6 May 2025

4QFY25 Results Update | Sector: Automobile

# Exide

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

| Bloomberg | EXID IN |
|---|---|
| Equity Shares (m) | 850 |
| M.Cap.(INRb)/(USDb) | 314.7 / 3.7 |
| 52-Week Range (INR) | 620 / 328 |
| 1, 6, 12 Rel. Per (%) | -5/-18/-28 |
| 12M Avg Val (INR M) | 2057 |

**Financials & Valuations (INR b)**

| Y/E MARCH | FY25 | FY26E | FY27E |
|---|---|---|---|
| Net Sales | 165.9 | 178.0 | 194.6 |
| EBITDA | 18.9 | 21.4 | 23.3 |
| Adj. PAT | 10.8 | 12.2 | 13.2 |
| Adj. EPS (INR) | 12.7 | 14.3 | 15.6 |
| EPS Gr. (%) | 2.3 | 13.1 | 8.7 |
| BV/Sh. (INR) | 169.9 | 181.2 | 193.6 |
| **Ratio** | | | |
| RoE (%) | 7.5 | 7.9 | 8.0 |
| RoCE (%) | 7.8 | 8.2 | 8.4 |
| Payout (%) | 15.8 | 20.9 | 20.9 |
| **Valuations** | | | |
| P/E (x) | 29.2 | 25.8 | 23.7 |
| P/BV (x) | 2.2 | 2.0 | 1.9 |
| Div Yield (%) | 0.5 | 0.8 | 0.9 |
| FCF Yield (%) | 2.8 | 3.5 | 3.8 |

**Shareholding pattern (%)**

| As On | Mar-25 | Dec-24 | Mar-24 |
|---|---|---|---|
| Promoter | 46.0 | 46.0 | 46.0 |
| DII | 17.2 | 17.6 | 18.6 |
| FII | 11.6 | 11.7 | 13.6 |
| Others | 25.3 | 24.6 | 21.9 |

FII Includes depository receipts

**CMP: INR370** **TP: INR368 (-1%)** **Neutral**

## Rising input costs drive margin pressure

### Lithium-ion trial production to start in CY25; all eyes on firm order wins

- Exide's 4QFY25 performance was in line with our estimates, with PAT declining 10% YoY to INR2.5b. Margin contracted 170bp YoY to 11.2% due to the rise in input costs and write-offs taken in the quarter. Exide has implemented price hikes to offset the recent cost increase.
- We have maintained our estimates. Given the significant imminent risk to its core business, Exide has forayed into the manufacturing of lithium-ion cells in partnership with S-Volt, with a total investment of INR60b across two phases. While the market appears to be upbeat on Exide's lithium-ion foray, we remain cautious of the returns from the same. **Hence, we reiterate our Neutral rating on the stock with a revised TP of INR368 (based on 20x FY27E EPS).**

### Margin impacted by higher input costs and write-offs

- Exide's Q4FY25 revenue grew 4% YoY to INR41.6b, in line with our estimate.
- Nearly 75% of its business—comprising the mobility aftermarket segment, solar, and I-UPS—posted double-digit growth. However, the remaining 25%—including auto OEMs (especially PVs), telecom, and home inverters—saw a decline.
- EBITDA margin contracted 170bp YoY to 11.2%. Q4 margins were impacted by: 1) a sharp rise in input costs (impact of INR500m) and 2) write-off taken on certain non-moving assets in the quarter (INR250m).
- As a result, EBITDA declined 10% YoY to INR4.7b, in line with our estimates.
- Overall, PAT declined 10% YoY to INR2.5b and was in line with our estimates.
- For FY25, revenue grew 4% YoY to INR166b. About 75% of its business posted more than 10% growth. However, the remaining 30% witnessed a 9% decline in FY25.
- Margins contracted 30bp YoY to 11.4% due to the rise in input costs and an adverse mix.
- Overall, PAT grew 2% YoY to INR10.8b in FY25.
- FCF for FY25 stood at INR8.7b following a capex of INR4.2b.

