

CONSUMER

Channel Checks

19 December 2023

Eastern Encounters: Value-driven, price-conscious market

- We followed up our [Southern Sojourn](#) with on-ground channel checks in India's eastern states of Odisha and West Bengal
- East India proved to be a value-driven, price-sensitive market dominated by local brands; premiumisation is limited to urban pockets
- NEST drew the most positive feedback from dealers we met, with ITC close on its heels – both are our top picks along with HAVL

Vikrant Kashyap | Vinod Chari
Swati Jhunjunwala
research@bobcaps.in

As part of our [regional on-ground checks](#), we visited nine key markets in India's eastern states of Odisha and West Bengal over six days in December. Our interactions with ~20 dealers of consumer goods and durables across categories gave us constructive insights into the region's demand trends and competitive landscape.

Value-driven market: Our dealer checks revealed that the eastern region is a value-conscious, price-sensitive market that attracts strong participation from regional players. The east is yet to experience the premiumisation trends pervading the south, though dealers did point to stronger demand for high-end products in the northeastern markets. In the state of Odisha, which is more dependent on agriculture for income, unseasonal rains have diluted festive demand.

Festive season fails to light up staples demand: Diwali sales of staples were slower than dealers anticipated, but spending surged during Durga Puja – a bigger festival in the east. The food category continues to do well, and our checks across locations indicate that NEST has seen sustained growth. In non-food, the general trade segment was flat while modern trade fared well. BRIT saw lower stocking in the biscuits category due to its stricter return policy than competitors. In beverages, dealers estimate that tea accounts for ~90% of the market and coffee is only now gaining a toehold.

The big fight for durables: The consumer durables space in the east is highly competitive and players sporadically resort to aggressive pricing tactics to disrupt the market. Dealers promote companies that offer the best incentives, which plays a key role in determining which goods are pushed to consumers. For products that are both B2B and B2C, such as cable and wires, dealers feel at a disadvantage as companies compete with them for project-based sales. This happens with supply to modern trade too. Credit terms are 60-90 days for dealers depending on the product.

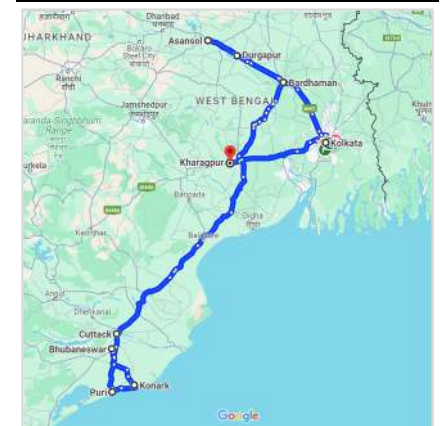
Stock picks: NEST (BUY, TP Rs 28,260) received the most positive feedback from dealers, followed by ITC (BUY, Rs 523) – both of which are our top staples picks. Reviews for BRIT and HUVR were mixed. In the consumer durables space, we prefer HAVL (BUY, Rs 1,600) as a play on ongoing demand recovery.

Recommendation snapshot

Ticker	Price	Target	Rating
BRIT IN	4,880	5,844	BUY
HAVL IN	1,346	1,600	BUY
HUVR IN	2,536	3,069	BUY
ITC IN	452	523	BUY
NEST IN	24,354	28,260	BUY
TATACONS IN	950	1,038	BUY
VGRD IN	291	300	HOLD

Price & Target in Rupees | Price as of 18 Dec 2023

Places we visited



Odisha	
Bhubaneswar	Puri
Konark	Cuttack
West Bengal	
Kolkata	Durgapur
Asansol	Kharagpur
Burdwan	

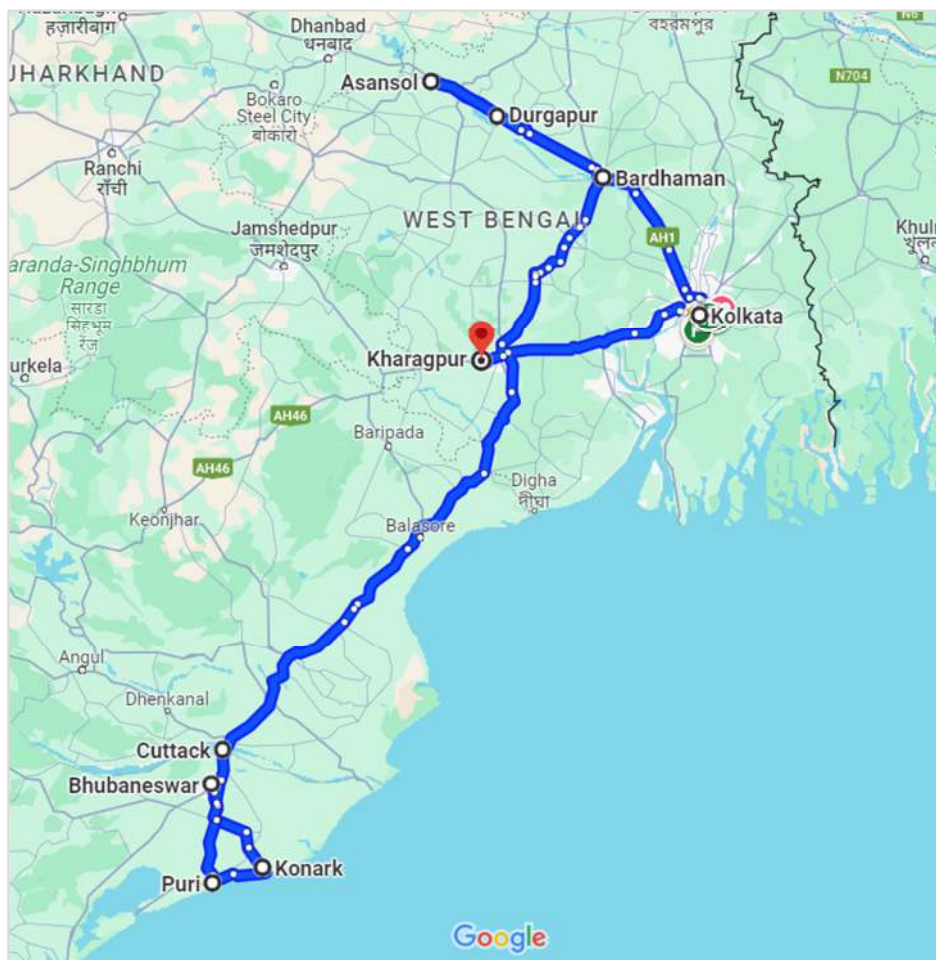


Eastern encounters

Mapping our journey

After our [Southern Sojourn](#) in September, we visited nine key markets in India's eastern states of Odisha and West Bengal over six days this month, meeting ~20 dealers across various consumer goods and durables categories.

Fig 1 – Our travels through Eastern India



Source: Google, BOBCAPS Research

Consumer staples: Visit takeaways

Market insights

- Demand for fast-moving consumer goods (FMCG) during the festive season of September-November was softer than dealers in the eastern region anticipated.
- Rural growth has slowed, particularly in Odisha, due to the uneven distribution of rainfall. However, the crop has been relatively normal in some pockets.
- Dealers expect strong demand in the Dec'23 wedding season and hence better sales over the next four months.
- Growth in general trade remains muted as modern trade continues to gain ground.

