

# Britannia Industries

## BUY

Inflation impacts bottom-line; NPDs tracking well

### Summary

Britannia (BRIT) 3QFY22 result was in-line with our estimates. Price hike stayed ahead of volume growth to offset continuous rise in input cost pressure. In rural; BRIT gained 2x more market share compared to urban (as against general slowdown faced by FMCG Industry in rural India). Distribution expansion is tracking well (faster in rural). Positively, Milk Bikis is growing at +40%YoY rate in ex-South India with an annual revenue run rate of Rs 4bn (excluding Tamil Nadu and Kerala). Input cost pressure continues to rise even on QoQ basis. However, BRIT to take 10% more price hike (c. 23% in FY22E) to address margin concerns. Accordingly, we have moderately adjusted our EPS estimates. We maintain BUY rating with revised TP of Rs 4,646 at 50x FY24E EPS.

### Key Highlights and Investment Rationale

- Price hike stays ahead of volume growth:** Consolidated revenue grew 13%YoY (on a base of 6%YoY) driven by 8% price hike and 5% volume growth. Revenue from subsidiaries rose 8%YoY. Milk Bikis portfolio in non-South region recorded healthy +40%YoY value growth. Revenue from focused state grew 30% higher on YTD than rest of India. Rural distribution grew.
- Inflationary raw material impacts operating margins:** Gross margin contracted 518bp YoY to 38% driven by 20%YoY (4%QoQ) inflation in raw material cost basket. EBITDA declined 12%YoY to Rs 5.4bn. ICD stands at Rs 5.8bn as on Dec'21 (vs Rs 5bn in Sept'21).
- Maintain BUY:** Due to higher than expected rise in input cost pressure; we have marginally adjusted our EBITDA margin estimates for 4QFY22 downwards. Also, we have raised our assumption for price hike as per management guidance. BRIT is one of our high conviction ideas. We maintain our view on the company. Our revised TP stands at Rs 4,646 with BUY rating.

**TP** Rs 4,646

**CMP** Rs 3,535

Potential upside/downside 31%

Previous Rating BUY

### Price Performance (%)

|               | -1m   | -3m   | -12m   |
|---------------|-------|-------|--------|
| Absolute      | (1.2) | (3.7) | 0.9    |
| Rel to Sensex | (1.6) | (1.5) | (24.4) |

### V/s Consensus

| EPS (Rs)     | FY22E | FY23E | FY24E |
|--------------|-------|-------|-------|
| IDBI Capital | 67.7  | 82.6  | 92.9  |
| Consensus    | 68.5  | 81.7  | 93.4  |
| % difference | (1.1) | 1.0   | (0.6) |

### Key Stock Data

|                                 |                   |
|---------------------------------|-------------------|
| Bloomberg/Reuters               | BRIT IN / BRIT.BO |
| Sector                          | FMCG              |
| Shares o/s (mn)                 | 241               |
| Market cap. (Rs mn)             | 851,445           |
| 3-m daily average value (Rs mn) | 97.5              |
| 52-week high / low              | Rs4,152 / 3,318   |
| Sensex / Nifty                  | 58,014 / 17,340   |

### Shareholding Pattern (%)

|           |      |
|-----------|------|
| Promoters | 50.6 |
| FII       | 17.6 |
| DII       | 11.4 |
| Public    | 20.4 |

### Financial snapshot

(Rs mn)

| Year               | FY20     | FY21     | FY22E    | FY23E    | FY24E    |
|--------------------|----------|----------|----------|----------|----------|
| Revenue            | 1,15,995 | 1,31,361 | 1,42,817 | 1,56,525 | 1,72,354 |
| Change (yoy, %)    | 5        | 13       | 9        | 10       | 10       |
| EBITDA             | 18,431   | 25,092   | 23,351   | 27,929   | 31,259   |
| Change (yoy, %)    | 6        | 36       | (7)      | 20       | 12       |
| EBITDA Margin(%)   | 15.9     | 19.1     | 16.4     | 17.8     | 18.1     |
| Adj.PAT            | 14,185   | 18,639   | 16,282   | 19,857   | 22,347   |
| EPS (Rs)           | 59.1     | 77.5     | 67.7     | 82.6     | 92.9     |
| Change (yoy, %)    | 23.2     | 31.1     | (12.6)   | 22.0     | 12.5     |
| PE(x)              | 59.8     | 45.6     | 52.2     | 42.8     | 38.0     |
| Dividend Yield (%) | 0.5      | 3.3      | 0.6      | 0.7      | 0.8      |
| EV/EBITDA (x)      | 46.8     | 34.6     | 36.7     | 30.2     | 26.5     |
| RoE (%)            | 32.8     | 46.9     | 39.5     | 37.0     | 32.7     |
| RoCE (%)           | 31.6     | 39.3     | 33.8     | 34.0     | 32.3     |

