

Dabur

BSE SENSEX	S&P CNX
29,183	8,809
Bloomberg	DABUR IN
Equity Shares (m)	1,740.7
M.Cap. (INR b) / (USD b)	445.6/7.2
52-Week Range (INR)	263/154
1, 6, 12 Rel. Per (%)	4/16/18
Avg Val (INRm)/Vol '000	312/1,500
Free float (%)	31.8

Financials & Valuation (INR Billion)

Y/E Mar	2015E	2016E	2017E
Sales	78.1	88.9	101.9
EBITDA	13.1	16.3	18.8
Adj. PAT	10.7	13.4	15.5
Adj. EPS	6.1	7.7	8.9
EPS Gr. (%)	16.9	25.3	15.5
BV/Sh. (INR)	18.3	22.2	26.6
RoE (%)	33.5	34.7	33.4
RoCE (%)	37.0	40.6	40.7
P/E (x)	41.8	33.3	28.9
P/BV (x)	14.0	11.6	9.6

Estimate change	8% ↑
TP change	33% ↑
Rating change	↔

CMP: INR256
TP: INR265 (+4%)
Neutral

Revenue below estimate; cautious commentary

- Dabur's (DABUR) 3QFY15 results** were mixed, with consolidated sales growth of 9.2% YoY to INR20.7b (est. INR21.7b) and underlying domestic volume growth of 7.4% (est. 9%). EBITDA posted healthy 18.4% growth YoY to INR3.5b (INR3.5b), while recurring PAT grew 16.2% YoY to INR2.8b (est. INR2.8b).
- Domestic business posted volume growth of 7.4%** and overall volume growth of 6.4%. Consolidated consumer care segment registered 8% sales growth, while Domestic FMCG sales were up 11.7%. Home Care, Health Supplements and Hair Care were up 16.2%, 13.5% and 12.2% respectively. Foods segment posted 13.4% YoY sales growth on account of a high base and early festive season compared to the previous year. International business posted 1.9% YoY sales growth (3.6% constant currency growth), impacted by issues in *Namaste*.
- Gross margin expanded 120bp YoY** to 52.3%. Savings in other expenses (down 50bp YoY) were completely offset by higher staff cost (up 30bp YoY) and ad spends (up 20bp YoY). EBITDA margin expanded 130bp YoY to 16.7% (est. 16%).
- Management call highlights:** a) urban growth was lower than rural and continues to remain soft in 4QFY15 as well, b) volume growth guidance for next two quarters in 6-10% band (v/s earlier 8-10%), c) lower RM costs will reflect in 4QFY15 (crude and derivatives are 25% of RM basket), d) ad spends to be in 13-14% band as it does not intend to go for aggressive new launches in a subdued market.
- Valuation and view:** We cut the sales estimates by 3-4% to factor 3QFY15 volume miss and revision in volume guidance ahead. However, we raise the EBITDA/PAT estimates by 7-8% to factor the lower commodity costs. Though lower versus the recent trend, 7.4% volume growth is still notable in the context of peer performance, in our view. However, valuations at 33.3x FY16E and 28.9x FY17E EPS are rich. We maintain **Neutral** with a revised target price of INR265 (30x FY17E EPS, 10% discount to HUL's target P/E).

Quarterly Performance (Consolidated)

Y/E March	FY14				FY15				(INR Million)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY14	FY15E	FY15	Var. (%)
Domestic Vol Growth (%)	9.0	10.7	9.0	9.2	8.3	8.7	7.4	8.0	9.5	8.1	9.0	
Net Sales	16,470	17,435	18,996	17,690	18,639	19,241	20,736	19,500	70,736	78,115	21,709	-4.5%
YoY Change (%)	12.7	14.5	16.5	15.5	13.2	10.4	9.2	10.2	15.1	10.4	14.0	
Total Exp	14,147	14,197	16,070	14,790	16,008	15,787	17,271	15,904	59,382	64,971	18,235	-5.3%
EBITDA	2,323	3,238	2,925	2,901	2,631	3,454	3,464	3,596	11,354	13,144	3,473	-0.3%
Margins (%)	14.1	18.6	15.4	16.4	14.1	17.9	16.7	18.4	16.1	16.8	16.0	
YoY Growth (%)	13.6	26.9	14.0	16.6	13.3	6.6	18.4	24.0	2.2	15.8	18.7	
Depreciation	220	236	255	263	267	292	309	323	975	1,191	319	
Interest	133	200	72	137	101	102	95	126	542	424	90	
Other Income	385	280	390	437	409	444	440	494	1,525	1,786	448	
PBT	2,355	3,083	2,988	2,938	2,672	3,502	3,500	3,641	11,363	13,316	3,512	-0.3%
Tax	484	579	546	582	560	616	663	771	2,191	2,610	738	
Rate (%)	20.6	18.8	18.3	19.8	21.0	17.6	18.9	21.2	19.3	19.6	21.0	
Minority Interest	10	6	-7	-2	-3	13	10	-5	25	14	-7	
Adjusted PAT	1,860	2,498	2,435	2,353	2,108	2,875	2,828	2,875	9,146	10,692	2,782	1.6%
YoY Change (%)	20.7	23.5	15.3	17.4	13.3	15.1	16.2	22.2	19.1	16.9	14.3	

