

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

| | |
|-----------------------|---------------|
| Bloomberg | HAVL IN |
| Equity Shares (m) | 627 |
| M.Cap.(INRb)/(USDb) | 1043.7 / 12.3 |
| 52-Week Range (INR) | 2106 / 1360 |
| 1, 6, 12 Rel. Per (%) | 9/-5/-1 |
| 12M Avg Val (INR M) | 1964 |
| Free float (%) | 40.6 |

Financials & Valuations (INR b)

| Y/E MARCH | FY25 | FY26E | FY27E |
|----------------------|-------|-------|-------|
| Sales | 217.8 | 247.4 | 284.9 |
| EBITDA | 21.3 | 25.3 | 31.2 |
| Adj. PAT | 14.7 | 17.3 | 21.4 |
| EBITDA Margin (%) | 9.8 | 10.2 | 10.9 |
| Cons. Adj. EPS (INR) | 23.5 | 27.6 | 34.2 |
| EPS Gr. (%) | 15.7 | 17.9 | 23.8 |
| BV/Sh. (INR) | 133.1 | 151.0 | 173.3 |
| Ratios | | | |
| Net D:E | (0.4) | (0.3) | (0.4) |
| RoE (%) | 17.6 | 18.3 | 19.7 |
| RoCE (%) | 17.2 | 18.0 | 19.4 |
| Payout (%) | 42.6 | 35.0 | 35.0 |
| Valuations | | | |
| P/E (x) | 71.2 | 60.4 | 48.8 |
| P/BV (x) | 12.6 | 11.1 | 9.6 |
| EV/EBITDA (x) | 47.5 | 40.2 | 32.3 |
| Div Yield (%) | 0.6 | 0.6 | 0.7 |
| FCF Yield (%) | 0.8 | 0.5 | 1.4 |

Shareholding pattern (%)

| As On | Mar-25 | Dec-24 | Mar-24 |
|----------|--------|--------|--------|
| Promoter | 59.4 | 59.4 | 59.4 |
| DII | 12.8 | 11.6 | 9.9 |
| FII | 22.3 | 23.5 | 24.8 |
| Others | 5.5 | 5.6 | 5.9 |

FII Includes depository receipts

CMP: INR1,665

TP: INR1,710 (+3%)

Neutral

Steady margins; Llyod and cable drive growth

The slow start to summer hampers early demand for the season

- Havells India (HAVL)'s 4QFY25 revenue grew 20% YoY to INR65.4b (5% beat), led by better-than-expected growth in the Lloyd/C&W segments. Higher margins in the Lloyd and ECD segments have resulted in ~19% YoY EBITDA growth to INR7.6b (+17% vs. our est.). OPM stood at 11.6% (flat YoY) vs. our est. of 10.4%. PAT grew ~16% YoY to INR5.2b (15% above our est.)
- Management highlighted that the large appliances and cables fueled revenue growth. The ramp-up of new capacity in the C&W segment is underway. HAVL's margin would reach a normalized level (ex-Lloyd) of 13.5-14.0%, as the benefits of operating leverage kick in. Delayed summer has affected secondary demand in the ongoing season and the growth trajectory in rest of the season needs to be seen.
- We marginally increase our EPS estimates by ~3% each for FY26/FY27 as we raise our margin assumption for the Lloyd segment by 150-200bp. HAVL's valuations at 60x/49x FY26/27E EPS remain expensive. **We reiterate our Neutral rating** with a revised TP of INR1,710 (based on 50x FY27E EPS).

ECD/Llyod's EBIT margins improve 1.3pp/3.4pp YoY to ~13%/6%

- HAVL's consolidated revenue/EBITDA/PAT stood at INR65.4b/INR7.6b/INR5.2b (+20%/+19%/+16% YoY and +5%/+17%/+15% vs. our estimates). Gross margin stood at ~32% (-65bp YoY). OPM flat YoY at 11.6%. Ad spending was at 2.2% of revenue vs. 2.4%/3.7% in 4QFY24/3QFY25.
- Segmental highlights: 1) HAVL revenue (excl. Lloyd) increased ~13% YoY to INR46.3b. The **C&W** revenue grew ~21% YoY to INR21.7b, and the EBIT margin flat YoY at ~12%. The **Switchgear** revenue rose ~6% YoY to INR6.9b, while the EBIT margin contracted 2.5pp YoY to ~26%. The **Lighting** revenue inched up 1% YoY to INR4.4b, while the EBIT margin dipped 1.6pp YoY to ~16%. The **ECD** revenue rose 10% YoY to INR10.0b, and the EBIT margin improved 1.3pp YoY to 13%. 2) **Lloyd's** revenue grew ~39% YoY to INR18.7b. Margin improved 3.4pp to ~6%, leading to a profit of INR1.1b.
- For FY25, HAVL's revenue/EBITDA/PAT grew 17%/16%/16% YoY. OPM margin flat YoY at ~10%. Among segments, Lloyd/ECD/C&W's revenue rose 35%/15%/14% YoY, while Switchgear/Lighting's revenue grew 7%/2% YoY. CFO declined 22% YoY to INR15.2b due to higher tax payments and an increase in WC. Capex stood at INR7.2b in FY25 vs. INR7.3b in FY24. FCF stood at INR7.9b in FY25 vs. INR12.3b in FY24.

