

Metro Brands

BSE SENSEX 60,795 **S&P CNX** 18,350



Stock Info

	METROBRA IN
Equity Shares (m)	272
M.Cap.(INRb)/(USD\$b)	216.3 / 2.7
52-Week Range (INR)	980 / 426
1, 6, 12 Rel. Per (%)	-21/37/-
12M Avg Val (INR M)	318
Free float (%)	25.7

Financials Snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
Sales	13.4	20.9	25.0
EBITDA	4.1	7.0	8.2
Adj. PAT	2.1	3.9	4.6
EBITDA Margin (%)	30.5	33.3	32.8
Adj. EPS (INR)	7.8	14.3	16.8
EPS Gr. (%)	NM	83.3	17.9
BV/Sh. (INR)	47.6	60.8	76.4

Ratios

Net D:E	(0.1)	(0.0)	(0.1)
RoE (%)	20.0	26.9	25.1
RoCE (%)	14.9	19.2	17.9
Payout (%)	9.6	9.5	9.5

Valuations

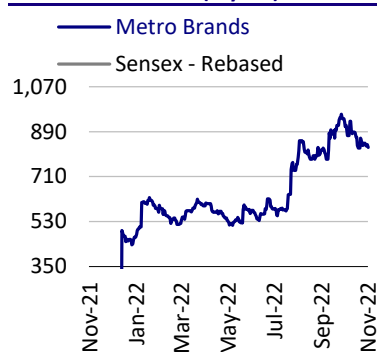
P/E (x)	102.4	55.9	47.4
EV/EBITDA (x)	53.6	31.6	26.6
EV/Sales (X)	16.3	10.5	8.7
Div. Yield (%)	0.1	0.2	0.2
FCF Yield (%)	1.1	1.7	2.6

Shareholding pattern (%)

As On	Sep-22	Jun-22
Promoter	74.3	74.3
DII	4.7	4.9
FII	3.3	3.2
Others	17.7	17.6

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR798 TP: INR1,050 (+32%) Buy

FILA - A big value creator

Sportswear - Addressing the Missing part of Metro portfolio

Metro added an important block to its portfolio – Sportswear brand Fila – last month. Fila’s FY22 revenue/Gross Profit of INR1.6b/INR700m, respectively, may not seem to be significant at present, but over the next three to five years, we believe it has the potential to become a key growth driver for the company. As of FY20, the sportswear category in India was merely INR110b out of INR960b total footwear market size. With the sneakerization trend growing at 2x the overall footwear growth, sportswear could become a dominant category in the footwear market. Sportswear in the US/China has become >50%/30%, respectively, of the total footwear market size, and India too is showing similar trends.

Fila has a strong brand salience globally

Fila in India has so far been part of the Cravatex group with limited presence, compared to the top MNC sportswear brands such as – Puma, Adidas, Nike, and Sketchers all garnering an annual revenue of INR8-12b (USD100-150m) as of FY20 (see exhibit 4). But, globally, particularly in the US, South Korea, and China, Fila has been well recognized with an annual revenue of USD450-500m as of FY20. In China, after Anta acquired the rights in Sep’09, it registered a revenue of USD7.7b in 2021. Under the Metro Brand, Fila could expect revival in brand salience, given Metro’s ability to nurture high ASP brands, while driving strong growth and healthy gross margins.

Plays along Metro’s strengths in premium segment and EBO-led expansion

The sportswear category predominantly operates through the EBO and online channel as seen in all premium Sportswear brands in India. This plays along Metro’s strengths: a) it has a network of 672 stores selling third-party sportswear, and over time, it could replace it with in house brand – Fila and record higher margins. b) its revenue intelligence and consumer preference in 672 locations could be used to leverage the FILA EBO rollouts as it was executed for CROCS. c) Metro’s inherent strength to drive superlative store economics (see exhibit 10) could help the company scale up revenues and yet nurture its brand salience, similar to that of CROCS.

Accelerating growth trajectory

In the next three to five years, with about 200-250 store additions, we believe, FILA could add about INR4-5b revenue through EBOs. Further, online and other channels could contribute INR3-4b each. Thus, over the next five years, it has the potential to add INR8-10b revenue with more than 50% gross margins, and contributing about 25%-30% of revenues. We estimate revenue/EBITDA CAGR of 30%/33%, respectively, over FY22-25E, led by 11% store area addition. But, it would certainly fill a big missing piece in Metro’s growth narrative and further uplift the healthy growth trajectory over the next three to five years.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motiloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

METRO trades at rich valuations at EV/EBITDA and P/E of 22x/40x, respectively, on FY25, backed by: a) a strong runway of growth, largely funded through internal sources, given its strong OCF-to-EBITDA ratio of over 50% and b) superior store economics reflected in balance sheet and a healthy RoIC of 20% for FY22 (65% on Pre IND-AS 116). It acquired exclusive rights of Fila/Proline along with other brands from Cravatex Brands Ltd. at an enterprise value of INR2b (EV/Sales at 1.3x on FY22 could further lift METRO's growth estimates. We value the stock at 52x P/E on FY25E EPS (does not factor FILA) to arrive at our TP of INR1,050 and reiterate our Buy rating on the stock.

