

September 11, 2019

Analyst Meet Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY20E	FY21E	FY20E	FY21E
Rating	HOLD		HOLD	
Target Price	437		437	
Sales (Rs. m)	93,561	104,820	93,561	104,820
% Chng.	-	-	-	-
EBITDA (Rs. m)	19,329	22,315	19,329	22,315
% Chng.	-	-	-	-
EPS (Rs.)	9.2	10.9	9.2	10.9
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY18	FY19	FY20E	FY21E
Sales (Rs. bn)	77	87	94	105
EBITDA (Rs. bn)	16	18	19	22
Margin (%)	20.9	20.4	20.7	21.3
PAT (Rs. bn)	14	15	16	19
EPS (Rs.)	7.8	8.4	9.2	10.9
Gr. (%)	7.2	8.3	9.7	17.7
DPS (Rs.)	7.5	3.3	4.0	4.6
Yield (%)	1.7	0.7	0.9	1.0
RoE (%)	25.9	25.6	25.7	26.0
RoCE (%)	23.3	23.9	24.0	24.6
EV/Sales (x)	10.1	9.0	8.3	7.3
EV/EBITDA (x)	48.3	43.9	40.0	34.3
PE (x)	57.2	52.8	48.1	40.9
P/BV (x)	13.7	13.3	11.5	9.9

Key Data

DABU.BO | DABUR IN

52-W High / Low	Rs.477 / Rs.357
Sensex / Nifty	37,145 / 11,003
Market Cap	Rs.785bn / \$ 10,947m
Shares Outstanding	1,767m
3M Avg. Daily Value	Rs.1744.77m

Shareholding Pattern (%)

Promoter's	67.89
Foreign	18.16
Domestic Institution	6.94
Public & Others	7.01
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.2	2.8	(5.1)
Relative	2.4	1.5	(2.0)

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Naturals play and Power brands to lead growth

Dabur has maintained a very cautious stand due to near term macro-economic headwinds led by 1) slowing down of MoM FMCG growth rate (13.2% in 2Q19 to 3.7% in July'19) 2) increased unemployment 3) liquidity concerns with the dealers and 4) floods in many states and curfew in J&K. Dabur has pinned its hopes on the early festival season (2Q v's 3Q last year), monsoons and the likely impact of government boost for Rural India. Distribution expansion and smaller SKU's are pushing rural sales for Dabur, which are growing ahead of Urban demand by 600bps (rural sales up from 44% to the 48%). Dabur shall be focusing only 8 power brands with innovations in existing brands with no new segment addition.

Dabur has maintained its guidance of mid-single digit volume growth in FY20 led by 1) scaling up of the 8 power brands 2) increasing the direct reach in rural (by 25%) as well as urban India and 3) revamping the supply chain infrastructure. We believe that Dabur remains vulnerable to current slowdown in Rural markets and poor consumer sentiments. We estimate 9.9% Sales and 13.7% PAT CAGR over FY19-21 and value the stock at 39x June 21 EPS to with a target price of Rs437. Retain "Hold".

Focus on 8 power brands: Dabur has a vast portfolio of ~450 brands out of which it has identified 8 brands (~65% of the domestic revenues) to lead the future growth. Dabur intends to scale up each brand to Rs10bn sales through modernization and making them more contemporary, higher investments and ad-spends (Media spends increased by 20% for Power brands, while overall the increase was 6%), more SKUs across price points and premiumisation.

Increasing direct reach: With slowdown in Wholesale channels and moderation in general trade, Dabur has been focusing on increasing its direct reach. Its Urban direct reach has increased to 1.14mn with a target of reaching 2mn outlets by FY20. Rural direct distribution has reached 44000 villages with 11000 sub-stockiest in FY19. Dabur targets 60000 villages with 12000 sub-stockiest by FY20.

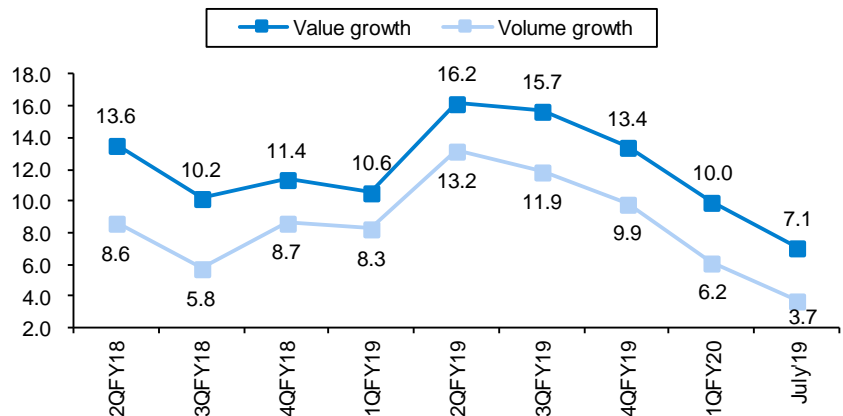
Reaping benefits of supply chain infrastructure: Project Lakshya initiated by Dabur has helped them revamp their entire supply chain infrastructure post GST disruption. The number of C&F agents have been reduced from 32 to 26. They are also employing dedicated sales person in rural areas to expand the direct reach and increase business. The entire project has led to savings in freight costs and decline in Finished Goods inventory by 4 days.