Key highlights from the management commentary

- Low base of last year and inventory stocking led to higher revenues for Lloyd. However; delayed summer in both the South and North regions has hurt secondary sales, though there has been some accentuation of heatwaves recently in the North. So far there is no panic in the trade channel.
- In 4QFY25, half of the revenue growth in C&W was driven by volumes, while the rest was related to price hikes led by higher RM costs. HAVL witnessed more value growth in the wires segment, whereas volume growth was higher in underground cables.

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

- Measures taken in the Union Budget as well as by the RBI augur well for a pickup in consumption. Volume growth in the lighting segment was in high single digits in 4QFY25.

Valuation and view

- We believe the demand pickup in the summer season and the sustainability of Lloyd's margin will be key monitorables in the near term. Wires demand too, has been hit by the slow real estate demand. This has also hurt the margin of wires, and recovery needs to be monitored. We marginally raise our EPS estimates by ~3% each for FY26/27 by factoring in a 150-200bp increase in margins for Lloyd.
- We expect HAVL to report a revenue/EBITDA/PAT CAGR of 14%/21%/21% over FY25-27. We estimate OPM to reach 10.9% in FY27 vs. 9.8% in FY25. RoIC of the company is expected to improve to ~29% by FY27 from 24% in FY25, and its RoE is likely to be ~20% in FY27 vs. ~18% in FY25.
- The stock trades at rich valuations of 60x/49x FY26/27E EPS, and hence, **we reiterate our Neutral rating** with a revised TP of INR1,710 (premised on 50x FY27E EPS).

Quarterly performance

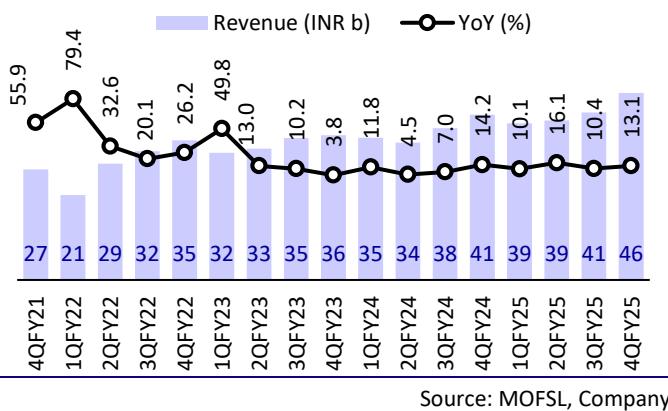
| Y/E March | FY24 | | | | | | | | FY25 | | | | FY24 | FY25 | MOFSL | (INR m) |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|--------|-----|------|------|-------|---------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | | | | |
| Sales | 48,338 | 39,003 | 44,139 | 54,420 | 58,062 | 45,393 | 48,890 | 65,436 | 1,85,900 | 2,17,781 | 62,208 | 5% | | | | |
| Change (%) | 13.9 | 6.3 | 7.1 | 12.0 | 20.1 | 16.4 | 10.8 | 20.2 | 10.1 | 17.1 | 14 | | | | | |
| Adj. EBITDA | 4,020 | 3,734 | 4,327 | 6,346 | 5,722 | 3,751 | 4,265 | 7,570 | 18,426 | 21,309 | 6,481 | 17% | | | | |
| Change (%) | 11.2 | 30.1 | 2.1 | 20.4 | 42.4 | 0.5 | -1.4 | 19.3 | 15.2 | 15.6 | 2 | | | | | |
| Adj. EBITDA margin (%) | 8.3 | 9.6 | 9.8 | 11.7 | 9.9 | 8.3 | 8.7 | 11.6 | 9.9 | 9.8 | 10.4 | 115 | | | | |
| Depreciation | 763 | 812 | 877 | 934 | 920 | 946 | 1,041 | 1,097 | 3,385 | 4,004 | 1,054 | 4% | | | | |
| Interest | 85 | 93 | 102 | 177 | 86 | 101 | 94 | 152 | 457 | 432 | 100 | 53% | | | | |
| Other Income | 648 | 525 | 559 | 758 | 773 | 929 | 643 | 687 | 2,490 | 3,033 | 723 | -5% | | | | |
| Extra-ordinary items | - | - | - | - | - | - | - | - | - | - | 0 | | | | | |
| PBT | 3,821 | 3,353 | 3,907 | 5,993 | 5,490 | 3,633 | 3,773 | 7,009 | 17,074 | 19,905 | 6,050 | 16% | | | | |
| Tax | 950 | 862 | 1,028 | 1,526 | 1,415 | 955 | 994 | 1,839 | 4,366 | 5,203 | 1,543 | | | | | |
| Effective Tax Rate (%) | 24.9 | 25.7 | 26.3 | 25.5 | 25.8 | 26.3 | 26.3 | 26.2 | 25.6 | 26.1 | 26 | | | | | |
| Reported PAT | 2,871 | 2,491 | 2,879 | 4,467 | 4,075 | 2,678 | 2,780 | 5,170 | 12,708 | 14,702 | 4,507 | 15% | | | | |
| Change (%) | 18.1 | 33.3 | 1.4 | 24.8 | 42.0 | 7.5 | (3.5) | 15.7 | 18.5 | 15.7 | 1 | | | | | |
| Adj. PAT | 2,871 | 2,491 | 2,879 | 4,467 | 4,075 | 2,678 | 2,780 | 5,170 | 12,708 | 14,702 | 4,507 | 15% | | | | |
| Change (%) | 18.1 | 33.3 | 1.4 | 24.8 | 42.0 | 7.5 | (3.5) | 15.7 | 18.5 | 15.7 | 1 | | | | | |

