

Britannia Industries

| | |
|-----------------|---|
| Estimate change | ↔ |
| TP change | ↔ |
| Rating change | ↔ |

CMP: INR4,871 **TP: INR5,200 (+7%)** **Neutral**

High inflation impacts volume growth and margins

- Britannia Industries (BRIT) posted operating revenue growth of 6% YoY in 3QFY25 (in line) and volume growth of 6% (est. 5%). Other operating income surged 101% due to government grants related to Ranjangaon factory.
- GM contracted 510bp YoY/280bp QoQ to 38.7% (est. 42%), impacted by rising commodity prices, mainly palm oil (+43% YoY) and Cocoa (+103% YoY). Employee costs dropped 47% in 3Q due to phantom stock revaluation impact of INR750m (employee cost rose 45% in 2QFY25). While quarterly fluctuations persist, annual employee costs remained stable. The company implemented strategic price hikes (2% in 3Q, further 2.5% in 4Q and 1.5% likely in 1QFY26) and cost efficiency (~2.5% in FY26) to offset inflation.
- EBITDA margin declined 90bp YoY to 18.4% (est. 17.7%). EBITDA rose 3% YoY (est. -2%). Management highlighted that EBITDA margin will be maintained at 17-18%. We model EBITDA margin of 17.5% for FY25 and ~18% for FY26/FY27 (vs. 19% in FY24).
- BRIT's focus on innovation, distribution expansion, urban GTM overhaul, marketing, pricing actions, and dairy capacity expansion will drive growth. However, we await a stable demand recovery in core categories amid high inflation and price hike while closely monitoring margins. **We reiterate our Neutral rating with a TP of INR5,200 (premised on 45x Dec'26E EPS).**

| | |
|-----------------------|---------------|
| Bloomberg | BRIT IN |
| Equity Shares (m) | 241 |
| M.Cap.(INRb)/(USD\$b) | 1173.1 / 13.4 |
| 52-Week Range (INR) | 6473 / 4641 |
| 1, 6, 12 Rel. Per (%) | 1/-14/-12 |
| 12M Avg Val (INR M) | 1968 |

Financials & Valuations (INR b)

| Y/E March | 2025E | 2026E | 2027E |
|-----------------|-------|-------|-------|
| Sales | 179.2 | 196.8 | 216.3 |
| Sales Gr. (%) | 6.9 | 9.8 | 9.9 |
| EBITDA | 31.4 | 35.4 | 39.6 |
| EBITDA mrg. (%) | 17.5 | 18.0 | 18.3 |
| Adj. PAT | 21.8 | 25.0 | 28.2 |
| Adj. EPS (INR) | 90.5 | 103.8 | 117.2 |
| EPS Gr. (%) | 2.0 | 14.8 | 12.8 |
| BV/Sh.(INR) | 178.2 | 204.2 | 241.6 |

Ratios

| | | | |
|------------|------|------|------|
| RoE (%) | 52.9 | 54.3 | 52.6 |
| RoCE (%) | 35.1 | 38.1 | 39.0 |
| Payout (%) | 83.5 | 74.6 | 67.9 |

Valuation

| | | | |
|----------------|------|------|------|
| P/E (x) | 54.9 | 47.9 | 42.4 |
| P/BV (x) | 27.9 | 24.3 | 20.6 |
| EV/EBITDA (x) | 37.7 | 33.2 | 29.4 |
| Div. Yield (%) | 1.5 | 1.6 | 1.6 |

Shareholding Pattern (%)

| As On | Dec-24 | Sep-24 | Dec-23 |
|----------|--------|--------|--------|
| Promoter | 50.6 | 50.6 | 50.6 |
| DII | 17.6 | 16.4 | 15.0 |
| FII | 16.5 | 17.9 | 19.0 |
| Others | 15.4 | 15.2 | 15.5 |

FII includes depository receipts

In-line revenue; sharp cut in employee expenses lead to EBITDA beat

- **Volume growth at 6%:** BRIT's consolidated net sales (excluding other operating income) rose 6.5% YoY to INR44.6b (est. INR44.6b) in 3Q. Other operating income jumped 100% YoY to INR1.3b. Consolidated revenue rose 8% YoY to INR45.9b (est. INR45.5b). The company delivered ~6% volume growth in 3Q (est. 5%, 8% in 2QFY25).
- **Commodity pressure on margin:** Consolidated gross margin contracted by 510bp YoY and 280bp QoQ to 38.7% (est. 42%) due to a rise in commodity prices. Employee expenses declined sharply by 47% YoY and other expenses fell 2% YoY. EBITDA margin declined 90bp YoY to 18.4% (est. of 17.7%).
- **Low-single-digit growth in profitability:** EBITDA rose 3% YoY to INR8.4b (est. INR8.1b). APAT was up 4% YoY at INR5.8b (est. INR5.6b).
- In 9MFY25, net sales grew 6% YoY, EBITDA was flat YoY and APAT rose 3% YoY.

