

Better margins aid Q4 earnings beat; Rural rebound heartening

Consumer Goods ▶ Result Update ▶ May 3, 2024

TARGET PRICE (Rs): 660

Amid a muted demand setting, Dabur's thrust on enhancing its distribution has been rewarding, with 95% of the portfolio seeing market share gains and better growth in Rural (~8% vs ~4% growth in Urban). Management sees high-single to low-double-digit revenue growth for FY25, backed by mid-to-high single-digit volume growth. EBITDA margin is likely to see expansion to 20% in FY25E from 19.4% in FY24, given the raw material scenario remaining favorable as well as better mix and cost efficiencies. Q4 topline growth at 5% was in-line, and better than expected margin aided the EBITDA (+14% YoY)/earnings (+16% YoY) beat of 6%/7%. We maintain FY24-26E revenue/earnings CAGR at 10%/16%; retain BUY, with Mar-25E TP of Rs660, on 46x P/E. Dabur stays our preferred sector pick and a play on Rural demand recovery.

Dabur India: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	108,887	115,299	124,040	136,281	150,222
EBITDA	22,538	21,641	24,002	27,269	31,814
Adj. PAT	18,242	17,182	18,867	21,654	25,284
Adj. EPS (Rs)	10.3	9.7	10.6	12.2	14.3
EBITDA margin (%)	20.7	18.8	19.4	20.0	21.2
EBITDA growth (%)	12.5	(4.0)	10.9	13.6	16.7
Adj. EPS growth (%)	7.7	(6.0)	9.8	14.8	16.8
RoE (%)	22.7	19.8	20.0	20.9	22.2
RoIC (%)	60.7	44.3	34.4	33.0	38.2
P/E (x)	50.9	54.2	49.3	43.0	36.8
EV/EBITDA (x)	38.7	40.5	36.8	32.1	27.1
P/B (x)	11.1	10.4	9.4	8.6	7.8
FCFF yield (%)	1.6	1.1	1.6	1.7	2.4

Source: Company, Emkay Research

Aiming for a high-single to a low double-digit revenue growth in FY25

Dabur India's Q4 consol. sales growth at 5.1% was driven by 5.6% growth in the domestic business and 4.2% volume growth. The Home & Personal care category (~42% of domestic sales) fared better and saw 8% growth, while Healthcare (~27% of domestic sales) revenue declined 2% and the Beverages segment (~20% of domestic sales) grew 1%. Health supplements reported a 9% revenue decline, given weak demand. International business (26% of consol. revenue) reported 3% growth, and constant currency growth remained robust at 12%. Going ahead, Management sees mid-to-high single-digit volume growth in domestic sales; this, along with the 2-3% pricing increase, will lead to a high-single to low double-digit sales growth. We see 10% sales CAGR over FY24-26E for the company.

Q4 earnings beat (7%) driven by better OPM; targets 20% OPM in FY25

Dabur noted better than expected EBITDA margin (16.6% in Q4 and 19.4% for FY24), which drove a 7% earnings growth in Q4. Gross margin improved by 280bps YoY to 148.6%. A&P spending increased to 21% YoY (at Rs1.8bn), expanding by 90bps YoY to 6.5%. EBITDA grew 14%, and adj. PAT rose 16%. Going ahead, Mgmt sees margin improving to ~20% in FY25 from 19.4% in FY24 which we believe is possible with gross margin expansion (on improving sales mix) and cost-saving initiatives. Based on Mgmt guidance, we cut earnings for FY25E by 3%, but maintain our FY26E earnings.

Better rural demand, recovery play; maintain BUY

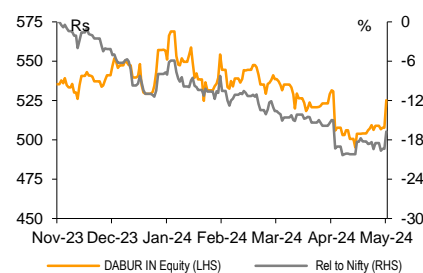
Dabur remains one of our preferred picks in the sector, given its diversified portfolio and better execution. The company's thrust on Rural remains firm and, with distribution expansion, it continues to report better growth. Unlike peers, Dabur sustains market share gains in most of its portfolio (95%) which will be rewarding in recovery. We maintain BUY with unchanged Mar-25E TP of Rs660/share, on 46x PER (in line with its last five-year average forward P/E).

Target Price – 12M	Mar-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	25.6
CMP (02-May-24) (Rs)	525.3

Stock Data	Ticker
52-week High (Rs)	597
52-week Low (Rs)	489
Shares outstanding (mn)	1,772.0
Market-cap (Rs bn)	931
Market-cap (USD mn)	11,152
Net-debt, FY14E (Rs mn)	-6,434
ADTV-3M (mn shares)	2
ADTV-3M (Rs mn)	1,157.7
ADTV-3M (USD mn)	13.9
Free float (%)	33.8
Nifty-50	22,648
INR/USD	83.5
Shareholding, Mar-24	
Promoters (%)	66.3
FPIs/MFs (%)	15.8/12.6

Price Performance (%)	1M	3M	12M
Absolute	(1.2)	(3.6)	(2.1)
Rel. to Nifty	(2.0)	(7.6)	(21.9)

1-Year share price trend (Rs)



