

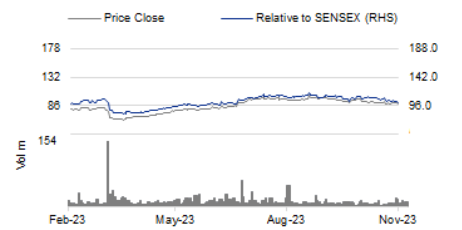
India

**ADD** (no change)

Consensus ratings*: Buy 21 Hold 0 Sell 1	
Current price:	Rs115
Target price: ▲	Rs133
Previous target:	Rs112
Up/downside:	15.7%
InCred Research / Consensus:	3.5%
Reuters:	MOSS.NS
Bloomberg:	MOTHERSO IN
Market cap:	US\$9,425m Rs782,338m
Average daily turnover:	US\$16.9m Rs1400.3m
Current shares o/s:	6,776.4m
Free float:	35.2%
*Source: Bloomberg	

**Key changes in this note**

- Raise FY24F-26F sales by 5%.
- Raise FY24F-26F EBITDA by 5-6%.
- Cut FY24F-26FPAT by 2-7%.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	7.5	28.8	45.1
Relative (%)	9.0	16.9	22.6

<b>Major shareholders</b>	% held
Sehgal family	50.6
Sumitomo Wiring Systems Ltd	14.2
ICICI Prudential Fund	4.0

**Research Analyst(s)**



**Pramod AMTHE**  
T (91) 22 4161 1541  
E pramod.amthe@incredresearch.com

**Ravi GUPTA**  
T (91) 02241611552  
E ravi.gupta@incredresearch.com

# Samvardhana Motherson International Ltd

## New acquisitions drive EBITDA margin

- 3QFY24 EPS grew by 76% qoq to Rs1.03, in line with our estimate, driven by module and integrated assembly divisions.
- Margin accretion from new acquisitions led to our 5-6% EBITDA upgrade for FY24F-26F. However, prolonged high interest costs led to EPS cut of 3-7%.
- We raise EV/EBITDA-based target for core business due to strong margin and net debt performance. Retain ADD with a higher SOTP-based TP of Rs133.

### EBITDA margin expands despite large new acquisitions

Samvardhana Motherson International or SAMIL's 3QFY24 EBITDA rose by 26% qoq and 50% yoy to Rs23.7bn, in line with our estimate but sharply above Bloomberg or BB consensus estimate. The EBITDA margin expanded by 120bp qoq to 9.2%, despite new acquisitions like SAS and Dr. Schneider being a part of the consolidated accounts. However, a 20% qoq rise in interest costs to Rs4.3bn, after adjusting for Rs1.9bn Argentina one-off, is a cause of concern. Normalized PAT rose by 76% qoq and 53% yoy to Rs6.97bn, 2% below our estimate.

### Management conference-call highlights

Management stated that half of the planned growth capex of Rs18bn has already been incurred and will yield results in the coming quarters. Despite paying €71m in 3QFY24 for the acquisition, the strong operating cash flow helped reduce net debt by 7% qoq to Rs125bn. Management is negotiating with the company's customers to address the Argentina hyperinflation challenge. The Red Sea disruption impact on its operations seems minimal while the short-term working capital requirement may rise.

### EBITDA upgrade by 5-6% for FY24F-26F

New acquisitions driving topline growth, and also being EBITDA-accretive earlier than our expectation, are impressive. We raise our sales estimates by 5% for FY24F-26F and increase EBITDA estimates by 5-6% for the same period. However, higher depreciation and interest costs led to a 2-7% cut in PAT for FY24F-26F.

### Maintain ADD rating with a SOTP-based target price of Rs133

Incorporating the market value of the Motherson Sumi Wiring subsidiary with a 20% holding discount provides a share value of Rs11.6. The earlier-than-expected margin accretion from M&A led us to upgrade target EV/EBITDA by 10% to 7.2x (from 6.5x earlier), leading to a SOTP-based target price of Rs133 (Rs112 earlier). We maintain our ADD rating on the stock as the growth capex in India will drive momentum in the coming quarters and the M&A activity is also favourable. Downside risk: Weakness in automobile sales globally because of a prolonged high interest rate regime.

### Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	635,360	787,007	998,321	1,174,244	1,305,972
Operating EBITDA (Rsm)	44,614	62,077	88,399	105,292	124,087
Net Profit (Rsm)	8,253	23,234	30,895	35,360	45,902
Core EPS (Rs)	0.8	2.4	3.9	5.2	6.8
Core EPS Growth	(28.0%)	186.0%	66.1%	33.5%	29.8%
FD Core P/E (x)	94.79	33.67	25.32	22.12	17.04
DPS (Rs)	0.6	0.5	1.0	1.5	2.0
Dividend Yield	0.38%	0.46%	0.87%	1.30%	1.73%
EV/EBITDA (x)	18.23	13.10	9.52	7.69	6.25
P/FCFE (x)	(299.63)	(473.53)	(54.35)	85.99	14.85
Net Gearing	34.7%	30.6%	41.0%	28.8%	18.9%
P/BV (x)	3.80	3.48	3.26	2.95	2.63
ROE	3.4%	7.4%	11.4%	14.0%	16.3%
% Change In Core EPS Estimates			(3.48%)	(2.13%)	1.03%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

---

## New acquisitions drive EBITDA margin

### Management conference-call highlights➤

- **Outlook:** Management expects the US market to witness strong demand growth while the European market is likely to see a slowdown. On a sequential basis, the production remained lower in India post festive season on a high base and in North America due to the United Automobile workers' strike. SAMIL believes the macroeconomic factors have stabilized at higher levels while wage pressure remains a cause of concern across geographies along with the geopolitical tensions and the Red Sea disruption. The Red Sea issue is unlikely to impact SAMIL as it has 95% of the production units near its customers' plants.
- **Performance:** During 3QFY24, premium, sports utility vehicle or SUV and electric vehicle or EV segments in Europe witnessed a temporary dip in revenue contribution but management believes the upcoming vehicle launches are likely to drive content growth and premiumization. The negative hyperinflationary impact of Rs690m pertaining to its subsidiaries in Argentina has been included in other expenses and the company's management is in negotiations with the customers to address the situation.
- **M&A:** During 3QFY24, SAMIL acquired the assets of Dr. Schneider, Deltacarb and SMAST. The quarter has seen the inclusion of revenue from the acquired assets amounting to Rs39bn and EBITDA of Rs4bn.
- **Costs front:** Energy and raw material prices have stabilized since the last few quarters and management expects them to improve from the current levels.
- **Debt position:** Management is hopeful of improving the debt position further as it is getting into low-cost debt financing, and it will make repayment of Rs300m of bonds which mature in Jun 2024. This action will lead to a reduction in the average debt yield.
- **Non-automotive business:** SAMIL has announced a strategic partnership with BIEL to strengthen its consumer electronics product lines. It is adding new products and processes to its line of tubes and pipes meant for surface treatment in the aerospace division. The company is in the process of acquiring the new facility of the health and medical division.
- **Samvardhana Motherson Automotive Systems Group B.V. conference-call highlights**
  - At a consolidated level, the EBITDA margin was up 170bp yoy led by easing macroeconomic challenges and commodity prices softening from their elevated levels. The company has reduced its net debt by Euro 203m since Sep 2023.
  - The MDRSC group refers to the Dr. Schneider Group of Germany, acquired during the quarter for a purchase consideration (preliminary) of Euro 67m. The company also acquired Deltacarb, referred to as Deltacarb SA, Switzerland for a purchase consideration (preliminary) of CHF4.05m.
  - Management has kept its capex plan unchanged for FY24F-25F at Euro 250-275m.

