

Titan Company

BSE SENSEX
23,961

S&P CNX
22,531



Bloomberg	TTAN IN
Equity Shares (m)	888
M.Cap.(INRb)/(USDb)	2878.1 / 34.5
52-Week Range (INR)	3887 / 2790
1, 6, 12 Rel. Per (%)	-9/-19/-7
12M Avg Val (INR M)	3344
Free float (%)	47.1

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	510.8	599.2	697.7
Sales Gr. (%)	25.9	17.3	16.4
EBITDA	52.9	63.8	76.2
EBITDAM (%)	10.4	10.6	10.9
Adj. PAT	35.0	42.6	53.4
Adj. EPS (INR)	39.3	47.9	60.0
EPS Gr. (%)	6.8	22.0	25.2
BV/Sh.(INR)	105.5	193.8	234.8

Ratios

RoE (%)	32.8	32.0	28.0
RoCE (%)	22.5	21.0	20.9
Payout (%)	28.0	38.0	39.0

Valuations

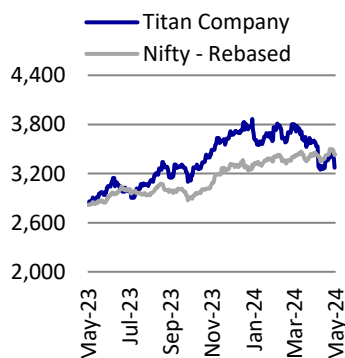
P/E (x)	82.6	67.7	54.1
P/BV (x)	30.7	16.7	13.8
EV/EBITDA (x)	55.3	44.5	36.9
Div. Yield (%)	0.3	0.6	0.7

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

Stock's performance (one-year)



CMP: INR3,242 TP: INR4,000 (+23%)

Buy

Buoyant prospects beyond the near-term blip

Titan Company (Titan) held an analyst meet to discuss the company's growth and operating margin outlook. The company remains optimistic about sustaining strong growth across segments, with a guided 15-20% growth for the core-business and 30-40% growth for the emerging business (wearables, Taneira, international, fragrance, etc.) over the medium term. However, the key highlight of the meet was the revised EBIT margin guidance for the Jewelry business to about 12% (11.5%-12.5% for consolidated) from 12-13% guided earlier. Looking at the gold inflation and rising competitive intensity (affecting gold premium, etc.), Titan is considering guiding the lower end of the previous guidance. We slightly raise our growth assumption to 17% CAGR over FY24-26, while we cut our Jewelry EBIT margin (standalone) estimate to ~12%. Overall, we reduce our earnings estimates by 4% and 3% for FY25 and FY26, respectively. We reiterate our BUY rating on Titan with a TP of INR4,000 (premised on 65x FY26E EPS). The near-term growth/margin fluctuations are possible, but we do not see any structural change to our long-term thesis.

Jewelry: Growth metrics remain promising

The jewelry business has grown well, with revenue increasing 19% annually over the past five years and studded jewelry growing 18% annually. Titan's market share has almost doubled to ~8.0% in FY24 from ~4.5% in FY19, and it is further looking to surpass the 10% mark over the next 2-3 years. Titan has 464 Tanishq stores in 270 towns and plans to add over 250 more. The high-value jewelry, higher number of buyers, and both online and physical stores boosted its growth over the years. Titan aims for 15-20% yearly growth and increasing stores to 1,250 (from 900) in the next three years. Mia aims to reach 1m customers and 750 stores and double its revenue. CaratLane plans to have 425 stores and 3m customers.

Watches: Considering market share expansion in the premium segment

The watch market (analog) stands at INR187b, with a volume of 70m. Titan has a value/volume market share of 27%/20%. Titan has a major presence (~50% share) in the INR1k-25k price range market, which contributes 35% in volume and 45% in value of the market. The market is witnessing a massive premiumization trend, with the >25k price point contributing 1% in volume but >40% in value. In this market, Titan has a 6% share. Further, the market with a <1k price point contributes 65% in volume but 13% in value. In this market, Titan has an 8% share. The company is looking to expand its presence across price points and expects to gain 400bp market share to reach 31% by FY26 (in value terms). Titan is expanding its product portfolio with offerings such as Titan Meteorite and Titan Stellar, alongside strategic partnerships with renowned brands like Cerruti and Kenneth Cole. The company is intensifying its retail presence through Titan World, Helios, and Fastrack outlets, aiming to capitalize on the market's significant growth trajectory. It aims to achieve a 12-14% EBIT margin over the next 2-3 years (vs. 10% in FY24).

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

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

EyeCare: Focus on innovations

The Eyecare segment has delivered a 7% revenue CAGR during FY19-24. The market size is huge at INR200b, with the majority (65%) of the market being unorganized and having annual buyers of 80-100m. Titan has a <2% market share with 1.4m buyers. It is trying to bring parity to the affordable segment, launch differentiated products in progressive lenses, and focus on premiumization in sunglasses. The company aims for INR20b revenue with an 11-13% EBIT margin by FY27.

