

# Metro Brands

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	METROBRA IN
Equity Shares (m)	272
M.Cap.(INRb)/(USDb)	326.3 / 3.8
52-Week Range (INR)	1430 / 990
1, 6, 12 Rel. Per (%)	-1/-5/-10
12M Avg Val (INR M)	237

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	23.6	25.1	29.1
EBITDA	7.0	7.4	9.1
Adj. PAT	4.1	3.4	4.7
EBITDA Margin (%)	29.7	29.6	31.3
Adj. EPS (INR)	12.7	13.7	17.1
EPS Gr. (%)	(5.2)	7.2	25.5
BV/Sh. (INR)	70.2	80.7	95.2

## Ratios

Net D:E	0.1	(0.0)	(0.1)
RoE (%)	20.3	18.5	19.9
RoCE (%)	17.7	13.1	15.5
Payout (%)	14.8	19.0	17.6

## Valuations

P/E (x)	94.1	87.8	69.9
EV/EBITDA (x)	48.0	44.8	36.4
EV/Sales (X)	14.2	13.3	11.4
Div. Yield (%)	0.2	0.2	0.3

## Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	72.0	74.2	74.2
DII	7.0	5.6	6.1
FII	3.4	3.1	2.3
Others	17.7	17.2	17.4

FII includes depository receipts

**CMP: INR1,199      TP: INR1,525 (+27%)      Buy**

## In-line results; pace of store additions to pick up in FY26

- Metro Brands (MBL) reported in-line 3Q results, with revenue growth recovering to ~11% YoY (vs. 5% YoY in 2Q), driven by a 43% YoY growth in E-commerce sales. In-store sales grew ~8% YoY (vs. 5% YoY in 2Q), led by ~9% YoY area additions.
- Gross profit grew 8% YoY (in-line) as margin contracted ~125bp YoY due to higher e-commerce sales and the residual impact of the FILA inventory liquidation (~50bp impact).
- EBITDA was up ~13% YoY (in-line), as better cost controls offsets tad weaker gross margin, while adjusted PAT grew 22% YoY (in-line).
- Despite weaker store additions in 9MFY25, management maintained its guidance of opening 225 stores over FY25-26, with 140-145 store additions targeted for FY26.
- We lower our FY26-27E EBITDA by a marginal 1-2% on account of slightly weaker productivity assumptions (primarily due to a change in the format mix).
- Given the strong runway for growth in Metro, Mochi, and Walkway formats, along with significant growth opportunities in FILA/Foot Locker, we build in revenue/EBITDA/PAT CAGR of 13%/17%/20% over FY24-27E.
- **We reiterate our BUY rating on MBL with a revised TP of INR1,525 (earlier INR1,460) based on 70x Mar'27 EPS (earlier Dec'26).**

## In-line results; revenue growth picks up

- Consolidated revenue stood at INR7b (in-line), up 11% YoY (vs. 5% YoY in 2Q), as E-commerce sales grew 43% YoY.
- MBL's in-store sales grew ~8% YoY (vs. 5% YoY in 2Q), led by 9% YoY area additions and a 1% YoY decline in revenue per sqft to INR5,150.
- Gross profit grew 8% YoY to INR4.1b (in-line) and margins contracted 125bp YoY to 58.6% (~85bp miss), due to higher growth in E-commerce sales, along with some impact from the liquidation of the residual FILA inventory.
- EBITDA grew 13% YoY to INR2.3b (in-line) as better cost control offsets gross margin contraction.
- EBITDA margin expanded 70bp YoY to 32% (40bp beat).
- Depreciation/finance costs rose 12%/15% YoY, while other income grew 45% YoY.
- Resultantly, PAT (adjusting prior period taxes of INR257m, primarily related to FILA) grew 22% YoY to INR1.2b (in-line).
- 9MFY25 revenue/EBITDA/PAT grew 5%/4%/9% YoY. Based on our estimates, the implied 4Q revenue/EBITDA/PAT growth is 11%/18%. However, we believe MBL is likely to fall short of its ~10-12% YoY revenue growth target.

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

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

### Store additions likely to be lower in FY25, but pick up in FY26

- The company added 24 stores (expanding into five new cities) and closed 2 stores, bringing the total count to 895.
- Format-wise, the company added 6 Metro stores, 4 Mochi stores, 4 Crocs stores, 3 Walkaway stores, 1 FitFlop store, and 3 New Era EBOs, and also launched its first Foot Locker store during 3Q.
- **Annual store addition guidance likely to be missed:** MBL opened 56 net new stores in 9MFY25 and as a result, net new store openings for FY25 are expected to fall short of the guidance of 100 stores.
- **225 store addition target for FY25-26 maintained:** The company remains committed to its overall target of 225 store openings over FY25-26, with 140-145 store additions expected in FY26.