Britannia Industries (BRIT)

- BRIT has a strong presence in mid-segment biscuits led by its *Good Day* and *Marie Gold* products.
- Volume growth has been muted during the last two quarters due to increased regional competition – for instance, Pran is a leading seller of biscuits in Kolkata and its surrounds – and launches by ITC in the mid-range segment.
- BRIT is seeing lower stocking by dealers due to the company's stricter return policies than competitors, and dealers expect volume growth to remain subdued.

Fig 2 – BRIT is a strong player in mid-segment biscuits...



Source: BOBCAPS Research

Fig 3 – ...but faces stiff competition from regional players



Source: BOBCAPS Research

Fig 4 – Rural markets are dominated by local players



Source: BOBCAPS Research

Fig 5 – BRIT's Marie Gold tops sales of mid-segment biscuits



Source: BOBCAPS Research

Hindustan Unilever (HUVR)

- Besides the south, HUVR is facing challenges to growth in eastern markets as well.
- Growth in the general trade channel is negligible as the company continues to face stiff competition from regional players despite recent price cuts.
- Modern trade is a bright spot with dealers estimating that value growth neared double digits during the festival season.
- According to our checks, HUVR saw subdued volume growth during the festive season as Diwali sales fell short of expectations in Odisha.

Fig 6 – Scope for premiumisation in eastern markets



Source: BOBCAPS Research

Fig 7 – HUVR faces strong competition in toothpaste



Source: BOBCAPS Research

ITC

- ITC took price hikes in its *Flake* portfolio during Q2FY24 but none in other cigarette brands. Its blended volume growth has moderated across markets in the recent past with value growth in high single digits.
- The company continues to expand its FMCG–others portfolio and *Aashirvaad* remains the largest wheat flour (*atta*) brand in the country. Sustained product basket expansion is driving growth.
- ITC has a strong presence in premium biscuits where its *Dark Fantasy* brand has the highest penetration in eastern markets. It has withdrawn the Rs 3 *Sunfeast* biscuit pack.
- The company has launched packaged milk in Uttar Pradesh and Bihar to positive feedback. Assuming consistent supply, distributors believe the product will do well in target markets.
- ITC's new range of *Mom's Magic* and *Bounce* cream biscuits in the mid-price category is doing well, and dealers are optimistic about higher sales of these products.

Fig 8 – Aashirvaad remains the #1 player in atta

Source: BOBCAPS Research

Fig 9 – ITC leads premium biscuit space in eastern markets

Source: BOBCAPS Research

Nestle India (NEST)

- NEST continues to post double-digit volume growth across its portfolio. Nutrition remains the largest segment for the company across Indian markets, followed by Maggi noodles, chocolates and coffee.
- Dealers are optimistic about NEST's expansion in its health science portfolio and believe the launch of *ThickenUp Clear*, a food and beverage thickener for hospital patients experiencing difficulties swallowing, may be the next big hit for the company.
- As in the south, NEST has a presence in most villages housing populations of more than 2,000 in eastern markets, which is reflected in the company's sales growth despite persisting challenges in the food and beverage category.
- The east is an important market for tea with the brew accounting for ~90% of beverage consumption, with coffee at 10%. NEST has a strong presence in coffee and leads the market, ahead of Hindustan Unilever's (HUVR) Bru.

Fig 10 – NEST is well penetrated in rural markets

Source: BOBCAPS Research

Fig 11 – Newer variants of Maggi noodles are doing well

Source: BOBCAPS Research

Fig 12 – Confectionary is a fast-growing category for NEST...



Source: BOBCAPS Research

Fig 13 – ...and it leads in coffee in the east with Nescafe



Source: BOBCAPS Research

Tata Consumer Products (TCPL)

- TCPL is a strong player in tea in the eastern region and dealers estimate that tea commands as much as 90% of the market in Odisha's capital city of Bhubaneswar.
- The company is also the clear market leader in the salt category, with growth backed by a focus on premiumisation.
- Dealers are of the opinion that TCPL will do well in the newly launched staples business despite a 30-35% premium to competitors.
- In breakfast cereals, TCPL's *Soulfull* brand has started to gain market share. Dealers highlighted that Kellogg's has had a presence in the segment for more than two decades but been unable to raise its penetration in eastern markets, affording an opportunity to entrants like TCPL.
- Oats as a category has been commoditised within breakfast cereals while Kellogg's is the leader in cornflakes.

Fig 14 – Tata Sampann is expected to do well in staples...



Source: BOBCAPS Research

Fig 15 – ...with improving penetration in modern trade



Source: BOBCAPS Research

Adani Wilmar (AWL)

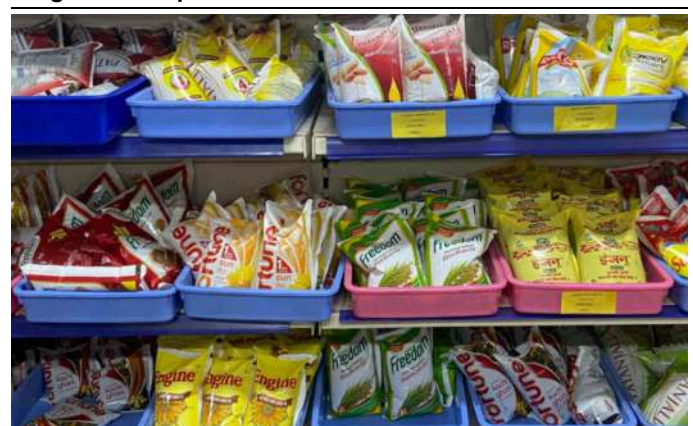
- Sunflower oil sees the most demand in eastern markets, followed by mustard and palm oil.
- In Bhubaneswar, Emami's *Freedom* is the No. 1 brand in edible oil followed by AWL's *Fortune*. Regional brands also put up stiff competition.
- In Kolkata (West Bengal), AWL is the leading player followed by Emami and regional players such as Anil and Mashal. According to dealers, Anil has a stronger presence in urban areas while Mashal is popular in rural pockets.
- The company has launched non-basmati rice in eastern markets and continues to gain popularity in the absence of other branded players in the category.
- AWL's FMCG category is currently growing in high double digits in volume terms across eastern markets driven by strong brand equity, expansion of the staples portfolio and increased penetration.

Fig 16 – AWL is an established player in edible oils...



Source: BOBCAPS Research

Fig 17 – ...and enjoys strong brand equity despite regional competition



Source: BOBCAPS Research

LT Foods (LTFO)

- LTFO, a **leading basmati rice player**, has recently forayed into eastern markets, and dealers indicated a good initial response with strong acceptance of the brand.
- Competitors such as India Gate are strong players in eastern markets, followed by Fortune and Kohinoor.
- According to dealers, LTFO's product has taken well in modern trade channels, but pricing in small retail stores would hold the key as the bulk of the rice is sold loose and LTFO's flagship *Daawat* brand is priced on the higher side.
- Daawat* competes with brands such as *Wagh* in the loose basmati rice category, with the latter offering better pricing.
- Dealers see the need for more advertisement by LTFO to deepen the brand's household presence.

