



A PRICEY AND SUSTAINABLE '2-MINUTE' STORY

We are initiating coverage on Nestle India (NEST) with a BUY recommendation and a Target Price of Rs. 18,310, which implies 11% upside from current levels. We believe, rising in-home consumption driven by the COVID-19 pandemic offers healthy growth prospects for Nestle which primarily offers products in the rapidly growing packaged foods category. Nestle is expected to register Revenue/Earnings CAGR of 12%/14% over CY19-22E driven by 1) rise in ready to cook consumption 2) sustained momentum on new launches and renovations; 3) leadership in 7 out of 8 categories it operates in; 4) focus on volume growth led by distribution expansion; 5) cluster based approach to penetrate in hinterland and 6) healthy cash flow generation. At CMP, stock trades at expensive valuations which factors in most of the positives, leaving limited scope for an upside. However, growth outlook over the medium/long term appears fairly promising. We value the stock at 60x its Aug '22E EPS a premium to its 10year average of 56x to arrive at our Target Price.

OUR INVESTMENT THESIS IS BASED ON THE FOLLOWING PREMISES

Growing demand for RTE / Instant foods offers immense opportunity

COVID-19 led disruption and continuing lockdown have led to consumer's spending more time at home driving immense growth opportunity for ready to eat (RTE) / ready to cook instant foods that provide convenience to the customer. Nestle's brands – Maggie Noodles, Pazzta, Upma, Poha, NesPlus etc are sweetly positioned to ride this growth albeit with slower than expected growth in Q2CY20 that was impacted by lockdown. Prepared Dishes & Cooking Aid segment has been one of the key driver of NEST's 25% Sales CAGR over CY16-19 and we expect this momentum to sustain over the long term.

Strong brands, step-up in NPD drives market leadership

Nestle India's strong brands (moat) enables it to enjoy market leadership position in ~85% of its portfolio. Over CY16-19 NEST recorded healthy 10% volume growth (vs 5% in CY09-14 pre Maggi fiasco) aided by aggression in launching new, innovative products and variants thus maintaining edge over competition. Since 2016, NEST has launched 71 innovations, a 3x increase over the past 5 years. NPDs in CY19 formed 3.4% of domestic sales with a 70% success rate, higher than some FMCG peers.

Distribution and cluster based approach to aid topline

While, NEST has been an urban centric brand, its willingness to go regional is reflected in the cluster based strategy of reaching into the rural markets. Division of India into 15 main clusters enables it to be more agile, consumer centric and efficient. NEST's target of growing distribution by 20-30% annually outlines its aggression to expand distribution thus aiding volume growth going ahead. Overall reach for company improved by 30% over 2015 with a target of reaching out to 6mn outlets over the medium term.

Healthy balance sheet to support in tough times

FCF for CY19 at Rs. 20bn was +10% YoY aided by 9% rise in Op. Cash Flow (OCF) incl. net working capital changes (NWC) as capex was flattish. Excluding NWC the OCF grew at a robust 27% in CY19. ROE in CY19 increased to 70% from 43% in CY18 largely on payment of Rs. 180/share special dividend we expect company to report steady FCF and ROE performance over CY19-22E.

PRICEY VALUATIONS TO SUSTAIN – INITIATE WITH BUY

Initiate coverage with BUY rating and TP of Rs. 18,310/share, valuing the company at 60x P/E basis its CY22E EPS. We believe Nestle is well positioned to capture the immense growth opportunity given its market leadership, consumer loyalty and trust, lower penetration and healthy cash flow generation.

Key Financials (Consolidated)

| (Rs. Cr) | CY19 | CY20E | CY21E | CY22E |
|---------------|--------|--------|--------|--------|
| Net Sales | 12,295 | 13,490 | 15,027 | 17,235 |
| EBITDA | 2,816 | 3,159 | 3,526 | 4,225 |
| Net Profit | 1,970 | 2,188 | 2,438 | 2,942 |
| EPS (Rs.) | 204.3 | 227.0 | 252.8 | 305.2 |
| PER (x) | 80.8 | 72.7 | 65.3 | 54.1 |
| EV/EBITDA (x) | 56.1 | 49.8 | 44.3 | 36.6 |
| P/BV (x) | 82.3 | 66.9 | 58.4 | 47.6 |
| ROE (%) | 70.3 | 101.6 | 95.6 | 97.0 |

Source: Company, Axis Research

CMP as of Aug 5, 2020

| | |
|----------------------------|----------------|
| CMP (Rs) | 16,489 |
| Upside /Downside (%) | 11% |
| High/Low (Rs) | 18,370/ 11,315 |
| Market cap (Cr) | 159,118 |
| Avg. daily vol. (6m) Shrs. | 168,012 |
| No. of shares (Cr) | 9.6 |

Shareholding (%)

| | Dec-19 | Mar-20 | Jun-20 |
|--------------|--------|--------|--------|
| Promoter | 62.76 | 62.76 | 62.76 |
| FII's | 12.07 | 11.81 | 12.1 |
| MFs / UTI | 4.13 | 4.19 | 4.53 |
| Banks / FI's | 0.11 | 0.05 | 0.06 |
| Others | 20.93 | 21.19 | 20.55 |

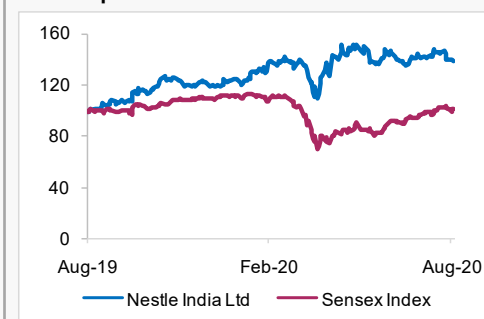
Financial & Valuations

| Y/E Mar (Rs. bn) | 2020E | 2021E | 2022E |
|------------------|-------|-------|-------|
| Net Sales | 134.9 | 150.3 | 172.4 |
| EBITDA | 31.6 | 35.3 | 42.2 |
| Net Profit | 21.9 | 24.4 | 29.4 |
| EPS (Rs.) | 227.0 | 252.8 | 305.2 |
| PER (x) | 72.8 | 65.4 | 54.1 |
| EV/EBITDA (x) | 49.9 | 44.4 | 36.7 |
| P/BV (x) | 67.0 | 58.5 | 47.7 |
| ROE (%) | 101.6 | 95.6 | 97.0 |