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Management commentary

- **Consolidated revenue** grew 5.1% YoY, with 7.3% growth in CC terms. India's business grew 5.6%, with 4.2% volume growth. Management expects (based on the current setting) a mid-to-high single-digit (on-demand recovery) volume growth in FY25, along with 2-3% rise in price. Pricing increases are expected to be ~3-4% in Healthcare, 1% in Beverages, and 2-3% in Home & Personal care.
- **Market-share gains** have been seen in 95% of the portfolio. The oral care business performed well, with 20bps share gains. The Hair oil, Chawyanprash and Honey verticals gained market share, while Beverages growth was in Q4 due to unseasonal rains.
- **Input cost trends** remain benign during this quarter. Gross margin (GM) expanded by 80bps and Management anticipates further GM expansion, albeit at a moderate pace. Part of the GM improvement will be allocated towards increased A&P spending.
- **Margin guidance:** FY24 margin guidance was 19.5%, and the company has achieved 19.4% (20.2%, adjusted for legal costs vs 20.4% margin pre-Covid). Going into FY25, the company expects the margin to inch up to ~20%, on the back of cost savings. Company aims to increase A&P spending, from 7% to 8% in FY25. In the long term, Management expects the margin profile to improve, given the mix of nutraceuticals (advocacy products typically have a 70% margin) and premiumization in HPC categories (focus on share gains). Gross margin across categories is similar to that of category leaders. However, given the lower market share, leverage benefit is not in place, which has a bearing on the EBITDA margin.
- **Sequential shift in revenue and margin in Q4:** In the last five years, when Q4 used to contribute 25%, business salience has changed (now contributes 22-23%). Dabur did not see operating leverage owing to lower sales and higher overhead costs which resulted in a dip in margin in Q4. Further, to push up volumes, Management raised A&P spends which also reflected in the Q4 margin. Management believes that as the relevance of the summer portfolio increases, the company is likely to revert to its historical mix.
- **Premiumization:** Dabur's premium portfolio contributes 18% to sales (note: 20% higher price than the category-average is called 'premium'). The company has set a target internally, to expand its premium portfolio. Further, on premiumization, Management continues to engage with modern trade (MT) and e-com partners for addressing the gap in premium segments.
- **Rural demand** has seen gradual improvement, to 8% vs Urban growth of 4%; Management expects visibility on green shoots on the back of better monsoons and higher infra spend by the GoI.
- **Distribution:** Expansion and Efficiency are the two major pillars of growth for Dabur. On the expansion front, Management has focused majorly on village expansion through a 21.5k Yodhas network (reaching 122k villages, with a 22k village addition in FY24). Total distribution reach stood at 7.9mn, with 1.4mn direct outlet reach. In the Urban market, MT & e-Com contribute 19-20% of revenue. Quick commerce contributes to 30% of the e-commerce business. Reliance Retail contributes to 30% of the modern trade business.
- **Oral care** category has been growing at 6-7%, with Dabur seeing 22% growth here (on a muted base of -3%) driven by the herbal care category clocking 200bps higher than non-herbal. Dabur's oral care penetration now stands at 52% (overall Company penetration at 80%). Dabur has gained 20bps share in the category. Gel segment sales stood at Rs400mn as of FY24. Dabur Red grew 25%, aided by strong growth in South India. Bae Fresh Gel revenue stood at Rs400mn in FY24.
- **Hair Oil** category grew 8% in Q4FY24 (Dabur grew 12%), aided by a rebound in Rural growth.
- **Beverages** revenue declined 1.5% in Q4FY24, on a high base. In Juices and Nectar, the company gained 53bps market share. Going ahead, summers are likely to be beneficial, with the company aiming for double-digit growth for FY25. Drinks portfolio revenue remains firm at Rs2bn.
- **Badshah:** Dabur follows the FSSAI and Indian Spice Board regulations regarding spices. Management has assured that there are no regulatory concerns regarding the recent Ethylene Oxide issue. The unbranded spice market presents significant growth opportunities.

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With inflation showing signs of easing, certain price adjustments have been made to stimulate volume growth.

- **The health supplements** segment saw a 9% decrease in revenue, primarily affected by a muted winter. Factors impacting Chawyanprash sales include i) subdued winter conditions, ii) reduced sales due to up-stocking, and iii) destocking resulting from the subdued season. Overall category penetration contracted in FY24. Management has changed the format, introducing capsules and gummies now. Honey is also impacted due to a delayed winter. Glucose recorded 9.3% growth, in anticipation of a better season ahead. Therapeutic revenue stands at Rs1.2bn, touching 110k doctors now vs 20k earlier.
- **Digestive portfolio** has seen strong growth backed by new variants addition. Overall market share increased by 210bps YoY. The baby care portfolio has reached Rs400-450mn, showing a yearly growth rate of 15-17%. The recently launched *Dabur Super Pants* diapers have generated revenue of Rs100-110mn. Revenue from Health juices recorded at Rs260mn, while Health tea achieved Rs126mn revenue. Ghee sales stood at Rs240mn, despite it being a low-margin business.
- **International:** was a mixed show, affected by currency devaluation. In CC terms, it has seen 16% YoY growth.
- **US litigation:** Legal status remains unchanged, with the discovery phase continuing. There is no involvement of any Dabur entity, except Dermoviva, which contributes 1% to revenue. Management expects the case to continue for the next 1-1.5 years and incur ~Rs200-250mn costs per quarter.
- **New launches:** NPD contributes 3.5% to sales.

