

| | |
|------------------|---|
| Estimate changes | ↔ |
| TP change | ↔ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | ARENM IN |
| Equity Shares (m) | 183 |
| M.Cap.(INRb)/(USDb) | 217.8 / 2.6 |
| 52-Week Range (INR) | 1278 / 596 |
| 1, 6, 12 Rel. Per (%) | 9/56/75 |
| 12M Avg Val (INR M) | 1018 |

Financials & Valuations (INR b)

| Y/E March | 2024 | 2025E | 2026E |
|--------------|-------|-------|-------|
| Sales | 112.6 | 125.9 | 137.1 |
| EBITDA | 16.2 | 18.4 | 20.1 |
| Adj. PAT | 9.1 | 10.2 | 11.1 |
| EPS (INR) | 49.5 | 56.0 | 60.5 |
| EPS Gr. (%) | 10.4 | 13.1 | 8.0 |
| BV/Sh. (INR) | 370 | 417 | 468 |

Ratios

| | | | |
|------------|------|------|------|
| RoE (%) | 14.2 | 14.2 | 13.7 |
| RoCE (%) | 14.0 | 14.2 | 13.7 |
| Payout (%) | 20.0 | 16.1 | 14.9 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 24.0 | 21.3 | 19.7 |
| P/BV (x) | 3.2 | 2.9 | 2.5 |
| Div. Yield (%) | 0.9 | 0.8 | 0.8 |
| FCF yield (%) | 4.3 | 5.4 | 5.1 |

Shareholding pattern (%)

| As On | Mar-24 | Dec-23 | Mar-23 |
|----------|--------|--------|--------|
| Promoter | 32.9 | 28.1 | 28.1 |
| DII | 15.4 | 17.9 | 9.2 |
| FII | 24.5 | 24.0 | 36.2 |
| Others | 27.3 | 30.0 | 26.5 |

FII Includes depository receipts

CMP: INR1,190 TP: INR1,090 (-8%) Neutral

In-line results; scouting for a partner for lithium ion foray

Capex guidance of INR15b for FY25-26 each vs. INR8b in FY24

- Amara Raja (ARE&M) reported in-line 4QFY24 results, with EBITDA margin up 10bp YoY at 14.6% (est. 14.7%). For its new lithium-ion business, the management expects to achieve EBITDA margin of 10-11% (vs. blended five-years average margin of 14.3%) and ROE of 12-13% (vs. blended five-year average ROE of 15.1%) at a scale of 10-12GWh.
- While the market seems to be upbeat about ARE&M's lithium-ion foray, we remain circumspect about the returns from the business. Moreover, after the recent run-up, the stock at ~24x/21x FY25E/FY26E EPS appears fairly valued. We, hence, maintain our Neutral rating on the stock with a revised TP of INR1,090 (based on 18x FY26E EPS).

Operational performance in line with estimates

- The company has restated its financials after the demerger of the plastic component business from Mangal Industries.
- 4QFY24 revenue/EBITDA/adj. PAT grew 15%/15%/30% YoY to INR28b/INR4.1b/INR2.3b (in line). FY24 revenue/EBITDA/adj. PAT increased 8%/15.5%/21% YoY.
- FY24 revenue from the new energy business stood at INR5.2b (up 2x YoY).
- Gross margin contracted 30bp YoY to 34.5% (vs. est. 32.5%).
- Higher other expenses (+50bp YoY; as a % of sales) led to limited EBITDA margin expansion, which improved just 10bp YoY (-50bp QoQ) to 14.6% (est. 14.7%). Other expenses were high due to stamp duty charges of INR200m paid for the merger transaction.
- Adj. PAT stood at INR2.3b (in line, grew 30% YoY).
- The board declared a total dividend of INR9.9/share for FY24 (vs. INR6.1/share for FY23).
- FCFF improved to INR8.7b (vs. INR4.9b in FY24) mainly due to improved operating cash flows, which stood at INR13.1b (vs. INR9.6b in FY23). Capex stood at INR8b in FY24 (vs. INR4.6b in FY23).

Highlights from the management commentary

- Industrial segment** revenue is expected to grow 6-7% YoY in FY25. With the expansion of data centers in India, demand for UPS is expected to get a boost.
- ARE&M has commenced the **NMC 2170 project for manufacturing lithium ion cells** for the 2W segment with a Chinese partner, which has a good presence in the South Asian markets. SOP is expected to start in 2HFY26.
- FY25 capex would be INR15b (INR3-4b for LAB/INR10-11b for NEB).** FY26 capex would be same as FY25 with a slightly lower allocation to the LAB business.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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

Valuation and view

- While the market seems to be upbeat about ARE&M's lithium ion foray, we remain circumspect about the returns from the business. Moreover, after the recent run-up, the stock at ~24x/21x FY25E/FY26E EPS appears fairly valued. We, hence, maintain our Neutral rating on the stock with a revised TP of INR1,090 (based on 18x FY26E EPS).

