

Automobile | Q1FY24 Result Update

Risk reward is not favorable

- Despite several headwinds (weak international market), margin stood at 10.6% led by product mix optimization and cost control initiatives Expect Rural growth would muted while urban to be strong in 2Q.
- Margins remain sustainable and expected to expand in the coming quarter amid premiumization with ramp up in sales of Apache, Ronin, Ntorq, and Raider.
- AT CMP stock is trading at 32/27x for FY24/25E which looks fully priced in. We value core business Rs.1218(25x FY25E EPS) and value of TVS Credit Services at Rs.73/share. Recommend Sell with TP Rs.1291.

Gaining market share in domestic market

Expect volume to recover gradually led by recovery in rural demand and increased availability of semiconductors. TVSL is confident to outpace industry growth in both India and export led by its extensive product portfolio (Apache, Jupiter, Jupiter 125, Raider, NTORQ, Radeon, TVS Ronin). The company gained 225bps market share in 2W space to 17.42% led by 447bps expansion in the Motorcycle segment.

Export volume to recover gradually

The export outlook is still uncertain due to currency devaluation. However, retail sales to improve month by month. The company maintains a 30-35 days inventory level distributor level. Most of the channel destocking has already been done and expect export to pick up from 2HFY24 onwards. Revenue from export was Rs 16.65 bn with realization Rs 82/USD.

Operating margin to remain strong

Despite RM inflation, Margin delivery has been commendable for TVS for the last many quarters. Strong margin performance is attributed to solid material cost reduction measures, price hike and combination of consistent portfolio premiumization segments. In 1Q Other expenses were higher due to increase in packing, freight cost, marketing and R&D cost. Staff expenses were higher due to appraisal in 1Q and new recruitment for EV business.

Q1FY24 Result (Rs Mn)

Particulars	Q1FY24	Q1FY23	YoY (%)	Q4FY23	QoQ (%)
Revenue	72,179	60,087	20.1	66,048	9.3
Total Expense	64,542	54,093	19.3	59,250	8.9
EBITDA	7,638	5,995	27.4	6,798	12.4
Depreciation	1,636	1,520	7.6	1,674	(2.3)
EBIT	6,002	4,474	34.1	5,124	17.1
Other Income	576	222	159.2	705	(18.4)
Interest	474	376	26.2	363	30.7
EBT	6,104	4,321	41.3	5,466	11.7
Tax	1,427	1,115	28.0	1,364	4.6
RPAT	4,677	3,205	45.9	4,103	14.0
APAT	4,677	3,205	45.9	4,103	14.0
			(bps)		(bps)
Gross Margin (%)	25.4	23.9	154	24.6	83
EBITDA Margin (%)	10.6	10.0	60	10.3	29
NPM (%)	6.5	5.3	114	6.2	27
Tax Rate (%)	23.4	25.8	(243)	24.9	(157)
EBIT Margin (%)	8.3	7.4	87	7.8	56

CMP	Rs 1,307
Target / Downside	Rs 1,291 / 1%
NIFTY	19,672

Scrip Details

Equity / FV	Rs 475mn / Rs 1
Market Cap	Rs 621bn
	USD 7.6bn
52-week High/Low	Rs 1,373/ 837
Avg. Volume (no)	1,037,780
Bloom Code	TVSL IN

Price Performance	1M	3M	12M
Absolute (%)	0	19	48
Rel to NIFTY (%)	(5)	8	29

Shareholding Pattern

	Dec'22	Mar'23	Jun'23
Promoters	50.8	50.8	50.3
MF/Banks/FIs	31.3	31.3	23.4
FIs	10.2	10.2	18.1
Public / Others	7.8	7.8	8.2

Valuation (x)

	FY23A	FY24E	FY25E
P/E	41.6	32.1	26.8
EV/EBITDA	24.1	18.8	15.5
ROE (%)	27.4	28.5	27.6
RoACE (%)	26.9	29.6	30.5

Estimates (Rs bn)

	FY23A	FY24E	FY25E
Revenue	263.8	309.5	354.2
EBITDA	26.7	33.4	39.3
PAT	14.9	19.3	23.1
EPS (Rs.)	31.4	40.7	48.7

VP - Research: Abhishek Jain

Tel: +9122 40969739

E-mail: abhishekj@dolatcapital.com

Associate: Jay Betai

Tel: +912240969741

E-mail: jayb@dolatcapital.com

Reduction in subsidy near term blip, long-term positive

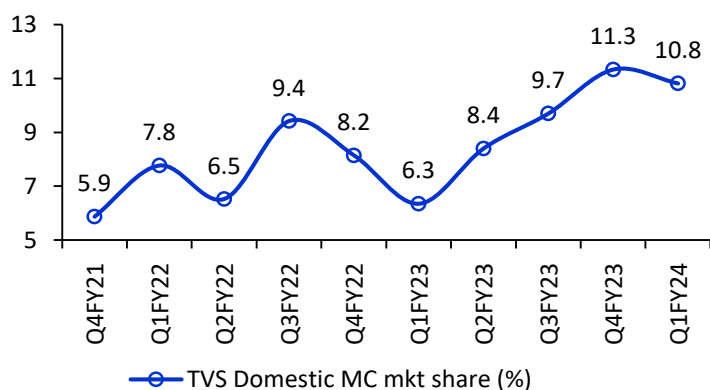
TVS iQube is receiving encouraging response and distribution has expanded to 135 cities. Reduction of the Fame subsidy (10/kWh vs 15/kWh), and cap has been scaled down to 15% of ex-factory price vs 40% will have some immediate effect in terms of rise in price and lower sales, resulting in slowdown in EV adoption in near term. However this will be positive for incumbents given their strong financial and distribution muscles. The company has taken 24% price hike.