Highlights from the management commentary

- An economic slowdown and high food inflation have led to subdued consumer demand. The Consumer Price Index (CPI) rose to 5.2% in 3Q, with food inflation at 8.4%.
- BRIT's commodity inflation stood at ~11%, primarily driven by rising cocoa and palm oil prices.

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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.

- Focus states, including Madhya Pradesh, Rajasthan, Uttar Pradesh, and Gujarat, grew 2.6x faster than the rest of India in 3Q, contributing 15% of total revenue, with rural markets showing stronger growth.
- No major capital expenditure is planned, with only INR1.5-2b allocated for FY26.
- The e-commerce mix for BRIT's product categories stands at ~ 4% for biscuits, 17% for croissants, 9% for cakes, and 11% for dairy, showing a higher share for adjacent businesses.

Valuation and view

- We largely maintain our EPS estimates for FY25/FY26.
- BRIT focuses on expanding distribution, primarily in rural areas, innovating products, and scaling up in related categories.
- We had highlighted the margin as a risk in BRIT given high inflation, focus on volume growth (increase in promotional, marketing, and other activities), and a high margin base. Operating margin can be volatile in the near term owing to RM inflation, a calibrated price hike and employee expenses. The margin pressure is likely to sustain in the near term. We model EBITDA margin of 17.5% for FY25 and ~18% for FY26/FY27 (vs. 19% in FY24).
- We believe urban demand will recover gradually and growth in packaged food categories will also improve. With pricing action initiated, we expect revenue growth to remain healthy, along with a gradual recovery in gross margin. **We reiterate a Neutral rating with a TP of INR5,200 (premised on 45x Dec'26E EPS).**

Consol. Quarterly Performance

(INR m)

| Y/E March | FY24 | | | | FY25E | | | | FY24 | FY25E | FY25 3QE | Var. (%) |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|---------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | |
| Base business volume growth (%) | 0.0 | 0.0 | 5.5 | 6.0 | 8.0 | 8.0 | 6.0 | 5.5 | 2.9 | 6.9 | 5.0 | |
| Total Revenue | 40,107 | 44,329 | 42,563 | 40,694 | 42,503 | 46,676 | 45,926 | 44,145 | 1,67,693 | 1,79,249 | 45,543 | 0.8 |
| YoY change (%) | 8.4 | 1.2 | 1.4 | 1.1 | 6.0 | 5.3 | 7.9 | 8.5 | 2.9 | 6.9 | 7.0 | |
| Gross Profit | 16,820 | 19,011 | 18,673 | 18,269 | 18,449 | 19,381 | 17,784 | 17,879 | 72,772 | 73,492 | 19,128 | (7.0) |
| Margins (%) | 41.9 | 42.9 | 43.9 | 44.9 | 43.4 | 41.5 | 38.7 | 40.5 | 43.4 | 41.0 | 42.0 | |
| EBITDA | 6,889 | 8,724 | 8,211 | 7,874 | 7,537 | 7,834 | 8,449 | 7,587 | 31,698 | 31,406 | 8,061 | 4.8 |
| Margins (%) | 17.2 | 19.7 | 19.3 | 19.4 | 17.7 | 16.8 | 18.4 | 17.2 | 18.9 | 17.5 | 17.7 | |
| YoY growth (%) | 37.6 | 22.6 | 0.4 | -1.7 | 9.4 | -10.2 | 2.9 | -3.7 | 12.0 | -0.9 | -1.8 | |
| Depreciation | 708 | 717 | 781 | 799 | 739 | 761 | 824 | 828 | 3,005 | 3,152 | 765 | |
| Interest | 531 | 534 | 311 | 264 | 290 | 346 | 446 | 390 | 1,640 | 1,471 | 325 | |
| Other Income | 539 | 524 | 506 | 573 | 556 | 460 | 625 | 671 | 2,142 | 2,311 | 575 | |
| PBT | 6,190 | 7,997 | 7,625 | 7,384 | 7,064 | 7,187 | 7,804 | 7,039 | 29,196 | 29,094 | 7,546 | 3.4 |
| Tax | 1,665 | 2,121 | 2,026 | 1,980 | 1,762 | 1,836 | 1,961 | 1,744 | 7,793 | 7,303 | 1,924 | |
| Rate (%) | 26.9 | 26.5 | 26.6 | 26.8 | 24.9 | 25.5 | 25.1 | 24.8 | 26.7 | 25.1 | 25.5 | |
| Adjusted PAT | 4,555 | 5,865 | 5,586 | 5,366 | 5,295 | 5,317 | 5,823 | 5,275 | 21,371 | 21,710 | 5,588 | 4.2 |
| YoY change (%) | 35.7 | 19.5 | 0.3 | -3.8 | 16.3 | -9.3 | 4.3 | -1.7 | 10.1 | 1.6 | 0.0 | |

