

Estimate changes

TP change

Rating change



Bloomberg	RW IN
Equity Shares (m)	67
M.Cap.(INRb)/(USDb)	145.9 / 1.7
52-Week Range (INR)	2335 / 1487
1, 6, 12 Rel. Per (%)	15/1/13
12M Avg Val (INR M)	567

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Net Sales	90.2	107.8	118.9
EBITDA	13.1	16.4	17.8
PAT	6.9	9.0	9.9
EPS (INR)	104.1	134.5	149.4
GR. (%)	10.2	29.2	11.1
BV/Sh (INR)	694	824	968
ROE (%)	18.4	17.7	16.7
RoCE (%)	15.0	13.6	13.4
RoIC (%)	14.9	13.0	13.1
P/E (X)	20.9	16.2	14.6
P/BV (X)	3.1	2.6	2.2
EV/EBITDA (X)	13.1	10.6	9.1
Div Yield (%)	0.5	0.0	0.0

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	49.1	49.1	49.1
DII	8.8	7.9	5.1
FII	14.5	14.4	16.8
Others	27.6	28.6	29.0

FII Includes depository receipts

**CMP: INR2,192 TP: INR2,585 (+18%)**

**Buy**

## Real estate drives growth

- Raymond reported revenue/EBITDA growth of 21/29% YoY (6% beat/in line) in 4QFY24, led by the strong real estate revenue recognition (+2.4x YoY). Led by branded apparel (+23% YoY), lifestyle revenue/EBITDA grew 6%/8% YoY. Improved domestic market conditions led to 7% YoY growth in the engineering business.
  - Raymond has created three distinct vectors, i.e., Lifestyle, Real Estate, and an engineering unit Newco (by acquiring MPPL), with each segment reenergizing growth. Raymond maintains its net cash position at the group level and has the ability to scale up each segment with internal accruals. We expect its consolidated revenue/PAT to grow at 15%/20% over FY24-26.
- Reiterate BUY.**

## Margin improves in all segments due to GM and scale benefits

- Raymond's consolidated revenue was up 21% YoY at INR26b (6% beat), led by strong real estate revenue recognition (+2.4x YoY).
- EBITDA rose 29% YoY to INR4.4b (in line), and margin was up 100bp YoY to 16.7%.
- Adj. PAT grew 18% YoY to INR2.3b (in line), but margin contracted 20bp YoY to 8.8% due to higher depreciation and interest costs.
- FY24 revenue/EBITDA/PAT increased 10%/9%/24% YoY by adjusting profit from the sale of its FMCG business.
- The board declared a dividend of INR10 per share (vs. INR3 in FY23).
- OCF declined 45% YoY to INR3.9b in FY24 (from INR7.0b in FY23), due to WC block of ~INR3.2b for the MPPL acquisition and higher lease costs. Capex doubled to INR2b, and higher interest costs of INR2.9b led to cash outflows of INR970m in FY24 (vs. FCF of INR3.7b).
- Further, the company paid INR7b to acquire Maini Precision Product (MPPL). As a result, net debt increased by INR9b to INR15b in FY24.
- Of the INR34b gross debt, about INR17b was internal debt.

## Highlights from the management commentary

- Current environment:** Discretionary spending was low in 4Q and a 'K-shaped' recovery continued, with high spending by premium customers. It expects subdued demand in 1HFY25 due to fewer wedding dates.
- Demerger status:** The NCLT hearing for demerger approval is scheduled for 9th May'24 and expects a listing by Jun/Jul'24.
- Lifestyle:** The company focuses on store expansion as it plans to open 200 stores in the next 12 months. It also focuses ad spending in branded apparel. It expects to sustain EBITDA margin in the current range.
- Real estate:** Raymond has launched its JDA project in Bandra (first project outside Thane) and has received a strong response with bookings of INR3b. The projects in the vicinity are priced at INR30-32k/sft and the company's project is priced at a slight premium to the micro-market.

