



## India

**ADD** (no change)

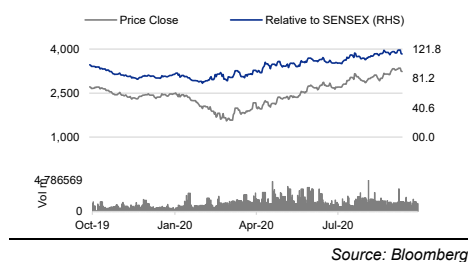
Consensus ratings\*: Buy 36 Hold 8 Sell 2

Current price:	Rs12,840
Target price:	Rs14,509
Previous target:	Rs14,261
Up/downside:	13.0%
InCred Research / Consensus:	4.4%
Reuters:	MRTI.NS
Bloomberg:	MSIL IN
Market cap:	US\$46,028m
	Rs4,036,929m
Average daily turnover:	US\$49.7m
	Rs4359.4m
Current shares o/s:	314.4m
Free float:	41.8%

\*Source: Bloomberg

**Key changes in this note**

- FY26F-28F sales cut by 1-2%.
- FY26F-28F EBITDA cut by 3-5%.
- FY26F-28F EPS cut by 2-5%.



Price performance	1M	3M	12M
Absolute (%)	2.1	1.8	4.6
Relative (%)	5.0	2.9	2.9

Major shareholders	% held
Suzuki Motor	58.2
ICICI Prudential	4.4
SBI Mutual Fund	2.3

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# Maruti Suzuki

## Growth efforts all set to yield benefit

- Annual report gives comfort on the company's efforts to sustain growth in CNG vehicles, SUVs & exports. Suzuki's global EV aim hinges on India production.
- We have cut FY26F-28F EPS by 2-5% due to short-term challenges. New SUV launches have scope to make the company No.1 in this voluminous segment.
- Stock consolidation made P/E & P/BV valuations attractive at below the 10-year mean. Retain ADD, as industry demand can revive from interest rate dip.

**Management plans to emerge as the leader in SUVs**

Maruti Suzuki's management, in its annual report for 2024-25 has highlighted that multi-purpose vehicle (MPV) has emerged as the third-largest segment in the Indian passenger vehicle sector (Fig. 5), with a 10.4% share in FY25, next to SUV (55%) and premium hatchback (13.3%). With E-Vitara and a new SUV launch in the coming months, the company plans to emerge as the volume leader in SUVs also by filling the current small gap vs. the leader. Management gave guidance of double-digit growth in CNG vehicle sales (13%) and exports in FY26F. The geographical diversification in exports to improve with E-Vitara launch, from the current 30% dependence on South Africa (Fig. 9).

**Developing EV ecosystem with an aim to emerge as the leader**

Maruti Suzuki is entering the electric vehicle or EV market with the E-Vitara, built on a dedicated BEV platform for superior performance. The company is setting a new paradigm with a comprehensive Eco Solution—home chargers with every vehicle, fast chargers every 5-10km in the top 100 high-sales cities, 24x7 roadside assistance, and EV-ready workshops in 1,000 cities. Exports have already started and there are plans to cover 160 countries to gain scale and emerge as the largest EV maker of India by FY31F.

**Short-term affordability, supply challenges lead to our 2-5% EPS cut**

While marketing efforts are leading to single-digit car purchase enquiries, the slippage in conversions is a cause of concern, which may be overcome through easing interest rates and the festive season lurking around. Management looks at government intervention to improve the affordability, so that medium-term car demand growth is re-established. With rare earth material supply challenges for its EV launch and slow demand recovery, we have cut sales volume estimates by 1-2% for FY26F-28F. The EBITDA margin pressure from currency volatility and higher ASP discount trend leads to a 3-5% EBITDA cut.

**Maintain ADD rating with a higher DCF-based target price of Rs14,509**

We roll forward of our DCF-based target price and incorporate a lower risk-free rate (to factor in the easing repo rate), leading to a higher target price of Rs14,509 (Rs14,261 earlier). We maintain ADD rating on the stock, as new model exports and Indian rupee or INR depreciation to aid market share and profitability, respectively. Key downside risks are the new model failing to garner good customer response, and global tariff imbroglio impacting currency movement/export volume.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	1,409,326	1,519,002	1,704,576	2,005,978	2,267,531
Operating EBITDA (Rsm)	164,011	176,538	196,442	225,645	257,976
Net Profit (Rsm)	127,400	139,551	161,424	182,998	204,440
Core EPS (Rs)	420.1	470.5	513.4	582.1	650.3
Core EPS Growth	64.1%	12.0%	9.1%	13.4%	11.7%
FD Core P/E (x)	31.69	28.93	25.01	22.06	19.75
DPS (Rs)	125.0	135.0	155.0	190.0	210.0
Dividend Yield	0.97%	1.05%	1.21%	1.48%	1.64%
EV/EBITDA (x)	20.76	19.06	16.92	14.25	12.17
P/FCFE (x)	56.37	19.42	46.03	24.05	28.43
Net Gearing	(75.3%)	(71.5%)	(67.7%)	(69.8%)	(68.2%)
P/BV (x)	4.81	4.29	3.83	3.43	3.07
ROE	18.3%	16.6%	16.2%	16.4%	16.4%
% Change In Core EPS Estimates			(5.50%)	(1.24%)	
InCred Research/Consensus EPS (x)					

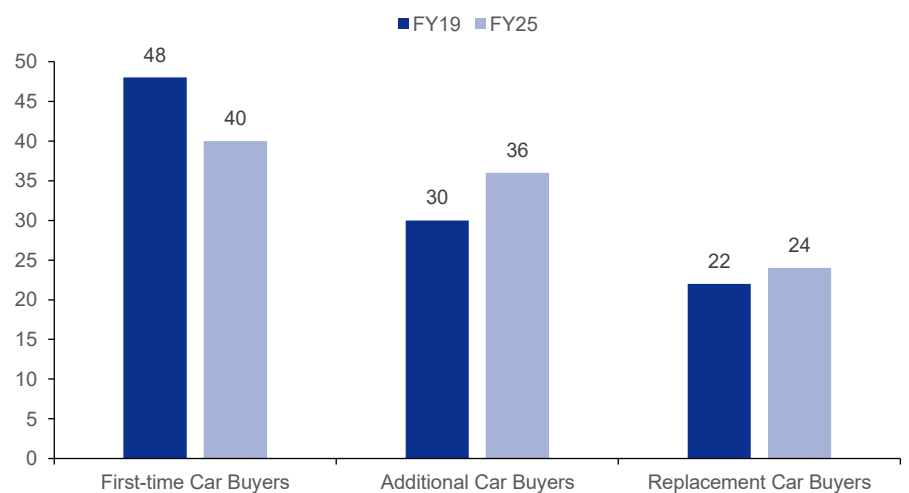
SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Growth efforts all set to yield benefit

