

# Metro Brands

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	METROBRA IN
Equity Shares (m)	272
M.Cap.(INRb)/(USDb)	305.9 / 3.7
52-Week Range (INR)	1441 / 828
1, 6, 12 Rel. Per (%)	0/-33/3
12M Avg Val (INR M)	252

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	23.6	27.6	33.4
EBITDA	7.0	8.5	10.7
Adj. PAT	4.1	4.3	5.4
EBITDA Margin (%)	29.7	30.8	32.1
Adj. EPS (INR)	12.7	15.7	19.8
EPS Gr. (%)	(5.2)	23.5	25.8
BV/Sh. (INR)	70.2	83.5	100.2

## Ratios

Net D:E	0.1	0.1	0.1
RoE (%)	20.3	21.0	22.1
RoCE (%)	17.7	15.1	15.6
Payout (%)	14.9	17.6	17.6

## Valuations

P/E (x)	88.7	71.8	57.0
EV/EBITDA (x)	45.3	37.5	29.7
EV/Sales (X)	13.5	11.5	9.5
Div. Yield (%)	0.2	0.2	0.3

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	74.2	74.2	74.2
DII	6.0	6.0	5.3
FII	2.7	2.7	2.8
Others	17.1	17.2	17.7

FII Includes depository receipts

**CMP: INR1,125 TP: INR1,350 (+20%) Buy**

## Soft earnings; BIS implementation delaying FILA ramp-up

- Metro's reported adj. revenue grew 11% YoY (in line) in 4QFY24, led by store adds. Productivity remained weak (-5% YoY) due to the high base; however, the decline was moderate. A higher contribution of INR3000+ ASP and own brand products improved gross margins, which, along with controlled cost, supported EBITDA/PBT growth of 10% each (10%/32% beat).
- In the near term, we believe that soft demand, delayed BIS implementation delaying FILA's repositioning, and a moderation in margins could weigh on growth. However, in the long term, healthy store economics, steady store adds, and a growth opportunity in Fila/Foot Locker should drive a CAGR of 19%/25% in revenue/PAT over FY24-26. We reiterate our BUY rating on the stock.

## EBITDA up 10% led by GM improvement and controlled expenses

- Consolidated revenue grew 7% YoY to INR5.8b (in line), mainly driven by footprint additions (15% YoY) as revenue/sqft (-5% YoY) remained a drag.
- Same-store sales continued to decline due to a higher base in FY23; however, the productivity decline was less severe, down 5% YoY vs. a 10% drop in 9MFY24.
- Gross profit increased 8% YoY to INR3.3b (in line), and margin expanded 50bp YoY to 56.4% due to higher sales of INR3,000+ ASP products and a higher sales contribution from own brand products.
- EBITDA grew 10% YoY to INR1.6b (10% beat), led by controlled employee and other expenses. Margin improved 80bp YoY to 27.2%.
- Depreciation/finance costs grew 18%/16% YoY, while other income rose 30% YoY. Resultantly, PBT rose 10% YoY to INR1b (32% beat).
- PAT surged 2.3x YoY to INR1.5b, led by tax adjustment of INR690m. Adjusting for the taxes, PAT grew 26% YoY to INR866m (significant beat) with 14.8% PAT margin.
- **During FY24**, revenue/EBITDA/PAT grew 11%/3%/14% YoY. EBITDA rose merely 3%, dragged down by lower margins from Cravatex and higher opex. **Pre- Ind AS EBITDA margins would be around 21% for FY24.**
- OCF grew 81% YoY to INR3.8b, led by lower tax and release of WC. Capex increased 21% YoY to INR1.1b, resulting in FCF of INR2.7b (up 2.3x YoY). The board paid a dividend of INR1.2b. Net cash stood at INR9b.
- The company further announced a dividend of INR2.3 per share.

## Key takeaways from management commentary

- **Guidance:** The company is expected to open 225 stores (excluding FILA but including Footlocker) in the next two fiscal years with long-term guidance of 30% EBITDA margin and 15-17% PAT margin.

- **New formats:** Expects to close one FILA store in 1QFY25 and may commence Footlocker store additions in 3QFY25. It will relaunch FILA by leveraging MBOs' network in FY25 and will start opening FILA EBOs in FY26. New FILA store would be in the range of 1200-1800sqft.
- **Current environment:** Expects 1QFY25 to remain impacted by fewer wedding dates (no wedding dates in May/Jun) and minor impact on sales due to elections.
- **BIS implementation:** It may take two more quarters to clarify the BIS implementation. Delayed BIS implementation is affecting FILA's repositioning. FILA inventory stands at INR170m.

