

# Maruti Suzuki

Estimate change	↔
TP change	↓
Rating change	↔

**CMP: INR8,503**      **TP: INR10,100 (+19%)**      **Buy**

## Miss due to mix and FX; demand outlook stable

### CNG models gaining traction after price caps

- MSIL's 4QFY23 miss was led by a weak product mix and FX impact. Driven by new products, MSIL is expected to outperform underlying industry growth of 5-7% in FY24, resulting in market share gains and margin recovery. Chip shortages and commodity inflation could pose risks to our estimates.
- We marginally lower our FY24E/FY25E EPS by 1%/3% to factor in high capex and resultant lower treasury income. The stock trades at 24.3x/21.1x FY24E/FY25E consolidated EPS. Maintain BUY with a TP of INR10,100/share (premised on 25x Mar'25E consolidated EPS).

Bloomberg	MSIL IN
Equity Shares (m)	302
M.Cap.(INRb)/(USDb)	2568.6 / 31.4
52-Week Range (INR)	9769 / 7063
1, 6, 12 Rel. Per (%)	-2/-6/4
12M Avg Val (INR M)	5140

### Financials & valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	1,175	1,386	1,536
EBITDA	110	145	169
Adj. PAT	80	104	120
Cons. Adj. EPS (INR)	272	350	403
EPS Gr. (%)	111.7	28.8	15.0
BV/Sh. (INR)	1,999	2,255	2,522

### Ratios

RoE (%)	13.3	15.3	15.8
RoCE (%)	16.9	20.0	20.6
Payout (%)	33.1	37.1	36.0

### Valuations

P/E (x)	31.3	24.3	21.1
P/BV (x)	4.3	3.8	3.4
EV/EBITDA (x)	19.1	14.2	11.8
Div. Yield (%)	1.1	1.5	1.7

### Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	55.9	55.9	55.9
DII	8.7	8.3	7.1
FII	12.8	12.4	12.6
Others	22.6	23.4	24.3

FII Includes depository receipts

### Unfavorable mix and FX hurt performance

- 4QFY23 revenue/EBITDA/PAT grew 20%/38%/43% YoY to ~INR320.5b/INR33.5b/INR26.2b. FY23 revenue/EBITDA/adj. PAT grew 33%/93%/ 113% YoY.
- Volumes grew 5% YoY (+10% QoQ), while net realization was flat QoQ (+14% YoY) at INR622,400 (v/s est. INR644,100) due to a weak mix.
- Gross margins declined by 60bp QoQ (up 20bp YoY) to 26.7% (v/s est. 27.6%) due to an adverse mix and FX.
- However, operating leverage drove EBITDA margin expansion of 70bp QoQ (+140bp YoY) to 10.5% (v/s est. 10.9%).
- EBITDA grew 38% YoY to INR33.5b (v/s est. INR36.1b). Adj. PAT grew 43% YoY to INR26.2b (v/s est. INR28.4b).
- The company has declared a dividend of INR90/sh (v/s INR60/sh in FY22), representing a 33.4% dividend payout (v/s 46.7% in FY22).

### Highlights from the management commentary

- As per SIAM estimates, the PV industry is expected to grow 5-7% in FY24. But MSIL expects to grow much ahead of the industry thanks to new product launches. MSIL expects small car volumes to remain flat in FY24.
- Chip shortages resulted in a volume loss of 170,000 units in FY23. MSIL expects chip shortages to ease in the next three quarters.
- The current order backlog stands at 412,000 units (v/s 366,000 units in Dec'22), of which CNG is 33%.
- CNG sales have seen traction after the recent change in CNG prices. CNG penetration was at ~20% in FY23 for MSIL.
- Commodity costs were stable in 4Q, but MSIL expects to see inflation in steel prices (50% of commodity basket) going forward. Though precious metals have corrected.

### Valuation and view

- Stable growth in domestic PVs and a favorable product lifecycle augur well for MSIL. We expect market share gains and margin recovery in FY24, led by an improvement in supplies, a favorable product lifecycle, mix and operating leverage.
- The stock trades at 24.3x/21.1x FY24E/FY25E consolidated EPS. We maintain **BUY** with a TP of INR10,100/share (premised on 25x Mar'25E consolidated EPS).