Segmental performance (INR m)

| Y/E March | FY24 | | | | FY25 | | | | FY24 | FY25 | FY25 | Var. | |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|------|--|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | | |
| Sales | | | | | | | | | | | | | |
| Switchgear | 5,409 | 5,336 | 5,206 | 6,513 | 5,768 | 5,513 | 5,769 | 6,918 | 22,463 | 23,968 | 6,986 | -1% | |
| Cables & Wires | 14,852 | 14,702 | 15,727 | 17,896 | 15,212 | 18,052 | 16,879 | 21,694 | 63,176 | 71,836 | 20,930 | 4% | |
| ECD | 8,775 | 7,331 | 9,615 | 9,104 | 10,554 | 8,564 | 11,048 | 9,973 | 34,825 | 40,139 | 10,057 | -1% | |
| Lighting & Fixtures | 3,710 | 3,999 | 4,335 | 4,353 | 3,876 | 3,951 | 4,464 | 4,417 | 16,398 | 16,708 | 4,599 | -4% | |
| Lloyd | 13,109 | 4,974 | 6,561 | 13,459 | 19,287 | 5,896 | 7,422 | 18,736 | 38,103 | 51,341 | 16,167 | 16% | |
| EBIT | | | | | | | | | | | | | |
| Switchgear | 1,499 | 1,409 | 1,244 | 1,836 | 1,422 | 1,150 | 1,048 | 1,776 | 5,988 | 5,395 | 1,668 | 6% | |
| Cables & Wires | 1,691 | 1,707 | 1,625 | 2,154 | 1,711 | 1,548 | 1,870 | 2,586 | 7,175 | 7,715 | 2,476 | 4% | |
| ECD | 957 | 848 | 1,062 | 1,025 | 1,147 | 643 | 953 | 1,248 | 3,892 | 3,991 | 998 | 25% | |
| Lighting & Fixtures | 532 | 570 | 607 | 785 | 630 | 501 | 651 | 725 | 2,493 | 2,507 | 785 | -8% | |
| Lloyd | (616) | (745) | (654) | 360 | 636 | (243) | (361) | 1,144 | (1,655) | 1,175 | 456 | 151% | |
| EBIT Margin (%) | | | | | | | | | | | | | |
| Switchgear | 27.7 | 26.4 | 23.9 | 28.2 | 24.6 | 20.9 | 18.2 | 25.7 | 26.7 | 22.5 | 23.9 | 179 | |
| Cables & Wires | 11.4 | 11.6 | 10.3 | 12.0 | 11.2 | 8.6 | 11.1 | 11.9 | 11.4 | 10.7 | 11.8 | 9 | |
| ECD | 10.9 | 11.6 | 11.0 | 11.3 | 10.9 | 7.5 | 8.6 | 12.5 | 11.2 | 9.9 | 9.9 | 259 | |
| Lighting & Fixtures | 14.3 | 14.3 | 14.0 | 18.0 | 16.2 | 12.7 | 14.6 | 16.4 | 15.2 | 15.0 | 17.1 | (67) | |
| Lloyd | (4.7) | (15.0) | (10.0) | 2.7 | 3.3 | (4.1) | (4.9) | 6.1 | (4.3) | 2.3 | 2.8 | 328 | |

