

Godrej Consumer

Estimate changes



TP change



Rating change



Motilal Oswal values your support
in the Asiamoney Brokers Poll 2021
for India Research, Sales, Corporate
Access and Trading team.
We request your ballot.



Bloomberg	GCPL IN
Equity Shares (m)	1,022
M.Cap.(INRb)/(USDb)	997.9 / 13.5
52-Week Range (INR)	1024 / 642
1, 6, 12 Rel. Per (%)	2/23/-1
12M Avg Val (INR M)	1345

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	110.3	122.0	136.1
Sales Gr. (%)	11.3	10.6	11.5
EBITDA	23.9	26.8	31.1
EBITDA mrg. (%)	21.7	21.9	22.8
Adj. PAT	17.7	19.3	23.2
Adj. EPS (INR)	17.3	18.9	22.7
EPS Gr. (%)	21.9	9.5	20.2
BV/Sh.(INR)	92.3	96.8	102.7

Ratios

RoE (%)	20.4	20.0	22.8
RoCE (%)	18.3	20.5	23.0
Payout (%)	57.9	63.5	61.6

Valuations

P/E (x)	56.6	51.7	43.0
P/BV (x)	10.6	10.1	9.5
EV/EBITDA (x)	41.9	37.2	31.8
Div. Yield (%)	1.0	1.2	1.4

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	34.7	34.7	34.7
DII	14.0	12.6	19.8
FII	25.1	25.3	19.5
Others	26.3	27.5	26.0

FII Includes depository receipts

CMP: INR976

TP: INR1,140 (+17%)

Buy

In line result; continuation in sales momentum encouraging

- GCPL's 1QFY22 sales were in line with our estimates, while EBITDA margin was slightly better than expected, despite higher than anticipated gross margin pressures due to a lag between commodity cost increases and price hikes taken by the company.
- Continued double-digit two-year CAGR in the key domestic segments of Household Insecticides (HI) and Soaps, as well as improving performance in Africa were particularly encouraging highlights.
- We maintain our **Buy** rating as pieces of the growth puzzle that were missing earlier are gradually falling into place as highlighted in our [detailed note on the company](#) in Jun'21 as well as our [upgrade note](#).

Result broadly in line; slight beat on EBITDA margin

Consolidated performance

- Consolidated net sales grew 24.4% YoY to INR28.9b (in line) in 1QFY22. EBITDA grew 29.3% YoY to INR6.1b (est. INR5.8b), PBT rose 36.8% to INR5.4b (est. INR5.2b), and adjusted PAT increased by 38.4% to INR4.2b (in line). Net profit, without exceptions and one-off items, grew 38% (as per the press release).
- Consolidated comparable constant currency sales grew 25% YoY in 1QFY22.
- Home Care/Personal Care grew 14%/29% YoY.
- Gross margin contracted by 210bp YoY to 52.2%.
- As a percentage of sales, higher ad spends (+60bp YoY to 5.1%), lower staff costs (-120bp YoY to 10%), and lesser other expenses (-230bp YoY to 15.9%) led to EBITDA margin expansion of 80bp YoY to 21.1% (est. 20.3%).

Balance Sheet highlights

- As of Jun'21, GCPL's net debt stood at INR5.9b v/s INR20.7b in Jun'20 (INR7b in Mar'21).

