

Estimate changes

TP change

Rating change


Bloomberg	PIDI IN
Equity Shares (m)	513
M.Cap.(INRb)/(USD\$b)	1076.6 / 13.9
52-Week Range (INR)	2765 / 1875
1, 6, 12 Rel. Per (%)	-2/-2/4
12M Avg Val (INR M)	1253

Financials & Valuations (INR b)

Y/E March	2022	2023E	2024E
Sales	99.2	116.6	130.5
Sales Gr. (%)	36.0	17.5	12.0
EBITDA	18.5	20.3	28.4
EBITDA Margin (%)	18.6	17.4	21.8
Adj. PAT	11.9	13.0	18.8
Adj. EPS (INR)	23.5	25.5	37.0
EPS Gr. (%)	6.1	8.4	45.2
BV/Sh.(INR)	126.0	137.1	154.6

Ratios

RoE (%)	19.9	19.4	25.4
RoCE (%)	17.6	17.7	23.6
Payout (%)	33.7	47.1	43.2

Valuations

P/E (x)	90.1	83.1	57.3
P/BV (x)	16.8	15.5	13.7
EV/EBITDA (x)	58.1	52.8	37.5
Div. Yield (%)	0.4	0.6	0.8

Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	69.9	70.0	70.2
DII	7.3	7.5	7.6
FII	11.6	11.7	11.9
Others	11.2	10.9	10.4

FII includes depository receipts

CMP: INR2,118 TP: INR2,035 (-4%)
Neutral
Good revenue visibility; material costs a concern in the near term

- Sales in 4QFY22 were in line. Its revenue performance was commendable, given the COVID-led disruptions in Jan'22 and a high base of 44.7% in 4QFY21. Two/three-year CAGR was also healthy at 27.5%/15.2%.
- Higher than expected raw material prices eroded gross margin, resulting in a significant miss on EBITDA in 4QFY22. While some price hikes were taken in May'22, the management expects VAM prices to remain elevated over the next three-to-four months before softening in 2HFY23. The rich multiple of 57x FY24E EPS adequately captures the stock's fair value. We maintain our **Neutral** rating.

Sales in line; operating margin lower than expected

- Consolidated net sales grew 12.1% YoY to INR25b (in line). EBITDA fell 13% YoY to INR4b (est. INR5.1b). PBT declined by 18% YoY to INR3.4b (est. INR4.4b). Adjusted PAT fell 19.6% YoY to INR2.5b (est. INR3.3b).
- Overall gross margin contracted by 730bp YoY to 43.5%.
- As a percentage of sales, lower employee/other expenses (-60bp/-200bp YoY to 11.1%/16.4%) restricted EBITDA margin contraction to 460bp YoY to 16% (est. 20%).
- In FY22, sales/EBITDA/adjusted PAT grew 36%/10%/6%.
- **Segmental | a) Consumer and Bazaar (C&B) segment:** Revenue grew 10.6% YoY to INR19.1b, with segmental EBIT falling by 11% to INR4.2b. Segmental EBIT margin fell 530bp YoY to 21.8%. **b) B2B segment:** Revenue grew 20.6% YoY to INR6.4b, with segmental EBIT declining by 15.3% YoY to INR444m. Segmental EBIT margin declined by 290bp YoY to 6.9%.
- **The performance of its subsidiaries:** Revenue from overseas subsidiaries grew 10% YoY to INR1.9b in 4QFY22. EBITDA declined by 58% YoY to INR5m in 4QFY22. Revenue from domestic subsidiaries grew 21% YoY to INR3.5b, and EBITDA increased by 34% YoY to INR562m in 4QFY22.

Highlights from the management commentary

- VAM prices are currently at USD2,500-2,600/MT. Consumption cost stood ~USD2,400/MT in 4QFY22 as against USD1,810/MT in 4QFY21. Two major plants around the world has been non-functional w.r.t. VAM.
- Standalone EBITDA margin will remain in the 20-24% range on a steady-state basis.
- Competitive intensity in last 12-24 months has been lesser than normal as small players have been impacted by the increase in input costs.
- PIDI witnessed some amount of strain in rural and semi-urban areas. Urban demand continues to remain resilient.

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

 Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view: Valuation expensive, structural growth story intact

- Changes to our model have resulted in a 5% lower EPS estimate for FY23 as we factor the impact of elevated material cost in the near-term. However, there is no material change to our FY24 earnings estimate.
- Strong revenue growth over the past six quarters is a vindication of the latent growth opportunities in the Core, Pioneer, and Growth categories. Once material costs stabilize (the timing of which is unclear for now), earnings growth could potentially be healthy beyond FY23.
- While the structural investment case remains intact, valuations are expensive at 57.3x FY24E EPS. We maintain our **Neutral** rating, with a TP of INR2,035 per share (premised on 55x FY24E EPS).

