13 August 2025
1QFY26 Results Update | Sector: Retail

# Senco Gold

| | |
|---|---|
| Estimate change | ↑ |
| TP change | ↓ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | SENCO IN |
| Equity Shares (m) | 164 |
| M.Cap.(INRb)/(USDb) | 55.5 / 0.6 |
| 52-Week Range (INR) | 772 / 227 |
| 1, 6, 12 Rel. Per (%) | 1/-31/-39 |
| 12M Avg Val (INR M) | 438 |

**Financials & Valuations (INR b)**

| Y/E March (INR b) | FY26E | FY27E | FY28E |
|---|---|---|---|
| Sales | 76.2 | 88.9 | 103.4 |
| Sales Growth (%) | 20.4 | 16.7 | 16.3 |
| EBITDA | 5.3 | 6.0 | 7.0 |
| Margins (%) | 7.0 | 6.7 | 6.8 |
| Adj. PAT | 2.5 | 2.9 | 3.5 |
| Adj. EPS (INR) | 15.4 | 17.5 | 21.4 |
| EPS Growth (%) | 24.3 | 13.9 | 22.3 |
| BV/Sh.(INR) | 134.0 | 149.2 | 167.8 |
| **Ratios** | | | |
| Debt/Equity | 0.6 | 0.7 | 0.7 |
| RoE (%) | 12.1 | 12.4 | 13.5 |
| RoIC (%) | 10.7 | 10.3 | 10.6 |
| **Valuations** | | | |
| P/E (x) | 22.0 | 19.3 | 15.8 |
| EV/EBITDA(x) | 5.3 | 5.2 | 4.3 |

**Shareholding Pattern (%)**

| As On | Jun-25 | Mar-25 | Jun-24 |
|---|---|---|---|
| Promoter | 64.4 | 64.3 | 68.5 |
| DII | 12.8 | 12.6 | 10.5 |
| FII | 6.8 | 7.2 | 7.7 |
| Others | 16.1 | 15.9 | 13.4 |

FII includes depository receipts

**CMP: INR339 TP: INR385 (+14%) Neutral**

## Hike in making charges and lower hedging ratio aid margin

- Senco Gold (SENCO) delivered a consolidated revenue growth of 30% YoY to INR18.2b (in line) in 1QFY26, with SSSG of 20%. Management indicated that despite a surge in gold prices, consumer demand remained elevated, fueled by festivities. The company expects revenue growth of 18-20% in FY26, driven by a strong focus on expansion in East and North India.
- The company opened ten stores (+13% YoY) during the quarter, bringing the total store count to 186 (109 COCO, 76 FOCO, and 1 Dubai). Looking ahead, the company plans to open 8-10 COCO stores and 8-10 franchise outlets annually, with the new stores concentrated in the North and East. Senco will focus more on opening franchise outlets.
- Consolidated GM expanded 180bp YoY to 19.1% (ahead of our est.), largely backed by improved studded mix, lower hedging %, and an increase in making charges. Employee expenses rose 23% YoY, and other expenses were up 32% YoY, while marketing expenses increased 10% YoY. EBITDA margin expanded 230bp YoY to 10.1% (ahead of our est.). Studded jewelry sales jumped 51% YoY in 1Q, and the stud ratio improved from 9.9% to 11.6% YoY, leading to better margins. Management has guided to increase the studded jewelry mix to 15% over the next 2-3 years, indicating a strategic push toward higher-margin products.
- For FY26, the company expects an EBITDA margin of 6.8-7.2% and an APAT margin of 3.7-4.0%. Return ratios (RoE/RoCE) are expected to improve to 17-18% over the next 3-4 years. Given the inconsistency in operating margins and fluctuating hedge ratios adopted by the company, we remain cautious on SENCO's operating margin performance in the quarters ahead. **We reiterate our Neutral rating with a TP of INR385.**

## Sales in line; a beat on profitability

- **In-line sales growth:** Consolidated revenue grew 30% YoY to INR18.2b (est. INR17.9b). SSSG was healthy at 19.6% in 1Q. SENCO's sales growth was largely in line with that of its peers. Titan (jewelry standalone, ex-bullion), Kalyan (standalone), and P N Gadgil (retail) delivered revenue growth of 17%, 31%, and 19%, respectively. The company has opened ten stores, bringing the total count to 186 (109 COCO, 76 FOCO, and 1 Dubai). Old gold exchange stood at 39% of sales.
- **Margins expand sharply:** Consolidated GM expanded 180bp YoY to 19.1%. (est. 16.8%, 16.8% in 4QFY25). Inconsistency in gross margin remains high on a quarterly basis. Employee expenses jumped 23% YoY, and other expenses were up 32% YoY, while marketing expenses rose 10% YoY. EBITDA margin expanded 230bp YoY to 10.1% (est. 7.6%; 9.2% in 4QFY25), primarily backed by a sharp rise in gross margins.
- **Improvement in profitability:** EBITDA grew 69% YoY to INR1.8b (est. 1.4b). APAT grew 104% to INR1.05m (est. INR693m).

