

# Titan Company

Estimate changes	↔
TP change	↔
Rating change	↔

**CMP: INR3,627 TP: INR4,200 (+16%)**

**Buy**

Bloomberg	TTAN IN
Equity Shares (m)	888
M.Cap.(INRb)/(USD\$b)	3220.4 / 38.8
52-Week Range (INR)	3887 / 2269
1, 6, 12 Rel. Per (%)	-1/11/31
12M Avg Val (INR M)	2820

## Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	512.8	588.5	681.3
Sales Gr. (%)	26.4	14.8	15.8
EBITDA	55.3	68.8	81.2
EBITDA Margin (%)	10.8	11.7	11.9
Adj. PAT	37.0	47.2	57.1
Adj. EPS (INR)	41.5	53.1	64.1
EPS Gr. (%)	12.9	27.8	20.8
BV/Sh.(INR)	161.9	199.7	243.3

## Ratios

RoE (%)	28.1	29.4	29.0
RoCE (%)	23.6	24.5	24.5
Payout (%)	28.0	38.0	39.0

## Valuation

P/E (x)	87.3	68.3	56.6
P/BV (x)	22.4	18.2	14.9
EV/EBITDA (x)	57.7	46.1	38.7
Div. Yield (%)	0.3	0.6	0.7

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	52.9	52.9	52.9
DII	10.5	10.1	11.3
FII	18.9	19.1	17.5
Others	17.8	17.9	18.3

FII Includes depository receipts

## Broad-based growth; a miss on margins

- Titan Company (Titan) posted sales growth of 22% YoY in 3QFY24, largely in line with our estimate. This was driven by a 22% surge in jewelry sales, attributed to the festive season, which resulted in double-digit growth in the number of buyers. Studded revenue rose 14% YoY only, due to soft demand in Dec'23.
- The Watch segment grew 22% YoY, well supported by the premiumization trend. Analog watches rose 18% YoY while Wearables grew 65% YoY.
- Jewelry EBIT improved 19% YoY, which was lower than expected due to a slow growth in Studded jewelry. The EBIT margin was at 11.6%, down 30bp YoY. The Studded ratio was at 24% in 3Q (vs. 26% YoY), leading to a miss on margin. Gold reported 16% YoY inflation that intensified competition, leading to higher consumer offers to protect market share.
- We model 15% revenue CAGR with an EBITDA margin of ~11-12% during FY24-FY26E. In a slower consumption environment, the Jewelry category growth is still outperforming. We will watch the near-term consumption trend, but will continue to like Titan for its best-in-class execution track record and its hunger to keep expanding the user base. Consumers' preference towards branded Jewelers will continue to keep the category growth rate at an attractive level. **Reiterate BUY with a TP of INR4,200.**

## In-line sales; lower studded ratio results in a miss on margin

- TTAN's consolidated revenue grew 22% YoY to INR141.6b (est. INR145.3b).
- EBITDA grew 16.2% YoY to INR15.7b (est. INR17.7b) in 3QFY24.
- PBT increased 10.8% YoY to INR13.8b (est. INR16.4b) in 3QFY24.
- Recurring PAT came in at INR10.5b (est. INR12.4b) in 3QFY24, up 15.5% YoY.
- Consolidated gross margin contracted 60bp YoY and flat QoQ to 23.3% (est. 25.8%).
- As a percentage of sales, staff costs, advertisement costs, and other expenses remained stable YoY. Therefore, EBITDA margin contracted 60bp YoY to 11.0% (est. 12.2%).
- Segmental performance:
  - Jewelry sales grew 22% YoY to INR127.4b (excluding gold ingots, sales rose 24% YoY to INR125.6b), while margin declined 30bp YoY to 11.6%.
  - Watches sales grew 21.6% YoY to INR9.9b, while EBIT margin contracted 440bp YoY to 5.7% in 3QFY24.
- In 9MFY24, net sales/EBITDA/Adj. PAT rose 28%/8%/7%.

## Highlights from the management commentary

- The significant growth was propelled by the jewelry and watches sectors, whereas sales growth in the eye care, ethnic wear, and perfume categories faced challenges.

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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.

