

FINANCIAL MODEL

PLANT VISIT

# Rising Stars

## 2024

IMPORT  
SUBSTITUTION

ORGANISED  
V/S  
UNORGANISED

MANAGEMENT MEET

EXPORT  
OPPORTUNITY

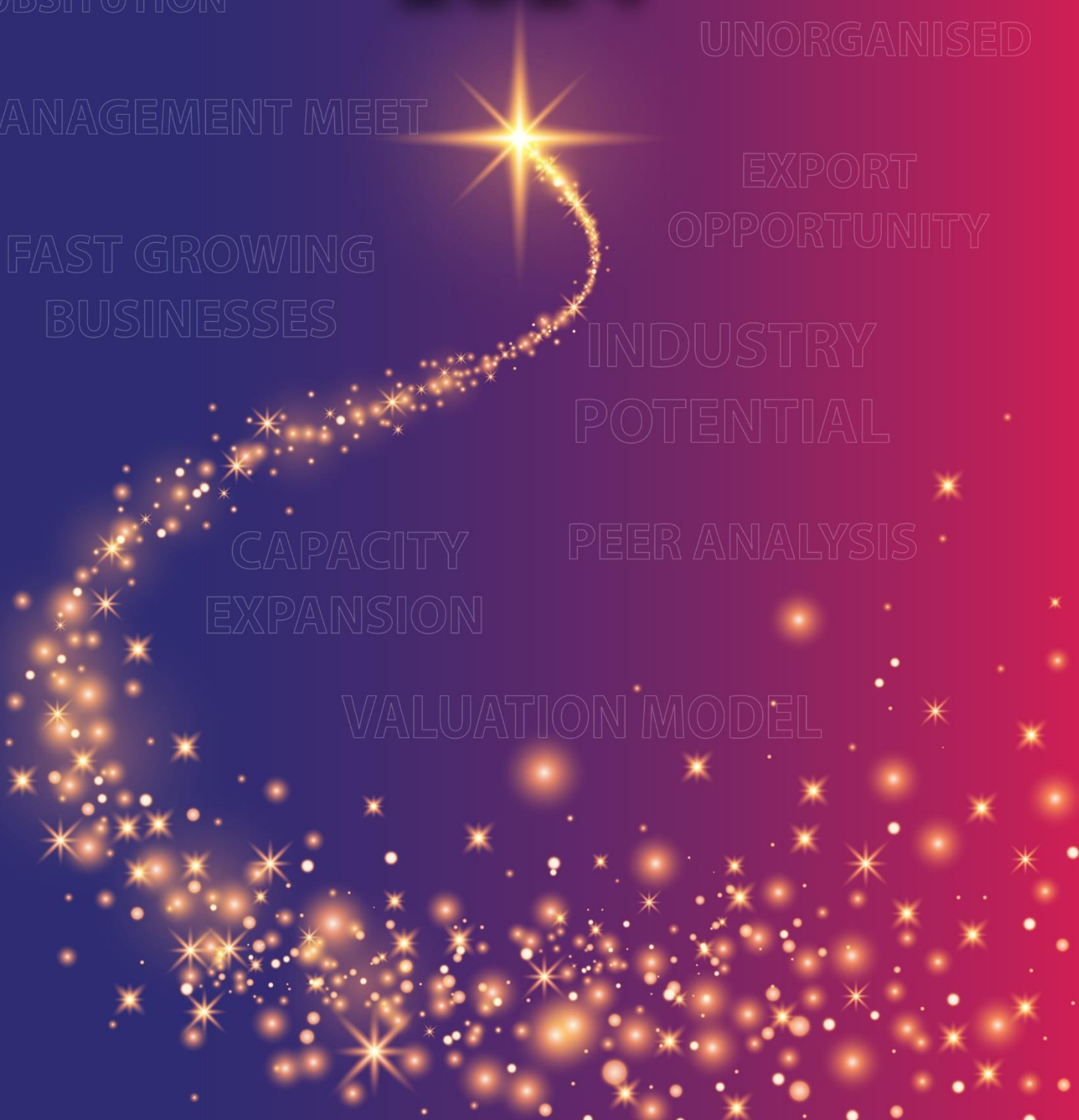
FAST GROWING  
BUSINESSES

INDUSTRY  
POTENTIAL

CAPACITY  
EXPANSION

PEER ANALYSIS

VALUATION MODEL



<b>Current Price (Rs)*</b>	<b>1,099.0</b>
<b>Target Price (Rs)</b>	<b>1,319.0</b>
<b>Upside (%)</b>	<b>20.0</b>

\*closing price of 14<sup>th</sup> August, 2024**STOCK DATA**

Industry Segment	Retail
BSE Code	543936
NSE Code	SENCO
Bloomberg Code	SENCO IN
52 Week High / Low (Rs.)	1,177.0/380.0
Face Value (Rs.)	10.0
Diluted Number of Shares (Crore.)	7.8
Market Cap. (Rs Crore.)	8,535.2

**SHAREHOLDING PATTERN (%)**

Particulars	Sep-23	Dec-23	Mar-24	Jun-24
Promoters	68.5	68.5	68.5	68.5
FII	14.4	14.5	14.0	7.7
DII	8.5	7.0	7.5	10.5
Public & Others	8.6	10.1	10.0	13.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**RETURNS STATISTICS (%)**

Particulars	1M	3M	6M	12M
Senco Gold	14.3	31.7	47.6	178.2
BSE SmallCap	-2.0	16.9	19.6	50.1

**VALUATION & RETURN RATIOS**

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
PE (x)	45.3	38.7	47.2	39.3	30.5
P/BV (x)	8.1	6.5	6.3	5.4	4.6
EV/EBITDA (x)	23.2	21.7	25.3	21.5	17.4
EV/Net Sales (x)	1.8	1.7	1.8	1.5	1.3
Mcap/Sales (x)	1.7	1.5	1.6	1.4	1.1
RoE (%)	19.4	19.0	15.7	14.8	16.4
ROCE (%)	18.2	16.3	14.3	13.9	15.3

**STOCK PERFORMANCE (since listing)**

Source: BSE/SSL Research

