

BSE SENSEX 36,982 S&P CNX 10,946

CMP: INR441 TP: INR425(-4%)

Neutral



Stock Info

Bloomberg	DABUR IN
Equity Shares (m)	1,762
M.Cap.(INRb)/(USDb)	779.4 / 10.9
52-Week Range (INR)	477 / 357
1, 6, 12 Rel. Per (%)	2/1/0
12M Avg Val (INR M)	1178
Free float (%)	32.1

Financials Snapshot (INR b)

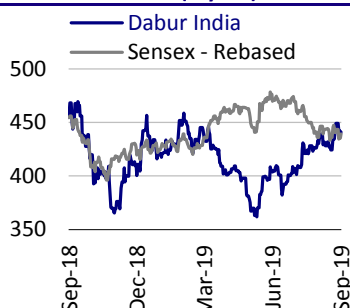
Y/E Dec	2019	2020E	2021E
Net Sales	85.1	94.3	104.9
EBITDA (INR b)	17.4	19.7	22.1
Net Profit	15.0	16.2	18.1
EPS	8.5	9.1	10.3
EPS Gr. (%)	9.5	7.5	12.2
BV/Share (INR)	31.9	36.1	39.2
RoE (%)	26.5	26.9	27.2
RoCE (%)	23.9	24.6	25.1
P/E (x)	51.8	48.2	43.0
P/BV (x)	13.8	12.2	11.2

Shareholding pattern (%)

As On	Jun-19	Mar-19	Jun-18
Promoter	67.9	67.9	67.9
DII	7.0	6.7	8.1
FII	17.8	18.2	17.7
Others	7.3	7.2	6.4

FII Includes depository receipts

Stock Performance (1-year)



A route back to the roots!

We attended Dabur's (DABUR) analyst meet, where the company threw light on various key topics. Key highlights:

- The new CEO has intuited the need to get back to the core – Ayurveda – after a spin of wheel toward non-core over the last 15 years. India's Ministry of Ayush too is drawing a parallel between traditional remedies and wellness, reinforcing the idea of Ayurveda. The recent success of Patanjali/Himalaya in a few categories is also indicative of consumers' increasing preference for herbal products. DABUR is well poised to capitalize on these trends with its longer pedigree, better sourcing and access to a wider set of manuscripts unlike herbal peers. Even HPC and food innovations will have a herbal focus wherever possible.
- The company cited that the ongoing quarter remains challenging but retained its guidance of mid-to-high single-digit volume growth for the remaining nine months of FY20. Given weak industry growth and intensifying competition, below-the-line spends will be much higher than envisaged at the beginning of the year.
- DABUR has identified a few power brands where spends can grow by 12-15%, even if overall ad spends increase at only 6-7%.
- The goal is to appeal to the millennial, increase accessibility and drive penetration through sampling and innovation in case of healthcare.
- DABUR aims to accelerate the pace of new launches – management believes it was lacking here either in terms of quantum or commitment. The targets though are not as ambitious as Marico or Britannia. The company aims to increase in the NPDP contribution from 2% of sales to around 4% in two years.
- That said, successful execution of the planned strategy will be key. DABUR had in the past placed primacy on Ayurveda with mixed results. However, the intent appears much clearer now. Potential for herbal/herbal-based products in India is very attractive and DABUR undeniably has the pedigree to take advantage of that. However, it is worth noting that healthcare, where the 'back to roots' program will have the highest impact, is only ~30% of domestic sales. Fair valuations of 43x FY21E, moderate near-term earnings growth prospects and weaker-than-peers RoCE prompt us to wait and watch before turning more constructive. Maintain Neutral.

Thinking core, again!

The new CEO Mr Mohit Malhotra highlighted his blueprint for Dabur's growth.

- **Getting back to its strengths:** The new CEO believes that DABUR had deviated its focus from its core business over the past 15 years or so. The new CEO highlighted that the Chinese system of medicine is becoming mainstream in that country, and similarly, his vision is to take Ayurveda mainstream in India (as against the largely allopathic medicinal culture in the country).
- **Government encouragement:** The Ministry of Ayush is taking various initiatives to promote traditional medicine. Dabur, with its extensive knowledge of herbs, is helping this ministry in formulating regulations and supporting the process of growing Ayurveda.

- **Peers have shown the way:** Patanjali and Himalaya in recent years have shown the way toward growing the category, albeit with moderate eventual success.
- **Dabur is best placed:** Management believes that, unlike peers, not only does the company have strong domain knowledge, extensive sourcing of herbs and the widest collection of ancient manuscripts on traditional medicines, but also all-encompassing knowledge and a portfolio suitable for the core concepts of Ayurveda – ‘Ahaar’, ‘Vihaar’ and ‘Aushadi’ (meaning ‘Food’, ‘Habit’ and ‘Medicine’ respectively). Foods, HPC (habit) and Healthcare are also the company’s key segments.
- **No significant disruptions:** While innovations and renovations in all three segments will be herbal/Ayurvedic propositions, there is unlikely to be any significant disruption in existing sales.