**Figure 1: Results comparison**

Y/E Mar (Rs m)	3QFY24	3QFY23	yoy % chg	2QFY24	qoq % chg	9MFY24	9MFY23	yoy % chg	Comments for the quarter
Revenue	2,56,976	2,02,262	27.1	2,34,738	9.5	7,16,335	5,61,415	27.6	1.4% below our estimate.
Operating expenses	2,33,280	1,86,509	25.1	2,15,850	8.1	6,54,505	5,20,465	25.8	
EBITDA	23,696	15,753	50.4	18,888	25.5	61,831	40,950	51.0	1.2% below our estimate.
<b>EBITDA margin (%)</b>	<b>9.2</b>	<b>7.8</b>	<b>143</b>	<b>8.0</b>	<b>117</b>	<b>8.6</b>	<b>7.3</b>	<b>134</b>	<b>144bp below our estimate.</b>
Depreciation & amortization	10,164	8,150	24.7	8,674	17.2	27,227	22,961	18.6	14% above our estimate..
EBIT	13,532	7,603	78.0	10,215	32.5	34,604	17,988	92.4	
Interest expenses	4,293	1,494	187.3	3,579	19.9	10,398	5,025	106.9	Adjusted for Rs1.9bn Argentina forex loss
Other income	547	1,221	(55.2)	354	54.7	1,430	2,742	(47.9)	
<b>Pre-tax profit</b>	<b>9,787</b>	<b>7,330</b>	<b>33.5</b>	<b>6,989</b>	<b>40.0</b>	<b>25,635</b>	<b>15,705</b>	<b>63.2</b>	
Tax	2,176	2,172	0.2	2,292	(5.0)	7,077	4,813	47.0	
Tax rate (%)	22.2	29.6	(74.0)	32.8	(32)	27.6	30.6	(303.8)	
Net profit before minority interest	7,611	5,158	47.6	4,697	62.0	18,558	10,892	70.4	
Share of profit /(loss) of associates	-	(141)	(100.0)	-	#DIV/0!	231	(1,178)	119.6	
Minority interest	641	468	-	738	(13.2)	1,379	886	55.7	
<b>Normalized net profit</b>	<b>6,970</b>	<b>4,549</b>	<b>53.2</b>	<b>3,959</b>	<b>76.1</b>	<b>17,410</b>	<b>8,829</b>	<b>97.2</b>	<b>In line with our estimate.</b>
Exceptional items	(1,919)	(10)	nm	(2,484)	nm	(4,403)	(10)	nm	
Reported net profit	5,051	11,249	(55.1)	1,475	242.5	13,007	9,948	30.7	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: SMRP BV's quarterly financials**

€ m	3QFY24	3QFY23	yoy (%)	2QFY24	qoq (%)	9MFY24	9MFY23	yoy (%)
Revenue	1,999	1,630	22.6%	1,728	15.7%	5,338	4,545	17.5%
EBITDA	168	108	55.7%	112	50.0%	401	282	42.4%
EBITDA margin (%)	8.4%	6.6%	178	6.5%	192	7.5%	6.2%	131
<b>PAT</b>	<b>56</b>	<b>21.9</b>	<b>155.4%</b>	<b>33.0</b>	<b>69.7%</b>	<b>123.0</b>	<b>52.0</b>	<b>137%</b>

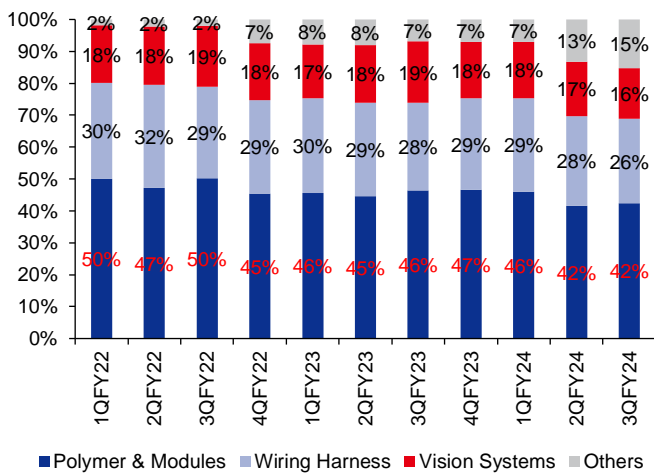
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Divisional consolidated quarterly financials**

Rs m	3QFY24	3QFY23	yoy (%)	2QFY24	qoq (%)	9MFY24	9MFY23	yoy (%)
<b>Revenue</b>								
Modules & Polymer Products	1,27,534	1,09,445	16.5%	1,14,771	11.1%	3,62,083	3,01,011	20.3%
Wiring Harness	79,331	65,172	21.7%	77,631	2.2%	2,33,289	1,90,076	22.7%
Vision Systems	48,067	45,426	5.8%	46,892	2.5%	1,41,110	1,19,602	18.0%
Others	45,812	16,261	181.7%	36,417	25.8%	1,00,345	49,965	100.8%
<b>EBITDA margin %</b>								
Modules & Polymer Products	8.8%	6.6%	217	7.1%	166	7.8%	6.2%	166
Wiring Harness	10.7%	8.6%	215	10.6%	9	10.5%	8.2%	230
Vision Systems	9.7%	10.0%	(26)	9.2%	54	9.4%	9.2%	19
Others	12.5%	11.4%	108	11.4%	110	11.9%	10.8%	113

