

Automobile | Q3FY24 Result Update

Strong show continues

- TVS motors printed a strong operating performance in 3Q, volume remain strong led by strong growth in TVS Raider and Apache. Expect volume growth continue to be strong in coming quarter with ramp up in sales Apache, Ronin, Ntorq and Raider.
- EBITDA margin stood at 11.2% led by product mix optimization and cost control initiative. We expect EBITDA margin continue to expand with improvement in margin of E-2W led by fall in battery prices and scale
- We increase our FY24E/25E/26E EPS by 4%/4.5%/7.2%, factoring improvement in volume and margin. We value core business Rs.2177 (30x FY26E EPS) and value of TVS Credit Services at Rs.92/share. Recommend Accumulate with TP Rs.2177.

Gaining market share in domestic market

VSL 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). During 9MFY24, the company gained 187bps market share in 2W space to 17.53% led by 232bps expansion in the Motorcycle segment and 130bps gain in Scooter segment. TVS iQube is receiving encouraging response and distribution has expanded to 400 cities and plans to double it in the next 3 months. We expect, the company to command premium valuation due to transition in scooter volume towards EVs and increase in ASP per vehicle

Export volume to recover gradually

The international market is witnessing a mixed trend. The African market has challenges for currency availability while the Middle East and LATM are witnessing good growth. Indonesia has been helping the company grow its market share in Asia. Recovery in export market to be bit delayed due to container availability because of ongoing disruptions in Red sea.

Operating margin to remain strong

Despite several headwinds, Margin delivery has been commendable for TVS for the last many quarters. Strong margin performance is mainly attributed by product mix optimization, cost control initiatives, and price hikes. Company continues to invest in the EV segment and technology, focusing to deliver timely products, improving product mix, along with better cost efficiency to sustain and improve margins.

Q3FY24 Result (Rs Mn)

Particulars	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ (%)
Revenue	82,450	65,454	26.0	81,446	1.2
Total Expense	73,206	58,865	24.4	72,449	1.0
EBITDA	9,244	6,589	40.3	8,998	2.7
Depreciation	1,781	1,583	12.5	1,701	4.7
EBIT	7,464	5,006	49.1	7,297	2.3
Other Income	734	65	1031.0	462	58.7
Interest	448	316	41.5	523	(14.4)
EBT	7,750	4,755	63.0	7,237	7.1
Tax	1,817	1,227	48.0	1,871	(2.9)
RPAT	5,934	3,528	68.2	5,366	10.6
APAT	5,934	3,528	68.2	5,366	10.6
			(bps)		(bps)
Gross Margin (%)	26.3	24.5	183	26.0	32
EBITDA Margin (%)	11.2	10.1	115	11.0	16
NPM (%)	7.2	5.4	181	6.6	61
Tax Rate (%)	23.4	25.8	(237)	25.9	(241)
EBIT Margin (%)	9.1	7.6	140	9.0	9

CMP	Rs 2,001
Target / Upside	Rs 2,177 / 9%
NIFTY	21,454

Scrip Details

Equity / FV	Rs 475mn / Rs 1
Market Cap	Rs 951bn
	USD 11.4bn
52-week High/Low	Rs 2,109/ 990
Avg. Volume (no)	10,10,360
Bloom Code	TVSL IN

Price Performance	1M	3M	12M
Absolute (%)	2	26	103
Rel to NIFTY (%)	2	16	87

Shareholding Pattern

	Jun'23	Sep'23	Dec'23
Promoters	50.3	50.3	50.3
MF/Banks/FIs	23.4	23.1	21.8
FIs	18.1	18.5	19.3
Public / Others	8.2	8.1	8.7

Valuation (x)

	FY24E	FY25E	FY26E
P/E	45.9	37.1	28.8
EV/EBITDA	28.3	22.5	17.7
ROE (%)	30.3	29.8	30.5
RoACE (%)	30.6	33.0	35.5

Estimates (Rs bn)

	FY24E	FY25E	FY26E
Revenue	314.2	361.5	410.3
EBITDA	34.3	42.3	52.5
PAT	20.7	25.6	33.0
EPS (Rs.)	43.6	53.9	69.5

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Exhibit 1: Actual vs estimated performance

Particulars (Rs mn)	Actual	DART Estimates	VAR (%)
Revenue	82,450	84,704	(3)
EBIDTA	9,244	9,487	(3)
EBIDTA Margin (%)	11.2	11.2	1bps
APAT	5,934	5,607	6

Source: Company, DART

Exhibit 2: Change in Estimates

Particulars (Rs Mn)	FY24E			FY25E			FY26E		
	New	Previous	Chg. (%)	New	Previous	Chg. (%)	New	Previous	Chg. (%)
Net sales	314,221	309,957	1.4	361,464	353,871	2.1	410,344	400,871	2.4
EBITDA	34,250	34,405	(0.5)	42,291	41,403	2.1	52,524	50,109	4.8
EBITDA margin (%)	10.9	11.1	(20) bps	11.7	11.7	(0)bps	12.8	12.5	30 bps
APAT	20,705	19,904	4.0	25,618	24,522	4.5	33,012	30,791	7.2
EPS (Rs)	44	42	4.0	54	52	4.5	69	65	7.2

Source: Company, DART

Exhibit 3: Assumption table

Particulars (in units)	FY22	FY23	FY24E	FY25E	FY26E
Domestic volume					
2W	20,47,159	25,97,936	31,87,625	34,95,771	37,95,199
% YoY	(5)	27	23	10	9
3W	8,823	16,075	18,647	20,512	22,563
% YoY	7	82	16	10	10
Total Sales	20,55,982	26,14,011	32,06,272	35,16,283	38,17,762
% YoY	(5)	27	23	10	9
Export Volume					
2W	10,90,139	9,15,018	8,50,814	9,84,341	10,79,744
% YoY	43	(16)	(7)	16	10
3W	1,63,052	1,53,039	1,37,735	1,65,282	1,98,339
% YoY	41	(6)	(10)	20	20
Exports Sales	12,53,191	10,68,057	9,88,549	11,49,624	12,78,082
% YoY	43	(15)	(7)	16	11
Total Sales Volume	33,09,173	36,82,068	41,94,821	46,65,906	50,95,844
% YoY	8	11	14	11	9

Source: DART

Reduction in subsidy - long-term positive

- TVS iQube is receiving encouraging response and distribution has expanded to 400 cities and plans to double it in the next 3 months. EV margins are improving and the company wants to come up with a range of products and improve the volumes, the company sees a huge opportunity in the global market. The company has a product launch in Q4FY24.
- 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. During the quarter the Company sold ~48k units in Q3FY24. Company plans to expand its distribution network and reach across ~800 cities in the next 3 months.

