

Metro Brands

Estimate change	↔
TP change	↑
Rating change	↔



Bloomberg	METROBRA IN
Equity Shares (m)	272
M.Cap.(INRb)/(USDb)	287.6 / 3.5
52-Week Range (INR)	1109 / 717
1, 6, 12 Rel. Per (%)	11/30/26
12M Avg Val (INR M)	224

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	21.3	24.9	30.3
EBITDA	6.8	7.4	9.6
Adj. PAT	3.6	3.7	5.0
EBITDA Margin (%)	31.9	29.5	31.8
Adj. EPS (INR)	13.3	13.5	18.4
EPS Gr. (%)	70.7	1.3	36.6
BV/Sh. (INR)	58.3	66.9	78.8

Ratios

Net D:E	0.2	0.2	0.2
RoE (%)	25.7	22.0	25.8
RoCE (%)	18.4	15.5	17.5
Payout (%)	37.4	37.2	37.2

Valuations

P/E (x)	79.7	78.7	57.6
EV/EBITDA (x)	43.5	40.3	30.7
EV/Sales (X)	13.9	11.9	9.8
Div. Yield (%)	0.5	0.5	0.6
FCF Yield (%)	1.0	1.7	2.0

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	74.2	74.2	74.3
DII	5.7	5.3	4.9
FII	2.6	2.8	3.2
Others	17.5	17.7	17.6

FII Includes depository receipts

CMP: INR1,060 TP: INR1,200 (+13%) Buy

Weak LTL growth; strong store adds continue

- Metro Brands reported 15% revenue growth (in line), aided by strong store additions. Revenue productivity declined 8% due to the pent-up demand base. However, gross margin remained intact owing to a high contribution from products with ASP of over INR3k and improvement in CBL gross margin. EBITDA grew 2%, while PAT declined 12% (8% above estimates).
- In the near term, we see risk of growth moderation, potential losses in Fila, and moderation in margins. This, along with a rebase in discounting and third-party sales, could impact margins. But, in the long term, healthy store economics and steady store adds in Fila should drive 19%/17% CAGR in revenue/PAT over FY23-25E. We reiterate our BUY rating on the stock.

Revenue in line, PAT down 12% on low LTL growth

- Revenue grew 15% to INR5.8b, while PAT declined 12% YoY INR929m. Adjusted for CBL losses, revenue/PAT grew 11%/2% YoY.
- Excluding CBL, revenue growth (in line) was led by 19% store area growth. On the other hand, SSSG is possibly in negative territory, owing to pent-up demand last year.
- Gross profit rose 13% YoY to INR3.4b (in line). Gross margin at 59.1% contracted 60bp YoY. Excluding CBL, gross margin stood at 59.8%.
- **Reported EBITDA grew 2% YoY to INR1.9b (9% beat).** Margin contracted 400bp YoY to 32% due to higher employee and other expenses, led by advertisement/marketing costs and a CBL loss of INR90m.
- PAT declined 12% YoY to INR929m (8% beat). Margin declined 480bp YoY to 15.9% (170bp beat), due to higher depreciation and finance costs.
- The company added 27 new stores and closed two Fila stores (none Metro standalone stores) in the quarter, leading to a total store count of 789 (including 23 Fila stores) in 182 cities (8 new cities added) vs. 2,053 POS of Bata in 698 cities.

Key takeaways from management commentary

- The company plans to add 200 stores (exc. Fila) over the next two years. It would additionally look to add 300-400 stores under Fila in the long run.
- The integration with Fila is progressing as planned and the company expects to liquidate the old inventory by the end of 3QFY24.
- The management indicated that the quarter was affected mainly by a high base last year, but consumer demand in the premium segment remained strong. A moderation in ASP and gross margin going ahead in 2Q and 4Q, mainly due to EOSS is expected to retrace gross margin to 55-57% vs 58.1% in FY23.
- While any clarification around BIS norms is yet to be received, it expects some disruption in supply due to its implementation and has hence frontloaded some inventory.

