

Ashok Leyland

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	AL IN
Equity Shares (m)	2,936
M.Cap.(INRb)/(USDb)	446.5 / 6
52-Week Range (INR)	153 / 87
1, 6, 12 Rel. Per (%)	6/11/28
12M Avg Val (INR M)	3045

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	153.0	238.7	343.8
EBITDA	5.4	15.1	32.7
EBITDA (%)	3.5	6.3	9.5
Adj. PAT	-3.0	4.1	17.7
Adj. EPS (INR)	-1.0	1.4	6.0
EPS Gr. (%)	-188.0	-234.8	334.7
BV/Sh. (INR)	23.8	24.2	28.2

Ratios

Net D:E (x)	0.4	0.5	0.4
RoE (%)	-4.2	5.8	23.0
ROCE (%)	-0.7	5.8	17.7
Payout (%)	-58.4	72.2	33.2

Valuations

P/E (x)	-148.0	109.8	25.3
P/BV (x)	6.4	6.3	5.4
EV/EBITDA (x)	88.8	31.4	13.8
Div. Yield (%)	0.4	0.7	1.3
FCF Yield (%)	-1.3	2.3	7.3

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	51.1	51.1	51.1
DII	19.5	18.1	17.5
FII	17.0	17.7	15.3
Others	12.4	13.1	16.1

FII Includes depository receipts

CMP: INR152 TP: INR180 (+18%) Buy

Decent performance in a weak quarter

Net debt down by INR10.6b QoQ | Market share slips further

- Ashok Leyland (AL)'s 2QFY22 performance was decent despite headwinds such as declining market share and cost inflation. AL's performance was comparable with that of peers despite 4.6pp QoQ decline in M&HCV market share, led by good growth in the LCV and export businesses. AL offers a pure-play on CV cycle recovery, with focus on expanding revenue pools.
- We downgrade our FY22E/FY23E EPS estimates by 11%/5% due to a weaker mix. We increase the EV/EBITDA multiple from 11x to 12x (in line with TTMT's CV business), as we value it on early-cycle earnings. Maintain **Buy**, with TP of INR180 (12x Sep'23E EV/EBITDA + INR14/sh for NBFC).

Higher RM costs diluted by op. leverage

- 2QFY22 revenue/EBITDA grew 57%/67.5% YoY to INR44.6b/INR1.35b (v/s est. INR44b/INR1.4b). It reported adj. loss of INR832m (v/s est loss of INR944m and loss of INR2.8b in 1QFY22). 1HFY22 revenues / EBITDA / adj. loss stood at INR74.1b/-INR54m/-INR3.6b (v/s INR34.9b/-INR2.5b/-INR5.3b in 1HFY21).
- Realizations grew 11% YoY (-1.3% QoQ) to INR1.62m (est. INR1.6m), supported by price increases and higher non-vehicle sales.
- The gross margin declined 550bp YoY and 260bp QoQ to 23.3% (est. 25%).
- However, lower-than-estimated staff costs (-420bp YoY and -540bp QoQ) diluted the impact of RM cost inflation and supported the EBITDA margin at 3% (est. 3.2%, v/s -4.7%/2.8% in 1QFY22/2QFY21). EBITDA stood at INR1.35b (v/s -INR1.4b in 1QFY22, est. INR1.4b).
- Adj. loss stood at INR832m (v/s est. INR944m and adj. loss of INR2.8b in 1QFY22).
- Net cash generated in 2QFY22 stood at INR10.6b, which helped reduce net debt to INR31.12b (v/s INR41.75b in 1QFY22).

Highlights from management commentary

- Demand outlook:** HCVs (higher tonnage range) such as tippers are expected to see a further pickup in volumes on the back of infrastructural activities and mining. Fleet utilization has improved to 75–80%. With the resumption of activity, bus demand, which currently stands at 25% of normal demand, would pick up. LCV demand would come from the need to fulfill last-mile connectivity.
- Replacement demand:** Recovery is expected on a) the huge transition in technology (from BS3 in Mar'17 to BS6), b) corporates' increasing focus on environmental sustainability, c) improving confidence among fleet operators, and d) the implementation of the scrappage policy from FY24. The average age of the fleet at 9.5 years in FY21 was at the highest level (v/s 8.7 years in FY19).

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- **M&HCV market share eroded further** by ~4.6pp QoQ (-710bp YoY) to 22.4%. LCV market share stands at ~23.3% in the 2–3.5 tonne category (the highest). However, the management is hopeful of recovering market share as a) it launches its CNG variants in ICV in 4QFY22, b) the southern market recovers and its reach expands in the northern and northeastern markets, c) the HCV segment recovers, led by recovery in infra/construction, and d) the Buses segment revives.
- **Transfer of EV and eMaaS businesses:** AL is transferring its EV business to Switch Mobility Automotive Ltd (India) for a cash consideration of INR2.4b. Additionally, it is transferring its Electric Mobility-as-a-Service (eMaaS) business to promoter-owned Ohm Global Mobility (Ohm) for INR650m – this would subsequently be transferred to Switch Mobility UK. These transfers are a part of the consolidation of all the EV and eMaaS businesses under Switch Mobility.

