

Kalyan Jewellers

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	KALYANKJ IN
Equity Shares (m)	1032
M.Cap.(INRb)/(USDb)	609.8 / 7
52-Week Range (INR)	795 / 399
1, 6, 12 Rel. Per (%)	5/5/8
12M Avg Val (INR M)	5538

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	318.7	391.0	467.7
EBITDA	20.9	24.7	28.8
Margins (%)	6.6	6.3	6.2
Adj. PAT	11.2	13.7	16.3
Adj. EPS (INR)	10.9	13.3	15.8
EPS Growth (%)	38.9	22.4	19.0
BV/Sh.(INR)	54.4	62.8	71.6

Ratios

RoE (%)	21.5	22.7	23.6
RoIC (%)	15.6	16.8	18.3

Valuations

P/E (x)	54.3	44.3	37.3
P/BV (x)	10.8	9.4	8.2
EV/Sales (x)	1.9	1.5	1.2
EV/EBITDA(x)	28.7	24.1	20.3

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	62.8	62.9	60.6
DII	13.3	12.0	11.8
FII	16.8	16.9	21.2
Others	7.0	8.3	6.5

FII includes depository receipts

CMP: INR591 TP: INR700 (+18%) Buy

Industry-leading growth; beat in margin

- Kalyan Jewellers' (KALYANKJ) consolidated revenue grew 31% YoY to INR72.7b (in line). The Indian business achieved 31% YoY revenue growth, driven by store additions (added net nine Kalyan Indian stores and eight Candere stores) and 18% SSSG (20% in South, 16% in non-South). Management indicated that there is no pent-up demand likely to emerge from the recent moderation in gold prices, as weddings have not been postponed. Studded share remained stable at 30.2% in 1QFY26 vs 30.4% in 1QFY25. Studded revenue rose 30%.
- Gross margin for the Indian business contracted 60bp YoY to 13.6%. The margin contraction was likely due to the rising mix from franchised stores (~43% revenue mix in 1QFY26). EBITDA margin for the Indian business expanded 40bp YoY to 7% (beat), driven by stable advertising costs and improved sourcing efficiencies. The company is working to reduce its credit period as part of its efforts to improve operating margins. The PBT margin expanded 80bp YoY to 5.6%, while PBT rose 54% YoY.
- The Middle Eastern business delivered 27% revenue growth. Studded share stood at 18.4%. There were no store additions during the quarter.
- The company is launching a new growth vertical by introducing various regional brands. In order to deepen its presence in new markets, Kalyan aims to establish regional brands offering exclusively localized designs, with the first launch planned for CY25. A pilot is expected in FY26, starting with five COCO stores, followed by franchise-led expansion. The initial capex will be ~INR3b. Management indicated that the format may have lower GM, but inventory turns will be higher and ROCE will be in the range of 18-20%. We await further clarity on this initiative.
- With the successful scaling of its new franchise businesses (~40% revenue contribution) and stable success in the non-Southern markets, the company has established itself as a leading brand in the industry. The company is further establishing a region-specific store format to combat increasing competition from unorganized players. We model 21%/17%/21% revenue/EBITDA/PAT CAGR during FY25-28E. We reiterate our BUY rating with a TP of INR700 (based on 50x Jun'27 P/E).

Robust growth continues with healthy store expansion

India business

- **Healthy revenue growth with double-digit SSSG:** India's revenue grew 31% YoY to INR61.4b (inline), and same-store sales increased 18% YoY. SSSG was 20% in Southern regions and 16% in non-Southern regions. South's revenue growth was 30%, while non-South's revenue stood at 33% YoY. Non-Southern markets showed promising growth, with revenue contribution increasing to 51%. Studded share remained stable at 30.2% in 1QFY26 vs 30.4% in 1QFY25. Studded revenue rose 30%.
- **Strong growth in profitability:** EBITDA grew 38% YoY to INR4.3b (est. INR3.9b). PBT grew 54% YoY to INR3.4b (est. INR2.9b) and APAT grew 55% YoY to 2.6b (est. INR2.2b). Management stated that the current GML rates are back to September 24 levels of ~4%, given the geopolitical uncertainties.

