

BSE SENSEX
81,786

S&P CNX
25,052

CMP: INR12,358

TP: INR15,160 (+23%)

Buy

Scaling to a 4m capacity to maintain leadership position

Aims for a 60%/15%/25% powertrain mix of ICE/BEV/HEV by FY31



We summarize below the key takeaways from MSIL's FY24 Annual Report. MSIL will continue to partner with India on its ambitious Viksit Bharat initiative, and accordingly, it plans to scale up its production capacity to 4m units per annum by FY31. Further, the company aims to revitalize the entry-level PV market while strengthening its competitive positioning in SUVs through new launches, thus retaining its market leadership. While the adoption of EVs is on the rise, MSIL believes that customers should be encouraged to choose vehicles with strong hybrid technology, CNG, or ethanol and biogas. As part of Suzuki's growth strategy for India, MSIL aims to diversify its powertrain mix by FY31, with BEVs likely to account for 15% of domestic PV sales, hybrids 25%, and the remaining 60% from CNG, biofuels, and ICEs. MSIL's first BEV would be launched in 2025 with a target to launch six BEVs by 2031. We anticipate that MSIL will continue to outperform industry growth in FY25. Reiterate BUY with a TP of INR15,160 (premised on 26x Jun'26E consolidated EPS).

Bloomberg	MSIL IN
Equity Shares (m)	314
M.Cap.(INRb)/(USDb)	3885.2 / 46.3
52-Week Range (INR)	13680 / 9506
1, 6, 12 Rel. Per (%)	-3/-3/-1
12M Avg Val (INR M)	6604

Financials & valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	1,409	1,511	1,678
EBITDA	164	189	218
Adj. PAT	132	151	176
Cons. Adj. EPS (INR)	429	485	565
EPS Gr. (%)	56.8	13.0	16.5
BV/Sh. (INR)	2,671	3,026	3,441

Ratios

RoE (%)	15.7	15.9	16.3
RoCE (%)	20.5	20.7	21.1
Payout (%)	29.1	29.9	29.2

Valuations

P/E (x)	28.8	25.5	21.9
P/BV (x)	4.6	4.1	3.6
EV/EBITDA (x)	19.5	16.6	14.0
Div. Yield (%)	1.0	1.2	1.3

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	58.2	58.2	56.5
DII	19.5	19.0	18.2
FII	19.0	19.7	21.9
Others	3.3	3.2	3.4

FII Includes depository receipts

- India's PV market is now the third largest in the world, yet car ownership remains at just 3% of the population. With a strong lineup of recent model launches, a diverse product portfolio, and a range of powertrain technologies, the company is poised to outpace industry growth. Aligned with India's vision of Viksit Bharat, MSIL plans to significantly increase its production capacity to 4m units by FY30-31 from nearly 2m units annually currently.
- This year, SUVs made up ~50% of the PV market (up from 23% in FY19). MSIL also expanded its offerings in the UV segment and launched new products including Invicto, Grand Vitara, Jimny, Brezza, and Fronx. In contrast, while demand for hatchbacks and sedans remained weak, MSIL aims to revitalize this segment with the launch of exciting refreshes such as the new Swift with Z series engine which has improved fuel efficiency and lower emissions.
- While the adoption of EVs is on the rise, customers should also be encouraged to choose vehicles with strong hybrid technology, CNG, or ethanol and biogas. As part of Suzuki's growth strategy for India, MSIL aims to diversify its powertrain mix by FY31, with BEVs likely to account for 15% of domestic PV sales, hybrids 25%, and the remaining 60% from CNG, biofuels, and ICEs. MSIL's first BEV would be launched in 2025 with a target to launch six BEVs by 2031.
- Other highlights:** 1) As part of its growth strategy until FY31, MSIL took a major step by acquiring Suzuki Motor Gujarat (SMG) from its parent company, Suzuki Motor Corporation, Japan, in Nov'23. 2) The company added ~223 dealers in FY24, taking the total tally to 3,863 dealers across 2,522 cities. 3) Strong operating performance led to a steep increase in CFO to INR151.7b (from INR92.3b in FY23). This was partially offset by an increase in capex at INR69.6b (from INR62.5b in FY23), resulting in an FCF of INR82b (vs. INR29.8b in FY23). RoE improved 420bp to 18.3%, while RoCE expanded 590bp to 23.8% in FY24.

Targets to gain share across segments by enhancing its value proposition

- The Indian automotive industry is rapidly evolving due to multiple factors, such as changes in consumer aspirations and the shift towards environment-friendly, safe, and connected technologies.
- This year, SUVs made up ~50% of the PV market (up from 23% in FY19). In line with this trend, MSIL expanded its offerings in the UV segment and launched new products including Invicto, Grand Vitara, Jimny, Brezza, and Fronx.
- Conversely, the demand for hatchbacks and sedans, especially entry-level non-premium hatchbacks, has declined significantly. The share of hatchbacks declined to ~28% in FY24 from 46% in FY19. This drop was largely due to affordability issues caused by rising prices from product regulations, changes in insurance norms, and increased road taxes by state governments.
- As a market leader, MSIL aims to revitalize the hatchback segment, which is in need of a growth catalyst. To achieve this, it introduced the fourth generation Swift, featuring the all-new Z-Series engine. With this, MSIL improved the fuel efficiency of Swift's Automatic Transmission by approximately 14% with respect to its predecessor.
- Further, being a market leader, MSIL has been at the forefront of customer satisfaction and value proposition by bringing new products equipped with the latest technologies and features that offer a high level of safety, reliability, performance, and fuel efficiency. Accordingly, MSIL focused on inducting new technologies in FY24, such as – a tyre pressure monitoring system, an electronic parking brake with an auto hold function, a panoramic sunroof, a wireless charger, ventilated seats, an eight-way powered driver seat with a memory function, a powered tailgate, an advanced 1.0L K-series turbo boosterjet, and a front parking assist system.

Working on a multi-technology approach to meet emission norms

- To reduce carbon emissions and reliance on imported fuel, MSIL will offer cars with various technologies and price points, including electric vehicles (EVs). While the adoption of EVs is on the rise, customers should also be encouraged to choose vehicles with strong hybrid technology, CNG or ethanol and biogas.
- As part of Suzuki's India growth strategy, the company aims to diversify its powertrain mix by FY31, with BEVs expected to make up 15% of domestic PV sales, hybrids 25%, and the remaining 60% from CNG, biofuels, and ICEs.
- **EV:** It has contributed 2.1% of domestic PV industry volumes in FY24 vs. 1.5% in FY23. The adoption of EVs will depend on infrastructure development and cost reduction through local production and better technology. At the Bharat Mobility Expo 2024, MSIL showcased its commitment to electric mobility with the concept electric SUV, eVX. This mid-size electric SUV features a futuristic design with an upright posture and high-seating position. The eVX is equipped with a 60kWh battery pack, providing a driving range of up to 550km. MSIL's first BEV would be launched in 2025, and it has set a target to launch six BEVs by 2031.
- **Hybrid:** The Strong Hybrid Electric Vehicles (SHEVs) offer a compelling value with a lower carbon footprint and no range anxiety, leading to strong consumer acceptance. It contributed 2.1% of industry volumes, up from 1.1% in FY23. Hybrid vehicles can improve fuel efficiency by 35% to 45% and reduce carbon emissions by 25% to 35%. Toshiba Denso Suzuki Gujarat Private Limited (TDSG)

runs India's first lithium-ion battery plant with cell-level localization, supplying battery packs for the company's Mild Hybrid vehicles.

