



# Jubilant FoodWorks

Estimate changes

TP change

Rating change



Bloomberg	JUBI IN
Equity Shares (m)	132
M.Cap.(INRb)/(USDb)	435.7 / 5.8
52-Week Range (INR)	4577 / 2597
1, 6, 12 Rel. Per (%)	-10/-24/3
12M Avg Val (INR M)	2403

## Financials & Valuations (INR b)

Y/E March	2022E	2023E	2024E
Sales	44.0	52.8	62.3
Sales Gr. (%)	32.8	20.0	18.0
EBITDA	11.4	13.7	16.2
EBITDA Margin (%)	25.9	26.0	26.0
Adj. PAT	4.5	5.8	7.3
Adj. EPS (INR)	33.9	44.2	55.4
EPS Gr. (%)	94.1	30.4	25.3
BV/Sh.(INR)	140.8	169.0	202.4

## Ratios

RoE (%)	24.1	26.2	27.4
RoCE (%)	17.8	20.0	22.0
Payout (%)	35.4	36.2	39.7

## Valuation

P/E (x)	97.3	74.6	59.6
P/BV (x)	23.4	19.5	16.3
EV/EBITDA (x)	37.0	30.5	25.6

## Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	41.9	41.9	41.9
DII	11.5	11.0	13.1
FII	40.0	41.6	39.6
Others	6.6	5.5	5.4

FII Includes depository receipts

**CMP: INR3,301**

**TP: INR4,200 (+27%)**

**Buy**

## Sales and margins broadly in-line; absence of SSSG disclosure disappointing

- Jubilant FoodWorks (JUBI) reported largely in-line sales and margins, even as like-for-like (LFL) was lower than expected. The management has shared both LFL and same-store sales growth (SSSG) numbers for many quarters thus far. The decision to stop the SSSG disclosure is puzzling, especially as the management has commented that a) there is no large difference between SSSG and LFL and b) the gap between the two is unlikely to increase.
- The SSSG disclosure issue aside, the investment case for JUBI remains strong, led by multiple factors. a) Quick-Service Restaurants (QSR) is the only segment under our coverage with enhanced opportunity in the COVID aftermath – as elaborated in our [Thematic Note](#) in Dec'21. b) JUBI has the best operating metrics and ROEs among the QSRs in India, resulting in visibility in funding for growth purposes. c) It is the only company with an established track record of healthy SSSG growth, along with significant store expansions. d) On the technology front, it is far better placed than other QSRs (with more than half its sales coming from its own app – app sales continue to increase). Moreover, it continues to have a strong bargaining power v/s aggregators. As a result, we maintain our **BUY** rating.

## LFL below expectations; other operating metrics in-line

- JUBI reported sales growth of 12.9% YoY to INR11.9b** (in-line). EBITDA grew 13.9% YoY to INR3.2b (in-line). Adj. PAT grew 9.8% YoY to INR1.4b (est. INR1.5b).
- LFL growth stood at 7.5% YoY.** LFL growth refers to the YoY growth in sales for non-split restaurants opened before the previous financial year. Going forward, the company has decided to report only LFL growth and stop reporting SSSG. SSSG for 3QFY22 is likely to have been 6% YoY (est. 13%).
- JUBI opened 75 new Domino's Pizza stores (the highest ever openings)** and closed 15 stores, resulting in a count of 1,495 stores at end-3QFY22. It added net one store for Dunkin' Donuts to reach a total store count of 29 during the quarter. It added one restaurant of Hong's Kitchen and nil restaurants of Ekdam! (biryani), taking the collective count for the two brands to 22.
- Gross margins were down 70bp YoY to 77.6%. Lower staff costs (-440bp YoY) and higher other expenses (+340bp YoY) meant **EBITDA margins expanded 20bp YoY to 26.6%** (in-line).

## Highlights from management commentary

- Costs and margins:** Good gross margin performance was seen in 3QFY22 despite RM and fuel inflation – these costs continue to increase in 4QFY22 as well. However, price increases taken in Dec'21 should offset the inflation witnessed in Jan'22 as well. There has been no negative impact from customers after the price increase. Value-for-money (VFM) metrics are better than before.
- Technology:** Own app sales continue to grow faster v/s aggregator orders.

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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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- **Expansion targets revised upwards:** JUBI had already opened 150 stores in 9MFY22. Therefore, it is likely to open ~200 stores in FY22, subject to COVID-related uncertainties. This is better than its earlier guidance of 160–175 stores for FY22.
- **LFL and SSSG clarifications:**
  - Up to 2QFY22, the company had shared both LFL and SSSG.
  - A significant number of delivery orders (over 60%) are now fulfilled within 20 mins. Store additions are an important part of ensuring faster deliveries. Thus, the management stated that going forward, it would share LFL only, citing that LFL is a better reflection of real underlying growth and not SSSG, as the store-split impact would be high for the near term.
  - The management stated that there is a very small difference between LFL and SSSG, and it does not expect this gap to widen either. It further maintained that most franchisees globally report only LFL.
  - Both mother stores and new stores are doing well. Even after split, mother stores return to their earlier sales levels within three years or, in many cases, even two years. New stores even after split get payback in less than three years (in line with new stores in virgin markets).

