

# Titan Company

Estimate changes



TP change



Rating change

**CMP: INR3,534**

**TP: INR4,100 (+16%)**

**Buy**

## Miss on profitability; sustaining focus on growth

	TTAN IN
Bloomberg	
Equity Shares (m)	888
M.Cap.(INRb)/(USDb)	3137.3 / 37.6
52-Week Range (INR)	3887 / 2643
1, 6, 12 Rel. Per (%)	-5/-9/9
12M Avg Val (INR M)	3130

### Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	510.8	597.3	695.2
Sales Gr. (%)	25.9	16.9	16.4
EBITDA	52.9	65.7	78.7
EBITDA Margin (%)	10.4	11.0	11.3
Adj. PAT	35.0	44.3	55.1
Adj. EPS (INR)	39.3	49.8	61.9
EPS Gr. (%)	6.8	26.9	24.2
BV/Sh.(INR)	105.8	195.5	237.7

### Ratios

RoE (%)	32.8	33.2	28.7
RoCE (%)	22.5	21.7	21.4
Payout (%)	28.0	38.0	39.0

### Valuation

P/E (x)	90.0	70.9	57.1
P/BV (x)	33.4	18.1	14.9
EV/EBITDA (x)	60.1	47.0	38.9
Div. Yield (%)	0.3	0.5	0.7

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	52.9	52.9	52.9
DII	10.5	10.5	11.4
FII	19.1	18.9	17.5
Others	17.6	17.8	18.2

FII Includes depository receipts

- Titan Company (TTAN) posted consolidated sales growth of 21% YoY in 4QFY24, marginally better than our estimate. However, EBIT margins across segments were weak, leading to an overall 8% miss on EBITDA in 4QFY24.
- Jewelry sales (ex-bullion) grew 22% YoY, with double-digit growth in the number of buyers. The studded ratio expanded to 33% (same YoY). Net store additions were slow, at 39 in 4Q, bringing the total to 937 stores (174 store additions in FY24). LFL growth for Tanishq was healthy at 14% (15% FY24), while Caratlane's growth was slower at 3% in 4QFY24 (6% FY24).
- The Jewelry segment's EBIT growth was slow at 9% YoY; the segment witnessed gross margin pressure, which was due to high consumer offers and gold inflation (11% YoY). Standalone EBIT margin (ex-bullion) was 12.1% (flat QoQ) vs. 13.2% YoY. In the rising competitive environment, TTAN preferred growth over profitability to sustain its competitiveness.
- The Watch segment grew by only 6% YoY due to pricing cuts taken by the company to remain competitive in the market. Analog watches rose 9% YoY, while Wearables grew 3% YoY during the quarter.
- The near-term growth outlook appears subdued due to high gold inflation affecting demand sentiments, which is a typical trend during inflationary periods. However, despite the near-term jitteriness, the company remains aggressive in its growth outlook, driven by new store additions, attractive designs, and market share gains, et al. TTAN also maintains a Jewelry EBIT margin of 12-13% for FY25. We will monitor the near-term consumption trend. However, due to competitive pressure on margins, we cut our EPS estimates by 6%/ 5% for FY25/26. **Reiterate BUY with a TP of INR4,100.**

## Sales in line; margins below expectations

- **Strong revenue growth:** TTAN's consolidated revenue grew 21% YoY to INR124.9b (est. INR122.b) in 4QFY24. Jewelry sales were marginally better than expected, reporting 21% YoY growth to INR110b. Standalone jewelry (ex-bullion) sales rose 19% YoY, while Caratlane's sales grew 29% YoY. The new buyers' contribution was ~54% of jewelry customers for the quarter. The number of jewelry stores grew 23% YoY to 937. Watches, Eyewear, and Others segments clocked 6%, flattish, and 77% YoY growth.
- **Muted PAT growth:** EBITDA grew 9% YoY to INR11.9b (est. INR12.9b). Consolidated gross margin contracted 200bp/100bp YoY/QoQ to 22.3% (est. 23.6%). As a percentage of sales, a decline in ad spending (-30bp YoY to 2%), lower staff costs (-60bp YoY to 4%), and stable other expenses (-10bp YoY to 7%) led to a lower 100bp contraction in EBITDA margin to 9.5% (vs. est. 10.6%). PBT remained flat YoY to INR9.9b (est. INR11.3b). Recurring PAT came in at INR7.7b (est. INR8.7b) in 4QFY24, up 5% YoY.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- **Subdued margin performance:** Segmental margin pressure was subdued across segments. The jewelry EBIT margin (ex-bullion) contracted 110bp to 12.1%. Caratlane's EBIT margin improved 30bp to 7%. Watches' margin was down 400bp to 8% during the quarter.
- In FY24, TTAN's net sales/EBITDA/Adj. PAT grew 26%/9%/7%.

