

Whirlpool of India

BSE SENSEX 58,650
S&P CNX 17,470



Bloomberg	WHIRL IN
Equity Shares (m)	127
M.Cap.(INRb)/(USDb)	240.3 / 3.2
52-Week Range (INR)	2777 / 1820
1, 6, 12 Rel. Per (%)	-15/-24/-40
12M Avg Val (INR M)	363

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	59.0	65.7	81.3
EBITDA	5.4	5.5	8.6
PAT	3.5	3.5	5.8
EBITDA (%)	9.2	8.3	10.6
EPS (INR)	27.8	27.7	45.5
EPS Gr. (%)	(25.9)	(0.5)	64.5
BV/Sh. (INR)	222.5	245.9	284.6

Ratios

Net D/E	(0.7)	(0.6)	(0.6)
RoE (%)	12.5	11.3	16.0
RoCE (%)	13.1	11.8	16.5
Payout (%)	18.0	15.0	15.0

Valuations

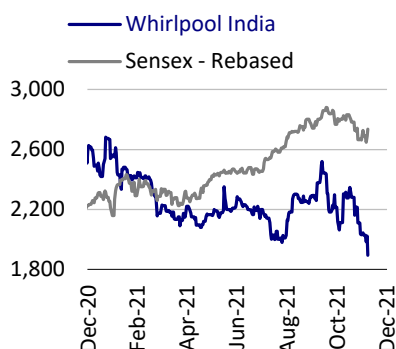
P/E (x)	68.1	68.4	41.6
P/BV (x)	8.5	7.7	6.7
EV/EBITDA (x)	40.3	40.8	25.3
Div Yield (%)	0.3	0.2	0.4
FCF Yield (%)	1.8	0.7	2.2

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	75.0	75.0	75.0
DII	11.3	11.3	11.2
FII	2.7	2.7	3.5
Others	11.1	11.1	10.3

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR1,894 **TP: INR2,900 (+53%)** **Buy**

US court ruling has no impact on WHIRL, prima facie

Valuations attractive as long-term thesis remains intact

- Adverse ruling on Whirlpool Corporation by US Court of Appeals for the Sixth Circuit:** On 6th December 2021, the US Court of Appeals for the Sixth Circuit in a decision held that Whirlpool Corporation (the parent company of WHIRL IN) must pay taxes on more than USD45m in profits, for which the appliance manufacturer had evaded paying taxes by shuffling the income through a Luxembourg subsidiary with a single part-time employee. Although the arrangement enabled Whirlpool to avoid taxes on the income in both Mexico (at the level of its manufacturing subsidiary) and Luxembourg (at the holding company level), the court affirmed the income is ultimately taxable to the US parent under the “foreign base company sales income” provision. (**Link to the US Court of Appeals for the Sixth Circuit article:** <https://news.bloombergtax.com/daily-tax-report/whirlpools-foreign-income-tax-appeal-rejected-by-sixth-circuit>)
- Related-party transactions do not show linkage to Indian entity:** The Luxembourg entity, i.e., “Whirlpool Finance Luxembourg S.à r.l.,” is not a related party to the Indian entity, i.e., “Whirlpool of India Ltd.” We have looked into the related-party transactions from FY08. (Please refer to the exhibits within the report for further details.)
- Update on contingent liabilities:** There are contingent liabilities of INR16.9b in the books of Whirlpool of India Ltd. related to direct tax litigations. Of this, INR16.5m pertains to the transfer pricing adjustment – the transfer pricing officer had alleged the company had incurred excess expenditure on Advertisement, Marketing, and Sales Promotion (AMP) expenses for the promotion of the 'Whirlpool' brand owned by the holding company. The matter is sub-judice with the Supreme Court. (Refer to Exhibit 5 for further details.)
- 2QFY22 results recap:** While demand has swiftly normalized for Consumer Electricals categories, the offtake for white goods has been relatively slower. WHIRL’s 2QFY22 two-year revenue CAGR at 7% was weaker v/s peers, with the absence of volume growth in entry-level segments being a possibility. Current trends suggest heightened competitive intensity and, hence, the inability of white goods companies to pass on commodity price increases. However, our margin assumption factors in such near-term risks. The longer term demand trends remain in place, while valuations are attractive now, relative to peers such as Voltas and Havells.
- Valuation and view:** Unlike peers, WHIRL did not resort to aggressive cost-cutting measures in FY21. However, it has now started addressing the cost structure, as reflected in employee cost and other expense trends. As and when demand recovers, we expect strong operating leverage to play out for WHIRL. We forecast an FY21–24E revenue / EBITDA / adj. PAT CAGR of 16%/25%/28%, aided by the low base of FY21. Our TP stands at INR2,900/share as we value WHIRL at 50x FY24E EPS. We maintain our **Buy** rating. Note that we are yet to assign any value to the stake in ELICA.

