

# Metro Brands

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	METROBRA IN
Equity Shares (m)	272
M.Cap.(INRb)/(USD\$)	329.6 / 3.9
52-Week Range (INR)	1412 / 890
1, 6, 12 Rel. Per (%)	8/2/-1
12M Avg Val (INR M)	162

## Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	25.1	28.5	33.3
EBITDA	7.6	8.8	10.5
Adj. PAT	3.5	4.5	5.5
EBITDA Margin (%)	30.2	31.0	31.7
Adj. EPS (INR)	13.9	16.5	20.0
EPS Gr. (%)	9.4	18.4	21.4
BV/Sh. (INR)	64.4	75.3	88.7

## Ratios

Net D:E	0.3	0.3	0.2
RoE (%)	21.2	24.2	25.0
RoCE (%)	14.1	16.5	16.9
Payout (%)	154.6	35.5	34.5

## Valuations

P/E (x)	86.9	73.4	60.5
EV/EBITDA (x)	45.0	38.5	32.2
EV/Sales (X)	13.6	11.9	10.2
Div. Yield (%)	1.6	0.5	0.6

## Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	71.9	71.9	74.2
DII	7.4	7.2	6.0
FII	3.5	3.4	2.7
Others	17.3	17.5	17.1

FII includes depository receipts

**CMP: INR1,211 TP: INR1,400 (+16%) Buy**

## Growth recovery sustains; cost control drives beat

- Metro Brands (MBL) reported 4Q results above our estimates, driven by 10% YoY revenue growth, ~105bp gross margin expansion (100bp beat) and superior cost controls (other expenses -1% YoY, EBITDA margin up 350bp).
- MBL reported ~6%/8% YoY growth in revenue/EBITDA in FY25. 1H was impacted by fewer wedding days, general elections and adverse weather conditions. However, growth recovered to double digits in 2H.
- Store additions (70 net) in FY25 were below management's initial guidance, and management refrained from providing any specific store addition target for FY26 (vs. ~140-145 store additions target for FY26 earlier).
- However, management reiterated its guidance of ~15% revenue CAGR over the longer term and would continue to invest on meaningful and profitable store additions to drive growth.
- Our FY26-27 estimates are broadly unchanged. Given the strong runway for growth in Metro, Mochi, and Walkway formats, along with significant growth opportunities in FILA/Foot Locker, we build in a CAGR of 15%/18%/20% in revenue/EBITDA/PAT over FY25-27E.
- We **reiterate our BUY rating on MBL with a revised TP of INR1,400 (earlier INR1,350)**, premised on 70x Mar'27 EPS.

## 4Q beat driven by superior cost control; revenue up 10% YoY

- MBL's consolidated revenue grew ~10% YoY to INR6.4b (in line), primarily driven by area additions as PSF was broadly stable YoY at INR4,750.
  - In-store sales inched up ~5% YoY, mainly led by 9% YoY store additions.
  - The company added 18 stores and closed five stores, taking the net count to 908. Format-wise, MBL added seven stores for Metro, three for Mochi, two for Crocs, and one for Fitflop.
  - E-commerce sales grew ~45% YoY to INR610m
- Gross profit grew 12% YoY to INR3.7b (5% beat) as margins expanded 105bp YoY to 57.5% (~100bp beat). This was because the liquidation of old FILA inventory was largely done with.
- EBITDA grew 24% YoY to INR2b (10% beat), buoyed by better GM and robust cost-control measures.
- Employee expenses grew 6% YoY, while other expenses declined 1% YoY, leading to ~350bp YoY EBITDA margin expansion (200bp beat).
- Depreciation/finance costs rose 19%/20% YoY, while other income was down 5% YoY.
- Resultantly, PBT at INR1.3b grew 21% YoY (9% ahead).
- Adj. PAT grew 10% YoY to INR0.95b (11% beat).

## FY25 performance: Revenue/EBITDA/adj PAT rise 6%/8%/10%

- Revenue grew 6% YoY to INR25b amid a subdued macro environment. However, performance improved notably in 2HFY25, with revenue rising ~10.5% YoY.

