

Emami Limited

Delayed winter influenced weak Q3FY20 performance

Emami's Q3FY20 results were below our estimates. Consol. revenue and adj. PAT grew 0.2% each yet EBITDA declined 1.0% YoY. Domestic volume/ value declined 2% each, while international business grew healthy at 18%, led by Crème 21. Remarkably non-winter portfolio (60% of sales) grew 10% volume and 13% in value while winter portfolio declined 13% YoY led by Boroplus (-12%) and Fair and Handsome (-39%). The management called out muted revenues stemmed from a) weak rural demand b) slower recovery in wholesale c) persistent liquidity challenges faced by trade partners and d) delayed winter affecting off-take. Various brand initiatives implemented by the management reflected in volume growth for Kesh king, Navratna oil and 7-oils-in-one in Q3 yet Fair & handsome revival is underway. Benign input prices helped gross margin improvement (+124bps) resulting in EBITDA margin at 32.5%, while Adj. PAT remained flat YoY. Further management clarified on 100% divestment of cement business, stating its plan to reduce promoter's pledge (current 70.3%) substantially in next few months. We retained our Buy rating with DCF-based target price of Rs400 (implying 23.2x FY22E EPS).

Non-winter portfolio grew healthy, while winter portfolio declined sharply

In Q3, its 60% portfolio consisting non-winter products grew healthy at 10% volume and 13% value, while winter portfolio and male grooming range declined 13% due to unfavourable season and delayed winters. The revenue growth led by Kesh king (+18%), Pain management (+13%), Navratna oil (+11%), 7-oils-in-one (+66%), Health care (+4%), Boroplus (-12%) and Fair & Handsome (-39%). We believe persistent channel liquidity issues, and weak rural demand impacted winter product off-take, though channel inventory is reduced in January. Besides, its heavy investment in ad-spend (17% of sales) supported sharp recovery in non-winter brands.

Many growth drivers ahead

We believe Emami's underperformance in the last few years has not been triggered by competition, rather, to internal challenges and own issues. Further, to reduce seasonality effect, it has taken many category initiatives by hiring BCG consultant in reviving Kesh king hair oil, now working on Fair & Handsome, and expanding direct reach (~1mn outlets). This could lead to better results in Q4FY20 in our view. Further, the international business (13% sales) is on track, delivering 15%+ revenue growth led by acquired brand Creme21.

Stable raw material prices could inch-up margins; brand investment may step up

Subdued menthol and packaging material prices drove gross margins in Q3, yet management is confident in maintaining its margin profile, could improve with rising revenues growth. Moreover, falling prices of crude derivatives (packaging material, LLP) could be a cushion in our view. Nonetheless, we expect Emami to use these gains to invest more in brand building.

Valuation comfort, reduction in promoters pledge restrict downside

Rapid macro-economic (rural), as well as wholesale channel recovery, and a favourable summer could lead to a rebound in its business. Besides, clarity on 100% divestment of cement business and reduction in promoter pledge (70.3% to ~20-25% in Q1FY21) should clear the overhang on the stock. Given the fair visibility on demand recovery and valuation comfort, we retain our Buy rating with DCF-based target of Rs400 (implying 23.2x FY22E EPS). Key risks – delayed recovery in economy, erratic seasonality, expensive acquisition and delay in reduction of promoter pledge.

Financial and valuation summary

| YE Mar (Rs mn) | Q3FY20 | Q3FY19* | YoY (%) | Q2FY20 | QoQ (%) | FY20E | FY21E | FY22E |
|--------------------|--------|---------|---------|--------|---------|--------|--------|--------|
| Revenue | 8,126 | 8,109 | 0.2 | 6,601 | 23.1 | 28,225 | 30,953 | 34,023 |
| EBITDA | 2,640 | 2,666 | (1.0) | 1,930 | 36.8 | 7,897 | 8,973 | 10,024 |
| EBITDA margin (%) | 32.5 | 32.9 | -39 bps | 29.2 | 325 bps | 28.0 | 29.0 | 29.5 |
| Adj. PAT | 1,477 | 1,473 | 0.2 | 960 | 53.9 | 5,918 | 6,805 | 7,800 |
| Diluted EPS (Rs) | 3.3 | 3.2 | 0.2 | 2.1 | 53.9 | 13.0 | 15.0 | 17.2 |
| PE (x) | | | | | | 22.9 | 19.9 | 17.4 |
| EV/EBITDA (x) | | | | | | 17.1 | 15.0 | 13.4 |
| Dividend yield (%) | | | | | | 1.5 | 1.7 | 2.0 |
| RoE (%) | | | | | | 27.5 | 28.6 | 28.4 |