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## Key takeaways from the management commentary

- The quarter was marked by continued geopolitical tensions and a tariff war, as well as a spurt in gold prices by 32% YoY and 5% QoQ, despite which consumer demand remained elevated. The strong momentum was significantly fueled by popular festivals such as Akshay Tritiya and Poila Baishakh.
- Given high gold prices and competitive intensity, SENCO resorted to discounting in the quarter. However, an increase in making charges covered up for the same. The company does not expect making charges to reduce significantly despite elevated competitive intensity.
- To mitigate rising GML interest rates, the company has increased making charges, which has protected SENCO’s profitability.
- The hedging ratio in 1QFY26 again reduced to 55-60% from ~75% in the past few quarters. The company’s average inventory is around six months, and going forward, management indicated that the hedging will be in the range of 50-80% depending on the risk perception of the company.
- For FY26, the company maintains its revenue growth guidance of 18-20%. Additionally, it expects to record an EBITDA margin of 6.8-7.2% and an APAT margin of 3.7-4.0%.
- Going forward, the company plans to open 8-10 COCO stores and 8-10 franchise outlets annually, with more focus on opening franchise outlets.

## Valuation and view

- Given the outperformance in 1QFY26, we raise our EPS for FY26E and FY27E by 5-8%, with operating margin assumptions remaining unchanged at ~6.7-7.0%.
- Management maintained its EBITDA margin guidance of 6.8-7.2% for the coming years. Return ratios (RoE/RoCE) are expected to improve to 17-18% over the next 3-4 years. Given the inconsistency in operating margins and fluctuating hedge ratios adopted by the company, we remain cautious on the company’s operating performance in the quarters ahead. **We reiterate our Neutral rating with a TP of INR385, premised on 20x Jun’27E EPS.**

**Consolidated Quarterly Performance** (INR m)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26 | Var. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | 1QE | (%) |
| **Stores** | 165 | 166 | 171 | 175 | 186 | 189 | 192 | 194 | 174 | 194 | 186 | |
| **Net Sales** | 14,039 | 15,005 | 20,460 | 13,777 | 18,263 | 18,006 | 23,836 | 16,067 | 63,281 | 76,171 | 17,970 | 1.6 |
| Change (%) | 7.5 | 30.9 | 23.8 | 21.1 | 30.1 | 20.0 | 16.5 | 16.6 | 20.7 | 20.4 | 28.0 | |
| **Gross Profit** | 2,428 | 1,976 | 2,373 | 2,313 | 3,489 | 2,611 | 2,979 | 2,500 | 9,090 | 11,579 | 3,019 | 15.6 |
| Gross Margin (%) | 17.3 | 13.2 | 11.6 | 16.8 | 19.1 | 14.5 | 12.5 | 15.6 | 14.4 | 15.2 | 16.8 | |
| Operating Expenses | 1,341 | 1,159 | 1,297 | 1,042 | 1,653 | 1,530 | 1,668 | 1,432 | 4,839 | 6,284 | 1,653 | |
| % of Sales | 9.5 | 7.7 | 6.3 | 7.6 | 9.1 | 8.5 | 7.0 | 8.9 | 7.6 | 8.3 | 9.2 | |
| **EBITDA** | 1,087 | 818 | 1,076 | 1,270 | 1,836 | 1,080 | 1,311 | 1,068 | 4,251 | 5,295 | 1,366 | 34.4 |
| Margin (%) | 7.7 | 5.4 | 5.3 | 9.2 | 10.1 | 6.0 | 5.5 | 6.6 | 6.7 | 7.0 | 7.6 | |
| Change (%) | 61.8 | 107.1 | -40.6 | 44.8 | 68.8 | 32.1 | 21.9 | -15.9 | 13.2 | 24.6 | 25.6 | |
| Interest | 322 | 326 | 339 | 375 | 430 | 445 | 450 | 443 | 1,362 | 1,768 | 400 | |
| Depreciation | 181 | 178 | 131 | 191 | 187 | 190 | 194 | 209 | 681 | 781 | 190 | |
| Other Income | 123 | 149 | 127 | 147 | 186 | 150 | 150 | 130 | 546 | 617 | 150 | |
| **PBT** | 708 | 462 | 732 | 851 | 1,406 | 595 | 817 | 546 | 2,754 | 3,363 | 926 | 51.8 |
| Tax | 195 | 117 | 190 | 226 | 359 | 150 | 206 | 132 | 729 | 847 | 233 | |
| Effective Tax Rate (%) | 27.6 | 25.3 | 26.0 | 26.6 | 25.6 | 25.2 | 25.2 | 24.3 | 26.5 | 25.2 | 25.2 | |
| **Adjusted PAT** | 513 | 345 | 542 | 624 | 1,047 | 445 | 611 | 413 | 2,024 | 2,516 | 693 | 51.1 |
| Change (%) | 85.3 | 188.7 | -50.4 | 94.0 | 104.1 | 29.0 | 12.7 | -33.8 | 11.8 | 24.3 | 35.1 | |
| **PAT** | 513 | 121 | 335 | 624 | 1,047 | 445 | 611 | 413 | 1,593 | 2,516 | 693 | |

