

# Kalyan Jewellers

Estimate change



TP change



Rating change

Bloomberg	KALYANKJ IN
Equity Shares (m)	1031
M.Cap.(INRb)/(USDb)	454.5 / 5.2
52-Week Range (INR)	795 / 322
1, 6, 12 Rel. Per (%)	-39/-17/12
12M Avg Val (INR M)	3842

## Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	251.1	315.1	385.0
EBITDA	16.7	20.1	23.9
Margins (%)	6.7	6.4	6.2
Adj. PAT	8.2	10.7	13.3
Adj. EPS (INR)	8.0	10.4	12.9
EPS Growth (%)	38.0	30.3	23.4
BV/Sh.(INR)	45.6	52.8	61.5

## Ratios

RoE (%)	18.6	21.2	22.5
RoIC (%)	13.0	13.9	15.0

## Valuations

P/E (x)	55.1	42.3	34.3
P/BV (x)	9.7	8.4	7.2
EV/Sales (x)	1.8	1.4	1.2
EV/EBITDA(x)	27.6	22.5	19.0

## Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	62.9	62.9	60.6
DII	13.6	13.7	5.5
FII	16.4	15.8	26.2
Others	7.2	7.6	7.8

FII includes depository receipts

**CMP: INR441**

**TP: INR625 (+42%)**

**Buy**

## Robust growth continues, positive store rollouts

- Kalyan Jewellers (KALYANKJ)'s consolidated revenue grew 40% YoY to INR72.9b (in line). The Indian business delivered 42% YoY revenue growth, driven by store additions (added net 22 Kalyan India stores and 23 Candere stores) and 24% SSSG (23% in south, 25% in non-south). Growth was driven by good traction during the festive and wedding season. The momentum was resilient in Jan'25 as well, despite volatility in gold prices.
- Growth was also supported by the company's focus on new customer acquisition (33% share of new customers in 3QFY25). Revenue growth in studded (+54%) outpaced gold revenue growth (+37%), leading to an increase in studded share to 30% (27% in 3QFY24).
- Gross margin for the Indian business contracted 170bp YoY to 12.8% after adjusting the inventory loss of INR548m. The margin contraction was likely due to the rising mix from franchised stores (40% revenue mix).
- Ad spends rose just 9% YoY as higher spends in 2QFY25 (+89% YoY) were due to early Diwali. EBITDA margin contracted 30bp YoY to 6.7% (due to a higher mix of franchise stores). PBT margin improved 40bp YoY to 5.4% due to lower interest costs on debt repayments.
- The Middle East delivered 23% revenue growth with SSSG of 16%. Studded share stood at 19%. There was no store addition during the quarter. Kalyan opened its first store in the US.
- 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. However, with a slowdown in urban markets, there is a possibility of pressure on discretionary consumption/categories in FY26. Thereby, we normalize our target multiple to 50x P/E on Dec'26 EPS and reiterate our BUY rating with a TP of INR625.

## Operationally in line; rapid store expansion

### India business

- **Healthy revenue growth with double-digit SSSG:** India revenue grew 42% YoY to INR63.9b and same-store sales increased by 24% YoY. SSSG was 23% in south regions and 25% in non-south regions. Non-south markets showed promising growth, with revenue contribution increasing to 56% from 54% YoY. New customer additions remained healthy; share of new customers at over 33%. Studded share improved to 29.5% in 3QFY25 from 27.2% in 3QFY24.
- **Strong growth in profitability:** After adjusting the inventory loss, EBITDA grew 36% YoY to INR4.3b. PBT grew by 53% YoY to INR3.5b and APAT grew by 54% YoY to 2.6b. Reported profit rose 30% YoY to INR2.2b.
- In 9MFY25, net sales, EBITDA, and APAT grew 37%, 27%, and 42%, respectively.

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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.

- **Rapid store expansion:** The company added net 22 My Kalyan stores in India, reaching a total of 253 stores. Candere added 23 stores, reaching a total of 59 stores. Total stores in India stood at 253. 'My Kalyan' grassroots stores reached 1,027 in 3QFY25, contributing ~13% to revenue from operations in India and over 33% to enrolment in advance purchase schemes in India.

### The Middle East

- Sales grew 23% YoY to INR8.4b. SSSG was 16%.
- There was no store addition during the quarter.
- Studded share stood at 19%.
- Gross margin contracted by 20bp YoY to 14.8% and EBITDA margin was flat YoY at 7.7%.
- EBITDA grew 22% YoY to INR644m.
- APAT grew only 11% YoY to INR153m, impacted by the recent implementation of corporate tax in the UAE.

