

Hindustan Unilever

Estimate changes



TP change



Rating change



Bloomberg	HUVR IN
Equity Shares (m)	2349
M.Cap.(INRb)/(USDb)	5310.7 / 63.7
52-Week Range (INR)	2770 / 2170
1, 6, 12 Rel. Per (%)	-1/-25/-36
12M Avg Val (INR M)	4235
Free float (%)	38.1

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	619.0	663.5	721.7
Sales Gr. (%)	2.2	7.2	8.8
EBITDA	146.6	159.3	174.4
EBITDA mrg. (%)	23.7	24.0	24.2
Adj. PAT	102.7	113.5	124.8
Adj. EPS (INR)	43.7	48.3	53.1
EPS Gr. (%)	0.7	10.6	9.9
BV/Sh.(INR)	217.9	222.9	229.5

Ratios

RoE (%)	20.2	21.9	23.5
RoCE (%)	27.9	29.9	32.0
Payout (%)	96.1	93.1	90.4

Valuations

P/E (x)	51.7	46.8	42.5
P/BV (x)	11.7	11.4	11.1
EV/EBITDA (x)	35.7	32.9	30.0
Div. Yield (%)	1.6	1.8	1.9

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	61.9	61.9	61.9
DII	13.3	12.4	11.6
FII	12.7	13.7	14.4
Others	12.2	12.1	12.2

FII Includes depository receipts

CMP: INR2,260

TP: INR2900 (+28%)

Buy

In-line performance; expects better delivery in FY25

- Hindustan Unilever's (HUVR) performance in 4QFY24 was in line with our estimates. Net revenue was up 1% YoY with 2% volume growth. Home care maintained mid-single-digit volume growth. Beauty & Personal Care (BPC) and Food & Refreshment (F&R) posted flat volume growth YoY. Demand drivers were steady in 2HFY24. Premium portfolio growth across categories was healthy, while the mass portfolio remained weak.
- Home care growth and margin (up 130bp QoQ) beat expectations. BPC was a miss, largely due to a volume contraction in the soap portfolio (mass segment). The company has addressed the issue by fixing the pricing gap. Horlicks & Boost portfolio saw high single-digit growth, driven by volume and price, along with share gains.
- Gross margin expanded by 320bp YoY to 52.3% in 4Q, out of which 200bp was reinvested in A&P (up 23% YoY in 4Q; up 32% in FY24). The termination of GSK consignment sales impacted EBITDA margin by 60bp (impact starts in Q4FY24). EBITDA margin moderated by 25bp YoY to 23% (in line).
- In the transition phase of last 12 months, volume growth was weak and value growth was affected by price cuts. We expect a gradual recovery in volume growth in FY25, driven by own initiatives and gradual improvement in demand. The impact of price cuts will persist in 1HFY25, but the volume print should improve during this phase and the full revenue recovery will be visible in 2HFY25, as highlighted in our recent [sector thematic report](#). **Considering favorable risk-reward, we reiterate BUY rating on HUVR with a TP of INR2,900 (55x on FY26E EPS).**

Steady demand trends; home care continues to shine

- HUVR reported 1% YoY growth in net sales** at INR150.4b (est. INR150.8b). EBITDA was down 1% YoY at INR35.4b (est. INR35.4b). PBT was down 2% YoY at INR33.4b (est. INR33.5b), and PAT (bei) declined 2% YoY to INR25.0b (est. INR25.1b). Underlying volumes grew 2% YoY (est. 3%), largely maintaining the trend.
- Segmental performance:** Home care (38% of total sales) revenue grew 1.3% YoY to INR57.1b (5-year CAGR: 10%). BPC (35%) revenue was down 2.5% YoY at INR51.3b (5-year CAGR: 3%). F&R business sales (25%) rose 3.1% YoY to INR39.1b (5-year CAGR: 15%). Home care maintained mid-single-digit volume growth, slightly better than expected. In BPC, B&W clocked 4% sales growth, while PC sales declined 10% (pricing led). Oral care clocked double-digit sales growth, led by pricing and market share gain.
- Segmental EBIT:** Home care margin expanded 40bp YoY to 19.5%, while Personal Care margin contracted 80bp YoY to 25.2%. Food & Refreshment margin expanded 100bp YoY to 18.9% during the quarter.
- Gross margin expanded 320bp YoY but declined 30bp QoQ to 52.3% (est. 50.6%). As a percentage of sales, an increase in ad spending (+200bp YoY to 10.6%), other expenses (+80bp YoY to 13%) and staff costs (+60bp YoY to 4.8%) resulted in a 30bp contraction in EBITDA margin to 23.2% (est. 23.1%).
- In FY24, HUVR's net sales/EBITDA/adj. PAT grew 2.2%/3.6%/0.7% YoY.

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

Management conference call highlights

- The demand for FMCG products is expected to gradually increase. The forecast of above-normal monsoons and positive trends in macroeconomic indicators augur well for the industry. The RM basket remains within a range and is witnessing deflation.
- HUVR expects a slight deceleration in price growth in the near term if commodity prices stay stable. It expects price growth to level off in the medium term and expects prices to grow in the low single digits by the end of FY25.
- There will be a moderate pace of improvement in EBITDA margin in the near term, and it is expected to remain around 23-24%.
- Soap saw an increase in A&P spending, along with enhancements in product formulation. The decline in volume was primarily due to the mass segment. Lifebuoy, previously off the value equation, has been corrected and is showing some benefits. Improvement is expected in the next quarter.
- Contribution of distribution channels: 70% through GT, 20% through MT, 7% through e-commerce, and 3% through quick commerce. The distribution mode stood at 1.2x to 1.25x the levels of FY20. There was 50% growth in e-commerce in FY24.

