Mayur Uniquoters | BUY | TP: 590

Exciting times ahead

We upgrade our rating to BUY with a revised TP of Rs590 owing to operating leverage at play and a well-balanced mix of export and domestic demand. After 3QFY21's stellar show, Mayur Uniquoters' strong performance in 4QFY21 too has given us more confidence in its revenue stability as we remain positive on firms having a good mix of export and local supply. It's cash-rich position and management's well thought out plan to cater to global OEMs fortify our thesis of higher ASPs and better operating performance in the long run. Going forward, as more global professionals drive the business, Mayur now has a well thought out long runway ahead of itself, with a potential value of Rs740 in an optimistic scenario (DCF Bull case).

- **Strong volume growth continues:** The consolidated revenue came in at Rs1,7847mn, a rise of 36% YoY (up 3% QoQ) for 4QFY21. The top-line increase was mainly due to a ~26% YoY rise in volume sold, which came in at 7.9mn metres implying a blended realisation growth of ~7.4% YoY in 4QFY21.
- **Highest quarterly EBITDA ever:** The consolidated gross margin expanded by 98bps to 49% as the RM cost grew by 34% YoY to Rs903mn. The EBITDA came in at Rs489mn, up by 50% YoY, with a margin of 27.4% vs 24.9% in 4QFY20. Other income declined by 16% YoY and the PAT jumped higher by 40% YoY to Rs347mn with PAT margin of 19.4%. Mayur has declared a dividend of Rs2 per share for FY21.
- **Outlook:** We feel that as Mayur starts its 7th PVC line from July 2021, new PVC orders from Mercedes, Volkswagen, and BMW (*FY23 onwards*) should sustainably take the company's ASP and revenue higher, leading to positive operating leverage that we have now started to witness. As the response from clients like Chrysler is encouraging and in final stages of discussion, we continue to believe that the PU plant will ramp up swiftly as the economy opens. While the management has hinted at new EV players like Tesla to be potential clients in future, we feel that Mayur's focus on catering to only premium OEMs should lead to an overall prominent OEM clientele in the future.
- **Valuation and risks:** We expect Mayur's revenue/EBITDA/Adj PAT to grow at a CAGR of 22%/24%/23% over FY21-23E. Better and consistent operating leverage should result in greater sweating of assets, and we forecast ROE/ROCE to climb up to 19%/18% respectively by FY23E. We roll forward our estimate and owing to operating leverage visibility, assign 18x P/E multiple (*15x previously*) to arrive at our TP of Rs590. Our DCF fair value base TP stands at Rs560 (Bull/Bear TP of Rs740/350). Risks include slower-than-expected recovery in global automobile production due to extended lockdowns.

Particulars (Rs mn)	4QFY21	4QFY20	YoY (%)	3QFY21	QoQ (%)
Net sales	**1,784**	**1,311**	***36.0***	**1,697**	***5.1***
Raw Material cost	903	677	*33.5*	921	*(1.9)*
Employee costs	98	93	*5.5*	86	*13.3*
Other expenditure	294	216	*36.3*	237	*24.1*
EBITDA	**489**	**326**	***49.9***	**453**	***7.9***
EBITDA Margin (%)	***27.4***	***24.9***	***254 bp***	***26.7***	***70 bp***
Depreciation & amortisation	50.9	50.3	*1.2*	49.4	*3.0*
Interest	20.4	8.6	*137.2*	2.0	*934.9*
EBT	**417**	**267**	***56.3***	**401**	***3.9***
Other income	51	61	*(16.6)*	61	*(16.5)*
PBT	**468**	**328**	***42.7***	**462.5**	***1.2***
Provision for tax	121.6	80	*52.4*	112.3	*8.3*
PAT (Reported)	**347**	**248**	***39.6***	**350.3**	***(1.0)***
PAT Margin (%)	**19.4**	**18.9**	***50 bp***	**20.6**	***-120 bp***

Source: MNCL Research

Target Price	590
CMP	507
Upside	16%

Price Performance (%)	1M	6M	1Yr
MUNI IN	13.1	80.0	195.0
NIFTY	6.3	16.9	59.5

Key Data	
Bloomberg Code	MUNI IN
Curr Shares O/S (mn)	44.6
Diluted Shares O/S(mn)	44.6
Mkt Cap (Rsbn/USDmn)	22.6/310
52 Wk H / L (Rs)	532/157
5 Year H / L (Rs)	570/119
Quarterly Average Vol.	150,490

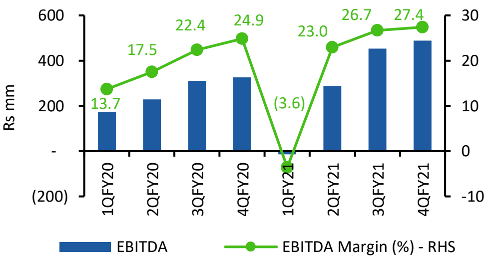
Source: Bloomberg, ACE Equity, MNCL Research

Shareholding pattern (%)

	Mar-21	Dec-20	Sep-20	June-20
Promoter	61.6	61.5	61.5	61.5
FPI & FII	1.5	4.8	5.1	7.1
DIIs	3.6	1.4	3.4	2.9
Others	33.3	32.3	30.0	28.5

