

# Samvardhana Motherson

Estimate changes

TP change

Rating change



Bloomberg	MOTHERSO IN
Equity Shares (m)	6776
M.Cap.(INRb)/(USDb)	1000.9 / 12
52-Week Range (INR)	149 / 78
1, 6, 12 Rel. Per (%)	13/47/61
12M Avg Val (INR M)	1811

## MOTHERSO: Financials & Valuations

Y/E March	2024	2025E	2026E
Sales	985	1,185	1,303
EBITDA	90.2	113.4	129.1
Adj. PAT	25.1	43.3	52.9
EPS (Rs)	3.7	6.4	7.8
EPS Growth (%)	63.6	72.3	22.3
BV/Share (Rs)	38.6	43.1	48.5

## Ratios

Net D:E	0.4	0.2	0.1
RoE (%)	10.3	15.6	17.1
RoCE (%)	9.4	12.5	14.0
Payout (%)	24.8	30.0	30.0

## Valuations

P/E (x)	39.8	23.1	18.9
P/BV (x)	3.8	3.4	3.0
Div. Yield (%)	0.5	1.3	1.6
FCF Yield (%)	3.6	3.6	5.5

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	60.4	64.8	64.8
DII	18.3	15.4	14.8
FII	12.4	10.8	10.9
Others	8.9	9.1	9.6

FII Includes depository receipts

**CMP: INR148**

**TP: INR170 (+15%)**

**Buy**

## Healthy beat; promising growth prospect in non-auto

### Reduced gross debt of INR18b in 4QFY24 despite large M&A payouts

- Samvardhana Motherson (MOTHERSO) reported robust performance in 4QFY24 as EBITDA/PAT exceeded our estimates at INR26.7b/INR9.2b (est. INR24.9b/INR6.6b). Additionally, the management indicated that the P&L impact of the Yachio, Lumen, and ADI acquisitions will start reflecting in 1QFY25. These acquisitions are expected to contribute an additional INR144b in net revenues for FY25E.
- We increase our FY25E/FY26E EPS by 2%/5% to account for: i) significant growth potential in the coming years for its non-auto divisions, particularly aerospace and consumer electronics, and ii) improved margins. Consequently, we have raised our target multiple for MOTHERSO to 22x (previously 20x) and reiterate our BUY rating on the stock with a revised target price of INR170.

### Acquired businesses contributed 10% to revenues/EBITDA in FY24

- **Consolidated business performance:** Consol revenues grew 19% YoY to INR268.6b (est. INR259.2b). Consol EBITDA grew 32% YoY to INR26.7b (est. INR24.9b) and consol adj. PAT grew 46% YoY to INR9.2b (est. INR6.6b). There was a one-time cost of INR4.97b pertaining to deferred tax assets, forex gains, etc. FY24 revenues/EBITDA/adj. PAT grew 25%/43%/63% YoY.
- **Wiring harness business** revenues rose 9% YoY to INR81.8b (est. INR79.8b) and EBITDA margins improved 160bp YoY to 11.1% (est. 6.8%).
- **Modules & Polymer business** revenues increased 13% YoY to INR137b (est. INR125.5b) and EBITDA margins improved 360bp YoY to 10.8% (est. 8.3%).
- **Vision system** revenues grew 10% YoY to INR50.4b (est. INR45b) and EBITDA margins declined 30bp YoY to 12.9% (est. 9.2%).
- **Emerging business** revenues grew 26% YoY to ~INR23b (est. INR23.5b) and EBITDA margins expanded 410bp YoY to 17% (est. 11.5%).
- **Integrated assemblies** reported a revenue of INR23.85b (est. INR26.7b) and EBITDA margin of 12.8% (est. 11.3%).
- SAMIL has managed to reduce gross debt by INR18b in 4Q QoQ to INR103.7b.
- FCFF improved to INR35.6b (vs. INR24.6b in FY23) mainly due to improved operating cash flow, which stood at INR75.7b (vs. INR46.4B in FY23) despite higher capex of INR40b (vs. INR21.8b in FY23).
- The company declared a final dividend of INR0.8/share for FY24 (vs. INR0.65/share in FY23).

### Highlights from the management commentary

- Of the 25% revenue growth reported in FY24, 12.5% was organic growth. In FY24, INR101.3b revenue was added due to acquisitions (six months of Dr. Schneider and eight months of SAS), which contributed to INR9.15b in EBITDA.

Research analyst - Aniket Mhatre (Aniket.Mhatre@MotilalOswal.com)

Research analyst - Amber Shukla (Amber.Shukla@MotilalOswal.com) | Aniket Desai - (Aniket.Desai@MotilalOswal.com)

**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.

- Its automotive booked business increased to USD83.9b (up from USD77.3b in 2QFY24 end). About 23% of this came from EVs. This does not include the order book of Yachio and the non-auto business.
- MOTHERSO has invested INR40b in FY24. The majority of growth capex is in emerging markets. The company is in the midst of setting up 18 greenfields (13 in India, 4 in China and 1 in Poland) in coming years. It plans to invest another INR50b in FY25, of which about INR20b would be in new greenfields. 70% of the capex is for greenfields in non-auto segments.
- All the announced acquisitions as of May'24 are closed, with the integration well on track. P&L impact for acquisitions of Yachio, Lumen and ADI will reflect in 1QFY25. These acquisitions are expected to add another INR144b in net revenues in FY25E.

