

Hindustan Unilever

Estimate changes 

TP change 

Rating change 

CMP: INR2,659

TP: INR3,200 (+20%)

Buy

	HUVR IN
Bloomberg Equity Shares (m)	2350
M.Cap.(INRb)/(USDb)	6248.3 / 74.3
52-Week Range (INR)	3035 / 2170
1, 6, 12 Rel. Per (%)	-6/8/-20
12M Avg Val (INR M)	5058

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	641.7	696.6	754.1
Sales Gr. (%)	3.7	8.6	8.3
EBITDA	153.2	168.9	184.5
EBITDA mrg. (%)	23.9	24.2	24.5
Adj. PAT	106.5	119.9	132.0
Adj. EPS (INR)	45.3	51.0	56.2
EPS Gr. (%)	3.7	12.5	10.1
BV/Sh.(INR)	219.8	224.3	231.0

Ratios

RoE (%)	20.7	23.0	24.7
RoCE (%)	29.0	31.6	33.8
Payout (%)	99.3	94.1	90.8

Valuations

P/E (x)	58.6	52.1	47.3
P/BV (x)	12.1	11.9	11.5
EV/EBITDA (x)	40.5	36.6	33.4
Div. Yield (%)	1.7	1.8	1.9

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	61.9	61.9	61.9
DII	14.2	14.2	12.0
FII	12.2	11.9	13.9
Others	11.7	12.1	12.2

FII Includes depository receipts

Miss on volume; core portfolio performs well

- Hindustan Unilever's (HUVR) 2QFY25 revenue was up 2% at INR157.3b (in line), with underlying growth of 3%. Volume growth of 3% was below our estimate of 5% (4% in 1QFY25). Demand trends remained stable, with moderate growth in urban areas and a stable recovery in rural regions.
- Home Care maintained high-single-digit volume growth and 8% revenue growth, led by both Fabric Wash and Household Care. Beauty & Wellbeing segment clocked mid-single digit volume growth, with underlying growth of 7% (reported 2%). Hair Care portfolio reported high single-digit volume growth and premium portfolio clocked strong double-digit growth.
- Personal Care posted low single-digit volume growth with a 5% decline in revenue. Pricing action in skin cleansing is hurting growth. Oral Care grew in high single digits. Food & Refreshment (F&R) posted a low single-digit volume decline with a 2% fall in revenue. Tea business is affected by persistently high inflation (25% YoY) in the category. A modest price hike was taken in 2Q, and an additional hike is expected in 3Q. Nutrition drinks saw a weak show.
- Gross margin contracted by 140bp YoY to 51.6% (miss) due to rising commodity prices. HUVR cut A&P spending by 14% YoY, leading to a lower contraction in EBITDA margin by 50bp to 23.8% (in line).
- The company focuses on volume-led growth through various initiatives for strengthening its core portfolio, expanding TAM, relevant for all channels, etc. Core portfolio (Home Care and Beauty Wellbeing with 55-60% revenue revenue) clocked 7-8% underlying growth in 2Q (largely volume-led). Thereby, along with macro improvements, HUVR can see volume acceleration in the ensuing quarters. Besides, the company is expected to take a price hike in low single digits (to offset inflation), which will also support revenue growth.
- Despite weakness in overall consumption, we believe HUVR can still see an upward growth trajectory. Rural is still performing well, and HUVR has relatively higher saliency from rural. **We reiterate BUY rating with a TP of INR3,200 (60x on Sep'26E EPS).**

In-line sales; miss on volume growth

- **Reported net sales grew 2% YoY to INR157.3b** (est. INR157.6b), with **underlying volume growth of 3% YoY**. EBITDA was flat YoY at INR37.9b (est. INR37.8b), PBT declined 1% YoY to INR35.6b (est. INR36.1b), and PAT (bei) was down 2% YoY at INR26.0b (est. INR26.9b).
- **Segmental performance:**
 - Home Care (36% of total sales) revenue rose 8.0% YoY to INR57.3b and margin expanded 30bp YoY to 19.4%.
 - Beauty and Wellbeing revenue (21% of total sales) grew 2.5% YoY to INR34.2b and margin contracted 70bp YoY to 32.8%.

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- Personal Care revenue (15% of total sales) was down 4.9% YoY at 24.1b and margin contracted 140bp YoY to 16.9%.
- F&R sales (24% of total sales) declined 1.2% YoY to INR38.0b and margin contracted 60bp YoY to 18.1%.
 - Gross margin contracted 140bp YoY to 51.6% (est. 52.5%) on rising commodity prices. Employee and other expenses rose 7% each, while ad-spends declined 14% YoY. EBITDA margin contracted by 50bp YoY to 23.8%. (est. 23.6%).
 - A one-off indirect tax impact in Sep'23 was included in the reported sales for the quarter. Excluding this effect, intrinsic sales and APAT growth stood at 3% and 2%, respectively
 - In 1HFY25, net revenue/EBITDA grew by 2%/1%, while APAT was flat YoY. In 2HFY25, we expect net revenue/EBITDA/APAT will grow by 6%/8%/9%.
 - The board has declared an interim dividend of INR19 per share and a special dividend of INR10 per share.

Management conference call highlights

- Demand remained steady, with rural continuing to grow well, whereas urban demand seeing weakness. HUVR is focusing on its own initiatives to drive volume-led growth.
- The company has outlined four key initiatives to position itself as an outperformer: 1) strengthen core brands through superior offerings, 2) drive premiumization, 3) reshape the portfolio toward high-growth categories, and 4) lead in emerging channels of the future.
- The trends of upgrade and premiumization remain evident in rural markets, and the company expects this momentum to continue moving forward.
- HUVR has announced the separation of its Ice Cream business to focus on its core operations. The mode of separation will be decided by year end.
- There is volatility in the commodity prices. Crude oil, soda ash and skimmed milk powder prices declined by 10%, 5%, and 10%, respectively, while palm oil and tea prices increased by 10% and 25%, respectively.

