

CMP: INR 173

Rating: Buy

Target Price: 252

Stock Info

BSE	505714
NSE	GABRIEL
Bloomberg	GABR.IN
Reuters	GABR.NS
Sector	Auto Components & Equipments
Face Value (INR)	1.00
Equity Capital (INR Mn)	144
Mkt Cap (INR Mn)	24,893
52w H/L (INR)	201/ 104
Avg Yearly Vol (in 000')	94

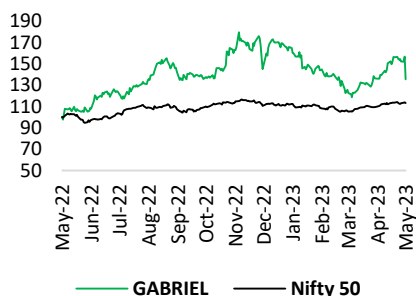
Shareholding Pattern %

(As on March, 2023)

Promoters	55
FII	2.91
DII	11.08
Public & Others	31.01

Stock Performance (%)	1m	3m	12m
Gabriel India Ltd.	15.1	13.4	52.9
Nifty	2.9	5.7	13.0

Gabriel India Ltd. Vs Nifty



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Initiating coverage with potential upside of ...46%

We initiate coverage on Gabriel India Limited (GIL), diverse product portfolio includes McPherson struts, gas shock absorbers, and steering dampers, catering to various customer needs. Notably, they have introduced the advanced technology of Frequency Selective Damping (FSD) in their damper supplies, providing a superior and customizable damping experience for their key customers. Share of Utility Vehicle sales in Gabriel PV business- 65%.GIL Share of Business in Total UV Sales-33%.

Investment Rationale:

Healthy performance in Q4FY23 largely driven by strong PV and aftermarket segment: GIL reported topline growth of 7.7% to INR 7,370 Mn (estimated 7,500 Mn) compared to INR 6,843 Mn in Q4 FY22 led by healthy growth in PV and aftermarket segment. The company's EBITDA stood at INR 524 Mn (vs estimated 530) with margin of 7.1% as compared to INR 377 Mn in Q4FY22 up by 38.8% due to lower RM cost.. PAT grew by 25% YoY to INR 338mn.

Leading supplier of shock absorbers for EV players:

With a market share of 85%, Gabriel India retains the tag of being the leading manufacturer of shock absorbers for CV. With respect to PV launches, Gabriel has a 100% share of business and supplies to Grand Vitara, Brezza, Jimny, and Hryder. Similarly for EV 2Ws. GIL MS in EV has gone up >80% in Q4FY23. Ola ,TVS are 100% with them along with Aether, Ampere, and Okinawa. In addition, the foray into e-bicycle, which are becoming very popular in Europe, has received an order for export from Hero Cycles, and optimistic about the future demand.

First Indigenous Company to develop damper for Vande Bharat Coach:

Gabriel India secures exclusive supply for LHB coaches and Vande Bharat Express, showcasing their dominance in the Indian market. Their foray into electric locomotives strengthens their position, with multiple new railway orders anticipated. Current contribution of ~5% is expected to increase going forward.

Strong global presence with resilient performance: Gabriel India targets market expansion in Latin America, Africa, and North America's aftermarket, while securing an order from ISUZU for the CV segment in Thailand and Indonesia. Their sales in FY23 surpassed INR 100 cr for the second year in a row, setting a new record for exports. Moreover, GIL working with Volkswagen on the development of additional export models.

Valuation & View:

The contribution of two-wheelers, including electric vehicles (EVs), is expected to increase from 32% to over 40%. Similarly, the current MS of PV at 30% is planned to reach 40% or higher. Aiming for a dominant 60% MS in 2w, the segment mix is projected to be around 55% for PV, 30% for 2w, with a small portion dedicated to e-bicycles. Additionally, the company aims for double-digit export figures, approximately 10%, driven by technological advancements. With a focus on outperforming the industry, they plan to lead in PC and SUV growth, while enhancing their market share in EVs. We expect GIL revenue, EBITDA, and PAT to grow at a CAGR of 15%, 25%, and 28%, respectively, over FY23-25e. **We value the consolidated business at EV/EBITDA multiple of 8x to FY26E EBITDA of INR 4,195 Mn and PE multiple of 13x to FY26E EPS of INR 19.3 and arrive at a Target Price of INR 252 per share. Accordingly, we assign a Buy rating on the stock.**

Exhibit 1: Financial overview

Year-end March	EBITDA Margin							
	(INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	(%)	EV/EBITDA	P/E (x)
FY22		23,320	1,459	895	6.2	6.3	16.10	27.7
FY23		29,717	2,137	1,325	9.2	7.2	10.76	18.7
FY24E		34,947	3,051	2,098	14.6	8.7	7.52	11.8
FY25E		39,599	3,561	2,424	16.9	9.0	6.14	10.2
FY26E		44,138	4,195	2,777	19.3	9.5	4.87	8.9

Source: Arihant Research, Company Filings

Strong global presence with resilient performance:

Gabriel India has recently ventured into the e-bicycle industry, with a specific focus on exporting their products. Recognizing the technological superiority of their e-bicycles, the company has strategically established a presence in Europe to actively explore opportunities in international markets. By leveraging their strong relationships with global original equipment manufacturers (OEMs) in India, Gabriel India aims to expand its global operations and strengthen its market position. The company caters to the demand for their products from both OEMs and the aftermarket. Notably, they have successfully secured export orders from DAF Netherlands and VW Russia, commencing in the third quarter of the 2020-2021 financial year. Looking ahead, Gabriel India is determined to enhance its presence in the aftermarket sectors of Latin America, Africa, and North America. Additionally, they have achieved notable success by securing an order from ISUZU for the CV segment in Thailand and Indonesia.

