

# Marico

# ACCUMULATE

Continues to fire on all cylinders

## Summary

**Marico (MRCO) 4QFY21 result was above our estimates. Strong recovery witnessed across all categories (essential and discretionary). Food portfolio grew fastest (+134%YoY) and reached Rs 3bn mark. Parachute Coconut Oil, VAHO and Saffola continued strong revenue growth trend driven by penetration and market share gains. Revenue from rural India grew faster than urban India. Input cost pressure continued to impact gross margin (GM declined for 3<sup>rd</sup> consecutive quarter). MRCO has taken c. 15% and 4% price hike in Saffola Edible oil and Coconut oil during 4QFY21 to address input cost inflation. Management expects inflation in raw material cost to subside by 2HFY22. We have adjusted revenue estimates upwards by 2.5% during FY22-23E incorporating higher expected growth in Saffola and Food portfolio. We maintain our ACCUMULATE rating on the stock with a revised TP of Rs 450 (vs previous TP of Rs 434).**

## Key Highlights and Investment Rationale

### Robust performance across categories

Consolidated revenue grew 34%YoY driven by domestic volume growth of 25%yoY and constant currency growth of 23%YoY in international business (led by 20%YoY CC growth in Bangladesh). Parachute rigid grew 29%YoY by volume while VAHO grew 22% YoY driven by market share gains. Saffola Edible oil grew 17% YoY volume led by increased penetration. Food portfolio grew 134% value led by 84% YoY value growth in Oats. MRCO took c. 15% price hike in Saffola and 4% in Parachute portfolio. Saffola Honey now commands 25% market share at e-commerce channel post 9 months of launch.

### GT and e-com outperforms; rural grew faster than urban

In general trade (GT); urban and rural sales were up by 23% and 42% YoY respectively. Modern trade declined 17%YoY on higher based due to pantry loading prior to lock down in Mar'20. E-commerce grew 81%YoY while CSD grew 59% on a low base.

### Input cost pressure impacts operating profit margins

Gross margin down 517bp YoY (for 3rd consecutive quarter) to 44.1% due to severe input cost pressure. However, tight cost control and operating leverage reduced the impact on EBITDA margin contraction to 300bp to 15.9%. Adjusted PAT grew 17%YoY.

TP	Rs450	
CMP	Rs412	
Potential upside / downside	+9%	
Previous Rating	ACCUMULATE	
V/s Consensus		
EPS (Rs)	FY22E	FY23E
IDBI Capital	9.7	11.2
Consensus	10.0	11.3
% difference	(3.2)	(1.2)

## Shareholding Pattern (%)

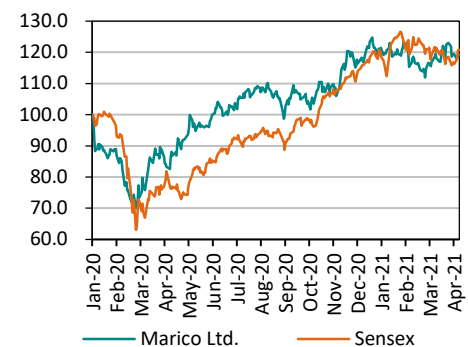
Promoters	59.6
FII	24.0
DII	10.0
Public	6.4

## Price Performance (%)

	-1m	-3m	-12m
Absolute	2.4	(0.9)	42.1
Rel to Sensex	2.9	(6.3)	(6.9)

Key Stock Data	
Bloomberg / Reuters	MRCO IN /MRCO.BO
Sector	FMCG
Shares o/s (mn)	1,291
Market cap. (Rs mn)	531,584
Market cap. (US\$ mn)	7,175
3-m daily average value (Rs mn)	401.9
52-week high / low	Rs439 / 277
Sensex / Nifty	48,782 / 14,631

## Relative to Sensex (%)



## Financial snapshot

Year	FY19	FY20	FY21	FY22E	FY23E
Revenue	73,340	73,150	80,480	88,343	97,886
EBITDA	13,260	14,690	15,880	17,127	19,840
EBITDA (%)	18.1	20.1	19.7	19.4	20.3
Adj. PAT	11,150	10,210	11,710	12,565	14,497
EPS (Rs)	8.6	7.9	9.1	9.7	11.2
EPS Growth (%)	36.9	(8.4)	14.7	7.3	15.4
PE (x)	47.7	52.0	45.4	42.3	36.6
Dividend Yield (%)	1.1	1.9	1.8	1.6	1.9
EV/EBITDA (x)	39.9	36.2	33.1	30.4	26.1
RoE (%)	40.6	34.0	37.4	36.6	37.7
RoCE (%)	36.4	37.6	39.3	38.8	40.9

Source: Company; IDBI Capital Research

## Conference Call Highlights

### Business Performance

- Consumer trends continued to recover for most of the quarter with strong momentum in company's core portfolio.
- The core portfolios in the India business continued to log market share gains on a MAT basis.
- Domestic volume growth for the quarter stood at 25% for the quarter and removing base effect and historical skew to Q1 and Q4 revenue, the nominal volume growth is of 18%.
- Strong momentum seen in Q4 was extended to the first 20 days in April, however in the last 10 days of April witnessed softness.
- The softness is not due to demand side but rather supply side constraints like limited hours of operation for grocer, manpower availability at distributor etc.
- Guidance for medium term is to grow domestic volumes in the range of 8-10% and revenue growth by 13-15%.