Valuation and view

Valuations at 31.4x/13.8x FY22/FY23E EV/EBITDA are in an early recovery cycle. This does not fully reflect AL's focus on adding new revenue streams and profit pools. Any fundraise in Switch Mobility (EV business) could serve as a re-rating catalyst. We maintain a **Buy** rating, with TP of INR180.

Quarterly Performance (S/A)

(INR b)

	FY21				FY22E				FY21E	FY22E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
Total Volumes (nos)	3,814	19,433	33,410	44,020	17,987	27,543	38,931	59,609	1,00,677	1,44,070	27,543
Growth %	-90.4	-32.8	7.1	72.7	371.6	41.7	16.5	35.4	-19.6	43.1	41.7
Realizations (INR '000)	1,707	1,460	1,441	1,590	1,641	1,619	1,635	1,694	1,520	1,657	1,600
Change (%)	18.9	7.5	12.0	5.6	-3.9	10.9	13.5	6.5	9.0	9.0	9.6
Net operating revenues	6.5	28.4	48.1	70.0	29.5	44.6	63.6	101.0	153.0	238.7	44.1
Change (%)	-88.5	-27.8	19.9	82.4	353.4	57.2	32.2	44.3	-12.4	56.0	55.3
RM/sales %	64.1	71.2	74.4	76.9	74.1	76.7	76.0	75.7	74.5	75.8	75.0
Staff/sales %	54.4	13.2	9.4	5.7	14.4	9.0	6.4	4.1	10.4	6.9	10.3
Other exp/sales %	32.6	12.8	10.9	9.7	16.2	11.3	10.0	10.1	11.6	11.0	11.5
EBITDA	-3.3	0.8	2.5	5.3	-1.4	1.3	4.8	10.3	5.4	15.1	1.4
EBITDA Margins(%)	-51.2	2.8	5.3	7.6	-4.7	3.0	7.6	10.2	3.5	6.3	3.2
Interest	0.8	0.9	0.7	0.8	0.7	0.9	0.7	0.6	3.1	2.9	0.8
Other Income	0.3	0.2	0.3	0.4	0.1	0.2	0.2	0.2	1.2	0.7	0.2
Depreciation	1.6	1.7	1.9	2.2	1.8	1.8	1.9	1.9	7.5	7.5	2.1
PBT before EO Item	-5.5	-1.6	0.3	2.8	-3.8	-1.2	2.4	7.9	-4.0	5.4	-1.3
EO Exp/(Inc)	0.0	0.0	0.5	-0.4	0.0	0.0	0.0	0.0	0.1	0.0	0.0
PBT after EO	-5.5	-1.6	-0.2	3.1	-3.8	-1.2	2.4	7.9	-4.1	5.4	-1.3
Effective Tax Rate (%)	29.3	7.1	-6.2	23.2	26.2	28.1	25.5	25.7	23.8	24.7	25.2
Adj PAT	-3.9	-1.5	0.2	2.1	-2.8	-0.8	1.8	5.9	-3.0	4.1	-0.9
Change (%)	-259.1	-277.8	-46.3	-1,899.0	-27.5	-42.8	1,064.4	176.4	-188.9	-233.6	-35.1

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY21				FY22E				FY21	FY22E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE
M&HCV	987	7,929	16,586	26,277	9,050	13,514	20,810	34,913	51,779	78,287	135,14
Dom. M&HCV Mkt sh (%)	15.6	28.5	28.3	29.6	27.0	22.4			28.6		
LCV	2,793	11,508	16,824	17,783	8,937	14,029	18,121	24,696	48,908	65,783	140,29
Dom. LCV Mkt sh (%)	9.9	10.1	11.3	13.1	11.3	11.8					
Total Volumes (nos)	3,780	19,437	33,410	44,060	17,987	27,543	38,931	59,609	1,00,687	1,44,070	275,43
AL's CV Market Sh (%)	10.6	13.6	8.0	7.7	7.3	7.4			16.3	0.0	
Realizations (INR '000)	1,707	1,460	1,441	1,590	1,641	1,619	1,635	1,694	1,520	1,657	1,600
Growth %	18.9	7.5	12.0	5.6	-3.9	10.9	13.5	6.5	4.1	15.0	10
Cost Break-up	0	0	0	0	0	0	0	0	0	0	0
RM Cost (% of sales)	64.1	71.2	74.4	76.9	74.1	76.7	76.0	75.7	74.5	75.8	75.0
Staff Cost (% of sales)	54.4	13.2	9.4	5.7	14.4	9.0	6.4	4.1	10.4	6.9	10.3
Other Cost (% of sales)	32.6	12.8	10.9	9.7	16.2	11.3	10.0	10.1	11.6	11.0	11.5
Gross Margin (%)	35.9	28.8	25.6	23.1	25.9	23.3	24.0	24.3	25.5	24.3	25.0
EBITDA Margins (%)	-51.2	2.8	5.3	7.6	-4.7	3.0	7.6	10.2	3.5	6.3	3.2
EBIT Margins (%)	-76.3	-3.2	1.2	4.5	-11.0	-1.1	4.7	8.3	-1.4	3.2	-1.5

