

# Jubilant FoodWorks

Estimate changes



TP change



Rating change



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Bloomberg	JUBI IN
Equity Shares (m)	132
M.Cap.(INRb)/(USDb)	404.2 / 5.4
52-Week Range (INR)	3332 / 1656
1, 6, 12 Rel. Per (%)	-7/4/35
12M Avg Val (INR M)	2325

## Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	33.1	44.5	56.9
Sales Gr. (%)	-15.7	34.4	28.0
EBITDA	7.7	11.3	14.6
EBITDA Margin (%)	23.3	25.4	25.7
Adj. PAT	2.3	4.5	6.7
Adj. EPS (INR)	17.5	34.3	50.5
EPS Gr. (%)	-22.5	96.4	47.2
BV/Sh.(INR)	108.1	121.1	153.6
<b>Ratios</b>			
RoE (%)	16.2	28.3	32.9
RoCE (%)	12.1	18.7	23.7
Payout (%)	34.3	35.0	35.7
<b>Valuation</b>			
P/E (x)	175.4	89.3	60.7
P/BV (x)	28.3	25.3	19.9
EV/EBITDA (x)	53.1	36.1	27.6

## Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	41.9	41.9	41.9
DII	11.7	13.1	21.1
FII	41.0	39.6	31.1
Others	5.3	5.4	5.9

FII Includes depository receipts

**CMP: INR3,063 TP: INR3,630 (+19%)**
**Upgrade to Buy**

## COVID improves structural outlook, right-to-win strengthening

- While Jubilant FoodWorks (JUBI)'s sales were broadly in line with our expectations, margins surprised positively.
- The management believes the QSR business in India is at a significant inflection point. In line with this, the company has not only increased its store expansion guidance (150–175 stores from 135 earlier) but also announced investments to boost the supply chain. Moreover, in an interesting new thrust, it has shown intent to gradually become a food tech company. On the technology front, JUBI is significantly expanding its customer experience, analytics, and product innovation teams. The personalization of purchases and identifying triggers for buying in various customer segments would be important growth areas.
- These welcome initiatives are strengthening JUBI's right-to-win in a rapidly expanding QSR market – wherein the post-pandemic medium-to-long term opportunity is looking significantly superior to pre-pandemic levels. In addition to its robust delivery moat, the company has also added value and technology moats (which are now strengthening further). This gives it a sharper edge over QSR peers and aggregators. It is already the most efficient on sales per sq. ft. basis, leading to best-of-breed profitability as well as the best balance sheet metrics among peers.
- Given the structural opportunities in the QSR space and JUBI's dominant positioning with proven and profitable model, we expect JUBI to be the key beneficiary of favorable trends (shift towards branded players). Thus, we **upgrade the rating to Buy** with TP of INR3,630 (60x Sep'23 EPS).

## In-line sales; beat on profitability

- JUBI reported sales growth of 131% YoY to INR8.8b** (est. INR8.5b), with same-store sales growth (SSSG) of 114.2% YoY (est. 119%).
- Like-for-like (LFL) growth – which refers to the YoY growth in sales for the non-split restaurants opened up before the previous financial year – stood at 120.4%.
- In 1QFY22, it (a) launched 20 new Domino's Pizza stores and closed zero stores, leading to 1,380 stores at the end of the quarter, (b) added net three Dunkin' Donuts stores, reaching a total of 27 stores, and (c) added six restaurants for Hong's Kitchen and Ek dum! (biryani), taking the total count to 18.
- Gross margins were down 80bp YoY to 77.2%.
- EBITDA stood at INR2.1b** (est. INR1.9b), against INR241m in 1QFY21.
- The EBITDA margin stood at 24.1% (est. 22.5%), against 6.3% in 1QFY21.
- Adj. PAT stood at INR681m (est. INR504m) v/s loss of INR726m in 1QFY21.

