

# Entertainment Network India

BSE SENSEX

36,691

S&amp;P CNX

10,856

**CMP: INR388**
**TP: INR500(+29%)**
**Buy**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2019 for India Research, Sales and Trading team. We [request your ballot](#).



Bloomberg	ENIL IN
Equity Shares (m)	48
M.Cap.(INRb)/(USDb)	18.5 / 0.3
52-Week Range (INR)	751 / 362
1, 6, 12 Rel. Per (%)	-1/-31/-45
12M Avg Val (INR M)	5
Free float (%)	28.9

## Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	6.2	6.8	7.7
EBITDA	1.4	1.9	2.3
PAT	0.5	0.6	0.9
EPS (INR)	10.9	12.8	18.7
Gr. (%)	60.2	17.7	46.3
BV/Sh (INR)	195.6	207.2	224.8
RoE (%)	5.7	6.4	8.7
RoCE (%)	4.9	6.9	8.9
P/E (x)	35.5	30.1	20.6
P/BV (x)	2.0	1.9	1.7
EV/EBITDA (x)	13.0	9.7	7.4

Estimate change

TP change

Rating change



## Earnings pressure evident; expect Non-FCT to bring solace

- **Solution biz safeguards revenue growth albeit at lower profitability:** For 1QFY20, ENIL echoed the dismal performance of the media industry in general and the radio industry in particular. Revenue growth of 8.2% YoY (to INR1.4b) garnered crucial support from Non-FCT (Solutions) business (+42% YoY) at a time when Radio segment growth was flattish at 1% YoY. In Radio, increasing cost along with the low 11.6% margin in the 21 new stations of Phase III pushed the segmental EBITDA margin lower to 19% from the historical levels of 25-30%. Moreover, Non-FCT margin remained inherently low at 19%. As a result, overall EBITDA margin shrank to 18.6%, with EBITDA declining 14% YoY to INR244m (on a pre-Ind-AS basis). PAT was down 11% YoY to INR64m in the quarter.
- **Concall highlights:** (1) Ad revenue is likely to pick up pace in 2HFY20. (2) ENIL maintained the EBITDA growth guidance of 12-15% for FY20, although the composition may change with a higher share from the solutions business. (3) Batch 1/2 stations' capacity is expected to reach 75%/65% over time. (4) According to IRS, industry listenership increased 8.3%, with Radio Mirchi's listenership rising by 14% to 45m/month.
- **Expect revenue/EBITDA CAGR of 15%/28% over FY19-21:** ENIL has done well to mitigate the risk from Radio's declining share and the weak market conditions, generating 28% revenue from Non-FCT. Moreover, management has exuded confidence in capitalizing on growth opportunities and improving the learning curve, which is likely to translate into a margins improvement. However, it indicated that the weak ad market may exert pressure on revenues over the near term. Subsequently, we cut our FY20/21 revenue estimate by 5% and EBITDA estimate by 10-15% (on a pre-Ind-AS 116 basis), given the fixed cost nature. We expect EBITDA growth of 14%/22% for FY20/21 on a pre Ind-AS 116 basis. Potential gains from the acquisition of three TV Today radio stations (pending approvals) could provide further upside, in our view.
- **Valuation view:** We cut our TP to INR500 (prior: INR589), assigning 10x to FY21E EBITDA, to factor in the cut in our earnings estimates. A revival in earnings from 2HFY20 will remain a key monitorable and also a factor that can fortify our positive stance on the company. Maintain **Buy**.

## Standalone - Quarterly Earning Model

(INR m)

Y/E March	FY19				FY20				FY19	FY20E	FY20	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	var (%)
<b>Net Sales</b>	<b>1,216</b>	<b>1,225</b>	<b>2,009</b>	<b>1,755</b>	<b>1,316</b>	<b>1,350</b>	<b>2,196</b>	<b>1,964</b>	<b>6,205</b>	<b>6,825</b>	<b>1,363</b>	<b>-3.5</b>
YoY Change (%)	16.4	-2.2	35.9	10.1	8.2	10.2	9.3	11.9	15.5	10.0	12.1	
Total Expenditure	932	952	1,605	1,317	985	1,013	1,535	1,348	4,807	4,880	1,050	-6.2
<b>EBITDA</b>	<b>284</b>	<b>273</b>	<b>404</b>	<b>437</b>	<b>330</b>	<b>337</b>	<b>661</b>	<b>616</b>	<b>1,398</b>	<b>1,945</b>	<b>313</b>	<b>5.6</b>
Margins (%)	23.3	22.3	20.1	24.9	25.1	25.0	30.1	31.4	22.5	28.5	23.0	215bps
Depreciation	152	166	174	180	241	244	244	248	671	978	161	
Net Interest cost	-18	-22	-27	-43	46	46	46	46	-110	186	-27	
Other Income	0	0	0	0	31	29	29	27	0	117	0	#DIV/0!
<b>PBT before EO expense</b>	<b>150</b>	<b>130</b>	<b>257</b>	<b>300</b>	<b>74</b>	<b>76</b>	<b>400</b>	<b>349</b>	<b>837</b>	<b>898</b>	<b>180</b>	<b>-58.6</b>
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
<b>PBT</b>	<b>150</b>	<b>130</b>	<b>257</b>	<b>300</b>	<b>74</b>	<b>76</b>	<b>400</b>	<b>349</b>	<b>837</b>	<b>898</b>	<b>180</b>	<b>-58.6</b>
Tax	58	40	97	102	26	24	128	109	297	287	58	
Rate (%)	38.5	31.1	37.8	34.0	35.1	32.0	32.0	31.3	32.0	35.1	32.0	
<b>Reported PAT</b>	<b>92</b>	<b>89</b>	<b>160</b>	<b>198</b>	<b>48</b>	<b>51</b>	<b>272</b>	<b>239</b>	<b>539</b>	<b>611</b>	<b>122</b>	<b>-60.5</b>
<b>Adj PAT</b>	<b>72</b>	<b>89</b>	<b>160</b>	<b>198</b>	<b>48</b>	<b>51</b>	<b>272</b>	<b>239</b>	<b>519</b>	<b>611</b>	<b>122</b>	<b>-60.5</b>
YoY Change (%)	331.4	50.1	22.2	69.2	-32.7	-42.6	70.3	20.9	60.2	17.7	41.9	
Margins (%)	5.9	7.3	7.9	11.3	3.7	3.8	12.4	12.2	8.4	8.9	7.5	-380bps

