

FSN E-Commerce Ventures | BUY

Growth posturing unlikely to impact medium-term margins

Nykaa's 2024 Investor Day showcased aggressive growth aspirations of the company across BPC and Fashion segment with eB2B already growing rapidly driven by a large penetration story. The company also guided towards FY26 EBITDA breakeven for Fashion, ahead of consensus and [in-line with our estimates](#). Though management took a restrained approach in suggesting stable BPC EBITDA margins in the near-term, we believe contribution margins can potentially be flat but BPC should sustain EBITDA margin expansion driven by operating leverage. Company also highlighted the attractiveness of GCC market with plans to open 70 stores with robust early traction since launch. The company has also realigned segments to bring Superstore within BPC while Nykaa Man will now be split across the respective BPC and Fashion segment. We appreciate the company's aggression considering the new BPC entrants are still figuring out while suggestions of 2.5-3.0x Fashion NSV in 3 years suggests the company is highly confident of its positioning in premium Fashion. Reiterate 'Buy' with a revised Jun'25 TP of INR 230.

- Continued innovation along with secular tailwinds to drive BPC growth:** With India's GDP per capita expected to reach USD 5,500 by 2030 (according to Google India 2023 report), average BPC spends per capita are expected to reach USD 50 from USD 15 in 2023. In comparison, countries such as USA and Japan are already at USD 250+ spend per capita. Nykaa aims to be at the forefront of this market expansion with its four-fold strategy: 1) expanding category width by educating consumers about relatively newer categories such as fragrances, premium bath and body, haircare etc.; 2) increasing category depth with consumers shopping more sub-categories such as serum in skincare; 3) increasing share of premium in basket mix; 4) organising events and providing experiences to enhance customer engagement. The company will continue to reinvest in this category, capitalising on the significant growth potential.
- Fashion playbook ready to scale with profitability in sight:** The management aims to drive rapid growth in Nykaa Fashion with suggestions of NSV reaching 2.5-3.0x of FY24 in FY27. This robust growth trajectory is also expected to see rising profitability with EBITDA margin expansion of 1,300-1,600bps. It strives to leverage technology to provide consumers with a hyper-personalised experience, offering them with wider, most stylish assortments and fresh browsing experiences. The company continues to drive the rise of premium fashion online. Nykaa Fashion has secured partnership with Revolve, a global fashion retailer with 1,200+ brands and Foot Locker, more recently, a footwear specialty retailer from the USA.
- Superstore makes Nykaa's BPC foray truly omni-channel:** With offline channels enjoying a rather large pie of the total beauty market and a notable underpenetration of eB2B in overall B2B retail (<1%), SuperStore presents Nykaa with an opportunity of a large TAM as well as addressing inefficiencies across the market spectrum i.e. the brands as well as the retailers. In comparison to India, China has 10-15% eB2B penetration suggesting large headroom for penetration with unorganised BPC market pegged at USD 11-12bn. As an



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	230
Upside/(Downside)	34.5%
Previous Price Target	220
Change	4.5%

Key Data – NYKAA IN

Current Market Price	INR171
Market cap (bn)	INR488.6/US\$5.8
Free Float	47.8%
Shares in issue (mn)	2,852.4
Diluted share (mn)	2,873.3
3-mon avg daily val (mn)	INR970.2/US\$11.6
52-week range	196/130
Sensex/Nifty	76,993/23,466
INR/US\$	83.6

Price Performance

%	1M	6M	12M
Absolute	-3.7	-3.3	18.5
Relative*	-7.6	-10.2	-2.4

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and

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Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	51,438	63,856	83,985	1,10,141	1,41,687
Sales Growth (%)	36.3	24.1	31.5	31.1	28.6
EBITDA	2,561	3,462	5,526	9,166	14,182
EBITDA Margin (%)	5.0	5.4	6.6	8.3	10.0
Adjusted Net Profit	232	362	1,588	3,827	7,198
Diluted EPS (INR)	0.1	0.1	0.6	1.3	2.5
Diluted EPS Growth (%)	-90.4	56.4	338.4	141.0	88.1
ROIC (%)	4.6	5.3	13.7	24.4	37.8
ROE (%)	1.7	2.7	11.5	22.7	31.2
P/E (x)	2,120.4	1,356.1	309.4	128.4	68.3
P/B (x)	35.4	38.8	34.1	26.7	18.9
EV/EBITDA (x)	190.5	141.6	88.8	53.4	34.1
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 17/Jun/2024

internet-first company, Nykaa is well positioned to lead the transition from traditional distribution to e-distribution.

- **Reiterate 'BUY', Jun'25 TP of INR 230:** Despite the muted demand environment in FY24, Nykaa did gain market share across online BPC and Fashion, suggesting strong brand affinity as well as the benefits of Nykaa's attempts at category expansion. While Superstore as well as international expansion is likely to require investments and hence would impact near-term margin, the company would accrue benefits from a larger BPC and Fashion business. We revise our TP upwards to INR 230 (~35% upside) and reiterate 'BUY' rating.
- **Owned brands are getting a life of their own:** Through a lot of thought and attention to detail, Nykaa has successfully developed its own brands, delivering top-quality and trendy products to its customers. The company has launched brands across all major categories, including makeup, skincare, haircare and fragrances in BPC, and indian/western wear, athleisure, lingerie, footwear and accessories in Fashion. The scale that these brands have achieved is reflected in its contribution of ~13% to both BPC and Fashion GMV. Moreover, out of the total 27 owned brands, 3 in BPC and 2 in Fashion have crossed INR 1bn GMV on annualised basis with Dot&Key/Nykaa Cosmetics having crossed INR 6bn/INR 3bn mark as well. Additionally, we observe these brands performing across multiple platforms, not just on Nykaa's online store (~45% contribution is from offline and other online marketplaces).
- **Nykaa venturing into an attractive GCC market:** Company made a strategic move of expanding its global footprint under the brand 'Nysaa' to tap into the USD 30bn GCC beauty market with website going live in Jan'24 and the first store opening up in Mar'24. Nykaa is well positioned to succeed in this market as 1) GCC enjoys the highest BPC spend per capita in the world (USD 500+); 2) favourable demographics with ~40% population under 25 yrs; 3) AOVs in this market are notably high due to high income levels; 4) there are only two other beauty chain multi retailers in the region i.e. Sephora and Faces; 5) brands exclusively available on Nysaa such as Minimalist, Dot & Key etc. are gaining traction among the younger demographic.