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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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Related-party transactions pertaining to purchase of RM, spare parts, and services; no transactions with Luxembourg entity

Particulars (INR m)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Whirlpool Corporation	0	0	0	0	0	0	-	-	0	2	2	2	2	1
Whirlpool Microwave Products Development Ltd.	88	45	135	-	-	-	1	2	2	1	2	1	0	-
Whirlpool Europe S.R.L.	-	20	-	-	-	-	1	2	1	2	-	-	-	-
Whirlpool (China) Co. Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	148	216
Whirlpool EMEA S.p.a.	220	93	103	338	0	-	-	-	-	-	2	14	9	-
Beijing Embraco Snowflake Compressor Co. Ltd.	-	-	308	87	110	43	16	0	-	-	222	483	87	-
Whirlpool (China) Investment Co. Ltd.	-	-	-	-	-	-	-	-	-	-	52	11	-	-
Whirlpool Asia LLP	-	-	-	-	-	-	-	-	-	-	-	95	95	89
Others	85	3	71	2	5	5	1	0	-	-	0	0	-	6
Total	393	161	618	427	115	48	19	5	3	5	281	607	341	311

Source: MOFSL, Company

Exhibit 2: Related-party transactions pertaining to purchase of traded goods; no transactions with Luxembourg entity

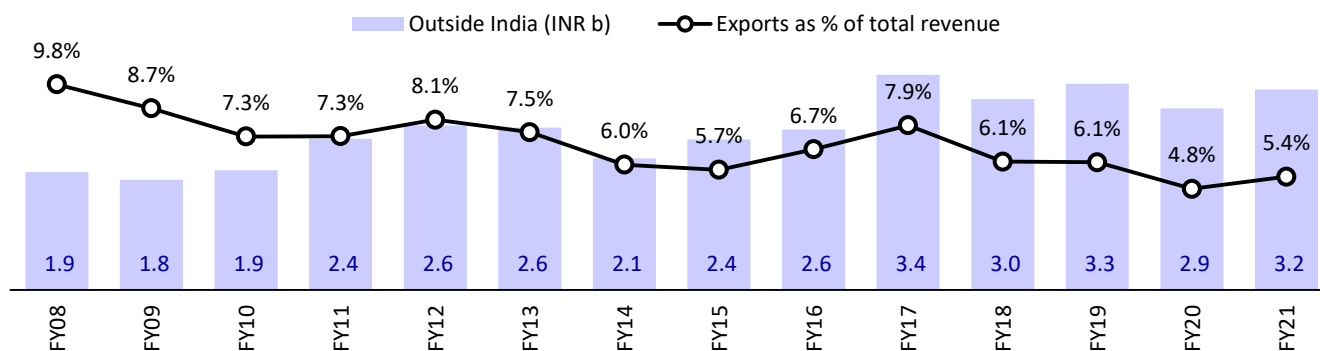
Particulars (INR m)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Whirlpool Corporation	-	-	-	-	-	2	38	45	48	77	51	57	24	14
Whirlpool EMEA S.p.a.	-	-	-	-	-	-	-	-	-	155	367	163	42	27
Whirlpool Europe S.R.L.	-	-	-	-	32	27	34	46	51	79	-	-	-	-
Whirlpool (China) Co., Ltd	-	-	-	-	-	-	-	-	-	-	-	62	70	89
Whirlpool Microwave Products Development Ltd.	-	-	-	231	218	160	134	219	39	71	78	58	29	35
Whirlpool Slovakia Spol Sro	-	-	-	-	-	-	-	-	-	6	171	127	64	107
Elica PB India Private Limited	-	-	-	-	-	-	-	-	-	-	-	20	79	119
Whirlpool Company Polska	-	-	-	-	-	-	-	-	-	-	-	-	49	42
Joint Stock Company Indesit In	-	-	-	-	-	-	-	-	-	-	-	-	44	45
Others	-	-	-	25	5	11	25	39	34	52	41	18	-	1
Total	-	-	-	257	255	200	231	349	171	440	708	505	402	478