## Other key highlights

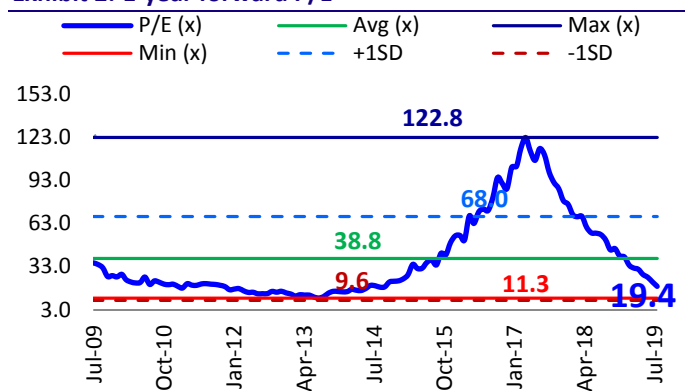
- ENIL's revenues were up 8.2% YoY to INR1.3b (3.5% miss), driven by old stations (+10% to INR1.1b) and Batch 1 stations (+5.7% to INR197m).
- On a pre-Ind-As 116 basis, EBITDA was down 14% YoY to INR244m (22% miss) on account of a 3.3x surge in production expense to INR287m due to large-format events. EBITDA margin stood at 18.6%, down 480bp YoY (440bp miss).
- EBITDA margin for old stations/batch 1/batch 2 stood at 25.6%/13.1%/11.6%. On a pre-Ind-AS 116 basis, PAT was at INR64m, down 11% YoY, on account of a rise in production expense.
- On a post-Ind-AS 116 basis, EBITDA was at INR330m (+16.5% YoY), with the margin at 25%.
- Reported PAT came in at INR48m (-48% YoY) due to a 25% impact (i.e. INR16m) from the new accounting standards.

## Exhibit 1: Valuation summary on FY21 basis

	Methodology	Driver (INR m)	Multiple(x)	Fair Value (INR m)	Value/sh (INR)
EBITDA	FY21 EV/EBITDA	2,293	10	22,765	478
Less Net debt				-1,084	-23
<b>Total Value</b>				<b>23,850</b>	<b>500</b>
Shares o/s (m)				47.7	
CMP (INR)					388
<b>Upside (%)</b>					<b>29</b>

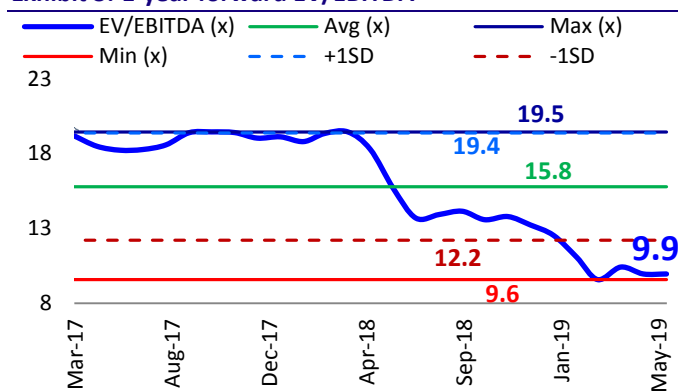
Source: MOFSL, Company

Exhibit 2: 1-year forward P/E



Source: Bloomberg, MOFSL

Exhibit 3: 1-year forward EV/EBITDA



Source: Bloomberg, MOFSL



## 1QFY20 earnings call highlights

### Key takeaways

- Ad revenue is likely to pick up pace in 2HFY20.
- ENIL maintained the EBITDA growth guidance of 12-15% for FY20, although the composition may change with a higher share from the solutions business.
- Batch 1/2 stations' capacity is expected to reach 75%/65% over time.
- According to IRS, industry listenership increased 8.3%, with Radio Mirchi's listenership rising by 14% to 45m/month.

