

## Keeping an eye on the ball

A clear focus on growing GCPL's domestic business, while streamlining operations across geographies

We met Mr. Sudhir Sitapati, Managing Director and CEO of GCPL, for an update on the business and its strategy. Here are the key takeaways:

- **Renewed focus on marketing to drive penetration:** Creating relevance has been identified as the first step in deepening penetration in GCPL's categories. GCPL's marketing spends have historically been under-indexed v/s its peers, but recent quarters have seen an uptick in A&P spends. The goal is to continue investing in marketing, even at times of volatile input costs, with market development at the forefront.
- **Selective and meaningful innovation:** Innovation will now be a focused process, with fewer disruptive innovations in GCPL's core categories. A recent example has been the launch of the Magic Body Wash that comes in a gel-to-liquid format and follows the successful launch of Magic Hand Wash.
- **Simplifying the complex organizational structure:** The new CEO views the complexity of operations and structure as cumbersome, and is working towards streamlining various business processes. To this extent, GCPL has created a global category management structure, within which HI, Hair Care, and Air Care will be centrally managed. Another step under this agenda has been globally centralizing the functions of Finance, HR, IT, and its global structure. Another key area identified by the management to simplify operations is the reduction in the number of SKUs as well as the introduction of digitally enabled simplification.
- **Leveraging the distribution network in its Soaps portfolio:** GCPL has a strong GTM network and reaches little over 6m outlets. Hair Color, HI, and Air Care, all of which do not have the same reach as Soaps, can steadily piggyback on the latter's network as relevance and demand for these categories increases.
- **Doubling down on GCPL's HI play with Liquid Vaporizers (LV) and Aerosols:** HI remains a significantly underpenetrated category in India (little over 20% penetration in LVs and low single digit in Aerosols), presenting a large opportunity for GCPL – the market leader with ~50% market share. One of the main ways to boost penetration will be with increased A&P spends. Simultaneously, GCPL has changed the narrative in its advertisements for Good Knight – positioning it as a 'protector' rather than a 'killer'. As part of its future plans, increasing penetration of Cockroach Repellents will also play a role.
- **Turning around the GAUM business:** GAUM head, Mr. Dharnesh Gordhon, has done a good job in increasing distribution and reach so far. He continues to build GCPL's Africa distribution. Distribution expansion, category development, and simplification of the business are some of GCPL's priority areas in the African market. The objective for GAUM is to focus on the FMCG portfolio and reduce the salience of its Fast Fashion Dry Hair portfolio. We recently attended an interaction with Mr. Gordhon, [here](#) are the key takeaways.

## Godrej Consumer Products



**Mr. Sudhir Sitapati**  
MD and CEO, Godrej  
Consumer Products

He was appointed as MD and CEO of GCPL in Oct'21. Prior to this he spent 22 years at HUVVR, with his most recent role as the Executive Director of Foods and Refreshments. Under his leadership, this business emerged as one of the largest in India. Mr. Sitapati has an MBA from the Indian Institute of Management, Ahmedabad and a Bachelor of Science degree in Mathematics with Honors in Economics from St. Xavier's College, Mumbai.

### Focus on marketing and product positioning

- In line with one of its stated objectives to invest more in marketing to drive category development, GCPL has ramped up A&P spends in recent quarters.
- Marketing is a key function for Consumer Goods companies. GCPL's marketing spends have historically been under-indexed v/s its peers. As the market leader in HI, Air Care, and Hair Color in India, creating relevance is the first identified step in deepening penetration in these categories.
- Under the new CEO, market development has been a key focus area and has three components: 1) relevance, 2) access, and 3) trials.
- The management is committed to increase marketing spends regardless of input cost pressures. In this regard, it changed the key metric to measure internal performance to three KPIs from EVA earlier: 1) increasing underlying volume growth, 2) growth in EBITDA and working media, and 3) reducing inventory to release cash.
- To boost synergies across businesses, GCPL has created a global category management structure within which HI, Hair Care, and Air Care will be centrally managed. This offers advantages in terms of quality of communication as well as cost.

### Innovation

- GCPL has been one of the most innovative FMCG companies, with a strong culture of science and invention.
- Innovation will now be a focused process, with fewer disruptive innovations in GCPL's core categories being launched annually.
- One of the major innovations has been the launch of the Godrej Magic Body Wash, which is in a concentrated gel-to-liquid format. This comes on the back of a successful launch of Godrej Magic Hand Wash.
- At a price point of INR45 per sachet, which is enough to fill a bottle, the cost per use is similar to that of a traditional bar of soap. The launch was supported with a big marketing campaign featuring a prominent celebrity.

#### Exhibit 1: Launched Magic Body Wash in an innovative gel-to-liquid format on the back of the success of Magic Hand Wash



Source: MOFSL

### Organizational structure and complexity in business operations

- One of the weaknesses identified by the new CEO was the degree of complexity in its operations. As a result, the management was unable to place large bets.

