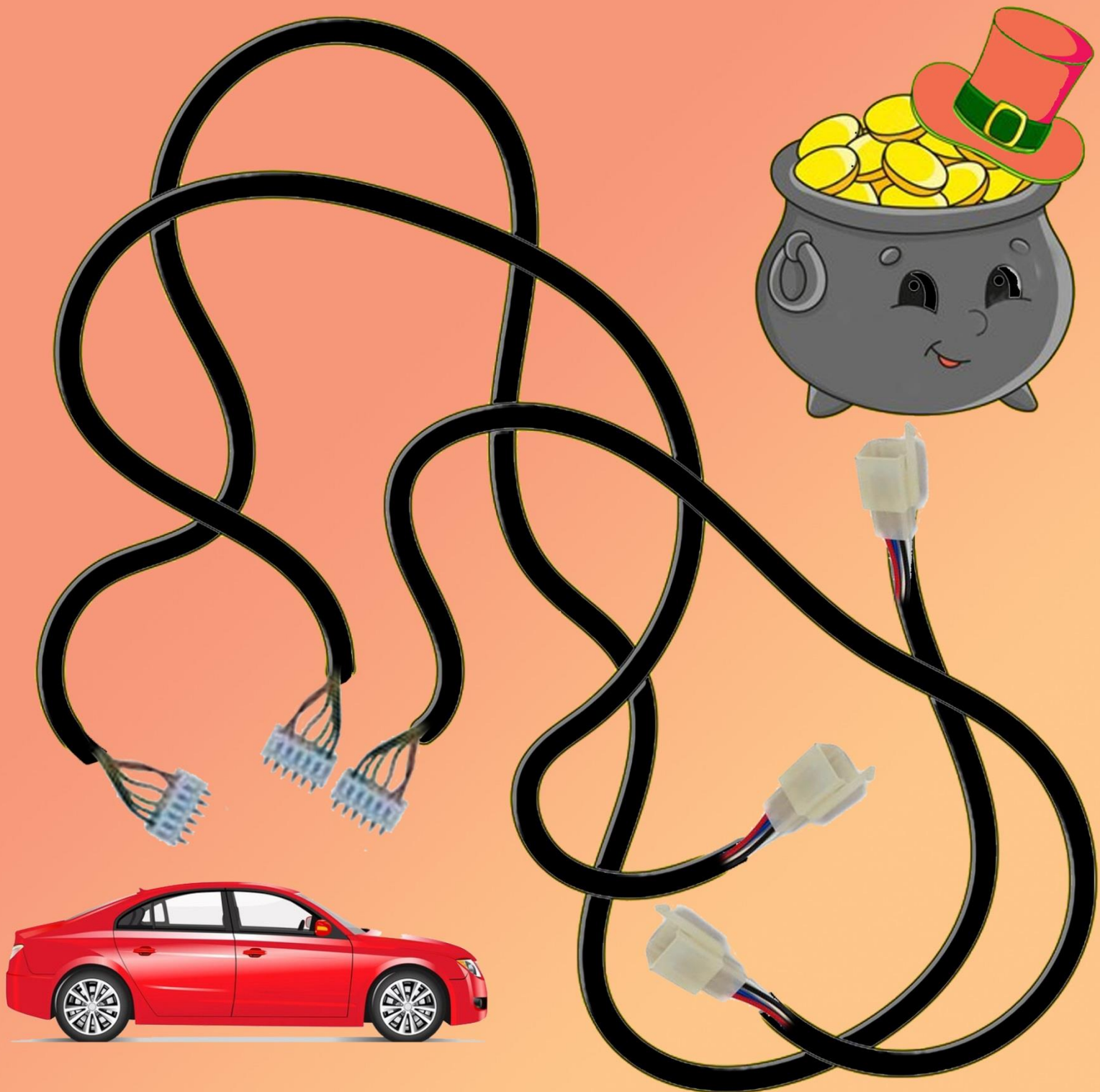


Motherson Sumi Wiring India



Simplicity in complexity drives supernormal profits



Motherson Sumi Wiring India: Simplicity in complexity drives supernormal profits

01

Page #3 [🔗](#)
Summary

02

Page #6 [🔗](#)
Market leader in the India wiring harness industry

03

Page #8 [🔗](#)
Pure play on the Indian automotive industry...

04

Page #9 [🔗](#)
...and on the automotive megatrends...

05

Page #11 [🔗](#)
...driving strong growth and capital efficiency

06

Page #13 [🔗](#)
Valuation & view: Initiate coverage with a BUY rating

07

Page #14 [🔗](#)
Management Profile

08

Page #15 [🔗](#)
Bulls and Bears

09

Page #16 [🔗](#)
SWOT analysis

10

Page #18-19 [🔗](#)
Financials and Valuation

Motherson Sumi Wiring India

BSE Sensex

52,541

S&P CNX

15,692

CMP: INR62

TP: INR80 (+28%)

Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2022 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Stock Info

Bloomberg	MSUMI IN
Equity Shares (m)	3157.9
M.Cap.(INRb)/(USDb)	196.7 / 2.5
52-Week Range (INR)	76 / 57
12M Avg Val (INR M)	779
Free float (%)	38.3

Financial Snapshot (INR b)

Y/E March	2022	2023E	2024E
Sales	56.3	67.6	76.4
EBITDA	7.3	9.3	11.5
Adj. PAT	4.6	5.8	7.4
EPS (INR)	1.5	1.8	2.3
EPS Growth (%)	81.8	24.7	28.1
BV/Share (INR)	3.5	4.5	5.9

Ratios

Net D:E	-0.2	-0.3	-0.4
RoE (%)	50.6	45.4	44.8
RoCE (%)	57.0	51.3	52.1
Payout (%)	65.4	50.0	50.0

Valuations

P/E (x)	42.6	34.1	26.7
P/BV (x)	17.7	13.8	10.5
Div. Yield (%)	1.4	1.5	1.9
FCF Yield (%)	2.0	2.2	3.4

About MSUMI

MSUMI is a leading player in wiring harness solutions in India. It enjoys strong parentage of both MSS and SWS, a global leader in the manufacture of wiring harnesses, harness components, and other electric wires. It is headquartered in Noida (India), and has 23 plants across India.

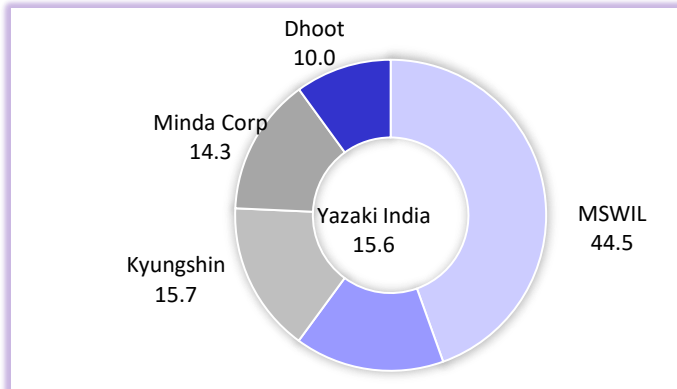
Simplicity in complexity drives supernormal profits

Content to go up materially due to visible auto industry megatrends

- **Market leader in the India wiring harness industry:** Motherson Sumi Wiring India (MSUMI), a JV between Sumitomo Wiring System (SWS) and Motherson Group, is a market leader in the Indian wiring harness industry with a market share of over 40%. The wiring harness business is unique from the perspective of high human capital intensity (refer to exhibit 4) and lower capex requirement. MSUMI enjoys superior profitability led by improved efficiency and economies of scale, as reflected in the industry leading gross/EBITDA/ EBIT margins (refer to Exhibit 6).
- **Pure play on the Indian automotive industry...:** After the restructuring of Motherson Sumi Systems (MSS), MSUMI transformed into an India-based pure play wiring harness player with a focus on the domestic market. It derives over 95% of its revenue from the domestic business with negligible exposure to exports. Hence, MSUMI is a direct beneficiary of the Indian automotive industry recovery, with a high exposure to the domestic PV segment.
- **...and on automotive megatrends...:** Globally, the automotive industry is witnessing several megatrends such as premiumization, electrification, connected/autonomous vehicles etc. MSUMI, through its wiring harness content in vehicles, is well positioned to benefit from these megatrends. The wiring harness content is likely to gain from: a) increasing electronic content in Indian PV (to rise 2.45x by 2030) and b) electrification of vehicles (content to increase by over 5x in e-2Ws and over 2x in e-PVs).
- **...driving strong growth and capital efficiency:** We estimate MSUMI's revenue/EBITDA/PAT to report 15%/22%/23% CAGR over FY22-25E. Strong operating performance coupled with limited capex has driven strong FCFF and MSUMI has turned into a net cash company in FY22 (net cash of ~INR11.5b by FY25E despite over 50% payout). Consequently, RoIC would improve to 62% by FY25E from 53% in FY22, though RoE would decline to 41% from 51% over the same period, due to cash drag.
- **Valuation & view – Initiate coverage with a BUY rating:** The stock trades at 34.1x/26.7x FY23E/24E EPS. We believe MSUMI deserves rich valuations due to its: a) strong competitive positioning, b) top-decile capital efficiency, and c) position as a prime beneficiary of EVs and other megatrends in Autos. Our target P/E of 35x is in line with the other auto component companies, which enjoy similar competitive positioning, growth potential and superior capital efficiency (refer to Exhibit 23). **We initiate coverage on the stock with a BUY rating and a TP of ~INR80 (premised on ~35x Mar-24E EPS).**
- **Key risks:** a) Customer/segment concentration, and b) Electrification, which influences the competitive landscape.