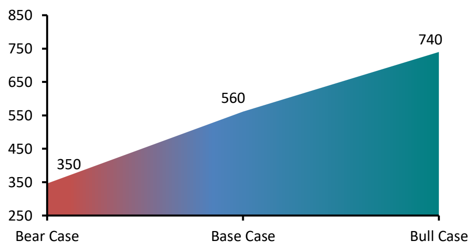
Source: BSE

Quarterly EBITDA and Margin Trend



Source: MNCL Research

DCF – Base, bull, and bear case



Source: MNCL Research

Earning Revision

(Rs mn)	FY21E			FY22E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	6,202	6,280	*(1.2)*	7,429	7,621	*(2.5)*
EBITDA	1,501	1,512	*(0.7)*	1,901	1,921	*(1.0)*
Margin	*24.2*	*24.1*	*13 bps*	*25.6*	*25.2*	*38 bps*
PAT	1,069	1,081	*(1.1)*	1,399	1,409	*(0.7)*

Source: MNCL Research Estimates

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY19	5,913	*3.7*	1,293	*21.9*	896	*(7.6)*	19.8	18.5	*18.1*	*20.4*	12.7
FY20	5,280	*(10.7)*	1,039	*19.7*	798	*(11.0)*	17.6	14.6	*14.1*	*14.2*	9.1
FY21P	5,127	*(2.9)*	1,252	*24.4*	934	*17.0*	20.1	15.6	15.0	24.2	16.5
FY22E	6,202	*21.0*	1,501	*24.2*	1,069	*14.5*	24.0	16.1	15.6	21.2	13.3
FY23E	7,429	*19.8*	1,901	*25.6*	1,399	*30.9*	31.4	18.5	17.8	16.2	10.3

Source: Company, MNCL Research Estimates

Exhibit 1: Quarterly Sales Trend

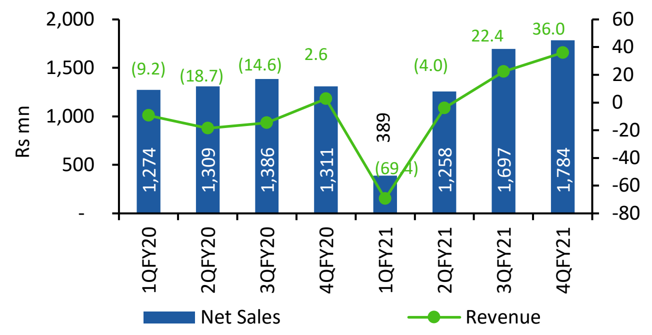


Exhibit 2: Quarterly Gross Profit & Margin Trend

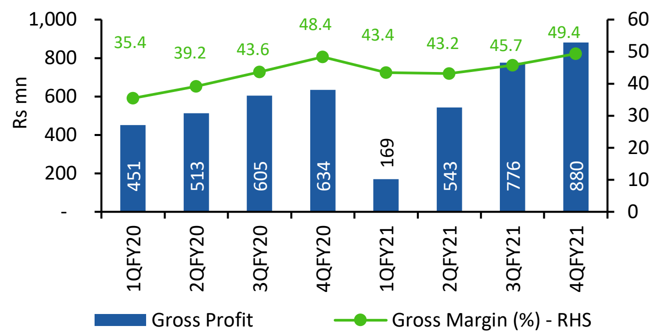


Exhibit 3: Quarterly EBITDA Trend

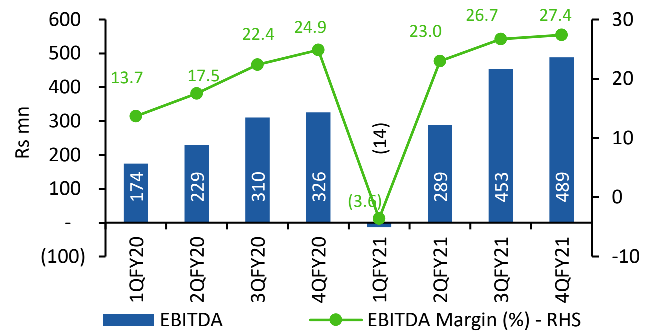
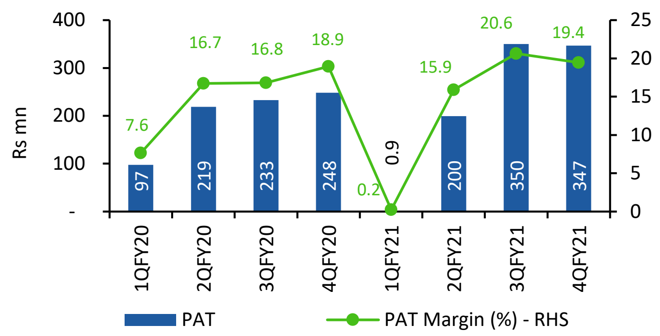


Exhibit 4: Quarterly PAT Trend



Source: Company, MNCL Research

4QFY21 Conference Call Key Takeaways

General Commentary

- Mayur opines than while the domestic auto segment was showing strength in April, May and June have been weaker due to 2nd Covid wave and subsequent lockdowns.
- The company has said that US demand should improve from August onwards as reduced shifts revert to normal and OEMs start functioning at optimal utilisation.
- Supply to Mercedes South Africa had started in 4QFY21 with a monthly run-rate of ~30,000mtr.
  - The sales volume is expected to be ~50,000mtr/month from H2FY22 onwards.
- The company is in talks with a Korean PU leather maker who has approached Mayur as they are currently not present in PVC leather cloth and would like to globally supply PVC from India through Mayur.
  - This manufacturer also hopes to procure PU material for Hyundai India from Mayur and the talks are currently underway.
- Mayur's focus on PU is intact as the realisation in this segment is high and in the range of ~$15-20. The company is generating positive feedback from the likes of Chrysler, which is on the verge of approval.