E: MOSL Estimates

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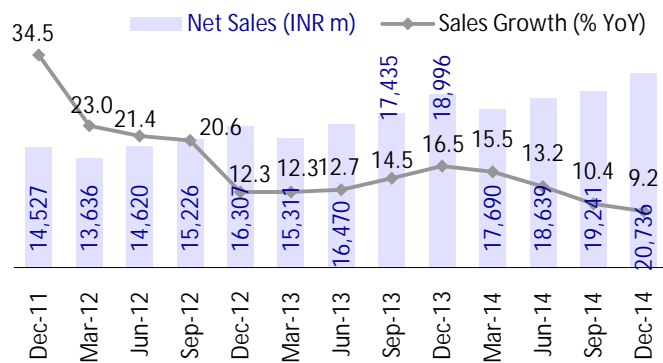
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Investors are advised to refer through disclosures made at the end of the Research Report.

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

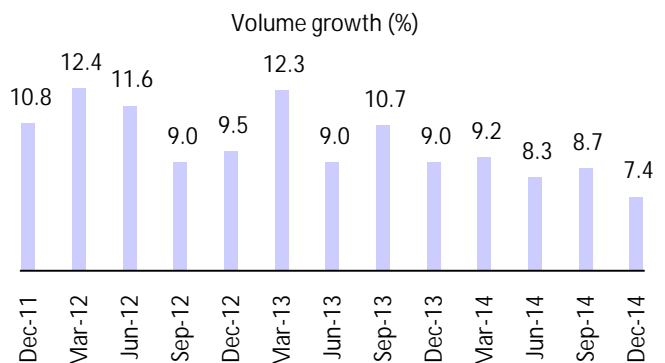
Key quarterly charts

Exhibit 1: Sales ~5% below estimates



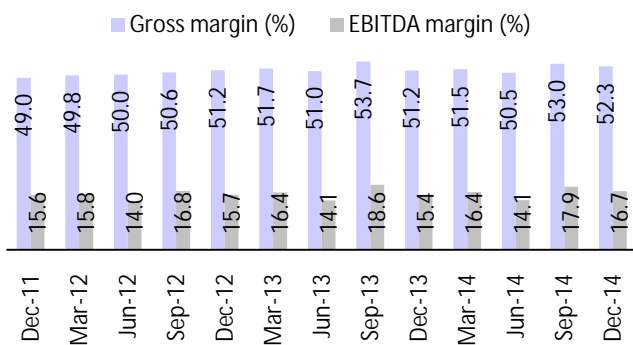
Source: Company, MOSL

Exhibit 2: Domestic volume growth stood at 7.4%



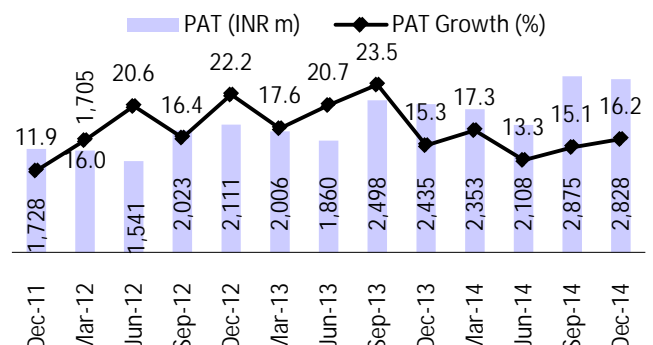
Source: Company, MOSL

Exhibit 3: EBITDA margin expanded 130bp YoY



Source: Company, MOSL

Exhibit 4: PAT in-line with estimates



Source: Company, MOSL

Exhibit 5: Segment wise sales breakup (INR m)

Segments	3QFY15	3QFY14	% Chg	9MFY15	9MFY14	% Chg
Health Supplements	3,716	3,275	13.5	7,292	6,385	14.2
Digestives	782	700	11.7	2,283	2,042	11.8
OTC & Ethicals	1,407	1,294	8.7	3,524	3,290	7.1
Hair Care	2,970	2,648	12.2	8,703	7,812	11.4
Home Care	795	684	16.2	2,388	2,103	13.6
Oral Care	1,828	1,643	11.3	5,227	4,789	9.1
Skin Care	780	750	4.0	1,965	1,858	5.8
Consumer Care	12,278	10,994	11.7	31,382	28,279	11.0
Foods	2,086	1,866	11.8	7,123	5,915	20.4
Domestic – FMCG	14,364	12,860	11.7	38,505	34,194	12.6
Others	509	387	31.5	1,261	1,528	-17.5
Domestic – Total	14,873	13,247	12.3	39,766	35,722	11.3
Retail	256	192	33.3	665	526	26.4
International – Total (incl. acquisitions)	5,801	5,694	1.9	18,736	17,166	9.1
Total	20,930	19,133	9.4	59,167	53,414	10.8

