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Rating Information	
Price (Rs)	311
Target Price (Rs)	434
Target Date	30th Jun'20
Target Set On	30th May'19
Implied yrs of growth (DCF)	20
Fair Value (DCF)	339
Fair Value (DDM)	112
Ind Benchmark	BSEAUTO
Model Portfolio Position	NA

Stock Information	
Market Cap (Rs Mn)	6,822
Free Float (%)	47.30 %
52 Wk H/L (Rs)	450/266.95
Avg Daily Volume (1yr)	36,087
Avg Daily Value (Rs Mn)	12
Equity Cap (Rs Mn)	110
Face Value (Rs)	5
Bloomberg Code	ATA IN

Ownership	Recent	3M	12M
Promoters	56.2 %	0.0 %	0.0 %
DII	13.4 %	0.0 %	2.0 %
FII	22.3 %	-0.4 %	-2.9 %
Public	8.1 %	0.4 %	0.9 %

Price %	1M	3M	12M
Absolute	-4.4 %	0.0 %	-26.9 %
Vs Industry	-3.0 %	1.2 %	-2.5 %
Bajaj Auto	-1.3 %	1.5 %	6.6 %
TVS Motors	-2.3 %	6.1 %	-20.7 %

Standalone Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (19A)	4.6	6.7	7.4	5.5
EPS (20E)	5.0	8.1	8.0	5.7

# Atul Auto Ltd.

4QFY19 Results: Estimate (↑), TP (↓), Rating (↔)

Regular Coverage

Absolute: LONG

Relative: OVERWEIGHT

48% ATR in 13 Months

Needs to build up on exports momentum, attractive valuations, retain LONG

Auto OEM

Atul Auto's (ATA) 4QFY19 EBITDA at Rs 193mn (+7% yoy, -24% qoq) came in 8% below EE as a 24% qoq increase in other expenses despite 11% qoq decline in volumes hurt margins. However, we believe that other expenses spiked qoq due to the year-end effect with annual adjustments done in 4Q, and should normalize from 1QFY20. FY19 was good year for volumes with domestic/export volumes growing 13%/62% yoy amid better domestic traction in CNG products and gains in four overseas markets. We expect FY20 domestic volume growth to be soft at 7%, but forecast a 20% growth in export volumes even on last year's high base. We cut FY20/FY21 EPS by 3%/5% considering lower margins and other income; retain LONG with a Jun'20 TP of Rs 434 set at 16x Jun'20 EPS (Mar'20 TP of Rs 461 earlier at 17x).

**CNG doing well, ramp-up in electric 3W volumes muted:** ATA has not been able to make much of a mark in the electric 3W market due to cheaper competition from unorganized players. M&M is doing well in this space through its differentiated offerings; we believe ATA needs to up its ante in this futuristic space, else will be at a loss given diesel 3Ws getting replaced with electric 3Ws in city-shared mobility applications. On the CNG front, the company has made good progress through its differentiated offering (larger space vs. products from competition); its CNG vehicles are doing particularly well in North India.

**FY19 a good year for exports, but needs to build on the momentum in coming years:** Export volumes grew 65% yoy in FY19 as the company gained good traction in countries like Nepal, Cambodia, Ethiopia and Ecuador. While Nepal has become a stable market over the last few years, ATA needs to build on its FY19 momentum in countries like Ethiopia and Cambodia. Exports contributed 11.1% of total volumes in FY19 (FY18: 8%); if the company is able to strengthen its FY19 momentum over the coming years, it should help diversify risk away from the domestic market.

**Higher other expenses hit margins; greater WC requirements impact other income:** Other expenses grew 9% yoy and 24% qoq, hurting margins (down 40bps yoy/200bps qoq to 11.6%). We believe this to be an anomaly given some year-end adjustments, with other expenses likely to normalize from next quarter. However, higher working capital requirements are hurting cash flow generation, which has brought down other income. Debtor days/inventory days have been consistently increasing since FY15 (from 24/19 days to 55/31 days in FY19). While receivable days are expected to come down a bit by the end of the year due to normalization of inventory, its unlikely to go to the levels seen five years back.

