

TVS Motor Company

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USD\$b)	299.4 / 3.9
52-Week Range (INR)	793 / 495
1, 6, 12 Rel. Per (%)	7/-4/-10
12M Avg Val (INR M)	1487

Financials & Valuations (INR b)

Y/E March	2022	2023E	2024E
Sales	207.7	247.6	274.6
EBITDA	19.4	24.4	28.3
Adj. PAT	9.0	12.4	15.2
EPS (INR)	18.9	26.1	32.0
EPS Gr. (%)	46.9	37.8	22.6
BV/Sh (INR)	101.5	122.1	148.5

Ratios

RoE (%)	20.0	23.3	23.6
RoCE (%)	23.1	26.7	28.9
Payout (%)	23.5	21.1	17.2

Valuations

P/E (x)	33.3	24.2	19.7
P/BV (x)	6.2	5.2	4.2
Div. Yield (%)	0.7	0.9	0.9
FCF Yield (%)	2.6	4.6	5.1

Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	50.8	52.3	57.4
DII	28.5	25.5	20.8
FII	12.0	12.9	12.3
Others	8.7	9.4	9.4

FII Includes depository receipts

CMP: INR630

TP: INR650 (-3%)

Neutral

Lower RM cost drives beat in operating performance

Invests ~INR14.2b in FY22 on acquisitions, subsidiaries, and associates

- TVSL's operating performance was above our estimate, driven by lower RM cost. However, higher interest and tax led to an inline PAT. The management's focus remains on expanding its EV capacity, portfolio, and reach. It is also scouting for an investor in its NBFC business, which can unlock value.
- We raise our FY23 EPS estimate by 13% to reflect the increase in prices and some recovery in domestic demand. We maintain our FY24 estimate. We maintain our **Neutral** rating, with a TP of INR630/share, as valuations fairly capture the expected strength in earnings growth and the risk of an EV disruption to its Scooter business.

Strong mix drives realization and margin

- Revenue/EBITDA/adjusted PAT grew 4%/4%/-5% YoY to INR55.3b/INR5.6b/INR2.75b in 4QFY22. The same grew 24%/36%/47% YoY in FY22.
- Net sales grew 4% YoY to INR55.3b (est. INR56.3b). Realizations grew 12.5% YoY (-0.6% QoQ) to INR64.6k (est. INR65.7k), led by price hikes and an improvement in the mix.
- Gross margin was stable QoQ (-90bp YoY) at 23.8% (est. 23.2%) due to stable RM cost and price hikes.
- EBITDA margin was stable YoY and QoQ at 10.1% as adverse gross margin on a YoY basis was offset by lower other expenses.
- Higher interest costs and tax resulted in an inline adjusted PAT, which declined by 5% each YoY and QoQ to INR2.75b (est. INR2.63b).
- Net profit contribution from subsidiaries/associate stood at INR112m in 4QFY22. The same for FY22 was a net loss of ~INR1.5b. Its Auto Component subsidiary (40-50% sales to TVSL) continues to be loss-making at the PBIT level, with a loss of INR159m/INR632m in 4Q/FY22.
- CFO declined by 41% to INR15b, with capex at INR7.3b, implying a FCF of INR7.7b. It invested ~INR14.2b in various acquisitions (in the e-bike business), subsidiaries, and associates.

Key takeaways from the management interaction

- Its positive FY23 outlook** is driven by a normal monsoon and low impact of further COVID waves. Exports are expected to see good growth. TVSL is expected to grow faster than the industry in both India and overseas due to its strong order book for products like Raider, Jupiter, Ntorq, and Apache.
- EVs:** TVS iQube has 12k bookings (and has sold ~12k units so far) with a presence in 33 cities. In FY23, it would be launching a series of new products focusing on different customer sets. It is targeting products in the entire 5-25KW segment. The launches will be in next eight quarters, with the first being in 1QFY23.
- Capex and investments:** The management guided at a FY23 capex of INR7b (v/s INR7.3b in FY22). While it didn't quantify the target for its investments in FY23, it indicated that a significant portion of its investments is behind it.

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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.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- Volume growth is likely to be driven by new products (Raider and Jupiter 125) in the domestic market as well as a ramp-up in exports. It is reaping the benefits of economies of scale and operating leverage, resulting in the sustaining of EBITDA margin at double-digit levels. TVSL earns ~40% of its overall EBITDA from the domestic Scooter business, making it vulnerable to an EV disruption in the listed 2W space.
- Valuations at 24.2x/19.7x FY23E/FY24E EPS largely reflect its strong earnings growth as well as increasing risk of EVs. We maintain our Neutral rating with a TP of ~INR650 (premised on ~18x Jun'24E EPS and INR38/share for the NBFC).