Valuation and view

- There is no material change in our EPS estimates for FY25 and FY26.
- We believe that HUVR's volume growth has bottomed out and expect a gradual volume recovery in FY25. HUVR's wide product basket and presence across price segments should help the company achieve a steady growth recovery.
- There is scope for a turnaround in part of BPC and F&R; we will monitor the execution in these segments under the new CEO.
- The valuation at <45x FY26E EPS is reasonable given its last five-year average P/E of 60x on one-year forward earnings. We reiterate our BUY rating with a TP of **INR2,900 based on 55x FY26E EPS.**

Quarterly performance (INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Domestic volume growth (%)	6.0	4.0	5.0	4.0	3.0	2.0	2.0	2.0	5.0	2.3	3.0	
Total sales (Inc. Other Operating income)	146.2	151.4	156.0	152.2	155.0	156.2	155.7	152.1	605.8	619.0	153.6	-1.0%
YoY change (%)	22.7	19.0	19.1	13.0	6.0	3.2	-0.2	0.0	15.5	2.2	1.0	
Gross Profit	69.6	69.5	74.9	74.7	78.2	82.8	80.9	79.5	288.6	321.4	77.7	
Margin %	47.6	45.9	48.0	49.1	50.4	53.0	52.0	52.3	47.6	51.9	50.6	
EBITDA	34.0	34.8	36.9	35.7	36.7	38.0	36.7	35.4	141.5	146.6	35.4	-0.2%
YoY change (%)	19.5	11.1	12.7	10.1	7.7	9.1	-0.8	-1.1	10.0	3.6	-0.9	
Margins (%)	23.3	23.0	23.7	23.5	23.7	24.3	23.5	23.2	23.4	23.7	23.1	
Depreciation	2.8	2.7	2.9	2.9	2.9	3.0	3.1	3.2	11.4	12.2	3.1	
Interest	0.3	0.3	0.3	0.3	0.5	0.9	0.9	1.1	1.1	3.3	0.9	
Other income	1.3	1.1	1.1	1.6	1.8	1.8	2.1	2.3	5.1	8.1	2.1	
PBT	32.3	32.9	34.8	34.1	35.1	36.0	34.8	33.4	134.1	139.2	33.5	-0.4%
Tax	8.2	5.9	9.0	8.9	9.2	9.3	9.4	8.6	32.0	36.4	8.5	
Rate (%)	25.5	17.9	25.8	26.1	26.1	25.9	27.0	25.7	23.9	26.2	25.2	
PAT bei	23.9	26.9	25.8	25.4	25.8	26.6	25.3	25.0	102.0	102.7	25.1	-0.3%
YoY change (%)	21.8	22.9	12.6	11.3	8.0	-1.1	-2.0	-1.6	15.2	0.7	-1.3	
Reported Profit	23.8	26.7	24.7	26.0	25.5	26.6	25.1	25.6	101.2	102.8	25.1	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY23				FY24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2Y average growth %								
Volumes	7.5	4.0	3.5	2.0	4.5	3.0	3.5	3.0
Sales	17.8	15.1	14.8	12.0	14.3	11.1	9.5	6.5
EBITDA	13.6	10.1	13.8	9.9	13.6	10.1	5.9	4.5
PAT	13.3	15.2	15.1	9.9	14.9	10.9	5.3	4.8
% sales								
COGS	52.4	54.1	52.0	50.9	49.6	47.0	48.0	47.7
Staff cost	4.3	5.0	4.6	4.9	4.5	4.9	4.5	5.5
Advertising and Promotion	9.1	7.0	7.8	8.6	9.7	11.2	10.4	10.6
Others	10.9	10.9	12.0	12.1	12.5	12.6	13.4	13.0
Depreciation	1.9	1.8	1.9	1.9	1.8	1.9	2.0	2.1
YoY change %								
COGS	29.8	33.1	29.3	14.1	0.2	-10.4	-7.8	-6.3
Staff cost	2.9	30.2	9.9	36.2	10.8	1.1	-2.2	12.7
Advertising and Promotion	30.3	-13.3	1.7	1.6	12.8	65.4	34.5	23.3
Others	4.4	1.2	9.8	15.8	22.3	19.1	12.1	6.8
Other income	98.5	-3.5	20.9	31.1	37.6	67.9	94.5	44.4
EBIT	19.9	11.9	12.5	10.0	8.3	9.1	-1.4	-2.1