*E: MOFSL Estimates*

CONFERENCE CALL

# Key takeaways from the management commentary

## Demand environment and performance

- The quarter was marked by continued geopolitical tensions and a tariff war, as well as a spurt in gold prices by 32% YoY and 5% QoQ, despite which consumer demand remained elevated. The strong momentum was significantly fueled by popular festivals such as Akshay Tritiya and Poila Baishakh.
- Given high gold prices and competitive intensity, Senco resorted to discounting in the quarter. However, an increase in making charges covered up for the same. The company does not expect making charges to reduce significantly despite elevated competitive intensity.
- To mitigate rising GML interest rates, the company has increased making charges, which has protected SENCO's profitability.
- The hedging ratio in 1QFY26 again reduced to 55-60% from ~75% in the past few quarters. The company's average inventory is around six months, and going forward, management indicated that the hedging will be in the range of 50-80% depending on the risk perception of the company.
- During the last six months, the company has hired a consulting company, which is helping it improve store economics and assortment mix.
- In 1Q, Non-East revenue contributed 17.5% of total retail revenue.
- In the retail segment, COCO showrooms, contributing 63% to the overall retail revenue, registered a 25% growth in Q1. The FOFO business, which accounts for the remaining 37%, grew by a strong 34% during the same period.
- 1QFY26 saw strong performance in diamond jewellery, which saw 35% YoY growth in volumes and 50%+ in value. This has resulted in the stud ratio improving from 9.9% to 11.6% YoY, leading to better margins.
- 2QFY25 saw a duty cut, which led to robust sales in Jul and Aug'24, thus giving a high base. SENCO expects 2Q growth to be in the range of 18-20%.
- Secondary sales are ~85% of primary sales. The management indicated that as the share of franchisee stores increases, the gap will further widen.
- ASP of 9k jewellery is in the range of IRN3.5k-3.9k. SENCO indicated that 9k will be mostly offered in the studded category. Initial traction, especially from young customers, has been healthy for them. Furthermore, the management expects 9k jewellery to become a significant gifting tool.
- Average ticket size for Senco is INR70-72k, with ~60-70% of products sold being lightweight in nature at ~INR50-60k. Most lightweight jewelry is studded in nature, and thus, the company expects its margins to be higher than plain gold jewelry.
- LGD revenue has been in the range of high single digits to low double digits. Currently, SENCO has 6-7 LGD stores. For FY26, the LGD's sales will be less than INR500m. The management indicated that for weddings and other social occasions, the customers resort to natural diamonds only.
- SENCO's old gold exchange program ensured that the price rise impact was mitigated, ensuring continued demand. It contributed ~39% of sales in 1Q vs 25% of sales almost 2 years back.
- This quarter, they launched over 11,400 new jewellery designs and opened 10 new showrooms. Senco remains on track to open 18-20 stores in FY26.
- For new stores, the company will focus on East and North India, while having less focus on the southern part, given the high competition in that region.

## Cost and margins

- GM expanded by 180bp YoY to 19.1% largely backed by improved studded mix, lower hedging, and an increase in making charges.

