

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	GRASIM IN
Equity Shares (m)	681
M.Cap.(INRb)/(USD\$)	1640.7 / 19.7
52-Week Range (INR)	2535 / 1660
1, 6, 12 Rel. Per (%)	1/10/20
12M Avg Val (INR M)	1516

## Financial Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	258.5	293.8	314.1
EBITDA	23.2	26.9	34.8
Adj. PAT	16.2	13.5	16.3
EBITDA Margin (%)	9.0	9.2	11.1
S/A Adj. EPS (INR)	24.3	20.3	24.0
S/A EPS Gr. (%)	(23.5)	(16.5)	17.9
Consol EPS (INR)	95.8	96.4	105.4
BV/Sh. (INR)	784.9	816.8	848.8

## Ratios

Net D:E	0.1	0.1	0.1
RoE (%)	4.3	2.2	3.1
RoCE (%)	5.6	4.9	5.8

## Valuations

P/E (x)	100.8	120.7	102.4
EV/EBITDA (x)	3.1	3.0	2.9
Div. Yield (%)	7.8	6.2	5.1
FCF Yield (%)	0.4	0.2	0.3

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	43.1	42.8	42.8
DII	17.0	16.7	16.8
FII	16.8	16.8	16.6
Others	23.2	23.8	23.8

FII Includes depository receipts

**CMP: INR2,454      TP: INR2,840 (+16%)      Buy**

**EBITDA in line; VSF profitability improves, chemical was weak**

**Started commercial production of Paint at three plants in Apr'24**

- Grasim Industries 4QFY24 EBITDA grew 24% YoY to INR5.3b (est. INR5.1b) and OPM surged 1.4pp YoY to 7.8% (est. ~8%). The VSF segment posted an EBITDA/kg of INR21 (est. INR18). The Chemical segment clocked an OPM of 9.4% (est. 14.6%) during the quarter. Higher other income led to 36% beat in PAT (adj. for tax write-back of INR515.4m and INR7.2b write-offs toward the subsidiary, AV Terrace Bay Inc, Canada) to INR2.3b (up 2.4x YoY).
- Management indicated that the current volume run-rate of VSF is similar to 4QFY24. There has been some improvement in VSF prices; but sustainability needs to be seen. Caustic soda prices have remained range-bound in 1HFY25 due to subdued consumption in China, leading to higher exports globally, including to India. It reiterates its target to onboard 50,000 dealers for Paints in FY25 and plans to establish 150 depots by end-FY25.
- We largely retain our EPS estimates for FY25-26. We **reiterate BUY** with a revised TP of INR2,840 (earlier INR2,650) as we value its: 1) holding in subsidiary companies by assigning a discount of 35% (earlier 40%); 2) standalone business at 7x EV/EBITDA, and 3) Paints business at 1.5x of investments.

**VSF seen strong recovery; while chemical pricing is range bound**

- Standalone revenue/EBITDA/Adj. PAT stood at INR67.7b/INR5.3b/INR2.3b, (+2%/+24%/+145% YoY and +5%/+3%/+36% vs. our estimate) in 4QFY24.
- Sales volume of the VSF segment rose 8% YoY (in line), while blended realization dipped 7% YoY (in line). EBITDA at INR4.6b (up 3.2x YoY) came in 21% above estimates, led by lower costs. OPM surged 8.5pp YoY to 12.3%. EBITDA/kg was INR21 vs. INR7/INR19 in 4QFY23/3QFY24.
- Chemical segment volumes increased 8% YoY, though realization was down 19% YoY. EBITDA at INR1.95b (-47% YoY) was below our estimate of INR3b. OPM was at 9.4%, down 6pp YoY. Demand for chlorine derivatives was under pressure, due to weak demand from the agrochemicals sector.
- In FY24, revenue declined 4% YoY to INR258b, while EBITDA dropped 27% YoY to INR23.2b as the Chemical segment's EBITDA was down 54%. OPM dipped 2.9pp YoY to 9.0% as the Chemical segment's OPM dropped 9pp YoY to 12.8%. Adjusted profit was down 23% YoY at INR16.2b. OFC declined 23% YoY to INR17.8b. Capex stood at INR55.3b vs. INR40.2b in FY23. Its FCF outflow was INR37.5b vs. INR17.0b in FY23.

## Highlights from the management commentary

- The MSME notification (related to payment) issued by the government in Feb'24 adversely impacted demand. There are some debottlenecking opportunities in the VSF segment, and the management estimates ~4-5% YoY volume growth in FY25.
- Volume growth for Epoxy was 14-15% QoQ in 4QFY24. The entire increased capacity of Epoxy will get absorbed between 24 and 36 months.

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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.