Quarterly Performance

| Y/E March (INR m) | (INR Million) | | | | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|--|---------------|
| | FY23 | | | | FY24 | | | | FY23 | FY24 | | |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | 4QE |
| Net Sales | 26,200 | 26,995 | 26,372 | 24,330 | 27,699 | 28,108 | 28,817 | 27,967 | 1,03,897 | 1,12,603 | | 27,997 |
| YoY Change (%) | 38.9 | 19.2 | 11.5 | 11.6 | 5.7 | 4.1 | 9.3 | 14.9 | 19.5 | 8.4 | | 15.3 |
| RM Cost (% of sales) | 73.4 | 69.5 | 66.6 | 65.2 | 71.1 | 68.4 | 66.0 | 65.5 | 67.4 | 66.9 | | 67.5 |
| Staff Cost (% of sales) | 5.1 | 5.6 | 6.1 | 6.7 | 5.8 | 5.8 | 6.3 | 5.8 | 6.3 | 6.2 | | 5.8 |
| Other Exp (% of sales) | 11.5 | 11.6 | 12.2 | 13.6 | 10.3 | 12.1 | 12.6 | 14.1 | 12.6 | 12.5 | | 12.0 |
| EBITDA | 2,609 | 3,602 | 3,969 | 3,532 | 3,535 | 3,870 | 4,349 | 4,077 | 14,350 | 16,214 | | 4,127 |
| Margins (%) | 10.0 | 13.3 | 15.0 | 14.5 | 12.8 | 13.8 | 15.1 | 14.6 | 13.8 | 14.4 | | 14.7 |
| Depreciation | 963 | 1,019 | 1,145 | 1,238 | 1,111 | 1,148 | 1,202 | 1,210 | 4,504 | 4,787 | | 1,196 |
| Interest | 46 | 54 | 58 | 81 | 56 | 62 | 77 | 97 | 296 | 332 | | 63 |
| Other Income | 170 | 237 | 261 | 229 | 216 | 275 | 238 | 283 | 897 | 1,015 | | 232 |
| PBT before EO expense | 1,770 | 2,765 | 3,026 | 2,441 | 2,584 | 2,935 | 3,307 | 3,053 | 10,447 | 12,110 | | 3,101 |
| Extra-Ord expense | 0 | 0 | 0 | 477 | 0 | 0 | 0 | 0 | 477 | 0 | | 0 |
| PBT after EO | 1,770 | 2,765 | 3,026 | 1,965 | 2,584 | 2,935 | 3,307 | 3,053 | 9,970 | 12,110 | | 3,101 |
| Tax | 455 | 744 | 798 | 555 | 659 | 791 | 779 | 773 | 2,670 | 3,052 | | 760 |
| Tax Rate (%) | 25.7 | 26.9 | 26.4 | 28.2 | 25.5 | 27.0 | 23.6 | 25.3 | 26.8 | 25.2 | | 24.5 |
| Adj PAT | 1,315 | 2,022 | 2,228 | 1,759 | 1,925 | 2,143 | 2,528 | 2,280 | 7,650 | 9,059 | | 2,341 |
| YoY Change (%) | 6.1 | 40.3 | 54.0 | 78.5 | 46.4 | 6.0 | 13.5 | 29.7 | 49.6 | 18.4 | | 35.4 |

E: MOFSL Estimates

**Key takeaways from the management commentary****Lead acid business performance (LAB):**

- Revenue growth in 4QFY24 mostly led by volume growth:** Domestic/Exports/Industrial volume growth was 16%/30%/5-6% YoY. Overall aftermarket grew 15% YoY, with 2Ws growing 18-19% YoY and PVs growing 15% YoY. 4W OEMs saw a muted growth (~2%), but 2W OEMs grew 15% YoY. The company had taken one to two price increases in FY24.
- Export growth was led by its entry into new markets (West and East Africa) and reasonable growth in earlier markets like APAC and the Middle East.
- Industrial segment** revenue is expected to grow 6-7% YoY in FY25. With the expansion of data centers in India, demand for UPS is expected to get a boost.
- 4QFY24 trading revenue of inverter batteries stood at 10-11% of total revenues (5% in 4QFY23).
- The company consumes 300k MTPA lead, of which 70-75% comes from recycled sources. This would go up to 85-90% after the commencement of its own recycling plant, which has a capacity of 150k MTPA and is expected to commence in 2Q/3QFY25.
- While lead prices have risen 10% recently, the management would await this trend to stabilize and then take a call on the pass-through of this cost pressure.

