

# Motherson Sumi

Estimate change



TP change



Rating change



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Asiamoney Brokers Poll 2020 for India  
Research, Sales and Trading team.  
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Bloomberg	MSS IN
Equity Shares (m)	3,158
M.Cap.(INRb)/(USD\$)	321.8 / 4
52-Week Range (INR)	151 / 49
1, 6, 12 Rel. Per (%)	16/-6/3
12M Avg Val (INR M)	1441

## Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	635.4	587.1	687.4
EBITDA	52.0	45.8	70.9
Adj. PAT	11.7	7.4	17.6
EPS (INR)	3.7	2.4	5.6
EPS Gr. (%)	-27.5	-36.4	136.2
BV/Sh. (INR)	35.7	37.3	41.1

## Ratios

Net D:E	0.5	0.5	0.2
RoE (%)	10.5	6.5	14.2
RoCE (%)	6.4	5.1	10.9
Payout (%)	31.5	31.5	31.5

## Valuations

P/E (x)	27.5	43.2	18.3
P/BV (x)	2.9	2.7	2.5
Div. Yield (%)	1.0	0.6	1.5
FCF Yield (%)	13.4	1.0	10.3

## Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	61.7	61.7	61.7
DII	13.6	12.6	9.7
FII	15.5	16.4	18.1
Others	9.2	9.3	10.5

FII Includes depository receipts

**CMP: INR 102**
**TP: INR 117(+15%)**
**Buy**
**Above est.; Robust all-round performance; Improving FCF**
**Green-field plants of SMP progressing toward break-even, but for COVID-19**

- Motherson Sumi's (MSS) 4QFY20 operating performance was driven by strong all-round performance in India and margin surprise in PKC and SMR. MSS is well positioned to come out stronger from this crisis, driven by strong order-book, for which it is already fully invested.
- We have lowered our FY21/FY22E consol. EPS by 23.5%/3% to factor in the business loss due to COVID-19 in all key businesses. Maintain **Buy** with TP of INR117 (Jun'22E SOTP).

## Strong operating leverage despite weak revenues

- 4QFY20 consol. revenue/EBITDA/PAT stood at -11.7%/12%/55% to INR151.6b/INR13.9b/INR1.8. FY20 consol. revenue was flat with EBITDA/PAT declining 3%/27.5%.
- India business sales declined 6% YoY to ~INR17.4b (v/s est. ~INR14.6b). EBITDA margins expanded 190bp QoQ (-125bp YoY) to 16.9% (v/s est. ~13.2%).
- SMR revenues in EUR declined ~12% YoY (in-line) and EBITDA margins expanded ~300bp YoY (+400bp QoQ) to ~14.6% (v/s est. 10.8%). Management has indicated there were no one-offs in SMR's margins.
- SMP revenues declined 11.6% YoY (-8.5% QoQ) with EBITDA margins decreasing 60bp QoQ (+230bp YoY) to 4.2% (v/s est. 4.5%).
- PKC revenues declined 17.5% YoY (v/s est. 13% fall); EBITDA margins declined ~50bp YoY (-140bp QoQ) to 8.1% (v/s est. 6.2%).

## Highlights from management commentary

- **Operation status:** Over 60% of MSS' plant is operating at >50% utilization. Expect utilization to be >75% by end-Jun'20 for all plants (Excl. India).
- **Greenfield plant progressing toward breakeven:** Greenfield plant in Hungary had attained EBITDA breakeven before COVID-19 hit operations. At the US plant, losses are reducing. They have reduced headcount with help of Daimler's support by improving efficiency.
- MSS sees many M&A opportunities, but due to ample liquidity thrown by the government, target companies have got a lifeline.
- Entire order-book of EUR13.6b (as of Mar'20) would be taken up for execution in the coming years.
- **Capex:** <INR20b for normal business. New order wins would not require material new capex. M&As would be additional.
- **Next 5-year plan:** The company has a target of reaching revenues of USD33-35b and diversifying the group with Aerospace, Defense and Healthcare.

## Valuation and view

- We cut our FY21/FY22E consol. EPS by 23.5%/2.7%. Our positive view on MSS remains intact (stabilization of green-field plant + execution of strong order book of SMRPBV + India recovery). Maintain **Buy** with TP of ~INR117 (Jun'22E SOTP).

