



# Titan Company

Estimate changes



TP change



Rating change


**CMP: INR2,978      TP: INR3,325 (+12%)**
**Buy**

## Margins below estimate; but outlook buoyant

- Titan Company (TTAN)'s 1QFY24 revenue grew 26% YoY, ahead of our expectation, with double-digit growth across all segments. However, due to lower-than-expected margins, EBITDA and adj. PAT missed our estimates. Margins were adversely affected by seasonality, volatility in gold prices and a one-time diamond price inventory gain in 1QFY23.
- Four-/Five-year Jewelry EBIT CAGR was robust at ~24%/22% in 1QFY24. Management indicated that Jewelry margin guidance of 12-13% in FY24 remains unchanged and 1Q is normally weak on margin front due to more gold contribution.
- TTAN's brand-building initiatives across segments, increasing customer base, store expansions and development in international markets continued to be impressive. We reiterate our **BUY rating with a TP of INR3,325 (premised on 60x FY25E EPS)**.

## Sales beat; margins weaker than expectation

- TTAN's consolidated revenue grew 26% YoY to INR118.9b (est. INR109.5b) in 1QFY24.
- EBITDA declined 5.9% YoY to INR11.3b (est. INR13.6b) in 1QFY24.
- PBT dipped 6.5% YoY to INR10.0b (est. INR12.3b).
- Recurring PAT came in at INR7.6b (est. INR9.1b) in 1QFY24, down 4.3% YoY.
- Consolidated gross margin contracted 330bp YoY and 200bp QoQ to 22.2% (est. 25.6%).
- As a percentage of sales, staff costs (down 30bp YoY), advertisement costs (flat YoY), and higher other expenses (up 30bp YoY) led to 330bp contraction in EBITDA margin to 9.5% (est. 12.4%) during the quarter.
- **Adjusted segmental performance in 1QFY24:** Jewelry sales grew 28.1% YoY to INR106.9b. Segment margin dipped 300bp YoY/150bp QoQ to 9.6%. Sales of watches grew 16.2% YoY to INR9.1b, with an EBIT margin of 11.1%.

## Highlights from the management commentary

- Management focuses on brand building through regional development, high-value studded collections, wedding collections, and a gold exchange program. The company aims to achieve double-digit market share in 3-4 years and is pursuing a regionalization strategy.
- Demand in Jun'23 was healthy vs. previous months due to gold price volatility. The gold exchange program is a robust engine for growth, the cost of which is fully absorbed by the company.
- Margins are weaker in 1Q but would improve in subsequent quarters due to sales pattern. Volume is driven by growth in customers, with a keen eye on new and repeat buyer metrics.
- Management is looking for store expansions in the international market. It plans five stores in the US, and 13 in GCC to take the count to 24-25 stores in FY24.



Bloomberg	TTAN IN
Equity Shares (m)	888
M.Cap.(INRb)/(USD\$b)	2644.2 / 32
52-Week Range (INR)	3211 / 2269
1, 6, 12 Rel. Per (%)	-4/18/12
12M Avg Val (INR M)	2791

### Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	405.8	474.6	560.7
Sales Gr. (%)	40.9	17.0	18.1
EBITDA	48.8	58.0	71.7
EBITDA Margin (%)	12.0	12.2	12.8
Adj. PAT	32.7	39.4	48.9
Adj. EPS (INR)	36.8	44.2	54.9
EPS Gr. (%)	40.2	20.3	24.1
BV/Sh.(INR)	134.1	163.9	199.7

### Ratios

RoE (%)	30.8	29.8	30.3
RoCE (%)	26.0	25.3	27.4
Payout (%)	27.2	28.0	35.0

### Valuation

P/E (x)	81.0	67.3	54.2
P/BV (x)	22.2	18.2	14.9
EV/EBITDA (x)	53.8	45.2	36.2
Div. Yield (%)	0.3	0.4	0.6

### Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	52.9	52.9	52.9
DII	10.7	11.4	11.4
FII	18.5	17.5	16.8
Others	17.9	18.2	18.9

