

# Jubilant Foodworks

**CMP: INR1,432**
**TP: INR1,800 (+26%)**
**Buy**

## In-line quarter; sequential improvement in margins

- **In-line quarter; SSS positive after four quarters:** JUBI's 3QFY15 performance was in line with estimates, with net sales up 21.4% YoY to INR5.5b (est. INR5.6b), EBITDA growth of 7.9% YoY to INR727m (est. INR719m) and Adj. PAT growth of 4.2% YoY to INR350m (est. INR350m). Aided by a lower base, SSS surprised positively with a 1.9% YoY growth (est. flat), while EBITDA margin contracted 160bp YoY to 13.1% (est. 12.7%). However, QoQ margin improved 90bp as employee and rental costs softened 50bp and 30bp, respectively.
- Gross margin expanded 150bp YoY to 74.8% (est. 75%) driven by lower promotions YoY (in 3QFY14 – Buy 1 get 1 scheme operated for two months), price hike (fresh hike of 3% in November 2014) and reclassification of certain expenses (50bp impact). Aggressive expansion and continued impact of *Dunkin Donuts* (annual 150-160bp negative impact on operating profit) impacted operating profitability, with staff cost, rentals and other expenses expanding 230bp, 80bp and 10bp respectively. Higher depreciation costs (up 29.8% YoY to INR196m) dragged PBT, which declined 1.1% YoY to INR488m. Lower tax rate (down 480bp YoY to 28.3%) aided PAT growth of 4.2% YoY to INR350m (PAT growth after four consecutive quarters of YoY decline).
- **Concall highlights:** a) revival in SSS is due to a lower base, b) no change in SSS guidance, expected to reach high single digit in five to six quarters, c) gained market share and d) worst is behind in terms of demand.
- **Valuation and view:** We have marginally revised the estimates to incorporate a higher tax rate guidance for FY16. Though aided by a lower base, we expect signs of sequential recovery in JUBI's performance. Revival in Same Store growth coupled with softening in RM prices (cheese) should aid earnings growth ahead as operating leverage comes to fore (new stores operate at ~75% of mature store's productivity). We estimate 55% EPS CAGR over FY15E-17E. Maintain **Buy** with a revised target price of INR1,800 (40x FY17E EPS, 30% discount to three-year average P/E to factor a lower SSS growth v/s FY10-12).

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
28,851	8,712
Bloomberg	JUBI IN
Equity Shares (m)	65.3
M.Cap. (INR b) / (USD b)	93.5/1.5
52-Week Range (INR)	1,498/939
1, 6, 12 Rel. Per (%)	0/6/-8
Avg Val (INR M)/Vol '000	297/241
Free float (%)	51.2

### Financials & Valuation (INR Billion)

Y/E MAR	2015E	2016E	2017E
Net Sales	20.6	28.5	37.4
EBITDA	2.6	4.1	5.6
PAT	1.2	2.0	2.9
EPS (INR)	18.5	30.8	44.2
Gr. (%)	2.3	66.8	43.3
BV/Sh.(INR)	103.1	133.9	178.1
RoE (%)	17.9	23.0	24.8
RoCE (%)	23.5	31.5	33.5
P/E (x)	77.5	46.5	32.4
P/BV (X)	13.9	10.7	8.0

**Estimate change**

**TP change**
**12.5%** 
**Rating change**


### Quarterly Performance

Y/E March	FY14				FY15				(INR Million)		Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY14	FY15E	FY15 3QE
No of Stores	602	632	679	726	761	797	838	878	726	876	836
LTL Growth (%)	6.3	6.6	-2.6	-3.4	-2.4	-5.3	1.9	2.0	1.7	-1.0	0.0
Net Sales	3,965	4,367	4,566	4,337	4,768	5,012	5,544	5,323	17,235	20,647	5,662
YoY Change (%)	26.1	27.6	18.5	18.6	20.3	14.8	21.4	22.7	22.4	19.8	24.0
Gross Profit	2,937	3,195	3,349	3,267	3,558	3,742	4,147	3,991	12,748	15,439	4,246
Gross Margin (%)	74.1	73.2	73.3	75.3	74.6	74.7	74.8	75.0	74.0	74.8	75.0
Other Expenses	2,270	2,542	2,675	2,710	2,968	3,132	3,420	3,292	10,197	12,813	3,527
EBITDA	667	653	674	557	590	610	727	699	2,551	2,626	719
EBITDA Growth %	16.4	11.3	0.3	-9.1	-11.6	-6.5	7.9	25.5	4.4	3.0	6.7
Margins (%)	16.8	15.0	14.8	12.8	12.4	12.2	13.1	13.1	14.8	12.7	12.7
Depreciation	179	179	196	213	223	236	254	306	767	1,019	264
Other Income	22	24	24	24	17	24	15	17	93	73	31
PBT	510	498	502	368	384	399	488	410	1,877	1,681	486
Tax	170	165	166	118	106	106	138	120	619	470	136
Rate (%)	33.3	33.2	33.1	32.1	27.7	26.5	28.3	29.3	33.0	28.0	28.0
Adjusted PAT	340	332	336	250	277	293	350	290	1,258	1,210	350
YoY Change (%)	5.1	2.8	-10.9	-23.7	-18.5	-11.8	4.2	16.2	-6.9	-3.8	4.0

