

Kalyan Jewellers

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	KALYANKJ IN
Equity Shares (m)	1031
M.Cap.(INRb)/(USDb)	528.5 / 6.2
52-Week Range (INR)	795 / 336
1, 6, 12 Rel. Per (%)	-4/-27/21
12M Avg Val (INR M)	5331

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	250.5	323.9	396.3
EBITDA	16.4	20.7	24.1
Margins (%)	6.6	6.4	6.1
Adj. PAT	8.1	11.1	13.5
Adj. EPS (INR)	7.8	10.7	13.0
EPS Growth (%)	34.9	37.2	21.6
BV/Sh.(INR)	46.6	54.8	64.4

Ratios

RoE (%)	17.9	21.2	21.9
RoIC (%)	13.3	13.7	14.4

Valuations

P/E (x)	65.4	47.7	39.2
P/BV (x)	11.0	9.3	8.0
EV/Sales (x)	2.1	1.7	1.3
EV/EBITDA(x)	32.1	26.2	21.6

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	62.9	62.9	60.6
DII	12.0	13.6	11.0
FII	16.9	16.4	21.1
Others	8.3	7.2	7.3

FII includes depository receipts

CMP: INR512 TP: INR625 (+22%) Buy

Industry-leading growth; fast store rollouts

- Kalyan Jewellers' (KALYANKJ) consolidated revenue grew 37% YoY to INR61.8b (in line). The Indian business achieved 38% YoY revenue growth, driven by store additions (added net 25 Kalyan Indian stores and 14 Candere stores) and 21% SSSG (20% in South, 22% in non-South). The momentum was well-sustained in Apr'25 (during Akshaya Tritiya) despite volatility in gold prices.
- Studded revenue growth (+47%) outpaced gold revenue growth (+38%), leading to a 200bp increase in the studded share to 31% (29.5% in 3QFY25).
- Gross margin for the Indian business contracted 90bp YoY to 13.3%. The margin contraction was likely due to the rising mix from franchised stores (40% revenue mix).
- EBITDA margin for the Indian business contracted 20bp YoY to 6.4% (due to a higher mix of franchise stores). Its PBT margin expanded marginally by 10bp YoY to 4.7%, though it was partly weighed down by higher finance costs from rising GML rates in 4Q. Meanwhile, PBT was up by a strong 41% YoY.
- The Middle East delivered 26% revenue growth. Studded share stood at 19%. There were no store additions during the quarter.
- With the successful scale-up of its new franchise businesses (~40 revenue contribution) and stable success in non-Southern markets, the company has established itself as a leading brand in the industry. We model 26%/21%/29% revenue/EBITDA/PAT CAGR during FY25-27E. We reiterate our BUY rating with a TP of INR625 (based on 50x Mar'27 P/E).

Robust revenue and PBT growth; rapid store expansion

India business

- **Healthy revenue growth with double-digit SSSG:** India revenue grew 38% YoY to INR53.5b and same-store sales increased 21% YoY. SSSG was 20% in the South regions and 22% in the non-South regions. Non-South markets showed promising growth, with revenue contribution increasing to 53% from 49% YoY. Studded share improved 200bp YoY to 31.1% in 4QFY25.
- **Strong growth in profitability:** EBITDA grew 35% YoY to INR3.4b; PBT grew 41% YoY to INR2.5b; and APAT grew 41% YoY to INR1.9b.
- In FY25, net sales, EBITDA, and APAT grew 37%, 28%, and 40%, respectively.
- **Rapid store expansion:** The company added net 25 My Kalyan stores in India, reaching a total of 278 stores. Candere added 14 stores, reaching a total of 73 stores. Total stores in India stood at 351. 'My Kalyan' grassroots stores reached 1,037 in 4QFY25, contributing ~19% to revenue from operations in India and over 27% to enrolment in advance purchase schemes in India.

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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.

Middle East

- Sales grew 26% YoY to INR7.8b.
- There were no store additions during the quarter.
- Studded share stood at 19%.
- Gross margin contracted marginally 10bp YoY to 14.9% and EBITDA margin expanded 40bp YoY to 7.5%.
- EBITDA grew 33% YoY to INR587m.
- APAT grew 22% YoY to INR121m.
- In FY25, net sales, EBITDA, and APAT grew 23%, 23%, and 14%, respectively.

