

Endurance Technologies

Estimate changes

TP change

Rating change


CMP: INR1,431
TP: INR1,650 (+15%)
Buy

Higher RM costs and a weaker mix lead to a big miss in India

Declining RM costs and improving semiconductor supplies to drive the recovery in 2HFY23

- Operating performance in 1QFY23 was affected by higher RM costs and a weaker mix in the domestic market. While ENDU has been winning new orders (in the domestic and export market), the recent acquisition of Maxwell has opened up new opportunities in the Electronic business (BMS, telematics, etc.) for EVs.
- We have cut our FY23/FY24 EPS estimate by 16%/5% to reflect: a) impact of semiconductor shortages on premium 2Ws in India, b) higher RM cost impact till 2QFY23, and c) greater energy cost inflation in India and the EU. We maintain our **Buy** rating with a TP of INR1,620 (27x Jun'24E EPS).

Margin under pressure due to various costs

- Consolidated revenue** grew 25% YoY to INR21.1b (est. INR20.4b) in 1QFY23. EBITDA/adjusted PAT declined by 2%/8% YoY to INR2.4b/INR1.1b (est. INR2.8b/INR1.4b).
- India business:** Revenue grew 40% YoY to INR16.2b (est. INR15.2b) as against a production growth of ~38% YoY in the underlying 2W industry in 1QFY23. EBITDA margin fell 260bp YoY and 190bp QoQ to 10.8% (est. 14%), impacted by higher RM cost, weaker mix, and greater staff and other cost. Adjusted PAT grew 11% YoY to INR887m (est. ~INR1.26b).
- Standalone staff cost:** The YoY increase is INR52m due to increments and wage increases. The QoQ rise is due to gain in actuarial valuations in 4QFY22. **Standalone other expenses:** Higher energy cost (up 12-15%) impacted power and fuel and freight cost. On a QoQ basis, there as hardly any CSR expenses in 4QFY22 as it had incurred the same by Dec'21. It has taken up the increase in cost with customers, and one customer has agreed to a hike from Jul'22.
- EU business:** Revenue from the EU fell 8% YoY to INR5b (est. INR5.2b), impacted by semiconductor shortages and a depreciation of ~2% in the EUR:INR. EBITDA margin fell 350bp YoY to 13.2% (est. 12.5%). Adjusted PAT declined by 43.5% YoY to INR225m (est. INR155m). The EU business saw an 80bp/330bp impact from higher aluminum/energy prices. Excluding this impact, EBITDA margin stood at 17.5%.

Highlights from the management commentary

- Semiconductor supplies are improving**, with the expectation of an improvement from 2Q or 3QFY23.
- 1QFY23 saw a **3pp impact from higher aluminum and steel prices**. The prices of these commodities have fallen in Aug'22, which implies savings of 1.5pp.
- New order wins in India stood ~INR4.4b (excluding BJAUT)**, with RFQs worth INR16.3b in hand. In EVs, it has a total order book of INR4.8b (including order wins of INR1.1b in 1QFY23), including orders from Ather (Brakes) and Hero Electric (Alloy Wheels). Commercial supplies for EV orders will begin in FY23 and peak in FY24.
- EU order wins stood at EUR14.3m in 1QFY23 v/s EUR17.5m in 4QFY22.



Bloomberg	ENDU IN
Equity Shares (m)	141
M.Cap.(INRb)/(USD\$)	199.1 / 2.5
52-Week Range (INR)	1981 / 1048
1, 6, 12 Rel. Per (%)	-15/-3/-26
12M Avg Val (INR M)	187

Financials & Valuations (INR b)

INR Billion	FY22	FY23E	FY24E
Sales	75.5	87.9	99.0
EBITDA	9.6	11.0	14.4
Adj. PAT	4.9	5.4	7.8
EPS (Rs)	34.5	38.6	55.6
EPS Growth (%)	-4.1	11.9	44.0
BV/Share (INR)	278.7	305.7	344.6

Ratios

Net Debt/Equity	-0.1	-0.2	-0.2
RoE (%)	13.0	13.2	17.1
RoCE (%)	11.8	12.1	15.8
Payout (%)	31.7	30.5	30.1

Valuations

P/E (x)	41.4	37.0	25.7
P/BV (x)	5.1	4.7	4.2
Div. Yield (%)	0.6	0.7	1.0
FCF Yield (%)	1.1	1.5	2.4

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	75.0	75.0	75.0
DII	16.7	15.9	15.2
FII	6.4	7.2	8.3
Others	1.9	1.9	1.5

FII Includes depository receipts

Jinesh Gandhi – Research Analyst (Jinesh@MotilalOswal.com)

Aniket Desai – Research Analyst (Aniket.Desai@MotilalOswal.com)

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.