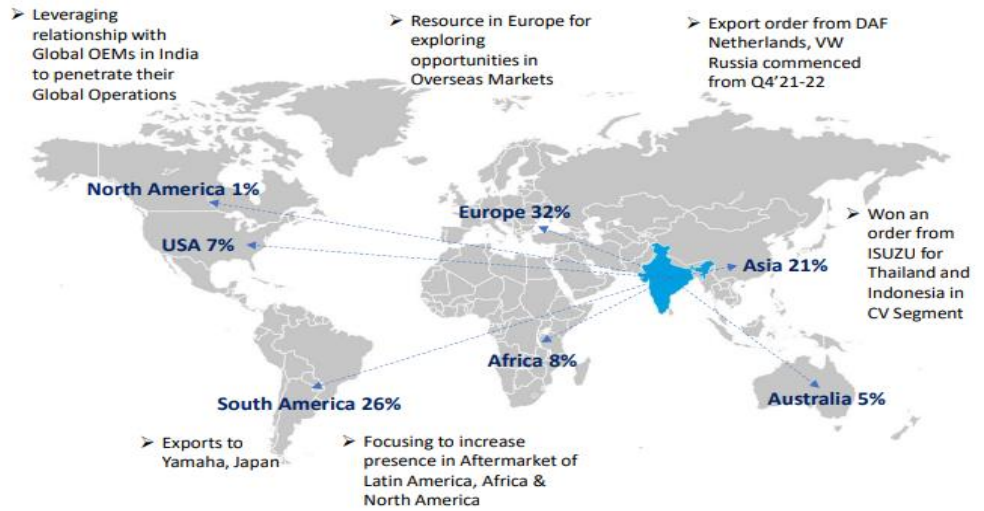
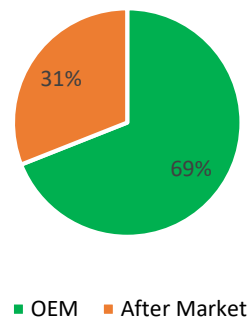
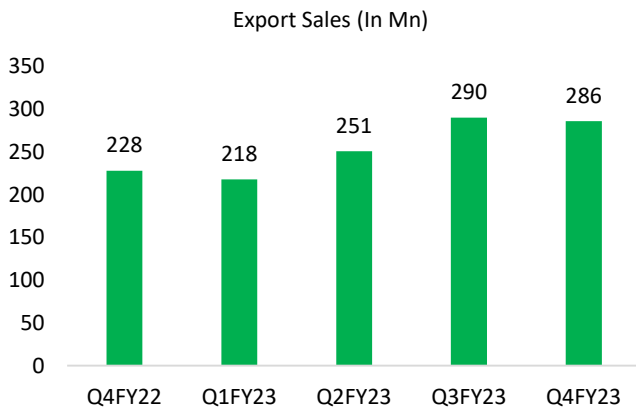
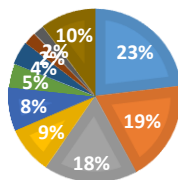


Exhibit 2: Export sales and Composition YTD

Export Composition YTD



- Sri Lanka
- Netherlands
- Nepal
- Colombia
- Australia
- Bangladesh
- US
- Japan
- Peru
- Others



During the year the company has high export in Sri Lanka

Source: Arihant Research, Company Filings

Leading supplier of shock absorbers for EV players:

With a market share of 85%, Gabriel India retains the tag of being the leading manufacturer of shock absorbers for CV. With respect to PV launches, Gabriel has a 100% share of business and supplies to Grand Vitara, Brezza, Jimny, and Hryyder. Similarly for EV 2Ws. GIL MS in EV has gone up 80%. Ola ,TVS are 100% with them along with Ather, Ampere, and Okinawa. In addition, the foray into e-bicycle, which are becoming very popular in Europe, has received an order for export from Hero Cycles, and optimistic about the future demand.

GIL is well entrenched amongst all 2W/3W EV Players



As per SIAM data, the 2W sales de grew by 3 % YoY and 3W grew by 7 % YoY respectively in Q4 FY23. Within the 2W segment, Scooters grew by 12%, Motorcycles de-grew by 9%, and Mopeds de-grew by 5% in Q4FY23

MTB Front fork

SPUR **GABRIEL**

MEETING THE NEEDS OF

Mountainbikes

Modern Ebikes

SPECIFICATIONS-

- > 29" version
- > 100 mm and 130mm travel option
- > Tapered steerer
- > Coil Spring and Oil Damper

Attribute	TAIGAR 1 By Gabriel and Spur
ISO MTB Approved	✓
35mm Stanchion	✓
Apple Air Tag Mount	✓
Clearance for large tire and Mud-guard	✓
Passes ISO+ Ebike testing	✓
Black Stanchion tubes	✓
Weight	4.0kg

Gabriel India dispatched it's first shipment to Hero Spur recently

Source: Arihant Research, Company Filings

Automobile sector expected to grow in Single digits in FY24

The Indian automobile sector has been facing many challenges over the last few years such as slowing economic growth, soaring crude prices, semiconductor shortages and supply chain disruptions. Despite these challenges, the automotive industry has seen a healthy revival in FY23, aided by a recovery in economic activities and increased mobility. The demand sentiments for a majority of the automotive segments such as passenger vehicles, commercial vehicles, and tractors have remained healthy. However, the two-wheeler industry continues to struggle with industry volumes still below the pre-Covid peak levels. Even as improved offtake in the recent festive and marriage season has provided optimism, a sustained recovery in demand sentiments is yet to be seen.

A similar trend of relatively weak offtake has been seen for the entry-level car segment, implying that the purchasing power of the consumers at the bottom end of the pyramid has been eroded to an extent over the past few years by the significant rise in vehicle prices and disruptions caused by the pandemic

We expect growth across automotive industry segments to remain at high single-digit levels in FY2024. While the passenger vehicle, commercial vehicle, and tractor segment volumes would continue to trend upwards, aided by favorable demand drivers, the two-wheeler industry is also expected to record moderate growth in volumes aided by a low base.

The recent launches by Maruti Suzuki, Tata Motors, and Mahindra & Mahindra (M&M) are positive developments for GIL, as the company supplies ride control products to the automotive industry.



As per SIAM data, the sale of Passenger Vehicles grew by 13 % in Q4 FY23 over the same period last year. Within Passenger Vehicles, the sales for Passenger Cars grew by 6%, Utility Vehicle grew by 19% & Vans grew by 28% YoY in Q4 FY23.