Aliasgar Shakir - Research Analyst (Aliasgar.Shakir@motilaloswal.com)

Research Analyst: Tanmay Gupta (Tanmay.Gupta@motilaloswal.com) | **Harsh Gokalgandhi** (Harsh.Gokalgandhi@motilaloswal.com)

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

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

Valuation and view

- Metro Brands trades at rich valuations, backed by 1) internally funded growth because of a strong OCF-to-EBITDA ratio of over 50%, and 2) a balance sheet that is par excellence, with a healthy RoIC of 25% for FY23.
- The company has been consistently reporting healthy double-digit revenue/PAT growth for the last 10 years.
- In the near term we see risk of growth moderation, losses in Fila, moderation in margins with the rebase of discounting and third-party sales. The growth opportunity in Fila and healthy store economics should drive 19%/17% CAGRS in revenue/PAT over FY23-25E.
- Superior store economics and a strong runway of growth should allow Metro to garner rich valuations going ahead. We increase the valuation multiple of the stock to 65x FY25E EPS (earlier 55x) to arrive at a TP of INR1,200. We reiterate our BUY rating on the stock.

Consolidated - Quarterly Earning**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var %)
Revenue	5,080	4,763	5,987	5,441	5,825	5,487	6,983	6,644	21,271	24,939	6,038	-3.5
YoY Change (%)	286.6	46.7	23.8	35.0	14.7	15.2	16.6	22.1	58.4	17.2	18.9	
Total Expenditure	3,251	3,292	3,935	4,006	3,959	3,964	4,703	4,956	14,483	17,582	4,329	-8.5
EBITDA	1,829	1,472	2,052	1,436	1,866	1,523	2,280	1,689	6,788	7,357	1,709	9.2
EBITDA Margin (%)	36.0	30.9	34.3	26.4	32.0	27.8	32.7	25.4	31.9	29.5	28.3	-3.7
Depreciation	390	414	504	502	543	552	559	554	1,810	2,207	500	8.4
Interest	134	148	173	175	185	196	201	222	631	804	191	-3.4
Other Income	93	118	146	187	144	150	153	152	544	599	146	-1.6
PBT	1,397	1,027	1,521	946	1,282	924	1,674	1,064	4,891	4,945	1,163	10.2
Tax	345	253	394	267	353	240	435	257	1,257	1,286	302	16.8
Rate (%)	24.7	24.6	25.9	28.2	27.5	26.0	26.0	24.1	25.7	26.0	26.0	
MI & Profit/Loss of Asso. Cos.	5	5	2	8	0	0	0	0	20	0	0	
PAT before MI	1,052	774	1,128	680	929	684	1,239	808	3,634	3,659	861	7.9
Adj PAT post MI	1,058	779	1,130	688	929	684	1,239	808	3,654	3,659	861	7.9
YoY Change (%)	-973	41	11	-1	-12	-12	10	17	70.4	0.1	-19	

E: MOFSL Estimates

Exhibit 1: Valuation based on FY25E

Particulars	INR/Share
EPS (INR)	18
Target P/E (x)	65
Target Price (INR/share)	1,200
CMP	1,060
Upside (%)	13

Source: MOFSL, Company

Update on implementation of BIS for footwear

- The Department for Promotion of Industry and Internal Trade (DPIIT) issued BIS Quality Control Order (QCO) for footwear, which was mandatory from 1st Jul'23 but the implementation is now deferred to 1st Jan'24 for most categories of footwear.
- In order to circumvent any potential supply chain disruptions, the company has front-loaded inventory buying to some extent, which would lead to higher inventory in 1HFY24.

Exhibit 2: Metro and CBL performance bifurcation

INR m	FY22	FY23	FY24E	FY25E
Consol revenue	13,429	21,271	24,939	30,330
Standalone revenue	13,429	20,961	23,939	28,330
CBL revenue	1,565	310*	1,000	2,000
Mix of CBL	12%	4%	4%	7%
Consol GP	7,770	12,351	14,340	17,440
Standalone GP	7,770	12,340	13,940	16,440
CBL GP	702	110*	400	1,000
Mix of CBL	9%	2%	3%	6%
Consol margin	57.9%	58.1%	57.5%	57.5%
Standalone margin	57.9%	58.9%	58.2%	58.0%
CBL margin	44.8%	35.5%	40.0%	50.0%
Consol EBITDA	4,092	6,788	7,357	9,645
Standalone EBITDA	4,092	6,908	7,557	9,545
CBL EBITDA	NA	-120*	-200	100
Mix of CBL	NA	-7%	-3%	1%
Consol margin (%)	30.5	31.9	29.5	31.8
Standalone margin (%)	30.5	33.0	31.6	33.7
CBL margin (%)	NA	-38.7	-20.0	5.0

