

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	GCPL IN
Equity Shares (m)	1022
M.Cap.(INRb)/(USDb)	933.5 / 11.4
52-Week Range (INR)	956 / 660
1, 6, 12 Rel. Per (%)	7/4/1
12M Avg Val (INR M)	1169

Financials & Valuations (INR b)

Y/E March	2023E	2024E	2025E
Sales	134.2	150.8	170.0
Sales Gr. (%)	9.3	12.4	12.7
EBITDA	25.2	31.5	38.3
EBITDA mrg. (%)	18.8	20.9	22.6
Adj. PAT	16.8	23.0	27.5
Adj. EPS (INR)	16.4	22.5	26.9
EPS Gr. (%)	-6.2	36.6	19.8
BV/Sh.(INR)	121.4	131.9	139.8

Ratios

RoE (%)	14.0	17.7	19.8
RoCE (%)	15.0	18.1	20.3
Payout (%)	48.7	53.4	70.6

Valuations

P/E (x)	55.5	40.6	33.9
P/BV (x)	7.5	6.9	6.5
EV/EBITDA (x)	36.8	29.1	23.8
Div. Yield (%)	0.9	1.3	2.1

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	53.3	63.2	63.2
DII	3.4	6.5	5.0
FII	16.3	24.4	25.6
Others	27.0	5.9	6.1

FII Includes depository receipts

CMP: INR913 TP: INR1,080 (+18%)

Buy

Sales in line; earnings prospects remain bright

- Godrej Consumer (GCPL)'s consolidated EBITDA growth was ahead of our preview expectations (released before GCPL announced its end of quarter update) and it was even above expectations after the end of quarter update – at ~10% v/s high single-digit growth expectations. Importantly, EBITDA growth was in double digits despite ~20% YoY rise in consolidated ad-spends.
- Outlook on EBITDA growth for GCPL over the next few quarters is better than peers despite high ad-spend intensity, which is in line with GCPL's strategic growth plans.
- Healthy pace of earnings (mid-20's CAGR on EBITDA and PAT during FY23-FY25E) is likely to be led by: a) superior growth in highly profitable markets such as India and Indonesia; b) focus on profitability in Africa; and c) continuing working capital improvement in the overseas business. **We maintain our BUY rating with a TP of INR1,080 (based on 40x FY25E EPS).**

Sales in line; margin better than expectation

- GCPL's 3QFY23 consolidated net sales grew 9.0% YoY to INR36.0b (in line).
- Gross profit rose 10% YoY to INR18.4b (est. INR17.8b). EBITDA grew 9.8% YoY to INR7.7b (est. INR6.5b), PBT jumped 10.1% YoY to INR6.7b (est. INR5.6b), while Adj. PAT increased 7.8% YoY to INR5.5b (est. INR4.4b).
- The above numbers were broadly in line with the pre-quarterly update, announced after our preview expectation was released.
- Consolidated comparable constant currency (CC) sales rose 15% YoY in 3Q.
- Gross margin expanded 40bp YoY to 51.1% (est. 49.5%) during the quarter.
- As a percentage of sales, higher ad spends (+70bp YoY to 7.7%), stable other expenses (at 14.1%) and lower staff costs (-50bp YoY to 8.1%) led to better-than-expected EBITDA margin of 21.3% (est. 18.0%).
- Consolidated volumes grew 1% in 3QFY23.
- Sales rose 8.0% to INR100.3b in 9MFY23; but EBITDA/Adj. PAT declined 5.8%/9.0% YoY to INR18.7b/12.8b, respectively.

Highlights from the management commentary

- Management appears confident of healthy performance in the next few quarters, especially if macro situation recovers and Household Insecticides (HI) innovations revive the category. Performance of HI is improving over the past couple of quarters. GCPL is gaining market share in soaps as well.
- Domestic gross margin is likely to go up going forward in 4QFY23 and FY24E. Indonesia and Africa will also see margin improvement YoY and sequentially going forward in 4QFY23E and 1QFY24E. As of now, currency depreciation is impacting overseas margins adversely. Management is targeting mid-teens margins in Africa in over two years.
- GCPL launched two disruptive products in Household Insecticides (HI) to improve access, one in Liquid vaporizers and the other in spray format.
- A few MAT benefits will be available in FY24E and the company will see a ~25% tax rate in FY25E.