Source: IDBI Capital Research

### Conference call highlights

- Volume growth in Q3FY22 stood at 5%YoY. Domestic business volume growth was >5%YoY. Milk Bikis witnessed revenue growth of ~40%YoY (excluding South India business) with similar volume growth.
- Price increase of 8% in Q3FY22 will mitigate input cost inflation impact of 14% in Q2FY22. Commodity forms 60% of inflation. 65% of price increase was through grammage reduction which impacted volumes by 4-5%.
- Market share gains for rural was 2x of urban.
- Milk Bikis annual revenue run rate is Rs400 crs (excluding Tamil Nadu & Kerala).
- Tiger Krunch has an annual revenue run rate of Rs300 crs.
- Potazos annual revenue rate is Rs70 crs (growing month-on-month). Potazos to help BRIT to foray in salty snack category (accretive margin). Potazos has been launched PAN India and manufactured on same lines of crackers in 2 factories and through 1 contract manufacturer.
- Company plans to launch croissant PAN India by FY23 (currently in Chennai & Kolkata through modern trade). Initially croissant will be launched in major towns and cities followed by rural markets.
- BRIT to commercialize parts of Pune dairy facility in Q2FY23. Capex for facility was Rs650 crs.
- Cakes business has not performed well compared to bread and rusk.
- Direct reach has reduced to 21.9 lakh in Dec.'21 (vs 23.7 lakh in Mar.'21) due to covid. Company has potential to reach 30 lakh outlets.
- Change in channel mix majorly impacted sales vs change in product mix during covid.
- EBITDA margin to remain flat in Q4FY22 due to input cost inflation.
- Group Inter Corporate Deposits stood at Rs580 crs as on 31st Dec. 2021 (vs Rs505 crs in Q2FY22).

**Exhibit 1: Consolidated Quarterly Snapshot**

| (INR m)                           | Q3FY22             | Q3FY21             | YoY (%)               | Q2FY22             | QoQ (%)              | YTD FY22           | YTD FY21           | YoY (%)               |
|-----------------------------------|--------------------|--------------------|-----------------------|--------------------|----------------------|--------------------|--------------------|-----------------------|
| <b>Revenues</b>                   | <b>35,750</b>      | <b>31,656</b>      | <b>12.9</b>           | <b>36,074</b>      | <b>-0.9</b>          | <b>1,05,858</b>    | <b>1,00,054</b>    | <b>5.8</b>            |
| COGS                              | 22,196             | 18,014             | 23.2                  | 22,543             | -1.5                 | 65,604             | 57,625             | 13.8                  |
| Gross profit                      | 13,554             | 13,642             | -0.6                  | 13,531             | 0.2                  | 40,254             | 42,429             | -5.1                  |
| <i>Gross Margin (%)</i>           | <i>37.9</i>        | <i>43.1</i>        | <i>-518bps</i>        | <i>37.5</i>        | <i>41bps</i>         | <i>38.0</i>        | <i>42.4</i>        | <i>-438bps</i>        |
| Employee expenses                 | 1,279              | 1,318              | -2.9                  | 1,536              | -16.7                | 4,208              | 4,032              | 4.4                   |
| <i>% of net sales</i>             | <i>3.6</i>         | <i>4.2</i>         | <i>-58bps</i>         | <i>4.3</i>         | <i>-68bps</i>        | <i>4.0</i>         | <i>4.0</i>         | <i>-5bps</i>          |
| Other Expenses                    | 6,878              | 6,209              | 10.8                  | 6,411              | 7.3                  | 19,527             | 18,359             | 6.4                   |
| <i>% of net sales</i>             | <i>19.2</i>        | <i>19.6</i>        | <i>-38bps</i>         | <i>17.8</i>        | <i>147bps</i>        | <i>18.4</i>        | <i>18.3</i>        | <i>10bps</i>          |
| <b>EBITDA</b>                     | <b>5,397</b>       | <b>6,115</b>       | <b>-11.7</b>          | <b>5,583</b>       | <b>-3.3</b>          | <b>16,518</b>      | <b>20,038</b>      | <b>-17.6</b>          |
| <b><i>EBITDA Margin (%)</i></b>   | <b><i>15.1</i></b> | <b><i>19.3</i></b> | <b><i>-422bps</i></b> | <b><i>15.5</i></b> | <b><i>-38bps</i></b> | <b><i>15.6</i></b> | <b><i>20.0</i></b> | <b><i>-442bps</i></b> |
| Depreciation                      | 504                | 486                | 3.7                   | 502                | 0.4                  | 1,496              | 1,450              | 3.2                   |
| EBIT                              | 4,893              | 5,629              | -13.1                 | 5,082              | -3.71                | 15,022             | 18,588             | -19.2                 |
| Other Income                      | 551                | 826                | -33.2                 | 534                | 3.2                  | 1,690              | 2,497              | -32.3                 |
| Interest Expenses                 | 374                | 318                | 17.6                  | 390                | -4.0                 | 1,105              | 872                | 26.8                  |
| <b>PBT</b>                        | <b>5,071</b>       | <b>6,137</b>       | <b>-17.4</b>          | <b>5,226</b>       | <b>-3.0</b>          | <b>15,607</b>      | <b>20,213</b>      | <b>-22.8</b>          |
| Taxes                             | 1,362              | 1,611              | -15.4                 | 1,410              | -3.4                 | 4,214              | 5,304              | -20.6                 |
| <b>Adjusted PAT</b>               | <b>3,709</b>       | <b>4,526</b>       | <b>-18.1</b>          | <b>3,816</b>       | <b>-2.8</b>          | <b>11,393</b>      | <b>14,909</b>      | <b>-23.6</b>          |
| Share in profit/loss of associate | 0                  | 0                  |                       | 2                  |                      | 4                  | 2                  |                       |
| Extra-ordinary items              | 10                 | 0                  |                       | 0                  |                      | 10                 | 6                  |                       |
| Minority Interest                 | 20                 | 31                 | -35.7                 | 24                 | -16                  | 69                 | 91                 | -23.6                 |
| <b>Reported PAT</b>               | <b>3,719</b>       | <b>4,557</b>       | <b>-18.4</b>          | <b>3,842</b>       | <b>-3.2</b>          | <b>11,476</b>      | <b>15,008</b>      | <b>-23.5</b>          |
| <b>EPS</b>                        | <b>15.4</b>        | <b>18.9</b>        | <b>-18.5</b>          | <b>15.9</b>        | <b>-3.1</b>          | <b>47.5</b>        | <b>62.3</b>        | <b>-23.7</b>          |