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## Quarterly performance (Consol.)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
<b>Net Sales</b>	<b>147,755</b>	<b>151,050</b>	<b>164,730</b>	<b>171,695</b>	<b>167,925</b>	<b>159,242</b>	<b>156,611</b>	<b>151,591</b>	<b>635,229</b>	<b>635,369</b>	<b>149,523</b>
YoY Change (%)	13.0	12.6	14.5	11.4	13.7	5.4	-4.9	-11.7	12.8	0.0	-12.9
RM Cost (% of sales)	57.6	57.9	57.7	58.1	57.5	57.3	57.7	55.7	57.8	57.1	43.5
Staff Cost (% of sales)	21.9	21.7	22.5	23.0	23.3	22.8	23.8	25.1	22.3	23.7	33.6
Other Exp (% of sales)	11.0	11.8	11.3	11.6	11.7	11.6	10.6	10.1	11.4	11.0	15.5
<b>EBITDA</b>	<b>14,121</b>	<b>13,001</b>	<b>13,934</b>	<b>12,428</b>	<b>12,550</b>	<b>13,190</b>	<b>12,358</b>	<b>13,916</b>	<b>53,484</b>	<b>52,014</b>	<b>11,044</b>
Margins (%)	9.6	8.6	8.5	7.2	7.5	8.3	7.9	9.2	8.4	8.2	7.4
Depreciation	4,471	4,879	5,714	5,518	6,365	6,551	6,548	7,927	20,582	27,780	6,660
Interest	1,005	1,315	882	1,030	1,559	1,254	1,791	1,382	4,232	5,986	643
Other income	447	463	610	682	547	825	783	151	2,202	2,307	145
<b>PBT after EO Expense</b>	<b>9,093</b>	<b>7,269</b>	<b>7,948</b>	<b>6,562</b>	<b>5,173</b>	<b>6,211</b>	<b>4,412</b>	<b>4,759</b>	<b>30,872</b>	<b>20,554</b>	<b>4,276</b>
Tax Rate (%)	36.0	35.4	33.9	37.8	34.3	30.1	25.5	69.7	35.7	39.8	34.8
Min. Int & Share of profit	1,389	982	1,365	-17	84	496	480	-390	3,719	669	1,033
<b>Adj PAT</b>	<b>4,431</b>	<b>3,711</b>	<b>3,891</b>	<b>4,100</b>	<b>3,315</b>	<b>3,846</b>	<b>2,987</b>	<b>1,834</b>	<b>16,132</b>	<b>11,700</b>	<b>1,624</b>
YoY Change (%)	21.8	-15.6	6.3	-23.1	-25.2	3.6	-23.2	-55.3	-5.2	-27.5	-60.4

E: MOFSL Estimates

## Key Performance Indicators

(INR Million)

Y/E March	FY19				FY20				FY19	FY20E	FY20	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	(%)
<b>Business Wise Revenues (INR m)</b>												
India (MSS S/A)	20,042	19,961	17,296	18,514	18,429	16,527	16,430	17,352	75,813	68,738	14,611	18.8
PKC	23,627	22,345	24,005	25,133	25,549	24,017	22,393	20,684	95,150	93,282	21,324	-3.0
SMR	32,167	30,989	32,720	33,777	31,408	30,431	29,805	29,628	129,780	120,755	29,647	-0.1
SMP	63,217	68,502	81,635	84,282	83,677	79,091	80,190	74,350	297,506	315,718	74,269	0.1
Others	8,701	9,253	9,074	9,989	8,862	9,176	7,792	9,577	36,980	36,876	9,687	-1.1
<b>Net Revenues</b>	<b>147,755</b>	<b>151,050</b>	<b>164,730</b>	<b>171,695</b>	<b>167,925</b>	<b>159,242</b>	<b>156,611</b>	<b>151,591</b>	<b>635,229</b>	<b>635,369</b>	<b>149,538</b>	<b>1.4</b>
<b>Business Wise EBITDA Margins (%)</b>												
India (MSS S/A)	17.1	16.8	14.9	18.1	17.0	15.1	15.0	16.9	16.8	16.0	13.2	370bp
PKC	9.5	8.8	8.6	8.6	10.1	11.7	9.5	8.1	8.9	9.5	6.2	190bp
SMR	11.2	11.1	11.6	11.6	10.9	11.1	10.6	14.6	11.3	11.7	10.8	370bp
SMP	6.2	4.2	5.4	1.9	2.6	4.2	4.8	4.2	4.3	3.9	4.5	-30bp
Others	10.9	15.2	11.9	13.9	13.7	13.4	9.6	19.6	12.8	15.4	12.9	680bp
<b>Consol EBITDA Margins (%)</b>	<b>9.6</b>	<b>8.6</b>	<b>8.5</b>	<b>7.2</b>	<b>7.5</b>	<b>8.3</b>	<b>7.9</b>	<b>9.2</b>	<b>8.4</b>	<b>8.2</b>	<b>7.4</b>	<b>180bp</b>

E: MOFSL Estimates

## Quarterly performance (S/A)

(INR Million)

Y/E March	FY19				FY20				FY19	FY20	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
<b>Net Sales</b>	<b>20,042</b>	<b>19,961</b>	<b>17,296</b>	<b>18,514</b>	<b>18,429</b>	<b>16,527</b>	<b>16,430</b>	<b>17,352</b>	<b>75,813</b>	<b>68,738</b>	<b>14,611</b>
YoY Change (%)	16.5	7.5	-3.6	-12.1	-8.0	-17.2	-5.0	-6.3	1.7	-9.3	-21.1
RM Cost (% of sales)	55.2	55.4	55.4	56.2	54.5	55.1	54.4	52.3	55.5	54.1	53.5
Staff Cost (% of sales)	14.9	14.7	17.1	15.7	16.6	17.8	18.4	18.2	15.5	17.7	20.5
Other Expenses (% of sales)	12.8	13.0	12.7	9.9	11.9	12.0	12.3	12.6	12.1	12.2	12.8
Total Expenditure	16,606	16,602	14,722	15,155	15,300	14,031	13,968	14,420	63,085	57,718	12,682
<b>EBITDA</b>	<b>3,435</b>	<b>3,359</b>	<b>2,574</b>	<b>3,359</b>	<b>3,129</b>	<b>2,496</b>	<b>2,462</b>	<b>2,932</b>	<b>12,728</b>	<b>11,020</b>	<b>1,929</b>
Margins (%)	17.1	16.8	14.9	18.1	17.0	15.1	15.0	16.9	16.8	16.0	13.2
Depreciation	544	544	555	550	619	683	656	925	2,193	2,883	679
Interest	141	153	-36	-81	174	44	140	-52	177	306	66
Other Income	117	1,134	305	309	161	407	404	2,811	1,865	3,784	409
<b>PBT after EO Expense</b>	<b>2,868</b>	<b>3,795</b>	<b>2,361</b>	<b>3,200</b>	<b>2,497</b>	<b>2,176</b>	<b>2,070</b>	<b>4,871</b>	<b>12,224</b>	<b>11,615</b>	<b>1,592</b>
Tax Rate (%)	34.5	28.0	40.0	34.1	31.1	19.9	19.6	20.7	33.4	22.6	24.2
<b>Adj PAT</b>	<b>1,880</b>	<b>2,734</b>	<b>1,416</b>	<b>2,108</b>	<b>1,721</b>	<b>1,742</b>	<b>1,665</b>	<b>3,860</b>	<b>8,138</b>	<b>8,988</b>	<b>1,208</b>
YoY Change (%)	-1.7	0.7	-18.9	-12.8	-8.5	-36.3	17.6	83.1	-7.4	10.5	-42.7