### Valuation and view

- METRO trades at rich valuations, at 57x FY26E EPS, backed by: 1) a strong runway for growth, largely funded through internal sources, given its strong OCF-to-EBITDA ratio of over 75%; and b) superior store economics reflected in the balance sheet and a healthy RoIC of +50%.
- In the near term, we believe that the risk of soft demand, delayed BIS implementation is affecting FILA's repositioning, and a moderation in margins could weigh on growth. But, in the long term, healthy store economics, steady store adds and growth opportunity in Fila/Foot Locker should drive growth.
- We broadly keep our estimates unchanged, factoring in a CAGR of 19%/25% in revenue/PAT over FY24-26 and assigning a PE of 60x FY26E PAT of METRO's existing portfolio. A combination of superior store economics and a strong runway of growth should allow Metro to garner rich valuations going ahead.
- We have not factored in Fila and Foot Locker earnings, but we believe it has revenue potential of INR15-20b over the next 3-5 years (i.e. 30-40% share of Metro). Since both the brands are in the 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), arriving at a valuation of INR1,350 per share.

### Consolidated - Quarterly Earning

Y/E March	FY23				FY24				FY23	FY24	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
<b>Revenue</b>	<b>5,080</b>	<b>4,763</b>	<b>5,987</b>	<b>5,441</b>	<b>5,825</b>	<b>5,557</b>	<b>6,355</b>	<b>5,830</b>	<b>21,271</b>	<b>23,567</b>	<b>5,950</b>	<b>-2.0</b>
YoY Change (%)	286.6	46.7	23.8	35.0	14.7	16.7	6.1	7.1	58.4	10.8	9.4	
Total Expenditure	3,251	3,292	3,935	4,006	3,959	4,003	4,365	4,244	14,483	16,571	4,502	-5.7
<b>EBITDA</b>	<b>1,829</b>	<b>1,472</b>	<b>2,052</b>	<b>1,436</b>	<b>1,866</b>	<b>1,554</b>	<b>1,990</b>	<b>1,586</b>	<b>6,788</b>	<b>6,996</b>	<b>1,448</b>	<b>9.5</b>
EBITDA Margin (%)	36.0	30.9	34.3	26.4	32.0	28.0	31.3	27.2	31.9	29.7	24.3	-2.9
Depreciation	390	414	504	502	543	572	586	591	1,810	2,291	600	-1.5
Interest	134	148	173	175	185	197	204	203	631	789	223	-9.0
Other Income	93	118	146	187	144	162	160	244	544	708	161	51.2
<b>PBT</b>	<b>1,397</b>	<b>1,027</b>	<b>1,521</b>	<b>946</b>	<b>1,282</b>	<b>946</b>	<b>1,359</b>	<b>1,036</b>	<b>4,891</b>	<b>4,624</b>	<b>786</b>	<b>31.8</b>
Tax	345	253	394	267	353	275	379	-508	1,257	499	217	-333.6
Rate (%)	24.7	24.6	25.9	28.2	27.5	29.1	27.9	-49.0	25.7	10.8	27.7	
MI & Profit/Loss of Asso. Cos.	5	5	2	8	6	5	7	12	20	30	0	
<b>PAT before MI</b>	<b>1,052</b>	<b>774</b>	<b>1,128</b>	<b>680</b>	<b>929</b>	<b>671</b>	<b>981</b>	<b>1,544</b>	<b>3,634</b>	<b>4,124</b>	<b>569</b>	<b>171.5</b>
<b>Adj PAT post MI</b>	<b>1,058</b>	<b>779</b>	<b>1,130</b>	<b>688</b>	<b>935</b>	<b>676</b>	<b>988</b>	<b>866</b>	<b>3,654</b>	<b>3,465</b>	<b>569</b>	<b>52.3</b>
YoY Change (%)	-973	41	11	-1	-12	-13	-13	26	70.4	-5.2	-17	

E: MOFSL Estimates

**Exhibit 1: Valuation on FY26E**

(INR/share)	Mar'26
EPS (INR)	19.8
Target P/E (x)	60
<b>Target price for Metro Brands</b>	<b>1,190</b>
Add: Option value for Fila/Foot Locker (Exhibit 2)	160
<b>Target price for Metro Brands including option value</b>	<b>1,350</b>
CMP	1,130
Upside (%)	19%

**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	14.7
PAT	2.9
Target P/E	15x
Market cap	44
No of shares	272
per share	160

**Store adds**

- The company added 21 stores (one new city) in 4QFY24 and closed 11 stores, thus taking net store additions to 10 and the total count to 836 (excluding FILA).
- Metro closed 11 FILA stores during the quarter. It is operating three COCO FILA stores (vs. 25 EBOs during the acquisition of CBL).
- **This led to net closure of one store in 4QFY24, taking the total store count to 839.**

**Cravatex brands (CBL) update**

- FILA's revenue for 4QFY24 stood at INR60m, which contributed to ~1% of Metro revenues.
- Operating loss stood at INR110m (vs. losses of INR120m in 3QFY24 and INR100m in 4QFY23).
- **Metro's revenue/EBITDA (excluding FILA) grew 11%/10% YoY with 29.4% EBITDAM (flat YoY).**
- **Liquidation of excess inventory of FILA is slightly delayed and will be substantially completed by the end of the next EOSS in 2QFY25.**
- **As the management guided earlier, in FY25, the focus would be on the relaunch of FILA by leveraging Metro/Mochi MBOs' distribution network. And from FY26, post-stabilization of FILA operations, the company will restart opening FILA EBOs.**

