Gulf Oil Lubricants

DART
DOLAT ANALYSIS & RESEARCH THEMES
IN-DEPTH•PRECISE•ACTIONABLE

Accumulate

Annual Report Analysis FY20

Living the Promise

Gulf Oil Lubricant's had a roller coaster FY20 on a macro level as well as company level. Ambiguity around GST, volatility in raw material price, crude oil and currency movement impacted the volume growth and profitability. GOLIL's focus areas has been digitization, capturing greater opportunities, growing return on investments, brand building and safety and health of employees and people connected with GOLIL. Their new way forward strategy will take into account all these aspects, towards consistent value creation over the long term. This is their strong commitment to their stakeholders. The coronavirus crisis has affected demand for lubricants; however, a new normal is waiting to emerge as the situation continues to improve. GOLI expects to grow at 2-3x of the industry, however, may see some delays in FY21 volumes till the economy has not recovered fully and pent up demand coming, before recovering in FY22. The volume growth will continue to outperform the industry from FY22, where growth will come from new product launches, OEM tie ups and expansion of distribution channels.

DART View

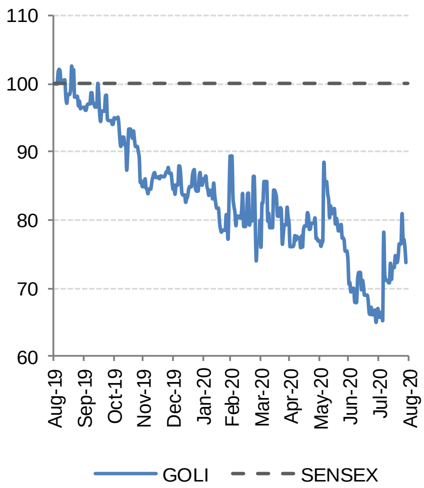
GOLIL's business model is right on all key drivers, which has resulted in consistent market share gain in the past and the trend is likely to continue. Distribution expansion and brand thrust will enable GOLI to play the opportunity. The tie-up with OEMs, investment in the distribution chain, and product innovation will drive GOLI's performance. We believe that this distribution growth of 10% every year is achievable as GOLI is only 45% penetrated as of now. Market share in Bazaar segment is 7.5-8% for GOLI. Volume growth of GOLI will be highly dependent on distribution expansion which can slow down a bit until the economy does not open up fully. However, due to slowdown in auto industry and less movement of vehicles due to unprecedented crisis, we maintain Accumulate, with a TP of Rs. 757 based on 17x FY22E earnings.

Industry Overview

With India occupying the third position, the USA and China are two largest lubricant markets. India also ranks among the fastest growing lubricant markets globally. Overall lubricants market in India is estimated to be at ~2.7 billion litres, which is categorised into three broad segments of automotive, industrial including marine applications and process or white oils, with automotive and industrial segments together accounting for over two-third of the total market. Automotive engine oils form the largest pie of the Indian lubricant market (excluding process oils). There are about 20 organised players in India's lubricant market and public sector oil marketing companies, together, cater to a significant portion of the market. Leading multinational and private domestic companies constitute the rest of the market and have been growing at a rapid pace by building brand and scale, launching innovative products and upgrading the various services offered to customers.

CMP	Rs 673
Target / Upside	Rs 757 / 12%
BSE Sensex	39,486
NSE Nifty	11,648
Scrip Details	
Equity / FV	Rs 100mn / Rs 2
Market Cap	Rs 33bn
	US$ 456mn
52-week High/Low	Rs 905/Rs 455
Avg. Volume (no)	54,813
NSE Symbol	GULFOILLUB
Bloomberg Code	GOLI IN
Shareholding Pattern Jun'20(%)	
Promoters	72.7
MF/Banks/FIs	5.3
FIIs	11.1
Public / Others	10.9

