

## Estimate changes



## TP change



## Rating change



	TTAN IN
Bloomberg	
Equity Shares (m)	888
M.Cap.(INRb)/(USDb)	2356.5 / 28.8
52-Week Range (INR)	2790 / 1827
1, 6, 12 Rel. Per (%)	1/-4/5
12M Avg Val (INR M)	3065

## Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	405.8	481.9	574.1
Sales Gr. (%)	40.9	18.8	19.1
EBITDA	48.8	60.4	73.5
EBITDA Margin (%)	12.0	12.5	12.8
Adj. PAT	32.7	40.5	49.9
Adj. EPS (INR)	36.8	45.6	56.1
EPS Gr. (%)	40.2	23.9	23.1
BV/Sh.(INR)	134.1	164.8	201.4

## Ratios

RoE (%)	30.8	30.6	30.7
RoCE (%)	26.0	25.9	27.8
Payout (%)	27.2	28.0	35.0

## Valuation

P/E (x)	72.2	58.3	47.3
P/BV (x)	19.8	16.1	13.2
EV/EBITDA (x)	48.0	38.6	31.4
Div. Yield (%)	0.4	0.5	0.7

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	52.9	52.9	52.9
DII	11.4	11.3	10.4
FII	17.5	17.5	18.4
Others	18.2	18.3	18.3

FII Includes depository receipts

**CMP: INR2,654 TP: INR3,080 (+16%)**

**Buy**

## Healthy sales; improving demand momentum

- Titan Company (TTAN)'s 4QFY23 revenue was ~19% ahead of our expectation; however, due to lower-than-expected margin, EBITDA and adj. PAT came in line with estimates. Margins were adversely affected by the impact from some actuarial calculations and one-time clean-up of old inventory in the eyewear business (majorly old lenses).
- Three/four year Jewelry sales CAGR was robust at ~33%/22% in 4QFY23. The management indicated that demand was adversely impacted in the later part of March and the first half of April; however, with the onset of the festive season (Akshay Tritiya) and promotional offers, demand momentum revived. The company had one of the best Akshay Tritiya sales this year.
- TTAN boasts of an outstanding track record that surpasses its peers, with superior short-term growth prospects, and exceptional long-term growth potential, all of which justify its high valuations. We reiterate our **BUY rating with a TP of INR3,080 (premised on 55x FY25E EPS)**.

## Sales beat; margins weaker than expectation

- TTAN's consolidated revenue grew 32.9% YoY to INR103.6b (est. INR87.3b).
- EBITDA grew 24.3% YoY to INR10.9b (est. INR10.6b) in 4QFY23.
- PBT grew 25.2% YoY to INR9.9b (est. INR9.3b) in 4QFY23.
- Recurring PAT came in at INR7.4b (est. INR7.5b) in 4QFY23, up 11% YoY.
- Consolidated gross margin contracted 100bp YoY and expanded 40bp QoQ to 24.3% (est. 24.6%).
- As a percentage of sales, higher staff costs (up 40bp YoY), stable advertisement costs (down 10bp YoY), and lower other expenses (down 60bp YoY) led to 70bp contraction in EBITDA margin to 10.5% (est. 12.2%).
- FY23 sales/EBITDA/Adj. PAT grew 40.9%/42.5%/40.2% YoY to INR405.8b/INR48.8b/INR32.7b.
- **Adjusted segmental performance:** Jewelry sales grew 33.3% YoY to INR91.2b. Segment margin declined 60bp YoY/90bp QoQ to 11%. Sales of watches grew 41.3% YoY to INR8.8b, with an EBIT margin of 12% in 4QFY23.

## Highlights from the management commentary

- Rise in gold price impact – Demand weakened in March and carried over to the first half of April. However, with the onset of the festive period (Akshay Tritiya) and promotional offers, demand picked up momentum once again. Anticipating a positive outlook for May and June, given the upcoming wedding season with a higher number of wedding dates.
- The watches segment's margin was affected by some impact from actuarial calculations. Target margins going ahead are ~12-13%.
- International business is performing well. Currently, there are six stores in the UAE and one in the US. The company plans to expand to 25 stores in FY24 with many stores in the GCC region.

