

Estimate changes



TP change



Rating change



Bloomberg	GCPL IN
Equity Shares (m)	1023
M.Cap.(INRb)/(USDb)	1352.5 / 16.2
52-Week Range (INR)	1350 / 932
1, 6, 12 Rel. Per (%)	10/15/18
12M Avg Val (INR M)	1169

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	141.0	155.2	169.3
Sales Gr. (%)	5.9	10.1	9.1
EBITDA	30.7	34.3	38.2
EBITDA mrg. (%)	21.8	22.1	22.6
Adj. PAT	19.8	23.2	28.1
Adj. EPS (INR)	19.3	22.7	27.4
EPS Gr. (%)	13.2	17.6	20.8
BV/Sh.(INR)	123.3	138.0	155.5

Ratios

RoE (%)	15.0	17.4	18.7
RoCE (%)	15.2	15.8	17.5
Payout (%)	31.1	35.2	36.4

Valuations

P/E (x)	68.4	58.2	48.2
P/BV (x)	10.7	9.6	8.5
EV/EBITDA (x)	44.3	39.4	35.0
Div. Yield (%)	0.5	0.6	0.8

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	63.2	63.2	63.2
DII	8.9	8.4	7.1
FII	22.6	23.0	23.7
Others	5.3	5.5	5.9

FII Includes depository receipts

CMP: INR1,320

TP: INR1,550 (+17%)

Buy

Playbook remains unchanged; positive outcomes set to continue

- Godrej Consumer (GCPL) reported a 6% YoY consolidated net revenue growth to INR33.8b (exactly in line); constant currency (CC) growth was 30% YoY in 4QFY24. The India business clocked 12% YoY revenue growth (5% organic) with a volume growth of 15% YoY (7% organic).
- In India, the home care and personal care segments registered 6% and 4% YoY growth, respectively. The HI category was hit by a subdued season, especially in the North and East. Personal wash clocked high single-digit volume growth, sustaining its market share gain. The hair color volume growth was in double digits. RCCL clocked a strong 22% YoY growth with a sales run rate of INR1.4b during the quarter.
- The international performance was hit by forex. Indonesia's revenue was up 15% YoY (17% in CC) with a healthy UVG of 12%. GUAM's revenue performance was hit by the devaluation of the naira; it posted +16% YoY growth in CC terms.
- GCPL clocked strong volume growth in FY24 and aims to deliver high single-digit volume growth in FY25. The company plans to keep expanding its TAM. It is also looking to gain share in rural markets by expanding its market reach. Under Project Vistaara 2.0, the company plans to double the outlet coverage and triple the village coverage. There are still various profitability levers (RCCL, Indonesia, and ROW) available for GCPL to further improve its margin metric.
- We raise our EPS by 1%/3% for FY25/FY26. We reiterate our BUY rating with a TP of INR1,550 (based on 55x FY26E EPS).**

Strong volume-driven performance

Consolidated performance

- Volume growth remains strong:** GCPL's 4QFY24 consolidated net sales grew 6% YoY to INR33.8b (exactly in line). Consolidated sales grew 30% YoY in CC. Consolidated volume grew 12% YoY, and organic volume rose 9% YoY.
- Strong earnings growth led by margin expansion:** The gross margin expanded 320bp YoY to 56.1% (est. 56.0%). EBITDA grew 14% YoY to INR7.6b (est. INR7.7b), PBT rose 20% YoY to INR6.9b (est. INR7.1b), and adj. PAT increased 22% YoY to INR5.7b (est. INR5.3b). As a percentage of sales, higher ad spending (+200bp YoY to 9%), lower other expenses (-65bp YoY to 15.1%), and higher staff costs (+15bp YoY to 9.6%) led to an EBITDA margin expansion of 170bp YoY to 22.5% (est. 22.8%).
- FY24 performance:** GCPL's net sales/EBITDA/adj. PAT grew 6%/26%/16% YoY. Consolidated sales grew 21% YoY in CC with volume growth of 10% YoY. The India business volume grew 13% YoY and Indonesia volume rose 11% YoY. The Board declared an interim dividend of INR10/share.

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- **Exceptional items:** 1) stamp duty payment and other costs of INR878m for the acquisition of RCCL business and INR8m for other restructuring costs; 2) loss on sale of investment in Godrej East Africa Holdings of INR7,926m; 3) impairment provision for diminution in value of investment in Godrej Mauritius Africa Holdings of INR2,739m pursuant to changes in business model and long-term strategy refresh for Africa; and 4) gain of INR230m on account of the sale of its long-term investments.

Standalone performance

- Net sales (including OOI) grew 12% YoY to INR20.3b in 4QFY24.
- India's branded business volume jumped 15% YoY.
- Gross margin expanded 100bp YoY to 57.8%. EBITDA margin remained flat YoY at 26.6%.
- EBITDA grew 12% YoY to INR5.4b.
- In FY24, net sales/EBITDA grew 10%/20%.