Operational & Financial Performance Commentary

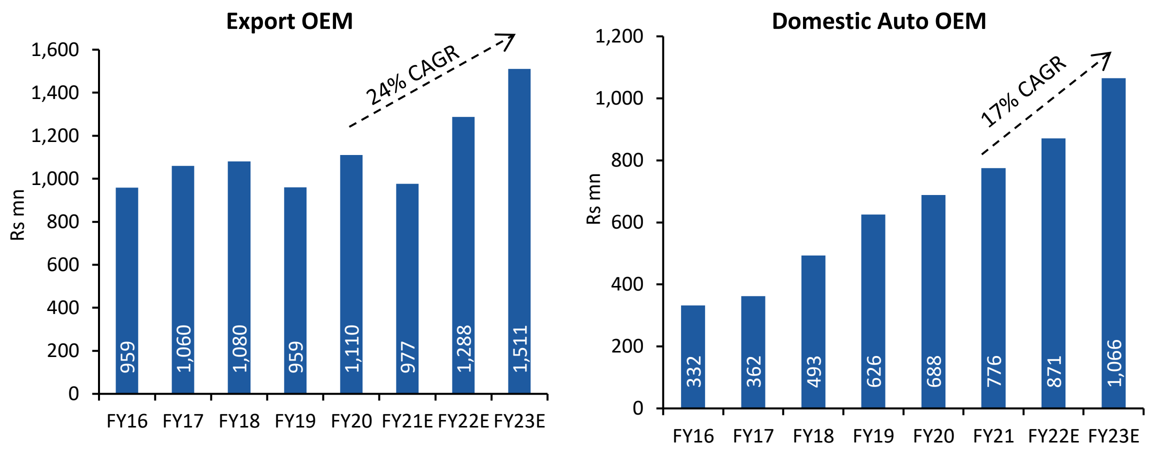
- Mayur sold 7.9mn/23.1 mn metres of PVC synthetic leather in 4QFY21/FY21, respectively.
- Mayur's revenue breakup from export/domestic stood at 32%/68% respectively in 4QFY21.
- Mayur's 7th PVC line is being fixed and should come online by the end of July 2021. This will take Mayur's total PVC capacity to ~43.6mn metres/annum.
- Company's receivables have inched up due to delayed payments owing to lockdown from areas like Mumbai, South India, and Uttar Pradesh.
- Sales volume from the PU segment in FY21 was ~30-40k metres. The management has mentioned that it would require ~200,000 metres to break even in PU leather segment.
- Under its backward integration plans, Mayur hopes to manufacture warp knit fabric in the next ~1.5-2 years and in the second stage, produce non-woven fabric and PU chemicals. The expected CAPEX for this should be ~Rs1.0-1.5bn.

Luxury auto segment to aid growth

Mayur's high-margin profile is well aided by its exports to US auto OEMs. Along with supplying to Ford, FCA and GM, now, Mayur has started supplying to Mercedes in 4QFY21. Going forward, it will start supplying to Volkswagen India (*1QFY22 onwards*) and BMW from FY23 onwards.

- Around ~25% of Mayur's export OEM segment sales come from Ford USA. Around ~75% of Mayur's export OEM segment sales come from Chrysler meeting their ~40-50% requirement.
- Volkswagen India's volume and revenue potential are expected to be ~30,000-40,000mtr/month and ~Rs120-150mn/annum, respectively.
- Daimler's volume and revenue potential are expected to be ~30,000-40,000mtr/month and ~Rs140-170mn/annum, respectively.

Exhibit 5: Mayur's auto revenue to grow on back of new client additions

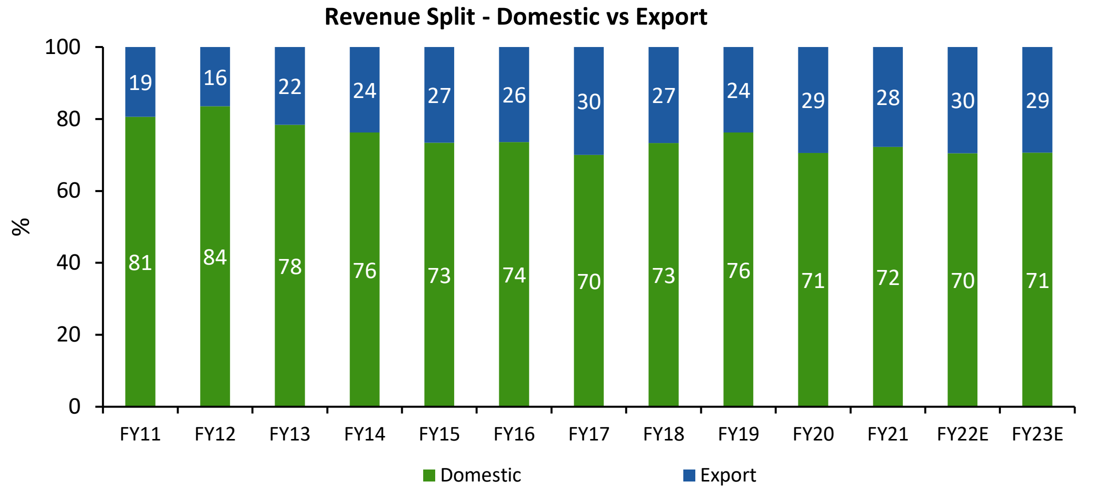


Source: Company, MNCL Research

Say no to low margin business!