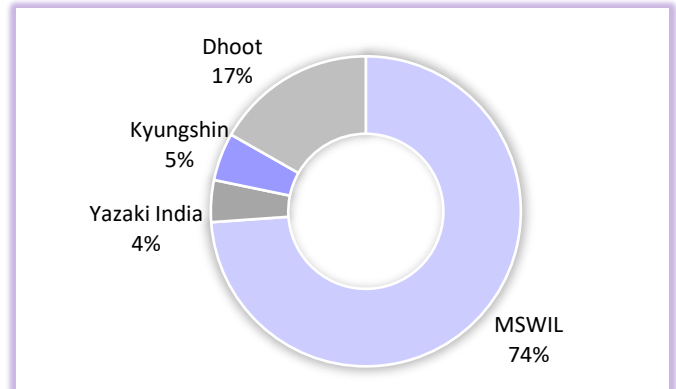
STORY IN CHARTS

India wiring harness revenue market share *



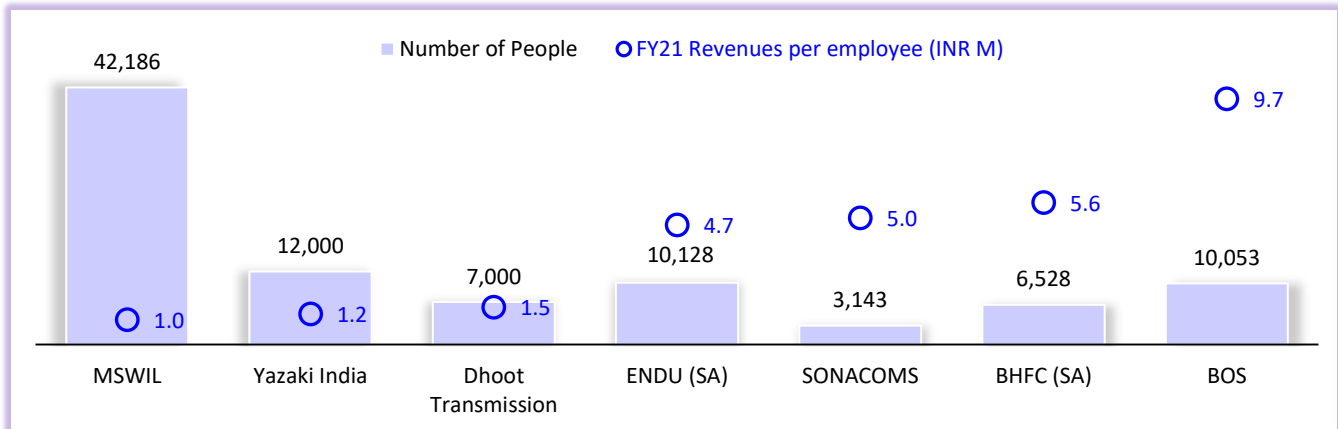
* Market share is calculated based on revenues of these 5 players
Source: MOFSL

India wiring harness EBITDA market share *



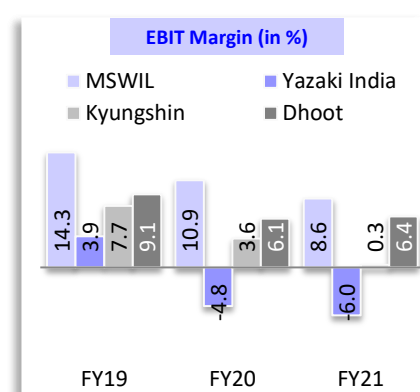
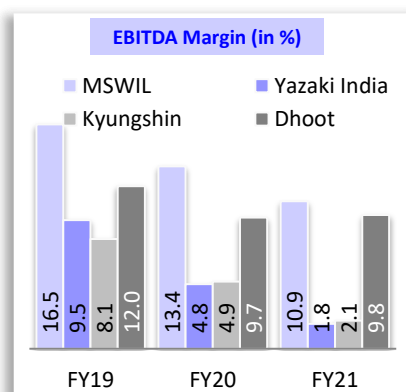
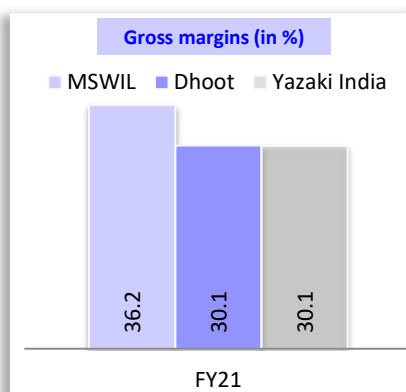
* Market share is calculated based on EBITDA of these 4 players
Source: MOFSL

Wiring harness business is heavy on human capital...

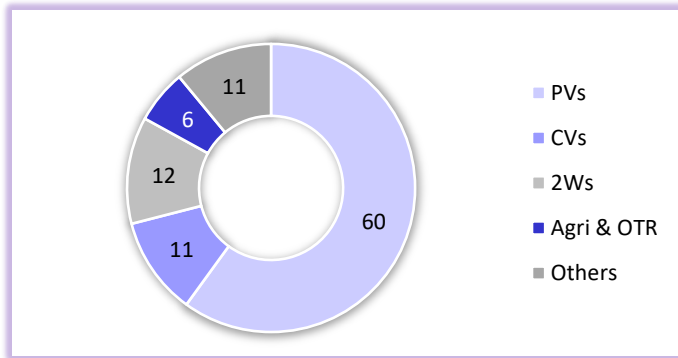


Source: Company, MOFSL

MSUMI enjoys substantially higher profitability than peers

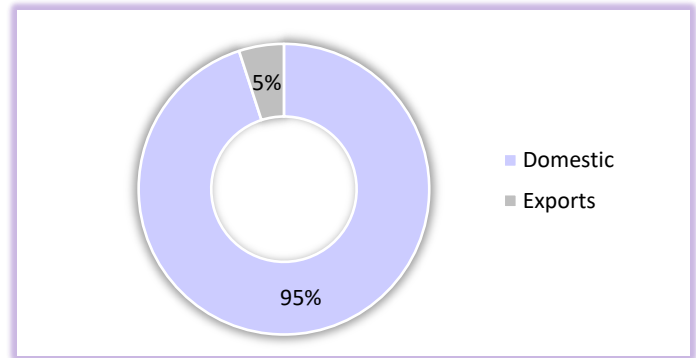


Segment wise mix for MSUMI in FY22 (in %)



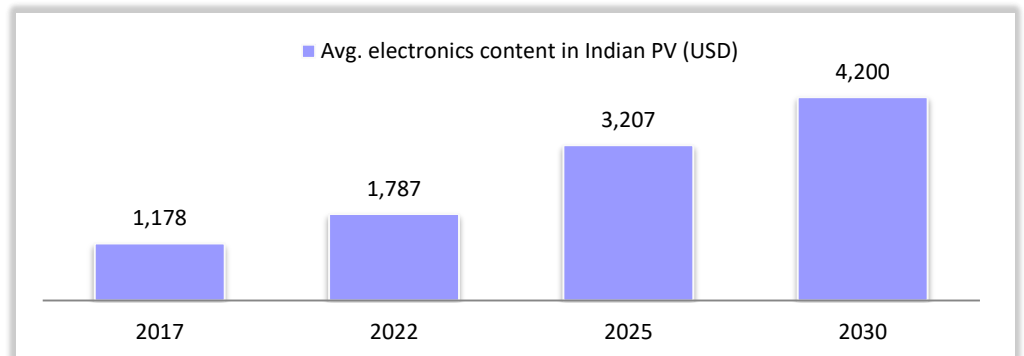
Source: Company, MOFSL

MSUMI's focus is mainly on domestic operations



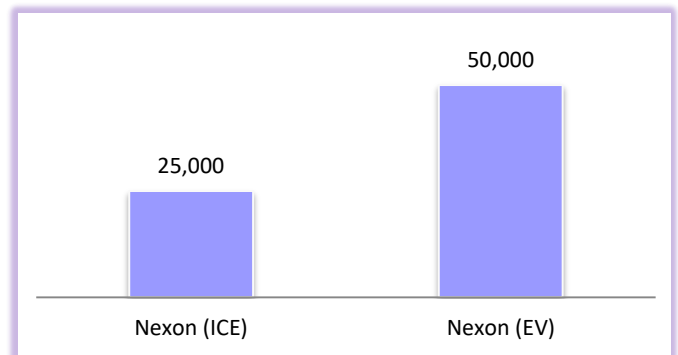
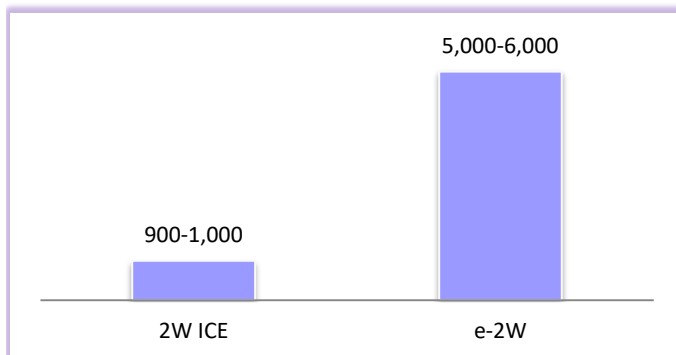
Source: Company, MOFSL

