

# Endurance Technologies

Estimate changes

TP change

Rating change



Bloomberg	ENDU IN
Equity Shares (m)	141
M.Cap.(INRb)/(USD\$b)	255.5 / 3.4
52-Week Range (INR)	1981 / 1022
1, 6, 12 Rel. Per (%)	1/14/33
12M Avg Val (INR M)	213

## Financials & Valuations (INR b)

INR Billion	FY21	FY22E	FY23E
Sales	65.2	80.7	93.8
EBITDA	10.1	12.1	16.2
Adj. PAT	5.1	6.2	9.1
EPS (Rs)	36.0	43.8	64.8
EPS Growth (%)	-5.4	21.7	48.1
BV/Share (INR)	253.2	283.9	329.2

## Ratios

Net Debt/Equity	-0.1	-0.2	-0.3
RoE (%)	15.4	16.3	21.2
RoCE (%)	13.7	15.0	19.8
Payout (%)	16.2	30.1	30.1

## Valuations

P/E (x)	50.5	41.5	28.0
P/BV (x)	7.2	6.4	5.5
Div. Yield (%)	0.3	0.6	0.9

## Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	75.0	75.0	75.0
DII	15.3	15.2	11.9
FII	8.0	8.3	11.6
Others	1.6	1.5	1.5

FII Includes depository receipts

**CMP: INR1,816**

**TP: INR2,100 (+16%)**

**Buy**

**All round miss; India hurt by RM cost, EU by semiconductor shortages**

**Wins orders in EVs and non-Auto; Semiconductor shortage in the EU to ease from 1QCY22**

- 2QFY22 was impacted by RM cost inflation and semiconductor shortage. The near term outlook was impacted by weak 2W demand and the semiconductor shortage in India and the EU. However, recovery in underlying 2W demand, improvement in the EU business from 1QCY22, and possibility of new product technology are potential catalysts for the stock.
- We cut our FY22E/FY23E EPS estimate by 12.5%/2% to factor in weak 2W OEM demand and impact of the semiconductor shortage in India and the EU business. We increase our P/E multiple to 30x (from 28x earlier) to reflect newer revenue streams like non-Auto in die-casting, brakes and transmission for over 200cc Motorcycles, etc., which are not yet factored into our estimates. We maintain our **Buy** rating with a TP of INR2,100 per share (30x Sep'23E EPS).

**Margin impacted by higher RM cost, operating leverage**

- **Consolidated revenue** grew 8% YoY and 11% QoQ to INR18.9b (est. INR19.8b). EBITDA declined by 9% YoY (+6% QoQ) to INR2.6b (est. INR3b). Adjusted PAT declined by 8% YoY (+11% QoQ) to INR1.3b (est. INR1.5b).
- **India business:** Standalone revenue grew 19% YoY and 30% QoQ to INR15b (est. INR15.4b). India 2W industry volumes fell 4.5% YoY, whereas ENDU's India revenue grew 16.5% in 2QFY22 (high single-digit growth excluding the impact of metal prices and government incentive). EBITDA margin fell 200bp YoY (+80bp QoQ) to 14.2% (est. 15.5%) on higher RM cost. Adjusted PAT grew 8% YoY and 52% QoQ to INR1.2b (est. ~INR1.4b).
- **EU business:** New car registrations in the EU (including the UK) declined by 23.6% YoY in 2QFY22 due to the shortage of semiconductors. In EUR terms, revenue fell 19.5% (down 23.6% excluding the price escalation benefit). EBITDA margin declined by 450bp YoY and 440bp QoQ to 12.3% (est. 13.7%), impacted by higher RM as well as operating leverage. Tax write-back restricted the decline in adjusted PAT to INR110m (est. INR107m, down 66.5% YoY and 72% QoQ).

**Highlights from the management commentary**

- New domestic order wins from Hyundai, TTMT, CNH, HMCL, and MM stood at INR2.4b (v/s INR531m in 1QFY22), with RFQs worth INR19.95b (v/s INR16.6b in 1QFY22). It is focusing on aluminum casting machined components for non-Auto applications, and has already bagged an INR1.1b gen-set order, which would start from Mar'22.
- 2W ABS supplies have started from Sep'21, but supplies are restricted due to the semiconductor shortage. It plans to achieve an annual run-rate of 400k units by Jul-Aug'22 as semiconductor supplies improve. The market is pegged at 3-3.5m per annum, with Bosch commanding an 85% share.

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

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- It has started supplies of brakes for Motorcycles over 200cc from Sep'21. Clutch supplies are expected to start from Jan'22
- **EV supplies:** It started supplies of suspension, die-casting, and brake assemblies to e-2Ws/3Ws. It has bagged a brake system order from Ather (INR500m to start with from 1QFY23). It is actively engaged with all EV players (including startups).
- **New product segment:** It is in advanced stages of evaluating two projects in proprietary technology and EV application.
- **New orders from the EU:** It has received orders worth EUR10.3m in 2QFY22 (v/s EUR7.13m in 1Q) from Porsche, Daimler, CNH, and Stellantis (Fiat-Peugeot JV).
- It is seeing initial signs of the semiconductor shortage easing in the EU, with OEMs expected to return to previous production levels from 1QCY22.