### Valuation and view

- Given its well-diversified presence across components, geographies and customers, MOTHERSO is emerging as the key beneficiary of the growing popularity of EVs and the rising trend of premiumization across segments. This is evident in a significant ramp-up in its order book, with its booked business scaling up to USD83.9b.
- The stock trades at reasonable valuations of 23x/19x FY25E/FY26E consolidated EPS. Our positive view on MOTHERSO remains intact based on the ramp-up of new businesses in non-auto, execution of a strong order book for SMRPBV and capacities in place for growth. We reiterate our BUY rating with a revised TP of INR170 based on 22x Mar'26E EPS.

### Quarterly performance (Consol.)

Y/E March	FY23				FY24				FY23	FY24	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
<b>Net Sales</b>	<b>1,76,545</b>	<b>1,82,608</b>	<b>2,02,672</b>	<b>2,25,170</b>	<b>2,24,622</b>	<b>2,34,738</b>	<b>2,56,439</b>	<b>2,68,612</b>	<b>7,87,881</b>	<b>9,84,947</b>	<b>2,59,167</b>
YoY Change (%)	7.6	26.7	23.3	31.2	27.2	28.5	26.5	19.3	22.3	25.0	15.3
<b>EBITDA</b>	<b>11,166</b>	<b>14,031</b>	<b>16,163</b>	<b>20,256</b>	<b>19,246</b>	<b>18,888</b>	<b>23,159</b>	<b>26,686</b>	<b>62,362</b>	<b>90,206</b>	<b>24,899</b>
Margins (%)	6.3	7.7	8.0	9.0	8.6	8.0	9.0	9.9	7.9	9.2	9.6
Depreciation	7,324	7,487	8,150	8,397	8,389	8,674	10,164	10,878	31,358	38,105	10,252
Interest	1,694	1,837	1,494	2,784	2,526	4,879	6,203	4,504	7,809	18,112	5,991
Other income	581	940	811	350	529	1,654	1,084	836	1,696	1,876	1,070
<b>PBT before EO expense</b>	<b>2,729</b>	<b>5,647</b>	<b>7,330</b>	<b>9,424</b>	<b>8,860</b>	<b>6,989</b>	<b>7,877</b>	<b>12,140</b>	<b>24,890</b>	<b>35,865</b>	<b>9,727</b>
Extra-Ord expense	0	984	10	-349	0	2,494	9	-4,974	645	-2,472	0
<b>PBT after EO Expense</b>	<b>2,729</b>	<b>4,663</b>	<b>7,320</b>	<b>9,773</b>	<b>8,860</b>	<b>4,495</b>	<b>7,868</b>	<b>17,114</b>	<b>24,245</b>	<b>38,336</b>	<b>9,727</b>
Tax Rate (%)	34.0	30.3	29.6	26.9	29.5	32.8	27.6	28.3	29.5	29.3	29.1
Min. Int & Share of profit	389	485	609	695	241	188	272	-43	2,178	658	271
<b>Reported PAT</b>	<b>1,412</b>	<b>2,464</b>	<b>4,539</b>	<b>6,540</b>	<b>6,009</b>	<b>2,015</b>	<b>5,420</b>	<b>13,718</b>	<b>14,716</b>	<b>27,162</b>	<b>6,629</b>
<b>Adj PAT</b>	<b>1,412</b>	<b>3,150</b>	<b>4,546</b>	<b>6,296</b>	<b>6,009</b>	<b>4,509</b>	<b>5,420</b>	<b>9,170</b>	<b>15,165</b>	<b>25,108</b>	<b>6,629</b>
YoY Change (%)	-55.1	123.4	100.3	344.8	325.5	43.2	19.2	45.6	84.1	65.6	1.4

E: MOFSL Estimates

## Key Performance Indicators

(INR m)

Y/E March	FY23				FY24				FY23	FY24	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q
<b>Business Wise Revenues (INR m)</b>											
Wiring harness	61,160	63,830	65,301	75,279	76,330	77,630	79,330	81,850	2,65,570	3,15,140	79,764
Modules & Polymer products	94,270	97,580	1,09,565	1,21,205	1,19,780	1,14,770	1,27,530	1,37,040	4,22,620	4,99,120	1,25,525
Vision systems	34,880	39,400	45,465	45,945	46,150	46,890	48,070	50,380	1,65,690	1,91,490	44,991
Integrated assemblies						16,190	26,230	23,850		66,270	26,727
Emerging businesses	16,190	17,550	16,281	18,243	18,120	20,220	19,580	22,980	68,440	80,900	23,488
Less: Inter-segment	5,410	5,420	6,552	6,657	6,980	7,930	7,940	12,160	24,020	35,010	9,195
Less: Revenues of Associates/JVs	24,550	29,920	27,387	28,638	28,780	33,030	35,820	35,330	1,10,420	1,32,960	32,237
<b>Net Revenues</b>	<b>1,76,540</b>	<b>1,83,020</b>	<b>2,02,672</b>	<b>2,25,378</b>	<b>2,24,620</b>	<b>2,34,740</b>	<b>2,56,980</b>	<b>2,68,610</b>	<b>7,87,880</b>	<b>9,84,950</b>	<b>2,59,062</b>
<b>Business Wise PBITDA Margins (%)</b>											
Wiring harness	7.9	8.2	8.6	9.5	10.2	10.6	10.7	11.1	8.6	10.7	6.8
Modules & Polymer products	5.1	6.7	6.6	7.2	7.5	7.1	8.8	10.8	6.4	8.6	8.3
Vision systems	8.4	9.1	10.0	13.2	9.4	9.2	9.7	12.9	10.3	10.3	9.2
Integrated assemblies						10.2	12.3	12.8		12.0	11.3
Emerging businesses	10.9	10.0	11.4	12.9	11.3	12.4	12.8	17.0	11.3	13.5	11.5
<b>Consol EBITDA Margins (%)</b>	<b>6.5</b>	<b>8.2</b>	<b>8.3</b>	<b>9.2</b>	<b>8.6</b>	<b>8.5</b>	<b>9.3</b>	<b>11.2</b>	<b>8.1</b>	<b>9.5</b>	<b>9.9</b>