Exhibit 1: Segmental performance

Segment Revenue (INR b)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Home Care	49.3	51.4	55.1	56.4	54.2	53.1	54.4	57.1
Personal Care	54.1	56.0	57.6	52.6	56.7	58.7	57.8	51.3
Foods & Refreshments	36.3	37.6	37.0	37.9	38.0	38.5	37.3	39.1
Others	6.6	6.5	6.2	5.3	6.1	5.9	6.1	4.7
Net Segment Revenue	146.2	151.4	156.0	152.2	155.0	156.2	155.7	152.1
Growth YoY (%)								
Home Care	29.8	34.0	31.5	18.7	10.0	3.2	(1.3)	1.3
Personal Care	18.2	11.9	11.4	11.6	4.8	5.0	0.3	(2.5)
Foods & Refreshments	9.3	3.7	6.8	2.6	4.7	2.6	0.9	3.1
Others	192.5	147.0	139.9	74.5	(7.7)	(9.4)	(1.8)	(11.6)
Net Segment Revenue	22.7	19.0	19.1	13.0	6.0	3.2	(0.2)	(0.0)
Salience (%)								
Home Care	33.7	34.0	35.4	37.0	35.0	34.0	35.0	37.5
Personal Care	37.0	36.9	37.0	34.6	36.6	37.6	37.1	33.7
Foods & Refreshments	24.8	24.8	23.7	24.9	24.5	24.6	24.0	25.7
Others	4.5	4.3	4.0	3.5	3.9	3.8	3.9	3.1
Total Segment Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Segment Results (EBIT) - (INR b)								
Home Care	8.7	8.9	10.9	10.7	10.1	10.1	9.9	11.1
Personal Care	14.3	14.1	14.5	13.7	14.7	15.8	14.7	12.9
Foods & Refreshments	5.8	7.4	6.6	6.8	6.8	7.2	7.1	7.4
Others	2.5	1.7	2.0	1.7	2.1	1.8	1.9	0.7
Total Segment Results	31.2	32.1	34.0	32.8	33.8	35.0	33.5	32.2
PBT	32.1	32.6	33.8	34.9	34.7	35.9	34.5	34.2
Growth YoY (%)								
Home Care	30.7	21.6	26.3	14.2	17.1	14.6	(9.3)	3.6
Personal Care	10.9	1.2	0.5	10.4	3.2	12.4	1.2	(5.4)
Foods & Refreshments	(3.7)	12.0	2.3	(4.8)	17.8	(3.2)	7.6	8.8
Others	364.8	101.2	175.3	74.0	(15.1)	7.6	(6.5)	(55.7)
Total Segment Results	19.9	11.9	12.5	10.0	8.3	9.1	(1.4)	(2.1)
Salience (%)								
Home Care	27.7	27.6	32.1	32.7	30.0	29.0	29.5	34.6
Personal Care	45.7	43.9	42.6	41.6	43.6	45.2	43.7	40.2
Foods & Refreshments	18.5	23.2	19.4	20.7	20.2	20.6	21.2	23.0
Others	8.0	5.3	5.9	5.1	6.3	5.3	5.6	2.3
Total Segment Results	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Segmental EBIT margin (%)								
Home Care	17.5	17.2	19.8	19.0	18.7	19.1	18.2	19.5
Personal Care	26.4	25.1	25.1	26.0	26.0	26.9	25.3	25.2
Foods & Refreshments	15.9	19.8	17.9	17.9	17.9	18.7	19.0	18.9
Others	38.0	26.2	32.5	31.7	34.9	31.1	30.9	15.9
Total	21.3	21.2	21.8	21.6	21.8	22.4	21.5	21.1
EBIT margin change YoY (bps)								
Home Care	11	(176)	(82)	(75)	114	189	(162)	44
Personal Care	(175)	(265)	(272)	(27)	(43)	179	22	(78)
Foods & Refreshments	(214)	148	(77)	(138)	200	(112)	118	100
Others	1,408	(597)	418	(10)	(305)	491	(155)	(1,581)
Total	(50)	(136)	(129)	(59)	46	123	(27)	(44)

Source: Company, MOFSL



Highlights from the management commentary

Operational environment

- Demand trends in 4Q were steady QoQ.
- UVG stood at 2%.
- Volume recovery remained gradual due to high levels of cumulative inflation over the past few years, coupled with a weak monsoon affecting rural demand.
- Urban organized trade and premium portfolio stayed resilient and led growth for FMCG overall.
- In HUVR, 75% of the business is experiencing volume growth, with 50% of the overall business seeing volume growth in the mid- to high-single digits.
- HUVR is maintaining the market share it gained over the last two years.
- The 19 brands contribute to over 80% of turnover. Clinic Plus has now become an INR20bn brand. Vaseline are nearing the INR10bn mark.
- The demand for FMCG products is expected to gradually increase. The forecast of above-normal monsoons and positive trends in macroeconomic indicators augur well for the industry.
- The RM basket remains within a range and is witnessing deflation.
- HUVR expects a slight deceleration in price growth in the near term if commodity prices stay stable. They expect price growth to level off in the medium term and expect prices to grow in the low single digits by the end of FY25.

Costs and margins

- A&P expenses rose 200bp YoY to 10.8%. Absolute A&P investments were almost INR3b higher than last year.
- Royalty has gone up by 30bp due to a gradual increase in royalty rates.
- The termination of the consignment selling agreement with GSK will result in a 60bp impact starting this quarter.
- There will be a moderate pace of improvement in EBITDA margin in the near term; expected to remain around 23-24%.

