

Kalyan Jewellers

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	KALYANKJ IN
Equity Shares (m)	1031
M.Cap.(INRb)/(USDb)	528.5 / 6.2
52-Week Range (INR)	795 / 336
1, 6, 12 Rel. Per (%)	-4/-27/21
12M Avg Val (INR M)	5331

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	250.5	323.9	396.3
EBITDA	16.4	20.7	24.1
Margins (%)	6.6	6.4	6.1
Adj. PAT	8.1	11.1	13.5
Adj. EPS (INR)	7.8	10.7	13.0
EPS Growth (%)	34.9	37.2	21.6
BV/Sh.(INR)	46.6	54.8	64.4
Ratios			
RoE (%)	17.9	21.2	21.9
RoIC (%)	13.3	13.7	14.4
Valuations			
P/E (x)	65.4	47.7	39.2
P/BV (x)	11.0	9.3	8.0
EV/Sales (x)	2.1	1.7	1.3
EV/EBITDA(x)	32.1	26.2	21.6

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	62.9	62.9	60.6
DII	12.0	13.6	11.0
FII	16.9	16.4	21.1
Others	8.3	7.2	7.3

FII includes depository receipts

CMP: INR512 **TP: INR625 (+22%)** **Buy**

Industry-leading growth; fast store rollouts

- Kalyan Jewellers' (KALYANKJ) consolidated revenue grew 37% YoY to INR61.8b (in line). The Indian business achieved 38% YoY revenue growth, driven by store additions (added net 25 Kalyan Indian stores and 14 Candere stores) and 21% SSSG (20% in South, 22% in non-South). The momentum was well-sustained in Apr'25 (during Akshaya Tritiya) despite volatility in gold prices.
- Studded revenue growth (+47%) outpaced gold revenue growth (+38%), leading to a 200bp increase in the studded share to 31% (29.5% in 3QFY25).
- Gross margin for the Indian business contracted 90bp YoY to 13.3%. The margin contraction was likely due to the rising mix from franchised stores (40% revenue mix).
- EBITDA margin for the Indian business contracted 20bp YoY to 6.4% (due to a higher mix of franchise stores). Its PBT margin expanded marginally by 10bp YoY to 4.7%, though it was partly weighed down by higher finance costs from rising GML rates in 4Q. Meanwhile, PBT was up by a strong 41% YoY.
- The Middle East delivered 26% revenue growth. Studded share stood at 19%. There were no store additions during the quarter.
- With the successful scale-up of its new franchise businesses (~40 revenue contribution) and stable success in non-Southern markets, the company has established itself as a leading brand in the industry. We model 26%/21%/29% revenue/EBITDA/PAT CAGR during FY25-27E. We reiterate our BUY rating with a TP of INR625 (based on 50x Mar'27 P/E).

Robust revenue and PBT growth; rapid store expansion

India business

- Healthy revenue growth with double-digit SSSG:** India revenue grew 38% YoY to INR53.5b and same-store sales increased 21% YoY. SSSG was 20% in the South regions and 22% in the non-South regions. Non-South markets showed promising growth, with revenue contribution increasing to 53% from 49% YoY. Studded share improved 200bp YoY to 31.1% in 4QFY25.
- Strong growth in profitability:** EBITDA grew 35% YoY to INR3.4b; PBT grew 41% YoY to INR2.5b; and APAT grew 41% YoY to INR1.9b.
- In FY25, net sales, EBITDA, and APAT grew 37%, 28%, and 40%, respectively.
- Rapid store expansion:** The company added net 25 My Kalyan stores in India, reaching a total of 278 stores. Candere added 14 stores, reaching a total of 73 stores. Total stores in India stood at 351. 'My Kalyan' grassroots stores reached 1,037 in 4QFY25, contributing ~19% to revenue from operations in India and over 27% to enrolment in advance purchase schemes in India.

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.