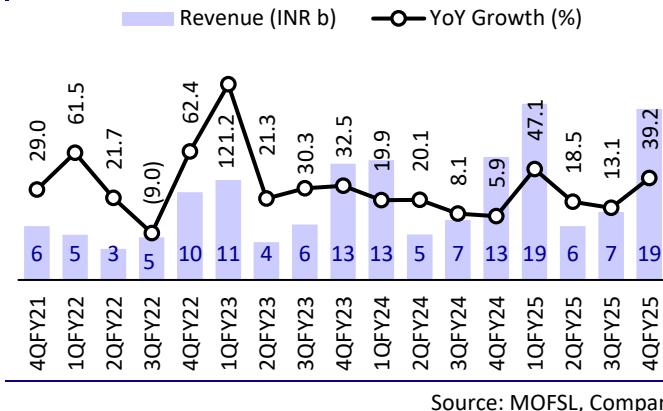
Story in charts

Exhibit 1: HAVL's (ex-Lloyd) revenue rose 13% YoY



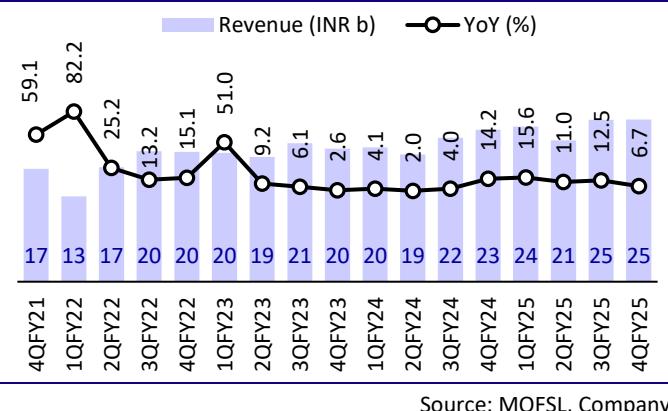
Source: MOFSL, Company

Exhibit 2: Lloyd's revenue jumped ~39% YoY



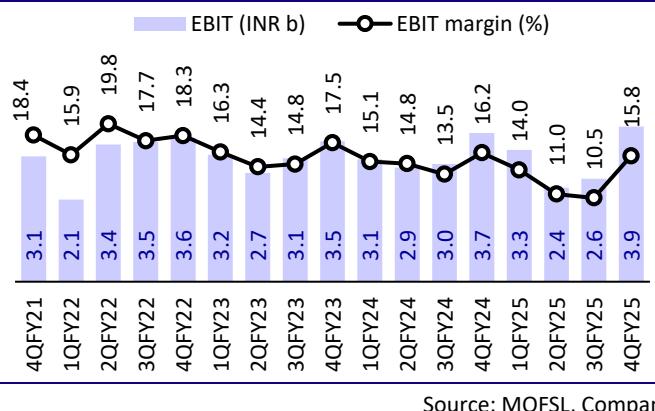
Source: MOFSL, Company

Exhibit 3: HAVL's (ex-C&W) sales up ~7% YoY



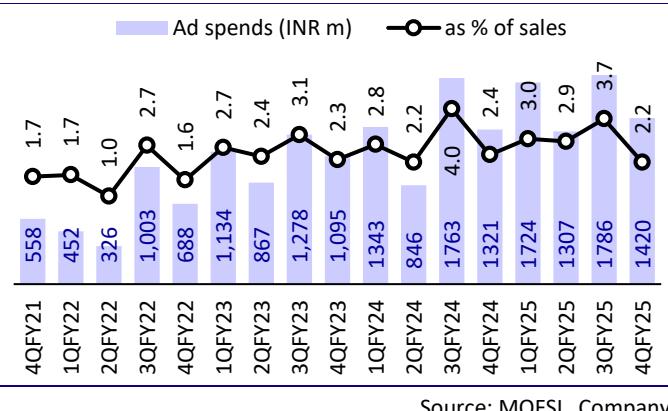
Source: MOFSL, Company

Exhibit 4: HAVL's (ex-C&W) EBIT margin trend



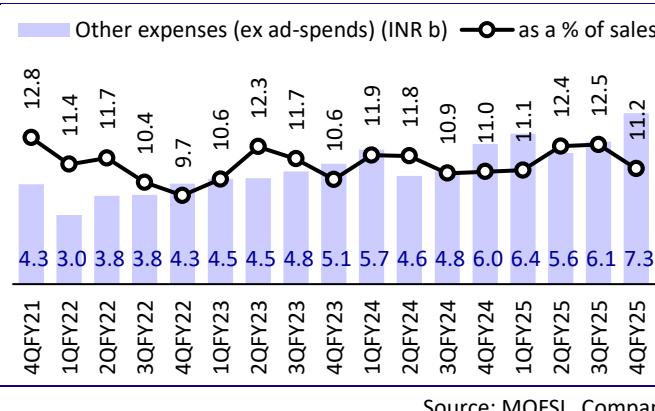
Source: MOFSL, Company

Exhibit 5: Ad spending as a % of revenue declined in 4QFY25



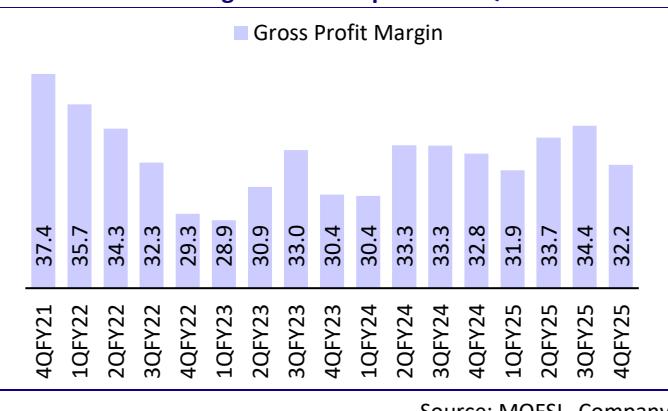
Source: MOFSL, Company

Exhibit 6: Other expenses (ex-ad spending) as a % of sales



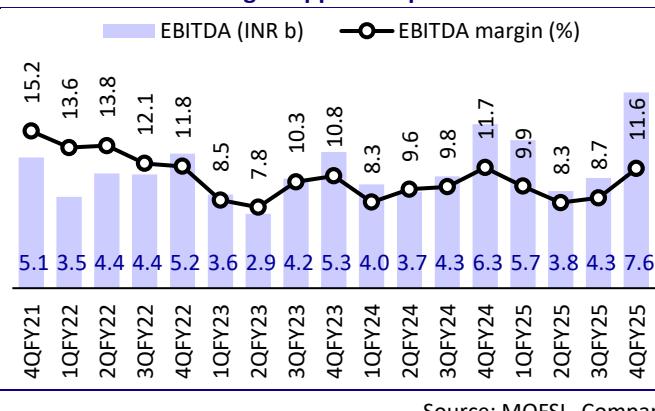
Source: MOFSL, Company

Exhibit 7: Gross margin down 65bp YoY in 4QFY25



Source: MOFSL, Company

Exhibit 8: EBITDA margin dipped 10bp YoY to 11.6%



Source: MOFSL, Company



Conference call highlights

- **Key highlights:** Large appliances and cables led to revenue growth in 4Q. Secondary sales for RAC and fans have been impacted due to delayed summer and demand at the beginning of 1Q also remains impacted; though; there doesn't seem to be any panic in the trade channels. The company is investing in R&D and trying for premiumization which should lead to market share improvement in the future. The refrigerator business has a lower contribution margin due to outsourcing as of now; however; in the medium-term, there should be an improvement led by own manufacturing. The endeavor would be to reach a normalized margin of 13.5-14.0% (ex-Lloyd) as the benefits of operating leverage kick in.
- **Lloyd:** Delayed summer in both the South and North regions have impacted secondary sales; though; there has been some pick up in heat waves recently in the North region. The base of Lloyd was not strong and positive surprises in demand last year led to inventory building. So far there is no panic in the trade channel and need to see how the rest of the season pans out. There is no more challenge of compressor availability this year also due to delayed summer and lower demand in the last one month.
