



CMP: INR 245

Rating: BUY

Target Price: INR 449

Stock Info

BSE	543523
NSE	CAMPUS
Bloomberg	CAMPUS:IN
Reuters	CAMU.NS
Sector	Footwear
Face Value (INR)	5
Equity Capital (INR cr)	152
Mkt Cap (INR cr)	8,112
52w H/L (INR)	417/238
Avg Annual Volume (in 000')	1,188

Shareholding Pattern %

(As on December 2023)

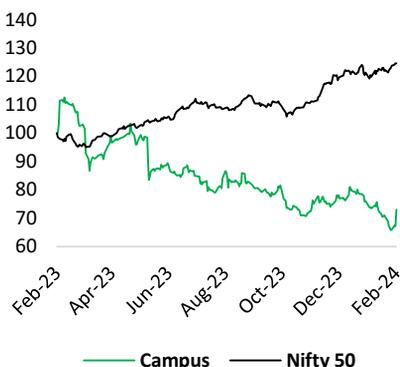
Promoters	73.88
FII	5.94
DII	7.07
Public & Others	13.12

Stock

Performance (%) 1m 3m 12m

Campus Activewear	(3.8)	1.0	(26.9)
Nifty 50	2.9	12.2	24.5

Campus Vs Nifty 50



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Campus Activewear Ltd (Campus), incorporated in 2008, is one of India's largest sports and athleisure footwear brands in terms of value and volume. They manufacture and distribute a variety of footwear like Running Shoes, Walking Shoes, Casual Shoes, Floaters, Slippers, Flip Flops, and Sandals, available in multiple colors, and styles, and at affordable prices. Today, it is the #1 Sports & Athleisure (S&A) Footwear Brand in India with a 17% market share in the Branded S&A Footwear Market. They have a pan-India presence with 20,000+ Retailers across 650+ cities and 28 states.

A market leader within a fast-growing market, and an affordable price point: Campus already has a 17% market share in the S&A footwear market in India, which is an incredibly fast-growing market in itself- growing ahead of the general footwear retail market. Campus's offering caters to 85% of its addressable market and boasts industry-leading volume growth, from 12.3 mn pairs in FY19 to 23.5 mn pairs in FY25.

Push to premium leading to rising ASP: Like all companies in the organized retail space, Campus is also leading aggressively with premiumization which has led to an improvement in ASP from INR 485 to 681 and a margin improvement from 12% to 17% over FY19 to FY23.

Continuous product innovation keeps offering trendy and relevant: Campus products are constantly transforming to keep up aesthetics and functionality at an affordable price. They adopt new features consistent across international S&A footwear brands and adopt these to cater to local preferences.

Foray into new markets and strengthen its existing presence: To strengthen its pan-India presence, the company endeavors to expand into new geographies and penetrate further into existing markets. This is visible from their changing geographical revenue distribution over the years.

Integrated manufacturing capabilities and well-established supply chain: Campus has great control over its manufacturing process owed to extensive backward integration and a supply chain spanning all of India. The in-house assembly and manufacturing allow them to maintain strict quality control, and keep their cycle short.

Y/E March (INR Bn)	FY23	FY24E	FY25E	FY26E	FY27E
Sales	14.8	15.9	19.0	22.8	27.0
Sales Gr. (%)	24.3	7.1	19.6	19.8	18.5
EBITDA	2.5	2.3	3.8	4.8	6.3
Adj. PAT	1.2	1.0	1.9	2.6	3.6
EBITDA Margin (%)	17.1	14.5	19.9	21.2	23.3
Adj. EPS (INR)	3.8	3.3	6.3	8.5	11.7
EPS Gr. (%)	-8.0	-15.0	94.5	34.1	37.4
BV/Sh. (INR)	18.1	21.3	27.7	36.2	47.9
Net D:E	0.6	0.2	0.0	-0.1	-0.3
RoE (%)	21.2	15.3	22.9	23.5	24.4
RoCE (%)	18.2	13.4	20.1	21.6	23.4
P/E (x)	63.9	75.2	38.7	28.8	21.0
EV/EBITDA (x)	30.7	33.0	19.8	15.2	11.2
EV/Sales (x)	5.2	4.8	3.9	3.2	2.6
FCF Yield (%)	0.8	2.9	2.0	2.8	4.2

Source: Company Filings & Arihant Capital Research

Valuation and Outlook:

Campus is a seasoned player that has well-established itself in a fast-growing industry, and has displayed a substantially higher growth rate compared to its peers. With a 17% market share in the domestic organized Sports & Athleisure footwear industry and an offering that caters to 85% of the addressable market, Campus has carved a place for itself with up-to-date, trendy offerings at affordable price points that cater to the growing aspirational demand of the middle class shifting toward stylish, and functional branded footwear. This was achieved in a relatively short period in an industry that is largely dominated by international brands which is a testament to Campus's brand strength made possible by its constant churn of trendy products and aggressive branding activity. The company has been displaying a steady rise in volumes over the years with an ASP growing in tandem. Given that the Indian market is heavily underpenetrated, there is a huge scope for the company to continue on this upward trend.

The current discretionary spending environment in India is dampened and has been this way for the past year which has led to a significant price correction in Campus. The sector is now starting to see green shoots pop up toward the end of Q3FY24 to FY25 and we believe this is a good time to enter as the company is at the cusp of an inflection point.

We have valued the stock at EV/EBITDA of 29x the FY26E EBITDA of INR 4,830 Mn, yielding a TP of INR 449 and an upside of 83% from the CMP of INR 245, and recommend that investors BUY.

Investment Rationale

Market leadership in a fast-growing industry at an affordable price point

The S&A market is expected to account for 21% of the FY25E footwear industry. Campus is currently a leader in the S&A footwear market with a share of 17% with an offering that caters to 85% of the addressable market which is the largest market coverage amongst key sports and athleisure footwear brands. Campus is the only homegrown Indian brand that has established itself as a market leader in this segment. Other Indian brands also have an S&A presence, but Campus derives 89% of its revenue from S&A footwear. Campus is one of the top 3 sports and athleisure footwear brands (alongside Adidas and Puma), and also the fastest-growing scaled S&A footwear brand in India.

Within the Indian retail industry, footwear is one of the fastest growing categories- currently dominated by casual footwear (67% in value terms), followed by S&A (19%), formals (10%), and outdoor (4%). Amidst all these categories, S&A is growing ahead of all of them, at a CAGR of 25%.

Campus has a product offering that spans multiple price points (mass, economy, mid, and premium), though a majority of their revenues (57.7%) come from the more affordable < INR 1,500 price point as of FY23, and they are known for their value offering. This caters to the aspirational demand of the growing middle class.