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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

- Changes to our model have led to a 4% increase in FY23E EPS while there are no material changes to our FY24/FY25 EPS forecasts.
- GCPL has been on the right path towards improving the India business sales growth in recent years. FY23 is likely to be the third consecutive year of close to double digit sales growth after a weak FY16-FY20 period, where growth decelerated (~4% CAGR). Disruptive innovations, access packs and higher but concentrated ad-spends are likely to result in continued healthy growth in this high-margin and high-ROCE domestic business.
- Profitability outlook is also gradually improving in the overseas business. Working capital improvement (especially in overseas) is also on track.
- Three factors hurt GCPL's performance in the three quarters preceding 3QFY23 viz.: a) massive increase in palm oil costs leading to RM basket inflation well ahead of staples peers; b) weaker-than-expected HI season and c) currency translation impact due to which international business was adversely affected. Among these, palm oil costs have corrected steeply and HI outlook is better, leaving only the currency translation as an uncertainty. Other domestic businesses are also seeing good momentum.
- GCPL's valuations are inexpensive at 33.9x FY25E EPS given robust earnings growth prospects and expected improvements in return ratios. **We maintain our BUY rating with a TP of INR1,080 (based on 40x FY25E EPS).**

Quarterly performance (Consolidated)

Y/E March	FY22				FY23				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23	FY23 3QE	Var. (%)
Net Sales (including OOI)	28,945	31,637	33,026	29,158	31,250	33,919	35,989	33,044	1,22,765	1,34,202	35,998	0.0%
YoY change (%)	24.4	8.5	8.1	6.8	8.0	7.2	9.0	13.3	11.3	9.3	9.0	
Cost of Goods Sold	13,847	15,876	16,294	14,734	16,692	17,681	17,581	15,873	60,751	67,828	18,179	
Gross Profit	15,098	15,760	16,732	14,424	14,558	16,238	18,408	17,170	62,014	66,374	17,819	3.3%
Margin (%)	52.2	49.8	50.7	49.5	46.6	47.9	51.1	52.0	50.5	49.5	49.5	
EBITDA	6,111	6,792	6,991	5,024	5,326	5,743	7,675	6,458	23,951	25,201	6,480	18.4%
Margins (%)	21.1	21.5	21.2	17.2	17.0	16.9	21.3	19.5	19.5	18.8	18.0	
YoY growth (%)	29.3	-0.8	-1.7	-12.6	-12.8	-15.4	9.8	28.5	0.3	5.2	-7.3	
Depreciation	509	509	542	540	571	533	573	597	2,099	2,274	574	
Interest	273	245	256	328	351	483	399	498	1,102	1,730	473	
Other Income	209	226	224	238	275	399	432	462	897	1,567	426	
Forex gain / (loss)	-111.4	-195.6	-310.8	-348.5	-118.1	-321.4	-408.5	-352.0	-966	-1,200	-218	
PBT	5,427	6,068	6,107	4,045	4,562	4,804	6,725	5,473	21,647	21,565	5,641	19.2%
Tax	1,272	1,267	972	208	1,093	989	1,188	1,480	3,719	4,749	1,213	
Rate (%)	23.4	20.9	15.9	5.1	23.9	20.6	17.7	27.0	17.2	22.0	21.5	
Adj PAT	4,152	4,803	5,138	3,838	3,470	3,815	5,538	3,993	17,931	16,816	4,428	25.1%
YoY change (%)	8.8	4.8	3.7	-10.7	-16.4	-20.6	7.8	4.0	1.6	-6.2	-13.8	