Source: MOFSL, Company

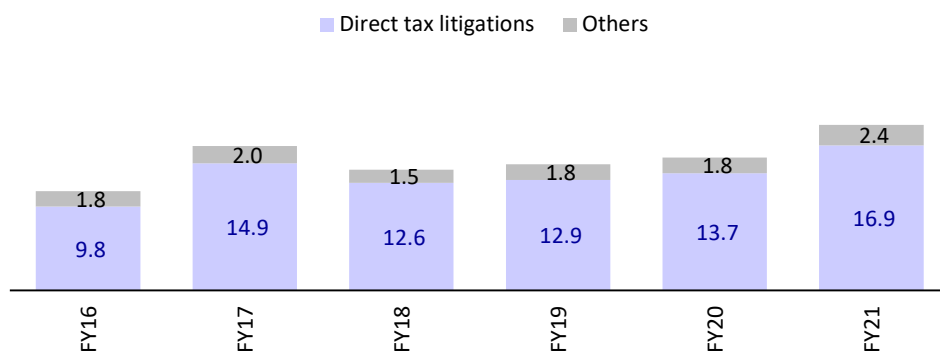
Exhibit 3: Related-party transactions pertaining to sale of manufactured goods; no transactions with Luxembourg entity

Particulars (INR m)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Whirlpool Corporation	8	16	11	15	17	5	0	0	-	-	-	-	2	-
Whirlpool Europe S.R.L.	397	261	91	170	170	119	182	166	169	164	2	1	-	-
Whirlpool Southeast Asia Pte	-	-	-	-	-	-	53	282	135	217	369	385	238	402
Whirlpool EMEA S.p.a.	-	-	-	-	-	-	-	-	-	68	116	113	99	91
Whirlpool Maroc s.a.r.l	-	90	135	51	-	-	-	-	46	75	38	53	9	-
Whirlpool (Australia) Pty Limited.	167	660	921	563	562	610	-	-	-	52	73	54	32	30
Maytag Sales Corp	555	-	-	-	-	-	-	-	-	-	-	-	-	-
Elica PB India Private Limited	-	-	-	-	-	-	-	-	-	-	-	149	128	182
Others	166	134	132	148	184	53	34	25	31	1	65	-	-	0
Total	1,293	1,161	1,290	946	934	788	268	472	381	578	663	755	507	706

Source: MOFSL, Company

Exhibit 4: Exports as % of total revenue (sale of products + sale of services) remains in lower single digits

Source: MOFSL, Company

Exhibit 5: Contingent liabilities mostly consist of direct tax litigations (INR b)

Source: MOFSL, Company

Exhibit 6: Extract from Annual Report for contingent liability regarding AMP expenses

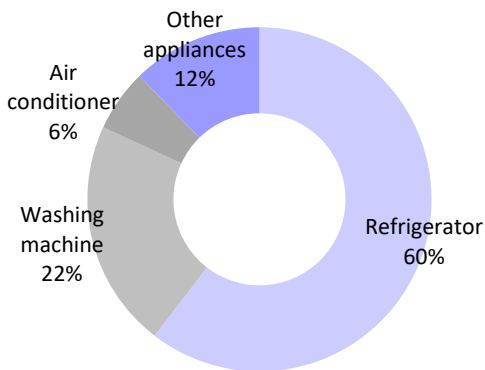
For AY 2004-05 to 2005-06, the assessing officer made additions of INR Nil (31 March 2020 : INR 17,703 Lacs) on account of Transfer Pricing adjustment for differences between the arm's length price and prices charged/ received by the Company from associated enterprises. During FY 2020-21, the transfer pricing officer in its order has accepted the contention of the Company and as per the direction of the ITAT has computed NIL transfer pricing adjustments. However, the TPO made an apparent error in applying the direction and propose an adjustment of INR 633 Lacs. The Company is in the process of filing necessary applications to get the transfer pricing adjustment corrected.

For AY 2008-09 to 2017-18, Transfer Pricing (TP) adjustments were made by Transfer Pricing Officer/ Assessing Officer amounting to INR 154,187 lacs (31 March 2020: INR 113,555 lacs) on account of alleged excess expenditure on Advertisement, Marketing and Sales Promotion (AMP) expenses incurred by the Company for promotion of 'Whirlpool' brand owned by the holding company. During the FY 2020-21, the Company has received revised TPO order(s) for AY 2009-10 to AY 2014-15 with increase in TP adjustment for AY 2011-12 (INR 29,445 Lacs) and AY 2012-13 (INR 25,636 Lacs). The revised TPO orders for AY 2009-10, 2010-11, 2012-13, 2013-14 and 2014-15 was challenged by the Company by filing a Writ petition before the Hon'ble Delhi High Court. The Hon'ble Delhi High Court granted stay on the operations of the Orders pending the outcome of the decision of the Special Leave Petition filed by the Tax Department with Hon'ble Supreme Court. For AY 2011-12, the TPO has made the addition erroneously. The Company has filed a rectification application before the TPO to get the necessary correction done. The Tax Department has challenged the order of the Hon'ble High Court for AY 2008-09 by filing Special Leave Petition (SLP) before the Hon'ble Supreme Court, Accordingly, the final consequence of TP adjustments involved for AY 2008-09 to AY 2016-17 on account of AMP expenses adjustments will depend on the acceptance/outcome of the pending SLP of Tax Department for A.Y 2008-09. During the FY 2020-21, the company had also received a final assessment order for AY 2016-17 with TP adjustments of INR 6,152 Lacs and Non TP adjustments of INR 697 Lacs and for AY 2017-18 with transfer pricing adjustment of INR 11,579 lacs, for AY 2016-17, the company has filed an appeal before the Income Tax Appellate Tribunal (ITAT) and for AY 2017-18, draft assessment order is awaited from Assessing officer.

