

Samvardhana Motherson

Estimate changes



TP change



Rating change



| | |
|-----------------------|-------------|
| Bloomberg | MOTHERSO IN |
| Equity Shares (m) | 6776 |
| M.Cap.(INRb)/(USDb) | 609.9 / 7.3 |
| 52-Week Range (INR) | 104 / 62 |
| 1, 6, 12 Rel. Per (%) | 0/12/25 |
| 12M Avg Val (INR M) | 1194 |

MOTHERSO: Financials & Valuations

| Y/E March | 2023 | 2024E | 2025E |
|----------------|------|-------|-------|
| Sales | 787 | 971 | 1,047 |
| EBITDA | 62.1 | 87.9 | 95.0 |
| Adj. PAT | 15.7 | 29.4 | 33.6 |
| EPS (INR) | 2.3 | 4.3 | 5.0 |
| EPS Growth (%) | 90.0 | 87.6 | 14.4 |
| BV/Share (INR) | 33.1 | 36.3 | 39.7 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 0.3 | 0.5 | 0.3 |
| RoE (%) | 7.3 | 12.5 | 13.0 |
| RoCE (%) | 6.7 | 9.7 | 9.7 |
| Payout (%) | 29.5 | 30.0 | 30.0 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 38.9 | 20.8 | 18.1 |
| P/BV (x) | 2.7 | 2.5 | 2.3 |
| Div. Yield (%) | 0.7 | 1.3 | 1.7 |
| FCF Yield (%) | 4.0 | -0.2 | 13.3 |

Shareholding pattern (%)

| As On | Sep-23 | Jun-23 | Sep-22 |
|----------|--------|--------|--------|
| Promoter | 64.8 | 64.8 | 68.2 |
| DII | 15.0 | 15.2 | 10.6 |
| FII | 11.4 | 10.8 | 8.8 |
| Others | 8.8 | 9.2 | 12.5 |

FII Includes depository receipts

CMP: INR90
TP: INR110 (+22%)
Buy

Miss on est. led by weak growth in the US/EU and cost headwinds

Booked business for automotive at USD77b, with 22% mix of EVs

- Samvardhana Motherson (MOTHERSO) reported lower-than-expected EBITDA of INR18.2b (v/s est. INR19.2b), wherein the margin stood lower at 8.4% (v/s est. 8.9%) led by subdued growth in the US/EU and stabilized but still elevated cost levels. While macro outlook remains uncertain, receding cost headwinds and the realignment of capacities in developed markets will help improve efficiency going forward.
- The next three quarters would be transitory because of continuous consolidation of five other businesses between 3QFY24 to 1QFY25. We maintain our FY24/25E EPS, as incremental contribution from the acquisition of SAS will be offset by higher interest and depreciation costs.
- Currently, we are not modeling the performance of new acquisitions, which are yet to be closed. Maintain **BUY** with a TP of INR110, based on Sep'25E SoTP and including INR8/share for the recent acquisitions.

Realignment of capacities in developed markets to improve efficiency

- Consolidated business performance:** Consol. revenue grew 18% YoY to INR216.2b (in line). EBITDA grew 22% YoY to INR18.2b (vs. est. of INR19.2b). EBITDA margin came in at 8.4% (vs. est. of 8.9%), an expansion of 20bp YoY (-20bp QoQ). Adj. PAT grew ~82% YoY to INR4.5b (vs est. INR5.9b). There was a one-time impact of INR2.5b for the EU business rationalization.
- Wiring harness business** grew 22% YoY to INR77.6b (vs est. INR75.6b) and EBITDA margin improved 240bp YoY (+80bp QoQ) to 10.6% (v/s est.9.7%). Growth was supported by increased heavy-duty truck volumes across geographies and volume uptick across vehicle segments in India.
- Modules & Polymer business** revenue grew 7% YoY to INR8.15b (vs est INR8.6b) and EBITDA margin improved 40bp YoY (-40bp QoQ) to 7.1% (vs est. 7.3%). Sales were slightly hurt by disruption in OEM supply chain in EU.
- Vision system revenue** grew 20% YoY to INR4.3b (vs est. INR4.4b) and EBITDA margin expanded 10bp YoY (+20bp QoQ) to 9.2% (vs est. 9.4%). Revenue growth was driven by a pick-up in production volumes across key geographies. The upcoming challenge remains in terms of labor strike in the US, impacting production schedule of OEMs adversely.
- Emerging business** grew 43% YoY to ~INR2.5b (vs est INR2.15b) and EBITDA margin expanded 240bp YoY (+110bps QoQ) to 12.4% (v/s est.11%). Integrated assemblies reported revenue of INR1.65b and EBITDA margin of 10.2%.
- Net debt (ex. lease liabilities) grew QoQ** to INR134.2b (v/s INR83.1b in 1QFY24). The increase in debt of INR51b QoQ was on account of the payout impact for acquisition (~INR38b), higher capex to support emerging markets, and dividend paid during the quarter.
- There was a cash outflow of INR7.9b** (v/s outflow of INR230m in 1HFY23) despite a strong operating cash flow of INR12.7b (v/s INR8.1b in 1HFY23) due to higher capex of INR20.6b (v/s INR8.3b in 1HFY23).