### Highlights from the management commentary

- For Q4, management indicated that almost 75% of its business—comprising the mobility aftermarket segment, solar, and I-UPS—posted double-digit growth. However, the remaining 25%—including auto OEMs (especially PVs), telecom, and home inverters—saw a decline. Additionally, exports demand remained weak, primarily due to weakness in Industrial demand in Europe, led by ongoing slowdown in the region.
- Exide implemented three price hikes over the past four months to pass on the rising cost impact.

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- The shift to punch grid batteries in motorcycles, along with investments in the continuous casting process, is expected to reduce costs and improve product quality.
- Exide has so far invested INR36b in the first phase of setting up a 6 GWh plant for its lithium-ion business. It is likely to be the first player to commence trial production of this plant in India in CY25. The company continues to be in advanced discussions for potential orders with several OEMs across segments. While the company is not concerned about plant utilization given the significant growth potential, it has refrained from setting specific targets for the project, with its immediate priority being to stabilize operations as quickly as possible.

## Valuation and view

- We have maintained our estimates. Given the significant imminent risk to its core business, Exide has forayed into the manufacturing of lithium-ion cells in partnership with S-Volt, with a total investment of INR60b across two phases. While the market appears to be upbeat on Exide's lithium-ion foray, we remain cautious of the returns from the same. Besides, the stock at ~25.8x/23.7x FY26/27E EPS appears fairly-valued. **Hence, we reiterate our Neutral rating on the stock with a revised TP of INR368 (based on 20x FY27E EPS).**

**S/A Quarterly Performance** (INR M)

| Y/E March | FY24 | | | | FY25E | | | | FY24 | FY25E | 4QE | Var (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| **Net Sales** | **40,726** | **41,067** | **38,405** | **40,094** | **43,128** | **42,673** | **38,486** | **41,594** | **1,60,292** | **1,65,881** | **39,871** | **4.3** |
| Growth YoY (%) | 4.4 | 10.4 | 12.6 | 13.2 | 5.9 | 3.9 | 0.2 | 3.7 | 9.8 | 3.5 | -0.6 | |
| RM cost (%) | 71.7 | 68.9 | 68.5 | 67.0 | 69.3 | 68.5 | 68.0 | 68.8 | 69.1 | 68.7 | 68.1 | |
| Employee cost (%) | 5.8 | 6.2 | 6.4 | 6.1 | 6.1 | 6.3 | 6.8 | 6.3 | 6.1 | 6.4 | 6.7 | |
| Other Exp(%) | 11.8 | 13.1 | 13.6 | 14.1 | 13.1 | 13.9 | 13.5 | 13.7 | 13.1 | 13.6 | 13.3 | |
| **EBITDA** | **4,322** | **4,831** | **4,399** | **5,162** | **4,943** | **4,836** | **4,486** | **4,667** | **18,714** | **18,931** | **4,753** | **-1.8** |
| EBITDA Margin(%) | 10.6 | 11.8 | 11.5 | 12.9 | 11.5 | 11.3 | 11.7 | 11.2 | 11.7 | 11.4 | 11.9 | |
| Change (%) | 11.8 | 17.1 | 9.7 | 40.6 | 14.4 | 0.1 | 2.0 | -9.6 | 19.3 | 1.2 | -8 | |
| Non-Operating Income | 192 | 392 | 227 | 34 | 142 | 528 | 132 | 161 | 845 | 962 | 153 | |
| Interest | 98 | 115 | 145 | 128 | 87 | 103 | 120 | 130 | 486 | 439 | 121 | |
| Depreciation | 1,194 | 1,259 | 1,274 | 1,248 | 1,257 | 1,270 | 1,244 | 1,268 | 4,975 | 5,039 | 1,248 | |
| **PBT after EO Exp** | **3,222** | **3,849** | **3,208** | **3,819** | **3,741** | **3,991** | **3,253** | **3,430** | **14,099** | **14,415** | **3,537** | **-3.0** |
| Effective Tax Rate (%) | 24.9 | 25.4 | 25.1 | 25.7 | 25.3 | 25.4 | 24.7 | 25.8 | 25.3 | 25.3 | 24.6 | |
| **Adj. PAT** | **2,419** | **2,870** | **2,403** | **2,838** | **2,796** | **2,978** | **2,450** | **2,546** | **10,530** | **10,769** | **2,668** | **-4.6** |
| Change (%) | 6.9 | 16.6 | 7.7 | 36.5 | 15.6 | 3.8 | 2.0 | -10.3 | 16.5 | 2.3 | -6.0 | |

