

# Endurance Technologies

## Estimate changes

### TP change

### Rating change



Bloomberg	ENDU IN
Equity Shares (m)	141
M.Cap.(INRb)/(USDb)	208.6 / 2.8
52-Week Range (INR)	1490 / 562
1, 6, 12 Rel. Per (%)	0/19/17
12M Avg Val (INR M)	155

## Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	68.8	63.0	77.6
EBITDA	10.9	9.9	13.5
Adj. PAT	5.4	4.7	7.2
EPS (Rs)	38.0	33.1	51.1
EPS Growth (%)	3.2	-13.1	54.4
BV/Share (INR)	213.7	236.8	272.5

## Ratios

Net Debt/Equity	-0.1	-0.2	-0.3
RoE (%)	19.2	14.7	20.0
RoCE (%)	16.4	13.0	18.3
Payout (%)	28.5	29.3	30.1

## Valuations

P/E (x)	39.0	44.8	29.0
P/BV (x)	6.9	6.3	5.4
Div. Yield (%)	0.6	0.6	0.9
FCF Yield (%)	2.2	2.7	3.0

## Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	75.0	75.0	75.0
DII	12.8	11.9	6.9
FII	10.6	11.6	16.8
Others	1.6	1.5	1.3

FII Includes depository receipts

**CMP: INR1,483**
**TP: INR1,750 (+18%)**
**Buy**

## Above est.; strong all-round performance in both businesses

### India outlook remains positive; EU near-term challenges due to COVID

- Endurance Technologies (ENDU) reported a strong all-round beat in 3QFY21, with contribution from both businesses. While recovery in the India business continues to be strong, the EU business is seeing the impact of a second wave of COVID. ENDU's outperformance of the underlying 2W industry would continue on the back of a content increase and the mining of recently added customers. Thus, we believe it is the best proxy for the 2W industry in India.
- We upgrade our FY21/FY22 EPS by 8%/6%, reflecting a strong performance in both the businesses. Maintain **Buy**, with TP of INR1,750.

### Highest ever consolidated revenue and EBITDA

- Consol. net revenues grew 24% to ~INR20.4b (v/s est. INR18.8b). EBITDA grew 35% YoY to INR3.5b (v/s est. INR3.07b). This translated to adj. PAT growth of 60% YoY to ~INR2b (v/s est. ~INR1.6b). 9MFY21 revenues / EBITDA / adj. PAT declined 17%/20%/25%.
- **India** revenues grew 32% YoY to ~INR15.3b (v/s est. INR14.3b) – 14.5% YoY growth was reported in the 2W industry. State incentives (150bp) and op. leverage benefit boosted EBITDA margins by 290bp YoY (+80bps QoQ) to 17% (v/s est. 16.5%). EBITDA grew 59% YoY to INR2.6b. Adj. PAT rose 76% YoY to INR1.59b (v/s est. INR1.41b).
- **EU business** revenues grew 7% YoY to INR5.1b (v/s est. INR4.6b). In EUR terms, revenues declined 3.6%; new car registrations also declined 7.6%. EBITDA margins contracted 220bp YoY to 18% (v/s est. 15.6%), driven by higher staff and other expenses. EBITDA fell 4.8% YoY to INR921m (v/s est. 719m). Adj. PAT grew 16.8% YoY to INR395m (v/s est. ~INR187m).

### Highlights from management commentary

- **Outlook:** 4QFY21 for India business appears very good, led by OEM schedules. For EU, vehicle registrations were down 15–20% in Jan'21 and are expected to decline 10–15% over Feb–Mar'21. This is largely attributable to COVID-19-related lockdown and restrictions.
- New business wins from OEMs (ex-Bajaj) were INR4.44b in 9MFY21, with peak sales in FY23E. RFQs worth INR11.45b are under consideration.
- **Brakes business capacity almost doubled:** Considering new business for disc brakes from Bajaj, TVS, HMTI, Yamaha, and RE, it is increasing brake assembly capacity by 90% from 285k units/month to 575k units/month, and disc brake capacity would be increased by 80% to 675k units/month by Aug'21.
- **Alloy wheel capacity expansion:** It plans to increase 2W alloy wheel capacity by 33% to 160k wheels/month from 3QFY22 (Aug–Sep).
- EUR12.6m new business from FCA, Audi, and Maserati would commence from FY22. Over the last three years, it has won EUR120m worth of orders for EVs and hybrids, of which EUR30m is for EVs.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation and view**

- ENDU is the best proxy on India's 2W industry and has the scope to increase content on the back of technological changes and new products. Coupled with its knowledge in aluminum die-casting in the EU, we believe there is scope to increase contribution from the PV segment.
- The stock trades at 29x/23.8x at FY22/FY23E consol EPS. Maintain **Buy**, with TP of INR1,750 (28x Mar'23E consol. EPS).