Electronic content in PVs to go up substantially



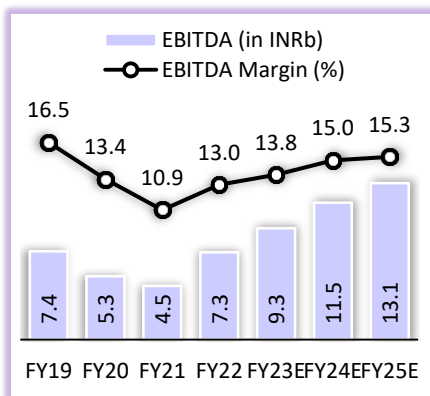
Source: Counterpoint Research, MOFSL

The wiring harness content is currently 2x in e-PVs and over 5x in e-2Ws as against the ICE variants (INR/vehicle)

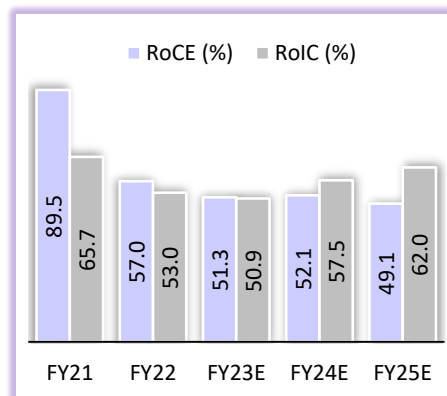


Source: Industry, MOFSL

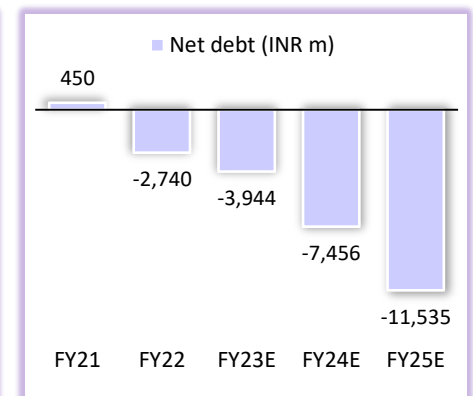
Trend in EBITDA



Trend in capital efficiency



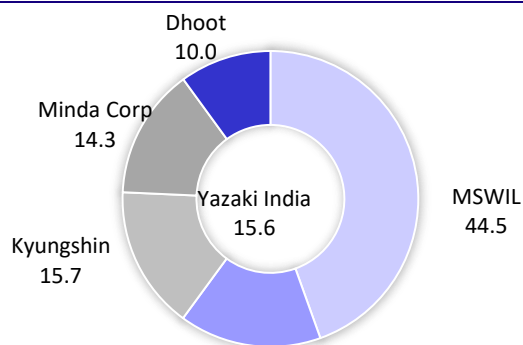
Trend in net debt



Market leader in the India wiring harness industry

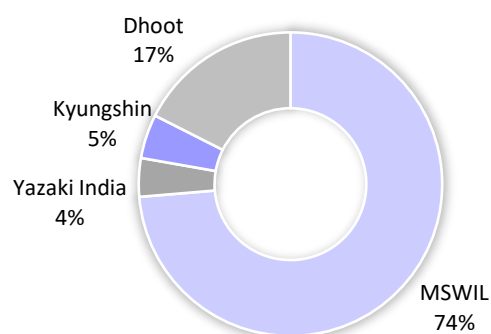
- MSUMI, a JV between SWS and Motherson group, is a market leader in the Indian wiring harness industry with a market share of over 40%. It enjoys over 50% market share in the PV segment, despite not supplying to Hyundai and Kia (as the Kyungshin JV of MSS is the key supplier in those brands).
- The Indian wiring harness segment is dominated by 4-5 key players (largely MNCs), controlling over 90% of the market. The companies are MSUMI, Kyungshin (JV with MSS), Yazaki India, Minda Corp Group (JV with Furukawa), Dhoot Transmission (10%) and Aptiv.
- The wiring harness business is characterized by high human capital intensity (refer to Exhibit 4) and lower capex. It involves complex assemblies designed according to both geometric and electrical requirements of the vehicle. Hence, it requires higher amount of manual assembly with limited automation possibility.
- MSUMI employs over 42k people with average revenue per employee at INR1m, as against 10k employees at Bosch India (with ~INR9.7m revenue per employee) and 6.5k employees at Bharat Forge (with ~INR5.6m revenue per employee).
- MSUMI enjoys superior profitability led by improved efficiency and economies of scale, as reflected in the industry leading gross/EBITDA/EBIT margins (refer to Exhibit 6). The copper price changes are passed directly to OEM customers with price reset happening every six months on an average. Hence, it is not a prime factor influencing the superior profitability of MSUMI.
- Healthy EBITDA margin, higher asset turn and lower capex requirement result in high capital efficiency and superior cash flow generation for the business.

Exhibit 1: India wiring harness revenue market share *



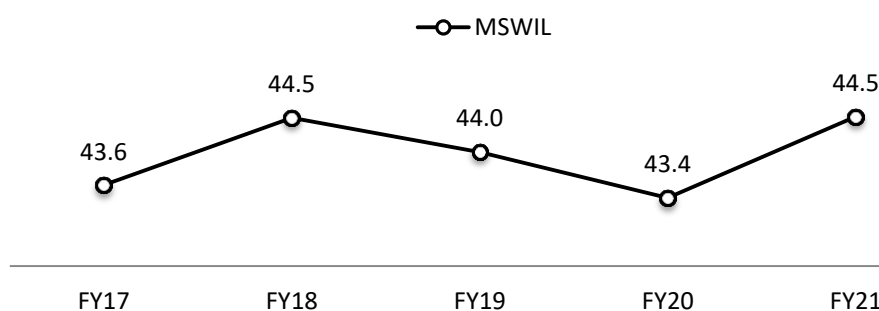
* Market share is calculated based on revenues of these 5 players
Source: MOFSL

Exhibit 2: India wiring harness EBITDA market share *

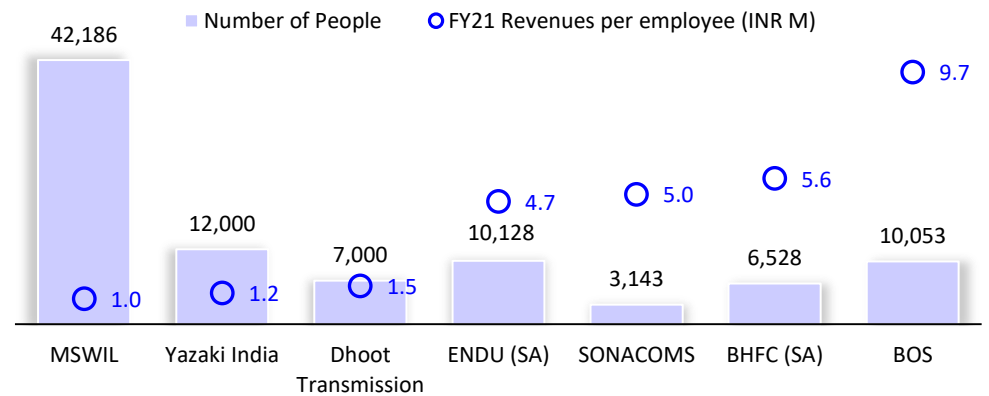


* Market share is calculated based on EBITDA of these 4 players
Source: MOFSL

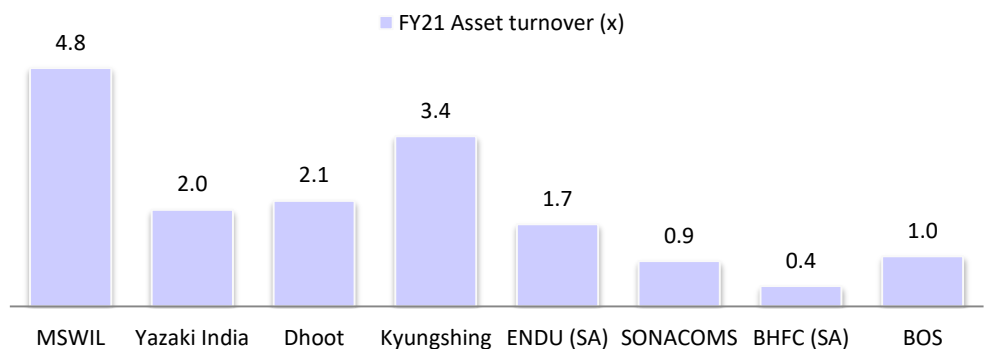
Exhibit 3: MSUMI's revenue market share *



