

BSE SENSEX
 57,833

 S&P CNX
 17,276

CMP: INR548
TP: INR705 (+29%)
Buy


Bloomberg	DABUR IN
Equity Shares (m)	1,762
M.Cap.(INRb)/(USDb)	969.3 / 13
52-Week Range (INR)	659 / 483
1, 6, 12 Rel. Per (%)	2/-12/-7
12M Avg Val (INR M)	1383

Financials & Valuations (INR b)

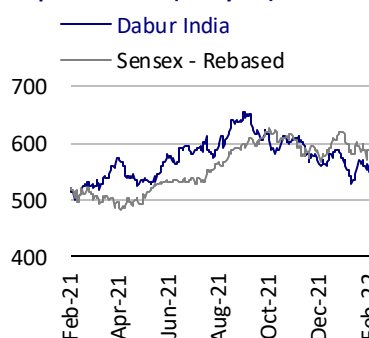
Y/E March	2022E	2023E	2024E
Sales	109.4	123.6	139.7
Sales Gr. (%)	14.4	13.0	13.0
EBITDA	23.5	27.2	31.4
EBITDA mrg. (%)	21.5	22.0	22.5
Adj. PAT	18.8	21.8	24.9
Adj. EPS (INR)	10.6	12.3	14.1
EPS Gr. (%)	10.9	16.1	14.3
BV/Sh.(INR)	46.1	51.1	56.7
Ratios			
RoE (%)	23.8	25.4	26.2
RoCE (%)	22.3	23.5	24.4
Payout (%)	60.0	60.0	60.0
Valuations			
P/E (x)	51.6	44.4	38.8
P/BV (x)	11.9	10.7	9.7
EV/EBITDA (x)	39.2	33.6	28.7
Div. Yield (%)	1.2	1.4	1.5

Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	67.4	67.4	67.9
DII	3.6	3.4	5.9
FII	21.1	21.4	18.5
Others	7.9	7.9	7.7

FII Includes depository receipts

Stock performance (one-year)



POWERING ahead by leveraging its core strengths

Potential for sustained double-digit topline growth; attractive at current levels

- We reiterate our BUY rating on DABUR with a TP of INR705, implying 29% potential upside. Our investment thesis on DABUR is premised on the following key attributes: a) highest topline growth visibility among peers, b) consistent market share gains across categories, and c) potential to record even faster earnings growth post-completion of its ongoing investment phase.
- The key catalysts that underpin a sustained double-digit topline growth for DABUR include: a) an impressive performance in the Ayurvedic healthcare space, b) an encouraging output from the Power Brand strategy, c) an improving outlook for the F&B business, and d) a host of new launches by the company. In fact, DABUR is on track to deliver a double-digit sales growth in FY22E, a feat achieved in two out of three years since the then new CEO took over.
- The recent stock price correction of ~15% from its peak offers an attractive entry point in our opinion with the stock now trading at 39x FY24E P/E, a discount of 15%/20% to its historical three/five-year averages, respectively.
- DABUR is among our top two picks in the Staples space along with Godrej Consumer (GCPL).

Focus on core competencies paying dividends

- **Ayurveda at the forefront** – The CEO's vision of focusing on the company's core strength of Ayurveda and herbal wellness has stood it in good stead. Consumer preference has been shifting towards holistic and natural health care solutions as was evidenced by the rapid growth in peers such as Patanjali and Himalaya; a trend that DABUR – despite its pedigree – was unable to capitalize on earlier. Moreover, tailwinds provided by the pandemic gave a big boost to the industry with the demand for immunity boosting products skyrocketing. DABUR's Health Supplements/OTC products delivered a CAGR of 21%/14% over FY18-21, respectively.
- **Power Brand strategy** – DABUR's Power Brand strategy of focusing on nine of its major brands – that accounted for a majority (>70%) of the company's consolidated revenue – has resulted in a faster-than-overall growth for these brands despite the pandemic. Market share gains have also been consistently impressive in these power brands. With a higher allocation of overall marketing spends, these brands not only received better visibility but also garnered more focus in terms of innovations and renovations.
- **Foods and beverages (F&B)** – DABUR's F&B portfolio has seen the biggest transformation in recent years in terms of offerings and growth prospects. While fruit juices and nectars still account for a majority of sales, the foray into the larger Drinks category with the launch of carbonated beverages and pet bottles has amplified DABUR's Total Addressable Market (TAM) by over six times to INR100b. Interestingly, the company has managed to maintain its margins despite getting into the lower-priced drinks category. In fact, margins have actually expanded 300bp YoY in 9MFY22. The recent

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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launches of healthy snacks and Milkshakes are also margin accretive and are witnessing growing demand from consumers. With approvals already in place for the government's PLI scheme, management expects a further 200-300bp improvement in margins over the next five years.

- **Innovation** has been another cornerstone of DABUR's strategy. DABUR accelerated its innovation capabilities by rolling out relevant products in the wake of the pandemic, which were well received. Consequently, 5.6% of its total sales came from new products launched during FY21. This was higher than the ~2% contribution from new products in FY19.
- **Distribution** – DABUR's effort to strengthen its distribution network despite the pandemic-induced disruptions has helped improve its penetration level and rural presence. Total reach at the end of FY21 stood at 6.9m outlets. Direct reach as a proportion of total reach had increased to 18.8% in FY21 from 15.2% in FY15. Besides, the company also focused heavily on improving its rural coverage that has increased ~50% at end-Dec'21 v/s Mar'21. Rural sales growth for DABUR has remained healthy despite a slowdown in rural demand being declared by most of its Staples peers.