Gulf Oil Lubricants Relative to Sensex



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DOLAT CAPITAL

MD&A Overview

The lubricants industry in India witnessed a decline of about 5-6%, including automotive and industrial segments during FY20. Despite a 5-6% drop in overall industry volumes and the issues emerging post lockdown, volumes grew across all segments (except factory fill) to clock in 110,500 KL. GOLI was clocking double-digit volume growth in key segments upto February 2020, except factory fill, which is around 8-10% of total volumes. Factory fill is directly linked to new automobile production, which dropped significantly during FY20. They continued to strengthen their distribution reach, relationships with existing OEMs and also welcomed several new OEMs and B2C and B2B customers across automotive, industrial and construction sectors. Gulf has climbed up to become the second placed brand in the Industry. They continued their focus on brand investments with a number of innovative ATL/BTL initiatives and were aptly well recognised for many of these in the foremost marketing forums and competitions. They formed several new partnerships with service providers, aggregators, e-commerce companies and bike stops and car stops. Launched distinct new BS VI customised lubes for OEM partners and many products for B2B and B2C customers.

Financial Snapshot

Revenues de-grew 3.7% YoY to Rs 16.4 billion in FY20. However, sharper focus on driving cost efficiencies along with reduction in corporate taxes enable GOLI to post Net Profit of Rs. 2 billion which is an increase of 14% YoY. Gross margins improved significantly to 49.5% from 45% YoY due to stable input costs and timely pricing actions. Declared a final dividend of Rs. 14 per share, despite tough macro-economic scenario and industry volatility. Operating cash flow for FY20 was Rs 2,368 mn as compared to Rs 170 mn in FY19. Free cash flow to the firm in FY20 was Rs 2,186 mn. Tight liquidity in market also saw receivables going up by 24% YoY. Overall YoY volume de-growth was at 7.4% YoY.

Annual Report Macro View

Key Management	On recommendation and approval of Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on June 4, 2020, re-appointed Mr. Ravi Chawla as Managing Director and Chief Executive Officer of the Company for a further period of 3 years effective from June 6, 2020 and approved the terms of his re-appointment including the remuneration.
Board of Directors	The following persons have been continued as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act, read with rules framed thereunder: 1) Mr. Ravi Chawla, Managing Director 2) Mr. Manish Kumar Gangwal, Chief Financial Officer and 3) Mr. Vinayak Joshi, Company Secretary and Compliance Officer. None of the Key Managerial Personnel have resigned during the year under review.
Auditors	No change. M/s Price Waterhouse LLP continue to be the Auditors of the Company.
Insider Holdings	No insider transactions during the year.
Credit Ratings	Not Available
Pledged Shares	No change.
Macro-economic factors	Overall, domestic automobile sales declined 18% as compared to FY19. This had a bearing on the factory fills volumes across the lubricants industry as the demand for factory fills is directly linked to automotive production. Among major products, CV sales declined the most (-29%) largely on the back of weakening economic activity and transition to the BSVI norms. Consequently, the demand for DEOs was impacted negatively mainly for the factory fill segment. Passenger vehicles sales fell by 18% during the year as inventory management remained weak due to the transition to BSVI norms. Though the PCMO segment witnessed a broad-based decline, replacement demand cushioned the de-growth to some extent. Sales of two wheelers fell 18% during the year due to continued pressure on both scooter as well as motorcycle volumes. Higher insurance premium for two-wheelers, slowing consumption demand and weak inventory management on the back of BSVI implementation were other challenges faced by the industry. As a result, the MCO volumes declined across the lubricant industry.

Key Holders

Category of Shareholder (%)	FY2020	FY2019
i)Promoters	72.70	72.0
ii)MF/Banks/FIs	5.30	5.60
iii)FIIs	11.10	9.60
iv)Public/Others	10.90	12.10
Total	**100.00**	**100.00**

Source: Company, DART

Highlights of FY20:

- Volumes: 110,500 KL
- Channel Network: 70,000+ Retailers
- Auto Distributors: 300+
- Exports: 20+ countries
- Urban focus: Independent Workshops (IWS): 8,000 +bike stops
- Car Stops: 2,000 +
- Rural focus: Gulf Rural Stockist (GRS): 1,000 +
- B2B Industrial network: 200+ direct industries
- Industrial Distributors: 50+
- Infrastructure, Mining and Fleet: 500 + customers
- OEM Tie ups:

Ashok Leyland, Swaraj, Volvo Penta, Bajaj, Mahindra, Schwing Stetter, Force Motors, Kobelco, Tata Motors, Whitmore, Shibaura Machine, Piaggio, Bharat Benz

Exhibit 1: Manufacturing Facility

Sivassa Plant	**Chennai Plant**
Capacity: 90,000 KL	Capacity: 50,000 KL
Adblue manufacturing capacity of 12,000 KL- necessary approvals in place	State of Art Technology from ABB France
World Class Blending plant	Advanced ASRS
High speed automatic filling machine	High tech firefighting and disaster management system
Superior automated blow moulding machine	100% provision for solar energy , rainwater harvesting and natural lighting throughout the day
Fully automatic storage and retrieval system	New R&D center- Gulf's biggest facility globally
Disaster Management system	Customer Experience Center
In house quality control laboratory, supporting operations in India and Globally	

Source: Company, DART

What's New

Being BS VI ready

After undertaking thorough testing of BS VI engine oils on different types of vehicles, they launched them across several segments and grades. Also unveiled customised products for BS VI vehicles of their key OEM customers, including Ashok Leyland, Force Motors, Bajaj Auto and Piaggio Vehicles Private Limited.

Gulf AdBlue

Gulf Oil have been early movers in manufacturing and marketing AdBlue products in India. Launched Gulf AdBlue® Ecopro along with other OEM co-branded AdBlue® to ensure only the right quality AdBlue® reaches customers and end users. Availability of right quality AdBlue® or Diesel Exhaust Fluid is vital for BS VI success as it ensures effective NOx emission control in majority of heavy and light duty diesel vehicles.

Tractor engine oil

Have a well-defined strategy for tractor engine oil business. They have been a trendsetter in extending engine oil drain intervals for over the past 15 years. During FY20, we launched tractor engine oil technology to meet current TREM III emission standards and also upcoming TREM IV emission standards, which will be implemented in India from October 1, 2020.

Foray into textile industry with knitting oil

Fortifying the diverse product portfolio, they launched a complete new range of high-quality knitting oils for the textile industry. Along with the lubrication and protection of critical machinery components, this product ensures antistatic property and superior scour ability for complete removal of oil traces from the fabrics on washing.

Energy efficient industrial oil

Newly formulated Very High Viscosity Index (VHVI) hydraulic oil has proven performance in injection moulding machines by reducing energy consumption by 3.8%.

Long Drain Products

Have pioneered the wave of 'Long Drain' products in India, which helped improve the performance of vehicles, reduce oil consumption and maintenance costs. Customers include leading global and Indian QEM's and Industries as well as retail consumers.

Key Takeaways from the MD&A

Industry

Enablers for India's lubricants market

- Growing GDP and domestic consumption
- Strong prospects of the rural economy
- Low per capita vehicle penetration in India
- Rising brand consciousness
- Advancement of engine technology
- Accelerated investments in infrastructure building
- Implementation of various industrial reforms
- Recent policy interventions to attract more manufacturing bases shifting to India

Automotive segment

Bazaar

- During FY20, GOLI further grew its reach in this channel – which forms over a third of the total lubricant market in India (excluding process oils).
- Their retail outlets stood at 70,000+ and over 300 auto distributors and 30+ depots.
- They continued to grow in the rural markets and expanded its base of recently launched Gulf Rural Stockists (GRS) and has 1,000+ GRS catering to 10-15 rural outlets each in their area. This structured approach to address rural distribution more effectively helped the Company register a very good growth in rural India during the year.
- The total number of bike stops stood at 8,000+ and the number of car stops stood at over 2,000 outlets during the year. The Company has a market share of about 7-7.5% in the Bazaar segment.
- During FY20, they launched the BSVI range of oils for specific OEM customers, such as Bajaj (MCOs), Ashok Leyland (CVs), Piaggio (three wheelers), among others. It is working with other OEM customers to launch more bespoke products. Additionally, Gulf Oil also offers several BSVI-ready products for universal customers from MCOs and PV segments.