Note: Segmental EBITD margins include part of other income; E: MOFSL Estimates



## Highlights from the management commentary

- Of the 25% revenue growth reported in FY24, 12.5% was organic growth. In FY24, INR101.3b in revenue was added due to acquisitions (six months of Dr. Schneider and eight months of SAS), which contributed to INR9.15b in EBITDA.
- Its automotive booked business has increased to USD83.9b (up from USD77.3b in 2QFY24 end). About 23% of this came from EVs. It does not include the order book of Yachio and the non-auto business.
- MOTHERSO has invested INR40b in FY24. The majority of growth capex is in emerging markets. The company is in the midst of setting up 18 greenfields (13 in India, 4 in China and 1 in Poland) in coming years. It plans to invest another INR50b in FY25, of which about INR20b would be in new greenfields. 70% of the capex is for greenfields in non-auto segments.
- All the announced acquisitions as of May'24 are closed, with the integration well on track. P&L impact for acquisitions of Yachio, Lumen and ADI will reflect in 1QFY25. These acquisition are expected to add another INR144b in net revenues in FY25.
- It is working to simplify the structure, with most of the international business now under SMRPBV, including the international wiring harness business.
- Some macro challenges persist, with inflation, energy and interest rates in key markets stabilizing at elevated levels. Wage-related challenges remain. Even key commodities are now showing an uptrend (Copper price has now increased to USD9,740 per MT from USD 8,438 per MT in 4QFY24. Similarly, Al price has increased to USD2,520 per MT from USD2,200 per MT as of 4Q).
- While the share of hybrids and EVs is rising globally, the pace of increase has been below expectations. However, given that MOTHERSO enjoys a tech-agnostic portfolio, it continues to benefit from content increases, led by the global automotive megatrends (ACES).

**■ Update on Emerging business:**

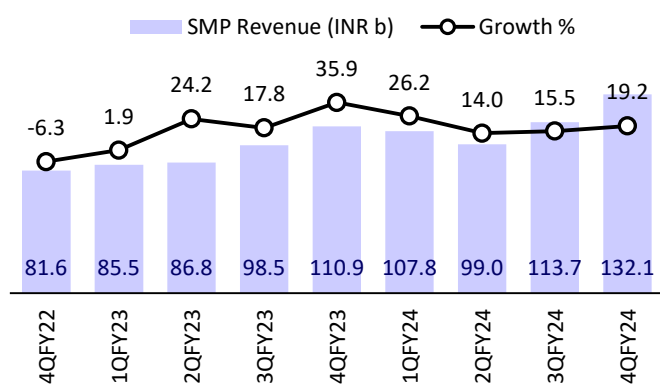
- This business has touched USD1b in revenues for the first time, with the highest margins in the group (13.5% EBITDA margin).
- The company has successfully closed the largest non-automotive acquisition, AD Industries in France, which would start contributing in 1QFY25. MOTHERSO is now one of the key suppliers for structural and engine components for Airbus and Boeing in the aerospace segment.
- In the Health and Medical segment, its greenfield plant certification is on track and is expected to commence operations in FY25. Further, its integration with Irrilic acquisition is underway.
- The company has seen double-digit growth in its logistics business in FY24.
- Technology and Industrial solutions business turned profitable in FY24.
- Its greenfield is on track for the consumer electronics business and is expected to come on stream in 2QFY25.
- This non-vertical is expected to grow exponentially in the coming years.

**■ Others:**

- In 4Q, it reported INR2.3b of deferred tax asset as the performance of different parts of the group improved and the company was able to offset losses from prior years. However, the management has indicated that the ETR should be 25-27% on a steady state basis going forward.