Consolidated performance

- Consolidated revenue grew 37% YoY to INR61.8b (est. INR61.8).
- Gross margin contracted 60bp YoY to 13.8% (est. 13.2%).
- EBITDA margin was flat YoY at 6.5% (est. 6.5%).
- EBITDA grew 35% YoY to INR4.0b. PBT grew 36% YoY to INR2.5b and APAT grew 36% YoY to INR1.9b.
- In FY25, net sales, EBITDA, and APAT grew 35%, 25%, and 35%, respectively.

Key takeaways from the management commentary

- The demand environment was stable during the quarter despite macro uncertainties. The Akshaya Tritiya festival showed strong demand trends, with customer sentiment remaining largely upbeat.
- The company highlighted that gold prices increased 30%, which affected the composition of its inventory, particularly in terms of 18 carat, 22 carat, lightweight, and heavy jewelry.
- Gold loan interest rates increased in the range of 2-2.5%. The peak interest rate was ~5%, but it has started to come down.
- The company reported a debt reduction of INR2500m in India during FY25. While the initial intent was to reduce non-GML borrowings, the reduction primarily came from GML due to temporary disruptions in the domestic GML environment over the last 3-4 months.
- The company plans to open 170 showrooms with 90 Kalyan and 80 Candere formats in FY26.

Valuation and view

- We have largely maintained our EPS estimates for FY26 and FY27.
- With the successful scale-up of its new franchise businesses (~40 revenue contribution) and continued success in non-Southern markets, the company has established itself as a leading brand in the industry. Its non-South expansion has improved the studded jewelry mix, while the asset-light expansion supports healthy cash flow generation for debt repayment and enhances profitability by reducing interest costs. It is also gaining momentum in the Middle East and US.
- We model 26%/21%/29% revenue/EBITDA/PAT CAGR during FY25-27E. We reiterate our BUY rating with a TP of INR625 (based on 50x Mar'27 P/E).

Consolidated Quarterly Performance

(InR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Stores	194	209	235	253	277	303	349	388	253	388	383	
Net Sales	43,757	44,145	52,231	45,250	55,355	60,655	72,869	61,815	1,85,483	2,50,451	61,876	-0.1%
Change (%)	31.3	27.1	34.5	33.8	26.5	37.4	39.5	36.6	31.8	35.0	36.4	
Raw Material/PM	37,153	37,840	44,616	38,737	47,419	52,313	63,323	53,314	1,58,346	2,16,370	53,713	
Gross Profit	6,604	6,306	7,615	6,513	7,935	8,342	9,546	8,501	27,137	34,081	8,162	4.1%
Gross Margin (%)	15.1	14.3	14.6	14.4	14.3	13.8	13.1	13.8	14.6	13.6	13.2	
Operating Expenses	3,375	3,169	3,916	3,550	4,175	4,379	4,609	4,507	14,010	17,671	4,140	
% of Sales	7.7	7.2	7.5	7.8	7.5	7.2	6.3	7.3	7.6	7.1	6.7	
EBITDA	3,229	3,137	3,698	2,963	3,760	3,962	4,936	3,994	13,127	16,410	4,022	-0.7%
Margin (%)	7.4	7.1	7.1	6.5	6.8	6.5	6.8	6.5	7.1	6.6	6.5	
Change (%)	22.2	17.9	13.1	15.4	16.4	26.3	33.5	34.8	17.8	25.0	31.3	
Interest	821	817	817	778	852	903	876	962	3,232	3,595	855	
Depreciation	641	669	697	736	755	850	890	933	2,743	3,427	856	
Other Income	116	131	201	387	222	260	313	408	737	1,446	390	
PBT	1,885	1,781	2,386	1,837	2,375	2,469	3,484	2,507	7,888	10,834	2,701	-7.2%
Tax	449	433	582	462	599	649	886	630	1,925	2,764	623	
Effective Tax Rate (%)	23.8	24.3	24.4	25.1	25.2	26.3	25.4	25.1	24.4	25.5	23.1	
Adjusted PAT	1,439	1,352	1,806	1,376	1,776	1,821	2,598	1,877	5,973	8,070	2,077	-9.6%
Change (%)	33.3	27.1	21.5	96.3	23.4	34.6	43.8	36.4	28.1	35.1	51.0	
Reported PAT	1,439	1,352	1,806	1,376	1,776	1,303	2,187	1,877	5,973	7,142	2,077	

