

India- Discretionary

Key Takeaway From Senco Gold Limited IPO Meet

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Flash Analysis

Company Background

Senco Gold Limited, is a pan-India jewellery retail player with a legacy of more than five decades. It is the largest organised jewellery retail player in the eastern region of India based on number of stores and among eastern India based jewellery retailers, they have the widest geographical footprint in non-eastern states. The company primarily sells gold and diamond jewellery as well as jewellery made of silver, platinum and precious and semi-precious stones, other metals, costume jewellery, gold & silver coins and utensils made of silver. The company has a network of 136 stores as on Mar'23 out of which 75 are company operated and 61 are franchisee showrooms.

Financials

The company's Revenue/EBITDA/Adj PAT have grown at 23.8% /34.4%/60.6% CAGR over FY21-23. The company witnessed 200bps gross margin expansion over FY21-23 to 16.1% due to increase in share of margin accretive diamond and precious stones to overall revenue (from 5.1% to 6.8% over FY21-23). EBITDA Margin expanded by 120bps over FY21-23 to 7.8%.

IPO Details

The total issue size is Rs 4.05bn of which Rs 2.7bn is fresh Issue which will be used for 1) Funding working capital requirement (Rs1.96bn) and 2) General corporate purposes. The remaining Rs 1.35bn is Offer for Sale by SAIF Partners India IV Ltd.

Valuation:

The price range for IPO is Rs 301-317/Share. The Market cap of the Company stands at Rs 24.6bn (at upper price band). At the upper end of price band, the company has trailing P/E multiple of 15.5x FY23 EPS and EV/ EBITDA of 10.1x FY23.



Source: Senco Gold & Diamond RHP

Business Model

- **Stores:** As on Mar'23, the company has a network of 136 stores out of which 75 are company operated and 61 are franchisee showrooms. The company operates its stores in three formats – Senco (standard), D'Signia and Everlite. The company is the largest jewellery player in terms of no. of stores jewellery in east India and amongst eastern India based jewellery retailers the widest geographical footprint in non-eastern states.

State wise Break-Up Of Stores

State	Zone	FY21	FY22	FY23
West Bengal	East	69	80	85
Uttar Pradesh	North	10	11	11
Delhi	North	5	5	5
Maharashtra	West	5	5	6
Bihar	East	2	2	2
Jharkhand	East	4	5	7
Karnataka	South	2	2	2
Odisha	East	7	7	7
Assam	East	4	4	5
Chhattisgarh	East	1	1	1
Haryana	North	1	3	3
Telangana	South	1	1	1
Tripura	East	1	1	1
Total		112	127	136

Source: Senco Gold RHP

Revenue Split By Geography

Revenue Split - Region wise	FY21	FY22	FY23
West Bengal	69.9%	72.4%	69.5%
East & North East	14.2%	12.5%	12.1%
Rest Of India	12.7%	12.5%	15.1%
Others	3.2%	2.6%	3.4%
Total	100.00%	100.00%	100.00%

Source: Senco Gold RHP

Store Break-Up By Location

	FY21	FY22	FY23
Metro	26%	24%	25%
Tier 1	31%	32%	31%
Tier 2	43%	43%	44%

Source: Senco Gold RHP

Revenue Split By Location

Revenue split by location	FY21	FY22	FY23
Metro	34%	34%	35%
Tier 1	29%	32%	33%
Tier 2	33%	31%	29%
Others	3%	3%	3%
Total	100%	100%	100%

Source: Senco Gold RHP

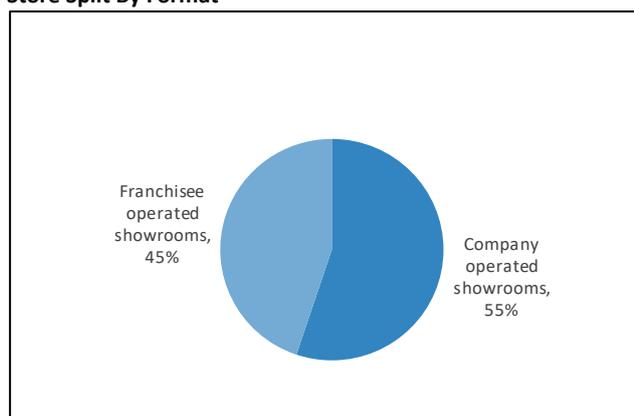
The company uses a 'hub and spoke' approach to enter new geographies; that is it typically forays into large or new cities by way of Company Operated Showrooms and then leverage 'franchise' model to further penetrate into the smaller tier-II and tier-III locations. The margins from Franchisee Showrooms are typically lower than the margins at Company Operated Showrooms, the reduced setup cost of the Franchisee Showrooms along with the transfer of inventory to the franchisee ensures that the 'franchise' model continues to promote asset-light growth, with almost negligible capital payout towards inventory. As per the franchisee agreement, (i) management know-how is provided by the company to the franchisee partner along with the use of 'Senco Gold & Diamonds' brand name use, (ii) Inventory is provided against receipt of funds for a majority of the sales made to Franchisee Showrooms, (iii) at times of decrease in prices or spurt in demand, the company offers short term credit facilities to Franchisee Showrooms

Store Break-Up By Location

	FY19	FY20	FY21	FY22	FY23
Company operated showrooms	49	56	60	70	75
Franchisee operated showrooms	48	51	52	57	61
Total	97	107	112	127	136

