17 October 2026
2QFY27 Results Update | Sector: Footwear

Metro Brands

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	METROBRA IN
Equity Shares (m)	273
M.Cap.(INRb)/(USDb)	246.2 / 2.6
52-Week Range (INR)	1250 / 807
1, 6, 12 Rel. Per (%)	-4/-12/-16
12M Avg Val (INR M)	93

Financials & Valuations (INR b)

Y/E March	FY27E	FY28E	FY29E
Sales	32.8	36.9	41.6
EBITDA	9.8	11.2	12.7
Adj. PAT	4.4	5.0	5.7
EBITDA Margin (%)	30.0	30.3	30.5
Adj. EPS (INR)	16.3	18.4	21.0
EPS Gr. (%)	7.0	13.3	13.8
BV/Sh. (INR)	86.1	98.4	112.4
Ratios			
Net D:E	0.2	0.2	0.1
RoE (%)	20.7	20.5	20.4
RoCE (%)	14.4	14.5	14.6
Payout (%)	34.6	35.6	35.6
Valuations			
P/E (x)	55.1	48.6	42.7
EV/EBITDA (x)	26.1	22.9	19.9
EV/Sales (X)	7.8	6.9	6.1
Div. Yield (%)	0.6	0.7	0.8

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	71.8	71.8	71.9
DII	7.7	7.6	7.5
FII	3.7	3.8	3.7
Others	16.8	16.9	17.0

FII includes depository receipts

CMP: INR903 TP: INR1,075 (+19%) Buy

Festive shift hurts growth; margins resilient

- Metro Brands (MBL)'s revenue growth further moderated to ~12% YoY in 2Q (from ~15%/20% YoY in 1QFY27/4QFY26) due to a shift in festive dates.
- However, reported EBITDA surged ~16% YoY, as ~215bp YoY gross margin expansion offsets the drag from higher minimum wages.
- MBL's 1HFY27 revenue and reported EBITDA grew ~13% YoY. However, operating deleverage from higher rentals and lower treasury income lead to a muted ~8% and 2% YoY growth in pre-IND AS EBITDA and PAT, respectively.
- MBL management continues to guide for 15-18% revenue growth over the medium term. However, muted store openings in 1HFY27, a conservative approach to store openings, and BIS-related challenges persisting in the S&A portfolio (Foot Locker, FILA, and MetroActiv) could create short term bumps in the growth rates, in our view.
- We cut our FY27-29E pre-IND AS EBITDA/PAT by 3-6% and model a 13%/12%/11% CAGR in revenue/pre-IND AS EBITDA/PAT over FY26-29E.
- We reiterate our **BUY rating with a revised TP of INR1,075**, premised on ~35x Dec'28 pre-IND AS EV/EBITDA (implying ~53x Dec'28 EPS).

Revenue growth moderates; gross margin expansion aids profitability

- MBL's consolidated revenue grew ~12% YoY to INR7.3b, below our estimate of 15% YoY, owing to a shift in the festive calendar.
  - In-store sales growth moderated to ~11% YoY (vs. ~15.5% YoY in 1Q) and was driven largely by 12% YoY area additions, as revenue per sqft (on closing area) declined 1% YoY to INR4,250.
  - MBL added 21 new stores and closed nine stores during 2Q, bringing the total store count to 1,053 (up ~9% YoY, with 21 net additions in 1H).
  - By format, MBL added five net stores under Crocs, four net stores under Metro, two net stores each under Mochi & Walkway, and one store under Foot Locker. The New Era count dipped by two (shift from kiosks to EBOs).
  - E-commerce and omni channel revenue grew ~12% YoY to INR1b, with their share in overall revenue remaining stable YoY at 14.2%.
- Gross profit rose 17% YoY to INR4.2b (vs. our est. of INR4.1b) as margins expanded ~215bp YoY to 57.4% (~240bp beat), driven by lower discounting during EoSS and ~2-5% price hikes.
- Employee costs jumped 28% YoY (6% ahead of our est.) due to continued investments in talent and minimum wage revisions, while other expenses grew 12% YoY (3% below our estimate).
- As a result, EBITDA of INR1.97b grew 16% YoY (vs. our est. of INR1.9b).
  - EBITDA margin expanded ~80bp YoY to 27% (~165bp beat), as better gross margins more than offset the increase in employee costs.
- Depreciation rose 12% YoY, in line with store expansion, while finance cost inched up 2% YoY. Other income declined ~19% YoY.
- Consequently, MBL's reported PAT of INR758m grew 12% YoY (in line).