Exhibit 1: Valuation-based on FY25E

Particulars	INR/Share
EPS	20.0
Target PE (x)	52
Equity value/share (INR)	1,050
Upside/(Downside) (%)	32%
CMP (INR)	798

Source: MOFSL, Company

Deal Contours

- Metro Brands announced that it will acquire 100% of Cravatex Brands Ltd (CBL), a wholly owned subsidiary of Cravatex Ltd, which is engaged in retail/distribution of footwear and apparel accessories under various brands including 'Proline' and 'FILA'.
- The deal is valued at **EV of INR 2b** for revenue of INR1.6b in FY22. (**EV/Sales at 1.3x on FY22**). It will have exclusive rights for Proline and sale and distribution rights of FILA across all physical and online channels in India, Pakistan, Sri Lanka, Bangladesh, Nepal, and Bhutan.
- **Acquisition of all brands** - Metro has acquired all the brands which CBL owned; however, the focus is more on Fila/Proline. Fila is a franchisee owned brand and Proline is CBL's own brand.
- **Cravatex list of Brands**- Fila, Proline, Vans, Matrix, Johnson, Horizon, Ziva, Vision and Stages
- **Timeline:** The acquisition is expected to be completed within **90 days**, subject to completion of certain conditions.
- **About Fila** - Fila is a footwear-oriented brand, which originated from Italy. In China, Fila is a luxury brand comparable with Gucci. Metro will be focused more on the footwear segment; however; will leverage the apparels and accessories in their EBO stores. Metro has complete control over Fila.

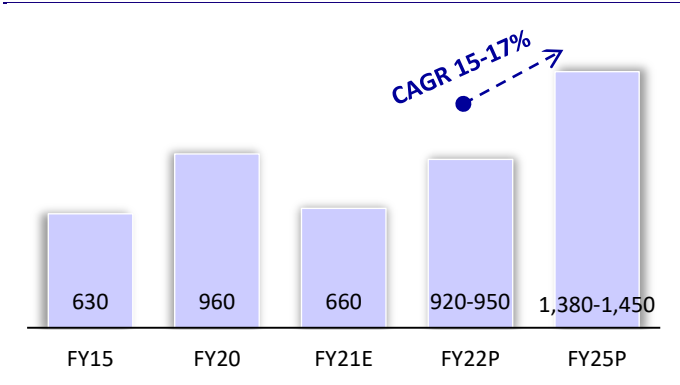
Trends in the Sportswear market

- **Leverage the Sportswear market opportunity:** Although Fila would contribute below 10% of overall revenues in FY23E, it has the potential to grow 3-4x over the next few years. The Metro Brand can leverage on its strengths in the brick-and-mortar and e-commerce retail and tap the growing demand in the sports and athleisure category, a missing piece in the existing footwear portfolio.
- **The fastest growing category in footwear:** In the last few years, the sportswear category has seen strong double digit growth and been the fastest growing segment in the footwear market standing at merely INR110b out of total INR960b in FY20 overall market size. Interestingly, given the specialized nature

of the product, the sportswear category continues to enjoy high ASPs as premium customers tend to remain brand loyal.

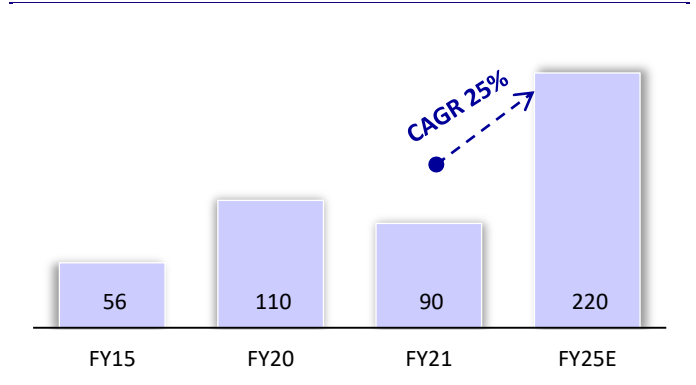
- **Strong brand recall:** Global footwear brands such as Adidas, Puma, Nike, Reebok, and Asics continue to dominate the market. Recently, Sketchers has also been witnessing high growth in its numbers. Despite FILA enjoying a strong brand recall, especially in China and Western markets, other competitors have managed to reach an annual revenue of INR8-12b in FY20, much above Fila’s sales numbers in India.
- **Recent actions in the Sportswear space:** In the last couple of years, the sportswear category has been garnering heightened interest among consumers. ABFRL acquired Reebok India’s current business and exclusive licensing rights for an investment of INR750m-1b in Mar’21. Reebok India has been registering a steady revenue/EBITDA of INR4.3b/721m, respectively in FY20. Campus Sportswear brand launched its IPO, while multiple domestic brands such as Sparx from Relaxo, Asian Footwear, and Abros have accelerated their growth trajectory.

Exhibit 2: Indian Footwear market size (INR b)



Source: MOFSL, CRISIL Research

Exhibit 3: Indian Sports Footwear industry (INR b)



Source: Technopak Analysis

What could be the way forward?

- **Leveraging existing stores:** Over the next three to five years, Fila may rejig its existing stores to grow through EBO and own MBO additions with an aim to achieve margins similar to its existing businesses.
- **EBO-focused plan** - CBL predominantly function in LFS, ECOM and EBO format where EBO may have the lowest share and may have more focus on LFS and ECOM. CBL generating INR1.5b of revenue in FY22 may get revamped and therefore the existing scale and reach may not be relevant for the growth potential over the next 3-5 years Metro may focus predominantly on EBO, where it has superlative store economics. Metro may expand its EBO footprint and leverage other channels such as LFS and online to significantly increase the revenue scale of Fila over the next three to five years.
- **New store** - Metro would be flexible with the COCO/FOFO format for Fila brand. At present, CBL is operating 20-30 stores of Fila, predominantly under the Franchisee model. The management has guided 260 stores over FY22-24 and this should increase with the addition of Cravatex acquisitions.
- **Apparel a new space:** Apparel is a new product category for Metro, and hence, it may have to initially leverage the footwear market in building its customer

base. But considering the size of the non-footwear business of other sportswear brands, it certainly could be a good opportunity overtime.