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Investors are advised to refer through important disclosures made at the last page of the Research Report. Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Highlights from management commentary

- The management believes the Food Services market has reached an inflection point, led by (a) the move to trusted brands, (b) customers getting accustomed to ordering via digital means, and (c) continued likely high growth in deliveries and takeaways. These key factors are driving growth.
- To capitalize on the elevated opportunity, the management is accelerating store expansions – it is likely to add 150–175 stores (from over 135 earlier) during the current financial year. Most of these new stores would be delivery-focused and facilitate takeaways.
- JUBI's intent to use technology “at the heart of everything they do” and thereby transition into a food tech company is an interesting new thrust. It is significantly expanding its teams, be it to enhance customer experience, analytics, or products. The personalization of purchases and identifying triggers for buying (discounts, new launches, etc.) in various customer segments would be important growth areas.
- The management does not expect rental cost increases. In fact, restaurants and other businesses occupying real estate closing down is leading to a supply glut, making deals more attractive for QSRs.

### Valuation and view

- JUBI has historically had the best business model for QSRs in India, with an emphasis on and success in delivery (70% of sales even pre-COVID). This has given it a huge advantage over peers in this market, wherein real estate and overhead costs are high. It has also had the best balance sheet, with ROCEs of over 20%, for many years now (barring the blip in FY21 due to COVID). This has enhanced funding of profitable store network expansion.
- JUBI's sales per sq. ft. have remained healthy despite competition from aggregators and other QSRs gradually getting their act together. JUBI is likely to remain the best by far among F&B retail players in India. Furthermore, it would post further SSSG, driven by the tailwinds towards a delivery-based model and organized players post COVID.
- The management recently sharply raised 'potential' Domino's store targets to 3000 stores, after maintaining this at 2000 for many years. Furthermore, in the concall today, JUBI increased its store opening targets for FY22.
- With the addition of the technology and value moats in conjunction with the historically strong delivery moat, barriers to entry v/s peers have strengthened further. These three moats together make the business profitably scalable in smaller centers as well.
- We believe QSRs are in a sweet spot for rapid growth over the next 5–10 years in India and offer scope for a 25–30% operating profit CAGR for several players – Domino's is the most efficient among them.
- Given the structural opportunities in the QSR space and JUBI's dominant positioning with proven and profitable model, we expect JUBI to be the key beneficiary of favorable trends (shift towards branded players). Thus, we **upgrade the rating to Buy** with TP of INR3,630 (60x Sep'23 EPS).

## Quarterly Standalone Perf.

(INR m)

Y/E March	FY21				FY22				Consol.	Consol.	FY22	Var.
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY21	FY22E	1QE	(%)
No of stores (Dominos)	1,354	1,264	1,314	1,360	1,380	1,420	1,470	1,520	1,360	1,520	1,380	
SSG (%)	-61.4	-20.0	-1.7	11.8	114.2	21.0	16.0	15.0	-17.7	42.0	119.0	
Net Sales	3,803	8,055	10,572	10,259	8,790	10,069	12,687	12,310	33,119	44,502	8,461	3.9%
YoY change (%)	-59.5	-18.5	-0.2	14.3	131.1	25.0	20.0	20.0	-15.7	34.4	122.5	
Gross Profit	2,967	6,346	8,278	7,947	6,788	7,803	9,832	9,540	25,856	34,496	6,557	
Gross margin (%)	78.0	78.8	78.3	77.5	77.2	77.5	77.5	77.5	78.1	77.5	77.5	
EBITDA	241	2,147	2,786	2,492	2,115	2,517	3,362	3,201	7,712	11,309	1,904	11.1%
EBITDA growth %	-89.0	-8.7	9.9	47.0	778.7	17.3	20.7	28.4	-11.9	46.6	690.9	
Margins (%)	6.3	26.7	26.4	24.3	24.1	25.0	26.5	26.0	23.3	25.4	22.5	
Depreciation	908	1,030	876	858	890	950	1,000	1,050	3,754	4,013	950	
Interest	419	412	405	370	418	430	440	450	1,627	1,805	440	
Other Income	127	311	156	110	80	120	150	180	731	579	160	
PBT	-959	1,016	1,661	1,373	887	1,257	2,072	1,881	3,062	6,070	674	31.7%
Tax	-233	247	410	330	206	317	522	474	757	1,530	170	
Rate (%)	24.3	24.3	24.7	24.0	23.2	25.2	25.2	25.2	24.7	25.2	25.2	
Adjusted PAT	-726	769	1,251	1,043	681	940	1,550	1,407	2,305	4,540	504	35.2%
YoY change (%)	P/L	-13.0	20.6	130.7	L/P	22.3	23.9	34.9	-22.5	96.9	P/L	

