

# Relaxo Footwears

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	RLXF IN
Equity Shares (m)	249
M.Cap.(INRb)/(USDb)	221.4 / 2.7
52-Week Range (INR)	1127 / 749
1, 6, 12 Rel. Per (%)	6/-4/-29
12M Avg Val (INR M)	150

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Net Sales	27.8	32.1	38.6
Gross Profit	14.5	17.2	20.9
EBITDA	3.4	4.8	6.4
Adj. PAT	1.5	2.6	3.6
Gross Margin (%)	52.1	53.5	54.0
EBITDA Margin (%)	12.1	14.9	16.5
Adj. EPS (INR)	6.2	10.5	14.6
EPS Gr. (%)	-33.6	68.7	39.4
BV/Sh. (INR)	74.5	82.4	93.3

## Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	8.5	13.3	16.6
RoCE (%)	8.4	12.6	15.5
RoIC (%)	9.5	15.1	19.3

## Valuations

P/E (x)	143.1	84.8	60.9
EV/EBITDA (x)	65.5	45.8	34.2
EV/Sales (X)	7.9	6.8	5.6
Div. Yield (%)	0.3	0.3	0.4
FCF Yield (%)	1.0	1.2	1.4

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	71.3	71.0	70.8
DII	8.0	7.6	6.9
FII	2.8	3.0	3.2
Others	18.0	18.4	19.1

FII Includes depository receipts

**CMP: INR889**      **TP: INR810 (-9%)**      **Neutral**

## Weak performance; signs of recovery visible

- RLXF's price cuts in the last few quarters have translated into healthy market share recovery from the unorganized players, driving healthy 24% volume growth. Subsequently, revenue/EBITDA increased 10%/6% YoY (in line). The 200bp YoY decline in gross margins was due to the price reduction.
- The cleanup of old high-priced inventory and the steady costs of raw materials could potentially lead to growth and improved margins in the future. We have largely maintained estimates building Revenue/PAT CAGR of 18%/53% over FY23-25. RLXF has a strong cash generation capability, with a historically healthy 20%+ RoEs. The stock trading at 60x FY25 P/E appears rich, hence, we reiterate our Neutral rating on the stock.

## Revenue/PAT down 8%/57% YoY; RM prices cooling off

- Revenue increased 10% YoY to INR 7.6b in 4QFY23 (4% above est). This was due to a price reduction of around 11% QoQ in 3QFY23, which resulted in QoQ volumes growth of 24%.
- Gross profit increased 5% YoY to INR4b; however, margins were down 200bp YoY to 52.2%. This could be due to the price cut taken and high RM prices.
- EBITDA increased 6% YoY to INR1.2b in 4QFY23 (5% above est), led by a 5% YoY decrease in employee expenses. Margin decreased 50 bp YoY to 15.4% (v/s 15.9% in 4QFY22), below the management guidance of 16-17%.
- PAT was flat YoY at INR 633m in 4QFY23 (5% above est). Margin stood at 8.3% v/s 9% in 4QFY22.
- The company declared a dividend of INR2.5.
- FY23 revenue was up 5% YoY to INR 27.8b, while EBITDA/PAT were down 19%/34% YoY to INR3.3/1.5b.

## Highlights of the management commentary

- After the price reduction, market demand is expected to improve 2HFY24 onwards with double-digit volume growth and ASPs are expected to see no further cuts.
- "Sparxx" brand crossed INR10-11b revenues, with sports contributing ~INR4b, growing by 25% YoY in FY23. The company aims to increase this figure to INR10b over the next two to three years.
- The management expects margins to improve with easing RM prices. It anticipates EBITDA margins to recover to 15-16% in the near term.
- The company expects FY24 capex to be lower than the INR1.7b in FY23, which was primarily allocated toward capacity expansion.

**Valuation and view**

- A gradual recovery in rural areas, improvement in gross margin, and introduction of Sparx shoes at competitive pricing to increase the company's market share in closed footwear can act as positive catalysts for the stock.
- The company has reduced ASP and it is expected to enable the company maintain its market share gains over unorganized players in the long term.
- Overtime, a) recovery in the open footwear category, b) product mix-led ASP improvement, and c) increasing mix of the closed footwear category, particularly in the S&A wear, are expected to bear fruit.
- We have largely maintained our assumption for FY24/25E. We factor in a revenue/PAT CAGR of 18%/53% over FY23-25.
- We ascribe a P/E of 55x on FY25 EPS to arrive at our TP of INR810. We reiterate our Neutral rating on the stock.