- In-store sales grew ~5% YoY, largely driven by ~9% YoY store additions.
- MBL added a net 70 stores during FY25, taking the total store count to 908.
- By format, Metro added 28 stores, Mochi added 19, Crocs added 11, Walkway added 4, Fitflop added 4, FootLocker added 1 store, and New Era kiosks added 3 stores.
- Online revenue came in at INR2.6b, up 20% YoY, contributing 10.6% to total revenue (up 110bp).
- Gross profit grew 6% YoY as margins contracted 40bp to 57.7% due to the impact of old FILA inventory liquidation.
- EBITDA rose 8% YoY to INR7.6b as tight cost control (other expenses flat YoY) offset weaker gross margin, resulting in ~50bp expansion in EBITDA margin to 30.2%.
- Depreciation and interest expenses increased 13% and 15% YoY, respectively, while other income rose 31% YoY.
- Consequently, profit before tax rose 9% YoY to INR5b for the quarter.
- Adjusted profit after tax stood at INR3.8b, registering a 10% YoY growth.
- MBL's working capital days reduced to 73 (vs. 82 in FY24), with inventory days normalizing to 92 (from ~110 YoY) as BIS-led disruptions normalize.
- OCF (post leases) improved to INR4.6b (vs. INR3.8b YoY), driven by working capital release and margin expansion. FCF stood at INR3.7b (vs INR2.6b).

#### Key takeaways from the management commentary

- **Demand:** 1HFY25 was challenging due to fewer wedding dates, general elections, and adverse weather conditions impacting footfalls. However, 2H saw a normalization in consumer behavior with business returning to a double-digit growth trajectory.
- **Guidance:** Management reiterated its guidance of ~15% revenue CAGR over the long term. Further, it indicated that rentals are stabilizing and the company will continue to focus on opening meaningful and profitable stores and is not fixated on particular store opening targets (earlier guidance of 140-145 store openings for FY26).
- **FILA:** The first two years after the acquisition were focused on liquidation of old inventory, which was completed in 3QFY25. MBL is focusing on repositioning the brand in FY26 and is currently distributing FILA within Metro, Mochi, Foot Locker and online channels. Management expects to open FILA EBOs by 2HFY26. FILA posted INR580m loss in FY24, which reduced by ~50% in FY25 and is expected to reduce further with the opening of EBOs.
- **Margin:** BIS-related inventory issues have stabilized and are not expected to impact margins significantly for MBL. Guidance remains unchanged with gross margins of 55-57%, EBITDA margin at ~30%, and PAT at ~15%.

#### Valuation and view

- Concerns around Fila's liquidation and BIS-related challenges are now well behind the company, and MBL focus is on ramping up FILA and Foot Locker. We remain positive about 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%+.
- Our FY26-27 estimates are broadly unchanged. 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 15%/18%/20% over FY25-27E.

- We value MBL at 70x Mar'27E P/E to arrive at a valuation of INR1,400 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

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est 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>6,428</b>	<b>23,567</b>	<b>25,074</b>	<b>6,250</b>	<b>2.8</b>
YoY Change (%)	14.7	16.7	6.1	7.1	-1.1	5.4	10.6	10.3	10.8	6.4	7.2	
Total Expenditure	3,959	4,003	4,365	4,244	3,957	4,306	4,781	4,456	16,571	17,500	4,458	-0.1
<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>1,972</b>	<b>6,996</b>	<b>7,574</b>	<b>1,792</b>	<b>10.1</b>
EBITDA Margin (%)	32.0	28.0	31.3	27.2	31.3	26.4	32.0	30.7	29.7	30.2	28.7	201 bp
Depreciation	543	572	586	591	600	624	655	701	2,291	2,580	659	6.4
Interest	185	197	204	203	208	218	235	244	789	905	243	0.5
Other Income	144	162	160	244	234	234	232	231	708	930	259	-10.9
<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>1,258</b>	<b>4,624</b>	<b>5,019</b>	<b>1,149</b>	<b>9.4</b>
Tax	353	275	379	-508	309	225	649	309	499	1,491	289	6.7
Rate (%)	27.5	29.1	27.9	-49.0	25.1	23.9	40.7	24.5	10.8	29.7	25.2	
MI & Profit/Loss of Asso. Cos.	6	5	7	12	2	3	7	4	1	16	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>949</b>	<b>4,124</b>	<b>3,528</b>	<b>860</b>	<b>10.4</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>953</b>	<b>3,465</b>	<b>3,795</b>	<b>860</b>	<b>10.9</b>
YoY Change (%)	-12	-13	-13	26	-1	6	22	10	-5.2	9.5	-1	

E: MOFSL Estimates

#### Exhibit 1: We ascribe a TP of INR1,400 to MBL based on 70x FY27 EPS

(INR/share)	FY27
EPS (INR)	20
Target P/E (x)	70
<b>Target Price for MBL</b>	<b>1,400</b>
CMP	1,210
Upside (%)	16%