**Valuation and view**

- 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 and b) 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 ample opportunities for growth, given its market share of sub-10% in Jewelry and the ongoing challenges faced by its unorganized and organized peers. Its medium-to-long-term earnings growth potential is unparalleled. We reiterate our **BUY rating on the stock with a TP of INR3,080 (premised on 55x FY25E EPS)**.

**Consolidated Quarterly Performance**

Y/E March	(INR b)											
	FY22				FY23				FY22	FY23	FY23	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			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>103.6</b>	<b>288.0</b>	<b>405.8</b>	<b>87.3</b>	18.7
YoY change (%)	75.5	64.6	31.7	4.0	171.9	22.3	15.7	32.9	33.1	40.9	12.0	
<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>25.1</b>	<b>71.6</b>	<b>102.2</b>	<b>21.5</b>	
Margin (%)	22.4	25.0	25.3	25.3	25.5	27.6	23.9	24.3	24.9	25.2	24.6	
<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>10.9</b>	<b>34.2</b>	<b>48.8</b>	<b>10.6</b>	2.5
EBITDA growth %	L/P	209.3	70.0	7.2	773.0	28.8	-6.6	24.3	98.5	42.5	21.2	
Margin (%)	3.9	12.9	14.4	11.2	12.7	13.6	11.6	10.5	11.9	12.0	12.2	
Depreciation	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.2	4.0	4.4	1.3	
Interest	0.5	0.5	0.6	0.6	0.7	0.6	0.8	1.0	2.2	3.0	0.8	
Other Income	0.5	0.6	0.6	0.8	0.4	0.6	0.9	1.1	2.3	3.1	0.8	
<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>9.9</b>	<b>30.4</b>	<b>44.5</b>	<b>9.3</b>	5.9
Tax	0.2	2.3	3.3	1.3	2.8	3.1	3.3	2.5	7.1	11.7	1.9	
Rate (%)	53.8	26.2	24.7	16.0	26.3	26.9	26.7	25.5	23.2	26.4	19.9	
<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>7.4</b>	<b>23.3</b>	<b>32.7</b>	<b>7.5</b>	-1.5
YoY change (%)	L/P	268.4	90.9	16.7	#	30.3	-9.9	11.0	138.4	40.2	12.7	

E: MOFSL Estimates

**Key Performance Indicators**

Y/E March	FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>2Y CAGR (%)</b>								
Sales	-17.9	26.8	24.0	28.6	118.4	41.9	23.4	17.6
EBITDA	-51.1	36.1	35.6	19.6	LP	99.6	26.0	15.5
PAT	-77.8	42.8	43.3	39.0	LP	119.1	31.2	13.8
<b>% of Sales</b>								
COGS	77.6	75.0	74.7	74.7	74.5	72.4	76.1	75.7
Operating Expenses	18.5	12.1	10.9	14.0	12.8	14.0	12.2	13.7
Depreciation	2.7	1.4	1.0	1.3	1.1	1.2	1.0	1.1
<b>YoY change (%)</b>								
COGS	74.4	79.4	27.1	-0.2	161.2	18.0	17.9	34.7
Operating Expenses	-6.7	-18.1	25.6	30.1	88.6	41.8	30.0	30.3
Other Income	12.2	14.6	42.5	33.3	-4.3	10.9	56.1	50.0
EBIT	-112.1	294.5	78.7	6.9	2,502.4	32.1	-8.2	25.3

