

# Tube Investments of India

Estimate changes



TP change



Rating change



Bloomberg	TIINDIA IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	704.7 / 8.5
52-Week Range (INR)	4125 / 2375
1, 6, 12 Rel. Per (%)	0/8/11
12M Avg Val (INR M)	800

## Consol. Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	149.6	166.6	188.7
EBITDA	18.9	22.0	26.0
Adj. PAT	7.8	10.9	13.6
EPS (INR)	40.5	56.6	70.5
EPS Gr. (%)	7.4	39.7	24.4
BV/Sh. (INR)	205	253	313
<b>Ratios</b>			
RoE (%)	22.3	24.8	24.9
RoCE (%)	38.7	39.8	40.2
Payout (%)	8.6	14.6	14.9
<b>Valuations</b>			
P/E (x)	89.8	64.3	51.6
P/BV (x)	17.8	14.4	11.6
Div. Yield (%)	0.1	0.2	0.3
FCF Yield (%)	1.4	2.5	2.5

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	45.1	46.1	46.4
DII	14.6	11.9	12.2
FII	28.8	30.4	28.8
Others	11.5	11.8	12.5

FII Includes depository receipts

**CMP: INR3,640**

**TP: INR4,025 (+11%)**

**Buy**

## Miss across all businesses

### TICMPL likely to see more fund raise

- TIINDIA's 3QFY24 result was operationally weak as there was a miss across all business divisions. Amid near-term challenges, the next lag of growth is likely to be driven by new order wins, especially in the metal forms division and a recovery in underlying 2W volumes.
- We reduce our FY24E/FY25E consolidated EPS by ~4% each to factor in near-term weakness in the standalone business. We now value its EV vertical (ex- SCV) at INR350 per share in the SoTP after assigning value to its e-HCV business. The stock trades at 64.3x/51.6x FY24E/FY25E consol. EPS. We reiterate our BUY rating and a TP of ~INR4,025 (premised on Mar'26 SoTP).

### 3Q margins subdued due to lower activity in underlying industries

- TIINDIA's revenue grew 11% YoY to INR19b (vs. est. INR20.4b), adversely impacted by lower-than-estimated growth in engineering business/metal form business and a sharp decline in the mobility business.
- Gross margin declined 80bp YoY (down 20bp QoQ) to 36.1%.
- EBITDA rose 12% YoY to INR2.4b (vs. est. INR2.7b). EBITDA margin improved 10bp YoY to 12.6% (vs. est. 13.2%). The sequential decline in margins was attributed to operating deleverage.
- Further, adj. PAT grew 14% YoY to INR1.6b (vs. est. INR1.9b).
- 9MFY24 revenue/EBITDA/adj. PAT grew 1%/6%/13% YoY.
- Mobility business: Revenue declined 15% YoY to INR1.5b and PBIT margin stood at -5.6% (vs. -1.7%/1.4% in 2QFY24/3QFY23 and est. 1.2%).
- Engineering business: Revenue grew 14% YoY to INR12.3b and PBIT margin stood at 12.4% (vs. 13.3%/12.4% in 2QFY24/3QFY23 and est. 13%).
- Metal Forms Product business: Revenue grew 6% YoY to INR3.9b and PBIT margin stood at 12.1% (vs. 13.4%/11.4% in 2QFY24/3QFY23; est. 13.2%).
- Others business vertical: Revenue grew 32% YoY to INR2.2b and PBIT margin stood at 6.3% (vs. 8.4%/6.9% in 2QFY24/3QFY23 and est. 8.2%).
- Consol. business revenue grew 15% YoY to INR42b, but EBITDA/Adj. PAT declined 1%/ 6% YoY to INR4.7b/INR2.7b.
- The company declared an interim dividend of INR2 per share.
- FCF in 3Q stood at INR660m (vs. INR1.1b in 2QFY24 vs. INR1.15b in 3QFY23).

### Highlights from the management commentary

- **Metal formed-** Tenders are coming back; however, the business is getting competitive. Margins seem to be under pressure in the near term. If the announcement of converting 40k wagons to Vande Bharat standard gets implemented, then it will boost demand and add to revenue.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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

- **Mobility-** Taking steps to diversify into exports. However, it will take some time for customer approval as it needs to go through an entire process. Cost reduction efforts are being undertaken and business should start showing positive momentum in the next couple of quarters.
- **Capex for standalone business-** Incurred capex of INR2.2b in 9MFY24, of which INR1.6b was for the engineering division. Guided for capex of INR3.5b in FY25. It is currently operating at utilization level of 85% and is expected to reach 95% by the end of this year.
- **TICMPL-** The company plans to raise funds in the near term. It has incurred capex of INR3b in 9MFY24 and targets capex of INR4.6b in the next financial year for all businesses. In 9MFY24, the company incurred a capex of INR17.7b.

