

## Estimate changes



## TP change



## Rating change



Bloomberg	TTAN IN
Equity Shares (m)	888
M.Cap.(INRb)/(USDb)	2046.3 / 24.9
52-Week Range (INR)	2790 / 1827
1, 6, 12 Rel. Per (%)	-7/-5/-6
12M Avg Val (INR M)	3353

## Financials & Valuations (INR b)

Y/E March	2023E	2024E	2025E
Sales	389.4	464.4	553.7
Sales Gr. (%)	35.2	19.3	19.2
EBITDA	48.3	59.1	72.1
EBITDA Margin (%)	12.4	12.7	13.0
Adj. PAT	32.7	39.8	49.7
Adj. EPS (INR)	36.8	44.7	55.8
EPS Gr. (%)	40.2	21.5	25.0
BV/Sh.(INR)	131.3	163.5	199.9

## Ratios

RoE (%)	31.2	30.4	30.8
RoCE (%)	28.9	28.9	29.3
Payout (%)	20.0	28.0	35.0

## Valuation

P/E (x)	62.7	51.6	41.3
P/BV (x)	17.6	14.1	11.5
EV/EBITDA (x)	42.2	34.3	27.8
Div. Yield (%)	0.3	0.5	0.8

## Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	52.9	52.9	52.9
DII	11.3	11.9	10.5
FII	17.5	17.0	18.6
Others	18.3	18.2	18.1

FII Includes depository receipts

**CMP: INR2,305 TP: INR3,070 (+33%)**

**Buy**

## Margins below estimate; but outlook buoyant

- Titan Company (TTAN)'s 3QFY23 result was in line on sales front but lower-than-estimated EBITDA margin (lower-than-usual domestic jewelry sales leading to reduced operating leverage) meant that EBITDA missed our estimate by ~11%.
- Base quarter EBITDA margin was the highest since 2QFY06 and hence, there was an unusually unfavorable base, which will not be the case going forward though. The three-year consolidated Sales/EBITDA/PAT CAGR remained robust at over 20% each in 3QFY23.
- Jewelry sales CAGR was robust too at ~23% in 3QFY23. The management indicated that there has been no impact of gold price increase in Jan'23 with the three-year CAGR trend in Jan'23 being even better than the corresponding number for 3QFY23.
- The ongoing urban discretionary slowdown does not seem to have hit the company's customer base. TTAN has the best-in-class track record, better near-term growth visibility than peers and the longer-term growth opportunity is also the best of breed, thus deserving high multiples. **Maintain BUY with a TP of INR3,070 (premised on 55x FY25E EPS).**

## Sales surprise; margins weaker than expectation

- TTAN's consolidated revenue grew 15.7% YoY to INR116.1b (in line).
- EBITDA declined 6.6% YoY to INR13.5b (est. INR15.2b) in 3QFY23.
- PBT declined 7.4% YoY to INR12.4b (est. INR14.0b) during the quarter.
- Recurring PAT came in at INR9.1b (est. INR10.7b), down 9.9% YoY.
- Consolidated gross margin contracted 140bp YoY/380 QoQ to 23.9% (est. 27.5%) during the quarter.
- As a percentage of sales, stable staff costs (up 30bp YoY), stable advertisement costs (up 30bp YoY) and higher other expenses (up 80bp YoY) led to 280bp drop in EBITDA margin to 11.6% (est. 13.5%) in 3QFY23.
- The 9MFY23 Sales/EBITDA/Adj. PAT jumped 43.9%/48.8%/51.8% YoY to INR302.1b/INR37.9b/INR25.4b, respectively.
- **Adjusted segmental performance:** Jewelry sales increased 15.3% YoY to INR104.5b. Segment margin declined 230bp YoY/170bp QoQ to 11.9%. Sales of Watches grew 14.2% YoY to INR8.1b, with an EBIT margin of 10.1% (-120bp YoY/-460bp QoQ) in 3QFY23.

## Highlights from the management commentary

- Jan'23 is witnessing robust jewelry demand despite high gold prices since Dec'22. Even adjusted for Omicron in the base, the three-year CAGR in Jan'23 is even better than 3QFY23 three-year CAGR. The management is hoping that it will fare further better in the next couple of months.
- Studded Gold is doing well in Jan'23 after a relative impact in a couple of months of 3QFY23.