### Consolidated performance

- Consolidated revenue grew 40% YoY to INR72.9b (est. INR72.3).
- Gross margin contracted 150bp YoY to 13.1% (est. 14.2%) after adjusting the inventory loss of INR548m.
- EBITDA margin contracted 30bp YoY to 6.8%. (est. 6.8%).
- After adjusting the inventory loss, EBITDA grew 34% YoY to INR4.9b. PBT grew by 46% YoY to INR3.5b and APAT grew by 44% YoY to INR2.6b.
- Reported profit rose 21% YoY to INR2.2b.
- In 9MFY25, net sales, EBITDA, and APAT grew 35%, 26%, and 35%, respectively.

### Key takeaways from the management commentary

- The strong revenue growth was driven by robust festive and wedding demand across both gold and studded jewelry categories. In January, both wedding and non-wedding demand remained stable despite gold price fluctuations.
- While the solitaire category plays a significant role in LGD sales, Kalyan does not focus on solitaires, ensuring that LGD sales do not hurt overall business performance.
- The company expects PBT growth in FY26 to exceed revenue growth, driven by continued operational efficiencies and reduced interest costs following debt repayments.
- In FY26, Kalyan plans to launch 170 showrooms across Kalyan and Candere formats - 75 Kalyan showrooms (all FOCO) in non-south India, 15 Kalyan showrooms (all FOCO) across south India and international markets, and 80 Candere showrooms in India.
- The company has already started signing LOIs for FOCO showrooms planned for FY26 in India and international markets.

### Valuation and view

- We cut our EPS estimates by 1% for FY25 and 4% for FY26.
- 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 asset-light expansion supports cash flow generation for debt repayment and enhances profitability by lowering interest costs. It is also gaining momentum in the Middle East and the US.
- However, with a slowdown in urban markets, there is a possibility of pressure on discretionary consumption/categories in FY26. Thereby, we normalize our target multiple to 50x P/E on Dec'26 EPS and reiterate our BUY rating with a TP of INR625.

## Consolidated Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Stores</b>	<b>192</b>	<b>206</b>	<b>228</b>	<b>253</b>	<b>277</b>	<b>303</b>	<b>349</b>	<b>388</b>	<b>253</b>	<b>388</b>	<b>339</b>	
<b>Net Sales</b>	<b>43,757</b>	<b>44,145</b>	<b>52,231</b>	<b>45,349</b>	<b>55,355</b>	<b>60,655</b>	<b>72,869</b>	<b>62,186</b>	<b>1,85,483</b>	<b>2,51,064</b>	<b>72,280</b>	0.8%
Change (%)	31.3	27.1	34.5	34.1	26.5	37.4	39.5	37.1	31.8	35.4	38.4	
Raw Material/PM	37,153	37,840	44,616	38,737	47,419	52,313	63,323	53,793	1,58,346	2,16,849	61,992	
<b>Gross Profit</b>	<b>6,604</b>	<b>6,306</b>	<b>7,615</b>	<b>6,612</b>	<b>7,935</b>	<b>8,342</b>	<b>9,546</b>	<b>8,392</b>	<b>27,137</b>	<b>34,215</b>	<b>10,288</b>	-7.2%
Gross Margin (%)	15.1	14.3	14.6	14.6	14.3	13.8	13.1	13.5	14.6	13.6	14.2	
Operating Expenses	3,375	3,169	3,916	3,550	4,175	4,379	4,609	4,315	14,010	17,479	5,376	
% of Sales	7.7	7.2	7.5	7.8	7.5	7.2	6.3	6.9	7.6	7.0	7.4	
<b>EBITDA</b>	<b>3,229</b>	<b>3,137</b>	<b>3,698</b>	<b>3,062</b>	<b>3,760</b>	<b>3,962</b>	<b>4,936</b>	<b>4,077</b>	<b>13,127</b>	<b>16,736</b>	<b>4,911</b>	0.5%
Margin (%)	7.4	7.1	7.1	6.8	6.8	6.5	6.8	6.6	7.1	6.7	6.8	
Change (%)	22.2	17.9	13.1	19.3	16.4	26.3	33.5	33.1	17.8	27.5	32.8	
Interest	821	817	817	778	852	903	876	937	3,232	3,568	896	
Depreciation	641	669	697	736	755	850	890	866	2,743	3,360	865	
Other Income	116	131	201	288	222	260	313	390	737	1,185	327	
<b>PBT</b>	<b>1,885</b>	<b>1,781</b>	<b>2,386</b>	<b>1,837</b>	<b>2,375</b>	<b>2,469</b>	<b>3,484</b>	<b>2,664</b>	<b>7,888</b>	<b>10,992</b>	<b>3,478</b>	0.2%
Tax	449	433	582	462	599	649	886	614	1,925	2,748	835	
Effective Tax Rate (%)	23.8	24.3	24.4	25.1	25.2	26.3	25.4	23.1	24.4	25.0	24.0	
<b>Adjusted PAT</b>	<b>1,439</b>	<b>1,352</b>	<b>1,806</b>	<b>1,376</b>	<b>1,776</b>	<b>1,821</b>	<b>2,598</b>	<b>2,050</b>	<b>5,973</b>	<b>8,244</b>	<b>2,643</b>	-1.7%
Change (%)	33.3	27.1	21.5	96.3	23.4	34.6	43.8	49.0	28.1	38.0	25.6	
<b>Reported PAT</b>	<b>1,439</b>	<b>1,352</b>	<b>1,806</b>	<b>1,376</b>	<b>1,776</b>	<b>1,303</b>	<b>2,187</b>	<b>2,050</b>	<b>5,973</b>	<b>7,316</b>	<b>2,268</b>	