- The company always maintains a balance between revenue growth and margin improvement. It reiterated that Lloyd is a long-term journey and management will continue to invest in the growth as it has a large opportunity. Lloyd remains a key growth engine for HAVL. Currently, the higher contributing business (RAC) has more or less stabilized, though it targets a market share in low-to-mid teen digits.
- The company is investing in R&D and trying for premiumization which should lead to market share improvement in the future. Further, it endeavors to increase other businesses in this segment. Investments in product enhancement, brand building, distribution network, etc. will continue till it reaches a certain scale. The refrigerator business has a lower contribution margin due to outsourcing as of now; however; in the medium-term, there should be an improvement led by own manufacturing.
- It has seen movement from traditional channels to modern channels (initially in the South which is catching up in the North too) and now 50% of sales are done from modern channels. No material capex is planned in Lloyd, except the planned capex for refrigerators' new capacity.
- **Cables and Wires** – The contribution margin dipped due to volatility in copper prices and product mix change due to the commissioning of new capacity in the south region. It believes the entry of new players in C&W will drive more organized competition and the industry can go through further consolidation between branded players.
- In 4Q; half of the revenue growth was contributed through volumes; while the rest was related to price hikes led by higher RM costs. It witnessed more value growth in wires whereas; volume growth was higher in underground cables. Cable demand continues to remain strong; though; volatility in RM prices is impacting margins in the last 3-4 months. The company's mix remains 65% wire and 35% cable.