E: MOFSL Estimate

Key performance indicators

Y/E March	FY22				FY23		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
2Y average growth %							
Sales	11.7	9.7	9.0	16.8	16.2	7.9	8.5
EBITDA	16.1	9.0	5.5	4.0	8.2	-8.1	4.0
PAT	20.1	7.3	7.0	20.0	-3.8	-7.9	5.7
% sales							
COGS	47.8	50.2	49.3	50.5	53.4	52.1	48.9
Other expenditure	31.0	28.3	29.5	32.2	29.5	30.9	29.8
Depreciation	1.8	1.6	1.6	1.9	1.8	1.6	1.6
YoY change %							
COGS	30.1	23.7	18.6	21.9	20.5	11.4	7.9
Other expenditure	13.7	-5.3	0.3	-0.8	2.7	17.0	10.2
Other income	-4.0	62.4	49.1	43.4	31.7	76.1	92.5
EBIT	32.3	-0.8	-2.6	-13.8	-15.1	-17.1	10.1

Exhibit 1: Snapshot of 3QFY23 performance as reported by the company

Growth (%)	Consolidated	India
Net sales	9	11
Net sales (constant currency)	15	-
EBITDA	10	20
Net profit (reported)	4	21
Net profit (without exceptional and one-off items)	13	28

Source: Company, MOFSL

Standalone performance in 3QFY23

- Net sales (including OOI) grew 10.6% YoY to INR20.1b.
- India branded business volumes grew 3% YoY.
- Home care business grew 10% YoY, personal care rose 14% YoY and unbranded exports declined 9% YoY.
- Gross margin expanded 250bp YoY to 54.2%. EBITDA margin expanded 190bp YoY to 27.1%.
- EBITDA grew 18.9% YoY to INR5.4b.
- Adj. PAT grew 13.7% YoY to INR4.5b.

International performance

- Indonesia CC sales declined 3% YoY; however, ex-hygiene it grew 2%. Africa, the US, and the Middle East (GAUM) together grew 23% YoY on a CC basis. Others (LatAm, Europe, and SAARC) grew 47% YoY on a CC basis.

Exhibit 2: Snapshot of sales by geography

International business	3QFY23		
	Sales (INR m)	Growth (%)	CC growth (%)
India	19,750	11	-
Indonesia	4,330	(3)	(3)
GAUM	10,060	14	23
Others	1,810	(8)	47
Total net sales	3,5680	9	15

Source: Company, MOFSL



Highlights from the conference call

Performance and outlook

- All-round performance was in line with expectations with sharp uplift in volume growth at 3% YoY in 3QFY23.
- General demand scenario was tough in 3QFY23 for lower-income and rural customers. Post-Diwali, urban discretionary demand was also hurt marginally. GCPL did well to report double-digit domestic sales growth despite the same. Demand may recover going forward either in 4QFY23E or 1QFY24E.
- Management appears confident of healthy performance in the next few quarters, especially if macro situation recovers and Household Insecticides (HI) innovations revive the category. Performance of HI is improving over the past couple of quarters. GCPL is gaining market share in soaps as well.

Costs and margins

- Better sales mix, agility in pricing and reduction in material costs enabled sharp improvement in gross margins YoY and sequentially.
- High volatility on raw material prices seems to be behind now.
- Domestic gross margin is likely to go up going forward in 4QFY23 and FY24E. Indonesia and Africa will also see margin improvement YoY and sequentially going forward in 4QFY23E and 1QFY24E. As of now, currency depreciation is impacting overseas margins adversely.

Segmental highlights

- Indonesia's macro situation has started to turn around.
- Indonesia is witnessing gradual recovery in HI.
- Ex-Saniter sales in Indonesia rose 2% YoY in 3QFY23 and the management expects an overall growth in 4Q. Saniter base will be low going forward as well.
- Promotion intensity in Indonesia has come down sequentially in 3Q and likely to continue going forward.
- Margins will gradually go up to earlier levels in Indonesia.
- The management is targeting mid-teens margins in Africa over a two-year period despite investing in growth (in FMCG) in that region.
- FMCG is now around one-third of the Africa market. It did well in Nigeria and now doing so in Kenya as well.