Key components of strategy

- **Innovation and renovation:** These will be the key focus areas which management believes were lacking vigor over the last five years, either in terms of pipeline or enthusiasm. In the current year, despite slowdown, innovation and renovations will be high. We note that only Marico and Britannia among peers are likely to have a strong pipeline this year. There is an evident desire to make brands more relevant for the millennial. In the four-year vision cycle (currently in the second year), it will not enter any new category, and thus, all innovations and renovations will be in existing categories of HPC, Healthcare and Food. NPD now forms 2% of sales, and management targets 3-4% of sales in two years.
- **Focus on Power Brands:** Management reiterated its strategy of focusing more on the identified power brands – Chyawanprash, Dabur Honey, Lal Tail, Honitus and Pudina Hara in its Healthcare segment, Dabur Red Toothpaste and Dabur Amla Hair Oil in HPC, and Real in Foods. These brands contribute ~65% of sales put together but will contribute large part of incremental sales growth. As a result, even if overall ad spend rises by only around 6-7%, the increase in ad spends on power brands is likely to be in double digits. The smaller brands will have digital or print advertising (both much cheaper than television advertising). Earlier portfolio of 1,000 SKUs and 450 products was too large. Advertising for power brands will also be in 50 channels instead of 350 channels earlier and focused around specific programs to reinforce concentration of messaging.
- **Distribution advantage:** Total reach (distribution) of 6.7m outlets and direct reach of 1.2m outlets (will increase to 1.3m outlets by end-FY20) are key advantages. However, we note that its direct reach is only a fraction of overall reach. Thus, if problems escalate or remain high in both urban/rural wholesale, the company ambitious targets may not materialize to the extent planned. DABUR covered 44,000 villages last year, which it aims to increase to 55,000 in FY20 (it believes there is potential to reach 80,000 eventually). Rural contributed 48% of domestic sales and is growing faster than urban in recent years.
- **Different strategy for different categories:** In its home and personal care portfolio where penetration is very high, the aim is to take market share from peers and plug gaps in terms of portfolio and geography. Most of its non-HPC brands are under penetrated, and thus, DABUR seeks to drive relevance, increase accessibility (e.g. respond to perception that Chyawanprash is very expensive) and drive penetration via sampling and premiumization/adapting to appeal to the millennial.

- **Capability enhancement:** In recent years, it is perceived that organizations are in many ways a microcosm of the country, and should be representing people across age, gender, culture, etc. In modern trade and e-commerce, the company is hiring a lot of women in the sales force, as large presence in GT may be difficult for women. Succession planning has been very strong for DABUR. There has been a 16% increase in R&D spend in FY19 and 18 patent applications were filed.
- **Sustainability/ESG:** DABUR aims to be a plastic-neutral company by FY21, which means that all plastic usage will be from recycling. It is working to reduce aggregator salience in honey and creating greenhouses for herbs to increase sourcing from own farming.

Sector in midst of slowdown, DABUR will be affected as well

- Weak consumer sentiment is pulling down demand in FMCG.
- Oral care and hair care category growth is flat. DABUR is doing well because 'Naturals' component is growing.
- 2QFY20 hasn't been good. However, there will be some benefit toward the end of the quarter from the festive season mismatch with higher September sales this year. This mismatch also means that if no recovery happens, 3QFY20 sales will be subdued.
- Management reiterated its guidance of mid-to-high single-digit volume growth for the remainder of the year.
- Why is slowdown happening?
 - a) Liquidity crunch in the entire value chain.
 - b) Agricultural distress because of patchy monsoon: Either too much or too little in various zones.
 - c) Unemployment is at peak levels.
 - d) Floods and the Jammu and Kashmir situation are other near-term problems. East and North are the company's key markets.
- Below-the-line spends will be much higher than envisaged at the beginning of the year due to weak demand and high competitive intensity.

Power brands in Healthcare

- **Chyawanprash:** Sales grew by 13.7% in FY19. The brand has sales of INR4.5b with a market share of 58%. To grow the category, management is focusing on immunity positioning, availability in modern formats and better communication to the millennial. There is a plan to extend usage beyond winter (70% of sales now) and enhance chemist reach (currently 0.2m total chemist reach for DABUR, Chyawanprash reaches lesser). Two innovations under this brand are likely this year.
- **Honey:** DABUR is focusing on strengthening fitness proposition, launching premium variants, localizing its communication strategy and developing new formats for honey usage (moving honey from kitchen cabinet to breakfast table). Honey is not sucrose but fructose and is thus better absorbed in the body compared to sugar. The company wants to be more aggressive than peers in the category and grow the current 50% market share. It is also seeking to improve taste of honey, which it admits is an acquired taste without compromising on purity.
- **Lal Tail:** Sales are only around INR1.6b for now, but grew 15% in FY19 and gained 300-400bp market share. The focus is on strengthening Ayurvedic

positioning, renovation and contemporization, and creating a portfolio for baby care. Distribution expansion will also be a key focus area. J&J's regulatory problems offer considerable opportunity but management admits that herbal peer Himalaya has done better in this category as of now in taking advantage of J&J's problems, albeit with an inferior product compared to Dabur's offering.

- **Honitus:** The market for cough syrup is INR10b. Herbal is 30% of the market and the company is the no. 1 brand in herbal with around 30% market share. There is a tailwind for herbal players and management believes that Honitus can be much larger. It is introducing new formats like 'Hot sip' with hot water.
- **Pudin Hara:** This brand grew 21% in FY19. The company has launched powder fizz portfolio sachets (Eno – the market leader in powder fizz has sales of close to INR10b). A new campaign seeking to grow the brand has already had 15m views. There is a plan to extend Pudín Hara to foods.

Power brands in HPC

- **Dabur Amla:** It is one of the company's largest brands and grew 9.3% in FY19. However, it is perceived to be 'heavy' and 'goeey' oil among the young population. The company has extended the brand to kids and will create lighter oil for the millennial.
- **Dabur Red toothpaste:** This brand grew 22.4% last year. Competitive intensity in oral care is rising but not affecting red toothpaste, which has 9-10% market share in toothpastes. Growth in herbal toothpastes in oral care has slowed from ~25% to ~15% now, but is still well above 2-3% category growth in oral care in recent quarters.

Power brand in Foods

- **Real:** DABUR has its' highest-ever 59.5% market share but the core category has been declining due to down-trading in recent quarters. In response, the company has launched a mango drink product at an INR10 price point. Drinks category is 7x as large as the juices market which is an INR10b market. In its core product, the company has reduced sugar by 5% in 78% of its portfolio and will reduce further by 25-30% over the next few years.