Exhibit 4: Summary for quarterly performance

Particulars	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	FY24E
Net sales (Rs mn)	57,064	55,303	60,087	72,192	65,454	66,048	72,179	81,446	82,450	3,14,221
% YoY	5.8	3.9	52.7	28.5	14.7	19.4	20.1	12.8	26.0	19.1
% QoQ	1.5	(3.1)	8.7	20.1	(9.3)	0.9	9.3	12.8	1.2	
Materials	43,512	42,115	45,728	54,975	49,429	49,797	53,818	60,276	60,756	2,31,895
% sales	76.3	76.2	76.1	76.2	75.5	75.4	74.6	74.0	73.7	73.8
Employee cost	2,957	2,841	3,209	3,456	3,409	3,377	3,789	3,929	4,036	16,025
% sales	5.2	5.1	5.3	4.8	5.2	5.1	5.2	4.8	4.9	5.1
Other op cost	4,912	4,780	5,156	6,396	6,027	6,076	6,935	8,244	8,414	32,051
% sales	8.6	8.6	8.6	8.9	9.2	9.2	9.6	10.1	10.2	10.2
EBITDA (Rs mn)	5,683	5,568	5,995	7,365	6,589	6,798	7,638	8,998	9,244	34,250
% YoY	11.2	3.9	119.0	30.9	16.0	22.1	27.4	22.2	40.3	28.1
Margin (%)	10.0	10.1	10.0	10.2	10.1	10.3	10.6	11.0	11.2	10.9

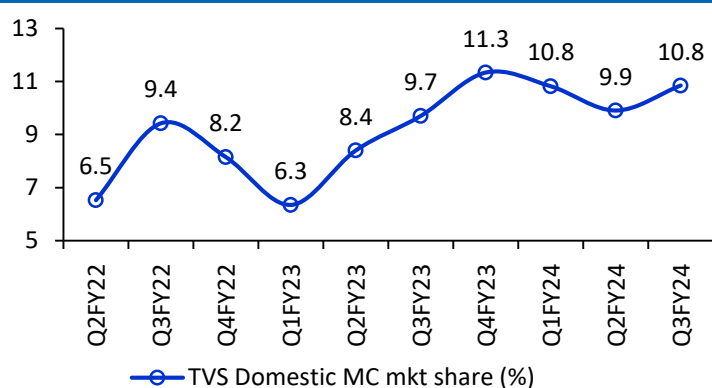
Source: Company, DART

Investment Argument

Gaining market share in 2Ws segment

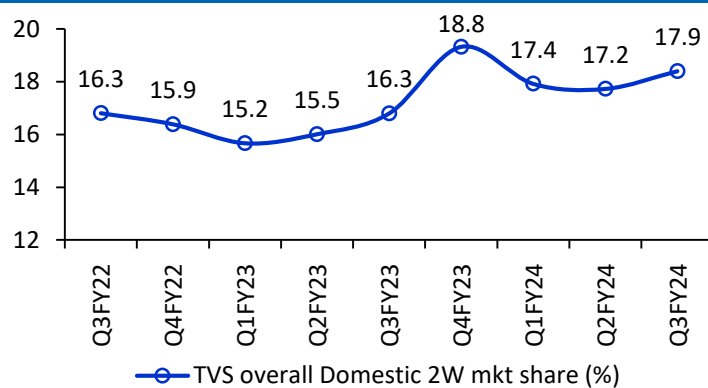
TVS has consistently outperformed industry growth and shown improving profitability trends despite multiple headwinds for the domestic 2W industry in past 2 years. Premium products such as Apache, Ntorq, and Jupiter are witnessing strong traction in both domestic and international markets. During 9MFY24, the company gained 187bps market share in 2W space to 17.53% led by 232bps expansion in the Motorcycle segment and 130bps gain in Scooter segment. In Motorcycle segment, the company is strengthening its position **with encouraging demand of TVS Raider and Apache**. The company has multiple product in their pipeline, which could lead to increase in the market share for scooters and the premium segment (125cc+ segment).

Exhibit 5: TVS Market Share in Motorcycle Industry



Source: Company, DART

Exhibit 6: TVS Market Share in Scooter Industry



Source: Company, DART

Export volume to recover gradually

- Export market witnessed a mixed trend, African market proved a challenge amid currency availability. The Middle East and LATM witnessed good growth, with Indonesia market helping the company to gain share in the Asian markets. 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. Company foresees growth opportunity for its EV portfolio in the global markets.

- The export volume de-grew ~6% YoY, retail sales to improve month by month. Dispatches align with retail growth and sufficient inventory is lying as company does not want to lose retails. Revenue from export was Rs 18.82 bn in 3Q vs Rs. 20.08 bn in 2Q with realization Rs 83/USD. Dispatches remained delayed due to ongoing Red Sea issues. LATM and the Middle East market witnessed decent growth however African markets continues to remain a drag.

