

BSE SENSEX
71,658

S&P CNX
21,619

CMP: INR1,260

TP: INR1,530 (+21%)

Buy



Bloomberg	METROBRA IN
Equity Shares (m)	272
M.Cap.(INRb)/(USD\$)	342.5 / 4.1
52-Week Range (INR)	1441 / 736
1, 6, 12 Rel. Per (%)	-6/14/27
12M Avg Val (INR M)	188

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	21.3	24.9	30.3
EBITDA	6.8	7.4	9.7
Adj. PAT	3.6	3.6	5.0
EBITDA Margin (%)	31.9	29.8	32.0
Adj. EPS (INR)	13.3	13.3	18.5
EPS Gr. (%)	70.7	0.4	38.7
BV/Sh. (INR)	58.3	66.9	78.8

Ratios

Net D:E	0.2	0.2	0.2
RoE (%)	25.7	21.8	26.0
RoCE (%)	18.4	15.4	17.6
Payout (%)	37.4	37.2	37.2

Valuations

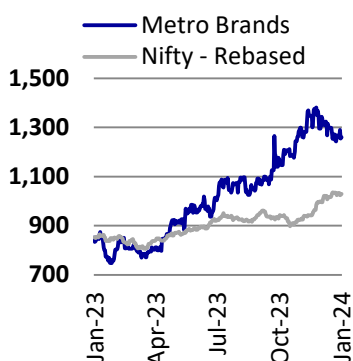
P/E (x)	94.8	94.4	68.1
EV/EBITDA (x)	51.5	47.3	36.2
EV/Sales (X)	16.4	14.1	11.6
Div. Yield (%)	0.4	0.4	0.5
FCF Yield (%)	0.8	1.4	1.7

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	74.2	74.2	74.3
DII	6.1	5.7	4.7
FII	2.3	2.6	3.3
Others	17.5	17.5	17.7

FII Includes depository receipts

Stock's performance (one-year)



Adding feet's to the marathon

Fila and Foot Locker to add next leg of growth

Strong execution

The discretionary category has seen weak demand trends in the last few quarters, but METRO has continued to post industry-leading growth, led by steady footprint expansion. Although it could face moderation in SSSG and margin rebase in the near term, we expect the company to deliver secular 20% growth over the next five years, driven by its strong execution prowess evident from superlative store economics, a huge runway of footprint addition, excellent cashflow and ROIC profile, and new brand additions.

Steady store economics

METRO has a history of robust store economics with 2x revenue productivity (~INR25k revenue per sq. ft.) vs. Bata. It generates store-level EBITDA margin of ~25%, which results in a superior payback period of less than two years. The right store size, a wide product portfolio (with upcoming Fila and Foot Locker), and premiumization (2x ASP vs. Bata) help METRO achieve healthy store economics.

Huge footprint growth opportunity with internal accruals

METRO is expected to generate strong OCF (pre Ind-AS 116) of INR6b over FY24-25E, which can enable the company to fund the addition of over 250 stores per year. Moreover, its robust store economics, the addition of new formats in the pipeline (Fila and Foot Locker), and its 10-year track record of consistent store additions give us enough confidence in its ability to drive growth from internal accruals. With the addition of Fila and Foot Locker, the company has enabled seven formats to drive scale. Metro Brands has 795 stores across 5 formats in 189 cities against Bata's has around 2,150 stores in 725 cities, highlighting the huge growth potential ahead. We factor 21% revenue CAGR over FY24-26E led by 13% footprint CAGR.

Tapping growth through new brands

Fila and Foot Locker offers new growth engines. While Fila, in the near term, plans to focus on re-energizing its business by clearing the inventory. In the next three to five years, both brands could see about 400-500 store additions similar to the top sportswear brands in India, like Puma, Adidas, and Sketchers. With average revenue per store of INR20-30m (similar to Metro stores), both brands could garner about INR8-10b revenue from EBOs, online and other channels. Thus, METRO has an opportunity to leverage both brands in India to potentially generate INR15-20b in sales in the next three to five years, garnering about 50% of consol. revenue with ~20% pre Ind-AS EBITDA margin and ~15% PAT margin.

