

Asian Paints

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR2,974 TP: INR3,150 (+6%) Neutral

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USD\$b)	2853.1 / 34.1
52-Week Range (INR)	3568 / 2670
1, 6, 12 Rel. Per (%)	-3/-21/-39
12M Avg Val (INR M)	3475

Muted sales with miss on margin

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	354.9	375.4	422.9
Sales Gr. (%)	2.9	5.8	12.6
EBITDA	75.8	77.6	88.9
EBIT Margin (%)	21.4	20.7	21.0
Adj. PAT	55.6	55.6	63.0
Adj. EPS (INR)	57.9	58.0	65.7
EPS Gr. (%)	30.9	0.1	13.3
BV/Sh.(INR)	195.2	211.1	234.8

Ratios

RoE (%)	32.0	28.5	29.5
RoCE (%)	27.2	24.4	25.2
Payout (%)	75.9	70.7	62.4

Valuation

P/E (x)	51.3	51.3	45.3
P/BV (x)	15.2	14.1	12.7
EV/EBITDA (x)	37.0	35.6	31.0
Div. Yield (%)	1.5	1.4	1.4

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	52.6	52.6	52.6
DII	12.4	11.7	10.1
FII	15.3	15.9	17.5
Others	19.7	19.8	19.8

FII Includes depository receipts

- Asian Paints (APNT) posted 2%/3% YoY decline in consolidated/standalone revenue in 1QFY25. Decorative volume grew 7% YoY (est. 12%). The value vs. volume gap was in the range of 5-6% vs. ~12% in 4Q. Revenue growth was affected by price cuts in the last quarter (~3.5% in 4Q), an unfavorable product mix, general elections and heat waves.

- Raw material prices rose 1.8% in 1Q and are expected to rise ~1.5% in 2Q. To offset these costs, APNT implemented a ~1% price hike in Jul'24 and may hike again in the upcoming quarter. Gross margin contracted by 40bp to 42.5% in 1Q. Monitoring gross margin in FY25/FY26 will be crucial due to the changing competitive landscape, rising raw material prices and ongoing supply chain challenges.

- Employee and other overhead costs hurt EBITDA margin, which contracted by 420bp YoY and 50bp QoQ to 18.9%. APNT added new employees to expand its distribution and retail touchpoints. EBITDA declined by 20% YoY (est. -6%). Given the changing competitive landscape, a high mix of economy/mid-segment, and the company's focus on volume traction, we estimate EBITDA margins of 20.7%/21.0% in FY25/FY26.

- Despite APNT's various initiatives to boost volume growth, revenue growth excitement does not look like in FY25 due to price cuts, downtrading and competitive pressure. Besides, sustaining the current high-level EBITDA margin is also a challenge for APNT in the near term. **We reiterate our Neutral rating with a TP of INR3,150 (based on 45x Jun'26E EPS).**

Disappointing performance on all fronts

- Volume growth in high-single digit:** Consol. net sales declined 2.3% YoY to INR89.7b (est. INR91.8b), impacted by weak demand, general elections, and severe heatwaves. Volumes grew by 7% (est. +12%) in the domestic decorative paints business, aided by some improvement in rural markets.

- Poor margin performance:** Gross margins contracted 40bp YoY to 42.5% (est. 43.5%). Employee/other expenses grew 24%/14% YoY. EBITDA margin shrank by 420bp YoY and ~50bp QoQ to 18.9% (est. 21.7%). EBITDA was down 20% YoY at INR16.9b (est. INR19.9b). PBT fell 25% YoY to INR15.7b (est. INR18.9b). Adj. PAT declined 25% YoY to INR11.9b (est. INR14.3b).

- Non-core businesses improved:** Kitchen business revenue grew 5% as sales have been growing for the past two quarters. It has maintained positive PBDIT for six quarters, with a PBT loss of INR30m, down from INR20m in 1QFY24. Bath business revenue rose 10% on a low base, with a PBT loss of INR20m. White Teak and Weather Seal delivered double-digit revenue growth. Home Décor now has over 61 stores, with several more expected to open in 2Q. Home Décor is adding about 15 to 20 stores annually.

- Currency devaluation continues to affect growth:** Internationally, Ethiopia and Sri Lanka showed good growth in 1Q due to a gradual economic recovery, although macroeconomic issues in Nepal, Bangladesh and Egypt affected overall international business performance.