Source: Company, Centrum Research estimates, *reported restated numbers by Company giving IND AS 116 impact

Please see Appendix for analyst certifications and all other important disclosures.

Result Update

India I consumer

07 February 2020

Institutional Research

Buy

TP: Rs400

CMP: Rs300

Forecast Return: 33%

Market Data

| | |
|-----------------------|-----------|
| Bloomberg: | HMN IN |
| 52 week H/L: | 418/246 |
| Market cap: | Rs136.3bn |
| Shares outstanding: | 453.9mn |
| Free float: | 47.3 |
| Avg. daily vol. 3mth: | 441187 |

Source: Bloomberg

HMN relative to Nifty Midcap 100



Source: Bloomberg

Shareholding pattern

| | Dec-19 | Sep-19 | Jun-19 | Mar-19 |
|------------|--------|--------|--------|--------|
| Promoter | 52.7 | 52.7 | 52.7 | 62.7 |
| FIIs | 10.4 | 11.7 | 11.9 | 11.3 |
| DIIs | 24.9 | 21.6 | 20.9 | 13.2 |
| Public/oth | 12.0 | 13.9 | 14.5 | 12.7 |

Source: BSE



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The Consumer Team

Thesis Snapshot

Estimate revisions

| YE Mar (Rs mn) | FY20E New | FY20E Old | % chg | FY21E New | FY21E Old | % chg |
|-------------------|--------------|--------------|-------|--------------|--------------|-------|
| Revenue | 28,225 | 28,225 | - | 30,953 | 30,953 | - |
| EBITDA | 7,897 | 7,897 | - | 8,973 | 8,973 | - |
| EBITDA margin (%) | 28.0 | 28.0 | 0 bps | 29.0 | 29.0 | 0 bps |
| Adj. PAT | 5,918 | 5,918 | - | 6,805 | 6,805 | - |
| Diluted EPS (Rs) | 13.0 | 13.0 | - | 15.0 | 15.0 | - |

Source: Centrum Research estimates

Centrum estimates vs Actual results

| YE Mar (Rs mn) | Centrum Q3FY20 | Actual Q3FY20 | Variance (%) |
|----------------|-------------------|------------------|-----------------|
| Revenue | 8,255 | 8,126 | (1.6) |
| EBITDA | 2,609 | 2,640 | 1.2 |
| EBITDA margin | 31.6 | 32.5 | 89 bps |
| Adj. PAT | 1,578 | 1,477 | (6.4) |

Source: Centrum Research estimates

HMN versus Nifty Midcap 100

| | 1m | 6m | 1 year |
|------------------|-------|-------|--------|
| HMN IN | (0.6) | (2.8) | (24.5) |
| Nifty Midcap 100 | 7.9 | 17.1 | 9.0 |

Source: Bloomberg, NSE

Key assumptions

| Rsm | FY20E | FY21E | FY22E |
|-------------------|-------|-------|-------|
| Volume growth | 3.5 | 5.0 | 7.5 |
| Price/ Mix Growth | 1.3 | 1.2 | 2.2 |

