

TVS Motor Company

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	TVSL IN
Equity Shares (m)	475
M.Cap.(INRb)/(USDb)	529.1 / 6.4
52-Week Range (INR)	1177 / 513
1, 6, 12 Rel. Per (%)	3/68/56
12M Avg Val (INR M)	1596

Financials & Valuations (INR b)

Y/E March	2022	2023E	2024E
Sales	207.7	276.0	320.6
EBITDA	19.4	28.9	36.1
Adj. PAT	9.0	15.9	20.4
EPS (INR)	18.9	33.5	42.9
EPS Gr. (%)	46.9	76.8	28.3
BV/Sh (INR)	101.5	129.5	166.4
Ratios			
RoE (%)	20.0	29.0	29.0
RoCE (%)	23.1	32.3	34.5
Payout (%)	23.5	16.4	14.0
Valuations			
P/E (x)	58.8	33.3	25.9
P/BV (x)	11.0	8.6	6.7
Div. Yield (%)	0.4	0.5	0.5
FCF Yield (%)	1.5	3.5	4.1

Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	50.8	50.8	52.3
DII	27.6	30.7	25.2
FII	12.6	9.9	12.8
Others	9.0	8.6	9.8

FII Includes depository receipts

CMP: INR1114 TP: INR1000 (-10%) Neutral

Inline; price hikes, a favorable INR, and mix dilute higher RM cost

Pick up in export Retails | RM cost to moderate from 2HFY23E

- TVSL's operating performance was in line as cost pressures were diluted by a better mix, price hikes, and a favorable INR. Retail demand during the festive season has been strong, whereas the same in exports has started to improve.
- We raise our FY23/FY24 EPS estimate by 5%/7.5%, led by: a) an upgrade in volumes on supply-side improvements, and b) a favorable INR. We maintain our **Neutral** rating, with a TP of INR1,000 (20x Dec'24 EPS and INR63/share for NBFC), as valuations fairly capture the expected strong earnings growth and risk of an EV disruption.

Cost pressures weigh on margin

- Revenue/EBITDA/adjusted PAT grew 29%/36%/56% YoY in 2QFY23 to INR72.2b/INR7.4b/INR4.1b. The same grew 39%/64%/2.2x YoY in 1HFY23.
- Volumes grew 12% YoY and 13% QoQ to 1,027.4k units. Net realizations grew 15% YoY and 6% QoQ to INR70.3k (est. INR66.8k). Revenue grew 29% YoY and 20% QoQ to INR72.2b (est. INR68.6b).
- Gross margin was flat both QoQ and YoY at 23.8% (est. 24.2%) due to higher than estimated RM costs, which is expected to soften in 2HFY23. EBITDA margin expanded by 50bp YoY and 20bp QoQ to 10.2% (est. 10.5%).
- In 1HFY23, it invested ~INR3.2b on capex and ~INR3.9b in associates, subsidiaries, and on non-current investments.
- The net contribution from subsidiaries and associates was an adjusted loss of INR212m in 2QFY23 (v/s a loss of INR354m/INR152m in 2QFY22/1QFY23).

Key takeaways from the management interaction

- **EVs:** iQube is ramping up well, with Oct'22 wholesales ~8k units (2QFY23: 16k units). It expects a production of ~10k units in Nov'22. It is targeting 20-25k units by Mar'23. iQube has over 25k open bookings and is sold in 100 cities.
- Though the supply side started easing in 2QFY23, it still impacted production of Premium Motorcycles (restricting full benefit of the improvement in the mix). The management expects the supply-side to considerably ease up in 3QFY23.
- **Exports:** Retails have started to pick up. Considering the challenges of an economic slowdown, inflation, and forex availability, it yet to build up its inventory. It **expects an improvement from 4QFY23**.
- The higher **commodity cost had an impact of 1.5% in 2QFY23**. The management expects commodity prices to moderate from 2HFY23.

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

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

Valuation and view

- Volume growth is likely to be driven by new products (Raider and Ronin) in the domestic market as well as a ramp-up in exports. TVSL is reaping the benefits of economies of scale and operating leverage, resulting in the sustaining of EBITDA margin at double-digit levels. As the domestic scooter business accounts for ~40% of overall EBITDA, it is vulnerable to an EV disruption.
- Valuations at 33.3x/25.9x 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 ~INR1,000 (premised on ~20x Dec'24E EPS and INR63/share for the NBFC).