### Key takeaways from the management commentary

- **Demand environment:** Diwali was two weeks earlier this year, driving strong growth in Oct'24. While growth continued in November, it began to slow slightly in December due to the early onset of EOSS by several retailers. Management expects demand to remain reasonably strong in 4Q, supported by a more weddings.
- **Guidance:** The management expects to clock ~15-18% revenue CAGR over the long term, with gross margins in the ~55% plus range and EBITDA in the ~30% plus range.
- **Store additions:** Management indicated that its target of 100 store additions for FY25 will likely be missed. However, it reiterated the guidance of opening ~225 stores over FY25-26, with ~140-145 store additions expected in FY26 (ex-FILA).
- **BIS:** There is no impact from the BIS implementation on MBL's core businesses (Metro/Mochi). Further, management expects BIS-related challenges to resolve in the medium term, as several factories in Southeast Asian countries (Vietnam and Indonesia) have started receiving BIS certifications.

### Valuation and view

- We lower our FY26-27E EBITDA by a marginal 1-2% on account of slightly weaker productivity assumptions (primarily due to a change in the format mix).
- MBL's FILA and Foot Locker ramp-up has been impacted due to challenges posed by BIS implementation. However, we believe these are short-term bumps and remain positive on MBL's long-term outlook, given a) its superior store economics, with industry-leading store productivity and strong cost controls, and b) a long runway for growth, largely funded through internal accruals, backed by a strong balance sheet and a healthy RoIC of ~30%+.
- Given the strong runway for growth in Metro, Mochi, and Walkway formats, along with significant growth opportunities in FILA/Foot Locker, we build in revenue/EBITDA/PAT CAGR of 13%/17%/20% over FY24-27E.
- We value MBL at 70x Mar'27 P/E to arrive at a valuation of INR1,550 per share. We have not factored in any significant contributions from FILA and Foot Locker in our estimates till FY27, and a faster ramp-up could provide a further upside potential. We **reiterate our BUY rating on MBL**.

## Consolidated - Quarterly Earnings summary

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	Var (%)
<b>Revenue</b>	<b>5,825</b>	<b>5,557</b>	<b>6,355</b>	<b>5,830</b>	<b>5,761</b>	<b>5,855</b>	<b>7,031</b>	<b>6,481</b>	<b>23,567</b>	<b>25,127</b>	<b>7,103</b>	<b>-1.0</b>
YoY Change (%)	14.7	16.7	6.1	7.1	-1.1	5.4	10.6	11.2	10.8	6.6	11.8	
Total Expenditure	3,959	4,003	4,365	4,244	3,957	4,306	4,781	4,652	16,571	17,696	4,859	-1.6
<b>EBITDA</b>	<b>1,866</b>	<b>1,554</b>	<b>1,990</b>	<b>1,586</b>	<b>1,804</b>	<b>1,548</b>	<b>2,250</b>	<b>1,829</b>	<b>6,996</b>	<b>7,431</b>	<b>2,244</b>	<b>0.3</b>
EBITDA Margin (%)	32.0	28.0	31.3	27.2	31.3	26.4	32.0	28.2	29.7	29.6	31.6	1.3
Depreciation	543	572	586	591	600	624	655	658	2,291	2,537	634	3.3
Interest	185	197	204	203	208	218	235	243	789	904	232	1.0
Other Income	144	162	160	244	234	234	232	236	708	935	234	-0.7
<b>PBT</b>	<b>1,282</b>	<b>946</b>	<b>1,359</b>	<b>1,036</b>	<b>1,230</b>	<b>939</b>	<b>1,593</b>	<b>1,164</b>	<b>4,624</b>	<b>4,926</b>	<b>1,611</b>	<b>-1.1</b>
Tax	353	275	379	-508	309	225	649	293	499	1,475	406	59.8
Rate (%)	27.5	29.1	27.9	-49.0	25.1	23.9	40.7	25.2	10.8	30.0	25.2	
MI & Profit/Loss of Asso. Cos.	6	5	7	12	2	3	7	0	1	12	0	
<b>PAT before MI</b>	<b>929</b>	<b>671</b>	<b>981</b>	<b>1,544</b>	<b>921</b>	<b>715</b>	<b>944</b>	<b>871</b>	<b>4,124</b>	<b>3,450</b>	<b>1,205</b>	<b>-21.7</b>
<b>Adj PAT post MI</b>	<b>935</b>	<b>676</b>	<b>988</b>	<b>866</b>	<b>923</b>	<b>718</b>	<b>1,201</b>	<b>871</b>	<b>3,465</b>	<b>3,712</b>	<b>1,205</b>	<b>-0.3</b>
YoY Change (%)	-12	-13	-13	26	-1	6	22	1	-5.2	7.2	22	

E: MOFSL Estimates

## Exhibit 1: We ascribe a TP of INR1,550 to MBL based on 70x FY27 EPS

(INR/share)	FY27
EPS (INR)	21.8
Target P/E (x)	70
<b>Target Price for MBL</b>	<b>1,525</b>
CMP	1,199
Upside (%)	27%