**Consolidated – Quarterly**

Y/E March	FY20				FY21E				FY20	FY21E	FY21E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
<b>Net Sales</b>	<b>18,619</b>	<b>17,713</b>	<b>16,405</b>	<b>16,038</b>	<b>6,031</b>	<b>17,422</b>	<b>20,409</b>	<b>19,185</b>	<b>68,775</b>	<b>63,046</b>	<b>18,884</b>
YoY Change (%)	0.1	-8.5	-9.5	-14.3	-67.6	-1.6	24.4	19.6	-8.4	-8.3	15.1
RM Cost (% of sales)	55.6	54.0	53.4	54.0	47.9	54.9	54.1	54.5	54.3	53.8	55.7
Staff Cost (% of sales)	9.6	9.4	10.3	10.1	21.9	9.6	8.9	9.1	9.8	10.4	8.9
Other Exp. (% of sales)	19.0	20.2	20.4	20.6	23.1	19.1	19.8	20.0	20.0	20.0	19.2
<b>EBITDA</b>	<b>2,941</b>	<b>2,911</b>	<b>2,605</b>	<b>2,449</b>	<b>427</b>	<b>2,852</b>	<b>3,521</b>	<b>3,140</b>	<b>10,906</b>	<b>9,940</b>	<b>3,073</b>
Margins (%)	15.8	16.4	15.9	15.3	7.1	16.4	17.3	16.4	15.9	15.8	16.3
Depreciation	927	986	1,000	1,230	856	973	1,045	1,236	4,143	4,109	1,025
Interest	58	49	43	26	42	35	42	31	175	149	37
Other Income	68	114	119	174	109	71	58	135	476	373	110
<b>PBT before EO expense</b>	<b>2,024</b>	<b>1,990</b>	<b>1,681</b>	<b>1,368</b>	<b>-361</b>	<b>1,916</b>	<b>2,493</b>	<b>2,008</b>	<b>7,064</b>	<b>6,055</b>	<b>2,121</b>
Exceptional Item	-472	0	0	70	0	-279	112	0	-402	-167	0
<b>PBT after EO</b>	<b>2,496</b>	<b>1,990</b>	<b>1,681</b>	<b>1,298</b>	<b>-361</b>	<b>2,195</b>	<b>2,380</b>	<b>2,008</b>	<b>7,465</b>	<b>6,222</b>	<b>2,121</b>
Eff. Tax Rate (%)	33.7	15.1	26.2	17.7	31.0	23.9	20.2	27.5	24.2	23.2	24.7
<b>Rep. PAT</b>	<b>1,656</b>	<b>1,691</b>	<b>1,240</b>	<b>1,068</b>	<b>-249</b>	<b>1,672</b>	<b>1,901</b>	<b>1,457</b>	<b>5,655</b>	<b>4,779</b>	<b>1,598</b>
<b>Adj. PAT</b>	<b>1,298</b>	<b>1,691</b>	<b>1,240</b>	<b>1,122</b>	<b>-249</b>	<b>1,457</b>	<b>1,987</b>	<b>1,457</b>	<b>5,351</b>	<b>4,651</b>	<b>1,598</b>
YoY Change (%)	4.2	35.0	11.9	-12.4	-119.2	-13.8	60.2	29.9	3.2	-13.1	28.8

**Key Performance Indicators**

	FY20				FY21E				FY20	FY21E	
INR m	1Q	2Q	3Q	4QE	1Q	2Q	3Q	4QE			3QE
<b>India Business Revenues</b>	<b>13,139</b>	<b>12,920</b>	<b>11,610</b>	<b>11,314</b>	<b>3,562</b>	<b>12,613</b>	<b>15,288</b>	<b>14,619</b>	<b>48,984</b>	<b>46,081</b>	<b>14,280</b>
EBITDA Margins (%)	15.1	15.2	14.1	12.7	0.7	16.2	17.0	15.6	14.3	15.1	16.5
<b>EU Business Revenues</b>	<b>5,480</b>	<b>4,792</b>	<b>4,795</b>	<b>4,724</b>	<b>2,469</b>	<b>4,810</b>	<b>5,120</b>	<b>4,566</b>	<b>19,791</b>	<b>16,966</b>	<b>4,604</b>
EBITDA Margins (%)	17.5	19.7	20.2	21.5	16.3	16.8	18.0	18.8	19.6	17.6	15.6
<b>Cost break-up (Consol)</b>											
RM Cost (% of sales)	55.6	54.0	53.4	54.0	47.9	54.9	54.1	54.5	54.3	53.8	55.7
Staff Cost (% of sales)	9.6	9.4	10.3	10.1	21.9	9.6	8.9	9.1	9.8	10.4	8.9
Other Exp. (% of sales)	19.0	20.2	20.4	20.6	23.1	19.1	19.8	20.0	20.0	20.0	19.2
Gross margins (%)	44.4	46.0	46.6	46.0	52.1	45.1	45.9	45.5	3.8	-2.9	44.3
EBITDA margins (%)	15.8	16.4	15.9	15.3	7.1	16.4	17.3	16.4	20.0	20.0	16.3
EBIT margins (%)	10.8	10.9	9.8	7.6	-7.1	10.8	12.1	9.9	9.8	9.2	10.8