## Valuation and view

- Recently price increases in both the VSF and Chemical segments, if sustained, should help margins going forward. Grasim will also benefit from the capacity expansion of Epoxy, where margins are better than those of caustic soda. The company has started commercial production of the paint at three locations and plans to cover all towns with 1lakh+ population by July-24. Initial feedback has been positive and it plans to incentivize dealers, contractors as well as end-users.
- We largely retain our EPS estimates for FY24-26. **Reiterate BUY** with a revised TP of INR2,840 (earlier INR2,650) as we value its: 1) holding in subsidiary companies by assigning a discount of 35% (earlier 40%); 2) standalone business at 7x EV/EBITDA, and 3) Paints business at 1.5x of investments.

## Quarterly Performance (S/A)

(INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)	(%)	(%)
<b>Net Sales</b>	<b>72.5</b>	<b>67.5</b>	<b>62.0</b>	<b>66.5</b>	<b>62.4</b>	<b>64.4</b>	<b>64.0</b>	<b>67.7</b>	<b>268.4</b>	<b>258.5</b>	<b>64.3</b>	5	2	6
YoY Change (%)	92.8	36.7	7.1	4.2	(14.0)	(4.5)	3.3	1.8	28.7	(3.7)	(3.2)			.
<b>EBITDA</b>	<b>13.2</b>	<b>9.6</b>	<b>4.8</b>	<b>4.3</b>	<b>6.7</b>	<b>5.9</b>	<b>5.2</b>	<b>5.3</b>	<b>31.8</b>	<b>23.2</b>	<b>5.1</b>	3	24	1
Margins (%)	18.2	14.2	7.7	6.4	10.8	9.2	8.2	7.8	11.8	9.0	8.0	(19)	137	(38)
Depreciation	2.6	2.7	2.8	3.0	2.9	2.9	3.0	3.4	11.0	12.2	3.1	9	13	14
Interest	0.9	0.9	0.9	1.1	1.1	1.1	1.1	1.2	3.7	4.4	1.1	9	13	13
Other Income	0.4	7.6	1.0	1.2	1.2	7.6	1.2	2.6	10.2	12.6	1.3	105	124	117
<b>PBT before EO Items</b>	<b>10.2</b>	<b>13.6</b>	<b>2.2</b>	<b>1.4</b>	<b>4.0</b>	<b>9.6</b>	<b>2.4</b>	<b>3.3</b>	<b>27.3</b>	<b>19.2</b>	<b>2.2</b>	50	142	37
Extraordinary Inc/(Exp)	-	(0.9)	-	-	-	-	-	(7.2)	(0.9)	(7.2)	-			
<b>PBT after EO Items</b>	<b>10.2</b>	<b>12.7</b>	<b>2.2</b>	<b>1.4</b>	<b>4.0</b>	<b>9.6</b>	<b>2.4</b>	<b>-3.9</b>	<b>26.5</b>	<b>12.0</b>	<b>2.2</b>	NA	(387)	(262)
Tax	2.1	3.1	-0.4	0.4	0.4	1.6	0.0	0.5	5.2	2.6	0.5			
Rate (%)	20.9	24.2	(19.7)	30.9	10.2	16.8	1.2	(13.5)	19.7	21.3	22.7			
<b>Reported PAT</b>	<b>8.1</b>	<b>9.6</b>	<b>2.6</b>	<b>0.9</b>	<b>3.6</b>	<b>7.9</b>	<b>2.4</b>	<b>-4.4</b>	<b>21.2</b>	<b>9.5</b>	<b>1.7</b>	NA	(572)	(287)
Prior period tax/DTL reversal	-	-	(1.0)	-	-	-	-	-	(1.0)	-	-			
<b>Adj. PAT</b>	<b>8.1</b>	<b>10.3</b>	<b>1.6</b>	<b>0.9</b>	<b>3.6</b>	<b>7.9</b>	<b>2.4</b>	<b>2.3</b>	<b>20.9</b>	<b>16.2</b>	<b>1.7</b>	36	145	(3)
Margins (%)	11.1	15.3	2.6	1.4	5.7	12.3	3.7	3.4	7.8	6.3	2.6			
YoY Change (%)	81.3	8.8	(67.1)	(73.2)	(56.1)	(22.9)	46.9	145.3	(6.2)	(22.8)	80.0			