E: MOFSL Estimates

India Quarterly Performance (Standalone)

(InR m)

Y/E March	FY24				FY25				FY24	FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Stores	161	175	201	217	241	267	312	351	217	351
SSSG (%)	15	10	11	17	12	23	24	21	13	20
Studded ratio (%)	29.0	28.5	27.2	29.1	30.4	29.7	29.5	31.1	28.5	30.2
Net Sales	36,409	37,543	45,117	38,675	46,875	52,268	63,864	53,504	1,57,744	2,16,510
Change (%)	33.9	32.2	40.2	37.9	28.7	39.2	41.6	38.3	36.2	37.3
Raw Material/PM	30,921	32,220	38,595	33,179	40,226	45,205	55,767	46,378	1,34,915	1,87,577
Gross Profit	5,488	5,323	6,522	5,496	6,648	7,062	8,097	7,126	22,829	28,934
Gross Margin (%)	15.1	14.2	14.5	14.2	14.2	13.5	12.7	13.3	14.5	13.4
Operating Expenses	2,797	2,651	3,360	2,946	3,499	3,741	3,845	3,691	11,754	14,776
% of Sales	7.7	7.1	7.4	7.6	7.5	7.2	6.0	6.9	7.5	6.8
EBITDA	2,690	2,672	3,162	2,550	3,150	3,322	4,251	3,435	11,075	14,158
Margin (%)	7.4	7.1	7.0	6.6	6.7	6.4	6.7	6.4	7.0	6.5
Change (%)	23.4	20.2	14.8	17.3	17.1	24.3	34.4	34.7	18.7	27.8
Interest	612	627	599	579	601	626	585	686	2,417	2,497
Depreciation	480	507	530	547	560	612	610	679	2,064	2,461
Other Income	138	143	226	339	250	277	411	424	765	1,485
PBT	1,737	1,681	2,259	1,763	2,239	2,361	3,467	2,494	7,359	10,685
Tax	448	426	576	450	588	641	876	640	1,901	2,745
Effective Tax Rate (%)	25.8	25.4	25.5	25.5	26.3	27.1	25.3	25.7	25.8	25.7
Adjusted PAT	1,289	1,255	1,682	1,313	1,651	1,720	2,591	1,854	5,459	7,630
Change (%)	35.1	31.9	26.4	32.1	28.1	37.1	54.0	41.1	31.5	39.8
Reported PAT	1,289	1,255	1,682	1,313	1,651	1,203	2,180	1,854	5,459	6,702

E: MOFSL Estimates

Middle East Quarterly Performance

(INR m)

Y/E March	FY24				FY25			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Stores	33	34	34	36	36	36	36	36
Net Sales	7,003	6,290	6,826	6,227	8,105	8,004	8,403	7,845
Change (%)	22.1	4.7	6.5	13.5	15.7	27.2	23.1	26.0
Raw Material/PM	5,954	5,365	5,799	5,285	6,900	6,847	7,156	6,677
Gross Profit	1,049	925	1,027	942	1,205	1,157	1,247	1,168
Gross Margin (%)	15.0	14.7	15.0	15.0	14.9	14.5	14.8	14.9
Operating Expenses	495	444	498	501	569	551	603	581
% of Sales	7.1	7.1	7.3	8.0	7.0	6.9	7.2	7.4
EBITDA	554	481	530	441	636	606	644	587
Margin (%)	7.9	7.6	7.8	7.1	7.8	7.6	7.7	7.5
Change (%)	17.9	3.0	0.9	5.5	14.8	26.0	21.6	33.1
Interest	235	216	242	239	264	276	277	269
Depreciation	152	153	157	167	168	173	191	194
Other Income	11	21	17	77	2	5	5	26
PBT	178	133	148	112	206	162	181	150
Tax	9	14	10	13	19	24	28	29
Effective Tax Rate (%)	5.1	10.5	6.4	11.6	9.2	14.8	15.5	19.3
Adjusted PAT	169	119	138	99	187	138	153	121
Change (%)	24.3	-13.8	-18.8	76.8	10.7	16.0	10.9	22.2