Strengthening is EV presence

- TVS is quite aggressive and has increased focus on electric vehicles (EVs) with a strong product pipeline and has Rs10bn investment plan. The company currently sells iQube electric scooters in 400 cities. New EV launches are targeted at segments such as premium scooters, high-performance sporty motorcycles, commuter space, delivery market and three-wheelers. During the quarter the Company sold ~48k units in Q3FY23.
- EV margins are improving and the company wants to come up with a range of products and improve the volumes, the company sees a huge opportunity in the global market. The company has a product launch in Q4FY24. Company has IQube available in 400 cities and plans to double it in the next 3 months.
- Reduction of the Fame subsidy 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.

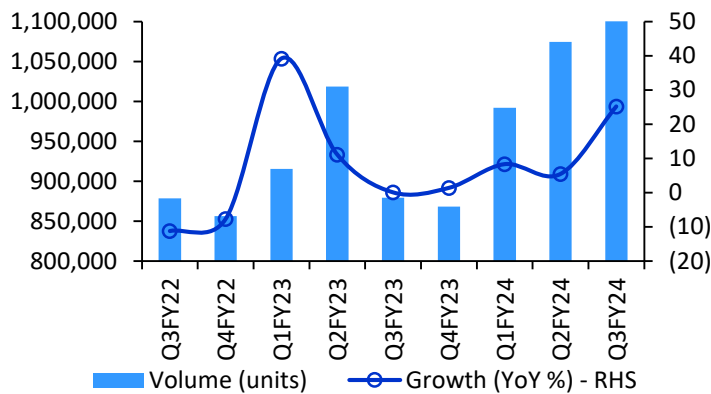
Exhibit 7: TVS Performance Analysis In Motorcycle segment

Engine capacity	Domestic		Mkt Share		Exports		Mkt Share	
	9MFY23	9MFY24	9MFY23	9MFY24	9MFY23	9MFY24	9MFY23	9MFY24
Motorcycles/Step-Through: Big wheel size – more than 12”.								
B2: Engine Capacity >75 CC but less than equal to 110 CC			-	-			-	-
Bajaj Auto Ltd (Boxer,CT,Discover,Platina)	4,92,622	4,60,155	12.3	10.8	651,577	495,303	63.1	69.1
Hero MotoCorp Ltd (HF Deluxe,Passion,Splendor)	31,27,206	32,92,614	77.9	76.9	65,401	48,174	6.3	6.7
Honda Motorcycle & Scooter India Pvt Ltd (Dream,Livo,Shine)	1,46,144	2,55,596	3.6	6.0	37,084	21,979	3.6	3.1
India Yamaha Motor Pvt Ltd (Crux,Saluto RX)					27,420	24,815	2.7	3.5
TVS Motor Company Ltd (Radeon,Sport,Star City)	2,47,643	2,71,248	6.2	6.3	251,194	126,560	24.3	17.7
Total B2	40,13,616	42,79,617			1,032,676	716,831		
B3: Engine Capacity >110 CC but less than equal to 125 CC								
Bajaj Auto Ltd (Boxer,CT,Discover,Husqvarna,KTM,Platina,Pulsar)	5,11,216	6,59,034	23.5	27.5	276,048	214,301	39.3	34.7
Hero MotoCorp Ltd (Glamour,Splendor)	4,52,274	4,36,070	20.8	18.2	20,786	14,429	3.0	2.3
Honda Motorcycle & Scooter India Pvt Ltd (CB Shine,Shine)	10,64,761	9,44,273	48.9	39.4	25,970	16,864	3.7	2.7
India Yamaha Motor Pvt Ltd (Saluto,YD125)	-	-	-	-	35,324	18,496	5	3
Suzuki Motorcycle India Pvt Ltd (Hayate)	-	-	-	-	1,972	2,180	0.3	0.4
TVS Motor Company Ltd (Raider,Star City 125,Victor)	1,50,807	3,55,023	6.9	14.8	343,141	351,949	48.8	56.9
Total B3	21,79,058	23,94,402			703,241	618,219		
B4: Engine Capacity >125 CC but less than equal to 150 CC								
Bajaj Auto Ltd (Boxer,CT 150,Pulsar)	1,65,560	2,00,992	53.4	55.1	173,712	131,909	55.0	55.6
Hero MotoCorp Ltd (Hunk)					28,460	30,460	9.0	12.8
Honda Motorcycle & Scooter India Pvt Ltd (CB Unicorn 150)		20146		5.5	240	56	0.1	0.0
India Yamaha Motor Pvt Ltd (FZ,SZ)	1,44,322	1,43,946	46.6	39.4	113,146	74,720	35.9	31.5
Total B4	3,09,882	3,65,085			315,558	237,145		
B5: Engine Capacity >150 CC but less than equal to 200 CC								
Bajaj Auto Ltd (Avenger,Husqvarna,KTM,Pulsar)	1,56,523	2,05,793	19.3	22.5	135,550	160,228	36.2	44.6
Hero MotoCorp Ltd (Xpulse 200,Xtreme.)	59,377	46,979	7.3	5.1	13,979	16,260	3.7	4.5
Honda Motorcycle & Scooter India Pvt Ltd (CB 200X,CB Hornet 160R,CB Unicorn 160,Hornet 2.0,SP 160,X Blade)	1,88,956	2,02,571	23.3	22.2	54,361	28,061	14.5	7.8
India Yamaha Motor Pvt Ltd (MT 15,R15)	1,45,071	1,63,393	17.9	17.9	12,706	12,982	3.4	3.6
Suzuki Motorcycle India Pvt Ltd (Gixxer,Intruder)	10,556	17,105	1.3	1.9	72,822	75,870	19.4	21.1
TVS Motor Company Ltd (Apache)	2,49,110	2,78,020	30.8	30.4	85,180	65,639	22.7	18.3
Total B5	8,09,817	9,14,402			374,598	359,040		
B6: Engine Capacity >200 CC but less than equal to 250 CC								
Bajaj Auto Ltd (Avenger,Dominar,Husqvarna,KTM,Pulsar)	26,949	62,754	73.6	75.6	36,055	54,498	55.8	64.3
Hero MotoCorp Ltd (Karizma)	-	2953	0.0	3.6	-	4	-	0.0
India Yamaha Motor Pvt Ltd (FZ25)	4,446	0	12.1	0.0	12,914	4,786	20.0	5.6
Suzuki Motorcycle India Pvt Ltd (Gixxer 250,V-Strom SX)	5,223	5,433	14.3	6.5	15,619	23,618	24.2	27.9
TVS Motor Company Ltd (Ronin)	-	11,836	-	14.3	0	1882	-	2.2
Total B6	36,629	82,987			64,588	84,788		
B7: Engine Capacity >250 CC but less than equal to 350 CC								
Honda Motorcycle & Scooter India Pvt Ltd (CB 300N,CB300R,H'Ness,MC 300N)	28,882	30,039	5.4	4.9	6,122	21,667	9.7	31.1
Royal-Enfield (Unit of Eicher Motors) (Bullet 350,Bullet Electra,Classic 350,Hunter 350,Meteor 350)	4,99,992	5,76,917	93.8	94.3	42,520	35,030	67.3	50.3
TVS Motor Company Ltd (BMW,RR 310)	3,105	4,079	0.6	0.7	14,541	12,894	23.0	18.5
Total B7	5,33,224	6,12,083			63,183	69,591		
B8: Engine Capacity >350 CC but less than equal to 500 CC								
Bajaj Auto Ltd (Dominar,Husqvarna,KTM,Triumph)	11,419	31,660	28.0	46.5	53,594	51,089	78.3	92.6
Hero MotoCorp Ltd (HD X440)	-	6862	-	10.1	-	1	-	-
Royal-Enfield (Unit of Eicher Motors) (Himalayan)	6	-	-	0.0	-	-	-	-
Total B8	29,135	29,249	71.5	43.0	14,865	4,076	21.7	7.4
B9: Engine Capacity >500 CC but less than equal to 800 CC								
Honda Motorcycle & Scooter India Pvt Ltd (CBR 650F)	194	29	1.3	0.1	-	-	-	-
India Kawasaki Motors Pvt Ltd (Ninja650,Versys 650,Vulcan S,W800,Z650,Z650RS)	465	320	3.1	1.3	-	-	-	-
Royal-Enfield (Unit of Eicher Motors) (650 Twin,Super Meteor)	13,691	24,107	92.6	96.9	16,167	15,680		
Suzuki Motorcycle India Pvt Ltd (DL650XA)	44	-	0.3	-	-	-	-	-
Triumph Motorcycles India Pvt Ltd (Street Triple,Tiger 660,Tiger 800 XRx,Trident)	392	424	2.7	1.7	-	-	-	-
Total B9	14,790	24,880			16,167	15,680		
Total Motorcycle/Step-Throughs	79,39,498	87,43,162			2,638,470	2,156,479		
TVS Motor Company	650,665	920,206	8.2	10.5	694,056	558,924	26.3	25.9