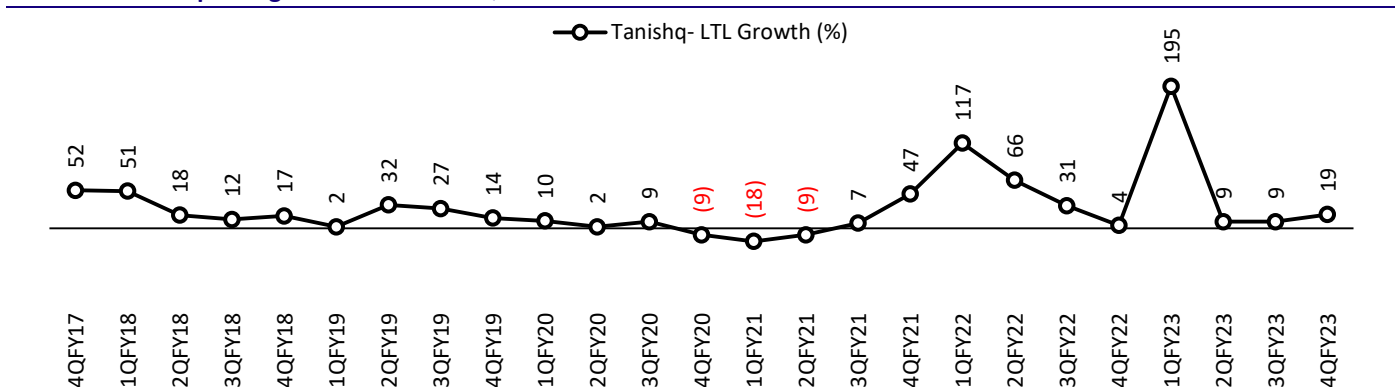
## Key exhibits

**Exhibit 1: Consolidated segmental snapshot**

INR m	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
<b>Total Sales</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>	<b>1,04,740</b>
Watches	5,590	2,930	6,890	7,100	6,250	7,860	8,300	8,110	8,830
YoY Growth	0.1%	285.5%	71.8%	28.9%	11.8%	168.3%	20.5%	14.2%	41.3%
Jewellery	66,780	30,500	65,710	90,590	68,430	83,510	79,970	1,04,460	91,200
YoY Growth	71.3%	67.2%	65.0%	32.5%	2.5%	173.8%	21.7%	15.3%	33.3%
Eyewear	1,270	670	1,600	1,560	1,340	1,830	1,670	1,740	1,650
YoY Growth	17.9%	123.3%	70.2%	25.8%	5.5%	173.1%	4.4%	11.5%	23.1%
Others	1,870	1,090	1,280	1,690	2,700	1,670	2,300	2,670	3,060
YoY Growth	-0.5%	21.1%	4.1%	14.2%	44.4%	53.2%	79.7%	58.0%	13.3%
<b>Total EBIT</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>	<b>10,840</b>
Watches	380	-610	900	800	100	980	1,220	820	1,060
YoY Growth	-30.0%	N/M	N/M	433.3%	-73.7%	-260.7%	35.6%	2.5%	960.0%
EBIT Margin	6.8%	-20.8%	13.1%	11.3%	1.6%	12.5%	14.7%	10.1%	12.0%
Jewellery	7,170	1,980	8,030	12,880	7,955	10,520	10,880	12,430	10,040
YoY Growth	35.3%	L/P	180.8%	68.1%	10.9%	431.3%	35.5%	-3.5%	26.2%
EBIT Margin	10.7%	6.5%	12.2%	14.2%	11.6%	12.6%	13.6%	11.9%	11.0%
Eyewear	230	-130	370	340	15	360	280	320	20
YoY Growth	1170.7%	N/M	311.1%	54.5%	-93.5%	-376.9%	-24.3%	-5.9%	33.3%
EBIT Margin	18.1%	-19.4%	23.1%	21.8%	1.1%	19.7%	16.8%	18.4%	1.2%
Others	30	(360)	(110)	(10)	(110)	(490)	(360)	(330)	(280)