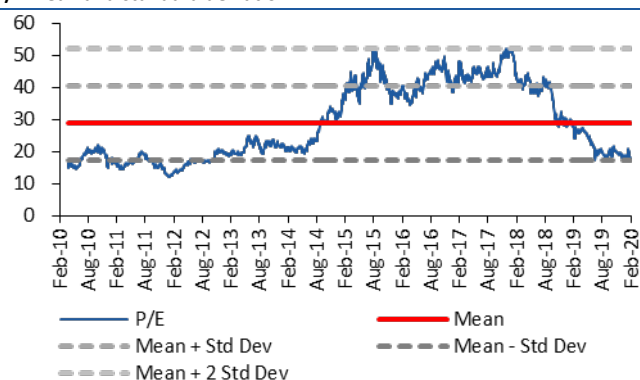
Source: Centrum Research estimates

Valuations

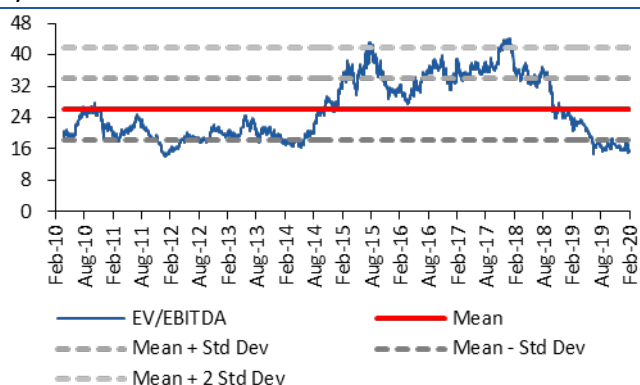
Rapid macro-economic (rural), as well as wholesale channel recovery, and a favourable summer could lead to a rebound in its business. Besides, clarity on 100% divestment of cement business and reduction in promoter pledge (70.3% to ~20-25% in Q1FY21) should clear the overhang on the stock. Given the fair visibility on demand recovery and valuation comfort, we retain our Buy rating with DCF-based target of Rs400 (implying 23.2x FY22E EPS). Key risks –delayed recovery in economy, erratic seasonality, expensive acquisition and delay in reduction of promoter pledge.

| Valuations | Rs/share |
|-----------------------------|----------|
| DCF-based target price (Rs) | 400 |
| WACC (%) | 12.5 |
| Terminal growth (%) | 5.5 |

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Research estimates

Peer comparison

| Company | Mkt Cap Rs bn* | CAGR FY19-FY21E (%) | | | PE (x) | | | EV/EBITDA (x) | | | RoE (%) | | |
|-------------------|-------------------|---------------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|
| | | Sales | EBIDTA | PAT | FY19 | FY20E | FY21E | FY19 | FY20E | FY21E | FY19 | FY20E | FY21E |
| HUL | 4,676.0 | 6.8 | 14.0 | 14.4 | 74.7 | 63.2 | 57.1 | 53.4 | 44.9 | 40.8 | 85.0 | 89.3 | 85.2 |
| Dabur | 906.5 | 9.0 | 14.3 | 10.9 | 59.0 | 53.9 | 47.9 | 54.4 | 46.4 | 40.7 | 27.1 | 27.6 | 26.5 |
| Britannia | 781.3 | 11.1 | 15.2 | 22.3 | 33.9 | 53.9 | 45.4 | 44.7 | 38.2 | 32.8 | 30.1 | 29.7 | 28.8 |
| Colgate-Palmolive | 372.6 | 5.9 | 4.4 | 10.5 | 50.0 | 44.1 | 40.9 | 29.9 | 29.5 | 27.1 | 51.1 | 55.5 | 55.4 |
| Emami | 135.7 | 7.9 | 13.9 | 10.7 | 24.5 | 22.9 | 19.9 | 19.5 | 17.0 | 15.0 | 27.1 | 27.5 | 28.6 |
| Bajaj consumer | 32.5 | 10.0 | 12.8 | 13.9 | 14.7 | 13.2 | 11.3 | 22.3 | 11.0 | 9.6 | 46.0 | 53.8 | 64.2 |