Nykaa strategises to replicate its omni-channel approach in the region, with an aim to launch 70 stores in the next 5 years and capture ~7% of the beauty market share. As of June'24, it has already captured 18% of the online market with the only store operating at an ARR of USD 2mn.

- **Superstore's importance in Nykaa's playbook:** Currently, the retail distribution model is complex involving multiple exchange of hands that lead to cost and logistical inefficiencies, limited reach, and limited access to premium assortments. Nykaa's Superstore addresses these challenges faced by the various stakeholders, while enhancing its own value proposition as it enables go-to market for its owned brands while also bringing more customers into the BPC funnel.
 - 1) D2C brands: Superstore democratises access to distribution for small D2C brands, enabling them to reach a larger audience and boost their brand visibility.
 - 2) Global brands: It strengthens Nykaa's value proposition by providing the global brands a one-stop solution for distribution in India.
 - 3) Traditional brands: Provides a channel for large brands to test new products in micro-markets.
 - 4) Retailers: Retailers benefit from a much wider assortment of brands, along with elimination of intermediaries in the supply chain.

Superstore is already generating margin-accretive service income. The company plans to ramp up profitability further by 1) improving order quality through loyalty programmes, personalisation, assistance etc. 2) reducing fulfilment costs through operational efficiency and 3) enhancing warehouse efficiency.

- **Management Guidance: BPC** 1) GMV is expected to grow at mid-late 20s% on a CAGR basis over FY24-28E. 2) Contribution margin should be in line with FY24 margin of 25.5%, as the company will continue investing in customer acquisition and improving customer retention. **Fashion** 1) NSV is expected to grow ~2.5-3x in the next three years.

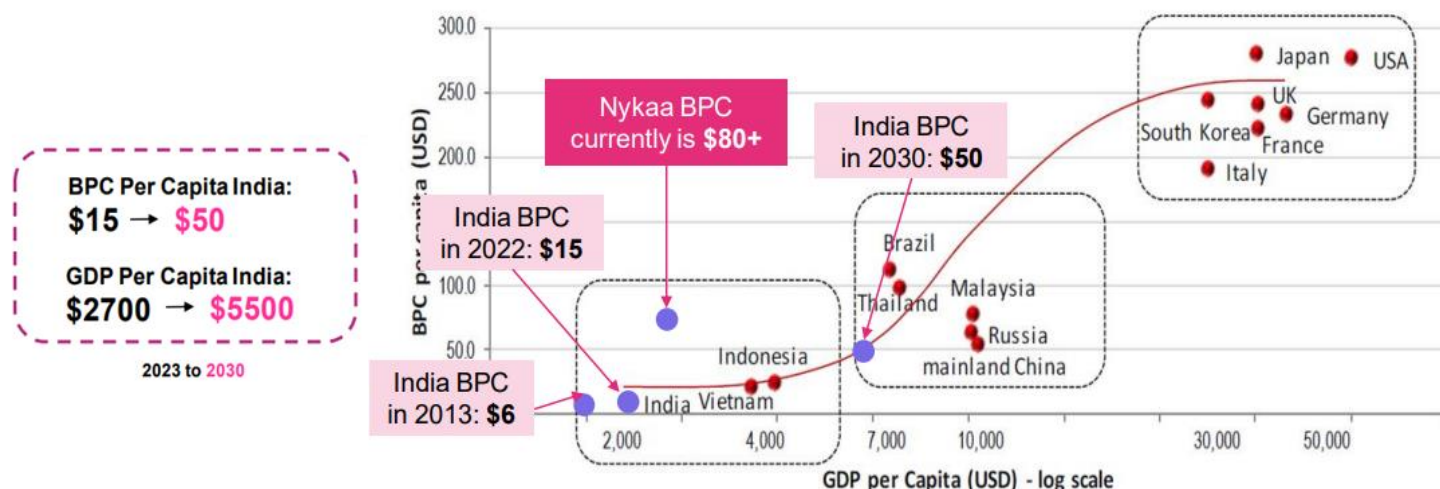
2) Gross margin should improve by ~150-200bps over the same period. 3) Improvement in fulfilment costs, market expenses and overheads should lead to EBITDA margin expansion by ~1300-1600bps by FY27E. 4) Additionally, the segment should turn EBITDA margin positive by FY26E, with steady state margins at ~10%+. **Superstore** 1) ~2000bps EBITDA margin improvement by FY26E. 2) In the medium-term, the company is aiming for GMV to reach ~9x of what it was in FY24, with EBITDA margins reaching 3-5%.

Exhibit 1. Company guidance vs. JMF estimates

Segment	Particulars	Management Guidance	JMFe
BPC	GMV Growth	Mid-late 20s% on a CAGR basis over FY24-28E	We believe that late 20s% will be challenging growth to achieve. We have forecasted growth somewhere in the middle of the range guided by the management for the next 2-3 years, post which it should revert to mid-20s%.
	Contribution Margin (%)	In-line with FY24 margin of 25.5%	Company will reinvest incremental contribution margin in driving growth for the next 2-3 years, post which we should witness margin expansion.
Fashion	NSV	~2.5-3x by FY27E	Our forecast is closer to the bottom of the range.
	EBITDA Margin (%)	Breakeven by FY26E	We were already forecasting the Fashion business to breakeven by FY26E.
SuperStore	EBITDA Margin (%)	Improvement by ~2,000bps by FY26E	We have forecasted a similar improvement in EBITDA margin; however, we believe that the business might require another 4 to 6 quarters to breakeven.

