

Hindustan Unilever

BSE SENSEX

39,616

S&P CNX

11,871

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Hindustan Unilever Limited

Stock Info

Bloomberg	HUVR IN
Equity Shares (m)	2,165
M.Cap.(INRb)/(USD\$)	3965 / 57
52-Week Range (INR)	1871 / 1478
1, 6, 12 Rel. Per (%)	4/-11/3
12M Avg Val (INR M)	2718
Free float (%)	32.8

Financials Snapshot (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	382.2	429.0	488.7
EBITDA(INR b)	86.4	99.3	117.6
Net Profit	62.6	71.6	85.4
EPS	28.9	33.1	39.4
EPS Gr. (%)	18.2	14.3	19.2
BV/Sh. (INR)	35.4	38.0	41.0
P/E (x)	63.3	55.4	46.5
P/BV (x)	51.8	48.1	44.7
RoE (%)	85.0	90.1	99.8
RoCE (%)	119.1	128.2	141.9

Shareholding pattern (%)

As On	Mar-19	Dec-18	Mar-18
Promoter	67.2	67.2	67.2
DII	7.0	7.4	6.9
FII	11.8	12.0	12.6
Others	14.0	13.4	13.4

FII Includes depository receipts

CMP: INR1,832 TP: INR2,070(+13%)
Buy

Purpose-led, future-fit, high multiples to remain

We attended Hindustan Unilever's (HUVR) Annual Investor Meet 2019. Key highlights:

- **'Companies with a purpose last; brands with a purpose grow and people with purpose thrive'** — Management summed up the key to its continued success.
- **The decentralization of strategy** to a customized level by regional teams (with guardrails provided by top management) is aiding flexibility (exemplified by the WIMI strategy), and also freeing up top management time to 'focus on longer-term goals, manage disruption, explore inorganic growth opportunities, and land bigger and faster innovation (speed-to-market up 40% in recent years).
- **Management places primacy on data and analytics**; it said, 'Along with the traditional strengths of brands and people, data is now its third key strength'. Further updates were provided on the data-analytics-execution chain that was first discussed last year. Subsequent to recent improvements, this activity is not only superior to FMCG peers in India but also better than many Unilever businesses worldwide, even those in some developed markets.
- **Emphasis by management on recent inorganic acquisitions** like *Indulekha*, *Adityaa* Ice Cream and *Glaxo Consumer* (and the initial success of the first two acquisitions), makes us believe that management's appetite for acquisitions as a growth medium is whetted and is likely to be a key component of growth.
- **HUVR's sustainability efforts for the larger good**: The company has saved >7000b liters water and created water potential in over 5,000 villages, employed over 100k women Shakti entrepreneurs across 18 states, and reused 23,000t of plastic in 2018 — all through the Hindustan Unilever Foundation.
- **Valuation and view**: HUVR is likely to continue outperforming on the volumes front v/s smaller players. Compared to the past, four key trends can drive an elevated earnings growth trajectory: (1) rapidly improving adaptability to market requirements, (2) recognition and strong execution on Naturals and other evolving categories, (3) continuous strong premiumization trend, and (4) extensive employment of technology, creating further entry barriers. Notably, if we incorporate the GSKCH merger (no date clarity yet) in our estimates, it will result in a 10-12% addition to EPS in FY21 which means that the stock is trading closer to 41x FY21 EPS (v/s over 46x it appears currently). We believe that its premium valuations should stay given the company's best earnings growth visibility in the large-cap Indian consumer space and by far the highest return ratios. On a target multiple of 50x Jun'21 EPS, we derive a TP of INR2,070. Maintain **Buy**.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

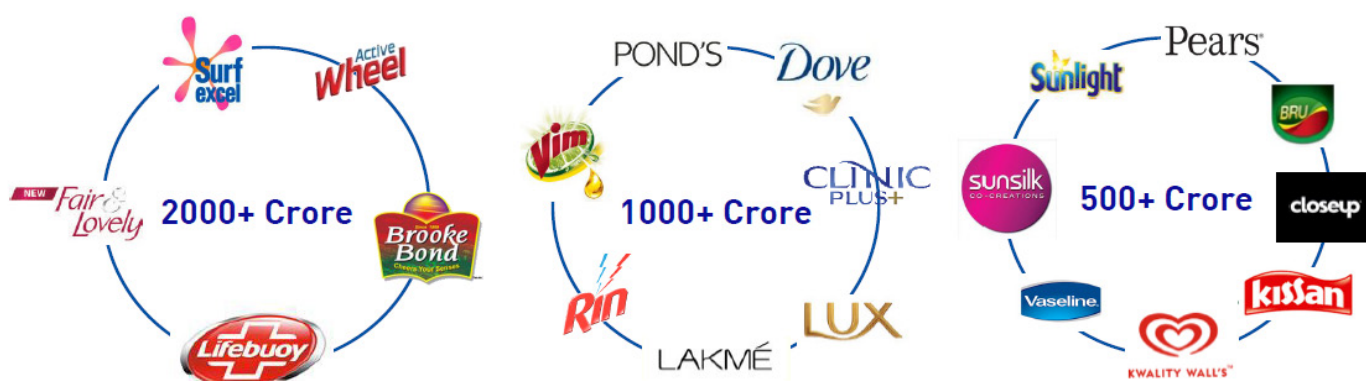
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Key highlights from presentations:

Mr. Sanjiv Mehta's presentation on Re-imagining HUL

- The journey over the last 10 years has been spectacular with 2.3x growth in topline and +740bp delta in EBITDA margin. HUVR has now crossed market capitalization of INR3,700b and is about to reach INR4t market cap.