Segmental highlights

Home Care

- Home care grew 1% USG with mid-single-digit volume growth during the quarter.
- On a two-year CAGR basis, home care delivered double-digit revenue growth.
- Fabric wash volumes witnessed mid-single-digit growth, led by the premium portfolio.
- Household care volumes grew in mid-single digits, led by outperformance in Vim liquid.
- Fabric wash and household care categories continued to see price declines on account of pricing actions taken during the year.
- Fabric conditioners, fabric wash, and dish wash collectively contribute well over INR 35bn in revenue and hold leadership positions in the categories. For fabric wash, the salience of liquids is expected to be around 20%.
- In dish wash, 25% of sales come from Vim liquid wash.
- In the laundry sector, powder products are seeing volume growth and bar products are also returning to growth. The steady volume growth is notable.
- In FY24, it saw 3% USG with mid-single digit volume growth.
- Home care margin stood at 19% in 4Q and 18% in FY24.

Beauty & Personal care (BPC)

- BPC USG declined by 2% with flat volume growth in 4Q.
- Personal care witnessed a 10% decline in USG.
- Beauty and Wellbeing (B&W) delivered mid-single digit volume growth. It saw 4% USG growth in 4Q.
- Hair care delivered high-single digit growth, driven by volumes. This was led by outperformance in premium brands including Dove and Tresemmé.
- Skin care and color cosmetics delivered low-single digit growth, with a decline in the mass skin portfolio.
- Premium skin maintained its strong double-digit growth trajectory, led by innovations in new demand spaces and formats.
- In skincare, double-digit growth was driven by pricing.
- Skin cleansing declined YoY due to price action and a reduction in volumes.
- Oral care delivered double-digit growth, driven by pricing.
- Body wash is scaling up well, with good growth for several quarters in the premium portfolio.
- The penetration of liquid body wash is relatively low at below 2%.
- Soap saw an increase in A&P spending, along with enhancements in product formulation. The decline in volume was primarily due to the mass segment.
- Lifebuoy, previously off the value equation, has been corrected and is showing some benefits. Improvement is expected in the next quarter.
- In FY24, USG stood at 2% with low-single digit volume growth.
- BPC reported a healthy margin of 26% in 4Q and FY24.

Food & Refreshment (F&R)

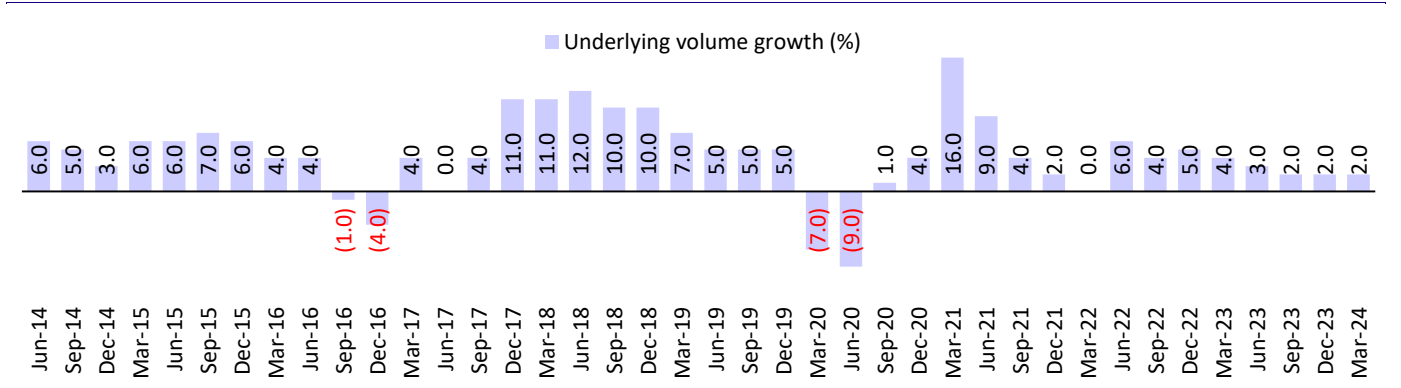
- There was 4% USG, driven by price hikes in 4Q. Volume growth was flat.
- Despite an overall muted performance, tea strengthened its market leadership with significant gains in both value and volume. It continues to witness downtrading among consumers.
- Green tea delivered positive performance.
- Coffee achieved double-digit growth, primarily driven by pricing strategies.
- Ice cream saw volume-led double-digit growth.
- Soups, mayonnaise and peanut butter continued to attract strong consumer interest, and food solutions maintained the growth momentum.
- Functional nutrition drinks (Horlicks & Boost) delivered high-single digit growth, driven by Plus range. HUVR continues to gain market share and penetration on the back of sustained market development actions.
- In FY24, it saw 4% USG with low-single digit volume growth.
- F&R margin stood at 19% for 4Q and FY24.

Other points

- The distribution mode stands at 1.2x to 1.25x the levels of FY20. Shikhar app remains a strong differentiator for HUVR, having successfully onboarded 1.3m stores.
- There was 50% growth in e-commerce in FY24.
- Contribution of distribution channels: 70% through GT, 20% through MT, 7% through e-commerce, and 3% through quick commerce.
- In health food drinks, HUVR adds less than one teaspoonful of sugar. Moreover, their adult portfolio contains no added sugar. However, in the kids' portfolio, a small amount of added sugar is necessary to enhance palatability and encourage consumption.
- In health food drinks, there is lower penetration in the southern and eastern regions, particularly in the south region, where it is under 30%, and somewhat lower in the east region, averaging around 20%.