Taneira: Crafting a premium brand in India's ethnic-wear market

The saree market is an INR510b market, and Titan is trying to capture the high-quality product and mass premium pricing (INR5k-10k) through Taneira. The company aims to achieve INR10b in revenue by FY27 through various initiatives on products, touchpoints, and pricing. The number of Taneira stores rose to 74 by FY24 from 20 in FY22. It is strengthening its presence in metros by opening 12 new stores in the top 8 metro cities.

International business: Aims to reach 5% of the total revenue

The first international Tanishq store was established in Oct'20 in Dubai. At present, there are eight Tanishq stores in the UAE, four in the US, two in Qatar, and one in Singapore. The first international Mia store was opened in Burjuman Mall, Dubai, in Oct'23. Watches and eyecare witnessed similar store addition journeys. Therefore, Titan was able to double the revenue each year in the last three years. The company plans to have 75 Watch EBOs, 25 Tanishq stores, 10 Titan Eye+ stores, and 5 Mia stores worldwide by FY25.

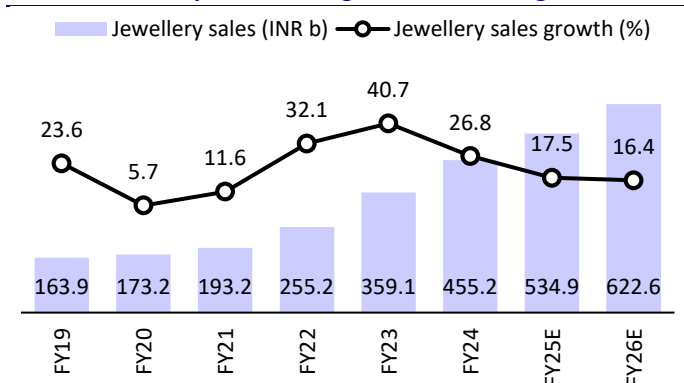
Outlook and Valuation

With competitive pressure, Titan has been reducing the gold premium over its peers, and is also exploring alternatives to safeguard operating margins (such as reducing making charges, etc.). In the long term, the company's diverse portfolio instills confidence in sustaining healthy growth with structural drivers such as: 1) the expansion of target users in rising urban cities and the potential of the store network, 2) Titan's expanding customer base (new buyers contributing 45-50%), 3) multiple jewelry brands catering to consumers across income groups, 4) the rapidly changing consumer preferences (transitioning from unorganized to organized market), 5) further potential for market share gain (currently at 8%), and 6) the increasing number of women and young people entering the workforce. We model 17%, 20%, and 22% revenue, EBITDA and PAT CAGR during FY24-26, respectively. Titan's valuation is expensive, but its superior competitive positioning (sourcing, studded ratio, consumer trust, youth-centric, reinvestment, etc.), and business moats are not easily replicable. Reiterate BUY with a TP of INR4,000 (premised on 65x FY26E EPS).

Jewelry Division

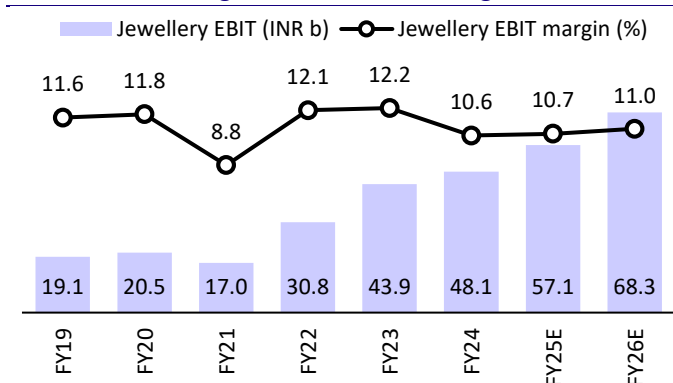
- The jewelry business has achieved a strong revenue growth with a five-year CAGR of 19%, while studded jewelry has posted an 18% CAGR.
- The company's market share in the jewelry sector has nearly doubled over the last five years, growing from ~4.5% in FY19 to around ~8% in FY24. It expects to achieve 10-11% market share by FY27.
- Currently, Titan operates 464 Tanishq stores across 270 towns. The company plans to add over 250 stores, including Tanishq and Mia outlets. In the past three years, it has added 110 new Tanishq and 140 Mia stores.
- The company has been able to drive growth through the expansion of high-value studded jewelry, a higher number of buyers, growth in wedding and regional markets, and leveraging digital and physical channels.
- About 30% of Titan's FY24 business came from Tier 2/3/4 towns, which have recorded a higher CAGR over the last five years.
- The jewelry market is highly competitive, with aggressive expansion from national and regional chains, and new entrants increasing market segmentation.
- The company aims to raise its buyer base to ~6m from 3.8m, and improve its market share to about 10-11% from 8.6%.
- Titan's revenue is likely to sustain at 15-20% CAGR by FY27.
- It plans to expand its margin in the range of 11.5%-12.5% for the jewelry division (consolidated).
- Stores are expected to increase from 900 to 1,250 in aggregate.
- Mia aims to serve 1m customers by FY27, expanding its POS to ~750, including 300-350 EBOs across 150 towns.
- The company targets doubling its revenue for Mia over the next three years.
- By FY27, the ambition is to achieve 2.5x revenue growth over the next three years, expand Zoya boutiques from 8 to 20 in the top 10 towns, and establish an international presence.
- CaratLane's goal for FY27 includes expanding to ~425 stores across more than 200 towns and achieving a customer base of 3m.