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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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- According to the management, there are two reasons why TTAN is not witnessing the adverse impact of the recent slowdown in urban discretionary consumption. This makes them confident of growth in 4QFY23 and FY24 as well:
  - Consumer segments from which TTAN's demand emanates are not hit by the travails of inflation, and
  - Relationships that TTAN has built across all its businesses.

#### Valuation and view

- Changes to our model have resulted in a ~5% reduction in FY23E EPS but there are no material changes to our FY24 and FY25 forecasts.
- The company has been able to surmount two of the challenges that we highlighted in [our detailed note](#) in Oct'22, viz., a) exceptionally high wedding jewellery sales in 3QFY21 and 3QFY22 and b) any potential near-term impact of gold price increase. In the note, we also highlighted how TTAN has outperformed discretionary peers across time periods.
- As highlighted in [our detailed management meet note](#) in Dec'22, the outlook remains robust. TTAN has a strong runway for growth, given its market share of sub-10% in Jewelry and continued struggles faced by its unorganized and organized peers. Its medium-to-long-term earnings growth visibility is nonpareil. **Maintain BUY with a TP of INR3,070 (premised on 55x FY25E EPS).**

#### Consolidated Quarterly Performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E	FY23	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>34.7</b>	<b>74.9</b>	<b>100.4</b>	<b>78.0</b>	<b>94.4</b>	<b>91.6</b>	<b>116.1</b>	<b>87.3</b>	<b>288.0</b>	<b>389.4</b>	<b>112.8</b>	2.9
YoY change (%)	75.5	64.6	31.7	4.0	171.9	22.3	15.7	12.0	33.1	35.2	12.4	
<b>Gross Profit</b>	<b>7.8</b>	<b>18.8</b>	<b>25.4</b>	<b>19.7</b>	<b>24.1</b>	<b>25.3</b>	<b>27.7</b>	<b>21.9</b>	<b>71.6</b>	<b>99.0</b>	<b>31.0</b>	
Margin (%)	22.4	25.0	25.3	25.3	25.5	27.6	23.9	25.1	24.9	25.4	27.5	
<b>EBITDA</b>	<b>1.4</b>	<b>9.7</b>	<b>14.4</b>	<b>8.8</b>	<b>12.0</b>	<b>12.5</b>	<b>13.5</b>	<b>10.4</b>	<b>34.2</b>	<b>48.3</b>	<b>15.2</b>	-11.5
EBITDA growth %	L/P	209.3	70.0	7.2	773.0	28.8	-6.6	19.3	98.5	41.2	5.6	
Margin (%)	3.9	12.9	14.4	11.2	12.7	13.6	11.6	12.0	11.9	12.4	13.5	
Depreciation	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.3	4.0	4.5	1.2	
Interest	0.5	0.5	0.6	0.6	0.7	0.6	0.8	0.8	2.2	2.9	0.7	
Other Income	0.5	0.6	0.6	0.8	0.4	0.6	0.9	0.8	2.3	2.7	0.6	
<b>PBT</b>	<b>0.4</b>	<b>8.7</b>	<b>13.4</b>	<b>7.9</b>	<b>10.7</b>	<b>11.4</b>	<b>12.4</b>	<b>9.2</b>	<b>30.4</b>	<b>43.7</b>	<b>14.0</b>	-11.2
Tax	0.2	2.3	3.3	1.3	2.8	3.1	3.3	1.8	7.1	11.0	3.3	
Rate (%)	53.8	26.2	24.7	16.0	26.3	26.9	26.7	19.8	23.2	25.2	23.5	
<b>Adjusted PAT</b>	<b>0.2</b>	<b>6.4</b>	<b>10.1</b>	<b>6.6</b>	<b>7.9</b>	<b>8.4</b>	<b>9.1</b>	<b>7.3</b>	<b>23.3</b>	<b>32.7</b>	<b>10.7</b>	-14.9
YoY change (%)	L/P	268.4	90.9	16.7	#	30.3	-9.9	10.7	138.4	40.2	5.9	

