

# Endurance Technologies

Estimate changes

TP change

Rating change



**CMP: INR1,241**

**TP: INR1,620 (+31%)**

**Buy**

**Both India and Europe businesses perform above expectations**

**Maxwell acquisition opens up opportunities in electronics for EVs**

- ENDU's 4QFY22 result was decent considering the muted domestic demand for 2Ws and high energy costs in the EU. While ENDU has been winning new orders both in the domestic and export markets, its recent acquisition of Maxwell has opened up new opportunities in the electronic business (BMS, telematics, etc.) for EVs.
- We raise our FY23E/FY24E EPS by 13%/4% to factor in the growth in the EU business. We maintain our **BUY** rating with a TP of INR1,620 (premised on 27x Jun'24E EPS).

**India business outperforms the domestic industry performance**

- ENDU's **consolidated revenue** declined 2.5% YoY to INR20.8b (est. of INR19.3b) in 4QFY22. EBITDA/Adj. PAT dipped 23%/27% YoY to INR2.6b/INR1.4b (est. INR2.05b/INR0.8b), respectively in 4QFY22. For FY22, revenue grew 16% YoY but EBITDA/Adj. PAT fell 5%/4% YoY, respectively.
- **India business:** Revenue dropped 3% YoY to INR15.5b (est. of INR15.1b); however, ENDU continued to outperform the underlying industry as 2W production declined ~21% YoY in 4QFY22 v/s a revenue decline of 3% YoY for ENDU. EBITDA margin contracted 210bp YoY to 12.7% (est. 11%). The beat was due to lower-than-estimated RM cost inflation. Adj. PAT dipped 17.5% YoY to INR1.15b (est. of ~INR0.9b). Revenue/EBITDA/Adj. PAT grew 20%/ 4%/7% YoY, respectively.
- **EU business:** Revenue dipped 2% YoY to INR5.2b in 4QFY22 (est. of INR4.1b), adversely impacted by the semiconductor shortage and depreciation in the EUR:INR (revenue rose ~2% in EUR terms in 4QFY22). In EUR terms, revenue grew 5% YoY v/s a 4.9% YoY decline in PV registrations in the EU (including the UK) in FY22. EBITDA margin contracted 640bp YoY to 11.5% (est. of 9.6%) as higher-than-estimated RM cost was more than offset by operating leverage benefits. Adjusted PAT declined 55.5% YoY to INR215m (v/s our estimated loss of INR63m) in 4QFY22. For FY22, revenue grew 4% YoY but EBITDA/Adj. PAT declined 24%/38% YoY, respectively.
- FCFF stood at INR2.2b (v/s INR3b in FY21) due to better CFO, which was at INR7.4b in FY22 (v/s INR6.2b in FY21).
- The Board declared a final dividend of INR6.25/share for FY22.

**Highlights from the management commentary**

- ENDU reported **new order wins** of INR7.42b in FY22 (v/s INR5.85b as of Dec'21) in India (excl. BJAUT) and EUR71.4m in FY22 (v/s EUR53.9m as of Dec-21). In India business, there were RFQs worth INR20.38b in 4QFY22 (v/s INR18.94b in 3QFY22).

Bloomberg	ENDU IN
Equity Shares (m)	141
M.Cap.(INRb)/(USDb)	174.6 / 2.3
52-Week Range (INR)	1981 / 1048
1, 6, 12 Rel. Per (%)	11/-20/-21
12M Avg Val (INR M)	208

## Financials & Valuations (INR b)

INR Billion	FY22	FY23E	FY24E
Sales	75.5	88.6	97.8
EBITDA	9.6	12.7	14.9
Adj. PAT	4.9	6.9	8.1
EPS (Rs)	34.5	48.8	57.9
EPS Growth (%)	-4.1	41.4	18.7
BV/Share (INR)	278.7	312.8	353.3

## Ratios

Net Debt/Equity	-0.1	-0.2	-0.2
RoE (%)	13.0	16.5	17.4
RoCE (%)	11.8	15.2	16.1
Payout (%)	31.7	30.1	30.1

## Valuations

P/E (x)	36.0	25.4	21.4
P/BV (x)	4.5	4.0	3.5
Div. Yield (%)	0.7	1.0	1.2
FCF Yield (%)	1.3	2.4	3.2

## Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	75.0	75.0	75.0
DII	15.9	15.7	13.5
FII	7.2	7.8	9.9
Others	1.9	1.5	1.6

FII Includes depository receipts

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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.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Entry into BMS product through Maxwell acquisition:** It has acquired 51% stake in Maxwell Energy for INR1.35b and the balance 49% stake will be acquired over five years at a max payout of INR1.7b. Its BMS has over 260 configurable parameters, allowing it to use the same hardware for different types of chemistry. It has ~100 team members in R&D, which will be expanded to ~250 people. Maxwell is not just a BMS player, but an advanced electronics company and has other products under development such as: a) Telematics controller/gateway and b) high voltage BMS for 4W, buses and storage.
- In the EU business, Aluminum cost is reset every quarter and energy price inflation pass through is being negotiated. It has received energy price pass-through so far for only 5% of business and discussions are in progress with others.