Valuation and view

- We cut our EPS estimates by 2% for FY25 and FY26 each as we moderate our growth assumptions amid RM cost pressure.
- HUVR's wide product basket and presence across price segments should help the company achieve a steady growth recovery.
- Under the new leadership of Mr. Rohit Jawa, HUVR is expected to take corrective actions to address the white space, particularly in BPC and F&R. The company commands strong leadership in Home Care, which can be capitalized during improving macros.
- We reiterate our BUY rating with a TP of **INR3,200, based on 60x Sep'26E EPS**, close to last five-year average P/E.

Quarterly performance (Consolidated)

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25 2QE	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Domestic volume growth (%)	3.0	2.0	2.0	2.0	4.0	3.0	3.5	4.5	2.3	3.8	5.0	
Revenue	155.0	156.2	155.7	152.1	157.1	159.3	163.4	162.0	619.0	641.7	160.0	-0.4%
YoY change (%)	6.0	3.2	-0.2	0.0	1.4	1.9	5.0	6.5	2.2	3.7	2.4	
COGS	76.8	73.5	74.8	72.6	75.5	77.1	78.6	76.9	298	308	76.0	
Gross Profit	78.2	82.8	80.9	79.5	81.6	82.2	84.8	85.1	321.4	333.7	84.0	
Margin %	50.4	53.0	52.0	52.3	52.0	51.6	51.9	52.5	51.9	52.0	52.5	
EBITDA	36.7	38.0	36.7	35.4	37.4	37.9	39.2	38.6	146.6	153.2	37.8	0.5%
YoY change (%)	7.7	9.1	-0.8	-1.1	2.2	-0.1	7.0	9.2	3.6	4.5	-0.6	
Margins (%)	23.7	24.3	23.5	23.2	23.8	23.8	24.0	23.8	23.7	23.9	23.6	
Depreciation	2.9	3.0	3.1	3.2	3.3	3.4	3.3	3.3	12.2	13.3	3.3	
Interest	0.5	0.9	0.9	1.1	0.9	1.1	1.1	1.0	3.3	4.2	0.9	
Other income	1.8	1.8	2.1	2.3	2.6	2.2	2.4	2.6	8.1	9.7	2.6	
PBT	35.1	36.0	34.8	33.4	35.8	35.6	37.2	36.8	139.2	145.4	36.1	-1.2%
Tax	9.2	9.3	9.4	8.6	9.2	9.5	9.5	9.5	36.4	37.6	9.1	
Rate (%)	26.1	25.9	27.0	25.7	25.6	26.6	25.5	25.9	26.2	25.9	25.2	
PAT bei	25.8	26.6	25.3	25.0	26.5	26.0	27.7	27.2	102.7	106.5	27.0	-3.5%
YoY change (%)	8.0	-1.1	-2.0	-1.6	2.5	-2.1	9.4	9.0	0.7	3.7	1.4	
Reported Profit	25.5	26.6	25.1	25.6	26.1	25.9	27.7	27.2	102.8	107.0	27.0	