#### Valuation and view

- We cut our FY22/FY23/FY24 EPS forecasts by 8%/14%/15% due to a) the impact of further COVID restrictions in 4QFY22 and b) some likely pressure on SSSG/LFL over the next few quarters on account of the ongoing splitting of stores.
- We remain bullish on JUBI on the back of its best-of-breed metrics and established right-to-win. We maintain our **Buy** rating with TP of INR4,200/share (33x FY24E EV/EBITDA).
- On the other hand, JUBI's decision to stop disclosing SSSG is a negative development, in our view, and any further deterioration in disclosures by the company could impact its multiples in the future.

#### Quarterly Standalone Perf.

Y/E March	FY21				FY22				Consol.	Consol.	FY22	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY21	FY22E	3QE	Var. (%)
<b>No of stores (Dominos)</b>	<b>1,354</b>	<b>1,264</b>	<b>1,314</b>	<b>1,360</b>	<b>1,380</b>	<b>1,435</b>	<b>1,495</b>	<b>1,550</b>	<b>1,360</b>	<b>1,550</b>	<b>1,480</b>	
<b>LFL growth (%)</b>	<b>-61.5</b>	<b>-18.8</b>	<b>-0.2</b>	<b>13.7</b>	<b>120.4</b>	<b>29.4</b>	<b>7.5</b>	<b>6.5</b>	<b>-16.8</b>	<b>27.0</b>		
<b>Net Sales</b>	<b>3,803</b>	<b>8,055</b>	<b>10,572</b>	<b>10,259</b>	<b>8,790</b>	<b>11,007</b>	<b>11,935</b>	<b>11,284</b>	<b>33,119</b>	<b>43,997</b>	<b>12,264</b>	-2.7%
YoY change (%)	-59.5	-18.5	-0.2	14.3	131.1	36.6	12.9	10.0	-15.7	32.8	16.0	
<b>Gross Profit</b>	<b>2,967</b>	<b>6,346</b>	<b>8,278</b>	<b>7,947</b>	<b>6,788</b>	<b>8,613</b>	<b>9,262</b>	<b>8,802</b>	<b>25,856</b>	<b>33,939</b>	<b>9,566</b>	
Gross margin (%)	78.0	78.8	78.3	77.5	77.2	78.2	77.6	78.0	78.1	77.1	78.0	
<b>EBITDA</b>	<b>241</b>	<b>2,147</b>	<b>2,786</b>	<b>2,492</b>	<b>2,115</b>	<b>2,860</b>	<b>3,174</b>	<b>2,979</b>	<b>7,712</b>	<b>11,390</b>	<b>3,225</b>	-1.6%
EBITDA growth %	-89.0	-8.7	9.9	47.0	778.7	33.2	13.9	19.6	-11.9	47.7	15.8	
Margins (%)	6.3	26.7	26.4	24.3	24.1	26.0	26.6	26.4	23.3	25.9	26.3	
Depreciation	908	1,030	876	858	890	902	1,006	1,050	3,754	4,021	950	
Interest	419	412	405	370	418	416	446	480	1,627	1,805	430	
Other Income	127	311	156	110	80	93	109	120	731	419	100	
<b>PBT</b>	<b>-959</b>	<b>1,016</b>	<b>1,661</b>	<b>1,373</b>	<b>887</b>	<b>1,635</b>	<b>1,831</b>	<b>1,569</b>	<b>3,062</b>	<b>5,983</b>	<b>1,945</b>	-5.9%
Tax	-233	247	410	330	206	407	457	395	757	1,508	490	
Rate (%)	24.3	24.3	24.7	24.0	23.2	24.9	25.0	25.2	24.7	25.2	25.2	
<b>Adjusted PAT</b>	<b>-726</b>	<b>769</b>	<b>1,251</b>	<b>1,043</b>	<b>681</b>	<b>1,228</b>	<b>1,374</b>	<b>1,174</b>	<b>2,305</b>	<b>4,476</b>	<b>1,455</b>	-5.6%
YoY change (%)	P/L	-13.0	20.6	130.7	L/P	59.6	9.8	12.5	-22.5	94.1	16.3	

E: MOFSL Estimates

Interim numbers are on a standalone basis while annual numbers are on a consolidated basis