Aditya Bansal - Research Analyst (Aditya.Bansal@MotilalOswal.com) | **Avinash Karumanchi** (Avinash.Karumanchi@MotilalOswal.com)
Research Analyst: | Siddhesh Chaudhari (Siddhesh.Chaudhari@MotilalOswal.com) | **Niraj Harwande** (Niraj.Harwande@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Higher rentals weigh on pre-IND AS EBITDA and profitability in 1HFY27

- MBL's 1HFY27 consol. revenue/EBITDA/PAT grew ~13%/13%/2% YoY, as higher D&A (+17% YoY) and lower other income (-13% YoY) weighed on profitability.
- **Its 1H Pre-Ind AS EBITDA grew 8% YoY to INR2.45b, as margin dipped ~85bp YoY to 16.9%,** due to higher rentals (+21% YoY) from new format additions.
- Net working capital days increased to ~94 days (vs. 82 days in 1HFY26), driven by an increase in inventory days to 115 (from 109 YoY) and lower payable days (36 vs. 44 YoY). Absolute Core WC stood at INR7.8b (up 33% YoY).
- MBL's 1H pre-IND AS OCF improved to INR812m (vs. INR31m in 1HFY26), largely driven by a lower working capital build-up (INR1.1b vs. INR1.8b YoY). Further, with capex moderating ~8% YoY, 1H pre-IND AS FCF improved to INR248m (vs. an FCF outflow of INR580m YoY).
- Based on our estimates, the implied ask-rate for 2HFY27 revenue/EBITDA/PAT stands at 15%/13%/10%, with a lot resting on the festive quarter (3QFY27).

Key takeaways from the management commentary

- **Festive demand shift:** Management highlighted that the shift in the festive calendar affected 2Q growth by ~250bp. Early festive trends have been encouraging, with Durga Puja sales in the East witnessing healthy consumer traction, rendering confidence for a stronger performance in 3Q.
- **Store expansion:** Store expansion remained muted at 34 gross (21 net) additions in 1H. Management noted that supply constraints on suitable real estate are leading to rental inflation, which has prompted a more cautious stance. However, the company is looking to accelerate the pace of store openings in 2H.
- **Gross margin:** Margin improvement was driven by lower discounting during EOSS and improved product markups (2-5% price hikes). While lower EOSS discounting was limited to 2Q, improved markups should provide sustained uplift to margins.
- **Profitability:** Higher rentals, minimum-wage revisions, and talent and marketing investments weighed on 1H profitability. Marketing benefits are expected over the next 6-12 months. Higher treasury gains in 1HFY26 also weighed on pre-IND AS PAT growth. However, profitability is expected to improve in 2H, supported by favorable seasonality. Management aspires to maintain PAT margins of 13-15% over the medium to long term.
- **Clarks:** Management remains confident about Clarks' growth potential, with improving inventory availability and a nimble, robust supply chain expected to be key drivers of expansion. The brand's historical peak sales stood at ~INR2.0-2.5b, including distribution sales, while the corresponding sales opportunity at MRP was indicated at ~INR4-5b. The Clarks business is not expected to be margin-dilutive, with management indicating no meaningful headwinds to growth plans from BIS and/or brand repositioning.
- **FILA:** Its EBO expansion plans have been deferred to FY29 due to the challenges posed by BIS (certification renewal delays, higher MoQs). The company has focused on ramping-up local manufacturing, sharper positioning, and building a more relevant product assortment.

Valuation and view

- Management continues to guide for 15-18% revenue growth over the medium term, driven by 1) store additions, 2) mid-single digit SSSG, and 3) ramp-up of the newer formats (Clarks, Foot Locker, FILA).
- However, muted store openings in 1HFY27, a conservative approach to store openings, and BIS-related challenges persisting in the S&A portfolio (Foot Locker, FILA, and MetroActiv) could create short-term bumps in growth rates.
- We remain positive on MBL's long-term outlook, supported by 1) industry-leading store productivity and disciplined cost controls, 2) strategic partnerships with global brands, and 3) a long runway for growth across both core and emerging formats, funded largely through internal accruals.
- We cut our FY27-29E pre-IND AS EBITDA/PAT by 3-6% and model a 13%/12%/11% CAGR in revenue/pre-IND AS EBITDA/PAT over FY26-29E.
- We reiterate our **BUY rating on the stock with a revised TP of INR1,075** (vs. INR1,100 earlier), premised on ~35x Dec'28 pre-IND AS EV/EBITDA (implying ~53x Dec'28 EPS).