Valuation

METRO trades at rich valuations, at P/E of 55x on FY26 estimates, backed by: 1) a strong runway for growth, largely funded through internal sources, given its strong OCF-to-EBITDA ratio of over 50%; and b) superior store economics reflected in the balance sheet and a healthy RoIC of +50%. We believe the incremental opportunity in Fila and Foot Locker can further accelerate growth for METRO, which is not captured in the valuation. We factor in 21%/26% growth in revenue/EBITDA for FY24-26E and assign, PE of 60x on FY26E PAT of METRO's existing portfolio. We have not factored Fila and Foot Locker earnings, but we believe they have revenue potential of INR15-20b over the next 3-5 years (i.e. 30-40% share of Metro). Since both the brands are at initial stage of investing, we value Fila/Foot Locker at a ~75% discount to the potential value which creates an option value of INR160 (Exhibit 2), thus arriving at a valuation of INR1,530 per share.

Exhibit 1: Valuation on FY26E

(INR/share)	Mar'26
EPS (INR)	23
Target P/E (x)	60
Target price for Metro Brands	1,370
Add: Option value for Fila/Foot Locker (Exhibit 2)	160
Target price for Metro Brands including option value	1,530
CMP	1,260
Upside (%)	21%

Source: MOFSL

Exhibit 2: Option value for Fila and Foot Locker

INRb	in next 3-5 years
Foot Locker revenue	10
Fila	10
Incremental revenue	20
PAT margin	14.5
PAT	2.9
Target P/E	15x
Market cap	44
No of shares	272
per share	160

Source: MOFSL

Steady store economics

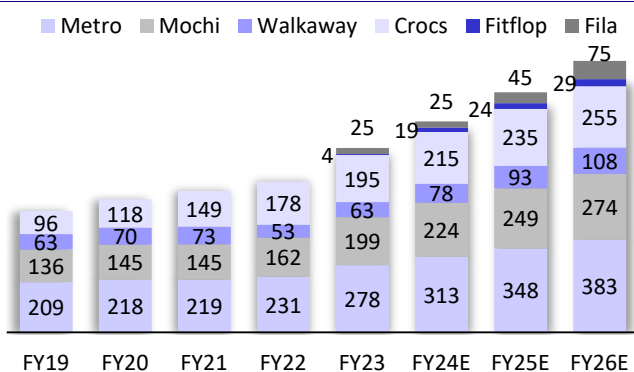
- METRO's has built a successful EBO model with 2x revenue productivity vs. Bata.
- A Metro store generates average revenue of ~INR25k/sq. ft. with ASP of ~INR1,450. Its store-level EBITDA margin of ~25% and capex, including inventory, of ~INR9.5k/sq.ft. translated into a superior payback period of 2.1 years (*Exhibit 3*).
- Healthy store economics are driven by factors like: a) right store size, b) wide product basket (with upcoming Fila and Foot Locker), which caters to family audience, c) premium products (2x ASP vs Bata), and d) prioritizing productivity over store costs (incentivizing staff and ideal store locations). This, in turn, gives a leg up to its growth initiatives.

Exhibit 3: Store economics garner a payback period of around two years

INRm	Particulars	Metro	Bata
Stores	Stores	817	2,150
	Area per store	1,311	1,692
Capex	Capex/sqft	2,988	2,750
	Capex	3.8	4.7
	Inventory/sqft	6,455	2,459
	Inventory	8.5	4.2
	Investment/sqft	9,351	5,209
	Initial investment	12.3	8.8
Revenue	Revenue/sqft (INR)	23,931	10,548
	Annual store revenue	31.4	17.9
Profitability	COGS at store level	13.2	7.7
	Gross profit at store level	18.2	10.2
	Gross margin at store level (%)	58%	57%
	EBITDA	7.7	3.3
	margin (%)	25%	19%
	Corporate expense	1.1	0.7
	EBITDA at company level	6.6	2.6
	EBITDA margin at company level (%)	21%	15%
Performance	Asset turnover	2.6	2.0
	Inventory turnover	3.7	4.3
	RoI (%)	47%	28%
	Payback period (yrs)	2.1	3.5