#### Valuation and view

- TIINDIA offers diversified revenue streams, with strong growth in the core business (~18% S/A PAT CAGR over FY23E-26E), ramp-up in CG Power, and optionality of new businesses incubated under the TI-2 strategy.
- The stock trades at 64.3x/51.6x FY24E/FY25E consolidated EPS. We reiterate a BUY rating and a TP of ~INR4,025 (premised on Mar'26E SOTP, based on 36x for the standalone business, valuing listed subsidiaries at 20% HoldCo discount and adding INR350/share for the 3 EV businesses).

#### Quarterly performance (S/A)

Y/E March	(INR M)											
	FY23				FY24E				FY23	FY24E		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	
<b>Net Sales</b>	<b>19,570</b>	<b>19,059</b>	<b>17,097</b>	<b>16,634</b>	<b>17,801</b>	<b>19,696</b>	<b>18,983</b>	<b>20,400</b>	<b>72,360</b>	<b>76,880</b>	<b>20,402</b>	
YoY Change (%)	55.7	14.4	0.5	-4.1	-9.0	3.3	11.0	22.6	13.8	6.2	19.3	
<b>EBITDA</b>	<b>2,040</b>	<b>2,512</b>	<b>2,144</b>	<b>2,106</b>	<b>2,160</b>	<b>2,514</b>	<b>2,395</b>	<b>2,572</b>	<b>8,803</b>	<b>9,640</b>	<b>2,696</b>	
Margins (%)	10.4	13.2	12.5	12.7	12.1	12.8	12.6	12.6	12.2	12.5	13.2	
Depreciation	325	346	337	448	331	346	361	374	1,456	1,412	360	
Interest	36	52	60	68	70	77	74	71	216	291	70	
Other Income	120	145	171	1,717	219	358	137	1,950	2,152	2,663	250	
<b>PBT before EO expense</b>	<b>1,800</b>	<b>2,258</b>	<b>1,919</b>	<b>3,306</b>	<b>1,979</b>	<b>2,448</b>	<b>2,096</b>	<b>4,077</b>	<b>9,283</b>	<b>10,600</b>	<b>2,516</b>	
Tax	457	599	542	507	502	634	521	1,034	2,104	2,691	634	
Tax Rate (%)	25.4	29.6	28.2	16.8	25.4	25.9	24.9	25.4	24.0	25.4	25.2	
<b>Adj PAT</b>	<b>1,343</b>	<b>1,603</b>	<b>1,377</b>	<b>2,729</b>	<b>1,477</b>	<b>1,814</b>	<b>1,575</b>	<b>3,043</b>	<b>7,053</b>	<b>7,909</b>	<b>1,882</b>	
YoY Change (%)	38.5	32.0	14.3	100.2	10.0	13.2	14.4	11.5	46.7	12.1	36.7	

