

Eicher Motors

Estimate changes

TP change

Rating change



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Bloomberg	EIM IN
Equity Shares (m)	27
M.Cap.(INRb)/(USDb)	460.4 / 5.9
52-Week Range (INR)	23428 / 12460
1, 6, 12 Rel. Per (%)	11/-6/-1
12M Avg Val (INR M)	3287

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
Sales	91.5	84.4	104.2
EBITDA	21.8	18.4	26.5
Adj. PAT	18.3	13.2	21.5
EPS (INR)	669.4	484.2	787.1
EPS Gr. (%)	-17.8	-27.7	62.6
BV/Sh. (INR)	3,656	3,991	4,608

Ratios

RoE (%)	19.3	12.7	17.9
RoCE (%)	18.7	12.3	17.9
Payout (%)	21.7	30.9	21.6

Valuations

P/E (x)	25.2	34.8	21.4
P/BV (x)	4.6	4.2	3.7
Div. Yield (%)	0.7	0.7	0.8
FCF Yield (%)	2.5	1.2	3.4

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	49.3	49.3	49.3
DII	11.3	8.3	4.7
FII	27.7	31.2	32.5
Others	11.8	11.2	13.5

FII Includes depository receipts

CMP: INR16,861
TP: INR19,700 (+17%)
Buy

Below est.; One-off cost hurts margins; Bookings back at normal levels

- EIM posted the lowest EBITDA margins in six years due to one-off costs, the impact of BS6 cost inflation, and op. deleverage. However, bookings have normalized, which is a positive surprise, although production ramp-up remains bottlenecked. New product launches would further aid demand.
- We cut FY21/FY22 EPS estimates by 29%/10% to factor slower production ramp-up for RE and challenges in VECV volumes. Maintain Buy, with TP of ~INR19,700 (Jun'22 SOTP based).

BS6 cost inflation, one-off costs, op. deleverage hurt margins

- Consol. revenues / EBITDA / PAT declined ~12%/37%/44% to ~INR22b/INR4.3b/INR3b. FY20 revenue/EBITDA/PAT declined 7%/25%/18%.
- RE 4QFY20 realizations grew 5% YoY (+3.5% QoQ) to ~INR133k (est.: INR135.5k) as 75% of Wholesale was BS6 models.
- Gross margins declined ~300bp YoY (-180bp QoQ) to ~43.5% (est.: ~44.7%), as it did not entirely pass over the BS6 cost inflation.
- The EBITDA margin fell ~690bp YoY (-440bp QoQ) to ~20.8% (est.: 24.3%) as other expenses were higher due to one-off cost of ~INR500m (~230bp) for: a) the recall of products in the US/EU and b) adverse Fx impact for LatAm subs. Also, employee cost was higher due to ESOP expenses. This translated to PAT decline of ~28% YoY to ~INR3.5b (est.: ~INR4.3b).
- VECV's realizations increased ~18% YoY (3.5% QoQ) to INR1.8m (est.: ~INR1.74m). Net revenues declined ~34.5% YoY (-3% QoQ) to ~INR21b (est.: ~20.2bn). EBITDA margins declined to 1.8% (-670bp YoY, -435bp QoQ) due to higher discounts and op. deleverage. This translated to net loss of INR260m (v/s est. profit of ~INR64m).

Highlights from management commentary

- The flow of bookings is satisfactory; RE bookings are back at pre-COVID-19 levels, and 90% of dealers are now operational. Mfg. operations are improving slowly and are currently at 40%. The company is seeing a sharp pickup in online inquiries and fulfillments. Despite price increases for BS6, demand has not ebbed at all.
- BS6 cost: In 4QFY20, RE did not fully pass over the BS6 cost. However, it took a price increase of ~INR3,000/unit, which now covers the entire BS6 cost, but without contribution margins.
- The main showroom count stood at 921 as of Mar'20 (v/s 939 in Dec'19 and 915 as of Mar'19). There are 600 RE studios (v/s 500 in Dec'19), and the company plans to add ~600 in FY21.
- The international store count increased to 77 in 21 countries in FY20 (v/s 42 in 18 countries in FY19), with 10 adds in 4Q. In FY20, the company ramped up operations in countries such as Thailand (14 stores now v/s three in Mar'19) and Brazil (increased to 7 from 1).

Jinesh Gandhi - Research analyst (Jinesh@MotilalOswal.com); +91 22 6129 1524

Vipul Agrawal - Research analyst (Vipul.Agrawal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

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Valuation and view

- Volume recovery, led by new product launches, would drive margin recovery in FY22. We believe new products would help expand the addressable markets and drive the next phase of growth for RE.
- The stock trades at ~34.8/21.4x FY21E/FY22E consol. EPS. Maintain **Buy** with TP of ~INR19,700 (Jun'22 SOTP based)..