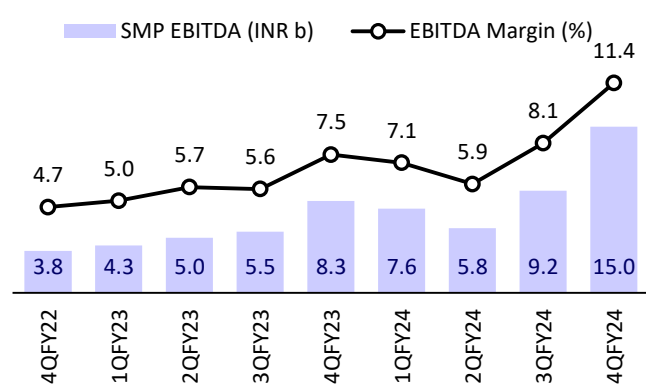
## Key exhibits

Exhibit 1: Trends in SMP revenue and growth



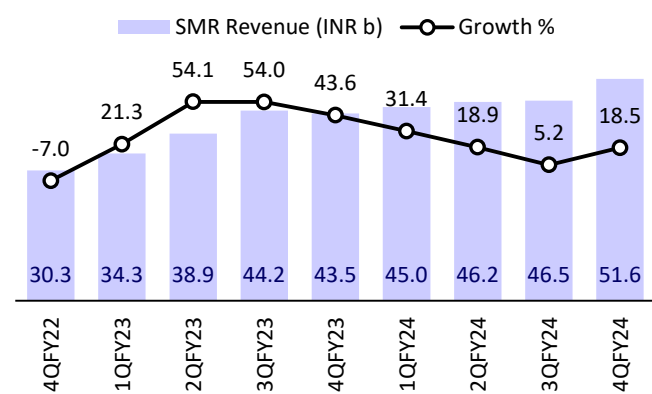
Source: Company, MOFSL

Exhibit 2: SMP EBITDA and EBITDA margin



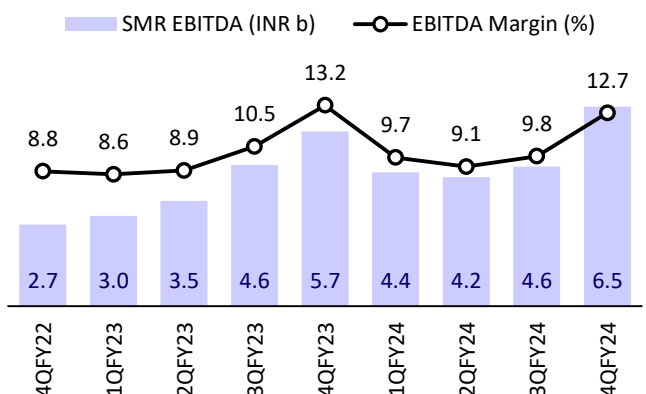
Source: Company, MOFSL

Exhibit 3: SMR revenue and growth trends



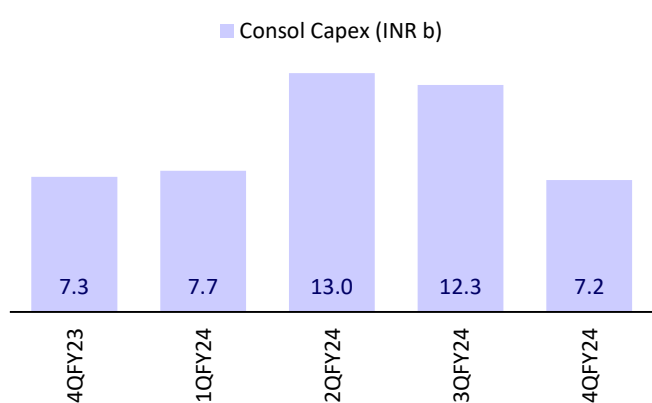
Source: Company, MOFSL

Exhibit 4: SMR EBITDA and EBITDA margin



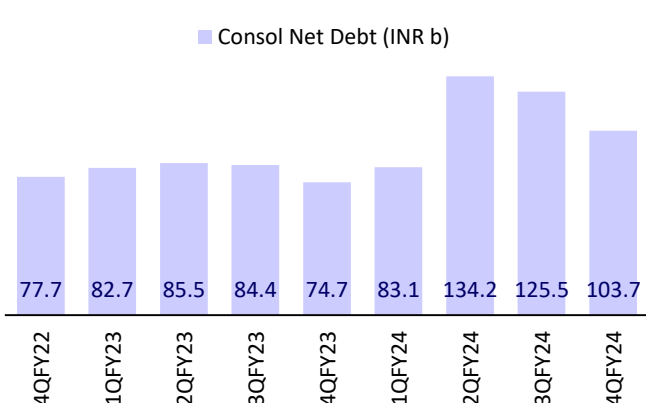
Source: Company, MOFSL

Exhibit 5: Trend in Capex (INR b)



Source: Company, MOFSL

Exhibit 6: Trend in Net Debt (excl. lease liabilities, INR b)