#### Segmental Mix (INR m)

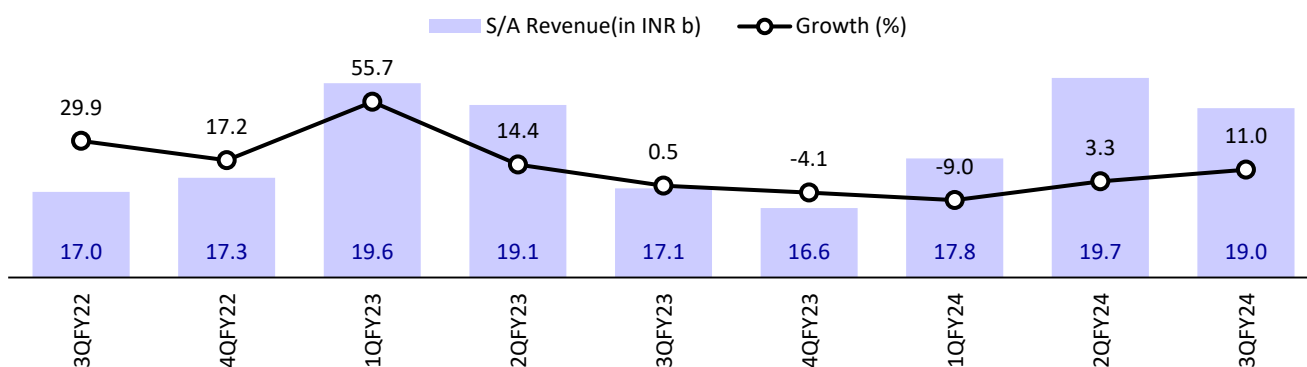
	FY23				FY24E				FY23	FY24E		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3Q	
	Mobility business	2,456	2,261	1,737	1,545	1,867	1,766	1,473	1,529	7,999	6,634	1,819
Growth (%)	42.5	(13.8)	(38.0)	(37.8)	(24.0)	(21.9)	(15.2)	(1.1)	(17.0)	(17.1)	4.7	
PBIT margin (%)	3.9	4.4	1.4	(3.2)	1.1	(1.7)	(5.6)	1.0	2.1	(1.1)	1.2	
Contribution (%)	12.6	11.9	10.2	9.3	10.5	9.0	7.8	7.5	11.1	8.6	8.9	
Engineering business	12,437	11,924	10,812	10,444	11,416	12,741	12,289	13,636	45,616	50,082	13,123	
Growth (%)	52.7	16.1	8.5	1.4	(8.2)	6.9	13.7	30.6	17.9	9.8	21.4	
PBIT margin (%)	9.5	13.8	12.4	12.6	11.8	13.3	12.4	12.6	12.0	12.6	13.0	
Contribution (%)	63.5	62.6	63.2	62.8	64.1	64.7	64.7	66.8	63.0	65.1	64.3	
Metal formed business	3,348	3,710	3,707	3,471	3,419	3,996	3,917	3,901	14,237	15,233	4,156	
Growth (%)	36.6	13.0	12.2	3.2	2.1	7.7	5.7	12.4	14.8	7.0	12.1	
PBIT margin (%)	11.5	12.9	11.4	12.9	12.8	13.4	12.1	12.0	12.2	12.6	13.2	
Contribution (%)	17.1	19.5	21.7	20.9	19.2	20.3	20.6	19.1	19.7	19.8	20.4	
Other business	2,226	1,879	1,662	1,910	1,776	2,068	2,195	2,188	7,677	8,226	2,192	
Growth (%)	153.2	57.6	3.8	(1.8)	(20.2)	10.1	32.1	14.6	36.5	7.2	31.9	
PBIT margin (%)	7.6	4.3	6.9	5.8	9.0	8.4	6.3	7.3	6.2	7.7	8.2	
Contribution (%)	11.4	9.9	9.7	11.5	10.0	10.5	11.6	10.7	10.6	10.7	10.7	
<b>Total Revenue (post inter segment)</b>	<b>19,570</b>	<b>19,059</b>	<b>17,097</b>	<b>16,634</b>	<b>17,801</b>	<b>19,696</b>	<b>18,983</b>	<b>20,400</b>	<b>72,360</b>	<b>76,880</b>	<b>20,402</b>	
Growth (%)	55.7	14.4	0.4	(4.1)	(9.0)	3.3	11.0	22.6	13.8	6.2	19.3	

