14 June 2022

Update | Sector: Automobiles

Maruti Suzuki

BSE SENSEX	S&P CNX
52,694	15,732

Stock Info

Bloomberg	MSIL IN
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	2359.5 / 30.2
52-Week Range (INR)	9022 / 6540
1, 6, 12 Rel. Per (%)	10/14/9
12M Avg Val (INR M)	5891
Free float (%)	43.6

Financials Snapshot (INR b)

Y/E MARCH	2022	2023E	2024E
Sales	883.0	1,096.2	1,313.9
EBITDA	57.0	95.6	145.9
Adj. PAT	37.7	68.1	107.3
*EPS (INR)	128.3	229.2	355.1
EPS Gr. (%)	-11.7	78.7	54.9
BV/Sh. (INR)	1,790	1,956	2,191
Ratios			
RoE (%)	7.0	11.5	16.2
RoCE (%)	8.7	15.0	21.3
Payout (%)	46.8	52.3	36.6
Valuations			
P/E (x)	60.9	34.1	22.0
P/BV (x)	4.4	4.0	3.6
EV/EBITDA (x)	33.8	19.5	12.2
Div. Yield (%)	0.8	1.5	1.7

*Cons. Adj.

Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	56.4	56.4	56.4
DII	15.3	16.0	15.7
FII	23.6	22.5	23.1
Others	4.7	5.1	4.9

CMP: INR7,811 TP: INR10,000 (+28%) Buy

Return of product lifecycle to drive market share

Recent corrections in commodity prices, Fx provide upside risk to estimates

Maruti Suzuki (MSIL)'s product pipeline has just kick-started with upgrades of key models and it is on the cusp of launching new models. While return of product lifecycle will drive market share recovery (~600bp by end-FY24E), strong demand, improving supplies and stable commodity prices will propel EBIT margin improvement of ~550bp for MSIL. The recent decline in commodity prices and favorable JPYINR movement can add ~180bp to margins (not part of our estimates) and 17% EPS upgrade for FY24E. We maintain our BUY rating on MSIL with a TP of ~INR10,000 (premised on ~27x Jun'24E consol. EPS).

Product lifecycle has just kick-started after a gap of almost three years

- After a gap of almost three years, MSIL's product pipeline has just kick-started with an exciting line-up of launches over the next 2-2.5 years. It has launched upgraded Celerio, and mid-cycle refresh of Baleno as well as XL6. Going forward, MSIL would be launching: new models (four SUVs), platform upgrade (Alto) and mid-cycle refresh (Brezza).
- Four new SUV brands are lined up for launch over the next couple of years to plug-in the gaps in its portfolio. Based on our channel checks, MSIL is planning to replicate its highly successful product laddering strategy in the SUV segment, thereby giving customers an option of an SUV at every price point.
- While the SUV based on Baleno platform will provide product laddering between Brezza and S-Cross, the SUV co-developed with Toyota will open up the UV1 segment (currently dominated by Hyundai Creta and Kia Seltos) and Jimny would compete in the niche segment of Thar. Further, it plans to launch a mid-size MPV sitting in between best-sellers such as Ertiga and Toyota's Innova.
- Besides, Alto would get its much needed complete platform upgrade after a gap of 10 years. This would be the second platform upgrade after Celerio.
- MSIL is also launching the mid-cycle refresh of Brezza (likely on 30th Jun'22), after the recent mid-cycle refreshes of Baleno and XL6.

PV segment's market share highly correlated with product lifecycles

- Our analysis suggests that market shares in the PV segment are very highly correlated with the product lifecycles. MSIL benefits from its favorable product pipeline over FY14-19 with market share improvement of ~9pp to ~51%, benefitting from the launches of Celerio, Ciaz, S-Cross, Baleno, Brezza, Ignis, XL6 and Espresso. Subsequently, the lack of MSIL's product launches coupled with substantial product launches from competition led to a declining market share of 8pp to 43.4% over FY19-22 for MSIL.

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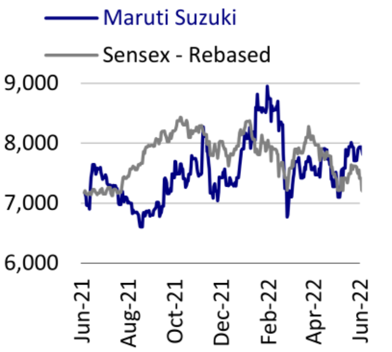
Stock Performance (1-year)



- Similarly, other PV players exhibited such high correlation. TTMT gained 5.8pp market share to 12.2% over FY20-22, driven by five new products since 2017. MM gained 160bp market share to 7.4% (of the domestic PV market) since the launch of Thar in Oct'21.
- While Kia ramped-up to 6.1% market share since entry in India in Aug'19 with four new products, its market share improved a meager 40bp in FY22 despite the full benefit of Sonet launch and part benefit of Carens launch. Conversely, Hyundai lost 260bp market share YoY (to 14.8%) in FY22 as it only had two model upgrades since Jun'20 along with Alcazar launch.
- Based on MSIL's launch pipeline of four new SUVs, one platform upgrade and one mid-cycle refresh, we estimate its market share to improve ~600bp to ~49% by end-FY24E over FY22.

Demand remains good, though supply issues crop up intermittently

- Demand for PVs remains robust with healthy traction in inquiries and bookings. In the domestic market, the unfulfilled order book has increased to ~295k units as of May'22 (of which 130k was CNG) and has consistently remained above ~200k units since 3QFY21 due to healthy demand and chip shortages.
- MSIL has also been seeing substantial traction in exports, led by its three-pronged approach to: a) expand the product portfolio, b) expand the network in existing markets, and c) add new markets. It is focused on implementing the best practices of the India business in these markets. Additionally, the Toyota partnership is supporting the company business in Africa and Latin America. As a result, MSIL's export volumes have consistently averaged above 20,000/ month since Jul'21 (v/s <10,000/month earlier).
- The semiconductor shortage has been gradually improving, though it crops up intermittently like in Mar-Apr'22 before production recovering in May'22.

EBIT margin: Headwinds stabilizing, if not receding

- MSIL's profitability has been adversely impacted in the last three years by: a) a weak product lifecycle, b) unprecedented commodity cost inflation in base commodities and precious metals, and c) multiple headwinds to volumes, resulting in an operating deleverage.
- This has resulted in a sharp erosion in its gross margin (~610bp) and EBIT margin (~570bp) over FY19–FY22. However, stable commodity cost during 4QFY22 and benefit of pricing action were reflected in gross margin and EBIT improvement of 180bp and 270bp QoQ in 4QFY22, respectively.
- Improving supplies and product mix, and stable commodity prices would drive an EBIT margin expansion of 550bp to 8.8% over FY22–24E.
- Our estimates do not factor in any benefit from: 1) the product mix improvement led by new product launches, 2) ~80bp gain from the recent decline in spot commodity cost (as a % of sales) to 15.8% (from 16.6% in 4QFY22) and ~100bp benefit of favorable JPYINR movement (spot v/s FY22 average).
- Lastly, MSIL had witnessed an adverse impact of declining interest rates on its treasury, as reflected in almost halving of other income over FY20-22 or the effective yield on treasury plunging to 4.3% in FY22 from 9.3% in FY20. While we are estimating 5% yield in FY24, if this goes up 2pp, it will drive almost ~INR10b increase in other income (on treasury of over INR500b) or ~8% upgrade in our FY24E EPS.

