

Estimate changes	 
TP change	
Rating change	

**CMP: INR223 TP: INR285 (+28%) Buy**

**Below est; all-round miss due to cost inflation, op. deleverage**

**Underlying demand for PV / CV recovery remains strong**

- Motherson Sumi (MSS)'s 1QFY22 performance was impacted by exogenous factors in all its businesses (COVID in India and supply-side issues in overseas businesses), sharp copper price inflation, and non-recurring expenses at PKC. While the near-term outlook is murky due to supply chain uncertainties, MSS is well-positioned to benefit from cyclical recovery in its key businesses as well as from the strong order book and improving efficiencies in SMRPBV.
- We cut our FY22E EPS estimates by 8%/3%, factoring in headwinds from the semiconductor shortage as well as copper cost inflation. Maintain **Buy**, with TP of INR285 (Sep'23-based SOTP).

**Transitory impact of RM cost, one-offs at PKC hurt performance**

- 1QFY22 consol (incl DWH) revenues / EBITDA / adj PAT declined 6%/27%/59% QoQ to INR168.5b/INR14.6b/INR2.9b.
- The India S/A business (incl DWH) declined 21% QoQ to INR18.2b (v/s est INR16b). EBITDA margins declined 4pp QoQ to 14.5% (v/s est 16.5%). Adj. PAT stood at ~INR1.8b (v/s est INR1.46b), registering decline of 26% QoQ.
- SMP revenues declined 5% QoQ (+71% YoY) to ~EUR944m (est. EUR992m). EBITDA margins contracted 140bps QoQ to 7.3% (v/s est 8.5%).
- SMR revenues declined 14% QoQ (+77% YoY) to EUR318m (est. EUR378m), and EBITDA margins declined 160bps QoQ to 11.3% (est. 13%).
- PKC revenues grew 3% QoQ (85% YoY) to EUR323m (est. EUR306m), while EBITDA margins declined 4pp QoQ to 4% (est. 9%), impacted by copper price inflation and one-off cost.
- SAMIL's business performance (pro-rata basis) was impacted in 1Q, with revenues declining 12% QoQ to INR5.6b and EBITDA margins at 6.9% (-350bp QoQ). Net debt stood at INR14b (v/s INR12.9b in 4QFY21).

**Highlights from management commentary**

- **Outlook:** Global supply chain disruptions are likely to be headwinds for OEM production over the near term, but are expected to improve from 2HFY22. However, the underlying demand for PVs and CVs is very strong.
- **SMP's** greenfield plants have stabilized and continue to improve. The Hungary plant saw a higher impact from supply chain issues.
- **PKC's** performance was impacted by a) a lag in the copper price pass-through (~2.9pp impact), b) component shortages, and c) higher logistic and product launch related costs (~3pp). While the copper price pass-through is expected in 2QFY22, product launch related costs are largely a one-off.
- **Consol. net debt** increased QoQ to INR74.6b (v/s INR60.9b in 4QFY21 and INR82.6b in 1QFY21) due to higher working capital.

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Bloomberg	MSS IN
Equity Shares (m)	3,158
M.Cap.(INRb)/(USDb)	704.6 / 9.5
52-Week Range (INR)	273 / 99
1, 6, 12 Rel. Per (%)	-10/22/70
12M Avg Val (INR M)	3028

#### Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	601.9	768.3	868.8
EBITDA	49.7	84.2	108.1
Adj. PAT	10.7	24.5	37.0
EPS (Rs)	3.4	7.7	11.7
EPS Growth (%)	-8.2	127.8	51.5
BV/Share (INR)	39.8	45.4	54.0

#### Ratios

Net D:E	0.4	0.0	-0.3
RoE (%)	9.0	18.2	23.6
RoCE (%)	7.9	14.7	19.0
Payout (%)	45.1	27.0	27.0

#### Valuations

P/E (x)	65.6	28.8	19.0
P/BV (x)	5.6	4.9	4.1
Div. Yield (%)	0.7	0.9	1.4
FCF Yield (%)	2.6	6.3	7.6

#### Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	61.7	61.7	61.7
DII	13.0	13.4	13.4
FII	16.9	16.6	15.6
Others	8.4	8.2	9.3

FII Includes depository receipts

**Valuation and view**

- Our positive view on MSS remains intact (led by cyclical recovery, turnaround at the greenfield plant, and the execution of SMRPBV's strong order book). It trades at 28.8x/19x FY22/23E consol. EPS. Maintain **Buy**, with TP of ~INR285 (Sep'23 SOTP).

**Quarterly performance (Consol. Incl DWH)**

(INR b)

