

FSN E-Commerce Ventures | BUY



In-line results; new segmental reporting makes appraisal harder

With Nykaa having already released the operational update last month, numbers were broadly in line. Despite the macro challenges this quarter, Nykaa sustained strength with GMV growth of 25% YoY led by 28% growth in BPC, which now includes Omnichannel BPC (Nykaa.com, Nykaa physical stores, Beauty owned brands), Nykaa Man Grooming, Nudge and Superstore by Nykaa. Nykaa Fashion, which now includes Nykaa Fashion, LBB, and Nykaa Man Lifestyle, had a relatively tougher quarter with 15% YoY GMV growth. Growth focus remains prominent, as demonstrated by 27% YoY rise in BPC new customer acquisition, along with a focus on increasing conversions across segments. Overall, the company reported 22.8% YoY growth in revenue to reach INR 17.5bn with EBITDA margin at 5.5%, marginally better than JMFe. With segmental profitability shared, we triangulate historical numbers to suggest Omnichannel BPC at 11.1% EBITDA margin while Fashion losses at c. INR 225mn. We build-in marginally higher losses in eB2B + International with losses expected to peak in FY26E and EBITDA profitability likely in FY29E. We retain Nykaa as the top-pick in internet space with favourable risk-reward, reiterating 'BUY' with a TP of INR 230 (~23% upside).

- Omnichannel BPC growth sustains at mid-twenties:** With significant growth posturing during the Analyst Day in June, Nykaa continued investing in more direct traffic to its platform and stores with new user acquisition rising by 27% YoY. Updated BPC segment delivered 28%/21% GMV/NSV growth. However, our triangulation suggests that omnichannel BPC (excluding segment additions announced in June) has delivered 25%/18% GMV/NSV growth, suggesting sharper than expected dip in GMV-NSV conversion. This was due to 1) sustained discounting, and 2) increase in new user discount coupons. Though there was sequential improvement, gross margin remained flat YoY, while contribution Margin declined 150bps YoY (stable QoQ). Certain initiatives / events such as 'Step by Step with Nykaa', 'Healthy Hair Habits' along with content led commerce platform 'Nykaa Play' has helped it to grow rapidly in categories such as sunscreen, setting sprays, hair serums and prestige fragrances.
- Margin expansion in Nykaa Fashion:** Nykaa Fashion reported GMV/NSV growth of 15%/17% YoY in 1QFY25 amidst muted demand environment. Indian wear, which is an anchor category for Nykaa Fashion was muted due to limited weddings and festivities. However, company has been able to plug in leakages more effectively leading to lesser RTOs resulting in better GMV-Revenue conversion resulting in revenue growing 21%. Categories such as Lingerie and Women Athleisure have been strong in 1Q. Gross margin demonstrated sharp 356bps YoY to reach 49.4% whereas lower fulfilment expenses (leakages optimization and increased share of land shipment) and marketing expenses (better mix of repeat customers and improved order to visit conversion), led to contribution margin (as % of NSV) improvement of 587bps YoY to reach 10.1%. We believe the segmental profitability benefitted due to inherently profitably content led business, LBB, falling under Fashion. With Nykaa sustaining market share gains in online fashion, the segment can be a key driver of incremental value for investors.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	230
Upside/(Downside)	22.8%
Previous Price Target	230
Change	0.0%

Key Data – NYKAA IN

Current Market Price	INR187
Market cap (bn)	INR535.0/US\$6.4
Free Float	45%
Shares in issue (mn)	2,864.4
Diluted share (mn)	2,873.3
3-mon avg daily val (mn)	INR1,426.9/US\$17.0
52-week range	204/130
Sensex/Nifty	78,956/24,139
INR/US\$	84.0

Price Performance

%	1M	6M	12M
Absolute	3.9	26.6	28.1
Relative*	5.9	15.1	6.1

* To the BSE Sensex

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	51,438	63,856	83,134	1,08,584	1,39,759
Sales Growth (%)	36.3	24.1	30.2	30.6	28.7
EBITDA	2,561	3,462	5,350	8,836	13,651
EBITDA Margin (%)	5.0	5.4	6.4	8.1	9.8
Adjusted Net Profit	232	362	1,512	3,687	6,955
Diluted EPS (INR)	0.1	0.1	0.5	1.3	2.4
Diluted EPS Growth (%)	-90.4	56.4	317.3	143.8	88.6
ROIC (%)	4.6	5.3	13.1	23.9	37.4
ROE (%)	1.7	2.7	11.0	22.0	30.7
P/E (x)	2,318.8	1,482.9	355.3	145.7	77.2
P/B (x)	38.7	42.4	37.5	29.5	21.1
EV/EBITDA (x)	209.2	155.4	100.7	60.7	38.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 13/Aug/2024

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 Disclaimers and Research Analyst Certification.