**Valuation and view**

- Raymond has been demonstrating positive actions by selling its FMCG business, demerging its lifestyle business, shaping the real estate Business, and establishing an engineering unit 'Newco' after the MPPL acquisition. These three factors, along with professional management, net cash position at the group level and optimization of costs and WC, should augur well for Raymond.
- The stock is trading at a 15x P/E and 9x EV/EBITDA on FY26 estimates. This is significantly lower than the valuation of our retail & discretionary coverage companies, which are valued at ~45-50x on a one-year forward basis.
- We have increased our revenue/EBITDA estimates by 10%/8% for FY26 to account for MPPL's full-year financials, modelling a CAGR of 10%/8% in revenue/EBITDA over FY24-26E. However, there is also an increase in debt by INR8.6b largely to fund the acquisition and old MPPL debt, implying 8x EV/EBITDA on FY24.
- Based on SOTP, we value the real estate business at 5x on FY26E EV/EBITDA on embedded EBITDA, assuming pre-sales of INR27.6b and 25% EBITDA margin, to arrive at a valuation of INR34.5b (i.e., INR520/share). Adjusting for the same, the Lifestyle business is trading at a P/E of 16x. Subsequently, we assign a P/E of 20x on FY26E to the Lifestyle business, arriving at a value of INR1,880/share. The Engineering business is valued at 7x FY26E EV/EBITDA, arriving at a value of INR185/share. The combined value of Real Estate, Engineering and Lifestyle businesses works out to be INR2,585/share. **Reiterate BUY.**

**Summary of quarterly performance**

Y/E March	FY23				FY24				FY23	FY24	FY24E	Est. Var.
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
<b>Total Revenue</b>	<b>17,281</b>	<b>21,682</b>	<b>21,682</b>	<b>21,502</b>	<b>17,715</b>	<b>22,534</b>	<b>23,862</b>	<b>26,085</b>	<b>82,147</b>	<b>90,195</b>	<b>24,643</b>	6
<b>YoY %</b>	109%	40%	18%	10%	3%	4%	10%	21%	33%	10%	15%	
Total expenditure	15,197	18,333	18,490	18,134	15,748	19,388	20,242	21,726	70,153	77,104	20,422	6
<b>EBITDA</b>	<b>2,085</b>	<b>3,350</b>	<b>3,192</b>	<b>3,368</b>	<b>1,966</b>	<b>3,146</b>	<b>3,619</b>	<b>4,359</b>	<b>11,994</b>	<b>13,091</b>	<b>4,221</b>	3
<b>EBITDA margin (%)</b>	<b>12.1%</b>	<b>15.4%</b>	<b>14.7%</b>	<b>15.7%</b>	<b>11.1%</b>	<b>14.0%</b>	<b>15.2%</b>	<b>16.7%</b>	<b>14.6%</b>	<b>14.5%</b>	<b>17.1%</b>	-42
Depreciation and amortization	584	575	578	616	597	654	703	883	2,354	2,837	703	26
Finance Costs	591	634	705	643	795	893	1,035	1,035	2,573	3,758	1,014	2
Other income	263	226	314	420	550	673	642	797	1,223	2,661	640	24
Exceptional items	0	96	45	930	94	230	0	108	1,072	432	0	
<b>Profit before Tax</b>	<b>1,172</b>	<b>2,271</b>	<b>2,177</b>	<b>1,599</b>	<b>1,030</b>	<b>2,042</b>	<b>2,523</b>	<b>3,130</b>	<b>7,219</b>	<b>8,725</b>	<b>3,145</b>	0
Tax	365	709	1,161	-231	267	507	626	826	2,004	2,227	792	4
<b>Profit after Tax</b>	<b>807</b>	<b>1,562</b>	<b>1,017</b>	<b>1,830</b>	<b>763</b>	<b>1,535</b>	<b>1,897</b>	<b>2,304</b>	<b>5,216</b>	<b>6,498</b>	<b>2,352</b>	-2
<b>Margin (%)</b>	<b>4.7%</b>	<b>7.2%</b>	<b>4.7%</b>	<b>8.5%</b>	<b>4.3%</b>	<b>6.8%</b>	<b>7.9%</b>	<b>8.8%</b>	<b>6.3%</b>	<b>7.2%</b>	<b>9.5%</b>	-71
Minority Interest	-10	-31	-18	-21	-15	-14	-19	-6	-80	-53	-19	-69
Share of Profit in Associated Companies	12	57	-51	135	9,904	77	-43	-6	154	9,932	0	
<b>Net Income</b>	<b>809</b>	<b>1,589</b>	<b>948</b>	<b>1,944</b>	<b>10,653</b>	<b>1,598</b>	<b>1,835</b>	<b>2,292</b>	<b>5,289</b>	<b>16,378</b>	<b>2,333</b>	-2
<b>Adjusted income</b>	<b>807</b>	<b>1,658</b>	<b>1,062</b>	<b>2,760</b>	<b>857</b>	<b>1,765</b>	<b>1,897</b>	<b>2,412</b>	<b>6,287</b>	<b>6,930</b>	<b>2,333</b>	3
<b>Margin (%)</b>	<b>4.7%</b>	<b>7.3%</b>	<b>4.4%</b>	<b>9.0%</b>	<b>60.1%</b>	<b>7.1%</b>	<b>7.7%</b>	<b>8.8%</b>	<b>6.4%</b>	<b>18.2%</b>	<b>9.5%</b>	-68