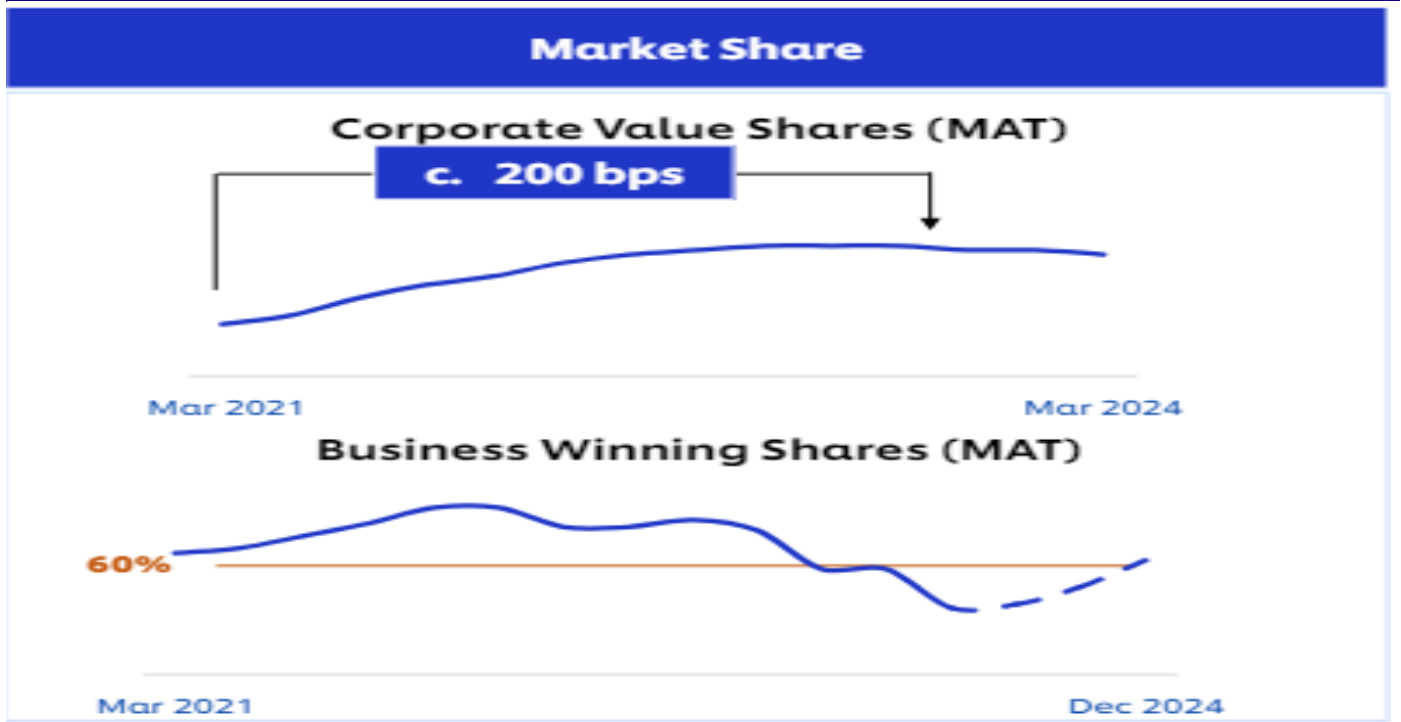
Story in charts

Exhibit 2: Volume grew 2% YoY in 4QFY24



Source: Company, MOFSL

Exhibit 3: Regaining the business winning share



Source: Company presentation, MOFSL

Exhibit 4: Power brands



Source: Company presentation, MOFSL

Exhibit 5: Gross margin expanded 320bp YoY to 52.3%

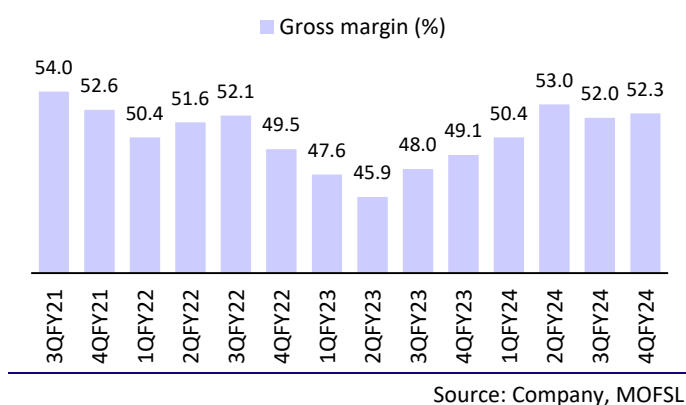


Exhibit 6: A&P spending rose 200bp YoY to 10.6%

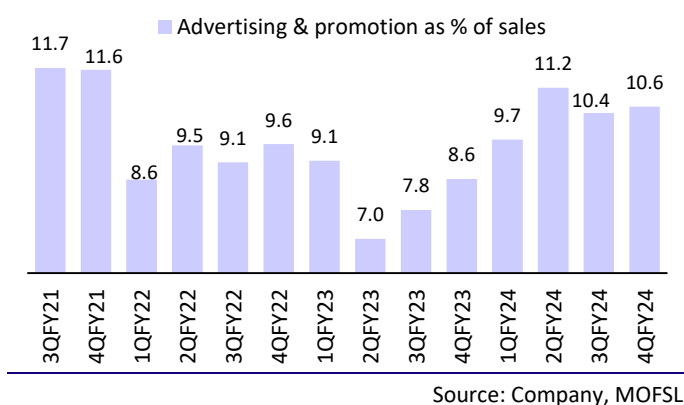


Exhibit 7: Employee expenses rose 60bp YoY to 5.5%

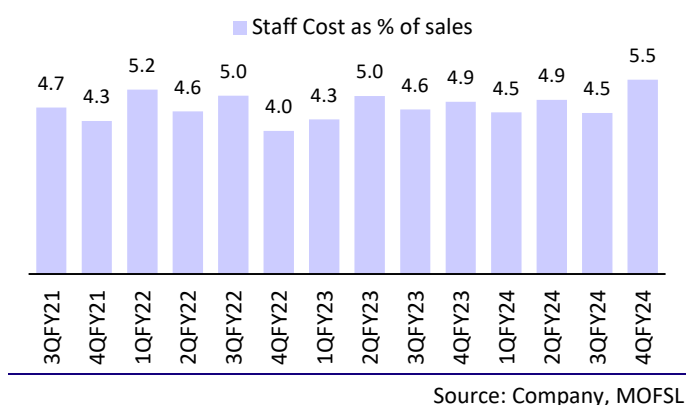


Exhibit 8: Other expenses increased 800bp YoY to 13.0%

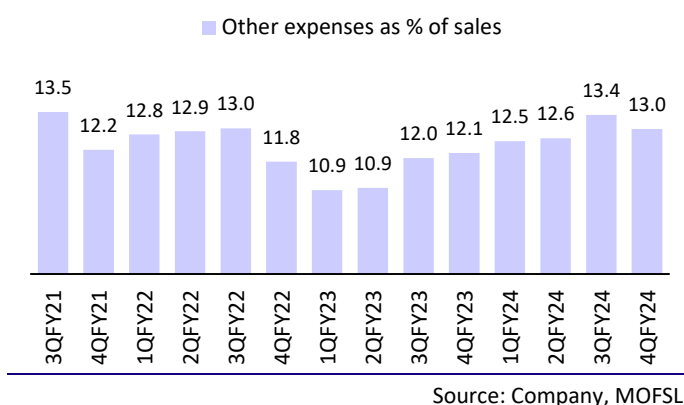
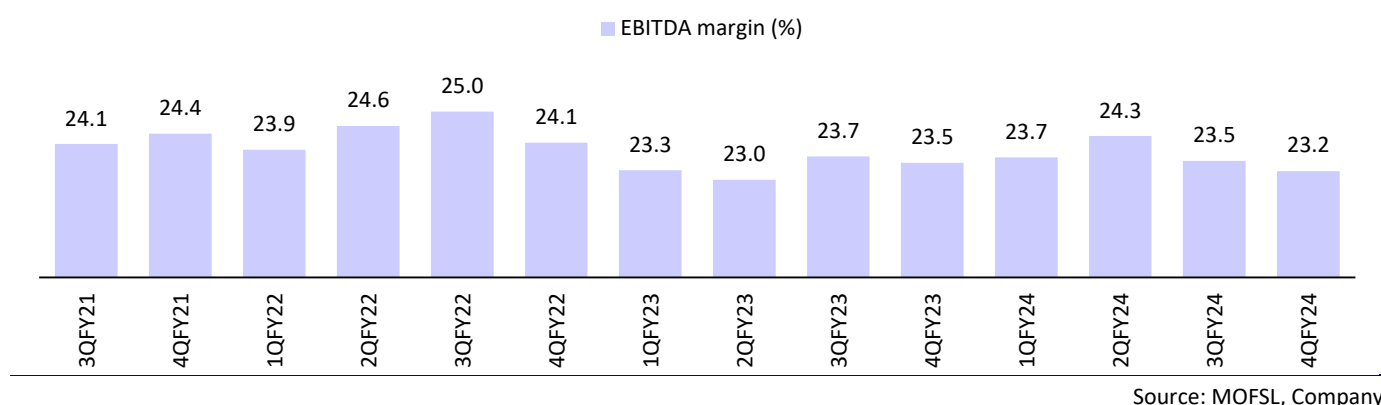


Exhibit 9: EBITDA margin contracted 30bp YoY to 23.2%

Valuation and view

HUVR performance over the last 10 years

- The company's newfound nimbleness in response to raw material costs and competitive stimuli has reinvigorated earnings momentum, achieving double-digit growth over this period.
- The focus on premiumization, particularly evident in detergents, tea and personal care products, has meant that even these highly penetrated, large categories have grown significantly. The company's focus on cost savings has resulted in an unprecedented EBITDA margin improvement over the years.
- For the decade ended FY24, HUVR's sales/EBITDA/PAT CAGR stood at 8%/12%/11%.