### Costs & Margins

- In FY21, company managed Rs150cr savings in domestic market and 50cr savings in international market.
- Management had expected copra prices to soften in Feb, however delayed seasonal arrival and low off-season supplies resulted in inflationary trend in copra prices. The prices have corrected by 15-16% from peak in April. For FY22, company expects average copra prices to remain flattish YoY.
- Company took price hike of ~9% in 2HFY21; however they were taken with a lag to not upset market share gains and volume growth.
- Edible oil prices have seen a significant uptrend and management expects it to remain range-bound for some time before tapering down. Saffola edible oil portfolio has taken ~50% price increase in the last 1 year.
- For FY22, company expects to maintain margins around 18-19%. In the medium term, it expects to reach 19-20%.
- Ad spends during the quarter increased by 35% due to investment in core franchisees and funding for NPDs in food portfolio.

### International Business

- International business reported growth of 23% YoY in Q4FY21 in CC terms. The operating margins for International business expanded by 266bps to 18.9% led by strong control on overhead costs.
- Bangladesh grew by 20% in cc term led by strong performance in non-coconut oil portfolio (+29% YoY in cc terms) whereas parachute coconut oil grew by 14%YoY in cc terms.
- Non-coconut oil contributes 40% to overall revenue. MRCO has entered new categories like baby care, skin, shampoo etc to expand total addressable market. Expect contribution from this segment to overall revenue to reach 50% in medium term.
- South East Asia reported double digit growth (+13%YoY in Q4) after 8 quarter. Personal care and food portfolio witnessed positive momentum in Vietnam.
- MENA grew by 62%YoY in CC terms in Q4 albeit on a weak base. Recovery in Middle East was faster than in Egypt.
- Over medium term, company aims to clock double digit CC growth in international business.

### Channel commentary

- General trade had a good performance during the year. Rural markets grew 1.8 urban market. Rural has remained resilient due to (i) good harvest season and (ii) governmental support.
- MRCO is planning to (i) increase rural stockiest by 25% in the next 2 years and (ii) have relevant packs and price points for rural customers to drive growth.
- E-commerce grew by 81% and contributes 8% to overall revenue. CSD (6% of sales) grew by 59% on a low base.
- In urban area, company is focusing on chemist channel. With immunity products, skin care and VAHO, the company has a critical mass of product portfolio for chemist channel.
- Modern trade dipped by 17% on a high base due to pantry loading prior to lockdown in last March.

### Food Segment

- Food portfolio reported Rs300cr revenue in FY21 and is aiming to reach 450-500cr (+50-60%YoY growth) in FY22. By 2024, company aims to reach 850cr in revenue.

- Soya chunks were test marketed in general trade in W.B. (strongest market for soya) and will be extended to newer markets as well as MT and ecommerce channel. Soya chunks is Rs900cr market with around 50% market share with branded player.
- Saffola honey is on track to touch Rs100cr revenue in FY22. It has 25% market share in ecommerce and close to double digit share in modern trade.
- Launched Saffola oodles during the quarter which is priced at a premium to peers. Saffola chyawam amrut had a moderate start and company has launched a TVC during the quarter.
- With expansion into new categories, total addressable market in foods has expanded by ~Rs5k cr.

#### **Premium personal care and VAHO segment**

- Premium personal care witnessed a modest dip in Q4 as growth in serum was offset by the decline in male grooming. Expect this segment to be a growth driver when macros stabilize.
- In VAHO segment, company has gained 200bps in volume market share in overall hair oils category. All brands in VAHO have grown in double digits. In amla hair oil, company has a volume market share of 44%.