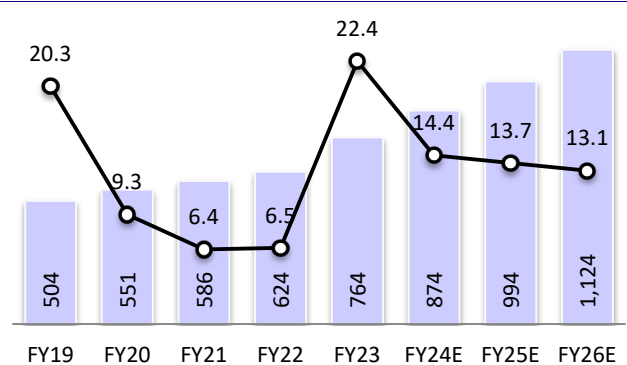
Source: MOFSL, Company

Exhibit 4: Format-wise store trajectory



Source: MOFSL, Company

Exhibit 5: Total store growth



Source: MOFSL, Company

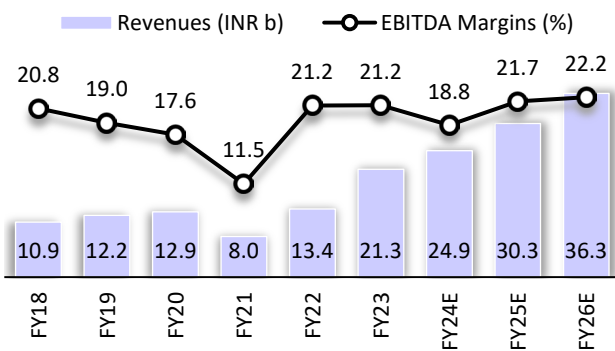
Huge opportunity to grow footprint

The following factors give us confidence in METRO's ability to drive growth:

- Strong OCF of INR6b over FY24-25E could fund the addition of over 250 stores p.a.
- The management's intent to grow its footprint by double-digits
- Robust store economics
- Addition of new formats in the pipeline- Fila and Foot Locker
- Its last 10-year track record of consistent store additions

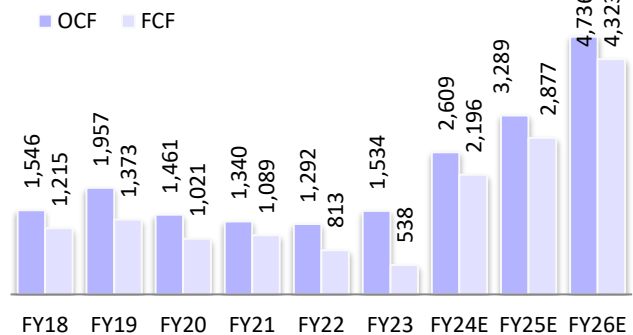
We factor in a 13% footprint CAGR to drive a 21% revenue CAGR over FY24-26E.

Exhibit 1: Expect revenue/EBITDA (pre Ind-AS 116) to grow at 20%/30% CAGR over FY24-26E



Source: MOFSL, Company

Exhibit 2: Expect cash generation to stay robust



Source: MOFSL, Company

Growing through new brands

- Fila and Foot Locker have the potential to roll out 400-500 stores each, as top sportswear brands in India, like Puma, Adidas, and Sketchers, have 400-500 stores.

A. FILA: addition to METRO's sportswear portfolio

- Earlier a part of Cravatex-** Fila in India was a part of the Cravatex group (till 2022) with limited presence, compared to the top MNC sportswear brands such as – Puma, Adidas, Nike, and Sketchers dominating India sportswear market.
 - Despite FILA enjoying a strong brand recall globally, other competitors in India have managed to reach an annual revenue of INR8-12b in FY20, much above Fila's sales numbers in India. (see exhibit 10).
 - Fila's FY20/FY22 revenue was mere INR1.5b/INR2.6b, respectively.
- Strong brand recall in the global market-** Globally, particularly in the US, South Korea, and China, Fila has been well-recognized brand with a cumulative revenue of USD10.9b as of FY22. (see exhibit 11).
 - Under the Metro Brand, Fila could expect revival in brand salience, given Metro's ability to nurture high ASP brands.
- Way forward-**
 - Fila's near-term focus is on re-energizing the business by clearing the existing inventory by FY24.
 - METRO targets to relaunch the brand in FY25 by leveraging METRO's existing stores, and looking at Fila's progression, the company will start adding Fila stores.

- We expect, in the next three to five years, the company may add around 400-500 Fila stores. With average revenue per store of around INR20-25m, Fila could generate about INR8-10b in revenue through EBOs, online and other channels.
- **Apparel:** It is a new product category for METRO; 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 in the future.
- **Increase in blended ASP:** Metro-blended ASP ranges between INR1,400 and INR1,500, and Fila's ASP ranges between INR3,000 and INR3,500. The higher ASP range of Fila could lift Metro-blended ASP.