## Estimate Revision

(Rs mn)	Forecasts		% Change	
	FY20E	FY21E	FY20E	FY21E
Sales	7,399	7,792	-0.6%	-0.6%
EBITDA	951	996	-1.9%	-2.5%
PAT	602	624	-2.8%	-4.7%
EPS	26.9	27.8	-2.8%	-4.7%

## Consolidated Financials

Rs. Mn YE Mar	FY19A	FY20E	FY21E	FY22E
Sales	6,668	7,399	7,792	8,725
EBITDA	824	951	996	1,115
Depreciation	55	64	87	98
Interest Expense	9	0	0	0
Other Income	69	31	44	67
Reported PAT	540	602	624	710
Recurring PAT	540	602	624	710
Total Equity	2,531	2,934	3,360	3,872
Gross Debt	0	0	0	0
Cash	207	201	574	988

Rs. Mn YE Mar	FY19A	FY20E	FY21E	FY22E
Earnings	24.1	26.9	27.8	31.7
Book Value	113	131	150	173
Dividends	6.4	7.3	7.3	7.3
FCFF	-9.6	8.6	25.5	27.3
P/E (x)	12.9	11.6	11.2	9.8
P/B (x)	2.8	2.4	2.1	1.8
EV/EBITDA (x)	8.1	7.0	6.3	5.3
ROE (%)	23 %	22 %	20 %	20 %
Core ROIC (%)	25 %	22 %	21 %	22 %
EBITDA Margin (%)	12 %	13 %	13 %	13 %
Net Margin (%)	8 %	8 %	8 %	8 %

**Quarterly performance, standalone**

Rs Mn	4QFY19	4QFY19E	3QFY19	4QFY18	% Change			Comments
					4QFY19E	3QFY19	4QFY18	
<b>Net Sales</b>	<b>1,668</b>	<b>1,654</b>	<b>1,861</b>	<b>1,506</b>	<b>1%</b>	<b>-10%</b>	<b>11%</b>	<b>Sales largely in line</b>
Raw Material	1,228	1,224	1,385	1,100	0%	-11%	12%	
Employee Cost	120	121	121	109	-1%	-1%	10%	
Other Expenses	127	99	102	116	28%	24%	9%	
<b>Total Expenditures</b>	<b>1,475</b>	<b>1,444</b>	<b>1,608</b>	<b>1,325</b>	<b>2%</b>	<b>-8%</b>	<b>11%</b>	
<b>EBITDA</b>	<b>193</b>	<b>210</b>	<b>253</b>	<b>181</b>	<b>-8%</b>	<b>-24%</b>	<b>7%</b>	<b>Higher other expenses hurt EBITDA</b>
Depreciation	14	16	14	13	-9%	3%	8%	
<b>EBIT</b>	<b>179</b>	<b>194</b>	<b>239</b>	<b>167</b>	<b>-8%</b>	<b>-25%</b>	<b>7%</b>	
Interest	2	0	2	1	NA	0%	25%	
Other Income	5	11	18	10	-57%	-74%	-52%	
<b>PBT</b>	<b>182</b>	<b>205</b>	<b>256</b>	<b>176</b>	<b>-11%</b>	<b>-29%</b>	<b>4%</b>	
Tax	60	71	90	59	-15%	-33%	2%	
<b>Recurring PAT</b>	<b>122</b>	<b>134</b>	<b>166</b>	<b>117</b>	<b>-9%</b>	<b>-26%</b>	<b>5%</b>	
Extraordinaries	0	0	2	-4	NA	-100%	-100%	
<b>Reported PAT</b>	<b>122</b>	<b>134</b>	<b>164</b>	<b>120</b>	<b>-9%</b>	<b>-25%</b>	<b>1%</b>	
EPS (Rs)	5.5	6.0	7.4	5.2	-9%	-26%	5%	
EBITDA Margin	11.6%	12.7%	13.6%	12.0%	-111 bps	-200 bps	-40 bps	<b>Margins down 40bps yoy/200bps qoq</b>
EBIT Margin	10.7%	11.7%	12.8%	11.1%	-101 bps	-211 bps	-38 bps	
PBT Margin	10.9%	12.4%	13.7%	11.7%	-148 bps	-281 bps	-75 bps	
PAT Margin	7.3%	8.1%	8.8%	8.0%	-80 bps	-148 bps	-67 bps	
Tax Rate	33.0%	34.5%	35.2%	33.5%	-153 bps	-219 bps	-57 bps	
3W Sales	12,282	12,282	13,808	11,624	0%	-11%	6%	
ASP (Rs/unit)	135,841	134,639	134,799	129,542	1%	1%	5%	
EBITDA/unit (Rs)	15,388	17,099	17,975	15,528	-10%	-14%	-1%	
<b>Cost as % of Sales</b>								
RM	73.6%	74.0%	74.4%	73.1%	-38 bps	-79 bps	55 bps	
Employee Cost	7.2%	7.3%	6.5%	7.2%	-11 bps	67 bps	-3 bps	
Other Expenses	7.6%	6.0%	5.5%	7.7%	160 bps	211 bps	-13 bps	