Exhibit 1: Store network

Store data	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Kalyan India	159	172	194	204	217	231	253	278
-COCO	159	130	135	128	128	126	121	126
-FOCO	0	42	59	76	89	105	132	152
Candere	2	3	7	13	24	36	59	73
-COCO	2	2	5	5	8	12	35	36
-FOCO	0	1	2	8	16	24	24	37
Total stores in India	161	175	201	217	241	267	312	351
Middle East	33	34	34	36	36	36	36	36
-COCO	33	33	33	35	35	32	32	32
-FOCO	0	1	1	1	1	4	4	4
US	0	0	0	0	0	0	1	1
Total stores	194	209	235	253	277	303	349	388

Exhibit 2: South and non-South SSSG and revenue contribution in India

Particulars	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
South revenue share(%)	56	54	46	51	51	51	44	47
Non South revenue share (%)	44	46	54	49	49	49	56	53
SSSG (%)	15	10	11	17	12	23	24	21
South SSSG (%)			10	18	13	25	23	20
Non south SSSG (%)			13	16	11	21	25	22



Key takeaways from the management commentary

Demand environment and outlook

- The demand environment was stable during the quarter despite macro uncertainties, with momentum improving closer to the festive season.
- The Akshaya Tritiya festival showed strong demand trends, with customer sentiment remaining largely upbeat.
- The company witnessed a balanced contribution from both wedding and non-wedding segments.
- Demand in South India remained robust, particularly in Tamil Nadu, while East India saw a ramp-up due to recent store openings.
- Rural markets continued to perform well, aided by Kalyan's strong brand presence and recent network expansion.
- The company noted healthy traction in the higher-value purchase segments, reflecting customer preference for large-ticket wedding jewelry.
- The company maintains a cautious yet optimistic outlook on gold price volatility and demand stability.
- Repeat customer contribution continues to remain high, validating the brand's trust and customer loyalty.
- The studded jewelry segment saw strong traction and is a strategic focus area for future growth.
- Working capital days improved marginally, supported by efficient inventory and cash management.
- Kalyan remains open to inorganic growth opportunities but will evaluate them prudently in line with its core strategy and return thresholds.
- The UK FTA is expected to be beneficial for Indian exporters; however, Kalyan has no immediate plans for direct entry into the UK market. Management indicated that it will assess the regulatory and business environment post-FTA before making expansion decisions in the UK.
- The company mentioned that gold prices have increased 30%, which has affected the composition of its inventory, particularly in terms of 18 carat, 22 carat, lightweight, and heavy jewelry.
- High gold prices are creating volume pressure, as customers may no longer be able to afford the same products they originally intended to purchase due to budget constraints.
- Gold loan interest rates increased in the range of 2-2.5%. The peak interest rate was ~5%, but it has started to come down.
- The company has seen a shift in consumer behavior, with studded conversion becoming easier when gold prices are high, as customers are more willing to compromise on gold volume in favor of studded products.
- The company reported a debt reduction of INR2500m in India during FY25. While the initial intent was to reduce non-GML borrowings, the reduction primarily came from GML due to temporary disruptions in the domestic GML environment over the last 3-4 months.
- The company plans to open 170 showrooms, with 90 Kalyan and 80 Candere formats in FY26.
- It expects to reduce debt in India by INR3,500m-4,000m in FY26.

Cost and margin

- Kalyan has effectively managed input cost pressures through better operating leverage and sourcing efficiencies.
- Employee and rental costs saw marginal increases, consistent with the scale-up in operations.
- Management expects EBITDA margins to remain steady or improve marginally in FY26, supported by better operating leverage, efficient inventory turnover, and a calibrated approach to discounting.