Highlights from the management commentary

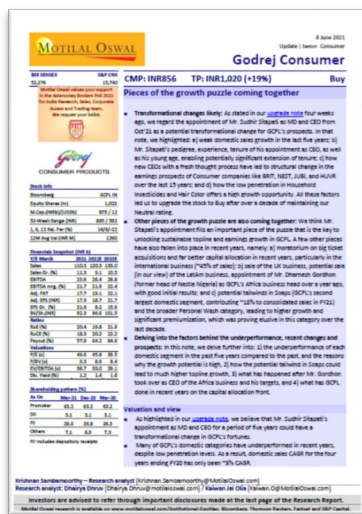
- The domestic business reported a sales growth of 19% YoY in 1QFY22 and two-year CAGR of 12%. Both key domestic categories of HI and Personal Wash witnessed double-digit two-year CAGR (absolute numbers not shared separately). The management is positive about good growth ahead.
- The Indonesia business appears to be doing better in Jul'21, the only market/category which underperformed in 1QFY22. Hygiene products are doing well because of the second COVID wave.
- GCPL raised prices by 4-5% in 1QFY22, with some categories witnessing high single-digit or double-digit price hikes. There was a lag between commodity cost increases and price hikes, which affected gross margin in 1QFY22, but is unlikely to be as much of a factor going forward, especially after further calibrated price increases.

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- There is no material change to our forecast as the result was largely in line with our estimates.
- As highlighted in our [upgrade note](#), we believe that Mr. Sudhir Sitapati's appointment as MD and CEO for a period of five years could have a transformational change on GCPL's fortunes.
- We also highlighted in another [detailed note](#) in Jun'21 that Mr. Sitapati's appointment fills an important piece of the puzzle, unlocking the path to strong earnings growth for GCPL, along with: a) better capital allocation efforts in recent years, b) appointment of a new head in (the erstwhile significantly underperforming) GAUM (largely Africa) business, with good initial results in the first year of his tenure in FY21, and c) potential tailwind in Soaps and Personal Wash products, led by more frequent usage post COVID-19 and a sharp increase in penetration levels in the Hand Wash category.
- While the stock has rallied nearly 40% post the announcement of Mr. Sitapati's appointment, this spurt is just the first step of what could be a potentially massive revitalization of both earnings and RoCE over the next few years, leading to a sustained re-rating as well. We have seen transformative changes on all these fronts in the past with companies like BRIT, NEST, JUBI, and HUVR.
- Valuing GCPL at 45x Sep'23E EPS, we arrive at our TP of INR1,140, a 17% upside to its CMP.

(INR b)

Y/E March	FY21				FY22				FY21	FY22E	FY22	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales (including OOI)	23.3	29.2	30.6	27.3	28.9	32.4	33.6	27.1	110.3	122.0	28.5	1.5%
YoY change (%)	-0.9	10.8	10.0	26.8	24.4	11.0	10.0	-0.7	11.3	10.6	22.5	
Gross Profit	12.6	16.3	16.8	15.2	15.1	17.5	18.5	15.3	61.0	66.4	15.8	
Margin (%)	54.3	56.0	55.1	55.7	52.2	54.0	55.1	56.4	55.3	54.4	55.3	
EBITDA	4.7	6.7	6.9	5.5	6.1	6.9	7.3	6.4	23.9	26.8	5.8	5.5%
Margins (%)	20.3	23.1	22.7	20.1	21.1	21.4	21.7	23.8	21.7	21.9	20.3	
YoY growth (%)	3.0	16.7	9.8	15.2	29.3	2.8	5.2	17.4	11.4	12.1	22.5	
Depreciation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.0	2.1	0.5	
Interest	0.5	0.3	0.2	0.2	0.3	0.2	0.2	0.1	1.3	0.8	0.3	
Other Income	0.2	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.7	1.0	0.2	
PBT	4.0	6.0	6.4	4.9	5.4	6.5	6.9	6.1	21.2	24.8	5.2	3.5%
Tax	0.1	1.5	1.4	0.6	1.3	1.4	1.5	1.3	3.6	5.5	1.2	
Adj PAT	3.8	4.6	5.0	4.3	4.2	5.0	5.4	4.8	17.7	19.3	4.1	1.6%
YoY change (%)	31.4	9.8	10.2	50.8	8.8	9.8	8.2	11.3	21.9	9.5	36.2	

