

Estimate change

TP change

Rating change



Bloomberg	BATA IN
Equity Shares (m)	129
M.Cap.(INRb)/(USD\$)	197 / 2.4
52-Week Range (INR)	1989 / 1381
1, 6, 12 Rel. Per (%)	4/-8/-27
12M Avg Val (INR M)	620

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	34.5	38.8	43.6
EBITDA	7.9	9.3	10.8
Adj. PAT	3.2	4.1	5.3
EBITDA Margin (%)	23.0	24.0	24.7
Adj. EPS (INR)	25.1	31.5	40.9
EPS Gr. (%)	213.3	25.5	29.8
BV/Sh. (INR)	111.9	143.4	184.3

## Ratios

Net D:E	0.4	0.1	-0.1
RoE (%)	19.9	24.7	25.0
RoCE (%)	14.4	16.8	18.1
RoIC (%)	20.0	22.3	27.5

## Valuations

P/E (x)	61.0	48.6	37.4
EV/EBITDA (x)	25.7	21.6	18.1
EV/Sales (X)	5.9	5.2	4.5
Div. Yield (%)	0.8	0.0	0.0
FCF Yield (%)	2.7	3.3	3.8

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	50.2	50.2	53.0
DII	30.6	31.6	27.4
FII	5.9	4.9	6.7
Others	13.4	13.4	13.0

FII Includes depository receipts

**CMP: INR1,533**
**TP: INR1,660 (+8%)**
**Neutral**

## Steps in the right direction; but improvement gradual

- BATA's revenue increased 17% YoY/25% on pre-Covid basis leading to 12%/4% YoY growth in EBITDA/PAT in 4QFY23. This was attributed to the Omicron base effect, 15% price increase, and a 13% footprint expansion. However, this also indicated that the volume growth was soft as the <INR1,000 ASP product category is yet languishing.
- Weakness in volumes, pressure from the value segment (<INR1,000 ASP category), and limited incremental price hike possibilities in FY24E may put pressure on the performance, but moderation in RM prices and inflation could drive gradual recovery. We factor in revenue/PAT CAGR of 12%/28% over FY23-25 and maintain our estimates. **Reiterate Neutral with a TP of INR1,660.**
- We project a low probability of price hikes in FY24, while moderating RM prices as well as improved ASPs led by premiumization could be the silver lining. The demand recovery (volume growth) especially in the mass segment could act as a catalyst too.

## EBITDA improvement and release of inventory lead to FCF generation

- BATA's 4QFY23 consolidated revenue was up 17% YoY to INR7.8b (6% above est.), led by the Omicron base effect and 13% YoY store additions.
- The company added 30/240 stores in 4QFY23/FY23 to reach 2,050+ stores in around 700 cities.
- Gross margin improved 80bp YoY to 58.4% (v/s est. 56.5%). Gross profit grew 19% YoY to INR4.5b (10% above est.) due to moderation in RM prices and release of inventory.
- EBITDA rose 12% YoY to INR1.8b (8% beat) with margin at 23.4% in 4QFY23. Adjusted for the rental concession of INR43m in 4QFY22, EBITDA grew 15% YoY.
- With 47% YoY decline in other income to INR99m, reported PAT grew 4% YoY (26% beat) to INR656m in 4QFY23.
- WC days improved to 61 (from 74 in FY22) mainly due to release of inventory. However, the WC days are still above the pre-Covid level of ~50.
- OCF (post-LL) expenses jumped to INR3.2b (from negative OCF of INR770m). This was led by 90% jump in EBITDA to INR7.9b and release in WC of INR1.3b. Capex also surged 90% YoY to INR900m. This along with dividend payment resulted in FCF generation of INR2.3b in FY23 (v/s FCF outflow of INR1.3b in FY22).

## Key takeaways from the management interaction

- The outlook seems promising with moderating inflation that should drive a recovery in products below ASP of INR1,000. This category declined 10% over FY20 (pre-Covid), which constituted 40% of BATA's revenue (v/s 50% earlier).
- Sales contribution by COCO is near 70%, franchisee – 8%, MBO – 14% and online business – 10% in FY23 v/s 74%/7%/19% for COCO/online/others in FY22. This was due to the expansion in franchisee and MBO network. Online channel grew the fastest at 2.2x YoY in FY23.

- The throughput of franchisee stores is over 1.7x of COCO shops, aided by ~50% smaller store size. Subsequently, it will reach 500 stores, a year before its target (reached 411 stores in FY23).
- The company is aiming for the next phase of expansion by growing the Red Label portfolio, offering apparels at an appealing price point of INR799-1499, expanding the Floatz collection, introducing outside the Bata banner, and concentrating on women's collections.