**Exhibit 1: Lifestyle business- Valuation on FY26E (INR m)**

INR	FY26E
EBITDA	10,623
PAT	6,259
EPS	94
PE Ratio	20
Per share value	1,880

Source: Company, MOFSL

**Exhibit 2: Real Estate business- Valuation on FY26E (INR m)**

INR m	FY26E
Pre-sales	27,581
Margin	25%
EV/ EBITDA	5.0x
EV= Equity	34,476
No of shares	67
Per share value	520

Source: Company, MOFSL

**Exhibit 3: Engineering business - Valuation on FY26E (INR m)**

INRm	FY26E
EBITDA	3,477
EV/ EBITDA	7.0x
EV	24,341
less: debt	-5,870
Equity	18,471
Raymond stake	66.3%
Raymond stake in NewCo	12,246
No of shares	67
Per share value	185

Source: Company, MOFSL

**Exhibit 4: Valuation on FY26E (INR)**

INR	Valuation
Lifestyle Valuation	1,880
Real Estate Valuation	520
Engineering Valuation	185
Consol value	2,585
CMP	2,175
Upside	19%

Source: Company, MOFSL

**Segment wise**

- **Real estate business:** The total booking value was INR8.4b (vs. INR4.3b in 3Q). This showcased a strong sales performance, with 2.4x YoY surge to INR6.8b.
- Overall, the **Lifestyle segment's** revenue/EBITDA grew 6%/8% YoY to INR18.0b/INR3.1b, with a margin improvement of 40bp YoY to 17.1%. Revenue growth was led by branded apparel and HVCS.
  - **Branded textile** (35% of revenue) grew 2% YoY to INR9.2b.
  - In line with revenue growth, EBITDA grew 2% YoY to INR2b and margin expanded 10bp YoY to 21.9%.
  - **Branded apparel** (16% of revenue) grew 23% YoY to INR4.1b, led by store additions (+8% YoY) and SSSG. It added six net stores during the quarter, which led to a total store count of 1,518.
  - **Raymond clocked mid-single digit SSSG for the branded apparel segment in 4QFY24/FY24.**
    - It reported 13.4% EBITDA margin (-240bp YoY) due to higher investments in branding & advertisements. EBITDA was up 5% YoY at INR4.1b.
    - **Pre Ind-AS EBITDA margin would be near ~5%, which was flat YoY due to high advertising expenses and scale-up of the business.**
  - **Garmenting** (11% of revenue) declined 8% YoY to INR2.8b due to the ongoing Red Sea crisis and other geopolitical issues.
    - Margins improved 11.3% (+470bp YoY) and EBITDA grew 57% YoY to INR316m.
    - **High-value cotton shirting** (8% of revenue) grew 14% YoY to INR2.1b due to higher demand for linen fabric. It posted 11.5% EBITDA margin (+110bp YoY), while EBITDA grew 26% YoY to INR245m.
- **Engineering** revenue grew 7% YoY to INR2.3b led by both domestic and export demand.
  - EBITDA margin improved to 15.8% (+30bp YoY) due to operational efficiency.
  - **The combined entity's (Raymond + MPPL) FY24 revenue/EBITDA rose 11%/22% YoY, with margin expanding 130bp YoY to 14.9%.**
  - The board has approved the scheme of arrangement, and hence, the merged numbers will be reflected in FY25 financials.