- **Increase in blended ASP** – Metro-blended ASP ranges between INR 1,400 and INR1,500 and Fila ASP would range between INR 3,000 and INR 3,500. The higher range of Fila could improve Metro’s blended ASP.
- **Higher Gross margin** – While Metro garnered a gross margin of 55-58% in FY19-22, CBL registered a margin of merely 45% in FY22. Given the higher price point, and the company’s sourcing ability along with increased brand promotion, Metro could garner higher margins. This could be supported by a) elimination of discounting sale and b) improved efficiency in existing store.
- **Product sourcing** – Metro may use the existing network of Fila or may explore its own network of vendors to decide the manufacturing/sourcing of products for Fila. Even for designs, Metro can leverage its international sources.
- **Marketing cost and licensing fee** – Being the custodian of the brands, Metro may be responsible for all its marketing strategies. Usually 3-5% is the average marketing cost across portfolio and Fila may have to incur an additional licensing fee.
- **Internal accruals; increase in ROCE** – Since the company is generating good FCF, it could be employing capital from the internal accruals and would not have to look at borrowings. This could potentially increase the ROCE going forward.

Fila peers’ data

Exhibit 4: Fila India: Competitive landscape (FY20)

Companies	Annual revenue (INR b)	CAGR (FY16-20) (%)	Gross Margins (%)	Cost of retailing (%)	EBITDA margins (%)	PAT Margins (%)	RoCE (%)	RoE (%)	Net Debt/ EBITDA(x)
Adidas India	12.0	8	47	25	21	13.4	18	17	-2.4
Cravatex	2.4	45*	42	40	2	-9.7	NA	NA	NA
Clarks Footwear	1.4	2	27	38	-10	-31.2	-25	42	-1.6
Crocs India	2.6	32	46	45	1	0.7	2	2	-13.1
Inc5 Shoes	1.5	6	61	54	6	0.4	6	4	5.6
Metro Brands	12.9	12	56	28	27	12.4	15	21	0.5
Mirza Int.	12.6	8	44	31	14	3.8	9	8	1.5
Mochiko Shoes^	1.1	-4	38	34	4	1.8	10	10	1.7
Nike India	7.6	0	44	36	8	4.2	38	-19	-3.8
Puma Sports India	12.1	10	46	50	-3	-10.3	-25	NM	-11.4
Reebok India	4.3	5	44	27	17	16.1	27	-3	31.1
Sketchers	8.0	54	41	26	15	8.1	19	29	1.7

^FY19 data, * CAGR of FY18-20. Sketchers includes for India as well as South Asia, Campus CAGR taken from FY18-20

Source: Technopak Analysis, Company

Exhibit 5: Peers key metrics

Brands	Stores	Stores as on	ASP in ₹	Total Footwear SKUs	Men	Women	Kids
Adidas	353	-	~1,800-2,400	7,673	57%	23%	20%
Asics	55	Sep-21	~ 1,900-2,300	1,496	65%	29%	6%
Fila	30	Sep-22	~ 2,800-3,200	1,000	50%	50%	0%
Lotto			~ 3,000-3,300	200	53%	23%	24%
Metro Shoe	672	Sep-22	~ 1,200-1,400	1,419	27%	63%	10%
Mirza International	276	Mar-22	~ 3,300-3,600	1,364	82%	16%	2%
New Balance	130	Sep-22	~ 3,200-3,600	3,049	52%	35%	13%
Nike	133	Nov-22	~ 2,900-3,200	2,570	56%	25%	19%
Onitsuka Tiger			~ 3,400-3,800	453	44%	47%	9%
Puma	578	Oct-22	~ 2,800-3,400	7,234	44%	34%	22%
Reebok	216	-	~ 3,000-3,300	1,644	57%	34%	9%
Skechers	300	Jun-21	~ 3,600-4,000	1,117	39%	48%	13%
Under Armour			~ 4,000-4,500	160	51%	49%	0%

Source: MOFSL, Technopak Analysis

Exhibit 6: Fila brand operations across the Globe

USD m	Description	2015	2021	CAGR (15-21)
Fila Holding	Fila Holding is listed in South Korea. It includes Fila Korea, Fila USA, Acushnet Holding and 46 licensees across the globe.			
Revenue		721	3315	29%
EBITDA		80	517	36%
PAT		-117	206	NA
M.Cap		906	1792	12%
Fila USA	Apparel and footwear-based retail and wholesale distributor, operation in North America (USA, Canada, Mexico) A subsidiary of Fila Holdings			
Revenue		321	497	8%
EBITDA		20	13	-6%
PAT		11	9	-3%
M.Cap		NA	NA	NA
Fila Korea	Apparel and footwear-based retail and wholesale distributor, operation in Korea A subsidiary of Fila Holdings			
Revenue		277	453	9%
EBITDA		-3	89	NA
PAT		0	65	NA
M.Cap		NA	NA	NA
Fila Licensee	Revenue/profit contribution from 46 licensee partners that operate the FILA products in Asia, North America, South America, and EMEA A subsidiary of Fila Holdings			
Asia		9	15	9%
North America		9	7	-4%
South America		3	5	10%
EMEA		14	28	13%
Category		1	3	10%
Total		36	58	8%
Cravatex Brand (India)	Operate Fila franchisee in India	FY18	FY22	CAGR (18-22)
Revenue		17.4	20.6	4%
EBITDA		-2.1	NA	
PAT		-3.3	-4.4	NA
M.Cap		NA	NA	NA
Anta (China)	Operate Fila franchisee in China			
Revenue		1,171	7,649	37%
EBITDA		460	2,209	30%
PAT		325	1,196	24%
M.Cap		6,874	40,528	34%