#### Highlights from the management commentary

- Competitive intensity has been increasing in the market, and it is expected that this trend will continue in the current year. However, the YoY growth in domestic buyers was healthy in double digits.
- Gross margin expansion in 1QFY25 is expected to be modest, with the potential for recovery in 2HFY25. Management expects the jewelry business EBIT margin to remain between 12% and 13%.
- In the watch industry, both major brands and unbranded players are grappling with excess stock that was factored into their inventory plans. This has led to pricing pressure, with many companies operating at lower prices to clear out their stocks.
- In the current year, Tanishq added 67 stores, while Caratlane also continued to add around 50 stores. Tanishq currently has a presence in 268 towns, and aims to expand its presence to 300 towns.
- LGD has not significantly affected Europe, China, or the Middle East, albeit, there are some early-stage developments in these regions. Additionally, the growth of lab-grown diamonds in India remains limited.

#### Valuation and view

- Due to competitive pressure on margins, we cut our EPS by 6%/5% for FY25/26E and reset our margin assumption.
- TTAN is one of the few consumer companies that have been growing revenue at this pace despite the high base and discretionary nature of the product segments. This underscores the superior brand positioning and the prowess of its franchise. TTAN is on track to achieve the existing jewelry revenue guidance of 2.5x FY22 revenue by FY27, implying an impressive 20% CAGR during the period. With a current market share of ~8% in a sizable ~INR5t market, there is significant headroom for growth.
- The gradual recovery in the studded ratio is expected to support an improved gross margin in future. Its healthy growth outlook, favorable industry trends, and strong balance sheet make it a compelling option in the discretionary space.
- The near-term growth outlook appears subdued due to high gold inflation affecting demand sentiments, which is a typical trend during inflationary periods. However, despite the near-term jitteriness, the company remains aggressive in its growth outlook, driven by new store additions, attractive designs, and market share gains, et al. TTAN also maintains a Jewelry EBIT margin of 12-13% for FY25. We will monitor the near-term consumption trend.
- **Reiterate BUY with a TP of INR4,100 (premised on 65x Mar'26E EPS). We continue to maintain TTAN as our top consumer discretionary play in India.**

## Consolidated Quarterly Performance

(INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>94.4</b>	<b>91.6</b>	<b>116.1</b>	<b>103.6</b>	<b>119.0</b>	<b>125.3</b>	<b>141.6</b>	<b>124.9</b>	<b>405.8</b>	<b>510.8</b>	<b>122.1</b>	2.3
YoY change (%)	171.9	22.3	15.7	32.9	26.0	36.7	22.0	20.6	40.9	25.9	17.9	
<b>Gross Profit</b>	<b>24.1</b>	<b>25.3</b>	<b>27.7</b>	<b>25.1</b>	<b>26.4</b>	<b>29.3</b>	<b>32.9</b>	<b>27.9</b>	<b>102.2</b>	<b>116.5</b>	<b>28.8</b>	
Margin (%)	25.5	27.6	23.9	24.3	22.2	23.4	23.3	22.3	25.2	22.8	23.6	
<b>EBITDA</b>	<b>12.0</b>	<b>12.5</b>	<b>13.5</b>	<b>10.9</b>	<b>11.3</b>	<b>14.1</b>	<b>15.7</b>	<b>11.9</b>	<b>48.8</b>	<b>52.9</b>	<b>12.9</b>	-7.6
EBITDA growth %	773.0	28.8	-6.6	24.3	-5.9	13.2	16.2	9.4	42.5	8.5	18.3	
Margin (%)	12.7	13.6	11.6	10.5	9.5	11.3	11.0	9.5	12.0	10.4	10.6	
Depreciation	1.0	1.1	1.1	1.2	1.3	1.4	1.5	1.6	4.4	5.8	1.4	
Interest	0.7	0.6	0.8	1.0	1.1	1.4	1.7	2.0	3.0	6.2	1.6	
Other Income	0.4	0.6	0.9	1.1	1.1	1.2	1.4	1.6	3.1	5.3	1.5	
<b>PBT</b>	<b>10.7</b>	<b>11.4</b>	<b>12.4</b>	<b>9.9</b>	<b>10.0</b>	<b>12.5</b>	<b>13.8</b>	<b>9.9</b>	<b>44.5</b>	<b>46.2</b>	<b>11.3</b>	-12.6
Tax	2.8	3.1	3.3	2.5	2.5	3.4	3.3	2.2	11.7	11.3	2.7	
Rate (%)	26.3	26.9	26.7	25.5	24.6	26.9	23.6	22.2	26.4	24.4	23.4	
<b>Adjusted PAT</b>	<b>7.9</b>	<b>8.4</b>	<b>9.1</b>	<b>7.4</b>	<b>7.6</b>	<b>9.2</b>	<b>10.5</b>	<b>7.7</b>	<b>32.7</b>	<b>35.0</b>	<b>8.7</b>	-11.2
YoY change (%)	#	30.3	-9.9	11.0	-4.3	9.6	15.5	4.8	40.2	6.8	18.0	