E: MOSL Estimates

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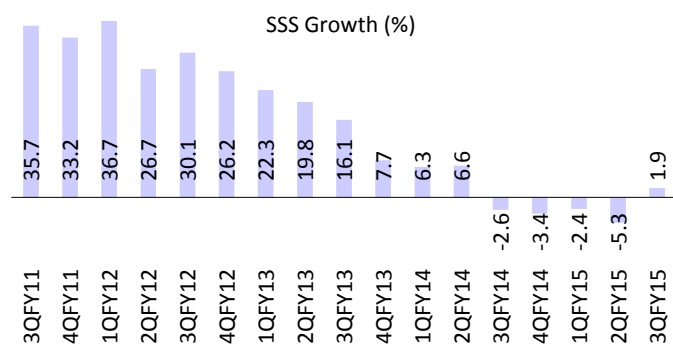
**Manish Poddar** (Manish.Poddar@MotilalOswal.com); +91 22 3027 8029

Investors are advised to refer through disclosures made at the end of the Research Report.

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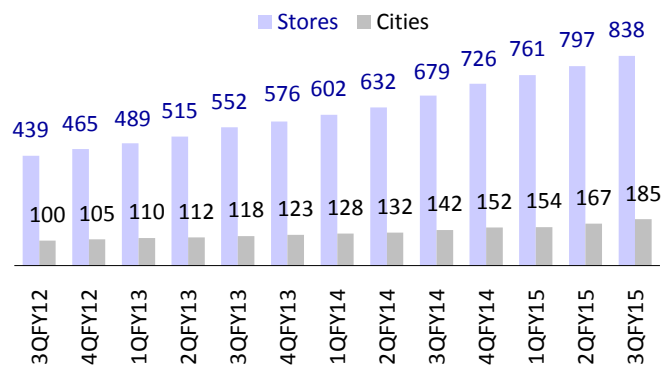
## Key Quarterly Charts