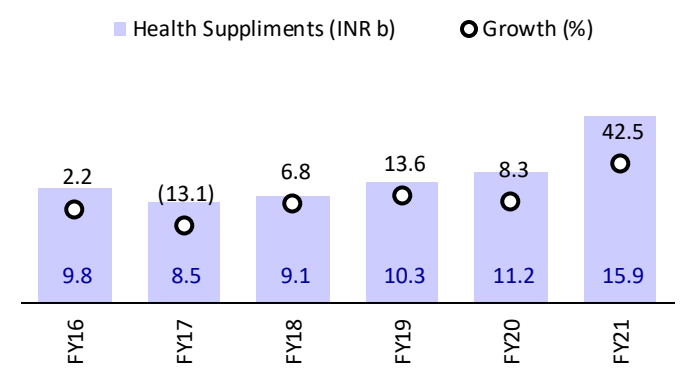
High growth potential stock available at attractive valuations; BUY

- Along with GCPL, DABUR has the best topline growth visibility among our Staples coverage. The company has achieved a double-digit topline growth in two of the three years (since the then new CEO took over) underpinned by: a) its focus on the core segments together with its Ayurvedic roots, b) a proven Power Brand strategy, c) its vigor in innovation backed by sustained A&P spends, and d) its growing distribution reach (especially direct reach and rural coverage).
- We believe DABUR can achieve even high-teens growth rate after the ongoing investment phase is complete, especially if, the current trend of market share capture sustains.
- DABUR's international business is also well diversified in terms of segments and geographies and has remained relatively resilient even during the COVID period, unlike its other peers with international operations.
- In each of the three major domestic segments that it operates in, the topline growth opportunity is massive. Even in F&B, where the segment appeared to have stagnated earlier, a foray into new sub-segments offers renewed prospects. In a segment with historically low margins, the recent F&B performance is encouraging and the boost from PLI benefits will further ensure that it is not margin dilutive to the overall business.
- Given the high potential for topline and earnings growth, especially once the company completes its ongoing investment phase, DABUR remains one of our top two picks in the Staples space along with GCPL. The recent stock price correction of ~15% from its peak offers an attractive entry point in our opinion with the stock now trading at 39x FY24E P/E, at a discount of 15%/20% to its historical three/five-year averages, respectively. **We maintain our BUY rating on the stock with a TP of INR705, valuing the company at 50x FY24E P/E.**
- Downside risks to our investment case include: a) a persistent and intensified rural slowdown, b) a spike in material cost pressures, c) higher-than-expected moderation in the demand for herbal health products as the pandemic recedes, and d) a reversal in recent market share gains.

A route back to the roots!

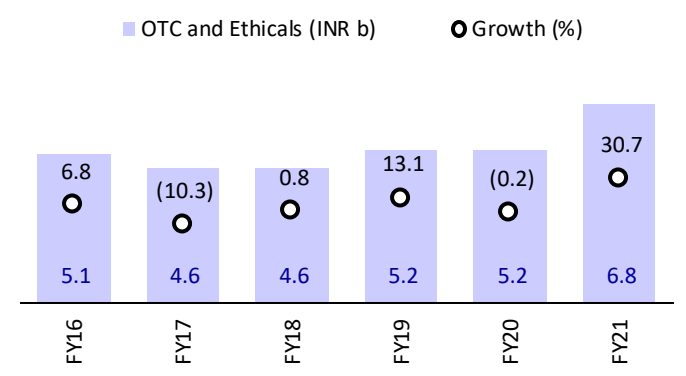
- At the time of taking over as the CEO, Mr. Mohit Malhotra unveiled his vision for the company in which he highlighted the need for DABUR to get back to its core competency – Ayurveda. At that time, players such as Patanjali and Himalaya had seen success and subsequent growth indicated the consumers’ increasing preference for herbal products and holistic remedies. DABUR, despite its higher pedigree than peers, was earlier unable to make the best of this opportunity.
- As a result, Healthcare sales for DABUR delivered muted performance before Mr. Malhotra took over with FY15-19 sales CAGR of just 2%. With its contribution to FY18 domestic sales at 30%, this was particularly antagonistic to DABUR’s consolidated sales growth and even more so to margins given that the segment is margin accretive.
- The Ministry of Ayush had also begun to take various initiatives to promote traditional medicine. Under the leadership of the new CEO, DABUR was well placed to capitalize on these trends with its longer pedigree, better sourcing and access to a wider set of manuscripts v/s herbal peers.
- As part of this vision for the company, strategic initiatives included: a) setting innovation as a key focus area – where DABUR has done well considering that 5.6% of sales came from NPDs in FY21, b) focusing on Power Brands as discussed below, and c) growing its distribution reach and in particular, its direct reach.

Exhibit 1: Health Supplements have posted a CAGR of 20.6% over FY18-21



Source: Company, MOFSL

Exhibit 2: OTC and Ayurvedic Ethicals have posted a CAGR of 13.8% over FY18-21



Source: Company, MOFSL

- In the hindsight, this pivot in strategy and vision came at an opportune time – right before the country was engulfed in the grip of the global pandemic that elevated the demand for immunity boosting products and especially those products, which offered natural remedies.
- Category performance has been strong in recent years with Health Supplements (chawanprash, honey and glucose) clocking a 21% CAGR during FY18-21, while OTC and Ethicals reporting a 14% CAGR over the same period.

Power Brand strategy continues to bear fruit

- Unveiled in 2019 by the CEO, DABUR’s Power Brand strategy focused on putting in disproportionately higher investments in terms of visibility, distribution reach, and innovation towards nine of the company’s major brands which account for a majority (>70%) of the company’s consolidated revenue.

- These brands (listed below) would get a disproportionate allocation of marketing spends (>90%). Thus, with even a moderate increase in overall ad spends, the increase in ad spends on power brands is likely to be significant.
- The strategy seems to have paid handsome dividends with these brands growing faster than overall sales even during COVID-induced disruptions and gaining market share consistently.