Key Drivers (%)

| Y/E Dec | CY20E | CY21E | CY22E |
|------------------|-------|-------|-------|
| Sales Growth | 9.7 | 11.4 | 14.7 |
| Gross Margin (%) | 57.6 | 57.8 | 58.1 |
| EBITDA Margin | 23.4 | 23.5 | 24.5 |

Relative performance



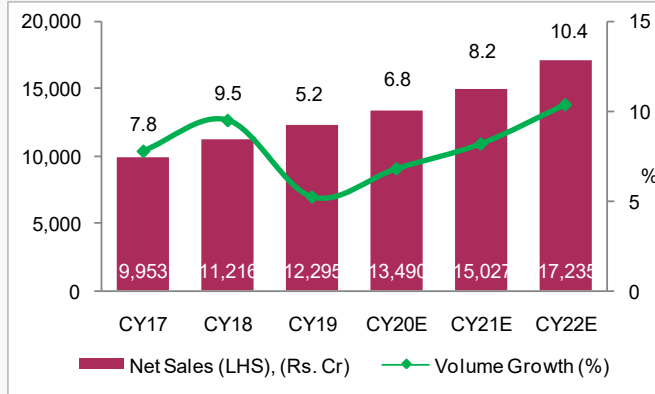
Source: Capitaline, Axis Securities

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Story in charts

Exhibit 1: Growing in-home consumption to boost Packaged Foods...



Source: Company, Axis Securities

Exhibit 2: ...Resulting in a 12% Sales CAGR over CY19-22E

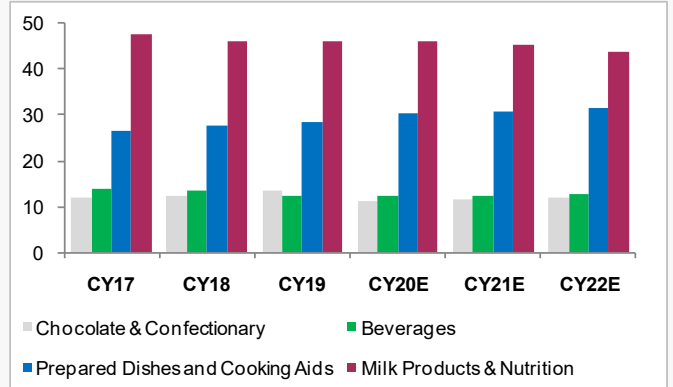
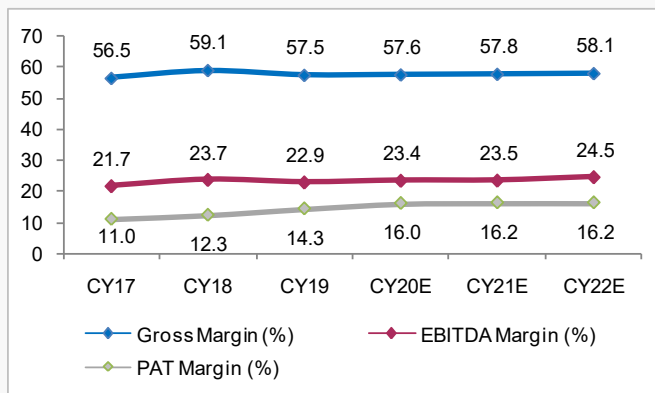


Exhibit 3: New Product innovations, pricing power and cost efficiencies to drive margins...



Source: Company, Axis Securities

Exhibit 4: 15% EBITDA CAGR over CY19-22 aided by stable Gross Margins

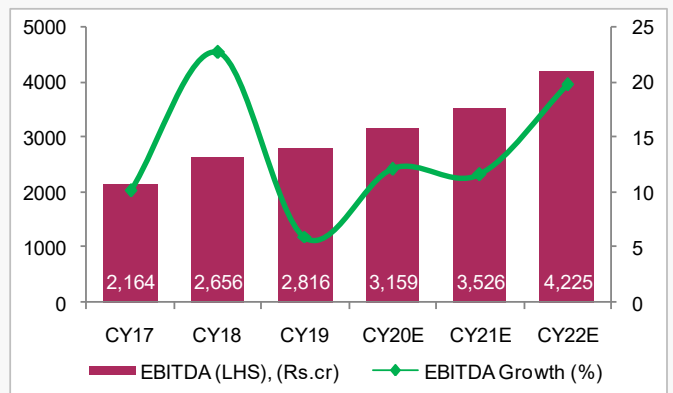
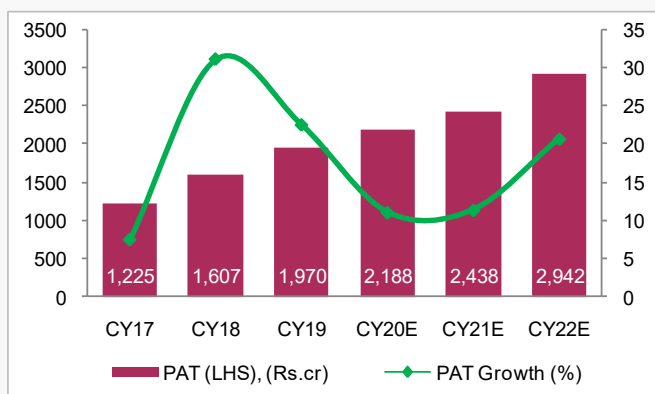
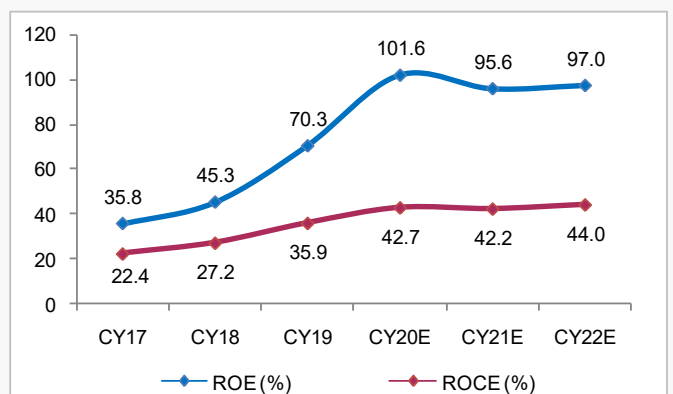