- **Reiterate 'BUY', Sep'25 TP stable at INR 230:** While the recent demand environment has not been favourable, we see Nykaa as the dominant player in a segment with strong secular tailwinds and expect sustained compounding returns. While we have raised our profitability estimates in omni-channel BPC and Fashion, we build in higher losses in eB2b + International with cumulative losses of c. INR 615mn in FY25-28E before turning EBITDA profitable in FY29. Rolling forward to Sep'25, we retain the TP at INR 230 and reiterate 'BUY' rating, expecting the company to deliver robust numbers during the festive period this year. **Key Risks:** Ramp-up in BPC competition and sustained higher marketing expense requirement across segments.
- **Superstore growth remains robust but profitability will be gradual:** Nykaa's eB2B platform, 'SuperStore' which used to be part of Others vertical is now included in BPC from 1Q onwards. Others vertical will now include only GCC and International business. Superstore has reported 72% YoY GMV growth with the company reaching 210k retailers in 1k+ cities. Management noted that going ahead focus will be on improving mix of premium brands which are high margin brands to drive margin expansion. Also increasing ad income and growing share of higher margin categories such as makeup, premium skincare will further drive margin expansion. We expect Superstore business to turn contribution profitable only in FY27.
- **Owned brands continue to grow on as well as outside Nykaa:** As of 1QFY25, owned brands accounted for 13.4%/11.7% of BPC / Fashion GMV. Beauty owned brands have shown strong GMV growth of 47% YoY whereas Fashion owned brands have seen flat GMV growth mainly due to muted growth from 3P channels (-14% YoY) which was offset by growth on Nykaa Fashion platform (+10% YoY). Nykaa reported two investment updates for owned brands – 1) Company will be acquiring an additional 39% stake in Dot & Key for INR 2.6bn, implying a valuation of INR 6.8bn. Company had acquired 51% stake in Sept'21 for INR 969mn. Dot & Key has reported INR 7.5bn annualised GMV runrate in 1Q. 2) Company will be acquiring a majority stake in earth Rhythm, a D2C new age brand specializing in skincare, makeup, haircare and bath and body products. Company had acquired 18.57% stake in Apr'22 for INR 416mn.
- **Expect Beauty at speed:** Management noted that as of Jun'24, 50% orders from top 12 metro cities are being delivered either the same or the next day. As these metros account for 50% of their total orders, this means 25% of all orders across India meet this quick delivery timeline. Nykaa expects to improve this further, with 70-80% of orders from these metros and 50% from the next 110 cities being fulfilled within the same or next day by Sept'24. This would result in about 50% of all orders across India being delivered within this timeframe. Store expansion and warehouse localisation strategy will help in achieving this target while the company expects any rise in freight costs to get compensated by lower distance travelled and lower working capital needs.

Exhibit 1. Nykaa Q4FY24 vis-à-vis JMFe and consensus estimates

Financial Performance (Consol.)	1Q25A	1Q24A	Change (YoY)	4Q24A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Cons)	Variance (vs. Cons.)
Total GMV (INR mn)	33,209	26,671	24.5%	32,173	3.2%	33,120	0.3%	33,015	0.6%
BPC	23,122	18,501	25.0%	21,197	9.1%	22,942	0.8%	22,361	3.4%
Fashion	7,741	6,537	18.4%	8,422	-8.1%	7,580	2.1%	8,286	-6.6%
Others	2,346	1,633	43.7%	2,554	-8.1%	2,598	-9.7%	2,368	-0.9%
NSV									
BPC	17,183	15,028	14.3%	17,756	-3.2%	17,252	-0.4%		
Fashion	13,356	11,298	18.2%	12,712	5.1%	13,421	-0.5%		
Others	2,449	1,977	23.9%	2,324	5.4%	2,350	4.2%		
Revenue from operations (INR mn)	17,461	14,218	22.8%	16,680	4.7%	17,467	0.0%	17,632	-1.0%
Gross Profit (INR mn)	7,560	6,186	22.2%	7,102	6.4%	7,448	1.5%	7,687	-1.7%
Gross margin	43.3%	43.5%	-21bp	42.6%	71bp	42.6%	66bp	43.6%	-30bp
EBITDA (INR mn)	961	735	30.8%	933	3.0%	945	1.7%	995	-3.4%
EBITDA margin	5.5%	5.2%	34bp	5.6%	-9bp	5.4%	10bp	5.6%	-14bp
PAT ex-MI and Exceptional (INR mn)	96	33	191.9%	69	39.1%	118	-18.3%	194	-50.3%
Diluted EPS (INR)	0.03	0.02	67.8%	0.02	39.1%	0.04	-18.3%	0.10	-65.4%

Source: Company, JM Financial, Bloomberg

Company Financial Metrics

Exhibit 2. Key Financials

	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25	Comments
Group GMV* (INR mn)	26,672	29,440	36,180	32,174	124,463	33,209	
BPC	19,908	21,559	25,696	23,377	83,409	25,429	<ul style="list-style-type: none"> Consolidated revenue grew 22.8% YoY (+4.7% QoQ) to reach INR 17.5bn, in line JMFe and marginally below street estimates of ~INR 17.6bn.
Fashion	6,758	7,872	10,465	8,760	32,699	7,741	
Others	6	8	18	36	68	39	
Cons. revenue (INR mn)	14,218	15,070	17,888	16,680	63,856	17,461	
Change (YoY)	23.8%	22.4%	22.3%	28.1%	24.1%	22.8%	<ul style="list-style-type: none"> Gross margin declined by 21bps YoY (+71bps QoQ) to 43.3% in 1QFY25. On Gross margin level, a beat of 66bps on JMFe though a miss of 30bps on Cons.
Gross profit (INR mn)	6,186	6,496	7,607	7,102	27,392	7,560	
Gross margin	43.5%	43.1%	42.5%	42.6%	42.9%	43.3%	
Operating profit (EBITDA)	735	806	988	933	3,462	961	<ul style="list-style-type: none"> EBITDA margin improved 34bps YoY to 5.5%, roughly in line with JMFe/street estimates of 5.4% / 5.6% resp.
EBITDA margin	5.2%	5.4%	5.5%	5.6%	5.4%	5.5%	
Depreciation & amortization	519	546	580	596	2,242	601	<ul style="list-style-type: none"> On profitability front, there was a strong miss by 18.3%/50.3% on JMFe/Cons. mainly due to higher than expected tax rate. Adj. PAT stood at INR 96mn.
EBIT	215	260	407	336	1,219	361	
EBIT margin	1.5%	1.7%	2.3%	2.0%	1.9%	2.1%	
Net other income	-118	-127	-143	-141	-529	-140	
Exceptionals	0	0	0	0	0	0	
Profit before tax	97	133	265	196	690	221	
Income tax expense	33	40	83	98	253	78	
Share of associate	-10	-15	-8	-7	-40	-6	
Minority Interest	21	20	13	21	75	40	
Reported PAT	65	93	182	97	437	142	
Change (YoY)	15.2%	63.1%	98.2%	124.8%	76.1%	120.6%	
PAT for common stocks	33	58	162	69	323	96	
Change (YoY)	-26.1%	40.9%	97.7%	180.8%	67.4%	191.9%	