Fig 18 – LTFO is a new entrant in eastern markets...



Source: BOBCAPS Research

Fig 19 – ...with well established brands in basmati rice in other parts of India



Source: BOBCAPS Research

Consumer durables: Visit takeaways

Market insights

- Eastern India is a competitive arena for consumer durables, and players often resort to aggressive pricing tactics to disrupt the market and gain share. Local companies, such as MESCAB India, one of the large manufacturers of electric cables in eastern India, are strong.
- In lighting, the LED market is crowded and Jio's recent launch priced at Rs 50 vs. the current rate of Rs 70 could disrupt the market.
- Dealers typically promote companies that offer the best incentives, which in turn plays a key role in determining which products are pushed to consumers.
- For products that are both B2B and B2C, such as cable and wires, dealers feel shortchanged as companies compete with them for project-based sales and can offer better prices.

- Although products to modern trade are supplied by dealers, in some cases, companies are in direct competition with them as well.
- Credit terms in eastern markets are 60-90 days for dealers depending on the product.
- Dealers believe the northeast market has high potential and indicated that Polycab India (POLYCAB) is doing well in fast-moving electric goods (FMEG). V-Guard (VGRD) is also eyeing this market and has established two branches in the region.

Market leaders and share across product categories

- **Electricals:** The electrical market in the east grew 11% YoY during the festive season of September-November. Havells (HAVL) is the largest player and Bajaj Electric (BJE) ranks second. Other key players in the fray are VGRD, BJE, Crompton Greaves Consumer (CROMPTON) and Luminous.
- **Fans:** Usha is the leader in fans followed by HAVL, BJE, CROMPTON, Orient Electric (ORIENTEL) and VGRD, though CROMPTON leads in some parts of Bengal.
- **Switches:** Legrand is the largest player in switches followed by Anchor, HAVL, Gold Medal and VGRD.
- **Stabilisers:** VGRD remains dominant with ~50% share of the organised market for stabilisers in the east.
- **Pumps:** CROMPTON is the leader and CRI Pumps places second. Kirloskar Brothers (KBL) is turning aggressive in the pumps segment and has the third highest market share.
- **Water heaters:** This is a small market in the eastern region where VGRD has ~30% market share, followed by BJE, HAVL and CROMPTON.
- **Cables and wires:** Finolex Industries (FNXP) tops the cables and wires segment with 20% market share, while POLYCAB is second at 15-16%, HAVL is tied in third place with RR Kabel and VGRD – each with 10% share.
- **Mixer-grinder:** BJE and Usha are in the lead for mixer-grinders with CROMPTON coming in next and then VGRD.
- **LED:** The eastern market for LEDs is scattered with no clear leader. Prices have dropped by Rs 10 in the last year to Rs 70 per unit. Dealers expect Jio's new LED launched under the BPL brand for Rs 50 to further disrupt the lighting market.

Fig 20 – Market for electrical products is competitive



Source: BOBCAPS Research

Fig 21 – Dealers praised BJE's distribution



Source: BOBCAPS Research

Fig 22 – Appliances saw dull Diwali sales



Source: BOBCAPS Research

Fig 23 – VGRD is increasing its exclusive outlets



Source: BOBCAPS Research

Stock performance

Fig 24 – BRIT

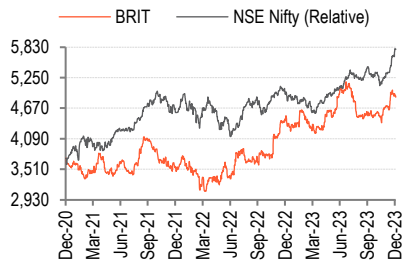


Fig 25 – HAVL

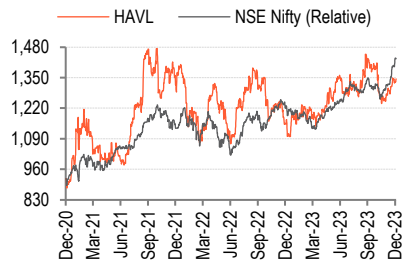


Fig 26 – HUVR

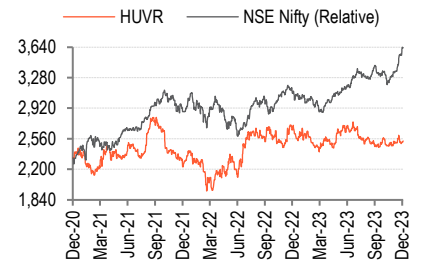


Fig 27 – ITC

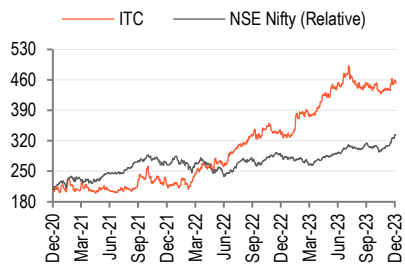


Fig 28 – NEST

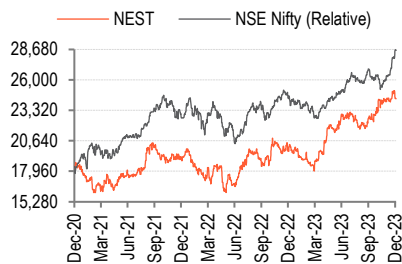


Fig 29 – TATACONS

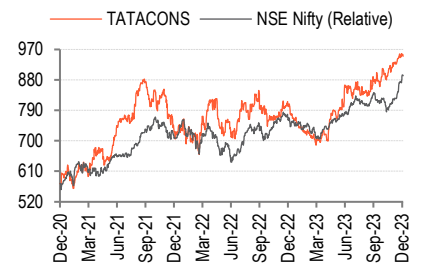
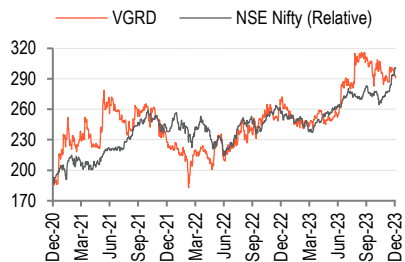


Fig 30 – VGRD



Source: NSE

Financials – BRIT

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Total revenue	131,361	141,363	163,006	171,708	191,206
EBITDA	25,093	22,015	28,309	32,794	38,604
Depreciation	1,979	2,005	2,259	2,682	2,801
EBIT	23,114	20,010	26,050	30,112	35,803
Net interest inc./(exp.)	1,109	1,443	1,691	1,985	1,823
Other inc./(exp.)	3,129	2,228	2,159	2,183	2,241
Exceptional items	6	10	(3,756)	0	0
EBT	25,128	20,785	30,274	30,310	36,221
Income taxes	6,630	5,624	7,165	8,140	9,780
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(133)	(88)	(55)	(87)	(123)
Reported net profit	18,639	15,248	23,217	22,276	26,564
Adjustments	6	10	(3,756)	0	0
Adjusted net profit	18,645	15,258	19,461	22,276	26,564