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

Y/E March	FY26				FY27E				FY26	FY27	FY27E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
Revenue	**6,282**	**6,511**	**8,113**	**7,730**	**7,204**	**7,303**	**9,472**	**8,799**	**28,636**	**32,777**	**7,485**	**-2.4**
YoY Change (%)	9.1	11.2	15.4	20.3	14.7	12.2	16.8	13.8	14.2	14.5		
Total Expenditure	4,343	4,804	5,429	5,351	5,057	5,329	6,451	6,108	19,927	22,944	5,584	-4.6
EBITDA	**1,939**	**1,707**	**2,684**	**2,379**	**2,147**	**1,974**	**3,022**	**2,691**	**8,709**	**9,833**	**1,901**	**3.8**
EBITDA Margin (%)	30.9	26.2	33.1	30.8	29.8	27.0	31.9	30.6	30.4	30.0	25.4	163 bp
Depreciation	688	784	799	838	850	879	905	1,020	3,110	3,654	884	-0.5
Interest	237	294	288	290	296	300	321	367	1,109	1,284	317	-5.3
Other Income	286	282	161	314	263	229	274	328	1,042	1,094	300	-23.4
PBT	**1,300**	**911**	**1,723**	**1,564**	**1,264**	**1,024**	**2,069**	**1,632**	**5,497**	**5,989**	**1,000**	**2.4**
Tax	320	221	423	389	315	255	521	417	1,354	1,507	252	1.2
Rate (%)	24.6	24.3	24.6	24.9	24.9	24.9	25.2	25.6	24.6	25.2	25.2	
MI & Profit/Loss of Asso. Cos.	9	-15	-16	-9	-11	-12	-12	-10	-32	-45	-11	
PAT before MI	**979**	**689**	**1,300**	**1,175**	**949**	**770**	**1,548**	**1,215**	**4,144**	**4,482**	**748**	**2.8**
Adj PAT post MI	**988**	**674**	**1,318**	**1,166**	**938**	**758**	**1,536**	**1,205**	**4,146**	**4,437**	**738**	**2.7**
YoY Change (%)	7	-6	10	23	-5	12	17	3	9.4	7.0		

E: MOFSL Estimates

Exhibit 1: We ascribe a TP of INR1,075 to MBL based on 35x Dec'28 Pre-IND AS EBITDA

(INR/share)	Valuation	
	(INR b)	(INR/share)
Pre-IND AS EBITDA	7.9	
Target multiple (x)	35	
EV for Metro Brands	**279**	**1,025**
Net Debt	(14)	(50)
Target Price for Metro Brands	**293**	**1,075**
CMP		903
Upside (%)		**19%**



Detailed takeaways from the management commentary

- **Festive demand shift:** Management highlighted that the shift in the festive calendar affected 2Q growth by ~250bp. Early festive trends have been encouraging, with Durga Puja sales in the East witnessing healthy consumer traction, rendering confidence for a stronger performance in 3Q.
- **Store expansion:** Store expansion remained muted at 34 gross (21 net) additions in 1H. Management noted that supply constraints on suitable real estate are leading to rental inflation, which has prompted a more cautious stance. However, the company is looking to accelerate the pace of store openings in 2H. Expansion across newer formats and international brands remains dependent on inventory availability, operational readiness and brand repositioning.
- **Gross margin:** Margin improvement was driven by lower discounting during EOSS and improved product markups (2-5% price hikes). While lower EOSS discounting was limited to 2Q, improved markups should provide sustained uplift to margins, however, a higher contribution from Walkway, Foot Locker and emerging formats could weigh on blended margins.
- **Profitability:** Higher rentals, minimum-wage revisions, and talent and marketing investments weighed on 1H profitability. Marketing benefits are expected over the next 6-12 months. Higher treasury gains in 1HFY26 also weighed on pre-IND AS PAT growth. However, profitability is expected to improve in 2H, supported by favorable seasonality. Management aspires to maintain PAT margins of 13-15% over the medium to long term.
- **Clarks:** Management remains confident about Clarks' growth potential, with improving inventory availability and a nimble, robust supply chain expected to be key drivers of expansion. The brand's historical peak sales stood at ~INR2.0-2.5b, including distribution sales, while the corresponding sales opportunity at MRP was indicated at ~INR4-5b. The Clarks business is not expected to be margin-dilutive, with management indicating no meaningful headwinds to growth plans from BIS and/or brand repositioning.
- **FILA:** Its EBO expansion plans have been deferred to FY29 due to the challenges posed by BIS (certification renewal delays, higher MoQs). The company has focused on ramping-up local manufacturing, sharper positioning, and building a more relevant product assortment.
- **Raw material inflation:** Raw material costs have increased by ~10–15%, prompting the company to undertake selective price hikes of 2-5%.
- **BIS Certification:** It continues to constrain supply, particularly for import-dependent international brands. ~70% of compliance requirements have been addressed for brands under greater operational control, while overseas factories supplying other brands face licensing challenges, resulting in variable inventory availability. Resolving these constraints could unlock growth opportunities for brands with strong underlying demand.
- **Employee Expenses:** Management highlighted that employee expenses have witnessed some pressure following revisions to store-level staff compensation, including changes linked to minimum wages. The revision translates into ~0.5-1% increase in employee expenses as % of sales. However, management expects

improved store productivity and revenue growth to absorb the incremental expense over time, thereby limiting the impact on overall staff cost ratios.