Source: Company, JM Financial. Note: *as per new segmental reporting

Company Operating Metrics

Exhibit 3. Key Operating Metrics

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
No. of visits (million)									
BPC	236	250	266	242	269	286	311	303	330
Fashion	118	122	137	127	126	144	157	144	127
Monthly average unique visitors (million)									
BPC	25	25	27	25	27	29	33	32	33
Fashion	16	16	19	17	17	18	19	17	16
Orders (million)									
BPC Orders (million)	8.4	8.7	9.9	9.2	9.9	10.5	11.7	11.7	12.4
Fashion Orders (million)	1.5	1.4	1.7	1.4	1.5	1.5	2.0	1.7	1.7
Average order value (INR)									
BPC AOV (INR)	1,780	1,872	1,958	1,803	1,849	1,916	2,024	1,788	1,924
Fashion AOV (INR)	3,732	3,940	3,959	4,266	4,058	4,061	4,681	4,546	4,237
Others AOV* (INR)	3,199	3,304	3,709	3,368	3,561	3,541	4,027	3,966	

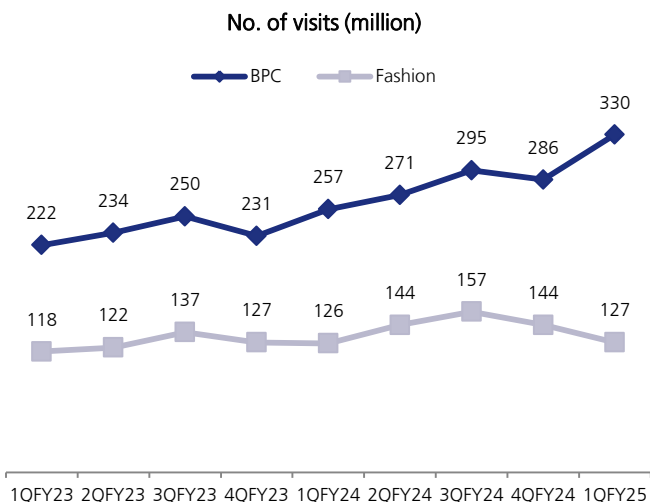
Source: Company, JM Financial.

Exhibit 4. Quarterly vertical-wise performance

All numbers are in INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Total GMV	28,078	30,981	38,178	34,353	33,209
BPC	19,908	21,559	25,696	23,377	25,429
Core BPC	18,501	20,016	23,695	21,197	23,122
eB2B+NM BPC	1,407	1,543	2,001	2,180	2,307
Fashion	6,537	7,631	10,109	8,422	7,741
Others	1,633	1,791	2,373	2,554	39
Total NSV	15,028	15,873	19,015	17,756	17,183
BPC	12,121	12,566	14,954	13,979	14,695
Core BPC	11,298	11,675	13,805	12,712	13,356
eB2B+NM BPC	823	891	1,149	1,267	1,339
Fashion	1,977	2,321	2,752	2,324	2,449
Others	930	986	1,309	1,453	39
Revenue	14,218	15,070	17,888	16,680	17,461
BPC	12,984	13,695	16,227	15,193	15,935
Core BPC	12,142	12,782	15,045	13,887	14,545
eB2B+NM BPC	842	913	1,182	1,306	1,390
Fashion	1,138	1,305	1,526	1,334	1,486
Others	96	70	135	152	40
Gross Profit	6,186	6,497	7,607	7,102	7,560
BPC	5,223	5,427	6,317	5,949	6,328
Core BPC	5,111	5,300	6,142	5,764	6,129
as % of revenue	42.1%	41.5%	40.8%	41.5%	42.1%
eB2B+NM BPC	112	127	175	185	199
as % of revenue	13.2%	13.9%	14.8%	14.2%	14.3%
Fashion	870	1,001	1,170	1,017	1,210
as % of revenue	76.5%	76.7%	76.7%	76.2%	81.4%
Others	93	69	120	136	22
Contribution Profit	2,941	3,044	3,331	3,249	3,479
BPC	2,853	2,920	3,122	3,057	3,230
Core BPC	2,993	3,081	3,288	3,240	3,409
as % of NSV	26.5%	26.4%	23.8%	25.5%	25.5%
eB2B+NM BPC	-140	-161	-166	-183	-179
as % of NSV	-17.1%	-18.1%	-14.4%	-14.4%	-13.6%
Fashion	53	109	164	132	249
as % of NSV	2.7%	4.7%	6.0%	5.7%	10.2%
Others	35	15	45	60	1
EBITDA	735	807	988	933	961
BPC	1,053	1,108	1,232	1,264	1,255
Core BPC	1,337	1,415	1,563	1,590	1,618
as % of NSV	11.8%	12.1%	11.3%	12.5%	12.1%
eB2B+NM BPC	-284	-307	-331	-327	-363
as % of NSV	-18.1%	-18.6%	-15.5%	-17.6%	-18.8%
Fashion	-237	-184	-155	-195	-225
as % of NSV	-12.0%	-7.9%	-5.6%	-8.4%	-6.2%
Others	-82	-117	-89	-135	-68

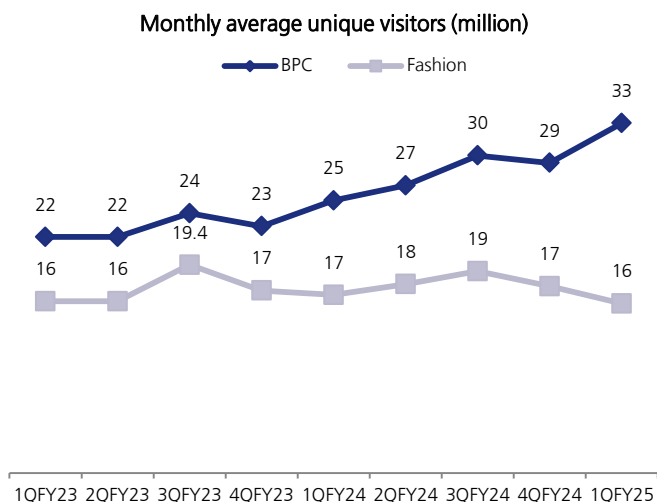
Source: Company, JM Financial. Others includes Nykaa Man Lifestyle and LBB for FY24 quarters.