#### Valuation and view

- ENDU is the best proxy play for the Indian 2W industry, with scope to increase content, led by technological changes and new products. Coupled with its knowledge of aluminum die-casting in the EU, there is scope to increase contribution from the PV segment too.
- The stock trades at 25.4x/21.4x FY23E/FY24E consolidated EPS. We maintain our **BUY** rating with a TP of INR1,620 (premised on 27x Jun'24E consolidated EPS).

#### Consolidated - Quarterly

Y/E March	FY21				FY22				FY21	FY22	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
<b>INR m</b>											
<b>Net Sales</b>	6,031	17,422	20,409	21,329	16,937	18,876	18,891	20,788	65,191	75,491	19,276
YoY Change (%)	-67.6	-1.6	24.4	33.0	180.8	8.3	-7.4	-2.5	-5.2	15.8	-9.6
RM Cost (% of sales)	47.9	54.9	54.1	57.3	53.8	58.6	60.8	60.4	54.8	58.6	61.3
Staff Cost (% of sales)	21.9	9.6	8.9	9.1	11.5	8.7	8.8	8.1	10.4	9.2	8.9
Other Exp. (% of sales)	23.1	19.1	19.8	18.1	20.3	18.9	19.6	19.1	19.3	19.5	19.2
<b>EBITDA</b>	427	2,852	3,521	3,322	2,443	2,600	2,032	2,571	10,123	9,646	2,056
Margin (%)	7.1	16.4	17.3	15.6	14.4	13.8	10.8	12.4	15.5	12.8	10.7
Depreciation	856	973	1,045	1,118	983	940	914	981	3,991	3,817	965
Interest	42	35	42	19	15	18	14	17	138	64	20
Other Income	109	71	58	69	127	82	75	127	307	410	97
<b>PBT before EO expense</b>	-361	1,916	2,493	2,254	1,573	1,724	1,179	1,700	6,301	6,176	1,169
Exceptional Item	0	-279	112	0	315	0	0	0	-167	315	0
<b>PBT after EO</b>	-361	2,195	2,380	2,254	1,258	1,724	1,179	1,700	6,468	5,861	1,169
Eff. Tax Rate (%)	31.0	23.9	20.2	16.9	23.3	22.7	19.8	19.9	19.7	21.4	28.1
<b>Rep. PAT</b>	-249	1,672	1,901	1,873	966	1,333	946	1,362	5,196	4,608	841
<b>Adj. PAT</b>	-249	1,447	1,991	1,873	1,213	1,333	946	1,362	5,061	4,855	841
YoY Change (%)	-119.2	-14.4	60.5	67.0	-587.0	-7.9	-52.5	-27.3	-5.4	-4.1	-55.1

#### Key Performance Indicator

INR m	FY21				FY22				FY21	FY22	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
<b>India Business Revenues</b>	3,562	12,613	15,288	15,989	11,520	15,012	14,895	15,544	47,451	56,971	15,152
EBITDA Margins (%)	0.7	16.2	17.0	14.8	13.4	14.2	11.1	12.7	14.8	12.8	11.0
<b>EU Business Revenues</b>	2,469	4,810	5,120	5,340	5,417	3,864	3,996	5,244	17,740	18,521	4,125
EBITDA Margins (%)	16.3	16.8	18.0	17.9	16.7	12.3	9.4	11.5	17.4	12.7	9.6
<b>Cost break-up (Consol)</b>											
RM Cost (% of sales)	47.9	54.9	54.1	57.3	53.8	58.6	60.8	60.4	54.8	58.6	61.3
Staff Cost (% of sales)	21.9	9.6	8.9	9.1	11.5	8.7	8.8	8.1	10.4	9.2	8.9
Other Exp. (% of sales)	23.1	19.1	19.8	18.1	20.3	18.9	19.6	19.1	19.3	19.5	19.2
Gross margins (%)	52.1	45.1	45.9	42.7	46.2	41.4	39.2	39.6	-0.2	2.7	38.7
EBITDA margins (%)	7.1	16.4	17.3	15.6	14.4	13.8	10.8	12.4	19.3	19.5	10.7
EBIT margins (%)	-7.1	10.8	12.1	10.3	8.6	8.8	5.9	7.6	9.4	7.7	5.7