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Key Railway Customers



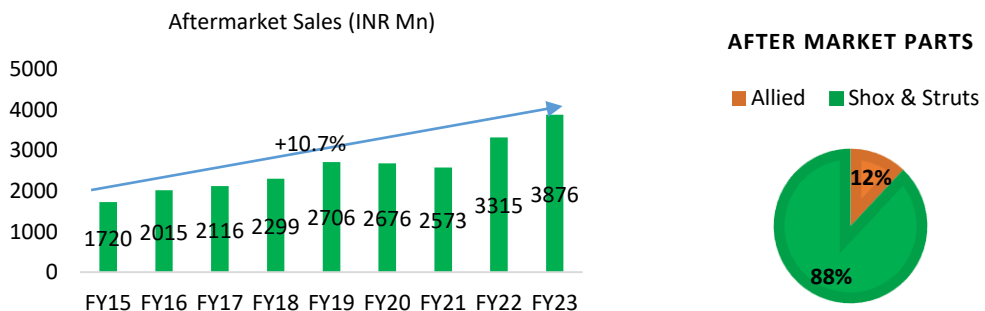
Source: Arihant Research, Company Filings

Strong market share in Aftermarket

GIL holds a dominant position in the replacement market and is performing exceptionally well in the aftermarket sector. The company achieves a strong growth rate of 17% while maintaining a continuous focus on expanding its product portfolio. Over the past few years, GIL has successfully launched 18 new product lines and implemented 4 IT projects, with 2 more projects currently in progress. The company aims to become 100% IT enabled within the next 2 years. GIL is particularly targeting the Latin American and African markets for significant growth in export sales and plans to increase sales through national channels. To capture opportunities in smaller towns (B & C class), the company has appointed 74 channel partners in the FY23.

Looking forward, Gabriel India is committed to strengthening its presence in the aftermarket sectors of Latin America, Africa, and North America. The company will continue its focus on expanding its product portfolio to meet market demands and maintain a competitive edge.

Exhibit 3: Aftermarket sales



Source: Arihant Research, Company Filings

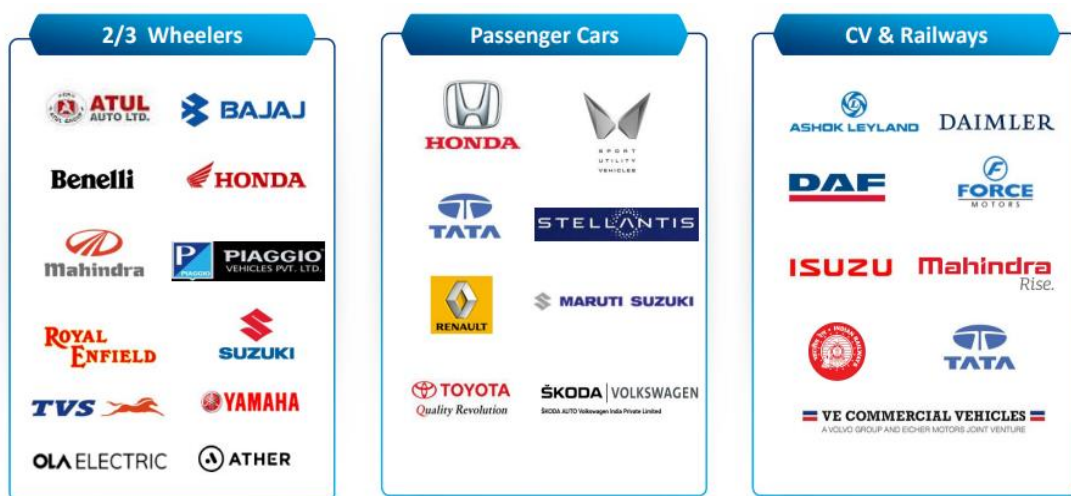
Focus Areas & Outlook

- Prioritized leveraging national channels and placed significant emphasis on targeting B and C class towns to increase sales.
- Actively utilizing the strong brand recognition of Gabriel by launching new product lines.
- Plans to further enhance their brand image by placing a significant emphasis on the Elite Workshop Programme in the upcoming year.
- Successfully implemented four IT projects, with two more in the pipeline. They have set a target to achieve 100% IT enablement within the next two years.
- Identified Latin American and African markets as key areas for substantial growth in their export sales, aiming to capitalize on the untapped potential and opportunities available in these regions.

Strong and diversified client base

GIL holds a prominent position in the automobile suspension component segment in India, being one of the largest players. The company operates across multiple sectors, including OEMs, the aftermarket, and exports. GIL has successfully been increasing its market share by delivering products of high quality and reliability, which has garnered positive feedback from existing customers. Moreover, the company has expanded its customer base by acquiring new clients both domestically and internationally.

Marquee OEM customer base



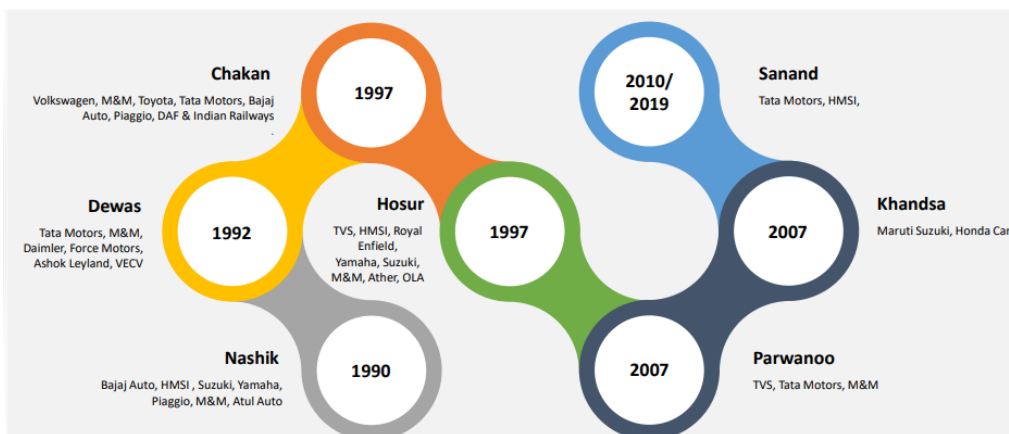
Source: Aриhant Research, Company Filings

Merger & Acquisitions led to better product diversification

Product diversification is one of the important levers in both de-risking business and also improving shareholders' value. First big step for Gabriel is a diversification strategy. Acquisition of Inalfa Gabriel Sunroof Systems Private Limited ('IGSSPL') and Technical Collaboration in India with Inalfa Roof Systems Group B.V. of The Netherlands to undertake the business of automotive sunroofs in IGSSPL. Inalfa, number 2 in sunroof systems globally, Inalfa has ~25% global market share in sunroof systems. Its revenue is approx. 2 billion Euro, delivering to 15 countries globally, 5 engineering centers overall, and having ~1000 employees. Marquee Customers namely- Bentley, Audi, BMW, Rolls Royce, Volvo, Porsche, internationally and Hyundai, Honda, Samsung, Mahindra & Mahindra, etc. domestically. Cross-selling opportunities with new customers like Hyundai and Kia. Opportunistic market in the SUV segment (SUV segment more than 50% of PV now). The company mentions that the percentage of sunroof in the SUV segment range from high at 70% to an average at 40%.