**Exhibit 1: Consolidated Quarterly Snapshot**

(INR m)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
<b>Revenues</b>	<b>20,120</b>	<b>14,960</b>	<b>34.5</b>	<b>21,220</b>	<b>-5.2</b>	<b>80,480</b>	<b>73,150</b>	<b>10.0</b>
COGS	11,240	7,590	48.1	11,270	-0.3	42,690	37,450	14.0
Gross profit	8,880	7,370	20.5	9,950	-10.8	37,790	35,700	5.9
<i>Gross Margin (%)</i>	<i>44.1</i>	<i>49.3</i>	<i>-513 bps</i>	<i>46.9</i>	<i>-275 bps</i>	<i>47.0</i>	<i>48.8</i>	<i>-185 bps</i>
Employee expenses	1,500	1,080	38.9	1,480	1.4	5,700	4,780	19.2
<i>% of net sales</i>	<i>7.5</i>	<i>7.2</i>	<i>24 bps</i>	<i>7.0</i>	<i>48 bps</i>	<i>7.1</i>	<i>6.5</i>	<i>55 bps</i>
Advertisement expenses	1,730	1,260	37.3	1,930	-10.4	6,920	7,270	-4.8
<i>% of net sales</i>	<i>8.6</i>	<i>8.4</i>	<i>18 bps</i>	<i>9.1</i>	<i>-50 bps</i>	<i>8.6</i>	<i>9.9</i>	<i>-134 bps</i>
Other Expenses	2,460	2,210	11.3	2,410	2.1	9,290	8,960	3.7
<i>% of net sales</i>	<i>12.2</i>	<i>14.8</i>	<i>-255 bps</i>	<i>11.4</i>	<i>87 bps</i>	<i>11.5</i>	<i>12.2</i>	<i>-71 bps</i>
<b>EBITDA</b>	<b>3,190</b>	<b>2,820</b>	<b>13.1</b>	<b>4,130</b>	<b>-22.8</b>	<b>15,880</b>	<b>14,690</b>	<b>8.1</b>
<b><i>EBITDA Margin (%)</i></b>	<b><i>15.9</i></b>	<b><i>18.9</i></b>	<b><i>-300 bps</i></b>	<b><i>19.5</i></b>	<b><i>-361 bps</i></b>	<b><i>19.7</i></b>	<b><i>20.1</i></b>	<b><i>-35 bps</i></b>
Depreciation	360	380	-5.3	360	0.0	1,390	1,400	-0.7
EBIT	2,830	2,440	16.0	3,770	-24.93	14,490	13,290	9.03
Other Income	290	320	-9.4	240	20.8	990	1,240	-20.2
Interest Expenses	100	130	-23.1	70	42.9	340	500	-32.0
<b>PBT</b>	<b>3,020</b>	<b>2,630</b>	<b>14.8</b>	<b>3,940</b>	<b>-23.4</b>	<b>15,140</b>	<b>14,030</b>	<b>7.9</b>
Taxes	560	530		820		3,240	3,310	
<b>Adjusted PAT</b>	<b>2,460</b>	<b>2,100</b>	<b>17.1</b>	<b>3,120</b>	<b>-21.2</b>	<b>11,900</b>	<b>10,720</b>	<b>11.0</b>
Extra-ordinary items	-190	-100		0	#DIV/0!	120	-290	
Share in profit/loss of associate	0	-10		0		-20	0	
Minority Interest	80	50	60.0	50	60	290	220	
Reported PAT	2,190	1,940	12.9	3,070	-28.7	11,710	10,210	14.7
<b>EPS</b>	<b>1.7</b>	<b>1.5</b>	<b>12.9</b>	<b>2.38</b>	<b>-28.7</b>	<b>9.1</b>	<b>7.9</b>	<b>14.7</b>

Source: Company; IDBI Capital Research

**Exhibit 2: Segmental revenue & EBIT break-up**

Segmental Revenue	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
India	15,740	11460	37.3	16270	-3.3	61890	56550	9.4
International	4,380	3500	25.1	4950	-11.5	18590	16600	12.0
<b>Segmental EBIT</b>								
India	2,540	2380	6.7	3,250	-21.8	12290	11,700	5.0
International	830	570	45.6	960	-13.5	4080	3,360	21.4
<b>EBIT Margin (%)</b>								
India	16.1	20.8	-463 bps	20.0	-384 bps	19.9	20.7	-83 bps
International	18.9	16.3	266 bps	19.4	-44 bps	21.9	20.2	171 bps