Push to premium leading to rising ASP by strengthening R&D, and staying fashion-forward with regular launches:

Though Campus is well known for its value offering wherein it offers premium aesthetics and top-of-line functionality on par with those of international brands at competitive prices, it derives 42.3% of its revenue from the > INR 1,500 category as of FY23, which is up from 32.3% in FY19.

The company has been steadily increasing the number of premium offerings which has led to an ASP rise from INR 485 in FY19 to INR 631 in FY23, which has been accompanied by a volume rise of 12.3 Mn pairs to 23.5 Mn pairs respectively.

Campus also has an in-house design team of 50 designers offering 2,500+ active styles of footwear, with the R&D team working to create prototypes based on the latest international styles tailored to local preferences. Campus products are almost at par with products of MNC brands at very competitive rates (30- 40% lower) attracting mid-income Indian consumers who have an aspiration to wear international brands that lack affordability. The company also has a design consultancy in China that tracks global fashion trends and curates products in line with the latest trends with customizations for Indian consumers.

Campus launches 2 collections in a year within 120 to 180 days from product conceptualization: spring-summer by February/ March; and autumn-winter by August/ September. The company also adopts in-season replenishment which allows it to capture any additional demand through swift additional production of high-selling pieces in the collection. It also has a design fast track which involves quick design, development, and production of new products outside the normal go-to-market process. Never Out Of Stock (NOOS) involves products that are always in demand across all seasons, and are always available in stock and continuously replenished.

It has launched concepts such as special drops, exclusive collaborations, limited-edition product design initiatives, and channel partner exclusive merchandise. Some of the launches include Campus Globalgiri and Campus Crazies as annual design launches that coincide with the Indian festive period from October to December.

Foray into new markets and strengthening their existing presence:

The company has been extending into new territories domestically by deepening its presence in the West and South which constitute 20% and 10% of FY23 revenues respectively. The company plans to increase its physical presence in emerging markets, and other unexplored geographies.

On the export front, the company plans to enter GCC countries, Nepal and Bangladesh. Campus has plans to tie up with distribution partners in GCC countries while the supply chain and manufacturing will be done in Vietnam /India /China. They will initially test the markets using e-commerce and then go into full-scale distribution and own stores.

Campus plans to go asset-light with physical expansion. The market size for GCC is estimated at INR 7-8 bn which is currently dominated by Nike and Adidas. These markets pay a 30-40% premium on existing merchandise. In Nepal and Bangladesh, the company plans to accommodate its B Grade inventory which is currently ~1%. It will be sold once the market is set up to get salvage value plus some incremental benefit.

Benefits from omni channel distribution and a pan India presence:

The company has evolved from traditional distribution to omni-channel play, increasing its overall addressable market. It has over 425+ distributors directly servicing and fulfilling orders of over 20,000+ geographically mapped retailers as of FY23. It has executed agreements with all its distributors wherein they carry a credit term of 30- 60 days. The top 15 distributors contributed 21% towards the sale of goods in FY21.

Campus has approached distribution differently compared to MNC players. A majority of the foreign players have a large presence in Metro/tier-1 markets and distribute their products through EBOs and the e-commerce channel. Campus, on the other hand, initially focused on T2/ T3 markets which is where its target customer base is present, and these markets are underserved in the S&A segment due to a lack of credible domestic players. Campus has aggressively expanded in core markets through its well-established trade distribution network comprising of multi-brand outlets (MBOs). In addition, the company operates EBOs under two models: company-owned, company-operated stores ('COCOs'); and franchisees. It has 66 COCOs and 41 franchisees as of FY22, with an intent to premiumize. It also sells retail accessories such as backpacks, caps, and socks under its own brand 'CAMPUS' at its 250+ EBOs.

Campus has also tied up with major third-party e-commerce players like Flipkart, Amazon, Myntra, Udaan, and Fynd, and is currently the leading Indian footwear brand in this channel. Revenue through its owned e-commerce platforms grew at a CAGR of 140% between FY19 and FY23.

Integrated manufacturing capabilities and well-established supply chain:

Campus owns 5 manufacturing facilities with an annual capacity of 34.8 million pairs and is backward integrated to manufacture soles (64% in-house) and uppers (81% in-house).

The process is labor intensive and Campus has a hybrid production model wherein the labor-intensive, high-volume economy segment production is largely outsourced while premium segment manufacturing is largely in-house, thus protecting design and intellectual property. The outsourcing of high-volume products allows faster turnaround time from raw material to final product. Campus has 100% of assembly work in-house allowing it to keep strict control on quality.

It procures 100% of the raw material used for shoe uppers locally and ~85% of the total raw materials locally while the remainder 15% is sourced from China, South Korea, and other Southeast Asian countries. It currently procures materials on a purchase-order basis at negotiated rates. The company keeps 2-4 months of inventory of raw materials at their facilities. The raw materials include sole, fabric, chemicals and adhesives, laminated fabric, ethylene-vinyl acetate (EVA), insole, and others such as PVC compound, PVC leather cloth, PU leather cloth, and outer cartons.

Backward integration along with centralized sourcing of raw materials has helped Campus exercise greater control over its manufacturing process, and product quality, manage costs, and improve time to market.

Digitization of the sales process has also improved the time to market, merchandizing and design efficiency. The complete product cycle from conceptualization to launch is managed within 120 to 180 days which is much ahead of the competition. The manufacturing lead time of Campus is 60-90 days vs the industry average of 90-120 days.

The highly underpenetrated market has a high scope for fast-growing organized players, with an especially high scope in women's and children's wear:

India's Per Capita footwear consumption is much lower compared to developed and developing countries like USA, UK, Japan, Germany, Brazil & China. The Indian footwear industry has witnessed an increase in activity over the last few years, with the changing consumer attitude towards footwear. Shoes, initially positioned as a value purchase, are now becoming a lifestyle purchase. The footwear segment is characterized by fairly high branded play compared to other lifestyle categories.

The footwear category in India has been dominated by men accounting for 52% in FY21. The women's and kids' categories have been growing at a faster pace as compared to men's and are expected to reach 44% and 11% of the market respectively by FY25E. To capitalize on these changing industry dynamics, Campus is expanding its women's and kids' categories. These categories have high growth potential with low competition. Campus is focused on the women's category from product conceptualization to channel development to provide a trendy value proposition.

Campus intends to leverage its brand, quality, and pricing strategy to increase the market penetration in these categories. The company launched 2,800+ new designs between FY19-23.