- **Store closures:** MBL expects annual store closures at ~2-3% of its store base, with decisions driven by store-level profitability and location economics.
- **Inventory and Working Capital:** Elevated inventory reflects precautionary stocking amid US–Iran geopolitical uncertainty, front-loading for FitFlop ahead of BIS license renewals at four factories, and expansion across Clarks, Foot Locker and distribution channels. Management expects partial normalization of inventory by Mar'27, with working capital days declining towards ~80 by mid-to-late FY28; ~7 months of inventory (on COGS) is considered as ideal level.
- **Crocs:** Management remains confident in Crocs' long-term growth potential in India, citing strong consumer acceptance, growth despite a high base and opening of CoCo stores by Crocs in high demand markets.
- **Rental Inflation:** Competition from D2C players and international brands is driving rental inflation. Management remains disciplined on lease negotiations, prioritizing store-level profitability over expansion.
- **Walkway:** ~30% of recent stores performed above expectations, while ~30% underperformed on the expectations. Corrective measures across assortment, pricing and store selection have shown encouraging traction.
- **Capex:** Annual capex guidance remains at INR0.8–1b, including new store openings and refurbishments.

Updates on the new business formats

Foot Locker & MetroActiv

- One store was added in Foot Locker during 2QFY27 (total at 7), while MetroActiv remained at three stores.
- BIS implementation challenges among select external brands continue to constrain expansion, though early signs of normalization are emerging; management will calibrate store expansion plans accordingly.

FILA

- Local manufacturing of FILA footwear has commenced in India to counter BIS-related challenges.
- FILA's repositioning is underway with a sharper merchandise and pricing strategy, and the transformation is expected to take place over the next 12-18 months. No new EBOs were added in 2QFY27 (total at four), and store expansion is expected to pick up pace only from FY29.

Clarks partnership

- MBL has expanded Clarks' ladies' range to 400+ MBOs (vs. ~300 in 4QFY26) and its limited men's range to 100+ MBOs.
- The supply of the complete EBO product range is now expected by 3QFY27, with Clarks EBOs to be launched in 2HFY27 post-stabilization of the supply chain and assortment (vs. the earlier plan for 3QFY27).

New Era

- MBL is shifting New Era's expansion strategy from kiosks to an EBO-led model, opening two EBOs and closing four kiosks during 2QFY27 (total at eight, including two kiosks).

Exhibit 2: Quarterly performance

Consol P&L (INR m)	2QFY26	1QFY27	2QFY27	YoY%	QoQ%	2QFY27E	v/s Est (%)
Total Revenue	**6,511**	**7,204**	**7,303**	**12**	**1**	**7,485**	**-2**
Raw Material cost	2,914	2,919	3,110	7	7	3,368	-8
Gross Profit	**3,598**	**4,284**	**4,193**	**17**	**-2**	**4,117**	**2**
Gross margin (%)	**55.3**	**59.5**	**57.4**	**217**	**-205**	**55.0**	**242**
Employee Costs	662	759	845	28	11	793	6
SGA Expenses	1,229	1,379	1,374	12	0	1,422	-3
EBITDA	**1,707**	**2,147**	**1,974**	**16**	**-8**	**1,901**	**4**
EBITDA margin (%)	**26.2**	**29.8**	**27.0**	**81**	**-277**	**25.4**	**163.2**
Depreciation and amortization	784	850	879	12	3	884	-1
EBIT	923	1,297	1,095	19	-16	1,018	8
EBIT margin (%)	14.2	18.0	15.0	82	-301	13.6	140
Finance Costs	294	296	300	2	1	317	-5
Other income	282	263	229	-19	-13	300	-23
Profit before Tax	**911**	**1,264**	**1,024**	**12**	**-19**	**1,000**	**2**
Tax	221	315	255	15	-19	252	1
Tax rate (%)	24.3	24.9	24.9	56	-5	25.2	NM
Profit after Tax	**689**	**949**	**770**	**12**	**-19**	**748**	**3**
Adj Profit after Tax	**674**	**938**	**758**	**12**	**-19**	**738**	**3**
PAT margin (%)	10.4	13.0	10.4	2	-264	9.9	52

Consol P&L (INR m)	2QFY26	1QFY27	2QFY27	YoY%	QoQ%	2QFY27E	v/s Est (%)
Total Stores	966	1,032	1,053	9	2	1,077	-2
Net store adds	38	9	12			36	