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

Key highlights from the management commentary

- Demand was affected by the heatwaves and general elections for both retail and institutional businesses. Apr-May'24 were challenging months, but Jun'24 saw signs of recovery, especially in rural demand.
- APNT delivered 7% volume growth in domestic decorative paints in 1Q on a healthy base (10% in 1QFY24). The five-year CAGR in volume is healthy at 15.3%.
- The value segment has been under pressure, down 3% vs. 7.8% growth in 1QFY24. The five-year CAGR in value is 12.7%.
- The management observed 1.8% inflation in 1Q and implemented a 1% price increase in response. In 2Q, inflation is expected to be in the range of ~1.4% to 1.5%. Consequently, there may be further price increases.
- International operations posed challenges for the overall business with a 2% decline in revenue. Adjusted for constant currency, it would have seen 1.8% growth, despite currency depreciation in Ethiopia, Egypt and Bangladesh.
- The company continued to expand its distribution footprint, reaching over 165k touchpoints in 1QFY25.

Valuation and view

- There are no material changes to our EPS estimates.
- APNT has launched “Neo Bharat Latex paint” in Jan'24 to compete with the unorganized segment with a branded solution that is affordable and accessible to consumers. It will address the market size of INR50-55b (targets to achieve 30% share in the medium term).
- With the entry of new players with deep pockets and massive commitments to investments, the overall industry may see a shift in market share and cost structures. These factors will be the key monitorables in FY25.
- We remain cautious for both value growth and margin in FY25/FY26. Despite a correction in the stock, competitive pressure still hovers around earnings. **We reiterate our Neutral rating with a TP of INR3,150 (based on 45x Jun'26E EPS).**

Quarterly Performance (Consol.)

Y/E March	FY24				FY25E				(INR b)			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E	FY25E 1QE	Var. (%)
Est. Dom. Deco. Vol. growth (%)	10.0	6.0	12.0	10.0	7.0	8.0	14.0	15.0	9.5	11.0	12.0	
Net Sales	91.8	84.8	91.0	87.3	89.7	87.3	100.1	98.2	354.9	375.4	91.8	-2.3%
Change (%)	6.7	0.2	5.4	-0.6	-2.3	3.0	10.0	12.5	2.9	5.8	0.0	
Gross Profit	39.4	36.8	39.7	38.2	38.2	37.7	43.4	44.1	154.0	163.3	39.9	
Gross Margin (%)	42.9	43.4	43.6	43.7	42.5	43.2	43.3	44.8	43.4	43.5	43.5	
EBITDA	21.2	17.2	20.6	16.9	16.9	16.8	22.3	21.6	75.8	77.6	19.9	-15.0%
Margin (%)	23.1	20.2	22.6	19.4	18.9	19.3	22.3	21.9	21.4	20.7	21.7	
Change (%)	36.3	39.8	27.6	-9.3	-20.2	-2.0	8.5	27.5	21.2	2.3	-6.1	
Interest	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5	2.1	2.2	0.5	
Depreciation	2.0	2.1	2.2	2.3	2.3	2.3	2.5	2.6	8.5	9.7	2.3	
Other Income	2.0	1.7	1.4	1.9	1.6	1.8	1.8	1.8	6.9	7.0	1.8	
PBT	20.7	16.2	19.2	16.0	15.7	15.7	21.1	20.3	72.1	72.8	18.9	-17.1%
Tax	5.3	4.2	4.9	3.5	4.2	4.1	5.1	4.9	17.9	18.2	4.8	
Effective Tax Rate (%)	25.6	25.8	25.7	21.8	26.6	25.8	24.0	24.2	24.8	25.0	25.5	
Adjusted PAT	15.7	12.3	14.8	12.8	11.9	12.0	16.3	15.5	55.6	55.6	14.3	-17.2%
Change (%)	48.5	53.3	34.5	-0.6	-24.6	-2.9	10.2	21.7	30.9	0.1	-9.0	

E: MOFSL Estimates

Key Performance Indicators (Consol.)

Y/E March	FY23				FY24				FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Realization growth (%)	17.1	9.2	1.3	-4.7	-3.3	-5.8	-6.6	-10.6	-9.3
Average growth in the last two years (%)									
Volume	71.5	22.0	9.0	12.0	23.5	8.0	6.0	13.0	3.5
Sales	72.6	25.9	13.4	15.0	30.4	9.7	3.3	5.3	-1.2
EBITDA	79.5	3.6	-4.6	19.3	53.3	37.8	16.0	10.0	-10.1
PAT	123.1	1.9	-6.1	21.7	66.6	43.1	20.4	14.5	-12.3
Average growth in the last three years (%)									
Volume	35.0	18.3	17.0	24.0	51.0	16.7	10.0	11.3	2.3
As a percentage of Sales									
COGS	62.3	64.3	61.4	57.5	57.1	56.6	56.4	56.3	57.5
Operating Expenses	19.6	21.2	19.9	21.3	19.8	23.1	21.0	24.3	23.7
Depreciation	2.4	2.6	2.5	2.5	2.2	2.5	2.4	2.6	2.5
YoY change (%)									
COGS	55.9	17.4	-1.6	4.4	-2.3	-11.7	-3.2	-2.7	-1.6
Operating Expenses	37.0	14.9	8.0	16.0	7.8	9.3	11.3	13.7	16.5
Other Income	10.4	-30.9	20.5	31.2	99.1	73.0	60.1	77.4	-20.7
EBIT	89.0	44.2	4.7	32.8	42.7	49.0	31.4	-10.9	-23.8

