MOTILAL OSWAL
FINANCIAL SERVICES

30 October 2024
2QFY25 Results Update | Sector: Consumer

Dabur

Estimate changes	⟷
TP change	⟷
Rating change	⟷

Bloomberg	DABUR IN
Equity Shares (m)	1772
M.Cap.(INRb)/(USDb)	968.8 / 11.5
52-Week Range (INR)	672 / 489
1, 6, 12 Rel. Per (%)	-7/0/-23
12M Avg Val (INR M)	1641

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	124.0	128.9	143.9
Sales Gr. (%)	7.5	4.0	11.6
EBITDA	24.0	24.6	28.6
EBITDA mrg. (%)	19.4	19.1	19.9
Adj. PAT	18.8	19.1	21.9
Adj. EPS (INR)	10.6	10.8	12.3
EPS Gr. (%)	9.2	1.9	14.4
BV/Sh.(INR)	55.7	60.1	64.6
Ratios			
RoE (%)	19.9	18.6	19.8
RoCE (%)	17.3	16.6	17.8
Payout (%)	52.0	64.9	68.9
Valuation			
P/E (x)	51.6	50.6	44.2
P/BV (x)	9.8	9.1	8.5
EV/EBITDA (x)	37.6	36.2	30.9
Div. Yield (%)	1.0	1.3	1.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	66.3	66.3	66.2
DII	13.7	13.6	9.9
FII	15.0	15.0	18.4
Others	5.0	5.2	5.5

FII Includes depository receipts

CMP: INR547 TP: INR700 (+28%) Buy

In-line quarter; positive commentary for 2HFY25

- Dabur's 2QFY25 performance was largely in line with our estimate. Consolidated revenue declined 5% YoY (in line) primarily due to a temporary adjustment in General Trade (GT) inventory because of the growth in emerging channels. India revenue declined 8% YoY, while secondary sales grew by 2%. Urban demand has moderated (MGT expects bottoming out), with rural demand outpacing it by 130bp in secondary sales. International business grew 13% YoY in CC terms.
- Home & Personal Care/Healthcare/F&B's reported sales declined 8%/10%/ 21% YoY, while Home & Personal Care/Healthcare's secondary sales grew 6%/4% but F&B's sales dipped 11% YoY. In secondary sales, oral care grew by 5% (lower than peers after a long time), while home care achieved robust growth of 9%. The digestives segment increased 9% YoY, and foods posted a strong 21% growth. Beverages declined 12% YoY due to heavy rainfall. Badshah continued its strong trajectory with 15% growth.
- GM improved 100bp YoY to 49.3% (est. 48.4%). Conversely, EBITDA margin contracted 240bp YoY to 18.2% (in line) on operating deleverage. EBITDA declined 16% YoY.
- Dabur has also announced acquisition of Sesa Care, a leading ayurvedic hair oil brand, at a valuation of 2.4x of EV/sales and 19-20x of EV/EBITDA. EV (including debt) estimated at INR3.15-3.25b. Emami had acquired Kesh King at ~7x of EV/sales in 2015.
- We expect that Dabur will deliver high-single-digit revenue growth in 2HFY25, driven by healthy rural (50% mix), seasonal tailwinds, and the company's initiatives for distribution expansion, new product launches, and increased brand visibility. **We value Dabur at 50x Sep'26E EPS to arrive at our TP of INR700. We reiterate our BUY rating on the stock.**

Weaker performance due to GT inventory correction

Consolidated

- **Weak reported performance:** Dabur's 2QFY25 consolidated sales declined 5.5% (in line) to INR30.3b (est. INR30.4b). India revenue declined by 7.6% while secondary growth was at 2.3%. International CC growth was 13% YoY. EBITDA/PBT/adj. PAT decreased 16%/16%/17% YoY to INR5.5b/INR5.5b/ INR4.3b (est. INR5.5b/INR5.4b/ INR4.4b).
- **HPC business delivers 6% YoY secondary sales growth:** HPC reported sales decline 8% YoY on inventory rationalization. Oral care's secondary sales clocked 5% growth. Dabur Red Toothpaste continued to gain market share. Hair Oil, Home Care, Shampoo, and Skin Care clocked 4%, 9%, 3%, and flat YoY secondary growth, respectively.
- **F&B reported 11% YoY decline in secondary growth:** F&B business reported sales decline of 21% YoY with secondary decline of 11%. Secondary sales for the food business delivered 21% growth, while beverages declined 12% YoY. Beverages were hit by the heavy monsoon and floods. Badshah revenue was up 15% YoY.

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- **Healthcare portfolio delivers 4% YoY secondary growth:** Healthcare reported sales decline 10%. Health supplements rose 3% YoY, Digestive was up 6% YoY, while OTC & Ethicals were flat YoY.
- **Operating margin contraction:** Gross margin expanded 100bp YoY to 49.3% (est. 48.4%). As a percentage of sales, ad-spending rose 70bp YoY to 7.5%, other expenses were up 140bp YoY to 12.5%, and staff costs grew 135bp YoY to 11.2%. EBITDA margin contracted 240bp to 18.2% (est. 18.2%).
- **International business delivers double-digit growth**: International business grew 13% in CC terms in 2QFY25. Egypt business grew 73% YoY, while Turkey business was up 3% YoY, and the Middle East markets posted a growth of 10% YoY. The Sub-Saharan Africa (SSA) business rose 26.1% YoY.
- **1HFY25** revenue remained flat at INR63.7b, while EBITDA and APAT declined to 4.6% and 5.4%, respectively. In 2HFY25, we model sales/EBITDA/APAT growth of 7%/10%/10%.