Exhibit 5: PAT to grow at 14% CAGR over CY19-22E



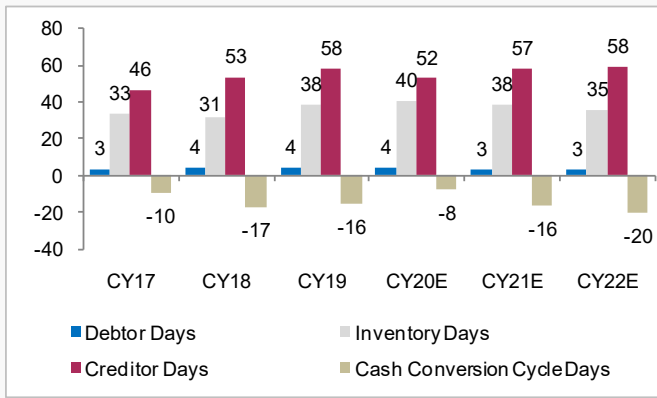
Source: Company, Axis Securities

Exhibit 6: ROE in CY19 increased due to Special Dividend in CY19



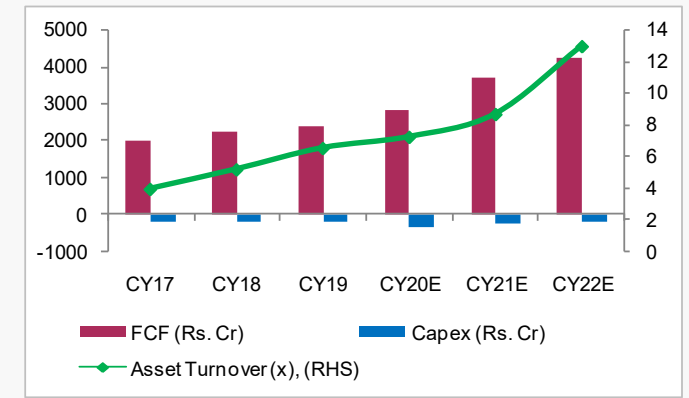
Source: Company, Axis Securities

Exhibit 7: Working capital to be well under control despite COVID



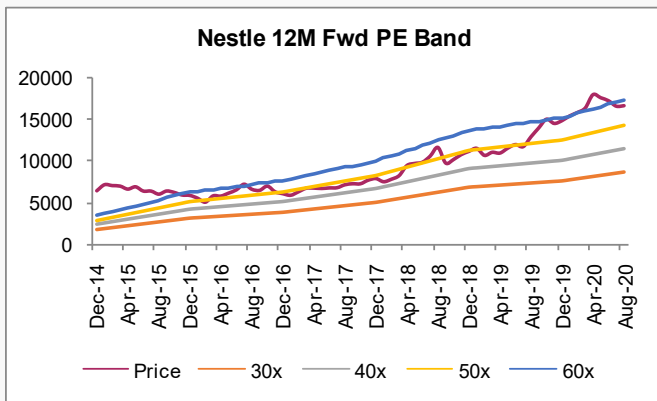
Source: Company, Axis Securities

Exhibit 8: Healthy FCF generation expected going forward



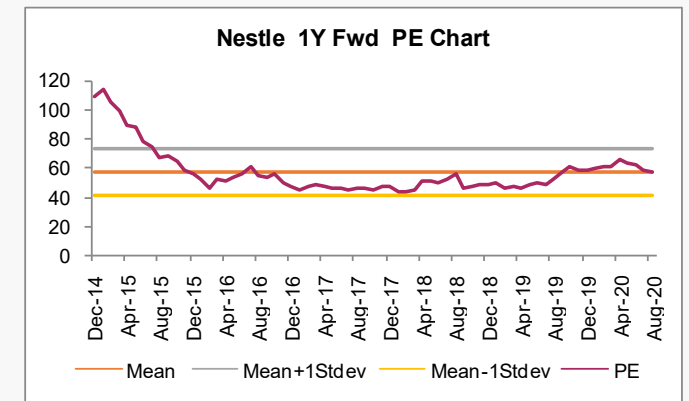
Source: Company, Axis Securities

Exhibit 9: FWD PE (x)



Source: Company, Axis Securities

Exhibit 10: FWD PE BAND (x)



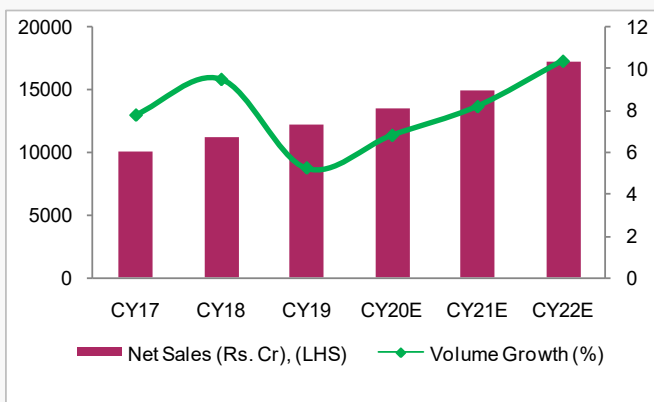
Source: Company, Axis Securities

Key Investment Arguments

Rapidly growing RTE/package foods segment, market leadership in a wide portfolio advantage Nestle India

