

Titan Company

Estimate changes

TP change

Rating change



CMP: INR2,460

TP: INR2,830 (+15%)

Buy

	TTAN IN
Bloomberg Equity Shares (m)	888
M.Cap.(INRb)/(USD\$b)	2184.3 / 29.1
52-Week Range (INR)	2678 / 1154
1, 6, 12 Rel. Per (%)	16/40/49
12M Avg Val (INR M)	3371

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	216.4	270.0	334.4
Sales Gr. (%)	2.8	24.7	23.9
EBITDA	17.2	29.8	40.9
EBITDA Margin (%)	8.0	11.0	12.2
Adj. PAT	9.8	19.3	27.5
Adj. EPS (INR)	11.0	21.7	31.0
EPS Gr. (%)	-35.4	96.9	42.9
BV/Sh.(INR)	84.5	95.4	107.8
Ratios			
RoE (%)	13.8	24.1	30.5
RoCE (%)	13.0	22.4	28.4
Payout (%)	36.5	50.0	60.0
Valuation			
P/E (x)	223.1	113.3	79.3
P/BV (x)	29.1	25.8	22.8
EV/EBITDA (x)	124.8	71.8	52.3

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	52.9	52.9	52.9
DII	10.3	10.1	11.3
FII	19.1	18.4	18.1
Others	17.8	18.6	17.7

FII Includes depository receipts

Well-poised to shine brighter

- Titan Company's (TTAN) sales for 2QFY22 were in-line (up 64.6%) at INR74.9b, although the operating margin at 12.9% for the quarter (est. 10.7%) came as a positive surprise and stood at its second-highest level since 2QFY06. This led to EBITDA and PAT surpassing our estimates by more than 20%.
- What was even more remarkable was that this margin improvement was achieved in a quarter that still did not see the contribution from Studded jewellery returning to normal levels and witnessed low margin bullion sales as well. Nevertheless, the sharp increase in sales is likely to have helped TTAN on the operating leverage front. Management has stated that it aims to keep jewellery margins in the 12-13% range.
- Jewellery outlook remains good as well, given the healthy festive season commentary. Management has also indicated significant expansion plans in the company's smaller businesses like Eyewear and Taneira. Maintain **Buy**.

Second-highest operating margin since 2QFY06 drives higher-than-estimated EBITDA

- **2QFY22 consolidated revenue grew 64.6% YoY to INR74.9b** (in-line). Revenue growth excluding bullion sales stood at 78% YoY.
- **EBITDA grew 209% YoY to INR9.7b** (est. INR8b).
- PBT grew 298% YoY to INR8.7b (est. INR7.1b).
- **Recurring PAT grew 268% YoY to INR6.4b** (est. INR5.3b).
- Consol. gross margin contracted by 620bp YoY to 25%.
- Lower other expenses as a % of sales (down 1150bp YoY to 6.1%) and lower staff costs as a % of sales (down 120bp YoY to 4.2%), coupled with higher ad spends as a % of sales (up 50bp YoY to 1.8%) led to **EBITDA margin expanding by 600bp YoY to 12.9% (est. 10.7%) in 2QFY22**.
- 1HFY22 sales/EBITDA grew by 68%/1742%. 1HFY22 PAT stood at INR6.6b as against a loss of INR1.2b in 1HFY21.
- **Segmental performance:** (a) Jewellery sales grew 65% YoY to INR65.7b and margin was up 500bp YoY to 12.2%. Jewellery sales excluding bullion sales grew by 77% YoY. (b) Watches sales grew 71.8% YoY to INR6.9b with EBIT margin coming in at 13.1% in 2QFY22 as against -3% in 2QFY21.

Highlights of management commentary

- The company is witnessing market share gains across every region and city according to the management. The industry also saw good growth in recent months, and TTAN has performed better the industry.
- The growth in Studded jewellery is now the key KPI metric rather than Studded jewellery as a proportion to total jewellery sales.
- The exchange proportion at 31% in 2QFY22 was lower than the pre-pandemic level of around 36% and could rise to 40%. Customers currently are holding on to their gold.

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- **Eyewear:** The next 15 months will see significant store addition of 250-300 outlets. The segment can achieve and sustain a margin of 18-20%, although the margin of 23% for the quarter was exceptionally high.