Valuation and view

- ENDU is the best proxy play on 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.
- The stock trades at 37x/25.7x FY23E/FY24E consolidated EPS. We maintain our **Buy** rating with a TP of INR1,650 (27x Sep'24E consolidated EPS).

Consolidated - Quarterly

Y/E March	FY22				FY23E				FY22	FY23E	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Net Sales	16,937	18,876	18,891	20,788	21,138	21,977	21,699	23,072	75,491	87,887	20,406
YoY Change (%)	180.8	8.3	-7.4	-2.5	24.8	16.4	14.9	11.0	15.8	16.4	20.5
RM Cost (% of sales)	53.8	58.6	60.8	60.4	60.4	60.2	59.5	59.4	58.6	59.9	58.6
Staff Cost (% of sales)	11.5	8.7	8.8	8.1	8.8	8.3	8.7	8.2	9.2	8.5	8.4
Other Exp. (% of sales)	20.3	18.9	19.6	19.1	19.4	18.7	18.4	18.8	19.5	19.1	19.0
EBITDA	2,443	2,600	2,032	2,571	2,398	2,695	2,733	3,153	9,646	10,979	2,804
Margins (%)	14.4	13.8	10.8	12.4	11.3	12.3	12.6	13.7	12.8	12.5	13.7
Depreciation	983	940	914	981	991	1,010	1,050	1,112	3,817	4,164	995
Interest	15	18	14	17	19	14	14	13	64	61	14
Other Income	127	82	75	127	47	110	130	143	410	430	90
PBT before EO expense	1,573	1,724	1,179	1,700	1,434	1,781	1,799	2,170	6,176	7,184	1,885
Exceptional Item	315	0	0	0	103	0	0	0	315	103	0
PBT after EO	1,258	1,724	1,179	1,700	1,331	1,781	1,799	2,170	5,861	7,081	1,885
Eff. Tax Rate (%)	23.3	22.7	19.8	19.9	22.3	25.0	25.0	24.6	21.4	24.4	24.8
Rep. PAT	966	1,333	946	1,362	1,034	1,336	1,350	1,635	4,608	5,354	1,416
Adj. PAT	1,213	1,333	946	1,362	1,112	1,336	1,350	1,635	4,855	5,432	1,416
YoY Change (%)	-587.0	-7.9	-52.5	-27.3	-8.3	0.2	42.6	20.1	-4.1	11.9	16.8

Key Performance Indicator

INR m	FY21				FY23E				FY22	FY23E	FY23
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
India Business Revenues	11,520	15,012	14,895	15,544	16,161	17,264	16,385	17,477	56,971	67,286	15,206
EBITDA Margins (%)	13.4	14.2	11.1	12.7	10.8	12.5	12.3	13.5	12.8	12.3	14.2
EU Business Revenues	5,417	3,864	3,996	5,244	4,978	4,714	5,315	5,595	18,521	20,602	5,200
EBITDA Margins (%)	16.7	12.3	9.4	11.5	13.2	11.6	13.6	14.3	12.7	13.2	12.5
Cost break-up (Consol)											
RM Cost (% of sales)	53.8	58.6	60.8	60.4	60.4	60.2	59.5	59.4	58.6	59.9	58.6
Staff Cost (% of sales)	11.5	8.7	8.8	8.1	8.8	8.3	8.7	8.2	9.2	8.5	8.4
Other Exp. (% of sales)	20.3	18.9	19.6	19.1	19.4	18.7	18.4	18.8	19.5	19.1	19.0
Gross margins (%)	46.2	41.4	39.2	39.6	39.6	39.8	40.5	40.6	2.7	7.5	41.4
EBITDA margins (%)	14.4	13.8	10.8	12.4	11.3	12.3	12.6	13.7	19.5	19.1	13.7
EBIT margins (%)	8.6	8.8	5.9	7.6	6.7	7.7	7.8	8.8	7.7	7.8	8.9