Highlights from the management commentary

- There is a moderation in urban demand, hit by sustained food inflation and adverse weather. Company sees urban consumption is bottoming out.
- Rural demand outpaced urban by 130bp in secondary sales. According to Nielsen data, rural growth was 600bp higher than urban during the quarter.
- Quick commerce channels are expanding swiftly, altering traditional sales landscapes, particularly in urban areas.
- The company expects mid-to-high single-digit revenue growth and flat margin expansion in 2HFY25.
- Distributor ROI has been improved with the reduction in inventory days from 30 days to 21 days after inventory correction. Dabur plans to bring it down further to 19 days by Dec'24.

Valuation and view

- There are no material changes to our FY25E/FY26E estimates.
- DABUR mitigated the impact of inflationary pressures through disciplined cost control, operational efficiencies, and judicious price increases. With a broader distribution reach (to ~0.12m villages and ~7.9m outlets), increased direct penetration (~1.4m outlets), and extensive presence/categorical leadership in the rural market, DABUR is better positioned to capitalize on the rural consumption trend compared to its peers.
- The operating margin, which has been hovering around the 20% band over the last 8-9 years (unlike its peers that have experienced expansions), also has room for expansion in the medium term.
- With external drivers remaining consistent, we view the recent stock price correction as an opportunity to be constructive on the stock. Once the company's growth trajectory improves, we expect a re-rating potential in the stock. **We reiterate our BUY rating on the stock with a TP of INR700 (premised on 50x P/E on Sep'26).**

Quarterly Performance (Consolidated) (INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
Domestic FMCG vol. growth (%)	**3.0**	**3.0**	**4.0**	**3.0**	**5.2**	**-7.0***	**7.0**	**7.5**	**3.3**	**4.0**	**-7.0**	
Net sales	**31,305**	**32,038**	**32,551**	**28,146**	**33,491**	**30,286**	**35,003**	**30,164**	**1,24,040**	**1,28,944**	**30,385**	-0.3%
YoY change (%)	10.9	7.3	6.7	5.1	7.0	-5.5	7.5	7.2	7.5	4.0	-5.2	
Gross profit	**14,588**	**15,482**	**15,823**	**13,679**	**16,005**	**14,943**	**17,151**	**14,826**	**59,571**	**62,925**	**14,706**	1.6%
Margin (%)	46.6	48.3	48.6	48.6	47.8	49.3	49.0	49.2	48.0	48.8	48.4	
EBITDA	**6,047**	**6,609**	**6,678**	**4,668**	**6,550**	**5,526**	**7,332**	**5,156**	**24,002**	**24,564**	**5,528**	0.0%
Margins (%)	19.3	20.6	20.5	16.6	19.6	18.2	20.9	17.1	19.4	19.1	18.2	
YoY growth (%)	11.2	10.0	8.1	13.9	8.3	-16.4	9.8	10.4	10.5	2.3	-16.4	
Depreciation	966	983	969	1,074	1,091	1,110	1,110	1,138	3,992	4,449	1,085	
Interest	243	281	365	352	327	474	400	400	1,242	1,600	300	
Other income	1,098	1,164	1,274	1,289	1,294	1,515	1,450	1,467	4,824	5,726	1,350	
PBT	**5,936**	**6,508**	**6,618**	**4,531**	**6,427**	**5,457**	**7,272**	**5,085**	**23,593**	**24,241**	**5,493**	-0.7%
Tax	1,368	1,443	1,550	1,114	1,481	1,284	1,745	1,235	5,474	5,745	1,263	
Rate (%)	23.0	22.2	23.4	24.6	23.0	23.5	24.0	24.3	23.2	23.7	23.0	
Adjusted PAT	**4,721**	**5,233**	**5,225**	**3,578**	**5,084**	**4,333**	**5,684**	**4,007**	**18,757**	**19,108**	**4,370**	-0.9%
YoY change (%)	7.2	6.7	7.8	10.8	7.7	-17.2	8.8	12.0	9.3	1.9	-16.5	

*E: MOFSL Estimates *MOFSL assumption*

Exhibit 1: Category wise performance

Business Segment	Category	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25*
Healthcare	Health Supplements	5.5	Flat	Flat	-9.1	7.8	2.8
	Digestives	14.3	18.1	15.1	16	10.7	6.3
	OTC & Ethical	24.3	8.4	-3	0.6	3.7	Flat
Home and Personal Care	Oral Care	13	4.1	8.1	22	11.4	5.3
	Hair Oils	10	4	4.5	-2.5	3.3	3.8
	Shampoo	9	4.1	11.3	6.1	13.7	3.2
	Home care	14.5	15.1	6.6	7.5	8	9.1
	Skin & Salon	3.5	5	4.5	0.6	6.1	Flat
Foods	Beverages	-2	-10	6.9	-1.5	2.8	-11.6
	Foods	35	40	22	20.7	21.3	20.6