- **CNG:** In FY24, CNG vehicle preference jumped 52%, driven by increased CNG infrastructure in southern and eastern India. MSIL offers CNG powertrains in 14 of its 18 domestic models, the highest among OEMs in India, and holds nearly 75% of the CNG market share. It contributed 14.8% of volumes in FY24 vis-à-vis 10.4% in FY23. The company is expected to sell ~600k CNG vehicles in FY25, up from ~482k units in FY24. It is optimistic about leveraging the expanding CNG infrastructure to boost sales further. Although CNG vehicles are not as clean as hybrids, they still offer better environmental performance than petrol or diesel cars.
- **Biogas:** India has significant potential for biogas production from agricultural, animal, and human waste. Biogas is renewable, carbon-negative, and free of import content. Its production could reduce paddy stubble burning and improve cleanliness. MSIL is working on trial basis to produce biogas and awaits supportive government policies. Additionally, it is working on engine modifications to use petrol blended with up to 20% ethanol and exploring technology for higher ethanol blends. It unveiled India's first mass-segment flex fuel prototype car, the WagonR FFV, which is capable of operating with ethanol blends ranging from 20% to 85% with gasoline. This vehicle offers similar performance to traditional fuels and could lower running costs due to the price difference between gasoline and E85.
- Both biofuels and CNG offer promising carbon reduction solutions for entry-to-medium segment vehicles. MSIL has incorporated CNG, mild hybrid, and strong hybrid technologies into its products to reduce carbon dioxide emissions. The contribution of sales from green vehicles (CNG+ mild hybrid+ strong hybrids) in overall sales in FY24 increased to 42%, from 37% in FY23.

Announcement of SMG acquisition

- As part of its growth strategy until FY31, MSIL took a major step by acquiring SMG from its parent company, Suzuki Motor Corporation, Japan, in Nov'23.
- Following the acquisition, SMG became a 100% subsidiary of MSIL, adding 0.75m units to its annual production capacity, bringing the company's total production capability to approximately 2.35m units per annum.
- The major reason behind this step was that the company expected to manage a much larger operation across different locations and work with various powertrain technologies in the future. To handle this complexity more easily, management decided to bring all production units under its direct control.

Aims for a 4m annual capacity by FY31

- The company announced an ambitious growth strategy for FY31, aiming to scale up production to 4m units annually by that time.
- The 100k units p.a. additional line at Manesar has already been commissioned.
- MSIL announced the construction of a fourth production line at SMG, adding 250k units to its capacity. Additionally, the company plans to establish a new greenfield manufacturing facility in Gujarat with a capacity of 1m units.
- In Haryana, the construction of a new manufacturing facility at Kharkhoda is progressing well, with an initial phase capacity of 250k units to be commissioned in FY25, which will eventually be expanded to 1m units.

Optimistic on the long-term demand for exports

- MSIL reported ~10% YoY growth in export volume to ~283k units in FY24 vs. 2% YoY growth in exports for the industry.
- It continues to retain its market leadership in exports with ~42% share.
- The share of export volume to total sales for MSIL stood at ~13% in FY24, similar to FY23. This year, the company exported new models such as Jimny, Fronx, and Grand Vitara. In FY24, MSIL's top export destinations were Africa, Latin America, the Middle East, and the ASEAN regions.
- With strong support from Suzuki Motor in technology and access to its extensive global distribution network, the company aims to maximize medium- to long-term opportunities. Moreover, it aims to leverage Suzuki Motor's partnership with Toyota Motor Corporation. MSIL expects robust export sales growth in FY25 and remains optimistic about the strong medium- to long-term demand for its exports.

Benefits driven by R&D capabilities

- MSIL incurred R&D expenses of INR11.7b, i.e., 0.8% of sales (flat YoY).
- The company has been granted a record 434 patents in FY24.
- Benefits driven by the R&D initiatives include:
 - Launch of new products and superior technologies in models like Fronx, Jimny, and Invicto.
 - Introduced S-CNG in Fronx to offer an eco-friendly driving experience.
 - Rigorous efforts to localize imported raw materials and high-technology parts have helped in reducing the material costs and mitigating the risk of foreign exchange fluctuations. Saved INR1.26b by localization and INR5.08b from implementation of value analysis and value engineering concepts (VA/VE) in FY24.

Other highlights

- **Network expansion:** Overall, the company added ~223 dealers in FY24, taking the total tally to 3,863 dealers across 2,522 cities. With over 2,000 outlets in non-urban markets across the country, the contribution of sales from these markets in overall sales increased by ~1% YoY to reach ~45% in FY24.
- **Service:** MSIL expanded its service touch points in India to 4,964 across 2,519 cities in FY24 (from 4,564 centers across 2,304 cities in FY23) and catered to over 25m customers.
- **Company-owned Dealer-operated (CODO) outlets:** As part of its CODO initiative, the company launched nine sales and service outlets on its own land in FY24. Moving forward, it plans to construct 13 more outlets under the CODO model.
- **Maruti Suzuki Smart Finance (MSSF):** In FY24, MSSF disbursed loans totaling over INR455bn to more than 0.6m customers, marking a 21% YoY increase. In FY24, nearly 37% of customers used the MSSF platform to finance their car purchases, up from 33% in FY23.
- **True Value sales:** The demand for pre-owned cars continued to increase in FY24, with MSIL's True Value channel sales growing 20% YoY. During FY24, MSIL added 49 independent True Value sales outlets.

- **Critical vendors:** MSIL has identified 80 Tier-1 suppliers that are critical to its business operations. These vendors contributed 72% of the total procurement in FY24. Additionally, 48 Tier-2 suppliers have also been identified as critical.
- **Railways:** MSIL has established India's first in-plant railway siding at its Gujarat facility to enhance vehicle dispatches by rail, and it is setting up another siding at its Manesar facility.
 - During FY24, it dispatched over 447k vehicles through railways, an increase of 34% over FY23.
 - MSIL aims to increase rail dispatches within its total vehicle dispatches to 35% across India by FY31 from 21.5% in FY24 .
- **Scrapping and recycling:** MSIL, in partnership with Toyota Tsusho Group, launched a vehicle scrapping and recycling facility in Noida in 2021. The facility, operated by Maruti Suzuki Toyotsu India Pvt. Ltd. (MSTI), can handle 24k vehicles annually, offering an eco-friendly and efficient solution for scrapping End-of-Life vehicles (ELVs). Since its inception, the facility has processed over 5k ELVs, generating more than 3.5kMT of scrap, which reinforces MSIL's commitment to sustainability. Since the inception of the MSTI facility (recycling), about 2,500k kg of steel and 260k kg of aluminum were recovered from the scrapped cars. Further, through the domestic recycler, MSIL has recycled 5.2t of li-ion batteries, and over 18 metric tons of batteries have been recycled on a cumulative basis.
- **Renewables:** The company has ramped up its renewable energy efforts, increasing solar power capacity to 48 MWp from 26.3 MWp in FY22-23. It plans to further expand this capacity to 78 MWp by FY25-26.

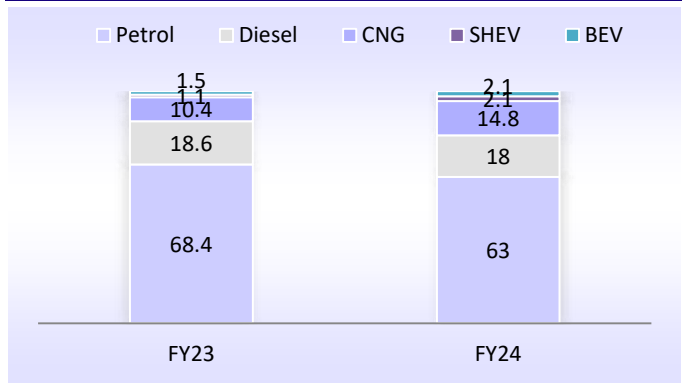
Highlights from the financial statements

- MSIL's revenue/EBITDA/adj. PAT for FY24 grew 20%/49%/64% YoY.
- Volumes jumped 9% YoY to 2.13m units, while net realizations improved 10.4% YoY to INR631.9k per vehicle due to a better mix.
- Gross margin improved 180bp YoY to 28.7% due to the benefits of mix and lower RM costs. Further, operating leverage drove an EBIT margin expansion of 250bp to 9.5%.
- Strong operating performance led to a sharp increase in CFO to INR151.7b (from INR92.3b in FY23). This was partially offset by an increase in capex at INR69.6b (vs. INR62.5b in FY23), resulting in an FCF of INR82b (vs. INR29.8b in FY23).
- RoE improved 420bp to 18.3%, while RoCE expanded 590bp to 23.8% in FY24.

