

Incremental Capacity addition in Sheet Metal and Die Casting to drive growth.

CMP: INR 469

Rating: Buy

Target Price: INR 575

Stock Info

BSE 541163

NSE SANDHAR

Bloomberg SANDHAR:IN

Sector Auto Components & Equipments

Face Value (INR) 10

Equity Capital (INR Cr) 60

Mkt Cap (INR Cr) 2,823

52w H/L (INR) 532/190

Avg Yearly Vol (in 000') 280

Shareholding Pattern %

(As on December, 2023)

Promoters 70.38

DII's 16.41

FII's 1.52

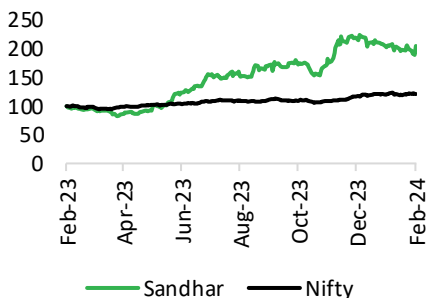
Others 11.69

Stock Performance (%) 1m 3m 12m

Sandhar -1.9 10.5 99.7

Nifty 1.3 10.7 20.8

Sandhar Vs Nifty 50



STL's consolidated Q3FY24 revenue stood at INR 889.5 Cr. (up 23.11% YoY/ up 0.53% QoQ); below our estimates of INR 906.4 Cr. Gross Profit stood at INR 343.7 Cr. (+24.19% YoY/ +0.35% QoQ); below our estimates of INR 349.2 Cr. Gross margins expanded by 33.57 bps YoY (down by 6.80 bps QoQ) to 38.64% in Q3FY24 vs 38.71% in Q2FY24. EBITDA stood at INR 88.6 Cr. (+35.16% YoY/ +9.19% QoQ); above our estimates of INR 84.2 Cr. EBITDA margin expanded by 88.85 bps YoY (up by 78.98 bps QoQ) to 9.96% above our estimates of 9.29%. PAT stood at INR 25.4 Cr. (+28.37% YoY/-7.82% QoQ); below our estimates of INR 29.6 Cr. PAT margin expanded by 11.69 bps YoY and down by -25.84 bps QoQ to 2.9% in Q3FY24 vs to 3.1% vs in Q2FY24

Investment Rationale

Expansion and integration initiatives in Manufacturing facilities:

The company's four sheet metal plants in Nalagarh, Harol, Mysore and one other are in mass production, while the machining operations for casting plants in Hosur and Mysore are operating nearly at full capacity. They're expanding their casting capacity in Western India, using existing facilities or land. This expansion initiative is set to operational by July 2024. They're also merging two manufacturing plants in Mysore and Nalagarh to improve efficiency and margins. Additionally, they're repurposing unused land to build new plants in Khed City.

Advancements and preparations in EV and Smart Locks:

The company is presently undergoing trials for its EV project, scheduled to begin in the H1FY25, with advancements observed across its three product lines: DC-DC converters, off-board chargers, and motor controllers. Currently, the company is actively engaged in the development, pilot production, and supply of smart locks. With ongoing efforts in these areas, it's expected that significant progress will be made, and deliveries to Honda (for smart locks) may commence in H2FY25.

Reduce power costs through solar energy integration:

The company has undertaken an initiative to lower power and fuel expenses, which amount to approximately INR 120 Cr. annually, by establishing solar power plants. Instead of independently installing solar panels as done previously, the company has opted for a new approach involving contracts with solar generation firms CleanMax, resulting in zero-capital investment.

Outlook and valuation

The company anticipates a strong Q4FY24 and FY25, with strong pipelines and order books across various segments. The launch of 4w Hyundai order is expected in FY25. The company aims to achieve incremental capacity increases month by month. Expectations of a slightly higher growth in two-wheelers passenger vehicles or construction equipment for FY25. Growth is expected to be higher due to increased wallet share per customer. By FY25, the company expects 90% incremental added capacity in Sheet metal and Die casting. **We expect Sandhar's revenue, EBITDA, and PAT to grow at a CAGR of 22%, 21%, and 54%, respectively, over FY24-26E and arrive at a Target Price of INR 575 per share through DCF method. Accordingly, we assign a "BUY" rating on the stock.**