E: MOFSL Estimates

## Management earnings highlights

### India Business

- India: BS6 supplies this quarter has resulted in increased content (along with rich new content launches).
- Expect India to bounce back faster due to (a) low systemic inventory, (b) pent-up demand, (c) savings, and (d) shift to private transportation.
- Mr. Sehgal: 2HFY21 would be phenomenal due to strong demand in PVs, owing to shift to personal mobility.

### Global Business

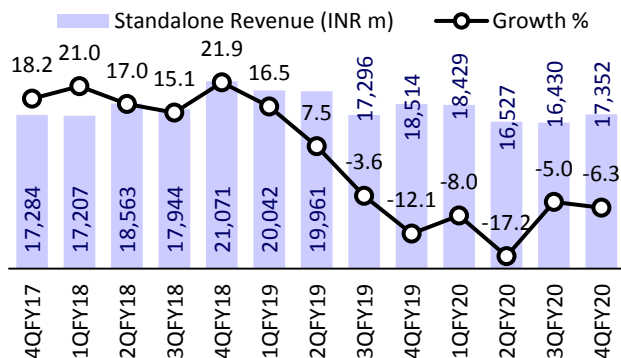
- **Status of operations:** Over 60% of plant is operating at >50% utilization. Expect utilization to be over 75% by end-Jun'20 for all plants (Excl. India).
- Support from the government would reflect in 1QFY21. Support is in the form of sharing employee cost during lockdown as well as grants/loans.
- **Greenfield plant progressing toward breakeven:** Hungary's green-field plant had attained EBITDA breakeven before COVID hit operations. At the US plant, losses are reducing; headcount has been reduced with help of Daimler's support by improving efficiency.
- **M&A:** Many opportunities exist; however, due to ample liquidity thrown by the government, target companies have got a lifeline.
- **SMR:** Margins have no one-offs; benefit of mix exists as well as for efficiencies.
- Net order book of EUR13.6b as at Mar'20 (v/s EUR18.4 as at Sep'19 and EUR18.2b as at Mar'20), as orders worth EUR10.1b were taken up for execution in FY20 (highest-ever execution of orders in a financial year). Entire order book of EUR13.6b would be taken up for execution over the next two years.

### Financial highlights

- Net debt levels at ~INR69.2b were the lowest in the last 10 quarters, driven by lower working cap and lower capex. As operations normalize, working capital would also normalize.
- **Capex:** <INR20b for normal business. New order wins would not require material new capex. M&As would be additional.
- **Next 5-year plan:** Target of USD33-35b. Diversify the group even further and go beyond Autos for Aerospace, Defense and Healthcare.