**Update on BIS:**

- The Department for Promotion of Industry and Internal Trade (DPIIT) issued a notification that the purchase of footwear from factories, which have applied for BIS certification are allowed until Jul'24.
- In order to circumvent any potential supply chain disruptions, Metro has front-loaded inventory buying to some extent, which is expected to lead **to higher inventory levels until Jul'24.**

**Exhibit 1: Metro and CBL performance bifurcation**

INRm	FY22	FY23	FY24
Consol revenue	13,429	21,271	23,567
Revenue excluding FILA	13,429	20,961	23,127
CBL revenue	1,565	310*	440
Mix of CBL	12%	4%	2%
Consol GP	7,770	12,351	13,692
GP excluding FILA	7,770	12,241	13,538
CBL GP	702	110*	154
Mix of CBL	9%	2%	1%
Consol margin	57.9%	58.1%	58.1%
Standalone margin	57.9%	58.4%	58.5%
CBL margin	44.8%	35.5%	35.0%
Consol EBITDA	4,092	6,788	6,996
EBITDA excluding FILA	4,092	6,908	7,278
CBL EBITDA	NA	-120*	-282
Mix of CBL	NA	-2%	-4%
Consol margin	30.5%	31.9%	29.7%
Standalone margin	30.5%	33.0%	31.5%
CBL margin	NA	-38.7%	-64.1%

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

Source: MOFSL, Company

**Key takeaways from the management commentary****Detailed notes****Guidance**

- The company is expected to close one FILA stores in 1QFY25 and open 225 stores (excluding FILA but including Footlocker) in the next two fiscal years.
- It has entered into long-term leases of 9+ years.
- Long-term guidance of 30% EBITDA margin and 15-17% PAT margin.
- It may take two more quarters to clarify the BIS implementation. Delayed BIS implementation is affecting FILA's repositioning.
- Expects Footlocker to commence store additions in 3QFY25.
- FILA stores will be in the range of 1,200-1,800 sqft (higher than Metro standalone stores) as they include both merchandise and footwear.

**Walkaway strategy**

- The company is focusing on the west and south regions with a cluster approach.
- Metro already has better presence in the west/south regions. Gradually the company will open more stores in East/North.

**Current environment**

- Expects 1QFY25 to remain impacted by fewer wedding dates. No wedding dates in May and June vs. 10-11 dates last year.
- The closure of stores for a day due to elections impacted sales.
- Overall discounting increased from 6.68% in FY19 to 8% in FY24. None of the sales are on SOR, hence the company bears full discounting.

**Operating performance**

- Ecommerce grew 30% YoY with improved operating performance.
- For FY24, the company sold 15m products, out of which 10m in footwear.
- The delta between pre and post Ind-AS EBITDA margin is 8.59%.

**CBL update**

- The company carries INR170m of FILA inventory.
- Ms. Alisha Malique is heading the FILA segment.

**Exhibit 2: Quarterly performance**

Consol P&L (INR m)	4QFY23	3QFY24	4QFY24	YoY%	QoQ%	4QFY24E	v/s Est (%)	4QFY24*	YoY%
<b>Total Revenue</b>	<b>5,441</b>	<b>6,355</b>	<b>5,830</b>	<b>7</b>	<b>-8</b>	<b>5,950</b>	<b>-2</b>	<b>5,770</b>	<b>11</b>
Raw Material cost	2,401	2,549	2,542	6	0	2,592	-2		
<b>Gross Profit</b>	<b>3,040</b>	<b>3,806</b>	<b>3,288</b>	<b>8</b>	<b>-14</b>	<b>3,359</b>	<b>-2</b>		
<b>Gross margin (%)</b>	<b>55.9</b>	<b>59.9</b>	<b>56.4</b>	<b>52</b>	<b>-349</b>	<b>56.4</b>	<b>-5</b>		
Employee Costs	523	604	591	13	-2	621	-5		
SGA Expenses	1,082	1,213	1,111	3	-8	1,290	-14		
<b>EBITDA</b>	<b>1,436</b>	<b>1,990</b>	<b>1,586</b>	<b>10</b>	<b>-20</b>	<b>1,448</b>	<b>10</b>	<b>1,696</b>	<b>10</b>
<b>EBITDA margin (%)</b>	<b>26.4</b>	<b>31.3</b>	<b>27.2</b>	<b>82</b>	<b>-410</b>	<b>24.3</b>	<b>287.1</b>	<b>29.4</b>	<b>-1</b>
Depreciation and amortization	502	586	591	18	1	600	-2		
EBIT	934	1,403	996	7	-29	848	17		
EBIT margin (%)	17.2	22.1	17.1	-8	-501	14.3	282		
Finance Costs	175	204	203	16	0	223	-9		
Other income	187	160	244	30	53	161	51		
Exceptional item	0	0	0	NM	NM	0	NM		
<b>Profit before Tax</b>	<b>946</b>	<b>1,359</b>	<b>1,036</b>	<b>10</b>	<b>-24</b>	<b>786</b>	<b>32</b>		
Tax	267	379	-508	-291	-234	217	-334		
Tax rate (%)	28.2	27.9	-49.0	-7720	-7688	27.7	NM		
<b>Profit after Tax</b>	<b>680</b>	<b>981</b>	<b>1,544</b>	<b>127</b>	<b>57</b>	<b>569</b>	<b>172</b>		
<b>Adj Profit after Tax</b>	<b>688</b>	<b>988</b>	<b>866</b>	<b>26</b>	<b>-12</b>	<b>569</b>	<b>52</b>		
PAT margin (%)	12.6	15.5	14.8	221	-69	9.6	529		