Strong R&D capabilities: A visit to Dabur's R&D center showcased that Dabur has a leverage over competition in terms of natural products and its formulations. Their Drug testing laboratory has been recognized by Ministry of Ayush and the R&D facility has more than 200 herb fingerprints to maintain consistency in product quality. Looking at the low success ratio in past and a wide range of product basket (~450 products), we believe that majority of the brands and innovations shall remain a small part of the business given the lack of enough bandwidth to expand.

950bps slowdown in FMCG sector growth rate

FMCG sector volume growth has moderated by 950bps in just 12 months from the peak of 13.2% in 2Q19 to 3.7% in July'19.

Exhibit 1: Significant moderation in growth rates led by rural slowdown



Source: Company, PL

Eight Power brands to drive growth

Dabur has identified 8 power brands to drive growth for the next 3 years (contributing ~Rs6-7bn) through 1) modernization and making them more contemporary 2) launching of smaller SKUs and more accessible packs for rural market 3) premiumisation in the existing brands and 4) regional communication through RISE

1) Chawyanprash (grew 13.7% in FY19): Extending beyond winters

- It is the oldest brand in the portfolio with 58-60% market share with revenue of Rs4-5bn in FY19. With 70% usage in winters only, Dabur is shifting its positioning as an immunity booster to extend its usage beyond winters. They have already done monsoon campaigns and plans to develop modern formats to appeal to kids and youth.
- There would be enhanced focus on increasing and strengthening chemist coverage in both allopathic and ayurvedic segments.
- Further, Dabur has increased focus on smaller SKUs and making it available in different pack sizes for higher rural reach (Rs95 pack for 250gms)

2) Honey (grew by 17.3% in FY19): Regained the lost market share

- Dabur has already regained its lost market share post Patanjali's increased aggression and currently has >50% share. However, competition remains stiff as local honey players are gaining share on price differential. Dabur is working on innovating to launch premium products given the high brand recall. (Dabur Honey is priced at Rs199 for 500gms + 100gms free while Patanjali Honey is at Rs145 for 500gms)



Dabur launched Honey in squeezy pack format to increase consumption



Honitus launched in Hot Sip format



Dabur would be scaling up powder fizz portfolio in Pudir Hara



Dabur Amla kid's portfolio launched to improve assortment



Dabur Amla introduced at Rs10 PP

- Dabur has changed its proposition to fitness to increase its usage. They have introduced newer formats like Squezy packs and made it more affordable while retaining the premium pricing. Dabur plans to innovate with tastier versions of Honey and in the spreads format
- 3) Lal Tail (grew by 14.9% in FY19): Competitor's headwinds enable market share gains**

 - Dabur gained 300bps market share in Lal tail as its major competitor J&J is facing regulatory headwinds. Dabur has increased media support, promotional activities and is enhancing distribution to benefit from the gap created by the competitor. Dabur also plans to enter aggressively in the baby care segment in the long term based on its Ayurvedic proposition.
- 4) Honitus (grew by 17.3% in FY19): small brand in large market**

 - Honitus has a huge headroom to grow given it is a small brand in the Rs10bn category market. Dabur plans to retain the Ayurvedic positioning and introduce newer versions and formats of Honitus. They recently innovated with Lozenges and Hot Sip formats.
- 5) Pudir Hara (grew by 21.1% in FY19): Scaling through new formats**

 - Dabur aims to introduce better formats in Pudir Hara and move away from the traditional glass bottle in line with the current trend. Pudir Hara remains a small brand of Rs600mn while the largest player ENO did ~Rs10bn sales in FY19.
 - They have introduced sachets to extend it as a food product from the current digestive positioning. The pearl format introduced at Rs 10 for 4 pearls to increase penetration has led the growth in 1Q20. Dabur shall also be scaling up the Powder Fizz portfolio along with modernization of formats
- 6) Dabur Amla (grew by 9.3% in FY19): Building moats to retain market share**