S/A Quarterly Performance

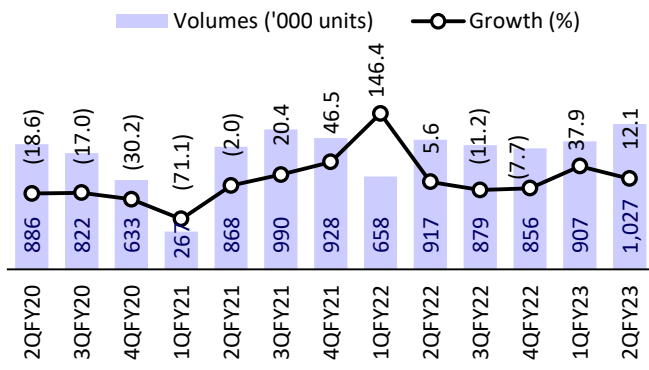
Y/E March (INR m)	FY22				FY23E				FY22	FY23E	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
Vols ('000 units)	657.8	916.7	878.7	856.5	906.8	1,027.4	991.2	1,023.9	3,309	3,949	1,027.4
Growth (%)	146.4	5.6	(11.2)	(7.7)	37.9	12.1	12.8	19.6	8.4	19.3	12.1
Realn (INR '000/unit)	59.8	61.1	64.9	64.6	66.3	70.3	71.0	71.6	62.8	69.9	66.8
Growth (%)	11.5	15.0	19.2	12.5	10.8	15.1	9.3	10.9	14.3	11.3	9.3
Net Sales	39,344	55,969	57,064	55,303	60,087	72,192	70,345	73,347	2,07,680	2,75,972	68,592
Growth (%)	174.8	21.5	5.8	3.9	52.7	29.0	23.3	32.6	24.0	32.9	22.6
RM (% of sales)	75.7	76.2	76.3	76.2	76.1	76.2	75.5	75.0	76.1	75.7	75.8
Emp cost (% of sales)	6.6	5.3	5.2	5.1	5.3	4.8	5.0	5.0	5.5	5.0	4.9
Other exp (% of sales)	10.7	8.8	8.6	8.6	8.6	8.9	9.0	8.9	9.1	8.9	8.8
EBITDA	2,738	5,404	5,683	5,568	5,995	7,365	7,404	8,144	19,392	28,908	7,213
EBITDA Margin(%)	7.0	9.7	10.0	10.1	10.0	10.2	10.5	11.1	9.3	10.5	10.5
Interest	300	350	279	330	376	352	370	383	1,259	1,481	400
Depreciation	1,431	1,544	1,546	1,593	1,520	1,535	1,600	1,692	6,114	6,347	1,585
Other Income	16	35	57	82	222	14	50	56	190	342	50
PBT before EO Exp	1,023	3,544	3,915	3,727	4,321	5,492	5,484	6,126	12,209	21,422	5,278
EO Exp	302	-225	0	0	0	0	0	0	77		0
PBT after EO Exp	722	3,769	3,915	3,727	4,321	5,492	5,484	6,126	12,132	21,422	5,278
Tax rate (%)	26.4	26.3	26.3	26.3	25.8	25.8	25.8	25.8	26.3	25.8	26.0
Adjusted PAT	754	2,610	2,883	2,745	3,205	4,075	4,069	4,546	8,992	15,895	3,907
Growth (%)	(154.2)	33.0	8.5	(5.1)	325.3	56.1	41.1	65.6	46.9	76.8	49.7

Key performance indicator

Y/E March (INR m)	FY22E				FY23E				FY22	FY23E	2Q
	1Q	2Q	3QE	4QE	1Q	2Q	3Q	4Q			
Volumes ('000 units)	657.8	916.7	878.7	856.5	906.8	1,027.4	991.2	1,023.9	3,309.2	3,949.4	1,027.4
Growth (%)	146.4	5.6	-11.2	-7.7	37.9	12.1	12.8	19.6	13.4	13.9	12.1
Dom. 2W Mkt Sh (%)	13.7	14.6	16.2	16.1	15.2	15.5			15.2		
Net Realization	59.8	61.1	64.9	64.6	66.3	70.3	71.0	71.6	62.8	69.9	66.8
Growth YoY (%)	11.5	15.0	19.2	12.5	10.8	15.1	9.3	10.9	14.3	11.3	9.3
Cost Break-up											
RM Cost (% of sales)	75.7	76.2	76.3	76.2	76.1	76.2	75.5	75.0	76.1	75.7	75.8
Staff Cost (% of sales)	6.6	5.3	5.2	5.1	5.3	4.8	5.0	5.0	5.5	5.0	4.9
Other Cost (% of sales)	10.7	8.8	8.6	8.6	8.6	8.9	9.0	8.9	9.1	8.9	8.8
Gross Margins (%)	24.3	23.8	23.7	23.8	23.9	23.8	24.5	25.0	23.9	24.3	24.2
EBITDA Margins (%)	7.0	9.7	10.0	10.1	10.0	10.2	10.5	11.1	9.3	10.5	10.5
EBIT Margins (%)	3.3	6.9	7.2	7.2	7.4	8.1	8.3	8.8	6.4	8.2	8.2