- This resulted in typically ad-hoc capex for expansion, which was frugal, but not cost-effective in the long run.
- A key area identified by the management was the reduction in the number of SKUs as well as introducing digitally enabled simplification. Another step under this agenda has been globally centralizing the functions of Finance, HR, IT (under the Digital transformation lead), and its global category management structure. This will aid better dissemination of learnings.
- GCPL named Mr. Vijay Kannan (former Global Chief Information and Digital Officer of Shell Global and former CIO of HUVR and Unilever South Asia) as the Head of Business Transformation and Digital. He will manage all digital aspects of the group globally. He will also spearhead the exercise to reduce GCPL's 'cost-to-serve' by 400 - 500bp, which currently stands at 33-34% of sales over next 3-4 years. Investments in digital and IT will see an increase, with the objective of building a world-class IT team.

### Domestic business and segments

- The management feels that expansion in distribution is not the key to boosting volumes or revenue in the domestic business. While HI, Hair Care, and Others segments do not have the same reach as Soaps, but can piggyback on its distribution in Soaps, the management feels that some of these other categories still need to develop relevance and access before increasing their reach.
- **Distribution reach:** GCPL's overall reach is a little over 6m outlets wherein Soap reaches nearly all outlets. Hair Color, HI, and Air Care can steadily piggyback on the strong GTM network of Soaps as the relevance and demand of these categories increases.

### Household Insecticides (HI)

- HI remains a significantly underpenetrated category in India (little over 20% penetration in LVs and low single digit in Aerosols), presenting a large opportunity to GCPL – the market leader with ~50% market share.
- GCPL's biggest play in the category is the lucrative LV format.
- As the market leader, the onus of market development lies with GCPL to a large extent. As emphasized above, the management has decided to boost investments on A&P. It has also changed the positioning of its brand Good Knight.
- The major change is in the narrative of Good Knight, which moved to 'protection' from 'killer'. While incense sticks have the advantage of immediate action and being more efficacious, LV's offer full-night protection.
- GCPL has been testing its concept of '*mithe sapne*' (sweet dreams) with its marketing communication focusing on babies sleeping peacefully at night.
- The Hit brand (mainly in Aerosols format) has retained its position as an effective 'killer' brand.
- To increase the penetration of LVs, GCPL has been conducting wet sampling in markets with high coil (burning format) penetration and targeting consumers under five years and those over 60 years.
- **Future areas of focus:** The HI market in India is mainly dominated by Mosquito Repellants. GCPL aims to deepen the penetration of Cockroach Repellants (where 90% of the solutions offered currently are in the form of aerosols). The big value drivers will be Mosquito Repellants, followed by Cockroach Repellants.

**Exhibit 2: Good Knight pivots from its highly efficacious positioning...**



Source: MOFSL

**Exhibit 3: ...to protection and an all-night undisturbed sleep**



Source: MOFSL

### Soaps

- GCPL has done a good job in the Soaps category over the last decade and was able to gain market share, which now stands around the mid-teens from single digit in the last decade.
- The management will continue its micro-market strategy to gain market share in this category which is nearly 100% penetrated.
- The management intends to expand into the broader Personal Wash segment.
- Towards this, its newly introduced Magic Hand Wash has received a good consumer response. GCPL is now ranked second in terms of market share by volumes in the Liquid Hand Wash category.

### Hair Care

- Within India Hair Care, Hair Color has an overall penetration a little above fifty (mainly the powder format), with the crème format is at sub 20% penetration.
- Crème is the fastest growing format and one with the highest salience for GCPL, providing it a long runway of growth on the back of crème adoption.
- To further the salience of crème, GCPL introduced a new access pack at INR15, whereas the earlier access pack is available at INR35. While the quantity of crème will not be sufficient for complete coverage, the idea is that most first users use Hair Color for a few stands, or patches, and the low price point will tempt them to sample the product.

### Air Care (under others, a part of GCPL's segmental reporting)

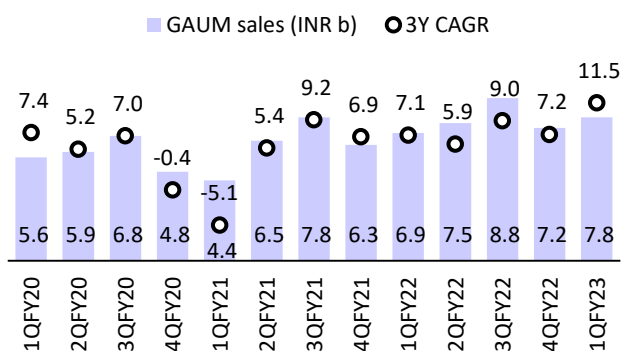
- Air Care is a grossly underpenetrated category in India. The management expects this to be a high growth category in India and Indonesia.
- Even in Indonesia, Air Care is a USD100m category, which pales in comparison to the USD2-3b market in the US.
- The per capita consumption for Air Care in India is just seven cents, but is 7-8x in Indonesia, which has double the per capita income of the former.
- Another example that was cited was that of Thailand, which has 4x the per capita income of India, but spends USD2 per capita on Air Fresheners.
- The arrival of guests at home will be GCPL's focus area for creating relevance in this category and is expected to require significant investments in A&P.