Naveen Trivedi – Research Analyst (Naveen.Trivedi@motilaloswal.com)

Research Analyst: Amey Tiwari (Amey.Tiwari@MotilalOswal.com) | **Tanu Jindal** (Tanu.Jindal@MotilalOswal.com)

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Rapid store expansion:** The company added net nine My Kalyan stores in India, reaching a total of 287 stores. Candere added eight stores, reaching a total of 81 stores. Total stores in India stood at 368. 'My Kalyan' grassroots stores reached 1,047 in 1QFY26, contributing ~16% to revenue from operations in India and over 31% to enrolment in advance purchase schemes in India.

Middle East

- Sales grew 27% YoY to INR10.3b. There were no store additions during the quarter. The studded share stood at 18.4% vs 16.4%.
- Gross margin contracted 70bp YoY to 14% and EBITDA margin contracted 60bp YoY to 7.1%. EBITDA grew 17% YoY to INR728m. APAT grew 18% YoY to INR221m.

Consolidated performance

- KALYANKJ's consolidated revenue grew 31% YoY to INR72.7b (est. INR70.8b).
- Gross margin contracted ~50bp YoY to 13.9% (est. 13.4%).
- EBITDA margin expanded 20bp YoY to 7%. (est. 6.6%). EBITDA grew 35% YoY to INR5.0b. PBT grew 49% YoY to INR3.5b and APAT grew 49% YoY to 2.6b.

Key takeaways from the management commentary

- Demand in the first three weeks of July was healthy. The last week of July to the first week of August is not comparable due to a high base created by the customs duty cut. That said, management believes that the high base impact should be offset in 2QFY26, which will benefit from key festive events such as Navratri and the conclusion of Shradh.
- Management indicated that there is no pent-up demand likely to emerge due to the gold price moderation, as weddings were not postponed.
- Going forward, the company aims to focus on monetizing its real-estate collateral (which is ~INR2b), developing a new retail format alongside Kalyan and Candere, and undertaking supply-side restructuring to improve gross margins.
- The initial investment in new regional brands will be INR3b (largely inventory), and Kalyan will open five stores, post which the store expansion will be FOCO-led. The first store will be launched in FY26.
- The company plans to open 170 showrooms with 90 Kalyan and 80 Candere formats in FY26.

Valuation and view

- We have largely maintained our EPS estimates for FY26 and FY27.
- With the successful scale-up of its new franchise businesses (~40 revenue contribution) and continued 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 the asset-light expansion supports healthy cash flow generation for debt repayment and enhances profitability by reducing interest costs. It is also gaining momentum in the Middle East and the US.
- We model 21%/17%/21% revenue/EBITDA/PAT CAGR over FY26-28E. We reiterate our BUY rating with a TP of INR700 (based on 50x Jun'27 P/E)

Consolidated Quarterly Performance

(InR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Stores	277	303	349	388	406	454	497	560	388	560	419	
Net Sales	55,355	60,655	72,869	61,815	72,685	74,280	91,492	80,247	2,50,451	3,18,703	70,772	2.7%
Change (%)	26.5	37.4	39.5	36.6	31.3	22.5	25.6	29.8	35.0	27.3	27.9	
Raw Material/PM	47,419	52,313	63,323	53,314	62,603	64,547	80,014	70,118	2,16,370	2,77,283	61,299	
Gross Profit	7,935	8,342	9,546	8,501	10,081	9,732	11,478	10,128	34,081	41,420	9,473	6.4%
Gross Margin (%)	14.3	13.8	13.1	13.8	13.9	13.1	12.5	12.6	13.6	13.0	13.4	
Operating Expenses	4,175	4,379	4,609	4,507	5,001	4,786	5,458	5,265	17,671	20,510	4,828	
% of Sales	7.5	7.2	6.3	7.3	6.9	6.4	6.0	6.6	7.1	6.4	6.8	
EBITDA	3,760	3,962	4,936	3,994	5,080	4,946	6,020	4,863	16,410	20,910	4,645	9.4%
Margin (%)	6.8	6.5	6.8	6.5	7.0	6.7	6.6	6.1	6.6	6.6	6.6	
Change (%)	16.4	26.3	33.5	34.8	35.1	24.8	22.0	21.8	25.0	27.4	23.5	
Interest	852	903	876	962	1,036	903	876	812	3,595	3,628	895	
Depreciation	755	850	890	933	977	997	1,007	992	3,427	3,972	952	
Other Income	222	260	313	408	463	377	454	445	1,446	1,739	321	
PBT	2,375	2,469	3,484	2,507	3,530	3,423	4,591	3,504	10,834	15,048	3,119	13.2%
Tax	599	649	886	630	889	873	1,171	906	2,764	3,839	795	
Effective Tax Rate (%)	25.2	26.3	25.4	25.1	25.2	25.5	25.5	25.9	25.5	25.5	25.5	
Adjusted PAT	1,776	1,821	2,598	1,877	2,641	2,550	3,420	2,598	8,070	11,209	2,324	13.6%
Change (%)	23.4	34.6	43.8	36.4	48.7	40.1	31.7	38.4	35.1	38.9	30.9	
Reported PAT	1,776	1,303	2,187	1,877	2,641	2,550	3,420	2,598	7,142	11,209	2,324	