### Valuation and view

- ENDU is the best proxy on the Indian 2W industry, with scope to increase content, led by technological changes and new products. Coupled with its knowledge of aluminum die-casting in the EU, there is scope to increase contribution from the PV segment.
- The stock trades at 41.5x/28x at FY22E/FY23E consolidated EPS. We maintain our **Buy** rating with a TP of INR2,100 per share (30x Sep'23E consolidated EPS).

### Consolidated quarterly earnings

	(INR m)											
Y/E March	FY21				FY22				FY21	FY22E	FY22E	
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
<b>Net Sales</b>	<b>6,031</b>	<b>17,422</b>	<b>20,409</b>	<b>21,329</b>	<b>16,937</b>	<b>18,876</b>	<b>21,376</b>	<b>23,542</b>	<b>65,191</b>	<b>80,730</b>	<b>19,812</b>	
YoY Change (%)	-67.6	-1.6	24.4	33.0	180.8	8.3	4.7	10.4	-5.2	23.8	13.7	
RM Cost (as a percentage of sales)	47.9	54.9	54.1	57.3	53.8	58.6	57.6	57.1	54.8	56.9	56.7	
Staff Cost (as a percentage of sales)	21.9	9.6	8.9	9.1	11.5	8.7	8.6	8.6	10.4	9.2	9.5	
Other Exp. (as a percentage of sales)	23.1	19.1	19.8	18.1	20.3	18.9	18.4	18.3	19.3	18.9	18.7	
<b>EBITDA</b>	<b>427</b>	<b>2,852</b>	<b>3,521</b>	<b>3,322</b>	<b>2,443</b>	<b>2,600</b>	<b>3,282</b>	<b>3,754</b>	<b>10,123</b>	<b>12,079</b>	<b>2,988</b>	
Margin (%)	7.1	16.4	17.3	15.6	14.4	13.8	15.4	15.9	15.5	15.0	15.1	
Depreciation	856	973	1,045	1,118	983	940	1,075	1,336	3,991	4,334	1,025	
Interest	42	35	42	19	15	18	21	30	138	83	21	
Other Income	109	71	58	69	127	82	110	129	307	448	105	
<b>PBT before EO expense</b>	<b>-361</b>	<b>1,916</b>	<b>2,493</b>	<b>2,254</b>	<b>1,573</b>	<b>1,724</b>	<b>2,296</b>	<b>2,517</b>	<b>6,301</b>	<b>8,110</b>	<b>2,047</b>	
Exceptional Item	0	-279	112	0	315	0	0	0	-167	0	0	
<b>PBT after EO</b>	<b>-361</b>	<b>2,195</b>	<b>2,380</b>	<b>2,254</b>	<b>1,258</b>	<b>1,724</b>	<b>2,296</b>	<b>2,517</b>	<b>6,468</b>	<b>8,110</b>	<b>2,047</b>	
Eff. Tax Rate (%)	31.0	23.9	20.2	16.9	23.3	22.7	26.1	26.5	19.7	24.1	25.8	
<b>Rep. PAT</b>	<b>-249</b>	<b>1,672</b>	<b>1,901</b>	<b>1,873</b>	<b>966</b>	<b>1,333</b>	<b>1,696</b>	<b>1,850</b>	<b>5,196</b>	<b>6,159</b>	<b>1,519</b>	
<b>Adj. PAT</b>	<b>-249</b>	<b>1,447</b>	<b>1,991</b>	<b>1,873</b>	<b>1,204</b>	<b>1,333</b>	<b>1,696</b>	<b>1,850</b>	<b>5,061</b>	<b>6,159</b>	<b>1,519</b>	
YoY Change (%)	-119.2	-14.4	60.5	67.0	-583.6	-7.9	-14.8	-1.2	-5.4	21.7	4.9	