E: MOFSL Estimates

Standalone performance

- Standalone net sales declined 3% to INR78.8b.
- Gross margin contracted 50bp YoY to 43.1% and EBITDA margin shrank 440bp YoY to 20.2%.
- EBITDA declined 20% to INR15.9b.
- PBT fell 21% YoY to INR15.9b.
- Adj. PAT was down 21% YoY at INR11.9b.

Quarterly Performance (Standalone)

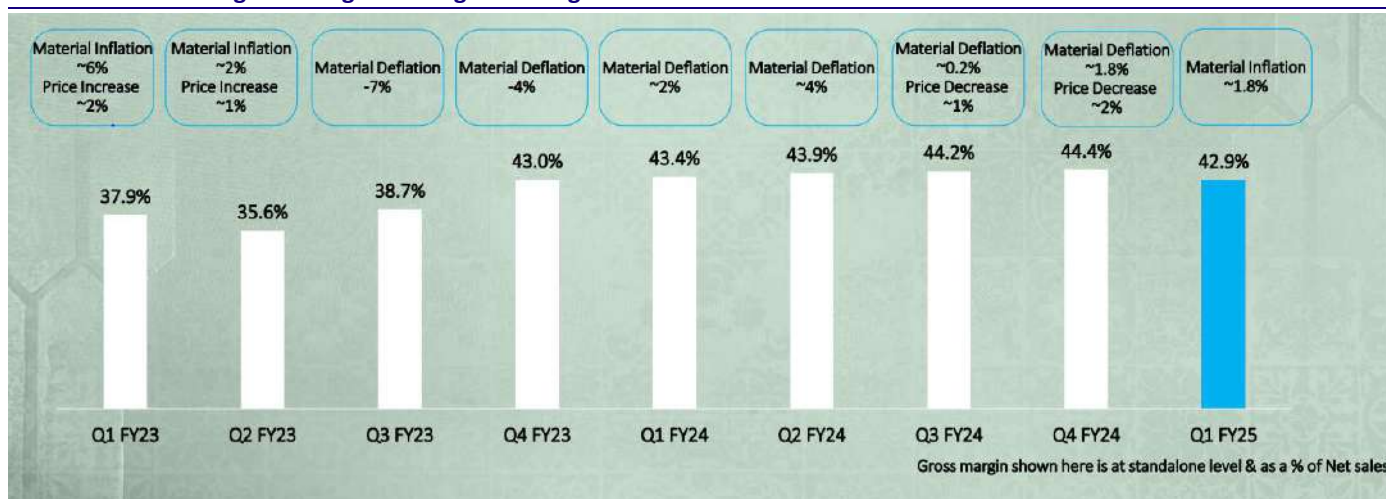
(INR b)

Y/E March	FY23				FY24				FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net Sales	75.9	73.4	75.2	76.3	81.1	73.4	79.1	74.8	78.8
Change (%)	58.5	19.4	0.4	12.8	7.0	0.0	5.2	-1.9	-2.9
Gross Profit	28.9	26.4	29.3	33.0	35.4	32.4	35.1	33.4	34.0
Gross Margin (%)	38.1	35.9	38.9	43.2	43.6	44.1	44.4	44.7	43.1
EBITDA	14.6	11.2	14.9	17.5	20.0	15.8	19.0	15.5	15.9
Margin (%)	19.3	15.2	19.9	22.9	24.6	21.6	24.0	20.7	20.2
Change (%)	65.8	27.5	1.8	28.2	36.7	42.1	26.9	-11.4	-20.3
Interest	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Depreciation	1.8	1.9	1.9	1.9	1.7	1.8	1.9	1.9	2.0
Other Income	1.1	1.2	1.6	1.2	2.2	1.7	2.4	2.0	2.3
PBT	13.7	10.2	14.4	16.5	20.2	15.5	19.1	15.2	15.9
Tax	3.6	2.6	3.6	4.2	5.1	3.9	4.7	3.1	4.0
Effective Tax Rate (%)	25.9	25.2	24.7	25.4	25.3	25.2	24.6	20.5	25.1
Adjusted PAT	10.2	7.6	10.9	12.3	15.1	11.6	14.4	12.1	11.9
Change (%)	70.7	23.4	6.4	29.4	48.3	52.0	32.9	-2.0	-20.9