### Radio segment

- Revenues from the radio business were up 1% YoY due to a high base of last year.
- Radio industry grew 9.2% during the quarter.
- EBITDA margin for radio stood at 19% on a pre-Ind-AS 116 basis.
- Over a two-year period, industry revenue growth stood as follows: Radio Mirchi: 23.3% YoY, DB Radio: 24% YoY, Fever: 24% YoY, Nasha: 24% YoY and Radio City: 1% YoY. Big FM fell by 15% YoY.
- EBITDA margin in heritage channels was at 34%.
- Government and political business slowed down in the radio segment.
- 35 stations grew by 6.6%, Batch 1 stations grew by 5.7%, Batch 2 grew by INR45m.
- As per IRS, listenership in industry grew 8.3%, with Radio Mirchi's listenership up 14% to 45m/month.
- Car listenership up by 28% YoY, now forms ~26% of total listenership.
- Capacity utilization for Batch 1 stood at 33% and for Batch 2 at 16%.
- 50:50 revenue mix between national and regional clients.
- As of 1QFY20, right to use assets stood at INR2020m and right to use liabilities at INR2,280m.
- Revenue share for radio and solution stood at 72% and 28%, resp.
- USA business is in pre-emptive stages with investment of INR35m and currently under loss.

**Non-FCT Business:**

- EBITDA margin for non-radio business stood at 18% on pre a Ind-As 116 basis.
- Revenues from Solution up 42% YoY.
- Gross margin at 30% for solutions business.
- Push towards activations in growth markets.
- Digital business has very low cost of production. Hence, it is highly profitable.
- Presence across 63 cities, availability of skills and high execution capabilities provides the company competitive advantage in digital and solutions business.

**Outlook**

- Expect EBITDA growth of 12-15% for FY20.
- Fixed costs for solutions business below variable cost to be INR320m in FY20.
- Auto sector will perform well in radio advertisements over the year.
- Advertisement revenues likely to pick pace in 2HFY20.
- Expect Batch 1 stations capacity to reach 75%+ and Batch 2 stations to reach 65%.
- YouTube viewership to cross 1b in FY20, which provides huge platform for original contents.
- Queries have risen for solutions business which has huge market.
- Solution business to gain more demand amid economic slowdown as they are preferred over radio ads.
- Expect digital business to grow at ~50-100% YoY to reach ~INR750m over the next five years.

## Exhibit 4: Quarterly performance (INR m)

P&L (INR m)	Post Ind-As 116					Pre Ind-As 116					Impact of Ind-As 116 (as a % of Sales in bp)
	1QFY19	4QFY19	1QFY20	YoY%	QoQ%	1QFY20	YoY%	QoQ%	1QFY20E	v/s est (%)	
<b>Revenue</b>	<b>1,216</b>	<b>1,755</b>	<b>1,316</b>	<b>8.2</b>	<b>-25.0</b>	<b>1,316</b>	<b>8.2</b>	<b>-25.0</b>	<b>1,363</b>	<b>-3.5</b>	<b>NM</b>
Production Expenses	66	602	287	333.2	-52.2	287	333.2	-52.2	12	2355.5	NM
Licence Fees	84	96	89	6.6	-7.1	89	6.6	-7.1	96	-6.8	NM
Employee Costs	331	245	355	7.3	45.2	355	7.3	45.2	414	-14.2	NM
Administration and Other Expenses	347	374	253	-27.0	-32.3	339	-2.2	-9.3	312	8.7	654
<b>EBITDA</b>	<b>284</b>	<b>437</b>	<b>330</b>	<b>16.5</b>	<b>-24.5</b>	<b>244</b>	<b>-13.8</b>	<b>-44.1</b>	<b>313</b>	<b>-21.9</b>	<b>-654</b>
<b>EBITDA margin (%)</b>	<b>23.3</b>	<b>24.9</b>	<b>25.1</b>	180bps	18bps	<b>18.6</b>	-475bps	-636bps	<b>23.0</b>	-440bps	
Depreciation and amortization	152	180	241	58.4	33.8	180	18.6	0.2	161	12.2	-459
EBIT	132	258	90	-31.8	-65.1	64	-51.3	-75.1	152	-57.9	-195
EBIT margin (%)	10.8	14.7	6.8	-400bps	-785bps	4.9	-595bps	-980bps	11.2	-631bps	
Net Finance Costs	-18	-43	15	-183.9	-136.1	-31	69.7	-27.0	-27	13.6	-353
<b>PBT before EO expense</b>	<b>150</b>	<b>300</b>	<b>74</b>	<b>-50.4</b>	<b>-75.2</b>	<b>99</b>	<b>-34.1</b>	<b>-67.1</b>	<b>180</b>	<b>-45.0</b>	
Extra-Ord expense	0	0	0	NA	NA	0	NA	NA	0	NA	
<b>PBT after EO expense</b>	<b>150</b>	<b>300</b>	<b>74</b>	<b>-50.4</b>	<b>-75.2</b>	<b>99</b>	<b>-34.1</b>	<b>-67.1</b>	<b>180</b>	<b>-45.0</b>	<b>186</b>
Tax	58	102	26	-54.8	-74.4	35	-39.9	-66.0	58	-39.7	
Tax rate (%)	38.5	34.0	35.1	-341bps	107bps	35.1	-341bps	107bps	32.0	312bps	
<b>Reported PAT</b>	<b>92</b>	<b>198</b>	<b>48</b>	<b>-47.6</b>	<b>-75.6</b>	<b>64</b>	<b>-30.4</b>	<b>-67.6</b>	<b>122</b>	<b>-47.5</b>	<b>120</b>
<b>Adj PAT</b>	<b>72</b>	<b>198</b>	<b>48</b>	<b>-32.7</b>	<b>-75.6</b>	<b>64</b>	<b>-10.6</b>	<b>-67.6</b>	<b>122</b>	<b>-47.5</b>	<b>NM</b>