Jinesh Gandhi – Research Analyst (Jinesh@MotilalOswal.com)

Research Analyst: Amber Shukla (Amber.Shukla@MotilalOswal.com) | Aniket Desai (Aniket.Desai@MotilalOswal.com)

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- **The company currently has booked business of USD77b as of Sep'23** (vs USD69.1b in Mar'23) for its automotive vertical. Share of EVs is ~22% in the booked business. Non-Auto booked business includes USD1.3b of Aerospace, after the closure of AD Industry acquisition.
- **Capex guidance for FY24 has been revised upwards to ~INR45b** vs earlier guidance of ~INR33b (+/5%). The increase is on account of capex of newly acquired assets and supporting growth in the emerging markets.
- **Net debt stood at INR134.16b as of Sep'23 vs. INR83.11b in Jun'23.** The increase in debt was led by: i) ~INR38b for M&A payouts for transactions closed during the quarter, ii) higher capex to support the impending growth in emerging markets, and iii) dividends paid during the quarter.

Valuation and view

The stock trades at reasonable valuations of 20.8x/18.1x FY24E/FY25E consolidated EPS. Our positive view on MOTHERSON remains intact based on an industry recovery, execution of a strong order book for SMRPBV, receding cost inflation, and capacities in place for growth. **We reiterate our BUY rating with a TP of INR110, premised on Sep'25E SOTP and INR8/share for recent acquisitions.**

Quarterly performance (Consol.)

| Y/E March | (INR m) | | | | | | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | FY23 | | | | FY24E | | | | FY23 | FY24E | 2QE |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | |
| Net Sales | 176,545 | 182,608 | 202,672 | 224,769 | 224,622 | 234,738 | 253,565 | 258,493 | 787,007 | 971,417 | 216,144 |
| YoY Change (%) | 7.6 | 26.7 | 23.3 | 31.0 | 27.2 | 28.5 | 25.1 | 15.0 | 22.2 | 23.4 | 18.4 |
| EBITDA | 11,166 | 14,031 | 16,163 | 20,205 | 19,246 | 18,888 | 23,283 | 26,511 | 62,077 | 87,929 | 18,733 |
| Margins (%) | 6.3 | 7.7 | 8.0 | 9.0 | 8.6 | 8.0 | 9.2 | 10.3 | 7.9 | 9.1 | 8.7 |
| Depreciation | 7,324 | 7,487 | 8,150 | 8,397 | 8,389 | 8,674 | 8,850 | 9,046 | 31,358 | 34,958 | 8,450 |
| Interest | 1,694 | 1,837 | 1,494 | 2,784 | 2,526 | 4,879 | 3,250 | 3,177 | 7,809 | 13,833 | 2,450 |
| Other income | 581 | 940 | 811 | 751 | 529 | 1,654 | 1,000 | 617 | 2,570 | 3,800 | 825 |
| PBT after EO Expense | 2,729 | 4,663 | 7,320 | 9,773 | 8,860 | 4,495 | 12,183 | 14,906 | 24,485 | 40,444 | 8,658 |
| Tax Rate (%) | 34.0 | 30.3 | 29.6 | 26.0 | 29.5 | 32.8 | 30.0 | 29.4 | 28.9 | 30.1 | 30.0 |
| Min. Int & Share of profit | 389 | 485 | 609 | 695 | 241 | 188 | 116 | 92 | 2,178 | 637 | 127 |
| Reported PAT | 1,412 | 2,464 | 4,539 | 6,540 | 6,009 | 2,015 | 8,412 | 10,428 | 14,956 | 26,865 | 5,933 |
| Adj PAT | 1,412 | 3,153 | 4,546 | 6,540 | 6,009 | 4,509 | 8,412 | 10,428 | 15,652 | 29,359 | 5,933 |
| YoY Change (%) | -55.1 | 123.6 | 100.3 | 362.1 | 325.5 | 43.0 | 85.0 | 59.4 | 90.0 | 87.6 | 88.2 |