New energy business performance (NEB):

- 4Q revenue grew 30% YoY (doubled in FY24). NEB supplies charger and battery packs to telecom players and 3W OEMs. It also commenced the supply of 2W battery packs in 4Q.

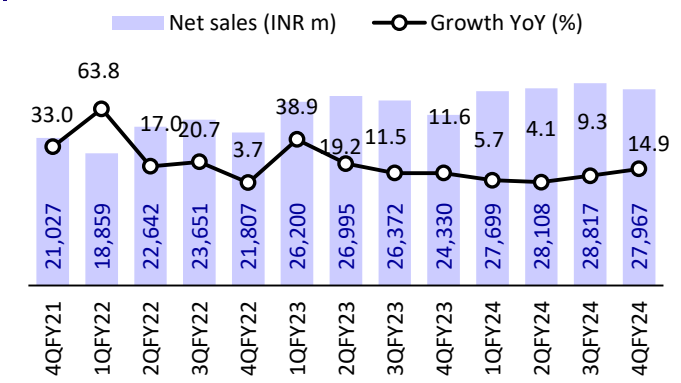
- It has commenced the NMC 2170 project for manufacturing lithium ion cells for the 2W segment with a Chinese partner that has a good presence in the South Asian markets. SOP is expected to start in 2HFY26.
- For cell manufacturing, the company is scouting a partner who could help them set up and stabilize the plant and secure and localize supply chain.
- The management believes the development of the whole downstream activities for using domestically mined lithium would take some time and it is not part of the company's 5-10 year plan as of now.
- Battery pack 2GWh capacity has been installed. Initially 1GWh would commence production next month.
- Once the company scales up, the management is confident of achieving 10-11% EBITDA margin in this business. While returns would depend on input cost prices, the management hopes to deliver RoE of 12-13% once the business scales up to about 10-12 Gwh.

Others:

- FY25 capex would be INR15b (INR3-4b for LAB/ INR10-11b for NEB). FY26 capex would be same as FY25, with a slightly lower allocation to LAB business. FY24 capex stood at INR8b.
- Lubricant business revenue in 4QFY24 was INR250m, which the company aims to scale up to more than INR1.5b in FY25. Margin in this business is similar to overall business margin.
- The demerger of the plastic component business from Mangal Industries has incrementally contributed 0.8% to the overall EBITDA margins. Plastic component is 10% of overall RM basket, with margin improvement expected in the range of 1-2%.
- One-time expenses of INR200m during the quarter for stamp duty payments.