**Exhibit 1: SSS growth benefitted from low base**



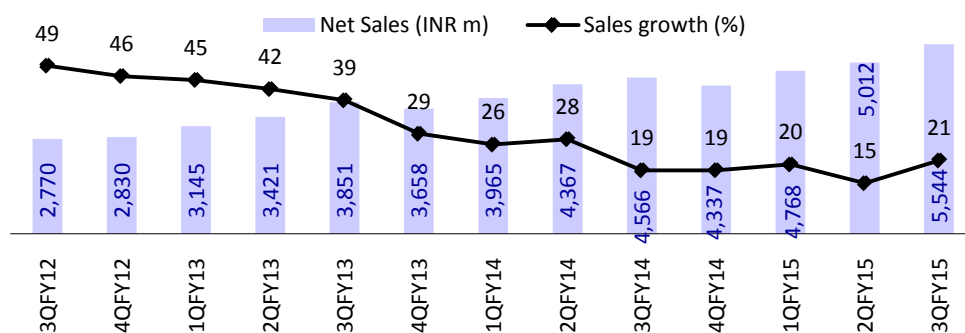
Source: MOSL, Company

**Exhibit 2: 41 stores opened during the quarter**



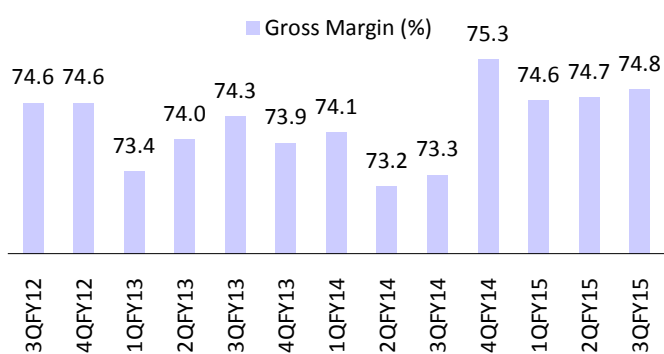
Source: MOSL, Company

**Exhibit 3: Sales came in marginally below estimates**



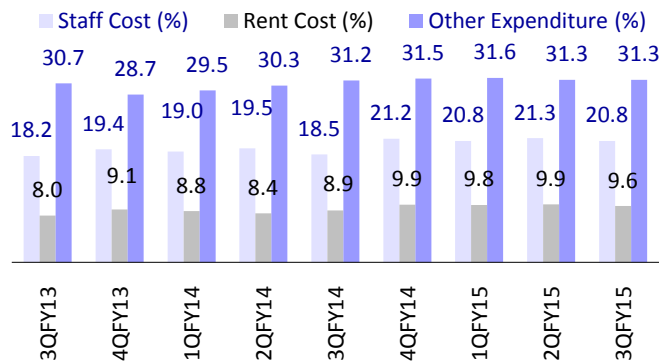
Source: MOSL, Company

**Exhibit 4: Gross margins expanded 150bp YoY**

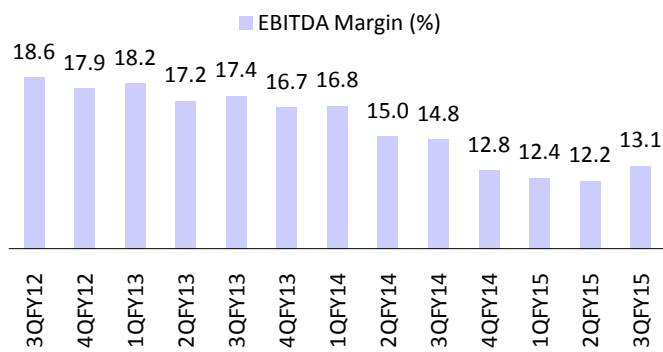


Source: MOSL, Company

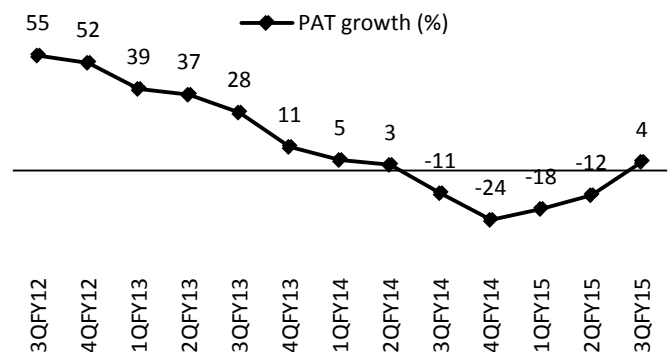
**Exhibit 5: Higher rentals and staff costs hurt EBITDA margins**



Source: MOSL, Company

**Exhibit 6: EBITDA margins contracted 160bp YoY but up 90bps QoQ**

Source: MOSL, Company

**Exhibit 7: After four quarters of decline, PAT posted modest 4% growth**

Source: MOSL, Company

**In-line performance; sequential recovery in margins**

- Jubilant Foodworks 3QFY15 results were in line with estimates with net sales growth of 21.4% YoY to INR5.5b (est. INR5.6b), underlying SSS grew 1.9% on a soft base (est. 0%). SSS posted decline of 1.9% for 9MFY15 vs. 3.3% in 9MFY14. There is not much divergence in consumption trends across regions, as per management.
- According to management, sentiment has bottomed out and worst is behind in terms of demand. SSS should not decline further and could revive to high single digits in the next 5-6 quarters, consistent with earlier guidance.
- It has added 41 Dominos and 9 Dunkin stores during the quarter and expanded its city presence to 185 cities from 167 in 2QFY15. The company has gained market share in QSR as competitors posted SSS decline. JUBI has maintained its annual store guidance for Dominos (150 stores) and Dunkin (30 stores).
- Gross margin expanded 150bp YoY to 74.7% (est. 73.8%) driven by benign RM prices, lower promotions YoY (in 3Q14 – buy 1 get 1 scheme operated for two months) and 50bps positive impact of reclassification of certain expenses pertaining to purchase of finished goods (Coke).
- The company took price hike of 3% in Nov'14; full benefit of which should reflect in 4Q15.
- Aggressive expansion and continued impact of Dunkin Donuts (annual 150-160bps negative impact on operating profit) impacted operating profitability with staff cost, rentals and other expenses expanding 230bp, 80bp and 10bp respectively). EBITDA margins contracted 160bp YoY to 13.1%, sequentially up 90bp (est. 12.7%). Thus, EBITDA posted growth of 7.9% YoY to INR 727m (est. INR 719m).
- Staff cost were up 36.4% YoY, up 230bp YoY to 20.8% but down 50bp QoQ. As per management employee costs are higher as it had reversed provisions for incentives in the base quarter as certain targets were not met.
- Higher depreciation costs (up 29.8%YoY to INR196m) on account of aggressive expansion and investment in commissaries dragged the PBT which declined 1.1% YoY to INR488m. Lower tax rates (down 480bp YoY to 28.3%) cushioned the PAT growth to 4.2% YoY to INR350m (est. INR350m).
- Online ordering (OLO) is now contributing 27% of delivery sales, while mobile ordering is up 600bp to 21% of OLO.

- JUBI has commenced operations at the Nagpur commissary and expect operations at Guwahati and Hyderabad to commence soon. It has purchased land for the Greater Noida commissary (INR350m) with overall capex (INR1b) for this being spread over the next 2-3 years.

### **Demand/ macro**

- 3% price hike in Nov'14. Typically takes 2 price hikes of 2.5-3% each per annum.
- Change in SSS to +ve is more cosmetic (low base) than any meaningful change in consumer sentiment. Not much difference in SSS growth in various strata of cities.
- Worst is behind in terms of demand. Sentiment has bottomed out.
- No change in guidance in same store. Continue to maintain earlier guidance of SSS reaching high single digit in next 5-6 quarters.
- Gained market share – competitor's SSS declined.