## Segmental performance

INRm	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Branded Textile</b>										
Revenue	6,482	9,118	9,023	9,018	6,884	9,327	9,090	9,200	33,641	34,501
EBITDA	1,138	2,029	1,887	1,966	1,170	2,061	1,963	2,015	7,026	7,209
<i>margins</i>	17.6%	22.3%	20.9%	21.8%	17.0%	22.1%	21.6%	21.9%	20.9%	20.9%
<b>Branded Apparel</b>										
Revenue	2,624	3,700	3,636	3,315	3,045	4,366	4,370	4,090	13,276	15,872
EBITDA	147	359	406	524	190	533	607	548	1,444	1,878
<i>margins</i>	5.6%	9.7%	11.2%	15.8%	6.2%	12.2%	13.9%	13.4%	10.9%	11.8%
<b>Garmenting</b>										
Revenue	2,471	2,655	2,823	3,054	2,648	3,124	2,810	2,800	11,003	11,383
EBITDA	152	232	256	202	240	228	303	316	841	1,088
<i>margins</i>	6.1%	8.7%	9.1%	6.6%	9.1%	7.3%	10.8%	11.3%	7.6%	9.6%
<b>B2B Shirting</b>										
Revenue	1,695	2,105	1,948	1,872	1,919	2,108	2,140	2,130	7,620	8,297
EBITDA	165	278	209	195	190	282	233	245	852	951
<i>margins</i>	9.7%	13.2%	10.7%	10.4%	9.9%	13.4%	10.9%	11.5%	11.2%	11.5%
<b>Tools/Hardware and Auto Comp</b>										
Revenue	2,094	2,277	2,084	2,190	2,094	2,007	2,170	2,340	8,645	8,611
EBITDA	267	293	331	340	290	255	302	370	1,231	1,216
<i>margins</i>	12.8%	12.9%	15.9%	15.5%	13.9%	12.7%	13.9%	15.8%	14.2%	14.1%
<b>Real estate</b>										
Revenue	2,865	2,474	2,921	2,892	2,337	2,426	4,390	6,770	11,151	15,922
EBITDA	788	633	745	703	540	470	970	1,706	2,873	3,686
<i>margins</i>	27.5%	25.6%	25.5%	24.3%	23.1%	19.4%	22.1%	25.2%	25.8%	23.2%



## Highlights from the management commentary

## Current environment

- Discretionary spending was low in 4Q and a 'K-shaped' recovery continued amid high spending by premium customers. It expects subdued demand in 1HFY25 due to fewer wedding dates.

## Demerger update

- The demerger is approved by the SEBI and shareholders.
- The NCLT hearing is scheduled for 9th May'24 for the demerger approval.
- Raymond expects to demerge the engineering business (aerospace and auto business) once it matures.
- Aerospace total revenue stood at INR2.75b (15% of Newco) with ~25% margin.

## Lifestyle segment

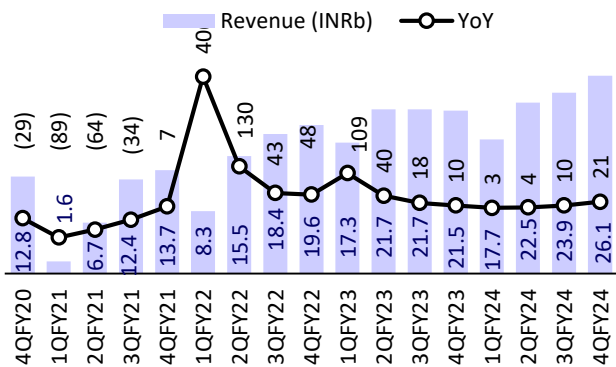
- The company has clocked mid-single digit SSSG in 4Q and FY24.
- It focuses on store expansion and ad spending in branded apparel, and expects to sustain EBITDA margin in the current range.
- Raymond plans to expand its retail store network through the FOF model and plans to open 200 stores in the next 12 months.
- The company expects 25% of the total stores as company-owned stores and the rest 75% would be franchisee-owned.
- 114 stores for Ethnix by Raymond; the business is premature for any revenue run rate.
- Ethnix focuses on smart ethnics with ASP of INR3,500-4,000.
- Product mix: Bandi at 10%, Kurta at 40-45% and the rest for Sherwani.
- Capital allocation towards store openings and brand building.

**Segment commentary**

- **Branded Textiles:** Primary sales were moderate during the quarter; however, sales across secondary channels picked up during the second half of the quarter.
- **Branded Apparel:** Revenue growth witnessed across all brands and channels, with a focused approach to casualization, premiumization and new designs. Margins were lower YoY due to increased investments in branding and category creation (Ethnix) through additional spending on advertising and marketing initiatives.
- **Garmenting:** Revenue declined in Q4 YoY due to the ongoing Red Sea crisis and geopolitical issues. However, healthy momentum in the order book remained intact, aided by the China+1 adoption and consolidation of vendors by global brands.
- **HVCS:** Led by higher demand for linen fabric offerings from B2B customers in the domestic market.
- **Engineering:** Exports were under pressure but domestic markets supported 4Q growth.