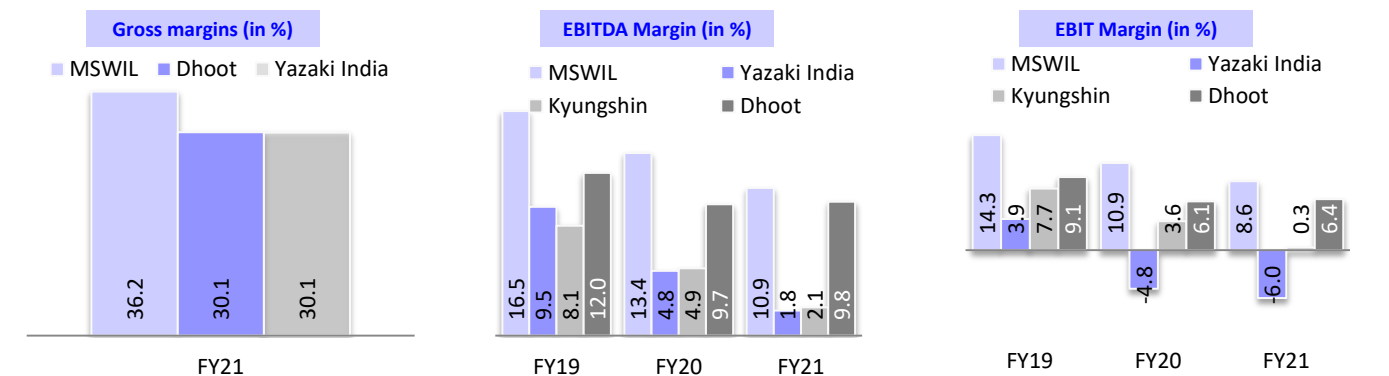
* Revenue market share based on revenues of 5 players mentioned in exhibit 1;
Source: Company, MOFSL

Exhibit 4: Wiring harness business is heavy on human capital...

Source: Company, MOFSL

Exhibit 5: ...but has low financial capital intensity as reflected in higher asset turns

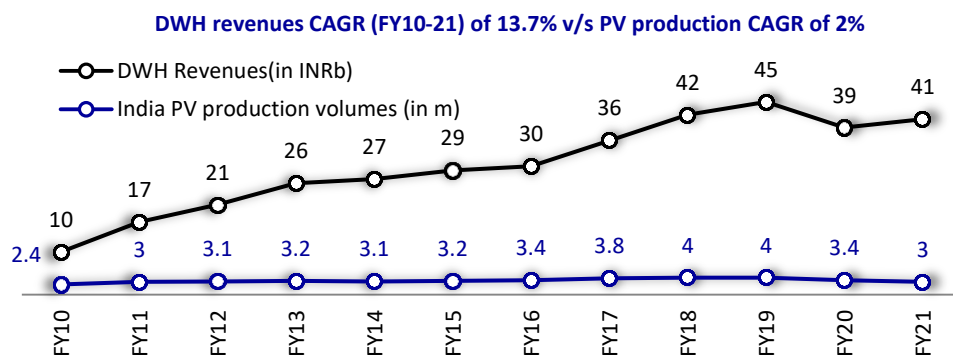
Source: Company, MOFSL

Exhibit 6: MSUMI enjoys substantially higher profitability than peers

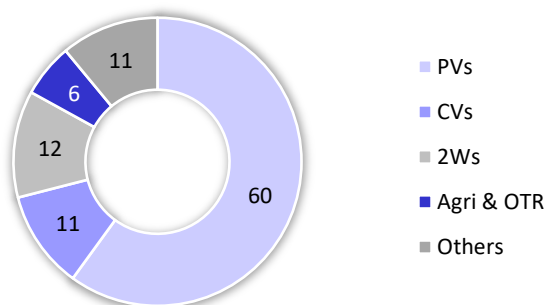
Source: Company, MOFSL

Pure play on the Indian automotive industry...

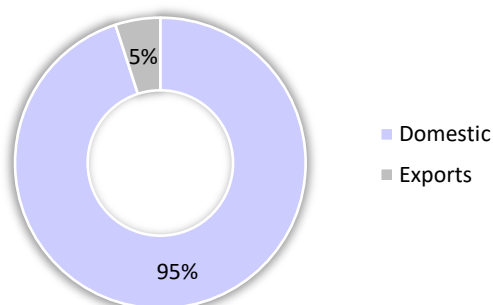
- After the restructuring of MSS, MSUMI transformed into an India-based pure play wiring harness player with a focus on the domestic market. It derives over 95% of its revenue from the domestic business with negligible exposure to exports.
- Hence, MSUMI is a direct beneficiary of the Indian automotive industry recovery, with a high exposure to the domestic PV segment. Its revenue posted a ~13.8% CAGR (over FY10-21) v/s the underlying PV industry production CAGR of 2.2%, partly led by the content expansion in PVs and the pass-through benefit of copper price inflation. This is despite a market share loss to Yazaki India during this period.
- Apart from MSUMI, MSS has other wiring businesses in the form of: a) a JV with Kyungshin (for supply to Hyundai/Kia in India), b) overseas manufacturing operations at UAE, Japan, South Korea, Thailand, etc., c) PKC (a global leader in wiring harnesses in CVs), and d) MSS Wiring System (erstwhile Stoneridge).

Exhibit 7: MSUMI's revenue reported ~14% CAGR (over FY10-21) v/s PV production CAGR of 2% during the same period

Source: Company, MOFSL

Exhibit 8: Segment wise mix in FY22 (in %)

Source: Company, MOFSL

Exhibit 9: MSUMI's focus is majority domestic operations

Source: Company, MOFSL





Exhibit 10: Split between the wiring businesses of the MSS group

Source: Company, MOFSL

...and on the automotive megatrends...

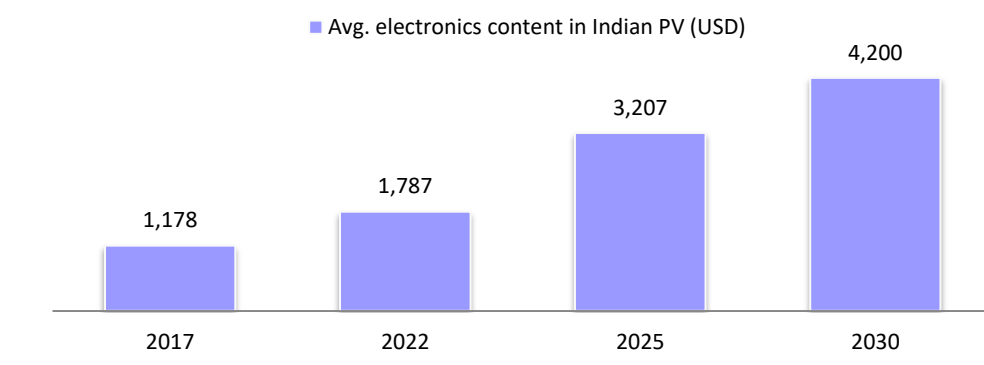
- Globally, the automotive industry is witnessing several megatrends such as premiumization, electrification, connected/autonomous vehicles etc.
- MSUMI, through its wiring harness content in vehicles, is well positioned to benefit from these megatrends.
- MSUMI has been gaining from premiumization (increasing share of SUVs) and increasing usage of electronics in the vehicles. Both these trends are likely to continue, mainly the electronic content that is expected to go up 2.45x by 2030.
- Further, the wiring harness business will benefit from increasing EV penetration, as the wiring harness content goes up by over 5x in e-2Ws and over 2x in e-PVs.
- MSUMI can possibly offer products from Sumitomo's global portfolio to EVs such as charging connectors and inlets, high voltage junction box, central gateway, etc.