Investment Argument

Gaining market share in 2Ws segment

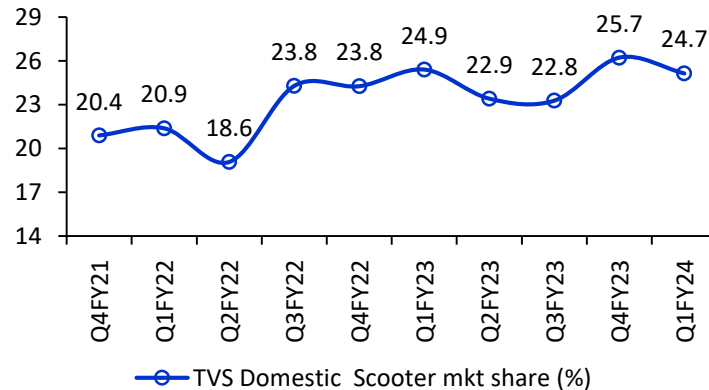
TVS has consistently outperformed industry growth and shown improving profitability trends despite multiple headwinds for the domestic 2W industry in past 2 years. Premium products such as Apache, Ntorq, and Jupiter are witnessing strong traction in both domestic and international markets. In 1Q, the company has gained 225bps market share in 2W space to 17.42% led by 447bps expansion in the Motorcycle segment, the company is strengthening its position **with encouraging demand of TVS Raider**.

Exhibit 1: TVS Market Share in Motorcycle Industry



Source: Company, DART

Exhibit 2: TVS Market Share in Scooter Industry



Source: Company, DART

Export volume to recover gradually

Devaluation of the currency (affecting retail prices adversely) and availability of USD is affecting export markets like South Asia, Nepal, Bangladesh, Egypt and entire Africa. Channel destocking has already done and expect situation to improve from 2Q onwards.

TVSL is confident of growing ahead of the industry in international market led by its extensive product portfolio. Premium products such as Apache, Ntorq, and Jupiter are witnessing strong traction in the international market.

Strengthening is EV presence

- For 2Ws, there is a risk of disruption, as EV 2Ws demand seems to be picking up. As EV penetration increases, we assume that EVs will disrupt the ICE scooters at first, followed by ICE Motorcycles. TVS, with the highest scooter mix among Indian 2W OEMs, remains most at risk from deeper EV penetration.
- TVS is quite aggressive and has increased focus on electric vehicles (EVs) with a strong product pipeline and has Rs10bn investment plan over the next two years. The company currently sells iQube electric scooters in 135 cities. New EV launches are targeted at segments such as premium scooters, high-performance sporty motorcycles, commuter space, delivery market and three-wheelers.

- Reduction of the Fame subsidy will have some immediate effect in terms of rise in price and lower sales, resulting in slowdown in EV adoption in near term. However, the government in a way is allowing the industry to gear up for the new reality to become independent. Almost every OEMs took price hikes for their EV vehicles and are focusing on localization along with operation efficiencies to bring down cost. Complete removal of the FAME II subsidy is expected in next 2-3 years, this will be positive for incumbents given their strong financial and distribution muscles
- The company has bought majority stake in the European e-bike EGO Movement and Swiss E-Mobility Group (SEMG) to create more visibility for the TVS brand in Europe, which is at the forefront of electric mobility (especially for electric bicycles). The company has also established a separate subsidiary under TVS Motor to operate its EV business. The subsidiary will give freedom, better focus and flexibility to create scale in the EV business globally. The subsidiary will provide TVSL with ability to not only house all EV related businesses together but also enable fund raising from Private Equity players.

Exhibit 3: Actual vs estimated performance

Particulars (Rs mn)	Actual	DART Estimates	VAR (%)
Revenue	72,179	72,085	0
EBIDTA	7,638	7,713	(1)
EBIDTA Margin (%)	10.6	10.7	(12) bps
APAT	4,677	4,416	6

Source: Company, DART

Exhibit 4: Change in Estimates

Particulars (Rs Mn)	FY24E			FY25E		
	New	Previous	Chg. (%)	New	Previous	Chg. (%)
Net sales	3,09,507	3,08,083	0.5	3,54,156	3,52,587	0.4
EBITDA	33,427	32,349	3.3	39,311	37,727	4.2
EBITDA margin (%)	10.8	10.5	30bps	11.1	10.7	40bps
APAT	19,342	18,086	6.9	23,142	21,810	6.1
EPS (Rs)	41	38	6.9	49	46	6.1

Source: Company, DART

Exhibit 5: Assumption table

Particulars (in units)	FY21	FY22	FY23	FY24E	FY25E
Domestic volume					
2W	20,47,159	25,97,936	29,14,587	32,01,145	20,47,159
% YoY	(5)	27	12	10	(5)
3W	8,823	16,075	18,647	20,512	8,823
% YoY	7	82	16	10	7
Total Sales	20,55,982	26,14,011	29,33,234	32,21,656	20,55,982
% YoY	(5)	27	12	10	(5)
Export Volume					
2W	7,64,039	10,90,139	915,018	1,004,677	1,103,155
% YoY	13	43	(16)	10	10
3W	1,15,330	1,63,052	153,039	183,647	220,376
% YoY	(29)	41	(6)	20	20
Exports Sales	8,79,369	12,53,191	1,068,057	1,188,324	1,323,531
% YoY	5	43	(15)	11	11
Total Sales Volume	30,50,800	33,09,173	3,682,068	4,121,558	4,545,187
% YoY	(7)	8	11	12	10