Source: Company, Centrum Research, * as on 7 February 2020

Fig 1: Key concall takes and Metrics

| Centrum Quarterly Monitor | Q3FY20 | Our Comments |
|----------------------------------|---|---|
| Demand Environment | Management has highlighted sluggishness in the overall demand environment and continuing liquidity issues in wholesale channel. | We believe that a delayed winter season and no revival in wholesale channel has been the key factor for the sluggish demand for the winter portfolio. |
| Outlook and guidance | With the continuing government impetus management is hopeful of a quick recovery in demand. Management expects ~15% growth in international business. | Cyclical recovery in the economy, mid double digit growth in international business (lead by Crème 21) and a low base is likely to drive high single digit growth for Emami going ahead. |
| Key Interventions | (1) Increase in advertising spends to 17% of sales. (2) Price cuts on Fair and Handsome. (3) Launch of new <i>Navratna Garam Ayurvedic</i> Oil and 600ml SKU of Kesh King. | We see Emami's efforts to increase penetration through LUP and focused approach on reviving declining categories positively for bringing back growth. |
| On Margins and Exceptional Items | APAT came flat at 1.47bn in spite of flat revenue growth and EBITDA margin contraction, due to the increase in net interest income. | EBITDA margin contracted -39bps due to 31.6%, led by higher advt. expenses at 17% of sales and 7.1% growth in employee cost. With intervention to drive growth we see A&P expense to be maintained at this level till for gaining further market share. |
| Pledge | Management clarified on 100% divestment of cement business, stating its plan to reduce promoter's pledge (current 70.3%) substantially in next few months. | Clarity on 100% divestment of cement business and reduction in promoter pledge (70.3% to ~20-25% in Q1FY21) should clear the overhang on the stock. |

Source: Company, Centrum Research

Conference Call Highlights

Overall Market Outlook and Company Growth

- Management has stated sluggishness in the overall demand environment, however, it is optimistic that the government impetus will revive demand in near future.
- Flat revenue growth from operations in Q3FY20 with a 1% decline in volume, however portfolio excluding winter portfolio and male grooming business grew 10% (13% volume growth).
- Winter portfolio which has a 35% share in Q3FY20 declined 13%.
- International Business- grew 18% led by continued growth in crème 21. Management has guided for ~15% growth in international business going ahead.
- MT channel grew 15% & CSD registered a 7% growth.

Promoter Pledge

- Emami group struck a deal with for sale of its cement business for Rs.55bn and sale of its hospital in Bhubhneswar (Odisha) for undisclosed amount.
- Off the Rs.55bn inflow, ~Rs.22.0 bn will be utilized for payment of debt, ~Rs. 8.0 bn will be reserved for payment of taxes & other expenses and the balance Rs. 25.0bn will be used to release promoter pledge. The company is awaiting CCI and other regulatory approvals which shall be expected to conclude by May/June 2020.
- Promoters will create an additional pledge of ~8% in favour of NUVCO as a guarantee towards the warranties provided by Emami Cement.
- On a net level, the promoter pledge shall come down to ~25%.

Brand/Category-Wise Commentary

- Pain Management- Double digit growth of 13% seen during the quarter leading to a 55.3% volume market share (up 80bps).
- Navratna- grew 11% maintaining market leadership of 66.5%. Navratna Garam Ayurvedic Oil launched across north, east and west zone.
- Kesh King- reported growth of 18% (15% Oils and 30% shampoo growth) Q3FY20 with 27.5% volume market share (up 27.5%). Company launched a 600ml SKU in MT and ecommerce.
- 7in1 Oil- grey 66%. It is a 1bn brand with c.7bn coming from international business.
- Boroplus- Preloading in Q2FY20 and a delayed winter lead to 12% decline during the quarter.
- Male grooming- Declined 39%. The company has taken price reduction on the products and expects further actions to yield results in Q1FY21.
- Healthcare Range- which is dominated by Pancharishta (60% saliency) saw a 4% growth during the quarter. Pancharishta's decline of 18% during H1HY20 has been arrested with the product registering a 3% growth in Q3FY20.