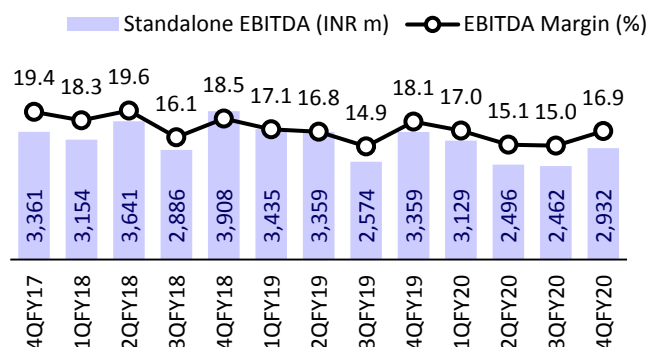
## Key Exhibits

Exhibit 1: Trend in standalone revenues and growth



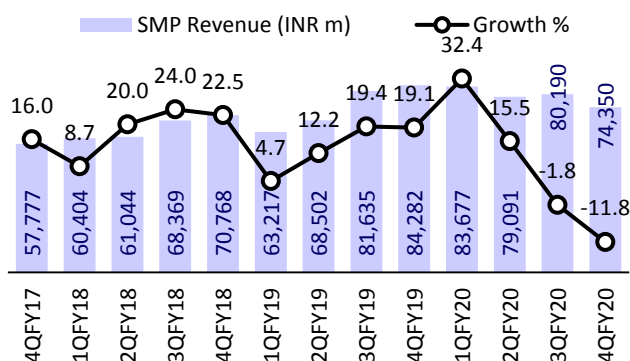
Source: Company, MOFSL

Exhibit 2: Standalone EBITDA and EBITDA margins



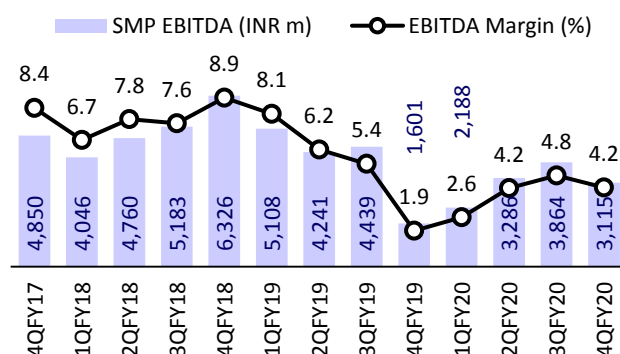
Source: Company, MOFSL

Exhibit 3: Trend in SMP revenues and growth



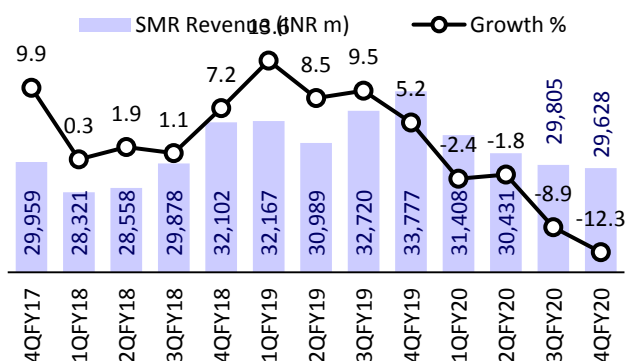
Source: Company, MOFSL

Exhibit 4: SMP EBITDA and EBITDA margins



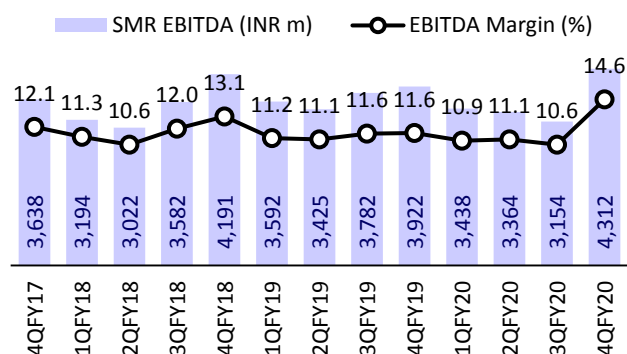
Source: Company, MOFSL

Exhibit 5: SMR revenues and growth



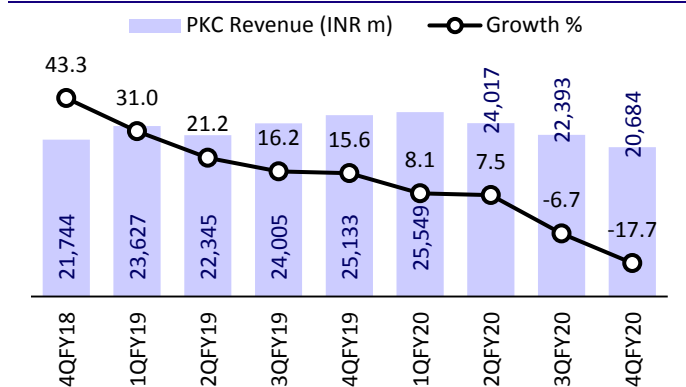
Source: Company, MOFSL

Exhibit 6: SMR EBITDA and EBITDA margins



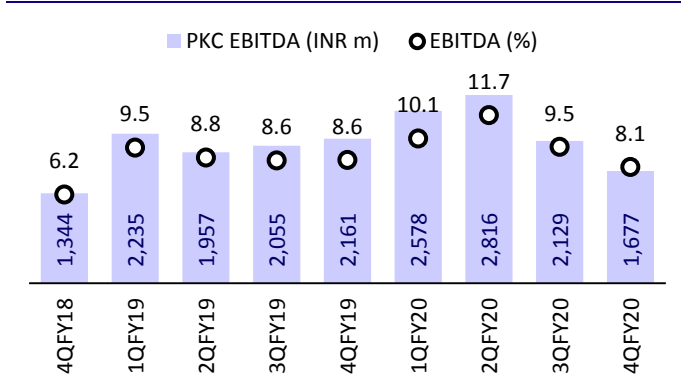
Source: Company, MOFSL

Exhibit 7: PKC revenues and growth



Source: Company, MOFSL

Exhibit 8: PKC EBITDA and EBITDA margins



Source: Company, MOFSL

### Valuation and view

- **On right side of global automotive megatrends:** The global automotive industry is at the cusp of disruption, led by megatrends in the form of (a) EVs, (b) connect cars, (c) autonomous cars, (d) shared mobility, (e) stricter emission norms, and (f) platform and vendor consolidation. These trends have the potential to disrupt the automotive supply chain and challenge incumbents. We believe that with its diverse product base and market presence, MSS is set to leverage these trends to drive its next wave of growth.
- **SMRPBV – fully prepared for growth:** SMRPBV's order-book growth lends us comfort in building faster recovery for SMRPBV in FY22E. As of Mar'20, order book stood at EUR13.6b. SMP offers revenue visibility with orders on hand and capacity, ready to execute those orders. Over the next 6-12 months, both SMP's green-field plants at Hungary and USA would ramp-up and attain breakeven. We estimate SMP's revenue to grow at ~5% CAGR to EUR4.7b by FY23 and EBITDA margin to expand 450bp to ~8.5% by FY23, driven by operating leverage. SMR continues to be #1 PV mirror company globally and has gained share across markets through continuous innovation. We estimate SMR's revenue to gradually recover and EBITDA margin to expand by 20bp at 12% by FY22E.
- **Standalone business on strong footing with increasing content:** The India wiring harness business is likely to grow faster than the PV industry, led by increase in content (due to ongoing premiumization). BS-6 would increase complexity of wiring harness and increase value by 10-20%. Also, it would open up the 2W segment for MSS, as 2Ws shift to electronic fuel-injection systems with more sensors. MSS is already market leader in 2W wiring harness in EU. The India polymer (MATE) and elastomer (MAE) businesses are evolving from supporting core businesses to growth drivers. Polymer business is focusing on leveraging its strengths in export markets like South Africa for global OEMs.