*Numbers for 4 reported months i.e. Dec'22- Mar'23

Source: MOSL, Company

Exhibit 3: Metro and CBL mix share in performance for 1QFY24

INR m	Consol	Standalone	CBL	Mix
Total Revenue	5,825	5,655	170	3%
YoY	15	11		
Gross Profit	3,442	3,382	60	2%
Margin	59.1%	59.8%	35.3%	
YoY	13	11		
EBITDA	1,866	1,956	-90	-5%
Margin	32.0%	34.6%	-52.9%	
YoY	2	7		
PAT	929	1,069	-140	-13%
Margin	15.9%	18.9%	-82.4%	
YoY	-12	2		

Source: MOSL, Company



Key takeaways from the management commentary

Key highlights

- The company plans to add 200 stores (excl FILA) over the next two years. It would additionally look to add 300-400 stores under FILA in the long run.
- The integration with FILA is progressing as planned and the company expects to liquidate old inventory by the end of 3QFY24.
- The management indicated that the quarter was affected mainly by a high base last year, but consumer demand in the premium segment remained strong. A moderation in ASP and gross margin going ahead in 2Q and 4Q, mainly due to EOSS is expected to retrace gross margin to 55-57% vs 58.1% in FY23.
- While any clarification around BIS norms is yet to be received, the company expects some disruption in supply due to its implementation and has hence frontloaded some inventory.

Detailed notes

Business performance:

- The quarter witnessed normalized growth, with standalone revenue growing 12% YoY. Revenue growth compared to 1QFY20 stood at ~80% as against 43-44% footprint growth.
- Modest YoY growth in revenue was mainly a result of a higher base in 1QFY23, due to pent-up demand in the first normalized quarter after Covid.
- The trend of premiumization has been playing out, as sales of items with a price over INR3,000 saw improved share. Apart from this, the online segment, too, witnessed strong growth.
- Expenses now seem to have normalized with the resumption of business activities. The quarter witnessed normalization of rental expenses as against rent waivers received earlier. It expects Ad spends to remain in the historical range of 3-4% of revenue.
- The company stated that it is yet to receive any clarity around BIS norms, which are to be implemented in Jan'24. It, however, foresees some potential risk in supply and has, hence, frontloaded some inventory.
- Discount sales in 1QFY24 stood below 5%. It expects the annual share of discounted sales to remain within the historical range with some variations on quarterly basis.
- Lower sales in the Men's category were mainly due to the re-classification of crocs sales (classified under unisex).

Store opening:

- The company opened 27 stores during the quarter, taking the total store count to 766 stores (excl FILA and Pro-line). This is in line with the company's growth guidance.
- It plans to add 200 stores (Excl FILA) over the next two years.
- The lower revenue thru-put in newly opened stores in Tier 2 and 3 towns is being compensated by lower opex and capex, which helps maintain store-level profitability. The company is further looking to add more Fit-flop and Croc stores, which have higher thru-put.
- The company will continue its store expansion through mainly three strategies, viz.:

- Cluster-based approach: growing in similar cities wherever there is scope for expansion
- Backfilling: adding Crocs and Fitflop stores alongside Metro and Mochi stores
- Entering new cities
- The company further looks to expand crocs stores going ahead. It has seen some delay in store opening during the quarter mainly due to a delay in the mall openings.

FILA and Cravatex:

Cravatex:

- The implementation of ERP module, which is also present in Metro, saw some loss of sales due to transition.
- The loss is expected to be to the tune of INR140m.

FILA:

- The company has indicated that the FILA integration is on track and the liquidation of old inventory is in process, which is expected to be completed by the end of 3QFY24.
- After the liquidation, the company is looking to revamp the pricing, which is expected to range between INR4,000 and INR6,000.
- The company will look to focus on catering to premium customers, with focus on growing its premium category and rationalize distribution.
- The company has access to global tech and design, which can be leveraged on the domestic business. It will look to fill the gaps in designing with the help of its in-house designing team.
- On the scale, the company has indicated its target to reach 300-500 stores in the long run, which is in line with the range of established brands. In addition, it would also sell these products in its Metro and Mochi stores.
- The company will look to pick up expansion by the end of FY24. The business is expected to be margin accretive as and when it picks up.

Demand/Growth outlook:

- Incremental growth for the quarter came from the contribution of new stores added last quarter and improved sales from outside brands (30% of sales), which have higher ASP.
- It did not impact gross margins, as a majority of growth came from Crocs and Fit-flops, which have higher margins and existing tie-up with the company.
- The management has further indicated that Q2 and Q4 could see some moderation in ASP and GM mainly due to EOSS.
- Despite higher margins seen recently, the company has maintained its GM target in the range of 55-57%.
- The company has indicated that demand in the premium category will do well.
- With the introduction of new brands, the company expects revenue growth to move up from the historical 18% CAGR range.