Other highlights

- Home care and skin care lost market share in FY19, gained in others.
- Management believes that it is unlikely that there could be any price caps imposed on Ayurvedic products.
- BTL will be higher this year than originally planned because of slowdown and liquidity crisis in order to defend market share.

Valuation & view

Successful execution of the planned strategy will be key. The company has in the past placed primacy on growth in Ayurveda with mixed results. However, the intent appears much clearer now. Potential for herbal/herbal-based products in India is very attractive and DABUR undeniably has the pedigree to take advantage of that. It is worth noting, however, that Healthcare, where the 'back to roots' program will have the highest impact, is only ~30% of domestic sales. Fair valuations of 43x FY21E, moderate near-term earnings growth prospects and weaker-than-peers RoCE prompt us to wait and watch before turning more constructive on the stock. Meanwhile, we maintain our Neutral rating on DABUR.

Exhibit 1: Category-wise domestic sales growth and contribution in FY19

Category	Key Brands	Revenue Contribution (FY19)	FY19 Growth	Q1 FY20 Growth
Healthcare (32.3%)	Health Supplements <i>Honey</i> , <i>Chyawanprash</i> , <i>Chyawanprash</i>	17.6%	14.6%	19.6%
	Digestives <i>HAIMOLA</i> , <i>Pudin Hara</i>	5.9%	16.4%	18.2%
	OTC & Ethicals <i>Lal Tail</i> , <i>Honitus</i>	8.9%	13.7%	14.5%
HPC (50.6%)	Hair Care <i>Amla</i> , <i>Vatika</i> , <i>Annul</i>	21.6%	14.8%	11.9%
	Oral Care <i>RED PASTE</i> , <i>MESWAK</i> , <i>Balwan</i>	16.8%	9.5%	11.4%
	Home Care <i>odontil</i> , <i>ODOMOS</i>	6.9%	13.0%	10.9%
	Skin Care <i>Fem</i> , <i>Gulabari</i>	5.3%	17.2%	12.1%
Foods (17.1%)	<i>Real</i> , <i>HOMMADE</i>	17.1%	8.1%	1.5%

Source: Company, MOFSL

Exhibit 2: Focus on eight power brands (contribution: 65% of sales)...

Segment	Dabur Brands	FY19 - YoY growth (%)
Healthcare	Chyawanprash	13.7
	Honey	17.3
	Lal Tail	14.9
	Honitus	17.3
	Pudin Hara	21.1
Home & Personal Care	Red Paste	22.4
	Amla Hair Oil	9.3
Foods	Real Fruit Power	9.3

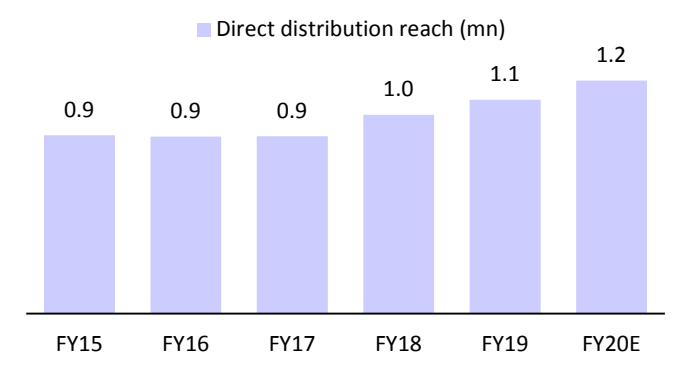
Source: Company, MOFSL

Exhibit 3: ...along with LUPs is helping Dabur grow ahead of market



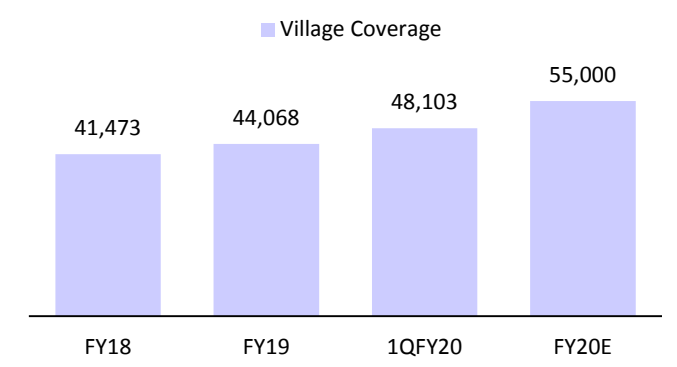
Source: Company, MOFSL

Exhibit 4: Total distribution reach of 6.7m plus outlets; aims to increase direct reach to 1.2m outlets by FY20



Source: Company, MOFSL

Exhibit 5: Focus on increasing rural reach which contributed ~45% to FY19 sales



Source: Company, MOFSL

Exhibit 6: Product launches and re-launches in FY20; NPD contribution as % sales to be ~4% in two years**Sr. No Particulars (YTD)****Domestic Business:**

