4 August 2022

1QFY23 Results Update | Sector: Consumer

Godrej Consumer

Estimate changes	↑
TP change	↔
Rating change	↔

Motilal Oswal values your support in the Asiamoney Brokers Poll 2022 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

ASIAMONEY POLL 2022

Bloomberg	GCPL IN
Equity Shares (m)	1,022
M.Cap.(INRb)/(USDb)	873.6 / 11
52-Week Range (INR)	1139 / 660
1, 6, 12 Rel. Per (%)	-4/-6/-21
12M Avg Val (INR M)	1207

Financials & Valuations (INR b)

Y/E March	2022	2023E	2024E
Sales	122.8	137.1	153.6
Sales Gr. (%)	11.3	11.7	12.0
EBITDA	24.0	24.4	32.4
EBITDA mrg. (%)	19.5	17.8	21.1
Adj. PAT	17.9	17.4	23.8
Adj. EPS (INR)	17.5	17.0	23.3
EPS Gr. (%)	1.6	-3.2	37.3
BV/Sh.(INR)	113.0	122.0	133.3
Ratios			
RoE (%)	17.1	14.5	18.3
RoCE (%)	17.0	14.2	18.2
Payout (%)	0.0	47.1	51.5
Valuations			
P/E (x)	48.9	50.5	36.8
P/BV (x)	7.6	7.0	6.4
EV/EBITDA (x)	36.8	35.7	26.6
Div. Yield (%)	0.0	0.9	1.4

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	63.2	63.2	63.2
DII	6.1	5.9	1.2
FII	24.0	24.2	27.0
Others	6.7	6.7	8.6

FII Includes depository receipts

CMP: INR858 TP: INR1,080 (+26%) Buy

Sales momentum encouraging; RM worries receding

- For GCPL, the improvement in sales growth trajectory is quite encouraging with the company now attaining double-digit three-year CAGR in sales. The management has maintained its double-digit sales growth guidance with mid-to-high single-digit volume growth.
- Material cost pressures are likely to abate markedly in 2HFY23 but higher media spends, to aid innovation and deepen penetration over the long term, will result in more gradual EBITDA margin improvement in ensuing quarters.
- Sales growth has improved noticeably in recent years along with renewed initiatives because of the strategic refresh to drive category growth in India, as well as expand distribution and reach in GUAM. A sales recovery in Indonesia from 2HFY23 onwards can improve the trajectory further in subsequent years. With the worst of the material cost pressures seemingly behind, FY24E earnings appear to be robust. **We maintain our BUY rating with a TP of INR1,080 (premised on 45x Jun'24E EPS).**

Sales and operating profit in line with our estimates

- Consolidated net sales grew 8% YoY to INR31.3b (in line) in 1QFY23. Two-year sales CAGR was also healthy at 15.9%.
- Gross profit declined 3.6% YoY to INR14.6b (in line). EBITDA decreased 12.8% YoY to INR5.3b (in line), PBT dropped 15.9% to INR4.6b (in line), and adjusted PAT contracted 16.4% to INR3.5b (in line) in 1QFY23.
- Consolidated sales in comparable constant currency (CC) rose 9% YoY.
- Gross margin contracted 560bp YoY to 46.6% (est. 48.5%).
- As a % of sales, higher ad spends (up 140bp YoY to 6.4%), lower staff costs (down 170bp to 8.3%), and other expenses (down 110bp to 14.8%) led to a 410bp YoY contraction in EBITDA margin to 17% (est. 16.8%).
- Volumes (consolidated) declined 5% YoY; the three-year CAGR stood at 3%.

Highlights from the management commentary

- For FY23, the management continues to guide for double-digit topline growth with low-to-mid single-digit volume growth.
- Indonesia will have a steady-state high single-digit sales growth v/s double-digit growth in India and Africa (on the same basis).
- Africa business is doing well on topline; however, profitability needs to improve.
- Management expects margin improvement in 2HFY23 led by decline in commodity costs and cost savings.
- There was a disruptive launch of powder-based body wash at INR45. One of the key reasons for low usage of body wash was that it was highly priced at 3x the cost of soaps. However, with this launch, it is now at the same price bracket (i.e. INR45). It will be a margin-accretive product even at this price.