Exhibit 11: MSUMI is well positioned to leverage from the megatrends seen in the Automotive industry

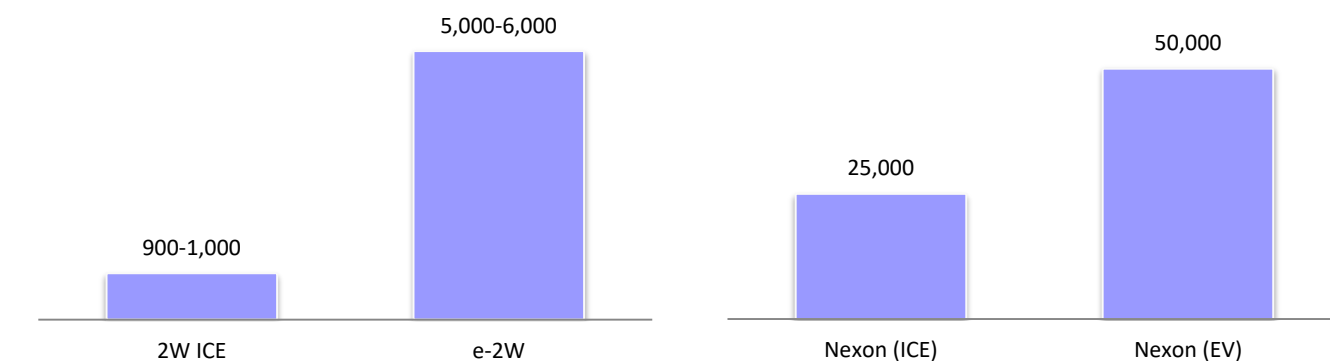
Industry macro trends	Rising premiumization / customization	Alignment to user's digital lifecycle – connectivity	Sustainable technologies (BS VI / safety regulations)	Alternate / Electric Powertrain
Opportunities ↓	Increasing content per vehicle	Adding high-value SMART components	Increasing value per harness	SWS leading global change, MSWIL fully prepared
Solutions	Wiring harnesses 	Harnesses components 	Electronics and EV solutions 	High-voltage solutions Harness and components 

Source: Company, MOFSL

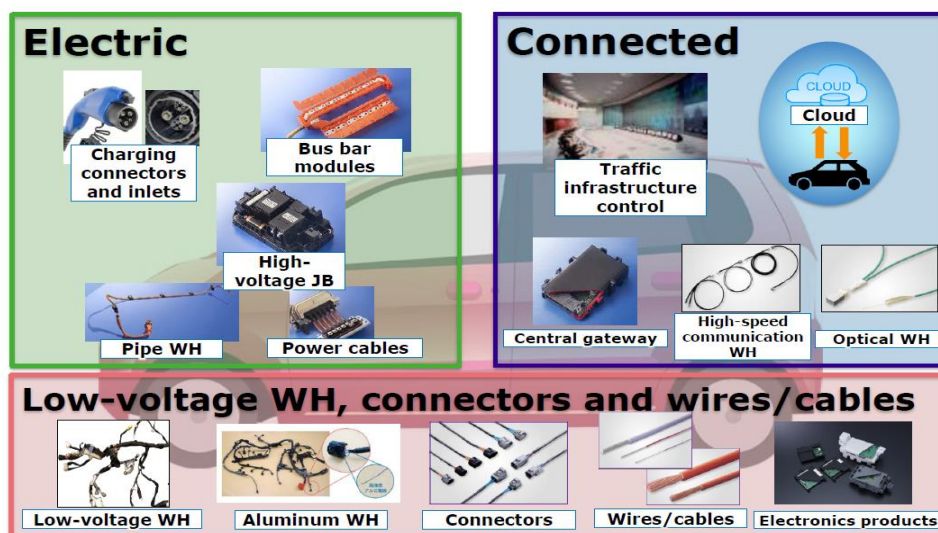
Exhibit 12: Electronic content in PVs to go up substantially



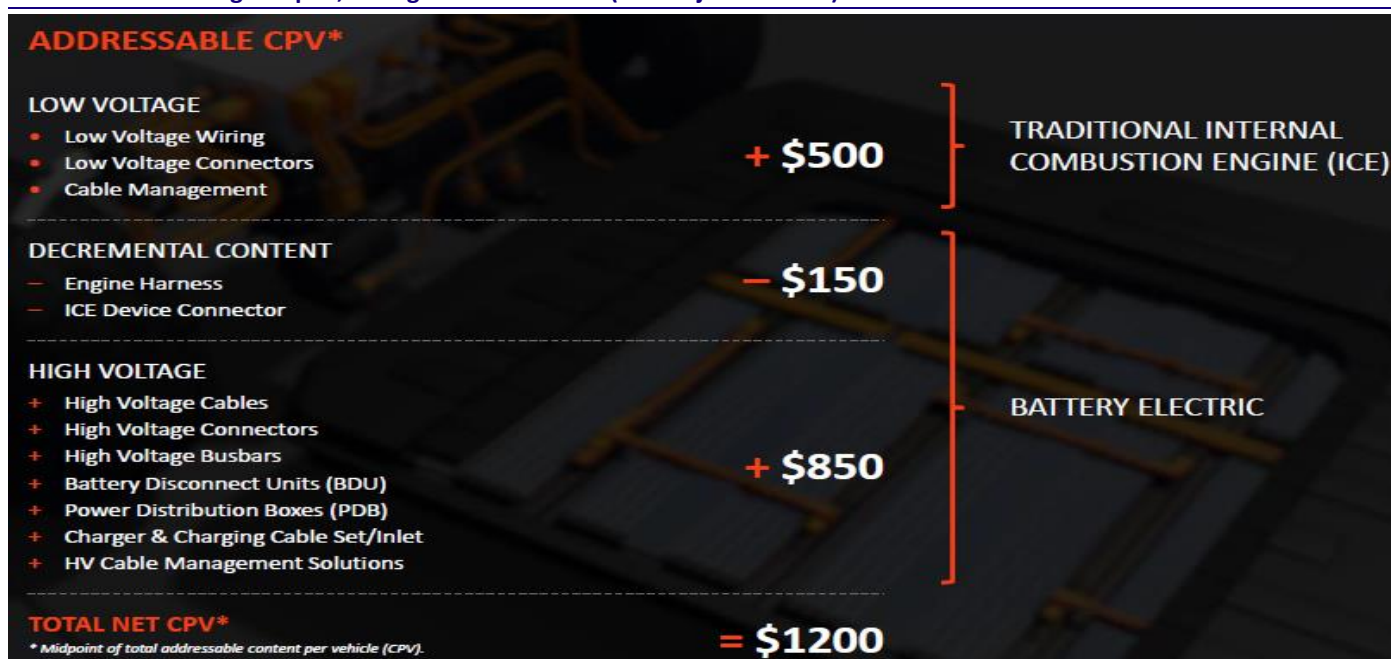
Source: Counterpoint Research, MOFSL

Exhibit 13: The wiring harness content is currently 2x in e-PVs and over 5x in e-2Ws as against ICE variants (INR/vehicle)

Source: Industry, MOFSL

Exhibit 14: Possible future opportunities in adjacency products**Diverse Range of Products for the CASE Era**