**Standalone Performance**

Y/E March	FY21				FY22				FY21	FY22	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Net Sales</b>	<b>3,562</b>	<b>12,613</b>	<b>15,288</b>	<b>15,989</b>	<b>11,520</b>	<b>15,012</b>	<b>14,895</b>	<b>15,544</b>	<b>47,451</b>	<b>56,971</b>	<b>15,152</b>
YoY Change (%)	-72.9	-2.4	31.7	41.3	223.4	19.0	-2.6	-2.8	-3.1	20.1	-5.2
RM Cost (% of sales)	60.7	61.3	62.1	64.4	63.6	65.0	68.0	66.7	62.6	66.0	68.2
Staff Cost (% of sales)	18.8	5.8	4.7	4.7	6.7	4.7	4.8	4.6	6.0	5.1	4.8
Other Expenses (% of sales)	19.7	16.7	16.1	16.1	16.4	16.1	16.1	16.1	16.6	16.1	16.1
Total Expenditure	3,536	10,570	12,688	13,621	9,982	12,887	13,240	13,576	40,414	49,684	13,492
<b>EBITDA</b>	<b>26</b>	<b>2,043</b>	<b>2,601</b>	<b>2,367</b>	<b>1,538</b>	<b>2,125</b>	<b>1,655</b>	<b>1,968</b>	<b>7,036</b>	<b>7,287</b>	<b>1,660</b>
Margins (%)	0.7	16.2	17.0	14.8	13.4	14.2	11.1	12.7	14.8	12.8	11.0
Depreciation	465	540	526	504	502	513	504	519	2,034	2,037	518
Interest	20	14	10	3	3	5	6	4	48	18	5
Other Income	42	35	32	27	58	45	44	96	136	244	62
<b>PBT before EO expense</b>	<b>-418</b>	<b>1,524</b>	<b>2,097</b>	<b>1,887</b>	<b>1,091</b>	<b>1,651</b>	<b>1,190</b>	<b>1,542</b>	<b>5,090</b>	<b>5,475</b>	<b>1,199</b>
Extra-Ord expense	0	-279	112	0	315	0	0	0	-167	315	0
Tax Rate (%)	23.8	25.5	24.2	26.3	26.9	25.9	26.2	25.6	25.4	26.0	24.7
<b>Adj. PAT</b>	<b>-319</b>	<b>1,135</b>	<b>1,589</b>	<b>1,391</b>	<b>801</b>	<b>1,224</b>	<b>878</b>	<b>1,147</b>	<b>3,797</b>	<b>4,050</b>	<b>903</b>
YoY Change (%)	-134.1	-16.9	76.2	80.3	-351.3	7.8	-44.7	-17.5	-4.5	6.7	-35.1
Margins (%)	-8.9	9.0	10.4	8.7	7.0	8.2	5.9	7.4	8.0	7.1	6.0

**EU Subs (Derived)**

Y/E March	FY21				FY22				FY21	FY22	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Net Sales</b>	<b>2,469</b>	<b>4,810</b>	<b>5,120</b>	<b>5,340</b>	<b>5,417</b>	<b>3,864</b>	<b>3,996</b>	<b>5,244</b>	<b>17,740</b>	<b>18,521</b>	<b>4,125</b>
YoY Change (%)	-54.9	0.4	6.8	13.1	119.4	-19.7	-22.0	-1.8	-10.4	4.4	-22.8
RM Cost (% of sales)	29.4	38.0	29.9	36.0	32.8	33.8	33.8	41.6	33.9	35.7	35.9
Staff Cost (% of sales)	26.3	19.8	21.5	22.3	21.7	24.2	23.9	18.6	22.0	21.8	23.9
Other Expenses (% of sales)	28.0	25.3	30.6	23.8	28.8	29.7	32.9	28.3	26.8	29.7	30.6
<b>EBITDA</b>	<b>402</b>	<b>810</b>	<b>921</b>	<b>954</b>	<b>905</b>	<b>475</b>	<b>377</b>	<b>603</b>	<b>3,086</b>	<b>2,360</b>	<b>396</b>
Margins (%)	16.3	16.8	18.0	17.9	16.7	12.3	9.4	11.5	17.4	12.7	9.6
Depreciation	21	21	32	15	11	13	8	13	90	45	15
Interest	391	433	519	614	481	427	410	463	1,957	1,780	447
Other Income	67	37	26	42	69	37	31	30	172	166	35
<b>PBT before EO expense</b>	<b>57</b>	<b>392</b>	<b>396</b>	<b>367</b>	<b>482</b>	<b>73</b>	<b>-11</b>	<b>158</b>	<b>1,211</b>	<b>701</b>	<b>-30</b>
Tax	-13	65	1	-115	84	-37	-79	-56	-63	-90	32
Rate (%)	-22.3	16.5	0.1	-31.4	17.4	-51.2	711.7	-35.7	-5.2	-12.8	-105.6
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0
<b>Adj. PAT</b>	<b>69</b>	<b>328</b>	<b>395</b>	<b>482</b>	<b>398</b>	<b>110</b>	<b>68</b>	<b>215</b>	<b>1,274</b>	<b>791</b>	<b>-63</b>
YoY Change (%)	-81.0	0.7	16.8	37.7	473.9	-66.5	-82.8	-55.5	-7.6	-37.9	-113.0