E: MOFSL Estimates

## India Quarterly Performance (Standalone)

(INR m)

Y/E March	FY24			FY25			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Stores</b>	<b>161</b>	<b>175</b>	<b>201</b>	<b>217</b>	<b>241</b>	<b>267</b>	<b>312</b>
<b>SSSG (%)</b>	<b>15</b>	<b>10</b>	<b>11</b>	<b>17</b>	<b>12</b>	<b>23</b>	<b>24</b>
<b>Studded ratio (%)</b>	<b>29.0</b>	<b>28.5</b>	<b>27.2</b>	<b>29.1</b>	<b>30.4</b>	<b>29.7</b>	<b>29.5</b>
<b>Net Sales</b>	36,409	37,543	45,117	38,756	46,875	52,268	63,925
Change (%)	33.9	32.2	40.2	38.1	28.7	39.2	41.7
Raw Material/PM	30,921	32,220	38,595	33,179	40,226	45,205	55,767
<b>Gross Profit</b>	<b>5,488</b>	<b>5,323</b>	<b>6,522</b>	<b>5,577</b>	<b>6,648</b>	<b>7,062</b>	<b>8,158</b>
Gross Margin (%)	15.1	14.2	14.5	14.4	14.2	13.5	12.8
Operating Expenses	2,797	2,651	3,360	2,946	3,499	3,741	3,845
% of Sales	7.7	7.1	7.4	7.6	7.5	7.2	6.0
<b>EBITDA</b>	<b>2,690</b>	<b>2,672</b>	<b>3,162</b>	<b>2,631</b>	<b>3,150</b>	<b>3,322</b>	<b>4,313</b>
Margin (%)	7.4	7.1	7.0	6.8	6.7	6.4	6.7
Change (%)	23.4	20.2	14.8	21.0	17.1	24.3	36.4
Interest	612	627	599	579	601	626	585
Depreciation	480	507	530	547	560	612	610
Other Income	138	143	226	258	250	277	349
<b>PBT</b>	<b>1,737</b>	<b>1,681</b>	<b>2,259</b>	<b>1,763</b>	<b>2,239</b>	<b>2,361</b>	<b>3,467</b>
Tax	448	426	576	450	588	641	876
Effective Tax Rate (%)	25.8	25.4	25.5	25.5	26.3	27.1	25.3
<b>Adjusted PAT</b>	<b>1,289</b>	<b>1,255</b>	<b>1,682</b>	<b>1,313</b>	<b>1,651</b>	<b>1,720</b>	<b>2,591</b>
Change (%)	35.1	31.9	26.4	32.1	28.1	37.1	54.0
<b>Reported PAT</b>	<b>1,289</b>	<b>1,255</b>	<b>1,682</b>	<b>1,313</b>	<b>1,651</b>	<b>1,203</b>	<b>2,180</b>

## Middle East Quarterly Performance

(INR m)