Exhibit 1 : Financial Performance

| Year-end March | Net Sales (INR Cr) | EBITDA (INR Cr) | PAT (INR Cr) | EPS (INR) | EBITDA Margin (%) | EV/EBITDA | P/E (x) |
|----------------|--------------------|-----------------|--------------|-----------|-------------------|-----------|---------|
| FY22 | 2,324 | 206 | 57 | 9.5 | 8.9 | 15.0 | 49.5 |
| FY23 | 2,909 | 249 | 74 | 12.2 | 8.6 | 12.8 | 38.8 |
| FY24E | 3,526 | 340 | 108 | 17.9 | 9.6 | 8.9 | 26.3 |
| FY25E | 4,288 | 438 | 188 | 31.2 | 10.2 | 6.4 | 15.1 |
| FY26E | 5,210 | 545 | 257 | 42.6 | 10.5 | 4.8 | 11.0 |

Source: Arihant Research, Company Filings

Abhishek Jain
abhishek.jain@arihantcapital.com
022 67114851

Jyoti Singh
jyoti.singh@arihantcapital.com
022 67114834

Exhibit 2 : Q3FY24 - Quarterly Performance (Consolidated)

| Quarterly Results | | | | | |
|----------------------------|--------|--------|--------|---------|---------|
| Consolidated (INR Cr.) | Q3FY24 | Q2FY24 | Q3FY23 | QoQ% | YoY% |
| Net Sales | 889.52 | 884.85 | 722.56 | 0.53 | 23.11 |
| Cost of material consumed | 552.47 | 541.01 | 446.28 | 2.12 | 23.80 |
| Changes in inventories | -6.64 | 1.35 | -0.48 | 391.69 | 1494.83 |
| COGS | 545.83 | 542.36 | 445.80 | 0.64 | 22.44 |
| GP | 343.69 | 342.49 | 276.75 | 0.35 | 24.19 |
| Employees benefits expense | 119.43 | 121.18 | 97.03 | -1.45 | 23.09 |
| Other expenditure | 135.66 | 140.16 | 114.18 | -3.21 | 18.82 |
| EBITDA | 88.60 | 81.15 | 65.55 | 9.19 | 35.16 |
| Depreciation | 39.71 | 36.86 | 31.07 | 7.75 | 27.81 |
| EBIT | 48.89 | 44.29 | 34.48 | 10.38 | 41.79 |
| Other Income | 2.27 | 3.17 | 2.18 | -28.32 | 4.36 |
| Finance costs | 13.13 | 12.66 | 9.41 | 3.68 | 39.48 |
| PBT | 38.03 | 34.80 | 27.25 | 9.29 | 39.60 |
| Tax | 13.30 | 7.93 | 7.33 | 67.69 | 81.59 |
| Adjusted PAT | 24.73 | 26.87 | 19.92 | -7.95 | 24.15 |
| Non-controlling interests | -0.63 | 0.65 | -0.16 | -197.47 | 496.38 |
| Reported PAT | 25.37 | 27.52 | 19.76 | -7.82 | 28.37 |
| EPS | 4.23 | 4.59 | 3.29 | -7.82 | 28.37 |

| Margins | Q3FY24 | Q2FY24 | Q3FY23 | YoY (bps) | QoQ (bps) |
|----------------------|--------|--------|--------|-----------|-----------|
| Gross margins | 38.64 | 38.71 | 38.30 | 34 | -7 |
| EBITDA | 9.96 | 9.17 | 9.07 | 89 | 79 |
| Adjusted PAT | 2.85 | 3.11 | 2.73 | 12 | -26 |
| Tax Rate | 34.98 | 22.80 | 26.89 | 809 | 1218 |
| Cost Analysis | | | | | |
| RM/Net Sales | 61.36 | 61.29 | 61.70 | -34 | 7 |
| Other Exp/Net Sales | 15.25 | 15.84 | 15.80 | -55 | -59 |
| Staff cost/Net sales | 13.43 | 13.70 | 13.43 | 0 | -27 |

Exhibit 3 : Sales Mix

| Sales mix (%) | Q3FY24 | Q2FY24 | Q3FY23 | FY23 | FY22 |
|---------------|--------|--------|--------|------|------|
| 2W | 58 | 59 | 55 | 56 | 54 |
| PV | 18 | 19 | 19 | 20 | 21 |
| OHV | 15 | 14 | 17 | 16 | 16 |
| CV | 2 | 2 | 2 | 2 | 2 |
| Others | 7 | 5 | 6 | 6 | 7 |

Source: Arihant Research, Company Filings

Sandhar Technologies Limited – Q3FY24 Concall KTAs

Sheet metal and die casting capacity is expected to increase by 90% in FY25 and long term Steady state EBITDA margin of 12-13% is expected going forward. It is expanding into new segments and optimizing resource utilization, with a focus on operational efficiency to drive growth.