## Update on new business formats

- Launch of Foot Locker –
  - MBL launched its first Foot Locker store in India at New Delhi's Nexus Select City Walk in Oct'24.
  - The store's performance thus far has been largely in-line with management's expectation.
  - Due to supply chain-related concerns following the BIS implementation, the company remains cautious on the store expansion and plans to **add only 2-3 stores over the next 6-9 months.**
- FILA –
  - The liquidation of FILA's excess inventory was completed in Q3FY25.
  - Due to BIS-related concerns, the company initiated local manufacturing of FILA footwear in India, with the second drop expected to hit stores by mid-Feb'25.
  - In FY25, MBL focused on relaunching FILA by leveraging Foot Locker as well as its Metro/Mochi MBO network. Following the stabilization of FILA operations, management plans to restart opening new FILA EBOs in 2HFY26.
- Launch of New Era –
  - The company launched its first New Era kiosk in Bengaluru in Oct'24, followed by kiosks in Hyderabad and Mumbai.



## Key takeaways from the management commentary

### Detailed notes

- **Demand environment:** Diwali was two weeks earlier this year, driving strong growth in Oct'24. While growth continued in November, it began to slow slightly in December due to the early onset of EOSS by several retailers. Management expects demand to remain reasonably strong in 4Q, supported by a higher number of weddings.
- **Gross margin impact:** In Q3FY25, the company's gross margin contracted ~125bp YoY. Management indicated that the margin contraction was driven by the rising contribution from E-commerce, as well as ~50bp impact from the residual FILA inventory liquidation (vs. ~100bp impact in 2Q).
- **Guidance:** Management expects to clock ~15-18% revenue CAGR over the long term, with gross margins in the ~55% plus range and EBITDA in the ~30% plus range.
- **Store additions:** Management indicated that the target of 100 store additions for FY25 will likely be missed. However, it reiterated the guidance of opening ~225 stores over FY25-26, with ~140-145 store additions expected in FY26 (ex-FILA). Additionally, management reiterated that demand for retail space had increased during the post-COVID recovery period. However, the market has now become more rational, with several retailers rationalizing their high-rental stores in the past few quarters.
- **BIS:** There is no impact from the BIS implementation on MBL's core businesses (Metro/Mochi). Further, management expects BIS-related challenges to resolve in the medium term, as several factories in Southeast Asian countries (Vietnam and Indonesia) have started receiving BIS certifications.
- **Foot Locker:** Due to challenges posed by the BIS implementation on high-end sneakers, management is taking a cautious approach to Foot Locker expansions in the near term. The company expects to open ~3 stores over the next 6-9 months. The typical ASP range in Foot Locker is ~INR6,000-19,000. Further, according to the contractual agreement, MBL will receive warehousing margins even for online sales of Foot Locker products through the Nykaa platform.
- **Walkway:** Management reaffirmed that a strategy is in place for Walkway, but it will take some time for results to be visible. It continues to see green shoots in Walkway and appears more confident on executing the value format (vs. earlier).
- **FILA:** FY25 will be the year of repositioning for FILA. MBL plans to launch capsule collections initially, with plans to eventually increase both the frequency and width of the collections. The royalty for FILA has been re-aligned with sales growth. The first drop of FILA was completed in 3Q and received a positive response. Currently, FILA is sold through ~90-100 Metro/Mochi MBOs, in addition to FILA EBOs and Foot Locker. This distribution will expand over time as the frequency of new drops increases (2-3 drops planned per season). FILA production has been set up in India, and management expects FILA EBOs to open from 2HFY26.
- **Decline in sales per sq ft:** Slower growth in sales per sq ft is attributed to higher store additions in Tier 3-4 cities and a lower share of Crocs in the incremental store mix. However, management focuses on store profitability as the key metric rather than evaluating stores based on sales/sq ft.
- **New cities:** Management expects to expand to ~25-40 new cities next year. The company aims to add 60% of its stores in existing cities, with the remaining store additions coming from new cities.
- **Other:**

- **Inventory:** WC days improved from 82 to 76 days as of end-Dec'24 as inventory levels have now started to rationalize.
- **ASPs:** Accessories sales have been on a rising trend (in volumetric terms), which weighs on the reported average ASPs.