### Key Performance Indicator

	FY21				FY21				FY21E	FY21E	FY21E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
<b>India Business Revenues</b>	<b>3,562</b>	<b>12,613</b>	<b>15,288</b>	<b>15,989</b>	<b>11,520</b>	<b>15,012</b>	<b>16,511</b>	<b>17,652</b>	<b>47,451</b>	<b>60,695</b>	<b>15,387</b>
EBITDA Margins (%)	0.7	16.2	17.0	14.8	13.4	14.2	15.0	15.1	14.8	14.5	15.5
<b>EU Business Revenues</b>	<b>2,469</b>	<b>4,810</b>	<b>5,120</b>	<b>5,340</b>	<b>5,417</b>	<b>3,864</b>	<b>4,864</b>	<b>5,890</b>	<b>17,740</b>	<b>20,035</b>	<b>4,425</b>
EBITDA Margins (%)	16.3	16.8	18.0	17.9	16.7	12.3	16.6	18.6	17.4	16.4	13.7
<b>Cost break-up (Consol)</b>											
RM Cost (% of sales)	47.9	54.9	54.1	57.3	53.8	58.6	57.6	57.1	54.8	56.9	56.7
Staff Cost (% of sales)	21.9	9.6	8.9	9.1	11.5	8.7	8.6	8.6	10.4	9.2	9.5
Other Exp. (% of sales)	23.1	19.1	19.8	18.1	20.3	18.9	18.4	18.3	19.3	18.9	18.7
Gross margins (%)	52.1	45.1	45.9	42.7	46.2	41.4	42.4	42.9	-0.2	10.3	43.3
EBITDA margins (%)	7.1	16.4	17.3	15.6	14.4	13.8	15.4	15.9	19.3	18.9	15.1
EBIT margins (%)	-7.1	10.8	12.1	10.3	8.6	8.8	10.3	10.3	9.4	9.6	9.9

## Standalone Performance

Y/E March	FY21				FY22				FY21	FY22	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>INR m</b>											
<b>Net Sales</b>	<b>3,562</b>	<b>12,613</b>	<b>15,288</b>	<b>15,989</b>	<b>11,520</b>	<b>15,012</b>	<b>16,511</b>	<b>17,652</b>	<b>47,451</b>	<b>60,695</b>	<b>15,387</b>
YoY Change (%)	-72.9	-2.4	31.7	41.3	223.4	19.0	8.0	10.4	-3.1	27.9	22.0
RM Cost (% of sales)	60.7	61.3	62.1	64.4	63.6	65.0	64.5	64.7	62.6	64.5	63.5
Staff Cost (% of sales)	18.8	5.8	4.7	4.7	6.7	4.7	4.5	4.3	6.0	4.9	5.0
Other Expenses (% of sales)	19.7	16.7	16.1	16.1	16.4	16.1	16.0	16.0	16.6	16.1	16.0
Total Expenditure	3,536	10,570	12,688	13,621	9,982	12,887	14,036	14,995	40,414	51,900	13,005
<b>EBITDA</b>	<b>26</b>	<b>2,043</b>	<b>2,601</b>	<b>2,367</b>	<b>1,538</b>	<b>2,125</b>	<b>2,475</b>	<b>2,657</b>	<b>7,036</b>	<b>8,795</b>	<b>2,383</b>
Margins (%)	0.7	16.2	17.0	14.8	13.4	14.2	15.0	15.1	14.8	14.5	15.5
Depreciation	465	540	526	504	502	513	535	549	2,034	2,099	525
Interest	20	14	10	3	3	5	5	6	48	19	5
Other Income	42	35	32	27	58	45	60	47	136	210	55
<b>PBT before EO expense</b>	<b>-418</b>	<b>1,524</b>	<b>2,097</b>	<b>1,887</b>	<b>1,091</b>	<b>1,651</b>	<b>1,995</b>	<b>2,149</b>	<b>5,090</b>	<b>6,887</b>	<b>1,908</b>
Tax Rate (%)	23.8	25.5	24.2	26.3	26.9	25.9	26.0	26.2	25.4	24.9	26.0
<b>Reported PAT</b>	<b>-319</b>	<b>1,344</b>	<b>1,505</b>	<b>1,391</b>	<b>568</b>	<b>1,224</b>	<b>1,476</b>	<b>1,586</b>	<b>3,922</b>	<b>5,168</b>	<b>1,412</b>
<b>Adj. PAT</b>	<b>-319</b>	<b>1,135</b>	<b>1,589</b>	<b>1,391</b>	<b>804</b>	<b>1,224</b>	<b>1,476</b>	<b>1,586</b>	<b>3,797</b>	<b>5,168</b>	<b>1,412</b>
YoY Change (%)	-134.1	-16.9	76.2	80.3	-352.4	7.8	-7.1	14.0	-4.5	36.1	24.3
Margins (%)	-8.9	9.0	10.4	8.7	7.0	8.2	8.9	9.0	8.0	8.5	9.2