The company plans to reach the revenue target for the new venture of INR 1000 crores by the year 2030 while adding 100-120 Crores more in the venture. Targeting breakeven in the first year itself. Management is focusing on double-digit EBITDA margins from 2nd year of operations likely FY25.

Strategic Manufacturing Footprint



Source: Arianth Research, Company Filings

Distinctive strengths

1. Powerful lineage of Anand Group

- ANAND Group's leading company, offering comprehensive solutions to customers.
- Utilize collaborations, systems, procedures, governance, and sustainability frameworks for advantage

2. Operating for over 60 years

- Indigenous ('Atmanirbhar') participant with extensive knowledge of the Indian market, road conditions, and driver behavior.
- Harness vast knowledge repository and highly skilled team.
- Exhibit sustainable practices through a robust culture and customer-centric approach

3. Strong commitment to advancing through R&D and forging technology partnerships

- Leading-edge R&D facilities in the nation, staffed by 60 specialists offering tailored solutions.
- Comprehensive capabilities spanning design, development, testing, and validation.
- Collaborations with international technology partners.
- Profound comprehension of Indian conditions encompassing roads, driver behavior, and vehicle maintenance

4. Uncompromising quality delivered at a competitive cost

- Seven advanced facilities strategically located near OEMs, enabling timely supply based on demand and optimizing logistics expenses.
- Delivering top-notch products of the highest quality at affordable prices

5. Consistent and trusted client relationships

- Sole participant with significant representation in all vehicle segments: two-wheeler, passenger car, commercial vehicle, and railways.
- Diversification across products, customers, and geographic locations

Encouraging financials

GIL is a net debt-free company resulting in negligible finance costs. It has strong operating cash flows and it is able to meet its capex requirements through internal accruals. The cost CORE90 cost reduction drive would help the company in improving its margins.

Encouraging financials

Exhibit 5: Revenue growth led by the good growth in PV segment

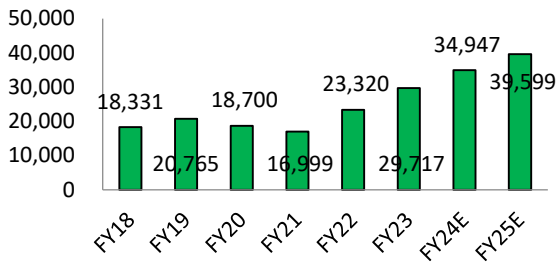


Exhibit 6: Margins to improve in coming 2 years led by better cost control

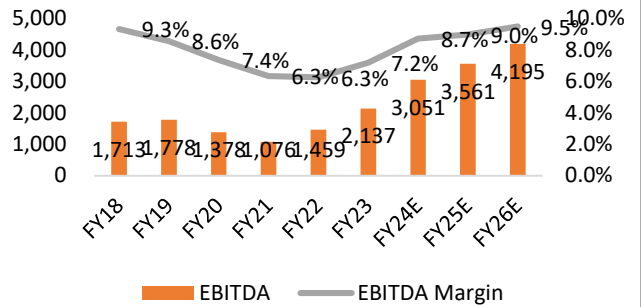


Exhibit 7: Strong profit growth led by cost control and healthy growth across the segment