FII Includes depository receipts

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

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**Valuation and view**

- There are no material changes to our FY24 and FY25 forecasts.
- The company's strong financial position and efficient distribution model have allowed it to outperform its competitors in terms of store expansions. It aims to increase jewelry revenue by 2.5x by FY27, implying an impressive CAGR of 20%. With a current market share of ~7% in a sizable INR4t market, there is significant room for growth.
- The gradual recovery in the studded ratio is expected to support improved gross margin in the future. Its positive growth outlook along with favorable industry trends and a strong balance sheet make it a compelling option in the discretionary sector. TTAN has an impressive track record of outperforming its peers as well as exceptional long-term growth potential, all of which justify its premium valuations. **We reiterate our BUY rating with a TP of INR3,325 (premised on 60x FY25E EPS).**

**Consolidated quarterly performance**

(INR b)

Y/E March	FY23				FY24E				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Net Sales</b>	<b>94.4</b>	<b>91.6</b>	<b>116.1</b>	<b>103.6</b>	<b>119.0</b>	<b>110.9</b>	<b>130.0</b>	<b>114.7</b>	<b>405.8</b>	<b>474.6</b>	<b>109.5</b>	8.6
YoY change (%)	171.9	22.3	15.7	32.9	26.0	21.0	12.0	10.7	40.9	17.0	16.0	
<b>Gross Profit</b>	<b>24.1</b>	<b>25.3</b>	<b>27.7</b>	<b>25.1</b>	<b>26.4</b>	<b>29.8</b>	<b>32.8</b>	<b>32.4</b>	<b>102.2</b>	<b>121.4</b>	<b>28.0</b>	
Margin (%)	25.5	27.6	23.9	24.3	22.2	26.9	25.2	28.3	25.2	25.6	25.6	
<b>EBITDA</b>	<b>12.0</b>	<b>12.5</b>	<b>13.5</b>	<b>10.9</b>	<b>11.3</b>	<b>14.3</b>	<b>16.5</b>	<b>15.9</b>	<b>48.8</b>	<b>58.0</b>	<b>13.6</b>	-17.2
EBITDA growth %	773.0	28.8	-6.6	24.3	-5.9	15.0	22.2	46.0	42.5	18.8	13.6	
Margin (%)	12.7	13.6	11.6	10.5	9.5	12.9	12.7	13.9	12.0	12.2	12.4	
Depreciation	1.0	1.1	1.1	1.2	1.3	1.2	1.2	1.3	4.4	4.9	1.1	
Interest	0.7	0.6	0.8	1.0	1.1	0.9	0.9	0.7	3.0	3.6	0.9	
Other Income	0.4	0.6	0.9	1.1	1.1	0.7	0.7	0.5	3.1	3.0	0.6	
<b>PBT</b>	<b>10.7</b>	<b>11.4</b>	<b>12.4</b>	<b>9.9</b>	<b>10.0</b>	<b>13.0</b>	<b>15.1</b>	<b>14.4</b>	<b>44.5</b>	<b>52.5</b>	<b>12.2</b>	-18.2
Tax	2.8	3.1	3.3	2.5	2.5	3.3	3.9	3.5	11.7	13.1	3.2	
Rate (%)	26.3	26.9	26.7	25.5	24.6	25.3	25.6	24.4	26.4	25.0	26.0	
<b>Adjusted PAT</b>	<b>7.9</b>	<b>8.4</b>	<b>9.1</b>	<b>7.4</b>	<b>7.6</b>	<b>9.7</b>	<b>11.2</b>	<b>10.9</b>	<b>32.7</b>	<b>39.4</b>	<b>9.1</b>	-16.6
YoY change (%)	#	30.3	-9.9	11.0	-4.3	16.2	23.1	47.9	40.2	20.3	14.7	

E: MOFSL Estimates

**Key Performance Indicators**

Y/E March	FY23				FY24	
	1Q	2Q	3Q	4Q	1Q	
<b>2Y CAGR (%)</b>						
Sales	118.4	41.9	23.4	17.6	85.1	
EBITDA	LP	99.6	26.0	15.5	LP	
PAT	LP	119.1	31.2	13.8	LP	
<b>% of Sales</b>						
COGS	74.5	72.4	76.1	75.7	77.8	
Operating Expenses	12.8	14.0	12.2	13.7	12.8	
Depreciation	1.1	1.2	1.0	1.1	1.1	
<b>YoY change (%)</b>						
COGS	161.2	18.0	17.9	34.7	31.5	
Operating Expenses	88.6	41.8	30.0	30.3	25.5	
Other Income	-4.3	10.9	56.1	50.0	159.1	
EBIT	2,502.4	32.1	-8.2	25.3	-8.8	