Exhibit 3: DABUR has nine Power Brands across three categories



Source : Company, MOFSL

Exhibit 4: Consistent YoY market share gains across categories

Category (bp)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22
Chyawanprash	600	190	120	170	70	520	200
Honey	300	-	700	230	330	430	180
Toothpaste	60	90	120	120	100	40	50
Hair oils	40	-	20	70	160	80	90
Shampoo	120	80	50	70	60	30	40
Odonil	290	60	210	90	230	210	50
Odomos	270	80	250	130	330	120	40

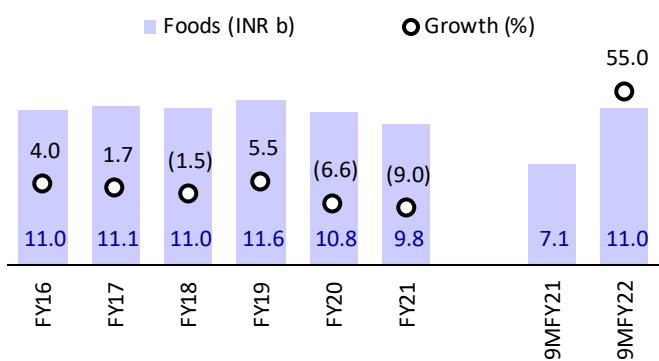
*Shampoo, Odonil, and Odomos are not Power Brands

and Source: Company, MOFSL

Foods business continues to grow at a healthy pace with improving margins

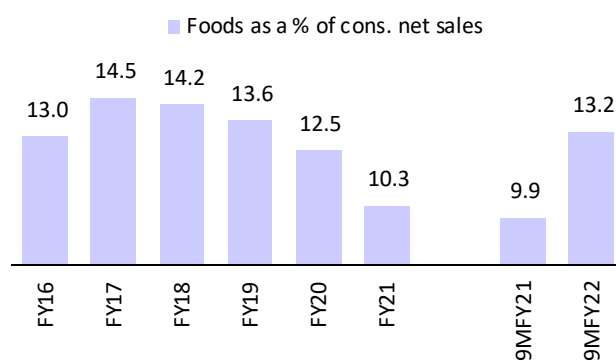
- F&B accounted for 14%/13% of DABUR’s consolidated business in FY19/20, respectively. While the F&B business, largely consisting of Real fruit juices, had stagnated owing to overall category slowdown in the last five years up to FY20, the pandemic further contracted demand due to the discretionary nature of the category and restrictions on mobility.

Exhibit 5: Entry into new categories and a revival in mobility helped the Foods business grow 55% YoY in 9MFY22...



Source: Company, MOFSL

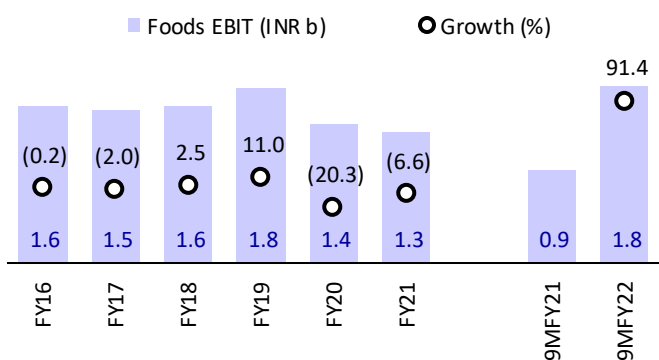
Exhibit 6: ...consequently, its contribution to total sales increased 330bp during the same period



Source: Company, MOFSL

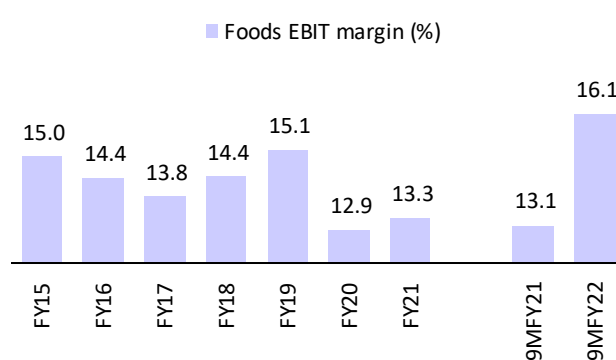
- With its strong position in the fruit juices and nectars category, DABUR Real enjoys a 64% market share (v/s 55% in FY19) in a TAM of INR15b. With its foray into the larger Drinks category (with the introduction of Real Koolerz, Real Fizzin and Real Frappe), DABUR is now looking at a TAM of INR100b in which its market share would shrink to ~10%. The run-rate of DABUR in Drinks (other than fruit juices and nectars) for FY22 is estimated to be INR1b, which is commendable but still leaves a huge upside from a growth perspective. The strength of its brand and distribution should help the company claw some market share from peers such as Pepsi and Parle.
- Margins for the Foods business have also grown 300bp YoY in 9MFY22. While the Drinks business is slightly margin dilutive, it is more than compensated by the recent margin-accretive launches including salty snacks (chia seeds, pumpkin seeds), Hommade, milkshakes, as well as premiumization initiatives in the Real Active portfolio.
- DABUR Hommade has been a strong performer in the cooking aids category and is poised to report sales of INR1b for FY22. This is especially important given its higher salience in the MT and e-com channels.
- DABUR has also received approval for the government’s PLI scheme under the Fruits & Vegetables segment for its upcoming investment in a juice-production line at its Indore facility. The capex for this line is ~INR5.5b. DABUR expects a gain of INR1.7b from this line, which should help shore up its Foods Segment margins by 200-300bp over the next five to seven years.