Source: Company; IDBI Capital Research

**Exhibit 3: Standalone Quarterly Snapshot**

(INR m)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
<b>Revenues</b>	<b>16,040</b>	<b>11,880</b>	<b>35.0</b>	<b>16,670</b>	<b>-3.8</b>	<b>63,370</b>	<b>58,530</b>	<b>8.3</b>
COGS	9,830	6,430	52.9	9,670	1.7	36,710	32,060	14.5
Gross profit	6,210	5,450	13.9	7,000	-11.3	26,660	26,470	0.7
<i>Gross Margin (%)</i>	<i>38.7</i>	<i>45.9</i>	<i>-716 bps</i>	<i>42.0</i>	<i>-328 bps</i>	<i>42.1</i>	<i>45.2</i>	<i>-315 bps</i>
Employee expenses	950	680	39.7	970	-2.1	3,740	3,080	21.4
<i>% of net sales</i>	<i>5.9</i>	<i>5.7</i>	<i>20 bps</i>	<i>5.8</i>	<i>10 bps</i>	<i>5.9</i>	<i>5.3</i>	<i>64 bps</i>
Advertisement expenses	1,020	800	27.5	1,120	-8.9	4,160	5,020	-17.1
<i>% of net sales</i>	<i>6.4</i>	<i>6.7</i>	<i>-37 bps</i>	<i>6.7</i>	<i>-36 bps</i>	<i>6.6</i>	<i>8.6</i>	<i>-201 bps</i>
Other Expenses	1,900	1,790	6.1	1,870	1.6	7,270	7,220	0.7
<i>% of net sales</i>	<i>11.8</i>	<i>15.1</i>	<i>-322 bps</i>	<i>11.2</i>	<i>63 bps</i>	<i>11.5</i>	<i>12.3</i>	<i>-86 bps</i>
<b>EBITDA</b>	<b>2,340</b>	<b>2,180</b>	<b>7.3</b>	<b>3,040</b>	<b>-23.0</b>	<b>11,490</b>	<b>11,150</b>	<b>3.0</b>
<b><i>EBITDA Margin (%)</i></b>	<b><i>14.6</i></b>	<b><i>18.4</i></b>	<b><i>-376 bps</i></b>	<b><i>18.2</i></b>	<b><i>-365 bps</i></b>	<b><i>18.1</i></b>	<b><i>19.1</i></b>	<b><i>-92 bps</i></b>
Depreciation	280	300	-6.7	270	3.7	1,070	1,130	-5.3
EBIT	2,060	1,880	9.6	2,770	-25.63	10,420	10,020	4.0
Other Income	1,080	1,050	2.9	770	40.3	3,490	3,080	13.3
Interest Expenses	60	90	-33.3	50	20.0	220	330	-33.3
<b>PBT</b>	<b>3,080</b>	<b>2,840</b>	<b>8.5</b>	<b>3,490</b>	<b>-11.7</b>	<b>13,690</b>	<b>12,770</b>	<b>7.2</b>
Taxes	370	570		560		2,040	2,520	
<b>Adjusted PAT</b>	<b>2,710</b>	<b>2,270</b>	<b>19.4</b>	<b>2,930</b>	<b>-7.5</b>	<b>11,650</b>	<b>10,250</b>	<b>13.7</b>
Extra-ordinary items	270	0		0		-60	-190	
Reported PAT	2,440	2,270	7.5	2,930	-16.7	11,710	10,060	16.4
<b>EPS</b>	<b>1.9</b>	<b>1.8</b>	<b>7.5</b>	<b>2.27</b>	<b>-16.7</b>	<b>8.6</b>	<b>7.8</b>	<b>9.8</b>

Source: Company; IDBI Capital Research

**Exhibit 4: Actual vs. Estimates**

(Rs mn)

Particulars	Actual	IDBI Estimate	% variation IDBI
Revenue	20,120	17,509	14.9
EBITDA	3,190	3,082	3.5
Margin (%)	15.9	17.6	
PAT	2,460	2,204	11.6

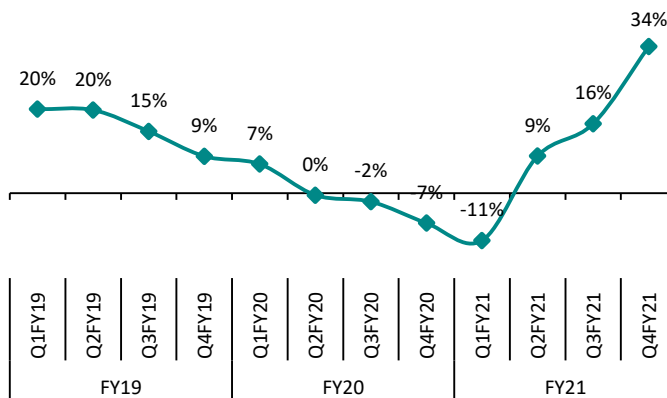
Source: Company; IDBI Capital Research

**Exhibit 5: Change in estimates**

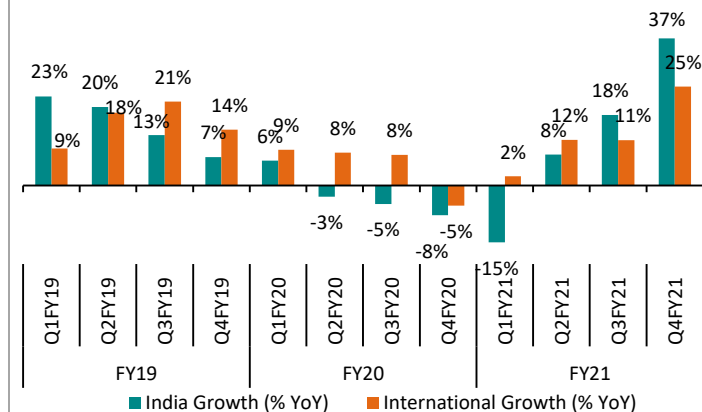
	FY22E			FY23E		
	New	Old	(%) Chg	New	Old	(%) Chg
Revenue (Rs mn)	88,343	86,203	2.5	97,886	95,619	2.4
EBITDA (Rs mn)	17,127	17,393	-1.5	19,840	19,230	3.2
EBITDA margin (%)	19.4%	20.2%		20.3%	20.1%	
Net profit (Rs mn)	12,565	12,768	-1.6	14,497	14,019	3.4
EPS (Rs)	9.7	9.9	-1.6	11.2	10.9	3.4