E: MOFSL Estimates

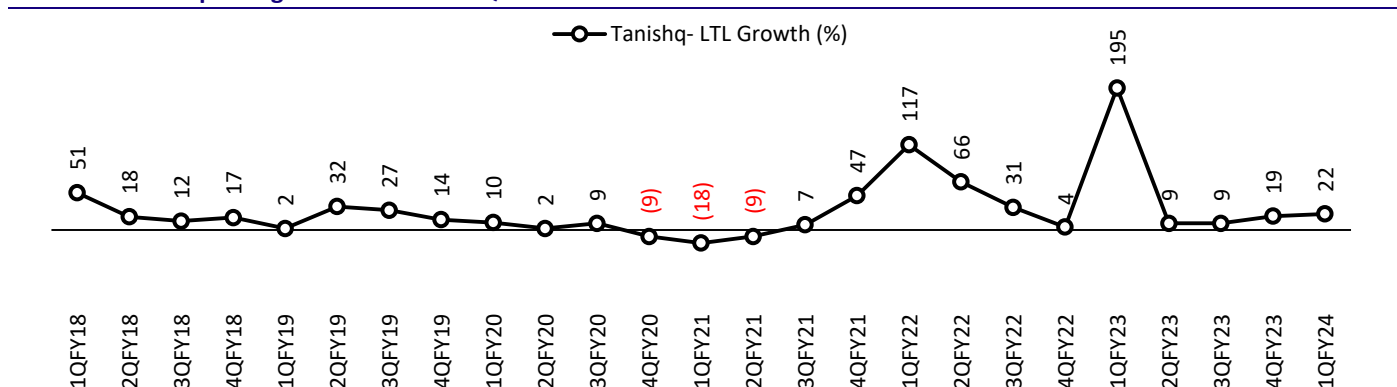
## Key exhibits

Exhibit 1: Consolidated segmental snapshot

INR m	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
<b>Total Sales</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>	<b>1,20,110</b>
Watches	2,930	6,890	7,100	6,250	7,860	8,300	8,110	8,830	9,130
YoY Growth	285.5%	71.8%	28.9%	11.8%	168.3%	20.5%	14.2%	41.3%	16.2%
Jewellery	30,500	65,710	90,590	68,430	83,510	79,970	1,04,460	91,200	1,06,960
YoY Growth	67.2%	65.0%	32.5%	2.5%	173.8%	21.7%	15.3%	33.3%	28.1%
Eyewear	670	1,600	1,560	1,340	1,830	1,670	1,740	1,650	2,030
YoY Growth	123.3%	70.2%	25.8%	5.5%	173.1%	4.4%	11.5%	23.1%	10.9%
Others	1,090	1,280	1,690	2,700	1,670	2,300	2,670	3,060	1,990
YoY Growth	21.1%	4.1%	14.2%	44.4%	53.2%	79.7%	58.0%	13.3%	19.2%
<b>Total EBIT</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>	<b>11,110</b>
Watches	-610	900	800	100	980	1,220	820	1,060	1,010
YoY Growth	N/M	N/M	433.3%	-73.7%	-260.7%	35.6%	2.5%	960.0%	3.1%
EBIT Margin	-20.8%	13.1%	11.3%	1.6%	12.5%	14.7%	10.1%	12.0%	11.1%
Jewellery	1,980	8,030	12,880	7,955	10,520	10,880	12,430	10,040	10,220
YoY Growth	L/P	180.8%	68.1%	10.9%	431.3%	35.5%	-3.5%	26.2%	-2.9%
EBIT Margin	6.5%	12.2%	14.2%	11.6%	12.6%	13.6%	11.9%	11.0%	9.6%
Eyewear	-130	370	340	15	360	280	320	20	350
YoY Growth	N/M	311.1%	54.5%	-93.5%	-376.9%	-24.3%	-5.9%	33.3%	-2.8%
EBIT Margin	-19.4%	23.1%	21.8%	1.1%	19.7%	16.8%	18.4%	1.2%	17.2%
Others	(360)	(110)	(10)	(110)	(490)	(360)	(330)	(280)	(470)