Y/E March	FY24				FY25		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Stores</b>	<b>33</b>	<b>34</b>	<b>34</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>36</b>
<b>Net Sales</b>	<b>7,003</b>	<b>6,290</b>	<b>6,826</b>	<b>6,245</b>	<b>8,105</b>	<b>8,004</b>	<b>8,403</b>
Change (%)	22.1	4.7	6.5	13.8	15.7	27.2	23.1
Raw Material/PM	5,954	5,365	5,799	5,286	6,900	6,847	7,156
<b>Gross Profit</b>	<b>1,049</b>	<b>925</b>	<b>1,027</b>	<b>959</b>	<b>1,205</b>	<b>1,157</b>	<b>1,247</b>
Gross Margin (%)	15.0	14.7	15.0	15.0	14.9	14.5	14.8
Operating Expenses	495	444	498	501	569	551	603
% of Sales	7.1	7.1	7.3	8.0	7.0	6.9	7.2
<b>EBITDA</b>	<b>554</b>	<b>481</b>	<b>530</b>	<b>458</b>	<b>636</b>	<b>606</b>	<b>644</b>
Margin (%)	7.9	7.6	7.8	7.3	7.8	7.6	7.7
Change (%)	17.9	3.0	0.9	9.6	14.8	26.0	21.6
Interest	235	216	242	239	264	276	277
Depreciation	152	153	157	167	168	173	191
Other Income	11	21	17	60	2	5	5
<b>PBT</b>	<b>178</b>	<b>133</b>	<b>148</b>	<b>112</b>	<b>206</b>	<b>162</b>	<b>181</b>
Tax	9	14	10	13	19	24	28
Effective Tax Rate (%)	5.1	10.5	6.4	11.6	9.2	14.8	15.5
<b>Adjusted PAT</b>	<b>169</b>	<b>119</b>	<b>138</b>	<b>99</b>	<b>187</b>	<b>138</b>	<b>153</b>
Change (%)	24.3	-13.8	-18.8	76.8	10.7	16.0	10.9

## Exhibit 1: Store network

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

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

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



## Key takeaways from the management commentary

## Demand environment and outlook

- The strong revenue growth was driven by robust festive and wedding demand across both gold and studded jewelry categories.
- The new customer additions continue to stay healthy; share of new customers was over 33% in 3QFY25.
- In January, both wedding and non-wedding demand remained stable despite gold price fluctuations.
- The franchisee store revenue contribution stood at ~40% during the quarter.

- A&SP spends as a percentage of revenue were lower this quarter, as a part of the festive ad spends was captured in 2QFY25 due to early Diwali this year.
- While the solitaire category plays a significant role in LGD sales, Kalyan does not focus on solitaires, ensuring that LGD sales do not hurt overall business performance.
- The growth in studded jewelry (+54%) outpaced the growth in gold jewelry (+37%).
- Candere revenue up 90% YoY to INR550m and reported a loss of INR69m in 3QFY25 vs loss of INR16m in 3QFY24.
- The company aims to make Candere store EBITDA-positive by the next fiscal year.
- The company expects PBT growth in FY26 to exceed revenue growth, driven by continued operational efficiencies and reduced interest costs following debt repayments.

#### Cost and margin

- Gross margins for the quarter were lower due to a one-time write-off of INR548m.
- All customs duty effects on inventory were fully accounted for in 2Q and 3Q, with no further duty impact going forward.
- Store-level gross margins have remained stable, reflecting consistent operational efficiency.

#### Store Expansion

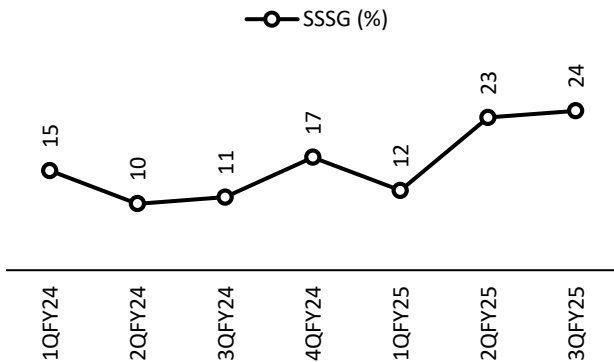
- In India, the company opened net 45 showrooms (opened 24 and closed 2 Kalyan India, opened 23 Candere), bringing the total to 312 (253 Kalyan India, 59 Candere) in 3QFY25.
- On 31st Dec'24, the total number of stores stood at 349, with 253 stores of Kalyan India, 59 stores of Candere, 1 store in USA and 36 stores of Kalyan Middle East.
- Kalyan plans to open 30 Kalyan showrooms and 15 Candere showrooms in India in 4QFY25.
- In FY26, Kalyan plans to launch 170 showrooms across Kalyan and Candere formats - 75 Kalyan showrooms (all FOCO) in non-south India, 15 Kalyan showrooms (all FOCO) across south India and international markets, and 80 Candere showrooms in India.
- The company has already started signing LOIs for FOCO showrooms planned for FY26 in India and international markets.
- In FY27, the company intends to resume opening COCO stores once debt repayment is completed, which is expected to enhance margins.