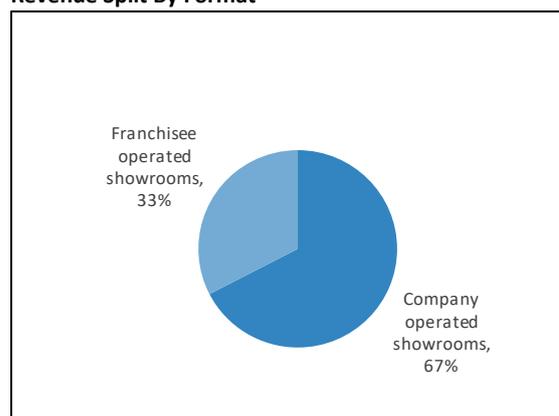
Source: Senco Gold RHP

Store Split By Format



Source: Senco Gold RHP

Revenue Split By Format



Source: Senco Gold RHP

- Products & Brands:** The company primarily sells gold, diamonds, studded gold jewellery, jewellery made of silver, and platinum, gold and silver coins along with costume jewellery and utensils made of silver. In jewellery, the company offering is for wide occasions as well as customers like wedding jewellery, festival jewellery, daily wear jewellery, men's jewellery, kid's jewellery and jewellery for personal occasions. To cater to the varying needs of the consumers the company has wide range of brands/ collections and schemes:

Product-Wise Revenue Break-Up

Particulars (in Rs Mn)	FY21	FY22	FY23
Gold Jewellery	24,450	32,351	36,571
<i>% of total</i>	<i>91.9%</i>	<i>91.5%</i>	<i>89.7%</i>
Diamond & precious/semi precious stones	1,345	1,886	2,761
<i>% of total</i>	<i>5.1%</i>	<i>5.3%</i>	<i>6.8%</i>
Silver jewellery and articles	207	338	391
<i>% of total</i>	<i>0.8%</i>	<i>1.0%</i>	<i>1.0%</i>
Platinum Jewellery	469	570	830
<i>% of total</i>	<i>1.8%</i>	<i>1.6%</i>	<i>2.0%</i>
Fashion Jewellery	50	68	97
<i>% of total</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>
Novelty and accessories	26	41	48
<i>% of total</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>
Revenue from operations	26,548	35,255	40,698
<i>% of total</i>	<i>99.8%</i>	<i>99.7%</i>	<i>99.8%</i>
Other operating revenue - franchisee fee	57	92	77
Total revenue	26,604	35,346	40,774

Source: Senco Gold RHP

Range Of Brands & Collections



Source: Senco Gold RHP

Brand/Collection Description

Brand	Description
Everlite	The brand offers offers designs in gold and diamond jewellery, with the average price of jewellery starting at approximately ₹ 5,000 and going up to ₹ 60,000. The company has 2 exclusive stores for the brand in addition to 'everlite' counters in every store. The products offered under this line are theme based as per different tastes of the customers.
Gossip	'Gossip' brand is made of sterling silver or base metal with precious and semi-precious stones, including zirconia, to cater to the silver jewellery needs of our customers
D'Signia	The brand is focussed towards more premium or higher value jewellery with average ticket size of ~Rs51,000. As of 31st Mar'23, the company has 8 exclusive outlets of D'Signia.
Aham	Aham collection has been designed especially for the cosmopolitan man and can be used as part of daily wear as well as in social occasions.
Vivaha Collection	Vivaha Collection has a wide of range of jewellery for wedding in the family, including the bride, the groom and their respective the families. This collection offers an exclusive range of Filigree, Temple, Antique, Polki, Kundan and unique diamond collection.
Perfect Love Diamond Solitaires	The collection offers exquisite range of solitaire earrings, rings, pendants, nose pins and single diamond studs. The Perfect Love collection is based on perfectly-cut Hearts & Arrows cut diamonds.

Source: Senco Gold RHP

Revenue Break-Up Store Format Wise

Particulars	FY21	FY22	FY23
Standard	25,396	33,607	37,857
<i>% of total</i>	<i>95.0%</i>	<i>94.7%</i>	<i>92.4%</i>
D'Signia	475	816	1,626
<i>% of total</i>	<i>1.8%</i>	<i>2.3%</i>	<i>4.0%</i>
Everlite	14	170	117
<i>% of total</i>	<i>0.1%</i>	<i>0.5%</i>	<i>0.3%</i>
Others*	862	912	1,375
<i>% of total</i>	<i>3.2%</i>	<i>2.6%</i>	<i>3.4%</i>
Total	26,747	35,505	40,975

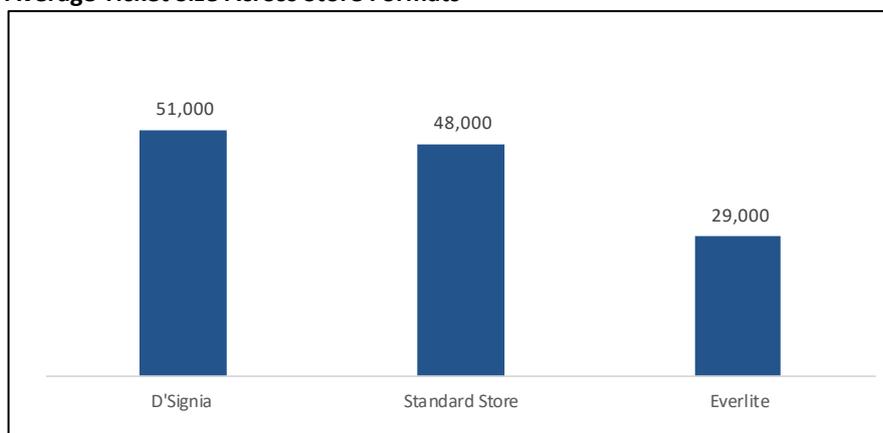
Source: Senco Gold RHP, Others constitute exports, DG Gold, DG Silver, corporate and e-commerce sales.