**Consolidated - Quarterly Earnings Model****(INR m)**

Y/E March	FY22				FY23				FY22	FY23	FY23E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
<b>Gross Sales</b>	<b>4,971</b>	<b>7,144</b>	<b>7,435</b>	<b>6,982</b>	<b>6,672</b>	<b>6,697</b>	<b>6,810</b>	<b>7,649</b>	<b>26,533</b>	<b>27,827</b>	<b>7,375</b>	<b>4</b>
YoY Change (%)	36.7	24.1	10.6	-6.6	34.2	-6.3	-8.4	9.6	12.5	4.9	5.6	
Total RM Cost	2,262	3,230	3,480	3,195	3,063	3,422	3,199	3,660	12,167	13,343.2	3,404	8
<b>Gross Profit</b>	<b>2,709</b>	<b>3,915</b>	<b>3,955</b>	<b>3,787</b>	<b>3,609</b>	<b>3,275</b>	<b>3,611</b>	<b>3,990</b>	<b>14,366</b>	<b>14,484</b>	<b>3,971</b>	<b>0</b>
Margins (%)	54.5	54.8	53.2	54.2	54.1	48.9	53.0	52.2	54.1	52.1	53.8	-168
Total Expenditure	4,310	5,976	6,219	5,871	5,810	6,102	6,088	6,470	22,375	24,470	6,247	4
<b>EBITDA</b>	<b>662</b>	<b>1,168</b>	<b>1,216</b>	<b>1,111</b>	<b>861</b>	<b>594</b>	<b>722</b>	<b>1,180</b>	<b>4,158</b>	<b>3,358</b>	<b>1,129</b>	<b>5</b>
Margins (%)	13.3	16.4	16.4	15.9	12.9	8.9	10.6	15.4	15.7	12.1	15.3	12
Depreciation	275	283	291	287	298	305	320	328	1,135	1,251	329	0
Interest	37	36	41	39	69	41	41	41	153	192	40	2
Other Income	53	71	55	59	42	57	44	43	237	186	47	-9
<b>PBT before EO expense</b>	<b>403</b>	<b>919</b>	<b>940</b>	<b>844</b>	<b>536</b>	<b>304</b>	<b>406</b>	<b>854</b>	<b>3,106</b>	<b>2,100</b>	<b>807</b>	<b>6</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>403</b>	<b>919</b>	<b>940</b>	<b>844</b>	<b>536</b>	<b>304</b>	<b>406</b>	<b>854</b>	<b>3,106</b>	<b>2,100</b>	<b>807</b>	<b>6</b>
Tax	93	233	239	215	149	80	105	221	779	555	205	8
Rate (%)	23.1	25.3	25.4	25.5	27.8	26.3	25.8	25.9	25.1	26.4	25.4	
<b>Reported PAT</b>	<b>310</b>	<b>687</b>	<b>701</b>	<b>629</b>	<b>387</b>	<b>224</b>	<b>301</b>	<b>633</b>	<b>2,327</b>	<b>1,545</b>	<b>602</b>	<b>5</b>
<b>Adj PAT</b>	<b>310</b>	<b>687</b>	<b>701</b>	<b>629</b>	<b>387</b>	<b>224</b>	<b>301</b>	<b>633</b>	<b>2,327</b>	<b>1,545</b>	<b>602</b>	<b>5</b>
YoY Change (%)	27.8	-8.5	-22.2	-38.4	24.9	-67.3	-57.1	0.6	-20.2	-33.6	-4.3	
Margins (%)	6.2	9.6	9.4	9.0	5.8	3.3	4.4	8.3	8.8	5.6	8.2	11

E: MOFSL Estimates

**Exhibit 1: Valuation based on FY25E**

Particulars	INR/share
EPS	14.6
Target P/E ratio (x)	55
Equity value/share (INR)	<b>810</b>
Upside/(downside) (%)	888
CMP (INR)	-9%

Source: MOFSL, Company

**Exhibit 2: Quarterly performance (INR m)**

INR m	4QFY22	3QFY23	4QFY23	YoY%	QoQ%	4QFY23E	v/s Est (%)
Net sales	6,982	6,810	7,649	9.6	12.3	7,375	3.7
<b>Total Revenue</b>	<b>6,982</b>	<b>6,810</b>	<b>7,649</b>	<b>9.6</b>	<b>12.3</b>	<b>7,375</b>	<b>3.7</b>
Raw Material cost	3,195	3,199	3,660	14.5	14.4	3,404	7.5
<b>Gross Profit</b>	<b>3,787</b>	<b>3,611</b>	<b>3,990</b>	<b>5.4</b>	<b>10.5</b>	<b>3,971</b>	<b>0.5</b>
<b>Gross margin (%)</b>	<b>54.2</b>	<b>53.0</b>	<b>52.2</b>	<b>-208</b>	<b>-87</b>	<b>53.8</b>	<b>-168</b>
Employee Costs	899	862	854	-5.0	-1.0	893	-4.4
SGA Expenses	1,777	2,027	1,956	10.1	-3.5	1,949	0.4
<b>Total Opex</b>	<b>5,871</b>	<b>6,088</b>	<b>6,470</b>	<b>10.2</b>	<b>6.3</b>	<b>6,247</b>	<b>3.6</b>
<b>EBITDA</b>	<b>1,111</b>	<b>722</b>	<b>1,180</b>	<b>6.2</b>	<b>63.4</b>	<b>1,129</b>	<b>4.5</b>
<b>EBITDA margin (%)</b>	<b>15.9</b>	<b>10.6</b>	<b>15.4</b>	<b>-49</b>	<b>482</b>	<b>15.3</b>	<b>12</b>
Depreciation and amortization	287	320	328	14.1	2.5	329	-0.3
EBIT	824	403	852	3.4	111.7	800	6.5
<b>EBIT margin (%)</b>	<b>11.8</b>	<b>5.9</b>	<b>11.1</b>	<b>-67</b>	<b>523</b>	<b>10.8</b>	<b>29</b>
Finance Costs	39	41	41	5.9	0.2	40	2.4
Other income	59	44	43	-26.9	-2.3	47	-8.6
Exceptional item	0	0	0			0	
<b>Profit before Tax</b>	<b>844</b>	<b>406</b>	<b>854</b>	<b>1.1</b>	<b>110.6</b>	<b>807</b>	<b>5.8</b>
Tax	215	105	221	2.8	111.0	205	7.9
<b>Tax rate (%)</b>	<b>25.5</b>	<b>25.8</b>	<b>0.3</b>			<b>0.3</b>	
<b>Profit after Tax</b>	<b>629</b>	<b>301</b>	<b>633</b>	<b>0.6</b>	<b>110.5</b>	<b>602</b>	<b>5.1</b>
<b>Adj Profit after Tax</b>	<b>629</b>	<b>301</b>	<b>633</b>	<b>0.6</b>	<b>110.5</b>	<b>602</b>	<b>5.1</b>