E: MOFSL Estimates

## Key performance indicators

Y/E March	FY22				FY23		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>2Y CAGR (%)</b>							
Sales	-17.9	26.8	24.0	28.6	118.4	41.9	23.4
EBITDA	-51.1	36.1	35.6	19.6	LP	99.6	26.0
PAT	-77.8	42.8	43.3	39.0	LP	119.1	31.2
<b>% of Sales</b>							
COGS	77.6	75.0	74.7	74.7	74.5	72.4	76.1
Operating Expenses	18.5	12.1	10.9	14.0	12.8	14.0	12.2
Depreciation	2.7	1.4	1.0	1.3	1.1	1.2	1.0
<b>YoY change (%)</b>							
COGS	74.4	79.4	27.1	-0.2	161.2	18.0	17.9
Operating Expenses	-6.7	-18.1	25.6	30.1	88.6	41.8	30.0
Other Income	12.2	14.6	42.5	33.3	-4.3	10.9	56.1
EBIT	-112.1	294.5	78.7	6.9	2,502.4	32.1	-8.2

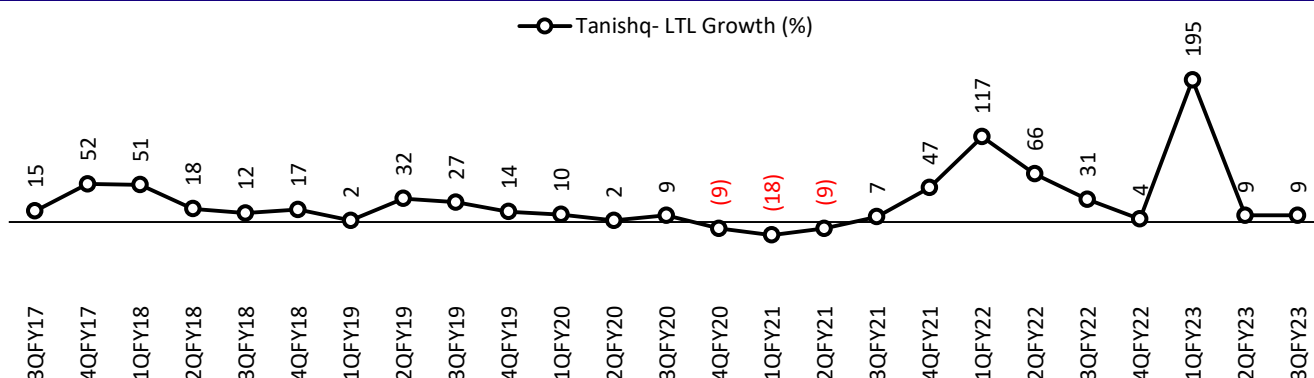
## Key exhibits

## Exhibit 1: Consolidated segmental snapshot

(INR m)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
<b>Total Sales</b>	<b>76,590</b>	<b>75,510</b>	<b>35,190</b>	<b>75,480</b>	<b>1,00,940</b>	<b>78,720</b>	<b>94,870</b>	<b>92,240</b>	<b>1,16,980</b>
Watches	5,510	5,590	2,930	6,890	7,100	6,250	7,860	8,300	8,110
YoY growth	-12.2%	0.1%	285.5%	71.8%	28.9%	11.8%	168.3%	20.5%	14.2%
Jewelry	68,360	66,780	30,500	65,710	90,590	68,430	83,510	79,970	1,04,460
YoY growth	21.9%	71.3%	67.2%	65.0%	32.5%	2.5%	173.8%	21.7%	15.3%
Eyewear	1,240	1,270	670	1,600	1,560	1,340	1,830	1,670	1,740
YoY growth	-7.0%	17.9%	123.3%	70.2%	25.8%	5.5%	173.1%	4.4%	11.5%
Others	1,480	1,870	1,090	1,280	1,690	2,700	1,670	2,300	2,670
YoY growth	-19.4%	-0.5%	21.1%	4.1%	14.2%	44.4%	53.2%	79.7%	58.0%
<b>Total EBIT</b>	<b>7,920</b>	<b>7,810</b>	<b>880</b>	<b>9,190</b>	<b>14,010</b>	<b>7,960</b>	<b>11,370</b>	<b>12,020</b>	<b>13,240</b>
Watches	150	380	-610	900	800	100	980	1,220	820
YoY growth	-61.6%	-30.0%	N/M	N/M	433.3%	-73.7%	-260.7%	35.6%	2.5%
EBIT Margin	2.7%	6.8%	-20.8%	13.1%	11.3%	1.6%	12.5%	14.7%	10.1%
Jewelry	7,660	7,170	1,980	8,030	12,880	7,955	10,520	10,880	12,430
YoY growth	5.0%	35.3%	L/P	180.8%	68.1%	10.9%	431.3%	35.5%	-3.5%
EBIT margin	11.2%	10.7%	6.5%	12.2%	14.2%	11.6%	12.6%	13.6%	11.9%
Eyewear	220	230	-130	370	340	15	360	280	320
YoY growth	L/P	1170.7%	N/M	311.1%	54.5%	-93.5%	-376.9%	-24.3%	-5.9%
EBIT margin	17.7%	18.1%	-19.4%	23.1%	21.8%	1.1%	19.7%	16.8%	18.4%
Others	(110)	30	(360)	(110)	(10)	(110)	(490)	(360)	(330)