Source: Company; IDBI Capital Research

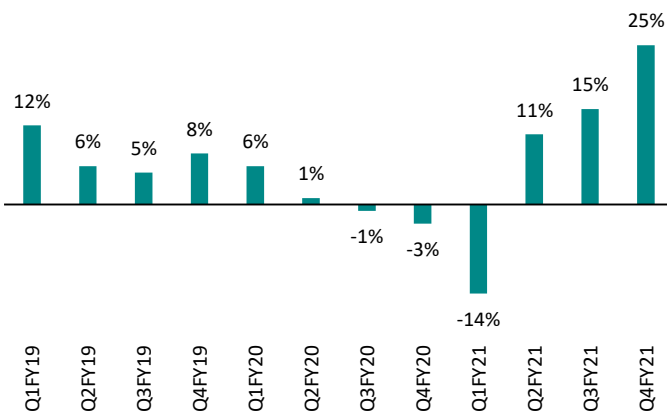


**Exhibit 6: Revenue growth trend (% YoY)**


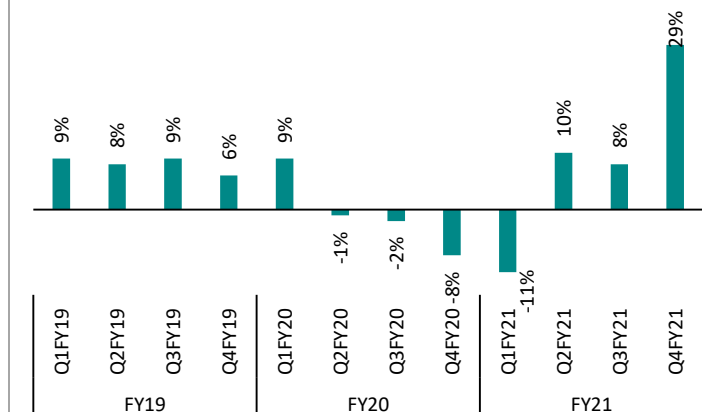
Source: Company; IDBI Capital Research

**Exhibit 7: Domestic & International Revenue growth**


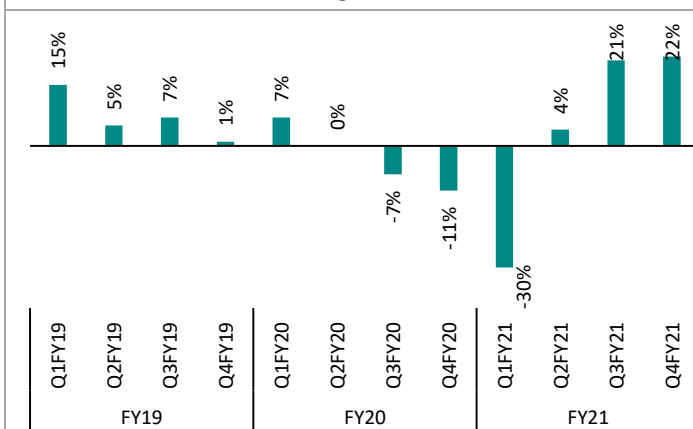
Source: Company; IDBI Capital Research

**Exhibit 8: Domestic Volume growth (%)**


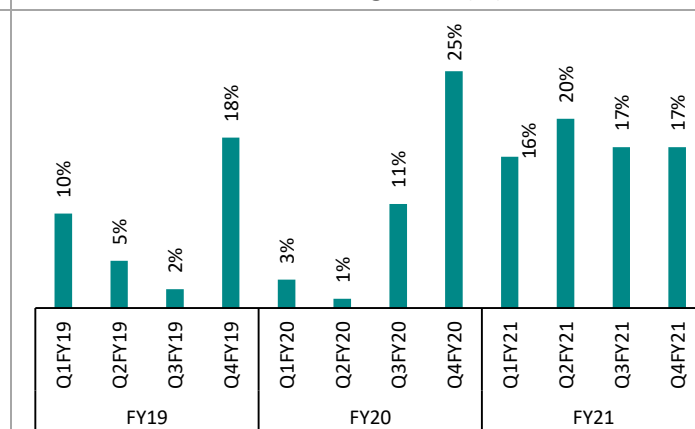
Source: Company; IDBI Capital Research

**Exhibit 9: Coconut oil volume growth (%)**


Source: Company; IDBI Capital Research

**Exhibit 10: VAHO Volume growth (%)**


Source: Company; IDBI Capital Research

**Exhibit 11: Saffola edible oil growth (%)**


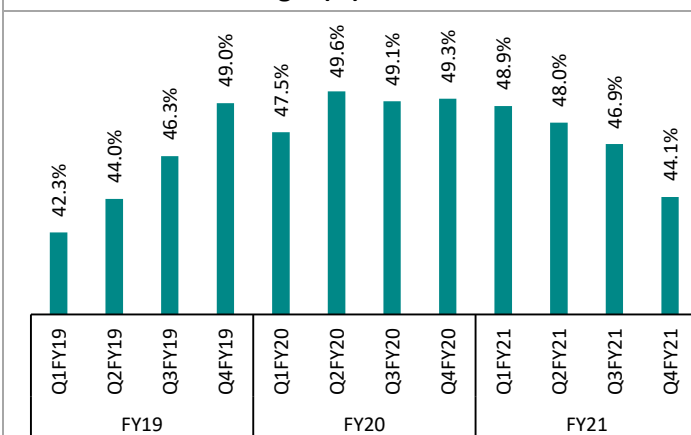
Source: Company; IDBI Capital Research

**Exhibit 12: Market share trend in key categories**

Market share trends in Key categories	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Coconut oil	59	59	60	60	61	62	62	62	62	61
Saffola-Super premium ROCP	72	73	73	75	76	76	77	77	76	81
VAHO	34	34	34	35	35	35	36	36	35	37
Saffola Oats	29	29	30	31	32	33	34	34	33	38
Post wash leave on serum	76	75	63	64	65	65	65	65	65	63
Hair gels/wax/creams	61	60	60	60	59	59	59	59	59	57