## Segmental performance

(INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)	(%)	(%)
<b>VSF Segment</b>														
Sales Volume (ton)	207	182	164	203	196	221	215	219	756	851	214	2	8	2
YoY Change (%)	73.2	9.5	(3.8)	6.4	(5.3)	21.6	31.7	7.8	16.9	12.7				
Blended realization (INR/kg)	207	215	195	185	183	176	173	172	200	176	174	(1)	(7)	(0)
Net Sales (INR m)	43.0	39.0	31.8	37.6	35.8	38.9	37.1	37.6	151.5	149.5	37.2	1	(0)	1
YoY Change (%)	104.5	29.9	(4.6)	(0.1)	(16.7)	(0.4)	16.8	(0.1)	24.1	(1.3)				
EBITDA (INR m)	5.0	3.2	0.6	1.4	3.9	4.7	4.0	4.6	10.3	17.2	3.8	21	221	15
EBITDA (%)	11.6	8.3	2.0	3.8	10.9	12.0	10.8	12.3	6.8	11.5	10.3	199	846	146
EBITDA/kg (INR)	24.1	17.8	3.9	7.1	19.9	21.2	18.7	21.1	13.6	20.2	17.9	18	198	13
<b>Chemical Segment</b>														
Sales Volume (ton)	278	296	284	286	292	306	299	308	1,144	1,205	303	2	8	3
YoY Change (%)	16.3	16.5	1.8	4.4	5.0	3.4	5.3	7.7	9.6	5.3				
Blended realization (INR/kg)	98	92	91	84	73	65	67	68	91	68	67	0	(19)	1
Net Sales (INR m)	27.3	27.1	25.8	24.0	21.5	19.9	20.0	20.8	104.2	82.1	20.4	2	(13)	4
YoY Change (%)	90.3	66.5	10.5	(3.6)	(21.5)	(26.6)	(22.7)	(13.1)	32.1	(21.2)				
EBITDA (INR m)	8.1	6.1	4.9	3.7	3.6	2.4	2.6	2.0	22.7	10.5	3.0	(34)	(47)	(26)
EBITDA (%)	29.5	22.5	18.9	15.4	16.7	11.9	13.2	9.4	21.8	12.8	14.6	(519)	(598)	(385)



## Highlights from the management commentary

### VSF segment

- The MSME notification (related to payment) issued by the government in Feb'24 adversely impacted volumes. The current volume run-rate is similar to 4QFY24. There has been some improvement in VSF prices, but their sustainability remains to be seen. There are debottlenecking opportunities in the VSF segment, and a YoY volume growth of 4-5% YoY is expected in FY25.
- China's domestic demand remains muted, while the Indian economy continues on a robust growth trajectory. CU in the VSF segment was 95%. The benefits of declining RM costs were passed on to value partners. The operating rate in China was ~85% with producers there experiencing losses.
- AV Terrace Bay, the JV where GRASIM has 40% holding, stopped the operations of its paper grade pulp mill due to non-viable operations and adverse market conditions. There was plan to convert it to dissolving grade pulp, which did not materialize. The company has recognized an Impairment charge of INR2.8b, against carrying value of equity investment in AV Terrace Bay, and an additional INR4.36b has been provided for estimated exposure in AV Terrace Bay, totaling of INR7.16b.
- The operating rate of VSF plants in China stood at 85%, compared to 69%/88% in 4QFY23/3QFY24. Inventory days were 12 days in 4QFY24, up from 10days in 3QFY24.
- VSF's capacity utilization was >95%, led by stable domestic demand. GRASIM sold 91% of VSF volumes in domestic markets vs. 92% in 3QFY24. Specialty fibers contributed 20% of total volumes vs. 19% in 3QFY24.

### Caustic Soda and advance material business

- Demand from the agrochemical segment was under pressure, impacting many chlorine derivatives used in that segment. This has resulted in profitability pressure for the segment.
- Volume growth for Epoxy stood at 14-15% QoQ in 4QFY24. Entire increased capacity of Epoxy will get absorbed between 24 and 36 months.
- International Caustic Soda spot prices (CFR SEA) increased 2% QoQ to USD451/t in 4QFY24. Prices had improved sequentially from its low at USD415/t. Oversupply in domestic markets have put pressure on caustic soda prices in domestic markets.
- Chlorine had negative realization of INR3.5-3.6/kg vs. INR3/kg in 3QFY24. There has been some improvement in caustic soda prices recently.

### Paints business

- Feedback on product quality and range has been excellent. Also, feedback from builders and contractors is positive. The brand and quality both are receiving positive response. The onboarding of dealers and the placement of tinting machines are proceeding as planned. Outreach activities targeting influencers such as painters and contractors are also on schedule. Additionally, advertising and brand promotion activities have commenced and are on track.
- The company aims to establish a dealer network of 50,000 in FY25 and is on track within the first two months. Dealer additions will be higher in 1HFY25

compared to 2H. Additionally, the company targets establishing 150 depots by FY25. It has already set up around half of that number and is on track to achieve the target on time.