- **PKC – Cyclical downturn ahead:** After benefitting from strong growth for Class 8 trucks in the US, PKC is staring at cyclical downturn in its biggest market (~45% of revenues). PKC is also highly focused on the world's largest truck market, China, where it has three JVs targeting different customers. Lastly, PKC has entered the rolling stock business (~USD2b opportunity) in 2015. PKC has already won contracts worth EUR280m from Bombardier since entering into global partnership in May'16. It is in discussion with other OEMs to develop global supply chain for electrical systems. PKC revenues are expected to recover back to FY20 levels by FY23, though we conservatively expect margins to be lower at 8.2% (v/s 10% in FY20).

- **Business reorganization to drive better value discovery of global business:** MSS has proposed reorganization of business within the group with objective of (a) addressing long-standing request of Sumitomo (~25.34% stake in MSS) for keeping its participation focused on the India wiring harness business, and (b) consolidating/simplifying structure for minority shareholders. This would lead to acquisition of balance 49% stake in SMRPBV (HoldCo for mirrors and plastic part business) from SAMIL (Promoter owned HoldCo of MSS) through share-swap with MSS. The proposed structure would create two listed entities – (a) India wiring harness business, and (b) Global businesses + other India businesses. We believe this would drive better value discovery of the global business and also give minority shareholders an option to invest in either/both businesses.
- **Valuation and view:** We have lowered our FY21/22E consol. EPS by 23.5%/2.7% to factor in the near-term volume weakness in all key businesses. Our positive view on MSS remains intact (stabilization of green-field plant + execution of strong order book of SMRPBV + India recovery), though impact of the Coronavirus would delay realizations of these benefits. Maintain **Buy** with TP of ~INR117 (Jun'22E SOTP).

**Exhibit 9: Revised forecast (Consol.)**

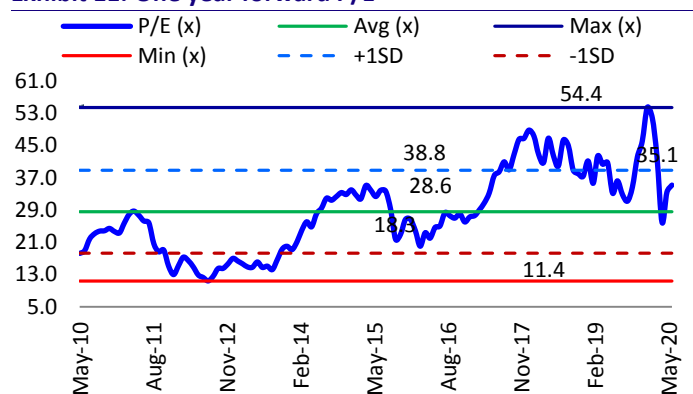
(INR M)	FY21E			FY22E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	587,101	616,994	-4.8	687,442	706,182	-2.7
EBITDA	45,759	48,401	-5.5	70,886	69,144	2.5
EBITDA (%)	7.8	7.8	-10bp	10.3	9.8	50bp
Adj. PAT	7,446	9,733	-23.5	17,590	18,069	-2.7
EPS (INR)	2.4	3.1	-23.5	5.6	5.7	-2.7

Source: Company, MOFSL

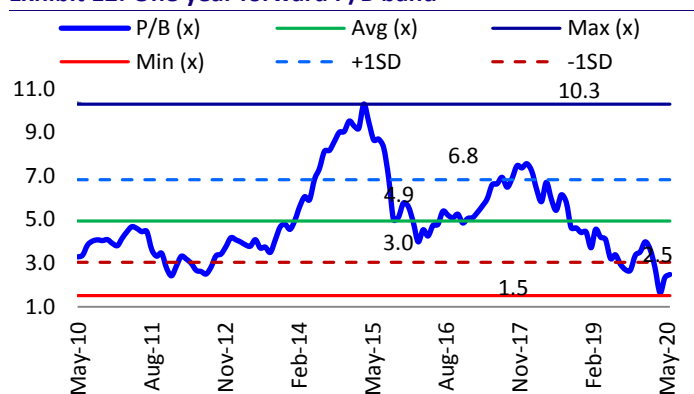
**Exhibit 10: SOTP based Target Price****SOTP: Fair value**

INR Sh	Target PE (x)	FY21E	FY22E	FY23E
Equity Value				
MSS (S/A)	30	59	82	90
PKC	10	3	8	10
SMRPBV	10	5	24	27
<b>Target Price (INR/Sh)</b>		<b>67</b>	<b>114</b>	<b>126</b>
Upside (%)		-34.2	12.3	23.8
<b>Jun-22 TP</b>				<b>117</b>
Upside (%)				15.2