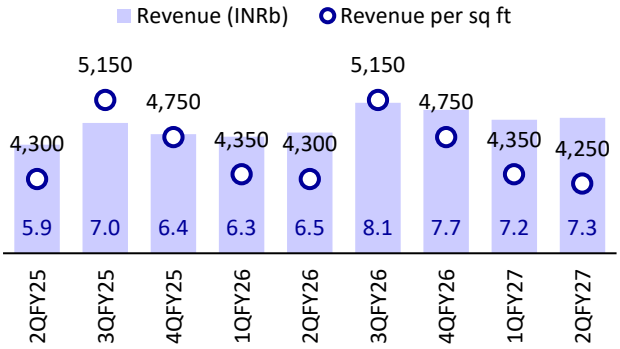
Source: MOFSL, Company

Exhibit 3: Summary of changes to our estimates

	FY27E	FY28E	FY29E
Revenue (INR m)			
Old	33,231	37,553	42,446
Actual/New	32,777	36,866	41,633
Change (%)	-1.4	-1.8	-1.9
GP (INR m)			
Old	19,241	21,781	24,682
Actual/New	19,142	21,567	24,356
Change (%)	-0.5	-1.0	-1.3
EBITDA (INR m)			
Old	10,036	11,510	13,095
Actual/New	9,833	11,152	12,698
Change (%)	-2.0	-3.1	-3.0
EBITDA margin (%)			
Old	30.2	30.7	30.9
Actual/New	30.0	30.3	30.5
Change (bp)	-20	-40	-35
Net Profit (INR m)			
Old	4,610	5,283	5,997
Actual/New	4,437	5,027	5,721
Change (%)	-3.8	-4.8	-4.6
EPS (INR)			
Old	16.9	19.4	22.0
Actual/New	16.3	18.4	21.0
Change (%)	-3.8	-4.8	-4.6

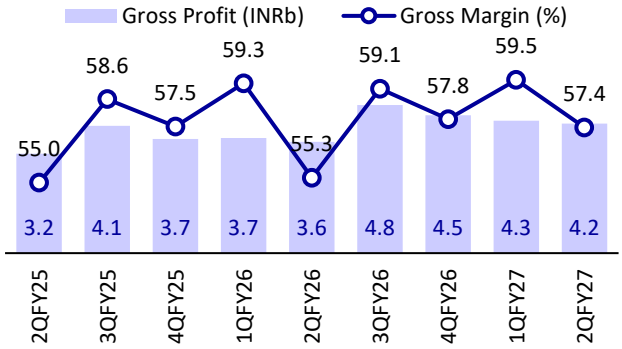
Story in charts

Exhibit 4: Consol. revenue grew 12% YoY, while quarterly revenue per sqft declined ~1% YoY