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Accounts payables	13,148	13,228	14,488	14,845	16,252
Other current liabilities	1,405	1,307	1,763	1,858	2,068
Provisions	3,875	4,851	5,390	5,664	6,278
Debt funds	20,872	24,655	29,805	29,505	29,205
Other liabilities	4,949	5,377	6,435	6,738	7,415
Equity capital	241	241	241	241	241
Reserves & surplus	35,599	25,615	35,404	45,515	53,607
Shareholders' fund	35,840	25,856	35,645	45,756	53,848
Total liab. and equities	80,088	75,275	93,527	104,365	115,067
Cash and cash eq.	1,427	1,181	1,024	9,009	15,014
Accounts receivables	2,573	3,319	3,289	3,465	3,858
Inventories	10,915	13,675	11,933	12,226	13,385
Other current assets	15,349	13,312	13,207	13,562	14,357
Investments	27,949	17,763	33,649	33,649	33,649
Net fixed assets	16,343	15,841	24,722	26,671	28,841
CWIP	1,165	5,357	1,050	1,050	1,050
Intangible assets	1,444	1,552	1,424	1,424	1,424
Deferred tax assets, net	97	517	573	603	672
Other assets	2,825	2,759	2,658	2,707	2,817
Total assets	80,088	75,275	93,527	104,366	115,067

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash flow from operations	25,083	18,864	32,520	33,046	39,286
Capital expenditures	(2,405)	(5,502)	(7,115)	(4,464)	(4,971)
Change in investments	4,675	12,495	(10,300)	0	0
Other investing cash flows	2,086	2,116	2,244	2,105	2,065
Cash flow from investing	4,356	9,109	(15,171)	(2,360)	(2,907)
Equities issued/Others	1,032	0	0	0	0
Debt raised/repaid	5,690	(3,387)	2,292	(300)	(300)
Interest expenses	(1,013)	(1,186)	(1,957)	(1,985)	(1,823)
Dividends paid	(28,238)	(24,848)	(13,592)	(12,252)	(18,595)
Other financing cash flows	104	6,963	2,974	87	123
Cash flow from financing	(22,425)	(22,458)	(10,284)	(14,540)	(20,595)
Chg in cash & cash eq.	686	(353)	(192)	8,007	6,005
Closing cash & cash eq.	1,427	1,181	1,025	9,009	15,014

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
Reported EPS	77.4	63.3	96.4	92.5	110.3
Adjusted EPS	77.4	63.3	80.8	92.5	110.3
Dividend per share	118.0	74.5	56.4	50.9	77.2
Book value per share	148.8	107.3	148.0	189.9	223.5

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
EV/Sales	8.9	8.3	7.2	6.8	6.1
EV/EBITDA	46.8	53.4	41.5	35.8	30.4
Adjusted P/E	63.0	77.0	60.4	52.8	44.2
P/BV	32.8	45.5	33.0	25.7	21.8

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23A	FY24E	FY25E
Tax burden (Net profit/PBT)	74.2	73.4	76.7	73.5	73.3
Interest burden (PBT/EBIT)	80.6	76.2	89.1	74.0	74.2
EBIT margin (EBIT/Revenue)	17.6	14.2	16.0	17.5	18.7
Asset turnover (Rev./Avg TA)	164.0	187.8	174.3	164.5	166.2
Leverage (Avg TA/Avg Equity)	2.2	2.9	2.6	2.3	2.1
Adjusted ROAE	52.0	59.0	65.1	48.7	49.3

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
YoY growth (%)					
Revenue	13.2	7.6	15.3	5.3	11.4
EBITDA	36.1	(12.3)	28.6	15.8	17.7
Adjusted EPS	31.1	(18.2)	27.6	14.5	19.2

Profitability & Return ratios (%)

EBITDA margin	19.1	15.6	17.4	19.1	20.2
EBIT margin	17.6	14.2	16.0	17.5	18.7
Adjusted profit margin	14.2	10.8	11.9	13.0	13.9
Adjusted ROAE	52.0	59.0	65.1	48.7	49.3
ROCE	40.8	39.6	39.8	40.0	43.1

Working capital days (days)

Receivables	7	9	7	7	7
Inventory	52	57	45	45	45
Payables	63	55	55	55	55

Ratios (x)

Gross asset turnover	1.5	1.6	1.5	1.4	1.4
Current ratio	1.2	1.0	1.1	1.3	1.4
Net interest coverage ratio	20.8	13.9	15.4	15.2	19.6
Adjusted debt/equity	0.6	1.0	0.8	0.6	0.5

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – HAVL

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Total revenue	1,39,385	1,69,107	1,90,821	2,17,228	2,47,352
EBITDA	17,604	15,991	19,063	24,291	29,859
Depreciation	2,609	2,962	2,899	3,737	3,857
EBIT	14,995	13,030	16,164	20,554	26,002
Net interest inc./(exp.)	(534)	(336)	(436)	(445)	(454)
Other inc./(exp.)	1,604	1,777	1,866	1,959	2,057
Exceptional items	0	0	0	0	0
EBT	16,066	14,471	17,594	22,068	27,605
Income taxes	4,101	3,753	4,434	5,561	6,956
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	11,965	10,717	13,160	16,507	20,648
Adjustments	0	0	0	0	0
Adjusted net profit	11,965	10,717	13,160	16,507	20,648

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Accounts payables	23,800	26,432	31,368	35,709	40,661
Other current liabilities	10,881	11,562	13,046	14,852	16,911
Provisions	0	0	0	0	0
Debt funds	3,955	2,231	2,908	2,965	3,029
Other liabilities	6,567	5,095	5,750	6,545	7,453
Equity capital	626	627	627	627	627
Reserves & surplus	59,403	65,628	73,463	84,644	99,968
Shareholders' fund	60,029	66,255	74,089	85,271	1,00,594
Total liab. and equities	1,05,232	1,11,574	1,27,161	1,45,341	1,68,648
Cash and cash eq.	27,014	18,702	29,287	37,616	50,748
Accounts receivables	7,663	9,739	10,740	12,369	14,003
Inventories	29,681	37,086	41,241	47,293	53,655
Other current assets	1,708	5,135	1,279	1,456	1,658
Investments	0	0	0	0	0
Net fixed assets	34,336	36,236	39,337	40,600	41,743
CWIP	572	1,634	1,844	2,099	2,390
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	4,258	3,042	3,433	3,908	4,450
Total assets	1,05,232	1,11,574	1,27,161	1,45,341	1,68,648

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Cash flow from operations	17,278	5,649	21,179	18,532	23,319
Capital expenditures	(2,528)	(5,855)	(6,000)	(5,000)	(5,000)
Change in investments	0	5,004	0	0	0
Other investing cash flows	(5,067)	1,201	54	65	75
Cash flow from investing	(7,595)	350	(5,946)	(4,935)	(4,925)
Equities issued/Others	312	267	0	0	0
Debt raised/repaid	0	(4,563)	677	57	64
Interest expenses	0	0	0	0	0
Dividends paid	(5,783)	(4,773)	(5,325)	(5,325)	(5,325)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(5,472)	(9,069)	(4,648)	(5,269)	(5,261)
Chg in cash & cash eq.	4,212	(3,070)	10,585	8,329	13,133
Closing cash & cash eq.	27,014	18,702	29,287	37,616	50,748