Financial highlights:

- Revenue stood at INR 889.5 Cr. up by 23.11% YoY and 0.53% QoQ
- EBITDA stood at INR 88.6 Cr. up by 35.16% YoY and 9.19% QoQ.
- PAT stood at INR 25.4 Cr. up by 28.37% YoY but down by 7.82% QoQ.

Debt and margins:

- Company's current net debt stands at 539 Cr. with plans to repay around INR 40 Cr. in FY24.
- The company expects to pay INR 50-59 Cr in regular instalments and additional INR 40-45 Cr. to the bank in FY25.
- The focus is on margin improvement as the target for FY24 is set between 9.2-9.5%. The company is on track to meet the margin improvement target.

Revenue Composition and Growth drivers:

- In their revenue mix TVS Motors is the largest customer with 30% contribution along with Hero Motorcorp which stands at 19% in Q3FY24.
- Other customers revenue share is as follow: JCB 9%, Bosch 4.6%, Royal Enfield 4%, Honda Cars 3.3%, Honda 3%, Autoliv 2.7%, TRW 2.5% Tata Hitachi 1.7%, Cobelco 1.4%, Tata Motors 1.2%, Overseas 2.5% and other domestic is 15%.

Capacity Utilization levels:

- Capacity utilization varies across different product lines based on the orders received from customers,
- Breakup: Sheet Metal Plants: 50-60%, Die casting: 70-75% and Romania is only at 10%.
- Overall, the company is bullish on its existing proprietary businesses and expects significant growth, particularly in smart locks.
- By FY25 90% incremental added capacity in Sheet metal and Die casting is expected.

Projects progress:

- Trials for the EV project is underway and is expected to start in the H1FY25.
- In the EV space, significant progress has been made across all three product lines, including DC-DC converters, off-board chargers, and motor controllers.
- Regarding the supply of smart locks to Honda, the company anticipates that most of these launches will occur in FY25 and FY26. Currently, the company is engaged in developing, pilot making, and supplying these smart locks.

Capex:

- No major capex or expansion initiatives are anticipated but there may be some capex required for acquiring new tools and addressing operational requirements. The emphasis is on improving operational efficiency and maximize utilization of existing investments.
- Capex target was set at INR 21 Cr. out of which INR 10 Cr. is to be incurred in FY24 and the rest INR 11 Cr. in FY25. Additional capex will depend on the increase in volumes.

Integration of facilities:

- The company is in the process of integrating two manufacturing facilities, one in Mysore and Nalagarh.
- The manufacturing facilities at Mysore have been consolidated into a single location, combining the old and new plants. The integration of manufacturing facilities aims to improve margins and operational efficiency.
- In addition to integrating existing facilities, the company is making use of unused land for new plant expansions.
- A new plant is being developed in Khed City, utilizing previously vacant land.

Solar plant initiatives:

- In an effort to reduce power and fuel costs, (which is ~ INR 120 Cr. per year), the company has initiated the setup of solar power plants. This strategic move involves entering into contracts with solar generation companies.
- Previously the company installed its own solar panels, the current setup involves zero-capital investment.
- This transition to solar energy is projected to yield savings of INR 2.5 to 3 per unit, in total power costs.

DCF Valuation

Valuation Assumptions

| | |
|---------------------------|-----|
| g (World Economic Growth) | 3% |
| Rf | 7% |
| Rm | 13% |
| Beta (2 Yr) | 0.7 |
| CMP (INR) | 469 |

WACC

| | |
|-------------|---------------|
| We | 87.3% |
| Wd | 12.7% |
| Ke | 11.1% |
| Kd | 9.0% |
| WACC | 10.80% |

Valuation Data

| | |
|--|-----|
| Total Debt (long term borrowings) (2023) | 412 |
| Cash & Cash Equivalents (2023) | 9 |
| Number of Diluted Shares (2023) | 6 |
| Tax Rate (2024) | 28% |
| Interest Expense Rate (2024) | 13% |

| | |
|----------------------|--------------|
| MV of Equity | 2,823 |
| Total Debt | 412 |
| Total Capital | 3,235 |

