

# Tata Consumer Products

BSE SENSEX 60,942 S&P CNX 18,119

CMP: INR742 TP: INR940 (+27%) Buy

## TATA CONSUMER PRODUCTS

Bloomberg	TATACONS IN
Equity Shares (m)	922
M.Cap.(INRb)/(USDb)	689.4 / 8.5
52-Week Range (INR)	861 / 651
1, 6, 12 Rel. Per (%)	-6/-16/-1
12M Avg Val (INR M)	1478
Free float (%)	65.3

### Financials Snapshot (INR b)

Y/E MARCH	2023E	2024E	2025E
Sales	136.0	150.3	162.3
EBITDA	18.3	23.1	25.8
Adj. PAT	10.8	15.9	18.1
EBITDA Margin (%)	13.5	15.4	15.9
Cons. Adj. EPS (INR)	11.6	16.6	19.6
EPS Gr. (%)	9.6	43.5	18.0
BV/Sh. (INR)	175.4	188.3	208.6

### Ratios

Net D:E	-0.1	-0.2	-0.2
RoE (%)	6.9	9.3	9.7
RoCE (%)	9.6	12.0	12.9
Payout (%)	49.2	39.1	30.4

### Valuations

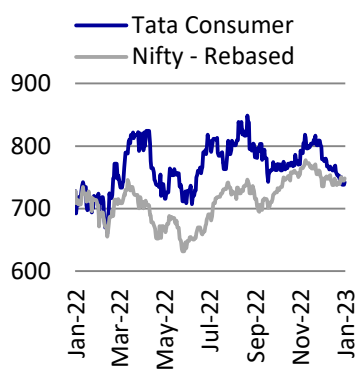
P/E (x)	64.0	44.6	37.8
EV/EBITDA (x)	36.4	28.4	25.1
Div. Yield (%)	0.8	0.9	0.7
FCF Yield (%)	0.5	2.3	2.1

### Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	34.7	34.7	34.7
DII	14.9	14.0	13.3
FII	25.7	25.4	26.0
Others	24.8	25.9	26.0

FII Includes depository receipts

### Stock performance (one-year)



## NourishCo: A Game changer

TATACONS's strategy to acquire the remaining stake in NourishCo JV from PepsiCo is bearing its fruit with the company rapidly expanding its distribution coverage, leveraging the strength of its existing portfolio and launching innovative products in non-carbonated (NCD) and ready-to-drink (RTD) beverage segment. In this report, we highlight the rationales as to why we believe this segment could be a game changer for TATACONS.

### NourishCo a better fit with TATACONS

- NourishCo was founded as a JV between Tata Consumer and PepsiCo in CY10 to enter the non-carbonated drink market in India. Since its launch, NourishCo has registered a strong revenue CAGR of 32% over FY12-20 (JV period).
- Further, to create more synergy and to grow as a multi-category FMCG player, TATACONS acquired PepsiCo's share (50%) of NourishCo in May'20 at a consideration of INR130m.
- Since acquisition (in FY21), the business has registered a higher revenue CAGR of 38% despite the impact of the Covid, v/s the JV period. Also, post the acquisition, NourishCo turned EBIT positive with margins increasing annually from 3% in FY21 to 6% in FY22. This was mainly led by strong synergy between TATACONS and NourishCo.

### Nurturing RTD beverage segment under NourishCo

- Under NourishCo, the company has been focused on building brands in the healthy hydration space offering non-carbonated, ready-to-drink (RTD) beverages across brands such as Himalayan, Tata Gluco Plus (TGP), Tata Copper Plus Water (TCPW), and Tata Fruski.
- As per Indian Council for Research on International Economic Relations (ICRIER), the non-alcoholic beverages market is expected to register a CAGR of 8.7% over CY19-30 to INR1.47t from INR671b in CY19. With the industry growing at a robust rate, TATACONS foraying into this space is expected to be a game changer, owing to the iconic 'Tata' brand.
- This can be visible through a strong 83% topline growth in FY22 to INR3.4b v/s INR1.9b in FY21. Also, in 1HFY23, the segment registered a revenue of INR3.2b (i.e., 93% of FY22 revenue).
- The segment is growing robustly on the back of a strong market acceptance, synergies from deep distribution network of other products categories, and premium quality offerings. We expect the segment to end the year on a strong footing. (FY23E revenue of INR5.7b, i.e., 66% YoY).
- The company follows an asset light model both in terms of manufacturing and distribution. It continues to focus its resources on marketing and branding activities and supervising the sales.