Source: Company, MOSL

Consol sales growth of 9.2%; EBITDA margins expand 130bp

- n Consolidated net sales grew 9.2% YoY to INR 20.7b (est. INR21.7b) led by 6.4% domestic volume growth.
- n Gross margin expanded 120bp YoY to 52.3%. RM price correction benefit to reflect in gross margins in 4QFY15, as per management.
- n Increase in staff costs (up 30bp YoY to 8.6%) and ad spends (up 20bp YoY to 15.4%) were completely offset by savings in other expenses (down 50bp YoY to 11.7%). EBITDA margins expanded 130bp YoY to 16.7% (est. 16%). EBITDA margins also benefitted from savings in freight costs.
- n EBITDA grew 18.4% YoY to INR3.5b (INR3.5b) while recurring PAT grew 16.2% YoY to INR2.8b (est. INR2.8b).

Domestic business: Toothpaste posted healthy 19% growth

- n Domestic business has reported 11.9% sales growth with underlying volume growth of 7.4%. Consumer care segment posted 8% sales growth with Home Care (6% of sales), Health Supplements (19% of sales) and Hair Care (23% of sales) posting 16.2%, 13.5% and 12.2% sales growth resp. Oral Care (14% of sales) grew 11.3% but within it toothpaste posted healthy 19% growth. Foods segment (18% of sales) posted 13.4% YoY sales growth on account of high base and early festive season compared to previous year. Consumer Care EBIT margins expanded 20bps to 21.2%. While Foods division EBIT margins declined 40bps YoY to 13%. Going forward the foods segment should grow in 15-20% band on account of high base, as per management.
- n Dabur Honey recorded robust double digit volume led growth this quarter. While coconut oils witnessed robust growth with performed segment showing initial signs of pick-up. The company recently launched Anmol Jasmine into the Light Coco Hair Oil segment. Shampoo portfolio posted volume led 12.8% growth. Within Oral Care segment, Red Toothpaste posted double digit volume led growth and gained some market share. However Babool continued to be sluggish with LUPs posting muted growth. Toothpaste and Hair oil categories have posted 3% and 7% decline in 3QFY15, as per syndicated data.
- n Skin care (5% of sales) posted 4% growth impacted by supply chain issues as Fem factory was gutted and hence Fem products were not available for couple of months. As per management this should impact operational expenses as company would procure products from third party manufactures which are present outside excise free zone.
- n Retail business grew 33.5% YoY and posted its maiden EBIT of INR1m.

Exhibit 6: Category wise performance

Category Growth (%)	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13	4QFY13	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15
Hair Care	15.9	19.6	19.8	10.4	13.2	13.9	9.6	11.8	4.0	6.9	5.8	8.5	13.9	12.1
Health Supplements	7.8	13.5	10.9	18.0	15.7	12.0	22.6	7.5	12.7	19.5	17.6	21.6	10.2	13.5
Oral Care	6.0	11.6	7.7	8.1	7.0	13.6	12.3	8.6	18.7	10.4	17.4	7.9	8.1	11.3
Foods	27.5	17.4	30.4	34.5	18.1	22.1	22.6	18.7	22.0	17.6	20.7	20.5	29.0	11.8
Digestives	3.8	19.3	19.4	9.8	11.9	-5.4	1.3	15.0	12.0	17.7	23.2	11.3	12.4	11.6
Skin care	0.0	4.9	17.6	13.3	24.8	15.7	11.1	13.0	17.5	13.4	10.0	4.4	9.7	4.0
Home Care	0.5	18.0	18.0	14.4	23.0	30.5	33.3	26.0	25.1	16.0	12.8	14.8	10.2	16.2
IBD (organic)	22.8	37.8	45.8	24.0	24.8	9.0	19.7	18.5	25.8	29.0	20.0	12.4	17.5	16.0

Source: Company, MOSL

IBD (28% of consolidated sales)

- n International business posted muted sales growth of 1.9% YoY (3.6% constant currency growth).
- n Growth was driven by Egypt (29%), Bangladesh (16%) and GCC (14%).
- n EBITDA Margin expanded 170bp YoY to 15%. Imputed subsidiary PAT is up 9.5% YoY to INR699m.
- n In the Namaste business the company has undertaken correction in trade inventory. There was lack of discipline in pricing and flow of goods from one country to other in Africa which will normalize from 1QFY16. However, acceleration in growth will resume only in FY17 post infrastructure building in FY16, as per management.

Concall highlights

Summary: Cautious commentary on demand as urban consumption trends hasn't revived. Lowered the volume growth guidance band from 8-10% to 6-10%. Commentary on margins was positive, as expected.