**Exhibit 2: Quarterly performance**

Consol P&L (INR m)	3QFY24	2QFY25	3QFY25	YoY%	QoQ%	3QFY25E	v/s Est (%)
<b>Total Revenue</b>	<b>6,355</b>	<b>5,855</b>	<b>7,031</b>	<b>11</b>	<b>20</b>	<b>7,103</b>	<b>-1</b>
Raw Material Cost	2,549	2,633	2,908	14	10	2,878	1
<b>Gross Profit</b>	<b>3,806</b>	<b>3,222</b>	<b>4,123</b>	<b>8</b>	<b>28</b>	<b>4,226</b>	<b>-2</b>
<b>Gross Margin (%)</b>	<b>59.9</b>	<b>55.0</b>	<b>58.6</b>	<b>-125</b>	<b>361</b>	<b>59.5</b>	<b>-85</b>
Employee Costs	604	597	634	5	6	646	-2
SGA Expenses	1,213	1,077	1,239	2	15	1,335	-7
<b>EBITDA</b>	<b>1,990</b>	<b>1,548</b>	<b>2,250</b>	<b>13</b>	<b>45</b>	<b>2,244</b>	<b>0</b>
<b>EBITDA Margin (%)</b>	<b>31.3</b>	<b>26.4</b>	<b>32.0</b>	<b>70</b>	<b>556</b>	<b>31.6</b>	<b>41.9</b>
Depreciation and Amortization	586	624	655	12	5	634	3
EBIT	1,403	924	1,595	14	73	1,610	-1
<b>EBIT Margin (%)</b>	<b>22.1</b>	<b>15.8</b>	<b>22.7</b>	<b>61</b>	<b>691</b>	<b>22.7</b>	<b>3</b>
Finance Costs	204	218	235	15	8	232	1
Other Income	160	234	232	45	-1	234	-1
Exceptional Item	0	0	0	NM	NM	0	NM
<b>Profit before Tax</b>	<b>1,359</b>	<b>939</b>	<b>1,593</b>	<b>17</b>	<b>70</b>	<b>1,611</b>	<b>-1</b>
Tax	379	225	649	71	189	406	60
<b>Profit after Tax</b>	<b>981</b>	<b>715</b>	<b>944</b>	<b>-4</b>	<b>32</b>	<b>1,205</b>	<b>-22</b>
<b>Adj Profit after Tax</b>	<b>988</b>	<b>718</b>	<b>1,201</b>	<b>22</b>	<b>67</b>	<b>1,205</b>	<b>0</b>
<b>PAT Margin (%)</b>	<b>15.5</b>	<b>12.3</b>	<b>17.1</b>	<b>154</b>	<b>482</b>	<b>17.0</b>	<b>12</b>

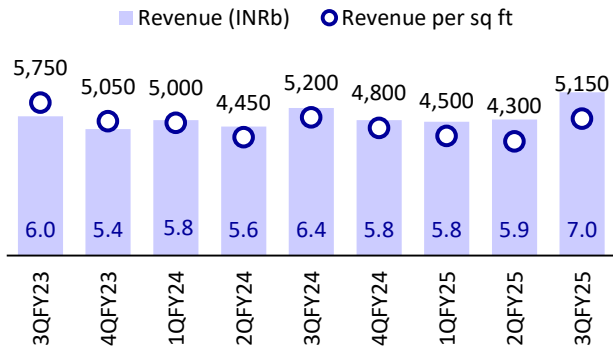
Source: MOFSL, Company

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

	FY25E	FY26E	FY27E
<b>Revenue (INR m)</b>			
Old	25,313	29,759	34,975
Actual/New	25,127	29,105	34,068
Change (%)	-0.7	-2.2	-2.6
<b>GP (INR m)</b>			
Old	14,605	17,259	20,460
Actual/New	14,467	16,954	20,015
Change (%)	-0.9	-1.8	-2.2
<b>EBITDA (INR m)</b>			
Old	7,454	9,299	11,279
Actual/New	7,431	9,095	11,157
Change (%)	-0.3	-2.2	-1.1
<b>EBITDA margin (%)</b>			
Old	29.4	31.2	32.2
Actual/New	29.6	31.3	32.8
Change (bp)	13	0	50
<b>Net Profit (INR m)</b>			
Old	3,759	4,769	5,960
Actual/New	3,712	4,659	5,927
Change (%)	-1.2	-2.3	-0.6
<b>EPS (INR)</b>			
Old	13.8	17.5	21.9
Actual/New	13.7	17.1	21.8
Change (%)	-1.2	-2.3	-0.6