E: MOFSL Estimates

Key exhibits

Exhibit 1: Volume growth (pack) stood at 6% YoY in 3QFY25

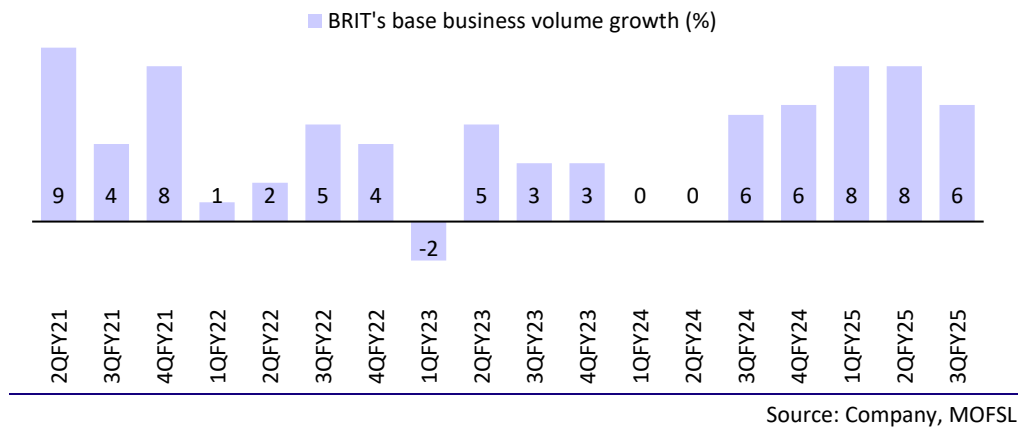


Exhibit 2: Market share remains unchanged due to volatility in prices

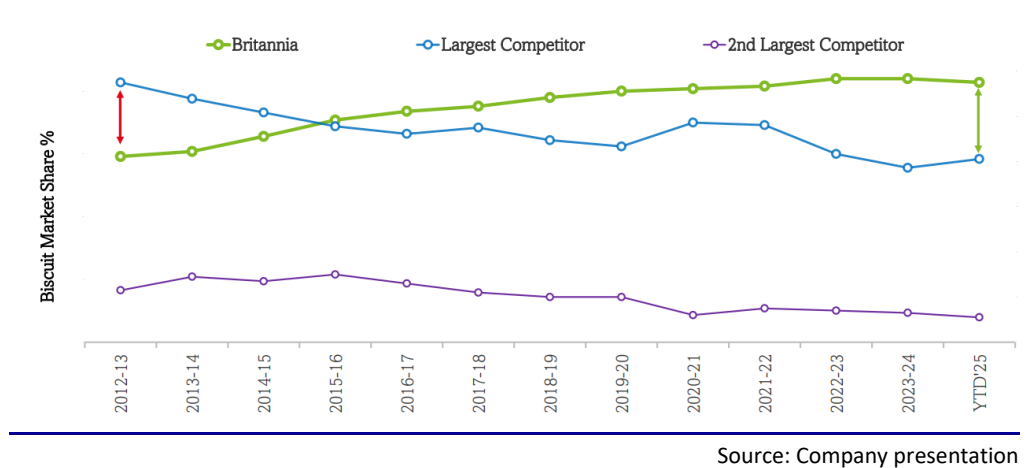
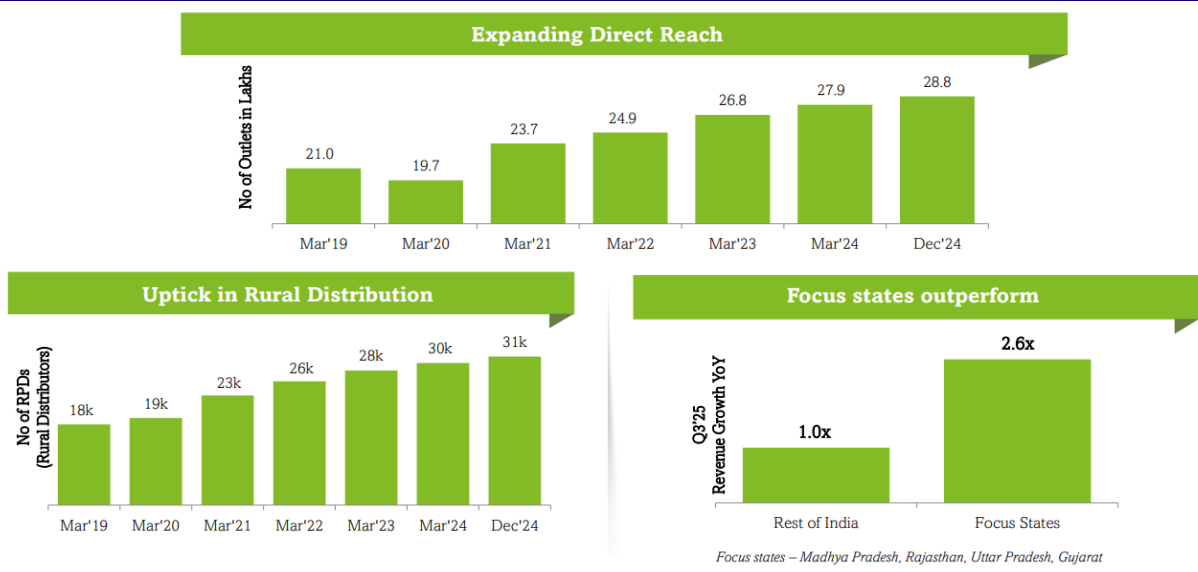
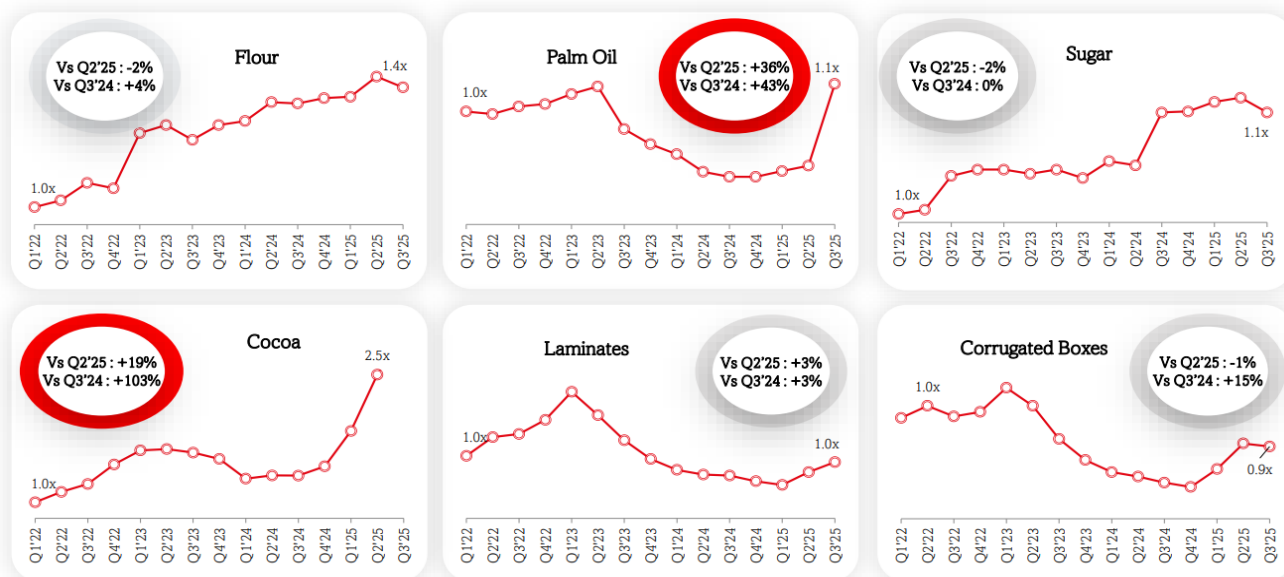


Exhibit 3: Improving efficiency in distribution



Source: Company presentation

Exhibit 4: Overall commodity prices softened in 3QFY25



Source: Company presentation



CONFERENCE CALL

Key takeaways from the management commentary

Business environment and performance

- Economic slowdown and high food inflation have led to subdued consumer demand.
- The Consumer Price Index (CPI) rose to 5.2% in 3Q, with food inflation at 8.4%.
- Private final consumption expenditure (PFCE) is projected to grow by 7.8% in real terms and 13.7% in nominal terms in 2H.
- Key household essentials experienced significant inflation in Dec'24, with cereals at 6.5%, oils & fats at 14.6%, vegetables at 26.6%, and fruits at 8.5%.
- BRIT's commodity inflation stood at ~11%, primarily driven by rising cocoa and palm oil prices.
- The company is implementing strategic price hikes and cost-cutting measures to mitigate the impact of inflation.
- A 2% price increase was implemented in 3Q, with an additional ~2.5% planned for 4Q (overall price hike expected to be 4.5% for FY25). A further 1.5% increase is planned for 1QFY26.
- The company continues to focus on cost efficiency measures, targeting savings of ~2.5% of sales in FY26.
- Direct reach has expanded to 2.88 million outlets, with strengthened rural distribution now covering 31,000 distributors.
- Focus states, including Madhya Pradesh, Rajasthan, Uttar Pradesh, and Gujarat, grew 2.6x faster than the rest of India in 3Q, contributing 15% of total revenue, with rural markets showing stronger growth.
- The company remains committed to innovation, catering to regional preferences and driving premiumization.
- The RTM 2.0 strategy aims to expand distribution, enhance sales capabilities, upgrade technology, and improve street-level engagement.
- Urban retail channels are 1.3 times more profitable than the company's overall business.

