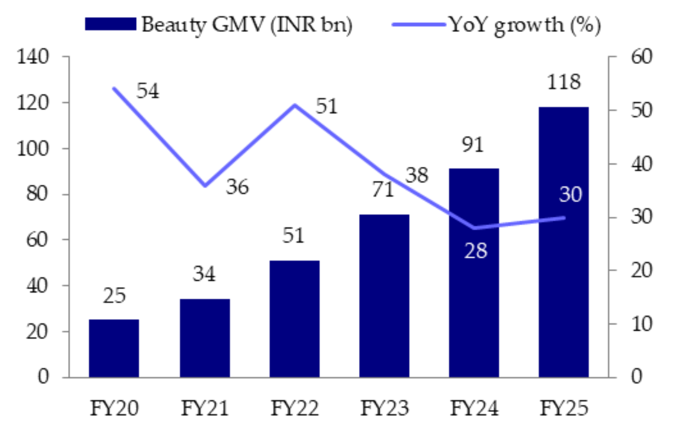
Source: Company, HSIE Research

Nykaa's overall GMV has grown ~6x in the last five years, with BPC continuing to hold a lion's share of the mix



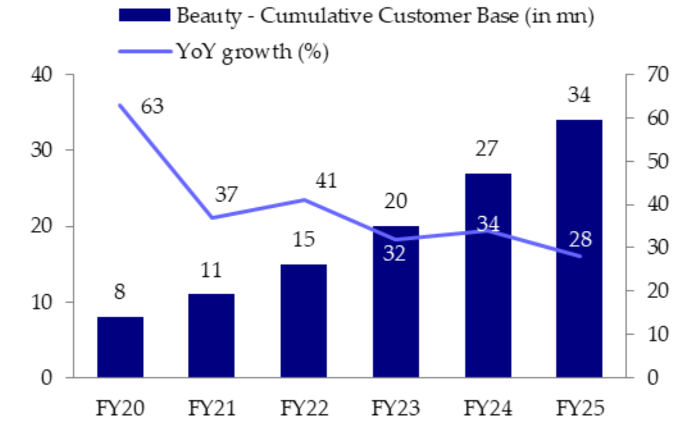
Source: Company, HSIE Research. Note: Total GMV mix exceeds 100% as House of Nykaa GMV will overlap with the omnichannel business verticals

BPC GMV reported 30% YoY growth in FY25…



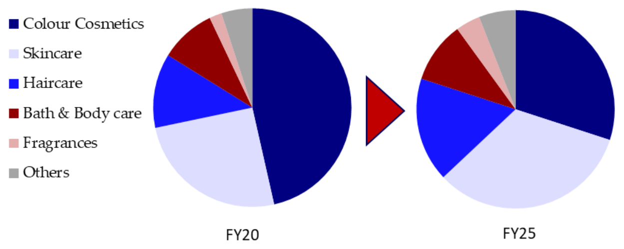
Source: Company, HSIE Research

…driven by its focus on customer acquisition



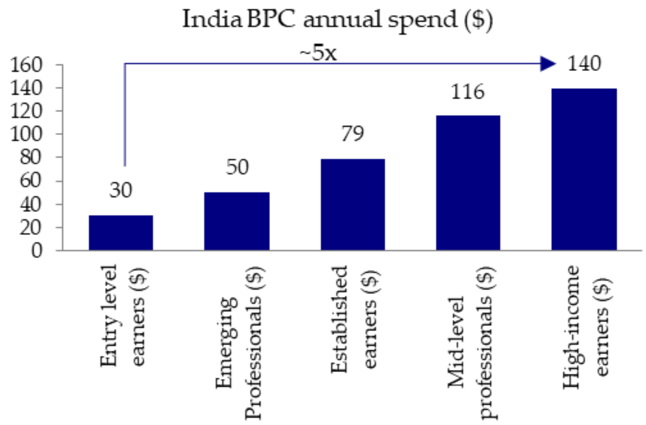
Source: Company, HSIE Research

Customers increasingly prioritizing skincare and haircare, indicating growing sophistication in their purchasing habits



Source: Company, HSIE Research

BPC consumption increases with rising affluence

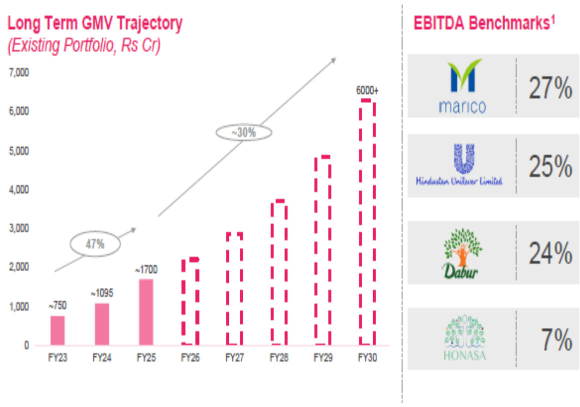


Source: Company, HSIE Research

Of the INR21bn contributed by House of Nykaa brands to the total GMV, its beauty brands alone make up INR17bn…