Source: Company, MOFSL

## Valuation and view

- **Continues to enjoy a well-diversified business model:** Over the years, MOTHERSO has developed a well-diversified business model that focuses on its principle of 3CX10 (vs. 3CX15 earlier) – this implies no country, customer, or client should account for more than 10% of its revenue. This has helped the company achieve a steady growth regardless of the end-market demand environment (achieved 9% revenue CAGR vs. 3% compounded volume decline in the global auto industry over the last five years). It is among the top three players globally for exterior rear-view mirrors, a market leader in PV wiring harness in India, and a major player in wiring harness for CVs in North America and Europe. Additionally, the company is a critical supplier of polymer parts to luxury OEMs worldwide, one of the leading lighting suppliers in India, and one of the largest shock absorber exporters from India.
- **To be a key beneficiary of the evolving mega trends in Autos:** MOTHERSO is emerging as one of the major beneficiaries of the rising premiumization trend and EV transition, which in turn is expected to drive higher content going forward. A few indicators of increasing content per vehicle for MOTHERSO include the following: when transitioning to sedans and SUVs, the content surges 1.4-1.5x in the case of wiring harnesses, 1.4-1.7x for bumpers, 1.2-2.5x for door panels, and 1.7-3.0x for rear-view mirrors. Similarly, transitioning from ICE to EVs results in a 2.4x increase in the content for 4W wiring harnesses, an 8x increase for 2W wiring harnesses, a 1.5x increase for bumpers, a 3.3x increase for door panels, and a 1.4x increase for mirrors. These favorable trends have led to a notable ramp-up in its order book, with the booked business reaching USD83.9b (23% orders from EVs).
- **Closure of recent acquisitions provides huge growth opportunities:** Taking advantage of the global macro headwinds and at the customer's behest, MOTHERSO has acquired 15 entities since Sep'22, whose combined pro forma net revenue stood at USD2.8b. Apart from this, these entities offer multiple synergy benefits, which include entry into the Japanese supplier network (Yachio + Ichikoh), evolution as a cockpit assembler (SAS), complimentary new segment addition (Yachio + Dr. Schneider), and strong opportunities in aerospace and medical equipment (Cirma, AD Industries, Irillic, and SMAST). Beyond the synergy benefits that would accrue over a long term basis, we expect incremental net revenues of INR144b to accrue to MOTHERSO for FY25E due to these acquisitions. These acquisitions provide MOTHERSO with significant growth opportunities in the long run, in our view.
- **Aggressive targets indicate ambitions; disciplined approach has been the key:** MOTHERSO has a track record of setting ambitious five-year targets since 2000. Its 2025 targets include revenue of USD36b, RoCE and dividend payout of 40%, and 3CX10. While most of its targets until 2015 have been achieved, it missed its target by a margin in 2020 and is likely to miss its target even in 2025. However, the management has always refrained from acquiring entities solely to meet its targets, as was evident immediately post-Covid. Thus, while its aggressive targets highlight the management's growth aspirations, its disciplined approach would help generate long-term shareholder returns, in our view. The same can

also be highlighted by the fact that it has acquired 15 entities since Sep'22, after patiently waiting throughout the entire Covid period for the right opportunity.

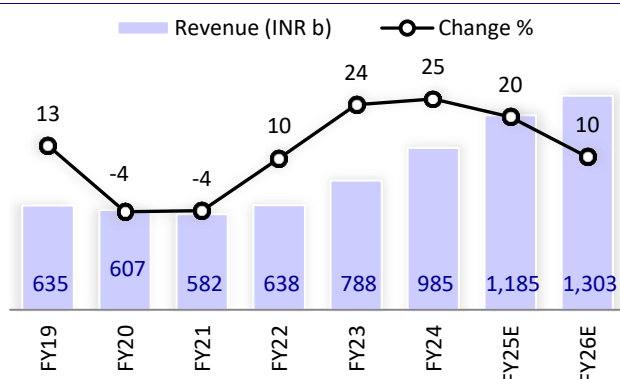
- **Valuation and view:** We expect MOTHERSO to continue to outperform the global automobile sales, fueled by rising premiumization and EV transition, a robust order backlog; and successful integration of recent acquisitions. We increase our FY25E/FY26E EPS by 2%/5% to account for: i) significant growth potential in the coming years for its non-auto divisions, particularly aerospace and consumer electronics, and ii) improved margins. Consequently, we have raised our target multiple for MOTHERSO to 22x (previously 20x) and reiterate our BUY rating on the stock with a revised target price of INR170.

**Exhibit 7: Our revised estimates (consolidated)**

(INR M)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	11,85,418	11,65,981	1.7	13,02,950	12,71,433	2.5
EBITDA	1,13,368	1,11,108	2.0	1,29,095	1,22,093	5.7
EBITDA (%)	9.6	9.5	0bp	9.9	9.6	30bp
Adj. PAT	43,274	42,445	2.0	52,928	50,484	4.8
EPS (INR)	6.4	6.3	2.0	7.8	7.4	4.8