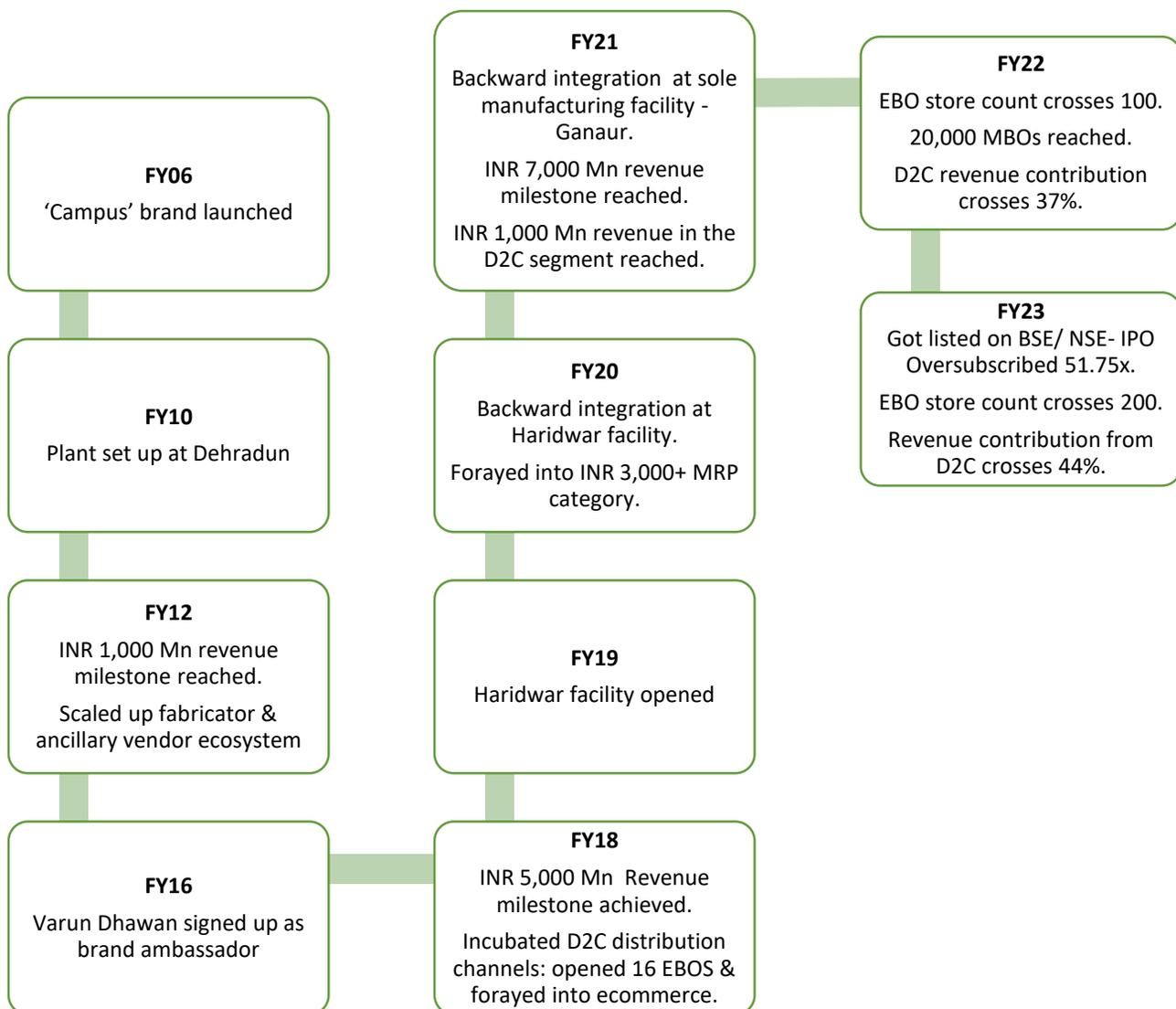
Increasing A&P spending to build brand awareness:

The company also spends aggressively on marketing to strengthen its brand presence and image. The strategy was to move from trade-led marketing to direct-to-consumer marketing. Campus has one of the highest marketing spends among peers across channels. Over the last 2 years, the company has reinvested its gross margin and operating leverage into brand building. A&P spending has increased by 200bps to 6-6.5% of sales vs pre-Covid levels of 4-4.5%. This is an endeavor to elevate the brand experience and consumer aspiration to drive premiumization. Higher brand support also provides greater assurance to channel partners

Company Overview:

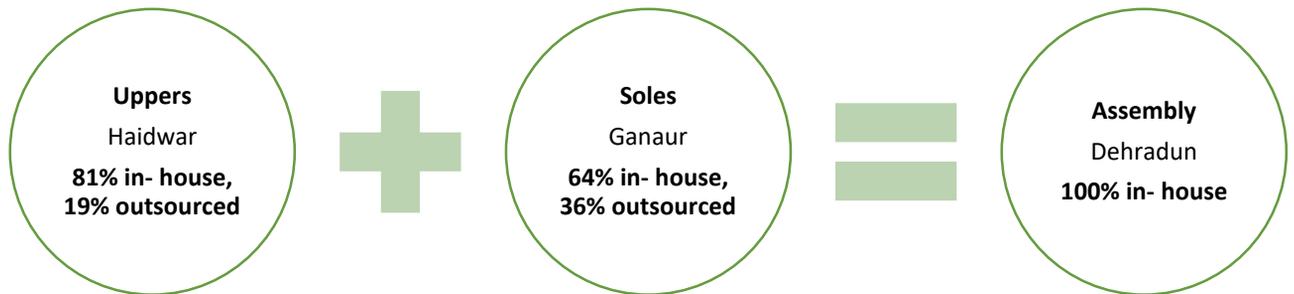
- Campus Activewear is one of the largest sports & athleisure footwear brand in India with a **17% market share** in the branded segment.
- They are the **fastest growing footwear brand in India** in terms of value and volume with 23.5mn pairs sold in FY23.
- **Geographical reach:** 20,000+ retail touchpoints, 650+ cities, 425+ distributors, 150+ sales force, 240+ EBOs, 1,000+ LFS counters.
- **Online presence:** 7.9mn pairs were sold online in FY23- across Pure-Play Marketplace, Managed Marketplace, and Online to Offline marketplaces like Amazon and Flipkart.
- **Manufacturing capabilities:** 5 manufacturing facilities, 100+ third party manufacturing partners, and a 34.8mn annual shoe assembly line, with 90% domestic RM sourcing.
- **Product portfolio:** It offers a wide range of styles, colors, sizes, and functionality options for men, women, kids, and children - a total of 2,100 active styles.