Exhibit 5. Number of visits on Nykaa Platforms



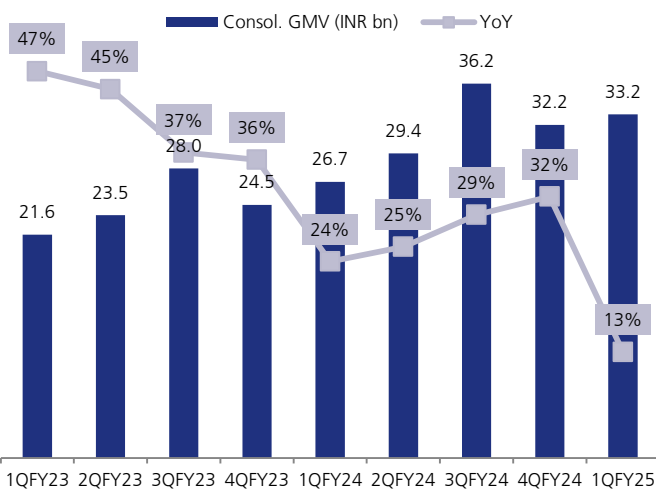
Source: Company, JM Financial

Exhibit 6. Monthly Average Unique Visitors



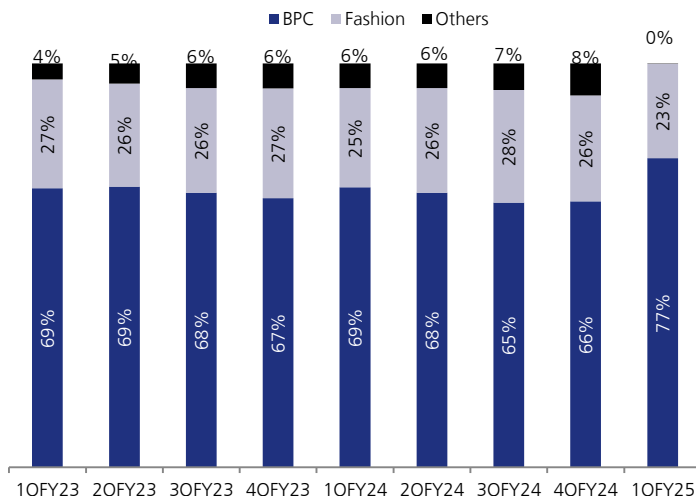
Source: Company, JM Financial

Exhibit 7. Group GMV Trend



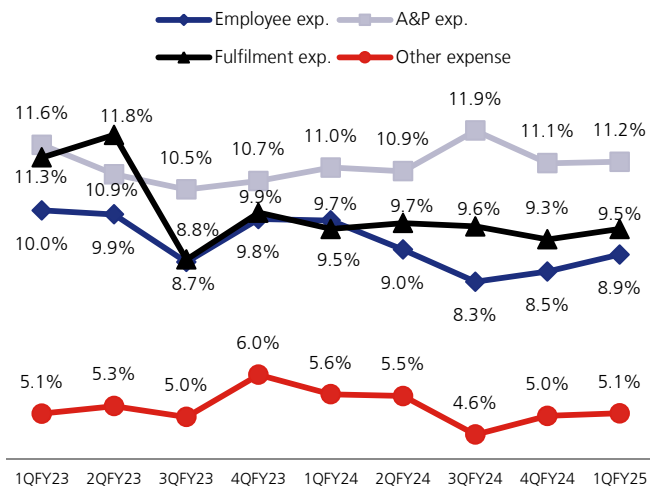
Source: Company, JM Financial

Exhibit 8. Group GMV Share



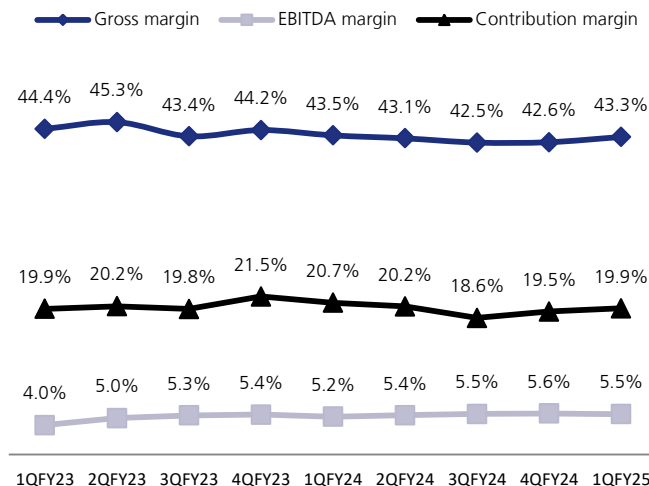
Source: Company, JM Financial. Others includes Nykaa Man Lifestyle and LBB for FY24 quarters.