E: MOFSL Estimates

India Quarterly Performance (Standalone)

(InR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Stores	241	267	312	351	368	413	455	516	351	516	380	
SSSG (%)	12	23	24	21	18	10	11	11			15	
Studded ratio (%)	30.4	29.7	29.5	31.1	30.2							
Net Sales	46,875	52,268	63,864	53,504	61,422	64,865	81,479	71,723	2,16,510	2,79,490	61,082	0.6%
Change (%)	28.7	39.2	41.6	38.3	31.0	24.1	27.6	34.1	37.3	29.1	30.3	
Raw Material/PM	40,226	45,205	55,767	46,378	53,058	56,433	71,376	63,062	1,87,577	2,43,928	52,958	
Gross Profit	6,648	7,062	8,097	7,126	8,364	8,432	10,103	8,661	28,934	35,561	8,124	3.0%
Gross Margin (%)	14.2	13.5	12.7	13.3	13.6	13.0	12.4	12.1	13.4	12.7	13.3	
Operating Expenses	3,499	3,741	3,845	3,691	4,023	4,186	4,822	4,291	14,776	17,321	4,191	
% of Sales	7.5	7.2	6.0	6.9	6.5	6.5	5.9	6.0	6.8	6.2	6.9	
EBITDA	3,150	3,322	4,251	3,435	4,342	4,247	5,281	4,371	14,158	18,240	3,933	10.4%
Margin (%)	6.7	6.4	6.7	6.4	7.1	6.5	6.5	6.1	6.5	6.5	6.4	
Change (%)	17.1	24.3	34.4	34.7	37.9	27.9	24.2	27.2	27.8	28.8	24.9	
Interest	601	626	585	686	724	680	600	535	2,497	2,539	650	
Depreciation	560	612	610	679	697	710	720	726	2,461	2,853	689	
Other Income	250	277	411	424	521	425	425	307	1,485	1,679	400	
PBT	2,239	2,361	3,467	2,494	3,443	3,281	4,386	3,417	10,685	14,527	2,994	15.0%
Tax	588	641	876	640	878	827	1,105	851	2,745	3,661	755	
Effective Tax Rate (%)	26.3	27.1	25.3	25.7	25.5	25.2	25.2	24.9	25.7	25.2	25.2	
Adjusted PAT	1,651	1,720	2,591	1,854	2,565	2,454	3,281	2,566	7,630	10,866	2,240	
Change (%)	28.1	37.1	54.0	41.1	55.4	42.7	26.6	38.4	39.8	42.4	35.7	
Reported PAT	1,651	1,203	2,180	1,854	2,565	2,454	3,281	2,566	6,702	10,866	2,240	

E: MOFSL Estimates

Middle East Quarterly Performance

(INR m)