| FCFF & Target Price | | | | | | | | | | | | |
|----------------------------|--------------------------|------------|------------|------------|------------|------------|----------------------|------------|------------|------------|------------|--------------|
| FCFF & Target Price | Explicit Forecast Period | | | | | | Linear Decline Phase | | | | | Terminal Yr |
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
| Year | | | | | | | | | | | | |
| EBIT * (1-Tax Rate) | 137 | 209 | 274 | 352 | 439 | 540 | 645 | 750 | 847 | 929 | 987 | 1,017 |
| Dep | 149 | 147 | 163 | 184 | 212 | 248 | 296 | 344 | 389 | 426 | 453 | 467 |
| Purchase of Assets | 86 | 129 | 208 | 282 | 375 | 483 | 578 | 672 | 758 | 831 | 884 | 910 |
| Changes in Working Capital | (7) | 18 | 20 | 22 | 27 | 32 | 38 | 44 | 50 | 54 | 58 | 60 |
| FCFF | 207 | 210 | 209 | 233 | 249 | 273 | 326 | 379 | 428 | 469 | 499 | 514 |
| % Growth in Post Tax EBIT | | 52.7% | 31.1% | 28.5% | 24.7% | 22.9% | 19.5% | 16.2% | 12.9% | 9.6% | 6.3% | 3.0% |
| As % of Post Tax EBIT | | | | | | | | | | | | |
| Dep | 108.8% | 70.3% | 59.3% | 52.1% | 48.2% | 45.9% | 45.9% | 45.9% | 45.9% | 45.9% | 45.9% | 45.9% |
| Purchase of Assets | 62.5% | 61.5% | 76.0% | 79.9% | 85.4% | 89.5% | 89.5% | 89.5% | 89.5% | 89.5% | 89.5% | 89.5% |
| Changes in Working Capital | -5.1% | 8.6% | 7.2% | 6.2% | 6.1% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% | 5.9% |
| FCFF | 207 | 210 | 209 | 233 | 249 | 273 | 326 | 379 | 428 | 469 | 499 | 514 |
| Terminal Value | | | | | | | | | | | | 6,587 |
| Total Cash Flow | 207 | 210 | 209 | 233 | 249 | 273 | 326 | 379 | 428 | 469 | 499 | 7,101 |

| | |
|------------------------------|--------------|
| Enterprise Value (EV) | 3,862 |
| Less: Debt | 412 |
| Add: Cash | 9 |
| Equity Value | 3,458 |
| Equity Value per share (INR) | 575 |
| % Returns | 22.5% |
| Rating | BUY |

WACC (%)

| Terminal Growth (%) | Terminal Growth (%) | | | | | | | | | |
|---------------------|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| | 2.00% | 2.25% | 2.50% | 2.75% | 3.00% | 3.25% | 3.50% | 3.75% | 4.00% | |
| 574 | | | | | | | | | | |
| 9.80% | 617 | 632 | 648 | 665 | 683 | 703 | 724 | 747 | 772 | |
| 10.05% | 592 | 606 | 621 | 636 | 653 | 671 | 690 | 711 | 733 | |
| 10.30% | 569 | 582 | 595 | 610 | 625 | 641 | 659 | 678 | 698 | |
| 10.55% | 547 | 559 | 572 | 585 | 599 | 614 | 630 | 647 | 666 | |
| 10.80% | 527 | 538 | 549 | 561 | 575 | 588 | 603 | 619 | 636 | |
| 11.05% | 508 | 518 | 528 | 540 | 552 | 564 | 578 | 592 | 608 | |
| 11.30% | 489 | 499 | 509 | 519 | 530 | 542 | 554 | 568 | 582 | |
| 11.55% | 472 | 481 | 490 | 500 | 510 | 521 | 533 | 545 | 558 | |
| 11.80% | 456 | 464 | 473 | 482 | 491 | 501 | 512 | 523 | 535 | |

Source: Company reports, Arianth Capital Research, Figures are in INR cr except share price and percentage data

Story in charts (INR in Cr)

Exhibit 4 : Consistent QoQ revenue growth from last 5 Quarters.