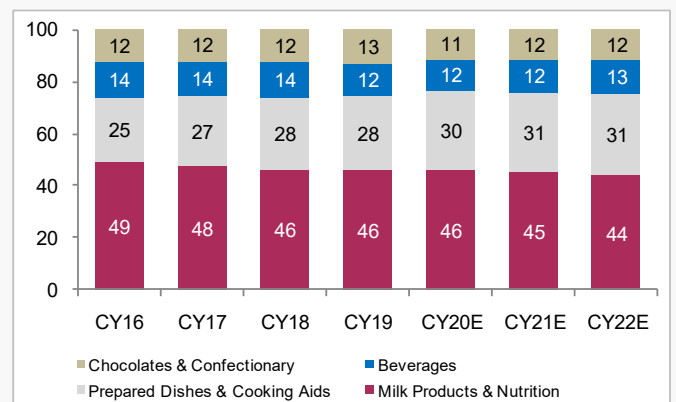
In the post-COVID world we expect demand for Ready to Eat (RTE) / packaged foods segment to increase over the medium to long term given heightened consciousness towards health and hygiene amongst consumers. Further as lockdowns continue albeit with relaxations maximum time being spent at home is another driver for packaged food consumption. Indian market for branded food and beverage market in India with USD 32.8bn size forms ~56% of total FMCG market. Key growth drivers for organized F&B market are 1) its convenience, 2) rising consumers' preference towards branded products and trusted brands and 3) rising at-home consumption. Categories in which Nestle operates have a size of USD 5.4bn while Nestle India has a share of USD 1.5bn thus providing a significant opportunity to seize a growing pie in the market and thereby gain share from unorganized players. Nestle is a leader in 7 out of 8 categories it operates in. Prepared Dishes & Cooking Aids segment contributed ~29% of total sales in CY19 and has clocked a healthy 15% CAGR over CY16-19 aided by 14.3% volume CAGR in the same period. To capitalize on fast growing in-home consumption trend, Nestle launched Maggi Poha and Maggi Upma besides many variants under the Maggi Noodles segment. This we believe could witness decent traction over the medium term. For other out-of-home consumption products like coffee and chocolates which remain affected, growing in-home consumption will likely offset the impact on overall sales.

Exhibit 11: Prepared Dishes segment registered healthy 14.3% volume CAGR over CY16-19



Source: Company, Axis Securities

Exhibit 12: Rising in-home consumption to drive higher share of Prepared Dishes & Cooking Aids

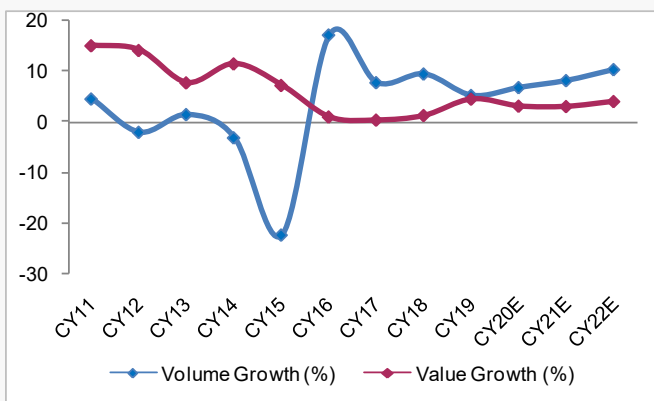


Source: Company, Axis Securities

Volume focused growth strategy

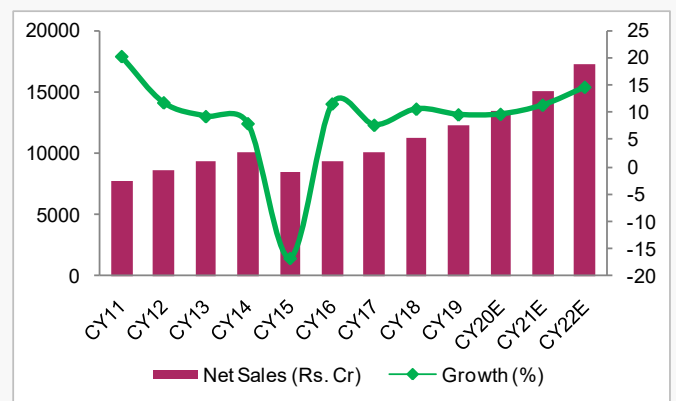
Post the Maggi fiasco in CY15 and takeover of charge by Mr. Suresh Narayan as MD there has been a shift in company's growth strategy from being a price driven one to volume led growth. This we believe will result in NEST continuing to maintain its leadership and gains market share across they key categories of Milk & Nutrition, Prepared Dishes and Cooking Aids, Beverages and Chocolates & Confectionary. While in CY20, Beverages (out of home consumption) and Chocolates & Confectionary (discretionary consumption) could be relatively more impacted compared to Milk & Nutrition and Prepared Dishes segment, we believe from a long term perspective they will enable the company to sustain its double digit growth momentum. Additionally, the cluster based strategy to also support NEST's quest for driving double digit volume growth. Leadership across 85% of the portfolio allows NEST to enjoy pricing power and support healthy 12% revenue CAGR over CY19-22E. We note extension of Mr. Suresh Narayanan as the MD for another 5 years gives enough visibility and continuity to Nestle India's growth trajectory.

Exhibit 13: Change in strategy from being price driven to volume led...



















Source: Company, Axis Securities

Exhibit 14: Balancing growth through judicious mix of volume & price



Source: Company, Axis Securities

Exhibit 15: Leading Market Share in ~85% of portfolio

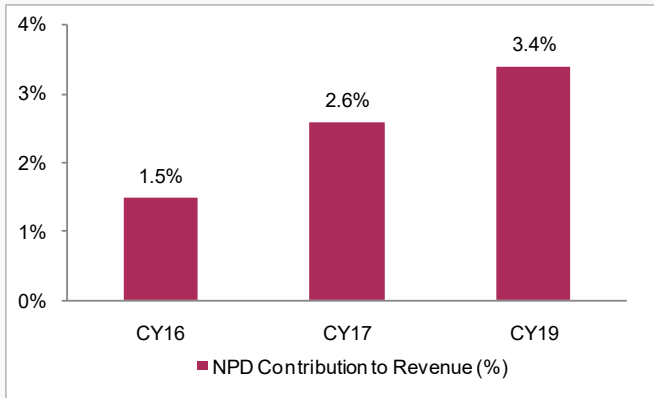
| Category | Brand | Nestle India's position | Market Share (%) |
|-------------------|--|---|------------------|
| Infant Cereals |  |  | 96.5 |
| Infant Formula |  |  | 66.6 |
| Tea Creamer |  |  | 44.1 |
| Instant Noodles |  |  | 59.2 |
| Instant Pasta |  |  | 73.7 |
| White & Wafers |  |  | 63.4 |
| Instant Coffee |  |  | 50.5 |
| Ketchups & Sauces |  |  | 20.5 |