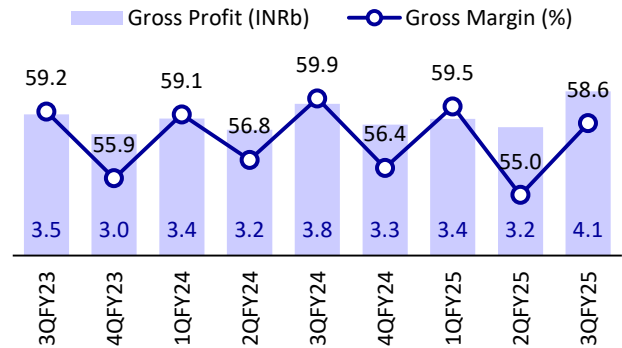
## Story in charts

**Exhibit 4: Consol revenue grew 11% YoY, while quarterly revenue per sq ft declined 1% YoY**



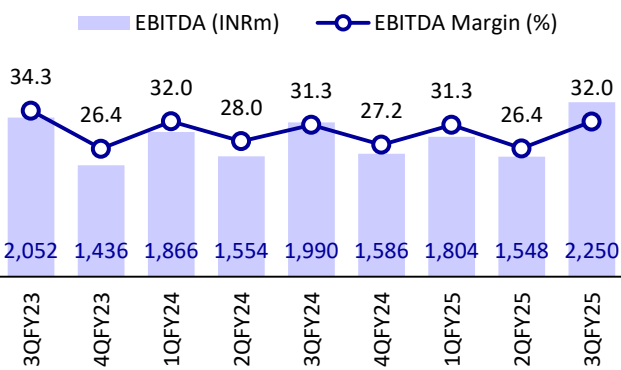
Source: MOFSL, Company

**Exhibit 5: GP up ~8% YoY as gross margins contracted ~125bp YoY**



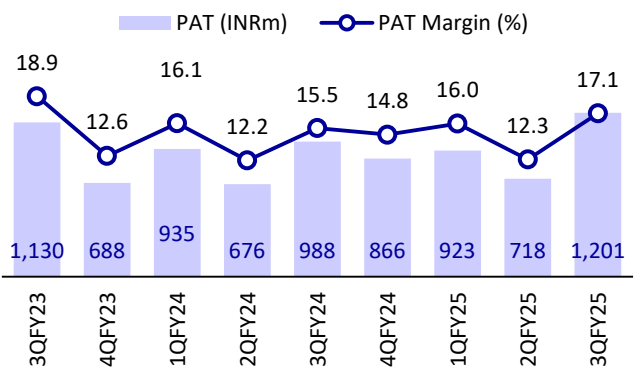
Source: MOFSL, Company

**Exhibit 6: EBITDA increased 13% YoY; margins expanded ~70 bp YoY on efficient cost controls**



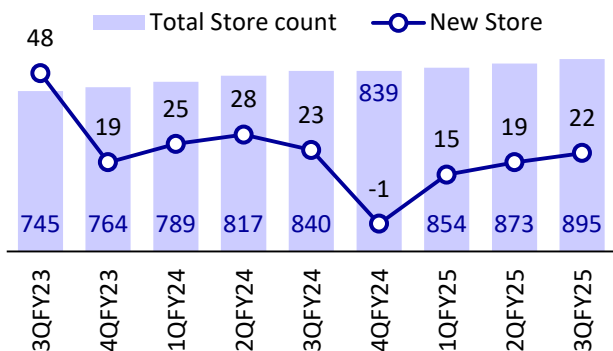
Source: MOFSL, Company

**Exhibit 7: Adj. PAT grew 22% YoY; margins up ~150bp YoY**



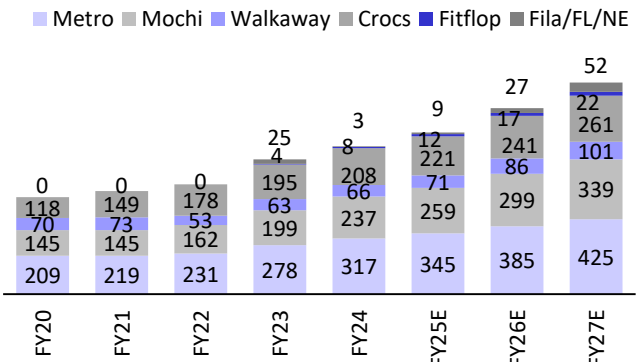
Source: MOFSL, Company

**Exhibit 8: Net store additions stood at 22 stores in 3Q**

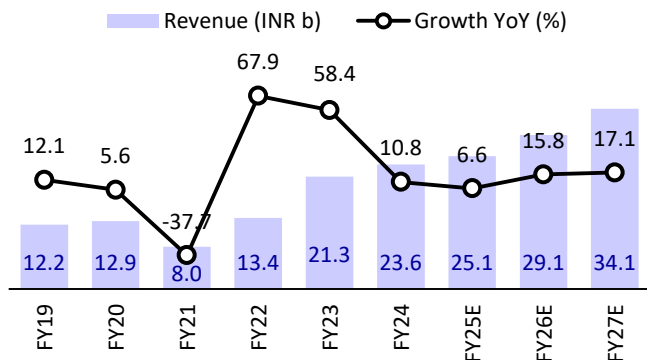


Source: MOFSL, Company

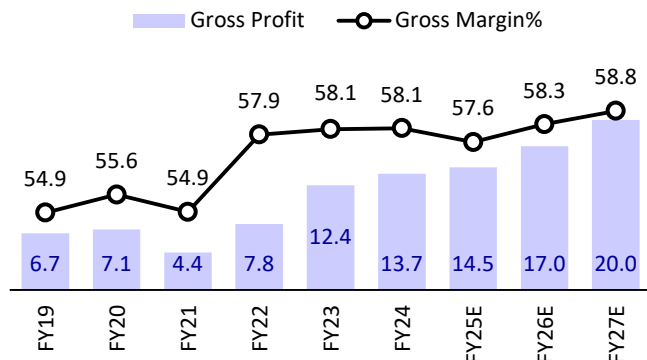
**Exhibit 9: MBL to reach ~1,200 stores by FY27 (vs. 895 at 9MFY25)**