Middle East

- Sales grew 26% YoY to INR7.8b.
- There were no store additions during the quarter.
- Studded share stood at 19%.
- Gross margin contracted marginally 10bp YoY to 14.9% and EBITDA margin expanded 40bp YoY to 7.5%.
- EBITDA grew 33% YoY to INR587m.
- APAT grew 22% YoY to INR121m.
- In FY25, net sales, EBITDA, and APAT grew 23%, 23%, and 14%, respectively.

Consolidated performance

- Consolidated revenue grew 37% YoY to INR61.8b (est. INR61.8).
- Gross margin contracted 60bp YoY to 13.8% (est. 13.2%).
- EBITDA margin was flat YoY at 6.5% (est. 6.5%).
- EBITDA grew 35% YoY to INR4.0b. PBT grew 36% YoY to INR2.5b and APAT grew 36% YoY to INR1.9b.
- In FY25, net sales, EBITDA, and APAT grew 35%, 25%, and 35%, respectively.

Key takeaways from the management commentary

- The demand environment was stable during the quarter despite macro uncertainties. The Akshaya Tritiya festival showed strong demand trends, with customer sentiment remaining largely upbeat.
- The company highlighted that gold prices increased 30%, which affected the composition of its inventory, particularly in terms of 18 carat, 22 carat, lightweight, and heavy jewelry.
- Gold loan interest rates increased in the range of 2-2.5%. The peak interest rate was ~5%, but it has started to come down.
- The company reported a debt reduction of INR2500m in India during FY25. While the initial intent was to reduce non-GML borrowings, the reduction primarily came from GML due to temporary disruptions in the domestic GML environment over the last 3-4 months.
- 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 US.
- We model 26%/21%/29% revenue/EBITDA/PAT CAGR during FY25-27E. We reiterate our BUY rating with a TP of INR625 (based on 50x Mar'27 P/E).

Consolidated Quarterly Performance											(INR m)	
Y/E March	FY24				FY25E				FY24	FY25E	FY25 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Stores	194	209	235	253	277	303	349	388	253	388	383	
Net Sales	43,757	44,145	52,231	45,250	55,355	60,655	72,869	61,815	1,85,483	2,50,451	61,876	-0.1%
Change (%)	31.3	27.1	34.5	33.8	26.5	37.4	39.5	36.6	31.8	35.0	36.4	
Raw Material/PM	37,153	37,840	44,616	38,737	47,419	52,313	63,323	53,314	1,58,346	2,16,370	53,713	
Gross Profit	6,604	6,306	7,615	6,513	7,935	8,342	9,546	8,501	27,137	34,081	8,162	4.1%
Gross Margin (%)	15.1	14.3	14.6	14.4	14.3	13.8	13.1	13.8	14.6	13.6	13.2	
Operating Expenses	3,375	3,169	3,916	3,550	4,175	4,379	4,609	4,507	14,010	17,671	4,140	
% of Sales	7.7	7.2	7.5	7.8	7.5	7.2	6.3	7.3	7.6	7.1	6.7	
EBITDA	3,229	3,137	3,698	2,963	3,760	3,962	4,936	3,994	13,127	16,410	4,022	-0.7%
Margin (%)	7.4	7.1	7.1	6.5	6.8	6.5	6.8	6.5	7.1	6.6	6.5	
Change (%)	22.2	17.9	13.1	15.4	16.4	26.3	33.5	34.8	17.8	25.0	31.3	
Interest	821	817	817	778	852	903	876	962	3,232	3,595	855	
Depreciation	641	669	697	736	755	850	890	933	2,743	3,427	856	
Other Income	116	131	201	387	222	260	313	408	737	1,446	390	
PBT	1,885	1,781	2,386	1,837	2,375	2,469	3,484	2,507	7,888	10,834	2,701	-7.2%
Tax	449	433	582	462	599	649	886	630	1,925	2,764	623	
Effective Tax Rate (%)	23.8	24.3	24.4	25.1	25.2	26.3	25.4	25.1	24.4	25.5	23.1	
Adjusted PAT	1,439	1,352	1,806	1,376	1,776	1,821	2,598	1,877	5,973	8,070	2,077	-9.6%
Change (%)	33.3	27.1	21.5	96.3	23.4	34.6	43.8	36.4	28.1	35.1	51.0	
Reported PAT	1,439	1,352	1,806	1,376	1,776	1,303	2,187	1,877	5,973	7,142	2,077	