E: MOFSL Estimates

Exhibit 1: Segmental performance

Segment Revenue (INR b)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Home Care	49.3	51.4	55.1	56.4	54.2	53.1	54.4	57.1	56.7	57.3
Beauty & Personal Care	54.1	56.0	57.6	52.6	56.7	58.7	57.8	51.3	56.7	58.3
-Beauty and wellbeing	-	-	-	-	31.7	33.4	-	30.6	32.8	34.2
-Personal care	-	-	-	-	25.0	25.4	-	20.6	23.9	24.1
Foods & Refreshments	36.3	37.6	37.0	37.9	38.0	38.5	37.3	39.1	38.5	38.0
Others	6.6	6.5	6.2	5.3	6.1	5.9	6.1	4.7	5.2	5.6
Net Segment Revenue	146.2	151.4	156.0	152.2	155.0	156.2	155.7	152.1	157.1	159.3
Growth YoY (%)										
Home Care	29.8	34.0	31.5	18.7	10.0	3.2	(1.3)	1.3	4.6	8.0
Beauty & Personal Care	18.2	11.9	11.4	11.6	4.8	5.0	0.3	(2.5)	(0.0)	(0.7)
-Beauty and wellbeing	-	-	-	-	-	-	-	-	3.5	2.5
-Personal care	-	-	-	-	-	-	-	-	(4.5)	(4.9)
Foods & Refreshments	9.3	3.7	6.8	2.6	4.7	2.6	0.9	3.1	1.4	(1.2)
Others	192.5	147.0	139.9	74.5	(7.7)	(9.4)	(1.8)	(11.6)	(15.2)	(5.2)
Net Segment Revenue	22.7	19.0	19.1	13.0	6.0	3.2	(0.2)	(0.0)	1.4	1.9
Salience (%)										
Home Care	33.7	34.0	35.4	37.0	35.0	34.0	35.0	37.5	36.1	36.0
Beauty & Personal Care	37.0	36.9	37.0	34.6	36.6	37.6	37.1	33.7	36.1	36.6
-Beauty and wellbeing	-	-	-	-	20.5	21.4	-	20.1	20.9	21.5
-Personal care	-	-	-	-	16.1	16.2	-	13.6	15.2	15.1
Foods & Refreshments	24.8	24.8	23.7	24.9	24.5	24.6	24.0	25.7	24.5	23.9
Others	4.5	4.3	4.0	3.5	3.9	3.8	3.9	3.1	3.3	3.5
Total Segment Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Segment Results (EBIT) - (INR b)										
Home Care	8.7	8.9	10.9	10.7	10.1	10.1	9.9	11.1	11.4	11.1
Beauty & Personal Care	14.3	14.1	14.5	13.7	14.7	15.8	14.7	12.9	14.3	15.3
-Beauty and wellbeing	-	-	-	-	10.2	11.2	-	9.1	10.0	11.2
-Personal care	-	-	-	-	4.5	4.6	-	3.8	4.3	4.1
Foods & Refreshments	5.8	7.4	6.6	6.8	6.8	7.2	7.1	7.4	7.4	6.9
Others	2.5	1.7	2.0	1.7	2.1	1.8	1.9	0.7	1.2	1.2
Total Segment Results	31.2	32.1	34.0	32.8	33.8	35.0	33.5	32.2	34.2	34.6
PBT	32.1	32.6	33.8	34.9	34.7	35.9	34.5	34.2	35.3	35.4
Growth YoY (%)										
Home Care	30.7	21.6	26.3	14.2	17.1	14.6	(9.3)	3.6	12.1	9.9
Beauty & Personal Care	10.9	1.2	0.5	10.4	3.2	12.4	1.2	(5.4)	(3.1)	(3.3)
-Beauty and wellbeing	-	-	-	-	-	-	-	-	(2.2)	0.4
-Personal care	-	-	-	-	-	-	-	-	(5.3)	(12.3)
Foods & Refreshments	(3.7)	12.0	2.3	(4.8)	17.8	(3.2)	7.6	8.8	8.1	(4.2)
Others	364.8	101.2	175.3	74.0	(15.1)	7.6	(6.5)	(55.7)	(45.1)	(34.2)
Total Segment Results	19.9	11.9	12.5	10.0	8.3	9.1	(1.4)	(2.1)	1.1	(1.3)
Salience (%)										
Home Care	27.7	27.6	32.1	32.7	30.0	29.0	29.5	34.6	33.3	32.2
Beauty & Personal Care	45.7	43.9	42.6	41.6	43.6	45.2	43.7	40.2	41.8	44.3
-Beauty and wellbeing	-	-	-	-	30.3	31.9	-	28.4	29.3	32.5
-Personal care	-	-	-	-	13.3	13.3	-	11.8	12.4	11.8
Foods & Refreshments	18.5	23.2	19.4	20.7	20.2	20.6	21.2	23.0	21.6	20.0
Others	8.0	5.3	5.9	5.1	6.3	5.3	5.6	2.3	3.4	3.5
Total Segment Results	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Segmental EBIT margin (%)										
Home Care	17.5	17.2	19.8	19.0	18.7	19.1	18.2	19.5	20.0	19.4
Beauty & Personal Care	26.4	25.1	25.1	26.0	26.0	26.9	25.3	25.2	25.2	26.2
-Beauty and wellbeing	-	-	-	-	32.3	33.5	-	29.8	30.5	32.8
-Personal care	-	-	-	-	18.0	18.3	-	18.4	17.8	16.9
Foods & Refreshments	15.9	19.8	17.9	17.9	17.9	18.7	19.0	18.9	19.1	18.1
Others	38.0	26.2	32.5	31.7	34.9	31.1	30.9	15.9	22.6	21.6
Total	21.3	21.2	21.8	21.6	21.8	22.4	21.5	21.1	21.7	21.7
EBIT margin change YoY (bps)										
Home Care	11	(176)	(82)	(75)	114	189	(162)	44	134	33
Beauty & Personal Care	(175)	(265)	(272)	(27)	(43)	179	22	(78)	(81)	(70)
-Beauty and wellbeing	-	-	-	-	-	-	-	-	(176)	(68)
-Personal care	-	-	-	-	-	-	-	-	(16)	(142)
Foods & Refreshments	(214)	148	(77)	(138)	200	(112)	118	100	118	(55)
Others	1,408	(597)	418	(10)	(305)	491	(155)	(1,581)	(1,229)	(953)
Total	(50)	(136)	(129)	(59)	46	123	(27)	(44)	(6)	(71)

Source: Company, MOFSL



Highlights from the management commentary

Operational environment

- FMCG demand witnessed growth moderation in urban markets, while rural demand continued to recover gradually during the quarter.
- HUVR's business-winning shares and corporate value shares increased during the quarter.
- Reported underlying price declined 1% in 2Q, while it was flat intrinsically.
- HUVR focuses on volume-led growth to drive competition.
- It will announce a price hike in a low single digit if commodity prices remain at the current level.
- The company has outlined four key initiatives to position itself as an outperformer: 1) strengthen core brands through superior offerings, 2) drive premiumization, 3) reshape the portfolio toward high-growth categories, and 4) lead in emerging channels of the future.
- HUVR has announced the separation of its Ice Cream business to focus on its core operations. The Ice Cream segment demands high investment and has lower margins.
- The company is exploring two strategic options for the Ice Cream business—either a sale or a demerger with a separate listing. A final decision is expected to be taken by year end.
- The premium portfolio continues to outperform the popular and mass segments.
- The trends of upgrade and premiumization remain evident in rural markets, and the company expects this momentum to continue moving forward.
- The revised formulations for soaps (Lux, Lifebuoy) have received positive customer feedback. However, the company remains watchful and will continue to monitor the performance in this category closely.
- Shikhar app is used by ~1.37m retailers, with 70% transacting on a monthly basis.
- HUVR's distribution mix comprises 70% through General Trade, 20% through Modern Trade and 6-7% via e-commerce (including quick commerce) and 3-4% through other channel.
- Organized trade typically offers higher margins compared to general trade, with mass-market products like sachets generally not sold through organized channels.
- Organized trade continues to outpace growth in other channels, and the company is gaining market share within this segment.
- The modern trade business continues to deliver consistent double-digit growth, while e-commerce is expanding at a faster pace, albeit with a relatively small contribution to the company's overall revenue.
- The effective tax rate is marginally above 26% for FY25.