Candere

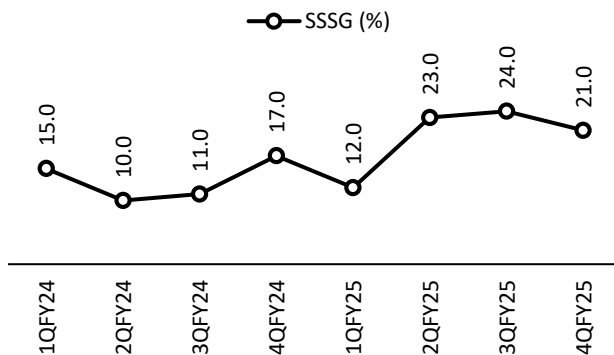
- Candere's performance remained muted during the quarter, though traction in offline expansion is expected to support growth going forward.
- Management remains focused on integrating Candere's omnichannel model and is optimistic about increased contribution from offline stores.
- Candere's EBITDA margin remained under pressure due to higher digital marketing spends and competitive intensity in the online space.
- It is expected to be profitable at the PAT level during FY26.
- Candere's margins are expected to range between 30% and 35% in mature stores, with inventory turns at 2x.
- The company plans to launch 80 Candere showrooms in India in FY26 through a mix of FOCO and COCO showrooms. Most of the showroom launches during 1HFY26 will be FOCO.

International business

- The company's margin in the US at the store level is +25%.
- The Middle Eastern business posted double-digit YoY revenue growth, driven by strong performance in the UAE and Qatar.
- The company sees a growing opportunity among the Indian diaspora in the GCC region and is strategically expanding its presence in the market.
- Currency fluctuations had a marginal impact on the Middle East's profitability, but operational performance remained healthy.