E:MOFSL Estimates

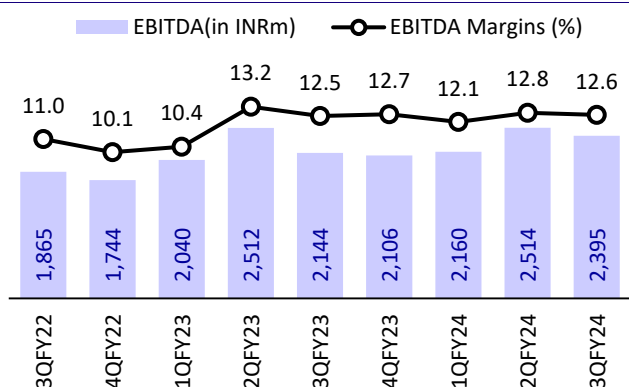


## Highlights from the management commentary

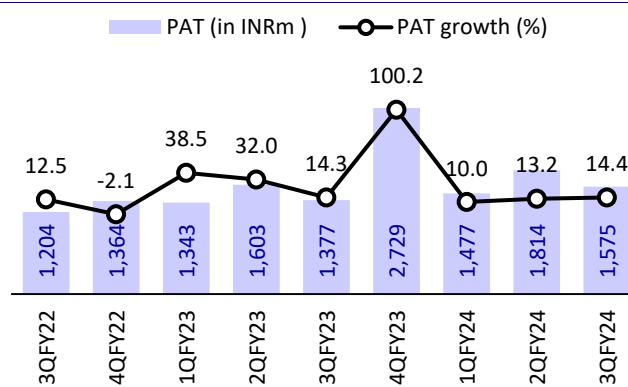
- **Metal form-** Tenders are coming back; however, the business is getting more competitive. Margins seem to be under pressure in the near term. If the announcement of converting 40k wagons to Vande Bharat standard gets implemented, then it will boost demand and will add to revenue.
- Hyundai will use its Gujarat plant for the door frame project and the company has already submitted the samples. However, this should take another one year.
- **Mobility-** Taking steps to diversify into exports. However, it will take some time for customer approval as it needs to go through an entire process. It is also focusing on other accessories business like spares. Cost reduction efforts are being undertaken and business should start showing positive momentum in the next couple of quarters.
- **Engineering-** 2W segment is seeing growth revival, but the company is diversifying into PV, HCV, and 3Ws as well.
- **TICMPL-** The company plans to raise funds in the near term. It has incurred a capex of INR3b in 9MFY24 and targets a capex of INR4.6b in FY25 for all businesses. The company has incurred a capex of INR17.7b in 9MFY24.
- **3Ws-** it is in the process of expanding its dealership network and increasing production, while supply chain issues have already been addressed. Received a healthy response in south and currently in the process of adding dealerships in the north. Expects to have 75 dealers by 4Q-end vs. 40 by 3Q-end.
- **HCV-** Added 1 large order and delivery should start in 4Q. For SCV, the company will incur costs related to tooling for the cabin and factory build-out in 3Q.
- **Tractors-** It is in the process of homologation of tractors and expected to launch in the market by Sep'24. The factory is 85% build-out and it will require some more costs around homologation and factory build-out over the next 3 quarters.
- **Standalone business-** Incurred capex of INR2.2b in 9MFY24, of which INR1.6b was for the engineering division. Guided for capex of INR3.5b in FY25. It is currently operating at a utilization level of 85% and is expected to reach 95% by end of this year. The capex cycle time is 12-15 months. Exports (15% to revenue) is back to normal in terms of customer uptake. However, currently there are supply challenges due to the Red Sea crisis.
- The current net debt stands at INR2b. The company will generate FCF of ~INR6.5b on a standalone basis.
- **Jayem-** It is leading the development of first SCV, which is of 3.5-ton. It will develop three products on that platform.
- **Lotus Surgical-** Lot of investments are going into building the sales team and getting certifications. It is also investing in Europe. The company expects the business to pick up in future. Amortization of intangible assets is impacting EBIT margin; however, it is already generating cash.
- **CDMO-** The company has already developed a couple of products, which will go into the facility.
- **Large diameter-** Capex is half way through and is expected to be completed by 2QFY25. Trials are happening on the capex that has already been completed and it is in the process of getting products approved by customers. There is a good headroom available for the export market.

**Exhibit 1: Trend in S/A revenue and revenue growth**

Source: Company, MOFSL

**Exhibit 2: Trend in consolidated EBITDA margin**

Source: Company, MOFSL

**Exhibit 3: Trend in PAT and PAT growth**

Source: Company, MOFSL

## Valuation and view

- TIINDIA offers a robust growth story, driven by: a) reasonable growth in the core business, and b) strong cash flows of the core business (TI-1). Cash flows will be used for systematically incubating future growth platforms (TI-2) and opportunistic acquisitions of stressed assets (TI-3) at attractive prices.
- Since Mr. Vellayan Subbiah was appointed Managing Director in Mar'17 (promoted to Executive Vice Chairman in Mar'22), TIINDIA has delivered a strong operating performance (~430bp EBIT margin expansion, ~28% PAT CAGR FY17-23) despite operating in a challenging environment over the last three years. After delivering on the core businesses (TI-1), Mr. Subbiah now focuses on the new businesses (TI-2 and TI-3), whereas Mr. Mukesh Ahuja (MD from Apr'22, earlier President of Tube Products of India) will take care of the core businesses. New acquisitions such as IPL Tech and Moshine are parts of its strategy to ramp up the TI-2 side of the business.
- The TI-2 business, based on the venture capital model, has seen seeding of several businesses, such as optics lens, e-3W, e-tractors, e-CVs, and CDMO. Further, it has acquired Lotus Surgical, which is in the domain of medical technology, an area of focus for TIINDIA under TI-2. Additionally, it is looking to get into electronics manufacturing in India as a play on localization. These businesses offer a huge potential, though it may take time for them to scale up. In our consolidated estimates, we are not building in any material contribution

from these businesses yet. We now value its EV vertical (ex- SCV) at INR350 per share in the SoTP after assigning value to its e-HCV business.