Source: Bloomberg, Company

Exhibit 7: Peer comparison for international S&A wear players

USD m	2015	2021	CAGR (15-21)
Li-Ning			
Revenue	1,128	3,500	25%
EBITDA	66	950	71%
PAT	-7	610	-347%
M.Cap	1,252	28,595	87%
Nike Inc			
Revenue	30,601	46,710	9%
EBITDA	4,781	8,072	11%
PAT	3,273	6,115	13%
M.Cap	87,131	2,15,334	20%
Adidas			
Revenue	18,776	25,114	6%
EBITDA	1,686	3,677	17%
PAT	818	1,700	16%
M.Cap	19,559	55,235	23%
Lululemon Athletica			
Revenue	1,797	4,402	20%
EBITDA	434	1,230	23%
PAT	273	616	18%
M.Cap	9,402	42,844	35%
Puma			
Revenue	3,760	8,049	16%
EBITDA	153	1,018	46%
PAT	28	379	68%
M.Cap	3,225	18,312	42%

Source: Bloomberg

Exhibit 8: Manufacturing/Outsourcing approach of key players in the footwear industry

Adidas	-Almost 100% outsourced -25 manufacturing partners globally in footwear
Nike	- 85% of Nike's footwear is delivered on lean manufacturing lines -96% manufacturers are in Vietnam, China, Indonesia, and Thailand
Puma	-96% production from APAC countries with Vietnam producing 35% of all Puma products -4 manufacturing plants strategically located PAN India
Bata	-Largest factory in Batanagar started in 1931 - approximately 50% manufacturing in-house, 50% outsourced - Annual production capacity 21 million pairs
Campus	- In-house manufacturing for uppers (approximately 10%) and soles (approximately 35%) - 100% in-house assembly - approximately 90% outsourcing for uppers and approximately 65% for soles
HRX	- Manufactured in various parts of China and Vietnam
Liberty Shoes	-6 manufacturing plants located PAN India -Produces approximately 50,000 pairs per day - 2 manufacturing plants in Kolkata and Kanpur
Khadim	- Follow an asset light model - 2 exclusive outsourced manufacturing facilities - approximately 90% of all products sold are outsourced
Metro Shoes	- 100% third party outsourced products - Maintain an asset light model - 6 integrated manufacturing facilities PAN India
Mirza International	- 6.4 million pairs produced per annum - approximately 55% of all products are manufactured in-house - Outsource production of footwear to China who exclusively manufacture for Mirza International

Source: Campus RHP

Exhibit 9: Peer store economics

	Particulars (INR m)	Adidas	Reebok	Puma	Metro	Bata	Campus
Stores	Stores	353	216	370	624	1558	107
	Area per store	1250	1600	1250	1271	2,000	762
Capex	Capex/sqft	2,750	2,750	2,750	2,988	1,450	1,969
	Capex	3.4	4.4	3.4	3.8	2.9	1.5
	Inventory/sqft	3500	3500	3500	5349	1770	1969
	Inventory	4.4	5.6	4.4	6.8	3.5	1.5
	Investment/sqft	6250	6250	6250	8337	3220	3937
	Initial investment	7.8	10.0	7.8	10.6	6.4	3.0
Revenue	Revenue/sqft (INR)	10179	4652	13736	16934	8035	10000
	Annual store revenue	12.7	7.4	17.2	21.5	16.1	7.6
Profitability	COGS at store level	7.0	4.3	9.4	9.1	6.8	3.8
	Gross profit at store level	5.7	3.1	7.7	12.5	9.3	3.8
	Gross margin at store level (%)	45.0%	42.0%	45.0%	57.9%	57.6%	50.0%
	EBITDA	3.6	2.5	6.0	5.4	3.4	1.4
	Margin (%)	28.0%	33.5%	35.0%	25.0%	21.0%	19.0%
	Corporate expense	0.9	1.7	5.6	0.8	0.8	-0.1
	EBITDA at company level	2.6	0.8	0.5	4.6	2.6	1.5
Performance	EBITDA margin at company level (%)	20.7%	10.8%	2.6%	21.2%	16.3%	20.2%
	Asset turnover	1.6	0.7	2.2	2.0	2.5	2.5
	Inventory turnover	2.9	1.3	3.9	3.2	4.5	5.1
	RoI (%)	46%	25%	77%	51%	52%	48%
	Payback period (yrs)	2.2	4.0	1.3	2.0	1.9	2.1