5 August 2021

Key Performance Indicators

Y/E March	FY21				FY22			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
2Y average growth %								
Sales	-3.0	4.8	6.0	7.3	11.7	10.9	10.0	13.0
EBITDA	2.6	11.9	6.1	-1.3	16.1	9.8	7.5	16.3
PAT	11.4	13.0	8.9	11.4	20.1	9.8	9.2	31.0
% sales								
COGS	45.7	44.0	44.9	44.3	47.8	46.0	44.9	43.6
Other expenditure	34.0	32.9	32.4	35.6	31.0	32.6	33.4	32.6
Depreciation	2.1	1.7	1.6	2.0	1.8	1.6	1.6	2.0
YoY change %								
COGS	5.7	12.4	14.2	32.7	30.1	16.0	10.0	-2.1
Other expenditure	-10.5	5.2	4.7	26.9	13.7	10.0	13.4	-9.2
Other income	1.8	-47.5	-36.1	-66.3	-4.0	80.0	80.0	92.3
EBIT	2.9	17.6	10.7	16.8	32.3	3.0	4.9	19.3

E: MOFSL Estimate

Exhibit 1: Snapshot of 1QFY22 performance

Growth (%)	Consolidated	India
Net Sales	24	19
Comparable Net Sales in Constant Currency	25	-
EBITDA	29	15
Net Profit (Reported)	5	20
Net Profit (Without exceptional and one-off items)	38	13

Source: Company, MOFSL

- Consolidated comparable constant currency sales grew 25% YoY in 1QFY22.
- As a percentage of sales, higher ad spends (+60bp YoY to 5.1%), lower staff costs (-120bp YoY to 10%), and lesser other expenses (-230bp YoY to 15.9%) led to an 80bp YoY EBITDA margin expansion to 21.1% (est. 20.3%).

Standalone performance

- Net sales (including OOI) grew 20.3% YoY to INR16.6b in 1QFY22.
- India Branded business volume grew 15%. The same for Home Care/Personal Care was up 21%/17% YoY. Unbranded sales and exports grew 50% YoY.
- HI and Soaps saw double-digit sales growth YoY in 1QFY21. Hair Color witnessed single-digit sales growth YoY.
- Gross margin contracted by 360bp YoY to 52.7% (due to lag between the rise in input cost and end-consumer price increases). EBITDA margin contracted by 130bp YoY to 26%.
- EBITDA grew 14.7% YoY on a standalone basis to INR4.3b.
- Adjusted PAT grew 27% to INR3.3b. Net profit without exceptions and one-off items grew 13% to INR3.3b (as per the press release).

International performance

- Indonesia CC sales remained flat YoY. Africa, USA, and Middle East (GAUM) together grew 60% YoY on a CC basis. Others (LatAm, Europe, and SAARC) grew 48% YoY on a CC basis.

Exhibit 2: Snapshot of sales by geography

International business	1QFY22		
	Sales (INR m)	Growth (%)	CC growth (%)
India	16,210	19	-
Indonesia	4,110	1	0
GUAM	6,940	59	60
Others	1,590	26	48
Total net sales	28,630	24	25

Source: Company, MOFSL



Highlights from the management commentary

Performance and outlook

- It was a strong start to the year, led by broad based growth in the Home Care and Personal Care categories.
- The domestic business reported a sales growth of 19% YoY in 1QFY22 and two-year CAGR of 12%. Both key domestic categories of HI and Personal Wash witnessed double-digit two-year CAGR (absolute numbers not shared separately).
- The management is positive about good growth ahead.
- The Indonesia business appears to be doing better in Jul'21, the only market/category which underperformed in 1QFY22. Hygiene products are doing well because of the second COVID wave.