Exhibit 1: Jewelry business to grow in double digits



Source: MOFSL, Company

Exhibit 2: EBIT margin to remain in the range of 10.5%-11%



Source: MOFSL, Company

Lab-grown diamond (LGD)

- LGDs now constitute 50% of the bridal segment in volume terms in the US. Wholesale prices have dropped significantly, now averaging around USD100/carat, contributing to pricing instability.
- The average order value (AOV) has reduced, reflecting pricing pressures. Many Indian diamantaires have invested heavily in LGD technology and production. With the US market showing signs of growth deterioration, Indian players are turning their focus towards domestic and other markets.
- The Indian market emphasizes adornment rather than centerpiece stones, aligning with cultural preferences for decorative jewelry. Unit economics for LGDs in India are still challenging, with no clear benefit from the early-mover advantage.
- Players continue to evaluate the market potential and profitability as the segment evolves. The shift from natural diamonds to LGDs in bridal jewelry in the US has not yet fully translated to similar penetration in the Indian market.
- Titan keeps evaluating the way to play LGD in India, but it is not in a hurry to jump on this kind of opportunity where price and market trends are uncertain.

Exhibit 3: LGD's wholesale prices have dropped now to USD100/carat



Source: Company

Watches & Wearables

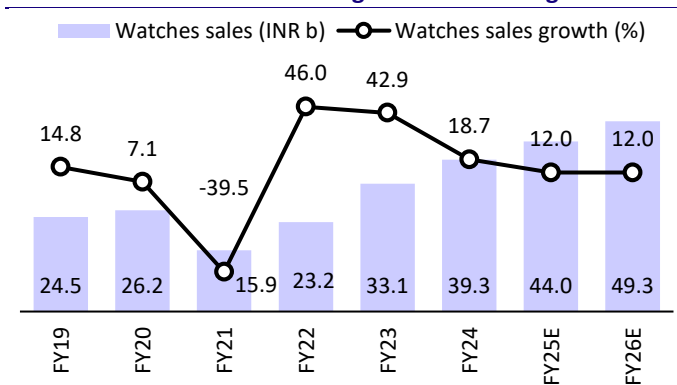
- The Titan watches and wearable division has achieved a 19% growth in FY24, with a three-year CAGR of 31%.
- Titan's strategy is built on three verticals for this division: Mainline Analog, Premium, and Smart. Each segment focuses on specific market needs, from affordable analog watches to high-end smartwatches.
- Titan identifies key opportunities in premium segments, women's watches, and Gen Z.
- About 52% of online women shoppers are aged between 19 and 26 years, and the number is growing continually.
- Titan holds a significant market share of 54% and 48% in the price categories of INR5,000-25,000 and INR1,000-5,000, respectively.
- Titan is enhancing its product lines with premium offerings such as the Titan Meteorite, Titan Stellar, and Fastrack Automatics.

- It has partnered with brands such as Cerruti, Kenneth Cole, in the premiumization landscape, whereas the Indian brand RAGA has resulted in INR5b of NSV and is expected to double in the next 2-3 years.
- The company is focusing on expanding its retail footprint through Titan World, Helios, and Fastrack stores.
- The market has seen significant growth in volume and value over the past three years, with Titan ranked fourth in terms of market share by value.
- It plans to focus on expanding the margins in the range of 12-14% for watches and wearable division.

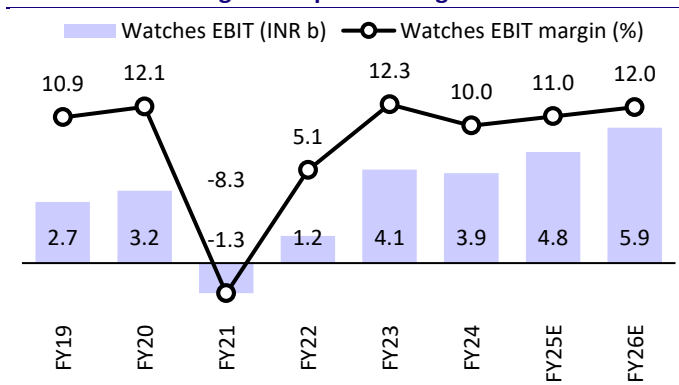
Exhibit 4: Analog market size and structure