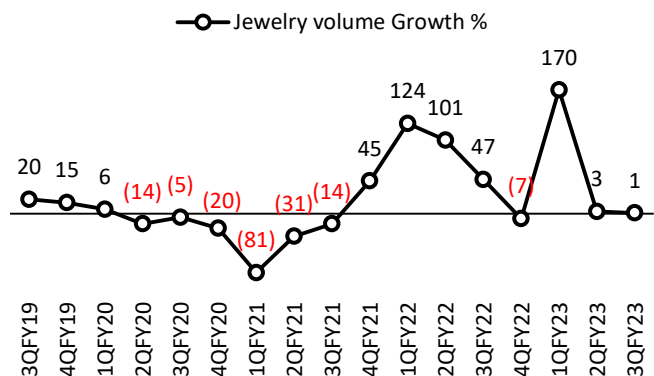
Source: Company, MOFSL

## Exhibit 2: Tanishq's LTL growth at 9% in 3QFY23



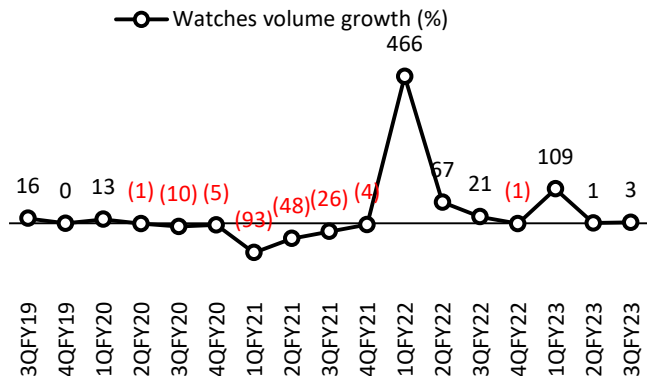
Source: Company, MOFSL

**Exhibit 3: Jewelry grammage up 1% YoY**



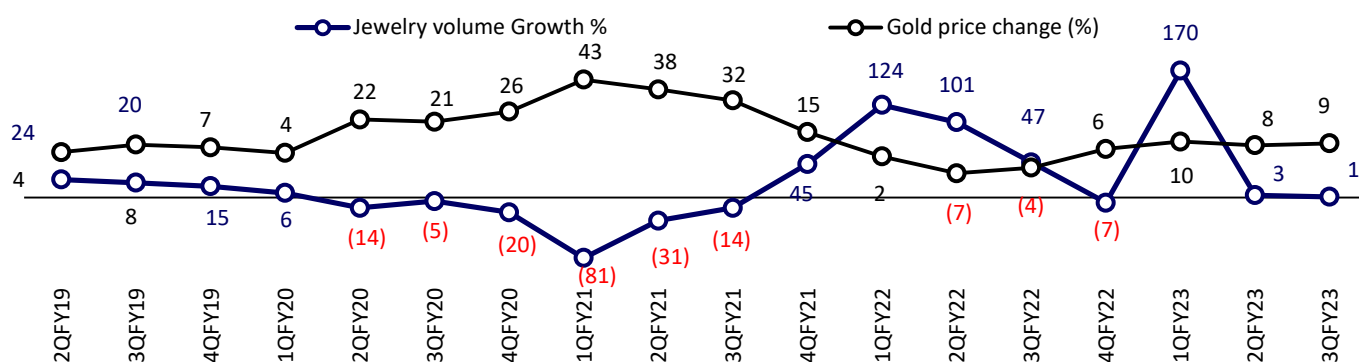
Source: Company, MOFSL

**Exhibit 4: Watch volumes grew 3% YoY**



Source: Company, MOFSL

**Exhibit 5: Quarterly growth in Jewelry volumes against the movement in gold prices**



Source: Company, MOFSL

**Exhibit 6: Jewelry – Key operating parameters**

Jewelry	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Volume growth (%)	(5)	(20)	(81)	(31)	(14)	45	124	101	47	(7)	170	3	1
Studded share (%)	27	37	18	26	26	30	22	30	26	34	26	25	26
Sales growth (%)	12	(5)	(56)	9	22	71	67	65	33	2	174	22	15
LTL growth (%)	9	(9)	(18)*	(9)	7	47	117	66	31	4	195	9	9
Stores	324	331	337	345	355	357	362	372	386	394	400	409	417

\*LTL growth is for Jun'20 only

Source: Company, MOFSL

**Exhibit 7: Sales in the Watches segment grew 20.5% YoY**

Watches	3QFY22			2QFY23			3QFY23		
	Sales growth	LTL growth	Stores (x)	Sales growth	LTL growth	Stores (x)	Sales growth	LTL growth	Stores (x)
World of Titan	24	22	520	31	26	577	14	8	601
Helios	43	30	126	46	27	165	32	11	182
Fastrack	9	11	163	26	26	163	19	18	170
LFS - Watches	35	33	NA	63	52	NA	20	25	NA
<b>Sales growth (%)</b>	<b>28.9</b>			<b>20.5</b>			<b>14.2</b>		
<b>Net sales (INR b)</b>	<b>7.1</b>			<b>8.3</b>			<b>8.1</b>		

Source: Company, MOFSL

**Exhibit 8: Titan Eye+: Sales grew 14% YoY, with a flat YoY growth in LTL retail sales**

Titan Eye+	3QFY20	4QFY20	1QFY21*	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Stores	578	584	569	557	571	599	605	629	682	733	786	822	858
Sales growth (%)	11	(8)	(46)	(35)	(3)	28	74	69	19	(4)	180	12	14
LTL growth (%)	3	(16)	(44)	(34)	(3)	27	47	59	10	(13)	185	1	1

\*Sales and LTL growth are for Jun'20 only

Source: Company, MOFSL