Source: Company, MOFSL

**Exhibit 11: One year forward P/E**

Source:

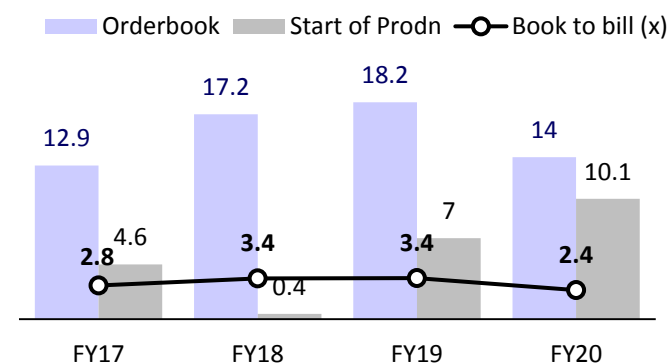
**Exhibit 12: One year forward P/B band**

Source:



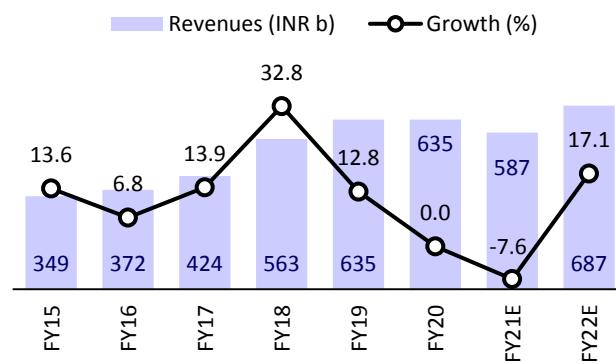
## Story in charts

Exhibit 13: SMRPBV order book trend (EUR b)