Quarterly Performance

	FY19				FY20				FY19	FY20	(INR M) FY20
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Net Operating income	25,478	24,082	23,411	25,001	23,819	21,925	23,710	22,082	97,971	91,536	21,938
Growth (%)	27.3	11.1	3.2	-1.1	-6.5	-9.0	1.3	-11.7	9.3	-6.6	-12.3
EBITDA	8,095	7,293	6,795	6,847	6,144	5,414	5,923	4,322	29,031	21,804	5,017
EBITDA Margins (%)	31.8	30.3	29.0	27.4	25.8	24.7	25.0	19.6	29.6	23.8	22.9
PAT	5,118	4,716	4,915	4,694	4,309	5,644	4,821	3,183	19,443	17,957	3,921
Share of JV Loss/(PAT)/ Min. Int.	-643	-772	-415	-755	-209	-83	-166	140	-2,584.0	-317.1	-29
Recurring PAT	5,761	5,663	5,330	5,448	4,517	5,727	4,987	3,043	22,203	18,274	3,950
Growth (%)	22.4	7.0	0.4	-16.0	-21.6	1.1	-6.4	-44.2	1.9	-17.7	-27.5

Standalone (Royal Enfield)

Net operating income	25,449	24,041	23,459	24,996	23,526	21,819	23,635	21,795	97,945	90,775	22,412
Growth (%)	27.3	11.1	3.6	-1.2	-7.6	-9.2	0.8	-12.8	9.3	-7.3	-10.3
EBITDA	8,222	7,361	6,918	6,942	6,093	5,460	5,952	4,533	29,444	22,038	5,453
EBITDA Margins (%)	32.3	30.6	29.5	27.8	25.9	25.0	25.2	20.8	30.1	24.3	24.3
Depreciation	698	718	765	808	868	890	942	1,079	2,989	3,779	943
Other income	1,260	953	1,446	1,422	1,884	1,450	1,358	1,462	5,080	6,153	1,364
Interest cost	7	8	7	8	29	27	27	25	30	109	28
PBT before EO item	8,776	7,588	7,592	7,549	7,079	5,993	6,341	4,891	31,505	24,303	5,845
Effective tax rate (%)	32.6	35.1	34.0	36.4	29.6	4.8	22.9	29.2	34.4	21.8	26.5
Recurring PAT	5,912	4,927	5,014	4,804	4,982	5,705	4,889	3,462	20,659	19,000	4,299
Growth (%)	19.6	1.3	6.2	15.9	-15.7	15.8	-2.5	-27.9	10.6	-8.0	-10.5

VECV: Quarterly (derived)

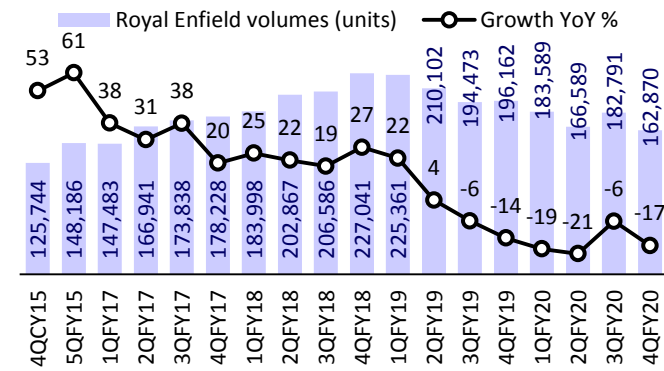
Net Op. Income	26,090	29,660	28,180	32,090	22,550	20,040	21,640	21,010	116,000	85,240	20,186
Growth (%)	44.7	26.8	8.8	-3.3	-13.6	-32.4	-23.2	-34.5	15.4	-26.5	-37.1
EBITDA	2,400	2,675	1,860	2,737	1,250	1,050	1,330	450	9,727	4,080	897
EBITDA Margins (%)	9.2	9.0	6.6	8.5	5.5	5.2	6.1	2.1	8.4	4.8	4.4
Recurring PAT	1,180	1,421	760	1,394	380	150	312	-259	4,751	583	64
Growth (%)	76.1	49.6	-42.7	-21.8	-67.8	-89.4	-58.9	-118.6	0.4	-87.7	-95.4