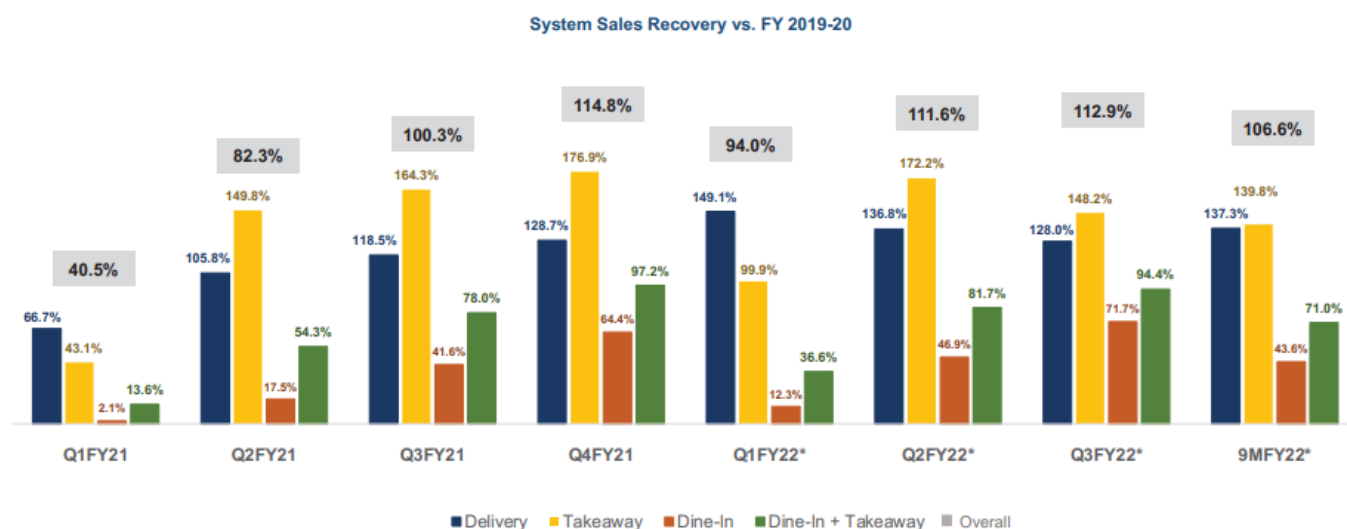
## Key Performance Indicators

Y/E March	FY21				FY22		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>2Y CAGR (%)</b>							
SSSG (2Y average)	-28.7	-7.6	2.1	4.2	26.4	3.2	2.2
Sales	-33.3	-4.4	6.7	8.9	-3.3	5.5	6.1
EBITDA	-58.8	20.6	27.8	29.9	-1.7	10.3	11.9
PAT	N/M	-0.5	13.9	14.8	-4.5	17.8	15.1
<b>% of Sales</b>							
COGS	22.0	21.2	21.7	22.5	22.8	21.8	22.4
Operating Expenses	71.7	52.1	51.9	53.2	53.2	52.3	51.0
Depreciation	23.9	12.8	8.3	8.4	10.1	8.2	8.4
<b>YoY change (%)</b>							
COGS	-63.8	-30.1	-13.7	0.7	139.5	40.1	16.5
Operating Expenses	-44.4	-17.5	1.7	9.4	71.4	37.0	10.9
Other Income	-16.9	80.7	-2.2	-46.2	-36.7	-70.2	-29.8
EBIT	P/L	-26.1	15.3	109.9	L/P	75.3	13.5

## Highlights from press release and investor presentation

- Compared with the pre-COVID period of 3QFY20, Domino's system sales recovered by 112.9%. This was attributed to 128.0% and 148.2% recovery in the delivery and takeaway channels, respectively. The dine-in channel witnessed healthy recovery at 71.7%.
- The company recently opened its first two Popeyes restaurants in Bengaluru, with one more scheduled to open shortly. The early customer response and feedback have been extremely encouraging.
- Domino's app downloads during the quarter stood at a record 8.2m.

## Exhibit 1: Encouraging recovery trends driven by deliveries and takeaways



\*The comparison is with the respective period in FY20 (being a normalized year)

Source: MOFSL, Company



## Highlights from management commentary

### Environment and outlook

- COVID-led restrictions in select markets affected the dine-in performance in the last fortnight of 3QFY22. December, particularly the second half, is an important period for QSRs.
- Restaurants were allowed to operate for fewer hours in 3QFY22 (lower by 5%) v/s pre-COVID levels and the dine-in capacity continued to be at 50% in large parts of the country.
- Recovery in dine-in was even more robust in October and November, before restrictions impacted recovery yet again in December.
- It opened up 75 stores in 3QFY22, the highest in any quarter for any Domino's franchisee in any country.
- JUBI is seeing very good initial response for the first two Popeyes stores opened in Jan'22.
- The closure of 15 Domino's outlets in 3QFY22 (15 in 9MFY22 as well, as there were no closures in 2QFY22 and 3QFY22) were largely at tech parks, metro stations, and railway stations or due to specific local issues.

### Disclosure of LFL and not SSSG

- Up to 2QFY22, the company had shared both LFL and SSSG.
- A significant number of delivery orders (over 60%) are now fulfilled within 20 mins. Store additions are an important part of ensuring faster deliveries. Thus, the management stated that going forward, it would share LFL only, citing that LFL is a better reflection of real underlying growth and not SSSG, as the store-split impact would be high for the near term.
- The management stated that there is a very small difference between LFL and SSSG, and it does not expect this gap to widen either. It further maintained that most franchisees globally report only LFL.
- Any store that is in the delivery area of the mother store is defined as a split store.
- Both mother stores and new stores are doing well. Even after split, mother stores return to their earlier sales levels within three years or, in many cases, even two years. New stores even after split get payback in less than three years (in line with new stores in virgin markets).