Mayur's management has always vehemently said no to unsustainable low margin business and focussed on quality OEM supplies. While most of the Indian players cater to the unorganised market and continue to compete on prices and lower margin business, Mayur's focus has always been on the lucrative export markets and OEMs.

Exhibit 6: Mayur focussing on high value export business



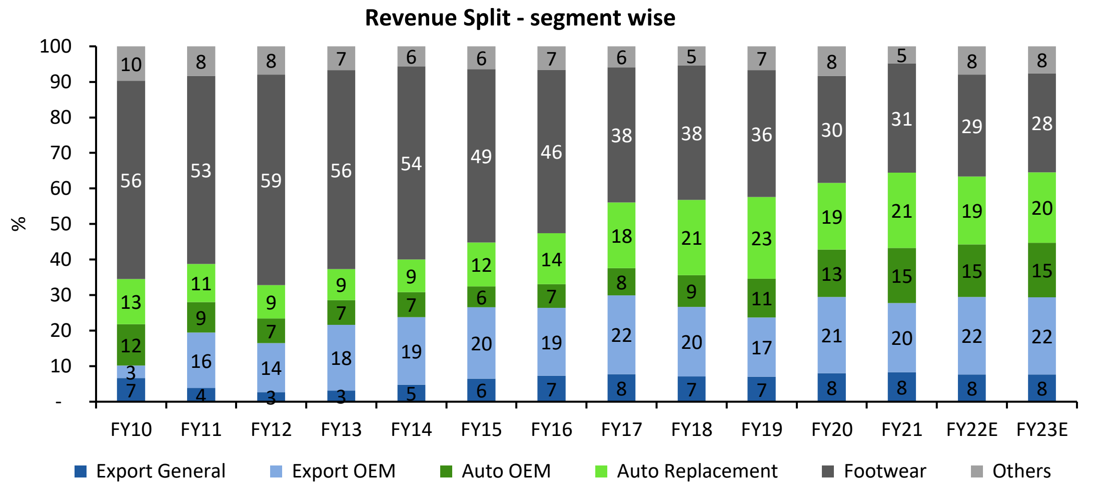
Source: Company, MNCL Research

Domestic Footwear Segment

While the footwear segment revenue share was marginally coming down since FY13, demonetisation in FY17 took a major toll on Mayur's footwear segment due to cash-based unorganised clientele. Since then, management's focus has shifted from unorganised footwear players to organised branded footwear players like VKC, Paragon, Bata, Relaxo, Action, Lancer etc.

Payment issues and lack of quality product demand from the unorganised footwear players have led Mayur to be more stringent in selecting its client base.

Exhibit 7: Mayur enriching its client portfolio



Source: Company, MNCL Research

Focussed on the PU business

Mayur's newly commissioned PU plant in Morena, MP

Currently, ~90% of PU leather is being imported from China into India. We think that a lot of OEMs' efforts to source locally will only increase as we move forward and this should help Mayur due to its already established competitive pricing, quality, service, and long-standing relations with OEMs. We maintain our belief that Mayur has all capabilities to replace Chinese imports and get good traction on the PU front.

Out of the existing PU in supply, ~70% is low grade and rest ~30% is medium to high grade. Mayur plans to cater only to medium and high-grade PU leather and to achieve that, has roped in a team of Chinese professional and a Taiwanese technician with greater than 30 years of experience. While current supplies are being given largely to footwear OEMs, Mayur's long-term goal remains to be majorly an auto focussed player.

Exhibit 8: PU plant to drive Mayur's long-term growth

FY15-17: Mayur plans to set-up a PU plant with a capacity of 0.6 mn mtr/month in Rajasthan. Due to delay in commissioning of the PU plant, the company approached other states for setting up of PU plant.

FY18-19: Gwalior, Madhya Pradesh finalised for the PU plant with 1 lines having 0.5 mn mtr/month capacity. Potential to add 4 more such lines as demand ramps up.

FY20: PU plant commissioned in January 2020.

Source: Company, MNCL Research

The company is also working towards backward and forward integration in its PU plant.

Backward integration: Mayur plans to start warp knitting and non-woven fabric for both PU and PVC leather. To have better control over quality and cost, the company also plans to install a PU Resin plant.

Forward integration: Mayur has already installed a perforation machine and plans to install one more. Along with this, the company is also planning to have a foam lamination. These steps can lead to a significant margin expansion.