 - The category is facing stiff competition from unorganised players who are discounting leading to 300bps market share loss in Dabur Amla. Hence to prevent share loss to competitors priced at half of Dabur Amla, they had introduced Brahmi and Sarson Amla and positioned them alongside competitors. These two moat brands have been doing well and retaining Dabur's market share.
 - While, Brahmi and Sarson would be preventing share loss, Dabur would be focusing on premiumization strategy for Dabur Amla. They introduced a Rs10 pack to make it more affordable in rural markets without losing the premium pricing. Dabur is differentiating it with its campaigning of "Asli Amla Dabur Amla" to retain its premium pricing.
 - Under Dabur Amla, they entered the kids' hair care space which is currently available in e-commerce and it would soon be rolled out to MT and GT as well. Though the kids' hair care category is niche, Dabur aims to improve Amla communication for better assortment in MT and e-comm.



Introduced Real Fruit juices to increase category traction

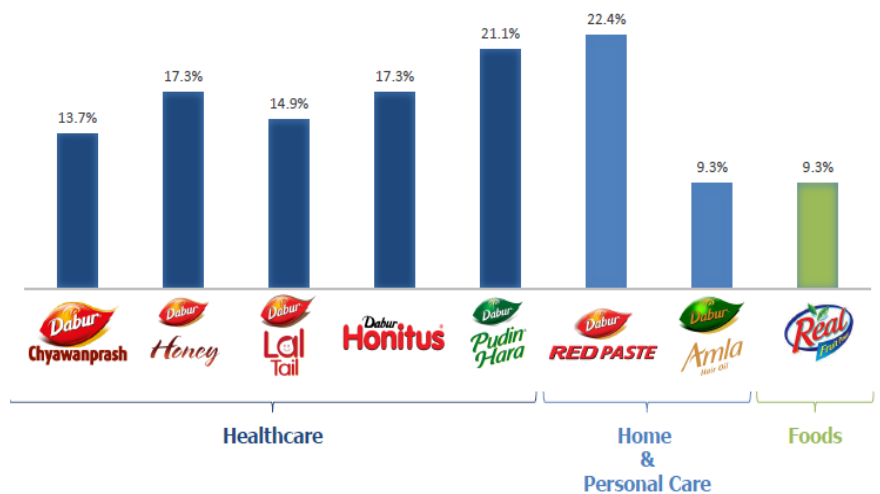
7) Red toothpaste (grew 22.4% in FY19): Gaining market share from Non-natural players

- Despite moderation in the growth rate in naturals segment from ~25% earlier to the current ~15%, Naturals segment continues to lead the toothpaste segment growth rate. Dabur Red is capitalizing on this trend with the Ayurvedic proposition as the overall category growth rate has moderated to only ~2-3%.
- Despite stiff competition, Dabur Red has gained market share from non-naturals players (like Colgate Total). Red toothpaste has become a Rs6bn franchisee with current market share at ~9-10%. They had launched Rs10 packs to increase accessibility and is gaining traction.

8) Real Juice (grew by 9.3% in FY19): Entering fruit drinks segment

- Real operates in a Rs13bn category with a market share of 59.5% (300bps share expansion) in FY19. Northern market contributes ~70% of sales.
- In the long term, dabur looks at foraying into the larger drinks market (Rs70bn market size) as the current juice category (Rs16bn size) is declining with severe headwinds due to competition from milk based beverages and the recent FSSAI regulation. Dabur has already reduced the sugar content by 5% in 78% of the Real portfolio and plans to stay ahead of the curve with a target of further 10% reduction by FY21. Real Active is already operating in the no added sugar category.
- Earlier there were only 2 SKUs in real at 200ml and 1litre. Dabur has introduced more SKUs to increase consumption occasions and outdoor consumption. They have launched Real Koolerz at Rs10 price point which is already having capacity shortages. Dabur has also introduced fruit juice variants to increase traction in the category.