**Key performance indicators**

| Cost Break-up | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| RM(%) | 71.7 | 68.9 | 68.5 | 67.0 | 69.3 | 68.5 | 68.0 | 68.8 | 69.1 | 68.7 | 68.1 | 60bp |
| Employee cost (%) | 5.8 | 6.2 | 6.4 | 6.1 | 6.1 | 6.3 | 6.8 | 6.3 | 6.1 | 6.4 | 6.7 | -40bp |
| Other Exp(%) | 11.8 | 13.1 | 13.6 | 14.1 | 13.1 | 13.9 | 13.5 | 13.7 | 13.1 | 13.6 | 13.3 | 50bp |
| Gross Margin (%) | 28.3 | 31.1 | 31.5 | 33.0 | 30.7 | 31.5 | 32.0 | 31.2 | 30.9 | 31.3 | 31.9 | -60bp |
| EBITDA Margin(%) | 10.6 | 11.8 | 11.5 | 12.9 | 11.5 | 11.3 | 11.7 | 11.2 | 11.7 | 11.4 | 11.9 | -70bp |
| EBIT Margin(%) | 7.7 | 8.7 | 8.1 | 9.8 | 8.5 | 8.4 | 8.4 | 8.2 | 8.6 | 8.4 | 8.8 | -60bp |

CONFERENCE CALL

## Highlights from the management commentary

**Q4FY25 performance update**

- For Q4, management indicated that almost 75% of its business—comprising the mobility aftermarket segment, solar, and I-UPS—posted double-digit growth. However, the remaining 25%—which includes auto OEMs (especially PVs), telecom, and home inverters— saw a decline. Additionally, exports demand remained weak, primarily due to weakness in Industrial demand in Europe, led by ongoing slowdown in the region.
- This has led to blended growth of 4% in Q4.
- Traction in the home inverter segment was soft, partly due to internal issues and partly due to weak demand. The Home UPS segment has traditionally been classified under the auto segment and distributed through the same team. As a result, Exide was not present in many sub-segments such as white goods and e-commerce. To address this, management is now setting up a separate distribution network for the home UPS business. At the industry level, demand was weak last year due to the early onset of monsoon, which caused a miss in the peak season. However, Exide is already seeing early signs of a demand pickup in this segment in the current quarter.

**FY25 performance update**

- For FY25, about 75% of its business posted over 10% growth. However, the remaining 30% saw a 9% decline in FY25.
- The 4W aftermarket segment (contributes to 25-30% of revenue) posted double-digit growth. The solar division also posted a strong 25% growth in FY25 (on track to become an INR12b franchise). 2W growth was hurt by Exide's transition to punch grid plates (from conventional cast plates). Although the segment ended FY25 with low double-digit growth, it was largely back-ended (1Q: 2%, 2Q: 6%, 3Q: 10%, 4Q: 18%).
- Auto exports posted 25-30% growth in FY25.
- Overall, the mobility division, which contributes 35% to the business, posted 15% growth in FY25.
- However, the infrastructure segment remained a drag on the overall business. Within this, the telecom segment posted a 25-30% decline over a high base (the 5G rollout in FY24 saw the setup of many telecom towers). While telecom demand itself was weak, the LAB segment was also impacted as demand continued to shift in favor of the lithium-ion segment. According to management, the telecom segment for LAB applications is likely to have bottomed out, with new growth expected in the lithium-ion space.
- The home inverter segment's demand also remained subdued for the abovementioned reasons.
- On the other hand, the I-UPS segment posted double-digit growth, led by new products introduced in data centers, hospitals, etc.