### Annual report highlights ➤

- **Management's take on domestic demand** - Currently, the market conditions in India are soft. However, they may not remain so for long, as management firmly believes that policies will evolve in a way that encourages products and technologies aligned with India's resource endowment and economic conditions. India needs massive industrialization as it moves towards becoming a developed economy, for which sustained double-digit growth in the car market is essential. Such growth aspiration cannot be achieved if the masses are unable to afford cars.
- **Enquiries rise 7% in FY25, but weak sales conversion** - Management intensified its marketing campaign and outreach initiatives in FY25 to build customer engagement and strengthen brand connect, leading to a 7% growth in enquiries. However, the conversion into car purchases slipped, leading to lower domestic sales growth of just 1% for Maruti Suzuki. In FY25, the passenger vehicle or PV market was largely driven by replacement demand and additional buyers. To proactively manage the impact of fluctuations in the domestic market, management has expanded its focus to newer markets and customer segments.
- **Car market penetration and affordability:** The slowdown in the car industry has happened, despite India experiencing the highest gross domestic product or GDP growth among large countries, and calls for a serious consideration. India's car market penetration, at 34 per thousand of population, is very low. Two-thirds of the population are dependent on two-wheelers for their mobility needs. Historically, PV sales grew at 1.5 times the GDP growth, but despite a 6.5% GDP growth in FY25, PV sales remained flat, underscoring the affordability issue in the small-car segment. Today, over 88% of households are excluded from access to safer transport, reflecting a critical gap in social equity.

**Figure 1: Only additional car buyers and replacement demand buyers are driving industry sales momentum**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

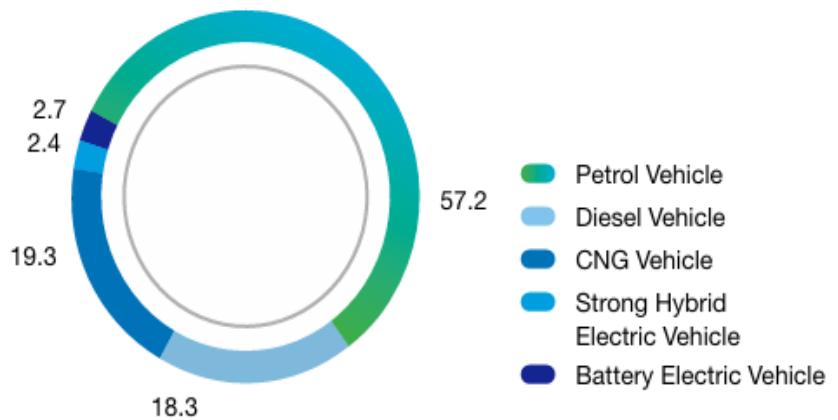
- **Solution for addressing customer affordability:** The bulk of Indian households, with per capita income that is less than 10% of those in Europe, cannot afford to buy the more expensive cars. It is a fallacy to believe that prospective small-car buyers are now moving to more expensive sports utility vehicles or SUVs and that is why the segment is on the decline. If that was the case, the overall industry should not have slowed in this manner. Maruti Suzuki's management has made a representation to the government that cars should be treated as the drivers of economic growth and generation of

employment and that policies and tax rates should be reviewed in that context. The not-so-well of section of the population should also be enabled to buy safe and comfortable means of transportation.

- EV ecosystem development efforts:** The company is entering the EV market with the e VITARA model, built on a dedicated BEV platform for superior performance. It is setting a new paradigm with a comprehensive Eco Solution—home chargers with every vehicle, fast chargers every 5-10km in the top 100 high-sales cities, 24x7 roadside assistance, and EV-ready workshops in 1,000 cities. Besides, to accelerate BEV adoption, management has introduced a customized training programme at 130 Industrial Training Institutes or ITIs, thus creating a talent pool of skilled personnel for the entire automobile industry. With these initiatives, coupled with four new EV product launches by FY31F, the company aims to be India's largest BEV original equipment manufacturer (OEM) in terms of production, domestic and exports.
- CNG vehicle sales targets:** Consumers' preference for CNG vehicles continued to rise in FY25, with the company's CNG vehicle sales growing by 28% yoy to 619,890 units and the target for FY26F is 700,000 units, a growth of 13% yoy. The company's SHEV (series hybrid electric vehicle) segment recorded a growth of 27.5% in FY25 to 20,672 vehicles, supported by state government incentives and road tax waivers. SHEVs offer 25%-44% higher fuel efficiency than conventional internal combustion engines, significantly reducing carbon emissions.

Figure 2: Market penetration of CNG vehicles tops that of diesel vehicles for the first time

### Powertrain Mix in PVs FY 2024-25 (%)

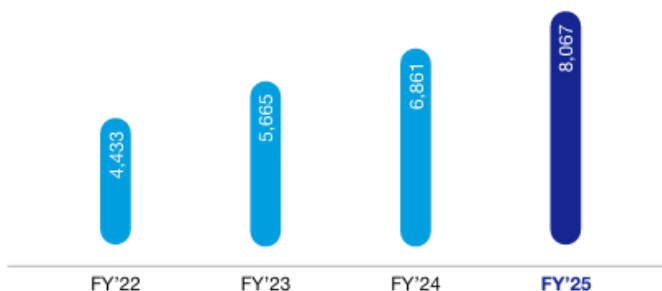


Source: Internal Estimates

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: CNG filling station expansion has a direct bearing on demand momentum