E: MOFSL Estimates

India Quarterly Performance (Standalone)											(INR m)
Y/E March	FY24				FY25				FY24	FY25	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Stores	161	175	201	217	241	267	312	351	217	351	
SSSG (%)	15	10	11	17	12	23	24	21	13	20	
Studded ratio (%)	29.0	28.5	27.2	29.1	30.4	29.7	29.5	31.1	28.5	30.2	
Net Sales	36,409	37,543	45,117	38,675	46,875	52,268	63,864	53,504	1,57,744	2,16,510	
Change (%)	33.9	32.2	40.2	37.9	28.7	39.2	41.6	38.3	36.2	37.3	
Raw Material/PM	30,921	32,220	38,595	33,179	40,226	45,205	55,767	46,378	1,34,915	1,87,577	
Gross Profit	5,488	5,323	6,522	5,496	6,648	7,062	8,097	7,126	22,829	28,934	
Gross Margin (%)	15.1	14.2	14.5	14.2	14.2	13.5	12.7	13.3	14.5	13.4	
Operating Expenses	2,797	2,651	3,360	2,946	3,499	3,741	3,845	3,691	11,754	14,776	
% of Sales	7.7	7.1	7.4	7.6	7.5	7.2	6.0	6.9	7.5	6.8	
EBITDA	2,690	2,672	3,162	2,550	3,150	3,322	4,251	3,435	11,075	14,158	
Margin (%)	7.4	7.1	7.0	6.6	6.7	6.4	6.7	6.4	7.0	6.5	
Change (%)	23.4	20.2	14.8	17.3	17.1	24.3	34.4	34.7	18.7	27.8	
Interest	612	627	599	579	601	626	585	686	2,417	2,497	
Depreciation	480	507	530	547	560	612	610	679	2,064	2,461	
Other Income	138	143	226	339	250	277	411	424	765	1,485	
PBT	1,737	1,681	2,259	1,763	2,239	2,361	3,467	2,494	7,359	10,685	
Tax	448	426	576	450	588	641	876	640	1,901	2,745	
Effective Tax Rate (%)	25.8	25.4	25.5	25.5	26.3	27.1	25.3	25.7	25.8	25.7	
Adjusted PAT	1,289	1,255	1,682	1,313	1,651	1,720	2,591	1,854	5,459	7,630	
Change (%)	35.1	31.9	26.4	32.1	28.1	37.1	54.0	41.1	31.5	39.8	
Reported PAT	1,289	1,255	1,682	1,313	1,651	1,203	2,180	1,854	5,459	6,702	

E: MOFSL Estimates

Middle East Quarterly Performance

(INR m)

Y/E March	FY24				FY25			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Stores	33	34	34	36	36	36	36	36
Net Sales	7,003	6,290	6,826	6,227	8,105	8,004	8,403	7,845
Change (%)	22.1	4.7	6.5	13.5	15.7	27.2	23.1	26.0
Raw Material/PM	5,954	5,365	5,799	5,285	6,900	6,847	7,156	6,677
Gross Profit	1,049	925	1,027	942	1,205	1,157	1,247	1,168
Gross Margin (%)	15.0	14.7	15.0	15.0	14.9	14.5	14.8	14.9
Operating Expenses	495	444	498	501	569	551	603	581
% of Sales	7.1	7.1	7.3	8.0	7.0	6.9	7.2	7.4
EBITDA	554	481	530	441	636	606	644	587
Margin (%)	7.9	7.6	7.8	7.1	7.8	7.6	7.7	7.5
Change (%)	17.9	3.0	0.9	5.5	14.8	26.0	21.6	33.1
Interest	235	216	242	239	264	276	277	269
Depreciation	152	153	157	167	168	173	191	194
Other Income	11	21	17	77	2	5	5	26
PBT	178	133	148	112	206	162	181	150
Tax	9	14	10	13	19	24	28	29
Effective Tax Rate (%)	5.1	10.5	6.4	11.6	9.2	14.8	15.5	19.3
Adjusted PAT	169	119	138	99	187	138	153	121
Change (%)	24.3	-13.8	-18.8	76.8	10.7	16.0	10.9	22.2