Source: MOFSL, Company

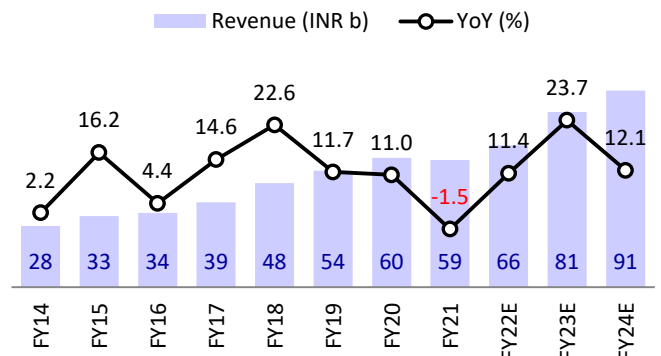
Story in charts

Exhibit 7: Revenue breakdown (FY21)



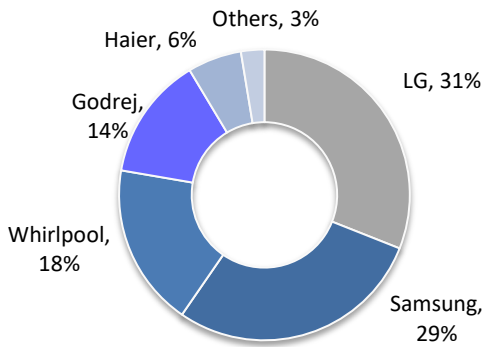
Source: MOFSL, Company

Exhibit 8: Expect ~16% revenue CAGR over FY21–24



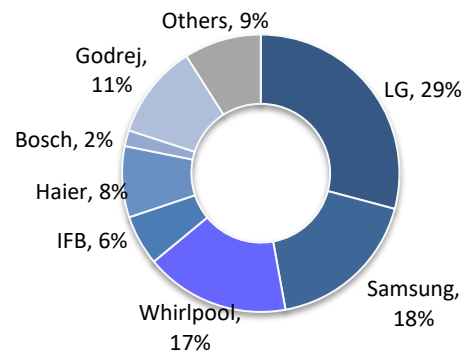
Source: MOFSL, Company

Exhibit 9: Commands 18% market share in Refrigerators in India market



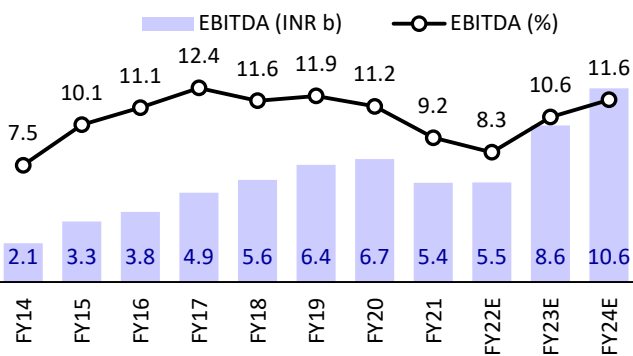
Source: MOFSL, Company

Exhibit 10: Commands 17% market share in Washing Machines in India market



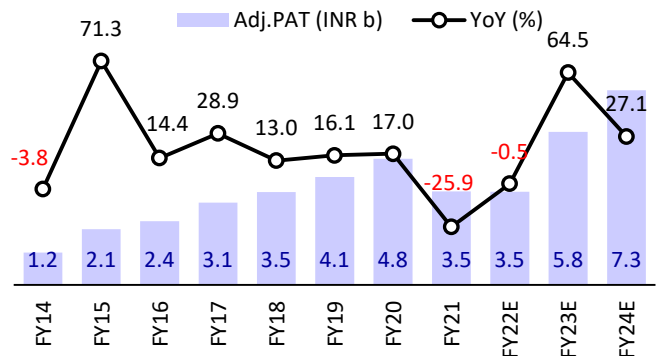
Source: MOFSL, Company

Exhibit 11: Expect ~25% EBITDA CAGR over FY21–24, with margin scaling back to FY19/FY20 levels