*Secondary sales growth Sources: Company reports, MOFSL

Proposed merger of Sesa Care with Dabur

- Dabur has announced an agreement to merge with Sesa Care Private Limited, a leading brand in the Ayurvedic hair oil market.
- Sesa holds the no. 3 position in the Ayurvedic hair oil category, presenting Dabur with a strategic opportunity to enter and expand in the INR9b Ayurvedic hair oil market. This acquisition fills a "white space" in Dabur's portfolio, strengthening its presence in the high-demand hair oil category.
- Sesa's heritage brand and product line align with Dabur's long-term vision to consolidate and expand in Ayurvedic personal care.
- Dabur anticipates substantial synergies through this merger by leveraging its extensive distribution network and international market access to scale Sesa's product lines. Cost optimization is expected by reducing operational overlaps, improving supply chain efficiencies, and capturing procurement synergies.
- Sesa's core offerings include anti-hair fall oils and shampoos formulated with a unique blend of 18 herbs, cow milk, and five oils, showcasing Ayurvedic authenticity and premium product quality.
- In FY24, Sesa recorded consolidated revenue of INR1.33b with an EBITDA margin of ~13%. Bangladesh contributes approximately 13% to its revenue.

- Dabur will acquire 51% of Sesa's cumulative redeemable preference shares (CRPS) from its current shareholder, True North, for INR 125m at face value.
- The enterprise value is estimated at INR 3.15-3.25b, including INR 2.9b in debt, backed by Dabur's corporate guarantee.
- Merger is expected to complete in 15 to 18 months.

Exhibit 2: Valuation comparison of SESA acquisition with EMAMI Kesh King acquisition in the same category in Jun'15

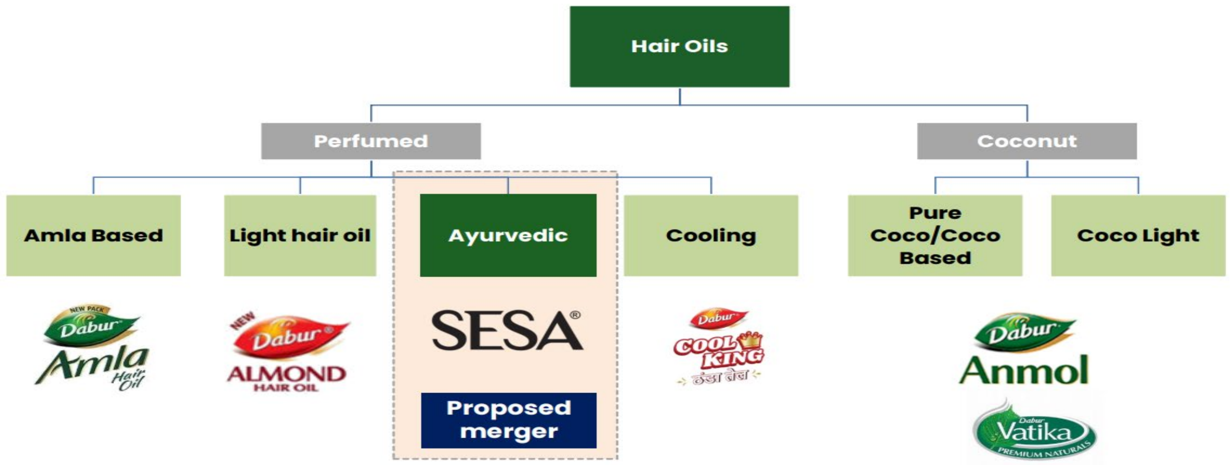
Particulars	SESA	Kesh King
Enterprise Value (INR b)	3.2	16.8
Sales (INR b)	1.3	2.5
EBITDA margin (%)	13%	~40%
EBITDA (INR b)	0.17	1.0
EV/Sales (x)	2.4	6.7
EV/ EBITDA (x)	19.2	16.8

Sources: Company, MOFSL

Exhibit 3: SESA – leading Ayurvedic hair care brand

Sources: Company, MOFSL

Exhibit 4: Filling white space in the INR9b Ayurvedic Hair oil segment



Sources: Company, MOFSL

Highlights from the management commentary

Operating Business and Environment

- There is a moderation in urban demand, impacted by sustained food inflation and adverse weather, including flooding, which has hindered consumption especially in beverages category.
- Quick commerce channels are expanding swiftly, altering traditional sales landscapes, particularly in urban areas.
- Dabur has delivered 2.3% secondary sales growth in 2QFY25.
- Dabur expects mid to high single digit growth in 2HFY25.
- The company has gained market share across 95% of the portfolio.
- The company believes urban consumption is bottoming out, with urban volume growth at 2.8% in 2QFY25 vs 11% in 2QFY24.
- Rural demand outpaced urban by 130bp in secondary sales. According to Nielsen data, rural growth was 600bp higher than urban during the quarter.
- Emerging channels contributes 24% of business and is the 50% of urban consumption.
- Dabur has taken 1-1.5% price hike in 1HFY25 which is nullify with the trade benefits given by the company.
- Distributor ROI has been improved with the reduction in inventory days from 30 days to 21 days after inventory correction. Dabur plans to bring it to 19 days by Dec’24.
- Dabur is also giving subsidy to the distributors as emerging channels are hurting them.
- Across all segments, Dabur is advancing premium offerings, such as Himalayan Shilajit in healthcare and premium condiments in foods. These enhancements align with Dabur’s strategic goal of driving profitability through higher-margin products.
- With expectations of a favorable winter season due to La Nina, Dabur’s seasonal products, including Khajurprash and immunity-focused items, are anticipated to perform well.
- A new B2B and retailer app initiative aims to streamline order placements across urban and rural markets, leveraging AI to recommend the best product mix per outlet. Additionally, a data integration project is underway, consolidating cross-functional data on a unified platform.
- Dabur is mapping underserved towns and villages to optimize its distribution network, ensuring broader market penetration through Map My India Initiative.
- Management expects GT share of sales to decrease as emerging channels continue to grow. Dabur is strengthening relationships with Modern Trade and e-commerce partners.