## Company Snapshot

### How we differ from Consensus

		Equirus	Consensus	% Diff	Comment
EPS	FY19E	26.9	28.3	-5 %	We are below consensus in FY20 due to lower margin assumptions
	FY20E	27.8	31.1	-11 %	
Sales	FY19E	7,399	7,530	-2 %	
	FY20E	7,792	8,368	-7 %	
PAT	FY19E	602	626	-4 %	
	FY20E	624	690	-10 %	

### Key Estimates:

Particulars	FY19	FY20E	FY21E	FY22E
Domestic 3W Sales	44,513	47,541	47,541	50,868
yoy Change (%)	13%	7%	0%	7%
Domestic ASP (Rs/unit)	134,670	138,337	142,519	146,826
yoy Change (%)	2%	3%	3%	3%
Export 3W Sales	5,536	6,643	7,972	9,566
yoy Change (%)	62%	20%	20%	20%
Export ASP (Rs/unit)	119,061	123,750	127,491	131,344
yoy Change (%)	3.9%	3.9%	3.0%	3.0%
EBITDA Margin (%)	12.2%	12.9%	12.8%	12.8%

### Key Triggers

- Launch of 3W petrol/CNG variants in domestic and export markets.

Sensitivity to Key Variables	% Change	% Impact on EPS
EBITDA Margin	1 %	7 %
-	-	-
-	-	-

### DCF Valuations & Assumptions

Rf	Beta	Ke	Term. Growth	Debt/IC in Term. Yr
7.4 %	1.0	13.4 %	3.0 %	0.0 %

	FY20E	FY21E	FY22-24E	FY25-29E	FY30-34E
Sales Growth	11 %	5 %	8 %	9 %	6 %
NOPAT Margin	8 %	8 %	8 %	8 %	8 %
IC Turnover	2.61	2.68	3.79	4.30	4.30
RoIC	22.1 %	20.7 %	28.1 %	34.6 %	34.1 %

Years of strong growth	1	2	5	10	15
Valuation as on date (Rs)	166	165	231	274	296
Valuation as of Mar'19	190	190	264	314	339

Based on DCF, assuming 20 years of 13% CAGR sales growth and 41% average ROIC, we derive our fair value of Rs 339 for 30 Jun'20.

### Company Description:

Headquartered at Rajkot, Atul Auto is the leading manufacturer of 3-Wheeler Commercial Vehicles in the state of Gujarat, presently engaged in the manufacture of Three Wheelers like 6-seater Auto Rickshaws, Pick-Up Vans and Chassis of Passenger Vehicles. These vehicles are marketed under the brand name of KHUSHBU, which is well established and very popular. Atul Auto pioneered motorized rural transport in Gujarat, with multipurpose vehicle called the Chhakada.

Comparable valuation		Mkt Cap Rs. Mn.	Price Target	Target Date	EPS			P/E			BPS		P/B			RoE			Div Yield	
Company	Reco.				CMP	FY19A	FY20E	FY21E	FY19A	FY20E	FY21E	FY19A	FY20E	FY19A	FY20E	FY21E	FY19A	FY20E	FY21E	FY19A
Atul Auto	LONG	311	6,822	434	30th Jun'20	24.1	26.9	27.8	12.9	11.6	11.2	113.0	2.4	23 %	22 %	20 %	2.0 %	2.4 %		
Bajaj Auto	ADD	2,945	852,186	3,178	30th Jun'20	158.5	172.0	191.1	19.2	17.7	15.9	802.9	3.4	21 %	20 %	20 %	2.0 %	2.1 %		
TVS	NA	481	228,374	-	-	16.9	19.6	23.0	28.5	24.5	20.9	17.6	29.0	26 %	17 %	17 %	0.3 %	0.3 %		