Valuation and view

- The margin recovery in jewellery was heartening and surpassed expectation, creating further confidence in TTAN's earnings growth in addition to the already healthy sales outlook. We raise our FY22/FY23 EPS estimates by 13%/3%.
- TTAN has a strong growth runway, given its market share of less than 10% and the continuing struggles faced by its unorganized and organized peers. Its medium to long-term earnings growth opportunity is the best-of-breed, which is reflected in its EPS CAGR of ~24% over the past three years before the COVID-19 impact in FY21. The estimated EPS CAGR over FY20-FY24 is also healthy at ~24%.
- At its current valuation of 79.3x FY23E EPS, the stock's near-term multiples appear expensive, although its long runway for profitable growth warrants premium multiples. TTAN remains our top pick in the discretionary consumption space. We maintain our **Buy** rating with a TP of INR2,830 per share (70x FY24 EPS).

Consolidated Quarterly Performance

Y/E March	(INR b)											
	FY21				FY22				FY21	FY22E	FY22	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Net Sales	19.8	45.5	76.2	74.9	34.7	74.9	85.0	75.3	216.4	270.0	74.6	0.5
YoY change (%)	-61.6	-2.3	16.7	59.1	75.5	64.6	11.6	0.5	2.8	24.7	63.8	
Gross Profit	4.3	14.2	17.2	16.6	7.8	18.8	21.3	18.9	52.3	66.6	17.1	
Margin (%)	21.9	31.2	22.6	22.1	22.4	25.0	25.0	25.0	24.2	24.7	23.0	
EBITDA	-2.5	3.1	8.5	8.2	1.4	9.7	10.0	8.7	17.2	29.8	8.0	21.4
EBITDA growth %	P/L	-40.1	8.2	33.4	L/P	209.3	18.4	6.9	-30.8	73.0	154.8	
Margin (%)	-12.8	6.9	11.1	10.9	3.9	12.9	11.8	11.6	8.0	11.0	10.7	
Depreciation	0.9	0.9	1.0	0.9	1.0	1.0	1.1	1.1	3.8	4.2	1.0	
Interest	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.0	2.0	0.5	
Other Income	0.4	0.5	0.4	0.6	0.5	0.6	0.6	0.6	1.9	2.1	0.6	
PBT	-3.6	2.2	7.4	7.3	0.4	8.7	9.0	7.7	13.3	25.8	7.1	22.6
Tax	-0.6	0.4	2.1	1.6	0.2	2.3	2.2	1.8	3.5	6.5	1.8	
Rate (%)	17.9	20.2	28.5	22.2	53.8	26.2	24.0	24.1	26.5	25.2	25.2	
Adjusted PAT	-2.9	1.7	5.3	5.7	0.2	6.4	6.9	5.8	9.8	19.3	5.3	21.1
YoY change (%)	P/L	-44.6	7.5	65.5	L/P	268.4	29.4	2.5	-35.4	96.9	204.3	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY21				FY22	
	1Q	2Q	3Q	4Q	1Q	2Q
2Y CAGR (%)						
Sales	-33.3	-0.2	13.9	23.8	-17.9	26.8
EBITDA	N/M	-18.3	19.8	35.0	-51.1	36.1
PAT	N/M	-24.2	13.5	27.7	-77.8	42.8
% of Sales						
COGS	78.1	68.8	77.4	77.9	77.6	75.0
Operating Expenses	34.7	24.3	11.4	11.2	18.5	12.1
Depreciation	4.7	2.1	1.3	1.2	2.7	1.4
YoY change (%)						
COGS	-58.7	-4.4	21.4	78.1	74.4	79.4
Operating Expenses	-17.9	28.2	-1.2	2.3	-6.7	-18.1
Other Income	-28.2	51.2	76.3	36.7	12.2	14.6
EBIT	-169.6	-50.2	8.1	41.9	-112.1	294.5