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	4Q	
<b>2Y CAGR (%)</b>									
SSSG (2Y average)	-28.7	-7.6	2.1	4.2					26.4
Sales	-33.3	-4.4	6.7	8.9					-3.3
EBITDA	-58.8	20.6	27.8	29.9					-1.7
PAT	N/M	-0.5	13.9	14.8					-4.5
<b>% of Sales</b>									
COGS	22.0	21.2	21.7	22.5					22.8
Operating Expenses	71.7	52.1	51.9	53.2					53.2
Depreciation	23.9	12.8	8.3	8.4					10.1
<b>YoY change (%)</b>									
COGS	-63.8	-30.1	-13.7	0.7					139.5
Operating Expenses	-44.4	-17.5	1.7	9.4					71.4
Other Income	-16.9	80.7	-2.2	-46.2					-36.7
EBIT	P/L	-26.1	15.3	109.9					L/P

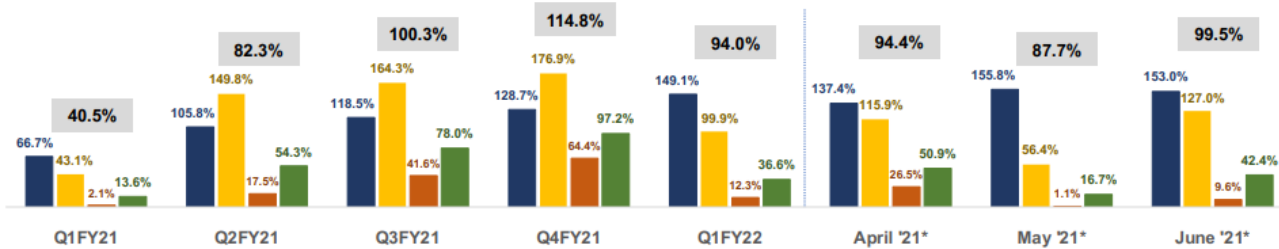
## Highlights from press release and investor presentation

- Growth in the delivery channel by 123.7% mitigated the impacts of (a) the dine-in channel being closed for a long time and (b) mobility restrictions affecting the takeaway channel.
- System sales recovery stood at 94% in 1QFY22 (v/s FY20 levels), led by the delivery channel recovering by 149%. Dine-in recovery, on the other hand, stood at 12.3%.

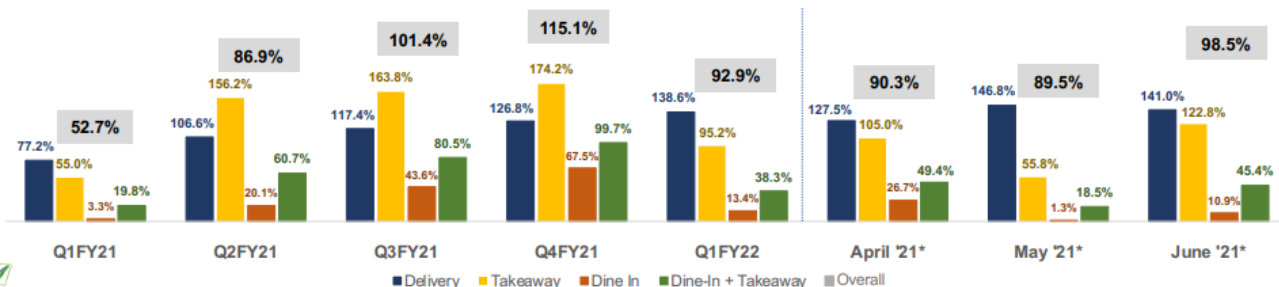
Exhibit 1: Encouraging recovery trends driven by delivery and takeaway

**Domino's Sales Recovery Trends**

System Sales Recovery vs. FY 2019-20



Like-for-like(LFL) Sales Recovery vs. FY 2019-20  
(Restaurants temporarily closed due to Covid-19 removed from respective months in last year)



Note: \*The comparison is with the respective period of FY 2019-20 (being a normalized year)

Source: MOFSL, Company



**Highlights from management commentary**

**Operating environment**

- The impact of fewer operating hours and low operating days was offset by strong growth in delivery. This led to 94% recovery in 1QFY22 and nearly 100% recovery in Jun'21.
- The demand outlook is getting better as cases are declining.
- The shift towards digitalization continues to be accelerated by the pandemic.
- Recovery in dine-in would not lead to an equivalent reduction in the delivery channel. Delivery would be well above prior levels.