Source: Company; IDBI Capital Research

**Exhibit 2: Standalone Quarterly Snapshot**

| (INR m)                         | Q3FY22        | Q3FY21        | YoY (%)        | Q2FY22        | QoQ (%)       | YTD FY22        | YTD FY21      | YoY (%)        |
|---------------------------------|---------------|---------------|----------------|---------------|---------------|-----------------|---------------|----------------|
| <b>Revenues</b>                 | <b>33,737</b> | <b>29,787</b> | <b>13.3</b>    | <b>34,253</b> | <b>-1.5</b>   | <b>1,00,352</b> | <b>94,262</b> | <b>6.5</b>     |
| COGS                            | 21,425        | 17,410        | 23.1           | 21,882        | -2.1          | 63,643          | 55,867        | 13.9           |
| Gross profit                    | 12,312        | 12,377        | -0.5           | 12,371        | -0.5          | 36,709          | 38,395        | -4.4           |
| <i>Gross Margin (%)</i>         | 36.5          | 41.6          | -506bps        | 36.1          | 38bps         | 34.7            | 38.4          | -370bps        |
| Employee expenses               | 954           | 1,011         | -5.6           | 1,212         | -21.3         | 3,252           | 3,099         | 4.9            |
| <i>% of net sales</i>           | 2.8           | 3.4           | -57bps         | 3.5           | -71bps        | 3.1             | 3.1           | -2bps          |
| Other Expenses                  | 6,233         | 5,659         | 10.1           | 5,849         | 6.6           | 17,785          | 16,661        | 6.8            |
| <i>% of net sales</i>           | 18.5          | 19.0          | -52bps         | 17.1          | 140bps        | 16.8            | 16.7          | 15bps          |
| <b>EBITDA</b>                   | <b>5,125</b>  | <b>5,707</b>  | <b>-10.2</b>   | <b>5,309</b>  | <b>-3.5</b>   | <b>15,671</b>   | <b>18,635</b> | <b>-15.9</b>   |
| <b><i>EBITDA Margin (%)</i></b> | <b>15.2</b>   | <b>19.2</b>   | <b>-397bps</b> | <b>15.5</b>   | <b>-31bps</b> | <b>14.8</b>     | <b>18.6</b>   | <b>-382bps</b> |
| Depreciation                    | 427           | 409           | 4.3            | 425           | 0.3           | 1,267           | 1,216         | 4.2            |
| EBIT                            | 4,698         | 5,298         | -11.3          | 4,884         | -3.81         | 14,405          | 17,419        | -17.3          |
| Other Income                    | 534           | 778           | -31.3          | 510           | 4.8           | 2,564           | 2,363         | 8.5            |
| Interest Expenses               | 347           | 287           | 20.9           | 363           | -4.4          | 1,024           | 773           | 32.5           |
| <b>PBT</b>                      | <b>4,886</b>  | <b>5,789</b>  | <b>-15.6</b>   | <b>5,032</b>  | <b>-2.9</b>   | <b>15,944</b>   | <b>19,009</b> | <b>-16.1</b>   |
| Taxes                           | 1,320         | 1,505         |                | 1,359         |               | 4,047           | 4,942         |                |
| <b>Adjusted PAT</b>             | <b>3,566</b>  | <b>4,284</b>  | <b>-16.8</b>   | <b>3,673</b>  | <b>-2.9</b>   | <b>11,898</b>   | <b>14,067</b> | <b>-15.4</b>   |
| Extra-ordinary items            | 0             | 0             |                | 0             |               | 0               | 0             |                |
| Reported PAT                    | 3,566         | 4,284         | -16.8          | 3,673         | -2.9          | 11,898          | 14,067        | -15.4          |
| <b>EPS</b>                      | <b>14.8</b>   | <b>17.8</b>   | <b>-17.0</b>   | <b>15.2</b>   | <b>-2.9</b>   | <b>49.4</b>     | <b>58.5</b>   | <b>-15.5</b>   |