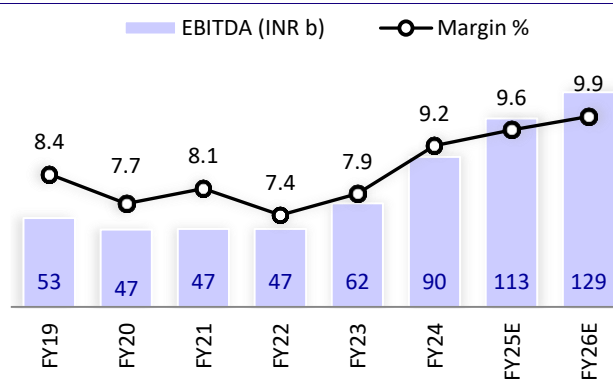
Source: Company, MOFSL

**Exhibit 8: Consol revenue and growth trend**



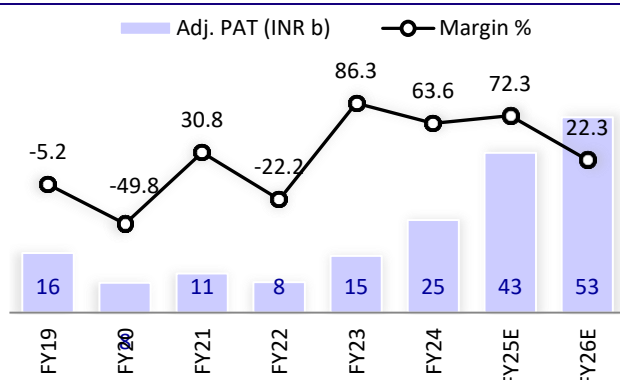
Source: Company, MOFSL

**Exhibit 9: EBITDA margin to expand 70bp over next 2 years**



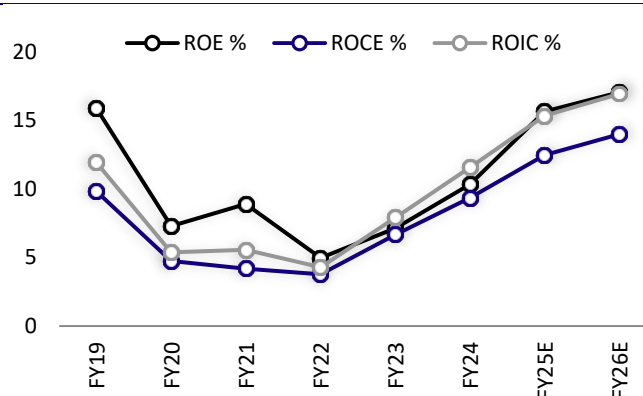
Source: Company, MOFSL

**Exhibit 10: Adj. PAT expected to see ~45% CAGR by FY26...**



Source: Company, MOFSL

**Exhibit 11: ...driving expansion in return ratios**



Source: Company, MOFSL



Exhibit 12: CFO to jump ~1.4x over FY24-26E...

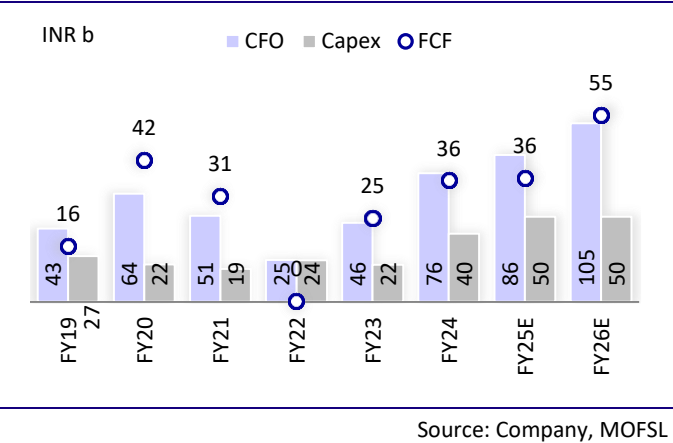
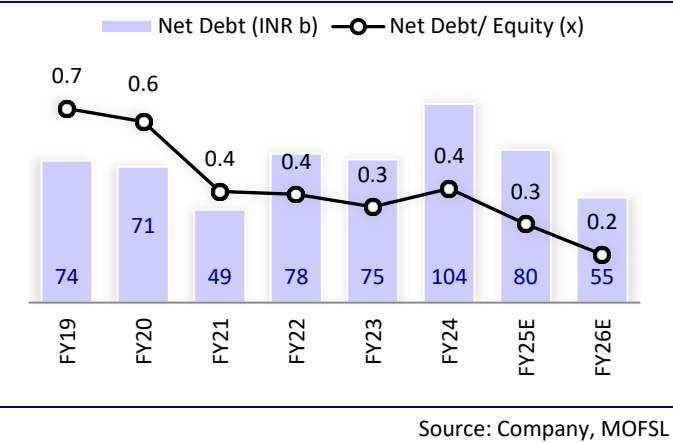