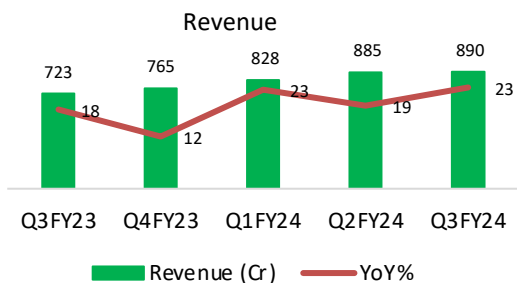


Exhibit 5: Healthy consolidated margins led by cost optimization

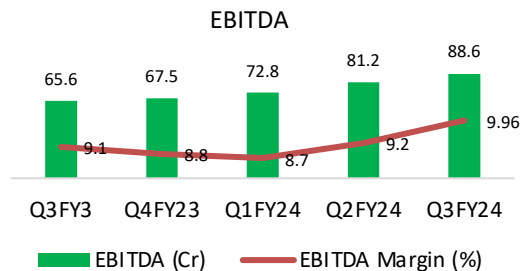


Exhibit 6: Trend of Profitability

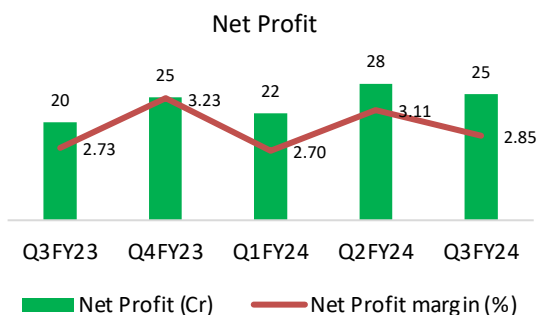


Exhibit 7: Momentum of EPS trajectory

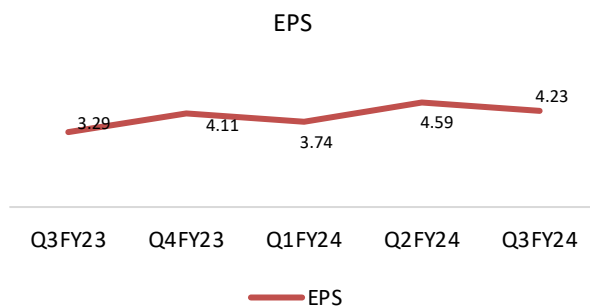


Exhibit 8: Diversified products segments with emphasis on Smart Locks Division

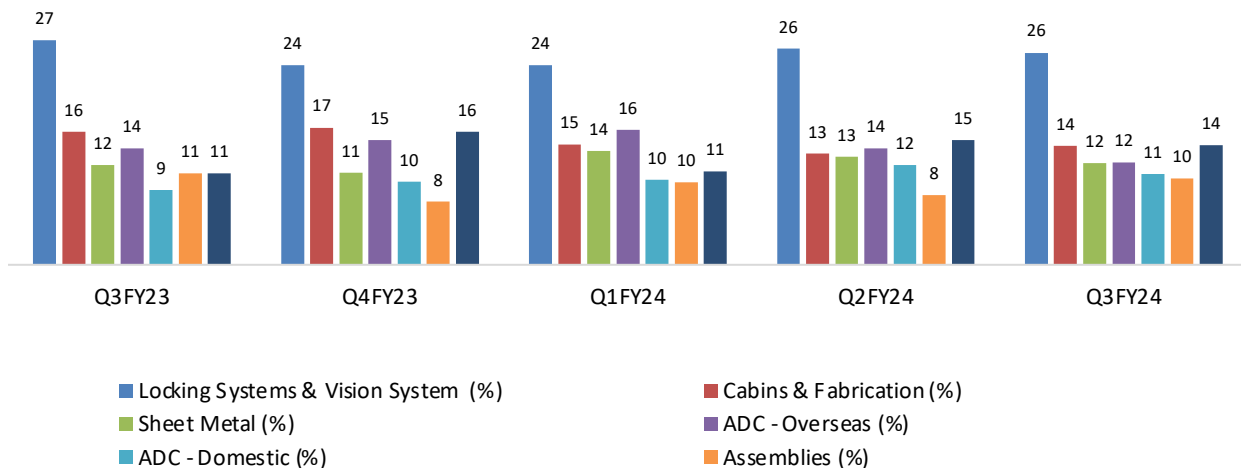
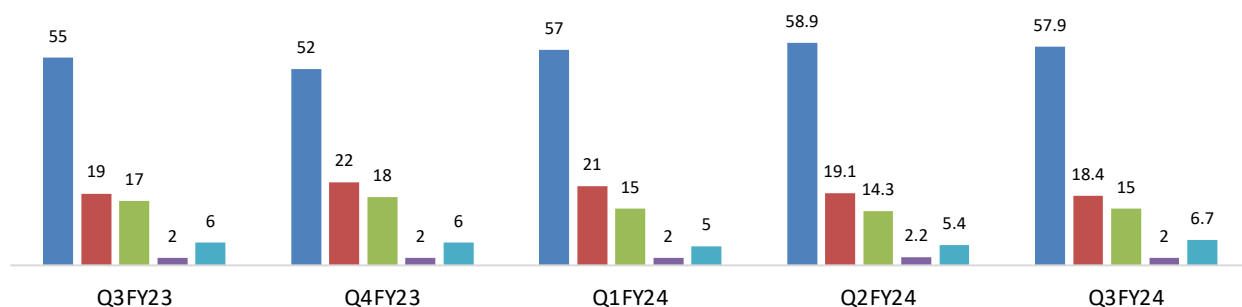


