

|                  |   |
|------------------|---|
| Estimate changes |  |
| TP change        |  |
| Rating change    |  |

|                       |             |
|-----------------------|-------------|
| Bloomberg             | RW IN       |
| Equity Shares (m)     | 18045       |
| 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/EBIDTA 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     |        |        |               |     |
| <b>Total Revenue</b>                    | 17,281 | 21,682 | 21,682 | 21,502 | 17,715 | 22,534 | 23,862 | 26,085 | 82,147 | 90,195 | 90,195 | 24,643        | 6   |
| <b>YoY %</b>                            | 109%   | 40%    | 18%    | 10%    | 3%     | 4%     | 10%    | 21%    | 33%    | 10%    | 10%    | 15%           |     |
| <b>Total expenditure</b>                | 15,197 | 18,333 | 18,490 | 18,134 | 15,748 | 19,388 | 20,242 | 21,726 | 70,153 | 77,104 | 77,104 | 20,422        | 6   |
| <b>EBITDA</b>                           | 2,085  | 3,350  | 3,192  | 3,368  | 1,966  | 3,146  | 3,619  | 4,359  | 11,994 | 13,091 | 13,091 | 4,221         | 3   |
| <b>EBITDA margin (%)</b>                | 12.1%  | 15.4%  | 14.7%  | 15.7%  | 11.1%  | 14.0%  | 15.2%  | 16.7%  | 14.6%  | 14.5%  | 14.5%  | 17.1%         | -42 |
| Depreciation and amortization           | 584    | 575    | 578    | 616    | 597    | 654    | 703    | 883    | 2,354  | 2,837  | 2,837  | 703           | 26  |
| Finance Costs                           | 591    | 634    | 705    | 643    | 795    | 893    | 1,035  | 1,035  | 2,573  | 3,758  | 3,758  | 1,014         | 2   |
| Other income                            | 263    | 226    | 314    | 420    | 550    | 673    | 642    | 797    | 1,223  | 2,661  | 2,661  | 640           | 24  |
| Exceptional items                       | 0      | 96     | 45     | 930    | 94     | 230    | 0      | 108    | 1,072  | 432    | 432    | 0             |     |
| <b>Profit before Tax</b>                | 1,172  | 2,271  | 2,177  | 1,599  | 1,030  | 2,042  | 2,523  | 3,130  | 7,219  | 8,725  | 8,725  | 3,145         | 0   |
| Tax                                     | 365    | 709    | 1,161  | -231   | 267    | 507    | 626    | 826    | 2,004  | 2,227  | 2,227  | 792           | 4   |
| <b>Profit after Tax</b>                 | 807    | 1,562  | 1,017  | 1,830  | 763    | 1,535  | 1,897  | 2,304  | 5,216  | 6,498  | 6,498  | 2,352         | -2  |
| <b>Margin (%)</b>                       | 4.7%   | 7.2%   | 4.7%   | 8.5%   | 4.3%   | 6.8%   | 7.9%   | 8.8%   | 6.3%   | 7.2%   | 7.2%   | 9.5%          | -71 |
| Minority Interest                       | -10    | -31    | -18    | -21    | -15    | -14    | -19    | -6     | -80    | -53    | -53    | -19           | -69 |
| Share of Profit in Associated Companies | 12     | 57     | -51    | 135    | 9,904  | 77     | -43    | -6     | 154    | 9,932  | 9,932  | 0             |     |
| <b>Net Income</b>                       | 809    | 1,589  | 948    | 1,944  | 10,653 | 1,598  | 1,835  | 2,292  | 5,289  | 16,378 | 16,378 | 2,333         | -2  |
| <b>Adjusted income</b>                  | 807    | 1,658  | 1,062  | 2,760  | 857    | 1,765  | 1,897  | 2,412  | 6,287  | 6,930  | 6,930  | 2,333         | 3   |
| <b>Margin (%)</b>                       | 4.7%   | 7.3%   | 4.4%   | 9.0%   | 60.1%  | 7.1%   | 7.7%   | 8.8%   | 6.4%   | 18.2%  | 18.2%  | 9.5%          | -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 FOFO 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