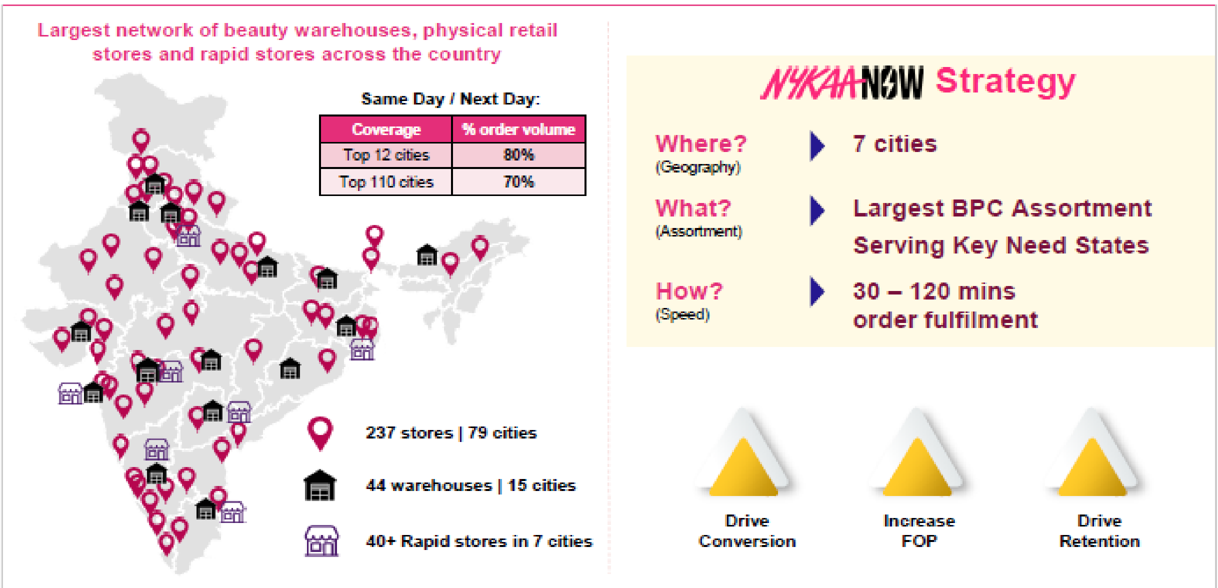
Source: Company, HSIE Research

…the company aims to grow its organic beauty brands to INR60bn by FY30



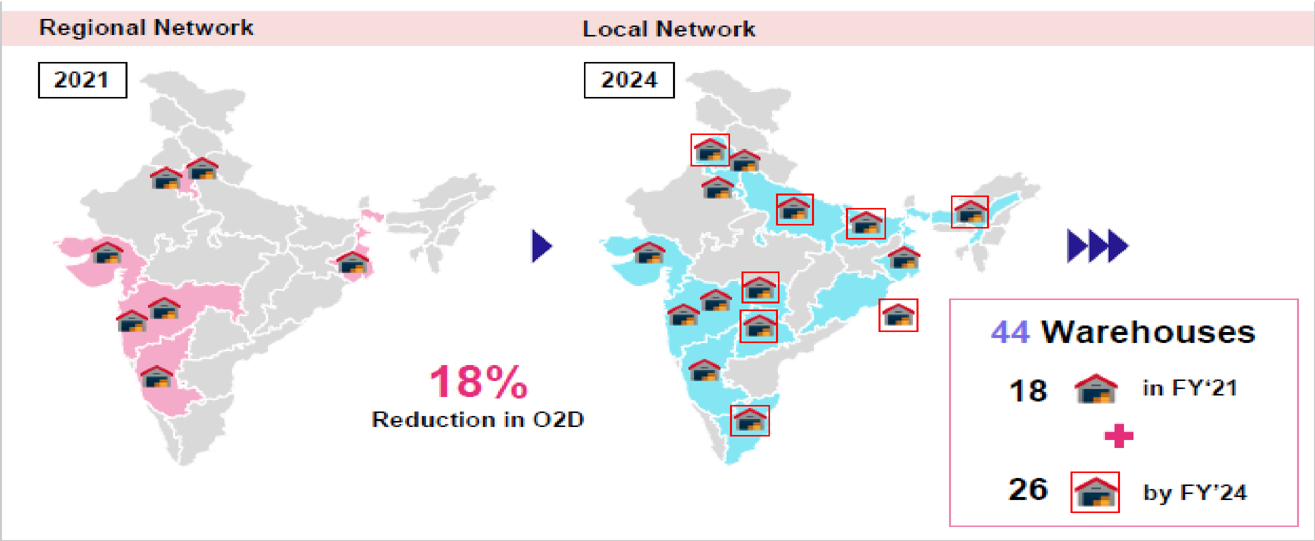
Source: Company, HSIE Research

"Nykaa Now" is available in 7 cities; delivers order within 30-120 minutes, leveraging a network of over 40 rapid stores