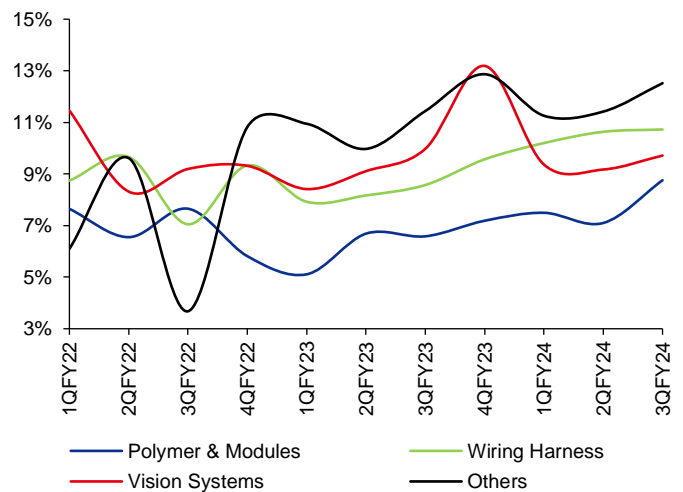
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Consolidated entity's divisional revenue share (%) trend**



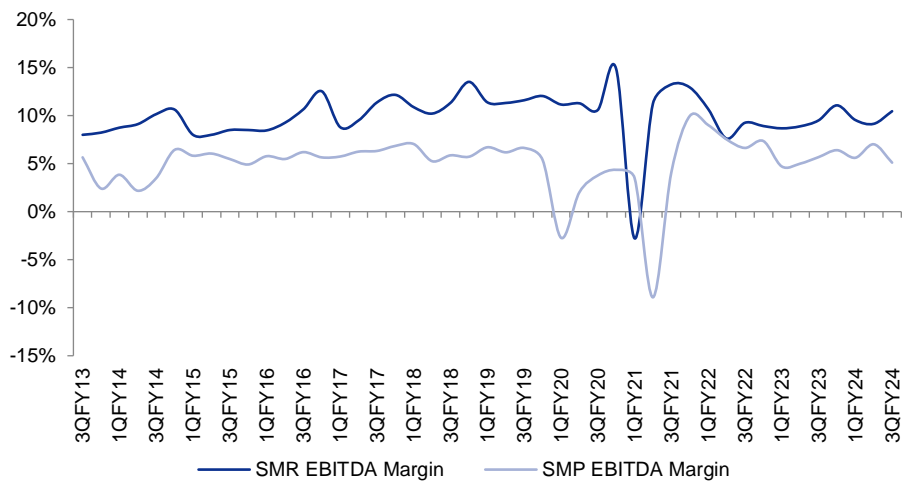
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Consolidated entity's divisional EBITDA margin (%) trend**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

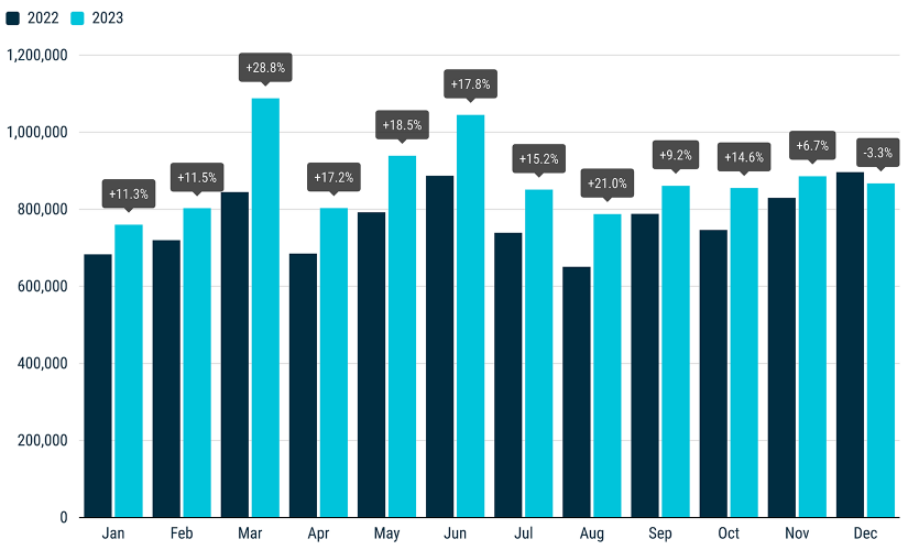
Figure 6: SMRP BV's quarterly margin trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

In Dec 2023, the EU car market experienced a 3.3% decline, recording 867,052 units in sales. This drop can be attributed to the high baseline performance in Dec 2022. Dec 2023 also marked the first month of contraction after 16 consecutive months of growth.