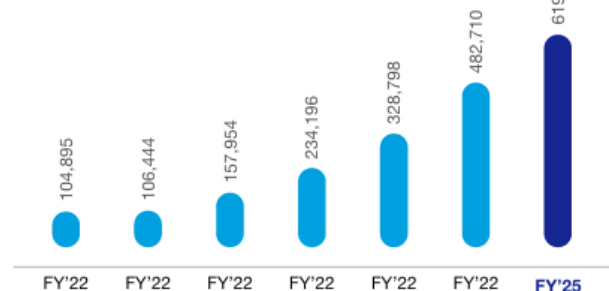
### Number of CNG Filling Stations in India



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Maruti Suzuki's CNG vehicle sales volume is likely to sustain double-digit growth

### Sales of CNG Fuel Vehicles (PV+LCV) (in units)

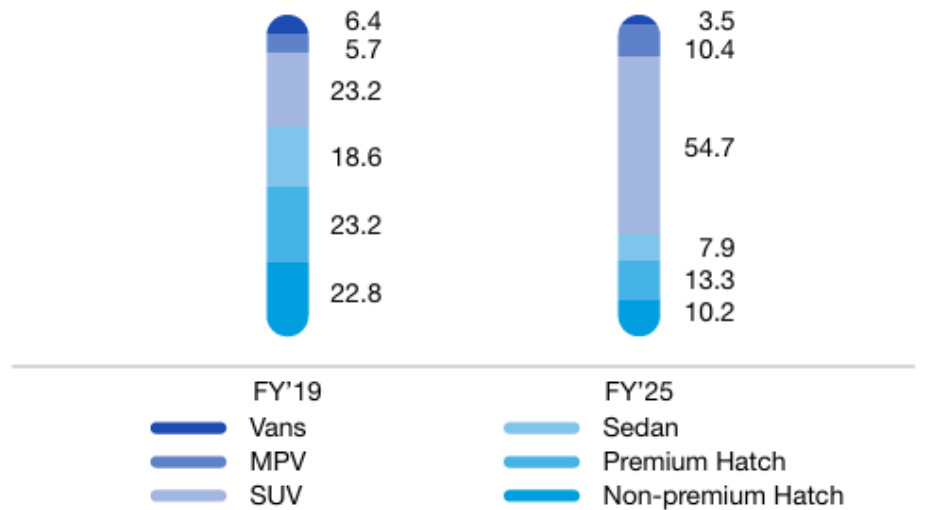


SOURCE: INCRED RESEARCH, COMPANY REPORTS

- **SUV segment leadership in sight** - Management indicated that Maruti Suzuki holds a strong second place in the SUV category, with a narrow margin to the top spot. Going ahead, with a strong product line-up in SUVs, the company is committed to achieving the leadership position in this segment as well.

**Figure 5: MPV emerges as the third-largest segment in India's car industry, after its SUV and premium hatchback launches**

### Contribution of Sales Across Segments in India's PV Market (%)

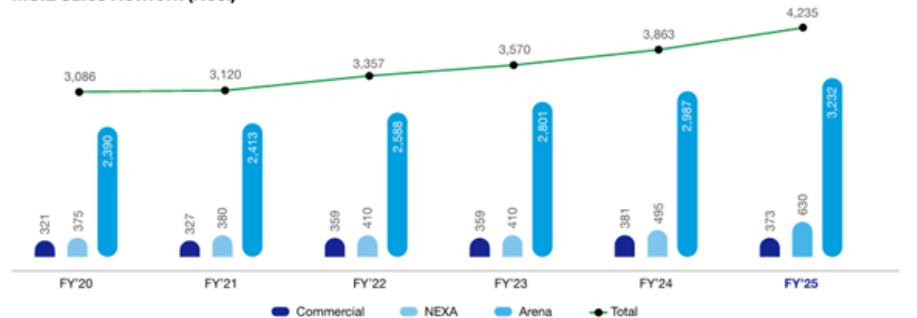


SOURCE: INCRED RESEARCH, COMPANY REPORTS

- **Distribution expansion:** During FY25, it expanded the distribution reach by adding 372 sales outlets and 450 service touchpoints, focusing on both urban and non-urban markets. The company also introduced the NEXA Studio format to bring a premium experience to new geographies.

**Figure 6: Maruti Suzuki's distribution and service network expansion trend**

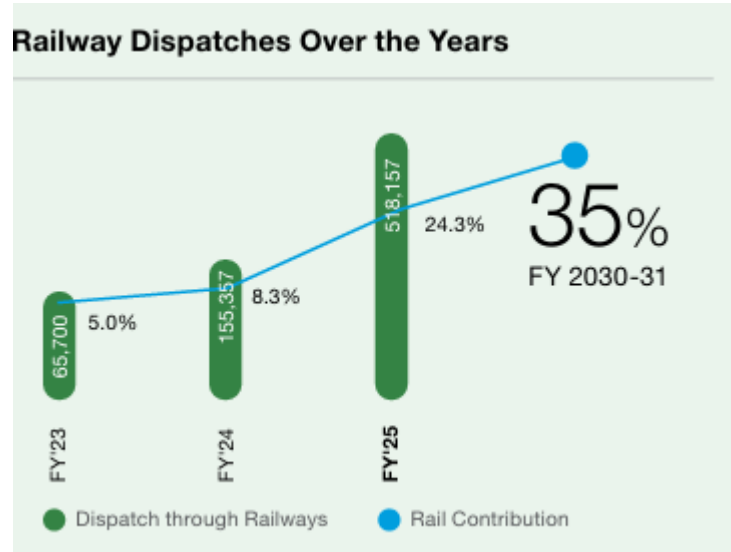
### MSIL Sales Network (Nos.)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

- **Capacity expansion plan:** The first line in Kharkhauda is in the full production stage and the second line would be completed early next financial year. The company's total capacity now is 2.6m cars per annum. Construction of a second plant is ongoing, and a third plant with a similar capacity has also been approved, which will be set up at Kharkhoda. Management is ready with its plan to increase the production further in case the government favourably reviews its demand revival policy representation.
- Management aims to increase the share of rail-based dispatches to 35% of total dispatches by FY31F, compared to 24.3% in FY25.