Macro/demand

- n 3Q15 Urban growth was lower than Rural while for 9MFY15 they were similar. This was contrary to management expectations as they expected higher urban growth. Since there was no trigger for rural growth, sustenance of the same is tough, per management.
- n Toothpaste and Hair oil declined 3% and 7% in 3Q for industry.
- n Continue to see subdued demand in urban in 4Q15 as well. Urban trends in January are still sluggish.
- n Volume growth guidance for next two quarters – 6-10% band (vs. earlier 8-10% band)
- n New launches will gather momentum if urban markets revive. Will be circumspect in putting new products in market and invest unless demand revives – imprudent to throw money behind adspends or new launches in an unresponsive/slow growth market.

Margins

- n Out of 110bps gross margin expansion – decline in material costs contributed only 50bps, rest 60bps came from mix improvement.
- n Price increases will be few and far between. However, it is not looking to take any material price cuts.
- n Lower RM costs will reflect in 4Q15. Crude and derivatives are 25% of raw material basket.

- n Margin expansion will continue till 1Q16 – post that outlook will be a function of crude prices.
- n FY16 gross margins will also depend on the extent of correction in non-crude based RM (Agri based commodities, Honey etc). Though non-crude RM portfolio is also softening, extent is lower vs. crude. Some of the agri based RM like Honey, Cloves, Sugar are showing stickiness at higher levels.

Category-wise

- n **Consumer care** growth is more balanced now unlike in the previous few quarters where it was heavily skewed towards Food & Beverages.
- n **Oral Care:** Babool Toothpaste and Red Toothpowder dragged Oral Care performance despite good growth in Red and Meswak Toothpaste.
- n **Foods:** impacted by early Diwali in CY14 which resulted in bunching of sales in 2Q15 (29% growth in 2Q15). Going forward Foods trend growth will be in 15-20% range as base is high after several years of 20% plus growth.
- n Foods category has entry barriers and complex supply chain. Hence any new player entering (ITC) should not disrupt market immediately.
- n **Modern trade:** 10% of overall business, 20% of urban sales. Cash & Carry Modern Trade is 1/3rd of total MT. Juices and Home care have higher salience in Modern Trade, 35% and 30%, respectively.
- n **Skin Care:** Impacted by supply chain issue. Fem factory was gutted – hence Fem products were not available for couple of months. This impacted sales in West and South India. The plant will take three months to revive. Subsequently, in December, it resumed procurement from ancillary unit. This will impact operational expenses as demand will be met by procuring products from third party manufacturers which are not present in excise free zones. Expect growth to revert to double digit in 4Q15.

International

- n **Namaste:** It has undertaken correction in trade inventory. There was indiscipline in pricing and flow of goods from one country to other in Africa. It will normalize from 1QFY16. However, acceleration in growth will resume only in FY17 post infrastructure building in FY16. Will be satisfied with ~10% EBITDA margins.

Miscellaneous

- n **Project CORE [distribution expansion in Healthcare in urban]:** It is yet to contribute meaningfully as Health Care segment remained sluggish in urban market.
- n **Adspends –** Do not expect much change in adspends range. Will stay in 13-14% band in domestic business.
- n **Other expenses –** savings from freight costs.

Valuation and view

- n We have cut our topline estimates by 3-4% to factor in lower volume growth guidance as indeed the 3Q15 miss on revenues.
- n However, our EBITDA/PAT estimates are revised upwards by 6-8% for FY16/17E to incorporate lower RM costs.
- n Though lower vs. recent volume growth trend, 7.4% domestic volume growth is respectable when viewed in the context of peer performance. We like Dabur's stable and diversified HPC portfolio with decent pricing power. This allows better earnings predictability for Dabur vis-à-vis its peers.

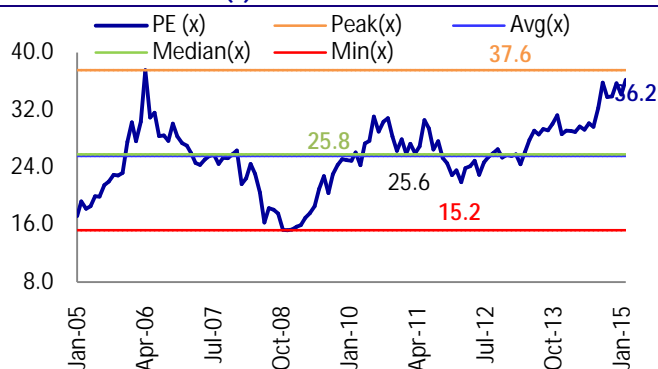
- It has a well diversified RM basket, providing a hedge against volatility in a specific RM component. However, in the current context of falling crude prices, diversified RM basket means lowest benefits from crude correction as only 25% of its RM is crude linked as against 40-65% of its peers in staples universe. Thus earnings CAGR of 19% over FY15-17E appear rather sedate vs. other consumer peers.
- Valuations at 33.3x FY16E and 28.9x FY17E EPS are rich. We maintain our **Neutral** rating with a revised TP of INR265 (30x FY17EPS, 10% discount to HUL's target P/E).