**Reasons for margin impact in Q4**

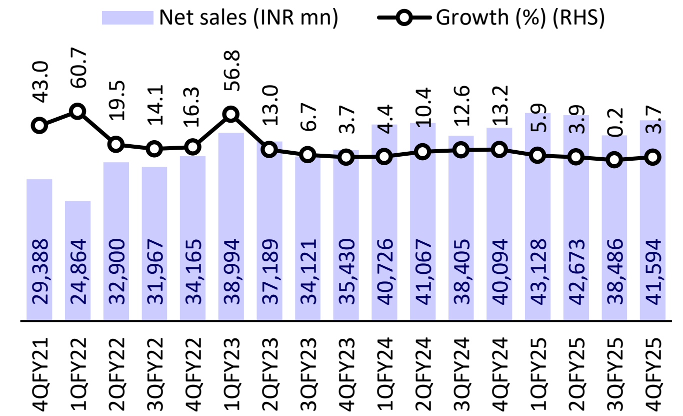
- Q4 margins were impacted by: 1) a sharp rise in input costs (impact of INR500m) and 2) some write-off taken during the quarter.
- Antimony prices saw a sharp rise in Q4. To offset this, Exide implemented a price hike of 1.5% in mid-Feb'25, Mar'25, and again in Apr'25.
- The price hike now fully covers the rising cost pressures experienced so far.
- Management has also been able to convince some of its OEMs for a pass-through of the same.
- Further, it has taken a write-off of some non-moving assets worth INR250mn in Q4.
- Adjusted for both these factors, margins could have been 13%.
- Operational performance has improved, led by the transition to punch grid batteries from Jan. This is driving material cost saving, higher automation levels, and improvement/consistency in quality. So far, it has upgraded 50% of its motorcycle capacity and plans to upgrade the remaining by Nov'25.
- Additionally, it has invested in continuous casting process in collaboration with East Penn, offering positive benefits on cost and quality. The company has already converted one line and plans to convert two more lines soon.
- Both these initiatives are expected to reduce its warranty costs, which were rising due to manufacturing inconsistencies.

**Update on the lithium-ion business**

- The company invested INR10b in this business in FY25 and another INR3b in Apr'25. Together, it has invested INR36b in this business so far. The first-phase cell manufacturing capacity is expected at 6GW hr.
- The company expects to start trial production in CY25. Post this, it will look to homologate its lines with OEM requirements, which will take 4-5 months, followed by the commencement of series production.
- Exide is setting up multiple lines with different cell chemistries to cater to varied applications. It is setting up two lines for NMC chemistry cells and two lines for LFP chemistry cells.
- The company is currently in advanced discussions with two leading 2W OEMs for the supply of NMC cells and is also in talks with 3W/4W OEMs, as well as for stationary applications for LFP chemistry.
- The company anticipates local procurement in India to take off first in segments like 2Ws, 3Ws, and stationary storage applications. Accordingly, it plans to start NMC production initially.
- It is currently supplying battery packs to a few 2W/3W OEMs (with outsourced cells). This is considered a risky venture as it may drive a sharp rise in warranty costs at a later stage.
- Management has refrained from providing any profitability guidance or returns target, even in the long run. It has indicated that its immediate priority is to secure orders for this new business and stabilize operations (reduce rejection rates) of the current investment till 80% utilization. Following this, the company will have a fair understanding of what returns to expect from this business in the long run.
- Given the significant rise in demand for lithium-ion applications (estimate of market size at 120-130 GW hr by 2030), management is not concerned about utilizing the current capacity.