Source: Company, Axis Securities

Step-up in NPD launches innovation and renovation

Since 2015 soon after Mr. Suresh Narayanan took charge as MD of Nestle India, there has been a significant step-up in NESTs innovation pipeline. Since 2016, the company innovations, NPD, renovations have grown 3x over the past 5 years with total 71 new products / variants being launched. As of CY19, NPDs contribution stood at 3.4% of overall domestic sales. Management has indicated that its NPD pipeline is healthy and will launch products that cater to consumers needs. Besides this, Nestle India could also explore opportunities across various other categories apart from existing ones (value added milk, protein based powders, packaged food, chocolates and confectionary, beverages etc) by scouting parent’s global portfolio tweaked to Indian markets and sustain the innovation and premiumization trend that in CY20 is likely to take a backseat given cut in discretionary spends reported in H1CY20. NPDs success rate of 70% is superior to some of the players in the FMCG industry.

Exhibit 16: NPD success rate of 70% with healthy pipeline



Source: Company, Axis Securities

Exhibit 17: Innovation grew 3x in last 5 years to 71 products in CY19



Source: Company, Axis Securities

Exhibit 18: Nestle India’s key launches in 2019

| Milk Products & Nutrition | Prepared Dishes & Cooking Aids | Beverages | Chocolates & Confectionary |
|--|--------------------------------------|---|---|
| Ceregrow organic selection | Maggi Poha, Maggi Upma | Milo Cocoa-Malt Beverage Mix | KitKat Dessert Delight Rich Chocolate Fudge |
| Cerelac Ragi variant | Maggi Fusian Noodles range | Nestea ready-to-drink iced tea in Tetrapacks | Munch Crisp-Pop |
| Optifast weight management diet | Maggi Nutrilicious/ Veg Atta Noodles | Nescafe Cappuccino with frothy recipe (re-launch) | Milkybar Moosha Cocoa Crispies |
| Lactogen 1 with probiotics (re-launch) | Maggi Veg Oats Noodles | | |
| | Maggi Liquid Seasoning | | |
| | Maggi Professional Thai Curry Pastes | | |

Source: Company, Axis Securities

Exhibit 19: A vast global portfolio to tap

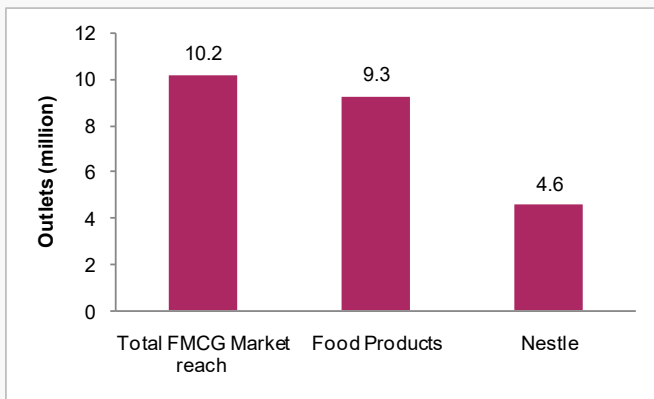
| Categories | Brands |
|----------------------------------|--|
| Baby Foods |    |
| Bottled Water |     |
| Cereals |     |
| Chocolates & Confectionery |           |
| Coffee |         |
| Culinary, Chilled & Frozen foods |               |
| Dairy |        |
| Healthcare nutrition |     |
| Icecream |      |
| Petcare |              |

Source: Company, Axis Securities

Cluster based approach and penetration into hinterland next growth drivers

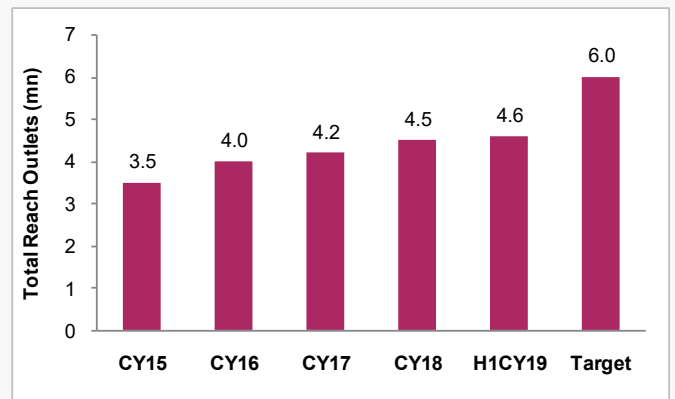
NEST has largely been an urban centric brand drawing 75-80% sales from urban areas while 20-25% comes from rural regions. However, over the past few years there has been a tactical change in its distribution strategy where it has displayed willingness and aggression in going regional. We note, its distribution coverage increased by 30% since CY15 to 4.6mn outlets in H1CY19 from 3.5mn outlets in CY15. It targets to reach a total of 6mn outlets in the next couple years, its cluster based approach enforced in 2018 and split coverage system that has driven greater throughput per store for larger strategic initiatives and rural outpacing urban in the current context could allow NEST to win regionally in certain categories and also penetrate further into the hinterland. Nestle initiated 'Unlock Rural Market' project that helped it in building direct reach in rural areas which historically hasn't been a high contributing area. Participation in local Haat activities helped in engaging rural consumers through customized plans under this project. Given its focus on penetrating deeper into the hinterland and increase its distribution reach by another 20-30% over the next few years augur well for its volume growth and resulting in NEST's rural contribution rising beyond current 20-25% levels (some of the FMCG peers rural regions drive about 35-40% revenues).