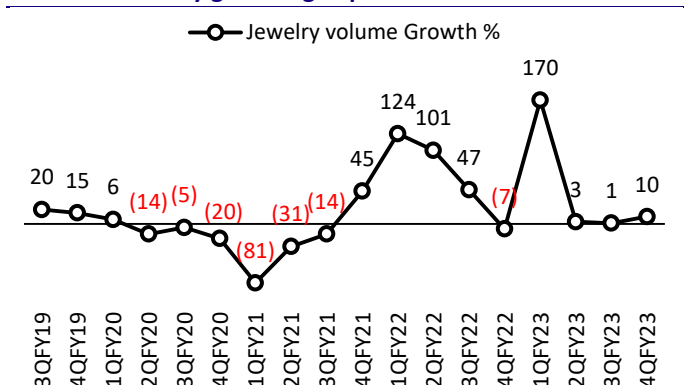
Source: Company, MOFSL

**Exhibit 2: Tanishq's LTL growth at 19% in 4QFY23**



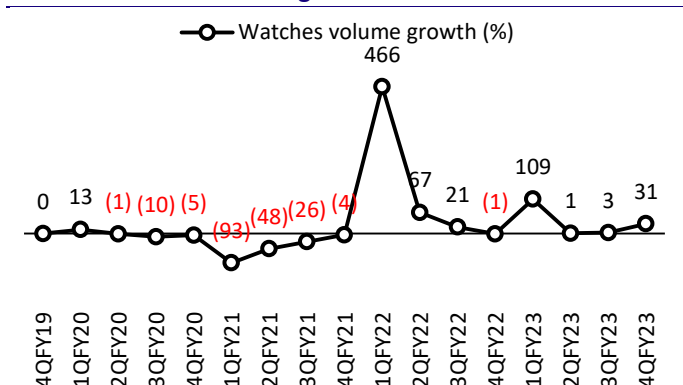
Source: Company, MOFSL

**Exhibit 3: Jewelry grammage up 10% YoY**

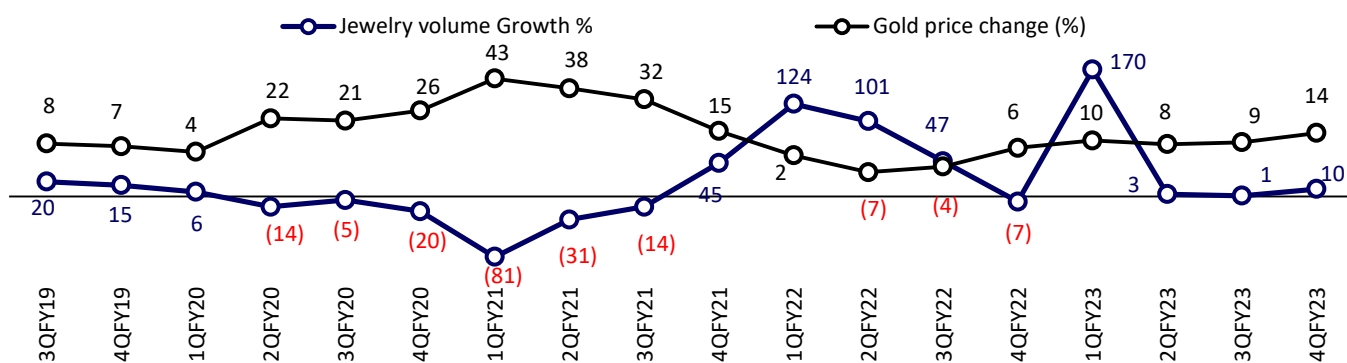


Source: Company, MOFSL

**Exhibit 4: Watch volumes grew 31% 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**

Jewellery	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
Volume Gr (%)	(20)	(81)	(31)	(14)	45	124	101	47	(7)	170	3	1	10
Studded Share (%)	37	18	26	26	30	22	30	26	32	26	25	26	33
Sales Gr (%)	(5)	(56)	9	22	71	67	65	33	2	174	22	15	33
LTL Growth %	(9)	(18)*	(9)	7	47	117	66	31	4	195	9	9	19
Stores	331	337	345	355	357	362	372	386	394	400	409	417	430

\*LTL growth is for Jun'20 only

Source: Company, MOFSL

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

Watches	4QFY22			3QFY23			4QFY23		
	Sales growth	LTL growth	Stores (x)	Sales growth	LTL growth	Stores (x)	Sales growth	LTL growth	Stores (x)
World of Titan	15	13	544	14	8	601	18	11	622
Helios	35	14	136	32	11	182	45	21	198
Fastrack	(9)	(5)	163	19	18	170	11	8	185
LFS - Watches	8	3	NA	20	25	NA	42	37	NA
<b>Sales growth (%)</b>		<b>11.8</b>			<b>14.2</b>			<b>41.3</b>	
<b>Net sales (INR b)</b>		<b>6.3</b>			<b>8.1</b>			<b>8.8</b>	