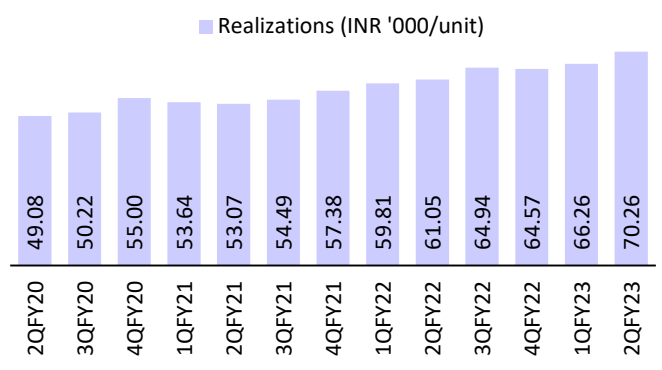
E:MOFSL Estimates

Exhibit 1: Trends in volume and volume growth



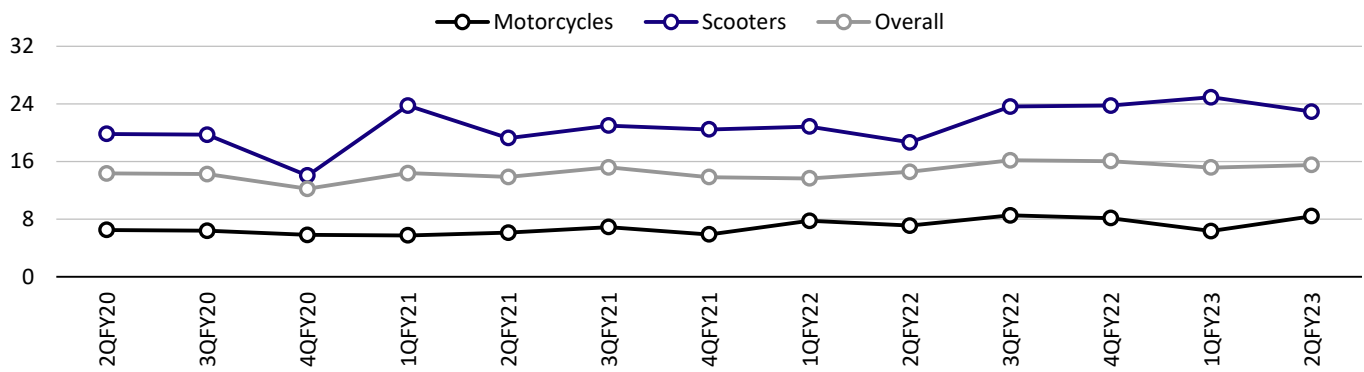
Source: Company, MOFSL

Exhibit 2: Trend in blended realizations



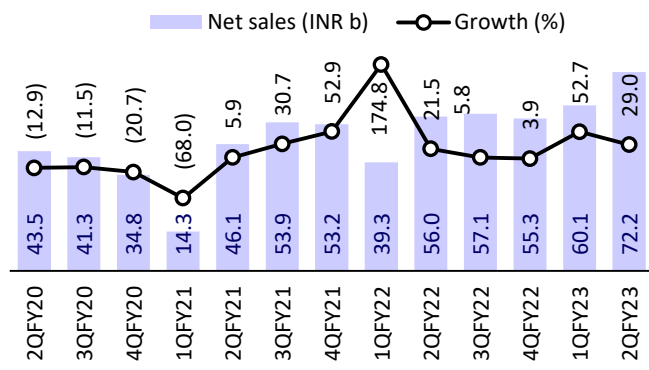
Source: Company, MOFSL

Exhibit 3: Domestic motorcycle, scooter, and overall market share trends for TVSL