Standalone Performance

Y/E March	FY22				FY23E				FY22	FY23E	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Net Sales	11,520	15,012	14,895	15,544	16,161	17,264	16,385	17,477	56,971	67,286	15,206
YoY Change (%)	223.4	19.0	-2.6	-2.8	40.3	15.0	10.0	12.4	20.1	18.1	32.0
RM Cost (% of sales)	63.6	65.0	68.0	66.7	67.7	66.5	66.5	65.9	66.0	66.7	65.0
Staff Cost (% of sales)	6.7	4.7	4.8	4.6	5.1	4.7	5.0	4.7	5.1	4.9	4.8
Other Expenses (% of sales)	16.4	16.1	16.1	16.1	16.4	16.3	16.2	15.9	16.1	16.2	16.0
Total Expenditure	9,982	12,887	13,240	13,576	14,419	15,114	14,372	15,122	49,684	59,027	13,054
EBITDA	1,538	2,125	1,655	1,968	1,742	2,150	2,012	2,355	7,287	8,259	2,152
Margins (%)	13.4	14.2	11.1	12.7	10.8	12.5	12.3	13.5	12.8	12.3	14.2
Depreciation	502	513	504	519	571	560	565	575	2,037	2,271	520
Interest	3	5	6	4	8	4	4	0	18	16	4
Other Income	58	45	44	96	40	60	80	90	244	270	50
PBT before EO expense	1,091	1,651	1,190	1,542	1,203	1,646	1,523	1,869	5,475	6,242	1,678
Tax	209	428	312	395	291	412	381	455	1,343	1,538	417
Tax Rate (%)	26.9	25.9	26.2	25.6	26.5	25.0	25.0	24.3	26.0	25.1	24.8
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	568	1,224	878	1,147	809	1,235	1,142	1,415	3,817	4,601	1,262
Adj. PAT	801	1,224	878	1,147	886	1,235	1,142	1,415	4,050	4,678	1,262
YoY Change (%)	-351.3	7.8	-44.7	-17.5	10.7	0.9	30.0	23.3	6.7	15.5	57.6
Margins (%)	7.0	8.2	5.9	7.4	5.5	7.2	7.0	8.1	7.1	7.0	8.3
EU Subs (Derived)											
Y/E March	FY22				FY23E				FY22	FY23E	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Net Sales	5,417	3,864	3,996	5,244	4,978	4,714	5,315	5,595	18,521	20,602	5,200
YoY Change (%)	119.4	-19.7	-22.0	-1.8	-8.1	22.0	33.0	6.7	4.4	11.2	-4.0
RM Cost (% of sales)	32.8	33.8	33.8	41.6	36.7	37.0	38.0	39.1	35.7	37.8	40.0
Staff Cost (% of sales)	21.7	24.2	23.9	18.6	21.1	21.4	19.9	19.0	21.8	20.3	19.0
Other Expenses (% of sales)	28.8	29.7	32.9	28.3	29.0	30.0	28.5	27.7	29.7	28.8	28.5
Total Expenditure	4,512	3,389	3,620	4,641	4,322	4,169	4,594	4,797	16,161	17,882	4,549
EBITDA	905	475	377	603	655	545	721	798	2,360	2,720	651
Margins (%)	16.7	12.3	9.4	11.5	13.2	11.6	13.6	14.3	12.7	13.2	12.5
Depreciation	11	13	8	13	12	10	10	13	45	45	10
Interest	481	427	410	463	420	450	485	538	1,780	1,893	475
Other Income	69	37	31	30	7	50	50	53	166	160	40
PBT before EO expense	482	73	-11	158	230	135	276	301	701	942	206
Tax	84	-37	-79	-56	6	34	69	80	-90	188	52
Rate (%)	17.4	-51.2	711.7	-35.7	2.5	25.0	25.0	26.6	-12.8	20.0	25.0
Reported PAT	398	110	68	215	225	101	207	221	791	754	155
Adj. PAT	398	110	68	215	225	101	207	221	791	754	155
YoY Change (%)	473.9	-66.5	-82.8	-55.5	-43.5	-7.9	205.2	2.9	-37.9	-4.7	-61.1



Highlights from the management commentary

India business

- Chip shortages are improving with expectations of improvement from 2Q/3QFY23.
- 1QFY23 had 3pp impact of higher Aluminium and Steel prices. However, prices for these commodities have declined in Aug-22, which implies 1.5pp savings.
- New order wins in India at ~INR4.4b (excl. Bajaj) and RFQs in hand worth INR16.3b. For EVs, it has total order book of INR4.8b (incl 1Q order win of INR1.1b), including orders from Ather (Brakes) and Hero Electric (alloy wheels). EV orders commercial supplies will start in FY23 and peak in FY24.
- Maxwell Energy has got order of 400k BMS units, including order from HMCL (supplies from Jul-22) and Tork Motors.
- Drive shafts business has seen start of commercial supplies from Jul-22 to Bajaj Auto and has won new orders from M&M and TVS.