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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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Valuation and view

- Changes to our model have led to 4.2%/7.9% increase in FY23/ FY24 EPS estimates led by gradually improving margin outlook going forward, as intense commodity costs pressures abate and continued double-digit sales drive operating leverage.
- As highlighted in our detailed notes published on Jan'22 and Jul'21, GCPL's domestic businesses had demonstrated a track record of strong sales growth in the first half of the last decade, before losing their way in the second half.
- Better capital allocation, a moratorium on acquisitions, and improved GAUM performance were already being witnessed before the new CEO joined in Oct'22. Domestic and consolidated sales growth has crossed double-digits in the last two years, far better than the 4.1% sales CAGR between FY16 and FY20.
- With investments by the new CEO focused on boosting growth in the high-margin, high-RoCE domestic business, its medium-term earnings growth outlook is strong. Valuation at 36.3x FY24E EPS is inexpensive. We maintain our **BUY** rating with a TP of INR1,080 (premised on 45x Jun'24E EPS).

Quarterly Performance (Consolidated) (INR b)

Y/E March	FY22				FY23				FY22	FY23	FY23	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales (including OOI)	**28.9**	**31.6**	**33.0**	**29.2**	**31.2**	**35.7**	**38.0**	**32.1**	**122.8**	**137.1**	**31.3**	0.0%
YoY change (%)	24.4	8.5	8.1	6.8	8.0	13.0	15.0	10.2	11.3	11.7	8.0	
Gross Profit	**15.1**	**15.8**	**16.7**	**14.4**	**14.6**	**17.3**	**19.6**	**16.8**	**62.0**	**68.3**	**15.2**	-4.0%
Margin (%)	52.2	49.8	50.7	49.5	46.6	48.5	51.5	52.4	50.5	49.8	48.5	
EBITDA	**6.1**	**6.8**	**7.0**	**5.0**	**5.3**	**6.3**	**6.8**	**5.9**	**24.0**	**24.4**	**5.3**	1.4%
Margins (%)	21.1	21.5	21.2	17.2	17.0	17.5	18.0	18.5	19.5	17.8	16.8	
YoY growth (%)	29.3	-0.8	-1.7	-12.6	-12.8	-7.9	-2.2	18.3	0.3	1.7	-14.1	
Depreciation	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	2.1	2.3	0.5	
Interest	0.3	0.2	0.3	0.3	0.4	0.3	0.3	0.0	1.1	1.0	0.3	
Other Income	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.9	1.2	0.2	
PBT	**5.4**	**6.1**	**6.1**	**4.0**	**4.6**	**5.4**	**6.0**	**5.4**	**21.6**	**21.4**	**4.5**	1.1%
Tax	1.3	1.3	1.0	0.2	1.1	1.2	1.4	1.0	3.7	4.7	1.0	
Adj PAT	**4.2**	**4.8**	**5.1**	**3.8**	**3.5**	**4.2**	**4.6**	**4.4**	**17.9**	**16.7**	**3.5**	-0.2%
YoY change (%)	8.8	4.8	3.7	-10.7	-16.4	-13.3	-9.6	14.9	1.6	-6.9	-16.2	

E: MOFSL Estimate

Key performance indicators

Y/E March	FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
2Y average growth %								
Sales	11.7	9.7	9.0	16.8	16.2	10.8	11.5	8.5
EBITDA	16.1	9.0	5.5	5.8	8.2	-4.3	-2.0	2.3
PAT	20.1	7.3	7.0	22.4	-3.8	-4.2	-3.0	-0.7
% sales								
COGS	47.8	50.2	49.3	50.5	53.4	51.5	48.5	47.6
Other expenditure	31.0	28.3	29.5	31.5	29.5	31.0	33.5	33.9
Depreciation	1.8	1.6	1.6	1.9	1.8	1.6	1.6	1.9
YoY change %								
COGS	30.1	23.7	18.6	21.9	20.5	16.0	13.1	3.7
Other expenditure	13.7	-5.3	0.3	-3.0	2.7	23.6	30.6	18.5
Other income	-4.0	62.4	49.1	43.4	31.7	18.0	35.0	41.2
EBIT	32.3	-0.8	-2.6	-9.9	-15.1	-9.7	-3.2	14.0