#### Update on new business formats

- Launch of Foot Locker -
  - MBL launched its first Foot Locker store in India in Oct'24 (New Delhi, Nexus Select City Walk) under a multi-decade licensing agreement.
  - Initial performance met expectations, but further expansion is paced cautiously due to BIS-related supply disruptions.
  - MBL plans to open three additional stores before the festive season in 3QFY26.
- Fila -
  - After completing the liquidation of old inventory in 3QFY25, MBL began relaunching FILA by integrating distribution through its Foot Locker, Metro, and Mochi networks.
  - To counter BIS import challenges, local manufacturing of FILA products has commenced.
  - The company is on track to open new EBOs for FILA in 2HFY26.
- Launch of New Era -
  - The first kiosk opened in Bengaluru (Oct'24), followed by Hyderabad and Mumbai, with the New Era India website going live in 4QFY25.



## Detailed takeaways from the management commentary

- **Demand:** 1HFY25 was challenging due to fewer wedding dates, general elections, and adverse weather conditions impacting footfalls. However, 2H saw a normalization in consumer behavior, with business returning to a double digit growth trajectory.
- **Guidance:** Management reiterated its guidance of ~15% revenue CAGR over the long term. Further, it indicated that rentals are stabilizing and the company will continue to focus on opening meaningful and profitable stores and is not fixated on particular store opening targets (earlier guidance of 140-145 store openings for FY26).
- **FILA:** The first two years after the acquisition were focused on liquidation of old inventory, which was completed in 3QFY25. MBL is focusing on repositioning the brand in FY26 and is currently distributing FILA within Metro, Mochi, Foot Locker and online channels. Management expects to open FILA EBOs by 2HFY26. FILA posted INR580m loss in FY24, which reduced by ~50% in FY25 and is expected to reduce further with opening of EBOs.
- **Margin:** BIS-related inventory issues have stabilized and are not expected to impact margins significantly for MBL. Guidance remains unchanged, with gross margins at 55-57%, EBITDA margin at ~30%, and PAT growth at ~15%.
- **SPSF:** Sales per square ft (SPSF) saw a slight decline, in line with management's expectations. SPSF is impacted by lower share of Crocs in new store openings. Management looks at store-level profitability to judge the store performance rather than SPSF. It anticipates flat SPSF in the near term, with slight inflation-led improvement, and higher growth would depend on favourable store openings mix.
- **E-Commerce:** E-commerce witnessed ~45% YoY growth in 4Q and ~20% YoY growth in FY25, with 5-year CAGR at ~53%. MBL's focus remains on a profitable omni-channel model, particularly prioritizing full-price sales. Given, likely faster growth (on a lower base), the e-commerce contribution could go up by ~1-2% over next few years.
- **Walkway:** The addressable market for Walkway is large and the company is focused on getting the value proposition/positioning correct. Management does not see any major obstacle in scaling up the Walkway format, even though it would be dilutive to the company's overall SPSF metric.
- **ASP:** Historically, ASP growth has been in the range of 3 to 5%. In 4QFY25, ASP for footwear grew 5 to 6%, averaging ~INR2,400. Management expects ASP growth to be in the same ball park going ahead, with mix improvement the key driver for ASP increase, rather than price hikes.
- **Foot Locker:** Initial response to Foot Locker has been positive, but full product range availability is constrained by BIS-related challenges. MBL plans to open three more stores in 2HFY26.
- **Capex:** Major capex related to warehouse investment (~INR400m) is expected to be booked in 1HFY26. FY25 capex stood at INR0.86b, which was lower due to slower store additions.
- **Regional trends:** Management indicated that MBL also witnessed relatively soft demand in South India, especially in AP and Telangana, potentially due to slowdown in IT sector and public works activity in Hyderabad. However, management believes this is a temporary issue and not a long-term concern.