### Accelerated pace of innovation and product launches

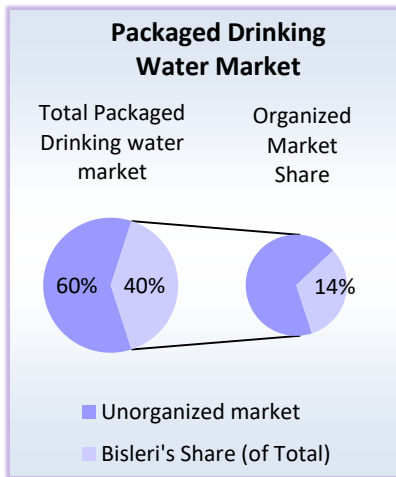
- Since acquisition, TATACONS has introduced multiple, innovative products in the NCD and RTD beverages categories with innovation to sales contribution reaching 10% in FY22.
- The company's product portfolio includes Tata Fruski (juice-based ethnic drinks) with three flavors (Jeera Masala, Lemon Masala, and Mast Mango); Tata Gluco Plus – a glucose-based hydration drink in a cup at a competitive price of INR10/cup; Tata Gluco Plus Jelly Energy drink (first drinkable jelly in India); Himalayan mineral water; Himalayan Honey and Preserves range available in Strawberry, Apricot, Black Cherry, Apple Cinnamon, and Three Fruit Marmalade flavors.
- TATACONS's use of cup for its Gluco Plus brand is an innovative way to increase consumption (to consume the product once the cover is opened) and to save cost (cup is much cheaper than bottles)
- The company is focused on building a strong pipeline of new innovative products, including premium categories under its existing and new brands.
- The company also rebranded Tata Water Plus to Tata Copper Plus Water to clearly communicate the differentiated proposition of added copper. The company is witnessing strong growth from this product as customers benefit from the goodness of copper-infused water at a price point of normal water.

### Exponential growth in distribution network to gain more market share

- The distribution network expanded 80% YoY in FY22 to ~350,000 outlets across 70% of the Indian geography. The company has further plans to double the network in the next three years. It has also increased the capacity by 50% YoY in FY22 through an asset light model.
- Under the Himalayan brand, the distribution foot print expanded to over 70 markets, covering over 4,000 traditional trade and over 1,700 on-premise outlets.
- Tata Gluco also doubled its outlet reach by further strengthening its distribution network.
- Tata Copper+ doubled its outlets and entered new markets such as Delhi NCR, UP, West Bengal, and Maharashtra.
- Tata Fruski entered into new markets such as West Bengal and Delhi to test the product acceptance.
- Strengthening of distribution network and penetration into new geographies will be a key focus area for the company to scale up new and existing brands.

### Bisleri a suitable match for NourishCo

- According to recent media articles, TATACONS is expected to acquire Bisleri International Pvt. Ltd. for an estimated INR60-70b.
- The total market size of packaged drinking water is estimated to be ~INR200b, of which, organized packaged water market is estimated to be of ~INR80b. At 32%, Bisleri has the highest market share in the organized packaged water market, followed by Coca-Cola's Kinley and PepsiCo's Aquafina.
- Bisleri has maintained its leadership position with strong revenue/PAT CAGR of 20%/47% over FY15-20 and earned EBIDTA margins of 17% in FY20.



- This acquisition will catapult TATACONS to No. 1 in the packaged mineral water segment. Also, Bisleri's addition will result in synergic benefits to NourishCo in the form of wider distribution reach with extensive ready go-to-market network across retail stores, chemist channels, and other institutional channels; and provide large economies of scale, resulting in a margin improvement for the merged NourishCo business. Bisleri has ~122 operational plants (13 owned), ~4,500 distributors and ~5,000 trucks across India.
- The management of Bisleri expects to end FY23 with an estimated revenue of ~INR25b with profit at ~INR2.2b. This would mark the transaction at ~2.4-2.8x FY23 revenues of Bisleri and ~27-32x of FY23 PAT (against NEST CY23E PE of 76x, HUVR FY23E PE of 61x, BRIT FY23E PE of 57x).
- Key risk to the deal can be cannibalization with the existing NourishCo brands such as Tata Copper+ in packaged drinking water getting adversely impacted.
- **If TATACONS goes ahead with this acquisition, then the preferential issue to promoter entities or rights issue will be EPS accretive. (Refer Exhibit 9)**

### Valuation and view

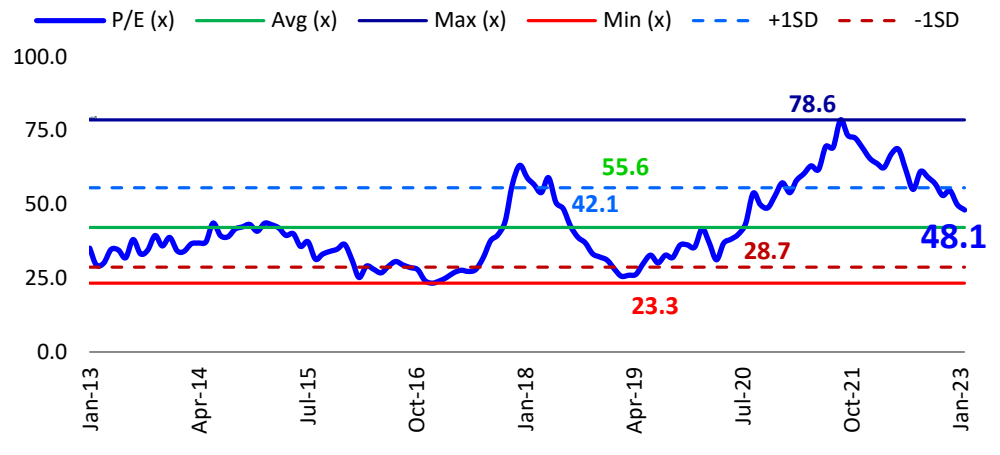
- TATACONS is on portfolio expansion spree in its F&B segment with product launches into newer and innovative categories such as RTD, Jelly and Glucose through NourishCo. These are expected to be strong drivers of growth for the company.
- TATACONS's holistic strategy aims at transforming by: i) strengthening and accelerating its core business, ii) exploring new opportunities, iii) unlocking synergies, iv) digitization of the supply chain, v) expansion of its product portfolio and innovation, vi) enhancing its focus on premiumization and health and wellness products, vii) embed sustainability, and viii) expanding its sales and distribution infrastructure, supply chain, and capability building toward being a multi-category FMCG player.
- We expect a sales/EBITDA/PAT CAGR of 9%/14%/23%, respectively, over FY22-25. We arrive at our SoTP-based TP of INR940 and reiterate our **Buy** rating on the stock.