Source: Company, MOFSL

## Exhibit 5: Legacy and new stations mix (INR m)

	1QFY19	4QFY19	1QFY20	YoY%	QoQ%
<b>Revenue break-up (INR m)</b>					
Old Frequencies - 32 channels	999	1,487	1,099	10.0	-26.1
New Frequencies - Phase III (Batch 1)- 21	181	222	191	5.7	-13.8
New Frequencies - Phase III (Batch 2)- 21	0	23	41	NA	NA
<b>Sales</b>	<b>1,180</b>	<b>1,732</b>	<b>1,330</b>	<b>12.8</b>	<b>-23.2</b>
Other operating Income	36	23	19	-48.0	-16.9
<b>Total revenue</b>	<b>1,216</b>	<b>1,755</b>	<b>1,316</b>	<b>8.2</b>	<b>-25.0</b>
<b>EBITDA break-up (INR m)</b>					
Old Frequencies - 32 channels	249	351	282	13.2	-19.7
New Frequencies - Phase III (Batch 1)- 21	7	75	25	239.2	-66.7
New Frequencies - Phase III (Batch 2)- 21	-9	-12	5	NA	NA
<b>EBITDA</b>	<b>247</b>	<b>415</b>	<b>312</b>	<b>26.0</b>	<b>-24.9</b>
Other operating income	36	23	19	-48.0	-16.9
<b>Total EBITDA</b>	<b>284</b>	<b>437</b>	<b>330</b>	<b>16.5</b>	<b>-24.5</b>
<b>EBITDA margin (%)</b>					
Old Frequencies - 32 channels	24.9	23.6	25.6	72	205
New Frequencies - Phase III (Batch 1)- 21	4.1	34.0	13.1	903	-2084
New Frequencies - Phase III (Batch 2)- 21	NA	-51.8	11.6	NA	NA
<b>EBITDA margin (%) (excluding other op income)</b>	<b>21.0</b>	<b>23.9</b>	<b>23.4</b>	<b>246</b>	<b>-53</b>
<b>Total EBITDA margin</b>	<b>23.3</b>	<b>24.9</b>	<b>25.1</b>	<b>180</b>	<b>18</b>

Source: Company, MOFSL

**Exhibit 6: Reconciliation Table (for 1QFY20 consolidated numbers in INR m)**

Particulars	Post Ind-AS 116	Pre Ind-AS 116	Change due to Ind-AS 116	Change due to Ind-AS 116 (in %)	Impact of Ind-As 116 (as a % of Sales in bp)
<b>Revenue from Operations</b>	1,316	1,316	0	0%	NM
<b>Other Exp. (inc. rentals)</b>	253	339	-86	-25%	654
(as a % of sales)	19%	26%			
<b>EBITDA</b>	330	244	86	35%	-654
(as a % of sales)	25%	19%			
<b>Depreciation / Amortisation</b>	241	180	60	34%	-459
(as a % of sales)	18%	14%			
<b>EBIT</b>	90	64	26	40%	-195
(as a % of sales)	7%	5%			
<b>Interest &amp; Finance Charges</b>	15	-31	46	-149%	-353
(as a % of sales)	1%	-2%			
<b>PBT</b>	74	99	-24	-25%	186
(as a % of sales)	5.7%	7.5%			
<b>Tax</b>	26	35	-9		
<b>Profit for the year</b>	176	226	50	22%	65
(as a % of sales)	2.0%	2.6%			
<b>PAT</b>	48	64	-16	-25%	120
(as a % of sales)	3.7%	4.9%			

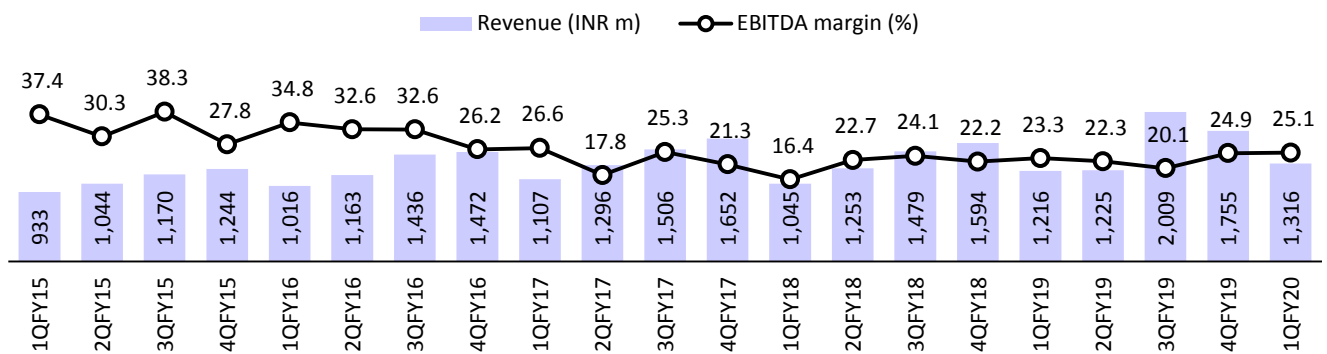
**Exhibit 7: Summary of estimate changes**