Personal mobility

- GOLI put up a resilient performance in this segment during the year
- GOLI has still recorded ~20% growth during the year amid tough conditions. It continued to invest in developing innovative products, enhancing reach and strengthening all-round branding and marketing campaigns.
- Gulf Oil has joined hands with several online portals, such as Zomato (for Zomato riders), Ola (for their bikes), garage-cum-service aggregator – Pitstop (for doorstep delivery vans), couple of garage aggregators (for passenger cars) and also listed its products on Amazon.

- Gained market share in PCMO segment and maintained share in the MCO segment. Replacement demand remained on a solid turf for most part of the year.

Commercial vehicle oils/DEO

- Demand remained weak in this segment during the year on the back of several macro challenges. Freights were also affected due to the lockdown and could take another couple of months to normalise. Overall demand was impacted by slowing economic activity and the pandemic crisis towards the end of the year.
- The Company was among the first movers to launch BSVI CV oil in India, in partnership with Ashok Leyland and Piaggio.
- With the implementation of BSVI norms, AdBlue® solution will be witnessing increased demand momentum.
- The Company has set up a plant for AdBlue® at its Silvassa facility and will also set up one facility in Chennai for this product.

OEM franchise workshops

- This segment grew in double digits during the year and remains an important growth driver for GOLI.
- Existing OEM tie-ups witnessed healthy momentum and they also continued to add marquee names to this business.
- It renewed three multi-year OEM contracts in FY 2020, namely, Mahindra and Mahindra, Swaraj and Ashok Leyland.
- New additions included the likes of Piaggio for all oils, including BS VI and BMW, Hyundai, Kia Motors, among others for AdBlue®.

Industrial segment

- GOLI continued to strengthen its distribution network (direct and indirect distributors) to grow this business. Currently, its industrial network includes 200+ direct industry accounts and 50+ industrial distributors
- Their market share in the industrial business is estimated at 3-4%. As they have a relatively lower market share in this segment, for the past few years, it has identified this as a major focus area.
- Specialty grease, their other premium range of products performed well on the back of buoyant demand from domestic steel and coal companies.

Infrastructure, mining and fleet segment

- The Infrastructure, Mining and Fleet (IMF) segment grew to high single digit during the year.
- This business continues to make inroads into tier-2 and tier-3 cities of the country.
- They have gained market share from peers, expanded into newer sectors and is growing its large, flagship accounts at a healthy pace.
- GOLI has 500+ marquee customers in this segment, including industry heavyweights such as Larsen & Toubro, Dilip Buildcon, Punj Lloyd, Oriental Engineers, Shapoorji Pallonji and Kobelco.
- Four new OEMs were added during the year, namely, Putzmeister, Doosan Bobcat, The Robbins Company and Leibor.

Exports segment

- GOLI continued to focus on exports as an opportunity to grow volumes. They are currently exporting high-end products in Personal Mobility segment to a few Southeast Asian countries.
- GOLI has been approaching Indian automotive OEMs who are exporting their vehicles to various continents to enable export of lubricants approved by them to these countries and were successful in starting exports to ~15 new countries.

Raw Material

- GOLI maintained a strong vigil on macro-economic developments and took appropriate hedging and pricing strategies to protect its margins.
- They have entered into long-term contracts to source base oil, which reduces its vulnerability to sharp movements in raw material prices. The Company continues to explore ways of improving procurement, managing inventory, negotiating prices and optimising cost management.