Standalone quarterly performance

Y/E March (INR m)	(INR m)											
	FY21				FY22				FY21	FY22	FY22E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Volumes ('000 units)	266.9	867.8	989.5	927.5	657.8	916.7	878.7	856.5	3,051.9	3,309	856.5	
Growth (%)	(71.1)	(2.0)	20.4	46.5	146.4	5.6	(11.2)	(7.7)	(6.5)	8.4	(7.7)	
Realn. (INR'000/unit)	53.6	53.1	54.5	57.4	59.8	61.1	64.9	64.6	54.9	62.8	65.7	
Growth (%)	10.8	8.1	8.5	4.3	11.5	15.0	19.2	12.5	9.1	14.3	14.5	
Net Sales	14,317	46,055	53,914	53,219	39,344	55,969	57,064	55,303	167,505	207,680	56,261	
Growth (%)	(68.0)	5.9	30.7	52.9	174.8	21.5	5.8	3.9	2.0	24.0	5.7	
RM (as a percentage of sales)	75.9	76.5	76.1	75.3	75.7	76.2	76.3	76.2	76.0	76.1	76.8	
Emp. cost (as a percentage of sales)	13.8	4.7	5.0	5.0	6.6	5.3	5.2	5.1	5.7	5.5	5.1	
Other exp. (as a percentage of sales)	13.8	9.5	9.4	9.5	10.7	8.8	8.6	8.6	9.8	9.1	8.8	
EBITDA	-488	4,301	5,111	5,361	2,738	5,404	5,683	5,568	14,286	19,392	5,266	
EBITDA Margin (%)	(3.4)	9.3	9.5	10.1	7.0	9.7	10.0	10.1	8.5	9.3	9.4	
Interest	523	407	291	195	300	350	279	330	1,416	1,259	270	
Depreciation	911	1,331	1,329	1,366	1,431	1,544	1,546	1,593	4,937	6,114	1,577	
Other Income	26	111	124	69	16	35	57	82	330	190	90	
PBT before EO Exp.	-1,896	2,674	3,615	3,869	1,023	3,544	3,915	3,727	8,262	12,209	3,509	
EO Exp.	0	0	0	0	302	-225	0	0		77	0	
PBT after EO Exp.	(1,896)	2,674	3,615	3,869	722	3,769	3,915	3,727	8,262	12,132	3,509	
Tax rate (%)	26.7	26.6	26.5	25.2	26.4	26.3	26.3	26.3	25.9	26.3	25.1	
Adjusted PAT	-1,391	1,963	2,656	2,892	754	2,610	2,883	2,745	6,120	8,992	2,627	
Growth (%)	(197.7)	0.5	46.9	191.4	(154.2)	33.0	8.5	(5.1)	(0.9)	46.9	(9.2)	

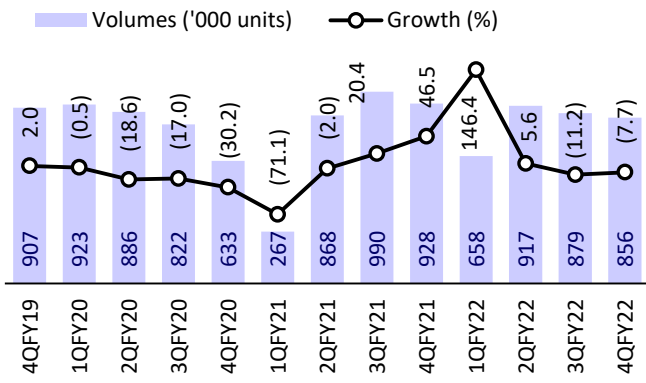
E: MOFSL estimates

Key performance indicator

Y/E March (INR m)	(INR m)											
	FY21				FY22				FY21	FY22E	FY22E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Volumes ('000 units)	266.9	867.8	989.5	927.5	657.8	916.7	878.7	856.5	3,051.9	3,309.2	856.5	
Growth (%)	-71.1	-2.0	20.4	46.5	146.4	5.6	-11.2	-7.7	13.9	13.4	-7.7	
Dom. 2W Mkt. Sh. (%)	14.4	13.9	15.2	13.8	13.7	14.6	16.2	16.1	14.3	15.2		
Net Realization	53.6	53.1	54.5	57.4	59.8	61.1	64.9	64.6	54.9	62.8	65.7	
Growth YoY (%)	10.8	8.1	8.5	4.3	11.5	15.0	19.2	12.5	9.1	14.3	14.5	
Cost Break-up as a percentage of sales												
RM Cost	75.9	76.5	76.1	75.3	75.7	76.2	76.3	76.2	76.0	76.1	76.8	
Staff Cost	13.8	4.7	5.0	5.0	6.6	5.3	5.2	5.1	5.7	5.5	5.1	
Other Cost	13.8	9.5	9.4	9.5	10.7	8.8	8.6	8.6	9.8	9.1	8.8	
Gross Margin (%)	24.1	23.5	23.9	24.7	24.3	23.8	23.7	23.8	24.0	23.9	23.2	
EBITDA Margin (%)	-3.4	9.3	9.5	10.1	7.0	9.7	10.0	10.1	8.5	9.3	9.4	
EBIT Margin (%)	-9.8	6.4	7.0	7.5	3.3	6.9	7.2	7.2	5.6	6.4	6.6	