Source: Company; IDBI Capital Research

**Exhibit 3: Actual vs. Estimates**

(Rs mn)

| Particulars | Actual | IDBI Estimate | % variation IDBI |
|-------------|--------|---------------|------------------|
| Revenue     | 35,750 | 35,013        | 2.1%             |
| EBITDA      | 5,397  | 5,436         | -0.7%            |
| Margin (%)  | 15.1%  | 15.5%         |                  |
| PAT         | 3,709  | 3,812         | -2.7%            |

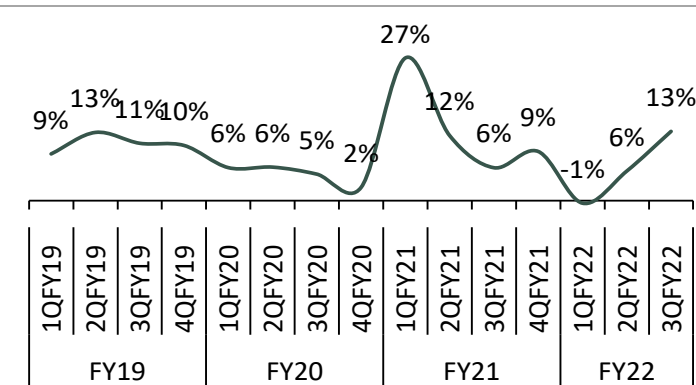
Source: Company; IDBI Capital Research

**Exhibit 4: Change in estimates**

|                    | FY22E    |          |         | FY23E    |          |         | FY24E    |          |         |
|--------------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
|                    | New      | Old      | (%) Chg | New      | Old      | (%) Chg | New      | Old      | (%) Chg |
| Revenue (Rs mn)    | 1,42,817 | 1,38,482 | 3.1%    | 1,56,525 | 1,52,488 | 2.6%    | 1,72,354 | 1,67,913 | 2.6%    |
| EBITDA (Rs mn)     | 23,351   | 23,174   | 0.8%    | 27,929   | 27,532   | 1.4%    | 31,259   | 30,335   | 3.0%    |
| EBITDA margin (%)  | 16.4%    | 16.7%    |         | 17.8%    | 18.1%    |         | 18.1%    | 18.1%    |         |
| Net profit (Rs mn) | 16,506   | 16,153   | 2.2%    | 19,857   | 19,569   | 1.5%    | 22,347   | 21,678   | 3.1%    |
| EPS (Rs)           | 68.6     | 67.2     | 2.2%    | 82.6     | 81.4     | 1.5%    | 92.9     | 90.1     | 3.1%    |