Exhibit 13: ...should aid net debt reduction





## Financials and valuations

Consolidated - Income Statement							(INR m)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Total Income from Operations</b>	<b>6,35,229</b>	<b>6,07,290</b>	<b>5,82,250</b>	<b>6,37,740</b>	<b>7,87,881</b>	<b>9,84,947</b>	<b>11,85,418</b>	<b>13,02,950</b>
Change (%)	12.8	-4.4	-4.1	9.5	23.5	25.0	20.4	9.9
Raw Materials	3,67,383	3,49,687	3,25,979	3,67,363	4,53,174	5,44,147	6,81,121	7,48,771
Employees Cost	1,41,694	1,43,726	1,40,996	1,53,746	1,79,314	2,35,385	2,54,216	2,66,926
Other Expenses	72,668	67,335	63,135	69,637	93,032	1,15,209	1,36,712	1,58,157
<b>Total Expenditure</b>	<b>5,81,745</b>	<b>5,60,748</b>	<b>5,30,110</b>	<b>5,90,746</b>	<b>7,25,519</b>	<b>8,94,741</b>	<b>10,72,049</b>	<b>11,73,855</b>
% of Sales	91.6	92.3	91.0	92.6	92.1	90.8	90.4	90.1
<b>EBITDA</b>	<b>53,484</b>	<b>46,542</b>	<b>46,880</b>	<b>46,994</b>	<b>62,362</b>	<b>90,206</b>	<b>1,13,368</b>	<b>1,29,095</b>
Margin (%)	8.4	7.7	8.1	7.4	7.9	9.2	9.6	9.9
Depreciation	20,582	27,210	30,260	29,582	31,358	38,105	42,605	47,775
<b>EBIT</b>	<b>32,902</b>	<b>19,332</b>	<b>16,620</b>	<b>17,412</b>	<b>31,003</b>	<b>52,101</b>	<b>70,763</b>	<b>81,320</b>
Interest Charges	4,232	5,928		5,426	7,809	18,112	13,366	11,305
<b>PBT bef. EO Exp.</b>	<b>30,872</b>	<b>15,649</b>	<b>16,620</b>	<b>14,562</b>	<b>24,890</b>	<b>35,865</b>	<b>59,648</b>	<b>72,491</b>
Tax Rate (%)	35.7	44.0	33.6	43.1	29.6	31.8	27.0	27.0
Minority Interest	3,719	669	440	-290	2,178	658	269	-10
<b>Reported PAT</b>	<b>16,132</b>	<b>8,099</b>	<b>10,590</b>	<b>8,304</b>	<b>15,306</b>	<b>21,852</b>	<b>43,274</b>	<b>52,928</b>
<b>Adjusted PAT</b>	<b>16,132</b>	<b>8,099</b>	<b>10,590</b>	<b>8,237</b>	<b>15,344</b>	<b>25,108</b>	<b>43,274</b>	<b>52,928</b>
Change (%)	-5.2	-49.8	30.8	-22.2	86.3	63.6	72.3	22.3

Consolidated - Balance Sheet							(INR m)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	3,158	3,158	4,518	4,518	6,776	6,776	6,776	6,776
Total Reserves	78,412	81,394	1,21,088	2,01,365	2,17,739	2,54,773	2,85,064	3,22,114
<b>Net Worth</b>	<b>1,09,627</b>	<b>1,12,609</b>	<b>1,25,606</b>	<b>2,05,882</b>	<b>2,24,515</b>	<b>2,61,549</b>	<b>2,91,841</b>	<b>3,28,891</b>
Minority Interest	34,797	35,650	40,233	17,763	19,254	20,606	23,761	27,200
Total Loans	1,09,428	1,19,651	1,07,580	1,27,609	1,21,657	1,73,513	1,23,513	1,17,013
Deferred Tax Liabilities	-6,123	-5,030	-10,224	-11,486	-13,645	-20,746	-18,672	-18,672
<b>Capital Employed</b>	<b>2,47,730</b>	<b>2,62,881</b>	<b>2,63,195</b>	<b>3,39,768</b>	<b>3,51,781</b>	<b>4,34,922</b>	<b>4,20,443</b>	<b>4,54,432</b>
<b>Net Fixed Assets</b>	<b>1,19,674</b>	<b>1,39,871</b>	<b>1,92,782</b>	<b>1,75,128</b>	<b>1,88,750</b>	<b>2,37,877</b>	<b>2,48,272</b>	<b>2,53,497</b>
Goodwill	22,118	24,060	24,718	33,743	37,726	57,501	57,501	57,501
Capital WIP	10,463	8,154	8,769	13,097	14,779	24,978	24,978	24,978
<b>Total Investments</b>	<b>2,389</b>	<b>1,614</b>	<b>2,581</b>	<b>7,212</b>	<b>6,834</b>	<b>8,976</b>	<b>8,976</b>	<b>8,976</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,57,377</b>	<b>1,63,943</b>	<b>1,78,716</b>	<b>1,94,908</b>	<b>2,27,640</b>	<b>3,50,435</b>	<b>3,53,919</b>	<b>4,13,776</b>
Inventory	46,635	51,566	49,956	64,417	78,228	91,386	1,04,059	1,19,305
Account Receivables	61,663	51,784	56,931	65,731	85,135	1,56,371	1,78,386	1,97,706
Cash and Bank Balance	35,469	48,789	59,062	49,994	46,987	69,858	43,829	62,164
Loans and Advances	13,610	11,804	12,768	14,766	17,291	32,821	27,645	34,601
<b>Curr. Liability &amp; Prov.</b>	<b>1,79,449</b>	<b>1,87,047</b>	<b>2,07,430</b>	<b>2,11,447</b>	<b>2,53,091</b>	<b>3,94,549</b>	<b>4,07,937</b>	<b>4,39,030</b>
Account Payables	1,06,613	1,03,091	1,11,407	1,24,775	1,41,363	2,26,172	2,66,883	2,93,571
Other Current Liabilities	70,371	81,151	89,575	81,567	1,06,258	1,56,687	1,24,815	1,31,180
Provisions	2,465	2,805	6,449	5,104	5,471	11,690	16,239	14,279
<b>Net Current Assets</b>	<b>-22,072</b>	<b>-23,104</b>	<b>-28,714</b>	<b>-16,538</b>	<b>-25,451</b>	<b>-44,115</b>	<b>-54,018</b>	<b>-25,254</b>
Other non-current asset	1,15,107	1,12,286	63,060	1,27,126	1,29,145	1,49,705	1,34,735	1,34,735
<b>Appl. of Funds</b>	<b>2,47,679</b>	<b>2,62,881</b>	<b>2,63,195</b>	<b>3,39,768</b>	<b>3,51,781</b>	<b>4,34,922</b>	<b>4,20,443</b>	<b>4,54,432</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>5.1</b>	<b>2.6</b>	<b>1.6</b>	<b>1.2</b>	<b>2.3</b>	<b>3.7</b>	<b>6.4</b>	<b>7.8</b>
BV/Share	34.7	35.7	18.5	30.4	33.1	38.6	43.1	48.5
DPS	1.5	1.5	1.0	0.4	0.7	0.8	1.9	2.3
Payout (%)	34.2	68.1	64.0	35.4	28.8	24.8	30.0	30.0
<b>Valuation (x)</b>								
P/E	28.9	57.6	94.4	121.4	65.2	39.8	23.1	18.9
P/BV	4.3	4.1	8.0	4.9	4.5	3.8	3.4	3.0
EV/Sales	1.1	1.2	1.2	1.1	1.3	1.1	0.9	0.8
EV/EBITDA	11.5	13.7	14.2	15.4	16.4	11.4	8.9	7.7
Dividend Yield (%)	1.0	1.0	0.7	0.3	0.4	0.5	1.3	1.6
FCF per share (Eco. Int. basis)	5.2	13.2	4.6	0.0	3.6	5.3	5.4	8.1
<b>Return Ratios (%)</b>								
RoE	15.9	7.3	8.9	5.0	7.1	10.3	15.6	17.1
RoCE (post-tax)	9.8	4.7	4.2	3.8	6.7	9.4	12.5	14.0
RoIC	11.9	5.4	5.6	4.3	7.9	11.6	15.3	16.9
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	3.6	2.7	2.4	2.4	2.5	2.6	2.8	2.7
Asset Turnover (x)	2.6	2.3	2.2	1.9	2.2	2.3	2.8	2.9
Inventory (Days)	27	31	31	37	36	34	32	33
Debtor (Days)	35	31	36	38	39	58	55	55
Creditor (Days)	61	62	70	71	65	84	82	82
<b>Leverage Ratio (x)</b>								
Current Ratio	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Interest Cover Ratio	7.8	3.3	NA	3.2	4.0	2.9	5.3	7.2
Net Debt/Equity	0.7	0.6	0.4	0.3	0.3	0.4	0.2	0.1