## Highlights from the management commentary

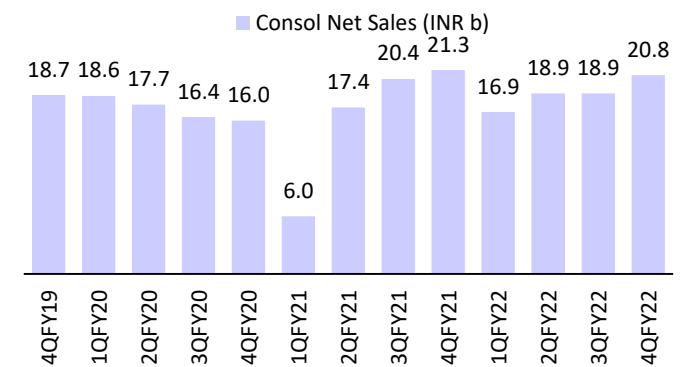
### India business

- New order wins (excluding BJAUT) stood at INR7.42b in FY22 (v/s INR5.85b as of Dec'21). It includes EV orders worth INR1.6b (including INR530m for brakes from Ather and INR300m for suspension and brakes from Polarity). It has recently won front alloy wheel rim order from Hero Electric.
- There were RFQs worth INR20.38b in 4QFY22 (v/s INR18.94b in 3QFY22). Order of INR1.2b from non-auto castings business to commence in FY23E.
- Maxwell Acquisition :
  - It has an experience of deployment of BMS with over 70 OEMs as its customers were spread across 15 countries and deployment in over 65k vehicles.
  - Maxwell has an order book of over INR1.5b from key customers including one of India's leading two-wheeler OEMs/ multiple new age OEMs and leading battery pack makers. About 80% of the order book is from India and the rest is from the EU; 70% of the order book is from e-2W/3Ws, and the balance from stationary storage, industrial and automotive segments.
  - Maxwell is the only company in the world which has built ISO26262 certified BMS. It has taken a platform approach, enabling it to leverage same code base for other segments. Its BMS has over 260 configurable parameters, allowing it to use the same hardware for different types of chemistry. It has ~100 team members in R&D, which will be expanded to ~250 people.
  - Maxwell is not just a BMS player, but an advanced electronics company and has other products under development such as: a) Telematics controller/gateway and b) high voltage BMS for 4W, buses and storage.
  - It would manufacture BMS at Waluj, where it would enjoy 100% capital subsidy payable over seven years.
- The Maharashtra State Incentives would be there for 3-4 years with cumulative amount of ~INR1.8b. Further, it has applied for the scheme for 2019-24 which will increase longevity of the incentives.
- ABS supplies to RE have started from Feb'22 along with BJAUTO. It targets to supply 400k units by Sep'22.
- Aluminum die-castings value-add is higher in EVs as against ICE. In e-2Ws, there are more numbers of castings (nine v/s seven in ICE) with lower weight but higher value add. In 3Ws, there are 11 castings in EVs v/s 7 in ICE 3Ws with higher value add. It has started supplies to Chetak and will soon start supplies to the e-3W of Bajaj.

### EU business

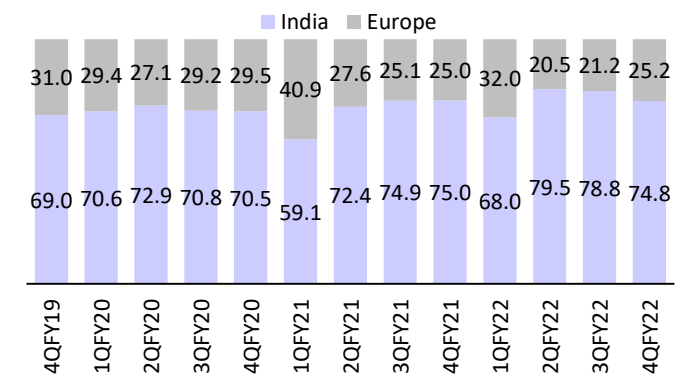
- **Order wins:** It bagged orders worth EUR71.4m in FY22 (v/s EUR53.9m as of Dec'21) from Daimler, CNH, BMW, Porsche, and Stellantis.
- While Aluminum cost is reset every quarter, energy price inflation pass through is being negotiated. It has got energy price pass-through so far for only 5% of business and discussions are in progress with others.