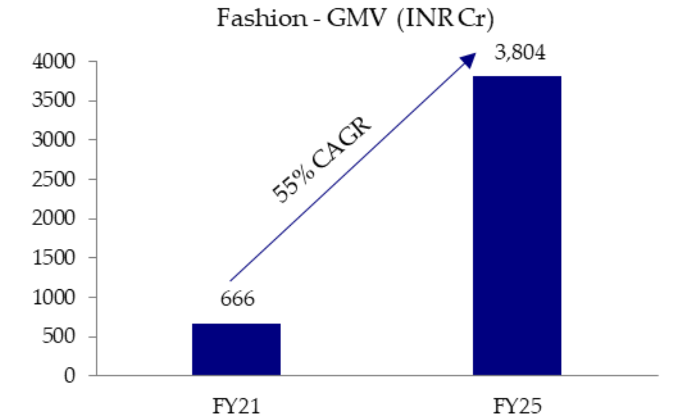
Source: Company, HSIE Research

Nykaa transitioned from a regional to a local network, expanding its warehouses from 18 in FY21 to 44 by FY24, which reduced order-to-delivery time by 18%



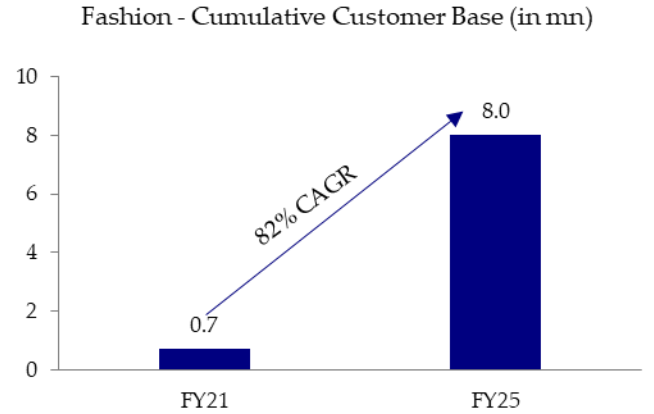
Source: Company, HSIE Research

Fashion GMV reported 55% CAGR over FY21-25…



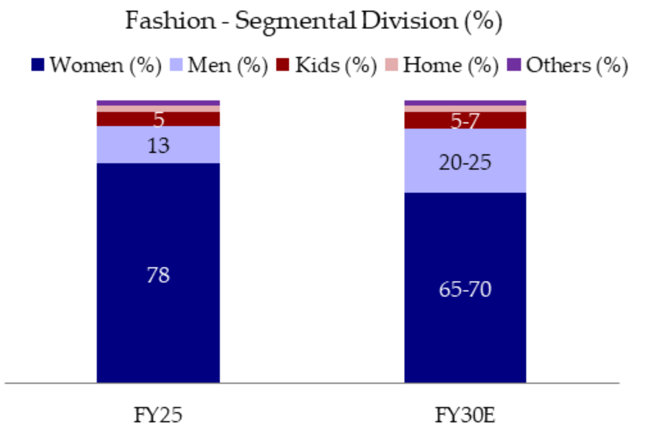
Source: Company, HSIE Research

…driven by increase in its customer base from 0.7mn in FY21 to 8mn in FY25



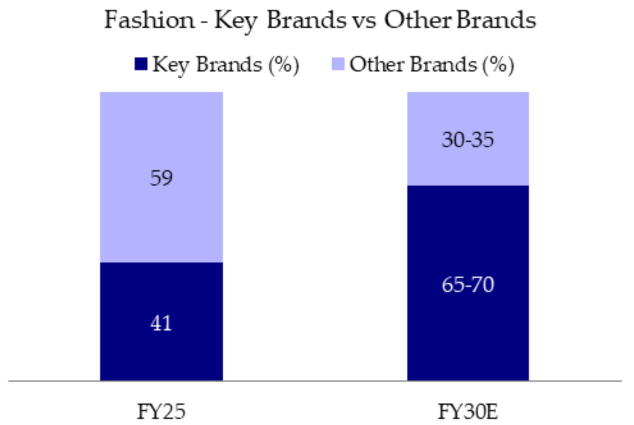
Source: Company, HSIE Research

Men & kids segment projected to gain market share by FY30; women likely to retain its dominance in fashion



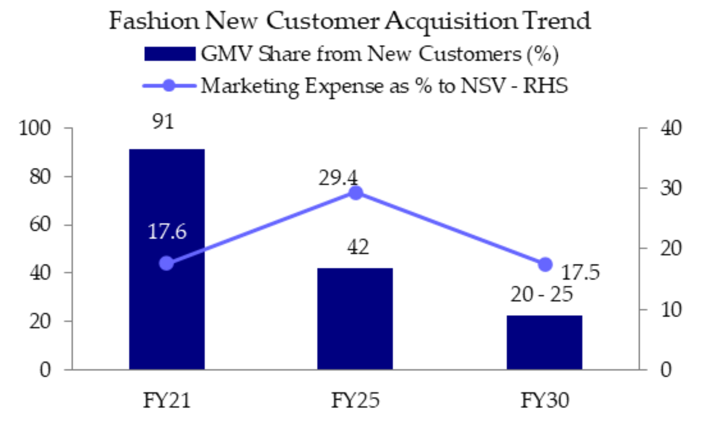
Source: Company, HSIE Research

Key brands are projected to grow faster and account for 65-70% of the fashion business share