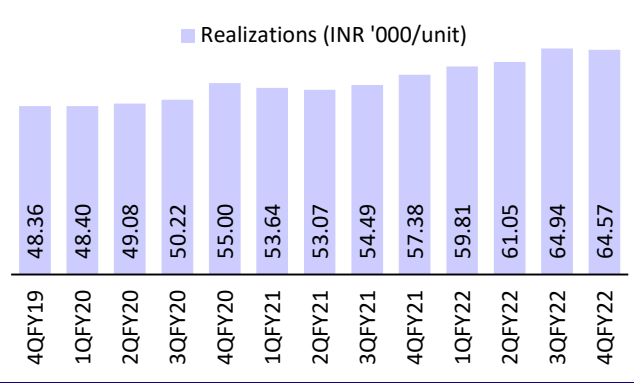
E: MOFSL estimates

Exhibit 1: Trends in volume and volume growth



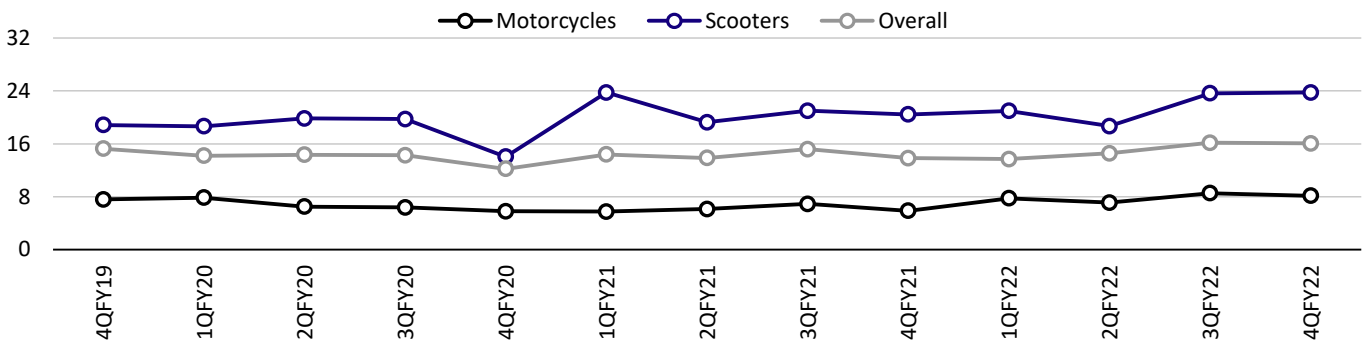
Source: Company, MOFSL

Exhibit 2: Trend in blended realizations



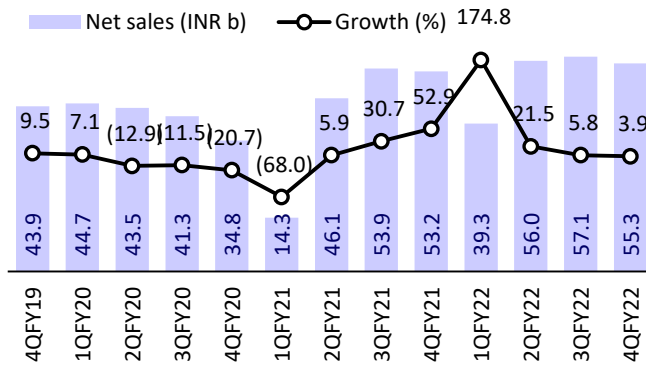
Source: Company, MOFSL

Exhibit 3: Domestic Motorcycle, Scooter, and overall market share trends for TVSL