1	Dabur Babool Ayurvedic Paste - Dual protection
2	Dabur Amla Kids Nourishing Hair Oil - Amla, Olive, Almond
3	Dabur Amla Kids Nourishing Shampoo - Amla, Olive, Shikakai
4	Dabur Amla Kids Castle Pack - Nourishing Hair Oil & Shampoo - Combo Pack
5	Dabur Brahmi Hair Oil, Amla Hair Oil, Sarso Amla Hair Oil - INR10/-
6	Dabur Vatika Naturals Shampoo - Long & Black (Amla), Health (Henna), Vatika (Lemon & Menthol)
7	Fem Hair Removal Cream - Fair & Soft (Rose, Gold, Sandal, Turmeric) - 50% free 60g at the price of 40g
8	Fem Fairness and Glow - Fruit Crème Bleach - INR65
9	Odonil
10	Dabur Natural Care - Kabz Over
11	Hajmola - Chat Cola
12	Dabur GlucoPlus-C - Added Mango Flavor
13	Dabur Hridayasava
14	Dabur Dadimavale
15	Vasant Meha Ras
16	Real Fruit Power - Mixed Berries Juice
17	Real Fruit Power - Masala Pomogranate, Masala Mixed Fruits, Masala Guava, Masala Aam Panna
18	Real Fruit Power -FruitORS - Orange, Apple
19	Real Fruit Power FruitORS Mango Koolers - INR10/-
20	Dabur Hommade Paste - Finger, Garlic, Tamarind, Ginger Garlic

International business:

1	New range of Hair Waxes and Hair Mousse in Hobby, Turkey
2	Vatika Serum in Egypt
3	Olive Oil with Black Castor in South Africa
4	ORS Fix-It Range in USA
5	Amla Kids in Egypt
6	Vatika Afro Naturals Range in South Africa

Source: Company, MOFSL

Exhibit 7: Market position in categories in key international markets

Category	Saudi Arabia	Egypt	UAE	Nigeria	Morocco	Algeria	US	Turkey
Hair Oil	#1	#1	#2		#1	#1		
Hair Cream	#1	#1	#1		#1	#1		
Hair Gel	#1	#2	#1					#1
Hair Mask	#1	#1	#1					
Hair Serums	#3	#3	#2					
Shampoo	#6	#6	#5					
Leave-On	#6		#3					
Hair Color			#5					
Toothpaste	#5	#4	#4	#3	#3	#3		
Depilatories	#3		#3					
Relaxers							#1	

Source: Company, MOFSL

Exhibit 8: Enhancing capability in Ayurveda

Portfolio Expansion	Increase Doctor Advocacy	Enhance Consumer Touch Points	Consumer Engagement
<ul style="list-style-type: none"> Classical & Branded Range enhancement Hridayasava, Pure Herb Churnas, Vasant Meha Ras, Glycodab 	<ul style="list-style-type: none"> Increase Ayurvedic Doctor Coverage from 40,000 to 55,000 Scientific Knowledge Dissemination – 50 Top Ayurvedic Colleges 	<ul style="list-style-type: none"> Increase Dabur Ayurved Chikitsalayas from 525 to 650 Increase Dabur branded Ayurvedic Stores from 1,500 to 2,500 	<ul style="list-style-type: none"> Health Camps <ul style="list-style-type: none"> ➢ 6,000 in Clinics ➢ 10 Lakh Rural Consumers Consumer Sampling through religious events
			

Source: Company, MOFSL

Exhibit 9: Increasing focus on core Ayurveda recently

98 Employees in R&D team	16% Increase in R&D Expenditure in FY19
18 Patent applications filed	NABL accredited analytical laboratory
200+ herbs Fingerprints captured till date	AYUSH recognized Drug Testing Laboratory

Team has doctors, pharmacists, chemists, botanists, agronomists, biotechnologists, oil technologists, food technologists and plant tissue culturists

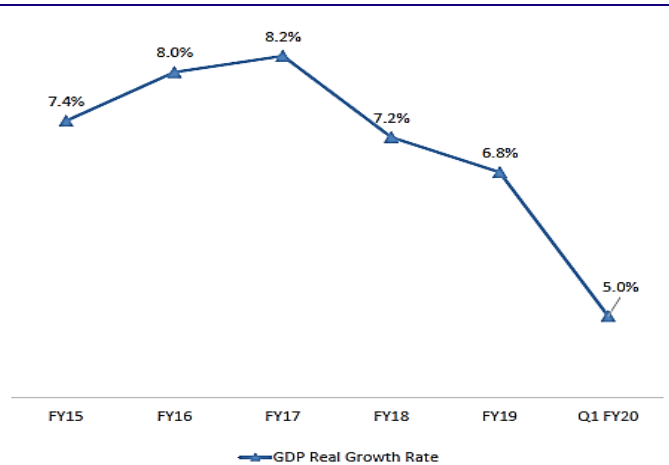
Source: Company, MOFSL

Exhibit 10: Strategy for various brands

Parameter	Low Market Share	High Market Share
High Penetration	Shampoos Hair Oils Toothpaste	Glucose Cough & Cold
Low Penetration		Pudin Hara Baby Massage Oil Ayurvedic Medicines Air Fresheners Juices Honey Bleaches Chyawanprash Mosquito Repellent Creams