E: MOFSL Estimates

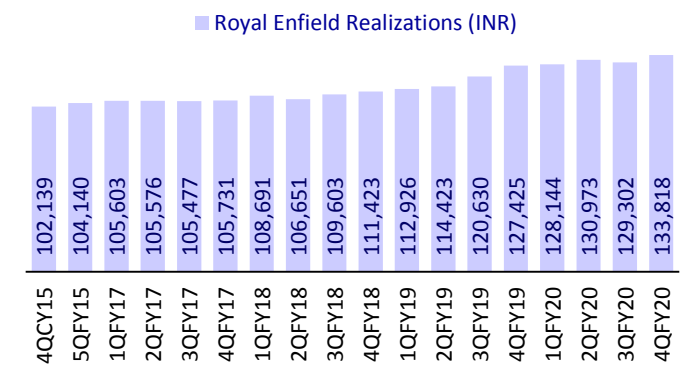
Key Performance Indicators

	FY19				FY20				FY19	FY20	FY20
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Standalone											
Volume ('000 units)	225.4	210.1	194.5	196.2	183.6	166.6	182.8	162.9	826.1	695.9	162.87
Change (%)	22.5	3.6	-5.9	-13.6	-18.5	-20.7	-6.0	-17.0	0.7	-15.8	-17.0
Exports (as % of total vols)	2.5	2.4	1.7	3.5	5.0	8.3	3.7	5.9	2.5	5.6	5.9
Royal Enfield-Net Realn (INR '000/unit)	112.9	114.4	120.6	127.4	128.1	131.0	129.3	133.8	118.6	130.4	137.6
Growth YoY (%)	3.9	7.3	10.1	14.4	13.5	14.5	7.2	5.0	8.6	10	8.0
Cost Break-up											
RM Cost (% of net op income)	51.5	50.6	51.0	53.5	54.1	54.5	54.7	56.5	51.7	54.9	55.3
Staff Cost (% of net op income)	6.5	7.1	7.6	6.6	8.7	8.2	7.5	9.4	6.9	8.4	7.8
Other Exp (% of net op income)	9.7	11.6	11.8	12.1	11.3	12.3	12.6	13.3	11.3	12.4	12.6
Gross Margins (%)	48.5	49.4	49.0	46.5	45.9	45.5	45.3	43.5	48.3	45.1	44.7
EBITDA Margins (%)	32.3	30.6	29.5	27.8	25.9	25.0	25.2	20.8	30.1	24.3	24.3
EBIT Margins (%)	29.6	27.6	26.2	24.5	22.2	20.9	21.2	15.8	27.0	20.1	20.1
VECV											
Total CV Volumes	16,327	18,696	16,936	21,010	13,331	11,370	12,391	11,629	72,969	48,721	11,629
Growth (%)	40.9	24.5	4.3	-9.0	-18.3	-39.2	-26.8	-44.7	10.7	-33.2	-44.7
Net Realn (INR '000/unit) - VECV	1,598	1,586	1,664	1,527	1,692	1,763	1,746	1,807	1,590	1,750	1736
Growth YoY (%)	2.7	1.9	4.3	6.4	5.9	11.1	5.0	18.3	16.4	10.1	13.6