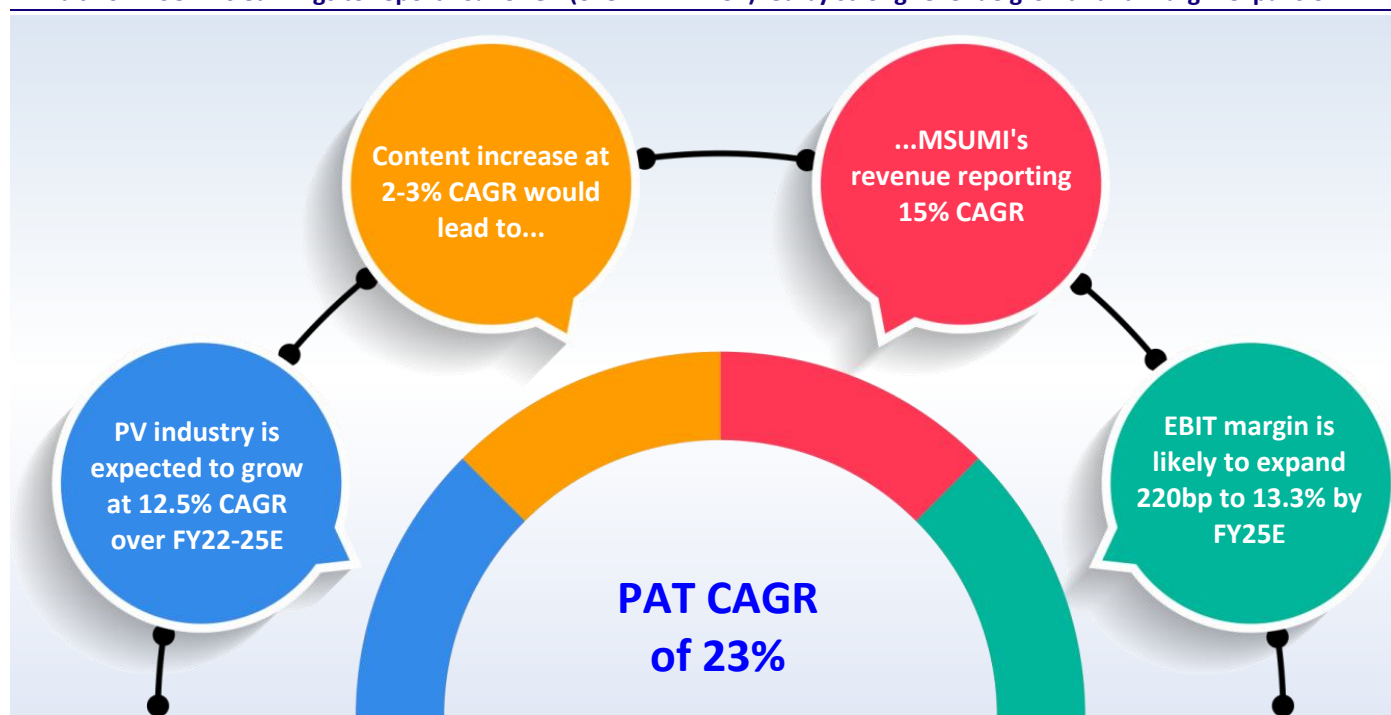
Source: Company, MOFSL

Exhibit 15: According to Aptiv, wiring harness content (incl. adjacent areas) in electric PV would be 2.4x of ICE PV

Source: Aptiv, MOFSL

...driving strong growth and capital efficiency

- MSUMI is likely to benefit from the underlying recovery in the PV industry volumes, which we expect to report ~12.5% CAGR (over FY22-25E). This coupled with the benefit of content increase at 2-3% CAGR will result in MSUMI's revenue to clock a ~15% CAGR over FY22-25E.
- MSUMI's EBITDA margin was on the recovery path in FY22 from the lows of FY21 by ~150bp to 13%, driven by operating leverage despite copper price inflation. On the FY22 base of 13% EBITDA margin, we estimate ~200bp margin expansion to 15.3% by FY25, fueled by operating leverage and absorption of commodity cost inflation.
- Hence, we estimate PAT to report ~23% CAGR over FY22-25. Strong operating performance coupled with limited capex has driven strong FCFF and MSUMI has turned into a net cash company in FY22 (net cash of ~INR11.5b by FY25E).
- With an assumption of 50% dividend payout and cash accumulation in balance sheet, the company's RoE would dilute to ~41% by FY25E from ~51% in FY22. However, RoIC is expected to improve to ~62% by FY25E from ~53% in FY22.

Exhibit 16: MSUMI's earnings to report 23% CAGR (over FY22E-25E) led by strong revenue growth and margin expansion

Source: Company, MOFSL

Exhibit 17: Related-party transactions will continue for 10 years as it was pre-restructuring, except addition of lease rentals and management services

Nature	Description	9MFY21 Quantum (% of DWH Net revenues)	Proposed Cap (% of MSUMI revenues)
✓ MSUMI sourcing components from SAMIL/SWS	❖ Wires, connectors, tubes, plastic components and any other child parts of wire harness/ pass through parts (including capital items)	From SAMIL/ SWS-32%/ 14.1%	From SAMIL/ SWS-34.5%/17.5%
✓ Sales of wiring harness & components	❖ Wiring harnesses are also used as child parts for mirrors, headlight lamps etc. will continue to be supplied to MSUMI	1.3%	2%
✓ MSUMI's lease rentals to SAMIL	❖ Lease rentals for existing land and building determined by Knight Frank study	1.6% (INR429m)	FY22 estimated amount is INR600m and annual escalation of 5% p.a. thereafter
✓ Functional Support Services provided by SAMIL and other group entities to MSUMI	❖ Rendering of functional support services, including engineering and design services, finance, purchase, logistics, HR, Treasury etc. and sharing of manpower to deliver such services to be provided by MSS entities	3.8%	5%
✓ Technical Assistance (TA)	❖ TA with SWS for technical Assistance	0.6%	1%
✓ Management Service (MS)	❖ MS with MSS for strategic guidance and management support	0.6%	1%
✓ Car leasing arrangement	❖ Leasing arrangements of vehicles for employees	0.2%	0.5%

Source: Company, MOFSL

Exhibit 18: Trend in revenue

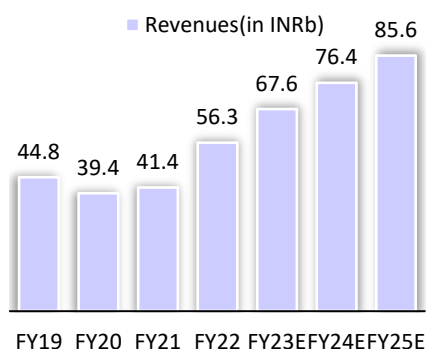


Exhibit 19: EBITDA and EBITDA margin

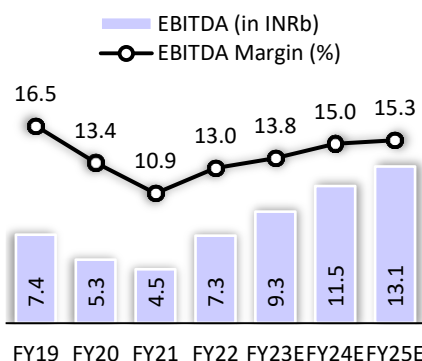
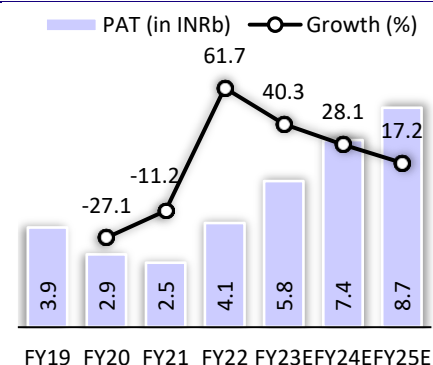
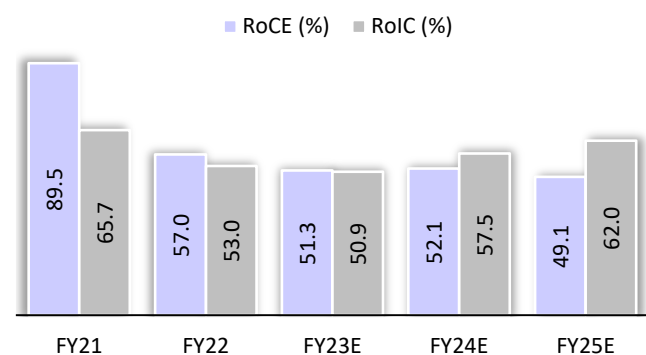


