

Estimate change



TP change



Rating change



**CMP: INR1,687**

**TP: INR1,940 (+15%)**

**BUY**

## Weak performance; gradual recovery expected

### VSF's capacity utilization increased to 93% in 4Q v/s 74% in 3Q

- Grasim's 4Q result significantly missed our estimates due to weak operating performances of the VSF and Chemical segments. EBITDA stood at INR4.3b v/s estimated INR7b and OPM stood at 6.4% v/s estimated 11.5%. Adjusted PAT (for tax adjustments) stood at INR935m (est. INR3.2b).
- Capacity utilization of VSF improved to ~93% v/s 74% in 3QFY23 and is expected to remain at 90%+ going forward; however, profitability will take time to normalize due to a volatile global macro environment. Average quarterly spot prices (CFR SEA) for caustic soda declined 25% QoQ to USD694/t, which affected the profitability of the chemical segment.
- We cut our EBITDA estimates by 23%/13% for FY24/FY25 given significant margin pressure in both key businesses. Margin in the VSF segment is likely to recover but normalization to the long-term average will take time. We believe that the increased HoldCo discount in the last few months factors in concerns of lower profitability in the standalone business. We maintain BUY on Grasim with a TP of INR1,940 (Exhibit: 9), though, in the current scenario, direct exposure to the cement business (UltraTech) would be preferable.

### Margin pressure persists in both VSF and Chemicals segments

- Grasim's standalone revenue/EBITDA/adj. PAT stood at INR66.5b/INR4.3b/INR935m (+4%/-43%/-73% YoY and +6%/-41%/-71% v/s our estimate).
- VSF segment (including VFY) volume grew 6% YoY (+8% v/s our est.) and realization declined 6% YoY. EBITDA was down 43% YoY, with a 3pp YoY drop in OPM to 3.8%. In FY23, VSF revenue grew 24% YoY, driven by volume/realization growth of 17%/6%. EBITDA declined 40% YoY to INR10.3b and OPM contracted by 7.3pp YoY to 6.8% due to higher input and energy costs.
- Chemical segment volume increased 4% YoY, while realization declined 7.6% YoY in 4QFY23. EBITDA declined 26% YoY with a 4.7pp decline in OPM to 15.3%. In FY23, Chemical segment revenue grew 32% YoY led by 10%/11% growth in volume/realization. EBITDA grew by 48% YoY to INR22.7b.
- In FY23, standalone revenue grew 29% YoY, while EBITDA declined 1% YoY. OPM fell 3.6pp YoY to 11.8%. Adj. PAT declined 6% YoY to INR21b.

### Highlights from the management commentary

- Grasim expects the VSF business to operate at over 90% capacity utilization. However, margin recovery at previous levels (EBITDA/kg of INR25) is not likely to happen in the near term.
- Major capex in the VSF business was completed with Vilayat expansion in FY22. Now the pending capex for de-bottlenecking of fiber capacity will be completed in 1HFY24. It may plan to increase Lyocell fiber capacity.
- Total capex stood at INR43.07b in FY23, largely for chemical and paints (INR20b) businesses. FY24 will see high capex for future growth plans. To fund capex, Grasim has entered into long-term loan agreements worth INR50b.

Bloomberg	GRASIM IN
Equity Shares (m)	657
M.Cap.(INRb)/(USDb)	1110.9 / 13.5
52-Week Range (INR)	1839 / 1273
1, 6, 12 Rel. Per (%)	-4/-3/7
12M Avg Val (INR M)	1224

### Financial Snapshot (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	268.4	265.6	303.7
EBITDA	31.8	27.6	30.9
Adj. PAT	20.9	14.9	13.0
EBITDA Margin (%)	11.8	10.4	10.2
S/A Adj. EPS (INR)	31.8	22.7	19.8
S/A EPS Gr. (%)	-6.2	-28.7	-12.7
Consol EPS (INR)	99.0	90.2	91.5
BV/Sh. (INR)	713.1	729.8	743.1

### Ratios

Net D:E	0.0	0.1	0.2
RoE (%)	8.7	4.7	3.3
RoCE (%)	10.8	6.8	5.7

### Valuations

P/E (x)	53.1	74.5	85.3
EV/EBITDA (x)	1.5	3.5	3.2
Div. Yield (%)	0.6	0.4	0.4
FCF Yield (%)	-1.6	-4.8	-1.6

### Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	42.8	42.8	42.8
DII	16.8	16.5	14.4
FII	16.6	16.8	12.9
Others	23.8	24.0	29.9

FII Includes depository receipts

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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.