Inventory:

- About 70% of inventory in the system pertains to core business.
- Product designs are either its own or collaborated with vendors. Wherever the company makes any tweak in designs, it is kept proprietary.

Pricing:

- The blended ASP witnessed grew merely 1% mainly due to improved share of lower ASP category and growth in Online business, which operates at an ASP of INR1,000.
- Excluding this factor, footwear ASP grew ~6-7%, whereas on store level (including accessories) it stood at 3%.
- ASP for Crocs (excl Jibits which has ASP of INR250-300) grew from INR2,900 to INR3,000.

Exhibit 4: Quarterly performance

	1QFY23	4QFY23	1QFY24	YoY%	QoQ%	1QFY24E	v/s Est (%)
Total Revenue	5,080	5,441	5,825	15	7	6,038	-4
Raw Material cost	2,046	2,401	2,384	16	-1	2,627	-9
Gross Profit	3,033	3,040	3,442	13	13	3,412	1
Gross margin (%)	59.7	55.9	59.1	-64	320	56.5	258
Employee Costs	396	523	533	35	2	556	-4
SGA Expenses	809	1,082	1,043	29	-4	1,147	-9
EBITDA	1,829	1,436	1,866	2	30	1,709	9
EBITDA margin (%)	36.0	26.4	32.0	-397	565	28.3	373.2
Depreciation and amortization	390	502	543	39	8	500	8
EBIT	1,439	934	1,323	-8	42	1,208	10
EBIT margin (%)	28.3	17.2	22.7	-561	556	20.0	271
Finance Costs	134	175	185	38	6	191	-3
Other income	93	187	144	55	-23	146	-2
Exceptional item	0	0	0	NM	NM	0	NM
Profit before Tax	1,397	946	1,282	-8	36	1,163	10
Tax	345	267	353	2	33	302	17
Tax rate (%)	24.7	28.2	27.5	287	-62	26.0	NM
Profit after Tax	1,052	680	929	-12	37	861	8
Adj Profit after Tax	1,052	680	929	-12	37	861	8
PAT margin (%)	20.7	12.5	15.9	-477	346	14.3	169

Source: MOFSL, Company

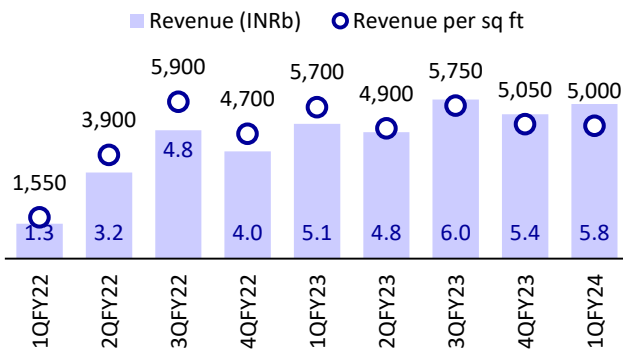
Exhibit 5: Summary of changes to our estimates

	FY24E	FY25E
Revenue (INR m)		
Old	25,695	31,827
Actual/New	24,939	30,330
Change (%)	-2.9	-4.7
GP (INR m)		
Old	14,518	18,142
Actual/New	14,340	17,440
Change (%)	-1.2	-3.9
EBITDA (INR m)		
Old	7,452	9,962
Actual/New	7,357	9,645
Change (%)	-1.3	-3.2
EBITDA margin (%)		
Old	29.0	31.3
Actual/New	29.5	31.8
Change (bp)	50	50
Net Profit (INR m)		
Old	3,807	5,231
Actual/New	3,659	4,997
Change (%)	-3.9	-4.5
EPS (INR)		
Old	14.0	19.3
Actual/New	13.5	18.4
Change (%)	-3.9	-4.5