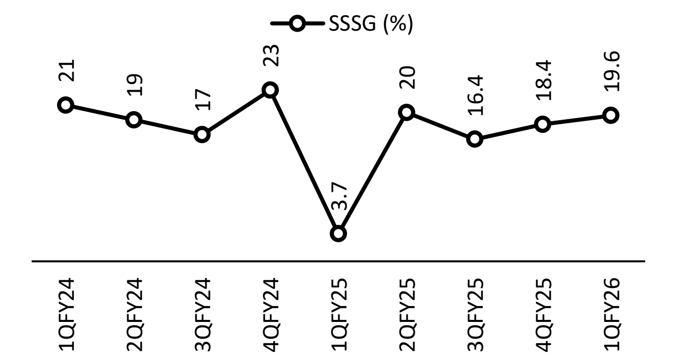
- While 1QFY26, saw robust improvement in EBITDA margin (+230bp), the management has maintained its annual EBITDA margin guidance of 6.8–7.2%.
- Senco indicated that, given the uncertain geopolitical scenario, the GML rates have again inched up. However, an increase in the making charges has protected SENCO's profitability.

**Guidance**

- Revenue is expected to grow by 18–20% in FY26, with a strong focus on expanding in East and North India.
- The company is expecting an EBITDA margin of 6.8–7.2% and an APAT margin of 3.7-4% for FY26.
- Looking ahead, the company plans to open 8–10 COCO stores and 8–10 franchise outlets annually. The company plans to open more franchisee outlets.
- Strategically, the company prefers the franchisee model in the current environment due to its asset-light nature. However, it remains selective and enters into franchise agreements only after thorough due diligence.
- The company has guided to increase the studded jewellery mix to 15% over the next 2–3 years, indicating a strategic push toward higher-margin products.