Innovations

- GCPL launched two disruptive HI innovations in Jan'23.
- Good Knight mini LV and refill was launched at half the price of base product (INR50 v/s INR95 for machine and INR 35 v/s INR 75 for refill). There is also a reduction in per ML cost as well. This product is more for the rural markets.
- New mini mosquito Spray (no gas) launched at a low price at INR50 (one-fifth of existing Hit on MRP) to target the incense stick market.
- Both these innovations are attempts to improve category penetration.
- GCPL has a high market share in LV and sprays.
- Both these new products will still be accretive to GCPL's overall gross margin. GCPL has done well with access packs in soaps and hair color.
- National launch of both these new innovations is likely to be in Feb'23, ahead of the HI season.
- Powder to liquid hand wash is doing very well and other players are following. Powder to liquid body wash will take time as even the powder to liquid hand wash sub-segment pick-up took around 18 months.

Other points

- Working Capital continues to reduce sequentially thus increasing cash positions.
- Capex in FY24 will be largely similar or a bit higher than FY23.
- A few MAT benefits will be available in FY24E and the company will be at ~25% tax rate in FY25E.

Key exhibits**Exhibit 3: Segmental quarterly sales growth and EBIT margin**

Segment revenue (INR m)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
India	18,174	16,353	18,494	19,850	20,098
Indonesia	4,472	4,016	3,765	4,087	4,333
Africa (including SON)	8,842	7,228	7,789	8,587	10,071
Others	2,002	2,116	1,541	1,744	1,828
Less: Inter-segment eliminations	-465	-554	-338.7	-348.3	-340.1
Net Sales from operations	33,026	29,159	31,250	33,919	35,989
Segment revenue growth (%)					
India	7.2	9	11.4	8.0	10.6
Indonesia	0.0	-14.8	-8.5	-8.2	-3.1
Africa (including SON)	13.5	14.7	12.2	14.7	13.9
Others	11.2	18.4	-3.5	0.4	-8.7
Less: Inter-segment eliminations	2.2	12.7	7.1	-16.4	-26.8
Net Sales from operations	8.1	6.8	8.0	7.2	9.0
Segment EBIT (INR m)					
India	4,543	3,822	4,101	4,340	5,604
Indonesia	919	854	576	737	948
Africa (including SON)	732	-461	246	205	621
Others	210	191	25	80.2	129.3
Less: Inter-segment eliminations	-41	-32	-35	-75	-178
Net EBIT from operations	6,362	4,373	4,913	5,287	7,125
Less: Interest	-256	-328	-351	-483	-399
Less: Exceptional Items	138	-205	-18	-227	-74
Total Profit Before Tax	6,244	3,840	4,544	4,577	6,651
Segment EBIT growth (%)					
India	-1.9	16.6	-4.0	-3.2	23.4
Indonesia	-15.2	-47.9	-38.1	-35.8	3.2
Africa (including SON)	1.1	-309.2	-24.1	-55.7	-15.2
Others	-0.6	309.7	-88.3	-71.0	-38.4
Net EBIT from operations	-3.5	-56.6	-13.8	-16.3	12.0
Total Profit Before Tax	-2.7	-9.5	-16.0	-24.4	6.5
Segment EBIT mix (%)					
India	71	87	83	82	79
Indonesia	14	20	12	14	13
Africa (including SON)	12	-11	5	4	9
Others	3	4	1	2	2
Less: Inter-segment eliminations	-1	-1	-1	-1	-2
Net EBIT from operations	100	100	100	100	100
Segment EBIT margin (%)					
India	25.0	23.4	22.2	21.9	27.9
Indonesia	20.5	21.3	15.3	18.0	21.9
Africa (including SON)	8.3	-6.4	3.2	2.4	6.2
Others	10.5	9	1.6	4.6	7.1
Net EBIT margin from operations	19.3	15	15.7	15.6	19.8
Segment EBIT margin change (%)					
India	-2.3	1.5	-1.5	-3.8	-2.1
Indonesia	-3.7	-13.6	-11.8	-11.3	-3.4
Africa (including SON)	-1.0	-9.9	-4.0	-4.4	0.5
Others	-1.2	6.4	0.0	0.0	0.0
Overall EBIT change	-2.3	-3.7	-4.1	-4.5	0.2

Source: Company, MOFSL

Valuation and view

What has happened from a business perspective over 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 of the 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 9.7%/10.8%/13.0%, respectively.
- During FY12–17, it posted a strong performance with a 13.8%/17.3%/19.5% CAGR in sales/EBITDA/PAT, respectively. This was followed by a weak performance over the next five years (FY17–22) with a much slower sales/EBITDA/PAT CAGR of 5.8%/4.8%/6.8%, respectively.
- The domestic sales slowdown in recent years, the continued inability to scale up margins, and weak RoCE in the international business have adversely impacted the pace of earnings growth.