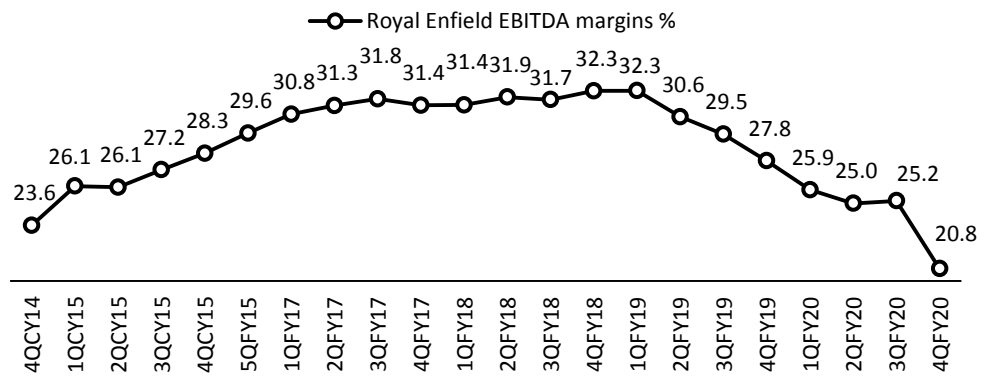
E:MOFSL Estimates

Exhibit 1: RE volume growth trend

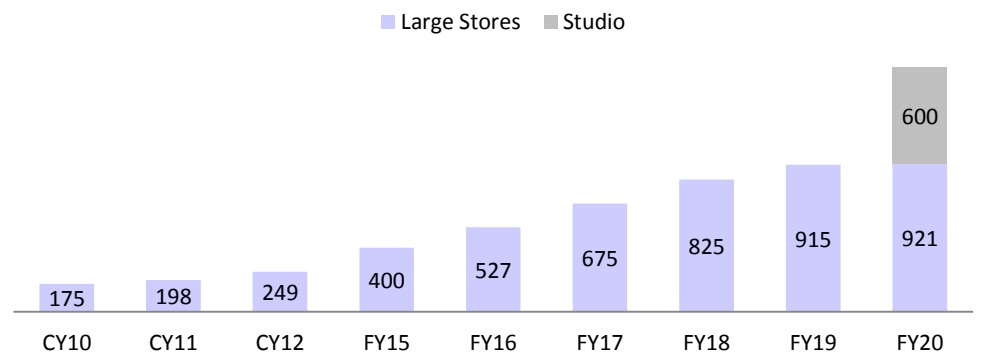
Source: Company, MOFSL

Exhibit 2: RE realization trend

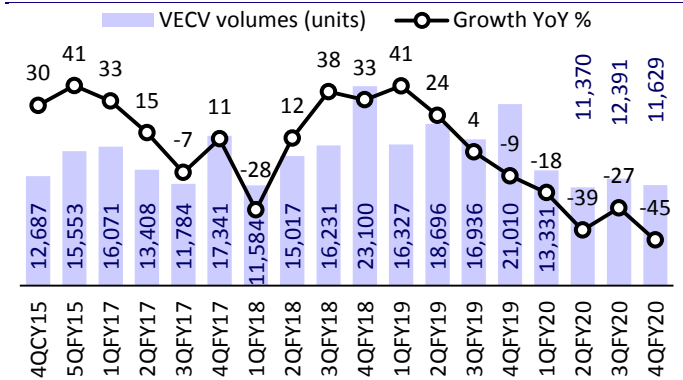
Source: Company, MOFSL

Exhibit 3: RE EBITDA margin trend

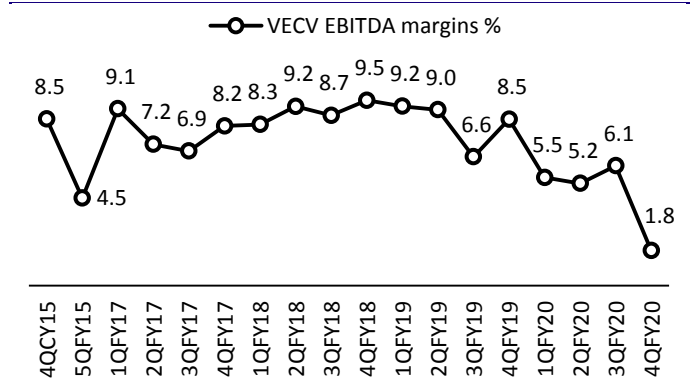
Source: Company, MOFSL

Exhibit 4: Dealer network expansion to be driven by RE studios in smaller cities

Source: Company, MOFSL

Exhibit 5: VECV volume growth trend

Source: Company, MOFSL

Exhibit 6: VECV EBITDA margin trend

Source: Company, MOFSL

Exhibit 7: VECV product mix

	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)
L&MD - Trucks (Dom)	5,972	10,854	-45.0	7,143	-16.4
% of total CV volumes	51	52		58	
HD - Trucks (Dom)	1,732	3,592	-51.8	1,645	5.3
% of total CV volumes	15	17		13	
Total Dom. Trucks	7,704	14,446	-46.7	8,788	-12.3
% of total CV volumes	66	69		71	
Buses (Dom)	2,451	3,397	-27.8	1,879	30.4
% of total CV volumes	21	16		15	
Total Domestic	10,155	17,843	-43.1	10,667	-4.8
% of total CV volumes	87	85		86	
Total Exports	1,148	2,778	-58.7	1,374	-16.4
% of total CV volumes	10	13		11	
Total ETB	11,303	20,621	-45.2	12,041	-6.1
% of total CV volumes	97	98		97	
Volvo Truck India (units)	326	389	-16.2	350	-6.9
% of total CV volumes	3	2		3	
Total CV Volumes	11,629	21,010	-44.7	12,391	-6.1

Key takeaways from earnings call**Royal Enfield**

- The flow of bookings is satisfactory; RE bookings are back at pre-COVID-19 levels and 90% of dealers are now operational. Mfg. operations are slowly improving and are currently at 40%. The company is seeing a sharp pickup in online inquiries and fulfillments. Despite price increases for BS6, demand has not ebbed at all.
- New product launches have been delayed due to the COVID-19 crisis, but subsequent launches may not be delayed.
- BS6 cost: In 4QFY20, RE did not fully pass over the BS6 cost. However, it took a price increase of ~INR3,000/unit, which now covers the entire BS6 cost, but without contribution margins.
- The main showroom count stood at 921 dealers as of Mar'20 (v/s 939 in Dec'19 and 915 as of Mar'19). There are 600 RE studios (v/s 500 in Dec'19), and the company plans to add ~600 RE studios in FY21.
- The international store count increased to 77 in 21 countries in FY20 (v/s 42 in 18 countries in FY19), with 10 adds in 4Q. In FY20, the company ramped-up operations in countries such as Thailand (14 stores as of Mar'20 v/s three in Mar'19) and Brazil (increased to 7 from 1). It entered new markets such as Korea, Italy, and Belgium.
- BS6 retail in 4Q stood at 60%, whereas wholesale was at 75% of the total.
- A one-off cost of ~INR500m in other expenses was for: a) recall in the US/EU for brake calipers and b) Fx volatility in LatAm (particularly in Brazil).
- Employee cost increased due to the impact of ESOP cost as the absolute employee count was lower than last year.