- Products will be available in all towns with 1lakh+ population by July-24. The company would try to incentivize dealers and contractors as well as end-users (10% extra volume would be provided). The adoption of Birla Opus will be attractive even for large distributors.
- Commercial production of paints started at three plants in Apr-24. Advertising and promotional activities for Birla Opus are on track.
- Capex for the Paints business stands at INR70.6b till now (INR10.7b/INR44.7b in 4QFY24/FY24).

#### B2B E-commerce (Birla Pivot)

- The revenue generation at Birla Pivot, B2B e-commerce business, is gaining momentum and surpassed INR10b revenue in its first full year of operations. The monthly run-rate crossed INR2b and quarterly run-rate nearing INR5b.
- The company has launched tiles and ply with a focus on increasing penetration for both products across various channels (developer/contractor/retail channel).

#### Capex, debt position, and others

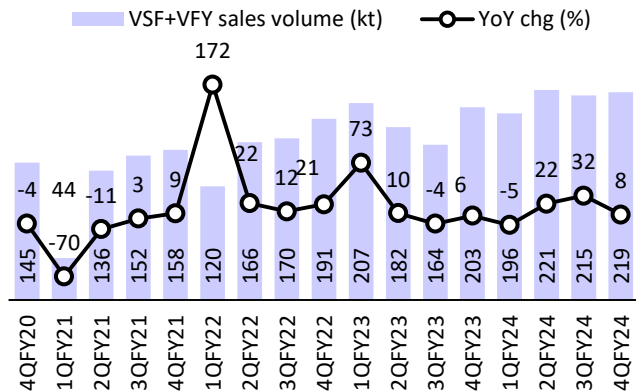
- Capex in 4QFY24/FY24 stood at INR14.4b/59b, including INR10.7b/INR44.7b for the Paints business. Capex pegged at INR45b for FY25, largely for the pending capex in the paints business.
- Standalone net debt stands at INR62b vs. INR17b/INR57b in Mar'23/Dec'23. It raised INR12.5b through sustainability-linked NCDs from the International Financial Corporation, a member of World Bank Group.
- Renewable business continues to gradually ramp up its operating capacity and remains on track to achieve 2GW capacity in FY25 (currently at 894MW).

#### Exhibit 1: INR14.4b/59b spent on expansion in 4QFY24/FY24

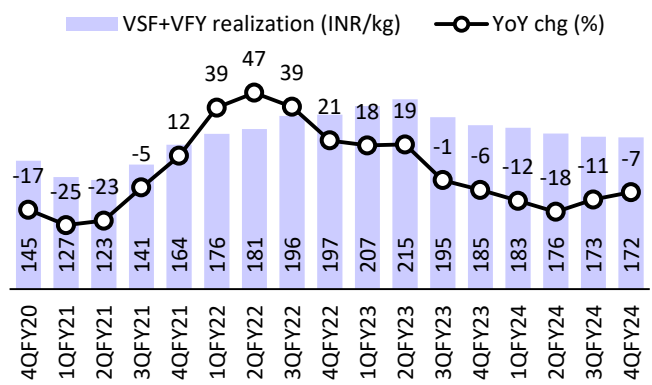
Particulars (₹ Cr.)	Planned Capex FY24	Capex Spent Q4FY24	Capex Spent FY24
<b>Cellulosic Fibres Business</b>	<b>663</b>	<b>136</b>	<b>530</b>
Capacity Expansion (including debottlenecking)	225	37	195
Modernisation and Maintenance Capex	438	99	335
<b>Chemicals Business (A+B+C)</b>	<b>797</b>	<b>186</b>	<b>741</b>
(A) Capacity Expansion - Chlor-Alkali & Chlorine Derivatives	272	85	243
Caustic Soda: (1,359 KTPA --> 1,530 KTPA)	70	17	99
Chlorine Derivatives: (1,029 KTPA --> 1,168 KTPA)	202	68	144
(B) Capacity Expansion - Speciality Chemicals	170	10	134
Epoxy Polymers & Curing Agents: (123 KTPA --> 246 KTPA)	355	91	364
(C) Modernisation and Maintenance Capex			
<b>New High Growth Businesses</b>	<b>4,342</b>	<b>1,076</b>	<b>4,498</b>
Birla Opus (Decorative Paints) <sup>A</sup>	4,283	1,067	4,471
Birla Pivot (B2B E-commerce)	59	9	27
<b>Other Businesses</b>	<b>127</b>	<b>43</b>	<b>131</b>
Textiles, Insulators & Others			
<b>Total</b>	<b>5,929</b>	<b>1,441</b>	<b>5,900</b>