Source: DART

Exhibit 6: Summary for quarterly performance

Particulars	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	FY24E
Net sales (Rs mn)	39,344	56,194	57,064	55,303	60,087	72,192	65,454	66,048	72,179	3,09,507
% YoY	174.8	22.0	5.8	3.9	52.7	28.5	14.7	19.4	20.1%	17.3%
% QoQ	(26.1)	42.8	1.5	(3.1)	8.7	20.1	(9.3)	0.9	9.3%	
Materials	29,790	42,665	43,512	42,115	45,728	54,975	49,429	49,797	53,818	2,33,368
% sales	75.7	75.9	76.3	76.2	76.1	76.2	75.5	75.4	74.6%	75.4%
Employee cost	2,609	2,957	2,957	2,841	3,209	3,456	3,409	3,377	3,789	15,475
% sales	6.6	5.3	5.2	5.1	5.3	4.8	5.2	5.1	5.2%	5.0%
Other op cost	4,207	4,943	4,912	4,780	5,156	6,396	6,027	6,076	6,935	27,237
% sales	10.7	8.8	8.6	8.6	8.6	8.9	9.2	9.2	9.6%	8.8%
EBITDA (Rs mn)	2,738	5,629	5,683	5,568	5,995	7,365	6,589	6,798	7,638	33,427
% YoY	(660.8)	30.9	11.2	3.9	119.0	30.9	16.0	22.1	27.4%	25.0%
Margin (%)	7.0	10.0	10.0	10.1	10.0	10.2	10.1	10.3	10.6%	10.8%

Source: Company, DART

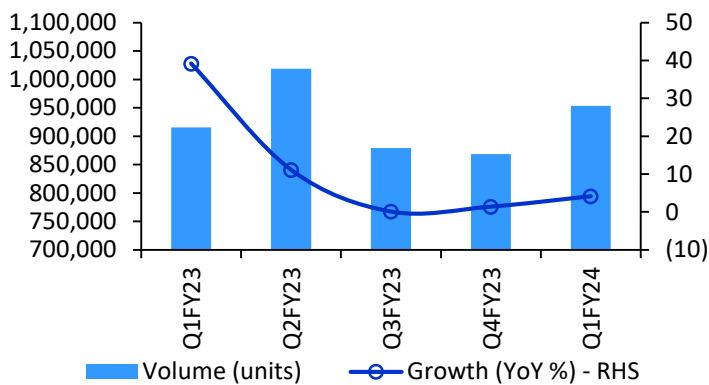
TVS performance analysis in motorcycle segment

Engine capacity	Domestic		Mkt Share		Export		Mkt Share	
	Q1FY23	Q1FY24	Q1FY23	Q1FY24	Q1FY23	Q1FY24	Q1FY23	Q1FY24
Engine Capacity >75 CC but less than equal to 110 CC								
Bajaj Auto Ltd (Boxer,CT,Discover,Platina)	93,552	1,38,569	7.3	10.3	2,56,860	1,55,086	62.9	66.3
Hero MotoCorp Ltd (HF Deluxe,Passion,Splendor)	10,49,687	10,64,846	82.2	79.3	30,691	15,228	7.5	6.5
Honda Motorcycle & Scooter India Pvt Ltd (Dream,Livo)	48,431	53,135	3.8	4.0	15,312	6,232	3.8	2.7
TVS Motor Company Ltd (Radeon,Sport,Star City)	85,094	86,748	6.7	6.5	96,610	48,837	23.7	20.9
Total	12,76,764	13,43,298	100	100	4,08,051	2,34,051	100	100
Engine Capacity >110 CC but less than equal to 125 CC								
Bajaj Auto Ltd (Boxer,CT,Discover,Husqvarna,KTM,Platina,Pulsar)	1,50,732	2,39,640	21.8	31.4	1,09,193	64,524	38.7	35.7
Hero MotoCorp Ltd (Glamour,Splendor)	1,73,711	1,52,280	25.1	19.9	9,356	4,880	3.3	2.7
Honda Motorcycle & Scooter India Pvt Ltd (CB Shine)	3,51,125	2,71,745	50.8	35.6	9,145	4,908	3.2	2.7
TVS Motor Company Ltd (Raider,Star City 125,Victor)	15,454	1,00,240	2.2	13.1	1,41,680	96,370	50.2	53.4
Total	6,91,022	7,63,905	100.0	100.0	2,82,504	1,80,518	100.0	100.0
Engine Capacity >125 CC but less than equal to 150 CC								
Bajaj Auto Ltd (Boxer,CT 150,Pulsar)	25,785	52,543	33.6	49.2	79,554	35,888	61.7	59.4
Hero MotoCorp Ltd (Acheiver,Hunk,Xtreme)	-	-	-	-	12,170	7,365	9.4	12.2
Honda Motorcycle & Scooter India Pvt Ltd (CB Trigger,CB Unicorn 150)	-	-	-	-	240	56	0.2	0.1
India Yamaha Motor Pvt Ltd (FZ,SZ)	50,881	54,166	66.4	50.8	37,064	17,088	28.7	28.3
Total	76,666	1,06,709	100.0	100.0	1,29,028	60,397	100.0	100.0
Engine Capacity >150 CC but less than equal to 200 CC								
Bajaj Auto Ltd (Avenger,Husqvarna,KTM,Pulsar)	30,935	64,214	17.2	23.4	51,919	55,443	35.6	50.0
Hero MotoCorp Ltd (Xpulse 200,Xtreme.)	23,345	15,588	13.0	5.7	7,249	2,409	5.0	2.2
Honda Motorcycle & Scooter India Pvt Ltd (CB 200X,CB Hornet 160R,CB Unicorn 160,Hornet 2.0,Unicorn PRM,X Blade)	24,708	26,692	13.7	9.7	20,693	11,234	14.2	10.1
India Yamaha Motor Pvt Ltd (MT 15,R15)	47,995	53,437	26.6	19.5	4,557	3,828	3.1	3.5
Suzuki Motorcycle India Pvt Ltd (Gixxer,Intruder)	2,139	6,243	1.2	2.3	24,078	21,612	16.5	19.5
TVS Motor Company Ltd (Apache)	51,123	1,08,230	28.4	39.4	37,234	16,403	25.5	14.8
Total	1,80,245	2,74,655	100.0	100.0	1,45,730	1,10,929	100.0	100.0
Engine Capacity >250 CC but less than equal to 350 CC								
Honda Motorcycle & Scooter India Pvt Ltd (CB300F,CB300R,H'Ness)	8,744	11,218	5.8	5.5	5,221	8,343	21.2	31.9
India Kawasaki Motors Pvt Ltd (Ninja300)	367	419	0.2	0.2	-	-	-	-
Mahindra Two Wheelers Ltd (Mojo)	48	-	0.0	-	-	-	-	-
Royal-Enfield (Unit of Eicher Motors) (Bullet 350,Bullet Electra,Classic 350,Hunter 350,Meteor 350)	1,41,844	1,89,647	93.3	93.8	13,961	12,783	56.8	48.8
TVS Motor Company Ltd (BMW,RR 310)	1,052	931	0.7	0.5	5,415	5,062	22.0	19.3
Total	1,52,055	2,02,215	100.0	100.0	24,597	26,188	100.0	100.0
Engine Capacity >350 CC but less than equal to 500 CC								
Bajaj Auto Ltd (Dominar,Husqvarna,KTM)	2,496	5,387	18.7	33.1	22,114	18,642	79.5	89.5
Honda Motorcycle & Scooter India Pvt Ltd (CB 500)	1	-	0.0	-	-	-	-	-
Royal-Enfield (Unit of Eicher Motors) (Bullet 500,Classic 500,Himalayan)	10,857	10,840	81.3	66.5	5,706	2,183	20.5	10.5
Total	13,357	16,296	100.0	100.0	27,820	20,825	100.0	100.0
Industry Total	23,87,609	27,01,622	-	-	9,95,616	6,14,266	-	-
TVS Motors	1,52,723	2,96,149	6.4	10.8	2,80,939	1,66,672	28.2	27.1