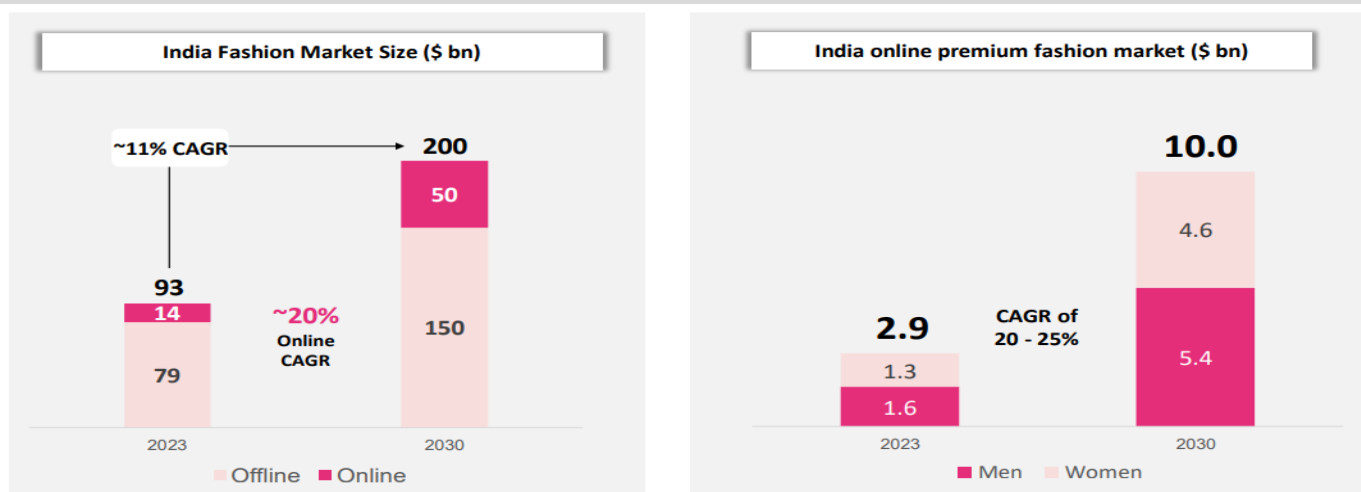
Source: Company, JM Financial estimates

Exhibit 2. Per Capita BPC consumption across a mix of varying income groups



Source: Company, Industry

Exhibit 3. India online fashion market

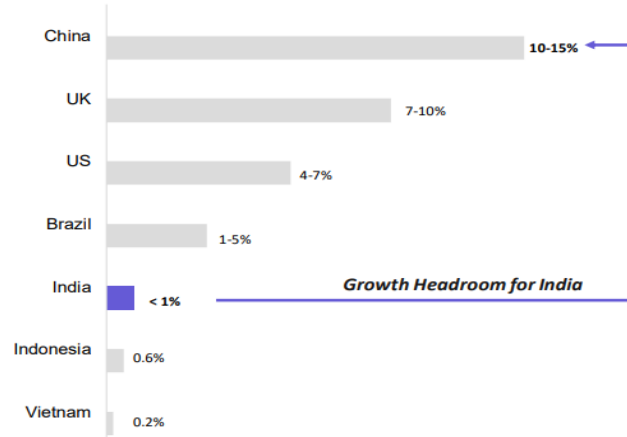


Premium fashion market in India is expected to become 3.5x by 2030

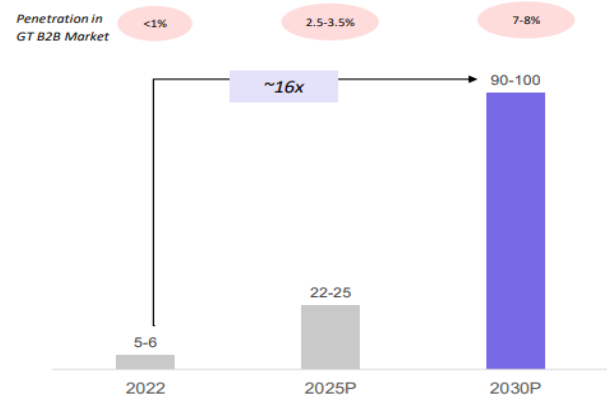
Source: Company, Industry

Exhibit 4. E-B2B is a large addressable opportunity for SuperStore

eB2B Penetration (% of overall B2B retail, 2022)



India eB2B Market (GMV) – USD Bn



BPC Unorganized market a \$11-12 Billion market

Source: Company, Industry

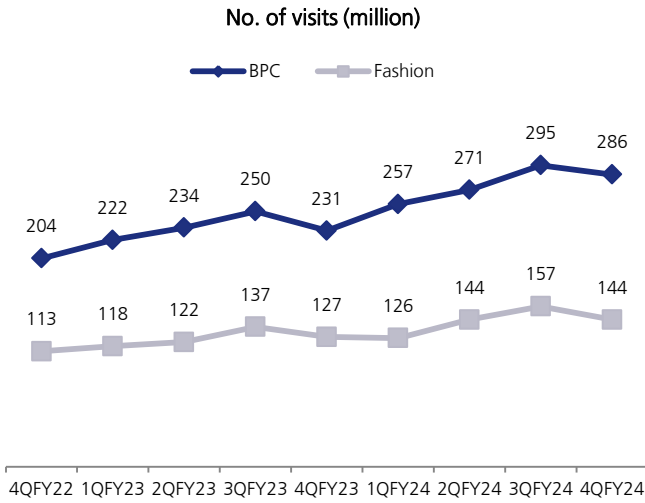
Company Operating Metrics

Exhibit 5. Key Operating Metrics

	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
No. of visits (million)									
BPC	204	222	234	250	231	257	271	295	286
Fashion	113	118	122	137	127	126	144	157	144
Others	11	14	16	16	11	12	15	16	17
Monthly average unique visitors (million)									
BPC	19	22	22	24	23	25	27	30	29
Fashion	16	16	16	19	17	17	18	19	17
Others	2	3	3	3	2	2	2	3	3
Orders (million)									
BPC Orders (million)	6.8	8.1	8.4	9.5	8.8	9.5	10.0	11.1	11.1
Fashion Orders (million)	1.1	1.5	1.4	1.7	1.4	1.5	1.5	2.0	1.7
Other Orders (million)	0.2	0.3	0.3	0.4	0.4	0.4	0.5	0.6	0.6
Average order value (INR)									
BPC AOV (INR)	1,716	1,780	1,872	1,958	1,803	1,849	1,916	2,024	1,788
Fashion AOV (INR)	3,616	3,732	3,940	3,959	4,266	4,058	4,061	4,681	4,546
Others AOV (INR)	3,084	3,199	3,304	3,709	3,368	3,561	3,541	4,027	3,966