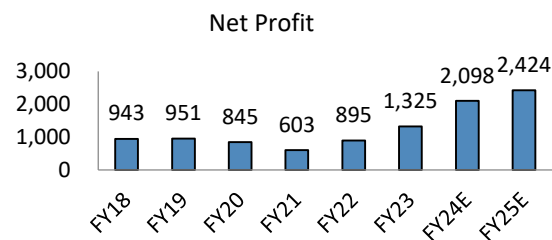


Exhibit 8: Good earning visibility going forward

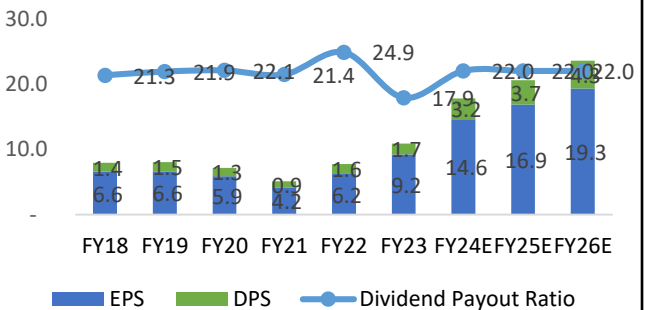


Exhibit 9: Better performance in FY24E-25

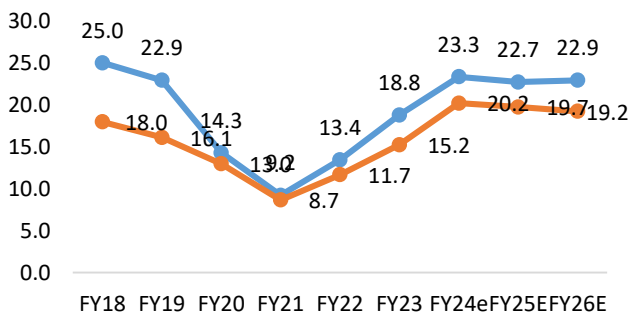


Exhibit 10: Improvement in working capital cycle post Covid Era

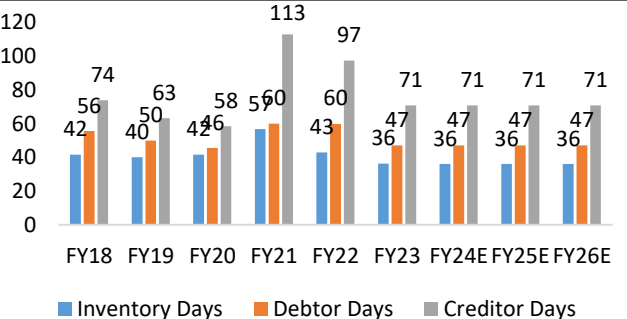


Exhibit 11: Segment wise contribution FY23

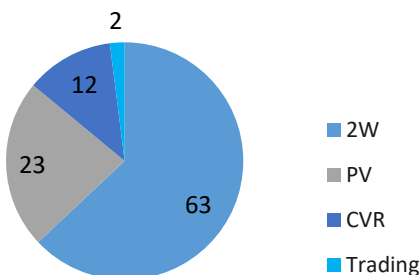
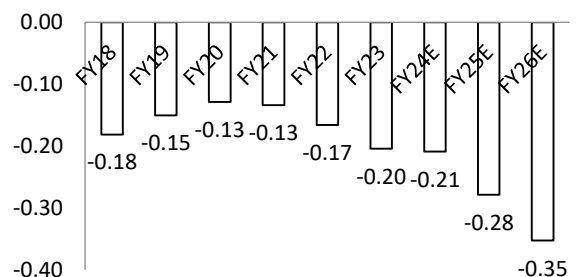


Exhibit 12: The company is net debt free on the account of cash generation



Source: Company, Arianth Research

Exhibit 13: Financial Performance

Particulars (INR mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)
Revenue	7,370	6,843	7.7	7,110	3.7
Operating costs	6,845	6,466	5.9	6,596	3.8
EBITDA	525	377	39.2	514	2.2
EBITDA margin (%)	7.1	5.5	29.2	7.2	-1.4
Depn & amort.	130	107	21.8	127	2.5
EBIT	395	271	46.0	387	2.1
Interest expense	8	2	376.2	13	-39.4
Other Income	64	108	-40.9	18	247.8
Pretax profit	451	377	19.6	392	15.0
Tax	112	108	4.1	101	11.4
Tax rate (%)	24.9	28.6	-12.9	25.7	-3.1
Adjusted Net profit	339	269	25.8	291	16.3
Exceptionals	-	0		-	
Reported Net Profit	339	269	25.8	291	16.3
EPS (INR)	2.4	1.9	25.8	2.0	16.3
	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)
RMC/Sales (%)	76.1	77.9	-2.3	75.6	0.7
Employee exp/Sales (%)	6.3	6.1	1.9	6.7	-6.0
Other exp/Sales (%)	10.5	10.4	0.7	10.5	0.0

Source: Arianth Research, Company Filings

Comment on the performance

- The company is aiming for an improvement in EBITDA margin in FY24 and aspiring for a double-digit EBITDA margin in the medium to long term.
- Gabriel is enhancing its technological expertise to cater to export market as it is targeting 10% of revenues to come from the export markets in next few years compared to 4% currently.
- The management targets to outperform the domestic vehicle industry growth in FY24.
- Revenue stood at INR 7,370 Mn (estimated 7,500 Mn) compared to INR 6,843 Mn in Q4 FY22 up by 7.7% led by healthy growth in PV and aftermarket segment.
- EBITDA bounced to INR 524 Mn (vs estimated 530) with margin of 7.1% as compared to INR 377 Mn in Q4 FY22 up by 38.8% due to lower RM cost.
- PAT grew by 25% YoY to INR 338mn and PBT at INR 450 Mn (6.1%) as compared to INR 377 Mn Q4 FY22 up by 19.3%
- Improvement in CVR Volumes in Q4 FY23 (12%) compared to Q4 FY22 (11%)
- After market have increased from 11% (Q4 FY22) to 12% (Q4 FY23)
- Capex incurred during the period INR 368 Mn in Q4FY23
- The Company also recommended a final dividend of INR 1.65/share

Q4FY23 Conference Call Highlights

- **Revenue Mix-** Passenger cars are 27%, and commercial vehicles are 12% of total sales.
- **Channel mix-OE,** the demand was strong, inclining to 85%. Strong year in aftermarket as well, close to INR 380 crores of sale.
- **Exports-** Crossed INR 100 crores sales for the second year in a row (highest export). The company is working with Volkswagen on some other export models.
- **Other KTAs-**
 - The company is currently in the production stage of the Shine 100, the 100cc model.
 - Recently won the Suzuki electric two-wheeler business, a new model that is going to launch in FY2024.
 - In E-bikes, the company has developed the first front fork and given it to Hero Cycles, and they are exporting it to their German arm.
 - Got the order from Hyundai and Kia for the Inalfa roof systems
 - Buying grass from the local glassmakers, in-house, the PU encapsulation.
 - Developed their first electronic suspension semi-active, response of product is good and will offer it to OEM shortly.
 - Working on a model with Tata Motors for an EV platform, which will be in FY2025
 - The revenue from sunroof is proposed to start from the Q4 of the current financial year.
- **EV-** Their market share in EV has gone higher than 80% in Q4. Ola ,TVS are 100% with them along with Aether, Ampere, and Okinawa.
- **Passenger cars-** Market share increased compared to last year and got a good order from Tata Motors and Volkswagen.
- **Utility Vehicle-** Traction in the utility vehicle is very strong. Maruti, Jimmy has recently been launched.
- **Commercial Vehicle-** Railways, growth is still not there. But now expanded into high-speed trains and also locomotives.
- **Capex-** Incurred capex INR 37crore in Q4 and for the full year it was around INR 150 crores. Capex split up- INR 30 to 40 crores on the maintenance of capex, remaining will be in the field of technology, automation, backward integration and capacity announcements.
- **Capacity-** Current capacity is close to 4,000 crores, this is not including sunroof.
- **Industry-** Crossed 1mn sales in EV. The industry sale for passenger cars was almost INR 3.9 million vehicles, which is the highest ever for the industry. Price increases that have happened in 2W continue to pose a challenge but it is predicted to grow in the range of 6-7%. The growth of e-bikes is supposed to continue at the rate of almost 20% in the European market. Industry expectations are not as good as last year but strong single digit growth next year.
- **Tyre-** Relaunching the tyre and tube business. Mainly in the 2W and 3W segment where the brand name is strong. It is sold Over The Counter.
- **Outlook-** In 2W at 32%, including EV, can go more towards 40+%. In Passenger cars, 23% currently, and plans of going to 40%+. Looking for 60% market share in three-wheelers.
- So going forward, segment mix is 55 and 30, between passenger car and two-wheeler in that range. Little small bar on e-bicycles also.
- The company want exports to be in double digits around 10% on the back of technology. Target is to outperform the industry, be ahead of industry in two years ,growing PC and SUVs, improving market share in EVs.