Exhibit 20: Huge headroom for distribution expansion



Source: Company, Axis Securities

Exhibit 21: Expanding distribution reach



Source: Company, Axis Securities

Exhibit 22: Harnessing cluster opportunity



Source: Company, Axis Securities

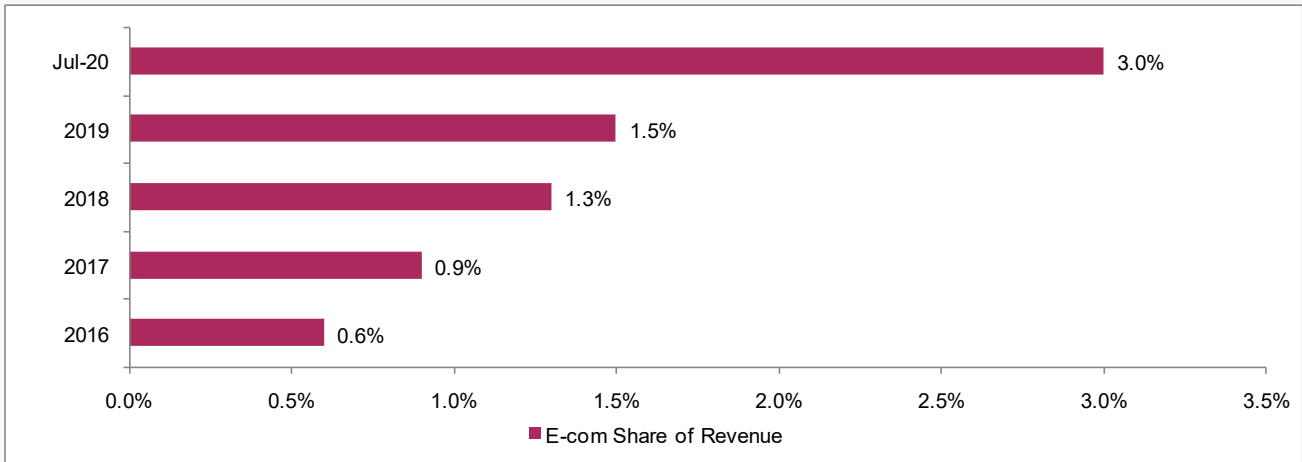
Exhibit 23: Distribution set up

| Current Coverage map | |
|--------------------------------|--------|
| Outlets | 4.6mn |
| Direct Coverage | 1mn |
| Distribution Centres | 29 |
| Cash Distributors | 1,700 |
| Redistributors | 7,000 |
| Wholesale hubs | 2,600 |
| Villages under direct coverage | 52,000 |
| Towns under coverage | 8,000 |

COVID-19 outbreak an opportunity to drive e-commerce channel

With the outbreak of COVID-19 pandemic, the e-commerce channel has become an important growth channel for companies across the FMCG sector. We believe this to be an opportune time for NEST to seize the rapidly growing opportunity in the e-com space where it has been under indexed and is poised to become another growth driver for the company. In CY19, NEST's e-commerce sales grew at 56% off a low base and share of e-commerce in H1CY19 stood at 1.5% vs 0.6% in CY16, this as of June 2020 stood at 3% driven by the COVID-19 related lockdown. With concerns on the spread of the pandemic continue and growing importance of maintaining hygiene in the post-COVID world to continue we expect contribution from e-commerce to accelerate over the medium term. E-commerce channel has also aided Nestle in reducing the time to market its innovations. Today the time take for launching new innovations has reduced to 3 months from earlier period of 6 months for innovations to land in the market.

Exhibit 24: E-commerce contribution rising trend

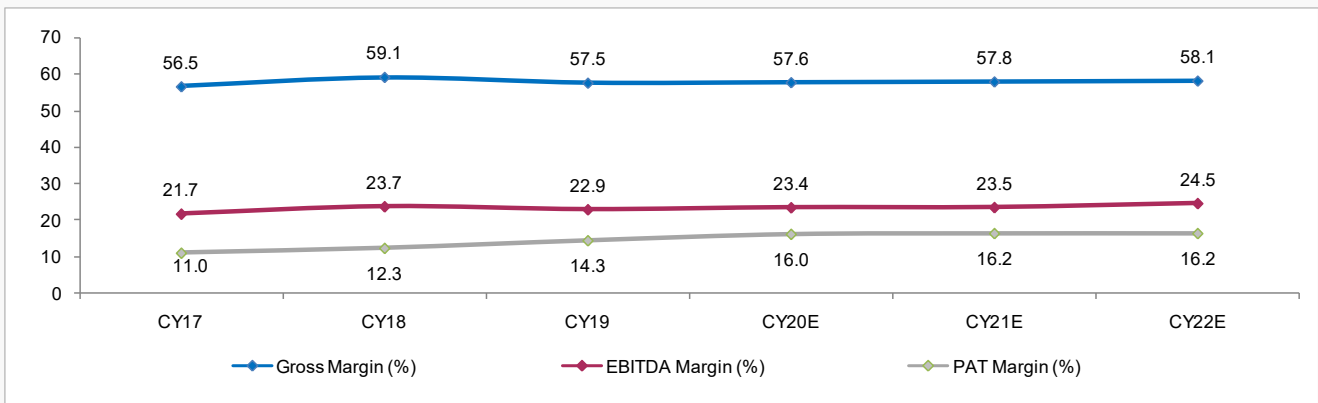


Source: Axis Securities

Margin profile to sustain over CY19-22E

Key RMs for Nestle are Milk, Wheat Flour, Palm Oil, Sugar, Green Coffee and Packaging material. Of these agri-linked commodities form nearly 60% of RMs for Nestle India where prices have been favorable. We note, prices of wheat have been lower 20% from Jan 2020 YTD while that of sugar/milk have largely remained benign. Further a normal monsoon augurs well for agri-linked commodity costs going forward. Crude oil price a key RM used in packaging has seen a decline of 30% from the start of CY20 and thus bodes well from the margin perspective. Besides, mix improvement post pandemic would also support NEST's margins performance over CY19-22E in our view.