### Exhibit 1: SoTP valuation

EV/EBITDA	FY25E EBITDA	Multiple (x)	EV
India Tea (TCP standalone)	9,843	41	4,05,521
Coffee India (excluding Starbucks) at 57%	1,186	11	13,047
Coffee overseas	4,114	14	57,589
Consumer (salt and others)	7,484	41	3,08,332
Overseas tea (Tetley UK)	2,472	13	32,142
<b>DCF</b>			
Starbucks JV			43,711
<b>Enterprise value</b>			<b>8,60,342</b>
Less: Net debt			(35,475)
<b>Market value (INR m)</b>			<b>8,95,817</b>
No. of shares (m)			953
<b>Target price (INR)</b>			<b>940</b>

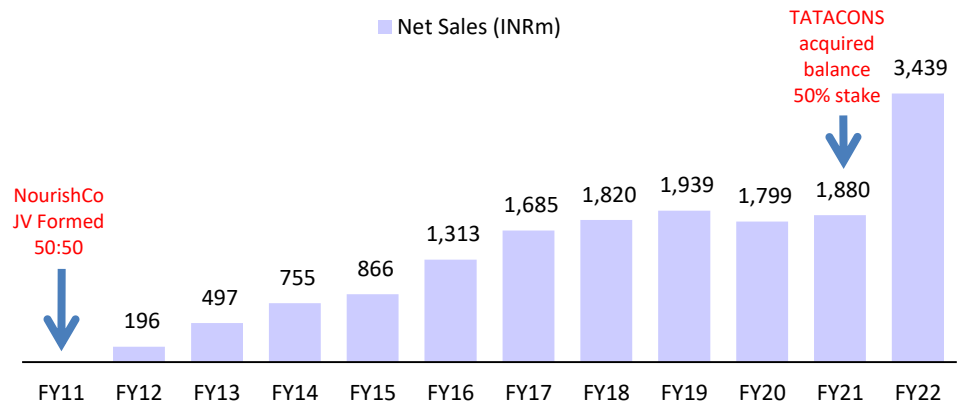
Source: MOFSL

**Exhibit 2: One-year forward P/E (x)**



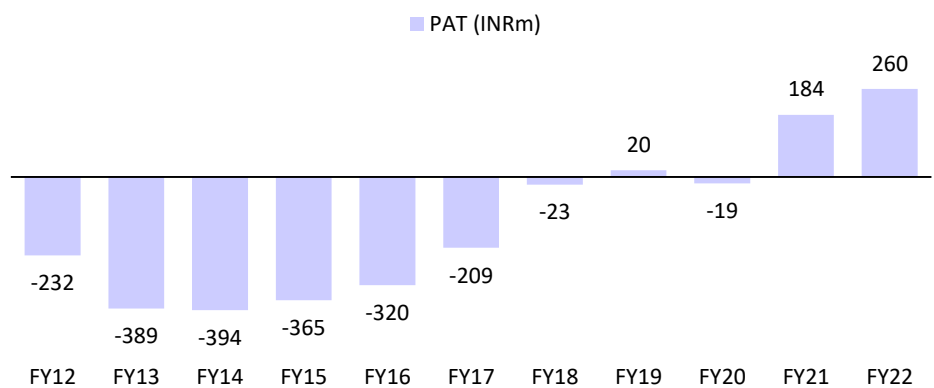
Source: MOFSL

**Exhibit 3: NourishCo's revenue trajectory since launch**



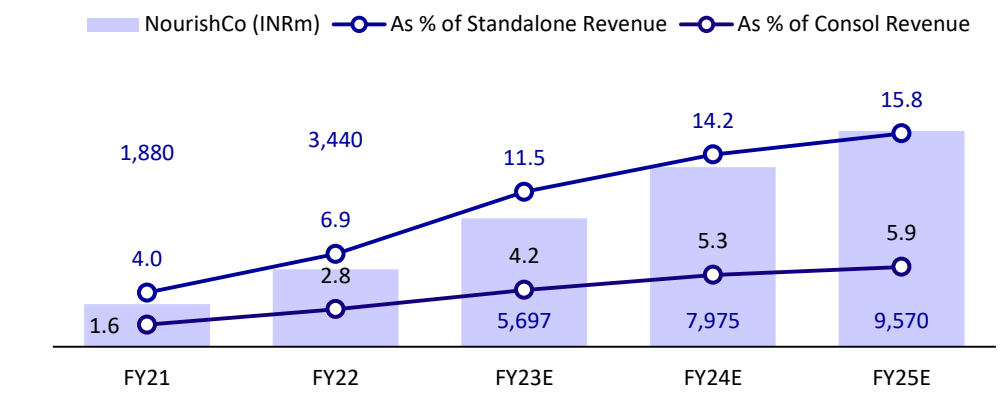
Source: Company, MOFSL

**Exhibit 4: PAT turned around in the last two years since acquisition of balance stake in NourishCo JVs**



Source: Company, MOFSL

Exhibit 5: Increased revenue contribution from NourishCo



Source: MOFSL

Exhibit 6: Capturing the F&amp;B space through the launch of innovative products



Exhibit 7: Bisleri's profit &amp; loss Statement

Particulars (INRm)	FY16	FY17	FY18	FY19	FY20	FY21
Net Sales	7,383.2	8,628.4	10,506.0	12,505.4	14,650.5	11,332.2
Growth %	27%	17%	22%	19%	17%	-23%
Total Expenditure	6,384.8	7,624.3	8,710.9	10,911.9	12,224.7	9,598.4
EBITDA	998.3	1,004.1	1,795.1	1,593.5	2,425.8	1,733.8
Margin %	14%	12%	17%	13%	17%	15%
Depreciation & Amortization	485.3	543.0	591.5	749.9	1,020.8	893.4
EBIT	513.1	461.2	1,203.6	843.6	1,405.0	840.4
Margin %	7%	5%	11%	7%	10%	7%
Other Income	71.1	104.6	76.7	94.1	91.3	485.5
Interest	37.2	37.4	52.6	58.9	86.6	78.6
PBT	547.0	528.3	1,227.7	878.9	1,409.7	1,247.3
Tax	246.2	205.9	517.8	377.6	492.5	228.5
PAT	319.2	322.4	709.9	501.3	917.2	1,018.8
Margin %	4%	4%	7%	4%	6%	9%

Source: Company, MOFSL

**Exhibit 8: Bisleri's Key Financial metrics**

Particulars	FY16	FY17	FY18	FY19	FY20	FY21
Debt To Equity (x)	0.21	0.19	0.23	0.16	0.12	0.05
Current Ratio (x)	0.83	0.81	0.70	0.77	0.82	1.01
ROCE (%)	48.20	37.21	51.97	32.88	34.80	25.95