**Significantly increasing investments for growth**

- The management believes the Food Services market has reached an inflection point due to the following shifting trends. These are the key factors driving growth:
  - a) Consumers are moving towards trusted brands.
  - b) Customers are getting accustomed to ordering via digital means.
  - c) Continued high growth is likely in delivery and takeaway.
- On this view, the management is accelerating store expansions. JUBI is likely to add 150–175 stores during the current financial year. The earlier guidance was higher than the gross additions in FY21 (135 stores added). Most of these new stores would be delivery-focused and facilitate takeaways.

- JUBI's intent to use technology "at the heart of everything they do" and thereby transition into a food tech company is an interesting new thrust. It is significantly expanding its teams, be it to enhance customer experience, analytics, or products. The personalization of purchases and identifying triggers for buying (discounts, new launches, etc.) in various customer segments would be important growth areas.
- JUBI also intends to invest in supply chain expansion in Mumbai and Bengaluru.
- The management is not concerned about the strong store addition plans of its QSR peers. It cited that there is plenty of opportunity for all and that JUBI has done well even in previous expansionary cycles.

### Costs

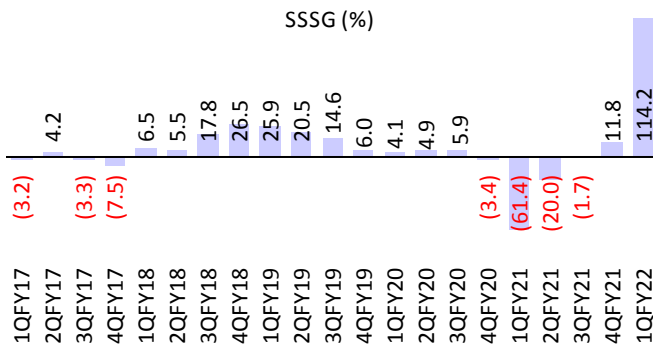
- The non-store talent pool is not limited to QSR employees, but spans the Consumer space.
- Store employees have been able to manage costs in recent years despite the competition, and variablizing costs has helped.
- JUBI does not expect rental costs to increase. In fact, restaurants and other businesses occupying real estate closing down is leading to a supply glut, making deals more attractive for QSRs.
- It has taken a very small price increase in June to cover for some food inflation.

### New brands

- While both Hong's Kitchen and Ekdum! are doing well at the initial stage, Hong's Kitchen's performance has been even better than that of Ekdum!
- Hong's Kitchen was opened before Ekdum!; hence, learnings in the former have been materially higher.
- The management is extremely excited about the Popeye franchise. The Non-Veg Foods market in India is largely poultry-driven. The chicken category is already established and demand creation is not needed. Hence, after initial learnings post the launch, the scale-up would be much faster v/s some of its other brands.

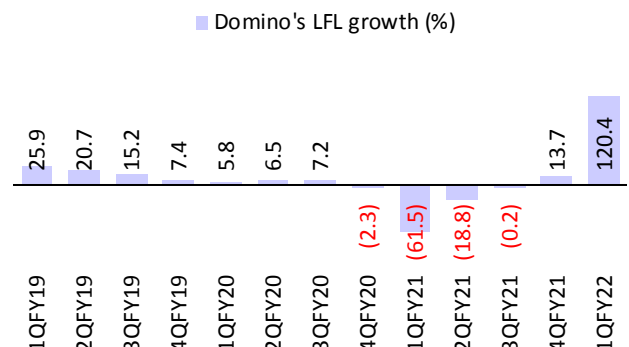
Key exhibits

Exhibit 2: SSSG at 114.2%...