Costs and margins

- Gross margin was primarily impacted by RM prices. There is volatility in commodity prices. Crude oil, soda ash and skimmed milk powder prices declined by 10%, 5%, and 10%, respectively, while palm oil and tea prices increased by 10% and 25%.

- A&P expenses declined by 14% YoY, primarily due to a high base effect (up 65% in 2QFY24). As a percentage of sales, A&P decreased by 170bp YoY to 9.4% (11.2% in 2QFY24) to INR15b. HUVR's average A&P spends stand at ~10.5% of sales. There are no significant underlying factors driving the reduction in ad spending.
- HUVR focuses on maintaining EBITDA margin at the current level. Therefore, the focus will be on expanding GP margin and investing in brands.

Segmental highlights

Home Care

- Home Care grew by 8%, with high-single digit underlying volume growth (UVG).
- Both Fabric Wash and Household Care segments saw high-single digit volume growth.
- The liquids portfolio continued to outperform with strong double-digit volume growth.
- The company expanded the Rin liquid range and entered the floor cleaner market with a superior product under the Vim brand.
- The fabric enhancers category was strengthened with the launch of Comfort beads.

Beauty & Wellbeing

- Beauty & Wellbeing standalone revenue grew by 7% (1% reported growth), with mid-single digit UVG.
- Hair Care maintained its strong momentum, growing in high-single digits. Sunsilk, Dove, and Tresemme grew in double -digits.
- Skin Care and Colour Cosmetics delivered mid-single digit growth, while the premium skin portfolio maintained a double-digit growth trajectory.
- New products launched during the quarter included Tresemme's Lamellar Gloss range, Ponds' Hydra Miracle Body Gel Lotion, Glow and Lovely's Niacinamide Serum, and Lakme's Lip Oil and Lip Glaze collection.

Personal care

- Personal Care saw a 5% decline due to price cuts and a low-single digit volume decline.
- Skin Cleansing segment declined, driven by pricing actions taken during the year.
- The premium portfolio performed better than the segment, with bodywash continuing to strengthen its market leadership, showing high double-digit growth.
- Oral Care grew by high single digits, led by Closeup.
- Lux introduced a superior range of sandalwood soap and bodywash during the quarter, leveraging the WiMI strategy.
- In Personal Care, the company has undertaken four major initiatives: 1) upgrading the product portfolio, which has led to sequential improvements, 2) price reductions in the mass segment, 3) continuous innovation, and 4) increasing the focus on growing its share in organized trade channels.

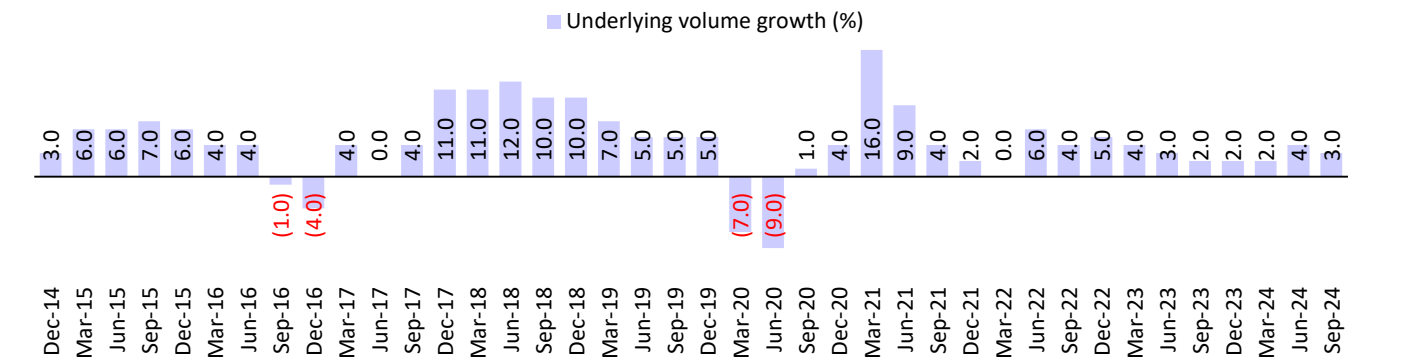
Food & Refreshment (F&R)

- F&R declined by 2%, with a low-single digit volume decline.

- The Tea segment continued to solidify its market leadership with value and volume share gains. Green and Functional teas maintained strong volume growth, although the overall category volumes remained subdued due to continuous downtrading to loose tea by consumers in the inflationary pressure.
- The two thirds of F&R business is from the tea and HFD.
- HUVR has delayed the price hike in the tea business. A modest price increase for tea was implemented in 2Q, with an additional hike anticipated in 3Q.
- Coffee registered double-digit growth, and nutrition drinks gained market share despite subdued consumption.
- Since the acquisition of the nutrition business, the company has achieved a 250bp gain in market share and a 700bp increase in penetration levels. The company remains committed to maintaining its focus on this segment.
- Foods clocked low-single digit volume growth, with strong performance in Food Solutions, Mayonnaise, Peanut Butter, and International sauces, aided by portfolio extension and distribution expansion.
- Ice Cream volume growth remained flat YoY, impacted by the rainfall in some regions of the country.
- Ice Cream business on quick commerce is more than 10%.
- New launches during the quarter included Horlicks INR10 sachet, Horlicks Diabetes Plus chocolate flavor, Knorr's Korean Kimchi Soup, and Kissan's 100% Fruit-based Spread.