**Standalone Quarterly Earnings Forecast and Key Drivers**

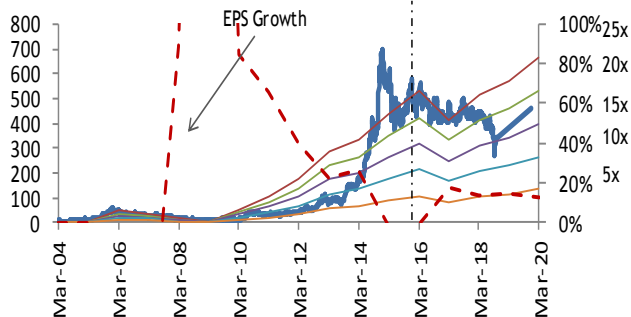
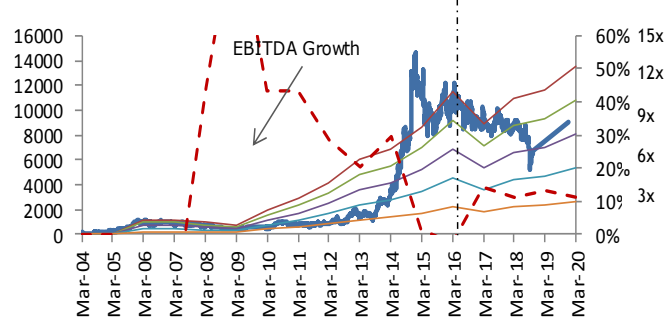
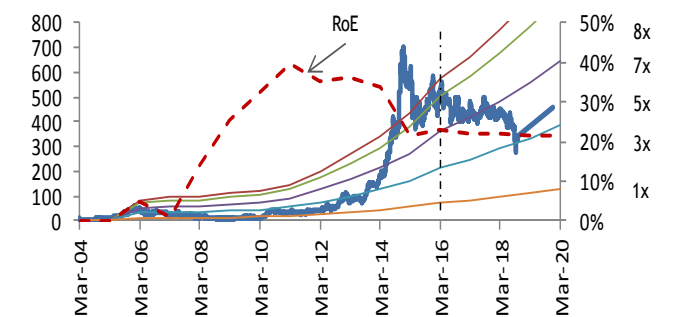
Rs in Mn	1Q19A	2Q19A	3Q19A	4Q19A	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E	FY19A	FY20E	FY21E	FY22E
Revenue	1,373	1,765	1,861	1,668	1,529	1,982	2,043	1,845	1,628	2,084	2,141	1,939	6,668	7,399	7,792	8,725
Raw material	1,030	1,291	1,434	1,210	1,130	1,464	1,510	1,363	1,203	1,540	1,582	1,433	4,965	5,468	5,758	6,448
Change in Inventory & FG	-12	28	-49	18	0	0	0	0	0	0	0	0	-15	0	0	0
Employee Cost	115	120	121	120	122	133	135	137	130	140	141	149	477	526	560	628
Other Expenses	92	96	102	127	99	101	114	138	106	106	120	145	417	453	477	535
User Defined Common Expense 5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	148	229	253	193	177	283	284	207	189	298	298	211	824	951	996	1,115
Depreciation	13	14	14	14	16	16	16	16	17	23	23	24	55	64	87	98
EBIT	135	215	239	179	162	267	268	190	172	275	274	188	769	887	909	1,017
Interest	2	4	2	2	0	0	0	0	0	0	0	0	9	0	0	0
Other Income	24	22	18	5	9	9	7	6	9	11	11	12	69	31	44	67
PBT	158	233	256	182	171	277	275	196	181	286	285	199	829	918	952	1,085
Tax	54	84	90	60	59	96	95	68	63	99	98	69	288	317	329	374
Recurring PAT	103	149	166	122	112	181	180	128	119	187	187	131	540	602	624	710
Extraordinary	0	-2	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Reported PAT	103	151	164	122	112	181	180	128	119	187	187	131	540	602	624	710
EPS (Rs)	4.60	6.66	7.40	5.46	5.00	8.09	8.04	5.72	5.30	8.37	8.34	5.83	24.12	26.85	27.84	31.71
<b>Key Drivers</b>																
3W Sales	7,606	12,224	9,922	11,624	10,568	13,391	13,808	12,282	11,445	14,509	14,926	13,304	38,795	50,049	54,184	55,512
ASP (Rs/unit)	122,272	130,767	130,024	129,542	129,930	131,790	134,799	135,841	133,618	136,580	136,886	138,658	122,518	133,221	136,549	140,361
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sequential Growth (%)</b>																
Revenue	-9 %	29 %	5 %	-10 %	-8 %	30 %	3 %	-10 %	-12 %	28 %	3 %	-9 %	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	-18 %	54 %	10 %	-24 %	-8 %	60 %	0 %	-27 %	-9 %	58 %	0 %	-29 %	-	-	-	-
EBIT	-19 %	60 %	11 %	-25 %	-10 %	65 %	0 %	-29 %	-9 %	60 %	0 %	-32 %	-	-	-	-
Recurring PAT	-12 %	45 %	11 %	-26 %	-8 %	62 %	-1 %	-29 %	-7 %	58 %	0 %	-30 %	-	-	-	-
EPS	-12 %	45 %	11 %	-26 %	-8 %	62 %	-1 %	-29 %	-7 %	58 %	0 %	-30 %	-	-	-	-
<b>Yearly Growth (%)</b>																
Revenue	18 %	10 %	44 %	11 %	11 %	12 %	10 %	11 %	6 %	5 %	5 %	5 %	20 %	11 %	5 %	12 %
EBITDA	23 %	-15 %	62 %	7 %	20 %	24 %	12 %	7 %	6 %	5 %	5 %	2 %	13 %	15 %	5 %	12 %
EBIT	25 %	-16 %	68 %	7 %	20 %	24 %	12 %	6 %	6 %	3 %	2 %	-1 %	14 %	15 %	2 %	12 %
Recurring PAT	32 %	-12 %	71 %	5 %	9 %	22 %	9 %	5 %	6 %	3 %	4 %	2 %	17 %	11 %	4 %	14 %
EPS	32 %	-12 %	71 %	5 %	9 %	22 %	9 %	5 %	6 %	3 %	4 %	2 %	17 %	11 %	4 %	14 %
<b>Margin (%)</b>																
EBITDA	11 %	13 %	14 %	12 %	12 %	14 %	14 %	11 %	12 %	14 %	14 %	11 %	12 %	13 %	13 %	13 %
EBIT	10 %	12 %	13 %	11 %	11 %	13 %	13 %	10 %	11 %	13 %	13 %	10 %	12 %	12 %	12 %	12 %
PBT	11 %	13 %	14 %	11 %	11 %	14 %	13 %	11 %	11 %	14 %	13 %	10 %	12 %	12 %	12 %	12 %
PAT	8 %	8 %	9 %	7 %	7 %	9 %	9 %	7 %	7 %	9 %	9 %	7 %	8 %	8 %	8 %	8 %

