

BSE SENSEX  
 38,194

 S&P CNX  
 11,278

**CMP: INR263**
**TP: INR314 (+20%)**
**Buy**

**Stock Info**

|                       |            |
|-----------------------|------------|
| Bloomberg             | ESEL IN    |
| Equity Shares (m)     | 316        |
| M.Cap.(INRb)/(USDb)   | 81.8 / 1.2 |
| 52-Week Range (INR)   | 319 / 101  |
| 1, 6, 12 Rel. Per (%) | -1/48/141  |
| 12M Avg Val (INR M)   | 46         |
| Free float (%)        | 25.0       |

**Financials Snapshot (INR b)**

| Y/E MARCH            | 2021E | 2022E | 2023E |
|----------------------|-------|-------|-------|
| Sales                | 31.1  | 34.2  | 37.9  |
| EBITDA               | 6.7   | 7.5   | 8.5   |
| Adj. PAT             | 2.9   | 3.5   | 4.2   |
| EBITDA margin (%)    | 21.5  | 22.0  | 22.5  |
| Cons. Adj. EPS (INR) | 9.3   | 10.9  | 13.2  |
| EPS Gr. (%)          | 35.3  | 17.9  | 20.9  |
| BV/Sh. (INR)         | 52.8  | 59.1  | 67.6  |

**Ratios**

|            |      |      |      |
|------------|------|------|------|
| Net D:E    | 0.1  | 0.0  | -0.1 |
| RoE (%)    | 18.3 | 19.6 | 20.9 |
| RoCE (%)   | 15.1 | 16.8 | 18.5 |
| Payout (%) | 49.9 | 41.3 | 36.4 |

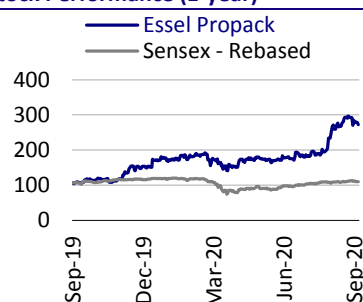
**Valuations**

|                |      |      |      |
|----------------|------|------|------|
| P/E (x)        | 28.3 | 24.0 | 19.9 |
| EV/EBITDA (x)  | 12.7 | 11.1 | 9.5  |
| Div. Yield (%) | 1.3  | 1.4  | 1.5  |
| FCF Yield (%)  | 3.3  | 4.1  | 5.2  |

**Shareholding pattern (%)**

| As On    | Jun-20 | Mar-20 | Jun-19 |
|----------|--------|--------|--------|
| Promoter | 52.3   | 52.3   | 52.3   |
| DII      | 11.3   | 11.3   | 11.3   |
| FII      | 17.1   | 18.3   | 18.2   |
| Others   | 19.3   | 18.1   | 18.2   |

FII Includes depository receipts

**Stock Performance (1-year)**

**Best placed for next growth trajectory**

We interacted with Essel Propack's (ESEL) management to learn and discuss some key factors such as (a) future growth drivers, (b) improving performance in Europe, (c) gradual shift from plastic to laminated tubes, and (d) growing share of Personal care products. Key insights highlighted below:

**Several growth levers in place**

- At the peak of COVID-19, ESEL launched a new product – 'Hand Sanitizer' tubes – in just 15 days to meet the sudden demand surge. ESEL plans to achieve sales volume of 150m tubes in FY21, and is already close to achieving two-thirds of its annual volume target (100m Hand Sanitizer tubes) by 2QFY21. This new product segment under Personal care is expected to provide steady volumes, as Sanitizers are increasingly becoming a part of daily consumption.
- Under Phase-I of project Phoenix, ESEL managed to increase EBITDA margin by 180bp YoY to 20.2% in FY20. The company has already initiated Phase-II of project Phoenix, which aims to expand margins further by virtue of cost management and rationalization. ESEL's already best-in-class margins (v/s other domestic players) are expected to improve further.
- ESEL's integrated operations, right from laminating-to printing to tubing makes it a one-stop solutions for its clients, thereby allowing the company to form long-term partnerships. These long-term partnerships have proved to be a sustainable revenue source as ~50% of ESEL's revenue is generated through these contracts. Further, the company's 7-stage pipeline development process/customer acquisition, has led to signing-up of several new customers in Oral and Personal care segments, which should be a key growth driver.
- Further, as part of its prudent capital allocation policy and in order to maintain sufficient liquidity, ESEL has reduced capex for FY20 to INR1.3b (v/s average capex spend of INR2b over the last five years), which proved beneficial for the company during the pandemic, as cash balance for FY20 increased by 1.8x YoY to INR3.7b. Huge cash reserves and steady FCF inflow allows ESEL to carry out its investment plans. Currently, the company plans to prioritize its investment into R&D capability, brownfield expansion (as existing laminated tubes capacity is capable of meeting 2x of the current demand) and go-to-market strategy. All these initiatives are expected to support ESEL's revenue and margin growth in the medium to near term.

**Improving margins to drive Europe's profitability**

- Europe is expected to continue its growth momentum, primarily due to higher share of Personal care products, huge traction from its new product category ('Hand sanitizers') and new customer wins in the Oral care segment. EPL now serves all the major Oral care players in Europe.

- Share of Personal care products (high margins compared to Oral care) reached an all-time high of 64%/70% in FY20/1QFY21, respectively; this coupled with kicking-in of operating leverage and cost rationalization measures has led to improvement in margins. As a result, Europe's cost structure which was previously higher (compared to other regions) is gradually stabilizing and is expected to further improve operating margin in the medium-to-near term.
- Sharp jump in volumes (from the new launch) was reported, albeit a drop in Beauty and Cosmetics (B&C) volumes was observed across regions, particularly in Europe, during the lockdown. Also, increasing customers in Oral care points toward the diversification of its revenue profile in Europe.
- We expect volumes in Europe to grow in high single-digit, as Hand Sanitizers' volume demand should remain subdued in the short term as customers have already stocked-up their necessary inventory. However, the drop in volume growth should partially be offset by pick-up in B&C segment by end-CY20.
- Europe margins are expected to gradually improve from current level of 15% (in 1QFY21), with normalization of B&C volumes, pick-up in new categories such as Hand Sanitizers, Food segment, etc. and further improvement in operating leverage.