Exhibit 2: FY19 growth rate was led by the power brands



Source: Company, PL

Exhibit 3: Juice segment (17.1% of FY19 sales) underperformed despite peak season due to heightened competition

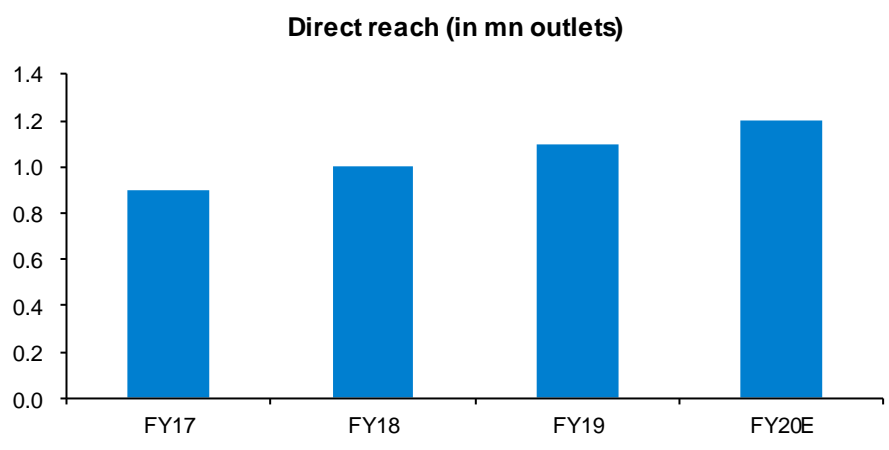
Category	Key Brands	Revenue Contribution (FY19)	FY19 Growth	Q1 FY20 Growth
Healthcare (32.3%)	Health Supplements <i>Honey, Chyawanprash, Shree-4</i>	17.6%	14.6%	19.6%
	Digestives <i>HANMOLA, Pudin Hara</i>	5.9%	16.4%	18.2%
	OTC & Ethicals <i>Lal Tail, Honitus</i>	8.9%	13.7%	14.5%
HPC (50.6%)	Hair Care <i>Amla, Vatika, Annul</i>	21.6%	14.8%	11.9%
	Oral Care <i>RED PASTE, MESWAK, Bala</i>	16.8%	9.5%	11.4%
	Home Care <i>odonit Nature, ODOMOS</i>	6.9%	13.0%	10.9%
	Skin Care <i>fem, Gulabari</i>	5.3%	17.2%	12.1%
Foods (17.1%)	Foods <i>Real, Dabur HOMMADE</i>	17.1%	8.1%	1.5%

Source: Company, PL

Focus on increasing direct reach and supply chain improvement

- Dabur has increased its total reach from 6.4mn outlets in FY18 to 6.7mn outlets in FY19. For Dabur, rural growth was higher than urban growth rate by 6% led by strong rural equity despite Urban demand growing faster than rural in general. With focus on increasing rural reach, Dabur has started focusing on consolidation with stockiest in Urban for growth rate in Urban to pick up.

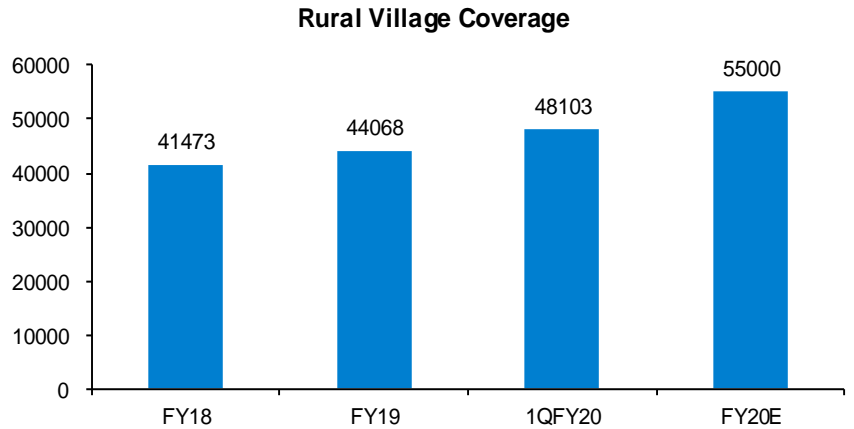
Exhibit 4: Dabur aims to increase direct reach to 1.2mn outlets by FY20



Source: Company, PL

- Dabur has been focusing on reducing dependence on wholesale channels by increasing its direct reach. Its Urban direct reach has increased to 1.14mn with a target of reaching 2mn outlets by FY20. Rural direct distribution has reached 44000 villages with 11000 sub-stockiest in FY19. Dabur targets 60000 villages with 12000 sub-stockiest by FY20.