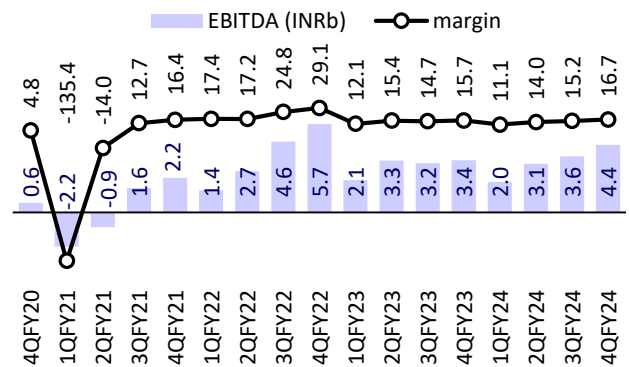
**Key exhibits**

**Exhibit 5: Net sales rose 21% YoY led by Real Estate segment**



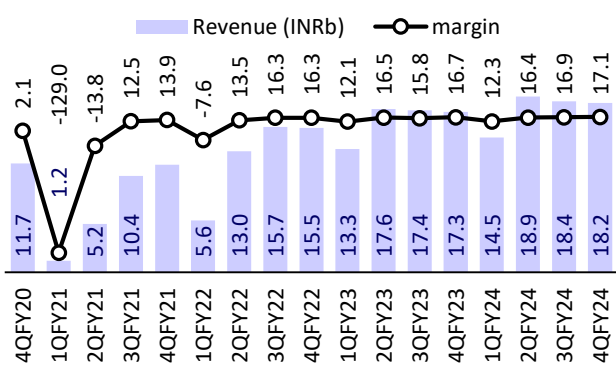
Source: Company, MOFSL

**Exhibit 6: EBITDA increased 29% YoY/margin up 100bp YoY, led by all segments**



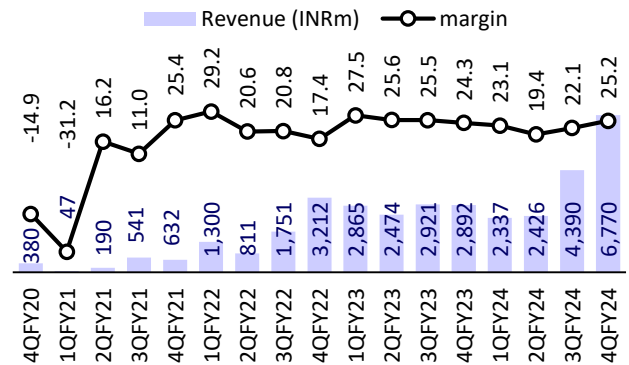
Source: Company, MOFSL

**Exhibit 7: Lifestyle revenue/EBITDAM up +6%/+40bp YoY**



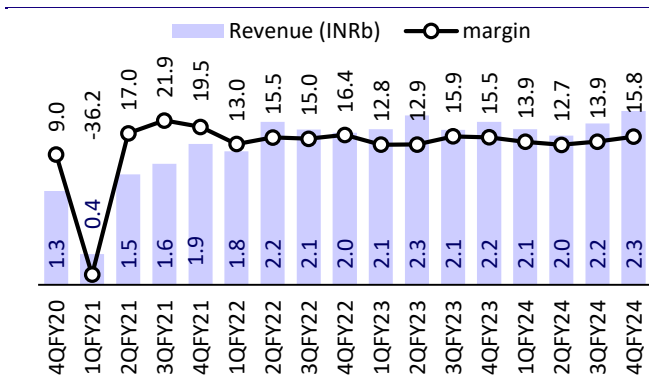
Source: Company, MOFSL

**Exhibit 8: RE revenue up 2.4x YoY/margins up 90bp YoY**



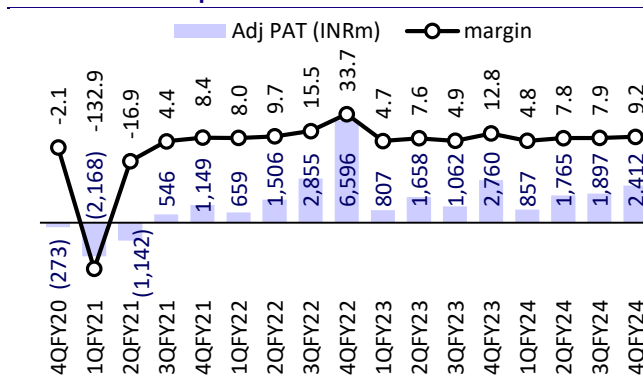
Source: Company, MOFSL

**Exhibit 9: Engineering revenue up 7% YoY/margins up 30bp YoY**



Source: MOFSL, Company

**Exhibit 10: PAT up 18% YoY**



Source: MOFSL, Company

**Exhibit 11: Revised estimates**

Consol	FY25E	FY26E
Revenue old	95,766	1,08,377
Revenue new	1,07,833	1,18,885
change	12.6%	9.7%
EBITDA old	13,874	16,371
EBITDA new	16,366	17,753
change	18.0%	8.4%
EBITDAM old	14.5	15.1
EBITDAM new	15.2	14.9
change	0.7	-0.2
PAT old	7,790	9,649
PAT new	8,670	9,576
change	11.3%	-0.8%