Exhibit 20: PAT and PAT growth



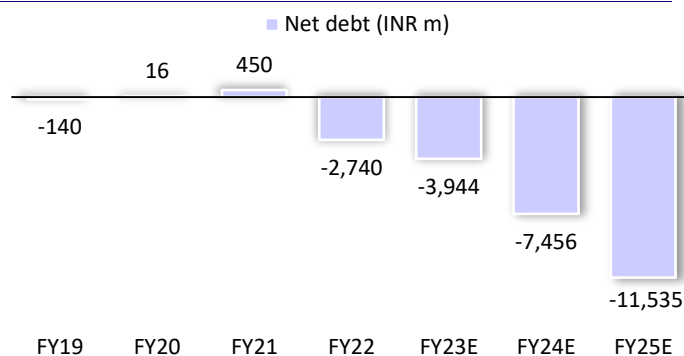
Source: Company, MOFSL

Exhibit 21: Trends in ROCE and ROIC



Source: Company, MOFSL

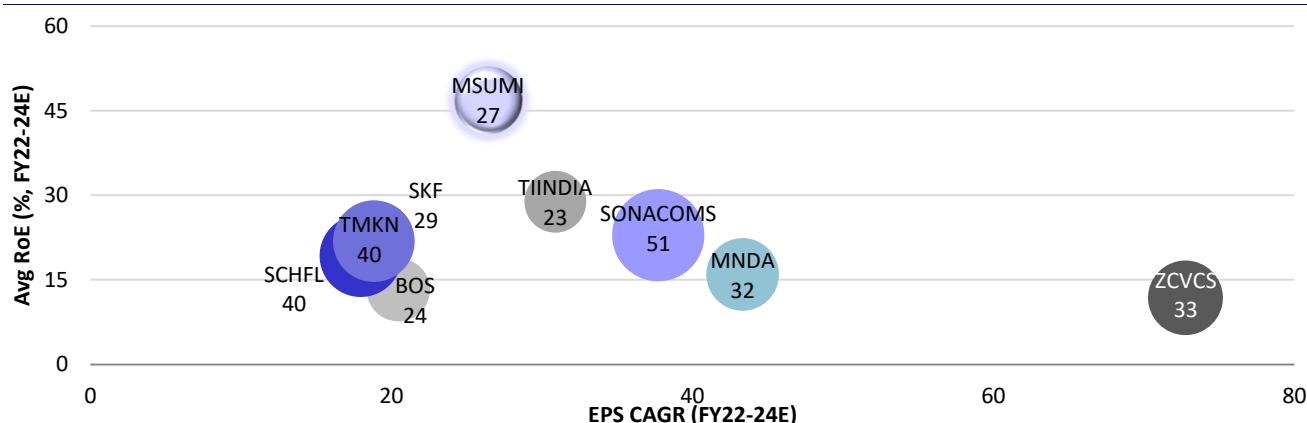
Exhibit 22: Trend in net debt



Source: Company, MOFSL

Valuation & view: Initiate coverage with a BUY rating

- MSUMI is a pure play on the Indian automotive market (with >95% of its revenue from India). It enjoys market leadership position in the Indian wiring harness industry with over 40% market share and strong headroom for sustained growth in content, benefiting from the megatrends witnessed in the automotive industry (premiumization, electrification, connected vehicles, etc.).
- MSUMI enjoys superior profitability driven by improved efficiency and economies of scale, as reflected in the industry leading gross/EBITDA/EBIT margins (refer to exhibit 17). Healthy EBITDA margin, higher asset turn and lower capex requirement result in high capital efficiency and superior cash flow generation for the business.
- We estimate MSUMI's revenue/EBITDA/PAT to report 15%/22%/23% CAGR over FY22-25. Strong operating performance coupled with limited capex has driven strong FCFF and MSUMI has turned into a net cash company in FY22 (net cash of ~INR11.5b by FY25E). Consequently, RoIC would improve to 62% by FY25E from 53% in FY22, though RoE would decline to 41% from 51% over the same period, due to cash drag.
- The stock trades at 34.1x/26.7x FY23E/24E EPS. We believe MSUMI deserves rich valuations due to its: a) strong competitive positioning, b) top-decile capital efficiency, and c) position as a prime beneficiary of EVs and other megatrends in Autos. Our target P/E of 35x is in line with the other auto component companies, which enjoy similar competitive positioning, growth potential and superior capital efficiency (refer to Exhibit 23). **We initiate coverage on the stock with a BUY rating and a TP of ~INR80 (premised on ~35x Mar-24E EPS).**

Exhibit 23: MSUMI offers a good blend of strong earnings growth and top-decile capital efficiency

Note: Size of the bubble & number along with ticker represents FY24E PE; Estimates for other than MSUMI are Bloomberg consensus estimates; Source: Bloomberg, MOFSL

MANAGEMENT PROFILE

Mr Vivek Chaand Sehgal is the Chairman and a Non-Executive, Non-Independent Director of MSUMI. He is also the Chairman of the Motherson Group. Under the leadership of Mr. Sehgal, the Motherson Group has evolved as a leading full system solutions provider to the global automotive industry. MSS features among the Forbes Asia Fab 50 companies. The Group is ranked 21st among the global automotive suppliers. Mr. Sehgal's visionary ability to sight opportunities for the benefit of the Group, be it in the form of joint ventures or acquisitions, is legendary. Currently, the Group has 26 partners for its various product ranges and has 27 successful acquisitions to date.

Mr Laksh Vaaman Sehgal is a Non-Executive, Non-Independent Director. He is also a Director on the Board of MSS, the flagship Company of Motherson Group. He is also the Vice Chairman of the USD9.80b Motherson Group, which has over 150,000 employees across 41 countries. He is closely involved in all the new ventures and is a key member of the core strategic team, which is responsible for the overall management of the group. He is also the Director on Board for Motherson Innovations, the cross divisional team for support, development and production of the enhanced solutions for the future requirement of the transport industry.

Mr Norikatsu Ishida is a Non-Executive, Non-Independent Director and is nominee of SWS. He has extensive accounting experience and expertise, having worked for SWS for over 30 years. He has been the Executive Officer and General Manager of the Indian Business Planning Office since 2021, where he supports the management of group companies in India and plans for the Indian business.

Mr Yoshio Matshushita is a Non-Executive, Non-Independent Director and is nominee of SWS. He is an automotive industry veteran with extensive experience in quality assurance and production engineering. He started his career in 1987 with SWS and has donned various roles within the group since then.

Mr Anurag Gahlot is the Wholetime Director and Chief Operating Officer of MSUMI. He started his career in 1994 with MSS and is a part of the group since then. In his earlier role, he headed the human resource management team of MSS, looking after its people and their requirements including talent management, industrial relations, resource development etc. He holds extensive experience in HR due diligence and integration of acquired companies. He has assisted these entities in assimilating the organizational culture smoothly. He has over 27 years of experience in the automobile sector.

Mr G N Gauba is the Chief Financial Officer of MSUMI (since 28th Jan'22). Mr. Gauba joined the Motherson group in 1997 and has 41 years of experience. He has been instrumental in setting up several overseas subsidiaries and joint venture companies. In his earlier role as the CFO of MSS, he had been responsible for implanting the financial philosophy and discipline of the Group into the newly acquired companies.

Bulls and Bear cases

INR m	Base				Bull				Bear			
	FY22E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E	FY25E
India PV Industry Gr (%)	17	23	12	7	17	25	15	10	17	8	6	5
Revenues	56,350	67,620	76,410	85,580	56,350	73,255	88,638	1,03,707	56,350	60,858	64,509	67,735
Gr (%)	36	20	13	12	36	30	21	17	36	8	6	5
EBITDA	7,303	9,332	11,462	13,105	7,303	10,475	14,182	17,436	7,303	7,790	9,031	9,695
EBITDA Margin (%)	13.0	13.8	15.0	15.3	13.0	14.3	16.0	16.8	13.0	12.8	14.0	14.3
PAT	4,586	5,761	7,381	8,653	4,586	6,597	9,395	11,858	4,586	4,636	5,583	6,130
EPS (INR)	1.5	1.8	2.3	2.7	1.5	2.1	3.0	3.8	1.5	1.5	1.8	1.9
Gr (%)	81	26	28	17	81	44	42	26	81	1	20	10
RoE (%)	45.0	45.4	44.8	40.8	57.0	60.7	60.3	53.4	57.0	46.9	47.7	45.2
Target PE (x)			35				40				30	
TP (Jun-24E)			80				120				54	
Upside (%)			28				93				-13	
Remarks					Stronger growth for PV industry Content increase of 5% CAGR				Weaker growth for PV industry Loss of market share off-set by content increase			

SWOT analysis

- ❖ Strong parentage in the form of SWS and MSS
- ❖ Strong customer relationship
- ❖ Focused approach on single product and single market
- ❖ Ability to manage very large workforce in the manual assembly business

S

STRENGTH



- ❖ SWS parentage restricts entry into markets where SWS is present
- ❖ Not present with Korean OEMs in India due to the JV of MSS with Kyungshin
- ❖ Dependence on MSS and SWS for supplies of connectors and other child parts

W

WEAKNESS



- ❖ Electrification is a good opportunity as content goes up substantially
- ❖ There are opportunities in adjacent areas for electric vehicles such as charging connectors & inlets, high voltage junction box, central gateway, etc.
- ❖ Leveraging on the PLI incentive for auto components to supply child parts and wiring harness to SWS globally

O

OPPORTUNITY



- ❖ Increasing competitive threat from players such as Yazaki India
- ❖ High customer concentration, with very high wallet share of MSIL
- ❖ Electrification poses a threat to dominance of MSUMI in wiring harness

T

THREATS



Key Risks

- **High customer concentration:** MSUMI has a high concentration of business in PVs and particularly with MSIL. It enjoys ~60% wallet share of MSIL.
- **Electrification influencing competitive landscape:** The technological disruption of EVs in the automotive industry has the potential to disturb the competitive landscape in the Indian wiring harness industry and put MSUMI's 40% market share at risk.