MARKET 23-24	TCL 23-24	MS 23-24	MS 25-26
>25K 0.7 Mn ₹7,800 Cr	0.1 Mn ₹506 Cr	6%	11%
5K-25K 5.4 Mn ₹4,800 Cr	2.9 Mn ₹2,600 Cr	54%	64%
1K-5K 18.1 Mn ₹3,600 Cr	8.8 Mn ₹1,720 Cr	48%	53%
<1K 45.9 Mn ₹2,500 Cr	2.5 Mn ₹202 Cr	8%	9%
70.1 Mn ₹18,700 Cr	14.3 Mn ₹5,028 Cr	27%	31%

Source: Company

Exhibit 5: Watches business to grow in double digits

Source: MOFSL, Company

Exhibit 6: EBIT margin to expand during FY24-26E

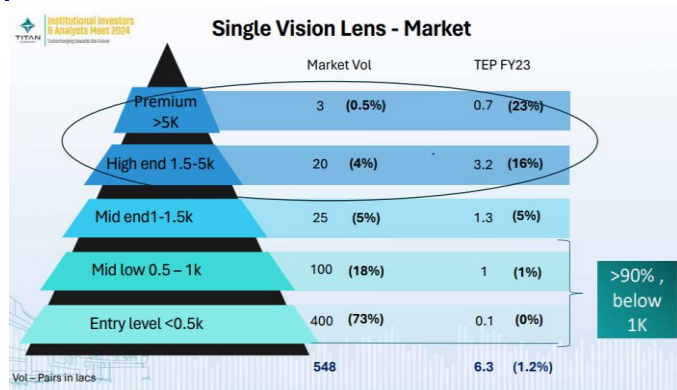
Source: MOFSL, Company

EyeCare

- In FY23, Titan's Eyecare division achieved its gross UCP of INR11b and an EBIT of INR1b.
- FY24 was a year of innovation and experiments, with a focus on honest selling.
- The division had a reported strong result in 1HFY24, but due to various challenges in 3QFY24, it reported an overall annual growth of 5%.
- E-commerce is expanding at a rate of 3x.
- The current market opportunity includes 80-100m potential customers, with Titan serving only a small percentage, reflecting a 2% market share.

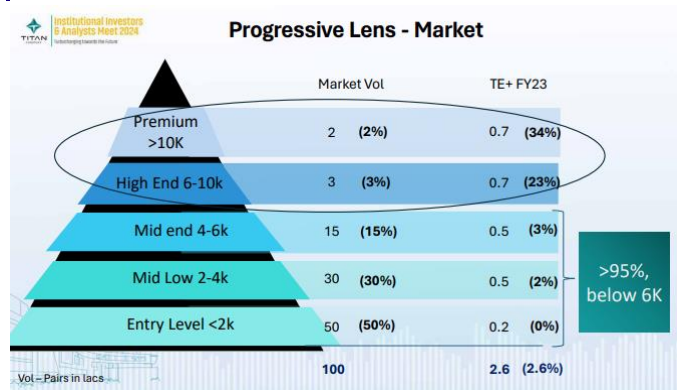
- The Titan Eyecare division operates in the top 5% of the market, holding a 20% share in this segment, while the broader market is predominantly in the mass segment.
- The Indian sunglass market reached a size of INR30b.
- The sunglass segment holds a 10% share, with significant competition below the INR750 price range. Titan focuses on products above INR750 price point.
- Market research indicates that Titan is perceived as an expert but expensive brand that is trusted but less fashionable.
- The new strategy consists of four pillars: achieving price parity in the highly commoditized affordable fashion/economy segment, leading in progressive lenses through differentiation, expanding presence in the sunglass category, and focusing on the top 108 stores.
- Initiatives include simplifying lens options in the progressive portfolio, expanding offerings in the mass segment, and introducing multiple price points, including sub-INR750 products exclusively online.
- Titan is launching premium sunglass retail under a new 'Runway' format and revamping its store layouts, with high-end stores requiring an investment of INR3m each.
- Titan is investing INR300m in capacity and backend operations and plans to open 4-6 'Runway' stores in FY25.
- The division aims to achieve a topline of INR20b and an EBIT margin of 12% by FY27.

Exhibit 1: Single Vision lens market



Source: MOFSL, Company

Exhibit 2: Progressive lens market



Source: MOFSL, Company

Taneira

- Taneira specializes in handcrafted sarees, rooted in a 5,000-year-old tradition. It is targeting the premium segment, with the saree market being valued at INR510b.
- The women's ethnic wear market is valued at INR1,270b. The sarees segment is experiencing a CAGR of 6-8%.
- About 60% of Taneira's sarees are intended for weddings and festivals.
- Taneira is upsizing stores from 3,000 to 3,500 sq ft, offering accessible price points starting at INR1,299.
- Around 40% of past customers tend to purchase again.