Source: MOFSL, Company

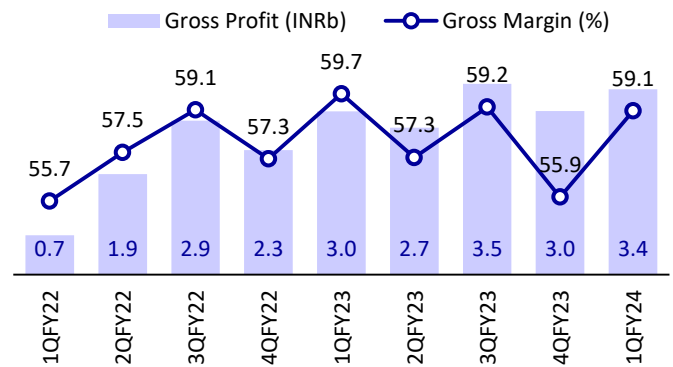
Story in charts

Exhibit 6: Revenue up 15% YoY for 1QFY24



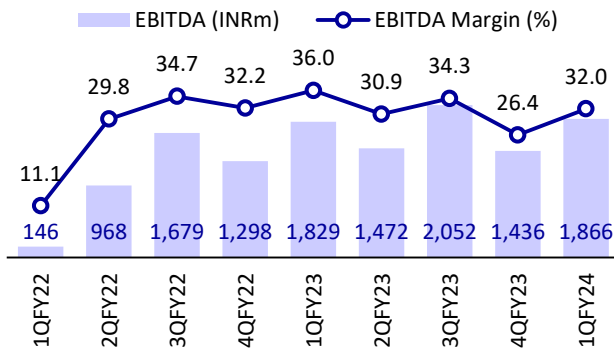
Source: MOFSL, Company

Exhibit 7: GP grew 13% YoY; margins at 59.1% for 1QFY24



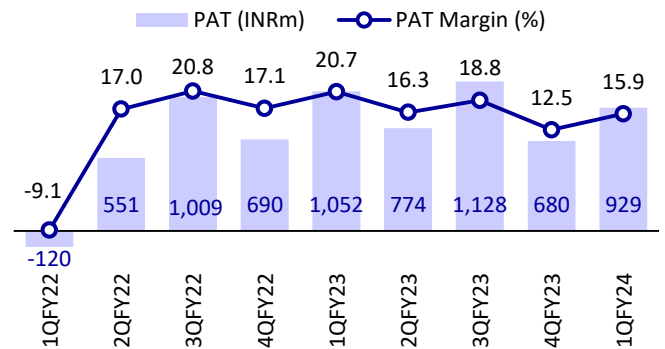
Source: MOFSL, Company

Exhibit 8: EBITDA margins at 32%, dragged by CBL loss



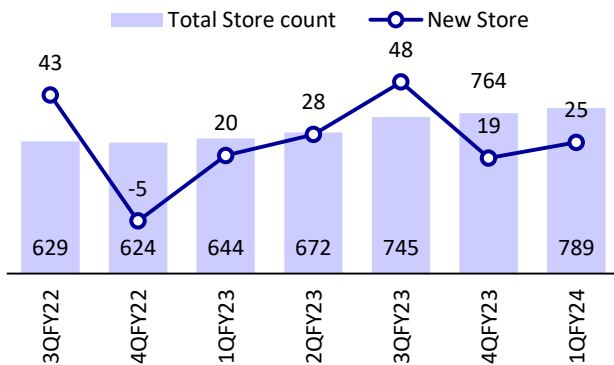
Source: MOFSL, Company

Exhibit 9: PAT declined 12% YoY due to CBL loss



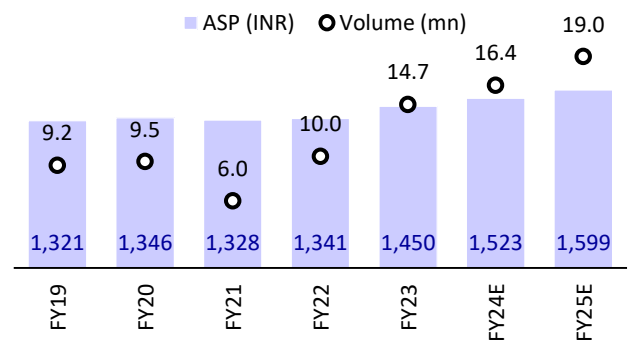
Source: MOFSL, Company

Exhibit 10: Total store count at 789 stores

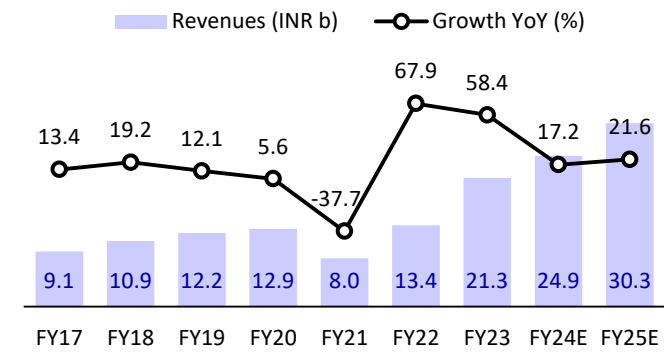


Source: MOFSL, Company

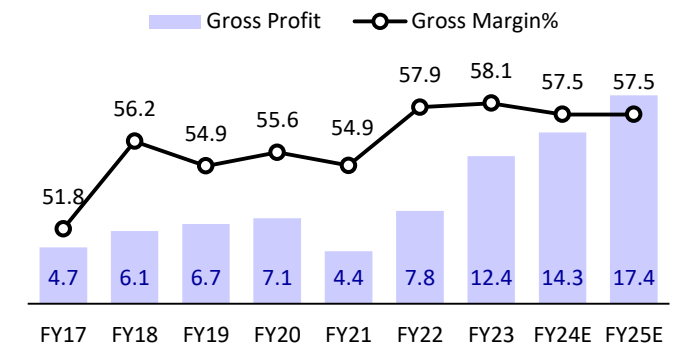
Exhibit 11: Expect volume growth to drive revenue growth