Source: Company, MOFSL

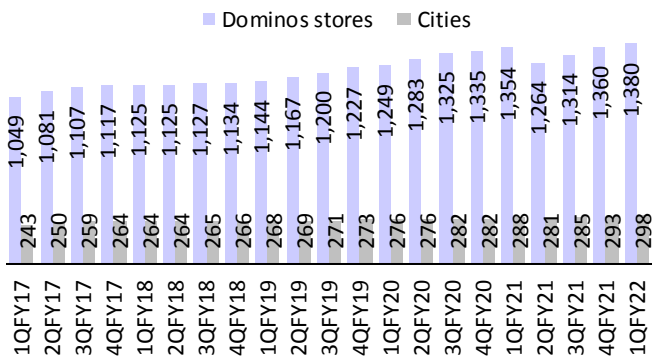
Exhibit 3: ...with LFL growth at 120.4% in 1QFY22



Source: Company, MOFSL

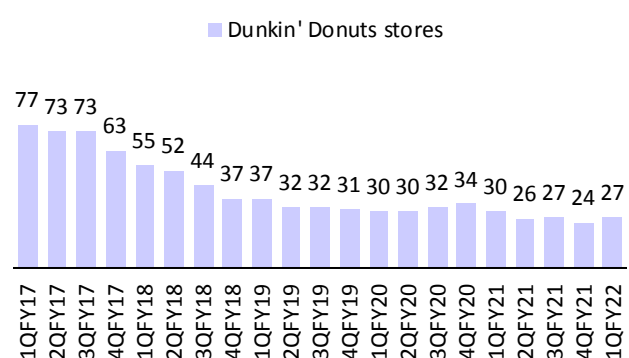
- The total store count for Domino's stood at 1,380, with a net 20 store openings (20 stores opened; zero stores closed) in 1QFY22.