Y/E March	FY21				FY22E				FY21	FY22E	FY21E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>Net Sales</b>	<b>85.0</b>	<b>156.7</b>	<b>180.3</b>	<b>179.9</b>	<b>168.5</b>	<b>184.2</b>	<b>203.2</b>	<b>212.5</b>	<b>601.9</b>	<b>768.3</b>	<b>171.9</b>
YoY Change (%)	-49.4	-1.6	15.1	18.7	98.2	17.5	12.7	18.1	-5.3	27.6	102.2
<b>EBITDA</b>	<b>-6.3</b>	<b>15.5</b>	<b>20.4</b>	<b>20.1</b>	<b>14.6</b>	<b>19.7</b>	<b>23.9</b>	<b>26.0</b>	<b>49.7</b>	<b>84.2</b>	<b>18</b>
Margins (%)	-7.4	9.9	11.3	11.2	8.7	10.7	11.8	12.2	8.3	11.0	10.4
Depreciation	7.1	7.6	7.6	8.0	7.8	7.9	7.9	8.3	30.3	31.8	7.8
Interest	1.1	1.4	1.5	1.5	1.3	1.3	1.1	1.1	5.4	4.7	1.4
Other income	0.5	0.4	0.4	0.6	0.6	0.5	0.6	0.5	1.9	2.2	0.5
<b>PBT before EO expense</b>	<b>-14.1</b>	<b>6.4</b>	<b>11.7</b>	<b>11.2</b>	<b>6.1</b>	<b>11.1</b>	<b>15.5</b>	<b>17.1</b>	<b>15.3</b>	<b>49.8</b>	<b>9.2</b>
Tax Rate (%)	15.2	27.1	-5.7	11.1	29.9	28.0	28.0	27.3	2.1	28.0	28.0
Min. Int & Share of profit	<b>-3.8</b>	<b>1.1</b>	<b>4.4</b>	<b>2.8</b>	<b>1.4</b>	<b>3.0</b>	<b>3.4</b>	<b>3.7</b>	<b>4.5</b>	<b>11.4</b>	<b>2.7</b>
<b>Adj PAT</b>	<b>-8.1</b>	<b>3.7</b>	<b>8.0</b>	<b>7.1</b>	<b>2.9</b>	<b>5.0</b>	<b>7.8</b>	<b>9.1</b>	<b>10.7</b>	<b>24.5</b>	<b>3.9</b>
YoY Change (%)	-344.4	-3.3	195.0	289.5	-135.8	34.1	-2.5	27.3	-8.2	127.8	-148.1

E: MOFSL Estimates

**Key Performance Indicators**

Y/E March	FY21				FY22E				FY21	FY22E	FY21
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>Business Wise Revenues (INR m)</b>											
India (MSS S/A)	4.4	17.1	20.7	23.0	18.2	20.9	23.2	24.8	65.2	87.1	16.0
PKC	14.6	22.9	24.8	27.6	28.7	28.0	29.7	30.4	89.9	116.8	27.2
SMR	15.0	30.4	33.9	32.6	28.3	32.6	37.3	38.9	111.4	137.0	33.6
SMP	46.0	79.5	93.6	87.0	83.9	93.4	103.9	109.4	304.8	390.6	88.0
Others	5.0	6.8	7.3	9.7	9.4	9.2	9.1	9.0	30.7	36.8	7.2
<b>Net Revenues</b>	<b>85.0</b>	<b>156.7</b>	<b>180.3</b>	<b>179.9</b>	<b>168.5</b>	<b>184.2</b>	<b>203.2</b>	<b>212.5</b>	<b>601.9</b>	<b>768.3</b>	<b>171.9</b>
<b>Business-wise EBITDA margins (%)</b>											
India (MSS S/A)	-26.3	16.3	18.4	18.5	14.5	16.7	19.0	19.5	14.9	17.7	16.5
PKC	-4.0	8.7	9.4	8.0	4.0	8.5	10.5	11.7	6.6	8.7	9.0
SMR	-2.8	13.4	13.2	12.9	11.3	13.0	13.8	14.3	11.0	13.3	13.0
SMP	-8.3	7.2	9.5	8.7	7.3	9.0	9.7	10.2	5.8	9.2	8.5
Others	-6.0	13.6	12.1	19.0	15.7	12.8	12.8	12.7	14.0	13.5	13.0
<b>Consol EBITDA Margins (%)</b>	<b>-7.4</b>	<b>9.9</b>	<b>11.3</b>	<b>11.2</b>	<b>8.7</b>	<b>10.7</b>	<b>11.8</b>	<b>12.4</b>	<b>8.3</b>	<b>11.0</b>	<b>10.4</b>

**Quarterly performance (S/A)**

Y/E March	FY21				FY22E				FY21	FY22E	FY21
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
<b>Net Sales</b>	<b>4.4</b>	<b>17.1</b>	<b>20.7</b>	<b>23.0</b>	<b>18.2</b>	<b>20.9</b>	<b>23.2</b>	<b>24.8</b>	<b>65.2</b>	<b>18.2</b>	<b>16.0</b>
YoY Change (%)	-76.2	3.7	27.2	33.5	315.9	22.0	12.0	8.1	-5.2	315.9	265.0
<b>EBITDA</b>	<b>-1.2</b>	<b>2.8</b>	<b>3.8</b>	<b>4.3</b>	<b>2.7</b>	<b>3.5</b>	<b>4.4</b>	<b>4.9</b>	<b>9.7</b>	<b>2.7</b>	<b>2.6</b>
Margins (%)	-26.3	16.3	18.4	18.5	14.5	16.7	19.0	19.5	14.9	14.5	16.5
<b>PBT after EO Expense</b>	<b>-1.8</b>	<b>1.9</b>	<b>3.1</b>	<b>3.5</b>	<b>2.3</b>	<b>2.8</b>	<b>3.7</b>	<b>4.2</b>	<b>6.8</b>	<b>2.3</b>	<b>1.9</b>
Tax	-0.5	0.4	0.7	1.1	0.5	0.7	0.9	1.0	1.6	0.5	0.5
Tax Rate (%)	29.9	19.7	20.7	30.8	19.9	23.5	23.5	24.1	23.1	19.9	23.9
<b>Adj PAT</b>	<b>-1.3</b>	<b>1.7</b>	<b>2.5</b>	<b>2.5</b>	<b>1.8</b>	<b>2.2</b>	<b>2.8</b>	<b>3.2</b>	<b>5.4</b>	<b>1.8</b>	<b>1.5</b>
YoY Change (%)	-172.8	-1.4	31.8	-38.3	-244.5	25.2	13.3	30.2	-39.9	-244.5	-216.6