**Exhibit 1: Trend in consolidated revenue**



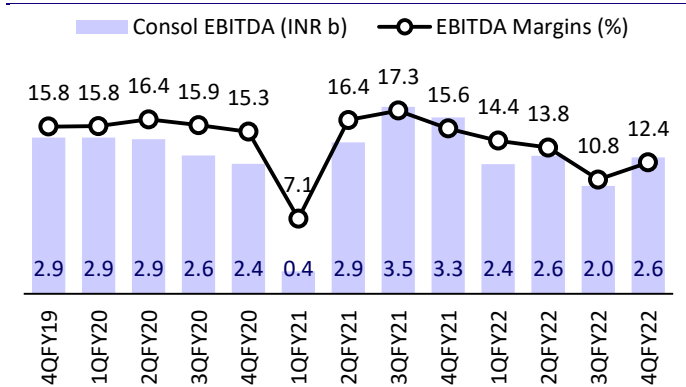
Source: Company, MOFSL

**Exhibit 2: Revenue split in India and Europe (as a percentage of total)**



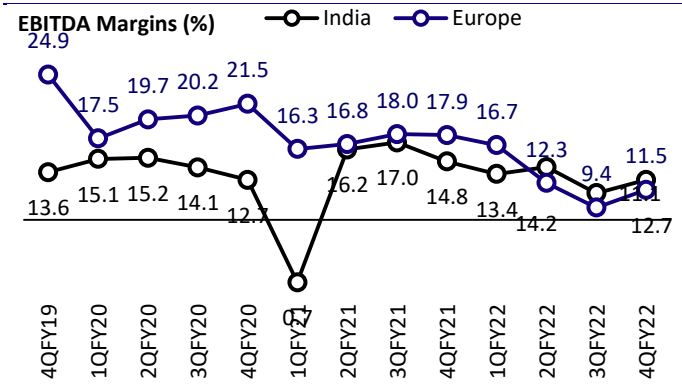
Source: Company, MOFSL

**Exhibit 3: Trend in consolidated EBITDA margin**



Source: Company, MOFSL

**Exhibit 4: EBITDA margin trend in India and Europe**



Source: Company, MOFSL

**Valuation and view**

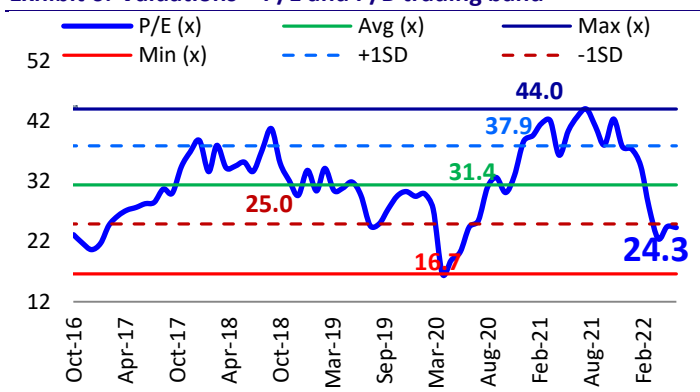
- Given ENDU’s strong positioning in the 2W segment, it is the best proxy to play the India 2W opportunity, keeping in mind the underlying trends of scooterization and premiumization. Driven by new customer wins and technology-led increase in content, we estimate ENDU to outperform the underlying 2W industry in India.
- The company offers strong management, a diverse revenue profile, improving technological content, increasing wallet share of customers, and financial discipline. It is one of the few auto ancillary companies in India to boast of a truly diversified revenue base, both in terms of product lines as well as customer base, but still offers a consistently respectable RoE.
- At the helm is a proven management, as evidenced in the sustained profitable growth while entering new segments and significant market share gains.
- The strength in ENDU's business franchisee and experienced management should help the stock to continue commanding premium valuation multiples in comparison to most domestic auto ancillary companies. In the latter, there are only a handful of high-quality, large-scale, multi-product auto component suppliers. Considering ENDU's size and strong market share in its operating segments, the stock should command a premium to its domestic peers.
- We raise our FY23E/FY24E EPS by 13%/4% to factor in growth from the EU business. We estimate a consolidated revenue/EBITDA/ PAT CAGR of ~14%/24%/30% over FY22-24E, with scope for a surprise incremental growth from the ramp-up in the India PV business as well as content increase in the Suspension and Braking business. The stock trades at 25.4x/21.4x at FY23/FY24E

consolidated EPS. We value the stock at a P/E multiple to 27x to reflect newer revenue streams such as Non-autos in die-casting, over 200cc motorcycle brakes and transmission, drive shaft (new product), etc. Recovery in the underlying 2W demand, improvement in the EU business from 2QCY22E, and the possibility of new product technology are potential catalysts for the stock. We maintain our **BUY** rating with a TP of INR1,620/share (premised on 27x Jun'24E EPS).

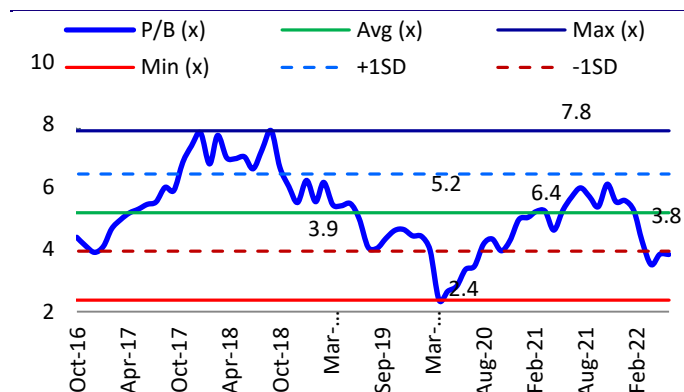
**Exhibit 5: Our revised estimates (consolidated)**

(INR M)	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	88,636	85,730	3.4	97,846	95,358	2.6
EBITDA (%)	14.3	13.8	50bp	15.3	15.2	0bp
Net Profit	6,867	6,092	12.7	8,149	7,815	4.3
EPS (INR)	48.8	43.3	12.7	57.9	55.6	4.3