- In the handcrafted sarees category, Taneira leads the market, utilizing over 100 clusters across India and employing 6,000 direct weavers and 12,000 indirectly.
- Taneira emphasizes unique designs that reflect regional cultural codes and values. The brand ensures quality and authenticity by providing lab certification and transparency for their pashmina products.
- The brand operates 15 different regional capsules, enhancing store-led customer acquisition, retention, and new product launches.
- Taneira currently has stores in Bangalore and Pune, with plans under consideration to establish 25-30 stores annually. Expansion includes increasing stores in Hyderabad from 1 to 6 and establishing 4 stores in Kolkata.
- The goal is to increase market share in metro and tier-2 cities, with 80% of stores being franchises.
- By FY27, Taneira aspires to become a INR10b brand and dominate the ethnic wear market in India.

Exhibit 3: Saree market in India to be valued at INR510b



Source: Technopak

Exhibit 4: 60% of saree purchases are driven by Weddings and Festivals



Source: Company

International business

- The first international Tanishq store was established in Oct'20 in Dubai. At present, there are eight Tanishq stores in the UAE, four in the US, two in Qatar, and one each in Singapore and Oman.
- The first international Mia store was opened in Burjuman Mall, Dubai, in Oct'23. Moreover, it holds the future plans of introducing Caratlane and Zoya brands internationally.
- Titan serves a diverse customer base from over 70 nationalities, achieving an impressive Net Promoter Score (NPS) of ~90. This reflects strong customer satisfaction and loyalty across different regions.
- Titan employs a diverse workforce of 16 nationalities, with a gender diversity rate of 33%.
- During Covid-19, Titan strategically acquired 22 Watch Exclusive Brand Outlets (EBOs) in the UAE that were at risk of closure. The company has since expanded to 43 EBOs across 10 countries.
- Titan has shown strong financial growth, doubling its turnover annually from INR2.5b to INR5b.
- Titan plans to establish 50 Tanishq stores globally by FY25, with regional websites serving each region. Further, it expects to achieve USD500m in revenue and 500,000 customers by FY27.
- The company plans to have 75 Watch EBOs, 25 Tanishq stores, 10 Titan Eye+ stores, and 5 Mia stores worldwide by FY25.
- The company has set ambitious targets for FY27, aiming to reach USD500m in revenue and 500,000 customers.

Valuation and view

With competitive pressure, Titan has been reducing the gold premium over its peers, and is also exploring alternatives to safeguard operating margins (such as reducing making charges, etc.). In the long term, the company's diverse portfolio instills confidence in sustaining healthy growth with structural drivers such as: 1) the expansion of target users in rising urban cities and the potential of the store network, 2) Titan's expanding customer base (new buyers contributing 45-50%), 3) multiple jewelry brands catering to consumers across income groups, 4) the rapidly changing consumer preferences (transitioning from unorganized to organized market), 5) further potential for market share gain (currently at 8%), and 6) the increasing number of women and young people entering the workforce. We model 17%, 20%, and 22% revenue, EBITDA and PAT CAGR during FY24-26, respectively. Titan's valuation is expensive, but its superior competitive positioning (sourcing, studded ratio, consumer trust, youth-centric, reinvestment, etc.), and business moats are not easily replicable. Reiterate BUY with a TP of INR4,000 (premised on 65x FY26E EPS).