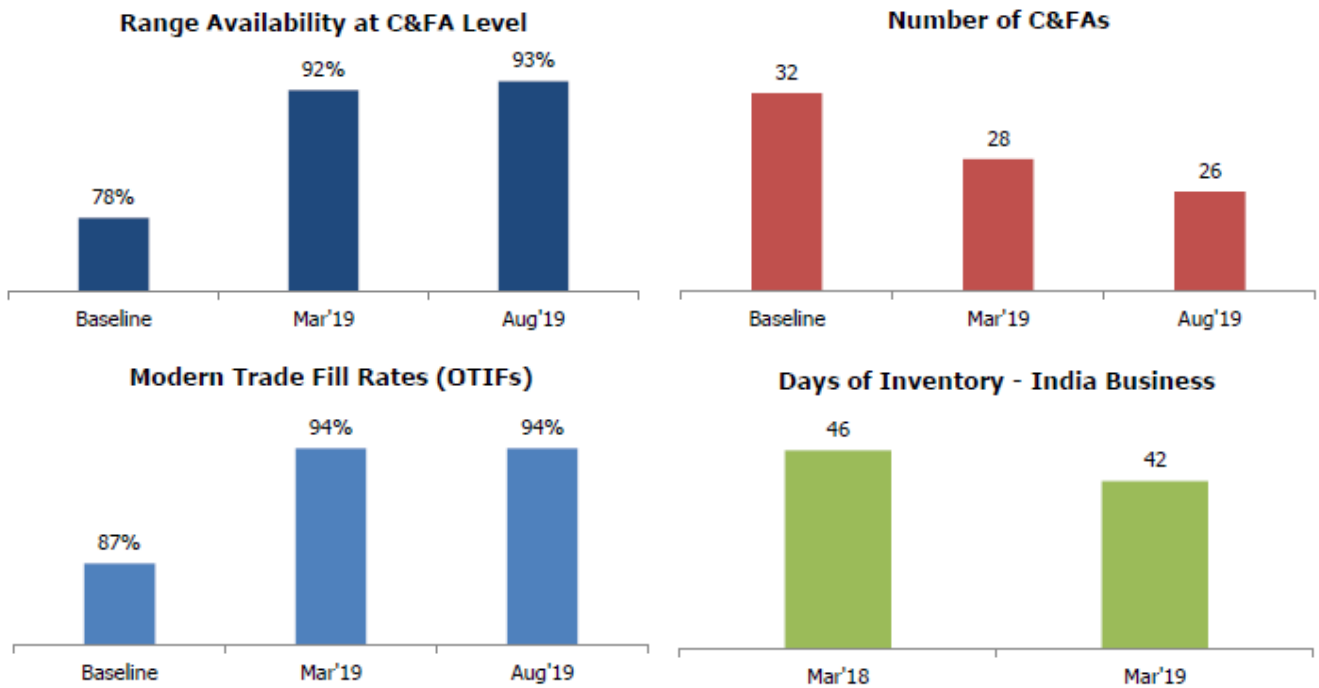
Exhibit 5: Building its rural infrastructure by increasing its village coverage



Source: Company, PL

- Project Lakshya initiated by Dabur has helped them revamp their entire supply chain infrastructure post GST disruption. The number of C&F agents have been reduced from 32 to 26. The entire project has led to savings in freight costs and decline in Finished Goods inventory by 4 days.