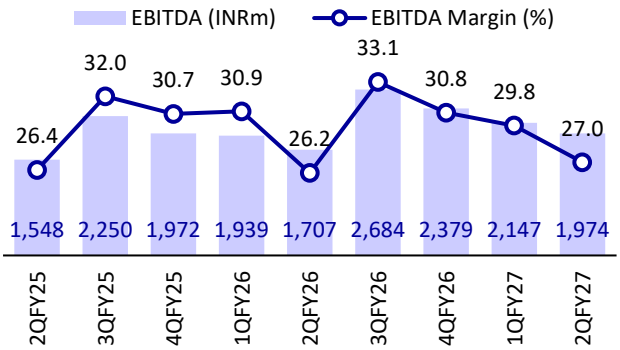
Source: MOFSL, Company

Exhibit 5: Gross profit rose ~17% YoY as gross margin expanded ~220bp YoY



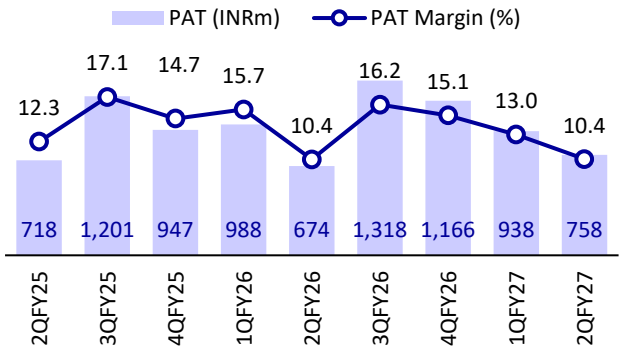
Source: MOFSL, Company

Exhibit 6: EBITDA rose 16% YoY; as margin expanded ~80bp YoY



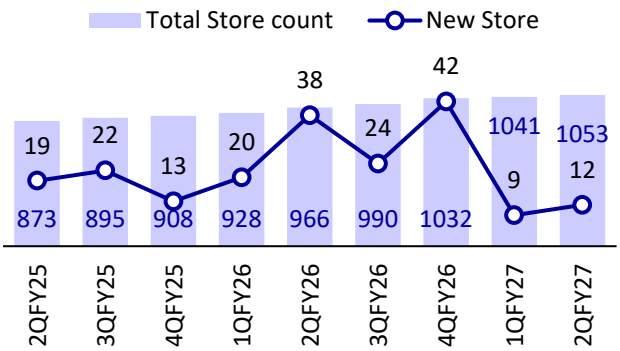
Source: MOFSL, Company

Exhibit 7: Adj. PAT grew ~12% YoY



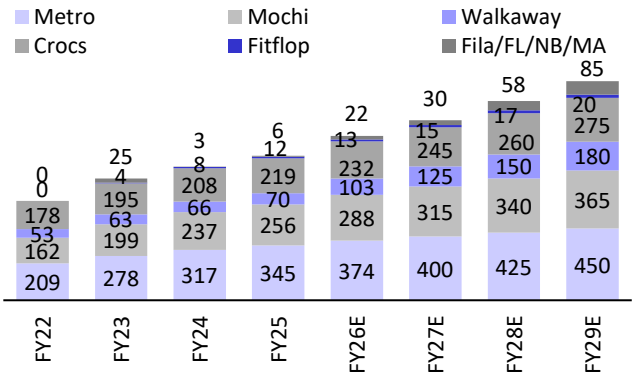
Source: MOFSL, Company

Exhibit 8: MBL added 12 net stores during 2QFY27



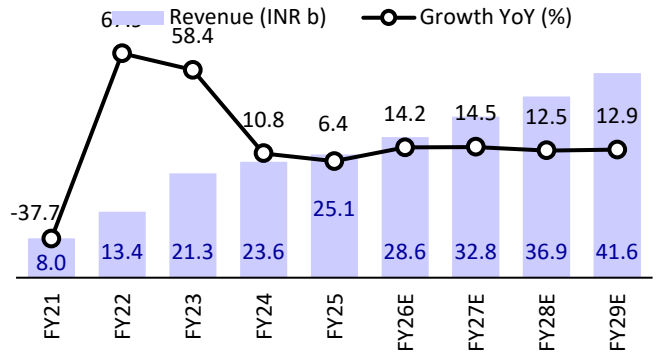
Source: MOFSL, Company

Exhibit 9: Expect MBL to reach ~1,375 stores by FY29, implying ~10% store addition CAGR