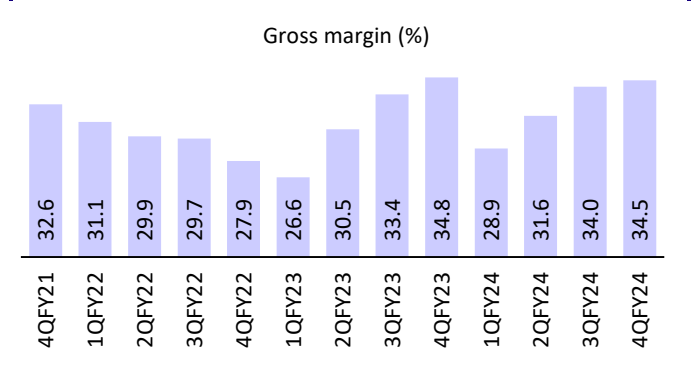
Key exhibits

Exhibit 1: Trend in revenue and growth



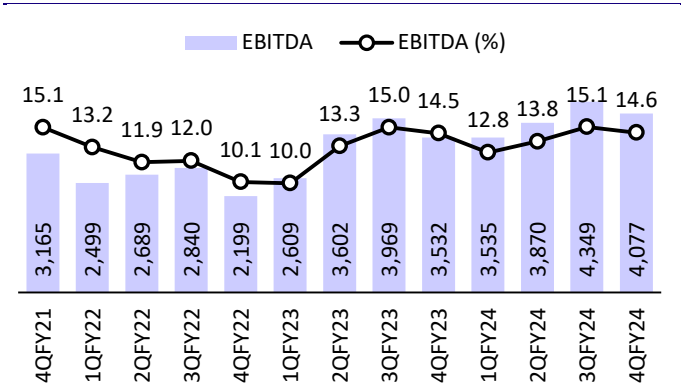
Source: Company, MOFSL

Exhibit 2: Gross margin impacted by RM cost inflation



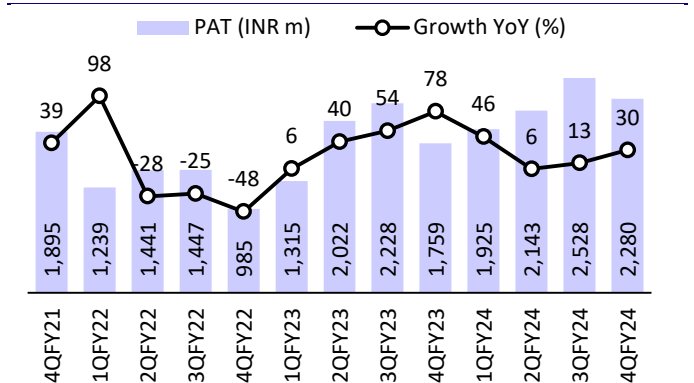
Source: Company, MOFSL

Exhibit 3: Trend in EBITDA and EBITDA margin



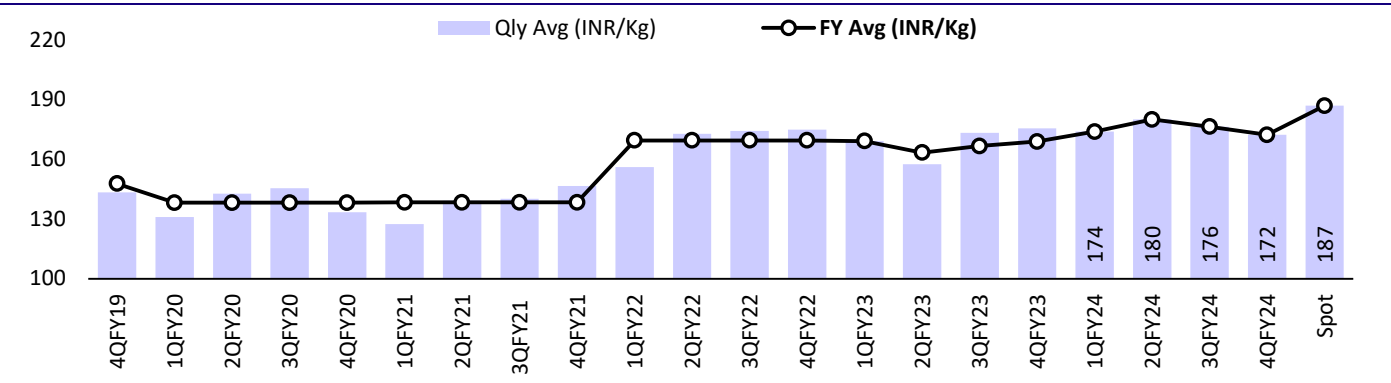
Source: Company, MOFSL

Exhibit 4: PAT and growth trend



Source: Company, MOFSL

Exhibit 5: Trend in spot lead prices (INR/kg)