- International business continues to perform well, particularly in the non-Middle East markets, maintaining healthy margins.
- No major capital expenditure is planned, with only INR1.5-2b allocated for FY26.
- The e-commerce mix for BRIT's product categories stands at ~ 4% for biscuits, 17% for croissants, 9% for cakes, and 11% for dairy, showing a higher share for adjacent businesses.

Adjacent categories

- The company plans to relaunch its entire cake and cheese portfolio with enhanced graphics to strengthen its competitive position.
- Croissant is on a strong double-digit growth trajectory.
- Rusk continues to see healthy volume and value growth.
- Wafers are driven by innovation and distribution expansion.
- Cheese category is leveraging in-house capabilities for competitiveness and growth.
- Drink segment maintains strong double-digit growth.
- Croissant revenue projected to reach INR2b next year. Milk business has already crossed INR2b in revenue.
- Strengthened adjacent categories with new launches like Dual Flavored Layer Cake and INR5 Rusk Pack.

Cost and margins

- Palm oil prices surged 36% QoQ and 43% YoY in 3QFY25. Cocoa prices increased 19% QoQ and 103% YoY in 3QFY25.
- Employee costs impacted by stock price appreciation provisions. Stock price in 2Q was ~INR6,300, which dropped to ~INR4,600 in 3Q, causing an impact of INR750m on employee costs. Employee costs fluctuate quarterly in line with stock price volatility.
- The company highlighted that employee costs will rise at a rate of 0.75x of revenue growth.
- Management highlighted that EBITDA margin will be maintained at 17-18%.

Valuation and view

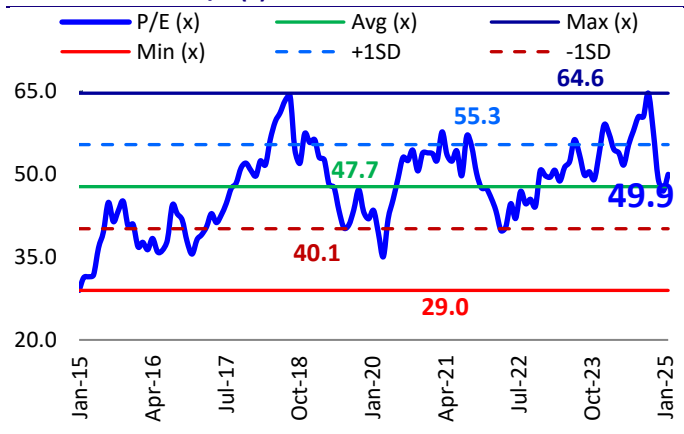
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Exhibit 5: No material change in our EPS estimates for FY24/FY25

| (INR b) | New | | Old | | Change (%) | |
|--------------|-------|-------|-------|-------|------------|-------|
| | FY25E | FY26E | FY25E | FY26E | FY25E | FY26E |
| Net Sales | 179.2 | 196.8 | 179.0 | 196.5 | 0.2 | 0.1 |
| EBITDA | 31.4 | 35.4 | 31.5 | 35.8 | -0.4 | -1.0 |
| Adjusted PAT | 21.8 | 25.0 | 22.0 | 25.3 | -0.9 | -1.1 |

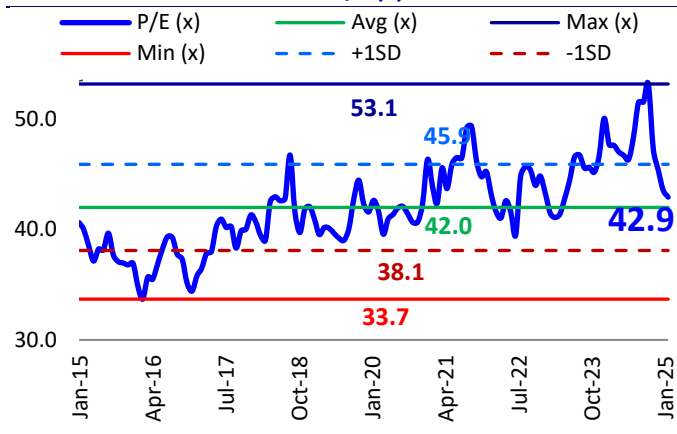
Source: Company, MOFSL

Exhibit 6: BRIT's P/E (x)