#### Valuation and view

- BATA's strong balance sheet with net cash position, healthy FCF generation and returns profile as well as huge runway for industry growth act as growth levers.
- Over the last couple of years, since the change in management, there has been a renewed focus on growth with brand refresh, new product launches (newly launched sneaker segment) and upgrading the backend supply chain, which bodes well.
- Yet volume growth has remained below the peers given slower-than- expected improvement in product receptiveness and challenging market conditions in the lower end.
- BATA's footprint addition guidance continues to remain robust with plans to add nearly 150 stores annually. We model a revenue/PAT CAGR of 12%/28% over FY23-25 and ascribe a P/E of 40x on FY25E to arrive at our TP of INR1,660.

**Maintain Neutral.**

#### Consolidated - Quarterly Earning

Y/E March	FY22				FY23				FY22	FY23	FY23E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
<b>Revenue</b>	<b>2,670</b>	<b>6,141</b>	<b>8,413</b>	<b>6,652</b>	<b>9,430</b>	<b>8,298</b>	<b>9,002</b>	<b>7,786</b>	<b>23,877</b>	<b>34,516</b>	<b>7,337</b>	<b>6.1</b>
YoY Change (%)	97.7	66.9	36.7	12.8	253.1	35.1	7.0	17.0	39.8	44.6	10.3	
Gross Profit	1,500	3,248	4,431	3,831	5,339	4,562	4,931	4,547	13,009	19,379	4,145	9.7
Gross margin%	56.2	52.9	52.7	57.6	56.6	55.0	54.8	58.4	54.5	56.1	56.5	
Total Expenditure	2,986	4,949	6,727	5,031	6,983	6,688	6,941	5,966	19,692	26,579	5,660	5.4
<b>EBITDA</b>	<b>-315</b>	<b>1,192</b>	<b>1,686</b>	<b>1,621</b>	<b>2,447</b>	<b>1,609</b>	<b>2,061</b>	<b>1,820</b>	<b>4,185</b>	<b>7,936</b>	<b>1,678</b>	<b>8.5</b>
EBITDA margin	-11.8	19.4	20.0	24.4	25.9	19.4	22.9	23.4	17.5	23.0	22.9	
Change YoY (%)	-63.3	557.0	43.2	44.6	-876.5	35.0	22.2	12.2	158.0	89.6	3.5	
Depreciation	501	586	616	718	693	736	754	765	2,420	2,948	765	0.0
Interest	230	220	233	245	249	272	286	272	928	1,078	294	-7.4
Other Income	122	115	135	187	93	119	75	99	560	386	77	28.0
<b>PBT before EO expense</b>	<b>-924</b>	<b>502</b>	<b>973</b>	<b>846</b>	<b>1,597</b>	<b>720</b>	<b>1,096</b>	<b>882</b>	<b>1,397</b>	<b>4,296</b>	<b>696</b>	<b>26.7</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>-924</b>	<b>502</b>	<b>973</b>	<b>846</b>	<b>1,597</b>	<b>720</b>	<b>1,096</b>	<b>882</b>	<b>1,397</b>	<b>4,296</b>	<b>696</b>	<b>26.7</b>
Tax	-229	130	249	216	404	172	265	226	367	1,067	174	29.9
Rate (%)	24.8	25.9	25.6	25.6	25.3	23.9	24.2	25.6	26.3	24.8	25.0	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0			0	
<b>Reported PAT</b>	<b>-695</b>	<b>372</b>	<b>723</b>	<b>630</b>	<b>1,194</b>	<b>548</b>	<b>831</b>	<b>656</b>	<b>1,030</b>	<b>3,229</b>	<b>522</b>	<b>25.6</b>
<b>Adj PAT</b>	<b>-695</b>	<b>372</b>	<b>723</b>	<b>630</b>	<b>1,194</b>	<b>548</b>	<b>831</b>	<b>656</b>	<b>1,030</b>	<b>3,229</b>	<b>522</b>	<b>25.6</b>
YoY Change (%)	-31	-184	133	114	-272	47	15	4	-222	213	-17	
Margins (%)	-26%	6%	9%	9%	13%	7%	9%	8%	4%	9%	7%	

E: MOFSL Estimates

**Exhibit 1: Valuation based on FY25E**

Mar'25	(INR/share)
EPS (INR)	41
Target P/E (x)	40x
Target Price (INR/share)	1,660
CMP	1,533
Upside (%)	8%

Source: MOFSL, Company

**Key takeaways from the management interaction****Key highlights**

- The outlook seems promising with moderating inflation that should drive a recovery in products below ASP of INR1,000. This category declined 10% over FY20 (pre-Covid), which constituted 40% of BATA's revenue (v/s 50% earlier).
- Sales contribution by COCO is near 70%, franchisee – 8%, MBO – 14% and online business – 10% in FY23 v/s 74%/7%/19% for COCO/online/others in FY22. This was due to the expansion in franchisee and MBO network. Online channel grew the fastest at 2.2x YoY in FY23.
- The throughput of franchisee stores is over 1.7x of COCO shops, aided by ~50% smaller store size. Subsequently, it will reach 500 stores, a year before its target (reached 411 stores in FY23).
- The company is aiming for the next phase of expansion by growing the Red Label portfolio, offering apparels at an appealing price point of INR799-1499, expanding the Floatz collection, introducing outside the Bata banner, and concentrating on women's collections.