The Journey

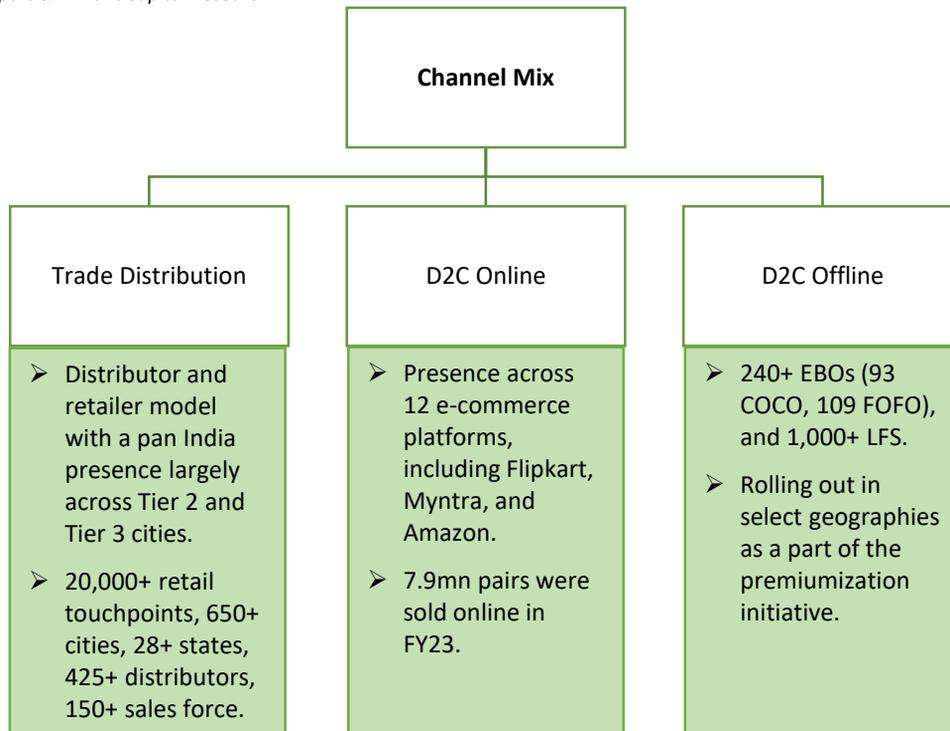


Source: Annual Report & Arianth Capital Research

Vertically Integrated Manufacturing Capabilities- Annual Assembly Capacity of 35.8mn pairs



Source: Annual report & Arihant Capital Research

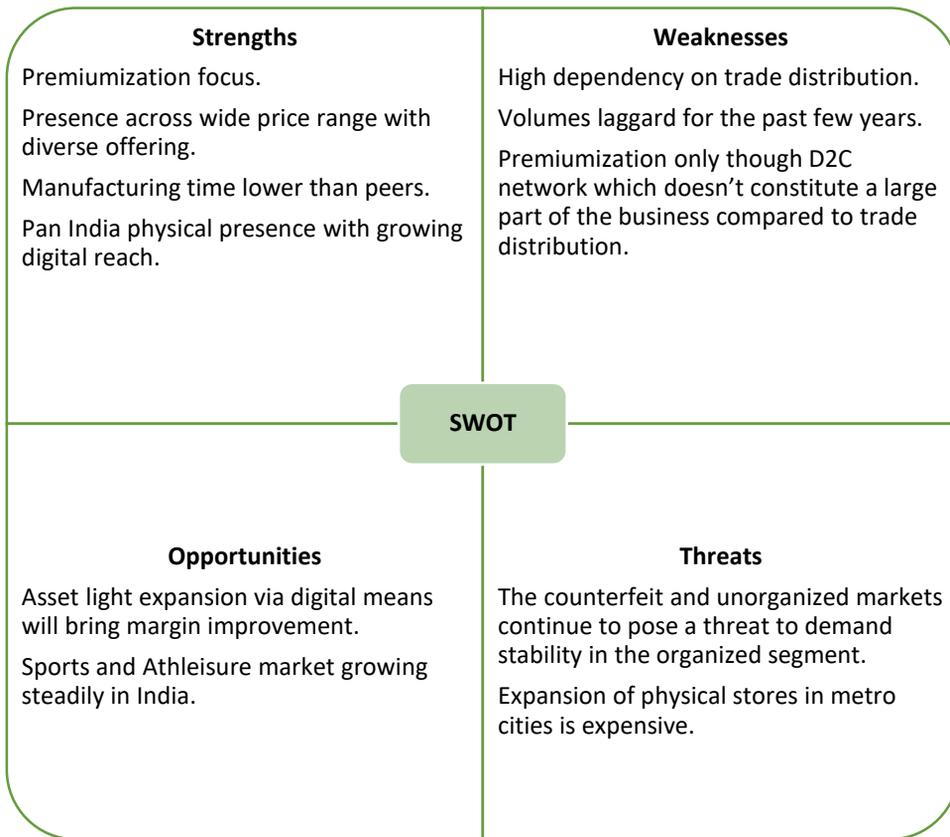


Source: Annual report & Arihant Capital Research

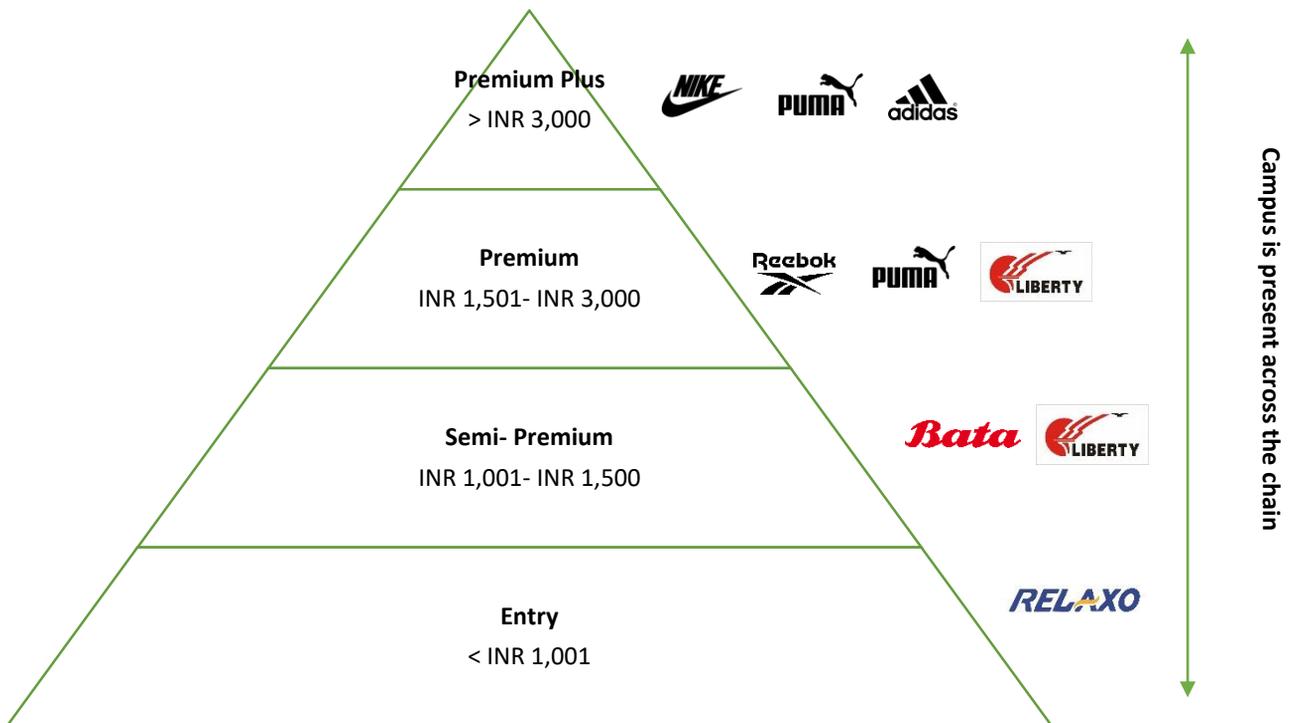
Increased investments in Ad campaigns- 'Move with Swag' campaign featuring King and Sonam Bajwa (Nov' 23)