	FY20E	FY21E
<b>Revenue (INR m)</b>		
Old	7,177	8,142
Actual/New	6,825	7,707
Change (%)	-4.9	-5.3
<b>EBITDA (INR m)</b>		
Old	1,735	2,294
Actual/New	1,945	2,293
Change (%)	12.1	-0.1
<b>EBITDA margin (%)</b>		
Old	24.2	28.2
Actual/New	28.5	29.7
Change (bp)	432bps	158bps
<b>Net Profit (INR m)</b>		
Old	822	1,274
Actual/New	611	893
Change (%)	-25.7	-29.9
<b>Adj. EPS (INR)</b>		
Old	17.2	26.7
Actual/New	12.8	18.7
Change (%)	-25.7	-29.9

Source: Company, MOFSL

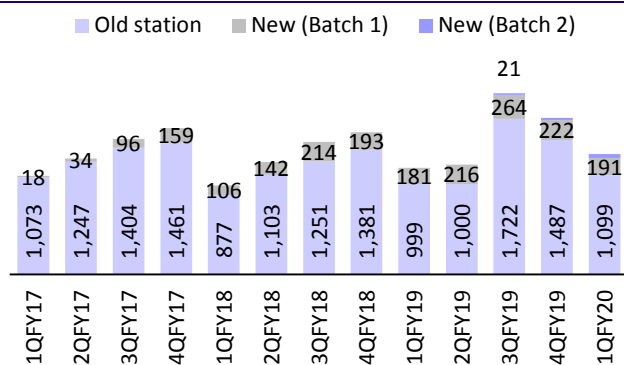
## Story in charts

**Exhibit 8: Revenue grew 10% YoY; EBITDA margin expanded by 180bp YoY**



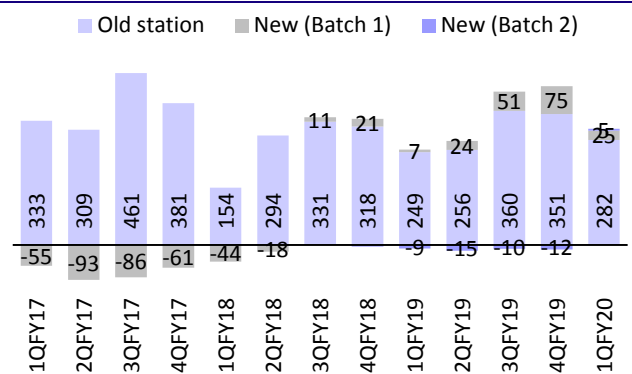
Source: MOFSL, Company

**Exhibit 9: Revenue mix of old and new stations (INR m)**



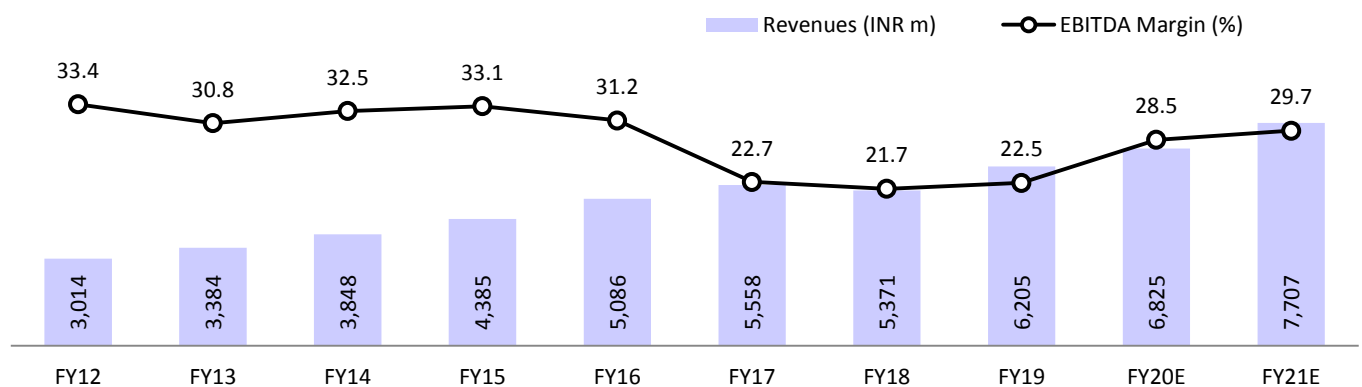
Source: MOFSL, Company

**Exhibit 10: EBITDA mix of old and new stations (INR m)**

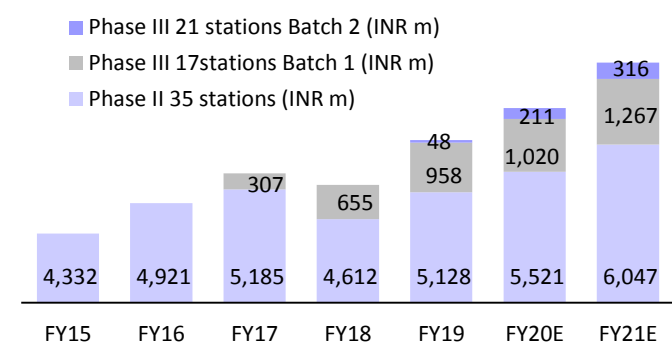


Source: MOFSL, Company

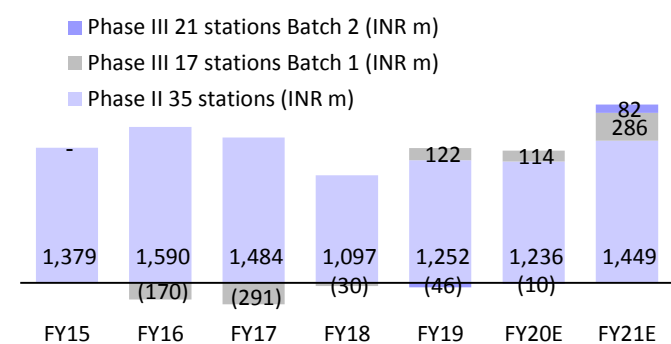
**Exhibit 11: Standalone revenue and EBITDA margin to witness an uptick**