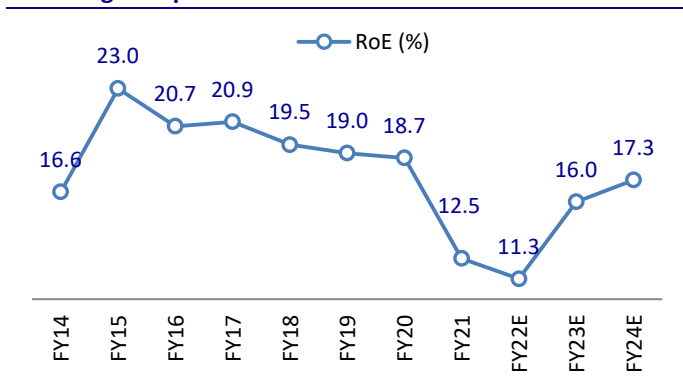


Source: MOFSL, Company

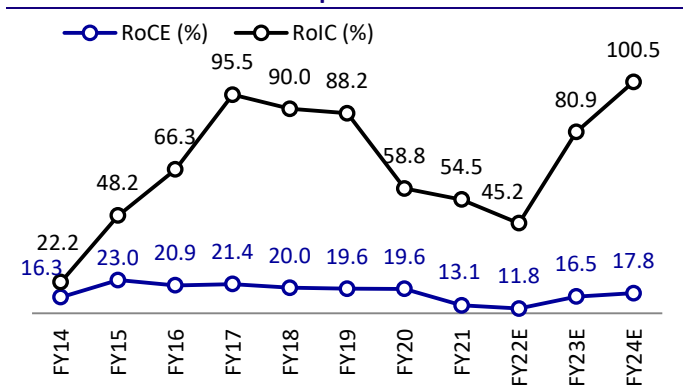
Exhibit 12: Expect ~28% PAT CAGR over FY21–24, aided by COVID-induced lower base effect in FY21



Source: MOFSL, Company

Exhibit 13: RoE to rise and scale back to ~17% by FY24E following slump in FY21 and FY22E

Source: MOFSL, Company

Exhibit 14: RoIC to rise gradually over FY22–24 as business recovers from COVID-led impact

Source: MOFSL, Company

Valuation and view

- Going from strength to strength in White Goods space:** WHIRL provides the best opportunity in the White Goods listed space owing to its strong exposure to Refrigerators (industry size: ~USD3.5b) and Washing Machines (industry size: ~USD1.5b) v/s other listed players that are largely in a single category (i.e., the highly competitive AC segment). The penetration of Refrigerators / Washing Machines stands at 30%/~10%. Both categories are expected to benefit on account of upscaling (Refrigerators: direct cool to frost-free / higher capacity / double-door; Washing Machines – semi-automatic to fully automatic). As per our estimates, WHIRL commands volume market share of 17–18% in each category. It has been gaining market share in volume terms and its product portfolio is poised for strong structural growth of 12–14% over the next decade – beyond the low-base-led growth due to the COVID-19 outbreak.
- Product portfolio expansion and higher ad spends aiding brand recall:** The company enjoys a strong brand recall and has been improving its positioning in the Indian market for the last 5–6 years, given the management's focus on growth. It has an array of offerings in Refrigerators and Washing Machines, and has been quick to fill the gaps in its product portfolio with new launches. Its portfolio includes ACs and Kitchen Appliances. It entered into the Air Purifiers segment in CY18 and acquired a 49% stake in Elica PB India, a manufacturer of kitchen cooktops. The company has focused on brand endorsements via celebrities and the print media. Furthermore, it maintained its ad spends of ~1.7% of sales in FY21 (v/s ~1.9% in FY20) despite the COVID disruption. **In 2QFY22, WHIRL acquired an additional shareholding of 38.25% in Elica PB India (49% earlier) for a cash consideration of ~INR4.3b.**
- Focus on in-house manufacturing suggests long-term planning:** WHIRL currently has three manufacturing facilities in Faridabad, Puducherry, and Pune. The Faridabad and Pune facilities cater solely to Refrigerators, while Washing Machines are produced in Puducherry. The company spent ~INR8.6b on capex over FY17–21, believing in the long-term benefits of in-house manufacturing capabilities – in fair contrast with other White Goods companies such as VOLT

and BLSTR. Despite such high capex, its RoIC is best in class, suggesting strong profitability and cash flow generation.