Valuation and view

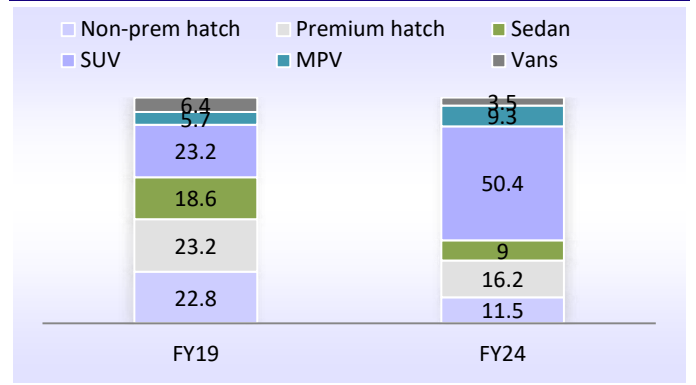
- We anticipate that MSIL will continue to outperform industry growth FY24-26. While the bulk of input cost benefits are likely to be over, we expect the company to post a 140bp margin improvement to ~13% by FY26, largely led by an improved mix. This would in turn drive a steady 15% earnings CAGR over FY24-26E.
- Further, any GST cut or favorable policy for hybrids by the government may drive a re-rating, as MSIL would be the key beneficiary. The stock trades at 25.5x/21.9x FY25E/FY26E consolidated EPS. **Reiterate BUY with a TP of INR15,160 (premised on 26x Jun'26E consolidated EPS).**

Exhibit 1: Powertrain mix of the industry (%)



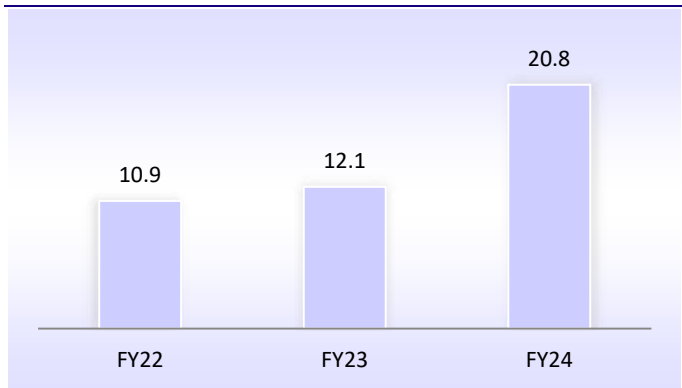
Source: Company, MOFSL

Exhibit 2: Segmental mix of the domestic PV industry



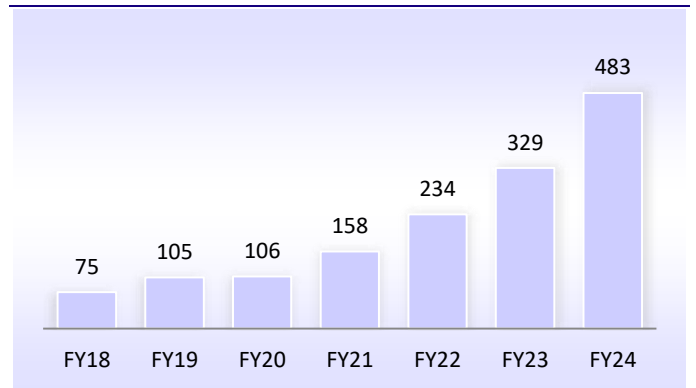
Source: Company, MOFSL

Exhibit 3: MSIL's market share % in SUVs



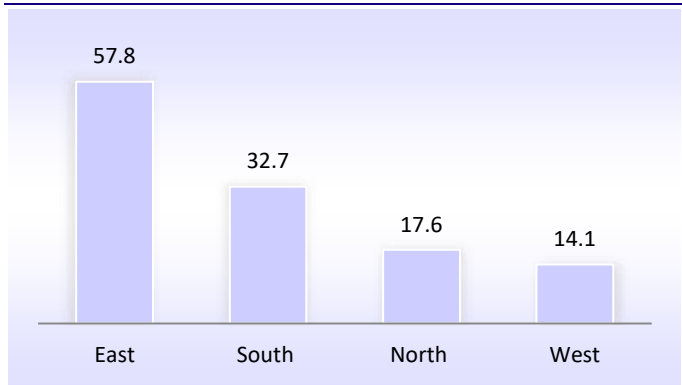
Source: Company, MOFSL

Exhibit 4: Sales of CNG fuel vehicles (PV+LCV) in '000s unit



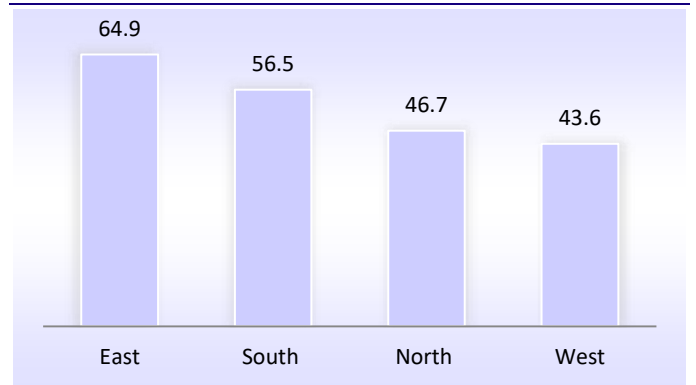
Source: Company, MOFSL

Exhibit 5: Region-wise YoY growth in CNG fuel outlets (FY24)