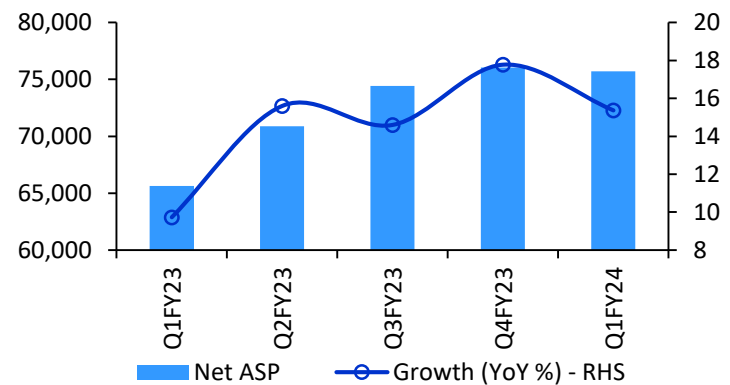
Source: Company, DART

Earnings call KTAs

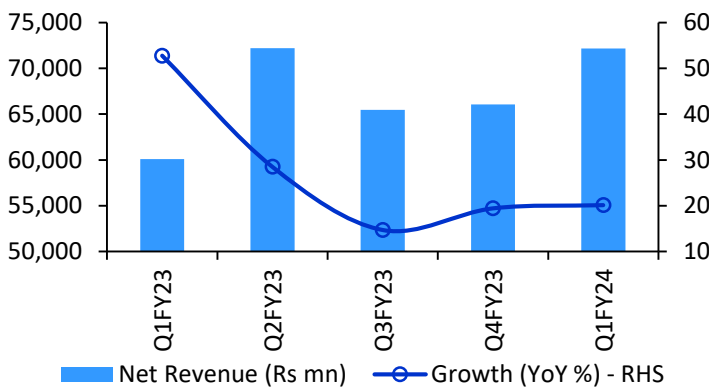
- **Domestic outlook-** 2W Retail sales improving gradually month over month. Expect Rural growth would moderate (delayed and uneven spread of Monsoon) while urban demand to be strong in 2Q. Company has continued its growth trajectory along with market share gain. TVSL is confident of outpacing industry growth both in Indian and export market led by its extensive product portfolio (Apache, Jupiter, Jupiter 125, Raider and NTOR) and market share. Ronin volume stands at 3k/ month and helping in gaining market share in the modern retro-styled segment.
- **Export outlook** - The export market is not out of woods yet, stress continue due to shortage of dollar availability, impact on disposal income, and inflationary challenge. It maintain 30-35 days inventory level (distributor level) + transit times with dealers as company does not want to lose retails. Monthly export volume is bottoming out and, Retail number is improving gradually. The company is reviewing situation month after month and expect export to see better volume in 2HFY24. Revenue from export was Rs 16.65 bn in 1Q vs Rs. 13.66 bn in 4Q. Export realisation was Rs 82/USD.
- **EBITDA margin-** Despite several headwinds (weak international market) margin stood 10.6 % mainly led by product mix optimization, cost control initiatives, and price hike. The company has taken price hike of 0.5%. RM unlikely to increase and benefit in operating margin. The company is confident to expand its operating margin in the ensuing quarter led by continuing cost reduction efforts and premiumization. Other expenses was higher due to increase in packing, freight cost, marketing and R&D cost. Staff expenses was higher due to appraisal in 1Q and new recruitment for EV business..
- **EV-** The Company delivered 38.6k in 1Q vs 43k in 4Q and order book stands at 30k units. TVS IQUBE is doing well. Short term challenges in EV penetration due to FAME reduction, however long term outlook positive. Rs 4.5bn of EV subsidiary receivable from government has started to come and is expected to be completed soon the company is going to launch many 2W and 3W in the range of 5 kilowatts to 25 kilowatts and will expand its network to 135 cities (225-touch point). Also launching product with BMW 2W EVs(contract manufacturing). Company has added 74 touch points taking it to 309 touch points and will grow to 600 touch points by FY24. Company has collaboration with multiple e-commerce and food delivery companies (zomato, swiggy). With growing charging infrastructure the demand for electric vehicle will drive ahead. Overall cost of input for EV is declining, which is related to volume, thus top line becomes important drivers.
- **Capex and Investment-** The company to incur capex Rs 10.50bn for FY24(including EV) and investment of Rs 8bn (Rs 4bn already done in 1Q). TVs has made investment of Rs 2bn in Tvs credit and 1.86 in SGME(residual 15% stake buy) in 1Q. Investment to be made on Norton on the Engineering, development and supply chain side. Building completely new products, products to be launched in the premium and super premium categories from Norton Brand
- **TVS credit-** PI (Premji investment) invested money in TVS credit -Rs 4.80bn. Post this TVS shareholding to down to 81% from 87% currently. TVS net worth stands at Rs 3bn. TVS credit Book size is 220bn Profit 1.57bn in 1Q, TVS Vehicles contribute 20-25% and rest is from different line of customers. **Norton-** Investments on the Engineering, development and supply chain side. Building completely new products, products to be launched in the premium and super premium categories from Norton Brand.
- Spare parts revenue for Q1 was Rs.7.17bn vs Rs. 6.66bn in 4Q. PBT for the quarter includes fair valuation gain Rs. 620 mn on the equity shares held by the company.
- PLI scheme, company is expecting a positive revert from government in their ongoing talk.
- Interest cost was higher due to increase in effective tax rate by 0.3% and borrowing gone up by Rs 2.50bn.