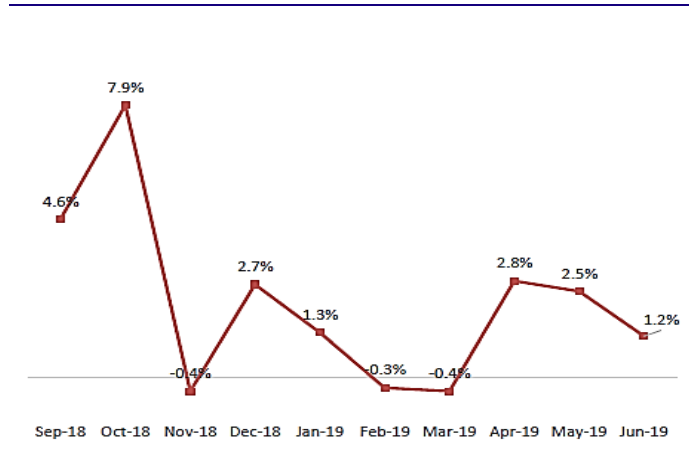
Source: Company, MOFSL

Exhibit 11: GDP growth at six-year-low



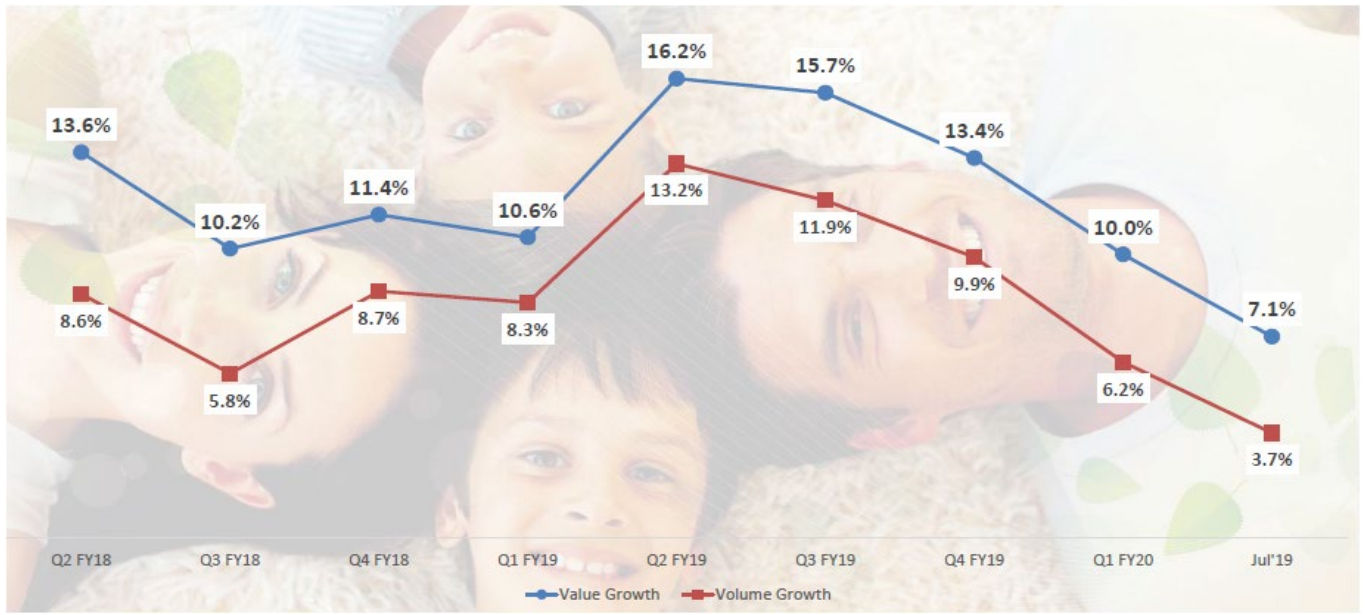
Source: Company, MOFSL

Exhibit 12: Manufacturing IIP remains subdued



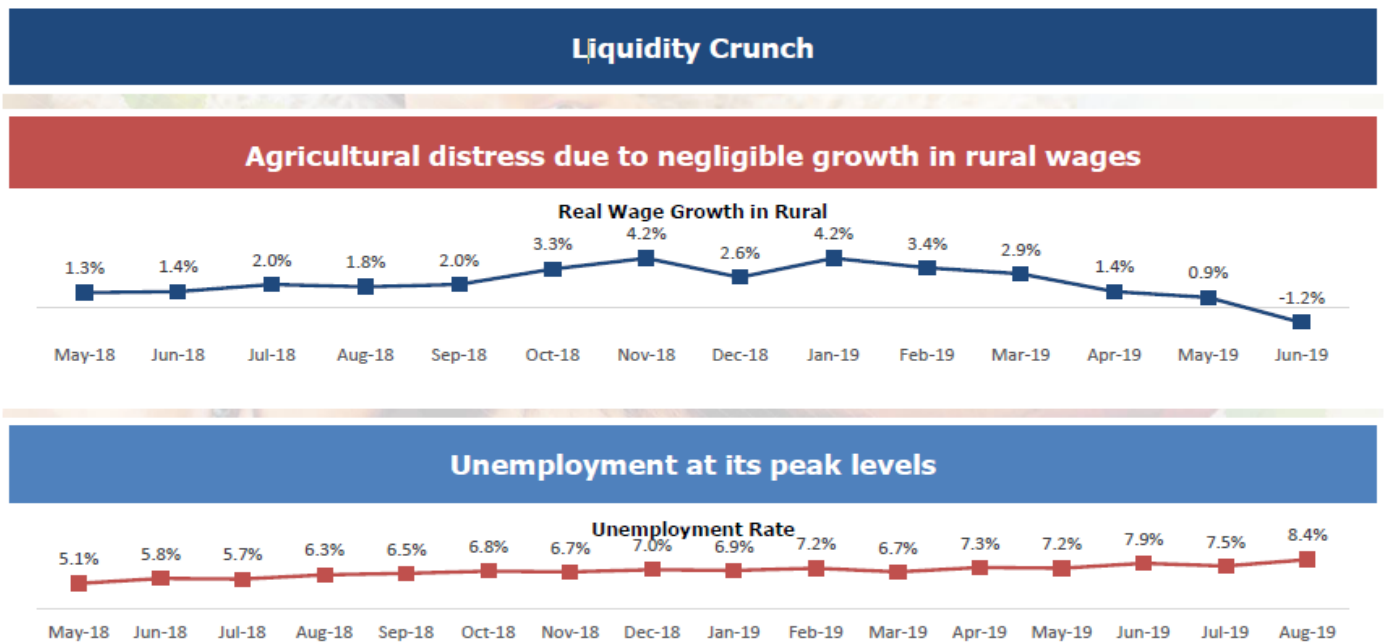
Source: Company, MOFSL

Exhibit 13: FMCG sector – quarterly growth



Source: Company, MOFSL

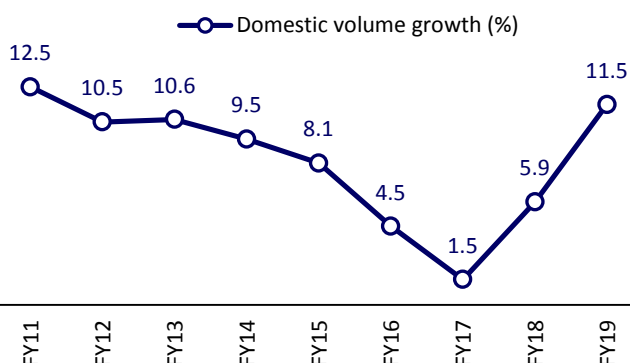