- 36 Tanishq stores were opened domestically, with the remaining seven dedicated to international locations. Additionally, 50 Mia stores and 40 CaratLane stores were opened.
- Same-store growth remained consistent for CaratLane, Tanishq, and some Mia stores. However, Tanishq experienced some sluggishness in the sub-100K segment, possibly due to economic challenges faced by modern, digitally-inclined consumers in this category.

#### Valuation and view

- We cut our EPS by 7.4%/3.4% in FY24/FY25 and reset our margin assumption.
- Titan is one of the few consumer companies that has been growing revenue at this pace despite the high base and discretionary nature of its product segments. This underscores the superior brand positioning and the prowess of its franchise. Titan is on track to achieve the existing jewelry revenue guidance of 2.5x FY22 revenue by FY27, implying an impressive CAGR of 20%. With a current market share of ~8-9% in a sizable ~INR5t market, there is significant headroom for growth.
- The gradual recovery in the studded ratio is expected to support improved gross margin in the future. Its healthy growth outlook, favorable industry trends, and strong balance sheet make it a compelling option in the discretionary sector.
- We model a 15% revenue CAGR with an EBITDA margin of ~11-12% during FY24-FY26E. In a slower consumption environment, the Jewelry category growth is still outperforming. We will watch the near-term consumption trend, but will continue to like Titan for its best-in-class execution track record and its hunger to keep expanding the user base. Consumers' preference towards branded Jewelers will continue to keep the category growth rate at an attractive level.
- **Reiterate BUY with a TP of INR4,200 (premised on 68xDec'25E EPS). We continue to maintain Titan as our top consumer discretionary play in India.**

#### Consolidated Quarterly Performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24	FY24	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
<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>125.3</b>	<b>141.6</b>	<b>126.9</b>	<b>405.8</b>	<b>512.8</b>	<b>145.3</b>	-2.5
YoY change (%)	171.9	22.3	15.7	32.9	26.0	36.7	22.0	22.5	40.9	26.4	25.1	
<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>29.3</b>	<b>32.9</b>	<b>29.2</b>	<b>102.2</b>	<b>117.9</b>	<b>37.4</b>	
Margin (%)	25.5	27.6	23.9	24.3	22.2	23.4	23.3	23.0	25.2	23.0	25.8	
<b>EBITDA</b>	<b>12.0</b>	<b>12.5</b>	<b>13.5</b>	<b>10.9</b>	<b>11.3</b>	<b>14.1</b>	<b>15.7</b>	<b>14.3</b>	<b>48.8</b>	<b>55.3</b>	<b>17.7</b>	-11.4
EBITDA growth %	773.0	28.8	-6.6	24.3	-5.9	13.2	16.2	31.1	42.5	13.3	31.1	
Margin (%)	12.7	13.6	11.6	10.5	9.5	11.3	11.0	11.3	12.0	10.8	12.2	
Depreciation	1.0	1.1	1.1	1.2	1.3	1.4	1.5	1.4	4.4	5.7	1.2	
Interest	0.7	0.6	0.8	1.0	1.1	1.4	1.7	1.6	3.0	5.8	1.1	
Other Income	0.4	0.6	0.9	1.1	1.1	1.2	1.4	1.5	3.1	5.2	1.1	
<b>PBT</b>	<b>10.7</b>	<b>11.4</b>	<b>12.4</b>	<b>9.9</b>	<b>10.0</b>	<b>12.5</b>	<b>13.8</b>	<b>12.7</b>	<b>44.5</b>	<b>49.0</b>	<b>16.4</b>	-15.9
Tax	2.8	3.1	3.3	2.5	2.5	3.4	3.3	3.0	11.7	12.1	4.0	
Rate (%)	26.3	26.9	26.7	25.5	24.6	26.9	23.6	23.5	26.4	24.6	24.2	
<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>9.2</b>	<b>10.5</b>	<b>9.7</b>	<b>32.7</b>	<b>37.0</b>	<b>12.4</b>	-15.2
YoY change (%)	#	30.3	-9.9	11.0	-4.3	9.6	15.5	32.1	40.2	12.9	36.2	