B. Foot Locker: addition to METRO's sneakers portfolio

- **Foot Locker is a New York-headquartered footwear and apparel retailer** operating in 26 countries with 2,600 multi-brand retail stores (MBO) and around 184 franchised stores in the Middle East and Asia. (see exhibit 13 for summary financials)
 - It operates under five brands" 1) Foot Locker (1,588 stores), 2) Kids Foot Locker (410 stores), 3) Champs Sports, 4) WSS, and 5) atmos. (see exhibit 12 for revenue mix amongst formats)
 - FL curates special product assortments and marketing content that support premium position from brands such as Nike, Jordan, Adidas, and Puma, as well as new and emerging brands in the athletic and lifestyle space.
 - Nike contribute around 65% of total sales, while the top 5 brands contribute 86% of supplies.
- **Average store size would be 2-2.5x of Metro/Mochi** - Foot Locker's average store size in the US is ~3,200sqft and its international stores have an average size of ~2,000sqft. Kids Foot Locker stores have an average size of ~1,900sqft. In India. METRO could test customer response by initially opening stores in urban-centric locations (Metro and Tier 1), with potential to roll out 400-500 stores.
- **Targets ASP of +INR5,000:** Foot Locker's average store size, ASP, and revenue per store will be higher than that of Metro/Mochi. With Foot Locker's revenue per store of INR25-30m, METRO has an opportunity to leverage the Foot Locker brand in India to potentially generate INR8-10b in sales in the next three to five years.
 - **Higher EBITDA/store:** Foot Locker's gross margins would be lower than METRO's margin of ~55-57%, but higher revenue and operating leverage due to existing backbone, POS, loyalty system, marketing, ERP, store BD team and supply chain would help it generate more absolute EBITDA per store.
- **Inventory management:** Nike is the largest contributor in Foot Locker. The inventory is divided into three categories:
 1. **Exclusive products:** Exclusive products account for 10%-20% of Foot Locker's inventory. Foot Locker only makes these products.
 2. **Expensive premium products**, like Air Jordan, are scarcity-driven products and only have limited volumes. They are available in all countries and account for 40-50% of Foot Locker's inventory.
 3. The remaining 40% of inventory could be available in all stores. The company will source the inventory directly from the merchandise.

- Hence, Fila and Foot Locker could add ~INR15-20b or ~50% of METRO's consol. revenue, with GM/EBITDA margin/PAT margin of ~50%/~20%/~15%. (see Exhibit 14)
- We have not factored Fila and Foot Locker earnings, but we believe they have revenue potential of INR15-20b over the next 3-5 years (i.e. 30-40% share of Metro).
- Since both the brands are at initial stage of investing, we value Fila/Foot Locker at a discount of ~75% discount to the potential value which creates an option value of INR160 (Exhibit 2)
- As the execution, plays out we see more upside for the two brands.

Exhibit 6: Indian footwear market size (Fila and Foot Locker in EBO segment)

	Channels	FY20		FY25E		CAGR FY20-25	
		Share	INRb	Share	INRb		
Organized	B&M/ Retail	EBO	9%	65	11%	116	12%
		MBO/LFS	5%	36	5%	53	8%
		Total	14%	101	16%	168	11%
	Online	Brand website	5%	36	8%	84	18%
		Marketplaces	11%	79	14%	147	13%
	Total	16%	115	22%	231	15%	
Unorganized	B&M	MBO	70%	504	62%	651	5%
			100%	720	100%	1,050	8%

Source: Technopak Analysis

Exhibit 7: Indian consumers are moving to high-price products (Fila and Foot Locker into INR5k+ ASP)

Segment-wise revenue share	FY15	FY20	FY21	FY25E
Mass (<INR 500)	56%	54%	53%	51%
Economy (INR 501-1000)	14%	15%	16%	15%
Mid (INR 1001-1500)	16%	15%	16%	16%
Mid Premium (INR 1501-2000)	5%	5%	5%	5%
Premium (INR 2001-3000)	4%	5%	5%	6%
Premium Plus (>INR3000)	5%	6%	5%	7%
Total	100%	100%	100%	100%
Market size (INRb)	475	720	480	1,050

Source: Technopak Analysis

Exhibit 8: India Footwear: 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.