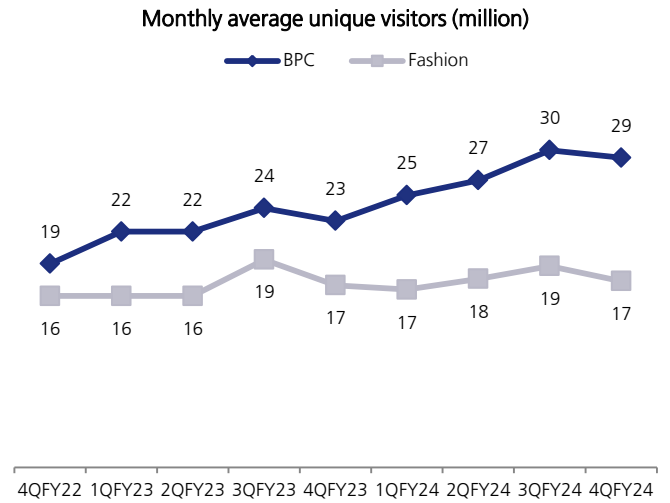
Source: Company, JM Financial

Exhibit 6. Number of visits on Nykaa Platforms



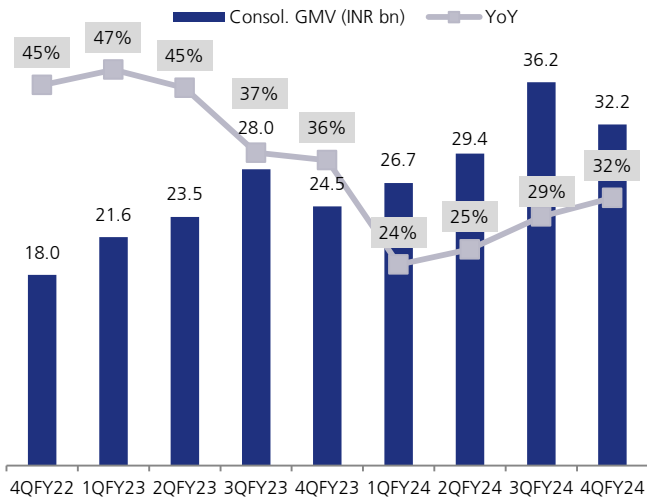
Source: Company, JM Financial

Exhibit 7. Monthly Average Unique Visitors



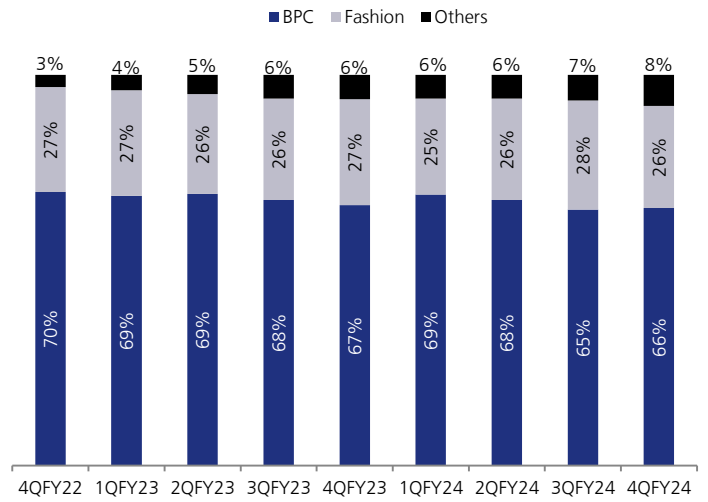
Source: Company, JM Financial

Exhibit 8. Group GMV Trend



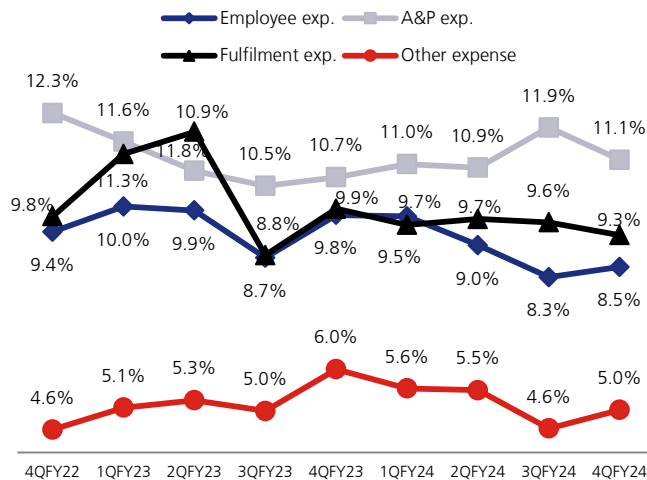
Source: Company, JM Financial

Exhibit 9. Group GMV Share



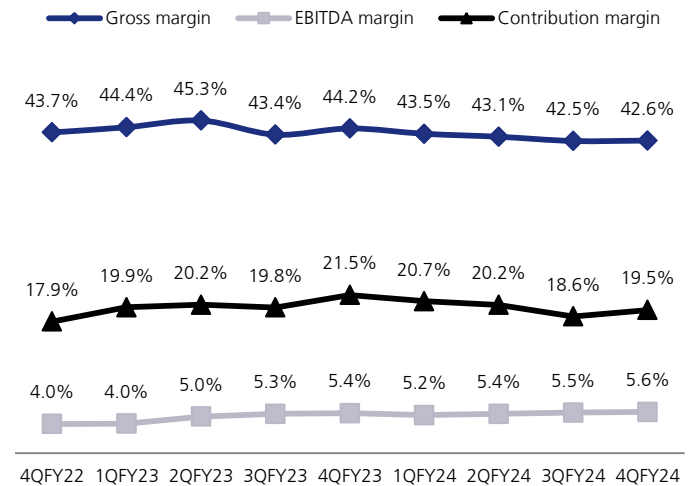
Source: Company, JM Financial

Exhibit 10. Key Operating costs as % of Revenue



Source: Company, JM Financial

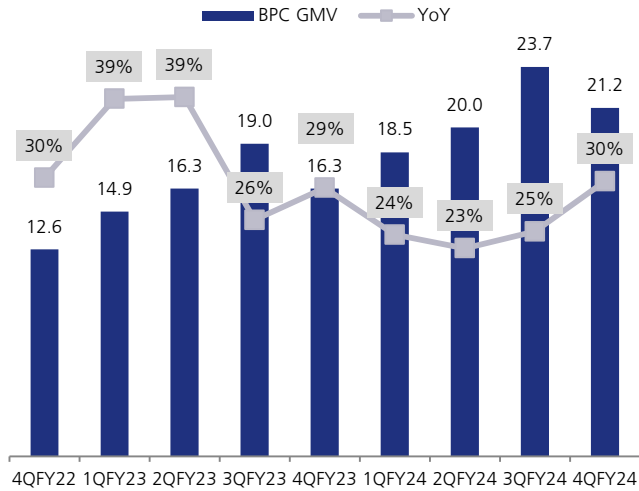
Exhibit 11. Margin Trends



Source: Company, JM Financial