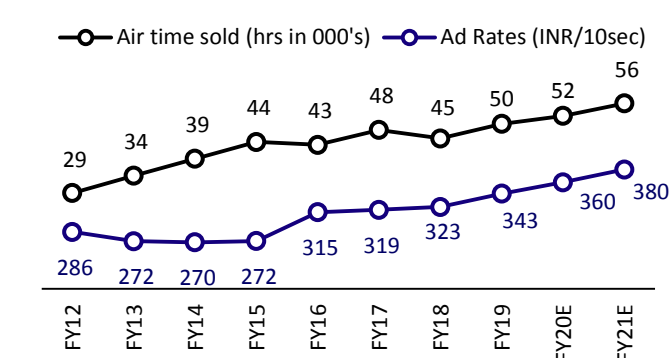
Source: MOFSL, Company

**Exhibit 12: Revenue growth accelerated by new stations (INR m)**

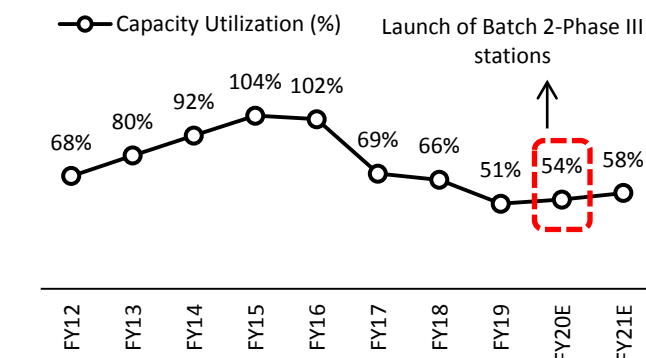
Source: MOFSL, Company

**Exhibit 13: EBITDA mix from new stations to improve (INR m)**

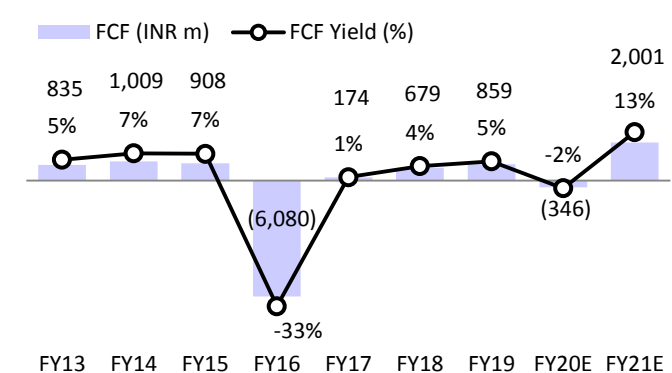
Source: MOFSL, Company

**Exhibit 14: Ad rates and volumes both increasing steadily**

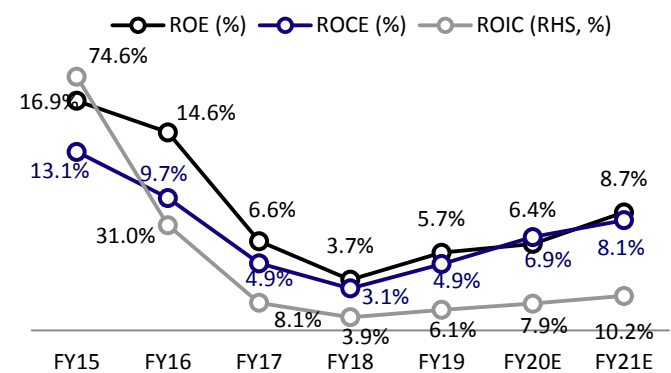
Source: MOFSL, Company

**Exhibit 15: Overall capacity utilization levels (%)**

Source: MOFSL, Company

**Exhibit 16: FCF and FCF yield to increase**

Source: MOFSL, Company

**Exhibit 17: Return ratios to improve (%)**

Source: MOFSL, Company



## Financials and Valuations

### Standalone - Income Statement

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Total Income from Operations</b>	<b>3,848</b>	<b>4,385</b>	<b>5,086</b>	<b>5,558</b>	<b>5,371</b>	<b>6,205</b>	<b>6,825</b>	<b>7,707</b>
Change (%)	13.7	13.9	16.0	9.3	-3.4	15.5	10.0	12.9
Licence Fees & Production Exp.	374	371	440	588	620	2,201	2,240	2,526
Employees Cost	752	828	938	1,054	1,185	1,262	1,578	1,699
Marketing Expenses	811	976	997	1,294	1,093	0	0	0
Admin & Other Expenses	662	758	1,125	1,363	1,306	1,344	1,062	1,189
<b>Total Expenditure</b>	<b>2,598</b>	<b>2,931</b>	<b>3,501</b>	<b>4,299</b>	<b>4,205</b>	<b>4,807</b>	<b>4,880</b>	<b>5,414</b>
% of Sales	67.5	66.9	68.8	77.3	78.3	77.5	71.5	70.3
<b>EBITDA</b>	<b>1,250</b>	<b>1,453</b>	<b>1,585</b>	<b>1,259</b>	<b>1,166</b>	<b>1,398</b>	<b>1,945</b>	<b>2,293</b>
Margin (%)	32.5	33.1	31.2	22.7	21.7	22.5	28.5	29.7
Depreciation	318	329	361	536	635	671	978	1,028
<b>EBIT</b>	<b>932</b>	<b>1,125</b>	<b>1,224</b>	<b>723</b>	<b>532</b>	<b>727</b>	<b>967</b>	<b>1,264</b>
Int. and Finance Charges	-223	-321	-342	-60	-41	-110	186	186
Other Income	0	0	0	0	0	0	117	236
<b>PBT bef. EO Exp.</b>	<b>1,155</b>	<b>1,446</b>	<b>1,566</b>	<b>783</b>	<b>573</b>	<b>837</b>	<b>898</b>	<b>1,314</b>
EO Items	0	0	0	0	42	0	0	0
<b>PBT after EO Exp.</b>	<b>1,155</b>	<b>1,446</b>	<b>1,566</b>	<b>783</b>	<b>615</b>	<b>837</b>	<b>898</b>	<b>1,314</b>
Total Tax	320	386	487	238	263	297	287	420
Tax Rate (%)	27.7	26.7	31.1	30.4	42.8	35.6	32.0	32.0