Exhibit 9: Diversifying into Passenger Vehicles along with Two-wheelers and Commercial Vehicles



Source: Company, Arihant Research

■ 2W (%) ■ PV (%) ■ OHV (%) ■ CV (%) ■ Others (%)

Key Financials

| Income statement (INR Cr) | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Year End-March | FY22 | FY23 | FY24E | FY25E | FY26E |
| Gross Sales | 2,323.70 | 2,908.90 | 3,526.36 | 4,287.54 | 5,209.63 |
| Net Sales | 2,323.70 | 2,908.90 | 3,526.36 | 4,287.54 | 5,209.63 |
| YoY (%) | 24.69 | 25.18 | 21.23 | 21.59 | 21.51 |
| Adjusted RMC | 1,415.84 | 1,826.87 | 2,161.90 | 2,627.45 | 3,188.77 |
| YoY (%) | 29.64 | 29.03 | 18.34 | 21.53 | 21.36 |
| Personnel/ Employee benefit expenses | 318.37 | 384.60 | 475.49 | 556.92 | 672.36 |
| YoY (%) | 14.63 | 20.80 | 23.63 | 17.12 | 20.73 |
| Manufacturing & Other Expenses | 383.47 | 448.33 | 549.19 | 667.84 | 807.30 |
| YoY (%) | 25.60 | 16.91 | 22.50 | 21.60 | 20.88 |
| Total Expenditure | 2,117.67 | 2,659.80 | 3,186.58 | 3,852.21 | 4,668.43 |
| YoY (%) | 26.42 | 25.60 | 19.81 | 20.89 | 21.19 |
| EBITDA | 206.03 | 249.10 | 339.78 | 438.45 | 544.81 |
| YoY (%) | 9.35 | 20.91 | 36.40 | 29.04 | 24.26 |
| EBITDA Margin (%) | 8.87 | 8.56 | 9.64 | 10.23 | 10.46 |
| Depreciation | 100.03 | 121.52 | 148.90 | 146.98 | 162.57 |
| % of Gross Block | 6.98 | 6.88 | 8.11 | 7.48 | 7.48 |
| EBIT | 106.00 | 127.58 | 190.87 | 291.47 | 382.24 |
| EBIT Margin (%) | 4.56 | 4.39 | 5.41 | 6.80 | 7.34 |
| Interest Expenses | 17.71 | 35.77 | 51.56 | 46.53 | 40.87 |
| Non-operating/ Other income | 6.98 | 12.49 | 10.60 | 12.00 | 10.00 |
| PBT | 95.27 | 104.30 | 149.92 | 256.94 | 351.38 |
| Tax-Total | 25.51 | 26.80 | 42.39 | 69.37 | 94.87 |
| Adj. Net Profit | 69.75 | 77.50 | 107.53 | 187.57 | 256.50 |
| Reported Profit | 57.04 | 73.59 | 107.53 | 187.57 | 256.50 |
| PAT Margin | 2.45 | 2.53 | 3.05 | 4.37 | 4.92 |
| Shares o/s/ paid up equity sh capital | 6.02 | 6.02 | 6.02 | 6.02 | 6.02 |
| Reported EPS | 9.48 | 12.23 | 17.87 | 31.16 | 42.62 |
| Dividend payment | 9.33 | 9.93 | 12.04 | 18.06 | 24.08 |
| Dividend payout (%) | 16.36 | 13.50 | 11.20 | 9.63 | 9.39 |
| Retained earnings | 47.71 | 63.66 | 95.49 | 169.51 | 232.43 |