EU business

- **EU order wins** of EUR14.3m in 1QFY23 (v/s EUR17.5m in 4QFY22).
- To drive growth in 2W aftermarket, it has acquired in Jul-22 an Italian company Frenotecnica, which focused on friction material and components for braking system (like brake pads). In CY21, it had revenues of EUR3.6m and EUR1m EBITDA. It has a brand 'Brenta' which is well-known in the aftermarket. This coupled with acquisition of Adler and Grimeca, it wants to grow in the premium 2W component in the aftermarket.

Exhibit 1: Trend in consolidated revenue

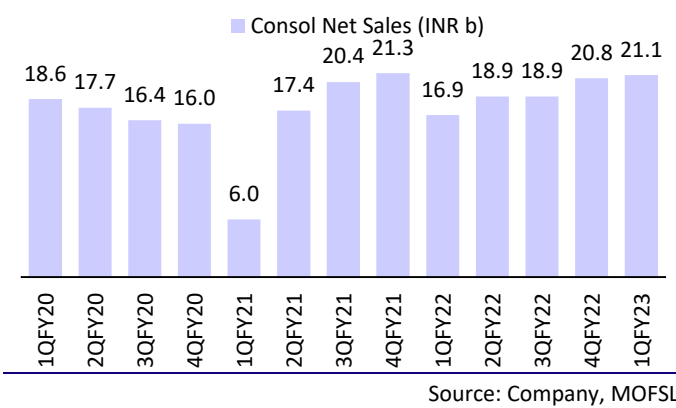


Exhibit 2: Revenue split in India and Europe (as a percentage of total)

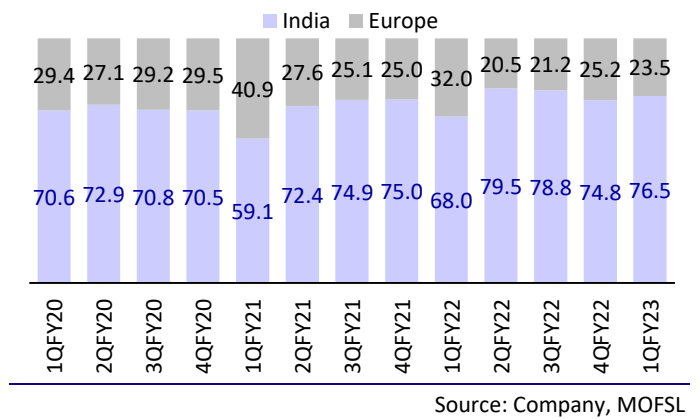


Exhibit 3: Trend in consolidated EBITDA margin

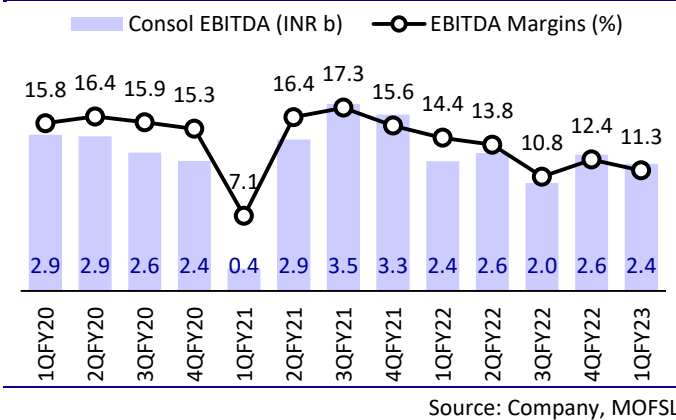
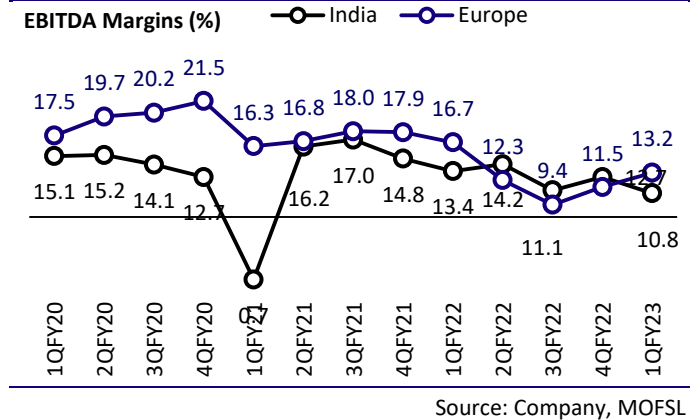