Source: MOFSL, Company

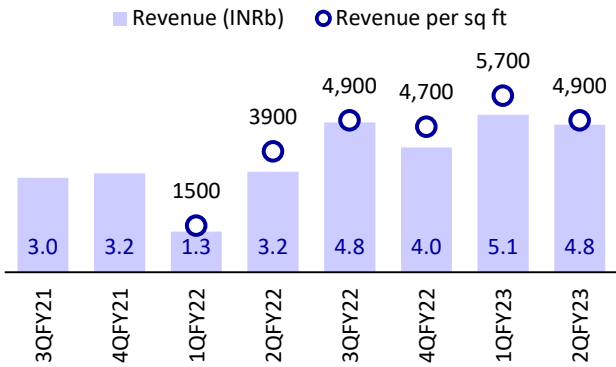
Exhibit 10: Metro Brands store economics garner a payback period of less than two years (INR m; FY22)

	Total	Per Store	Per sqft
Capex	2,370	3.8	2,988
Security Deposit	564	0.9	711
Inventory	4,242	6.8	5,349
Payables	2,343	3.8	2,955
Total Investment	4,832	8	6,093
Revenue	13,429	21.5	16,934
Volume (m)	10	16,045	13
Price (INR)	1,341	1,341	1,341
Asset turns	2.8	2.8	2.8
Raw Material	5,659	9.1	7,136
Gross Profit	7,770	12.5	9,798
Gross Margin	57.9%	57.9%	57.9%
Rent	1,657	2.7	2,385
as a % of revenue	12%	12%	14%
Employee Cost	1,212	1.9	1,745
as a % of revenue	9%	9%	10%
Others	1,543	2.5	1,946
as a % of revenue	11%	11%	11%
Store Level EBITDA	3,357	5.4	4,233
Store Level EBITDA margin	25%	25%	25%
Corporate and Other overheads	513	0.8	738
as a % of revenue	4%	4%	4%
EBITDA	2,844	4.6	3,586.4
EBITDA margin	21%	21%	21%
Dep	303	0.5	435
Dep rate	13%	13%	15%
EBIT	2,542	4	3,151
ROCE/ROIC	53%	53%	52%
Payback	1.9	1.9	1.9