### Costs and margins

- JUBI delivered good gross margin performance in 3QFY22 despite RM and fuel inflation. The inflation has continued in 4QFY22 as well.
- Price increases were taken in December, which should offset the inflation seen YTD, including that witnessed in January. There has been no negative impact from customers post the price increase. Value-for-money (VFM) metrics are better than before.
- The reduction in employee costs over two years is attributable to the variabilization taken last year. As a result of this policy, several of the staff at the store level is hired on a contractual basis for a few hours a day. Accordingly, these employees are not on the company payroll, and their expenses are accounted for in "other expenses" instead of "employee expenses".

**Other brands**

- Hong's Kitchen is doing well on menu response and VFM. Its unit economics is also right now.
- JUBI is now also using a central manufacturing facility for the NCR region.
- Going forward, Hong's Kitchen would see far more rapid expansion.
- The Ekdum! biryani business, which is still a work in progress, would undergo expansion after Hong's Kitchen.

**Other points**

- Own app sales continue to grow faster than aggregator orders.
- The DP Eurasia stake is now ~40% after the stake increase after the reverse book-building process.
- JUBI has already opened up 150 new stores in 9MFY22. Hence, it is likely to open ~200 stores in FY22E, subject to COVID-related uncertainties.
- JUBI has been moving to e-bikes gradually in the last two years; e-bikes are well over 10% of the bikes used as of now. All new bikes procured are e-bikes, and within 2–3 years, e-bikes are expected to form a large part of the fleet.

## Key exhibits

Exhibit 2: LFL growth at 7.5% in 3QFY22

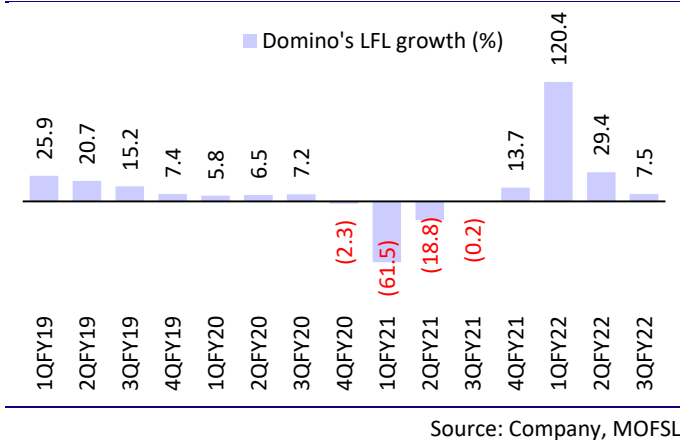
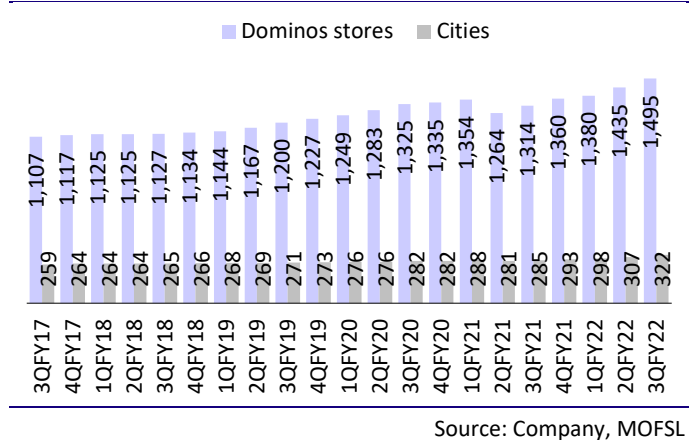


Exhibit 3: Net 60 Domino's store additions in 3QFY22



- The total Domino's store count stood at 1,495, with net 60 store openings (75 stores opened; 15 stores closed) in 3QFY22.