Showroom Across Formats



Source: Senco Gold RHP

Average Ticket Size Across Store Formats



Source: Senco Gold RHP

Schemes Introduced By The Company

Schemes	Description
Jewellery Purchase Scheme	The company offers three types of jewellery purchase schemes Swarna Labh for installments of six months, Swarna Yojana for installments of 11 months and Swarna Vridhi for installments up to 18 months. The minimum enrolment amount is ₹ 1,000 and installments are in multiple of ₹ 1,000 thereafter.
DG Gold	The company introduced DG Gold through which it provides customers a digital platform for the purchase, redemption and sale of the gold through own website. Through DG Gold, customers can purchase a minimum quantity of 50 mg of gold or gold of equivalent value. The purchased gold is 24 carat of 99.5% purity. The digitally purchased gold can either be redeemed at our Showrooms in the form of jewellery or may be sold online (through DG Gold) by the customer.
DG Silver	The company introduced DG Silver through which it provide customers a digital platform for the purchase, redemption and sale of the silver through own website. Through DG Silver, customers can purchase a minimum quantity of 50 mg of silver or silver of equivalent value. The purchased silver 99.9% purity. The digitally purchased silver can either be redeemed at our showrooms in the form of jewellery or may be sold online (through DG Silver) by the customer.

Source: Senco Gold RHP,

- **RM Procurement:** The key raw materials for the company are gold, silver, platinum, alternate metals, diamonds and precious/ semi-precious stones like rubies, emeralds and sapphires.

RM Break-Up

Particulars	FY21	FY22	FY23
Gold bar	17,818	26,472	27,328
<i>% of total</i>	<i>96.8%</i>	<i>93.4%</i>	<i>91.9%</i>
Silver bar & Grain	170	335	309
<i>% of total</i>	<i>0.9%</i>	<i>1.2%</i>	<i>1.0%</i>
Platinum bar	23	63	173
<i>% of total</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.6%</i>
Diamond and precious/ semi-precious stones	341	1,387	1,809
<i>% of total</i>	<i>1.9%</i>	<i>4.9%</i>	<i>6.1%</i>
Fashion jewellery	42	47	68
<i>% of total</i>	<i>0.2%</i>	<i>0.2%</i>	<i>0.2%</i>
Novelty and accessories	18	31	36
<i>% of total</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>
Total	18,414	28,336	29,722

Source: Senco Gold RHP,

Gold is the primary RM for the company and is procured from authorised bullion dealers and banks as well as old gold from customers. Diamonds are mostly procured from diamond traders and sightholders; and the manufacturing is carried out either by the skilled Karigars in West Bengal for hand made products or by organised manufacturers in Mumbai, Kerala, Gujarat or Tamil Nadu or in house at manufacturing facility at Ankurhati, Howrah.

Gold Procurement Break-up

Particulars	FY21	FY22	FY23
Bullion banks through gold metal loans	2,159	2,864	3,222
% of total	51.0%	45.4%	50.1%
Bullion dealers	520	1,058	91
% of total	12.3%	16.8%	1.4%
Acquired under exchange programme	1,061	1,386	1,769
% of total	25.1%	22.0%	27.5%
Trading Jewellery	491	1,003	1,349
% of total	11.6%	15.9%	21.0%
Total (in Kgs)	4,231	6,311	6,431

Source: Senco Gold RHP,

- Manufacturing of products:** The manufacturing of jewellery is carried out by over 170 skilled Karigars in and around Kolkata, West Bengal at their workshop and across India under Karigar Agreements. The company's presence in West Bengal allows it to access quality craftsmen, who have been working with the company for a number of years. As per the karigar agreement – (i) The craftsmen use their expertise to process the raw material into attractive Jewellery as per company specifications, (ii) The rates of making-charge and wastage are fixed by the company on a case to case basis for the Karigars and payments are typically made to such Karigars by the company within 30 days of the date of invoice, (iii) The Karigars are typically required to supply products within 10 to 30 days from the date of receipt of order for plain jewellery and within 9 to 45 days from the date of receipt of order for studded jewellery, (iv) the Karigars may keep security either in the form of gold/bullion in any form and/or interest free refundable security in any other form and the quantum of such security shall be mutually agreed between the Karigar and Company and (v) The tenor of the agreements usually varies up to two years and are renewable at the option of the company on terms and conditions as may be mutually agreed between the parties.

Strengths

- Strong brand name with heritage and a legacy of over five decades
- Largest organized jewellery retail player in the eastern region of India based on number of stores
- Strong 'Company Operated Showroom' base complemented by an established asset-light 'franchise' model leading to operating leverage.
- Calibrated focus on light, affordable jewellery with the intention to cater to the upwardly mobile and younger generation
- Systems and Procedures in place to mitigate risk and improve efficiencies
- Experienced management team and institutional investor support