## EU Subs (Derived)

Y/E March	FY21				FY22				FY21	FY22	2QE
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			
<b>INR m</b>											
<b>Net Sales</b>	<b>2,469</b>	<b>4,810</b>	<b>5,120</b>	<b>5,340</b>	<b>5,417</b>	<b>3,864</b>	<b>4,864</b>	<b>5,890</b>	<b>17,740</b>	<b>20,035</b>	<b>4,425</b>
YoY Change (%)	-54.9	0.4	6.8	13.1	119.4	-19.7	-5.0	10.3	-10.4	12.9	-8.0
RM Cost (% of sales)	29.4	38.0	29.9	36.0	32.8	33.8	34.0	34.4	33.9	33.8	33.0
Staff Cost (% of sales)	26.3	19.8	21.5	22.3	21.7	24.2	22.4	21.7	22.0	22.4	25.3
Other Expenses (% of sales)	28.0	25.3	30.6	23.8	28.8	29.7	27.0	25.3	26.8	27.5	28.0
<b>EBITDA</b>	<b>402</b>	<b>810</b>	<b>921</b>	<b>954</b>	<b>905</b>	<b>475</b>	<b>807</b>	<b>1,097</b>	<b>3,086</b>	<b>3,285</b>	<b>606</b>
Margins (%)	16.3	16.8	18.0	17.9	16.7	12.3	16.6	18.6	17.4	16.4	13.7
Depreciation	21	21	32	15	11	13	16	24	90	64	16
Interest	391	433	519	614	481	427	540	787	1,957	2,235	500
Other Income	67	37	26	42	69	37	50	82	172	238	50
<b>PBT</b>	<b>57</b>	<b>392</b>	<b>396</b>	<b>367</b>	<b>482</b>	<b>73</b>	<b>301</b>	<b>368</b>	<b>1,211</b>	<b>1,223</b>	<b>140</b>
Rate (%)	-22.3	16.5	0.1	-31.4	17.4	-51.2	27.0	28.3	-5.2	19.0	23.5
<b>Adj. PAT</b>	<b>69</b>	<b>328</b>	<b>395</b>	<b>482</b>	<b>398</b>	<b>110</b>	<b>220</b>	<b>264</b>	<b>1,274</b>	<b>991</b>	<b>107</b>
YoY Change (%)	-81.0	0.7	16.8	37.7	473.9	-66.5	-44.3	-45.3	-7.6	-22.2	-67.4

E: MOFSL Estimates



## Management call highlights

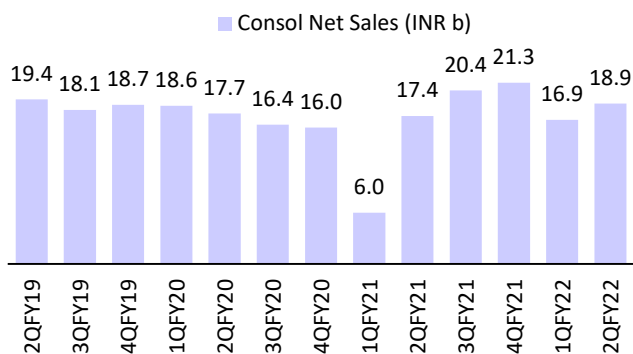
### India Business

- New order wins at INR2.4b (v/s INR531m in 1QFY22) from Hyundai, TTMT, CNH, HMCL, M&M. Further, there are RFQs worth INR19.95b (v/s INR16.6b in 1QFY22). It is focusing aluminium casting machined components for non-auto for gen-set and has already got an order for INR1.1b, which would start from Mar-22.
- 2W ABS supplies have started from Sep-21, but supplies are restricted due to semiconductor shortage. It plans to achieve run-rate of 400k units p.a by Jul-Aug'22 as supply of semi-conductor improves. The market is 3.5m p.a, with Bosch having 85% market share.
- It has started supplies of brakes for Motorcycles over 200cc from Sep'21. Clutch supplies are expected to start from Jan'22
- EV supplies: It started supplies of suspension, die-casting and brakes assemblies to e-2Ws/3Ws. It has got order for brake system order from Ather (INR500m to start with from 1QFY23). It is actively engaged at advanced stage with all EV players (incl. start-ups).
- Aluminium die-casting for EVs is slightly lower in weight, but number of parts are more and has higher value addition.
- PVs share in exports increased to 6.5% of sales in 1H v/s 5.5% in 1HFY21.

### EU Business

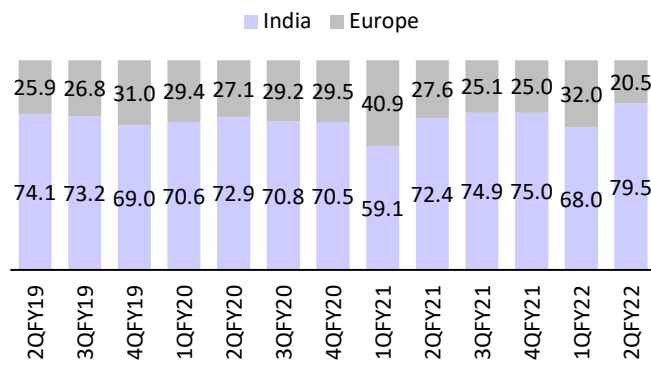
- **Order wins:** It received orders worth EUR10.3m in 2QFY22 (v/s EUR7.13m in 1QFY22) from Porsche, Daimler, CNH, Stellantis (Fiat-Peugeot JV). EUR130m orders in 3 years for EVs & hybrids and started in FY21 and peak in FY27. This includes EUR35m for EVs for Porsche & Audi and EUR95m for hybrid cars for VW, Daimler, BMW, Stellantis and Maserati.
- **Chip shortage:** It is receiving first positive signal for Nov-Jan after seeing steep decline in Oct-21 registration (-30%). OEMs expect to come back to previous levels from 1QCY22.
- **Magnesium shortage:** Magnesium based aluminium alloy is used in EU operations. It is not facing any supply issues so far and expects situation to improve from Feb-22.