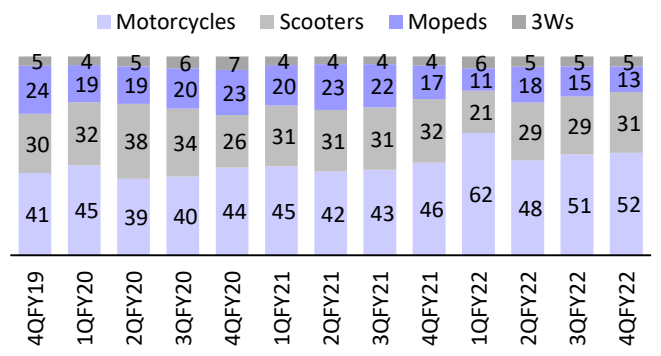
Source: Company, MOFSL

Exhibit 4: Net sales and growth trends



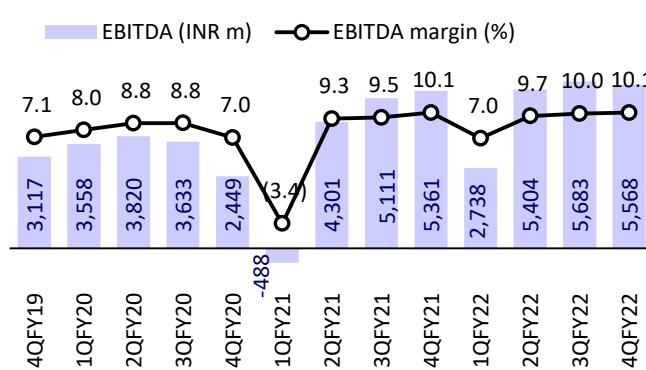
Source: Company, MOFSL

Exhibit 5: Contribution of different segments in volume mix



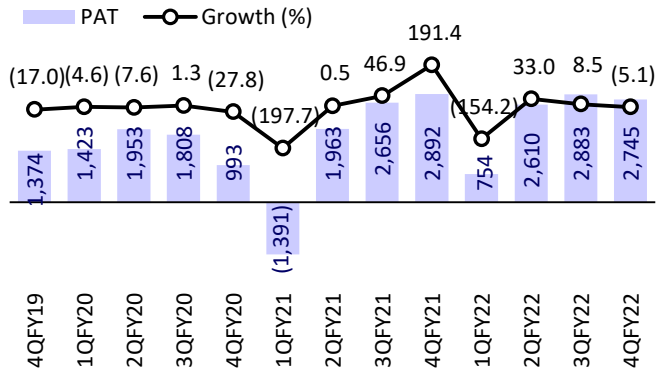
Source: Company, MOFSL

Exhibit 6: EBITDA and EBITDA margin trends



Source: Company, MOFSL

Exhibit 7: PAT and its growth trajectory



Source: Company, MOFSL

Key takeaways from the management interaction

- FY23 outlook is positively driven by a normal monsoon and low impact from the COVID-19 pandemic. Exports are expected to see good growth. TVSL is expected to grow faster than the industry in both India and overseas due to strong order book for products like Raider, Jupiter, Ntorq and Apache.
- EVs:
 - TVS iQube has 12k bookings (and has sold ~12k units so far) with presence in 33 cities.
 - In FY23, it would be launching a series of new products focusing on different customer set. It is targeting products in the entire 5-25Kw segment and the launch will be in eight quarters, with the first in 1QFY23.
 - Production would be ramped-up to 10k units/month (from current 2.5k units/month) by 1QFY23 end.
- The semiconductor shortage continues to impact its 125cc and premium segment portfolio, with no production of Raider in Apr'22 and a significant impact on Apache. It is adding suppliers, which is helping to ease constraints.
- RM cost inflation in 4QFY22 was at 2.5%, for which it took price hike of 1.5% and 1% remain uncovered. It expects a further RM cost increase in 1QFY23, for which it would take price hikes.
- TVS Credit had book size of INR140b and net worth of INR18.7b. PAT grew 19% to INR740m in 4QFY22. Financing penetration for TVSL stood at 58% in 4QFY22.
- Indonesia business continues to be PBT positive with USD1.1m in 4QFY22. For FY22, 2W volumes grew 46% to 86k units and 3W volumes grew 88% to 11k units.
- Capex & Investments: It invested ~INR7.3 in capex and ~INR14.2b in acquisitions, subsidiaries and associates. The management indicated capex for FY23 will be INR7b. While it didn't quantify the target of its investments in FY23, it indicated that a significant portion of its investments is behind it.
- Norton plans to invest GBP100m over five years towards various areas, including EVs. Of this, GBP40-50m is already invested in its facility and on products.

Valuation and view

- **Volume outperformance and market share gains to slow:** We estimate TVSL's pace of volume outperformance over the domestic 2W industry to slow as the gaps in its product portfolio have largely been plugged. Volume growth is expected to be driven by new product launches (Raider) in the domestic market as well as a ramp-up in exports. We estimate TVSL's volume to grow at 10.7% CAGR over FY22-25.
- **Most vulnerable among listed 2W OEMs to EV risk:** TVSL earns ~40% of its overall EBITDA from the domestic Scooter business, making it vulnerable to an EV disruption in the listed 2W space. It is planning to ramp-up its EV business over the next six months, with a capacity expansion to 10k/month from 1QFY23 (from a monthly production of less than 1k at present) and distribution at a pan-India level by Mar'22 (from 33 cities at present). Additionally, it has got orders for 2,000 e-3Ws from CESL (subsidiary of EESL). It is creating a separate subsidiary for the EV business to increase focus and flexibility. Any value discovery of its EV subsidiary can act as a re-rating catalyst.
- **Scale to drive 160bp margin expansion over FY22-25E:** There are several levers to improve margin, such as: a) a better mix, b) forex benefit, c) cost-cutting

initiatives, and d) operating leverage (particularly on marketing and employee cost). We estimate a 100bp EBITDA margin expansion (FY22-24) to 10.3% by FY24. This would result in a standalone EPS CAGR of ~28% over FY22-25E.

- **NBFC arm to boost consolidated performance:** TVS Credit Services (TVSL holds ~85% stake) is a fast-growing NBFC with a presence in 2W, Used Car, Tractor Financing, among others. The captive NBFC arm has been particularly helpful in offsetting the impact of the liquidity crunch over the last 24 months. We value the NBFC business at ~INR38/share (post a 20% holding company discount). TVS Credit is actively searching for an external investor as its growth partner, which can unlock value.
- **Valuation and view:** Volume growth is likely to be driven by new product launches (Raider and Jupiter 125) in the domestic market as well as a ramp-up in exports. It is enjoying the benefits of economies of scale and operating leverage, resulting in the EBITDA margin sustaining at double-digit levels. However, TVSL earns ~40% of its overall EBITDA from the domestic Scooter business, making it vulnerable to an EV disruption in the listed 2W space. Valuations at 24.2x/19.7x FY23/FY24 EPS largely reflects its strong earnings growth as well as increasing risk of EVs. We maintain our Neutral rating with a TP of ~INR650 (premised on ~18x Jun'24E EPS and INR38/share for the NBFC).