Source: MOFSL, Company

**Exhibit 3: Revisions to our estimates**

	FY24E	FY25E
<b>Revenue (INR m)</b>		
Old	31,686	38,137
Actual/New	32,091	38,624
Change (%)	1.3	1.3
<b>EBITDA (INR m)</b>		
Old	4,943	6,598
Actual/New	4,781	6,373
Change (%)	-3.3	-3.4
<b>EBITDA margin (%)</b>		
Old	15.6%	17.3%
Actual/New	14.9%	16.5%
Change (bp)	-70	-80
<b>Net Profit (INR m)</b>		
Old	2,683	3,733
Actual/New	2,605	3,631
Change (%)	-2.9	-2.7
<b>EPS (INR)</b>		
Old	10.8	15.0
Actual/New	10.5	14.6
Change (%)	-2.9	-2.7

Source: MOFSL, Company

**Improved cash conversion**

- The WC days has improved to 76 days in FY23 from 97 days in FY22, due to reduction in inventory days to 74 days (v/s 93 days in FY22).
  - Inventory days were high in FY22 due to a) inflation-led high COGS and b) high inventory level, resulting from sales pressure.
  - FY23 inventory days are still higher than pre-Covid days of 65-68 days
  - Payable and Receivable days were stable at 33/35 days
- Despite the 17% YoY decline in EBITDA (post tax) in FY23, the release in WC of around INR 3.9b has resulted in an improved OCF of INR4b (v/s 560m in FY22). Furthermore, FCF (post interest and LL) stood positive at INR 1.6b in FY23 (v/s negative INR1.2b in FY22).

- As a result, the company's Net Cash (pre Ind AS) increased by INR1.1b in FY23 and it could pay a dividend of INR620m.

## Management Highlights:

### Key Highlights:

- After the price reduction, market demand is expected to improve 2HFY24 onwards with double-digit volume growth and ASPs are expected to see no further cuts.
- "Sparx" brand crossed INR10-11b revenues, with sports contributing ~INR4b, growing by 25% YoY in FY23. The company aims to increase this figure to INR10b over the next two to three years.
- The management expects margins to improve with easing RM prices. It anticipates EBITDA margins to recover to 15-16% in the near term.
- The company expects FY24 capex to be lower than the INR1.7b in FY23, which was primarily allocated toward capacity expansion.

### Detailed Highlights:

#### Financial Performance:

- The company reported a revenue growth of 10% YoY and 12% QoQ for Q4FY23, driven by improved volumes, resulting from a price correction strategy.
- EBITDA margins of 15.4% for 4QFY23 witnessed a sequential improvement of ~480bp, which was attributed to the sale of older inventory at lower costs.
- In FY23, higher raw material prices had a significant impact on the company's margins.

#### Pricing and demand:

##### Demand:

- The company witnessed an upsurge in volume due to improved pricing and seasonality (open footwear season between January and July).
- Although the company experienced some disruptions on the supply side, mainly due to IT-related issues, corrective measures have been implemented to address the problem.
- The company is currently witnessing a demand contraction in some parts (Rural belt) due to inflation. However, it is expected to rebound in the coming quarters. The company expects demand issues to stabilize from 2HFY23.
- After experiencing a decline in market share, the company is now witnessing a reversal in trend with improved market share.
- The company anticipates an extension of the BIS implementation deadline from July 1, 2023, as there are several clarifications required. However, the company is already in compliance with the existing standards.