E:MOFSL Estimates



Key takeaways from management commentary

- HCVs (higher tonnage range) such as tippers are expected to see a further pickup in volumes on the back of infrastructural activities and mining. Fleet utilization has improved to 75–80%. With the resumption of activity – such as work from office, interstate transport, and the opening up of schools and colleges – bus demand, which currently stands at 25% of normal demand, would pick up. LCV demand would come from the need to fulfill last-mile connectivity.
- **Replacement demand:** Recovery is expected on a) the huge transition in technology (from BS3 in Mar'17 to BS6), b) corporates' increasing focus on environmental sustainability, c) improving confidence among fleet operators, and d) the implementation of the scrappage policy from FY24. The average age of the fleet at 9.5 years in FY21 was at the highest level (v/s 8.7 years in FY19).
- **M&HCV market share eroded further** by ~4.6pp QoQ (-710bp YoY) to 22.4% due to a) a further shift from M&HCVs to ICVs by 15pp, b) ICVs shifting to CNG (40–50% of industry volumes), c) continued weakness in Buses, and d) continued weakness in the southern market. LCV market share stands at ~23.3% in the 2–3.5 tonne category (the highest). However, the management is hopeful of recovering market share as a) it launches its CNG variants in ICV in 4QFY22, b) the southern market recovers and its reach expands in the northern and northeastern markets, c) the HCV segment recovers, led by recovery in infra/construction, and d) the Buses segment revives.
- **Transfer of EV and eMaaS businesses:** AL is transferring its EV business to Switch Mobility Automotive Ltd (India) for a cash consideration of INR2.4b. Additionally, it is transferring its eMaaS business to promoter-owned Ohm Global Mobility (Ohm) for INR650m – this would subsequently be transferred to Switch Mobility UK. These transfers are a part of the consolidation of all the EV and eMaaS businesses under Switch Mobility. Switch Mobility UK is 99% owned by Optare, which in turn is 91.8% owned by AL. Both Switch Mobility UK and Ohm are looking to raise funds for their capex plans. The management indicated it would share further details and clarity on these transfers on approval from regulatory authorities.

- **Price hike:** Price hikes taken stood at 2.5% in Jul'21 and are 2% in Oct'21 and Nov'21. However, discounts also continue to inch up.
- **Exports:** It has gained market share in all its markets. In Africa, it is appointing local distributors with auto backgrounds (8–10 distributors have already been appointed). The focus would be on the Retail market, whereas it is strong in the Project market. Similarly, it has laid the foundation in the Middle East, whereas it has a strong presence in SAARC.
- **HLFL (captive NBFC)** reported revenue of INR13.2b and PAT of INR1.35b for 1HFY22. Collection efficiency is improving, and NNPA for 1HFY22 stood at 2.7%. It has 35–40% exposure in CVs.