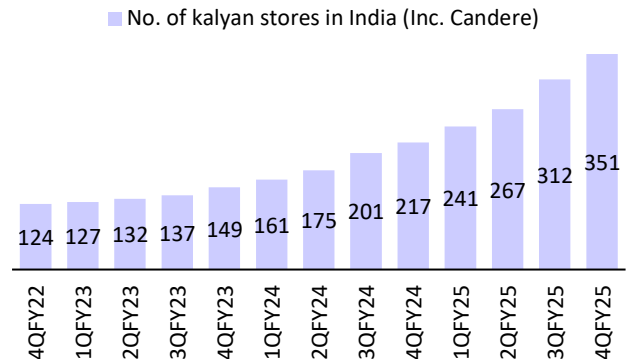
Key exhibits

Exhibit 3: India SSSG at 21% YoY in 4QFY25



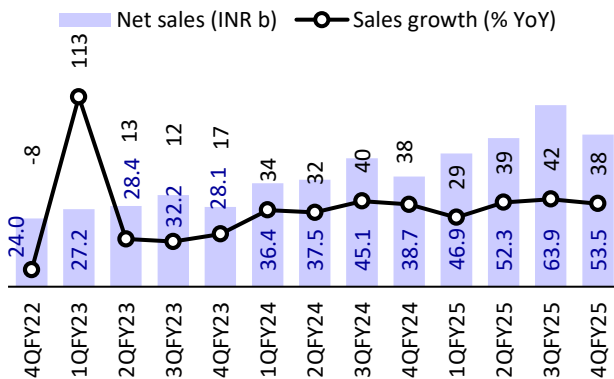
Source: Company, MOFSL

Exhibit 4: Added net 39 (25 Kalyan India, 14 Candere) stores in India



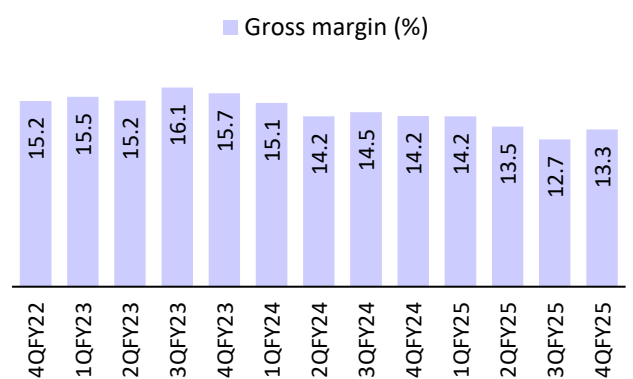
Source: Company, MOFSL

Exhibit 5: India sales grew 38% YoY, led by SSSG and store additions



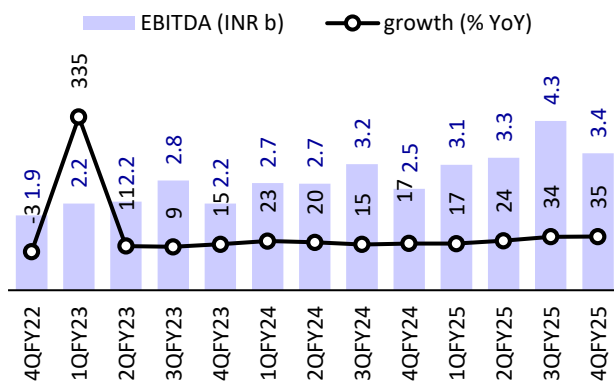
Source: Company, MOFSL

Exhibit 6: India business GP margin contracted 90bp YoY to 13.3%



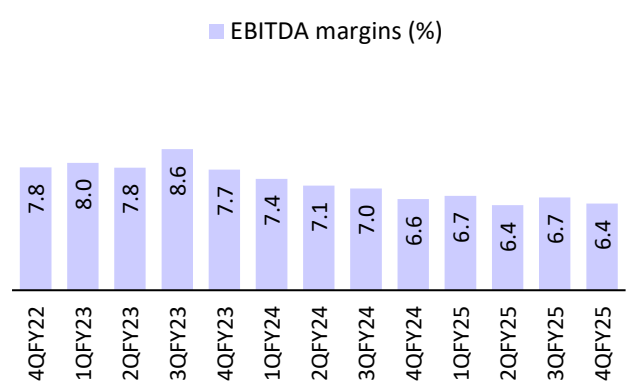
Source: Company, MOFSL

Exhibit 7: India business EBITDA grew 35% YoY to INR3.4b



Source: Company, MOFSL

Exhibit 8: India business EBITDA margin contracted 20bp YoY to 6.4% in 4QFY25



Source: Company, MOFSL

Valuation and view

- We have largely maintained our EPS estimates for FY26 and FY27.
- With the successful scale-up of its new franchise businesses (~40 revenue contribution) and sustained success in non-Southern markets, the company has established itself as a leading brand in the industry. Its non-South expansion has improved the studded jewelry mix, while the asset-light expansion supports healthy cash flow generation for debt repayment and enhances profitability by lowering interest costs. It is also gaining momentum in the Middle East and US.
- We model 26%/21%/29% revenue/EBITDA/PAT CAGR during FY25-27E. We reiterate our BUY rating with a TP of INR625 (based on 50x Mar'27 P/E).

Exhibit 9: We largely maintain our EPS estimates for FY26 and FY27

(INR b)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Sales	3,23,901	3,96,316	3,14,737	3,84,603	3%	3%
EBITDA	20,680	24,148	20,017	23,546	3%	3%
Adjusted PAT	11,070	13,460	10,728	13,026	3%	3%

Financials and valuations

Income Statement consol.