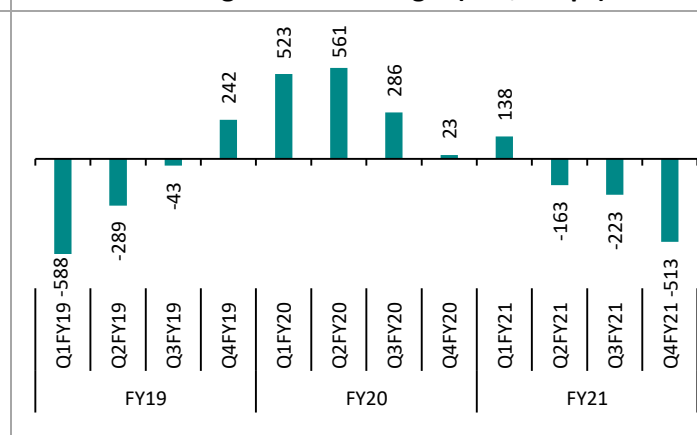
Source: Company; IDBI Capital Research

**Exhibit 13: Gross Margin (%)**



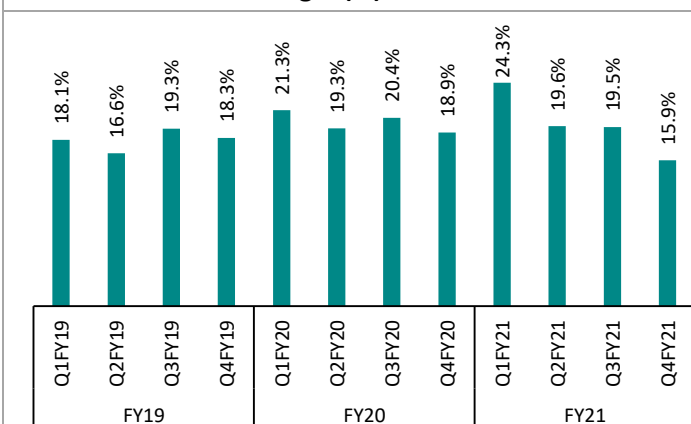
Source: Company; IDBI Capital Research

**Exhibit 14: Change in Gross Margin (YoY, in bps)**



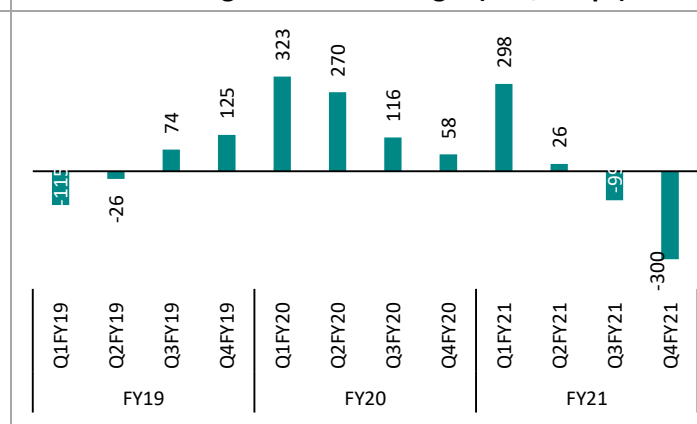
Source: Company; IDBI Capital Research

**Exhibit 15: EBITDA Margin (%)**

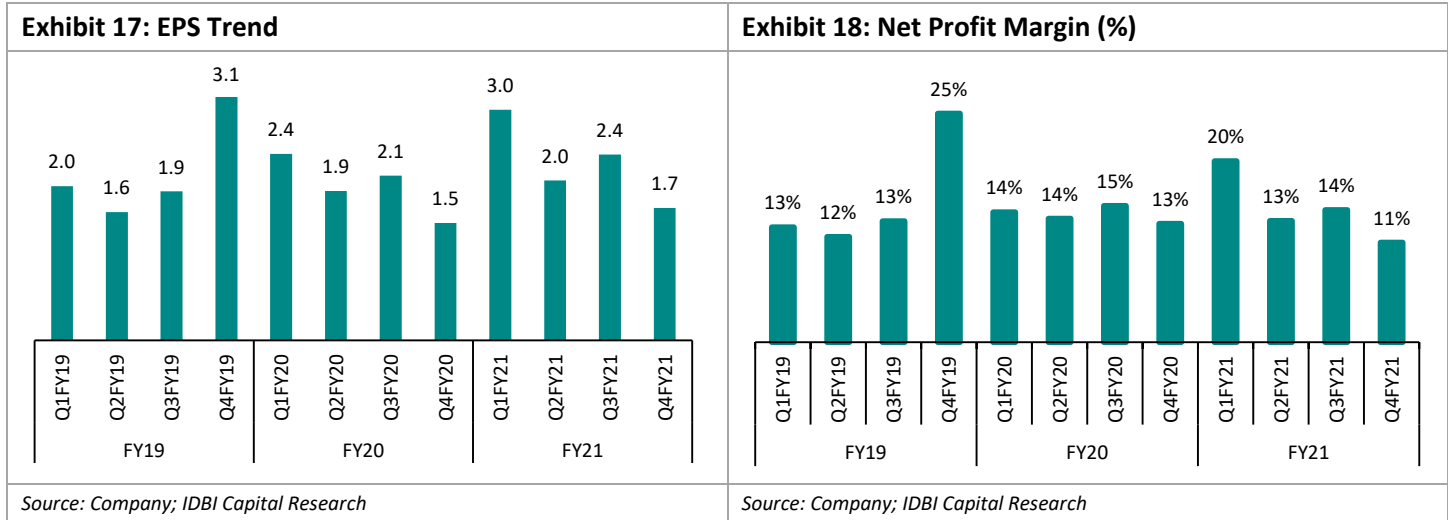


Source: Company; IDBI Capital Research

**Exhibit 16: Change in EBITDA Margin (YoY, in bps)**



Source: Company; IDBI Capital Research



## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
<b>Net sales</b>	<b>73,150</b>	80,480	88,343	97,886
<i>Growth (%)</i>	<i>(0.3)</i>	10.0	9.8	10.8
Operating expenses	(58,460)	(64,600)	(71,216)	(78,046)