Valuation and view

Strong demand, improving chip supplies, moderating commodity inflation and favorable Fx would support margin recovery. Robust demand coupled with strong recoveries in both market share (+600bp) and margins (+550bp) over FY22-24E, would drive 66% CAGR in EPS. The stock trades at 34.1x/22x FY23E/FY24E consolidated EPS. **We maintain our BUY rating with a TP of INR10,000 (premised on 27x Jun'24E consolidated EPS).**

Exhibit 1: MSIL has strong product pipeline to be executed over next two years in relatively unexplored segments while…

New Model launched	Segment	Timeline	Key competitors	Segment Avg. monthly volumes
XL6	UV1	Aug-19	❖ Kia Carens	
S-presso	Mini	Sep-19	❖ Renault Kwid	
Celerio	Compact	Nov-21	❖ Hyundai Grandi10, Tata Tiago	
Alto	Mini	Oct-22	❖ No Competition	
YFG (Co-developed with Toyota)	UV1	Oct-22	❖ Hyundai Creta, Kia Seltos, MG Astor, VW Taigun, Skoda Kushaq, Scross	23,482
YTB SUV on Baleno platform	UVC	Apr-23	❖ Tata Nexon, Hyundai Venue, M&M XUV3OO, M&M Bolero, Kia Sonet, Honda WRV, Brezza	44,888
Jimny	UVC	Mid-2023	❖ M&M Thar	3,154
Y17	UV2	FY24 tentative	❖ Hyundai Alcazar, Tata Safari, M&M XUV7OO, M&M Scorpio, MG Hector	11,444

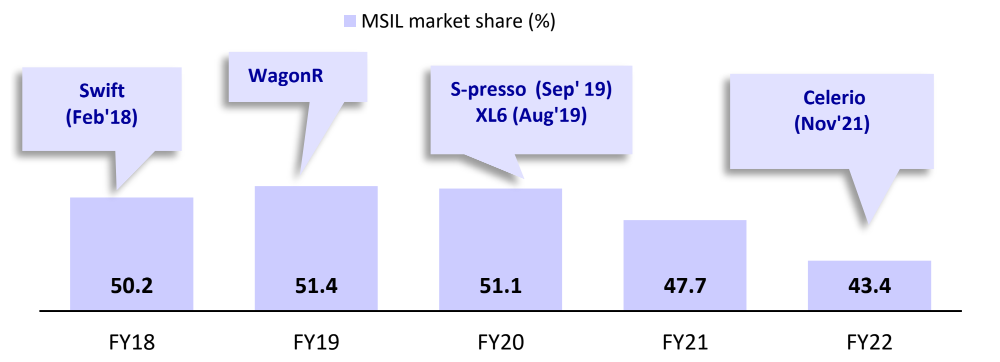
Source: Company, MOFSL

Exhibit 2: …competition does not have any major launch pipeline

OEM	Model	Segment	Timeline
M&M	New Scorpio	Mid-sized SUV	2QFY23
Citroen	C3	Micro SUV	2QFY23
Tata	Altroz EV	Electric Hatchback	4QFY23
M&M	e-XUV 3OO	Electric Compact SUV	4QFY23
Toyota	Belta (Ciaz)	Mid-sized Sedan	1HCY23
Toyota	Rumion (Ertiga)	MPV	2HFY23
Tata	Blackbird	Mid-sized SUV	CY23

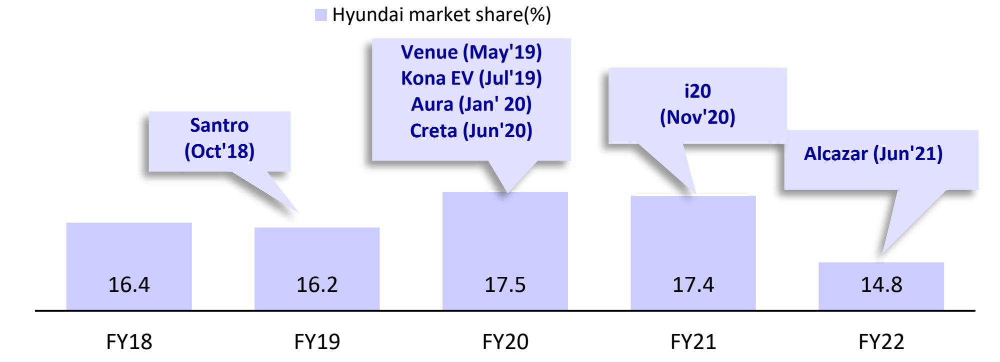
Source: Company, MOFSL

Exhibit 3: MSIL did not have any major launch since Sep'19



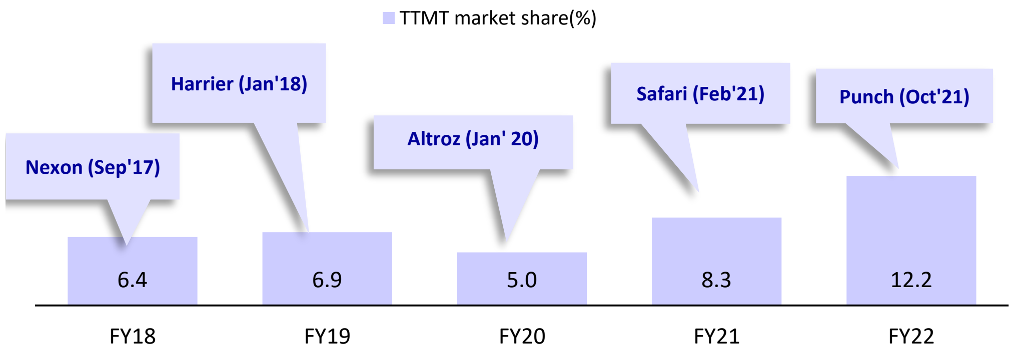
Source: Company, MOFSL

Exhibit 4: Hyundai launched Venue and Creta platform upgrades during FY20



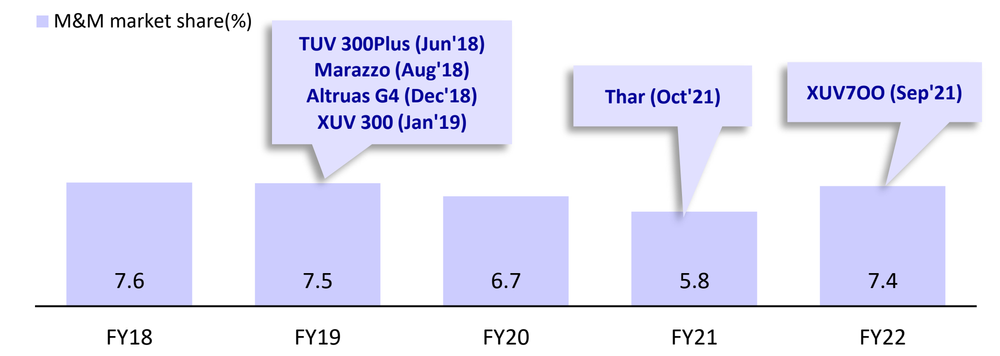
Source: Company, MOFSL

Exhibit 5: TTMT has gained significant market share driven by its strong product pipeline