Source: Technopak Analysis, Company

Exhibit 9: Fila brand operations across the Globe

USD m	Description	2015	2022	CAGR (15-22)
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	3268	24%
EBITDA		80	337	23%
PAT		-117	362	NA
M.Cap		906	1584	8%
Fila USA	Apparel and footwear-based retail and wholesale distributor, operation in North America (USA, Canada, Mexico) A subsidiary of Fila Holdings			
Revenue		321	359	2%
EBITDA		20	-51	NA
PAT		11	-62	NA
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	384	5%
EBITDA		-3	67	NA
PAT		0	50	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	7,565	31%
EBITDA		460	1,552	19%
PAT		325	1,070	19%
M.Cap		6,874	37,308	27%

Source: Bloomberg

Exhibit 10: Foot Locker sales format-wise breakup across geographies

Jan end, USDm	FY21	Mix	FY22	Mix	FY23	Mix
North America	5,938	79%	6,895	77%	6,423	73%
Foot Locker	2,835	38%	3,295	37%	3,304	38%
Champs Sports	1,610	21%	1,939	22%	1,681	19%
Kids Foot Locker	590	8%	724	8%	708	8%
WSS	0	0%	195	2%	604	7%
Other	903	12%	742	8%	126	1%
EMEA	1,343	18%	1,641	18%	1,722	20%
Foot Locker - EMEA	1,250	17%	1,565	17%	1,628	19%
Sidestep	46	1%	76	1%	94	1%
Others	47	1%	0	0%	0	0%
Asia Pacific	267	4%	422	5%	602	7%
Foot Locker - AP	267	4%	373	4%	414	5%
Atmos	0	0%	49	1%	188	2%
Total	7,548	100%	8,958	100%	8,747	100%

Source: Technopak Analysis

Exhibit 11: Foot Locker sales Income statement

Jan end, USDm	FY21	FY22	FY23
Revenue	7,548	8,968	8,759
growth %	-6%	19%	-2%
Gross Profit	2,183	3,090	2,804
margin %	29%	34%	32%
Operating Income	596	1,239	901
margin %	8%	14%	10%
PAT	323	892	344
margin %	4%	10%	4%

Source: Technopak Analysis

Exhibit 12: Fila and Foot Locker potential upside for Metro

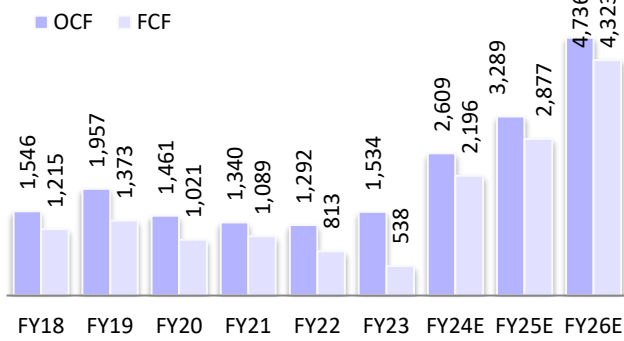
Fila	Foot locker						Total			
	A	B	C	Case	A	B	C	Case A	Case B	Case C
Potential store rollout	300	400	500	Potential store rollout	300	400	500			
Revenue per store (INRm)	20	25	30	Revenue per store (INRm)	20	25	30			
Revenue (INRm)	6000	10000	15000	Revenue (INRm)	6000	10000	15000	12000	20000	30000
% of Metro on FY26E								33%	55%	83%
EBITDA (INRm)	1200	2000	3000	EBITDA (INRm)	1200	2000	3000	2400	3000	6000
margin	20%	20%	20%	margin	20%	20%	20%	20%	20%	20%
% of Metro on FY26E								25%	42%	63%
PAT (INRm)	900	1500	2250	PAT (INRm)	900	1500	2250	1800	3000	4500
margin	15%	15%	15%	margin	15%	15%	15%	15%	15%	15%
% of Metro on FY26E								29%	48%	73%

Source: MOFSL, Company

Lean balance sheet; cash generation remains robust

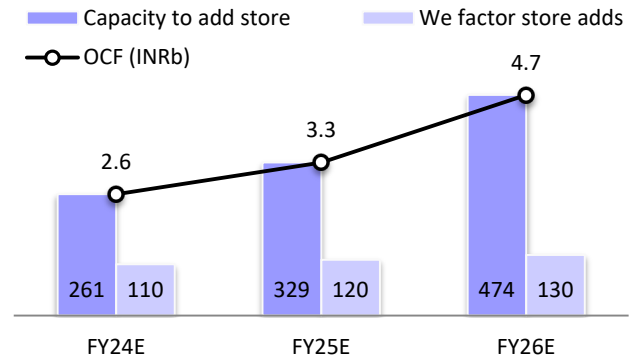
- **Focus on building an asset-light model:** METRO operates via leased stores and aims to turn profitable in the first year itself. The management believes that if a retail store loses money in the first year itself, it is a challenge to turn it around as costs go up every year.
- **Strong store economics:** An average store contributes INR25-30m in revenue i.e. 2.5x asset turnover with a realization of ~INR1,450. The controlled cost of retailing leads to store-level margin of ~25%, which works out to a store EBITDA of INR6.5-7.5m and a payback of ~2 years.
- **Expansion capability:** The store addition could be done through internal accruals with average capex of about INR10m-12m per store vs. METRO's average OCF of INR6b p.a. in FY24-25E and a strong net-cash balance sheet.
 - The OCF generation implies an average 450-500 store additions in a year. We factor in 110-120 store adds p.a.
 - On a base of 817/874 stores in 2QFY24/FY24E, the company has ability to expand footprints by 20% annually, given that
 - a. Seven formats (including Fila, Foot Locker) will be expanded to cities where the Metro format has average 200-300 stores,
 - b. It has presence in 189 cities vs. Bata's presence in 725 cities with ~2,150 stores,
 - c. OCF implies 450-500 store adds by internal accruals,
 - d. Strong store economics