#### International business

- Middle East revenue grew by 23%, driven by SSSG of 16%.
- PAT margin was hit by the recent implementation of corporate tax in the UAE.
- Kalyan has opened its first COCO showroom in the USA.

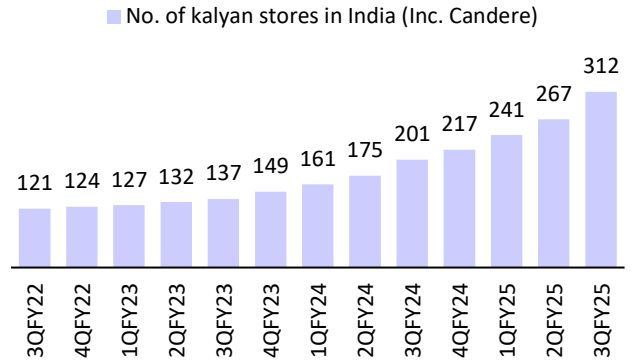
Key exhibits

Exhibit 3: India SSSG at 24% YoY in 3QFY25



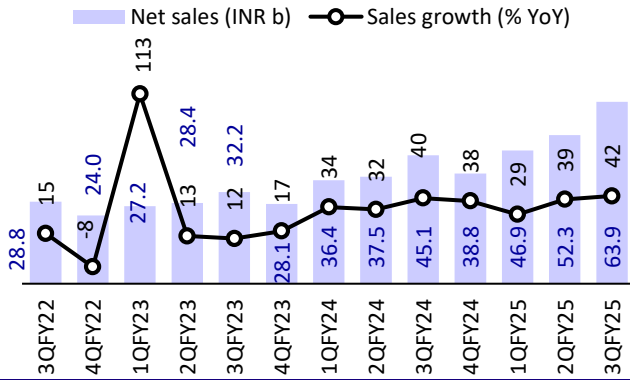
Source: Company, MOFSL

Exhibit 4: Added net 45 (22 Kalyan India, 23 Candere) stores in India



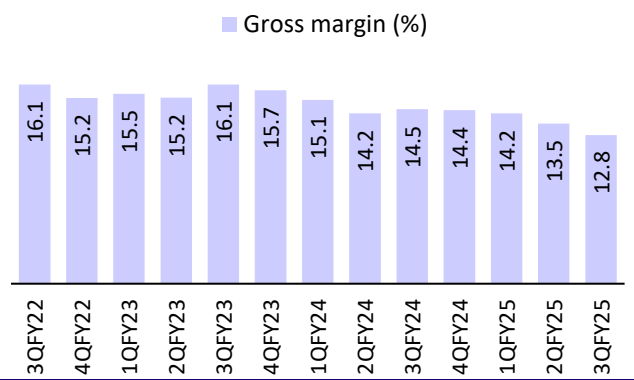
Source: Company, MOFSL

Exhibit 5: India sales grew 42% YoY, led by SSSG and store additions



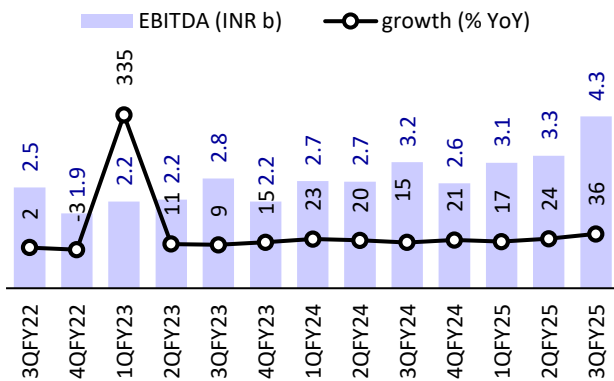
Source: Company, MOFSL

Exhibit 6: India business GP margin contracted 170bp YoY to 12.8%



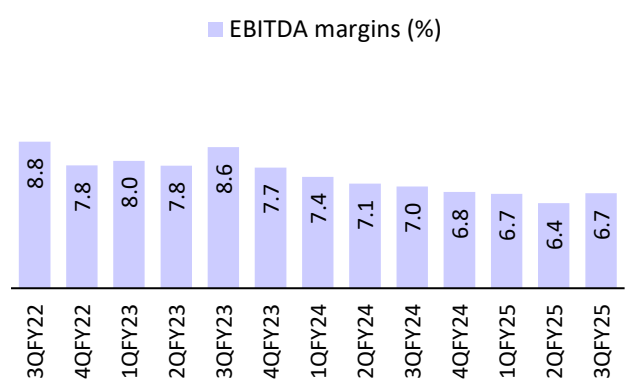
Source: Company, MOFSL

Exhibit 7: India business EBITDA grew 36% YoY to INR4.3b



Source: Company, MOFSL

Exhibit 8: India business EBITDA margin contracted 30bp YoY to 6.7% in 3QFY25



Source: Company, MOFSL

**Valuation and view**

- We cut our EPS estimates by 1% for FY25 and 4% for FY26.
- With the successful scaling up of its new franchise businesses, which contributed ~40% its revenue, 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 asset-light expansion supports cash flow generation for debt repayment and enhances profitability by lowering interest costs. It is also gaining momentum in Middle East and USA.
- However, with a slowdown in urban markets, there is a possibility of pressure on discretionary consumption/categories in FY26. Thereby, we normalize our target multiple to 50x P/E on Dec'26 EPS and reiterate our BUY rating with a TP of INR625.

**Exhibit 9: We maintain our EPS estimates for FY25 while cut 4% for FY26**

(INR b)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Net Sales	2,51,064	3,15,074	2,51,099	3,22,789	0%	-2%
EBITDA	16,736	20,079	16,720	20,602	0%	-3%
Adjusted PAT	8,244	10,741	8,300	11,243	-1%	-4%