Exhibit 7: EBIT performance was even more impressive growing 91.4% YoY in 9MFY22



Source: Company, MOFSL

Exhibit 8: The launch of margin-accretive offerings within the segment has helped shore up margins as well



Source: Company, MOFSL

Meaningful innovation across segments and price points

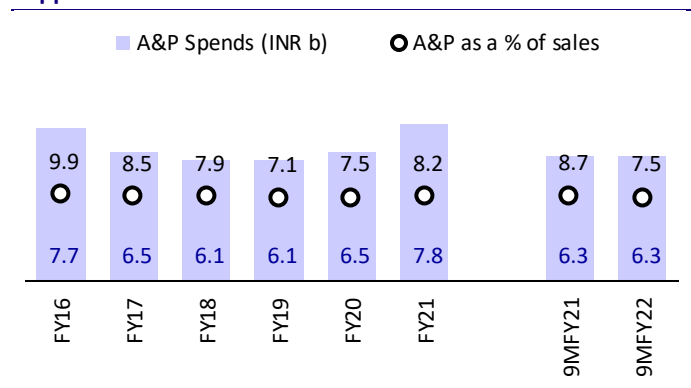
- Since the pandemic, consumer demand has shifted towards Ayurvedic products that build immunity, besides those products that meet personal and household hygiene needs.
- As the country's largest Ayurvedic product manufacturer, DABUR accelerated its innovation strategy in the wake of COVID-19. A number of its products were fast-tracked to meet the growing consumer need for quality, immunity-boosting products amid the pandemic. The company also invested in adding capacities for the immunity-boosting portfolio.
- Owing to this innovation drive, the number of SKUs offered by the company has grown to over 1,500 from 1,300 last year. At the same time, DABUR has also rationalized a part of its SKUs by culling almost 15% of SKUs that contributed to less than 1% of sales.
- In FY21, 5.6% of its total sales came from new products launched. While this was higher than the ~2% contribution of NPDs in FY19, we also note that the number was inordinately higher owing to some tactical and opportune launches during the pandemic (e.g., Sanitizer). Adjusted for these, NPD contribution could be closer to 3.5%. NPD contribution was even higher in the e-commerce channel at ~10% as of 3QFY22 and the company expects sales of INR1b from NPDs in the digital channel alone by end-FY23.

Exhibit 9: Ramped up innovation across segments

New product launches	FY20	FY21	9MFY22
Healthcare	15	29	20
HPC	14	27	5
Foods	15	13	6
International	21	29	26

Source: Company, MOFSL

Exhibit 10: A&P spends have remained consistently high to support Power Brands and innovations



Source: Company, MOFSL

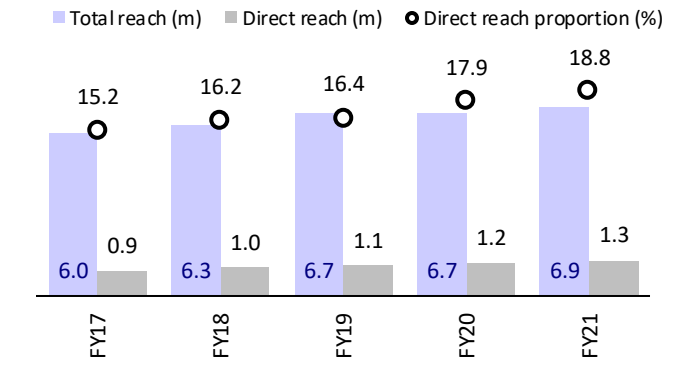
Good progress on growing its distribution network

- DABUR has made a good progress in improving its distribution reach in recent years. The total reach at end-FY21 stood at 6.9m outlets and direct reach had grown to 1.3m outlets. Direct reach as a proportion of total reach had increased to 18.8% in FY21 from 15.2% in FY15.
- The company continued investing in growing its direct reach network despite the pandemic-induced headwinds in recent years. Besides, the company also focused heavily on improving its rural coverage that has seen an increase of ~50% at end-Dec'21 v/s Mar'21 level. DABUR plans to increase its direct reach to 1.5m outlets within a couple of years.
- This impressive expansion has helped the company gain market share across categories as we have seen above. It also enabled the company grow its rural

business. DABUR is only among a handful of companies under our coverage to have registered rural growth in the recently slowing environment.

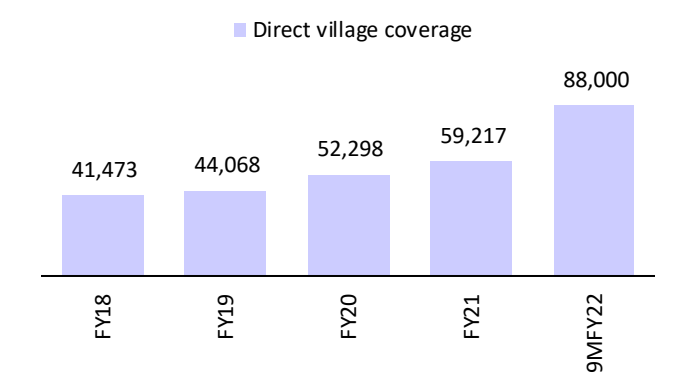
- Contrary to most of the players in the Consumer space, rural sales growth for DABUR was healthy at 7.5% in 3QFY22 (on a 25% base in 3QFY21) and exceeded urban growth of 2.6% (on a base of 18%) for the quarter.