Exhibit 4: EBITDA margin trend in India and Europe



Valuation and view

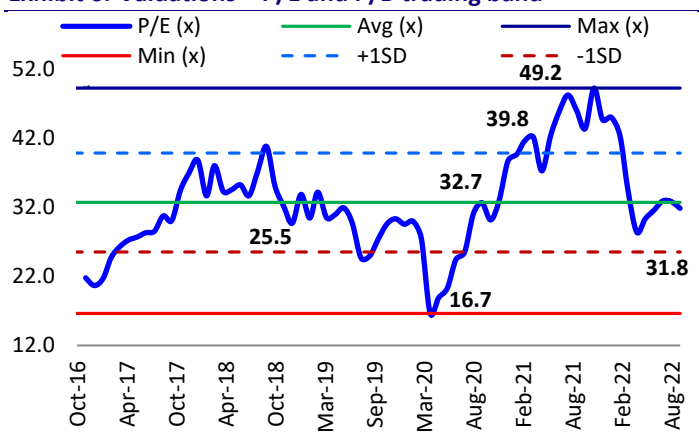
- Given ENDU's strong positioning in the 2W segment, it is the best proxy to play the India 2W opportunity, keeping in mind the underlying trends of scooterization and premiumization. Driven by new customer wins and technology-led increase in content, we estimate ENDU to outperform the underlying 2W 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 strong 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 have cut our FY23/FY24 EPS estimates by 16%/5% to reflect for a) impact of chip shortages on premium 2Ws in India, b) higher RM cost impact till 2QFY23, and c) higher energy cost inflation in India & EU. We estimate a consolidated revenue/EBITDA/ PAT CAGR of ~12%/20%/24% over FY22-25E, with scope for a surprise accruing from the ramp-up in the India PV business as well as content increase in the Suspension and Braking business. The stock trades at 37x/26x at FY23/FY24E consolidated EPS. We value the stock at a P/E multiple to 27x to reflect newer revenue streams like non-Autos in die-casting, over 200cc motorcycle brakes and transmission, drive shaft (new product), etc. Recovery in underlying 2W demand, improvement in EU business from 2HCY22, and the possibility of new product technology are potential catalysts for the stock. We maintain our **Buy** rating with a TP of INR1,650/share (27x Sep'24E EPS).

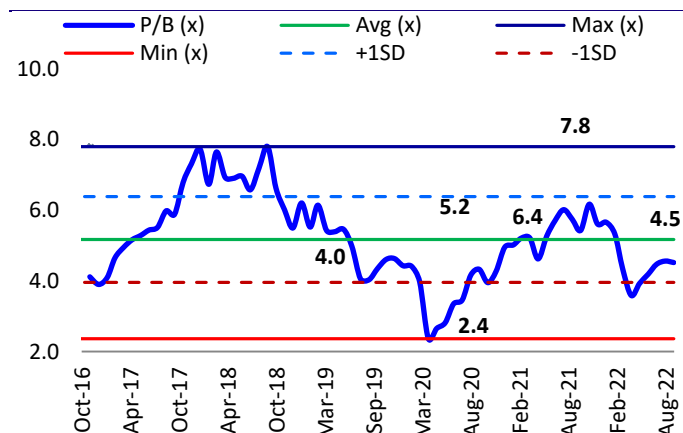
Exhibit 5: Revised estimates (consolidated)

(INR M)	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	87,887	87,237	0.7	99,016	98,018	1.0
EBITDA (%)	12.5	14.0	-150bp	14.5	15.4	-80bp
Net Profit	5,432	6,434	-15.6	7,823	8,241	-5.1
EPS (INR)	38.6	45.7	-15.6	55.6	58.6	-5.1