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	32,003	21,129	16,129	19,088	24,048	38,402	59,648	72,491
Depreciation	20,582	27,780	29,764	29,964	31,358	38,105	42,605	47,775
Interest & Finance Charges	3,878	5,626	4,544	4,346	7,809	18,112	13,366	11,305
Direct Taxes Paid	-10,498	-10,776	-5,600	-8,324	-8,535	-14,353	-16,105	-19,573
(Inc)/Dec in WC	-958	16,202	6,432	-20,797	-6,846	-674	-16,125	-10,430
Others	-1,883	3,561	-757	351	-1,405	-3,902	2,886	3,449
<b>CF from Operating incl EO</b>	<b>43,124</b>	<b>63,521</b>	<b>50,512</b>	<b>24,627</b>	<b>46,431</b>	<b>75,689</b>	<b>86,274</b>	<b>1,05,018</b>
(Inc)/Dec in FA	-26,853	-21,943	-19,325	-24,363	-21,829	-40,101	-50,000	-50,000
<b>Free Cash Flow</b>	<b>16,271</b>	<b>41,578</b>	<b>31,187</b>	<b>264</b>	<b>24,602</b>	<b>35,589</b>	<b>36,274</b>	<b>55,018</b>
(Pur)/Sale of Investments	-7,230	-1,210	-45	-123	-279	-1,958	0	0
Others	978	753	436	1,367	-340	-24,559	0	0
<b>CF from Investments</b>	<b>-33,105</b>	<b>-22,399</b>	<b>-18,934</b>	<b>-23,119</b>	<b>-22,448</b>	<b>-66,618</b>	<b>-50,000</b>	<b>-50,000</b>
Issue of Shares	0	0	0	0	-1,453	236	0	0
Inc/(Dec) in Debt	8,147	-6,214	-11,324	2,456	-10,562	40,377	-50,000	-6,500
Interest Paid	-4,159	-5,667	-4,141	-5,528	-8,083	-15,096	-13,366	-11,305
Dividend Paid	-6,395	-12,794	-1,576	-6,457	-3,308	-6,751	-12,982	-15,879
Others	81	-3,157	-3,859	-2,570	-3,936	-5,958	0	0
CF from Fin. Activity	-2,326	-27,832	-20,900	-12,099	-27,342	12,807	-76,348	-33,683
<b>Inc/Dec of Cash</b>	<b>7,693</b>	<b>13,290</b>	<b>10,678</b>	<b>-10,591</b>	<b>-3,359</b>	<b>21,879</b>	<b>-40,074</b>	<b>21,335</b>
Opening Balance	27,816	35,469	48,688	59,367	48,775	45,416	67,295	27,221
<b>Closing Balance</b>	<b>35,509</b>	<b>48,758</b>	<b>59,367</b>	<b>48,775</b>	<b>45,416</b>	<b>67,295</b>	<b>27,221</b>	<b>48,556</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online-reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA.

Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.raiani@motilaloswal.com](mailto:nainesh.raiani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company

- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, 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.