E: MOFSL estimate

Exhibit 1: Snapshot of 1QFY23 performance as reported by the company

Growth (%)	Consolidated	India
Net sales	8	12
Net sales (constant currency)	9	-
EBITDA	(13)	(4)
Net profit (reported)	(17)	(2)
Net profit (without exceptional and one-off items)	(16)	(2)

Source: Company, MOFSL

- Consolidated comparable constant currency (CC) sales grew 9% YoY in 1QFY23.
- As a percentage of sales, higher ad spends (up 140bp YoY to 6.4%), lower staff costs (down 170bp to 8.3%), and other expenses (down 110bp to 14.8%) led to a 410bp YoY contraction in EBITDA margin to 17% (est. 16.8%).

Standalone performance

- Net sales (including OOI) grew 11.4% YoY to INR18.5b in 1QFY23.
- India Branded business volumes declined by 6% YoY, with a three-year CAGR at 4%. The Home Care segment fell 4% YoY, with a two-year CAGR of 8%. The Personal Care segment grew 25% YoY, with a two-year CAGR of 21%. Unbranded and exports sales fell 6% YoY, with a two-year CAGR of 19%.
- Gross margin contracted by 660bp YoY to 46.1%. EBITDA margin contracted by 360bp YoY to 22.4%.
- EBITDA declined by 4% YoY on a standalone basis to INR4.1b.
- Adjusted PAT remained flat YoY at INR3.2b.

International performance

- Indonesia CC sales declined 12% YoY. Africa, the US, and the Middle East (GAUM) together grew 12% YoY on a CC basis. Others (LatAm, Europe, and SAARC) grew 15% YoY on a CC basis.

Exhibit 2: Snapshot of sales by geography

International business	1QFY23		
	Sales (INR m)	Growth (%)	CC growth (%)
India	18,140	12	-
Indonesia	3,760	(9)	(12)
GAUM	7,790	12	12
Others	1,510	(5)	15
Total net sales	**30,940**	**8**	**9**

Source: Company, MOFSL

CONFERENCE CALL

Highlights from conference call

Performance and outlook

- Performance in 1QFY23 was good on account of a lower base.
- GCPL did well to limit margin impact given intense commodity cost pressures.
- Three year Home Insecticides (HI) CAGR is around 10%.
- Indonesia business, excluding Saniter, grew 4%.
- For FY23, management continues to expect double digit topline growth with low to mid- single digit volume growth.

Costs and margins

- Management expects margin improvement in 2HFY23 led by decline in commodity costs and cost savings.
- Impact on margin would have been lower had the ad-spends not increased by 150bp YoY. However, ad-spend increase in the coming quarters will not be at the cost of overall margins.

Key initiatives for growth

- HI - Aerosol and electric categories have lower penetration. GCPL is increasing media spend and distribution. Liquid vaporizers are now being positioned from efficacy and performance to better sleep. Cockroach infestation will be the next big driver of growth in HI after growing aerosol and electric category penetration in mosquitos.
- Disruptive launch of powder based body wash at INR45. One of the key reasons for low usage of body-wash category was that it was 3x the cost of soaps. However, with this launch, it is now at the same price i.e. INR45. It will be margin accretive product even at INR45.
- SKU reductions in India continue in recent months.

New recruitments

- Indonesia has seen both incrementally better off take on core business and on the macro front. Overall growth is expected to emerge in Indonesia from 3QFY23 onwards. A new CEO has just taken over Indonesia operations.
- Indonesia will have a steady state high single digit sales growth compared to double digits on the same basis in India and Africa.
- Africa business is doing well on topline however bottom line needs to improve. Simplifying the portfolio will play a big part on improving margins, even if this means getting rid of some unprofitable business in some regions. It is targeting 15-16% margins by FY25. Increase in proportion of Wet Hair and Household Insecticides will play a role in driving sales and margins.
- Even if there is realignment of the portfolio in Africa, there won’t be any one off impact (similar to Indonesia when they decided to defocus on Saniter).