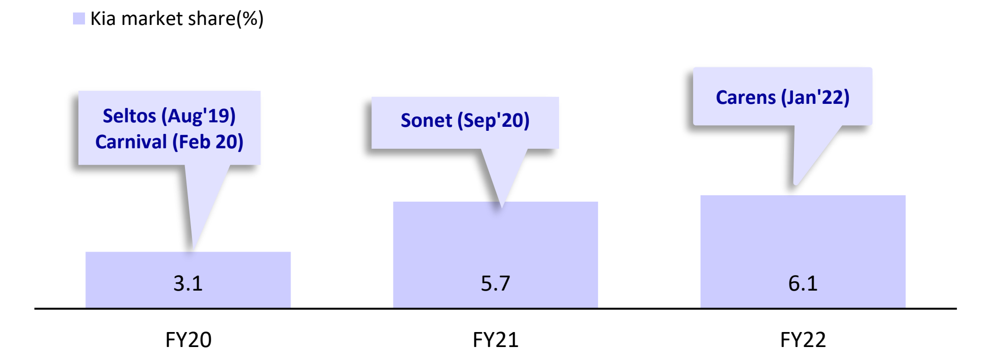
Source: Company, MOFSL

Exhibit 6: MM has shifted its focus on the large SUV segment



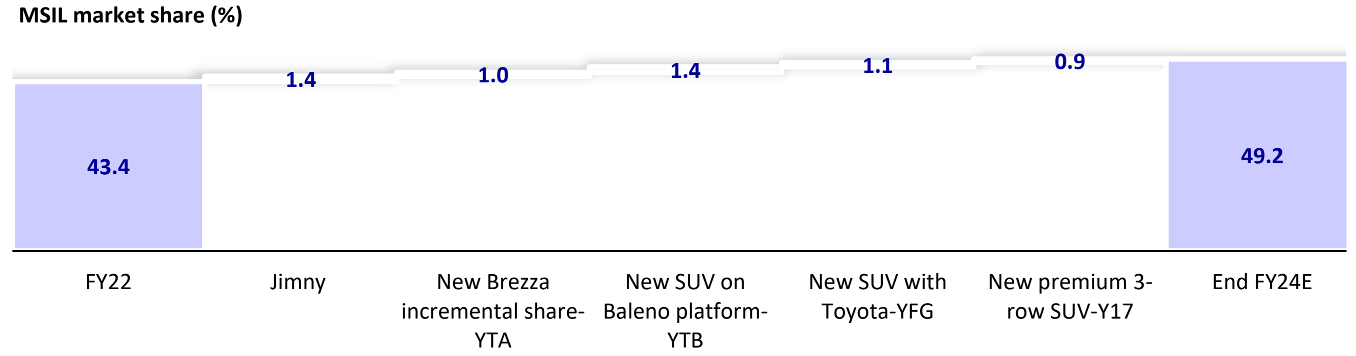
Source: Company, MOFSL

Exhibit 7: Kia has ramped-up to ~6% market share driven by four product launches



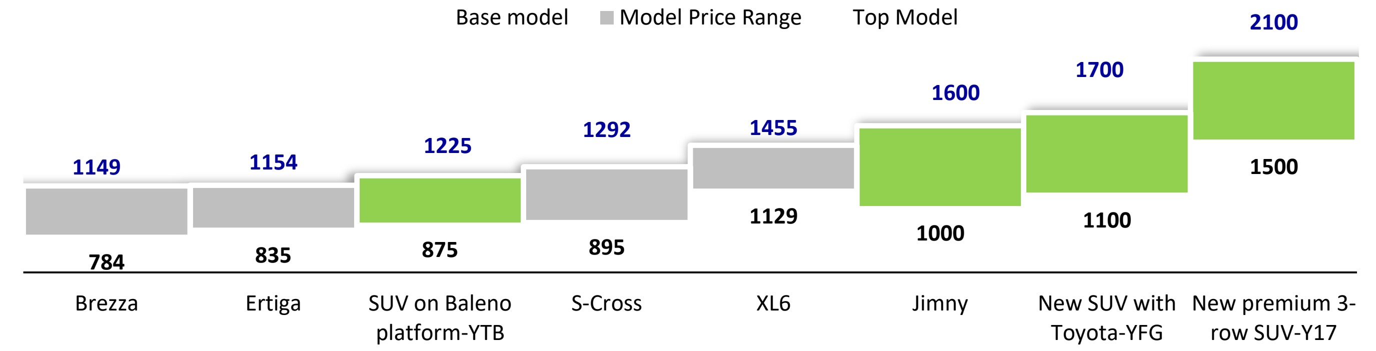
Source: Company, MOFSL

Exhibit 8: MSIL to recover a large portion of its lost market share, led by new launches



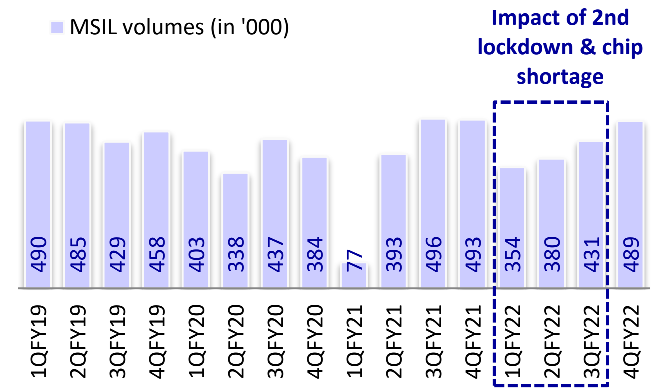
Source: Company, MOFSL

Exhibit 9: MSIL looking to replicate the product laddering strategy in the UV segment



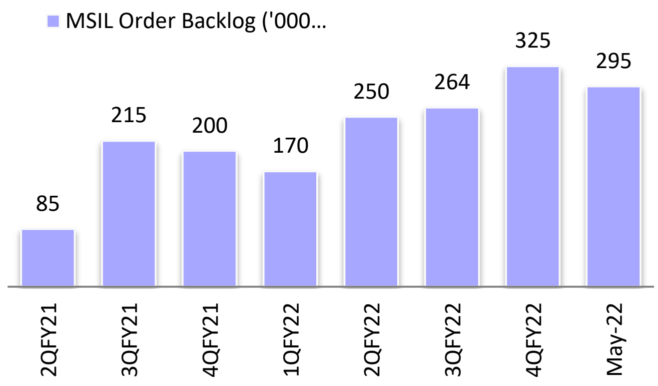
***Note**: Green bar represents new model;* Source: Company, MOFSL

Exhibit 10: Despite strong demand, MSIL's volumes are impacted by chip shortages adversely