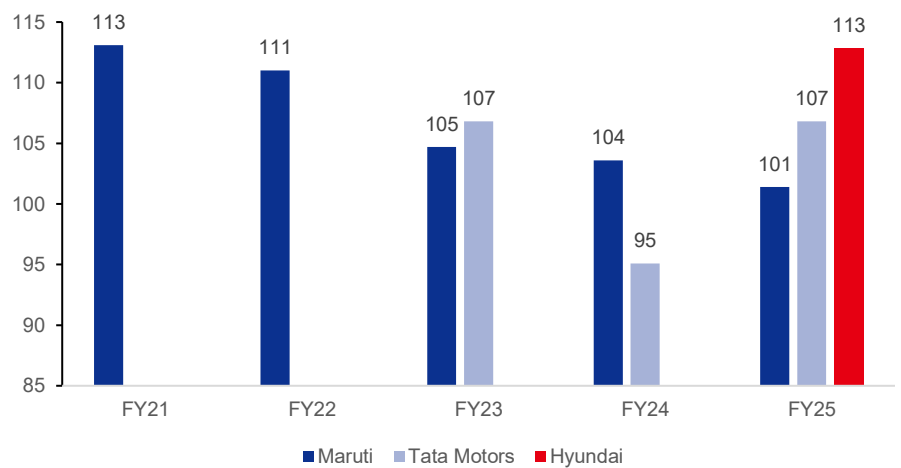
**Figure 7: Maruti Suzuki's distribution and service network expansion trend**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

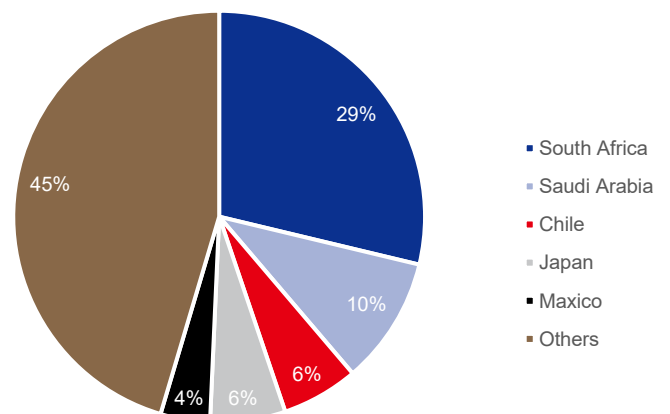
- Over the last decade, CO2 emissions per vehicle declined by 19%, but management expects to make faster progress with more emphasis on cleaner technologies.

**Figure 8: Average fleet CO2 emissions (g/km) for car industry peers**



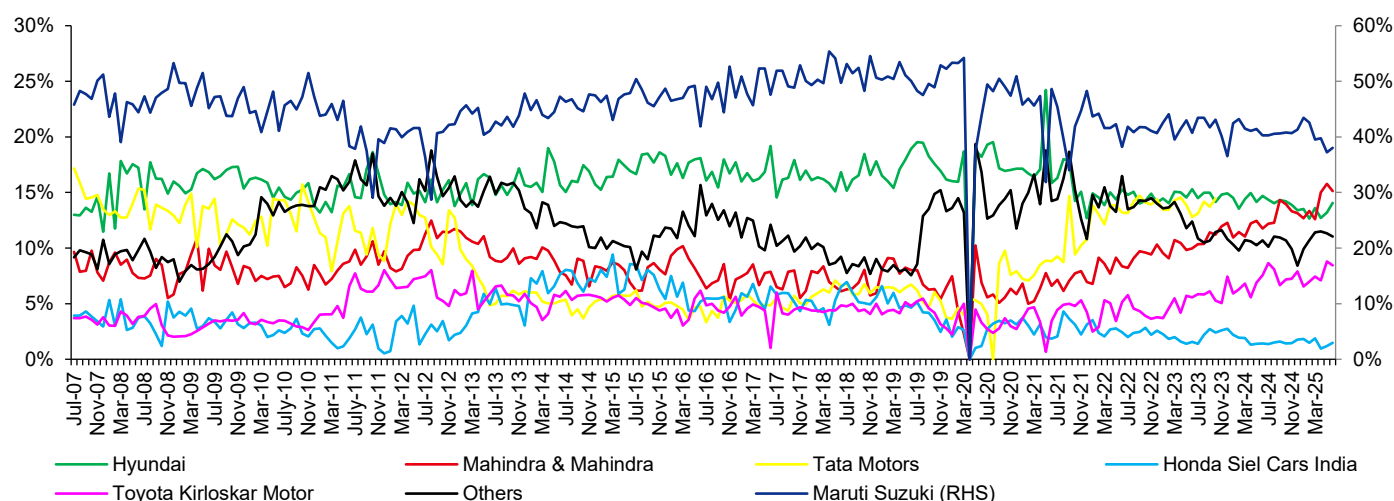
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 9: Maruti Suzuki's export mix in FY25**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 10: Passenger vehicles' long-term market share trend**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