#### **Shift to laminated tubes to benefit in the long run**

- Surge in the use of laminated tubes over plastic/aluminum tubes is expected to benefit ESEL significantly in the medium-to-long term. Better aesthetics, lower cost, higher plastic-barrier properties, product and design flexibility and higher sustainability, are some of the drivers believed to lead the shift from plastic/rigid tubes to laminated tubes.
- An increasing shift toward laminated tubes is seen among FMCG players, especially B&C players, as laminated tubes can be easily printed and offer better aesthetics/ product appeal compared to plastic and aluminum tubes.
- Furthermore, ESEL's Platina – in Oral care segment and Green Maple Leaf – in Personal care segments have been recognized by the Association of Plastic Recyclers (APR) as fully recyclable laminated tubes, which maintain product freshness. Multiple cogs are at play and ESEL is expected to benefit significantly from the transition.

#### **Personal care to drive next growth phase**

- The entire Oral and Personal care market stands at 16b and 14b (in volume terms), respectively. ESEL enjoys leadership position with 36% market share in the Oral care segment whereas its share in the Personal care market stands at 7-8%.
- Personal care market mainly comprises 14b from the B&C segment and 10b from the pharma segments. This offers huge potential for ESEL to grow, by virtue of both, incremental wallet share gains from existing clients and acquisition of new clients.
- ESEL's revenue contribution from Personal care stands at 45% (as at FY20), which the company plans to increase to nearly 50%, as ASP of Personal care products is 1.5-3x higher v/s Oral care products. Also, transition from plastic tubes to laminated tubes should increase the share of Personal care and

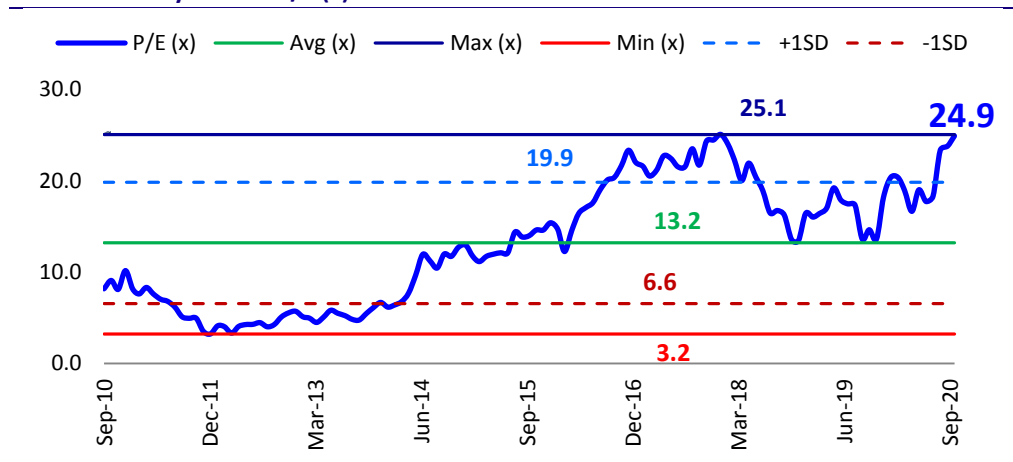
improve overall margins, as B&C currently have lower minimum quantity orders (MOQs).

- Except for the AMESA region, all regions reported increase in revenue share from Personal care segment (*refer Exhibit 15*), on the back of new launches, strong business pipeline, new customer wins and cross-selling to existing Oral care clients. We believe all these advantages would fructify in the medium-to-near term, leading to an increase in revenue share of Personal care products.

**Valuation and view**

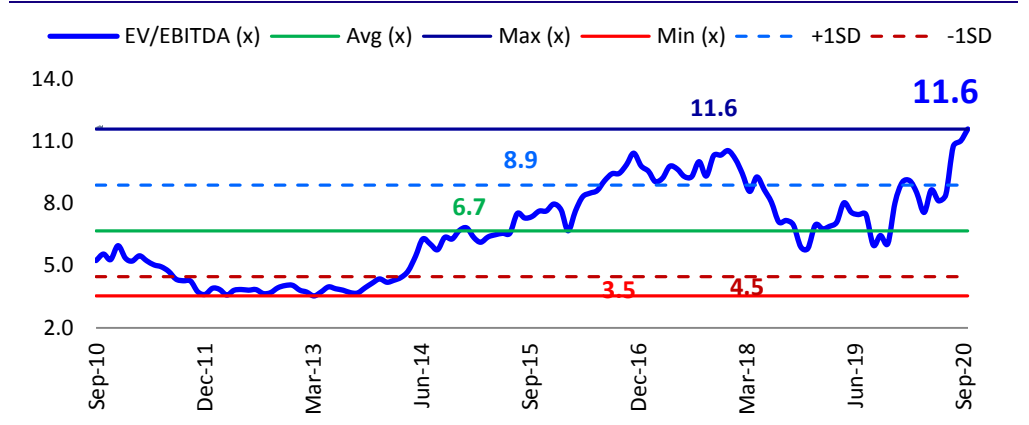
- ESEL managed to keep its units running even during the pandemic as the products are classified as essential services. In 1QFY21, ESEL reported strong set of numbers; revenue grew 18% YoY despite the partial lockdown across multiple geographies. EBITDA grew 35% YoY due to higher share of Personal care products.
- We believe earnings momentum would continue on the back of (a) increasing revenue share from Personal care, (b) new launches (hand sanitizers) and recyclable tubes (Green Maple Leaf & Platina), (c) kicking-in of operating leverage (namely, Europe region), (d) increasing shift from plastic to laminated tubes, and (e) market leadership position in the Oral care segment.
- Also, the increasing health consciousness among people should drive Hand Sanitizer sales across geographies. Cross-selling of Personal care products to existing Oral care customers, coupled with normalization of operations across geographies (post-pandemic) is expected to complement sales in the medium-to-near term.
- Despite the recent rally in the stock, we still believe there is room for further upside. The stock currently trades at 24x/20x FY22/FY23 P/E.
- Over the last 3 years, ESEL has traded at an average P/E of 19x.
- We expect revenue/EBITDA/PAT CAGR of 11%/15%/24% over FY20-23E and value the stock at 26x Sept'22 EPS. Our TP of INR314 implies 20% upside. Maintain **Buy**.