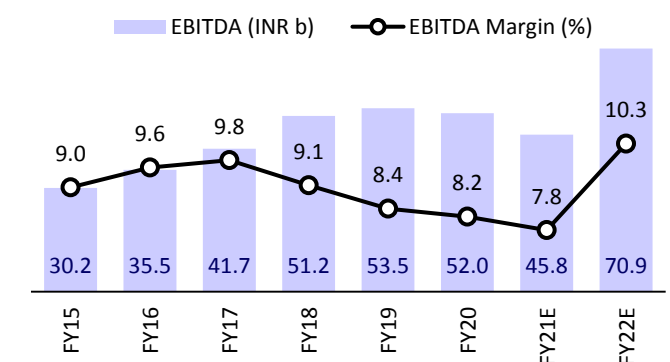
Source: Company, MOFSL

Exhibit 14: Revenues and growth trend



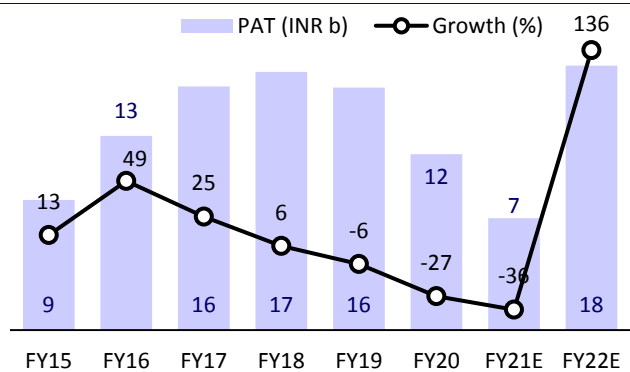
Source: Company, MOFSL

Exhibit 15: Consol. EBITDA and margin trend



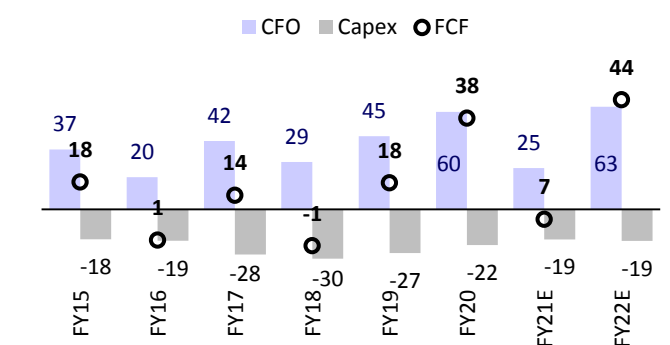
Source: Company, MOFSL

Exhibit 16: Consol. PAT growth trend



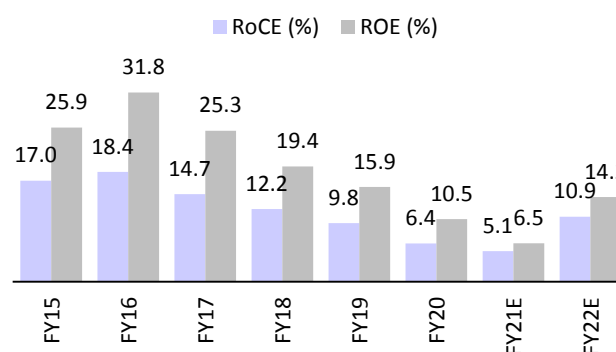
Source: Company, MOFSL

Exhibit 17: FCF generation to improve



Source: Company, MOFSL

Exhibit 18: Trend in return profile



Source: Company, MOFSL

## Financials and Valuations

### Consolidated - Income Statement

(INR Million)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Total Income from Operations</b>	<b>372,163</b>	<b>423,755</b>	<b>562,933</b>	<b>635,229</b>	<b>635,369</b>	<b>587,101</b>	<b>687,442</b>
Change (%)	6.8	13.9	32.8	12.8	0.0	-7.6	17.1
Raw Materials	223,737	257,507	343,121	367,383	362,715	281,353	315,147
Employees Cost	71,573	80,909	110,678	141,694	150,769	173,384	199,392
Other Expenses	41,372	43,671	57,908	72,668	69,872	86,605	102,017
<b>Total Expenditure</b>	<b>336,682</b>	<b>382,087</b>	<b>511,707</b>	<b>581,745</b>	<b>583,355</b>	<b>541,342</b>	<b>616,556</b>
% of Sales	90.5	90.2	90.9	91.6	91.8	92.2	89.7
<b>EBITDA</b>	<b>35,481</b>	<b>41,668</b>	<b>51,226</b>	<b>53,484</b>	<b>52,014</b>	<b>45,759</b>	<b>70,886</b>
Margin (%)	9.5	9.8	9.1	8.4	8.2	7.8	10.3
Depreciation	10,872	10,590	15,752	20,582	27,780	29,458	31,730
<b>EBIT</b>	<b>24,609</b>	<b>31,078</b>	<b>35,474</b>	<b>32,902</b>	<b>24,234</b>	<b>16,301</b>	<b>39,156</b>
Intrest Charges	3,450	3,749	4,108	4,232	5,986	5,525	5,490
Other Income	393	2,642	1,701	2,202	2,307	2,450	2,550
<b>PBT after EO Exp.</b>	<b>21,552</b>	<b>28,997</b>	<b>31,290</b>	<b>30,872</b>	<b>20,554</b>	<b>13,225</b>	<b>36,216</b>
Total Tax	5,192	9,103	10,072	11,022	8,184	4,100	11,227
Tax Rate (%)	24.1	31.4	32.2	35.7	39.8	31.0	31.0
Minority Interest	3,437	4,350	5,249	3,719	669	1,680	7,399
<b>Reported PAT</b>	<b>12,923</b>	<b>15,543</b>	<b>15,970</b>	<b>16,132</b>	<b>11,700</b>	<b>7,446</b>	<b>17,590</b>
<b>Adjusted PAT</b>	<b>12,923</b>	<b>16,058</b>	<b>17,024</b>	<b>16,132</b>	<b>11,700</b>	<b>7,446</b>	<b>17,590</b>
Change (%)	49.2	24.3	6.0	-5.2	-27.5	-36.4	136.2
Margin (%)	3.5	3.8	3.0	2.5	1.8	1.3	2.6

### Consolidated - Balance Sheet

(INR Million)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	1,323	1,404	2,105	3,158	3,158	3,158	3,158
Total Reserves	39,786	53,265	63,015	78,412	81,394	86,497	98,554
<b>Net Worth</b>	<b>43,971</b>	<b>82,727</b>	<b>93,178</b>	<b>109,627</b>	<b>112,609</b>	<b>117,713</b>	<b>129,770</b>
Minority Interest	15,123	22,322	29,600	34,797	35,650	38,630	47,529
Total Loans	57,415	101,418	94,770	109,428	106,428	103,428	100,428
Deferred Tax Liabilities	-3,604	-5,024	-6,266	-6,123	-5,030	-5,030	-5,030
<b>Capital Employed</b>	<b>112,905</b>	<b>201,443</b>	<b>211,282</b>	<b>247,730</b>	<b>249,659</b>	<b>254,742</b>	<b>272,698</b>
Gross Block	80,462	135,237	174,332	191,445	239,371	257,912	277,285
Less: Accum. Deprn.	11,924	33,590	51,138	71,720	99,500	128,958	160,688
<b>Net Fixed Assets</b>	<b>68,538</b>	<b>101,647</b>	<b>123,194</b>	<b>119,725</b>	<b>139,870</b>	<b>128,954</b>	<b>116,597</b>
Goodwill	2,931	19,379	22,646	22,118	24,060	24,060	24,060
Capital WIP	13,970	19,348	25,849	10,463	8,154	8,154	8,154
<b>Total Investments</b>	<b>591</b>	<b>684</b>	<b>2,467</b>	<b>2,389</b>	<b>1,614</b>	<b>1,614</b>	<b>1,614</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>97,766</b>	<b>137,061</b>	<b>133,905</b>	<b>157,377</b>	<b>163,943</b>	<b>147,952</b>	<b>196,550</b>
Inventory	22,850	30,716	40,132	46,635	51,566	36,995	43,318
Account Receivables	46,537	46,552	56,236	61,663	51,784	53,080	62,152
Cash and Bank Balance	17,717	48,866	27,816	35,469	48,789	46,134	77,331
Loans and Advances	10,662	10,927	9,722	13,610	11,804	11,742	13,749
<b>Curr. Liability &amp; Prov.</b>	<b>82,531</b>	<b>117,230</b>	<b>157,430</b>	<b>179,449</b>	<b>200,270</b>	<b>168,279</b>	<b>186,564</b>
Account Payables	51,627	73,003	90,640	106,613	103,091	115,462	129,317
Other Current Liabilities	29,478	42,600	65,168	70,371	94,374	50,382	54,395
Provisions	1,426	1,628	1,622	2,465	2,805	2,435	2,851
<b>Net Current Assets</b>	<b>15,235</b>	<b>19,831</b>	<b>-23,525</b>	<b>-22,072</b>	<b>-36,326</b>	<b>-20,327</b>	<b>9,986</b>
Misc Expenditure	11,640	40,554	60,652	115,107	112,287	112,287	112,287
<b>Appl. of Funds</b>	<b>112,905</b>	<b>201,443</b>	<b>211,282</b>	<b>247,730</b>	<b>249,659</b>	<b>254,742</b>	<b>272,698</b>