Exhibit 4: Net sales up 12.9% YoY to INR11.9b in 3QFY22

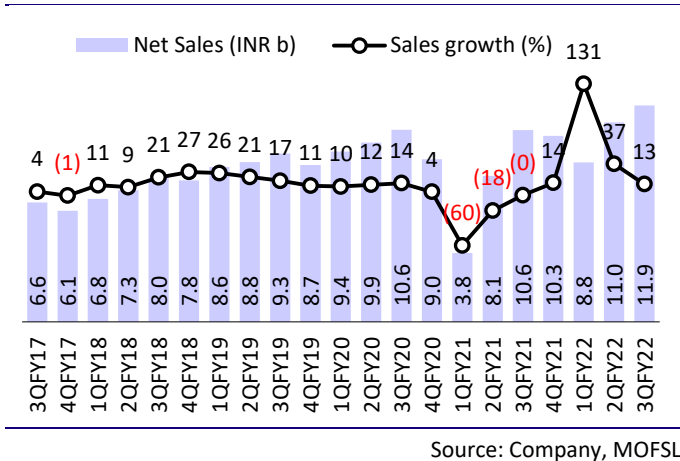


Exhibit 5: EBITDA growth at 13.9% YoY to INR3.2b in 3QFY22

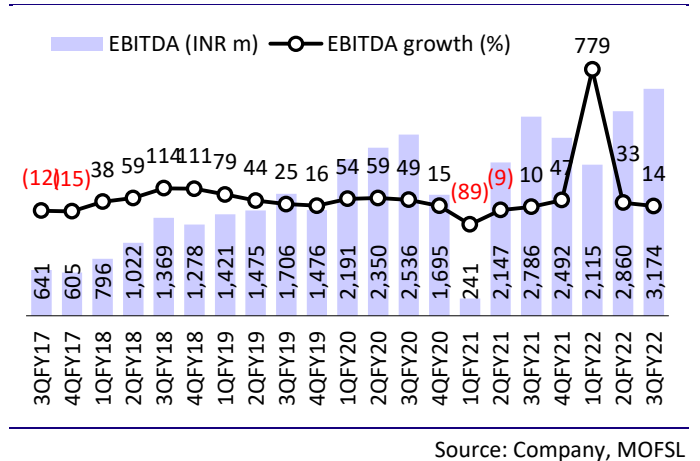


Exhibit 6: Adjusted PAT up 9.8% YoY to INR1.4b in 3QFY22

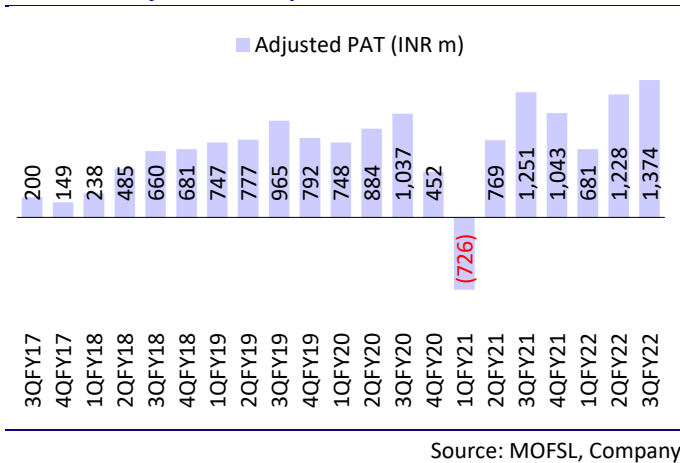
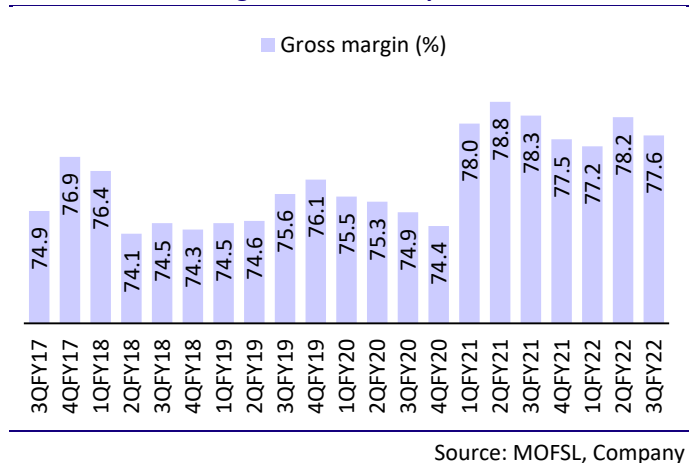
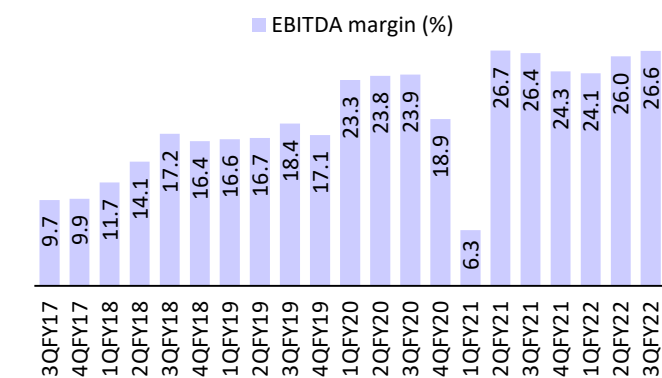
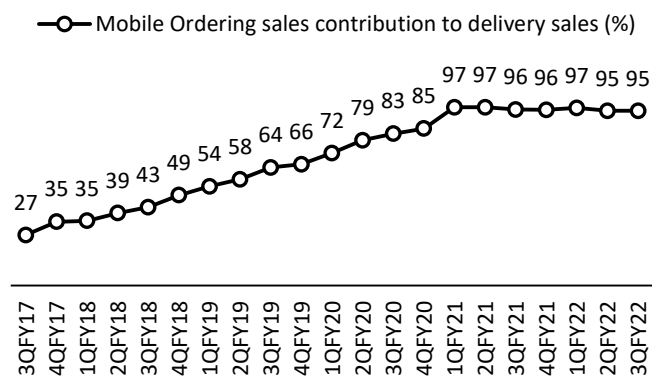