##### Pricing:

- The company undertook major price correction in its open footwear segment (Hawaii and EVA), which led to a decline in ASP, but drove volume growth. It expects FY24 ASP to maintain at INR160-165 levels, while volume growth is expected to be in double digits (~15%).
- Although the company anticipates a challenging market demand over the next couple of quarters, it does not plan any further pricing changes.

- The company expects EBITDA and Gross margins to improve with some softening in RM pricing. It targets EBITDA margins to recover to 15-16% in the near term.
- The company's pricing, post recent corrections, remains competitive and there is no perceived need for price cuts at present.

### Segmental Revenues

- E-com: The segment contributes ~11% of revenues. It plans to add new platforms (Ajio and other) to improve the share going ahead.
- Geography-wise Split: The Northern region contributes 44% share while the Eastern and Western regions contributed 22% and 20% respectively.
- Brand-wise split: Sparxx contributed 40% of overall revenues (13% growth in segment on blended basis); Flite contributed 38% (15%:23% EVA/PU share); the remaining was contributed by Bahamas and Relaxo.
- The mix between closed: open footwear (Sparxx) stood at 40:60. 35% of open footwear sales comes in from Sparx (4Q)
- Exports:
  - The company's share of exports stood at 4-4.5% of revenue, which is expected to improve in the near term.
  - The company is witnessing an improvement in demand within the Central America region post-covid.
  - ~60% of export income is contributed by the open footwear category.
  - Exports to Gulf contributed ~30-35% share, while Central America contributed ~5-10% and Africa contributed 30-35%.

### Closed footwear category:

- The closed footwear category within Sparxx witnessed a healthy 25% growth on a YoY basis.
- The company has already set up a plant to cater to the increasing demand, which is expected to reach an optimum level in the next two to three years.
- "Sparxx" brand has already crossed INR10-11b revenues with the sports category contributing ~INR4b. The company expects to scale up the sports segment to INR10b over the next two to three years.
- The segment is expected to deliver double-digit growth over the next five years with improved share in the overall mix.
- Capacity utilization within this segment stood at ~60% for FY23.

### Margins and Costs

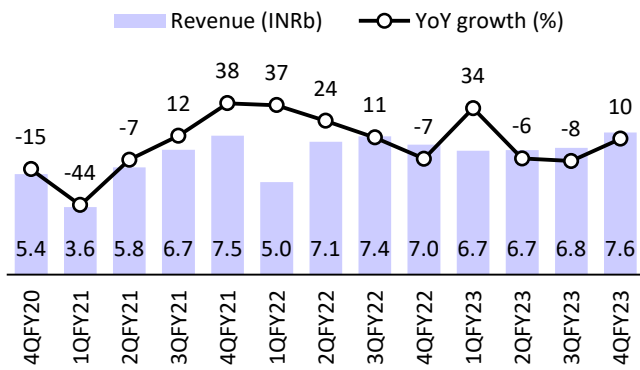
- Returns: The company expects returns to improve, which remained subdued in FY23 due to lower profitability and higher capex. The company expects ROCEs of ~15-20% for FY24.
- Promotional expenses: The company has stated to maintain its A&P spends within the historical range of 8-9% of revenues. Out of this, advertisement stands at 4-5% of the revenue.
- RM pricing:
  - The company is witnessing a stabilization in RM prices.
  - EVA pricing which was ~INR170 earlier is currently ranging between INR155 and 160 now. For 1QFY23, the pricing stood at INR250.

**Capex:**

- The company incurred a capex of INR1.7b for FY23 in order to expand capacity. It expects capex for FY24 to remain lower and mainly revolve around maintenance and back-end improvement.
- The company plans to add 65 outlets (Current levels of 400) for FY24 and it aims to maintain the momentum while improving operational efficiency. The high single-digit margins within the EBO category could see some improvement going ahead.
- The current capacity stands at 1m pairs annually where the company operated at ~50% utilization levels in FY23.
- On the software front, the company has implemented Distributor management system (2.0 version) for ~100 distributors (out of 750) to control infiltration.