E: MOFSL Estimates

Key Performance Indicators

| Key Performance Indicators | | | | | | | | | | (INR m) | |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
| Y/E March | FY23 | | | | FY24E | | | | FY23 | FY24E | |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | |
| Business Wise Revenues (INR m) | | | | | | | | | | | 2QE |
| Wiring harness | 61,160 | 63,830 | 65,301 | 74,722 | 76,330 | 77,630 | 77,363 | 75,320 | 2,65,013 | 3,06,643 | 75,565 |
| Modules & Polymer products | 94,270 | 97,580 | 109,565 | 121,145 | 119,780 | 114,770 | 122,183 | 129,228 | 4,22,557 | 4,85,961 | 1,17,051 |
| Vision systems | 34,880 | 39,400 | 45,465 | 45,954 | 46,150 | 46,890 | 49,887 | 52,331 | 1,65,688 | 1,95,257 | 46,530 |
| Integrated assemblies | | | | | | 16,190 | 22,453 | 23,386 | | 62,029 | |
| Emerging businesses | 16,190 | 17,550 | 16,281 | 18,243 | 18,120 | 20,220 | 21,737 | 21,422 | 68,269 | 81,499 | 19,570 |
| Less: Inter-segment | 5,410 | 5,420 | 6,552 | 6,657 | 6,980 | 7,930 | 8,326 | 8,845 | 24,017 | 32,081 | 7,761 |
| Less: Revenues of Associates/JVs | 24,550 | 29,920 | 27,387 | 28,638 | 28,780 | 33,030 | 31,731 | 34,490 | 1,10,503 | 1,28,032 | 34,810 |
| Net Revenues | 176,540 | 183,020 | 202,672 | 224,769 | 224,620 | 234,740 | 253,565 | 258,351 | 787,007 | 971,276 | 216,144 |

Business Wise EBITDA Margins (%)

| | | | | | | | | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|
| Wiring harness | 7.9 | 8.2 | 8.6 | 9.6 | 10.2 | 10.6 | 10.5 | 10.8 | 8.6 | 10.5 | 9.7 |
| Modules & Polymer products | 5.1 | 6.7 | 6.6 | 7.2 | 7.5 | 7.1 | 7.7 | 8.2 | 6.4 | 7.6 | 7.3 |
| Vision systems | 8.4 | 9.1 | 10.0 | 13.2 | 9.4 | 9.2 | 10.4 | 12.3 | 10.3 | 10.4 | 9.4 |
| Integrated assemblies | | | | | | 10.2 | 10.8 | 11.3 | | 10.8 | |
| Emerging businesses | 10.9 | 10.0 | 11.4 | 12.9 | 11.3 | 12.4 | 12.0 | 12.2 | 11.3 | 12.0 | 11.0 |
| Consol EBITDA Margins (%) | 6.5 | 8.2 | 8.3 | 9.2 | 8.6 | 8.5 | 9.4 | 10.4 | 8.1 | 9.3 | 8.9 |

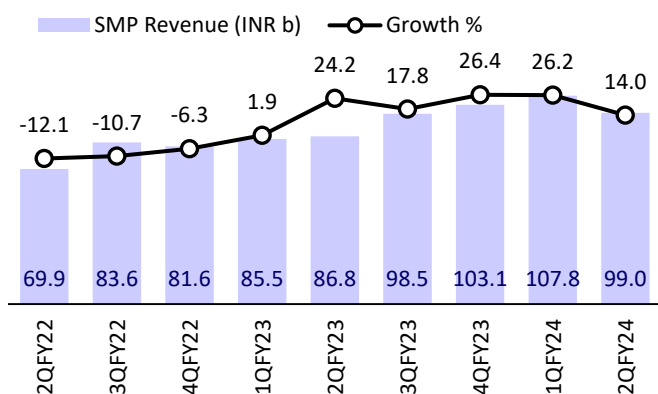
Note: Segmental EBITD margins include part of other income; E: MOFSL Estimates