E: MOFSL Estimates

## Key Performance Indicators

Y/E March	FY23				FY24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>2Y CAGR (%)</b>								
Sales	118.4	41.9	23.4	17.6	85.1	29.3	18.8	26.6
EBITDA	LP	99.6	26.0	15.5	LP	20.7	4.2	16.6
PAT	LP	119.1	31.2	13.8	LP	19.5	2.0	7.8
<b>% of Sales</b>								
COGS	74.5	72.4	76.1	75.7	77.8	76.6	76.7	77.7
Operating Expenses	12.8	14.0	12.2	13.7	12.8	12.1	12.2	12.8
Depreciation	1.1	1.2	1.0	1.1	1.1	1.1	1.1	1.3
<b>YoY change (%)</b>								
COGS	161.2	18.0	17.9	34.7	31.5	44.8	23.0	23.7
Operating Expenses	88.6	41.8	30.0	30.3	25.5	18.1	21.6	12.0
Other Income	-4.3	10.9	56.1	50.0	159.1	103.3	52.8	39.5
EBIT	2,502.4	32.1	-8.2	25.3	-8.8	11.0	14.3	6.5

E: MOFSL Estimates

## Key exhibits

### Exhibit 1: Consolidated segmental snapshot

INR m	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
<b>Total Sales</b>	<b>94.9</b>	<b>92.2</b>	<b>117.0</b>	<b>104.7</b>	<b>120.1</b>	<b>126.5</b>	<b>143.0</b>	<b>126.5</b>
Watches sales (INR b)	7.9	8.3	8.1	8.8	9.1	10.9	9.9	9.4
YoY Growth	168	20	14	41	16	32	22	6
Jewellery sales (INR b)	83.5	80.0	104.5	91.2	107.0	110.8	127.4	110.1
YoY Growth	174	22	15	33	28	39	22	21
Jewellery (excluding gold ingots)	80.0	75.2	101.3	80.7	97.6	92.7	125.6	98.2
YoY Growth	204	18	13	25	22	23	24	22
Eyewear sales (INR b)	1.8	1.7	1.7	1.7	2.0	1.9	1.7	1.7
YoY Growth	173	4	12	23	11	13	(3)	1
Others	1.7	2.3	2.7	3.1	2.0	2.9	4.0	5.4
YoY Growth	53	80	58	13	19	27	51	77
<b>Total EBIT</b>	<b>11.4</b>	<b>12.0</b>	<b>13.2</b>	<b>10.8</b>	<b>11.1</b>	<b>13.9</b>	<b>15.5</b>	<b>11.9</b>
Watches	1.0	1.2	0.8	1.1	1.0	1.6	0.6	0.8
YoY Growth	(261)	36	2	960	3	31	(32)	(28)
EBIT Margin	12.5	14.7	10.1	12.0	11.1	14.7	5.7	8.1
Jewellery EBIT (INR b)	10.5	10.9	12.4	10.0	10.2	12.2	14.8	10.9
YoY Growth	431	35	(3)	26	(3)	12	19	9
EBIT Margin	12.6	13.6	11.9	11.0	9.6	11.0	11.6	9.9
Eyewear EBIT (INR b)	0.4	0.3	0.3	0.0	0.4	0.3	0.1	0.1
YoY Growth	(377)	(24)	(6)	33	(3)	(11)	(59)	250
EBIT Margin	19.7	16.8	18.4	1.2	17.2	13.2	7.7	4.2
Others EBIT (INR b)	(0.5)	(0.4)	(0.3)	(0.3)	(0.5)	(0.1)	(0.0)	0.2