Exhibit 1: Store network

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

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

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



Key takeaways from the management commentary

Demand environment and outlook

- The demand environment was stable during the quarter despite macro uncertainties, with momentum improving closer to the festive season.
- The Akshaya Tritiya festival showed strong demand trends, with customer sentiment remaining largely upbeat.
- The company witnessed a balanced contribution from both wedding and non-wedding segments.
- Demand in South India remained robust, particularly in Tamil Nadu, while East India saw a ramp-up due to recent store openings.
- Rural markets continued to perform well, aided by Kalyan's strong brand presence and recent network expansion.
- The company noted healthy traction in the higher-value purchase segments, reflecting customer preference for large-ticket wedding jewelry.
- The company maintains a cautious yet optimistic outlook on gold price volatility and demand stability.
- Repeat customer contribution continues to remain high, validating the brand's trust and customer loyalty.
- The studded jewelry segment saw strong traction and is a strategic focus area for future growth.
- Working capital days improved marginally, supported by efficient inventory and cash management.
- Kalyan remains open to inorganic growth opportunities but will evaluate them prudently in line with its core strategy and return thresholds.
- The UK FTA is expected to be beneficial for Indian exporters; however, Kalyan has no immediate plans for direct entry into the UK market. Management indicated that it will assess the regulatory and business environment post-FTA before making expansion decisions in the UK.
- The company mentioned that gold prices have increased 30%, which has affected the composition of its inventory, particularly in terms of 18 carat, 22 carat, lightweight, and heavy jewelry.
- High gold prices are creating volume pressure, as customers may no longer be able to afford the same products they originally intended to purchase due to budget constraints.
- Gold loan interest rates increased in the range of 2-2.5%. The peak interest rate was ~5%, but it has started to come down.
- The company has seen a shift in consumer behavior, with studded conversion becoming easier when gold prices are high, as customers are more willing to compromise on gold volume in favor of studded products.
- The company reported a debt reduction of INR2500m in India during FY25. While the initial intent was to reduce non-GML borrowings, the reduction primarily came from GML due to temporary disruptions in the domestic GML environment over the last 3-4 months.
- The company plans to open 170 showrooms, with 90 Kalyan and 80 Candere formats in FY26.
- It expects to reduce debt in India by INR3,500m-4,000m in FY26.

Cost and margin

- Kalyan has effectively managed input cost pressures through better operating leverage and sourcing efficiencies.
- Employee and rental costs saw marginal increases, consistent with the scale-up in operations.
- Management expects EBITDA margins to remain steady or improve marginally in FY26, supported by better operating leverage, efficient inventory turnover, and a calibrated approach to discounting.

Candere

- Candere's performance remained muted during the quarter, though traction in offline expansion is expected to support growth going forward.
- Management remains focused on integrating Candere's omnichannel model and is optimistic about increased contribution from offline stores.
- Candere's EBITDA margin remained under pressure due to higher digital marketing spends and competitive intensity in the online space.
- It is expected to be profitable at the PAT level during FY26.
- Candere's margins are expected to range between 30% and 35% in mature stores, with inventory turns at 2x.
- The company plans to launch 80 Candere showrooms in India in FY26 through a mix of FOCO and COCO showrooms. Most of the showroom launches during 1HFY26 will be FOCO.

International business

- The company's margin in the US at the store level is +25%.
- The Middle Eastern business posted double-digit YoY revenue growth, driven by strong performance in the UAE and Qatar.
- The company sees a growing opportunity among the Indian diaspora in the GCC region and is strategically expanding its presence in the market.
- Currency fluctuations had a marginal impact on the Middle East's profitability, but operational performance remained healthy.