Exhibit 1: Currently, HUVR has five brands over INR20b in value; seven brands over INR10b and <INR20b value; and another eight brands over INR5b and <INR10b value



Source: Company, MOFSL

- During this journey, HUVR has had some outstanding performers specifically in the last six years (Mr. Sanjiv Mehta's tenure).
 - Hair care has seen consistent growth with CAGR of 11% over FY13-19 with market share improvement of ~560bp. Dove launched in 2007, is now the biggest hair care brand in India.
 - Color Cosmetics has seen a growth of 15% CAGR over the same period driven by innovation with around 150 SKU launched in the category every year on an average. Lakme is the biggest cosmetics brand in India.
 - Laundry has seen a slightly lower growth of 10% CAGR (still good for a highly penetrated category with HUVR's growth strongly led by the WIMI strategy) over FY13-19 but the profitability of the category has increased 3.6x over this period with company's clear focus on premiumization.
 - Tea is one category, which has seen the clear benefit of HUVR's WIMI strategy and has delivered a growth of 10% CAGR over FY13-19. HUVR is the market leader (regained leader ship few years back) in the category with ~230bp improvement over the same period.

Exhibit 2: Business performance in FY19

Segments	Strong brands	Net sales growth	Operating margins* (%)	YoY margins improvement#
Beauty & Personal Care	7 brands with turnover > 10b	Double digit	27	~46bp
Home Care	4 brands with turnover > 10b	Double digit	17	~160bp
Foods & Refreshments	4 brands with turnover > 5b	Double digit	17	~180bp

*Segment Margins (EBIT) FY18-19 excludes exceptional items

Operating margin improvement in one year (FY19 Vs. FY18)

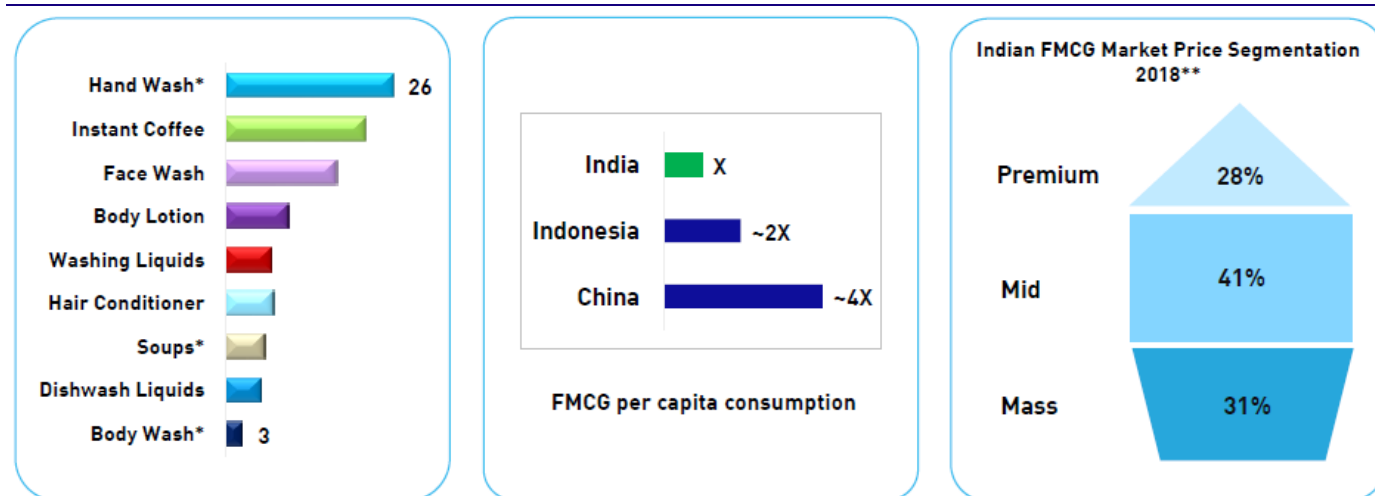
Source: Company, MOFSL

Exhibit 3: Outstanding performers over the last six years

Products	Turnover CAGR over FY13-19 (%)	Other highlights
Hair Care	11	❖ Market share increased by 560bp
Color Cosmetics	15	❖ ~150 SKUs launched every year on an average
Laundry	10	❖ Profitability increased by 3.6x
Tea	10	❖ Market share increased by 230bp

Source: Company, MOFSL

- FMCG per capita consumption in India remains low; when compared to Indonesia the opportunity is 2x and compared to China it is 4x. Apart from soaps detergents and tea, penetration in most of HUVR's category remains low (3-26% band).

Exhibit 4: Huge potential in FMCG

Source: Company, MOFSL

- **The strategy for the company remains well defined. From a portfolio lens perspective, key building blocks for the company are:**
 - **Strengthening the core:** The core forms about 45-50% of the sales. Company's aim is to keep the brand relevant for new-age customers through continuous innovation/renovation, acting on local trends and strengthening its reach.
 - **Creating categories of the future:** As consumer income increases, craving for higher level benefit increases. Through better understanding, the consumer powered by online & offline media will continue to drive category penetration in nascent categories, build portfolios with more benefits, expansion across sub-categories and improve its Naturals play. HUVR has built a strong Naturals portfolio with its master brand *Lever Ayush*, brand extensions and specialist brands like *Indulekha* and *Simple* (recently added). Company has also embarked on leveraging M&As to expand portfolio first through *Indulekha*, then a bigger acquisition— GSKC, and recently a smaller one – *Adityaa* milk. New categories are growing at 2x HUVR's overall growth.