## International business

### Africa (GAUM)

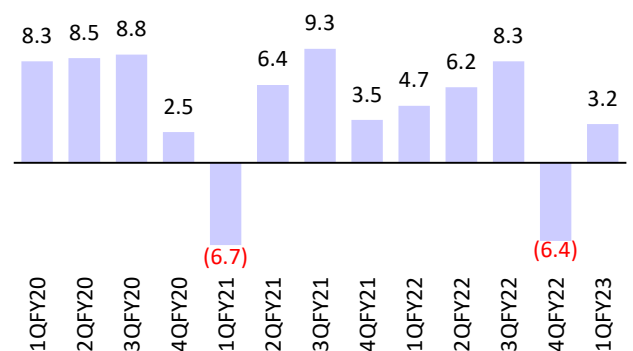
- Expansion in distribution, category development, and simplification (amplifying FMCG and simplify Hair Extensions) is some of GCPL's priority areas in the African market.
- HI is a huge opportunity in Africa, especially in Nigeria, and GCPL plans to scale up its presence.
- GAUM head, Mr. Dharnesh Gordhon, has done a good job in increasing distribution and reach. We had highlighted some of the points identified by Mr. Gordhon in our Mar'21 [analyst meet note](#).
- He has built a strong van distribution model. In Africa, GCPL has been moving away from wholesale and this has yielded great results in its FMCG business.
- The Hair Care business comprises of two parts – braids and Fast Fashion products like weaves. The management aims to make hair extensions a cash generating business to fuel investments in the FMCG business.
- The objective for GAUM is to pivot further towards the FMCG business in terms of salience. This will entail focusing on the braids part of the hair extension business to achieve scale.

**Exhibit 4: Three-year sales CAGR in GAUM sustains at healthy levels in recent quarters**



Source: Company, MOFSL

**Exhibit 5: GAUM's EBIT margin (%) improved till 3QFY22, post which the Omicron COVID wave, commodity inflation, and a one-off pilferage affected profitability**



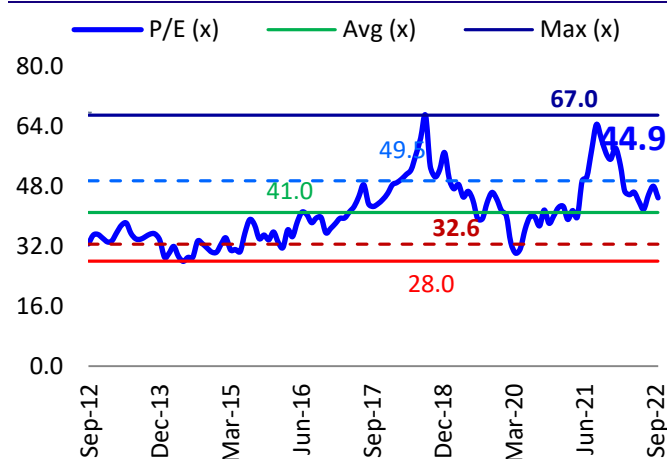
Source: Company, MOFSL



## Valuation and view

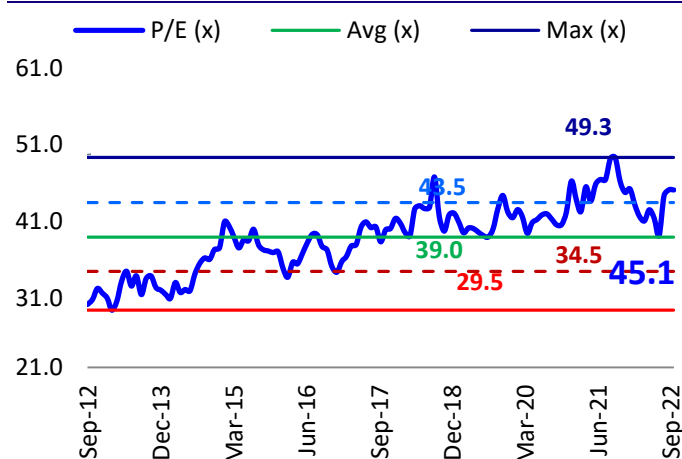
- GCPL remains among our top picks in the Staples space. Improving relevance, access, and reach in core businesses should help bolster category development. Increased and more focused A&P spends should contribute to increasing the penetration of GCPL's core categories.
- As highlighted in our detailed notes published on [Jan'22](#) and [Jul'21](#), GCPL's domestic businesses had demonstrated a track record of strong sales growth in the first half of the last decade, before losing their way in the second half.
- Better capital allocation, a moratorium on acquisitions, and improved GAUM performance were already being witnessed before the new CEO joined in Oct'22 and this trajectory continues.
- With investments by the new CEO focused on boosting growth in the high margin, high-RoCE domestic business, its medium-term earnings growth outlook is strong.
- Valuations at 38.6x Sep'24E EPS are attractive, given the potential earnings CAGR of ~16% over FY22-24E. We maintain our **Buy** rating with a TP of INR1,075/share.