Exhibit 1: Trend in consolidated revenues



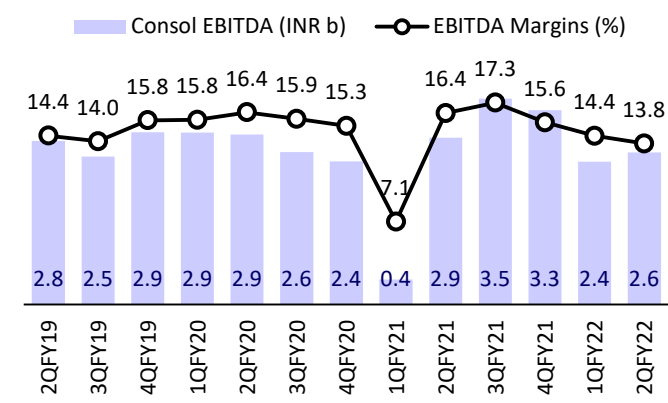
Source: Company, MOFSL

Exhibit 2: Revenue split in India and Europe (% of total)



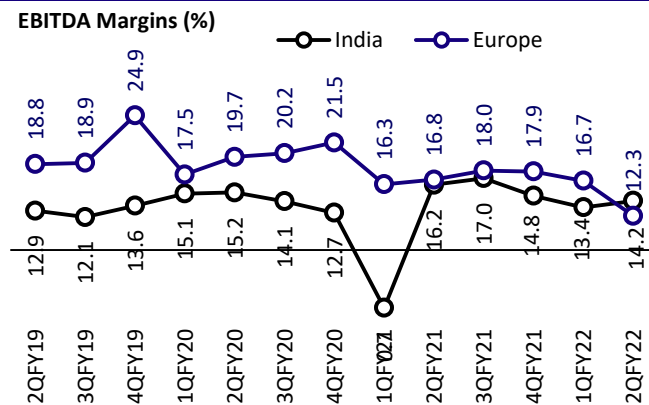
Source: Company, MOFSL

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



Source: Company, MOFSL

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



Source: Company, MOFSL

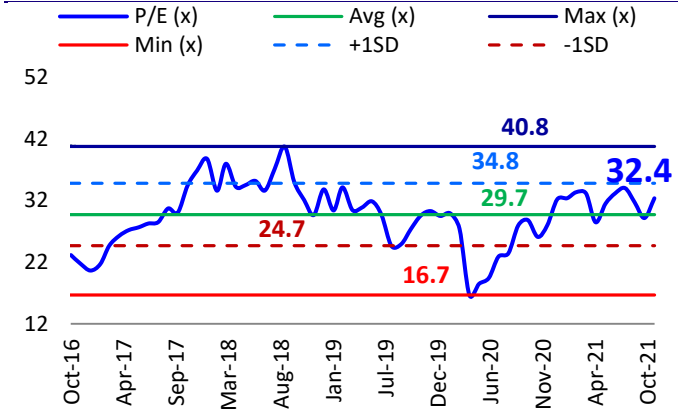
### Valuation view

- 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 technology led increase in content, we estimate ENDU to outperform the underlying 2W industry in India.
- ENDU offers strong management, diverse revenue profile, improving technological content, increasing wallet share of customers and financial discipline. ENDU is one of the few auto-ancillary companies in India to boast of a truly diversified revenue base, both in terms of product lines as well as customer base, but still offers consistently respectable RoEs.
- At the helm is a proven management, as is evident in the sustained profitable growth while 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 commanding premium valuation multiples in comparison to 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 its domestic peers.
- We cut our FY22E/FY23E EPS estimates by 12.5%/2% to factor in for weak 2W OEM demand and chip-shortage impact in India and EU business. We estimate consol. revenue/EBITDA/PAT at CAGR of ~20%/26%/34% over FY21-23E, with scope of a surprise coming from the ramp-up in the India PV business as well as content increase in suspension and the braking business.
- The stock trades at 41.5x/28x at FY22/FY23E consol. EPS. We increase P/E multiple to 30x (v/s 28x earlier) to reflect for newer revenue streams like non-autos in die-casting, >200cc motorcycle brakes & transmission etc, which are not yet factored in our estimates. The recovery in underlying 2W demand, improvement in EU business from 1QCY22 and possibility of new product technology are the potential catalyst for the stock. Maintain **Buy** with TP of INR2,100 (30x Sep-23 EPS).