- For the standalone business, we estimate a 12% revenue CAGR over FY23-26E and EBITDA CAGR of 16%, led by an EBITDA margin expansion of 70bp to 13.5% (vs. peak of 12.8% in FY20), driven by improving mix, operating leverage, and 'Lean' project initiatives. As a result, we estimate a CAGR of 21% in PAT over FY23-26E.
- At a consolidated level, we estimate a CAGR of ~13%/17%/28% in revenue/EBITDA/PAT over FY23-26. We estimate consolidated RoCE to improve 100bp to 39.7% by FY25. We are not building in any benefits from new ventures under TI-2 (except Lens business, which is part of Others) in our consolidated performance.
- **Valuation and view:** We trim our FY24E/FY25E consolidated EPS by ~4% each to factor in near-term weakness in the standalone business. We now value its EV vertical (ex- SCV) at INR350 per share in the SoTP after assigning value to its e-HCV business. The company offers diversified revenue streams, with strong growth in the core business (~21% S/A PAT CAGR over FY23-26E), ramp-up in CG Power, and optionality of new businesses incubated under the TI-2 strategy. The stock trades at 64.3x/51.6x FY24E/FY25E consolidated EPS. We reiterate a BUY rating and a TP of ~INR4,025 (premised on Mar'26E SOTP, based on 36x for the standalone business, valuing listed subsidiaries at 20% HoldCo discount and ~INR350 for EV businesses except SCV).

#### Exhibit 4: Revised estimates (consolidated)

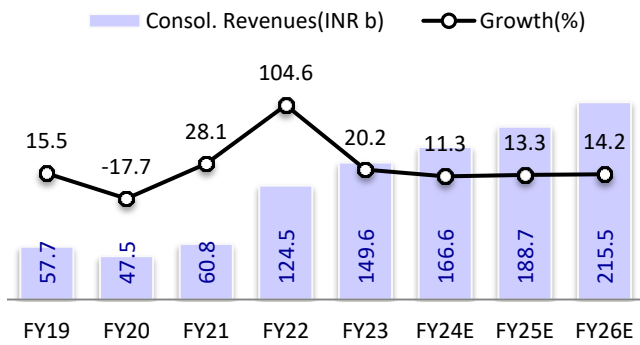
(INR b)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	166.6	168.1	-0.9	188.7	192.9	-2.2
EBITDA Margin (%)	13.2	13.5	-30bp	13.8	13.9	-10bp
PAT	10.9	11.4	-4.4	13.6	14.1	-3.8
EPS (Rs)	56.6	59.2	-4.4	70.5	73.2	-3.8

#### Exhibit 5: TIINDIA – SoTP based Target Price

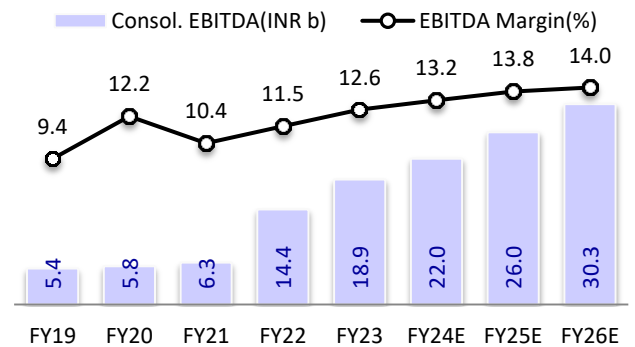
SOTP (INR/Share)		FY24E	FY25E	FY26E
Value of S/A Business @ 36x Core EPS	PE @ 36x	1,273	1,586	1,907
Value of EV business		310	345	350
<b>Value of listed subs post hold-co discount (20%)</b>	<b>20</b>			
Shanthi gear	537.8	120	120	120
CG power	447.95	1,647	1,647	1,647
<b>Fair value (INR/Share)</b>		<b>3,350</b>	<b>3,699</b>	<b>4,025</b>
<b>TP @ Mar-26</b>		<b>4,025</b>		

## Story in charts

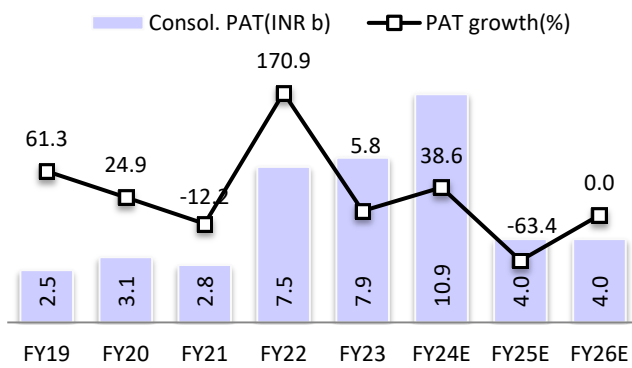
**Exhibit 6: Trend in consolidated sales**