\* Refer to the core Metro financials (excluding Fila)

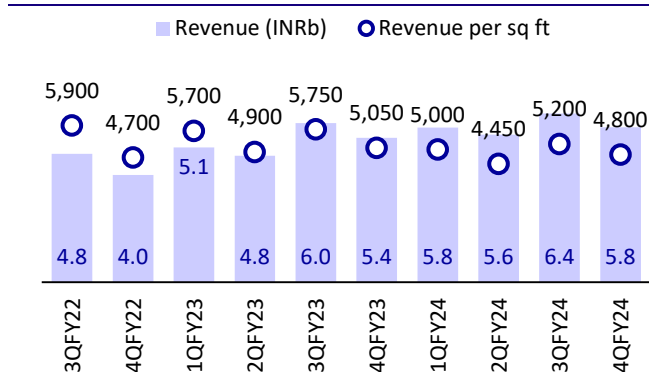
Source: MOFSL, Company

**Exhibit 3: Summary of changes to our estimates**

	FY25E	FY26E
<b>Revenue (INR m)</b>		
Old	28,784	34,917
Actual/New	27,569	33,393
Change (%)	-4.2	-4.4
<b>GP (INR m)</b>		
Old	16,752	20,357
Actual/New	16,072	19,501
Change (%)	-4.1	-4.2
<b>EBITDA (INR m)</b>		
Old	8,808	11,139
Actual/New	8,490	10,718
Change (%)	-3.6	-3.8
<b>EBITDA margin (%)</b>		
Old	30.6	31.9
Actual/New	30.8	32.1
Change (bp)	20	20
<b>Net Profit (INR m)</b>		
Old	4,170	5,319
Actual/New	4,280	5,386
Change (%)	2.6	1.3
<b>EPS (INR)</b>		
Old	15.3	19.6
Actual/New	15.7	19.8
Change (%)	2.6	1.2