Exhibit 13: Expect cash generation to stay robust...



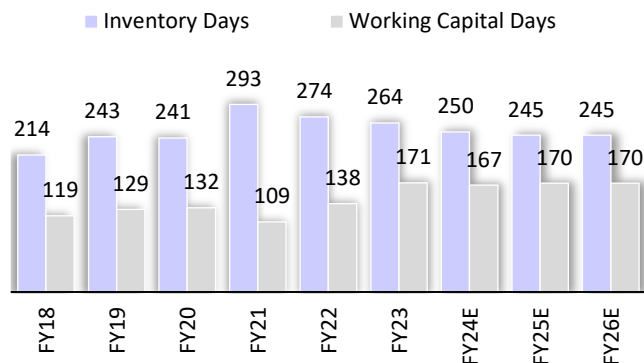
Source: MOFSL, Company

Exhibit 14: ... which will support store adds internally



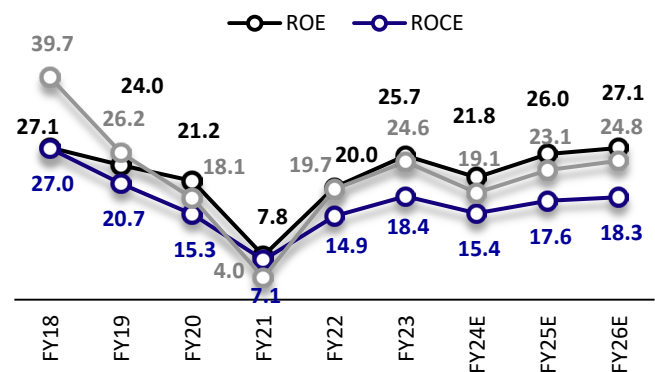
Source: MOFSL, Company

Exhibit 15: Control on inventory to aid working capital



Source: MOFSL, Company

Exhibit 16: Return ratios to improve (%)



Source: MOFSL, Company

Exhibit 17: Footwear valuation table

Companies	M.Cap (INR b)	CMP (INR)	Revenue (INR b)			EBITDA (Pre Ind AS-116)			EBITDA Margins (%) (Pre Ind AS-116)			EBITDA margins (%) (Post Ind AS-116)			PAT (INR b)		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Footwear																	
Metro brands	342	832	25	30	36	4.6	6.6	8.1	18.6	21.7	22.2	29.8	32.0	32.7	3.6	5.0	6.2
Relaxo	223	895	30	36	43	3.5	5.3	7.4	11.6	14.9	17.3	14.2	17.4	19.7	8.6	13.7	19.7
Bata	201	1,564	35	39	43	5.2	6.4	8.3	14.6	16.6	19.2	24.5	25.4	26.9	3.3	4.5	6.0
Campus	89	291	15	16	20	2.5	2.7	3.9	16.8	16.5	19.5	17.9	17.3	20.0	1.3	1.3	2.0

Companies	ROCE (%)			P/E			EV/Sales			EV/EBITDA (Pre Ind AS-116)			EV/EBITDA (Post Ind AS-116)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Footwear															
Metro brands	15.4	17.6	18.3	94	68	55	14.1	11.6	9.7	72	50	41	47	36	30
Relaxo	10.5	14.9	18.3	104	65	46	7.2	6.1	5.1	38	28	20	51	35	26
Bata	15.5	16.5	18.1	56	44	33	5.8	5.2	4.5	37	29	22	24	20	17
Campus	16.1	14.5	18.2	71	68	44	6.1	5.4	4.5	36	33	23	34	31	22