**View and valuation**

- VSF price in China declined by ~9% in 2QFY23-4QFY23, which affected global prices. VSF prices have improved recently (exit price up 2% v/s 4QFY23 average) and at the same time, a decline in caustic soda and pulp prices would result in margin improvement from current levels.
- As expected, margin of the caustic soda segment declined from its peak of 29.5% in 1QFY23 to 15.3% in 4QFY23. Caustic Soda prices are under pressure globally and capacity additions in domestic markets are expected to keep prices in check for the near term.
- We have assumed VSF profitability to be at INR8.5/INR15 per kg in FY24/25. FY23 average profit was at ~INR9/kg (at a decadal low with almost nil profits in 2H) v/s an average of INR22/kg over FY13-22.
- We maintain our BUY rating on the stock with a revised TP of INR1,940 as we value: 1) its holding in subsidiary companies by assigning a higher HoldCo discount of 40%; 2) standalone business at 6.5x EV/EBITDA, and 3) investments into the Paints business at 1x of investments.

**Standalone quarterly performance**

(INR b)

Y/E March	FY22				FY23				FY22	FY23	FY23 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>37.6</b>	<b>49.3</b>	<b>57.8</b>	<b>63.8</b>	<b>72.5</b>	<b>67.5</b>	<b>62.0</b>	<b>66.5</b>	<b>208.6</b>	<b>268.4</b>	<b>62.5</b>	6
YoY Change (%)	181.7	66.7	56.5	45.1	92.8	36.7	7.1	4.2	68.4	28.7	-2.0	
<b>EBITDA</b>	<b>7.4</b>	<b>8.0</b>	<b>9.2</b>	<b>7.5</b>	<b>13.2</b>	<b>9.6</b>	<b>4.8</b>	<b>4.3</b>	<b>32.2</b>	<b>31.8</b>	<b>7.2</b>	(41)
Margin (%)	19.7	16.2	15.9	11.8	18.2	14.2	7.7	6.4	15.4	11.8	11.5	(508)
Depreciation	2.0	2.1	2.2	2.8	2.6	2.7	2.8	3.0	9.1	11.0	2.8	9
Interest	0.6	0.6	0.5	0.8	0.9	0.9	0.9	1.1	2.5	3.7	0.9	14
Other Income	0.6	7.0	0.4	0.9	0.4	7.6	1.0	1.2	9.0	10.2	1.0	21
<b>PBT before EO Items</b>	<b>5.5</b>	<b>12.4</b>	<b>6.9</b>	<b>4.8</b>	<b>10.2</b>	<b>13.6</b>	<b>2.2</b>	<b>1.4</b>	<b>29.5</b>	<b>27.3</b>	<b>4.4</b>	(70)
Extraordinary Inc./ (Exp.)	0.0	0.0	0.0	-0.7	0.0	-0.9	0.0	0.0	-0.7	-0.9	0.0	
<b>PBT after EO Items</b>	<b>5.5</b>	<b>12.4</b>	<b>6.9</b>	<b>4.1</b>	<b>10.2</b>	<b>12.7</b>	<b>2.2</b>	<b>1.4</b>	<b>28.8</b>	<b>26.5</b>	<b>4.4</b>	(70)
Tax	1.0	2.9	2.0	-4.1	2.1	3.1	-0.4	0.4	1.9	5.2	1.2	
Rate (%)	18.2	23.7	28.9	-99.7	20.9	24.2	-19.7	30.9	6.4	19.7	27.8	
<b>Reported PAT</b>	<b>4.5</b>	<b>9.5</b>	<b>4.9</b>	<b>8.1</b>	<b>8.1</b>	<b>9.6</b>	<b>2.6</b>	<b>0.9</b>	<b>27.0</b>	<b>21.2</b>	<b>3.2</b>	(71)
Prior period tax/DTL reversal	0.0	0.0	0.0	-5.2	0.0	0.0	-1.0	0.0	-5.2	-1.0	0.0	
<b>Adj. PAT</b>	<b>4.5</b>	<b>9.5</b>	<b>4.9</b>	<b>3.5</b>	<b>8.1</b>	<b>10.3</b>	<b>1.6</b>	<b>0.9</b>	<b>22.3</b>	<b>20.9</b>	<b>3.2</b>	(71)
Margin (%)	11.9	19.2	8.5	5.5	11.1	15.3	2.6	1.4	10.7	7.8	5.1	
YoY Change (%)	-275.7	188.6	47.8	-28.3	81.3	8.8	-67.1	-73.2	150.2	-6.2	-8.1	