Exhibit 11: Improving direct reach coverage



Source: Company, MOFSL

Exhibit 12: Strong growth in direct rural coverage

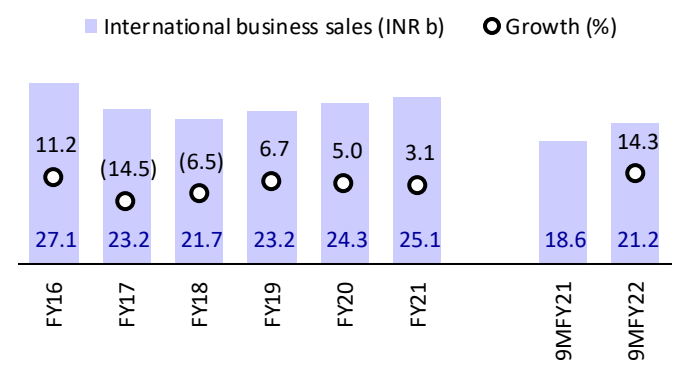


Source: Company, MOFSL

International business

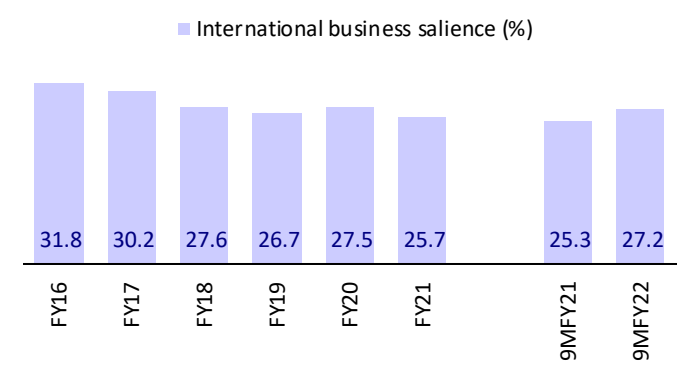
- DABUR’s international business contributed 25% to its consolidated FY21 sales. Its salience to the overall business has been rising since FY18 and was as high as 27.3% in 9MFY22 with reopening of international markets and shipping routes.
- With a fairly distributed presence across five major geographies, DABUR’s international business is diversified to protect it from any region-specific disruptions.
- Focusing on the Indian diaspora, DABUR has successfully managed to capture leading positions across categories within different regions. We believe that the strong focus on its core offering of Ayurveda backed by meaningful innovations in different markets should aid DABUR retain its strong position across markets.
- Another inherent advantage of its international presence is the opportunities for cross-pollination as well as identifying categories abroad which are underserved in India.

Exhibit 13: International business sales increased 14.3% YoY in 9MFY22

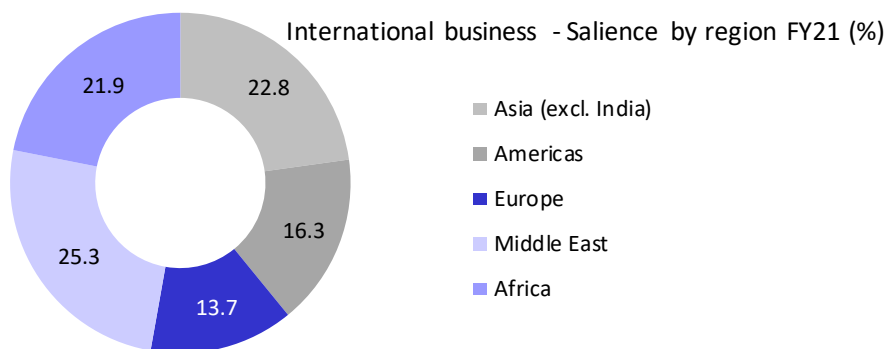


Source: Company, MOFSL

Exhibit 14: With the recovery in international markets, salience to consolidated sales stood at 27.2% in 9MFY22



Source: Company, MOFSL

Exhibit 15: DABUR's international business is adequately distributed by region

Source: Company, MOFSL

Exhibit 16: Region-wise YoY constant currency (CC) growth

Region (%)	1QFY2	2QFY2	3QFY2	4QFY2	1QFY2	2QFY2	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22
MENA	(0.2)	9.0	10.1	(7.7)	(47.6)	(15.0)	11.1	24.1	49.8	12.8	18.6
Egypt	NA	2.4	17.0	14.3	(26.1)	(3.3)	9.5	21.9	44.4	17.0	21.2
Sub-Saharan Africa	9.5	32.4	8.2	16.7	(38.0)	NA	17.4	22.0	35.6	25.4	22.4
Turkey (Hobi)	40.7	54.0	32.2	47.9	33.5	31.3	33.4	(0.3)	11.7	3.5	9.9
USA (Namaste)	6.2	3.3	9.8	11.3	12.3	14.6	8.2	11.6	40.3	16.7	24.7
Nepal/SAARC	8.3	(34.9)	20.6	(24.3)	(53.0)	29.3	12.9	21.4	41.9	17.6	36.2

Source: Company, MOFSL

Feedback from our channel checks is largely positive

- We conducted channel checks primarily in the Southern and Western parts of India, given the higher share of MT in these markets where DABUR has historically been a laggard. The general feedback from distributors has been positive. Some of the finer points are mentioned below:
- While the demand for immunity and health products was elevated in the first two weeks of Jan'22 owing to the third COVID wave, it has since moderated but remains at a healthy level.
- In addition to the growing distribution reach, several migrant workers did not return post the unlocking, which also helped to retain rural demand for DABUR.
- DABUR Red is seen as a very good product which is highly effective. It is one of the highest selling herbal toothpastes in the South.
- Distributors who cater to the HORECA segment witnessed demand for juices and nectars picking up well.
- Expect a good summer for hair oils that has a seasonality effect combined with foreseeably better mobility in the summer months this year.
- While some distributors did see a channel shift in demand towards MT on reopening, the general sense was that demand in GT has remained at a fairly healthy level so far.

Valuation and view: High growth potential stock available at attractive valuations; retain BUY!

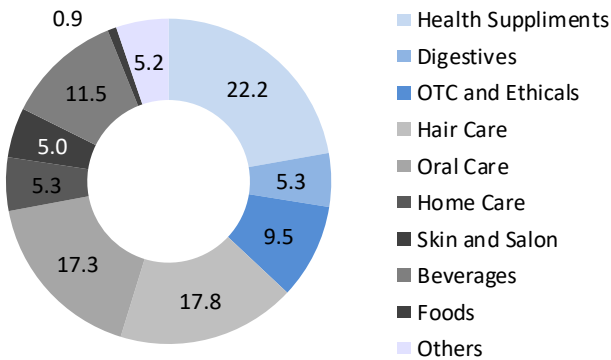
- Along with GCPL, DABUR has the best topline growth visibility among our Staples coverage. DABUR has achieved a double-digit topline growth in two of the three years (since the then new CEO took over) underpinned by: a) its focus on the core segments together with its Ayurvedic roots, b) a proven Power

Brand strategy, c) its vigor in innovation backed by sustained A&P spends, and d) its growing distribution reach (especially direct reach and rural coverage).