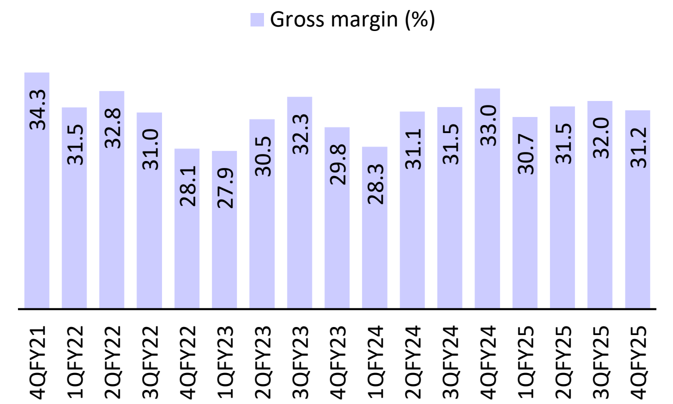
## Key exhibits

**Exhibit 1: Trends in revenue and growth**



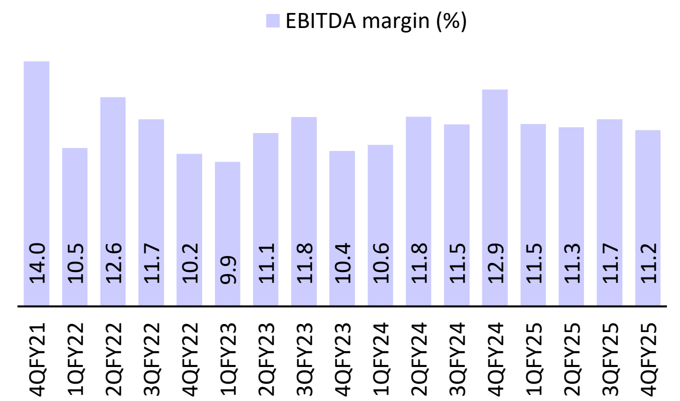

Source: Company, MOFSL

**Exhibit 2: Trend in gross margin**



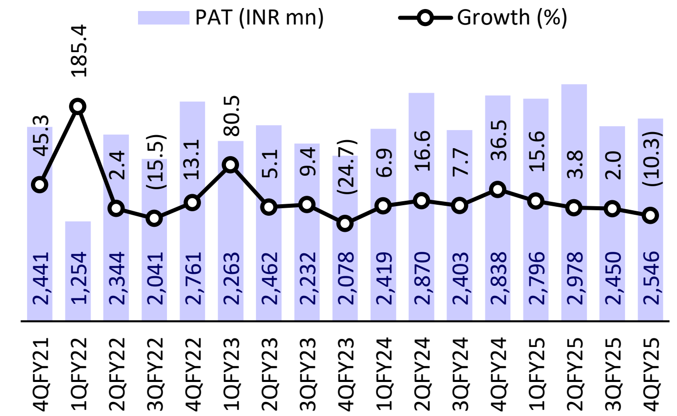

Source: Company, MOFSL

**Exhibit 3: Trend in EBITDA margin**



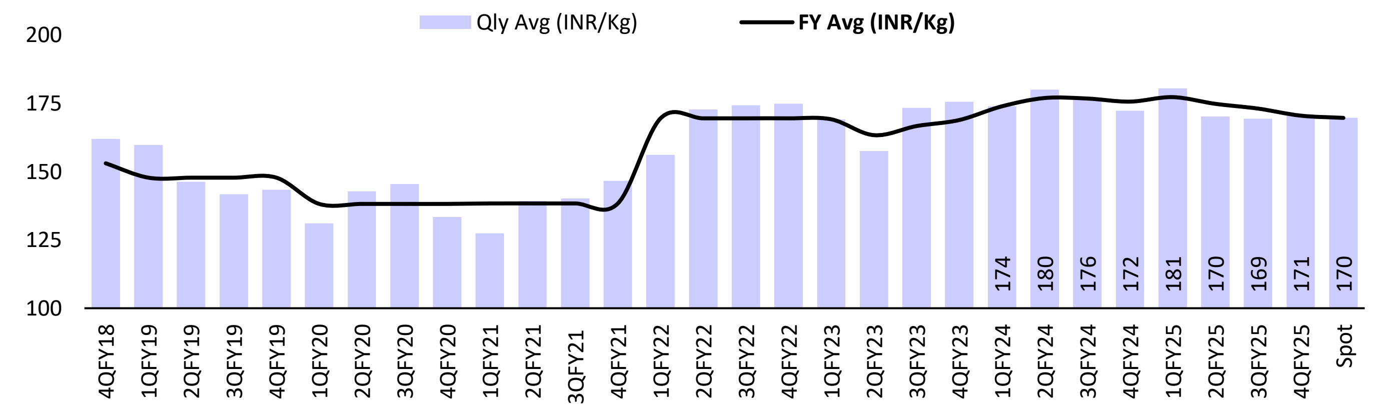

Source: Company, MOFSL

**Exhibit 4: Trend in PAT and growth**




Source: Company, MOFSL

**Exhibit 5: Lead price is expected to remain at elevated levels**




Source: Company, MOFSL

## Valuation and view

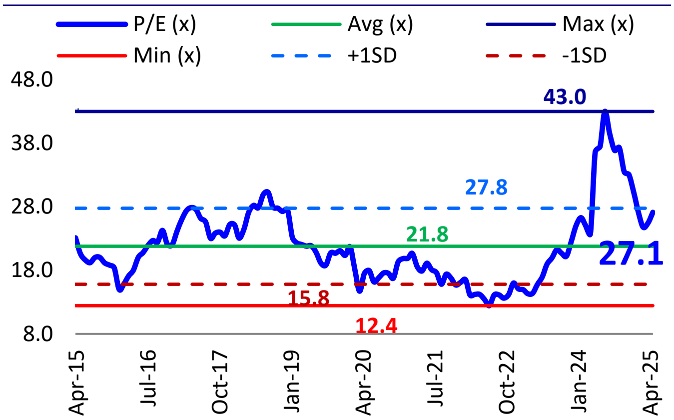
- **Exide continues to enjoy a strong position in the LAB industry:** Exide remains a market leader across all key segments in the LAB industry except telecom. In the Auto OEM segment, it has a dominant presence in both 2Ws and 4Ws. The replacement battery market is largely a duopoly, with Exide leading the market. Additionally, it holds a strong position in both the UPS and invertor segments, and is a dominant player in power and traction batteries. Exide has the largest distribution network in India with 115k channel partners. Through digitization initiatives, the company now offers on-the-spot warranty resolutions, which serve as one of its key USPs.
- **EV transition remains the real risk for LAB in the long run:** The transition to electrification globally as well as in India is expected to emerge as a significant risk for lead acid battery players in the long run. The only saving grace for Indian players in the near term is that the EV transition is currently picking up pace in 2Ws and 3Ws, with the shift in PVs expected to take longer. However, lithium-ion batteries are now increasingly finding applications in various Industrial use cases, including telecom, traction, and UPS. This transition is clearly set to emerge as a significant risk for LAB players such as Exide in the long run.