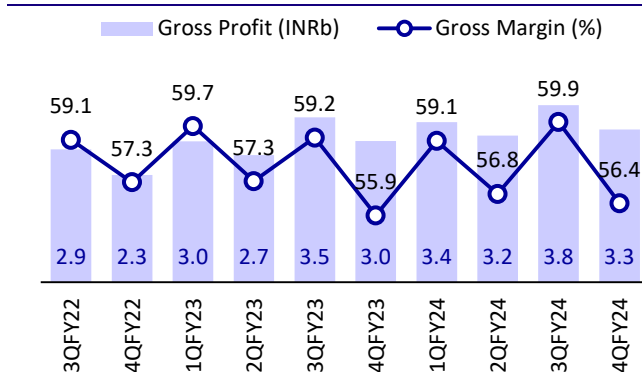
## Story in charts

**Exhibit 4: Consol revenue up 7% YoY and revenue per sqft decline 5% YoY**



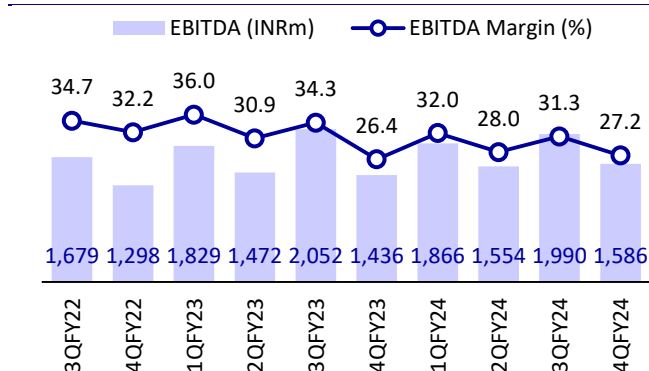
Source: MOFSL, Company

**Exhibit 5: GP up 8% YoY and margins improved 50bp YoY contributed by INR3k+ ASP**



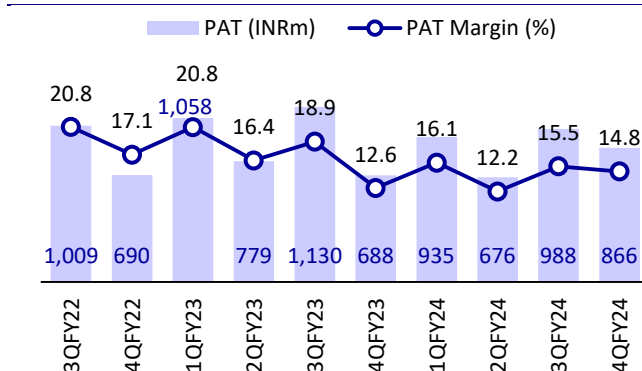
Source: MOFSL, Company

**Exhibit 6: EBITDA up 10% YoY led by GM improvement and controlled cost; margins up 80bp YoY**



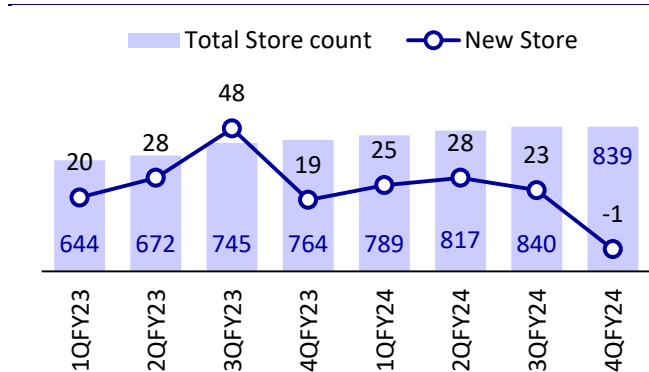
Source: MOFSL, Company

**Exhibit 7: EBITDA benefit flows into PAT up 26% YoY; margins up 220bp YoY**



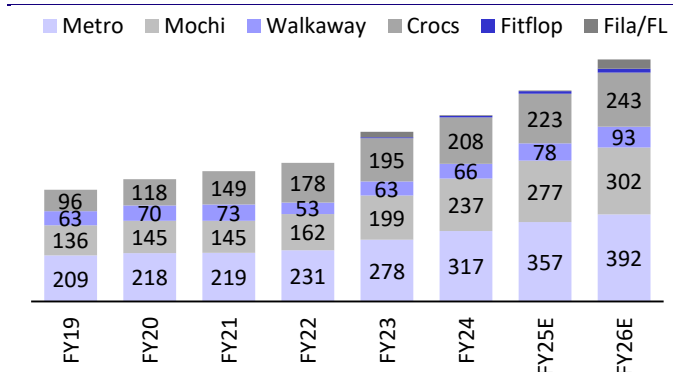
Source: MOFSL, Company

**Exhibit 8: Net store closure due to 11 FILA stores closed; however, added net 10 stores**

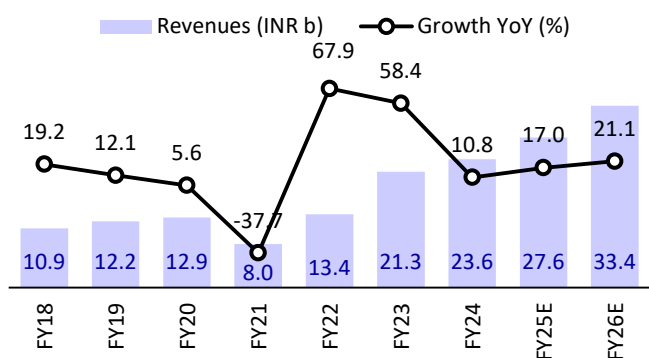


Source: MOFSL, Company

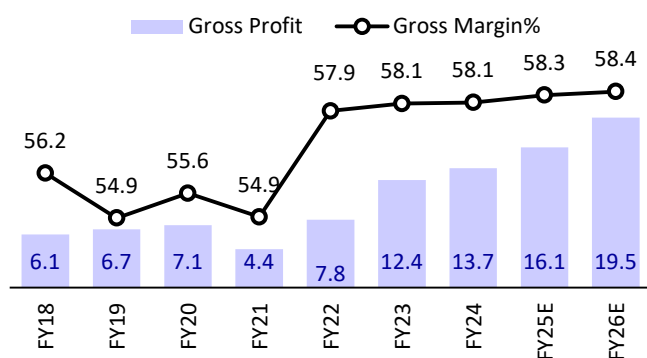
**Exhibit 9: Format-wise store counts**



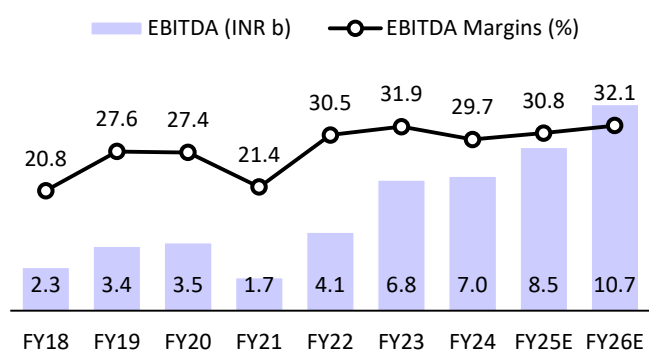
Source: MOFSL, Company

**Exhibit 10: Expect 19% revenue CAGR over FY24-26**

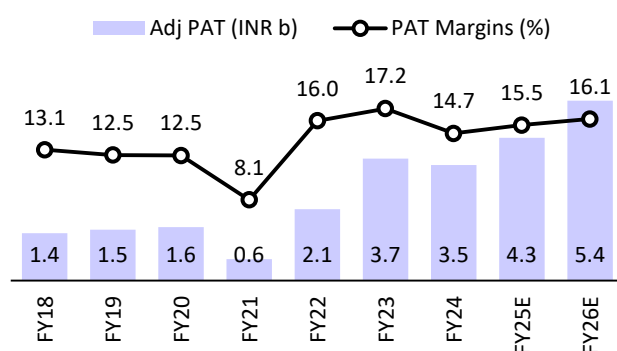
Source: MOFSL, Company

**Exhibit 11: Expect GP to grow in line with revenue of 19%**

Source: MOFSL, Company

**Exhibit 12: Expect 24% EBITDA CAGR over FY24-26**

Source: MOFSL, Company

**Exhibit 13: Expect 25% PAT CAGR over FY24-26**

Source: MOFSL, Company



## Financials and valuations

Consolidated - Income Statement							(INR m)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Total Income from Operations</b>	<b>12,171</b>	<b>12,852</b>	<b>8,001</b>	<b>13,429</b>	<b>21,271</b>	<b>23,567</b>	<b>27,569</b>	<b>33,393</b>
Change (%)	12.1	5.6	-37.7	67.9	58.4	10.8	17.0	21.1
Raw Materials	5,487	5,707	3,605	5,659	8,920	9,875	11,497	13,893