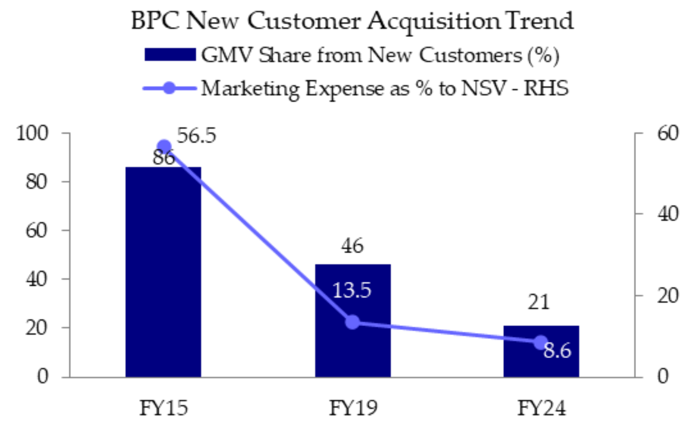


Source: Company, HSIE Research

Nykaa fashion is adopting strategies similar to its beauty business, focusing on acquiring more new customers while simultaneously bringing down marketing spends as % to NSV

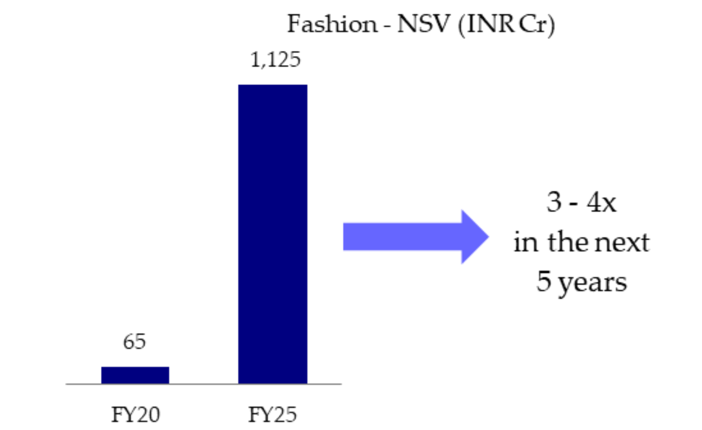


Source: Company, HSIE Research



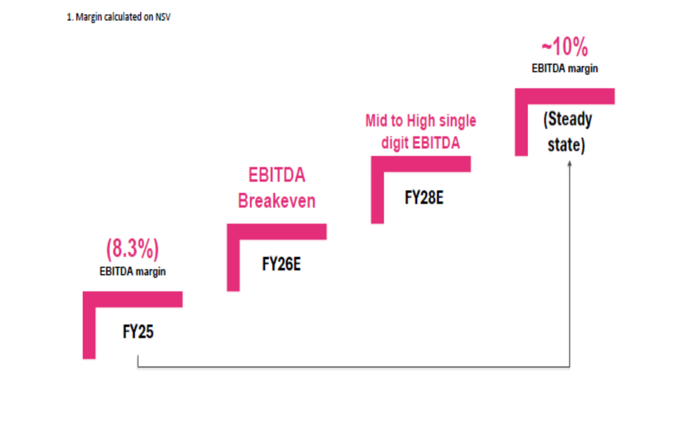
Source: Company, HSIE Research

Nykaa aims to grow its fashion segment NSV by 3-4x in the next 5 years



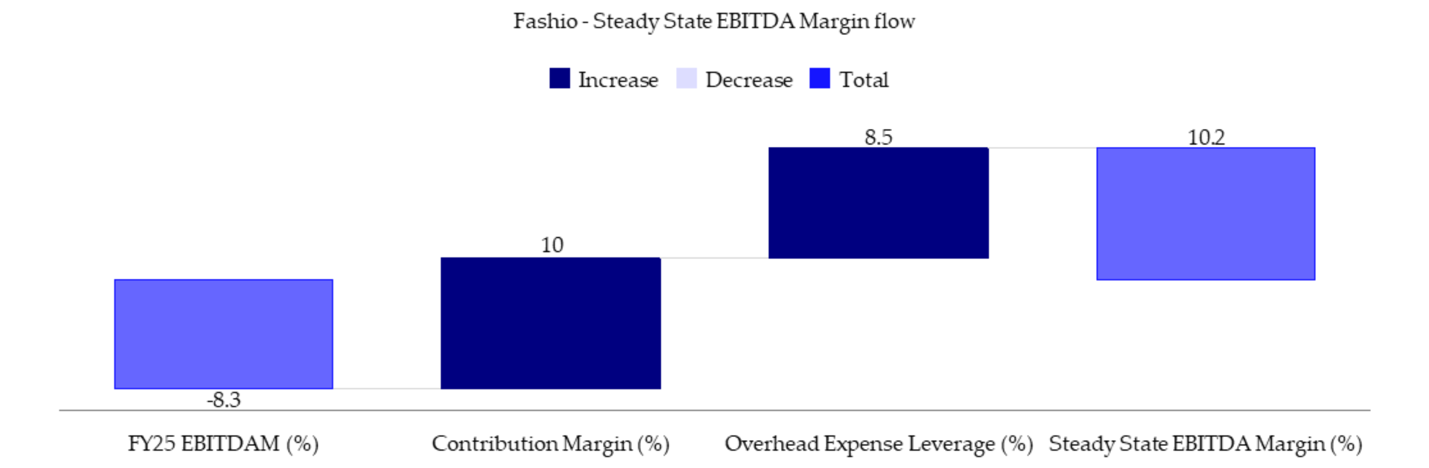
Source: Company, HSIE Research

Nykaa targets fashion EBITDA breakeven by FY26, mid- to high-single-digit margins by FY28, and ~10% steady-state EBITDAM thereafter



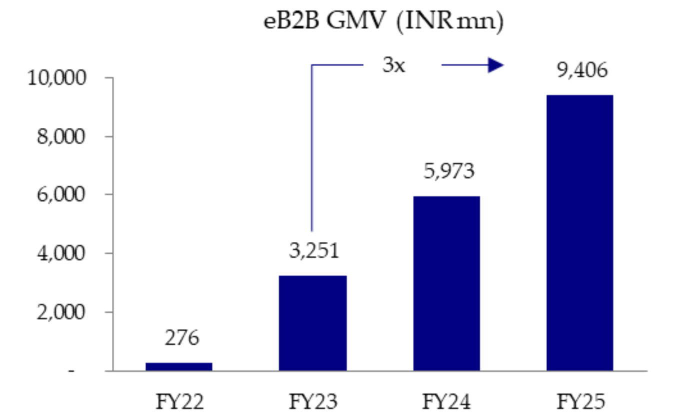
Source: Company, HSIE Research

Nykaa aims for steady-state EBITDAM in fashion segment through strong repeat buying leading to marketing efficiencies (especially with growth of owned brands) and significant leverage in overhead costs as business scales