Source: Company, MOFSL

Exhibit 2: Tanishq's LTL growth at 22% in 1QFY24



Source: Company, MOFSL

Exhibit 3: Jewelry – Key operating parameters

Jewellery	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Volume Gr (%)	(81)	(31)	(14)	45	124	101	47	(7)	170	3	1	10	N/A
Studded Share (%)	18	26	26	30	22	30	26	32	26	25	26	33	26
Sales Gr (%)	(56)	9	22	71	67	65	33	2	174	22	15	33	28
LTL Growth %	(18)*	(9)	7	47	117	66	31	4	195	9	9	19	22
Stores	337	345	355	357	362	372	386	394	400	409	417	430	440

\*LTL growth is for Jun'20 only

Source: Company, MOFSL

**Exhibit 4: Sales in the Watches segment grew 16.2% YoY**

Watches	1QFY23			4QFY23			1QFY24		
	Sales growth	LTL growth	Stores (x)	Sales growth	LTL growth	Stores (x)	Sales growth	LTL growth	Stores (x)
World of Titan	241	227	570	18	11	622	8	2	636
Helios	278	227	151	45	21	198	40	20	207
Fastrack	230	231	161	11	8	185	(4)	(11)	188
LFS - Watches	358	338	NA	42	37	NA	33	13	N/A
<b>Sales growth (%)</b>	<b>168.3</b>			<b>41.3</b>			<b>16.2</b>		
<b>Net sales (INR b)</b>	<b>7.9</b>			<b>8.8</b>			<b>9.1</b>		

Source: Company, MOFSL

**Exhibit 5: Titan Eye+: Sales grew 13% YoY, with a 3% YoY growth in LTL retail sales**

Titan Eye+	1QFY21*	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Stores	569	557	571	599	605	629	682	733	786	822	858	896	901
Sales growth (%)	(46)	(35)	(3)	28	74	69	19	(4)	180	12	14	22	13
LTL growth (%)	(44)	(34)	(3)	27	47	59	10	(13)	185	1	1	10	3

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

Source: Company, MOFSL

**Key highlights from the management interaction****Performance and outlook**

- Management focuses on brand building across different dimensions through 1) regional developments in Tamil Nadu, Telangana, West Bengal, Odisha, etc. in their local languages, 2) high-value studded collection, 3) wedding collection, and 4) gold exchange program.
- Currently, the company has 7% market share; it targets to achieve a double-digit share in 3-4 years.
- The company is pursuing a regionalization strategy, not solely focused on the South.
- Demand in Jun'23 was good compared to Apr'23 and May'23 due to volatility in gold prices.
- Gold exchange program was initiated to attract customers and it is a robust engine for growth. The whole cost of exchange program is absorbed by the company and not by partners.
- In 1QFY24, Non-Tanishq contribution was 35% (normally 30-31%) and Tanishq was 15% (normally 9-10%) through gold exchange program.
- Management commented that normally 1Q is weak on margin front.
- Management highlighted quarter wise sales pattern: 1Q has more gold contribution, therefore has slightly lower margin, 2Q & 4Q have high studded contributions, while 3Q is the urban wedding season that is highly margin accretive.
- Volume is driven by growth in customers, with a keen eye on new and repeat buyer metrics.
- E-commerce had 6-7% contribution to total sales. It included both in-house and Flipkart, Amazon, etc. On Flipkart and Amazon, the company mostly sells lower-end FastTrack sunglasses.
- The Adhik mass in Jul'23 is not much of a concern due to strategic intervention by the company.
- Management highlighted that revenue growth will be better than earnings growth in FY24.