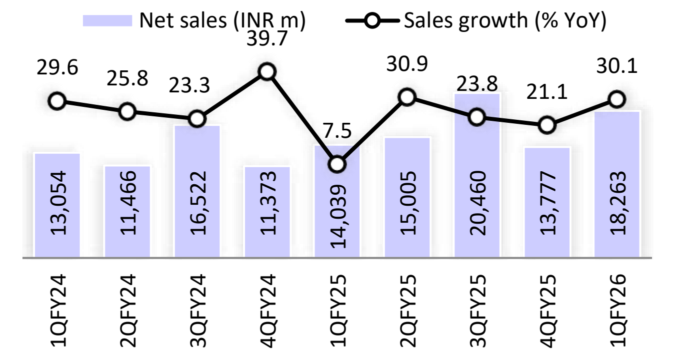
## Key exhibits

**Exhibit 1: SSSG was 20% in 1QFY26**



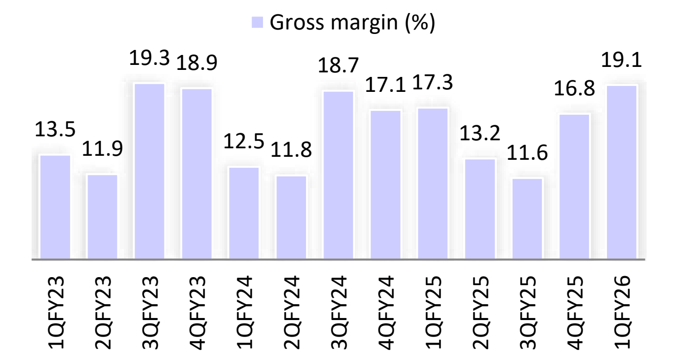

Source: Company, MOFSL

**Exhibit 2: Consol. sales grew 30% YoY in 1QFY26**



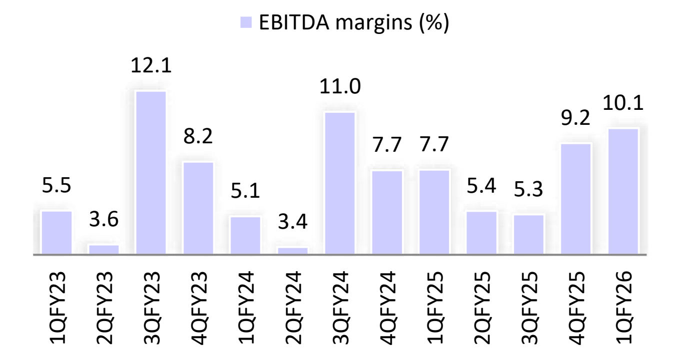

Source: Company, MOFSL

**Exhibit 3: GP margin expanded 180bp YoY to 19.1%**



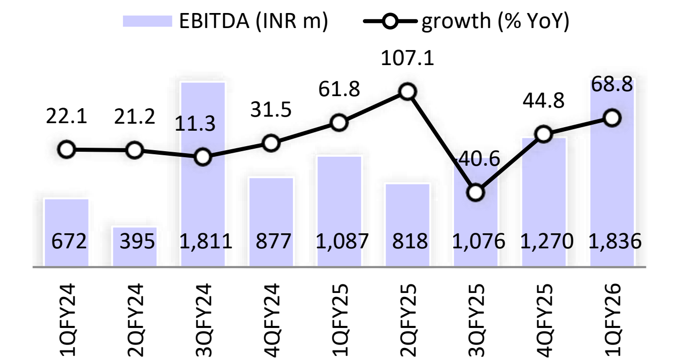

Source: Company, MOFSL

**Exhibit 4: EBITDA margin expanded 230bp YoY to 10.1%**



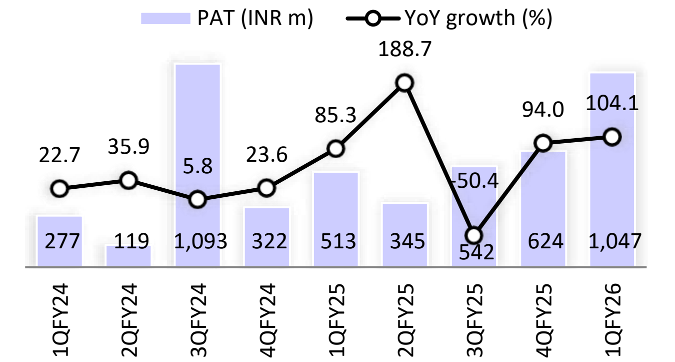

Source: Company, MOFSL

**Exhibit 5: EBITDA grew 69% YoY to INR1.8b in 1QFY26**




Source: Company, MOFSL

**Exhibit 6: Adj. PAT grew 104% YoY in 1QFY26**




Source: Company, MOFSL

## Valuation and view

- Given the outperformance in 1QFY26, we raise our EPS for FY26E and FY27E by 5-8%, with operating margin assumptions remaining unchanged at ~6.7-7.0%.
- Management maintained its EBITDA margin guidance of 6.8-7.2% for the coming years. Return ratios (RoE/RoCE) are expected to improve to 17-18% over the next 3-4 years. Given the inconsistency in operating margins and fluctuating hedge ratios adopted by the company, we remain cautious on the company's operating performance in the quarters ahead. **We reiterate our Neutral rating with a TP of INR385, premised on 20x Jun'27E EPS**.

**Exhibit 7: We increase our EPS for FY26E and FY27E by 5-8%**

| | New | | Old | | Change (%) | |
|---|---|---|---|---|---|---|
| **(INR b)** | **FY26E** | **FY27E** | **FY26E** | **FY27E** | **FY26E** | **FY27E** |
| Net Sales | 76,171 | 88,903 | 74,189 | 85,850 | 3% | 4% |
| EBITDA | 5,295 | 5,977 | 4,979 | 5,730 | 6% | 4% |
| Adjusted PAT | 2,516 | 2,865 | 2,319 | 2,738 | 8% | 5% |