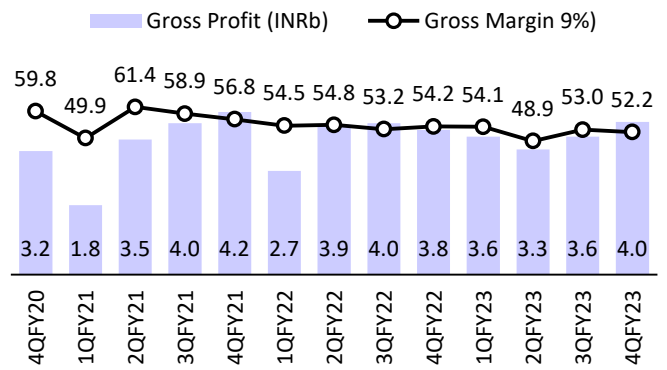
## Story in charts

**Exhibit 4: Improved pricing led to revenue growth**



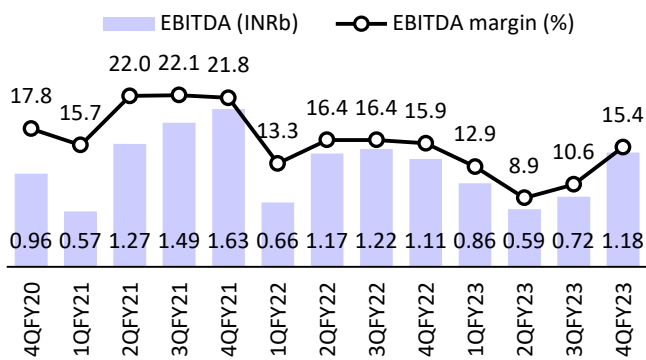
Source: MOFSL, Company

**Exhibit 5: Gross margin contracted due to price cuts**



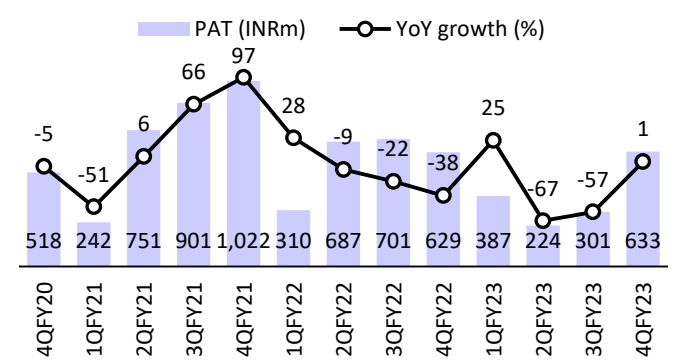
Source: MOFSL, Company

**Exhibit 6: Recovery in revenue aids EBITDA margins**



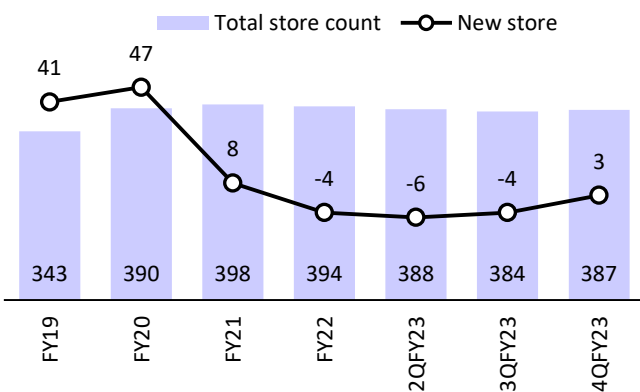
Source: MOFSL, Company

**Exhibit 7: PAT reports marginal growth**



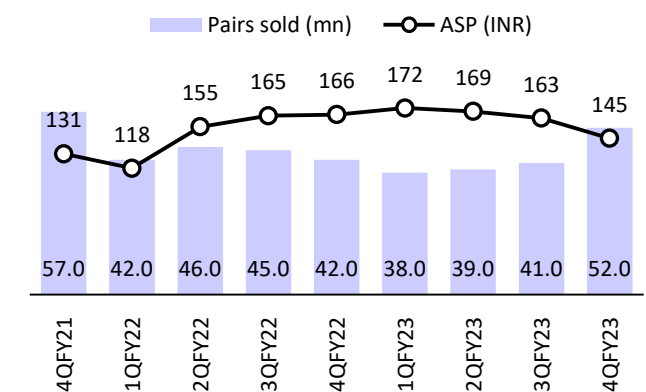
Source: MOFSL, Company

**Exhibit 8: Added three stores in 4QFY23**

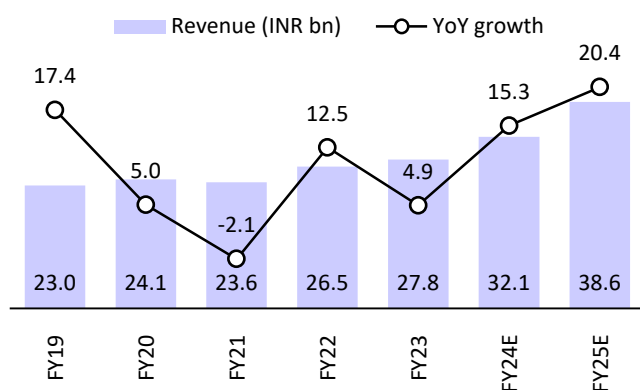


Source: MOFSL, Company

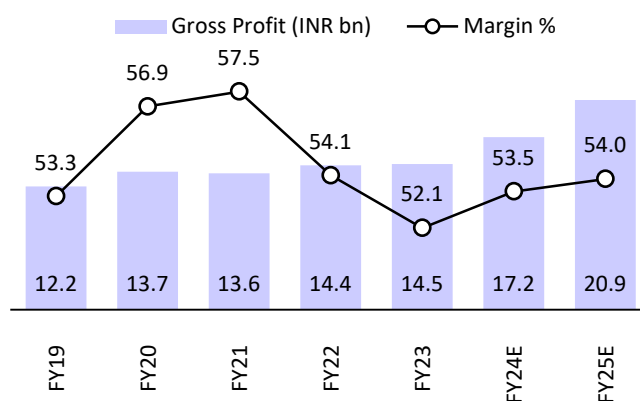
**Exhibit 9: Price correction aids volume growth for 4QFY23**