Source: Company, MOFSL



## Financials and valuations

### Consolidated - Income Statement

	(INR m)							
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Revenue from Operations</b>	<b>65,823</b>	<b>64,824</b>	<b>34,465</b>	<b>61,785</b>	<b>82,147</b>	<b>90,195</b>	<b>1,07,833</b>	<b>1,18,885</b>
Change (%)	11	-2	-47	79	33	10	20	10
Raw Materials	28,062	28,001	16,434	22,405	29,983	25,750	38,820	42,798
Manufacturing & opex	8,339	7,740	4,162	7,460	9,099	9,139	12,940	14,266
Employee Costs	9,348	9,963	6,736	8,796	10,242	11,606	14,557	16,049
Development of property cost	870	1,851	1,327	7,265	9,030	17,230	9,454	10,036
SG&A	13,436	12,110	6,469	8,748	11,799	13,379	15,695	17,982
<b>Total Expenditure</b>	<b>60,055</b>	<b>59,665</b>	<b>35,127</b>	<b>54,674</b>	<b>70,153</b>	<b>77,104</b>	<b>91,467</b>	<b>1,01,132</b>
% of Sales	91.2	92.0	101.9	88.5	85.4	85.5	84.8	85.1
<b>EBITDA</b>	<b>5,768</b>	<b>5,158</b>	<b>-662</b>	<b>7,111</b>	<b>11,994</b>	<b>13,091</b>	<b>16,366</b>	<b>17,753</b>
Margin (%)	8.8	8.0	-1.9	11.5	14.6	14.5	15.2	14.9
Depreciation	1,965	3,398	3,142	2,398	2,354	2,837	3,716	4,106
<b>EBIT</b>	<b>3,803</b>	<b>1,760</b>	<b>-3,804</b>	<b>4,713</b>	<b>9,641</b>	<b>10,254</b>	<b>12,649</b>	<b>13,647</b>
Margin (%)	5.8	2.7	-11.0	7.6	11.7	11	12	11
Finance costs	2,326	3,027	2,760	2,277	2,573	3,758	3,609	3,567
Other Income	1,254	959	2,014	1,695	1,223	2,661	2,927	3,220
Exceptional Items loss (gain)	47	-381	0	1,636	1,072	432	0	0
<b>PBT bef. EO Exp.</b>	<b>2,684</b>	<b>73</b>	<b>-4,551</b>	<b>2,495</b>	<b>7,219</b>	<b>8,725</b>	<b>11,967</b>	<b>13,300</b>
Total Tax	-856	428	1,609	219	-2,004	-2,227	-3,016	-3,352
Tax Rate (%)	31.9	-584.0	35.4	-8.8	27.8	25.5	25.2	25.2
<b>PAT</b>	<b>1,828</b>	<b>502</b>	<b>-2,942</b>	<b>2,714</b>	<b>5,215</b>	<b>6,498</b>	<b>8,952</b>	<b>9,948</b>
Minority Interest	-68	-56	66	-48	-80	-53	-281	-372
Share of Profit in Associated Companies	-80	1,516	-95	-64	154	9,932	0	0
<b>PAT after MI</b>	<b>1,680</b>	<b>1,961</b>	<b>-2,970</b>	<b>2,603</b>	<b>5,289</b>	<b>16,378</b>	<b>8,670</b>	<b>9,576</b>
<b>Adjusted PAT</b>	<b>1,874</b>	<b>121</b>	<b>-2,942</b>	<b>4,350</b>	<b>6,287</b>	<b>6,930</b>	<b>8,952</b>	<b>9,948</b>
Change (%)	49.2	-93.6	-2,538.5	-247.9	44.5	10.2	29.2	11.1
Margin (%)	2.8	0.2	-8.5	7.0	7.7	7.7	8.3	8.4