Financials and Valuation

Consolidated - Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	12,171	12,852	8,001	13,429	21,271	24,939	30,330	36,312
Change (%)	12.1	5.6	-37.7	67.9	58.4	17.2	21.6	19.7
Raw Materials	5,487	5,707	3,605	5,659	8,920	10,562	12,845	15,378
Gross Profit	6,683	7,145	4,396	7,770	12,351	14,377	17,485	20,934
Margin (%)	54.9	55.6	54.9	57.9	58.1	57.7	57.7	57.7
Employees Cost	1,121	1,268	1,026	1,212	1,843	2,319	2,548	2,905
Other Expenses	2,204	2,351	1,655	2,466	3,720	4,639	5,247	6,173
Total Expenditure	8,813	9,325	6,285	9,338	14,483	17,520	20,639	24,456
% of Sales	72.4	72.6	78.6	69.5	68.1	70.3	68.1	67.4
EBITDA	3,358	3,527	1,715	4,092	6,788	7,419	9,690	11,856
Margin (%)	27.6	27.4	21.4	30.5	31.9	29.8	32.0	32.7
Depreciation	936	1,206	1,218	1,342	1,810	2,312	2,537	3,029
EBIT	2,422	2,321	497	2,749	4,978	5,108	7,153	8,827
Int. and Finance Charges	339	395	437	504	631	804	954	1,169
Other Income	198	259	785	586	544	599	599	718
PBT bef. EO Exp.	2,281	2,184	845	2,831	4,891	4,902	6,798	8,376
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	2,281	2,184	845	2,831	4,891	4,902	6,798	8,376
Total Tax	769	587	193	702	1,257	1,274	1,767	2,178
Tax Rate (%)	33.7	26.9	22.8	24.8	25.7	26.0	26.0	26.0
Minority Interest	15	8	-6	15	20	0	0	0
Reported PAT	1,512	1,597	652	2,130	3,634	3,627	5,030	6,198
Adjusted PAT	1,497	1,589	658	2,115	3,613	3,627	5,030	6,198
Change (%)	5.5	6.2	-58.6	221.3	70.8	0.4	38.7	23.2
Margin (%)	12.3	12.4	8.2	15.7	17.0	14.5	16.6	17.1

Consolidated - Balance Sheet								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	1,328	1,328	1,328	1,358	1,359	1,359	1,359	1,359
Total Reserves	5,366	6,980	7,147	11,289	14,118	16,398	19,560	23,455
Net Worth	6,694	8,308	8,474	12,647	15,477	17,757	20,918	24,814
Minority Interest	0	0	0	224	264	264	264	264
Total Loans	4,244	5,491	5,669	6,922	9,430	12,165	14,159	17,408
Lease Liabilities	4,146	5,376	5,655	6,922	9,430	12,165	14,159	17,408
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
Other Liabilities	6	6	6	6	45	45	45	45
Capital Employed	10,944	13,804	14,150	19,800	25,216	30,231	35,387	42,531
Gross Block	7,566	9,798	10,394	12,765	19,118	23,733	27,828	33,568
Less: Accum. Deprn.	1,636	2,718	3,158	4,287	6,097	8,409	10,946	13,975
Net Fixed Assets	5,930	7,080	7,236	8,478	13,021	15,324	16,881	19,593
Other Non-Current	381	444	493	614	683	683	683	683
Capital WIP	41	130	45	62	178	178	178	178
Total Investments	2,099	3,484	3,997	3,625	4,763	4,763	4,763	4,763
Curr. Assets, Loans&Adv.	4,624	4,912	4,655	10,140	10,579	13,645	17,687	23,076
Inventory	3,646	3,761	2,898	4,242	6,458	7,234	8,622	10,322
Account Receivables	519	701	506	577	1,261	1,503	2,077	2,487
Cash and Bank Balance	121	109	879	4,350	1,985	3,936	6,015	9,295
Loans and Advances	338	341	373	971	875	972	972	972
Curr. Liability & Prov.	2,271	2,370	2,444	3,342	4,056	4,410	4,854	5,811
Account Payables	1,939	2,015	2,047	2,343	2,813	3,038	3,519	4,213
Other Current Liabilities	307	331	389	958	1,114	1,247	1,213	1,452
Provisions	25	25	8	40	129	125	121	145
Net Current Assets	2,353	2,542	2,212	6,798	6,522	9,235	12,833	17,265
Appl. of Funds	10,944	13,804	14,150	19,800	25,216	30,232	35,387	42,531