Source: Company, MOFSL



### Key highlights from the management interaction

#### Performance and Outlook

- Competitive intensity has been increasing in the market, and TTAN expects this trend to continue in the current year.
- Domestic buyer growth achieved healthy double-digit growth YoY.
- ASP is experiencing a single-digit growth YoY.
- Lower gross margin in 4QFY24 led to more consumer offers, primarily due to high gold prices.
- Gold prices continued to rise in Apr'24 and remained higher than 4QFY24.
- The studded ratio for the quarter was 33%.
- Buyer growth has been strong in studded jewelry, extending from the 4Q and into April.
- Lab-grown diamonds have experienced rapid growth in the US, particularly in the center stone engagement ring segment, which is unique to the US market.
- LGD has not significantly affected Europe, China, or the Middle East, albeit, there are some early-stage developments in these regions. Additionally, the growth of lab-grown diamonds in India remains limited.
- The company has a long-term debt of ~INR30b, mainly associated with the acquisition of Caratlane. This debt includes NCDs with terms ranging from 18 to 24 months.

#### Costs and margins

- Gross margin expansion in 1QFY25 is expected to be modest, with potential for recovery in 2HFY25.

- The sudden rise in gold prices affects the material cost of studded jewelry due to the combined effects of diamond and gold costs, thereby impacting gross margin adversely.
- EBIT margin was within the indicated range of 12% to 13%.
- Tanishq stores are currently located in 268 towns and are expected to expand to 300 towns within the next couple of years.

### Segmental Information

- In 4Q, Tanishq opened 11 new stores in India, while Mia added 16 new stores in the domestic market.
- In the current year, Tanishq added 67 stores, while Caratlane also continued to add around 50 stores.
- For Caratlane in FY25, the focus is on prioritizing same-store growth while continuing to expand in a controlled manner to enhance same-store growth.
- Zoya's MRP turnover was INR3,000m, compared to ~INR600-650m four years ago.
- The watch business experienced a 19% YoY growth. However, there was a contraction in EBIT margin in 4Q due to a significant rise in advertising spending by over 40% YoY, coupled with mounting sales & marketing overhead costs.
- In the watch industry, both major brands and unbranded players are grappling with excess stock that was factored into their inventory plans. This has led to pricing pressure, with many companies operating at lower prices to clear out their stocks.
- The gold exchange program, where non-Tanishq gold contributed 30% to sales, increased to 31% in FY24.
- Overall, exchange gold accounts for about 40-41% of total sales.
- The new buyers' contribution accounted for ~54% of the total jewelry customers for the quarter.
- For the international market, the management plans to open 30 stores across North America and the GCC region, in addition to the existing 16 stores.
- The GCC region has a healthy gross margin and a high studded mix.
- The international business has generated USD120m in revenue for FY24.

### Exhibit 2: Jewelry – Key operating parameters

Jewellery	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Studded share	22	30	26	32	26	32	26	33	26	33	24	33
<b>Tansihq</b>												
LTL growth (%)	117	66	31	4	195	9	9	19	16	22	10	14
Sales growth	115	75	37	1	202	13	14	25	21	27	16	19
<b>Caratlane</b>												
LTL growth (%)	260	117	56	34	306	41	35	29	8	10	2	3
Sales growth	300	166	84	60	370	72	60	57	44	47	37	31

Source: Company, MOFSL

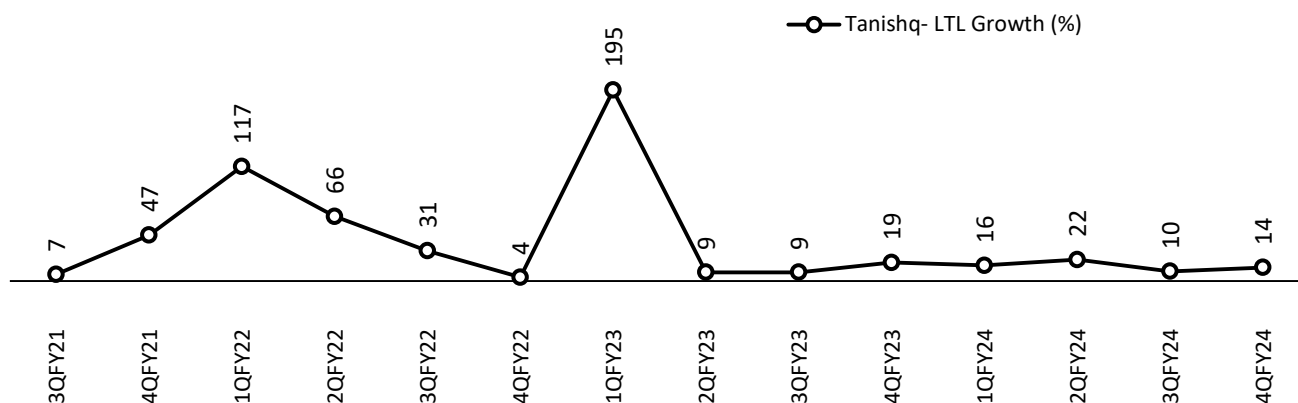
**Exhibit 3: 78 new stores were added in 4QFY24, and the total count reached 3,035**