Source: MOFSL

Exhibit 7: Consumer sector's P/E (x)



Source: MOFSL

Financials and valuations

| Income Statement | | | | | | | | (INR m) | |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
| Net Revenues | 1,10,547 | 1,15,996 | 1,31,361 | 1,41,363 | 1,63,006 | 1,67,693 | 1,79,249 | 1,96,825 | 2,16,332 |
| Change (%) | 11.5 | 4.9 | 13.2 | 7.6 | 15.3 | 2.9 | 6.9 | 9.8 | 9.9 |
| Raw Material Cost | 65,615 | 69,275 | 76,261 | 87,603 | 95,913 | 94,920 | 1,05,757 | 1,15,142 | 1,25,905 |
| Gross Profit | 44,932 | 46,721 | 55,100 | 53,760 | 67,093 | 72,772 | 73,492 | 81,682 | 90,427 |
| Margin (%) | 40.6 | 40.3 | 41.9 | 38.0 | 41.2 | 43.4 | 41.0 | 41.5 | 41.8 |
| Advertising | 5,008 | 4,754 | 4,515 | 4,173 | 6,751 | 6,945 | 7,170 | 7,873 | 8,653 |
| % of Sales | 4.5 | 4.1 | 3.4 | 3.0 | 4.1 | 4.1 | 4.0 | 4.0 | 4.0 |
| Other Expenditure | 22,590 | 23,535 | 25,493 | 27,571 | 32,033 | 34,129 | 34,916 | 38,381 | 42,185 |
| EBITDA | 17,334 | 18,432 | 25,093 | 22,015 | 28,309 | 31,698 | 31,406 | 35,428 | 39,589 |
| Change (%) | 15.4 | 6.3 | 36.1 | -12.3 | 28.6 | 12.0 | -0.9 | 12.8 | 11.7 |
| Margin (%) | 15.7 | 15.9 | 19.1 | 15.6 | 17.4 | 18.9 | 17.5 | 18.0 | 18.3 |
| Depreciation | 1,619 | 1,848 | 1,978 | 2,005 | 2,259 | 3,005 | 3,152 | 3,372 | 3,540 |
| Int. and Fin. Charges | 91 | 769 | 1,109 | 1,443 | 1,691 | 1,640 | 1,471 | 1,278 | 1,137 |
| Financial Other Income | 2,065 | 2,794 | 3,129 | 2,228 | 2,159 | 2,142 | 2,311 | 2,617 | 2,805 |
| Operating Other Income | | | | | | | | | |
| PBT | 17,689 | 18,609 | 25,134 | 20,795 | 26,518 | 29,196 | 29,094 | 33,396 | 37,716 |
| Change (%) | 16.5 | 5.2 | 35.1 | -17.3 | 27.5 | 10.1 | -0.3 | 14.8 | 12.9 |
| Margin (%) | 16.0 | 16.0 | 19.1 | 14.7 | 16.3 | 17.4 | 16.2 | 17.0 | 17.4 |
| Tax | 5,998 | 4,477 | 6,571 | 6,122 | 7,210 | 7,657 | 7,303 | 8,382 | 9,493 |
| Deferred Tax | 127 | 30 | 59 | -499 | -45 | 136 | 0 | 0 | 0 |
| Tax Rate (%) | 34.6 | 24.2 | 26.4 | 27.0 | 27.0 | 26.7 | 25.1 | 25.1 | 25.2 |
| PAT | 11,564 | 14,102 | 18,504 | 15,172 | 19,408 | 21,371 | 21,792 | 25,014 | 28,223 |
| Change (%) | 15.2 | 21.9 | 31.2 | -18.0 | 27.9 | 10.1 | 2.0 | 14.8 | 12.8 |
| Margin (%) | 10.5 | 12.2 | 14.1 | 10.7 | 11.9 | 12.7 | 12.2 | 12.7 | 13.0 |
| Non-rec. (Exp.)/Income | 0 | -170 | -6 | 10 | 3,756 | 29 | 0 | 0 | 0 |
| Reported PAT | 11,555 | 13,935 | 18,506 | 15,179 | 23,218 | 21,400 | 21,710 | 24,932 | 28,142 |
| Balance Sheet | | | | | | | | | |
| Y/E March | 2019 | 2020 | 2021 | 2021 | 2023 | 2024 | 2025E | 2026E | 2027E |