Exhibit 9. Key Operating costs as % of Revenue



Source: Company, JM Financial

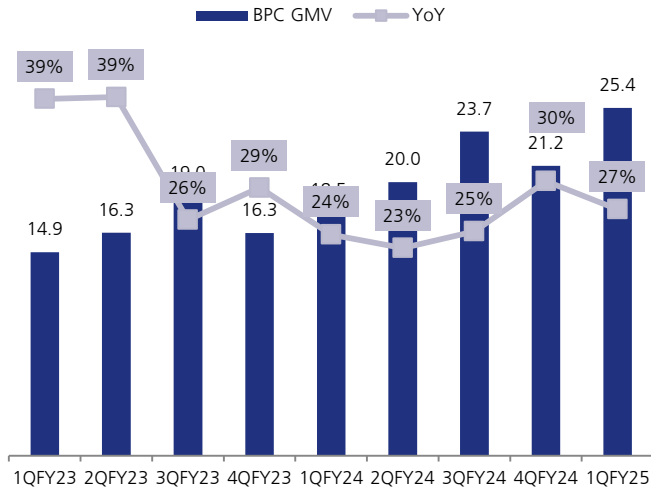
Exhibit 10. Margin Trends



Source: Company, JM Financial

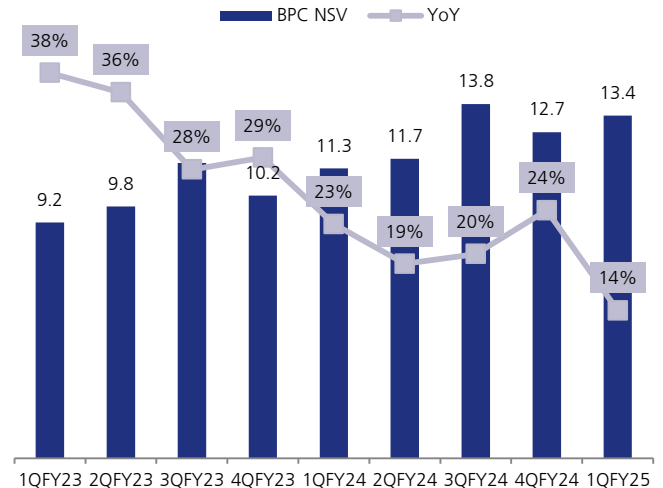
Beauty & Personal Care Operating Metrics

Exhibit 11. GMV trend (INR bn)



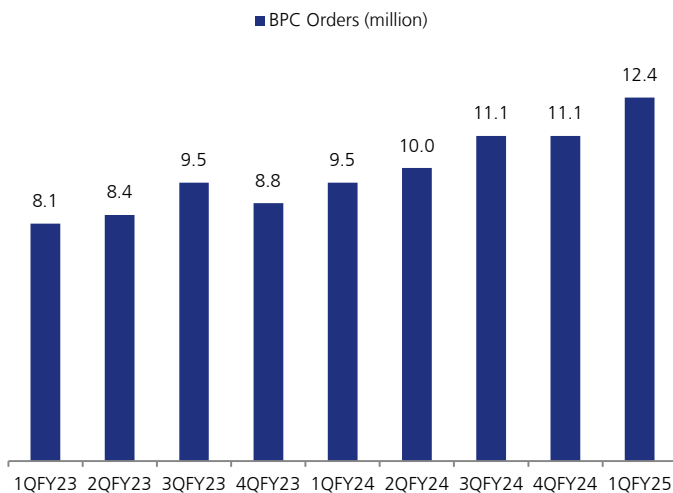
Source: Company, JM Financial

Exhibit 12. NSV trend (INR bn)