## Standalone Performance

Y/E March	FY20				FY21E				FY20	FY21E	
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
<b>Net Sales</b>	<b>13,139</b>	<b>12,920</b>	<b>11,610</b>	<b>11,314</b>	<b>3,562</b>	<b>12,613</b>	<b>15,288</b>	<b>14,619</b>	<b>48,984</b>	<b>46,081</b>	<b>14,280</b>
YoY Change (%)	-0.1	-10.0	-12.5	-13.7	-72.9	-2.4	31.7	29.2	-9.1	-5.9	23.0
RM Cost (% of sales)	62.7	62.2	62.2	61.6	60.7	61.3	62.1	62.0	62.2	61.8	62.0
Staff Cost (% of sales)	5.8	5.7	6.3	6.5	18.8	5.8	4.7	4.9	6.0	6.2	5.1
Other Expenses (% of sales)	16.5	16.9	17.4	19.2	19.7	16.7	16.1	17.5	17.4	17.0	16.4
Total Expenditure	11,156	10,954	9,971	9,881	3,536	10,570	12,688	12,338	41,963	39,132	11,925
<b>EBITDA</b>	<b>1,983</b>	<b>1,967</b>	<b>1,638</b>	<b>1,433</b>	<b>26</b>	<b>2,043</b>	<b>2,601</b>	<b>2,280</b>	<b>7,021</b>	<b>6,949</b>	<b>2,355</b>
Margins (%)	15.1	15.2	14.1	12.7	0.7	16.2	17.0	15.6	14.3	15.1	16.5
Depreciation	486	487	497	522	465	540	526	572	1,992	2,103	550
Interest	36	31	24	17	20	14	10	16	108	60	22
Other Income	33	84	99	146	42	35	32	111	362	220	90
<b>PBT before EO expense</b>	<b>1,495</b>	<b>1,532</b>	<b>1,216</b>	<b>1,040</b>	<b>-418</b>	<b>1,524</b>	<b>2,097</b>	<b>1,804</b>	<b>5,283</b>	<b>5,006</b>	<b>1,873</b>
Tax Rate (%)	34.4	10.9	25.8	25.9	23.8	25.5	24.2	24.8	24.8	24.9	24.7
<b>Reported PAT</b>	<b>1,291</b>	<b>1,366</b>	<b>902</b>	<b>719</b>	<b>-319</b>	<b>1,344</b>	<b>1,505</b>	<b>1,357</b>	<b>4,277</b>	<b>3,888</b>	<b>1,410</b>
<b>Adj. PAT</b>	<b>935</b>	<b>1,366</b>	<b>902</b>	<b>771</b>	<b>-319</b>	<b>1,134</b>	<b>1,590</b>	<b>1,357</b>	<b>3,975</b>	<b>3,762</b>	<b>1,410</b>
YoY Change (%)	3.8	44.4	17.4	-14.5	-134.1	-17.0	76.2	75.9	13.0	-5.3	56.3
Margins (%)	7.1	10.6	7.8	6.8	-8.9	9.0	10.4	9.3	8.1	8.2	9.9

## EU Subs (Derived)

Y/E March	FY20				FY21E				FY20	FY21E	
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE
<b>Net Sales</b>	<b>5,480</b>	<b>4,792</b>	<b>4,795</b>	<b>4,724</b>	<b>2,469</b>	<b>4,810</b>	<b>5,120</b>	<b>4,566</b>	<b>19,791</b>	<b>16,966</b>	<b>4,604</b>
YoY Change (%)	0.4	-4.5	-1.3	-19.9	-54.9	0.4	6.8	-3.3	-6.8	-14.3	-4.0
RM Cost (% of sales)	38.6	32.0	32.1	35.9	29.4	38.0	29.9	30.7	34.8	32.4	36.0
Staff Cost (% of sales)	18.9	19.3	20.1	18.8	26.3	19.8	21.5	22.6	19.3	22.0	20.5
Other Expenses (% of sales)	25.0	29.1	27.7	23.8	28.0	25.3	30.6	27.9	26.4	28.0	27.9
<b>EBITDA</b>	<b>958</b>	<b>944</b>	<b>967</b>	<b>1,016</b>	<b>402</b>	<b>810</b>	<b>921</b>	<b>859</b>	<b>3,885</b>	<b>2,991</b>	<b>719</b>
Margins (%)	17.5	19.7	20.2	21.5	16.3	16.8	18.0	18.8	19.6	17.6	15.6
Depreciation	22	17	19	8	21	21	32	15	67	89	15
Interest	442	499	502	708	391	433	519	663	2,150	2,006	475
Other Income	35	30	21	29	67	37	26	23	114	153	20
<b>PBT</b>	<b>529</b>	<b>458</b>	<b>466</b>	<b>328</b>	<b>57</b>	<b>392</b>	<b>396</b>	<b>205</b>	<b>1,781</b>	<b>1,049</b>	<b>249</b>
Rate (%)	31.0	29.0	27.4	-6.6	-22.3	16.5	0.1	51.3	22.6	15.0	24.8
<b>Adj. PAT</b>	<b>365</b>	<b>325</b>	<b>338</b>	<b>350</b>	<b>69</b>	<b>328</b>	<b>395</b>	<b>100</b>	<b>1,378</b>	<b>892</b>	<b>187</b>
YoY Change (%)	5.8	6.2	0.5	-48.8	-81.0	0.7	16.8	-71.5	-17.5	-35.3	-44.7