E: MOFSL Estimates

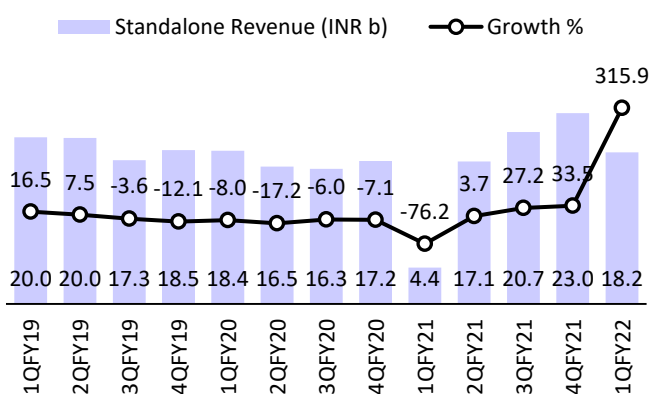


### Earnings call highlights

- **Outlook:** Global supply chain disruptions are likely to be headwinds for OEM production over the near term, but are expected to improve from 2HFY22. However, the underlying demand for PVs and CVs is very strong.
- **SMP's** greenfield plants have stabilized and continue to improve. The Hungary plant saw a higher impact from supply chain issues.
- **PKC's** performance was impacted by a) a lag in the copper price pass-through (~2.9pp impact), b) component shortages, and c) higher logistic and product launch related costs (~3pp). While copper prices usually see six months' lag and a pass-through is expected in 2QFY22, product launch related costs are largely a one-off.
- **PKC** has a strong order book, with a robust outlook. However, a hurricane in Texas and flooding in the EU are causing disruption. It is working with OEM customers on electric trucks.
- **Consol. net debt** increased QoQ to INR74.6b (v/s INR60.9b in 4QFY21 and INR82.6b in 1QFY21), weighed by an increase in working capital due to irregular production. SMRPBV's gross debt decreased by EUR71m QoQ to EUR911m. Net debt increased by EUR87m QoQ to EUR564m on higher working cap.
- Consol capex for FY22 would be INR20b. Capex for SMRPBV in 1QFY22 stood at EUR39m. It has invested to support new programs, productivity improvements, vertical integration, capacity expansion in China, Serbia, Hungary and USA