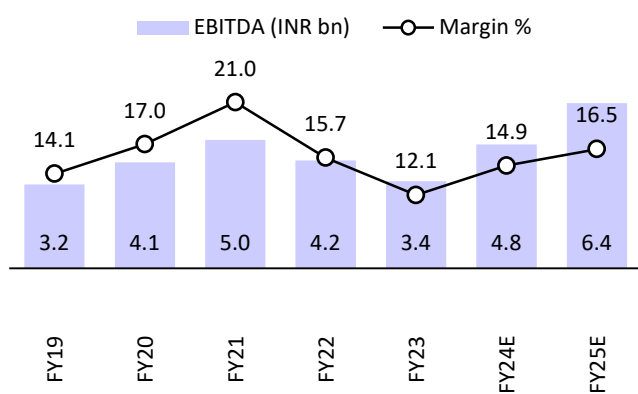
Source: MOFSL, Company

**Exhibit 10: Expects revenue CAGR of 18% over FY23-25**

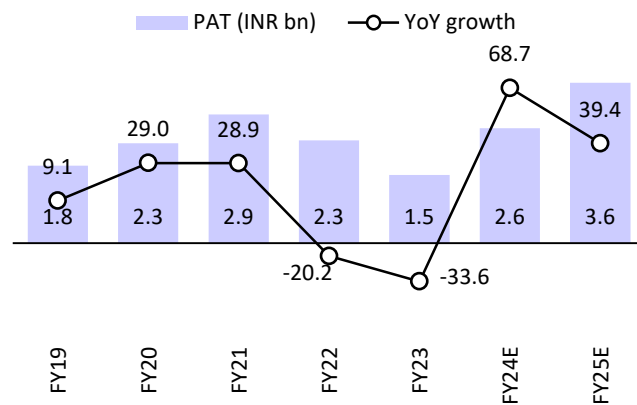
Source: MOFSL, Company

**Exhibit 11: Recovery in RM cost will lead to a recovery in GM**

Source: MOFSL, Company

**Exhibit 12: Expect EBITDA CAGR of 38% over FY23-25**

Source: MOFSL, Company

**Exhibit 13: Expect PAT CAGR of 53% over FY23-25**

Source: MOFSL, Company

## Financials and valuations

Consolidated - Income Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Total Income from Operations</b>	<b>19,569</b>	<b>22,966</b>	<b>24,105</b>	<b>23,592</b>	<b>26,533</b>	<b>27,827</b>	<b>32,091</b>	<b>38,624</b>
Change (%)	20.0	17.4	5.0	-2.1	12.5	4.9	15.3	20.4
RM Cost	8,833	10,723	10,393	10,032	12,167	13,343	14,922	17,767
<b>Gross Profit</b>	<b>10,736</b>	<b>12,243</b>	<b>13,712</b>	<b>13,559</b>	<b>14,366</b>	<b>14,484</b>	<b>17,168</b>	<b>20,857</b>
Margin (%)	55%	53%	57%	57%	54%	52%	54%	54%
Employees Cost	2,141	2,587	2,940	3,014	3,347	3,433	3,723	4,249
Other Expenses	5,577	6,413	6,682	5,590	6,861	7,694	8,664	10,235
<b>Total Expenditure</b>	<b>16,551</b>	<b>19,723</b>	<b>20,015</b>	<b>18,636</b>	<b>22,375</b>	<b>24,470</b>	<b>27,309</b>	<b>32,251</b>
% of Sales	84.6	85.9	83.0	79.0	84.3	87.9	85.1	83.5
<b>EBITDA</b>	<b>3,018</b>	<b>3,243</b>	<b>4,090</b>	<b>4,956</b>	<b>4,158</b>	<b>3,358</b>	<b>4,781</b>	<b>6,373</b>
Margin (%)	15.4	14.1	17.0	21.0	15.7	12.1	14.9	16.5
Depreciation	543	624	1,094	1,100	1,135	1,251	1,313	1,457
<b>EBIT</b>	<b>2,475</b>	<b>2,619</b>	<b>2,995</b>	<b>3,855</b>	<b>3,022</b>	<b>2,107</b>	<b>3,469</b>	<b>4,916</b>
Margin (%)	12.6	11.4	12.4	16.3	11.4	7.6	10.8	12.7
Int. and Finance Charges	86	69	169	171	153	192	180	260
Other Income	45	130	91	228	237	186	186	186
<b>PBT bef. EO Exp.</b>	<b>2,433</b>	<b>2,680</b>	<b>2,917</b>	<b>3,912</b>	<b>3,106</b>	<b>2,100</b>	<b>3,474</b>	<b>4,841</b>
Total Tax	826	925	655	996	779	555	868	1,210
Tax Rate (%)	33.9	34.5	22.4	25.5	25.1	26.4	25.0	25.0
<b>Reported PAT</b>	<b>1,608</b>	<b>1,754</b>	<b>2,263</b>	<b>2,916</b>	<b>2,327</b>	<b>1,545</b>	<b>2,605</b>	<b>3,631</b>
<b>Adjusted PAT</b>	<b>1,608</b>	<b>1,754</b>	<b>2,263</b>	<b>2,916</b>	<b>2,327</b>	<b>1,545</b>	<b>2,605</b>	<b>3,631</b>
Change (%)	34.0	9.1	29.0	28.9	-20.2	-33.6	68.7	39.4
Margin (%)	8.2	7.6	9.4	12.4	8.8	5.6	8.1	9.4