Peer Comparison

Innovatively inclined, technologically competitive, and resolutely safe, comfortable and customer-focused, Gabriel India Ltd. (GIL), known to be a pioneer for automotive shock absorbers in India, reflects all these aspects being a leading auto component brand of the country. Gabriel has been very successful in growing its market share in 2W segment. Launches in passenger vehicles, where Gabriel has a large share of business, augur well for long-term growth. On EVs, the proportion continues to grow.

The company is extensively exploring growth opportunities in the global markets and also evaluating Merger and Acquisitions along with collaboration possibilities to drive scale. Focus on technology will allow the company to remain globally relevant in terms of products, processes as well as positioning.

Exhibit 14: Peer comparison

Company Name	Price (INR)	MCap (INR Mn)	Sales (INR Mn) FY23	EBITDA (INR Mn) Mar'23	PAT (INR Mn) FY23	ROCE%	Basic EPS	P/E (X)
Gabriel India Ltd.	173	24,870	29,717	2,137	1,325	18.8%	9.2	18.8
Munjal Showa Ltd.	131	4069	12,405	302	294	6.0%	7.4	17.7
Endurance Technologies Ltd.	1,412	1,98,489	88,040	10,363	4,796	14.2%	34.1	41

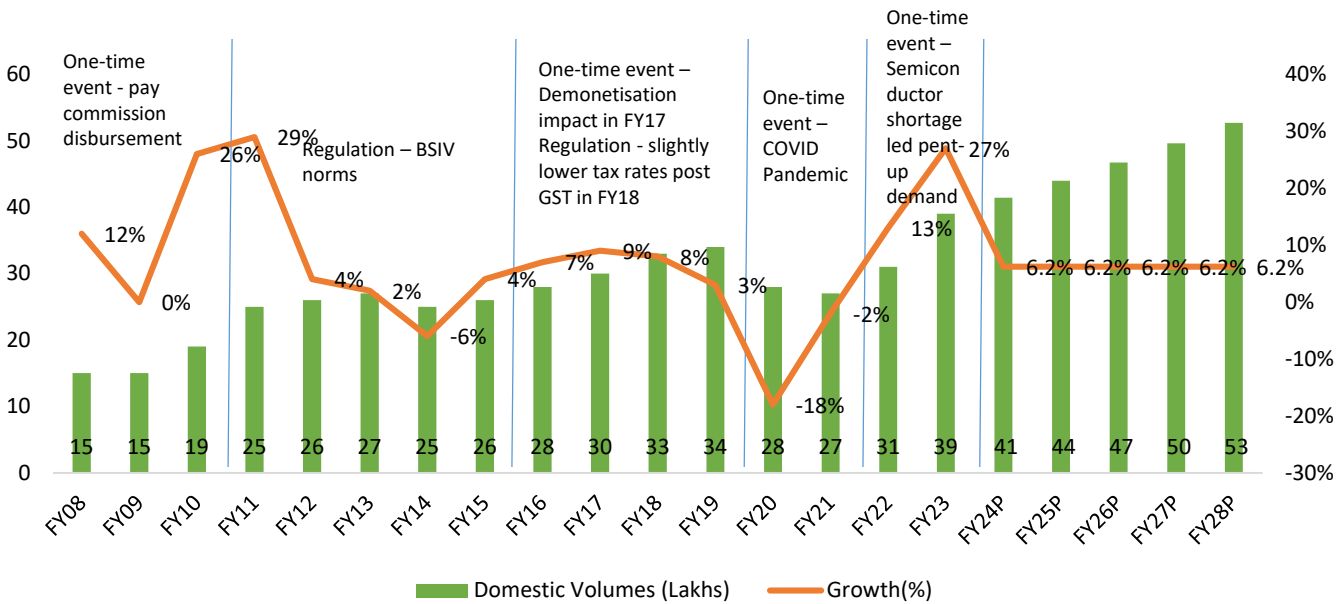
S.No	Company	Products & Services	Revenue by segments	New product Launches	Capex (INR Mn)
1	Gabriel India	Involved in the manufacturing of a wide range of ride control products, including shock absorbers, struts and front forks. Advanced suspension and automation	2W/3W - 63% PC- 23% CVR- 12% Trading- 2%	TVS Motors – Raider, Jupiter 125 Mahindra 2W- Y4,Y5,J201 Bajaj Auto – R107, CNG EV customers – Various programs, OLA Electric, Ampere, Ather, Okinawa Maruti Suzuki: YXA, YFG,YWD,YOM Ashok Leyland- Phoenix, TML Intra & Mahindra New Bolero	26,976
2	Endurance Technologies	Engaged in the business of manufacturing and selling of aluminium die casting (including alloy wheel), suspension, transmission and braking products with operations spread across India.	Die Casting- 46.6% Suspension- 27% Disc Brake- 9.5% Alloy Wheel- 6.9% After Market- 4.9% Transmission- 4.3% Others- 0.8%	Focused on shock absorber business for 3-wheelers and supplying brakes to Mahindra Electric and Bajaj Auto, increasing margins for high-value-added parts such as ABS, upside-down front forks, and brake systems.	222,950
3	Munjal Showa	Includes Front Forks, Rear Cushions, Struts, and Gas Spring/Rear Door Lifters. 2W- Rear Shock Absorber, Front Shock Absorber 4W- Strut, Gas Spring	-	-	5,259