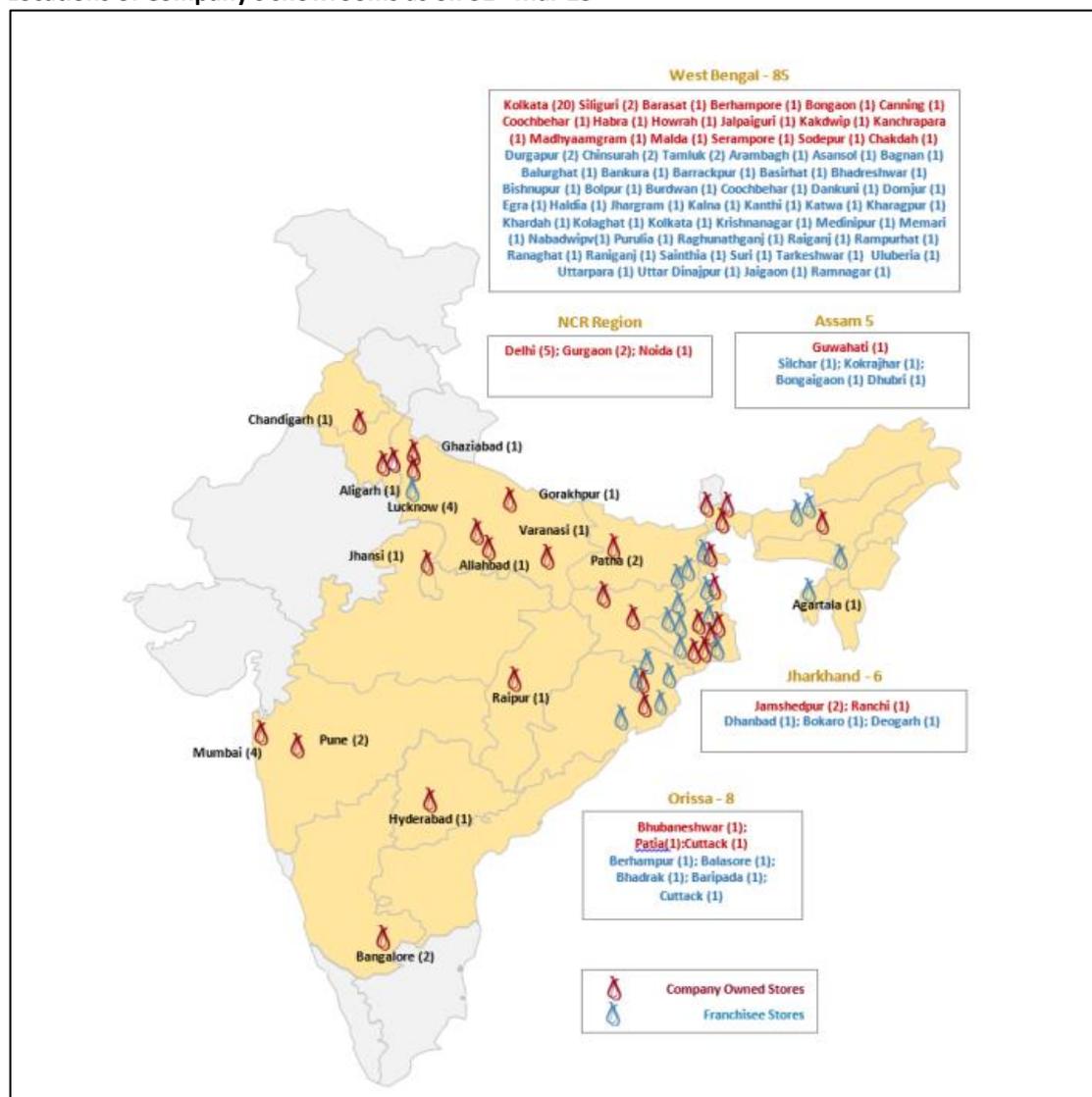
Business Strategies

- Expand company's presence through a strong and diverse distribution channel:** The company uses a 'hub and spoke' approach to enter new geographies; that is it typically forays into large or new cities by way Company Operated Showrooms and then leverage 'franchise' model to further penetrate into the smaller tier-II and tier-III locations. The company intends to open Company Operated Showrooms in metro cities and tier-I cities and towns, including strengthening presence in Kolkata and expanding in states where its presence is comparatively low with a focus on high growth and GDP area. The company aims to enter jewellery markets where it can potentially gain market share from local jewellers by carving a niche through offering a diverse product mix, designs and price structure and utilizing brand name and goodwill, which was established over more than five-decade long history.

To ensure reach to geographies beyond its physical showrooms, the company is building brand presence through e-commerce and online channels, for which the company is continuously investing in technology. The company aims to continue to increase presence in the digital space through online platforms as well as through online marketplaces.

The company has launched online platforms, www.sencogoldanddiamonds.com, www.mygossip.in and www.mysenco.in and a mobile application, MySenco, through which it offers jewellery products and gold coins to a diverse range of customers. Further, the company has started selling products on websites of various e-commerce aggregators.

Locations of Company's showrooms as on 31st Mar'23



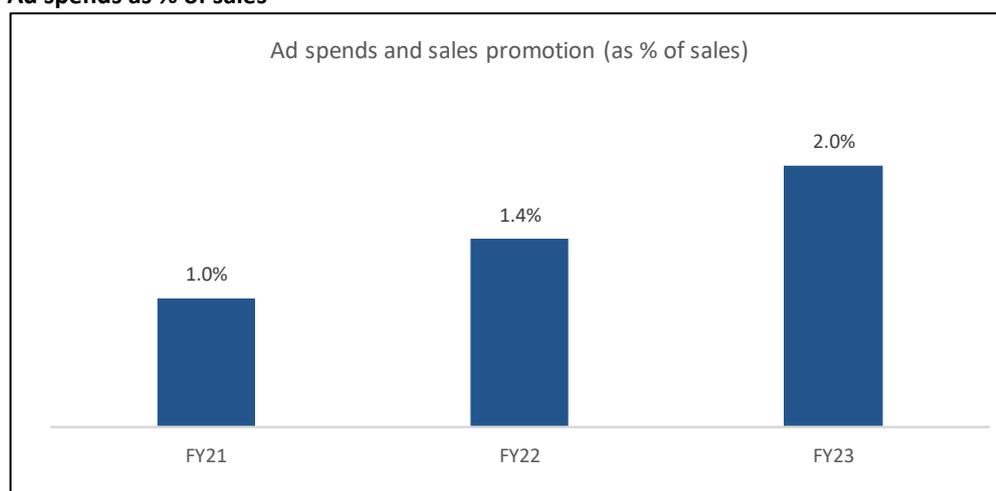
Source: Senco Gold RHP

- Focus on increasing the overall operating margins by adapting optimal product mix:** The company intends to increase gross margins by focusing on product categories (diamond studded jewellery) which yield higher margins. The company plans to increase light weight diamond jewellery sales through initiatives like (i) introduction of own branded jewellery lines, (ii) development of light-weight products with competitive pricing, (iii) increasing range of diamond jewellery to cater to customer segments such as younger generation and (iv) advertising and promotional campaigns focused on diamond jewellery. The company is also focusing on showroom set-up to ensure increased visibility for diamond jewellery, including by way of separate display counters for ‘Everlite’ brand and ‘Perfect Love Diamond’ Solitaires collection.