Consolidated - Balance Sheet								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	120	124	248	248	249	249	249	249
Total Reserves	7,492	10,927	12,476	15,476	17,352	18,302	20,256	22,979
<b>Net Worth</b>	<b>7,612</b>	<b>11,051</b>	<b>12,724</b>	<b>15,724</b>	<b>17,601</b>	<b>18,551</b>	<b>20,505</b>	<b>23,228</b>
Total Loans	1,254	869	192	0	200	0	0	0
Lease Liabilities	0	0	1,474	1,442	1,540	1,641	2,365	2,995
Deferred Tax Liabilities	263	344	248	228	199	215	215	215
<b>Capital Employed</b>	<b>9,129</b>	<b>12,264</b>	<b>14,637</b>	<b>17,394</b>	<b>19,540</b>	<b>20,406</b>	<b>23,084</b>	<b>26,437</b>
<b>Provision and others</b>	<b>85</b>	<b>90</b>	<b>109</b>	<b>163</b>	<b>188</b>	<b>194</b>	<b>225</b>	<b>270</b>
Gross Block	6,300	9,627	10,235	10,524	11,673	14,064	14,517	16,193
Less: Accum. Deprn.	1,052	1,654	2,324	2,980	3,694	4,517	5,387	6,354
<b>Net Fixed Assets</b>	<b>5,249</b>	<b>7,973</b>	<b>7,911</b>	<b>7,544</b>	<b>7,980</b>	<b>9,547</b>	<b>9,131</b>	<b>9,839</b>
Capital WIP	1,376	114	456	1,180	1,490	890	385	-167
Right to use asset	0	509	1,899	1,837	1,893	1,956	3,547	4,136
<b>Total Investments</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>3,382</b>	<b>1,943</b>	<b>2,253</b>	<b>2,253</b>	<b>2,253</b>
Current Investments	5	0	0	3,380	1,693	2,006	2,006	2,006
<b>Loans and others</b>	<b>255</b>	<b>247</b>	<b>231</b>	<b>396</b>	<b>344</b>	<b>373</b>	<b>373</b>	<b>373</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>5,801</b>	<b>7,270</b>	<b>7,912</b>	<b>7,419</b>	<b>10,177</b>	<b>9,930</b>	<b>12,586</b>	<b>16,216</b>
Inventory	3,139	3,824	4,477	4,221	6,733	5,638	6,132	7,302
Account Receivables	1,924	2,226	1,721	1,815	2,508	2,703	3,033	3,651
Cash and Bank Balance	40	22	41	77	125	740	2,458	4,105
Loans and Advances	699	1,198	1,673	1,306	812	849	963	1,159
<b>Curr. Liability &amp; Prov.</b>	<b>3,474</b>	<b>3,760</b>	<b>3,665</b>	<b>4,202</b>	<b>4,098</b>	<b>4,349</b>	<b>4,966</b>	<b>5,942</b>
Account Payables	1,749	1,718	1,838	2,228	2,217	2,529	2,720	3,238
Other Current Liabilities	1,050	1,535	1,531	1,702	1,589	1,568	1,925	2,317
Provisions	675	507	297	272	292	251	321	386
<b>Net Current Assets</b>	<b>2,328</b>	<b>3,510</b>	<b>4,247</b>	<b>3,218</b>	<b>6,079</b>	<b>5,582</b>	<b>7,620</b>	<b>10,274</b>
Misc Expenditure	0	0	0	0	0	0	0	0
<b>Appl. of Funds</b>	<b>9,213</b>	<b>12,354</b>	<b>14,746</b>	<b>17,556</b>	<b>19,728</b>	<b>20,599</b>	<b>23,309</b>	<b>26,707</b>