**Management interaction in details****Segmental performance****Product growth**

- Revenue mix between <INR 1,000 and above ASP stood at 50:50 during pre-Covid while currently the mix is 20% from < INR500, 15-20% from INR 500-1000 while remaining 60% from >INR 1,000 categories.
  - Revenue for footwear below ASP of INR1,000 declined 10% over FY20 (pre-Covid), which constituted about 40% of the revenue v/s 50% earlier.
- Premiumization is supported by Hush Puppies.
- Sneakers/ Hush Puppies/ Comfit/ Floatz categories surged 1.16x/ 1.36x/ 1.35x/ 4.68x in 4QFY23 YoY
- Schools and sneakers categories have exceeded the pre-Covid level.

**Outlook**

- The outlook seems promising with moderating inflation that should drive a recovery in products below ASP of INR1,000.
- The company plans to increase the number of MBOs, which could lead to growth revival.
- BATA is likely to spend ~INR300m in capex for IT in FY24. In the next few years, marketing costs could rise to 3.0% from 2.6%. Management expects the staff costs to have some benefit in FY24.

- The company has taken steps to lower share of employee costs to sales. It has reduced in FY23 to 12.1% (vs 15.9% in FY22) Flexi-retail manpower is currently in the range of 15-18%, and is expected to rise to at least to 25%.

### Steps to drive the next leg of growth

- Red label portfolio – The portfolio has good profitability supported by strong footfalls, and positive customer feedback. It is witnessing visits of the younger generation. The company is focusing on new locations.
- Apparel – Since 1.5m customers are visiting the stores, management expects apparels to be a good growth driver. It will be launching the products in a couple of months at attractive price points of INR800-1,500.
- Floats - Targeting to expand the collection and to move outside the Bata banner. It has 60% penetration in the FRN stores.

### Margins-

- Blended price increased 15% YoY in 4QFY23 and 13% YoY in FY23 led by price hike, premiumization and mix impact.

### Store counts

- Extended to 2,053 stores (incl. SIS) in 698 cities led majorly by franchisees. Sneaker Studios were implemented in 533 stores.
- Will be reaching the target for 500 franchisee store a year in advance. Have reached 419 stores.
- It has shut down almost 90 unprofitable COCO stores v/s pre-Covid
- As the inflation is stabilising and greater demand is anticipated, the pace of MBO addition will start to accelerate.

### Developments

- The organisation has implemented the Jamalpur 3PL warehouse project to create an effective supply chain.
- Focusing more towards ladies collection and hence launched Value Added Category for ladies
- The School category has bounced back strongly.
- Continuous investment in digital marketing drove footfalls, online sessions & orders

### Distribution channel

- Sales contribution by COCO is near 70%, franchisee – 8%, MBO – 14% and online business – 10% in FY23 v/s 74%/7%/19% for COCO/online/others in FY22:
  - COCO store revenue per sqft grew 30% YoY in FY23 and 7% YoY in 4QFY23
  - Online business grew 2.2x YoY to INR3.5b in FY23
- Digital channel grew ~1.5x YoY and 3.7m customers visit on the online channel
- In-Store business grew 1.2x YoY in 4QFY23.
- Contribution margin on per pair basis was higher in franchisee stores rather than COCO stores.
- Franchisee stores were at a revenue scale of 0.5x lower v/s COCO stores.