Exhibit 9: PU plant estimates

Particulars	FY2022E	FY2023E
Capacity/month (square metres)	500,000	500,000
Estimated capacity utilization (%)	25	40
Estimated realization per meter (Rs)	200	200
Sales Volume (square metres)	1,500,000	2,400,000
Net Revenues (Rs mn)	**300**	**480**

Source: MNCL Research Estimates

Valuation – BUY with a TP of Rs590

P/E based valuation

Over the past many quarters, we have remained mindful of the delays with the PU plant and other deliverables, but with supply to Mercedes and Volkswagen now started and expected to ramp up as things normalise, we think that execution wise, Mayur should not face any challenge now as it has vast experience in synthetic leather manufacturing and dealing with OEMs.

Considering Mayur's capability to execute in tough times, Mercedes order fructifying, and a clear commentary on professional management team being put in place, we feel that as volumes start to climb from hereon, operating leverage should continue in a sustainable way. We roll over to June 2023E earnings and assign a multiple of 18x (*previously 15x*) to arrive at a **fair value TP of Rs590, giving an upside of 16% from the last traded price of Rs507.**

Exhibit 10: 1-year forward P/E chart

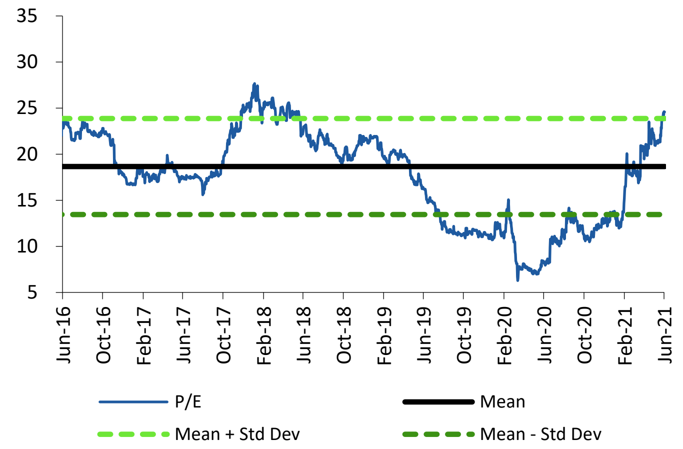
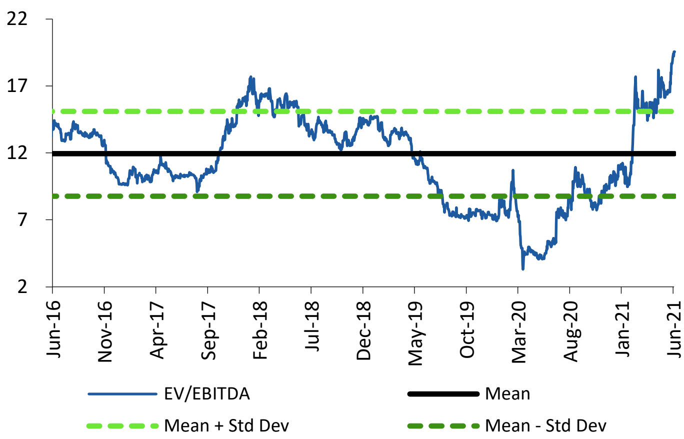


Exhibit 11: 1-year forward EV/EBITDA chart



Source: Bloomberg, MNCL Research Estimates

DCF valuation

We believe the free cash flow to the firm can also be an alternate method to value Mayur as the firm has a hold on its capital allocation and reinvestment for growth/dividend pay-out/payback of debt/retaining earnings for future use. Using DCF, we arrive at a **fair value base target price of Rs560**.

Bull Case: Under this scenario, we assume a higher-than-expected base case capacity utilisation in PVC and PU. Under the PU segment, we bake in a much quicker break-even, healthy order inflows, and addition of three additional lines till FY33E with optimum capacity utilisation. In the PVC segment, we assume better than historical capacity utilisation driven by sustained demand across footwear, auto and furnishing segments.

Bear Case: Under this scenario, we assume a lower-than-expected base case capacity utilisation in PVC and PU. Under the PU segment, we bake in delayed break-even, nominal order inflows and the addition of two additional lines till FY33E due to overall low-capacity utilisation. In the PVC segment, we assume that historical capacity utilisation of the past 5 years to continue.

Exhibit 12: Key DCF assumptions

Particulars	Value
Cost of Equity	12%
Cost of Debt	8%
Beta	1.07
Rf	6%
Risk Premium	7%
WACC	**12.1%**

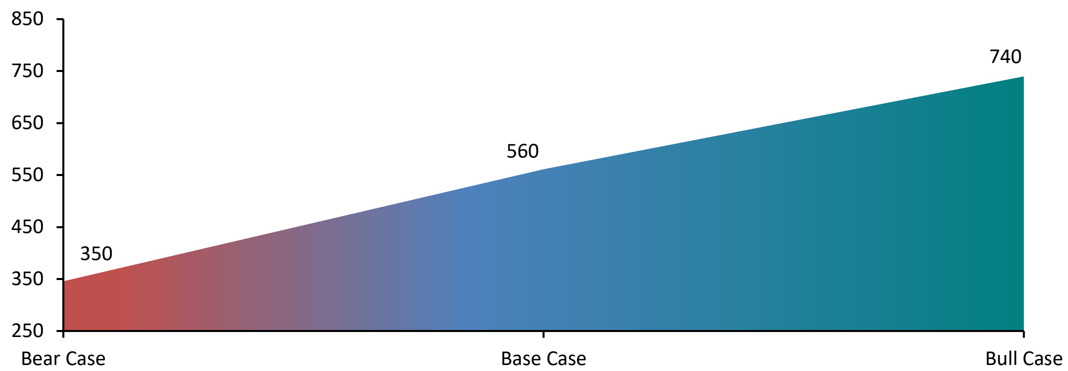
Source: MNCL Research Estimates

Exhibit 13: Intrinsic value per share as per DCF

Particulars	Base Case	Bull Case	Bear Case
Enterprise Value	23,089	31,057	13,479
Less: Net debt	(1,923)	(1,923)	(1,923)
Equity Value (Rs mn)	25,013	32,981	15,402
Number of shares (mn)	44.6	44.6	44.6
Intrinsic Value per share (Rs)	**560**	**740**	**350**