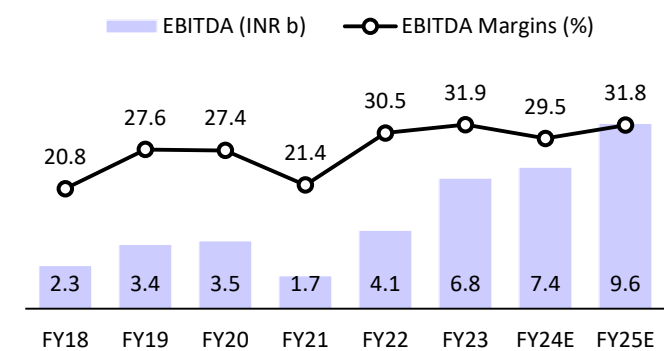
Source: MOFSL, Company

Exhibit 12: Expect 19% CAGR in revenue over FY23-25

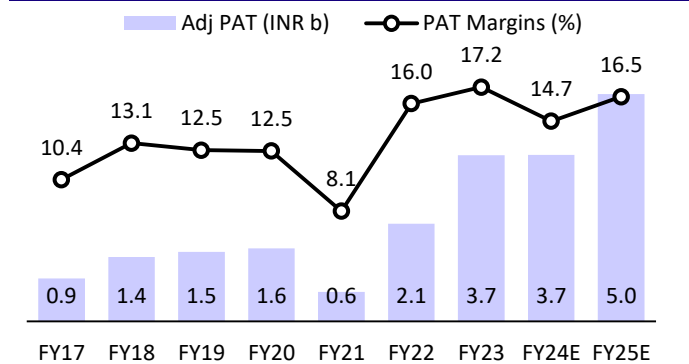
Source: MOFSL, Company

Exhibit 13: Expect GP to grow in line with revenue at 19%

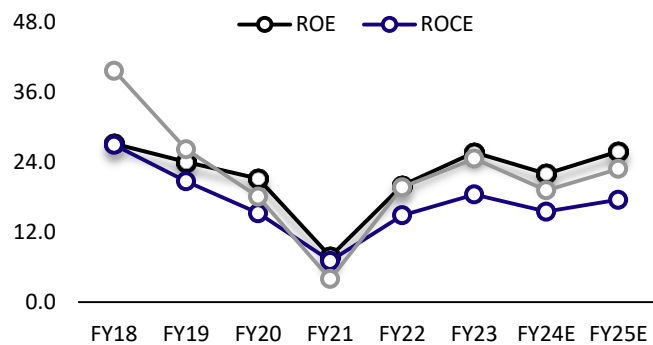
Source: MOFSL, Company

Exhibit 14: Expect EBITDA margins to recovery by FY25

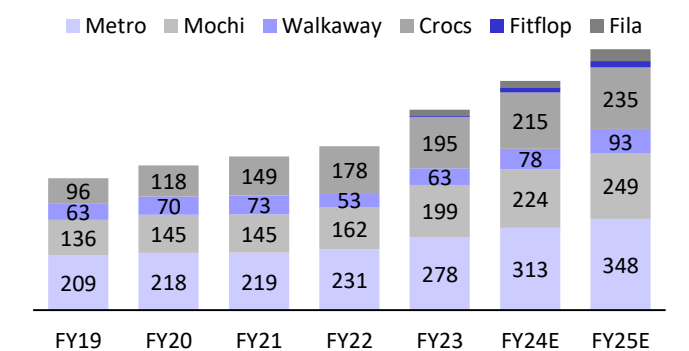
Source: MOFSL, Company

Exhibit 15: PAT margins to improve in FY25

Source: MOFSL, Company

Exhibit 16: Expect return ratios to improve

Source: MOFSL, Company

Exhibit 17: Format-wise store counts

Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	10,853	12,171	12,852	8,001	13,429	21,271	24,939	30,330
Change (%)	19.2	12.1	5.6	-37.7	67.9	58.4	17.2	21.6
Raw Materials	4,759	5,487	5,707	3,605	5,659	8,920	10,599	12,890
Gross Profit	6,094	6,683	7,145	4,396	7,770	12,351	14,340	17,440
Margin (%)	56.2	54.9	55.6	54.9	57.9	58.1	57.5	57.5
Employees Cost	975	1,121	1,268	1,026	1,212	1,843	2,245	2,548
Other Expenses	2,860	2,204	2,351	1,655	2,466	3,720	4,738	5,247
Total Expenditure	8,594	8,813	9,325	6,285	9,338	14,483	17,582	20,685
% of Sales	79.2	72.4	72.6	78.6	69.5	68.1	70.5	68.2
EBITDA	2,259	3,358	3,527	1,715	4,092	6,788	7,357	9,645
Margin (%)	20.8	27.6	27.4	21.4	30.5	31.9	29.5	31.8
Depreciation	195	936	1,206	1,218	1,342	1,810	2,207	2,537
EBIT	2,064	2,422	2,321	497	2,749	4,978	5,150	7,108
Int. and Finance Charges	4	339	395	437	504	631	804	954
Other Income	89	198	259	785	586	544	599	599
PBT bef. EO Exp.	2,149	2,281	2,184	845	2,831	4,891	4,945	6,752
PBT after EO Exp.	2,149	2,281	2,184	845	2,831	4,891	4,945	6,752
Total Tax	730	769	587	193	702	1,257	1,286	1,756
Tax Rate (%)	34.0	33.7	26.9	22.8	24.8	25.7	26.0	26.0
Minority Interest	0	15	8	-6	15	20	0	0
Reported PAT	1,418	1,512	1,597	652	2,130	3,634	3,659	4,997