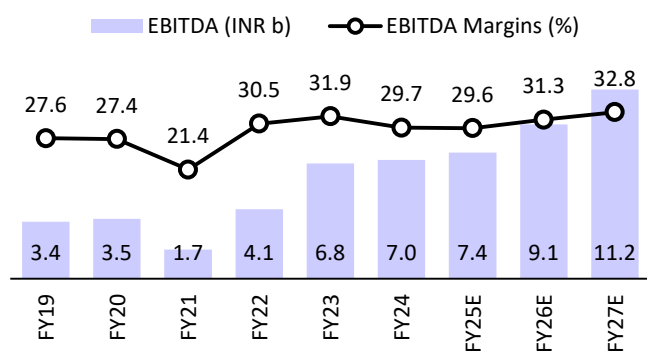
Source: MOFSL, Company

**Exhibit 10: Expect 13% revenue CAGR over FY24-27**

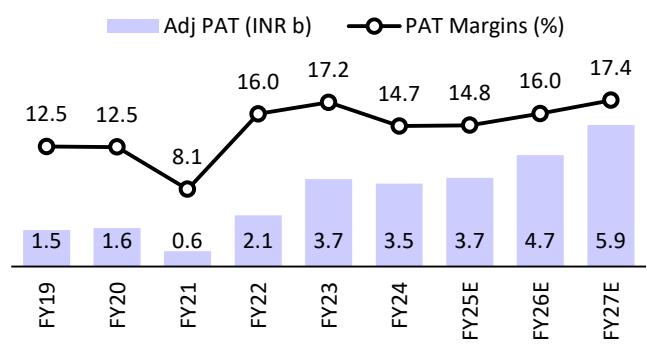
Source: MOFSL, Company

**Exhibit 11: Expect GP to clock a 13% CAGR over FY24-27**

Source: MOFSL, Company

**Exhibit 12: Expect 17% EBITDA CAGR over FY24-27**

Source: MOFSL, Company

**Exhibit 13: Expect 20% adj. PAT CAGR over FY24-27**

Source: MOFSL, Company

## Financials and valuations

### Consolidated - Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>12,852</b>	<b>8,001</b>	<b>13,429</b>	<b>21,271</b>	<b>23,567</b>	<b>25,127</b>	<b>29,105</b>	<b>34,068</b>
Change (%)	5.6	-37.7	67.9	58.4	10.8	6.6	15.8	17.1
Raw Materials	5,707	3,605	5,659	8,920	9,875	10,660	12,151	14,053
<b>Gross Profit</b>	<b>7,145</b>	<b>4,396</b>	<b>7,770</b>	<b>12,351</b>	<b>13,692</b>	<b>14,467</b>	<b>16,954</b>	<b>20,015</b>
Margin (%)	55.6	54.9	57.9	58.1	58.1	57.6	58.3	58.8
Employees Cost	1,268	1,026	1,212	1,843	2,280	2,450	2,692	2,981
Other Expenses	2,351	1,655	2,466	3,720	4,417	4,586	5,166	5,877
<b>Total Expenditure</b>	<b>9,325</b>	<b>6,285</b>	<b>9,338</b>	<b>14,483</b>	<b>16,571</b>	<b>17,696</b>	<b>20,010</b>	<b>22,911</b>
% of Sales	72.6	78.6	69.5	68.1	70.3	70.4	68.8	67.3
<b>EBITDA</b>	<b>3,527</b>	<b>1,715</b>	<b>4,092</b>	<b>6,788</b>	<b>6,996</b>	<b>7,431</b>	<b>9,095</b>	<b>11,157</b>
Margin (%)	27.4	21.4	30.5	31.9	29.7	29.6	31.3	32.8
Depreciation	1,206	1,218	1,342	1,810	2,291	2,537	2,849	3,264
<b>EBIT</b>	<b>2,321</b>	<b>497</b>	<b>2,749</b>	<b>4,978</b>	<b>4,704</b>	<b>4,894</b>	<b>6,247</b>	<b>7,894</b>
Int. and Finance Charges	395	437	504	631	789	904	1,073	1,157
Other Income	259	785	586	544	708	935	1,052	1,183
<b>PBT bef. EO Exp.</b>	<b>2,184</b>	<b>845</b>	<b>2,831</b>	<b>4,891</b>	<b>4,624</b>	<b>4,926</b>	<b>6,226</b>	<b>7,920</b>
EO Items	0	0	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>2,184</b>	<b>845</b>	<b>2,831</b>	<b>4,891</b>	<b>4,624</b>	<b>4,926</b>	<b>6,226</b>	<b>7,920</b>
Total Tax	587	193	702	1,257	499	1,475	1,567	1,993
Tax Rate (%)	26.9	22.8	24.8	25.7	10.8	30.0	25.2	25.2
Minority Interest	8	-6	15	-19	1	12	0	0
<b>Reported PAT</b>	<b>1,589</b>	<b>658</b>	<b>2,115</b>	<b>3,653</b>	<b>4,124</b>	<b>3,438</b>	<b>4,659</b>	<b>5,927</b>
<b>Adjusted PAT</b>	<b>1,589</b>	<b>658</b>	<b>2,115</b>	<b>3,654</b>	<b>3,465</b>	<b>3,712</b>	<b>4,659</b>	<b>5,927</b>
Change (%)	6.2	-58.6	221.3	72.8	-5.2	7.2	25.5	27.2
Margin (%)	12.4	8.2	15.7	17.2	14.7	14.8	16.0	17.4