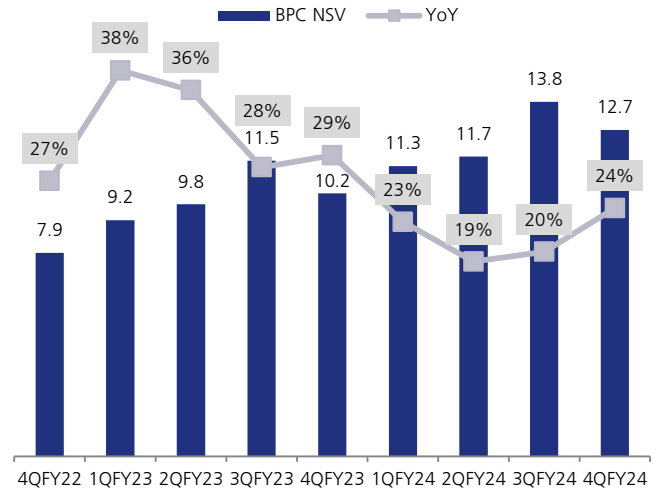
Beauty & Personal Care Operating Metrics

Exhibit 12. GMV trend (INR bn)



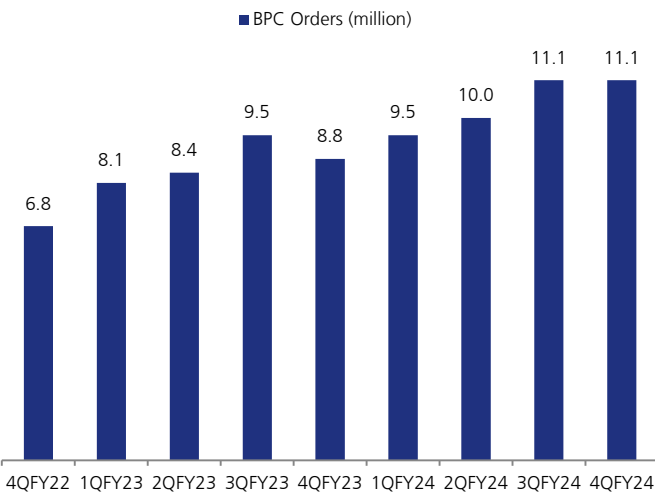
Source: Company, JM Financial

Exhibit 13. NSV trend (INR bn)



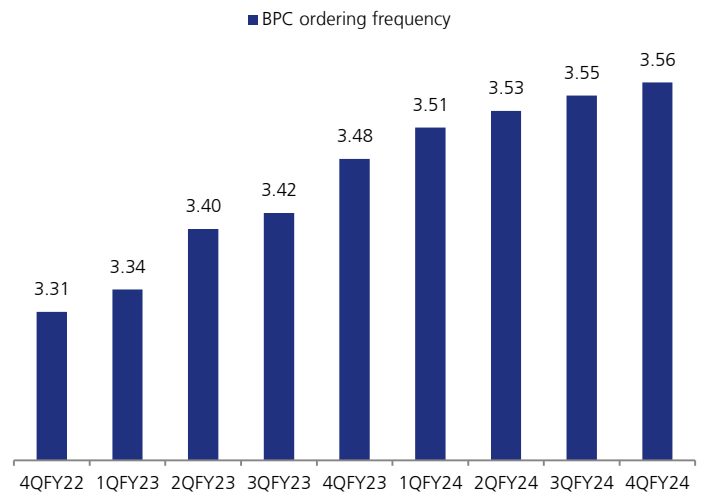
Source: Company, JM Financial

Exhibit 14. Orders trend



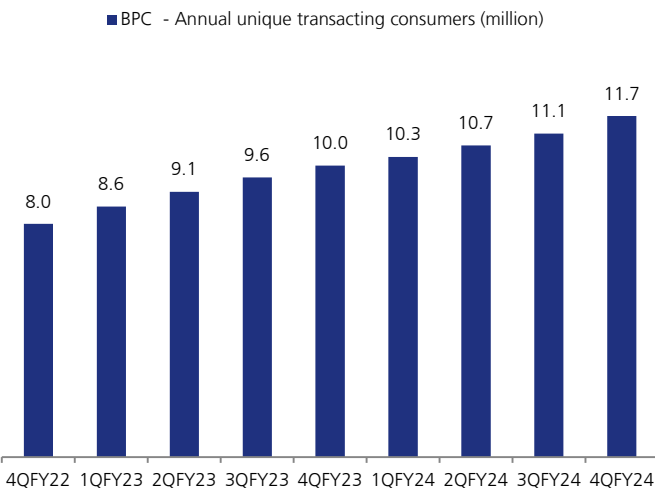
Source: Company, JM Financial

Exhibit 15. Ordering frequency



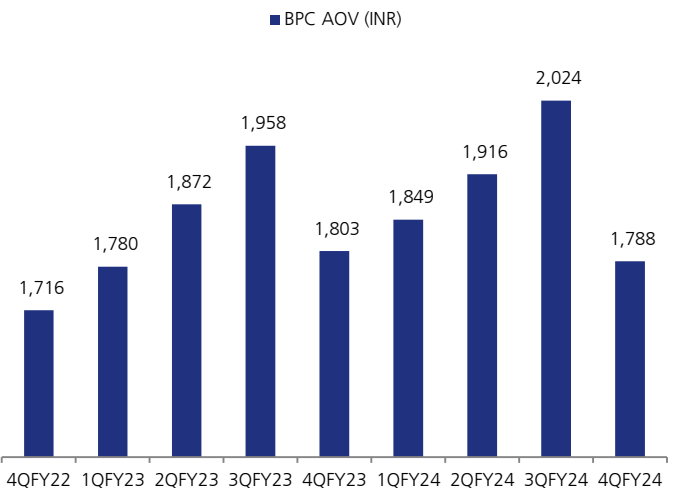
Source: Company, JM Financial

Exhibit 16. Unique transacting consumer trend



Source: Company, JM Financial

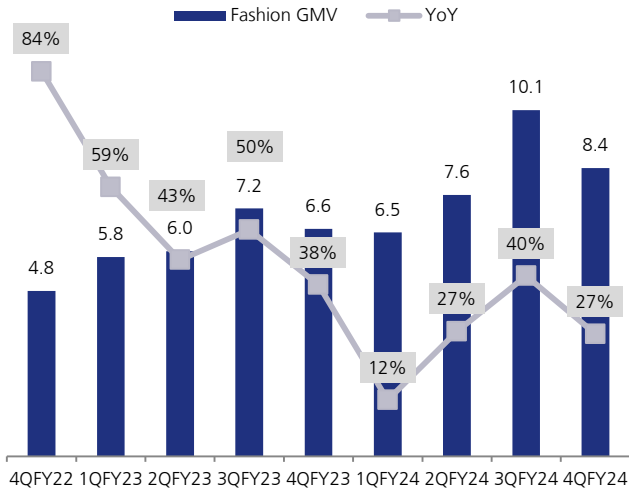
Exhibit 17. Average order value (AOV) Trend