Cost and Margins

- Gross margins expanded 100bp due to operational efficiency.
- Operating margins contracted due to high input costs and moderate top-line growth.
- Dabur expects flattish margins expansion in 2HFY25.

Segmental performance

HPC

- HPC achieved 6% growth in secondary sales. Due to inventory correction, it decline 8.1% YoY.
- Oral Care saw a 5.3% growth in secondary sales and gained 45bp in market share, bolstered by collaborations with over 100,000 dentists, which helped increase brand credibility.
- Dabur increased its media spend to reinforce brand visibility across HPC categories. Dabur's Ayurvedic Toothpaste earned the Indian Dental Association (IDA) seal, marking a milestone in its credibility and appeal within oral care.
- Company expanded air freshener lines with gel pockets, premium air fresheners, and range extensions in Odonil.
- Dabur is working on filling "white spaces" in its skincare portfolio, broadening the Gulabari franchise to include shower gels and mists.
- Company plans to introduce premium ayurvedic skincare products, positioning Dabur competitively in the higher-margin skincare segment.

Healthcare

- Dabur reinforced its leadership in Chyawanprash, achieving market share gains by continuing to innovate with new variants, such as the premium Khajurprash which has received positive consumer feedback.
- Honey has gained 60bp in market share due to targeted campaigns and high brand trust, further strengthening Dabur's leadership in this category.
- Dabur achieved a 160 bp gain in market share for digestives, reflecting sustained consumer preference and competitive positioning.
- Dabur health juices and baby range continued to grow, both posting double-digit growth rates.
- Honitus outperformed category averages and gained market share due to its efficacy and strong brand presence in the cough remedy space.

Food & beverages

- Beverages decline of 11.6% YoY in value growth due to heavy monsoon rains and flooding, which reduced demand for beverages during the season. However, it gained 240bp in market share.
- Foods delivered 20.6% growth, driven by strong performance in categories like edible oils and ghee, which capitalized on high consumer demand for healthy cooking oils and traditional food items
- Badshah Masala continued to perform well, showing a 15% growth in value. This steady demand growth reflects Dabur's efforts to expand its presence in the spices market.
- Dabur is focusing on strengthening its core drinks portfolio by making popular beverages available at accessible price points (e.g., INR10/- and INR20/- packs), targeting affordability for mass-market consumers.
- Plans are in place to expand the range within fruit-based and juice beverages, particularly with premium flavors like mango and fizz variants, to enhance appeal across demographics.
- Consumers are shifting from the healthy drinks to fizzy drinks due to summer.

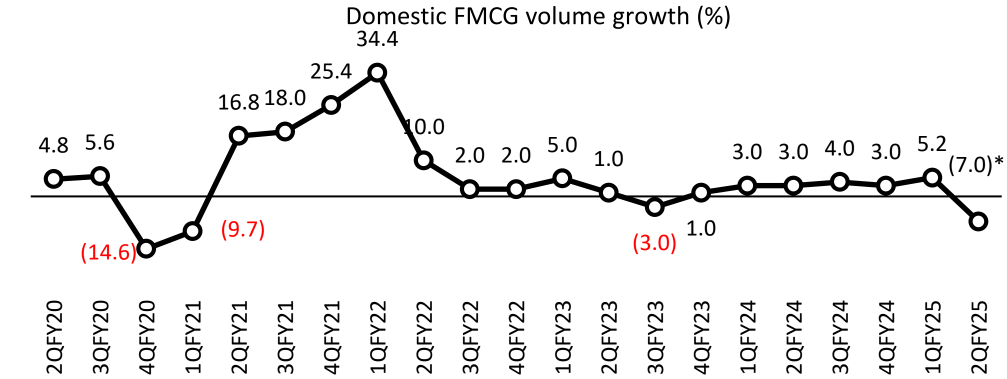
International business

- International business delivered growth of 13% YoY in CC terms.
- The Egypt business reported a near 730 % CC growth, while MENA business grew by 10% and Sub-Saharan Africa grew by 26%. The Badshah business also reported a15% growth.

- Dabur is focused on expanding into new geographies, including Morocco, Algeria, Eastern Europe, and CIS countries. These regions offer promising growth opportunities, as Dabur aims to leverage its core strengths in ayurvedic and natural products to capture new customer segments.
- In existing markets, Dabur has invested in distribution expansion**,** enhancing its network to increase availability and accessibility across key international locations.
- To support rising demand, Dabur is investing in capacity expansion in regions such as UAE and Egypt, where growth rates have remained consistently high. These expansions are expected to help meet local demand and reduce reliance on imports, thereby enhancing supply chain efficiency and cost-effectiveness.