Exhibit 8: Revisions to our estimates

(INR m)	FY23E			FY24E		
	Revised	Old	Change (%)	Revised	Old	Change (%)
Volumes (m units)	3.79	3.78	0.3	4.12	4.12	-0.1
Net sales	247,559	247,908	-0.1	274,599	275,102	-0.2
EBITDA	24,385	22,188	9.9	28,284	28,060	0.8
EBITDA (%)	9.9	9.0	90bp	10.3	10.2	10bp
Net profit	12,388	10,960	13.0	15,191	15,296	-0.7
EPS (INR)	26.1	23.1	13.0	32.0	32.2	-0.7

Source: MOFSL

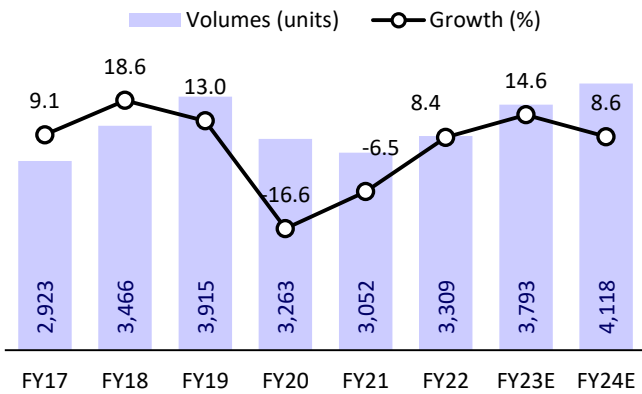
Exhibit 9: TVS Credit Services – A valuable investment

INR m	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Loan book	39,540	50,000	61,540	83,350	92,150	1,12,020	134,196	149,397	164,415
Loan book growth (%)	50	26	23	35	10.6	22	20	11	10
Leverage (x)	7.3	7.2	7.0	7.2	6.7	7.2	7.1	6.7	6.3
RoA (%)	1.3	1.7	2.2	1.8	1.6	0.9	0.9	1.2	1.5
PAT	507	870	1,384	1,483	1,505	970	1,208	1,793	2,466
Net worth	5,410	6,980	8,834	11,511	13,720	15,637	18,845	22,138	26,104
RoE (%)	9.4	12.5	15.7	12.9	11.0	6.2	6.4	8.1	9.4
P/B (x)				1	1	1	1	1	1
Equity value				11,511	13,720	15,637	18,845	22,138	26,104
TVSL's stake (%)				84.27	84.27	84.27	84.27	84.27	84.27
Value for TVSL after a 20% holding company discount				7760	9249	10542	12704	14924	17598
Value for TVSL (INR/share) at a 20% holding company discount				16	19	22	27	31	37