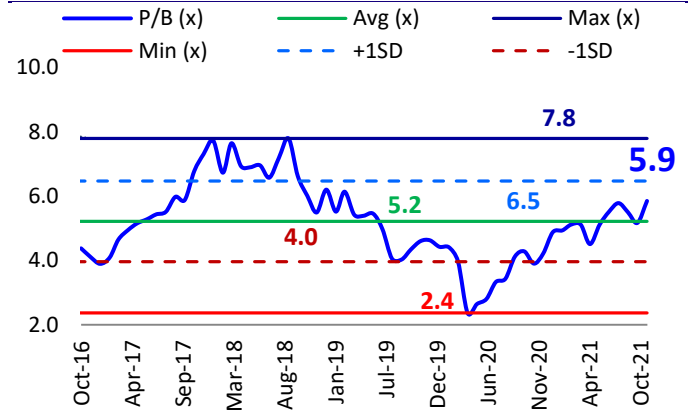
**Exhibit 5: Revised estimates (Consol.)**

(INR M)	FY21E			FY22E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	80,730	83,619	-3.5	93,837	94,541	-0.7
EBITDA (%)	15.0	15.9	-90bp	17.2	17.4	-20bp
Net Profit	6,161	7,043	-12.5	9,121	9,327	-2.2
EPS (INR)	43.8	50.1	-12.5	64.8	66.3	-2.2

**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

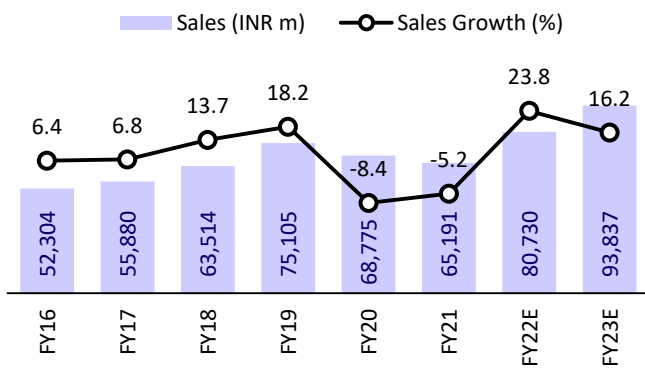


Exhibit 8: Trend in consolidated PAT

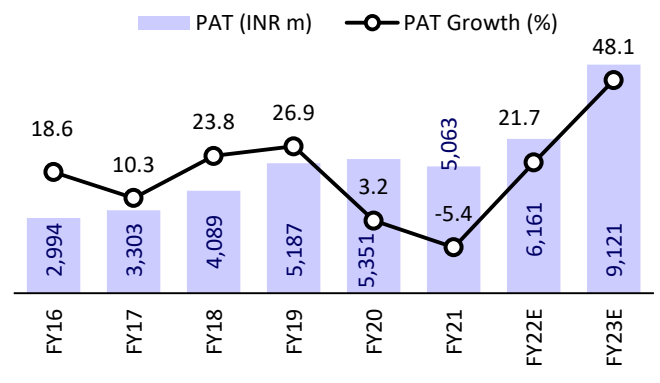


Exhibit 9: Geography-wise sales break-up FY21 (%)

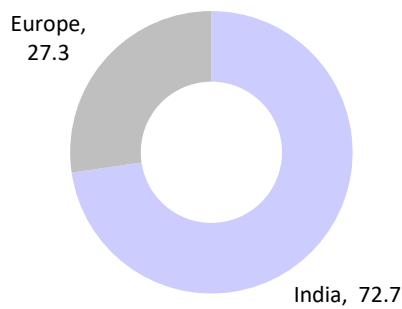


Exhibit 10: Market share in India business (%)

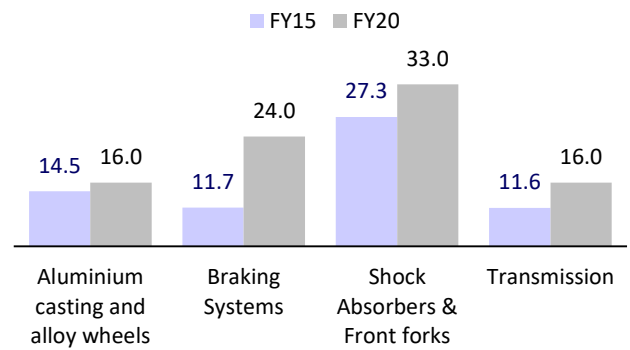


Exhibit 11: Customer-wise break-up (%)

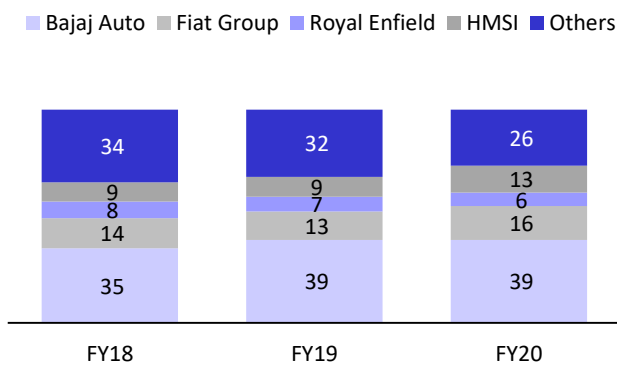
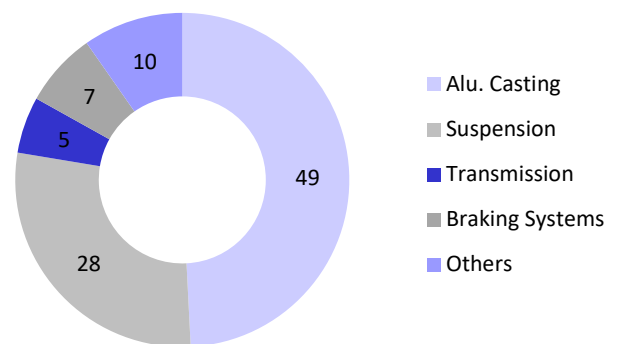