Exhibit 7: Change in estimates

	New			Old			% Change		
	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E
Net Sales	78,115	88,947	101,858	80,363	92,258	106,515	-2.8%	-3.6%	-4.4%
EBITDA	13,144	16,328	18,798	13,091	15,161	17,858	0.4%	7.7%	5.3%
Adjusted PAT	10,692	13,397	15,472	10,545	12,381	14,504	1.4%	8.2%	6.7%

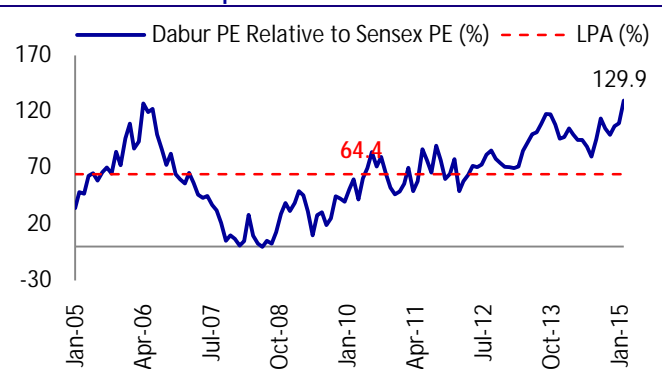
Source: Company, MOSL

Exhibit 8: Dabur P/E (x)



Source: Company, MOSL

Exhibit 9: Dabur P/E premium vs. Sensex



Source: Company, MOSL

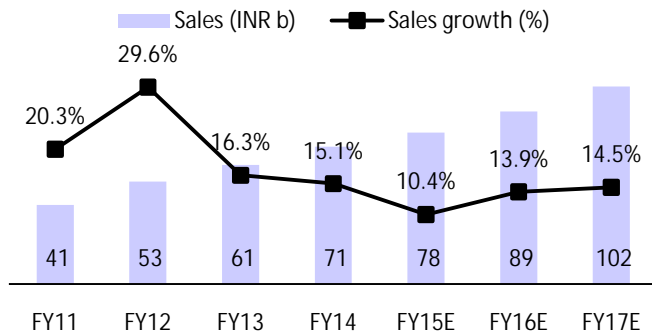
Exhibit 10: Valuation metrics of coverage universe

Company	Reco	Price	Mkt Cap	EPS Growth YoY (%)			P/E (x)			EV/EBITDA (x)			RoE (%)	Div. (%)
		(INR)	(USDm)	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY16E	FY17E	FY15E	FY15E
Consumer														
Asian Paints	Neutral	857	13,275	16.6	38.9	22.7	57.4	41.3	33.7	38.4	27.4	22.0	30.2	0.8
Britannia	Buy	1,889	3,641	21.8	20.3	23.7	47.7	39.7	32.1	33.9	27.6	21.0	45.7	1.0
Colgate	Buy	1,880	4,126	14.4	24.4	24.6	45.5	36.6	29.4	30.7	23.4	18.8	88.4	1.6
Dabur*	Neutral	256	7,262	16.1	16.1	18.0	41.8	33.3	28.9	29.9	23.7	20.3	33.5	1.0
Emami*	Buy	919	3,368	18.1	28.5	22.6	43.9	34.2	27.9	36.9	28.1	22.4	44.1	0.8
Godrej Consumer	Neutral	1,062	5,831	19.8	31.3	19.3	40.9	31.1	26.1	29.2	23.0	19.7	19.5	0.9
GSK Consumer	Neutral	5,626	3,819	(12.5)	18.4	16.5	40.1	33.8	29.0	38.2	31.2	26.1	27.9	1.0
Hind. Unilever	Neutral	933	32,570	6.0	18.3	18.7	52.3	44.2	37.3	38.9	32.0	26.1	102.4	1.9
ITC	Buy	369	46,516	11.5	14.4	16.0	29.9	26.1	22.5	20.3	17.7	15.2	34.5	2.2
Marico*	Buy	359	3,734	10.0	19.1	17.2	40.5	34.0	29.0	26.5	21.7	18.1	26.1	0.2
Nestle	Neutral	7,109	11,064	7.1	18.0	18.4	55.0	46.6	39.4	32.8	28.2	24.0	50.4	1.3
Pidilite Inds.	Neutral	570	4,714	16.0	48.2	18.4	53.0	35.7	30.2	36.0	24.2	20.0	22.3	0.6
Radico Khaitan	Buy	96	205	(12.0)	20.6	19.2	16.0	13.3	11.1	9.8	8.6	7.4	9.1	0.9
United Spirits	Buy	3,455	8,105	LP	151.7	43.5	199.4	79.2	55.2	68.4	46.9	36.5	7.7	-
Retail														
Jubilant Foodworks	Buy	1,393	1,470	12.6	60.6	41.3	68.4	42.6	30.1	32.8	21.2	15.1	19.4	-
Shopper's Stop	Neutral	464	616	47.6	35.8	25.1	68.6	50.5	40.4	20.3	16.9	14.3	7.3	0.2
Titan Company	Buy	431	6,170	16.7	25.7	25.8	44.2	35.1	27.9	32.8	25.9	20.3	28.0	0.7