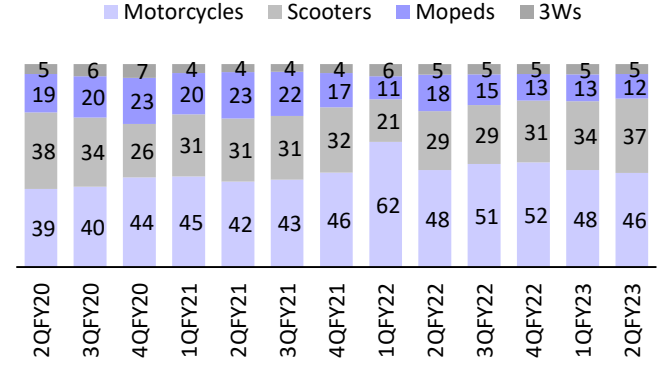
Source: Company, MOFSL

Exhibit 4: Net sales and growth trends



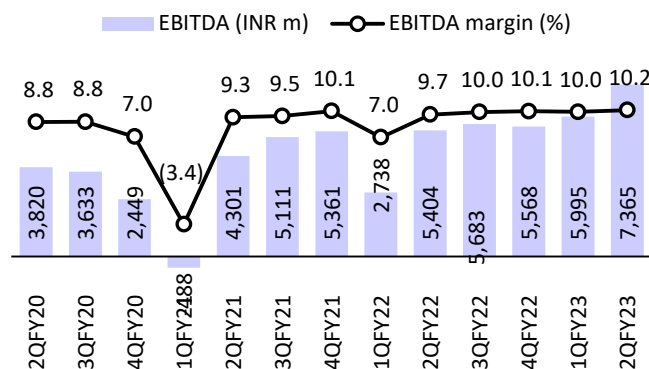
Source: Company, MOFSL

Exhibit 5: Contribution of different segments in volume mix



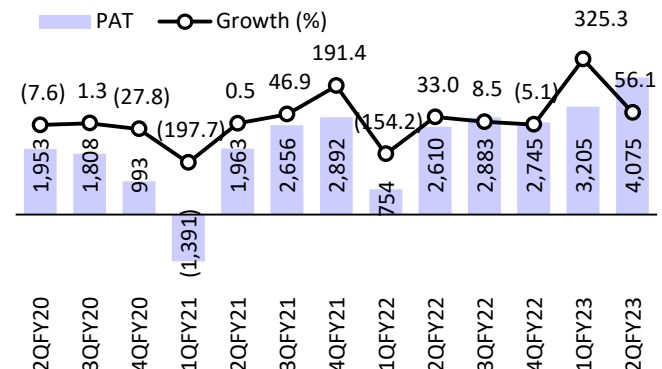
Source: Company, MOFSL

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

- **EVs:** iQube is ramping up well, with Oct-22 wholesales at ~8k units (2QFY23 was at 16k units). It expects Nov-22 production to be ~10k units and targeting to reach 20-25k units by Mar-23. iQube has over 25k open bookings and is sold in 100 cities. It plans to launch series of new products over next 3 years.
- Though supply side started easing in 2Q, it still impacted production of premium motorcycle (restricting full benefit of mix improvement). The management expects supply side to considerably ease up in 3Q.
- **Festive season retails for TVSL were ahead of the industry** and inventory is down to <1 month.
- **Exports:** Retails have started to pick-up now. However, considering challenges on economic slowdown, inflation and Fx availability, it not yet building up inventory. It expects improvement from 4QFY23.
- Recently launched **Ronin did wholesales of ~3.5k units** in Oct-22. It sells Ronin only through select dealers.
- It took **price hikes of 1% in 2QFY23** in both domestic and exports, and **1.1% in Oct-22 in domestic market**.
- **Commodity cost increase had impact of 1.5% in 2QFY23**, impact of which was diluted by price hikes and mix benefit. It expects moderation in commodity prices from 2HFY23.
- Captive NBFC TVS Credit Services AUM increased to INR174.5b. GNPA stood at 2.8% in 2QFY23 and PAT was at ~INR960m. 44% of TVSLs vehicle financing is by captive NBFC.
- TVSL invested ~INR1.5b in NBFC subsidiary and ~INR0.7b in Singapore subsidiary. In 1HFY23, total non-current investments were at ~INR3.9b.
- FY23 capex is expected to ~INR7.5b, of which ~INR3.2b was invested in 1HFY23.

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, Ronin) in the domestic market as well as a ramp-up in exports. We estimate TVSL's 2W volume to grow at 13.5% CAGR over FY22-25E.
- 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 from current capacity of 4.5k/month to 10k/month and eventually to 25k/month with distribution at a pan-India level by end of FY23 (from 85 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 200bp 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 200bp EBITDA margin expansion (FY22-25E) to 11.3% by FY25E. This would result in a standalone EPS CAGR of ~40% 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 ~INR63/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:** We increase FY23E/FY24E EPS estimates by 5%/7.5% driven by a) upgrade in volumes led by supply-side improvement, and b) favorable Fx. Volume growth is likely to be driven by new product launches (Raider and Ronin) 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 level. However, TVSL earns ~40% of its overall EBITDA from the domestic Scooter business, making it vulnerable to an EV disruption. Valuations at 33.3x/25.9x 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 ~INR1000 (premised on ~20x Dec'24E EPS + INR63/share for the NBFC).

Exhibit 8: Revisions to our estimates

(INR M)	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes (m units)	3.95	3.91	0.9	4.49	4.45	0.9
Net Sales	2,75,972	2,60,637	5.9	3,20,622	3,02,729	5.9
EBITDA	28,908	28,149	2.7	36,070	34,360	5.0
EBITDA (%)	10.5	10.8	-30bp	11.3	11.4	-10bp
Net Profit	15,895	15,188	4.7	20,398	18,971	7.5
EPS (INR)	33.5	32.0	4.7	42.9	39.9	7.5