Key exhibits

Exhibit 3: Segmental quarterly sales growth and EBIT margin

Segment revenue (INR m)	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
India	16,607	18,381	18,174	16,353	18,494
Indonesia	4,115	4,449	4,472	4,016	3,765
Africa (including SON)	6,942	7,485	8,842	7,228	7,789
Others	1,597	1,737	2,002	2,116	1,541
Less: Inter-segment eliminations	-316	-417	-465	-554	-338.7
Net Sales from operations	**28,945**	**31,637**	**33,026**	**29,158**	**31,250**
Segment revenue growth (%)					
India	20.3	9.5	7.2	9	11.4
Indonesia	1.4	-0.2	0	-14.8	-8.5
Africa (including SON)	58.7	14.8	13.5	14.7	12.2
Others	25.5	-4.2	11.2	18.4	-3.5
Less: Inter-segment eliminations	34.2	-3.9	2.2	12.7	7.1
Net Sales from operations	**24.4**	**8.5**	**8.1**	**6.8**	**8.0**
Segment EBIT (INR m)					
India	4,271	4,485	4,543	3,822	4,101
Indonesia	930	1,148	919	854	576
Africa (including SON)	324	462	732	-461	246
Others	214	277	210	191	25
Less: Inter-segment eliminations	-38	-58	-41	-32	-35
Net EBIT from operations	**5,700**	**6,314**	**6,362**	**4,373**	**4,913**
Less: Interest	-273	-245	-256	-328	-351
Less: Exceptional Items	-16	-14	138	-205	-18
Total Profit Before Tax	**5,412**	**6,054**	**6,244**	**3,840**	**4,544**
Segment EBIT growth (%)					
India	12.9	-3.6	-1.9	16.6	-4.0
Indonesia	-5.4	4.2	-15.2	-47.9	-38.1
Africa (including SON)	L/P	11.4	1.1	-309.2	-24.1
Others	66.6	-16	-0.6	309.7	-88.3
Net EBIT from operations	**28**	**-0.7**	**-3.5**	**-56.6**	**-13.8**
Total Profit Before Tax	**32**	**0.2**	**-2.7**	**-9.5**	**-16.0**
Segment EBIT mix (%)					
India	75	71	71	87	83
Indonesia	16	18	14	20	12
Africa (including SON)	6	7	12	-11	5
Others	4	4	3	4	1
Less: Inter-segment eliminations	-1	-1	-1	-1	-1
Net EBIT from operations	**100**	**100**	**100**	**100**	**100**
Segment EBIT margin (%)					
India	25.7	24.4	25	23.4	22.2
Indonesia	22.6	25.8	20.5	21.3	15.3
Africa (including SON)	4.7	6.2	8.3	-6.4	3.2
Others	13.4	15.9	10.5	9	1.6
Net EBIT margin from operations	**19.7**	**20**	**19.3**	**15**	**15.7**
Segment EBIT margin change (%)					
India	-1.7	-3.3	-2.3	1.5	-3.5
Indonesia	-1.6	1.1	-3.7	-13.6	-7.3
Africa (including SON)	11.4	-0.2	-1	-9.9	-1.5
Others	3.3	-2.2	-1.2	6.4	-11.8
Overall EBIT change	**0.6**	**-1.9**	**-2.3**	**-3.7**	**-4.0**

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 international business now contributes to nearly half of GCPL's total sales. Most acquisitions have been EPS-accretive since the company's 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 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 a 32.3%/27.3%/21.7% CAGR in sales/EBITDA/PAT. This was followed by a weak performance over the next five years (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, the continued inability to scale up margins, and weak RoCE in the international business has adversely impacted the pace of earnings growth.