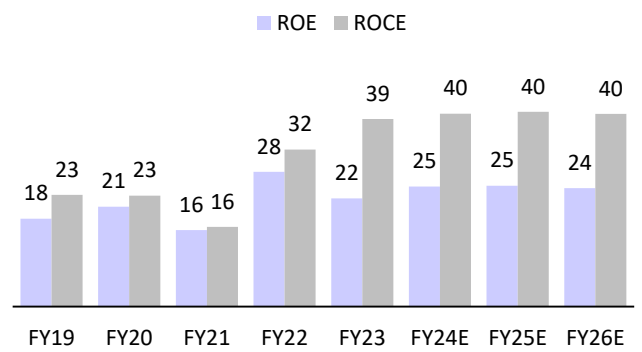
**Exhibit 7: Trend in consolidated EBITDA**



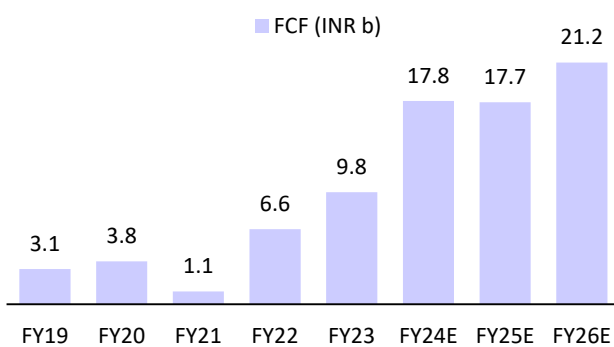
**Exhibit 8: Trend in consolidated PAT (format it)**



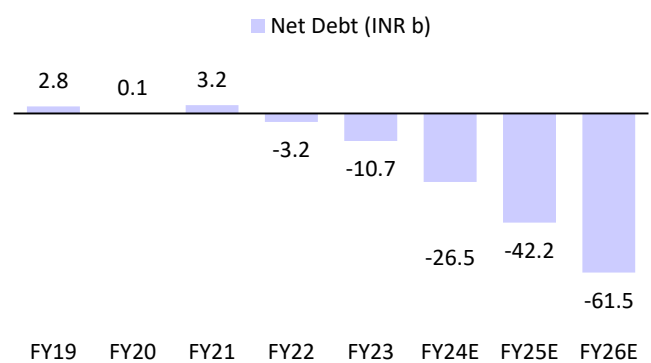
**Exhibit 9: Trend in consolidated capital efficiency**



**Exhibit 10: Trend in FCF**



**Exhibit 11: Trend in net debt**



## Financials and valuations

### Consolidated - Income Statement (INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Net Op. Revenues</b>	<b>57,748</b>	<b>47,504</b>	<b>60,833</b>	<b>1,24,474</b>	<b>1,49,647</b>	<b>1,66,572</b>	<b>1,88,711</b>	<b>2,15,540</b>
Change (%)	15.5	-17.7	28.1	104.6	20.2	11.3	13.3	14.2
<b>Total Expenditure</b>	<b>52,301</b>	<b>41,719</b>	<b>54,486</b>	<b>1,10,122</b>	<b>1,30,772</b>	<b>1,44,562</b>	<b>1,62,702</b>	<b>1,85,287</b>
% of Sales	90.6	87.8	89.6	88.5	87.4	86.8	86.2	86.0
<b>EBITDA</b>	<b>5,447</b>	<b>5,785</b>	<b>6,347</b>	<b>14,353</b>	<b>18,876</b>	<b>22,010</b>	<b>26,009</b>	<b>30,253</b>
Margin (%)	9.4	12.2	10.4	11.5	12.6	13.2	13.8	14.0
Depreciation	1,616	1,853	2,506	3,466	3,959	4,068	4,405	4,782
<b>EBIT</b>	<b>3,831</b>	<b>3,932</b>	<b>3,841</b>	<b>10,887</b>	<b>14,917</b>	<b>17,942</b>	<b>21,605</b>	<b>25,471</b>
Interest charges	528	304	459	820	425	441	400	437
Other Income	532	623	681	1,044	1,433	2,119	2,857	3,808
<b>PBT bef. EO Exp.</b>	<b>3,835</b>	<b>4,252</b>	<b>4,064</b>	<b>11,112</b>	<b>15,925</b>	<b>19,620</b>	<b>24,062</b>	<b>28,842</b>
EO Income/(Exp)	30	-220	-419	202	81	0	0	0
<b>PBT after EO Exp.</b>	<b>3,865</b>	<b>4,032</b>	<b>3,645</b>	<b>11,314</b>	<b>16,006</b>	<b>19,620</b>	<b>24,062</b>	<b>28,842</b>
Current Tax	1,228	1,144	1,074	1,731	2,593	4,944	6,064	7,268
Deferred Tax	40	-244	-286	-123	1,633	0	0	0
Tax Rate (%)	32.8	22.3	21.6	14.2	26.4	25.2	25.2	25.2
Less: Mionrity Interest	89	0	106	2,251	3,890	3,739	4,390	5,117
<b>Reported PAT</b>	<b>2,508</b>	<b>3,133</b>	<b>2,752</b>	<b>7,454</b>	<b>7,889</b>	<b>10,937</b>	<b>13,609</b>	<b>16,457</b>
<b>Adjusted PAT</b>	<b>2,488</b>	<b>3,303</b>	<b>3,080</b>	<b>7,281</b>	<b>7,830</b>	<b>10,937</b>	<b>13,609</b>	<b>16,457</b>
Change (%)	57.5	32.8	-6.8	136.4	7.5	39.7	24.4	20.9
Margin (%)	4.3	7.0	5.1	5.8	5.2	6.6	7.2	7.6