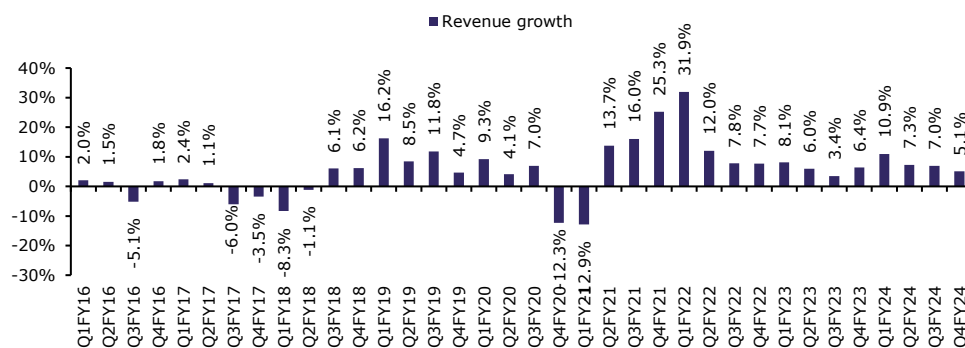
Quarterly performance

Exhibit 1: Q4FY24 performance

Y/E March (Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	Q4FY24E	Var. (%)	FY24	FY23	YoY (%)
Total income	28,146	26,778	5.1	32,551	(13.5)	28,180	(0.1)	124,040	115,299	7.6
Cost of goods	14,468	14,510	(0.3)	16,728	(13.5)	14,703	(1.6)	64,470	62,687	2.8
Employee expenses	3,162	2,887	9.5	3,106	1.8	3,148	0.5	12,396	11,370	9.0
A&P spends	1,837	1,516	21.1	2,445	(24.9)	2,257	(18.6)	8,491	6,403	32.6
Other expenses	4,012	3,766	6.5	3,593	11.7	3,649	9.9	14,682	13,198	11.2
EBITDA	4,668	4,098	13.9	6,678	(30.1)	4,422	5.6	24,002	21,641	10.9
EBITDA margin (%)	16.6	15.3	130bps	20.5	-390bps	15.7	90bps	19.4	18.8	60bps
Depreciation	855	801	6.7	750	13.9	757	12.9	3,117	2,891	7.8
EBIT	3,813	3,297	15.7	5,928	(35.7)	3,666	4.0	20,885	18,750	11.4
EBITM (%)	13.5	12.3	120bps	18.2	-470bps	13.0	50bps	16.8	16.3	60bps
Interest cost	352	321	9.7	365	(3.4)	361	(2.3)	1,242	782	58.7
Other income	1,289	1,207	6.7	1,274	1.2	1,230	4.7	4,824	4,454	8.3
PBT	4,749	4,183	13.5	6,837	(30.5)	4,535	4.7	24,467	22,422	9.1
Tax	1,114	1,035	7.7	1,550	(28.1)	1,097	1.6	5,474	5,092	7.5
Tax rate (%)	23.5	24.7	(5.2)	22.7	3.5	24.2	(3.0)	22.4	22.7	(1.5)
Adj. PAT	3,605	3,118	15.6	5,252	(31.4)	3,380	6.7	18,867	17,263	9.3
Net profit margin (%)	12.8	11.6	120bps	16.1	-470bps	12.0	50bps	15.2	15.0	60bps
EPS (Rs)	2.0	1.8	15.6	3.0	(31.4)	1.9	6.7	10.6	9.7	9.3

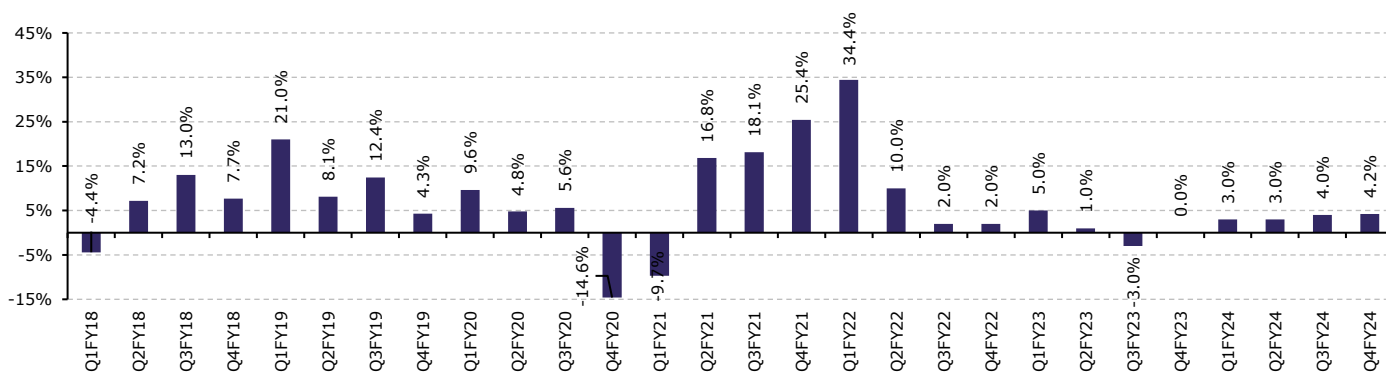
Source: Company, Emkay Research

Exhibit 2: Revenue growth (YoY)



Source: Company, Emkay Research

Exhibit 3: Underlying volume growth (YoY)

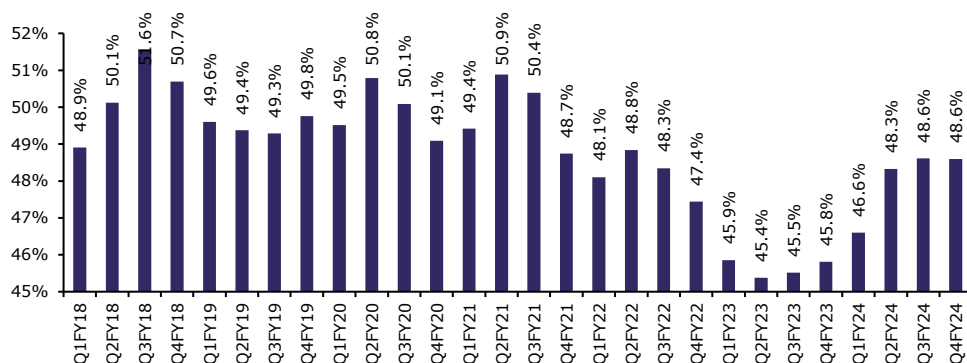


Source: Company, Emkay Research

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Exhibit 4: Gross margin trend