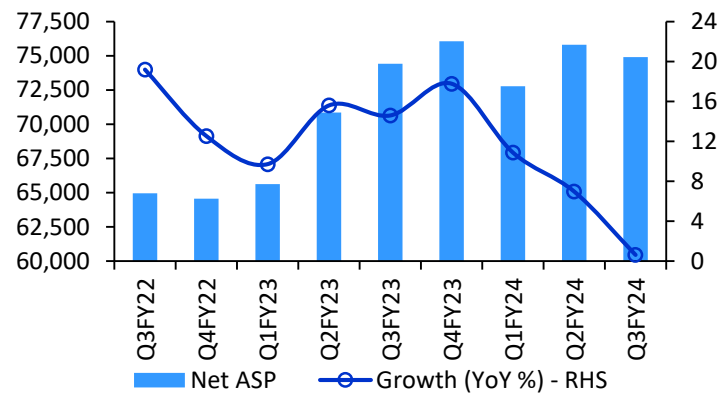
Source: Company, DART

Earnings call KTAs

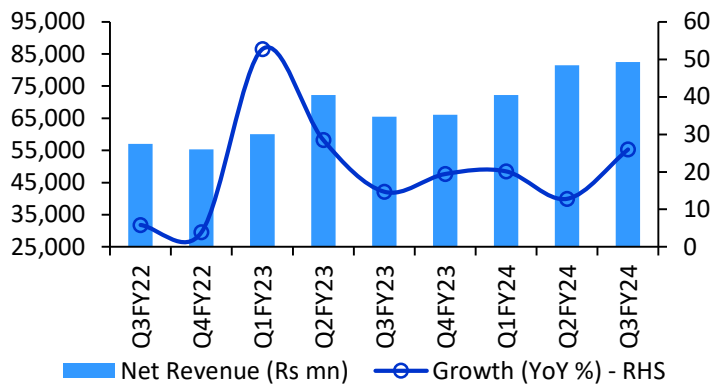
- **Domestic outlook**-The company outperformed industry growth led by strong sales of Jupiter, Apache, and Raider. TVS Raider is very well accepted by customers and retails are going up. The company is constantly looking at opportunities to take price hikes, though the company hasn't taken any price hikes in Dec-Jan. TVSL is confident of outpacing industry growth both in the Indian and export markets led by its extensive product portfolio (Apache, Jupiter, Jupiter 125, Raider, and NTORQ) and market share gain. Rural demand is recovering gradually and expect entry-level demand to come back with a revival in consumer confidence and rural infra development. Semi-urban and urban growth is strong. Company focusing on investing in product technology going forward. The company is confident in improving premiumization and cost-efficient techniques for better profitability. The company has launched various products in past quarters and has many products in the pipeline. Expect scooter and 125cc Motorcycle growth to continue to be strong.
- **Export outlook** -The international market is witnessing a mixed trend. The African market has challenges for currency availability while the Middle East and LATM are witnessing good growth. Indonesia has been helping the company grow its market share in Asia. There are a few delays in recovery due to container availability due to the Red Sea challenge. Africa has been the biggest market and LATM's market share is growing. Middle East is a good potential market. Revenue from export was Rs 18.82 bn in 3Q vs Rs. 20.08 bn in 2Q. USD/INR rate stood at Rs 83.
- **EBITDA margin**- The company has recorded the highest-ever EBITDA margin of 11.2% mainly led by product mix optimization, cost control initiatives, and price hikes. Expect EBITDA margin to sustain and improve further led by stable material cost. Other expenses were higher due to marketing costs during the festive season. The freight cost has also gone up due to the Red Sea disruption. Employee cost is increasing due to the expansion of team in EVs and digital. Company is focusing on delivering timely products, increasing product options, and improving cost efficiency to increase margin.
- **EV**- There has been a tactical approach in the EV market. The company wants to build TVS IQube as a brand and is growing ahead of the industry. Expect strong growth in EVs led by network expansion. Company has IQube available in 400 cities and plans to double it in the next 3 months. EV margins are improving and the company wants to come up with a range of products and improve the volumes, the company sees a huge opportunity in the global market. The company has a product launch in Q4FY24.
- **Capex and Investment**- Total capex to be Rs 20bn (including Rs 10bn mainly towards EV business). The company has a total investment of Rs 9bn in 9MFY24 and expects Rs 2bn in investment in 4Q. In 3Q, Investments in Norton stood at Rs 800mn and other companies 2.20bn. Investment to be made on Norton on the Engineering, development, and supply chain side.
- **TVS credit**- The book size of TVS Credit services stands at 250bn. The PBT stood at Rs 2.30bn in Q3FY24 vs 1.80bn in Q3FY23. GNPA was 3.1% and capital adequacy was 8.6%.
- **Spare parts** revenue continues to be strong, stood at Rs.7.92bn vs Rs. 7.65bn in 2Q.
- **Retail Finance** in Q3 is now healthy due to Diwali season and is at 65%.
- **Other income** – The Company has a notional loss of 90 mn due to fair value accounting and a profit of 82.7crs (from Sundaram Auto components) included in other income.