Outlook

- If the spread of the virus is contained within a reasonable time, impact on growth is likely to be for the short term and it could recover by H2FY21.
- At present, ~80-85% of GOLI's retail markets are open fully or partially in India with ~90% of their distributors being open for operations.
- This means there should be gradual improvements in volumes going forward.
- Given the fact that lubricant is a semi-essential product, the demand is likely to recover once the overall situation starts to normalise and the movement of vehicles both for commercial activities and personal transportation improves while the industrial activity starts picking up again.
- GOLI believes that there is some pent-up demand in the system, which will continue to spur volumes in the medium term. Segments, such as agriculture, DEO, infrastructure and MCO are witnessing some demand upswing. However, it will take some time for the demand to reach pre-pandemic levels.
- In FY 2020-21, the management remains confident of performing better than the industry, which is estimated to register a double-digit decline.
- The Company will continue to grow its distribution network – including partnerships with key e-commerce and other important players in the digital space. It will also keep fostering new strategic partnerships with OEMs going forward. The major emphasis will continue to be on cost optimisation and digitalizing processes to protect EBITDA margins, among others.

Exhibit 2: GOLI's Opportunities and Threats

Business	Opportunities	Threats
Automotive	Robust prospects of India's automobile sector and overall economic growth	High Competitive intensity in the sector
	Adoption of new emission norms and enhanced focus on fuel efficiency	Possibility of aggressive pricing and discounts being offered by competitors
	Evolving technology as well as customer requirements	Sudden and sharp volatility in prices of key raw materials
	Significant potential to ramp up rural penetration of automobiles	Prolonged slowdown in domestic automobile sales
	Scope to improve GOLI's market share in PV and tractor segment	
	Expansion of GOLI's reach across various channels and geographies	
Industrial	Scope to deepen share of wallet with existing customers	Any slowdown in industrial activity
	Opportunity to participate in the exponential growth of roads and infrastructure in India	Slower growth of the infrastructure segment
	Immense potential in defence sector	
	Opportunity to take over entire lubricant management at plants of customers	
Exports	Potential to ramp up in existing markets and enter select attractive markets	Unprecedented high volatility in forex markets
	Chennai plant can cater to nearby countries more efficiently	High Competitive intensity

Source: Company, DART

Profit & Loss Analysis

- Revenues stood at Rs. 16,435 mn in F20 from Rs. 17,058 mn in FY19. The lubricants industry faced many challenges during the year due to the major automotive industry slowdown for new vehicles production or sales coupled with overall weaknesses in economy across sectors, which impacted the lubricants market demand and usage levels. Liquidity pressures in the trade also added to these lower demand levels as seen in FY20. The OEM factory fill volumes for GOLI were directly impacted by this de-growth in vehicle production, particularly Commercial Vehicles, which fell as much as 50-60% YoY.
- Cost of goods sold decreased by 11.6% to Rs. 8,295 mn in FY20 from Rs. 9,383 mn FY19 mainly due to fall in base oil prices, which is a key raw material for lubricants manufacturing. Cost of goods sold as a percentage to net revenue also decreased from 55.0% in FY19 to 50.5% in FY20.
- Manufacturing and other expenses increased by 8.0% mainly on account of increase in advertising and sales promotion, increase in selling and marketing expenses, increase in royalty, decrease in freight and forwarding expenses and decrease in rent.
- Employee Benefit Expenses Increased by 12.1% to Rs. 1,140 mn in FY20 from Rs. 1,017 mn in FY19 mainly on account of increase in head count, additional ESOP Amortization and usual increments resulting in increase in payroll cost.

- Finance costs increased to Rs. 248 mn in FY20, which mainly includes unrealised forex loss due to rupee depreciation at the year end and also accounting effect on adoption of IndAs 116.
- Depreciation/amortization charges increased to Rs 3,27 lakhs in FY20 mainly due to accounting effect of Ind-AS-116 on Leases.
- Recorder highest ever PAT, due to sharper focus on driving cost efficiencies along with reduction in corporate taxes.