Exhibit 14: Reasons causing slowdown



Source: Company, MOFSL

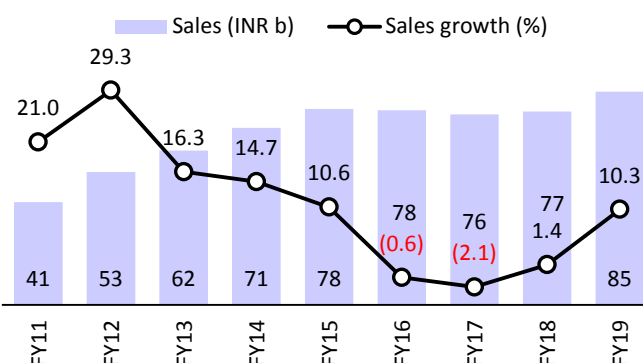
Story in chart

Exhibit 15: Dom. business volume grew 11.5% YoY in FY19



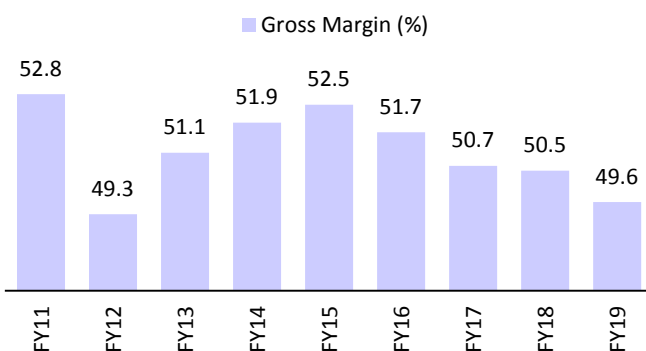
Source: Company, MOFSL

Exhibit 16: Net sales grew 10.3% YoY to INR85b



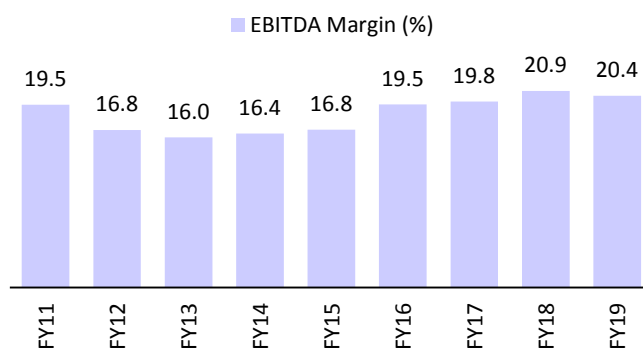
Source: Company, MOFSL

Exhibit 17: Consol. gross margin down 100bp YoY to 49.6%...