Source: Company, MOFSL

**Exhibit 8: Titan Eye+: Sales grew 22% YoY, with a 10% YoY growth in LTL retail sales**

Titan Eye+	4QFY20	1QFY21*	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
Stores	584	569	557	571	599	605	629	682	733	786	822	858	896
Sales growth (%)	(8)	(46)	(35)	(3)	28	74	69	19	(4)	180	12	14	22
LTL growth (%)	(16)	(44)	(34)	(3)	27	47	59	10	(13)	185	1	1	10

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

Source: Company, MOFSL



## Key highlights from the management interaction

### Performance and outlook

- Rise in gold price impact – Demand weakened in March and carried over to the first half of April. However, with the onset of the festive period (Akshay Tritiya) and promotional offers, demand picked up momentum once again. Anticipating a positive outlook for May and June, given the upcoming wedding season with a higher number of wedding dates.
- Volatility in demand linked to gold prices continues.
- There has been a revision in franchisee terms. The old structure was 15 years old and there were several developments in the past 15 years. It will have minimal impact on the profitability of TTAN.

- One nation one gold price – the company has opted not to adopt a uniform gold pricing strategy across the nation, as there is significant variation in gold rates across different regions. Instead it is focused on remaining competitive on a region-by-region basis.
- Dividend payout for the year stood at ~26-27%, falling within the company's dividend distribution policy of 25%-40%.
- New customers are majorly gold buyers and in the price band of sub INR50,000.
- Robust revenue in watches is on the back of strong investments in the category.

#### **Margins**

- The jewelry segment's margin benefited from the low-cost diamond inventory for the current year, which may not be available next year.
- The watches segment's margin was affected by some impact from actuarial calculations. Target margins going ahead are ~12-13%.
- Margins in the wearables business is slightly lower than the watches segment; however, it is more than its competitors.

#### **Additional segment details**

- Targeting double-digit same store sales growth in the jewelry segment.
- International business is performing well. Currently, the company has six stores in the UAE and one in the US. It plans to expand to 25 stores in FY24 with many stores in the GCC region.
- Titan eye+ in Dubai is seeing around 20-25% non-Indian customers.
- Mia – It has done exceptionally well in FY23. Revenue was up 3x in FY23. It did business of ~INR7.4b in consumer price terms and is targeting INR13b-13.5b in FY24. 40% of the business is from standalone stores and the remaining is from Tanishq. The management targets to double the number of stores by FY24. Most of the stores are in top 30-40 towns only.
- Studded jewelry – The sales ratio of studded jewelry has almost returned to pre-pandemic levels. Studded inventory turns are lower than gold.

#### **Other points**

- There is opportunity for 100 new Tanishq stores in the next two years. However, the company would be adding 30-40 new stores per year for the next two years and would be expanding a few retail stores.
- TTAN targets to open around 100 stores in the next 8-9 months in the eyewear business.
- Inventory during the wedding period is higher in the stores.
- Wedding business contributed 19% to the jewelry business in FY23 (a slight decline from FY21 levels of 20%).
- The company recorded encouraging enrolments in the golden harvest scheme, growing in double digits.

## 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%. These easily place TTAN among the best performers over this period.

### Our view on the stock

- 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 and b) 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 boasts of an outstanding track record that surpasses its peers, with superior short-term growth prospects, and exceptional long-term growth potential, all of which justify its high valuations. We reiterate our **BUY rating with a TP of INR3,080 (premised on 55x FY25E EPS)**.

#### Exhibit 9: No material changes to our forecasts

(INR b)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	481.9	574.1	464.4	553.7	3.8	3.7
EBITDA	60.4	73.5	59.1	72.1	2.2	1.8
PAT	40.5	49.9	39.8	49.7	2.0	0.4