Minority Interest	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>834</b>	<b>1,060</b>	<b>1,079</b>	<b>545</b>	<b>352</b>	<b>539</b>	<b>611</b>	<b>893</b>
<b>Adjusted PAT</b>	<b>834</b>	<b>1,060</b>	<b>1,079</b>	<b>545</b>	<b>324</b>	<b>519</b>	<b>611</b>	<b>893</b>
Change (%)	30.6	27.0	1.8	-49.5	-40.5	60.2	17.7	46.3
Margin (%)	21.7	24.2	21.2	9.8	6.0	8.4	8.9	11.6

### Standalone - Balance Sheet

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	477	477	477	477	477	477	477	477
Total Reserves	5,325	6,269	7,587	8,070	8,366	8,846	9,401	10,238
<b>Net Worth</b>	<b>5,802</b>	<b>6,746</b>	<b>8,064</b>	<b>8,547</b>	<b>8,843</b>	<b>9,322</b>	<b>9,877</b>	<b>10,715</b>
Total Loans	0	0	2,501	1,232	1,040	0	2,280	0
Deferred Tax Liabilities	-42	-169	60	99	245	346	346	346
<b>Capital Employed</b>	<b>5,759</b>	<b>6,577</b>	<b>10,625</b>	<b>9,878</b>	<b>10,128</b>	<b>9,668</b>	<b>12,503</b>	<b>11,061</b>
Gross Block	3,724	3,671	4,084	8,034	8,266	9,106	11,179	11,232
Less: Accum. Deprn.	2,808	3,137	361	889	1,523	2,178	3,156	4,184
<b>Net Fixed Assets</b>	<b>916</b>	<b>535</b>	<b>3,723</b>	<b>7,145</b>	<b>6,743</b>	<b>6,928</b>	<b>8,023</b>	<b>7,048</b>
Capital WIP	0	0	3,566	664	626	220	220	220
<b>Total Investments</b>	<b>4,344</b>	<b>5,504</b>	<b>2,344</b>	<b>1,146</b>	<b>1,623</b>	<b>1,458</b>	<b>1,458</b>	<b>1,458</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>1,445</b>	<b>1,686</b>	<b>2,166</b>	<b>2,397</b>	<b>2,560</b>	<b>2,818</b>	<b>4,547</b>	<b>6,571</b>
Account Receivables	1,016	1,264	1,403	1,622	1,702	2,002	2,038	2,303
Cash and Bank Balance	138	142	198	186	180	214	1,907	3,666
Loans and Advances	292	279	565	590	678	602	602	602
<b>Curr. Liability &amp; Prov.</b>	<b>946</b>	<b>1,147</b>	<b>1,175</b>	<b>1,475</b>	<b>1,424</b>	<b>1,755</b>	<b>1,744</b>	<b>1,955</b>
Account Payables	659	1,017	1,090	1,371	1,316	1,635	1,624	1,835
Provisions	287	131	85	104	108	120	120	120
<b>Net Current Assets</b>	<b>499</b>	<b>538</b>	<b>991</b>	<b>922</b>	<b>1,136</b>	<b>1,063</b>	<b>2,803</b>	<b>4,616</b>
<b>Appl. of Funds</b>	<b>5,759</b>	<b>6,577</b>	<b>10,624</b>	<b>9,878</b>	<b>10,128</b>	<b>9,668</b>	<b>12,503</b>	<b>13,341</b>