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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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## S/A Quarterly Performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volumes ('000 units)	353.6	379.5	430.7	488.7	467.9	517.4	465.9	514.9	1,652.5	1,966.2
Change (%)	361.6	-3.5	-13.2	-0.8	32.3	36.3	8.2	5.4	13.3	19.0
Realizations (INR/car)	5,02,545	5,41,151	5,39,766	5,47,222	5,66,319	5,78,490	6,23,387	6,22,379	5,34,324	5,97,727
Change (%)	-6.3	13.5	14.1	12.2	12.7	6.9	15.5	13.7	10.8	11.9
<b>Net operating revenues</b>	<b>1,77,707</b>	<b>2,05,389</b>	<b>2,32,460</b>	<b>2,67,400</b>	<b>2,64,998</b>	<b>2,99,308</b>	<b>2,90,443</b>	<b>3,20,480</b>	<b>8,82,956</b>	<b>11,75,229</b>
Change (%)	332.7	9.6	-0.9	11.3	49.1	45.7	24.9	19.9	25.5	33.1
RM Cost (% of sales)	74.8	75.8	75.3	73.5	74.6	73.1	72.7	73.3	74.8	73.4
Staff Cost (% of sales)	6.0	4.7	4.2	3.8	4.4	3.8	4.1	3.5	4.6	3.9
Other Cost (% of sales)	14.6	15.3	13.8	13.5	13.8	13.9	13.4	12.8	14.2	13.3
<b>EBITDA</b>	<b>8,211</b>	<b>8,549</b>	<b>15,590</b>	<b>24,268</b>	<b>19,121</b>	<b>27,689</b>	<b>28,331</b>	<b>33,503</b>	<b>57,012</b>	<b>1,10,077</b>
EBITDA Margins (%)	4.6	4.2	6.7	9.1	7.2	9.3	9.8	10.5	6.5	9.4
Depreciation	7,432	7,561	6,400	6,472	6,514	7,226	7,101	7,392	27,865	28,233
<b>EBIT</b>	<b>779</b>	<b>988</b>	<b>9,190</b>	<b>17,796</b>	<b>12,607</b>	<b>20,463</b>	<b>21,230</b>	<b>26,111</b>	<b>29,147</b>	<b>81,844</b>
EBIT Margins (%)	0.4	0.5	4.0	6.7	4.8	6.8	7.3	8.1	3.3	7.0
Interest	222	225	252	560	274	305	296	991	1,259	1,866
Non-Operating Income	5,078	5,227	3,280	4,744	885	6,125	8,608	7,428	17,935	21,613
<b>PBT</b>	<b>5,635</b>	<b>5,990</b>	<b>12,218</b>	<b>21,980</b>	<b>13,218</b>	<b>26,283</b>	<b>29,542</b>	<b>32,548</b>	<b>45,823</b>	<b>1,01,591</b>
Effective Tax Rate (%)	21.8	20.7	17.2	16.3	23.4	21.6	20.4	19.4	17.8	20.8
<b>Adjusted PAT</b>	<b>4,408</b>	<b>4,753</b>	<b>10,113</b>	<b>18,389</b>	<b>10,128</b>	<b>20,615</b>	<b>23,513</b>	<b>26,236</b>	<b>37,663</b>	<b>80,492</b>
Change (%)	-276.7	-65.3	-47.9	57.7	129.8	333.7	132.5	42.7	-11.0	113.7

## Key Performance Indicators

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Dom. PV Market Sh (%)	47.0	42.1	46.8	44.5	42.6	43.5	42.4	43.1	45.0	42.9
Volumes ('000 units)	353.6	379.5	430.7	488.7	467.9	517.4	465.9	514.9	1,652.5	1,966.2
Change (%)	361.6	-3.5	-13.2	-0.8	32.3	36.3	8.2	5.4	13.3	19.0
Discounts (INR '000/unit)	13.9	18.6	15.2	11.1	12.8	13.8	18.3	13.3	14.5	14.9
% of Net Realn	2.8	3.4	2.8	2.0	2.3	2.4	2.9	2.1	2.7	2.5
ASPs (INR '000/unit)	502.5	541.2	539.8	547.2	566.3	578.5	623.4	622.4	534.3	597.7
Change (%)	-6.3	13.5	14.1	12.2	12.7	6.9	15.5	13.7	10.8	11.9
Gross Profit (INR/unit)		130.7	133.3	144.8	143.8	155.6	170.4	166.2	134.7	159.1
EBITDA (INR '000/unit)	23.2	22.5	36.2	49.7	40.9	53.5	60.8	65.1	34.5	56.0
EBIT (INR '000/unit)	2.2	2.6	21.3	36.4	26.9	39.6	45.6	50.7	17.6	41.6

E:MOSL Estimates; Note: MSIL market share includes supplies to Toyota



## Highlights from the management commentary

- Demand is healthy, especially in urban and rural areas. In FY24, MSIL expects to grow faster than the industry. Driven by new product launches, MSIL is aiming for SUV segment market leadership in FY24.
- As per SIAM estimates, FY24 PV industry growth is expected to be 5-7%, but MSIL expects to grow much ahead of the industry thanks to new product launches. MSIL expects small car volumes to remain flat in FY23.
- It lost 170,000 units in FY23 due to the chip shortage, which is expected to ease in the next three quarters.
- The current order backlog stands at 412,000 units (v/s 366,000 units in Dec'22), of which CNG is 33%.
- Inventory levels at 2-3 weeks are much lower than normal.
- The contribution of green vehicles (CNG+ Hybrids) to domestic market sales increased to ~37% (~27% in FY22), with CNG penetration at ~20%. CNG sales have seen traction post recent changes in CNG prices.
- Discounts in 4Q stood INR13,300/unit (v/s INR11,100 in 4QFY22 and INR18,300 in 3QFY23).
- RM costs increased in 4QFY23 due to higher sourcing from Suzuki's Gujarat plant and Toyota. Commodity costs have been stable and JPY was slightly adverse. Going forward, it has seen signs of some inflation in steel prices, whereas some commodities like precious metals have corrected.
- CAFE-2: MSIL has the cleanest fleet with the lowest CO2 value.
- The FY23 customer mix has seen a slight increase in replacement car buyers (21% vs 19% in FY22), whereas first-time buyer was stable at 42% and additional car buyer was at 37%.
- FY24 capex is expected to be INR80b (v/s INR63.5b in FY23) for a new Sonipat plant, new models/projects, and maintenance capex, among others.
- In addition to the on-going greenfield plant at Haryana, the board has given in-principle approval for adding up to 1m p.a. capacity. However, details are yet to be worked out.