Exhibit 6: P/E ratio (x) for GCPL



Source: Company, MOFSL

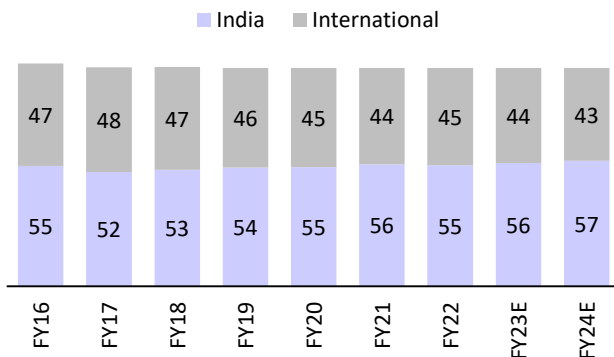
Exhibit 7: P/E ratio for the Consumer sector



Source: Company, MOFSL

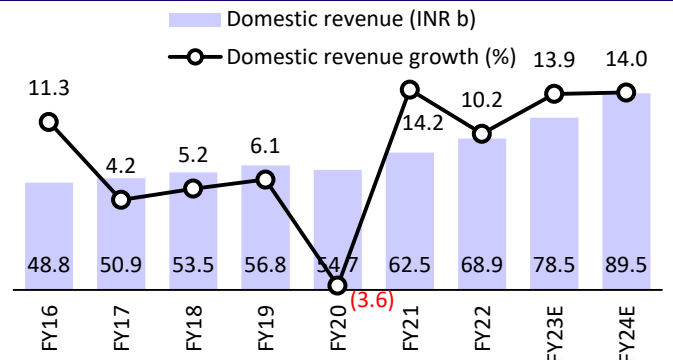
## Story in charts

**Exhibit 8: Revenue breakup for GCPL's India and international business**



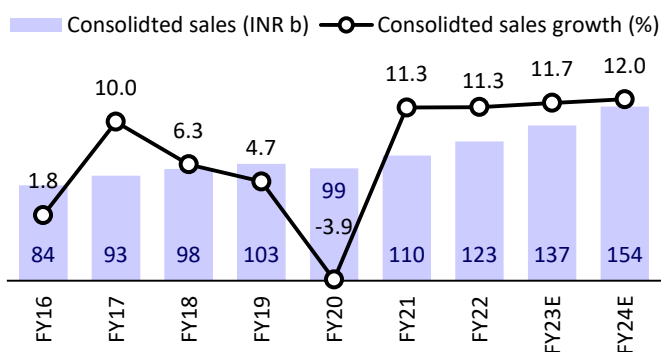
Source: Company, MOFSL

**Exhibit 9: Expect GCPL's India business to grow at 13.9% CAGR over FY22-24**



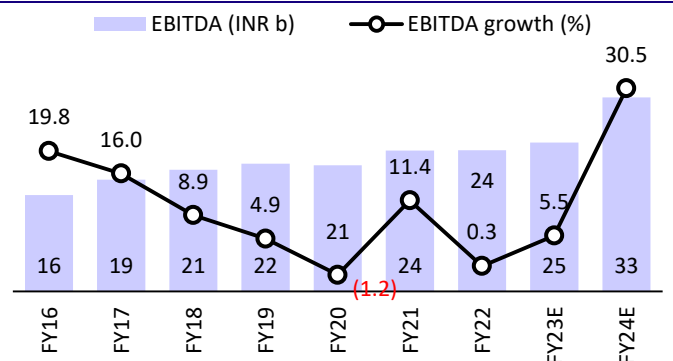
Source: Company, MOFSL

**Exhibit 10: Expect an overall revenue CAGR of 11.8% over FY22-24**



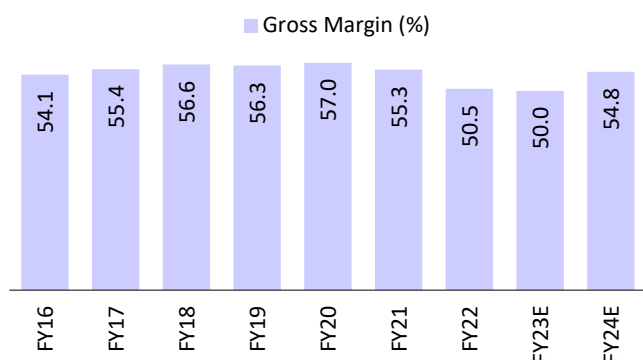
Source: Company, MOFSL

**Exhibit 11: Expect 17.3% EBITDA CAGR over FY22-24**



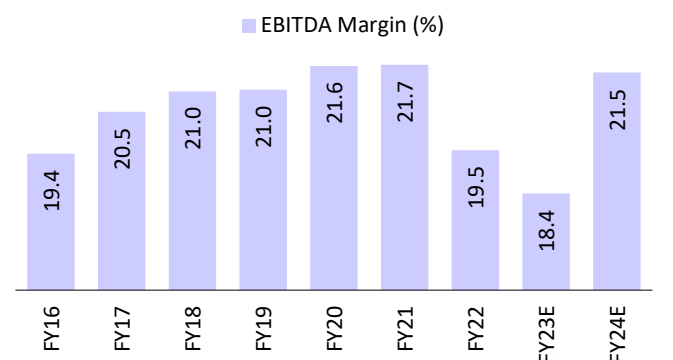
Source: Company, MOFSL

**Exhibit 12: Expect an improvement in overall gross margin...**



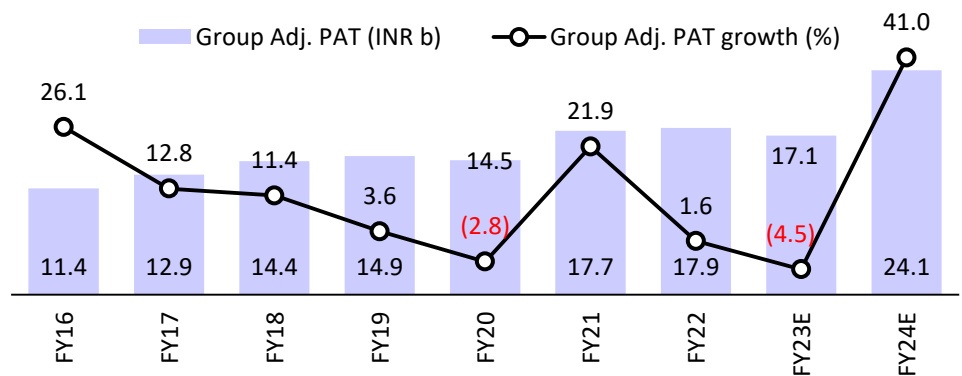
Source: Company, MOFSL

**Exhibit 13: ...along with EBITDA margin going forward**



Source: Company, MOFSL

**Exhibit 14: Group adjusted PAT to grow 11% over FY22–24E**



Source: Company, MOFSL