E: MOFSL Estimates

## Key Performance Indicators

Y/E March	FY23				FY24		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>2Y CAGR (%)</b>							
Sales	118.4	41.9	23.4	17.6	85.1	29.3	18.8
EBITDA	LP	99.6	26.0	15.5	LP	20.7	4.2
PAT	LP	119.1	31.2	13.8	LP	19.5	2.0
<b>% of Sales</b>							
COGS	74.5	72.4	76.1	75.7	77.8	76.6	76.7
Operating Expenses	12.8	14.0	12.2	13.7	12.8	12.1	12.2
Depreciation	1.1	1.2	1.0	1.1	1.1	1.1	1.1
<b>YoY change (%)</b>							
COGS	161.2	18.0	17.9	34.7	31.5	44.8	23.0
Operating Expenses	88.6	41.8	30.0	30.3	25.5	18.1	21.6
Other Income	-4.3	10.9	56.1	50.0	159.1	103.3	52.8
EBIT	2,502.4	32.1	-8.2	25.3	-8.8	11.0	14.3

E: MOFSL Estimates

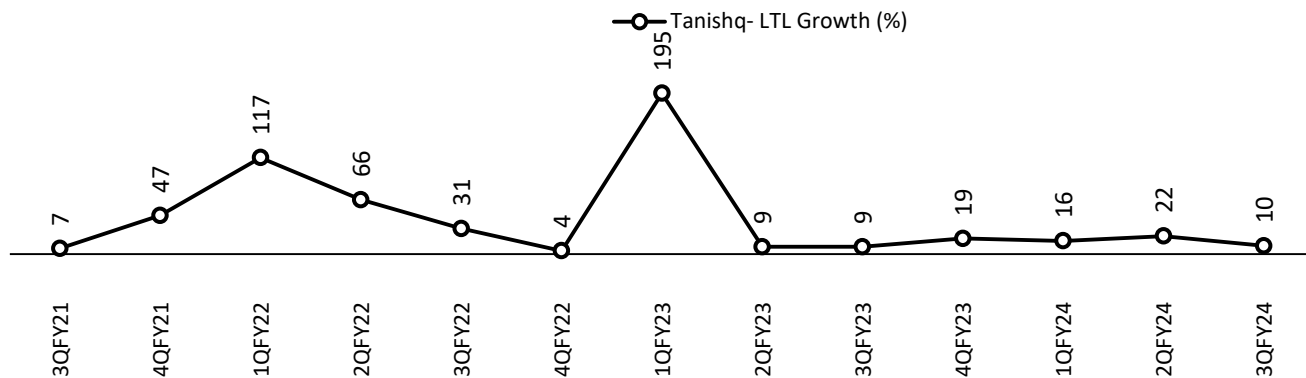
## Key exhibits

## Exhibit 1: Consolidated segmental snapshot

INR m	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
<b>Total Sales</b>	<b>94,870</b>	<b>92,240</b>	<b>1,16,980</b>	<b>1,04,740</b>	<b>1,20,110</b>	<b>1,26,530</b>	<b>1,43,000</b>
Watches	7,860	8,300	8,110	8,830	9,130	10,920	9,860
YoY Growth	168.3%	20.5%	14.2%	41.3%	16.2%	31.6%	21.6%
Jewellery	83,510	79,970	1,04,460	91,200	1,06,960	1,10,810	1,27,420
YoY Growth	173.8%	21.7%	15.3%	33.3%	28.1%	38.6%	22.0%
Jewellery (excluding gold ingots)	79,950	75,150	1,01,310	80,650	97,550	92,650	1,25,640
YoY Growth	204.5%	17.8%	12.5%	24.7%	22.0%	23.3%	24.0%
Eyewear	1,830	1,670	1,740	1,650	2,030	1,890	1,680
YoY Growth	173.1%	4.4%	11.5%	23.1%	10.9%	13.2%	-3.4%
Others	1,670	2,300	2,670	3,060	1,990	2,910	4,040
YoY Growth	53.2%	79.7%	58.0%	13.3%	19.2%	26.5%	51.3%
<b>Total EBIT</b>	<b>11,370</b>	<b>12,020</b>	<b>13,240</b>	<b>10,840</b>	<b>11,110</b>	<b>13,920</b>	<b>15,470</b>
Watches	980	1,220	820	1,060	1,010	1,600	560
YoY Growth	-260.7%	35.6%	2.5%	960.0%	3.1%	31.1%	-31.7%
EBIT Margin	12.5%	14.7%	10.1%	12.0%	11.1%	14.7%	5.7%
Jewellery	10,520	10,880	12,430	10,040	10,220	12,170	14,820
YoY Growth	431.3%	35.5%	-3.5%	26.2%	-2.9%	11.9%	19.2%
EBIT Margin	12.6%	13.6%	11.9%	11.0%	9.6%	11.0%	11.6%
Eyewear	360	280	320	20	350	250	130
YoY Growth	-376.9%	-24.3%	-5.9%	33.3%	-2.8%	-10.7%	-59.4%
EBIT Margin	19.7%	16.8%	18.4%	1.2%	17.2%	13.2%	7.7%
Others	(490)	(360)	(330)	(280)	(470)	(100)	(40)