**Highlights from the management commentary**

- **2QFY24 performance-** The growth in India & China is offset by temporary slowdown in production in North America due to labor strikes and in Europe on account of the annual summer holiday shutdowns at OEMs.
 - Revenue growth of 25% was contributed by a) organic growth (18%), and b) completed M&A transactions (10%) in the quarter (SAS, Ichikoh, Saddles and Rollon) amounting to INR18.51b and EBITDA of INR1.8b.
- **The company currently has booked business of USD77b as of Sep'23** (vs USD69.1b in Mar'23) for its automotive vertical. Share of EVs is ~22% in the booked business. Non-Auto booked business includes USD1.3b of Aerospace, after the closure of AD Industry acquisition.
- **Capex guidance for FY24 has been revised upwards to ~INR45b** vs earlier guidance of ~INR33b (+/5%). The increase is on account of capex of newly acquired assets and supporting growth in the emerging markets.
 - Number of new facilities in India is increased to ten from six announced earlier.
 - The company incurred a capex of INR12.96b in 2QFY24 vs INR7.67b in 1QFY24, which includes growth capex to support customer needs in emerging markets.
- **Net Debt to EBITDA ratio is at 1.9x**, well below the stated financial policy of 2.5x.
 - **Net debt stood at INR134.16b as of Sep'23 vs. INR83.11b in Jun'23.** The increase in debt was led by: i) ~INR38b for M&A payouts for transactions closed during the quarter, ii) higher capex to support the impending growth in emerging markets, and iii) dividends paid during the quarter.
- **Closed four acquisitions (SAS, Saddles, Rollon and Ichikoh)** during 2QFY24.
 - The company has done 15 acquisitions since Sep'22. Combined pro forma gross/net revenue was USD6.4b/USD2.6b from new acquisitions.
 - Acquisition of Dr. Schneider Group was completed in Oct'23 and will be consolidated in 3Q results
- **RoCE for 1HFY24 was at 16%**, excluding acquisition and Greenfield plant (vs 12% in FY23).