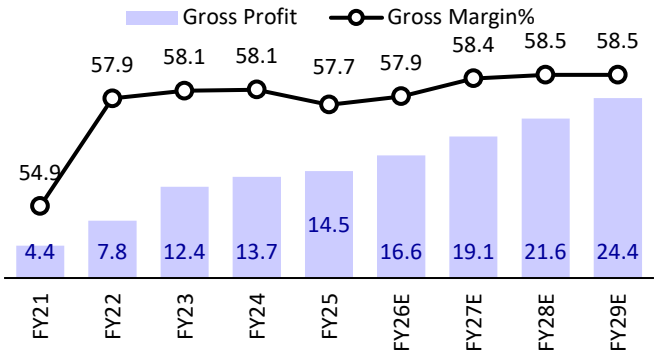
Source: MOFSL, Company

Exhibit 10: Expect 13% revenue CAGR over FY26-29



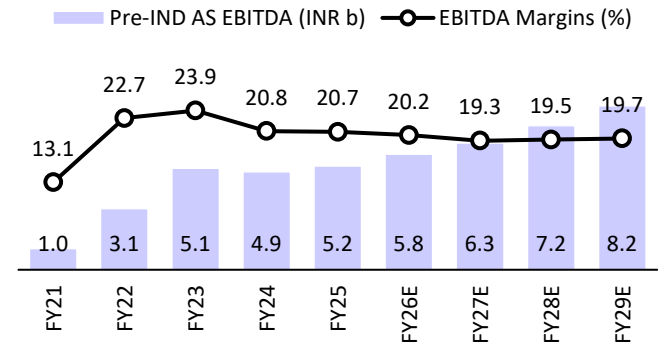
Source: MOFSL, Company

Exhibit 11: Expect MBL to clock a 14% GP CAGR



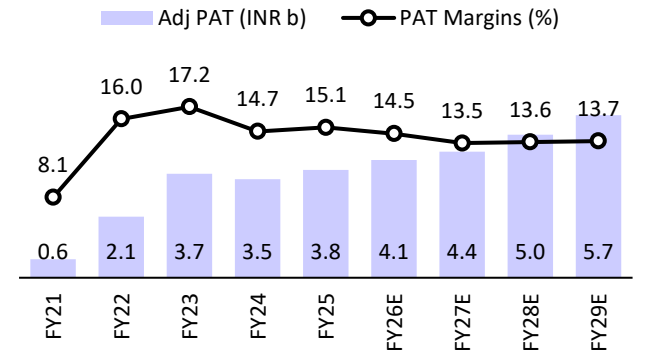
Source: MOFSL, Company

Exhibit 12: Expect 12% pre-IND AS EBITDA CAGR over FY26-29



Source: MOFSL, Company

Exhibit 13: Expect 11% adj. PAT CAGR over FY26-28



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Total Income from Operations	**13,429**	**21,271**	**23,567**	**25,074**	**28,636**	**32,777**	**36,866**	**41,633**
Change (%)	67.9	58.4	10.8	6.4	14.2	14.5	12.5	12.9
Raw Materials	5,659	8,920	9,875	10,609	12,051	13,635	15,299	17,278
Gross Profit	**7,770**	**12,351**	**13,692**	**14,465**	**16,585**	**19,142**	**21,567**	**24,356**
Margin (%)	57.9	58.1	58.1	57.7	57.9	58.4	58.5	58.5
Employees Cost	1,212	1,843	2,280	2,450	2,764	3,474	3,889	4,351
Other Expenses	2,466	3,720	4,417	4,441	5,112	5,834	6,525	7,307
Total Expenditure	**9,338**	**14,483**	**16,571**	**17,500**	**19,927**	**22,944**	**25,714**	**28,935**
% of Sales	69.5	68.1	70.3	69.8	69.6	70.0	69.8	69.5
EBITDA	**4,092**	**6,788**	**6,996**	**7,574**	**8,709**	**9,833**	**11,152**	**12,698**
Margin (%)	30.5	31.9	29.7	30.2	30.4	30.0	30.3	30.5
Depreciation	1,342	1,810	2,291	2,580	3,110	3,654	4,195	4,835
EBIT	**2,749**	**4,978**	**4,704**	**4,994**	**5,599**	**6,179**	**6,957**	**7,863**
Int. and Finance Charges	504	631	789	905	1,109	1,284	1,398	1,547
Other Income	586	544	708	930	1,042	1,094	1,226	1,409
PBT bef. EO Exp.	**2,831**	**4,891**	**4,624**	**5,019**	**5,532**	**5,989**	**6,785**	**7,726**
EO Items	0	0	0	0	35	0	0	0
PBT after EO Exp.	**2,831**	**4,891**	**4,624**	**5,019**	**5,497**	**5,989**	**6,785**	**7,726**
Total Tax	702	1,257	499	1,491	1,354	1,507	1,708	1,945
Tax Rate (%)	24.8	25.7	10.8	29.7	24.6	25.2	25.2	25.2
Minority Interest/ JV-associates share	15	-19	1	-22	-32	-45	-50	-60
Reported PAT	**2,115**	**3,653**	**4,124**	**3,551**	**4,144**	**4,482**	**5,077**	**5,781**
Adjusted PAT	**2,115**	**3,654**	**3,465**	**3,789**	**4,146**	**4,437**	**5,027**	**5,721**
Change (%)	221.3	72.8	-5.2	9.4	9.4	7.0	13.3	13.8
Margin (%)	15.7	17.2	14.7	15.1	14.5	13.5	13.6	13.7

Consolidated - Balance Sheet (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity Share Capital	1,358	1,359	1,360	1,361	1,363	1,363	1,363	1,363
Total Reserves	11,289	14,118	17,278	15,730	18,569	21,498	24,765	28,486
Net Worth	**12,647**	**15,477**	**18,637**	**17,091**	**19,932**	**22,860**	**26,128**	**29,849**
Minority Interest	224	264	294	289	336	336	336	336
Total Loans	6,922	9,430	10,984	12,271	15,702	16,873	18,615	20,446
Lease Liabilities	6,922	9,414	10,984	12,271	15,702	16,873	18,615	20,446
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
Other Liabilities	6	45	10	8	9	9	9	9
Capital Employed	**19,800**	**25,216**	**29,926**	**29,659**	**35,978**	**40,078**	**45,087**	**50,640**
Gross Block	12,765	17,904	21,412	24,746	31,083	35,290	40,672	46,695
Less: Accum. Deprn.	4,287	4,883	6,589	8,727	11,241	14,895	19,090	23,925
Net Fixed Assets	**8,478**	**13,021**	**14,823**	**16,020**	**19,842**	**20,395**	**21,583**	**22,770**
Other Non-Current	614	661	795	957	1,239	1,239	1,239	1,239
Capital WIP	62	178	93	94	182	182	182	182
Total Investments	**3,625**	**4,778**	**7,851**	**5,505**	**6,727**	**6,727**	**6,727**	**6,727**
Curr. Assets, Loans & Adv.	**10,140**	**10,579**	**9,566**	**10,375**	**11,733**	**15,953**	**20,330**	**25,394**
Inventory	4,242	6,458	7,102	6,369	8,560	8,032	9,012	10,177
Account Receivables	577	1,261	757	912	998	1,192	1,341	1,514
Cash and Bank Balance	4,350	1,985	1,123	1,010	418	4,557	7,805	11,528
Loans and Advances	971	875	585	2,084	1,758	2,172	2,172	2,175
Curr. Liability & Prov.	**3,342**	**4,056**	**3,601**	**3,676**	**4,175**	**4,848**	**5,403**	**6,102**
Account Payables	2,343	2,813	2,570	2,258	2,782	3,026	3,353	3,787
Other Current Liabilities	958	1,114	950	1,316	1,233	1,639	1,843	2,082
Provisions	40	129	80	102	160	183	206	233
Net Current Assets	**6,798**	**6,522**	**5,965**	**6,700**	**7,559**	**11,105**	**14,927**	**19,293**
Deferred Tax assets	223	56	399	384	429	429	429	429
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	**19,800**	**25,216**	**29,926**	**29,659**	**35,978**	**40,078**	**45,087**	**50,640**