- Given the high potential for topline and earnings growth, especially once the company completes its ongoing investment phase, DABUR remains one of our top two picks in the Staples space along with GCPL. The recent stock price correction of ~15% from its peak offers an attractive entry point in our opinion with the stock now trading at 39x FY24E P/E, at a discount of 15%/20% to its historical three/five-year averages, respectively. **We maintain our BUY rating on the stock with a TP of INR705, valuing the company at 50x FY24E P/E.**

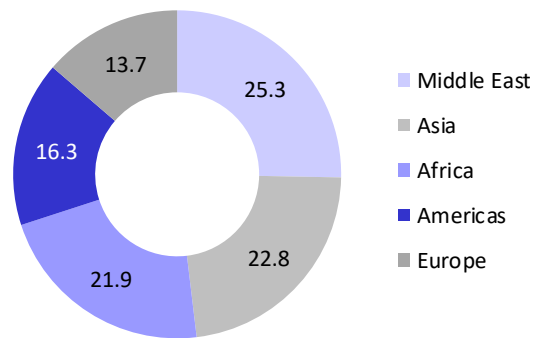
Story in charts

Exhibit 17: Components of DABUR's FY21 domestic business (73.6% of FY21 consolidated sales)



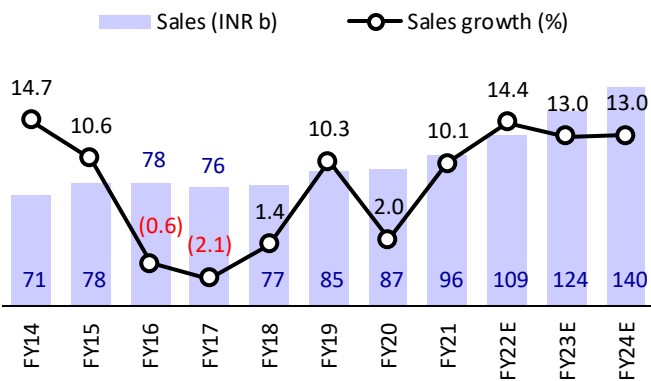
Source: Company, MOFSL

Exhibit 18: Region-wise contribution to its FY21 international sales (26.4% of consolidated sales)



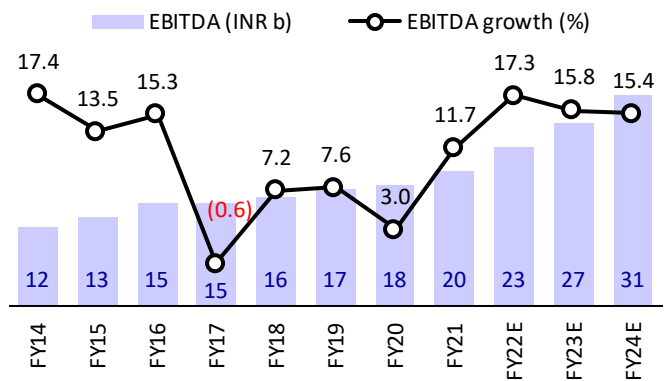
Source: Company, MOFSL

Exhibit 19: Consolidated sales expected to register a 13.5% CAGR over FY21-24E...