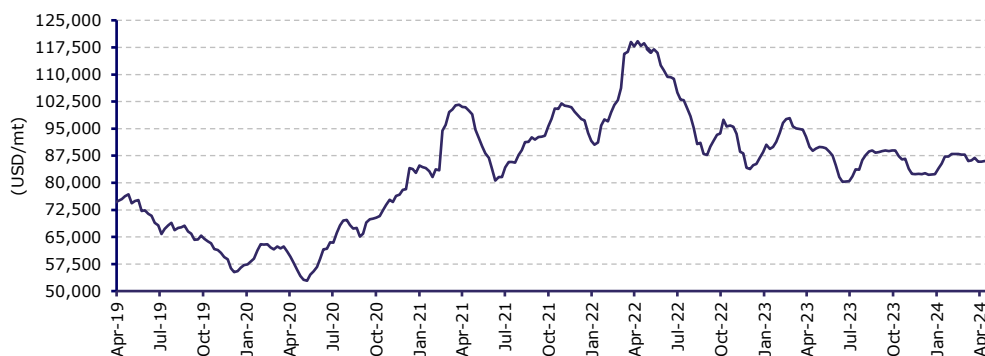
Source: Company, Emkay Research

Exhibit 5: Key raw materials for Dabur, and spot price trend

	RM mix	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY	QoQ
LLP	15%	64	77	80	76	77	77	77	84	84	8.8%	0.0%
HDPE	15%	97,798	1,02,666	86,370	83,295	88,312	84,982	84,107	84,055	86,790	-7.5%	3.3%
Vegetable oil	15%	2,291	2,540	1,882	1,704	1,623	1,674	1,647	1,525	1,573	-3.0%	3.1%
Juice concentrate (Maize)	12%	1,509	2,263	2,417	2,480	2,257	1,882	2,067	2,263	2,352	4.2%	3.9%
Honey (Sugar)	10%	913	1,073	815	810	726	648	622	582	576	-20.6%	-1.0%

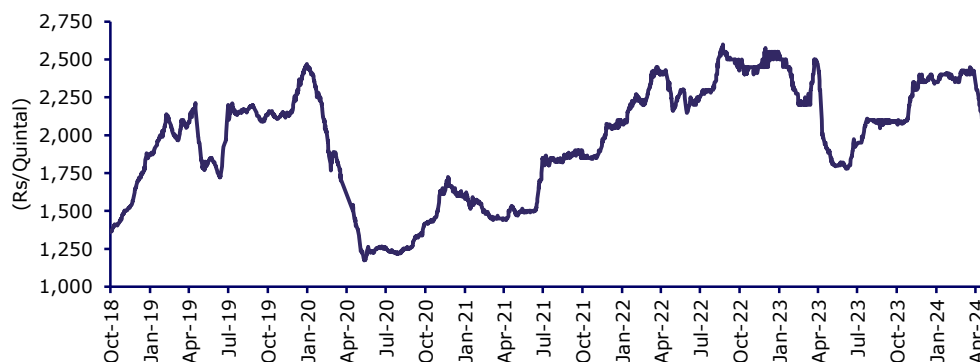
Source: Company, Bloomberg, NCDEX, Emkay Research; Note: HDPE is in USD/MT, LLP and Vegetable oil are Rs/ltr, Maize is in Rs/quintal