Valuation and view

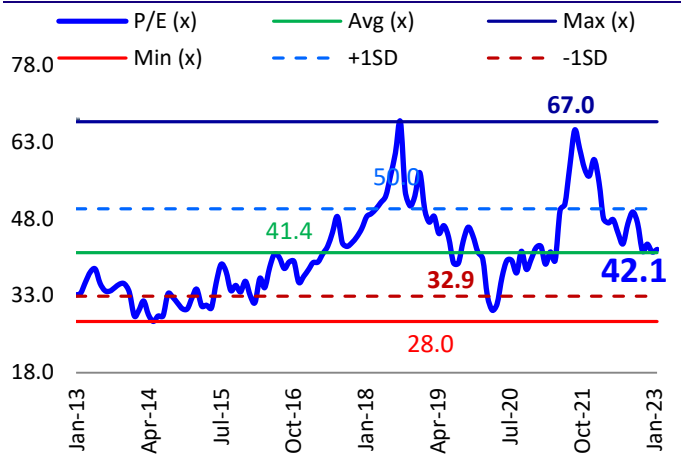
- Changes to our model have led to a 4% increase in FY23E EPS while there are no material changes to our FY24/FY25 EPS forecasts.
- GCPL has been on the right path towards improving the India business sales growth in recent years. FY23 is likely to be the third consecutive year of close to double digit sales growth after a weak FY16-FY20 period, where growth decelerated (~4% CAGR). Disruptive innovations, access packs and higher but concentrated ad-spends are likely to result in continued healthy growth in this high-margin and high-ROCE domestic business.
- Profitability outlook is also gradually improving in the overseas business. Working capital improvement (especially in overseas) is also on track.
- Three factors hurt GCPL's performance in the three quarters preceding 3QFY23 viz.: a) massive increase in palm oil costs leading to RM basket inflation well ahead of staples peers; b) weaker-than-expected HI season and c) currency translation impact due to which international business was adversely affected. Among these, palm oil costs have corrected steeply and HI outlook is better, leaving only the currency translation as an uncertainty. Other domestic businesses are also seeing good momentum.
- GCPL's valuations are inexpensive at 33.9x FY25E EPS given robust earnings growth prospects and expected improvements in return ratios. **We maintain our BUY rating with a TP of INR1,080 (based on 40x FY25E EPS).**

Exhibit 4: No material changes to our model

INR b	Old			New			Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Sales	134.7	151.0	169.3	134.2	150.8	170.0	-0.4	-0.1	0.4
EBITDA	24.1	31.8	38.2	25.2	31.5	38.3	4.5	-0.8	0.5
PAT	16.2	23.3	28.1	16.8	23.0	27.5	3.9	-1.4	-1.9