Exhibit 1: M&HCV sales trend

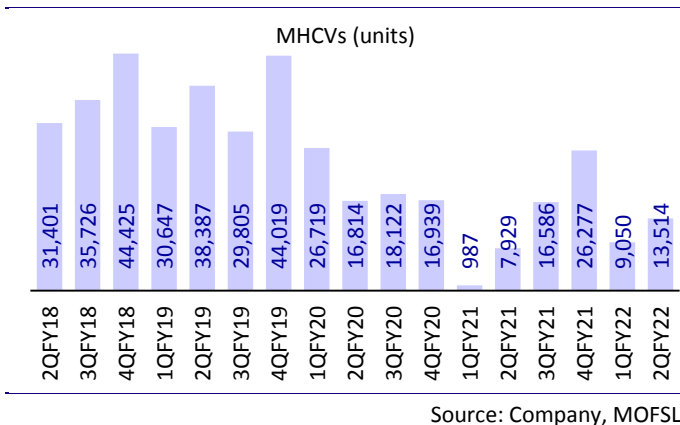


Exhibit 2: Growth trend in M&HCV

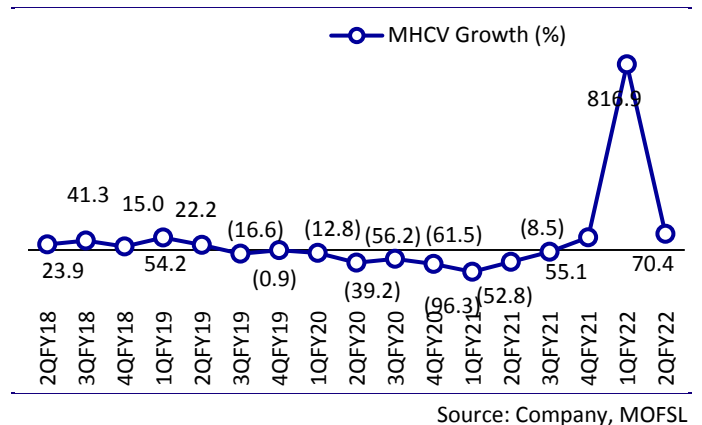


Exhibit 3: Domestic M&HCV market share trend

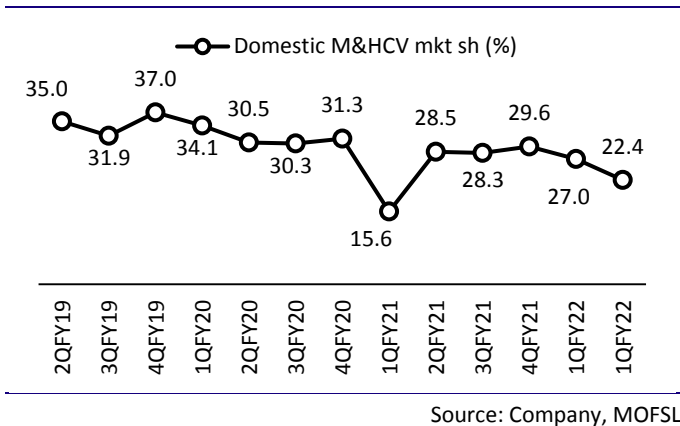


Exhibit 4: Realization trend

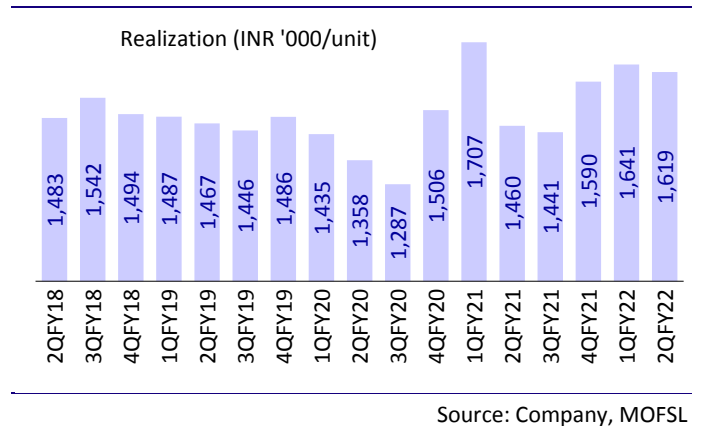


Exhibit 5: Trend in EBITDA and EBITDA margins

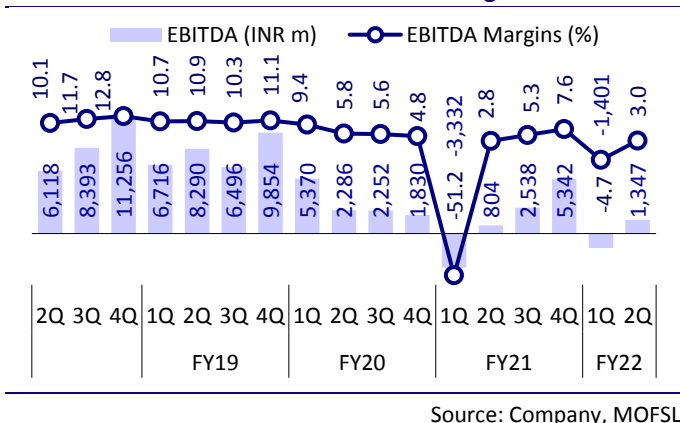


Exhibit 6: Trend in RM cost

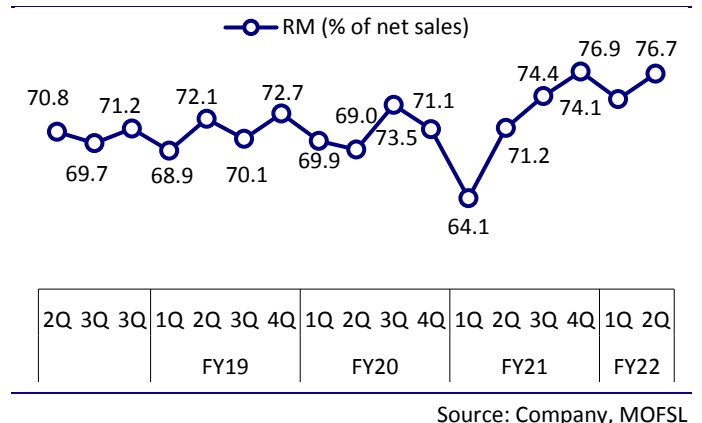
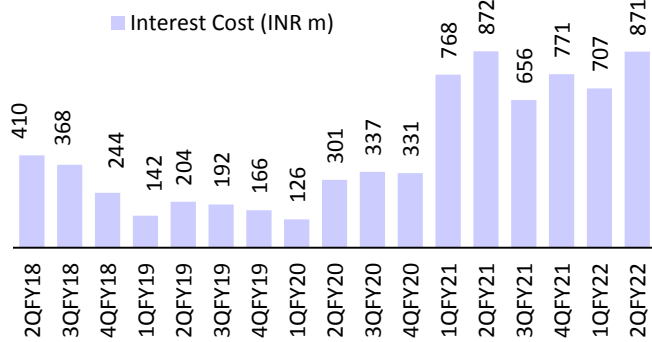
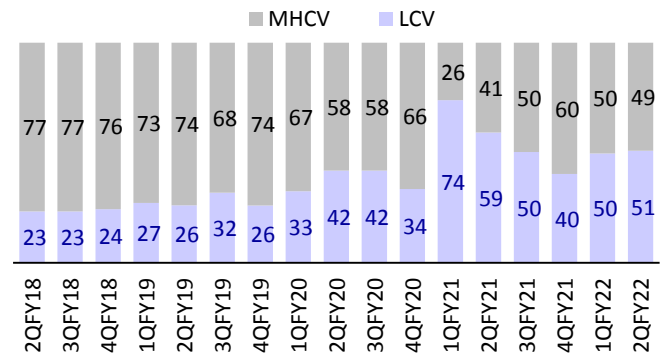