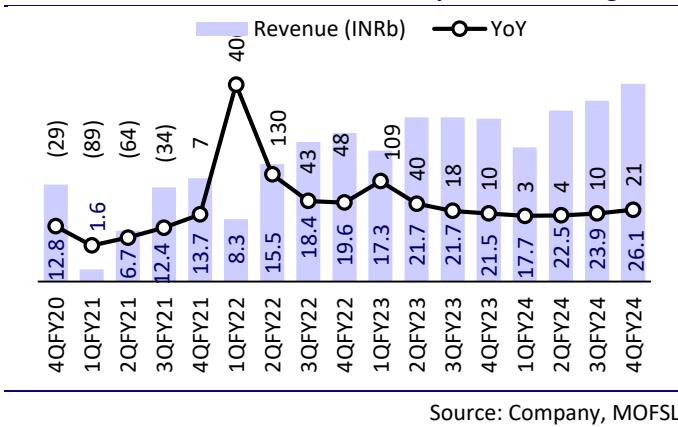


Exhibit 6: EBITDA increased 29% YoY/margin up 100bp YoY, led by all segments

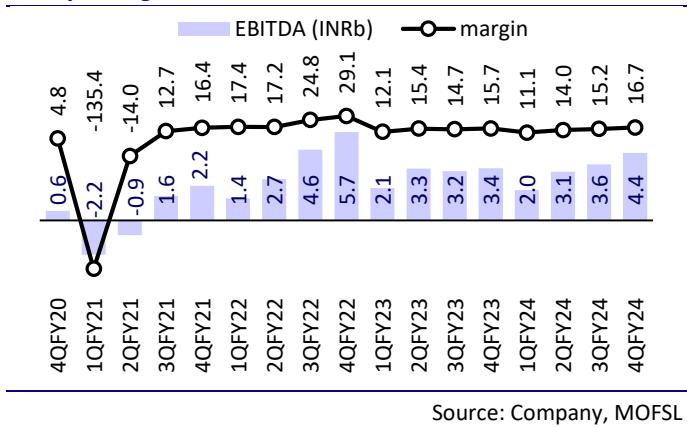


Exhibit 7: Lifestyle revenue/EBITDAM up +6%/+40bp YoY

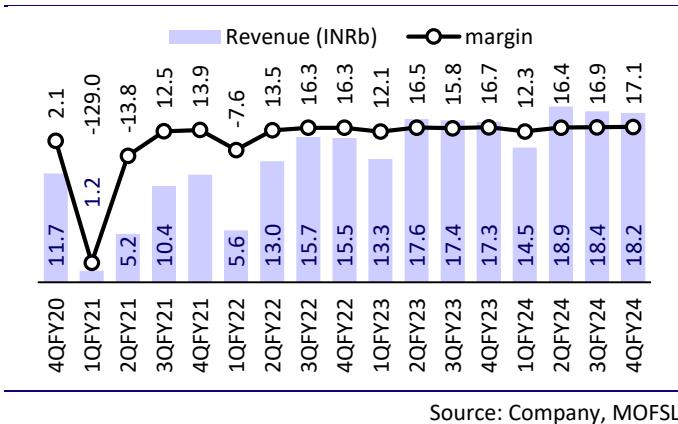
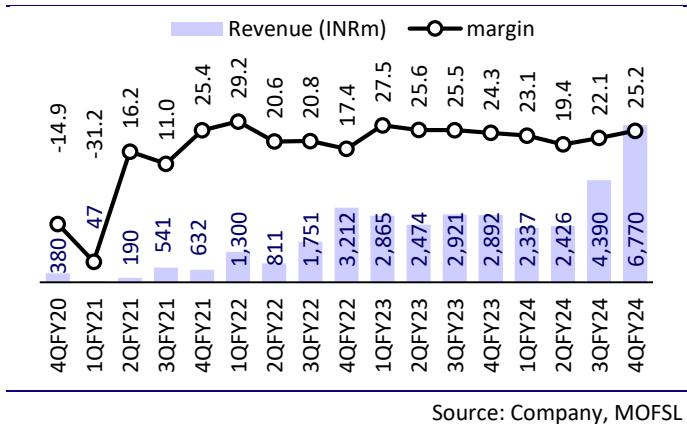
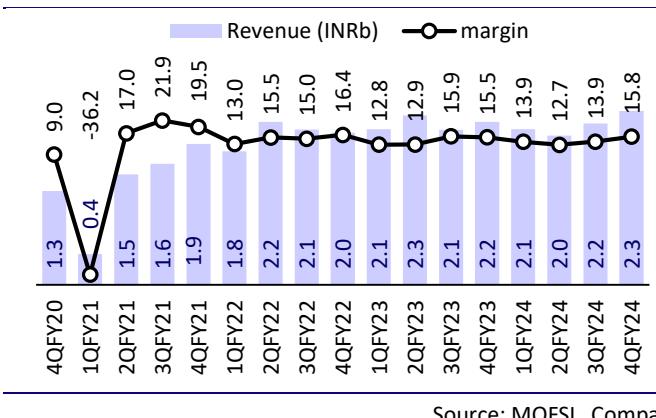


Exhibit 8: RE revenue up 2.4x YoY/margins up 90bp YoY



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

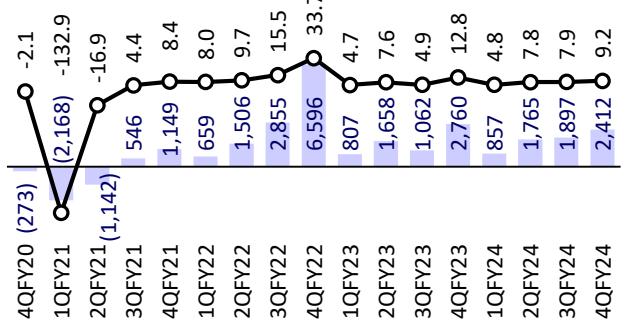
YoY



Source: MOFSL, Company

## Exhibit 10: PAT up 18% YoY

Adj PAT (INRm) margin



Source: MOFSL, Company

## Exhibit 11: Revised estimates

Consol

Revenue old

Revenue new

change

EBITDA old

EBITDA new

change

EBITDAM old

EBITDAM new

change

PAT old

PAT new

change

FY25E

95,766

FY26E

1,08,377

1,07,833

1,18,885

12.6%

9.7%

13,874

16,371

16,366

17,753

18.0%

8.4%

14.5

15.1

15.2

14.9

0.7

-0.2

7,790

9,649

8,670

9,576

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>            |       |         |        |       |       |       |       |       |
| EPS                           | 30.5  | 1.9     | -44.2  | 65.3  | 94.4  | 104.1 | 134.5 | 149.4 |
| 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> |

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| 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 |

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