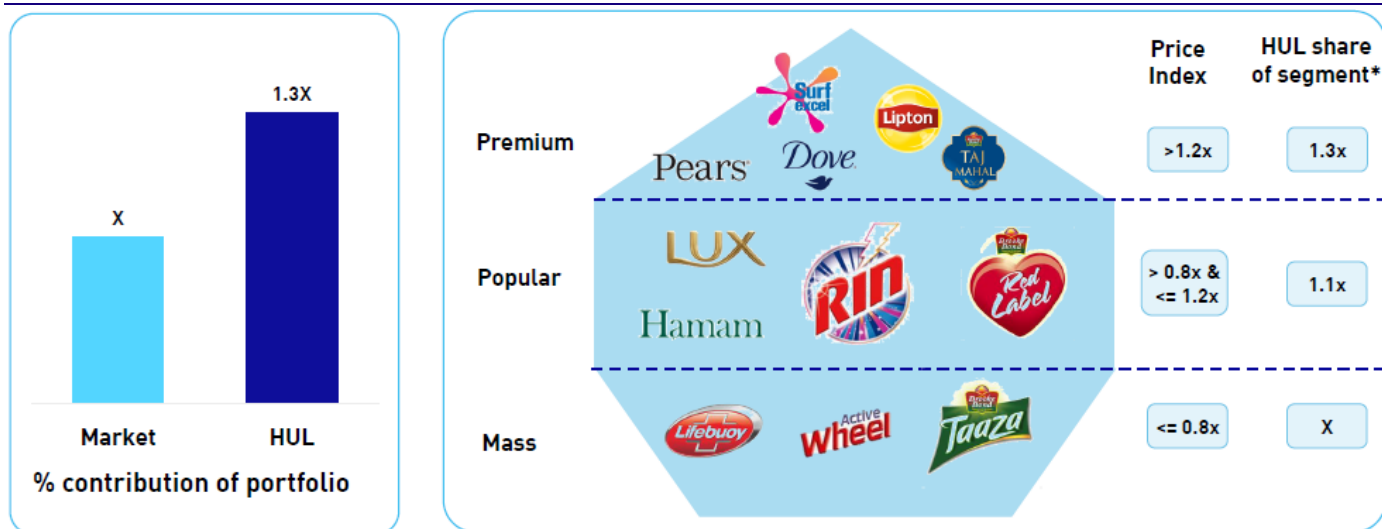
Exhibit 5: Leveraging M&A to expand portfolio



Source: Company, MOFSL

- **Premiumization:** HUVR's premium portfolio is over-indexed to the market at 1.3x according to Nielsen (Urban+Rural). Its share in the mid segment is also higher than peers. The company will continue to drive its premiumization agenda across categories through market development initiatives.

Exhibit 6: Driving premiumization



Source: Company, MOFSL

- **Building blocks from rigor and discipline perspective,**
 - **Generate fuel for growth/Savings:** Savings for HUVR is an organization-wide effort. Cost savings are as exciting for teams as brand building. Company has made it a science through the power of zero-based Budgeting and Symphony. In last couple of years, HUVR saw >7% of the total turnover as savings, which have increased 1.8x as % of turnover in the past five years.
 - **Execute brilliantly:** Speed to market (up 1.4x), right pricing, agile supply chain, systematic expansion in coverage ad assortments and effective channel strategy are key to execution.

- **The above building five blocks will be enabled by :**
 - **Creating new structures:** Company now has tailor-made strategy (WIMI-led) for each cluster. Driving penetration in some markets is simultaneous due to premiumization in some. HUVR currently has 15 mini-boards with cross functional participation, which will grow to 16 post completion of GSKCH integration. All this is freeing top management to focus on long-term goals, managing disruption and exploring inorganic growth opportunities
 - **Transform culture:** Company currently has 40% women in its managerial pool (2,000bp gender balance improvement in last eight years) and hopes to have gender parity by 2022. This makes sound business sense as women make up a large part of HUVR's customer base across categories. There is also a huge change in company in terms of developing the culture of experimentation with acceptability of failure. Currently, ~80 experiments are live across divisions.
 - **Building capability:** Digital/Data has been added as the company's third key strength after Brands & People. A digital council has been set up headed by Mr. Sanjiv Mehta, which will set up mini digital hubs in each division aiming to replicate and transfer learnings across business. Capability is being built across all parts of the data collection, analytics and fulfillment chain.
- **HUVR's plan for sustainability:** For water, through Hindustan Unilever Foundation, company has saved >7000b litres of water and created water potential in over 5,000 villages. For health and well-being, HUVR is adding three more Suvridha centers in Mumbai. For enhancing livelihoods, HUVR has given employment to >100k women Shakti entrepreneurs across 18 states. Company currently has 65% of its tea sourced sustainably and will source 100% tomatoes sustainably in the near term. In 2018, 23,000t plastic was reused by HUVR.