Key exhibits

Exhibit 3: India SSSG at 21% YoY in 4QFY25

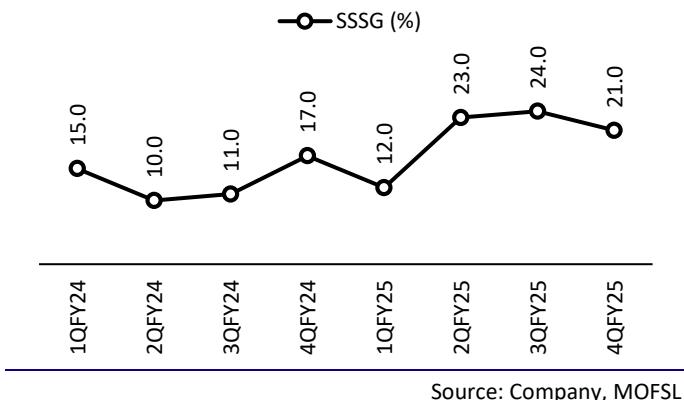


Exhibit 4: Added net 39 (25 Kalyan India, 14 Candere) stores in India

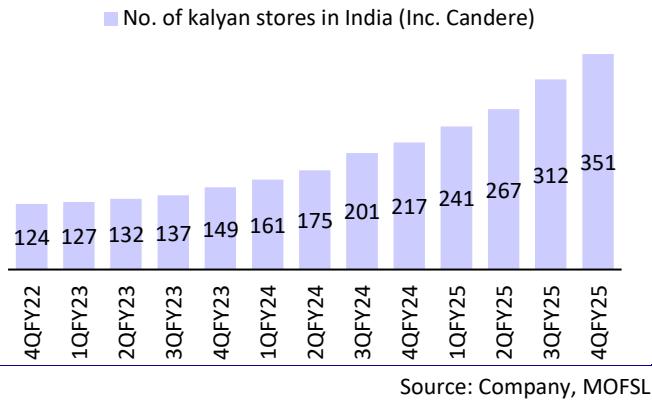


Exhibit 5: India sales grew 38% YoY, led by SSSG and store additions

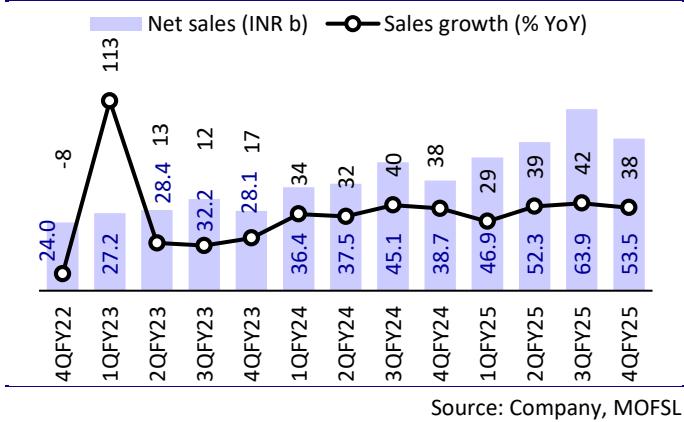


Exhibit 6: India business GP margin contracted 90bp YoY to 13.3%

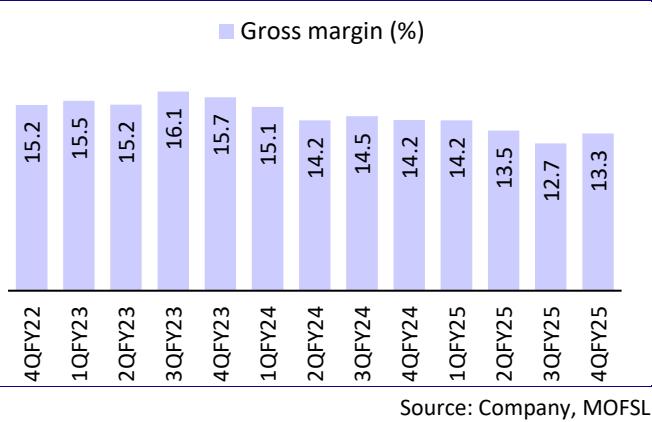


Exhibit 7: India business EBITDA grew 35% YoY to INR3.4b

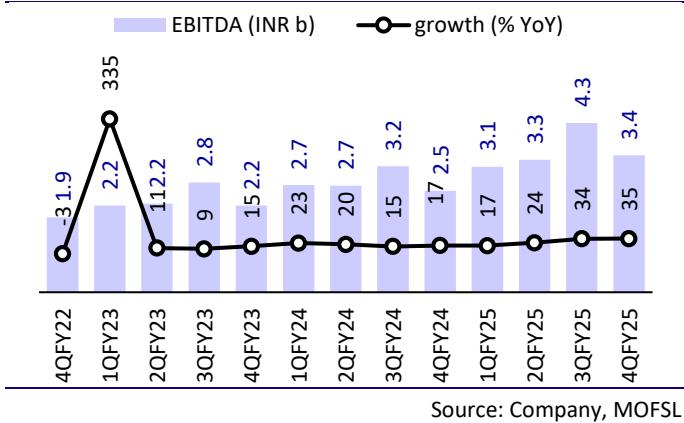
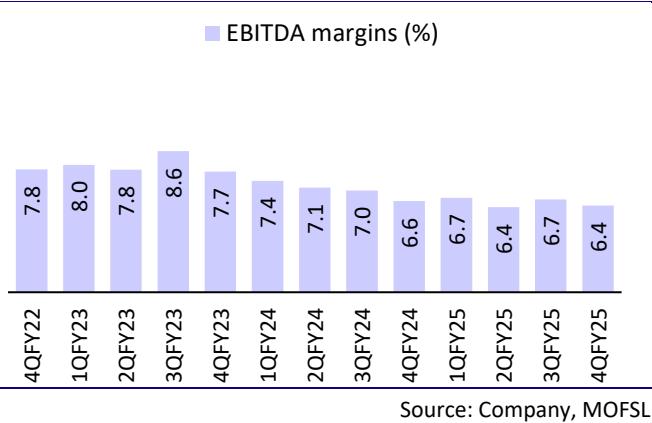


Exhibit 8: India business EBITDA margin contracted 20bp YoY to 6.4% in 4QFY25



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 sustained success in non-Southern markets, the company has established itself as a leading brand in the industry. Its non-South expansion has improved the studded jewelry mix, while the asset-light expansion supports healthy cash flow generation for debt repayment and enhances profitability by lowering interest costs. It is also gaining momentum in the Middle East and US.
- We model 26%/21%/29% revenue/EBITDA/PAT CAGR during FY25-27E. We reiterate our BUY rating with a TP of INR625 (based on 50x Mar'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	3,23,901	3,96,316	3,14,737	3,84,603	3%	3%
EBITDA	20,680	24,148	20,017	23,546	3%	3%
Adjusted PAT	11,070	13,460	10,728	13,026	3%	3%

Financials and valuations