**Exhibit 2: Quarterly performance**

Consol P&L (INR m)	4QFY22	3QFY23	4QFY23	YoY%	QoQ%	4QFY23	v/s Est (%)
<b>Total Revenue</b>	<b>6,653</b>	<b>9,002</b>	<b>7,786</b>	<b>17</b>	<b>-14</b>	<b>7,337</b>	<b>6</b>
Raw Material cost	2,822	4,071	3,239	15	-20	3,192	1
<b>Gross Profit</b>	<b>3,831</b>	<b>4,931</b>	<b>4,547</b>	<b>19</b>	<b>-8</b>	<b>4,145</b>	<b>10</b>
<b>Gross margin (%)</b>	<b>57.6</b>	<b>54.8</b>	<b>58.4</b>	<b>81.1</b>	<b>362.4</b>	<b>56.5</b>	<b>189.9</b>
Employee Costs	952	1,029	1,039	9	1	1,086	-4
SGA Expenses	1,257	1,841	1,688	34	-8	1,382	22
<b>EBITDA</b>	<b>1,622</b>	<b>2,061</b>	<b>1,820</b>	<b>12</b>	<b>-12</b>	<b>1,677</b>	<b>8</b>
<b>EBITDA margin (%)</b>	<b>24.4</b>	<b>22.9</b>	<b>23.4</b>	<b>-100.3</b>	<b>48.0</b>	<b>22.9</b>	<b>50.9</b>
Depreciation and amortization	718	754	765	7	1	765	0
EBIT	904	1,307	1,055	17	-19	912	16
<b>EBIT margin (%)</b>	<b>13.6</b>	<b>14.5</b>	<b>13.5</b>	<b>-4.4</b>	<b>-97.3</b>	<b>12.4</b>	<b>111.4</b>
Finance Costs	245	286	272	11	-5	294	-7
Other income	187	75	99	-47	32	77	28
Exceptional item	0	0	0			0	NM
<b>Profit before Tax</b>	<b>846</b>	<b>1,096</b>	<b>882</b>	<b>4</b>	<b>-20</b>	<b>696</b>	<b>27</b>
Tax	216	265	226	4	-15	174	30
<b>Tax rate (%)</b>	<b>25.6</b>	<b>24.2</b>	<b>25.6</b>	<b>0.2</b>	<b>144.0</b>	<b>25.0</b>	<b>NM</b>
<b>Profit after Tax</b>	<b>630</b>	<b>831</b>	<b>656</b>	<b>4</b>	<b>-21</b>	<b>522</b>	<b>26</b>
<b>Adj Profit after Tax</b>	<b>630</b>	<b>831</b>	<b>656</b>	<b>4</b>	<b>-21</b>	<b>522</b>	<b>26</b>

Source: MOFSL, Company

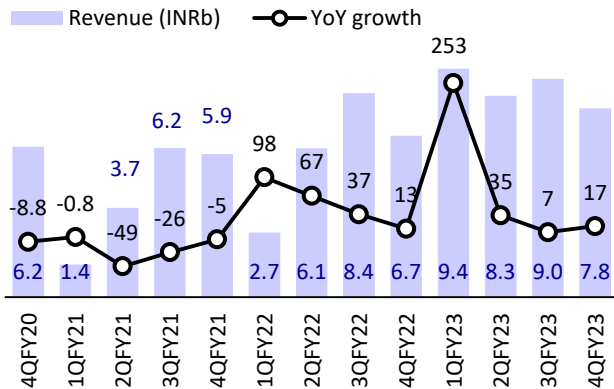
**Exhibit 3: Revisions to our estimates**

	FY24E	FY25E
<b>Revenue (INR m)</b>		
Old	38,274	43,001
Actual/New	38,778	43,567
<b>Change (%)</b>	<b>1.3</b>	<b>1.3</b>
<b>EBITDA (INR m)</b>		
Old	9,377	11,008
Actual/New	9,287	10,761
<b>Change (%)</b>	<b>-1.0</b>	<b>-2.2</b>
<b>EBITDA margin (%)</b>		
Old	24.5	25.6
Actual/New	24.0	24.7
<b>Change (bp)</b>	<b>-55</b>	<b>-90</b>
<b>Net Profit (INR m)</b>		
Old	4,298	5,572
Actual/New	4,052	5,259
<b>Change (%)</b>	<b>-5.7</b>	<b>-5.6</b>
<b>EPS (INR)</b>		
Old	33	43
Actual/New	32	41
<b>Change (%)</b>	<b>-5.8</b>	<b>-5.7</b>