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

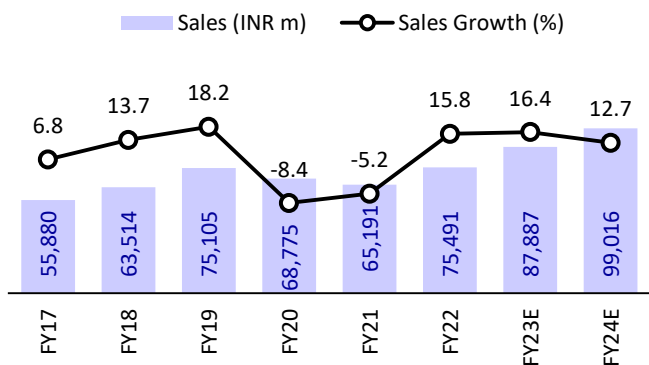


Exhibit 8: Trend in consolidated PAT

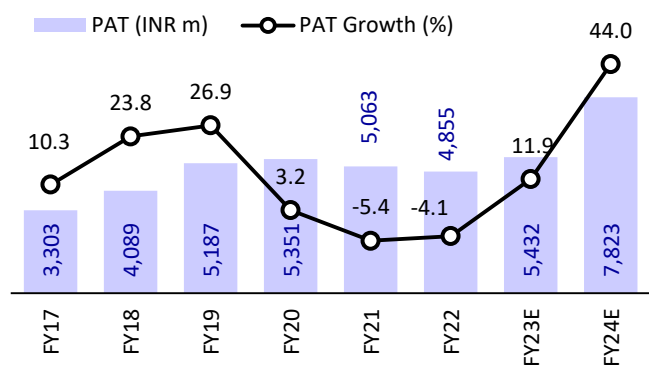


Exhibit 9: Geography-wise sales break-up FY22 (%)

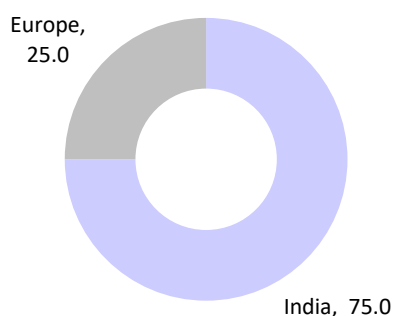


Exhibit 10: Market share in the India business (%)

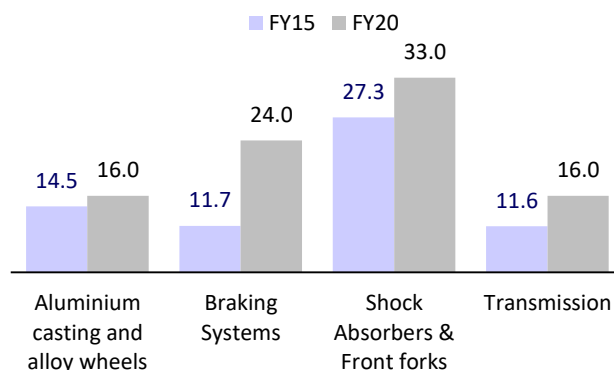


Exhibit 11: Customer-wise break-up (%)

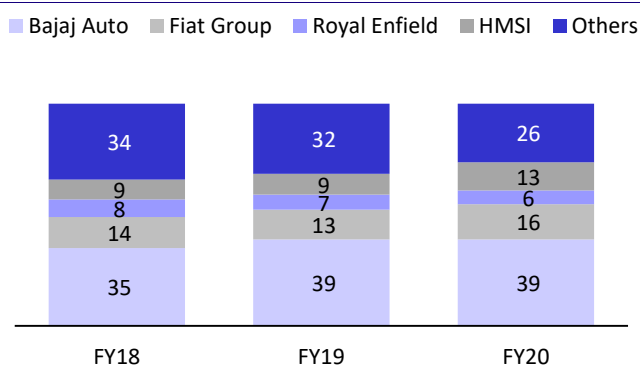
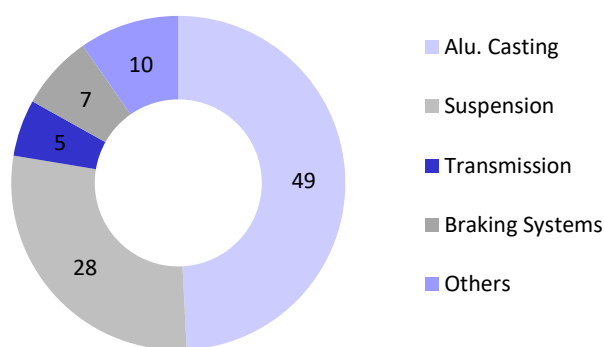