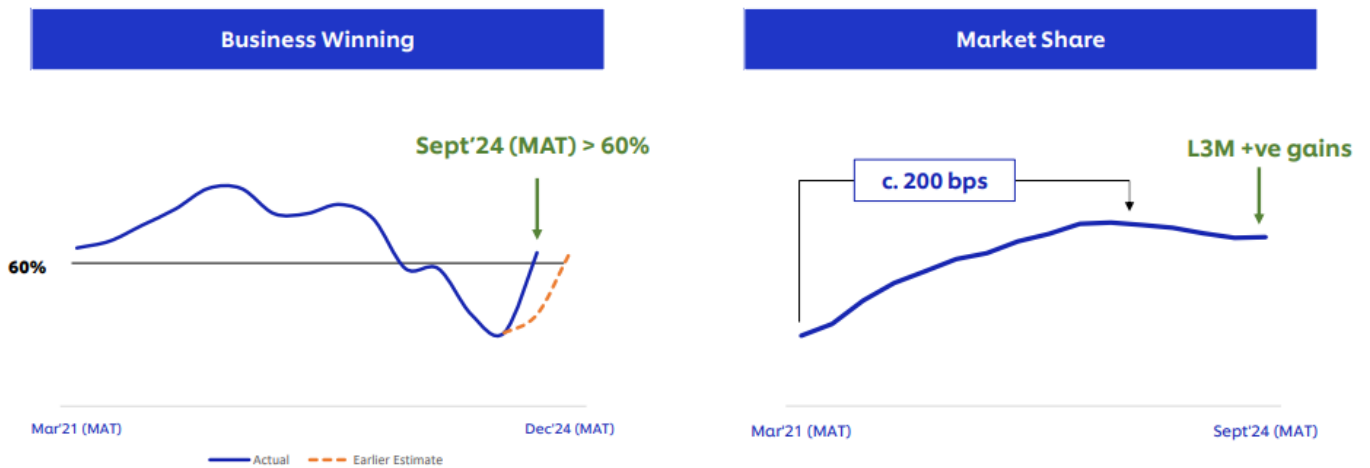
Story in charts

Exhibit 2: Volume grew 3% YoY in 2QFY25



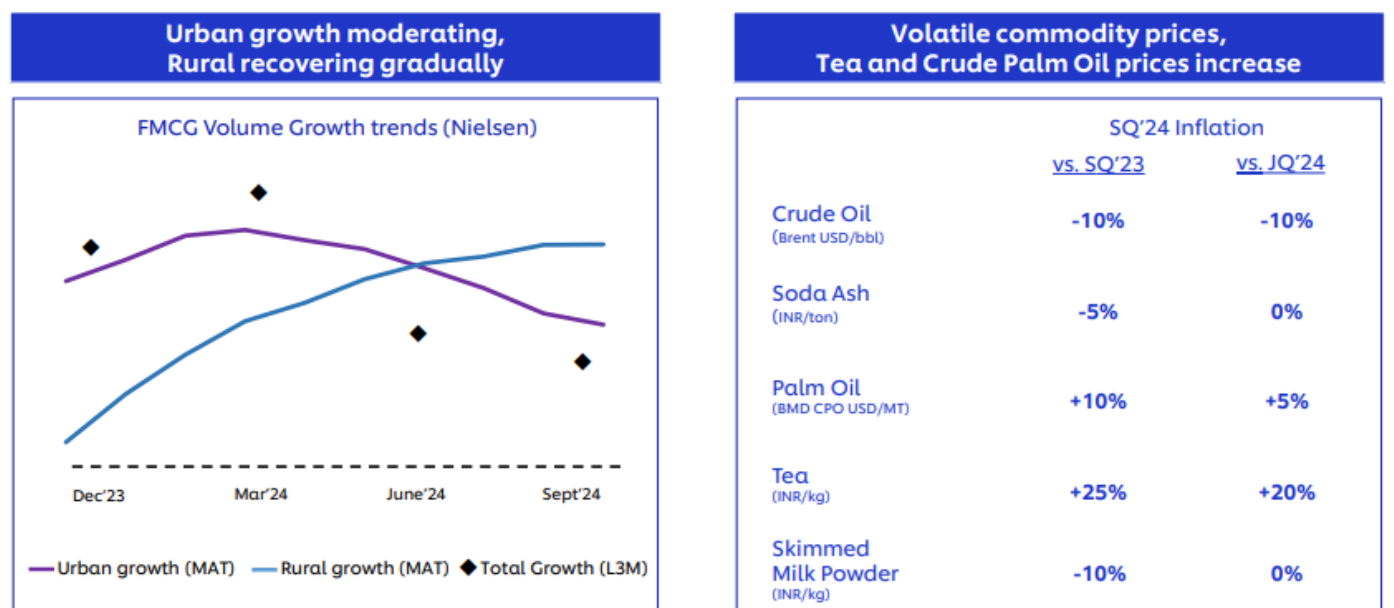
Source: Company, MOFSL

Exhibit 3: HUVR competitive performance



Source: Company presentation, MOFSL

Exhibit 4: Volume growth and Commodity price trends



Source: Company presentation, MOFSL

Exhibit 5: Gross margin contracted 140bp YoY to 51.6%