Source: Bloomberg, MOFSL

Valuation and view

- **Industry structure remains a duopoly, but AMRJ strong in second position:** While the industry structure remains largely a duopoly, ARE&M has emerged as a formidable challenger to leader EXID, with market leadership in the telecom and UPS segments and fast gaining share in auto. Over FY14-24, it clocked 13%/9% CAGRs in net sales/PAT, exceeding EXID's 10%/8% CAGRs. This was driven by a combination of technological innovation (first to introduce maintenance-free, factory-charged, extended-warranty batteries), witty advertising, and a unique distribution model (franchisee-based), supported by operational efficiency-led competitive pricing.
- **ARE&M to emerge as one of the beneficiaries of strong outlook in LAB:** The outlook on both auto and industrial segments remains strong. In the auto segment, strong growth posted by the industry over the last three years is expected to translate into healthy replacement demand in the coming years. The industrial segment is expected to benefit from a surge in demand for power backup for data centers. Thermal power generation is seeing a comeback and should see strong incremental demand, with growth visibility for the next 5-6 years. Given its strong position in the lead acid battery market both in auto and industrial segments, we expect ARE&M to emerge as one of the beneficiaries of the healthy demand outlook in the industry.
- **EV transition remains a real risk for LAB in the long run:** The transition to electrification globally is emerging as a big risk for the lead acid battery players in the long run. The only saving grace for Indian players in the near term is the fact that the EV transition is picking up pace in 2Ws and 3Ws only currently and it is likely to take a bit longer in PVs. However, lithium ion batteries are now increasingly finding application even in various industrial use cases, including telecom, traction, UPS, etc. This transition is clearly emerging as a significant risk for the LAB players like ARE&M in the long run.
- **Foray into lithium ion will have its own challenges:** Given the significant imminent risk to its core business, ARE&M has forayed into the manufacturing of lithium ion cells in partnership with a Chinese major (details not disclosed) at a total capex outlay of INR95b over a 10-year period, which will have an eventual cell manufacturing capacity of 16 GWh. The company targets to start with a customer qualification plant having capacity of 2 Gwh initially and get the same approved from key customers. ARE&M is also scouting a partner for cell manufacturing who could help them setup and stabilize the plant and secure and localize supply chain. While ARE&M can fund the initial couple of years of this project through internal accruals, we expect it would need to raise funds to finance the remaining project. Further, we think ARE&M's foray into lithium ion cell manufacturing is likely to see multiple challenges in the coming years, such as: 1) most domestic PV OEMs either have their own lithium-ion manufacturing plans or have existing tie-ups, limiting ARE&M's potential addressable market in this space; 2) given that ARE&M is setting up a greenfield plant in this segment without prior experience, we expect its facility to take at least a couple of years to stabilize operations as it goes through its testing and validation phase initially for interested OEMs; 3) given lithium-ion cell manufacturing is a low margin business globally, we expect this business to be return-dilutive for ARE&M in the

long run, even if this venture is successful; 4) given that one is still not sure if the lithium ion cell technology itself will emerge as a sustainable technology in the long run, we think the outcome of this venture remains highly uncertain, at this stage, despite the significant capital commitment required.

- **Valuations fair; reiterate our Neutral rating:** While market seems to be upbeat on Amara's lithium ion foray, we remain circumspect about the returns from the same. Also, post the recent run-up, the stock at ~24x/21x FY25E/FY26E EPS appears fairly valued. We, hence, maintain Neutral rating on the stock with a revised TP of INR1090 (based on 18x FY26E EPS).

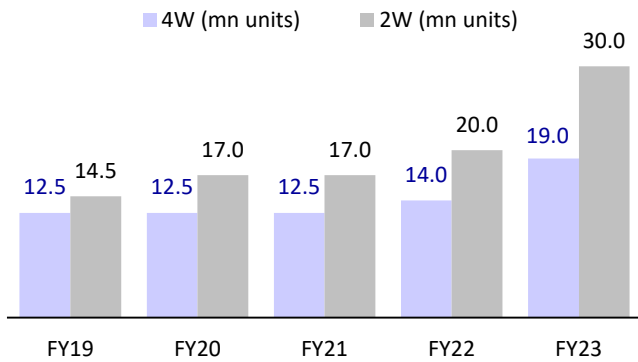
Exhibit 6: Revisions to our estimates

| (INR M) | FY25E | | | FY26E | | |
|------------|----------|----------|---------|----------|----------|---------|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Net Sales | 1,25,927 | 1,23,876 | 1.7 | 1,37,104 | 1,33,203 | 2.9 |
| EBITDA (%) | 14.7 | 14.5 | 10bp | 14.7 | 14.5 | 20bp |
| Net Profit | 10,243 | 9,860 | 3.9 | 11,067 | 10,401 | 6.4 |
| EPS (INR) | 56.0 | 57.7 | -3.0 | 60.5 | 60.9 | -0.7 |