## Exhibit 2: Quarterly performance

Consol P&L (INR m)	4QFY24	3QFY25	4QFY25	YoY%	QoQ%	4QFY25E	v/s Est (%)
<b>Total Revenue</b>	<b>5,830</b>	<b>7,031</b>	<b>6,428</b>	<b>10</b>	<b>-9</b>	<b>6,250</b>	<b>3</b>
Raw Material Cost	2,542	2,908	2,734	8	-6	2,719	1
<b>Gross Profit</b>	<b>3,288</b>	<b>4,123</b>	<b>3,694</b>	<b>12</b>	<b>-10</b>	<b>3,531</b>	<b>5</b>
<b>Gross Margin (%)</b>	<b>56.4</b>	<b>58.6</b>	<b>57.5</b>	<b>107</b>	<b>-118</b>	<b>56.5</b>	<b>96</b>
Employee Costs	591	634	626	6	-1	603	4
SGA Expenses	1,111	1,239	1,096	-1	-12	1,136	-4
<b>EBITDA</b>	<b>1,586</b>	<b>2,250</b>	<b>1,972</b>	<b>24</b>	<b>-12</b>	<b>1,792</b>	<b>10</b>
<b>EBITDA Margin (%)</b>	<b>27.2</b>	<b>32.0</b>	<b>30.7</b>	<b>347</b>	<b>-133</b>	<b>28.7</b>	<b>201.1</b>
Depreciation and Amortization	591	655	701	19	7	659	6
EBIT	996	1,595	1,271	28	-20	1,133	12
<b>EBIT Margin (%)</b>	<b>17.1</b>	<b>22.7</b>	<b>19.8</b>	<b>270</b>	<b>-292</b>	<b>18.1</b>	<b>165</b>
Finance Costs	203	235	244	20	4	243	1
Other Income	244	232	231	-5	-1	259	-11
Exceptional Item	0	0	0	NM	NM	0	NM
<b>Profit before Tax</b>	<b>1,036</b>	<b>1,593</b>	<b>1,258</b>	<b>21</b>	<b>-21</b>	<b>1,149</b>	<b>9</b>
Tax	-508	649	309	-161	-52	289	7
<b>Tax Rate (%)</b>	<b>-49.0</b>	<b>40.7</b>	<b>24.5</b>	<b>7357</b>	<b>-1619</b>	<b>25.2</b>	<b>NM</b>
<b>Profit after Tax</b>	<b>1,544</b>	<b>944</b>	<b>949</b>	<b>-39</b>	<b>1</b>	<b>860</b>	<b>10</b>
<b>Adj Profit after Tax</b>	<b>866</b>	<b>1,201</b>	<b>953</b>	<b>10</b>	<b>-21</b>	<b>860</b>	<b>11</b>
<b>PAT Margin (%)</b>	<b>14.8</b>	<b>17.1</b>	<b>14.8</b>	<b>-2</b>	<b>-225</b>	<b>13.8</b>	<b>107</b>

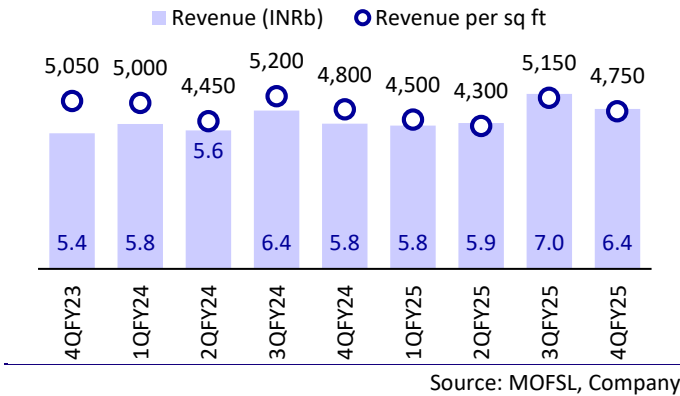
Source: MOFSL, Company

## Exhibit 3: Summary of changes to our estimates

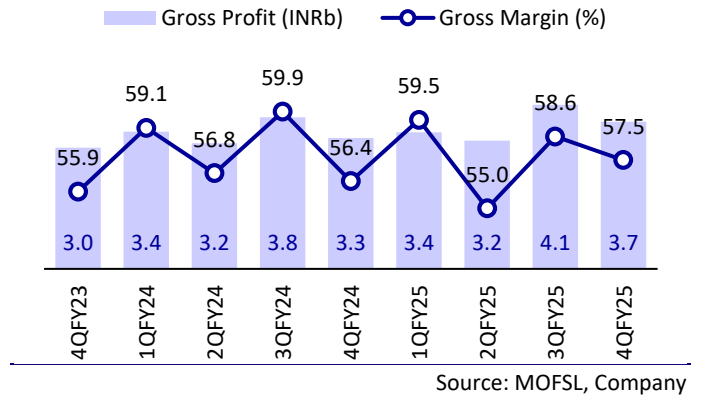
	FY25	FY26E	FY27E
<b>Revenue (INR m)</b>			
Old	24,896	28,789	33,716
Actual/New	25,074	28,548	33,294
Change (%)	0.7	-0.8	-1.3
<b>GP (INR m)</b>			
Old	14,303	16,626	19,640
Actual/New	14,465	16,587	19,427
Change (%)	1.1	-0.2	-1.1
<b>EBITDA (INR m)</b>			
Old	7,394	8,781	10,789
Actual/New	7,574	8,850	10,538
Change (%)	2.4	0.8	-2.3
<b>EBITDA margin (%)</b>			
Old	29.7	30.5	32.0
Actual/New	30.2	31.0	31.7
Change (bp)	51	50	-35
<b>Net Profit (INR m)</b>			
Old	3,701	4,437	5,665
Actual/New	3,795	4,494	5,453
Change (%)	2.5	1.3	-3.7
<b>EPS (INR)</b>			
Old	13.6	16.3	20.8
Actual/New	13.9	16.5	20.0
Change (%)	2.4	1.2	-3.9