### Consolidated - Balance Sheet

	(INR m)							
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	614	647	666	666	666	666	666	666
Total Reserves	18,924	23,112	20,308	22,925	28,324	45,508	54,178	63,754
<b>Net Worth</b>	<b>19,538</b>	<b>23,759</b>	<b>20,974</b>	<b>23,591</b>	<b>28,990</b>	<b>46,173</b>	<b>54,844</b>	<b>64,420</b>
Minority Interest	830	885	819	772	850	4,379	4,379	4,379
Total Loans	21,429	21,725	20,759	20,663	21,275	34,255	33,255	32,255
Lease Liability	0	5,459	3,369	2,609	4,020	7,555	8,238	8,757
<b>Capital Employed</b>	<b>41,797</b>	<b>51,828</b>	<b>45,920</b>	<b>47,635</b>	<b>55,135</b>	<b>92,363</b>	<b>1,00,716</b>	<b>1,09,811</b>
<b>Fixed Assets</b>	<b>20,493</b>	<b>24,812</b>	<b>20,651</b>	<b>19,025</b>	<b>19,697</b>	<b>35,739</b>	<b>45,285</b>	<b>45,179</b>
<b>Total Investments</b>	<b>4,113</b>	<b>2,448</b>	<b>1,557</b>	<b>6,989</b>	<b>11,999</b>	<b>13,954</b>	<b>13,954</b>	<b>13,954</b>
Investment in Associate/JV	1,285	3,528	3,447	4,008	4,393	14,305	14,305	14,305
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>37,418</b>	<b>41,939</b>	<b>36,286</b>	<b>37,859</b>	<b>41,096</b>	<b>63,168</b>	<b>64,970</b>	<b>74,964</b>
Inventory	19,015	22,011	16,338	20,113	24,966	35,142	38,406	39,085
Account Receivables	12,595	11,595	9,580	8,731	7,443	14,072	14,772	13,028
Cash and Bank Balance	1,261	3,276	5,521	3,363	3,258	5,256	3,094	14,152
Loans and Advances	4,547	5,057	4,846	5,652	5,430	8,699	8,699	8,699
<b>Curr. Liability &amp; Prov.</b>	<b>24,020</b>	<b>24,892</b>	<b>20,688</b>	<b>25,112</b>	<b>26,231</b>	<b>32,705</b>	<b>35,700</b>	<b>36,493</b>
Account Payables	13,520	14,056	11,638	17,169	16,919	20,640	23,635	24,428
Other Current Liabilities	9,811	10,125	8,333	7,017	8,438	10,764	10,764	10,764
Provisions	689	712	717	925	875	1,301	1,301	1,301
<b>Net Current Assets</b>	<b>13,398</b>	<b>17,047</b>	<b>15,598</b>	<b>12,747</b>	<b>14,865</b>	<b>30,463</b>	<b>29,270</b>	<b>38,471</b>
Deferred Tax assets	1,144	2,300	3,617	4,232	2,859	-79	-79	-79
Other Assets	1,363	1,693	1,050	632	1,322	-2,019	-2,019	-2,019
<b>Appl. of Funds</b>	<b>41,797</b>	<b>51,828</b>	<b>45,920</b>	<b>47,635</b>	<b>55,134</b>	<b>92,363</b>	<b>1,00,717</b>	<b>1,09,812</b>

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>30.5</b>	<b>1.9</b>	<b>-44.2</b>	<b>65.3</b>	<b>94.4</b>	<b>104.1</b>	<b>134.5</b>	<b>149.4</b>
Cash EPS	62.5	54.4	3.0	101.4	129.8	146.7	190.3	211.1
BV/Share	318.3	367.1	315.1	354.4	435.5	693.6	823.8	967.7
DPS	3.0	0.0	0.0	3.0	3.0	10.0	0.0	0.0
Payout (%)	9.8	0.0	0.0	4.6	3.2	9.6	0.0	0.0
<b>Valuation (x)</b>								
P/E	71.2	1,166.9	-49.2	33.3	23.0	20.9	16.2	14.6
Cash P/E	34.8	40.0	723.6	21.5	16.8	14.8	11.4	10.3
P/BV	6.8	5.9	6.9	6.1	5.0	3.1	2.6	2.2
EV/Sales	2.5	2.6	4.7	2.6	1.9	1.9	1.6	1.4
EV/EBITDA	28.0	32.4	-245.6	22.3	13.0	13.1	10.6	9.1
Dividend Yield (%)	0.1	0.0	0.0	0.1	0.1	0.5	0.0	0.0
FCF per share	-37.7	-12.3	68.8	66.2	71.6	7.6	109.2	168.1
<b>Return Ratios (%)</b>								
RoE	10.0	0.6	-13.2	19.5	23.9	18.4	17.7	16.7
RoCE (Post Tax)	10.9	6.9	-0.4	14.4	17.5	15.0	13.6	13.4
RoIC (Post Tax)	8.9	5.4	-5.3	13.2	20.2	14.9	13.0	13.1
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.2	2.6	1.7	3.2	4.2	2.5	2.4	2.6
Asset Turnover (x)	1.6	1.3	0.8	1.3	1.5	1.0	1.1	1.1
Inventory (Days)	105	124	173	119	111	142	130	120
Debtor (Days)	70	65	101	52	33	57	50	40
Creditor (Days)	75	79	123	101	75	84	80	75
WC (Days)	100	110	151	69	69	116	100	85
<b>Leverage Ratio (x)</b>								
Current Ratio	1.6	1.7	1.8	1.5	1.6	1.9	1.8	2.1
Interest Cover Ratio	1.6	0.6	-1.4	2.1	3.7	2.7	3.5	3.8
Net Debt/Equity	0.8	0.9	0.8	0.5	0.3	0.5	0.4	0.2