Source: Company & Arihant Capital Research

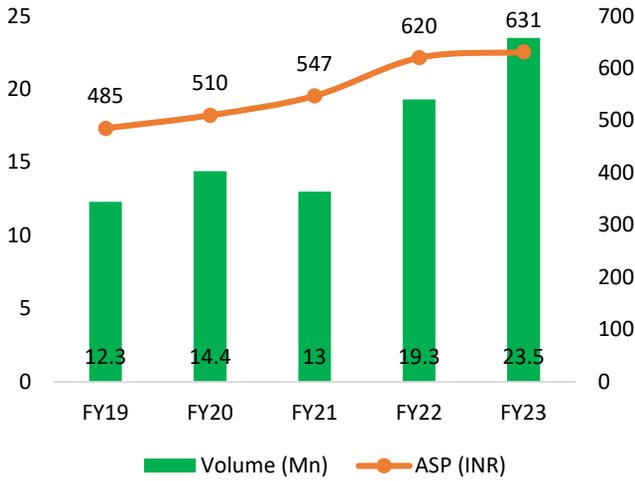


Source: Company Filings & Arianth Capital Research



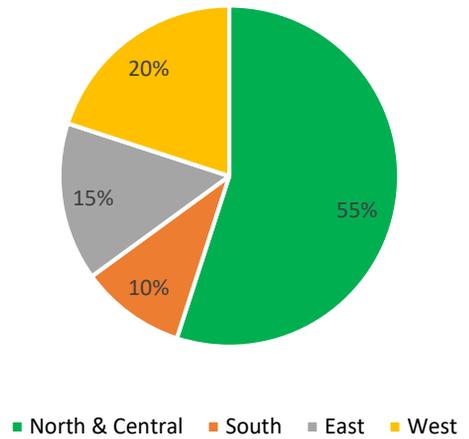
Source: Company Filings & Arianth Capital Research

Campus volume and ASP trend



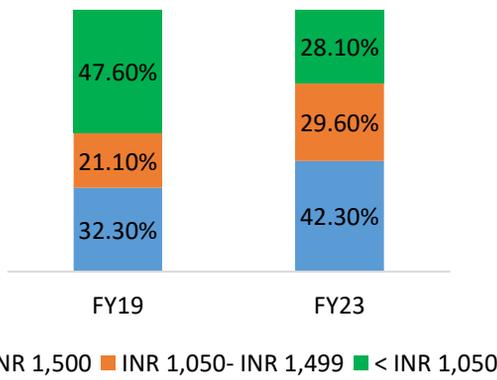
Source: Company Filings & Arianth Capital Research

FY23 Geography wise sales mix



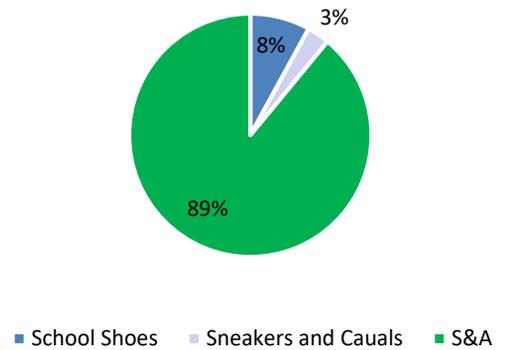
Source: Company Filings & Arianth Capital Research

Price segment wise revenue contribution



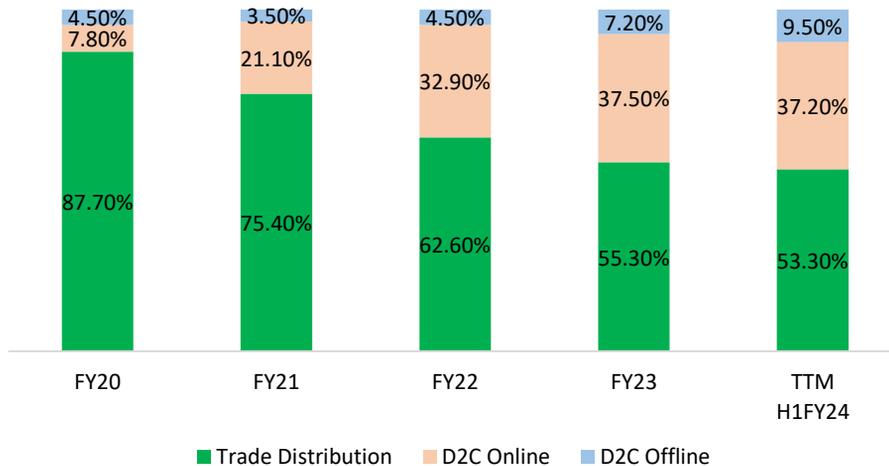
Source: Company Filings & Arianth Capital Research