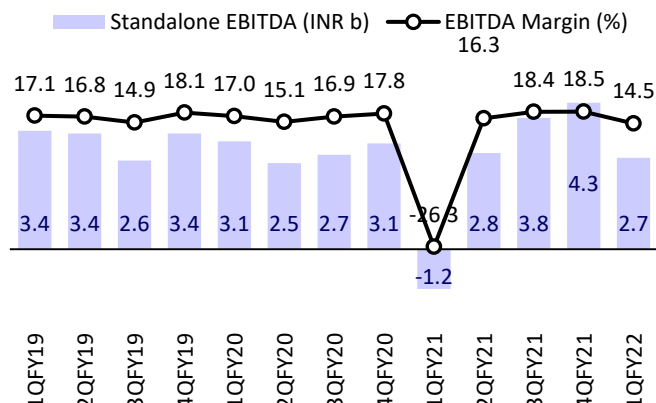
### Key exhibits

Exhibit 1: Trend in standalone revenues and growth



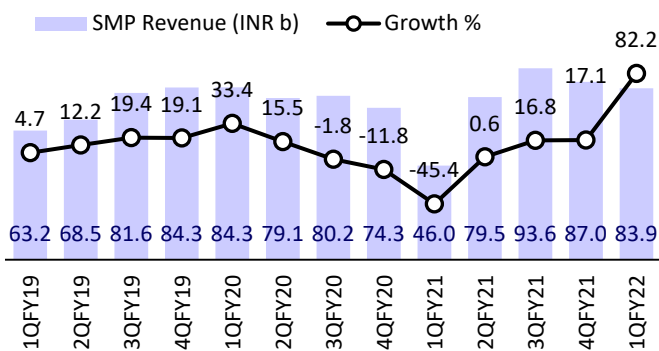
Source: Company, MOFSL

Exhibit 2: Standalone EBITDA and EBITDA margins



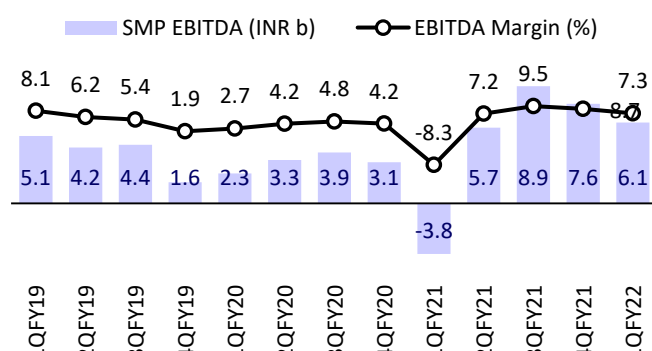
Source: Company, MOFSL

Exhibit 3: Trend in SMP revenues and growth



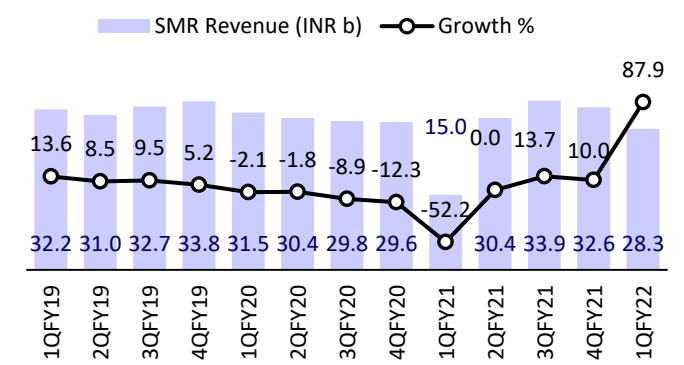
Source: Company, MOFSL

Exhibit 4: SMP EBITDA and EBITDA margins



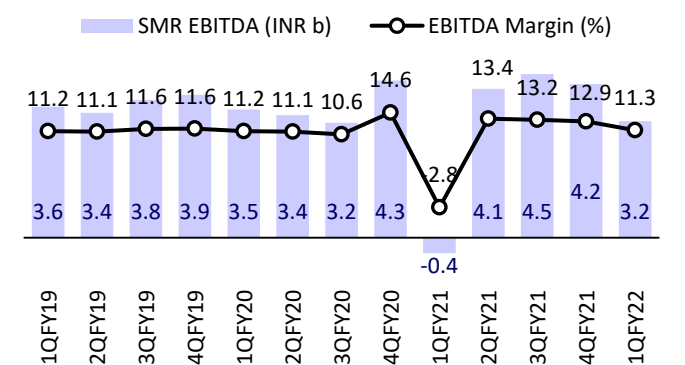
Source: Company, MOFSL

**Exhibit 5: SMR revenues and growth**



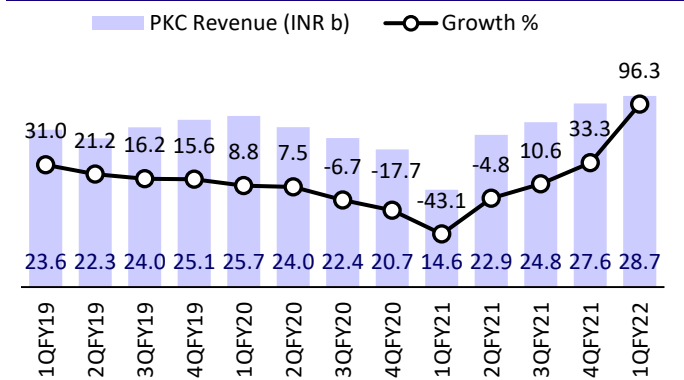
Source: Company, MOFSL

**Exhibit 6: SMR EBITDA and EBITDA margins**



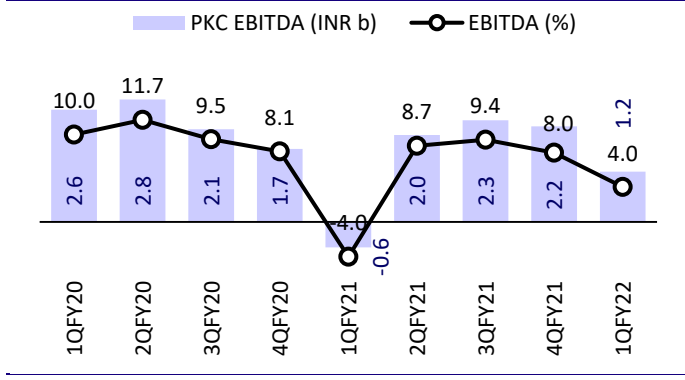
Source: Company, MOFSL

**Exhibit 7: PKC revenues and growth**



Source: Company, MOFSL

**Exhibit 8: PKC EBITDA and EBITDA margins**



Source: Company, MOFSL

## Valuation and view

- On the right side of global automotive megatrends:** The global Automotive industry is on 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 with its diverse product base and market presence, MSS is set to leverage these trends to drive its next wave of growth.
- Cyclical recovery in all the key businesses:** MSS' key businesses are close to seeing cyclical recovery, with India PVs, global PVs, and US/EU CVs well-placed for recovery in FY22. MSS enjoys a strong positioning in its respective product categories (either #1 or #2) and would thus benefit from this expected cyclical recovery. This would drive operating leverage, particularly in its overseas businesses.
- SMRPBV – fully prepared for growth:** SMRPBV's order book growth lends us comfort in building faster recovery for SMRPBV. As of Mar'21, the order book stood at EUR15.6b (with 25% of the order book coming from BEVs). SMP offers revenue visibility with orders on hand and ready capacity to execute these orders. Over the next 6–9 months, both of SMP's greenfield plants in Hungary and the US would see a ramp-up and achieve PBT breakeven. We estimate SMP to post a ~18% revenue CAGR (over FY21) to EUR4.9b by FY23 and the EBITDA margin to expand 4.7pp to ~10.5% by FY23 – driven by improving efficiencies and operating leverage. SMR continues to be the #1 PV mirror company globally and has gained share across markets through continuous innovation. We

estimate SMR's revenue CAGR to recover to 14.4% over FY21–23E and the EBITDA margin to expand 300bp to 14% by FY23 (led by mix).