<b>EBITDA</b>	<b>14,690</b>	<b>15,880</b>	<b>17,127</b>	<b>19,840</b>
<i>Growth (%)</i>	<i>10.8</i>	8.1	7.9	15.8
Depreciation	(1,400)	(1,390)	(1,481)	(1,677)
<b>EBIT</b>	<b>13,290</b>	<b>14,490</b>	<b>15,646</b>	<b>18,162</b>
Interest paid	(500)	(340)	(340)	(340)
Other income	1,240	990	1,314	1,353
<b>Pre-tax profit</b>	<b>14,030</b>	<b>15,140</b>	<b>16,620</b>	<b>19,176</b>
Tax	(3,310)	(3,240)	(3,740)	(4,315)
<i>Effective tax rate (%)</i>	<i>23.6</i>	21.4	22.5	22.5
Minority Interest	(220.0)	(310.0)	(315.8)	(364.4)
<b>Net profit</b>	<b>10,500</b>	<b>11,590</b>	<b>12,565</b>	<b>14,497</b>
Exceptional items	290	(120)	-	-
<b>Adjusted net profit</b>	<b>10,210</b>	<b>11,710</b>	<b>12,565</b>	<b>14,497</b>
<i>Growth (%)</i>	<i>(8.4)</i>	14.7	7.3	15.4
<i>Shares o/s (mn nos)</i>	1,290	1,290	1,290	1,290