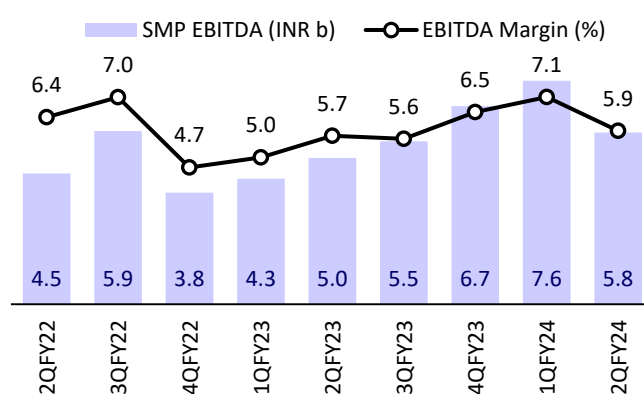
Key exhibits

Exhibit 1: Trends in SMP revenue and growth



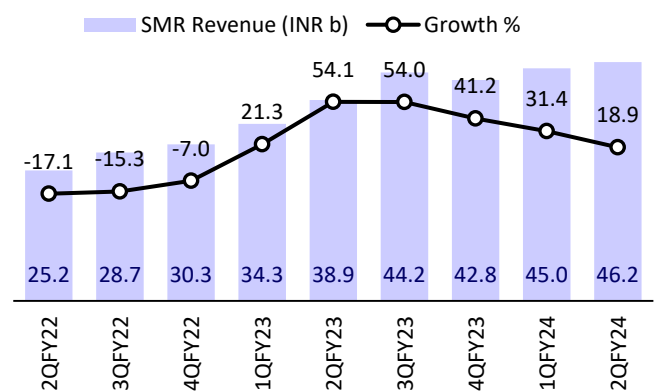
Source: Company, MOFSL

Exhibit 2: SMP EBITDA and EBITDA margin



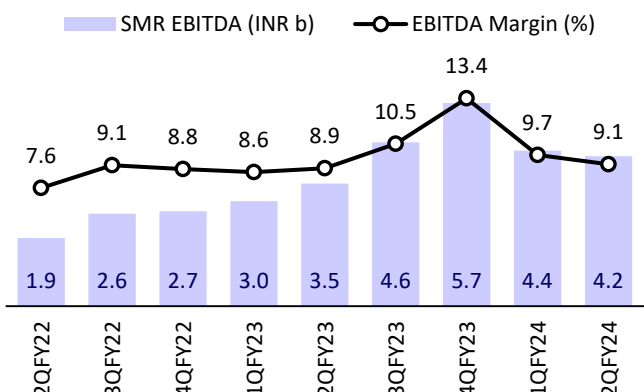
Source: Company, MOFSL

Exhibit 3: SMR revenue and growth trends



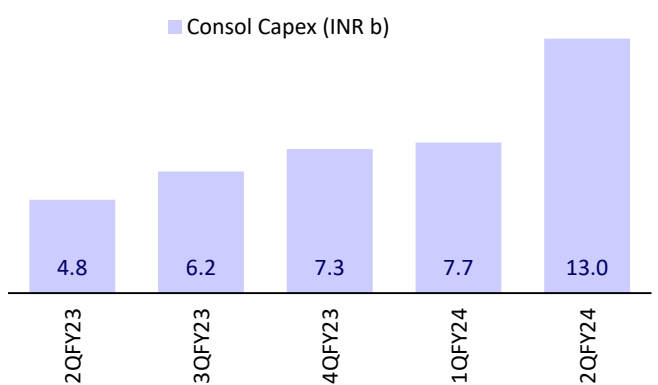
Source: Company, MOFSL

Exhibit 4: SMR EBITDA and EBITDA margin



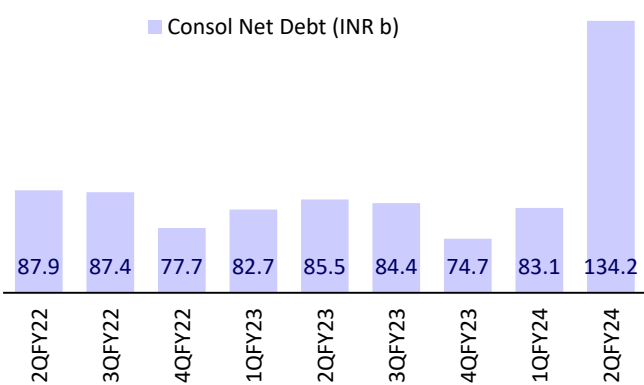
Source: Company, MOFSL

Exhibit 5: Trend in Capex (INR b)



Source: Company, MOFSL

Exhibit 6: Trend in Net Debt (excl. lease liabilities, INR b)