Exhibit 6: HDPE prices



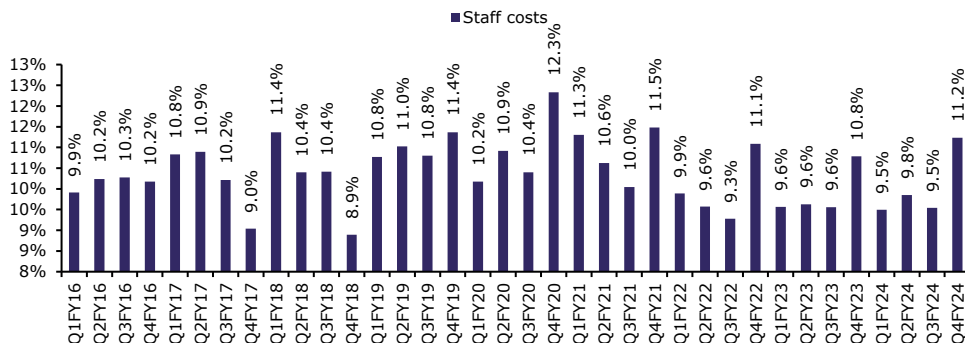
Source: Bloomberg, Emkay Research

Exhibit 7: Maize prices



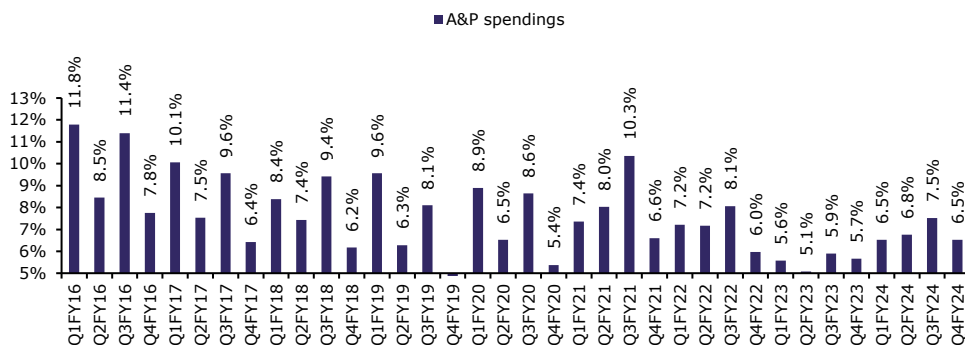
Source: Bloomberg, Emkay Research

Exhibit 8: Staff costs trend



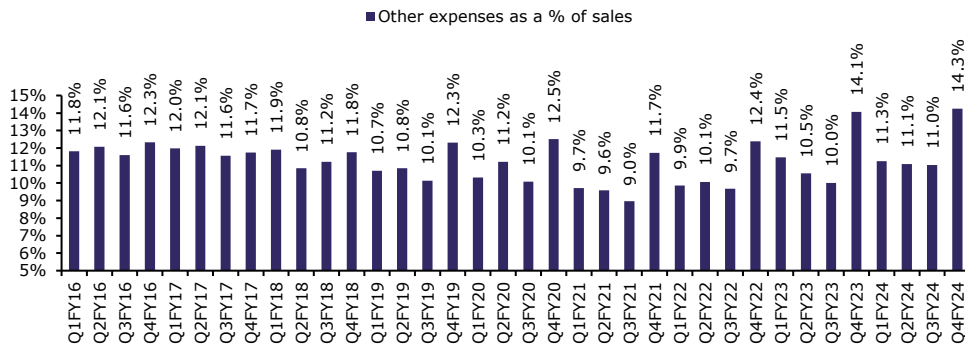
Source: Company, Emkay Research

Exhibit 9: A&P spending trend



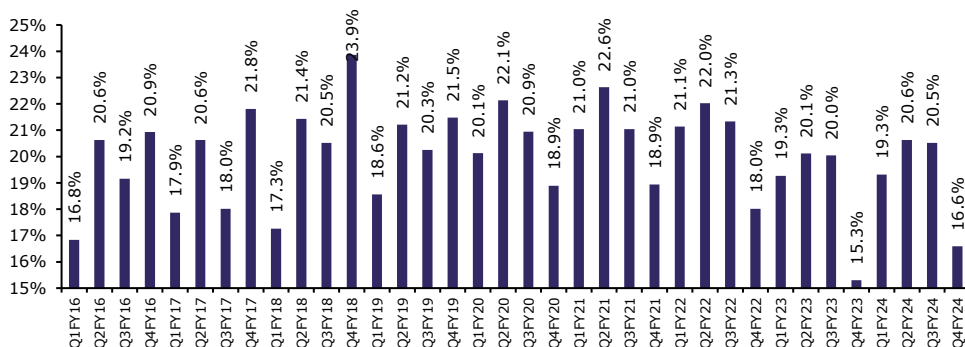
Source: Company, Emkay Research

Exhibit 10: Other operating expenses



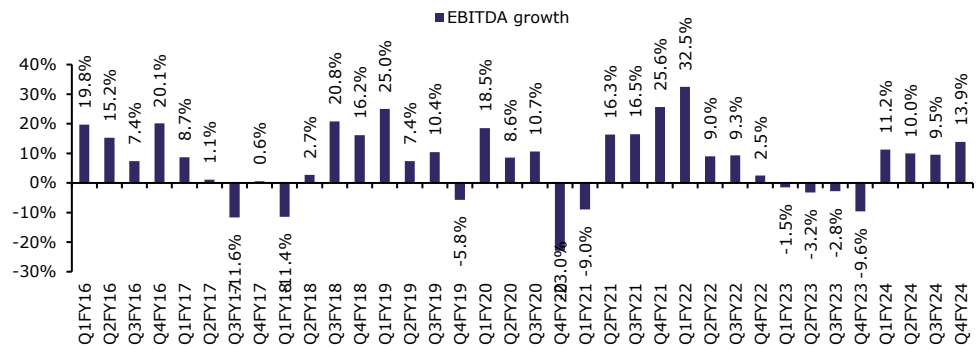
Source: Company, Emkay Research

Exhibit 11: EBITDA margin trend



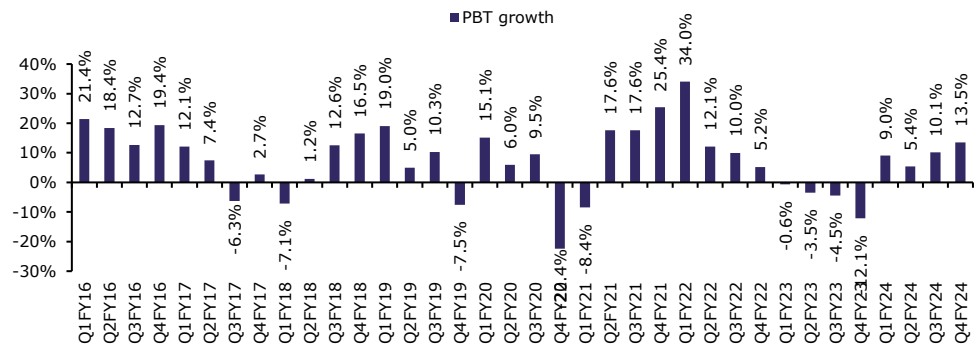
Source: Company, Emkay Research

Exhibit 12: EBITDA growth (YoY)