Exhibit 25: Consistently improving Margins

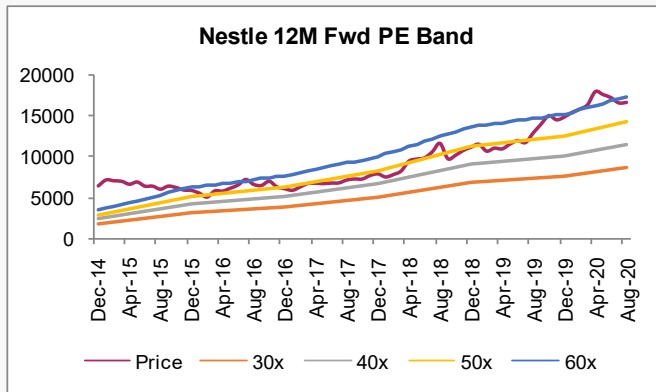


Source: Axis Securities

Valuations and Outlook

We initiate coverage on Nestle India with **BUY** and **Target Price of Rs. 18,310/share** implies upside of 11% as we value the stock at **60x P/E** its **CY22E EPS** that is at a premium to its **10 year average P/E of 56x**. Valuations are pricey as Nestle India trades at 55x its CY22E EPS thus leaving little scope for error on the upside. However from a long term perspective, we believe this is a good portfolio stock (20% CAGR returns over 5-10 year period) given the relative stability of its business model, consistency in earnings growth (significant visibility even in the short term), strong parentage, judicious mix of volume and value growth, aggression in launching new product innovations and renovations, healthy cash rich balance sheet with superior cash flow generation. Despite the many positives, we believe, there is limited upside potential in the near term as the stock price largely factors the near term growth prospects leading us to initiate with a **BUY** rating.

Exhibit 26: FWD PE Fan chart (x)



Source: Company, Axis Securities

Exhibit 27: FWD PE Band (x)

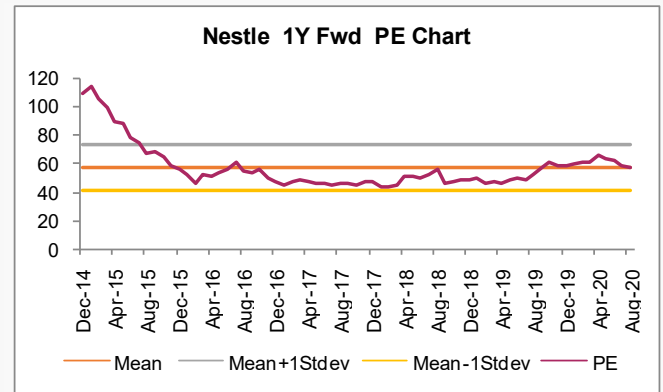
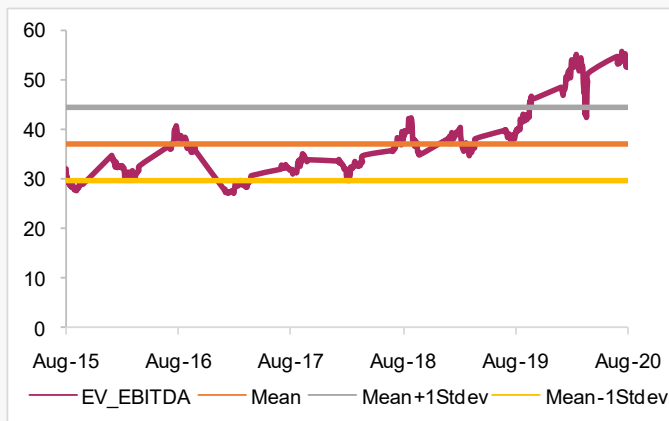


Exhibit 28: FWD EV/EBITDA Band (x)



Source: Company, Axis Securities

Exhibit 29: Nestle stock returns vs. P/E

| Time Period | Nestle India (P/E) | Stock Returns (%) |
|-------------|--------------------|-------------------|
| 1 year | 78.1x | 44.10% |
| 3 year | 70.5x | 36.70% |
| 5 year | 66.4x | 22.00% |
| 7 year | 61.5x | 19.70% |
| 10 year | 56.2x | 19.50% |

Key Risks

Any increase in royalty paid to parent

Nestle India has been paying royalty at 3.5% of sales to its parent until CY13. Over CY14-18, this increased to 4.5% (annual increase of 20bps from CY14 upto CY18) based on an agreement between Nestle India and the parent. In 2019 however, the rate continued to remain at 4.5% which was approved by the shareholders. Thus any increase in royalty paid to parent could dent Nestle's earnings in our view.

Slower than expected demand due to COVID-19 led disruptions

Slower than expected volume growth in its core products/brands caused by COVID-19 led disruptions and sporadic or vertical lockdowns across states could dent the performance of the company thus impacting earnings.

Input cost inflation

Key RMs for Nestle India are Milk, SMP, Wheat flour, sugar, green coffee and vegetable oil. While in the current scenario the prices have been benign, any sharp rise in these RMs could have a significant impact on its overall operating profitability.

About the company

Nestle India (NESTLE) is a subsidiary of Nestle S.A of Switzerland, the world's largest food and beverage company by sales. Nestle India has a wide portfolio of food and beverage products in India across four main categories. – milk products & nutrition (Cerelac, Ceregrow, Nan, Lactogen, Every Day), prepared dishes and cooking aids (Maggi Noodles, Tomato Ketchup, Pazzta, Masala –ae-Magic), chocolate and confectionery (KitKat, Munch, Milkybar, BarOne) and beverages (Nescafe, Nestea, Milo, Sunrise). Nestle India currently has 8 manufacturing facilities across India and a distribution network of ~29 distribution centres, ~1,700 cash distributors, ~7,000 re-distributors, and ~2,600 wholesale hubs.

Exhibit 30: Nestle India's Manufacturing Footprint



Source: Company, Axis Securities

Financials (consolidated)

Profit & Loss

(Rs Cr)

| Y/E Dec | CY19 | CY20E | CY21E | CY22E |
|----------------------------|---------------|---------------|---------------|---------------|
| Net sales | 12,295 | 13,490 | 15,027 | 17,235 |
| Growth, % | 9.6 | 9.7 | 11.4 | 14.7 |
| Total income | 12,295 | 13,490 | 15,027 | 17,235 |
| Raw material expenses | -5,224 | -5,714 | -6,335 | -7,225 |
| Employee expenses | -1,263 | -1,398 | -1,564 | -1,723 |
| Other Operating expenses | -2,993 | -3,219 | -3,603 | -4,062 |
| EBITDA (Core) | 2,816 | 3,159 | 3,526 | 4,225 |
| Growth, % | 6.0 | 12.2 | 11.6 | 19.8 |
| Margin, % | 22.9 | 23.4 | 23.5 | 24.5 |
| Depreciation | -316 | -376 | -403 | -426 |
| EBIT | 2,499 | 2,783 | 3,122 | 3,799 |
| Margin, % | 20.3 | 20.6 | 20.8 | 22.0 |
| Interest paid | -120 | -138 | -149 | -164 |
| Other Non-Operating Income | 321 | 288 | 294 | 309 |
| Pre-tax profit | 2,675 | 2,934 | 3,268 | 3,944 |
| Tax provided | -705 | -745 | -830 | -1,002 |
| Net Profit | 1,970 | 2,188 | 2,438 | 2,942 |
| Growth, % | 22.6 | 11.1 | 11.4 | 20.7 |
| Unadj. shares (cr) | 9.6 | 9.6 | 9.6 | 9.6 |