Financials and valuations

Income Statement							(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net Revenues	44,838	39,439	41,380	56,350	67,620	76,410	85,580
Change (%)	NA	-12.0	4.9	36.2	20.0	13.0	12.0
EBITDA	7,399	5,294	4,490	7,303	9,332	11,462	13,105
EBITDA Margin (%)	16.5	13.4	10.9	13.0	13.8	15.0	15.3
Depreciation	973	1,000	930	1,055	1,359	1,547	1,697
EBIT	6,426	4,294	3,560	6,248	7,972	9,915	11,408
EBIT Margin (%)	14.3	10.9	8.6	11.1	11.8	13.0	13.3
Interest Charges				285	290	300	315
Other Income				300	210	360	600
PBT bef. EO Exp.				6,263	7,892	9,975	11,693
EO Items				654	0	0	0
PBT after EO Exp.				6,917	7,892	9,975	11,693
Total Tax				1,502	2,131	2,593	3,040
Tax Rate (%)				21.7	27.0	26.0	26.0
Reported PAT	3,923	2,860	2,540	4,107	5,761	7,381	8,653
Adjusted PAT	3,923	2,860	2,540	4,619	5,761	7,381	8,653
Change (%)	NA	-27.1	-11.2	81.8	24.7	28.1	17.2
Margin (%)	8.7	7.3	6.1	8.2	8.5	9.7	10.1

Balance Sheet						(INR m)
Y/E March	FY21	FY22	FY23E	FY24E	FY25E	
Equity Share Capital	3,158	3,158	3,158	3,158	3,158	
Net Worth	7,100	11,146	14,223	18,724	23,686	
Total Loans	820	193	193	193	193	
Other non-current liabilities	640	3,059	3,059	3,059	3,059	
Capital Employed	8,560	14,397	17,474	21,975	26,937	
Net Fixed Assets	1,699	4,322	4,236	4,189	3,992	
Capital WIP	1	323	300	300	300	
Other non-current assets	260	928	1,026	1,103	1,183	
Current Assets	15,670	19,642	26,061	32,423	39,475	
Inventory	7,990	9,600	12,042	13,607	15,240	
Account Receivables	6,750	6,593	9,263	10,467	11,723	
Cash and Bank Balance	370	2,933	4,137	7,649	11,728	
Other current & fin. assets	560	516	619	699	783	
Current Liabilities	9,330	11,220	14,551	16,442	18,415	
Creditors	7,520	9,129	12,042	13,607	15,240	
Other current & fin. liabilities	1,810	2,091	2,509	2,835	3,175	
Net Current Assets	6,340	8,422	11,510	15,981	21,060	
Deferred Tax assets	260	403	403	403	403	
Appl. of Funds	8,560	14,397	17,474	21,975	26,937	

E: MOFSL Estimates

Financials and valuations

Ratios

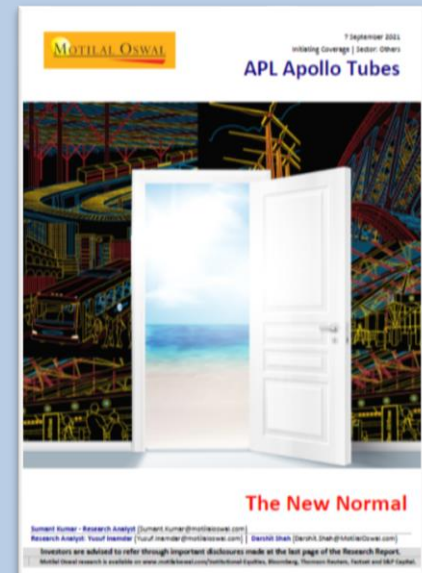
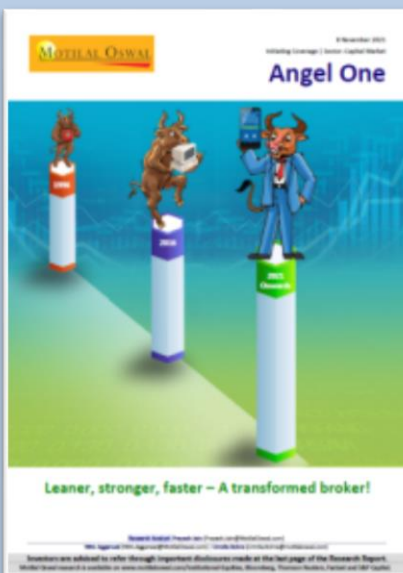
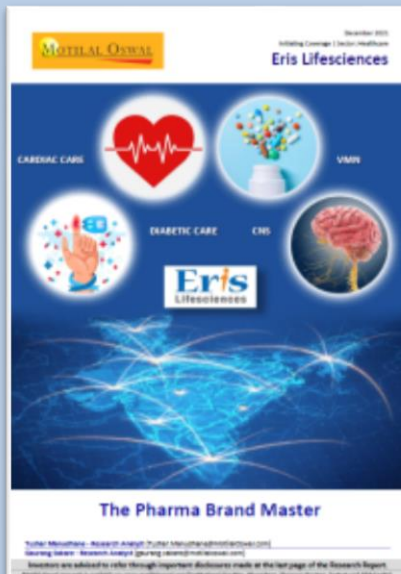
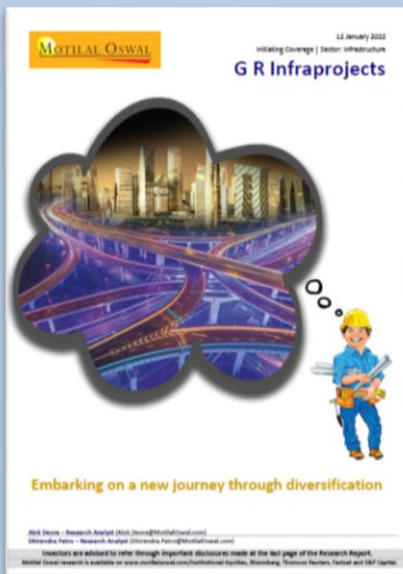
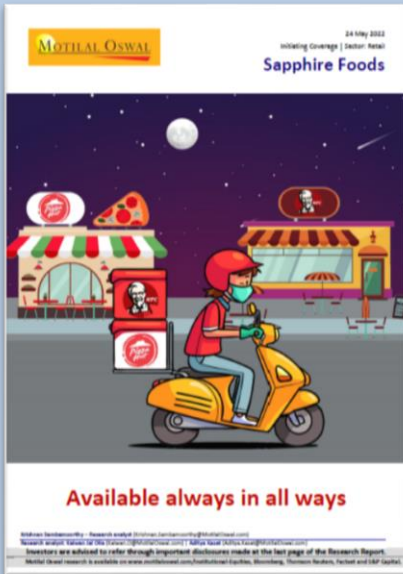
Y/E March	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)					
EPS	0.8	1.5	1.8	2.3	2.7
Cash EPS	1.1	1.8	2.3	2.8	3.3
BV/Share	2.2	3.5	4.5	5.9	7.5
DPS		0.9	0.9	1.2	1.4
Payout (%)		65.4	50.0	50.0	50.0
Valuation (x)					
P/E	77.5	42.6	34.1	26.7	22.7
Cash P/E	56.7	34.7	27.6	22.0	19.0
P/BV	27.7	17.7	13.8	10.5	8.3
EV/Sales	4.8	3.4	2.9	2.5	2.2
EV/EBITDA	43.9	26.6	20.7	16.5	14.1
Dividend Yield (%)		1.4	1.5	1.9	2.2
FCF Yield (%)		2.0	2.2	3.4	4.2
Return Ratios (%)					
RoE	35.8	50.6	45.4	44.8	40.8
RoCE (pre-tax)	89.5	57.0	51.3	52.1	49.1
RoIC	65.7	53.0	50.9	57.5	62.0
Working Capital Ratios					
Asset Turnover (x)	4.8	3.9	3.9	3.5	3.2
Inventory (Days)	70	62	65	65	65
Debtor (Days)	60	43	50	50	50
Creditor (Days)	66	59	65	65	65
Leverage Ratio (x)					
Current Ratio	1.7	1.8	1.8	2.0	2.1
Net Debt/Equity	0.1	-0.2	-0.3	-0.4	-0.5

Consolidated - Cash Flow Statement

Y/E March	FY21	FY22	FY23E	FY24E	FY25E
(INR m)					
OP/(Loss) before Tax	5,320	6,263	7,892	9,975	11,693
Depreciation	374	1,055	1,359	1,547	1,697
Interest & Finance Charges	73	285	290	300	315
Direct Taxes Paid	-1,142	-1,962	-2,131	-2,593	-3,040
(Inc)/Dec in WC	-4,454	44	-1,884	-959	-1,000
Others	-57	-23			
CF from Operations	114	5,662	5,526	8,270	9,665
EO item	0	-654			
CF from Operating incl EO	114	5,008	5,526	8,270	9,665
(Inc)/Dec in FA	-281	-1,008	-1,250	-1,500	-1,500
Free Cash Flow	-168	3,999	4,276	6,770	8,165
(Pur)/Sale of Investments					
Others	0	0	-98	-77	-80
CF from Investments	-281	-1,008	-1,348	-1,577	-1,580
Issue of Shares			0	0	0
Inc/(Dec) in Debt	292	-1,129	0	0	0
Interest Paid	-43	-310	-290	-300	-315
Dividend Paid	0	0	-2,684	-2,881	-3,691
Others	1	0			
CF from Fin. Activity	250	-1,439	-2,974	-3,181	-4,006
Inc/Dec of Cash	82	2,561	1,204	3,512	4,079
Opening Balance	290	373	2,933	4,137	7,649
Closing Balance	373	2,933	4,137	7,649	11,728

REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS



Explanation of Investment Rating	
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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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