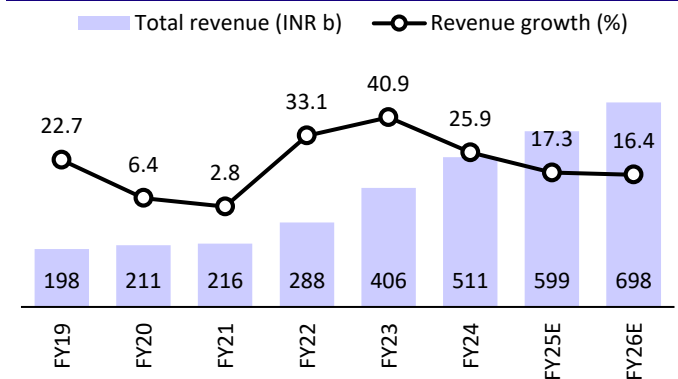
Exhibit 6: Segmental revenue

Segmental Information	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales (INR b)								
Jewelry	163.9	173.2	193.2	255.2	359.1	455.2	534.9	622.6
Watches & Wearables	24.5	26.2	15.9	23.2	33.1	39.3	44.0	49.3
Eyewear	5.1	5.4	3.8	5.2	6.9	7.3	7.8	8.5
Others	6.2	7.2	5.5	6.8	9.7	14.4	18.7	24.3
Sales Growth (YOY)								
Jewelry	23.6	5.7	11.6	32.1	40.7	26.8	17.5	16.4
Watches & Wearables	14.8	7.1	-39.5	46.0	42.9	18.7	12.0	12.0
Eyewear	22.6	6.9	-31.1	37.9	33.3	5.4	7.0	10.0
Others	39.3	17.0	-23.9	23.4	43.5	48.1	30.0	30.0
EBIT (INR b)								
Jewelry	19.1	20.5	17.0	30.8	43.9	48.1	57.1	68.3
Watches & Wearables	2.7	3.2	-1.3	1.2	4.1	3.9	4.8	5.9
Eyewear	0.0	-0.1	0.2	0.6	1.0	0.8	0.9	1.0
Others	-1.6	-0.8	-0.6	-0.6	-1.5	-0.4	0.7	1.3
EBIT Growth (YOY)								
Jewelry	30.4	7.5	-17.1	81.3	42.2	9.7	18.7	19.6
Watches & Wearables	27.9	18.5	-141.8	-190.2	242.9	-3.7	23.2	22.2
Eyewear	-199.2	502.1	-260.5	158.7	64.7	-18.4	11.7	14.8
Others	79.1	-48.0	-26.9	-4.8	147.5	-70.5	-273.8	78.8
EBIT Margin (%)								
Jewelry	11.6	11.8	8.8	12.1	12.2	10.6	10.7	11.0
Watches & Wearables	10.9	12.1	-8.3	5.1	12.3	10.0	11.0	12.0
Eyewear	-0.5	-2.6	6.1	11.5	14.2	11.0	11.5	12.0
Others	-26.5	-11.8	-11.3	-8.7	-15.1	-3.0	4.0	5.5

Source: MOFSL, Company

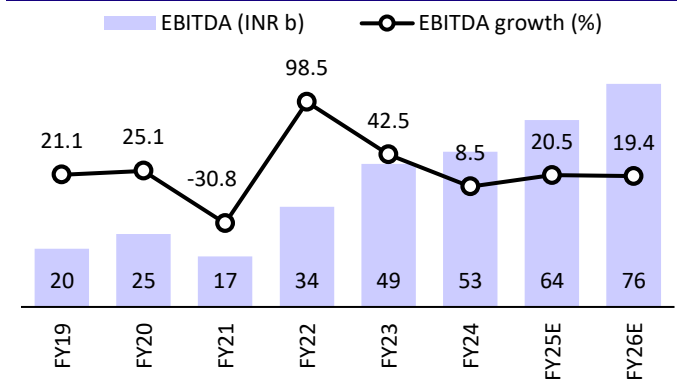
Story in charts

Exhibit 7: Revenue to grow in double digits...



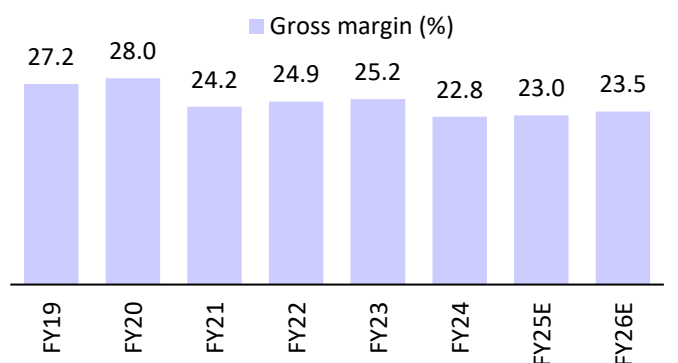
Source: MOFSL, Company

Exhibit 8: ...and will lead to EBITDA growth



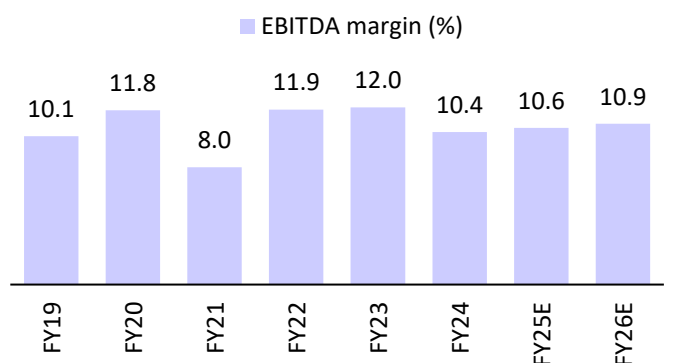
Source: MOFSL, Company

Exhibit 9: GP margin to remain stable over FY24-26E...