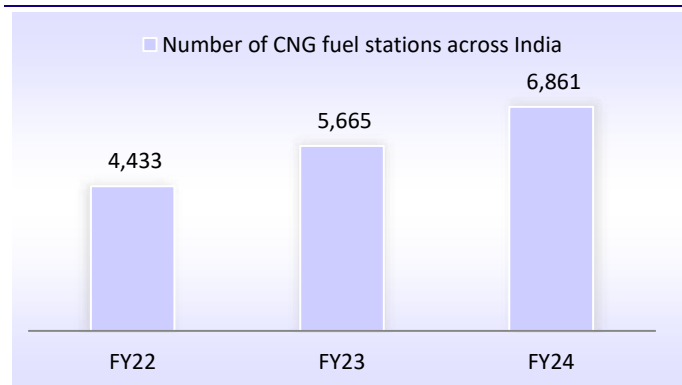
Source: Company, MOFSL

Exhibit 6: Region-wise growth in MSIL's CNG sales in FY24



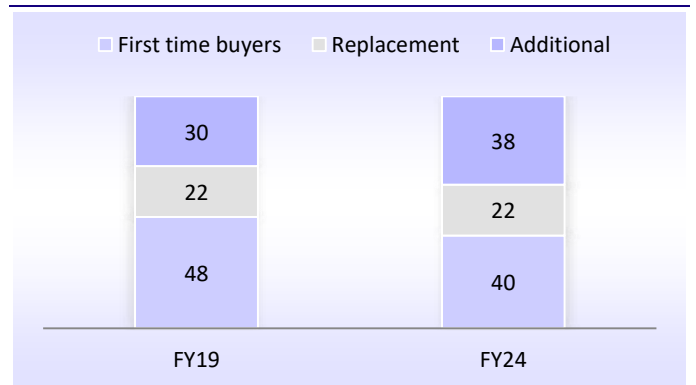
Source: Company, MOFSL

Exhibit 7: Number of CNG fuel stations across India



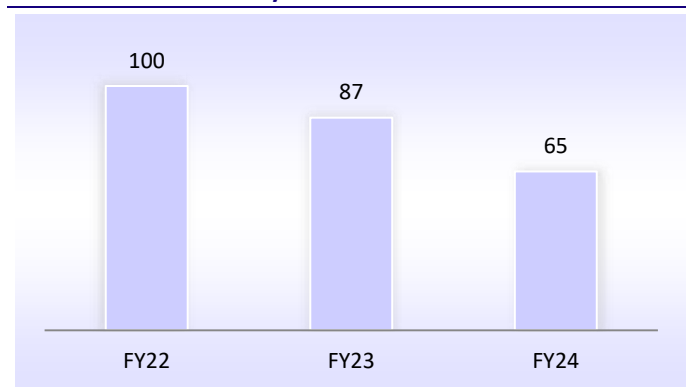
Source: Company, MOFSL

Exhibit 8: Customer profile for the industry



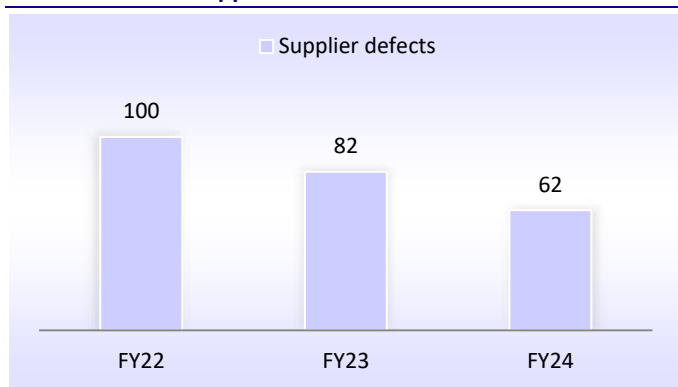
Source: Company, MOFSL

Exhibit 9: FY24 warranty claims reduced 34% over FY22



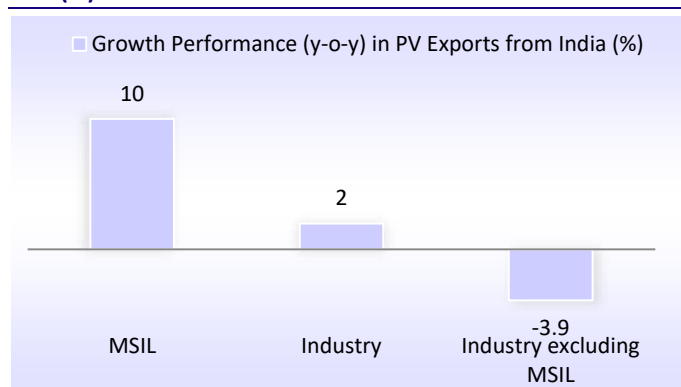
Source: Company, MOFSL

Exhibit 10: FY24 supplier defects reduced 38% over FY22



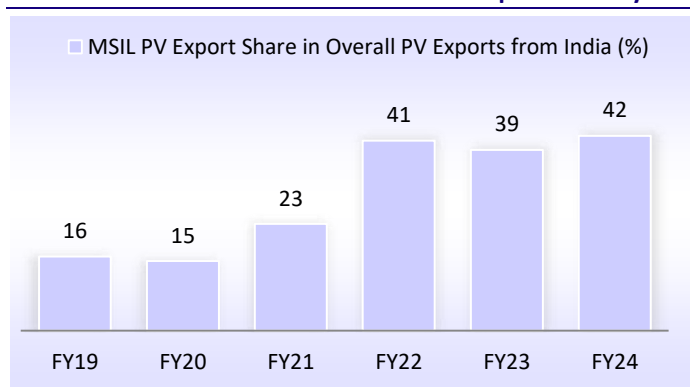
Source: Company, MOFSL

Exhibit 11: PV exports from India – Growth performance YoY (%)



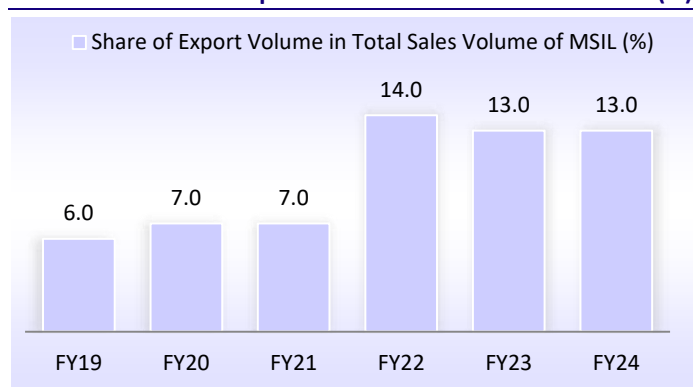
Source: Company, MOFSL

Exhibit 12: MSIL – market share in the PV export industry



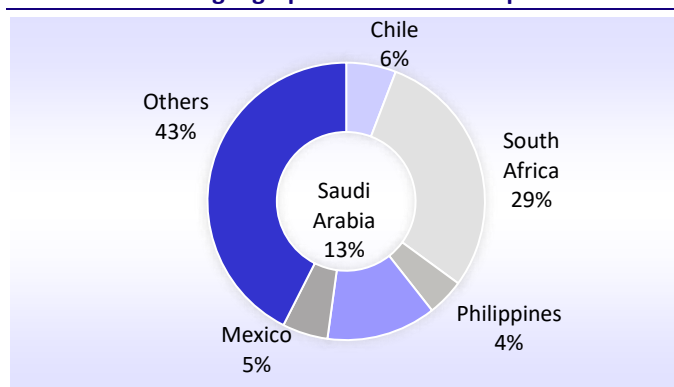
Source: Company, MOFSL

Exhibit 13: Share of exports for MSIL in total sales volume (%)



Source: Company, MOFSL

Exhibit 14: MSIL’s geographical mix for PV exports



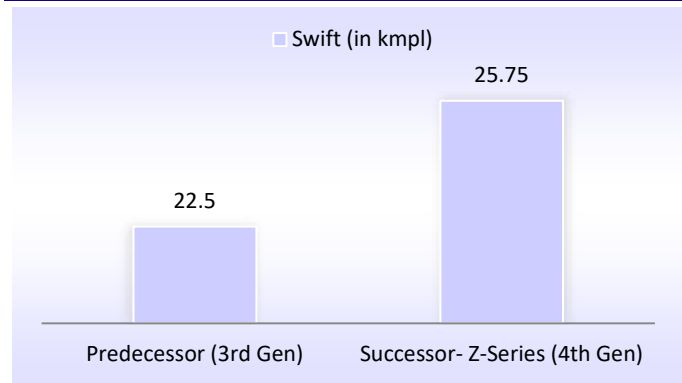
Source: Company, MOFSL

Exhibit 15: Board composition as of 31st Mar’24

Board composition	No. of Directors	Non-Executive Non-Independent	Independent	Executive
Board of Directors	12	5	4	3
Audit Committee	4	0	4	0
Nominations and Remuneration	4	1	3	0
CSR	3	1	1	1
Risk management	5	1	1	3
Stakeholders’ relationship	3	1	1	1