- It will continue to invest in brand building, scaling, and technology advancement. Increasing exports of C&W is part of its strategic initiative for international markets.
- **ECD segment, small appliances, and lighting:** Because of delayed summer; fan demand was not as robust. Measures taken in the Union Budget as well as by RBI augurs well for pick up for consumption. However, it would remain watchful for the real estate demand to pick up as inflationary pressures have increased. Volume growth in the lighting segment was in the high-single-digit in 4QFY25.
- **Switches & Switchgear segment** – The market share of the company is small in industrial switchgear and there has been pressure on demand in this segment in FY25. The focus was more on the residential and consumer side historically; however; in the last few years there has been a focus on increasing its product portfolio and now its product range is at par with any other player. A contribution margin of 38-40% is sustainable in this segment.
- **New investment (Goldi Solar):** HAVL built a strong business of INR4.0-4.5b in inverters, modules, solar cables, and DC switchgear. Renewables is an emerging sector and there is scope for growth. It believes that growth would have suffered in case there had been no investment in this sector. Further, there is a lot of focus by the government on own manufacturing. Its focus would be to increase the business from a consumer perspective and more on residential sectors. It is a strategic investment, though the margin is low and the main focus is to increase business scale at a much faster pace.
- **Total capex planned of INR20b spread in the next two years including new R&D center.**

Exhibit 9: 1-year forward P/E chart

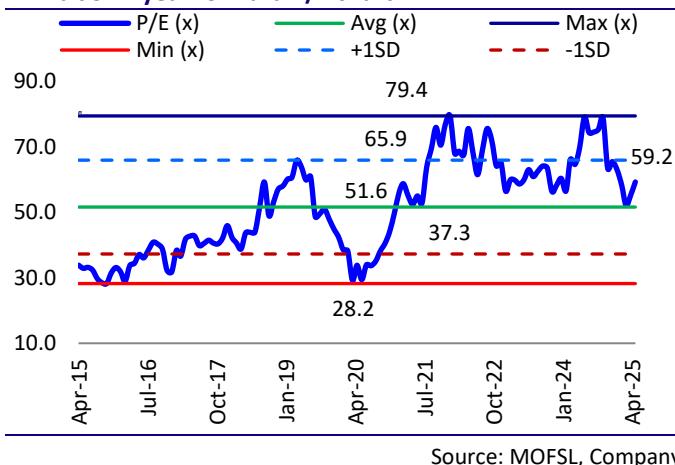
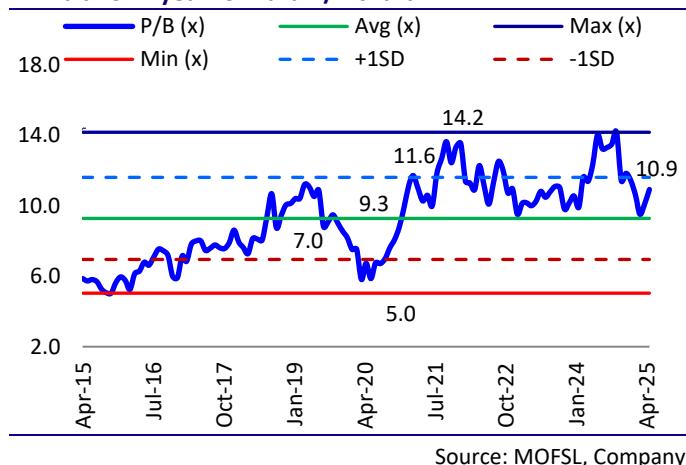


Exhibit 10: 1-year forward P/B chart



Financials and valuations (Consolidated)