Exhibit 7: Sustainability plan

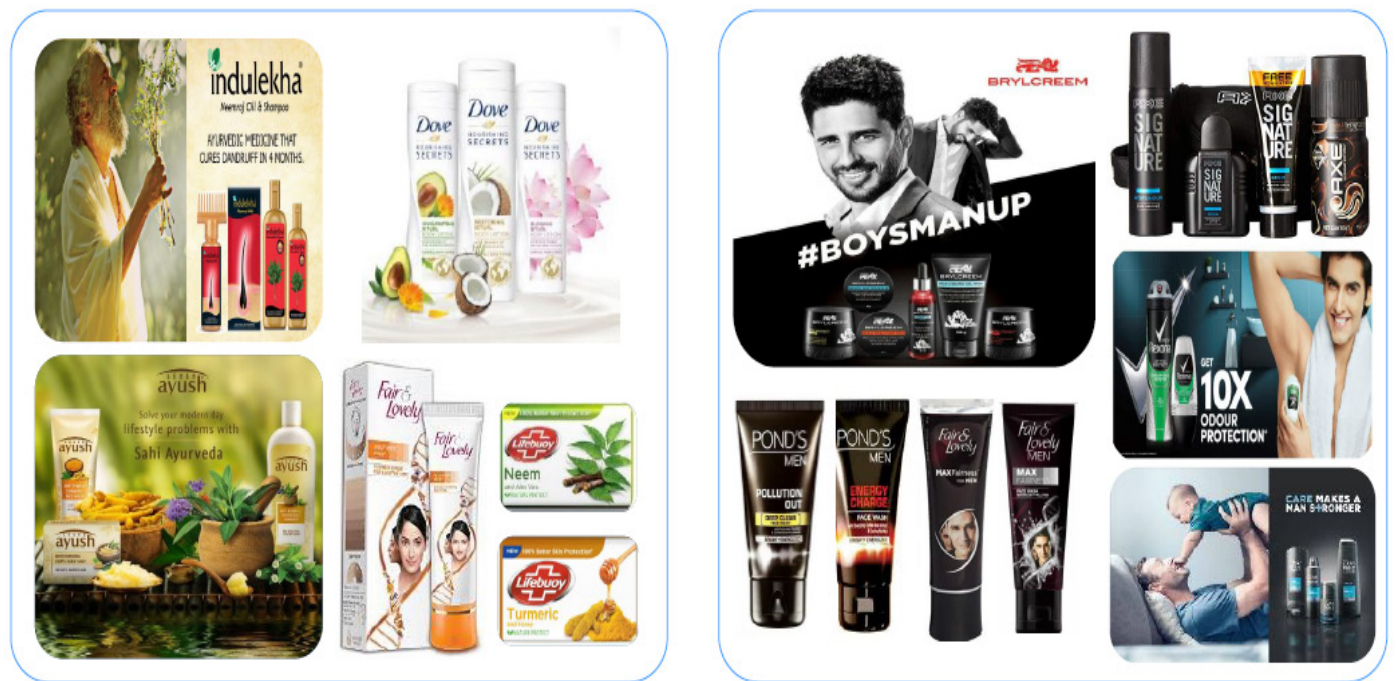
				
<p>Hindustan Unilever Foundation</p> <p>> 700 BILLION LITRES of water saved</p>	<p>> 150 MILLION people impacted till date</p>	<p>100,000+ Shakti entrepreneurs</p> <p>> 5,20,000 Youth benefited with Rin Career Academy</p> <p>> 2.9 million people benefited under Prabhat</p>	<p>100% TOMATOES 65% TEA sourced sustainably</p>	<p>REDUCE REUSE RECYCLE RECOVER</p>

Source: Company, MOFSL

Beauty & Personal care (BPC)

- The segment saw double-digit growth in FY19 with operating margins improving ~46bp to ~27%. Market standing across categories in home care remains strong.
- The category has total 15 brands; seven brands are more than INR10b turnover.
- There over 900 SKUs in the category, which are tailor-made for each cluster and covering all price tiers.
- Growth segments:
 - In terms of growth in the core portfolio, the company will use data analytics to drive penetration, drive access packs in each brand, and keep brands aspirational for millennials.
 - In the premium part, it will drive new benefit spaces like BB & CC creams. To drive premiumization, it is necessary to catch leading trends executed with *Lakme Absolute Argan Oil* collection, *TRESemme* salon-like shampoo (with Keratin and Argan Oil), etc.
 - Categories like hair conditioners and deodorants are considerably smaller in India from a per capita consumption perspective even compared to a market like Indonesia.
 - Naturals and now Mens personal care (through brands *Brylcreem*, *Axe*, *Rexona*, *Ponds*) have been identified as new spaces of growth for the BPC business.

Exhibit 8: New spaces in BPC



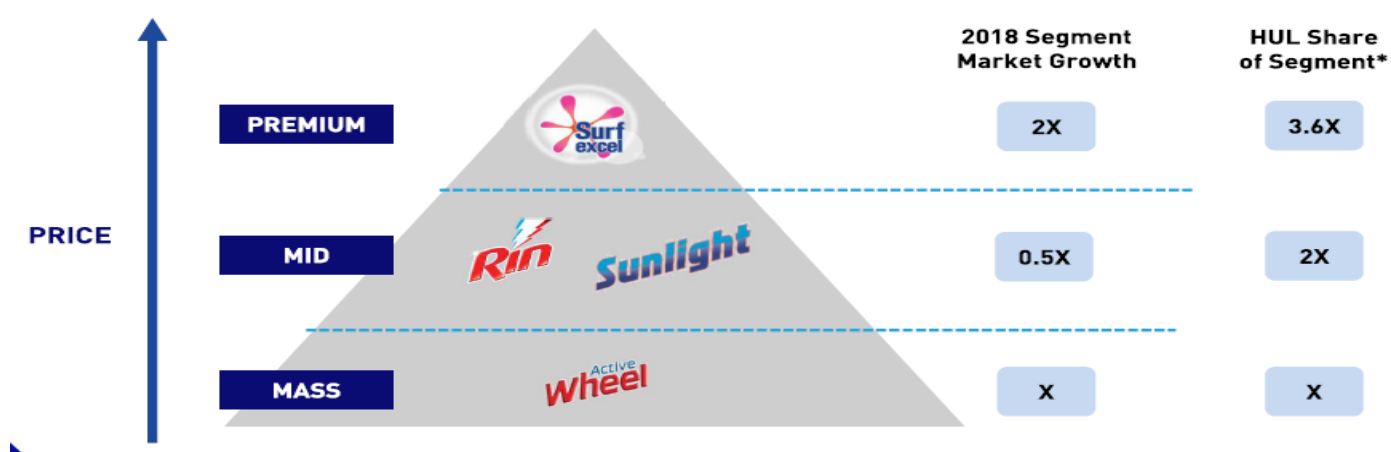
Source: Company, MOFSL

- Along with Modern trade and e-commerce, health & beauty channels have been identified as growth channels.
- With new channels of growth, there is also a need of new marketing models driven by data and content. BPC as a business is highly personal, with content driven marketing company able to solve queries of its target audience.
- Purposeful brands drive share and sales as seen in Dove's online campaign promoting different types of beauty; the *Fair and Lovely* Foundation helping and training women to join the workforce; and *Hamam's* recent campaign "#GoSafeOutside".
- Premium skin cleansing products like *Dove*, *Pears* and *Hamam* are growing ahead of the market while management admits more work is needed on *Lux* and *Lifebuoy*.
- Even in comparable markets like Indonesia, liquids contribute as high as 40% to category sales in skin cleansing, providing huge opportunity for premiumization in India.