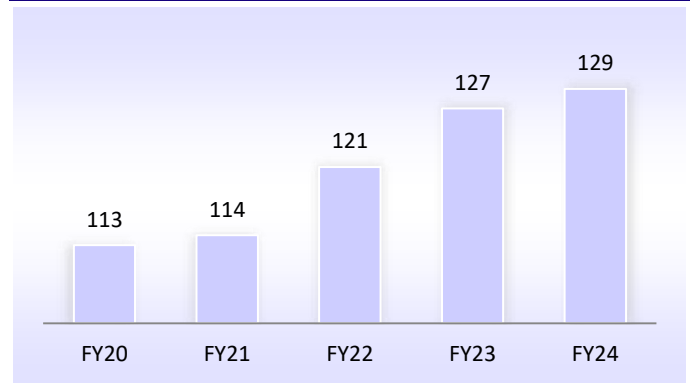
Source: Company, MOFSL

Exhibit 16: Swift – improvement in fuel efficiency



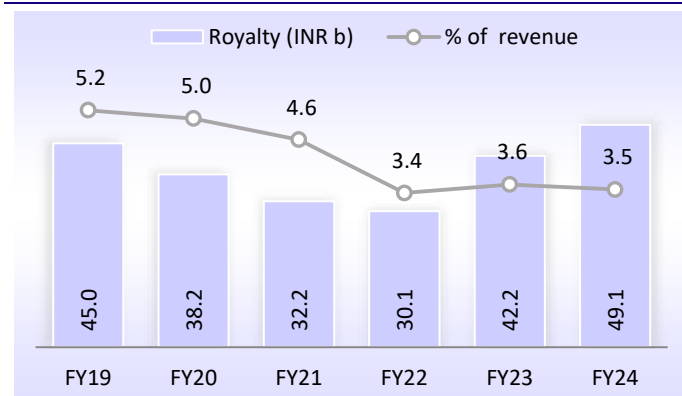
Source: Company, MOFSL

Exhibit 17: Customer Delight Index (CDI) - MSIL



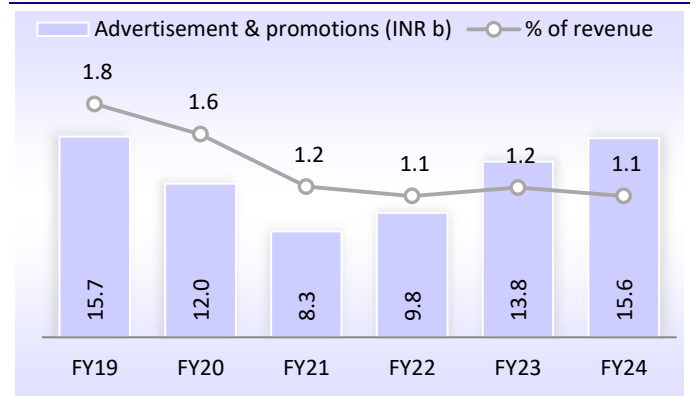
Source: Company, MOFSL

Exhibit 18: Royalty as a share of revenue has been stable



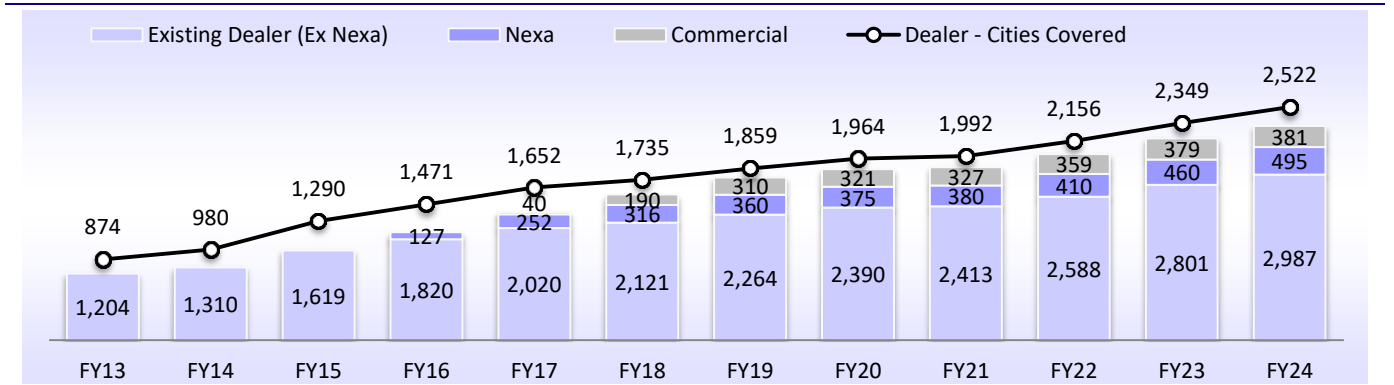
Source: Company, MOFSL

Exhibit 19: Advertisement & sales promotion expense trend



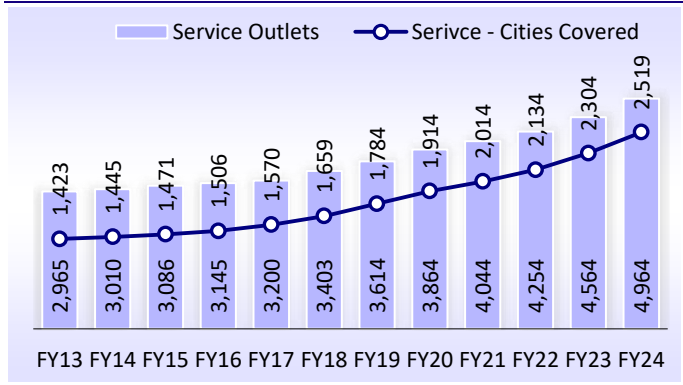
Source: Company, MOFSL

Exhibit 20: MSIL’s sales outlets expanded by 223, taking the total count to 3,863 in 2,522 cities



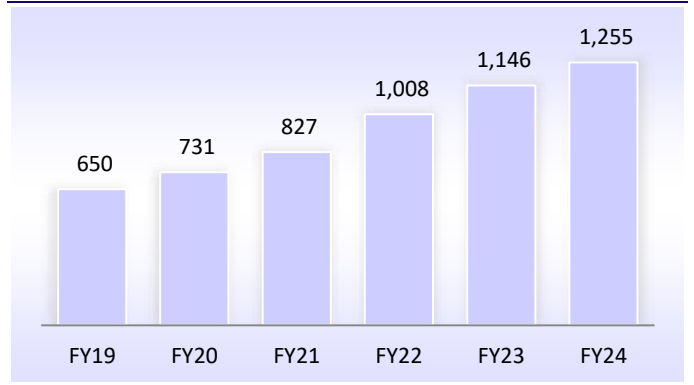
Source: Company, MOFSL

Exhibit 21: Expansion in service network continues



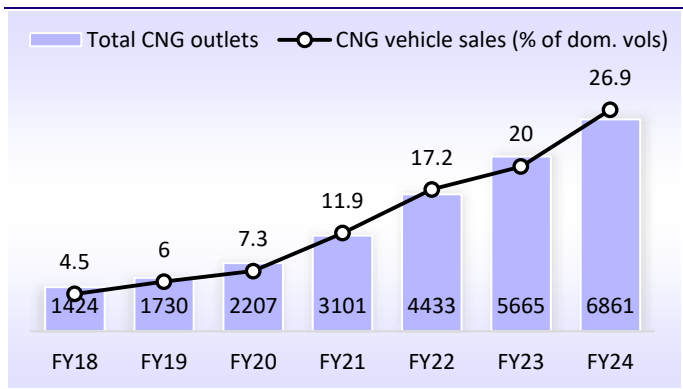
Source: Company, MOFSL

Exhibit 22: Parts distribution network



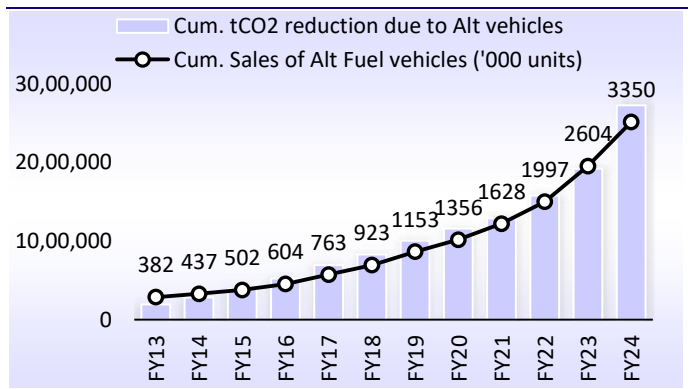
Source: Company, MOFSL

Exhibit 23: Trend in CNG network and CNG vehicle sales



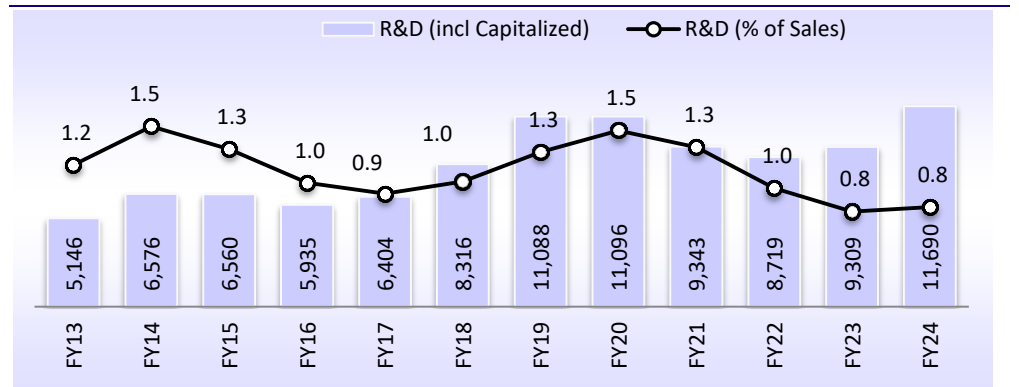
Source: Company, MOFSL

Exhibit 24: Alternate fuel vehicles (CNG, LPG, and Hybrids) drive reduction in CO2 emissions