Valuation and view

- **Worst seems to be behind; expect recovery from 2HFY21:** RE is witnessing demand weakness for the first time since its renaissance in 2008 as it is in the eye of the perfect storm, with a weak industry environment, substantial cost inflation, and a new competitor. After witnessing severe headwinds over the last 12 months, we expect volumes to recover gradually from hereon. The company is now focusing on expanding its addressable market through: a) distribution expansion (through smaller format stores), b) price laddering (by offering multiple 'trim' levels), c) new product launches, and d) mass customization.
- **Export market presents huge opportunity; to fully play out over next few years:** RE is focused on creating an affordable Leisure Biking segment in the 250–650cc range and in the price range of USD3–7k. Globally, the size of the 250–650cc segment is ~1m annually, dominated by the Sports/Street Biking segments. Exports from India for the premium segment (Ex RE, >150cc) are over 0.5m annually. However, RE's exports were just ~21,000 units in FY19, restricted due to the limited relevant product portfolio for export markets. With its recently launched 650cc Twins, the latter concern would be resolved. EIM has recently started executing its export strategy based on experiential marketing, as the company has done in India, and is opening exclusive stores in markets such as LatAm, Indonesia, London, Paris, Madrid, and ASEAN countries. It plans to increase its exclusive store count to 80 by FY21. However, the ramp-up would be gradual as it would take time for RE to build its brand and replicate its Indian strategy of creating brand pull by building a riding culture.
- **New product launches to drive strong volume growth:** With a healthy response received for the new 650cc Twins, Interceptor GT, and Continental GT (both in the Indian as well as international markets) and some recovery seen in domestic sales, we expect RE volumes to recover from 2HFY21 after declining up to 1HFY21. The upcoming new product launches on the brand-new platform would not only expand the product portfolio and narrow the gap in product quality vis-à-vis 650cc Twins, but it would substantially expand the addressable market in India and globally. We expect a 6% volume CAGR over FY20–23E, which would drive margin recovery (by 220bp) to ~26.5% in FY23E, translating to a PAT CAGR of ~13.5%.
- **Consol. EPS to grow at 13.5% CAGR over FY20–23E; Maintain Buy:** We are lowering our EPS estimates for FY21E/FY22E by ~29%/10% as we factor supply-side constraints for RE and demand-side challenges for VECV. RE has weathered the perfect storm, with a weak industry environment, substantial cost inflation, and a new competitor. After witnessing severe headwinds over the last 18 months, we expect volumes to recover gradually from hereon. We believe the BS6 transition would be an inflection point for RE as a completely new and improved platform could drive revival. The stock trades at ~34.8/21.4x FY21E/FY22E consol. EPS. We have increased our target valuation multiple for RE to 22.5x from 18x EPS as FY22E would not fairly capture the benefit of the upcoming favorable product lifecycle. Maintain **Buy**, with TP of ~INR19,700 (Jun'22-based SOTP).

Exhibit 8: Revised forecast

(INR m)	FY21E			FY22E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Standalone (RE)						
Volumes (units)	607,299	667,044	(9.0)	730,724	769,262	(5.0)
Net Sales	84,429	93,103	(9.3)	104,233	109,402	(4.7)
EBITDA	18,873	22,230	(15.1)	26,919	27,639	(2.6)
EBITDA (%)	22.4	23.9	-150bp	25.8	25.3	60bp
Net Profit	14,306	19,061	(24.9)	20,688	23,728	(12.8)
EPS (INR)	524	699	(25.0)	758	870	(12.9)
VECV						
Volumes (units)	36,650	43,841	(16.4)	46,026	50,614	(9.1)
Net Sales	77,107	85,747	(10.1)	92,861	97,870	(5.1)
EBITDA	2,368	4,351	(45.6)	6,337	6,282	0.9
EBITDA (%)	3.1	5.1	-200bp	6.8	6.4	40bp
EPS (INR)	-16.7	6.9	(340.6)	39.3	30.0	31.2
Consol EPS (INR)	484.2	679.9	(28.8)	787.1	878.0	(10.4)

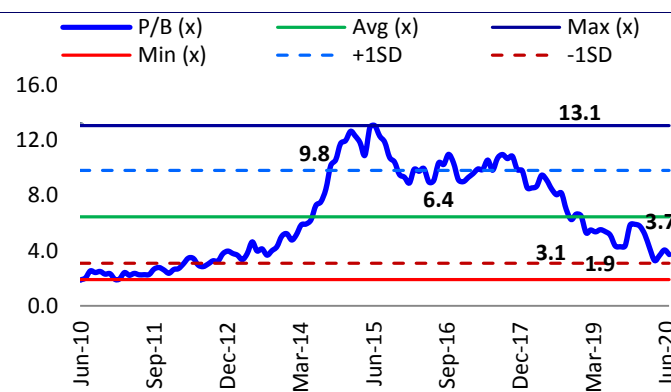
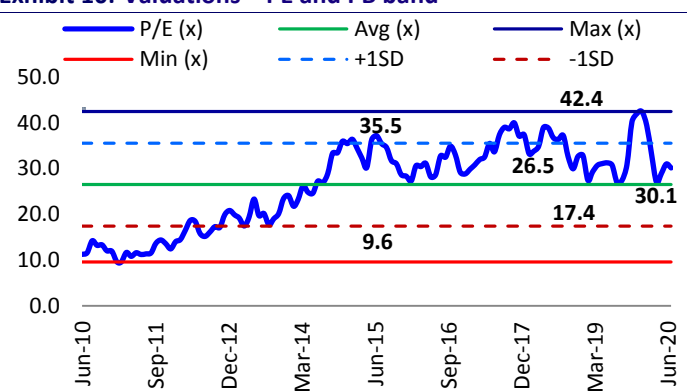
Source: MOFSL