Source: Company, JM Financial

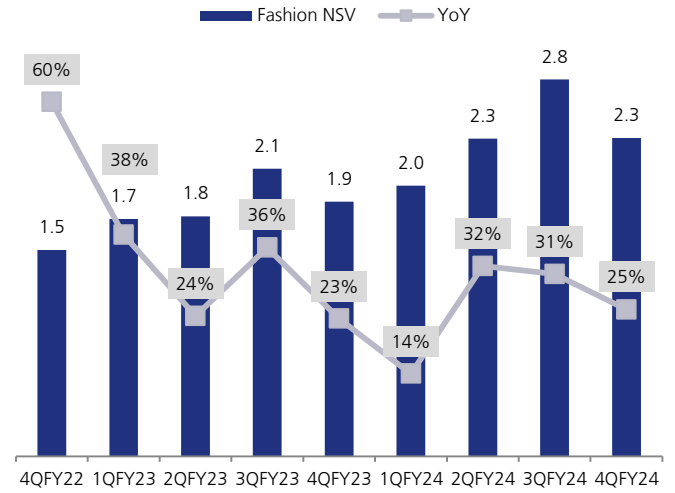
Fashion Operating Metrics

Exhibit 18. GMV trend (INR bn)



Source: Company, JM Financial

Exhibit 19. NSV trend (INR bn)



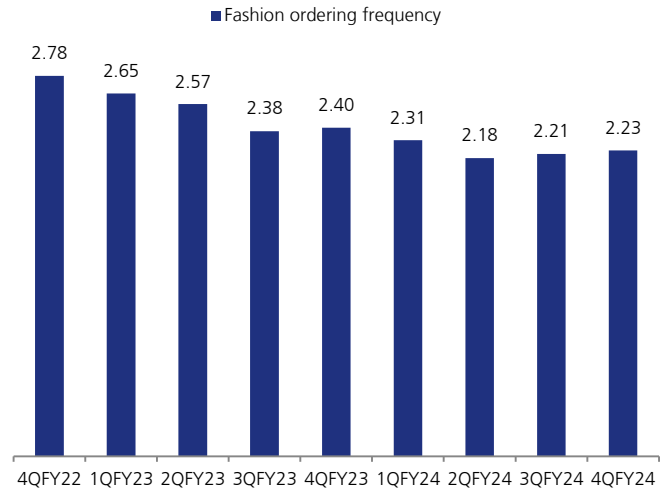
Source: Company, JM Financial

Exhibit 20. Orders trend



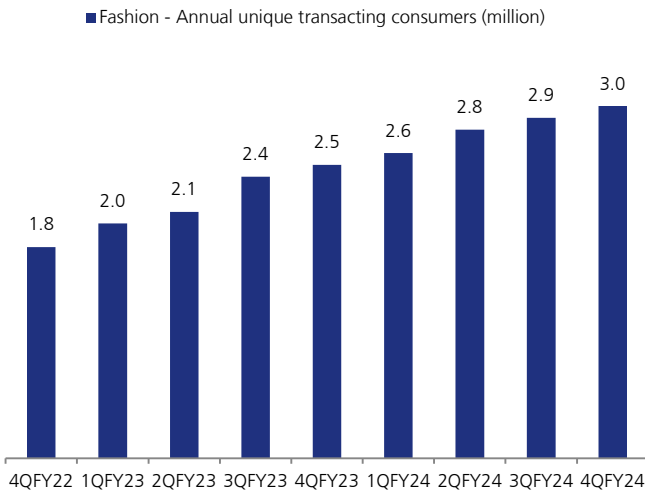
Source: Company, JM Financial

Exhibit 21. Ordering frequency



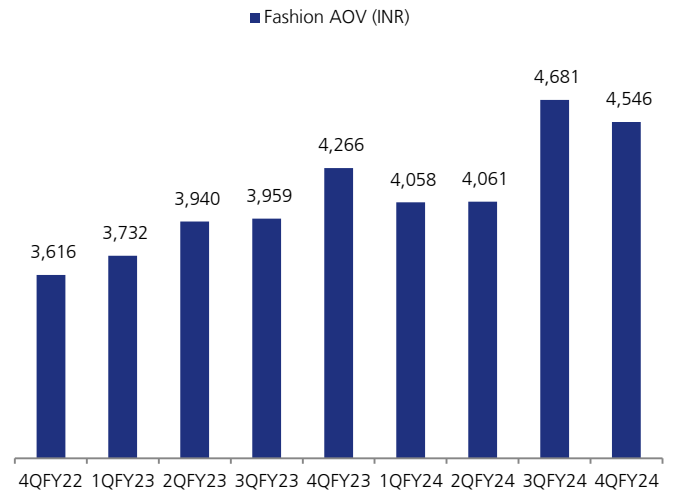
Source: Company, JM Financial

Exhibit 22. Unique transacting consumer trend



Source: Company, JM Financial

Exhibit 23. Average order value (AOV) trend



Source: Company, JM Financial

Reiterate BUY; TP raised to INR 230

Exhibit 24. We tweak estimates to account for slightly higher revenue growth with a dip in margins