International performance

- Segmental growth: India +12% and organic +5%; Africa, the US, and the ME +16% (CC); Indonesia +17% (CC); LATAM (including SAARC) +262% (CC).

Other key highlights

- The home care business grew 6% YoY and personal care rose 4% YoY.
- Park Avenue and KamaSutra sales grew 15% YoY (17% in CC) and volume increased 12% YoY. EBITDA margin, at 25.2%, improved 360bp YoY.
- The household insecticide volume grew in double digits.

Highlights from the Investor Meet 2024

- GCPL plans to increase its market share in rural areas by doubling outlet coverage and tripling village coverage through Project Vistaara 2.0. Retailers now have direct access to products, reducing the need for personal visits to procure stocks.
- GCPL is on track to drive Park Avenue and KamaSutra by continuing to innovate the product and communication. The company expects high double-digit volume growth and EPS neutrality by the end of FY25.
- In Indonesia, management has increased its spending on A&P, it has reached 6% of sales by FY24 (earlier ~3%-4%). The company has managed to reduce its fixed overhead costs by 120bp, and cut down on the number of product variations by 25% over the last two years to simplify the business.
- The Southern Africa business has been performing well, with double-digit growth and a healthy EBITDA margin of 20%. The business, however, is facing some challenges in the US, Chile, Western Africa, and Argentina, but management sees potential for improvement in those areas.
- **Guidance:** In India, GCPL's medium-term aspiration includes achieving high single-digit volume growth and mid-to-high 20's EBITDA margin. For Indonesia, its medium-term aspiration is high single-digit volume growth with a mid-20's EBITDA margin. For ROW, management aspires to achieve mid-single digit volume growth with >15% EBITDA margin in the next two years.
- The ETR will be 28-29% for FY25 and 25% for FY26.

Valuation and view

- We raise our EPS estimates by 1/3% for FY25/FY26.
- GCPL has improved the India business sales growth in recent years. It has delivered industry-leading volume growth in the India business over 9MFY24, and is likely to record double-digit EPS growth over FY24-26E. The implementation of disruptive innovations, the introduction of access packs, expansion into new growth categories, and increased advertising expenditure are anticipated to contribute to a consistently robust growth trajectory in this high-margin and high-ROCE domestic business.
- The company is consistently working towards expanding TAM for the India business along with product innovation to drive frequency. Besides, there has been a consistent effort to fix the gaps in profitability/growth for its international business. **We reiterate our BUY rating with a TP of INR1,550 (based on 55x FY26E EPS).**

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales (including OOI)	31,250	33,919	35,989	32,002	34,489	36,020	36,596	33,856	1,33,160	1,40,961	33,838	0.1
YoY change (%)	8.0	7.2	9.0	9.8	10.4	6.2	1.7	5.8	8.5	5.9	5.7	
Gross Profit	14,558	16,238	18,408	16,928	18,534	19,771	20,454	18,999	66,132	77,758	18,954	0.2
Margin (%)	46.6	47.9	51.1	52.9	53.7	54.9	55.9	56.1	49.7	55.2	56.0	
Other Operating Exp.	9,232	10,496	10,733	10,280	11,716	12,537	11,407	11,396	40,740	47,055	11,248	
EBITDA	5,326	5,742	7,675	6,648	6,818	7,234	9,048	7,604	25,392	30,704	7,706	-1.3
Margins (%)	17.0	16.9	21.3	20.8	19.8	20.1	24.7	22.5	19.1	21.8	22.8	
YoY growth (%)	-12.8	-15.4	9.8	32.3	28.0	26.0	17.9	14.4	1.9	20.9	15.9	
Depreciation	571	533	573	686	763	609	539	499	2,363	2,410	593	
Interest	351	483	399	525	740	773	666	785	1,757	2,964	621	
Other Income	275	399	432	579	691	659	701	638	1,684	2,690	628	
PBT	4,562	4,804	6,725	5,777	5,617	6,319	7,904	6,912	22,955	26,751	7,120	-2.9
Tax	1,093	989	1,188	1,034	1,611	1,866	2,024	2,087	4,303	7,588	1,780	
Rate (%)	23.9	20.6	17.7	17.9	28.7	29.5	25.6	30.2	18.7	28.4	25.0	
Adj PAT	3,465	3,766	5,528	4,690	3,732	4,415	5,862	5,749	17,450	19,758	5,340	7.7
YoY change (%)	-16.5	-21.5	10.7	22.6	7.7	17.2	6.0	22.6	-2.7	13.2	13.6	
Extraordinaries	-14	-178	-61	-169	-543	-88	-51	-24,681	-541	-24,769	0	
Reported PAT	3,451	3,589	5,467	4,521	3,188	4,328	5,811	-18,932	17,028	-5,605	5,340	