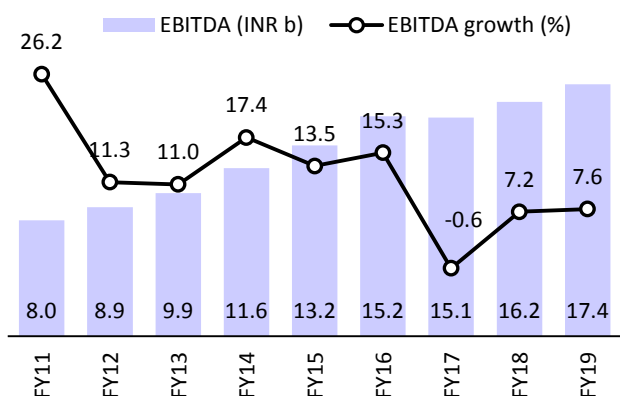
Source: Company, MOFSL

Exhibit 18: ...EBITDA margin contracted 50bp YoY to 20.4%



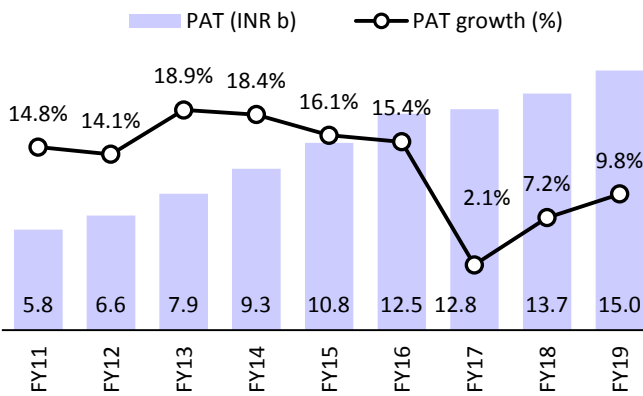
Source: Company, MOFSL

Exhibit 19: Consol. EBITDA grew 7.6% YoY to INR17b



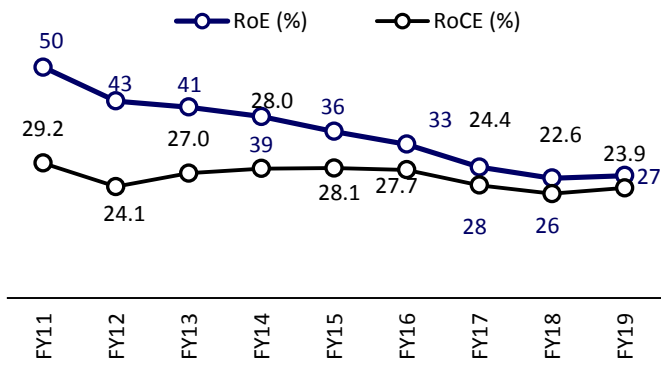
Source: Company, MOFSL

Exhibit 20: Consol. adj. PAT grew 9.8% YoY to INR15b



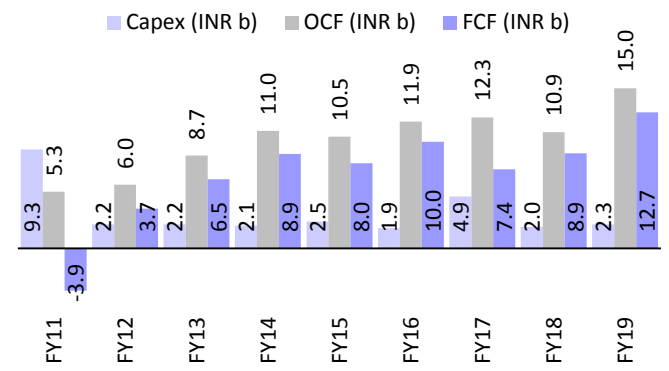
Source: Company, MOFSL

Exhibit 21: RoE at 26.5%, RoCE at 23.9% in FY19



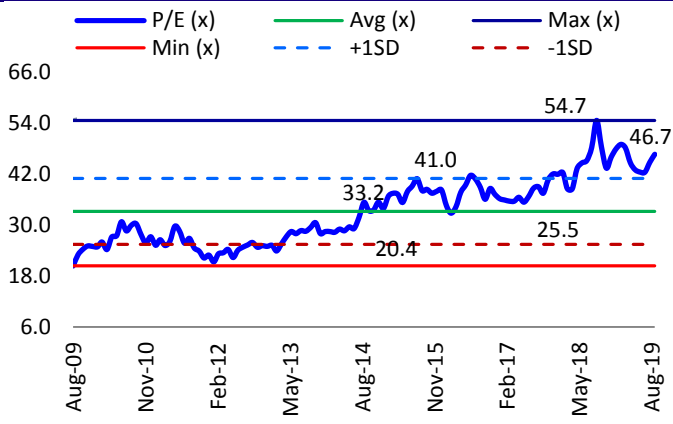
Source: Company, MOFSL

Exhibit 22: Consistent FCF since FY12 despite capex



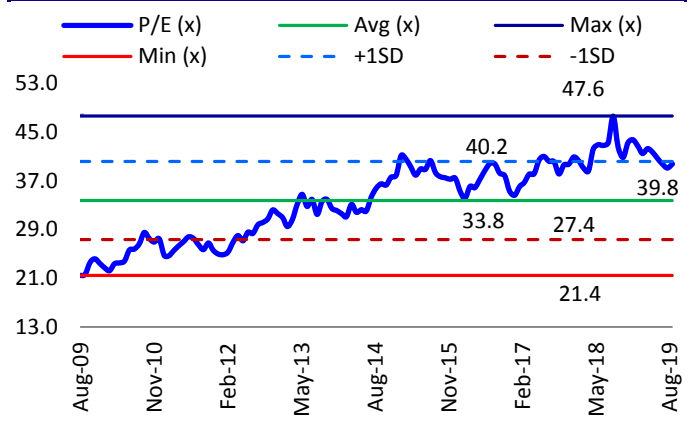
Source: Company, MOFSL

Exhibit 23: Dabur India P/E (x)



Source: Company, MOFSL

Exhibit 24: Consumer P/E (x)



Source: Company, MOFSL

Financials and valuations

Income Statement							(INR M)
Y/E March	2015	2016	2017	2018	2019	2020E	2021E
Net Sales	78,272	77,797	76,136	77,219	85,150	94,337	1,04,878
Change (%)	10.6	-0.6	-2.1	1.4	10.3	10.8	11.2
Gross Profit	41,071	40,192	38,582	39,019	42,240	47,497	53,010
Margin (%)	52.5	51.7	50.7	50.5	49.6	50.3	50.5
Other Expenditure	27,907	25,009	23,493	22,845	24,845	27,846	30,949
EBITDA	13,164	15,183	15,090	16,174	17,396	19,651	22,061
Change (%)	13.5	15.3	-0.6	7.2	7.6	13.0	12.3
Margin (%)	16.8	19.5	19.8	20.9	20.4	20.8	21.0
Depreciation	1,150	1,332	1,429	1,622	1,769	2,067	2,224
Int. and Fin. Charges	401	485	540	531	596	573	675
Other Income - Recurring	1,761	2,172	2,984	3,052	2,962	3,224	3,540
Profit before Taxes	13,374	15,538	16,104	17,074	17,993	20,235	22,702
Change (%)	15.8	16.2	3.6	6.0	5.4	12.5	12.2
Margin (%)	17.1	20.0	21.2	22.1	21.1	21.4	21.6
Tax	2,347	2,840	3,443	3,713	4,221	3,926	4,404
Deferred Tax	162	159	-140	-360	-1,284	121	136
Tax Rate (%)	18.8	19.3	20.5	19.6	16.3	20.0	20.0
Profit after Taxes	10,865	12,539	12,801	13,720	15,056	16,188	18,162
Change (%)	16.1	15.4	2.1	7.2	9.7	7.5	12.2
Margin (%)	13.9	16.1	16.8	17.8	17.7	17.2	17.3
Minority Interest	26	28	31	31	30	36	42
Adjusted PAT	10,839	12,511	12,770	13,689	15,026	16,152	18,120