### **Margins/costs**

- New stores are margin dilutive despite being profitable from first month of operation – they operate at 80% of productivity of old stores.
- In 3Q14 – “Buy 1 Get 1” scheme operated for two months thus gross margins were lower
- Employee cost – big jump, up 36% YoY – 230bps YoY to 20.8% but down 50bps QoQ. In base quarter, some provisions for incentives were reversed as targets could not be met in management's view.
- Dunkin Donuts impact: 150-160bps negative impact on EBITDA for full year. DD will breakeven when it has ~120 stores.
- Gross margin guidance: Range between 74-76%.
- There is some respite in fuel and packaging costs but electricity costs are yet to show any relief.
- GST: currently paying ~21% in taxes – 14% VAT, 5% service tax and 1-2% taxes which it is absorbing.

### **Expansion**

- Opportunity is not exhausted in top 10 cities yet – believes these cities can grow in similar terms as tier I cities.
- Room to open ~1300 stores in India. Currently at 844. Store potential in India has kept on going up over the past few years. Not hit saturation levels as far as new store openings are concerned.

### **Capex/commissary/miscellaneous**

- Nagpur commissary commenced in 3Q15 – Guwahati and Hyderabad commissaries to commence soon
- Greater Noida Commissary: Big one – purchased land – cost INR 350mn – overall capex on this will be INR 1bn+ spread over 2-3 years.
- Commissary closer to stores may reduce logistics cost but increase operating costs
- Tax rate: FY15/16: 28%/30%. Claimed investment allowance on plant and machinery (was introduced in FY14 budget for investment of ~INR 1bn in Plant

and mach) of 15% in FY15 for both the years – FY14 and FY15. From next year onwards it will be for only 1 year – hence tax rate can move upward.

### Valuation and view

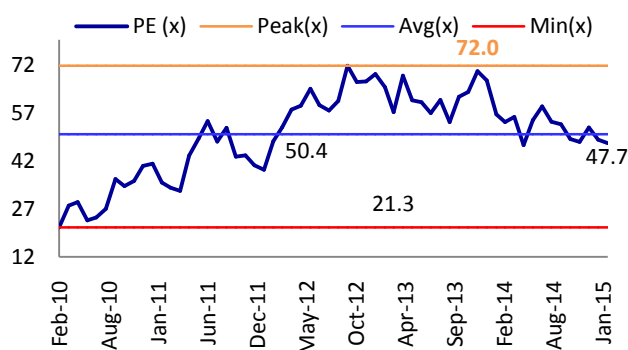
- We have marginally tweaked our estimates to incorporate higher tax rate guidance for FY16. Though aided by lower base, we see signs of sequential recovery in JUBI's performance. Revival in Same store growth coupled with softening in RM prices (Cheese) should aid earnings growth ahead as operating leverage comes to fore (new stores operate at ~75% of mature store productivity).
- We estimate 55% EPS CAGR over FY15-17E (earnings have grown 5% over FY11-14). We are building in 240bps EBITDA margin expansion to 15% over FY15-17E. Operating margins have corrected sharply from 18.5% in FY12 to 14.4% in FY14 and 12.6% in 9MFY15. We note that ~150bps impact is owing to expenses related to Dunkin Donuts ramp up and as per management it should continue till Dunkin Donut store count reaches 120.
- As SSS growth recovers (we build in 8% for FY16E) we expect operating leverage to manifest as stores opened in last two-three years have operated at sub-optimal revenue productivity (new stores operate at 75% of mature store productivity)
- Maintain BUY with revised target price of INR 1,800 (40x FY17E EPS, 30% discount to 3 yr average P/E to factor in lower SSS growth vis-à-vis FY10-12). JUBI offers a good play on underpenetrated and evolving QSR palette in India with consistent market share gains despite elevated competitive intensity. Premium valuations should sustain in our view given our underlying expectations of strong EPS CAGR for FY15-17E.

**Exhibit 8: Marginally tweaked our estimates to incorporate higher tax RATE**

	New			Old			Change		
	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E
Sales	20,647	28,462	37,411	21,029	28,866	37,945	-1.8%	-1.4%	-1.4%
EBITDA	2,626	4,142	5,642	2,633	4,062	5,517	-0.3%	2.0%	2.3%
PAT	1,209	2,016	2,891	1,248	2,045	2,902	-3.1%	-1.4%	-0.4%