RONW (%)	33.50	26.44	36.80	21.11	23.90	20.96
EBITDA to CFO (%)	94%	77%	102%	72%	76%	104%
Asset Turnover Ratio (x)	6.09	5.68	4.26	4.39	2.16	1.49
Inventory Turnover Ratio (x)	92.52	50.42	50.67	51.56	73.75	26.65
Working Capital Turnover Ratio (x)	-44.58	907.30	23.64	12.92	3.21	2.14

Source: Company, MOFSL

**Exhibit 9: Preferential Allotment or Rights issue are the most suitable options for the Bisleri deal**

Particulars (INR)	FY24	FY25	Comment
TATACONS existing EPS	16.6	19.6	
Scenario 1 EPS	15.0	18.8	Funding through 100% Debt @ 7.5% interest
Scenario 2 EPS	16.1	19.8	Funding through 80% Debt @ 7.5% interest and balance cash
Scenario 3 EPS	18.6	22.0	Preferential Allotment to Promoter Entity
Scenario 4 EPS	18.1	21.4	Right Issue

**a) Scenario 1:**

Expected PAT (INRm)	FY24E	FY25E	Assumption
TATACONS	15,854	18,093	
Incremental Interest	4,875	4,875	Interest rate of 7.5%
Incremental PAT of Bisleri	2,960	3,695	38% CAGR over FY21-25
Synergy Benefit	400	961	5%/10% in FY24/FY25 of NourishCos Revenue
<b>Total PAT</b>	<b>14,339</b>	<b>17,874</b>	
EPS post Bisleri	15.0	18.8	
EPS pre Bisleri	16.6	19.6	
<b>EPS gain/(loss)</b>	<b>-10%</b>	<b>-4%</b>	

TATACONS Debt	8,106	8,106	
Incremental Debt	65,000	65,000	Average of deal value INR60-70b
<b>Total Debt</b>	<b>73,106</b>	<b>73,106</b>	

C&CE of TATACONS	35,462	46,287	
Add: Incremental CF	1,680	2,328	50% conversion of PAT
Less: Interest on Funding	4,875	4,875	
Less: Funding for Bisleri	-	-	
<b>Balance C&amp;CE</b>	<b>32,267</b>	<b>43,740</b>	

**b) Scenario 2**

Expected PAT (INRm)	FY24	FY25
TATACONS	15,854	18,093
Incremental Interest	3,900	3,900
Incremental PAT of Bisleri	2,960	3,695
Synergy Benefit	400	961
<b>Total PAT</b>	<b>15,314</b>	<b>18,849</b>
EPS	16.1	19.8
EPS pre Bisleri	16.6	19.6
<b>EPS gain/(loss)</b>	<b>-3%</b>	<b>1%</b>

TATACONS Debt	8,106	8,106
Incremental Debt	52,000	52,000
<b>Total Debt</b>	<b>60,106</b>	<b>60,106</b>

C&CE of TATACONS	35,462	46,287
Add: Incremental CF	1,680	2,328
Less: Interest on Funding	3,900	3,900
Less: Funding for Bisleri	13,000	13,000
<b>Balance C&amp;CE</b>	<b>20,242</b>	<b>31,715</b>