**Exhibit 1: One-year fwd P/E (x)**



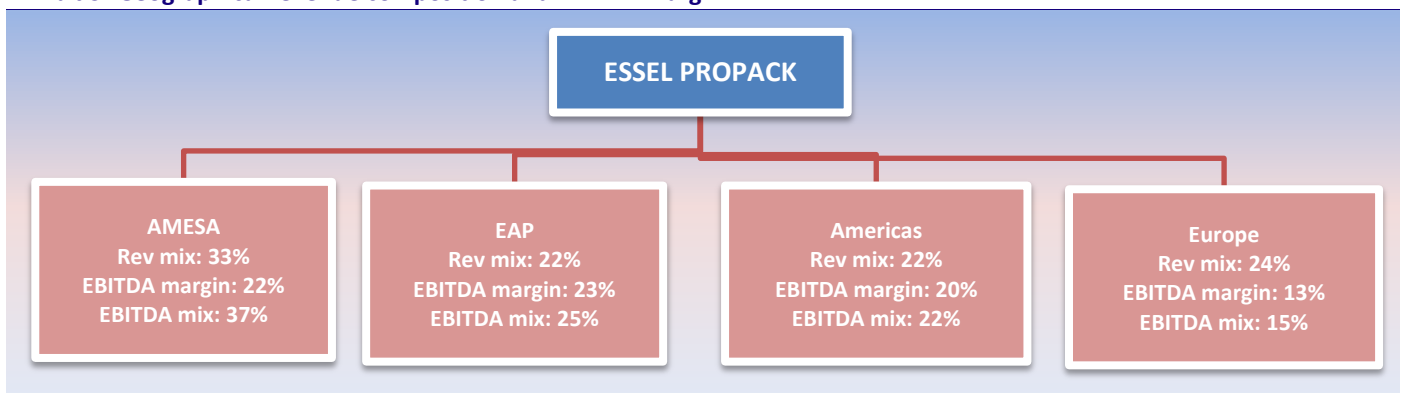
Source: Bloomberg, MOFSL

**Exhibit 2: One-year fwd EV/EBITDA (x)**



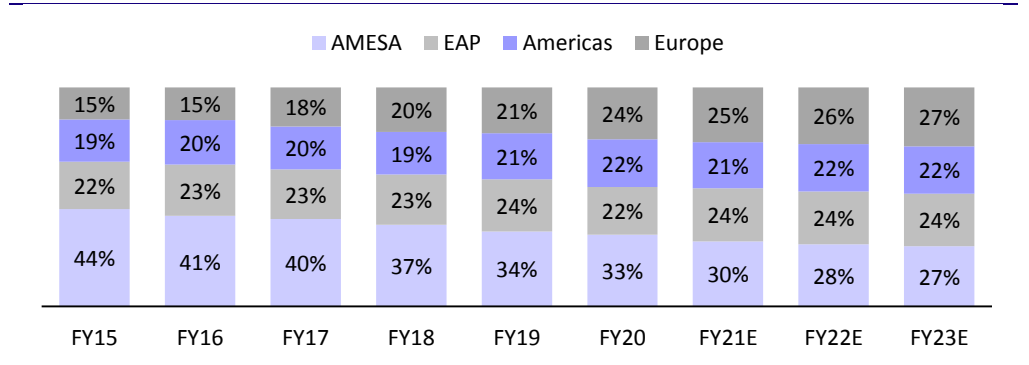
Source: Bloomberg, MOFSL

**Exhibit 3: Geographical revenue composition and EBITDA margin**



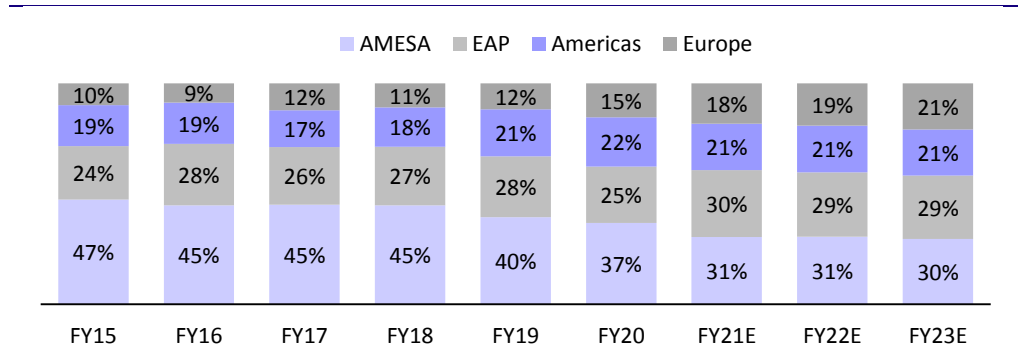
Note: Figures as FY20, Source: Company, MOFSL