<b>Gross Profit</b>	<b>6,683</b>	<b>7,145</b>	<b>4,396</b>	<b>7,770</b>	<b>12,351</b>	<b>13,692</b>	<b>16,072</b>	<b>19,501</b>
Margin (%)	54.9	55.6	54.9	57.9	58.1	58.1	58.3	58.4
Employees Cost	1,121	1,268	1,026	1,212	1,843	2,280	2,591	3,005
Other Expenses	2,204	2,351	1,655	2,466	3,720	4,417	4,990	5,777
<b>Total Expenditure</b>	<b>8,813</b>	<b>9,325</b>	<b>6,285</b>	<b>9,338</b>	<b>14,483</b>	<b>16,571</b>	<b>19,078</b>	<b>22,675</b>
% of Sales	72.4	72.6	78.6	69.5	68.1	70.3	69.2	67.9
<b>EBITDA</b>	<b>3,358</b>	<b>3,527</b>	<b>1,715</b>	<b>4,092</b>	<b>6,788</b>	<b>6,996</b>	<b>8,490</b>	<b>10,718</b>
Margin (%)	27.6	27.4	21.4	30.5	31.9	29.7	30.8	32.1
Depreciation	936	1,206	1,218	1,342	1,810	2,291	2,573	3,186
<b>EBIT</b>	<b>2,422</b>	<b>2,321</b>	<b>497</b>	<b>2,749</b>	<b>4,978</b>	<b>4,704</b>	<b>5,917</b>	<b>7,532</b>
Int. and Finance Charges	339	395	437	504	631	789	951	1,160
Other Income	198	259	785	586	544	708	779	857
<b>PBT bef. EO Exp.</b>	<b>2,281</b>	<b>2,184</b>	<b>845</b>	<b>2,831</b>	<b>4,891</b>	<b>4,624</b>	<b>5,745</b>	<b>7,230</b>
EO Items	0	0	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>2,281</b>	<b>2,184</b>	<b>845</b>	<b>2,831</b>	<b>4,891</b>	<b>4,624</b>	<b>5,745</b>	<b>7,230</b>
Total Tax	769	587	193	702	1,257	499	1,465	1,844
Tax Rate (%)	33.7	26.9	22.8	24.8	25.7	10.8	25.5	25.5
Minority Interest	15	8	-6	15	20	30	0	0
<b>Reported PAT</b>	<b>1,512</b>	<b>1,597</b>	<b>652</b>	<b>2,130</b>	<b>3,634</b>	<b>4,094</b>	<b>4,280</b>	<b>5,386</b>
<b>Adjusted PAT</b>	<b>1,497</b>	<b>1,589</b>	<b>658</b>	<b>2,115</b>	<b>3,654</b>	<b>3,465</b>	<b>4,280</b>	<b>5,386</b>
Change (%)	5.5	6.2	-58.6	221.3	72.8	-5.2	23.5	25.8
Margin (%)	12.3	12.4	8.2	15.7	17.2	14.7	15.5	16.1