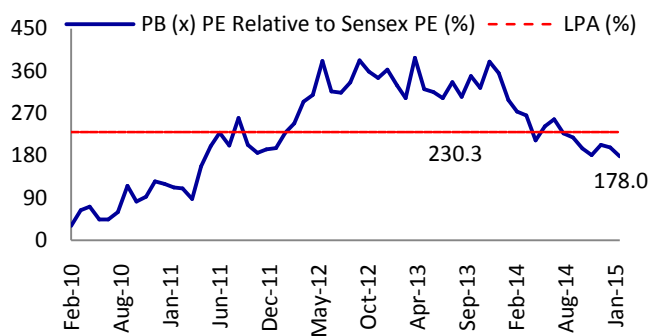
Source: Company, MOSL

**Exhibit 9: Jubilant Foodworks consumer P/E (x)**



Source: Company, MOSL

**Exhibit 10: Jubilant Foodworks P/E premium vs. Sensex**



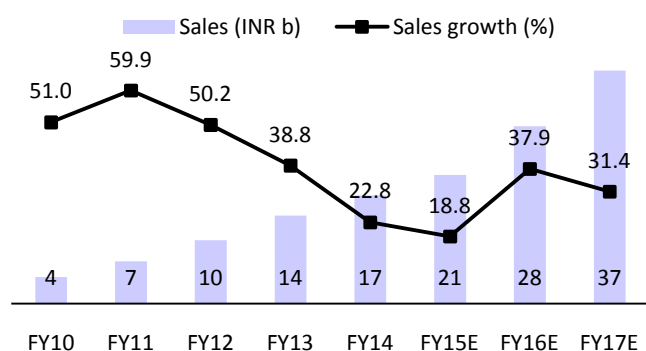
Source: Company, MOSL

## Exhibit 11: Valuation Matrix of coverage universe

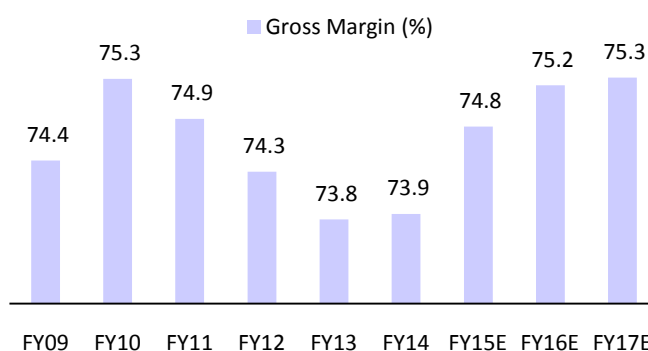
Company	Reco	Price	Mkt Cap (USD M)	EPS Growth YoY (%)			P/E (x)			EV/EBITDA (x)			ROE (%)	Div. (%)
		(INR)		FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY17E
Consumer														
Asian Paints	Neutral	811	12,595	16.6	38.9	22.7	54.2	39.1	31.8	36.3	25.8	20.7	30.2	0.9
Britannia	Buy	1,861	3,600	28.9	32.8	25.0	44.4	33.5	26.8	32.2	23.6	18.4	45.3	0.9
Colgate	Buy	1,854	4,085	14.4	24.4	24.6	44.9	36.1	29.0	30.3	23.1	18.6	88.4	1.7
Dabur*	Neutral	267	7,591	16.9	25.3	15.5	43.5	34.7	30.1	34.8	27.7	23.7	33.5	1.0
Emami*	Buy	919	3,379	18.1	28.5	22.6	43.9	34.1	27.8	36.9	28.1	22.4	44.1	0.8
Godrej Consumer	Neutral	1,078	5,941	21.8	36.5	21.3	40.8	29.9	24.7	28.2	21.0	17.3	19.8	0.9
GSK Consumer	Neutral	5,596	3,812	-11.8	19.9	17.6	39.6	33.0	28.1	29.3	23.8	19.7	28.1	1.1
Hind. Unilever	Neutral	908	31,824	6.0	18.3	18.7	50.9	43.0	36.3	37.8	31.2	25.4	102.4	1.9
ITC	Buy	369	46,690	11.5	14.4	16.0	29.9	26.1	22.5	20.3	17.7	15.2	34.5	2.2
Marico	Buy	356	3,722	18.2	23.8	21.8	40.0	32.4	26.6	26.1	20.7	16.7	26.2	0.2
Nestle	Neutral	6,886	10,755	7.1	18.0	18.4	53.3	45.2	38.1	31.7	27.3	23.2	50.4	1.3
Pidilite Inds.	Neutral	537	4,460	16.0	48.2	18.4	50.0	33.7	28.5	33.8	22.7	18.8	22.3	0.7
Radico Khaitan	Buy	95	203	-12.0	20.6	19.2	15.8	13.1	11.0	9.7	8.5	7.3	9.1	0.9
United Spirits	Buy	3,384	7,968	LP	151.7	43.5	195.3	77.6	54.1	67.1	46.0	35.8	7.7	0.0
Retail														
Jubilant Foodworks	Buy	1,432	1,517	2.3	66.8	43.3	77.5	46.5	32.4	35.5	22.4	16.1	17.9	0.0
Shopper's Stop	Neutral	478	637	4.2	67.0	44.5	101.3	60.7	42.0	21.9	17.2	14.0	5.2	0.1
Titan Company	Buy	417	5,998	16.7	25.7	25.8	42.8	34.0	27.1	31.8	25.1	19.6	28.0	0.7