Source: Company, MOFSL

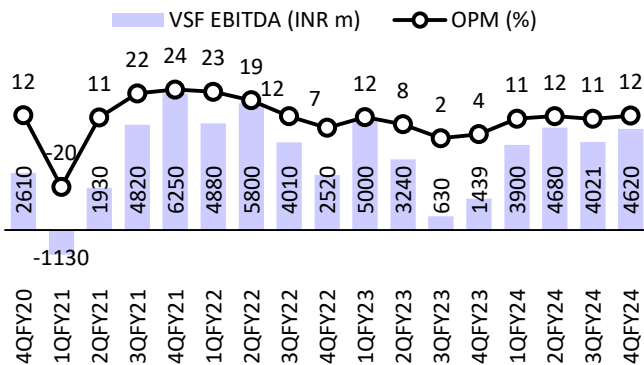
## Story in charts

**Exhibit 1: Volume of the VSF segment up 8% YoY**


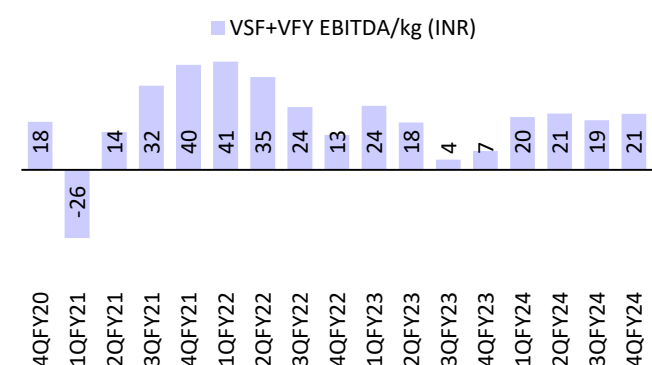
Source: Company, MOFSL

**Exhibit 2: Blended realization of VSF segment down 7% YoY**


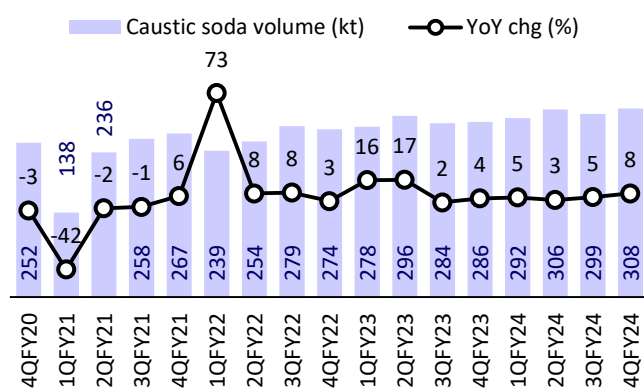
Source: Company, MOFSL

**Exhibit 3: OPM of VSF segment up 8.5pp YoY on a low base...**


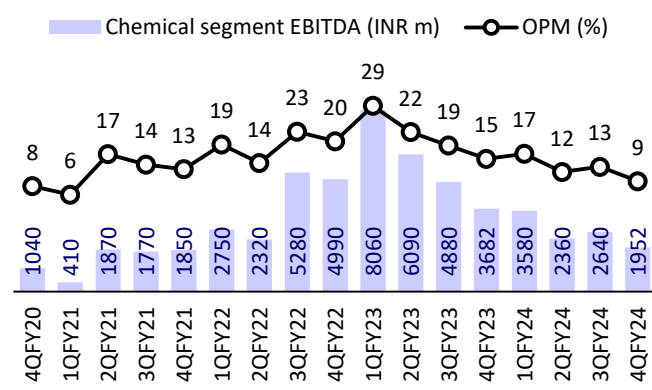
Source: Company, MOFSL

**Exhibit 4: ...and EBITDA/kg increases to INR21 vs. INR7 YoY**


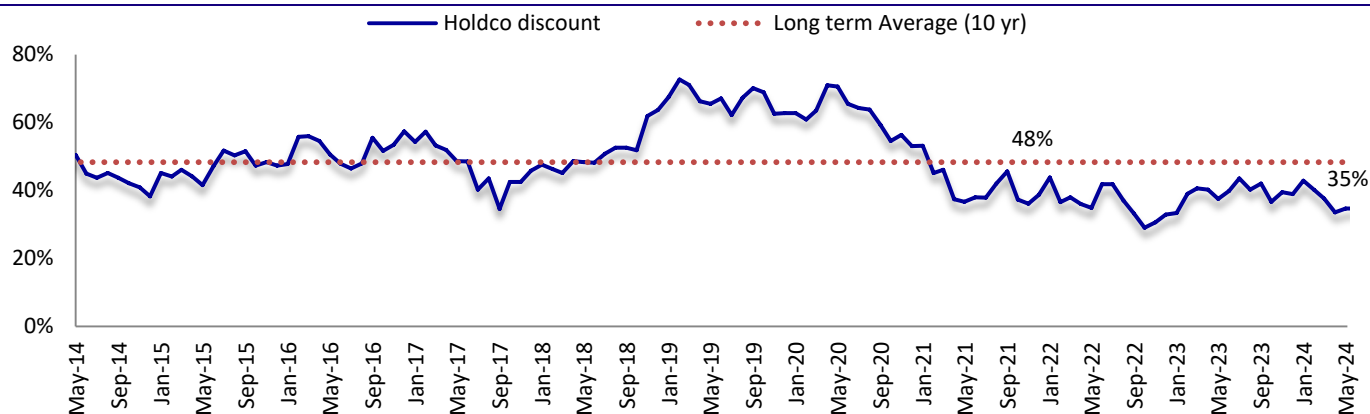
Source: Company, MOFSL

**Exhibit 5: Caustic soda volumes up 8% YoY**


Source: Company, MOFSL

**Exhibit 6: OPM of the Chemical segment down 6.0pp YoY**


Source: Company, MOFSL

**Exhibit 7: Holding company discount at 35%; below the long-term average**

Source: Company, MOFSL

**Exhibit 8: SoTP valuation**

Particulars	Valuation method	Unit	FY26E	INR/share
UTCEM's m-cap based on TP		INR b	3,464	
Holding company discount		%	35	
GRASIM's stake		%	57	
<b>Value of its cement stake</b>		<b>INR b</b>	<b>1,289</b>	
<b>Value/share</b>	<b>35% HoldCo discount to our TP</b>	<b>INR</b>		<b>1,895</b>
Value of standalone business (excluding-Paint)		INR b	317	
<b>Value/share</b>	<b>7x for the standalone business</b>			<b>470</b>
Value of listed investments		INR b	120	
Holding company discount		%	35	
<b>Assigned value to listed investments</b>		<b>INR b</b>	<b>78</b>	
<b>Value/share</b>	<b>35% HoldCo discount on the CMP</b>	<b>INR</b>		<b>115</b>
Standalone net debt		INR b	(62)	
<b>Value/share</b>		<b>INR</b>		<b>(91)</b>
ABCAP		INR b	479	
Holding company discount		%	35	
GRASIM's stake		%	53	
<b>Value of ABCAP's stake in GRASIM</b>		<b>INR b</b>	<b>164</b>	
<b>Value/share</b>	<b>35% HoldCo discount on the CMP</b>	<b>INR</b>		<b>241</b>
Paint Business		INR b	143	
<b>Value/share</b>	<b>1.5x of invested capital</b>	<b>INR</b>		<b>210</b>