Source: Company, MOFSL

Valuation and view

- **On the right side of global Auto megatrends:** The global Auto industry is on the cusp of disruption, led by megatrends in the form of EVs, connect cars, self-driven cars, shared mobility, stricter emission norms, and platform and vendor consolidation. These trends have the potential to disrupt the Auto supply chain and challenge incumbents. With its diverse product base and market presence, MOTHERSO is set to leverage these trends to drive the next phase of growth.
- **Cyclical recovery in all key businesses:** All of MOTHERSO's key businesses are on the brink of a cyclical recovery, with India PVs, global PVs, and the US/EU CVs well placed for a revival. The company enjoys strong positioning in its respective product categories (either rank one or two), and hence will benefit from this cyclical recovery. It will drive operating leverage, mainly in its overseas businesses.
- **SMRPBV fully prepared for growth:** Growth in the order book lends us comfort for building in a faster recovery for SMRPBV. As of Sep'23, its net order book for automotive stood at USD77.3b (with 22% of orders accruing from BEVs). SMP offers revenue visibility, with orders on hand and ready capacity to execute those orders. We expect a ~5.5% revenue CAGR to EUR5b for SMP over FY23-25, and EBITDA margin to expand by 1.5pp to ~7.3% by FY25, driven by improving efficiency of new plants, cost absorption, and operating leverage. SMR remains the numero uno manufacturer of PV mirrors globally and has gained share across markets through continuous innovations. We expect revenue for SMR to grow at a 7% CAGR over FY23-25E and EBITDA margin to remain flat at 10.5% by FY25E, led by absorption of cost inflation and operating leverage.
- **MSUMI's Wiring Harness business** is likely to grow faster than the PV industry, led by an increase in content (due to ongoing premiumization and electrification). It is estimated to clock a 15% CAGR over FY23-25. EBITDA margin is likely to expand by 1.7pp to 12.8% over the same period, led by the product mix and operating leverage, driving a PAT CAGR of 27%.
- **PKC – cyclical downturn ahead:** After benefitting from strong growth for Class 8 Trucks in the US, we expect a stable FY24 but expect a cyclical downturn in its biggest market (~45% of revenue) in FY25. PKC is highly focused on the world's largest Truck market (China), where it has three JVs targeting different customers. It entered the Rolling Stock business (~USD2b opportunity) in CY15. The company already has global partnerships with Bombardier since CY16, and is working with other OEMs to develop a global supply chain for electrical systems in rolling stocks. We expect flat revenue growth over FY23-25, and expect its margin to be expand to 6.0% (vs. 4.2% in FY23), led by a ramp-up in new programs and cost absorption.
- **Valuation and view:** Next The next three quarters would be transitory because of continuous consolidation of five other businesses between 3QFY24 to 1QFY25. We maintain our FY24/25E EPS, as incremental contribution from the acquisition of SAS will be offset by higher interest and depreciation costs. The stock trades at reasonable valuations of 20.8x/18.1x FY24E/FY25E consolidated EPS. Our positive view on MOTHERSO remains intact based on an industry recovery, execution of a strong order book for SMRPBV, receding cost inflation, and capacities in place for growth. Maintain **BUY** with a TP of INR110, based on Sep'25E SoTP and including INR8/share for the recent acquisitions.

Exhibit 7: Our revised estimates (consolidated)

| (INR M) | FY24E | | | FY25E | | |
|------------|----------|----------|---------|-----------|----------|---------|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Net Sales | 9,71,417 | 9,16,612 | 6.0 | 10,46,835 | 9,66,521 | 8.3 |
| EBITDA | 87,929 | 81,730 | 7.6 | 94,956 | 88,991 | 6.7 |
| EBITDA (%) | 9.1 | 8.9 | 10bp | 9.1 | 9.2 | -10bp |
| Adj. PAT | 29,359 | 28,661 | 2.4 | 33,580 | 32,779 | 2.4 |
| EPS (INR) | 4.3 | 4.2 | 2.4 | 5.0 | 4.8 | 2.4 |

Source: Company, MOFSL

Exhibit 8: SOTP-based TP of INR110 (Sep'25E)

| | Target PE (x) | FY24E | FY25E | FY26E |
|------------------------------|---------------|-----------|------------|------------|
| Value (INR/sh) | @ PE (x) | | | |
| Standalone | 25 | 25 | 30 | 35 |
| SMRPBV | 15 | 42 | 52 | 58 |
| PKC | 15 | 9 | 5 | 4 |
| Others | 20 | -9 | -4 | -5 |
| New businesses | 15 | 0 | 2 | 3 |
| MSWIL @ 20% HoldCo Discount | 35 | 9 | 11 | 13 |
| Value of recent acquisitions | | 8 | 8 | 8 |
| Total Equity Value | | 84 | 105 | 115 |
| TP (INR/Sh) | | 84 | 105 | 115 |

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

| Y/E March | FY21 | FY22 | FY23 | FY24E | FY25E |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Total Income from Operations | 5,82,250 | 6,37,740 | 7,87,007 | 9,71,417 | 10,46,835 |
| Change (%) | -4.1 | 9.5 | 23.4 | 23.4 | 7.8 |
| EBITDA | 46,880 | 46,994 | 62,077 | 87,929 | 94,956 |
| Margin (%) | 8.1 | 7.4 | 7.9 | 9.1 | 9.1 |
| Depreciation | 30,260 | 29,582 | 31,358 | 34,958 | 38,158 |
| EBIT | 16,620 | 17,412 | 30,719 | 52,971 | 56,798 |
| Interest Charges | | 5,426 | 7,809 | 13,833 | 12,445 |
| PBT bef. EO Exp. | 16,620 | 14,562 | 25,480 | 42,938 | 48,352 |
| Tax Rate (%) | 33.6 | 43.1 | 30.0 | 32.0 | 30.0 |
| Minority Interest | 440 | -290 | 2,178 | 637 | 266 |
| Reported PAT | 10,590 | 8,304 | 14,956 | 26,865 | 33,580 |
| Adjusted PAT | 10,590 | 8,237 | 15,652 | 29,359 | 33,580 |
| Change (%) | 30.8 | -22.2 | 90.0 | 87.6 | 14.4 |