Key exhibits

Exhibit 5: Domestic FMCG business volumes estimated to decline 7% YoY in 2QFY25



Sources: Company reports, MOFSL

Exhibit 6: Consolidated reported net sales declined 5% YoY to INR30.3b

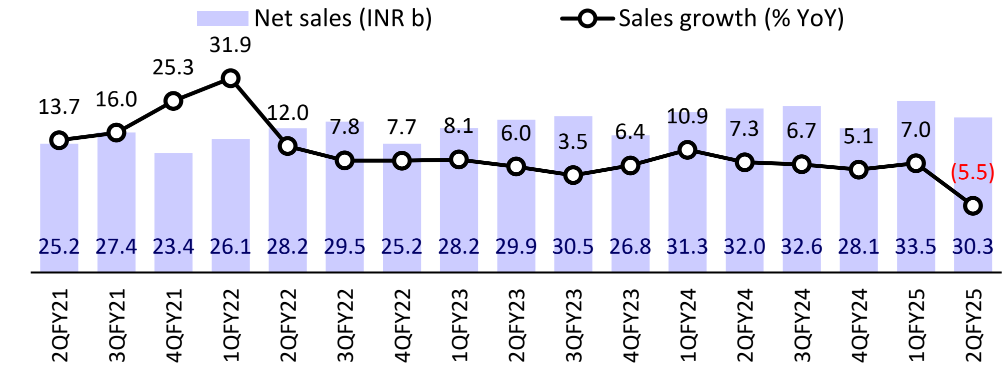


Exhibit 7: Con. GP margin expanded 100bp YoY to 49.3%

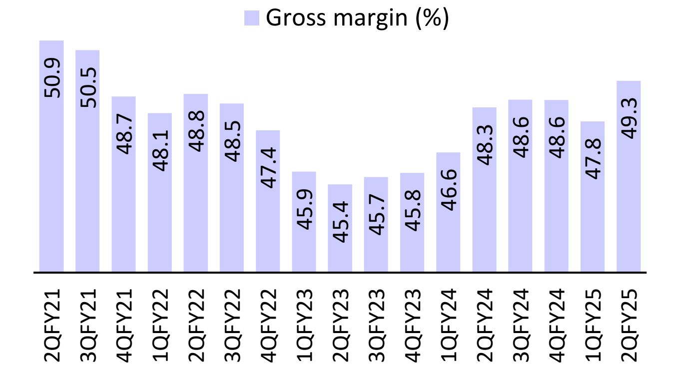


Exhibit 8: EBITDA margin contracted 240bp YoY to 18.2%

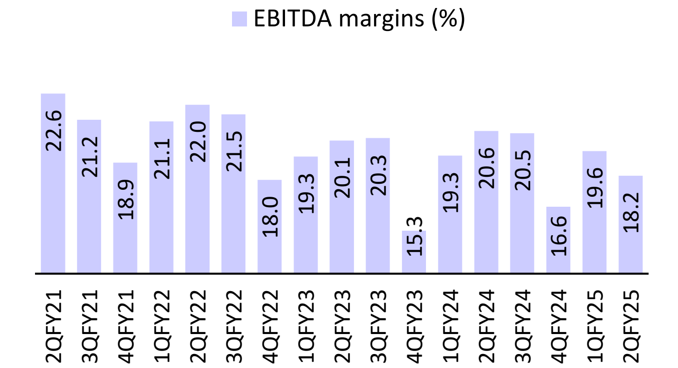


Exhibit 9: A&P spends/staff costs/ other expenses increased 70bp/130bp/140bp YoY in 2QFY25