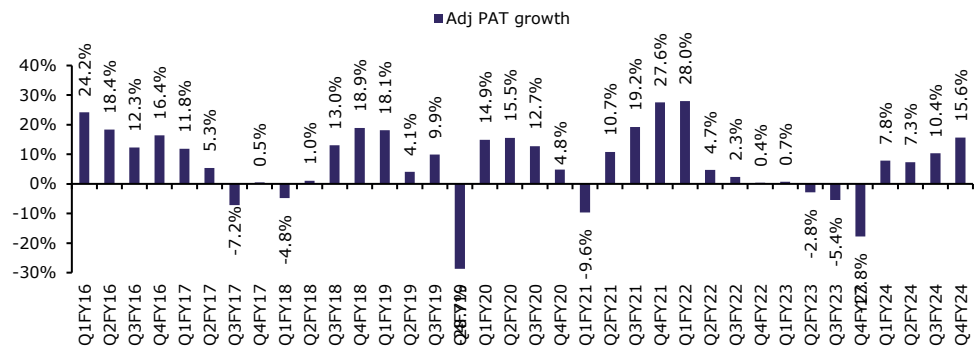
Source: Company, Emkay Research

Exhibit 13: Profit before tax growth (YoY)



Source: Company, Emkay Research

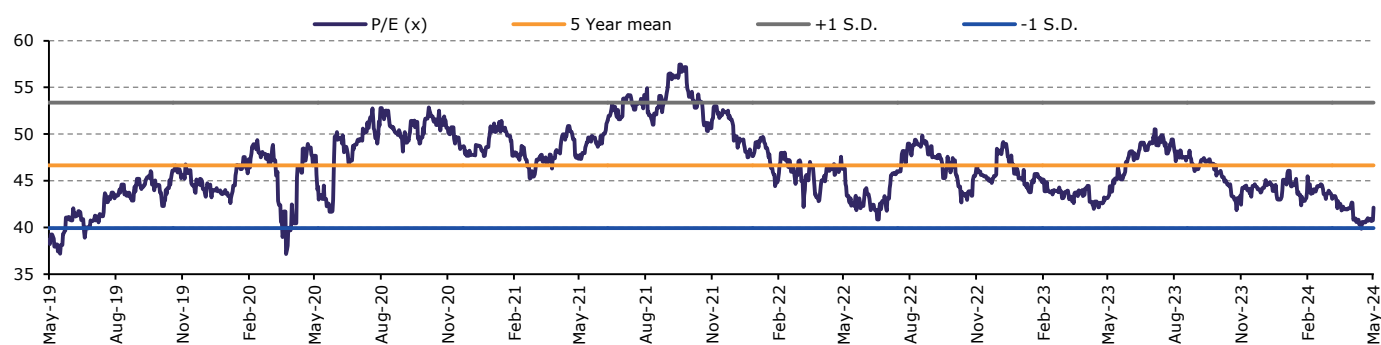
Exhibit 14: Adjusted PAT growth (YoY)



Source: Company, Emkay Research

We maintain BUY and Mar-25E TP of Rs660/sh

Exhibit 15: Dabur's one-year forward P/E trend



Source: Company, Bloomberg, Emkay Research

Exhibit 16: Changes to Emkay estimates

(Rs mn)	New estimates			Old estimates			Changes to our estimates		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Revenue	122,903	135,008	148,796	122,916	136,115	149,089	0%	-1%	0%
- Growth	7.6%	9.8%	10.2%	7.6%	10.7%	9.5%			
EBITDA	24,002	27,269	31,814	23,757	28,285	32,239	1%	-4%	-1%
- Growth	10.9%	13.6%	16.7%	9.8%	19.1%	14.0%			
EBITDA margin	19.5%	20.2%	21.4%	19.3%	20.8%	21.6%			
Adj. PAT	18,867	21,654	25,284	18,641	22,404	25,572	1%	-3%	-1%
- Growth	9.8%	14.8%	16.8%	8.5%	20.2%	14.1%			
EPS (Rs)	10.6	12.2	14.3	10.5	12.6	14.4	1%	-3%	-1%

Source: Emkay Research

Exhibit 17: Emkay vs. Consensus estimates

(Rs mn)	Emkay			Consensus			Emkay vs. Consensus		
	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Revenue	122,903	135,008	148,796	125,307	138,072	152,620	-2%	-2%	-3%
- Growth	7.6%	9.8%	10.2%	9.7%	10.2%	10.5%			
EBITDA	24,002	27,269	31,814	24,510	27,870	31,538	-2%	-2%	1%
- Growth	10.9%	13.6%	16.7%	13.3%	13.7%	13.2%			
EBITDA margin	19.5%	20.2%	21.4%	19.6%	20.2%	20.7%			
Adj. PAT	18,867	21,654	25,284	19,015	21,901	24,933	-1%	-1%	1%
- Growth	9.8%	14.8%	16.8%	10.7%	15.2%	13.8%			
EPS (Rs)	10.65	12.22	14.27	10.76	12.34	14.07	-1%	-1%	1%