<b>SoTP-based TP</b>		<b>INR</b>		<b>2,840</b>

Source: MOFSL, Company



## Financials and valuations

### Standalone Income Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Net Sales</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>2,58,473</b>	<b>2,93,777</b>	<b>3,14,052</b>
Change (%)	30.2	(9.4)	(33.4)	68.4	28.7	(3.7)	13.7	6.9
Total Expenditure	1,64,793	1,62,989	1,08,220	1,76,407	2,36,598	2,35,313	2,66,895	2,79,297
<b>EBITDA</b>	<b>40,712</b>	<b>23,105</b>	<b>15,643</b>	<b>32,162</b>	<b>31,799</b>	<b>23,160</b>	<b>26,882</b>	<b>34,755</b>
Change (%)	32.2	(43.2)	(32.3)	105.6	(1.1)	(27.2)	16.1	29.3
Margin (%)	19.8	12.4	12.6	15.4	11.8	9.0	9.2	11.1
Depreciation	7,604	8,468	8,282	9,140	10,973	12,151	15,434	19,256
<b>EBIT</b>	<b>33,108</b>	<b>14,638</b>	<b>7,362</b>	<b>23,022</b>	<b>20,826</b>	<b>11,010</b>	<b>11,448</b>	<b>15,500</b>
Int. and Finance Charges	1,991	3,039	2,360	2,472	3,677	4,404	7,731	8,838
Other Income - Rec.	5,680	5,255	5,137	8,953	10,183	12,566	12,944	13,475
<b>PBT &amp; EO Items</b>	<b>36,797</b>	<b>16,854</b>	<b>10,139</b>	<b>29,503</b>	<b>27,333</b>	<b>19,172</b>	<b>16,661</b>	<b>20,137</b>
Change (%)	32.1	(54.2)	(39.8)	191.0	(7.4)	(29.9)	(13.1)	20.9
Extra Ordinary (income)/expense	23,680	2,941	810	691	880	7,156	0	0
<b>PBT but after EO Items</b>	<b>13,117</b>	<b>13,913</b>	<b>9,329</b>	<b>28,812</b>	<b>26,452</b>	<b>12,016</b>	<b>16,661</b>	<b>20,137</b>
Tax	7,964	1,214	1,224	1,857	5,215	2,562	3,166	3,826
Tax Rate (%)	21.6	7.2	12.1	6.3	19.1	13.4	19.0	19.0
<b>Reported PAT</b>	<b>5,153</b>	<b>12,700</b>	<b>8,105</b>	<b>26,955</b>	<b>21,237</b>	<b>9,454</b>	<b>13,495</b>	<b>16,311</b>
<b>PAT Adj for EO items</b>	<b>23,708</b>	<b>15,640</b>	<b>8,817</b>	<b>22,306</b>	<b>20,933</b>	<b>16,157</b>	<b>13,495</b>	<b>16,311</b>
Change (%)	20.4	(34.0)	(43.6)	153.0	(6.2)	(22.8)	(16.5)	20.9
Margin (%)	11.5	8.4	7.1	10.7	7.8	6.3	4.6	5.2