Exhibit 6: Supply chain transformation through project Lakshya



Source: Company, PL

Innovations in other key brands



Babool Ayurvedic at Rs10 PP



FEM crème bleach introduced



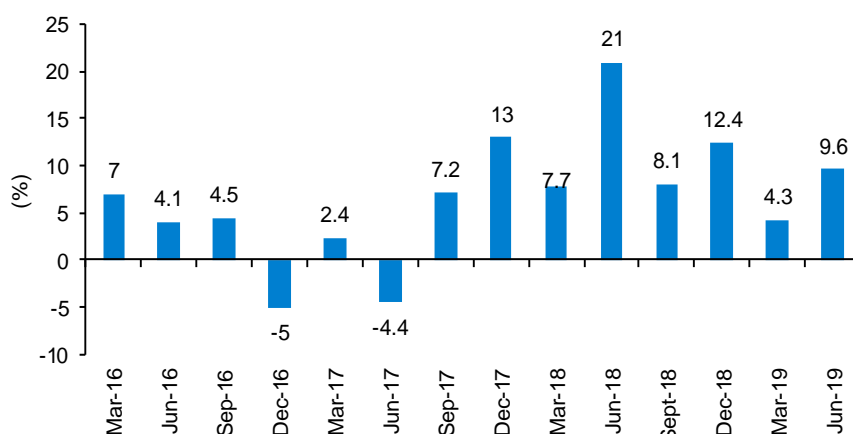
Rebranded isabgol as Kabz Over

- **VATIKA:** Vatika has been a success in International business with Vatika contributing Rs10bn out of total Rs25bn IBD sales. Dabur plans to scale up the brand in India (5% market share) as well with herbal proposition by increasing variants, making them more youth centric and increasing distribution. Although 705 of category sales in the form of sachets, Dabur plans to revamp bottle variants as it is margin accretive.
- **BABOOL:** Babool Ayurvedic has been launched retaining the original pricing but with added ayurvedic proposition to capture the mass end demand.
- **FEM:** There is very little competition in the hair removal cream segment with Veet as the leader. Dabur's FEM is the Undisputed market leader in bleaches. They have introduced new crème bleaches to maintain the category traction.
- **Odonil:** The brand is revamped in 2Q19 to compete with Godrej which moved ahead due to lack of focus on Odonil. Post relaunch, there has been increased traction in the brand
- **Kabz over:** Isabgul brand was revamped and rebranded to KABZ OVER with new communication for it's instant cure for constipation.
- **HAJMOLA:** The recent launch of Chat cola variant has been leading growth in this category with Hajmola growing at 20%+ in FY19.
- **Glucose Plus** grew by 40% in 4Q19 with growth momentum continuing in 1Q as well.
- **Real Fruit ORS** test launched at Rs30 price point was a success in North East and hence already reached Rs2bn sales. Dabur shall expand the same PAN India as it is a margin accretive product.
- **HOMMADE** has been Face lifted to make it more modern and contemporary

Exhibit 7: Q1FY20 Results: Consolidated (Rs mn): Sales up 9.3% led by 9.6% Domestic volume growth

Y/e March	Q1FY20	Q1FY19	YoY gr. (%)	Q4FY19	FY20E	FY19	YoY gr. (%)
Net Sales	22,733	20,807	9.3	21,282	95,577	85,331	12.0
Gross Profit	11,256	10,321	9.1	10,589	48,053	42,240	13.8
<i>% of NS</i>	<i>49.5</i>	<i>49.6</i>		<i>49.8</i>	<i>50.3</i>	<i>49.5</i>	
Other Expenses	6,679	6,460	3.4	6,016	28,197	24,845	13.5
<i>% of NS</i>	<i>29.4</i>	<i>31.0</i>		<i>28.3</i>	<i>29.5</i>	<i>29.1</i>	
EBITDA	4,576	3,861	18.5	4,572	19,856	17,396	14.1
<i>Margins (%)</i>	<i>20.1</i>	<i>18.6</i>		<i>21.5</i>	<i>20.8</i>	<i>20.4</i>	
Depreciation	528	427	23.4	462	1,928	1,769	9.0
Interest	153	149	2.5	124	572	596	(4.0)
Other Income	733	737	(0.5)	661	3,575	2,962	20.7
PBT	4,629	4,022	15.1	4,647	20,931	17,993	16.3
Tax	794	724	9.7	178	4,249	2,786	52.5
<i>Tax rate (%)</i>	<i>17.2</i>	<i>18.0</i>		<i>3.8</i>	<i>20.3</i>	<i>15.5</i>	
Adjusted PAT	3,838	3,300	16.3	4,468	16,651	15,216	9.4

Source: Company Data, PL Research

Exhibit 8: Domestic FMCG Volume up 9.6%; 15% excluding foods


Source: Company, PL

Exhibit 9: 1Q performance was led by Health supplements, digestive, OTC and Ethicals; Foods had a muted quarter

Category Growth (%)	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20
Hair Care										
Hair Oils	NA	NA	2.3	16.7	8.8	18.8	11.1	23.6	2.5	12.1
Shampoos	NA	-15.0	-14.9	56.0	31.3	30.3	49.0	25.2	3.3	10.9
Health Supplements	5.0	-7.0	3.0	19.5	14.0	27.5	12.3	13.8	10.2	19.6
Honey			8.6	33.2	23.7	42.0	12.8	19.8	4.0	5.0
Oral Care	9.0	1.5	22.8	23.0	11.0	17.3	3.9	10.0	8.2	11.4
Toothpaste	9.0	10.4	26.4	26.0	13.7	16.8	6.2	11.1	9.3	
Red Toothpaste						31.2	19.5	22.6	17.5	15.0
Foods	10.0	-8.3	11.7	0.0	N.A	26.0	1.5	11.1	-6.5	1.5
Digestives	-5.0	4.0	11.7	19.3	7.2	21.6	10.8	22.5	11.9	18.2
Skin care	0.0	4.0	15.8	14.5	8.5	27.1	11.9	19.3	11.2	12.1
Home Care	-6.5	6.2	10.1	36.0	0.0	17.4	10.9	8.9	16.2	10.9
OTC	-4.0	-6.6	5.5	8.7	7.8	13.3	10.0	17.7	16.6	13.1
Ethicals						23.4	6.1	17.4	9.7	15.9