| Balance sheet (INR Cr) | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Year-end March | FY22 | FY23 | FY24E | FY25E | FY26E |
| Sources of Funds | | | | | |
| Equity Share Capital | 60.19 | 60.19 | 60.19 | 60.19 | 60.19 |
| Reserves & Surplus/ Other Equity | 802.62 | 864.72 | 960.21 | 1,129.72 | 1,362.15 |
| Net worth | 862.81 | 924.91 | 1,020.40 | 1,189.91 | 1,422.34 |
| Unsecured Loans/ Borrowings/ Lease Liabilities | 330.21 | 406.39 | 367.49 | 322.92 | 272.97 |
| Total Debt | 330.58 | 412.47 | 372.21 | 326.92 | 275.97 |
| Total Funds Employed | 1,973.41 | 2,140.06 | 2,348.03 | 2,673.03 | 3,093.71 |
| Application of Funds | | | | | |
| Gross block | 1,434.08 | 1,765.84 | 1,836.37 | 1,964.99 | 2,173.38 |
| Less: depreciation | 453.05 | 574.57 | 723.47 | 870.45 | 1,033.03 |
| Net Fixed Assets | 981.04 | 1,191.27 | 1,112.89 | 1,094.54 | 1,140.35 |
| Capital WIP | 89.07 | 95.43 | 100.20 | 105.21 | 110.47 |
| Investments/ Notes/ Fair value measurement | 53.26 | 49.03 | 59.03 | 69.03 | 79.03 |
| Current assets | 850.04 | 804.33 | 1,075.91 | 1,404.25 | 1,763.85 |
| Inventory | 259.70 | 300.44 | 373.15 | 453.51 | 550.39 |
| Days | 66.95 | 60.03 | 63.00 | 63.00 | 63.00 |
| Debtors | 445.37 | 355.35 | 430.78 | 523.76 | 636.41 |
| Days | 69.96 | 44.59 | 44.59 | 44.59 | 44.59 |
| Other Current Assets | 140.08 | 142.59 | 149.72 | 157.21 | 165.07 |
| Bank | 2.52 | 0.56 | 3.00 | 3.00 | 3.00 |
| Cash | 2.37 | 5.39 | 119.26 | 266.78 | 408.99 |
| Current Liabilities/Provisions | 769.70 | 784.87 | 933.11 | 1,131.83 | 1,368.97 |
| Creditors / Trade Payables | 397.78 | 411.76 | 487.27 | 592.20 | 716.38 |
| Days | 102.55 | 82.27 | 82.27 | 82.27 | 82.00 |
| Liabilities | 361.54 | 360.29 | 432.38 | 525.49 | 637.75 |
| Days | 91.71 | 71.73 | 73.00 | 73.00 | 73.00 |
| Provisions | 10.37 | 12.82 | 13.46 | 14.13 | 14.84 |
| Net Core Working Capital | 307.29 | 244.03 | 316.66 | 385.07 | 470.42 |
| Days | 34.36 | 22.35 | 25.32 | 25.32 | 25.59 |
| Net Current Assets | 80.35 | 19.46 | 142.80 | 272.42 | 394.88 |
| Deferred Tax Asset | -12.03 | 6.41 | 6.41 | 6.41 | 6.41 |
| Total Assets | 1,973.41 | 2,140.06 | 2,348.03 | 2,673.03 | 3,093.71 |
| Total Capital Employed | 1,203.71 | 1,355.19 | 1,414.92 | 1,541.20 | 1,731.14 |

| Cash Flow Statement (INR Cr) | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Year End-March | FY22 | FY23 | FY24E | FY25E | FY26E |
| Profit before tax | 81.47 | 100.40 | 149.92 | 256.94 | 351.38 |
| Adjustments: Add | | | | | |
| Depreciation and amortisation | 100.03 | 121.52 | 148.90 | 146.98 | 162.57 |
| Interest adjustment | 17.71 | 35.77 | 51.56 | 46.53 | 40.87 |
| Adjustments: Less | | | | | |
| Interest income on fixed income securities | (1.13) | (1.13) | 0.00 | 0.00 | 0.00 |
| Profit/(loss) on sale of investments, net | (0.71) | (0.21) | (0.71) | (0.71) | (0.71) |
| Change in assets and liabilities | 210.22 | 256.81 | 356.73 | 456.80 | 561.16 |
| Inventories | (48.33) | (40.75) | (72.71) | (80.36) | (96.88) |
| Trade receivables | (50.16) | 89.85 | (75.43) | (92.99) | (112.64) |
| Trade payables | 0.76 | 23.49 | 75.51 | 104.93 | 124.18 |
| Other Liabilities and provisions | (5.04) | 30.56 | 72.73 | 93.78 | 112.97 |
| Other Assets | (39.21) | (24.40) | (7.13) | (7.49) | (7.86) |
| Net cash from operating activities | 48.69 | 308.49 | 307.32 | 405.31 | 486.05 |
| Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress | (295.97) | (250.15) | (75.30) | (133.64) | (213.65) |
| Net Sale/(Purchase) of investments | (18.96) | 0.52 | (9.01) | (9.01) | (9.01) |
| Net cash (used) in investing activities | (311.22) | (247.54) | (84.31) | (142.65) | (222.66) |
| Interest expense | (17.47) | (35.02) | (51.56) | (46.53) | (40.87) |
| Dividend paid | (6.08) | (13.57) | (12.04) | (18.06) | (24.08) |
| Net cash (used) in financing activities | 259.72 | (36.87) | (103.86) | (109.87) | (115.89) |
| Closing Balance | 2.37 | 5.39 | 119.26 | 266.78 | 408.99 |
| FCF | (247.28) | 58.34 | 232.02 | 271.68 | 272.40 |
| Capex as % of sales | 12.74 | 8.60 | 2.00 | 3.00 | 4.00 |