### Consolidated - Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	188	188	193	193	193	193	193	193
<b>Net Worth</b>	<b>14,754</b>	<b>17,337</b>	<b>21,718</b>	<b>30,711</b>	<b>39,506</b>	<b>48,841</b>	<b>60,426</b>	<b>74,456</b>
Minority Interest	962	726	3,360	6,542	10,049	13,787	18,177	23,294
Deferred Tax Liabilities	0	181	107	72	319	0	0	0
Total Loans	5,079	2,694	13,262	8,038	6,291	6,291	6,291	6,291
<b>Capital Employed</b>	<b>20,795</b>	<b>20,939</b>	<b>38,447</b>	<b>45,362</b>	<b>56,166</b>	<b>68,920</b>	<b>84,894</b>	<b>1,04,042</b>
Gross Block	17,126	19,753	39,006	40,078	45,006	50,550	54,680	58,810
Less: Accum. Deprn.	6,049	7,820	10,353	13,584	17,542	21,610	26,014	30,796
<b>Net Fixed Assets</b>	<b>11,077</b>	<b>11,933</b>	<b>28,654</b>	<b>26,494</b>	<b>27,464</b>	<b>28,940</b>	<b>28,666</b>	<b>28,014</b>
Goodwill on Consolidation	3,091	3,092	5,998	6,631	8,345	8,345	8,345	8,345
Capital WIP	689	585	1,353	1,283	1,914	1,000	1,000	1,000
<b>Total Investments</b>	<b>1,762</b>	<b>2,266</b>	<b>4,267</b>	<b>5,537</b>	<b>7,410</b>	<b>7,410</b>	<b>7,410</b>	<b>7,410</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>16,989</b>	<b>12,927</b>	<b>37,592</b>	<b>43,722</b>	<b>52,139</b>	<b>79,360</b>	<b>1,02,259</b>	<b>1,30,228</b>
Inventory	8,148	5,586	11,094	13,271	13,529	20,536	23,266	26,573
Account Receivables	6,806	5,246	12,785	17,853	21,289	25,100	28,436	32,479
Cash and Bank Balance	560	378	5,755	5,727	9,536	25,395	41,122	60,399
Loans and Advances	1,474	1,716	7,958	6,871	7,785	8,329	9,436	10,777
<b>Curr. Liability &amp; Prov.</b>	<b>13,024</b>	<b>9,970</b>	<b>51,914</b>	<b>43,432</b>	<b>39,425</b>	<b>54,454</b>	<b>61,105</b>	<b>69,275</b>
Account Payables	9,614	6,959	22,570	23,432	23,191	26,536	29,866	34,012
Other Current Liabilities	2,675	2,371	26,312	17,717	13,302	24,986	28,307	32,331
Provisions	735	640	3,032	2,283	2,933	2,933	2,933	2,933
<b>Net Current Assets</b>	<b>3,965</b>	<b>2,957</b>	<b>-14,322</b>	<b>289</b>	<b>12,714</b>	<b>24,906</b>	<b>41,154</b>	<b>60,953</b>
Deferred Tax assets	211	106	7,592	5,136	3,350	3,350	3,350	3,350
<b>Appl. of Funds</b>	<b>20,795</b>	<b>20,939</b>	<b>38,447</b>	<b>45,363</b>	<b>56,166</b>	<b>68,920</b>	<b>84,894</b>	<b>1,04,042</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>13.2</b>	<b>17.6</b>	<b>16.0</b>	<b>37.7</b>	<b>40.5</b>	<b>56.6</b>	<b>70.5</b>	<b>85.2</b>
Cash EPS	21.9	27.4	29.0	55.7	61.0	77.7	93.3	110.0
BV/Share	78.6	92.3	112.6	159.2	204.6	252.9	312.9	385.6
DPS	2	4	4	4	4	8	10	13
Payout (%)	19.9	21.0	24.5	9.1	8.6	14.6	14.9	14.7
<b>Valuation (x)</b>								
P/E	274.7	207.0	227.8	96.4	89.8	64.3	51.6	42.7
Cash P/E	166.6	132.6	125.6	65.3	59.6	46.8	39.0	33.1
P/BV	46.3	39.4	32.3	22.9	17.8	14.4	11.6	9.4
EV/Sales	11.9	14.4	11.7	5.7	4.7	4.1	3.5	3.0
EV/EBITDA	126.3	118.6	111.7	49.1	37.1	31.1	25.7	21.4
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3
FCF per share	16.5	20.1	5.8	34.1	50.9	92.3	91.8	109.8
<b>Return Ratios (%)</b>								
RoIC	21.5	27.2	19.6	30.9	28.3	34.2	33.2	32.1
RoE	18.1	20.6	15.8	27.8	22.3	24.8	24.9	24.4
RoCE	23.0	22.9	16.4	32.4	38.7	39.8	40.2	39.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.4	2.4	1.6	3.1	3.3	3.3	3.5	3.7
Asset Turnover (x)	2.8	2.3	1.6	2.7	2.7	2.4	2.2	2.1
Inventory (Days)	51	43	67	39	33	45	45	45
Debtor (Days)	43	40	77	52	52	55	55	55
Creditor (Days)	61	53	135	69	57	58	58	58
Working Cap. Turnover (Days)	22	20	-120	-16	8	-1	0	1