Exhibit 9: SOTP Valuations

INR m		FY21E	FY22E	FY23E
Royal Enfield				
PAT		14,306	20,688	26,016
Equity Value	PE @ 22.5x	314,730	465,474	585,357
VECV (@ 54.4% Economic interest)				
EBITDA		1,288	3,447	4,176
EV	@ 10x EV/EBITDA	12,879	34,473	41,762
Net Debt		-4,563	-5,247	-6,331
Equity Value		17,442	39,720	48,093
Total Equity Value		332,173	505,194	633,450
Target Price (INR/Sh)		12,167	18,505	23,203
Upside (%)		(28)	10	38

Source: Company, MOFSL

Exhibit 10: Valuations – PE and PB band

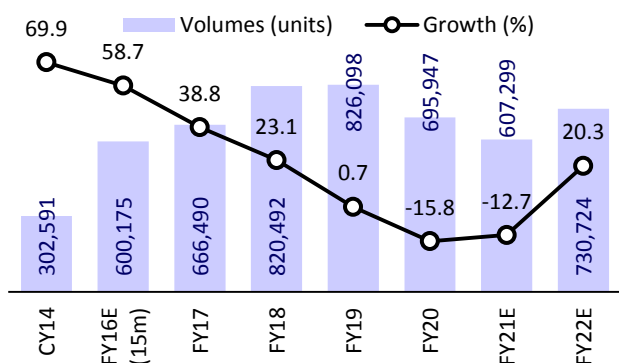


Snapshot of Revenue Model

000 units	FY16 (15m)	FY17	FY18	FY19	FY20	FY21E	FY22E
ROYAL ENFIELD (S/A)							
Total 2W (units)	600	666	820	826	696	607	731
Growth (%)	98.3	38.8	23.1	0.7	-15.8	-12.7	20.3
Net realn (INR'000/unit)	103	105	109	118	129	138	141
Growth (%)	3.1	2.4	3.3	8.3	10.1	6.4	2.5
RE Revenues (INR b)	62	70	90	98	91	84	0
Growth (%)	104.2	42.1	27.3	9.3	-7.3	-7.0	-99.9
VECV							
Dom - LMD	42	38	44	48	36	26	34
Growth (%)	50.0	14.1	13.6	11.4	-26.2	-26.3	27.6
% of CV Vols	68.1	66.7	67.1	67.5	75.1	73.7	75.0
Dom - HCV	12	11	12	13	7	5	7
Growth (%)	98.2	14.8	11.4	7.3	-45.2	-25.0	20.0
% of CV Vols	19.7	19.3	19.1	18.5	15.3	15.3	14.6
Total Dom.	54	49	56	62	43	32	40
Growth (%)	58.6	14.3	13.1	10.5	-30.3	-26.1	26.3
% of CV Vols	87.8	86.0	86.1	86.0	90.4	89.0	89.6
Exports	8	8	9	10	5	4	5
Growth (%)	29.0	33.7	12.0	11.2	-54.4	-13.9	18.9
% of CV Vols	12.2	14.0	13.9	14.0	9.6	11.0	10.4
Total CV vols	62	57	65	72	48	36	45
Growth (%)	54.3	16.7	12.9	10.6	-33.6	-24.9	25.5
MDEP Vols ('000 Ex captive)	24	24	32	34	31	32	33
Net realn (INR'000/unit)	1,465	1,459	1,524	1,590	1,750	2,104	2,018
Growth (%)	4	24	4	4	10	20	-4
VECV Revenues (INR b)	92	86	100	116	85	77	93
Growth (%)	60.5	15.7	17.5	15.4	-26.5	-9.5	20.4
Net Consol sales (INR b)	62	70	90	98	92	84	104
Growth (%)	-29.4	42.4	27.5	9.3	-6.6	-7.8	23.5