- Valuation and view:** Unlike peers, WHIRL did not resort to aggressive cost-cutting measures in FY21. However, it has started addressing the cost structure now, as reflected in employee cost and other expense trends. As and when demand recovers, we expect strong operating leverage to play out for WHIRL. We forecast an FY21–24E revenue / EBITDA / adj. PAT CAGR of 16%/25%/28%, aided by the low base of FY21. Our TP stands at INR2,900/share as we value WHIRL at 50x FY24E EPS. We maintain our **Buy** rating. Note that we are yet to assign any value to the stake in ELICA.

Exhibit 15: In White Goods, WHIRL's two-year revenue CAGR is better v/s RAC companies such as VOLT, BLSTR, and Hitachi

Revenue (INR m)	1HFY20	1HFY21	1HFY22	YoY (%)	Two-year CAGR (%)
WHIRL	33,677	26,265	29,477	12.2	-6.4
VOLT – UCP [#]	22,743	15,611	19,699	26.2	-6.9
BLSTR – UCP	12,841	5,935	9,601	61.8	-13.5
Lloyd – UCP	8,320	5,866	8,357	42.5	0.2
Johnson Controls-Hitachi Air*	13,285	5,797	8,892	53.4	-18.2
IFB Industries*	13,671	9,945	15,104	51.9	5.1

Source: MOFSL, Company; *not covered; [#]segmental reclassification

Exhibit 16: White goods revenue trend comparison – We don't see material difference between rev. growth of Samsung vs. WHIRL for the year FY21; past trend of Whirlpool has been stronger – No evidence of significant market share loss for WHIRL

Revenue (INR mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	YoY FY21 (%)	FY15-20 CAGR (%)
Blue Star - UCP	13,317	15,797	19,974	20,887	22,690	23,006	18,683	-18.8	11.6
Voltas - UCP	25,105	25,209	30,469	32,261	31,555	40,737	35,550*	-12.7	10.2
Whirlpool	32,938	34,399	39,408	48,319	53,977	59,925	58,999	-1.5	12.7
Hitachi	15,728	16,405	19,173	21,854	22,413	21,974	16,465	-25.1	6.9
IFB	12,615	15,009	17,407	21,517	25,378	25,514	27,165	6.5	15.1
LG (ex-TV and mobile)	83,950	90,123	1,03,631	1,03,349	1,03,349	1,08,846	NA	NA	5.3
Samsung (Home Appliances)	60,511	57,106	63,956	67,322	74,082	78,328	79,120	1.0	5.3

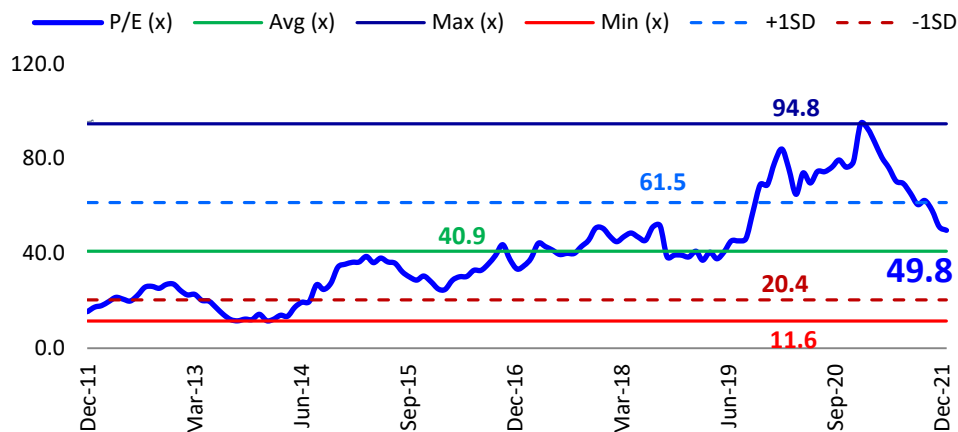
Note: *Voltas like-for-like number pre-reclassification

Source: Company, MOFSL

Exhibit 17: Income statement of ELICA (INR m)

Particulars	CY14	FY16	FY17	FY18	FY19	FY20	FY21
Net Sales	818	1,124	1,385	1,938	2,450	2,831	3,091
YoY (%)		9.9	23.2	39.9	26.4	15.6	9.2
EBITDA	53	52	134	283	299	542	687
EBITDA margin (%)	6.0	4.3	9.1	14.6	12.2	19.1	22.2
Depreciation	22	45	32	33	39	69	82
Interest	14	29	26	31	19	20	25
Other income	12	13	16	21	17	29	42
PBT	29	(9)	92	239	259	481	621
Tax	-	-	-	19	78	116	160
Adj PAT	29	(9)	92	220	180	366	461
YoY (%)		(133.1)	NA	139.4	(18.1)	102.8	26.0