Income Statement consol.

	(INR m)							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	1,01,009	85,733	1,08,179	1,40,714	1,85,483	2,50,451	3,23,901	3,96,316
Change (%)	3.4	-15.1	26.2	30.1	31.8	35.0	29.3	22.4
Raw Materials	83,918	71,141	91,263	1,18,722	1,58,346	2,16,370	2,82,204	3,47,549
Gross Profit	17,092	14,592	16,916	21,992	27,137	34,081	41,697	48,767
Margin (%)	16.9	17.0	15.6	15.6	14.6	13.6	12.9	12.3
Operating Expenses	9,489	8,649	8,771	10,852	14,010	17,671	21,017	24,619
EBITDA	7,603	5,943	8,145	11,141	13,127	16,410	20,680	24,148
Change (%)	31.0	-21.8	37.1	36.8	17.8	25.0	26.0	16.8
Margin (%)	7.5	6.9	7.5	7.9	7.1	6.6	6.4	6.1
Depreciation	2,391	2,249	2,316	2,446	2,743	3,427	3,918	4,317
Int. and Fin. Charges	3,803	3,754	3,224	3,026	3,232	3,595	3,624	3,675
Other Income	801	454	383	379	737	1,446	1,724	1,962
Profit before Taxes	2,209	394	2,989	6,048	7,888	10,834	14,862	18,118
Change (%)	955.7	-82.2	659.3	102.4	30.4	37.3	37.2	21.9
Margin (%)	2.2	0.5	2.8	4.3	4.3	4.3	4.6	4.6
Tax	786	455	748	1,396	1,925	2,764	3,791	4,658
Tax Rate (%)	35.6	115.6	25.0	23.1	24.4	25.5	25.5	25.7
PAT Before Minority	1,423	-61	2,240	4,652	5,963	8,070	11,070	13,460
Minority Interest	-7	2	-3	-12	-11	0	0	0
Exceptional	0	0	0	333	0	929	0	0
Reported PAT	1,430	-64	2,244	4,331	5,973	7,142	11,070	13,460
Adjusted PAT	1,430	-64	2,244	4,599	5,973	8,070	11,070	13,460
Change (%)	-4,113	-104	-3,616	105	30	35	37	22
Margin (%)	1.4	-0.1	2.1	3.3	3.2	3.2	3.4	3.4