**Segmental performance**

Y/E March	FY22				FY23				FY22	FY23	FY23 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>VSF segment</b>												
Sales Volume (KT)	120	166	170	191	207	182	164	203	647	756	187	8
YoY Change (%)	172.0	22.1	11.8	20.8	73.2	9.5	-3.8	6.4	31.9	16.9	(1.8)	
Net Sales (INR b)	21.0	30.1	33.4	37.7	43.0	39.0	31.8	37.6	122.1	151.5	38.2	(1)
YoY Change (%)	276.9	79.0	55.5	45.8	104.5	29.9	-4.6	-0.1	75.3	24.1	1.4	
EBITDA (INR b)	4.9	5.8	4.0	2.5	5.0	3.2	0.6	1.4	17.2	10.3	1.7	(16)
EBITDA (%)	23.2	19.3	12.0	6.7	11.6	8.3	2.0	3.8	14.1	6.8	4.5	(67)
<b>Chemical segment</b>												
Sales Volume (KT)												(1)
YoY Change (%)	239	254	279	274	278	296	284	286	1,044	1,144	288	
Net Sales (INR b)	73.2	7.6	8.1	2.6	16.3	16.5	1.8	4.4	16.0	9.6	5.1	9
YoY Change (%)	14.4	16.3	23.4	24.9	27.3	27.1	25.8	24.0	78.9	104.2	21.9	
EBITDA (INR b)	104.0	44.5	82.5	68.9	90.3	66.5	10.5	-3.6	72.2	32.1	(11.8)	(10)
EBITDA (%)	2.8	2.3	5.3	5.0	8.1	6.1	4.9	3.7	15.3	22.7	4.1	(340)



## Highlights from the management commentary

### VSF segment

- The viscose industry witnessed a recovery on the sequential basis with the reopening of the China markets, which led to a pick-up in demand. VSF segment utilization improved to 93% in 4QFY23 v/s 74% in 3QFY23. It expects the VSF business to operate at over 90% in the near term. VSF reported EBITDA in 4QFY23 as compared to an operating loss in an exceptionally weak 3QFY23.
- VSF business profitability will take time to reach the normal level given the current macro environment – higher energy and RM prices, global demand slowdown due to higher inflation and supply chain disruption. Further, there is no anti-dumping duty on VSF in India now. Imports also increased with normalization of shipping rates. Cotton prices have also come down from the peak in May'22, which impacted VSF prices too. These multiple factors have impacted pricing as well as margin in the VSF business.
- Margins are expected to increase going forward but are not likely to reach at EBITDA/kg of INR25 in the near term. Cotton prices will gradually get back to the normal level, which will also pull up fiber prices.
- Representation made to the government for the resumption of anti-dumping duty on imports from Indonesia and China was not accepted by the Finance Minister. However, the Ministry of Textile has introduced a quality certificate for VSF imports, which has reduced VSF imports in India for the time being.
- Grey VSF's Mar'23 exit price at USD1.68 per kg was down 6% YoY but up 2% compared to 4QFY23 average price. Specialty fiber share stood at 19% in FY23 v/s 25% in FY22 due to lower demand across markets.
- Major Capex in the VSF business was completed with Vilayat expansion in FY22. Now the pending capex for de-bottlenecking of fiber capacity will be completed in 1HFY24. The company is planning to increase Lyocell fiber capacity but it is at the planning stage.

### Caustic Soda and advance material business

- Caustic soda price has declined due to oversupply (both international and domestic markets) in Chlor-Alkali, coupled with flat demand. Average quarterly spot prices (CFR SEA) for caustic were lower by 25% QoQ to USD694/t, which affected profitability. Chlorine realizations remained negative due to subdued demand from major consuming industries.
- Chlorine Integration increased to 60% from 58% in FY22 (at 58% in 4Q v/s 60% in 3QFY23). Chlorine Integration should reach 72% after the commissioning of ongoing projects and increasing contribution from specialty chemical segment.
- Many downstream chlorine industries are dependent on textile, agrochem and aluminum refining. These industries are facing slowdown, which is resulting in increased negative realization of chlorine.
- However, profit of the specialty chemical businesses, mainly epoxy resins, doubled in the last four quarters.

### Paints business

- Plant construction is progressing as per schedule at all six sites and all requisite approvals are in place. A state-of-art R&D laboratory and a pilot plant are fully operational. A commercial launch should start in 4QFY24 in phases.

- Total capex for the Paint business stood at INR25.9b as of Mar'23 (~26% of the planned outlay for paints business) and there is no change in total guided capex for the paint business. Most of the Paint business capex will happen in FY24/25.
- Grasim intends to become a strong player in the building materials markets. The building material sector is the second largest sector (USD300b) and constitutes about 9% the country's GDP. Paints market size is about USD9b. The building material industry doubles in about seven to eight years and paint is growing at almost 1.6x of building material industry. It wants to fill the gap in the market by being a strong national player, which can simultaneously supply materials in urban and rural markets through its pan-India presence.

### **B2B E-commerce**

- It started a pilot-scale operation in 4QFY23, which has shown satisfactory results and a full-scale platform launch is on track (likely in 2QFY24).
- Active development across various technology works (i.e. facilitating commerce transactions, enabling credit and order fulfillment) is underway. It is conducting closed user group sessions across buyers and sellers to validate the product's market fit.
- Strategic partners and service providers for customer support, logistics, lending etc. have been finalized.
- A go-to-market strategy and an outreach plan have been finalized. It is building teams across sales, marketing, category and operations for the initial launch in the states of Maharashtra and Madhya Pradesh.