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	3,865	4,032	3,645	11,284	15,810	19,620	24,062	28,842
Depreciation	1,616	1,715	2,506	3,466	3,959	4,068	4,405	4,782
Interest & Finance Charges	528	304	459	820	425	441	400	437
Direct Taxes Paid	-1,182	-1,223	-990	-1,149	-2,450	-4,944	-6,064	-7,268
(Inc)/Dec in WC	250	1,162	-3,157	-4,803	-3,322	3,348	-522	-522
Others	-146	-28	108	-663	-564	-76	-433	-944
<b>CF from Operating</b>	<b>4,930</b>	<b>5,961</b>	<b>2,572</b>	<b>8,955</b>	<b>13,857</b>	<b>22,456</b>	<b>21,848</b>	<b>25,327</b>
(Inc)/Dec in FA	-1,835	-2,191	-1,449	-2,376	-4,024	-4,630	-4,130	-4,130
<b>Free Cash Flow</b>	<b>3,095</b>	<b>3,770</b>	<b>1,123</b>	<b>6,580</b>	<b>9,833</b>	<b>17,826</b>	<b>17,718</b>	<b>21,197</b>
(Pur)/Sale of Investments	-275	-344	-2,169	-883	-3,248	0	0	0
Others	158	76	170	2,472	-1,227	2,119	2,857	3,808
<b>CF from Investments</b>	<b>-1,953</b>	<b>-2,459</b>	<b>-3,448</b>	<b>-787</b>	<b>-8,499</b>	<b>-2,511</b>	<b>-1,273</b>	<b>-322</b>
Issue of Shares	26	40	3,472	33	51	0	0	0
Inc/(Dec) in Debt	-1,543	-1,744	439	-6,147	-1,567	0	0	0
Interest Paid	-631	-281	-337	-829	-291	-441	-400	-437
Dividend Paid	-657	-1,059	-423	-724	-1,687	-1,602	-2,024	-2,427
Others	0	204	2,658	-1,543	2,748	0	0	0
<b>CF from Fin. Activity</b>	<b>-2,804</b>	<b>-2,841</b>	<b>5,809</b>	<b>-9,209</b>	<b>-747</b>	<b>-2,043</b>	<b>-2,424</b>	<b>-2,864</b>
<b>Inc/Dec of Cash</b>	<b>174</b>	<b>661</b>	<b>4,933</b>	<b>-1,040</b>	<b>4,611</b>	<b>17,902</b>	<b>18,151</b>	<b>22,141</b>
Opening Balance	-485	-311	350	5,158	4,118	8,729	26,631	44,782
<b>Closing Balance</b>	<b>-311</b>	<b>350</b>	<b>5,282</b>	<b>4,118</b>	<b>8,729</b>	<b>26,631</b>	<b>44,782</b>	<b>66,923</b>

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