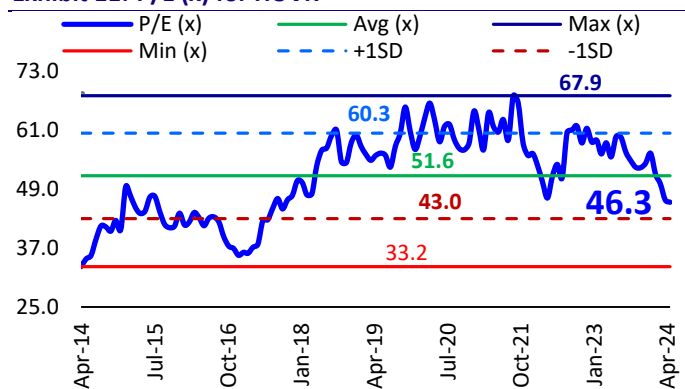
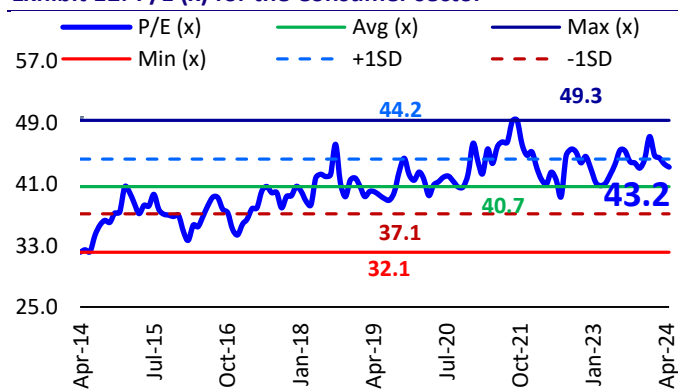
Our investment case for HUVR

- There is no material change in our EPS estimates for FY25 and FY26.
- We believe that HUVR's volume growth has bottomed out and expect a gradual volume recovery in FY25. HUVR's wide product basket and presence across price segments should help the company achieve a steady growth recovery.
- There is scope for a turnaround in part of BPC and F&R; we will monitor the execution in these segments under the new CEO.
- The valuation at 45x FY26E EPS is reasonable given its last five-year average P/E of 65x on one-year forward earnings. We reiterate our BUY rating with a TP of **INR2,900 based on 55x FY26E EPS.**

Exhibit 10: No material change in our EPS estimates for FY25 and FY26

(INR b)	New estimates		Old estimates		Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	663.5	721.7	668.5	727.3	-0.7%	-0.8%
EBITDA	159.3	174.4	159.7	174.9	-0.2%	-0.3%
PAT	113.5	124.8	114.0	125.4	-0.4%	-0.5%

Source: MOFSL

Exhibit 11: P/E (x) for HUVR**Exhibit 12: P/E (x) for the Consumer sector**

Financials and valuations

Income Statement							(INR b)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Revenue	393.1	397.8	470.3	524.5	605.8	619.0	663.5	721.7
Change (%)	10.6	1.2	18.2	11.5	15.5	2.2	7.2	8.8
COGS	184.7	182.6	221.5	257.4	317.2	297.6	315.8	341.7
Gross Profit	208.4	215.2	248.8	267.1	288.6	321.4	347.7	380.0
Gross Margin (%)	53.0	54.1	52.9	50.9	47.6	51.9	52.4	52.7
Operating Exp	119.6	116.6	132.5	138.5	147.2	174.7	188.4	205.6
EBITDA	88.8	98.6	116.3	128.6	141.5	146.6	159.3	174.4
Change (%)	18.4	11.0	17.9	10.6	10.0	3.6	8.7	9.4
Margin (%)	22.6	24.8	24.7	24.5	23.4	23.7	24.0	24.2
Depreciation	5.7	10.0	10.7	10.9	11.4	12.2	12.8	13.4
Int. and Fin. Charges	0.3	1.2	1.2	1.1	1.1	3.3	3.5	3.7
Other Income - Recurring	6.6	6.3	4.1	2.6	5.1	8.1	8.8	9.6
Profit before Taxes	89.4	93.7	108.5	119.2	134.1	139.2	151.9	166.9
Change (%)	20.2	4.9	15.7	9.9	12.5	3.8	9.1	9.9
Margin (%)	23.1	23.9	23.4	23.1	22.5	22.8	23.3	23.5
Tax	25.4	24.1	26.1	29.9	32.0	36.4	38.2	41.9
Deferred Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax Rate (%)	28.5	25.7	24.0	25.1	23.9	26.2	25.2	25.1
Profit after Taxes	60.2	67.4	81.2	88.5	102.0	102.7	113.5	124.8
Change (%)	13.6	12.0	20.5	9.0	15.2	0.7	10.5	9.9
Margin (%)	15.6	17.2	17.5	17.2	17.1	16.8	17.4	17.6
Reported PAT	61.7	67.7	80.0	88.9	101.2	102.8	113.5	124.9