Source: MOFSL, Company

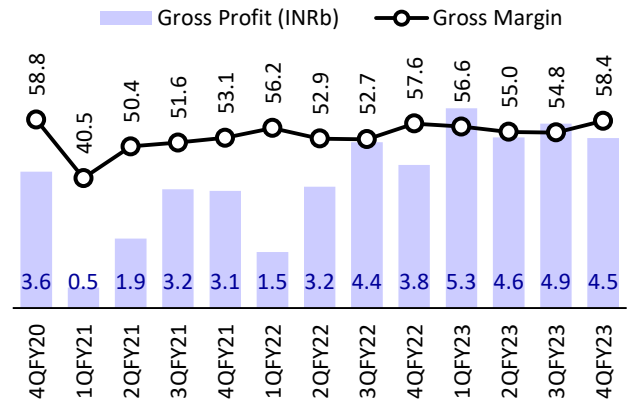
## Story in charts

**Exhibit 4: Revenue up 17% YoY led by 15% ASP increase**



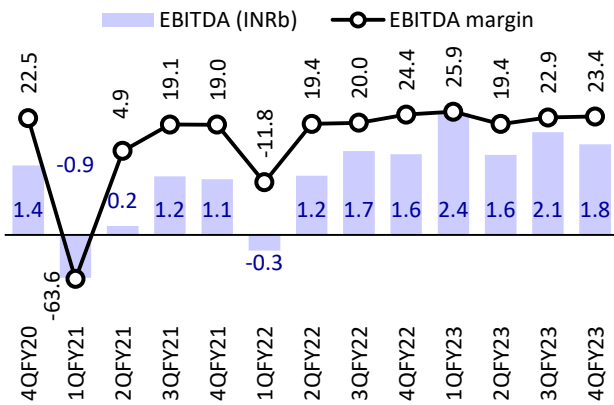
Source: MOFSL, Company

**Exhibit 5: RM moderation supported GM expansion**



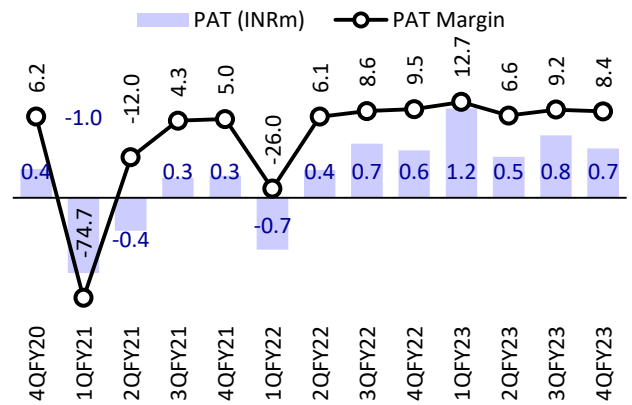
Source: MOFSL, Company

**Exhibit 6: GP growth of 19% YoY flows into 12% EBITDA growth**



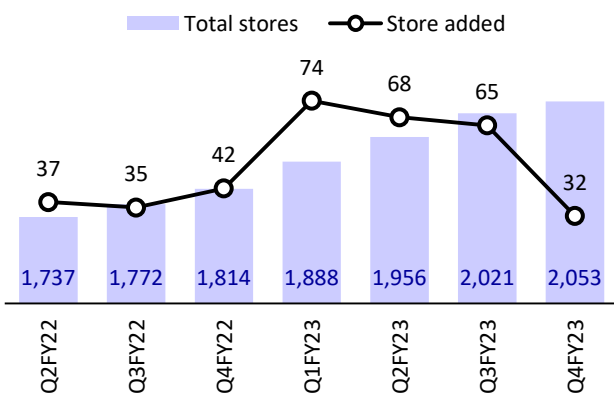
Source: MOFSL, Company

**Exhibit 7: PAT grew 4% YoY and beat estimates**



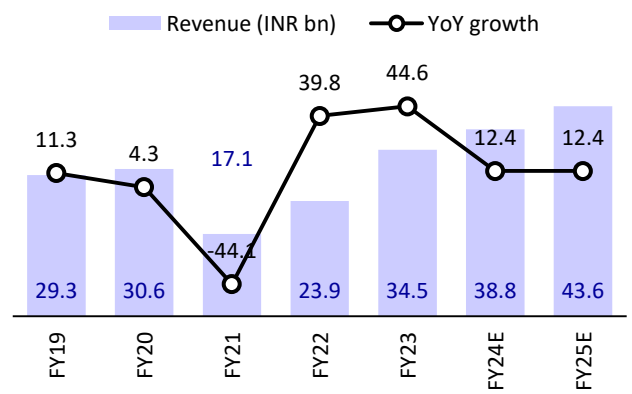
Source: MOFSL, Company

**Exhibit 8: New store adds grew 13% YoY in FY23**

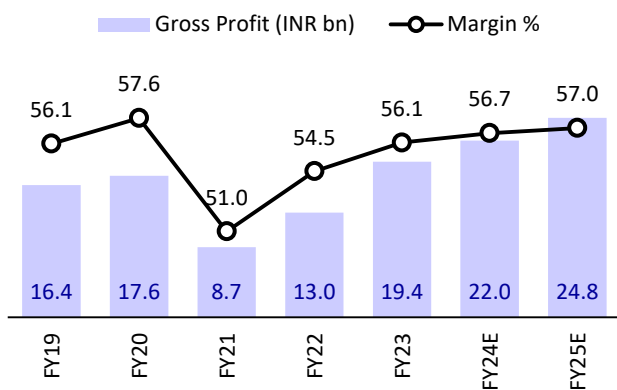


Source: MOFSL, Company

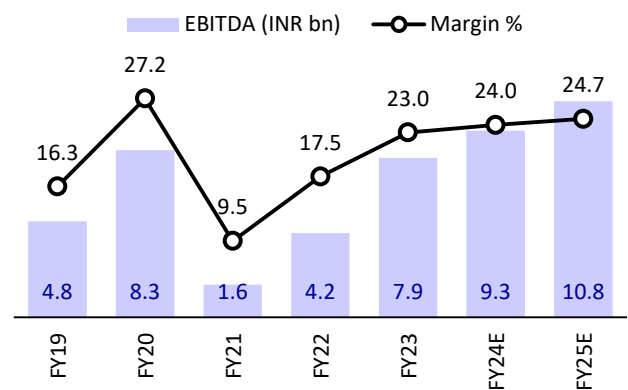
**Exhibit 9: Expect 12% revenue CAGR during FY23-25**