## Financials and valuations

### Income Statement consol.

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Net Sales</b>	<b>1,01,009</b>	<b>85,733</b>	<b>1,08,179</b>	<b>1,40,714</b>	<b>1,85,483</b>	<b>2,51,064</b>	<b>3,15,074</b>	<b>3,84,971</b>
Change (%)	3.4	-15.1	26.2	30.1	31.8	35.4	25.5	22.2
Raw Materials	83,918	71,141	91,263	1,18,722	1,58,346	2,16,849	2,74,839	3,37,868
<b>Gross Profit</b>	<b>17,092</b>	<b>14,592</b>	<b>16,916</b>	<b>21,992</b>	<b>27,137</b>	<b>34,215</b>	<b>40,235</b>	<b>47,103</b>
Margin (%)	16.9	17.0	15.6	15.6	14.6	13.6	12.8	12.2
Operating Expenses	9,489	8,649	8,771	10,852	14,010	17,479	20,157	23,214
<b>EBITDA</b>	<b>7,603</b>	<b>5,943</b>	<b>8,145</b>	<b>11,141</b>	<b>13,127</b>	<b>16,736</b>	<b>20,079</b>	<b>23,889</b>
Change (%)	31.0	-21.8	37.1	36.8	17.8	27.5	20.0	19.0
Margin (%)	7.5	6.9	7.5	7.9	7.1	6.7	6.4	6.2
Depreciation	2,391	2,249	2,316	2,446	2,743	3,360	3,910	4,436
Int. and Fin. Charges	3,803	3,754	3,224	3,026	3,232	3,568	3,268	3,380
Other Income	801	454	383	379	737	1,185	1,422	1,642
<b>Profit before Taxes</b>	<b>2,209</b>	<b>394</b>	<b>2,989</b>	<b>6,048</b>	<b>7,888</b>	<b>10,992</b>	<b>14,322</b>	<b>17,715</b>
Change (%)	955.7	-82.2	659.3	102.4	30.4	39.4	30.3	23.7
Margin (%)	2.2	0.5	2.8	4.3	4.3	4.4	4.5	4.6
Tax	786	455	748	1,396	1,925	2,748	3,580	4,464
Tax Rate (%)	35.6	115.6	25.0	23.1	24.4	25.0	25.0	25.2
<b>PAT Before Minority</b>	<b>1,423</b>	<b>-61</b>	<b>2,240</b>	<b>4,652</b>	<b>5,963</b>	<b>8,244</b>	<b>10,741</b>	<b>13,251</b>
Minority Interest	-7	2	-3	-12	-11	0	0	0
Exceptional	0	0	0	333	0	929	0	0
<b>Reported PAT</b>	<b>1,430</b>	<b>-64</b>	<b>2,244</b>	<b>4,331</b>	<b>5,973</b>	<b>7,316</b>	<b>10,741</b>	<b>13,251</b>
<b>Adjusted PAT</b>	<b>1,430</b>	<b>-64</b>	<b>2,244</b>	<b>4,599</b>	<b>5,973</b>	<b>8,244</b>	<b>10,741</b>	<b>13,251</b>
Change (%)	-4,113	-104	-3,616	105	30	38	30	23
Margin (%)	1.4	-0.1	2.1	3.3	3.2	3.3	3.4	3.4

### Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	9,583	10,301	10,301	10,301	10,301	10,301	10,301	10,301
Reserves	12,028	17,960	21,070	26,047	31,590	36,640	44,085	53,009
<b>Net Worth</b>	<b>21,611</b>	<b>28,260</b>	<b>31,370</b>	<b>36,347</b>	<b>41,891</b>	<b>46,940</b>	<b>54,385</b>	<b>63,310</b>
Minority Interest	-30	5	9	-2	-13	-13	-13	-13
GML	11,671	14,180	14,968	18,536	22,530	23,656	24,441	25,258
Loans	24,230	19,600	18,664	16,550	10,643	7,643	4,643	1,643
Lease liability	7,578	6,983	6,661	7,869	11,691	16,304	21,091	25,955
Deferred tax	-81	-461	-450	-562	-662	-662	-662	-662
<b>Capital Employed</b>	<b>64,979</b>	<b>68,567</b>	<b>71,223</b>	<b>78,738</b>	<b>86,079</b>	<b>93,868</b>	<b>1,03,887</b>	<b>1,15,491</b>
Gross Block	15,462	15,031	16,056	15,373	18,644	21,144	22,744	24,344
Less: Accum. Depn.	4,669	5,413	6,240	6,635	7,739	9,391	11,212	13,142
<b>Net Fixed Assets</b>	<b>10,793</b>	<b>9,618</b>	<b>9,816</b>	<b>8,738</b>	<b>10,904</b>	<b>11,753</b>	<b>11,532</b>	<b>11,201</b>
Goodwill	51	51	51	51	51	51	51	51
Intangible assets	97	94	70	49	35	35	36	36
Capital WIP	242	527	17	200	485	485	485	485
Right to Use Assets	10,110	8,613	8,667	9,580	11,390	14,612	17,236	19,845
Investments	0	0	6	44	44	44	44	44
Other non-current assets	1,830	2,186	1,962	2,748	5,117	10,043	13,593	17,330
<b>Curr. Assets, L&amp;A</b>	<b>58,984</b>	<b>67,103</b>	<b>68,414</b>	<b>85,158</b>	<b>99,490</b>	<b>1,09,823</b>	<b>1,24,536</b>	<b>1,42,454</b>
Inventory	47,203	53,031	57,943	70,139	82,976	1,01,917	1,08,962	1,31,102
Account Receivables	2,137	1,127	1,195	2,442	3,283	4,332	5,124	6,043
Cash and Bank Balance	7,501	10,966	7,772	9,819	9,751	676	6,812	865
Others	2,142	1,979	1,504	2,759	3,480	2,898	3,637	4,444
<b>Curr. Liab. and Prov.</b>	<b>17,127</b>	<b>19,627</b>	<b>17,778</b>	<b>27,830</b>	<b>41,436</b>	<b>52,977</b>	<b>63,624</b>	<b>75,954</b>
Account Payables	5,576	6,901	6,566	11,927	19,441	25,899	32,186	39,093
Provisions	385	445	493	714	668	951	1,129	1,388
Other current liabilities	11,166	12,280	10,720	15,188	21,326	26,127	30,309	35,473
<b>Net Current Assets</b>	<b>41,857</b>	<b>47,476</b>	<b>50,635</b>	<b>57,329</b>	<b>58,054</b>	<b>56,846</b>	<b>60,911</b>	<b>66,499</b>
<b>Application of Funds</b>	<b>64,979</b>	<b>68,564</b>	<b>71,224</b>	<b>78,738</b>	<b>86,079</b>	<b>93,868</b>	<b>1,03,887</b>	<b>1,15,491</b>