# Financials and valuations

**Income Statement** (INR m)

| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net Sales** | **24,843** | **24,203** | **26,604** | **35,346** | **40,774** | **52,414** | **63,281** | **76,171** | **88,903** | **1,03,407** |
| Change (%) | 12.5 | -2.6 | 9.9 | 32.9 | 15.4 | 28.5 | 20.7 | 20.4 | 16.7 | 16.3 |
| **Gross Profit** | **3,732** | **4,242** | **3,750** | **5,541** | **6,555** | **8,014** | **9,090** | **11,579** | **13,267** | **15,356** |
| Margin (%) | 15.0 | 17.5 | 14.1 | 15.7 | 16.1 | 15.3 | 14.4 | 15.2 | 14.9 | 14.9 |
| Other expenditure | 1,977 | 2,081 | 1,997 | 2,769 | 3,388 | 4,259 | 4,839 | 6,284 | 7,290 | 8,376 |
| **EBITDA** | **1,755** | **2,162** | **1,753** | **2,772** | **3,166** | **3,755** | **4,251** | **5,295** | **5,977** | **6,980** |
| Change (%) | 24.9 | 23.2 | -18.9 | 58.1 | 14.2 | 18.6 | 13.2 | 24.6 | 12.9 | 16.8 |
| Margin (%) | 7.1 | 8.9 | 6.6 | 7.8 | 7.8 | 7.2 | 6.7 | 7.0 | 6.7 | 6.8 |
| Depreciation | 278 | 372 | 396 | 421 | 456 | 601 | 681 | 781 | 881 | 959 |
| Int. and Fin. Charges | 448 | 557 | 666 | 709 | 861 | 1,081 | 1,362 | 1,768 | 1,926 | 2,062 |
| Other Income - Recurring | 94 | 87 | 145 | 128 | 311 | 422 | 546 | 617 | 660 | 726 |
| **Profit before Taxes** | **1,123** | **1,320** | **837** | **1,770** | **2,162** | **2,495** | **2,754** | **3,363** | **3,831** | **4,685** |
| Change (%) | 17.8 | 17.5 | -36.6 | 111.5 | 22.1 | 15.4 | 10.3 | 22.1 | 13.9 | 22.3 |
| Margin (%) | 4.5 | 5.5 | 3.1 | 5.0 | 5.3 | 4.8 | 4.4 | 4.4 | 4.3 | 4.5 |
| Tax | 471 | 371 | 288 | 496 | 613 | 728 | 729 | 847 | 965 | 1,181 |
| Deferred Tax | -68 | 40 | -66 | -17 | -37 | -43 | 0 | 0 | 0 | 0 |
| Tax Rate (%) | 35.9 | 31.1 | 26.5 | 27.0 | 26.7 | 27.5 | 26.5 | 25.2 | 25.2 | 25.2 |
| **Profit after Taxes** | **721** | **909** | **615** | **1,291** | **1,585** | **1,810** | **2,024** | **2,516** | **2,865** | **3,504** |
| Change (%) | | 26.2 | -32.4 | 110.0 | 22.8 | 14.2 | 11.8 | 24.3 | 13.9 | 22.3 |
| Margin (%) | 2.9 | 3.8 | 2.3 | 3.7 | 3.9 | 3.5 | 3.2 | 3.3 | 3.2 | 3.4 |
| Extraordinary income | 0 | 0 | 0 | 0 | 0 | 0 | 431 | 0 | 0 | 0 |
| **Reported PAT** | **721** | **909** | **615** | **1,291** | **1,585** | **1,810** | **1,594** | **2,516** | **2,865** | **3,504** |