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	1,01,009	85,733	1,08,179	1,40,714	1,85,483	2,50,451	3,23,901	3,96,316
Change (%)	3.4	-15.1	26.2	30.1	31.8	35.0	29.3	22.4
Raw Materials	83,918	71,141	91,263	1,18,722	1,58,346	2,16,370	2,82,204	3,47,549
Gross Profit	17,092	14,592	16,916	21,992	27,137	34,081	41,697	48,767
Margin (%)	16.9	17.0	15.6	15.6	14.6	13.6	12.9	12.3
Operating Expenses	9,489	8,649	8,771	10,852	14,010	17,671	21,017	24,619
EBITDA	7,603	5,943	8,145	11,141	13,127	16,410	20,680	24,148
Change (%)	31.0	-21.8	37.1	36.8	17.8	25.0	26.0	16.8
Margin (%)	7.5	6.9	7.5	7.9	7.1	6.6	6.4	6.1
Depreciation	2,391	2,249	2,316	2,446	2,743	3,427	3,918	4,317
Int. and Fin. Charges	3,803	3,754	3,224	3,026	3,232	3,595	3,624	3,675
Other Income	801	454	383	379	737	1,446	1,724	1,962
Profit before Taxes	2,209	394	2,989	6,048	7,888	10,834	14,862	18,118
Change (%)	955.7	-82.2	659.3	102.4	30.4	37.3	37.2	21.9
Margin (%)	2.2	0.5	2.8	4.3	4.3	4.3	4.6	4.6
Tax	786	455	748	1,396	1,925	2,764	3,791	4,658
Tax Rate (%)	35.6	115.6	25.0	23.1	24.4	25.5	25.5	25.7
PAT Before Minority	1,423	-61	2,240	4,652	5,963	8,070	11,070	13,460
Minority Interest	-7	2	-3	-12	-11	0	0	0
Exceptional	0	0	0	333	0	929	0	0
Reported PAT	1,430	-64	2,244	4,331	5,973	7,142	11,070	13,460
Adjusted PAT	1,430	-64	2,244	4,599	5,973	8,070	11,070	13,460
Change (%)	-4,113	-104	-3,616	105	30	35	37	22
Margin (%)	1.4	-0.1	2.1	3.3	3.2	3.2	3.4	3.4

Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	9,583	10,301	10,301	10,301	10,301	10,314	10,314	10,314
Reserves	12,028	17,960	21,070	26,047	31,590	37,721	46,217	56,071
Net Worth	21,611	28,260	31,370	36,347	41,891	48,036	56,531	66,386
Minority Interest	-30	5	9	-2	-13	0	0	0
GML	11,671	14,180	14,968	18,536	22,530	23,436	24,303	25,207
Loans	24,230	19,600	18,664	16,550	10,643	9,497	6,497	3,497
Lease liability	7,578	6,983	6,661	7,869	11,691	16,660	21,888	27,208
Deferred tax	-81	-461	-450	-562	-662	-1,125	-1,125	-1,125
Capital Employed	64,979	68,567	71,223	78,738	86,079	96,504	1,08,094	1,21,172
Gross Block	15,462	15,031	16,056	15,373	18,644	21,456	23,056	24,656
Less: Accum. Depn.	4,669	5,413	6,240	6,635	7,739	8,400	10,203	12,111
Net Fixed Assets	10,793	9,618	9,816	8,738	10,904	13,056	12,853	12,544
Goodwill	51	51	51	51	51	51	51	51
Intangible assets	97	94	70	49	35	21	244	239
Capital WIP	242	527	17	200	485	77	77	77
Right to Use Assets	10,110	8,613	8,667	9,580	11,390	14,723	15,619	18,752
Investments	0	0	6	44	44	53	53	53
Other non-current assets	1,830	2,186	1,962	2,748	5,117	8,161	15,508	19,281
Curr. Assets, L&A	58,984	67,103	68,414	85,158	99,490	1,13,993	1,25,708	1,44,355
Inventory	47,203	53,031	57,943	70,139	82,976	96,811	1,24,603	1,24,138
Account Receivables	2,137	1,127	1,195	2,442	3,283	3,999	3,903	4,747
Cash and Bank Balance	7,501	10,966	7,772	9,819	9,751	10,311	-6,512	10,925
Others	2,142	1,979	1,504	2,759	3,480	2,872	3,714	4,545
Curr. Liab. and Prov.	17,127	19,627	17,778	27,830	41,436	53,630	62,018	74,181
Account Payables	5,576	6,901	6,566	11,927	19,441	23,503	30,094	36,704
Provisions	385	445	493	714	668	857	1,160	1,428
Other current liabilities	11,166	12,280	10,720	15,188	21,326	29,270	30,765	36,049
Net Current Assets	41,857	47,476	50,635	57,329	58,054	60,363	63,690	70,174
Application of Funds	64,979	68,564	71,224	78,738	86,079	96,504	1,08,094	1,21,172