### **Capex and debt position**

- Total capex stood at INR43.07b in FY23, largely for chemical and paints (INR20b) businesses. Capex will be higher in FY24. To fund capex, the company has already entered into long-term loan agreements of INR50b. The detailed capex plan of FY24 will be shared once it is finalized and approved by the board.
- The existing operational businesses continue to generate free cash.
- Standalone net debt (excluding investment in new business- Paints and B2B E-commerce) stood at INR17.8b v/s a net cash of INR5.53b in FY22. Net debt to EBITDA stood at 0.5x.

### **Sustainability and Other highlights**

- The share of renewable energy in power consumption increased to 8% in FY23 from 5% in FY22. Renewable energy capacity increased to 744MW from 551MW in FY22 and the target is to increase it by 17% YoY to ~2GW in FY24.
- Fresh water consumption intensity was reduced by 15% as compared to FY22 and GHG emission also reduced by 6% compared to baseline of FY19.
- The company continues to provide differentiated sustainable solutions and developing MMCF (man-made cellulosic fiber) from textile waste. It has achieved commercial production of fiber, which was made using up to 31% of textile waste raw material.

**Exhibit 1: Capex of INR17.3b/INR43.1b in 4QFY23/ FY23; detailed capex plan of FY24E will be shared after finalization and approved by the board.**

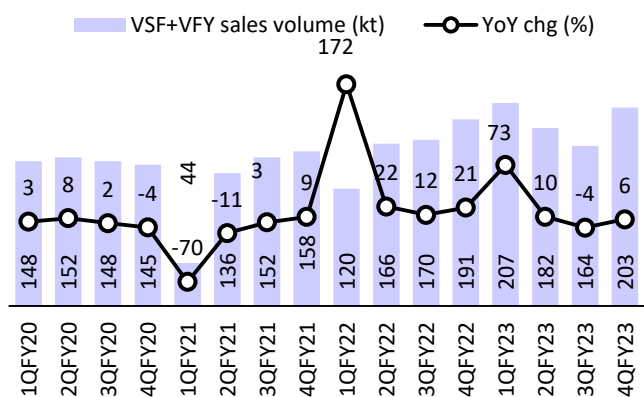
Particulars (₹ Cr.)	Capex Spent Q4FY23	Capex Spent FY23
<b>Viscose Business</b>	<b>309</b>	<b>951</b>
Capacity Expansion (including debottlenecking)	88	313
Modernisation and Maintenance Capex	221	638
<b>Chemicals Business (A+B+C)</b>	<b>607</b>	<b>1,215</b>
(A) Capacity Expansion - Chlor-Alkali & Chlorine Derivatives	327	500
Caustic Soda: (1,311 KTPA → 1,530 KTPA)	39	169
Chlorine Derivatives: (891 KTPA → 1,164 KTPA)	288	331
(B) Capacity Expansion - Speciality Chemicals	86	191
Epoxy Polymers & Curing Agents: (123 KTPA → 246 KTPA)		
(C) Modernisation and Maintenance Capex	195	524
<b>New High Growth Businesses</b>	<b>781</b>	<b>1,985</b>
Decorative Paints <sup>A</sup>	776	1,979
B2B Ecommerce	6	6
<b>Other Businesses</b>	<b>37</b>	<b>156</b>
Textiles, Insulators & Others		
<b>Total</b>	<b>1,734</b>	<b>4,307</b>

<sup>A</sup>Cumulative Capex for Paints business stood at ₹2,592 Cr. till 31<sup>st</sup> March 2023