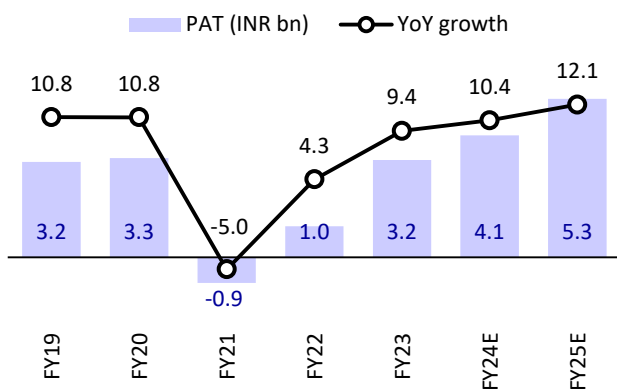
Source: MOFSL, Company

**Exhibit 10: Expect 13% GP CAGR over FY23-25**

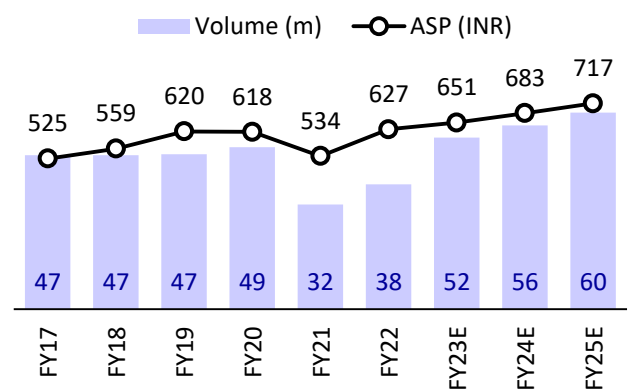
Source: MOFSL, Company

**Exhibit 11: Expect 16% EBITDA CAGR over FY23-25%**

Source: MOFSL, Company

**Exhibit 12: Expect margin to expand with 28% PAT CAGR**

Source: MOFSL, Company

**Exhibit 13: Revenue contribution from both Vol/ASP**

Source: MOFSL, Company



## Financials and valuations

### Consolidated - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>26,342</b>	<b>29,311</b>	<b>30,561</b>	<b>17,085</b>	<b>23,877</b>	<b>34,516</b>	<b>38,778</b>	<b>43,567</b>
Change (%)	6.5	11.3	4.3	-44.1	39.8	44.6	12.4	12.4
Raw Materials	12,024	12,871	12,966	8,375	10,868	15,137	16,791	18,734
<b>Gross Profit</b>	<b>14,318</b>	<b>16,440</b>	<b>17,595</b>	<b>8,710</b>	<b>13,009</b>	<b>19,379</b>	<b>21,987</b>	<b>24,833</b>
Margin (%)	54.4	56.1	57.6	51.0	54.5	56.1	56.7	57.0
Employees Cost	2,956	3,311	3,764	3,398	3,787	4,187	4,653	5,141
Other Expenses	7,848	8,357	5,510	3,690	5,037	7,256	8,046	8,931
<b>Total Expenditure</b>	<b>22,828</b>	<b>24,539</b>	<b>22,240</b>	<b>15,463</b>	<b>19,692</b>	<b>26,579</b>	<b>29,491</b>	<b>32,806</b>
% of Sales	86.7	83.7	72.8	90.5	82.5	77.0	76.1	75.3
<b>EBITDA</b>	<b>3,514</b>	<b>4,772</b>	<b>8,321</b>	<b>1,622</b>	<b>4,185</b>	<b>7,936</b>	<b>9,287</b>	<b>10,761</b>
Margin (%)	13.3	16.3	27.2	9.5	17.5	23.0	24.0	24.7
Depreciation	605	640	2,958	2,648	2,420	2,948	3,316	3,329
<b>EBIT</b>	<b>2,909</b>	<b>4,132</b>	<b>5,363</b>	<b>-1,026</b>	<b>1,765</b>	<b>4,989</b>	<b>5,971</b>	<b>7,432</b>
Int. and Finance Charges	42	35	1,177	1,035	928	1,078	1,070	1,073
Other Income	503	685	687	941	560	386	501	652
<b>PBT bef. EO Exp.</b>	<b>3,370</b>	<b>4,782</b>	<b>4,872</b>	<b>-1,120</b>	<b>1,397</b>	<b>4,296</b>	<b>5,402</b>	<b>7,011</b>
EO Items	0	-199	0	46	0	0	0	0
<b>PBT after EO Exp.</b>	<b>3,370</b>	<b>4,981</b>	<b>4,872</b>	<b>-1,166</b>	<b>1,397</b>	<b>4,296</b>	<b>5,402</b>	<b>7,011</b>
Total Tax	1,165	1,691	1,583	-273	367	1,067	1,351	1,753
Tax Rate (%)	34.6	33.9	32.5	23.4	26.3	24.8	25.0	25.0
Minority Interest	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>2,205</b>	<b>3,290</b>	<b>3,290</b>	<b>-893</b>	<b>1,030</b>	<b>3,229</b>	<b>4,052</b>	<b>5,259</b>
<b>Adjusted PAT</b>	<b>2,205</b>	<b>3,159</b>	<b>3,290</b>	<b>-858</b>	<b>1,030</b>	<b>3,229</b>	<b>4,052</b>	<b>5,259</b>
Change (%)	27.0	43.2	4.1	-126.1	-220.1	213.5	25.5	29.8
Margin (%)	8.4	10.8	10.8	-5.0	4.3	9.4	10.4	12.1