**Exhibit 4: Geographical revenue composition gradually equalizing**



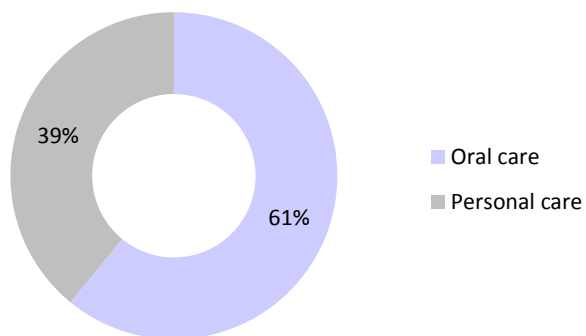
Source: Company, MOFSL

**Exhibit 5: Geographical EBITDA mix**



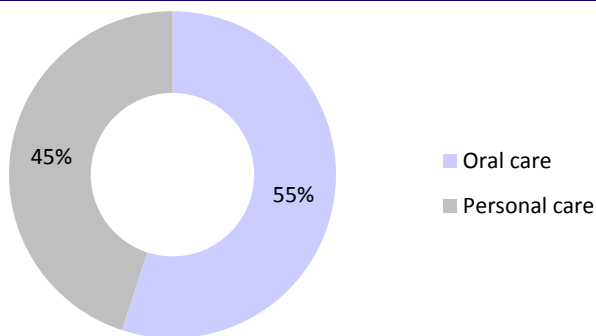
Source: Company, MOFSL

**Exhibit 6: Product mix (as on FY14)**



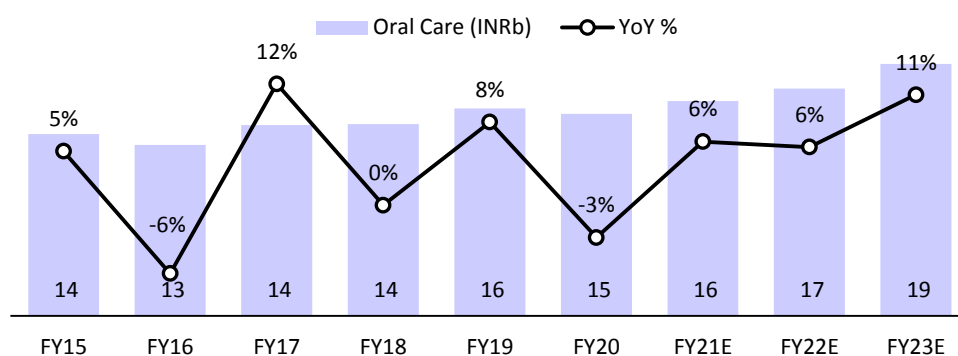
Source: Company, MOFSL

**Exhibit 7: Product mix (as on FY20)**



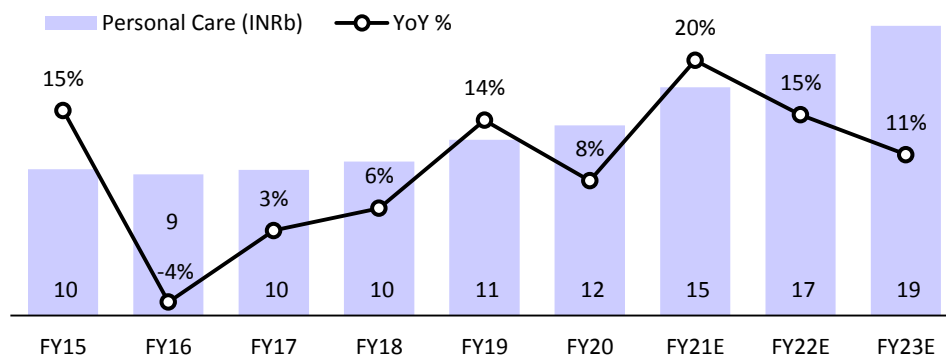
Source: Company, MOFSL

**Exhibit 8: Oral care revenue expected at CAGR of 6% over FY18-23E**



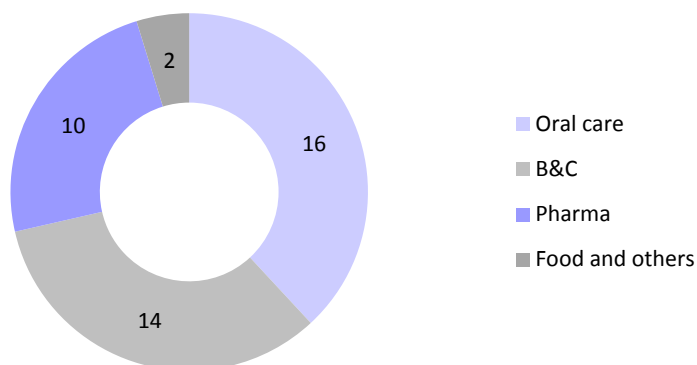
Source: Company, MOFSL

**Exhibit 9: Personal care revenue expected at CAGR of 13% over FY18-23E**



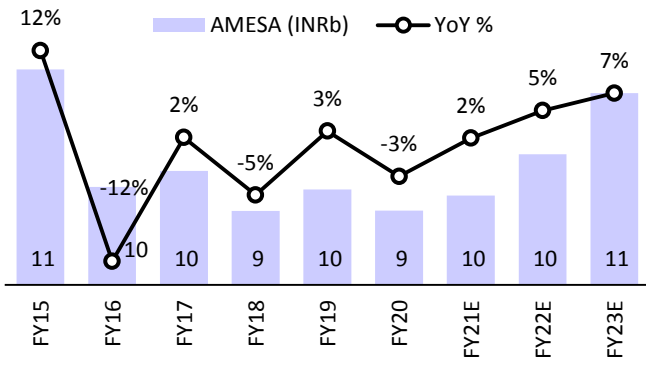
Source: Company, MOFSL

**Exhibit 10: Global tube market mix (in b tubes)**

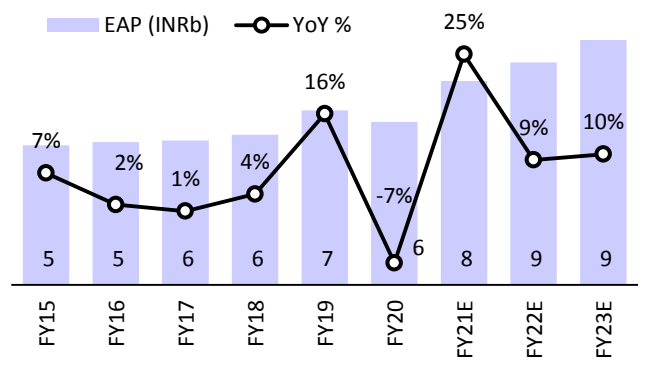


Source: Company, MOFSL

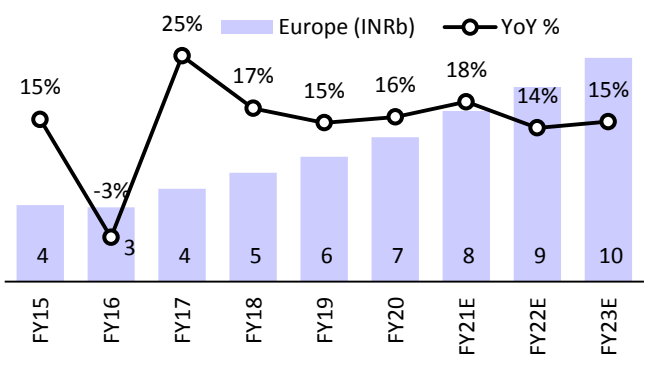
**Exhibit 11: AMESA to post 5% CAGR over FY20-23E**



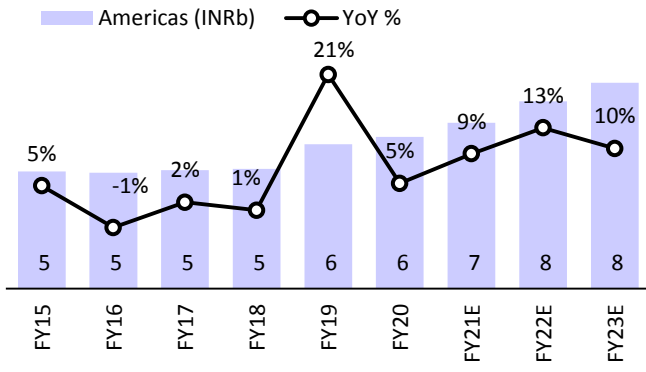
**Exhibit 12: EAP to post 15% CAGR over FY20-23E**



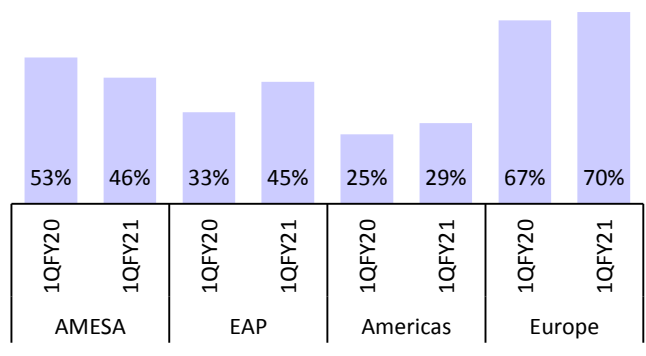
**Exhibit 13: Europe to post 11% CAGR over FY20-23E**