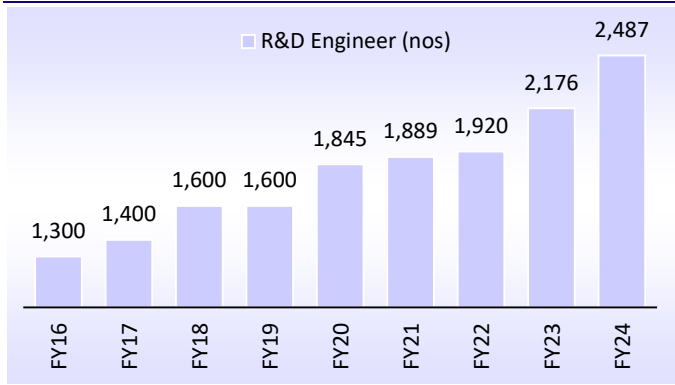
Source: Company, MOFSL

Exhibit 25: Trend in R&D investments



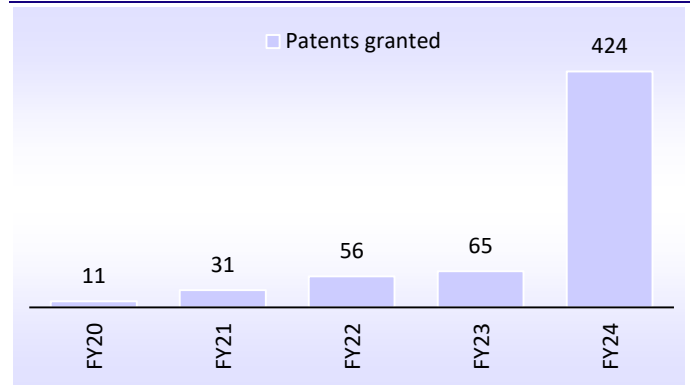
Source: Company, MOFSL

Exhibit 26: Trend in R&D engineers



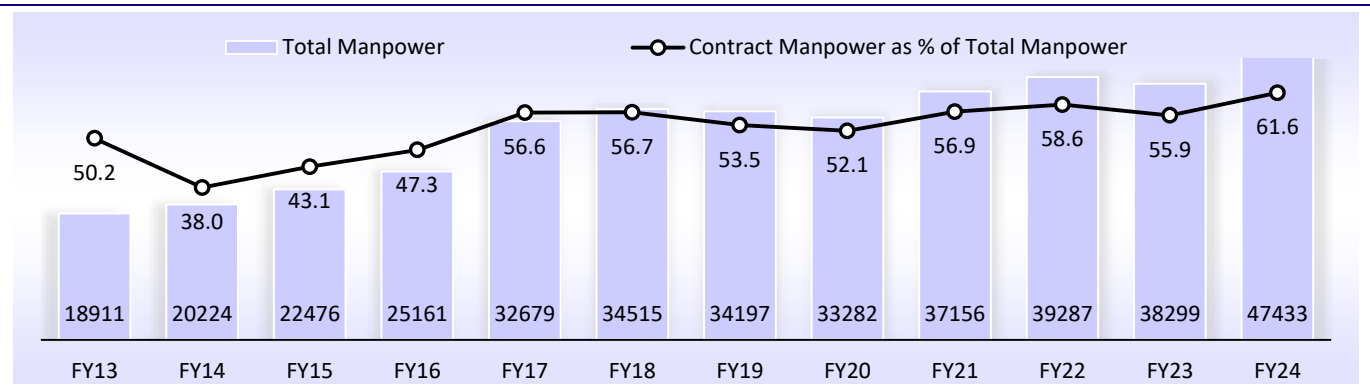
Source: Company, MOFSL

Exhibit 27: Trend in patents granted



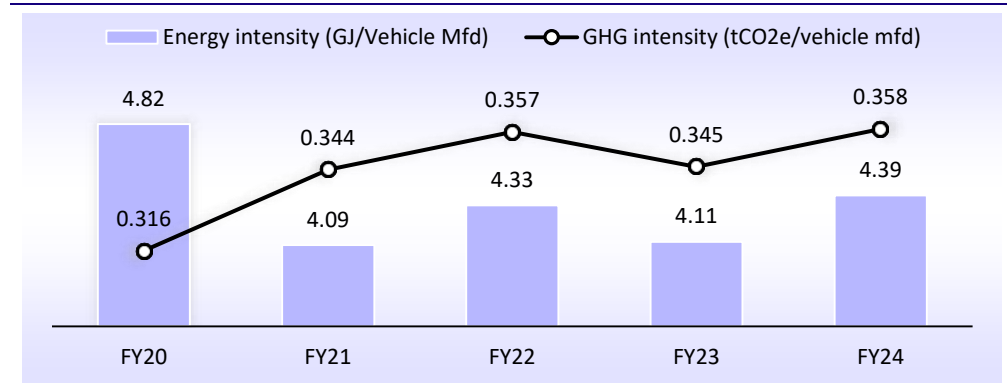
Source: Company, MOFSL

Exhibit 28: Contract manpower cost as a % of total manpower increased 570bp YoY in FY24



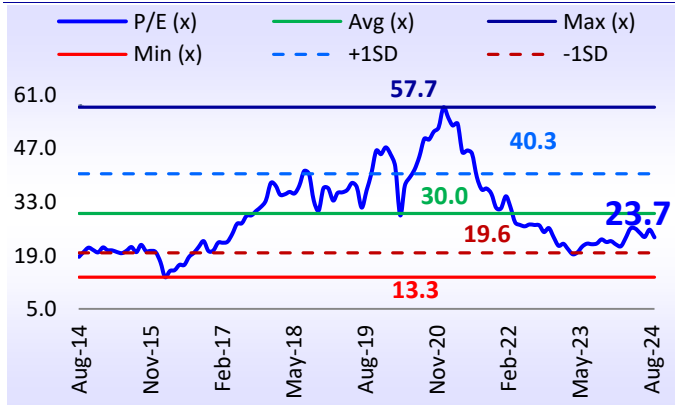
Source: Company

Exhibit 29: Trends in intensity for energy and greenhouse gases



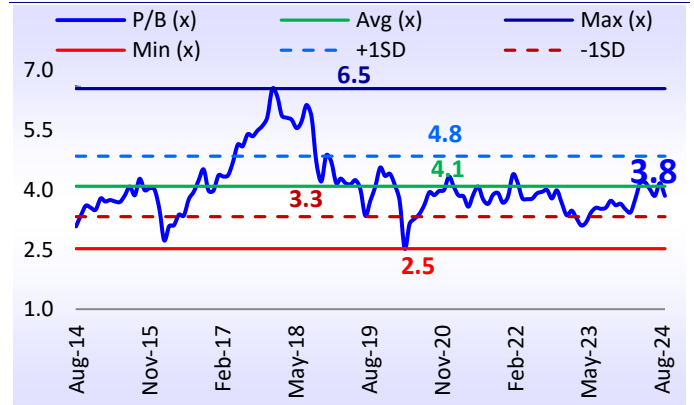
Source: Company, MOFSL

Exhibit 30: One-year forward P/E (x) band



Source: MOFSL

Exhibit 31: One-year forward P/B (x) band



Source: MOFSL

Story in charts

Exhibit 32: Market share declined due to a higher car mix

Market share (%)	FY19	FY20	FY21	FY22	FY23	FY24
Mini	72.3	79.0	84.5	88.5	94.9	97.1
Compact	56.4	57.4	54.8	55.3	57.5	57.1
Compact-Sedan	57.9	61.9	57.9	57.1	50.9	58.2
Mid-Size	25.8	25.8	19.1	20.0	19.8	18.0
UVC	40.4	27.9	20.2	18.6	18.7	31.8
UV1	38.2	31.4	25.7	25.8	39.4	43.1
MSIL Dom. PV market share (%)	51.4	51.1	47.7	43.4	41.3	41.7