Exhibit 7: Volume grew QoQ


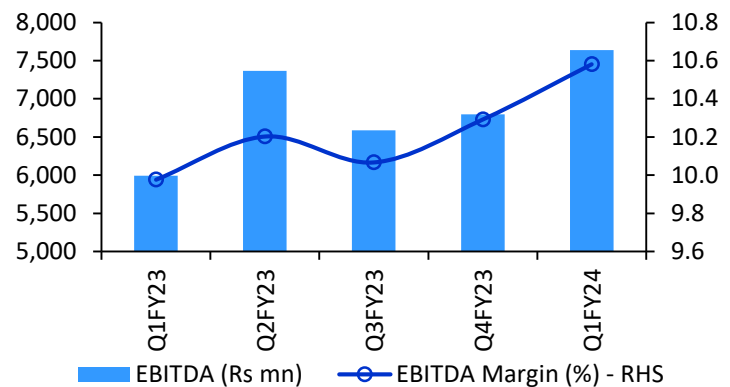
Source: Company, DART

Exhibit 8: Net ASP declined YoY/QoQ


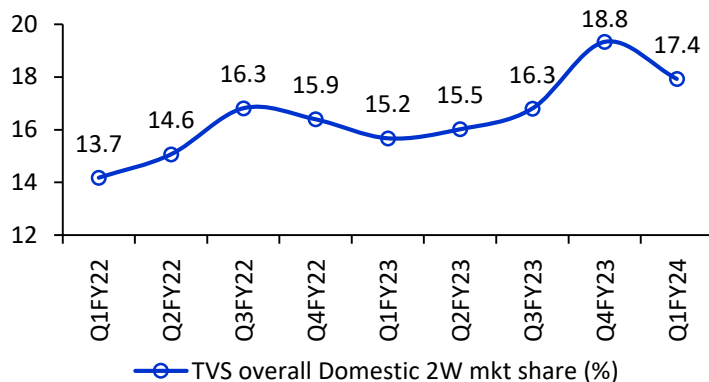
Source: Company, DART

Exhibit 9: Revenue grew QoQ/YoY


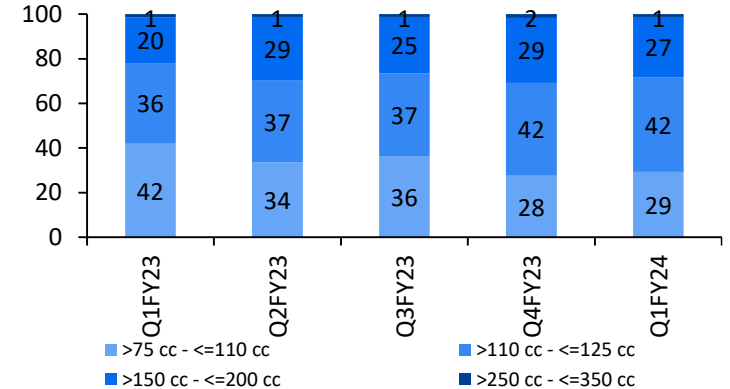
Source: Company, DART

Exhibit 10: EBITDA margin expanded QoQ/YoY


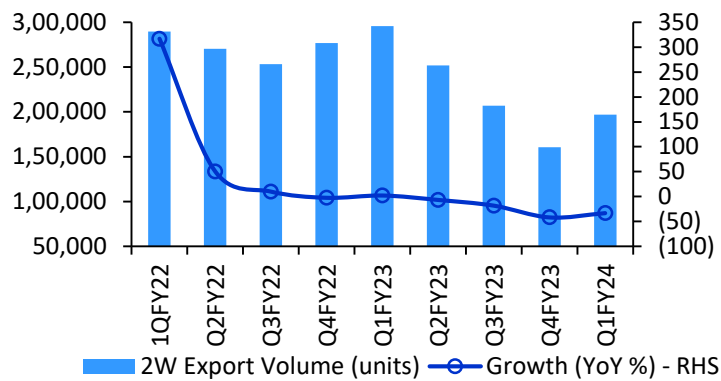
Source: Company, DART

Exhibit 11: TVS Market Share in 2W Industry


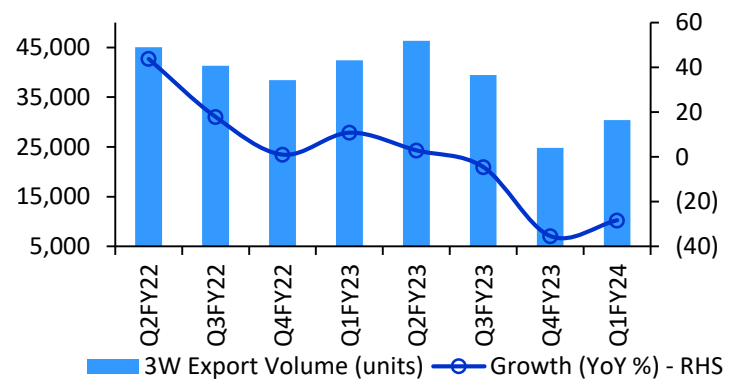
Source: Company, DART

Exhibit 12: Diversified Portfolio in Motorcycle Seg.