Exhibit 7: Gross margin contracts 70bp YoY to 77.6%



**Exhibit 8: EBITDA margin expands 20bp YoY to 26.6%**

Source: MOFSL, Company

**Exhibit 9: Mobile ordering contribution to delivery sales at 95% in 3QFY22 (flat QoQ)**

Source: MOFSL, Company

## Valuation and view

### Outstanding growth over the past decade

- With the number of stores increasing to 1,360 at end-FY21, from 306 at the beginning of FY11, JUBI has expanded both successfully and profitably. It has delivered a 17%/20%/12% sales/EBITDA/PAT CAGR during this period despite FY21 being severely affected by COVID-led lockdowns. For the 10 years ended FY20, the sales CAGR was 25% (which amounts to nearly 10x the sales growth during this period), EBITDA growth was ~30% (~13x growth), and the PAT CAGR was ~24% (~8x growth).
- JUBI is the largest player by far in the Indian QSR market – nearly 2x higher in terms of the number of stores v/s the next largest player. It also dominates the QSR Pizza market with over 70% market share.
- It is also the most profitable player in the Indian QSR market, with a net margin of 7% in FY21, led by strong execution in the delivery-focused business.

### High valuations are justified in view of immense opportunity, proven right-to-win

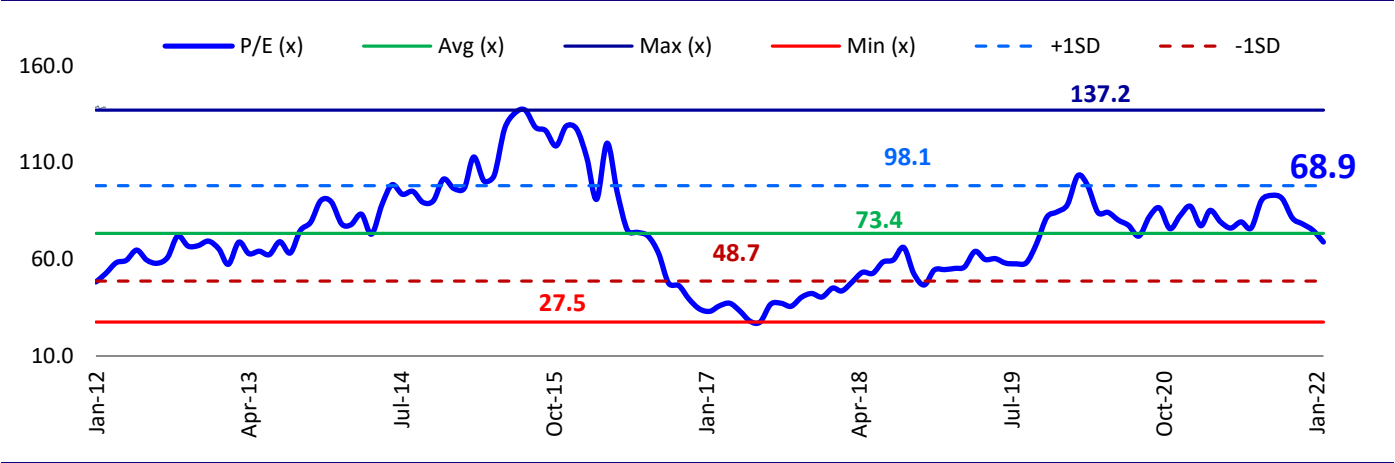
- We cut our FY22/FY23/FY24 EPS forecasts by 8%/14%/15% due to a) the impact of further COVID restrictions in 4QFY22 and b) some likely pressure on SSSG/LFL over the next few quarters on account of the ongoing splitting of stores.
- We remain bullish on JUBI on the back of its best-of-breed metrics and established right-to-win. We maintain our **Buy** rating with TP of INR4,200/share (33x FY24E EV/EBITDA).
- On the other hand, JUBI's decision to stop disclosing SSSG is a negative development, in our view, and any further deterioration in disclosures by the company could impact its multiples in the future.

**Exhibit 10: We cut our FY22E/FY23E/FY24E EPS by 7.7%/14.3%, while there is no material change to our estimates for FY23E**

(INR m)	New			Old			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Sales	43,997	52,793	62,305	45,170	57,100	67,449	-2.6	-7.5	-7.6
EBITDA	11,390	13,701	16,209	11,714	14,827	17,693	-2.8	-7.6	-8.4
PAT	4,476	5,837	7,312	4,848	6,815	8,573	-7.7	-14.3	-14.7

Source: Company, MOFSL

Exhibit 11: Jubilant FoodWorks' P/E (x)