**Key highlights of 1QFY25 result****Robust performance driven by high Akshay Tritiya sales, healthy footfall and attractive offers & launches despite heatwave and general elections: Senco Gold**

reported decent sales growth of 7.5% YoY at Rs 1,404 cr supported by higher footfall growth, rise in gold prices and attractive offers & launches during the quarter. Retail sales growth was 9.6% YoY and Same-Store-Sales growth (SSSG) was at 3.7%. The Akshay Tritiya sales during the first 41 days of 1QFY25 registered growth of 21% YoY despite challenges in the form of heatwave, elections and lower wedding days. Avg. Transaction Value (ATV) grew 12% YoY to Rs 73,900 and Avg. Selling Price (ASP) grew 13% YoY to Rs 49,000. Wedding jewellery share was 40-45% during the quarter. Stud ratio decreased to 9.7% during the quarter from 11.5% in 1QFY24. However, as per management, entire industry witnessed lower diamond jewellery sales and expects to achieve stud ratio of 12.5-13.0% by FY25 end.

EBITDA/PAT grew 61.8%/85.3% YoY to Rs 109 cr/Rs 51 cr respectively. EBITDA margin rose 260 bps YoY to 7.7%.

**Added 6 new stores in 1QFY25:** The company net added 6 new stores during the quarter out of which 2 were franchise stores and 4 were company operated stores. The total store count of Senco Gold stands at 165 as of Jun'24. The company retained its FY25 store expansion plan of 18-20 stores.