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
Net Revenues	77,219	86,841	93,561	104,820
YoY gr. (%)	1.4	12.5	7.7	12.0
Cost of Goods Sold	38,199	42,885	46,682	51,787
Gross Profit	39,019	43,956	46,879	53,034
Margin (%)	50.5	50.6	50.1	50.6
Employee Cost	7,928	9,515	10,212	11,461
Other Expenses	6,826	8,009	7,958	8,735
EBITDA	16,174	17,731	19,329	22,315
YoY gr. (%)	7.2	9.6	9.0	15.5
Margin (%)	20.9	20.4	20.7	21.3
Depreciation and Amortization	1,622	1,770	2,184	2,329
EBIT	14,553	15,961	17,145	19,987
Margin (%)	18.8	18.4	18.3	19.1
Net Interest	531	625	654	606
Other Income	3,052	3,168	3,575	4,227
Profit Before Tax	17,074	18,505	20,066	23,608
Margin (%)	22.1	21.3	21.4	22.5
Total Tax	3,354	3,645	3,772	4,438
Effective tax rate (%)	19.6	19.7	18.8	18.8
Profit after tax	13,720	14,859	16,294	19,169
Minority interest	31	31	31	31
Share Profit from Associate	-	-	-	-
Adjusted PAT	13,689	14,828	16,263	19,138
YoY gr. (%)	7.2	8.3	9.7	17.7
Margin (%)	17.7	17.1	17.4	18.3
Extra Ord. Income / (Exp)	(145)	-	-	-
Reported PAT	13,544	14,828	16,263	19,138
YoY gr. (%)	6.1	9.5	9.7	17.7
Margin (%)	17.5	17.1	17.4	18.3
Other Comprehensive Income	(217)	-	-	-
Total Comprehensive Income	13,327	14,828	16,263	19,138
Equity Shares O/s (m)	1,762	1,762	1,762	1,762
EPS (Rs)	7.8	8.4	9.2	10.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
Non-Current Assets				
Gross Block	26,342	28,868	31,418	33,468
Tangibles	25,706	28,203	30,703	32,703
Intangibles	636	665	715	765
Acc: Dep / Amortization	10,177	11,946	14,130	16,459
Tangibles	9,644	11,351	13,468	15,725
Intangibles	533	595	663	734
Net fixed assets	16,166	16,921	17,287	17,009
Tangibles	16,063	16,852	17,235	16,978
Intangibles	103	70	52	30
Capital Work In Progress	415	425	400	400
Goodwill	4,115	4,115	4,115	4,115
Non-Current Investments	31,090	28,590	31,410	34,517
Net Deferred tax assets	(1,091)	(1,091)	(1,091)	(1,091)
Other Non-Current Assets	832	955	1,029	1,153
Current Assets				
Investments	7,134	10,198	15,638	20,781
Inventories	12,562	13,001	14,007	15,693
Trade receivables	7,061	8,273	8,914	9,986
Cash & Bank Balance	3,061	2,836	2,157	3,969
Other Current Assets	3,929	3,474	3,742	3,878
Total Assets	86,997	89,485	99,449	112,235
Equity				
Equity Share Capital	1,762	1,762	1,762	1,762
Other Equity	55,304	56,965	66,277	77,405
Total Network	57,065	58,727	68,039	79,167
Non-Current Liabilities				
Long Term borrowings	3,643	3,043	2,743	2,443
Provisions	565	608	655	734
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	5,731	5,431	5,131	4,831
Trade payables	14,103	15,648	16,543	18,140
Other current liabilities	4,491	4,597	4,922	5,468
Total Equity & Liabilities	86,997	89,484	99,498	112,285

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
PBT	17,074	18,505	20,066	23,608
Add. Depreciation	1,622	1,770	2,184	2,329
Add. Interest	531	625	654	606
Less Financial Other Income	3,052	3,168	3,575	4,227
Add. Other	(3,120)	(3,168)	(3,575)	(4,227)
Op. profit before WC changes	16,106	17,731	19,329	22,315
Net Changes-WC	(1,713)	(2,507)	(6,325)	(6,107)
Direct tax	(3,354)	(3,645)	(3,772)	(4,438)
Net cash from Op. activities	11,039	11,579	9,232	11,771
Capital expenditures	(2,313)	(2,536)	(2,525)	(2,050)
Interest / Dividend Income	3,052	3,168	3,575	4,227
Others	(6,069)	2,475	(2,808)	(3,089)
Net Cash from Inv. activities	(5,330)	3,108	(1,757)	(912)
Issue of share cap. / premium	(127)	2,734	1,000	1,000
Debt changes	(375)	(900)	(600)	(600)
Dividend paid	(4,770)	(15,901)	(7,951)	(9,011)
Interest paid	(531)	(625)	(654)	(606)
Others	-	-	-	-
Net cash from Fin. activities	(5,803)	(14,692)	(8,204)	(9,217)
Net change in cash	(94)	(5)	(730)	1,642
Free Cash Flow	8,726	9,043	6,707	9,721