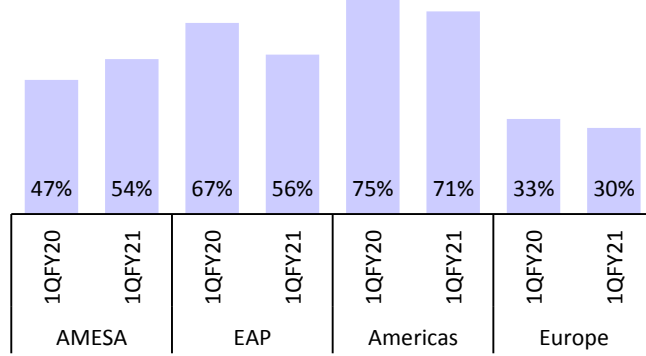
**Exhibit 14: Americas to post 16% CAGR over FY20-23E**



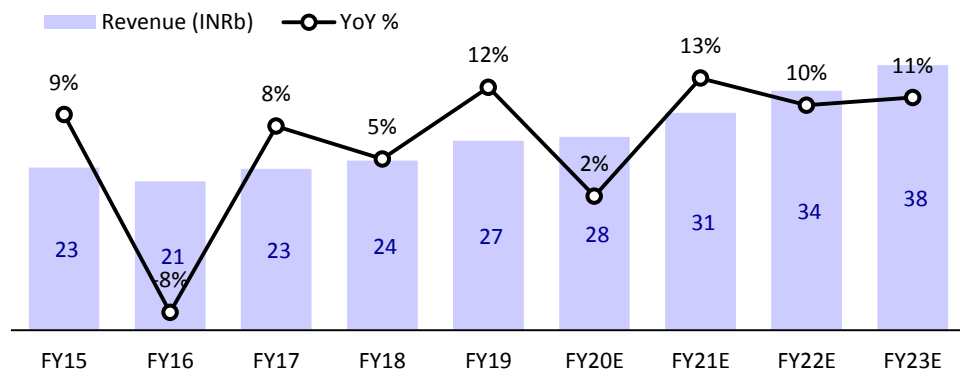
**Exhibit 15: AMESA only region to report drop in revenue share of Personal care**