**Exhibit 15: Domestic sales revive in FY21 after a slowdown in FY16-20**

Segment revenue (INR m)	FY16	FY17	FY18	FY19	FY20	FY21
Household Insecticides	23,025	23,226	22,630	22,540	21,900	25,340
Soaps	15,922	15,515	18,020	18,920	17,760	20,470
Hair Colors	5,787	5,933	6,220	6,730	6,270	6,420
Other brands	3,585	4,842	5,990	7,400	7,890	8,610
Unbranded and exports	2,216	2,257	2,700	3,030	2,920	3,310
<b>Total</b>	<b>50,534</b>	<b>51,773</b>	<b>55,560</b>	<b>58,620</b>	<b>56,740</b>	<b>64,150</b>
Segment revenue growth (%)						
Household Insecticides	-	0.9	(2.6)	(0.4)	(2.8)	15.7
Soaps	-	(2.6)	16.1	5.0	(6.1)	15.3
Hair Colors	-	2.5	4.8	8.2	(6.8)	2.4
Other brands	-	35.1	23.7	23.5	6.6	9.1
Unbranded and exports	-	1.8	19.6	12.2	(3.6)	13.4
<b>Total</b>	<b>-</b>	<b>2.5</b>	<b>7.3</b>	<b>5.5</b>	<b>(3.2)</b>	<b>13.1</b>
Segment revenue mix (%)						
Household Insecticides	46	45	41	38	39	40
Soaps	32	30	32	32	31	32
Hair Colors	11	11	11	11	11	10
Other brands	7	9	11	13	14	13
Unbranded and exports	4	4	5	5	5	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