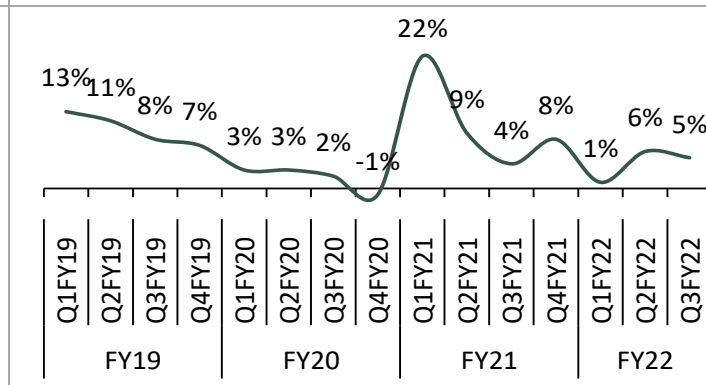
Source: Company; IDBI Capital Research

**Exhibit 5: Revenue growth trend (% YoY)**



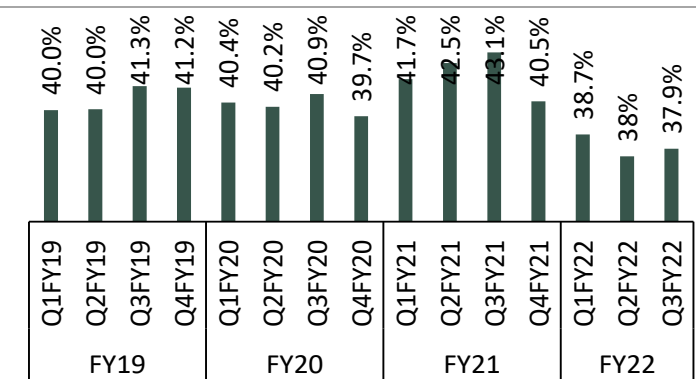
Source: Company, IDBI Capital research

**Exhibit 6: Volume growth trend (% YoY)**



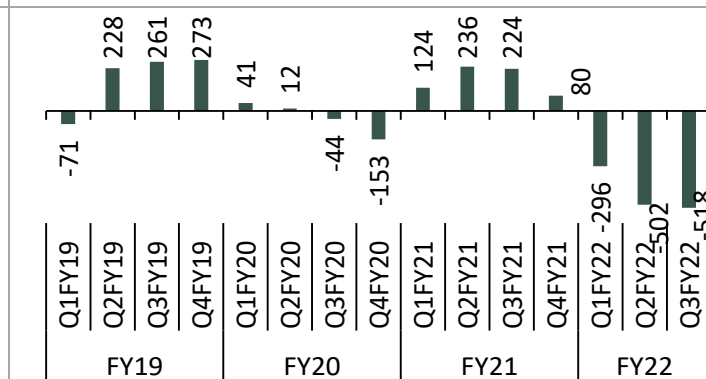
Source: Company, IDBI Capital research

**Exhibit 7: Gross Margin (%)**

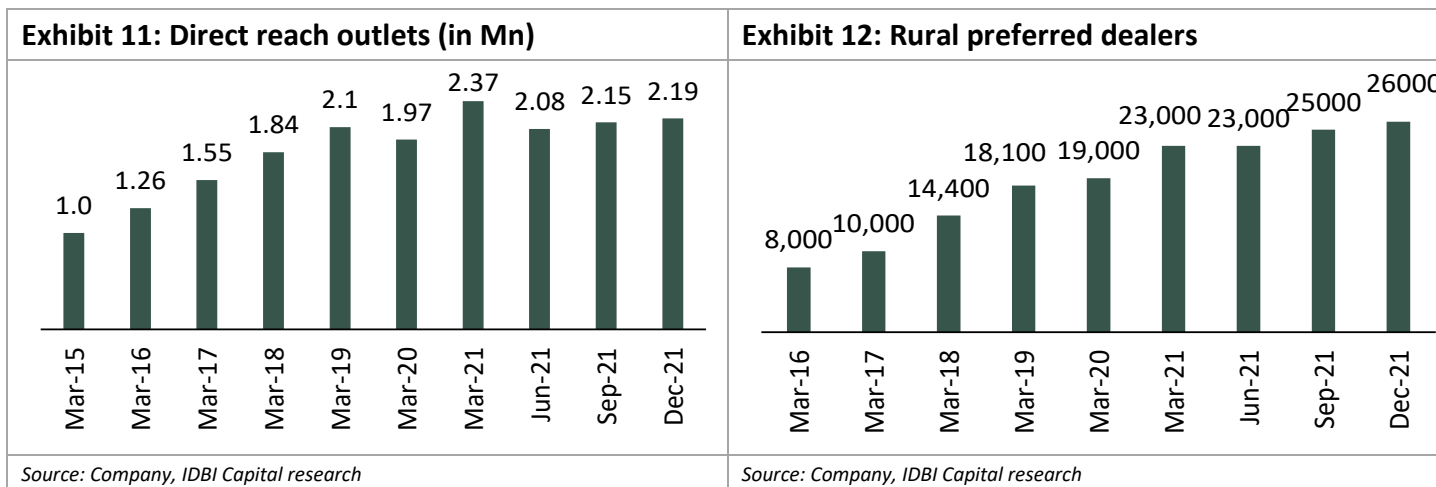
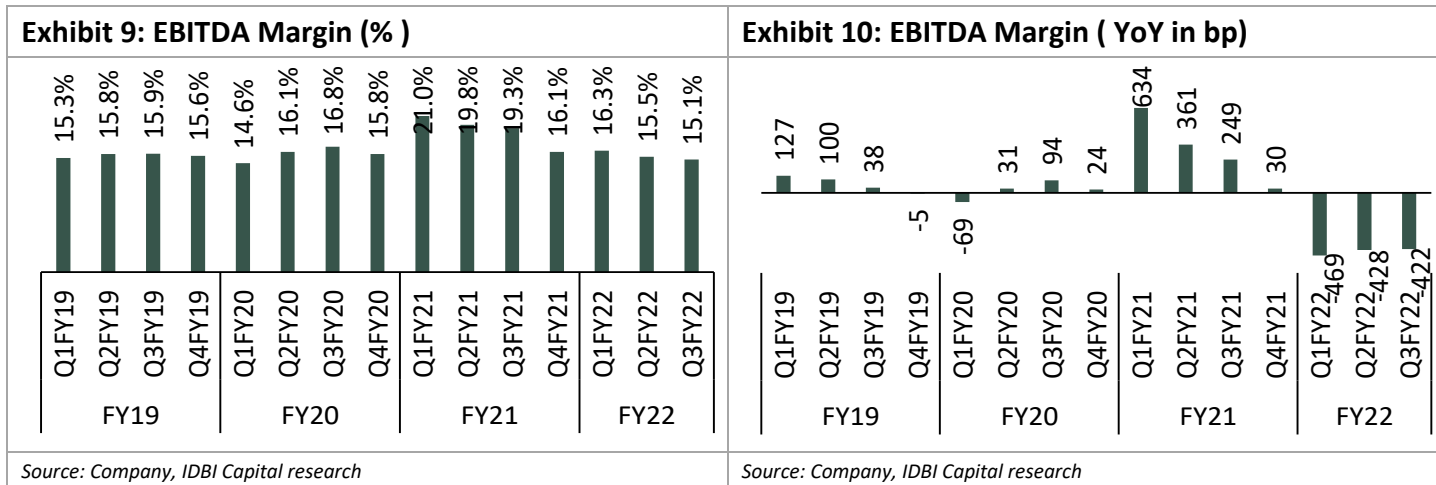