Consolidated quarterly earnings

(INR m)

Y/E March	FY21				FY22				FY21	FY22	FY22E 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	8,778	18,803	22,990	22,355	19,368	26,264	28,507	25,071	72,927	99,210	25,590	-2.0
YoY change (%)	-56.5	4.1	19.3	44.7	120.6	39.7	24.0	12.1	-0.6	36.0	14.5	
Gross Profit	4,694	10,520	12,588	11,359	9,511	11,924	12,425	10,908	39,160	44,768	11,521	
Margin (%)	53.5	55.9	54.8	50.8	49.1	45.4	43.6	43.5	53.7	45.1	45.0	
EBITDA	664	5,126	6,408	4,608	3,476	5,496	5,490	4,011	16,806	18,473	5,114	-21.6
YoY change (%)	-85.0	39.2	38.4	53.1	423.7	7.2	-14.3	-13.0	4.0	9.9	11.0	
Margin (%)	7.6	27.3	27.9	20.6	17.9	20.9	19.3	16.0	23.0	18.6	20.0	
Depreciation	461	479	495	572	566	603	605	622	2,007	2,396	658	
Interest	91	87	121	74	96	124	108	94	372	421	107	
Other Income	200	217	204	173	61	139	52	111	794	363	81	
PBT	312	4,778	5,997	4,135	2,875	4,908	4,830	3,407	15,221	16,019	4,431	-23.1
Tax	159	1,220	1,548	1,038	721	1,159	1,275	915	3,964	4,070	1,140	
Rate (%)	50.8	25.5	25.8	25.1	25.1	23.6	26.4	26.9	26.1	25.4	25.7	
Adj. PAT	154	3,558	4,449	3,097	2,154	3,749	3,555	2,491	11,258	11,949	3,291	-24.3
YoY change (%)	-94.8	2.8	29.1	63.6	1,303.0	5.4	-20.1	-19.6	-4.1	6.1	6.2	
Margin (%)	1.7	18.9	19.3	13.9	11.1	14.3	12.5	9.9	15.4	12.0	12.9	

E: MOFSL estimates

Key performance indicators

Y/E March	FY21				FY22			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Two-year CAGR (%)								
Sales	-30.8	3.4	11.5	16.8	-2.0	20.6	21.6	27.4
EBITDA	-58.3	18.3	37.9	28.6	-11.5	22.2	8.9	15.5
PAT	-74.7	23.4	42.8	12.1	-14.4	4.1	1.6	14.7
As a percentage of Sales								
COGS	46.5	44.1	45.2	49.2	50.9	54.6	56.4	56.5
Operating Expenses	45.9	28.7	26.9	30.2	31.2	24.5	24.3	27.5
Depreciation	5.3	2.5	2.2	2.6	2.9	2.3	2.1	2.5
YoY change (%)								
COGS	-58.3	-1.6	16.8	59.5	141.3	73.1	54.6	28.8
Operating Expenses	-32.0	-9.5	7.8	21.8	49.8	19.2	12.2	2.2
Other Income	-49.8	-61.1	-48.8	24.1	-69.4	-35.9	-74.6	-35.9
EBIT	-95.0	41.7	40.4	60.9	1,335.4	5.3	-17.4	-16.0

Exhibit 1: Consolidated segmental performance

Segmental	4QFY19*	1QFY20*	2QFY20*	3QFY20*	4QFY20*	1QFY21*	2QFY21*	3QFY21*	4QFY21*	1QFY22*	2QFY22*	3QFY22*	4QFY22*
Consumer and Bazaar													
Sales (INR m)	11,975	15,743	13,969	14,783	11,244	7,020	15,277	18,489	17,303	14,862	21,304	22,645	19,132
Sales Growth (%)	-2.4	-1.2	-7.6	-7.5	-6.1	-55.4	9.4	25.1	53.9	111.7	39.5	22.5	10.6
EBIT (INR m)	2,874	4,423	3,782	4,494	2,787	1,320	5,324	6,451	4,692	3,704	5,827	5,629	4,177
Contribution (%)	84.0	87.3	86.2	86.8	79.4	124.7	94.7	92.1	89.7	84.5	61.7	38.5	23.0
EBIT Growth (%)	1.9	9.7	3.3	25.4	-3.0	-70.1	40.7	43.5	68.4	180.6	9.5	-12.7	-11.0
EBIT margin (%)	24.0	28.1	27.1	30.4	24.8	18.8	34.8	34.9	27.1	24.9	27.4	24.9	21.8
Business-to-Business													
Sales (INR m)	4,549	4,592	4,333	4,626	4,411	1,882	3,771	4,751	5,350	4,820	5,324	6,186	6,453
Sales Growth (%)	66.8	78.3	70.8	76.7	-3.0	-59.0	-13.0	2.7	21.3	156.1	41.2	30.2	20.6
EBIT (INR m)	565	653	629	681	732	-227	290	558	524	420	263	400	444
Contribution (%)	16.5	12.9	14.3	13.2	20.9	-21.4	5.2	8.0	10.0	9.6	2.8	2.7	2.4
EBIT Growth (%)	20.3	72.2	49.7	120.2	29.7	-134.7	-53.9	-18.1	-28.4	-285.4	-9.4	-28.3	-15.3
EBIT margin (%)	12.4	14.2	14.5	14.7	16.6	-12.0	7.7	11.7	9.8	8.7	4.9	6.5	6.9