E: MOFSL Estimates



## Management call highlights

## India business

- The Maharashtra government had incentives of INR234m in 3QFY21 and INR871m in 9MFY21 (incl. INR279m for the prior period).
- It witnessed strong growth across OEMs in 3QFY21. OEM schedules indicate a robust 4QFY21.
- New business wins from OEMs (ex-Bajaj) were INR4.44b in 9MFY21, with peak sales in FY23E. RFQs worth INR11.45b are under consideration.
- Brakes business capacity almost doubled: Considering new business for disc brakes from Bajaj, TVS, HMTI, Yamaha, and RE, it is increasing brake assembly capacity by 90% from 285k units/month to 575k units/month; disc brake capacity would be increased by 80% to 675k units/month by Aug'21. A portion

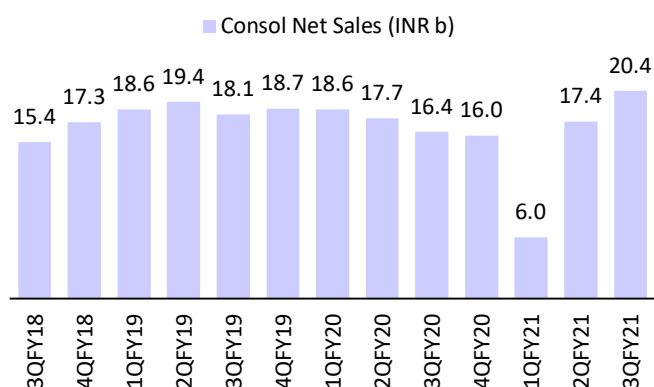
of the business is for import substitution. This would substantially expand ENDU's market share in brake assemblies (from 30% to 55%) and disc brakes (from 45% to 70%).

- Alloy wheel capacity expansion: It is increasing 2W alloy wheel capacity by 33% to 160k wheels/month from 3QFY22 (Aug-Sep).
- It would begin supplying brake assemblies, suspensions, and alu die casting (including battery housing casting) to e-2Ws/e-3Ws from FY22.

#### EU business

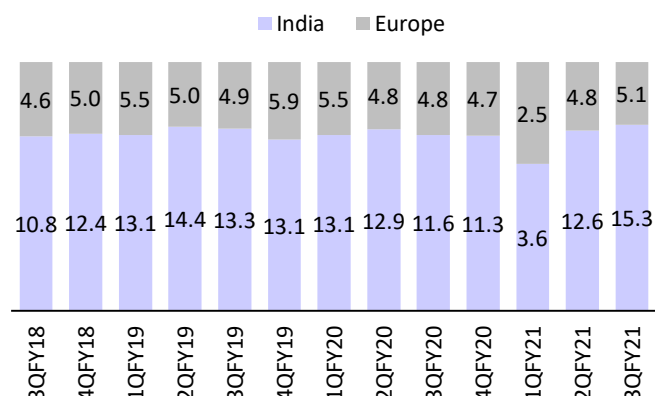
- EU vehicle registrations were down 15–20% in Jan'21; expect 10–15% decline over Feb–Mar'21. This is largely attributable to COVID-related lockdown and restrictions.
- EUR12.6m new business from FCA, Audi, and Maserati would commence from FY22. Over the last three years, it has won EUR120m worth of orders for EVs and hybrids, of which EUR30m is for EVs. This is executed over the next two years.
- More than 80% of RFQs are for EVs and hybrids. Currently, engine components contribute ~45% to EU revenues.