Balance Sheet							(INR b)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	2.2	2.2	2.3	2.3	2.4	2.4	2.3	2.3
Reserves	76.5	80.1	474.4	488.3	500.7	509.8	521.2	536.7
Net Worth	78.7	82.3	476.7	490.6	503.0	512.2	523.5	539.1
Loans	1.2	0.2	0.2	0.3	3.2	2.2	2.2	2.3
Capital Employed	79.8	82.5	476.9	490.9	506.2	514.4	525.7	541.3
Gross Block	90.6	108.3	578.6	589.8	613.3	636.1	651.1	666.1
Less: Accum. Depn.	-43.4	-53.5	-64.2	-75.1	-86.5	-98.6	-111.4	-124.8
Net Fixed Assets incl Goodwill	47.2	54.8	514.4	514.7	526.8	537.4	539.7	541.3
Capital WIP	4.1	6.0	7.5	13.1	11.3	10.3	5.1	2.6
Investment in Subsidiaries	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0
Current Investments	27.1	12.5	27.1	35.2	28.1	33.1	38.1	43.1
Deferred Charges	3.7	2.8	-59.7	-61.3	-64.1	-65.5	-65.5	-65.5
Curr. Assets, L&A	98.2	125.4	138.5	142.0	163.9	191.0	223.0	254.5
Inventory	25.7	27.7	35.8	41.0	42.5	40.2	50.8	55.0
Account Receivables	18.2	11.5	17.6	22.4	30.8	30.0	33.7	36.7
Cash and Bank Balance	37.6	51.1	44.7	38.5	46.8	75.6	68.3	86.6
Others	16.7	35.1	40.4	40.2	43.8	45.2	70.2	76.2
Curr. Liab. and Prov.	100.4	119.1	150.8	152.9	160.5	205.1	214.7	234.6
Account Payables	84.4	84.7	88.0	90.7	95.7	104.9	104.9	114.1
Other Liabilities	16.1	8.5	23.0	22.1	23.6	23.8	25.8	28.1
Provisions	0.0	25.9	39.7	40.1	41.2	76.4	84.1	92.5
Net Current Assets	-2.3	6.3	-12.3	-10.9	3.4	-14.1	8.2	19.9
Application of Funds	79.8	82.5	476.9	490.9	506.2	514.4	525.7	541.3

E: MOSL Estimates

Financials and valuations

Ratios							(INR b)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)								
EPS	27.8	31.2	34.6	37.7	43.4	43.7	48.3	53.1
Cash EPS	30.7	36.2	38.5	41.8	48.2	48.9	53.8	58.8
BV/Share	36.3	38.0	203.0	208.9	214.1	217.9	222.9	229.5
DPS	22.0	25.0	31.0	34.0	39.0	42.0	45.0	48.0
Payout %	93.6	94.6	91.5	91.5	89.8	96.1	93.1	90.4
Valuation (x)								
P/E	81.2	72.5	65.3	60.0	52.1	51.7	46.8	42.5
Cash P/E	73.6	62.4	58.8	54.1	46.8	46.2	42.0	38.4
EV/Sales	12.6	12.3	11.4	10.2	8.8	8.6	8.0	7.4
EV/EBITDA	54.7	49.1	45.3	41.0	37.2	35.7	32.9	30.0
P/BV	70.1	67.0	12.6	12.2	11.9	11.7	11.4	11.1
Dividend Yield (%)	0.9	1.0	1.2	1.3	1.5	1.6	1.8	1.9
Return Ratios (%)								
RoE incl. Goodwill	79.5	83.8	29.1	18.3	20.5	20.2	21.9	23.5
RoCE incl. Goodwill	117.4	116.9	39.2	24.8	27.1	27.9	29.9	32.0
Working Capital Ratios								
Debtor (Days)	17.1	10.7	13.9	15.8	18.9	17.9	18.9	18.9
Leverage Ratio								
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement							(INR b)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(loss) before Tax	86.0	91.7	106.1	118.7	133.5	139.3	151.9	166.9
Financial other income	-2.6	-4.5	-0.7	-1.5	-4.1	-6.1	3.5	3.7
Depreciation	5.7	10.0	11.3	11.1	11.5	12.2	12.8	13.4
Net Interest Paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct Taxes Paid	-27.7	-25.1	-24.1	-27.8	-31.4	-3.8	-38.2	-41.9
(Incr)/Decr in WC	-3.4	4.1	-1.0	-10.0	-9.6	13.1	-35.5	0.3
CF from Operations	58.0	76.2	91.6	90.5	99.9	154.7	94.5	142.4
Other Items	5.8	-9.2	-21.9	2.1	15.9	32.0	5.8	6.3
(Incr)/Decr in FA	-7.5	-8.1	-6.4	-10.8	-10.5	-14.5	-9.9	-12.4
Free Cash Flow	50.5	68.1	85.2	79.7	89.4	140.2	84.6	130.0
(Pur)/Sale of Investments	0.4	22.8	23.4	-7.9	-7.4	-43.1	8.1	-5.0
CF from Invest.	-1.4	5.5	-5.0	-16.6	-2.1	-25.5	4.0	-11.2
Dividend Paid	-45.5	-52.0	-88.1	-75.3	-84.7	-94.2	-102.2	-109.2
Others	-9.4	-15.2	-5.0	-4.9	-5.6	-5.3	-3.5	-3.7
CF from Fin. Activity	-53.9	-68.2	-93.1	-80.2	-89.5	-100.3	-105.8	-112.9
Incr/Decr of Cash	2.7	13.6	-6.4	-6.3	8.3	28.8	-7.3	18.3
Add: Opening Balance	34.9	37.6	51.1	44.7	38.5	46.8	75.6	68.3
Closing Balance	37.6	51.1	44.7	38.5	46.8	75.6	68.3	86.6

E: MOFSL Estimates

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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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