Source: MOFSL

## c) Scenario 3

Expected PAT (INRm)	FY24	FY25
TATACONS	15,854	18,093
Incremental PAT of Bisleri	2,960	3,695
Synergy Benefit	400	961
<b>Total PAT</b>	<b>19,214</b>	<b>22,749</b>
EPS post Bisleri	18.5	22.0
EPS pre Bisleri	16.6	19.6
<b>EPS gain/(loss)</b>	<b>11%</b>	<b>12%</b>

Expected Floor Price	779	INR
Stock price for Allotment	779	INR
Funds required	65,000	INRm
<b>No. of shares for Allotment</b>	<b>83.4</b>	<b>INRm</b>
Existing Number of shares	953	INRm
Share dilution	9%	
<b>Total No. of Shares post PA</b>	<b>1,036</b>	<b>INRm</b>

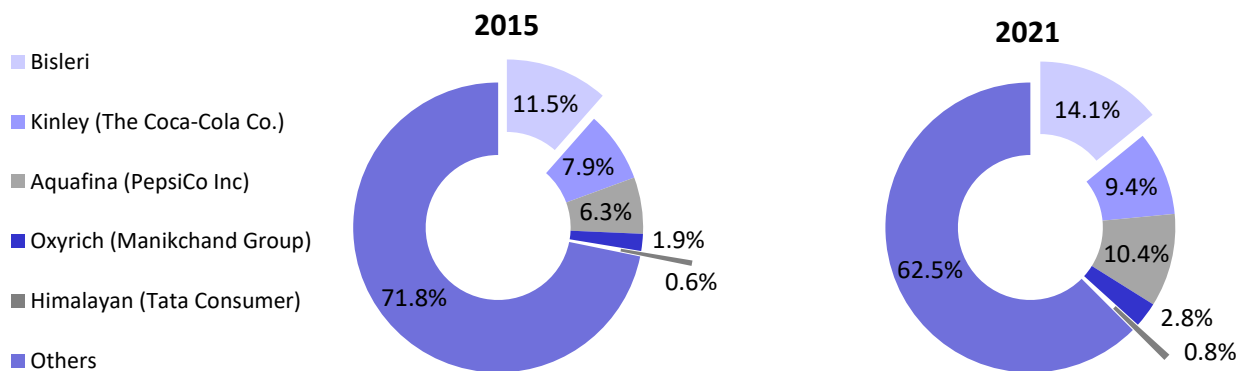
## d) Scenario 4

Expected PAT (INRm)	FY24	FY25
TATACONS	15,854	18,093
Incremental PAT of Bisleri	2,960	3,695
Synergy Benefit	400	961
<b>Total PAT</b>	<b>19,214</b>	<b>22,749</b>
EPS post Rights for Bisleri	18.1	21.4
EPS pre Bisleri	16.6	19.6
<b>EPS gain/(loss)</b>	<b>9%</b>	<b>9%</b>

CMP	742	INR
Expected Right Issue Price (@20% discount to CMP)	594	INR
Funds required	65,000	INRm
<b>No. of shares for Rights</b>	<b>109.5</b>	<b>INRm</b>
Existing Number of shares	953	INRm
Share dilution	11%	
<b>Total No. of Shares post rights</b>	<b>1,062</b>	<b>INRm</b>

Source: MOFSL

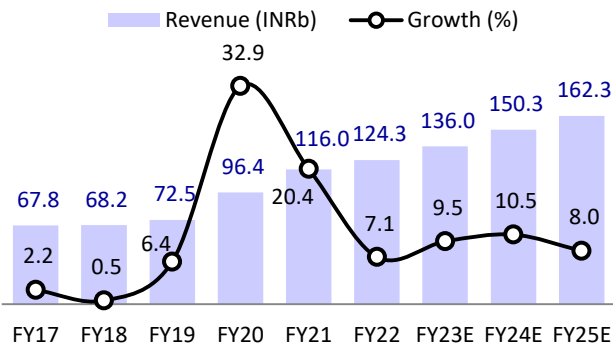
## Exhibit 10: Packaged drinking water market share