## Story in charts

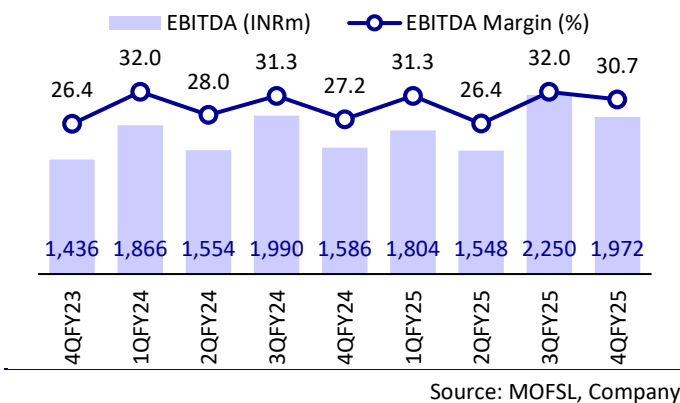
**Exhibit 4: Consol revenue grew 10% YoY, while quarterly revenue per sqft declined 1% YoY**



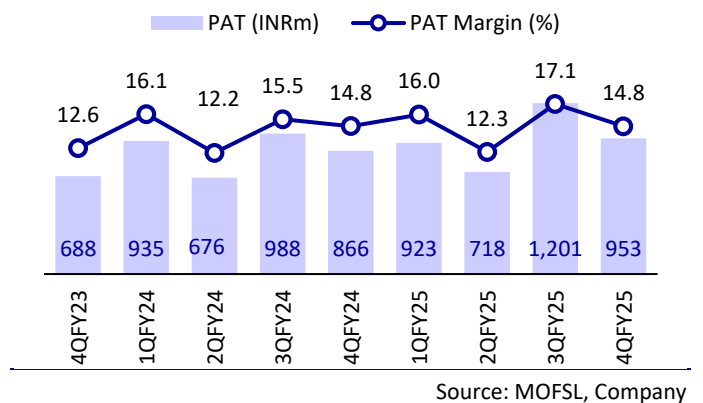
**Exhibit 5: GP up ~12% YoY as gross margins expanded ~110bp YoY**



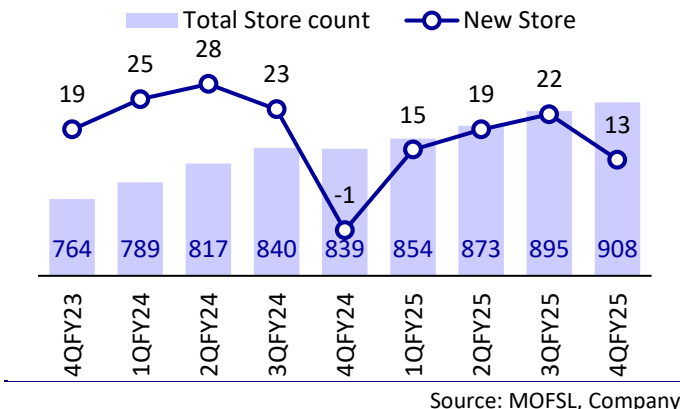
**Exhibit 6: EBITDA rose 24% YoY; margins expanded ~350bp YoY on efficient cost controls**