Source: Company, IDBI Capital research

**Exhibit 8: Gross Margin (YoY in bp)**



Source: Company, IDBI Capital research



## Financial Summary

### Profit & Loss Account

(Rs mn)

| Year-end: March               | FY19            | FY20            | FY21            | FY22E           | FY23E           | FY24E           |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net sales</b>              | <b>1,10,548</b> | <b>1,15,995</b> | <b>1,31,361</b> | <b>1,42,817</b> | <b>1,56,525</b> | <b>1,72,354</b> |
| <i>Change (yoy, %)</i>        | 10.7            | 4.9             | 13.2            | 8.7             | 9.6             | 10.1            |
| Operating expenses            | (93,213)        | (97,564)        | (1,06,269)      | (1,19,466)      | (1,28,596)      | (1,41,096)      |
| <b>EBITDA</b>                 | <b>17,335</b>   | <b>18,431</b>   | <b>25,092</b>   | <b>23,351</b>   | <b>27,929</b>   | <b>31,259</b>   |
| <i>Change (yoy, %)</i>        | 15.4            | 6.3             | 36.1            | -6.9            | 19.6            | 11.9            |
| <i>Margin (%)</i>             | 15.7            | 15.9            | 19.1            | 16.4            | 17.8            | 18.1            |
| Depreciation                  | (1,619)         | (1,848)         | (1,979)         | (2,065)         | (2,365)         | (2,609)         |
| <b>EBIT</b>                   | <b>15,717</b>   | <b>16,583</b>   | <b>23,114</b>   | <b>21,286</b>   | <b>25,563</b>   | <b>28,649</b>   |
| Interest paid                 | (91)            | (769)           | (1,109)         | (1,419)         | (1,053)         | (1,000)         |
| Other income                  | 2,065           | 2,794           | 3,129           | 2,347           | 2,582           | 2,840           |
| <b>Pre-tax profit</b>         | <b>17,690</b>   | <b>18,608</b>   | <b>25,134</b>   | <b>22,214</b>   | <b>27,092</b>   | <b>30,489</b>   |
| Tax                           | (6,125)         | (4,507)         | (6,630)         | (5,820)         | (7,098)         | (7,988)         |
| <i>Effective tax rate (%)</i> | 34.6            | 24.2            | 26.4            | 26.2            | 26.2            | 26.2            |
| Minority Interest             | (46.3)          | (85.9)          | 141.1           | (112.3)         | (136.9)         | (154.1)         |
| <b>Net profit</b>             | <b>11,519</b>   | <b>14,015</b>   | <b>18,645</b>   | <b>16,282</b>   | <b>19,857</b>   | <b>22,347</b>   |
| Exceptional items             | -               | (170)           | 6               | -               | -               | -               |
| <b>Adjusted net profit</b>    | <b>11,519</b>   | <b>14,185</b>   | <b>18,639</b>   | <b>16,282</b>   | <b>19,857</b>   | <b>22,347</b>   |
| <i>Change (yoy, %)</i>        | 14.8            | 23.1            | 31.4            | (12.6)          | 22.0            | 12.5            |
| EPS                           | 48.0            | 59.1            | 77.5            | 67.7            | 82.6            | 92.9            |
| Dividend per sh               | 14.8            | 18.0            | 117.4           | 21.3            | 25.6            | 28.8            |
| <i>Dividend Payout %</i>      | 30.8            | 30.5            | 151.5           | 31.4            | 31.0            | 31.0            |