Source: Emkay Research

Exhibit 18: Key assumptions

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Growth (%)							
Domestic sales	0.9%	13.2%	14.5%	5.5%	8.7%	10.1%	10.7%
- Home and personal care	0.0%	9.5%	12.7%	5.2%	8.1%	9.2%	9.1%
- Healthcare	5.9%	31.9%	4.8%	-6.9%	4.2%	7.5%	9.0%
- Foods and Beverages	-5.7%	-5.8%	48.8%	30.0%	16.7%	15.4%	15.8%
International sales	6.3%	2.3%	20.9%	1.9%	6.5%	9.2%	8.9%
Consolidated sales	2.2%	10.3%	13.7%	5.7%	7.6%	9.8%	10.2%
Consolidated EBITDA	3.0%	11.7%	12.5%	-4.0%	10.9%	13.6%	16.7%
Consolidated Adj. PAT	0.0%	9.6%	7.7%	-5.8%	9.8%	14.8%	16.8%
As a % of revenue							
Gross margin	50.0%	50.0%	48.2%	45.6%	48.0%	48.8%	49.5%
Employee costs	11.0%	10.9%	10.0%	10.0%	10.1%	9.9%	9.7%
Advertisement	7.6%	8.3%	7.2%	5.6%	6.9%	7.0%	7.0%
Other operating costs	11.1%	10.0%	10.5%	11.6%	11.9%	11.6%	11.4%
EBITDA margin	20.6%	21.0%	20.7%	18.8%	19.4%	20.0%	21.2%
Effective tax rate	15.3%	17.6%	22.3%	23.1%	22.4%	23.5%	24.0%
Per share data							
Adj. EPS (Rs)	8.74	9.58	10.32	9.70	10.65	12.22	14.27
DPS (Rs)	3.00	4.75	5.20	5.20	5.50	6.50	7.75
Pay-out (%)	34.3%	49.6%	50.4%	53.6%	51.7%	53.2%	54.3%
Balance Sheet							
Capex (Rs bn)	4.0	3.1	3.7	4.9	5.6	2.4	4.0
Inventory days	59	67	65	65	58	63	60
Receivable days	35	22	22	27	27	29	30
Payable days	63	74	68	70	76	70	70
Avg. ROE (post-tax)	25.2%	23.7%	22.7%	19.8%	20.0%	20.9%	22.2%
Avg. ROCE (pre-tax)	23.8%	23.2%	22.8%	19.2%	19.5%	20.6%	22.3%
Avg. ROIC (pre-tax)	44.9%	47.5%	58.9%	46.7%	37.1%	35.3%	41.5%

Source: Company, Emkay Research

Dabur India: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	108,887	115,299	124,040	136,281	150,222
Revenue growth (%)	14.1	5.9	7.6	9.9	10.2
EBITDA	22,538	21,641	24,002	27,269	31,814
EBITDA growth (%)	12.5	(4.0)	10.9	13.6	16.7
Depreciation & Amortization	2,529	2,891	3,117	3,151	3,360
EBIT	20,009	18,750	20,885	24,118	28,454
EBIT growth (%)	13.5	(6.3)	11.4	15.5	18.0
Other operating income	807	1,034	1,137	1,274	1,426
Other income	3,932	4,454	4,824	5,307	5,837
Financial expense	386	782	1,242	550	450
PBT	23,555	22,422	24,467	28,874	33,841
Extraordinary items	0	0	0	0	0
Taxes	5,264	5,174	5,474	6,785	8,122
Minority interest	49	67	126	435	435
Income from JV/Associates	0	0	0	0	0
Reported PAT	17,392	17,072	18,427	21,214	24,844
PAT growth (%)	2.7	(1.8)	7.9	15.1	17.1
Adjusted PAT	18,242	17,182	18,867	21,654	25,284
Diluted EPS (Rs)	10.3	9.7	10.6	12.2	14.3
Diluted EPS growth (%)	7.7	(6.0)	9.8	14.8	16.8
DPS (Rs)	5.5	5.2	5.5	6.5	7.8
Dividend payout (%)	55.9	54.0	52.9	54.3	55.3
EBITDA margin (%)	20.7	18.8	19.4	20.0	21.2
EBIT margin (%)	18.4	16.3	16.8	17.7	18.9
Effective tax rate (%)	22.3	23.1	22.4	23.5	24.0
NOPLAT (pre-IndAS)	15,538	14,424	16,212	18,450	21,625
Shares outstanding (mn)	1,767.9	1,771.8	1,772.0	1,772.0	1,772.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	23,555	22,422	24,467	28,874	33,841
Others (non-cash items)	0	0	0	0	0
Taxes paid	(3,876)	(4,945)	(4,939)	(6,785)	(8,122)
Change in NWC	(968)	(1,601)	1,011	(3,690)	509
Operating cash flow	18,023	14,884	19,721	17,669	25,076
Capital expenditure	(3,692)	(4,857)	(5,609)	(2,400)	(4,000)
Acquisition of business	0	0	(5,783)	(10,000)	(10,000)
Interest & dividend income	0	0	0	0	0
Investing cash flow	(12,992)	(5,660)	(7,522)	(7,094)	(8,163)
Equity raised/(repaid)	1	4	0	0	0
Debt raised/(repaid)	5,408	488	(635)	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(219)	(779)	(1,067)	(550)	(450)
Dividend paid (incl tax)	(9,723)	(9,213)	(9,658)	(11,518)	(13,733)
Others	(352)	(815)	(253)	286	(440)
Financing cash flow	(4,885)	(10,315)	(11,612)	(11,782)	(14,623)
Net chg in Cash	147	(1,091)	587	(1,207)	2,290
OCF	18,023	14,884	19,721	17,669	25,076
Adj. OCF (w/o NWC chg.)	18,991	16,485	21,321	21,358	24,566
FCFF	14,331	10,027	14,112	15,269	21,076
FCFE	13,945	9,245	12,870	14,719	20,626
OCF/EBITDA (%)	80.0	68.8	82.2	64.8	78.8
FCFE/PAT (%)	76.4	53.8	68.2	68.0	81.6
FCFF/NOPLAT (%)	92.2	69.5	87.0	82.8	97.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	1,768	1,772	1,772	1,772	1,772
Reserves & Surplus	82,045	87,961	96,891	106,587	117,698
Net worth	83,813	89,733	98,663	108,359	119,470
Minority interests	406	4,682	4,368	4,803	5,237
Deferred tax liability (net)	823	910	1,090	1,090	1,090
Total debt	10,301	11,738	13,651	13,651	13,651
Total liabilities & equity	95,342	107,062	117,772	127,903	139,449
Net tangible fixed assets	20,568	31,734	33,644	32,114	31,879
Net intangible assets	0	0	0	0	0
Net ROU assets	1,780	1,869	1,962	2,061	2,164
Capital WIP	1,675	1,751	2,322	1,500	1,500
Goodwill	2,512	4,053	4,051	4,051	4,051
Investments [JV/Associates]	95	78	78	78	78
Cash & equivalents	67,803	65,833	60,480	69,274	81,564
Current assets (ex-cash)	30,194	33,094	50,133	56,789	60,587
Current Liab. & Prov.	27,503	29,482	32,937	35,904	40,211
NWC (ex-cash)	2,691	3,612	17,196	20,885	20,376
Total assets	95,342	107,062	117,772	127,903	139,449
Net debt	(57,502)	(54,096)	(46,829)	(55,623)	(67,913)
Capital employed	95,342	107,062	117,772	127,903	139,449
Invested capital	25,770	39,399	54,891	57,051	56,307
BVPS (Rs)	47.4	50.6	55.7	61.2	67.4
Net Debt/Equity (x)	(0.7)	(0.6)	(0.5)	(0.5)	(0.6)
Net Debt/EBITDA (x)	(2.6)	(2.5)	(2.0)	(2.0)	(2.1)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	27.0	22.9	22.9	24.0	25.7