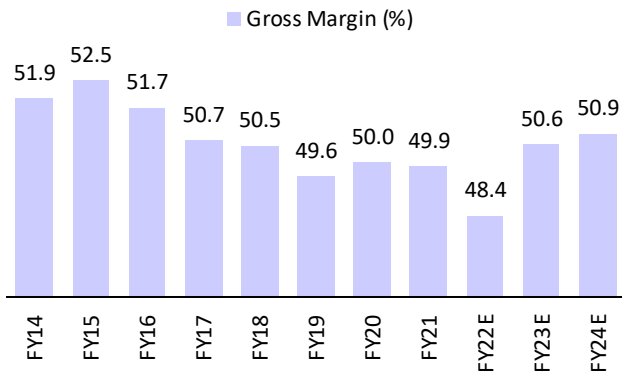
Source: Company, MOFSL

Exhibit 20: ...with EBITDA likely to post a 16.2% CAGR over the same period



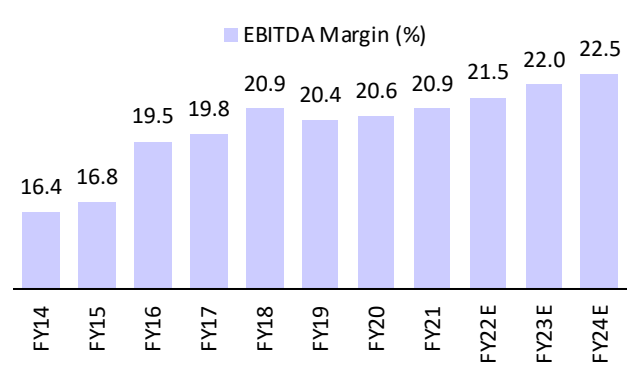
Source: Company, MOFSL

Exhibit 21: Gross margin to expand 100bp over FY21-24E



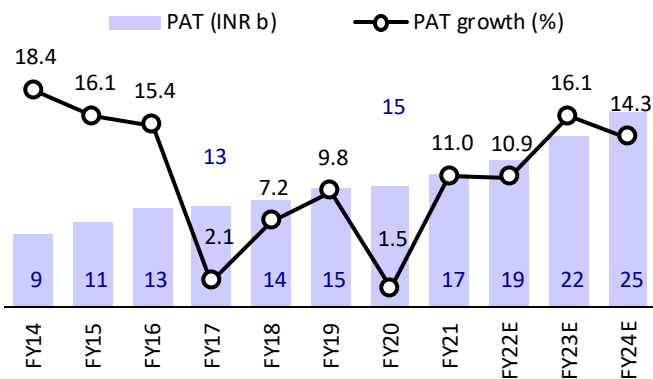
Source: Company, MOFSL

Exhibit 22: EBITDA margin to expand 150bp over FY21-24E



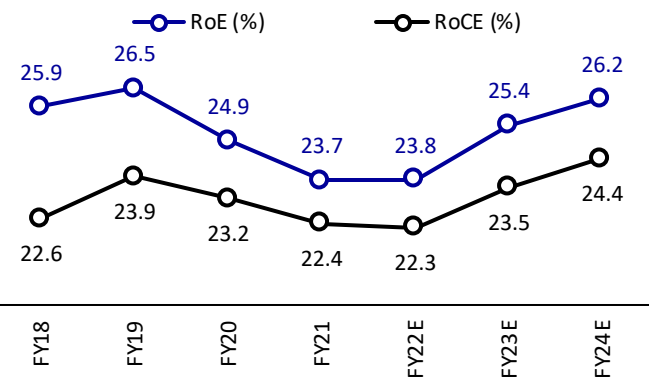
Source: Company, MOFSL

Exhibit 23: Adj. PAT to register a 13.8% CAGR over FY21-24E



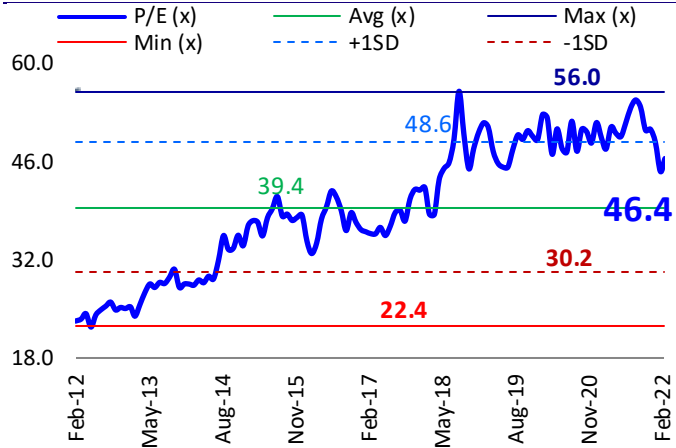
Source: Company, MOFSL

Exhibit 24: Return ratios to witness an improving trend



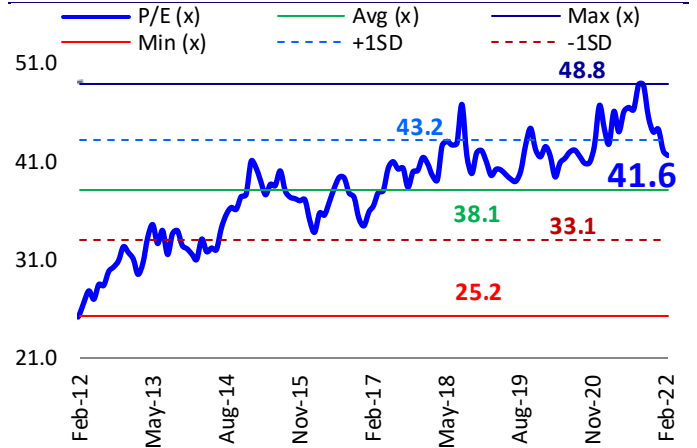
Source: Company, MOFSL

Exhibit 1: DABUR's P/E (x)



Source: Company, MOFSL

Exhibit 2: Consumer sector's P/E



Source: Company, MOFSL

Financials and Valuations

Income Statement								(INR m)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Net Sales	76,136	77,219	85,150	86,846	95,617	1,09,427	1,23,602	1,39,721
Change (%)	-2.1	1.4	10.3	2.0	10.1	14.4	13.0	13.0
Gross Profit	38,582	39,019	42,240	43,434	47,727	53,011	62,490	71,091
Margin (%)	50.7	50.5	49.6	50.0	49.9	48.4	50.6	50.9
Other Expenditure	23,493	22,845	24,845	25,510	27,700	29,519	35,287	39,696
EBITDA	15,090	16,174	17,396	17,924	20,027	23,492	27,203	31,395
Change (%)	-0.6	7.2	7.6	3.0	11.7	17.3	15.8	15.4
Margin (%)	19.8	20.9	20.4	20.6	20.9	21.5	22.0	22.5
Depreciation	1,429	1,622	1,769	2,205	2,401	2,555	2,711	2,886
Int. and Fin. Charges	540	531	596	495	308	370	248	225
Other Income - Recurring	2,984	3,052	2,962	3,053	3,253	3,889	4,159	4,664
Profit before Taxes	16,104	17,074	17,993	18,277	20,570	24,456	28,404	32,948
Change (%)	3.6	6.0	5.4	1.6	12.5	18.9	16.1	16.0
Margin (%)	21.2	22.1	21.1	21.0	21.5	22.3	23.0	23.6
Tax	3,443	3,713	4,221	4,854	5,052	5,478	6,362	7,743
Deferred Tax	-140	-360	-1,284	-1,857	-1,441	147	170	198
Tax Rate (%)	20.5	19.6	16.3	16.4	17.6	23.0	23.0	24.1
Profit after Taxes	12,801	13,720	15,056	15,280	16,960	18,831	21,871	25,007
Change (%)	2.1	7.2	9.7	1.5	11.0	11.0	16.1	14.3
Margin (%)	16.8	17.8	17.7	17.6	17.7	17.2	17.7	17.9
Minority Interest	31	31	30	30	27	45	52	59
Adjusted PAT	12,770	13,689	15,026	15,250	16,933	18,786	21,819	24,948
Balance Sheet								(INR m)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Share Capital	1,762	1,762	1,766	1,767	1,767	1,767	1,767	1,767
Reserves	46,712	55,304	54,550	64,290	74,868	79,788	88,515	98,495
Net Worth	48,474	57,065	56,317	66,058	76,635	81,555	90,283	1,00,262
Minority Interest	248	265	314	365	367	412	464	523
Loans	9,787	9,418	7,039	5,267	4,846	7,500	7,500	7,500
Capital Employed	58,509	66,749	63,670	71,689	81,849	89,468	98,247	1,08,285
Gross Block	24,322	26,342	28,028	32,935	34,733	37,233	40,233	42,233
Less: Accum. Deprn.	-8,843	-10,177	-11,698	-13,768	-16,169	-18,724	-21,435	-24,321
Net Fixed Assets	15,479	16,166	16,330	19,167	18,564	18,509	18,798	17,912
Capital WIP	421	415	638	1,466	1,473	1,473	1,473	1,473
Investments	32,402	38,052	33,588	28,003	42,101	45,565	49,376	53,568
Curr. Assets, L&A	24,916	28,268	30,451	41,326	42,793	47,170	53,149	66,130
Inventory	11,067	12,562	13,005	13,796	17,343	17,249	19,500	22,254
Account Receivables	6,504	7,061	8,336	8,139	5,616	10,678	10,332	11,296
Cash and Bank Balance	3,048	3,061	3,282	8,114	13,290	10,963	12,938	21,292
Others	4,296	5,585	5,828	11,278	6,544	8,280	10,378	11,287
Curr. Liab. and Prov.	17,733	19,177	20,465	21,678	26,484	26,650	27,950	34,198
Current Liabilities	15,895	17,128	18,061	18,926	23,972	23,948	25,070	31,087
Provisions	1,838	2,049	2,404	2,752	2,512	2,702	2,879	3,110
Net Current Assets	7,183	9,092	9,985	19,648	16,310	20,519	25,199	31,933
Deferred Tax Liability	-1,080	-1,091	-231	46	40	40	40	40
Application of Funds	58,509	66,749	63,670	71,689	81,849	89,468	98,247	1,08,285