Source: MOFSL

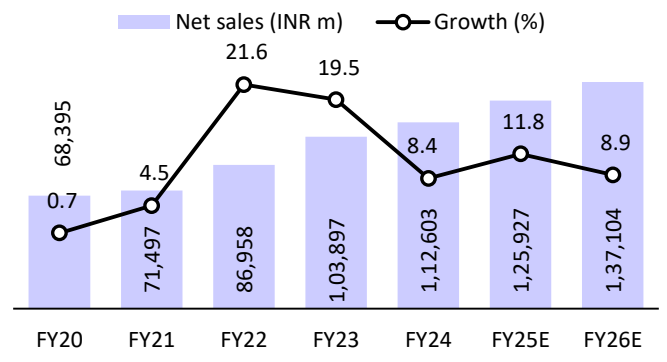
Story in charts

Exhibit 7: Significant addition in 2W capacity



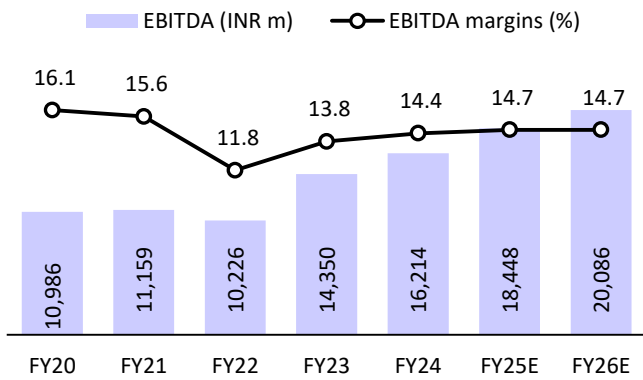
Source: Company, MOFSL

Exhibit 8: Trend in revenue



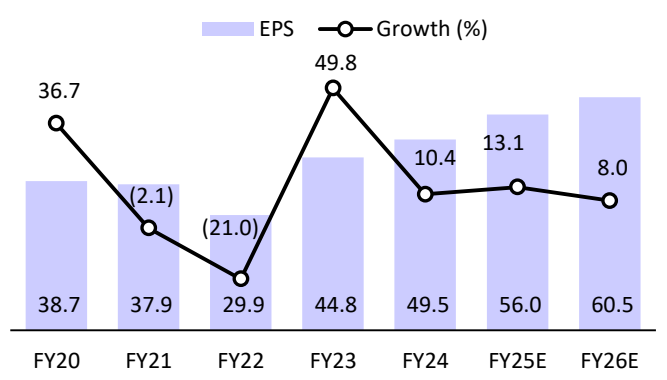
Source: Company, MOFSL

Exhibit 9: EBITDA and EBITDA margin trend



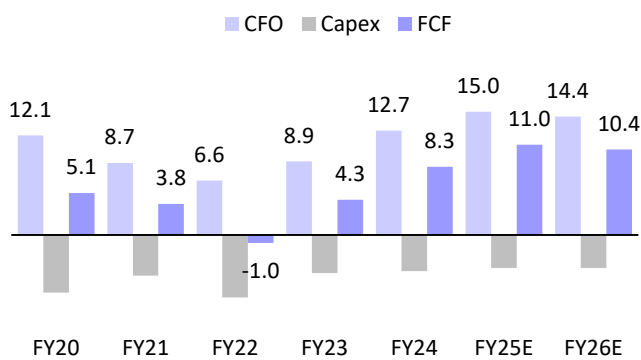
Source: Company, MOFSL

Exhibit 10: Earnings likely to see stability from FY25E



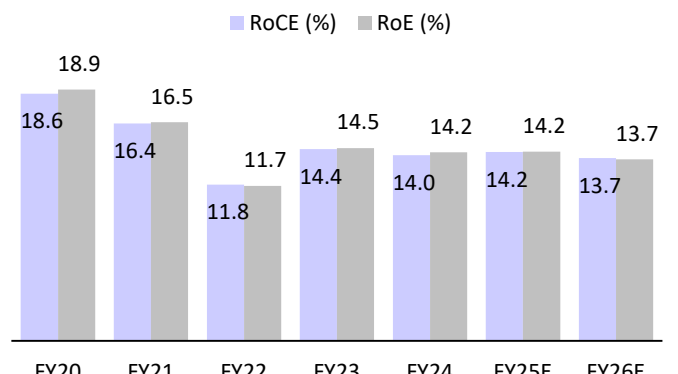
Source: Company, MOFSL

Exhibit 11: Trend in CFO, capex, and FCF



Source: Company, MOFSL

Exhibit 12: Return ratios to recover moderately



Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement

(INR Million)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|-----------------------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Net Sales | 68,395 | 71,497 | 86,958 | 1,03,897 | 1,12,603 | 1,25,927 | 1,37,104 |
| Change (%) | 0.7 | 4.5 | 21.6 | 19.5 | 8.4 | 11.8 | 8.9 |
| EBITDA | 10,986 | 11,159 | 10,226 | 14,350 | 16,214 | 18,448 | 20,086 |
| Margin (%) | 16.1 | 15.6 | 11.8 | 13.8 | 14.4 | 14.7 | 14.7 |
| Depreciation | 3,007 | 3,192 | 3,957 | 4,504 | 4,787 | 5,057 | 5,530 |
| EBIT | 7,978 | 7,967 | 6,269 | 9,846 | 11,427 | 13,392 | 14,556 |
| Int. and Finance Charges | 122 | 105 | 151 | 296 | 332 | 350 | 350 |
| Other Income - Rec. | 551 | 874 | 780 | 897 | 1,015 | 800 | 750 |
| PBT bef. EO Exp. | 8,407 | 8,736 | 6,898 | 10,447 | 12,110 | 13,842 | 14,956 |
| EO Expense/(Income) | 0 | 0 | 0 | 477 | 0 | 0 | 0 |
| PBT after EO Exp. | 8,407 | 8,736 | 6,898 | 9,970 | 12,110 | 13,842 | 14,956 |
| Current Tax | 1,799 | 2,265 | 1,786 | 2,620 | 3,191 | 3,599 | 3,888 |
| Deferred Tax | 0 | 0 | 0 | 43 | -140 | 0 | 0 |
| Tax Rate (%) | 21.4 | 25.9 | 25.9 | 26.7 | 25.2 | 26.0 | 26.0 |
| Reported PAT | 6,608 | 6,470 | 5,112 | 7,307 | 9,059 | 10,243 | 11,067 |
| PAT Adj for EO items | 6,608 | 6,470 | 5,113 | 7,656 | 9,059 | 10,243 | 11,067 |