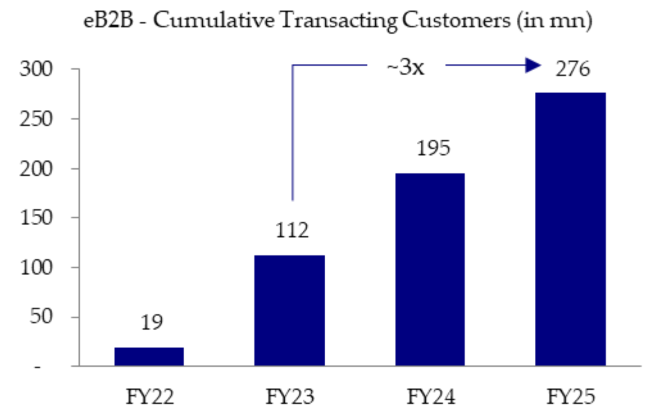
Source: Company, HSIE Research

Nykaa has tripled its eB2B GMV in the last 2 years…



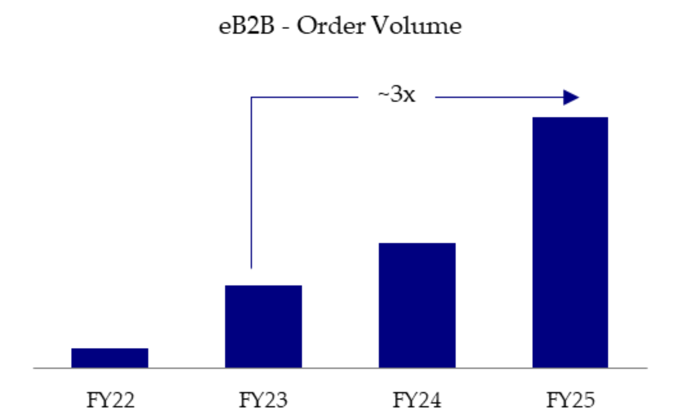
Source: Company, HSIE Research

…driven by strong growth in the transacting customers…



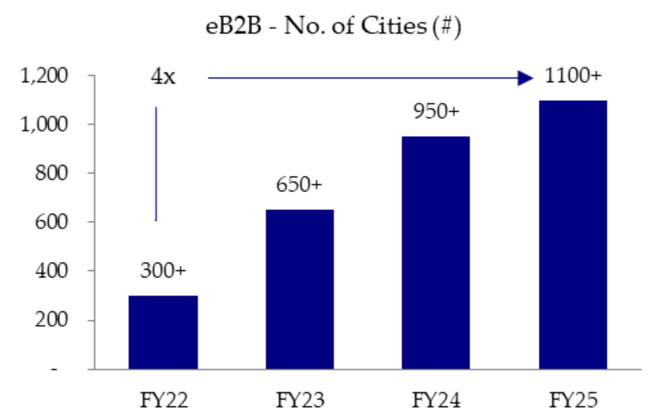
Source: Company, HSIE Research

…and growth in order volume



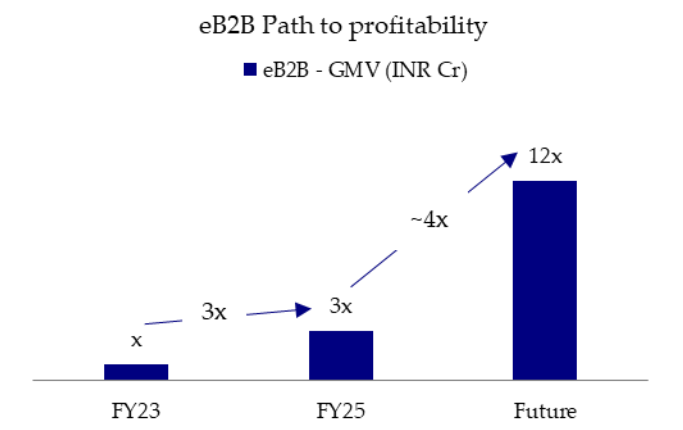
Source: Company, HSIE Research

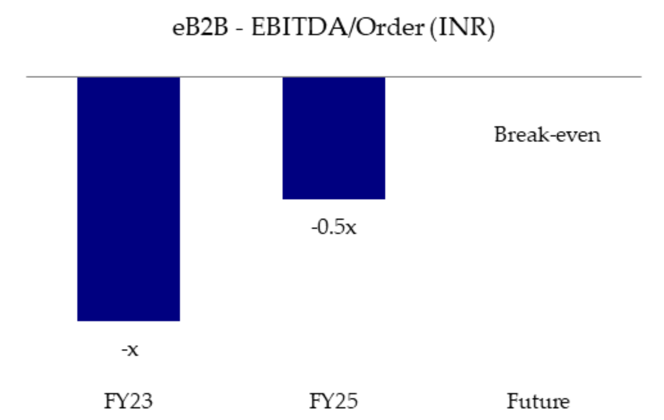
Nykaa expanded its eB2B segment's city presence from 300 cities in FY22 to more than 1,100 cities in FY25



Source: Company, HSIE Research

At 4x of the current GMV, Nykaa expects eB2B segment to break even at EBITDA level





Source: Company, HSIE Research

Source: Company, HSIE Research

Income statement:

Year End (March)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues	**17,675**	**24,409**	**37,739**	**51,438**	**63,856**	**79,498**	**1,01,086**	**1,25,115**
Growth (%)	59.0	38.1	54.6	36.3	24.1	24.5	27.2	23.8
Material Expenses	10,142	14,926	21,300	28,657	36,464	44,727	57,335	71,538
A&P Expense	2,022	1,695	4,781	6,946	8,913	12,110	13,924	16,697
Fulfillment expenses	1,730	2,177	3,956	4,548	4,903	7,420	9,239	11,517
Employee Expense	1,956	2,330	3,259	4,917	5,649	6,661	7,666	8,880
Rent Expenses	66	83	106	213	325	404	524	661
Other Expenses	949	1,632	2,704	3,597	4,142	3,438	4,227	4,882
EBITDA	**811**	**1,567**	**1,633**	**2,560**	**3,462**	**4,739**	**8,172**	**10,940**
EBITDA Growth (%)	**295.2**	**93.3**	**4.2**	**56.8**	**35.2**	**36.9**	**72.4**	**33.9**