Source: Company, MOSL

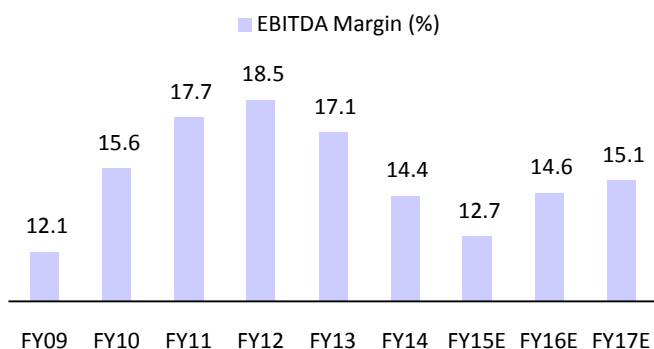
## Story in Charsts

**Exhibit 12: Revenue CAGR of 34.6% over FY15-FY17E**


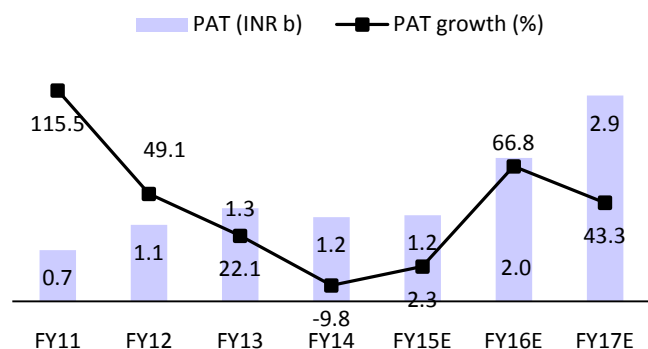
Source: MOSL, Company

**Exhibit 13: Gross margins to remain in the 74-76% band**


Source: MOSL, Company

**Exhibit 14: 240bp EBITDA margin expansion over FY15-17E**


Source: MOSL, Company

**Exhibit 15: PAT CAGR of 54.6% over FY15-FY17E**


Source: MOSL, Company

**Exhibit 16: Overall food service market expected to post 10% CAGR over FY13-18E (USD b)**

Food Services Market Size	2013	2018	CAGR	% of Total	
				2013	2018
Chain Market	2.5	6.5	21.1%	5.2%	8.3%
QSR	1.1	3.2	25.0%	2.2%	4.1%
Casual Dining	0.8	1.7	18.0%	1.6%	2.2%
Café	0.3	0.7	20.1%	0.6%	0.9%
Frozen Desserts	0.2	0.3	14.9%	0.3%	0.4%
PBCL	0.1	0.3	24.2%	0.2%	0.4%
Fine Dining	0.1	0.2	15.5%	0.2%	0.3%
Licensed Standalone Market	10.5	21.5	15.4%	21.9%	27.6%
Standalone Market (In Hotels)	1.3	2.0	9.0%	2.7%	2.6%
Organized Market	14.3	30.0	16.0%	29.8%	38.5%
Unorganized Market	33.7	48.0	7.3%	70.2%	61.5%
<b>Total Market</b>	<b>48.0</b>	<b>78.0</b>	<b>10.2%</b>		

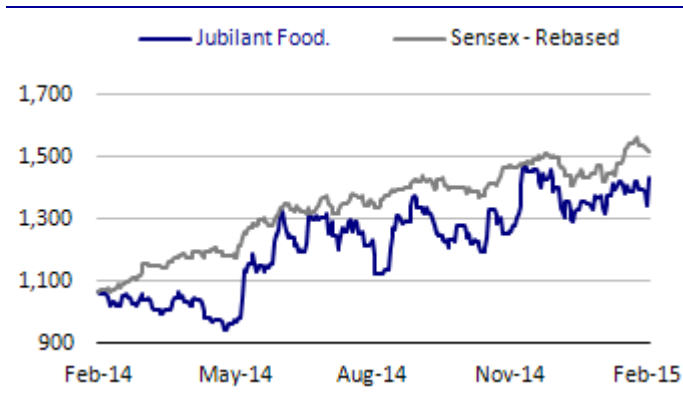
Source: Indian Food Services, MOSL

## Corporate profile

### Company description

Jubilant Foods is the master franchisee of Dominos Pizza Inc in India with 67% market share of organized Pizza market. The Company is the market leader in the organized pizza market with a 50% overall market share and 70% share in the home delivery segment in India. JFL focuses on a home delivery and takeaway oriented business model, which offers its customers the convenience of eating in the comfort of their own homes and workspaces. The company also holds master franchise of Dominos in Sri Lanka, Nepal and Bangladesh.