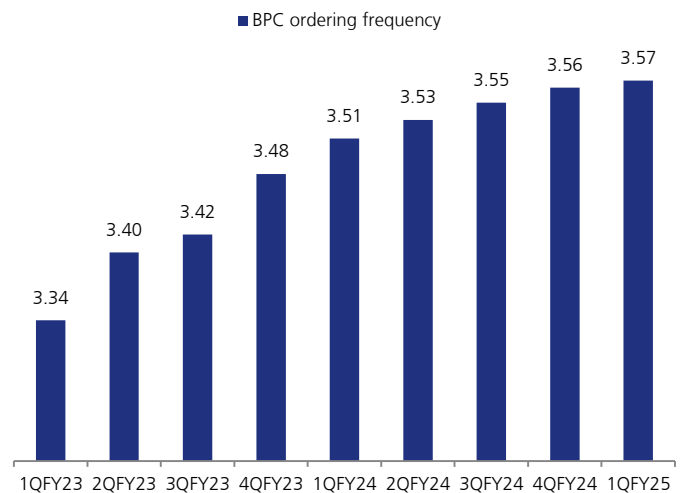
Source: Company, JM Financial

Exhibit 13. Orders trend



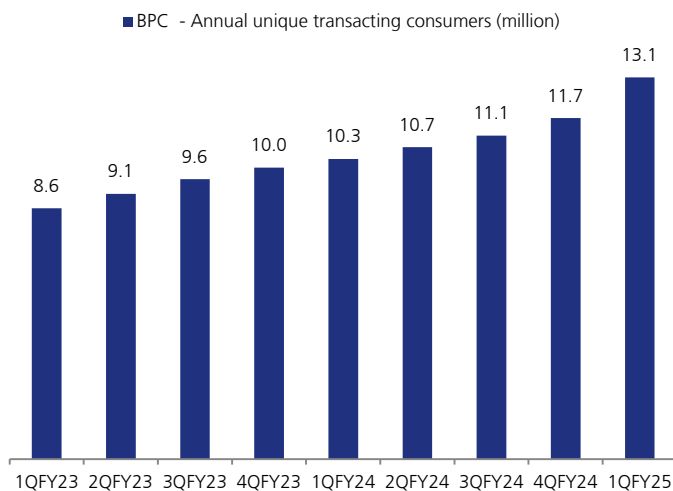
Source: Company, JM Financial

Exhibit 14. Ordering frequency



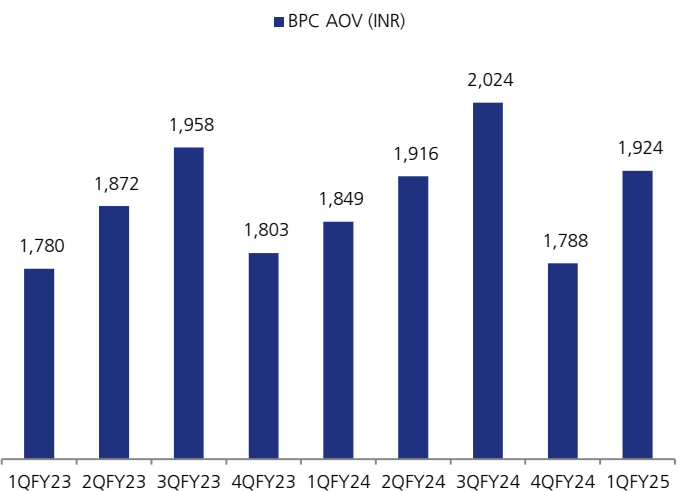
Source: Company, JM Financial

Exhibit 15. Unique transacting consumer trend



Source: Company, JM Financial

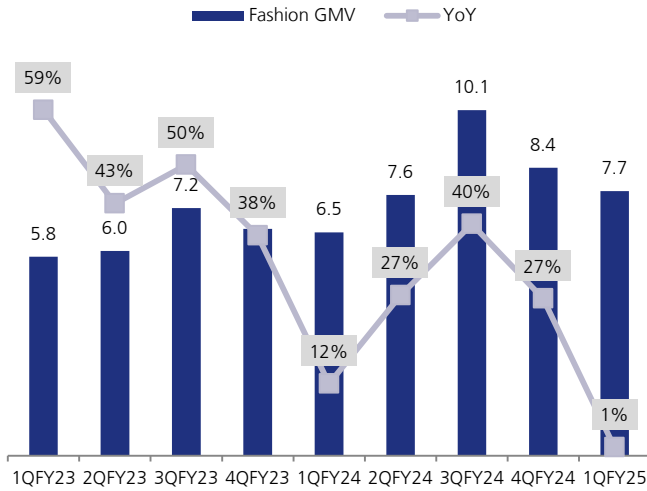
Exhibit 16. Average order value (AOV) Trend



Source: Company, JM Financial

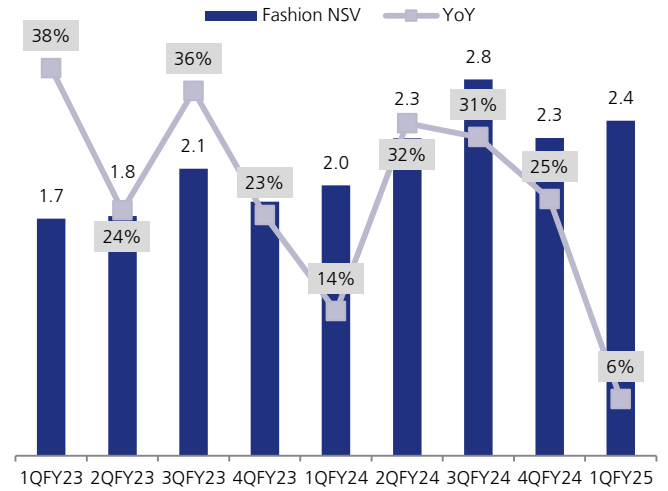
Fashion Operating Metrics

Exhibit 17. GMV trend (INR bn)



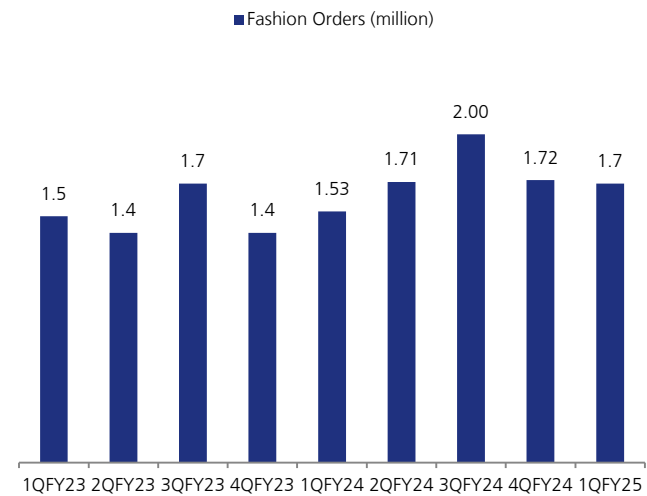
Source: Company, JM Financial

Exhibit 18. NSV trend (INR bn)