- **Standalone business on strong footing with increasing content:** The India Wiring Harness business is likely to grow faster than the PV industry, led by an increase in content (due to ongoing premiumization). BS6 has increased the complexity of wiring harnesses and increased the value by 10–20%. Also, it has opened up the 2W segment for MSS – as 2Ws shift to electronic fuel injection systems with more sensors. MSS is already a market leader in 2W wiring harnesses in the EU. The India Polymer (MATE) and Elastomer (MAE) businesses are evolving from being supporting businesses to core businesses to growth drivers. The Polymer business is focusing on leveraging its strengths in export markets such as South Africa for global OEMs. The India business is estimated to post a 12.6% CAGR over FY21–23E, and EBITDA margins are expected to expand 3.3pp to 18.2% (led by mix and operating leverage).
- **PKC – cyclical downturn ahead:** After benefitting from the strong growth for Class 8 trucks in the US, PKC is staring at a 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 targeted at different customers. Lastly, PKC entered the rolling stock business (~USD2b opportunity) in 2015. It already has had a global partnership with Bombardier since 2016 and is working with other OEMs to develop a global supply chain for electrical systems in rolling stocks. PKC revenues are estimated to expand at a 12.6% CAGR over FY21–23; although, we expect margins to improve to 12.7% (v/s 10.2% in FY20).
- **Business reorganization to drive better value discovery for global business:** MSS' proposed reorganization of the business to simplify the group structure is on track, with the demerger of the Wiring Harness business expected in Sep'21 and the listing of the same by Oct'21. The proposed structure would create two listed entities – a) the India Wiring Harness business and b) global businesses + other India businesses. We believe this would drive better value discovery for the global business and give the minority shareholder the option to invest in either or both of the businesses.
- **Valuation and view:** We cut our FY22E EPS estimates by 8%/3%, factoring in lower production, while maintaining our FY23 EPS estimates. Our positive view on MSS remains intact (led by industry recovery, turnaround at the greenfield plant, and the execution of SMRPBV's strong order book). The stock trades at 28.8x/19x FY22/23E consol. EPS. As we shift our TP to Sep'23, which factors in total normalization as well as the peak cycle, we normalize the multiple for SMRPBV and PKC to 20x (v/s 23x earlier). Maintain **Buy**, with TP of ~INR285 (Sep'23 SOTP).

#### Exhibit 9: Revised forecast (consol)

(INR M)	FY22E			FY23E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	7,68,346	7,78,516	-1.3	868,754	871,426	-0.3
EBITDA	84,178	88,258	-4.6	108,060	109,421	-1.2
EBITDA (%)	11.0	11.3	-40bp	12.4	12.6	-10bp
Adj. PAT	24,457	26,637	-8.2	37,045	38,130	-2.8
EPS (INR)	7.7	8.4	-8.2	11.7	12.1	-2.8

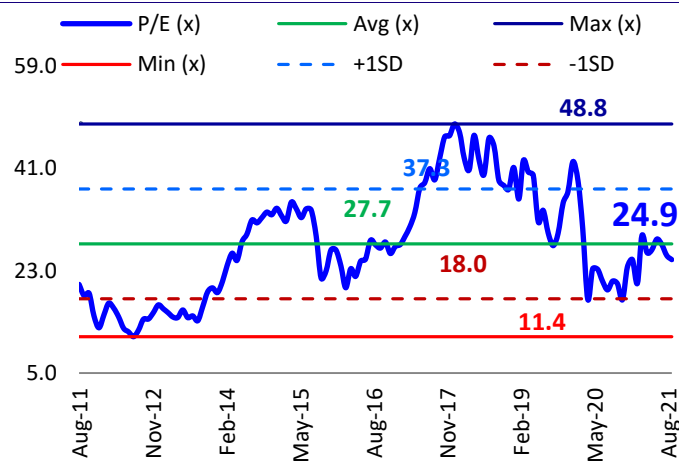
Source: Company, MOFSL

**Exhibit 10: SOTP-based Target Price**

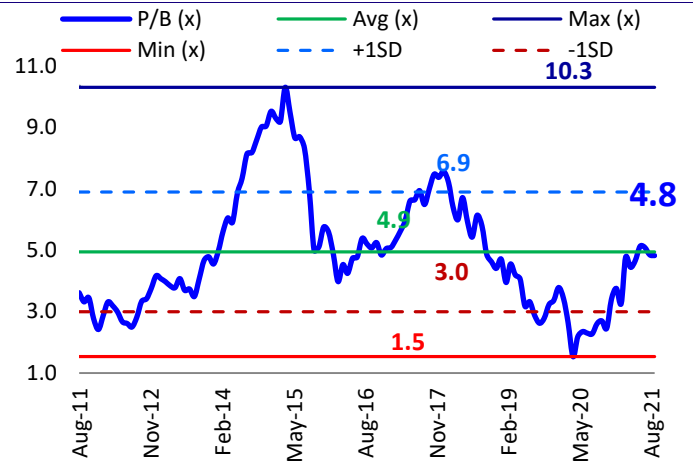
INR Sh	Target PE (x)	FY23E	FY24E
<b>Equity Value</b>			
MSS (S/A)	30	114	128
PKC	20	59	65
SMRPBV	20	101	103
<b>Target Price (INR/Sh)</b>		<b>274</b>	<b>296</b>
Upside (%)		22.8	32.8