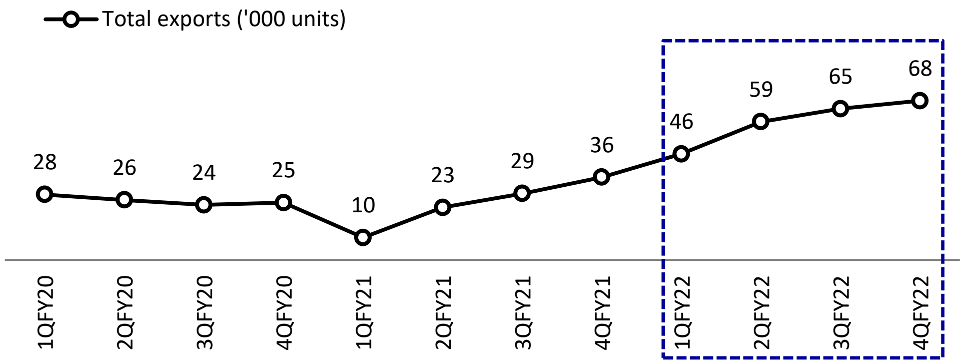
Source: Company, MOFSL

Exhibit 11: Strong demand, supply-side issues lead to buildup in order backlog



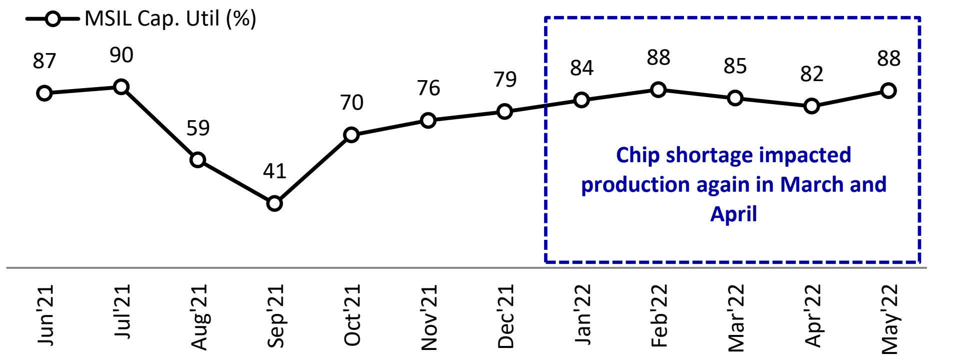
Source: Company, MOFSL

Exhibit 12: MSIL sees substantial traction in exports



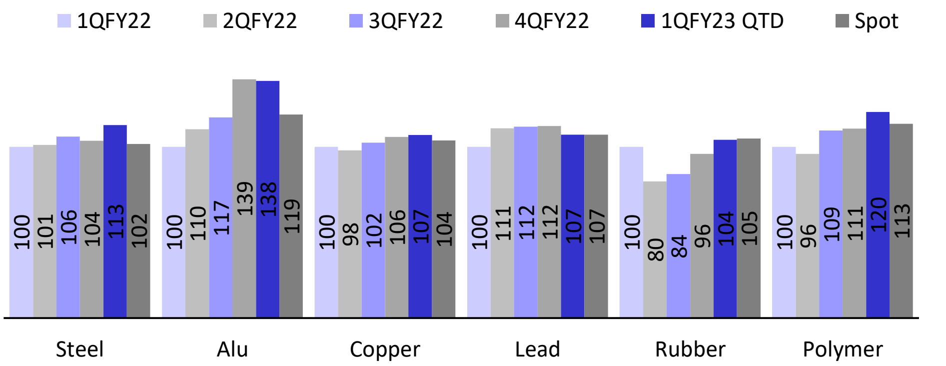
Source: Company, MOFSL

Exhibit 13: Production improves on easing of supply chain constraints



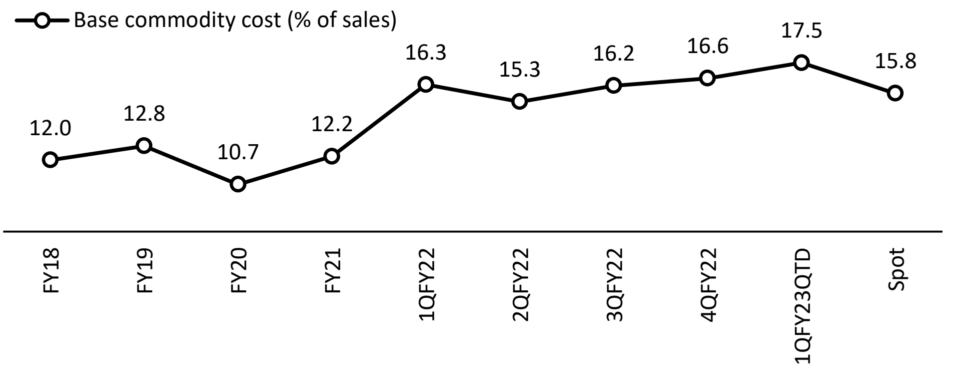
Source: Company, MOFSL

Exhibit 14: Base commodity prices have moderated from recent peaks…



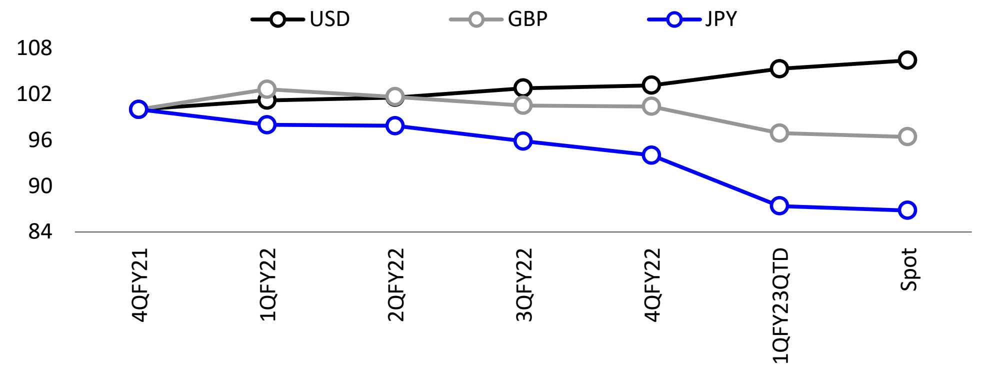
Source: Company, MOFSL

Exhibit 15: …implying commodity cost (as % of sales) to moderate from 4QFY22 levels



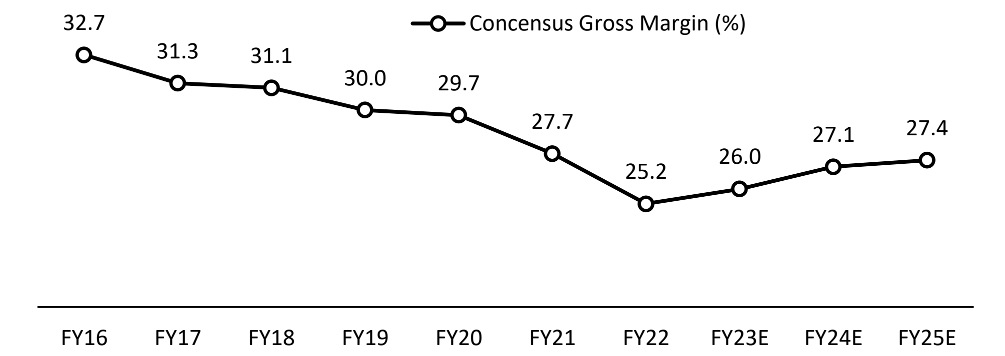
Source: Company, MOFSL

Exhibit 16: JPY depreciation is estimated to drive EBIT margin improvement of ~100bp



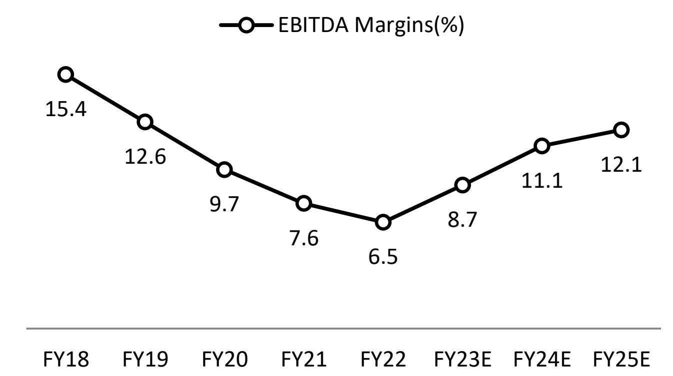
Source: Company, MOFSL

Exhibit 17: Consensus gross margin estimate is factoring in ~220bp improvement over FY22-FY25E to 27.4%