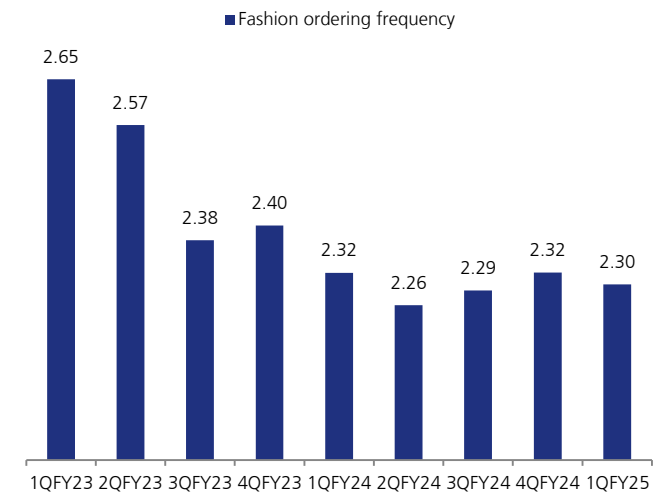
Source: Company, JM Financial

Exhibit 19. Orders trend



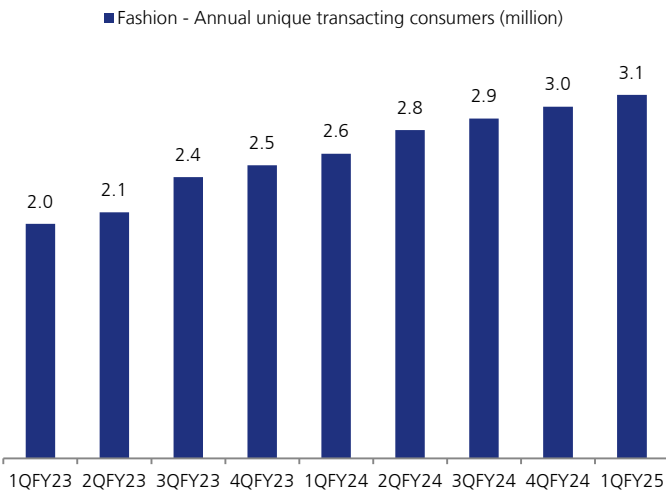
Source: Company, JM Financial

Exhibit 20. Ordering frequency



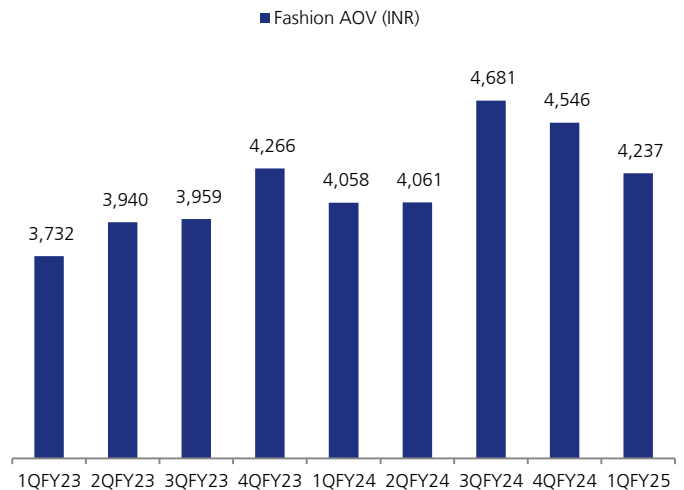
Source: Company, JM Financial

Exhibit 21. Unique transacting consumer trend



Source: Company, JM Financial

Exhibit 22. Average order value (AOV) trend



Source: Company, JM Financial

Reiterate BUY; TP retained at INR 230

Exhibit 23. We tweak estimates to account for slightly lower margin and profitability in near term

	Old					New					Change				
	FY25E	FY26E	FY27E	FY28E	FY29E	FY25E	FY26E	FY27E	FY28E	FY29E	FY25E	FY26E	FY27E	FY28E	FY29E
Group GMV (INR bn)	162.0	212.0	272.8	348.8	441.9	158.9	206.4	264.8	337.0	422.8	-1.9%	-2.6%	-2.9%	-3.4%	-4.3%
Consolidated revenue (INR bn)	82.9	108.7	139.7	178.6	226.5	83.1	108.6	139.8	178.6	224.6	0.3%	-0.1%	0.0%	0.0%	-0.9%
Revenue growth rate (YoY)	29.8%	31.2%	28.5%	27.8%	26.8%	30.2%	30.6%	28.7%	27.8%	25.7%	40bp	-55bp	18bp	-8bp	-105bp
Consolidated EBITDA (INR bn)	5.3	8.8	13.6	20.1	28.5	5.3	8.8	13.7	20.3	28.7	0.0%	-0.2%	0.4%	1.0%	0.8%
EBITDA margin	6.5%	8.1%	9.7%	11.3%	12.6%	6.4%	8.1%	9.8%	11.4%	12.8%	-2bp	0bp	4bp	12bp	21bp
EBIT margin	3.4%	5.4%	7.2%	9.0%	10.5%	3.4%	5.4%	7.3%	9.1%	10.7%	-2bp	0bp	4bp	12bp	21bp
PAT (INR bn)	1.47	3.65	6.89	11.55	17.69	1.48	3.66	6.97	11.75	18.0	0.2%	0.4%	1.0%	1.8%	1.7%
Diluted EPS (INR)	0.51	1.27	2.40	4.02	6.16	0.51	1.27	2.42	4.09	6.3	0.2%	0.4%	1.0%	1.8%	1.7%

Source: Company, JM Financial

Valuation Methodology: DCF

Exhibit 24. Key DCF assumptions

WACC	12.5%
Revenue CAGR (FY24-29)	28.6%
Revenue CAGR (FY29-34)	19.0%
Revenue CAGR (FY34-41)	12.3%
EBITDA CAGR (FY24-29)	52.7%
EBITDA CAGR (FY29-34)	25.1%
EBITDA CAGR (FY34-41)	13.8%
Tax Rate	25.2%
NPV of cash flow (2024-2041F)	2,77,965
Perpetual growth (%)	6.0%
Implied Exit FCF multiple (X)	15.4x
Terminal value (INR mn)	3,83,894
Enterprise value (INR mn)	6,61,859
Terminal value as % of Enterprise Value	58.0%
Net debt (INR mn, Mar'25E)	6,197
Minority Interest (INR mn, Mar'25E)	337
Equity value (INR mn)	6,55,325
Number of shares outstanding (diluted, million)	2,873
Equity value per share (INR)	230

Source: JM Financial

Exhibit 25. 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	290	310	330	360
	11.50%	250	260	280	300	320
	12.00%	230	240	250	270	280
	12.50%	210	220	230	240	250
	13.00%	190	200	210	220	230
	13.50%	180	180	190	200	210
	14.00%	160	170	180	180	190