*include international Stores	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
<b>Watches</b>								
World of Titan	570	577	601	622	636	646	655	665
Fastrack	161	163	170	185	188	193	198	218
Helios	151	165	182	198	207	212	223	237
<b>Jewellery</b>								
Tanishq	395	403	411	423	433	445	466	479
Zoya	5	6	6	7	7	8	8	8
Mia	63	79	93	111	119	145	162	178
Carat Lane	143	157	175	222	233	246	262	272
<b>Eye Wear</b>								
Titan Eye+	786	822	858	896	901	905	913	902
Fastrack (Eyewear)	3	5	5	5	7	8	8	3
<b>Others</b>								
Taneira	26	31	36	41	47	51	62	73
<b>Total</b>	<b>2,303</b>	<b>2,408</b>	<b>2,537</b>	<b>2,710</b>	<b>2,778</b>	<b>2,859</b>	<b>2,957</b>	<b>3,035</b>

Source: Company, MOFSL

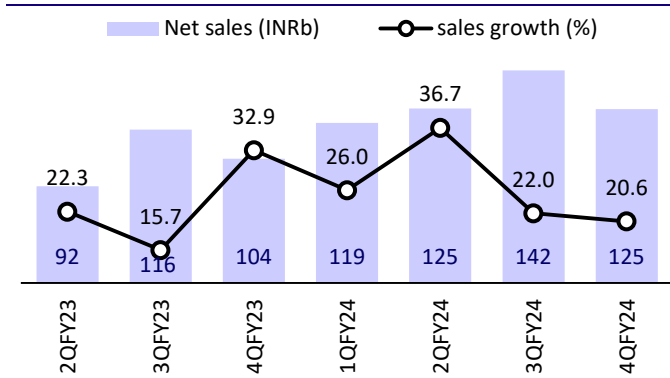
## Story in charts

**Exhibit 4: Tanishq's LTL growth at 14% YoY in 4QFY24**



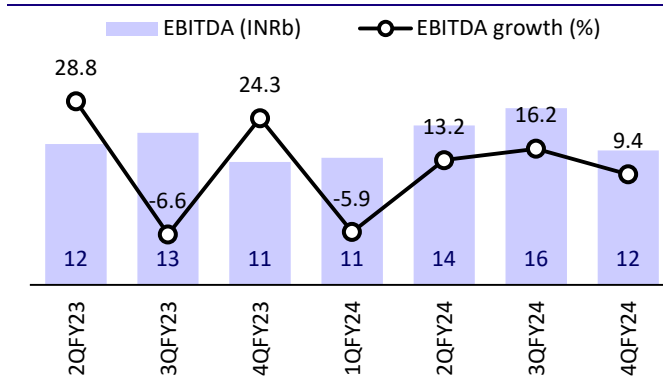
Source: Company, MOFSL

**Exhibit 5: Net sales grew 21% YoY to INR125b**



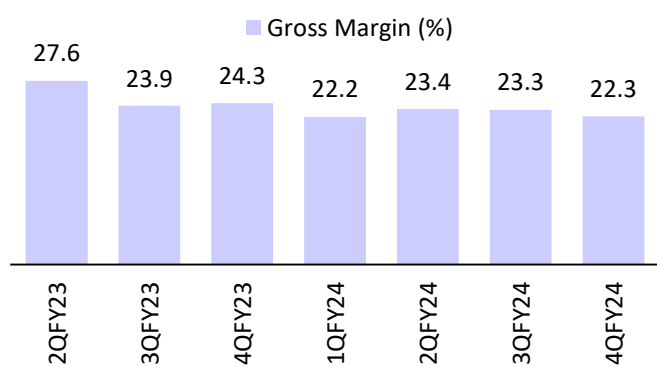
Source: Company, MOFSL

**Exhibit 6: EBITDA rose 9% YoY to INR12b**



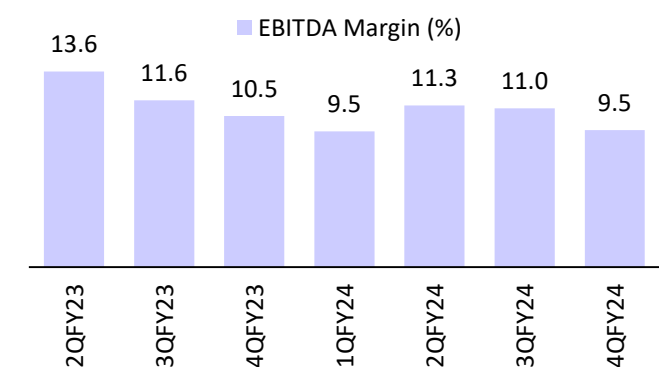
Source: Company, MOFSL

Exhibit 7: Gross margin contracted 200bp YoY to 22.3%



Source: Company, MOFSL

Exhibit 8: EBITDA margin contracted 100bp YoY to 9.5%



Source: Company, MOFSL

### Valuation and view

- Due to competitive pressure on margins, we cut our EPS by 6%/5% for FY25/26E and reset our margin assumption.
- TTAN is one of the few consumer companies that have been growing revenue at this pace despite the high base and discretionary nature of the product segments. This underscores the superior brand positioning and the prowess of its franchise. TTAN is on track to achieve the existing jewelry revenue guidance of 2.5x FY22 revenue by FY27, implying an impressive 20% CAGR during the period. With a current market share of ~8% in a sizable ~INR5t market, there is significant headroom for growth.
- The gradual recovery in the studded ratio is expected to support an improved gross margin in future. Its healthy growth outlook, favorable industry trends, and strong balance sheet make it a compelling option in the discretionary space.