*Excluding supplies to Toyota; Source: Company, MOFSL

Exhibit 33: Trends in volume and growth over FY24-26E

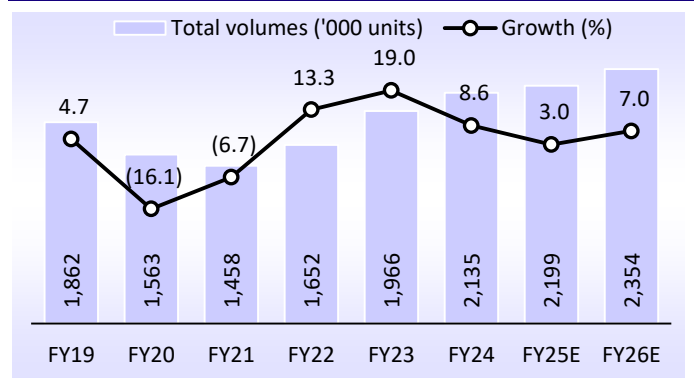
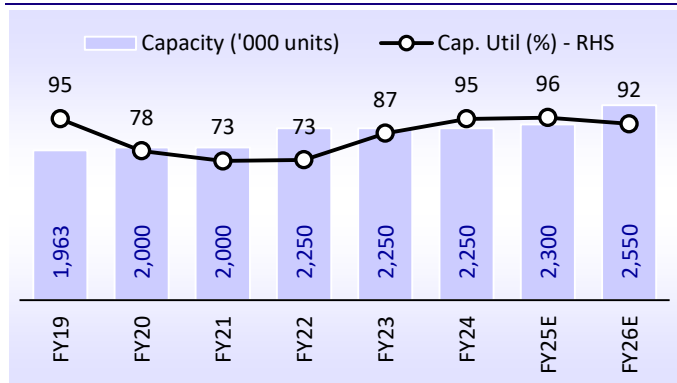
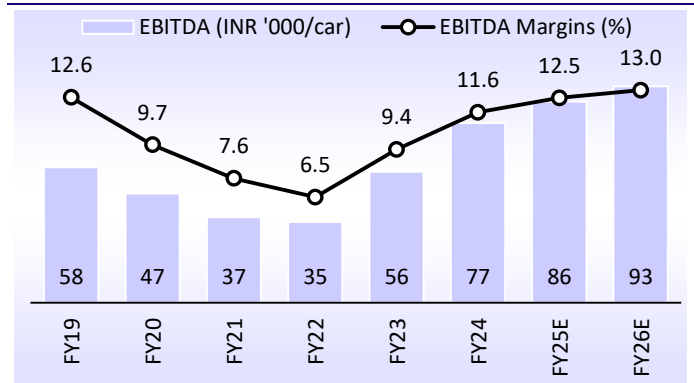


Exhibit 34: MSIL's utilization to improve materially



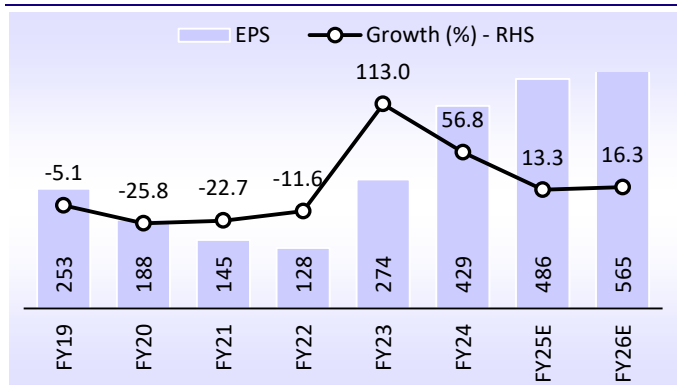
Source: Company, MOFSL

Exhibit 35: EBITDA margin and EBITDA per car



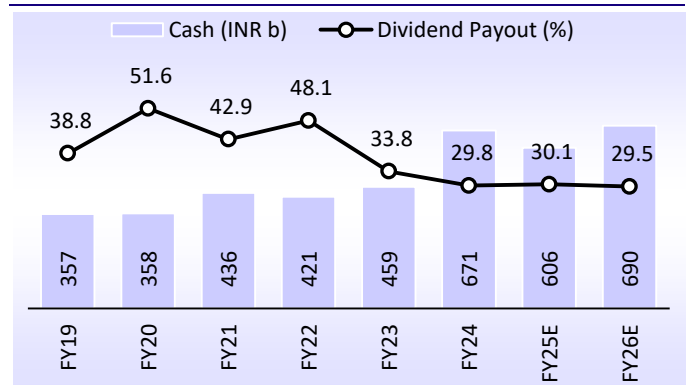
Source: Company, MOFSL

Exhibit 36: EPS (INR) and growth in EPS



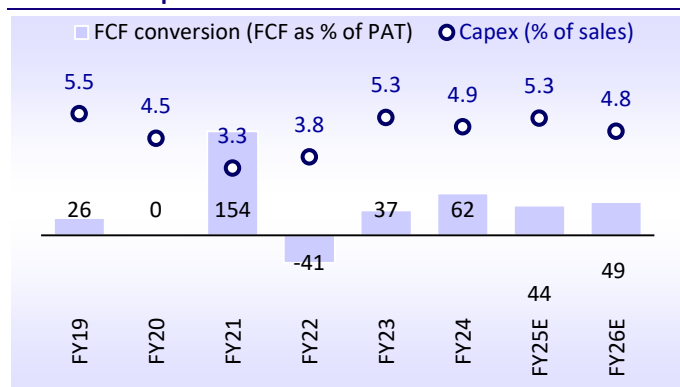
Source: MOFSL, Company

Exhibit 37: Dividend payout (%) and cash balance (INR b)



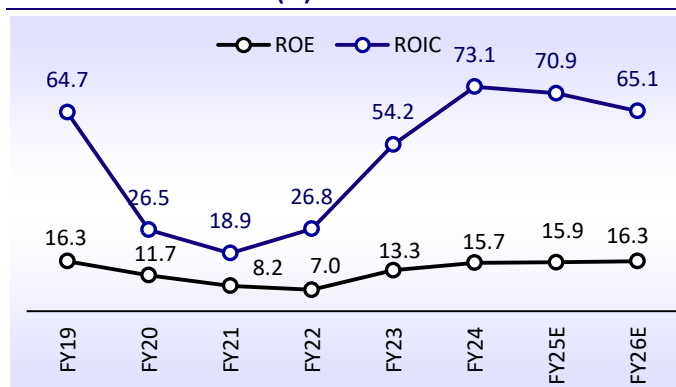
Source: MOFSL, Company

Exhibit 38: Expect FCF conversion to recover



Source: Company, MOFSL

Exhibit 39: RoE vs. RoIC (%)



Source: Company, MOFSL

Exhibit 40: Snapshot of the revenue model - 000 units

Revenue model	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
A1/LCVs	24	22	30	34	38	34	35	38
Growth (%)	138.0	-8.8	35.7	14.4	12.4	-11.2	4.0	7.0
% of Dom vols	1.4	1.5	2.2	2.4	2.2	1.8	1.9	1.9
MPV (Vans)	179	118	105	108	131	137	144	153
Growth (%)	15.1	-33.7	-11.3	3.1	21.1	4.5	5.0	6.0
% of Dom vols	10.2	8.1	7.7	7.7	7.7	7.4	7.6	7.5
A2 (other hatchbacks)	987	881	840	810	985	864	838	872
Growth (%)	5.5	-10.8	-4.6	-3.6	21.7	-12.3	-3.1	4.1
% of Dom vols	56.3	60.3	61.7	57.3	57.7	46.7	44.3	43.1
A3 (Dzire, Ciaz)	300	204	142	145	164	175	179	186
Growth (%)	0.3	-31.9	-30.5	1.8	13.4	6.6	2.6	3.6
% of Dom vols	17.1	14.0	10.4	10.2	9.6	9.4	9.5	9.2
UVs (Ertiga, Compact SUV)	264	235	245	317	388	642	695	776
Growth (%)	4.1	-10.9	4.3	29.3	22.4	65.4	8.2	11.7
% of Dom vols	15.1	16.1	18.0	22.4	22.8	34.7	36.7	38.3
Total Domestic	1,754	1,460	1,362	1,414	1,707	1,852	1,891	2,024
Growth (%)	6.1	-16.7	-6.7	3.8	20.7	8.5	2.1	7.0
% of Total vols	94.2	93.5	93.4	85.6	86.8	86.7	86.0	86.0
Exports	109	102	96	238	259	283	308	330
Growth (%)	-14	-6	-6	148	9	9	9	7
% of Total vols	6	7	7	14	13	13	14	14
Total Volumes	1,862	1,563	1,458	1,652	1,966	2,135	2,199	2,354
Growth (%)	4.7	-16.1	-6.7	13.3	19.0	8.6	3.0	7.0
ASP (INR 000/unit)	462	484	482	534	598	660	687	713
Growth (%)	3.0	4.8	-0.3	10.8	11.9	10.4	4.1	3.8
Net Sales (INR b)	860	756	703	883	1,175	1,409	1,511	1,678
Growth (%)	8	-12	-7	26	33	20	7	11