Y/E March	FY25				FY26			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
Stores	36	36	36	36	36	40	41	43
Net Sales	8,092	8,004	8,403	7,845	10,265	8,964	9,411	8,896
Change (%)	15.6	27.2	23.1	26.0	26.9	12.0	12.0	13.4
Raw Material/PM	6,900	6,847	7,156	6,677	8,828	7,665	8,037	7,551
Gross Profit	1,192	1,157	1,247	1,168	1,437	1,300	1,374	1,345
Gross Margin (%)	14.7	14.5	14.8	14.9	14.0	14.5	14.6	15.1
Operating Expenses	569	551	603	581	709	601	635	653
% of Sales	7.0	6.9	7.2	7.4	6.9	6.7	6.8	7.3
EBITDA	623	606	644	587	728	699	739	692
Margin (%)	7.7	7.6	7.7	7.5	7.1	7.8	7.9	7.8
Change (%)	12.5	26.0	21.6	33.1	16.9	15.4	14.7	17.9
Interest	264	276	277	269	287	285	265	257
Depreciation	168	173	191	194	204	210	220	221
Other Income	2	5	5	26	29	11	10	10
PBT	193	162	181	150	266	215	264	224
Tax	6	24	28	29	45	34	42	29
Effective Tax Rate (%)	3.1	14.8	15.5	19.3	16.9	16.0	16.0	12.7
Adjusted PAT	187	138	153	121	221	181	222	195
Change (%)	10.7	16.0	10.9	22.2	18.2	31.0	44.8	61.5

Exhibit 1: Store network

Store data	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Kalyan India	159	172	194	204	217	231	253	278	287
-COCO	159	130	135	128	128	126	121	126	126
-FOCO	0	42	59	76	89	105	132	152	161
Candere	2	3	7	13	24	36	59	73	81
-COCO	2	2	5	5	8	12	35	36	40
-FOCO	0	1	2	8	16	24	24	37	41
Total stores in India	161	175	201	217	241	267	312	351	368
Middle East	33	34	34	36	36	36	36	36	36
-COCO	33	33	33	35	35	32	32	32	32
-FOCO	0	1	1	1	1	4	4	4	4
US	0	0	0	0	0	0	1	1	2
Total stores	194	209	235	253	277	303	349	388	406

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

Particulars	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
South revenue share (%)	56	54	46	51	51	51	44	47	51
Non South revenue share (%)	44	46	54	49	49	49	56	53	49
SSSG (%)	15	10	11	17	12	23	24	21	18
South SSSG (%)			10	18	13	25	23	20	20
Non south SSSG (%)			13	16	11	21	25	22	16



Key takeaways from the management commentary

Demand environment and outlook

- Demand in the first three weeks of July was healthy. The last week of July to the first week of August is not comparable as the base was high, given the custom duty cut. That said, management believes the impact of a high base will be offset in 2QFY26, as 2Q will have festivities such as Navratri, the ending of Shradh, etc.
- Management indicated that there is no pent-up demand likely to emerge due to gold price moderation, as weddings were not postponed.
- Going forward, the company will focus on monetizing its real estate collateral (which is ~INR2b), creating a new retail format alongside Kalyan and Candere, and undertaking supply-side restructuring to improve gross margins.
- The initial investment in the new regional brand will be INR3b (largely inventory) and the company will open 5 stores, post which the store expansion will be FOCO-led.
- The studded jewellery segment remained steady and is a strategic focus area for future growth.
- Gold loan interest rate is back to 4%.

Cost and margin

- KALYANKJ managed input cost pressures effectively through better operating leverage and sourcing efficiencies. GM improvement was due to the pilot project and a higher mix of silver/platinum, which involve higher margins.

New format focused on regional brands launching soon

- The company will launch a company housing regional brands that offer localized jewelry to compete with regional brands. There will be multiple brands, each allocated to a particular state.
- The company will be launching its first regional brand in FY26, starting with five showrooms requiring capital of INR3b (largely inventory), and further expansion will be FOCO-led.
- KALYANKJ stated that while the products will have lower gross margins, they will involve a high inventory turn and RoCE will remain in the range of 18-20%.
- The sourcing strategy will be modified and benefit from a leaner credit period. The pilot is currently underway.
- KALYANKJ indicated that it may raise debt in the subsidiary.