Financials and valuations

Ratios								
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Basic (INR)								
EPS	**7.8**	**13.4**	**12.7**	**13.9**	**15.2**	**16.3**	**18.4**	**21.0**
Cash EPS	13.0	20.6	21.7	24.0	27.3	30.5	34.7	39.8
BV/Share	47.6	58.3	70.2	64.4	75.1	86.1	98.4	112.4
DPS	0.8	5.0	2.2	19.9	3.0	5.7	6.6	7.6
Payout (%)	9.6	37.2	14.8	152.9	19.7	34.6	35.6	35.6
Valuation (x)								
P/E	115.1	66.7	70.3	64.4	58.9	55.1	48.6	42.7
Cash P/E	68.8	43.6	41.4	37.4	32.8	29.4	25.8	22.5
P/BV	18.8	15.4	12.8	13.9	11.9	10.4	9.1	8.0
EV/Sales	18.3	11.8	10.8	10.2	9.1	7.8	6.9	6.1
EV/EBITDA	60.1	37.0	36.3	33.7	29.8	26.1	22.9	19.9
Dividend Yield (%)	0.1	0.6	0.3	2.2	0.3	0.6	0.7	0.8
Return Ratios (%)								
RoE	20.0	26.0	20.3	21.2	22.4	20.7	20.5	20.4
RoCE	14.9	18.4	17.7	14.1	15.4	14.4	14.5	14.6
RoIC	19.7	24.6	21.4	16.0	16.3	16.1	17.7	18.8
Working Capital Ratios								
Fixed Asset Turnover (x)	1.1	1.2	1.1	1.0	0.9	0.9	0.9	0.9
Asset Turnover (x)	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Inventory (Days)	274	264	262	219	259	215	215	215
Debtor (Days)	16	22	12	13	13	13	13	13
Creditor (Days)	151	115	95	78	84	81	80	80
Leverage Ratio (x)								
Current Ratio	3.0	2.6	2.7	2.8	2.8	3.3	3.8	4.2
Interest Cover Ratio	5.5	7.9	6.0	5.5	5.0	4.8	5.0	5.1
Net Debt/Equity	-0.1	0.2	0.1	0.3	0.4	0.2	0.2	0.1

Consolidated - Cash Flow Statement								(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
OP/(Loss) before Tax	2,831	4,891	4,624	5,019	5,497	5,989	6,785	7,726
Depreciation	1,342	1,810	2,291	2,580	3,110	3,654	4,195	4,835
Interest & Finance Charges	491	631	789	905	1,109	1,284	1,398	1,547
Direct Taxes Paid	-715	-1,412	-840	-1,363	-1,296	-1,507	-1,708	-1,945
(Inc)/Dec in WC	-638	-1,727	-490	574	-2,874	593	-574	-643
CF from Operations	**3,312**	**4,193**	**6,374**	**7,715**	**5,547**	**10,013**	**10,096**	**11,520**
Others	-491	-386	-474	-740	-809	-1,094	-1,226	-1,409
CF from Operating incl EO	**2,821**	**3,807**	**5,901**	**6,975**	**4,738**	**8,918**	**8,870**	**10,111**
(Inc)/Dec in FA	-479	-996	-1,161	-874	-1,391	-823	-1,073	-1,222
Free Cash Flow	**2,342**	**2,810**	**4,740**	**6,101**	**3,347**	**8,095**	**7,797**	**8,888**
(Pur)/Sale of Investments	538	-620	-1,885	1,587	-148	0	0	0
Others	68	-748	478	488	520	1,094	1,226	1,409
CF from Investments	**127**	**-2,365**	**-2,569**	**1,200**	**-1,019**	**271**	**152**	**187**
Issue of Shares	2,924	29	44	83	74	0	0	0
Inc/(Dec) in Debt	-14	-1,023	-15	0	0	0	0	0
Interest Paid	-1	-1	-3	-5	-8	-1,284	-1,398	-1,547
Dividend	0	-883	-1,155	-5,420	-1,498	-1,553	-1,810	-2,060
Others	-1,038	-1,710	-2,097	-2,389	-2,929	-2,213	-2,567	-2,969
CF from Fin. Activity	**1,870**	**-3,588**	**-3,227**	**-7,730**	**-4,361**	**-5,050**	**-5,775**	**-6,575**
Inc/Dec of Cash	**4,818**	**-2,146**	**106**	**445**	**-642**	**4,139**	**3,248**	**3,722**
Opening Balance	263	5,081	2,935	3,041	3,486	2,845	6,984	10,232
Closing Balance	**5,081**	**2,935**	**3,041**	**3,486**	**2,845**	**6,984**	**10,232**	**13,954**
Other Bank Balance/(OD)	**-732**	**-950**	**-1,918**	**-2,476**	**-2,426**	**-2,426**	**-2,426**	**-2,426**
Net Closing Balance	**4,350**	**1,985**	**1,123**	**1,010**	**418**	**4,557**	**7,805**	**11,528**

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 and BSE enlistment no. 5028. 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. MOFSL 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 and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.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. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, 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.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does 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 an officer, director or employee of subject company(ies).
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(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or 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, enlistment as RA with Exchange 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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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.