Exhibit 12: Segment-wise break-up (%), FY21 consolidated



## Financials and Valuations

Consolidated - Income Statement						(INR Million)
Y/E March	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Total Income from Operations</b>	<b>63,514</b>	<b>75,105</b>	<b>68,775</b>	<b>65,191</b>	<b>80,730</b>	<b>93,837</b>
Change (%)	13.7	18.2	-8.4	-5.2	23.8	16.2
Raw Materials	36,609	43,495	37,352	35,706	45,910	52,552
Employees Cost	5,809	6,527	6,773	6,761	7,459	7,773
Other Expenses	11,817	13,795	13,744	12,602	15,282	17,359
<b>Total Expenditure</b>	<b>54,235</b>	<b>63,817</b>	<b>57,869</b>	<b>55,068</b>	<b>68,651</b>	<b>77,683</b>
% of Sales	85.4	85.0	84.1	84.5	85.0	82.8
<b>EBITDA</b>	<b>9,279</b>	<b>11,288</b>	<b>10,906</b>	<b>10,123</b>	<b>12,079</b>	<b>16,154</b>
Margin (%)	14.6	15.0	15.9	15.5	15.0	17.2
Depreciation	3,216	3,762	4,143	3,991	4,334	4,688
<b>EBIT</b>	<b>6,063</b>	<b>7,526</b>	<b>6,763</b>	<b>6,131</b>	<b>7,745</b>	<b>11,466</b>
Int. and Finance Charges	235	257	175	138	83	83
Other Income	235	270	476	307	448	700
<b>PBT bef. EO Exp.</b>	<b>6,062</b>	<b>7,539</b>	<b>7,064</b>	<b>6,301</b>	<b>8,110</b>	<b>12,083</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>6,468</b>	<b>8,110</b>	<b>12,083</b>
Total Tax	1,886	2,381	1,810	1,272	1,951	2,964
Tax Rate (%)	32.6	31.2	24.2	19.7	24.1	24.5
Minority Interest	0	0	0	-1	-1	-2
<b>Reported PAT</b>	<b>3,908</b>	<b>5,250</b>	<b>5,655</b>	<b>5,197</b>	<b>6,161</b>	<b>9,121</b>
<b>Adjusted PAT</b>	<b>4,089</b>	<b>5,187</b>	<b>5,351</b>	<b>5,063</b>	<b>6,161</b>	<b>9,121</b>
Change (%)	23.8	26.9	3.2	-5.4	21.7	48.1
Margin (%)	6.4	6.9	7.8	7.8	7.6	9.7

Consolidated - Balance Sheet						(INR Million)
Y/E March	FY18	FY19	FY20	FY21	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	34,215	38,521	44,898
<b>Net Worth</b>	<b>21,729</b>	<b>25,647</b>	<b>30,060</b>	<b>35,621</b>	<b>39,928</b>	<b>46,305</b>
Minority Interest	0	0	0	0	0	0
Total Loans	5,586	5,584	5,482	4,242	3,242	3,242
Deferred Tax Liabilities	17	161	79	5	5	5
<b>Capital Employed</b>	<b>27,332</b>	<b>31,392</b>	<b>35,621</b>	<b>39,868</b>	<b>43,175</b>	<b>49,552</b>
Gross Block	25,218	32,159	40,629	44,468	49,468	55,468
Less: Accum. Deprn.	8,286	12,048	16,190	20,182	24,516	29,203
<b>Net Fixed Assets</b>	<b>16,932</b>	<b>20,112</b>	<b>24,439</b>	<b>24,286</b>	<b>24,952</b>	<b>26,264</b>
Goodwill on Consolidation	1,577	1,520	1,624	1,740	1,740	1,740
Capital WIP	592	1,178	1,260	962	962	962
<b>Total Investments</b>	<b>459</b>	<b>361</b>	<b>1,660</b>	<b>4,443</b>	<b>4,443</b>	<b>4,443</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>23,852</b>	<b>24,690</b>	<b>21,716</b>	<b>26,045</b>	<b>32,883</b>	<b>41,487</b>
Inventory	4,939	5,400	5,501	6,118	7,577	8,807
Account Receivables	9,688	9,251	6,727	10,410	12,891	14,984
Cash and Bank Balance	5,027	5,379	6,209	5,133	6,986	11,386
Loans and Advances	4,198	4,660	3,279	4,383	5,428	6,310
<b>Curr. Liability &amp; Prov.</b>	<b>16,081</b>	<b>16,468</b>	<b>15,078</b>	<b>17,607</b>	<b>21,804</b>	<b>25,344</b>
Account Payables	11,284	11,735	10,662	12,783	15,830	18,401
Other Current Liabilities	4,409	3,783	3,305	3,791	4,695	5,457
Provisions	388	950	1,111	1,032	1,279	1,486
<b>Net Current Assets</b>	<b>7,771</b>	<b>8,222</b>	<b>6,638</b>	<b>8,438</b>	<b>11,078</b>	<b>16,143</b>
<b>Appl. of Funds</b>	<b>27,332</b>	<b>31,392</b>	<b>35,621</b>	<b>39,868</b>	<b>43,175</b>	<b>49,552</b>