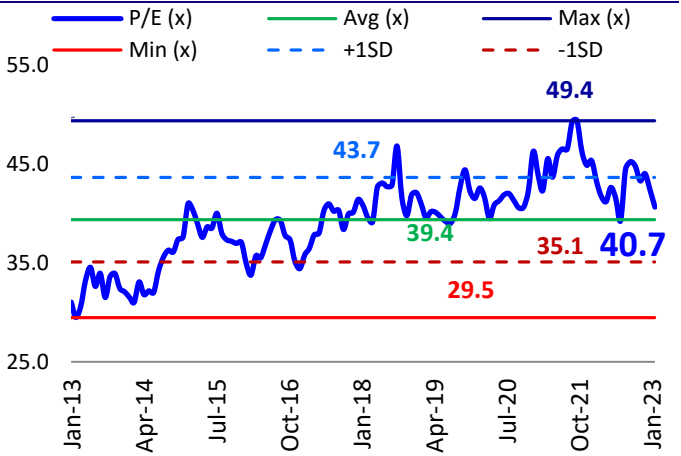
Source: Company, MOFSL

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	2025E
Net Sales	98.5	103.1	99.1	110.3	122.8	134.2	150.8	170.0
Change (%)	6.3	4.7	-3.9	11.3	11.3	9.3	12.4	12.7
Gross Profit	55.7	58.1	56.5	61.0	62.0	66.4	82.0	94.1
Margin (%)	56.6	56.3	57.0	55.3	50.5	49.5	54.4	55.4
Total Expenditure	77.8	81.5	77.7	86.4	98.8	109.0	119.3	131.6
EBITDA	20.7	21.7	21.4	23.9	24.0	25.2	31.5	38.3
Change (%)	8.9	4.9	-1.2	11.4	0.3	5.2	25.0	21.7
Margin (%)	21.0	21.0	21.6	21.7	19.5	18.8	20.9	22.6
Depreciation	1.6	1.7	2.0	2.0	2.1	2.3	2.4	2.6
Int. and Fin. Charges	1.6	2.2	2.2	1.3	1.1	1.7	1.3	1.3
Interest Income	0.7	0.9	0.8	0.4	0.6	1.1	1.3	1.6
Other Income-rec.	0.4	0.2	0.4	0.3	0.3	0.5	0.6	0.6
PBT	18.6	18.8	18.4	21.2	21.6	21.6	29.6	36.7
Change (%)	10.2	1.4	-2.3	15.4	1.9	-0.4	37.4	23.9
Margin (%)	18.9	18.3	18.6	19.3	17.6	16.1	19.7	21.6
Total tax	4.0	3.9	3.9	3.6	3.7	4.7	6.7	
Tax Rate (%)	21.8	20.9	21.4	16.9	17.2	22.0	22.5	25.0
PAT	14.5	14.9	14.5	17.7	17.9	16.8	23.0	27.5
Change (%)	11.2	2.5	-2.9	22.0	1.6	-6.2	36.6	19.8
Margin (%)	14.8	14.4	14.6	16.0	14.6	12.5	15.2	16.2
Minority interest	0.0	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	16.8	23.0	27.5
Non-rec. (Exp.)/Income	1.8	8.5	0.5	-0.4	-0.1	0.0	0.0	0.0
Reported PAT	16.3	23.4	15.0	17.2	17.8	16.8	23.0	27.5

Balance Sheet								(INR b)
Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
Share Capital	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	61.9	71.6	78.0	93.4	114.5	123.2	133.9	142.0
Minority Int	0.0	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	124.2	134.9	143.0
Loans	35.1	33.8	35.2	7.6	17.0	11.9	8.4	7.9
Deferred Liability	1.9	-4.7	-5.7	-6.4	-6.8	-6.8	-6.8	-6.8
Capital Employed	99.6	101.8	108.5	95.6	125.8	129.3	136.4	144.1
Gross Block	39.6	42.1	45.2	46.3	49.4	52.9	56.4	59.6
Less: Accum. Depn.	3.6	4.6	6.3	8.6	11.0	13.2	15.7	18.2
Net Fixed Assets	36.0	37.5	38.9	37.7	38.4	39.7	40.7	41.4
Capital WIP	0.8	0.5	0.6	0.6	1.2	1.2	1.2	1.2
Goodwill	47.2	49.2	53.4	51.3	53.8	53.8	53.8	53.8
Non Curr Investments	1.4	0.3	0.3	0.2	1.7	1.5	1.4	1.2
Current Investments	8.6	4.8	6.4	6.6	8.4	9.3	10.2	11.2
Currents Assets	44.7	43.8	43.5	39.6	50.5	56.6	65.7	76.2
Inventory	15.8	15.6	17.0	17.2	21.3	20.2	21.9	26.5
Account Receivables	12.5	12.9	11.6	10.0	11.2	12.1	13.6	15.4
Cash and Bank Balance	9.6	8.9	7.7	6.7	11.1	17.2	23.1	27.2
Loans and Advances	6.8	6.3	7.1	5.6	6.8	6.8	6.8	6.8
Other Current Assets	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Curr. Liab. & Prov.	39.0	34.4	34.6	40.5	28.2	32.6	36.5	40.9
Account Payables	23.5	25.4	24.8	21.6	21.6	25.7	28.9	32.6
Other Liabilities	15.3	8.7	9.3	18.3	6.4	6.7	7.4	8.1
Net Current Assets	5.6	9.4	8.9	-0.8	22.3	23.9	29.2	35.3
Net Assets	99.6	101.8	108.5	95.6	125.8	129.3	136.4	144.1