Exhibit 7: Trend in interest cost



Source: Company, MOFSL

Exhibit 8: M&HCV and LCV contribution in sales mix



Source: SIAM, MOFSL

Valuation and view

- Focus on market share recovery in M&HCV and gains in LCVs:** Unlike in PV, the modular strategy is uncommon in M&HCV globally due to the very high number of SKUs as well as deeper changes required in the normal way of doing business. This could be an important driver of market share gains for AL as it improves its response time and is a better application fit for the customer. Further, the recent market share loss is expected to be recovered driven by a) launches of CNG variants in ICV in 4QFY22, b) Southern market recovery as well as expansion of reach in North & North East, c) HCV segment recovery led by infra/construction recovery and d) buses segment recovery. This, coupled with upcoming LCV launches, would expand AL's addressable market in India (in LCV by 2x) and globally (by offering a very wide range of products – from LCV to M&HCV).
- Domestic M&HCV to regain FY20 levels in FY22E, but peak FY19 volumes only in FY24E:** We expect CV demand recovery to sustain and gather momentum in FY22. However, with expected recovery in FY22E and FY23E on a low base of FY21, we estimate domestic M&HCV volumes to recover to FY20 volume levels in FY22E. FY23E volumes would still be lower than the peak of FY19, with FY24E possibly crossing peak volumes of FY19. The voluntary scrapping of trucks would have some benefit for the CV demand though not very substantial one.
- Focus on creating and expanding profit/revenue pools:** AL is focused on expanding and creating new revenue and profit pools. De-risking of the M&HCV business, along with the expansion of nascent businesses – such as Spares (9% of FY20 sales) – Exports (9% of sales), LCV (12% sales), and Defense (1% of sales) are key focus areas. Also, AL has set up a new business vertical – Customer Solutions – targeting a higher share of the customer wallet across the life cycle in areas such as finance, spares, and fuel.
- Expect good recovery from lows of FY21:** AL's revenue/EBITDA/PAT is estimated to grow at a CAGR of 25%/42%/71% over FY20–24E on the low base of FY20. In the long term, AL's focus on expanding and creating new profit/revenue pools is likely to de-risk the business – the share of domestic trucks in revenue likely to shrink to ~55% by FY24E (v/s 68% in FY19).
- Switch Mobility (EV sub) offers option value:** AL's EV subsidiary Switch Mobility is focus on LCVs (incl. pick-ups and vans) and buses for both India and globally. While Switch Mobility had sold 1% stake in the company to its supplier Dana for

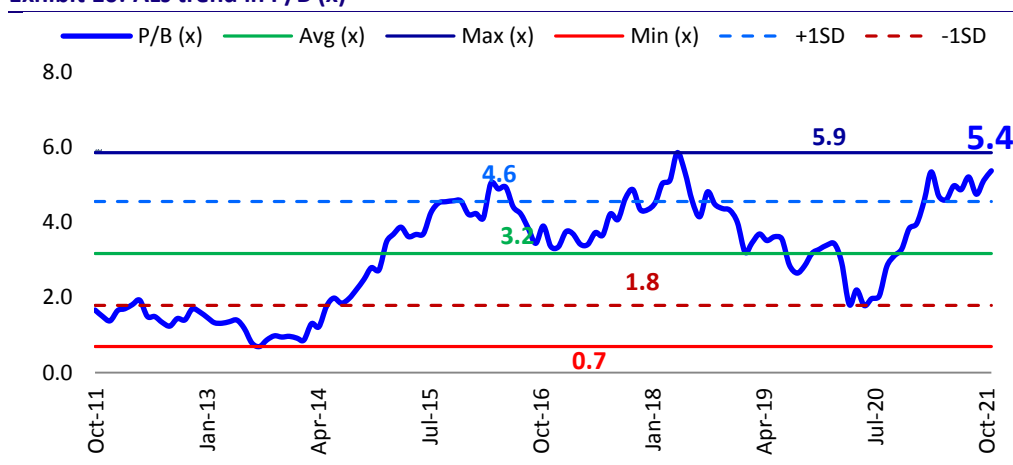
implied valuations of USD1.8b, the management has made it amply clear that it would be looking to raise funds in this subsidiary. This can potentially led to re-rating of AL, similar to what happened in TTMT post minority stake sale in EV business to TPG. Assuming, fund raise happens atleast at USD1.8b valuations, it implies ~INR45/share for AL!