E: MOFSL Estimates

## Financials and Valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>17.5</b>	<b>22.2</b>	<b>22.6</b>	<b>11.4</b>	<b>6.8</b>	<b>10.9</b>	<b>12.8</b>	<b>18.7</b>
Cash EPS	24.2	29.1	30.2	22.7	20.1	25.0	33.3	40.3
BV/Share	121.7	141.5	169.2	179.3	185.5	195.6	207.2	224.8
DPS	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Payout (%)	6.7	5.3	5.2	10.2	15.9	10.3	9.1	6.2
<b>Valuation (x)</b>								
P/E				48.3	71.2	44.5	30.1	20.7
Cash P/E				24.3	24.1	19.4	11.6	9.6
P/BV				3.1	2.6	2.5	1.9	1.7
EV/Sales				4.9	4.5	3.7	2.8	2.2
EV/EBITDA				21.7	20.5	16.3	9.7	7.5
Dividend Yield (%)	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3
<b>Return Ratios (%)</b>								
RoE	15.4	16.9	14.6	6.6	3.7	5.7	6.4	8.7
RoCE	12.4	13.1	9.7	4.9	3.1	4.9	6.9	8.1
RoIC	44.3	74.6	31.0	8.1	3.9	6.1	7.9	10.2
<b>Working Capital Ratios</b>								
Asset Turnover (x)	0.7	0.7	0.5	0.6	0.5	0.6	0.5	0.6
Debtor (Days)	96	105	101	106	116	118	109	109
Creditor (Days)	62	85	78	90	89	96	87	87
<b>Leverage Ratio (x)</b>								
Net Debt/Equity	-0.8	-0.8	0.0	0.0	-0.1	-0.2	-0.1	-0.3

### Standalone - Cash Flow Statement

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
OP/(Loss) before Tax	1,155	1,446	1,566	783	615	837	898	1,314
Depreciation	318	329	361	536	635	671	978	1,028
Interest & Finance Charges	-7	-11	-4	134	-41	-110	186	186
Direct Taxes Paid	-401	-495	-322	-195	-263	-297	-287	-420
(Inc)/Dec in WC	159	7	-84	-72	-73	208	-48	-54
<b>CF from Operations</b>	<b>1,224</b>	<b>1,276</b>	<b>1,517</b>	<b>1,186</b>	<b>872</b>	<b>1,308</b>	<b>1,727</b>	<b>2,054</b>
Others	-187	-328	-428	-143	0	0	0	0
<b>CF from Operating incl EO</b>	<b>1,037</b>	<b>948</b>	<b>1,088</b>	<b>1,043</b>	<b>872</b>	<b>1,308</b>	<b>1,727</b>	<b>2,054</b>
(Inc)/Dec in FA	-28	-41	-7,169	-869	-194	-450	-2,073	-53
<b>Free Cash Flow</b>	<b>1,009</b>	<b>908</b>	<b>-6,080</b>	<b>174</b>	<b>678</b>	<b>859</b>	<b>-346</b>	<b>2,001</b>
(Pur)/Sale of Investments	-979	-933	3,736	1,388	-477	165	0	0
Others	41	86	90	1	0	0	0	0
<b>CF from Investments</b>	<b>-965</b>	<b>-888</b>	<b>-3,342</b>	<b>520</b>	<b>-671</b>	<b>-284</b>	<b>-2,073</b>	<b>-53</b>
Issue of Shares	0	0	0	0	0	-4	0	0
Inc/(Dec) in Debt	0	0	2,494	-1,482	-192	-1,040	2,280	0
Interest Paid	0	0	-128	0	41	110	-186	-186
Dividend Paid	-48	-48	-57	-57	-56	-56	-56	-56
Others	-8	-8	0	0	1	0	0	0
<b>CF from Fin. Activity</b>	<b>-56</b>	<b>-56</b>	<b>2,309</b>	<b>-1,539</b>	<b>-207</b>	<b>-990</b>	<b>2,038</b>	<b>-242</b>
<b>Inc/Dec of Cash</b>	<b>15</b>	<b>5</b>	<b>55</b>	<b>24</b>	<b>-6</b>	<b>35</b>	<b>1,692</b>	<b>1,759</b>
Opening Balance	122	138	142	161	185	180	214	1,907
<b>Closing Balance</b>	<b>138</b>	<b>142</b>	<b>198</b>	<b>185</b>	<b>180</b>	<b>214</b>	<b>1,907</b>	<b>3,666</b>

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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\* 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.