**Exhibit 1: Trend in consolidated revenues**



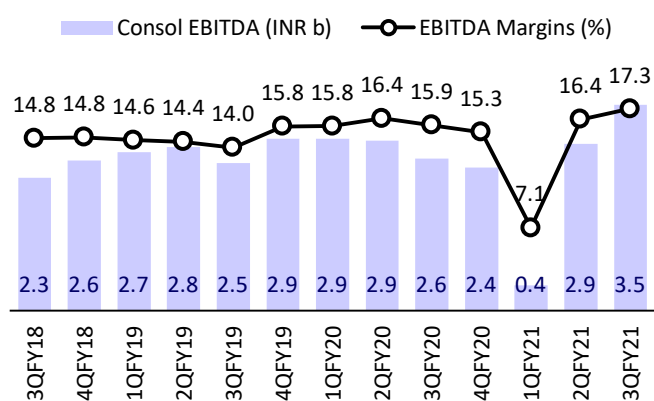
Source: Company, MOFSL

**Exhibit 2: Revenue split in India and Europe (INR b)**



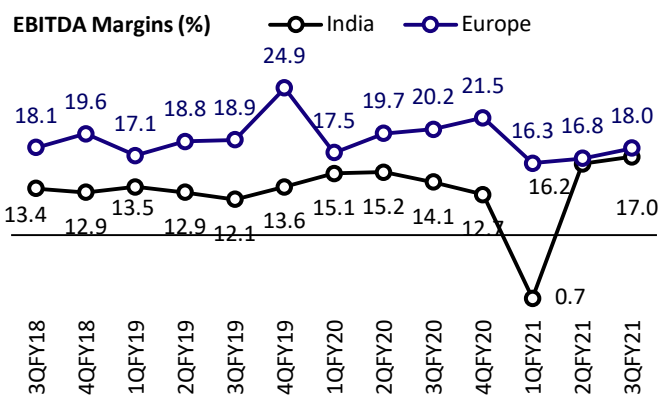
Source: Company, MOFSL

**Exhibit 3: Trend in consolidated EBITDA margins**



Source: Company, MOFSL

**Exhibit 4: EBITDA margin trend in India and Europe**



Source: Company, MOFSL

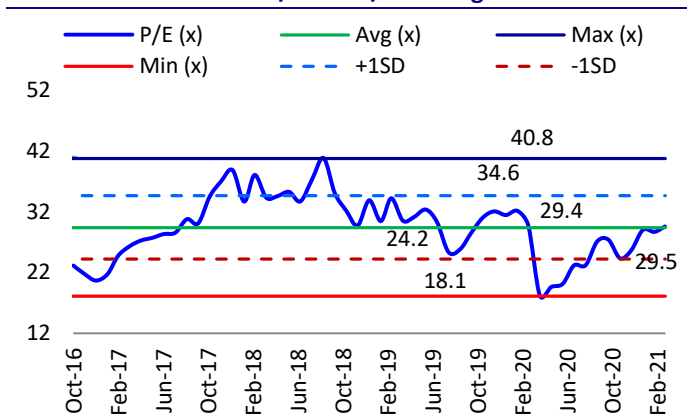
## Valuation and view

- Given ENDU's strong positioning in the 2W segment, we believe it is the best proxy to play the India 2W opportunity, keeping in mind the underlying trends of 'scooterization' and 'premiumization'. Driven by new customer wins and a technology-led increase in content, we estimate ENDU to outperform the underlying 2W industry in India.
- ENDU offers strong management, a diverse revenue profile, improving technological content, increasing wallet share for customers, and financial discipline.
- ENDU is among the few auto ancillary companies in India to boast a truly diversified revenue base, both in terms of product lines as well as customer base; however, it still offers consistently respectable RoEs.
- At the helm is a proven management team – evident from sustained profitable growth (when entering new segments) and significant market share gains.
- We believe the strength in ENDU's business franchisee and strong management should help the stock continue to command premium valuation multiples v/s most domestic auto ancillary companies. In the domestic auto ancillary space, there are only a handful of high-quality, large-scale, multi-product auto component suppliers. Considering ENDU's size and strong market share in its operating segments, we believe the stock should command a premium to domestic peers.
- We upgrade our FY21/FY22 EPS by 8%/6%, reflecting a strong performance in both the businesses. We estimate a consol. revenue/EBITDA/PAT CAGR of ~8%/13%/18% over FY20–23E – with scope for a surprise from ramp-up in the India PV business as well as a content increase in the Suspension and Braking businesses.
- The stock trades at 29x/23.8x at FY22/FY23E consol. EPS. Maintain **Buy**, with TP of INR1,750 (28x Mar'23E consol. EPS).

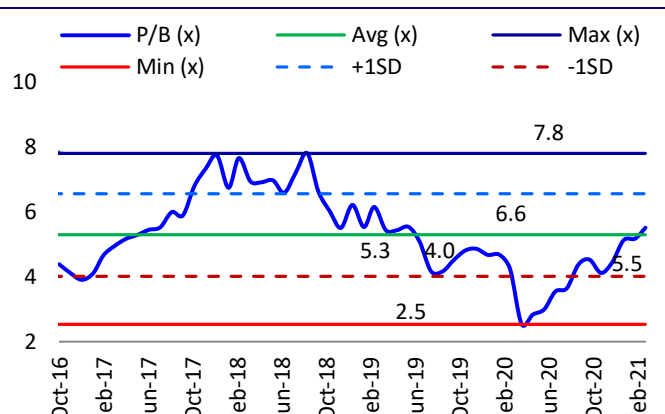
Exhibit 5: Revised estimates (Consol.)