Source: Company, MOFSL

Exhibit 2: Tanishq's LTL growth at 10% YoY in 3QFY24



Source: Company, MOFSL

Exhibit 3: Jewelry – Key operating parameters

Jewellery	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Studded share	26	30	22	30	26	32	26	32	26	33	26	33	24
<b>Tansihq</b>													
LTL growth (%)	7	47	117	66	31	4	195	9	9	19	16	22	10
Sales growth	13	63	115	75	37	1	202	13	14	25	21	27	16
<b>Caratlane</b>													
LTL growth (%)	10	35	260	117	56	34	306	41	35	29	8	10	2
Sales growth	39	75	300	166	84	60	370	72	60	57	44	47	37

Source: Company, MOFSL

Exhibit 4: Sales and LTL growth in Watches and Eyewear businesses

Watches and Eyewear	1QFY23		2QFY23		3QFY23		4QFY23		1QFY24		2QFY24		3QFY24	
	Sales	LTL growth	Sales	LTL growth	Sales	LTL growth	Sales	LTL growth	Sales	LTL growth	Sales	LTL growth	Sales	LTL growth
World of Titan	241	227	31	26	14	8	18	11	8	2	8	2	7	3
Fastrack	278	227	46	27	32	11	45	21	40	20	5	-7	-5	-13
Helios	230	231	26	26	19	18	11	8	(4)	(11)	38	18	36	20
Watches LFS	358	338	63	52	20	25	42	37	33	13	15	4	14	12
Watches Sale growth														
Titan Eye+	180	185	12	1	14	1	22	10	13	3	9	0	0	-6

Source: Company, MOFSL

Exhibit 5: Total 90 new stores added in 3QFY24 and the total count reached 2,949 stores

Space Format *include international Store	1QFY23		2QFY23		3QFY23		4QFY23		1QFY24		2QFY24		3QFY24	
	Stores	Space ('000 Sqft)	Stores	Space ('000 Sqft)	Stores	Space ('000 Sqft)	Stores	Space ('000 Sqft)	Stores	Space ('000 Sqft)	Stores	Space ('000 Sqft)	Stores	Space ('000 Sqft)
<b>Watches</b>														
World of Titan	570	429	577	434	601	446	622	443	636	453	646	457	655	459
Fastrack	161	78	163	78.6	170	81	185	87	188	89	193	93	198	95
Helios	151	117	165	126	182	136	198	145	207	151	212	154	223	161
<b>Jewellery</b>														
Tanishq	395	1,530	403	1,570	411	1,640	423	1,740	433	1,800	445	1,880	466	2,010
Goldplus														
Zoya	5	19	6	20	6	20	7	24	7	24	8	25	8	25
Mia	63	28	79	37	93	47	111	64	119	71	145	99	162	116
Carat Lane	143	139	157	161	175	191	222	274	233	293	246	324	262	349
<b>Eye Wear</b>														
Titan Eye+	786	481	822	504	858	525	896	554	901	557	905	564	905	570
Fastrack (Eyewer)	3	2.5	5	5.8	5	5.8	5	5.8	7	7.6	8	8.5	8	6.6
<b>Others</b>														
Taneira	26	75	31	88	36	101	41	115	47	139	51	147	62	183
<b>Total</b>	<b>2,303</b>	<b>2,899</b>	<b>2,408</b>	<b>3,024</b>	<b>2,537</b>	<b>3,193</b>	<b>2,710</b>	<b>3,452</b>	<b>2,778</b>	<b>3,585</b>	<b>2,859</b>	<b>3,752</b>	<b>2,949</b>	<b>3,975</b>