Source: Company, MOFSL

**Exhibit 11: MSS PE and PB band**



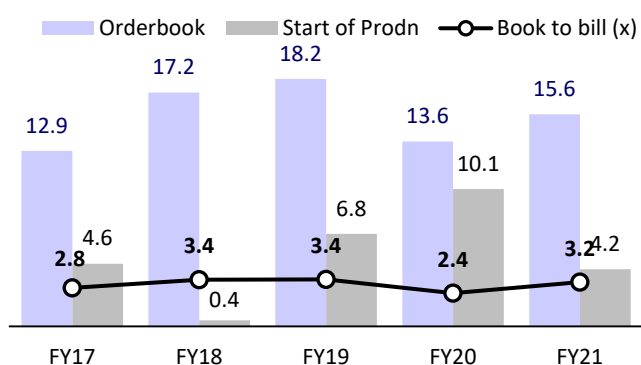
Source: MOFSL



Source: MOFSL

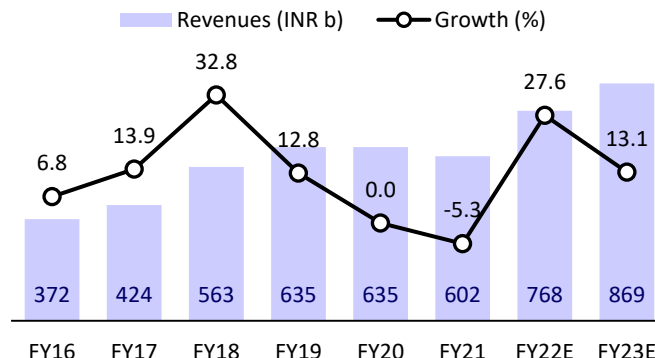
Stories in chart

Exhibit 12: SMRPBV order book trend (EUR b)