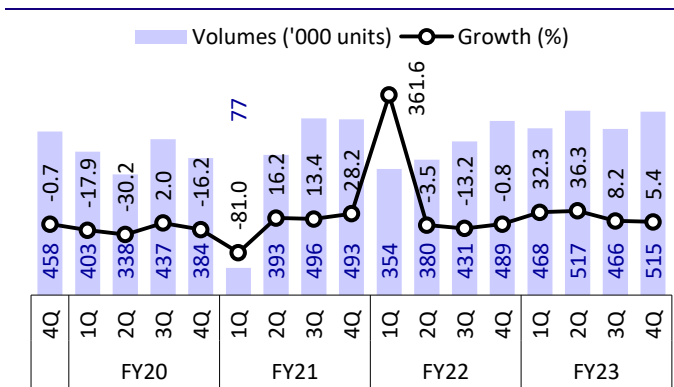
## Key exhibits

**Exhibit 1: Segment-wise growth and market share movement for MSIL**

('000 units)	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)	FY23	FY22	YoY (%)
Mini	58.9	53.8	9.5	53.0	11.2	232.9	211.8	10.0
<i>% of total</i>	11.4	11.0		11.4		11.8	12.8	
MPV+LCVs	46.5	39.9	16.3	33.7	37.8	169.2	142.2	19.0
<i>% of total</i>	9.0	8.2		7.2		8.6	8.6	
Compact incl Dzire tour	236.8	235.5	0.6	216.1	9.6	902.8	651.1	38.7
<i>% of total</i>	46.0	48.2		46.4		45.9	39.4	
Mid-size	2.1	5.4	-61.3	4.6	-54.4	13.6	91.8	-85.2
<i>% of total</i>	0.4	1.1		1.0		0.7	5.6	
UV	106.0	85.8	23.6	96.5	9.8	388.3	317.3	22.4
<i>% of total</i>	20.6	17.5		20.7		19.7	19.2	
Exports	64.7	68.5	-5.5	62.0	4.4	259.3	238.4	8.8
<i>% of total</i>	12.6	14.0		13.3		13.2	14.4	
<b>Total Sales</b>	<b>514.9</b>	<b>488.8</b>	<b>5.3</b>	<b>465.9</b>	<b>10.5</b>	<b>1,966.2</b>	<b>1,652.5</b>	<b>19.0</b>
<b>Total Dom. PV MS (%)</b>	<b>43.1</b>	<b>44.5</b>	<b>-130bp</b>	<b>42.4</b>	<b>70bp</b>	<b>42.9</b>	<b>45.0</b>	<b>-210bp</b>

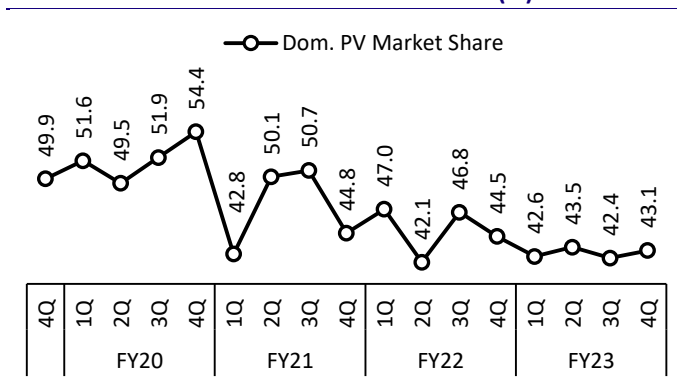
Note: MSIL market share includes supplies to Toyota; Source: Company, MOFSL