## Key highlights from the management interaction

### Performance and outlook

- Jan'23 is witnessing robust jewelry demand despite high gold prices since Dec'22. Even adjusted for Omicron in the base, the three-year CAGR in Jan'23 is even better than 3QFY23 three-year CAGR. The management is hoping that it will fare further better in the next couple of months.
- Management believes that the customers waited for some time in Dec'22 before realizing that gold price increase is a trend and thus have jumped in to buy.
- Watches and Eyewear segments are doing well YoY as well as on the three-year CAGR basis in Jan'23.
- Studded Gold is doing well in Jan'23 after a relative impact in a couple of months of 3QFY23.
- New buyer contribution remained at ~48-49% range in jewelry.
- According to the management, there are two reasons why TTAN is not witnessing the impact of recent slowdown in urban discretionary consumption. This makes them confident of growth in 4QFY23 and FY24 as well:
  - Consumer segments from which TTAN's demand emanates are not hit by the travails of inflation, and
  - Relationships that TTAN has built across all its businesses.

### Margins

- For the Watches segment, the margin outlook is likely to be around 13% going forward.
- Jewelry business' margin target continues to be ~12-13% along with achieving industry leading growth.

### Additional segment details

- Wedding demand contributed ~19% of jewelry sales in 3QFY23 v/s 20% in 3QFY22.
- The company now has six stores in the UAE and all of them are doing well. Recently it has opened a store in the US as well. The company is targeting ~20 stores internationally in the next 12-18 months.

### Other points

- On Lab-based diamond incentives announced in the budget, management indicated that it had invested in an American company a few months ago to understand the market and is still in the understanding process. Thus the company is in no hurry to share plans on growth.
- Golden Harvest and Gold exchange schemes are doing very well and are back to the pre-Covid levels.
- Gold exchange has gone up to 30% in 3QFY23. Titan was aggressive on encouraging gold exchange in 3QFY23 and this process is continuing in 4QFY23 as well.