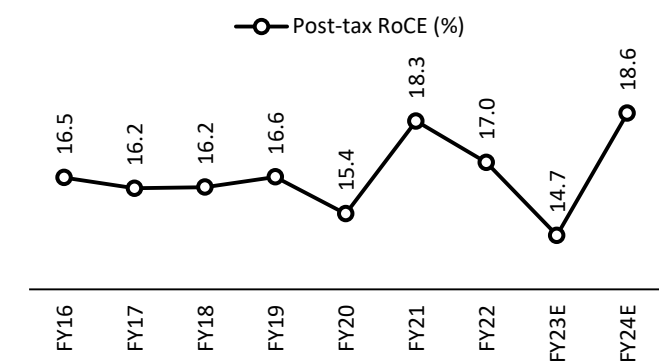
Source: Company, MOFSL



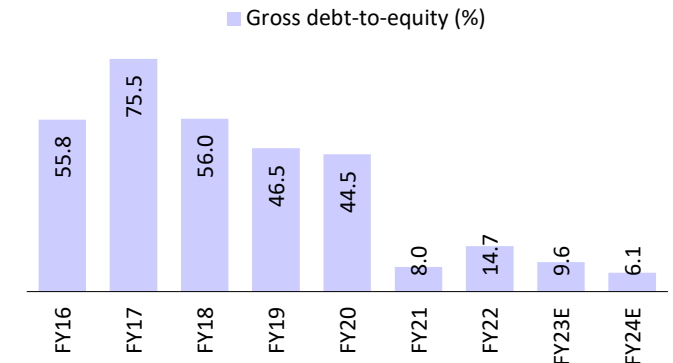
**Exhibit 16: Performance of GCPL's International business**

Revenue (INR m)	FY17	FY18	FY19	FY20	FY21	FY22
India	50,890	53,547	56,793	54,745	62,543	69,516
Indonesia	15,276	13,545	15,249	16,959	17,700	17,052
Africa (including SON)	20,321	21,850	24,560	23,162	24,985	30,497
Others	10,760	11,397	7,702	5,556	6,659	7,508
<b>Geography-wise revenue growth (%)</b>						
India	4.2	5.2	6.1	-3.6	14.2	11.1
Indonesia	5.3	-11.3	12.6	11.2	4.4	-3.66
Africa (including SON)	51.5	7.5	12.4	-5.7	7.9	22.1
Others	-9.8	5.9	-32.4	-27.9	19.9	12.7
<b>Geography-wise revenue mix (%)</b>						
India	52.3	53.4	54.4	54.5	55.9	55.8
Indonesia	15.7	13.5	14.6	16.9	15.8	13.7
Africa (including SON)	20.9	21.8	23.5	23.1	22.3	24.5
Others	11.1	11.4	7.4	5.5	6	6.0
<b>EBIT (INR m)</b>						
India	11,369	13,303	15,126	14,576	16,341	17,293
Indonesia	3,109	3,239	3,931	4,601	4,809	3,895
Africa (including SON)	3,076	2,677	1,904	1,692	1,065	845
Others	1,424	1,453	205	89	716	918
<b>EBIT growth (%)</b>						
India	15.4	17	13.7	-3.6	12.1	5.8
Indonesia	7	4.2	21.4	17.1	4.5	-19.0
Africa (including SON)	35.9	-13	-28.8	-11.2	-37	-20.7
Others	-5.6	2	-85.9	-56.5	702.5	28.2
<b>EBIT margin (%)</b>						
India	22.3	24.8	26.6	26.6	26.1	24.9
Indonesia	20.4	23.9	25.8	27.1	27.2	22.8
Africa (including SON)	15.1	12.2	7.8	7.3	4.3	2.8
Others	13.2	12.7	2.7	1.6	10.7	12.2

Source: Company, MOFSL

**Exhibit 17: Expect consolidated RoCE to reach 18.3% in FY24E (highest in the last decade)**


Source: Company, MOFSL

**Exhibit 18: Tremendous improvement in the gross debt-to-equity ratio (%) in the last decade**


Source: Company, MOFSL

**Exhibit 19: Consolidated cash conversion cycle improves considerably in the last four years**

Cash conversion cycle	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Days (on an average)</b>										
Inventory days	47	52	54	55	55	60	57	57	57	54
Debtor days	34	42	42	42	45	45	36	32	31	31
Creditor days	51	46	54	76	87	92	77	64	64	66
<b>Cash conversion cycle</b>	<b>30</b>	<b>47</b>	<b>41</b>	<b>22</b>	<b>14</b>	<b>13</b>	<b>16</b>	<b>24</b>	<b>24</b>	<b>19</b>
<b>Days (on a year-end basis)</b>										
Inventory days	47	57	56	58	55	63	57	63	57	57
Debtor days	35	48	41	46	46	43	33	33	33	33
Creditor days	48	45	68	87	90	91	71	64	70	70
<b>Cash conversion cycle</b>	<b>35</b>	<b>60</b>	<b>28</b>	<b>17</b>	<b>11</b>	<b>14</b>	<b>19</b>	<b>32</b>	<b>20</b>	<b>20</b>

Source: Company, MOFSL

## Financials and valuations

### Income Statement

(INR b)