Source: Company, MOFSL

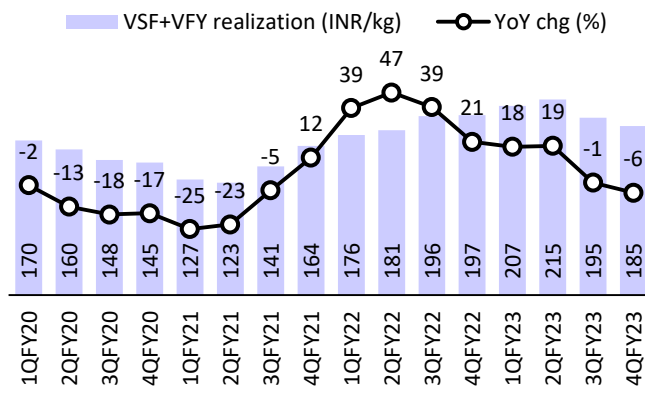
## Story in charts

**Exhibit 2: VSF segment volume up 6% YoY**



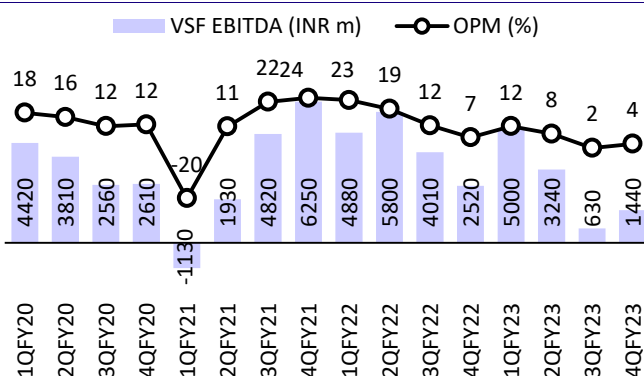
Source: Company, MOFSL

**Exhibit 3: Blended realization of VSF segment down 6% YoY**



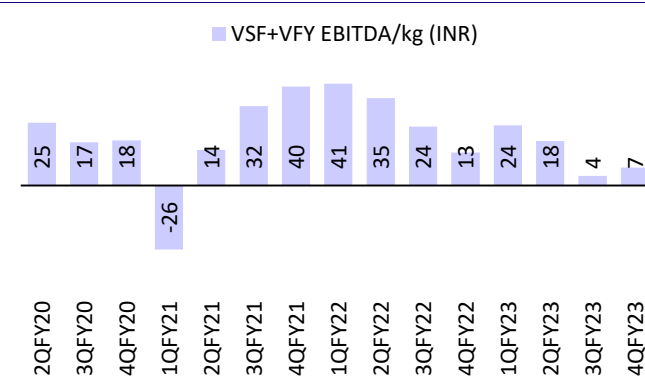
Source: Company, MOFSL

**Exhibit 4: VSF segment OPM declined 3pp YoY**



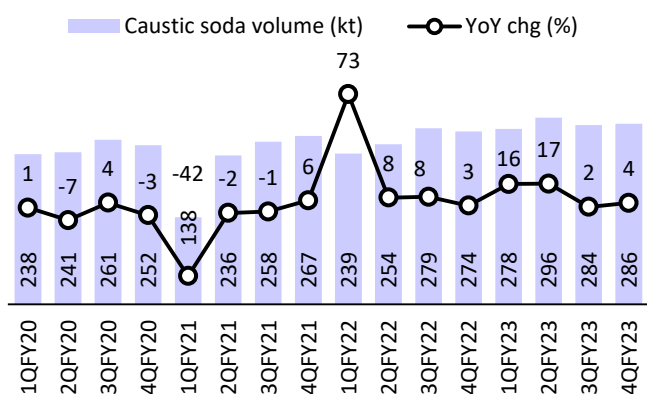
Source: Company, MOFSL

**Exhibit 5: Profitability impacted by elevated costs**



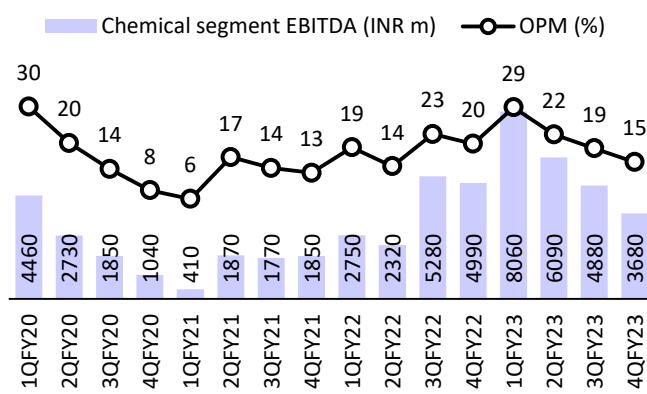
Source: Company, MOFSL

**Exhibit 6: Caustic soda volumes up 4% YoY**



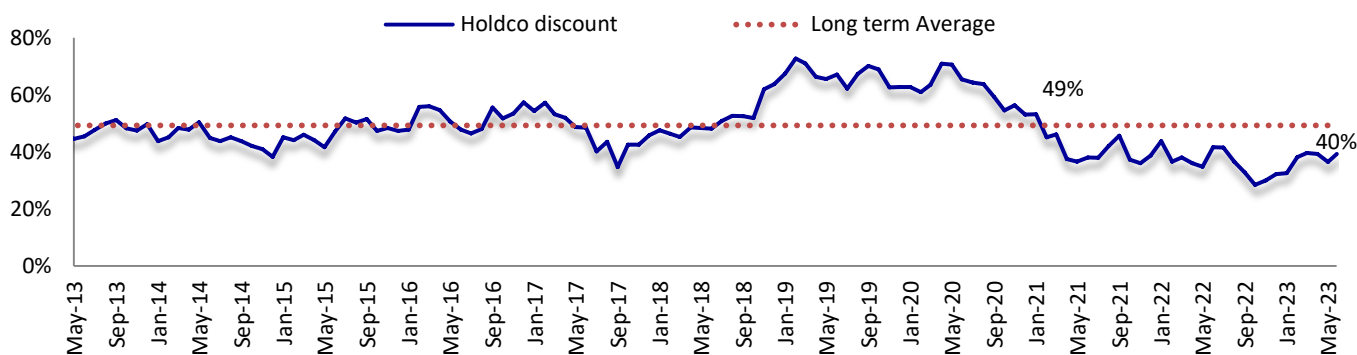
Source: Company, MOFSL

**Exhibit 7: Chemical segment OPM down 4.7pp YoY**



Source: Company, MOFSL

**Exhibit 8: Holding company discount at 40% v/s its long-term average of 49%**



Source: Company, MOFSL

**Exhibit 9: SoTP valuation**

Particulars	Valuation method	Unit	FY25E	INR/share
UTCeM's m-cap based on TP		INR b	2,482	
Holding company discount		%	40	
GRASIM's stake		%	57	
<b>Value of its cement stake</b>		<b>INR b</b>	<b>853</b>	
<b>Value/share</b>	<b>A 40% holding company to our TP</b>	<b>INR</b>		<b>1,297</b>
Value of standalone business (excluding-Paint)		INR b	256	
<b>Value/share</b>	<b>6.5x for the standalone business</b>			<b>390</b>
Value of listed investments		INR b	61	
Holding company discount		%	40	
<b>The value of listed investments after levying a holding company discount</b>		<b>INR b</b>	<b>36</b>	
<b>Value/share</b>	<b>A 40% holding company discount on the CMP</b>	<b>INR</b>		<b>55</b>
VSF and Fiber JV		INR b	7.8	
<b>Value/share</b>	<b>1x P/BV</b>	<b>INR</b>		<b>10</b>
Standalone net debt		INR b	(92)	
<b>Value/share</b>		<b>INR</b>		<b>(140)</b>
ABCAP		INR b	400	
Holding company discount		%	40	
GRASIM's stake		%	54	
<b>Value of ABCAP's stake in GRASIM</b>		<b>INR b</b>	<b>130</b>	
<b>Value/share</b>	<b>A 40% holding company discount on the CMP</b>	<b>INR</b>		<b>198</b>