(INR M)	FY21E			FY22E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	63,046	62,035	1.6	77,556	75,240	3.1
EBITDA (%)	15.8	15.3	40bp	17.4	17.2	20bp
Net Profit	4,651	4,313	7.8	7,181	6,792	5.7
EPS (INR)	33.1	30.7	7.8	51.1	48.3	5.7

Exhibit 6: Valuations – P/E and P/B trading band



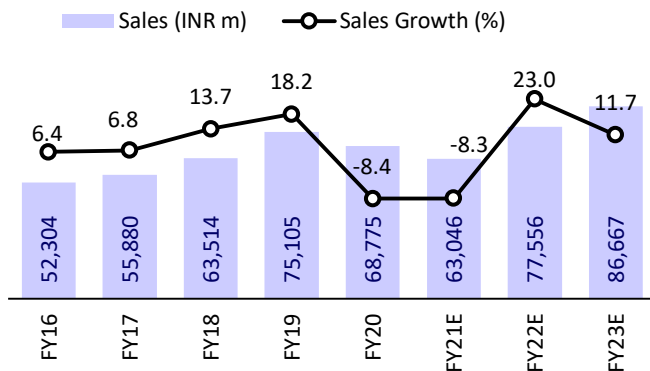
Source: Bloomberg, MOFSL



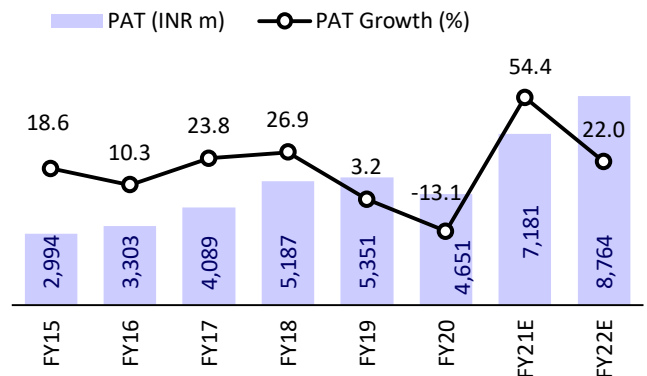
Source: Bloomberg, MOFSL

## Stories in chart

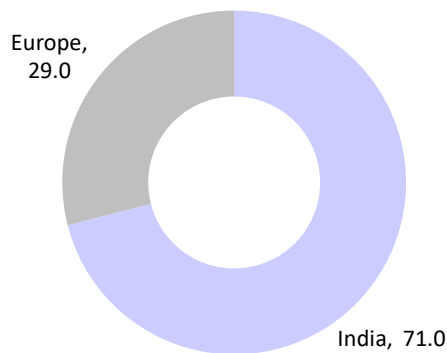
**Exhibit 7: Trend in consolidated sales**



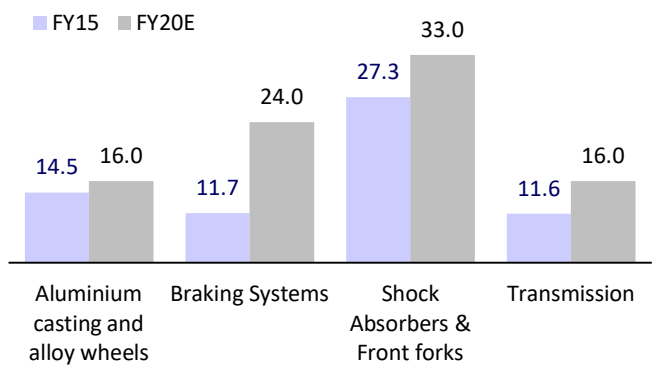
**Exhibit 8: Trend in consolidated PAT**



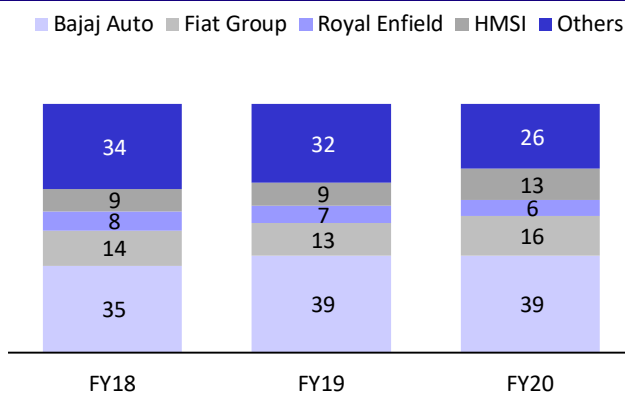
**Exhibit 9: Geography-wise sales breakup in FY20 (%)**



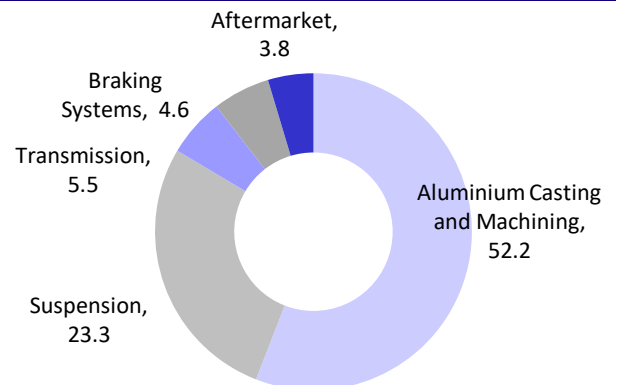
**Exhibit 10: Market share in India business (%)**