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
<b>Net Sales</b>	<b>98.5</b>	<b>103.1</b>	<b>99.1</b>	<b>110.3</b>	<b>122.8</b>	<b>137.1</b>	<b>153.6</b>
Change (%)	6.3	4.7	-3.9	11.3	11.3	11.7	12.0
<b>Gross Profit</b>	<b>55.7</b>	<b>58.1</b>	<b>56.5</b>	<b>61.0</b>	<b>62.0</b>	<b>68.5</b>	<b>84.1</b>
Margin (%)	56.6	56.3	57.0	55.3	50.5	50.0	54.8
Total Expenditure	77.8	81.5	77.7	86.4	98.8	111.8	120.6
<b>EBITDA</b>	<b>20.7</b>	<b>21.7</b>	<b>21.4</b>	<b>23.9</b>	<b>24.0</b>	<b>25.3</b>	<b>33.0</b>
Change (%)	8.9	4.9	-1.2	11.4	0.3	5.5	30.5
Margin (%)	21.0	21.0	21.6	21.7	19.5	18.4	21.5
Depreciation	1.6	1.7	2.0	2.0	2.1	2.3	2.4
Int. and Fin. Charges	1.6	2.2	2.2	1.3	1.1	1.3	0.9
Interest Income	0.7	0.9	0.8	0.4	0.6	0.8	0.9
Other Income-rec.	0.4	0.2	0.4	0.3	0.3	0.4	0.4
<b>PBT</b>	<b>18.6</b>	<b>18.8</b>	<b>18.4</b>	<b>21.2</b>	<b>21.6</b>	<b>21.9</b>	<b>30.9</b>
Change (%)	10.2	1.4	-2.3	15.4	1.9	1.4	40.9
Margin (%)	18.9	18.3	18.6	19.3	17.6	16.0	20.1
Total tax	4.0	3.9	3.9	3.6	3.7	4.8	6.8
Tax Rate (%)	21.8	20.9	21.4	16.9	17.2	22.0	21.9
<b>PAT</b>	<b>14.5</b>	<b>14.9</b>	<b>14.5</b>	<b>17.7</b>	<b>17.9</b>	<b>17.1</b>	<b>24.1</b>
Change (%)	11.2	2.5	-2.9	22.0	1.6	-4.5	41.0
Margin (%)	14.8	14.4	14.6	16.0	14.6	12.5	15.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Group Adjusted PAT</b>	<b>14.4</b>	<b>14.9</b>	<b>14.5</b>	<b>17.7</b>	<b>17.9</b>	<b>17.1</b>	<b>24.1</b>
Non-rec. (Exp.)/Income	1.8	8.5	0.5	-0.4	-0.1	0.0	0.0
<b>Reported PAT</b>	<b>16.3</b>	<b>23.4</b>	<b>15.0</b>	<b>17.2</b>	<b>17.8</b>	<b>17.1</b>	<b>24.1</b>

### Balance Sheet

(INR b)

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
Share Capital	0.7	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	61.9	71.6	78.0	93.4	114.5	123.5	135.3
Minority Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Networth</b>	<b>62.6</b>	<b>72.7</b>	<b>79.0</b>	<b>94.4</b>	<b>115.6</b>	<b>124.5</b>	<b>136.4</b>
Loans	35.1	33.8	35.2	7.6	17.0	11.9	8.4
Deferred Liability	1.9	-4.7	-5.7	-6.4	-6.8	-6.8	-6.8
<b>Capital Employed</b>	<b>99.6</b>	<b>101.8</b>	<b>108.5</b>	<b>95.6</b>	<b>125.8</b>	<b>129.6</b>	<b>137.9</b>
Gross Block	39.6	42.1	45.2	46.3	49.4	52.9	56.1
Less: Accum. Depn.	3.6	4.6	6.3	8.6	11.0	13.3	15.7
<b>Net Fixed Assets</b>	<b>36.0</b>	<b>37.5</b>	<b>38.9</b>	<b>37.7</b>	<b>38.4</b>	<b>39.6</b>	<b>40.4</b>
Capital WIP	0.8	0.5	0.6	0.6	1.2	1.2	1.2
Goodwill	47.2	49.2	53.4	51.3	53.8	53.8	53.8
Non Curr Investments	1.4	0.3	0.3	0.2	1.7	1.5	1.4
Current Investments	8.6	4.8	6.4	6.6	8.4	9.3	10.2
<b>Currents Assets</b>	<b>44.7</b>	<b>43.8</b>	<b>43.5</b>	<b>39.6</b>	<b>50.5</b>	<b>57.5</b>	<b>68.0</b>
Inventory	15.8	15.6	17.0	17.2	21.3	21.4	24.0
Account Receivables	12.5	12.9	11.6	10.0	11.2	12.4	13.9
Cash and Bank Balance	9.6	8.9	7.7	6.7	11.1	16.7	23.1
Loans and Advances	6.8	6.3	7.1	5.6	6.8	6.8	6.8
Other Current Assets	0.1	0.1	0.1	0.1	0.1	0.2	0.2
<b>Curr. Liab. &amp; Prov.</b>	<b>39.0</b>	<b>34.4</b>	<b>34.6</b>	<b>40.5</b>	<b>28.2</b>	<b>33.2</b>	<b>37.0</b>
Account Payables	23.5	25.4	24.8	21.6	21.6	26.3	29.5
Other Liabilities	15.3	8.7	9.3	18.3	6.4	6.7	7.4
<b>Net Current Assets</b>	<b>5.6</b>	<b>9.4</b>	<b>8.9</b>	<b>-0.8</b>	<b>22.3</b>	<b>24.3</b>	<b>31.0</b>
<b>Net Assets</b>	<b>99.6</b>	<b>101.8</b>	<b>108.5</b>	<b>95.6</b>	<b>125.8</b>	<b>129.6</b>	<b>137.9</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>14.1</b>	<b>14.6</b>	<b>14.2</b>	<b>17.3</b>	<b>17.5</b>	<b>16.7</b>	<b>23.6</b>
Cash EPS	23.4	16.2	16.1	19.3	19.6	19.0	26.0
BV/Share	91.9	71.1	77.3	92.3	113.0	121.7	133.4
DPS	9.0	12.0	8.0	0.0	0.0	8.0	12.0
Payout (%)	64.0	82.3	56.5	0.0	0.0	47.8	50.8
<b>Valuation (x)</b>							
P/E	64.7	62.5	64.3	52.7	51.9	54.4	38.6
Cash P/E	38.9	56.1	56.6	47.3	46.5	47.8	35.1
EV/Sales	6.5	9.3	9.7	8.4	7.6	6.7	6.0
EV/EBITDA	31.2	44.0	44.7	39.0	39.1	36.6	27.8
P/BV	9.9	12.8	11.8	9.9	8.1	7.5	6.8
Dividend Yield	1.0	1.3	0.9	0.0	0.0	0.9	1.3
<b>Return Ratios (%)</b>							
RoE	24.9	22.0	19.1	20.4	17.1	14.3	18.5
RoCE (Post-tax)	16.2	16.6	15.4	18.3	17.0	14.7	18.6
RoIC	19.3	19.0	16.9	20.7	19.6	17.5	23.5
<b>Working Capital Ratios</b>							
Debtor (Days)	46	46	43	33	33	33	33
Asset Turnover (x)	2.7	2.7	2.5	2.9	3.1	3.4	3.7
<b>Leverage Ratio</b>							
Debt/Equity (x)	0.6	0.5	0.4	0.1	0.1	0.1	0.1