**Consolidated Financials**

P&L (Rs Mn)	FY19A	FY20E	FY21E	FY22E
Revenue	6,668	7,399	7,792	8,725
Op. Expenditure	5,844	6,447	6,796	7,610
EBITDA	824	951	996	1,115
Depreciation	55	64	87	98
EBIT	769	887	909	1,017
Interest Expense	9	0	0	0
Other Income	69	31	44	67
PBT	829	918	952	1,085
Tax	288	317	329	374
PAT bef. MI & Assoc.	540	602	624	710
Minority Interest	0	0	0	0
Profit from Assoc.	0	0	0	0
Recurring PAT	540	602	624	710
Extraordinaires	0	0	0	0
Reported PAT	540	602	624	710
FDEPS (Rs)	24.1	26.9	27.8	31.7
DPS (Rs)	6.4	7.3	7.3	7.3
CEPS (Rs)	26.6	29.7	31.7	36.1
FCFPS (Rs)	-9.6	8.6	25.5	27.3
BVPS (Rs)	113.0	131.0	150.0	172.9
EBITDAM (%)	12 %	13 %	13 %	13 %
PATM (%)	8 %	8 %	8 %	8 %
Tax Rate (%)	35 %	35 %	35 %	35 %
Sales Growth (%)	20 %	11 %	5 %	12 %
FDEPS Growth (%)	17 %	11 %	4 %	14 %