E: MOFSL Estimate

Key Performance Indicators

Y/E March	FY23				FY24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2Y average growth %								
Sales	16.2	7.9	8.5	8.3	9.2	6.7	5.3	7.8
EBITDA	8.2	-8.1	4.0	9.9	7.6	5.3	13.8	23.3
PAT	7.1	-11.1	5.6	7.2	-4.4	-2.2	8.4	22.6
% sales								
COGS	53.4	52.1	48.9	47.1	46.3	45.1	44.1	43.9
Other expenditure	29.5	30.9	29.8	32.1	34.0	34.8	31.2	33.7
Depreciation	1.8	1.6	1.6	2.1	2.2	1.7	1.5	1.5
YoY change %								
COGS	20.5	11.4	7.9	2.3	-4.4	-8.1	-8.2	-1.4
Other expenditure	2.7	17.0	10.2	9.4	26.9	19.4	6.3	10.9
Other income	31.7	76.1	92.6	143.7	151.1	65.4	62.4	10.2
EBIT	-15.1	-17.1	10.1	33.0	27.3	27.2	19.8	19.2

E: MOFSL Estimate

Exhibit 1: Snapshot of the 4QFY24 performance as reported by the company

Growth (%)	Consolidated		India	
	Reported	Organic	Reported	Organic
Net sales	6	4	12	5
Net sales (constant currency)	30	28		
EBITDA	18		12	
Net profit (reported)	-519		-272	
Net profit (without exceptional and one-off items)	22		14	

Exhibit 2: Snapshot of sales by geography

International business	4QFY24		
	Sales (INR m)	Growth (%)	CC growth (%)
India – Reported	20,070	12	-
India - Organic	18,700	5	-
Indonesia	4,980	15	17
GAUM	5,930	-23	16
Others	2,870	41	262
Total net sales (Reported)	33,850	6	30

Source: Company, MOFSL

Highlights from the Investor meet**India business**

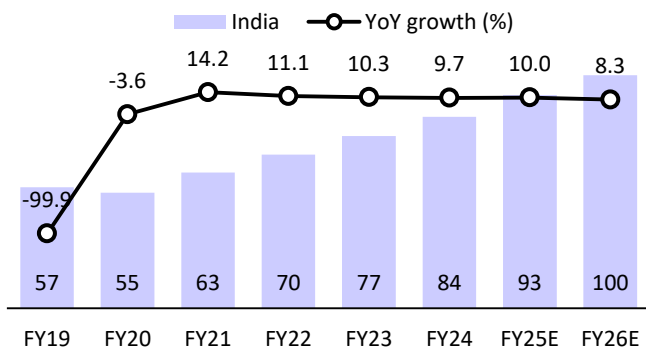
- In FY24, management focused on innovation and plans to continue enhancing its offerings in FY25.
- GCPL plans to increase its market share in rural areas by doubling outlet coverage and tripling village coverage through Project Vistaara 2.0. Retailers now have direct access to products, reducing the need for personal visits to procure stocks.
- GCPL operates globally, serving consumers in over 80 countries.
- Advertisement spending increased from 6% in FY22 to 10% in FY24.
- GCPL has become the fifth-largest advertiser in the country, with higher investments funded through savings from supply chain costs.
- The management has shifted its advertising spending towards distribution expenses and established Light House, an internal advertising agency.
- Initiatives include the Hair Color in 5 Minutes campaign and witnessing market share gains in various categories.
- It achieved a reduction in working capital and significant expansion in door-to-door sampling in India, reaching 10mn households.
- GCPL has increased its capex and is focusing on high single-digit volume growth in India and Indonesia, while prioritizing profitability and cash flow in other regions.
- It is scaling up across premium channels, and experiencing high double-digit growth in modern trade and e-commerce.
- It is setting up OTC and cosmetics channels, and planning to increase outlets by more than 50% in FY25.
- Investments in state-of-the-art facilities are being made, with a focus on cost savings.
- Cinthol foam body wash, KS, liquid detergents, and Park Avenue's fine fragrance line are performing well.
- SKU reduction efforts have been successful, and green shoots are observed in products such as condoms and perfumes.

- D-mart holds a 40% share of the deodorant market, and alternate channels are witnessing high double-digit growth.
- The management anticipates 50% growth in FY25 for OTC and cosmetic channels, with rural reach expanding through the Van program.
- Affordability initiatives across products like Godrej Colour Expert and agarbattis are being implemented.

Outlook

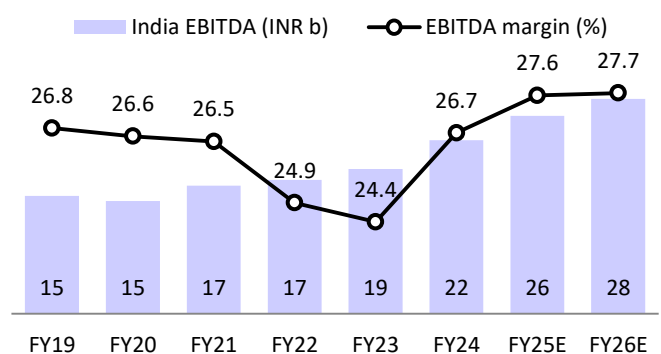
- In India, GCPL’s medium-term aspiration includes achieving high single-digit volume growth and mid-to-high 20’s EBITDA margin.
- GCPL is on track to drive Park Avenue and KamaSutra by continuing to innovate the product and communication. The company expects high double-digit volume growth and EPS neutrality by the end of FY25.
- Operations have been streamlined by focusing on 40% fewer factories.
- Manufacturing footprints will be reduced by about 40% from FY24 to FY26E.