Costs and margin

- Palm oil and crude prices are up.
- GCPL raised prices by 4-5% in 1QFY22, with some categories witnessing high single-digit or double-digit price hikes.
- There was a lag between commodity cost increases and price hikes, which affected gross margin in 1QFY22, but is unlikely to be as much of a factor going forward, especially after further calibrated price increases.
- RM inflation is expected to remain high for some time. GCPL will continue to take calibrated price hikes going forward as well. The management is confident that such increases will not dent growth in market share.
- Sequential margin dip in Africa is because of higher marketing spends. Some raw material inflation pressure is being mitigated by pricing and cost savings. The management remains confident of achieving high-teen margin in Africa over the next 4-5 years.
- It had paused A&P spends in May'21. The lower A&P costs and will normalize going ahead.

New launches and growth opportunities

- It launched Jumbo Fast Card in Maharashtra to compete against incense sticks and drive category penetration.
- While the current fast card versions burn for three minutes, the Jumbo Fast Card burns for 40 minutes and is effective for four hours similar to incense sticks.
- Pricing of the Jumbo Fast Card is similar to its own incense sticks.
- The Hygiene portfolio continues to remain in focus, led by Hand Wash and Home Cleaning products.
- 'Non-mosquito' HI performance continues to remain robust.
- Air Care penetration is less than 5% and is bouncing back gradually.
- The management is excited about the re-launch of Aer pockets. It also has car Fragrances lined up in the future as people start commuting more.
- It has seen a very good response to the HI category launch in Nigeria.

Other points

- Inventory days reportedly rose YoY because of accumulation of raw materials in an inflationary environment. Despite this, core NWC days were 4-5 lower YoY. NWC days, including other current liabilities, rose YoY because of curtailed vendor financing, which were part of other current liabilities earlier.

Key exhibits

Exhibit 3: Segmental quarterly sales growth and EBIT margin

Segment revenue (INR m)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
India	13,807	16,792	16,948	14,997	16,607
Indonesia	4,056	4,460	4,473	4,711	4,115
Africa (including SON)	4,373	6,520	7,788	6,304	6,942
Others	1,273	1,813	1,800	1,787	1,597
Less: Inter-segment eliminations	(236)	(434)	(455)	(492)	(316)
Net Sales from operations	23,273	29,151	30,554	27,307	28,945
Segmental revenue growth (%)					
India	5.0	10.4	11.2	34.6	20.3
Indonesia	9.0	4.6	(0.2)	4.8	1.4
Africa (including SON)	(22.2)	10.3	14.8	30.2	58.7
Others	(2.7)	42.0	11.7	31.5	25.5
Less: Inter-segment eliminations	(25.9)	19.8	34.3	67.2	34.2
Net Sales from operations	(0.9)	10.8	10.0	26.8	24.4
Segmental EBIT (INR m)					
India	3,782	4,653	4,629	3,277	4,271
Indonesia	984	1,101	1,084	1,641	930
Africa (including SON)	(294)	415	724	220	324
Others	128	330	211	47	214
Less: Inter-segment eliminations	(148)	(141)	(54)	(74)	(38)
Net EBIT from operations	4,451	6,359	6,594	5,111	5,700
Less: Interest	(483)	(313)	(241)	(229)	(273)
Less: Exceptional Items	132	(3)	65	(638)	(16)
Total Profit Before Tax	4,100	6,042	6,419	4,244	5,412
Segmental EBIT growth (%)					
India	23.1	15.9	4.6	7.0	12.9
Indonesia	12.2	4.2	(3.6)	6.3	(5.4)
Africa (including SON)	(163.1)	(17.8)	20.7	81.4	L/P
Others	(863.1)	786.8	2,833.3	(24.5)	66.6
Less: Inter-segment eliminations	44.3	31.7	(48.4)	17.3	(74.2)
Net EBIT from operations	3.6	15.5	9.0	8.2	28.0
Less: Interest	(12.2)	(41.0)	(49.6)	(62.8)	(43.5)
Less: Exceptional Items	4,607.1	(90.4)	(249.3)	(13.1)	P/L
Total Profit Before Tax	9.4	22.3	16.1	25.7	32.0
Segmental EBIT mix (%)					
India	85	73	70	64	75
Indonesia	22	17	16	32	16
Africa (including SON)	(7)	7	11	4	6
Others	3	5	3	1	4
Less: Inter-segment eliminations	(3)	(2)	(1)	(1)	(1)
Net EBIT from operations	100	100	100	100	100
Segmental EBIT margin (%)					
India	27.4	27.7	27.3	21.8	25.7
Indonesia	24.2	24.7	24.2	34.8	22.6
Africa (including SON)	(6.7)	6.4	9.3	3.5	4.7
Others	10.1	18.2	11.7	2.6	13.4
Net EBIT margin from operations	19.1	21.8	21.6	18.7	19.7
Segmental EBIT margin change (%)					
India	4.0	1.3	(1.7)	(5.6)	(1.7)
Indonesia	0.7	(0.1)	(0.8)	0.5	(1.6)
Africa (including SON)	(15.0)	(2.2)	0.5	1.0	11.4
Others	11.4	15.3	11.3	(1.9)	3.3
Overall EBIT change	0.8	0.9	(0.2)	(3.2)	0.6