- 1Q had a high wedding demand. Eastern markets (Bihar, Eastern UP, parts of MP, Chhattisgarh, and Jharkhand) showed good traction, along with other parts of the North.
- The GOL contribution has come down to around 27% by quantity, lower than the typical 50% range. The decrease in GOL contribution was influenced by the timing of gold on-spot purchases due to SEPA and other opportunities.

### Cost and margins

- There is no margin differential in old and new jewelry. Old jewelry is not margin dilutive, the customer offer is given based on the condition.
- Management highlighted that margin protection will be from geography and channel mix.
- It focuses on light weight and modern jewelry, and richer and studded jewelry which will enhance customer sentiments in volatile environment and help to improve margins.
- Management guided for an unchanged 12-13% EBIT margin in jewelry division for FY24.
- 1QFY24 margins were hit by the 100bp one-time inventory gain in base quarter.
- Management commented that margins were normally high in FY23.
- Capital employed was high due to high inventory and debtor.
- International market had healthy margins but hit by a one-time provision for developmental costs and smartwatch-related expenses.

### Segmental information

- In Watches segment, volume growth for analog declined while wearable category saw good volume growth.
- Jewelry had healthy store expansion. Management plans to upgrade the existing stores and expand new stores significantly. Historically, it added 32-40 new stores every year.
- The wearables market is estimated to be around INR9k crore to INR10k crore and is growing rapidly. The company's growth in the wearables segment is also significant.

### International markets

- TEAL has a very strong order book. The investment requirement will be met through borrowing or internal funds; equity fusion will not be required.
- Management is looking for store expansions in the international market. It plans five stores in the US, and 13 in GCC to take the count to 24-25 stores in FY24
- International market is doing better than expectation on profitability front.
- Inventory is generally higher than normal level. Each store will have an inventory of USD6-8m.
- The company is considering sourcing locally in Dubai, and currently, about 10% of sales in the GCC are sourced from Dubai.

## 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 program. 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 of over INR200k (from INR500k earlier), TTAN has done well in the past 10 years.
- In the decade ending FY23, it clocked a net sales/EBITDA/PAT CAGR of ~15%/~17%/~16%. These numbers 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's strong financial position and efficient distribution model have allowed it to outperform its competitors in terms of store expansions. It aims to increase jewelry revenue by 2.5x by FY27, implying an impressive CAGR of 20%. With a current market share of ~7% in a sizable INR4t market, there is significant room for growth.
- The gradual recovery in the studded ratio is expected to support improved gross margin in the future. Its positive growth outlook along with favorable industry trends and a strong balance sheet make it a compelling option in the discretionary sector. TTAN has an impressive track record of outperforming its peers as well as exceptional long-term growth potential, all of which justify its premium valuations. **We reiterate our BUY rating with a TP of INR3,325 (premised on 60x FY25E EPS).**

#### Exhibit 6: No material changes to our forecasts

(INR b)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	474.6	560.7	473.2	558.3	0.3	0.4
EBITDA	58.0	71.7	59.1	72.2	-1.9	-0.7
PAT	39.4	48.9	39.9	49.2	-1.3	-0.7

Source: MOFSL

## Financials and valuations

Income Statement								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<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>474.6</b>	<b>560.7</b>
Change (%)	21.6	22.7	6.4	2.8	33.1	40.9	17.0	18.1
<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>121.4</b>	<b>147.7</b>
Margin (%)	27.5	27.2	28.0	24.2	24.9	25.2	25.6	26.3
Other expenditure	27.9	33.9	34.0	35.1	37.4	53.4	63.5	75.9
<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>58.0</b>	<b>71.7</b>
Change (%)	42.3	21.1	25.1	-30.8	98.5	42.5	18.8	23.8
Margin (%)	10.2	10.1	11.8	8.0	11.9	12.0	12.2	12.8
Depreciation	1.3	1.6	3.5	3.8	4.0	4.4	4.9	5.3
Int. and Fin. Charges	0.5	0.5	1.7	2.0	2.2	3.0	3.6	3.9
Other Income - Recurring	0.9	1.8	1.5	1.9	2.3	3.1	3.0	3.4
<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>52.5</b>	<b>65.8</b>
Change (%)	43.7	26.5	8.8	-37.5	128.2	46.3	18.1	25.4
Margin (%)	9.6	9.9	10.1	6.2	10.6	11.0	11.1	11.7
Tax	4.5	6.1	5.8	3.6	7.9	11.5	13.1	17.0
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	25.0	25.8
<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>39.4</b>	<b>48.9</b>
Change (%)	39.9	24.0	8.9	-35.4	138.4	40.2	20.3	24.1
Margin (%)	7.0	7.0	7.2	4.5	8.1	8.1	8.3	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>39.4</b>	<b>48.9</b>