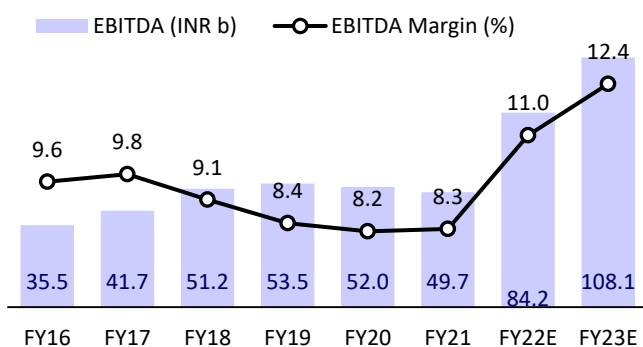
Source: Company, MOFSL

Exhibit 13: Revenue and growth trend



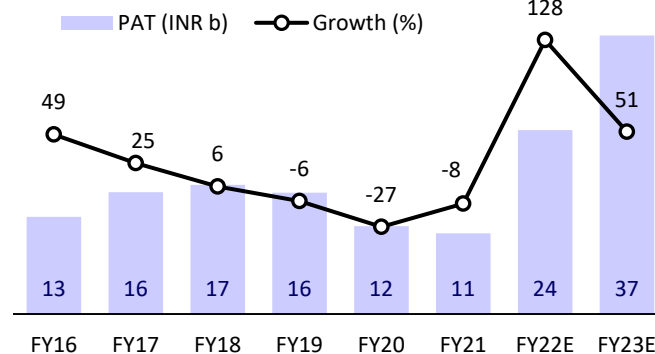
Source: Company, MOFSL

Exhibit 14: Consol EBITDA and margin trend



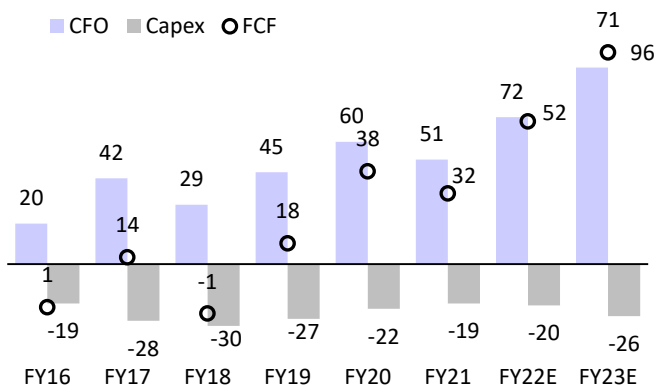
Source: Company, MOFSL

Exhibit 15: Consolidated PAT growth trend



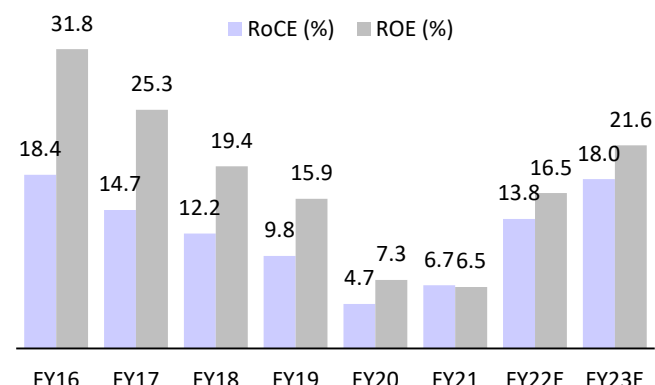
Source: Company, MOFSL

Exhibit 16: FCF generation to improve



Source: Company, MOFSL

Exhibit 17: Trend in return profile



Source: Company, MOFSL



## Financials and valuations

### Consolidated - Income Statement

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Net Op. Revenues</b>	<b>423,755</b>	<b>562,933</b>	<b>635,229</b>	<b>635,369</b>	<b>601,950</b>	<b>768,346</b>	<b>868,754</b>
Change (%)	13.9	32.8	12.8	0.0	-5.3	27.6	13.1
<b>EBITDA</b>	<b>41,668</b>	<b>51,226</b>	<b>53,484</b>	<b>52,014</b>	<b>49,700</b>	<b>84,178</b>	<b>108,060</b>
Margin (%)	9.8	9.1	8.4	8.2	8.3	11.0	12.4
Depreciation	10,590	15,752	20,582	27,780	30,280	31,817	33,539
<b>EBIT</b>	<b>31,078</b>	<b>35,474</b>	<b>32,902</b>	<b>24,234</b>	<b>19,421</b>	<b>52,362</b>	<b>74,522</b>
Interest Charges	3,749	4,108	4,232	5,986	5,419	4,745	4,261
Other Income	2,642	1,701	2,202	2,307	1,901	2,150	2,550
<b>PBT after EO Exp.</b>	<b>28,997</b>	<b>31,290</b>	<b>30,872</b>	<b>20,554</b>	<b>15,280</b>	<b>49,761</b>	<b>72,810</b>
Total Tax	9,103	10,072	11,022	8,184	327	13,933	20,387
Tax Rate (%)	31.4	32.2	35.7	39.8	2.1	28.0	28.0
Minority Interest	4,350	5,249	3,719	669	4,454	11,375	15,379
<b>Reported PAT</b>	<b>15,543</b>	<b>15,970</b>	<b>16,132</b>	<b>11,700</b>	<b>10,499</b>	<b>24,453</b>	<b>37,045</b>
<b>Adjusted PAT</b>	<b>16,058</b>	<b>17,024</b>	<b>16,132</b>	<b>11,700</b>	<b>10,737</b>	<b>24,457</b>	<b>37,045</b>
Change (%)	24.3	6.0	-5.2	-27.5	-8.2	127.8	51.5
Margin (%)	3.8	3.0	2.5	1.8	1.8	3.2	4.3

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	1,404	2,105	3,158	3,158	3,158	3,158	3,158
Total Reserves	53,265	63,015	78,412	81,394	94,390	112,241	139,284
<b>Net Worth</b>	<b>82,727</b>	<b>93,178</b>	<b>109,627</b>	<b>112,609</b>	<b>125,606</b>	<b>143,457</b>	<b>170,500</b>
Minority Interest	22,322	29,600	34,797	35,650	40,233	53,108	70,487
Total Loans	101,418	94,770	109,428	119,651	107,580	85,261	82,261
Deferred Tax Liabilities	-5,024	-6,266	-6,123	-5,030	-10,224	-10,224	-10,224
<b>Capital Employed</b>	<b>201,443</b>	<b>211,282</b>	<b>247,730</b>	<b>262,881</b>	<b>263,195</b>	<b>271,602</b>	<b>313,024</b>
Gross Block	135,237	174,332	191,445	223,132	266,015	286,268	311,802
Less: Accum. Deprn.	33,590	51,138	71,720	83,261	113,541	145,358	178,896
<b>Net Fixed Assets</b>	<b>101,647</b>	<b>123,194</b>	<b>119,725</b>	<b>139,871</b>	<b>152,474</b>	<b>140,910</b>	<b>132,906</b>
Goodwill	19,379	22,646	22,118	24,060	24,718	24,718	24,718
Capital WIP	19,348	25,849	10,463	8,154	8,383	8,383	8,383
<b>Total Investments</b>	<b>684</b>	<b>2,467</b>	<b>2,389</b>	<b>1,614</b>	<b>1,288</b>	<b>1,288</b>	<b>1,288</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>137,061</b>	<b>133,905</b>	<b>157,377</b>	<b>163,943</b>	<b>178,716</b>	<b>216,471</b>	<b>290,051</b>
Inventory	30,716	40,132	46,635	51,566	49,956	52,626	59,504
Account Receivables	46,552	56,236	61,663	51,784	56,931	69,467	78,545
Cash and Bank Balance	48,866	27,816	35,469	48,789	59,062	78,696	134,271
Loans and Advances	10,927	9,722	13,610	11,804	12,768	15,682	17,731
<b>Curr. Liability &amp; Prov.</b>	<b>117,230</b>	<b>157,430</b>	<b>179,449</b>	<b>187,047</b>	<b>207,430</b>	<b>225,214</b>	<b>249,369</b>
Account Payables	73,003	90,640	106,613	103,091	111,407	124,775	139,748
Other Current Liabilities	42,600	65,168	70,371	81,151	89,575	94,533	102,943
Provisions	1,628	1,622	2,465	2,805	6,449	5,906	6,677
<b>Net Current Assets</b>	<b>19,831</b>	<b>-23,525</b>	<b>-22,072</b>	<b>-23,104</b>	<b>-28,714</b>	<b>-8,743</b>	<b>40,682</b>
Misc Expenditure	40,554	60,652	115,107	112,286	105,047	105,047	105,047
<b>Appl. of Funds</b>	<b>201,443</b>	<b>211,282</b>	<b>247,730</b>	<b>262,881</b>	<b>263,195</b>	<b>271,602</b>	<b>313,023</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Basic (INR)</b>							
EPS	5.1	5.4	5.1	3.7	3.4	7.7	11.7
BV/Share	26.2	29.5	34.7	35.7	39.8	45.4	54.0
DPS	0.9	1.5	1.5	1.5	1.5	2.1	3.2
Payout (%)	23.6	34.6	34.2	47.2	45.1	27.0	27.0
<b>Valuation (x)</b>							
P/E	43.9	41.4	43.7	60.2	65.6	28.8	19.0
P/BV	8.5	7.6	6.4	6.3	5.6	4.9	4.1
EV/Sales	1.3	1.4	1.7	1.8	1.8	1.4	1.1
EV/EBITDA	12.1	13.7	18.4	19.0	20.9	12.0	8.6
Dividend Yield (%)	0.4	0.7	0.7	0.7	0.7	0.9	1.4
FCF per share (Eco. Int. basis)	5.5	2.8	4.8	10.1	5.8	14.0	17.0
<b>Return Ratios (%)</b>							
RoE	25.3	19.4	15.9	10.5	9.0	18.2	23.6
RoCE (post-tax)	14.7	12.2	9.8	6.3	7.9	14.7	19.0
RoIC	20.0	16.7	11.9	7.2	9.5	20.0	30.5
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	3.1	3.2	3.3	2.8	2.3	2.7	2.8
Asset Turnover (x)	2.1	2.7	2.6	2.4	2.3	2.8	2.8
Inventory (Days)	26	26	27	30	30	25	25
Debtor (Days)	40	36	35	30	35	33	33
Creditor (Days)	63	59	61	59	68	59	59
<b>Leverage Ratio (x)</b>							
Current Ratio	1.2	0.9	0.9	0.9	0.9	1.0	1.2
Interest Cover Ratio	8.3	8.6	7.8	4.0	3.6	11.0	17.5
Net Debt/Equity	0.6	0.7	0.7	0.6	0.4	0.0	-0.3