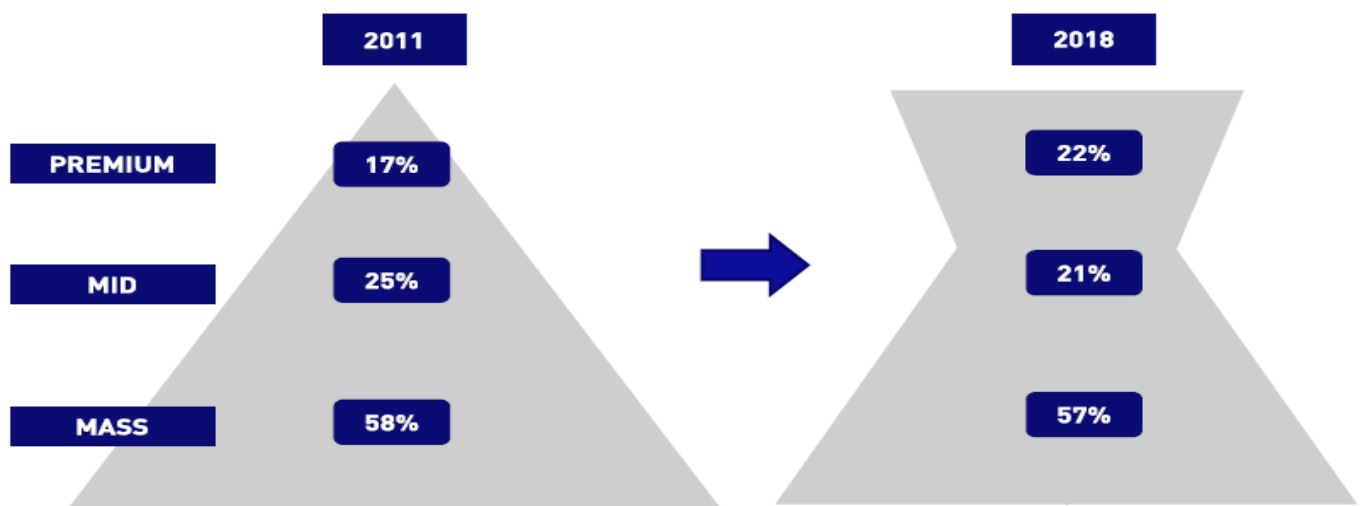
Home care business

- The segment saw double-digit growth in FY19 with operating margins improving by ~160bp to ~17%. HUVR remains leader in laundry and household care and is ranked 3 in water purifiers.
- The category has four brands over INR10b turnover with *Surf Excel* being the biggest brand, not only in the Home care business but also for HUVR.
- Premiumization remains a key growth segment for the business. HUVR's share of premium segment is indexed at 3.6x v/s the masses. Laundry market has reshaped over the years moving towards premium products (22% from 17% in the past seven years), but the mass market continues to be a large part with 57% contribution to the market. It is the mid segment that has shrunk in relevance as sachets and premium products are driving category growth. Over the longer term, management expects the mid and premium segments to grow, with the mass segment gradually reducing in relevance. Company is driving its premiumization agenda through building strong brand equity and driving access through LUP's (INR5 & INR10 packs).

Exhibit 9: Premiumisation in Laundry - HUVR share of premium segment is indexed at 3.6x v/s the masses



Source: Nielsen, Company, MOFSL

Exhibit 10: Premiumisation in Laundry – Market reshaped significantly to premium

Source: Company, MOFSL

- The business is over indexed to modern trade and e-com versus general trade at 1.5x. Company aims to use e-com platform to drive new benefits and new formats.
- Company is also building future formats & benefits through creating a liquid portfolio, as new formats will keep iconic brand relevant in the future as well. It is also growing the fabric conditioner brand *Comfort* through market development efforts. It is using digital to remove barriers for their liquid dishwash portfolio. In toilet cleaners, company is offering a differentiated benefit through portfolio additions (Rim Block, Liquid, Powder), propositions and at a lower SKU.