Source: Euromonitor, MOFSL

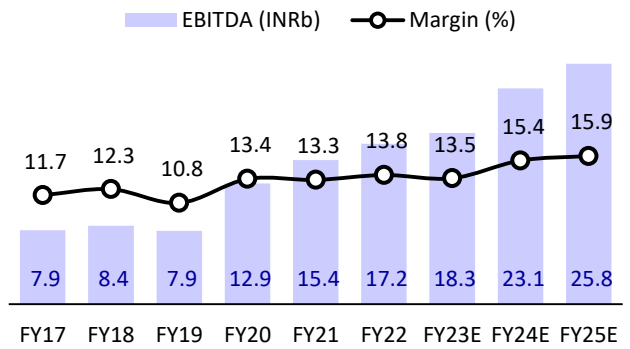
## Story in Chart

**Exhibit 11: Consolidated Revenue trend**



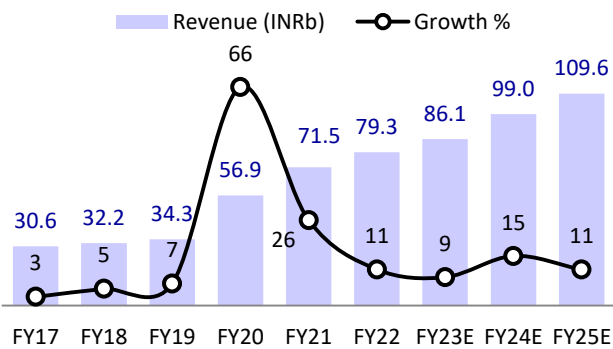
Source: Company, MOFSL

**Exhibit 12: Consolidated EBITDA trend**



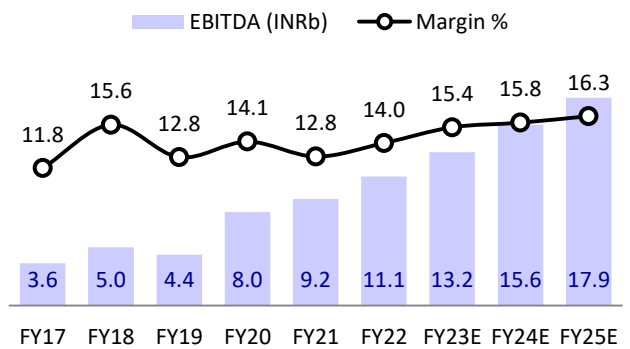
Source: Company, MOFSL

**Exhibit 13: Standalone Revenue trend (%)**



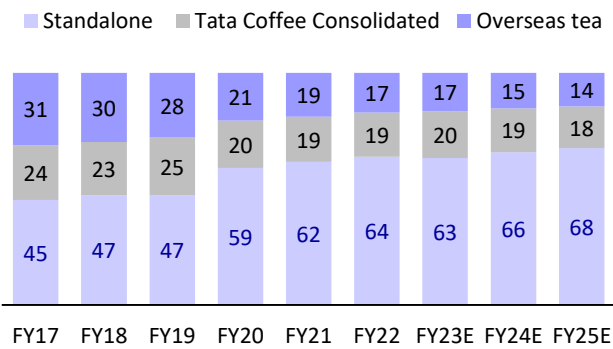
Source: Company, MOFSL

**Exhibit 14: Standalone EBITDA trend**



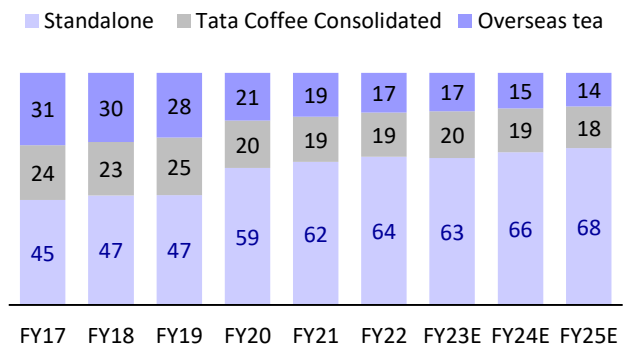
Source: Company, MOFSL

**Exhibit 15: Revenue Mix (%)**



Source: Company, MOFSL

**Exhibit 16: EBITDA Mix (%)**



Source: Company, MOFSL



## Financials and valuations

### Consolidated Income Statement

(INRb)

Y/E March	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Net Sales</b>	<b>67.8</b>	<b>68.2</b>	<b>72.5</b>	<b>96.4</b>	<b>116.0</b>	<b>124.3</b>	<b>136.0</b>	<b>150.3</b>	<b>162.3</b>
Change (%)	2.2	0.5	6.4	32.9	20.4	7.1	9.5	10.5	8.0
<b>Gross Profit</b>	<b>32.2</b>	<b>31.2</b>	<b>32.4</b>	<b>42.3</b>	<b>47.0</b>	<b>53.4</b>	<b>57.6</b>	<b>65.2</b>	<b>70.2</b>
Margin (%)	47.5	45.7	44.7	43.9	40.5	43.0	42.4	43.4	43.2
Other operating exp.	24.3	22.8	24.6	29.3	31.6	36.2	39.3	42.1	44.4
<b>EBITDA</b>	<b>7.9</b>	<b>8.4</b>	<b>7.9</b>	<b>12.9</b>	<b>15.4</b>	<b>17.2</b>	<b>18.3</b>	<b>23.1</b>	<b>25.8</b>
Margin (%)	11.7	12.3	10.8	13.4	13.3	13.8	13.5	15.4	15.9
Depreciation	1.3	1.2	1.2	2.4	2.5	2.8	2.9	3.0	3.1
Net Interest	0.9	0.4	0.5	0.8	0.7	0.7	0.7	0.6	0.6
Other income	0.8	0.9	1.6	1.1	1.2	1.4	1.4	1.5	1.6
<b>PBT before EO</b>	<b>6.6</b>	<b>7.7</b>	<b>7.7</b>	<b>10.8</b>	<b>13.4</b>	<b>15.1</b>	<b>16.1</b>	<b>21.0</b>	<b>23.6</b>
EO income/(exp.)	0.1	-0.2	-0.3	-2.7	-0.3	-0.5	0.9	0.0	0.0
PBT after EO	6.6	7.5	7.3	8.1	13.1	14.6	17.0	21.0	23.6
Tax	2.0	1.9	2.6	2.7	3.2	3.8	4.5	5.7	6.4
Rate (%)	30.0	24.7	35.5	33.9	24.2	25.9	26.6	27.0	27.0
Minority and Associates	0.7	0.7	0.7	0.8	1.4	1.4	1.0	-0.6	-0.8
<b>Reported PAT</b>	<b>3.9</b>	<b>5.0</b>	<b>4.1</b>	<b>4.6</b>	<b>8.6</b>	<b>9.4</b>	<b>11.4</b>	<b>15.9</b>	<b>17.3</b>
<b>Adjusted PAT</b>	<b>3.8</b>	<b>5.2</b>	<b>4.4</b>	<b>7.2</b>	<b>8.7</b>	<b>9.7</b>	<b>10.8</b>	<b>15.9</b>	<b>18.1</b>
Change (%)	17.3	34.5	-14.6	63.5	20.8	11.8	10.5	47.2	14.1