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
Reported EPS	19.1	17.1	21.0	26.3	33.0
Adjusted EPS	19.1	17.1	21.0	26.3	33.0
Dividend per share	7.5	7.5	8.5	8.5	8.5
Book value per share	95.8	105.8	118.3	136.1	160.6

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
EV/Sales	6.0	5.0	4.4	3.9	3.4
EV/EBITDA	47.9	52.7	44.2	34.7	28.2
Adjusted P/E	70.5	78.7	64.1	51.1	40.8
P/BV	14.0	12.7	11.4	9.9	8.4

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Tax burden (Net profit/PBT)	74.5	74.1	74.8	74.8	74.8
Interest burden (PBT/EBIT)	107.1	111.1	108.8	107.4	106.2
EBIT margin (EBIT/Revenue)	10.8	7.7	8.5	9.5	10.5
Asset turnover (Rev./Avg TA)	4.1	4.7	4.9	5.4	5.9
Leverage (Avg TA/Avg Equity)	0.6	0.6	0.6	0.5	0.4
Adjusted ROAE	21.4	17.0	18.8	20.7	22.2

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Revenue	33.3	21.3	12.8	13.8	13.9
EBITDA	12.0	(9.2)	19.2	27.4	22.9
Adjusted EPS	14.6	(10.4)	22.8	25.4	25.1

Profitability & Return ratios (%)

EBITDA margin	12.6	9.5	10.0	11.2	12.1
EBIT margin	10.8	7.7	8.5	9.5	10.5
Adjusted profit margin	8.6	6.3	6.9	7.6	8.3
Adjusted ROAE	21.4	17.0	18.8	20.7	22.2
ROCE	18.5	17.0	21.3	20.4	21.9

Working capital days (days)

Receivables	20	21	21	21	21
Inventory	78	80	79	79	79
Payables	62	57	60	60	60

Ratios (x)

Gross asset turnover	3.2	3.5	3.6	3.7	3.9
Current ratio	1.8	1.8	1.8	1.9	2.1
Net interest coverage ratio	28.1	38.8	37.1	46.2	57.2
Adjusted debt/equity	0.1	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – HUVR

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Total revenue	470,280	524,460	605,800	641,512	710,474
EBITDA	116,260	128,570	141,490	166,730	193,320
Depreciation	10,740	10,910	11,370	12,416	14,260
EBIT	105,520	117,660	130,120	154,314	179,060
Net interest inc./(exp.)	1,170	1,060	1,140	1,398	1,468
Other inc./(exp.)	4,100	2,580	5,120	5,790	6,079
Exceptional items	(2,390)	(440)	(640)	(380)	0
EBT	106,060	118,740	133,460	158,326	183,671
Income taxes	26,060	29,870	32,010	40,324	46,285
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	40	130	230	80	84
Reported net profit	79,960	88,740	101,220	117,922	137,386
Adjustments	(2,390)	(440)	(640)	(380)	0
Adjusted net profit	82,350	89,180	101,600	118,302	137,386

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Accounts payables	88,020	90,680	95,740	94,413	102,336
Other current liabilities	5,880	6,650	7,640	8,090	8,960
Provisions	20,850	19,260	17,520	18,323	19,875
Debt funds	0	0	980	980	980
Other liabilities	95,880	97,710	103,770	109,702	121,157
Equity capital	2,350	2,350	2,350	2,350	2,350
Reserves & surplus	474,590	488,520	502,870	514,742	528,481
Shareholders' fund	476,940	490,870	505,220	517,092	530,831
Total liab. and equities	687,570	705,170	730,870	748,601	784,140
Cash and cash eq.	44,710	38,460	46,780	49,313	71,439
Accounts receivables	17,580	22,360	30,790	32,605	36,110
Inventories	35,790	40,960	42,510	41,921	45,439
Other current assets	23,190	25,190	28,680	30,364	33,615
Investments	27,090	35,210	28,820	38,862	38,943
Net fixed assets	61,160	61,690	69,490	70,862	72,232
CWIP	7,450	13,130	11,320	11,320	11,320
Intangible assets	279,300	279,070	282,630	282,630	282,630
Deferred tax assets, net	170	110	100	106	117
Other assets	191,130	188,990	189,750	190,618	192,295
Total assets	687,570	705,170	730,870	748,600	784,140

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash flow from operations	91,630	90,480	99,910	134,346	162,952
Capital expenditures	(7,410)	(12,250)	(11,740)	(14,113)	(15,630)
Change in investments	39,600	(7,910)	(3,670)	(10,000)	0
Other investing cash flows	3,000	1,580	2,600	0	0
Cash flow from investing	(12,280)	(17,280)	(14,940)	(24,155)	(15,711)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(1,940)	0	780	0	0
Interest expenses	(860)	(820)	(880)	(1,398)	(1,468)
Dividends paid	(88,110)	(75,260)	(84,740)	(106,130)	(123,648)
Other financing cash flows	(4,060)	(4,070)	(4,690)	0	0
Cash flow from financing	(93,090)	(80,150)	(89,530)	(107,528)	(125,115)
Chg in cash & cash eq.	(13,740)	(6,950)	(4,560)	2,663	22,125
Closing cash & cash eq.	18,420	11,470	7,010	9,673	31,799

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
Reported EPS	34.0	37.8	43.1	50.2	58.5
Adjusted EPS	35.0	37.9	43.2	50.3	58.5
Dividend per share	37.5	32.0	36.0	45.2	52.6
Book value per share	203.0	208.9	215.0	220.0	225.9

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
EV/Sales	12.7	11.4	9.8	9.3	8.4
EV/EBITDA	51.3	46.3	42.1	35.7	30.8
Adjusted P/E	72.4	66.8	58.6	50.4	43.4
P/BV	12.5	12.1	11.8	11.5	11.2

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23A	FY24E	FY25E
Tax burden (Net profit/PBT)	75.4	74.7	75.8	74.5	74.8
Interest burden (PBT/EBIT)	100.5	100.9	102.6	102.6	102.6
EBIT margin (EBIT/Revenue)	22.4	22.4	21.5	24.1	25.2
Asset turnover (Rev./Avg TA)	68.4	74.4	82.9	85.7	90.6
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.4	1.5
Adjusted ROAE	16.8	18.1	20.0	22.8	25.9

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
YoY growth (%)					
Revenue	18.2	11.5	15.5	5.9	10.8
EBITDA	17.9	10.6	10.0	17.8	15.9
Adjusted EPS	9.0	11.0	14.1	16.5	16.5

Profitability & Return ratios (%)

EBITDA margin	24.7	24.5	23.4	26.0	27.2
EBIT margin	22.4	22.4	21.5	24.1	25.2
Adjusted profit margin	17.5	17.0	16.8	18.4	19.3
Adjusted ROAE	29.4	18.4	20.4	23.1	26.2
ROCE	23.2	15.1	16.4	18.5	20.8

Working capital days (days)