Candere

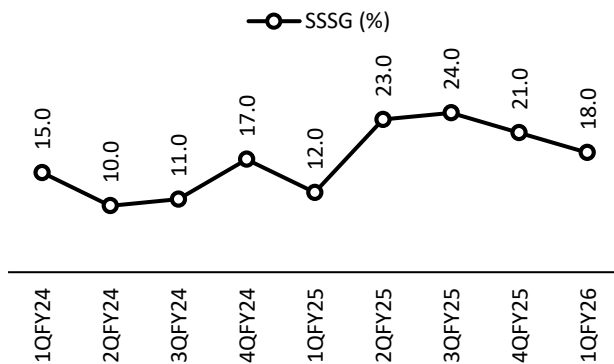
- Candere is expected to be PAT level neutral/positive by FY26 end.
- The company plans to launch 80 Candere showrooms in India during FY26 through a mix of FOCO and COCO showrooms.

International business

- The ME demand continues to remain robust.
- 1Q saw healthy growth of 27%, partially aided by the refurbishment/relocation of 8 showrooms in the region in the last 12 months.
- The company sees a growing opportunity among the Indian diaspora in the GCC region and continues to strategically expand its presence.
- Currency fluctuations have a marginal impact on the Middle East profitability, but operational performance remains healthy.