Source: Company, MOFSL

Valuation and view

What has happened from a business perspective in the last decade?

- In the last decade, the company added a host of businesses in Indonesia, Africa, and LatAm to its relatively small international portfolio. The latter now contributes close to half of GCPL's total sales. Most acquisitions have been EPS accretive since its inception.
- In the India business, the company has emerged as the second largest player in Soaps, strengthened its lead in HI, and introduced and scaled up products in the car/room Freshener market.

Financial performance has been clearly a tale of two halves

- Over the course of the last decade, the company posted a sales/EBITDA/PAT CAGR of 17.1%/18%/15.6%.
- During FY10-15, it posted a strong performance, with 32.3%/27.3%/21.7% CAGR in sales/EBITDA/PAT. This was followed by a weak performance over the next five years (during FY15-20), with a much slower sales/EBITDA/PAT CAGR of 3.7%/9.4%/9.8%.
- The sales slowdown in recent years in the domestic business, continued inability to scale up margin, and the weak RoCE in the international business have had an adverse effect on the pace of earnings growth.

Valuation and view

- There is no material change to our forecast as the result was largely in line with our estimates.
- As highlighted in our [upgrade note](#), we believe that Mr. Sudhir Sitapati's appointment as MD and CEO for a period of five years could have a transformational change on GCPL's fortunes.
- We also highlighted in another [detailed note](#) in Jun'21 that Mr. Sitapati's appointment fills an important piece of the puzzle, unlocking the path to strong earnings growth for GCPL, along with: a) better capital allocation efforts in recent years, b) appointment of a new head in (the erstwhile significantly underperforming) GAUM (largely Africa) business, with good initial results in the first year of his tenure in FY21, and c) potential tailwind in Soaps and Personal Wash products, led by more frequent usage post COVID-19 and a sharp increase in penetration levels in the Hand Wash category.
- While the stock has rallied nearly 40% post the announcement of Mr. Sitapati's appointment, this spurt is just the first step of what could be a potentially massive revitalization of both earnings and RoCE over the next few years, leading to a sustained re-rating as well. We have seen transformative changes on all these fronts in the past with companies like BRIT, NEST, JUBI, and HUVR.
- Valuing GCPL at 45x Sep'23E EPS, we arrive at our TP of INR1,140, a 17% upside to its CMP.