Receivables	11	14	16	18	18
Inventory	52	54	48	49	47
Payables	135	127	107	111	106

Ratios (x)

Gross asset turnover	0.7	0.7	0.8	0.8	0.8
Current ratio	1.3	1.4	1.4	1.5	1.7
Net interest coverage ratio	90.2	111.0	114.1	110.4	122.0
Adjusted debt/equity	0.0	0.0	0.2	0.2	0.2

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – ITC

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Total revenue	492,728	606,681	709,369	741,223	882,161
EBITDA	170,027	206,584	256,649	271,482	319,342
Depreciation	16,456	17,324	18,090	19,174	22,078
EBIT	153,571	189,260	238,559	252,308	297,264
Net interest inc./(exp.)	(446)	(394)	(432)	(435)	(523)
Other inc./(exp.)	26,326	18,364	19,805	25,822	20,628
Exceptional items	0	0	(729)	0	0
EBT	179,451	207,230	258,661	277,695	317,369
Income taxes	45,553	52,373	64,384	70,319	79,977
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(69)	175	490	470	576
Reported net profit	133,829	155,031	194,767	207,846	237,968
Adjustments	0	0	(729)	0	0
Adjusted net profit	133,829	155,031	194,039	207,846	237,968

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Accounts payables	43,187	44,173	46,590	34,876	40,667
Other current liabilities	42,944	51,160	55,714	55,714	55,714
Provisions	3,815	3,006	3,598	3,598	3,598
Debt funds	95	56	388	388	388
Other liabilities	41,211	45,982	57,153	57,153	57,153
Equity capital	12,309	12,323	12,428	12,428	12,428
Reserves & surplus	594,633	615,895	682,960	716,686	755,214
Shareholders' fund	606,942	628,219	695,388	729,114	767,642
Total liab. and equities	738,193	772,596	858,830	880,843	925,160
Cash and cash eq.	2,904	2,714	4,634	33,473	14,084
Accounts receivables	25,017	24,619	29,562	30,889	36,763
Inventories	103,972	108,642	117,712	119,682	143,558
Other current assets	10,952	13,061	15,618	15,618	15,618
Investments	249,809	249,505	295,580	280,335	309,023
Net fixed assets	191,539	202,074	211,171	214,453	219,722
CWIP	40,045	31,985	29,847	29,847	29,847
Intangible assets	20,179	20,402	27,459	27,459	27,459
Deferred tax assets, net	585	635	520	520	520
Other assets	93,190	118,960	126,728	128,567	128,567
Total assets	738,193	772,596	858,830	880,843	925,160

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash flow from operations	125,270	157,755	188,776	212,008	236,088
Capital expenditures	(18,366)	(21,416)	(27,430)	(23,719)	(27,347)
Change in investments	52,592	(18,536)	(94,376)	15,245	(28,688)
Other investing cash flows	22,604	17,567	64,482	0	0
Cash flow from investing	56,829	(22,385)	(57,323)	(8,474)	(56,035)
Equities issued/Others	2,907	2,918	24,774	0	0
Debt raised/repaid	(570)	(597)	(598)	0	0
Interest expenses	(412)	(396)	(414)	0	0
Dividends paid	(188,674)	(137,883)	(153,971)	(174,120)	(199,441)
Other financing cash flows	412	153	149	0	0
Cash flow from financing	(186,338)	(135,805)	(130,060)	(174,120)	(199,441)
Chg in cash & cash eq.	(4,239)	(435)	1,392	29,414	(19,389)
Closing cash & cash eq.	2,904	2,714	4,633	33,473	14,084

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
Reported EPS	10.7	12.4	15.5	16.5	18.9
Adjusted EPS	10.9	12.6	15.4	16.5	18.9
Dividend per share	15.3	11.2	12.4	14.0	16.1
Book value per share	49.0	50.7	56.1	58.8	61.9

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
EV/Sales	11.4	9.3	7.9	7.6	6.4
EV/EBITDA	33.0	27.2	21.9	20.7	17.6
Adjusted P/E	41.5	35.8	29.3	27.3	23.9
P/BV	9.2	8.9	8.1	7.7	7.3

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23A	FY24E	FY25E
Tax burden (Net profit/PBT)	74.6	74.8	75.0	74.8	75.0
Interest burden (PBT/EBIT)	116.9	109.5	108.4	110.1	106.8
EBIT margin (EBIT/Revenue)	31.2	31.2	33.6	34.0	33.7
Asset turnover (Rev./Avg TA)	66.7	78.5	82.6	84.1	95.4
Leverage (Avg TA/Avg Equity)	1.2	1.2	1.2	1.2	1.2
Adjusted ROAE	22.0	24.7	27.9	28.5	31.0

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
YoY growth (%)					
Revenue	(0.3)	23.1	16.9	4.5	19.0
EBITDA	(11.7)	21.5	24.2	5.8	17.6
Adjusted EPS	(13.4)	15.8	22.4	7.0	14.5

Profitability & Return ratios (%)

EBITDA margin	34.5	34.1	36.2	36.6	36.2
EBIT margin	31.2	31.2	33.6	34.0	33.7
Adjusted profit margin	27.2	25.6	27.4	28.0	27.0
Adjusted ROAE	22.0	24.7	27.9	28.5	31.0
ROCE	25.3	30.1	34.3	34.6	38.7

Working capital days (days)

Receivables	19	15	15	15	15
Inventory	189	150	148	148	148
Payables	78	61	59	59	59

Ratios (x)

Gross asset turnover	1.9	2.1	2.2	2.2	2.4
Current ratio	3.3	2.8	2.9	3.3	3.5
Net interest coverage ratio	344.5	480.8	552.2	579.6	568.7
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – NEST

Income Statement

Y/E 31 Dec (Rs mn)	CY21A	CY22A	CY23E	CY24E	CY25E
Total revenue	147,406	168,969	194,416	221,824	252,190
EBITDA	35,664	37,125	46,097	55,879	63,412
Depreciation	3,910	4,030	5,480	7,177	7,177
EBIT	31,754	33,095	40,617	48,702	56,235
Net interest inc./(exp.)	(2,017)	(1,546)	(1,350)	(1,353)	(1,353)
Other inc./(exp.)	1,202	1,010	1,204	1,331	1,514
Exceptional items	2,365	0	(1,064)	0	0
EBT	28,573	32,560	41,536	48,681	56,397
Income taxes	7,389	8,655	10,652	12,462	14,478
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	21,184	23,905	30,884	36,218	41,919
Adjustments	2,365	0	(1,064)	0	0
Adjusted net profit	23,549	23,905	29,819	36,218	41,919