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	643	643	643	643	643	643	643	643
Total Reserves	14,145	16,823	18,323	16,938	17,504	13,739	17,791	23,049
<b>Net Worth</b>	<b>14,787</b>	<b>17,465</b>	<b>18,966</b>	<b>17,581</b>	<b>18,147</b>	<b>14,382</b>	<b>18,434</b>	<b>23,692</b>
Total Loans	0	0	12,491	10,323	10,942	12,464	12,497	12,525
Lease Liabilities			12,491	10,323	10,942	12,464	12,497	12,525
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
Other Liabilities	1,059	1,025	25	21	20	5	5	5
<b>Capital Employed</b>	<b>15,846</b>	<b>18,491</b>	<b>31,482</b>	<b>27,924</b>	<b>29,109</b>	<b>26,851</b>	<b>30,936</b>	<b>36,223</b>
Gross Block	8,890	9,731	19,125	17,670	18,661	23,268	21,721	22,184
Less: Accum. Deprn.	5,926	6,566	5,431	6,475	6,402	9,350	8,165	9,107
<b>Net Fixed Assets</b>	<b>2,945</b>	<b>3,146</b>	<b>13,675</b>	<b>11,195</b>	<b>12,259</b>	<b>13,918</b>	<b>13,556</b>	<b>13,077</b>
Capital WIP	121	173	199	336	52	38	38	38
<b>Total Investments</b>	<b>1,853</b>	<b>1,996</b>	<b>2,370</b>	<b>1,832</b>	<b>1,899</b>	<b>1,492</b>	<b>1,492</b>	<b>1,492</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>15,476</b>	<b>18,375</b>	<b>19,996</b>	<b>18,578</b>	<b>20,000</b>	<b>16,135</b>	<b>21,334</b>	<b>27,881</b>
Inventory	7,621	8,391	8,737	6,083	8,709	9,046	10,121	11,292
Account Receivables	886	653	612	794	717	826	850	955
Cash and Bank Balance	5,885	8,390	9,624	10,968	9,688	5,311	9,200	14,327
Loans and Advances	1,083	941	1,023	733	886	952	1,163	1,307
<b>Curr. Liability &amp; Prov.</b>	<b>5,602</b>	<b>6,296</b>	<b>5,867</b>	<b>5,400</b>	<b>6,143</b>	<b>5,865</b>	<b>6,617</b>	<b>7,398</b>
Account Payables	4,792	5,156	5,032	4,397	4,562	4,093	4,600	5,133
Other Current Liabilities	707	983	752	917	1,491	1,696	1,939	2,178
Provisions	103	157	83	86	90	76	78	87
<b>Net Current Assets</b>	<b>9,874</b>	<b>12,079</b>	<b>14,129</b>	<b>13,178</b>	<b>13,858</b>	<b>10,270</b>	<b>14,717</b>	<b>20,483</b>
Deferred Tax assets	1,054	1,098	1,110	1,384	1,042	1,133	1,133	1,133
<b>Appl. of Funds</b>	<b>15,846</b>	<b>18,491</b>	<b>31,482</b>	<b>27,924</b>	<b>29,109</b>	<b>26,851</b>	<b>30,936</b>	<b>36,223</b>



## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS (diluted from FY17)</b>	<b>17.2</b>	<b>24.6</b>	<b>25.6</b>	<b>-6.7</b>	<b>8.0</b>	<b>25.1</b>	<b>31.5</b>	<b>40.9</b>
Cash EPS (diluted from FY17)	21.9	29.6	48.6	13.9	26.8	48.1	57.3	66.8
BV/Share (diluted from FY17)	115.0	135.9	147.6	136.8	141.2	111.9	143.4	184.3
DPS	4.0	6.3	4.0	4.0	54.5	12.5	0.0	0.0
Payout (%)	23.3	24.4	15.6	-57.6	680.1	49.8	0.0	0.0
<b>Valuation (x)</b>								
P/E	89.2	62.3	59.8	-229.4	191.1	61.0	48.6	37.4
Cash P/E	70.0	51.8	31.5	109.9	57.0	31.9	26.7	22.9
P/BV	13.3	11.3	10.4	11.2	10.8	13.7	10.7	8.3
EV/Sales	7.2	6.4	6.5	11.5	8.3	5.9	5.2	4.5
EV/EBITDA	54.3	39.5	24.0	120.9	47.3	25.7	21.6	18.1
Dividend Yield (%)	0.3	0.4	0.3	0.3	3.6	0.8	0.0	0.0
FCF per share	6.2	20.4	38.4	33.1	12.7	41.9	50.8	58.5
<b>Return Ratios (%)</b>								
RoE	15.7	19.6	18.1	-4.7	5.8	19.9	24.7	25.0
RoCE	15.9	19.7	16.7	-0.2	6.0	14.4	16.8	18.1
RoIC	25.1	34.3	26.6	-4.6	8.1	20.0	22.3	27.5
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.0	3.0	1.6	1.0	1.3	1.5	1.8	2.0
Asset Turnover (x)	1.7	1.6	1.0	0.6	0.8	1.3	1.3	1.2
Inventory (Days)	231	238	246	265	292	218	220	220
Debtor (Days)	12	8	7	17	11	9	8	8
Creditor (Days)	145	146	142	192	153	99	100	100
<b>Leverage Ratio (x)</b>								
Current Ratio	2.8	2.9	3.4	3.4	3.3	2.8	3.2	3.8
Interest Cover Ratio	69.3	118.1	4.6	-1.0	1.9	4.6	5.6	6.9
Net Debt/Equity	-0.5	-0.6	0.0	-0.1	0.0	0.4	0.1	-0.1
	98	100	112					

### Consolidated - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>(INR m)</b>								
OP/(Loss) before Tax	3,400	4,783	4,851	-1,167	1,397	4,298	5,402	7,011
Depreciation	604	640	2,958	2,627	2,420	2,948	3,316	3,329
Interest & Finance Charges	42	35	1,177	1,035	928	1,079	1,070	1,073
Direct Taxes Paid	-1,152	-1,409	-1,869	468	-68	-974	-1,351	-1,753
(Inc)/Dec in WC	-991	122	-719	2,066	-1,982	-776	-558	-638
<b>CF from Operations</b>	<b>1,903</b>	<b>4,171</b>	<b>6,398</b>	<b>5,030</b>	<b>2,694</b>	<b>6,575</b>	<b>7,880</b>	<b>9,022</b>
Others	-347	-727	-600	-420	-579	-287	-501	-652
<b>CF from Operating incl EO</b>	<b>1,557</b>	<b>3,444</b>	<b>5,798</b>	<b>4,611</b>	<b>2,115</b>	<b>6,288</b>	<b>7,379</b>	<b>8,370</b>
(Inc)/Dec in FA	-754	-822	-857	-357	-477	-897	-850	-850
<b>Free Cash Flow</b>	<b>803</b>	<b>2,622</b>	<b>4,941</b>	<b>4,254</b>	<b>1,638</b>	<b>5,391</b>	<b>6,529</b>	<b>7,520</b>
(Pur)/Sale of Investments	-748	-2,461	-1,669	-920	940	4,963	0	0
Others	428	512	653	750	466	319	501	652
<b>CF from Investments</b>	<b>-1,074</b>	<b>-2,770</b>	<b>-1,873</b>	<b>-527</b>	<b>928</b>	<b>4,385</b>	<b>-349</b>	<b>-198</b>
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	0	0	0	-515	-514	-6,989	0	0
Interest Paid	-15	-14	-13	-11	-9	0	-1,070	-1,073
Dividend Paid	-541	-618	-969	0	0	0	0	0
Others	0	0	-3,379	-3,165	-2,886	-3,117	-1,967	-1,972
<b>CF from Fin. Activity</b>	<b>-556</b>	<b>-631</b>	<b>-4,361</b>	<b>-3,691</b>	<b>-3,410</b>	<b>-10,106</b>	<b>-3,037</b>	<b>-3,044</b>
<b>Inc/Dec of Cash</b>	<b>-73</b>	<b>42</b>	<b>-435</b>	<b>393</b>	<b>-367</b>	<b>567</b>	<b>3,993</b>	<b>5,127</b>
Opening Balance	631	559	586	150	543	176	743	4,736
<b>Closing Balance</b>	<b>559</b>	<b>600</b>	<b>150</b>	<b>543</b>	<b>176</b>	<b>743</b>	<b>4,736</b>	<b>9,863</b>
<b>Other Bank Balance</b>	<b>5,326</b>	<b>7,790</b>	<b>9,473</b>	<b>10,425</b>	<b>9,512</b>	<b>4,568</b>	<b>4,464</b>	<b>4,464</b>
<b>Net Closing Balance</b>	<b>5,885</b>	<b>8,390</b>	<b>9,624</b>	<b>10,968</b>	<b>9,688</b>	<b>5,311</b>	<b>9,200</b>	<b>14,327</b>

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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