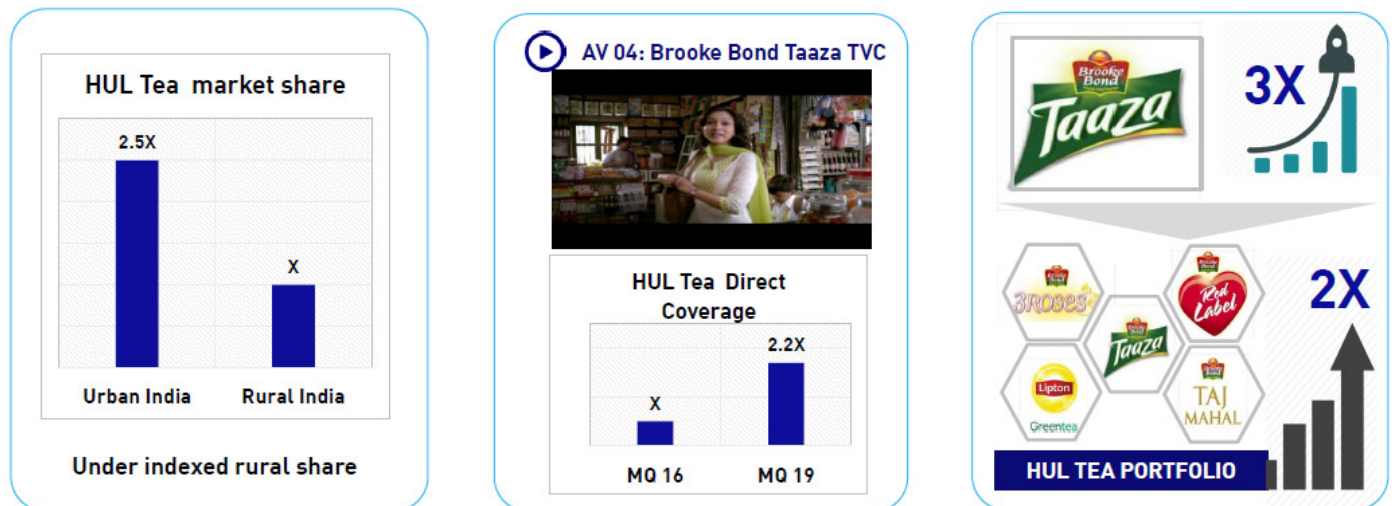
Food & Refreshments

- The segment also saw double digit growth in FY19 with operating margins improving by ~180bp to ~17%.
- In fact turnover growth has been at double digits for close to a decade now.
- The business currently has four brands with turnover >INR5b which are expected to cross INR10b this year along with additions of *Horlicks* and *Boost* both of which are close to that range soon.
- HUVR is gaining market share in almost all categories in short and long time periods.
- The Foods opportunity remains strong contributing 35% to GDP but just 20% of the market is packaged foods with value added packaged food products contributing just 10% of the packaged foods market.
- Red Label Natural Care was launched in 2006-07 well before the natural wave which came few years back. The brand has been growing well and is highly profitable as well.
- In Ketchup, the company has doubled penetration in last five years and the market share has increased from 20% to 30% now (now market leaders).
- Ice-creams- The category was a pain for HUVR in early 2000s but their revised strategy has helped double the growth rates in last few years. The company has

expanded its distribution to 6x in 2019 compared to 2014 and also entered the bottom of the pyramid, along with innovations.

- Unilever Food Solutions remains a big opportunity (largely B2B) and has been seeing strong growth in last eight quarters. HUVR will look to bring its global successes to India to expand the business.
- Rural opportunity in the tea business high as HUVR is under indexed in rural versus urban (2.5x). The company has been increasing its direct coverage, the benefits of which are seen in the last three years.

Exhibit 11: Tea- Massive opportunity in rural



Source: Company, MOFSL

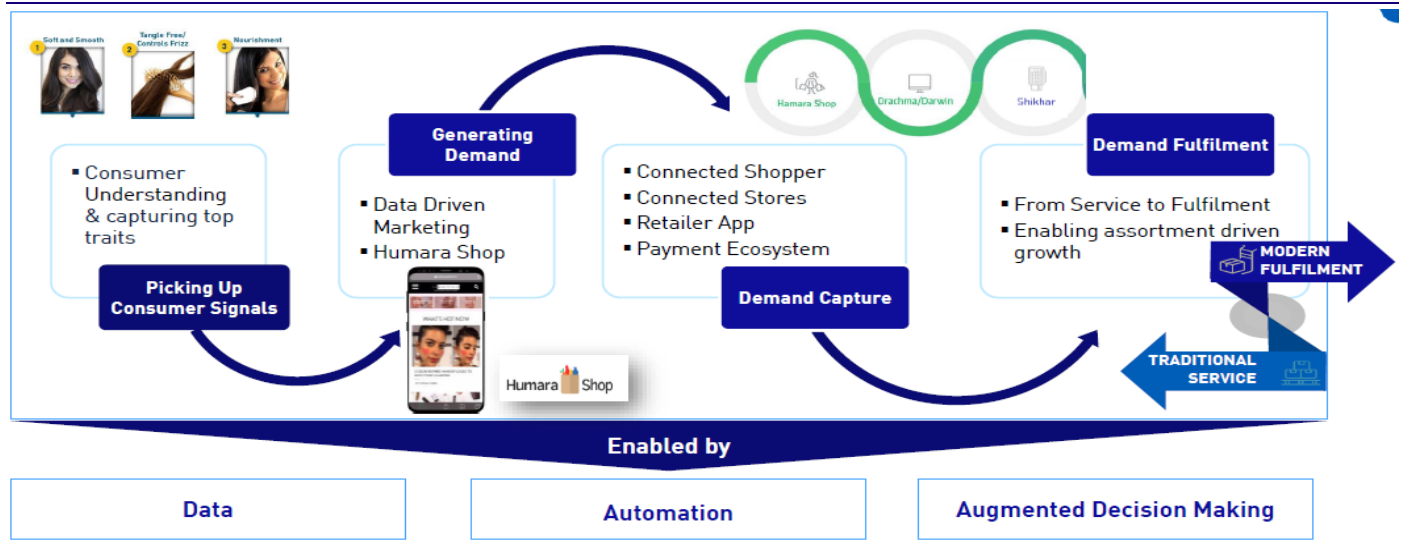
- HUVR was earlier playing in slower growing highly penetrated part of the market earlier in the F&R business. Through GSKC acquisition, company believes it could change that. The health food drinks (HFD) market in India remains a under penetrated market with 25% penetration (penetration of HFD increased from 17% to 25% from 2007 to 2014). HUVR is looking at double digit growth with even higher margins.
- Through the *Adityaa* Milk acquisition, company will leverage its distribution to get into newer markets and put premium HUVR ice-creams on the shelf.
- Growth in coffee has not exceeded tea in recent years despite much lower penetration of ~20%. Margins in coffee are higher than tea

Presentation by Mr. Nitesh Priyadarshini (CMI, Head South East Asia) on Indian Digital Disruption

- As per a statistics, In India, ~294m users are engaged through app, social media, etc.
- Consumer journey is now not linear because of various mediums of consumer engagement acting as a disruption.
- Earlier to capture consumer triggers and barriers, surveys were done once in one or even two years but now it is possible to do it very frequently through digital platforms.
- Eg. of online idea generation: *Matcha Green Tea* was launched by HUVR in less than 8-9 months on e-com platform from online idea generation.