Source: Company, MOSL

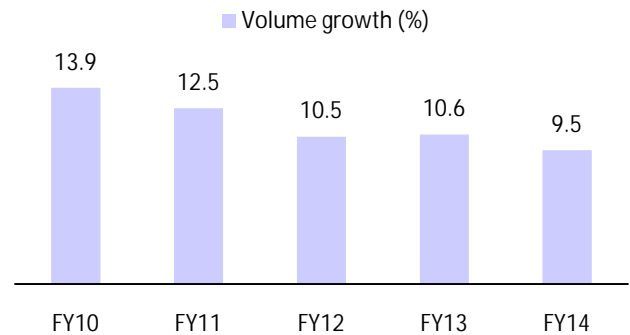
Story in charts

Exhibit 11: Sales growth in mid teens due to lower pricing component



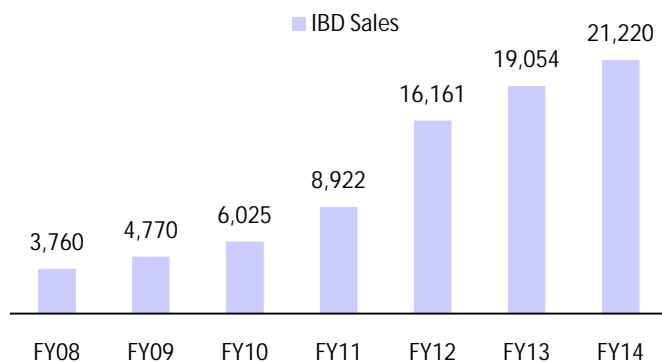
Source: Company, MOSL

Exhibit 12: Volume growth has been least volatile for Dabur



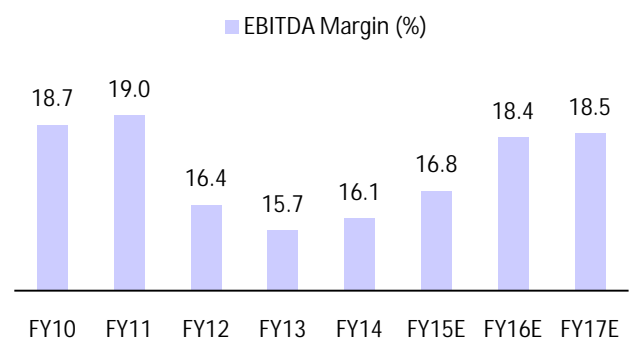
Source: Company, MOSL

Exhibit 13: IBD sales grew 5x in last 5 years



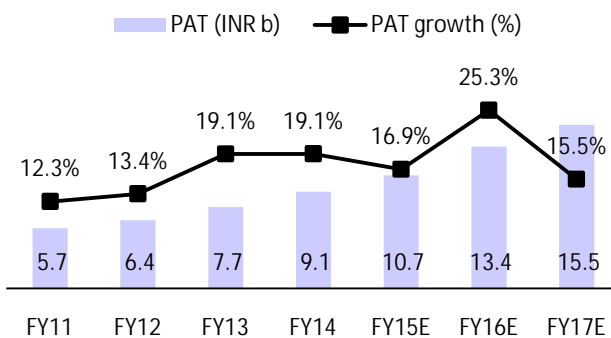
Source: Company, MOSL

Exhibit 14: Steady margin improvement driven by RM correction



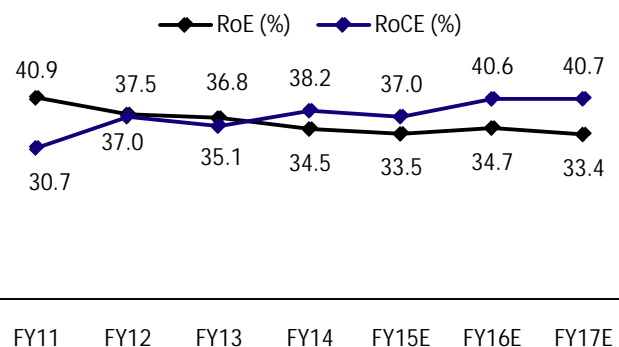
Source: Company, MOSL

Exhibit 15: PAT CAGR growth of 16.7% in FY14-17E



Source: Company, MOSL

Exhibit 16: RoE (x) and RoCE (x)



Source: Company, MOSL

Corporate profile: Dabur India

Company description

Dabur India is the second largest FMCG company in India, in terms of Product portfolio. Dabur is a market leader in Chyawanprash category and is increasing its presence in other traditional categories like Hair Care, oral care, household care and foods. Dabur's acquisition of Fem Care given it a strategic presence in the high potential skin care segment.