Source: Company, MOFSL



## Financials and valuations

Income Statement								(INR m)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Net Sales</b>	<b>25,834</b>	<b>30,184</b>	<b>35,631</b>	<b>39,273</b>	<b>33,119</b>	<b>43,997</b>	<b>52,793</b>	<b>62,305</b>
Change (%)	6.0	16.8	18.0	10.2	-15.7	32.8	20.0	18.0
Material Consumed	6,308	7,660	8,861	9,835	7,262	10,059	11,899	14,020
<b>Gross Profit</b>	<b>19,526</b>	<b>22,524</b>	<b>26,770</b>	<b>29,438</b>	<b>25,856</b>	<b>33,939</b>	<b>40,894</b>	<b>48,285</b>
Gross Margin %	75.6	74.6	75.1	75.0	78.1	77.1	77.5	77.5
Operating expenses	17,115	18,123	20,773	20,682	18,144	22,548	27,194	32,076
<b>EBITDA</b>	<b>2,411</b>	<b>4,401</b>	<b>5,998</b>	<b>8,756</b>	<b>7,712</b>	<b>11,390</b>	<b>13,701</b>	<b>16,209</b>
Change (%)	-8.5	82.5	36.3	46.0	-11.9	47.7	20.3	18.3
Margin (%)	9.3	14.6	16.8	22.3	23.3	25.9	26.0	26.0
Depreciation	1,554	1,601	1,575	3,523	3,754	4,021	4,387	4,855
Int. and Fin. Ch.	0	0	0	1,652	1,627	1,805	2,054	2,298
Other Non-recurring Inc.	147	231	474	696	731	419	544	720
<b>PBT</b>	<b>1,004</b>	<b>3,031</b>	<b>4,897</b>	<b>4,277</b>	<b>3,062</b>	<b>5,983</b>	<b>7,804</b>	<b>9,776</b>
Change (%)	-31.7	201.7	61.6	-12.7	-28.4	95.4	30.4	25.3
Margin (%)	3.9	10.0	13.7	10.9	9.2	13.6	14.8	15.7
Tax	305	1,068	1,717	1,303	757	1,508	1,967	2,464
Tax Rate (%)	30.4	35.3	35.1	30.5	24.7	25.2	25.2	25.2
<b>Adjusted PAT</b>	<b>699</b>	<b>1,962</b>	<b>3,180</b>	<b>2,974</b>	<b>2,305</b>	<b>4,476</b>	<b>5,837</b>	<b>7,312</b>
Change (%)	-27.8	180.5	62.0	-6.5	-22.5	94.1	30.4	25.3
Margin (%)	2.7	6.5	8.9	7.6	7.0	10.2	11.1	11.7
Non-rec. (Exp)/Inc.	-122	0	0	-186	0	0	0	0
<b>Reported PAT</b>	<b>578</b>	<b>1,962</b>	<b>3,180</b>	<b>2,788</b>	<b>2,305</b>	<b>4,476</b>	<b>5,837</b>	<b>7,312</b>

Balance Sheet								(INR m)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Share Capital	1,319	1,320	1,320	1,320	1,320	1,320	1,320	1,320
Reserves	6,734	8,358	11,277	9,901	12,949	17,261	20,987	25,396
<b>Net Worth</b>	<b>8,053</b>	<b>9,677</b>	<b>12,596</b>	<b>11,220</b>	<b>14,268</b>	<b>18,581</b>	<b>22,307</b>	<b>26,716</b>
Loans	18	30	9	16,711	16,205	16,367	16,530	16,696
<b>Capital Employed</b>	<b>8,071</b>	<b>9,708</b>	<b>12,631</b>	<b>28,038</b>	<b>30,567</b>	<b>35,041</b>	<b>38,931</b>	<b>43,505</b>
Gross Block	10,604	11,748	13,107	37,507	38,954	43,953	49,477	55,419
Less: Accum. Depn.	2,603	3,838	5,007	15,619	17,499	21,520	25,907	30,762
<b>Net Fixed Assets</b>	<b>8,001</b>	<b>7,910</b>	<b>8,100</b>	<b>21,887</b>	<b>21,455</b>	<b>22,433</b>	<b>23,571</b>	<b>24,657</b>
<b>Lease Deposits</b>	<b>1,822</b>	<b>1,776</b>	<b>2,056</b>	<b>1,719</b>	<b>2,086</b>	<b>2,496</b>	<b>2,959</b>	<b>3,462</b>
Capital WIP	608	124	152	412	286	328	378	434
Investments	936	2,631	1,808	512	5,167	6,209	7,431	8,508
Deferred tax assets	-693	-550	-500	751	831	831	831	831
<b>Curr. Assets, L&amp;A</b>	<b>1,539</b>	<b>2,525</b>	<b>6,441</b>	<b>8,417</b>	<b>7,843</b>	<b>10,731</b>	<b>13,170</b>	<b>16,753</b>
Inventory	607	642	771	947	1,331	964	1,141	1,344
Account Receivables	161	157	274	166	168	299	359	424
Cash and Bank Balance	354	1,290	4,943	6,559	5,392	8,240	10,111	12,984
Others	417	437	454	745	952	1,228	1,559	2,000
<b>Curr. Liab. and Prov.</b>	<b>4,143</b>	<b>4,710</b>	<b>5,426</b>	<b>5,661</b>	<b>7,101</b>	<b>7,987</b>	<b>9,408</b>	<b>11,140</b>
Other Current Liabilities	798	656	915	868	1,299	1,495	1,645	1,974
Creditors	3,142	3,890	4,209	4,470	5,330	5,922	7,080	8,347
Provisions	202	164	303	322	471	569	683	820
<b>Net Curr. Assets</b>	<b>-2,604</b>	<b>-2,184</b>	<b>1,015</b>	<b>2,757</b>	<b>743</b>	<b>2,745</b>	<b>3,762</b>	<b>5,613</b>
<b>Appl. of Funds</b>	<b>8,071</b>	<b>9,708</b>	<b>12,631</b>	<b>28,038</b>	<b>30,567</b>	<b>35,042</b>	<b>38,931</b>	<b>43,505</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Basic (INR)</b>								
EPS	5.3	14.9	24.1	22.5	17.5	33.9	44.2	55.4
BV/Share	61.1	73.3	95.4	85.0	108.1	140.8	169.0	202.4
DPS	1.2	2.5	5.0	6.0	6.0	12.0	16.0	22.0
Payout %	23.4	16.8	20.8	26.6	34.3	35.4	36.2	39.7