E: MOFSL Estimates

## Financials and Valuations

Ratios	(INR Million)					
Y/E March	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Basic (INR)</b>						
EPS	29.1	36.9	38.0	36.0	43.8	64.8
BV/Share	154.5	182.3	213.7	253.2	283.9	329.2
DPS	4.0	5.5	9.5	6.0	10.9	16.2
Payout (%)	17.3	17.7	28.5	16.2	30.1	30.1
<b>Valuation (x)</b>						
P/E	62.5	49.3	47.7	50.5	41.5	28.0
P/BV	11.8	10.0	8.5	7.2	6.4	5.5
EV/Sales	4.0	3.4	3.7	3.9	3.1	2.6
EV/EBITDA	27.6	22.7	23.4	25.2	20.8	15.3
Dividend Yield (%)	0.2	0.3	0.5	0.3	0.6	0.9
FCF per share	22.4	15.7	33.0	22.0	30.9	46.4
<b>Return Ratios (%)</b>						
RoE	21.0	21.9	19.2	15.4	16.3	21.2
RoCE	16.5	18.3	16.4	13.7	15.0	19.8
RoIC	19.4	22.6	20.1	17.6	19.6	27.2
<b>Working Capital Ratios</b>						
Fixed Asset Turnover (x)	2.5	2.3	1.7	1.5	1.6	1.7
Asset Turnover (x)	2.3	2.4	1.9	1.6	1.9	1.9
Inventory (Days)	28	26	29	34	34	34
Debtor (Days)	56	45	36	58	58	58
Creditor (Days)	65	57	57	72	72	72
<b>Leverage Ratio (x)</b>						
Net Debt/Equity	0.0	0.0	-0.1	-0.1	-0.2	-0.3

### Consolidated - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22E	FY23E
OP/(Loss) before Tax	5,793	7,331	7,466	6,468	8,110	12,083
Depreciation	3,216	3,762	4,143	3,991	4,334	4,688
Interest & Finance Charges	215	233	169	132	-364	-617
Direct Taxes Paid	-2,095	-2,337	-2,256	-1,739	-1,951	-2,964
(Inc)/Dec in WC	-18	305	538	-2,695	-788	-664
<b>CF from Operations</b>	<b>7,111</b>	<b>9,294</b>	<b>10,060</b>	<b>6,157</b>	<b>9,341</b>	<b>12,526</b>
Others	310	-310	54	57	0	0
<b>CF from Operating incl EO</b>	<b>7,421</b>	<b>8,983</b>	<b>10,114</b>	<b>6,215</b>	<b>9,341</b>	<b>12,526</b>
(Inc)/Dec in FA	-4,264	-6,776	-5,472	-3,114	-5,000	-6,000
<b>Free Cash Flow</b>	<b>3,157</b>	<b>2,207</b>	<b>4,642</b>	<b>3,101</b>	<b>4,341</b>	<b>6,526</b>
(Pur)/Sale of Investments	-104	137	-1,243	-2,739	0	0
<b>CF from Investments</b>	<b>-4,355</b>	<b>-7,252</b>	<b>-6,706</b>	<b>-5,906</b>	<b>-4,553</b>	<b>-5,300</b>
Issue of Shares	0	0	0	0	0	0
Inc/(Dec) in Debt	396	-762	-542	-1,296	-1,000	0
Interest Paid	-208	-233	-169	-134	-83	-83
Dividend Paid	-423	-678	-1,865	0	-1,854	-2,744
CF from Fin. Activity	-236	-1,380	-2,576	-1,384	-2,935	-2,826
<b>Inc/Dec of Cash</b>	<b>2,830</b>	<b>352</b>	<b>832</b>	<b>-1,076</b>	<b>1,853</b>	<b>4,400</b>
Opening Balance	2,196	5,026	5,377	6,209	5,133	6,986
<b>Closing Balance</b>	<b>5,026</b>	<b>5,377</b>	<b>6,209</b>	<b>5,133</b>	<b>6,986</b>	<b>11,386</b>

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
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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