Source: Company, MOFSL



## Key highlights from the management interaction

### Performance and Outlook

- The significant growth was propelled by the jewelry and watches sectors, whereas sales growth in the eye care, ethnic wear, and perfume categories faced challenges.
- During Nov-Dec'23, there was an increase of INR200 per gram in gold prices. In comparison to Dec'22, the rise amounted to INR800 per gram.
- For the sub-100K portfolio comprising Tanishq, CaratLane, and Mia, there is an observed stability in buyer growth from Sep to Nov'23, extending through Dec'23 and Jan'24.
- The subsidiary primarily operates in two sectors: manufacturing services, crafting highly precise components for the aerospace and defense industry with clients such as Collins and Pratt & Whitney; and automation solutions, providing customized automation using robotics, vision cameras, and welding for diverse industries, with a significant focus on the automotive sector.
- In most of the international locations, ticket sizes are notably higher than in India, often reaching around 21k per customer.
- In the US, these ticket sizes can surpass even those in the GCC. Additionally, the studded ratios are generally higher than those observed in India.
- The payback period for an L2 or L3 franchisee is favorable, typically turning positive within the first two to three years.
- In the future, there is potential for further expansion on the L2 side.

### Cost and margins

- The lower margin this quarter in the jewelry business can be attributed to a decrease in the studded ratio or studded mix. Additionally, heightened competitive intensity accompanies a significant 16% YoY increase in gold prices during 3Q, impacting sales in a season marked by eager sellers.
- The increase in A&P spend this quarter is due to advertising and promotional activities related to the festive season and weddings.
- In the quarter, elevated marketing expenditures on watches have had an impact on profit margins.
- EBIT margin was within the indicated range of 12% to 13%.
- Tanishq stores are currently located in 265 towns and are expected to expand to 300 towns within the next couple of years.

### Segmental Information

- 36 Tanishq stores were opened domestically, with the remaining seven dedicated to international locations. Additionally, 50 Mia stores and 40 CaratLane stores were opened.
- Titan opened 60+ eye care stores, but also rationalized underperforming ones. Industry-wide slowdown from mid-September to November, with December showing even better results, setting positive expectations for the upcoming months.
- Same-store growth remained consistent for CaratLane, Tanishq, and some Mia stores. However, Tanishq experienced some sluggishness in the sub-100K segment, possibly due to economic challenges faced by modern, digitally-inclined consumers in this category.
- In the wearables sector, Titan achieved over INR5b turnover last year at the consumer price level.

- This year, Fastrack smartwatches have shown remarkable growth across channels and in e-commerce marketplaces. The market share has increased from 5%-6% to 8%-9% from quarter one to the present.
- In wearables, Titan offered well-styled products in the INR1,500 to INR3,500-INR4,000 range.
- A significant campaign in quarter two boosted Fastrack smartwatches' visibility and focus will be on the Fastrack smartwatches in the INR2,000-INR3,000 range and Titan smartwatches in the INR8,000 to INR15,000 range.