	Old					New					Change				
	FY25E	FY26E	FY27E	FY28E	FY29E	FY25E	FY26E	FY27E	FY28E	FY29E	FY25E	FY26E	FY27E	FY28E	FY29E
Group GMV (INR bn)	160.2	205.0	259.8	327.2	411.3	162.9	213.2	274.4	350.7	444.4	1.6%	4.0%	5.6%	7.2%	8.0%
Consolidated revenue (INR bn)	83.0	106.8	135.3	170.4	214.3	84.0	110.1	141.7	181.1	229.7	1.1%	3.1%	4.7%	6.3%	7.2%
Revenue growth rate (YoY)	30.0%	28.6%	26.7%	25.9%	25.8%	31.5%	31.1%	28.6%	27.8%	26.8%	148bp	250bp	195bp	194bp	102bp
Consolidated EBITDA (INR bn)	6.1	9.7	14.1	20.0	27.5	5.5	9.2	14.2	20.9	29.4	-10.0%	-5.2%	0.3%	4.7%	7.0%
EBITDA margin	7.4%	9.0%	10.4%	11.7%	12.8%	6.6%	8.3%	10.0%	11.5%	12.8%	-82bp	-73bp	-44bp	-18bp	-2bp
EBIT margin	4.4%	6.3%	7.9%	9.4%	10.8%	3.6%	5.6%	7.5%	9.2%	10.7%	-82bp	-73bp	-44bp	-18bp	-2bp
PAT (INR bn)	2.07	4.32	7.39	11.58	17.11	1.59	3.83	7.20	11.94	18.2	-23.2%	-11.3%	-2.6%	3.2%	6.1%
Diluted EPS (INR)	0.72	1.50	2.57	4.03	5.96	0.55	1.33	2.51	4.16	6.3	-23.2%	-11.3%	-2.6%	3.2%	6.1%

Source: Company, JM Financial

Valuation Methodology: DCF

Exhibit 25. Key DCF assumptions

WACC	12.5%
Revenue CAGR (FY24-29)	29.2%
Revenue CAGR (FY29-34)	21.6%
Revenue CAGR (FY34-41)	13.9%
EBITDA CAGR (FY24-29)	53.4%
EBITDA CAGR (FY29-34)	26.0%
EBITDA CAGR (FY34-41)	15.1%
Tax Rate	25.2%
NPV of cash flow (2024-2041F)	2,82,475
Perpetual growth (%)	6.0%
Implied Exit FCF multiple (X)	15.4x
Terminal value (INR mn)	3,97,968
Enterprise value (INR mn)	6,80,443
Terminal value as % of Enterprise Value	58.5%
Net debt (INR mn, Mar'25E)	6,494
Minority Interest (INR mn, Mar'25E)	352
Equity value (INR mn)	6,73,596
Number of shares outstanding (diluted, million)	2,873
Equity value per share (INR)	230

Source: JM Financial

Exhibit 26. Sensitivity of Equity Value to WACC and Terminal growth rate

		Terminal Growth Rate				
		5.0%	5.5%	6.0%	6.5%	7.0%
WACC	11.00%	280	300	320	350	380
	11.50%	260	270	290	310	330
	12.00%	230	250	260	270	290
	12.50%	210	220	230	250	260
	13.00%	200	200	210	220	240
	13.50%	180	190	200	200	210
	14.00%	170	170	180	190	190

Source: JM Financial, Company

Exhibit 27. Sensitivity of Equity Value to Revenue Growth and EBITDA Margin

		Revenue Growth (% of JMFe)				
		60%	70%	80%	90%	100%
EBITDA Margin (% of JMFe)	60%	30	50	70	90	130
	70%	40	60	80	120	160
	80%	50	70	100	140	180
	90%	60	80	110	160	210
	100%	70	90	130	180	230

Source: JM Financial, Company

Key Risks

- **Downside risks:** 1) **Slower-than-expected tech penetration in India:** Slower than expected tech-enabled transactions growth in India could significantly impact Nykaa's ability to quickly scale up and, thereby, report sustainable profits. 2) **Sharp rise in competitive intensity:** Nykaa directly competes with several domestic as well as foreign marketplace platforms, physical retail stores and direct-to-consumer brands. Competition can impact Nykaa's business either through technology disruption, exclusive goods and services offerings, pricing pressure, intense marketing and promotional campaigns, strong leverage of their own brands strength or through better relationships with suppliers. 3) **Regulatory risks:** The Indian government may change its regulations and policies on the retail industry, e-commerce rules, personal data and social security code. If that happens, Nykaa may have to bear incremental costs of compliance that may have a direct impact on its business operations as well as financial positioning. The government has also launched Open Network for Digital Commerce (ONDC) to dilute the platforms' strength though we estimate ONDC to not venture into specialised retails such as BPC anytime soon. 4) **Marginal player in Fashion:** Nykaa is the least capitalised player in Fashion where competition either has deep pockets or massive customer base. Therefore, the company may have to make substantial investments in building supplier and brand relationships, to improve brand awareness of its own platform and expand business across new products and categories. 5) **Margin dilution from distribution-led businesses:** While we like Nykaa's SuperStore business, there could be margin dilution for the company if growth in that business comes at the cost of growth in Nykaa's core business.
- **Upside risks:** 1) **Sharp rise in transacting users:** Much faster rate than expected tech-enabled transactions penetration in India could lead to sharp rise in transacting user base for Nykaa, thereby significantly lifting volume growth. 2) **Private brands:** Nykaa has several owned brands that offer higher gross margin. A substantial increase in the mix of these brands in the overall mix through organic/inorganic expansion could lead to a significant upside in profitability. 3) **Fashion vertical gaining significant share of brands' digital advertising:** While Nykaa generates 6%+ of GMV in BPC Ads income, the same number for Fashion is lower than 4% currently, though Fashion brands allocate a higher percentage to advertising expense. If Nykaa does become the go-to platform for online Fashion purchases in India, we see significant upside from ads income. 4) **Value accretion from inorganic expansion:** The company continues to look for inorganic expansion opportunities given its strong balance sheet. Strong revenue and operating synergies from such expansions could have a positive impact on the profitability trends of the company.