Exhibit 3: Revenue to grow in high single digit



Source: MOFSL, Company

Exhibit 4: EBITDA margin recovery continues



Source: MOFSL, Company

Exhibit 5: Market share gains across products



Source: Company Presentation

Indonesia business

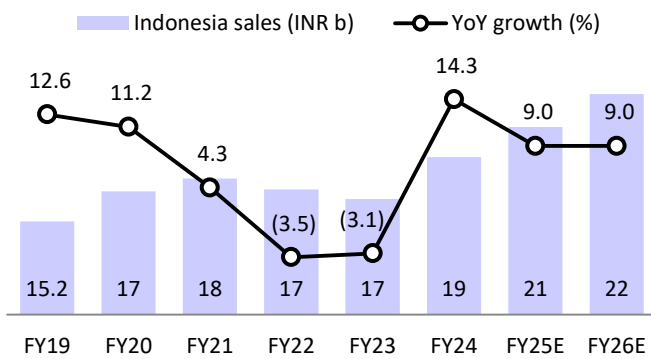
- In Indonesia, the overall economic situation is relatively stable, but there have been some ups and downs in revenue growth since the pandemic.
- The business in Indonesia has identified several issues, including inconsistent pricing, not investing enough in the business (only allocating 4% of sales to advertising and promotion), and having weak strategies for customers.

- To address these challenges, the company is shifting from a branch-based model to a distributor model to expand the market reach, aiming for a 10% increase in the number of outlets it covers.
- The company is also increasing its spending on A&P, reaching 6% of sales by FY24 and it has managed to reduce its fixed overhead costs by 120bp. It has also cut down on the number of product variations by 25% over two years, simplifying the business.
- The Health and Beauty segment experienced a strong growth of 4% over FY18-23, which jumped 38% YoY in FY24.
- Hair color products also saw significant growth, up from +16% in the previous years to +24% in FY24.
- The air care segment faced a decline, dropping from +3% in previous years to -3% in FY24. It is focusing on penetrating deeper into the market.

Outlook

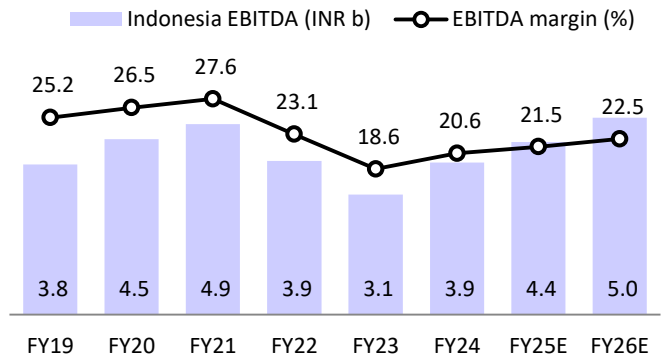
- The management plans for FY25 include targeted initiatives in each product category: maintaining growth in Health and Beauty, rejuvenating the Air Care segment, and expanding the Hair Color segment through investments in advertising and distribution.
- Their Stella product line is divided into 35% at the lower price range and 35% at the premium end, with a substantial 7x difference in prices between them.
- In the medium term, the company aims for a high single-digit volume growth along with mid-20’s EBITDA margin, showing confidence in its growth prospects.

Exhibit 6: Revenue to grow in double digits in FY24E



Source: MOFSL, Company

Exhibit 7: EBITDA margin recovery continues



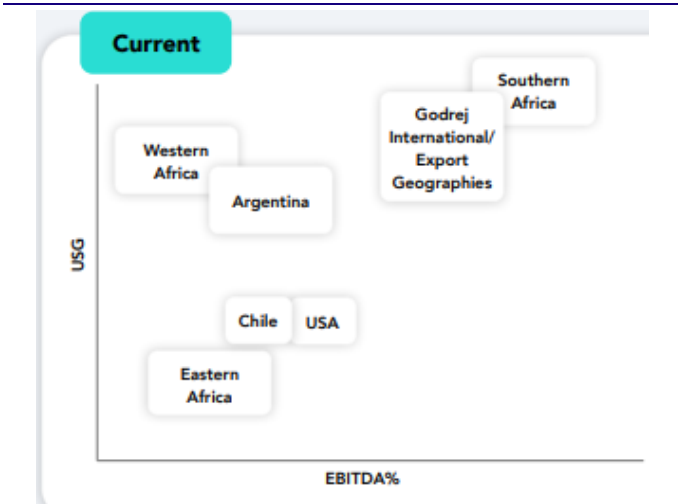
Source: MOFSL, Company

Rest of the World

- The Rest of the World division is facing challenges due to unpredictable economic conditions.
- The company used to have a lot of internal complexity and high fixed costs, which have gone up by 15%. GCPL manages a huge range of SKUs, with over 5,000 different items, across 26 factories, but it has streamlined down to 19 by FY24.
- It is working on improving its business each year, focusing more on making profits and growing its cash reserves.
- It is using flexible pricing strategies to adapt to market changes and has managed to reduce fixed costs by 300bp from FY20 to FY24.
- In South Africa, the hair color products make up a big chunk of their sales, around 30%.