Financials and Valuation

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	5.6	6.0	2.5	7.8	13.3	13.3	18.5	22.8
Cash EPS	9.2	10.5	7.1	13.0	20.4	22.4	28.5	34.7
BV/Share	25.2	31.3	31.9	47.6	58.3	66.9	78.8	93.4
DPS	3.5	3.0	1.1	0.8	5.0	5.0	6.9	8.5
Payout (%)	30.7	24.9	45.8	9.6	37.4	37.2	37.2	37.2
Valuation (x)								
P/E	223.5	210.6	508.4	161.8	94.8	94.4	68.1	55.2
Cash P/E	137.5	119.7	178.3	96.8	61.7	56.3	44.2	36.3
P/BV	50.0	40.3	39.5	26.5	21.6	18.8	16.0	13.5
EV/Sales	14.1	13.4	42.4	25.7	16.4	14.1	11.6	9.7
EV/EBITDA	51.0	49.0	197.9	84.2	51.5	47.3	36.2	29.6
Dividend Yield (%)	0.3	0.2	0.1	0.1	0.4	0.4	0.5	0.7
FCF per share	10.3	17.3	9.0	8.6	10.3	18.3	22.0	29.9
Return Ratios (%)								
RoE	24.0	21.2	7.8	20.0	25.7	21.8	26.0	27.1
RoCE	20.7	15.3	7.1	14.9	18.4	15.4	17.6	18.3
RoIC	26.2	18.1	4.0	19.7	24.6	19.1	23.1	24.8
Working Capital Ratios								
Fixed Asset Turnover (x)	1.6	1.3	0.8	1.1	1.1	1.1	1.1	1.1
Asset Turnover (x)	1.1	0.9	0.6	0.7	0.8	0.8	0.9	0.9
Inventory (Days)	243	241	293	274	264	250	245	245
Debtor (Days)	16	20	23	16	22	22	25	25
Creditor (Days)	129	129	207	151	115	105	100	100
Leverage Ratio (x)								
Current Ratio	2.0	2.1	1.9	3.0	2.6	3.1	3.6	4.0
Interest Cover Ratio	7.2	5.9	1.1	5.5	7.9	6.4	7.5	7.5
Net Debt/Equity	0.3	0.2	0.1	-0.1	0.2	0.2	0.2	0.1

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	2,281	2,184	845	2,831	4,891	4,902	6,798	8,376
Depreciation	936	1,206	1,218	1,342	1,810	2,312	2,537	3,029
Interest & Finance Charges	339	395	437	491	629	804	954	1,169
Direct Taxes Paid	-803	-608	-204	-715	-1,412	-1,274	-1,767	-2,178
(Inc)/Dec in WC	-570	-156	1,135	-638	-1,726	-762	-1,518	-1,153
CF from Operations	2,183	3,021	3,432	3,312	4,192	5,981	7,003	9,243
Others	-227	-291	-779	-491	-385	-599	-599	-718
CF from Operating incl EO	1,957	2,731	2,653	2,821	3,807	5,383	6,405	8,525
(Inc)/Dec in FA	-584	-440	-251	-479	-996	-413	-413	-413
Free Cash Flow	1,373	2,291	2,402	2,342	2,811	4,970	5,992	8,112
(Pur)/Sale of Investments	-140	-1,243	-329	538	-620	0	0	0
Others	51	57	-644	68	-748	599	599	718
CF from Investments	-673	-1,626	-1,224	127	-2,365	186	186	305
Issue of Shares	7	0	0	2,924	28	0	0	0
Inc/(Dec) in Debt	39	17	-101	-14	-1,023	0	0	0
Interest Paid	-6	-8	-6	-1	-1	-804	-954	-1,169
Dividend	-446	0	-498	0	-883	-1,348	-1,869	-2,303
Others	-913	-1,124	-665	-1,038	-1,710	-1,466	-1,688	-2,079
CF from Fin. Activity	-1,320	-1,115	-1,271	1,870	-3,588	-3,618	-4,510	-5,551
Inc/Dec of Cash	-37	-10	158	4,818	-2,146	1,951	2,080	3,279
Opening Balance	152	115	105	263	5,081	2,935	4,886	6,966
Closing Balance	115	105	263	5,081	2,935	4,886	6,966	10,245
Other Bank Balance/(OD)	6	4	616	-732	-950	-950	-950	-950
Net Closing Balance	121	109	879	4,350	1,985	3,936	6,015	9,295

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