*reflects performance according to restructured segments

Source: Company, MOFSL

**Highlights from the management commentary****Costs and margin**

- Calibrated pricing actions have been taken. Gross margin declined by 738bp/853bp YoY in 4Q/FY22 due to the unprecedented increase in the price of key raw materials. PIDI is assessing the situation and may raise prices, if required.
- Price hikes of 5-15% have been taken in various categories over the past 12 months. In May'22, it raised prices further in some categories.
- VAM cost is currently at USD2,500-2,600/t. Consumption cost for 4QFY22 was ~USD2,400 as against USD1,810 in 4QFY21 (two major plants around the world have been non-functional w.r.t. VAM.)
- For the next three-to-four months, prices will be at elevated levels. It may soften in 2HFY23.
- Standalone EBITDA will be in the 20-24% range on a steady-state basis.

Demand

- Growth was broad based across C&B and B2B segments. Volumes were subdued in 4QFY22.
- Competitive Intensity: In last 12-24 months, it has been lesser than normal as small players have been impacted due to increase in input prices. The management said it is seeing competition on the discount levels offered at various levels.
- A lot of local stoppages due to the Omicron COVID wave and also persistent supply chain issues affected demand.
- The company witnessed some amount of strain in rural and semi-urban areas. Urban demand remains decent (demand from Real Estate and the Commercial segment, and consumer spending on home up-gradation).
- The management does not see any need for bridge packs as most of its consumers are in the middle class and above bracket. Since its smallest pack is 5kg, bridge packs are not needed.
- The management is optimistic about demand from the Home Improvement segment in the medium term.
- The Tile Adhesives category may see most robust demand over next three-to-four years.

- The management will like to grow its Core portfolio at 1-2x of GDP. In Pioneer business, it expects to generate revenue of INR1b over the next few years. For categories which require educating the customer, it expects to grow at 3-5x of GDP.

Waterproofing

- Market is consolidating and the small and medium players are suffering and larger players are benefitted.
- Six out of 10 consumers don't do proper waterproofing.
- Paint companies majorly play in the home renovation segment, which includes exterior paints as well, while PIDI plays in the new Construction segment.

Other points

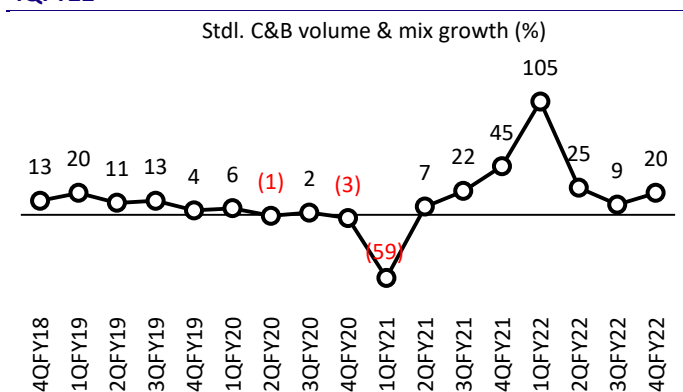
- Overall product portfolio – company has gained some market share while it may not be substantial.
- Merger of two wholly owned subsidiaries has been approved by NCLT. Since it will be effective from 1st Apr'22, there is no impact on PIDI's FY22 financials.
- There will be one product launch every quarter from 2QFY23 over the next 12-18 months in both Core and Growth categories. Internally, the management expects one-third of the growth to accrue from innovation.
- Capex: The management will use this period to build next generation supply chain. The company has already built 10 new facilities and 12 facilities are under construction, which will be completed in the next 12 months. Capex will be in the usual 3-5% of sales range. Investment is also being made on the digital front and 20% of dealer orders via its app. The same is being extended to contractors.
- Technology: It has virtually taken out the salesman w.r.t. inventory. Dealer ordering is directly via distributors. It is gradually moving to the replenishment model.
- It is not experiencing any hardships on the working capital side in the international business. There are some disruptions being noticed in the Sri Lanka business.