| Change (%) | 36.7 | -2.1 | -21.0 | 49.8 | 18.3 | 13.1 | 8.0 |
| Margin (%) | 9.7 | 9.0 | 5.9 | 7.4 | 8.0 | 8.1 | 8.1 |

Standalone - Balance Sheet

(INR Million)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Equity Share Capital | 171 | 171 | 171 | 171 | 183 | 183 | 183 |
| Total Reserves | 36,385 | 41,932 | 45,343 | 59,886 | 67,504 | 76,099 | 85,519 |
| Net Worth | 36,556 | 42,103 | 45,514 | 60,056 | 67,687 | 76,282 | 85,702 |
| Deferred Liabilities | 441 | 407 | 314 | 1,036 | 885 | 885 | 885 |
| Total Loans | 343 | 234 | 234 | 2,014 | 1,527 | 500 | 500 |
| Capital Employed | 37,341 | 42,744 | 46,062 | 63,106 | 70,098 | 77,667 | 87,087 |
| Gross Block | 29,269 | 38,628 | 42,498 | 54,681 | 58,089 | 62,306 | 66,306 |
| Less: Accum. Deprn. | 10,977 | 14,081 | 17,575 | 22,079 | 26,866 | 31,923 | 37,453 |
| Net Fixed Assets | 18,292 | 24,548 | 24,923 | 32,602 | 31,223 | 30,383 | 28,853 |
| Capital WIP | 8,270 | 3,993 | 8,297 | 2,343 | 3,217 | 3,000 | 3,000 |
| Total Investments | 1,562 | 2,805 | 778 | 9,140 | 19,071 | 28,071 | 37,071 |
| Curr. Assets, Loans&Adv. | 21,882 | 26,625 | 29,761 | 35,288 | 34,833 | 36,524 | 39,824 |
| Inventory | 11,427 | 14,382 | 18,038 | 16,752 | 18,095 | 20,010 | 21,786 |
| Account Receivables | 6,363 | 7,875 | 7,926 | 7,797 | 10,171 | 10,695 | 11,644 |
| Cash and Bank Balance | 326 | 967 | 536 | 998 | 1,045 | 782 | 908 |
| Loans and Advances | 3,766 | 3,401 | 3,262 | 9,741 | 5,522 | 5,037 | 5,484 |
| Curr. Liability & Prov. | 12,665 | 15,227 | 17,697 | 16,267 | 18,245 | 20,311 | 21,660 |
| Account Payables | 6,149 | 7,465 | 8,065 | 7,514 | 8,398 | 10,005 | 10,893 |
| Other Current Liabilities | 4,685 | 5,623 | 7,177 | 6,005 | 6,924 | 7,556 | 8,226 |
| Provisions | 1,832 | 2,140 | 2,455 | 2,749 | 2,923 | 2,750 | 2,541 |
| Net Current Assets | 9,217 | 11,398 | 12,064 | 19,021 | 16,588 | 16,213 | 18,164 |
| Appl. of Funds | 37,341 | 42,744 | 46,062 | 63,106 | 70,098 | 77,667 | 87,087 |