Source: MNCL Research Estimates

Exhibit 14: Intrinsic share value scenarios



Source: MNCL Research Estimates

Quarterly Financials and Key Operating Metrics

Exhibit 15: Quarterly Financials

Y/E March (Rs mn)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Net Sales	**1,274**	**1,309**	**1,386**	**1,311**	**389**	**1,258**	**1,697**	**1,784**
Raw Materials	822	796	782	677	220	715	921	903
Employee Costs	84	79	81	93	80	87	86	98
Other Expenditure	193	205	214	216	103	167	237	294
EBITDA	**174**	**229**	**310**	**326**	**(14)**	**289**	**453**	**489**
Depreciation	43	44	47	50	34	50	49	51
Interest	2	2	5	9	5	8	2	20
Other Income	37	52	48	61	55	31	61	51
PBT	165	235	307	328	2	262	463	468
Tax	68	16	74	80	1	62	112	122
Tax rate (%)	*41.1*	*6.9*	*24.0*	*24.3*	*59.8*	*23.8*	*24.3*	*26.0*
Reported PAT	**97**	**219**	**233**	**248**	**0.9**	**200**	**350**	**347**
Y-o-Y Growth (%)								
Revenue	(9.2)	(18.7)	(14.6)	2.6	(69.4)	(4.0)	22.4	36.0
EBITDA	(47.8)	(31.5)	(9.8)	15.8	(108.1)	26.0	46.0	49.9
PAT	(57.4)	(9.8)	10.0	16.8	(99.0)	(8.9)	50.4	39.6
Q-o-Q Growth (%)								
Revenue	(0.3)	2.8	5.9	(5.4)	(70.3)	223.2	34.9	5.1
EBITDA	(38.1)	31.5	35.5	5.0	(104.3)	N.A.	56.9	7.9
PAT	(54.2)	125.0	6.3	6.6	(99.6)	21,417	75	(1)
Margin (%)								
EBITDA	*13.7*	*17.5*	*22.4*	*24.9*	*(3.6)*	*23.0*	*26.7*	*27.4*
PAT	*7.6*	*16.7*	*16.8*	*18.9*	*0.2*	*15.9*	*20.6*	*19.4*

Source: Company, MNCL Research

Exhibit 16: Key Assumptions

Particulars (Rs mn)	FY18	FY19	FY20	FY21P	FY22E	FY23E
Total PVC volume (mn Meter)	**27.4**	**28.3**	**24.5**	**23.1**	**26.6**	**30.8**
YoY Change (%)	14.3	3.4	(13.4)	(5.7)	15.4	15.5
Net PVC average realization (Rs/Meter)	**202**	**203**	**211**	**222**	**222**	**226**
YoY Change (%)	1.5	0.3	4.0	5.4	(0.3)	2.0
Domestic PVC Revenue	4,054	4,374	3,642	3,616	4,161	4,907
Export PVC Revenue	1,474	1,361	1,522	1,392	1,741	2,043
PU Revenue	-	-	-	-	300	480
Other Operating Income*	172	178	115	119	-	-
Total Revenues (PVC+PU)	**5,700**	**5,913**	**5,280**	**5,127**	**6,202**	**7,429**
YoY Change (%)						
Domestic PVC Revenue	21.4	7.9	(16.7)	(0.7)	15.1	17.9
Export PVC Revenue	3.2	(7.7)	11.9	(8.6)	25.1	17.3
PU Revenue	NA	NA	NA	NA	NA	60.0
Total Revenues	**20.4**	**3.7**	**(10.7)**	**(2.9)**	**21.0**	**19.8**