- **Valuation and view:** We have downgraded our FY22/FY23 EPS estimates by 11%/5% to factor in for weaker mix. Unlike the previous cycles, AL is on a strong footing (lean cost structure and reasonable debt) and is focused on adding new revenue/profit pools. Valuations at 25.3x FY23 EPS and 13.8x FY23E EV/EBITDA, which are at an early recovery cycle. This does not fully reflect AL's focus on adding new revenue streams and profit pools, as well as its EV business. Maintain **Buy** with TP of INR180 (12x Sep'23 EV/EBITDA+INR14/share of NBFC).
- **Key risks:** There include: a) loss of road share for freight movement from the upcoming DFCC and b) increasing competitive intensity, resulting in loss of market share and shrinking margins.

Exhibit 9: Revised Estimates

	FY22E			FY23E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes (units)	1,44,070	1,45,534	-1.0	2,03,138	2,05,956	-1.4
Net Sales	2,38,732	2,40,537	-0.8	3,43,786	3,41,912	0.5
EBITDA	15,056	16,345	-7.9	32,736	34,620	-5.4
EBITDA margins (%)	6.3	6.8	-50bp	9.5	10.1	-60bp
Net Profit	4,067	4,589	-11.4	17,678	18,654	-5.2
EPS (INR)	1.4	1.6	-11.4	6.0	6.4	-5.2

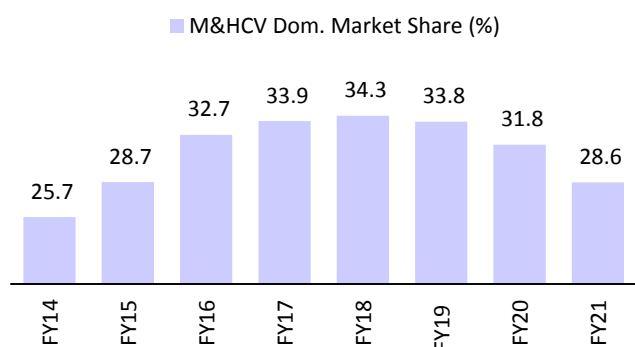
Source: MOFSL

Exhibit 10: ALs trend in P/B (x)

Source: MOFSL

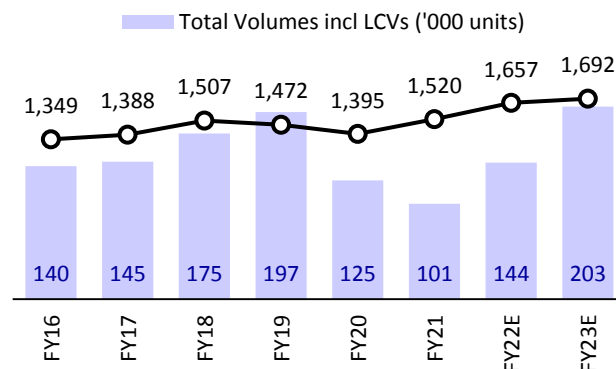
Ashok Leyland | Story in charts: Better prepared for recovery