### Exhibit 17: Sensex rebased



### Exhibit 18: Shareholding pattern (%)

	Dec-14	Sep-14	Dec-13
Promoter	48.9	49.6	49.9
DII	2.8	1.7	0.0
FII	43.1	45.0	47.4
Others	5.2	3.8	2.7

Note: FII Includes depository receipts

### Exhibit 20: Top management

Name	Designation
Shyam S Bhartia	Chairman
Hari S Bhartia	Co-Chairman

### Exhibit 19: Top holders

Holder Name	% Holding
Copthall Mauritius Investment Ltd	4.5
Morgan Stanley Asia (Singapore) Pte	4.0
Smallcap World Fund INC	3.4
Wasatch Small Cap Growth Fund	2.3
Thornburg Developing World Fund	1.7

### Exhibit 21: Directors

Name	Name
Shyam S Bhartia	Vishal Marwaha*
Hari S Bhartia	Phiroz Vandrevalea*
Arun Seth*	Ajay Kaul
Ramni Nirula*	

\*Independent

### Exhibit 22: Auditors

Name	Type
S R Batliboi & Co LLP	Statutory
Jitender, Navneet & Co	Cost Auditor

### Exhibit 23: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY15	18.5	19.6	-5.8
FY16	30.8	28.2	9.2
FY17	44.2	40.3	9.7



## Financials and valuations

Income Statement						(INR Million)		
Y/E March	2010	2011	2012	2013	2014	2015E	2016E	2017E
<b>Net Sales</b>	<b>4,242</b>	<b>6,783</b>	<b>10,191</b>	<b>14,145</b>	<b>17,372</b>	<b>20,647</b>	<b>28,462</b>	<b>37,411</b>
Change (%)	51.0	59.9	50.2	38.8	22.8	18.8	37.9	31.4
Material Consumed	1,050	1,706	2,617	3,700	4,534	5,208	7,061	9,252
<b>Gross Profit</b>	<b>3,192</b>	<b>5,077</b>	<b>7,574</b>	<b>10,445</b>	<b>12,838</b>	<b>15,439</b>	<b>21,401</b>	<b>28,160</b>
Gross Margin %	75.3	74.9	74.3	73.8	73.9	74.8	75.2	75.3
Operating expenses	2,532	3,876	5,693	8,027	10,333	12,813	17,259	22,518
<b>EBITDA</b>	<b>660</b>	<b>1,202</b>	<b>1,881</b>	<b>2,418</b>	<b>2,505</b>	<b>2,626</b>	<b>4,142</b>	<b>5,642</b>
Change (%)	94.6	82.0	56.5	28.5	3.6	4.8	57.7	36.2
Margin (%)	15.6	17.7	18.5	17.1	14.4	12.7	14.6	15.1
Depreciation	243	293	377	556	787	1,019	1,354	1,702
Int. and Fin. Ch.	83	3	0	1	0	1	1	1
Other Non-recurring Inc.	1	19	58	77	85	73	53	132
<b>PBT</b>	<b>335</b>	<b>924</b>	<b>1,562</b>	<b>1,939</b>	<b>1,803</b>	<b>1,679</b>	<b>2,840</b>	<b>4,071</b>
Change (%)	313.4	176.0	69.0	24.1	-7.0	-6.8	69.1	43.3
Margin (%)	7.9	13.6	15.3	13.7	10.4	8.1	10.0	10.9
Tax	1	204	488	628	620	470	824	1,181
Tax Rate (%)	0.2	22.1	31.3	32.4	34.4	28.0	29.0	29.0
<b>Adjusted PAT</b>	<b>334</b>	<b>720</b>	<b>1,073</b>	<b>1,311</b>	<b>1,182</b>	<b>1,209</b>	<b>2,016</b>	<b>2,891</b>
Change (%)	357.6	115.5	49.1	22.1	-9.8	2.3	66.8	43.3
Margin (%)	7.9	10.6	10.5	9.3	6.8	5.9	7.1	7.7
Non-rec. (Exp)/Inc.	0	0	-41	0	0	0	0	0
<b>Reported PAT</b>	<b>334</b>	<b>720</b>	<b>1,033</b>	<b>1,311</b>	<b>1,182</b>	<b>1,209</b>	<b>2,016</b>	<b>2,891</b>
<b>Balance Sheet</b>						(INR Million)		
Y/E March	2010	2011	2012	2013	2014	2015E	2016E	2017E
Share Capital	636	645	651	653	654	654	654	654
Reserves	538	1,269	2,312	3,645	4,846	6,091	8,107	10,998
<b>Net Worth</b>	<b>1,174</b>	<b>1,914</b>	<b>2,963</b>	<b>4,298</b>	<b>5,500</b>	<b>6,745</b>	<b>8,762</b>	<b>11,652</b>
Loans	109	99	133	122	146	100	100	100
<b>Capital Employed</b>	<b>1,283</b>	<b>2,013</b>	<b>3,096</b>	<b>4,420</b>	<b>5,647</b>	<b>6,845</b>	<b>8,862</b>	<b>11,752</b>
Gross Block	2,276	2,904	3,935	5,802	8,065	11,346	14,946	19,085
Less: Accum. Depn.	872	1,103	1,392	1,852	2,601	3,620	4,974	6,676
<b>Net Fixed Assets</b>	<b>1,403</b>	<b>1,801</b>	<b>2,543</b>	<b>3,950</b>	<b>5,464</b>	<b>7,726</b>	<b>9,971</b>	<b>12,409</b>
<b>Lease Deposits</b>	<b>279</b>	<b>331</b>	<b>491</b>	<b>660</b>	<b>921</b>	<b>1,166</b>	<b>1,434</b>	<b>1,726</b>
Capital WIP	26	34	135	102	196	226	260	299
Investments	0	205	923	940	937	405	731	992
Deferred tax assets	0	31	-69	-201	-375	-375	-375	-375
<b>Curr. Assets, L&amp;A</b>	<b>254</b>	<b>660</b>	<b>578</b>	<b>866</b>	<b>1,102</b>	<b>1,078</b>	<b>1,489</b>	<b>3,452</b>
Inventory	71	142	187	240	331	428	581	760
Account Receivables	29	41	64	68	90	96	132	243
Cash and Bank Balance	70	92	131	378	246	140	243	1,812
Others	83	385	196	179	435	415	533	636
<b>Curr. Liab. and Prov.</b>	<b>679</b>	<b>1,050</b>	<b>1,504</b>	<b>1,897</b>	<b>2,599</b>	<b>3,382</b>	<b>4,648</b>	<b>6,750</b>
Current Liabilities	640	986	1,437	1,825	2,484	3,174	4,289	6,271
Provisions	39	65	67	72	115	207	360	479
<b>Net Curr. Assets</b>	<b>-425</b>	<b>-390</b>	<b>-926</b>	<b>-1,032</b>	<b>-1,497</b>	<b>-2,303</b>	<b>-3,160</b>	<b>-3,298</b>
<b>Appl. of Funds</b>	<b>1,283</b>	<b>2,014</b>	<b>3,097</b>	<b>4,420</b>	<b>5,647</b>	<b>6,845</b>	<b>8,862</b>	<b>11,752</b>