### Standalone Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	1,315	1,316	1,316	1,317	1,317	1,328	1,328	1,361
Employee Stock options outstanding		527	567	708	708	708	708	708
Reserves	4,18,277	3,74,898	4,27,595	4,84,133	4,67,524	5,19,110	5,40,311	5,75,578
<b>Net Worth</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>5,21,146</b>	<b>5,42,347</b>	<b>5,77,647</b>
Loans	33,108	50,681	41,634	41,208	52,542	94,529	1,11,229	96,729
Deferred liabilities	18,789	14,025	17,339	18,414	15,348	22,971	22,971	22,971
<b>Capital Employed</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>6,38,646</b>	<b>6,76,547</b>	<b>6,97,347</b>
Gross Block	1,38,489	1,54,142	1,48,940	1,95,985	2,20,577	2,41,611	3,40,817	3,85,817
Less: Accum. Deprn.	26,166	33,310	39,302	47,435	58,408	70,559	85,993	1,05,249
<b>Net Fixed Assets</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>1,71,052</b>	<b>2,54,824</b>	<b>2,80,568</b>
Capital WIP	15,672	27,919	40,334	17,428	29,257	71,310	10,000	8,000
Non-Current Investments /Strategic	2,81,616	2,56,621	3,05,230	3,39,418	3,08,412	3,62,918	3,62,918	3,62,918
Current - Financial	29,931	20,504	41,553	47,490	30,556	29,204	29,204	29,204
<b>Curr. Assets</b>	<b>78,398</b>	<b>69,070</b>	<b>46,827</b>	<b>73,477</b>	<b>91,378</b>	<b>1,06,895</b>	<b>1,06,863</b>	<b>1,07,811</b>
Inventory	29,317	26,262	21,790	39,408	44,928	52,150	46,903	49,959
Account Receivables	34,916	29,053	13,120	16,904	15,973	19,743	17,400	19,151
Cash and Bank Balance	425	789	1,327	2,253	4,744	3,096	11,713	5,726
Others	13,741	12,965	10,590	14,912	25,734	31,905	30,847	32,975
<b>Curr. Liability &amp; Prov.</b>	<b>46,452</b>	<b>53,499</b>	<b>55,130</b>	<b>80,583</b>	<b>84,332</b>	<b>1,02,732</b>	<b>87,262</b>	<b>91,154</b>
Account Payables	23,757	26,648	27,069	46,507	47,112	54,826	52,199	55,787
Provisions	4,604	5,514	3,250	3,419	3,866	8,385	4,407	4,711
Other Liabilities	18,091	21,337	24,811	30,656	33,353	39,521	30,656	30,656
<b>Net Current Assets</b>	<b>31,947</b>	<b>15,571</b>	<b>-8,303</b>	<b>-7,105</b>	<b>7,046</b>	<b>4,163</b>	<b>19,601</b>	<b>16,657</b>
<b>Appl. of Funds</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>6,38,646</b>	<b>6,76,547</b>	<b>6,97,347</b>