### Management's 1QFY26 conference-call highlights ➤

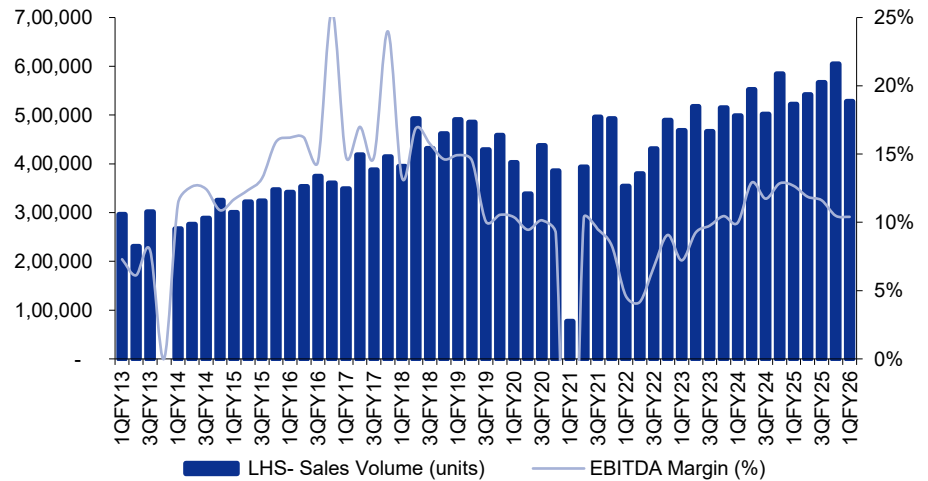
- **Industry trend:** Domestic PV industry's wholesales fell 1.4% yoy in 1QFY26, with sustained weakness in entry-level cars due to the affordability issues. SUV's share rose to 55% and that of MPV to 11%, while the hatchback's share declined to 21%, from 46% in FY19.
- **Export performance:** Achieved 37.4% yoy export growth, with a 47.1% share of India's PV exports; Fronx became the highest-exported car in 1Q and the fastest SUV to reach 100,000 units in exports in 25 months.
- **Network & service:** Has 5,500 service touchpoints, servicing a record 2.45m vehicles in May 2025.
- **Sales mix:** 1Q total volume (+1.1% yoy), with domestic sales down 4.5% and exports up 37.4%; one in every three vehicles sold in the domestic market was a CNG vehicle.
- **Financial highlights:** The EBIT margin fell to 8.3% from 8.7% sequentially due to adverse operating leverage, commodity costs, forex, and Kharkhoda plant overheads.
- **Demand outlook:** Rural markets positive vs. urban; festive season, favourable monsoons, and two SUV launches (one of them EV) are expected to lift demand in 2HFY26F.
- **Export strategy:** Long-term network development, Suzuki global distributor access, success in 100 markets; Japan is now the second-largest export market, with strong demand for Jimny & Fronx models.
- **Capex & treasury income:** The capex plan of Rs100bn for FY26F is on track (25% incurred in 1Q); higher other income from treasury gains and softer yields.
- **EV plan:** The first EV to be exported to ~100 countries, including Europe & Japan, in FY26F; focus is on after-sales with charging infrastructure and service support.
- **Regulatory:** CAFE norms discussions are ongoing; final clarity expected in one-to-two months, with the multi-powertrain approach to derisk the supply chain.
- **Inventory & discounts:** Dealer inventory stands at ~33 days, with wholesales calibrated to demand; discounts flattish qoq on a rupees-per-car basis, with a total outgo of ~Rs65bn in 1Q.
- **Subsidiary's performance:** Suzuki Motor Gujarat (SMG) earned ~Rs400m interest income on cash at PAT level, which is not included in standalone PAT.

Figure 11: Results comparison

Y/E Mar (Rs m)	1QFY26	1QFY25	yoy % chg	4QFY25	qoq % chg	Comments
Revenue	3,84,136	3,55,314	8.1	4,06,738	(5.6)	2% above our estimate.
Raw material costs	2,77,296	2,49,329	11.2	2,92,353	(5.2)	
RM costs as a % of revenue	72.2	70.2	201.5	71.9	30.9	
<b>EBITDA</b>	<b>39,953</b>	<b>45,023</b>	<b>(11.3)</b>	<b>42,647</b>	<b>(6.3)</b>	11% below our estimate.
<i>EBITDA margin (%)</i>	<i>10.4</i>	<i>12.7</i>	<i>(227.1)</i>	<i>10.5</i>	<i>(8.4)</i>	148bp below our estimate.
Depreciation & amortization	9,375	7,310	28.2	8,724	7.5	10% above our estimate.
EBIT	30,578	37,713	(18.9)	33,923	(9.9)	-
Interest expenses	466	573	(18.7)	472	(1.3)	7% below our estimate.
Other Income	18,230	9,751	87.0	14,466	26.0	66% above our estimate.
Pre-tax profit	48,342	46,891	3.1	47,917	0.9	
Tax	11,225	10,392	8.0	10,806	3.9	
Tax rate (%)	23.2	22.2	105.8	22.6	67	-
<b>Normalized net profit</b>	<b>37,117</b>	<b>36,499</b>	<b>1.7</b>	<b>37,111</b>	<b>0.0</b>	3% above our estimate.
Exceptionals	-	-	-	-	-	
Reported net profit	37,117	36,499	1.7	37,111	0.0	
<b>Normalized EPS (Rs)</b>	<b>122.9</b>	<b>120.8</b>	<b>1.7</b>	<b>122.9</b>	<b>(0.0)</b>	3% above our estimate.
Volume (nos)	5,27,861	5,21,868	1.1	6,04,635	(12.7)	
Net realization (Rs)	7,27,722	6,80,850	6.9	6,72,700	8.2	2% above our estimate.
EBITDA/vehicle	75,688	86,273	(12.3)	70,533	7.3	

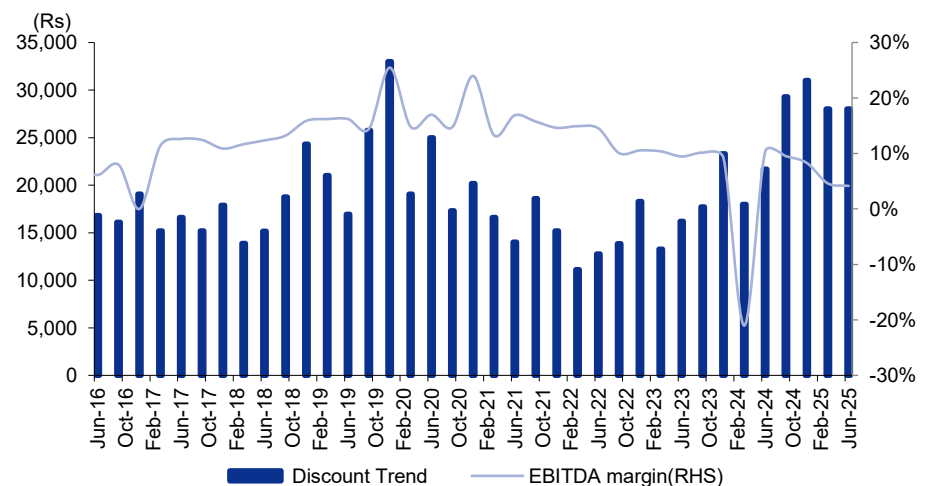
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Recent EBITDA margin weakness is a cause of concern



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: ASP discounts are near elevated levels