## Valuation and view

### Strong growth over the last 10 years

- TTAN 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 the 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 ended 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

- We cut our EPS by 7.4%/3.4% in FY24/FY25 and reset our margin assumption.
- Titan is one of the few consumer companies that has been growing revenue at this pace despite the high base and discretionary nature of its product segments. This underscores the superior brand positioning and the prowess of its franchise. Titan is on track to achieve the existing jewelry revenue guidance of 2.5x FY22 revenue by FY27, implying an impressive CAGR of 20%. With a current market share of ~8-9% in a sizable ~INR5t market, there is significant headroom for growth.
- The gradual recovery in the studded ratio is expected to support improved gross margin in the future. Its healthy growth outlook, favorable industry trends, and strong balance sheet make it a compelling option in the discretionary sector.
- We model a 15% revenue CAGR with an EBITDA margin of ~11-12% during FY24-FY26E. In a slower consumption environment, the Jewelry category growth is still outperforming. We will watch the near-term consumption trend, but will continue to like Titan for its best-in-class execution track record and its hunger to keep expanding the user base. Consumers' preference towards branded Jewelers will continue to keep the category growth rate at an attractive level.
- **Reiterate BUY with a TP of INR4,200 (premised on 68xDec'25E EPS). We continue to maintain Titan as our top consumer discretionary play in India.**

#### Exhibit 6: We cut our estimates by ~7.4-3.4% for FY24/FY25

(INR b)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	512.8	588.5	513.4	589.3	-0.1	-0.1
EBITDA	55.3	68.8	58.5	71.1	-5.4	-3.2
PAT	37.0	47.2	39.9	48.9	-7.4	-3.4

Source: MOFSL



## Financials and valuations

Income Statement								(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Net Sales</b>	<b>197.8</b>	<b>210.5</b>	<b>216.4</b>	<b>288.0</b>	<b>405.8</b>	<b>512.8</b>	<b>588.5</b>	<b>681.3</b>
Change (%)	22.7	6.4	2.8	33.1	40.9	26.4	14.8	15.8
<b>Gross Profit</b>	<b>53.8</b>	<b>59.0</b>	<b>52.3</b>	<b>71.6</b>	<b>102.2</b>	<b>117.9</b>	<b>139.4</b>	<b>164.3</b>
Margin (%)	27.2	28.0	24.2	24.9	25.2	23.0	23.7	24.1
Other expenditure	33.9	34.0	35.1	37.4	53.4	62.6	70.6	83.1
<b>EBITDA</b>	<b>19.9</b>	<b>24.9</b>	<b>17.2</b>	<b>34.2</b>	<b>48.8</b>	<b>55.3</b>	<b>68.8</b>	<b>81.2</b>
Change (%)	21.1	25.1	-30.8	98.5	42.5	13.3	24.5	18.0
Margin (%)	10.1	11.8	8.0	11.9	12.0	10.8	11.7	11.9
Depreciation	1.6	3.5	3.8	4.0	4.4	5.7	5.9	6.3
Int. and Fin. Charges	0.5	1.7	2.0	2.2	3.0	5.8	5.3	4.5
Other Income - Recurring	1.8	1.5	1.9	2.3	3.1	5.2	5.5	5.8
<b>Profit before Taxes</b>	<b>19.6</b>	<b>21.3</b>	<b>13.3</b>	<b>30.4</b>	<b>44.5</b>	<b>49.0</b>	<b>63.1</b>	<b>76.3</b>
Change (%)	26.5	8.8	-37.5	128.2	46.3	10.3	28.8	20.8
Margin (%)	9.9	10.1	6.2	10.6	11.0	9.6	10.7	11.2
Tax	6.1	5.8	3.6	7.9	11.5	12.1	15.9	19.2
Deferred Tax	0.5	-0.4	0.1	0.8	-0.2	0.0	0.0	0.0
Tax Rate (%)	29.0	28.9	26.5	23.2	26.4	24.6	25.2	25.2
<b>Profit after Taxes</b>	<b>13.9</b>	<b>15.2</b>	<b>9.8</b>	<b>23.3</b>	<b>32.7</b>	<b>37.0</b>	<b>47.2</b>	<b>57.1</b>
Change (%)	24.0	8.9	-35.4	138.4	40.2	12.9	27.8	20.8
Margin (%)	7.0	7.2	4.5	8.1	8.1	7.2	8.0	8.4
Extraordinary income	0	-185	0	-1,360	0	0	0	0
<b>Reported PAT</b>	<b>13.9</b>	<b>14.9</b>	<b>9.7</b>	<b>22.0</b>	<b>32.7</b>	<b>37.0</b>	<b>47.2</b>	<b>57.1</b>