Source: Company, MOFSL

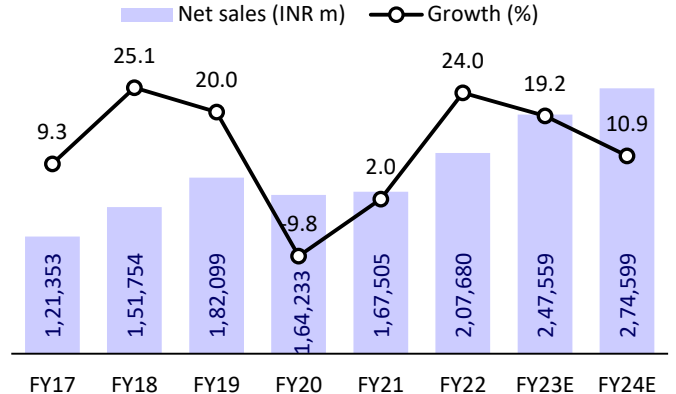
Story in charts

Exhibit 10: Volume growth trajectory



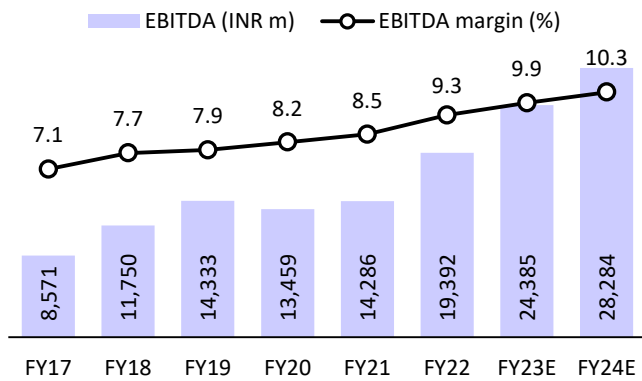
Source: Company, MOFSL

Exhibit 11: Revenue growth trend



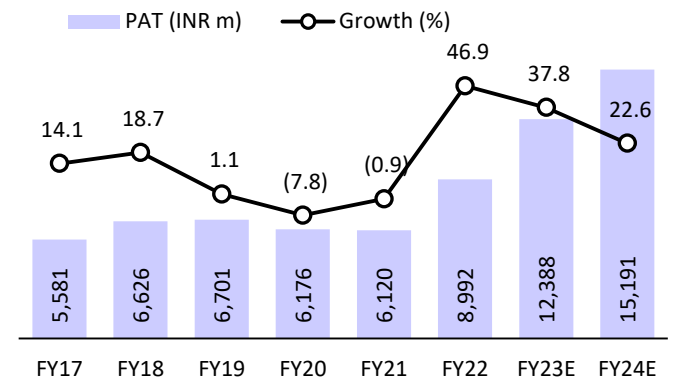
Source: Company, MOFSL

Exhibit 12: EBITDA margin trends upward



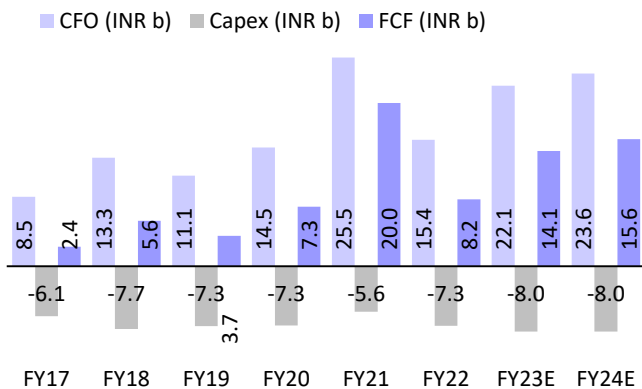
Source: Company, MOFSL

Exhibit 13: Trends in PAT and PAT growth



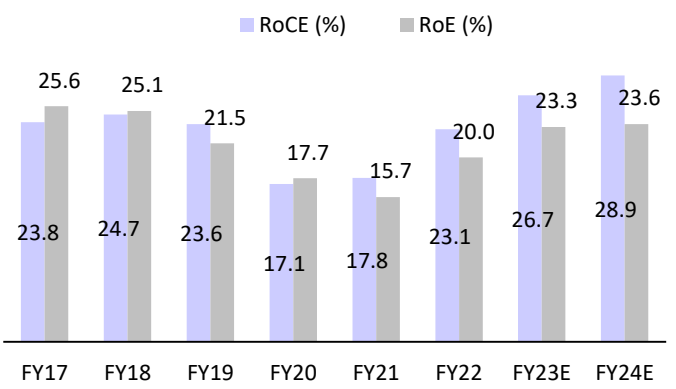
Source: Company, MOFSL

Exhibit 14: FCF to stay strong despite higher capex plans



Source: Company, MOFSL

Exhibit 15: Sharp improvement in return ratios



Source: Company, MOFSL

Key operating metrics

Snapshot of revenue model

Units	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Motorcycle	10,67,803	13,29,105	15,39,226	13,48,662	1,329,213	1,713,464	1,909,347	2,106,820
Growth (%)	5.0	24.5	15.8	-12.4	-1.4	28.9	11.4	10.3
As a percentage of total vols.	36.5	38.3	39.3	41.3	43.6	51.8	50.3	51.2
Scooter	8,70,863	11,34,918	13,01,115	10,75,203	960,946	922,578	1,136,287	1,218,513
Growth (%)	7.2	30.3	14.6	-17.4	-10.6	-4.0	23.2	7.2
As a percentage of total vols.	29.8	32.7	33.2	32.9	31.5	27.9	30.0	29.6
Moped	9,10,519	8,76,932	8,96,917	6,50,799	625,560	483,396	531,223	557,784
Growth (%)	23.3	-3.7	2.3	-27.4	-3.9	-22.7	9.9	5.0
As a percentage of total vols.	31.1	25.3	22.9	19.9	20.5	14.6	14.0	13.5
Total 2Ws	28,53,885	33,67,426	37,58,551	30,89,581	2,928,265	3,137,298	3,595,789	3,903,185
Growth (%)	11.1	18.0	11.6	-17.8	-5.2	7.1	14.6	8.5
As a percentage of total vols.	97.6	97.2	96.0	94.7	96.0	94.8	94.8	94.8
3Ws	69,254	98,684	1,56,434	1,73,911	123,596	171,875	196,735	214,874
Growth (%)	-37.5	42.5	58.5	11.2	-28.9	39.1	14.5	9.2
As a percentage of total vols.	2.4	2.8	4.0	5.3	4.0	5.2	5.2	5.2
Domestic	25,02,050	28,91,895	31,53,247	24,22,674	2,172,492	2,055,982	2,380,708	2,548,916
Growth (%)	12.5	15.6	9.0	-23.2	-10.3	-5.4	15.8	7.1
As a percentage of total vols.	85.6	83.4	80.5	74.2	71.2	62.1	62.8	61.9
Exports	4,21,089	5,74,215	7,61,738	8,40,818	879,369	1,253,191	1,411,816	1,569,142
Growth (%)	-7.2	36.4	32.7	10.4	4.6	42.5	12.7	11.1
As a percentage of total vols.	14.4	16.6	19.5	25.8	28.8	37.9	37.2	38.1
Total volumes	29,23,139	34,66,110	39,14,985	32,63,492	3,051,861	3,309,173	3,792,524	4,118,059
Growth (%)	9.1	18.6	13.0	-16.6	-6.5	8.4	14.6	8.6
ASP (INR/unit)	41,515	43,782	46,513	50,324	54,886	62,759	65,276	66,682
Growth (%)	0.1	5.5	6.2	8.2	9.1	14.3	4.0	2.2
Net Sales (INR m)	1,21,353	1,51,754	1,82,099	1,64,233	167,505	207,680	247,559	274,599
Growth (%)	9.3	25.1	20.0	-9.8	2.0	24.0	19.2	10.9