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
OP/(Loss) before Tax	31,801	34,448	32,003	21,129	16,129	49,766	72,810
Depreciation	10,591	15,752	20,582	27,780	29,764	31,817	33,539
Interest & Finance Charges	3,324	3,777	3,878	5,626	4,544	4,745	4,261
Direct Taxes Paid	-8,433	-10,048	-10,498	-10,776	-5,600	-13,935	-20,387
(Inc)/Dec in WC	4,813	-14,820	-958	16,202	6,432	-337	6,150
<b>CF from Operations</b>	<b>42,096</b>	<b>29,109</b>	<b>45,007</b>	<b>59,959</b>	<b>51,268</b>	<b>72,057</b>	<b>96,373</b>
Others	-4,099	3,531	-1,883	3,561	-757	1,500	2,000
<b>CF from Operating incl EO</b>	<b>37,997</b>	<b>32,640</b>	<b>43,124</b>	<b>63,521</b>	<b>50,512</b>	<b>73,557</b>	<b>98,373</b>
(Inc)/Dec in FA	-27,789	-30,308	-26,853	-21,943	-19,325	-20,253	-25,535
<b>Free Cash Flow</b>	<b>10,208</b>	<b>2,332</b>	<b>16,271</b>	<b>41,578</b>	<b>31,187</b>	<b>53,304</b>	<b>72,839</b>
(Pur)/Sale of Investments	-39,675	-2,876	-7,230	-1,210	-45	0	0
Others	203	1,243	978	753	436	0	0
<b>CF from Investments</b>	<b>-67,261</b>	<b>-31,941</b>	<b>-33,105</b>	<b>-22,399</b>	<b>-18,934</b>	<b>-20,253</b>	<b>-25,535</b>
Issue of Shares	25,277	0	0	0	0	0	0
Inc/(Dec) in Debt	34,092	-9,471	8,147	-6,214	-11,324	-22,319	-3,000
Interest Paid	-3,471	-3,944	-4,159	-5,667	-4,141	-4,745	-4,261
Dividend Paid	-826	-6,332	-6,395	-12,794	-1,576	-6,603	-10,002
Others	5,308	-2,018	81	-3,157	-4,164	0	0
CF from Fin. Activity	60,380	-21,765	-2,326	-27,832	-21,205	-33,667	-17,263
<b>Inc/Dec of Cash</b>	<b>31,116</b>	<b>-21,066</b>	<b>7,693</b>	<b>13,289</b>	<b>10,373</b>	<b>19,637</b>	<b>55,575</b>
Opening Balance	17,656	48,772	27,706	35,399	48,688	59,062	78,696
<b>Closing Balance</b>	<b>48,772</b>	<b>27,706</b>	<b>35,399</b>	<b>48,688</b>	<b>59,062</b>	<b>78,699</b>	<b>134,271</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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