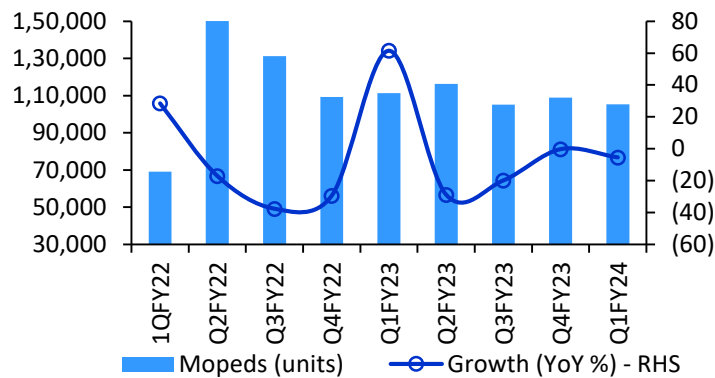
Source: Company, DART

Exhibit 13: 2W export volume de grew YoY


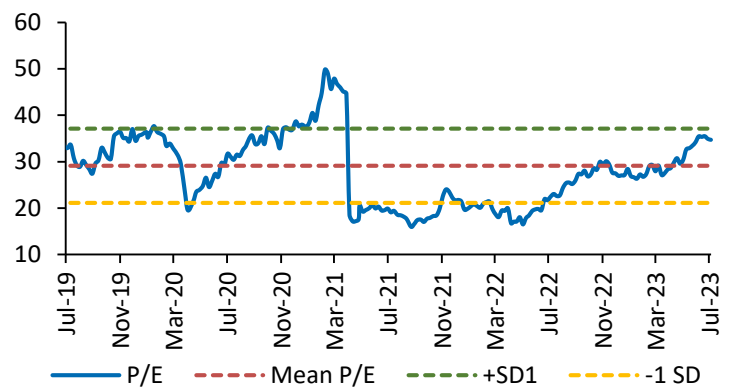
Source: Company, DART

Exhibit 14: 3W export volume de grew YoY


Source: Company, DART

Exhibit 15: Mopeds Volume de-grew YoY


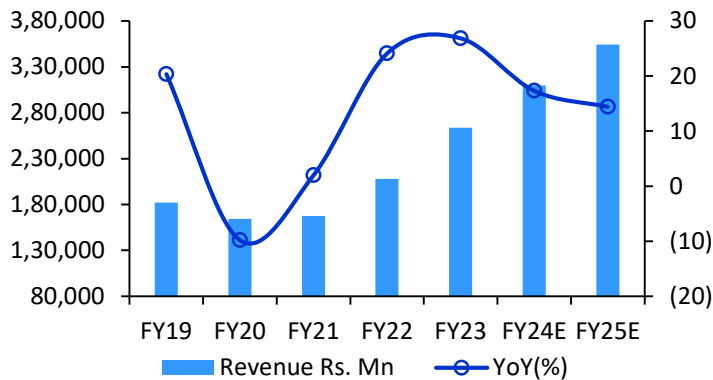
Source: Company, DART

Exhibit 16: 1 Year Forward P/E Band


Source: Company, DART

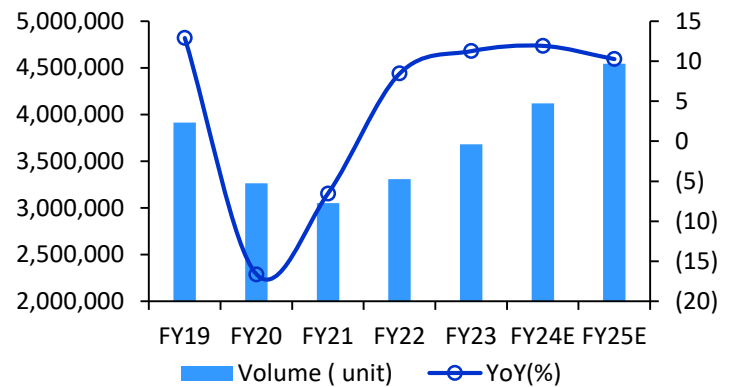
Annual charts

Exhibit 17: Revenue to grow 16% CAGR over FY23-25E



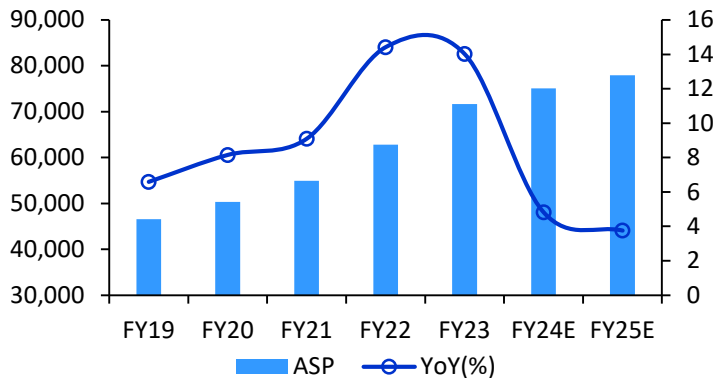
Source: Company, DART

Exhibit 18: Volume on 11% CAGR over FY23-25E



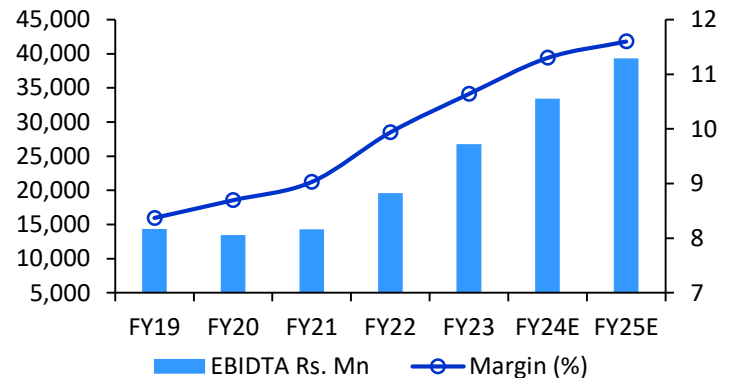
Source: Company, DART

Exhibit 19: Net Asp to rise



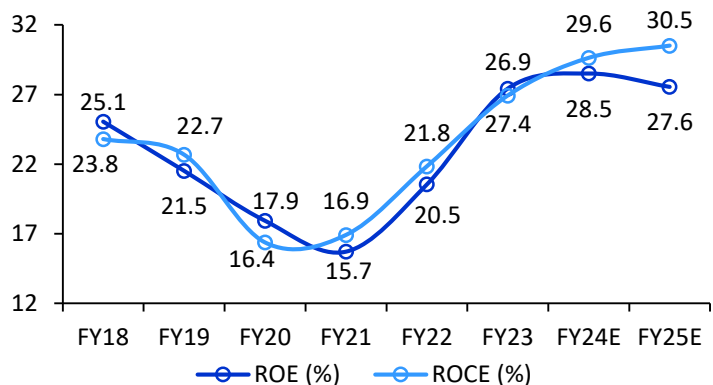
Source: Company, DART

Exhibit 20: EBITDA & EBITDA Margin



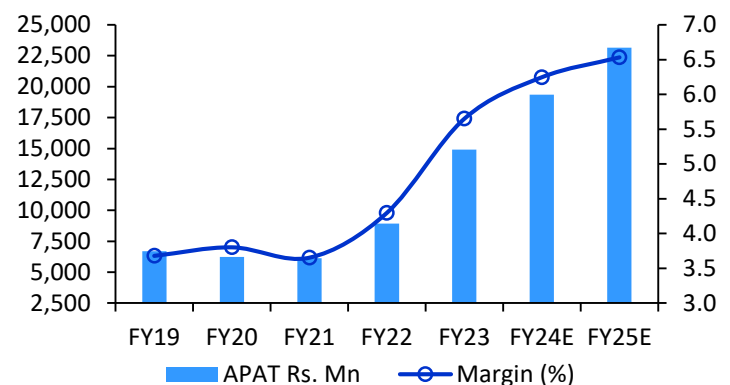
Source: Company, DART

Exhibit 21: ROE & ROCE Trend



Source: Company, DART

Exhibit 22: APAT & APAT Margin



Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
Revenue	207,905	263,781	309,507	354,156
Total Expense	188,287	237,034	276,080	314,844
COGS	158,081	199,928	233,368	267,033
Employees Cost	11,364	13,451	15,475	16,999
Other expenses	18,842	23,655	27,237	30,812
EBIDTA	19,618	26,747	33,427	39,311
Depreciation	6,114	6,312	6,500	6,700