**Growth outlook for FY25:** Management aims to clock 18-20% topline growth and 15-18% bottomline growth in FY25. The reduction in customs duty on gold and silver from 15% to 6% will lead to a financial impact of ~Rs 50 cr due to inventory valuation and the same is expected to spread over 2-3 quarters. However, the company is planning to take necessary actions to rationalize this impact via. discounts/offers to customers, increasing contribution of higher margin products, etc. The company is targeting to reach Gold Metal Loan (GML) share to 75% to reduce its blended interest cost.

**Maintain BUY - Target Rs 1,319:** We believe Senco has huge headroom to grow given its strong legacy in the jewellery business, expanding footprint through a strong and diverse distribution channel, focus on light affordable jewellery with better price point and healthy growth visibility from both its company operated and franchise stores.

We maintain BUY on the stock and upgrade our target price to Rs 1,319 which implies an upside potential of 20.0% for 12-18 months.

**Financial Summary**

Particulars (Rs cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Net sales	3,534.6	4,077.4	5,241.4	6,239.3	7,490.7
growth (%)	32.9	15.4	28.5	19.0	20.1
EBITDA	277.2	316.6	375.5	449.2	561.8
growth (%)	58.1	14.2	18.6	19.6	25.1
EBITDA margin (%)	7.8	7.8	7.2	7.2	7.5
Adj. Net Profit	129.1	158.4	181.0	216.9	279.5
growth (%)	109.9	22.7	14.2	19.8	28.9
EPS (Rs)	24.3	28.4	23.3	27.9	36.0
P/E (x)	45.3	38.7	47.2	39.3	30.5
P/BV (x)	8.1	6.5	6.3	5.4	4.6
D/E (x)	1.2	1.2	1.1	1.1	1.0
RoE (%)	19.4	19.0	15.7	14.8	16.4
RoCE (%)	18.2	16.3	14.3	13.9	15.3
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1

## 1QFY25 Result

Particular	1QFY25	1QFY24	Y-o-Y % Change	4QFY24	Q-o-Q % Change	Comments
<b>Net Sales</b>	<b>1,403.9</b>	<b>1,305.4</b>	<b>7.5</b>	<b>1,137.3</b>	<b>23.4</b>	Decent sales growth YoY on account of strong Akshay Tritiya sales and healthy SSSG despite heatwave and lower wedding days
COGS	1,161.1	1,142.2	1.7	942.9		
Employee Cost	34.0	25.4	33.7	28.0		
Other Expense	100.1	70.6	41.7	78.6		
Total Operating Expenditure	1,295.2	1,238.2	4.6	1,049.6		
<b>EBITDA</b>	<b>108.7</b>	<b>67.2</b>	<b>61.8</b>	<b>87.7</b>	<b>24.0</b>	
EBITDA Margin (%)	7.7	5.1		7.7		~260 bps YoY margin improvement on the back of high Akshay Tritiya sales
Depreciation	18.1	12.6		18.4		
EBIT	90.7	54.6	65.9	69.3	30.8	
EBIT Margin (%)	6.5	4.2		6.1		
Interest	32.2	26.6		29.8		
Other Income	12.3	9.4		12.8		
Extraordinary item	-	-		-		
<b>PBT</b>	<b>70.8</b>	<b>37.5</b>	<b>89.0</b>	<b>52.4</b>	<b>35.2</b>	
PBT Margin (%)	5.0	2.9		4.6		
Tax	19.5	9.8	99.5	20.2	-3.4	
Effective Tax Rate (%)	27.6	26.1		38.6		
<b>PAT</b>	<b>51.3</b>	<b>27.7</b>	<b>85.3</b>	<b>32.2</b>	<b>59.4</b>	<b>Strong YoY PAT growth driven by higher sales and prudent control on variable cost</b>
PAT Margin (%)	3.7	2.1		2.8		
EPS (Rs per share)	6.6	3.6	85.3	4.1	59.4	