Balance Sheet							(INR M)
Y/E March	2015	2016	2017	2018	2019	2020E	2021E
Share Capital	1,757	1,759	1,762	1,762	1,766	1,766	1,766
Reserves	31,785	39,842	46,712	55,304	54,550	62,082	67,481
Net Worth	33,541	41,601	48,474	57,065	56,317	63,848	69,248
Minority Interest	182	217	248	265	314	350	392
Loans	9,608	8,043	9,787	9,418	7,039	7,500	7,500
Capital Employed	43,331	49,860	58,509	66,749	63,670	71,698	77,140
Gross Block	25,409	27,802	24,322	26,342	28,028	30,775	32,775
Less: Accum. Depn.	-6,638	-8,304	-8,843	-10,177	-11,698	-13,765	-15,989
Net Fixed Assets	18,771	19,499	15,479	16,166	16,330	17,010	16,786
Capital WIP	503	448	421	415	638	638	638
Investments	18,134	25,239	32,402	38,052	33,588	36,221	39,118
Curr. Assets, L&A	23,655	26,020	24,916	28,268	30,451	39,051	46,113
Inventory	9,733	10,965	11,067	12,562	13,005	15,595	17,344
Account Receivables	7,108	8,097	6,504	7,061	8,336	8,915	9,922
Cash and Bank Balance	2,760	2,204	3,048	3,061	3,282	8,255	12,066
Others	4,053	4,754	4,296	5,585	5,828	6,286	6,781
Curr. Liab. and Prov.	17,144	20,579	17,733	19,177	20,465	24,351	28,644
Current Liabilities	14,122	16,739	15,895	17,128	18,061	22,209	26,376
Provisions	3,022	3,841	1,838	2,049	2,404	2,142	2,268
Net Current Assets	6,511	5,440	7,183	9,092	9,985	14,700	17,469
Deferred Tax Liability	-587	-765	-1,080	-1,091	-231	-231	-231
Application of Funds	43,331	49,860	58,509	66,749	63,670	71,698	77,139

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2015	2016	2017	2018	2019	2020E	2021E
Basic (INR)							
EPS	6.2	7.1	7.2	7.8	8.5	9.1	10.3
Cash EPS	6.8	7.9	8.1	8.6	9.2	10.3	11.5
BV/Share	19.1	23.6	27.5	32.4	31.9	36.1	39.2
DPS	2.2	2.0	2.3	7.5	2.8	4.6	6.2
Payout %	36.4	28.0	31.0	96.5	32.3	50.0	60.0
Valuation (x)							
P/E	71.5	62.0	60.8	56.7	51.8	48.2	43.0
Cash P/E	64.6	56.0	54.7	51.2	48.1	42.8	38.3
EV/Sales	9.8	9.7	9.9	9.6	8.8	7.9	7.0
EV/EBITDA	58.0	49.8	49.8	46.1	43.1	37.8	33.3
P/BV	23.1	18.6	16.0	13.6	13.8	12.2	11.2
Dividend Yield (%)	0.5	0.5	0.5	1.7	0.6	1.0	1.4
Return Ratios (%)							
RoE	36.1	33.3	28.4	25.9	26.5	26.9	27.2
RoCE	28.1	27.7	24.4	22.6	23.9	24.6	25.1
RoIC	46.5	50.9	48.7	48.9	50.9	53.3	61.1
Working Capital Ratios							
Debtor (Days)	33	38	31	33	36	34	35
Asset Turnover (x)	1.8	1.6	1.3	1.2	1.3	1.3	1.4
Leverage Ratio							
Debt/Equity (x)	0.3	0.2	0.2	0.2	0.1	0.1	0.1

Cash Flow Statement

(INR M)

Y/E March	2015	2016	2017	2018	2019	2020E	2021E
OP/(loss) before Tax	13,194	15,538	16,107	16,931	17,249	20,235	22,702
Int./Div. Received	360	-13	-1,060	153	1,664	-3,224	-3,540
Depreciation & Amort.	1,150	1,332	1,429	1,622	1,769	2,067	2,224
Interest Paid	-768	-1,430	-1,857	-1,991	-2,002	573	675
Direct Taxes Paid	-2,295	-2,805	-3,221	-3,249	-3,507	-3,926	-4,404
(Incr)/Decr in WC	-1,168	-752	872	-2,575	-181	259	1,042
CF from Oper.	10,472	11,870	12,269	10,890	14,991	15,984	18,699
(Incr)/Decr in FA	-2,511	-1,892	-4,858	-2,003	-2,250	-2,747	-2,000
Free Cash Flow	7,961	9,978	7,411	8,887	12,741	13,237	16,699
(Pur)/Sale of Invt.	-7,211	-6,883	-5,111	-5,837	3,175	-2,633	-2,897
Others	984	91	1,933	2,706	3,187	2,558	1,555
CF from Invest.	-8,738	-8,683	-8,036	-5,134	4,112	-2,823	-3,341
Issue of Shares	455	172	149	0	5	0	0
(Incr)/Decr in Debt	254	715	1,682	-545	-2,402	461	0
Dividend Paid	-3,948	-3,517	-3,963	-3,963	-13,247	-8,076	-10,872
Others	-929	-1,114	-1,257	-1,235	-3,238	-573	-675
CF from Fin. Act.	-4,168	-3,743	-3,390	-5,744	-18,882	-8,188	-11,547
Incr/Decr of Cash	-2,433	-556	844	12	221	4,973	3,811
Add: Opening Bal.	5,194	2,760	2,204	3,048	3,061	3,282	8,255
Closing Balance	2,760	2,204	3,048	3,061	3,282	8,255	12,066

E: MOFSL Estimates

Explanation of Investment Rating	
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

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