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	1.5	-0.1	2.2	4.5	5.8	7.8	10.7	13.0
Cash EPS	4.0	2.1	4.4	6.8	8.5	11.1	14.5	17.2
BV/Share	22.6	27.4	30.5	35.3	40.7	46.6	54.8	64.4
DPS	0.0	0.0	0.0	0.5	1.2	1.5	2.5	3.5
Payout %	0.0	0.0	0.0	11.2	20.7	19.2	23.3	26.8
Valuation (x)								
P/E	343.1	-8,265.0	235.1	114.7	88.3	65.4	47.7	39.2
Cash P/E	128.4	241.3	115.7	74.9	60.5	45.9	35.2	29.7
EV/Sales	5.0	6.3	5.0	3.8	2.8	2.1	1.7	1.3
EV/EBITDA	66.7	90.2	66.1	47.9	40.2	32.1	26.2	21.6
P/BV	22.7	18.7	16.8	14.5	12.6	11.0	9.3	8.0
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.2	0.3	0.5	0.7
Return Ratios (%)								
RoE	6.9	-0.3	7.5	13.6	15.3	17.9	21.2	21.9
RoCE	6.0	-1.0	6.7	9.3	10.2	11.8	13.5	14.1
RoIC	6.8	-1.1	7.7	10.6	11.6	13.3	13.7	14.4
Working Capital Ratios								
Inventory (Days)	167	213	187	166	151	131	125	115
Debtor (Days)	7	7	4	5	6	5	4	4
Payable (Days)	18	27	23	24	31	31	30	31
Cash conversion (Days)	155	194	168	147	125	105	99	88
Inventory turns (x)	2.2	1.7	1.9	2.2	2.4	2.8	2.9	3.2
Asset Turnover (x)	1.6	1.3	1.5	1.8	2.2	2.6	3.0	3.3
Leverage Ratio								
Net Debt/Equity (x)	1.3	0.8	0.8	0.7	0.6	0.5	0.7	0.3

Cash Flow Statement

(InR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Profit before Tax	2,209	394	2,989	5,715	7,888	9,596	14,862	18,118
Depreciation	2,391	2,249	2,316	2,446	2,743	3,427	3,918	4,317
Net interest	3,333	3,461	2,805	2,753	2,649	2,830	1,900	1,713
Others	-460	1,396	-59	85	170	328	0	0
Direct Taxes Paid	-65	-569	-1,529	-1,290	-2,262	-2,379	-3,791	-4,658
(Incr)/Decr in WC	-4,213	-642	-4,071	424	2,040	-1,708	-19,664	11,480
CF from Operations	3,196	6,288	2,450	10,134	13,227	12,095	-2,775	30,970
Incr in FA	-1,075	-479	-908	-1,863	-3,712	-4,275	-1,876	-1,653
Free Cash Flow	2,121	5,810	1,542	8,272	9,516	7,820	-4,650	29,317
Pur of Investments	28	0	-6	-37	0	0	0	0
Others	529	-268	705	188	1,896	866	-8,202	-6,921
CF from Invest.	-517	-747	-209	-1,712	-1,816	-3,409	-10,077	-8,574
Issue of Shares	0	7,565	0	0	0	0	0	0
Incr in Debt	1,816	-5,132	-861	-2,146	-5,909	-1,263	-3,000	-3,000
Dividend Paid	0	0	0	0	-515	-1,236	-2,575	-3,605
Net interest Paid	-2,706	-2,864	-2,407	-2,291	-2,389	-2,234	-3,624	-3,675
Others	-2,542	-1,646	-2,167	-1,939	-2,667	-3,394	5,228	5,320
CF from Fin. Activity	-3,432	-2,076	-5,435	-6,376	-11,479	-8,126	-3,971	-4,960
Incr/Decr of Cash	-753	3,465	-3,194	2,047	-68	560	-16,823	17,436
Add: Opening Balance	8,255	7,501	10,966	7,772	9,819	9,751	10,311	-6,512
Closing Balance	7,501	10,966	7,772	9,819	9,751	10,311	-6,512	10,924

E: MOFSL Estimates

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