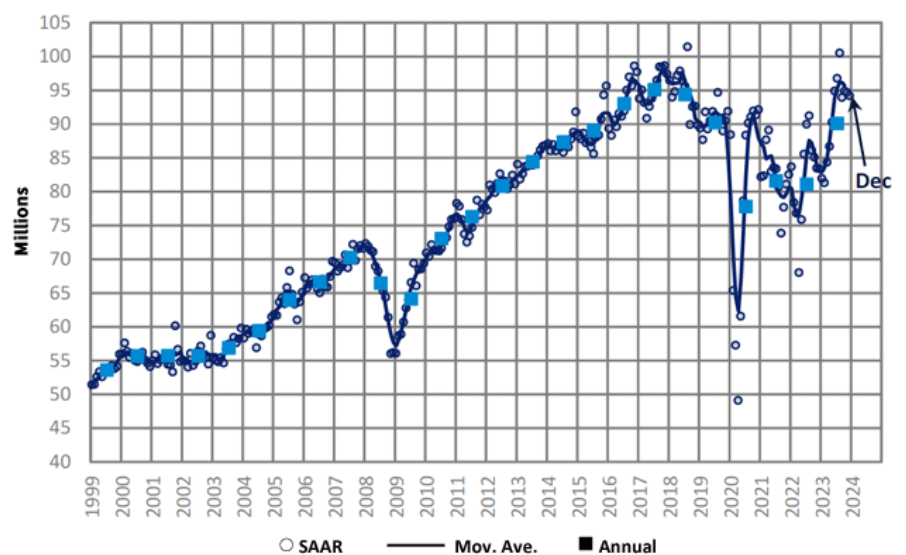
Figure 7: Europe's new car registrations decline in Dec 2023 after 16 months of growth



SOURCE: EUROPEAN AUTOMOBILE MANUFACTURERS' ASSOCIATION OR ACEA, INCRED RESEARCH

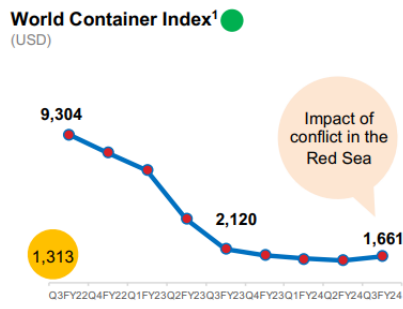
Sales in the US were helped by year-end discounts offered by the automobile makers along with higher incentives. While Western Europe reached 13.3m units in 2023, up 14% yoy, the light vehicle or LV market in Dec 2023 fell by 4.3% yoy, led by Germany, which had a strong base in 2022. For China, total LV sales in 2023 were up by nearly 11%, with passenger vehicle sales benefitting from strong competition and aggressive price cuts.

Figure 8: Global light vehicle (LV) market grew 11.6% YoY to 8.4m units in Dec 2023



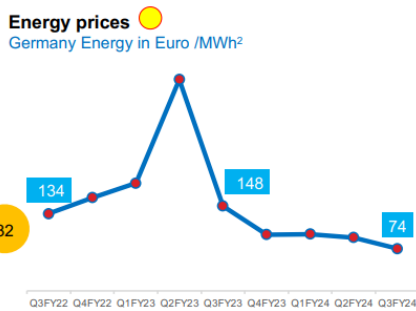
SOURCE: MARKLINES, INCRED RESEARCH, COMPANY REPORTS

Figure 9: Container price uptick



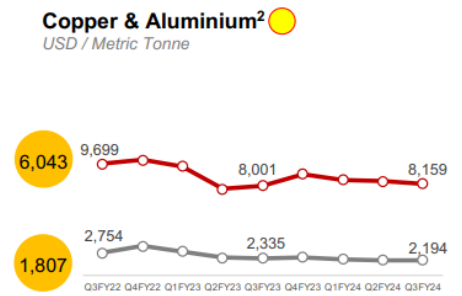
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Energy prices benign