- Continue to invest in marketing and brand building initiatives through hyperlocal strategy:** The company's marketing and promotion efforts seek to increase sales by building brand awareness that stimulates interest in the company's product range, and strengthening the company's position in the Indian jewellery industry. The key marketing channels the company uses on an ongoing basis include customer advertisements with specific coverage in local lifestyle, fashion magazines and events, newspapers, outdoor billboards and signage, online/ digital and television advertisements and below the line marketing activities like (i) in-showroom customer engagement programmes, (ii) spreading awareness through leaflets inserts in local newspapers and (iii) use of marketing collaterals like posters, banners and tent cards.

Over the years, the company has appointed Kiara Advani, Vidya Balan, and Sourav Ganguly, regional celebrities such as Sunita Devi, Isha Saha and Madhumita Chakraborty as brand ambassadors to enhance brand presence and market products. Tie-ups with various celebrities is based on their appeal to certain specific age groups or localized markets. The company has also introduced loyalty programs, wherein benefits are provided to customer's basis prior purchases or referrals. To provide maximum value to customers, the company also provides warranty for products purchased from showrooms and easy replacement policies. Going forward, the company's strategy is to increasingly market products to millennial customers through digital media, such as social media websites.

Ad spends as % of sales



Source: Senco Gold RHP,

- Focus on catering to the younger generation and the upwardly mobile in India:** The company foresees significant growth opportunities for branded jewellery market driven by (i) an increasing number of working women, (ii) exposure to global designs, and (iii) rising number of young consumers who prefer to purchase jewellery for adornment rather than investment, (iv) rise in migratory population as most of these consumers do not have strong relationships with local jewelers. The company has a range of brands and collections like 'Everlite', 'Gossip', 'Perfect Love Diamond' Solitaires and 'Aham collections', through which it aims to cater to the younger generation and the upwardly mobile in India by building brands with a lower product price.
- Leverage technology to enhance operational efficiency, customer experience and delight:** The company strategy is to increase business through digital platform and leverage manufacturing capability on creation of an asset light sales channel thereby offering a seamless combination of both offline and online buying choice for customers. The company plans on leveraging tech to enhance operational efficiency by (i) continuing to use an analytics based program for forecasting, planning and efficiency, (ii) periodic re-shuffling of stock inter and intra state for enhancing inventory turnover and capital productivity, (iii) offering a seamless digital customer experience, through adoption of Augmented Reality technology through Magic Mirror and Virtual Try on Ornaments, online advance payment options for customers and providing a digital platform to customers for the purchase, redemption and sale of the gold through the DG Gold and DG Silver platforms and (iv) utilizing the CRM (customer-relationship-management) platform tools and data from vendors for full usage of customer data and thus leverage technology through targeted marketing by understanding specific preferences of target customers and communicating relevant marketing content to specific section of target customers.

Key Milestones

Fiscal Year	Particulars
2000	Opened the company's first franchisee, 'Guinea Gold' in Asansol, Beniachiti, West Bengal
2002	Set up showroom at Moulali, Kolkata, West Bengal which was first showroom with an area of over 8,000 sq. ft.
2005	Commenced business operations in the SEZ unit located at Manikanchan, Kolkata, West Bengal
2007	Takeover of the business of Senco Gold Museum and Senco Gold Mart
2008	Conversion of the Company from private limited to public limited
2011	Opening first showroom outside the state of West Bengal
2014	Private equity investment from SAIF Partners India IV Limited
	Total Number of showrooms crossed 50
2015	Amalgamation of Senco Gold Impex Private Limited with the company
	Entered Bihar, Maharashtra and Uttar Pradesh. Total Number of showrooms crossed 60
2016	Introduction of Everlite brand focusing on light and affordable diamond jewellery
	Entered Southern Region by opening a branch in Bengaluru, Karnataka
	Total Showroom Count touches 73
2017	Entered into an agreement with Kolkata Knight Riders to be its official jewellery partner for seasons ten and eleven (2017 and 2018) of the Indian Premier League
	Launch of www.sencogolddiamonds.com, entering into online D2C
2018	Added 11 new showrooms across regions, taking the total showroom account to 90
	Launch of Aham Mens Jewelry
2020	Crossed 100 Showroom mark
	Launched 2 D'Signia showrooms targeting elite class
	Opened first Everlite showroom
2021	Opened six new COCO showrooms-(i) Kolkata-3 (ii) UP-2 (iii) Pune -1
	DG-Gold Digital gold buying, selling and redemption.
	MOU Signed with Mobotics for digital foray
	Opened 4 new Model FOCO showrooms
2022	Crossed 125 Showroom mark
	Private equity investment from OIIF II
2023	Received the "Qualified Jeweller" status from IIBX to directly import gold
	Incorporation of Senco Global Jewellery Trading L.L.C, the Company's subsidiary in Dubai.