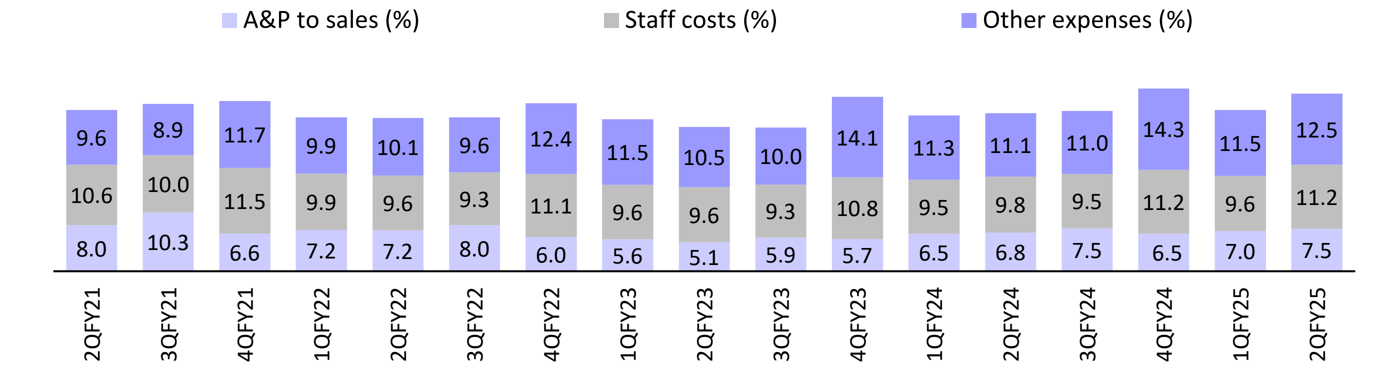
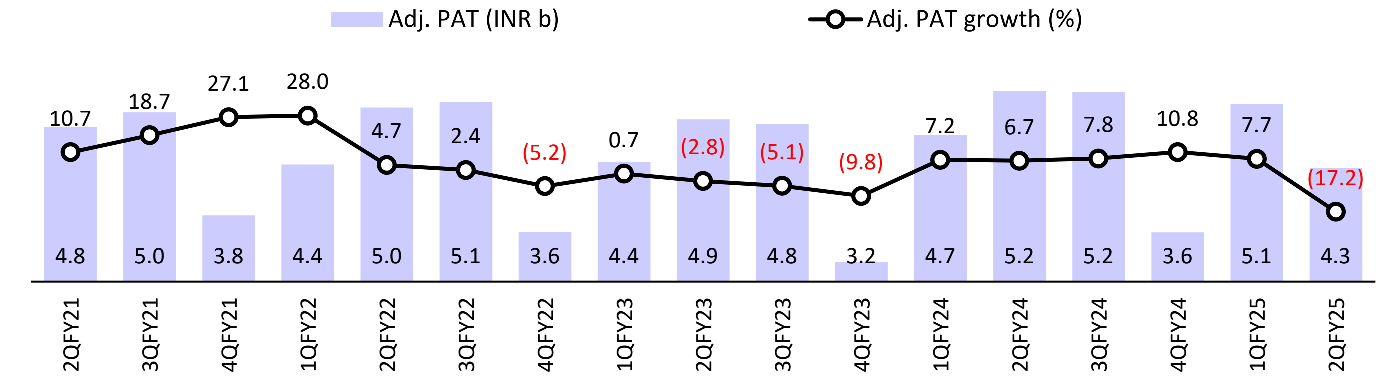


Exhibit 10: Consolidated adjusted PAT declined 17% YoY to INR4.3b



Sources: Company reports, MOFSL

Valuation and view

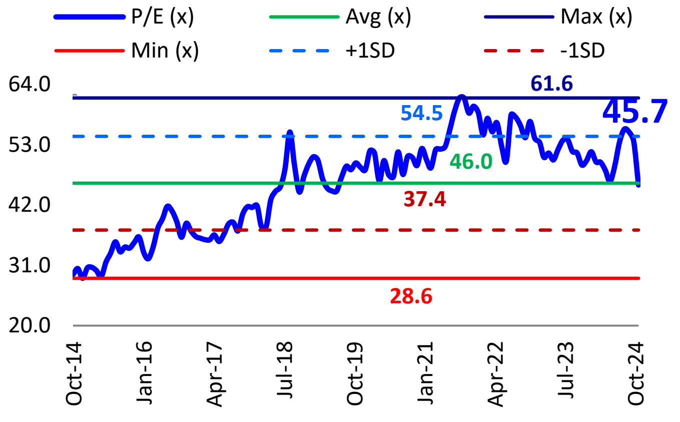
- There are no material changes to our FY25E/FY26E estimates.
- DABUR mitigated the impact of inflationary pressures through disciplined cost control, operational efficiencies, and judicious price increases. With a broader distribution reach (to ~0.12m villages and ~7.9m outlets), increased direct penetration (~1.4m outlets), and extensive presence/categorical leadership in the rural market, DABUR is better positioned to capitalize on the rural consumption trend compared to its peers.
- The operating margin, which has been hovering around the 20% band over the last 8-9 years (unlike its peers that have experienced expansions), also has room for expansion in the medium term.
- With external drivers remaining consistent, we view the recent stock price correction as an opportunity to be constructive on the stock. Once the company's growth trajectory improves, we expect a re-rating potential in the stock. **We reiterate our BUY rating on the stock with a TP of INR700 (premised on 50x P/E on Sep'26).**

Exhibit 11: There are no material changes to our FY25/FY26 estimates

	New		Old		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Net Sales	128.9	143.9	130.1	144.4	-0.9	-0.3
EBITDA	24.6	28.6	24.7	28.7	-0.6	-0.6
Adjusted PAT	19.1	21.9	19.2	22.1	-0.4	-1.2

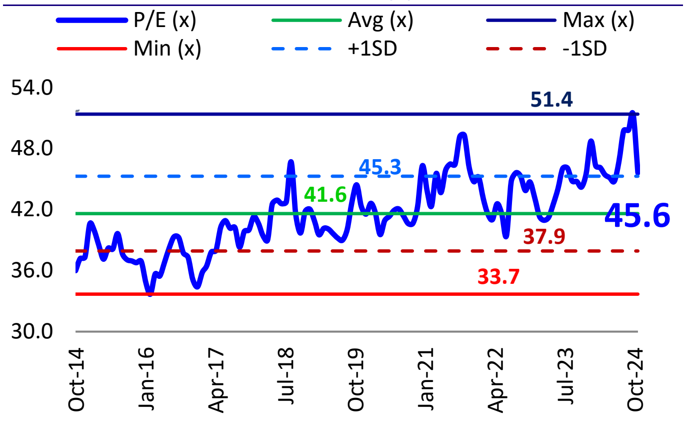
Source: MOFSL

Exhibit 12: DABUR's P/E (x)