Key exhibits

Consolidated performance in 4QFY22

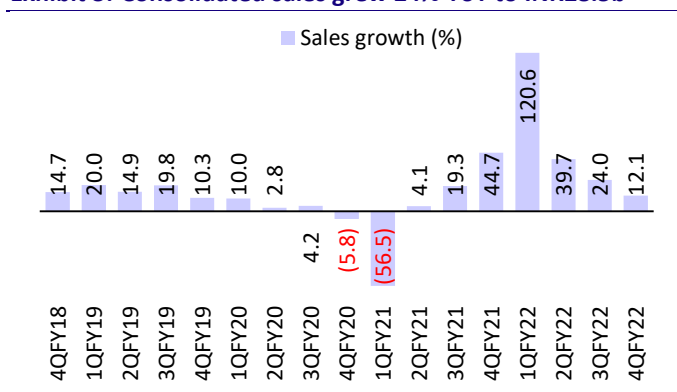
- Net sales grew 12.1% YoY to INR25b (in line).
- Overall gross margin contracted by 730bp YoY to 43.5%.
- As a percentage of sales, lower employee/other expenses (-60bp/-200bp YoY to 11.1%/16.4%) led to a 460bp contraction in EBITDA margin to 16% (est. 20%).
- EBITDA declined by 13% YoY to INR4b (est. INR5.1b).
- PBT declined by 18% YoY to INR3.4b (est. INR4.4b).
- Adjusted PAT declined by 19.6% YoY to INR2.5b (est. INR3.3b).
- In FY22, sales/EBITDA/adjusted PAT grew 36%/10%/6%.
- **Segmental: a) Consumer and Bazaar (C&B) segment** revenue was up 10.6% YoY to INR19.1b, with segmental EBIT declining by 11% YoY to INR4.2b. Segmental EBIT margin fell 530bp YoY to 21.8%. **b) B2B segment** revenue grew 20.6% YoY to INR6.4b, with segmental EBIT declining by 15.3% YoY to INR444m. Segmental EBIT margin declined by 290bp YoY to 6.9%.