SOURCE: INCRED RESEARCH, COMPANY REPORTS



Figure 14: Maruti Suzuki's model-wise volume performance

	1QFY26	1QFY25	yoy	4QFY25	qoq
<b>Mini</b>	<b>70,625</b>	<b>55,913</b>	<b>26%</b>	<b>90,892</b>	<b>-22%</b>
Alto	24,493	15,621	57%	29,760	-18%
WagonR	46,132	40,292	14%	61,132	-25%
<b>Compact</b>	<b>1,04,092</b>	<b>90,315</b>	<b>15%</b>	<b>90,892</b>	<b>15%</b>
S-Presso	6,323	3,901	62%	6,368	-1%
Swift	39,909	42,002	-5%	51,096	-22%
Celerio	9,519	5,373	77%	8,448	13%
Baleno	41,786	33,764	24%	47,802	-13%
Ignis	6,555	5,275	24%	8,074	-19%
<b>Compact Sedan</b>	<b>45,307</b>	<b>50,564</b>	<b>-10%</b>	<b>45,537</b>	<b>-1%</b>
Dzire/ Dzire tour	45,307	50,564	-10%	45,537	-1%
<b>Sedan</b>	<b>2,169</b>	<b>1,807</b>	<b>20%</b>	<b>2,541</b>	<b>-15%</b>
Ciaz	2,169	1,807	20%	2,541	-15%
<b>Van</b>	<b>33,791</b>	<b>33,105</b>	<b>2%</b>	<b>33,152</b>	<b>2%</b>
Eeco	33,791	33,105	2%	33,152	2%
<b>SUV</b>	<b>1,63,130</b>	<b>1,61,868</b>	<b>1%</b>	<b>1,91,223</b>	<b>-15%</b>
Grand Vitara	27,066	19,179	41%	36,871	-27%
Vitara Brezza	44,471	47,044	-5%	46,685	-5%
Ertiga	43,339	46,071	-6%	45,920	-6%
XL6/ S-Cross	10,073	9,658	4%	9,386	7%
Fronx	36,655	37,744	-3%	50,322	-27%
Jimny	1,012	1,484	-32%	809	25%
Invicto	514	688	-25%	1,230	-58%
<b>LCV</b>	<b>8,510</b>	<b>7,946</b>	<b>7%</b>	<b>9,190</b>	<b>-7%</b>
<b>Sales to other OEM</b>	<b>28,807</b>	<b>24,248</b>	<b>19%</b>	<b>25,223</b>	<b>14%</b>
<b>Total</b>	<b>4,56,431</b>	<b>4,25,766</b>	<b>7%</b>	<b>5,19,546</b>	<b>-12%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: Key assumptions

	FY23	FY24	FY25	FY26F	FY27F	FY28F
Domestic Sales Volume	17,06,831	18,52,256	19,01,681	19,22,017	20,95,581	22,68,670
Growth (%)	20.7%	8.5%	2.7%	1.1%	9.0%	8.3%
Export Sales Volume	2,59,333	2,83,067	3,32,585	4,32,473	5,20,000	5,75,000
Growth (%)	8.8%	9.2%	17.5%	30.0%	20.2%	10.6%
<b>Total Sales Volume</b>	<b>19,66,164</b>	<b>21,35,323</b>	<b>22,34,266</b>	<b>23,54,490</b>	<b>26,15,581</b>	<b>28,43,670</b>
<b>Growth (%)</b>	<b>19.0%</b>	<b>8.6%</b>	<b>4.6%</b>	<b>5.4%</b>	<b>11.1%</b>	<b>8.7%</b>
Gross ASP per Vehicle (Rs)	5,97,727	6,60,006	6,79,866	7,23,968	7,66,934	7,97,396
Growth (%)	11.9%	10.4%	3.0%	6.5%	5.9%	4.0%
Net ASP per Vehicle (Rs)	5,97,727	6,60,006	6,79,866	7,23,968	7,66,934	7,97,396
Growth (%)	11.9%	10.4%	3.0%	6.5%	5.9%	4.0%
Contribution per Vehicle (Rs)	1,59,089	1,88,291	1,94,378	2,02,765	2,11,410	2,19,112
Growth (%)	18.1%	18.4%	3.2%	4.3%	4.3%	3.6%
EBITDA per Vehicle (Rs)	55,986	76,808	79,014	83,433	86,270	90,719
Growth (%)	60.5%	37.2%	2.9%	5.6%	3.4%	5.2%
<b>EBITDA Margin (%)</b>	<b>9.4%</b>	<b>11.6%</b>	<b>11.6%</b>	<b>11.5%</b>	<b>11.2%</b>	<b>11.4%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: Change in our earnings estimates

	FY26F		FY27F		FY28F	
Rs m	Old	New	Old	New	Old	New
Sales Volume (nos)	23,98,882	23,54,490	26,58,146	26,15,581	28,59,705	28,43,670
Change (%)		-1.9%		-1.6%		-0.6%
Net Sales (Rs.m)	17,31,550	17,04,576	20,29,301	20,05,978	22,73,499	22,67,531
Change (%)		-1.6%		-1.1%		-0.3%
EBITDA (Rs.m)	2,06,892	1,96,442	2,36,142	2,25,645	2,65,593	2,57,976
Change (%)		-5.1%		-4.4%		-2.9%
EBITDA Margin	11.9%	11.5%	11.6%	11.2%	11.7%	11.4%
Bps		(42)		(39)		(31)
PAT (Rs.m)	1,70,100	1,61,424	1,88,498	1,82,998	2,07,738	2,04,440
Change (%)		-5.1%		-2.9%		-1.6%
EPS (Rs.)	563.1	534.4	624.0	605.8	687.7	676.8
Change (%)		-5.1%		-2.9%		-1.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



Figure 17: Discounted cash flow or DCF-based target price

Economic Profit Valuation			Discounted Cash Flow Valuation		
	Rs m	%		Rs m	%
Adjusted Opening Invested Capital	309487.1	8	Value of Phase 1: Explicit (2026 to 2028)	328205.1	8
NPV of Economic Profit During Explicit Period	348911.7	9	Value of Phase 2: Value Driver (2029 to 2039)	1991723.8	51
NPV of Econ Profit of Remaining Business (1, 2)	797162.8	20	Value of Phase 3: Fade (2040 to 2050)	1333229.5	34
NPV of Econ Profit of Net Inv (Grth Business) (1, 3)	2433620.4	63	Terminal Value	235962.8	6
Enterprise Value	3889182.1	100	Enterprise Value	3889121.1	100
Plus: Other Assets	0.0	0	FCF Grth Rate at end of Phs 1 implied by DCF Valuation		8
Less: Minorities	0.0	0	FCF Grth Rate at end of Phs 1 implied by Current Price		8
Less: Net Debt (as at 12 Aug 2025)	-672317.0	-17			
Equity Value	4561499.1	117			
No. Shares (millions)	314.4				
<b>Per Share Equity Value</b>	<b>14509</b>				