Exhibit 11: AL's market share trend



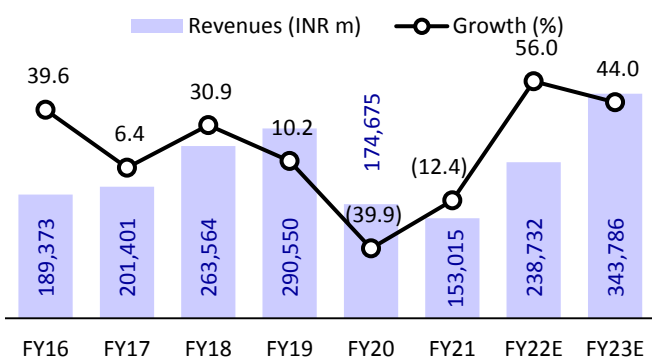
Source: Company, MOFSL

Exhibit 12: Volume and realization growth trend



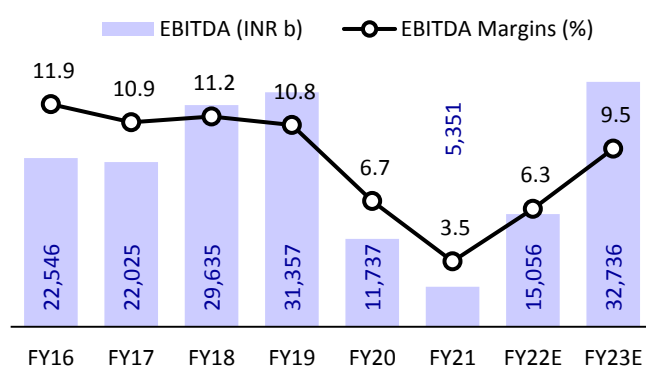
Source: Company, MOFSL

Exhibit 13: Revenue growth trend



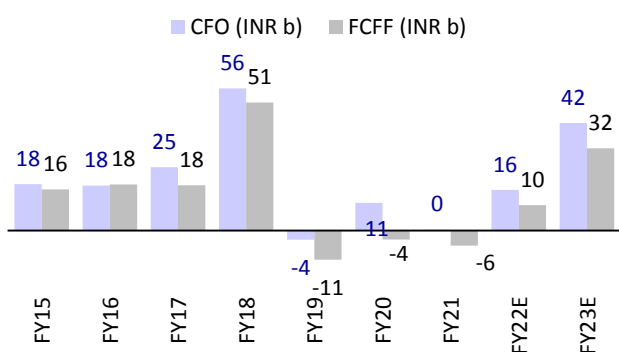
Source: Company, MOFSL

Exhibit 14: EBITDA and EBITDA margin trend



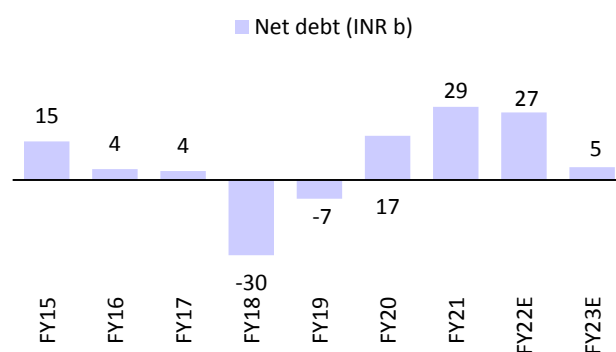
Source: Company, MOFSL

Exhibit 15: CFO and FCFF trend



Source: Company, MOFSL

Exhibit 16: AL's net debt to go up



Source: Company, MOFSL

Financials and valuations

Income Statement							(INR M)	
Y/E March	2016	2017	2018	2019	2020	2021	2022E	2023E
Volumes ('000 units)	140	145	175	197	125	101	144	203
Growth (%)	33.8	3.4	20.5	12.9	-36.5	-19.6	43.1	41.0
Net Sales	1,89,373	2,01,401	2,63,564	2,90,550	1,74,675	1,53,015	2,38,732	3,43,786
Change (%)	39.6	6.4	30.9	10.2	-39.9	-12.4	56.0	44.0
EBITDA	22,546	22,025	29,635	31,357	11,737	5,351	15,056	32,736
Change (%)	119.6	-2.3	34.6	5.8	-62.6	-54.4	181.3	117.4
EBITDA Margins (%)	11.9	10.9	11.2	10.8	6.7	3.5	6.3	9.5
Depreciation	4,879	5,179	5,985	6,210	6,698	7,477	7,461	8,213
EBIT	17,667	16,846	23,650	25,147	5,039	-2,126	7,594	24,523
Interest & Fin. Charges	2,476	1,554	1,473	704	1,095	3,068	2,894	2,473
Other Income	1,176	1,363	1,966	1,099	1,233	1,195	700	1,480
PBT	8,215	13,301	23,858	24,968	3,619	-4,119	5,400	23,530
Tax	4,369	1,070	6,681	5,136	1,224	(982)	1,333	5,852
Effective Rate (%)	53.2	8.0	28.0	20.6	33.8	23.8	24.7	24.9
Rep. PAT	3,845	12,231	17,177	19,832	2,395	-3,137	4,067	17,678
Change (%)	14.8	218.1	40.4	15.5	-87.9	-231.0	-229.7	334.7
% of Net Sales	2.0	6.1	6.5	6.8	1.4	-2.0	1.7	334.7
Adjusted PAT	7,661	15,457	17,359	20,268	3,426	-3,016	4,067	17,678
Change (%)	196.5	101.8	12.3	16.8	-83.1	-188.0	-234.8	334.7

Balance Sheet							(INR M)	
Y/E March	2016	2017	2018	2019	2020	2021	2022E	2023E
Sources of Funds								
Share Capital	2,846	2,846	2,927	2,936	2,936	2,936	2,936	2,936
Reserves	51,226	58,415	69,528	80,389	69,704	66,837	67,968	79,775
Net Worth	54,071	61,261	72,455	83,324	72,640	69,772	70,903	82,710
Loans	20,201	21,449	12,263	6,324	30,648	37,163	32,163	29,663
Deferred Tax Liability	3,291	1,269	2,986	2,497	2,648	1,708	1,978	3,154
Capital Employed	77,563	83,978	87,704	92,145	1,05,936	1,08,642	1,05,044	1,15,527
Application of Funds								
Gross Fixed Assets	53,659	59,807	64,798	71,437	91,913	1,01,269	1,05,987	1,15,987
Less: Depreciation	4,859	8,871	13,817	19,791	28,376	35,264	42,725	50,938
Net Fixed Assets	48,800	50,937	50,981	51,646	63,537	66,005	63,262	65,049
Capital WIP	759	2,059	4,226	6,576	5,941	3,719	5,000	5,000
Goodwill			4,499	4,499	4,499	4,499	4,499	4,499
Investments	19,804	28,789	56,067	26,365	27,196	30,687	32,687	35,187
Curr.Assets, L & Adv.	60,992	58,615	57,591	93,158	62,723	79,590	87,894	1,28,236
Inventory	16,250	26,310	17,583	26,847	12,380	21,423	26,162	37,675
Sundry Debtors	12,511	10,644	9,448	25,055	11,804	28,163	29,433	32,024
Cash & Bank Balances	15,931	9,120	10,422	13,736	13,225	8,230	5,482	24,629
Loans & Advances	16,299	12,542	20,138	27,520	25,314	21,774	26,816	33,908
Current Liab. & Prov.	52,791	56,421	85,660	90,099	57,960	75,857	88,298	1,22,444
Sundry Creditors	25,627	31,170	48,879	50,189	26,239	51,647	49,055	65,932
Other Liabilities	24,046	18,743	26,146	29,386	23,666	17,665	29,433	42,385
Provisions	3,119	6,509	10,635	10,524	8,055	6,545	9,811	14,128
Application of Funds	77,563	83,978	87,704	92,145	1,05,936	1,08,642	1,05,044	1,15,527