Valuation and view

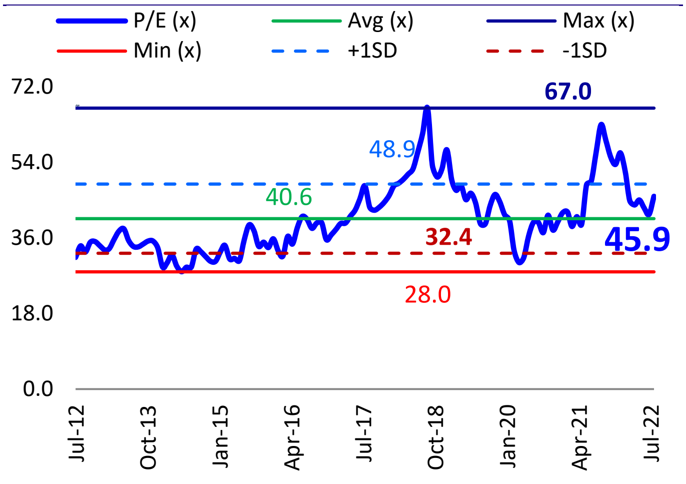
- Changes to our model have led to 4.2%/7.9% increase in FY23/ FY24 EPS estimates led by gradually improving margin outlook going forward, as intense commodity costs pressures abate and continued double-digit sales drive operating leverage.
- As highlighted in our detailed notes published on Jan'22 and Jul'21, GCPL's domestic businesses had demonstrated a track record of strong sales growth in the first half of the last decade, before losing their way in the second half.
- Better capital allocation, a moratorium on acquisitions, and improved GAUM performance were already being witnessed before the new CEO joined in Oct'22. Domestic and consolidated sales growth has crossed double-digits in the last two years, far better than the 4.1% sales CAGR between FY16 and FY20.
- With investments by the new CEO focused on boosting growth in the high-margin, high-RoCE domestic business, its medium-term earnings growth outlook is strong. Valuation at 36.3x FY24E EPS is inexpensive. We maintain our **BUY** rating with a TP of INR1,080 (premised on 45x Jun'24E EPS).

Exhibit 4: Model revisions led to a 4.2%/7.9% change in our FY23/FY24 EPS estimate

INR b	Old		New		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Sales	136.6	151.5	137.1	153.6	0.4	1.4
EBITDA	23.8	30.7	24.4	32.4	2.5	5.4
PAT	16.7	22.1	17.4	23.8	4.2	7.9