Source: Company, MNCL Research Estimates, *PU included in other operating income

Financials

Exhibit 17: Income Statement

Y/E March (Rs mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21P	FY22E	FY23E
Net Sales	**4,696**	**5,063**	**4,956**	**4,735**	**5,700**	**5,913**	**5,280**	**5,127**	**6,202**	**7,429**
Raw Materials	3,165	3,260	2,775	2,608	3,244	3,581	3,077	*(2.9)*	*21.0*	*19.8*
% of sales	*67.4*	*64.4*	*56.0*	*55.1*	*56.9*	*60.6*	*58.3*	2,759	3,483	4,179
Personnel	184	243	284	264	279	296	336	*53.8*	*56.2*	*56.2*
% of sales	*3.9*	*4.8*	*5.7*	*5.6*	*4.9*	*5.0*	*6.4*	352	390	432
Other Expenses	415	543	591	600	678	742	828	*6.9*	*6.3*	*5.8*
% of sales	*8.8*	*10.7*	*11.9*	*12.7*	*11.9*	*12.5*	*15.7*	764	827	917
EBITDA	**932**	**1,018**	**1,306**	**1,262**	**1,499**	**1,293**	**1,039**	*14.9*	*13.3*	*12.3*
EBITDA Margin (%)	*19.9*	*20.1*	*26.4*	*26.7*	*26.3*	*21.9*	*19.7*	**1,252**	**1,501**	**1,901**
Depreciation	70	119	161	167	171	180	184	*24.4*	*24.2*	*25.6*
EBIT	**862**	**899**	**1,145**	**1,095**	**1,328**	**1,113**	**855**	184	287	320
Interest Expenses	43	26	34	14	14	9	17	**1,068**	**1,214**	**1,581**
Extraordinary Item	-	-	-	-	-	-	-	36	-	-
PBT From Operations	**819**	**873**	**1,111**	**1,081**	**1,314**	**1,104**	**837**	**996**	**1,185**	**1,548**
Other Income	17	59	58	115	135	217	198	199	235	311
PBT	**837**	**933**	**1,169**	**1,196**	**1,449**	**1,321**	**1,036**	**1,195**	**1,420**	**1,859**
Tax-Total	269	274	397	381	480	425	238	298	352	460
Reported PAT	**568**	**659**	**772**	**815**	**969**	**896**	**798**	**897**	**1,069**	**1,399**
Adjusted PAT	**568**	**659**	**772**	**815**	**969**	**896**	**798**	**934**	**1,069**	**1,399**

Source: MNCL Research Estimates

Exhibit 18: Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21P	FY22E	FY23E
Growth ratios (%)										
Net sales	*23.4*	*7.8*	*(2.1)*	*(4.5)*	*20.4*	*3.7*	*(10.7)*	*(2.9)*	*21.0*	*19.8*
EBITDA	*35.1*	*9.2*	*28.3*	*(3.4)*	*18.8*	*(13.7)*	*(19.6)*	*20.5*	*19.9*	*26.6*
Adjusted Net Profit	*30.4*	*16.0*	*17.1*	*5.6*	*18.9*	*(7.6)*	*(11.0)*	*17.0*	*14.5*	*30.9*
Margin Ratio (%)										
EBITDA Margin	*19.9*	*20.1*	*26.4*	*26.7*	*26.3*	*21.9*	*19.7*	*24.4*	*24.2*	*25.6*
EBIT Margin	*18.9*	*18.3*	*24.3*	*25.6*	*25.7*	*22.5*	*19.9*	*24.7*	*23.4*	*25.5*
PBT Margins	*17.4*	*17.2*	*22.4*	*22.8*	*23.1*	*18.7*	*15.9*	*19.4*	*19.1*	*20.8*
PAT Margin	*12.5*	*13.4*	*15.6*	*17.2*	*17.0*	*15.2*	*15.1*	*17.5*	*17.2*	*18.8*
Return Ratio (%)										
ROE	*40.6*	*29.7*	*24.9*	*22.5*	*23.2*	*18.5*	*14.6*	*15.6*	*16.1*	*18.5*
ROCE	*34.5*	*25.5*	*23.0*	*21.7*	*22.9*	*18.1*	*14.1*	*15.0*	*15.6*	*17.8*
ROIC	*37.9*	*34.0*	*29.5*	*31.1*	*35.9*	*25.6*	*18.7*	*19.7*	*22.7*	*26.1*
Turnover Ratio days (days)										
Gross Block Turnover Ratio	4.5	3.2	3.1	3.4	3.7	3.5	2.7	2.1	2.2	2.3
Inventory Period	49.6	40	48	64	62	76	93	114	80	70
Debtors Period	52.2	65	72	73	66	55	67	81	85	75
Creditors Period	48.4	37	34	45	39	37	42	43	45	40
Cash Conversion Cycle	53.3	69	86	92	89	94	118	152	120	105
Solvency Ratio (x)										
Debt-Equity	0.3	0.2	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Net Debt-Equity	0.1	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)	(0.4)	(0.4)
Current ratio	1.8	2.4	2.9	3.0	3.3	3.3	3.9	3.4	3.5	4.0
Interest coverage ratio	20.1	34.6	33.6	78.1	96.8	128.6	49.1	30.3	41.8	47.9
Gross Debt/EBITDA	0.4	0.4	0.2	0.1	0.0	0.2	0.3	0.3	0.3	0.2
Dividend										
Dividend per share	2.5	3.0	3.5	1.0	1.4	3.3	4.0	2.0	5.3	8.0
Dividend Payout (%)	*20.7*	*21.3*	*20.9*	*5.5*	*6.6*	*16.4*	*22.7*	*9.9*	*22.0*	*22.0*
Dividend Yield (%)	*0.6*	*0.7*	*0.8*	*0.2*	*0.3*	*0.8*	*0.9*	*0.4*	*1.0*	*1.6*
Per share (Rs)										
Basic EPS (reported)	26.2	15.2	16.7	17.7	21.2	19.8	17.6	20.1	24.0	31.4
Book Value	34.8	48.2	72.6	84.0	98.3	114.3	127.4	139.8	158.0	181.4
CEPS	13.8	16.8	20.2	21.3	24.9	23.7	21.7	24.3	30.4	38.6
Number of Shares (mn)	46.3	46.3	46.3	46.1	45.7	45.3	45.3	44.6	44.6	44.6
Valuation										
P/E	11.1	26.9	25.1	22.5	20.1	20.4	14.2	24.2	21.2	16.2
P/BV	3.9	7.9	5.8	4.7	4.3	3.5	2.0	3.6	3.2	2.8
EV/EBITDA	7.0	17.0	14.3	13.5	11.8	12.7	9.1	16.5	13.3	10.3
EV/Sales	1.4	3.4	3.8	3.6	3.1	2.8	1.8	4.0	3.2	2.6