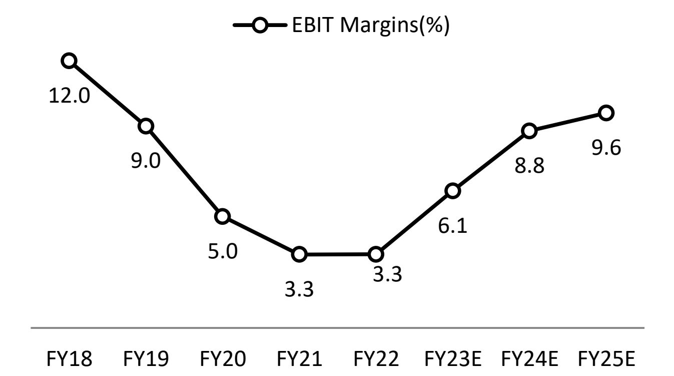
Source: VisibleAlpha, MOFSL

Exhibit 18: EBITDA margin to expand…



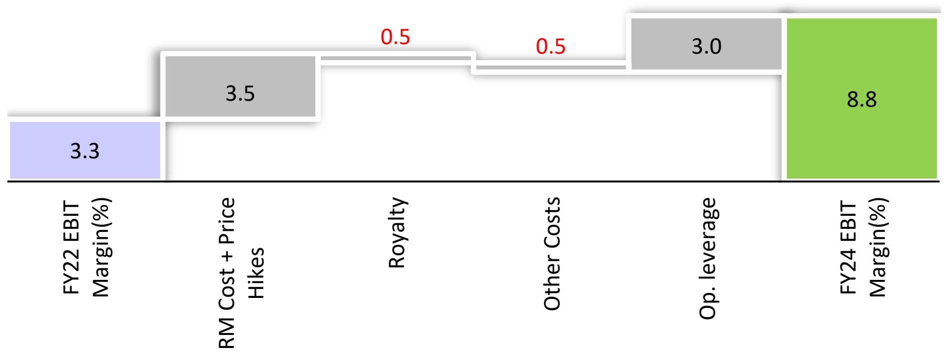
Source: Company, MOFSL

Exhibit 19: …leading to higher EBIT expansion, with declining depreciation



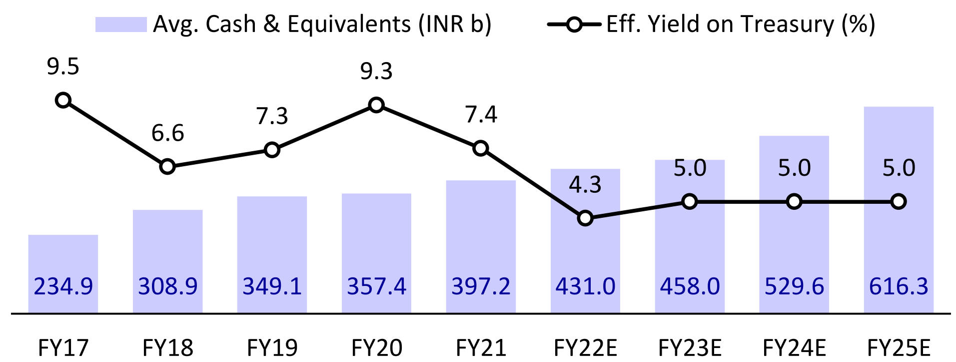
Source: Company, MOFSL

Exhibit 20: EBIT margin expansion to be driven by RM costs and operating leverage



Source: Company, MOFSL

Exhibit 21: MSIL would benefit from rising G-Sec yields on its large treasury book



Source: Company, MOFSL

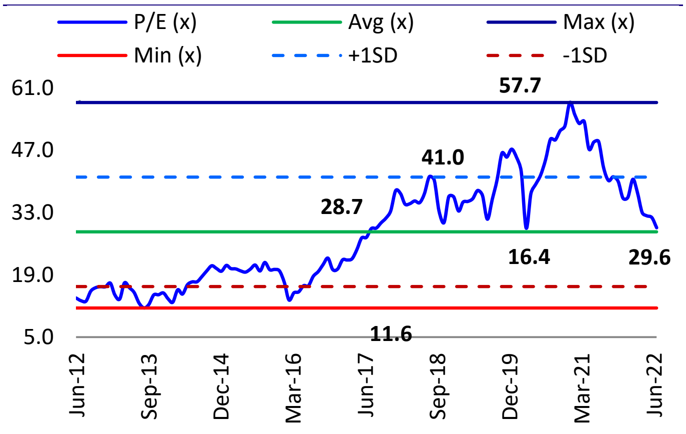
Valuation and view

- **Our long-term view on the PV industry remains intact**: Growth in the Indian PV industry has undershot our expectations for the past five years (FY15-20: ~1.3% volume CAGR). This can be attributed to several factors, including weaker economic growth, stringent financing, regulatory impact on costs in FY19/FY20, and the pandemic. We expect industry volumes to recover from the low base of FY21, driven by high aspirations, improving affordability, and lower penetration (less than 30 cars per population of 1,000). We estimate a 15% PV industry volume CAGR over FY22-24 (on a lower base of ~8.2% CAGR over FY18-21).
- **Strong product portfolio with numerous launches lined up for the next few years:** MSIL could emerge as the biggest beneficiary of a demand revival in the post-COVID era, considering its stronghold in the entry-level segment and a favorable product lifecycle. The company could gain further market share, driven by strong product pipeline, resulting in ~17% volume CAGR over FY22-24E. This, coupled with an improved mix and lower discounts, would drive ~22% revenue CAGR over FY22-24E.
- **Operating performance recovery underway:** While FY21 witnessed the brunt of the pandemic on operations; FY22 was marred by a second lockdown and semiconductor shortages. The demand recovery would be supported by a favorable product lifecycle as well as the continued shift to personal mobility. EBITDA margin contracted to a 20-year low of 6.5% in FY22 on higher commodity costs, weak forex, and operating deleverage. The recovery in EBITDA

margin to ~11% in FY25E will be driven by: a) normalization in the product lifecycle, b) lower discounts, c) price increases and mix improvement, d) cost-saving initiatives, e) lower royalty, and f) operating leverage.