Exhibit 17: Sensex rebased

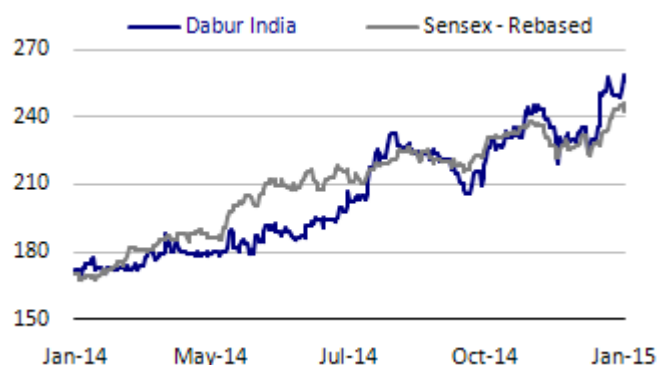


Exhibit 18: Shareholding pattern (%)

	Dec-14	Sep-14	Dec-13
Promoter	68.2	68.2	68.6
DII	4.8	5.0	4.5
FII	20.9	20.5	19.9
Others	6.2	6.3	7.0

Note: FII Includes depository receipts

Exhibit 19: Top holders

Holder Name	% Holding
LIC of India	3.5
Genesis Indian Investment Company Ltd General Sub	1.6
Baring India Pvt Equity Fund III Listed Investments Ltd	1.5
Matthews Pacific Tiger Fund	1.4
First State Investments (Hongkong) Ltd A/c First State	1.1

Exhibit 20: Top management

Name	Designation
Anand Burman	Chairman
Amit Burman	Vice Chairman
Saket Burman	Director
Mohit Burman	Director
Sunil Duggal	Executive Director

Exhibit 21: Directors

Name	Name
Anand Burman	S Narayan*
Amit Burman	R C Bhargava*
Saket Burman	Sanjay K Bhattacharrya*
Mohit Burman	Sunil Duggal
Ajay Dua*	P D Narang
P N Vijay*	Falguni Nayar*

*Independent

Exhibit 22: Auditors

Name	Type
G Basu & Co	Statutory
PricewaterhouseCoopers	Internal
Ramanath Iyer & Co	Cost Auditor

Exhibit 23: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY15	6.1	6.1	0.0
FY16	7.7	7.4	4.6
FY17	8.9	8.7	2.5

Financials and valuations

Income Statement						(INR Million)		
Y/E March	2010	2011	2012	2013	2014	2015E	2016E	2017E
Net Sales	33,905	40,774	52,836	61,465	70,736	78,115	88,947	101,858
Change (%)	20.9	20.3	29.6	16.3	15.1	10.4	13.9	14.5
Total Expenditure	27,564	33,038	44,153	51,811	59,382	64,971	72,619	83,060
EBITDA	6,341	7,736	8,683	9,653	11,354	13,144	16,328	18,798
Change (%)	34.8	22.0	12.2	11.2	17.6	15.8	24.2	15.1
Margin (%)	18.7	19.0	16.4	15.7	16.1	16.8	18.4	18.5
Depreciation	562	952	1,032	847	975	1,191	1,281	1,370
Int. and Fin. Charges	202	291	538	589	542	424	510	562
Other Income - Recurring	482	586	792	1,313	1,525	1,786	2,150	2,413
Profit before Taxes	6,059	7,079	7,905	9,530	11,363	13,316	16,687	19,278
Change (%)	36.2	16.8	11.7	20.6	19.2	17.2	25.3	15.5
Margin (%)	17.9	17.4	15.0	15.5	16.1	17.0	18.8	18.9
Tax	956	1,330	1,383	1,738	2,105	2,530	3,171	3,663
Deferred Tax	49	60	81	88	86	80	100	116
Tax Rate (%)	-16.6	19.6	18.5	19.2	19.3	19.6	19.6	19.6
Profit after Taxes	5,054	5,689	6,441	7,704	9,172	10,706	13,417	15,500
Change (%)	30.2	12.6	13.2	19.6	19.1	16.7	25.3	15.5
Margin (%)	14.9	14.0	12.2	12.5	13.0	13.7	15.1	15.2
Minority Interest	-8	3	-8	24	25	14	20	28
Adjusted PAT	5,062	5,686	6,449	7,680	9,146	10,692	13,397	15,472
Exceptional Items	0	0	0	-46	-7	0	0	0
Reported PAT	5,062	5,686	6,449	7,634	9,139	10,692	13,397	15,472