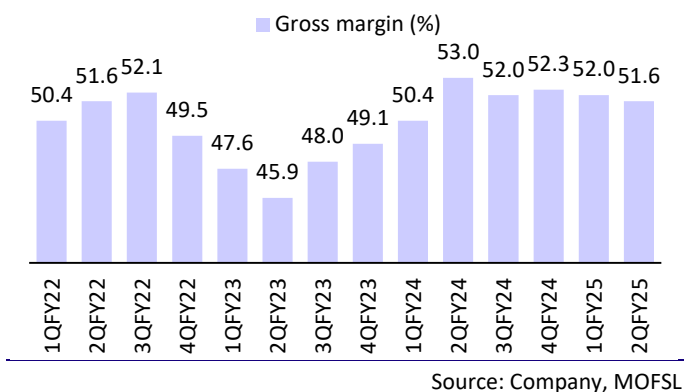


Exhibit 6: A&P spending declined 170bp YoY to 9.4%

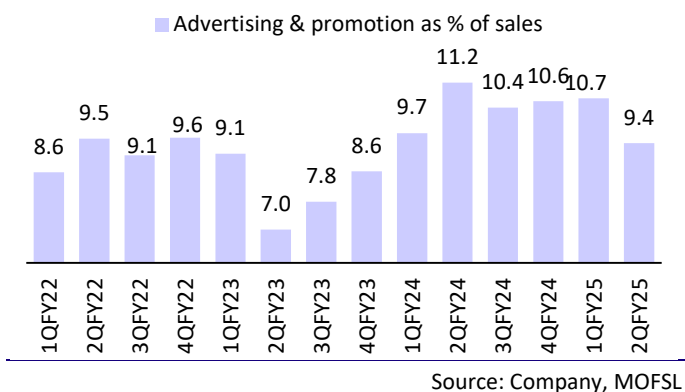


Exhibit 7: Employee expenses up 30bp YoY to 5.2%

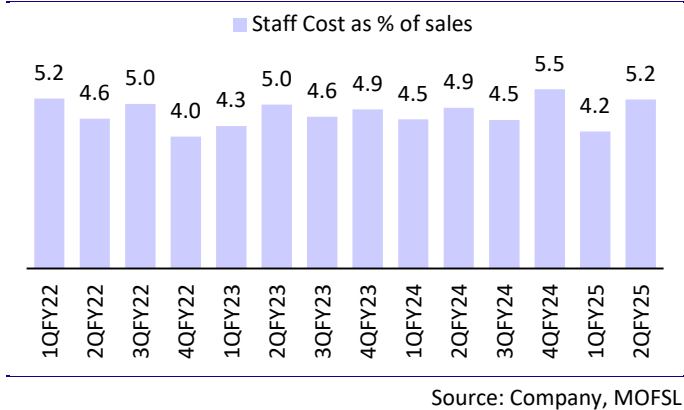


Exhibit 8: Other expenses increased 60bp YoY to 13.2%

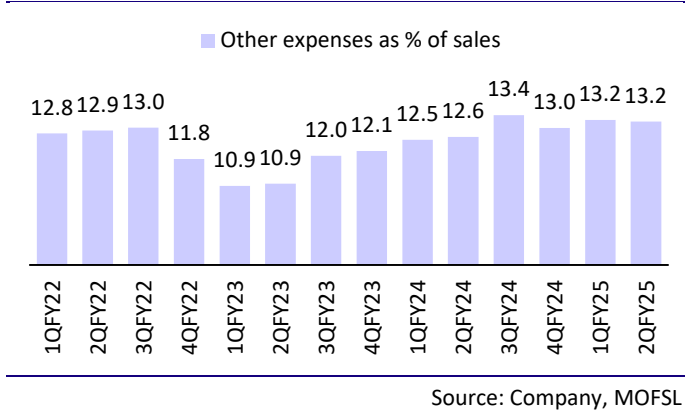
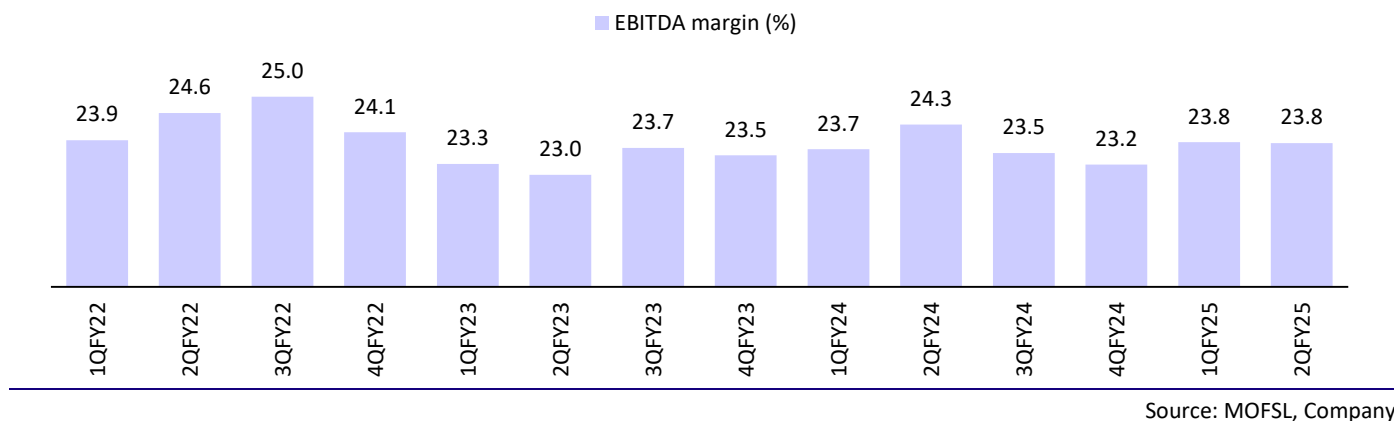