- The near-term growth outlook appears subdued due to high gold inflation affecting demand sentiments, which is a typical trend during inflationary periods. However, despite the near-term jitteriness, the company remains aggressive in its growth outlook, driven by new store additions, attractive designs, and market share gains, et al. TTAN also maintains a Jewelry EBIT margin of 12-13% for FY25. We will monitor the near-term consumption trend.
- **Reiterate BUY with a TP of INR4,100 (premised on 65x Mar'26E EPS). We continue to maintain TTAN as our top consumer discretionary play in India.**

Exhibit 9: We cut our estimates by 6%/5% for FY25/FY26

(INR b)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	597.3	695.2	603.4	705.3	-1.0	-1.4
EBITDA	65.7	78.7	68.6	82.1	-4.1	-4.1
PAT	44.3	55.1	47.0	58.0	-5.7	-5.0

Source: MOFSL

## Financials and valuations

Income Statement								(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Net Sales</b>	<b>197.8</b>	<b>210.5</b>	<b>216.4</b>	<b>288.0</b>	<b>405.8</b>	<b>510.8</b>	<b>597.3</b>	<b>695.2</b>
Change (%)	22.7	6.4	2.8	33.1	40.9	25.9	16.9	16.4
<b>Gross Profit</b>	<b>53.8</b>	<b>59.0</b>	<b>52.3</b>	<b>71.6</b>	<b>102.2</b>	<b>116.5</b>	<b>137.4</b>	<b>163.4</b>
Margin (%)	27.2	28.0	24.2	24.9	25.2	22.8	23.0	23.5
Other expenditure	33.9	34.0	35.1	37.4	53.4	63.6	71.6	84.6
<b>EBITDA</b>	<b>19.9</b>	<b>24.9</b>	<b>17.2</b>	<b>34.2</b>	<b>48.8</b>	<b>52.9</b>	<b>65.7</b>	<b>78.7</b>
Change (%)	21.1	25.1	-30.8	98.5	42.5	8.5	24.2	19.8
Margin (%)	10.1	11.8	8.0	11.9	12.0	10.4	11.0	11.3
Depreciation	1.6	3.5	3.8	4.0	4.4	5.8	6.3	6.6
Int. and Fin. Charges	0.5	1.7	2.0	2.2	3.0	6.2	7.2	6.0
Other Income - Recurring	1.8	1.5	1.9	2.3	3.1	5.3	6.4	7.4
<b>Profit before Taxes</b>	<b>19.6</b>	<b>21.3</b>	<b>13.3</b>	<b>30.4</b>	<b>44.5</b>	<b>46.2</b>	<b>58.6</b>	<b>73.5</b>
Change (%)	26.5	8.8	-37.5	128.2	46.3	4.0	26.9	25.3
Margin (%)	9.9	10.1	6.2	10.6	11.0	9.0	9.8	10.6
Tax	6.1	5.8	3.6	7.9	11.5	11.0	14.3	18.4
Deferred Tax	0.5	-0.4	0.1	0.8	-0.2	-0.3	0.0	0.0
Tax Rate (%)	29.0	28.9	26.5	23.2	26.4	24.4	24.4	25.0
<b>Profit after Taxes</b>	<b>13.9</b>	<b>15.2</b>	<b>9.8</b>	<b>23.3</b>	<b>32.7</b>	<b>35.0</b>	<b>44.3</b>	<b>55.1</b>
Change (%)	24.0	8.9	-35.4	138.4	40.2	6.8	26.9	24.2
Margin (%)	7.0	7.2	4.5	8.1	8.1	6.8	7.4	7.9
<b>Reported PAT</b>	<b>13.9</b>	<b>14.9</b>	<b>9.7</b>	<b>22.0</b>	<b>32.7</b>	<b>35.0</b>	<b>44.3</b>	<b>55.1</b>