Margin

- Gross margin expansion of 124bps due to benign raw material prices linked to crude oil.
- EBITDA margin contracted -39bps due to 31.6%, led by higher advt. expenses at 17% of sales and 7.1% growth in employee cost.
- APAT came flat at 1.47bn in spite of flat revenue growth and EBITDA margin contraction, due to the increase in net interest income.

Fig 2: Region wise sales breakup

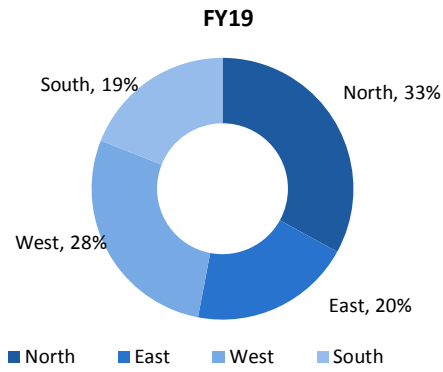


Fig 3: Revenue contribution from international operations

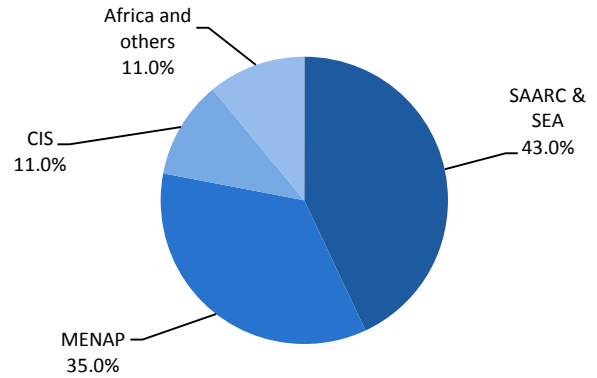


Fig 4: Distribution Strength

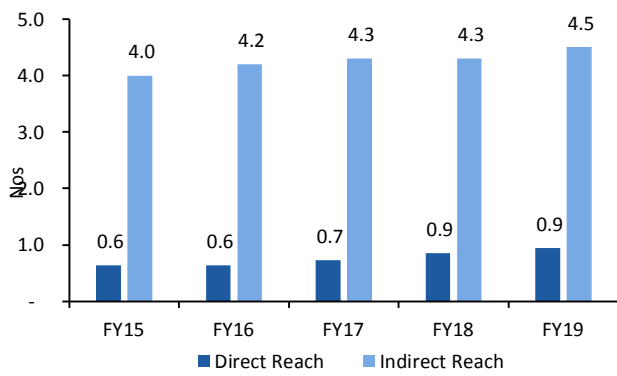
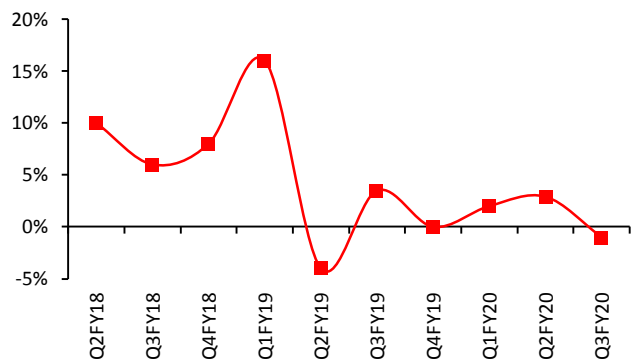