Balance Sheet								(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
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	60.0	65.8	74.1	92.4	118.2	142.9	176.4	215.1
<b>Net Worth</b>	<b>60.8</b>	<b>66.7</b>	<b>75.0</b>	<b>93.3</b>	<b>119.0</b>	<b>143.8</b>	<b>177.3</b>	<b>216.0</b>
Loans	0.3	7.2	1.5	5.2	22.0	28.5	30.0	30.9
Lease liabilities	0.0	12.4	12.6	13.6	18.7	20.7	20.7	20.7
Deferred Tax	-0.7	-1.5	-1.0	-1.8	-1.6	-1.6	-1.6	-1.6
<b>Capital Employed</b>	<b>60.5</b>	<b>84.9</b>	<b>88.1</b>	<b>110.3</b>	<b>158.2</b>	<b>191.5</b>	<b>226.4</b>	<b>266.1</b>
Gross Block	15.4	17.7	18.2	19.3	21.9	26.5	29.3	31.8
Less: Accum. Depn.	3.3	4.6	5.8	7.1	8.4	14.1	15.7	18.1
<b>Net Fixed Assets</b>	<b>12.1</b>	<b>13.1</b>	<b>12.4</b>	<b>12.2</b>	<b>13.4</b>	<b>12.4</b>	<b>13.6</b>	<b>13.7</b>
Intangibles	3.6	4.0	3.8	3.7	3.8	3.8	3.8	3.8
Capital WIP	0.3	0.1	0.2	0.7	1.3	1.3	1.3	1.3
Right of use asset	0.0	9.3	9.2	9.7	12.9	14.1	14.8	15.6
Investments	1.1	1.6	28.2	2.9	25.2	27.0	28.5	29.8
<b>Curr. Assets, L&amp;A</b>	<b>99.3</b>	<b>105.8</b>	<b>109.7</b>	<b>180.8</b>	<b>212.1</b>	<b>256.5</b>	<b>303.4</b>	<b>356.0</b>
Inventory	70.4	81.0	84.1	136.1	165.8	182.7	202.3	218.1
Account Receivables	4.2	3.1	3.7	5.7	6.7	10.5	12.1	14.3
Cash and Bank Balance	10.7	3.8	5.6	15.7	13.4	29.3	50.0	78.9
Others	14.1	17.9	16.3	23.4	26.1	33.9	39.0	44.8
<b>Curr. Liab. and Prov.</b>	<b>55.9</b>	<b>49.0</b>	<b>75.2</b>	<b>99.8</b>	<b>110.5</b>	<b>123.6</b>	<b>139.1</b>	<b>154.2</b>
Current Liabilities	53.9	46.1	73.4	97.4	106.8	120.7	135.9	150.7
Provisions	2.1	2.9	1.9	2.4	3.7	2.9	3.2	3.5
<b>Net Current Assets</b>	<b>43.4</b>	<b>56.8</b>	<b>34.5</b>	<b>81.1</b>	<b>101.6</b>	<b>132.9</b>	<b>164.3</b>	<b>201.8</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>60.5</b>	<b>84.9</b>	<b>88.3</b>	<b>110.3</b>	<b>158.2</b>	<b>191.5</b>	<b>226.4</b>	<b>266.1</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>15.7</b>	<b>17.1</b>	<b>11.0</b>	<b>26.2</b>	<b>36.8</b>	<b>41.5</b>	<b>53.1</b>	<b>64.1</b>
Cash EPS	17.3	18.9	12.9	28.3	38.9	48.0	59.8	71.3
BV/Share	68.5	75.2	84.5	105.1	134.1	161.9	199.7	243.3
DPS	6.0	4.1	4.0	7.5	10.0	11.6	20.2	25.0
Payout %	38.5	23.8	36.5	28.6	27.2	28.0	38.0	39.0
<b>Valuation (x)</b>								
P/E	231.5	212.5	328.8	138.3	98.6	87.3	68.3	56.6
Cash P/E	209.2	192.2	281.1	128.2	93.3	75.5	60.6	50.8
EV/Sales	16.2	15.3	14.7	11.1	7.9	6.2	5.4	4.6
EV/EBITDA	161.1	129.3	184.9	93.7	65.6	57.7	46.1	38.7
P/BV	52.9	48.2	42.9	34.5	27.0	22.4	18.2	14.9
Dividend Yield (%)	0.2	0.1	0.1	0.2	0.3	0.3	0.6	0.7
<b>Return Ratios (%)</b>								
RoE	24.9	23.8	13.8	27.7	30.8	28.1	29.4	29.0
RoCE	25.5	22.5	13.0	25.2	26.0	23.6	24.5	24.5
RoIC	28.0	23.9	14.9	32.0	31.2	29.7	33.6	37.0
<b>Working Capital Ratios</b>								
Debtor (Days)	8	5	6	7	6	8	8	8
Asset Turnover (x)	3.3	2.5	2.5	2.6	2.6	2.7	2.6	2.6
<b>Leverage Ratio</b>								
Debt/Equity (x)	0.0	0.1	0.0	0.1	0.2	0.2	0.2	0.1

### Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
						(INR b)	(INR b)	(INR b)
<b>OP/(loss) before Tax</b>	<b>19.6</b>	<b>21.0</b>	<b>13.3</b>	<b>29.0</b>	<b>44.5</b>	<b>49.0</b>	<b>63.1</b>	<b>76.3</b>
Int./Div. Received	1.1	-0.4	-0.6	-1.3	-1.1	-5.2	-5.5	-5.8
Deferred Revenue Exp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation & Amort.	1.6	3.5	3.8	4.0	4.4	5.7	5.9	6.3
Interest Paid	-0.5	0.7	1.4	1.2	1.6	5.8	5.3	4.5
Direct Taxes Paid	6.4	5.6	2.7	8.0	11.5	12.1	15.9	19.2
Incr in WC	3.0	22.7	-26.2	32.2	24.1	17.3	10.8	8.6
<b>CF from Operations</b>	<b>12.4</b>	<b>-3.5</b>	<b>41.4</b>	<b>-7.2</b>	<b>13.7</b>	<b>25.9</b>	<b>42.1</b>	<b>53.4</b>
Incr in FA	2.6	3.5	1.4	2.2	4.2	5.9	3.6	3.2
<b>Free Cash Flow</b>	<b>9.8</b>	<b>-6.9</b>	<b>40.0</b>	<b>-9.4</b>	<b>9.5</b>	<b>20.0</b>	<b>38.6</b>	<b>50.2</b>
Investments	0.2	-3.2	27.3	-16.4	18.6	1.8	1.5	1.3
Others	0.2	0.7	-1.4	-7.1	-2.2	-5.2	-5.5	-5.8
<b>CF from Invest.</b>	<b>-3.1</b>	<b>-1.0</b>	<b>-27.3</b>	<b>21.4</b>	<b>-20.6</b>	<b>-2.5</b>	<b>0.4</b>	<b>1.3</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	6.9	-5.6	3.4	16.8	6.6	1.4	0.9
Dividend Paid	4.0	5.4	3.6	3.6	6.7	10.4	17.9	22.3
Others	0.9	4.0	3.2	3.9	5.5	3.8	5.3	4.5
<b>CF from Fin. Activity</b>	<b>-4.9</b>	<b>-2.4</b>	<b>-12.3</b>	<b>-4.0</b>	<b>4.6</b>	<b>-7.6</b>	<b>-21.8</b>	<b>-25.8</b>
<b>Incr/Decr of Cash</b>	<b>4.5</b>	<b>-6.9</b>	<b>1.8</b>	<b>10.1</b>	<b>-2.3</b>	<b>15.9</b>	<b>20.7</b>	<b>28.9</b>
Add: Opening Balance	6.2	10.7	3.8	5.6	15.7	13.4	29.3	50.0
<b>Closing Balance</b>	<b>10.7</b>	<b>3.8</b>	<b>5.6</b>	<b>15.7</b>	<b>13.4</b>	<b>29.3</b>	<b>50.0</b>	<b>78.9</b>

E: MOFSL Estimates

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Email Id: na@motilaloswal.com, Contact No.:022-40548085.

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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.