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	1,328	1,328	1,358	1,359	1,360	1,360	1,360	1,360
Total Reserves	6,980	7,147	11,289	14,118	17,278	20,073	23,910	28,792
<b>Net Worth</b>	<b>8,308</b>	<b>8,474</b>	<b>12,647</b>	<b>15,477</b>	<b>18,637</b>	<b>21,433</b>	<b>25,270</b>	<b>30,152</b>
Minority Interest	0	0	224	264	294	294	294	294
Total Loans	5,491	5,669	6,922	9,430	10,984	11,249	12,574	13,974
Lease Liabilities	5,376	5,655	6,922	9,414	10,984	11,249	12,574	13,974
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
Other Liabilities	6	6	6	45	10	10	10	10
<b>Capital Employed</b>	<b>13,804</b>	<b>14,150</b>	<b>19,800</b>	<b>25,216</b>	<b>29,926</b>	<b>32,986</b>	<b>38,148</b>	<b>44,429</b>
Gross Block	9,798	10,394	12,765	17,904	21,412	23,527	27,270	31,312
Less: Accum. Deprn.	2,718	3,158	4,287	4,883	6,589	9,126	11,975	15,239
<b>Net Fixed Assets</b>	<b>7,080</b>	<b>7,236</b>	<b>8,478</b>	<b>13,021</b>	<b>14,823</b>	<b>14,401</b>	<b>15,295</b>	<b>16,073</b>
Other Non-Current	444	493	614	661	795	795	795	795
Capital WIP	130	45	62	178	93	178	178	178
<b>Total Investments</b>	<b>3,484</b>	<b>3,997</b>	<b>3,625</b>	<b>4,778</b>	<b>7,851</b>	<b>7,851</b>	<b>7,851</b>	<b>7,851</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>4,912</b>	<b>4,655</b>	<b>10,140</b>	<b>10,579</b>	<b>9,566</b>	<b>13,388</b>	<b>18,239</b>	<b>24,482</b>
Inventory	3,761	2,898	4,242	6,458	7,102	7,156	8,156	9,433
Account Receivables	701	506	577	1,261	757	1,721	1,993	2,333
Cash and Bank Balance	109	879	4,350	1,985	1,123	3,852	7,382	12,009
Loans and Advances	341	373	971	875	585	659	707	707
<b>Curr. Liability &amp; Prov.</b>	<b>2,370</b>	<b>2,444</b>	<b>3,342</b>	<b>4,056</b>	<b>3,601</b>	<b>4,026</b>	<b>4,610</b>	<b>5,349</b>
Account Payables	2,015	2,047	2,343	2,813	2,570	2,921	3,329	3,850
Other Current Liabilities	331	389	958	1,114	950	1,005	1,164	1,363
Provisions	25	8	40	129	80	101	116	136
<b>Net Current Assets</b>	<b>2,542</b>	<b>2,212</b>	<b>6,798</b>	<b>6,522</b>	<b>5,965</b>	<b>9,362</b>	<b>13,630</b>	<b>19,133</b>
Deferred Tax assets	124	167	223	56	399	399	399	399
Misc Expenditure	0	0	0	0	0	0	0	0
<b>Appl. of Funds</b>	<b>13,804</b>	<b>14,150</b>	<b>19,800</b>	<b>25,216</b>	<b>29,926</b>	<b>32,987</b>	<b>38,148</b>	<b>44,430</b>