FY23 Revenue mix



Source: Company Filings & Arianth Capital Research

Revenue Split



Source: Company presentation & Arianth Capital Research

Key Person	Designation	Experience
H.K. Agarwal	Chairman & Managing Director	37+ years of experience in the footwear industry, and part of the promoter group.
Nikhil Aggarwal	CEO & Whole-Time Director	~14 years of experience in the footwear industry, and part of the promoter group.
Madhumita Ganguli	Independent Director	Member of Executive Management at HDFC Limited.
Ankur Nand Thadani	Non-Executive & Non-Independent Director	Associated with TPG Capital.
Anil Chanana	Independent Director	Ex-CFO of HCL Technologies.
Jai Kumar Garg	Independent Director	Ex-Executive Director at UCO Bank, and Ex-MD and CEO of Corporation Bank.
Nitin Savara	Independent Director	Ex-Partner at Ernst & Young.
Sanjay Chhabra	Chief Financial Officer	~25 years of experience in accounting and finance. Ex- Whirlpool, Carlsberg Breweries, Dr Reddy's Lab, and OTIS Elevators.
Aseem Sood	Country Head – Distribution	~18 years of experience in FMCG & Consumer Goods. Ex- Sleepy Owl, Cavinkare, Marico, and Mars Wringley.
Perna Aggarwal	Chief Marketing Officer	Diploma in digital video production, passed CA Intermediate.
Ambika Wadhwa	Country Head – HR	~17 years of experience in HR Management. Ex- Reliance Brands Group, Uber India, and Jade eServices.
Uplaksh Tewary	Country Head – Retail	~13 years of experience in Lifestyle and Sportswear. Ex- Adidas, Puma Sports, Reebok, and Titan Industries.
Rajneesh Sharma	Head – IT	~23 years of experience in the IT Sector. Ex- DLF Brands, and ITC Infotech.

Source: Company Filings & Arianth Capital Research

Peer Review:

Company (Consol)- TTM Basis	Sales (INR Mn)	EBITDA (INR Mn)	EBITDA Margin	PAT (INR Mn)	EPS (INR)	FCF (INR Mn)	ROE	ROCE	D/E (x)	P/E (x)	PEG (x)	Market Cap (INR Mn)	CMP (INR)
Campus Activewear	14,322	2,035	14.21%	800	2.61	(149)	23.81%	23.01%	0.55	93.91	3.46	82,882	245
Metro Brands	23,179	6,845	29.53%	3,290	11.99	1,720	25.43%	24.32%	0.63	95.93	4.66	313,215	1,150
Bata India	34,593	4,916	14.21%	2,640	20.58	1,640	19.81%	19.56%	0.9	69.90	8.23	185,195	1,439
Khadim India	6,305	706	11.19%	100	5.34	224	7.15%	10.41%	1.42	68.54	-4.44	6,641	366
Relaxo Footwear	29,318	4,043	13.79%	2,020	8.13	(823)	8.65%	11.85%	0.63	102.47	188.76	210,154	833
Liberty Shoes	6,333	554	8.75%	60	3.46	4	6.78%	8.99%	0.68	88.70	6.6	5,282	307
Mirza International	6,313	552	8.75%	130	0.96	5	4.59%	7.57%	0.09	52.19	-2.49	6,979	50

Source: Arianth Capital Research

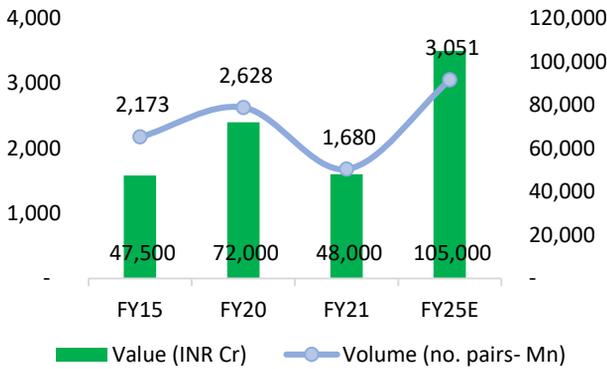
Industry Overview and Statistics (Source- Company, Technopak Research):

- **Organized retail in India (EBO/ MBO/ LFS/ Ecommerce) still has a low contribution to total retail** within India, but discretionary categories are outpacing overall retail growth now. Additionally, the rapid emergence of e-commerce has become a significant driving force behind the expansion of organized footwear retail. The presence of value brands and the increasing penetration of EBOs in tier II, tier III, and lower towns, throughout the country are expected to further bolster the growth of the organized format.
- **Organized retail is growing due to the transition from the unorganized to organized sector driven by enhanced preference for branded and quality footwear**, increasing health awareness, rising levels of disposable income in India, favorable trends in Indian demographics such as increasing population of young adults, and the growing demand for women's footwear.
- **The Indian retail industry is growing 9.5%**, within which **the footwear industry is growing 8%**. **The Indian footwear retail market is amongst the most organized category with a 30% penetration of organized retailing in value terms, and 13% in volume terms**, and is dominated by menswear (48%). The footwear segment is characterized by fairly high branded play compared to other lifestyle categories. Though men's footwear holds a dominant share, women's footwear is anticipated to grow faster and achieve a nearly equal share in value by FY25.
- Out of the total domestic footwear retail market, casual footwear remains the largest category (67%), with **the share of sports & athleisure at 19-21%, and is the fastest growing category in footwear**. **The sports & athleisure market in India is growing at 16%, outpacing the domestic footwear retail market growth of 8%, whereas the market for sports and athleisure footwear will double in value from INR 11,000 crores in FY20 to INR 22,000 crores in FY25, experiencing a growth of 15%.**
- **Organized retail is predicted to grow at a faster pace of 13% over the next five years, outpacing the domestic footwear growth rate of 8%. The footwear category is characterized by significant branding, and by FY25, the branded segment is expected to equal the market share of the unbranded sector, with a value growth rate of 11% from FY21 to FY25.**
- **The mass (economy) segment is dominant in the Indian sports & athleisure footwear retail market, with a share of 35% in FY21.** The Indian sports and athleisure footwear market is dominated by national and international players like Adidas, Asian Footwear, Asics, Bata, Campus, Decathlon, Fila, HRX, Khadim, Lancer, Liberty Shoes, Lotto, Metro Shoes, Mirza International, New Balance, Nike, Onitsuka Tiger, Puma, Reebok, Skechers, Under Armour, etc.
- As the footwear market is mainly discretionary, **urban India holds a significant share of 67% in the overall value of the Indian footwear market. Leading national and international brands dominate the top 8 cities, which account for 40% of the urban footwear market.** The urban footwear market in tier II cities and below is anticipated to grow further with the increasing penetration of Exclusive Brand Outlets (EBOs) and online retail in these areas, presenting new opportunities for retail establishments to thrive.