Consolidated - Balance Sheet							(INR m)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	1,328	1,328	1,328	1,358	1,359	1,360	1,360	1,360
Total Reserves	5,366	6,980	7,147	11,289	14,118	17,278	20,803	25,240
<b>Net Worth</b>	<b>6,694</b>	<b>8,308</b>	<b>8,474</b>	<b>12,647</b>	<b>15,477</b>	<b>18,637</b>	<b>22,163</b>	<b>26,599</b>
Minority Interest	0	0	0	224	264	294	294	294
Total Loans	4,244	5,491	5,669	6,922	9,430	10,984	14,210	17,335
Lease Liabilities	4,146	5,376	5,655	6,922	9,430	10,984	14,210	17,335
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
Other Liabilities	6	6	6	6	45	10	10	10
<b>Capital Employed</b>	<b>10,944</b>	<b>13,804</b>	<b>14,150</b>	<b>19,800</b>	<b>25,216</b>	<b>29,926</b>	<b>36,677</b>	<b>44,238</b>
Gross Block	7,566	9,798	10,394	12,765	19,118	23,212	29,076	35,461
Less: Accum. Deprn.	1,636	2,718	3,158	4,287	6,097	8,389	10,962	14,148
<b>Net Fixed Assets</b>	<b>5,930</b>	<b>7,080</b>	<b>7,236</b>	<b>8,478</b>	<b>13,021</b>	<b>14,823</b>	<b>18,114</b>	<b>21,313</b>
Other Non-Current	381	444	493	614	683	795	795	795
Capital WIP	41	130	45	62	178	93	178	178
<b>Total Investments</b>	<b>2,099</b>	<b>3,484</b>	<b>3,997</b>	<b>3,625</b>	<b>4,763</b>	<b>7,851</b>	<b>7,851</b>	<b>7,851</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>4,624</b>	<b>4,912</b>	<b>4,655</b>	<b>10,140</b>	<b>10,579</b>	<b>9,566</b>	<b>13,703</b>	<b>18,977</b>
Inventory	3,646	3,761	2,898	4,242	6,458	7,102	7,717	9,325
Account Receivables	519	701	506	577	1,261	757	1,888	2,287
Cash and Bank Balance	121	109	879	4,350	1,985	1,123	3,396	6,682
Loans and Advances	338	341	373	971	875	585	702	683
<b>Curr. Liability &amp; Prov.</b>	<b>2,271</b>	<b>2,370</b>	<b>2,444</b>	<b>3,342</b>	<b>4,056</b>	<b>3,601</b>	<b>4,363</b>	<b>5,275</b>
Account Payables	1,939	2,015	2,047	2,343	2,813	2,570	3,150	3,806
Other Current Liabilities	307	331	389	958	1,114	950	1,103	1,336
Provisions	25	25	8	40	129	80	110	134
<b>Net Current Assets</b>	<b>2,353</b>	<b>2,542</b>	<b>2,212</b>	<b>6,798</b>	<b>6,522</b>	<b>5,965</b>	<b>9,340</b>	<b>13,702</b>
Deferred Tax assets	141	124	167	223	49	399	399	399
Misc Expenditure	0	0	0	0	0	0	0	0
<b>Appl. of Funds</b>	<b>10,944</b>	<b>13,804</b>	<b>14,150</b>	<b>19,800</b>	<b>25,216</b>	<b>29,926</b>	<b>36,677</b>	<b>44,238</b>