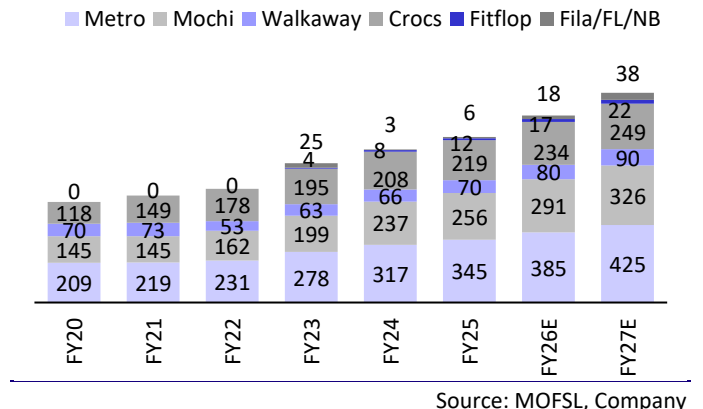
**Exhibit 7: Adj. PAT grew 10% YoY; margins flat YoY**



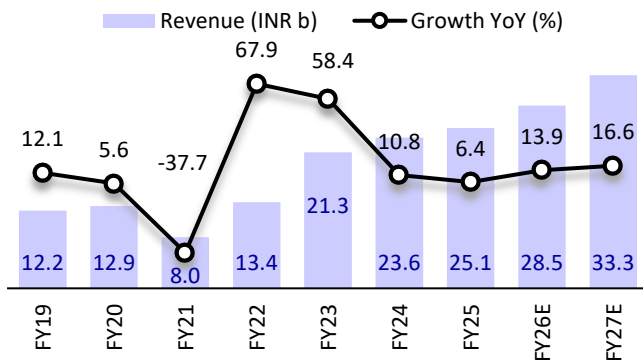
**Exhibit 8: Net store additions stood at 13 stores in 4Q**