EBIT	13,504	20,435	26,927	32,611
Interest	1,259	1,407	1,875	1,854
Other Income	190	1,006	1,700	1,700
Exc. / E.O. items	0	0	0	0
EBT	12,435	20,034	26,752	32,458
Tax	3,197	5,123	7,410	9,315
RPAT	9,238	14,910	19,342	23,142
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	9,238	14,910	19,342	23,142

Balance Sheet

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
Sources of Funds				
Equity Capital	475	475	475	475
Minority Interest	0	1	0	0
Reserves & Surplus	47,745	60,003	74,716	92,319
Net Worth	48,220	60,479	75,191	92,794
Total Debt	19,627	26,634	26,331	26,027
Net Deferred Tax Liability	1,979	1,982	1,982	1,982
Total Capital Employed	69,826	89,095	103,503	120,803

Applications of Funds

Net Block	33,065	35,959	38,479	37,779
CWIP	4,245	6,277	1,201	0
Investments	47,160	56,839	62,800	67,800
Current Assets, Loans & Advances	34,007	41,151	74,281	99,518
Inventories	11,227	12,364	21,282	24,353
Receivables	9,507	9,551	16,075	18,394
Cash and Bank Balances	4,013	2,420	18,880	36,125
Loans and Advances	0	0	0	0
Other Current Assets	9,260	16,817	18,044	20,647
Less: Current Liabilities & Provisions	48,651	51,132	73,258	84,295
Payables	39,914	41,306	59,420	67,992
Other Current Liabilities	8,737	9,826	13,838	16,303
<i>sub total</i>				
Net Current Assets	(14,645)	(9,981)	1,023	15,223
Total Assets	69,826	89,095	103,503	120,803