Exhibit 8: Volume grew QoQ


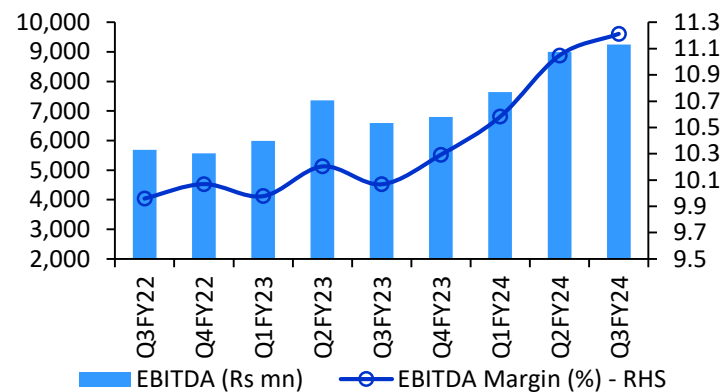
Source: Company, DART

Exhibit 9: Net ASP declined QoQ


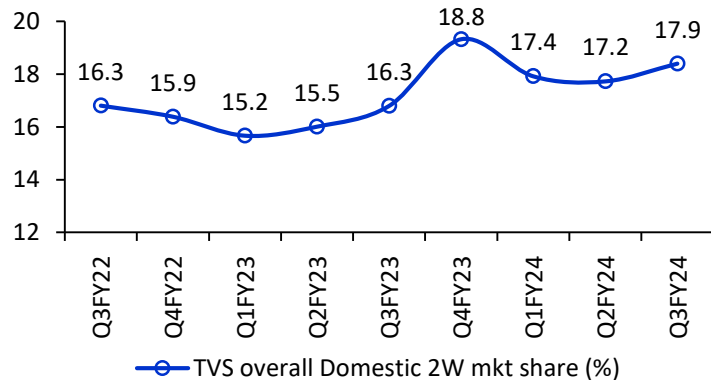
Source: Company, DART

Exhibit 10: Revenue grew QoQ/YoY


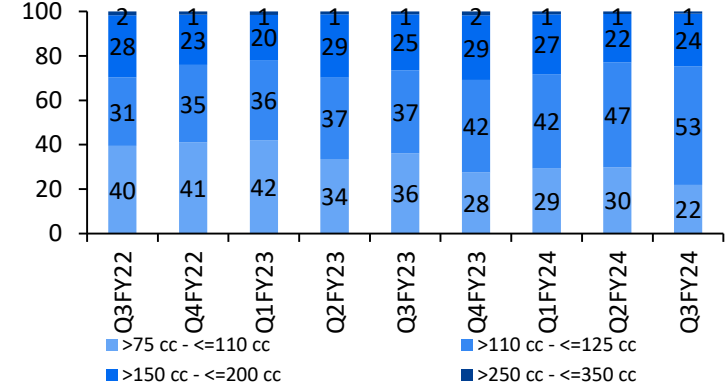
Source: Company, DART

Exhibit 11: EBITDA margin expanded QoQ/YoY


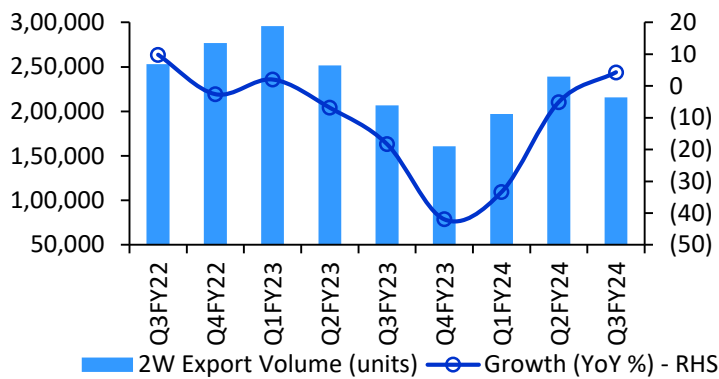
Source: Company, DART

Exhibit 12: TVS Market Share in 2W Industry


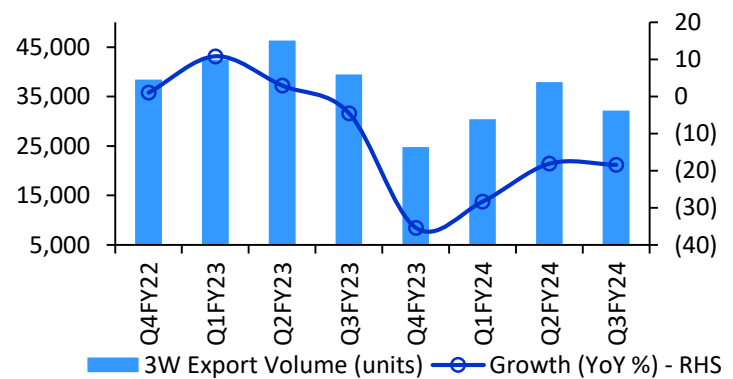
Source: Company, DART

Exhibit 13: Diversified Portfolio in Motorcycle Seg.