Source: MOFSL, Company

Exhibit 18: WHIRL trades at 22% premium over its long-term average PE

Source: MOFSL, Company

Exhibit 19: Consumer Durables – Peer valuation table

Company name	Mkt Cap (INR b)	CMP (INR)	TP (INR)	Upside (%)	Rating	PE (x)			EV/EBITDA (x)		
						FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Havells	888	1,418	1,290	-9%	Neutral	69.2	60.8	55.1	46.5	41.2	37.5
Voltas	415	1,253	1,185	-6%	Neutral	69.6	54.0	46.4	55.2	42.8	36.9
Crompton	269	429	505	17%	Buy	44.5	37.6	34.1	34.1	29.0	26.1
Whirlpool	240	1,892	2,900	53%	Buy	68.4	41.5	32.7	40.7	25.3	19.9
Blue Star	95	986	850	-14%	Neutral	61.2	41.6	32.6	30.8	25.0	20.7
Orient Electric	80	376	500	33%	Buy	54.4	40.4	33.9	30.8	23.7	19.8

Source: MOSL, Company, Bloomberg

Exhibit 20: Consumer Durables – Peer valuation table – Adj. for projects business of Blue Star and Voltas

Current PE(x) - Adj. for projects business	Rating	FY22E	FY23E	FY24E
Havells	Neutral	69.2	60.8	55.1
Voltas	Neutral	70.9	55.5	48.2
Crompton Consumer	Buy	44.5	37.6	34.1
Whirlpool	Buy	68.4	41.5	32.7
Blue Star	Neutral	105.9	65.6	47.9
Orient	Buy	54.4	40.4	33.9

Source: MOSL, Company, Bloomberg

Financials and valuations

Income Statement								(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	39,408	48,319	53,977	59,925	58,999	65,716	81,286	91,107
Change (%)	14.6	22.6	11.7	11.0	-1.5	11.4	23.7	12.1
EBITDA	4,889	5,600	6,422	6,734	5,445	5,450	8,577	10,614
% of Net Sales	12.4	11.6	11.9	11.2	9.2	8.3	10.6	11.6
Depreciation	875	1,015	1,113	1,293	1,421	1,365	1,591	1,690
Interest	59	44	91	199	153	170	170	170
Other Income	730	867	1,047	1,287	905	779	908	1,064
PBT	4,684	5,408	6,265	6,529	4,776	4,694	7,723	9,817
Tax	1,580	1,902	2,194	1,766	1,245	1,183	1,946	2,474
Rate (%)	33.7	35.2	35.0	27.0	26.1	25.2	25.2	25.2
Extra-ordinary Inc. (net)	0	0	0	0	-197	-21	0	0
Reported PAT	3,104	3,507	4,071	4,763	3,333	3,490	5,777	7,343
Change (%)	29.3	13.0	16.1	17.0	-30.0	4.7	65.5	27.1
Adjusted PAT	3,104	3,507	4,071	4,763	3,530	3,511	5,777	7,343
Change (%)	28.9	13.0	16.1	17.0	-25.9	-0.5	64.5	27.1

E: MOFSL estimates

Balance Sheet								(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Share Capital	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269
Reserves	13,562	16,695	20,158	24,200	26,963	29,926	34,837	41,078
Net Worth	14,831	17,964	21,427	25,469	28,232	31,195	36,105	42,347
Loans	0	0	0	0	0	0	0	0
Deferred Tax Liability	-159	-279	-344	-375	-417	-417	-417	-417
Capital Employed	14,672	17,685	21,083	25,094	27,815	30,778	35,689	41,930
Gross Fixed Assets	5,617	7,115	8,740	11,667	12,902	14,402	15,902	17,902
Less: Depreciation	1,638	2,655	3,658	4,578	5,830	7,195	8,786	10,476
Net Fixed Assets	3,979	4,460	5,082	7,089	7,072	7,207	7,116	7,426
Capital WIP	295	331	433	441	410	410	410	410
Investments	1,297	4,563	6,563	5,506	1,722	5,971	5,971	5,971
Curr. Assets	23,033	22,626	24,668	30,026	40,511	40,195	50,647	60,017
Inventory	8,888	8,101	8,886	11,989	12,738	14,188	17,550	19,670
Debtors	2,049	2,403	2,556	2,816	3,790	4,221	5,221	5,852
Cash and Bank Balance	10,590	9,819	10,610	12,840	20,632	18,052	23,258	29,319
Loans and Advances	163	190	208	249	268	299	370	414
Other Current Assets	1,343	2,113	2,408	2,133	3,084	3,435	4,249	4,762
Current Liab. and Prov.	13,931	14,296	15,664	17,968	21,901	23,005	28,455	31,893
Creditors	11,223	12,359	12,379	14,311	16,604	17,104	21,157	23,713
Other Liabilities	1,198	133	1,086	1,207	2,348	2,615	3,235	3,626
Provisions	1,510	1,804	2,199	2,451	2,950	3,286	4,064	4,555
Net Current Assets	9,102	8,330	9,004	12,059	18,610	17,190	22,192	28,124
Application of Funds	14,673	17,684	21,083	25,094	27,815	30,778	35,689	41,930