EBITDA Margin (%)	**4.6**	**6.4**	**4.3**	**5.0**	**5.4**	**6.0**	**8.1**	**8.7**
Pre IND AS EBITDA	**273**	**1,054**	**874**	**1,179**	**1,658**	**2,672**	**5,543**	**7,687**
Pre IND AS EBITDA Growth (%)	**(1,011.6)**	**285.6**	**(17.1)**	**34.9**	**40.6**	**61.2**	**107.4**	**38.7**
Pre Ind AS EBITDA Margin (%)	**1.5**	**4.3**	**2.3**	**2.3**	**2.6**	**3.4**	**5.5**	**6.1**
Depreciation	595	716	964	1,733	2,242	2,664	3,238	3,806
EBIT	**215**	**851**	**668**	**828**	**1,219**	**2,075**	**4,933**	**7,134**
EBIT - Pre IND AS	**61**	**747**	**483**	**517**	**706**	**1,450**	**4,112**	**6,142**
Other Income (Including EO Items)	103	118	270	302	299	273	211	279
Interest	443	307	465	746	828	1,073	1,217	1,424
Interest - Pre IND AS	303	177	263	397	515	741	807	904
PBT	**(124)**	**661**	**473**	**384**	**690**	**1,274**	**3,928**	**5,989**
Total Tax	39	45	60	136	253	538	989	1,507
PAT before share of associate earnings	**(163)**	**616**	**413**	**248**	**437**	**737**	**2,939**	**4,482**
Share of associate earnings	-	-	-	(39)	(40)	(16)	-	-
RPAT	**(163)**	**616**	**413**	**210**	**397**	**721**	**2,939**	**4,482**
Exceptional Gain/(loss)	-	-	-	-	-	-	-	-
Adjusted PAT	**(163)**	**616**	**413**	**210**	**397**	**721**	**2,939**	**4,482**
APAT Growth (%)	**(33.4)**	**(477.3)**	**(33.0)**	**(49.2)**	**89.6**	**81.3**	**307.8**	**52.5**
Adjusted EPS (Rs)	**(0.3)**	**1.3**	**0.9**	**0.1**	**0.1**	**0.3**	**1.0**	**1.6**
EPS Growth (%)	**(33.4)**	**(477.3)**	**(33.0)**	**(91.6)**	**89.4**	**81.1**	**307.8**	**52.5**