Balance Sheet								(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Preference Share Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserves	60.0	65.8	74.1	92.4	118.2	93.0	172.6	210.2
<b>Net Worth</b>	<b>60.8</b>	<b>66.7</b>	<b>75.0</b>	<b>93.3</b>	<b>119.0</b>	<b>93.9</b>	<b>173.5</b>	<b>211.1</b>
Loans	0.3	7.2	1.5	5.2	22.0	78.4	63.4	48.4
Lease liabilities	0.0	12.4	12.6	13.6	18.7	23.5	30.0	34.9
Deferred Tax	-0.7	-1.5	-1.0	-1.8	-1.6	-1.8	-1.8	-1.8
<b>Capital Employed</b>	<b>60.5</b>	<b>84.9</b>	<b>88.1</b>	<b>110.3</b>	<b>158.2</b>	<b>194.0</b>	<b>265.1</b>	<b>292.5</b>
Gross Block	15.4	17.7	18.2	19.3	21.9	29.0	31.9	34.4
Less: Accum. Depn.	3.3	4.6	5.8	7.1	8.4	11.6	11.8	12.8
<b>Net Fixed Assets</b>	<b>12.1</b>	<b>13.1</b>	<b>12.4</b>	<b>12.2</b>	<b>13.4</b>	<b>17.4</b>	<b>20.1</b>	<b>21.5</b>
Intangibles	3.6	4.0	3.8	3.7	3.8	4.4	4.4	4.4
Capital WIP	0.3	0.1	0.2	0.7	1.3	0.9	0.9	0.9
Right of use asset	0.0	9.3	9.2	9.7	12.9	15.4	16.2	17.0
Investments	1.1	1.6	28.2	2.9	25.2	23.5	25.1	26.6
<b>Curr. Assets, L&amp;A</b>	<b>99.3</b>	<b>105.8</b>	<b>109.7</b>	<b>180.8</b>	<b>212.1</b>	<b>252.1</b>	<b>344.7</b>	<b>382.6</b>
Inventory	70.4	81.0	84.1	136.1	165.8	190.5	203.8	219.6
Account Receivables	4.2	3.1	3.7	5.7	6.7	10.2	12.3	14.3
Cash and Bank Balance	10.7	3.8	5.6	15.7	13.4	15.3	87.0	100.9
Others	14.1	17.9	16.3	23.4	26.1	36.2	41.6	47.8
<b>Curr. Liab. and Prov.</b>	<b>55.9</b>	<b>49.0</b>	<b>75.2</b>	<b>99.8</b>	<b>110.5</b>	<b>119.7</b>	<b>146.3</b>	<b>160.4</b>
Current Liabilities	53.9	46.1	73.4	97.4	106.8	115.9	142.2	156.0
Provisions	2.1	2.9	1.9	2.4	3.7	3.7	4.1	4.5
<b>Net Current Assets</b>	<b>43.4</b>	<b>56.8</b>	<b>34.5</b>	<b>81.1</b>	<b>101.6</b>	<b>132.5</b>	<b>198.4</b>	<b>222.2</b>
Misc. Expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Application of Funds</b>	<b>60.5</b>	<b>84.9</b>	<b>88.3</b>	<b>110.3</b>	<b>158.2</b>	<b>194.0</b>	<b>265.1</b>	<b>292.5</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>15.7</b>	<b>17.1</b>	<b>11.0</b>	<b>26.2</b>	<b>36.8</b>	<b>39.3</b>	<b>49.8</b>	<b>61.9</b>
Cash EPS	17.3	18.9	12.9	28.3	38.9	43.0	54.1	66.5
BV/Share	68.5	75.2	84.5	105.1	134.1	105.8	195.5	237.7
DPS	6.0	4.1	4.0	7.5	10.0	11.0	18.9	24.1
Payout %	38.5	23.8	36.5	28.6	27.2	28.0	38.0	39.0
<b>Valuation (x)</b>								
P/E	225.7	207.1	320.6	134.8	96.1	90.0	70.9	57.1
Cash P/E	203.9	187.4	274.1	125.0	90.9	82.2	65.4	53.1
EV/Sales	15.8	14.9	14.4	10.9	7.7	6.2	5.2	4.4
EV/EBITDA	157.0	126.0	180.2	91.3	64.0	60.1	47.0	38.9
P/BV	51.6	47.0	41.8	33.6	26.4	33.4	18.1	14.9
Dividend Yield (%)	0.2	0.1	0.1	0.2	0.3	0.3	0.5	0.7
<b>Return Ratios (%)</b>								
RoE	24.9	23.8	13.8	27.7	30.8	32.8	33.2	28.7
RoCE	25.5	22.5	13.0	25.2	26.0	22.5	21.7	21.4
RoIC	28.0	23.9	14.9	32.0	31.2	26.1	29.3	34.2
<b>Working Capital Ratios</b>								
Debtor (Days)	8	5	6	7	6	7	8	8
Asset Turnover (x)	3.3	2.5	2.5	2.6	2.6	2.6	2.3	2.4
<b>Leverage Ratio</b>								
Debt/Equity (x)	0.0	0.1	0.0	0.1	0.2	0.8	0.4	0.2

### Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	(INR b) FY25E	(INR b) FY26E
OP/(loss) before Tax	19.6	21.0	13.3	29.0	44.5	46.2	58.6	73.5
Int./Div. Received	1.1	-0.4	-0.6	-1.3	-1.1	-1.7	-6.4	-7.4
Deferred Revenue Exp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation & Amort.	1.6	3.5	3.8	4.0	4.4	5.8	3.7	4.0
Interest Paid	-0.5	0.7	1.4	1.2	1.6	3.7	7.2	6.0
Direct Taxes Paid	6.4	5.6	2.7	8.0	11.5	11.7	14.3	18.4
Incr in WC	3.0	22.7	-26.2	32.2	24.1	25.4	-59.2	9.9
<b>CF from Operations</b>	<b>12.4</b>	<b>-3.5</b>	<b>41.4</b>	<b>-7.2</b>	<b>13.7</b>	<b>17.0</b>	<b>108.0</b>	<b>47.9</b>
Incr in FA	2.6	3.5	1.4	2.2	4.2	6.7	3.6	3.3
<b>Free Cash Flow</b>	<b>9.8</b>	<b>-6.9</b>	<b>40.0</b>	<b>-9.4</b>	<b>9.5</b>	<b>10.2</b>	<b>104.4</b>	<b>44.6</b>
Investments	0.2	-3.2	27.3	-16.4	18.6	-3.1	1.7	1.4
Others	0.2	0.7	-1.4	-7.1	-2.2	-1.8	-1.6	-8.3
<b>CF from Invest.</b>	<b>-3.1</b>	<b>-1.0</b>	<b>-27.3</b>	<b>21.4</b>	<b>-20.6</b>	<b>-1.8</b>	<b>-3.7</b>	<b>3.6</b>
Issue of Shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Incr in Debt	0.0	6.9	-5.6	3.4	16.8	56.3	-15.0	-15.0
Dividend Paid	4.0	5.4	3.6	3.6	6.7	8.9	16.9	21.5
Others	0.9	4.0	3.2	3.9	5.5	60.7	0.7	1.1
<b>CF from Fin. Activity</b>	<b>-4.9</b>	<b>-2.4</b>	<b>-12.3</b>	<b>-4.0</b>	<b>4.6</b>	<b>-13.3</b>	<b>-32.5</b>	<b>-37.6</b>
<b>Incr/Decr of Cash</b>	<b>4.5</b>	<b>-6.9</b>	<b>1.8</b>	<b>10.1</b>	<b>-2.3</b>	<b>1.8</b>	<b>71.7</b>	<b>13.9</b>
Add: Opening Balance	6.2	10.7	3.8	5.6	15.7	13.4	15.3	87.0
<b>Closing Balance</b>	<b>10.7</b>	<b>3.8</b>	<b>5.6</b>	<b>15.7</b>	<b>13.4</b>	<b>15.3</b>	<b>87.0</b>	<b>100.9</b>

E: MOFSL Estimates

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

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