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	50.9	54.2	49.3	43.0	36.8
P/CE(x)	44.7	46.4	42.3	37.5	32.5
P/B (x)	11.1	10.4	9.4	8.6	7.8
EV/Sales (x)	8.1	7.7	7.2	6.5	5.8
EV/EBITDA (x)	38.7	40.5	36.8	32.1	27.1
EV/EBIT(x)	43.5	46.8	42.3	36.3	30.3
EV/IC (x)	33.8	22.3	16.1	15.3	15.3
FCFF yield (%)	1.6	1.1	1.6	1.7	2.4
FCFE yield (%)	1.5	1.0	1.4	1.6	2.2
Dividend yield (%)	1.0	1.0	1.0	1.2	1.5
DuPont-RoE split					
Net profit margin (%)	16.8	14.9	15.2	15.9	16.8
Total asset turnover (x)	1.2	1.1	1.1	1.1	1.1
Assets/Equity (x)	1.1	1.2	1.2	1.2	1.2
RoE (%)	22.7	19.8	20.0	20.9	22.2
DuPont-RoIC					
NOPLAT margin (%)	14.3	12.5	13.1	13.5	14.4
IC turnover (x)	4.3	3.5	2.6	2.4	2.7
RoIC (%)	60.7	44.3	34.4	33.0	38.2
Operating metrics					
Core NWC days	(25.3)	(23.6)	(27.6)	(27.0)	(23.2)
Total NWC days	9.0	11.4	50.6	55.9	49.5
Fixed asset turnover	2.8	2.4	2.1	2.2	2.3
Opex-to-revenue (%)	27.5	26.9	28.7	28.3	27.9

Source: Company, Emkay Research

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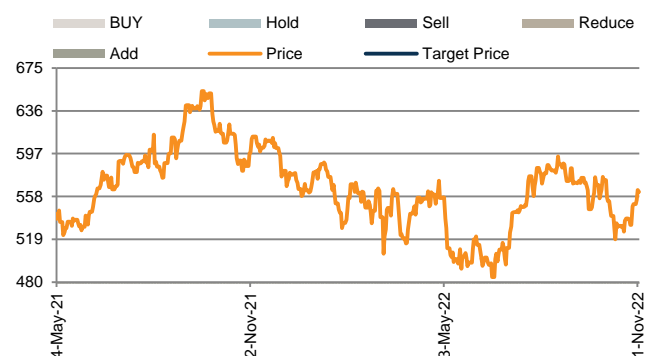
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Date	Closing Price (INR)	TP (INR)	Rating	Analyst
15-Apr-24	495	660	Buy	Nitin Gupta
15-Apr-24	495	660	Buy	Nitin Gupta
07-Apr-24	508	660	Buy	Nitin Gupta
07-Apr-24	508	660	Buy	Nitin Gupta
05-Apr-24	508	660	Buy	Nitin Gupta
05-Apr-24	508	660	Buy	Nitin Gupta
14-Mar-24	530	660	Buy	Nitin Gupta
14-Mar-24	530	660	Buy	Nitin Gupta
01-Feb-24	554	660	Buy	Nitin Gupta
01-Feb-24	554	660	Buy	Nitin Gupta
23-Jan-24	525	660	Buy	Nitin Gupta
23-Jan-24	525	660	Buy	Nitin Gupta
07-Jan-24	569	660	Buy	Nitin Gupta
07-Jan-24	569	660	Buy	Nitin Gupta
04-Jan-24	566	650	Buy	Nitin Gupta
04-Jan-24	566	650	Buy	Nitin Gupta
12-Dec-23	549	650	Buy	Nitin Gupta
12-Dec-23	549	650	Buy	Nitin Gupta
30-Nov-23	538	650	Buy	Nitin Gupta
30-Nov-23	538	650	Buy	Nitin Gupta
24-Nov-23	537	650	Buy	Nitin Gupta
24-Nov-23	537	650	Buy	Nitin Gupta
03-Nov-23	536	650	Buy	Nitin Gupta
03-Nov-23	536	650	Buy	Nitin Gupta
20-Oct-23	525	650	Buy	Nitin Gupta
20-Oct-23	525	650	Buy	Nitin Gupta
19-Oct-23	526	650	Buy	Nitin Gupta
19-Oct-23	526	650	Buy	Nitin Gupta
06-Oct-23	547	650	Buy	Nitin Gupta
06-Oct-23	547	650	Buy	Nitin Gupta
03-Oct-23	554	650	Buy	Nitin Gupta
03-Oct-23	554	650	Buy	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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