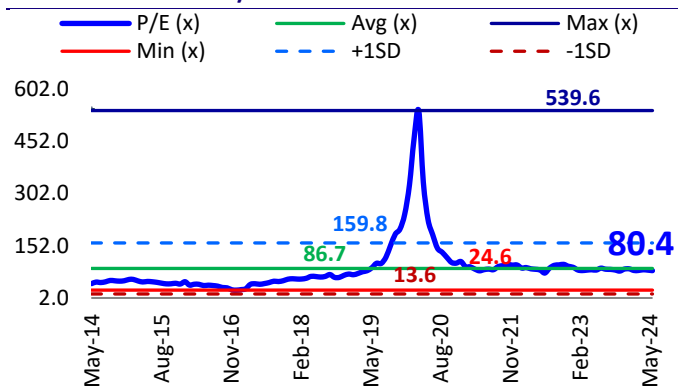
Source: MOFSL, Company

Exhibit 10: ..along with EBITDA margin



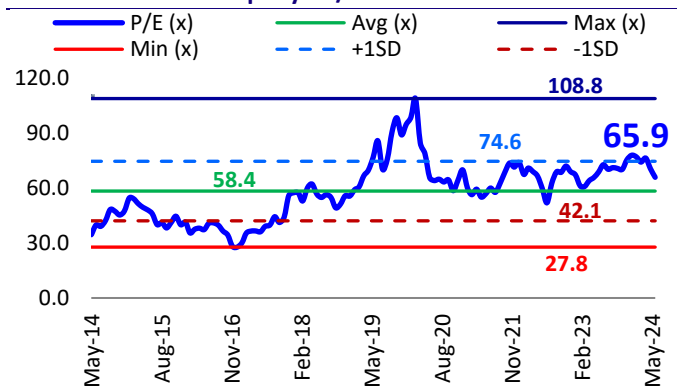
Source: MOFSL, Company

Exhibit 11: Retail - P/E



Source: MOFSL, Company

Exhibit 12: Titan Company - P/E



Source: MOFSL, Company

Financials and valuations

Income Statement							(INR m)	
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Net Sales	1,97,785	2,10,515	2,16,440	2,87,990	4,05,750	5,10,840	5,99,193	6,97,705
Change (%)	22.7	6.4	2.8	33.1	40.9	25.9	17.3	16.4
Gross Profit	53,843	58,965	52,300	71,580	1,02,200	1,16,520	1,37,814	1,63,961
Margin (%)	27.2	28.0	24.2	24.9	25.2	22.8	23.0	23.5
Other expenditure	33,928	34,046	35,060	37,350	53,410	63,600	74,057	87,809
EBITDA	19,915	24,919	17,240	34,230	48,790	52,920	63,758	76,152
Change (%)	21.1	25.1	-30.8	98.5	42.5	8.5	20.5	19.4
Margin (%)	10.1	11.8	8.0	11.9	12.0	10.4	10.6	10.9
Depreciation	1,628	3,480	3,750	3,990	4,410	5,840	6,275	6,596
Int. and Fin. Charges	525	1,662	2,030	2,180	3,000	6,190	7,228	6,033
Other Income - Recurring	1,829	1,532	1,860	2,340	3,080	5,330	6,130	7,049
Profit before Taxes	19,591	21,310	13,320	30,400	44,460	46,220	56,385	70,572
Change (%)	26.5	8.8	-37.5	128.2	46.3	4.0	22.0	25.2
Tax	6,150	5,770	3,600	7,860	11,500	11,010	13,748	17,208
Deferred Tax	467	-388	70	800	-230	-260	0	0
Tax Rate (%)	29.0	28.9	26.5	23.2	26.4	24.4	24.4	24.4
Profit after Taxes	13,908	15,152	9,790	23,340	32,730	34,950	42,636	53,364
Change (%)	24.0	8.9	-35.4	138.4	40.2	6.8	22.0	25.2
Margin (%)	7.0	7.2	4.5	8.1	8.1	6.8	7.1	7.6
Reported PAT	13,887	14,927	9,740	21,980	32,740	34,960	42,636	53,364
Balance Sheet							(INR m)	
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Share Capital	888	888	888	890	890	890	890	890
Reserves	59,955	65,844	74,132	92,440	1,18,150	93,040	1,71,575	2,08,059
Net Worth	60,842	66,731	75,020	93,330	1,19,040	93,930	1,72,465	2,08,949
Loans	318	7,229	1,510	5,180	21,950	78,380	63,380	48,380
Lease liabilities	0	12,430	12,560	13,590	18,730	23,490	30,106	35,056
Deferred Tax	-688	-1,528	-970	-1,810	-1,550	-1,840	-1,840	-1,840
Capital Employed	60,472	84,862	88,120	1,10,290	1,58,170	1,93,960	2,64,111	2,90,545
Gross Block	15,398	17,692	18,200	19,300	21,860	29,020	31,895	34,370
Less: Accum. Depn.	3,335	4,600	5,800	7,110	8,420	11,640	11,803	12,828
Net Fixed Assets	12,063	13,093	12,400	12,190	13,440	17,380	20,092	21,542
Intangibles	3,631	3,960	3,790	3,680	3,800	4,370	4,370	4,370
Capital WIP	290	115	190	690	1,330	880	880	880
Right of use asset	0	9,349	9,170	9,730	12,850	15,430	16,202	17,012
Investments	1,084	1,579	28,240	2,940	25,150	23,450	25,135	26,568
Curr. Assets, L&A	99,343	1,05,812	1,09,680	1,80,840	2,12,080	2,52,120	3,44,458	3,81,282
Inventory	70,388	81,030	84,080	1,36,090	1,65,840	1,90,510	2,04,009	2,19,873
Account Receivables	4,205	3,116	3,660	5,650	6,740	10,180	12,312	14,336
Cash and Bank Balance	10,665	3,811	5,600	15,730	13,430	15,260	86,541	99,238
Others	14,085	17,855	16,340	23,370	26,070	36,170	41,596	47,835
Curr. Liab. and Prov.	55,939	49,046	75,210	99,780	1,10,480	1,19,670	1,46,541	1,60,815
Current Liabilities	53,881	46,103	73,350	97,420	1,06,760	1,15,930	1,42,452	1,56,358
Provisions	2,057	2,943	1,860	2,360	3,720	3,740	4,089	4,457
Net Current Assets	43,404	56,766	34,470	81,060	1,01,600	1,32,450	1,97,917	2,20,467
Application of Funds	60,472	84,862	88,260	1,10,290	1,58,170	1,93,960	2,64,596	2,90,839