Exhibit 2: Standalone C&B volume and mix grew 20.2% in 4QFY22



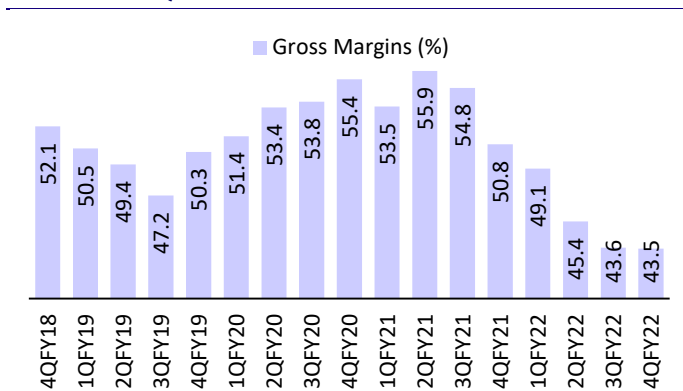
Source: Company, MOFSL

Exhibit 3: Consolidated sales grew 24% YoY to INR28.5b



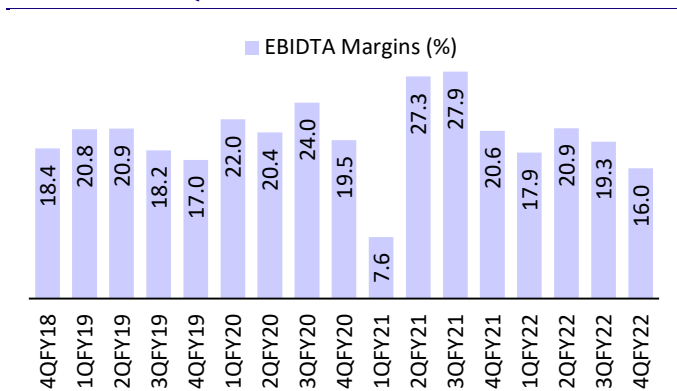
Source: Company, MOFSL

Exhibit 4: Consolidated gross margin contracts by 730bp YoY to 43.5% in 4QFY22



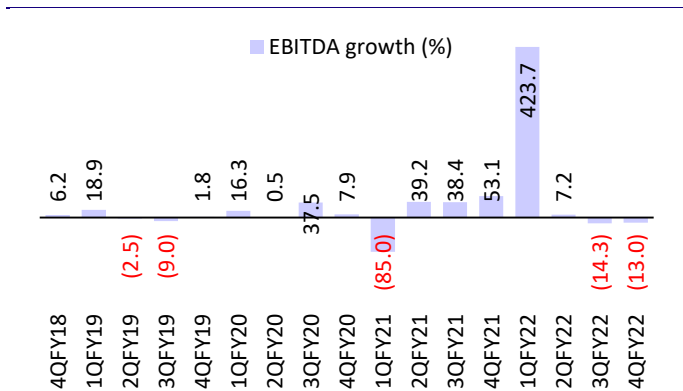
Source: Company, MOFSL

Exhibit 5: Consolidated EBITDA margin declines by 460bp YoY to 16% in 4QFY22



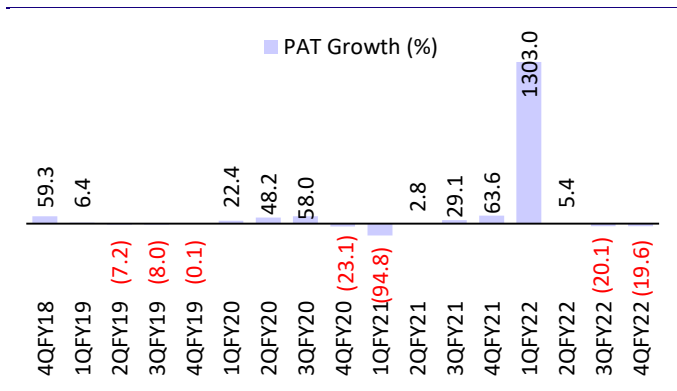
Source: Company, MOFSL

Exhibit 6: Consolidated EBITDA fell 13% YoY to INR4b



Source: Company, MOFSL

Exhibit 7: Consolidated adjusted PAT fell 19.6% YoY to INR2.5b



Source: Company, MOFSL

Standalone performance for 4QFY22

- Overall sales volume and mix growth stood at 20% YoY with 21% sales volume and mix growth in both C&B and B2B.
- Net sales grew 12.2% YoY to INR20.8b.
- Overall gross margin contracted by 910bp YoY to 42.7% and EBITDA margin contracted by 550bp YoY to 16.4%.
- EBITDA declined 16.1% YoY to INR3.4b.

- Other income came in at INR1b (includes dividend from a subsidiary of INR962m) in 4QFY22 (v/s INR119m in 4QFY21)
- PBT declined 5.6% YoY to INR4b.
- Adjusted PAT increased 15.1% YoY to INR3.2b.
- **Segmental: a) C&B segment** revenues were up 10.2% YoY to INR15.9b. Segment EBIT declined by 13% YoY to INR3.7b. Segmental EBIT margin declined by 620bp YoY to 23.4%. **b) B2B segment** revenue grew 24.4% YoY to INR5.2b. Segment EBIT declined by 23% YoY to INR467m. Segment margins declined by 550bp YoY to 8.9%.

Imputed subsidiary performance

- **In 4QFY22, Imputed subsidiary** revenues/EBITDA/adj. PAT came in at INR4.2b/INR590m/loss of INR690m (v/s INR3.8b/INR531m/INR332m in 4QFY21).

Standalone quarterly performance

(INR m)

Y/E March	FY21				FY22			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales	7,724	16,302	19,567	18,570	16,261	22,134	24,163	20,844
Change (%)	-56.6	3.7	17.6	40.8	110.5	35.8	23.5	12.2
Gross Profit	4,210	9,213	10,777	9,627	8,004	10,082	10,435	8,908
Gross Margin (%)	54.5	56.5	55.1	51.8	49.2	45.5	43.2	42.7
Operating Expenses	3,256	4,494	5,050	5,549	5,009	5,292	5,653	5,487
As a percentage of sales	42.2	27.6	25.8	29.9	30.8	23.9	23.4	26.3
EBITDA	954	4,719	5,727	4,077	2,995	4,790	4,781	3,421
EBITDA Margin (%)	12.4	28.9	29.3	22.0	18.4	21.6	19.8	16.4
Change (%)	-77.2	34.4	33.4	43.0	213.9	1.5	-16.5	-16.1
Depreciation	348	359	371	393	405	443	444	459
Interest	34	30	62	44	63	87	67	49
Other Income	197	225	195	119	1,020	164	65	1,055
PBT	769	4,554	5,489	3,759	3,548	4,424	4,335	3,968
Tax	202	1,162	1,394	994	663	1,030	1,110	786
Effective Tax Rate (%)	26.3	25.5	25.4	26.4	18.7	23.3	25.6	19.8
Adj. PAT	567	3,392	4,094	2,765	2,885	3,394	3,225	3,182
Change (%)	-80.3	-2.1	23.9	40.6	408.7	0.1	-21.2	15.1