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	2,651	1,208	-4,646	4,068	8,445	19,089	11,967	13,300
Depreciation	1,965	3,398	3,142	2,398	2,354	2,837	3,716	4,106
Interest & Finance Charges	2,326	3,027	2,760	2,277	2,573	3,758	3,609	3,567
Others	-805	-610	-495	-458	-487	-1,037	-2,927	-3,220
Direct Taxes Paid	-707	-397	232	-344	-724	-770	-3,016	-3,352
(Inc)/Dec in WC	-2,350	-1,729	6,712	46	-3,862	-7,551	-970	1,858
<b>CF from Operating</b>	<b>2,507</b>	<b>3,729</b>	<b>7,037</b>	<b>6,774</b>	<b>8,053</b>	<b>5,333</b>	<b>12,380</b>	<b>16,259</b>
(Inc)/Dec in FA	-2,410	-1,925	-16	-317	-1,023	-1,960	-1,500	-1,500
<b>Free Cash Flow</b>	<b>97</b>	<b>1,804</b>	<b>7,021</b>	<b>6,457</b>	<b>7,030</b>	<b>3,372</b>	<b>10,880</b>	<b>14,759</b>
(Pur)/Sale of Investments	387	130	186	-4,407	-4,203	-2,463	0	0
Others	797	601	475	475	469	1,019	2,927	3,220
<b>CF from Investments</b>	<b>-1,226</b>	<b>-1,194</b>	<b>644</b>	<b>-4,248</b>	<b>-4,758</b>	<b>-3,404</b>	<b>1,427</b>	<b>1,720</b>
Issue of Shares	0	3,500	0	0	0	0	-281	-372
Inc/(Dec) in Debt	1,143	-1,980	-4,244	-1,084	-724	0	-12,079	-2,981
Inc/(Dec) in Internal Debt	0	0	0	0	0	0	0	0
Interest Paid	-2,412	-2,597	-2,438	-2,053	-2,265	-2,863	-3,609	-3,567
Dividend	-220	-222	-1	-96	-201	-201	0	0
<b>CF from Fin. Activity</b>	<b>-1,488</b>	<b>-1,299</b>	<b>-6,683</b>	<b>-3,232</b>	<b>-3,189</b>	<b>-3,064</b>	<b>-15,970</b>	<b>-6,920</b>
<b>Inc/Dec of Cash</b>	<b>-248</b>	<b>1,126</b>	<b>998</b>	<b>-706</b>	<b>106</b>	<b>-61</b>	<b>-2,162</b>	<b>11,058</b>
Opening Balance	446	198	1,325	2,323	1,617	3,258	5,256	3,094
Other bank balance	1,062	1,952	3,198	1,746	1,534	2,059	0	0
<b>Closing Balance</b>	<b>1,261</b>	<b>3,276</b>	<b>5,521</b>	<b>3,363</b>	<b>3,258</b>	<b>5,256</b>	<b>3,094</b>	<b>14,152</b>

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



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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

#### Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

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

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

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

#### Regional Disclosures (outside India)

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

#### For Hong Kong:

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

#### For U.S.

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

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

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

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

The associates of MOFSL may have:

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

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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

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

#### Analyst Certification

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

#### Terms & Conditions:

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

#### Disclaimer:

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

This report is meant for the clients of Motilal Oswal only.

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

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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