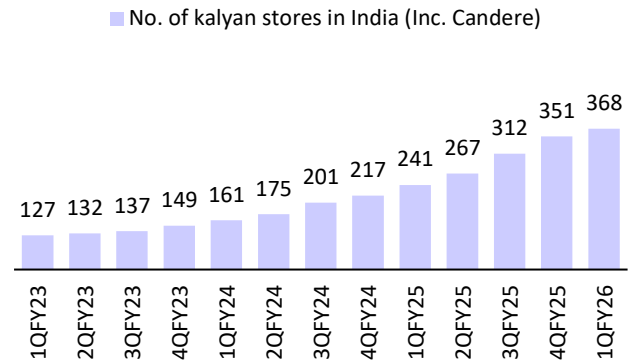
Key exhibits

Exhibit 3: India SSSG at 18% YoY in 1QFY26



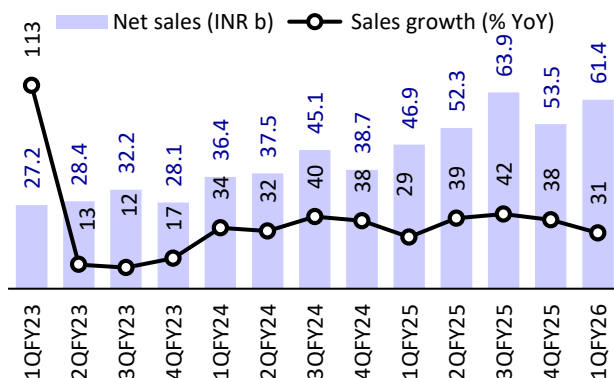
Source: Company, MOFSL

Exhibit 4: Added net 17 (9 Kalyan India, 8 Candere) stores in India



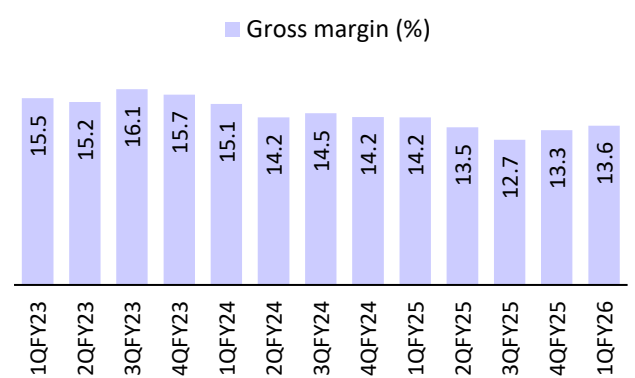
Source: Company, MOFSL

Exhibit 5: India sales grew 31% YoY, led by SSSG and store additions



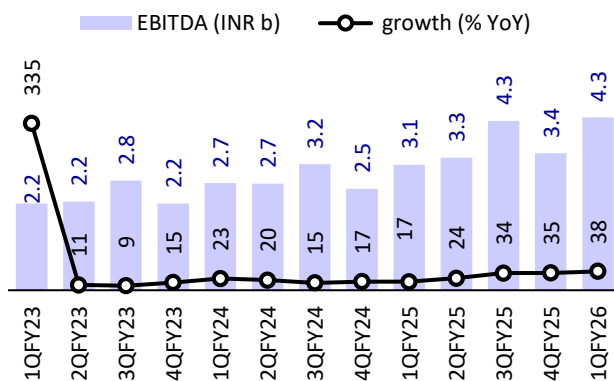
Source: Company, MOFSL

Exhibit 6: India business GP margin contracted 60bp YoY to 13.6%



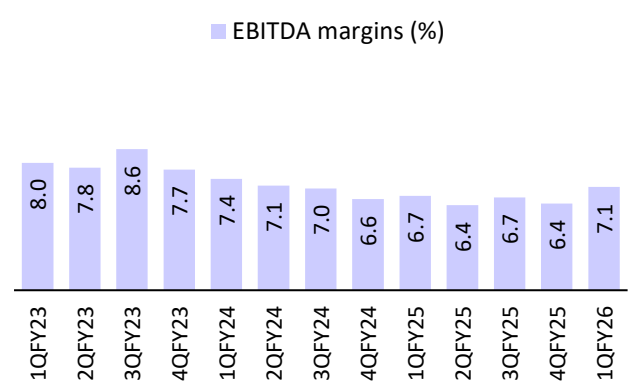
Source: Company, MOFSL

Exhibit 7: India business EBITDA grew 38% YoY to INR4.3b



Source: Company, MOFSL

Exhibit 8: India business EBITDA margin expanded 40bp YoY to 7.1% in 1QFY26



Source: Company, MOFSL

Valuation and view

- We have largely maintained our EPS estimates for FY26 and FY27.
- With the successful scale-up of its new franchise businesses (~40 revenue contribution) and continued 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 the asset-light expansion supports healthy cash flow generation for debt repayment and enhances profitability by reducing interest costs. It is also gaining momentum in the Middle East and the US.
- We model 21%/17%/21% revenue/EBITDA/PAT CAGR over FY26-28E. We reiterate our BUY rating with a TP of INR700 (based on 50x Jun'27 P/E)

Exhibit 9: We largely maintain our EPS estimates for FY26 and FY27

(INR b)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Sales	3,18,703	3,91,028	3,23,901	3,96,316	-2%	-1%
EBITDA	20,910	24,684	20,680	24,148	1%	2%
Adjusted PAT	11,209	13,724	11,085	13,393	1%	2%

Financials and valuations

Income Statement consol.

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	1,01,009	85,733	1,08,179	1,40,714	1,85,483	2,50,451	3,18,703	3,91,028	4,67,664
Change (%)	3.4	-15.1	26.2	30.1	31.8	35.0	27.3	22.7	19.6
Raw Materials	83,918	71,141	91,263	1,18,722	1,58,346	2,16,370	2,77,283	3,42,773	4,12,035
Gross Profit	17,092	14,592	16,916	21,992	27,137	34,081	41,420	48,255	55,630
Margin (%)	16.9	17.0	15.6	15.6	14.6	13.6	13.0	12.3	11.9
Operating Expenses	9,489	8,649	8,771	10,852	14,010	17,671	20,510	23,571	26,828
EBITDA	7,603	5,943	8,145	11,141	13,127	16,410	20,910	24,684	28,802
Change (%)	31.0	-21.8	37.1	36.8	17.8	25.0	27.4	18.1	16.7
Margin (%)	7.5	6.9	7.5	7.9	7.1	6.6	6.6	6.3	6.2
Depreciation	2,391	2,249	2,316	2,446	2,743	3,427	3,972	4,440	4,995
Int. and Fin. Charges	3,803	3,754	3,224	3,026	3,232	3,595	3,628	3,683	3,864
Other Income	801	454	383	379	737	1,446	1,739	1,912	2,104
Profit before Taxes	2,209	394	2,989	6,048	7,888	10,834	15,048	18,474	22,046
Change (%)	955.7	-82.2	659.3	102.4	30.4	37.3	38.9	22.8	19.3
Margin (%)	2.2	0.5	2.8	4.3	4.3	4.3	4.7	4.7	4.7
Tax	786	455	748	1,396	1,925	2,764	3,839	4,750	5,712
Tax Rate (%)	35.6	115.6	25.0	23.1	24.4	25.5	25.5	25.7	25.9
PAT Before Minority	1,423	-61	2,240	4,652	5,963	8,070	11,209	13,724	16,334
Minority Interest	-7	2	-3	-12	-11	0	0	0	0
Exceptional	0	0	0	333	0	929	0	0	0
Reported PAT	1,430	-64	2,244	4,331	5,973	7,142	11,209	13,724	16,334
Adjusted PAT	1,430	-64	2,244	4,599	5,973	8,070	11,209	13,724	16,334
Change (%)	-4,113	-104	-3,616	105	30	35	39	22	19
Margin (%)	1.4	-0.1	2.1	3.3	3.2	3.2	3.5	3.5	3.5

Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	9,583	10,301	10,301	10,301	10,301	10,314	10,314	10,314	10,314
Reserves	12,028	17,960	21,070	26,047	31,590	37,721	45,841	54,415	63,539
Net Worth	21,611	28,260	31,370	36,347	41,891	48,036	56,155	64,729	73,853
Minority Interest	-30	5	9	-2	-13	0	0	0	0
GML	11,671	14,180	14,968	18,536	22,530	23,436	24,303	25,207	26,149
Loans	24,230	19,600	18,664	16,550	10,643	9,497	6,497	3,497	497
Lease liability	7,578	6,983	6,661	7,869	11,691	16,660	21,979	27,292	32,389
Deferred tax	-81	-461	-450	-562	-662	-1,125	-1,125	-1,125	-1,125
Capital Employed	64,979	68,564	71,224	78,738	86,079	96,504	1,07,809	1,19,600	1,31,764
Gross Block	15,462	15,031	16,056	15,373	18,644	21,456	23,056	24,656	26,256
Less: Accum. Depn.	4,669	5,413	6,240	6,635	7,739	8,400	10,247	12,156	14,192
Net Fixed Assets	10,793	9,618	9,816	8,738	10,904	13,056	12,808	12,500	12,063
Goodwill	51	51	51	51	51	51	51	51	51
Intangible assets	97	94	70	49	35	21	67	62	19
Capital WIP	242	527	17	200	485	77	77	77	77
Right to Use Assets	10,110	8,613	8,667	9,580	11,390	14,723	17,442	20,241	22,648
Investments	0	0	6	44	44	53	53	53	53
Other non-current assets	1,830	2,186	1,962	2,748	5,117	8,161	13,984	18,156	22,399
Curr. Assets, L&A	58,984	67,103	68,414	85,158	99,490	1,13,993	1,30,446	1,50,957	1,73,212
Inventory	47,203	53,031	57,943	70,139	82,976	96,811	1,06,680	1,24,214	1,35,697
Account Receivables	2,137	1,127	1,195	2,442	3,283	3,999	5,073	6,211	7,405
Cash and Bank Balance	7,501	10,966	7,772	9,819	9,751	10,311	15,038	16,047	24,747
Others	2,142	1,979	1,504	2,759	3,480	2,872	3,655	4,484	5,363
Curr. Liab. and Prov.	17,127	19,627	17,778	27,830	41,436	53,630	67,119	82,496	98,758
Account Payables	5,576	6,901	6,566	11,927	19,441	23,503	29,725	36,363	43,248
Provisions	385	445	493	714	668	857	1,140	1,409	1,693
Other current liabilities	11,166	12,280	10,720	15,188	21,326	29,270	36,254	44,724	53,817
Net Current Assets	41,857	47,476	50,635	57,329	58,054	60,363	63,328	68,460	74,454
Application of Funds	64,979	68,564	71,224	78,738	86,079	96,504	1,07,809	1,19,600	1,31,764