- What are the sources from where data gets captured? - Through search, content platform, cloud via cookies, data driven partnerships, brand websites, and even from offline to online platforms like *Lakme* salons.
- This captured data is then used for marketing and through connected stores, the order is fulfilled. HUVR currently has three connected stores: Humarashop (Humarashop 2.0 launched in Feb'19), Drachma/Darwin POS terminals (currently in 10k+ stores and is growing; mix of urban and semi urban) and Shikhar.

Exhibit 12: Re-Imagining HUVR



Source: Company, MOFSL

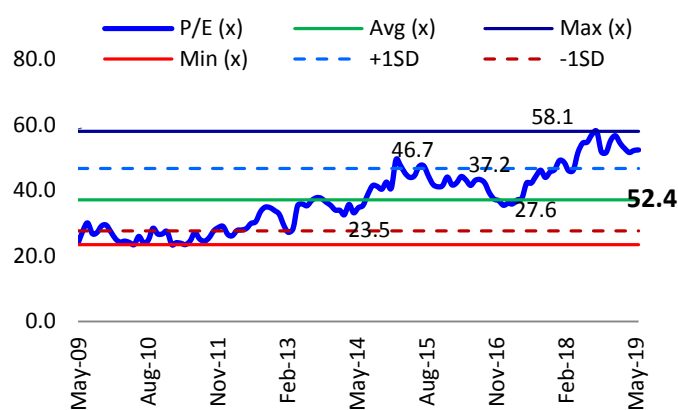
Other points

- IND AS 116 'leases' impact- The standard changes the recognition, measurement, presentation and disclosure of leases. Due to this EBITDA margins will look higher along with interest cost but there will be no change at PBT level.
- Post GST there has been improvement in servicing and a bit of improvement in costs and efficiencies. However there is no clear gain from unorganized segment yet because GST was not implemented in its pristine form and 'e-way' bill implementation has been incomplete. Management expects some improvement over the next few years because a stable government with a strong mandate will look to plug the lacunae in implementation of GST earlier.
- HUVR's strengths in the rural business and its understanding of sachets to drive growth will keep them several steps ahead of disruptors.

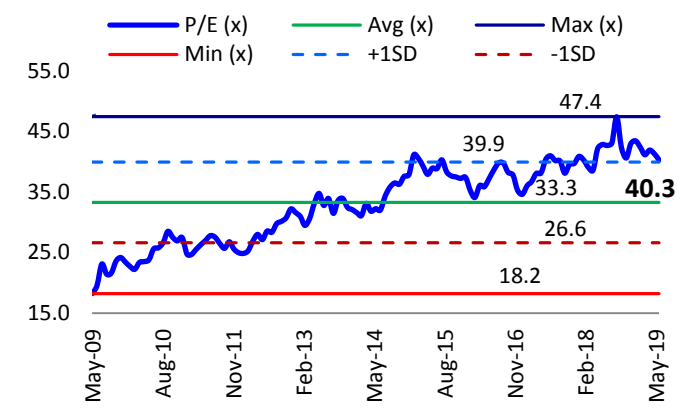
Valuation & View

- HUVR is likely to continue its outperformance on the volumes front, even compared to the smaller players. Four key trends which can drive an elevated earnings growth trajectory for HUVR compared to the past are – (1) rapidly improving adaptability to market requirements, (2) recognition and strong execution on Naturals and other evolving categories, (3) a continuous strong trend toward premiumization and (4) extensive plans to employ technology, creating further entry barriers.

- Importantly, once we incorporate the GSKCH merger (no clarity on date as yet), there could be 10-12% addition to EPS in FY21 which means that the stock is trading closer to 41x FY21 EPS, compared to over 46x it appears to be for now. Given the company's best earnings growth visibility in the large-cap Indian consumer space and by far the highest return ratios, the premium valuations will stay, in our view.
- On a target multiple of 50x June 2021 EPS, we derive a TP of INR2,070.

Exhibit 13: HUVR P/E (x)

Source: Bloomberg, Company, MOFSL

Exhibit 14: Consumer sector P/E (x)

Source: Bloomberg, Company, MOFSL

Financials and valuations

Income Statement							(INR M)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Net Sales	301,705	304,990	312,980	339,260	376,600	422,774	481,837
Other Oper. Income	6,351	5,619	5,920	5,990	5,640	6,204	6,824
Total Revenue	308,056	310,609	318,900	345,250	382,240	428,978	488,661
Change (%)	9.9	0.8	2.7	8.3	10.7	12.2	13.9
COGS	156,236	153,053	156,850	162,320	179,600	200,185	225,230
Gross Profit	151,821	157,556	162,050	182,930	202,640	228,793	263,431
Gross Margin (%)	49.3	50.7	50.8	53.0	53.0	53.3	53.9
Operating Exp	99,738	100,070	101,580	110,170	116,270	129,444	145,816
% of sales	32.4	32.2	31.9	31.9	30.4	30.2	29.8
EBIDTA	52,082	57,486	60,470	72,760	86,370	99,349	117,615
Change (%)	16.4	10.4	5.2	20.3	18.7	15.0	18.4
Margin (%)	16.9	18.5	19.0	21.1	22.6	23.2	24.1
Depreciation	2,867	3,208	3,960	4,780	5,240	5,545	5,885
Int. and Fin. Charges	168	150	220	200	280	288	297
Other Income - Recurring	6,184	5,640	5,260	5,690	6,640	8,067	9,637
Profit before Taxes	55,231	59,769	61,550	73,470	87,490	101,584	121,071
Change (%)	15.1	8.2	3.0	19.4	19.1	16.1	19.2
Margin (%)	18.3	19.6	19.7	21.7	23.2	24.0	25.1
Tax	19,060	18,160	18,650	21,480	25,650	29,967	35,716
Deferred Tax	-338	-70	410	-1,000	-790	0	0
Tax Rate (%)	33.9	30.3	31.0	27.9	28.4	29.5	29.5
Profit after Taxes	36,510	41,679	42,490	52,990	62,630	71,616	85,355
Change (%)	2.7	14.2	1.9	24.7	18.2	14.3	19.2
Margin (%)	12.1	13.7	13.6	15.6	16.6	16.9	17.7
Non-rec. (Exp)/Income	6,643	-310	2,410	-620	-2,270	0	0
Reported PAT	43,153	41,369	44,900	52,370	60,360	71,616	85,355