### Cash Flow Statement

(INR b)

Y/E March	2018	2019	2020	2021	2022	2023E	2024E
OP/(Loss) before Tax	20.5	20.4	20.6	23.8	23.8	23.9	32.9
Net interest	0.9	1.4	1.4	0.9	0.5	0.5	0.1
Direct Taxes Paid	-4.1	-4.5	-3.6	-4.0	-4.5	-4.7	-6.6
(Inc)/Dec in WC	-0.2	0.0	-2.6	-0.5	-5.4	3.6	-0.3
<b>CF from Operations</b>	<b>17.2</b>	<b>17.3</b>	<b>15.9</b>	<b>20.3</b>	<b>14.5</b>	<b>23.4</b>	<b>26.1</b>
Inc in FA	-3.1	-2.1	-1.5	-1.6	-2.8	-3.5	-3.3
<b>Free Cash Flow</b>	<b>14.1</b>	<b>15.2</b>	<b>14.4</b>	<b>18.7</b>	<b>11.7</b>	<b>19.9</b>	<b>22.9</b>
Pur of Investments	0.4	2.9	-2.6	-0.1	-5.5	-0.7	-0.8
Others	-0.2	1.6	0.0	-1.3	1.9	0.6	0.6
<b>CF from Investments</b>	<b>-2.9</b>	<b>2.4</b>	<b>-4.2</b>	<b>-3.1</b>	<b>-6.4</b>	<b>-3.5</b>	<b>-3.4</b>
Inc in Debt	0.0	0.0	-1.3	-16.2	-2.2	-5.1	-3.6
Dividend Paid	-6.1	-12.3	-8.2	0.0	0.0	-8.2	-12.3
Interest Paid	-1.6	-2.1	-1.5	-1.6	-1.1	-1.3	-0.9
Other Item	-6.1	-6.0	-2.0	-0.4	-0.5	0.4	0.4
<b>CF from Fin. Activity</b>	<b>-13.8</b>	<b>-20.4</b>	<b>-13.0</b>	<b>-18.2</b>	<b>-3.8</b>	<b>-14.2</b>	<b>-16.3</b>
<b>Inc/Dec of Cash</b>	<b>0.5</b>	<b>-0.7</b>	<b>-1.2</b>	<b>-1.0</b>	<b>4.4</b>	<b>5.6</b>	<b>6.4</b>
Add: Beginning Balance	9.1	9.6	8.9	7.7	6.7	11.1	16.7
<b>Closing Balance</b>	<b>9.6</b>	<b>8.9</b>	<b>7.7</b>	<b>6.7</b>	<b>11.1</b>	<b>16.7</b>	<b>23.1</b>

E: MOSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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