Source: MOFSL, Company

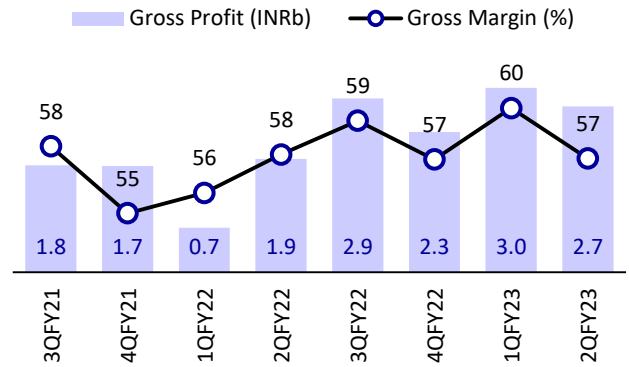
Story in charts

Exhibit 11: Revenue & rev/sqft were up 47%/26% in 2QFY23



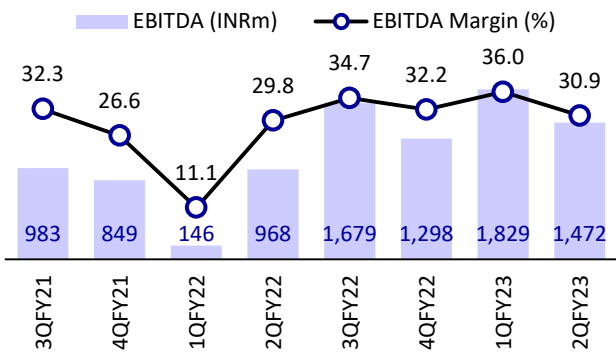
Source: MOFSL, Company

Exhibit 12: Gross profit grew in line with revenue at 46% YoY during the quarter



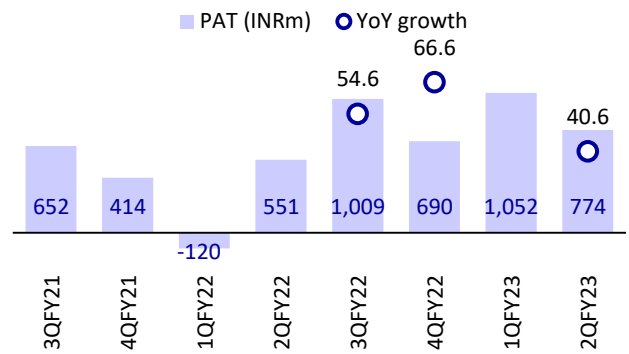
Source: MOFSL, Company

Exhibit 13: EBITDA grew 52% YoY and margin expanded 100bp YoY in Q2FY23



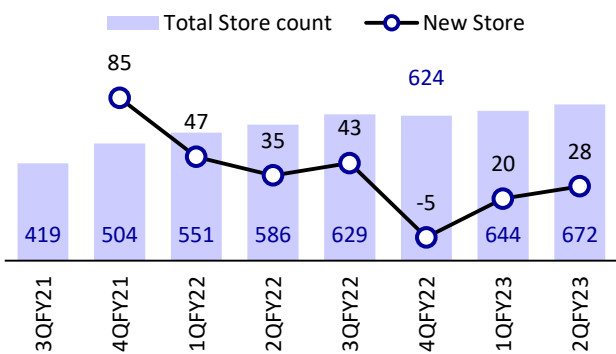
Source: MOFSL, Company

Exhibit 14: PAT grew 41% YoY during the quarter



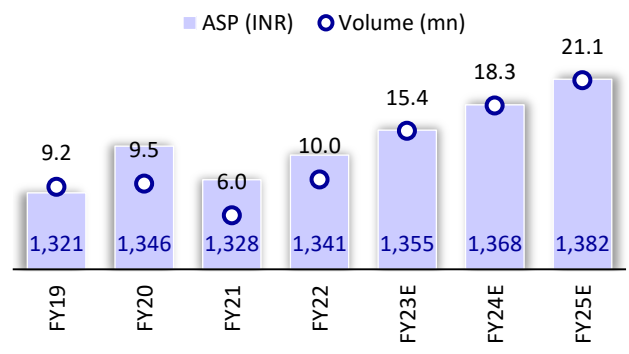
Source: MOFSL, Company

Exhibit 15: 28/48 new store adds during the 2Q/1HFY23



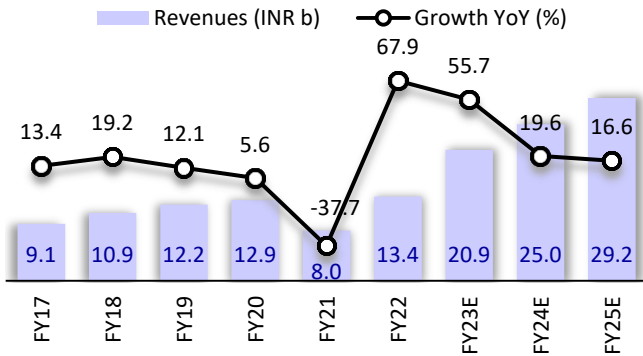
Source: MOFSL, Company

Exhibit 16: Expect 28% volume CAGR over the next three years to drive 30% revenue CAGR



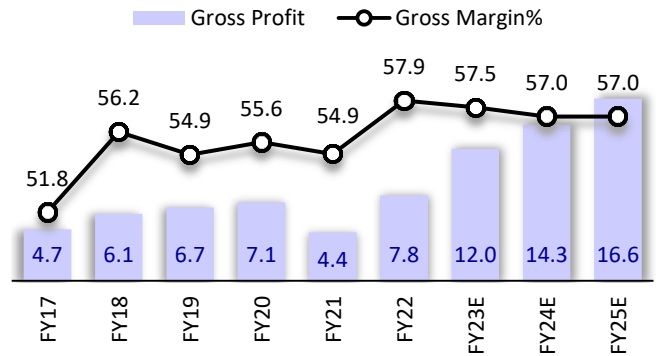
Source: MOFSL, Company

Exhibit 17: Expect revenue to register a 30% CAGR over the next three years



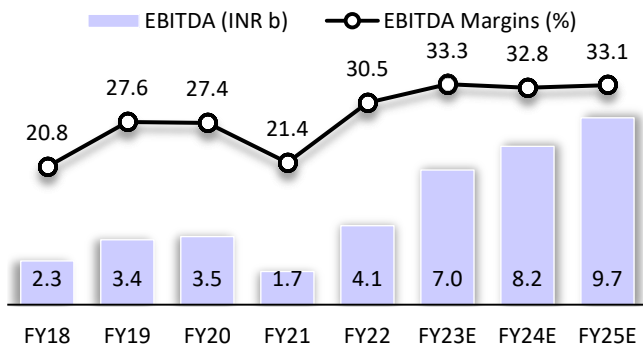
Source: MOFSL, Company

Exhibit 18: Expect gross profit to be in line with revenue CAGR at 29-30% for the next three years