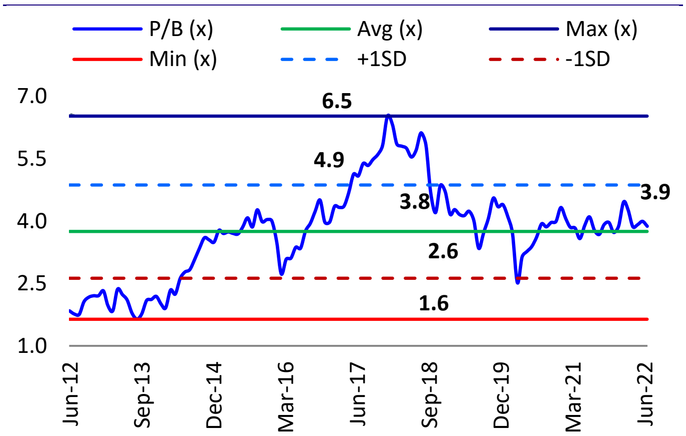
- **Strong margin and asset-light model to result in a strong FCF generation and RoE improvement:** The Gujarat plant's arrangement with its parent Suzuki would render MSIL's business as asset-light, allowing the management to focus on marketing. We expect FCF generation to improve to ~INR136b over FY22-24 (v/s ~INR84b in FY19-21) after budgeting for an annual capex of ~INR40b. RoCE is estimated to improve gradually to ~21.7% by FY24 from 8.7% in FY22.
- **Structural improvements in the business to support valuations**: After a gap of almost three years, we expect new product launches to resume with launch of new models (four within two years), and mix of complete platform upgrades and mid-cycle refresh. This should drive volume and market share growth. Recovery in profitability has begun in 3QFY22 and should continue with an improvement in volumes. We see scope for a further improvement in dividend payouts and a resultant re-rating. The stock trades at 34.1x/22x FY23E/FY24E consolidated EPS. We value the company at 27x Jun'24E consolidated EPS. We maintain our **BUY** rating with a TP of INR10,000 (premised on ~27x Jun'24E consolidated EPS).

Exhibit 22: One-year forward P/E (x) band



Source: MOFSL

Exhibit 23: One-year forward P/B (x) band



Source: MOFSL

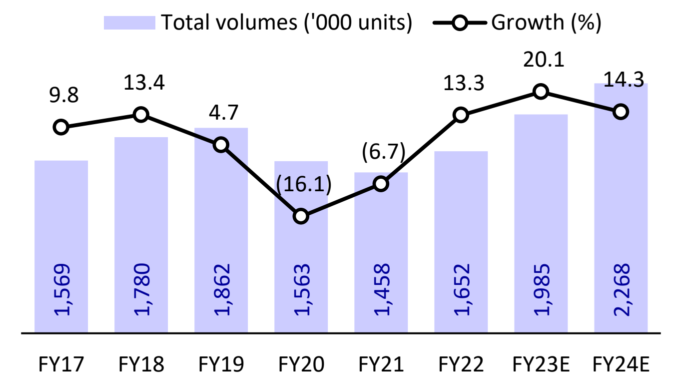
Story in charts – expect 66% EPS CAGR over FY22-24E

Exhibit 24: Market share declines (excluding Mini) due to the absence of the diesel portfolio

	FY18	FY19	FY20	FY21	FY22
Mini	71.3	72.3	79.0	84.5	88.5
Compact	52.2	56.4	57.4	54.8	55.3
Compact-Sedan	61.8	57.9	61.9	57.9	57.1
Mid-Size	30	25.8	25.8	19.1	20.0
UVC	40	40.4	27.9	20.2	18.6
UV1	38.8	38.2	31.4	25.7	25.8
MSIL Dom. PV market share (%)	**50.2**	**51.4**	**51.1**	**47.7**	**43.4**

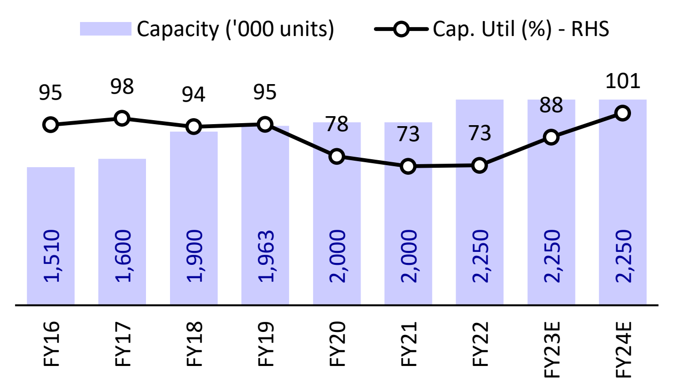
*Excluding supplies to Toyota; Source: Company, MOFSL