**Exhibit 6: Valuations – P/E and P/B trading band**



Source: Bloomberg, MOFSL



Source: Bloomberg, MOFSL

Story in charts

Exhibit 7: Trend in consolidated sales

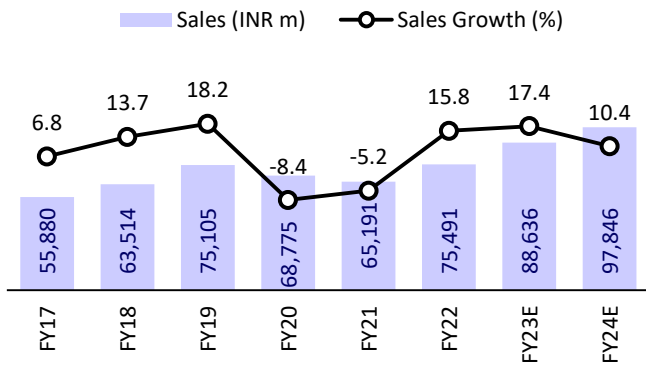


Exhibit 8: Trend in consolidated PAT

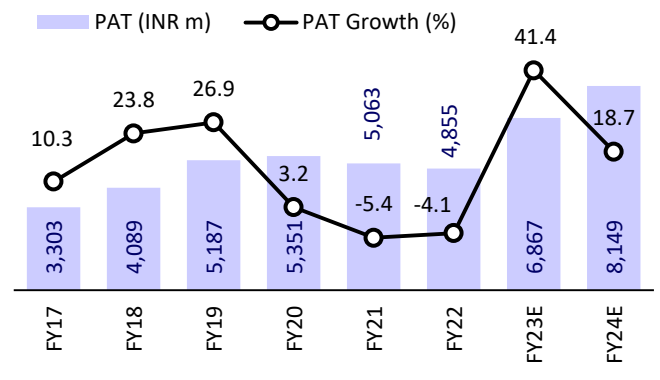


Exhibit 9: Geography-wise sales break-up in FY22 (%)

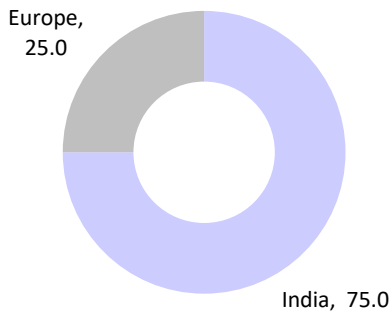


Exhibit 10: Market share in the India business (%)

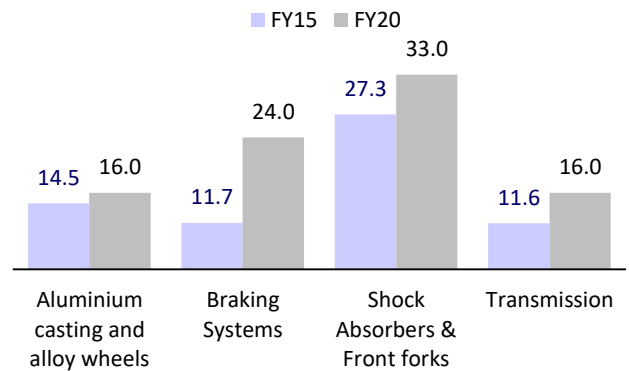


Exhibit 11: Customer-wise break-up (%)

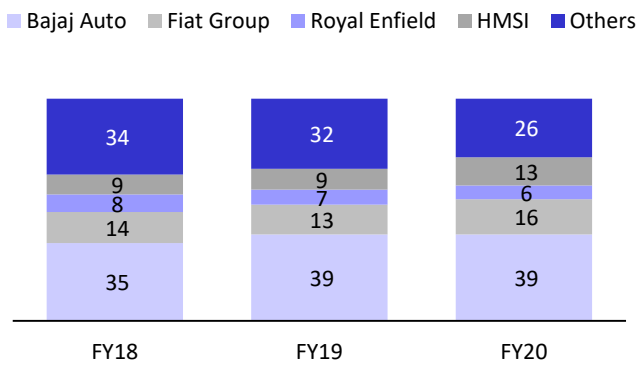
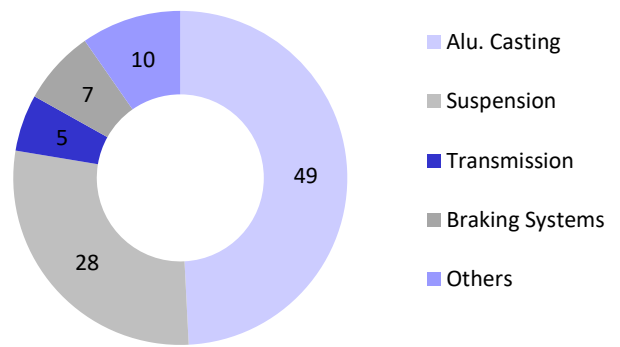