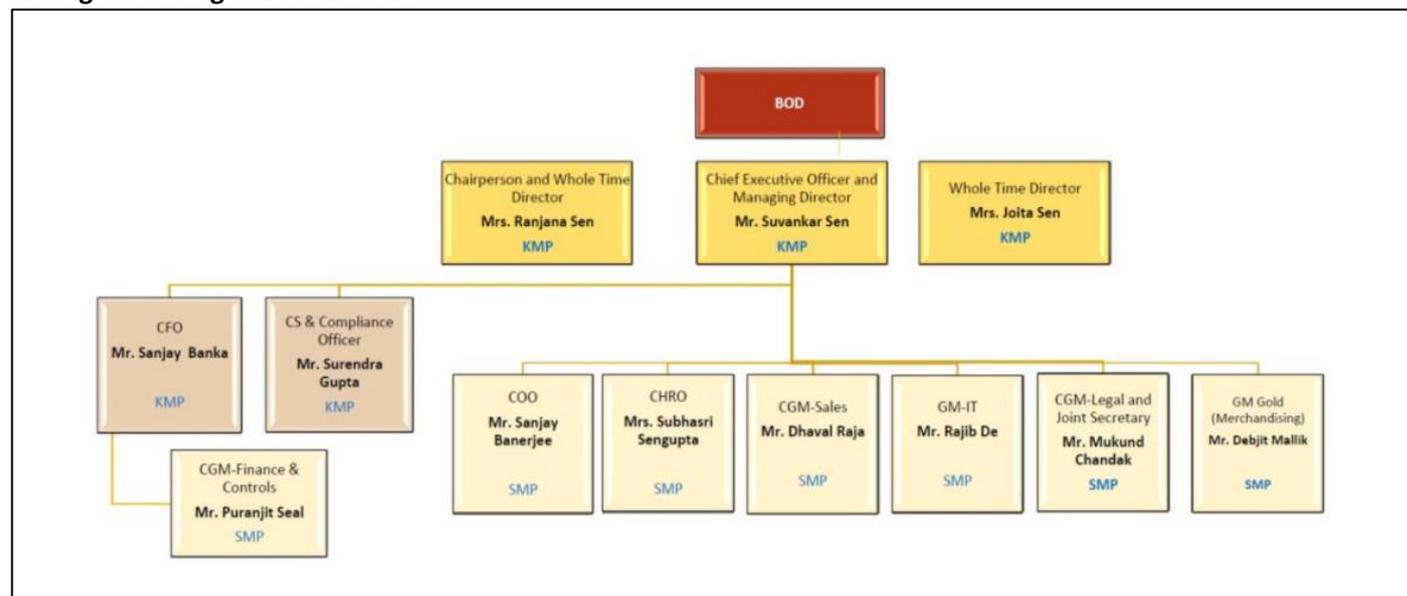
Source: Senco Gold RHP

Management Profile

Name	Designation	Profile
Ranjana Sen	Chairperson and Whole Time Director	She holds a bachelors degree in arts from the University of Calcutta. She has been associated with our Company since the incorporation of the Company and has over 29 years of experience in the jewellery industry.
Suvankar Sen	Managing Director and Chief Executive Officer	He holds a degree in bachelor's of science with Honours in Economics from St. Xavier's College, University of Calcutta. He also holds a post-graduate diploma in business management from the Institute of Management Technology, Ghaziabad. He has been associated with our Company since 2005 and has over 17 years of experience in the jewellery industry
Sanjay Banka	Chief Financial Officer	He is a fellow member of the ICAI and ICSI. He is also a member of All India Management Association and Chartered Institute of Securities and Investment, United Kingdom. He has a bachelor's degree in commerce from St. Xavier's' College, University of Calcutta. Prior to joining our Company, he was associated with the following companies as the CFO – Landmark Group, Saudi Arabia, Bharat Road Network Limited, Merino Industries Ltd. and Aksh Optifibre Limited. He has over 20 years of experience in the field of banking, corporate finance, company secretary, business strategy, M&A, taxation, IT implementation, treasury
Surendra Gupta	Company Secretary & Compliance Officer	He holds a bachelors' degree in commerce from the University of Calcutta and a L.L.B. degree from Magadh University. Further, he holds a degree in master of business laws from National Law School of India University. He is a member of the Institute of Company Secretaries of India. He has over nine years of experience in the jewellery industry.

Source: Senco Gold RHP

Management Organization Chart



Source: Senco Gold RHP

Key Takeaways From IPO Meet

Business Performance:

- The share of Gold/Diamond Jewellery in the overall market is around 65-70%/20-25% respectively while the corresponding share of revenue for the company is ~90%/7% respectively in FY23.
- The management believes that there is immense opportunity to grow the margin accretive diamond jewellery business going forward, increasing its share in total revenue (6.8% of FY23 revenue vs 5.3% in FY22).
- The target customer for the company is middle and upper middle class segment, with the average ticket size for Senco being Rs 60k-70k. The product sales mix for bridal/non-bridal jewellery for the company stands at 45-50%/50-55% respectively.
- Around 65-70% of the product sales are below the range of Rs50k. The company charges a premium of 1-2% vs peers on making charges leveraging on its strengths of a varied range of lightweight and affordable jewellery products.
- The lightweight jewellery segment has been steadily gaining more traction within the working class and the younger generation and the company plans to increase revenue from the segment going forward through its 'Everlite' and 'Gossip' brands supported by trendy and innovative designs.
- With respect to festival sales, the company saw a turnover of Rs6bn in the month of Akshay Tritiya in April 2023 and Rs10bn in the month of Dhanteras in 2022. The Swarna Schemes, which are instalment schemes for jewellery purchases (schemes available for 6/11/18months) contribute ~7-8% of overall revenues.
- The company believes the asset light franchisee model has helped the business scale up and penetrate in the smaller T2-T4 towns of the country and generate a higher return on networth despite a lower share of margins. The revenue split for FY23 for COCO/Franchisee stores stood at ~65%/35% respectively.
- The company has 0.5mn unique customer transactions last year of which 50% buyers are new and rest are repeat buyers.