Exhibit 8: Standalone segmental performance

Segmental	4QFY19*	1QFY20*	2QFY20*	3QFY20*	4QFY20*	1QFY21*	2QFY21*	3QFY21*	4QFY21*	1QFY22*	2QFY22*	3QFY22*	4QFY22*
Consumer and Bazaar													
Sales (INR m)	11,975	15,743	13,969	14,783	11,244	7,020	15,277	18,489	17,303	14,862	21,304	22,645	19,132
Sales Growth (%)	-2.4	-1.2	-7.6	-7.5	-6.1	-55.4	9.4	25.1	53.9	111.7	39.5	22.5	10.6
EBIT (INR m)	2,874	4,423	3,782	4,494	2,787	1,320	5,324	6,451	4,692	3,704	5,827	5,629	4,177
Contribution (%)	84.0	87.3	86.2	86.8	79.4	124.7	94.7	92.1	89.7	84.5	61.7	38.5	23.0
EBIT Growth (%)	1.9	9.7	3.3	25.4	-3.0	-70.1	40.7	43.5	68.4	180.6	9.5	-12.7	-11.0
EBIT margin (%)	24.0	28.1	27.1	30.4	24.8	18.8	34.8	34.9	27.1	24.9	27.4	24.9	21.8
Business to Business													
Sales (INR m)	4,549	4,592	4,333	4,626	4,411	1,882	3,771	4,751	5,350	4,820	5,324	6,186	6,453
Sales Growth (%)	66.8	78.3	70.8	76.7	-3.0	-59.0	-13.0	2.7	21.3	156.1	41.2	30.2	20.6
EBIT (INR m)	565	653	629	681	732	-227	290	558	524	420	263	400	444
Contribution (%)	16.5	12.9	14.3	13.2	20.9	-21.4	5.2	8.0	10.0	9.6	2.8	2.7	2.4
EBIT Growth (%)	20.3	72.2	49.7	120.2	29.7	-134.7	-53.9	-18.1	-28.4	-285.4	-9.4	-28.3	-15.3
EBIT margin (%)	12.4	14.2	14.5	14.7	16.6	-12.0	7.7	11.7	9.8	8.7	4.9	6.5	6.9

*reflects performance as per restructured segments

Source: Company, MOFSL

Expensive valuation; growth story intact

PIDI has done exceptionally well in the past 10 years

- Stringent focus on revenue growth, market share gains, and pricing discipline has facilitated strong growth in the past decade. This has been aided in recent years by gains from the unorganized segment.
- Its pioneering advertising strategy has strengthened the brand in a perceived commoditized category.
- Consistently uniform performance across lines is reflected in the ~12%/~14%/~15% sales/EBITDA/PAT CAGR over the past 10 years ending FY22E.
- However, the earnings CAGR over the past three-to-five years has softened to ~11%/~8% due to the pandemic and the ongoing high commodity inflation.

Comments on valuations

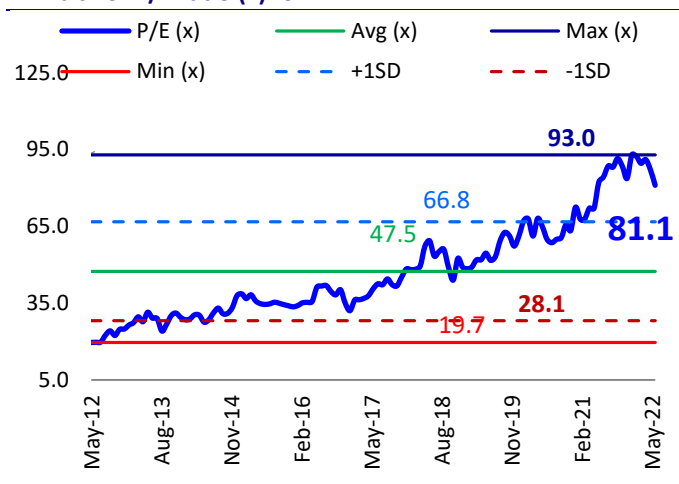
- Changes to our model have resulted in a 5% lower EPS estimate for FY23 as we factor the impact of elevated material costs in the near-term. However, there is no material change to our FY24 earnings estimate.
- Strong revenue growth over the past six quarters is a vindication of the latent growth opportunities in the Core, Pioneer, and Growth categories. Once material costs stabilize (the timing of which is unclear for now), earnings growth could potentially be healthy post FY23.
- Nevertheless, while the structural investment case remains intact, valuations are expensive at 57.3x FY24E EPS. We maintain our **Neutral** rating, with a TP of INR2,035 per share (premised on 55x FY24E EPS).