Balance Sheet Analysis

- During FY20, capital employed increased from Rs 8,895 mn to Rs 11,293 mn mainly due to increase in cash and bank balances and increase in current assets due to overall efficient working capital management.
- Net block of fixed assets (including CWIP) increased by Rs 99.2 mn to Rs 2,811 mn in FY20, mainly due to accounting effect as right of use assets of Rs 193 mn net off corresponding depreciation on those right of use assets of Rs 89.4 mn on adoption of new Accounting Standard Ind-AS-116 on Leases.
- Cash and bank balances increased by Rs 2,583 mn and stands at Rs 5,509 mn in FY20 as compared to Rs 2,926 mn in FY19, thus demonstrating very healthy cash position and liquidity strength.
- The overall inventory decreased by Rs 105 mn to Rs 3,283 mn in FY20 from Rs 3,388 mn in FY19 due to efficient inventory management.
- Increase in share capital by Rs 0.6 mn in FY20, mainly due to issue of 308,438 shares under equity stock options.
- Short term borrowings have increased by Rs 706 mn as short term borrowing includes unsecured working capital demand loans of Rs 1,700 mn take from its bankers in order to augment additional liquidity in the event of prolonged Pandemic induced impact on its working capital, which will be repaid as the situation normalises.
- Other financial liabilities decreased mainly on account of payment of Capex creditors of Rs 44 mn, decrease in current tax liabilities of Rs 106 mn, increase in other current liabilities mainly due to decrease in statutory dues payable of Rs 79 mn.

Exhibit 3: Key Ratios

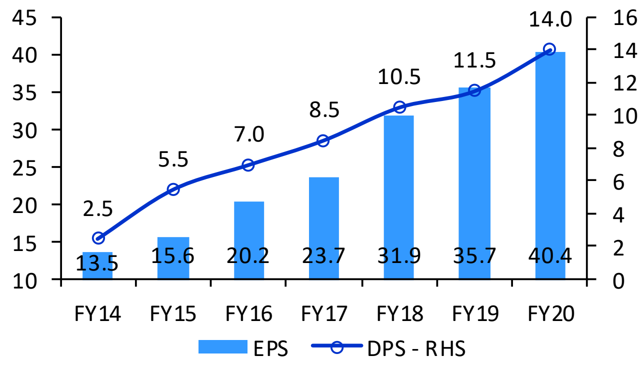
Key Ratios	FY20	FY19	Remarks
Debtor Turnover (x)	9.73	11.96	No significant change
Inventory Turnover (x)	4.93	5.93	No significant change
Interest Coverage Ratio (x)	10.22	17.2	Change in ratio due to higher finance cost
Current Ratio (x)	1.72	1.57	No significant change
Debt Equity Ratio (x)	0.46	0.48	No significant change
Operating Profit Margin (%)	15.44	15.28	No significant change
Net Profit Margin (%)	12.32	10.42	Positive change due to higher profitability led by higher gross margins and also aided favourably by corporate tax rate cuts
Return on Equity (%)	26.6	30.3	No significant change

Source: Company, DART

Cash Flow Analysis

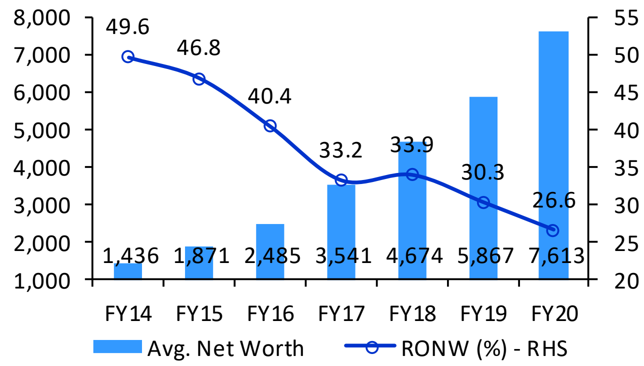
- The Net Cash Flow from Operating Activities improved to Rs 2,368 million in FY20 from Rs 170 million in FY19 due to the changes in working capital and lesser taxation.
- Free Cash flow from Operations was Rs 2,186 mn in FY20

Exhibit 4: Basic EPS and DPS (Rs. Per Share)