Source: MNCL Research Estimates

Exhibit 19: Balance Sheet

Y/E March (Rs mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21P	FY22E	FY23E
SOURCES OF FUNDS										
Capital	108	811	231	229	227	227	227	223	223	223
Reserves & Surplus	1,503	2,016	3,130	3,639	4,270	4,953	5,547	6,009	6,819	7,861
Shareholders' Funds	**1,611**	**2,827**	**3,362**	**3,868**	**4,496**	**5,180**	**5,774**	**6,232**	**7,042**	**8,084**
Total Loan Funds	**417**	**448**	**259**	**120**	**57**	**217**	**326**	**338**	**388**	**438**
Deferred Tax Liabilities-Net	59	48	60	49	52	32	(13)	(9)	(9)	(9)
Other non-current liability	-	-	-	3	2	7	26	25	25	25
Total Liabilities	**2,087**	**3,323**	**3,681**	**4,039**	**4,608**	**5,435**	**6,113**	**6,586**	**7,451**	**8,544**
APPLICATION OF FUNDS										
Gross Block	1,298	1,825	1,324	1,428	1,636	1,732	2,179	2,697	3,047	3,347
Accumulated Depreciation	321	435	0	160	323	489	670	854	1,141	1,461
Net Block	266	36	79	39	19	393	393	150	300	300
CWIP	**977**	**1,390**	**1,324**	**1,268**	**1,313**	**1,242**	**1,510**	**1,843**	**1,905**	**1,886**
Long term Investments	**98**	**758**	**986**	**1,241**	**1,562**	**1,869**	**1,652**	**2,051**	**2,051**	**2,051**
Other Non-Current Assets	**-**	**-**	**26**	**61**	**36**	**135**	**177**	**182**	**219**	**262**
Inventories	638	561	649	835	965	1,229	1,351	1,602	1,359	1,425
Sundry Debtors	671	907	977	952	1,031	890	970	1,132	1,444	1,527
Cash	134	266	193	220	283	203	586	210	917	1,884
Loans & Advances	220	101	10	14	15	14	17	17	21	25
Other Current Assets	-	92	112	109	102	226	290	369	447	535
Total Current Asset	**1,663**	**1,926**	**1,942**	**2,130**	**2,395**	**2,562**	**3,215**	**3,331**	**4,188**	**5,395**
Trade Payables	631	519	464	588	610	592	610	600	765	814
Other Current Liabilities	286	270	211	111	107	173	224	370	448	537
Provisions	59	73	-	-	-	-	-	-	-	-
Total Current Liabilities	**917**	**789**	**675**	**699**	**717**	**765**	**834**	**971**	**1,213**	**1,351**
Net Current Assets	**746**	**1,138**	**1,266**	**1,431**	**1,678**	**1,797**	**2,380**	**2,360**	**2,976**	**4,045**
Total Assets	**2,087**	**3,323**	**3,681**	**4,039**	**4,608**	**5,435**	**6,113**	**6,586**	**7,451**	**8,544**

Exhibit 20: Cash Flow

Y/E March (Rs mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21P	FY22E	FY23E
Operating profit before WC changes	**659**	**763**	**956**	**836**	**1,038**	**860**	**851**	**1,029**	**1,356**	**1,718**
Net change in working capital	(170)	(230)	(252)	(84)	(170)	(233)	(219)	(484)	54	(145)
Cash flow from operating activities (a)	**489**	**533**	**704**	**751**	**868**	**627**	**632**	**545**	**1,410**	**1,574**
Capital Expenditure	(514)	(343)	(183)	(108)	(74)	(466)	(494)	(274)	(500)	(300)
FCF	(8)	219	540	666	804	170	145	285	937	1,296
Cash flow from investing activities (b)	**(460)**	**(943)**	**(334)**	**(265)**	**(299)**	**(675)**	**(479)**	**(202)**	**(500)**	**(300)**
Cash flow from financing activities (c)	**1**	**530**	**(438)**	**(460)**	**(496)**	**(34)**	**(67)**	**(377)**	**(185)**	**(307)**
Net change in cash (a+b+c)	**30**	**119**	**(68)**	**27**	**73**	**(83)**	**87**	**(34)**	**725**	**967**

Source: MNCL Research Estimates

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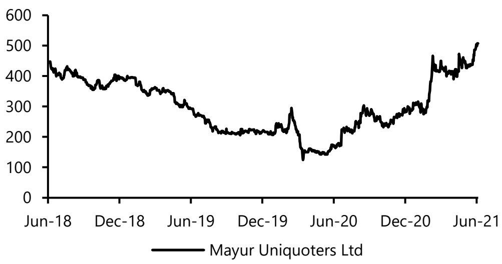

Source: Bloomberg, MNCL Research

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