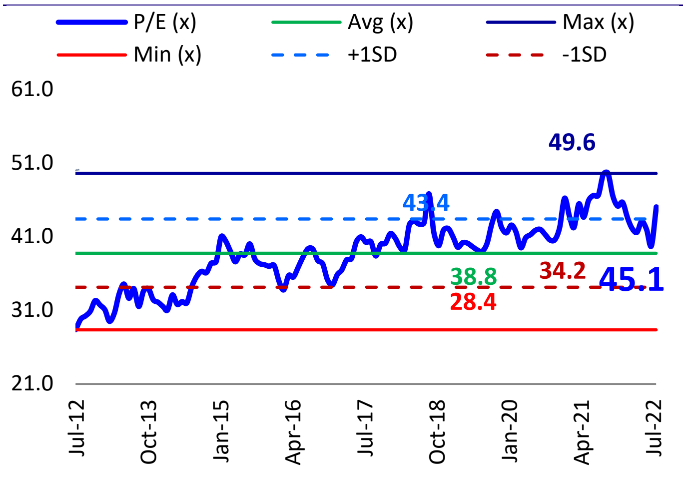
Source: Company, MOFSL

Exhibit 5: P/E ratio (x) for GCPL



Source: Company, MOFSL

Exhibit 6: P/E ratio (x) for the Consumer sector



Source: Company, MOFSL

Financials and valuations

Income Statement							(INR b)
Y/E March	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**
Net Sales	**98.5**	**103.1**	**99.1**	**110.3**	**122.8**	**137.1**	**153.6**
Change (%)	6.3	4.7	-3.9	11.3	11.3	11.7	12.0
Gross Profit	**55.7**	**58.1**	**56.5**	**61.0**	**62.0**	**68.3**	**82.2**
Margin (%)	56.6	56.3	57.0	55.3	50.5	49.8	53.5
Total Expenditure	77.8	81.5	77.7	86.4	98.8	112.7	121.2
EBITDA	**20.7**	**21.7**	**21.4**	**23.9**	**24.0**	**24.4**	**32.4**
Change (%)	8.9	4.9	-1.2	11.4	0.3	1.7	33.0
Margin (%)	21.0	21.0	21.6	21.7	19.5	17.8	21.1
Depreciation	1.6	1.7	2.0	2.0	2.1	2.3	2.4
Int. and Fin. Charges	1.6	2.2	2.2	1.3	1.1	1.0	0.7
Interest Income	0.7	0.9	0.8	0.4	0.6	0.8	0.9
Other Income-rec.	0.4	0.2	0.4	0.3	0.3	0.4	0.4
PBT	**18.6**	**18.8**	**18.4**	**21.2**	**21.6**	**22.2**	**30.5**
Change (%)	10.2	1.4	-2.3	15.4	1.9	2.8	37.3
Margin (%)	18.9	18.3	18.6	19.3	17.6	16.2	19.9
Total tax	4.0	4.4	3.6	4.6	4.2	4.6	6.3
Tax Rate (%)	21.8	20.9	21.4	16.9	17.2	21.9	21.9
PAT	**14.5**	**14.9**	**14.5**	**17.7**	**17.9**	**17.4**	**23.8**
Change (%)	11.2	2.5	-2.9	22.0	1.6	-3.2	37.3
Margin (%)	14.8	14.4	14.6	16.0	14.6	12.7	15.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group Adjusted PAT	**14.4**	**14.9**	**14.5**	**17.7**	**17.9**	**17.4**	**23.8**
Non-rec. (Exp.)/Income	1.8	8.5	0.5	-0.4	-0.1	0.0	0.0
Reported PAT	**16.3**	**23.4**	**15.0**	**17.2**	**17.8**	**17.4**	**23.8**

Balance Sheet							(INR b)
Y/E March	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**
Share Capital	0.7	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	61.9	71.6	78.0	93.4	114.5	123.7	135.3
Minority Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Networth	**62.6**	**72.7**	**79.0**	**94.4**	**115.6**	**124.7**	**136.3**
Loans	35.1	33.8	35.2	7.6	17.0	11.9	8.4
Deferred Liability	1.9	-4.7	-5.7	-6.4	-6.8	-6.8	-6.8
Capital Employed	**99.6**	**101.8**	**108.5**	**95.6**	**125.8**	**129.9**	**137.9**
Gross Block	39.6	42.1	45.2	46.3	49.4	52.9	56.1
Less: Accum. Depn.	3.6	4.6	6.3	8.6	11.0	13.3	15.7
Net Fixed Assets	**36.0**	**37.5**	**38.9**	**37.7**	**38.4**	**39.6**	**40.4**
Capital WIP	0.8	0.5	0.6	0.6	1.2	1.2	1.2
Goodwill	47.2	49.2	53.4	51.3	53.8	53.8	53.8
Non Curr Investments	1.4	0.3	0.3	0.2	1.7	1.5	1.4
Current Investments	8.6	4.8	6.4	6.6	8.4	9.3	10.2
Currents Assets	**44.7**	**43.8**	**43.5**	**39.6**	**50.5**	**57.7**	**67.9**
Inventory	15.8	15.6	17.0	17.2	21.3	21.4	24.0
Account Receivables	12.5	12.9	11.6	10.0	11.2	12.4	13.9
Cash and Bank Balance	9.6	8.9	7.7	6.7	11.1	16.9	23.0
Loans and Advances	6.8	6.3	7.1	5.6	6.8	6.8	6.8
Other Current Assets	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Curr. Liab. & Prov.	**39.0**	**34.4**	**34.6**	**40.5**	**28.2**	**33.2**	**37.0**
Account Payables	23.5	25.4	24.8	21.6	21.6	26.3	29.5
Other Liabilities	15.3	8.7	9.3	18.3	6.4	6.7	7.4
Net Current Assets	**5.6**	**9.4**	**8.9**	**-0.8**	**22.3**	**24.5**	**30.9**
Net Assets	**99.6**	**101.8**	**108.5**	**95.6**	**125.8**	**129.9**	**137.9**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
Basic (INR)							
EPS	**14.1**	**14.6**	**14.2**	**17.3**	**17.5**	**17.0**	**23.3**
Cash EPS	23.4	16.2	16.1	19.3	19.6	19.3	25.7
BV/Share	91.9	71.1	77.3	92.3	113.0	122.0	133.3
DPS	9.0	12.0	8.0	0.0	0.0	8.0	12.0
Payout (%)	64.0	82.3	56.5	0.0	0.0	47.1	51.5
Valuation (x)							
P/E	61.0	58.8	60.6	49.7	48.9	50.5	36.8
Cash P/E	36.7	52.8	53.3	44.6	43.8	44.5	33.4
EV/Sales	6.2	8.7	9.1	8.0	7.2	6.4	5.6
EV/EBITDA	29.4	41.6	42.2	36.8	36.8	35.7	26.6
P/BV	9.3	12.1	11.1	9.3	7.6	7.0	6.4
Dividend Yield	1.0	1.4	0.9	0.0	0.0	0.9	1.4
Return Ratios (%)							
RoE	24.9	22.0	19.1	20.4	17.1	14.5	18.3
RoCE (Post-tax)	16.2	16.6	15.4	18.3	17.0	14.2	18.2
RoIC	19.3	19.0	16.9	20.7	19.6	16.8	23.1
Working Capital Ratios							
Debtor (Days)	46	46	43	33	33	33	33
Asset Turnover (x)	2.7	2.7	2.5	2.9	3.1	3.4	3.7
Leverage Ratio							
Debt/Equity (x)	0.6	0.5	0.4	0.1	0.1	0.1	0.1