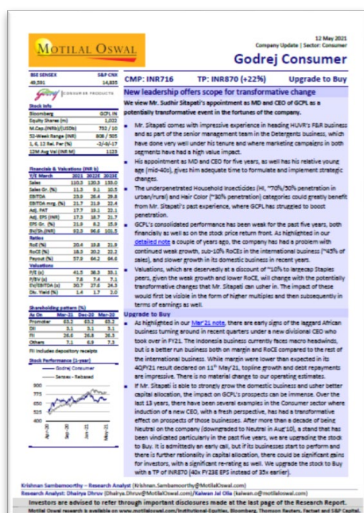
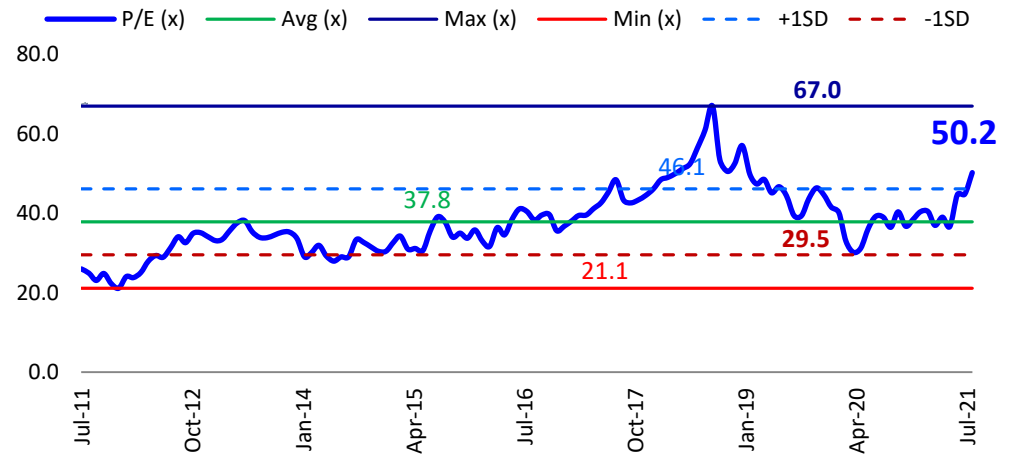


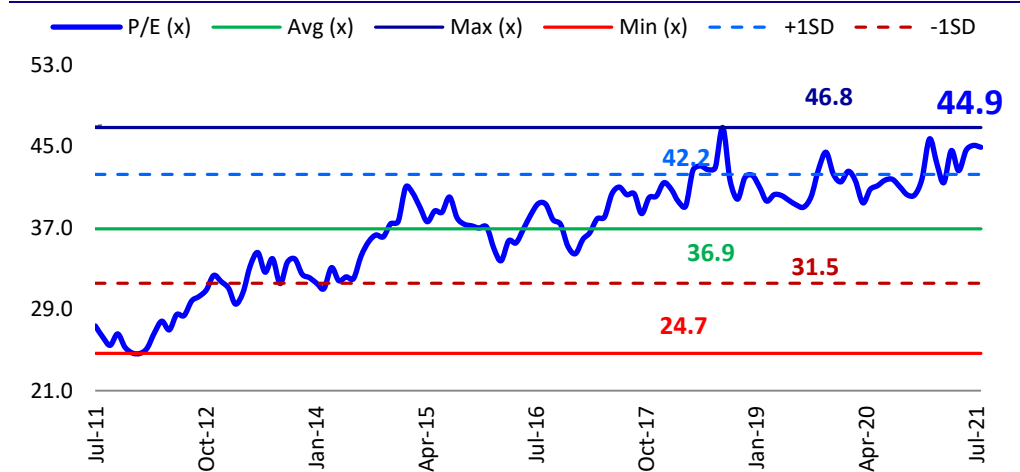
Exhibit 4: Revisions to our model have led to a 1.2%/4.9% change in our FY22E/FY23E EPS

INR b	Old		New		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Sales	1,20,311	1,32,958	1,22,029	1,36,053	1.4	2.3
EBITDA	26,388	29,819	26,766	31,061	1.4	4.2
PAT	19,102	22,144	19,328	23,227	1.2	4.9

Source: MOFSL

Exhibit 5: GCPL's P/E (x)