**Exhibit 11: Customer-wise breakup (%)**



**Exhibit 12: Segment-wise breakup (% consolidated)**





## Financials and valuations

Consolidated - Income Statement						(INR m)
Y/E March	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Total Income from Operations</b>	<b>63,514</b>	<b>75,105</b>	<b>68,775</b>	<b>63,046</b>	<b>77,556</b>	<b>86,667</b>
Change (%)	13.7	18.2	-8.4	-8.3	23.0	11.7
Raw Materials	36,609	43,495	37,352	33,943	42,338	47,442
Employees Cost	5,809	6,527	6,773	6,579	6,936	7,295
Other Expenses	11,817	13,795	13,744	12,584	14,824	16,154
<b>Total Expenditure</b>	<b>54,235</b>	<b>63,817</b>	<b>57,869</b>	<b>53,106</b>	<b>64,098</b>	<b>70,891</b>
% of Sales	85.4	85.0	84.1	84.2	82.6	81.8
<b>EBITDA</b>	<b>9,279</b>	<b>11,288</b>	<b>10,906</b>	<b>9,940</b>	<b>13,458</b>	<b>15,776</b>
Margin (%)	14.6	15.0	15.9	15.8	17.4	18.2
Depreciation	3,216	3,762	4,143	4,109	4,399	4,748
<b>EBIT</b>	<b>6,063</b>	<b>7,526</b>	<b>6,763</b>	<b>5,832</b>	<b>9,059</b>	<b>11,028</b>
Int. and Finance Charges	235	257	175	149	119	119
Other Income	235	270	476	373	570	693
<b>PBT bef. EO Exp.</b>	<b>6,062</b>	<b>7,539</b>	<b>7,064</b>	<b>6,055</b>	<b>9,510</b>	<b>11,601</b>
EO Items	-269	92	402	167	0	0
<b>PBT after EO Exp.</b>	<b>5,793</b>	<b>7,631</b>	<b>7,465</b>	<b>6,222</b>	<b>9,510</b>	<b>11,601</b>
Total Tax	1,886	2,381	1,810	1,443	2,328	2,838
Tax Rate (%)	32.6	31.2	24.2	23.2	24.5	24.5
Minority Interest	0	0	0	0	0	0
<b>Reported PAT</b>	<b>3,908</b>	<b>5,250</b>	<b>5,655</b>	<b>4,779</b>	<b>7,181</b>	<b>8,764</b>
<b>Adjusted PAT</b>	<b>4,089</b>	<b>5,187</b>	<b>5,351</b>	<b>4,651</b>	<b>7,181</b>	<b>8,764</b>
Change (%)	23.8	26.9	3.2	-13.1	54.4	22.0
Margin (%)	6.4	6.9	7.8	7.4	9.3	10.1

Consolidated - Balance Sheet						(INR m)
Y/E March	FY18	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	1,407	1,407	1,407	1,407	1,407	1,407
Preference Capital	0	0	0	0	0	0
Total Reserves	20,322	24,240	28,654	31,905	36,926	43,053
<b>Net Worth</b>	<b>21,729</b>	<b>25,647</b>	<b>30,060</b>	<b>33,312</b>	<b>38,333</b>	<b>44,459</b>
Minority Interest	0	0	0	0	0	0
Total Loans	5,586	5,584	5,482	4,482	3,482	3,482
Deferred Tax Liabilities	17	161	79	79	79	79
<b>Capital Employed</b>	<b>27,332</b>	<b>31,392</b>	<b>35,621</b>	<b>37,873</b>	<b>41,893</b>	<b>48,020</b>
Gross Block	25,218	32,159	40,629	43,629	48,379	54,379
Less: Accum. Deprn.	8,286	12,048	16,190	20,299	24,698	29,446
<b>Net Fixed Assets</b>	<b>16,932</b>	<b>20,112</b>	<b>24,439</b>	<b>23,330</b>	<b>23,681</b>	<b>24,933</b>
Goodwill on Consolidation	1,577	1,520	1,624	1,624	1,624	1,624
Capital WIP	592	1,178	1,260	1,260	1,260	1,260
<b>Total Investments</b>	<b>459</b>	<b>361</b>	<b>1,660</b>	<b>1,660</b>	<b>1,660</b>	<b>1,660</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>23,852</b>	<b>24,690</b>	<b>21,716</b>	<b>23,821</b>	<b>30,671</b>	<b>37,543</b>
Inventory	4,939	5,400	5,501	5,043	6,203	6,932
Account Receivables	9,688	9,251	6,727	6,167	7,586	8,478
Cash and Bank Balance	5,027	5,379	6,209	9,605	13,184	18,002
Loans and Advances	4,198	4,660	3,279	3,005	3,697	4,131
<b>Curr. Liability &amp; Prov.</b>	<b>16,081</b>	<b>16,468</b>	<b>15,078</b>	<b>13,822</b>	<b>17,003</b>	<b>19,001</b>
Account Payables	11,284	11,735	10,662	9,774	12,024	13,436
Other Current Liabilities	4,409	3,783	3,305	3,030	3,727	4,165
Provisions	388	950	1,111	1,018	1,253	1,400
<b>Net Current Assets</b>	<b>7,771</b>	<b>8,222</b>	<b>6,638</b>	<b>9,999</b>	<b>13,668</b>	<b>18,543</b>
<b>Appl. of Funds</b>	<b>27,332</b>	<b>31,392</b>	<b>35,621</b>	<b>37,873</b>	<b>41,893</b>	<b>48,020</b>