**Balance Sheet**

(Rs mn)

| Year-end: March                       | FY19          | FY20          | FY21          | FY22          | FY23E           | FY24E           |
|---------------------------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| <b>Shareholders' funds</b>            | <b>42,533</b> | <b>44,028</b> | <b>35,476</b> | <b>46,866</b> | <b>60,567</b>   | <b>75,986</b>   |
| Share capital                         | 240           | 241           | 241           | 241           | 241             | 241             |
| Reserves & surplus                    | 42,292        | 43,788        | 35,236        | 46,625        | 60,326          | 75,746          |
| <b>Total Debt</b>                     | <b>1,380</b>  | <b>15,141</b> | <b>20,872</b> | <b>20,872</b> | <b>19,872</b>   | <b>18,872</b>   |
| Other liabilities                     | 426           | 724           | 635           | 634           | 634             | 634             |
| <b>Curr Liab &amp; prov</b>           | <b>17,753</b> | <b>18,173</b> | <b>22,749</b> | <b>23,895</b> | <b>25,267</b>   | <b>26,852</b>   |
| Current liabilities                   | 15,788        | 16,261        | 18,874        | 20,021        | 21,393          | 22,977          |
| Provisions                            | 1,965         | 1,913         | 3,875         | 3,875         | 3,875           | 3,875           |
| <b>Total liabilities</b>              | <b>19,559</b> | <b>34,038</b> | <b>44,255</b> | <b>45,401</b> | <b>45,773</b>   | <b>46,357</b>   |
| <b>Total equity &amp; liabilities</b> | <b>62,418</b> | <b>78,422</b> | <b>80,088</b> | <b>92,623</b> | <b>1,06,697</b> | <b>1,22,700</b> |
| Net fixed assets                      | 17,748        | 19,033        | 19,118        | 19,388        | 19,815          | 20,332          |
| Investments                           | 7,411         | 18,989        | 13,852        | 13,852        | 13,852          | 13,852          |
| Other non-curr assets                 | 1,995         | 3,651         | 2,922         | 2,922         | 2,922           | 2,922           |
| <b>Current assets</b>                 | <b>35,263</b> | <b>36,750</b> | <b>44,197</b> | <b>56,238</b> | <b>69,884</b>   | <b>85,371</b>   |
| Inventories                           | 7,814         | 7,410         | 10,915        | 11,867        | 13,006          | 14,321          |
| Sundry Debtors                        | 3,942         | 3,204         | 2,573         | 2,797         | 3,066           | 3,376           |
| Cash and Bank                         | 1,098         | 1,229         | 2,113         | 12,978        | 25,217          | 39,078          |
| Loans and advances                    | -             | -             | -             | -             | -               | -               |
| <b>Total assets</b>                   | <b>62,418</b> | <b>78,422</b> | <b>80,088</b> | <b>92,623</b> | <b>1,06,697</b> | <b>1,22,700</b> |

**Cash Flow Statement**

(Rs mn)