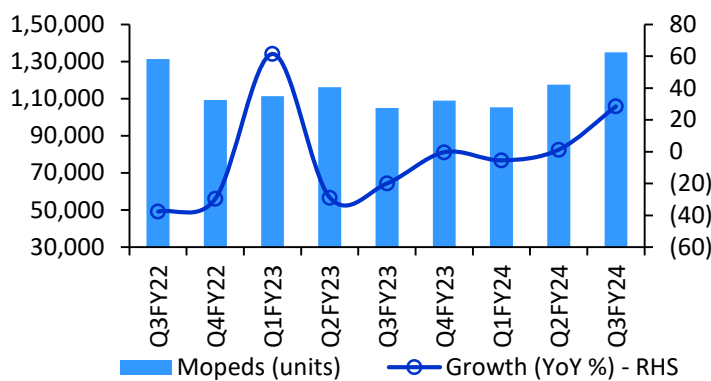
Source: Company, DART

Exhibit 14: 2W export volume de-grew QoQ


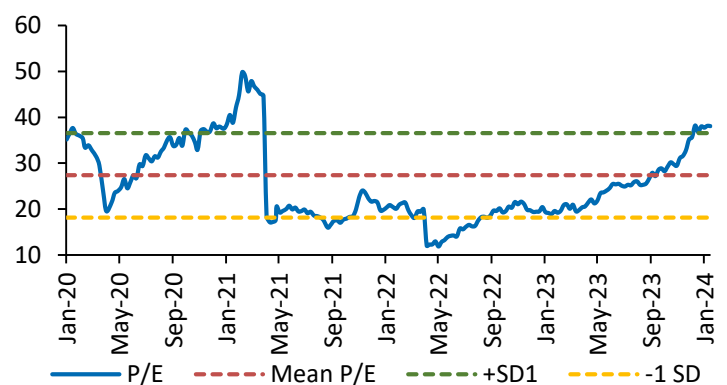
Source: Company, DART

Exhibit 15: 3W export volume de-grew QoQ


Source: Company, DART

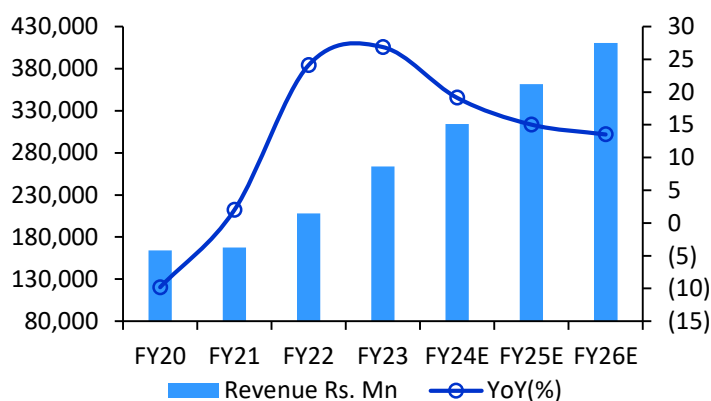
Exhibit 16: Mopeds Volume grew QoQ


Source: Company, DART

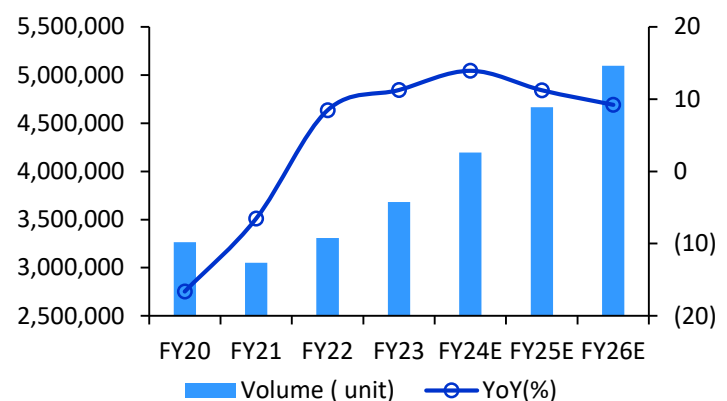
Exhibit 17: 1 Year Forward P/E Band


Source: Company, DART

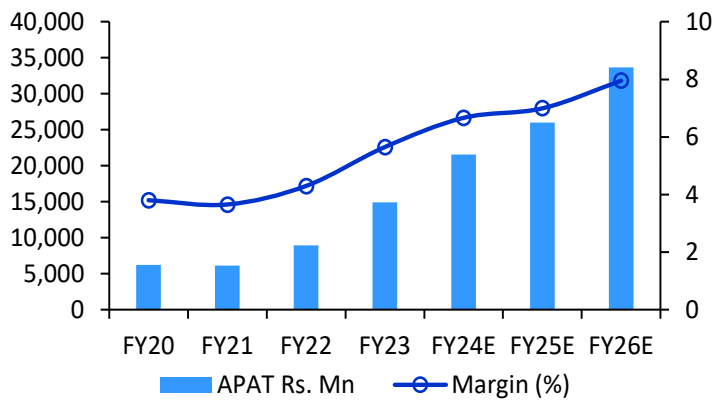
Annual charts

Exhibit 18: Revenue to grow 16% CAGR over FY23-26E


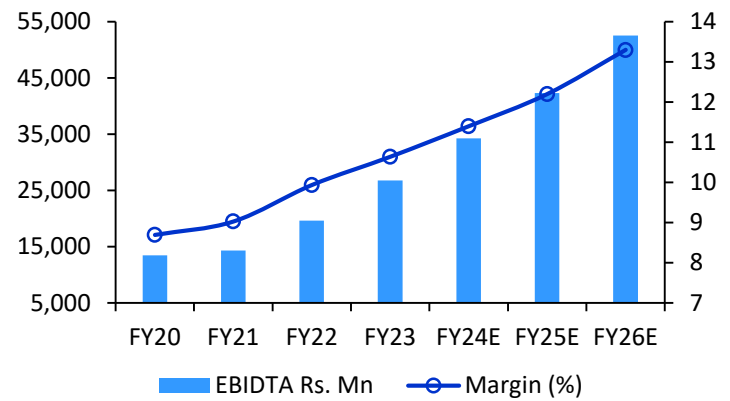
Source: Company, DART

Exhibit 19: Volume to grow with 11% CAGR over FY23-26E


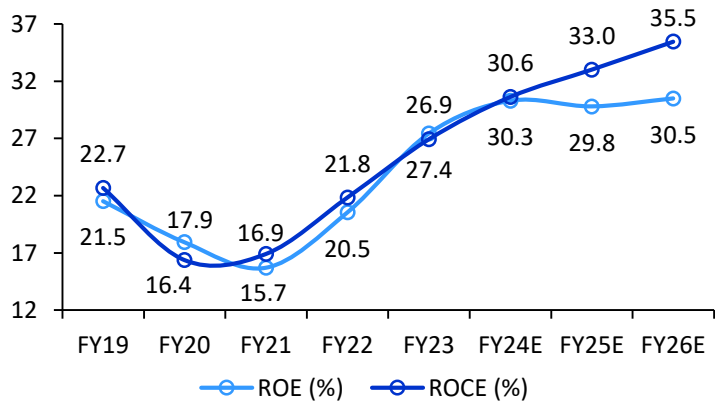
Source: Company, DART

Exhibit 20: Net Asp to rise on richer Mix


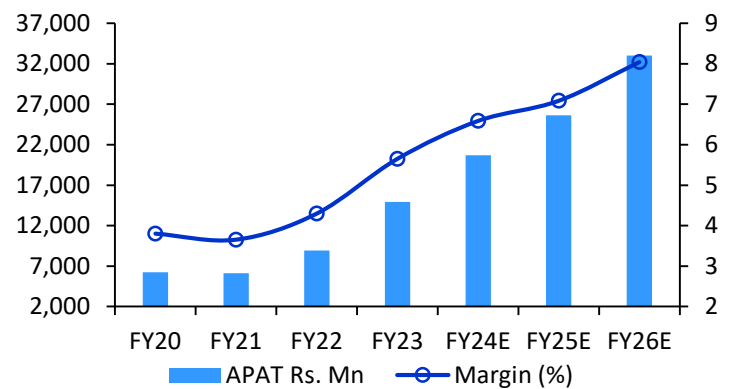
Source: Company, DART

Exhibit 21: EBITDA & EBITDA Margin


Source: Company, DART

Exhibit 22: ROE & Roce Trend


Source: Company, DART

Exhibit 23: APAT & APAT Margin


Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24E	FY25E	FY26E
Revenue	2,63,781	3,14,221	3,61,464	4,10,344
Total Expense	2,37,034	2,79,971	3,19,173	3,57,820
COGS	1,99,928	2,31,895	2,66,761	3,01,603
Employees Cost	13,451	16,025	17,350	17,645
Other expenses	23,655	32,051	35,062	38,572
EBIDTA	26,747	34,250	42,291	52,524
Depreciation	6,312	6,900	7,100	7,250
EBIT	20,435	27,350	35,191	45,274
Interest	1,407	2,143	1,854	1,773
Other Income	1,006	2,400	2,592	2,799
Exc. / E.O. items	0	0	0	0
EBT	20,034	27,607	35,930	46,300
Tax	5,123	6,902	10,312	13,288
RPAT	14,910	20,705	25,618	33,012
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	14,910	20,705	25,618	33,012

Balance Sheet

(Rs Mn)	FY23A	FY24E	FY25E	FY26E
Sources of Funds				
Equity Capital	475	475	475	475
Minority Interest	1	0	0	0
Reserves & Surplus	60,003	75,753	95,239	1,20,350
Net Worth	60,479	76,228	95,714	1,20,825
Total Debt	26,634	26,331	24,331	22,331
Net Deferred Tax Liability	1,982	1,982	1,982	1,982
Total Capital Employed	89,095	1,04,541	1,22,027	1,45,138