## Financials and valuations

<b>Ratios</b>								
<b>Y/E March</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
<b>Basic (INR)</b>								
<b>EPS</b>	<b>5.6</b>	<b>6.0</b>	<b>2.5</b>	<b>7.8</b>	<b>13.4</b>	<b>12.7</b>	<b>15.7</b>	<b>19.8</b>
Cash EPS	9.2	10.5	7.1	13.0	20.6	21.7	25.8	32.3
BV/Share	25.2	31.3	31.9	47.6	58.3	70.2	83.5	100.2
DPS	3.5	3.0	1.1	0.8	5.0	2.2	2.8	3.5
Payout (%)	30.7	24.9	45.8	9.6	37.4	14.9	17.6	17.6
<b>Valuation (x)</b>								
P/E	200.5	188.9	455.9	145.1	84.0	88.7	71.8	57.0
Cash P/E	123.3	107.4	159.9	86.8	54.9	52.1	43.8	35.0
P/BV	44.8	36.1	35.4	23.7	19.4	16.1	13.5	11.3
EV/Sales	12.7	12.1	38.1	23.0	14.8	13.5	11.5	9.5
EV/EBITDA	45.9	44.1	177.7	75.6	46.3	45.3	37.5	29.7
Dividend Yield (%)	0.3	0.3	0.1	0.1	0.4	0.2	0.2	0.3
<b>Return Ratios (%)</b>								
RoE	24.0	21.2	7.8	20.0	26.0	20.3	21.0	22.1
RoCE	20.7	15.3	7.1	14.9	18.4	17.7	15.1	15.6
RoIC	26.2	18.1	4.0	19.7	24.6	21.4	19.1	20.5
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.6	1.3	0.8	1.1	1.1	1.0	0.9	0.9
Asset Turnover (x)	1.1	0.9	0.6	0.7	0.8	0.8	0.8	0.8
Inventory (Days)	243	241	293	274	264	262	245	245
Debtor (Days)	16	20	23	16	22	12	25	25
Creditor (Days)	129	129	207	151	115	95	100	100
<b>Leverage Ratio (x)</b>								
Current Ratio	2.0	2.1	1.9	3.0	2.6	2.7	3.1	3.6
Interest Cover Ratio	7.2	5.9	1.1	5.5	7.9	6.0	6.2	6.5
Net Debt/Equity	0.3	0.2	0.1	-0.1	0.2	0.1	0.1	0.1

<b>Consolidated - Cash Flow Statement</b>								<b>(INR m)</b>
<b>Y/E March</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
OP/(Loss) before Tax	2,281	2,184	845	2,831	4,891	4,624	5,745	7,230
Depreciation	936	1,206	1,218	1,342	1,810	2,291	2,573	3,186
Interest & Finance Charges	339	395	437	491	629	789	951	1,160
Direct Taxes Paid	-803	-608	-204	-715	-1,412	-840	-1,465	-1,844
(Inc)/Dec in WC	-570	-156	1,135	-638	-1,726	-490	-1,102	-1,076
<b>CF from Operations</b>	<b>2,183</b>	<b>3,021</b>	<b>3,432</b>	<b>3,312</b>	<b>4,192</b>	<b>6,374</b>	<b>6,703</b>	<b>8,656</b>
Others	-227	-291	-779	-491	-385	-473	-779	-857
<b>CF from Operating incl EO</b>	<b>1,957</b>	<b>2,731</b>	<b>2,653</b>	<b>2,821</b>	<b>3,807</b>	<b>5,901</b>	<b>5,924</b>	<b>7,799</b>
(Inc)/Dec in FA	-584	-440	-251	-479	-996	-1,161	-1,006	-1,269
<b>Free Cash Flow</b>	<b>1,373</b>	<b>2,291</b>	<b>2,402</b>	<b>2,342</b>	<b>2,811</b>	<b>4,740</b>	<b>4,917</b>	<b>6,530</b>
(Pur)/Sale of Investments	-140	-1,243	-329	538	-620	-1,885	0	0
Others	51	57	-644	68	-748	478	779	857
<b>CF from Investments</b>	<b>-673</b>	<b>-1,626</b>	<b>-1,224</b>	<b>127</b>	<b>-2,365</b>	<b>-2,569</b>	<b>-227</b>	<b>-412</b>
Issue of Shares	7	0	0	2,924	28	44	0	0
Inc/(Dec) in Debt	39	17	-101	-14	-1,023	-15	0	0
Interest Paid	-6	-8	-6	-1	-1	-3	-951	-1,160
Dividend	-446	0	-498	0	-883	-1,155	-755	-950
Others	-913	-1,124	-665	-1,038	-1,710	-2,097	-1,632	-1,991
<b>CF from Fin. Activity</b>	<b>-1,320</b>	<b>-1,115</b>	<b>-1,271</b>	<b>1,870</b>	<b>-3,588</b>	<b>-3,227</b>	<b>-3,337</b>	<b>-4,100</b>
<b>Inc/Dec of Cash</b>	<b>-37</b>	<b>-10</b>	<b>158</b>	<b>4,818</b>	<b>-2,146</b>	<b>106</b>	<b>2,359</b>	<b>3,286</b>
Opening Balance	152	115	105	263	5,081	2,935	3,041	5,400
<b>Closing Balance</b>	<b>115</b>	<b>105</b>	<b>263</b>	<b>5,081</b>	<b>2,935</b>	<b>3,041</b>	<b>5,400</b>	<b>8,686</b>
<b>Other Bank Balance/(OD)</b>	<b>6</b>	<b>4</b>	<b>616</b>	<b>-732</b>	<b>-950</b>	<b>-1,918</b>	<b>-2,004</b>	<b>-2,004</b>
<b>Net Closing Balance</b>	<b>121</b>	<b>109</b>	<b>879</b>	<b>4,350</b>	<b>1,985</b>	<b>1,123</b>	<b>3,396</b>	<b>6,682</b>

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UNDER REVIEW	Rating may undergo a change
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#### 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
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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.

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 dp@motilaloswal.com.