Sensitivity Table

		No of Years in Fade Period				
		5	8	11	14	17
WACC	9.7%	####	15,796	17,474	19,195	20,955
	10.7%	####	14,496	15,887	17,289	18,699
	11.7%	####	13,354	14,509	15,654	16,787
	12.7%	####	12,348	13,309	14,246	15,159
	13.7%	####	11,460	12,261	13,030	13,767

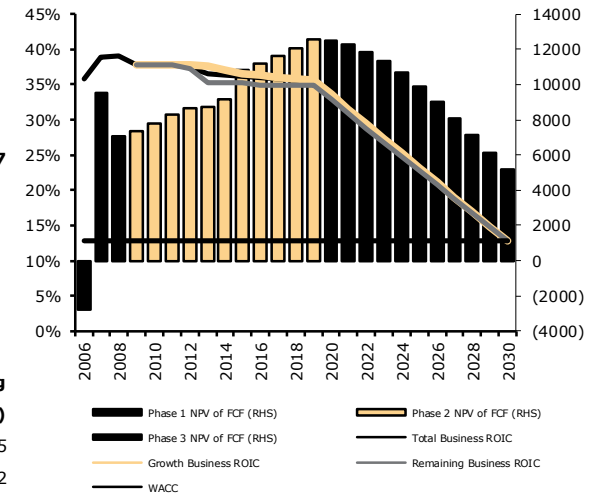
Performance Summary

	2026	2027	Phase 2 Avg 2028	Phase 2 Avg (2029 - 2039)
Invested Capital Growth (%)	27.6	4.5	17.6	12.5
Operating Margin (%)	12.4	11.9	11.8	11.2
Capital Turnover (x)	6.4	5.9	6.4	5.2

Source: InCred Research

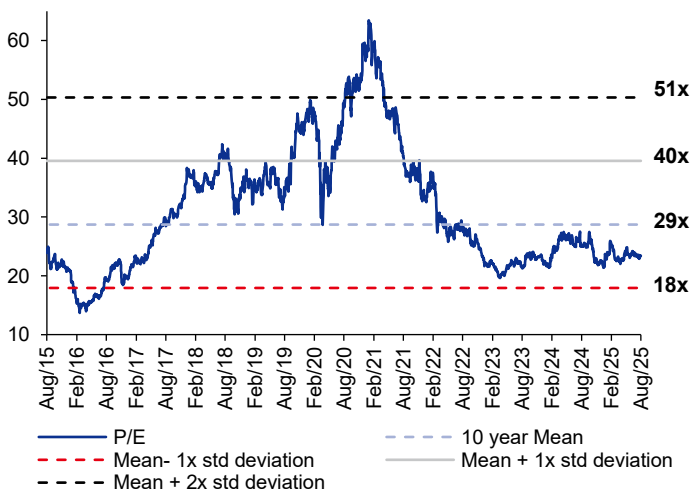
1. In periods following the Explicit Period i.e. Phase 2 and Phase 3
2. Remaining Business is defined as Capital as at the end of Phase 1 and capex = depreciation thereafter
3. Net Investment is defined as capex over and above depreciation after Phase 1

Returns, WACC and NPV of Free Cash Flow



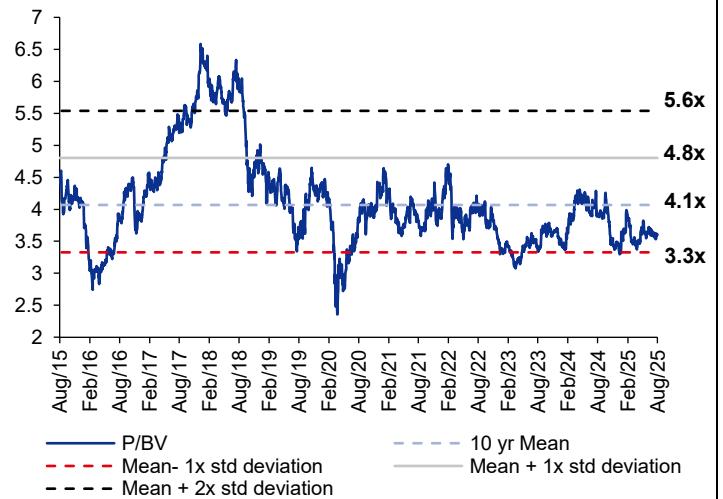
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 18: One-year forward P/E is below the 10-year mean level



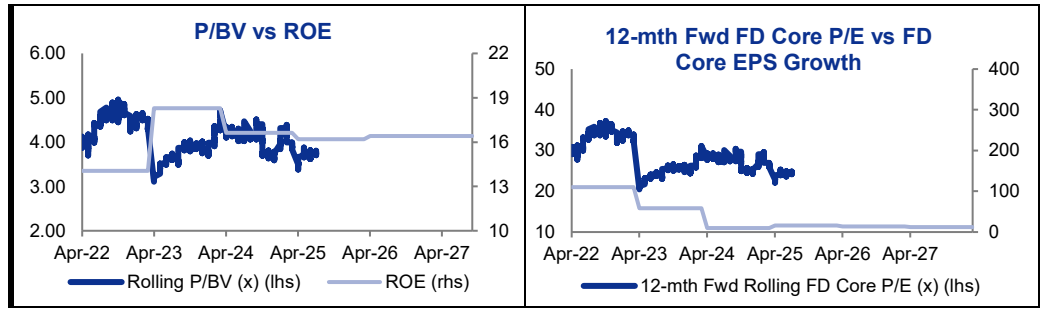
SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 19: One-year forward P/BV is below the 10-year mean level



SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>Total Net Revenues</b>	<b>1,409,326</b>	<b>1,519,002</b>	<b>1,704,576</b>	<b>2,005,978</b>	<b>2,267,531</b>
<b>Gross Profit</b>	<b>402,063</b>	<b>434,292</b>	<b>477,408</b>	<b>552,961</b>	<b>623,081</b>
<b>Operating EBITDA</b>	<b>164,011</b>	<b>176,538</b>	<b>196,442</b>	<b>225,645</b>	<b>257,976</b>
Depreciation And Amortisation	(30,223)	(31,593)	(39,192)	(42,369)	(48,245)
<b>Operating EBIT</b>	<b>133,788</b>	<b>144,945</b>	<b>157,250</b>	<b>183,276</b>	<b>209,731</b>
Financial Income/(Expense)	36,616	46,886	51,849	54,384	55,775
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	<b>170,404</b>	<b>191,831</b>	<b>209,099</b>	<b>237,660</b>	<b>265,506</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>170,404</b>	<b>191,831</b>	<b>209,099</b>	<b>237,660</b>	<b>265,506</b>
Taxation	(38,310)	(43,904)	(47,675)	(54,662)	(61,066)
Exceptional Income - post-tax	(4,694)	(8,376)			
<b>Profit After Tax</b>	<b>127,400</b>	<b>139,551</b>	<b>161,424</b>	<b>182,998</b>	<b>204,440</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>127,400</b>	<b>139,551</b>	<b>161,424</b>	<b>182,998</b>	<b>204,440</b>
Recurring Net Profit	132,094	147,927	161,424	182,998	204,440
<b>Fully Diluted Recurring Net Profit</b>	<b>132,094</b>	<b>147,927</b>	<b>161,424</b>	<b>182,998</b>	<b>204,440</b>

### Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
<b>EBITDA</b>	<b>164,011</b>	<b>176,538</b>	<b>196,442</b>	<b>225,645</b>	<b>257,976</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	16,607	(1,011)	(10,903)	8,258	(17,684)
(Incr)/Decr in Total Provisions	(27,381)	(3,343)	(8,181)	25,012	12,679
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(4,433)	(7,785)	(1,824)	(800)	(700)
Net Interest (Paid)/Received	36,616	46,886	51,849	54,384	55,775
Tax Paid	(38,310)	(43,904)	(47,675)	(54,662)	(61,066)
<b>Cashflow From Operations</b>	<b>147,110</b>	<b>167,381</b>	<b>179,708</b>	<b>257,837</b>	<b>246,979</b>
Capex	(73,496)	(85,962)	(90,000)	(88,000)	(103,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments		128,411			
Other Investing Cashflow	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
<b>Cash Flow From Investing</b>	<b>(75,496)</b>	<b>40,449</b>	<b>(92,000)</b>	<b>(90,000)</b>	<b>(105,000)</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(39,300)	(42,444)	(48,732)	(59,736)	(66,024)
Preferred Dividends					
Other Financing Cashflow	138,360	(125,522)	1,444		
<b>Cash Flow From Financing</b>	<b>99,060</b>	<b>(167,966)</b>	<b>(47,288)</b>	<b>(59,736)</b>	<b>(66,024)</b>
Total Cash Generated	170,674	39,864	40,420	108,101	75,955
<b>Free Cashflow To Equity</b>	<b>71,614</b>	<b>207,830</b>	<b>87,708</b>	<b>167,837</b>	<b>141,979</b>
<b>Free Cashflow To Firm</b>	<b>73,546</b>	<b>209,761</b>	<b>89,558</b>	<b>169,837</b>	<b>144,279</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

### Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	632,453	672,317	712,737	820,838	896,794
Total Debtors	46,013	65,377	65,381	71,446	93,186
Inventories	41,196	51,230	65,381	82,437	93,186
Total Other Current Assets	113,572	141,011	152,835	163,635	174,335
<b>Total Current Assets</b>	<b>833,234</b>	<b>929,935</b>	<b>996,334</b>	<b>1,138,357</b>	<b>1,257,501</b>
Fixed Assets	322,388	304,661	355,469	401,100	455,855
Total Investments	18,162	20,162	22,162	24,162	26,162
Intangible Assets					
Total Other Non-Current Assets	1,124				
<b>Total Non-current Assets</b>	<b>341,674</b>	<b>324,823</b>	<b>377,631</b>	<b>425,262</b>	<b>482,017</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	145,824	174,211	177,463	208,842	223,647
Other Current Liabilities	103,359	125,841	126,092	159,379	180,160
<b>Total Current Liabilities</b>	<b>249,183</b>	<b>300,052</b>	<b>303,555</b>	<b>368,221</b>	<b>403,807</b>
Total Long-term Debt	331				
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>331</b>				
Total Provisions	13,478	15,683	17,251	18,976	20,874
<b>Total Liabilities</b>	<b>262,992</b>	<b>315,735</b>	<b>320,806</b>	<b>387,197</b>	<b>424,681</b>
Shareholders Equity	839,820	940,467	1,053,159	1,176,421	1,314,837
Minority Interests					
<b>Total Equity</b>	<b>839,820</b>	<b>940,467</b>	<b>1,053,159</b>	<b>1,176,421</b>	<b>1,314,837</b>

### Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	19.9%	7.8%	12.2%	17.7%	13.0%
Operating EBITDA Growth	49.0%	7.6%	11.3%	14.9%	14.3%
Operating EBITDA Margin	11.6%	11.6%	11.5%	11.2%	11.4%
Net Cash Per Share (Rs)	2,010.57	2,138.41	2,266.98	2,610.81	2,852.40
BVPS (Rs)	2,671.18	2,991.31	3,349.74	3,741.80	4,182.05
Gross Interest Cover	69.25	75.06	85.00	91.64	91.19
Effective Tax Rate	22.5%	22.9%	22.8%	23.0%	23.0%
Net Dividend Payout Ratio	29.8%	28.7%	30.2%	32.6%	32.3%
Accounts Receivables Days	10.23	13.38	14.00	12.45	13.25
Inventory Days	15.23	15.55	17.34	18.57	19.49
Accounts Payables Days	47.77	53.85	52.30	48.52	48.00
ROIC (%)	50.0%	34.8%	39.6%	36.1%	39.6%
ROCE (%)	23.7%	21.8%	21.2%	21.5%	21.5%
Return On Average Assets	10.6%	9.6%	9.7%	10.0%	10.1%

### Key Drivers

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
ASP (% chg, main prod./serv.)	10.4%	3.0%	6.5%	5.9%	4.0%
Unit sales grth (% , main prod./serv.)	8.6%	4.6%	5.4%	11.1%	8.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## Recommendation Framework

### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.