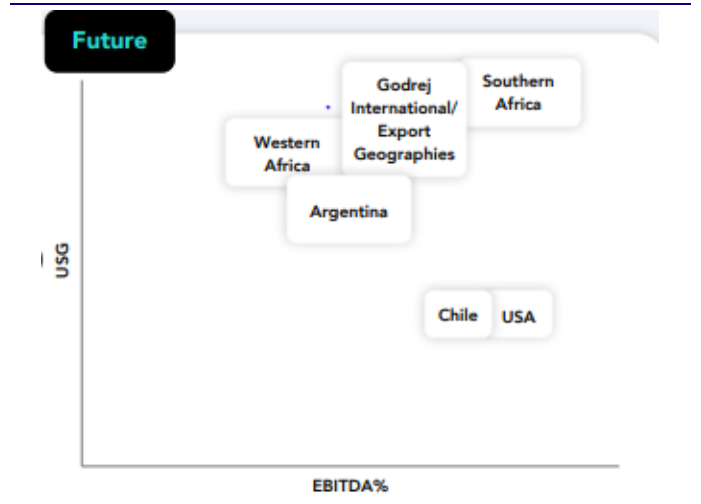
- The FMCG business accounted for 50% of sales in FY24, up from 40% in FY22.
 - GCPL is also expanding its distribution networks in different countries.
 - In Southern Africa, the direct reach surged 1.4x from FY22 to FY24.
 - GCPL’s businesses in Southern Africa are doing well, with double-digit growth and a healthy profit margin of 20% EBITDA.
 - GCPL is facing some challenges in regions like the USA, Chile, Western Africa, and Argentina, but it sees a potential for improvement in those areas.
 - In Eastern Africa, GCPL’s businesses are struggling with a decline and either no profit or very little profit.
- Outlook**
- The management aims are to make the long-term business stronger by increasing the proportion of FMCG in its sales mix.
 - Management has set a target to increase its EBITDA margin from 8-10% to 15% within two years, while aiming for mid-single-digit volume growth.

Exhibit 8: GAUM’s current financial shape – East Africa dragging down growth and margin both



Source: MOFSL, Company

Exhibit 9: GAUM’s target financial shape – aims to achieve >15% EBITDAM in the next two years vs. 8-10% historical margin



Source: MOFSL, Company

Others

- Deodorants have been heavily focused on BTL marketing, leading to higher MRP compared to consumer purchasing power.
- Condoms, on the other hand, represent a relatively straightforward market. For low-share products, outsourcing will be prioritized.
- Fab offers highly differentiated products of equal quality at significantly lower price points. High growth is expected for laundry liquid, deodorants, and hair care products, in line with the expanding economy.
- The ETR will decrease from 28-29% to 25% by FY26.