Source: MOFSL

## Financials and valuations

Income Statement								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	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>405.8</b>	<b>481.9</b>	<b>574.1</b>
Change (%)	21.6	22.7	6.4	2.8	33.1	40.9	18.8	19.1
<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>102.2</b>	<b>124.9</b>	<b>154.3</b>
Margin (%)	27.5	27.2	28.0	24.2	24.9	25.2	25.9	26.9
Other expenditure	27.9	33.9	34.0	35.1	37.4	53.4	64.4	80.8
<b>EBITDA</b>	<b>16.4</b>	<b>19.9</b>	<b>24.9</b>	<b>17.2</b>	<b>34.2</b>	<b>48.8</b>	<b>60.4</b>	<b>73.5</b>
Change (%)	42.3	21.1	25.1	-30.8	98.5	42.5	23.9	21.6
Margin (%)	10.2	10.1	11.8	8.0	11.9	12.0	12.5	12.8
Depreciation	1.3	1.6	3.5	3.8	4.0	4.4	4.6	5.3
Int. and Fin. Charges	0.5	0.5	1.7	2.0	2.2	3.0	3.6	4.0
Other Income - Recurring	0.9	1.8	1.5	1.9	2.3	3.1	2.9	3.6
<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>44.5</b>	<b>55.1</b>	<b>67.8</b>
Change (%)	43.7	26.5	8.8	-37.5	128.2	46.3	23.9	23.1
Margin (%)	9.6	9.9	10.1	6.2	10.6	11.0	11.4	11.8
Tax	4.5	6.1	5.8	3.6	7.9	11.5	14.5	17.9
Deferred Tax	0.2	0.5	-0.4	0.1	0.8	-0.2	0.0	0.0
Tax Rate (%)	27.6	29.0	28.9	26.5	23.2	26.4	26.4	26.4
<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>40.5</b>	<b>49.9</b>
Change (%)	39.9	24.0	8.9	-35.4	138.4	40.2	23.9	23.1
Margin (%)	7.0	7.0	7.2	4.5	8.1	8.1	8.4	8.7
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>40.5</b>	<b>49.9</b>

Balance Sheet								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	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	118.2	145.5	177.9
<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>119.0</b>	<b>146.3</b>	<b>178.8</b>
Loans	0.8	0.3	7.2	1.7	5.2	22.0	10.0	7.0
Lease liabilities	0.0	0.0	12.4	12.6	13.6	18.7	20.7	20.7
Deferred Tax	-0.3	-0.7	-1.5	-1.0	-1.8	-1.6	-1.6	-1.6
<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>158.2</b>	<b>175.5</b>	<b>205.0</b>
Gross Block	13.4	15.4	17.7	18.2	19.3	22.7	26.8	29.1
Less: Accum. Deprn.	2.1	3.3	4.6	5.8	7.1	9.3	13.9	19.3
<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>13.4</b>	<b>12.9</b>	<b>9.9</b>
Intangibles	3.5	3.6	4.0	3.8	3.7	3.8	3.8	3.8
Capital WIP	0.4	0.3	0.1	0.2	0.7	1.3	1.3	1.3
Right of use asset	0.0	0.0	9.3	9.2	9.7	12.9	12.9	12.9
Investments	0.4	1.1	1.6	28.2	2.9	25.2	25.7	26.6
<b>Curr. Assets, L&amp;A</b>	<b>79.3</b>	<b>99.3</b>	<b>105.8</b>	<b>109.7</b>	<b>180.8</b>	<b>212.1</b>	<b>243.8</b>	<b>307.2</b>
Inventory	59.2	70.4	81.0	84.1	136.1	165.8	192.5	228.3
Account Receivables	3.0	4.2	3.1	3.7	5.7	6.7	9.9	12.5
Cash and Bank Balance	6.2	10.7	3.8	5.6	15.7	13.4	7.5	27.5
Others	11.0	14.1	17.9	16.3	23.4	26.1	33.9	39.0
<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>110.5</b>	<b>124.9</b>	<b>156.7</b>
Current Liabilities	41.9	53.9	46.1	73.4	97.4	106.8	122.0	153.6
Provisions	1.6	2.1	2.9	1.9	2.4	3.7	2.9	3.2
<b>Net Current Assets</b>	<b>35.8</b>	<b>43.4</b>	<b>56.8</b>	<b>34.5</b>	<b>81.1</b>	<b>101.6</b>	<b>119.0</b>	<b>150.5</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>158.2</b>	<b>175.5</b>	<b>205.0</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	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>45.6</b>	<b>56.1</b>
Cash EPS	14.0	17.3	18.9	12.9	28.3	39.3	50.9	62.2
BV/Share	57.3	68.5	75.2	84.5	105.1	134.1	164.8	201.4
DPS	4.6	6.0	4.1	4.0	7.5	10.0	12.8	19.6
Payout %	36.4	38.5	23.8	36.5	28.6	27.2	28.0	35.0
<b>Valuation (x)</b>								
P/E	210.2	169.4	155.5	240.7	101.2	72.2	58.3	47.3
Cash P/E	189.4	153.1	140.7	205.8	93.8	67.5	52.2	42.7
EV/Sales	14.6	11.9	11.2	10.7	8.1	5.8	4.8	4.0
EV/EBITDA	142.9	117.8	94.6	134.8	68.4	48.0	38.6	31.4
P/BV	46.3	38.7	35.3	31.4	25.2	19.8	16.1	13.2
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.3	0.4	0.5	0.7
<b>Return Ratios (%)</b>								
RoE	24.0	24.9	23.8	13.8	27.7	30.8	30.6	30.7
RoCE	24.7	25.5	22.5	13.0	25.2	26.0	25.9	27.8
RoIC	29.8	28.0	23.9	14.8	32.0	31.2	31.7	34.5
<b>Working Capital Ratios</b>								
Debtor (Days)	7	8	5	6	7	6	8	8
Asset Turnover (x)	3.1	3.3	2.5	2.5	2.6	2.6	2.7	2.8
<b>Leverage Ratio</b>								
Debt/Equity (x)	0.0	0.0	0.1	0.0	0.1	0.2	0.1	0.0

### Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	2025E
<b>(INR b)</b>								
OP/(loss) before Tax	15.3	19.6	21.0	13.3	29.0	44.5	55.1	67.8
Int./Div. Received	-0.1	1.1	-0.4	-0.6	-1.3	-1.1	-2.9	-3.6
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	4.4	4.6	5.3
Interest Paid	-0.1	-0.5	0.7	1.4	1.2	1.6	3.6	4.0
Direct Taxes Paid	4.6	6.4	5.6	2.7	8.0	11.5	14.5	17.9
Incr in WC	12.4	3.0	22.7	-26.2	32.2	24.1	25.2	11.5
<b>CF from Operations</b>	<b>-0.5</b>	<b>12.4</b>	<b>-3.5</b>	<b>41.4</b>	<b>-7.2</b>	<b>13.7</b>	<b>20.7</b>	<b>44.1</b>
Incr in FA	3.0	2.6	3.5	1.4	2.2	4.2	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>-9.4</b>	<b>9.5</b>	<b>16.6</b>	<b>41.8</b>
Investments	-4.1	0.2	-3.2	27.3	-16.4	18.6	0.5	1.0
Others	-0.3	0.2	0.7	-1.4	-7.1	-2.2	-2.9	-3.6
<b>CF from Invest.</b>	<b>1.4</b>	<b>-3.1</b>	<b>-1.0</b>	<b>-27.3</b>	<b>21.4</b>	<b>-20.6</b>	<b>-1.7</b>	<b>0.4</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	16.8	-12.0	-3.0
Dividend Paid	2.8	4.0	5.4	3.6	3.6	6.7	11.4	17.5
Others	-0.2	0.9	4.0	3.2	3.9	5.5	1.6	4.0
<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>4.6</b>	<b>-24.9</b>	<b>-24.5</b>
<b>Incr/Decr of Cash</b>	<b>-1.6</b>	<b>4.5</b>	<b>-6.9</b>	<b>1.8</b>	<b>10.1</b>	<b>-2.3</b>	<b>-5.9</b>	<b>20.0</b>
Add: Opening Balance	7.8	6.2	10.7	3.8	5.6	15.7	13.4	7.5
<b>Closing Balance</b>	<b>6.2</b>	<b>10.7</b>	<b>3.8</b>	<b>5.6</b>	<b>15.7</b>	<b>13.4</b>	<b>7.5</b>	<b>27.5</b>

E: MOFSL Estimates

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Explanation of Investment Rating	
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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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