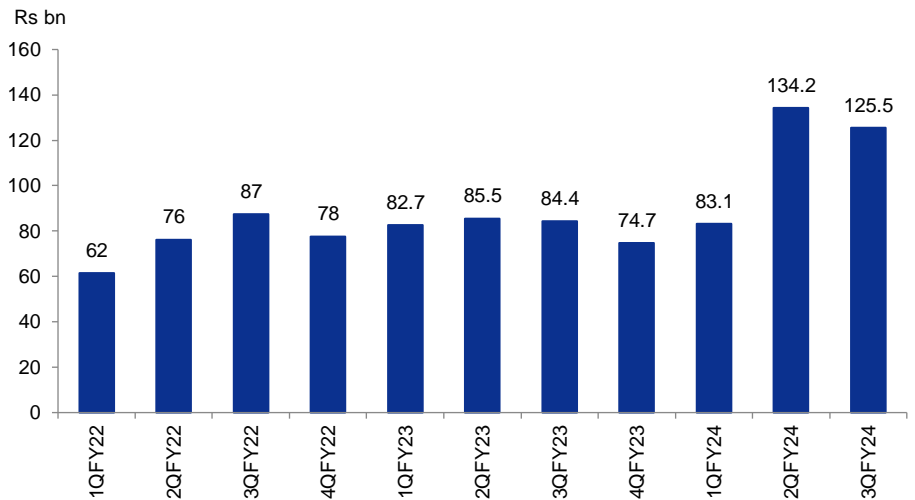
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Raw material prices remain stable



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Net debt eases acquisition payments done recently



SOURCE: MARKLINES, INCRED RESEARCH, COMPANY REPORTS

Figure 13: Key assumptions

	FY22A	FY23A	FY24F	FY25F	FY26F
<b>Standalone</b>					
Revenue (Rs m)	53,448	70,539	84,487	98,448	1,14,778
EBITDA (Rs m)	6,018	8,500	11,828	14,669	17,102
Adj. PAT (Rs m)	8,477	9,726	12,097	14,564	16,662
Adj. EPS (Rs)	1.3	1.4	1.8	2.1	2.5
EBITDA margin (%)	11.3%	12.1%	14.0%	14.9%	14.9%
PAT margin (%)	15.9%	13.8%	14.3%	14.8%	14.5%
<b>SMRP BV (SMR+SMP+ Reydel)</b>					
Revenue (EUR m)	5,053	6,251	7,255	8,213	9,057
Revenue (Rs m)	4,37,404	5,25,118	6,16,688	6,98,113	7,69,877
EBITDA (Rs m)	29,265	35,308	48,334	56,999	64,132
Adj. PAT (Rs m)	3,762	7,781	13,609	19,129	24,594
EBITDA margin (%)	6.7%	6.7%	7.8%	8.2%	8.3%
PAT margin (%)	0.9%	1.5%	2.2%	2.7%	3.2%
<b>PKC</b>					
Revenue (EUR m)	1,225	1,397	1,536	1,690	1,859
Revenue (Rs m)	1,06,048	1,17,306	1,30,573	1,43,630	1,57,993
EBITDA (Rs m)	4,415	7,508	10,185	11,203	12,323
Adj. PAT (Rs m)	(601)	2,251	3,967	4,410	4,905
EBITDA margin (%)	4.2%	6.4%	7.8%	7.8%	7.8%
PAT margin (%)	-0.6%	1.9%	3.0%	3.1%	3.1%
<b>Consolidated</b>					
Revenue (Rs m)	6,35,360	7,56,039	8,79,131	9,92,312	10,99,981
EBITDA (Rs m)	44,614	57,346	77,455	90,689	1,02,157
Adj. PAT (Rs m)	8,494	18,129	28,245	37,460	48,632
Adj. EPS (Rs)	1.2	2.4	3.9	5.2	6.8
EBITDA margin (%)	7.0%	7.6%	8.8%	9.1%	9.3%
PAT margin (%)	1.3%	2.4%	3.2%	3.8%	4.4%

SOURCE: MARKLINES, INCRED RESEARCH, COMPANY REPORTS

Figure 14: Our earnings revision highlights

	FY24F	FY25F	FY26F
--	-------	-------	-------

Consolidated	Old	New	Old	New	Old	New
Net Sales (Rs m)	9,50,523	9,98,321	11,19,473	11,74,243	12,41,184	13,05,972
change (%)		5.0%		4.9%		5.2%
EBITDA (Rs m)	84,257	88,399	1,00,296	1,05,292	1,16,569	1,24,087
change (%)		4.9%		5.0%		6.4%
PBT (Rs m)	43,295	38,692	56,867	53,515	71,557	69,475
change (%)		-10.6%		-5.9%		-2.9%
PAT (Rs m)	28,506	26,495	37,647	35,360	47,282	45,902
change (%)		-7.1%		-6.1%		-2.9%