E: MOFSL Estimates

Financials and valuations

Ratios

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | |
| EPS | 38.7 | 37.9 | 29.9 | 44.8 | 49.5 | 56.0 | 60.5 |
| Cash EPS | 56.3 | 56.6 | 53.1 | 71.2 | 75.7 | 83.6 | 90.7 |
| BV/Share | 214.0 | 246.5 | 266.5 | 351.6 | 369.9 | 416.8 | 468.3 |
| DPS | 11.0 | 11.0 | 4.5 | 6.1 | 10.6 | 9.6 | 9.6 |
| Payout (%) | 34.1 | 29.0 | 15.0 | 14.3 | 20.0 | 16.1 | 14.9 |
| Valuation (x) | | | | | | | |
| P/E | 30.8 | 31.4 | 39.7 | 26.5 | 24.0 | 21.3 | 19.7 |
| Cash P/E | 21.1 | 21.0 | 22.4 | 16.7 | 15.7 | 14.2 | 13.1 |
| P/BV | 5.6 | 4.8 | 4.5 | 3.4 | 3.2 | 2.9 | 2.5 |
| EV/Sales | 3.0 | 2.8 | 2.3 | 2.0 | 1.8 | 1.6 | 1.5 |
| EV/EBITDA | 18.5 | 18.1 | 19.8 | 14.2 | 12.6 | 11.0 | 10.1 |
| Return Ratios (%) | | | | | | | |
| RoE | 18.9 | 16.5 | 11.7 | 14.5 | 14.2 | 14.2 | 13.7 |
| RoCE | 18.6 | 16.4 | 11.8 | 14.4 | 14.0 | 14.2 | 13.7 |
| RoIC | 21.6 | 19.0 | 13.0 | 16.6 | 17.6 | 21.4 | 23.4 |
| Working Capital Ratios | | | | | | | |
| Gross Fixed Asset Turnover (x) | 2.3 | 1.9 | 2.0 | 1.9 | 1.9 | 2.0 | 2.1 |
| Inventory (Days) | 61.0 | 73.4 | 75.7 | 58.9 | 58.7 | 58.0 | 58.0 |
| Debtor (Days) | 34 | 40 | 33 | 27 | 33 | 31 | 31 |
| Creditor (Days) | 33 | 38 | 34 | 26 | 27 | 29 | 29 |
| Working Capital Turnover (Days) | 47 | 53 | 48 | 63 | 50 | 45 | 46 |
| Leverage Ratio (x) | | | | | | | |
| Current Ratio | 1.7 | 1.7 | 1.7 | 2.2 | 1.9 | 1.8 | 1.8 |
| Debt/Equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Standalone - Cash Flow Statement

(INR Million)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|----------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| Net P/L Before Tax and E/O Items | 8,407 | 8,733 | 6,898 | 10,447 | 12,110 | 13,842 | 14,956 |
| Depreciation | 3,007 | 3,192 | 3,957 | 4,504 | 4,787 | 5,057 | 5,530 |
| Interest & Finance Charges | 122 | 105 | 151 | -601 | -684 | -450 | -400 |
| Direct Taxes Paid | 2,364 | 1,995 | 1,993 | 2,563 | 3,289 | 3,599 | 3,888 |
| (Inc)/Dec in WC | 2,892 | -1,301 | -2,406 | -2,866 | -271 | 111 | -1,823 |
| CF from Operations | 12,065 | 8,734 | 6,607 | 8,921 | 12,654 | 14,961 | 14,374 |
| Others | -296 | -714 | -277 | 641 | 488 | 0 | 0 |
| CF from Operating incl EO | 11,769 | 8,020 | 6,329 | 9,562 | 13,142 | 14,961 | 14,374 |
| (inc)/dec in FA | -6,999 | -4,964 | -7,598 | -4,647 | -4,401 | -4,000 | -4,000 |
| Free Cash Flow | 4,770 | 3,056 | -1,268 | 4,915 | 8,741 | 10,961 | 10,374 |
| Others | 13,305 | 13,212 | 16,219 | 24,731 | 28,871 | -8,200 | -8,250 |
| CF from Investments | -8,497 | -6,350 | -4,819 | -7,892 | -10,720 | -3,200 | -3,250 |
| (Inc)/Dec in Debt | -275 | -321 | -359 | -377 | -871 | -1,027 | 0 |
| Interest Paid | -52 | -40 | -67 | -161 | -188 | -350 | -350 |
| Dividend Paid | -3,311 | -854 | -1,708 | -581 | -1,367 | -1,647 | -1,647 |
| CF from Fin. Activity | -3,638 | -1,215 | -2,135 | -1,119 | -2,425 | -3,024 | -1,997 |
| Inc/Dec of Cash | -365 | 455 | -624 | 551 | -2 | 8,737 | 9,127 |
| Add: Beginning Balance | 2,512 | 512 | 967 | 343 | 894 | 892 | 9,629 |
| Closing Balance | 2,147 | 967 | 343 | 894 | 892 | 9,629 | 18,756 |

E: MOFSL Estimates

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NOTES

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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