Sources: Bloomberg, MOFSL

Exhibit 13: Consumer sector's P/E (x)



Sources: Bloomberg, MOFSL

Financials and valuations

Consol. Income Statement (INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	**85,150**	**86,846**	**95,683**	**1,08,960**	**1,15,379**	**1,24,040**	**1,28,944**	**1,43,938**	**1,58,388**
Change (%)	10.3	2.0	10.2	13.9	5.9	7.5	4.0	11.6	10.0
Gross Profit	**42,240**	**43,434**	**47,944**	**52,563**	**52,692**	**59,571**	**62,925**	**70,530**	**78,085**
Margin (%)	49.6	50.0	50.1	48.2	45.7	48.0	48.8	49.0	49.3
Other Expenditure	24,845	25,510	27,700	29,952	30,971	35,568	38,361	41,958	45,695
EBITDA	**17,395**	**17,924**	**20,243**	**22,611**	**21,721**	**24,002**	**24,564**	**28,572**	**32,390**
Change (%)	7.5	3.0	12.9	11.7	-3.9	10.5	2.3	16.3	13.4
Margin (%)	20.4	20.6	21.2	20.8	18.8	19.4	19.1	19.9	20.5
Depreciation	1,769	2,205	2,401	2,529	3,110	3,992	4,449	4,110	4,316
Int. and Fin. Charges	596	495	308	386	782	1,242	1,600	1,200	1,000
Other Income - Recurring	2,962	3,053	3,253	3,932	4,454	4,824	5,726	5,267	5,870
Profit before Taxes	**17,992**	**18,277**	**20,787**	**23,628**	**22,283**	**23,593**	**24,241**	**28,529**	**32,944**
Change (%)	5.4	1.6	13.7	13.7	-5.7	5.9	2.7	17.7	15.5
Margin (%)	21.1	21.0	21.7	21.7	19.3	19.0	18.8	19.8	20.8
Tax	4,070	4,654	3,630	4,422	4,816	5,395	5,665	6,812	8,084
Deferred Tax	-1,284	-1,857	-20	842	357	79	80	69	41
Tax Rate (%)	15.5	15.3	17.4	22.3	23.2	23.2	23.7	24.1	24.7
Profit after Taxes	**15,206**	**15,480**	**17,176**	**18,364**	**17,110**	**18,118**	**18,495**	**21,648**	**24,819**
Change (%)	10.8	1.8	11.0	6.9	-6.8	5.9	2.1	17.0	14.6
Margin (%)	17.9	17.8	18.0	16.9	14.8	14.6	14.3	15.0	15.7
Minority Interest	30	25	17	31	-58	-314	-282	-330	-370
Adjusted PAT	**15,176**	**15,454**	**17,160**	**18,333**	**17,168**	**18,757**	**19,108**	**21,865**	**25,074**
Exceptional Items	-753	-1,000	0	-850	16	-5	0	0	0
Reported PAT	**14,423**	**14,454**	**17,160**	**17,483**	**17,184**	**18,427**	**18,778**	**21,535**	**24,744**

Balance Sheet (INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	1,766	1,767	1,767	1,768	1,772	1,772	1,772	1,772	1,772
Reserves	54,551	64,290	74,868	82,045	87,961	96,891	1,04,755	1,12,670	1,21,096
Net Worth	**56,317**	**66,057**	**76,635**	**83,813**	**89,733**	**98,663**	**1,06,527**	**1,14,442**	**1,22,868**
Minority Interest	314	365	367	406	4,682	4,368	4,650	4,980	5,350
Loans	5,288	4,718	4,847	10,072	11,434	11,581	11,381	11,181	10,981
Capital Employed	**61,919**	**71,140**	**81,849**	**94,291**	**1,05,848**	**1,14,612**	**1,22,558**	**1,30,603**	**1,39,199**
Gross Block	28,028	32,935	35,238	39,265	53,541	59,488	55,089	61,039	60,689
Less: Accum. Depn.	-11,698	-13,768	-16,169	-18,698	-21,807	-25,799	-29,809	-33,918	-38,235
Net Fixed Assets	**16,330**	**19,167**	**19,069**	**20,568**	**31,734**	**33,689**	**25,280**	**27,120**	**22,454**
Capital WIP	638	1,466	1,473	1,675	1,751	2,091	2,091	2,091	2,091
Goodwill	3,361	3,360	3,360	2,512	4,053	4,051	3,551	3,051	2,551
Investments	**33,588**	**28,003**	**41,484**	**62,102**	**62,574**	**69,254**	**71,754**	**74,254**	**76,754**
Curr. Assets, L&A	**30,451**	**41,325**	**42,199**	**35,983**	**37,854**	**42,079**	**57,078**	**65,172**	**80,198**
Inventory	13,005	13,796	17,343	19,114	20,242	19,470	22,943	25,383	27,648
Account Receivables	8,336	8,139	5,616	6,462	8,488	8,987	9,342	10,429	11,476
Cash and Bank Balance	3,282	8,114	12,710	5,387	4,703	6,664	17,279	21,246	32,309
Others	5,828	11,277	6,531	5,021	4,422	6,958	7,513	8,114	8,765
Curr. Liab. and Prov.	**22,216**	**22,226**	**26,484**	**27,732**	**31,229**	**35,525**	**36,169**	**40,058**	**43,821**
Current Liabilities	19,812	19,475	23,126	23,884	28,446	32,343	31,790	35,487	39,049
Provisions	2,404	2,751	3,357	3,847	2,784	3,182	4,379	4,571	4,772
Net Current Assets	**8,235**	**19,099**	**15,716**	**8,251**	**6,625**	**6,554**	**20,909**	**25,114**	**36,377**
Deferred Tax Liability	-231	46	747	-816	-889	-1,027	-1,027	-1,027	-1,027
Application of Funds	**61,919**	**71,140**	**81,849**	**94,291**	**1,05,848**	**1,14,611**	**1,22,558**	**1,30,603**	**1,39,199**