Source: Arian Research, Company Filings

Industry Overview

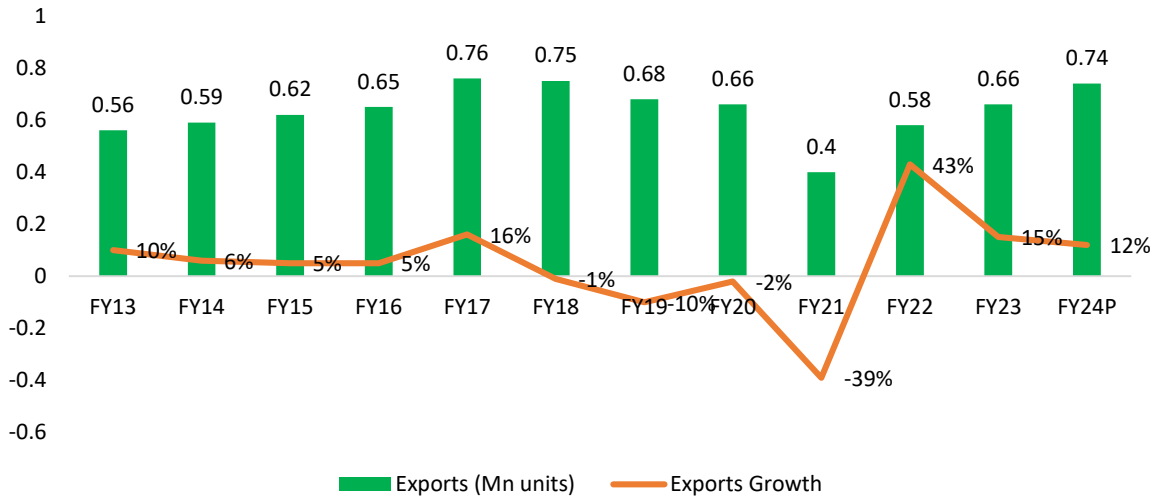
Long-term volume growth is expected to be supported by a nominal increase in acquisition costs, a rise in income, and the presence of untapped markets.

Exhibit 16: Automobile Domestic long term trend



Source: SIAM, Crisil MI&A Research

Exhibit 17: Exports expected to grow by 11-13% due to high demand for entry level cars in FY24

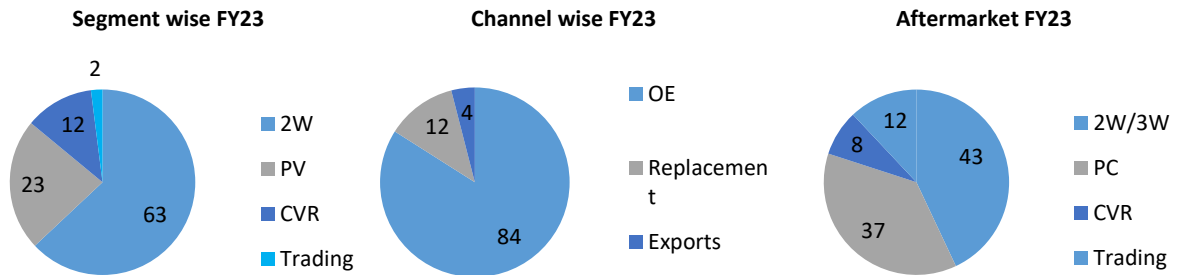


Source: SIAM, Crisil MI&A Research

We expect growth across automotive industry segments to remain at high single-digit levels in FY2024. While the passenger vehicle, commercial vehicle, and tractor segment volumes would continue to trend upwards, aided by favorable demand drivers, the two-wheeler industry is also expected to record moderate growth in volumes aided by a low base.

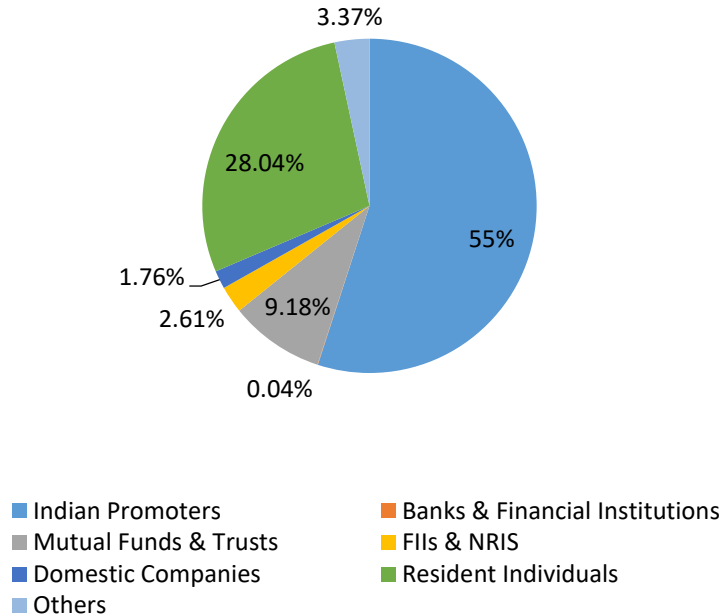
About company

Founded in 1961, Gabriel India Limited is the flagship company of the ANAND Group and a leading brand name in the manufacturing of ride control products. The Company transformed itself from being a single-product of company to becoming the most trusted brand in the ride control products category. The Company has consistently delivered excellence for over six decades of its existence in India. The Company is involved in the manufacturing of a wide range of ride control products, including shock absorbers, struts and front forks. Over the years, the Company has expanded its product portfolio and bolstered its manufacturing capability. This has helped the Company seamlessly cater to existing requirements and future demands of leading auto Original Equipment Manufacturers (OEMs).



Source: Company, Aриhant Research

Ownership Structure



Source: Aриhant Research, Company Filings

Income statement (INR mn)					
Year End-March	FY22	FY23	FY24E	FY25E	FY26E
Gross Sales	23,320	29,717	34,947	39,599	44,138
Net Sales	23,320	29,717	34,947	39,599	44,138
YoY (%)	37.2	27.4	17.6	13.3	11.5
Adjusted RMC	17,863	22,688	26,185	28,885	32,403
YoY (%)	41.2	27.0	15.4	10.3	12.2
Personnel/ Employee benefit expenses	1,597	1,831	2,096	2,770	2,646
YoY (%)	8.3	14.7	14.5	32.2	(4.5)
<i>Manufacturing & Other Expenses</i>	<i>2,401</i>	<i>3061</i>	<i>3598</i>	<i>4353</i>	<i>4850</i>
YoY (%)	33.7	27.5	17.5	21.0	11.4
Total Expenditure	21,861	27,580	31,879	36,007	39,900
YoY (%)	37.3	26.2	15.6	13.0	10.8
EBITDA	1,459	2,137	3,051	3,561	4,195
YoY (%)	35.6	46.4	42.8	16.7	17.8
EBITDA Margin (%)	6.3	7.2	8.7	9.0	9.5
Depreciation	414	485	600	750	860
% of Gross Block	6.8	6.3	6.9	7.5	7.6
EBIT	1,046	1,652	2,451	2,813	3,335
EBIT Margin (%)	4.5	5.6	7.0	7.1	7.6
Interest Expenses	43	46	60	60	60
Non-operating/ Other income	262	173.9	187	231.4	222.4
PBT	1,265	1,780	2,578	2,984	3,497
Tax-Total	369	455	480	560	720
Adj. Net Profit	895	1,325	2,098	2,424	2,777
PAT Margin	3.8	4.5	6.0	6.1	6.3
Shares o/s/ paid up equity sh capital	144	144	144	144	144
Adj EPS	6.2	9.2	14.6	16.9	19.3