Source: JM Financial, Company

Exhibit 26. Sensitivity of Equity Value to Revenue Growth and EBITDA Margin

		Revenue Growth (% of JMFe)				
		60%	70%	80%	90%	100%
EBITDA Margin (% of JMFe)	60%	40	50	70	100	130
	70%	50	70	90	120	150
	80%	60	80	100	140	180
	90%	70	90	120	160	200
	100%	80	100	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	83,134	1,08,584	1,39,759	
Sales Growth	36.3%	24.1%	30.2%	30.6%	28.7%	
Other Operating Income	0	0	0	0	0	
Total Revenue	51,438	63,856	83,134	1,08,584	1,39,759	
Cost of Goods Sold/Op. Exp	28,657	36,464	47,156	61,531	79,069	
Personnel Cost	4,917	5,649	6,754	7,953	9,257	
Other Expenses	15,303	18,282	23,873	30,264	37,782	
EBITDA	2,561	3,462	5,350	8,836	13,651	
EBITDA Margin	5.0%	5.4%	6.4%	8.1%	9.8%	
EBITDA Growth	56.9%	35.2%	54.6%	65.2%	54.5%	
Depn. & Amort.	1,733	2,242	2,515	2,998	3,516	
EBIT	828	1,219	2,835	5,838	10,135	
Other Income	-444	-529	-615	-518	-192	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	384	690	2,221	5,320	9,942	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	384	690	2,221	5,320	9,942	
Taxes	136	253	560	1,341	2,505	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	17	75	149	292	481	
Reported Net Profit	232	362	1,512	3,687	6,955	
Adjusted Net Profit	232	362	1,512	3,687	6,955	
Net Margin	0.5%	0.6%	1.8%	3.4%	5.0%	
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	0.5	1.3	2.4	
Diluted EPS Growth	-90.4%	56.4%	317.3%	143.8%	88.6%	
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

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	13,780	12,622	14,295	18,188	25,421	
Share Capital	2,852	2,856	2,856	2,856	2,856	
Reserves & Surplus	10,928	9,766	11,439	15,332	22,565	
Preference Share Capital	0	0	0	0	0	
Minority Interest	141	188	337	629	1,110	
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	18,746	22,931	30,646	
Net Fixed Assets	7,297	6,979	8,127	9,850	11,595	
Gross Fixed Assets	3,486	3,531	4,813	6,503	8,389	
Intangible Assets	1,556	1,715	1,880	2,079	2,176	
Less: Depn. & Amort.	1,173	1,173	2,003	2,982	4,132	
Capital WIP	3,428	2,906	3,437	4,249	5,162	
Investments	4,100	3,817	3,817	3,817	3,817	
Current Assets	16,225	20,520	24,194	32,379	45,418	
Inventories	10,051	11,920	14,382	18,092	22,599	
Sundry Debtors	1,635	2,416	3,088	4,019	5,154	
Cash & Bank Balances	414	758	346	2,469	8,261	
Loans & Advances	0	0	0	0	0	
Other Current Assets	4,125	5,426	6,377	7,799	9,403	
Current Liab. & Prov.	10,975	14,392	17,392	23,115	30,184	
Current Liabilities	6,035	6,758	9,282	12,536	16,533	
Provisions & Others	4,939	7,634	8,110	10,579	13,651	
Net Current Assets	5,251	6,128	6,802	9,264	15,234	
Total - Assets	16,647	16,924	18,746	22,931	30,646	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	384	690	2,221	5,320	9,942	
Depn. & Amort.	1,733	2,242	2,515	2,998	3,516	
Net Interest Exp. / Inc. (-)	527	631	615	518	192	
Inc (-) / Dec in WCap.	-3,290	-2,513	-1,724	-1,123	-1,117	
Others	195	264	196	230	268	
Taxes Paid	-951	-1,312	-560	-1,341	-2,505	
Operating Cash Flow	-1,402	3	3,262	6,602	10,296	
Capex	-2,082	-1,107	-1,723	-2,195	-2,300	
Free Cash Flow	-3,484	-1,105	1,538	4,407	7,997	
Inc (-) / Dec in Investments	3,713	788	0	0	0	
Others	-236	218	244	376	749	
Investing Cash Flow	1,396	-101	-1,479	-1,819	-1,551	
Inc / Dec (-) in Capital	288	172	-35	-25	10	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	95	721	-1,589	-2,085	-2,447	
Others	-334	-451	-571	-550	-516	
Financing Cash Flow	49	443	-2,194	-2,660	-2,953	
Inc / Dec (-) in Cash	42	344	-412	2,123	5,793	
Opening Cash Balance	372	414	758	346	2,469	
Closing Cash Balance	414	758	346	2,469	8,261	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin		0.5%	0.6%	1.8%	3.4%	5.0%
Asset Turnover (x)		2.5	2.9	3.5	3.9	4.1
Leverage Factor (x)		1.5	1.7	1.8	1.7	1.6
RoE		1.7%	2.7%	11.2%	22.7%	31.9%

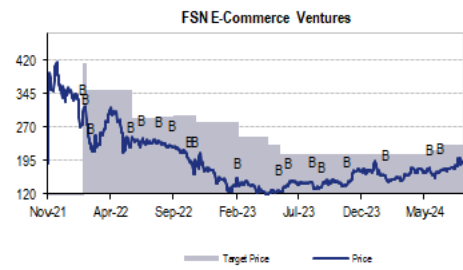
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)		4.8	4.4	5.0	6.3	8.9
ROIC		4.6%	5.3%	13.1%	23.9%	37.4%
ROE		1.7%	2.7%	11.0%	22.0%	30.7%
Net Debt/Equity (x)		0.0	0.2	0.2	0.0	-0.2
P/E (x)		2,318.8	1,482.9	355.3	145.7	77.2
P/B (x)		38.7	42.4	37.5	29.5	21.1
EV/EBITDA (x)		209.2	155.4	100.7	60.7	38.9
EV/Sales (x)		10.4	8.4	6.5	4.9	3.8
Debtor days		12	14	14	14	13
Inventory days		71	68	63	61	59
Creditor days		20	23	27	30	32

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
3-Feb-22	Buy	414	
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
18-Jun-24	Buy	230	4.5
14-Aug-24	Buy	230	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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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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