Balance Sheet (Rs Mn)	FY19A	FY20E	FY21E	FY22E
Equity Capital	112	112	112	112
Reserve	2,419	2,822	3,248	3,760
Networth	2,531	2,934	3,360	3,872
Long Term Debt	0	0	0	0
Def Tax Liability	54	54	54	54
Minority Interest	0	0	0	0
Account Payables	588	650	683	0
Other Curr Liabi	307	333	346	0
<b>Total Liabilities &amp; Equity</b>	<b>3,480</b>	<b>3,971</b>	<b>4,443</b>	<b>3,926</b>
Net Fixed Assets	901	937	1,550	-835
Capital WIP	366	766	166	0
Others	378	378	378	2,931
Inventory	575	635	668	0
Account Receivables	1,003	998	1,050	0
Other Current Assets	50	56	59	843
Cash	207	201	574	988
<b>Total Assets</b>	<b>3,480</b>	<b>3,971</b>	<b>4,443</b>	<b>3,926</b>
Non-cash Working Capital	733	707	747	843
Cash Conv Cycle	40.1	34.9	35.0	35.3
WC Turnover	9.1	10.5	10.4	10.4
FA Turnover	5.3	4.3	4.5	-10.4
Net D/E	-0.1	-0.1	-0.2	-0.3
Revenue/Capital Employed	3.7	3.6	3.2	3.1
Capital Employed/Equity	1.0	1.0	1.0	1.0

Cash Flow (Rs Mn)	FY19A	FY20E	FY21E	FY22E
PBT	829	918	952	1,085
Depreciation	55	64	87	98
Others	0	0	0	0
Taxes Paid	288	317	329	374
Change in WC	-204	26	-40	-96
Operating C/F	391	692	671	712
Capex	-612	-500	-100	-232
Change in Invest	0	0	0	132
Others	0	0	0	0
Investing C/F	-612	-500	-100	-100
Change in Debt	0	0	0	0
Change in Equity	0	0	0	0
Others	-173	-198	-198	-198
Financing C/F	-173	-198	-198	-198
Net change in cash	-394	-6	373	414
RoE (%)	23 %	22 %	20 %	20 %
RoIC (%)	23 %	22 %	19 %	19 %
Core RoIC (%)	25 %	22 %	21 %	22 %
Div Payout (%)	32 %	33 %	32 %	28 %
P/E	12.9	11.6	11.2	9.8
P/B	2.8	2.4	2.1	1.8
P/FCFF	-32.3	36.3	12.2	11.4
EV/EBITDA	8.1	7.0	6.3	5.3
EV/Sales	1.0	0.9	0.8	0.7
Dividend Yield (%)	2.0 %	2.4 %	2.4 %	2.4 %