Exhibit 16: P/E band

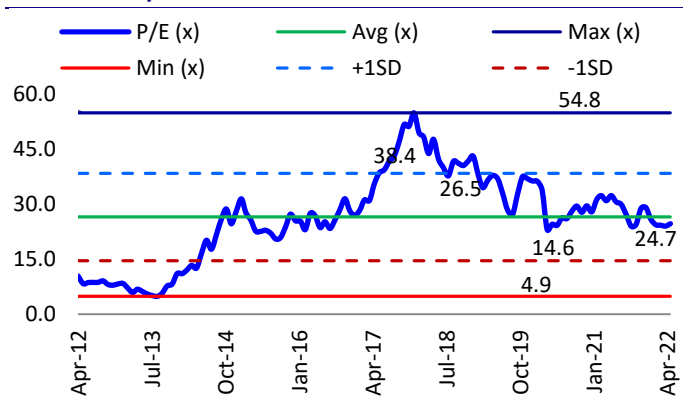
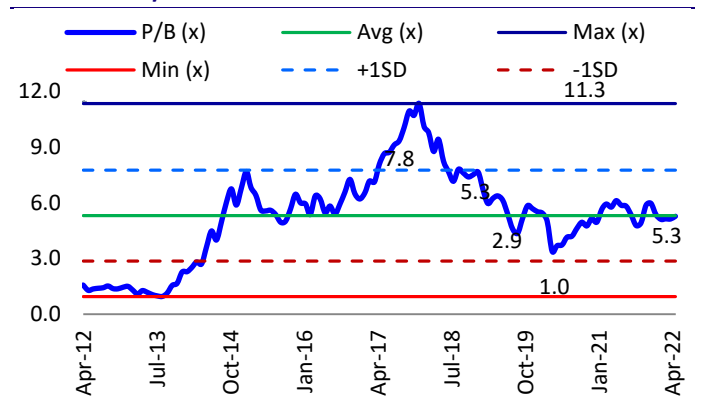


Exhibit 17: P/BV band



Financials and valuations

Standalone - Income Statement									(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Volumes (units)	26,78,702	29,23,139	34,66,110	39,14,985	32,63,492	30,51,861	3,309,173	3,792,524	4,118,059
Growth (%)	6.4	9.1	18.6	13.0	(16.6)	(6.5)	8.4	14.6	8.6
Net Sales	1,11,047	1,21,353	1,51,754	1,82,099	1,64,233	1,67,505	207,680	247,559	274,599
Change (%)	10.6	9.3	25.1	20.0	-9.8	2.0	24.0	19.2	10.9
EBITDA	8,099	8,571	11,750	14,333	13,459	14,286	19,392	24,385	28,284
Margin (%)	7.3	7.1	7.7	7.9	8.2	8.5	9.3	9.9	10.3
Depreciation	2,361	2,878	3,387	3,993	4,890	4,937	6,114	6,803	7,640
EBIT	5,738	5,693	8,362	10,340	8,568	9,349	13,278	17,582	20,644
Int. and Finance Charges	487	440	566	806	1,022	1,416	1,259	1,249	723
Other Income - Rec.	1,039	1,734	990	75	321	330	190	228	387
PBT bef. EO Exp.	6,289	6,987	8,786	9,610	7,867	8,262	12,209	16,561	20,308
EO Expense/(Income)	0	0	0	0	323	0	-77	0	0
PBT after EO Exp.	6,289	6,987	8,786	9,610	7,544	8,262	12,285	16,561	20,308
Current Tax	1,397	1,406	1,971	2,768	2,339	2,034	3,000	4,173	5,117
Deferred Tax	0	0	190	141	-717	108	196	0	0
Tax Rate (%)	22.2	20.1	24.6	30.3	21.5	25.9	26.0	25.2	25.2
Reported PAT	4,893	5,581	6,626	6,701	5,923	6,120	9,089	12,388	15,191
PAT Adj for EO items	4,893	5,581	6,626	6,701	6,176	6,120	8,992	12,388	15,191
Change (%)	40.7	14.1	18.7	1.1	-7.8	-0.9	46.9	37.8	22.6

Standalone - Balance Sheet									(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	475	475	475	475	475	475	475	475	475
Total Reserves	19,108	23,608	28,329	32,998	35,706	41,234	47,745	57,520	70,099
Net Worth	19,583	24,083	28,804	33,473	36,181	41,710	48,220	57,995	70,574
Deferred Liabilities	1,437	1,257	1,482	2,126	1,581	1,955	1,979	1,979	1,979
Total Loans	7,585	11,072	11,892	14,000	20,219	10,829	16,006	11,006	6,006
Capital Employed	28,606	36,413	42,178	49,600	57,981	54,493	66,205	70,980	78,558
Gross Block	34,651	39,290	45,454	50,536	58,077	63,490	72,568	83,812	91,812
Less: Accum. Deprn.	17,456	19,451	21,736	24,743	29,077	33,387	39,501	46,304	53,943
Net Fixed Assets	17,196	19,839	23,719	25,793	28,999	30,104	33,066	37,508	37,869
Capital WIP	310	623	1,311	2,572	2,854	2,787	4,245	1,000	1,000
Total Investments	12,703	15,880	20,355	23,008	28,554	33,153	47,813	51,813	54,813
Curr. Assets, Loans&Adv.	19,315	22,705	26,177	32,320	33,204	35,931	33,354	41,850	49,897
Inventory	6,964	9,670	9,644	11,759	10,389	11,518	11,227	13,383	14,844
Account Receivables	5,781	7,238	9,684	14,141	12,814	8,700	9,507	14,921	16,551
Cash and Bank Balance	327	85	109	439	4,193	9,298	4,013	5,221	9,436
Loans and Advances	6,243	5,713	6,741	5,981	5,808	6,415	8,607	8,325	9,066
Curr. Liability & Prov.	20,916	22,634	29,385	34,094	35,631	47,482	52,273	51,291	55,121
Account Payables	17,593	19,169	28,227	32,912	33,869	45,557	49,815	48,834	52,663
Provisions & other CL	3,323	3,465	1,158	1,183	1,763	1,925	2,458	2,458	2,458
Net Current Assets	-1,602	71	-3,207	-1,774	-2,427	-11,551	-18,919	-9,441	-5,223
Appl. of Funds	28,606	36,412	42,178	49,600	57,981	54,493	66,205	70,980	78,558