Exhibit 12: Segment-wise break-up (%), FY21 consolidated



## Financials and valuations

### Consolidated - Income Statement

(INR Million)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Total Income from Operations</b>	<b>63,514</b>	<b>75,105</b>	<b>68,775</b>	<b>65,191</b>	<b>75,491</b>	<b>88,636</b>	<b>97,846</b>
Change (%)	13.7	18.2	-8.4	-5.2	15.8	17.4	10.4
Raw Materials	36,609	43,495	37,352	35,706	44,201	51,870	56,990
Employees Cost	5,809	6,527	6,773	6,761	6,944	7,132	7,638
Other Expenses	11,817	13,795	13,744	12,602	14,700	16,928	18,289
<b>Total Expenditure</b>	<b>54,235</b>	<b>63,817</b>	<b>57,869</b>	<b>55,068</b>	<b>65,845</b>	<b>75,930</b>	<b>82,917</b>
% of Sales	85.4	85.0	84.1	84.5	87.2	85.7	84.7
<b>EBITDA</b>	<b>9,279</b>	<b>11,288</b>	<b>10,906</b>	<b>10,123</b>	<b>9,646</b>	<b>12,707</b>	<b>14,929</b>
Margin (%)	14.6	15.0	15.9	15.5	12.8	14.3	15.3
Depreciation	3,216	3,762	4,143	3,991	3,817	4,086	4,691
<b>EBIT</b>	<b>6,063</b>	<b>7,526</b>	<b>6,763</b>	<b>6,131</b>	<b>5,829</b>	<b>8,620</b>	<b>10,238</b>
Int. and Finance Charges	235	257	175	138	64	61	61
Other Income	235	270	476	307	410	575	663
<b>PBT bef. EO Exp.</b>	<b>6,062</b>	<b>7,539</b>	<b>7,064</b>	<b>6,301</b>	<b>6,176</b>	<b>9,134</b>	<b>10,840</b>
EO Items	-269	92	402	167	-315	0	0
<b>PBT after EO Exp.</b>	<b>5,793</b>	<b>7,631</b>	<b>7,465</b>	<b>6,468</b>	<b>5,861</b>	<b>9,134</b>	<b>10,840</b>
Total Tax	1,886	2,381	1,810	1,272	1,253	2,268	2,691
Tax Rate (%)	32.6	31.2	24.2	19.7	21.4	24.8	24.8
Minority Interest	0	0	0	-1	0	0	0
<b>Reported PAT</b>	<b>3,908</b>	<b>5,250</b>	<b>5,655</b>	<b>5,197</b>	<b>4,608</b>	<b>6,867</b>	<b>8,149</b>
<b>Adjusted PAT</b>	<b>4,089</b>	<b>5,187</b>	<b>5,351</b>	<b>5,063</b>	<b>4,855</b>	<b>6,867</b>	<b>8,149</b>
Change (%)	23.8	26.9	3.2	-5.4	-4.1	41.4	18.7
Margin (%)	6.4	6.9	7.8	7.8	6.4	7.7	8.3

### Consolidated - Balance Sheet

(INR Million)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	1,407	1,407	1,407	1,407	1,407	1,407	1,407
Preference Capital	0	0	0	0	0	0	0
Total Reserves	20,322	24,240	28,654	34,215	37,793	42,594	48,291
<b>Net Worth</b>	<b>21,729</b>	<b>25,647</b>	<b>30,060</b>	<b>35,621</b>	<b>39,200</b>	<b>44,000</b>	<b>49,697</b>
Minority Interest	0	0	0	0	0	0	0
Total Loans	5,586	5,584	5,482	4,242	3,994	3,994	3,994
Deferred Tax Liabilities	17	161	79	5	6	6	6
<b>Capital Employed</b>	<b>27,332</b>	<b>31,392</b>	<b>35,621</b>	<b>39,868</b>	<b>43,201</b>	<b>48,001</b>	<b>53,698</b>
Gross Block	25,218	32,159	40,629	44,468	49,389	54,639	60,639
Less: Accum. Deprn.	8,286	12,048	16,190	20,182	23,999	28,086	32,777
<b>Net Fixed Assets</b>	<b>16,932</b>	<b>20,112</b>	<b>24,439</b>	<b>24,286</b>	<b>25,390</b>	<b>26,554</b>	<b>27,862</b>
Goodwill on Consolidation	1,577	1,520	1,624	1,740	1,757	1,757	1,757
Capital WIP	592	1,178	1,260	962	1,193	1,193	1,193
<b>Total Investments</b>	<b>459</b>	<b>361</b>	<b>1,660</b>	<b>4,443</b>	<b>4,868</b>	<b>4,868</b>	<b>4,868</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>23,852</b>	<b>24,690</b>	<b>21,716</b>	<b>26,045</b>	<b>25,368</b>	<b>31,683</b>	<b>37,947</b>
Inventory	4,939	5,400	5,501	6,118	7,011	8,232	9,088
Account Receivables	9,688	9,251	6,727	10,410	9,704	11,393	12,577
Cash and Bank Balance	5,027	5,379	6,209	5,133	4,026	6,625	10,285
Loans and Advances	4,198	4,660	3,279	4,383	4,627	5,432	5,997
<b>Curr. Liability &amp; Prov.</b>	<b>16,081</b>	<b>16,468</b>	<b>15,078</b>	<b>17,607</b>	<b>15,375</b>	<b>18,053</b>	<b>19,928</b>
Account Payables	11,284	11,735	10,662	12,783	12,413	14,575	16,089
Other Current Liabilities	4,409	3,783	3,305	3,791	2,088	2,452	2,706
Provisions	388	950	1,111	1,032	874	1,026	1,133
<b>Net Current Assets</b>	<b>7,771</b>	<b>8,222</b>	<b>6,638</b>	<b>8,438</b>	<b>9,993</b>	<b>13,630</b>	<b>18,018</b>
<b>Appl. of Funds</b>	<b>27,332</b>	<b>31,392</b>	<b>35,621</b>	<b>39,868</b>	<b>43,201</b>	<b>48,001</b>	<b>53,698</b>