**TTM P/E vs. 2 yr forward EPS growth**

**TTM EV/EBITDA vs. 2 yr forward EBITDA growth**

**TTM P/B vs. 2 yr forward RoE**


**Historical Consolidated Financials**

P&L (Rs Mn)	FY16A	FY17A	FY18A	FY19A	Balance Sheet (Rs Mn)	FY16A	FY17A	FY18A	FY19A	Cash Flow (Rs Mn)	FY16A	FY17A	FY18A	FY19A
Revenue	5,310	4,753	5,560	6,668	Equity Capital	112	112	112	112	PBT	715	559	695	829
Op. Expenditure	4,548	4,159	4,833	5,844	Reserve	1,500	1,745	2,051	2,419	Depreciation	53	53	53	55
EBITDA	763	594	727	824	Networth	1,612	1,857	2,163	2,531	Others	-507	2	2	0
Depreciation	53	53	53	55	Long Term Debt	0	0	0	0	Taxes Paid	-254	190	233	288
EBIT	710	541	674	769	Def Tax Liability	55	63	55	54	Change in WC	-406	231	-219	-204
Interest Expense	8	6	4	9	Minority Interest	0	0	0	0	Operating C/F	109	655	298	391
Other Income	13	24	25	69	Account Payables	360	360	494	588	Capex	-100	-65	-75	-612
PBT	715	559	695	829	Other Curr Liabi	254	187	250	307	Change in Invest	0	-68	-54	0
Tax	241	190	233	288	<b>Total Liabilities &amp; Equity</b>	<b>2,280</b>	<b>2,468</b>	<b>2,962</b>	<b>3,480</b>	Others	0	0	0	0
PAT bef. MI & Assoc.	474	369	462	540	Net Fixed Assets	846	837	829	901	Investing C/F	-100	-133	-129	-612
Minority Interest	0	0	0	0	Capital WIP	29	32	53	366	Change in Debt	0	0	0	0
Profit from Assoc.	0	0	0	0	Others	57	144	206	378	Change in Equity	0	0	0	0
Recurring PAT	474	369	462	540	Inventory	347	362	460	575	Others	-139	-117	-167	-173
Extraordinaires	0	-2	-2	0	Account Receivables	763	472	782	1,003	Financing C/F	-139	-117	-167	-173
Reported PAT	474	371	464	540	Other Current Assets	44	23	31	50	Net change in cash	-130	405	2	-394
EPS (Rs)	21.2	16.5	20.6	24.1	Cash	128	599	601	207	RoE (%)	34 %	21 %	23 %	23 %
DPS (Rs)	5.3	4.7	5.9	6.4	<b>Total Assets</b>	<b>2,215</b>	<b>2,468</b>	<b>2,962</b>	<b>3,480</b>	RoIC (%)	33 %	21 %	22 %	23 %
CEPS (Rs)	23.9	18.8	23.0	26.6	Non-cash Working Capital	541	310	529	733	Core RoIC (%)	35 %	24 %	30 %	25 %
FCFPS (Rs)	0.6	23.5	7.7	-9.6	Cash Conv Cycle	37.2	23.8	34.7	40.1	Div Payout (%)	21 %	34 %	34 %	32 %
BVPS (Rs)	72.0	82.9	96.5	113.0	WC Turnover	9.8	15.3	10.5	9.1	P/E	17.9	14.7	18.9	15.1
EBITDAM (%)	14 %	13 %	13 %	12 %	FA Turnover	6.1	5.5	6.3	5.3	P/B	5.8	4.3	3.7	3.2
PATM (%)	9 %	8 %	8 %	8 %	Net D/E	-0.1	-0.3	-0.3	-0.1	P/FCFF	496.3	13.3	40.6	-32.3
Tax Rate (%)	34 %	34 %	33 %	35 %	Revenue/Capital Employed	5.8	4.2	3.8	3.7	EV/EBITDA	11.5	8.9	10.7	8.7
Sales growth (%)	8 %	-10 %	17 %	20 %	Capital Employed/Equity	1.1	1.1	1.0	1.0	EV/Sales	1.7	1.1	1.4	1.1
FDEPS growth (%)	22 %	-22 %	25 %	17 %						Dividend Yield (%)	1.7 %	1.5 %	1.9 %	2.0 %

**Rating & Coverage Definitions:**
**Absolute Rating**

- LONG : Over the investment horizon, ATR  $\geq$  Ke for companies with Free Float market cap  $>$ Rs 5 billion and ATR  $\geq$  20% for rest of the companies
- ADD: ATR  $\geq$  5% but less than Ke over investment horizon
- REDUCE: ATR  $\geq$  negative 10% but  $<$ 5% over investment horizon
- SHORT: ATR  $<$  negative 10% over investment horizon

**Relative Rating**

- OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon
- BENCHMARK: likely to perform in line with the benchmark
- UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon

**Investment Horizon**

Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter.

**Lite vs. Regular Coverage vs. Spot Coverage**

We aim to keep our rating and estimates updated at least once a quarter for Regular Coverage stocks. Generally, we would have access to the company and we would maintain detailed financial model for Regular coverage companies. We intend to publish updates on Lite coverage stocks only an opportunistic basis and subject to our ability to contact the management. Our rating and estimates for Lite coverage stocks may not be current. Spot coverage is meant for one-off coverage of a specific company and in such cases, earnings forecast and target price are optional. Spot coverage is meant to stimulate discussion rather than provide a research opinion.

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