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)									
EPS	1.5	-0.1	2.2	4.5	5.8	7.8	10.9	13.3	15.8
Cash EPS	4.0	2.1	4.4	6.8	8.5	11.1	14.7	17.6	20.7
BV/Share	22.6	27.4	30.5	35.3	40.7	46.6	54.4	62.8	71.6
DPS	0.0	0.0	0.0	0.5	1.2	1.5	3.0	5.0	7.0
Payout %	0.0	0.0	0.0	11.2	20.7	19.2	27.6	37.6	44.2
Valuation (x)									
P/E	395.3	-9,524.1	270.9	132.1	101.7	75.4	54.3	44.3	37.3
Cash P/E	148.0	278.1	133.3	86.3	69.7	52.9	40.1	33.5	28.5
EV/Sales	5.8	7.2	5.7	4.4	3.3	2.4	1.9	1.5	1.2
EV/EBITDA	76.6	103.7	76.0	55.2	46.4	37.0	28.7	24.1	20.3
P/BV	26.2	21.5	19.4	16.7	14.5	12.7	10.8	9.4	8.2
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.2	0.3	0.5	0.8	1.2
Return Ratios (%)									
RoE	6.9	-0.3	7.5	13.6	15.3	17.9	21.5	22.7	23.6
RoCE	6.0	-1.0	6.7	9.3	10.2	11.8	13.6	14.5	15.3
RoIC	6.8	-1.1	7.7	10.6	11.6	13.3	15.6	16.8	18.3
Working Capital Ratios									
Inventory (Days)	167	213	187	166	151	131	117	108	101
Debtor (Days)	7	7	4	5	6	5	5	5	5
Payable (Days)	18	27	23	24	31	31	30	31	31
Cash conversion (Days)	155	194	168	147	125	105	91	82	76
Inventory turns (x)	2.2	1.7	1.9	2.2	2.4	2.8	3.1	3.4	3.6
Asset Turnover (x)	1.6	1.3	1.5	1.8	2.2	2.6	3.0	3.3	3.5
Leverage Ratio									
Net Debt/Equity (x)	1.3	0.8	0.8	0.7	0.6	0.5	0.3	0.2	0.0

Cash Flow Statement

(InR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before Tax	2,209	394	2,989	5,715	7,888	9,596	15,048	18,474	22,046
Depreciation	2,391	2,249	2,316	2,446	2,743	3,427	3,972	4,440	4,995
Net interest	3,333	3,461	2,805	2,753	2,649	2,830	1,889	1,770	1,760
Others	-460	1,396	-59	85	170	328	0	0	0
Direct Taxes Paid	-65	-569	-1,529	-1,290	-2,262	-2,379	-3,839	-4,750	-5,712
(Incr)/Decr in WC	-4,213	-642	-4,071	424	2,040	-1,708	2,276	-3,596	3,251
CF from Operations	3,196	6,288	2,450	10,134	13,227	12,095	19,347	16,339	26,341
Incr in FA	-1,075	-479	-908	-1,863	-3,712	-4,275	-1,682	-1,634	-1,594
Free Cash Flow	2,121	5,810	1,542	8,272	9,516	7,820	17,665	14,705	24,746
Pur of Investments	28	0	-6	-37	0	0	0	0	0
Others	529	-268	705	188	1,896	866	-8,539	-7,176	-7,070
CF from Invest.	-517	-747	-209	-1,712	-1,816	-3,409	-10,220	-8,810	-8,664
Issue of Shares	0	7,565	0	0	0	0	0	0	0
Incr in Debt	1,816	-5,132	-861	-2,146	-5,909	-1,263	-3,000	-3,000	-3,000
Dividend Paid	0	0	0	0	-515	-1,236	-3,090	-5,150	-7,210
Net interest Paid	-2,706	-2,864	-2,407	-2,291	-2,389	-2,234	-3,628	-3,683	-3,864
Others	-2,542	-1,646	-2,167	-1,939	-2,667	-3,394	5,319	5,313	5,097
CF from Fin. Activity	-3,432	-2,076	-5,435	-6,376	-11,479	-8,126	-4,399	-6,520	-8,977
Incr/Decr of Cash	-753	3,465	-3,194	2,047	-68	560	4,727	1,009	8,700
Add: Opening Balance	8,255	7,501	10,966	7,772	9,819	9,751	10,311	15,038	16,047
Closing Balance	7,501	10,966	7,772	9,819	9,751	10,311	15,038	16,047	24,746

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:
financial interest in the subject company

- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

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 dp@grievances@motilaloswal.com.