## Financials and valuations

Ratios								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>6.0</b>	<b>2.5</b>	<b>7.8</b>	<b>13.4</b>	<b>12.7</b>	<b>13.7</b>	<b>17.1</b>	<b>21.8</b>
Cash EPS	10.5	7.1	13.0	20.6	21.7	23.5	28.3	34.6
BV/Share	31.3	31.9	47.6	58.3	70.2	80.7	95.2	113.6
DPS	3.0	1.1	0.8	5.0	2.2	2.4	3.0	3.8
Payout (%)	25.1	45.4	9.6	37.2	14.8	19.0	17.6	17.6
<b>Valuation (x)</b>								
P/E	200.3	483.5	153.9	89.1	94.1	87.8	69.9	55.0
Cash P/E	113.9	169.6	92.0	58.2	55.3	50.9	42.4	34.6
P/BV	38.3	37.6	25.2	20.6	17.1	14.8	12.6	10.6
EV/Sales	12.8	40.4	24.4	15.7	14.2	13.3	11.4	9.6
EV/EBITDA	46.6	188.3	80.2	49.1	48.0	44.8	36.4	29.4
Dividend Yield (%)	0.3	0.1	0.1	0.4	0.2	0.2	0.3	0.3
<b>Return Ratios (%)</b>								
RoE	21.2	7.8	20.0	26.0	20.3	18.5	19.9	21.4
RoCE	15.3	7.1	14.9	18.4	17.7	13.1	15.5	16.6
RoIC	18.1	4.0	19.7	24.6	21.4	16.3	21.3	25.1
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.3	0.8	1.1	1.2	1.1	1.1	1.1	1.1
Asset Turnover (x)	0.9	0.6	0.7	0.8	0.8	0.8	0.8	0.8
Inventory (Days)	241	293	274	264	262	245	245	245
Debtor (Days)	20	23	16	22	12	25	25	25
Creditor (Days)	129	207	151	115	95	100	100	100
<b>Leverage Ratio (x)</b>								
Current Ratio	2.1	1.9	3.0	2.6	2.7	3.3	4.0	4.6
Interest Cover Ratio	5.9	1.1	5.5	7.9	6.0	5.4	5.8	6.8
Net Debt/Equity	0.2	0.1	-0.1	0.2	0.1	0.0	-0.1	-0.2
<b>Consolidated - Cash Flow Statement</b>								
	<b>(INR m)</b>							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	2,184	845	2,831	4,891	4,624	4,926	6,226	7,920
Depreciation	1,206	1,218	1,342	1,810	2,291	2,537	2,849	3,264
Interest & Finance Charges	395	437	491	631	789	904	1,073	1,157
Direct Taxes Paid	-608	-204	-715	-1,412	-840	-1,475	-1,567	-1,993
(Inc)/Dec in WC	-156	1,135	-638	-1,727	-490	-667	-738	-877
<b>CF from Operations</b>	<b>3,021</b>	<b>3,432</b>	<b>3,312</b>	<b>4,193</b>	<b>6,374</b>	<b>6,224</b>	<b>7,842</b>	<b>9,470</b>
Others	-291	-779	-491	-386	-474	-935	-1,052	-1,183
<b>CF from Operating incl EO</b>	<b>2,731</b>	<b>2,653</b>	<b>2,821</b>	<b>3,807</b>	<b>5,901</b>	<b>5,289</b>	<b>6,791</b>	<b>8,287</b>
(Inc)/Dec in FA	-440	-251	-479	-996	-1,161	-649	-1,152	-1,192
<b>Free Cash Flow</b>	<b>2,291</b>	<b>2,402</b>	<b>2,342</b>	<b>2,810</b>	<b>4,740</b>	<b>4,640</b>	<b>5,639</b>	<b>7,095</b>
(Pur)/Sale of Investments	-1,243	-329	538	-620	-1,885	0	0	0
Others	57	-644	68	-748	478	935	1,052	1,183
<b>CF from Investments</b>	<b>-1,626</b>	<b>-1,224</b>	<b>127</b>	<b>-2,365</b>	<b>-2,569</b>	<b>286</b>	<b>-100</b>	<b>-9</b>
Issue of Shares	0	0	2,924	29	44	0	0	0
Inc/(Dec) in Debt	17	-101	-14	-1,023	-15	0	0	0
Interest Paid	-8	-6	-1	-1	-3	-904	-1,073	-1,157
Dividend	0	-498	0	-883	-1,155	-655	-821	-1,045
Others	-1,124	-665	-1,038	-1,710	-2,097	-1,201	-1,267	-1,450
<b>CF from Fin. Activity</b>	<b>-1,115</b>	<b>-1,271</b>	<b>1,870</b>	<b>-3,588</b>	<b>-3,227</b>	<b>-2,759</b>	<b>-3,161</b>	<b>-3,652</b>
<b>Inc/Dec of Cash</b>	<b>-10</b>	<b>158</b>	<b>4,818</b>	<b>-2,146</b>	<b>106</b>	<b>2,816</b>	<b>3,530</b>	<b>4,626</b>
Opening Balance	115	105	263	5,081	2,935	3,041	5,856	9,387
<b>Closing Balance</b>	<b>105</b>	<b>263</b>	<b>5,081</b>	<b>2,935</b>	<b>3,041</b>	<b>5,856</b>	<b>9,387</b>	<b>14,013</b>
<b>Other Bank Balance/(OD)</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>-2,004</b>
<b>Net Closing Balance</b>	<b>109</b>	<b>879</b>	<b>4,350</b>	<b>1,985</b>	<b>1,123</b>	<b>3,852</b>	<b>7,382</b>	<b>12,009</b>

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
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
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.