Balance sheet

Year End (March)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
SOURCES OF FUNDS								
Share Capital - Equity	146	151	474	2,852	2,856	2,859	2,859	2,859
Reserves	3,076	4,749	12,925	10,928	9,766	10,154	14,406	20,535
Total Shareholders Funds	**3,221**	**4,899**	**13,399**	**13,780**	**12,622**	**13,013**	**17,266**	**23,394**
Minority Interest	**7**	**8**	**56**	**141**	**188**	**414**	**414**	**414**
Long Term Debt	2	17	9	4	-	1,102	1,102	1,102
Short Term Debt	2,673	1,858	3,321	4,600	6,804	8,512	7,512	6,512
Total Debt	**2,675**	**1,875**	**3,330**	**4,604**	**6,804**	**9,614**	**8,614**	**7,614**
Lease Liabilities	**1,450**	**1,452**	**2,596**	**3,381**	**2,891**	**3,592**	**4,610**	**5,774**
Net Deferred Taxes	**3**	**247**	**22**	**-**	**-**	**-**	**-**	**-**
Other Non-current Liabilities & Provns	**471**	**850**	**2,889**	**1,373**	**712**	**1,359**	**1,359**	**1,359**
TOTAL SOURCES OF FUNDS	**7,827**	**9,332**	**22,292**	**23,280**	**23,217**	**27,991**	**32,262**	**38,554**
APPLICATION OF FUNDS								
Net Block	841	921	2,032	3,547	3,699	4,410	4,314	4,196
CWIP	8	20	98	20	61	32	32	32
Other Non-current Assets	2,097	2,274	4,342	6,061	6,481	7,594	8,529	9,597
Total Non-current Assets	**2,946**	**3,215**	**6,471**	**9,628**	**10,241**	**12,036**	**12,875**	**13,825**
Inventories	4,453	4,981	8,756	10,051	11,920	14,175	17,748	21,624
Debtors	984	766	945	1,635	2,416	2,466	3,136	3,881
Other Current Assets	1,067	1,568	7,617	6,316	6,687	8,945	11,318	13,940
Cash & Equivalents	**1,794**	**2,490**	**2,670**	**1,869**	**2,742**	**2,173**	**2,057**	**3,519**
Total Current Assets	**8,299**	**9,805**	**19,989**	**19,872**	**23,765**	**27,759**	**34,258**	**42,964**
Creditors	3,133	3,162	3,621	2,654	3,867	6,348	7,934	9,648
Other Current Liabilities & Provns	285	526	548	3,566	6,922	5,456	6,937	8,586
Total Current Liabilities	**3,418**	**3,688**	**4,168**	**6,220**	**10,789**	**11,804**	**14,871**	**18,234**
Net Current Assets	4,881	6,117	15,821	13,652	12,976	15,955	19,387	24,730
TOTAL APPLICATION OF FUNDS	7,827	9,332	22,292	23,280	23,217	27,991	32,262	38,554

Cash flow statement

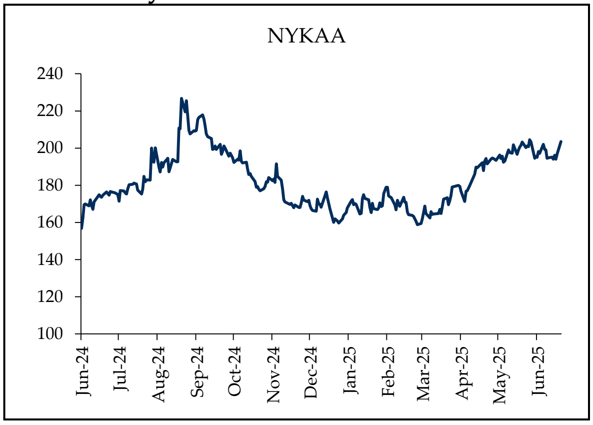
Year ending March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Reported PBT	(124)	753	473	384	690	1,275	3,928	5,989
Non-operating & EO Items	(24)	172	58	(24)	67	41	(211)	(279)
Interest Expenses	443	307	465	746	828	1,073	1,217	1,424
Depreciation	595	671	835	1,733	2,242	2,664	3,238	3,806
Working Capital Change	(786)	(273)	(4,649)	(3,290)	(2,513)	211	(3,549)	(3,880)
Tax Paid	(43)	(132)	(722)	(951)	(1,312)	(597)	(989)	(1,507)
OPERATING CASH FLOW (a)	**62**	**1,498**	**(3,540)**	**(1,402)**	**3**	**4,666**	**3,634**	**5,553**
Capex	888	(437)	(1,448)	(2,784)	(1,107)	(1,562)	(1,335)	(1,426)
Free Cash Flow (FCF)	949	1,062	(4,988)	(4,186)	(1,105)	3,104	2,300	4,126
Investments	(739)	(897)	(4,746)	3,999	788	(588)	-	-
Non-operating Income	1	36	166	181	218	96	211	279
INVESTING CASH FLOW (b)	**149**	**(1,297)**	**(6,028)**	**1,396**	**(101)**	**(2,054)**	**(1,123)**	**(1,147)**
Debt Issuance/(Repaid)	1,153	46	1,195	929	1,643	2,044	(2,217)	(2,424)
FCFE	2,103	1,107	(3,793)	(3,257)	538	5,148	82	1,703
Share Capital Issuance	5	6	8,727	288	279	312	-	-
Dividend	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	(2,679)	-	-
FINANCING CASH FLOW (c)	**1,159**	**52**	**9,922**	**1,217**	**1,922**	**(324)**	**(2,217)**	**(2,424)**
NET CASH FLOW (a+b+c)	**1,369**	**253**	**355**	**1,211**	**1,823**	**2,288**	**294**	**1,982**
EO Items, Others	-	-	-	-	-	-	-	-
Closing Cash & Equivalents	1,756	2,477	2,670	1,487	2,399	2,172	2,055	3,518