Source: Company, MOFSL

Exhibit 6: Consumer sector P/E

Source: Company, MOFSL

Financials and valuations

Income Statement							(INR b)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E
Net Sales	92.7	98.5	103.1	99.1	110.3	122.0	136.1
Change (%)	10.0	6.3	4.7	-3.9	11.3	10.6	11.5
Gross Profit	51.4	55.7	58.1	56.5	61.0	66.4	76.8
Margin (%)	55.4	56.6	56.3	57.0	55.3	54.4	56.4
Total Expenditure	73.7	77.8	81.5	77.7	86.4	95.3	105.0
EBITDA	19.0	20.7	21.7	21.4	23.9	26.8	31.1
Change (%)	16.0	8.9	4.9	-1.2	11.4	12.1	16.0
Margin (%)	20.5	21.0	21.0	21.6	21.7	21.9	22.8
Depreciation	1.4	1.6	1.7	2.0	2.0	2.1	2.1
Int. and Fin. Charges	1.5	1.6	2.2	2.2	1.3	0.8	0.6
Interest Income	0.4	0.7	0.9	0.8	0.7	0.6	0.9
Other Income-rec.	0.3	0.4	0.2	0.4	0.0	0.4	0.5
PBT	16.9	18.6	18.8	18.4	21.2	24.8	29.7
Change (%)	12.4	10.2	1.4	-2.3	15.4	16.9	19.7
Margin (%)	18.2	18.9	18.3	18.6	19.3	20.3	21.8
Tax	3.7	4.0	4.2	3.8	4.1	5.3	6.3
Deferred Tax	-0.1	0.0	0.2	-0.1	0.5	-0.2	-0.2
Tax Rate (%)	22.5	21.8	20.9	21.4	16.9	22.2	21.9
PAT	13.1	14.5	14.9	14.5	17.7	19.3	23.2
Change (%)	12.3	11.2	2.5	-2.9	22.0	9.5	20.2
Margin (%)	14.1	14.8	14.4	14.6	16.0	15.8	17.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group Adjusted PAT	12.9	14.4	14.9	14.5	17.7	19.3	23.2
Non-rec. (Exp.)/Income	0.0	1.8	8.5	0.5	-0.4	0.0	0.0
Reported PAT	13.1	16.3	23.4	15.0	17.2	19.3	23.2

Balance Sheet							(INR b)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E
Share Capital	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	52.0	61.6	71.6	78.0	93.4	98.0	104.0
Minority Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Networth	53.0	62.6	72.7	79.0	94.4	99.0	105.0
Loans	40.0	35.1	33.8	35.2	7.6	7.2	6.9
Deferred Liability	1.9	1.9	-4.7	-5.7	-6.4	-6.4	-6.4
Capital Employed	94.9	99.6	101.8	108.5	95.6	99.8	105.5
Gross Block	36.3	39.6	42.1	45.2	42.0	45.3	48.5
Less: Accum. Deprn.	2.1	3.6	4.6	6.3	4.3	6.4	8.5
Net Fixed Assets	34.2	36.0	37.5	38.9	37.7	38.9	40.0
Capital WIP	1.0	0.8	0.5	0.6	0.6	0.6	0.6
Goodwill	46.6	47.2	49.2	53.4	51.3	51.3	51.3
Non Curr Investments	2.5	1.4	0.3	0.3	0.2	0.2	0.2
Current Investments	6.8	8.6	4.8	6.4	6.6	7.2	6.5
Currents Assets	38.3	44.7	43.8	43.5	39.6	45.2	54.2
Inventory	14.1	15.8	15.6	17.0	17.2	17.7	19.8
Account Receivables	10.3	12.5	12.9	11.6	10.0	11.0	12.3
Cash and Bank Balance	9.1	9.6	8.9	7.7	6.7	10.7	16.4
Loans and Advances	4.5	6.8	6.3	7.1	5.7	5.7	5.7
Other Current Assets	0.2	0.1	0.1	0.1	0.0	0.0	0.0
Curr. Liab. & Prov.	34.5	39.0	34.4	34.6	40.5	43.5	47.2
Account Payables	17.2	23.5	25.4	24.8	21.6	23.7	26.5
Other Liabilities	17.2	15.3	8.7	9.3	18.3	19.2	20.2
Net Current Assets	3.8	5.6	9.4	8.9	-0.8	1.6	7.0
Net Assets	94.9	99.6	101.8	108.5	95.6	99.8	105.5