Exhibit 4: Added net 20 Domino's stores in 1QFY22



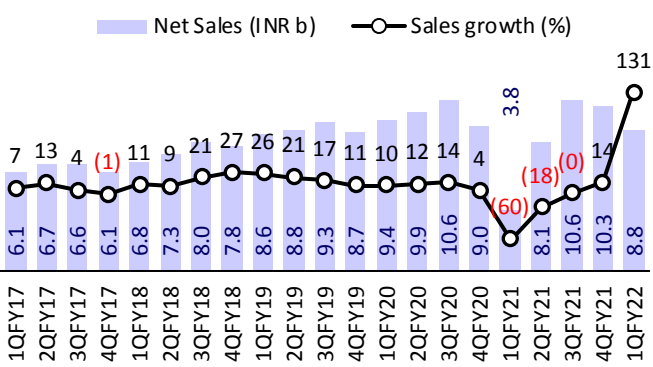
Source: Company, MOFSL

Exhibit 5: Launched three Dunkin' Donuts stores in 1QFY22



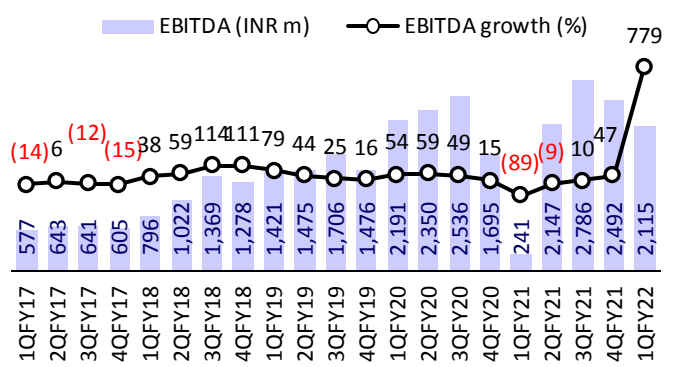
Source: Company, MOFSL

Exhibit 6: Net sales up 131% YoY to INR8.8b in 1QFY22



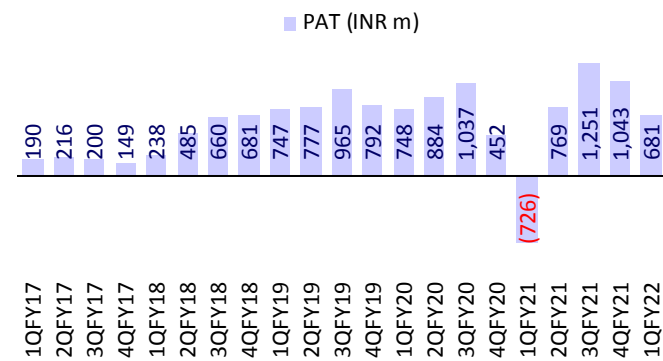
Source: Company, MOFSL

Exhibit 7: EBITDA at INR2.1b v/s INR241m in 1QFY21



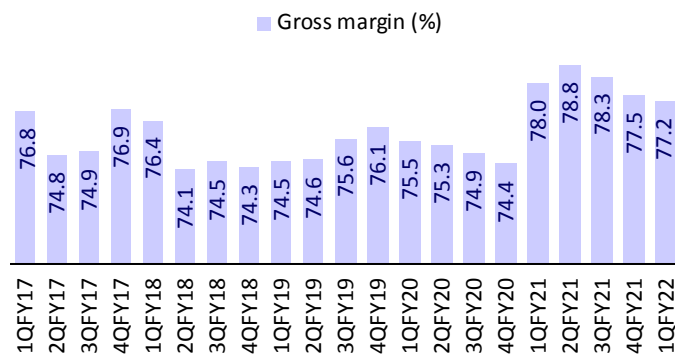
Source: Company, MOFSL

**Exhibit 8: Adjusted PAT at INR681m in 1QFY22 v/s loss of INR726m in 1QFY21**



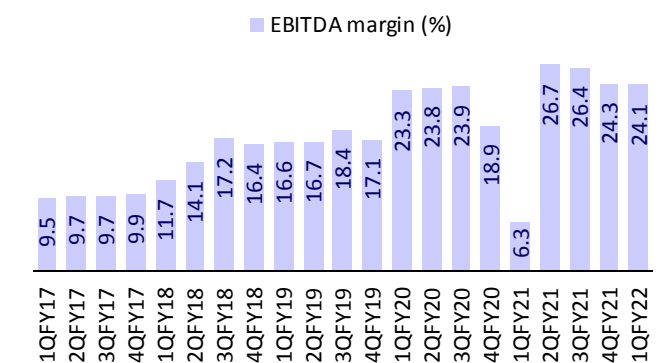
Source: MOFSL, Company

**Exhibit 9: Gross margin contracts 80bp YoY to 77.2% in 1QFY22**



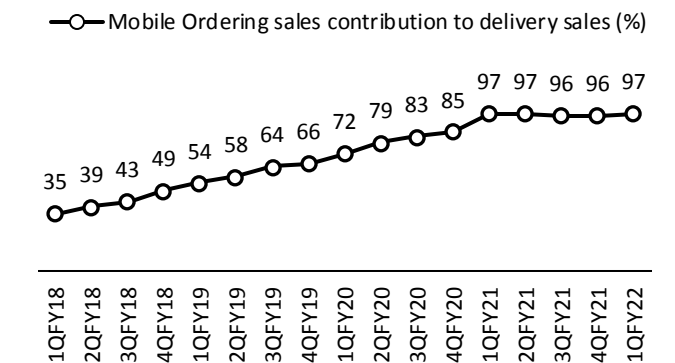
Source: MOFSL, Company

**Exhibit 10: EBITDA margin at 24.1% in 1QFY22 v/s 6.3% in 1QFY21**



Source: MOFSL, Company

**Exhibit 11: Mobile ordering contribution to delivery sales at 96% in 4QFY21 (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 sales growth during this period), EBITDA growth was ~30% (~13x growth), and PAT CAGR was ~24% (~8x growth).
- JUBI is the largest player by far in the Indian QSR market – nearly 2x higher in terms of 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.

### Structural opportunity enhanced – Upgrade to Buy

- JUBI has historically had the best business model for QSRs in India, with an emphasis on and success in delivery (70% of sales even pre-COVID). This has given it a huge advantage over peers in this market, wherein real estate and overhead costs are high. It has also had the best balance sheet, with ROCEs of

over 20%, for many years now (barring the blip in FY21 due to COVID). This has enhanced funding of profitable store network expansion.