- **Foray into lithium-ion will have its own challenges**: Given the significant imminent risk to its core business, Exide has forayed into the manufacturing of lithium-ion cells in partnership with S-Volt, with a total investment of INR60b across two phases. Further, Exide recently announced a non-binding partnership with Hyundai-Kia for the localization of LFP cells, which will be produced in India for one of its global platforms. While Exide can fund this venture through its internal accruals without significant funding requirements for this phase, we believe the company's foray into lithium-ion cell manufacturing will likely face multiple challenges in the coming years, as: 1) most domestic PV OEMs either have their own lithium-ion manufacturing plans or existing tie-ups, limiting Exide's potential addressable market in this space; 2) the current partnership with Hyundai is non-binding, so we will need to wait and see whether it eventually evolves into a binding partnership; 3) Exide is setting up a greenfield facility in this segment without prior experience, and we expect it to take at least a couple of years to stabilize operations, as it undergoes testing and validation phases initially for interested OEMs; 4) Exide is not participating in PLI, which could limit its competitiveness relative to peers who qualify for it; 5) given that lithium-ion cell manufacturing is a low-margin business globally, we expect this business to be returns-dilutive for Exide in the long run, even if it proves successful; and 6) given the significant capital commitment required and the uncertainty around whether lithium-ion cell technology will emerge as a sustainable technology in the long run, we believe the outcome of this venture remains highly uncertain at this stage.
- **Valuation and view**: We have maintained our estimates. While Exide's LAB business is likely to drive steady cash generation, we continue to remain cautious of the returns from the company's foray into the lithium-ion segment. Besides, the stock at ~25.8x/23.7x FY26/27E EPS appears fairly valued. **Reiterate Neutral with a TP of INR368 (based on 20x FY27E EPS).**