**Exhibit 2: Volume trends**



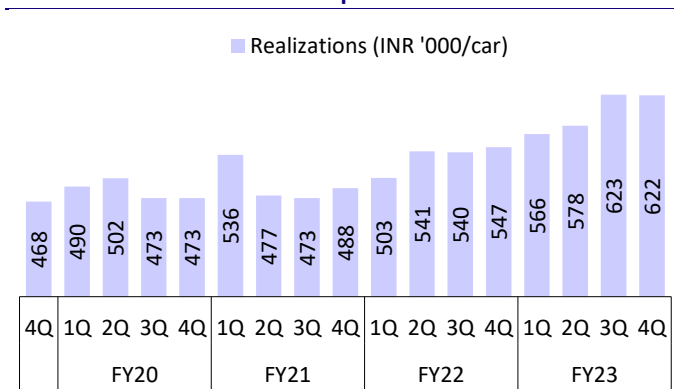
Source: Company, MOFSL

**Exhibit 3: Domestic PV market share trends (%)**



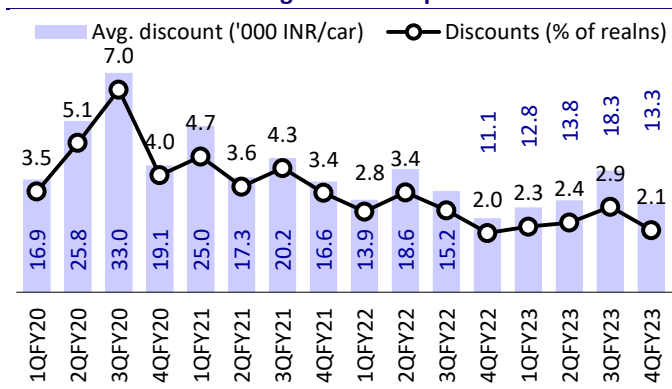
Source: Company, MOFSL

**Exhibit 4: Trend in realization per unit**



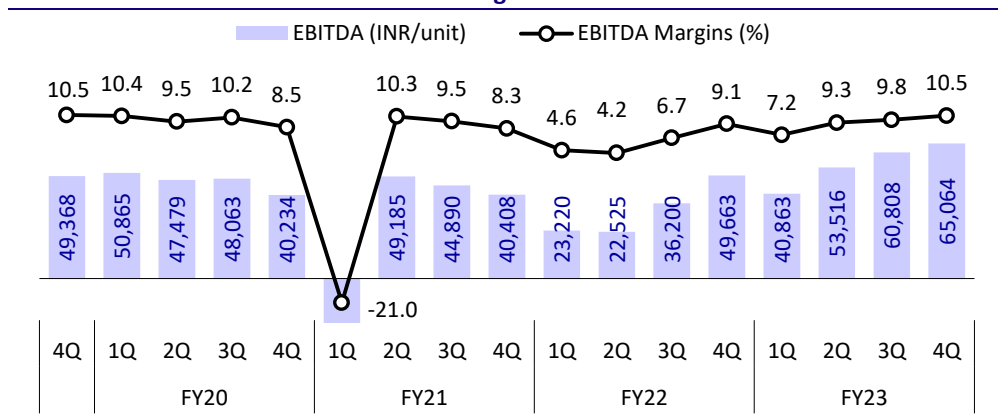
Source: Company, MOFSL

**Exhibit 5: Trend in average discounts per unit**



Source: Company, MOFSL

Exhibit 6: Trends in EBITDA and EBITDA margin



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: ~3% volume CAGR). This can be attributed to several factors, including weaker economic growth, stringent financing, regulatory impact on costs, the Covid-19 outbreak and supply chain challenges. However, the industry is expected to grow, driven by high aspirations, improving affordability, lower penetration (less than 30 cars per population of 1,000) and increasing preference toward personal mobility due to Covid. We estimate a 5-7% CAGR in PV industry volume over FY23-25.
- Strong product portfolio, with numerous launches lined up for the next few years:** MSIL could emerge as the biggest beneficiary of a demand recovery in the post-Covid period, considering its stronghold in the entry-level segment and a favorable product lifecycle. New launches like the Brezza and Grand Vitara are seeing good customer pull. The company could gain further market share, driven by an expected shift toward petrol/hybrid vehicles, resulting in a ~9% volume CAGR over FY23-25E. This, coupled with an improved mix and lower discounts, would drive a ~14% revenue CAGR over FY23-25E.
- Operating performance recovery underway:** While FY21 witnessed the brunt of the Covid-19 outbreak on operations, FY22 was marred by a second lockdown and semiconductor shortages. However, FY23 has seen a sharp recovery. Going forward, demand growth would be supported by a favorable product lifecycle and the shift to personal mobility. EBITDA margin fell 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 would be driven by: a) normalization in the product lifecycle, b) lower discounts, c) price increases and mix improvement, d) commodity cost/FX benefits, 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 asset-light, allowing the management to focus on marketing. We expect FCF generation to improve to ~INR148b over FY23-25 (v/s ~INR50b over FY20-22) after budgeting for cumulative capex of ~INR212b. RoCE is estimated to improve gradually to ~20.6% by FY25 from 8.7% in FY22.

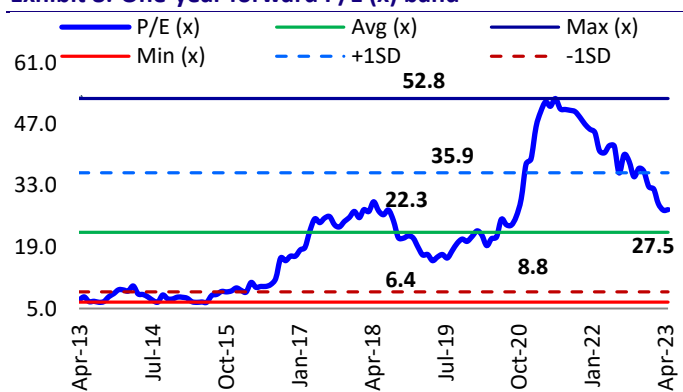
- Valuation and view:** Stable domestic PV industry growth and a favorable product lifecycle augur well for MSIL. We expect a recovery in both market share and margins to gather momentum in FY24, led by an improvement in supplies, a favorable product lifecycle, mix and operating leverage. The stock trades at 24.3x/21.1x FY24E/FY25E consolidated EPS. Maintain BUY with a TP of INR10,100/share (premised on 25x Mar'25 consolidated EPS).

**Exhibit 7: Revised estimates**

(INR b)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
<b>Total Volumes ('000)</b>	<b>2,173</b>	<b>2,173</b>	<b>0.0</b>	<b>2,331</b>	<b>2,331</b>	<b>0.0</b>
Net Sales	1,386	1,392	-0.5	1,536	1,543	-0.5
EBITDA	145	142	2.0	169	166	1.8
<b>EBITDA Margin (%)</b>	<b>10.5</b>	<b>10.2</b>	<b>20bp</b>	<b>11.0</b>	<b>10.8</b>	<b>20bp</b>
PAT	104.4	105.6	-1.1	120.1	124.2	-3.3
<b>Consol EPS (INR)</b>	<b>350.0</b>	<b>353.2</b>	<b>-0.9</b>	<b>402.6</b>	<b>415.4</b>	<b>-3.1</b>