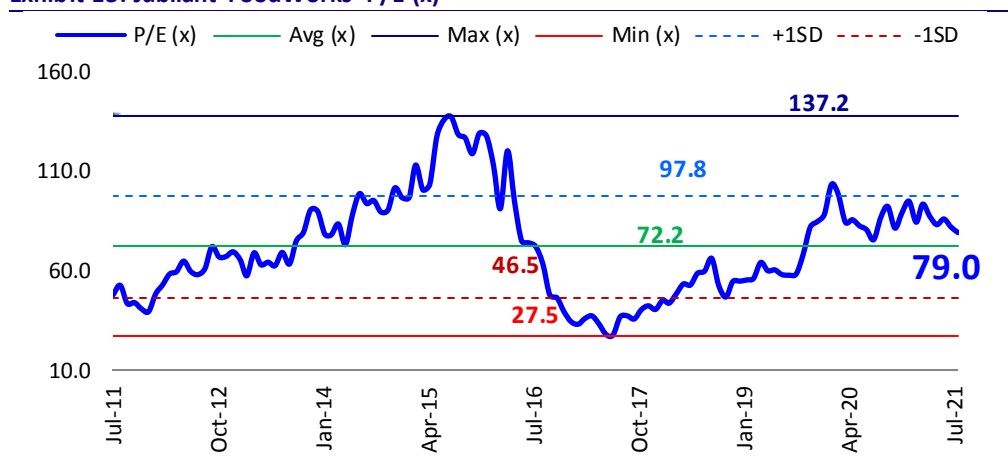
- JUBI's sales per sq. ft. have remained healthy despite competition from aggregators and other QSRs gradually getting their act together. JUBI is likely to remain the best by far among F&B retail players in India. Furthermore, it would post further SSSG, driven by the tailwinds towards a delivery-based model and organized players post COVID.
- The management recently sharply raised 'potential' Domino's store targets to 3000 stores, after maintaining this at 2000 for many years. Furthermore, in the concall today, JUBI increased its store opening targets for FY22.
- With the addition of the technology and value moats in conjunction with the historically strong delivery moat, barriers to entry v/s peers have strengthened further. These three moats together make the business profitably scalable in smaller centers as well.
- We believe QSRs are in a sweet spot for rapid growth over the next 5–10 years in India and offer scope for a 25–30% operating profit CAGR for several players – Domino's is the most efficient among them.
- Given the structural opportunities in the QSR space and JUBI's dominant positioning with proven and profitable model, we expect JUBI to be the key beneficiary of favorable trends (shift towards branded players). Thus, we **upgrade the rating to Buy** with TP of INR3,630 (60x Sep'23 EPS).

**Exhibit 12: There are no material changes to our estimates for FY22E/FY23E**

(INR m)	New		Old		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Sales	44,502	56,949	44,364	57,554	0.3	-1.1
EBITDA	11,309	14,633	11,195	14,690	1.0	-0.4
PAT	4,527	6,663	4,412	6,628	2.6	0.5