**Exhibit 16: Revenue share from Oral care dropped significantly in EAP region**

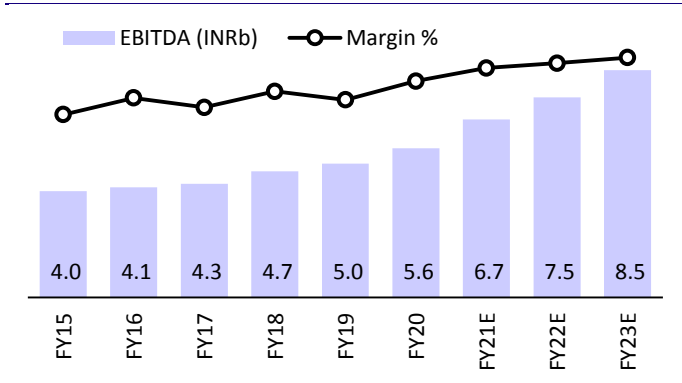


**Exhibit 17: Revenue expected at CAGR of 11% over FY20-23E**



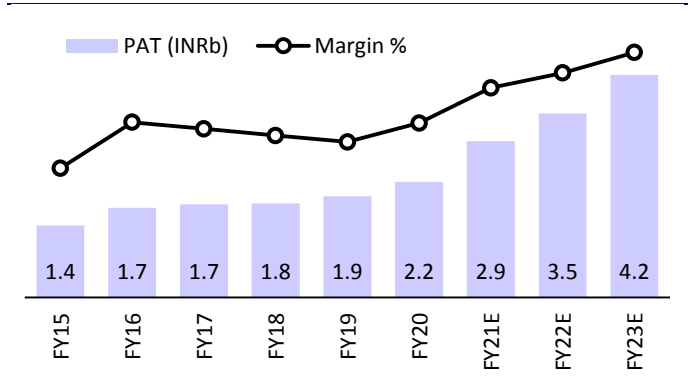
Source: Company, MOFSL

**Exhibit 18: EBITDA margin to expand by 230bp over FY20-23E**



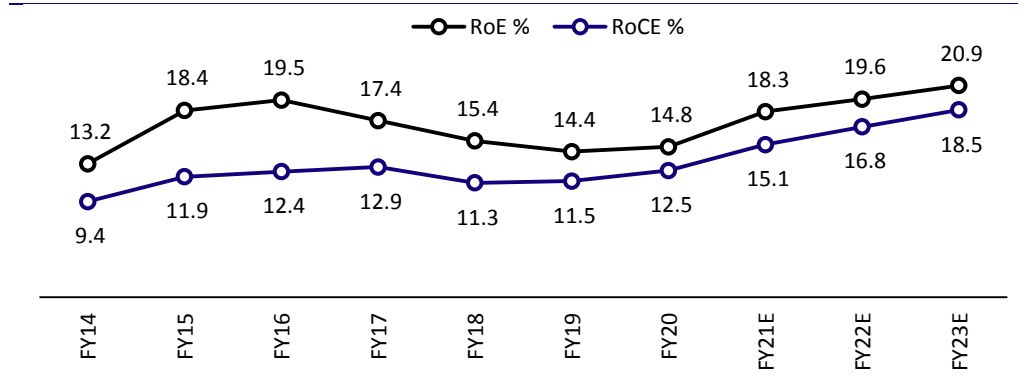
Source: Company, MOFSL

**Exhibit 19: PAT to post 24% CAGR over FY20-23E**



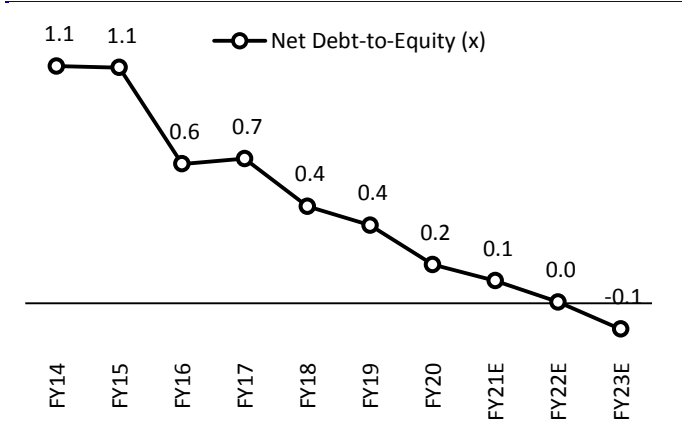
Source: Company, MOFSL

**Exhibit 20: Return ratios to improve going forward**



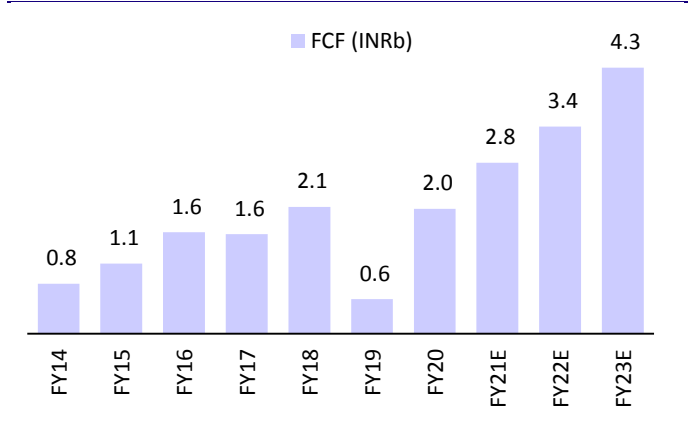
Source: Company, MOFSL

**Exhibit 21: Net debt-to-equity to fall further**



Source: Company, MOFSL

**Exhibit 22: Increase in FCF to reduce leverage**



Source: Company, MOFSL

## Financials and valuations

| Consolidated - Income Statement     |               |               |               |               |               |               | (INR M)       |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March                           | FY15          | FY16          | FY17          | FY18          | FY19          | FY20          | FY21E         | FY22E         | FY23E         |
| <b>Total Income from Operations</b> | <b>23,230</b> | <b>21,275</b> | <b>23,023</b> | <b>24,239</b> | <b>27,069</b> | <b>27,601</b> | <b>31,053</b> | <b>34,185</b> | <b>37,867</b> |
| Change (%)                          | 9.2           | -8.4          | 8.2           | 5.3           | 11.7          | 2.0           | 12.5          | 10.1          | 10.8          |
| Raw material cost                   | 11,362        | 9,235         | 10,079        | 10,366        | 11,648        | 11,568        | 13,139        | 14,474        | 15,942        |
| Employees Cost                      | 3,628         | 3,744         | 4,052         | 4,338         | 5,006         | 5,311         | 5,867         | 6,382         | 6,854         |
| Other Expenses                      | 4,331         | 4,258         | 4,673         | 4,886         | 5,424         | 5,147         | 5,367         | 5,820         | 6,551         |
| <b>Total Expenditure</b>            | <b>19,322</b> | <b>17,237</b> | <b>18,804</b> | <b>19,590</b> | <b>22,078</b> | <b>22,026</b> | <b>24,373</b> | <b>26,676</b> | <b>29,347</b> |
| % of Sales                          | 83.2          | 81.0          | 81.7          | 80.8          | 81.6          | 79.8          | 78.5          | 78.0          | 77.5          |
| <b>EBITDA</b>                       | <b>3,908</b>  | <b>4,038</b>  | <b>4,219</b>  | <b>4,649</b>  | <b>4,991</b>  | <b>5,574</b>  | <b>6,680</b>  | <b>7,509</b>  | <b>8,520</b>  |
| Margin (%)                          | 16.8          | 19.0          | 18.3          | 19.2          | 18.4          | 20.2          | 21.5          | 22.0          | 22.5          |
| Depreciation                        | 1,318         | 1,232         | 1,415         | 1,671         | 1,861         | 2,298         | 2,328         | 2,455         | 2,648         |
| <b>EBIT</b>                         | <b>2,590</b>  | <b>2,806</b>  | <b>2,804</b>  | <b>2,978</b>  | <b>3,130</b>  | <b>3,277</b>  | <b>4,352</b>  | <b>5,054</b>  | <b>5,872</b>  |
| Int. and Finance Charges            | 794           | 609           | 581           | 550           | 613           | 557           | 604           | 561           | 453           |
| Other Income                        | 210           | 238           | 353           | 264           | 285           | 134           | 207           | 256           | 341           |
| <b>PBT bef. EO Exp.</b>             | <b>2,006</b>  | <b>2,435</b>  | <b>2,576</b>  | <b>2,691</b>  | <b>2,802</b>  | <b>2,854</b>  | <b>3,955</b>  | <b>4,749</b>  | <b>5,760</b>  |
| EO Items                            | 55            | 23            | 157           | -50           | 31            | -94           | -261          | -50           | 0             |
| <b>PBT after EO Exp.</b>            | <b>2,061</b>  | <b>2,459</b>  | <b>2,732</b>  | <b>2,642</b>  | <b>2,833</b>  | <b>2,760</b>  | <b>3,694</b>  | <b>4,699</b>  | <b>5,760</b>  |
| Total Tax                           | 611           | 776           | 787           | 889           | 932           | 638           | 1,001         | 1,269         | 1,555         |
| Tax Rate (%)                        | 29.6          | 31.6          | 28.8          | 33.7          | 32.9          | 23.1          | 27.1          | 27.0          | 27.0          |
| Profit/loss from associates         | 3.2           | 48.4          | 10.5          | -10.4         | 53.2          | -6.3          | 20            | 22            | 24            |
| Minority Interest                   | 47            | 30            | 53            | 26            | 29            | 43            | 44            | 48            | 53            |
| <b>Reported PAT</b>                 | <b>1,406</b>  | <b>1,701</b>  | <b>1,903</b>  | <b>1,716</b>  | <b>1,925</b>  | <b>2,073</b>  | <b>2,670</b>  | <b>3,404</b>  | <b>4,176</b>  |
| <b>Adjusted PAT</b>                 | <b>1,351</b>  | <b>1,678</b>  | <b>1,747</b>  | <b>1,766</b>  | <b>1,895</b>  | <b>2,166</b>  | <b>2,930</b>  | <b>3,454</b>  | <b>4,176</b>  |
| Change (%)                          | 24.4          | 24.2          | 4.1           | 1.1           | 7.3           | 14.3          | 35.3          | 17.9          | 20.9          |
| Margin (%)                          | 5.8           | 7.9           | 7.6           | 7.3           | 7.0           | 7.8           | 9.4           | 10.1          | 11.0          |