Exhibit 9: Cut our FY23 EPS estimate by 5.4% due to high RM inflation, but there is no material change to our FY24 estimate

(INR m)	New estimate		Old estimate		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Net Sales	1,16,565	1,30,525	1,16,565	1,30,525	-	-
EBITDA	20,267	28,410	21,086	28,410	(3.9)	-
Adjusted PAT	12,954	18,805	13,694	18,979	(5.4)	(0.9)

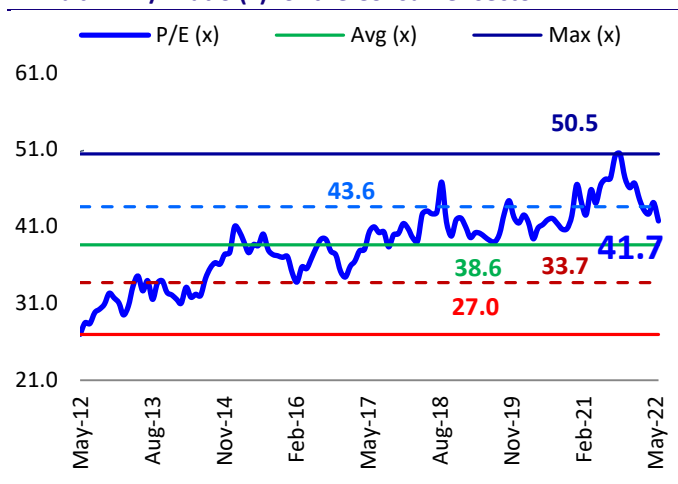
Source: Company, MOFSL

Exhibit 10: P/E ratio (x) for PIDI



Source: Company, MOFSL

Exhibit 11: P/E ratio (x) for the Consumer sector



Source: Company, MOFSL

Financials and valuations

Income Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
Net Sales	60,784	70,780	73,348	72,927	99,210	1,16,565	1,30,525	
Change (%)	8.2	16.4	3.6	-0.6	36.0	17.5	12.0	
Raw Materials	28,877	35,866	34,025	33,767	54,442	62,622	63,951	
Gross Profit	31,908	34,914	39,323	39,160	44,768	53,944	66,574	
Margin (%)	52.5	49.3	53.6	53.7	45.1	46.3	51.0	
Operating Expenses	18,495	21,232	23,160	22,354	26,295	33,676	38,164	
EBITDA	13,412	13,682	16,163	16,806	18,473	20,267	28,410	
Change (%)	6.5	2.0	18.1	4.0	9.9	9.7	40.2	
Margin (%)	22.1	19.3	22.0	23.0	18.6	17.4	21.8	
Depreciation	1,199	1,327	1,699	2,007	2,396	2,720	3,010	
Int. and Fin. Charges	155	261	336	372	421	645	757	
Other Income	1,484	1,466	1,494	794	363	415	497	
Profit before Taxes	13,542	13,560	15,622	15,221	16,019	17,318	25,140	
Change (%)	8.9	0.1	15.2	-2.6	5.2	8.1	45.2	
Margin (%)	22.3	19.2	21.3	20.9	16.1	14.9	19.3	
Tax	3,927	4,132	3,477	3,964	4,070	4,364	6,335	
Tax Rate (%)	29.0	30.5	22.3	26.0	25.4	25.2	25.2	
Adj. PAT	9,615	9,428	12,145	11,258	11,949	12,954	18,805	
Change (%)	12.1	-1.9	28.8	-7.3	6.1	8.4	45.2	
Margin (%)	15.8	13.3	16.6	15.4	12.0	11.1	14.4	