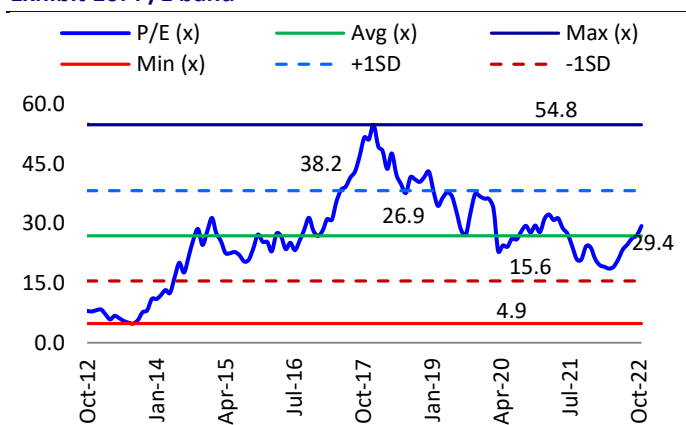
Source: MOFSL

Exhibit 9: TVS Credit Services – A valuable investment

INR m	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Loan book	39,540	50,000	61,540	83,350	92,150	1,12,020	1,39,110	1,56,046	1,75,849	1,93,934
Loan book Gr (%)	50	26	23	35	10.6	22	24	12	13	10
Leverage (x)	7.3	7.2	7.0	7.2	6.7	7.2	7.5	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	1.5
PAT	507	870	1,384	1,483	1,505	970	1,207	1,873	2,638	2,909
Net Worth	5,410	6,980	8,834	11,511	13,720	15,637	18,636	22,009	26,147	30,556
RoE (%)	9.4	12.5	15.7	12.9	11.0	6.2	6.5	8.5	10.1	9.5
P/B (x)								1.5	1.5	1.5
Equity Value								33,013	39,220	45,834
TVSLs Stake (%)								84.27	84.27	84.27
Value for TVSL @ Post 20% Hold Co Discount								22256	26441	30899
Value for TVSL (INR/sh) @ 20% HoldCo								47	56	65