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	51,438	63,856	83,985	1,10,141	1,41,687	
Sales Growth	36.3%	24.1%	31.5%	31.1%	28.6%	
Other Operating Income	0	0	0	0	0	
Total Revenue	51,438	63,856	83,985	1,10,141	1,41,687	
Cost of Goods Sold/Op. Exp	28,657	36,464	48,251	63,646	82,084	
Personnel Cost	4,917	5,649	6,739	7,942	9,318	
Other Expenses	15,303	18,282	23,469	29,387	36,103	
EBITDA	2,561	3,462	5,526	9,166	14,182	
EBITDA Margin	5.0%	5.4%	6.6%	8.3%	10.0%	
EBITDA Growth	56.9%	35.2%	59.6%	65.9%	54.7%	
Depn. & Amort.	1,733	2,242	2,541	3,041	3,564	
EBIT	828	1,219	2,985	6,126	10,617	
Other Income	-444	-529	-643	-575	-271	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	384	690	2,343	5,551	10,346	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	384	690	2,343	5,551	10,346	
Taxes	136	253	590	1,399	2,607	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	17	75	164	325	541	
Reported Net Profit	232	362	1,588	3,827	7,198	
Adjusted Net Profit	232	362	1,588	3,827	7,198	
Net Margin	0.5%	0.6%	1.9%	3.5%	5.1%	
Diluted Share Cap. (mn)	2,873.3	2,873.3	2,873.3	2,873.3	2,873.3	
Diluted EPS (INR)	0.1	0.1	0.6	1.3	2.5	
Diluted EPS Growth	-90.4%	56.4%	338.4%	141.0%	88.1%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	384	690	2,343	5,551	10,346	
Depn. & Amort.	1,733	2,242	2,541	3,041	3,564	
Net Interest Exp. / Inc. (-)	527	631	643	575	271	
Inc (-) / Dec in WCap.	-3,290	-2,513	-2,016	-1,362	-1,328	
Others	195	264	195	230	270	
Taxes Paid	-951	-1,312	-590	-1,399	-2,607	
Operating Cash Flow	-1,402	3	3,115	6,636	10,516	
Capex	-2,082	-1,107	-1,783	-2,246	-2,328	
Free Cash Flow	-3,484	-1,105	1,332	4,390	8,188	
Inc (-) / Dec in Investments	3,713	788	0	0	0	
Others	-236	218	218	324	676	
Investing Cash Flow	1,396	-101	-1,565	-1,922	-1,652	
Inc / Dec (-) in Capital	288	172	-50	-40	10	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	95	721	-1,601	-2,112	-2,481	
Others	-334	-451	-572	-551	-515	
Financing Cash Flow	49	443	-2,223	-2,703	-2,987	
Inc / Dec (-) in Cash	42	344	-673	2,011	5,877	
Opening Cash Balance	372	414	758	85	2,095	
Closing Cash Balance	414	758	85	2,095	7,973	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	13,780	12,622	14,356	18,373	25,851	
Share Capital	2,852	2,856	2,856	2,856	2,856	
Reserves & Surplus	10,928	9,766	11,500	15,517	22,995	
Preference Share Capital	0	0	0	0	0	
Minority Interest	141	188	352	677	1,218	
Total Loans	4,604	6,804	6,804	6,804	6,804	
Def. Tax Liab. / Assets (-)	-1,878	-2,690	-2,690	-2,690	-2,690	
Total - Equity & Liab.	16,647	16,924	18,822	23,164	31,183	
Net Fixed Assets	7,297	6,979	8,207	9,987	11,751	
Gross Fixed Assets	3,486	3,531	4,850	6,576	8,486	
Intangible Assets	1,556	1,715	1,899	2,109	2,206	
Less: Depn. & Amort.	1,173	1,173	2,011	3,004	4,171	
Capital WIP	3,428	2,906	3,469	4,306	5,229	
Investments	4,100	3,817	3,817	3,817	3,817	
Current Assets	16,225	20,520	24,359	32,790	46,185	
Inventories	10,051	11,920	14,716	18,714	23,461	
Sundry Debtors	1,635	2,416	3,120	4,077	5,225	
Cash & Bank Balances	414	758	85	2,095	7,973	
Loans & Advances	0	0	0	0	0	
Other Current Assets	4,125	5,426	6,438	7,904	9,527	
Current Liab. & Prov.	10,975	14,392	17,561	23,430	30,570	
Current Liabilities	6,035	6,758	9,368	12,699	16,730	
Provisions & Others	4,939	7,634	8,193	10,731	13,839	
Net Current Assets	5,251	6,128	6,798	9,360	15,615	
Total - Assets	16,647	16,924	18,822	23,164	31,183	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Y/E March						
Net Margin		0.5%	0.6%	1.9%	3.5%	5.1%
Asset Turnover (x)		2.5	2.9	3.5	4.0	4.1
Leverage Factor (x)		1.5	1.7	1.8	1.7	1.6
RoE		1.7%	2.7%	11.8%	23.4%	32.6%

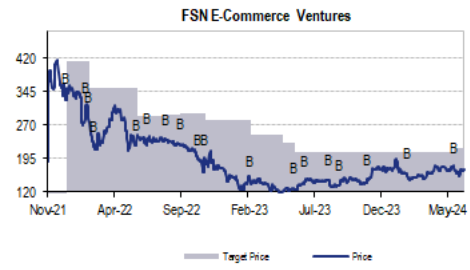
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
Y/E March						
BV/Share (INR)		4.8	4.4	5.0	6.4	9.0
ROIC		4.6%	5.3%	13.7%	24.4%	37.8%
ROE		1.7%	2.7%	11.5%	22.7%	31.2%
Net Debt/Equity (x)		0.0	0.2	0.2	0.0	-0.2
P/E (x)		2,120.4	1,356.1	309.4	128.4	68.3
P/B (x)		35.4	38.8	34.1	26.7	18.9
EV/EBITDA (x)		190.5	141.6	88.8	53.4	34.1
EV/Sales (x)		9.5	7.7	5.8	4.4	3.4
Debtor days		12	14	14	14	13
Inventory days		71	68	64	62	60
Creditor days		20	23	27	30	32

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
21-Dec-21	Buy	414	
3-Feb-22	Buy	414	0.0
10-Feb-22	Buy	354	-14.5
22-Feb-22	Buy	354	0.0
29-May-22	Buy	289	-18.4
24-Jun-22	Buy	289	0.0
6-Aug-22	Buy	292	1.2
8-Sep-22	Buy	297	1.7
18-Oct-22	Buy	297	0.0
2-Nov-22	Buy	281	-5.6
14-Feb-23	Buy	250	-10.9
26-Apr-23	Buy	230	-8.0
25-May-23	Buy	210	-8.7
17-Jun-23	Buy	210	0.0
12-Aug-23	Buy	210	0.0
4-Sep-23	Buy	210	0.0
6-Nov-23	Buy	210	0.0
6-Feb-24	Buy	210	0.0
23-May-24	Buy	220	4.8

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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