Adjusted PAT	1,418	1,497	1,589	658	2,115	3,613	3,659	4,997
Change (%)	50.0	5.5	6.2	-58.6	221.3	70.8	1.3	36.6
Margin (%)	13.1	12.3	12.4	8.2	15.7	17.0	14.7	16.5

Consolidated - Balance Sheet							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	147	1,328	1,328	1,328	1,358	1,359	1,359	1,359
Total Reserves	5,624	5,366	6,980	7,147	11,289	14,118	16,418	19,558
Net Worth	5,771	6,694	8,308	8,474	12,647	15,477	17,777	20,917
Minority Interest	146	0	0	0	224	264	264	264
Total Loans	60	4,244	5,491	5,669	6,922	9,430	12,165	14,159
Lease Liabilities		4,146	5,376	5,655	6,922	9,430	12,165	14,159
Deferred Tax Liabilities	23	0	0	0	0	0	0	0
Other Liabilities	61	6	6	6	6	45	45	45
Capital Employed	6,061	10,944	13,804	14,150	19,800	25,216	30,251	35,386
Gross Block	0	7,566	9,798	10,394	12,765	19,118	23,733	27,828
Less: Accum. Deprn.	0	1,636	2,718	3,158	4,287	6,097	8,304	10,841
Net Fixed Assets	1,846	5,930	7,080	7,236	8,478	13,021	15,429	16,986
Other Non-Current	0	381	444	493	614	683	683	683
Capital WIP	60	41	130	45	62	178	178	178
Total Investments	2,274	2,099	3,484	3,997	3,625	4,763	4,763	4,763
Curr. Assets, Loans&Adv.	3,539	4,624	4,912	4,655	10,140	10,579	13,570	17,593
Inventory	2,794	3,646	3,761	2,898	4,242	6,458	7,260	8,652
Account Receivables	394	519	701	506	577	1,261	1,503	2,077
Cash and Bank Balance	154	121	109	879	4,350	1,985	3,836	5,891
Loans and Advances	197	338	341	373	971	875	972	972
Curr. Liability & Prov.	1,658	2,271	2,370	2,444	3,342	4,056	4,421	4,866
Account Payables	1,413	1,939	2,015	2,047	2,343	2,813	3,049	3,532
Other Current Liabilities	187	307	331	389	958	1,114	1,247	1,213
Provisions	58	25	25	8	40	129	125	121
Net Current Assets	1,881	2,353	2,542	2,212	6,798	6,522	9,150	12,727
Appl. of Funds	6,061	10,944	13,804	14,150	19,800	25,216	30,251	35,386