Exhibit 1: Subsidiary quarterly performance overview

INR m	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Sales	10,207	11,132	11,149	11,613	10,684	11,364	11,901	12,498	10,881
Sales growth (%)	27.7	17.9	7.6	2.5	4.7	2.1	6.7	7.6	1.8
EBITDA	934	1,122	1,167	1,172	1,215	1,315	1,590	1,426	1,008
EBITDA margin (%)	9.1	10.1	10.5	10.1	11.4	11.6	13.4	11.4	9.3
PAT	672	405	112	740	665	721	316	659	(56)

Sources: Company reports, MOFSL

Exhibit 2: Sustained gross margins through sourcing and formulation efficiencies

Sources: Company reports

**Highlights from the management commentary****Business environment and performance**

- Demand was affected by heatwaves and general elections for both retail and institutional businesses.
- April and May were challenging months, but June showed signs of recovery, especially in rural demand.
- T3 and T4 cities showed faster growth compared to T1 and T2 cities.
- The company delivered 7% volume growth in domestic decorative paint in 1QFY25 on the healthy base of 10% volume growth in 1QFY24. The five-year CAGR in volume is healthy at 15.3%.
- The value segment has been under pressure, down 3% vs. 7.8% growth in 1QFY24. The five-year CAGR value is 12.7%.
- Value growth was hurt by an inferior product mix and market inflation. Overall demand was weak, leading to lower value growth.
- Industrial business saw double-digit revenue growth, driven by the Automotive and General Industrial segments.
- The combined growth of decorative and industrial segments showed a value decline of 2.2% vs. growth of 8.5% in Q1FY24. Volume growth was 7% vs. 10% in 1QFY24.
- New products contributed 12% to overall revenue in 1QFY25.
- The gap between value and volume is around 5% to 6%.

Cost and margins

- The management observed 1.8% inflation in 1Q and implemented a 1% price increase in response.
- In 2Q, inflation is expected to be in the range of ~1.4% to 1.5%. Consequently, there may be further price increases.
- Employee costs have increased due to policy changes and higher investments in personnel due to the expansion of distribution and retail footprint.

Segmental performance

- Kitchen business revenue grew 5% as sales have been rising for the past two quarters.
- Kitchen business has maintained positive PBDIT for six quarters, with a PBIT loss of INR30m vs. INR20m in 1QFY24.
- Bath business revenue rose 10%, albeit on a lower base of last year. It reported a PBT loss of INR20m.
- White Teak and Weather Seal delivered double-digit growth and expanded its store count in FOFO and COCO models.
- Home Décor now has more than 61 stores, with work-in-progress for several of them, which are expected to open in 2Q.
- Home Décor is adding ~15 to 20 stores annually.
- APNT has opened its second BH studio in Guwahati, following the first in Anna Nagar, Chennai. This 16,000+ sqft store offers a premium digital customer journey, featuring high-end décor products like lighting, fabric, wallpaper, and furniture.
- SmartCare, Waterproofing, Wood Finishes, and Textures performed strongly during the quarter.
- Economy emulsions, primers, premium ranges, and waterproofing all underperformed.

International Business

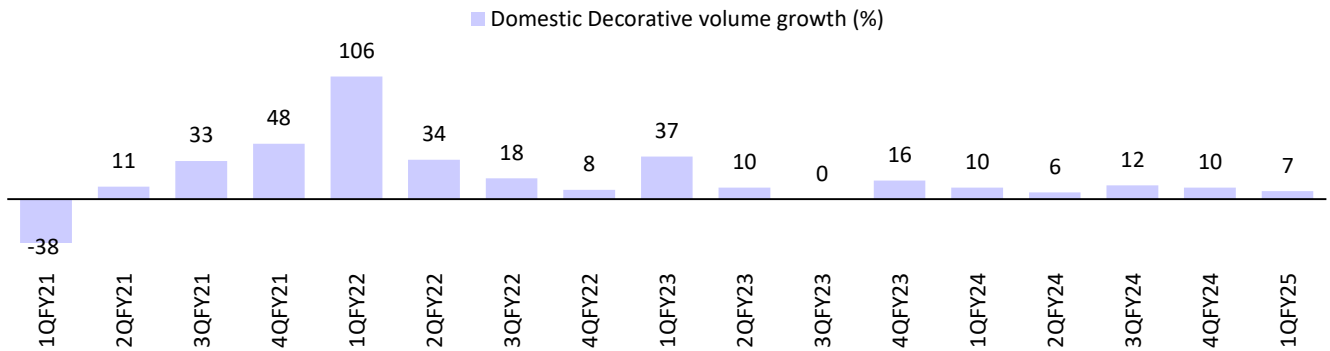
- International operations posed challenges for the overall business, with a 2% decline in revenue. Adjusted for constant currency, it would have seen 1.8% growth, despite currency depreciation in Ethiopia, Egypt, and Bangladesh.
- Ethiopia showed strong performance, and Sri Lanka has recently shown significant improvement. Middle East operations have slowed down.
- In Nepal, the economic situation has been challenging for the past seven to eight quarters, affecting the overall performance.