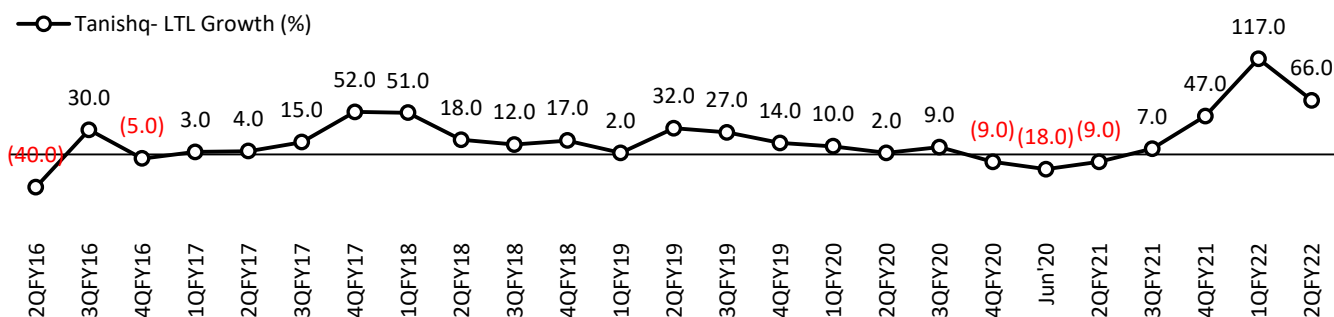
Key Exhibits

Exhibit 1: Consolidated Segmental Snapshot

(INR m)	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Total Sales	46,933	65,501	47,532	20,200	46,010	76,590	75,510	35,190	75,480
Watches	7,201	6,272	5,583	760	4,010	5,510	5,590	2,930	6,890
YoY Growth	6.1%	-2.2%	5.1%	-89.4%	-44.3%	-12.2%	0.1%	285.5%	71.8%
Jewellery	36,500	56,058	38,993	18,240	39,830	68,360	66,780	30,500	65,710
YoY Growth	0.1%	12.2%	-5.0%	-56.2%	9.1%	21.9%	71.3%	67.2%	65.0%
Eyewear	1,542	1,333	1,077	300	940	1,240	1,270	670	1,600
YoY Growth	28.5%	2.9%	-15.7%	-79.8%	-39.0%	-7.0%	17.9%	123.3%	70.2%
Others	1,690	1,837	1,879	900	1,230	1,480	1,870	1,090	1,280
YoY Growth	11.8%	10.4%	4.0%	-49.8%	-27.2%	-19.4%	-0.5%	21.1%	4.1%
Total EBIT	4,692	7,183	5,520	-3,090	2,660	7,920	7,810	880	9,190
Watches	1,037	390	543	-1,730	-120	150	380	-610	900
YoY Growth	-7.0%	-10.1%	340.1%	P/L	P/L	-61.6%	-30.0%	N/M	N/M
EBIT Margin	14.4%	6.2%	9.7%	-227.6%	-3.0%	2.7%	6.8%	-20.8%	13.1%
Jewellery	3,794	7,297	5,301	-680	2,860	7,660	7,170	1,980	8,030
YoY Growth	0.3%	12.8%	6.2%	P/L	-24.6%	5.0%	35.3%	L/P	180.8%
EBIT Margin	10.4%	13.0%	13.6%	-3.7%	7.2%	11.2%	10.7%	6.5%	12.2%
Eyewear	20	-67	18	-310	90	220	230	-130	370
YoY Growth	298.0%	N/M	L/P	N/M	352.3%	L/P	1170.7%	N/M	311.1%
EBIT Margin	1.3%	-5.0%	1.7%	-103.3%	9.6%	17.7%	18.1%	-19.4%	23.1%
Others	(159)	(437)	(342)	(370)	(170)	(110)	30	(360)	(110)