Balance Sheet

Y/E 31 Dec (Rs mn)	CY21A	CY22A	CY23E	CY24E	CY25E
Accounts payables	17,482	19,338	23,703	26,221	29,830
Other current liabilities	1,703	2,310	2,310	2,310	2,310
Provisions	34,240	33,659	38,486	43,684	49,445
Debt funds	341	300	300	300	300
Other liabilities	9,112	9,589	9,615	9,643	9,674
Equity capital	964	964	964	964	964
Reserves & surplus	18,500	23,628	28,353	33,895	40,309
Shareholders' fund	19,464	24,592	29,317	34,859	41,273
Total liab. and equities	82,341	89,787	103,731	117,018	132,832
Cash and cash eq.	7,185	9,266	10,761	5,976	6,849
Accounts receivables	1,660	1,919	2,131	2,431	2,764
Inventories	15,927	19,288	21,532	23,820	27,097
Other current assets	1,942	1,963	2,259	2,577	2,930
Investments	7,740	7,775	7,775	7,775	7,775
Net fixed assets	26,530	27,058	34,578	47,401	55,782
CWIP	2,462	3,584	3,584	3,584	3,584
Intangible assets	0	0	0	0	1
Deferred tax assets, net	258	256	256	256	256
Other assets	18,638	18,679	20,855	23,199	25,795
Total assets	82,341	89,787	103,731	117,018	132,832

Cash Flows

Y/E 31 Dec (Rs mn)	CY21A	CY22A	CY23E	CY24E	CY25E
Cash flow from operations	22,360	27,374	42,950	48,229	55,783
Capital expenditures	(7,348)	(5,499)	(13,000)	(20,000)	(17,000)
Change in investments	(13,523)	1,288	1,475	0	0
Other investing cash flows	1,668	294	(946)	(985)	(1,052)
Cash flow from investing	(19,203)	(3,917)	(12,471)	(20,985)	(18,052)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(917)	(980)	(1,350)	(1,353)	(1,353)
Dividends paid	(19,283)	(20,247)	(26,158)	(30,677)	(35,505)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(20,200)	(21,227)	(27,508)	(32,029)	(36,858)
Chg in cash & cash eq.	(17,043)	2,229	2,971	(4,785)	873
Closing cash & cash eq.	7,102	7,791	10,761	5,976	6,849

Per Share

Y/E 31 Dec (Rs)	CY21A	CY22A	CY23E	CY24E	CY25E
Reported EPS	222.5	247.9	320.3	375.6	434.8
Adjusted EPS	244.2	247.9	309.3	375.6	434.8
Dividend per share	200.0	210.0	271.3	318.2	368.3
Book value per share	201.9	255.1	304.1	361.5	428.1

Valuations Ratios

Y/E 31 Dec (x)	CY21A	CY22A	CY23E	CY24E	CY25E
EV/Sales	15.9	13.9	12.1	10.6	9.3
EV/EBITDA	65.8	63.2	50.9	42.0	37.0
Adjusted P/E	99.7	98.2	78.7	64.8	56.0
P/BV	120.6	95.5	80.1	67.4	56.9

DuPont Analysis

Y/E 31 Dec (%)	CY21A	CY22A	CY23E	CY24E	CY25E
Tax burden (Net profit/PBT)	74.1	73.4	74.4	74.4	74.3
Interest burden (PBT/EBIT)	90.0	98.4	102.3	100.0	100.3
EBIT margin (EBIT/Revenue)	21.5	19.6	20.9	22.0	22.3
Asset turnover (Rev./Avg TA)	179.0	188.2	187.4	189.6	189.9
Leverage (Avg TA/Avg Equity)	4.2	3.7	3.5	3.4	3.2
Adjusted ROAE	108.8	97.2	105.3	103.9	101.6

Ratio Analysis

Y/E 31 Dec	CY21A	CY22A	CY23E	CY24E	CY25E
YoY growth (%)					
Revenue	10.4	14.6	15.1	14.1	13.7
EBITDA	11.4	4.1	24.2	21.2	13.5
Adjusted EPS	13.1	1.5	24.7	21.5	15.7

Profitability & Return ratios (%)

EBITDA margin	24.2	22.0	23.7	25.2	25.1
EBIT margin	21.5	19.6	20.9	22.0	22.3
Adjusted profit margin	16.0	14.1	15.3	16.3	16.6
Adjusted ROAE	108.8	97.2	105.3	103.9	101.6
ROCE	160.3	133.0	137.1	138.5	135.3

Working capital days (days)

Receivables	4	4	4	4	4
Inventory	92	91	91	91	91
Payables	101	91	100	100	100

Ratios (x)

Gross asset turnover	2.3	2.4	5.6	4.7	4.5
Current ratio	1.0	1.1	1.1	1.0	1.0
Net interest coverage ratio	15.7	21.4	30.1	36.0	41.6
Adjusted debt/equity	1.7	1.2	1.0	0.9	0.7

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – TATACONS

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Total revenue	124,254	137,832	154,439	174,337	199,102
EBITDA	17,188	18,565	22,535	26,506	30,861
Depreciation	2,780	3,041	3,365	3,398	3,398
EBIT	14,408	15,524	19,170	23,108	27,463
Net interest inc./(exp.)	728	872	1,008	940	940
Other inc./(exp.)	1,401	1,689	2,562	2,171	2,171
Exceptional items	(521)	(1,595)	198	0	0
EBT	14,560	14,746	20,922	24,338	28,693
Income taxes	3,770	4,470	5,328	6,255	7,374
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	794	1,164	1,041	1,293	1,524
Reported net profit	9,358	8,848	14,496	17,029	20,076
Adjustments	(521)	(1,595)	198	0	0
Adjusted net profit	9,878	10,443	14,299	17,029	20,076

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Accounts payables	19,159	23,482	26,082	29,299	33,346
Other current liabilities	1,322	1,735	1,944	2,194	2,506
Provisions	2,488	2,449	2,542	2,654	2,793
Debt funds	10,106	11,828	11,828	11,828	11,828
Other liabilities	11,653	13,727	14,583	16,253	18,332
Equity capital	922	929	929	929	929
Reserves & surplus	162,014	170,340	177,996	185,218	192,728
Shareholders' fund	162,936	171,269	178,925	186,147	193,657
Total liab. and equities	211,172	228,111	239,527	251,997	266,084
Cash and cash eq.	14,980	15,396	14,411	17,851	20,738
Accounts receivables	8,352	7,983	8,945	10,098	11,532
Inventories	22,665	27,017	30,009	33,709	38,366
Other current assets	23,367	24,935	25,786	26,805	28,074
Investments	5,630	11,403	11,403	11,403	11,403
Net fixed assets	14,803	16,047	18,071	20,383	23,073
CWIP	2,094	2,861	2,861	2,861	2,861
Intangible assets	105,081	108,665	108,205	107,725	107,226
Deferred tax assets, net	1,417	1,603	1,796	2,028	2,316
Other assets	3,947	2,991	3,284	3,636	4,074
Total assets	211,172	228,111	239,527	251,997	266,084

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Cash flow from operations	17,511	15,310	15,359	21,140	24,852
Capital expenditures	(2,733)	(3,118)	(3,092)	(3,530)	(4,081)
Change in investments	493	(5,364)	0	0	0
Other investing cash flows	(10,978)	203	3,115	2,833	2,996
Cash flow from investing	(13,218)	(8,278)	22	(696)	(1,084)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(4,930)	(563)	0	0	0
Interest expenses	(625)	(817)	(1,008)	(940)	(940)
Dividends paid	(3,848)	(5,734)	(5,798)	(8,514)	(11,042)
Other financing cash flows	(545)	(30)	(1,041)	(1,293)	(1,524)
Cash flow from financing	(9,948)	(7,144)	(7,848)	(10,748)	(13,506)
Chg in cash & cash eq.	(7,961)	(4,057)	2,205	3,441	2,887
Closing cash & cash eq.	14,979	12,205	14,411	17,851	20,738