E: MOFSL Estimates

Financials and valuations

Ratios								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	48.2	5.6	6.0	2.5	7.8	13.3	13.5	18.4
Cash EPS	54.8	9.2	10.5	7.1	13.0	20.4	22.1	28.4
BV/Share	195.9	25.2	31.3	31.9	47.6	58.3	66.9	78.8
DPS	0.0	3.5	3.0	1.1	0.8	5.0	5.0	6.8
Payout (%)	0.0	30.7	24.9	45.8	9.6	37.4	37.2	37.2
Valuation (x)								
P/E	22.0	188.0	177.1	427.5	136.0	79.7	78.7	57.6
Cash P/E	19.3	115.6	100.7	149.9	81.4	51.9	48.0	37.4
P/BV	5.4	42.0	33.9	33.2	22.2	18.2	15.8	13.5
EV/Sales	2.9	11.9	11.4	35.8	21.6	13.9	11.9	9.8
EV/EBITDA	13.8	43.1	41.4	166.8	70.9	43.5	40.3	30.7
Dividend Yield (%)	0.0	0.3	0.3	0.1	0.1	0.5	0.5	0.6
FCF per share	41.2	10.3	17.3	9.0	8.6	10.3	18.0	21.9
Return Ratios (%)								
RoE	27.1	24.0	21.2	7.8	20.0	25.7	22.0	25.8
RoCE	27.0	20.7	15.3	7.1	14.9	18.4	15.5	17.5
RoIC	39.7	26.2	18.1	4.0	19.7	24.6	19.2	22.9
Working Capital Ratios								
Fixed Asset Turnover (x)	NA	1.6	1.3	0.8	1.1	1.1	1.1	1.1
Asset Turnover (x)	1.8	1.1	0.9	0.6	0.7	0.8	0.8	0.9
Inventory (Days)	214	243	241	293	274	264	250	245
Debtor (Days)	13	16	20	23	16	22	22	25
Creditor (Days)	108	129	129	207	151	115	105	100
Leverage Ratio (x)								
Current Ratio	2.1	2.0	2.1	1.9	3.0	2.6	3.1	3.6
Interest Cover Ratio	504.0	7.2	5.9	1.1	5.5	7.9	6.4	7.5
Net Debt/Equity	-0.4	0.3	0.2	0.1	-0.1	0.2	0.2	0.2

Consolidated - Cash Flow Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	2,149	2,281	2,184	845	2,831	4,891	4,945	6,752
Depreciation	195	936	1,206	1,218	1,342	1,810	2,207	2,537
Interest & Finance Charges	5	339	395	437	491	629	804	954
Direct Taxes Paid	-682	-803	-608	-204	-715	-1,412	-1,286	-1,756
(Inc)/Dec in WC	47	-570	-156	1,135	-638	-1,726	-777	-1,521
CF from Operations	1,713	2,183	3,021	3,432	3,312	4,192	5,893	6,966
Others	-167	-227	-291	-779	-491	-385	-599	-599
CF from Operating incl EO	1,546	1,957	2,731	2,653	2,821	3,807	5,295	6,368
(Inc)/Dec in FA	-331	-584	-440	-251	-479	-996	-413	-413
Free Cash Flow	1,215	1,373	2,291	2,402	2,342	2,811	4,882	5,955
(Pur)/Sale of Investments	-853	-140	-1,243	-329	538	-620	0	0
Others	247	51	57	-644	68	-748	599	599
CF from Investments	-937	-673	-1,626	-1,224	127	-2,365	186	186
Issue of Shares	0	7	0	0	2,924	28	0	0
Inc/(Dec) in Debt	31	39	17	-101	-14	-1,023	0	0
Interest Paid	-5	-6	-8	-6	-1	-1	-804	-954
Repayment of loan	-532	-446	0	-498	0	-883	-1,359	-1,856
Others	0	-913	-1,124	-665	-1,038	-1,710	-1,466	-1,688
CF from Fin. Activity	-505	-1,320	-1,115	-1,271	1,870	-3,588	-3,630	-4,498
Inc/Dec of Cash	104	-37	-10	158	4,818	-2,146	1,851	2,055
Opening Balance	48	152	115	105	263	5,081	2,935	4,786
Closing Balance	152	115	105	263	5,081	2,935	4,786	6,841
Other Bank Balance/(OD)	3	6	4	616	-732	-950	-950	-950
Net Closing Balance	155	121	109	879	4,350	1,985	3,836	5,891

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at

<http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.