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Basic (INR)								
EPS	15.7	17.1	11.0	26.2	36.8	39.3	47.9	60.0
Cash EPS	17.3	18.8	12.9	28.2	38.8	42.9	52.0	64.4
BV/Share	68.4	75.0	84.3	104.9	133.8	105.5	193.8	234.8
DPS	6.0	4.1	4.0	7.5	10.0	11.0	18.2	23.4
Payout %	38.5	23.8	36.5	28.6	27.2	28.0	38.0	39.0
Valuation (x)								
P/E	207.0	190.0	294.1	123.7	88.2	82.6	67.7	54.1
Cash P/E	187.6	172.3	252.1	114.9	83.6	75.6	62.4	50.3
EV/Sales	14.5	13.7	13.2	10.0	7.1	5.7	4.7	4.0
EV/EBITDA	144.4	115.9	165.5	83.9	58.8	55.3	44.5	36.9
P/BV	47.4	43.3	38.5	30.9	24.2	30.7	16.7	13.8
Dividend Yield (%)	0.2	0.1	0.1	0.2	0.3	0.3	0.6	0.7
Return Ratios (%)								
RoE	24.9	23.8	13.8	27.7	30.8	32.8	32.0	28.0
RoCE	25.5	22.5	13.0	25.2	26.0	22.5	21.0	20.9
RoIC	28.0	23.9	14.9	32.0	31.2	26.1	28.4	33.4
Working Capital Ratios								
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
Leverage Ratio								
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	2019	2020	2021	2022	2023	2024	2025E	2026E
(INR m)								
OP/(loss) before Tax	19,569	21,017	13,270	29,040	44,470	46,230	56,385	70,572
Int./Div. Received	1,140	-356	-560	-1,270	-1,080	-1,730	-6,130	-7,049
Depreciation & Amort.	1,628	3,480	3,760	3,990	4,410	5,840	3,655	3,976
Interest Paid	-512	677	1,420	1,220	1,570	3,700	7,228	6,033
Direct Taxes Paid	6,360	5,577	2,710	8,020	11,540	11,730	13,748	17,208
Incr in WC	3,036	22,715	-26,210	32,200	24,130	25,360	-59,224	9,854
CF from Operations	12,429	-3,474	41,390	-7,240	13,700	16,950	1,06,614	46,470
Incr in FA	2,634	3,456	1,390	2,160	4,200	6,710	3,647	3,285
Free Cash Flow	9,796	-6,930	40,000	-9,400	9,500	10,240	1,02,967	43,185
Investments	177	-3,183	27,290	-16,420	18,610	-3,120	1,685	1,433
Others	245	690	-1,419	-7,140	-2,240	-1,760	-1,328	-8,030
CF from Invest.	-3,055	-963	-27,261	21,400	-20,570	-1,830	-4,003	3,312
Issue of Shares	0	0	0	0	0	0	0	0
Incr in Debt	0	6,934	-5,620	3,420	16,770	56,290	-15,000	-15,000
Dividend Paid	3,974	5,356	3,550	3,550	6,660	8,880	16,202	20,812
Others	915	3,995	3,170	3,900	5,540	60,700	611	1,083
CF from Fin. Activity	-4,888	-2,417	-12,340	-4,030	4,570	-13,290	-31,813	-36,895
Incr/Decr of Cash	4,486	-6,854	1,789	10,130	-2,300	1,830	70,797	12,887
Add: Opening Balance	6,179	10,665	3,811	5,600	15,730	13,430	15,260	86,057
Closing Balance	10,665	3,811	5,600	15,730	13,430	15,260	86,057	98,944

E: MOSL Estimates

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