| Key Ratios | | | | | |
|-----------------------------------|--------|--------|--------|--------|--------|
| Year-end March | FY22 | FY23 | FY24E | FY25E | FY26E |
| Solvency Ratios | | | | | |
| Debt / Equity | 0.38 | 0.45 | 0.36 | 0.27 | 0.19 |
| Net Debt / Equity | 0.32 | 0.39 | 0.19 | -0.01 | -0.15 |
| Debt / EBITDA | 1.60 | 1.66 | 1.10 | 0.75 | 0.51 |
| Current Ratio | 1.10 | 1.02 | 1.15 | 1.24 | 1.29 |
| DuPont Analysis | | | | | |
| Sales/Assets | 1.95 | 2.18 | 2.53 | 2.83 | 3.07 |
| Assets/Equity | 2.29 | 2.31 | 2.30 | 2.25 | 2.18 |
| RoE | 8.08% | 8.38% | 10.54% | 15.76% | 18.03% |
| Per share ratios | | | | | |
| Reported EPS | 9.48 | 12.23 | 17.87 | 31.16 | 42.62 |
| Dividend per share | 1.55 | 1.65 | 2.00 | 3.00 | 4.00 |
| BV per share | 143.35 | 153.66 | 169.53 | 197.69 | 236.31 |
| Cash per Share | 8.09 | 51.25 | 51.06 | 67.34 | 80.75 |
| Revenue per Share | 386.06 | 483.28 | 585.86 | 712.33 | 865.52 |
| Profitability ratios | | | | | |
| Net Profit Margin (PAT/Net sales) | 3.00 | 2.66 | 3.05 | 4.37 | 4.92 |
| Gross Profit / Net Sales | 39.07 | 37.20 | 38.69 | 38.72 | 38.79 |
| EBITDA / Net Sales | 8.87 | 8.56 | 9.64 | 10.23 | 10.46 |
| EBIT / Net Sales | 4.56 | 4.39 | 5.41 | 6.80 | 7.34 |
| PAT / Net Sales | 2.45 | 2.53 | 3.05 | 4.37 | 4.92 |
| ROCE (%) | 8.81 | 9.41 | 13.49 | 18.91 | 22.08 |
| Activity ratios | | | | | |
| Inventory Days | 66.95 | 60.03 | 63.00 | 63.00 | 63.00 |
| Debtor Days | 69.96 | 44.59 | 44.59 | 44.59 | 44.59 |
| Creditor Days | 102.55 | 82.27 | 82.27 | 82.27 | 82.00 |
| Leverage ratios | | | | | |
| Interest coverage | 5.98 | 3.57 | 3.70 | 6.26 | 9.35 |
| Debt / Asset | 16.75 | 19.27 | 15.85 | 12.23 | 8.92 |
| Valuation ratios | | | | | |
| EV / EBITDA | 15.02 | 12.77 | 8.87 | 6.41 | 4.79 |
| EV / EBIT | 29.20 | 24.93 | 15.79 | 9.64 | 6.82 |
| EV / Net Sales | 1.33 | 1.09 | 0.85 | 0.66 | 0.50 |
| PE(x) | 49.49 | 38.36 | 26.25 | 15.05 | 11.01 |

Arihant Research DeskEmail: research@arihantcapital.com

Tel. : 022-42254800

| Head Office | Registered Office |
|---|--|
| #1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880 | Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199 |

| 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% |

| Research Analyst Registration No. | Contact | Website | Email Id |
|--------------------------------------|-------------------------|--|--|
| INH000002764 | SMS: 'Arihant' to 56677 | www.arihantcapital.com | research@arihantcapital.com |

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880