## Valuation and view

### Strong growth over the last 10 years

- TTAN has delivered strong growth in the Jewelry business, aided by its: a) store expansion efforts, b) focus on erstwhile weak cities, c) increased focus on wedding jewelry, d) greater focus on studded jewelry, e) attractive schemes such as Golden Harvest, and f) intensified focus on gold exchange. Considering the regulatory tailwinds in favor of organized players (such as TTAN) like GST implementation and mandatory quoting of one's PAN details for purchases over INR200k (from INR500k earlier), TTAN has done well in the past 10 years.
- In the decade ending FY22, it clocked a net sales/EBITDA/PAT CAGR of ~13%/~15%/~14%, respectively. These easily place TTAN as among the best performers over this period.

### Our view on the stock

- Changes to our model have resulted in a ~5% reduction in FY23E EPS but there are no material changes to our FY24 and FY25 forecasts.
- The company has been able to surmount two of the challenges that we highlighted in [our detailed note](#) in Oct'22, viz., a) exceptionally high wedding jewellery sales in 3QFY21 and 3QFY22 and b) any potential near-term impact of gold price hike. In the note, we also highlighted how TTAN has outperformed discretionary peers across time periods.
- As highlighted in [our detailed management meet note](#) in Dec'22, the outlook remains robust. TTAN has a strong runway for growth, given its market share of sub-10% in Jewelry and continued struggles faced by its unorganized and organized peers. Its medium-to-long-term earnings growth visibility is nonpareil. **Maintain BUY with a TP of INR3,070 (premised on 55x FY25E EPS).**

#### Exhibit 9: We revise our FY23/FY24/FY25 EPS estimates by -5.5%/+0.8%/+4.0%, respectively

(INR b)	New			Old			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
<b>Sales</b>	389.4	464.4	553.7	389.4	461.0	549.6	0.0	0.8	0.8
<b>EBITDA</b>	48.3	59.1	72.1	51.2	60.4	71.5	-5.5	-2.0	0.9
<b>PAT</b>	32.7	39.8	49.7	34.6	39.5	47.8	-5.5	0.8	4.0

Source: MOFSL

## Financials and valuations

Income Statement								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	2025E
<b>Net Sales</b>	<b>161.2</b>	<b>197.8</b>	<b>210.5</b>	<b>216.4</b>	<b>288.0</b>	<b>389.4</b>	<b>464.4</b>	<b>553.7</b>
Change (%)	21.6	22.7	6.4	2.8	33.1	35.2	19.3	19.2
<b>Gross Profit</b>	<b>44.3</b>	<b>53.8</b>	<b>59.0</b>	<b>52.3</b>	<b>71.6</b>	<b>99.0</b>	<b>123.1</b>	<b>149.5</b>
Margin (%)	27.5	27.2	28.0	24.2	24.9	25.4	26.5	27.0
Other expenditure	27.9	33.9	34.0	35.1	37.4	50.7	64.0	77.4
<b>EBITDA</b>	<b>16.4</b>	<b>19.9</b>	<b>24.9</b>	<b>17.2</b>	<b>34.2</b>	<b>48.3</b>	<b>59.1</b>	<b>72.1</b>
Change (%)	42.3	21.1	25.1	-30.8	98.5	41.2	22.3	22.0
Margin (%)	10.2	10.1	11.8	8.0	11.9	12.4	12.7	13.0
Depreciation	1.3	1.6	3.5	3.8	4.0	4.5	5.2	5.9
Int. and Fin. Charges	0.5	0.5	1.7	2.0	2.2	2.9	3.2	3.0
Other Income - Recurring	0.9	1.8	1.5	1.9	2.3	2.7	2.5	3.2
<b>Profit before Taxes</b>	<b>15.5</b>	<b>19.6</b>	<b>21.3</b>	<b>13.3</b>	<b>30.4</b>	<b>43.7</b>	<b>53.1</b>	<b>66.4</b>
Change (%)	43.7	26.5	8.8	-37.5	128.2	43.9	21.5	25.0
Margin (%)	9.6	9.9	10.1	6.2	10.6	11.2	11.4	12.0
Tax	4.5	6.1	5.8	3.6	7.9	11.0	13.4	16.7
Deferred Tax	0.2	0.5	-0.4	0.1	0.8	0.0	0.0	0.0
Tax Rate (%)	27.6	29.0	28.9	26.5	23.2	25.2	25.2	25.2
<b>Profit after Taxes</b>	<b>11.2</b>	<b>13.9</b>	<b>15.2</b>	<b>9.8</b>	<b>23.3</b>	<b>32.7</b>	<b>39.8</b>	<b>49.7</b>
Change (%)	39.9	24.0	8.9	-35.4	138.4	40.2	21.5	25.0
Margin (%)	7.0	7.0	7.2	4.5	8.1	8.4	8.6	9.0
Extraordinary income	-167	0	-185	0	-1,360	0	0	0
<b>Reported PAT</b>	<b>11.0</b>	<b>13.9</b>	<b>14.9</b>	<b>9.7</b>	<b>22.0</b>	<b>32.7</b>	<b>39.8</b>	<b>49.7</b>