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY19	Q3FY19	Q4FY19	Q1FY20
Net Revenue	21,250	21,992	21,282	22,733
YoY gr. (%)	8.5	11.8	4.7	9.3
Raw Material Expenses	10,758	11,153	10,693	11,477
Gross Profit	10,491	10,839	10,589	11,256
Margin (%)	49.4	49.3	49.8	49.5
EBITDA	4,508	4,454	4,572	4,576
YoY gr. (%)	7.4	10.4	(5.8)	18.5
Margin (%)	21.2	20.3	21.5	20.1
Depreciation / Depletion	431	449	462	528
EBIT	4,077	4,005	4,110	4,049
Margin (%)	19.2	18.2	19.3	17.8
Net Interest	156	167	124	153
Other Income	812	753	661	733
Profit before Tax	4,734	4,591	4,647	4,629
Margin (%)	22.3	20.9	21.8	20.4
Total Tax	961	924	178	794
Effective tax rate (%)	20.3	20.1	3.8	17.2
Profit after Tax	3,773	3,667	4,469	3,835
Minority interest	(3)	(5)	1	(3)
Share Profit from Associates	-	-	-	-
Adjusted PAT	3,776	3,672	4,468	3,838
YoY gr. (%)	4.1	10.3	12.5	16.3
Margin (%)	17.8	16.7	21.0	16.9
Extra Ord. Income / (Exp)	(159)	(105)	(746)	(81)
Reported PAT	3,617	3,567	3,723	3,757
YoY gr. (%)	0.7	16.7	(7.5)	16.5
Margin (%)	17.0	16.2	17.5	16.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,617	3,567	3,723	3,757
Avg. Shares O/s (m)	1,766	1,766	1,766	1,766
EPS (Rs)	2.1	2.1	2.5	2.2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY18	FY19	FY20E	FY21E
Per Share(Rs)				
EPS	7.8	8.4	9.2	10.9
CEPS	8.7	9.4	10.5	12.2
BVPS	32.4	33.3	38.6	44.9
FCF	5.0	5.1	3.8	5.5
DPS	7.5	3.3	4.0	4.6
Return Ratio(%)				
RoCE	23.3	23.9	24.0	24.6
ROIC	18.9	20.9	21.0	22.8
RoE	25.9	25.6	25.7	26.0
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	26	24	25	26
Valuation(x)				
PER	57.2	52.8	48.1	40.9
P/B	13.7	13.3	11.5	9.9
P/CEPS	51.1	47.1	42.4	36.5
EV/EBITDA	48.3	43.9	40.0	34.3
EV/Sales	10.1	9.0	8.3	7.3
Dividend Yield (%)	1.7	0.7	0.9	1.0

Source: Company Data, PL Research

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	13-Aug-19	Hold	437	429
2	19-Jul-19	Hold	437	420
3	4-Jul-19	Hold	430	403
4	2-May-19	Hold	430	382
5	5-Apr-19	Hold	454	400
6	1-Feb-19	Hold	456	452
7	7-Jan-19	Hold	427	420
8	31-Oct-18	Hold	427	385
9	5-Oct-18	Hold	440	415

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Accumulate	1,522	1,479
2	Avenue Supermarts	Hold	1,338	1,359
3	Britannia Industries	Accumulate	3,068	2,602
4	Colgate Palmolive	Reduce	1,159	1,275
5	Crompton Greaves Consumer Electricals	BUY	297	225
6	Dabur India	Hold	437	429
7	Emami	Accumulate	386	310
8	Future Retail	BUY	512	395
9	GlaxoSmithKline Consumer Healthcare	Hold	7,972	7,473
10	Hindustan Unilever	Accumulate	1,816	1,690
11	ITC	BUY	367	265
12	Jubilant FoodWorks	BUY	1,459	1,153
13	Kansai Nerolac Paints	Accumulate	479	434
14	Marico	Hold	357	363
15	Nestle India	Hold	10,900	12,004
16	Pidilite Industries	Accumulate	1,301	1,290
17	Titan Company	BUY	1,173	1,047
18	Voltas	Hold	609	601

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%

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