E: MOFSL Estimates

Financials and valuations

Ratios									
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Basic (INR)									
EPS	**8.6**	**8.7**	**9.7**	**10.4**	**9.7**	**10.6**	**10.8**	**12.3**	**14.2**
Cash EPS	9.2	9.4	11.1	11.3	11.5	12.7	13.1	14.5	16.4
BV/Share	31.9	37.4	43.4	47.4	50.6	55.7	60.1	64.6	69.3
DPS	4.0	4.5	4.8	4.8	5.2	5.5	7.0	8.5	10.0
Payout %	46.6	51.5	48.9	45.8	53.7	52.0	64.9	68.9	70.7
Valuation (x)									
P/E	63.5	62.4	56.2	52.7	56.3	51.6	50.6	44.2	38.6
Cash P/E	59.6	57.9	49.3	48.2	47.7	43.2	41.7	37.7	33.3
EV/Sales	11.0	10.7	9.6	8.3	7.9	7.3	6.9	6.1	5.5
EV/EBITDA	53.6	52.1	45.2	40.2	42.0	37.6	36.2	30.9	26.8
P/BV	17.1	14.6	12.6	11.5	10.8	9.8	9.1	8.5	7.9
Dividend Yield (%)	0.7	0.8	0.9	0.9	1.0	1.0	1.3	1.6	1.8
Return Ratios (%)									
RoE	26.8	25.3	24.1	22.9	19.8	19.9	18.6	19.8	21.1
RoCE	24.4	23.9	22.8	21.2	17.7	17.3	16.6	17.8	19.0
RoIC	53.2	45.9	49.4	60.8	46.1	41.9	45.1	57.6	69.3
Working Capital Ratios									
Debtor (Days)	36	34	21	22	27	26	26	26	26
Asset Turnover (x)	1.4	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1
Leverage Ratio									
Debt/Equity (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Cash Flow Statement									(INR m)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
OP/(loss) before Tax	17,249	17,276	20,787	22,778	22,187	23,587	24,681	28,529	32,944
Int./Div. Received	1,765	2,553	2	39	-1,038	-2,201	282	330	370
Depreciation & Amort.	1,769	2,205	2,401	2,529	3,110	3,992	4,009	4,110	4,316
Interest Paid	-2,002	-2,001	308	386	-2,829	-2,689	1,600	1,200	1,000
Direct Taxes Paid	-3,507	-3,089	-3,611	-5,264	-4,945	-4,939	-5,745	-6,881	-8,125
(Incr)/Decr in WC	-181	-580	7,979	141	-1,601	2,385	-3,740	-238	-200
CF from Oper.	**15,092**	**16,364**	**27,867**	**20,609**	**14,884**	**20,135**	**21,087**	**27,050**	**30,306**
(Incr)/Decr in FA	-2,344	-4,175	-2,311	-3,381	-4,857	-5,609	4,900	-5,450	850
Free Cash Flow	**12,748**	**12,190**	**25,556**	**17,228**	**10,027**	**14,526**	**25,986**	**21,600**	**31,156**
(Pur)/Sale of Invt.	-53,928	-84,788	-13,481	-20,618	-4,950	-7,978	-2,500	-2,500	-2,500
Others	60,600	86,031	-878	1,515	4,591	7,025	-438	-443	-445
CF from Invest.	**4,329**	**-2,931**	**-16,670**	**-22,484**	**-5,216**	**-6,562**	**1,961**	**-8,393**	**-2,095**
Issue of Shares	5	1	-501	-1,006	4	0	0	0	0
(Incr)/Decr in Debt	-2,720	-1,751	129	5,226	488	-472	-200	-200	-200
Dividend Paid	-15,970	-6,178	-5,921	-9,281	-9,213	-9,658	-10,632	-13,290	-15,948
Others	-515	-673	-308	-386	-1,631	-1,483	-1,600	-1,200	-1,000
CF from Fin. Act.	**-19,200**	**-8,601**	**-6,602**	**-5,448**	**-10,352**	**-11,612**	**-12,432**	**-14,690**	**-17,148**
Incr/Decr of Cash	**221**	**4,832**	**4,596**	**-7,323**	**-684**	**1,961**	**10,616**	**3,967**	**11,063**
Add: Opening Bal.	3,061	3,282	8,114	12,710	5,387	4,703	6,664	17,279	21,246
Closing Balance	**3,282**	**8,114**	**12,710**	**5,387**	**4,703**	**6,664**	**17,279**	**21,246**	**32,309**

E: MOFSL Estimates

NOTES

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