Paint Business		INR b	86.4	
<b>Value/share</b>	<b>1x of invested capital</b>	<b>INR</b>		<b>130</b>
<b>SoTP-based TP</b>		<b>INR</b>		<b>1,940</b>

Source: MOFSL, Company

## Financials and valuations

### Standalone Income Statement

	(INR m)							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>1,57,885</b>	<b>2,05,504</b>	<b>1,86,094</b>	<b>1,23,864</b>	<b>2,08,568</b>	<b>2,68,397</b>	<b>2,65,647</b>	<b>3,03,747</b>
Change (%)	52.6	30.2	-9.4	-33.4	68.4	28.7	-1.0	14.3
Total Expenditure	1,27,083	1,64,793	1,62,989	1,08,220	1,76,407	2,36,598	2,38,062	2,72,825
<b>EBITDA</b>	<b>30,802</b>	<b>40,712</b>	<b>23,105</b>	<b>15,643</b>	<b>32,162</b>	<b>31,799</b>	<b>27,585</b>	<b>30,922</b>
Change (%)	42.9	32.2	-43.2	-32.3	105.6	-1.1	-13.3	12.1
Margin (%)	19.5	19.8	12.4	12.6	15.4	11.8	10.4	10.2
Depreciation	6,277	7,604	8,468	8,282	9,140	10,973	12,323	15,950
<b>EBIT</b>	<b>24,525</b>	<b>33,108</b>	<b>14,638</b>	<b>7,362</b>	<b>23,022</b>	<b>20,826</b>	<b>15,262</b>	<b>14,972</b>
Int. and Finance Charges	1,281	1,991	3,039	2,360	2,472	3,677	4,594	6,963
Other Income - Rec.	4,614	5,680	5,255	5,137	8,953	10,183	9,413	9,529
<b>PBT and EO Items</b>	<b>27,858</b>	<b>36,797</b>	<b>16,854</b>	<b>10,139</b>	<b>29,503</b>	<b>27,333</b>	<b>20,081</b>	<b>17,538</b>
Change (%)	31.1	32.1	-54.2	-39.8	191.0	-7.4	-26.5	-12.7
Extra-ordinary Income	2,726	23,680	2,941	810	691	880	0	0
<b>PBT but after EO Items</b>	<b>25,131</b>	<b>13,117</b>	<b>13,913</b>	<b>9,329</b>	<b>28,812</b>	<b>26,452</b>	<b>20,081</b>	<b>17,538</b>
Tax	7,445	7,964	1,214	1,224	1,857	5,215	5,161	4,507
Tax Rate (%)	26.7	21.6	7.2	12.1	6.3	19.1	25.7	25.7
<b>Reported PAT</b>	<b>17,687</b>	<b>5,153</b>	<b>12,700</b>	<b>8,105</b>	<b>26,955</b>	<b>21,237</b>	<b>14,920</b>	<b>13,031</b>
<b>PAT Adj. for EO items</b>	<b>19,684</b>	<b>23,708</b>	<b>15,640</b>	<b>8,817</b>	<b>22,306</b>	<b>20,933</b>	<b>14,920</b>	<b>13,031</b>
Change (%)	26.2	20.4	-34.0	-43.6	153.0	-6.2	-28.7	-12.7
Margin (%)	12.5	11.5	8.4	7.1	10.7	7.8	5.6	4.3