| Income Statement | | | | | | | (INR m) |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
| Net Sales | 1,04,279 | 1,38,885 | 1,69,107 | 1,85,900 | 2,17,781 | 2,47,414 | 2,84,904 |
| Change (%) | 10.6 | 33.2 | 21.8 | 9.9 | 17.1 | 13.6 | 15.2 |
| Raw Materials | 64,749 | 93,840 | 1,17,055 | 1,25,687 | 1,46,084 | 1,63,788 | 1,86,612 |
| Gross margin (%) | 37.9 | 32.4 | 30.8 | 32.4 | 32.9 | 33.8 | 34.5 |
| Staff Cost | 8,853 | 10,147 | 12,816 | 15,484 | 18,700 | 22,440 | 26,928 |
| Other Expenses | 15,024 | 17,322 | 23,245 | 26,304 | 31,688 | 35,875 | 40,171 |
| EBITDA | 15,653 | 17,576 | 15,991 | 18,426 | 21,309 | 25,311 | 31,192 |
| % of Net Sales | 15.0 | 12.7 | 9.5 | 9.9 | 9.8 | 10.2 | 10.9 |
| Depreciation | 2,489 | 2,608 | 2,962 | 3,385 | 4,004 | 4,658 | 5,196 |
| Interest | 726 | 534 | 336 | 457 | 432 | 476 | 523 |
| Other Income | 1,450 | 1,604 | 1,777 | 2,490 | 3,033 | 3,209 | 3,473 |
| PBT | 13,888 | 16,038 | 14,471 | 17,074 | 19,905 | 23,387 | 28,946 |
| Tax | 3,590 | 4,091 | 3,753 | 4,366 | 5,203 | 6,057 | 7,497 |
| Rate (%) | 25.8 | 25.5 | 25.9 | 25.6 | 26.1 | 25.9 | 25.9 |
| Extra-ordinary Inc.(net) | 98 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 10,396 | 11,948 | 10,717 | 12,708 | 14,702 | 17,329 | 21,449 |
| Change (%) | 41.8 | 14.9 | -10.3 | 18.6 | 15.7 | 17.9 | 23.8 |
| Adjusted PAT | 10,298 | 11,948 | 10,717 | 12,708 | 14,702 | 17,329 | 21,449 |
| Change (%) | 40.5 | 16.0 | -10.3 | 18.6 | 15.7 | 17.9 | 23.8 |
| Balance Sheet | | | | | | | (INR m) |
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
| Share Capital | 626 | 626 | 627 | 627 | 627 | 627 | 627 |
| Reserves | 51,019 | 59,260 | 65,628 | 73,841 | 82,783 | 94,047 | 1,07,989 |
| Net Worth | 51,645 | 59,886 | 66,255 | 74,468 | 83,410 | 94,674 | 1,08,616 |
| Loans | 4,922 | 3,955 | 0 | 0 | 0 | 0 | 0 |
| Deferred Tax Liability | 3,391 | 3,506 | 3,615 | 3,575 | 3,753 | 3,753 | 3,753 |
| Capital Employed | 59,958 | 67,348 | 69,870 | 78,043 | 87,163 | 98,427 | 1,12,369 |
| Gross Fixed Assets | 41,965 | 46,005 | 50,838 | 57,896 | 68,540 | 78,540 | 85,540 |
| Less: Depreciation | 9,062 | 11,670 | 14,632 | 18,017 | 22,021 | 26,678 | 31,875 |
| Net Fixed Assets | 32,903 | 34,335 | 36,207 | 39,879 | 46,519 | 51,861 | 53,665 |
| Capital WIP | 899 | 572 | 1,664 | 2,987 | 1,182 | 1,182 | 1,182 |
| Investments | 3,079 | 4,261 | 2,009 | 200 | 110 | 6,110 | 6,110 |
| Curr. Assets | 51,321 | 65,884 | 71,695 | 81,261 | 90,283 | 96,605 | 1,16,840 |
| Inventory | 26,199 | 29,681 | 37,086 | 34,086 | 40,469 | 46,094 | 53,078 |
| Debtors | 5,636 | 7,675 | 9,755 | 11,652 | 12,587 | 14,300 | 16,467 |
| Cash & Bank Balance | 16,247 | 25,358 | 18,702 | 30,382 | 33,781 | 29,433 | 39,490 |
| Other Current Assets | 3,238 | 3,169 | 6,152 | 5,141 | 3,447 | 6,778 | 7,806 |
| Current Liab. & Prov. | 28,245 | 37,704 | 41,705 | 46,284 | 50,931 | 57,331 | 65,428 |
| Creditors | 15,968 | 23,794 | 26,432 | 26,919 | 30,470 | 34,616 | 39,861 |
| Other Liabilities | 9,117 | 10,615 | 11,157 | 15,711 | 16,565 | 18,819 | 21,671 |
| Provisions | 3,160 | 3,295 | 4,116 | 3,654 | 3,896 | 3,896 | 3,896 |
| Net Current Assets | 23,076 | 28,180 | 29,990 | 34,977 | 39,352 | 39,274 | 51,412 |
| Application of Funds | 59,958 | 67,348 | 69,870 | 78,043 | 87,163 | 98,427 | 1,12,369 |

Financials and valuations (Consolidated)