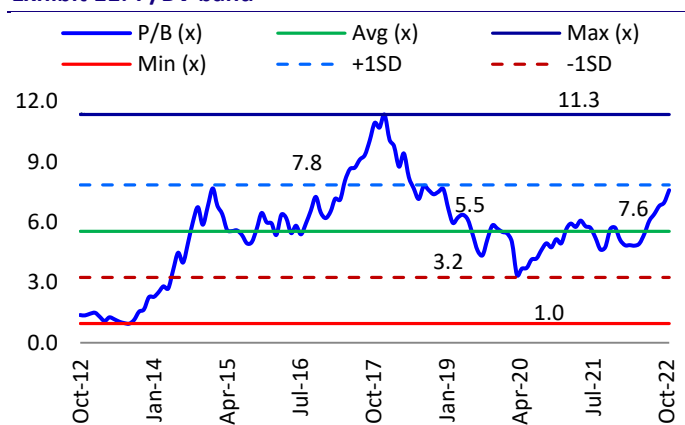
Source: Company, MOFSL

Exhibit 10: P/E band



Source: MOFSL

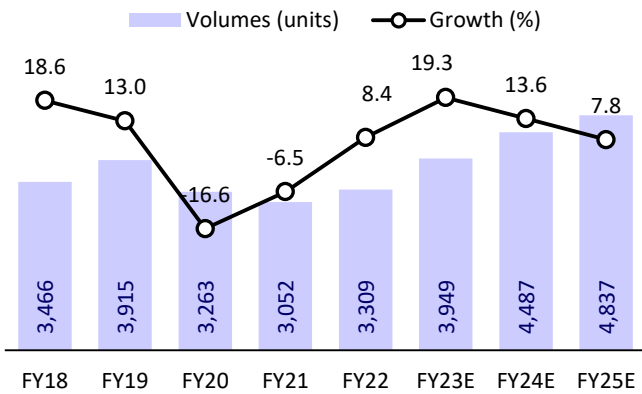
Exhibit 11: P/BV band



Source: MOFSL

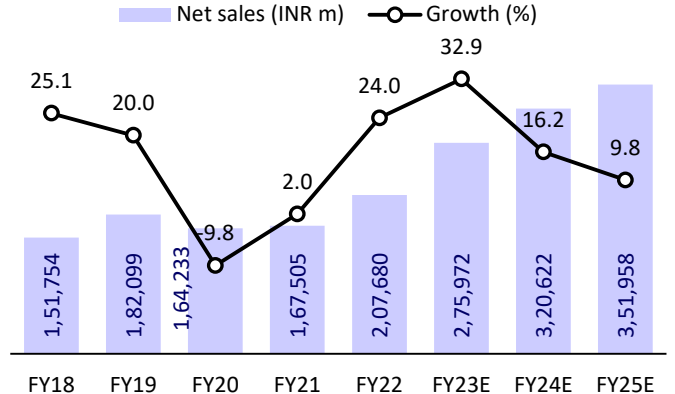
Story in charts

Exhibit 12: Volume growth trajectory



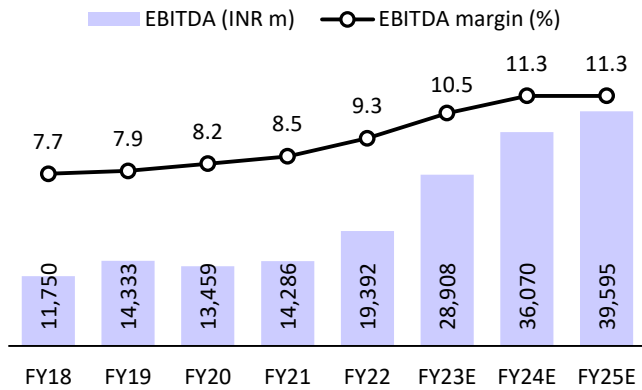
Source: Company, MOFSL

Exhibit 13: Revenue growth trend



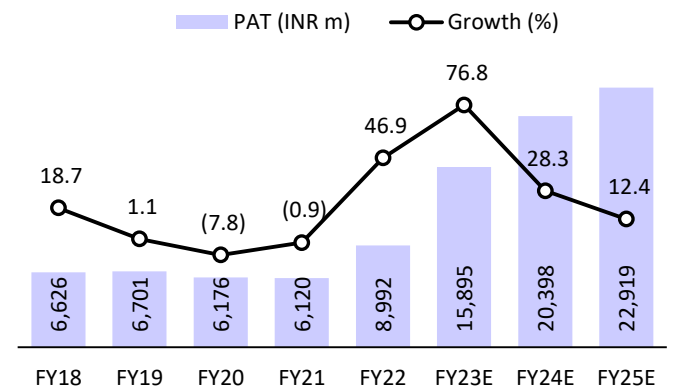
Source: Company, MOFSL

Exhibit 14: EBITDA margin trends upward



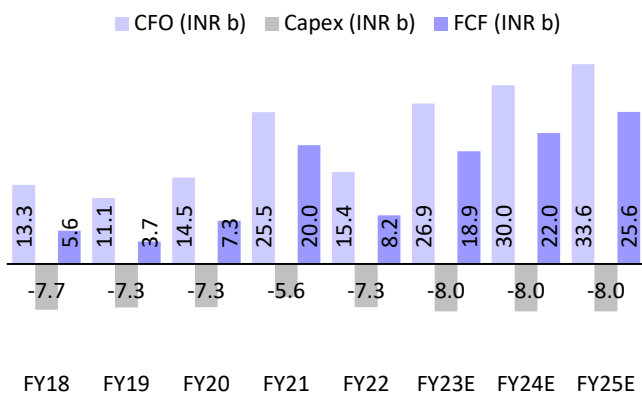
Source: Company, MOFSL

Exhibit 15: Trends in PAT and PAT growth



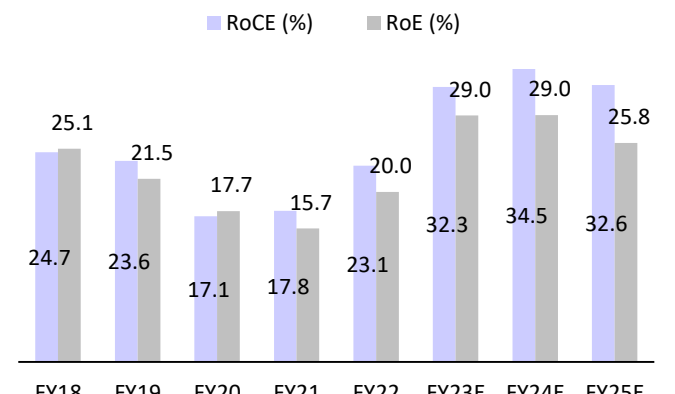
Source: Company, MOFSL

Exhibit 16: FCF to remain strong despite high capex plans



Source: Company, MOFSL

Exhibit 17: Sharp improvement in return ratios



Source: Company, MOFSL

Key operating metrics

Units	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Motorcycle	10,67,803	13,29,105	15,39,226	13,48,662	13,29,213	17,13,464	18,01,353	20,96,693
Growth (%)	5.0	24.5	15.8	-12.4	-1.4	28.9	5.1	16.4
% of total vols	36.5	38.3	39.3	41.3	43.6	51.8	45.6	46.7
Scooter	8,70,863	11,34,918	13,01,115	10,75,203	9,60,946	9,22,578	14,33,350	16,27,505
Growth (%)	7.2	30.3	14.6	-17.4	-10.6	-4.0	55.4	13.5
% of total vols	29.8	32.7	33.2	32.9	31.5	27.9	36.3	36.3
Moped	9,10,519	8,76,932	8,96,917	6,50,799	6,25,560	4,83,396	5,00,469	5,25,492
Growth (%)	23.3	-3.7	2.3	-27.4	-3.9	-22.7	3.5	5.0
% of total vols	31.1	25.3	22.9	19.9	20.5	14.6	12.7	11.7
Total 2Ws	28,53,885	33,67,426	37,58,551	30,89,581	29,28,265	31,37,298	37,54,103	42,69,758
Growth (%)	11.1	18.0	11.6	-17.8	-5.2	7.1	19.7	13.7
% of total vols	97.6	97.2	96.0	94.7	96.0	94.8	95.1	95.2
3Ws	69,254	98,684	1,56,434	1,73,911	1,23,596	1,71,875	1,95,306	2,17,351
Growth (%)	-37.5	42.5	58.5	11.2	-28.9	39.1	13.6	11.3
% of total vols	2.4	2.8	4.0	5.3	4.0	5.2	4.9	4.8
Domestic	25,02,050	28,91,895	31,53,247	24,22,674	21,72,492	20,55,982	26,98,188	31,08,717
Growth (%)	12.5	15.6	9.0	-23.2	-10.3	-5.4	31.2	15.2
% of total vols	85.6	83.4	80.5	74.2	71.2	62.1	68.3	69.3
Exports	4,21,089	5,74,215	7,61,738	8,40,818	8,79,369	12,53,191	12,51,221	13,78,392
Growth (%)	-7.2	36.4	32.7	10.4	4.6	42.5	-0.2	10.2
% of total vols	14.4	16.6	19.5	25.8	28.8	37.9	31.7	30.7
Total volumes	29,23,139	34,66,110	39,14,985	32,63,492	30,51,861	33,09,173	39,49,409	44,87,108
Growth (%)	9.1	18.6	13.0	-16.6	-6.5	8.4	19.3	13.6
ASP (INR/unit)	41,515	43,782	46,513	50,324	54,886	62,759	69,877	71,454
Growth (%)	0.1	5.5	6.2	8.2	9.1	14.3	11.3	2.3
Net Sales (INR m)	1,21,353	1,51,754	1,82,099	1,64,233	1,67,505	2,07,680	2,75,972	3,20,622
Growth (%)	9.3	25.1	20.0	-9.8	2.0	24.0	32.9	16.2

Financials and valuations