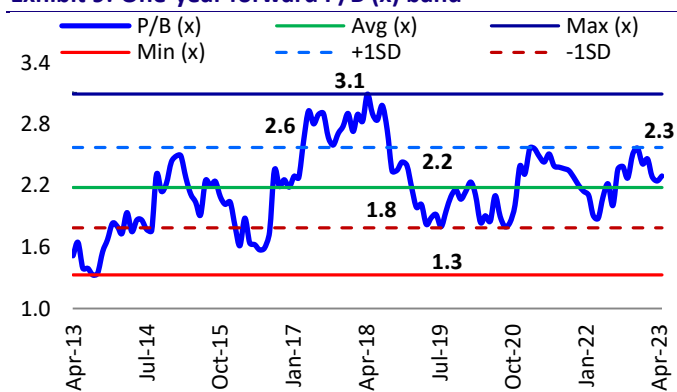
Source: Company, MOFSL

**Exhibit 8: One-year forward P/E (x) band**



Source: MOFSL

**Exhibit 9: One-year forward P/B (x) band**



Source: MOFSL

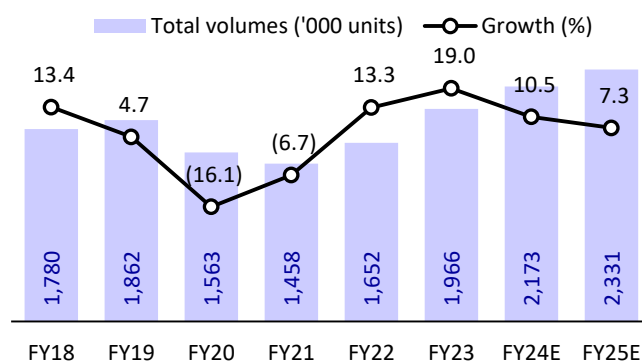
## Story in charts – expect 22% EPS CAGR over FY23-25E

**Exhibit 10: Market share declines (excluding Mini) due to the absence of the diesel portfolio**

Market share (%)	FY18	FY19	FY20	FY21	FY22	FY23
Mini	71.3	72.3	79.0	84.5	88.5	94.9
Compact	52.2	56.4	57.4	54.8	55.3	57.5
Compact-Sedan	61.8	57.9	61.9	57.9	57.1	50.9
Mid-Size	30	25.8	25.8	19.1	20.0	19.8
UVC	40	40.4	27.9	20.2	18.6	18.7
UV1	38.8	38.2	31.4	25.7	25.8	39.4
<b>MSIL Dom. PV market share (%)</b>	<b>50.2</b>	<b>51.4</b>	<b>51.1</b>	<b>47.7</b>	<b>43.4</b>	<b>41.3</b>

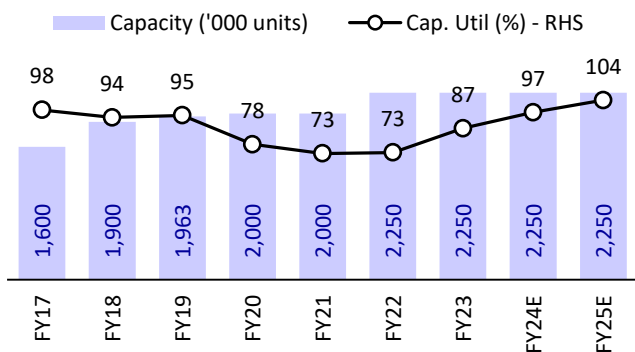
\*Excluding supplies to Toyota; Source: Company, MOFSL