Fig 5: Cons. Volume Growth



Source: Company

Fig 6: Quarterly Financials - Consolidated

| Particulars (Rs mn) | Q4FY18 | Q1FY19 | Q2FY19 | Q3FY19 | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales | 6,170 | 6,144 | 6,282 | 8,109 | 6,396 | 6,486 | 6,601 | 8,126 |
| Accretion to Stocks in trade & work in progress | (194) | (83) | (333) | 387 | (99) | 235 | (260) | 406 |
| Raw Material Consumed | 1,813 | 1,723 | 2,029 | 2,014 | 2,031 | 1,628 | 2,001 | 2,012 |
| Purchase of Stock-in-Trade | 530 | 433 | 277 | 276 | 576 | 461 | 258 | 164 |
| Employee Expenses | 580 | 704 | 714 | 699 | 681 | 773 | 753 | 749 |
| Other Exp | 721 | 736 | 728 | 776 | 671 | 757 | 870 | 773 |
| Operating Profit (Core EBITDA) | 1,733 | 1,204 | 1,873 | 2,666 | 1,547 | 1,341 | 1,930 | 2,640 |
| Depreciation | 808 | 836 | 815 | 792 | 810 | 837 | 819 | 856 |
| EBIT | 924 | 368 | 1,059 | 1,874 | 737 | 505 | 1,111 | 1,785 |
| Interest | 68 | 46 | 44 | 62 | 62 | 44 | 93 | 49 |
| Other Income | 22 | 50 | 52 | 55 | 173 | 115 | 164 | 156 |
| Other Excep. Items (restructuring, asset sales etc) | | | | | | | | |
| Profit Before Tax | 878 | 373 | 1,067 | 1,867 | 848 | 576 | 1,182 | 1,891 |
| Tax | 270 | 103 | 240 | 386 | 280 | 177 | 211 | 398 |
| Tax rate (%) | 30.7 | 27.7 | 22.5 | 20.7 | 33.0 | 30.7 | 17.9 | 21.1 |
| Profit After Tax | 989 | 344 | 821 | 1,182 | 534 | (132) | 903 | 1,228 |
| Adjusted PAT | 597 | 265 | 824 | 1,473 | 561 | 391 | 960 | 1,477 |
| Growth (%) | | | | | | | | |
| Net Sales | 8.2 | 16.2 | 0.0 | 7.1 | 3.7 | 5.6 | 5.1 | 0.2 |
| EBITDA | (2.7) | 50.2 | (7.0) | 0.7 | (10.7) | 11.4 | 3.0 | (1.0) |
| Adj. PAT | (28.3) | 2873.0 | (16.4) | 0.2 | (6.1) | 47.8 | 16.4 | 0.2 |
| Margin (%) | | | | | | | | |
| Gross Margin | 65.2 | 66.3 | 68.6 | 67.0 | 60.8 | 64.2 | 69.7 | 68.2 |
| EBITDA | 28.1 | 19.6 | 29.8 | 32.9 | 24.2 | 20.7 | 29.2 | 32.5 |
| EBIT | 15.0 | 6.0 | 16.9 | 23.1 | 11.5 | 7.8 | 16.8 | 22.0 |
| PAT | 9.9 | 4.4 | 13.2 | 18.3 | 8.9 | 6.2 | 14.7 | 18.4 |

Source: Company, Centrum Research

| P&L | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| YE March (Rsm) | FY18 | FY19 | FY20E | FY21E | FY22E |
| Revenues | 24,897 | 26,589 | 28,225 | 30,953 | 34,023 |
| Materials cost | 8,098 | 9,230 | 9,465 | 10,077 | 10,966 |
| % of revenues | 32.5 | 34.7 | 33.5 | 32.6 | 32.2 |
| Employee cost | 2,546 | 2,797 | 2,969 | 3,082 | 3,366 |
| % of revenues | 10.2 | 10.5 | 10.5 | 10.0 | 9.9 |
| Advertising Spends | 4,696 | 4,702 | 5,073 | 5,595 | 6,175 |
| % of revenues | 18.9 | 17.7 | 18.0 | 18.1 | 18.1 |
| Others | 2,770 | 2,945 | 2,822 | 3,226 | 3,493 |
| % of revenues | 11.1 | 11.1 | 10.0 | 10.4 | 10.3 |
| EBITDA | 6,786 | 6,915 | 7,897 | 8,973 | 10,024 |
| EBITDA margin (%) | 27.3 | 26.0 | 28.0 | 29.0 | 29.5 |
| Depreciation & Amortisation | 3,109 | 3,253 | 3,444 | 2,272 | 1,859 |
| EBIT | 3,678 | 3,662 | 4,453 | 6,701 | 8,165 |
| Interest expenses | 343 | 214 | 111 | 120 | 132 |
| PBT from operations | 3,335 | 3,448 | 4,342 | 6,581 | 8,033 |
| Other income | 603 | 706 | 565 | 650 | 817 |
| PBT | 3,938 | 4,154 | 4,906 | 7,231 | 8,850 |
| Taxes | 863 | 1,009 | 1,388 | 1,701 | 1,950 |
| Effective tax rate (%) | 21.9% | 24.3% | 28.3% | 23.5% | 22.0% |
| PAT | 3,075 | 3,145 | 3,518 | 5,530 | 6,900 |
| Minority/Associates | (4) | (15) | 0 | 0 | 0 |
| Extraordinary Items | 939 | (249) | 0 | 0 | 0 |
| Reported PAT | 4,010 | 2,881 | 3,518 | 5,530 | 6,900 |
| Adjusted PAT | 5,472 | 5,550 | 5,918 | 6,805 | 7,800 |