Other

- The distribution footprint continues to expand and it has ~1.65 lakh retail touchpoints.
- The installed capacity in Mysuru increased from 3lakh KL to about 6lakh KL, contributing to a total organizational capacity of over 22lakh KL.

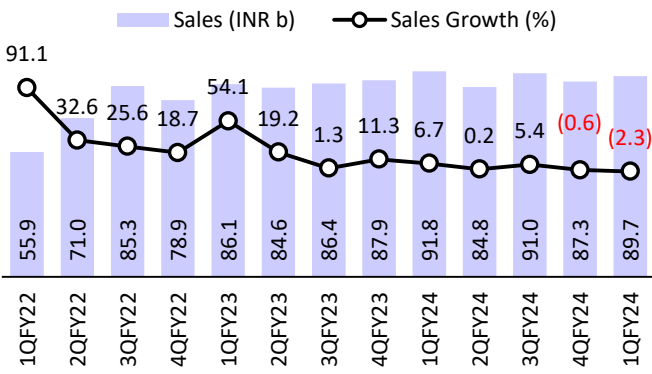
Key exhibits

Exhibit 3: Volume growth stood at 7% YoY in 1QFY25



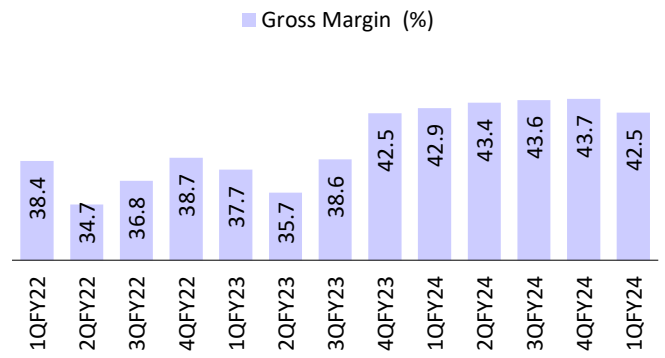
Sources: Company reports

Exhibit 4: Consolidated sales declined by 2.3% on YoY to INR89.7b in 1QFY25



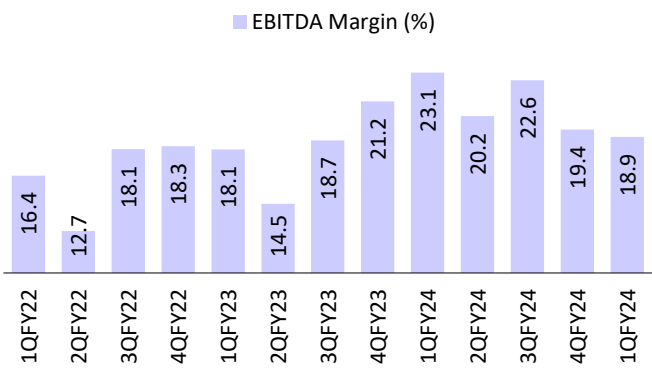
Sources: Company reports, MOFSL

Exhibit 5: Gross margin contacted 40bp YoY in 1QFY25



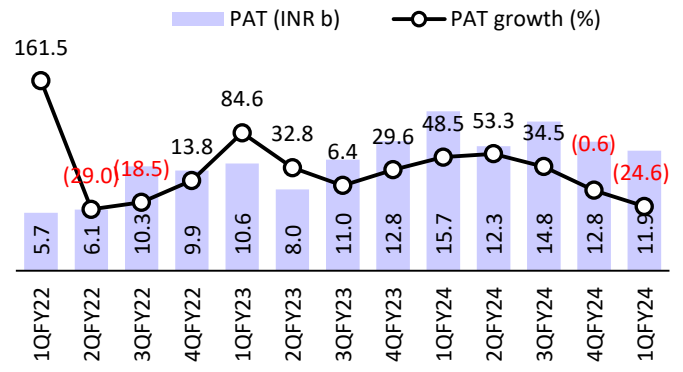
Sources: Company reports, MOFSL

Exhibit 6: EBITDA margin contacted by 420bp YoY to 18.9% in 1QFY25



Sources: Company reports, MOFSL

Exhibit 7: PAT decline by ~25% YoY to INR11.9b in 1QFY25



Sources: Company reports, MOFSL

Valuation and view

APNT has been a wealth creator in the past decade

- Despite having an already sizeable sales base of ~INR109b in FY14, APNT reported a CAGR of 11%/15%/16% in sales/EBITDA/PAT for the decade ended in FY24.
- An expanding dealer network and an increased thrust on non-metro cities led to a faster shift from the unorganized paint business, which still accounts for ~30% of the market.
- Categories, such as putty and waterproofing, are the new growth engines for the company.