### Cash Flow Statement

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Pre-tax profit	13,740	15,260	16,620	19,176
Depreciation	1,500	1,390	1,481	1,677
Tax paid	(2,890)	(2,850)	(3,740)	(4,315)
Chg in working capital	470	5,830	(371)	(271)
Other operating activities	(640)	1,910	340	(900)
<b>Cash flow from operations (a)</b>	<b>12,180</b>	<b>21,540</b>	<b>14,330</b>	<b>15,368</b>
Capital expenditure	(1,940)	(1,420)	(1,541)	(1,786)
Chg in investments	770	(7,960)	1,040	-
Other investing activities	730	-	-	-
<b>Cash flow from investing (b)</b>	<b>(440)</b>	<b>(9,380)</b>	<b>(501)</b>	<b>(1,786)</b>
Equity raised/(repaid)	-	60	-	-
Debt raised/(repaid)	(150)	-	-	-
Dividend (incl. tax)	(10,250)	(9,680)	(8,708)	(10,148)
Chg in minorities	-	-	-	-
Other financing activities	(1,060)	(1,570)	(656)	(704)
<b>Cash flow from financing (c)</b>	<b>(11,460)</b>	<b>(11,190)</b>	<b>(9,363)</b>	<b>(10,852)</b>
<b>Net chg in cash (a+b+c)</b>	<b>280</b>	<b>970</b>	<b>4,465</b>	<b>2,730</b>

**Balance Sheet**

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Net fixed assets	12,910	16,360	16,421	16,529
Investments	1,220	2,260	1,220	1,220
Other non-curr assets	4,070	3,120	3,120	3,120
<b>Current assets</b>	<b>31,820</b>	<b>33,360</b>	<b>39,304</b>	<b>44,890</b>
Inventories	13,800	11,260	12,360	13,695
Sundry Debtors	5,390	3,880	4,259	4,719
Cash and Bank	2,790	9,440	13,905	16,635
Marketable Securities	-	-	-	-
Loans and advances	-	-	-	-
<b>Total assets</b>	<b>50,020</b>	<b>55,100</b>	<b>60,065</b>	<b>65,759</b>
<b>Shareholders' funds</b>	<b>30,230</b>	<b>32,400</b>	<b>36,257</b>	<b>40,606</b>
Share capital	1,290	1,290	1,290	1,290
Reserves & surplus	28,940	31,110	34,967	39,316
<b>Total Debt</b>	<b>3,350</b>	<b>3,480</b>	<b>3,480</b>	<b>3,480</b>
Secured loans	3,350	3,480	3,480	3,480
Unsecured loans	-	-	-	-
Other liabilities	1,710	2,310	2,310	2,310
<b>Curr Liab &amp; prov</b>	<b>14,600</b>	<b>16,730</b>	<b>17,838</b>	<b>19,183</b>
Current liabilities	14,020	16,530	17,638	18,983
Provisions	580	200	200	200
<b>Total liabilities</b>	<b>19,660</b>	<b>22,520</b>	<b>23,628</b>	<b>24,973</b>
<b>Total equity &amp; liabilities</b>	<b>50,020</b>	<b>55,100</b>	<b>60,065</b>	<b>65,759</b>
<b>Book Value (Rs)</b>	<b>23</b>	<b>25</b>	<b>28</b>	<b>31</b>

Source: Company; IDBI Capital Research

**Financial Ratios**

Year-end: March	FY20	FY21	FY22E	FY23E
Adj. EPS (Rs)	7.9	9.1	9.7	11.2
Adj. EPS growth (%)	(8.4)	14.7	7.3	15.4
EBITDA margin (%)	20.1	19.7	19.4	20.3
Pre-tax margin (%)	19.2	18.8	18.8	19.6
ROE (%)	34.0	37.4	36.6	37.7
ROCE (%)	37.6	39.3	38.8	40.9
<b>Turnover &amp; Leverage ratios (x)</b>				
Asset turnover (x)	1.5	1.5	1.5	1.6
Leverage factor (x)	1.7	1.7	1.7	1.6
Net margin (%)	14.0	14.6	14.2	14.8
Net Debt/Equity (x)	0.0	(0.2)	(0.3)	(0.3)
<b>Working Capital &amp; Liquidity ratio</b>				
Inventory days	69	51	51	51
Receivable days	27	18	18	18
Payable days	61	64	64	65

**Valuation**

Year-end: March	FY20	FY21E	FY22E	FY23E
P/E (x)	52.0	45.4	42.3	36.6
Price / Book value (x)	17.6	16.4	14.7	13.1
PCE (x)	45.8	40.6	37.8	32.8
EV / Net sales (x)	7.3	6.5	5.9	5.3
EV / EBITDA (x)	36.2	33.1	30.4	26.1
Dividend Yield (%)	1.9	1.8	1.6	1.9



# Notes

Dealing	(91-22) 6836 1111	dealing@idbicapital.com
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**Key to Ratings Stocks:**

**BUY:** Absolute return of 15% and above; **ACCUMULATE:** 5% to 15%; **HOLD:** Upto  $\pm 5\%$ ; **REDUCE:** -5% to -15%; **SELL:** -15% and below.

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