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
Basic (INR)								
EPS	14.1	14.6	14.2	17.3	17.5	16.4	22.5	26.9
Cash EPS	23.4	16.2	16.1	19.3	19.6	18.7	24.8	29.4
BV/Share	91.9	71.1	77.3	92.3	113.0	121.4	131.9	139.8
DPS	9.0	12.0	8.0	0.0	0.0	8.0	12.0	19.0
Payout (%)	64.0	82.3	56.5	0.0	0.0	48.7	53.4	70.6
Valuation (x)								
P/E	64.9	62.6	64.4	52.9	52.1	55.5	40.6	33.9
Cash P/E	39.0	56.2	56.7	47.4	46.6	48.9	36.8	31.0
EV/Sales	6.6	9.3	9.7	8.5	7.6	6.9	6.1	5.4
EV/EBITDA	31.2	44.1	44.8	39.1	39.1	36.8	29.1	23.8
P/BV	9.9	12.8	11.8	9.9	8.1	7.5	6.9	6.5
Dividend Yield	1.0	1.3	0.9	0.0	0.0	0.9	1.3	2.1
Return Ratios (%)								
RoE	24.9	22.0	19.1	20.4	17.1	14.0	17.7	19.8
RoCE (Post-tax)	16.2	16.6	15.4	18.3	17.0	15.0	18.1	20.3
RoIC	19.3	19.0	16.9	20.7	19.6	17.6	22.5	26.3
Working Capital Ratios								
Debtor (Days)	46	46	43	33	33	33	33	33
Asset Turnover (x)	2.7	2.7	2.5	2.9	3.1	3.3	3.6	4.0
Leverage Ratio								
Debt/Equity (x)	0.6	0.5	0.4	0.1	0.1	0.1	0.1	0.1

Cash Flow Statement

(INR b)

Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
OP/(Loss) before Tax	20.5	20.4	20.6	23.8	23.8	23.4	31.5	38.6
Net interest	0.9	1.4	1.4	0.9	0.5	0.6	0.0	-0.3
Direct Taxes Paid	-4.1	-4.5	-3.6	-4.0	-4.5	-4.6	-6.4	-8.9
(Inc)/Dec in WC	-0.2	0.0	-2.6	-0.5	-5.4	4.5	0.6	-2.0
CF from Operations	17.2	17.3	15.9	20.3	14.5	24.0	25.7	27.4
Inc in FA	-3.1	-2.1	-1.5	-1.6	-2.8	-3.5	-3.5	-3.3
Free Cash Flow	14.1	15.2	14.4	18.7	11.7	20.5	22.2	24.2
Pur of Investments	0.4	2.9	-2.6	-0.1	-5.5	-0.7	-0.8	-0.9
Others	-0.2	1.6	0.0	-1.3	1.9	0.9	1.1	1.3
CF from Investments	-2.9	2.4	-4.2	-3.1	-6.4	-3.3	-3.2	-2.8
Inc in Debt	0.0	0.0	-1.3	-16.2	-2.2	-5.1	-3.6	-0.4
Dividend Paid	-6.1	-12.3	-8.2	0.0	0.0	-8.2	-12.3	-19.4
Interest Paid	-1.6	-2.1	-1.5	-1.6	-1.1	-1.7	-1.3	-1.3
Other Item	-6.1	-6.0	-2.0	-0.4	-0.5	0.5	0.6	0.6
CF from Fin. Activity	-13.8	-20.4	-13.0	-18.2	-3.8	-14.5	-16.6	-20.5
Inc/Dec of Cash	0.5	-0.7	-1.2	-1.0	4.4	6.1	5.9	4.1
Add: Beginning Balance	9.1	9.6	8.9	7.7	6.7	11.1	17.2	23.1
Closing Balance	9.6	8.9	7.7	6.7	11.1	17.2	23.1	27.2

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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