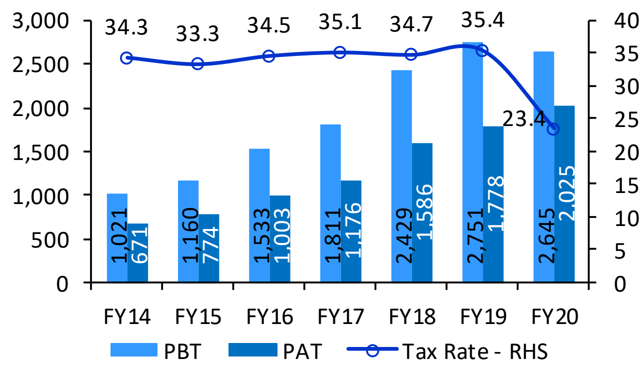
Source: Company, DART

Exhibit 5: Return on Net Worth



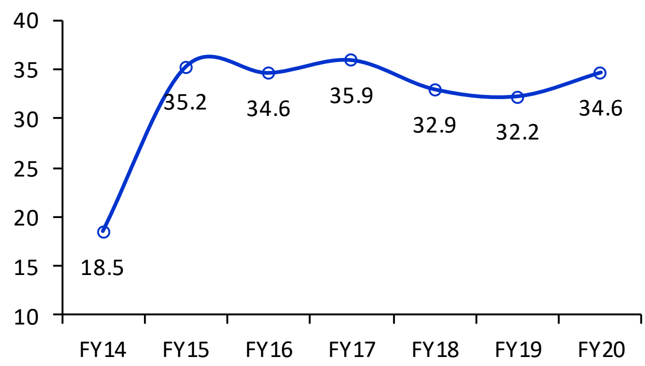
Source: Company, DART

Exhibit 6: Profit and Effective Tax Rate



Source: Company, DART

Exhibit 7: Dividend Payout (%)



Source: Company, DART

Profit and Loss Account

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
Revenue	**17,058**	**16,435**	**14,463**	**17,237**
Total Expense	**14,227**	**13,570**	**11,979**	**14,026**
COGS	9,383	8,295	7,665	9,135
Employees Cost	1,017	1,140	1,277	1,443
Other expenses	3,827	4,135	3,037	3,447
EBIDTA	**2,831**	**2,865**	**2,484**	**3,211**
Depreciation	224	327	325	348
EBIT	**2,607**	**2,538**	**2,158**	**2,863**
Interest	152	248	267	281
Other Income	295	355	300	400
Exc. / E.O. items	0	0	0	0
EBT	**2,751**	**2,645**	**2,191**	**2,983**
Tax	973	620	551	750
RPAT	1,778	2,025	1,640	2,232
Minority Interest	0	0	0	0
Profit/Loss share of associates	**0**	**0**	**0**	**0**
APAT	**1,778**	**2,025**	**1,640**	**2,232**

Balance Sheet

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
Sources of Funds				
Equity Capital	100	100	100	100
Minority Interest	0	0	0	0
Reserves & Surplus	5,768	7,513	6,724	8,016
Net Worth	**5,867**	**7,613**	**6,823**	**8,116**
Total Debt	2,831	3,537	3,820	4,011
Net Deferred Tax Liability	196	143	145	145
Total Capital Employed	**8,895**	**11,293**	**10,788**	**12,273**
Applications of Funds				
Net Block	**2,705**	**2,805**	**2,679**	**2,532**
CWIP	7	7	8	10
Investments	46	46	46	46
Current Assets, Loans & Advances	**8,667**	**11,608**	**12,239**	**14,175**
Inventories	3,388	3,283	2,774	3,306
Receivables	1,507	1,870	1,585	1,889
Cash and Bank Balances	2,926	5,509	6,840	7,781
Loans and Advances	348	451	496	546
Other Current Assets	498	495	545	654
Less: Current Liabilities & Provisions	**2,530**	**3,172**	**4,184**	**4,490**
Payables	1,959	2,585	2,760	3,002
Other Current Liabilities	571	587	1,424	1,488
sub total				
Net Current Assets	6,137	8,436	8,055	9,685
Total Assets	**8,895**	**11,293**	**10,788**	**12,273**