Trading at fair valuations

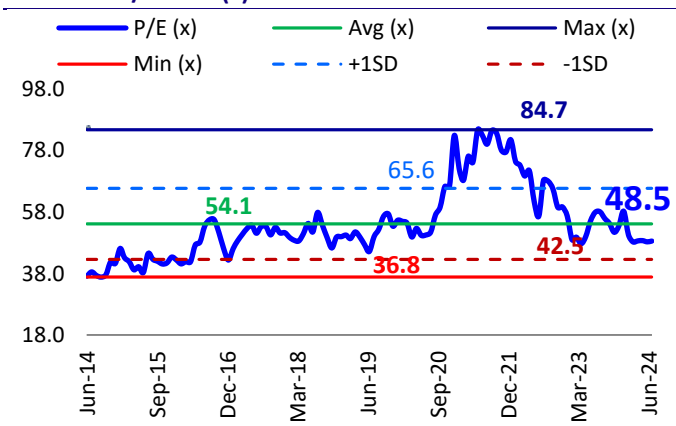
- There are no material changes to our EPS estimates.
- APNT has launched “Neo Bharat Latex” paint in Jan’24 to compete with the unorganized segment with a branded solution that is affordable and accessible to consumers. It will address the market size of INR50-55b (targets to achieve 30% share in the medium term).
- With the entry of new players with deep pockets and massive commitments to investments, the overall industry may see a shift in market share and cost structures. These factors will be the key monitorables in FY25.
- We remain cautious for both value growth and margin in FY25/FY26. Despite a correction in the stock, competitive pressure still hovers around earnings. **We reiterate our Neutral rating with a TP of INR3,150 (based on 45x Jun’26E EPS).**

Exhibit 8: There are no material changes to our FY25E/FY26E estimates

INR b	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	375.4	422.9	376.5	424.1	-0.3	-0.3
EBITDA	77.6	88.9	79.4	89.5	-2.3	-0.7
PAT	55.6	63.0	56.6	63.0	-1.8	-0.1

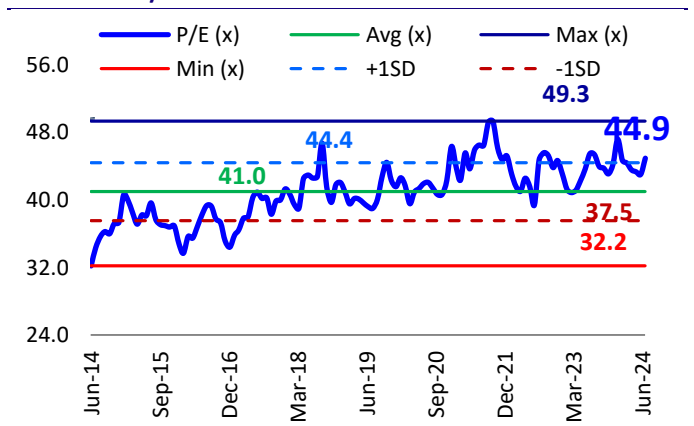
Sources: Company reports, MOFSL

Exhibit 9: P/E ratio (x) for APNT



Sources: Bloomberg, company reports, MOFSL

Exhibit 10: P/E ratio for the Consumer sector



Sources: Bloomberg, company reports, MOFSL

Financials and valuations

Income Statement consol.