Consolidated - Balance Sheet

(INR m)

| Y/E March | FY21 | FY22 | FY23 | FY24E | FY25E |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Equity Share Capital | 4,518 | 4,518 | 6,776 | 6,776 | 6,776 |
| Total Reserves | 1,21,088 | 2,01,365 | 2,17,739 | 2,39,038 | 2,62,545 |
| Net Worth | 1,25,606 | 2,05,882 | 2,24,515 | 2,45,815 | 2,69,321 |
| Minority Interest | 40,233 | 17,763 | 19,254 | 21,654 | 24,254 |
| Total Loans | 1,07,580 | 1,27,609 | 1,21,657 | 1,91,657 | 1,51,657 |
| Deferred Tax Liabilities | -10,224 | -11,486 | -13,645 | -13,645 | -13,645 |
| Capital Employed | 2,63,195 | 3,39,768 | 3,51,781 | 4,45,481 | 4,31,587 |
| Net Fixed Assets | 1,92,782 | 1,75,128 | 1,88,750 | 2,06,570 | 2,13,911 |
| Goodwill | 24,718 | 33,743 | 37,726 | 58,036 | 58,036 |
| Capital WIP | 8,769 | 13,097 | 14,779 | 10,000 | 7,500 |
| Total Investments | 2,581 | 7,212 | 6,834 | 26,834 | 26,834 |
| Curr. Assets, Loans&Adv. | 1,78,716 | 1,94,908 | 2,27,640 | 2,57,149 | 2,61,975 |
| Inventory | 49,956 | 64,417 | 78,228 | 93,150 | 94,645 |
| Account Receivables | 56,931 | 65,731 | 85,135 | 1,06,457 | 1,00,381 |
| Cash and Bank Balance | 59,062 | 49,994 | 46,987 | 35,816 | 44,955 |
| Loans and Advances | 12,768 | 14,766 | 17,291 | 21,727 | 21,993 |
| Curr. Liability & Prov. | 2,07,430 | 2,11,447 | 2,53,091 | 2,62,252 | 2,85,814 |
| Account Payables | 1,11,407 | 1,24,775 | 1,41,363 | 1,58,326 | 1,77,326 |
| Other Current Liabilities | 89,575 | 81,567 | 1,06,258 | 95,215 | 99,102 |
| Provisions | 6,449 | 5,104 | 5,471 | 8,710 | 9,387 |
| Net Current Assets | -28,714 | -16,538 | -25,451 | -5,103 | -23,839 |
| Other non-current asset | 63,060 | 1,27,126 | 1,29,145 | 1,49,145 | 1,49,145 |
| Appl. of Funds | 2,63,195 | 3,39,768 | 3,51,781 | 4,45,481 | 4,31,587 |