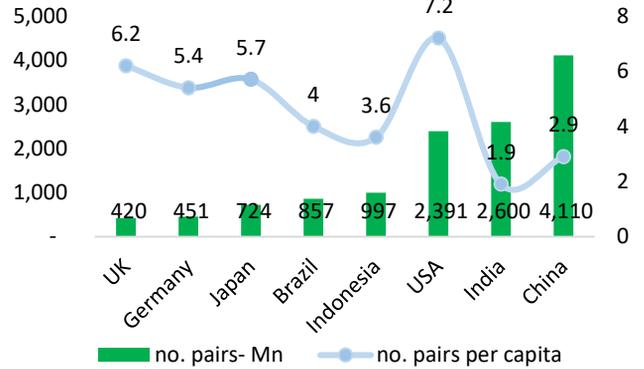
Industry Overview and Statistics. Source: Campus Activewear RHP, Aриhant Capital Research

Brands	Modern Retail			Traditional Retail	Brands ASP in INR	
	EBOs	LFSs/MBOs	Online			
Adidas	✓	✓	✓	-	Adidas	1,800-2,400
Asian Footwear	-	✓	✓	✓	Asian Footwear	600-800
Asics	✓	-	✓	-	Asics	1,900-2,300
Bata	✓	✓	✓	✓	Bata	900
Campus	✓	✓	✓	✓	Campus	600-700
Decathlon	✓	-	✓	-	Decathlon	800-1,100
Fila	-	✓	✓	-	Fila	2,800-3,200
HRX	-	-	✓	-	HRX	1,200-1,500
Khadim	✓	✓	✓	✓	Khadim	1,000-1,300
Lancer	-	✓	✓	✓	Lancer	700-900
Liberty Shoes	✓	✓	✓	✓	Liberty Shoes	500-700
Lotto	✓	✓	✓	-	Lotto	3,000-3,300
Metro Shoes	✓	✓	✓	✓	Metro Shoes	1,200-1,400
Mirza International	✓	✓	✓	✓	Mirza International	3,300-3,600
New Balance	✓	✓	✓	-	New Balance	3,200-3,600
Nike	✓	✓	✓	-	Nike	2,900-3,200
Onitsuka Tiger	✓	✓	✓	-	Onitsuka Tiger	3,400-3,800
Puma	✓	✓	✓	-	Puma	2,800-3,400
Reebok	✓	✓	✓	-	Reebok	3,000-3,300
Relaxo	✓	✓	✓	✓	Relaxo	150-250
Skechers	✓	✓	✓	-	Skechers	3,600-4,000
Under Armour	✓	✓	✓	-	Under Armour	4,000-4,500

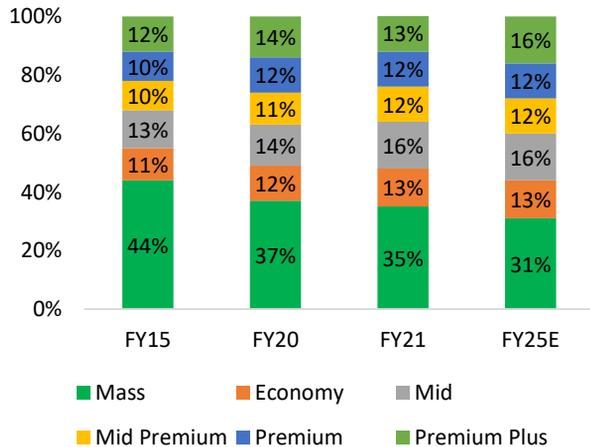
Indian Footwear Retail Market growth



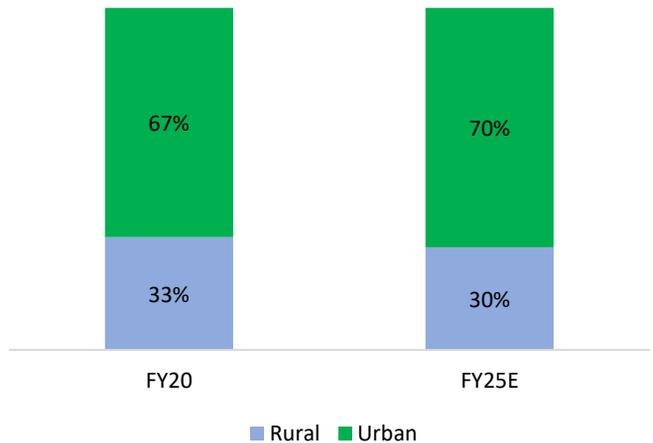
Annual Footwear Consumption- FY20



Price Segments Split in the Sports and Athleisure Footwear Retail Market

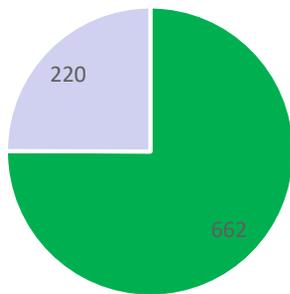


Indian Footwear Retail Market split



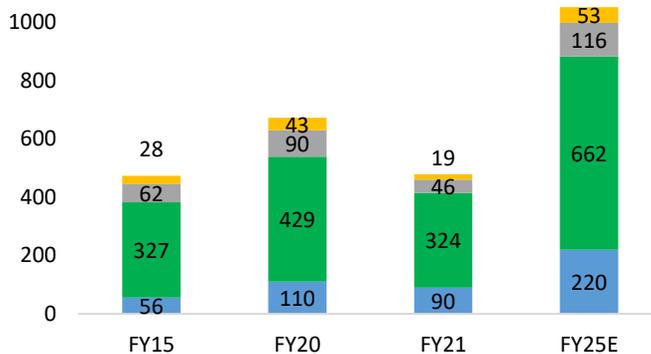
Industry Overview and Statistics. Source: Campus Activewear RHP, Aриhant Capital Research

Total Addressable Market for Campus INR Bn (FY25P)



■ Indian Casual Footwear ■ Indian S&A Footwear

Indian Footwear Market Size (INR Bn)



■ S&A ■ Casual ■ Formal ■ Outdoor

		Channels	Share in Footwear Retail FY20	Share in Footwear Retail FY25E	CAGR FY20-FY25
Organized	B&M	EBO	9%	11%	10%
		MBO & LFS	5%	5%	
	Online	Brand Website	5%	8%	10%
		Online Marketplace	11%	14%	
Unorganized	B&M	MBO	70%	62%	6%

EVOLUTION OF SPORTS AND ATHLEISURE LANDSCAPE IN INDIA

Phase 1: Emergence of Indian based Brands

- Evolutionary phase for footwear industry in India
- Skewed towards sports and formal footwear
- Limited Brand options



1985-1994

Phase 2: Advent of Global Athleisure Players

- Introduction of multiple foreign brands in India
- Highly focused on sportswear
- Endorsements with athletes due to increasing penetration of satellite TV



1995-2004

Phase 3: Introduction of e-commerce and D2C brands

- Increasing penetration of e-commerce and D2C brands due to availability of internet
- Entry of Indian and Foreign brands offering hybrid products combining sports and athleisure



2005-2014

Phase 4: Incorporation of omnichannel presence

- Adoption of sales through e-commerce led brands to incorporate omnichannel presence in Indian Footwear Industry.
- Easy entry of foreign brands having omnichannel presence in their home country