### Balance Sheet

(INRb)

Y/E March	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Share Capital	0.6	0.6	0.6	0.9	0.9	0.9	0.9	1.0	1.0
Reserves	62.0	69.7	72.7	137.2	144.4	150.5	162.0	178.5	191.3
<b>Net Worth</b>	<b>62.7</b>	<b>70.3</b>	<b>73.3</b>	<b>138.1</b>	<b>145.3</b>	<b>151.4</b>	<b>162.9</b>	<b>179.4</b>	<b>192.3</b>
Minority Interest	9.2	10.1	10.3	10.9	10.9	11.5	7.1	0.0	0.0
Loans	7.9	10.7	11.3	11.8	7.2	10.1	10.1	8.1	8.1
<b>Capital Employed</b>	<b>79.7</b>	<b>91.1</b>	<b>94.9</b>	<b>160.9</b>	<b>163.5</b>	<b>173.0</b>	<b>180.1</b>	<b>187.5</b>	<b>200.4</b>
Gross Block	23.7	25.4	27.7	59.1	61.8	66.7	69.2	72.2	74.7
Less: Accum. Deprn.	13.7	15.2	16.4	18.8	21.4	24.2	27.1	30.1	33.2
<b>Net Fixed Assets</b>	<b>10.1</b>	<b>10.2</b>	<b>11.3</b>	<b>40.3</b>	<b>40.4</b>	<b>42.5</b>	<b>42.1</b>	<b>42.1</b>	<b>41.4</b>
Capital WIP	0.6	1.4	4.2	1.0	1.1	4.6	4.6	4.6	4.6
Goodwill & Intangibles	35.0	37.2	37.9	73.3	76.0	77.5	77.5	77.5	77.5
Investments	13.5	6.4	6.0	4.9	4.8	6.0	6.2	6.8	7.6
<b>Curr. Assets</b>	<b>36.3</b>	<b>49.3</b>	<b>49.4</b>	<b>65.3</b>	<b>79.9</b>	<b>80.1</b>	<b>88.7</b>	<b>97.7</b>	<b>112.2</b>
Inventories	14.5	14.5	16.1	17.1	22.5	22.7	29.8	29.6	32.0
Account Receivables	5.9	6.5	6.8	9.2	7.6	8.4	11.2	11.5	12.5
Cash and Bank Balance	7.4	18.1	16.2	24.6	34.0	28.0	26.6	35.5	46.3
Others	8.4	10.3	10.3	14.4	15.8	21.1	21.1	21.1	21.4
<b>Curr. Liability &amp; Prov.</b>	<b>14.3</b>	<b>13.5</b>	<b>12.9</b>	<b>20.8</b>	<b>33.2</b>	<b>30.2</b>	<b>31.6</b>	<b>33.7</b>	<b>35.5</b>
Account Payables	7.4	7.1	6.6	9.4	16.3	19.2	20.5	22.6	24.5
Other liabilities	3.4	3.6	4.2	8.6	14.0	8.6	8.6	8.6	8.6
Provisions	3.6	2.9	2.0	2.8	2.9	2.5	2.5	2.5	2.5
<b>Net Curr. Assets</b>	<b>22.0</b>	<b>35.8</b>	<b>36.5</b>	<b>44.5</b>	<b>46.6</b>	<b>49.8</b>	<b>57.1</b>	<b>64.0</b>	<b>76.6</b>
Def. tax liability	1.5	0.0	1.0	3.0	5.5	7.5	7.5	7.5	7.5
<b>Appl. of Funds</b>	<b>79.7</b>	<b>91.1</b>	<b>94.9</b>	<b>160.9</b>	<b>163.5</b>	<b>173.0</b>	<b>180.1</b>	<b>187.5</b>	<b>200.4</b>

## Financials and valuations

### Cash flow statement

(INRb)