Store Expansion

- The management intends to continue store expansions in line with its past practices in the ratio of 55:45 towards COCO: Franchisee stores. Senco has historically opened 5-6 COCO/4-5 Franchise stores in a year and the company expects the same to continue going forward.
- Each COCO store opening requires an outlay of Rs150-160mn towards inventory and Rs15-20mn of capex. In terms of Franchisee stores, the investments are undertaken by the franchisee partner towards inventory (Rs~120-140mn) and capex (Rs~15mn).

Gross Margin

- For COCO stores, gross margins are around 20%, while for franchisee stores, the company collects ~6-7% of margins while the franchise partner avails the major chunk of margins (~13-14%). Margins for the company are dependent on the stud ratio and product mix.
- Blended borrowing costs for the company are 6%, of which the borrowing costs for gold loans stand at ~3-3.5% and the cash credit facility availed from banks have a borrowing cost of ~9-10%.

Business Outlook

- The company intends to focus on its strength geography of East India going forward leveraging its strong store network and goodwill of the brand to benefit from economies of scale and earn return on capital faster followed by its focus market of North India in a strategic manner.
- The company plans to maintain the right mix of price and design, with a higher focus on designs, with respect to brand and product marketing. Senco intends to focus on creating affordable and innovative designs and products to drive demand for its middle and upper middle class customers.
- Going ahead, the company expects to drive business performance on the back of (i) varied and affordable product range, (ii) hyper local strategy, (iii) asset-light franchisee model, (iv) technology backed business and (v) strong manufacturing and supply chain capabilities.

Financial Summary

(Rs mn)	FY21	FY22	FY23
Revenues	26,604	35,346	40,774
Gross Profit	3,750	5,541	6,555
EBITDA	1,753	2,772	3,166
EBIT	1,358	2,351	2,711
PBT	837	1,770	2,162
Reported PAT	615	1,291	1,585
Adjusted PAT	615	1,291	1,585

Source: Company

(Rs mn)	FY21	FY22	FY23
Inventories	10,395	13,912	18,855
Sundry debtors	276	394	454
Loans & advances	0	0	0
Other current assets	730	919	1,326
Cash & cash equivalents	1,281	2,788	4,376
Current assets	12,681	18,014	25,010
Net fixed assets	701	716	870
Non Current Assets	2,083	2,131	2,993
Investments	0	0	1
Deferred tax asset, net	127	141	179
Total assets	15,593	21,002	29,053

Current liabilities	2,875	3,639	5,664
Provisions	31	14	27
Long-term debt	4	4	14
Short-term debt	5,320	8,626	11,757
Other liabilities	1,336	1,460	2,135
Minority interests	0	0	0
Shareholder's equity	6,026	7,260	9,455
Total liabilities & equity	15,593	21,002	29,053

Source: Company

(Rs mn)	FY21	FY22	FY23
Cashflow from operations	1,809	-699	-761
Purchase of fixed assets	140	247	311
Free Cashflow	1,669	-946	-1,072
Cashflow from investing	-537	-1,571	-1,980
Cashflow from financing	-1,224	2,280	2,741
Net cash generated during year	49	10	-1

Source: Company

	FY21	FY22	FY23
Growth (%)			
Net revenues		32.9	15.4
Gross profit		47.8	18.3
EBITDA		58.1	14.2
EBIT		73.2	15.3
PBT		111.5	22.1
Adjusted PAT		110.0	22.8
Reported PAT		110.0	22.8
Profit Margins (%)			
Gross profit	14.1	15.7	16.1
EBITDA	6.6	7.8	7.8
Return Ratios (%)			
Return on assets	3.9	6.1	5.5
Return on capital employed	12.0	14.8	12.8
Return on equity	10.2	17.8	16.8
Turnover Ratios (Days)			
Days of inventory on hand	143	144	169
Days of sales outstanding	4	4	4
Number of days payable	8	12	13
Cash credit cycle	138	136	160

Source: Company

Peer Comparison

P&L (Rs mn)	Senco Gold (Consolidated)			Titan Company (Consolidated)			Kalyan Jewellers (Consolidated)		
	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
Revenues	26,604	35,346	40,774	216,440	291,747	361,796	85,733	108,179	140,714
Gross Profit	3,750	5,541	6,555	52,300	72,941	103,173	14,592	16,916	21,992
Employee Cost	522	748	934	10,650	12,144	17,602	3,315	3,543	4,406
Other Expenses	1,475	2,022	2,455	24,410	23,299	39,076	5,334	5,229	6,446
EBITDA	1,753	2,772	3,166	17,240	37,499	46,495	5,943	8,145	11,140
Depreciation	396	421	456	3,750	4,051	5,102	2,249	2,316	2,446
EBIT	1,358	2,351	2,711	13,490	33,448	41,393	3,694	5,829	8,694
Interest Cost	666	709	861	2,030	2,152	2,367	3,754	3,224	3,026
Other Income	145	128	311	1,860	2,158	2,373	454	383	379
Exceptional Items	0	0	0	0	0	0	0	0	333
PBT	837	1,770	2,162	13,320	33,453	41,399	394	2,989	6,048
Tax	222	479	577	3,530	8,430	10,433	455	748	1,396
Profit from JV's	0	0	0	-50	-50	-55	0	0	0
NP	615	1,291	1,585	9,790	25,023	30,966	-61	2,240	4,652
CAGR			21-23			21-23			21-23
Revenue			23.8			29.3			28.1
Gross Profit			32.2			40.5			22.8
EBITDA			34.4			64.2			36.9
Net Profit			60.6			77.9			n.a.
P&L Common Size (%)	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
Gross Margin	14.1%	15.7%	16.1%	24.2%	25.0%	28.5%	17.0%	15.6%	15.6%
Employee Cost	2.0%	2.1%	2.3%	4.9%	4.2%	4.9%	3.9%	3.3%	3.1%
Other Expenses	5.5%	5.7%	6.0%	11.3%	8.0%	10.8%	6.2%	4.8%	4.6%
EBITDA	6.6%	7.8%	7.8%	8.0%	12.9%	12.9%	6.9%	7.5%	7.9%
Depreciation	1.5%	1.2%	1.1%	1.7%	1.4%	1.4%	2.6%	2.1%	1.7%
EBIT	5.1%	6.7%	6.6%	6.2%	11.5%	11.4%	4.3%	5.4%	6.2%
PBT	3.1%	5.0%	5.3%	6.2%	11.5%	11.4%	0.5%	2.8%	4.3%
Tax (% of PBT)	26.5%	27.0%	26.7%	26.5%	25.2%	25.2%	115.6%	25.0%	23.1%
NP	2.3%	3.7%	3.9%	4.5%	8.6%	8.6%	-0.1%	2.1%	3.3%