| Share Capital | 240 | 241 | 241 | 241 | 241 | 241 | 241 | 241 | 241 |
| Reserves | 42,292 | 43,788 | 35,236 | 25,340 | 35,102 | 39,174 | 42,697 | 48,959 | 57,950 |
| Networth | 42,533 | 44,028 | 35,477 | 25,581 | 35,343 | 39,415 | 42,938 | 49,200 | 58,191 |
| Minority Interest | 327 | 357 | 363 | 275 | 302 | 245 | 245 | 245 | 245 |
| Loans | 1,380 | 15,141 | 20,872 | 25,338 | 29,805 | 20,412 | 17,412 | 15,912 | 14,412 |
| Capital Employed | 44,247 | 59,525 | 56,712 | 51,194 | 65,450 | 60,072 | 60,595 | 65,357 | 72,848 |
| Gross Block | 20,615 | 24,750 | 26,201 | 28,087 | 39,481 | 45,128 | 47,628 | 50,128 | 52,628 |
| Less: Accum. Depn. | -5,035 | -7,358 | -9,630 | -11,951 | -14,210 | 18,119 | 21,271 | 24,643 | 28,183 |
| Net Fixed Assets | 15,579 | 17,392 | 16,571 | 16,136 | 25,271 | 26,413 | 26,358 | 25,486 | 24,446 |
| Goodwill on consolidation | 1,304 | 1,390 | 1,359 | 1,396 | 1,282 | 1,298 | 1,359 | 1,359 | 1,359 |
| Capital WIP | 1,012 | 396 | 1,165 | 5,357 | 1,050 | 1,875 | 1,875 | 1,875 | 1,875 |
| Investments | 14,763 | 28,932 | 27,807 | 17,624 | 33,242 | 27,667 | 24,748 | 29,748 | 34,748 |
| Current | 7,499 | 10,088 | 13,933 | 8,337 | 18,010 | 16,965 | 18,965 | 23,965 | 28,965 |
| Non-current | 7,264 | 18,845 | 13,874 | 9,286 | 15,233 | 10,702 | 5,783 | 5,783 | 5,783 |
| Deferred Liability | -99 | -69 | -10 | -509 | -554 | -418 | -439 | -439 | -439 |
| Currents Assets | 29,623 | 30,117 | 33,089 | 34,126 | 32,110 | 33,043 | 37,327 | 41,086 | 48,303 |
| Inventory | 7,814 | 7,410 | 10,915 | 13,675 | 11,933 | 11,812 | 12,626 | 13,864 | 15,238 |
| Account Receivables | 3,942 | 3,204 | 2,573 | 3,319 | 3,289 | 3,933 | 4,204 | 4,617 | 5,074 |
| Cash and Bank Balance | 1,098 | 1,229 | 2,376 | 1,849 | 1,980 | 4,464 | 6,783 | 7,560 | 11,468 |
| Others | 16,768 | 18,275 | 17,225 | 15,283 | 14,908 | 12,834 | 13,713 | 15,045 | 16,522 |
| Curr. Liab. & Prov. | 18,133 | 18,770 | 23,289 | 23,953 | 28,058 | 30,643 | 31,510 | 34,636 | 38,322 |
| Account Payables | 11,405 | 11,163 | 13,148 | 12,852 | 14,488 | 16,275 | 15,774 | 17,124 | 18,821 |
| Other Liabilities | 3,917 | 5,085 | 5,506 | 6,250 | 8,180 | 8,470 | 9,163 | 10,069 | 11,070 |
| Provisions | 2,811 | 2,522 | 4,636 | 4,851 | 5,390 | 5,898 | 6,574 | 7,443 | 8,430 |
| Net Current Assets | 11,490 | 11,347 | 9,800 | 10,173 | 4,052 | 2,400 | 5,816 | 6,451 | 9,981 |
| Net Assets | 44,247 | 59,525 | 56,711 | 51,194 | 65,450 | 60,072 | 60,595 | 65,357 | 72,848 |