**Balance Sheet**

| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|
| Share Capital | 665 | 665 | 665 | 665 | 691 | 777 | 818 | 818 | 818 | 818 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserves | 4,002 | 4,853 | 5,361 | 6,595 | 8,764 | 12,878 | 18,885 | 21,122 | 23,611 | 26,640 |
| **Net Worth** | **4,667** | **5,518** | **6,026** | **7,260** | **9,455** | **13,655** | **19,703** | **21,940** | **24,429** | **27,459** |
| Minority Interest | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| GML | 3,054 | 2,003 | 2,504 | 4,314 | 6,376 | 9,082 | 11,818 | 12,199 | 14,526 | 15,954 |
| Loans | 2,626 | 3,750 | 2,820 | 4,316 | 5,396 | 5,901 | 5,872 | 7,486 | 8,910 | 9,784 |
| Lease liabilities | 1,029 | 1,351 | 1,474 | 1,630 | 2,098 | 2,628 | 2,904 | 3,356 | 3,683 | 4,010 |
| Deferred Tax | -114 | -59 | -127 | -141 | -179 | -228 | -265 | -265 | -265 | -265 |
| **Capital Employed** | **11,262** | **12,564** | **12,697** | **17,378** | **23,145** | **31,038** | **40,032** | **44,715** | **51,282** | **56,941** |
| Gross Block | 1,272 | 1,428 | 1,537 | 1,726 | 2,035 | 2,563 | 3,046 | 3,209 | 3,522 | 3,834 |
| Less: Accum. Depn. | 507 | 679 | 864 | 1,035 | 1,188 | 1,405 | 1,670 | 1,948 | 2,254 | 2,587 |
| **Net Fixed Assets** | **765** | **749** | **674** | **691** | **847** | **1,158** | **1,376** | **1,261** | **1,268** | **1,247** |
| Intangibles | 47 | 27 | 27 | 25 | 23 | 28 | 26 | 16 | 13 | 9 |
| Capital WIP | 47 | 44 | 24 | 65 | 131 | 15 | 20 | 20 | 20 | 20 |
| Right of use asset | 961 | 1,246 | 1,417 | 1,516 | 1,927 | 2,434 | 2,644 | 3,034 | 3,215 | 3,119 |
| Investments | 0 | 0 | 0 | 0 | 1 | 1 | 2 | 2 | 2 | 2 |
| **Curr. Assets, L&A** | **10,744** | **13,098** | **13,323** | **18,563** | **25,945** | **33,362** | **43,130** | **47,772** | **55,407** | **62,594** |
| Inventory | 8,684 | 10,871 | 10,395 | 13,912 | 18,855 | 24,570 | 32,993 | 35,878 | 44,017 | 48,346 |
| Account Receivables | 184 | 277 | 276 | 394 | 454 | 529 | 810 | 975 | 1,139 | 1,324 |
| Cash and Bank Balance | 1,150 | 920 | 1,281 | 2,788 | 4,376 | 5,514 | 5,909 | 6,876 | 5,590 | 7,559 |
| Others | 725 | 1,030 | 1,371 | 1,469 | 2,261 | 2,749 | 3,419 | 4,042 | 4,662 | 5,365 |
| **Curr. Liab. and Prov.** | **1,301** | **2,601** | **2,769** | **3,483** | **5,729** | **5,960** | **7,166** | **7,389** | **8,642** | **10,050** |
| Trade Payables | 591 | 1,251 | 609 | 1,174 | 1,445 | 2,069 | 1,516 | 1,808 | 2,117 | 2,464 |
| Provisions | 68 | 25 | 31 | 14 | 27 | 66 | 79 | 94 | 110 | 128 |
| Other current liabilities | 642 | 1,325 | 2,128 | 2,295 | 4,258 | 3,825 | 5,571 | 5,487 | 6,415 | 7,458 |
| **Net Current Assets** | **9,442** | **10,497** | **10,554** | **15,081** | **20,216** | **27,402** | **35,964** | **40,383** | **46,765** | **52,544** |
| **Application of Funds** | **11,262** | **12,564** | **12,697** | **17,378** | **23,145** | **31,038** | **40,031** | **44,715** | **51,282** | **56,941** |

E: MOSL Estimates

# Financials and valuations

## Ratios

| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|
| **Basic (INR)** | | | | | | | | | | |
| **EPS** | **5.4** | **6.8** | **4.6** | **9.7** | **11.5** | **11.6** | **12.4** | **15.4** | **17.5** | **21.4** |
| Cash EPS | 7.5 | 9.6 | 7.6 | 12.9 | 14.8 | 15.5 | 16.5 | 20.1 | 22.9 | 27.3 |
| BV/Share | 35.1 | 41.5 | 45.3 | 54.6 | 68.4 | 87.9 | 120.4 | 134.0 | 149.2 | 167.8 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 1.1 | 1.7 | 2.3 | 2.9 |
| Payout % | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.3 | 8.9 | 11.1 | 13.1 | 13.5 |
| **Valuation (x)** | | | | | | | | | | |
| P/E | 62.4 | 49.4 | 73.1 | 34.8 | 29.5 | 29.0 | 27.3 | 22.0 | 19.3 | 15.8 |
| Cash P/E | 45.0 | 35.1 | 44.5 | 26.2 | 22.9 | 21.8 | 20.4 | 16.8 | 14.8 | 12.4 |
| EV/Sales | 1.0 | 1.0 | 0.9 | 0.7 | 0.6 | 0.5 | 0.4 | 0.4 | 0.3 | 0.3 |
| EV/EBITDA | 13.6 | 11.7 | 13.7 | 8.7 | 7.7 | 7.1 | 6.5 | 5.3 | 5.2 | 4.3 |
| P/BV | 9.6 | 8.1 | 7.5 | 6.2 | 4.9 | 3.8 | 2.8 | 2.5 | 2.3 | 2.0 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.5 | 0.7 | 0.9 |
| **Return Ratios (%)** | | | | | | | | | | |
| RoE | 16.7 | 17.9 | 10.7 | 19.4 | 19.0 | 15.7 | 12.1 | 12.1 | 12.4 | 13.5 |
| RoCE | 9.6 | 10.9 | 8.7 | 12.0 | 10.9 | 9.6 | 8.5 | 9.1 | 9.0 | 9.3 |
| RoIC | 11.0 | 11.9 | 9.6 | 14.0 | 13.4 | 11.8 | 10.2 | 10.7 | 10.3 | 10.6 |
| **Working Capital Ratios** | | | | | | | | | | |
| Inventory days | 125 | 147 | 146 | 126 | 147 | 151 | 166 | 165 | 164 | 163 |
| Debtor (Days) | 4 | 3 | 4 | 3 | 4 | 3 | 4 | 4 | 4 | 4 |
| Payables days | 9 | 14 | 13 | 9 | 12 | 12 | 10 | 8 | 8 | 8 |
| Cash conversion days | 121 | 137 | 137 | 120 | 139 | 142 | 160 | 161 | 160 | 159 |
| Inventory turnover (x) | 2.9 | 2.5 | 2.5 | 2.9 | 2.5 | 2.4 | 2.2 | 2.2 | 2.2 | 2.2 |
| Asset Turnover (x) | 2.2 | 1.9 | 2.1 | 2.0 | 1.8 | 1.7 | 1.6 | 1.7 | 1.7 | 1.8 |
| **Leverage Ratio** | | | | | | | | | | |
| Net Debt/Equity (x) | 1.0 | 0.9 | 0.7 | 0.8 | 0.8 | 0.7 | 0.6 | 0.6 | 0.7 | 0.7 |