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	1,92,401	2,02,113	2,17,128	2,91,013	3,44,886	3,54,947	3,75,395	4,22,857	4,76,396
Change (%)	14.4	5.0	7.4	34.0	18.5	2.9	5.8	12.6	12.7
Raw Materials	1,12,646	1,13,835	1,20,972	1,83,008	2,11,565	2,00,902	2,12,105	2,37,450	2,66,653
Gross Profit	79,756	88,278	96,156	1,08,005	1,33,321	1,54,045	1,63,290	1,85,407	2,09,743
Margin (%)	41.5	43.7	44.3	37.1	38.7	43.4	43.5	43.8	44.0
Operating Expenses	42,100	46,660	47,600	59,969	70,723	78,195	85,662	96,471	1,08,243
EBITDA	37,655	41,618	48,556	48,036	62,598	75,850	77,628	88,936	1,01,499
Change (%)	17.8	10.5	16.7	-1.1	30.3	21.2	2.3	14.6	14.1
Margin (%)	19.6	20.6	22.4	16.5	18.2	21.4	20.7	21.0	21.3
Depreciation	6,221	7,805	7,913	8,164	8,580	8,530	9,698	11,497	9,463
Int. and Fin. Charges	1,053	1,023	916	954	1,445	2,052	2,189	2,129	0
Other Income	2,330	3,043	3,031	3,800	3,865	6,880	7,017	7,368	7,736
Profit before Taxes	32,712	35,833	42,758	42,719	56,438	72,148	72,758	82,677	99,772
Change (%)	8.2	9.5	19.3	-0.1	32.1	27.8	0.8	13.6	20.7
Margin (%)	17.0	17.7	19.7	14.7	16.4	20.3	19.4	19.6	20.9
Tax	9,428	9,501	11,218	11,644	15,108	17,847	18,190	20,669	24,943
Deferred Tax	1,553	-953	-242	-614	-173	54	0	0	0
Tax Rate (%)	33.6	23.9	25.7	25.8	26.5	24.8	25.0	25.0	25.0
PAT Before Minority	21,731	27,284	31,782	31,689	41,503	54,247	54,569	62,008	74,829
Minority Interest	-407	-507	-286	-316	-939	-1,330	-1,044	-1,000	-1,675
Adjusted PAT	22,138	27,791	32,068	32,005	42,442	55,577	55,613	63,008	76,504
Change (%)	9.2	25.5	15.4	-0.2	32.6	30.9	0.1	13.3	21.4
Margin (%)	11.5	13.8	14.8	11.0	12.3	15.7	14.8	14.9	16.1
Exceptional/Prior Period inc	-58	-50	0	-1,157	-489	0	0	0	0
Reported PAT	22,080	27,742	32,068	30,848	41,953	55,577	55,613	63,008	76,504

Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	959	959	959	959	959	959	959	959	959
Reserves	93,746	1,00,342	1,27,104	1,37,156	1,58,963	1,86,324	2,01,565	2,24,246	2,59,748
Net Worth	94,706	1,01,302	1,28,063	1,38,116	1,59,922	1,87,283	2,02,524	2,25,205	2,60,707
Loans	6,156	3,401	3,402	7,757	9,722	11,071	8,757	9,257	9,257
Other Liability	12,137	11,984	11,538	11,362	13,158	17,306	19,408	21,826	24,607
Minority Interest	3,613	4,035	4,229	3,875	4,537	6,954	7,998	8,997	10,672
Capital Employed	1,16,611	1,20,722	1,47,232	1,61,109	1,87,339	2,22,614	2,38,687	2,65,286	3,05,243
Gross Block	66,983	69,895	71,910	73,895	78,693	92,604	1,11,693	1,26,693	1,41,693
Less: Accum. Depn.	13,942	19,573	24,807	30,191	35,362	43,892	53,590	65,088	74,551
Net Fixed Assets	53,041	50,322	47,103	43,705	43,331	48,712	58,103	61,605	67,142
Capital WIP	2,097	1,402	1,830	4,264	10,196	26,984	13,492	13,492	13,492
Right to Use Assets	8,711	9,201	8,456	9,058	12,089	18,563	18,563	18,563	18,563
Investments	25,686	20,189	47,368	32,475	42,617	45,879	52,761	60,675	69,777
Current	11,745	5,125	32,671	21,807	26,970	32,034	38,224	45,411	53,749
Non-current	13,941	15,064	14,697	10,668	15,647	13,845	14,537	15,264	16,027
Curr. Assets, L&A	69,740	77,066	95,770	1,37,654	1,47,276	1,54,679	1,81,004	2,06,060	2,42,594
Inventory	31,499	33,898	37,986	61,530	62,106	59,234	60,680	68,352	77,006
Account Receivables	19,134	17,994	26,051	38,738	46,391	48,908	37,025	41,706	46,987
Cash and Bank Balance	4,449	7,828	6,108	8,643	8,438	10,840	42,317	47,201	61,378
Others	14,659	17,345	25,626	28,743	30,340	35,696	40,981	48,800	57,223
Curr. Liab. and Prov.	45,878	40,658	56,322	68,475	70,455	76,394	89,426	99,301	1,10,516
Account Payables	23,943	21,366	33,787	41,643	36,354	38,313	46,489	52,044	58,444
Other Liabilities	19,617	16,860	19,538	23,952	31,051	35,230	38,753	42,628	46,891
Provisions	2,318	2,432	2,996	2,880	3,049	2,850	4,184	4,629	5,180
Net Current Assets	23,863	36,408	39,449	69,179	76,821	78,285	91,577	1,06,759	1,32,078
Godwill on Cons.	3,213	3,200	3,026	2,429	2,285	4,192	4,192	4,192	4,192
Application of Funds	1,16,611	1,20,722	1,47,232	1,61,109	1,87,339	2,22,614	2,38,688	2,65,286	3,05,243