2015- Present

Consolidated Financials

Consolidated Income Statement- Y/E March	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Revenue from Operations	11,942	14,842	15,896	19,012	22,782	26,985
Change (%)	68	24	7	20	20	18
Raw Materials	5,973	7,520	7,707	9,411	11,163	13,088
GROSS PROFIT	5,968	7,323	8,189	9,601	11,619	13,897
Margin (%)	50	49	52	51	51	52
Employees Cost	679	802	1,113	1,065	1,207	1,349
Other Expenses	2,874	3,985	4,769	4,753	5,582	6,261
Total Expenditure	3,553	4,787	5,882	5,818	6,789	7,610
% of Sales	29.8	32.3	37.0	30.6	29.8	28.2
EBITDA	2,415	2,536	2,308	3,783	4,830	6,288
Margin (%)	20.2	17.1	14.5	19.9	21.2	23.3
Depreciation	532	710	726	975	1,151	1,326
EBIT	1,883	1,826	1,582	2,808	3,679	4,962
Margin (%)	16	12	10	15	16	18
Finance costs	196	287	267	264	261	258
Other Income	24	28	29	35	42	50
PBT bef. EO Exp.	1,711	1,567	1,344	2,579	3,460	4,753
Total Tax	634	396	350	645	865	1,188
Tax Rate (%)	37.0	25.0	26.0	25.0	25.0	25.0
Reported PAT	1,078	1,171	995	1,935	2,595	3,565
Adjusted PAT	1,273	1,171	995	1,935	2,595	3,565
Change (%)	356.9	-8.0	-15.0	94.5	34.1	37.4
Margin (%)	10.7	7.9	6.3	10.2	11.4	13.2
Consolidated Balance Sheet- Y/E March	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Equity Share Capital	1,522	1,523	1,523	1,523	1,523	1,523
Total Reserves	2,754	3,998	4,993	6,927	9,522	13,087
Net Worth	4,276	5,521	6,516	8,451	11,046	14,611
Total Loans	2,890	3,350	3,407	3,454	3,491	3,520
Lease Liability	1,147	1,542	1,599	1,646	1,683	1,713
Capital Employed	7,166	8,871	9,923	11,904	14,537	18,131
Gross Block	4,460	5,695	7,099	8,502	9,906	11,310
Less: Accum. Deprn.	1,214	1,924	2,650	3,625	4,776	6,102
Net Fixed Assets	3,246	3,770	4,448	4,877	5,130	5,208
Right to use assets	1,208	1,501	1,099	1,131	1,163	1,195
Capital WIP	25	38	38	38	38	38
Curr. Assets, Loans&Adv.	4,975	6,677	6,870	8,676	11,385	15,259
Inventory	3,543	4,490	2,956	3,481	4,129	4,841
Account Receivables	1,337	1,766	1,662	1,823	2,185	2,588
Cash and Bank Balance	3	240	2,070	3,191	4,890	7,649
Loans and Advances	92	181	181	181	181	181
Curr. Liability & Prov.	2,386	2,776	2,759	3,237	3,838	4,498
Account Payables	1,966	2,144	2,217	2,578	3,058	3,586
Other Current Liabilities	414	623	531	649	770	902
Provisions	6	10	10	10	10	10
Net Current Assets	2,590	3,901	4,111	5,439	7,547	10,761
Deferred Tax assets	218	309	309	309	309	309
Other Assets	1,112	891	1,055	1,279	1,551	1,853
Appl. of Funds	7,166	8,871	9,923	11,904	14,537	18,131
Consolidated Cash Flow Statement- Y/E March	FY22	FY23	FY24E	FY25E	FY26E	FY27E
OP/(Loss) before Tax	1,711	1,566	1,344	2,579	3,460	4,753
Depreciation	532	710	726	975	1,151	1,326
Interest & Finance Charges	196	287	267	264	261	258
Others	65	180	0	0	0	0
Direct Taxes Paid	-436	-525	-350	-645	-865	-1,188
(Inc)/Dec in WC	-1,890	-954	1,457	-431	-680	-757
CF from Operating incl EO	178	1,265	3,444	2,742	3,327	4,392
(Inc)/Dec in FA	-341	-697	-1,254	-1,254	-1,254	-1,254
Free Cash Flow	-163	568	2,190	1,489	2,073	3,138
(Pur)/Sale of Investments	0	0	0	0	0	0
CF from Investments	-341	-697	-1,254	-1,254	-1,254	-1,254
Issue of Shares	32	38	0	0	0	0
Inc/(Dec) in Debt	387	65	0	0	0	0
Interest Paid	-121	-137	-149	-149	-149	-149
Lease installemnt	-143	-297	-210	-218	-225	-230
CF from Fin. Activity	155	-331	-360	-368	-374	-379
Inc/Dec of Cash	-9	236	1,830	1,121	1,699	2,759
Opening Balance	12	3	240	2,070	3,191	4,890
Closing Balance	3	240	2,070	3,191	4,890	7,649

Source: Annual Report, Arihant Capital Research

Ratios

Ratios- Y/E March	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Basic (INR)						
EPS	4.2	3.8	3.3	6.3	8.5	11.7
Cash EPS	5.9	6.2	5.6	9.5	12.3	16.0
BV/Share	14.1	18.1	21.3	27.7	36.2	47.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)						
P/E	58.6	63.9	75.2	38.7	28.8	21.0
Cash P/E	41.3	39.8	43.5	25.7	20.0	15.3
P/BV	17.4	13.5	11.5	8.8	6.8	5.1
EV/Sales	6.5	5.2	4.8	3.9	3.2	2.6
EV/EBITDA	32.1	30.7	33.0	19.8	15.2	11.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	-0.5	1.9	7.2	4.9	6.8	10.3
Return Ratios (%)						
RoE	29.8	21.2	15.3	22.9	23.5	24.4
RoCE	21.1	18.2	13.4	20.1	21.6	23.4
RoIC	20.8	18.2	15.0	26.2	30.8	37.6
Working Capital Ratios						
Fixed Asset Turnover (x)	2.7	2.6	2.2	2.2	2.3	2.4
Asset Turnover (x)	1.7	1.7	1.6	1.6	1.6	1.5
Inventory (Days)	170	195	140	135	135	135
Debtor (Days)	35	38	38	35	35	35
Creditor (Days)	112	100	105	100	100	100
WC (Days)	93	133	73	70	70	70
Leverage Ratio (x)						
Current Ratio	2.1	2.4	2.5	2.7	3.0	3.4
Interest Cover Ratio	9.6	6.4	5.9	10.6	14.1	19.2
Net Debt/Equity	0.7	0.6	0.2	0.0	-0.1	-0.3

Source: Annual Report, Arihant Capital Research

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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