Exhibit 9: EBITDA margin contracted 50bp YoY to 23.8%



Valuation and view

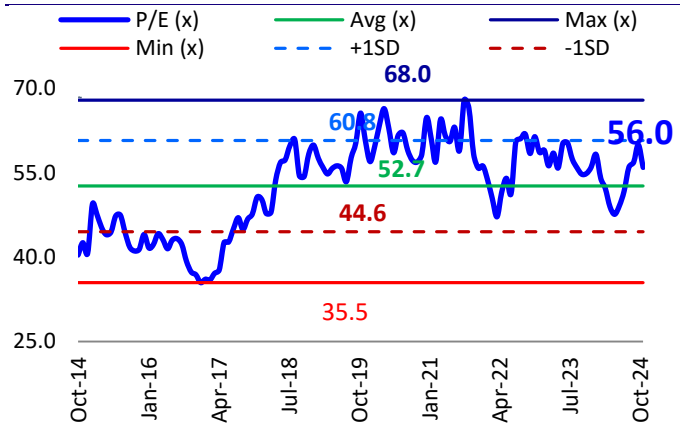
- We cut our EPS estimates by 2% for FY25 and FY26 as we moderate our growth assumptions amid RM cost pressure.
- HUVR’s wide product basket and presence across price segments should help the company achieve a steady growth recovery.
- Under the new leadership of Mr. Rohit Jawa, HUVR is expected to take corrective actions to address the white space, particularly in BPC and F&R. The company commands strong leadership in Home Care, which can be capitalized during improving macros.
- We reiterate our BUY rating with a TP of **INR3,200, based on 60x Sep’26E EPS**, close to last five-year average P/E.

Exhibit 10: We cut our EPS estimates by 2% for FY25 and FY26

(INR b)	New estimates		Old estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	641.7	696.6	645.6	703.9	-0.6%	-1.0%
EBITDA	153.2	168.9	153.4	170.9	-0.2%	-1.2%
PAT	106.5	121.0	108.9	122.9	-2.1%	-1.6%

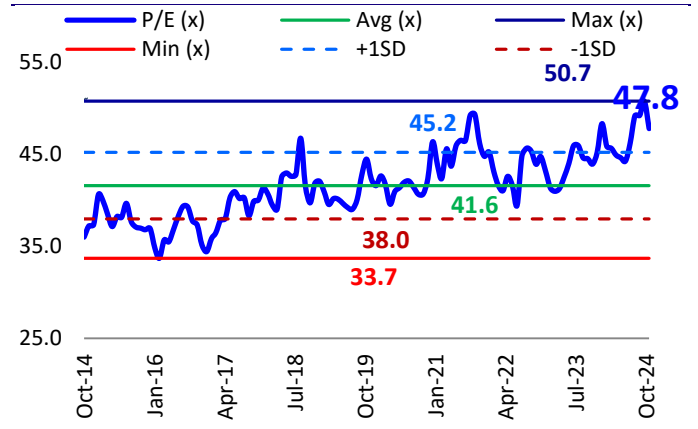
Source: MOFSL

Exhibit 11: P/E (x) for HUVR



Source: Bloomberg, MOFSL

Exhibit 12: P/E (x) for the Consumer sector



Source: Bloomberg, MOFSL

Financials and valuations

Income Statement									(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Revenue	393.1	397.8	470.3	524.5	605.8	619.0	641.7	696.6	754.1
Change (%)	10.6	1.2	18.2	11.5	15.5	2.2	3.7	8.6	8.3
COGS	184.7	182.6	221.5	257.4	317.2	297.6	308.0	332.3	358.2
Gross Profit	208.4	215.2	248.8	267.1	288.6	321.4	333.7	364.3	395.9
Gross Margin (%)	53.0	54.1	52.9	50.9	47.6	51.9	52.0	52.3	52.5
Operating Exp	119.6	116.6	132.5	138.5	147.2	174.7	180.5	195.4	211.3
EBITDA	88.8	98.6	116.3	128.6	141.5	146.6	153.2	168.9	184.5
Change (%)	18.4	11.0	17.9	10.6	10.0	3.6	4.5	10.2	9.3
Margin (%)	22.6	24.8	24.7	24.5	23.4	23.7	23.9	24.2	24.5
Depreciation	5.7	10.0	10.7	10.9	11.4	12.2	13.3	14.0	14.5
Int. and Fin. Charges	0.3	1.2	1.2	1.1	1.1	3.3	4.2	4.3	4.4
Other Income - Recurring	6.6	6.3	4.1	2.6	5.1	8.1	9.7	10.6	11.7
Profit before Taxes	89.4	93.7	108.5	119.2	134.1	139.2	145.4	161.2	177.2
Change (%)	20.2	4.9	15.7	9.9	12.5	3.8	4.5	10.8	10.0
Margin (%)	23.1	23.9	23.4	23.1	22.5	22.8	23.1	23.5	23.9
Tax	25.4	24.1	26.1	29.9	32.0	36.4	37.6	40.4	44.5
Deferred Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Rate (%)	28.5	25.7	24.0	25.1	23.9	26.2	25.9	25.1	25.1
Profit after Taxes	60.2	67.4	81.2	88.5	102.0	102.7	106.5	119.9	132.0
Change (%)	13.6	12.0	20.5	9.0	15.2	0.7	3.7	12.5	10.1
Margin (%)	15.6	17.2	17.5	17.2	17.1	16.8	16.9	17.5	17.8
Reported PAT	61.7	67.7	80.0	88.9	101.2	102.8	107.0	120.5	132.6