E: MOSL Estimates



## Financials and valuations

Ratios	(INR Million)						
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>29.1</b>	<b>36.9</b>	<b>38.0</b>	<b>36.0</b>	<b>34.5</b>	<b>48.8</b>	<b>57.9</b>
BV/Share	154.5	182.3	213.7	253.2	278.7	312.8	353.3
DPS	4.0	5.5	9.5	6.0	8.6	12.2	14.5
Payout (%)	17.3	17.7	28.5	16.2	31.7	30.1	30.1
<b>Valuation (x)</b>							
P/E	42.7	33.7	32.6	34.5	36.0	25.4	21.4
P/BV	8.0	6.8	5.8	4.9	4.5	4.0	3.5
EV/Sales	2.8	2.3	2.5	2.7	2.3	1.9	1.7
EV/EBITDA	18.9	15.5	15.9	17.2	18.1	13.5	11.3
Dividend Yield (%)	0.3	0.4	0.8	0.5	0.7	1.0	1.2
FCF per share	22.4	15.7	33.0	22.0	15.8	29.5	39.2
<b>Return Ratios (%)</b>							
RoE	21.0	21.9	19.2	15.4	13.0	16.5	17.4
RoCE	16.5	18.3	16.4	13.7	11.8	15.2	16.1
RoIC	19.4	22.6	20.1	17.6	14.7	18.9	21.2
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	2.5	2.3	1.7	1.5	1.5	1.6	1.6
Asset Turnover (x)	2.3	2.4	1.9	1.6	1.7	1.8	1.8
Inventory (Days)	28	26	29	34	34	34	34
Debtor (Days)	56	45	36	58	47	47	47
Creditor (Days)	65	57	57	72	60	60	60
<b>Leverage Ratio (x)</b>							
Net Debt/Equity	0.0	0.0	-0.1	-0.1	-0.1	-0.2	-0.2

Consolidated - Cash Flow Statement	(INR Million)						
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) before Tax	5,793	7,331	7,466	6,468	5,861	9,134	10,840
Depreciation	3,216	3,762	4,143	3,991	3,817	4,086	4,691
Interest & Finance Charges	215	233	169	132	57	-514	-602
Direct Taxes Paid	-2,095	-2,337	-2,256	-1,739	-1,600	-2,268	-2,691
(Inc)/Dec in WC	-18	305	538	-2,695	-398	-1,039	-728
<b>CF from Operations</b>	<b>7,111</b>	<b>9,294</b>	<b>10,060</b>	<b>6,157</b>	<b>7,737</b>	<b>9,400</b>	<b>11,510</b>
Others	310	-310	54	57	-322	0	0
<b>CF from Operating incl EO</b>	<b>7,421</b>	<b>8,983</b>	<b>10,114</b>	<b>6,215</b>	<b>7,416</b>	<b>9,400</b>	<b>11,510</b>
(Inc)/Dec in FA	-4,264	-6,776	-5,472	-3,114	-5,195	-5,250	-6,000
<b>Free Cash Flow</b>	<b>3,157</b>	<b>2,207</b>	<b>4,642</b>	<b>3,101</b>	<b>2,220</b>	<b>4,150</b>	<b>5,510</b>
(Pur)/Sale of Investments	-104	137	-1,243	-2,739	-262	0	0
<b>CF from Investments</b>	<b>-4,355</b>	<b>-7,252</b>	<b>-6,706</b>	<b>-5,906</b>	<b>-5,502</b>	<b>-4,675</b>	<b>-5,338</b>
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	396	-762	-542	-1,296	-1,838	0	0
Interest Paid	-208	-233	-169	-134	-67	-61	-61
Dividend Paid	-423	-678	-1,865	0	-844	-2,066	-2,452
CF from Fin. Activity	-236	-1,380	-2,576	-1,384	-3,020	-2,127	-2,513
<b>Inc/Dec of Cash</b>	<b>2,830</b>	<b>352</b>	<b>832</b>	<b>-1,076</b>	<b>-1,107</b>	<b>2,598</b>	<b>3,660</b>
Opening Balance	2,196	5,026	5,377	6,209	5,133	4,026	6,624
<b>Closing Balance</b>	<b>5,026</b>	<b>5,377</b>	<b>6,209</b>	<b>5,133</b>	<b>4,026</b>	<b>6,624</b>	<b>10,284</b>

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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