Standalone - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Volumes (units)	34,66,110	39,14,985	32,63,492	30,51,861	33,09,173	39,49,409	44,87,108	48,36,971
Growth (%)	18.6	13.0	(16.6)	(6.5)	8.4	19.3	13.6	7.8
Net Sales	1,51,754	1,82,099	1,64,233	1,67,505	2,07,680	2,75,972	3,20,622	3,51,958
Change (%)	25.1	20.0	-9.8	2.0	24.0	32.9	16.2	9.8
EBITDA	11,750	14,333	13,459	14,286	19,392	28,908	36,070	39,595
Margin (%)	7.7	7.9	8.2	8.5	9.3	10.5	11.3	11.3
Depreciation	3,387	3,993	4,890	4,937	6,114	6,347	7,508	8,208
EBIT	8,362	10,340	8,568	9,349	13,278	22,561	28,562	31,387
Int. and Finance Charges	566	806	1,022	1,416	1,259	1,481	1,378	868
Other Income - Rec.	990	75	321	330	190	342	307	368
PBT bef. EO Exp.	8,786	9,610	7,867	8,262	12,209	21,422	27,491	30,888
EO Expense/(Income)	0	0	323	0	-77	0	0	0
PBT after EO Exp.	8,786	9,610	7,544	8,262	12,285	21,422	27,491	30,888
Current Tax	1,971	2,768	2,339	2,034	3,000	5,527	7,093	7,969
Deferred Tax	190	141	-717	108	196	0	0	0
Tax Rate (%)	24.6	30.3	21.5	25.9	26.0	25.8	25.8	25.8
Reported PAT	6,626	6,701	5,923	6,120	9,089	15,895	20,398	22,919
PAT Adj for EO items	6,626	6,701	6,176	6,120	8,992	15,895	20,398	22,919
Change (%)	18.7	1.1	-7.8	-0.9	46.9	76.8	28.3	12.4

Standalone - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	475	475	475	475	475	475	475	475
Total Reserves	28,329	32,998	35,706	41,234	47,745	61,027	78,575	98,406
Net Worth	28,804	33,473	36,181	41,710	48,220	61,502	79,050	98,881
Deferred Liabilities	1,482	2,126	1,581	1,955	1,979	1,979	1,979	1,979
Total Loans	11,892	14,000	20,219	10,829	16,006	16,006	11,006	6,006
Capital Employed	42,178	49,600	57,981	54,493	66,205	79,487	92,035	1,06,865
Gross Block	45,454	50,536	58,077	63,490	72,064	81,809	89,809	97,809
Less: Accum. Deprn.	21,736	24,743	29,077	33,387	38,998	45,345	52,854	61,062
Net Fixed Assets	23,719	25,793	28,999	30,104	33,066	36,464	36,955	36,747
Capital WIP	1,311	2,572	2,854	2,787	4,245	2,500	2,500	2,500
Total Investments	20,355	23,008	28,554	33,153	47,813	53,813	57,813	61,813
Curr. Assets, Loans&Adv.	26,177	32,320	33,204	35,931	33,354	53,507	68,614	85,663
Inventory	9,644	11,759	10,389	11,518	11,227	14,919	17,332	19,026
Account Receivables	9,684	14,141	12,814	8,700	9,507	16,634	19,325	21,214
Cash and Bank Balance	109	439	4,193	9,298	4,013	12,851	21,630	34,237
Loans and Advances	6,741	5,981	5,808	6,415	8,607	9,103	10,327	11,185
Curr. Liability & Prov.	29,385	34,094	35,631	47,482	52,273	56,896	63,947	69,957
Account Payables	28,227	32,912	33,869	45,557	49,815	54,438	61,489	67,499
Provisions & other CL	1,158	1,183	1,763	1,925	2,458	2,458	2,458	2,458
Net Current Assets	-3,207	-1,774	-2,427	-11,551	-18,919	-3,389	4,667	15,706
Appl. of Funds	42,178	49,600	57,981	54,493	66,205	79,487	92,035	1,06,865