Exhibit 25: Trends in volume and growth over FY22-24E



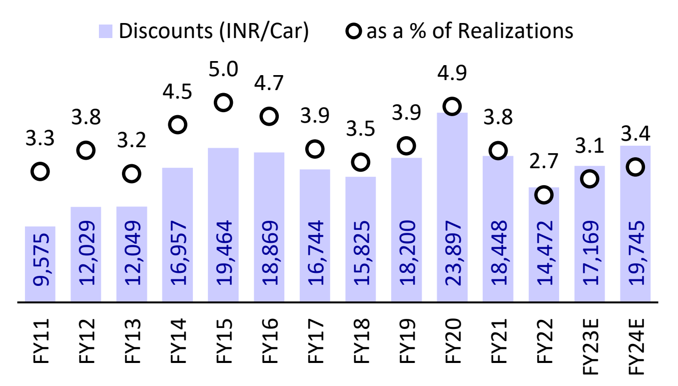
Source: Company, MOFSL

Exhibit 26: MSIL to operate at low utilization



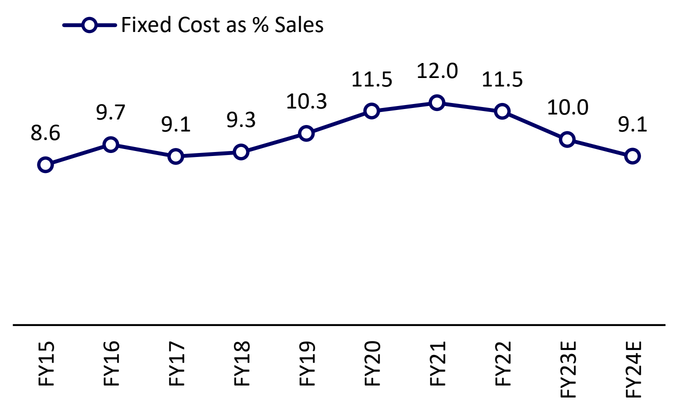
Source: Company, MOFSL

Exhibit 27: Discounts to increase in FY23E from lows of FY22



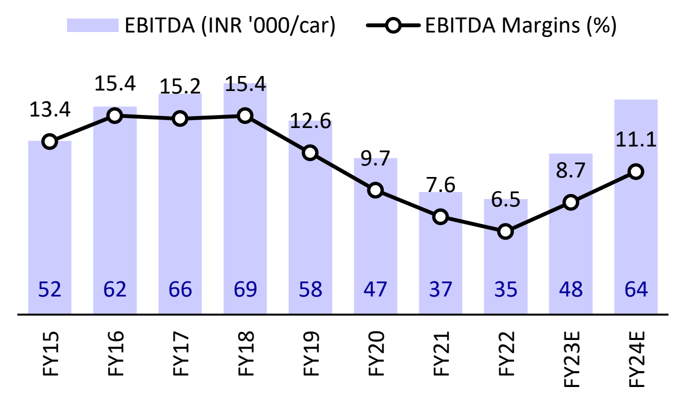
Source: Company, MOFSL

Exhibit 28: Fixed cost as a percentage of sales



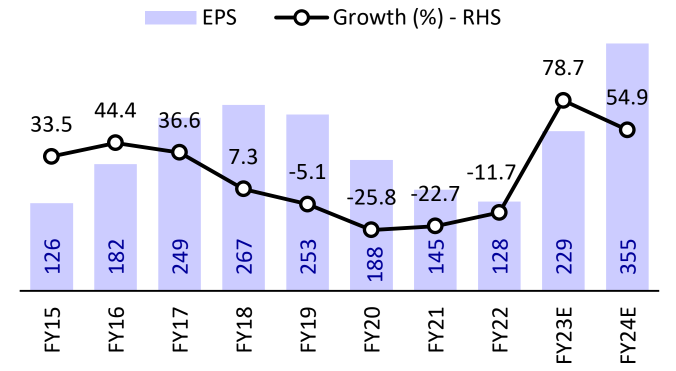
Source: Company, MOFSL

Exhibit 29: EBITDA margin and EBITDA per car



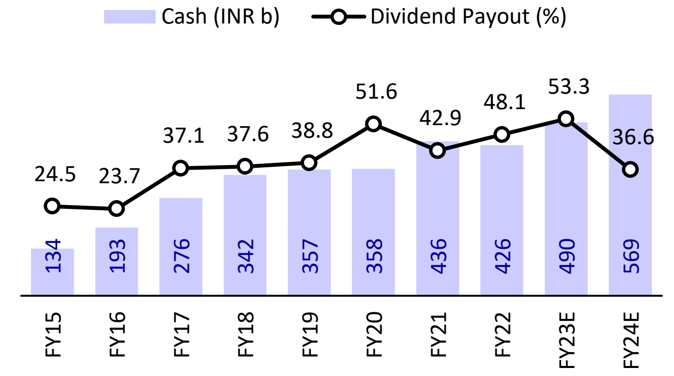
Source: Company, MOFSL

Exhibit 30: EPS (INR) and growth in EPS



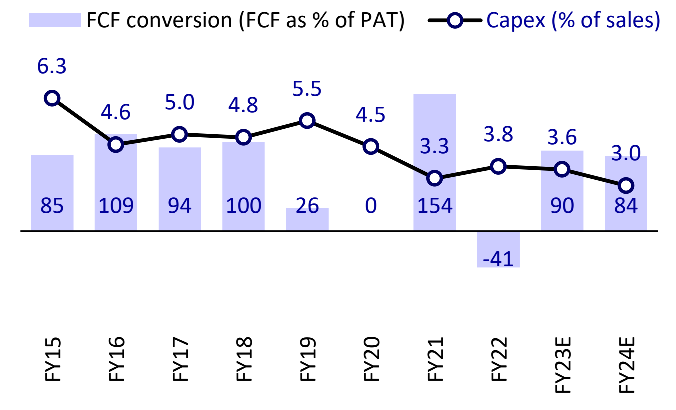
Source: MOFSL, Company

Exhibit 31: Dividend payout (%) and cash balance (INR b)



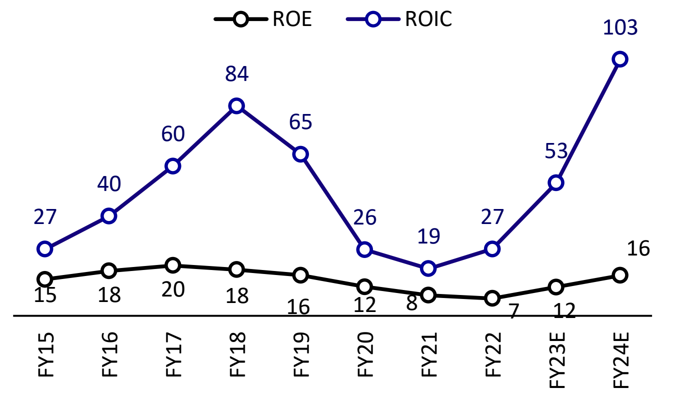
Source: MOFSL, Company

Exhibit 32: Expect FCF generation to recover (INR b)



Source: Company, MOFSL

Exhibit 33: RoE v/s RoIC (%)



Source: Company, MOFSL

Exhibit 34: Snapshot of the revenue model

000 units	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
A1/LCVs	10	24	22	30	34	41	45
Growth (%)		*138.0*	*-8.8*	*35.7*	*14.4*	*20.0*	*10.0*
% of Dom vols	*0.6*	*1.4*	*1.5*	*2.2*	*2.4*	*2.4*	*2.3*
MPV (Vans)	155	179	118	105	108	126	133
Growth (%)	*2.1*	*15.1*	*-33.7*	*-11.3*	*3.1*	*16.0*	*6.0*
% of Dom vols	*9.4*	*10.2*	*8.1*	*7.7*	*7.7*	*7.5*	*6.8*
A2 (other hatchbacks)	936	987	881	840	810	938	984
Growth (%)	*12.5*	*5.5*	*-10.8*	*-4.6*	*-3.6*	*15.8*	*4.9*
% of Dom vols	*56.6*	*56.3*	*60.3*	*61.7*	*57.3*	*55.7*	*50.4*
A3 (Dzire, Ciaz)	299	300	204	142	145	178	189
Growth (%)	*13.1*	*0.3*	*-31.9*	*-30.5*	*1.8*	*23.4*	*5.9*
% of Dom vols	*18.1*	*17.1*	*14.0*	*10.4*	*10.2*	*10.6*	*9.7*
Uvs (Ertiga, Compact SUV)	254	264	235	245	317	401	600
Growth (%)	*29.6*	*4.1*	*-10.9*	*4.3*	*29.3*	*26.5*	*49.5*
% of Dom vols	*15.3*	*15.1*	*16.1*	*18.0*	*22.4*	*23.8*	*30.8*
Total Domestic	**1,654**	**1,754**	**1,460**	**1,362**	**1,414**	**1,684**	**1,951**
Growth (%)	*14.5*	*6.1*	*-16.7*	*-6.7*	*3.8*	*19.1*	*15.9*
% of Total vols	*92.9*	*94.2*	*93.5*	*93.4*	*85.6*	*84.8*	*86.0*
Exports	126	109	102	96	238	301	317
Growth (%)	2	-14	-6	-6	148	26	5
% of Total vols	*7*	*6*	*7*	*7*	*14*	*15*	*14*
Total Volumes	**1,780**	**1,862**	**1,563**	**1,458**	**1,652**	**1,985**	**2,268**
Growth (%)	*13.4*	*4.7*	*-16.1*	*-6.7*	*13.3*	*20.1*	*14.3*
ASP (INR 000/unit)	**448**	**462**	**484**	**482**	**534**	**552**	**579**
Growth (%)	*3.3*	*3.0*	*4.8*	*-0.3*	*10.8*	*3.4*	*4.9*
Net Sales (INR b)	**798**	**860**	**756**	**703**	**883**	**1,096**	**1,314**
Growth (%)	*17*	*8*	*-12*	*-7*	*26*	*24*	*20*

Source: MOFSL, Company

Financials and valuations

Income Statement							(INR m)
Y/E March	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**
Net Op Income	**7,97,627**	**8,60,203**	**7,56,106**	**7,03,325**	**8,82,956**	**10,96,187**	**13,13,858**
Change (%)	17.2	7.8	-12.1	-7.0	25.5	24.1	19.9
EBITDA	**1,23,122**	**1,07,993**	**73,026**	**53,453**	**57,012**	**95,581**	**1,45,860**
EBITDA Margins (%)	15.4	12.6	9.7	7.6	6.5	8.7	11.1
Depreciation	27,579	30,189	35,257	30,315	27,865	28,234	29,826
EBIT	**95,543**	**77,804**	**37,769**	**23,138**	**29,147**	**67,346**	**1,16,033**
EBIT Margins (%)	12.0	9.0	5.0	3.3	3.3	6.1	8.8
Interest	3,457	758	1,329	1,008	1,259	830	830
Other Income	20,455	25,610	34,208	29,464	17,935	21,827	25,175
EO Expense	2,507	-2,000	0	0	0	0	0
Def Revenue Exp. / Others	0	0	0	0	0	0	0
PBT	**1,10,034**	**1,04,656**	**70,648**	**51,594**	**45,823**	**88,344**	**1,40,379**
Effective tax Rate (%)	29.8	28.3	20.0	18.0	17.8	23.0	23.6
PAT	**77,218**	**75,006**	**56,506**	**42,297**	**37,663**	**68,059**	**1,07,280**
Change (%)	5.1	-2.9	-24.7	-25.1	-11.0	80.7	57.6
% of Net Sales	9.9	9.0	7.9	6.4	4.5	6.5	8.6
Adj. PAT	**78,977**	**73,573**	**56,506**	**42,297**	**37,663**	**68,059**	**1,07,280**
Change (%)	7.4	-6.8	-23.2	-25.1	-11.0	80.7	57.6