SOURCE: MARKLINES, INCRED RESEARCH, COMPANY REPORTS

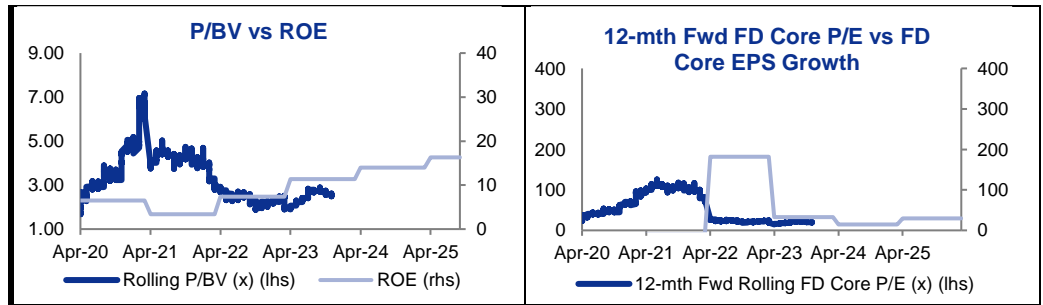
**Figure 15: Sum-of-the-parts or SOTP-based target price**

	EBITDA (Rs m)	Multiple (x)	Value (Rs m)	Per share (Rs)
Consolidated EBITDA	1,21,719	7.2	8,76,374	129.3
MSWIL (33% stake)			78,664	11.6
Less: Consol net debt			55,420	8.2
<b>Target value/ price</b>			<b>8,99,617</b>	<b>133</b>

SOURCE: MARKLINES, INCRED RESEARCH, COMPANY REPORTS



## BY THE NUMBERS



## Profit &amp; Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>Total Net Revenues</b>	635,360	787,007	998,321	1,174,244	1,305,972
<b>Gross Profit</b>	267,997	333,833	439,261	516,667	574,627
<b>Operating EBITDA</b>	44,614	62,077	88,399	105,292	124,087
Depreciation And Amortisation	(29,582)	(31,358)	(37,316)	(41,794)	(45,974)
<b>Operating EBIT</b>	15,032	30,719	51,083	63,497	78,113
Financial Income/(Expense)	(5,426)	(7,809)	(14,491)	(12,460)	(11,488)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	4,957	2,570	2,100	2,478	2,850
<b>Profit Before Tax (pre-EI)</b>	14,562	25,480	38,692	53,515	69,475
Exceptional Items					
<b>Pre-tax Profit</b>	14,562	25,480	38,692	53,515	69,475
Taxation	(6,068)	(7,352)	(10,447)	(16,054)	(20,842)
Exceptional Income - post-tax	2,677	7,284	4,400		
<b>Profit After Tax</b>	11,171	25,412	32,645	37,460	48,632
Minority Interests	(3,077)	(1,740)	(2,000)	(2,400)	(3,120)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	160	(438)	250	300	390
<b>Net Profit</b>	8,253	23,234	30,895	35,360	45,902
Recurring Net Profit	5,577	15,951	26,495	35,360	45,902
<b>Fully Diluted Recurring Net Profit</b>	5,577	15,951	26,495	35,360	45,902

## Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>EBITDA</b>	44,614	62,077	88,399	105,292	124,087
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(14,480)	(4,183)	35,244	41,027	41,822
(Incr)/Decr in Total Provisions	(6,305)	13,144	(77,335)	(77,500)	(79,500)
Other Non-Cash (Income)/Expense	2,677	4,897	12,828	6,493	3,817
<b>Other Operating Cashflow</b>					
Net Interest (Paid)/Received	(469)	(5,239)	(12,391)	(9,982)	(8,639)
Tax Paid	(7,315)	(9,402)	(12,381)	(18,730)	(24,316)
<b>Cashflow From Operations</b>	18,722	61,295	34,363	46,599	57,272
Capex	(37,595)	(50,397)	(75,000)	(40,000)	(45,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	13,807	(6,598)	147,899	134,499	130,416
<b>Cash Flow From Investing</b>	(23,788)	(56,995)	72,899	94,499	85,416
Debt Raised/(repaid)	2,456	(5,952)	(121,657)	(132,000)	(90,000)
Proceeds From Issue Of Shares		2,259	(6,776)	(6,776)	(6,776)
Shares Repurchased					
Dividends Paid	(6,457)	(3,614)	(6,776)	(10,165)	(13,553)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	(4,001)	(7,307)	(135,210)	(148,941)	(110,329)
Total Cash Generated	(9,068)	(3,007)	(27,948)	(7,843)	32,359
<b>Free Cashflow To Equity</b>	(2,611)	(1,652)	(14,395)	9,098	52,688
<b>Free Cashflow To Firm</b>	359	12,109	121,753	153,558	154,176