Key exhibits

Exhibit 10: Segmental quarterly sales growth and EBIT margin

Segment revenue (INR m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
India	18,494	19,850	20,098	18,229	20,055	21,682	22,041	20,336
Indonesia	3,765	4,087	4,333	4,345	4,507	4,730	4,665	4,983
Africa (including SON)	7,789	8,587	10,071	7,701	8,486	8,158	9,233	5,937
Others	1,541	1,744	1,828	2,036	1,808	1,826	993	2,900
Less: Inter-segment eliminations	-338.7	-348.3	-340.1	-309.7	-366.2	-376.2	-335.7	-300.4
Net Sales from operations	31,250	33,919	35,989	32,002	34,489	36,020	36,596	33,856
Segment revenue growth (%)								
India	11.4	8.0	10.6	11.5	8.4	9.2	9.7	11.6
Indonesia	-8.5	-8.2	-3.1	8.2	19.7	15.7	7.7	14.7
Africa (including SON)	12.2	14.7	13.9	6.5	8.9	-5.0	-8.3	-22.9
Others	-3.5	0.4	-8.7	-3.8	17.4	4.7	-45.7	42.5
Less: Inter-segment eliminations	7.1	-16.4	-26.8	-44.1	8.1	8.0	-1.3	-3.0
Net Sales from operations	8.0	7.2	9.0	9.8	10.4	6.2	1.7	5.8
Segment EBIT (INR m)								
India	4,101	4,340	5,604	4,961	6,336	6,826	6,762	5,797
Indonesia	576	737	948	1,047	995	1,013	1,166	1,332
Africa (including SON)	245.8	204.8	621	297.1	440.1	499.4	825	665.1
Others	25	80.2	129.3	185.6	79.4	34.9	24.7	74.2
Less: Inter-segment eliminations	-35.2	-75.2	-177.6	-188.9	-1493.5	-1281	-208.7	-171.1
Net EBIT from operations	4,913	5,287	7,124	6,302	6,357	7,092	8,569	7,697
Segment EBIT growth (%)								
India	-4.0	-3.2	23.4	29.8	54.5	57.3	20.7	16.8
Indonesia	-38.1	-35.8	3.2	22.6	72.7	37.5	23.1	27.2
Africa (including SON)	-24.1	-55.7	-15.2	-164.4	79.0	143.8	32.9	123.9
Others	-88.3	-71.0	-38.4	-2.6	217.6	-56.5	-80.9	-60.0
Net EBIT from operations	-13.8	-16.3	12.0	44.1	29.4	34.2	20.3	22.1
Segment EBIT mix (%)								
India	83	82	79	79	100	96	79	75
Indonesia	12	14	13	17	16	14	14	17
Africa (including SON)	5	4	9	5	7	7	10	9
Others	1	2	2	3	1	0	0	1
Less: Inter-segment eliminations	-1	-1	-2	-3	-23	-18	-2	-2
Net EBIT from operations	100	100	100	100	100	100	100	100
Segment EBIT margin (%)								
India	22.2	21.9	27.9	27.2	31.6	31.5	30.7	28.5
Indonesia	15.3	18.0	21.9	24.1	22.1	21.4	25.0	26.7
Africa (including SON)	3.2	2.4	6.2	3.9	5.2	6.1	8.9	11.2
Others	1.6	4.6	7.1	9.1	4.4	1.9	2.5	2.6
Net EBIT margin from operations	15.7	15.6	19.8	19.7	18.4	19.7	23.4	22.7
Segment EBIT margin change (%)								
India	-3.5	-2.5	2.9	3.8	9.4	9.6	2.8	1.3
Indonesia	-7.3	-7.8	1.3	2.8	6.8	3.4	3.1	2.6
Africa (including SON)	-1.5	-3.8	-2.1	10.2	2.0	3.7	2.8	7.3
Others	-11.8	-11.3	-3.4	0.1	2.8	-2.7	-4.6	-6.6
Overall EBIT change	-4.0	-4.4	0.5	4.7	2.7	4.1	3.6	3.0

Valuation and view

Financial performance – a tale of two halves

- Over the course of the last decade, the company posted a sales/EBITDA/PAT CAGR of 6.4%/10.5%/10.0%.
- Over FY13-18, it posted a strong performance with a 16.0%/15.2% CAGR in EBITDA/PAT. This was followed by a weak performance over the next five years (FY19-23), with a much slower sales/ EBITDA/PAT CAGR of 5.2%/2.3%/3.3%.
- The domestic sales slowdown in recent years, the continued inability to scale up margins, and weak RoCE in the international business hit the pace of earnings growth for GCPL.

Valuation and view

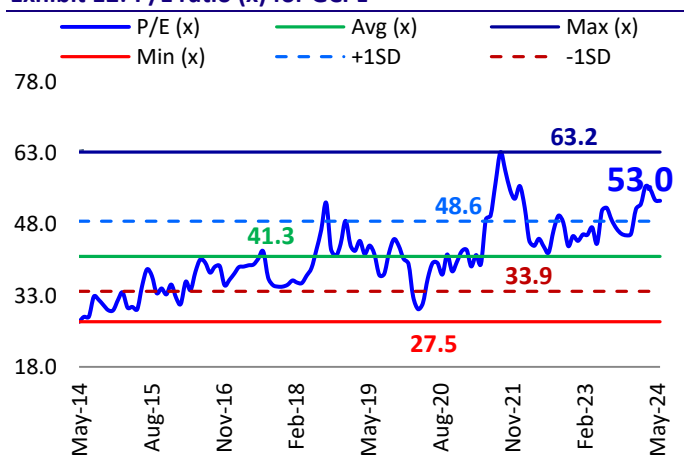
- We raise our EPS estimates by 1/3% for FY25/FY26.
- GCPL has improved the India business sales growth in recent years. It has delivered industry-leading volume growth in the India business over 9MFY24, and is likely to record double-digit EPS growth over FY24-26E. The implementation of disruptive innovations, the introduction of access packs, expansion into new growth categories, and increased advertising expenditure are anticipated to contribute to a consistently robust growth trajectory in this high-margin and high-ROCE domestic business.
- The company is consistently working towards expanding TAM for the India business along with product innovation to drive frequency. Besides, there has been a consistent effort to fix the gaps in profitability/growth for its international business. **We reiterate our BUY rating with a TP of INR1,550 (based on 55x FY26E EPS).**

Exhibit 11: We increase our EPS estimates by 4% for FY26

	Old		New		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
(INR b)						
Sales	154.0	168.0	155.2	169.3	0.8	0.8
EBITDA	33.6	37.7	34.3	38.2	2.1	1.5
PAT	23.1	27.1	23.2	28.1	0.4	3.5