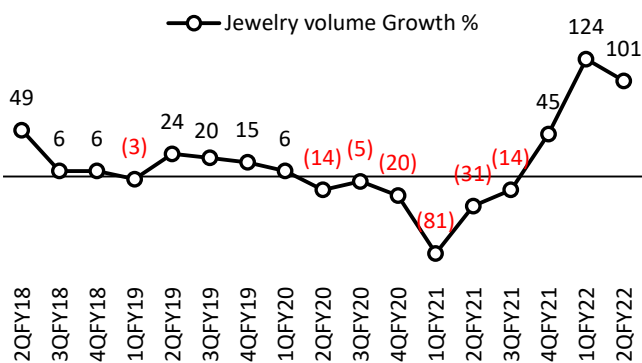
Source: Company, MOFSL

Exhibit 2: Tanishq's LTL growth at 66%



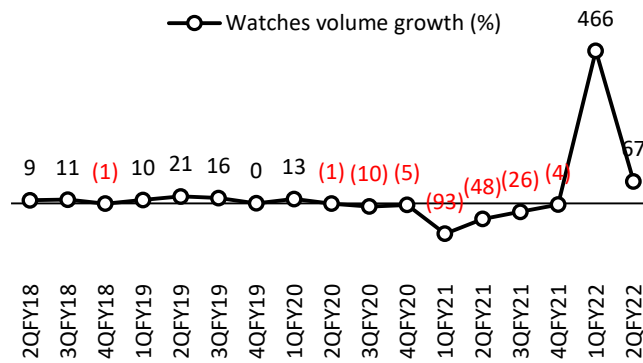
Source: Company, MOFSL

Exhibit 3: Jewellery grammage up 101% YoY

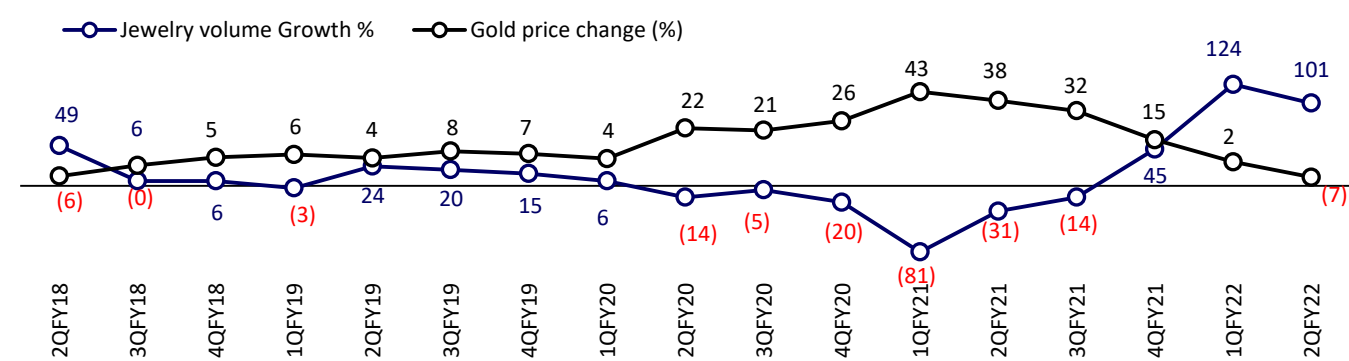


Source: Company, MOFSL

Exhibit 4: Watches' volumes grow 67% YoY



Source: Company, MOFSL

Exhibit 5: Quarterly trend – Jewellery volumes growth against gold price movement

Source: Company, MOFSL

Exhibit 6: Jewellery – Key operating parameters

Jewellery	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22
Volume Gr (%)	24	20	15	6	(14)	(5)	(20)	(81)	(31)	(14)	45	124	101
Studded Share (%)	35	25	36	25	38	27	37	18	26	26	30	22	30
Sales Gr (%)	29	37	22	14	0	12	(5)	(56)	9	22	71	67	65
LTL Growth %	32	27	14	10	2	9	(9)	(18)*	(9)	7	47	117	66
Stores	270	280	290	302	311	324	331	337	345	355	357	362	372

*LTL growth is for Jun'20 only

Source: Company, MOFSL

Exhibit 7: Watches' segment sales grow 71.8% YoY

Watches	2QFY21			1QFY22			2QFY22		
	Sales Growth*	LTL Growth*	Stores (x)	Sales Growth	LTL Growth	Stores (x)	Sales Growth	LTL Growth	Stores (x)
World of Titan	(50)	(49)	506	86	91	509	79	78	513
Helios	(34)	(30)	96	73	78	106	69	51	112
Fastrack	(50)	(47)	180	63	80	166	51	52	164
LFS - Watches	(66)	(67)	NA	323	324	NA	103	102	NA
Sales Gr (%)		(44.3)			285.5			71.8	
Net sales INR b		4.0			2.9			6.9	

Source: Company, MOFSL

Exhibit 8: Titan Eye+: Sales up 69% YoY, with LTL retail growth at 59% YoY

Titan Eye+	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21*	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Stores	513	525	537	556	561	578	584	569	557	571	599	605	629
Sales Gr%	18	23	21	20	35	11	(8)	(46)	(35)	(3)	28	74	69
LTL Gr %	8	13	14	14	28	3	(16)	(44)	(34)	(3)	27	47	59

*Sales and LTL growth are for Jun'20 only

Source: Company, MOFSL



Conference call highlights

Demand Environment

- The drivers of TTAN's strong growth in 2QFY22 sales were a) Improving vaccination levels, b) innovations by various businesses, c) pent up demand, and d) market share gains.
- The company saw market share gains across every region and city, according to the management. The industry has also witnessed good growth in recent months, and Titan has performed better than the industry.
- Management was very happy with the company's performance in the period leading up to the Diwali season but did not disclose the numbers.