Source: Company

Balance Sheet (Rs mn)	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
Gross Debt	5,324	8,630	11,772	1,650	1,560	1,560	18,005	18,664	16,550
Cash	1,281	2,788	4,376	5,600	3,014	6,593	10,966	7,772	9,819
Net Debt	4,043	5,842	7,396	-3,950	-1,454	-5,033	7,039	10,892	6,731
Networth	6,026	7,260	9,455	74,970	92,449	114,087	28,260	31,370	36,347
Capital Employed	11,351	15,889	21,227	76,620	94,009	115,647	46,265	50,034	52,897
Gross Fixed Assets	1,595	1,789	2,104	19,210	27,007	33,665	15,301	16,347	17,695
Net Fixed Assets	701	716	870	12,590	12,581	14,137	9,712	9,885	8,787
Inventory	10,395	13,912	18,855	84,080	109,307	129,198	53,031	57,943	70,139
Receivables	276	394	454	3,660	4,396	5,452	1,127	1,195	2,442
Payables	609	1,174	1,445	7,890	10,790	12,754	6,901	6,566	11,927
Net D/E (x)	0.7	0.8	0.8	-0.1	0.0	0.0	0.2	0.3	0.2
Gross FA TO (x)	16.7	19.8	19.4	11.3	10.8	10.7	5.6	6.6	8.0
Net FA TO (x)	37.9	49.4	46.9	17.2	23.2	25.6	8.8	10.9	16.0
Inventory (days on sales)	143	144	169	142	137	130	226	195	182
Receivables (days on sales)	4	4	4	6	6	6	5	4	6
Payables (days on sales)	8	12	13	13	13	13	29	22	31
Cash Conversion Ratios	138	136	160	135	129	123	201	177	157
Asset TO(x)	2.34	2.22	1.92	2.82	3.10	3.13	1.85	2.16	2.66
Net Margin (%)	2.3%	3.7%	3.9%	4.5%	8.6%	8.6%	-0.1%	2.1%	3.3%
Leverage Ratio	1.88	2.19	2.25	1.02	1.02	1.01	1.64	1.59	1.46
RoE (%)	10.2%	17.8%	16.8%	13.1%	27.1%	27.1%	-0.2%	7.1%	12.8%
RoCE(%)	12.0%	14.8%	12.8%	17.6%	35.6%	35.8%	8.0%	11.7%	16.4%

Source: Company

CashFlow	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
CFO (Rs mn)	1,809	-699	-761	41,390	11,241	21,934	6,289	2,641	10,134
Capex (Rs mn)	140	247	311	1,460	4,042	6,659	599	908	1,863
% of Sales	1%	1%	1%	1%	1%	2%	1%	1%	1%
FCF (Rs mn)	1,669	-946	-1,072	39,930	7,200	15,275	5,690	1,733	8,271
FCF/EBITDA (%)	95%	-34%	-34%	232%	19%	33%	96%	21%	74%
FCF Yield (%)	7%	-4%	-4%	1%	0%	1%	4%	1%	5%
Valuation	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23
CMP (Rs) - as on 30th June'23			317			3,049			147
Market Cap (Rs mn)	24,619	24,619	24,619	2,706,505	2,706,505	2,706,505	151,418	151,418	151,418
Net Debt (Rs mn)	4,043	5,842	7,396	-3,950	-1,454	-5,033	7,039	10,892	6,731
EV (Rs mn)	28,663	30,461	32,015	2,702,555	2,705,051	2,701,472	158,457	162,310	158,149
P/E (x)	40.0	19.1	15.5	276.5	108.2	87.4	N.A.	67.6	32.6
EV/EBITDA (x)	16.3	11.0	10.1	156.8	72.1	58.1	26.7	19.9	14.2

Source: Company

APPENDIX

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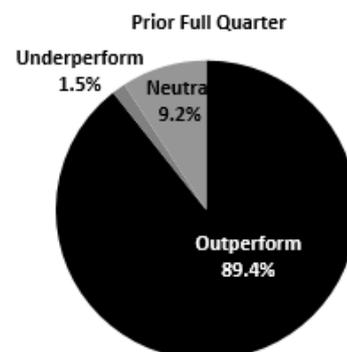
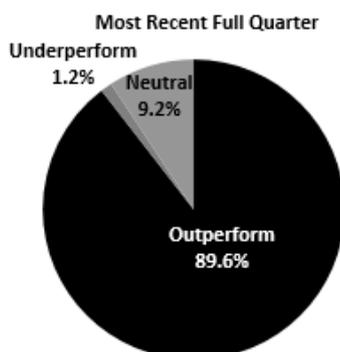
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