E: MOFSL Estimates



## Financials and valuations

Ratios						(INR m)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>								
EPS	1.5	-0.1	2.2	4.5	5.8	8.0	10.4	12.9
Cash EPS	4.0	2.1	4.4	6.8	8.5	11.3	14.2	17.2
BV/Share	22.6	27.4	30.5	35.3	40.7	45.6	52.8	61.5
DPS	0.0	0.0	0.0	0.5	1.2	2.2	3.2	4.2
Payout %	0.0	0.0	0.0	11.2	20.7	27.5	30.7	32.6
<b>Valuation (x)</b>								
P/E	295.5	-7,118.8	202.5	98.8	76.0	55.1	42.3	34.3
Cash P/E	110.6	207.9	99.6	64.5	52.1	39.1	31.0	25.7
EV/Sales	4.3	5.4	4.3	3.3	2.5	1.8	1.4	1.2
EV/EBITDA	57.8	77.9	57.1	41.4	34.7	27.6	22.5	19.0
P/BV	19.6	16.1	14.5	12.5	10.8	9.7	8.4	7.2
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.3	0.5	0.7	1.0
<b>Return Ratios (%)</b>								
RoE	6.9	-0.3	7.5	13.6	15.3	18.6	21.2	22.5
RoCE	6.0	-1.0	6.7	9.3	10.2	12.1	13.3	14.4
RoIC	6.8	-1.1	7.7	10.6	11.6	13.0	13.9	15.0
<b>Working Capital Ratios</b>								
Inventory (Days)	167	213	187	166	151	134	122	114
Debtor (Days)	7	7	4	5	6	6	5	5
Payable (Days)	18	27	23	24	31	33	34	34
Cash conversion (Days)	155	194	168	147	125	107	94	85
Inventory turns (x)	2.2	1.7	1.9	2.2	2.4	2.7	3.0	3.2
Asset Turnover (x)	1.6	1.3	1.5	1.8	2.2	2.7	3.0	3.3
<b>Leverage Ratio</b>								
Net Debt/Equity (x)	1.3	0.8	0.8	0.7	0.6	0.7	0.4	0.4

Cash Flow Statement						(INR m)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before Tax	2,209	394	2,989	5,715	7,888	10,992	14,322	17,715
Depreciation	2,391	2,249	2,316	2,446	2,743	3,360	3,910	4,436
Net interest	3,333	3,461	2,805	2,753	2,649	2,384	1,847	1,738
Others	-460	1,396	-59	85	170	0	0	0
Direct Taxes Paid	-65	-569	-1,529	-1,290	-2,262	-2,748	-3,580	-4,464
(Incr)/Decr in WC	-4,213	-642	-4,071	424	2,040	-8,324	2,619	-10,978
<b>CF from Operations</b>	<b>3,196</b>	<b>6,288</b>	<b>2,450</b>	<b>10,134</b>	<b>13,227</b>	<b>5,665</b>	<b>19,117</b>	<b>8,446</b>
Incr in FA	-1,075	-479	-908	-1,863	-3,712	-2,532	-1,635	-1,638
<b>Free Cash Flow</b>	<b>2,121</b>	<b>5,810</b>	<b>1,542</b>	<b>8,272</b>	<b>9,516</b>	<b>3,133</b>	<b>17,482</b>	<b>6,808</b>
Pur of Investments	28	0	-6	-37	0	0	0	0
Others	529	-268	705	188	1,896	-7,058	-6,568	-6,913
<b>CF from Invest.</b>	<b>-517</b>	<b>-747</b>	<b>-209</b>	<b>-1,712</b>	<b>-1,816</b>	<b>-9,590</b>	<b>-8,203</b>	<b>-8,551</b>
Issue of Shares	0	7,565	0	0	0	-929	0	0
Incr in Debt	1,816	-5,132	-861	-2,146	-5,909	-3,000	-3,000	-3,000
Dividend Paid	0	0	0	0	-515	-2,266	-3,296	-4,326
Net interest Paid	-2,706	-2,864	-2,407	-2,291	-2,389	-3,568	-3,268	-3,380
Others	-2,542	-1,646	-2,167	-1,939	-2,667	4,613	4,788	4,864
<b>CF from Fin. Activity</b>	<b>-3,432</b>	<b>-2,076</b>	<b>-5,435</b>	<b>-6,376</b>	<b>-11,479</b>	<b>-5,150</b>	<b>-4,777</b>	<b>-5,842</b>
<b>Incr/Decr of Cash</b>	<b>-753</b>	<b>3,465</b>	<b>-3,194</b>	<b>2,047</b>	<b>-68</b>	<b>-9,075</b>	<b>6,137</b>	<b>-5,947</b>
Add: Opening Balance	8,255	7,501	10,966	7,772	9,819	9,751	676	6,812
<b>Closing Balance</b>	<b>7,501</b>	<b>10,966</b>	<b>7,772</b>	<b>9,819</b>	<b>9,751</b>	<b>676</b>	<b>6,812</b>	<b>865</b>

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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