| Year-end: March                      | FY19           | FY20            | FY21            | FY22E          | FY23E          | FY24E          |
|--------------------------------------|----------------|-----------------|-----------------|----------------|----------------|----------------|
| Pre-tax profit                       | 17,689         | 18,438          | 25,128          | 22,214         | 27,092         | 30,489         |
| Depreciation                         | 1,619          | 1,848           | 1,979           | 2,065          | 2,365          | 2,609          |
| Tax paid                             | (5,961)        | (5,033)         | (6,328)         | (5,820)        | (7,098)        | (7,988)        |
| Chg in working capital               | (134)          | 1,511           | 1,156           | (30)           | (35)           | (41)           |
| Other operating activities           | (1,655)        | (1,919)         | (3,423)         | 1,419          | 1,053          | 1,000          |
| <b>Cash flow from operations (a)</b> | <b>11,558</b>  | <b>14,845</b>   | <b>18,511</b>   | <b>19,849</b>  | <b>23,377</b>  | <b>26,069</b>  |
| Capital expenditure                  | (4,012)        | (2,442)         | (2,421)         | (2,335)        | (2,793)        | (3,126)        |
| Chg in investments                   | (5,712)        | (14,151)        | 7,033           | (112)          | (137)          | (154)          |
| Other investing activities           | 1,169          | 1,276           | -               | -              | -              | -              |
| <b>Cash flow from investing (b)</b>  | <b>(8,555)</b> | <b>(15,316)</b> | <b>4,613</b>    | <b>(2,447)</b> | <b>(2,930)</b> | <b>(3,280)</b> |
| Equity raised/(repaid)               | 298            | 240             | 1,032           | -              | -              | -              |
| Debt raised/(repaid)                 | -              | 6,407           | 5,678           | -              | (1,000)        | (1,000)        |
| Dividend (incl. tax)                 | (3,544)        | (4,325)         | (28,238)        | (5,117)        | (6,156)        | (6,928)        |
| Chg in minorities                    | -              | -               | -               | -              | -              | -              |
| Other financing activities           | (281)          | (1,742)         | (909)           | (1,419)        | (1,053)        | (1,000)        |
| <b>Cash flow from financing (c)</b>  | <b>(3,527)</b> | <b>579</b>      | <b>(22,437)</b> | <b>(6,536)</b> | <b>(8,209)</b> | <b>(8,928)</b> |
| <b>Net chg in cash (a+b+c)</b>       | <b>(524)</b>   | <b>108</b>      | <b>686</b>      | <b>10,865</b>  | <b>12,238</b>  | <b>13,862</b>  |

### Financial Ratios

| Year-end: March     | FY19 | FY20 | FY21 | FY22E  | FY23E | FY24E |
|---------------------|------|------|------|--------|-------|-------|
| Book Value (Rs)     | 177  | 183  | 148  | 195    | 252   | 316   |
| Adj EPS (Rs)        | 48.0 | 59.1 | 77.5 | 67.7   | 82.6  | 92.9  |
| Adj EPS growth (%)  | 14.7 | 23.2 | 31.1 | (12.6) | 22.0  | 12.5  |
| EBITDA margin (%)   | 15.7 | 15.9 | 19.1 | 16.4   | 17.8  | 18.1  |
| Pre-tax margin (%)  | 16.0 | 16.0 | 19.1 | 15.6   | 17.3  | 17.7  |
| Net Debt/Equity (x) | 0.0  | 0.3  | 0.5  | 0.2    | (0.1) | (0.3) |
| ROCE (%)            | 38.8 | 31.6 | 39.3 | 33.8   | 34.0  | 32.3  |
| ROE (%)             | 30.1 | 32.8 | 46.9 | 39.5   | 37.0  | 32.7  |

### DuPont Analysis

|                     |      |      |      |      |      |      |
|---------------------|------|------|------|------|------|------|
| Asset turnover (x)  | 1.9  | 1.6  | 1.7  | 1.7  | 1.6  | 1.5  |
| Leverage factor (x) | 1.5  | 1.6  | 2.0  | 2.1  | 1.9  | 1.7  |
| Net margin (%)      | 10.4 | 12.2 | 14.2 | 11.4 | 12.7 | 13.0 |

### Working Capital & Liquidity ratio

|                 |    |    |    |    |    |    |
|-----------------|----|----|----|----|----|----|
| Inventory days  | 26 | 23 | 30 | 30 | 30 | 30 |
| Receivable days | 13 | 10 | 7  | 7  | 7  | 7  |
| Payable days    | 45 | 42 | 45 | 44 | 44 | 45 |

### Valuations

| Year-end: March      | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E |
|----------------------|------|------|------|------|-------|-------|
| PER (x)              | 73.7 | 59.8 | 45.6 | 52.2 | 42.8  | 38.0  |
| Price/Book value (x) | 20.0 | 19.3 | 24.0 | 18.1 | 14.0  | 11.2  |
| EV/Net sales (x)     | 7.7  | 7.4  | 6.6  | 6.0  | 5.4   | 4.8   |
| EV/EBITDA (x)        | 49.0 | 46.8 | 34.6 | 36.7 | 30.2  | 26.5  |
| Dividend Yield (%)   | 0.4  | 0.5  | 3.3  | 0.6  | 0.7   | 0.8   |

Source: Company; IDBI Capital Research



# Notes

Dealing (91-22) 6836 1111 dealing@idbicapital.com

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