Balance Sheet									(INR b)
Y/E March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E
Share Capital	2.2	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.4
Reserves	76.5	80.1	474.4	488.3	500.7	509.8	514.1	524.8	540.5
Net Worth	78.7	82.3	476.7	490.6	503.0	512.2	516.5	527.1	542.8
Loans	1.2	0.2	0.2	0.3	3.2	2.2	2.2	2.3	2.5
Capital Employed	79.8	82.5	476.9	490.9	506.2	514.4	518.7	529.4	545.3
Gross Block	90.6	108.3	578.6	589.8	613.3	636.1	651.1	666.1	681.1
Less: Accum. Depn.	-43.4	-53.5	-64.2	-75.1	-86.5	-98.6	-112.0	-125.9	-140.5
Net Fixed Assets incl Goodwill	47.2	54.8	514.4	514.7	526.8	537.4	539.1	540.1	540.6
Capital WIP	4.1	6.0	7.5	13.1	11.3	10.3	5.1	2.6	1.3
Investment in Subsidiaries	0.0	0.0	0.0	0.0	0.7	0.7	0.0	0.0	0.0
Current Investments	27.1	12.5	27.1	35.2	28.1	45.6	50.6	55.6	60.6
Deferred Charges	3.7	2.8	-59.7	-61.3	-64.1	-65.5	-65.5	-65.5	-65.5
Curr. Assets, L&A	98.2	125.4	138.5	142.0	163.9	191.0	199.8	226.3	258.5
Inventory	25.7	27.7	35.8	41.0	42.5	40.2	49.2	53.2	57.5
Account Receivables	18.2	11.5	17.6	22.4	30.8	30.0	32.6	35.4	38.3
Cash and Bank Balance	37.6	51.1	44.7	38.5	46.8	75.6	48.4	62.3	81.0
Others	16.7	35.1	40.4	40.2	43.8	45.2	69.5	75.4	81.7
Curr. Liab. and Prov.	100.4	119.1	150.8	152.9	160.5	205.1	210.4	229.7	250.2
Account Payables	84.4	84.7	88.0	90.7	95.7	104.9	101.4	110.1	119.2
Other Liabilities	16.1	8.5	23.0	22.1	23.6	23.8	25.0	27.1	29.3
Provisions	0.0	25.9	39.7	40.1	41.2	76.4	84.1	92.5	101.7
Net Current Assets	-2.3	6.3	-12.3	-10.9	3.4	-14.1	-10.7	-3.4	8.3
Application of Funds	79.8	82.5	476.9	490.9	506.2	514.4	518.7	529.4	545.3

E: MOFSL Estimates

Financials and valuations

Ratios							(INR b)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)									
EPS	27.8	31.2	34.6	37.7	43.4	43.7	45.3	51.0	56.2
Cash EPS	30.7	36.2	38.5	41.8	48.2	48.9	51.0	57.0	62.4
BV/Share	36.3	38.0	203.0	208.9	214.1	217.9	219.8	224.3	231.0
DPS	22.0	25.0	31.0	34.0	39.0	42.0	45.0	48.0	51.0
Payout %	93.6	94.6	91.5	91.5	89.8	96.1	99.3	94.1	90.8
Valuation (x)									
P/E	95.6	85.4	76.9	70.6	61.3	60.8	58.6	52.1	47.3
Cash P/E	86.6	73.5	69.1	63.6	55.1	54.4	52.1	46.7	42.6
EV/Sales	14.8	14.5	13.4	12.0	10.4	10.1	9.8	9.0	8.3
EV/EBITDA	64.4	57.8	53.3	48.3	43.8	42.1	40.5	36.6	33.4
P/BV	73.2	69.9	13.1	12.7	12.4	12.2	12.1	11.9	11.5
Dividend Yield (%)	0.8	0.9	1.2	1.3	1.5	1.6	1.7	1.8	1.9
Return Ratios (%)									
RoE incl. Goodwill	79.5	83.8	29.1	18.3	20.5	20.2	20.7	23.0	24.7
RoCE incl. Goodwill	117.4	116.9	39.2	24.8	27.1	27.9	29.0	31.6	33.8
Working Capital Ratios									
Debtor (Days)	17.1	10.7	13.9	15.8	18.9	17.9	18.9	18.9	18.9
Leverage Ratio									
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement							(INR b)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(loss) before Tax	86.0	91.7	106.1	118.7	133.5	139.3	144.8	161.0	177.2
Financial other income	-2.6	-4.5	-0.7	-1.5	-4.1	-6.1	3.7	3.8	4.0
Depreciation	5.7	10.0	11.3	11.1	11.5	12.2	13.3	14.0	14.5
Net Interest Paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct Taxes Paid	-27.7	-25.1	-24.1	-27.8	-31.4	-3.8	-37.6	-40.4	-44.5
(Incr)/Decr in WC	-3.4	4.1	-1.0	-10.0	-9.6	13.1	-36.4	0.2	-0.1
CF from Operations	58.0	76.2	91.6	90.5	99.9	154.7	87.8	138.6	151.2
Other Items	5.8	-9.2	-21.9	2.1	15.5	32.0	5.8	6.3	6.9
(Incr)/Decr in FA	-7.5	-8.1	-6.4	-10.8	-10.1	-14.6	-9.9	-12.4	-13.7
Free Cash Flow	50.5	68.1	85.2	79.7	89.8	140.1	77.9	126.2	137.5
(Pur)/Sale of Investments	0.4	22.8	23.4	-7.9	-7.4	-43.0	-4.3	-5.0	-5.0
CF from Invest.	-1.4	5.5	-5.0	-16.6	-2.1	-25.5	-8.4	-11.2	-11.8
Dividend Paid	-45.5	-52.0	-88.1	-75.3	-84.7	-94.2	-102.2	-109.3	-116.3
Others	-9.4	-15.2	-5.0	-4.9	-5.6	-5.3	-4.2	-4.3	-4.4
CF from Fin. Activity	-53.9	-68.2	-93.1	-80.2	-89.5	-100.3	-106.5	-113.6	-120.8
Incr/Decr of Cash	2.7	13.6	-6.4	-6.3	8.3	28.8	-27.2	13.9	18.7
Add: Opening Balance	34.9	37.6	51.1	44.7	38.5	46.8	75.6	48.4	62.3
Closing Balance	37.6	51.1	44.7	38.5	46.8	75.6	48.4	62.3	81.0

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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