Balance Sheet							(INR M)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Share Capital	2,164	2,164	2,164	2,164	2,164.7	2,165	2,165
Reserves	35,084	60,630	62,740	68,590	74,430	80,185	86,487
Capital Employed	37,248	62,794	64,904	70,754	76,595	82,350	88,652
Gross Block	44,306	50,774	65,827	71,787	79,037	84,037	89,037
Less: Accum. Depn.	-19,731	-21,627	-25,587	-30,367	-35,607	-41,151	-47,036
Net Fixed Assets	24,575	29,147	40,240	41,420	43,430	42,885	42,001
Capital WIP	4,790	3,860	2,030	4,300	3,730	3,730	3,730
Investment in Subsidiaries	6,541	3,130	2,540	2,540	2,540	2,540	2,540
Current Investments	26,238	24,670	35,250	28,570	26,950	27,950	28,950
Deferred Charges	1,960	1,680	1,600	2,550	3,390	3,390	3,390
Curr. Assets, L&A	72,236	76,509	65,850	92,110	98,615	125,490	145,098
Inventory	26,027	25,284	23,620	23,590	24,220	28,185	37,064
Account Receivables	7,829	10,645	9,280	11,470	16,730	12,741	18,481
Cash and Bank Balance	25,376	27,590	16,710	33,730	36,880	61,879	64,786
Others	13,005	12,990	16,240	23,320	20,785	22,685	24,766
Curr. Liab. and Prov.	99,093	76,202	82,606	100,736	102,060	123,636	137,057
Account Payables	48,515	54,980	60,060	70,130	70,700	90,483	102,072
Other Liabilities	29,828	12,382	13,826	16,376	15,860	16,653	17,486
Provisions	20,749	8,840	8,720	14,230	15,500	16,500	17,500
Net Current Assets	-26,857	307	-16,756	-8,626	-3,445	1,854	8,041
Application of Funds	37,248	62,794	64,904	70,754	76,595	82,350	88,652

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Basic (INR)							
EPS	16.9	19.3	19.6	24.5	28.9	33.1	39.4
Cash EPS	18.2	20.7	21.5	26.7	31.4	35.6	42.1
BV/Share	17.2	29.0	30.0	32.7	35.4	38.0	41.0
DPS	15.0	15.5	17.0	20.0	22.0	26.5	31.5
Payout %	89.9	96.9	97.9	98.9	94.8	95.8	95.5

Valuation (x)

P/E	108.5	95.1	93.3	74.8	63.3	55.4	46.5
Cash P/E	100.6	88.3	85.3	68.6	58.4	51.4	43.5
EV/Sales	13.0	12.9	12.6	11.6	10.4	9.2	8.1
EV/EBITDA	75.5	68.4	65.2	54.0	45.4	39.3	33.1
P/BV	106.4	63.1	61.1	56.0	51.8	48.1	44.7
Dividend Yield (%)	0.8	0.8	0.9	1.1	1.2	1.4	1.7

Return Ratios (%)

RoE	104.3	83.3	66.5	78.1	85.0	90.1	99.8
RoCE	158.2	119.8	96.7	108.6	119.1	128.2	141.9
RoIC	4,523.0	290.6	118.7	144.0	197.5	301.5	538.2

Working Capital Ratios

Debtor (Days)	9	13	11	12	16	11	14
Asset Turnover (x)	8.1	4.9	4.8	4.8	4.9	5.1	5.4

Leverage Ratio

Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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Cash Flow Statement

(INR M)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
OP/(loss) before Tax	55,231	59,770	61,550	73,470	87,490	101,584	121,071
Financial other income	-3,559	-1,910	-920	-2,720	-6,640	-8,067	-9,637
Depreciation	2,867	3,210	3,960	4,780	5,240	5,545	5,885
Net Interest Paid	-1,890	-3,160	-2,400	-2,460	280	288	297
Direct Taxes Paid	-17,775	-17,040	-18,040	-22,100	-25,650	-29,967	-35,716
(Incr)/Decr in WC	-2,156	-1,130	5,380	8,190	-2,031	19,699	-3,279
CF from Operations	32,719	39,740	49,530	59,160	58,689	89,081	78,620
Other Items	3,506	6,004	450	4,790	6,121	10,344	11,811
(Incr)/Decr in FA	263	-6,740	-8,520	-8,210	-6,680	-5,000	-5,000
Free Cash Flow	32,982	33,000	41,010	50,950	52,009	84,081	73,620
(Pur)/Sale of Investments	1,182	3,290	-9,700	7,790	1,620	-1,000	-1,000
CF from Invest.	4,951	2,554	-17,770	4,370	1,061	4,344	5,811
Dividend Paid	-29,123	-33,420	-35,610	-38,720	-57,203	-68,608	-81,553
Others	-5,403	-6,660	-7,030	-7,790	603	181	29
CF from Fin. Activity	-34,504	-40,080	-42,640	-46,510	-56,600	-68,427	-81,524
Incr/Decr of Cash	3,166	2,214	-10,880	17,020	3,150	24,998	2,907
Add: Opening Balance	22,210	25,376	27,590	16,710	33,730	36,880	61,879
Closing Balance	25,376	27,590	16,710	33,730	36,880	61,879	64,786

E: MOFSL Estimates

NOTES

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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