E: MOFSL Estimates

## Financials and valuations

Ratios								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>6.7</b>	<b>7.1</b>	<b>9.1</b>	<b>11.7</b>	<b>9.3</b>	<b>6.2</b>	<b>10.5</b>	<b>14.6</b>
Cash EPS	8.9	9.6	13.5	16.2	13.9	11.2	15.7	20.4
BV/Share	31.6	44.6	51.3	63.3	70.7	74.5	82.4	93.3
DPS	0.8	0.9	1.3	2.5	2.5	2.5	2.6	3.6
Payout (%)	11.2	12.7	13.7	21.3	26.7	40.3	25.0	25.0
<b>Valuation (x)</b>								
P/E	132.9	125.5	97.4	75.6	95.0	143.1	84.8	60.9
Cash P/E	99.3	92.6	65.7	54.9	63.8	79.1	56.4	43.4
P/BV	28.1	19.9	17.3	14.0	12.6	11.9	10.8	9.5
EV/Sales	11.4	9.7	9.2	9.3	8.3	7.9	6.8	5.6
EV/EBITDA	73.6	68.4	54.4	44.2	53.1	65.5	45.8	34.2
Dividend Yield (%)	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.4
FCF per share	1.9	1.3	8.2	15.7	-3.3	8.7	10.6	12.2
<b>Return Ratios (%)</b>								
RoE	23.5	18.8	19.0	20.5	14.0	8.5	13.3	16.6
RoCE	19.9	16.8	17.8	19.0	13.2	8.4	12.6	15.5
RoIC	22.3	17.3	17.7	21.4	15.8	9.5	15.1	19.3
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.1	2.4	2.4	2.2	2.3	2.0	2.2	2.4
Asset Turnover (x)	2.6	2.0	2.0	2.2	1.9	1.8	1.9	1.9
Inventory (Days)	59	61	68	65	93	74	70	69
Debtor (Days)	36	35	26	28	35	35	35	35
Creditor (Days)	33	27	28	34	31	33	31	31
Working Capital (Days)	62	69	66	59	97	76	73	73
<b>Leverage Ratio (x)</b>								
Current Ratio	1.7	1.9	2.2	1.8	2.5	2.3	2.5	2.7
Interest Cover Ratio	28.8	38.0	17.8	22.6	19.7	10.9	19.2	18.9
Net Debt/Equity	0.2	0.1	0.1	-0.1	0.0	-0.1	-0.1	-0.1

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	2,436	2,680	2,917	3,912	3,106	2,100	3,474	4,841
Depreciation	543	624	1,094	1,100	1,135	1,251	1,313	1,457
Interest & Finance Charges	80	69	169	171	153	192	180	260
Interest Income & Dividend	0	-18	-4	-7	-12	-56	-186	-186
Direct Taxes Paid	-801	-863	-831	-891	-839	-555	-868	-1,210
(Inc)/Dec in WC	-732	-1,319	-198	930	-2,816	1,101	-321	-1,007
<b>CF from Operations</b>	<b>1,527</b>	<b>1,174</b>	<b>3,146</b>	<b>5,214</b>	<b>728</b>	<b>4,034</b>	<b>3,592</b>	<b>4,156</b>
Others	16	61	43	-83	-168	-33	0	0
<b>CF from Operating incl EO</b>	<b>1,543</b>	<b>1,235</b>	<b>3,189</b>	<b>5,131</b>	<b>560</b>	<b>4,001</b>	<b>3,592</b>	<b>4,156</b>
(Inc)/Dec in FA	-1,087	-914	-1,159	-1,219	-1,389	-1,843	-948	-1,123
<b>Free Cash Flow</b>	<b>456</b>	<b>321</b>	<b>2,030</b>	<b>3,912</b>	<b>-829</b>	<b>2,158</b>	<b>2,645</b>	<b>3,033</b>
(Pur)/Sale of Investments	5	321	11	-3,306	1,519	-247	0	0
<b>CF from Investments</b>	<b>-1,084</b>	<b>-569</b>	<b>-1,157</b>	<b>-4,532</b>	<b>146</b>	<b>-2,585</b>	<b>-762</b>	<b>-937</b>
Issue of Shares	0	32	32	49	139	4	0	0
Inc/(Dec) in Debt	-217	-416	-914	-192	200	-200	0	0
Payment of LL	0	0	-326	-248	-263	-374	-312	-449
Interest Paid	-146	-81	-174	-171	-153	-192	-180	-260
Dividend Paid	-145	-218	-643	0	-621	-622	-651	-908
Others	53	0	0	0	0	0	31	46
<b>CF from Fin. Activity</b>	<b>-455</b>	<b>-682</b>	<b>-2,026</b>	<b>-562</b>	<b>-698</b>	<b>-1,385</b>	<b>-1,112</b>	<b>-1,572</b>
<b>Inc/Dec of Cash</b>	<b>3</b>	<b>-17</b>	<b>7</b>	<b>38</b>	<b>8</b>	<b>32</b>	<b>1,718</b>	<b>1,647</b>
Opening Balance	37	40	23	30	68	76	107	1,825
<b>Closing Balance</b>	<b>40</b>	<b>23</b>	<b>30</b>	<b>68</b>	<b>76</b>	<b>107</b>	<b>1,825</b>	<b>3,472</b>
<b>Add: Bank Balance</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>9</b>	<b>49</b>	<b>633</b>	<b>633</b>	<b>633</b>
<b>Net Closing Balance</b>	<b>40</b>	<b>23</b>	<b>41</b>	<b>77</b>	<b>125</b>	<b>740</b>	<b>2,458</b>	<b>4,105</b>

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