Balance Sheet						(INR Million)		
Y/E March	2010	2011	2012	2013	2014	2015E	2016E	2017E
Share Capital	869	1,741	1,742	1,743	1,744	1,744	1,744	1,744
Reserves	8,485	12,170	15,430	19,209	24,816	30,172	36,884	44,636
Net Worth	9,354	13,911	17,172	20,952	26,560	31,916	38,628	46,380
Minority Interest	38	41	30	121	159	173	193	220
Loans	1,793	16,280	11,172	12,577	9,511	11,441	9,791	8,941
Capital Employed	11,185	30,232	28,375	33,649	36,230	43,530	48,612	55,541
Gross Block	9,857	19,338	21,445	21,330	24,128	26,328	28,528	30,728
Less: Accum. Depn.	-3,391	-4,351	-5,033	-5,511	-6,459	-7,650	-8,931	-10,301
Net Fixed Assets	6,466	14,987	16,412	15,819	17,669	18,678	19,597	20,427
Capital WIP	301	324	268	926	217	433	433	433
Investments	2,641	4,197	4,825	9,286	10,765	11,841	13,025	15,630
Curr. Assets, L&A	11,058	19,768	20,498	21,055	24,467	34,355	41,103	48,344
Inventory	4,262	7,085	8,239	8,444	9,723	13,250	15,087	17,277
Account Receivables	1,198	3,555	4,617	4,841	6,753	6,465	7,361	8,429
Cash and Bank Balance	1,923	2,805	4,184	3,618	5,194	7,805	10,198	12,785
Others	3,674	6,324	3,458	4,151	2,797	6,836	8,458	9,853
Curr. Liab. and Prov.	9,202	8,855	13,355	13,074	16,440	21,693	25,463	29,209
Current Liabilities	4,669	7,394	9,361	10,431	13,330	12,784	14,423	16,516
Provisions	4,533	1,461	3,994	2,643	3,110	8,908	11,040	12,694
Net Current Assets	1,855	10,913	7,143	7,981	8,027	12,662	15,640	19,134
Miscellaneous Expense	27	0	0	0	0	0	0	0
Deferred Tax Liability	-107	-189	-274	-362	-448	-84	-84	-84
Application of Funds	11,184	30,231	28,374	33,649	36,230	43,531	48,612	55,541

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2010	2011	2012	2013	2014	2015E	2016E	2017E
Basic (INR)								
EPS	2.9	3.3	3.7	4.4	5.2	6.1	7.7	8.9
Cash EPS	5.2	2.7	3.1	3.9	4.7	5.4	6.9	8.1
BV/Share	10.8	8.0	9.9	12.0	15.2	18.3	22.2	26.6
DPS	1.0	1.2	1.2	0.0	0.0	2.6	3.3	3.8
Payout %	34.3	35.2	32.3	0.0	0.0	42.7	42.7	42.7
Valuation (x)								
P/E				58.1	48.8	41.8	33.3	28.9
Cash P/E				65.7	54.7	47.0	36.8	31.7
EV/Sales				7.3	6.2	5.6	4.9	4.2
EV/EBITDA				46.2	38.8	33.3	26.5	22.7
P/BV				21.3	16.8	14.0	11.6	9.6
Dividend Yield (%)				0.0	0.0	1.0	1.3	1.5
Return Ratios (%)								
RoE	54.0	40.9	37.5	36.8	34.5	33.5	34.7	33.4
RoCE	66.0	30.7	37.0	35.1	38.2	37.0	40.6	40.7
Working Capital Ratios								
Debtor (Days)	13	32	32	29	35	30	30	30
Asset Turnover (x)	3.0	1.3	1.9	1.8	2.0	1.8	1.8	1.8
Leverage Ratio								
Debt/Equity (x)	0.2	1.2	0.7	0.6	0.4	0.4	0.3	0.2

Cash Flow Statement

(INR Million)

Y/E March	2010	2011	2012	2013	2014	2015E	2016E	2017E
OP/(loss) before Tax	6,059	7,079	7,905	9,530	11,363	13,316	16,687	19,278
Int./Div. Received	-482	-586	-792	-1,313	-1,525	-1,786	-2,150	-2,413
Depreciation & Amort.	562	952	1,032	847	975	1,191	1,281	1,370
Interest Paid	202	291	538	589	542	424	510	562
Direct Taxes Paid	-956	-1,330	-1,383	-1,738	-2,105	-2,530	-3,171	-3,663
(Incr)/Decr in WC	15	-8,176	5,150	-1,403	1,529	-2,024	-585	-906
CF from Oper.	5,400	-1,770	12,450	6,512	10,778	8,591	12,572	14,229
Extraordinary Items	0	0	0	0	0	0	0	0
(Incr)/Decr in FA	-1,573	-9,503	-2,052	-542	-2,090	-2,416	-2,200	-2,200
(Pur)/Sale of Invt.	829	-1,556	-629	-4,461	-1,479	-1,076	-1,184	-2,605
CF from Invest.	-744	-11,059	-2,680	-5,003	-3,568	-3,492	-3,384	-4,805
Issue of Shares	0	0	0	1	2	2	2	2
(Incr)/Decr in Debt	-483	14,487	-5,107	1,404	-3,065	1,930	-1,650	-850
Dividend Paid	-868	-2,002	-2,086	0	0	-4,560	-5,714	-6,599
Others	-2,866	1,225	-1,197	-3,480	-2,571	141	566	611
CF from Fin. Act.	-4,217	13,710	-8,390	-2,075	-5,634	-2,487	-6,796	-6,836
Incr/Decr of Cash	439	881	1,380	-566	1,576	2,611	2,392	2,588
Add: Opening Bal.	1,484	1,923	2,805	4,184	3,618	5,194	7,805	10,198
Closing Balance	1,923	2,804	4,184	3,618	5,194	7,805	10,197	12,785

E: MOSL Estimates

NOTES

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