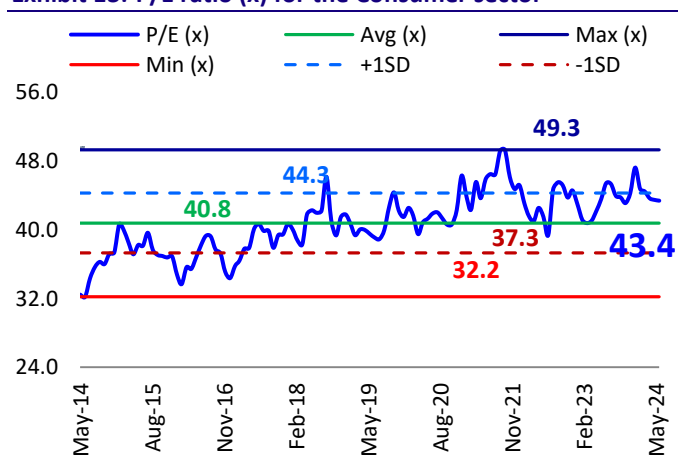
Source: Company, MOFSL

Exhibit 12: P/E ratio (x) for GCPL



Source: Company, MOFSL

Exhibit 13: P/E ratio (x) for the Consumer sector



Source: Company, MOFSL

Financials and valuations

Income Statement							(INR b)	
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Net Sales	103.1	99.1	110.3	122.8	133.2	141.0	155.2	169.3
Change (%)	4.7	-3.9	11.3	11.3	8.5	5.9	10.1	9.1
Gross Profit	57.6	56.5	61.0	62.0	66.1	77.8	85.4	93.4
Margin (%)	55.8	57.0	55.3	50.5	49.7	55.2	55.0	55.2
Total Expenditure	82.1	77.8	87.0	97.8	107.8	110.3	120.9	131.1
EBITDA	21.0	21.3	23.3	24.9	25.4	30.7	34.3	38.2
Change (%)	3.2	1.5	9.3	6.8	1.9	20.9	11.7	11.4
Margin (%)	20.4	21.5	21.2	20.3	19.1	21.8	22.1	22.6
Depreciation	1.7	2.0	2.0	2.1	2.4	2.4	2.8	2.9
Int. and Fin. Charges	2.2	2.2	1.3	1.1	1.8	3.0	2.3	1.8
Interest Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Income-rec.	1.1	1.1	0.7	0.9	1.7	2.7	3.0	4.0
PBT	18.2	18.3	20.7	22.6	23.0	28.0	32.3	37.5
Change (%)	-0.6	0.8	13.0	9.3	1.5	22.1	15.1	16.3
Margin (%)	17.6	18.5	18.8	18.4	17.2	19.9	20.8	22.2
Total tax	-2.6	2.6	3.6	3.7	4.3	7.6	9.0	9.5
Tax Rate (%)	-14.1	14.4	17.4	16.4	18.7	27.1	28.0	25.2
PAT	20.7	15.7	17.1	18.9	18.7	20.4	23.2	28.1
Change (%)	45.6	-24.4	9.1	10.5	-1.3	9.5	13.7	20.8
Margin (%)	20.1	15.8	15.5	15.4	14.0	14.5	15.0	16.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group Adjusted PAT	14.7	14.7	17.2	17.9	17.4	19.8	23.2	28.1
Non-rec. (Exp.)/Income	2.5	-0.8	-0.4	-0.1	-0.5	-24.8	0.0	0.0
Reported PAT	23.1	14.8	16.1	17.8	17.0	-5.6	23.2	28.1

Balance Sheet							(INR b)	
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Share Capital	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	71.6	78.0	93.4	111.3	136.9	125.1	140.1	158.0
Minority Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Networth	72.7	79.0	94.4	112.3	137.9	126.1	141.2	159.0
Loans	28.8	26.6	17.7	16.1	10.3	31.5	21.5	19.5
Deferred Liability	-4.7	-5.7	-6.4	-6.8	-6.4	-2.8	-2.8	-2.8
Capital Employed	96.7	99.9	105.7	121.6	141.9	154.9	159.9	175.7
Gross Block	42.1	45.2	46.3	49.1	54.1	69.5	73.0	76.5
Less: Accum. Deprn.	4.6	6.3	8.6	10.7	13.0	15.4	18.2	21.1
Net Fixed Assets	37.5	38.9	37.7	38.4	41.1	54.0	54.8	55.3
Capital WIP	0.5	0.6	0.6	1.2	0.5	0.8	0.8	0.8
Goodwill	49.2	53.4	51.3	53.8	58.2	50.3	50.3	50.3
Non Curr Investments	0.3	0.3	0.2	1.7	8.4	17.9	18.4	18.9
Current Investments	4.8	6.4	6.6	8.4	21.9	17.2	19.2	21.2
Currents Assets	43.8	43.5	39.7	47.3	37.9	40.8	47.8	63.2
Inventory	15.6	17.0	17.2	21.3	15.4	12.7	21.4	23.3
Account Receivables	12.9	11.6	10.0	11.2	12.5	15.4	14.5	15.8
Cash and Bank Balance	8.9	7.7	6.7	7.8	3.9	5.5	4.2	15.9
Loans and Advances	0.2	0.3	0.3	0.0	0.0	0.0	0.0	0.0
Other Current Assets	6.1	6.9	5.5	7.0	6.1	7.2	7.7	8.2
Curr. Liab. & Prov.	39.5	43.2	30.4	29.2	26.1	26.1	31.3	34.0
Account Payables	25.4	24.8	20.1	21.6	18.2	16.8	21.3	23.2
Other Liabilities	12.5	16.6	8.4	5.7	6.1	6.7	7.4	8.0
Net Current Assets	4.3	0.3	9.3	18.1	11.8	14.7	16.5	29.3
Net Assets	96.7	99.9	105.7	121.6	141.9	154.9	159.9	175.7