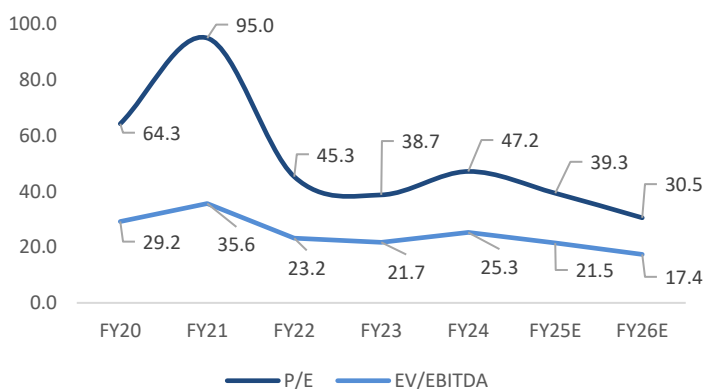
Source: Company/SSL Research

## Estimates

Particulars (Rs cr)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	6,239.3	7,490.7	6,239.3	7,490.7	-	-
EBITDA	449.2	561.8	449.2	561.8	-	-
EBITDA Margin (%)	7.2	7.5	7.2	7.5	-	-
PAT	216.9	279.5	216.9	279.5	-	-
EPS (Rs per share)	27.9	36.0	27.9	36.0	-	-

Source: SSL Research

## Valuation Metrics (x)



Source: SSL Research

## Financial Statements

## Income Statement

Figures in crore

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
Net sales	3,534.6	4,077.4	5,241.4	6,239.3	7,490.7
growth (%)	32.9	15.4	28.5	19.0	20.1
Operating expenses	3,257.4	3,760.8	4,865.9	5,790.1	6,928.9
EBIDTA	277.2	316.6	375.5	449.2	561.8
growth (%)	58.1	14.2	18.6	19.6	25.1
Depreciation & amortization	42.1	45.6	60.1	69.9	81.6
EBIT	235.1	271.0	315.4	379.3	480.3
Other income	12.8	31.1	42.2	44.4	45.7
Interest paid	70.9	86.1	108.1	124.6	140.5
PBT	177.0	216.1	249.5	299.0	385.4
Tax	47.9	57.7	68.5	82.1	105.8
Effective tax rate (%)	27.0	27.0	27.5	27.5	27.5
Reported Net profit	129.1	158.4	181.0	216.9	279.5
Minority interest/Share of JVs	-	-	-	-	-
Adj. Net profit after minority interest	129.1	158.4	181.0	216.9	279.5
Non-recurring items	-	-	-	-	-
Adj. Net profit after minority interest & exceptional items	129.1	158.4	181.0	216.9	279.5
growth (%)	109.9	22.7	14.2	19.8	28.9

## Balance Sheet

Figures in crore

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
Cash & Bank balances	278.8	437.6	551.4	559.8	572.1
Inventories	1,391.2	1,885.5	2,457.0	2,748.2	3,176.5
Other current assets	131.2	178.0	275.0	273.1	327.9
Net fixed assets	223.1	279.6	362.0	385.2	425.6
Tangible Assets	69.1	84.7	115.8	126.9	150.6
Right of Use Assets	151.6	192.7	243.4	257.6	274.1
Intangible Assets	2.4	2.2	2.8	0.8	1.0
Capital WIP	6.5	13.1	1.5	17.1	20.5
Long Term Investments	0.0	0.1	0.1	0.1	0.1
Other non-current assets	69.1	111.5	75.7	129.3	154.8
<b>Total assets</b>	<b>2,100.0</b>	<b>2,905.2</b>	<b>3,722.7</b>	<b>4,112.9</b>	<b>4,677.6</b>
Current liabilities	1,227.7	1,744.2	2,111.5	2,275.8	2,530.4
Borrowings	0.4	1.4	1.1	1.1	1.3
Lease Liabilities	145.1	188.4	235.5	247.3	285.8
Other non-current liabilities	0.9	25.7	9.1	17.9	21.5
<b>Total Non-Current liabilities</b>	<b>1,374.1</b>	<b>1,959.7</b>	<b>2,357.1</b>	<b>2,542.1</b>	<b>2,838.9</b>
Share capital	53.2	55.9	77.7	77.7	77.7
Reserves & surplus	659.5	876.4	1,287.8	1,493.1	1,761.0
<b>Shareholders' funds</b>	<b>726.0</b>	<b>945.5</b>	<b>1,365.5</b>	<b>1,570.8</b>	<b>1,838.7</b>
Minority interest	-	-	-	-	-
<b>Total equity &amp; liabilities</b>	<b>2,100.0</b>	<b>2,905.2</b>	<b>3,722.7</b>	<b>4,112.9</b>	<b>4,677.6</b>