Balance Sheet							(INR m)
Y/E March	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**
Sources of Funds							
Share Capital	1,510	1,510	1,510	1,510	1,510	1,510	1,510
Reserves	4,16,063	4,59,905	4,82,860	5,12,158	539,350	589,284	660,315
Net Worth	**4,17,573**	**4,61,415**	**4,84,370**	**5,13,668**	**540,860**	**590,795**	**661,825**
Loans	1,108	1,496	1,063	4,888	3,819	3,819	3,819
Deferred Tax Liability	5,589	5,640	5,984	3,847	-2,027	-2,027	-2,027
Capital Employed	**4,24,270**	**4,68,551**	**4,91,417**	**5,22,403**	**542,652**	**592,587**	**663,617**
Application of Funds							
Gross Fixed Assets	2,14,239	2,63,293	2,97,260	3,14,553	330,021	334,315	359,315
Less: Depreciation	80,649	1,09,215	1,40,157	1,64,983	192,848	221,082	250,908
Net Fixed Assets	**1,33,590**	**1,54,078**	**1,57,103**	**1,49,570**	**137,173**	**113,233**	**108,407**
Capital WIP	21,259	16,001	14,083	14,898	29,294	65,000	80,000
Investments	3,52,902	3,65,150	3,64,676	4,17,867	407,633	407,633	407,633
Curr.Assets, Loans	**81,841**	**89,815**	**84,390**	**1,12,943**	**152,387**	**230,242**	**322,682**
Inventory	31,608	33,257	32,149	30,500	35,331	48,052	57,594
Sundry Debtors	14,618	23,104	21,270	12,766	20,301	21,023	25,197
Cash & Bank Balances	711	1,789	211	30,364	30,362	94,774	173,498
Loans & Advances	2,878	5,126	5,246	6,642	307	307	307
Others	32,026	26,539	25,514	32,671	66,086	66,086	66,086
Current Liab & Prov.	**1,65,322**	**1,56,493**	**1,28,835**	**1,72,875**	**183,835**	**223,521**	**255,104**
Sundry Creditors	1,04,970	96,330	74,941	1,01,617	97,610	141,153	169,182
Others	50,055	51,069	44,889	60,252	71,104	71,104	71,104
Provisions	10,297	9,094	9,005	11,006	15,121	11,264	14,819
Net Current Assets	**-83,481**	**-66,678**	**-44,445**	**-59,932**	**-31,448**	**6,721**	**67,578**
Appl. of Funds	**4,24,270**	**4,68,551**	**4,91,417**	**5,22,403**	**542,652**	**592,587**	**663,617**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
Basic (INR)							
Adjusted EPS	**261.4**	**243.6**	**187.1**	**140.0**	**124.7**	**225.3**	**355.1**
Consol EPS	**266.7**	**253.3**	**188.0**	**145.3**	**128.3**	**229.2**	**355.1**
Cash EPS	358.0	353.2	304.7	245.7	220.5	322.7	453.9
Book Value per Share	1,382	1,527	1,603	1,700	1,790	1,956	2,191
DPS	80.0	80.0	60.0	45.0	60.0	120.0	130.0
Div. payout (%)	37.6	38.8	38.5	31.0	46.8	52.3	36.6
Valuation (x)							
Consol. P/E	29.3	30.8	41.6	53.8	60.9	34.1	22.0
Cash P/E	21.8	22.1	25.6	31.8	35.4	24.2	17.2
EV/EBITDA	16.3	18.5	27.3	35.8	33.8	19.5	12.2
EV/Sales	2.6	2.4	2.8	2.9	2.3	1.8	1.4
P/BV	5.7	5.1	4.9	4.6	4.4	4.0	3.6
Dividend Yield (%)	1.0	1.0	0.8	0.6	0.8	1.5	1.7
FCF Yield (%)	3.4	0.8	0.0	2.8	-0.6	2.6	3.8
Profitability Ratios (%)							
RoIC	84.1	64.7	26.5	18.9	26.8	53.3	102.7
RoE	18.5	16.3	11.7	8.2	7.0	11.5	16.2
RoCE	27.3	22.1	14.6	10.1	8.7	15.0	21.3
Turnover Ratios							
Debtors (Days)	7	10	11	7	9	7	7
Inventory (Days)	17	16	17	17	16	18	18
Creditors (Days)	70	59	51	73	54	64	65
Work. Cap. (Days)	-46	-33	-23	-49	-29	-39	-40
Asset Turnover (x)	1.9	1.8	1.5	1.3	1.6	1.8	2.0
Leverage Ratio							
Net Debt/Equity (x)	-0.8	-0.8	-0.7	-0.8	-0.8	-0.8	-0.9

Cash Flow Statement (INR m)

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
Profit before Tax	1,10,034	1,04,656	70,948	51,594	45,823	88,344	140,379
Interest	3,457	758	1,329	1,008	1,259	830	830
Depreciation	27,579	30,189	35,257	30,315	27,865	28,234	29,826
Direct Taxes Paid	-30,550	-31,428	-14,357	-10,107	-11,769	-20,285	-33,098
(Inc)/Dec in WC	28,058	-13,196	-25,659	43,352	-28,098	26,243	17,867
Other Items	-20,728	-25,047	-33,467	-27,774	-17,168	-21,827	-25,175
CF from Oper.Activity	**1,17,850**	**65,932**	**34,051**	**88,388**	**17,912**	**101,539**	**130,628**
(Inc)/Dec in FA	-38,653	-47,000	-33,990	-23,279	-33,227	-40,000	-40,000
Free Cash Flow	**79,197**	**18,932**	**61**	**65,109**	**-15,315**	**61,539**	**90,628**
(Pur)/Sale of Invest.	-44,168	11,617	29,351	-49,560	31,337	21,827	25,175
CF from Inv. Activity	**-82,821**	**-35,383**	**-4,639**	**-72,839**	**-1,890**	**-18,173**	**-14,825**
Change in Networth	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-3,728	388	-524	3,723	-1,140	0	0
Interest Paid	-3,464	-732	-1,342	-1,006	-1,291	-830	-830
Dividends Paid	-27,268	-29,134	-29,134	-18,125	-13,594	-18,125	-36,250
CF from Fin. Activity	**-34,460**	**-29,478**	**-31,000**	**-15,408**	**-16,025**	**-18,955**	**-37,080**
Inc/(Dec) in Cash	**569**	**1,071**	**-1,588**	**141**	**-3**	**64,412**	**78,724**
Add: Op. Balance	111	699	1,770	182	323	320	64,732
Closing Balance	**680**	**1,770**	**182**	**323**	**320**	**64,732**	**143,456**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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