Y/E March	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>EBITDA</b>	<b>7.9</b>	<b>8.4</b>	<b>7.9</b>	<b>12.9</b>	<b>15.4</b>	<b>17.2</b>	<b>18.3</b>	<b>23.1</b>	<b>25.8</b>
Prov. & FX	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
WC	1.5	-1.4	-2.3	-0.6	3.1	2.0	-8.6	1.7	-1.8
Others	0.1	-0.4	-0.8	1.4	1.2	-0.3	0.9	0.0	0.0
Direct taxes (net)	-2.1	-3.0	-2.6	-2.7	-3.2	-3.8	-4.5	-5.7	-6.4
<b>CF from Op. Activity</b>	<b>7.4</b>	<b>3.6</b>	<b>2.1</b>	<b>10.8</b>	<b>16.6</b>	<b>15.2</b>	<b>6.1</b>	<b>19.2</b>	<b>17.6</b>
Capex	-1.4	-3.6	-2.8	-1.6	-2.1	-2.7	-2.5	-3.0	-2.5
<b>FCFF</b>	<b>6.0</b>	<b>0.0</b>	<b>-0.7</b>	<b>9.2</b>	<b>14.5</b>	<b>12.4</b>	<b>3.6</b>	<b>16.2</b>	<b>15.1</b>
Interest/dividend	0.6	0.5	0.5	0.6	0.7	0.9	1.4	1.5	1.6
Investments in subs/assoc.	-0.3	-0.1	-0.4	-0.2	-2.2	-7.4	0.0	0.0	0.0
Others	2.5	10.2	3.4	-5.5	-0.5	-4.0	0.0	0.0	0.0
<b>CF from Inv. Activity</b>	<b>1.4</b>	<b>7.0</b>	<b>0.7</b>	<b>-6.7</b>	<b>-4.1</b>	<b>-13.2</b>	<b>-1.1</b>	<b>-1.5</b>	<b>-0.9</b>
Share capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Borrowings	-4.8	2.2	0.4	0.3	-0.6	-4.9	0.0	-2.0	0.0
Finance cost	-0.6	-0.3	-0.4	-0.7	-0.7	-0.6	-0.7	-0.6	-0.6
Dividend	-1.9	-2.1	-2.2	-2.2	-2.7	-4.0	-5.6	-6.2	-5.2
Others	-0.8	0.4	-2.5	6.9	0.9	1.6	0.0	0.0	0.0
<b>CF from Fin. Activity</b>	<b>-8.2</b>	<b>0.1</b>	<b>-4.7</b>	<b>4.3</b>	<b>-3.0</b>	<b>-7.9</b>	<b>-6.3</b>	<b>-8.8</b>	<b>-5.8</b>
<b>(Inc)/Dec in Cash</b>	<b>0.7</b>	<b>10.7</b>	<b>-1.9</b>	<b>8.4</b>	<b>9.4</b>	<b>-6.0</b>	<b>-1.4</b>	<b>8.9</b>	<b>10.8</b>
Opening balance	6.7	7.4	18.1	16.2	24.6	34.0	28.0	26.6	35.5
<b>Closing balance (as per B/S)</b>	<b>7.4</b>	<b>18.1</b>	<b>16.2</b>	<b>24.6</b>	<b>34.0</b>	<b>28.0</b>	<b>26.6</b>	<b>35.5</b>	<b>46.3</b>

### Ratios

Y/E March	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>4.2</b>	<b>5.6</b>	<b>4.8</b>	<b>7.8</b>	<b>9.5</b>	<b>10.6</b>	<b>11.6</b>	<b>16.6</b>	<b>19.6</b>
Cash EPS	5.5	6.9	6.1	10.5	12.2	13.6	14.8	19.8	23.0
BV/Share	68.0	76.3	79.6	149.9	157.7	164.3	175.4	188.3	208.6
DPS	2.3	2.4	2.5	2.7	4.1	6.1	6.1	6.5	5.5
Payout (%)	36.5	29.9	38.7	54.1	43.6	59.6	49.2	39.1	30.4
Dividend yield (%)	0.3	0.3	0.3	0.4	0.5	0.8	0.8	0.9	0.7
<b>Valuation (x)</b>									
P/E	178.0	132.4	154.9	94.8	78.5	70.2	64.0	44.6	37.8
Cash P/E	134.1	108.1	121.2	71.0	60.7	54.6	50.3	37.5	32.2
P/BV	10.9	9.7	9.3	5.0	4.7	4.5	4.2	3.9	3.6
EV/Sales	10.1	9.9	9.4	7.0	5.7	5.4	4.9	4.4	4.0
EV/EBITDA	86.5	80.6	86.4	51.9	42.6	38.7	36.4	28.4	25.1
Dividend Yield (%)	0.3	0.3	0.3	0.4	0.5	0.8	0.8	0.9	0.7
FCF per share	9.6	-0.1	-1.1	10.0	15.7	13.5	3.8	17.0	15.8
<b>Return Ratios (%)</b>									
RoE	6.1	7.8	6.1	6.8	6.1	6.6	6.9	9.3	9.7
RoCE	9.0	9.4	8.6	8.5	8.3	9.0	9.6	12.0	12.9
RoIC	10.6	11.7	9.8	11.5	11.1	10.7	11.2	14.5	16.7
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	6.7	6.7	6.4	2.4	2.9	2.9	3.2	3.6	3.9
Asset Turnover (x)	0.9	0.7	0.8	0.6	0.7	0.7	0.8	0.8	0.8
Debtor (Days)	32	35	34	35	24	25	30	28	28
Creditor (Days)	40	38	33	36	51	56	55	55	55
Inventory (Days)	78	78	81	65	71	67	80	72	72
<b>Leverage Ratio (x)</b>									
Net Debt/Equity	0.0	-0.1	-0.1	-0.1	-0.2	-0.1	-0.1	-0.2	-0.2

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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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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