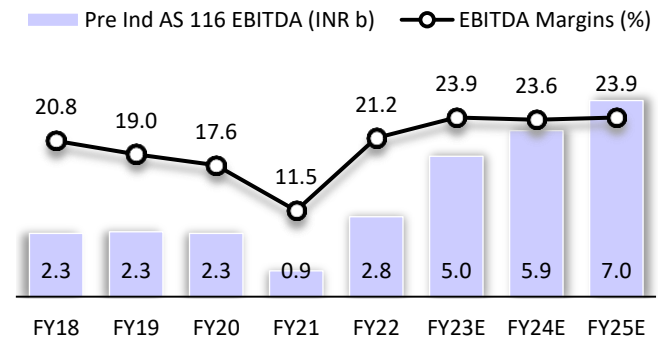
Source: MOFSL, Company

Exhibit 19: Expect 33% EBITDA CAGR in the next three years



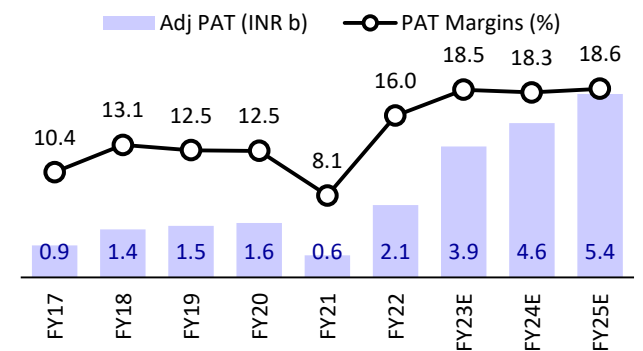
Source: MOFSL, Company

Exhibit 20: Expect 35% Pre-IndAS EBITDA CAGR in the next three years



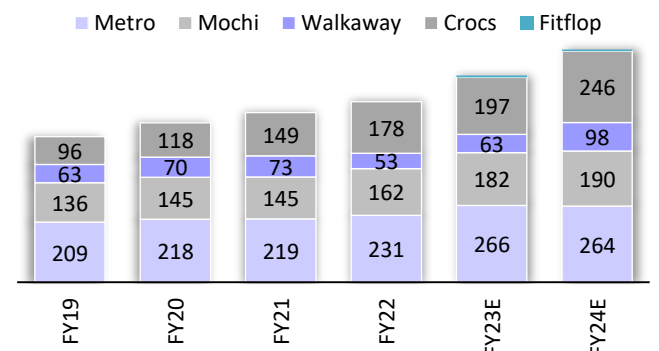
Source: MOFSL, Company

Exhibit 21: Expect 37% PAT CAGR over the next three years



Source: MOFSL, Company

Exhibit 22: Format-wise store counts



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	8,031	9,103	10,853	12,171	12,852	8,001	13,429	20,915	25,022	29,178
Change (%)	NA	13.4	19.2	12.1	5.6	-37.7	67.9	55.7	19.6	16.6
Raw Materials	3,902	4,391	4,759	5,487	5,707	3,605	5,659	8,889	10,759	12,546
Gross Profit	4,129	4,712	6,094	6,683	7,145	4,396	7,770	12,026	14,262	16,631
Margin (%)	51.4	51.8	56.2	54.9	55.6	54.9	57.9	57.5	57.0	57.0
Employees Cost	695	830	975	1,121	1,268	1,026	1,212	1,706	2,050	2,280
Other Expenses	2,011	2,337	2,860	2,204	2,351	1,655	2,466	3,357	4,016	4,683
Total Expenditure	6,608	7,558	8,594	8,813	9,325	6,285	9,338	13,951	16,825	19,509
% of Sales	82.3	83.0	79.2	72.4	72.6	78.6	69.5	66.7	67.2	66.9
EBITDA	1,423	1,545	2,259	3,358	3,527	1,715	4,092	6,963	8,196	9,669
Margin (%)	17.7	17.0	20.8	27.6	27.4	21.4	30.5	33.3	32.8	33.1
Depreciation	130	161	195	936	1,206	1,218	1,342	1,655	1,902	2,243
EBIT	1,293	1,384	2,064	2,422	2,321	497	2,749	5,309	6,294	7,426
Int. and Finance Charges	7	4	4	339	395	437	504	657	764	858
Other Income	46	65	89	198	259	785	586	586	645	774
PBT bef. EO Exp.	1,332	1,444	2,149	2,281	2,184	845	2,831	5,238	6,175	7,342
EO Items	0	0	0	0	0	0	0	0	0	0
PBT after EO Exp.	1,332	1,444	2,149	2,281	2,184	845	2,831	5,238	6,175	7,342
Total Tax	458	499	730	769	587	193	702	1,362	1,606	1,909
Tax Rate (%)	34.4	34.5	34.0	33.7	26.9	22.8	24.8	26.0	26.0	26.0
Minority Interest	0	0	0	15	8	-6	15	0	0	0
Reported PAT	874	946	1,418	1,497	1,589	658	2,115	3,876	4,570	5,433
Adjusted PAT	874	946	1,418	1,497	1,589	658	2,115	3,876	4,570	5,433
Change (%)	-261.3	8.2	50.0	5.5	6.2	-58.6	221.3	83.3	17.9	18.9
Margin (%)	10.9	10.4	13.1	12.3	12.4	8.2	15.7	18.5	18.3	18.6

Consolidated - Balance Sheet

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	147	147	147	1,328	1,328	1,328	1,358	1,358	1,358	1,358
Total Reserves	3,817	4,532	5,624	5,366	6,980	7,147	11,289	14,797	18,933	23,850
Net Worth	3,964	4,679	5,771	6,694	8,308	8,474	12,647	16,155	20,290	25,207
Minority Interest	83	114	146	0	0	0	224	224	224	224
Total Loans	30	29	60	4,244	5,491	5,669	6,922	9,748	11,325	12,729
Lease Liabilities				4,146	5,376	5,655	6,922	9,748	11,325	12,729
Deferred Tax Liabilities	2	17	23	0	0	0	0	0	0	0
Other Liabilities	40	51	61	6	6	6	6	6	6	6
Capital Employed	4,119	4,889	6,061	10,944	13,804	14,150	19,800	26,133	31,846	38,167
Gross Block	0	0	0	7,566	9,798	10,394	12,978	17,318	20,725	24,131
Less: Accum. Deprn.	0	0	0	1,636	2,718	3,158	4,500	5,942	7,844	10,087
Net Fixed Assets	1,345	1,713	1,846	5,930	7,080	7,236	8,478	11,377	12,881	14,044
Other Non-Current	0	0	0	381	444	493	614	614	614	614
Capital WIP	6	43	60	41	130	45	62	62	62	62
Total Investments	1,066	1,297	2,274	2,099	3,484	3,997	3,625	3,625	3,625	3,625
Curr. Assets, Loans&Adv.	2,781	3,382	3,539	4,624	4,912	4,655	10,140	13,837	18,799	24,508
Inventory	2,326	2,646	2,794	3,646	3,761	2,898	4,242	5,601	6,780	7,906
Account Receivables	236	303	394	519	701	506	577	860	960	1,119
Cash and Bank Balance	65	250	154	121	109	879	4,350	6,318	10,023	14,446
Loans and Advances	153	183	197	338	341	373	971	1,059	1,036	1,036
Curr. Liability & Prov.	1,078	1,547	1,658	2,271	2,370	2,444	3,342	3,605	4,358	4,909
Account Payables	873	1,077	1,413	1,939	2,015	2,047	2,343	3,166	3,832	4,297
Other Current Liabilities	187	455	187	307	331	389	958	418	500	584
Provisions	18	15	58	25	25	8	40	21	25	29
Net Current Assets	1,702	1,835	1,881	2,353	2,542	2,212	6,798	10,232	14,441	19,598
Deferred Tax assets	0	0	0	141	124	167	223	223	223	223
Appl. of Funds	4,119	4,889	6,061	10,944	13,804	14,150	19,800	26,133	31,846	38,167