Exhibit 12: Segment-wise break-up (%), FY21 consolidated



Financials and valuations

Consolidated - Income Statement

(INR M)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	63,514	75,105	68,775	65,191	75,491	87,887	99,016	1,07,274
Change (%)	13.7	18.2	-8.4	-5.2	15.8	16.4	12.7	8.3
Raw Materials	36,609	43,495	37,352	35,706	44,201	52,623	58,317	62,398
Employees Cost	5,809	6,527	6,773	6,761	6,944	7,462	8,000	8,492
Other Expenses	11,817	13,795	13,744	12,602	14,700	16,823	18,293	19,529
Total Expenditure	54,235	63,817	57,869	55,068	65,845	76,909	84,610	90,419
% of Sales	85.4	85.0	84.1	84.5	87.2	87.5	85.5	84.3
EBITDA	9,279	11,288	10,906	10,123	9,646	10,979	14,406	16,855
Margin (%)	14.6	15.0	15.9	15.5	12.8	12.5	14.5	15.7
Depreciation	3,216	3,762	4,143	3,991	3,817	4,164	4,574	5,042
EBIT	6,063	7,526	6,763	6,131	5,829	6,815	9,832	11,813
Int. and Finance Charges	235	257	175	138	64	61	61	61
Other Income	235	270	476	307	410	430	663	725
PBT bef. EO Exp.	6,062	7,539	7,064	6,301	6,176	7,184	10,434	12,478
EO Items	-269	92	402	167	-315	-103	0	0
PBT after EO Exp.	5,793	7,631	7,465	6,468	5,861	7,081	10,434	12,478
Total Tax	1,886	2,381	1,810	1,272	1,253	1,727	2,611	3,124
Tax Rate (%)	32.6	31.2	24.2	19.7	21.4	24.4	25.0	25.0
Minority Interest	0	0	0	-1	0	0	0	0
Reported PAT	3,908	5,250	5,655	5,197	4,608	5,354	7,823	9,354
Adjusted PAT	4,089	5,187	5,351	5,063	4,855	5,432	7,823	9,354
Change (%)	23.8	26.9	3.2	-5.4	-4.1	11.9	44.0	19.6
Margin (%)	6.4	6.9	7.8	7.8	6.4	6.2	7.9	8.7

Consolidated - Balance Sheet

(INR M)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	1,407	1,407	1,407	1,407	1,407	1,407	1,407	1,407
Preference Capital	0	0	0	0	0	0	0	0
Total Reserves	20,322	24,240	28,654	34,215	37,793	41,591	47,060	53,599
Net Worth	21,729	25,647	30,060	35,621	39,200	42,998	48,467	55,006
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	5,586	5,584	5,482	4,242	3,994	3,994	3,994	3,994
Deferred Tax Liabilities	17	161	79	5	6	6	6	6
Capital Employed	27,332	31,392	35,621	39,868	43,201	46,999	52,468	59,007
Gross Block	25,218	32,159	40,629	44,468	49,389	54,639	60,639	66,639
Less: Accum. Deprn.	8,286	12,048	16,190	20,182	23,999	28,163	32,737	37,779
Net Fixed Assets	16,932	20,112	24,439	24,286	25,390	26,476	27,902	28,861
Goodwill on Consolidation	1,577	1,520	1,624	1,740	1,757	1,757	1,757	1,757
Capital WIP	592	1,178	1,260	962	1,193	1,193	1,193	1,193
Total Investments	459	361	1,660	4,443	4,868	4,868	4,868	4,868
Curr. Assets, Loans&Adv.	23,852	24,690	21,716	26,045	25,368	30,605	36,914	44,177
Inventory	4,939	5,400	5,501	6,118	7,011	8,163	9,196	9,963
Account Receivables	9,688	9,251	6,727	10,410	9,704	11,297	12,728	13,789
Cash and Bank Balance	5,027	5,379	6,209	5,133	4,026	5,758	8,922	13,850
Loans and Advances	4,198	4,660	3,279	4,383	4,627	5,387	6,069	6,575
Curr. Liability & Prov.	16,081	16,468	15,078	17,607	15,375	17,900	20,167	21,849
Account Payables	11,284	11,735	10,662	12,783	12,413	14,452	16,282	17,640
Other Current Liabilities	4,409	3,783	3,305	3,791	2,088	2,431	2,739	2,967
Provisions	388	950	1,111	1,032	874	1,018	1,146	1,242
Net Current Assets	7,771	8,222	6,638	8,438	9,993	12,705	16,748	22,329
Appl. of Funds	27,332	31,392	35,621	39,868	43,201	46,999	52,468	59,007