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

| As at 31st Dec | CY19 | CY20E | CY21E | CY22E |
|---------------------------------------|--------------|--------------|--------------|---------------|
| Cash & bank | 1,308 | 1,790 | 2,914 | 4,426 |
| Debtors | 124 | 148 | 124 | 142 |
| Inventory | 1,283 | 1,478 | 1,564 | 1,653 |
| Total current assets | 2,797 | 3,498 | 4,684 | 6,302 |
| Investments | 1,751 | 1,751 | 1,751 | 1,751 |
| Gross fixed assets | 3,609 | 3,909 | 4,159 | 4,359 |
| Less: Depreciation | -1,382 | -1,758 | -2,162 | -2,588 |
| Add: Capital WIP | 143 | 143 | 143 | 143 |
| Net fixed assets | 2,370 | 2,294 | 2,141 | 1,915 |
| Total assets | 7,058 | 7,683 | 8,715 | 10,107 |
| Current liabilities | 2,062 | 2,046 | 2,379 | 2,645 |
| Total current liabilities | 5,054 | 5,234 | 5,921 | 6,695 |
| Non-current liabilities | 72 | 72 | 72 | 72 |
| Total liabilities | 5,126 | 5,305 | 5,992 | 6,766 |
| Paid-up capital | 96 | 96 | 96 | 96 |
| Reserves & surplus | 1,836 | 2,281 | 2,627 | 3,245 |
| Shareholders' equity | 1,932 | 2,377 | 2,723 | 3,341 |
| Total equity & liabilities | 7,058 | 7,683 | 8,715 | 10,107 |

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

| Y/E Dec, Rs. Cr | CY19 | CY20E | CY21E | CY22E |
|--|---------------|---------------|---------------|---------------|
| Pre-tax profit | 2,675 | 2,934 | 3,268 | 3,944 |
| Depreciation | 316 | 376 | 403 | 426 |
| Chg in working capital | 421 | -39 | 625 | 668 |
| Total tax paid | -746 | -745 | -830 | -1,002 |
| Cash flow from operating activities | 2,666 | 2,525 | 3,466 | 4,036 |
| Capital expenditure | -181 | -300 | -250 | -200 |
| Chg in investments | 907 | 0 | 0 | 0 |
| Cash flow from investing activities | 725 | -300 | -250 | -200 |
| Free cash flow | 3,391 | 2,225 | 3,216 | 3,836 |
| Debt raised/(repaid) | 18 | 0 | 0 | 0 |
| Dividend (incl. tax) | -3,556 | -1,743 | -2,092 | -2,324 |
| Cash flow from financing activities | -3,542 | -1,743 | -2,092 | -2,324 |
| Net chg in cash | -151 | 482 | 1,124 | 1,512 |
| Opening cash balance | 1,610 | 1,308 | 1,790 | 2,914 |
| Closing cash balance | 1,308 | 1,790 | 2,914 | 4,426 |

Source: Company, Axis Securities

Ratio Analysis

(%)

| | CY19 | CY20E | CY21E | CY22E |
|--------------------------------|--------|-------|--------|--------|
| Per Share data | | | | |
| EPS (INR) | 204.3 | 227.0 | 252.8 | 305.2 |
| Growth, % | 22.6 | 11.1 | 11.4 | 20.7 |
| Book NAV/share (INR) | 200.4 | 246.6 | 282.5 | 346.5 |
| FDEPS (INR) | 204.3 | 227.0 | 252.8 | 305.2 |
| CEPS (INR) | 237.1 | 266.0 | 294.7 | 349.3 |
| DPS (INR) | 306.0 | 150.0 | 180.0 | 200.0 |
| Return ratios | | | | |
| Return on assets (%) | 27.0 | 30.8 | 30.8 | 32.3 |
| Return on equity (%) | 70.3 | 101.6 | 95.6 | 97.0 |
| Return on capital employed (%) | 35.9 | 42.7 | 42.2 | 44.0 |
| Turnover ratios | | | | |
| Asset turnover (x) | 6.5 | 7.2 | 8.6 | 12.9 |
| Sales/Total assets (x) | 1.6 | 1.8 | 1.8 | 1.8 |
| Sales/Net FA (x) | 5.0 | 5.8 | 6.8 | 8.5 |
| Working capital days | (17.0) | (9.1) | (14.8) | (16.3) |
| Liquidity ratios | | | | |
| Current ratio (x) | 1.4 | 1.7 | 2.0 | 2.4 |
| Quick ratio (x) | 0.7 | 1.0 | 1.3 | 1.8 |
| Interest cover (x) | 20.9 | 20.2 | 21.0 | 23.2 |
| Dividend cover (x) | 0.7 | 1.5 | 1.4 | 1.5 |
| Total debt/Equity (%) | 2.8 | 2.2 | 2.0 | 1.6 |
| Valuation | | | | |
| PER (x) | 80.8 | 72.7 | 65.3 | 54.1 |
| Price/Book (x) | 82.3 | 66.9 | 58.4 | 47.6 |
| Yield (%) | 1.9 | 0.9 | 1.1 | 1.2 |
| EV/Net sales (x) | 12.8 | 11.7 | 10.4 | 9.0 |
| EV/EBITDA (x) | 56.1 | 49.8 | 44.3 | 36.6 |
| EV/EBIT (x) | 63.1 | 56.5 | 50.0 | 40.7 |

Source: Company, Axis Securities

About the analyst**Analyst:** Suvarna Joshi**Contact Details:** suvarna.joshi@axissecures.in**Sector:** FMCG, Consumption sector**Analyst Bio:** Suvarna Joshi is MBA (Finance) from Mumbai University with about 10 years of experience in Equity market and research**Disclosures:**

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