### Standalone Balance Sheet

	(INR m)							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	1,315	1,315	1,316	1,316	1,317	1,317	1,317	1,317
ESOPs			527	567	708	708	708	708
Reserves	4,46,584	4,18,277	3,74,898	4,27,595	4,84,133	4,67,524	4,78,494	4,87,245
<b>Net Worth</b>	<b>4,47,898</b>	<b>4,19,592</b>	<b>3,76,740</b>	<b>4,29,479</b>	<b>4,86,158</b>	<b>4,69,549</b>	<b>4,80,519</b>	<b>4,89,270</b>
Loans	29,690	33,108	50,681	41,634	41,208	52,542	1,02,542	1,24,542
Deferred liabilities	18,350	18,789	14,025	17,339	18,414	15,348	15,348	15,348
<b>Capital Employed</b>	<b>4,95,938</b>	<b>4,71,488</b>	<b>4,41,447</b>	<b>4,88,452</b>	<b>5,45,779</b>	<b>5,37,440</b>	<b>5,98,409</b>	<b>6,29,160</b>
Gross Block	1,27,290	1,38,489	1,54,142	1,48,940	1,95,985	2,20,577	2,72,334	3,65,667
Less: Accum. Deprn.	19,125	26,166	33,310	39,302	47,435	58,408	70,731	86,681
<b>Net Fixed Assets</b>	<b>1,08,166</b>	<b>1,12,322</b>	<b>1,20,832</b>	<b>1,09,637</b>	<b>1,48,549</b>	<b>1,62,169</b>	<b>2,01,603</b>	<b>2,78,986</b>
Capital WIP	7,451	15,672	27,919	40,334	17,428	29,257	53,000	4,000
Non-Current Investments	3,35,867	2,81,616	2,56,621	3,05,230	3,39,418	3,08,412	3,08,412	3,08,412
Current - Financial	20,790	29,931	20,504	41,553	47,490	30,556	30,556	30,556
<b>Curr. Assets</b>	<b>65,015</b>	<b>78,398</b>	<b>69,070</b>	<b>46,827</b>	<b>73,477</b>	<b>91,378</b>	<b>90,689</b>	<b>97,018</b>
Inventory	25,917	29,317	26,262	21,790	39,408	44,928	46,820	48,359
Account Receivables	26,093	34,916	29,053	13,120	16,904	15,973	18,289	19,500
Cash and Bank Balance	419	425	789	1,327	2,253	4,744	1,672	1,821
Others	12,586	13,741	12,965	10,590	14,912	25,734	23,908	27,337
<b>Curr. Liability and Prov.</b>	<b>41,351</b>	<b>46,452</b>	<b>53,499</b>	<b>55,130</b>	<b>80,583</b>	<b>84,332</b>	<b>85,850</b>	<b>89,812</b>
Account Payables	21,705	23,757	26,648	27,069	46,507	47,112	51,210	54,599
Provisions	5,087	4,604	5,514	3,250	3,419	3,866	3,985	4,556
Other Liabilities	14,559	18,091	21,337	24,811	30,656	33,353	30,656	30,656
<b>Net Current Assets</b>	<b>23,664</b>	<b>31,947</b>	<b>15,571</b>	<b>-8,303</b>	<b>-7,105</b>	<b>7,046</b>	<b>4,839</b>	<b>7,206</b>
<b>Appl. of Funds</b>	<b>4,95,938</b>	<b>4,71,488</b>	<b>4,41,447</b>	<b>4,88,452</b>	<b>5,45,779</b>	<b>5,37,440</b>	<b>5,98,409</b>	<b>6,29,160</b>