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

## Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	49,994	46,987	24,948	6,840	11,652
Total Debtors	80,247	98,379	123,081	138,336	150,276
Inventories	64,417	78,228	95,729	106,164	114,496
Total Other Current Assets	36,522	42,956	45,000	44,000	45,000
<b>Total Current Assets</b>	<b>231,180</b>	<b>266,549</b>	<b>288,758</b>	<b>295,340</b>	<b>321,424</b>
Fixed Assets	227,209	246,248	283,931	282,137	281,163
Total Investments	64,617	62,899	69,189	79,567	95,481
Intangible Assets					
Total Other Non-Current Assets	39,694	42,821	45,145	47,145	49,645
<b>Total Non-current Assets</b>	<b>331,521</b>	<b>351,968</b>	<b>398,265</b>	<b>408,848</b>	<b>426,288</b>
Short-term Debt	25,000	8,000	7,000	5,000	3,000
Current Portion of Long-Term Debt	22,609	48,657	50,000	35,000	30,000
Total Creditors	113,603	141,363	177,783	202,678	218,258
Other Current Liabilities	78,489	93,312	95,000	98,000	103,000
<b>Total Current Liabilities</b>	<b>239,701</b>	<b>291,332</b>	<b>329,783</b>	<b>340,678</b>	<b>354,258</b>
Total Long-term Debt	80,000	65,000	75,000	50,000	40,000
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>80,000</b>	<b>65,000</b>	<b>75,000</b>	<b>50,000</b>	<b>40,000</b>
Total Provisions	19,354	18,416	21,151	24,827	29,301
<b>Total Liabilities</b>	<b>339,055</b>	<b>374,748</b>	<b>425,935</b>	<b>415,505</b>	<b>423,559</b>
Shareholders Equity	205,882	224,515	239,834	265,030	297,379
Minority Interests	17,763	19,254	21,254	23,654	26,774
<b>Total Equity</b>	<b>223,645</b>	<b>243,769</b>	<b>261,088</b>	<b>288,683</b>	<b>324,153</b>

## Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	10.7%	23.9%	26.9%	17.6%	11.2%
Operating EBITDA Growth	2.3%	39.1%	42.4%	19.1%	17.9%
Operating EBITDA Margin	7.0%	7.9%	8.9%	9.0%	9.5%
Net Cash Per Share (Rs)	(11.45)	(11.02)	(15.80)	(12.27)	(9.05)
BVPS (Rs)	30.38	33.13	35.39	39.11	43.88
Gross Interest Cover	2.77	3.93	3.53	5.10	6.80
Effective Tax Rate	41.7%	28.9%	27.0%	30.0%	30.0%
Net Dividend Payout Ratio	52.7%	22.7%	25.6%	28.7%	29.5%
Accounts Receivables Days	43.70	41.42	40.48	40.63	40.33
Inventory Days	56.82	57.45	56.79	56.03	55.06
Accounts Payables Days	111.78	102.68	104.18	105.59	105.04
ROIC (%)	6.8%	12.0%	18.6%	19.8%	24.6%
ROCE (%)	4.7%	8.4%	13.3%	16.1%	19.6%
Return On Average Assets	2.7%	4.3%	6.6%	7.2%	8.3%

## Key Drivers

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
ASP (% chg, main prod./serv.)	(18.0%)	32.0%	19.8%	16.5%	16.6%
ASP (% chg, 2ndary prod./serv.)	5.1%	23.7%	16.1%	13.2%	10.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



---

**DISCLAIMER**

---

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. 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 IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

	Analyst/ Relative	Entity/ Associates
any financial interests in the company covered in this report (subject company) and nature of such financial interest	NO	NO
actual/beneficial ownership of 1% or more in securities of 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;	NO	NO
any other material conflict of interest at the time of publication of the research report or at the time of public appearance	NO	NO
received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months	NO	NO
managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
received any compensation or other benefits from the subject company or third party in connection with the research report	NO	NO
served as an officer, director or employee of the subject company	NO	NO
been engaged in market making activity for the subject company	NO	NO

#### Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.