**Exhibit 9: MBL to reach ~1,150 stores by FY27 (vs. 908 in FY25)**

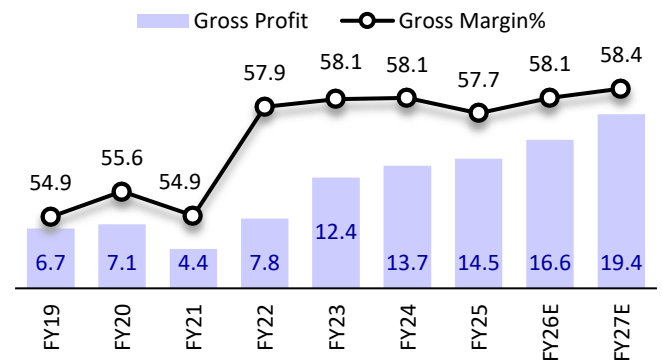


**Exhibit 10: Expect 15% revenue CAGR over FY25-27**



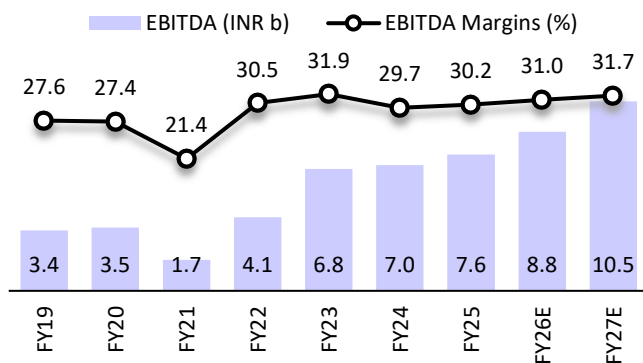
Source: MOFSL, Company

**Exhibit 11: Expect GP to clock a 16% CAGR over FY25-27**



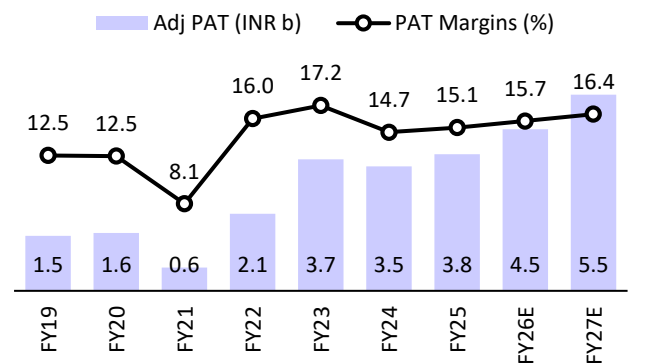
Source: MOFSL, Company

**Exhibit 12: Expect 18% EBITDA CAGR over FY25-27**



Source: MOFSL, Company

**Exhibit 13: Expect 20% adj. PAT CAGR over FY25-27**



Source: MOFSL, Company



## Financials and valuations

### Consolidated - Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	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>25,074</b>	<b>28,548</b>	<b>33,294</b>
Change (%)	5.6	-37.7	67.9	58.4	10.8	6.4	13.9	16.6
Raw Materials	5,707	3,605	5,659	8,920	9,875	10,609	11,962	13,867
<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>14,465</b>	<b>16,587</b>	<b>19,427</b>
Margin (%)	55.6	54.9	57.9	58.1	58.1	57.7	58.1	58.4
Employees Cost	1,268	1,026	1,212	1,843	2,280	2,450	2,741	3,130
Other Expenses	2,351	1,655	2,466	3,720	4,417	4,441	4,996	5,760
<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>17,500</b>	<b>19,698</b>	<b>22,756</b>
% of Sales	72.6	78.6	69.5	68.1	70.3	69.8	69.0	68.4
<b>EBITDA</b>	<b>3,527</b>	<b>1,715</b>	<b>4,092</b>	<b>6,788</b>	<b>6,996</b>	<b>7,574</b>	<b>8,850</b>	<b>10,538</b>
Margin (%)	27.4	21.4	30.5	31.9	29.7	30.2	31.0	31.7
Depreciation	1,206	1,218	1,342	1,810	2,291	2,580	2,755	3,176
<b>EBIT</b>	<b>2,321</b>	<b>497</b>	<b>2,749</b>	<b>4,978</b>	<b>4,704</b>	<b>4,994</b>	<b>6,095</b>	<b>7,362</b>
Int. and Finance Charges	395	437	504	631	789	905	1,066	1,197
Other Income	259	785	586	544	708	930	976	1,123
<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>5,019</b>	<b>6,005</b>	<b>7,288</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>5,019</b>	<b>6,005</b>	<b>7,288</b>
Total Tax	587	193	702	1,257	499	1,491	1,512	1,834
Tax Rate (%)	26.9	22.8	24.8	25.7	10.8	29.7	25.2	25.2
Minority Interest	8	-6	15	-19	1	16	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>3,512</b>	<b>4,494</b>	<b>5,453</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>3,795</b>	<b>4,494</b>	<b>5,453</b>
Change (%)	6.2	-58.6	221.3	72.8	-5.2	9.5	18.4	21.4
Margin (%)	12.4	8.2	15.7	17.2	14.7	15.1	15.7	16.4

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	1,328	1,328	1,358	1,359	1,360	1,361	1,361	1,361
Total Reserves	6,980	7,147	11,289	14,118	17,278	15,730	18,628	22,200
<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>17,091</b>	<b>19,990</b>	<b>23,562</b>
Minority Interest	0	0	224	264	294	289	289	289
Total Loans	5,491	5,669	6,922	9,430	10,984	12,271	14,624	16,896
Lease Liabilities	5,376	5,655	6,922	9,414	10,984	12,271	14,624	16,896
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
Other Liabilities	6	6	6	45	10	8	8	8
<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>29,660</b>	<b>34,911</b>	<b>40,756</b>
Gross Block	9,798	10,394	12,765	17,904	21,412	25,189	29,837	34,734
Less: Accum. Deprn.	2,718	3,158	4,287	4,883	6,589	9,170	11,924	15,100
<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>16,020</b>	<b>17,913</b>	<b>19,634</b>
Other Non-Current	444	493	614	661	795	957	957	957
Capital WIP	130	45	62	178	93	94	94	94
<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>5,505</b>	<b>5,505</b>	<b>5,505</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>10,375</b>	<b>14,038</b>	<b>18,804</b>
Inventory	3,761	2,898	4,242	6,458	7,102	6,369	7,210	8,168
Account Receivables	701	506	577	1,261	757	912	1,038	1,211
Cash and Bank Balance	109	879	4,350	1,985	1,123	1,010	3,596	7,231
Loans and Advances	341	373	971	875	585	2,084	2,193	2,193
<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>3,676</b>	<b>3,980</b>	<b>4,623</b>
Account Payables	2,015	2,047	2,343	2,813	2,570	2,258	2,722	3,156
Other Current Liabilities	331	389	958	1,114	950	1,316	1,142	1,332
Provisions	25	8	40	129	80	102	116	135
<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>6,700</b>	<b>10,058</b>	<b>14,181</b>
Deferred Tax assets	124	167	223	56	399	384	384	384
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>29,660</b>	<b>34,911</b>	<b>40,756</b>