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)								
EPS	13.9	14.1	13.0	12.9	18.9	33.5	42.9	48.2
Growth (%)	18.7	1.1	-7.8	-0.9	46.9	76.8	28.3	12.4
Cash EPS	21.1	22.5	23.3	23.3	31.8	46.8	58.7	65.5
BV/Share	60.6	70.5	76.2	87.8	101.5	129.5	166.4	208.1
DPS	3.3	3.5	3.5	3.5	4.5	5.5	6.0	6.5
Payout (%)	28.4	29.8	33.8	27.2	23.5	16.4	14.0	13.5
Valuation (x)								
P/E	79.9	79.0	85.7	86.5	58.8	33.3	25.9	23.1
Cash P/E	52.8	49.5	47.8	47.9	35.0	23.8	19.0	17.0
P/BV	18.4	15.8	14.6	12.7	11.0	8.6	6.7	5.4
EV/Sales	3.6	3.0	3.3	3.2	2.6	1.9	1.6	1.4
EV/EBITDA	46.0	37.9	40.5	37.1	27.9	18.4	14.4	12.7
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.4	0.5	0.5	0.6
Return Ratios (%)								
EBITDA Margins (%)	7.7	7.9	8.2	8.5	9.3	10.5	11.3	11.3
Net Profit Margins (%)	4.4	3.7	3.8	3.7	4.3	5.8	6.4	6.5
RoE	25.1	21.5	17.7	15.7	20.0	29.0	29.0	25.8
RoCE	24.7	23.6	17.1	17.8	23.1	32.3	34.5	32.6
RoIC	29.9	30.1	26.2	37.2	74.4	123.1	166.8	199.0
Operating Ratios								
Fixed Asset Turnover (x)	3.3	3.6	2.8	2.6	2.9	3.4	3.6	3.6
Inventory (Days)	23.2	23.6	23.1	25.1	19.7	19.7	19.7	19.7
Debtor (Days)	23	28	28	19	17	22	22	22
Creditor (Days)	68	66	75	99	88	72	70	70
Working Capital (Days)	-8	-4	-15	-45	-40	-21	-19	-19
Leverage Ratio (x)								
Current Ratio	0.9	0.9	0.9	0.8	0.6	0.9	1.1	1.2
Debt/Equity	0.4	0.4	0.6	0.3	0.3	0.3	0.1	0.1

Standalone - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
NP/ (Loss) bef Tax and EO	8,786	9,610	7,544	8,262	12,132	21,422	27,491	30,888
Depreciation	3,387	3,993	4,890	4,937	6,114	6,347	7,508	8,208
Interest & Finance Charges	582	857	1,022	1,416	1,259	1,481	1,378	868
Direct Taxes Paid	2,465	2,300	1,850	2,020	3,100	5,527	7,093	7,969
(Inc)/Dec in WC	2,977	-1,097	2,926	12,918	-962	3,209	723	1,568
Others	-294	-85	-596	96	-469	-342	-307	-368
CF from Operations	12,973	10,978	13,936	25,609	14,976	26,590	29,700	33,195
(inc)/dec in FA	-7,698	-7,334	-7,267	-5,557	-7,279	-8,000	-8,000	-8,000
Free Cash Flow	5,276	3,643	6,669	20,052	7,697	18,590	21,700	25,195
CF from Investments	-11,314	-10,023	-12,889	-9,206	-21,410	-13,658	-11,693	-11,632
(Inc)/Dec in Debt	1,917	939	4,013	-10,700	1,300	0	-5,000	-5,000
Interest Paid	-582	-857	-1,003	-1,129	-1,231	-1,481	-1,378	-868
Dividend Paid	-1,887	-2,000	-2,000	-998	-1,904	-2,613	-2,851	-3,088
CF from Fin. Activity	-747	811	2,705	-11,956	1,132	-4,094	-9,228	-8,956
Inc/Dec of Cash	912	1,766	3,753	4,447	-5,302	8,838	8,779	12,607
Add: Beginning Balance	-2,289	-1,376	390	4,143	8,590	3,287	12,126	20,904
Closing Balance	-1,376	390	4,143	8,590	3,287	12,126	20,904	33,512

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SELL	< - 10%
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