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)										
EPS	29.7	32.1	48.2	5.6	6.0	2.5	7.8	14.3	16.8	20.0
Cash EPS	34.1	37.6	54.8	9.2	10.5	7.1	13.0	20.8	24.4	28.9
BV/Share	134.6	158.8	195.9	25.2	31.3	31.9	47.6	60.8	76.4	94.9
DPS	0.0	0.0	0.0	3.5	3.0	1.1	0.8	1.4	1.6	1.9
Payout (%)	0.0	0.0	0.0	31.0	25.1	45.4	9.6	9.5	9.5	9.5
Valuation (x)										
P/E		24.9	16.6	141.6	133.4	322.0	102.4	55.9	47.4	39.9
Cash P/E		21.2	14.6	87.1	75.8	112.9	61.3	38.3	32.7	27.6
P/BV		5.0	4.1	31.7	25.5	25.0	16.8	13.1	10.4	8.4
EV/Sales		2.6	2.2	9.0	8.7	27.1	16.3	10.5	8.7	7.4
EV/EBITDA		15.1	10.4	32.8	31.6	126.3	53.6	31.6	26.6	22.2
Dividend Yield (%)	0.0	0.0	0.0	0.4	0.4	0.1	0.1	0.2	0.2	0.2
FCF per share	21.7	8.8	41.2	10.3	17.3	9.0	8.6	13.3	20.8	24.3
Return Ratios (%)										
RoE	44.1	21.9	27.1	24.0	21.2	7.8	20.0	26.9	25.1	23.9
RoCE	44.0	21.8	27.0	20.7	15.3	7.1	14.9	19.2	17.9	17.4
RoIC	56.9	28.9	39.7	26.2	18.1	4.0	19.7	28.2	27.2	28.8
Working Capital Ratios										
Fixed Asset Turnover (x)	NA	NA	NA	1.6	1.3	0.8	1.0	1.2	1.2	1.2
Asset Turnover (x)	1.9	1.9	1.8	1.1	0.9	0.6	0.7	0.8	0.8	0.8
Inventory (Days)	218	220	214	243	241	293	274	230	230	230
Debtor (Days)	11	12	13	16	20	23	16	15	14	14
Creditor (Days)	82	90	108	129	129	207	151	130	130	125
Leverage Ratio (x)										
Current Ratio	2.6	2.2	2.1	2.0	2.1	1.9	3.0	3.8	4.3	5.0
Interest Cover Ratio	189.8	309.9	504.0	7.2	5.9	1.1	5.5	8.1	8.2	8.7
Net Debt/Equity	-0.3	-0.3	-0.4	0.3	0.2	0.1	-0.1	0.0	-0.1	-0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	1,332	1,484	2,149	2,281	2,184	845	2,831	5,238	6,175	7,342
Depreciation	130	160	195	936	1,206	1,218	1,342	1,655	1,902	2,243
Interest & Finance Charges	7	4	5	339	395	437	491	657	764	858
Direct Taxes Paid	-445	-497	-682	-803	-608	-204	-715	-1,362	-1,606	-1,909
(Inc)/Dec in WC	-100	-138	47	-570	-156	1,135	-638	-1,466	-504	-734
CF from Operations	924	1,013	1,713	2,183	3,021	3,432	3,312	4,722	6,731	7,800
Others	-25	-170	-167	-227	-291	-779	-491	-586	-645	-774
CF from Operating incl EO	898	843	1,546	1,957	2,731	2,653	2,821	4,136	6,086	7,026
(Inc)/Dec in FA	-258	-583	-331	-584	-440	-251	-479	-520	-426	-426
Free Cash Flow	640	260	1,215	1,373	2,291	2,402	2,342	3,615	5,661	6,601
(Pur)/Sale of Investments	-376	-92	-853	-140	-1,243	-329	538	0	0	0
Others	10	-178	247	51	57	-644	68	586	645	774
CF from Investments	-625	-853	-937	-673	-1,626	-1,224	127	66	219	348
Issue of Shares	2	0	0	7	0	0	2,924	0	0	0
Inc/(Dec) in Debt	-53	-1	31	39	17	-101	-14	0	0	0
Interest Paid	-7	-4	-5	-6	-8	-6	-1	-657	-764	-858
Repayment of loan	-222	0	-532	-446	0	-498	0	-368	-434	-516
Others	0	0	0	-913	-1,124	-665	-1,744	-1,208	-1,403	-1,577
CF from Fin. Activity	-279	-5	-505	-1,320	-1,115	-1,271	1,164	-2,233	-2,601	-2,951
Inc/Dec of Cash	-6	-15	104	-37	-10	158	4,112	1,968	3,705	4,423
Opening Balance	69	63	48	152	115	105	263	4,375	6,344	10,049
Closing Balance	63	48	152	115	105	263	4,375	6,344	10,049	14,472
Other Bank Balance/(OD)	2	202	3	6	4	616	-26	-26	-26	-26
Net Closing Balance	65	250	155	121	109	879	4,350	6,318	10,023	14,446

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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