## Financials and valuations

Ratios								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	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>13.9</b>	<b>16.5</b>	<b>20.0</b>
Cash EPS	10.5	7.1	13.0	20.6	21.7	24.0	27.3	32.5
BV/Share	31.3	31.9	47.6	58.3	70.2	64.4	75.3	88.7
DPS	3.0	1.1	0.8	5.0	2.2	19.9	5.9	6.9
Payout (%)	25.1	45.4	9.6	37.2	14.8	154.6	35.5	34.5
<b>Valuation (x)</b>								
P/E	200.3	483.5	153.9	89.1	95.1	86.9	73.4	60.5
Cash P/E	113.9	169.6	92.0	58.2	55.9	50.5	44.4	37.3
P/BV	38.3	37.6	25.2	20.6	17.3	18.8	16.1	13.7
EV/Sales	12.8	40.4	24.4	15.7	14.4	13.6	11.9	10.2
EV/EBITDA	46.6	188.3	80.2	49.1	48.5	45.0	38.5	32.2
Dividend Yield (%)	0.3	0.1	0.1	0.4	0.2	1.6	0.5	0.6
<b>Return Ratios (%)</b>								
RoE	21.2	7.8	20.0	26.0	20.3	21.2	24.2	25.0
RoCE	15.3	7.1	14.9	18.4	17.7	14.1	16.5	16.9
RoIC	18.1	4.0	19.7	24.6	21.4	16.0	18.7	20.5
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.3	0.8	1.1	1.2	1.1	1.0	1.0	1.0
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	219	220	215
Debtor (Days)	20	23	16	22	12	13	13	13
Creditor (Days)	129	207	151	115	95	78	83	83
<b>Leverage Ratio (x)</b>								
Current Ratio	2.1	1.9	3.0	2.6	2.7	2.8	3.5	4.1
Interest Cover Ratio	5.9	1.1	5.5	7.9	6.0	5.5	5.7	6.2
Net Debt/Equity	0.2	0.1	-0.1	0.2	0.1	0.3	0.3	0.2
<b>Consolidated - Cash Flow Statement</b>								
							<b>(INR m)</b>	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	2,184	845	2,831	4,891	4,624	5,019	6,005	7,288
Depreciation	1,206	1,218	1,342	1,810	2,291	2,580	2,755	3,176
Interest & Finance Charges	395	437	491	631	789	905	1,066	1,197
Direct Taxes Paid	-608	-204	-715	-1,412	-840	-1,363	-1,512	-1,834
(Inc)/Dec in WC	-156	1,135	-638	-1,727	-490	574	-772	-488
<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>7,715</b>	<b>7,543</b>	<b>9,338</b>
Others	-291	-779	-491	-386	-474	-740	-976	-1,123
<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>6,975</b>	<b>6,566</b>	<b>8,215</b>
(Inc)/Dec in FA	-440	-251	-479	-996	-1,161	-874	-512	-522
<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>6,101</b>	<b>6,054</b>	<b>7,693</b>
(Pur)/Sale of Investments	-1,243	-329	538	-620	-1,885	1,587	0	0
Others	57	-644	68	-748	478	488	976	1,123
<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>1,200</b>	<b>464</b>	<b>601</b>
Issue of Shares	0	0	2,924	29	44	83	0	0
Inc/(Dec) in Debt	17	-101	-14	-1,023	-15	0	0	0
Interest Paid	-8	-6	-1	-1	-3	-5	-1,066	-1,197
Dividend	0	-498	0	-883	-1,155	-5,420	-1,595	-1,881
Others	-1,124	-665	-1,038	-1,710	-2,097	-2,389	-1,783	-2,102
<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>-7,730</b>	<b>-4,445</b>	<b>-5,181</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>445</b>	<b>2,586</b>	<b>3,635</b>
Opening Balance	115	105	263	5,081	2,935	3,041	3,486	6,073
<b>Closing Balance</b>	<b>105</b>	<b>263</b>	<b>5,081</b>	<b>2,935</b>	<b>3,041</b>	<b>3,486</b>	<b>6,073</b>	<b>9,707</b>
<b>Other Bank Balance/(OD)</b>	<b>4</b>	<b>616</b>	<b>-732</b>	<b>-950</b>	<b>-1,918</b>	<b>-2,476</b>	<b>-2,476</b>	<b>-2,476</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>1,010</b>	<b>3,596</b>	<b>7,231</b>

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

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