## Cash Flow Statement

Figures in Cr.

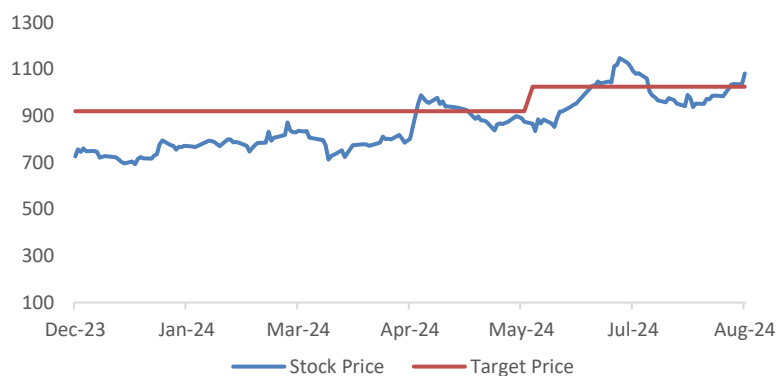
Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
Pre-tax profit	177.0	216.1	249.5	299.0	385.4
Depreciation	42.1	45.6	60.1	69.9	81.6
Chg in working capital	-312.3	-347.1	-608.1	-292.5	-374.2
Total tax paid	-38.8	-59.2	-70.8	-82.1	-105.8
Other operating activities	62.0	68.5	75.3	90.4	105.1
<b>Operating CF</b>	<b>-69.9</b>	<b>-76.1</b>	<b>-293.8</b>	<b>84.8</b>	<b>92.0</b>
Capital expenditure	-24.7	-31.1	-38.2	-33.7	-34.5
Other investing activities	-132.4	-166.9	-80.2	-43.5	-2.7
<b>Investing CF</b>	<b>-157.1</b>	<b>-198.0</b>	<b>-118.5</b>	<b>-77.2</b>	<b>-37.2</b>
<b>FCF</b>	<b>-94.6</b>	<b>-107.3</b>	<b>-332.1</b>	<b>51.1</b>	<b>57.5</b>
Equity raised/(repaid)	-	75.0	248.2	-	-
Debt raised/(repaid)	330.5	314.2	321.2	166.7	141.5
Payment of lease liabilities	-17.3	-20.4	-59.7	-64.3	-73.7
Interest paid	-70.4	-83.3	-79.1	-89.9	-98.7
Dividend (incl. tax)	-14.7	-11.4	-9.3	-11.6	-11.6
Other financing activities	-	-	-	-	-
<b>Financing CF</b>	<b>228.0</b>	<b>274.1</b>	<b>421.3</b>	<b>0.9</b>	<b>-42.5</b>
<b>Net change in cash &amp; bank bal.</b>	<b>1.0</b>	<b>-0.1</b>	<b>9.0</b>	<b>8.4</b>	<b>12.3</b>
<b>Closing cash &amp; cash equivalents</b>	<b>9.6</b>	<b>9.5</b>	<b>18.5</b>	<b>26.9</b>	<b>39.2</b>