## Financials and valuations

Standalone Ratios							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Share price</b>								
<b>EPS</b>	<b>29.9</b>	<b>36.0</b>	<b>23.8</b>	<b>13.4</b>	<b>33.9</b>	<b>31.8</b>	<b>22.7</b>	<b>19.8</b>
Cash EPS	39.5	47.6	36.6	26.0	47.8	48.5	41.4	44.0
BV/Share	681.3	638.0	572.7	652.6	738.4	713.1	729.8	743.1
DPS	6.2	6.2	7.0	9.0	10.0	10.0	6.0	6.5
<b>Valuation</b>								
P/E	56.3	46.8	71.0	125.9	49.8	53.1	74.5	85.3
Cash P/E	42.7	35.4	46.0	64.9	35.3	34.8	40.8	38.3
P/BV	2.5	2.6	2.9	2.6	2.3	2.4	2.3	2.3
EV/Sales*	0.3	0.2	0.4	0.3	0.1	0.2	0.4	0.4
EV/EBITDA*	1.4	0.9	2.8	2.2	0.7	1.5	3.5	3.2
Dividend Yield (%)	0.4	0.4	0.4	0.5	0.6	0.6	0.4	0.4
<b>Return Ratios (%)</b>								
RoE	17.4	17.1	10.3	4.9	11.5	8.7	4.7	3.3
RoCE	20.5	20.8	9.4	5.3	12.9	10.8	6.8	5.7
<b>Working Capital Ratios</b>								
Debtor (Days)	73	70	54	31	37	24	25	25
Asset Turnover (x)	0.3	0.4	0.4	0.3	0.4	0.5	0.4	0.5
<b>Leverage Ratio</b>								
Debt/Equity ratio	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3

Standalone Cash Flow Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	27,858	36,797	12,916	9,329	28,812	26,452	20,081	17,538
Depreciation	6,277	7,604	8,135	8,282	9,140	10,973	12,323	15,950
Interest and Finance Charges	-1,540	-1,435	-249	-421	-4,552	-4,184	-2,450	-158
Direct Taxes Paid	-5,233	-5,123	-2,183	-1,786	-6,502	-4,071	-5,161	-4,507
(Inc.)/Dec. in WC	-2,797	-10,735	12,611	9,350	132	-5,426	-865	-2,218
<b>CF from Operations</b>	<b>24,564</b>	<b>27,108</b>	<b>31,231</b>	<b>24,754</b>	<b>27,029</b>	<b>23,744</b>	<b>23,928</b>	<b>26,605</b>
Others	-1,009	-1,553	1,919	-780	-467	-556	0	0
<b>CF from Operations incl. EO</b>	<b>23,555</b>	<b>25,555</b>	<b>33,150</b>	<b>23,974</b>	<b>26,562</b>	<b>23,188</b>	<b>23,928</b>	<b>26,605</b>
(Inc.)/Dec. in FA	-10,689	-20,440	-26,823	-11,932	-25,382	-40,225	-75,500	-44,333
<b>Free Cash Flow</b>	<b>12,867</b>	<b>5,115</b>	<b>6,328</b>	<b>12,041</b>	<b>1,181</b>	<b>-17,036</b>	<b>-51,572</b>	<b>-17,728</b>
(Pur.)/Sale of Investments	167	56	127	102	66	111	0	0
Others	-8,726	-2,247	-17,904	-10,249	-9,541	18,211	7,044	7,121
<b>CF from Investments</b>	<b>-19,247</b>	<b>-22,631</b>	<b>-44,600</b>	<b>-22,079</b>	<b>-34,857</b>	<b>-21,902</b>	<b>-68,456</b>	<b>-37,212</b>
Issue of Shares	23	86	90	126	-425	-902	0	0
Inc./(Dec.) in Debt	942	3,504	17,127	-9,384	-583	11,306	50,000	22,000
Interest Paid	-1,417	-2,050	-2,130	-3,241	-843	-5,478	-4,594	-6,963
Dividend Paid	-4,060	-4,530	-5,155	-2,622	-5,915	-6,574	-3,951	-4,280
Others	0	0	0	0	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-4,512</b>	<b>-2,990</b>	<b>9,932</b>	<b>-15,120</b>	<b>-7,766</b>	<b>-1,648</b>	<b>41,455</b>	<b>10,757</b>
<b>Inc./Dec. in Cash</b>	<b>-204</b>	<b>-65</b>	<b>-1,517</b>	<b>-13,226</b>	<b>-16,061</b>	<b>-362</b>	<b>-3,072</b>	<b>150</b>
Opening Balance	346	261	195	510	692	527	4,744	1,672
Add: Cash on Amalgamation	119	0	1,832	13,408	15,895	0	0	0
<b>Closing Balance</b>	<b>261</b>	<b>196</b>	<b>510</b>	<b>692</b>	<b>527</b>	<b>165</b>	<b>1,672</b>	<b>1,821</b>

\*calculated for standalone business assuming 40% HoldCo discount

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL); INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.