| Consolidated - Balance Sheet        |               |               |               |               |               |               | (INR M)       |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March                           | FY15          | FY16          | FY17          | FY18          | FY19          | FY20          | FY21E         | FY22E         | FY23E         |
| Equity Share Capital                | 314           | 314           | 314           | 315           | 631           | 631           | 631           | 631           | 631           |
| Total Reserves                      | 7,289         | 9,334         | 10,076        | 12,191        | 13,249        | 14,695        | 16,033        | 18,030        | 20,684        |
| <b>Net Worth</b>                    | <b>7,603</b>  | <b>9,648</b>  | <b>10,390</b> | <b>12,506</b> | <b>13,880</b> | <b>15,326</b> | <b>16,664</b> | <b>18,661</b> | <b>21,315</b> |
| Minority Interest                   | 81            | 81            | 57            | 43            | 52            | 86            | 86            | 86            | 86            |
| Total Loans                         | 9,371         | 7,014         | 7,924         | 7,299         | 6,313         | 6,432         | 5,732         | 5,032         | 4,032         |
| Deferred Tax Liabilities            | 225           | 305           | 317           | 357           | 510           | 475           | 475           | 475           | 475           |
| <b>Capital Employed</b>             | <b>17,280</b> | <b>17,048</b> | <b>18,688</b> | <b>20,204</b> | <b>20,754</b> | <b>22,320</b> | <b>22,958</b> | <b>24,254</b> | <b>25,908</b> |
| Gross Block                         | 25,527        | 10,470        | 15,637        | 17,691        | 20,495        | 23,359        | 24,859        | 26,859        | 28,859        |
| Less: Accum. Deprn.                 | 16,655        | 1,229         | 3,984         | 5,992         | 7,564         | 9,862         | 12,189        | 14,644        | 17,292        |
| <b>Net Fixed Assets</b>             | <b>8,872</b>  | <b>9,242</b>  | <b>11,652</b> | <b>11,699</b> | <b>12,931</b> | <b>13,497</b> | <b>12,669</b> | <b>12,214</b> | <b>11,566</b> |
| Goodwill on Consolidation           | 0             | 0             | 142           | 142           | 142           | 142           | 142           | 142           | 142           |
| Capital WIP                         | 843           | 571           | 193           | 417           | 413           | 395           | 829           | 1,166         | 1,233         |
| <b>Total Investments</b>            | <b>261</b>    | <b>304</b>    | <b>153</b>    | <b>131</b>    | <b>168</b>    | <b>160</b>    | <b>160</b>    | <b>160</b>    | <b>160</b>    |
| <b>Curr. Assets, Loans&amp;Adv.</b> | <b>10,619</b> | <b>10,073</b> | <b>10,254</b> | <b>12,032</b> | <b>11,547</b> | <b>13,865</b> | <b>15,313</b> | <b>17,331</b> | <b>20,271</b> |
| Inventory                           | 2,251         | 1,987         | 2,460         | 2,864         | 3,234         | 3,672         | 4,007         | 4,385         | 4,824         |
| Account Receivables                 | 3,712         | 3,312         | 3,766         | 4,590         | 4,934         | 4,903         | 5,516         | 6,072         | 6,727         |
| Cash and Bank Balance               | 1,150         | 844           | 1,028         | 1,735         | 1,344         | 3,712         | 4,015         | 4,920         | 6,556         |
| Loans and Advances                  | 3,506         | 3,930         | 3,000         | 2,843         | 2,035         | 1,578         | 1,775         | 1,954         | 2,165         |
| <b>Curr. Liability &amp; Prov.</b>  | <b>3,315</b>  | <b>3,141</b>  | <b>3,707</b>  | <b>4,217</b>  | <b>4,447</b>  | <b>5,740</b>  | <b>6,156</b>  | <b>6,759</b>  | <b>7,464</b>  |
| Account Payables                    | 1,575         | 1,282         | 1,473         | 1,884         | 2,065         | 2,446         | 2,738         | 2,996         | 3,297         |
| Other Current Liabilities           | 1,546         | 1,603         | 1,834         | 2,037         | 2,113         | 3,016         | 3,105         | 3,418         | 3,787         |
| Provisions                          | 194           | 257           | 400           | 295           | 269           | 278           | 313           | 344           | 381           |
| <b>Net Current Assets</b>           | <b>7,303</b>  | <b>6,932</b>  | <b>6,547</b>  | <b>7,815</b>  | <b>7,100</b>  | <b>8,125</b>  | <b>9,157</b>  | <b>10,572</b> | <b>12,807</b> |
| Misc Expenditure                    | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Appl. of Funds</b>               | <b>17,280</b> | <b>17,048</b> | <b>18,688</b> | <b>20,204</b> | <b>20,754</b> | <b>22,320</b> | <b>22,958</b> | <b>24,254</b> | <b>25,908</b> |



## Financials and valuations

### Ratios

| Y/E March                     | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E | FY23E |
|-------------------------------|------|------|------|------|------|------|-------|-------|-------|
| <b>Basic (INR)</b>            |      |      |      |      |      |      |       |       |       |
| <b>EPS</b>                    | 4.3  | 5.3  | 5.5  | 5.6  | 6.0  | 6.9  | 9.3   | 10.9  | 13.2  |
| Cash EPS                      | 8.5  | 9.2  | 10.0 | 10.9 | 11.9 | 14.1 | 16.7  | 18.7  | 21.6  |
| BV/Share                      | 24.1 | 30.6 | 32.9 | 39.6 | 44.0 | 48.6 | 52.8  | 59.1  | 67.6  |
| DPS                           | 0.8  | 0.8  | 1.1  | 1.2  | 1.2  | 2.0  | 3.5   | 3.7   | 4.0   |
| Payout (%)                    | 26.3 | 17.8 | 21.8 | 26.4 | 23.6 | 37.6 | 49.9  | 41.3  | 36.4  |
| <b>Valuation (x)</b>          |      |      |      |      |      |      |       |       |       |
| P/E                           | 61.4 | 49.5 | 47.5 | 47.0 | 43.8 | 38.3 | 28.3  | 24.0  | 19.9  |
| Cash P/E                      | 31.1 | 28.5 | 26.2 | 24.1 | 22.1 | 18.6 | 15.8  | 14.0  | 12.2  |
| P/BV                          | 10.9 | 8.6  | 8.0  | 6.6  | 6.0  | 5.4  | 5.0   | 4.4   | 3.9   |
| EV/Sales                      | 3.9  | 4.2  | 3.9  | 3.7  | 3.3  | 3.1  | 2.7   | 2.4   | 2.1   |
| EV/EBITDA                     | 23.4 | 22.1 | 21.3 | 19.1 | 17.6 | 15.4 | 12.7  | 11.1  | 9.5   |
| Dividend Yield (%)            | 0.3  | 0.3  | 0.4  | 0.5  | 0.5  | 0.8  | 1.3   | 1.4   | 1.5   |
| FCF per share                 | 3.6  | 5.2  | 5.1  | 6.5  | 1.8  | 6.4  | 8.8   | 10.7  | 13.7  |
| <b>Return Ratios (%)</b>      |      |      |      |      |      |      |       |       |       |
| RoE                           | 18.4 | 19.5 | 17.4 | 15.4 | 14.4 | 14.8 | 18.3  | 19.6  | 20.9  |
| RoCE                          | 11.9 | 12.4 | 12.9 | 11.3 | 11.5 | 12.5 | 15.1  | 16.8  | 18.5  |
| RoIC                          | 12.4 | 12.7 | 12.2 | 11.2 | 11.4 | 13.7 | 17.6  | 20.5  | 23.8  |
| <b>Working Capital Ratios</b> |      |      |      |      |      |      |       |       |       |
| Fixed Asset Turnover (x)      | 0.9  | 2.0  | 1.5  | 1.4  | 1.3  | 1.2  | 1.2   | 1.3   | 1.3   |
| Asset Turnover (x)            | 1.3  | 1.2  | 1.2  | 1.2  | 1.3  | 1.2  | 1.4   | 1.4   | 1.5   |
| Inventory (Days)              | 35   | 34   | 39   | 43   | 44   | 49   | 47    | 47    | 47    |
| Debtor (Days)                 | 58   | 57   | 60   | 69   | 67   | 65   | 65    | 65    | 65    |
| Creditor (Days)               | 25   | 22   | 23   | 28   | 28   | 32   | 32    | 32    | 32    |
| <b>Leverage Ratio (x)</b>     |      |      |      |      |      |      |       |       |       |
| Current Ratio                 | 3.2  | 3.2  | 2.8  | 2.9  | 2.6  | 2.4  | 2.5   | 2.6   | 2.7   |
| Interest Cover Ratio          | 3.3  | 4.6  | 4.8  | 5.4  | 5.1  | 5.9  | 7.2   | 9.0   | 13.0  |
| Net Debt/Equity               | 1.1  | 0.6  | 0.7  | 0.4  | 0.4  | 0.2  | 0.1   | 0.0   | -0.1  |