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
Reported EPS	10.2	9.6	15.6	18.3	21.6
Adjusted EPS	10.7	11.3	15.4	18.3	21.6
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	176.8	185.8	194.1	202.0	210.1

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
EV/Sales	7.1	6.4	5.7	5.1	4.4
EV/EBITDA	51.3	47.5	39.2	33.3	28.6
Adjusted P/E	88.6	83.8	61.7	51.8	43.9
P/BV	5.4	5.1	4.9	4.7	4.5

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Tax burden (Net profit/PBT)	64.3	60.0	69.3	70.0	70.0
Interest burden (PBT/EBIT)	65.0	57.0	75.6	73.7	73.1
EBIT margin (EBIT/Revenue)	11.6	11.3	12.4	13.3	13.8
Asset turnover (Rev./Avg TA)	58.8	60.4	64.5	69.2	74.8
Leverage (Avg TA/Avg Equity)	1.3	1.3	1.3	1.4	1.4
Adjusted ROAE	5.7	5.2	8.1	9.1	10.4

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Revenue	7.1	10.9	12.0	12.9	14.2
EBITDA	11.3	8.0	21.4	17.6	16.4
Adjusted EPS	9.2	(5.5)	62.6	17.5	17.9
Profitability & Return ratios (%)					
EBITDA margin	13.8	13.5	14.6	15.2	15.5
EBIT margin	11.6	11.3	12.4	13.3	13.8
Adjusted profit margin	8.0	7.6	9.3	9.8	10.1
Adjusted ROAE	5.7	5.2	8.1	9.1	10.4
ROCE	8.3	8.5	10.0	11.7	13.4
Working capital days (days)					
Receivables	25	21	21	21	21
Inventory	117	123	123	123	123
Payables	99	107	107	107	107
Ratios (x)					
Gross asset turnover	0.5	0.6	0.6	0.6	0.7
Current ratio	2.2	2.1	2.2	2.2	2.2
Net interest coverage ratio	19.8	17.8	19.0	24.6	29.2
Adjusted debt/equity	0.1	0.1	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – VGRD

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Total revenue	35,002	41,260	51,095	57,608	63,234
EBITDA	3,402	3,199	5,507	6,145	6,989
Depreciation	491	644	799	966	1,116
EBIT	2,911	2,555	4,708	5,179	5,873
Net interest inc./ (exp.)	(79)	(162)	(268)	(238)	(208)
Other inc./ (exp.)	108	164	184	206	231
Exceptional items	0	0	0	0	0
EBT	2,940	2,557	4,624	5,147	5,896
Income taxes	655	667	1,165	1,297	1,486
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	2,277	1,891	3,458	3,849	4,410
Adjustments	0	0	0	0	0
Adjusted net profit	2,277	1,891	3,458	3,849	4,410

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Accounts payables	4,880	4,885	7,699	8,681	9,528
Other current liabilities	1,166	1,814	2,247	2,533	2,781
Provisions	0	0	0	0	0
Debt funds	118	4,196	2,679	2,379	2,079
Other liabilities	732	2,097	2,597	2,928	3,214
Equity capital	432	432	432	432	432
Reserves & surplus	13,638	15,644	18,454	21,569	25,157
Shareholders' fund	14,070	16,076	18,886	22,001	25,589
Total liab. and equities	20,966	29,069	34,108	38,522	43,192
Cash and cash eq.	613	670	67	122	1,084
Accounts receivables	4,841	5,687	6,999	8,207	9,009
Inventories	8,596	7,674	11,199	13,415	15,592
Other current assets	1,152	1,021	1,265	1,426	1,565
Investments	0	0	0	0	0
Net fixed assets	4,842	5,683	5,884	6,418	6,803
CWIP	92	237	293	331	363
Intangible assets	200	6,822	6,822	6,822	6,822
Deferred tax assets, net	0	0	0	0	0
Other assets	631	1,274	1,578	1,779	1,953
Total assets	20,966	29,069	34,108	38,522	43,192

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Cash flow from operations	1,390	4,238	2,423	2,497	3,504
Capital expenditures	0	(1,012)	(1,000)	(1,500)	(1,500)
Change in investments	0	(6,615)	0	0	0
Other investing cash flows	(1,198)	(85)	140	92	80
Cash flow from investing	(1,198)	(7,712)	(860)	(1,408)	(1,420)
Equities issued/ Others	0	1	0	0	0
Debt raised/repaid	(12)	1,349	(1,517)	(300)	(300)
Interest expenses	0	0	0	0	0
Dividends paid	(603)	1,912	(648)	(735)	(821)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(615)	3,262	(2,165)	(1,035)	(1,121)
Chg in cash & cash eq.	(423)	(212)	(603)	55	962
Closing cash & cash eq.	613	670	67	122	1,084

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
Reported EPS	5.3	4.4	8.0	8.9	10.2
Adjusted EPS	5.3	4.4	8.0	8.9	10.2
Dividend per share	1.3	1.3	1.5	1.7	1.9
Book value per share	32.6	37.2	43.7	50.9	59.2

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
EV/Sales	3.6	3.0	2.5	2.2	2.0
EV/EBITDA	37.0	39.3	22.8	20.5	18.0
Adjusted P/E	55.2	66.5	36.4	32.7	28.5
P/BV	8.9	7.8	6.7	5.7	4.9

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Tax burden (Net profit/PBT)	77.5	73.9	74.8	74.8	74.8
Interest burden (PBT/EBIT)	101.0	100.1	98.2	99.4	100.4
EBIT margin (EBIT/Revenue)	8.3	6.2	9.2	9.0	9.3
Asset turnover (Rev./Avg TA)	7.2	7.3	8.7	9.0	9.3
Leverage (Avg TA/Avg Equity)	0.4	0.4	0.3	0.3	0.3
Adjusted ROAE	17.4	12.5	19.8	18.8	18.5

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Revenue	28.6	17.9	23.8	12.7	9.8
EBITDA	9.0	(6.0)	72.1	11.6	13.7
Adjusted EPS	13.4	(16.9)	82.9	11.3	14.6

Profitability & Return ratios (%)

EBITDA margin	9.7	7.8	10.8	10.7	11.1
EBIT margin	8.3	6.2	9.2	9.0	9.3
Adjusted profit margin	6.5	4.6	6.8	6.7	7.0
Adjusted ROAE	17.4	12.5	19.8	18.8	18.5
ROCE	17.6	11.7	17.5	17.5	17.5

Working capital days (days)

Receivables	45	47	50	52	52
Inventory	78	72	80	85	90
Payables	50	43	55	55	55

Ratios (x)

Gross asset turnover	6.1	5.8	6.1	6.0	5.7
Current ratio	2.5	1.8	1.9	2.0	2.2
Net interest coverage ratio	36.9	15.8	17.6	21.8	28.2
Adjusted debt/equity	0.0	0.3	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

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