Balance Sheet								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	2025E
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	50.0	60.0	65.8	74.1	92.4	115.6	144.3	176.6
<b>Net Worth</b>	<b>50.9</b>	<b>60.8</b>	<b>66.7</b>	<b>75.0</b>	<b>93.3</b>	<b>116.5</b>	<b>145.2</b>	<b>177.4</b>
Loans	0.8	0.3	7.2	1.7	5.2	0.5	0.3	0.3
Lease liabilities	0.0	0.0	12.4	12.6	13.6	15.6	17.6	17.6
Deferred Tax	-0.3	-0.7	-1.5	-1.0	-1.8	-1.8	-1.8	-1.8
<b>Capital Employed</b>	<b>51.3</b>	<b>60.5</b>	<b>84.9</b>	<b>88.3</b>	<b>110.3</b>	<b>130.8</b>	<b>161.2</b>	<b>193.5</b>
Gross Block	13.4	15.4	17.7	18.2	22.0	25.9	30.0	32.3
Less: Accum. Deprn.	2.1	3.3	4.6	5.8	9.8	14.3	19.5	25.4
<b>Net Fixed Assets</b>	<b>11.2</b>	<b>12.1</b>	<b>13.1</b>	<b>12.4</b>	<b>12.2</b>	<b>11.6</b>	<b>10.5</b>	<b>6.9</b>
Intangibles	3.5	3.6	4.0	3.8	3.7	3.7	3.7	3.7
Capital WIP	0.4	0.3	0.1	0.2	0.7	0.7	0.7	0.7
Right of use asset	0.0	0.0	9.3	9.2	9.7	9.7	9.7	9.7
Investments	0.0	0.7	1.1	28.1	2.8	0.6	0.6	5.0
<b>Curr. Assets, L&amp;A</b>	<b>79.7</b>	<b>99.7</b>	<b>106.3</b>	<b>109.9</b>	<b>181.0</b>	<b>203.2</b>	<b>252.0</b>	<b>304.4</b>
Inventory	59.2	70.4	81.0	84.1	136.1	162.9	189.0	213.5
Account Receivables	3.0	4.2	3.1	3.7	5.7	8.0	9.5	10.8
Cash and Bank Balance	6.5	11.1	4.3	5.8	15.9	4.2	17.0	38.1
Others	11.0	14.1	17.9	16.3	23.4	28.0	36.5	41.9
<b>Curr. Liab. and Prov.</b>	<b>43.5</b>	<b>55.9</b>	<b>49.0</b>	<b>75.2</b>	<b>99.8</b>	<b>98.6</b>	<b>116.0</b>	<b>136.9</b>
Current Liabilities	41.9	53.9	46.1	73.4	97.4	96.0	113.2	133.7
Provisions	1.6	2.1	2.9	1.9	2.4	2.6	2.9	3.2
<b>Net Current Assets</b>	<b>36.2</b>	<b>43.8</b>	<b>57.2</b>	<b>34.7</b>	<b>81.2</b>	<b>104.5</b>	<b>136.0</b>	<b>167.5</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>51.3</b>	<b>60.5</b>	<b>84.9</b>	<b>88.3</b>	<b>110.3</b>	<b>130.8</b>	<b>161.2</b>	<b>193.5</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	2025E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>12.6</b>	<b>15.7</b>	<b>17.1</b>	<b>11.0</b>	<b>26.2</b>	<b>36.8</b>	<b>44.7</b>	<b>55.8</b>
Cash EPS	14.0	17.3	18.9	12.9	30.8	41.9	50.7	62.6
BV/Share	57.3	68.5	75.2	84.5	105.1	131.3	163.5	199.9
DPS	4.6	6.0	4.1	4.0	7.5	7.4	12.5	19.5
Payout %	36.4	38.5	23.8	36.5	28.6	20.0	28.0	35.0
<b>Valuation (x)</b>								
P/E	182.5	147.1	135.1	209.0	87.9	62.7	51.6	41.3
Cash P/E	164.5	133.0	122.2	178.7	74.9	55.0	45.5	36.8
EV/Sales	12.7	10.3	9.7	9.3	7.1	5.2	4.4	3.6
EV/EBITDA	124.1	102.2	82.2	116.8	59.4	42.2	34.3	27.8
P/BV	40.2	33.6	30.7	27.3	21.9	17.6	14.1	11.5
Dividend Yield (%)	0.2	0.3	0.2	0.2	0.3	0.3	0.5	0.8
<b>Return Ratios (%)</b>								
RoE	24.0	24.9	23.8	13.8	27.7	31.2	30.4	30.8
RoCE	24.7	25.5	22.5	13.0	25.2	28.9	28.9	29.3
RoIC	29.8	28.0	23.9	14.8	32.0	30.3	30.1	33.9
<b>Working Capital Ratios</b>								
Debtor (Days)	7	8	5	6	7	8	8	7
Asset Turnover (x)	3.1	3.3	2.5	2.5	2.6	3.0	2.9	2.9
<b>Leverage Ratio</b>								
Debt/Equity (x)	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0

### Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	2025E
<b>(INR b)</b>								
OP/(loss) before Tax	15.3	19.6	21.0	13.3	29.0	43.7	53.1	66.4
Int./Div. Received	-0.1	1.1	-0.2	-0.6	-1.3	-2.7	-2.5	-3.2
Deferred Revenue Exp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation & Amort.	1.3	1.6	3.5	3.8	4.0	4.5	5.2	5.9
Interest Paid	-0.1	-0.5	0.7	1.4	1.2	2.9	3.2	3.0
Direct Taxes Paid	4.6	6.4	5.6	2.7	8.0	11.0	13.4	16.7
Incr in WC	12.4	3.0	22.7	-26.2	32.2	35.0	18.6	10.4
<b>CF from Operations</b>	<b>-0.5</b>	<b>12.4</b>	<b>-3.3</b>	<b>41.4</b>	<b>-7.2</b>	<b>2.3</b>	<b>27.1</b>	<b>45.0</b>
Incr in FA	3.0	2.6	3.5	1.4	2.2	3.9	4.1	2.3
<b>Free Cash Flow</b>	<b>-3.5</b>	<b>9.8</b>	<b>-6.9</b>	<b>40.0</b>	<b>-10.8</b>	<b>-1.6</b>	<b>23.0</b>	<b>42.7</b>
Investments	-4.1	0.2	-3.2	27.3	-16.4	-2.2	0.1	4.4
Others	-0.3	0.2	0.6	-1.0	-8.5	-0.6	0.7	4.1
<b>CF from Invest.</b>	<b>1.4</b>	<b>-3.0</b>	<b>-1.1</b>	<b>-27.7</b>	<b>21.4</b>	<b>-1.1</b>	<b>-4.9</b>	<b>-10.7</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	0.0	6.9	-5.6	3.4	-4.7	-0.3	0.0
Dividend Paid	2.8	4.0	5.4	3.6	3.6	6.7	5.9	10.1
Others	-0.2	0.9	4.0	3.2	3.9	2.9	3.2	3.0
<b>CF from Fin. Activity</b>	<b>-2.5</b>	<b>-4.9</b>	<b>-2.4</b>	<b>-12.3</b>	<b>-4.0</b>	<b>-14.2</b>	<b>-9.4</b>	<b>-13.1</b>
<b>Incr/Decr of Cash</b>	<b>-1.6</b>	<b>4.5</b>	<b>-6.8</b>	<b>1.4</b>	<b>10.1</b>	<b>-13.0</b>	<b>12.8</b>	<b>21.1</b>
Add: Opening Balance	8.2	6.5	11.1	4.4	5.8	17.2	4.2	17.0
<b>Closing Balance</b>	<b>6.5</b>	<b>11.1</b>	<b>4.3</b>	<b>5.8</b>	<b>15.9</b>	<b>4.2</b>	<b>17.0</b>	<b>38.1</b>

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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