**Exhibit 11: Trends in volume and growth over FY23-25E**



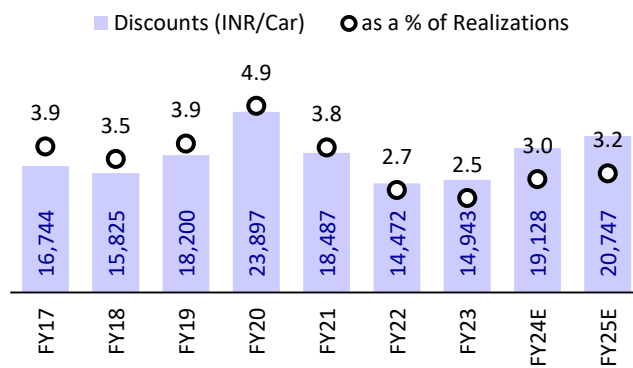
Source: Company, MOFSL

**Exhibit 12: MSIL's utilization to improve materially**



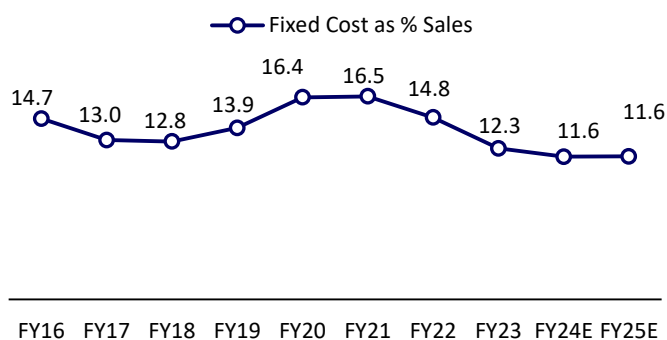
Source: Company, MOFSL

**Exhibit 13: Discounts to increase from lows of FY23**



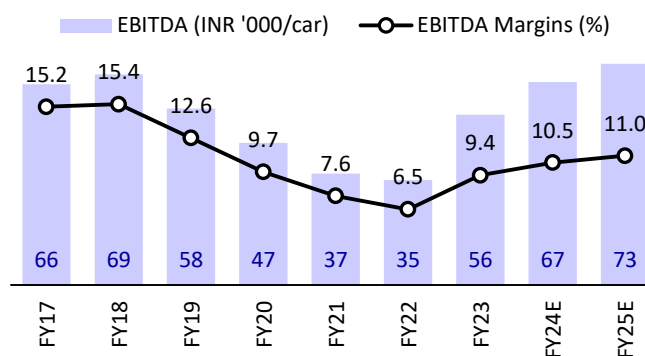
Source: Company, MOFSL

**Exhibit 14: Fixed cost as a percentage of sales**



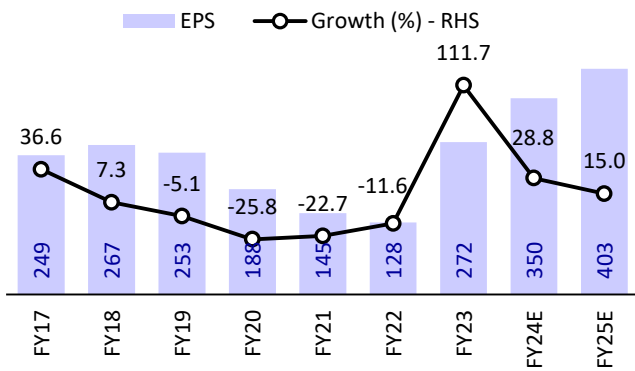
Source: Company, MOFSL

**Exhibit 15: EBITDA margin and EBITDA per car**



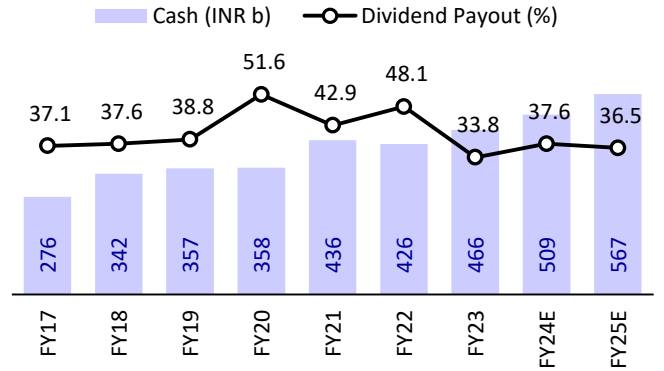
Source: Company, MOFSL

**Exhibit 16: EPS (INR) and growth in EPS**



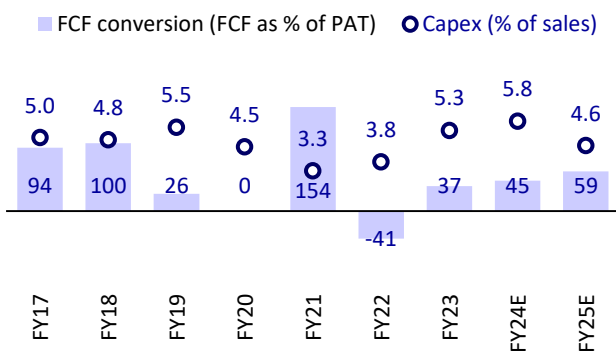
Source: MOFSL, Company

**Exhibit 17: Dividend payout (%) and cash balance (INR b)**



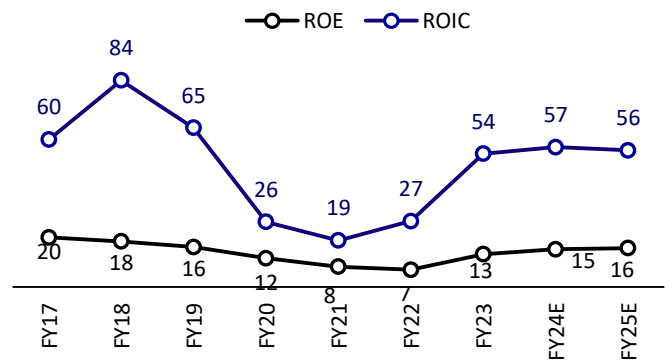
Source: MOFSL, Company

**Exhibit 18: Expect FCF conversion to recover**



Source: Company, MOFSL

**Exhibit 19: RoE v/s RoIC (%)**



Source: Company, MOFSL



**Exhibit 20: Snapshot of the revenue model**

<b>000 units</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
A1/LCVs	24	22	30	34	38	38	40
Growth (%)	138.0	-8.8	35.7	14.4	12.4	0.0	5.0
% of Dom vols	1.4	1.5	2.2	2.4	2.2	2.0	1.9
MPV (Vans)	179	118	105	108	131	138	146
Growth (%)	15.1	-33.7	-11.3	3.1	21.1	5.0	6.0
% of Dom vols	10.2	8.1	7.7	7.7	7.7	7.2	7.1
A2 (other hatchbacks)	987	881	840	810	982	984	1,030
Growth (%)	5.5	-10.8	-4.6	-3.6	21.2	0.2	4.7
% of Dom vols	56.3	60.3	61.7	57.3	57.5	51.7	50.2
A3 (Dzire, Ciaz)	300	204	142	145	168	167	175
Growth (%)	0.3	-31.9	-30.5	1.8	15.9	-0.2	4.7
% of Dom vols	17.1	14.0	10.4	10.2	9.8	8.8	8.5
Uvs (Ertiga, Compact SUV)	264	235	245	317	388	576	661
Growth (%)	4.1	-10.9	4.3	29.3	22.4	48.4	14.6
% of Dom vols	15.1	16.1	18.0	22.4	22.7	30.3	32.2
<b>Total Domestic</b>	<b>1,754</b>	<b>1,460</b>	<b>1,362</b>	<b>1,414</b>	<b>1,707</b>	<b>1,903</b>	<b>2,052</b>
Growth (%)	6.1	-16.7	-6.7	3.8	20.7	11.5	7.8
% of Total vols	94.2	93.5	93.4	85.6	86.8	87.6	88.0
Exports	109	102	96	238	259	270	280
Growth (%)	-14	-6	-6	148	9	4	4
% of Total vols	6	7	7	14	13	12	12
<b>Total Volumes</b>	<b>1,862</b>	<b>1,563</b>	<b>1,458</b>	<b>1,652</b>	<b>1,966</b>	<b>2,173</b>	<b>2,331</b>
Growth (%)	4.7	-16.1	-6.7	13.3	19.0	10.5	7.3
<b>ASP (INR 000/unit)</b>	<b>462</b>	<b>484</b>	<b>482</b>	<b>534</b>	<b>598</b>	<b>638</b>	<b>659</b>
Growth (%)	3.0	4.8	-0.3	10.8	11.9	6.7	3.3
<b>Net Sales (INR b)</b>	<b>860</b>	<b>756</b>	<b>703</b>	<b>883</b>	<b>1,175</b>	<b>1,386</b>	<b>1,536</b>
Growth (%)	8	-12	-7	26	33	18	11