## Financials and valuations

Ratios	(INR m)					
Y/E March	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Basic (INR)</b>						
<b>EPS</b>	<b>29.1</b>	<b>36.9</b>	<b>38.0</b>	<b>33.1</b>	<b>51.1</b>	<b>62.3</b>
BV/Share	154.5	182.3	213.7	236.8	272.5	316.1
DPS	4.0	5.5	9.5	8.3	12.8	15.6
Payout (%)	17.3	17.7	28.5	29.3	30.1	30.1
<b>Valuation (x)</b>						
P/E	51.0	40.2	39.0	44.8	29.0	23.8
P/BV	9.6	8.1	6.9	6.3	5.4	4.7
EV/Sales	3.3	2.8	3.0	3.2	2.6	2.2
EV/EBITDA	22.5	18.5	19.1	20.5	14.8	12.3
Dividend Yield (%)	0.3	0.4	0.6	0.6	0.9	1.1
FCF per share	22.4	15.7	33.0	39.3	44.7	48.9
<b>Return Ratios (%)</b>						
RoE	21.0	21.9	19.2	14.7	20.0	21.2
RoCE	16.5	18.3	16.4	13.0	18.3	19.7
RoIC	19.4	22.6	20.1	17.3	26.8	31.5
<b>Working Capital Ratios</b>						
Fixed Asset Turnover (x)	2.5	2.3	1.7	1.4	1.6	1.6
Asset Turnover (x)	2.3	2.4	1.9	1.7	1.9	1.8
Inventory (Days)	28	26	29	29	29	29
Debtor (Days)	56	45	36	36	36	36
Creditor (Days)	65	57	57	57	57	57
<b>Leverage Ratio (x)</b>						
Net Debt/Equity	0.0	0.0	-0.1	-0.2	-0.3	-0.4

### Consolidated - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21E	FY22E	FY23E
OP/(Loss) before Tax	5,793	7,331	7,466	6,055	9,510	11,601
Depreciation	3,216	3,762	4,143	4,109	4,399	4,748
Interest & Finance Charges	215	233	169	-224	-451	-573
Direct Taxes Paid	-2,095	-2,337	-2,256	-1,443	-2,328	-2,838
(Inc)/Dec in WC	-18	305	538	36	-90	-57
<b>CF from Operations</b>	<b>7,111</b>	<b>9,294</b>	<b>10,060</b>	<b>8,533</b>	<b>11,039</b>	<b>12,882</b>
Others	310	-310	54	0	0	0
<b>CF from Operating incl EO</b>	<b>7,421</b>	<b>8,983</b>	<b>10,114</b>	<b>8,533</b>	<b>11,039</b>	<b>12,882</b>
(Inc)/Dec in FA	-4,264	-6,776	-5,472	-3,000	-4,750	-6,000
<b>Free Cash Flow</b>	<b>3,157</b>	<b>2,207</b>	<b>4,642</b>	<b>5,533</b>	<b>6,289</b>	<b>6,882</b>
(Pur)/Sale of Investments	-104	137	-1,243	0	0	0
<b>CF from Investments</b>	<b>-4,355</b>	<b>-7,252</b>	<b>-6,706</b>	<b>-2,627</b>	<b>-4,180</b>	<b>-5,308</b>
Issue of Shares	0	0	0	0	0	0
Inc/(Dec) in Debt	396	-762	-542	-1,000	-1,000	0
Interest Paid	-208	-233	-169	-149	-119	-119
Dividend Paid	-423	-678	-1,865	-1,399	-2,161	-2,637
CF from Fin. Activity	-236	-1,673	-2,576	-2,549	-3,280	-2,756
<b>Inc/Dec of Cash</b>	<b>2,830</b>	<b>352</b>	<b>832</b>	<b>3,357</b>	<b>3,579</b>	<b>4,818</b>
Opening Balance	2,196	5,026	5,377	6,209	9,566	13,145
<b>Closing Balance</b>	<b>5,026</b>	<b>5,377</b>	<b>6,209</b>	<b>9,566</b>	<b>13,145</b>	<b>17,963</b>



Explanation of Investment Rating	
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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