## Financials and valuations

### Standalone Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Share price</b>								
<b>EPS</b>	<b>36.0</b>	<b>23.8</b>	<b>13.4</b>	<b>33.9</b>	<b>31.8</b>	<b>24.3</b>	<b>20.3</b>	<b>24.0</b>
Cash EPS	47.6	36.6	26.0	47.8	48.5	42.6	43.6	52.3
BV/Share	638.0	572.7	652.6	738.4	713.1	784.9	816.8	848.8
DPS	6.2	7.0	9.0	10.0	10.0	10.0	6.0	6.5
<b>Valuation</b>								
P/E	68.1	103.2	183.2	72.4	77.2	100.8	120.7	102.4
Cash P/E	51.5	67.0	94.4	51.4	50.6	57.6	56.3	47.0
P/BV	3.8	4.3	3.8	3.3	3.4	3.1	3.0	2.9
EV/Sales*	0.9	1.1	1.4	0.8	0.7	0.9	0.8	0.8
EV/EBITDA*	4.4	9.0	11.3	5.1	6.0	7.8	6.2	5.1
Dividend Yield (%)	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.3
<b>Return Ratios (%)</b>								
RoE*	17.1	10.3	4.9	11.5	9.0	4.3	2.2	3.1
RoCE*	20.8	9.4	5.3	12.9	11.0	5.6	4.9	5.8
<b>Working Capital Ratios</b>								
Debtor (Days)	70	54	31	37	24	27	23	23
Asset Turnover (x)	0.4	0.4	0.3	0.4	0.5	0.4	0.4	0.5
<b>Leverage Ratio</b>								
Debt/Equity	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2

\*calculated for standalone business

### Standalone Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	36,797	12,916	9,329	28,812	26,452	12,016	16,661	20,137
Depreciation	7,604	8,135	8,282	9,140	10,973	12,151	15,434	19,256
Interest & Finance Charges	(1,435)	(249)	(421)	(4,552)	(4,184)	(5,260)	(2,113)	(1,433)
Direct Taxes Paid	(5,123)	(2,183)	(1,786)	(6,502)	(4,071)	(573)	(3,166)	(3,826)
(Inc)/Dec in WC	(10,735)	12,611	9,350	132	(5,426)	(5,965)	(6,821)	(3,043)
<b>CF from Operations</b>	<b>27,108</b>	<b>31,231</b>	<b>24,754</b>	<b>27,029</b>	<b>23,744</b>	<b>12,368</b>	<b>19,996</b>	<b>31,091</b>
Others	(1,553)	1,919	(780)	(467)	(556)	5,408	-	-
<b>CF from Operating incl EO</b>	<b>25,555</b>	<b>33,150</b>	<b>23,974</b>	<b>26,562</b>	<b>23,188</b>	<b>17,776</b>	<b>19,996</b>	<b>31,091</b>
(Inc)/Dec in FA	(20,440)	(26,823)	(11,932)	(25,382)	(40,225)	(55,260)	(37,897)	(43,000)
<b>Free Cash Flow</b>	<b>5,115</b>	<b>6,328</b>	<b>12,041</b>	<b>1,181</b>	<b>(17,036)</b>	<b>(37,484)</b>	<b>(17,901)</b>	<b>(11,909)</b>
(Pur)/Sale of Investments	56	127	102	66	111	271	-	-
Others	(2,247)	(17,904)	(10,249)	(9,541)	18,211	(874)	9,843	10,271
<b>CF from Investments</b>	<b>(22,631)</b>	<b>(44,600)</b>	<b>(22,079)</b>	<b>(34,857)</b>	<b>(21,902)</b>	<b>(55,863)</b>	<b>(28,054)</b>	<b>(32,729)</b>
Issue of Shares	86	90	126	(425)	(902)	9,376	11,690	23,413
Inc/(Dec) in Debt	3,504	17,127	(9,384)	(583)	11,306	42,023	16,700	(14,500)
Interest Paid	(2,050)	(2,130)	(3,241)	(843)	(5,478)	(6,419)	(7,731)	(8,838)
Dividend Paid	(4,530)	(5,155)	(2,622)	(5,915)	(6,574)	(6,577)	(3,984)	(4,423)
Others	-	-	-	-	-	-	-	-
<b>CF from Fin. Activity</b>	<b>(2,990)</b>	<b>9,932</b>	<b>(15,120)</b>	<b>(7,766)</b>	<b>(1,648)</b>	<b>38,404</b>	<b>16,675</b>	<b>(4,349)</b>
<b>Inc/Dec of Cash</b>	<b>(65)</b>	<b>(1,517)</b>	<b>(13,226)</b>	<b>(16,061)</b>	<b>(362)</b>	<b>317</b>	<b>8,617</b>	<b>(5,987)</b>
Opening Balance	261	195	510	692	5,106	2,779	3,096	11,713
Add: Cash on amalgamation	-	1,832	13,408	15,895	-	-	-	-
<b>Closing Balance</b>	<b>196</b>	<b>510</b>	<b>692</b>	<b>527</b>	<b>4,744</b>	<b>3,096</b>	<b>11,713</b>	<b>5,726</b>

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Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); 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 dp@motilaloswal.com.