### Valuation (x)

P/E	622.5	222.0	137.0	146.5	189.0	97.3	74.6	59.6
EV/Sales	16.8	14.3	12.0	10.9	12.8	9.6	7.9	6.6
EV/EBITDA	180.0	98.1	71.5	48.9	55.1	37.0	30.5	25.6
P/BV	54.1	45.0	34.6	38.8	30.5	23.4	19.5	16.3

### Return Ratios (%)

RoE	8.7	20.3	25.2	26.5	16.2	24.1	26.2	27.4
RoCE	8.9	22.1	28.5	20.3	12.1	17.8	20.0	22.0
RoIC	9.7	30.6	50.4	27.7	14.8	27.6	33.8	39.9

### Working Capital Ratios

Debtor (Days)	2	2	3	2	2	2	2	2
Inventory (Days)	9	8	8	9	15	8	8	8
Creditor (Days)	44	47	43	42	59	49	49	49
Asset Turnover (x)	3.2	3.1	2.8	1.4	1.1	1.3	1.4	1.4

### Leverage Ratio

Debt/Equity (x)	0.0	0.0	0.0	1.5	1.1	0.9	0.7	0.6
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### Cash Flow Statement

(INR m)

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
OP/(loss) before Tax	883	3,031	4,897	4,028	3,062	5,983	7,804	9,776
Int./Div. Received	-34	-120	-165	1,665	1,465	-419	-544	-720
Depreciation & Amort.	1,554	1,601	1,575	3,523	3,754	4,021	4,387	4,855
Interest Paid	58	71	256	454	414	-1,805	-2,054	-2,298
Direct Taxes Paid	366	1,262	1,779	1,402	869	1,508	1,967	2,464
Incr in WC	-57	-912	14	82	-509	-846	-855	-1,022
<b>CF from Operations</b>	<b>2,036</b>	<b>4,091</b>	<b>4,256</b>	<b>7,278</b>	<b>7,506</b>	<b>10,728</b>	<b>12,589</b>	<b>14,767</b>
Incr in FA	-1,996	-1,160	-1,657	-2,830	-2,427	-5,042	-5,574	-5,998
<b>Free Cash Flow</b>	<b>40</b>	<b>2,931</b>	<b>2,600</b>	<b>4,448</b>	<b>5,080</b>	<b>5,687</b>	<b>7,015</b>	<b>8,769</b>
Others	102	48	262	281	-2,850	1,504	154	292
Pur of Investments	28	-1,695	958	1,502	-510	-1,041	-1,222	-1,077
<b>CF from Invest.</b>	<b>-1,866</b>	<b>-2,808</b>	<b>-437</b>	<b>-1,047</b>	<b>-5,786</b>	<b>-4,579</b>	<b>-6,642</b>	<b>-6,784</b>
Issue of Shares	50	210	230	108	31	0	0	0
Incr in Debt	0	0	0	-1,323	-2,843	162	164	165
Dividend Paid	165	164	329	1,448	0	1,584	2,112	2,903
Others	-34	-393	-68	-1,951	-75	-1,879	-2,128	-2,372
<b>CF from Fin. Activity</b>	<b>-148</b>	<b>-347</b>	<b>-167</b>	<b>-4,614</b>	<b>-2,887</b>	<b>-3,301</b>	<b>-4,076</b>	<b>-5,110</b>
<b>Incr/Decr of Cash</b>	<b>22</b>	<b>936</b>	<b>3,652</b>	<b>1,616</b>	<b>-1,167</b>	<b>2,848</b>	<b>1,871</b>	<b>2,874</b>
Add: Opening Balance	332	354	1,290	4,943	6,559	5,392	8,240	10,111
<b>Closing Balance</b>	<b>354</b>	<b>1,290</b>	<b>4,943</b>	<b>6,559</b>	<b>5,392</b>	<b>8,240</b>	<b>10,111</b>	<b>12,984</b>

E: MOFSL Estimates

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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