Studded jewellery and exchange still have room for growth

- The growth in Studded jewellery was very healthy as compared to the pre-pandemic levels, although its sales contribution was lower than the pre-pandemic levels due to much higher sales of gold jewellery in 2QFY22.
- The growth in Studded jewellery is now the KPI rather than the proportion of Studded jewellery to total jewellery sales.
- The exchange proportion at 31% was lower than the pre-pandemic level of around 36%, and management believes that it can rise to 40%. Customers currently are holding on to their gold.

Margins

- The Jewellery segment's margin is likely to be at around 12-13% annually, going forward.
- If TTAN's topline growth pace sustains, then the margins can be higher.
- Management does not want too high margins as topline growth is a bigger opportunity.
- The proportion of Studded jewellery has not yet returned to the pre-COVID levels, and its margin is also usually higher in 2Q and 4Q every year due to an increase in its share.

Hallmarking

- It would be too premature to call out gains, especially as deadlines have been pushed to post Diwali.

Other businesses - significant pick up in confidence and expansion

- **Taneira:** TTAN has big plans for growth in FY23 itself. Management is likely to share the detailed plans during the 3QFY22 results call.
- **Eyewear:** The next 15 months will see significant store addition of 250-300 outlets. The segment can achieve and sustain margin at the 18-20% levels although the margin of 23% reported for the quarter was exceptionally high.
- **Tanishq:** TTAN currently has 370 Tanishq stores and plans to add 20 stores in the next six months. TTAN plans to add 35 Tanishq stores annually, going forward.
- **E-commerce saliency in watches** was at 25% in 2QFY22. Analog watches are doing well online. However, 2Q sales were unusually high as e-commerce portals stocked up ahead of the festive season. Nevertheless, e-commerce saliency is definitely increasing.

Valuation and view

Strong growth in the last 10 years

- TTAN has delivered a strong growth in the Jewellery business, aided by: (a) its store expansion efforts, (b) focus on erstwhile weak cities, (c) increased focus on wedding jewellery, (d) increased focus on studded jewellery, (e) attractive schemes such as Golden Harvest, and (f) increased focus on gold exchange. Additionally, considering the regulatory tailwinds in the form of GST implementation and reduced limit on PAN card requirement to INR200k (from INR500k earlier), TTAN has done well in the past 10 years.
- Over the past 10 years ended FY21, TTAN's net sales, EBITDA and PAT grew at a CAGR of ~13%, ~11%, and ~9%, respectively. However, this performance was subdued by the COVID-led disruption. The respective numbers for the 10 years ended were significantly better at ~16%, ~20%, and ~20%, respectively. This easily places TTAN among the best performers of this period.

Our view on the stock

- The margin recovery in the Jewellery segment was heartening and surpassed expectation, lending further confidence in TTAN's earnings growth in addition to its already healthy sales outlook. We raise our FY22/FY23 EPS estimates by 13%/3%.
- TTAN has a strong growth runway, given its market share of less than 10% and the continuing struggles faced by its unorganized and organized peers. Its medium to long-term earnings growth opportunity is the best-of-breed, which is reflected in its EPS CAGR of ~24% over the past three years before the COVID-19 impact in FY21. Its estimated EPS CAGR over FY20-FY24 is also healthy at ~24%.
- At its current valuation of 79.3x FY23E EPS, the stock's near-term multiples appear expensive, although its long runway for profitable growth warrants premium multiples. TTAN remains our top pick in the discretionary consumption space. We maintain our **Buy** rating with a TP of INR2,830 per share (70x FY24 EPS).