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Basic (INR)								
EPS	14.3	14.4	16.8	17.5	17.1	19.3	22.7	27.4
Cash EPS	16.0	16.3	18.8	19.6	19.4	21.7	25.4	30.3
BV/Share	71.1	77.3	92.3	109.8	134.9	123.3	138.0	155.5
DPS	12.0	6.0	0.0	0.0	0.0	6.0	8.0	10.0
Payout (%)	83.7	41.7	0.0	0.0	0.0	31.1	35.2	36.4
Valuation (x)								
P/E	92.2	91.8	78.8	75.4	77.5	68.4	58.2	48.2
Cash P/E	82.6	80.9	70.4	67.5	68.2	61.0	52.0	43.6
EV/Sales	13.3	13.8	12.4	11.1	10.1	9.7	8.7	7.9
EV/EBITDA	65.2	64.2	58.4	54.5	53.2	44.3	39.4	35.0
P/BV	18.6	17.1	14.3	12.0	9.8	10.7	9.6	8.5
Dividend Yield	0.9	0.5	0.0	0.0	0.0	0.5	0.6	0.8
Return Ratios (%)								
RoE	21.7	19.4	19.8	17.4	13.9	15.0	17.4	18.7
RoCE (Post-tax)	25.0	17.8	17.7	17.4	15.2	15.2	15.8	17.5
RoIC	29.1	19.9	19.9	19.6	17.8	18.7	19.7	22.4
Working Capital Ratios								
Debtor (Days)	46	43	33	33	34	40	34	34
Asset Turnover (x)	2.7	2.5	2.9	3.1	3.2	2.6	2.8	3.0
Leverage Ratio								
Debt/Equity (x)	0.4	0.3	0.2	0.1	0.1	0.3	0.2	0.1

Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
(INR b)								
OP/(Loss) before Tax	18.3	18.4	20.8	21.6	21.3	2.0	32.3	37.5
Net interest	1.4	1.4	0.9	0.5	0.8	1.1	0.8	-0.2
Direct Taxes Paid	-4.4	-3.4	-4.0	-4.5	-4.2	-3.7	-9.0	-9.5
(Inc)/Dec in WC	0.0	-2.6	-0.5	-5.4	0.9	-4.6	-3.1	-1.1
CF from Operations	15.4	13.8	17.3	12.2	18.9	-5.2	20.9	26.8
Inc in FA	-2.1	-1.5	-1.6	-2.8	-2.2	-2.8	-3.5	-3.5
Free Cash Flow	13.3	12.3	15.7	9.5	16.7	-8.0	17.4	23.3
Pur of Investments	4.8	-1.3	-0.3	-4.7	-16.4	-6.1	-2.5	-2.5
Others	-0.3	-1.3	-1.2	-2.1	1.1	-24.3	1.5	2.0
CF from Investments	2.4	-4.2	-3.1	-9.6	-17.5	-33.2	-4.5	-4.0
Inc in Debt	-3.4	-1.3	-16.2	-2.2	-6.3	22.7	-10.0	-2.0
Dividend Paid	-14.8	-9.9	0.0	0.0	0.0	-5.1	-8.2	-10.2
Interest Paid	-2.1	-1.5	-1.6	-1.1	-1.1	-2.6	-2.3	-1.8
Other Item	0.0	-0.3	-0.4	-0.5	-0.5	-0.9	0.0	0.0
CF from Fin. Activity	-20.4	-13.0	-18.2	-3.8	-7.9	14.1	-20.5	-14.0
Inc/Dec of Cash	-0.7	-1.2	-1.0	1.1	-3.9	1.6	-1.3	11.7
Add: Beginning Balance	9.6	8.9	7.7	6.7	7.8	3.9	5.5	4.2
Closing Balance	8.9	7.7	6.7	7.8	3.9	5.5	4.2	15.9

E: MOFSL Estimates

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Investment Rating	Expected return (over 12-month)
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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CD SL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp grievances@motilaloswal.com.