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2016	2017	2018	2019	2020	2021	2022E	2023E
Basic (INR)								
EPS	2.7	5.4	5.9	6.9	1.2	-1.0	1.4	6.0
EPS Fully Diluted	2.7	5.4	5.9	6.9	1.2	-1.0	1.4	6.0
EPS Growth (%)	196.5	101.8	9.2	16.4	-83.1	-188.0	-234.8	334.7
Cash EPS	4.4	7.3	8.0	9.0	3.4	1.5	3.9	8.8
Book Value per Share	19.0	21.5	24.8	28.4	24.7	23.8	24.2	28.2
DPS	1.0	1.6	2.4	3.4	0.5	0.6	1.0	2.0
Div. Payout (%)	44.7	34.6	49.3	59.4	51.5	-58.4	72.2	33.2
Valuation (x)								
P/E	56.5	28.0	25.6	22.0	130.3	-148.0	109.8	25.3
Cash P/E	34.5	21.0	19.1	16.9	44.1	100.1	38.7	17.2
EV/EBITDA	19.4	19.8	14.0	14.0	39.5	88.8	31.4	13.8
EV/Sales	2.3	2.2	1.6	1.5	2.7	3.1	2.0	1.3
Price to Book Value	8.0	7.1	6.1	5.4	6.1	6.4	6.3	5.4
Dividend Yield (%)	0.7	1.0	1.6	2.2	0.3	0.4	0.7	1.3
Profitability Ratios (%)								
ROE	14.5	26.8	26.0	26.0	4.4	-4.2	5.8	23.0
RoCE	11.4	20.7	21.5	23.2	4.2	-0.7	5.8	17.7
RoIC	20.0	36.4	55.8	64.0	6.3	-2.6	8.9	32.7
Turnover Ratios								
Debtors (Days)	24	19	13	31	25	67	45	34
Inventory (Days)	31	48	24	34	26	51	40	40
Creditors (Days)	49	56	68	63	55	123	75	70
Working Capital (Days)	6	10	-30	2	-4	-5	10	4
Fixed-Asset Turnover (x)	3.9	4.0	5.2	5.6	2.7	2.3	3.8	5.3
Leverage Ratio								
Net Debt/Equity (x)	0.1	0.1	-0.4	-0.1	0.2	0.4	0.5	0.4

Cash flow Statement

Y/E March	2016	2017	2018	2019	2020	2021	2022E	2023E
(INR M)								
OP/(Loss) before Tax	11,692	16,846	23,858	24,968	3,619	-4,119	7,594	24,523
Int/Div Received	485	690	552	-413	-756	-945	700	1,480
Depreciation	4,489	5,179	5,546	6,210	6,698	7,477	7,461	8,213
Direct Taxes Paid	-4,409	-3,476	-4,149	-5,603	-941	779	-1,063	-4,676
(Inc)/Dec in Work Cap.	-1,276	1,903	35,987	-29,638	-1,756	-6,058	1,390	12,951
Other Items	6,818	3,914	-5,596	853	4,105	3,198	0	0
CF from Oper. Activity	17,800	25,056	56,198	-3,624	10,969	332	16,082	42,491
Extra-ordinary Items	0	-3,508	-253	-549	-1,558	-120	0	0
CF after EO Items	17,800	21,548	55,945	-4,172	9,411	211	16,082	42,491
(Inc)/Dec in FA+CWIP	441	-3,660	-5,321	-7,315	-12,923	-6,166	-6,000	-10,000
Free Cash Flow	18,241	17,888	50,624	-11,487	-3,512	-5,954	10,082	32,491
CF from Inv. Activity	3,618	-14,768	-33,321	23,115	-21,775	-9,752	-8,000	-12,500
Inc/(Dec) in Debt	-7,886	-8,827	-12,700	-6,621	25,655	4,780	-5,000	-2,500
Interest Rec./(Paid)	-2,679	-1,638	-1,464	-1,029	-1,463	-2,720	-2,894	-2,473
Dividends Paid	-1,541	-3,254	-5,495	-8,598	-12,702	0	-2,936	-5,871
CF from Fin. Activity	-12,107	-13,719	-19,613	-16,162	11,490	2,060	-10,830	-10,844
Inc/(Dec) in Cash	9,311	-6,939	3,011	2,781	-874	-7,481	-2,748	19,147
Add: Beginning Balance	8,040	17,352	10,412	13,423	16,205	15,330	7,850	5,102
Closing Balance	17,352	10,412	13,423	16,205	15,330	7,850	5,102	24,250

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	
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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