Source: MOFSL, Company

## Financials and valuations

### Standalone Income Statement

	(INR m)						
Y/E March	2019	2020	2021	2022	2023	2024E	2025E
<b>Net Op Income</b>	<b>8,60,203</b>	<b>7,56,106</b>	<b>7,03,325</b>	<b>8,82,956</b>	<b>11,75,229</b>	<b>13,85,732</b>	<b>15,35,510</b>
Change (%)	7.8	-12.1	-7.0	25.5	33.1	17.9	10.8
<b>EBITDA</b>	<b>1,07,993</b>	<b>73,026</b>	<b>53,453</b>	<b>57,012</b>	<b>1,10,077</b>	<b>1,44,835</b>	<b>1,69,398</b>
EBITDA Margins (%)	12.6	9.7	7.6	6.5	9.4	10.5	11.0
Depreciation	30,189	35,257	30,315	27,865	28,233	32,314	38,638
<b>EBIT</b>	<b>77,804</b>	<b>37,769</b>	<b>23,138</b>	<b>29,147</b>	<b>81,844</b>	<b>1,12,521</b>	<b>1,30,761</b>
EBIT Margins (%)	9.0	5.0	3.3	3.3	7.0	8.1	8.5
Interest	758	1,329	1,008	1,259	1,866	1,900	1,900
Other Income	25,610	34,208	29,464	17,935	21,613	25,565	27,991
EO Expense	-2,000	0	0	0	0	0	0
Def Revenue Exp. / Others	0	0	0	0	0	0	0
<b>PBT</b>	<b>1,04,656</b>	<b>70,648</b>	<b>51,594</b>	<b>45,823</b>	<b>1,01,591</b>	<b>1,36,186</b>	<b>1,56,851</b>
Effective tax Rate (%)	28.3	20.0	18.0	17.8	20.8	23.3	23.4
<b>PAT</b>	<b>75,006</b>	<b>56,506</b>	<b>42,297</b>	<b>37,663</b>	<b>80,492</b>	<b>1,04,413</b>	<b>1,20,146</b>
<b>Adj. PAT</b>	<b>73,573</b>	<b>56,506</b>	<b>42,297</b>	<b>37,663</b>	<b>80,492</b>	<b>1,04,413</b>	<b>1,20,146</b>
Change (%)	-6.8	-23.2	-25.1	-11.0	113.7	29.7	15.1

### Standalone Balance Sheet

	(INR m)						
Y/E March	2019	2020	2021	2022	2023	2024E	2025E
<b>Sources of Funds</b>							
Share Capital	1,510	1,510	1,510	1,510	1,510	1,510	1,510
Reserves	4,59,905	4,82,860	5,12,158	5,39,350	6,02,310	6,79,536	7,60,412
<b>Net Worth</b>	<b>4,61,415</b>	<b>4,84,370</b>	<b>5,13,668</b>	<b>5,40,860</b>	<b>6,03,820</b>	<b>6,81,046</b>	<b>7,61,922</b>
Loans	1,496	1,063	4,888	3,819	12,158	12,158	12,158
Deferred Tax Liability	5,640	5,984	3,847	-2,027	-3,411	-3,411	-3,411
<b>Capital Employed</b>	<b>4,68,551</b>	<b>4,91,417</b>	<b>5,22,403</b>	<b>5,42,652</b>	<b>6,12,567</b>	<b>6,89,793</b>	<b>7,70,669</b>
<b>Application of Funds</b>							
Gross Fixed Assets	2,63,293	2,97,260	3,14,553	3,24,892	3,94,890	4,12,971	5,52,971
Less: Depreciation	1,09,215	1,40,157	1,64,983	1,87,719	2,15,952	2,48,266	2,86,904
<b>Net Fixed Assets</b>	<b>1,54,078</b>	<b>1,57,103</b>	<b>1,49,570</b>	<b>1,37,173</b>	<b>1,78,938</b>	<b>1,64,705</b>	<b>2,66,067</b>
Capital WIP	16,001	14,083	14,898	29,294	28,081	90,000	20,000
Investments	3,65,150	3,64,676	4,17,867	4,07,633	4,77,564	4,77,564	4,77,564
<b>Curr.Assets, Loans</b>	<b>89,815</b>	<b>84,390</b>	<b>1,12,943</b>	<b>1,52,387</b>	<b>1,38,064</b>	<b>2,00,484</b>	<b>2,68,274</b>
Inventory	33,257	32,149	30,500	35,331	42,838	56,948	63,103
Sundry Debtors	23,104	21,270	12,766	20,301	32,958	37,965	42,069
Cash & Bank Balances	1,789	211	30,364	30,362	377	43,679	1,01,211
Loans & Advances	5,126	5,246	6,642	307	299	299	299
Others	26,539	25,514	32,671	66,086	61,592	61,592	61,592
<b>Current Liab &amp; Prov.</b>	<b>1,56,493</b>	<b>1,28,835</b>	<b>1,72,875</b>	<b>1,83,835</b>	<b>2,10,080</b>	<b>2,42,959</b>	<b>2,61,236</b>
Sundry Creditors	96,330	74,941	1,01,617	97,610	1,17,804	1,51,861	1,68,275
Others	51,069	44,889	60,252	71,104	75,939	75,939	75,939
Provisions	9,094	9,005	11,006	15,121	16,337	15,159	17,022
<b>Net Current Assets</b>	<b>-66,678</b>	<b>-44,445</b>	<b>-59,932</b>	<b>-31,448</b>	<b>-72,016</b>	<b>-42,475</b>	<b>7,038</b>
<b>Appl. of Funds</b>	<b>4,68,551</b>	<b>4,91,417</b>	<b>5,22,403</b>	<b>5,42,652</b>	<b>6,12,567</b>	<b>6,89,793</b>	<b>7,70,669</b>