Exhibit 9: Raising FY22 and FY23 EPS estimates to factor in margin improvement

(INR b)	New		Old		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Sales	270.0	334.4	268.8	332.7	0.4	0.5
EBITDA	29.8	40.9	26.6	39.3	12.1	4.1
PAT	19.3	27.5	17.1	26.6	13.0	3.4

Source: Company, MOFSL

Financials and valuations

Income Statement								(INR b)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Net Sales	132.6	161.2	197.8	210.5	216.4	270.0	334.4	401.2
Change (%)	17.6	21.6	22.7	6.4	2.8	24.7	23.9	20.0
Gross Profit	37.5	44.3	53.8	59.0	52.3	66.6	90.8	110.4
Margin (%)	28.3	27.5	27.2	28.0	24.2	24.7	27.2	27.5
Other expenditure	26.0	27.9	33.9	34.0	35.1	36.8	49.9	58.4
	0	0	0	0	0	0	0	0
EBITDA	11.6	16.4	19.9	24.9	17.2	29.8	40.9	52.1
Change (%)	23.6	42.3	21.1	25.1	-30.8	73.0	37.3	27.1
Margin (%)	8.7	10.2	10.1	11.8	8.0	11.0	12.2	13.0
Depreciation	1.1	1.3	1.6	3.5	3.8	4.2	4.3	4.6
Int. and Fin. Charges	0.4	0.5	0.5	1.7	2.0	2.0	2.2	2.2
Other Income - Recurring	0.7	0.9	1.8	1.5	1.9	2.1	2.4	2.7
Deferred Revenue Expenditure	0	0	0	0	0	0	0	0
Profit before Taxes	10.8	15.5	19.6	21.3	13.3	25.8	36.8	48.0
Change (%)	24.1	43.7	26.5	8.8	-37.5	93.4	42.9	30.2
Margin (%)	8.1	9.6	9.9	10.1	6.2	9.5	11.0	12.0
Tax	3.0	4.5	6.1	5.8	3.6	6.5	9.3	12.1
Deferred Tax	0.3	0.2	0.5	-0.4	0.1	0.0	0.0	0.0
Tax Rate (%)	25.6	27.6	29.0	28.9	26.5	25.2	25.2	25.2
Profit after Taxes	8.0	11.2	13.9	15.2	9.8	19.3	27.5	35.9
Change (%)	18.5	39.9	24.0	8.9	-35.4	96.9	42.9	30.2
Margin (%)	6.0	7.0	7.0	7.2	4.5	7.1	8.2	8.9
Extraordinary income	-1,027	-167	0	-185	0	0	0	0
Reported PAT	7.0	11.0	13.9	14.9	9.7	19.3	27.5	35.9
Balance Sheet								(INR b)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
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	41.7	50.0	60.0	65.8	74.1	83.8	94.8	105.6
Net Worth	42.6	50.9	60.8	66.7	75.0	84.7	95.7	106.5
Loans	0.0	0.8	0.3	7.2	1.7	1.0	0.5	0.3
Lease liabilities	0.0	0.0	0.0	12.4	12.6	12.6	12.6	12.6
Deferred Tax	0.0	-0.3	-0.7	-1.5	-1.0	-1.0	-1.0	-1.0
Capital Employed	42.6	51.3	60.5	84.9	88.3	97.3	107.8	118.3
Gross Block	9.9	13.4	15.4	17.7	18.2	20.5	22.8	25.3
Less: Accum. Deprn.	1.2	2.1	3.3	4.6	5.8	10.0	14.3	18.8
Net Fixed Assets	8.6	11.2	12.1	13.1	12.4	10.5	8.5	6.5
Intangibles	3.3	3.5	3.6	4.0	3.8	3.8	3.8	3.8
Capital WIP	1.4	0.4	0.3	0.1	0.2	0.2	0.2	0.2
Right of use asset	0.0	0.0	0.0	9.3	9.2	9.2	9.2	9.2
Investments	3.9	0.0	0.7	1.1	28.1	33.7	34.3	38.1
Curr. Assets, L&A	66.7	79.7	99.7	106.3	109.9	126.6	155.9	182.9
Inventory	49.3	59.2	70.4	81.0	84.1	92.7	117.1	135.2
Account Receivables	2.1	3.0	4.2	3.1	3.7	5.5	6.9	8.2
Cash and Bank Balance	8.2	6.5	11.1	4.3	5.8	8.8	10.4	14.6
Others	7.2	11.0	14.1	17.9	16.3	19.6	21.6	24.9
Curr. Liab. and Prov.	41.5	43.5	55.9	49.0	75.2	86.7	104.1	122.4
Current Liabilities	40.1	41.9	53.9	46.1	73.4	84.2	101.3	119.3
Provisions	1.4	1.6	2.1	2.9	1.9	2.5	2.7	3.0
Net Current Assets	25.2	36.2	43.8	57.2	34.7	40.0	51.8	60.6
Misc. Expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Application of Funds	42.6	51.3	60.5	84.9	88.3	97.3	107.8	118.3