Source: Company, MOFSL

**Exhibit 13: 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>44,502</b>	<b>56,949</b>	<b>71,795</b>
Change (%)	6.0	16.8	18.0	10.2	-15.7	34.4	28.0	26.1
Material Consumed	6,308	7,660	8,861	9,835	7,262	10,006	12,802	15,970
<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>34,496</b>	<b>44,147</b>	<b>55,825</b>
Gross Margin %	75.6	74.6	75.1	75.0	78.1	77.5	77.5	77.8
Operating expenses	17,115	18,123	20,773	20,682	18,144	23,187	29,513	37,160
<b>EBITDA</b>	<b>2,411</b>	<b>4,401</b>	<b>5,998</b>	<b>8,756</b>	<b>7,712</b>	<b>11,309</b>	<b>14,633</b>	<b>18,665</b>
Change (%)	-8.5	82.5	36.3	46.0	-11.9	46.6	29.4	27.6
Margin (%)	9.3	14.6	16.8	22.3	23.3	25.4	25.7	26.0
Depreciation	1,554	1,601	1,575	3,523	3,754	4,013	4,327	4,771
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	561	655	861
<b>PBT</b>	<b>1,004</b>	<b>3,031</b>	<b>4,897</b>	<b>4,277</b>	<b>3,062</b>	<b>6,052</b>	<b>8,907</b>	<b>12,457</b>
Change (%)	-31.7	201.7	61.6	-12.7	-28.4	97.7	47.2	39.9
Margin (%)	3.9	10.0	13.7	10.9	9.2	13.6	15.6	17.4
Tax	305	1,068	1,717	1,303	757	1,525	2,245	3,139
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>4,527</b>	<b>6,663</b>	<b>9,318</b>
Change (%)	-27.8	180.5	62.0	-6.5	-22.5	96.4	47.2	39.9
Margin (%)	2.7	6.5	8.9	7.6	7.0	10.2	11.7	13.0
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>4,527</b>	<b>6,663</b>	<b>9,318</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	14,662	18,949	24,704
<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>15,981</b>	<b>20,269</b>	<b>26,024</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>32,442</b>	<b>36,893</b>	<b>42,813</b>
Gross Block	10,604	11,748	13,107	37,507	40,829	45,478	50,687	56,516
Less: Accum. Depn.	2,603	3,838	5,007	15,619	19,373	23,387	27,714	32,485
<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>22,091</b>	<b>22,973</b>	<b>24,032</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>2,158</b>	<b>2,527</b>	<b>2,951</b>
Capital WIP	608	124	152	412	286	328	378	434
Investments	936	2,631	1,808	512	5,167	5,509	5,931	6,246
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>9,597</b>	<b>14,264</b>	<b>20,710</b>
Inventory	607	642	771	947	1,331	959	1,227	1,531
Account Receivables	161	157	274	166	168	303	387	488
Cash and Bank Balance	354	1,290	4,943	6,559	5,392	7,245	11,311	17,021
Others	417	437	454	745	952	1,090	1,338	1,669
<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>8,072</b>	<b>10,010</b>	<b>12,391</b>
Other Current Liabilities	798	656	915	868	1,348	1,551	1,706	2,047
Creditors	3,142	3,890	4,209	4,470	5,330	5,952	7,620	9,524
Provisions	202	164	303	322	423	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>1,525</b>	<b>4,255</b>	<b>8,319</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>32,442</b>	<b>36,893</b>	<b>42,813</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	34.3	50.5	70.6
BV/Share	61.1	73.3	95.4	85.0	108.1	121.1	153.6	197.2
DPS	1.2	2.5	5.0	6.0	6.0	12.0	18.0	27.0
Payout %	23.4	16.8	20.8	26.6	34.3	35.0	35.7	38.2
<b>Valuation (x)</b>								
P/E	577.6	206.0	127.1	135.9	175.4	89.3	60.7	43.4
EV/Sales	15.6	13.3	11.2	10.5	12.4	9.2	7.1	5.5
EV/EBITDA	167.0	91.0	66.3	47.3	53.1	36.1	27.6	21.3
P/BV	50.2	41.8	32.1	36.0	28.3	25.3	19.9	15.5
<b>Return Ratios (%)</b>								
RoE	8.7	20.3	25.2	26.5	16.2	28.3	32.9	35.8
RoCE	8.9	22.1	28.5	20.3	12.1	18.7	23.7	27.8
RoIC	9.7	30.6	50.4	27.7	14.8	27.9	39.9	54.2
<b>Working Capital Ratios</b>								
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	48
Asset Turnover (x)	3.2	3.1	2.8	1.4	1.1	1.4	1.5	1.7
<b>Leverage Ratio</b>								
Debt/Equity (x)	0.0	0.0	0.0	1.5	1.1	1.0	0.8	0.6

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	6,052	8,907	12,457
Int./Div. Received	-34	-120	-165	1,665	1,465	-561	-655	-861
Depreciation & Amort.	1,554	1,601	1,575	3,523	3,754	4,013	4,327	4,771
Interest Paid	58	71	256	454	414	-1,805	-2,054	-2,298
Direct Taxes Paid	366	1,262	1,779	1,402	869	1,525	2,245	3,139
Incr in WC	-57	-912	14	82	-509	-1,071	-1,337	-1,646
<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>10,855</b>	<b>13,725</b>	<b>17,172</b>
Incr in FA	-1,996	-1,160	-1,657	-2,830	-2,427	-4,692	-5,258	-5,886
<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>6,162</b>	<b>8,467</b>	<b>11,285</b>
Others	102	48	262	281	-2,850	-667	361	510
Pur of Investments	28	-1,695	958	1,502	-510	-341	-422	-316
<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>-5,700</b>	<b>-5,319</b>	<b>-5,692</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	2,375	3,563
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>-4,340</b>	<b>-5,770</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>1,853</b>	<b>4,066</b>	<b>5,710</b>
Add: Opening Balance	332	354	1,290	4,943	6,559	5,392	7,245	11,312
<b>Closing Balance</b>	<b>354</b>	<b>1,290</b>	<b>4,943</b>	<b>6,559</b>	<b>5,392</b>	<b>7,245</b>	<b>11,312</b>	<b>17,022</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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