## Financials and Valuations

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Basic (INR)</b>							
<b>EPS</b>	4.3	5.1	5.4	<b>5.1</b>	<b>3.7</b>	<b>2.4</b>	<b>5.6</b>
Cash EPS	6.5	7.1	9.1	9.7	9.8	8.7	12.4
BV/Share	14.8	26.2	29.5	34.7	35.7	37.3	41.1
DPS	1.0	0.9	1.5	1.5	1.0	0.6	1.5
Payout (%)	29.2	23.6	34.6	34.2	31.5	31.5	31.5
<b>Valuation (x)</b>							
P/E	23.5	20.0	18.9	19.9	27.5	43.2	18.3
P/BV	6.9	3.9	3.5	2.9	2.9	2.7	2.5
EV/Sales	0.7	0.7	0.7	0.9	0.8	0.9	0.7
EV/EBITDA	6.2	6.2	6.9	9.3	9.0	10.9	6.7
Dividend Yield (%)	1.0	0.9	1.5	1.5	1.0	0.6	1.5
FCF per share	3.8	5.5	2.8	4.8	13.7	1.0	10.5
<b>Return Ratios (%)</b>							
RoE	31.8	25.3	19.4	15.9	10.5	6.5	14.2
RoCE (post-tax)	18.4	14.7	12.2	9.8	6.4	5.1	10.9
RoIC	25.6	20.0	16.7	11.9	7.5	5.8	14.1
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	4.6	3.1	3.2	3.3	2.7	2.3	2.5
Asset Turnover (x)	3.3	2.1	2.7	2.6	2.5	2.3	2.5
Inventory (Days)	22	26	26	27	30	23	23
Debtor (Days)	46	40	36	35	30	33	33
Creditor (Days)	51	63	59	61	59	72	69
<b>Leverage Ratio (x)</b>							
Current Ratio	1.2	1.2	0.9	0.9	0.8	0.9	1.1
Interest Cover Ratio	7.1	8.3	8.6	7.8	4.0	3.0	7.1
Net Debt/Equity	0.9	0.6	0.7	0.7	0.5	0.5	0.2

### Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
OP/(Loss) before Tax	22,929	31,801	34,448	32,003	21,129	13,225	36,216
Depreciation	10,872	10,591	15,752	20,582	27,780	29,458	31,730
Interest & Finance Charges	3,211	3,324	3,777	3,878	5,626	5,525	5,490
Direct Taxes Paid	-6,899	-8,433	-10,048	-10,498	-10,776	-4,100	-11,227
(Inc)/Dec in WC	-10,278	4,813	-14,820	-958	16,202	-18,654	884
<b>CF from Operations</b>	<b>19,835</b>	<b>42,096</b>	<b>29,109</b>	<b>45,007</b>	<b>59,959</b>	<b>25,455</b>	<b>63,092</b>
Others	2,049	-4,099	3,531	-1,883	3,561	1,300	1,500
<b>CF from Operating incl EO</b>	<b>21,884</b>	<b>37,997</b>	<b>32,640</b>	<b>43,124</b>	<b>63,521</b>	<b>26,755</b>	<b>64,592</b>
(Inc)/Dec in FA	-19,306	-27,789	-30,308	-26,853	-21,943	-18,542	-19,373
<b>Free Cash Flow</b>	<b>2,578</b>	<b>10,208</b>	<b>2,332</b>	<b>16,271</b>	<b>41,578</b>	<b>8,213</b>	<b>45,220</b>
(Pur)/Sale of Investments	-151	-39,675	-2,876	-7,230	-1,210	0	0
Others	396	203	1,243	978	753	0	0
<b>CF from Investments</b>	<b>-19,061</b>	<b>-67,261</b>	<b>-31,941</b>	<b>-33,105</b>	<b>-22,399</b>	<b>-18,542</b>	<b>-19,373</b>
Issue of Shares	0	25,277	0	0	0	0	0
Inc/(Dec) in Debt	7,150	34,092	-9,471	8,147	-6,214	-3,000	-3,000
Interest Paid	-3,227	-3,471	-3,944	-4,159	-5,667	-5,525	-5,490
Dividend Paid	-6,675	-826	-6,332	-6,395	-12,794	-2,342	-5,533
Others	120	104	-2,467	81	-3,157	0	0
CF from Fin. Activity	-2,632	55,176	-22,214	-2,326	-27,832	-10,868	-14,023
<b>Inc/Dec of Cash</b>	<b>191</b>	<b>25,912</b>	<b>-21,515</b>	<b>7,693</b>	<b>13,290</b>	<b>-2,655</b>	<b>31,197</b>
Opening Balance	17,467	17,717	48,866	27,816	35,469	48,789	46,134
<b>Closing Balance</b>	<b>17,658</b>	<b>43,629</b>	<b>27,351</b>	<b>35,509</b>	<b>48,758</b>	<b>46,134</b>	<b>77,331</b>

## NOTES

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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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