Balance Sheet

	(INR m)							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	9,583	10,301	10,301	10,301	10,301	10,314	10,314	10,314
Reserves	12,028	17,960	21,070	26,047	31,590	37,721	46,217	56,071
Net Worth	21,611	28,260	31,370	36,347	41,891	48,036	56,531	66,386
Minority Interest	-30	5	9	-2	-13	0	0	0
GML	11,671	14,180	14,968	18,536	22,530	23,436	24,303	25,207
Loans	24,230	19,600	18,664	16,550	10,643	9,497	6,497	3,497
Lease liability	7,578	6,983	6,661	7,869	11,691	16,660	21,888	27,208
Deferred tax	-81	-461	-450	-562	-662	-1,125	-1,125	-1,125
Capital Employed	64,979	68,567	71,223	78,738	86,079	96,504	1,08,094	1,21,172
Gross Block	15,462	15,031	16,056	15,373	18,644	21,456	23,056	24,656
Less: Accum. Depn.	4,669	5,413	6,240	6,635	7,739	8,400	10,203	12,111
Net Fixed Assets	10,793	9,618	9,816	8,738	10,904	13,056	12,853	12,544
Goodwill	51	51	51	51	51	51	51	51
Intangible assets	97	94	70	49	35	21	244	239
Capital WIP	242	527	17	200	485	77	77	77
Right to Use Assets	10,110	8,613	8,667	9,580	11,390	14,723	15,619	18,752
Investments	0	0	6	44	44	53	53	53
Other non-current assets	1,830	2,186	1,962	2,748	5,117	8,161	15,508	19,281
Curr. Assets, L&A	58,984	67,103	68,414	85,158	99,490	1,13,993	1,25,708	1,44,355
Inventory	47,203	53,031	57,943	70,139	82,976	96,811	1,24,603	1,24,138
Account Receivables	2,137	1,127	1,195	2,442	3,283	3,999	3,903	4,747
Cash and Bank Balance	7,501	10,966	7,772	9,819	9,751	10,311	-6,512	10,925
Others	2,142	1,979	1,504	2,759	3,480	2,872	3,714	4,545
Curr. Liab. and Prov.	17,127	19,627	17,778	27,830	41,436	53,630	62,018	74,181
Account Payables	5,576	6,901	6,566	11,927	19,441	23,503	30,094	36,704
Provisions	385	445	493	714	668	857	1,160	1,428
Other current liabilities	11,166	12,280	10,720	15,188	21,326	29,270	30,765	36,049
Net Current Assets	41,857	47,476	50,635	57,329	58,054	60,363	63,690	70,174
Application of Funds	64,979	68,564	71,224	78,738	86,079	96,504	1,08,094	1,21,172