Balance Sheet							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
Share Capital	508	508	508	508	508	508	508	
Reserves	35,233	40,973	44,048	55,421	63,529	69,169	78,052	
Net Worth	35,740	41,481	44,556	55,930	64,037	69,677	78,560	
Loans	1,226	1,111	2,806	3,223	4,158	2,302	1,845	
Deferred Liability	1,048	1,094	693	3,814	3,772	3,772	3,772	
Minority Interest	1,750	2,072	2,157	2,400	1,989	1,989	1,989	
Capital Employed	39,764	45,757	50,211	65,367	73,956	77,740	86,166	
Gross Block	21,624	23,518	28,728	45,847	51,068	54,347	58,847	
Less: Accum. Depn.	9,976	10,892	12,501	14,507	16,903	19,623	22,633	
Net Fixed Assets	11,648	12,626	16,227	31,340	34,164	34,724	36,214	
Capital WIP	2,277	2,421	2,593	2,939	2,254	2,254	2,254	
Goodwill	1,774	1,850	1,840	12,840	12,868	12,868	12,868	
Others	793	889	728	941	554	554	554	
Investments	12,459	15,477	11,862	5,160	4,586	5,529	9,796	
Curr. Assets, L&A	23,034	25,775	31,977	34,919	40,517	46,547	51,287	
Inventory	8,043	9,345	9,295	12,342	16,951	17,565	18,953	
Account Receivables	9,381	10,560	10,885	13,210	14,305	18,842	21,098	
Cash and Bank Balance	1,636	1,904	7,033	4,515	3,552	4,134	4,687	
Others	3,974	3,966	4,765	4,853	5,709	6,006	6,548	
Curr. Liab. and Prov.	12,222	13,281	15,016	22,771	20,987	24,735	26,806	
Current liabilities	11,573	12,534	14,194	21,942	19,842	23,678	25,664	
Provisions	649	747	822	829	1,145	1,057	1,142	
Net Current Assets	10,812	12,494	16,961	12,148	19,529	21,811	24,481	
Application of Funds	39,764	45,757	50,211	65,367	73,956	77,740	86,166	

E: MOFSL estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)							
EPS	18.9	18.6	23.9	22.2	23.5	25.5	37.0
Cash EPS	21.3	21.2	27.2	26.1	28.2	30.8	42.9
BV/Share	70.4	81.7	87.7	110.1	126.0	137.1	154.6
DPS	6.0	6.5	7.0	7.5	8.0	12.0	16.0
Payout (%)	31.5	35.0	29.3	33.6	33.7	47.1	43.2

Valuation (x)

P/E	111.9	114.1	88.6	95.6	90.1	83.1	57.3
Cash P/E	99.5	100.0	77.7	81.2	75.1	68.7	49.4
EV/Sales	17.5	15.0	14.5	14.7	10.8	9.2	8.2
EV/EBITDA	79.2	77.5	65.6	63.7	58.1	52.8	37.5
P/BV	30.1	25.9	24.2	19.2	16.8	15.5	13.7
Dividend Yield (%)	0.3	0.3	0.3	0.4	0.4	0.6	0.8

Return Ratios (%)

RoE	27.3	24.4	28.2	22.4	19.9	19.4	25.4
RoCE	25.1	22.5	25.9	20.0	17.6	17.7	23.6
RoIC	39.1	34.8	41.1	26.9	20.6	20.3	28.1

Working Capital Ratios

Debtor (Days)	56	54	54	66	53	59	59
Creditor (Days)	89	80	91	143	90	90	92
Asset Turnover (x)	2.7	2.8	2.2	1.7	1.8	2.1	2.2

Leverage Ratio

Debt/Equity ratio (x)	0.0	0.0	0.1	0.1	0.1	0.0	0.0
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Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
PBT before Extra Ord.	13,588	13,416	14,698	15,225	16,138	17,318	25,140
Add: Depreciation	1,199	1,327	1,699	2,007	2,396	2,720	3,010
Interest Paid	81	55	211	204	375	645	757
Less: Taxes Paid	4,276	4,093	3,931	3,709	4,620	0	0
Non-operating income	854	467	448	73	-369	415	497
(Incr.)/Decr. in WC	-1,774	-1,791	565	268	-5,104	-1,700	-2,116
CF from Operations	7,964	8,448	12,796	13,921	9,554	18,568	26,294
Incr. in FA	-1,760	-2,538	-4,439	-3,520	-3,740	-3,279	-4,500
Acquisition of companies	0	0	0	-20,569	-2,622	0	
Free Cash Flow	6,204	5,910	8,356	-10,167	3,192	15,288	21,794
Pur. of Investments	2,896	-2,317	4,713	7,069	693	-943	-4,266
Others	-566	281	551	1,343	-168	-3,821	-5,839
CF from Invest.	570	-4,574	825	-15,677	-5,837	-8,043	-14,605
Change in share capital	0	0	28	-291	-389	0	0
Incr. in Debt	-4	-92	328	168	846	-1,856	-457
Dividend Paid	-2,930	-3,635	-8,254	-7	-4,319	-7,442	-9,922
Interest Paid	-155	-167	-254	-293	-332	-645	-757
Others	-4,808	287	-340	-339	-487	0	0
CF from Fin. Activity	-7,898	-3,606	-8,492	-762	-4,680	-9,942	-11,136
Incr./Decr. in Cash	636	269	5,128	-2,518	-963	582	553
Add: Opening Balance	999	1,636	1,904	7,033	4,515	3,552	4,134
Closing Balance	1,636	1,904	7,032	4,515	3,552	4,134	4,687

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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