E: MOFSL Estimates

Financials and valuations

Ratios	(INR M)							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)								
EPS	29.1	36.9	38.0	36.0	34.5	38.6	55.6	66.5
BV/Share	154.5	182.3	213.7	253.2	278.7	305.7	344.6	391.0
DPS	4.0	5.5	9.5	6.0	8.6	9.7	13.9	16.6
Payout (%)	17.3	17.7	28.5	16.2	31.7	30.5	30.1	30.1
Valuation (x)								
P/E	49.2	38.8	37.6	39.7	41.4	37.0	25.7	21.5
P/BV	9.3	7.8	6.7	5.6	5.1	4.7	4.2	3.7
EV/Sales	3.2	2.7	2.9	3.1	2.7	2.3	2.0	1.8
EV/EBITDA	21.7	17.8	18.4	19.8	20.9	18.2	13.6	11.4
Dividend Yield (%)	0.3	0.4	0.7	0.4	0.6	0.7	1.0	1.2
FCF per share	22.4	15.7	33.0	22.0	15.8	21.5	34.9	50.3
Return Ratios (%)								
RoE	21.0	21.9	19.2	15.4	13.0	13.2	17.1	18.1
RoCE	16.5	18.3	16.4	13.7	11.8	12.1	15.8	16.9
RoIC	19.4	22.6	20.1	17.6	14.7	15.1	20.3	23.1
Working Capital Ratios								
Fixed Asset Turnover (x)	2.5	2.3	1.7	1.5	1.5	1.6	1.6	1.6
Asset Turnover (x)	2.3	2.4	1.9	1.6	1.7	1.9	1.9	1.8
Inventory (Days)	28	26	29	34	34	34	34	34
Debtor (Days)	56	45	36	58	47	47	47	47
Creditor (Days)	65	57	57	72	60	60	60	60
Leverage Ratio (x)								
Net Debt/Equity	0.0	0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3

Consolidated - Cash Flow Statement	(INR M)							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	5,793	7,331	7,466	6,468	5,861	7,184	10,434	12,478
Depreciation	3,216	3,762	4,143	3,991	3,817	4,164	4,574	5,042
Interest & Finance Charges	215	233	169	132	57	-369	-602	-664
Direct Taxes Paid	-2,095	-2,337	-2,256	-1,739	-1,600	-1,727	-2,611	-3,124
(Inc)/Dec in WC	-18	305	538	-2,695	-398	-980	-880	-653
CF from Operations	7,111	9,294	10,060	6,157	7,737	8,272	10,915	13,079
Others	310	-310	54	57	-322	0	0	0
CF from Operating incl EO	7,421	8,983	10,114	6,215	7,416	8,272	10,915	13,079
(Inc)/Dec in FA	-4,264	-6,776	-5,472	-3,114	-5,195	-5,250	-6,000	-6,000
Free Cash Flow	3,157	2,207	4,642	3,101	2,220	3,022	4,915	7,079
(Pur)/Sale of Investments	-104	137	-1,243	-2,739	-262	0	0	0
CF from Investments	-4,355	-7,252	-6,706	-5,906	-5,502	-4,820	-5,338	-5,275
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	396	-762	-542	-1,296	-1,838	0	0	0
Interest Paid	-208	-233	-169	-134	-67	-61	-61	-61
Dividend Paid	-423	-678	-1,865	0	-844	-1,634	-2,354	-2,814
CF from Fin. Activity	-236	-1,380	-2,576	-1,384	-3,020	-1,695	-2,414	-2,875
Inc/Dec of Cash	2,830	352	832	-1,076	-1,107	1,757	3,163	4,928
Opening Balance	2,196	5,026	5,377	6,209	5,133	4,026	5,783	8,946
Closing Balance	5,026	5,377	6,209	5,133	4,026	5,783	8,946	13,875

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP00000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.