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Basic (INR)								
EPS	9.0	12.6	15.7	17.1	11.0	21.7	31.0	40.4
Cash EPS	10.2	14.0	17.3	18.9	12.9	26.4	35.9	45.5
BV/Share	48.0	57.3	68.5	75.2	84.5	95.4	107.8	119.9
DPS	3.6	4.6	6.0	4.1	4.0	10.9	18.6	28.3
Payout %	39.7	36.4	38.5	23.8	36.5	50.0	60.0	70.0

Valuation (x)

P/E	272.4	194.8	157.0	144.1	223.1	113.3	79.3	60.9
Cash P/E	240.5	175.6	141.9	130.4	190.7	93.2	68.5	54.0
EV/Sales	16.4	13.5	11.0	10.4	9.9	7.9	6.4	5.3
EV/EBITDA	188.0	132.4	109.1	87.7	124.8	71.8	52.3	40.9
P/BV	51.3	42.9	35.9	32.7	29.1	25.8	22.8	20.5
Dividend Yield (%)	0.1	0.2	0.2	0.2	0.2	0.4	0.8	1.1

Return Ratios (%)

RoE	20.6	24.0	24.9	23.8	13.8	24.1	30.5	35.5
RoCE	21.0	24.7	25.5	22.5	13.0	22.4	28.4	33.2
RoIC	24.8	29.8	28.0	23.9	14.8	35.3	46.6	55.4

Working Capital Ratios

Debtor (Days)	6	7	8	5	6	8	8	8
Asset Turnover (x)	3.1	3.1	3.3	2.5	2.5	2.8	3.1	3.4

Leverage Ratio

Debt/Equity (x)	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
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Cash Flow Statement

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
(INR b)								
OP/(loss) before Tax	9.7	15.3	19.6	21.0	13.3	25.8	36.8	48.0
Int./Div. Received	0.0	-0.1	1.1	-0.2	-0.6	-2.1	-2.4	-2.7
Deferred Revenue Exp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation & Amort.	1.1	1.3	1.6	3.5	3.8	4.2	4.3	4.6
Interest Paid	-0.1	-0.1	-0.5	0.7	1.4	2.0	2.2	2.2
Direct Taxes Paid	2.8	4.6	6.4	5.6	2.7	6.5	9.3	12.1
Incr in WC	-9.2	12.4	3.0	22.7	-26.2	2.3	10.3	4.5
CF from Operations	17.1	-0.5	12.4	-3.3	41.4	21.0	21.4	35.4
Extraordinary Income	0.0	0.0	0.0	-185.0	0.0	0.0	0.0	0.0
Incr in FA	2.5	3.0	2.6	3.5	1.4	2.3	2.3	2.6
Free Cash Flow	14.6	-3.5	9.8	-6.9	40.0	18.8	19.1	32.9
Investments	3.3	-4.1	0.2	-3.2	27.3	5.6	0.7	3.8
Others	3.0	-0.3	0.2	0.6	-1.0	3.9	3.6	4.4
CF from Invest.	-8.7	1.4	-3.0	-1.1	-27.7	-11.8	-6.6	-10.8
Issue of Shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Incr in Debt	0.0	0.0	0.0	6.9	-5.6	-0.7	-0.5	-0.3
Dividend Paid	0.0	2.8	4.0	5.4	3.6	3.6	10.5	18.0
Others	1.6	-0.2	0.9	4.0	3.2	2.0	2.2	2.2
CF from Fin. Activity	-1.7	-2.5	-4.9	-2.4	-12.3	-6.2	-13.2	-20.5
Incr/Decr of Cash	6.7	-1.6	4.5	-6.8	1.4	3.0	1.6	4.2
Add: Opening Balance	1.4	8.2	6.5	11.1	4.4	5.8	8.8	10.4
Closing Balance	8.2	6.5	11.1	4.3	5.8	8.8	10.4	14.6

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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