Applications of Funds

Net Block	35,959	48,470	49,370	50,120
CWIP	6,277	1,201	0	1,365
Investments	56,839	66,800	71,800	76,800
Current Assets, Loans & Advances	41,151	62,723	89,098	1,17,949
Inventories	12,364	21,607	24,855	28,216
Receivables	9,551	16,320	18,774	21,312
Cash and Bank Balances	2,420	6,478	24,396	44,498
Loans and Advances	0	0	0	0
Other Current Assets	16,817	18,319	21,073	23,923
Less: Current Liabilities & Provisions	51,132	74,654	88,241	1,01,097
Payables	41,306	60,325	69,395	78,779
Other Current Liabilities	9,826	14,328	18,846	22,317
<i>sub total</i>				
Net Current Assets	(9,981)	(11,930)	857	16,853
Total Assets	89,095	1,04,541	1,22,027	1,45,138

E – Estimates

Important Ratios

Particulars	FY23A	FY24E	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	24.2	26.2	26.2	26.5
EBIDTA Margin	10.1	10.9	11.7	12.8
EBIT Margin	7.7	8.7	9.7	11.0
Tax rate	25.6	25.0	28.7	28.7
Net Profit Margin	5.7	6.6	7.1	8.0
(B) As Percentage of Net Sales (%)				
COGS	75.8	73.8	73.8	73.5
Employee	5.1	5.1	4.8	4.3
Other	9.0	10.2	9.7	9.4
(C) Measure of Financial Status				
Gross Debt / Equity	0.4	0.3	0.3	0.2
Interest Coverage	14.5	12.8	19.0	25.5
Inventory days	17	25	25	25
Debtors days	13	19	19	19
Average Cost of Debt	6.1	8.1	7.3	7.6
Payable days	57	70	70	70
Working Capital days	(14)	(14)	1	15
FA T/O	7.3	6.5	7.3	8.2
(D) Measures of Investment				
AEPS (Rs)	31.4	43.6	53.9	69.5
CEPS (Rs)	44.7	58.1	68.9	84.7
DPS (Rs)	5.0	8.7	10.8	13.9
Dividend Payout (%)	16.0	20.0	20.0	20.0
BVPS (Rs)	127.3	160.5	201.5	254.3
RoANW (%)	27.4	30.3	29.8	30.5
RoACE (%)	26.9	30.6	33.0	35.5
RoAIC (%)	26.8	29.6	36.0	45.7
(E) Valuation Ratios				
CMP (Rs)	2001	2001	2001	2001
P/E	63.8	45.9	37.1	28.8
Mcap (Rs Mn)	9,50,626	9,50,626	9,50,626	9,50,626
MCap/ Sales	3.6	3.0	2.6	2.3
EV	9,74,840	9,70,478	9,50,560	9,28,459
EV/Sales	3.7	3.1	2.6	2.3
EV/EBITDA	36.4	28.3	22.5	17.7
P/BV	15.7	12.5	9.9	7.9
Dividend Yield (%)	0.3	0.4	0.5	0.7
(F) Growth Rate (%)				
Revenue	26.9	19.1	15.0	13.5
EBITDA	36.3	28.1	23.5	24.2
EBIT	51.3	33.8	28.7	28.7
PBT	61.1	37.8	30.1	28.9
APAT	61.4	38.9	23.7	28.9
EPS	61.4	38.9	23.7	28.9

E – Estimates

Cash Flow

Particulars	FY23A	FY24E	FY25E	FY26E
Profit before tax	20,034	27,607	35,930	46,300
Depreciation & w.o.	6,312	6,900	7,100	7,250
Net Interest Exp	1,407	2,143	1,854	1,773
Direct taxes paid	(5,123)	(6,902)	(10,312)	(13,288)
Change in Working Capital	(6,573)	3,906	2,258	2,336
Non Cash	121	122	123	123
(A) CF from Operating Activities	16,178	33,776	36,953	44,495
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(9,848)	(14,335)	(6,799)	(9,365)
Free Cash Flow	6,330	19,442	30,154	35,130
(Inc.) / Dec. in Investments	(9,679)	(9,961)	(5,000)	(5,000)
Other	0	0	0	0
(B) CF from Investing Activities	(19,527)	(24,296)	(11,799)	(14,365)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	7,308	(302)	(303)	(2,000)
Interest exp net	(1,407)	(2,143)	(1,854)	(1,773)
Dividend Paid (Incl. Tax)	(2,764)	(2,855)	(4,956)	(6,132)
Other	(1,383)	(122)	(123)	(123)
(C) CF from Financing	1,755	(5,422)	(7,236)	(10,028)
Net Change in Cash	(1,594)	4,059	17,918	20,102
Opening Cash balances	4,013	2,419	6,478	24,396
Closing Cash balances	2,419	6,478	24,396	44,498

E – Estimates

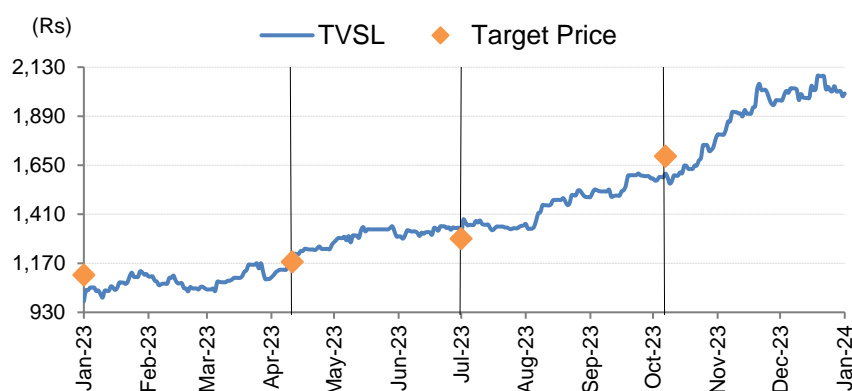
Notes

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.)
Jan-23	Accumulate	1,113	984
May-23	Reduce	1,177	1,169
Jul-23	SELL	1,291	1,307
Oct-23	Reduce	1,694	1,609

**Price as on recommendation date*

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