Cash Flow Statement (INR b)

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
OP/(Loss) before Tax	20.5	20.4	20.6	23.8	23.8	24.2	32.5
Net interest	0.9	1.4	1.4	0.9	0.5	0.1	-0.1
Direct Taxes Paid	-4.1	-4.5	-3.6	-4.0	-4.5	-4.7	-6.5
(Inc)/Dec in WC	-0.2	0.0	-2.6	-0.5	-5.4	3.6	-0.3
CF from Operations	**17.2**	**17.3**	**15.9**	**20.3**	**14.5**	**23.3**	**25.7**
Inc in FA	-3.1	-2.1	-1.5	-1.6	-2.8	-3.5	-3.3
Free Cash Flow	**14.1**	**15.2**	**14.4**	**18.7**	**11.7**	**19.8**	**22.4**
Pur of Investments	0.4	2.9	-2.6	-0.1	-5.5	-0.7	-0.8
Others	-0.2	1.6	0.0	-1.3	1.9	0.6	0.6
CF from Investments	**-2.9**	**2.4**	**-4.2**	**-3.1**	**-6.4**	**-3.5**	**-3.4**
Inc in Debt	0.0	0.0	-1.3	-16.2	-2.2	-5.1	-3.6
Dividend Paid	-6.1	-12.3	-8.2	0.0	0.0	-8.2	-12.3
Interest Paid	-1.6	-2.1	-1.5	-1.6	-1.1	-1.0	-0.7
Other Item	-6.1	-6.0	-2.0	-0.4	-0.5	0.4	0.4
CF from Fin. Activity	**-13.8**	**-20.4**	**-13.0**	**-18.2**	**-3.8**	**-13.9**	**-16.1**
Inc/Dec of Cash	**0.5**	**-0.7**	**-1.2**	**-1.0**	**4.4**	**5.8**	**6.1**
Add: Beginning Balance	9.1	9.6	8.9	7.7	6.7	11.1	16.9
Closing Balance	**9.6**	**8.9**	**7.7**	**6.7**	**11.1**	**16.9**	**23.0**

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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