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	1.5	-0.1	2.2	4.5	5.8	7.8	10.7	13.0
Cash EPS	4.0	2.1	4.4	6.8	8.5	11.1	14.5	17.2
BV/Share	22.6	27.4	30.5	35.3	40.7	46.6	54.8	64.4
DPS	0.0	0.0	0.0	0.5	1.2	1.5	2.5	3.5
Payout %	0.0	0.0	0.0	11.2	20.7	19.2	23.3	26.8
Valuation (x)								
P/E	343.1	-8,265.0	235.1	114.7	88.3	65.4	47.7	39.2
Cash P/E	128.4	241.3	115.7	74.9	60.5	45.9	35.2	29.7
EV/Sales	5.0	6.3	5.0	3.8	2.8	2.1	1.7	1.3
EV/EBITDA	66.7	90.2	66.1	47.9	40.2	32.1	26.2	21.6
P/BV	22.7	18.7	16.8	14.5	12.6	11.0	9.3	8.0
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.2	0.3	0.5	0.7
Return Ratios (%)								
RoE	6.9	-0.3	7.5	13.6	15.3	17.9	21.2	21.9
RoCE	6.0	-1.0	6.7	9.3	10.2	11.8	13.5	14.1
RoIC	6.8	-1.1	7.7	10.6	11.6	13.3	13.7	14.4
Working Capital Ratios								
Inventory (Days)	167	213	187	166	151	131	125	115
Debtor (Days)	7	7	4	5	6	5	4	4
Payable (Days)	18	27	23	24	31	31	30	31
Cash conversion (Days)	155	194	168	147	125	105	99	88
Inventory turns (x)	2.2	1.7	1.9	2.2	2.4	2.8	2.9	3.2
Asset Turnover (x)	1.6	1.3	1.5	1.8	2.2	2.6	3.0	3.3
Leverage Ratio								
Net Debt/Equity (x)	1.3	0.8	0.8	0.7	0.6	0.5	0.7	0.3

Cash Flow Statement

(**INR m**)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Profit before Tax	2,209	394	2,989	5,715	7,888	9,596	14,862	18,118
Depreciation	2,391	2,249	2,316	2,446	2,743	3,427	3,918	4,317
Net interest	3,333	3,461	2,805	2,753	2,649	2,830	1,900	1,713
Others	-460	1,396	-59	85	170	328	0	0
Direct Taxes Paid	-65	-569	-1,529	-1,290	-2,262	-2,379	-3,791	-4,658
(Incr)/Decr in WC	-4,213	-642	-4,071	424	2,040	-1,708	-19,664	11,480
CF from Operations	3,196	6,288	2,450	10,134	13,227	12,095	-2,775	30,970
Incr in FA	-1,075	-479	-908	-1,863	-3,712	-4,275	-1,876	-1,653
Free Cash Flow	2,121	5,810	1,542	8,272	9,516	7,820	-4,650	29,317
Pur of Investments	28	0	-6	-37	0	0	0	0
Others	529	-268	705	188	1,896	866	-8,202	-6,921
CF from Invest.	-517	-747	-209	-1,712	-1,816	-3,409	-10,077	-8,574
Issue of Shares	0	7,565	0	0	0	0	0	0
Incr in Debt	1,816	-5,132	-861	-2,146	-5,909	-1,263	-3,000	-3,000
Dividend Paid	0	0	0	0	-515	-1,236	-2,575	-3,605
Net interest Paid	-2,706	-2,864	-2,407	-2,291	-2,389	-2,234	-3,624	-3,675
Others	-2,542	-1,646	-2,167	-1,939	-2,667	-3,394	5,228	5,320
CF from Fin. Activity	-3,432	-2,076	-5,435	-6,376	-11,479	-8,126	-3,971	-4,960
Incr/Decr of Cash	-753	3,465	-3,194	2,047	-68	560	-16,823	17,436
Add: Opening Balance	8,255	7,501	10,966	7,772	9,819	9,751	10,311	-6,512
Closing Balance	7,501	10,966	7,772	9,819	9,751	10,311	-6,512	10,924

E: MOFSL Estimates

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

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://onlinereports.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 Analyst 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

1. 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
2. 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: No
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
3. 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.
4. 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.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. 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.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. 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 warranty, 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 alterations 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, nor 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 dpgrievances@motilaloswal.com.