E: MOSL Estimates

## Financials and valuations

### Ratios

Y/E March	2010	2011	2012	2013	2014	2015E	2016E	2017E
<b>Basic (INR)</b>								
EPS	5.3	11.2	16.5	20.1	18.1	18.5	30.8	44.2
BV/Share	18.5	29.7	45.5	65.8	84.1	103.1	133.9	178.1

### Valuation (x)

P/E					79.3	77.5	46.5	32.4
EV/Sales					5.3	4.5	3.3	2.4
EV/EBITDA					37.0	35.5	22.4	16.1
P/BV					17.0	13.9	10.7	8.0

### Return Ratios (%)

RoE	28.5	37.6	36.2	30.5	21.5	17.9	23.0	24.8
RoCE	32.5	45.1	48.6	42.1	30.4	23.5	31.5	33.5

### Working Capital Ratios

Debtor (Days)	3	2	2	2	2	2	2	2
Asset Turnover (x)	3.3	3.4	3.3	3.2	3.1	3.0	3.2	3.2

### Leverage Ratio

Debt/Equity (x)	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
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### Cash Flow Statement

(INR Million)

Y/E March	2010	2011	2012	2013	2014	2015E	2016E	2017E
OP/(loss) before Tax	335	924	1,562	1,939	1,803	1,679	2,840	4,071
Int./Div. Received	-1	-19	-58	-77	-85	-73	-53	-132
Depreciation & Amort.	243	293	377	556	787	1,019	1,354	1,702
Interest Paid	83	3	0	1	0	1	1	1
Direct Taxes Paid	1	204	488	628	620	470	824	1,181
Incr in WC	-193	14	-575	-354	-332	-701	-959	-1,708
<b>CF from Operations</b>	<b>686</b>	<b>976</b>	<b>1,968</b>	<b>2,143</b>	<b>2,217</b>	<b>2,854</b>	<b>4,276</b>	<b>6,167</b>
Incr in FA	502	638	1,132	1,834	2,357	3,311	3,633	4,178
Incr in lease deposits	68	52	159	170	260	246	268	292
Pur of Investments	0	205	718	17	-3	-532	326	261
<b>CF from Invest.</b>	<b>570</b>	<b>894</b>	<b>1,968</b>	<b>2,021</b>	<b>2,615</b>	<b>3,024</b>	<b>4,227</b>	<b>4,731</b>
Issue of Shares	605	22	22	16	15	0	0	0
Incr in Debt	-745	-10	34	-11	24	-46	0	0
Others	65	-74	-17	122	226	110	55	133
<b>CF from Fin. Activity</b>	<b>-75</b>	<b>-61</b>	<b>40</b>	<b>126</b>	<b>265</b>	<b>64</b>	<b>55</b>	<b>133</b>
<b>Incr/Decr of Cash</b>	<b>40</b>	<b>21</b>	<b>39</b>	<b>248</b>	<b>-133</b>	<b>-106</b>	<b>103</b>	<b>1,570</b>
Add: Opening Balance	30	70	92	131	378	246	140	243
<b>Closing Balance</b>	<b>70</b>	<b>92</b>	<b>131</b>	<b>378</b>	<b>246</b>	<b>140</b>	<b>243</b>	<b>1,812</b>

NOTES

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