E – Estimates

Important Ratios

Particulars	FY22A	FY23A	FY24E	FY25E
(A) Margins (%)				
Gross Profit Margin	24.0	24.2	24.6	24.6
EBIDTA Margin	9.4	10.1	10.8	11.1
EBIT Margin	6.5	7.7	8.7	9.2
Tax rate	25.7	25.6	27.7	28.7
Net Profit Margin	4.4	5.7	6.2	6.5
(B) As Percentage of Net Sales (%)				
COGS	76.0	75.8	75.4	75.4
Employee	5.5	5.1	5.0	4.8
Other	9.1	9.0	8.8	8.7
(C) Measure of Financial Status				
Gross Debt / Equity	0.4	0.4	0.4	0.3
Interest Coverage	10.7	14.5	14.4	17.6
Inventory days	20	17	25	25
Debtors days	17	13	19	19
Average Cost of Debt	8.1	6.1	7.1	7.1
Payable days	70	57	70	70
Working Capital days	(26)	(14)	1	16
FA T/O	6.3	7.3	8.0	9.4
(D) Measures of Investment				
AEPS (Rs)	19.4	31.4	40.7	48.7
CEPS (Rs)	32.3	44.7	54.4	62.8
DPS (Rs)	4.9	5.0	8.1	9.7
Dividend Payout (%)	25.0	16.0	20.0	20.0
BVPS (Rs)	101.5	127.3	158.3	195.3
RoANW (%)	20.5	27.4	28.5	27.6
RoACE (%)	21.8	26.9	29.6	30.5
RoAIC (%)	24.2	26.8	31.4	38.5
(E) Valuation Ratios				
CMP (Rs)	1307	1307	1307	1307
P/E	67.2	41.6	32.1	26.8
Mcap (Rs Mn)	620,986	620,986	620,986	620,986
MCap/ Sales	3.0	2.4	2.0	1.8
EV	636,601	645,200	628,437	610,889
EV/Sales	3.1	2.4	2.0	1.7
EV/EBITDA	32.4	24.1	18.8	15.5
P/BV	12.9	10.3	8.3	6.7
Dividend Yield (%)	0.4	0.4	0.6	0.7
(F) Growth Rate (%)				
Revenue	24.1	26.9	17.3	14.4
EBITDA	37.3	36.3	25.0	17.6
EBIT	44.4	51.3	31.8	21.1
PBT	50.5	61.1	33.5	21.3
APAT	50.9	61.4	29.7	19.7
EPS	50.9	61.4	29.7	19.7

E – Estimates

Cash Flow

Particulars	FY22A	FY23A	FY24E	FY25E
Profit before tax	12,133	20,034	26,752	32,458
Depreciation & w.o.	6,114	6,312	6,500	6,700
Net Interest Exp	1,259	1,407	1,875	1,854
Direct taxes paid	(3,197)	(5,123)	(7,410)	(9,315)
Change in Working Capital	(938)	(6,573)	3,681	2,134
Non Cash	95	121	122	123
(A) CF from Operating Activities	15,466	16,178	31,519	33,953
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(10,032)	(11,239)	(3,944)	(4,799)
Free Cash Flow	5,435	4,939	27,575	29,154
(Inc.)/ Dec. in Investments	(14,007)	(9,679)	(5,961)	(5,000)
Other	0	0	0	0
(B) CF from Investing Activities	(24,038)	(20,918)	(9,905)	(9,799)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	7,737	7,308	(302)	(303)
Interest exp net	(1,259)	(1,407)	(1,875)	(1,854)
Dividend Paid (Incl. Tax)	(1,758)	(2,764)	(2,855)	(4,629)
Other	(1,433)	8	(122)	(123)
(C) CF from Financing	3,287	3,146	(5,154)	(6,909)
Net Change in Cash	(5,285)	(1,594)	16,460	17,245
Opening Cash balances	9,298	4,013	2,419	18,880
Closing Cash balances	4,013	2,419	18,880	36,125

E – Estimates

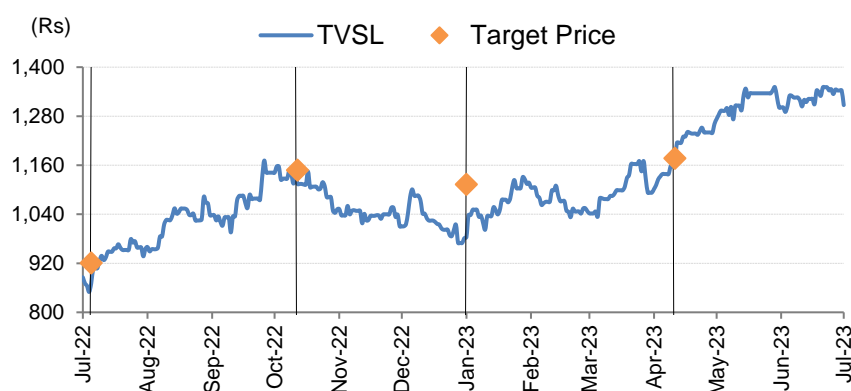
Notes

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Jul-22	Reduce	921	871
Nov-22	Reduce	1,148	1,114
Jan-23	Accumulate	1,113	984
May-23	Reduce	1,177	1,169

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
-------------	-------------------	-------------------------	-----------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
-------------------	------------------	-----------------------	-----------------

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	VP - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Girish Raj Sankunny	VP - Equity Sales	girishr@dolatcapital.com	+9122 4096 9625
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Naman Midtown, A-1203, 12th Floor, Senapati Bapat Marg, Prabhadevi, Mumbai 400013

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)**II. Disclaimer:**

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited. and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Dolat Capital Market Private Limited.**

Corporate Identity Number: U65990GJ993PTC116741

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000000685

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com