Ratios

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | |
| Adjusted EPS | 16.5 | 19.1 | 17.1 | 20.3 | 23.5 | 27.6 | 34.2 |
| Growth (%) | 40.4 | 16.0 | -10.3 | 18.5 | 15.7 | 17.9 | 23.8 |
| Cash EPS | 20.4 | 23.2 | 21.8 | 25.7 | 29.8 | 35.1 | 42.5 |
| Book Value | 82.5 | 95.6 | 105.8 | 118.8 | 133.1 | 151.0 | 173.3 |
| DPS | 2.5 | 6.5 | 7.5 | 9.0 | 10.0 | 9.7 | 12.0 |
| Payout (incl. Div. Tax.) | 18.2 | 34.1 | 43.9 | 37.0 | 42.6 | 35.0 | 35.0 |
| Valuation (x) | | | | | | | |
| P/Sales | 10.0 | 7.5 | 6.2 | 5.6 | 4.8 | 4.2 | 3.7 |
| P/E (standalone) | 101.5 | 87.5 | 97.6 | 82.4 | 71.2 | 60.4 | 48.8 |
| Cash P/E | 81.8 | 71.9 | 76.5 | 65.0 | 56.0 | 47.6 | 39.3 |
| EV/EBITDA | 66.1 | 58.3 | 64.3 | 55.1 | 47.5 | 40.2 | 32.3 |
| EV/Sales | 9.9 | 7.4 | 6.1 | 5.5 | 4.7 | 4.1 | 3.5 |
| Price/Book Value | 20.2 | 17.5 | 15.8 | 14.1 | 12.6 | 11.1 | 9.6 |
| Dividend Yield (%) | 0.1 | 0.4 | 0.4 | 0.5 | 0.6 | 0.6 | 0.7 |
| Profitability Ratios (%) | | | | | | | |
| RoE | 19.9 | 20.0 | 16.2 | 17.1 | 17.6 | 18.3 | 19.7 |
| RoCE | 18.1 | 18.3 | 15.7 | 16.7 | 17.2 | 18.0 | 19.4 |
| RoIC | 24.0 | 29.6 | 19.6 | 23.6 | 24.0 | 24.3 | 28.9 |
| Turnover Ratios | | | | | | | |
| Debtors (Days) | 20 | 20 | 21 | 23 | 21 | 21 | 21 |
| Inventory (Days) | 92 | 78 | 80 | 67 | 68 | 68 | 68 |
| Creditors. (Days) | 56 | 63 | 57 | 53 | 51 | 51 | 51 |
| Asset Turnover (x) | 1.7 | 2.1 | 2.4 | 2.4 | 2.5 | 2.5 | 2.5 |
| Leverage Ratio | | | | | | | |
| Net Debt/Equity (x) | -0.2 | -0.4 | -0.3 | -0.4 | -0.4 | -0.3 | -0.4 |

Cash Flow Statement (INR m)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---------------------------------|----------------|----------------|----------------|-----------------|----------------|-----------------|----------------|
| PBT before EO Items | 14,104 | 16,272 | 14,610 | 17,185 | 20,465 | 23,387 | 28,946 |
| Add : Depreciation | 2,489 | 2,608 | 2,962 | 3,385 | 4,004 | 4,658 | 5,196 |
| Interest | (315) | (717) | (898) | (1,393) | (1,823) | (2,734) | (2,950) |
| Less : Direct Taxes Paid | 2,714 | 4,138 | 3,919 | 3,919 | 5,055 | 6,057 | 7,497 |
| (Inc)/Dec in WC | 6,985 | (3,420) | 7,105 | (4,272) | 2,438 | 4,270 | 2,082 |
| CF from Operations | 6,579 | 17,446 | 5,649 | 19,529 | 15,153 | 14,984 | 21,614 |
| (Inc)/Dec in FA | (1,227) | (2,490) | (5,855) | (7,278) | (7,209) | (10,000) | (7,000) |
| Free Cash Flow | 5,353 | 14,956 | (206) | 12,251 | 7,944 | 4,984 | 14,614 |
| (Pur)/Sale of Investments | (2,169) | (5,102) | 6,206 | (8,861) | 4,193 | (2,791) | 3,473 |
| CF from Investments | (3,396) | (7,592) | 350 | (16,139) | (3,016) | (12,791) | (3,527) |
| (Inc)/Dec in Net Worth / Others | 195 | (183) | (360) | (558) | (346) | - | - |
| (Inc)/Dec in Debt | 4,136 | (973) | (3,937) | - | - | - | - |
| Less : Interest Paid | 459 | 245 | 70 | 76 | 75 | 476 | 523 |
| Dividend Paid | 1,878 | 4,073 | 4,703 | 4,701 | 6,268 | 6,065 | 7,507 |
| CF from Fin. Activity | 1,994 | (5,473) | (9,069) | (5,336) | (6,689) | (6,541) | (8,030) |
| Inc/Dec of Cash | 5,178 | 4,380 | (3,070) | (1,945) | 5,449 | (4,348) | 10,056 |
| Add: Beginning Balance | 11,069 | 20,978 | 21,771 | 32,327 | 30,382 | 35,830 | 31,482 |
| Closing Balance | 16,247 | 25,358 | 18,702 | 30,382 | 35,830 | 31,482 | 41,539 |

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NOTES

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|----------------------------------|--|
| 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 |

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