| Ratios | | | | | |
|--------------------------------|--------|-------|-------|-------|-------|
| YE March | FY18 | FY19 | FY20E | FY21E | FY22E |
| Growth Ratio (%) | | | | | |
| Revenue | (0.0) | 6.8 | 6.2 | 9.7 | 9.9 |
| EBITDA | (10.3) | 1.9 | 14.2 | 13.6 | 11.7 |
| Adjusted PAT | (8.7) | 1.4 | 6.6 | 15.0 | 14.6 |
| Margin Ratios (%) | | | | | |
| Gross | 67.5 | 65.3 | 66.5 | 67.4 | 67.8 |
| EBITDA | 27.3 | 26.0 | 28.0 | 29.0 | 29.5 |
| PBT from operations | 13.4 | 13.0 | 15.4 | 21.3 | 23.6 |
| Adjusted PAT | 22.0 | 20.9 | 21.0 | 22.0 | 22.9 |
| Return Ratios (%) | | | | | |
| ROE | 29.0 | 27.1 | 27.5 | 28.6 | 28.4 |
| ROCE | 13.5 | 12.3 | 15.9 | 21.4 | 22.6 |
| ROIC | 14.5 | 13.4 | 18.8 | 29.6 | 36.5 |
| Turnover Ratios (days) | | | | | |
| Gross block turnover ratio (x) | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 |
| Debtors | 23 | 30 | 31 | 30 | 28 |
| Inventory | 28 | 30 | 26 | 27 | 27 |
| Creditors | 109 | 115 | 102 | 104 | 102 |
| Wcap | 12 | 41 | 41 | 42 | 42 |
| Solvency Ratio (x) | | | | | |
| Net debt-equity | 0.1 | (0.0) | (0.1) | (0.1) | (0.1) |
| Debt-equity | 0.2 | 0.1 | 0.1 | 0.1 | 0.0 |
| Interest coverage ratio (x) | 11 | 17 | 40 | 56 | 62 |
| Gross debt/EBITDA | 0.5 | 0.2 | 0.1 | 0.1 | 0.1 |
| Per share Ratios (Rs) | | | | | |
| Adjusted EPS | 12.1 | 12.2 | 13.0 | 15.0 | 17.2 |
| BVPS | 44.4 | 45.7 | 49.0 | 56.0 | 65.2 |
| CEPS | 12.9 | 12.2 | 13.9 | 16.1 | 17.9 |
| DPS | 3.5 | 4.0 | 4.5 | 5.2 | 6.0 |
| Dividend payout (% of Adj PAT) | 29.0 | 32.7 | 34.5 | 34.7 | 34.8 |
| Valuation (x)* | | | | | |
| P/E | 24.8 | 24.5 | 22.9 | 19.9 | 17.4 |
| P/BV | 13.1 | 6.5 | 6.1 | 5.3 | 4.6 |
| EV/EBITDA | 20.2 | 19.5 | 17.0 | 15.0 | 13.3 |
| Dividend yield % | 1.2 | 1.3 | 1.5 | 1.7 | 2.0 |