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Basic (INR)								
EPS	7.2	7.8	8.5	8.6	9.6	10.6	12.3	14.1
Cash EPS	8.1	8.6	9.2	9.4	10.9	12.1	13.9	15.7
BV/Share	27.5	32.4	31.9	37.4	43.4	46.1	51.1	56.7
DPS	2.3	7.5	2.8	3.0	4.8	6.4	7.4	8.5
Payout %	31.0	96.5	32.3	34.8	49.6	60.0	60.0	60.0
Valuation (x)								
P/E	75.6	70.6	64.5	63.5	57.2	51.6	44.4	38.8
Cash P/E	68.0	63.7	59.8	58.2	50.1	45.4	39.5	34.8
EV/Sales	12.3	12.1	11.0	10.8	9.6	8.4	7.4	6.5
EV/EBITDA	62.3	57.8	54.0	52.3	45.9	39.2	33.6	28.7
P/BV	19.9	16.9	17.2	14.7	12.6	11.9	10.7	9.7
Dividend Yield (%)	0.4	1.4	0.5	0.5	0.9	1.2	1.4	1.5
Return Ratios (%)								
RoE	28.4	25.9	26.5	24.9	23.7	23.8	25.4	26.2
RoCE	24.4	22.6	23.9	23.2	22.4	22.3	23.5	24.4
RoIC	48.7	48.9	50.9	43.6	49.2	57.1	57.2	65.2
Working Capital Ratios								
Debtor (Days)	31	33	36	34	21	36	31	30
Asset Turnover (x)	1.3	1.2	1.3	1.2	1.2	1.2	1.3	1.3
Leverage Ratio								
Debt/Equity(x)	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1

Cash Flow Statement

(INR m)

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
OP/(loss) before Tax	16,107	16,931	17,249	17,276	20,560	24,456	28,404	32,948
Int./Div. Received	-1,060	153	1,664	2,325	-186	-3,889	-4,159	-4,664
Depreciation & Amort.	1,429	1,622	1,769	2,205	2,401	2,555	2,711	2,886
Interest Paid	-1,857	-1,991	-2,002	-2,001	-2,300	370	248	225
Direct Taxes Paid	-3,221	-3,249	-3,507	-3,089	-3,213	-5,478	-6,362	-7,743
(Incr)/Decr in WC	872	-2,575	-181	-581	3,884	-6,537	-2,705	1,621
CF from Oper.	12,269	10,890	14,991	16,135	21,147	11,477	18,136	25,273
(Incr)/Decr in FA	-4,858	-2,003	-2,250	-4,005	-3,063	-2,500	-3,000	-2,000
Free Cash Flow	7,411	8,887	12,741	12,130	18,083	8,977	15,136	23,273
(Pur)/Sale of Invt.	-5,111	-5,837	3,175	-3,646	-13,611	-3,464	-3,811	-4,192
Others	1,933	2,706	3,187	6,777	6,838	1,148	3,989	4,466
CF from Invest.	-8,036	-5,134	4,112	-874	-9,836	-4,816	-2,821	-1,725
Issue of Shares	149	0	5	1	0	0	0	0
(Incr)/Decr in Debt	1,682	-545	-2,402	-1,751	-278	2,654	0	0
Dividend Paid	-3,963	-3,963	-13,247	-5,125	-5,921	-11,271	-13,091	-14,969
Others	-1,257	-1,235	-3,238	-3,555	64	-370	-248	-225
CF from Fin. Act.	-3,390	-5,744	-18,882	-10,430	-6,134	-8,988	-13,339	-15,194
Incr/Decr of Cash	844	12	221	4,832	5,177	-2,327	1,975	8,354
Add: Opening Bal.	2,204	3,048	3,061	3,282	8,114	13,290	10,963	12,938
Closing Balance	3,048	3,061	3,282	8,114	13,290	10,963	12,938	21,292

E: MOFSL Estimates

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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