Balance Sheet								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
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	144.6	176.4
<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>145.5</b>	<b>177.3</b>
Loans	0.8	0.3	7.2	1.5	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>88.1</b>	<b>110.3</b>	<b>158.2</b>	<b>174.7</b>	<b>203.4</b>
Gross Block	13.4	15.4	17.7	18.2	19.3	21.9	26.0	28.2
Less: Accum. Depn.	2.1	3.3	4.6	5.8	7.1	8.4	13.3	18.7
<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>12.6</b>	<b>9.6</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>242.1</b>	<b>298.5</b>
Inventory	59.2	70.4	81.0	84.1	136.1	165.8	191.7	220.6
Account Receivables	3.0	4.2	3.1	3.7	5.7	6.7	9.8	11.5
Cash and Bank Balance	6.2	10.7	3.8	5.6	15.7	13.4	6.8	27.4
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>123.7</b>	<b>149.3</b>
Current Liabilities	41.9	53.9	46.1	73.4	97.4	106.8	120.9	146.1
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>118.4</b>	<b>149.3</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>174.7</b>	<b>203.4</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<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>44.2</b>	<b>54.9</b>
Cash EPS	14.0	17.3	18.9	12.9	28.3	38.9	49.9	61.0
BV/Share	57.3	68.5	75.2	84.5	105.1	134.1	163.9	199.7
DPS	4.6	6.0	4.1	4.0	7.5	10.0	12.4	19.2
Payout %	36.4	38.5	23.8	36.5	28.6	27.2	28.0	35.0
<b>Valuation (x)</b>								
P/E	235.8	190.1	174.5	270.1	113.6	81.0	67.3	54.2
Cash P/E	212.5	171.8	157.8	230.9	105.3	76.6	59.7	48.8
EV/Sales	16.4	13.3	12.6	12.1	9.1	6.5	5.5	4.6
EV/EBITDA	160.4	132.2	106.2	151.5	76.8	53.8	45.2	36.2
P/BV	52.0	43.5	39.6	35.2	28.3	22.2	18.2	14.9
Dividend Yield (%)	0.2	0.2	0.1	0.1	0.3	0.3	0.4	0.6
<b>Return Ratios (%)</b>								
RoE	24.0	24.9	23.8	13.8	27.7	30.8	29.8	30.3
RoCE	24.7	25.5	22.5	13.0	25.2	26.0	25.3	27.4
RoIC	29.8	28.0	23.9	14.9	32.0	31.2	30.7	34.1
<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	FY25E
<b>(INR b)</b>								
OP/(loss) before Tax	15.3	19.6	21.0	13.3	29.0	44.5	52.5	65.8
Int./Div. Received	-0.1	1.1	-0.4	-0.6	-1.3	-1.1	-3.0	-3.4
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	4.9	5.3
Interest Paid	-0.1	-0.5	0.7	1.4	1.2	1.6	3.6	3.9
Direct Taxes Paid	4.6	6.4	5.6	2.7	8.0	11.5	13.1	17.0
Incr in WC	12.4	3.0	22.7	-26.2	32.2	24.1	25.3	10.2
<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>19.5</b>	<b>44.5</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>15.4</b>	<b>42.2</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	-3.0	-3.4
<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>-1.6</b>	<b>0.1</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	11.0	17.1
Others	-0.2	0.9	4.0	3.2	3.9	5.5	1.6	3.9
<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>-24.6</b>	<b>-24.0</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>-6.7</b>	<b>20.6</b>
Add: Opening Balance	7.8	6.2	10.7	3.8	5.6	15.7	13.4	6.8
<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>6.8</b>	<b>27.4</b>

E: MOFSL Estimates

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Explanation of Investment Rating	
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