### Consolidated - Cash Flow Statement

| Y/E March                        | FY15          | FY16          | FY17          | FY18          | FY19          | FY20          | FY21E         | FY22E         | FY23E         |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| OP/(Loss) before Tax             | 2,061         | 2,507         | 2,743         | 2,631         | 2,886         | 2,854         | 3,955         | 4,749         | 5,760         |
| Depreciation                     | 1,318         | 1,232         | 1,415         | 1,671         | 1,861         | 2,298         | 2,328         | 2,455         | 2,648         |
| Interest & Finance Charges       | 494           | 320           | 284           | 277           | 380           | 423           | 397           | 305           | 112           |
| Direct Taxes Paid                | -365          | -833          | -764          | -816          | -901          | -638          | -1,001        | -1,269        | -1,555        |
| (Inc)/Dec in WC                  | -334          | 475           | 494           | -488          | -404          | 40            | -729          | -511          | -598          |
| <b>CF from Operations</b>        | <b>3,174</b>  | <b>3,701</b>  | <b>4,172</b>  | <b>3,276</b>  | <b>3,821</b>  | <b>4,976</b>  | <b>4,950</b>  | <b>5,730</b>  | <b>6,366</b>  |
| Others                           | -45           | -93           | -485          | 159           | -257          | -100          | -241          | -28           | 24            |
| <b>CF from Operating incl EO</b> | <b>3,130</b>  | <b>3,608</b>  | <b>3,687</b>  | <b>3,435</b>  | <b>3,564</b>  | <b>4,876</b>  | <b>4,709</b>  | <b>5,701</b>  | <b>6,390</b>  |
| (Inc)/Dec in FA                  | -1,993        | -1,959        | -2,069        | -1,375        | -3,003        | -2,846        | -1,934        | -2,337        | -2,067        |
| <b>Free Cash Flow</b>            | <b>1,136</b>  | <b>1,650</b>  | <b>1,618</b>  | <b>2,060</b>  | <b>561</b>    | <b>2,030</b>  | <b>2,775</b>  | <b>3,365</b>  | <b>4,323</b>  |
| (Pur)/Sale of Investments        | 0             | 0             | 98            | 1             | 2             | 8             | 0             | 0             | 0             |
| Others                           | 290           | 1,230         | -769          | 184           | 1,122         | 1,603         | 207           | 256           | 341           |
| <b>CF from Investments</b>       | <b>-1,703</b> | <b>-729</b>   | <b>-2,740</b> | <b>-1,189</b> | <b>-1,879</b> | <b>-1,236</b> | <b>-1,727</b> | <b>-2,080</b> | <b>-1,727</b> |
| Issue of Shares                  | 901           | 0             | 7             | 510           | 53            | 0             | 0             | 0             | 0             |
| Inc/(Dec) in Debt                | -810          | -1,760        | 546           | -1,199        | -1,028        | 119           | -700          | -700          | -1,000        |
| Interest Paid                    | -653          | -498          | -392          | -372          | -485          | -557          | -604          | -561          | -453          |
| Dividend Paid                    | -333          | -341          | -414          | -478          | -478          | -780          | -1,331        | -1,408        | -1,522        |
| Others                           | -798          | -600          | -508          | -1            | -138          | -55           | -44           | -48           | -53           |
| <b>CF from Fin. Activity</b>     | <b>-1,693</b> | <b>-3,200</b> | <b>-762</b>   | <b>-1,539</b> | <b>-2,076</b> | <b>-1,272</b> | <b>-2,679</b> | <b>-2,717</b> | <b>-3,028</b> |
| <b>Inc/Dec of Cash</b>           | <b>-267</b>   | <b>-320</b>   | <b>184</b>    | <b>706</b>    | <b>-391</b>   | <b>2,368</b>  | <b>303</b>    | <b>904</b>    | <b>1,636</b>  |
| Opening Balance                  | 1,416         | 1,164         | 844           | 1,028         | 1,735         | 1,344         | 3,712         | 4,015         | 4,920         |
| <b>Closing Balance</b>           | <b>1,150</b>  | <b>844</b>    | <b>1,028</b>  | <b>1,735</b>  | <b>1,344</b>  | <b>3,712</b>  | <b>4,015</b>  | <b>4,920</b>  | <b>6,556</b>  |

NOTES

| Explanation of Investment Rating |  |
|----------------------------------|--|
| Investment Rating                | Expected return (over 12-month)  |
| BUY                              | >=15%  |
| SELL                             | < - 10%  |
| NEUTRAL                          | < - 10 % to 15%  |
| UNDER REVIEW                     | Rating may undergo a change  |
| NOT RATED                        | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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