Source: MOFSL, Company

Financials and valuations

							(INR b)	
Income Statement	2019	2020	2021	2022	2023	2024	2025E	2026E
Y/E March								
Net Op Income	860.2	756.1	703.3	883.0	1,175.2	1,409.3	1,511.3	1,678.3
Change (%)	7.8	-12.1	-7.0	25.5	33.1	19.9	7.2	11.0
EBITDA	108.0	73.0	53.5	57.0	110.1	164.0	188.5	217.7
EBITDA Margins (%)	12.6	9.7	7.6	6.5	9.4	11.6	12.5	13.0
Depreciation	30.2	35.3	30.3	27.9	28.2	30.2	30.3	32.1
EBIT	77.8	37.8	23.1	29.1	81.8	133.8	158.2	185.6
EBIT Margins (%)	9.0	5.0	3.3	3.3	7.0	9.5	10.5	11.1
Interest	0.8	1.3	1.0	1.3	1.9	1.9	2.0	1.5
Other Income	25.6	34.2	29.5	17.9	21.6	38.5	38.5	43.0
EO Expense	-2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	104.7	70.6	51.6	45.8	101.6	170.4	194.8	227.1
Effective tax Rate (%)	28.3	20.0	18.0	17.8	20.8	22.5	22.5	22.5
PAT	75.0	56.5	42.3	37.7	80.5	132.1	150.9	176.0
Adj. PAT	73.6	56.5	42.3	37.7	80.5	132.1	150.9	176.0
Change (%)	-6.8	-23.2	-25.1	-11.0	113.7	64.1	14.3	16.6

							(INR b)	
Balance Sheet	2019	2020	2021	2022	2023	2024	2025E	2026E
Y/E March								
Sources of Funds								
Share Capital	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6
Reserves	459.9	482.9	512.2	539.4	602.3	838.2	949.9	1,080.3
Net Worth	461.4	484.4	513.7	540.9	603.8	839.8	951.5	1,081.9
Loans	1.5	1.1	4.9	3.8	12.2	0.3	0.3	0.3
Deferred Tax Liability	5.6	6.0	3.8	-2.0	-3.4	-1.1	-1.1	-1.1
Capital Employed	468.6	491.4	522.4	542.7	612.6	839.0	950.7	1,081.1
Application of Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Fixed Assets	263.3	297.3	314.6	324.9	389.7	423.0	538.3	608.3
Less: Depreciation	109.2	140.2	165.0	187.7	211.7	238.0	268.3	300.4
Net Fixed Assets	154.1	157.1	149.6	137.2	178.0	185.0	270.0	307.9
Capital WIP	16.0	14.1	14.9	29.3	29.0	65.3	30.0	40.0
Investments	365.2	364.7	417.9	407.6	477.6	685.1	745.1	815.1
Curr.Assets, Loans	89.8	84.4	112.9	152.4	138.1	160.9	180.4	213.5
Inventory	33.3	32.1	30.5	35.3	42.8	41.2	62.1	69.0
Sundry Debtors	23.1	21.3	12.8	20.3	33.0	46.0	41.4	46.0
Cash & Bank Balances	1.8	0.2	30.4	30.4	0.4	4.6	7.8	21.3
Loans & Advances	5.1	5.2	6.6	0.3	0.3	0.3	0.3	0.3
Others	26.5	25.5	32.7	66.1	61.6	68.7	68.7	77.0
Current Liab & Prov.	156.5	128.8	172.9	183.8	210.1	257.3	274.9	295.5
Sundry Creditors	96.3	74.9	101.6	97.6	117.8	145.8	165.6	183.9
Others	51.1	44.9	60.3	71.1	75.9	91.3	91.3	91.3
Provisions	9.1	9.0	11.0	15.1	16.3	20.1	17.9	20.3
Net Current Assets	-66.7	-44.4	-59.9	-31.4	-72.0	-96.4	-94.5	-82.0
Appl. of Funds	468.6	491.4	522.4	542.7	612.6	839.0	950.7	1,081.1

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Basic (INR)								
Adjusted EPS	243.6	187.1	140.0	124.7	266.5	420.1	480.1	559.8
Consol EPS	253.3	188.0	145.3	128.4	273.6	429.0	484.9	565.1
Book Value per Share	1,527	1,603	1,700	1,790	1,999	2,671	3,026	3,441
DPS	80.0	60.0	45.0	60.0	90.0	125.0	145.0	165.0
Div. payout (%)	38.8	38.5	31.0	46.7	32.9	29.1	29.9	29.2
Valuation (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consol. P/E	48.8	65.7	85.1	96.2	45.2	28.8	25.5	21.9
Cash P/E	35.0	40.6	50.3	56.0	33.7	23.5	21.3	18.5
EV/EBITDA	31.2	46.1	61.5	57.9	29.7	19.5	16.6	14.0
EV/Sales	4.1	4.7	4.9	3.9	2.9	2.4	2.2	1.9
P/BV	8.1	7.7	7.3	6.9	6.2	4.6	4.1	3.6
Dividend Yield (%)	0.6	0.5	0.4	0.5	0.7	1.0	1.2	1.3
FCF Yield (%)	0.5	0.0	1.7	-0.4	0.8	2.1	1.7	2.3
Profitability Ratios (%)								
RoIC	64.7	26.5	18.9	26.8	54.2	73.1	70.7	65.0
RoE	16.3	11.7	8.2	7.0	13.3	15.7	15.9	16.3
RoCE	22.1	14.6	10.1	8.7	16.9	20.5	20.7	21.1
Turnover Ratios								
Debtors (Days)	10	11	7	9	11	12	10	10
Inventory (Days)	16	17	17	16	15	12	17	17
Creditors (Days)	59	51	73	54	50	53	56	57
Work. Cap. (Days)	-33	-23	-49	-29	-24	-28	-29	-29
Asset Turnover (x)	1.8	1.5	1.3	1.6	1.9	1.7	1.6	1.6
Net Debt/Equity (x)	-0.8	-0.7	-0.8	-0.8	-0.7	-0.6	-0.5	-0.5

Cash Flow Statement

(INR b)

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Profit before Tax	104.7	70.9	51.6	45.8	101.6	170.4	194.8	227.1
Interest	0.8	1.3	1.0	1.3	1.9	1.9	2.0	1.5
Depreciation	30.2	35.3	30.3	27.9	28.2	30.2	30.3	32.1
Direct Taxes Paid	-31.4	-14.4	-10.1	-11.8	-22.3	-35.6	-43.8	-51.1
(Inc)/Dec in WC	-13.2	-25.7	43.4	-28.1	3.8	22.8	1.3	1.0
Other Items	-25.0	-33.5	-27.8	-17.2	-20.9	-38.1	-38.5	-43.0
CF from Oper. Activity	65.9	34.1	88.4	17.9	92.3	151.7	146.0	167.5
(Inc)/Dec in FA	-47.0	-34.0	-23.3	-33.2	-62.5	-69.6	-80.0	-80.0
Free Cash Flow	18.9	0.1	65.1	-15.3	29.8	82.0	66.0	87.5
(Pur)/Sale of Invest.	11.6	29.4	-49.6	31.3	-17.7	-37.2	-21.5	-27.0
CF from Inv. Activity	-35.4	-4.6	-72.8	-1.9	-80.2	-106.8	-101.5	-107.0
Change in Networkth	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Debt	0.4	-0.5	3.7	-1.1	7.9	-12.0	0.0	0.0
Interest Paid	-0.7	-1.3	-1.0	-1.3	-1.9	-1.5	-2.0	-1.5
Dividends Paid	-29.1	-29.1	-18.1	-13.6	-18.1	-27.2	-39.3	-45.6
CF from Fin. Activity	-29.5	-31.0	-15.4	-16.0	-12.1	-40.6	-41.3	-47.0
Inc/(Dec) in Cash	1.1	-1.6	0.1	0.0	0.0	4.2	3.2	13.5
Add: Op. Balance	0.7	1.8	0.2	0.3	0.3	0.3	4.6	7.8
Closing Balance	1.8	0.2	0.3	0.3	0.3	4.6	7.8	21.3

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf> MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts", and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.raiani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.
- The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.