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Basic (INR)								
Adjusted EPS	24.5	27.6	32.1	37.5	27.8	27.7	45.5	57.9
Growth (%)	28.9	13.0	16.1	17.0	-25.9	-0.5	64.5	27.1
Cash EPS	31.4	35.6	40.9	47.7	39.0	38.4	58.1	71.2
Book Value	116.9	141.6	168.9	200.7	222.5	245.9	284.6	333.8
DPS	0.0	3.0	4.0	5.0	5.0	4.2	6.8	8.7
Payout (incl. Div. Tax.)	0.0	13.0	14.9	16.1	18.0	15.0	15.0	15.0
Valuation (x)								
P/Sales	6.1	5.0	4.5	4.0	4.1	3.7	3.0	2.6
P/E (standalone)	77.4	68.5	59.0	50.5	68.1	68.4	41.6	32.7
Cash P/E	60.4	53.2	46.4	39.7	48.5	49.3	32.6	26.6
EV/EBITDA	47.0	41.2	35.8	33.8	40.3	40.8	25.3	19.9
EV/Sales	5.8	4.8	4.3	3.8	3.7	3.4	2.7	2.3
Price/Book Value	16.2	13.4	11.2	9.4	8.5	7.7	6.7	5.7
Dividend Yield (%)	0.0	0.2	0.2	0.3	0.3	0.2	0.4	0.5
Profitability Ratios (%)								
RoE	20.9	19.5	19.0	18.7	12.5	11.3	16.0	17.3
RoCE	21.4	20.0	19.6	19.6	13.1	11.8	16.5	17.8
RoIC	95.5	90.0	88.2	58.8	54.5	45.2	80.9	100.5
Turnover Ratios								
Debtor (Days)	19	18	17	17	23	23	23	23
Inventory (Days)	82	61	60	73	79	79	79	79
Creditor (Days)	104	93	84	87	103	95	95	95
Asset Turnover (x)	2.7	2.7	2.6	2.4	2.1	2.1	2.3	2.2
Leverage Ratio								
Net Debt/Equity (x)	-0.7	-0.5	-0.5	-0.5	-0.7	-0.6	-0.6	-0.7

E: MOFSL Estimates

Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
(INR m)								
PBT before EO Items	4,684	5,408	6,265	6,529	4,511	4,694	7,723	9,817
Add: Depreciation	861	1,017	1,123	1,323	1,442	1,365	1,591	1,690
Interest	59	44	91	199	153	170	170	170
Less: Direct Taxes Paid	1,805	2,039	2,360	2,064	1,249	1,183	1,946	2,474
(Inc.)/Dec. in WC	-520	-12	33	1,122	-750	1,160	-204	-129
Others	-484	-600	-1,061	-1,063	-366	-800	-908	0
CF from Operations	3,835	3,842	4,025	3,802	5,241	3,087	6,835	9,332
(Inc.)/Dec. in FA	-1,118	-1,557	-1,864	-3,049	-990	-1,500	-1,500	-2,000
Free Cash Flow	2,717	2,286	2,161	753	4,252	1,587	5,335	7,332
(Pur.)/Sale of Investments	-1,371	-3,203	-1,631	1,377	3,574	-4,248	0	0
Others	8	-104	-15	-5	102	0	0	0
CF from Investments	-2,482	-4,864	-3,510	-1,677	2,686	-5,748	-1,500	-2,000
(Inc.)/Dec. in Net Worth	0	0	0	0	0	0	0	0
(Inc.)/Dec. in Debt	0	0	0	0	0	0	0	0
Less: Interest Paid	13	9	13	107	24	170	170	170
Dividend Paid	0	456	606	765	634	527	867	1,102
Others	686	715	895	977	523	779	908	0
CF from Fin. Activity	674	251	276	105	-136	82	-129	-1,272
Inc./Dec. in Cash	2,027	-771	791	2,230	7,792	-2,580	5,206	6,061
Add: Beginning Balance	8,563	10,590	9,819	10,610	12,840	20,632	18,052	23,258
Closing Balance	10,590	9,819	10,610	12,840	20,632	18,052	23,258	29,319

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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