Balance sheet					
Year-end March	FY22	FY23	FY24E	FY25E	FY26E
Sources of Funds					
Equity Share Capital	144	144	144	144	144
Reserves & Surplus/ Other Equity	7524	8559	10249	12139	14306
Networth	7668	8703	10392	12283	14449
Unsecured Loans/ Borrowings/ Lease Liabilities	111	93.72	111	111	111
Total Debt	111	94	111	111	111
Total Funds Employed	7,779	8,796	10,503	12,394	14,560
Application of Funds					
Gross block	6,127	6,635	8,758	9,986	11,354
Less: depreciation	2,273	2,377	3,462	4,212	5,072
Net Fixed Assets	3,854	4,258	5,296	5,774	6,282
Capital WIP	203	296.42	327	343	360
Investments/ Notes/ Fair value measurement	838	795	1238	1438	1638
Current assets	8,636	8,931	10,184	12,037	14,328
Inventory	2,100	2,248.07	2,583	2,849	3,196
Debtors	3,824	3,837.15	4,512	5,113	5,699
Other Current Assets	2166	1771	2388	2507	2632
Bank	136	676	136	136	136
Cash	410	399	565	1,432	2,664
Current Liabilities/Provisions	5752	5484	6541	7198	7993
Creditors / Trade Payables	4762	4405	5,083	5,608	6,291
Liabilities	541	585	1,076	1,187	1,332
Provisions	305	335	336	353	370
Net Core Working Capital	1,162	1,681	2012	2355	2605
Net Current Assets	2,883	3,447	3,642	4,839	6,335
Deferred Tax Asset	-145	159.3	-145	-145	-145
Total Asset	13,531	14,281	17,044	19,592	22,698
Total Capital Employed	7,779	8,796	10,503	12,394	14,560

Source: Arihant Research, Company Filings

Cash Flow Statement					
Year End-March	FY22	FY23	FY24E	FY25E	FY26E
Profit before tax	1,265	1,780	2,578	2,984	3,497
Adjustments: Add					
Depreciation and amortisation	414	485	600	750	860
Interest adjustment	43	46	60	60	60
Adjustments: Less					
Interest income on fixed income securities	-79.64	-108.05	-74.20	-74.20	-74.20
Profit/(loss) on sale of investments, net	-25.47	9.48	-25.47	-25.47	-25.47
Change in assets and liabilities	1,578	2,200	3138.75	3694.88	4318.11
Inventories	-134.94	-148.31	90.17	-266.28	-347.01
Trade receivables	-1046.2	-21.75	-360.25	-600.71	-586.08
Trade payables	903.53	-313.16	-448.65	524.12	683.02
Other Liabilities and provisions	53.18	42.41	159.73	127.75	162.23
Other Assets	-71.92	17.03	-113.70	-119.38	-125.35
Net cash from operating activities	965	1,364	1,986	2,800	3,385
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-770.31	-920.12	-1098.93	-1243.92	-1385.45
Net Sale/(Purchase) of investments	-660.83	33.12	-169.72	-169.75	-169.75
Net cash (used) in investing activities	-442.48	-1038.31	-1,194	-1,339	-1,481
Interest expense	-28.37	-35.18	-60.40	-60.40	-60.40
Dividend paid	-180.33	-273.63	-461.57	-533.32	-611.02
Net cash (used) in financing activities	-240.79	-336.97	-521.97	-593.72	-671.42
Closing Balance	410	399	565	1,432	2,664
FCF	194	444	887	1,556	1,999
Capex as % of sales	3.3	3.1	3.1	3.1	3.1

Key Ratios					
Year-end March	FY22	FY23	FY24E	FY25E	FY26E
Solvency Ratios					
Debt / Equity	0.01	0.01	0.01	0.01	0.01
Net Debt / Equity	-0.17	-0.20	-0.18	-0.24	-0.30
Debt / EBITDA	0.08	0.04	0.04	0.03	0.03
DuPont Analysis					
Sales/Assets	299.79	337.83	332.73	319.50	303.14
Assets/Equity	176	164	164	160	157
RoE	11.67	15.22	20.19	19.74	19.22
Per share ratios					
Reported EPS	6.2	9.2	14.6	16.9	19.3
Dividend per share	1.6	1.7	3.2	3.7	4.3
BV per share	53.4	60.6	72.3	85.5	100.6
Profitability ratios					
Net Profit Margin (PAT/Net sales)	3.84	4.46	6.00	6.12	6.29
Gross Profit / Net Sales	23.4	23.7	25.1	27.1	26.6
EBITDA / Net Sales	6.26	7.19	8.73	8.99	9.51
PAT / Net Sales	3.84	4.46	6.00	6.12	6.29
ROCE (%)	13.4	18.8	23.3	22.7	22.9
Activity ratios					
Inventory Days	42.9	36.2	36.0	36.0	36.0
Debtor Days	59.9	47.1	47.1	47.1	47.1
Creditor Days	97.3	70.9	70.9	70.9	70.9
Valuation ratios					
EV / EBITDA	16.10	10.76	7.52	6.14	4.87
P/E based Valuation:					
EPS	6.23	9.22	14.61	16.88	19.34
PE (x)	27.67	18.70	11.81	10.22	8.92
EV/EBITDA based Valuation:					
EBITDA	1459	2137	3051	3561	4195
EV	12404	18165	25935	30270	35661

Source: Arianth Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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