Source: Company, Centrum Research Estimates

| Balance sheet | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| YE March (Rsm) | FY18 | FY19 | FY20E | FY21E | FY22E |
| Equity Share Capital | 227 | 454 | 454 | 454 | 454 |
| Reserves & surplus | 19,909 | 20,307 | 21,784 | 24,952 | 29,140 |
| Shareholders' fund | 20,136 | 20,761 | 22,238 | 25,406 | 29,594 |
| Total Debt (incl. preference shares if any) | 3,259 | 1,099 | 1,166 | 1,279 | 1,406 |
| Def tax liability. (net) | 147 | 160 | 170 | 187 | 205 |
| Minority interest | 6 | (2) | - | - | - |
| Other Non Current Liabilities | 579 | 505 | 501 | 498 | 497 |
| Total Liabilities | 24,127 | 22,523 | 24,073 | 27,368 | 31,700 |
| Gross Block | 26,870 | 28,779 | 30,046 | 31,421 | 32,971 |
| Less: Acc. Depreciation | 8,770 | 11,967 | 15,411 | 17,683 | 19,543 |
| Net Block | 18,100 | 16,812 | 14,635 | 13,738 | 13,428 |
| Capital WIP | 226 | 352 | 345 | 338 | 331 |
| Net Fixed Assets | 18,325 | 17,164 | 14,980 | 14,076 | 13,760 |
| Investments | 1,281 | 79 | 79 | 79 | 79 |
| Inventories | 1,940 | 2,217 | 2,022 | 2,283 | 2,510 |
| Sundry debtors | 1,559 | 2,164 | 2,411 | 2,512 | 2,623 |
| Cash | 795 | 2,034 | 2,564 | 2,772 | 3,457 |
| Loans & Advances | 30 | 47 | 50 | 53 | 56 |
| Other assets | 1,403 | 1,953 | 1,969 | 2,052 | 2,142 |
| Total Current Assets | 7,008 | 8,493 | 9,095 | 9,751 | 10,868 |
| Trade payables | 2,420 | 2,914 | 2,641 | 2,865 | 3,069 |
| Other current Liabilities | 838 | 1,634 | 1,734 | 1,902 | 2,091 |
| Provisions | 622 | 1,153 | 1,224 | 1,343 | 1,476 |
| Net Current Assets | 3,127 | 2,793 | 3,496 | 3,642 | 4,232 |
| Total Assets | 24,127 | 22,523 | 24,073 | 27,368 | 31,700 |

| Cash flow | | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| YE March (Rsm) | FY18 | FY19 | FY20E | FY21E | FY22E |
| Op profit before WC changes | 7,300 | 7,204 | 7,897 | 8,973 | 10,024 |
| Trade and other receivables | (571) | (620) | (248) | (101) | (111) |
| Trade payables | 846 | 497 | (273) | 224 | 204 |
| Net change - WC | (612) | (739) | (199) | 24 | 53 |
| Direct Taxes | (809) | (927) | (1,388) | (1,701) | (1,950) |
| Cash flow from operations | 5,878 | 5,537 | 6,309 | 7,296 | 8,128 |
| Net Capex | (1,237) | (1,392) | (1,260) | (1,369) | (1,543) |
| Long term Investments | (2,278) | 945 | (3,000) | (4,000) | (4,000) |
| Others | 724 | 213 | 565 | 650 | 817 |
| CF from investing activities | (2,791) | (234) | (3,695) | (4,719) | (4,726) |
| FCF | 5,455 | 5,136 | 5,050 | 5,927 | 6,585 |
| Issue of share capital | - | - | - | - | - |
| Increase/(decrease) in debt | (1,470) | (2,160) | 68 | 113 | 127 |
| Dividend | (1,423) | (1,902) | (2,041) | (2,362) | (2,711) |
| Cash flow from financing | (3,237) | (4,277) | (2,085) | (2,369) | (2,716) |
| Net change in cash | (122) | 1,003 | 529 | 208 | 685 |

Source: Company, Centrum Research Estimates

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Source: Bloomberg

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