Financials and valuations

Ratios

| Y/E March | FY21 | FY22 | FY23 | FY24E | FY25E |
|---------------------------------|------------|------------|------------|------------|------------|
| Basic (INR) | | | | | |
| EPS | 1.6 | 1.2 | 2.3 | 4.3 | 5.0 |
| BV/Share | 18.5 | 30.4 | 33.1 | 36.3 | 39.7 |
| DPS | 1.0 | 0.4 | 0.7 | 1.2 | 1.5 |
| Payout (%) | 64.0 | 35.4 | 29.5 | 30.0 | 30.0 |
| Valuation (x) | | | | | |
| P/E | 57.6 | 74.0 | 38.9 | 20.8 | 18.1 |
| P/BV | 4.9 | 3.0 | 2.7 | 2.5 | 2.3 |
| EV/Sales | 0.7 | 0.7 | 0.8 | 0.8 | 0.7 |
| EV/EBITDA | 9.0 | 10.0 | 10.5 | 8.2 | 7.1 |
| Dividend Yield (%) | 1.1 | 0.5 | 0.7 | 1.3 | 1.7 |
| FCF per share (Eco. Int. basis) | 4.6 | 0.0 | 3.6 | -0.2 | 12.0 |
| Return Ratios (%) | | | | | |
| RoE | 8.9 | 5.0 | 7.3 | 12.5 | 13.0 |
| RoCE (post-tax) | 4.2 | 3.8 | 6.7 | 9.7 | 9.7 |
| RoIC | 5.6 | 4.3 | 7.8 | 11.0 | 11.0 |
| Working Capital Ratios | | | | | |
| Fixed Asset Turnover (x) | 2.4 | 2.4 | 2.5 | 2.8 | 2.8 |
| Asset Turnover (x) | 2.2 | 1.9 | 2.2 | 2.2 | 2.4 |
| Inventory (Days) | 31 | 37 | 36 | 35 | 33 |
| Debtor (Days) | 36 | 38 | 39 | 40 | 35 |
| Creditor (Days) | 70 | 71 | 66 | 59 | 62 |
| Leverage Ratio (x) | | | | | |
| Current Ratio | 0.9 | 0.9 | 0.9 | 1.0 | 0.9 |
| Interest Cover Ratio | NA | 3.2 | 3.9 | 3.8 | 4.6 |
| Net Debt/Equity | 0.4 | 0.3 | 0.3 | 0.5 | 0.3 |

Consolidated - Cash Flow Statement

| Y/E March | FY21 | FY22 | FY23 | FY24E | FY25E |
|----------------------------------|----------------|----------------|----------------|----------------|-----------------|
| (INR m) | | | | | |
| OP/(Loss) before Tax | 16,129 | 19,088 | 24,048 | 40,444 | 48,352 |
| Depreciation | 29,764 | 29,964 | 31,358 | 34,958 | 38,158 |
| Interest & Finance Charges | 4,544 | 4,346 | 7,809 | 13,833 | 12,445 |
| Direct Taxes Paid | -5,600 | -8,324 | -8,535 | -12,942 | -14,506 |
| (Inc)/Dec in WC | 6,432 | -20,797 | -6,846 | -31,519 | 27,875 |
| Others | -757 | 351 | -1,405 | 1,763 | 2,334 |
| CF from Operating incl EO | 50,512 | 24,627 | 46,431 | 46,537 | 1,14,659 |
| (Inc)/Dec in FA | -19,325 | -24,363 | -21,829 | -48,000 | -33,455 |
| Free Cash Flow | 31,187 | 264 | 24,602 | -1,463 | 81,203 |
| (Pur)/Sale of Investments | -45 | -123 | -279 | -20,000 | 0 |
| Others | 436 | 1,367 | -340 | 0 | 0 |
| CF from Investments | -18,934 | -23,119 | -22,448 | -68,000 | -33,455 |
| Issue of Shares | 0 | 0 | -1,453 | 0 | 0 |
| Inc/(Dec) in Debt | -11,324 | 2,456 | -10,562 | 70,000 | -40,000 |
| Interest Paid | -4,141 | -5,528 | -8,083 | -13,833 | -12,445 |
| Dividend Paid | -1,576 | -6,457 | -3,308 | -8,059 | -10,074 |
| Others | -3,859 | -2,570 | -3,936 | 0 | 0 |
| CF from Fin. Activity | -20,900 | -12,099 | -27,342 | 48,108 | -62,519 |
| Inc/Dec of Cash | 10,678 | -10,591 | -3,359 | 26,645 | 18,684 |
| Opening Balance | 48,688 | 59,367 | 48,775 | 45,416 | 72,061 |
| Closing Balance | 59,367 | 48,775 | 45,416 | 72,061 | 90,745 |

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| 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 |

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| Contact Person | Contact No. | Email ID |
|--------------------|-----------------------------|------------------------------|
| Ms. Hemangi Date | 022 40548000 / 022 67490600 | query@motilaloswal.com |
| Ms. Kumud Upadhyay | 022 40548082 | servicehead@motilaloswal.com |
| Mr. Ajay Menon | 022 40548083 | am@motilaloswal.com |

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