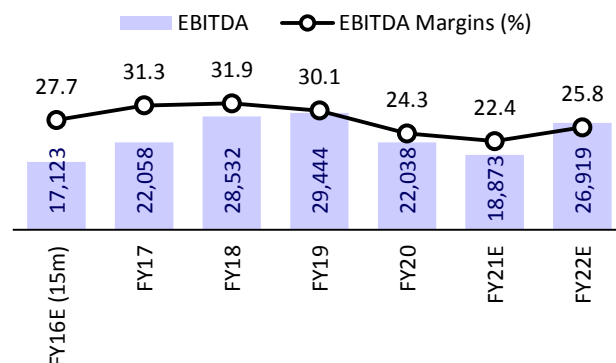
Story in charts

Exhibit 11: RE volume and growth trends



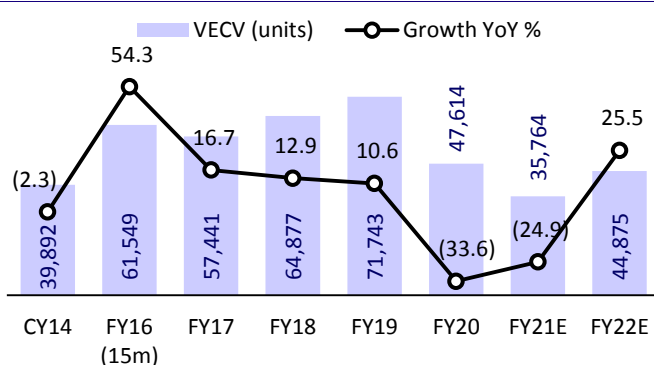
Source: Company, MOFSL

Exhibit 12: RE EBITDA and EBITDA margin trends



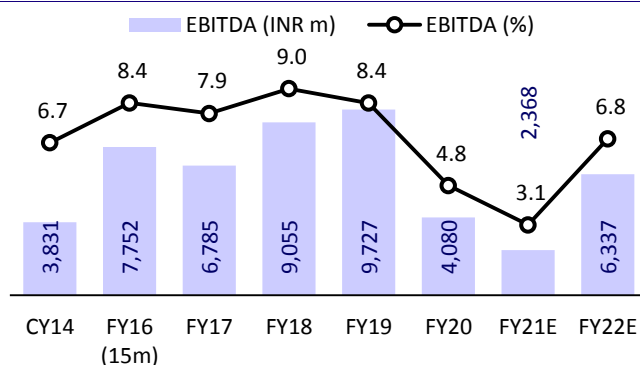
Source: Company, MOFSL

Exhibit 13: VECV volume growth trajectory



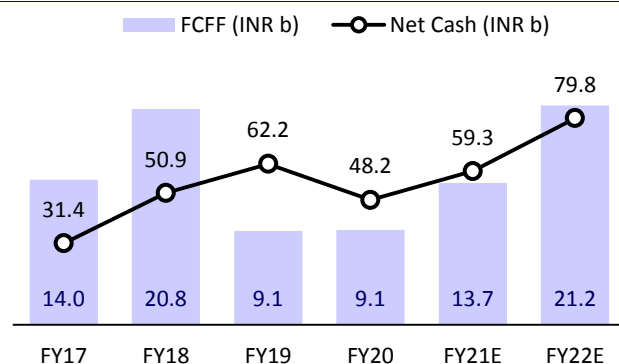
Source: Company, MOFSL

Exhibit 14: VECV EBITDA and EBITDA margins



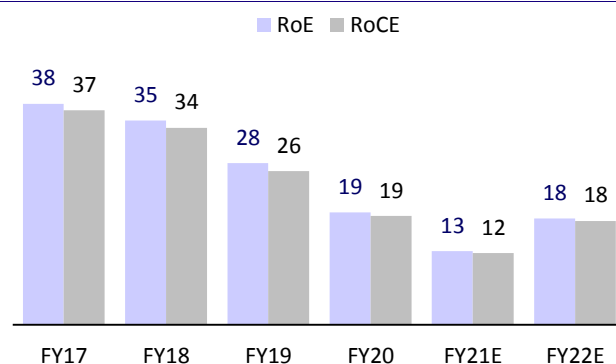
Source: Company, MOFSL

Exhibit 15: Strong FCF generation and liquidity (pro-rata)



Source: Company, MOFSL

Exhibit 16: Return ratios to remain healthy



Source: Company, MOFSL

Financials and valuations

Income Statement (Consolidated)

Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Op. Income	79,395	92,193	97,971	91,536	84,429	104,233
Change (%)	42.4	16.1	6.3	-6.6	-7.8	23.5
EBITDA	21,740	28,076	29,031	21,804	18,413	26,459
EBITDA Margin (%)	31.0	31.5	29.9	24.0	22.0	25.6
Depreciation	1,538	2,233	3,003	3,815	4,193	4,474
EBIT	20,201	25,843	26,028	17,988	14,221	21,985
Interest cost	36	53	73	189	130	130
Other Income	2,273	2,801	4,434	5,433	3,770	4,800
PBT	22,439	28,591	30,389	23,232	17,861	26,655
Tax	7,203	9,359	10,770	5,275	4,186	6,240
Effective Rate (%)	32.1	32.7	35.4	22.7	23.4	23.4
PAT	15,236	19,232	19,619	17,957	13,674	20,415
Change (%)	60.1	26.2	2.0	-8.5	-23.9	49.3
Less: Minority Interest	-1,895	-2,566	-2,584	-317	455	-1,074
Adj. PAT	17,131	21,797	22,203	18,274	13,219	21,489
Change (%)	60.0	27.2	1.9	-17.7	-27.7	62.6

Note: FY16 onwards IndAS

Balance Sheet (Consolidated)

Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22E
Share Capital	272	273	273	273	273	273
Net Worth	53,451	70,301	89,187	99,809	108,950	125,794
Minority Interest	0	0	0	0	455	-619
Deferred Tax	778	1,421	2,739	2,522	3,261	4,338
Loans	444	1,508	1,868	1,444	0	0
Capital Employed	54,673	73,230	93,794	103,775	112,666	129,514
Application of Funds						
Gross Fixed Assets	12,328	21,443	28,175	37,020	44,741	49,241
Less: Depreciation	3,875	6,426	9,429	13,245	17,437	21,911
Net Fixed Assets	8,453	15,017	18,746	23,775	27,304	27,330
Capital WIP	3,738	3,332	4,497	3,122	250	250
- of which Goodwill	223	223	223	223	223	223
Investments	49,871	55,808	49,225	57,488	57,306	57,950
Curr.Assets, L & Adv.	7,658	21,065	41,400	40,113	46,429	66,865
Inventory	3,359	3,946	6,334	5,724	4,164	5,140
Sundry Debtors	500	680	903	868	694	857
Cash & Bank Balances	251	12,120	29,653	29,506	37,524	55,871
Loans & Advances	92	7	13	1	0	0
Others	3,456	4,312	4,497	4,014	4,048	4,997
Current Liab. & Prov.	15,047	21,992	20,075	20,722	18,622	22,881
Sundry Creditors	8,327	11,719	12,341	10,277	10,409	12,851
Other Liabilities	6,033	9,511	6,928	9,472	6,939	8,567
Provisions	686	763	807	974	1,274	1,463
Net Current Assets	-7,389	-927	21,325	19,391	27,807	43,984
Application of Funds	54,673	73,230	93,794	103,775	112,666	129,514

E: MOFSL Estimates

Financials and valuations

Ratios (Consolidated)

Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22E
Basic (INR)						
EPS	629.6	799.6	813.9	669.4	484.2	787.1
EPS Growth (%)	59.7	27.0	1.8	-17.8	-27.7	62.6
Cash EPS	686	882	924	809	638	951
Book Value per Share	1,964	2,579	3,269	3,656	3,991	4,608
DPS	100.0	110.0	125.0	125.0	125.0	140.0
Payout (Incl. Div. Tax) %	18.5	15.0	17.9	21.7	30.9	21.6
Valuation (x)						
P/E	32.4	25.5	25.1	25.2	34.8	21.4
Cash P/E	29.8	23.2	22.1	20.8	26.4	17.7
EV/EBITDA	20.4	15.1	14.2	17.0	19.9	12.5
EV/Sales	4.5	3.5	3.1	3.0	3.2	2.5
Price to Book Value	10.4	7.9	6.2	4.6	4.2	3.7
Dividend Yield (%)	0.5	0.5	0.6	0.7	0.7	0.8
Profitability Ratios (%)						
RoE	38.1	35.2	27.8	19.3	12.7	18.3
RoCE	37.0	33.9	26.5	18.7	12.3	17.9
RoIC	1,145.7	1,373.6	298.2	117.5	67.5	106.9
Turnover Ratios						
Debtors (Days)	3	3	3	3	3	3
Inventory (Days)	17	16	24	23	18	18
Creditors (Days)	43	48	46	41	45	45
Working Capital (Days)	-23	-29	-19	-15	-24	-24
Asset Turnover (x)	1.3	1.2	1.0	0.9	0.7	0.8
Leverage Ratio						
Net Debt/Equity (x)	-0.6	-0.7	-0.6	-0.7	-0.7	-0.8

Cash Flow Statement (Consolidated)

Y/E March	FY17	FY18	FY19	FY20	FY21E	FY22E
Profit before Tax	23,874	28,956	32,798	23,549	17,405	27,729
Depreciation	1,538	2,233	3,003	3,815	4,193	4,474
Direct Taxes Paid	-6,516	-8,071	-9,085	-6,283	-3,447	-5,163
(Inc)/Dec in Working Capital	1,635	4,380	-4,557	862	1,866	1,302
Interest/Div. Received	-40	-394	-1,304	-2,207	-3,570	-4,600
Other Items	-3,411	-2,282	-5,126	-2,795	-5,905	-3,802
CF from Oper. Activity	17,080	24,823	15,730	16,941	10,542	19,940
(Inc)/Dec in FA+CWIP	-5,470	-7,460	-7,874	-5,445	-4,849	-4,500
Free Cash Flow	11,610	17,363	7,855	11,497	5,693	15,440
(Pur)/Sale of Invest.	-11,966	-13,991	1,301	-9,639	3,752	3,956
CF from Inv. Activity	-17,436	-21,450	-6,574	-15,084	-1,097	-544
Issue of Shares	57	195	361	289	0	0
Inc/(Dec) in Debt	213	390	247	-709	-1,444	0
Interest Paid	-17	-34	-50	-75	-130	-130
Dividends Paid	0	-3,171	-3,482	-8,087	-4,079	-4,644
CF from Fin. Activity	253	-2,620	-2,923	-8,583	-5,653	-4,774
Inc/(Dec) in Cash	-103	752	6,233	-6,725	3,792	14,622
Add: Beginning Balance	530	251	12,120	7,158	29,506	37,524
Closing Balance	427	1,003	18,353	432	33,298	52,145

E: MOFSL Estimates

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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