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)									
EPS	10.3	11.7	13.9	14.1	13.0	12.9	18.9	26.1	32.0
Growth (%)	40.7	14.1	18.7	1.1	-7.8	-0.9	46.9	37.8	22.6
Cash EPS	15.3	17.8	21.1	22.5	23.3	23.3	31.8	40.4	48.1
BV/Share	41.2	50.7	60.6	70.5	76.2	87.8	101.5	122.1	148.5
DPS	2.5	2.5	3.3	3.5	3.5	3.5	4.5	5.5	5.5
Payout (%)	28.9	25.6	28.4	29.8	33.8	27.2	23.5	21.1	17.2
Valuation (x)									
P/E	61.8	54.2	45.7	45.1	49.0	49.4	33.3	24.2	19.7
Cash P/E	41.7	35.8	30.2	28.3	27.3	27.4	19.8	15.6	13.1
P/BV	15.4	12.6	10.5	9.0	8.4	7.3	6.2	5.2	4.2
EV/Sales	2.8	2.6	2.1	1.7	1.9	1.8	1.5	1.2	1.1
EV/EBITDA	38.3	36.6	26.8	22.1	23.7	21.3	16.1	12.5	10.5
Dividend Yield (%)	0.4	0.4	0.5	0.5	0.5	0.5	0.7	0.9	0.9
Return Ratios (%)									
EBITDA Margins (%)	7.3	7.1	7.7	7.9	8.2	8.5	9.3	9.9	10.3
Net Profit Margins (%)	4.4	4.6	4.4	3.7	3.8	3.7	4.3	5.0	5.5
RoE	27.2	25.6	25.1	21.5	17.7	15.7	20.0	23.3	23.6
RoCE	25.7	23.8	24.7	23.6	17.1	17.8	23.1	26.7	28.9
RoIC	27.4	25.2	29.9	30.1	26.2	37.2	74.4	92.9	109.3
Operating Ratios									
Fixed Asset Turnover (x)	3.2	3.1	3.3	3.6	2.8	2.6	2.9	3.0	3.0
Inventory (Days)	22.9	29.1	23.2	23.6	23.1	25.1	19.7	19.7	19.7
Debtor (Days)	17	20	23	28	28	19	17	22	22
Creditor (Days)	58	58	68	66	75	99	88	72	70
Working Capital (Days)	-6	0	-8	-4	-15	-45	-40	-22	-19
Leverage Ratio (x)									
Current Ratio	0.9	1.0	0.9	0.9	0.9	0.8	0.6	0.8	0.9
Debt/Equity	0.4	0.5	0.4	0.4	0.6	0.3	0.3	0.2	0.1

Standalone - Cash Flow Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
NP/ (Loss) bef Tax and EO	6,289	6,987	8,786	9,610	7,544	8,262	12,132	16,561	20,308
Depreciation	2,361	2,878	3,387	3,993	4,890	4,937	6,114	6,803	7,640
Interest & Finance Charges	92	440	582	857	1,022	1,416	1,259	1,249	723
Direct Taxes Paid	1,458	1,290	2,465	2,300	1,850	2,020	3,100	4,173	5,117
(Inc)/Dec in WC	1,382	-514	2,977	-1,097	2,926	12,918	-962	1,631	-3
Others	745	-1,261	-294	-85	-596	96	-469	-228	-387
CF from Operations	9,411	7,239	12,973	10,978	13,936	25,609	14,976	21,843	23,164
(inc)/dec in FA	-4,887	-6,123	-7,698	-7,334	-7,267	-5,557	-7,279	-8,000	-8,000
Free Cash Flow	4,524	1,117	5,276	3,643	6,669	20,052	7,697	13,843	15,164
CF from Investments	-6,097	-7,481	-11,314	-10,023	-12,889	-9,206	-21,410	-11,772	-10,613
(Inc)/Dec in Debt	-461	2,792	1,917	939	4,013	-10,700	1,300	-5,000	-5,000
Interest Paid	-461	-433	-582	-857	-1,003	-1,129	-1,231	-1,249	-723
Dividend Paid	-2,065	-1,430	-1,887	-2,000	-2,000	-998	-1,904	-2,613	-2,613
CF from Fin. Activity	-3,046	-727	-747	811	2,705	-11,956	1,132	-8,862	-8,336
Inc/Dec of Cash	268	-969	912	1,766	3,753	4,447	-5,302	1,208	4,215
Add: Beginning Balance	-1,588	-1,320	-2,289	-1,376	390	4,143	8,590	3,287	4,496
Closing Balance	-1,320	-2,289	-1,376	390	4,143	8,590	3,287	4,496	8,711

NOTES

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