E: MOFSL Estimates

Financials and valuations

Ratios

| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023E | 2024 | 2025E | 2026E | 2027E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Basic (INR) | | | | | | | | | |
| EPS | 48.1 | 58.6 | 76.8 | 63.0 | 80.6 | 88.7 | 90.5 | 103.8 | 117.2 |
| BV/Share | 177.0 | 183.1 | 147.3 | 106.2 | 146.7 | 163.6 | 178.2 | 204.2 | 241.6 |
| DPS | 15.0 | 35.0 | 62.0 | 56.5 | 72.0 | 73.5 | 75.5 | 77.5 | 79.5 |
| Payout (%) | 31.2 | 59.7 | 80.7 | 89.7 | 89.4 | 82.9 | 83.5 | 74.6 | 67.9 |
| Valuation (x) | | | | | | | | | |
| P/E | 103.3 | 84.7 | 64.7 | 78.9 | 61.7 | 56.0 | 54.9 | 47.9 | 42.4 |
| EV/Sales | 10.7 | 10.2 | 9.0 | 8.5 | 7.3 | 7.1 | 6.6 | 6.0 | 5.4 |
| EV/EBITDA | 68.0 | 64.0 | 47.3 | 54.6 | 42.1 | 37.4 | 37.7 | 33.2 | 29.4 |
| P/BV | 28.1 | 27.1 | 33.7 | 46.8 | 33.9 | 30.4 | 27.9 | 24.3 | 20.6 |
| Dividend Yield | 0.3 | 0.7 | 1.2 | 1.1 | 1.4 | 1.5 | 1.5 | 1.6 | 1.6 |
| Return Ratios (%) | | | | | | | | | |
| RoE | 30.2 | 32.6 | 46.5 | 49.7 | 63.7 | 57.2 | 52.9 | 54.3 | 52.6 |
| RoCE | 25.6 | 24.2 | 29.3 | 27.1 | 32.6 | 33.5 | 35.1 | 38.1 | 39.0 |
| RoIC | 42.2 | 44.6 | 62.6 | 56.4 | 68.5 | 76.2 | 79.5 | 90.0 | 105.9 |
| Working Capital Ratios | | | | | | | | | |
| Debtor (Days) | 13 | 10 | 7 | 9 | 7 | 9 | 9 | 9 | 9 |
| Asset Turnover (x) | 2.5 | 1.9 | 2.3 | 2.8 | 2.5 | 2.8 | 3.0 | 3.0 | 3.0 |
| Leverage Ratio | | | | | | | | | |
| Debt/Equity (x) | 0.0 | 0.3 | 0.6 | 1.0 | 0.8 | 0.5 | 0.4 | 0.3 | 0.2 |

Cash Flow Statement

| Y/E March | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| OP Profit | 17,689 | 18,439 | 25,128 | 20,785 | 30,274 | 29,167 | 29,094 | 33,396 | 37,716 |
| Dep | 1,619 | 1,848 | 1,979 | 2,005 | 2,259 | 3,005 | 3,152 | 3,372 | 3,540 |
| Financial Other Income | -487 | -684 | -469 | -251 | -4,129 | -256 | 0 | 0 | 0 |
| Net Interest Paid | 1,277 | 999 | 1,238 | 403 | -60 | 148 | -1,471 | -1,278 | -1,137 |
| Direct Taxes Paid | 5,961 | 5,033 | 6,328 | 5,869 | 7,258 | 7,649 | 7,303 | 8,382 | 9,493 |
| Inc in WC | 25 | -1,274 | 562 | 3,273 | -4,057 | -1,611 | 1,083 | -169 | -406 |
| CF from Operations | 11,558 | 14,845 | 18,511 | 12,995 | 25,262 | 25,730 | 25,332 | 29,832 | 33,306 |
| (Inc)/Dec in FA | -3,994 | -2,434 | -2,399 | -5,470 | -6,330 | -4,970 | -2,561 | -2,500 | -2,500 |
| Free Cash Flow | 7,564 | 12,411 | 16,112 | 7,525 | 18,932 | 20,760 | 22,771 | 27,332 | 30,806 |
| (Pur.)/Sale of Investments | -3,341 | -13,266 | 1,788 | 10,480 | -11,180 | 5,802 | 2,920 | -5,000 | -5,000 |
| Other Non Rec Exp | -1,462 | 406 | 5,685 | 3,926 | 2,663 | 4,227 | -712 | -107 | -110 |
| CF from Investments | -8,797 | -15,294 | 5,074 | 8,936 | -14,848 | 5,059 | -354 | -7,607 | -7,610 |
| Inc in Debt | -419 | 4,900 | 5,642 | 3,239 | 5,265 | -9,337 | -3,000 | -1,500 | -1,500 |
| Dividend Paid | 3,544 | 4,325 | 28,238 | 24,849 | 13,592 | 17,325 | 18,188 | 18,670 | 19,152 |
| Other Item | 94 | 355 | 1,013 | 849 | 1,957 | 1,643 | 1,471 | 1,278 | 1,137 |
| CF from Fin. Activity | -3,527 | 579 | -22,437 | -22,458 | -10,284 | -28,305 | -22,659 | -21,448 | -21,789 |
| Inc/Dec of Cash | -766 | 130 | 1,148 | -527 | 131 | 2,484 | 2,319 | 777 | 3,908 |
| Add: Beginning Balance | 1,864 | 1,098 | 1,228 | 2,376 | 1,849 | 1,980 | 4,464 | 6,783 | 7,560 |
| Closing Balance | 1,098 | 1,228 | 2,376 | 1,849 | 1,980 | 4,464 | 6,783 | 7,560 | 11,468 |

E: MOFSL Estimates

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|----------------------------------|--|
| 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 |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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