Key Ratios

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
PROFITABILITY (%)								
GPM	42.6	38.9	43.6	44.3	42.9	43.7	43.3	42.8
EBITDA Margin	4.6	6.4	4.3	5.0	5.4	6.0	8.1	8.7
EBIT Margin	1.2	3.5	1.8	1.6	1.9	2.6	4.9	5.7
APAT Margin	(0.9)	2.5	1.1	0.4	0.6	0.9	2.9	3.6
RoE	(5.9)	15.2	4.5	1.5	3.0	5.6	19.4	22.0
RoIC (or Core RoCE)	5.5	12.3	4.4	2.6	3.7	5.2	13.2	16.4
RoCE	6.2	10.5	5.2	3.0	4.0	5.2	12.8	15.7
RoE*	(5.9)	15.0	4.5	1.5	2.9	5.5	18.9	21.5
RoIC (or Core RoCE)*	2.2	13.8	3.9	1.9	2.4	4.2	12.9	16.8
RoCE*	4.4	10.9	4.8	2.4	3.5	5.2	13.7	17.1
EFFICIENCY								
Tax Rate (%)	(31.5)	6.8	12.7	35.4	36.7	42.2	25.2	25.2
Total Asset Turnover (x)	2.9	3.6	1.9	2.4	3.1	3.1	3.3	3.6
Fixed Asset Turnover (x)	18.6	22.0	19.6	14.8	15.1	13.7	14.1	14.6
Inventory (days)	92.0	74.5	84.7	71.3	68.1	65.1	64.1	63.1
Debtors (days)	20.3	11.5	9.1	11.6	13.8	11.3	11.3	11.3
Other Current Assets (days)	22.0	23.4	73.7	44.8	38.2	41.1	40.9	40.7
Payables (days)	64.7	47.3	35.0	18.8	22.1	29.1	28.6	28.1
Other Current Liab & Provns (days)	5.9	7.9	5.3	25.3	39.6	25.0	25.0	25.0
Cash Conversion Cycle (days)	**63.7**	**54.2**	**127.2**	**83.6**	**58.5**	**63.3**	**62.6**	**61.9**
Net D/E (x)	0.3	(0.1)	0.0	0.2	0.3	0.6	0.4	0.2
Interest Coverage (x)	0.5	2.8	1.4	1.1	1.5	1.9	4.1	5.0
PER SHARE DATA (Rs)								
EPS	(0.3)	1.3	0.9	0.1	0.1	0.3	1.0	1.6
CEPS	1.0	2.9	2.9	0.7	0.9	1.2	2.2	2.9
Dividend	-	-	-	-	-	-	-	-
Book Value	7.1	10.6	28.4	4.8	4.4	4.6	6.0	8.2
VALUATION								
P/E (x)	(602)	160	238	2,844	1,502	829	203	133
P/BV (x)	29	20	7	43	47	46	35	26
EV/EBITDA (x)	2,075.2	550.2	676.4	508.0	362.6	226.4	109.0	78.3
EV/Revenues (x)	32.1	23.8	15.7	11.6	9.4	7.6	6.0	4.8
OCF/EV (%)	0.0	0.3	(0.6)	(0.2)	0.0	0.8	0.6	0.9
FCF/EV (%)	0.2	0.2	(0.8)	(0.7)	(0.2)	0.5	0.4	0.7
FCFE/Mkt Cap (%)	0.4	0.2	(0.6)	(0.5)	0.1	0.9	0.0	0.3
Dividend Yield (%)	-	-	-	-	-	-	-	-

Source: Company, HDFC Sec Inst Research

Price History



Rating Criteria

BUY:	>+15% return potential
ADD:	+5% to +15% return potential
REDUCE:	-10% to +5% return potential
SELL:	>10% Downside return potential

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