E – Estimates

Important Ratios

Particulars	FY19A	FY20A	FY21E	FY22E
(A) Margins (%)				
Gross Profit Margin	45.0	49.5	47.0	47.0
EBIDTA Margin	16.6	17.4	17.2	18.6
EBIT Margin	15.3	15.4	14.9	16.6
Tax rate	35.4	23.4	25.2	25.2
Net Profit Margin	10.4	12.3	11.3	13.0
(B) As Percentage of Net Sales (%)				
COGS	55.0	50.5	53.0	53.0
Employee	6.0	6.9	8.8	8.4
Other	22.4	25.2	21.0	20.0
(C) Measure of Financial Status				
Gross Debt / Equity	0.5	0.5	0.6	0.5
Interest Coverage	17.2	10.2	8.1	10.2
Inventory days	72	73	70	70
Debtors days	32	42	40	40
Average Cost of Debt	5.7	7.8	7.3	7.2
Payable days	42	57	70	64
Working Capital days	131	187	203	205
FA T/O	6.3	5.9	5.4	6.8
(D) Measures of Investment				
AEPS (Rs)	35.8	40.7	33.0	44.9
CEPS (Rs)	40.3	47.3	39.5	51.9
DPS (Rs)	11.5	14.1	15.0	16.1
Dividend Payout (%)	32.2	34.6	45.6	35.9
BVPS (Rs)	118.1	153.2	137.3	163.3
RoANW (%)	33.7	30.0	22.7	29.9
RoACE (%)	23.9	22.5	17.3	21.8
RoAIC (%)	52.3	43.2	44.4	67.8
(E) Valuation Ratios				
CMP (Rs)	673	673	673	673
P/E	18.8	16.5	20.4	15.0
Mcap (Rs Mn)	33,448	33,448	33,448	33,448
MCap/ Sales	2.0	2.0	2.3	1.9
EV	33,353	31,476	30,429	29,679
EV/Sales	2.0	1.9	2.1	1.7
EV/EBITDA	11.8	11.0	12.3	9.2
P/BV	5.7	4.4	4.9	4.1
Dividend Yield (%)	1.7	2.1	2.2	2.4
(F) Growth Rate (%)				
Revenue	28.0	(3.7)	(12.0)	19.2
EBITDA	20.1	1.2	(13.3)	29.3
EBIT	15.7	(2.6)	(15.0)	32.7
PBT	13.3	(3.8)	(17.2)	36.1
APAT	12.1	13.9	(19.0)	36.1
EPS	12.1	13.9	(19.0)	36.1

Cash Flow

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
CFO	170	2,368	3,942	2,170
CFI	(219)	174	(201)	(201)
CFF	(295)	49	(2,360)	(1,028)
FCFF	(322)	2,186	3,741	1,968
Opening Cash	3,210	2,867	5,458	6,840
Closing Cash	2,867	5,458	6,840	7,781

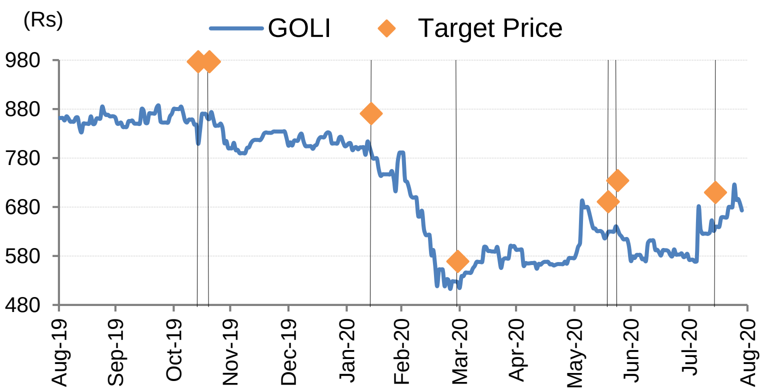
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	**> 20%**
Accumulate	**10 to 20%**
Reduce	**0 to 10%**
Sell	**< 0%**

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-19	Buy	977	809
Nov-19	Accumulate	977	860
Feb-20	Accumulate	871	791
Mar-20	Reduce	569	526
Jun-20	Accumulate	691	629
Jun-20	Accumulate	734	634
Aug-20	Accumulate	710	640

*Price as on recommendation date

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