## Important Ratios

Particulars	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Profitability and return ratios (%)</b>					
EBIDTAM	7.8	7.8	7.2	7.2	7.5
EBITM	6.7	6.6	6.0	6.1	6.4
NPM	3.6	3.9	3.4	3.5	3.7
RoE	19.4	19.0	15.7	14.8	16.4
RoCE	18.2	16.3	14.3	13.9	15.3
<b>Per share data (Rs)</b>					
O/s shares (Cr.)	5.3	5.6	7.8	7.8	7.8
EPS	24.3	28.4	23.3	27.9	36.0
FDEPS	24.3	28.4	23.3	27.9	36.0
CEPS	32.2	36.5	31.0	36.9	46.5
BV	136.5	169.3	175.8	202.3	236.7
DPS	1.5	1.0	1.5	1.5	1.5
<b>Valuation ratios (x)</b>					
PE	45.3	38.7	47.2	39.3	30.5
P/BV	8.1	6.5	6.3	5.4	4.6
EV/EBIDTA	23.2	21.7	25.3	21.5	17.4
EV/ Net sales	1.8	1.7	1.8	1.5	1.3
<b>Other key ratios</b>					
D/E (x)	1.2	1.2	1.1	1.1	1.0
Debtors period (days)	3	4	3	4	4
Creditors period (days)	10	13	13	13	12
Inventory period (days)	126	147	151	152	144
Cash conversion cycle (days)	119	138	141	143	136
<b>Du Pont Analysis - RoE</b>					
NPM (%)	3.6	3.9	3.4	3.5	3.7
Asset turnover (x)	16.0	15.7	16.1	16.4	17.8
Equity Multiplier (x)	0.3	0.3	0.3	0.3	0.2
RoE (%)	19.4	19.0	15.7	14.8	16.4

Source: Company, SSL Research

## Recommendation History



## Our recent rising star recommendations and price performance

Sr. No.	Company Name	NSE Symbol	Initiated Date	Initiated Price	CMP*	Return (%) since initiated date	Latest reco. date	Latest Target
1	APL Apollo Tubes Ltd.	APLAPOLLO	25-Apr-23	1,219.0	1,424.3	16.8	16-May-24	1,795.0
2	Stylam Industries Ltd.	STYLAMIND	27-Apr-23	1,150.0	1,861.6	61.9	13-Feb-24	1,886.0
3	Star Cement Ltd.	STARCEMENT	05-May-23	123.2	209.4	69.9	14-Aug-24	240.0
4	JK Lakshmi Cement Ltd.	JKLAKSHMI	24-May-23	705.0	799.9	13.5	07-Aug-24	963.0
5	Dhanuka Agritech Ltd.	DHANUKA	29-May-23	711.0	1,820.6	156.1	05-Aug-24	2,223.0
6	Zen Technologies Ltd.	ZENTEC	12-Jul-23	520.0	1,657.5	218.7	30-Jul-24	2,041.0
7	SJS Enterprises Ltd.	SJS	05-Oct-23	680.0	976.2	43.6	09-Aug-24	1,269.0
8	KPI Green Energy Ltd.	KPIGREEN	17-Nov-23	438.1	1,002.2	157.4	14-Aug-24	1,246.0
9	Syrma SGS Technology Ltd.	SYRMA	06-Dec-23	590.0	406.2	-31.2	08-Aug-24	505.0
10	Senco Gold Ltd.	SENCO	11-Dec-23	721.6	1,099.3	52.3	27-May-24	1,025.0
11	Satin Creditcare Network Ltd.	SATIN	10-Jan-24	259.0	210.1	-18.9	02-May-24	324.0
12	Hi-Tech Pipes Ltd.	HITECH	31-Jul-24	149.0	170	14.1	31-Jul-24	190.0

\*Closing price of 14<sup>th</sup> August, 2024

**SBICAP SBICAP Securities Limited**

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