## Cash Flow Statement

| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|---|---|---|---|
| OP/(loss) before Tax | 1,123 | 1,320 | 837 | 1,770 | 2,162 | 2,495 | 2,179 | 3,363 | 3,831 | 4,685 |
| Int./Div. Received | -47 | -47 | -50 | -72 | -164 | -249 | -379 | -617 | -660 | -726 |
| Depreciation & Amort. | 278 | 372 | 396 | 421 | 456 | 601 | 681 | 781 | 881 | 959 |
| Interest Paid | 448 | 557 | 666 | 709 | 861 | 1,081 | 1,362 | 1,768 | 1,926 | 2,062 |
| Direct Taxes Paid | -546 | -404 | -421 | -388 | -592 | -708 | -745 | -847 | -965 | -1,181 |
| Incr in WC | -1,024 | -2,241 | 934 | -1,313 | -1,408 | -3,374 | -5,246 | -3,007 | -5,271 | -2,304 |
| **CF from Operations** | **276** | **-462** | **2,310** | **1,111** | **1,306** | **-232** | **-2,212** | **1,441** | **-259** | **3,496** |
| Incr in FA | -193 | -211 | -140 | -247 | -311 | -382 | -368 | -164 | -322 | -322 |
| **Free Cash Flow** | **83** | **-673** | **2,170** | **864** | **995** | **-614** | **-2,580** | **1,277** | **-582** | **3,174** |
| Investments | 1 | 2 | -136 | 113 | -212 | 44 | -108 | -945 | -813 | -594 |
| Others | 58 | 43 | 53 | 60 | 127 | 201 | 401 | 617 | 660 | 726 |
| **CF from Invest.** | **-134** | **-166** | **-224** | **-74** | **-396** | **-138** | **-75** | **-492** | **-476** | **-191** |
| Issue of Shares | - | - | -0 | 0 | 750 | 2,482 | 4,483 | 0 | 0 | -0 |
| Incr in Debt | 213 | 1,137 | -923 | 1,499 | 1,086 | 509 | -28 | 1,613 | 1,424 | 874 |
| Dividend Paid | -33 | -83 | - | -148 | -114 | -93 | -70 | -278 | -376 | -475 |
| Interest paid | -343 | -545 | -682 | -705 | -833 | -791 | -1,026 | -1,768 | -1,926 | -2,062 |
| Others | -220 | -111 | -120 | -176 | -211 | -600 | -678 | 452 | 327 | 327 |
| **CF from Fin. Activity** | **-383** | **398** | **-1,725** | **471** | **678** | **1,507** | **2,682** | **19** | **-551** | **-1,336** |
| **Incr/Decr of Cash** | **-241** | **-231** | **361** | **1,507** | **1,588** | **1,138** | **395** | **967** | **-1,286** | **1,969** |
| Add: Opening Balance | 1,391 | 1,150 | 920 | 1,281 | 2,788 | 4,376 | 5,514 | 5,909 | 6,876 | 5,590 |
| **Closing Balance** | **1,150** | **920** | **1,281** | **2,788** | **4,376** | **5,514** | **5,909** | **6,876** | **5,590** | **7,559** |

E: MOSL Estimates

# 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.

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