## Financials and valuations

Y/E March	2019	2020	2021	2022	2023	2024E	2025E
<b>Basic (INR)</b>							
Adjusted EPS	243.6	187.1	140.0	124.7	266.5	345.6	397.7
Consol EPS	253.3	188.0	145.3	128.4	271.8	350.0	402.6
Cash EPS	353.2	304.7	245.7	220.7	365.3	457.0	530.5
Book Value per Share	1,527	1,603	1,700	1,790	1,999	2,255	2,522
DPS	80.0	60.0	45.0	60.0	90.0	130.0	145.0
Div. payout (%)	38.8	38.5	31.0	46.7	33.1	37.1	36.0
<b>Valuation (x)</b>							
Consol. P/E	33.6	45.2	58.5	66.2	31.3	24.3	21.1
Cash P/E	24.1	27.9	34.6	38.5	23.3	18.6	16.0
EV/EBITDA	20.4	30.2	39.8	37.4	19.1	14.2	11.8
EV/Sales	2.7	3.1	3.2	2.5	1.9	1.5	1.4
P/BV	5.6	5.3	5.0	4.7	4.3	3.8	3.4
Dividend Yield (%)	0.9	0.7	0.5	0.7	1.1	1.5	1.7
FCF Yield (%)	0.7	0.0	2.5	-0.6	1.2	1.8	2.8
<b>Profitability Ratios (%)</b>							
RoIC	64.7	26.5	18.9	26.8	54.2	56.9	55.6
RoE	16.3	11.7	8.2	7.0	13.3	15.3	15.8
RoCE	22.1	14.6	10.1	8.7	16.9	20.0	20.6
<b>Turnover Ratios</b>							
Debtors (Days)	10	11	7	9	11	10	10
Inventory (Days)	16	17	17	16	15	17	17
Creditors (Days)	59	51	73	54	50	55	55
Work. Cap. (Days)	-33	-23	-49	-29	-24	-28	-28
Asset Turnover (x)	1.8	1.5	1.3	1.6	1.9	2.0	2.0
<b>Leverage Ratio</b>							
Net Debt/Equity (x)	-0.8	-0.7	-0.8	-0.8	-0.8	-0.7	-0.7

### Standalone Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024E	2025E
<b>(INR m)</b>							
Profit before Tax	1,04,656	70,948	51,594	45,823	1,01,591	1,36,186	1,56,851
Interest	758	1,329	1,008	1,259	1,866	1,900	1,900
Depreciation	30,189	35,257	30,315	27,865	28,233	32,314	38,638
Direct Taxes Paid	-31,428	-14,357	-10,107	-11,769	-22,313	-31,773	-36,705
(Inc)/Dec in WC	-13,196	-25,659	43,352	-28,098	3,787	13,762	8,018
Other Items	-25,047	-33,467	-27,774	-17,168	-20,884	-25,565	-27,991
<b>CF from Oper. Activity</b>	<b>65,932</b>	<b>34,051</b>	<b>88,388</b>	<b>17,912</b>	<b>92,280</b>	<b>1,26,824</b>	<b>1,40,712</b>
(Inc)/Dec in FA	-47,000	-33,990	-23,279	-33,227	-62,474	-80,000	-70,000
<b>Free Cash Flow</b>	<b>18,932</b>	<b>61</b>	<b>65,109</b>	<b>-15,315</b>	<b>29,806</b>	<b>46,824</b>	<b>70,712</b>
(Pur)/Sale of Invest.	11,617	29,351	-49,560	31,337	-17,708	25,565	27,991
<b>CF from Inv. Activity</b>	<b>-35,383</b>	<b>-4,639</b>	<b>-72,839</b>	<b>-1,890</b>	<b>-80,182</b>	<b>-54,435</b>	<b>-42,009</b>
Change in Networth	0	0	0	0	593	0	0
Inc/(Dec) in Debt	388	-524	3,723	-1,140	7,895	0	0
Interest Paid	-732	-1,342	-1,006	-1,291	-1,854	-1,900	-1,900
Dividends Paid	-29,134	-29,134	-18,125	-13,594	-18,125	-27,187	-39,270
<b>CF from Fin. Activity</b>	<b>-29,478</b>	<b>-31,000</b>	<b>-15,408</b>	<b>-16,025</b>	<b>-11,491</b>	<b>-29,087</b>	<b>-41,170</b>
<b>Inc/(Dec) in Cash</b>	<b>1,071</b>	<b>-1,588</b>	<b>141</b>	<b>-3</b>	<b>607</b>	<b>43,302</b>	<b>57,532</b>
Add: Op. Balance	699	1,770	182	323	320	927	44,229
<b>Closing Balance</b>	<b>1,770</b>	<b>182</b>	<b>323</b>	<b>320</b>	<b>927</b>	<b>44,229</b>	<b>1,01,761</b>

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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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