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2017	2018	2019	2020	2021	2022E	2023E
Basic (INR)							
EPS	12.6	14.1	14.6	14.2	17.3	18.9	22.7
Cash EPS	14.0	15.6	16.2	16.1	19.3	21.0	24.8
BV/Share	51.9	61.2	71.1	77.3	92.3	96.8	102.7
DPS	4.0	4.7	6.7	8.0	10.0	12.0	14.0
Payout (%)	31.6	33.2	45.7	56.5	57.9	63.5	61.6
Valuation (x)							
P/E	77.3	69.4	67.0	69.0	56.6	51.7	43.0
Cash P/E	69.7	62.6	60.1	60.7	50.7	46.6	39.4
EV/Sales	11.1	10.4	9.9	10.3	9.1	8.2	7.3
EV/EBITDA	54.1	49.5	47.2	47.9	41.9	37.2	31.8
P/BV	18.8	15.9	13.7	12.6	10.6	10.1	9.5
Dividend Yield	0.4	0.5	0.7	0.8	1.0	1.2	1.4
Return Ratios (%)							
RoE	24.6	24.9	22.0	19.1	20.4	20.0	22.8
RoCE (Post-tax)	16.2	16.2	16.6	15.4	18.3	20.5	23.0
RoIC	18.6	19.3	19.0	16.9	20.7	23.6	27.7
Working Capital Ratios							
Debtor (Days)	41	46	46	43	33	33	33
Asset Turnover (x)	2.6	2.7	2.7	2.5	2.9	3.1	3.4
Leverage Ratio							
Debt/Equity (x)	0.8	0.6	0.5	0.4	0.1	0.1	0.1

Cash Flow Statement

(INR b)

Y/E March	2017	2018	2019	2020	2021	2022E	2023E
OP/(Loss) before Tax	18.4	20.5	20.4	20.6	23.8	26.5	31.4
Net interest	1.0	0.9	1.4	1.4	0.9	0.1	-0.3
Direct Taxes Paid	-4.3	-4.1	-4.5	-3.6	-4.0	-5.3	-6.3
(Inc)/Dec in WC	3.4	-0.2	0.0	-2.6	-0.5	1.5	0.4
CF from Operations	18.6	17.2	17.3	15.9	20.3	22.8	25.1
Inc in FA	-1.8	-3.1	-2.1	-1.5	-1.6	-3.3	-3.3
Free Cash Flow	16.8	14.1	15.2	14.4	18.7	19.6	21.9
Pur of Investments	-5.7	0.4	2.9	-2.6	-0.1	-0.6	0.7
Others	-16.0	-0.2	1.6	0.0	-1.3	0.5	0.7
CF from Investments	-23.6	-2.9	2.4	-4.2	-3.1	-3.4	-1.8
Inc in Debt	0.0	0.0	0.0	-1.3	-16.2	-0.4	-0.4
Dividend Paid	-2.0	-6.1	-12.3	-8.2	0.0	-14.7	-17.2
Interest Paid	-1.2	-1.6	-2.1	-1.5	-1.6	-0.8	-0.6
Other Item	9.8	-6.1	-6.0	-2.0	-0.4	0.4	0.5
CF from Fin. Activity	6.6	-13.8	-20.4	-13.0	-18.2	-15.4	-17.6
Inc/Dec of Cash	1.7	0.5	-0.7	-1.2	-1.0	4.0	5.7
Add: Beginning Balance	7.5	9.1	9.6	8.9	7.7	6.7	10.7
Closing Balance	9.1	9.6	8.9	7.7	6.7	10.7	16.4

E: MOFSL Estimates

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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