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)									
EPS	23.1	29.0	33.4	33.4	44.2	57.9	58.0	65.7	79.8
Cash EPS	29.6	37.1	41.7	41.9	53.2	66.8	68.1	77.7	89.6
BV/Share	98.7	105.6	133.5	144.0	166.7	195.2	211.1	234.8	271.8
DPS	10.7	21.8	4.9	18.2	25.6	44.0	41.0	41.0	41.0
Payout %	46.4	75.3	14.5	54.4	58.0	75.9	70.7	62.4	51.4
Valuation (x)									
P/E	128.9	102.6	89.0	89.1	67.2	51.3	51.3	45.3	37.3
Cash P/E	100.6	80.1	71.4	71.0	55.9	44.5	43.7	38.3	33.2
EV/Sales	14.7	14.0	12.9	9.7	8.2	7.9	7.4	6.5	5.7
EV/EBITDA	75.1	68.0	57.7	58.7	44.9	37.0	35.6	31.0	26.9
P/BV	30.1	28.2	22.3	20.7	17.8	15.2	14.1	12.7	10.9
Dividend Yield (%)	0.4	0.7	0.2	0.6	0.9	1.5	1.4	1.4	1.4
Return Ratios (%)									
RoE	24.8	28.4	28.0	24.0	28.5	32.0	28.5	29.5	31.5
RoCE	21.0	23.6	24.2	21.0	24.4	27.2	24.4	25.2	26.2
RoIC	22.1	23.2	24.1	20.6	25.1	28.6	27.7	30.0	31.7
Working Capital Ratios									
Debtor (Days)	36	32	44	49	49	50	36	36	36
Asset Turnover (x)	1.6	1.7	1.5	1.8	1.8	1.6	1.6	1.6	1.6
Leverage Ratio									
Debt/Equity (x)	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0

Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(loss) before Tax	33,107	36,283	43,044	41,877	56,888	73,478	72,758	82,677	99,772
Depreciation	4,307	7,819	7,913	8,164	8,580	8,530	9,698	11,497	9,463
Net interest	-282	96	165	-125	102	151	-4,828	-5,239	-7,736
Others	-896	-401	-1,426	-342	-972	-2,873	0	0	0
Direct Taxes Paid	-9,820	-10,108	-10,797	-11,757	-14,943	-18,351	-18,190	-20,669	-24,943
(Incr)/Decr in WC	-4,274	-7,371	-2,065	-27,952	-7,721	101	18,184	-10,297	-11,142
CF from Operations	22,143	26,319	36,834	9,865	41,934	61,036	77,623	57,969	65,414
Incr in FA	-11,336	-3,669	-2,543	-4,987	-12,475	-21,939	-5,597	-15,000	-15,000
Free Cash Flow	10,807	22,650	34,291	4,878	29,460	39,097	72,026	42,969	50,414
Pur of Investments	1,602	-2,536	-3,679	973	1,813	283	-6,882	-7,914	-9,101
Others	-3,177	7,918	-25,829	14,761	-10,077	-7,153	7,017	7,368	7,736
CF from Invest.	-12,911	1,713	-32,050	10,747	-20,739	-28,809	-5,462	-15,546	-16,365
Incr in Debt	631	-2,614	257	3,247	2,382	31	-2,314	500	0
Dividend Paid	-10,487	-21,207	-4,994	-17,628	-19,361	-25,509	-39,327	-39,327	-39,327
Net interest Paid	-512	-1,009	-893	-936	-1,420	-1,906	-2,189	-2,129	0
Others	1,539	178	-875	-2,759	-3,003	-2,441	3,147	3,417	4,455
CF from Fin. Activity	-8,830	-24,652	-6,504	-18,076	-21,401	-29,825	-40,684	-37,539	-34,872
Incr/Decr of Cash	402	3,380	-1,721	2,536	-205	2,402	31,477	4,884	14,177
Add: Opening Balance	4,047	4,449	7,828	6,108	8,643	8,438	10,840	42,317	47,201
Closing Balance	4,449	7,828	6,108	8,643	8,438	10,840	42,317	47,201	61,378

E: MOFSL Estimates

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