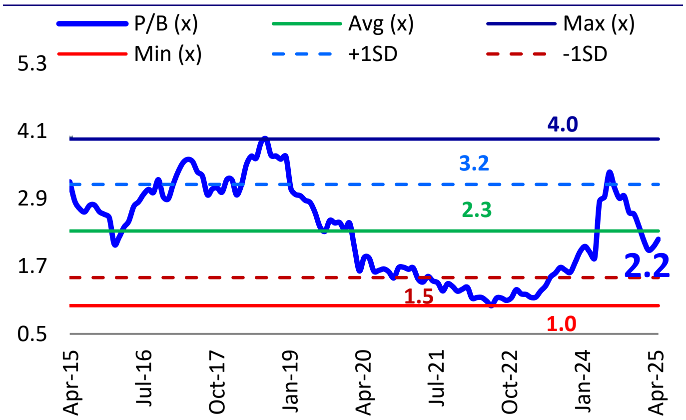
**Exhibit 6: Our revised estimates**

| (INR m) | FY26E | | | FY27E | | |
|---|---|---|---|---|---|---|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Net Sales | 1,78,046 | 1,79,398 | -0.8 | 1,94,609 | 1,97,471 | -1.4 |
| **EBITDA Margin (%)** | **12.0** | **12.0** | **0bp** | **12.0** | **12.0** | **-10bp** |
| PAT | 12,179 | 12,032 | 1.2 | 13,243 | 13,139 | 0.8 |
| **EPS (INR)** | **14.3** | **14.2** | **1.2** | **15.6** | **15.5** | **0.8** |

Source: MOFSL

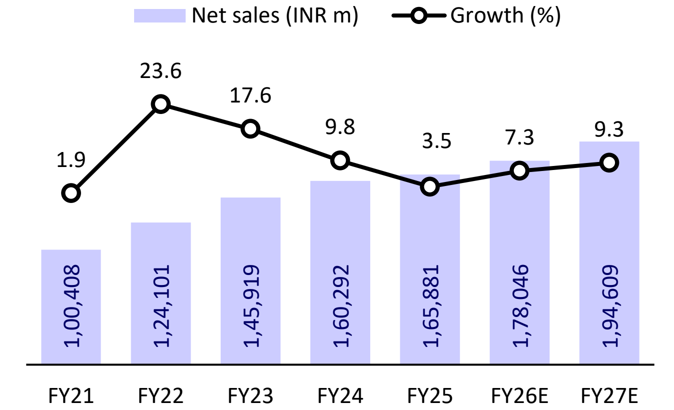
**Exhibit 7: Valuations – P/E and P/B trading bands**



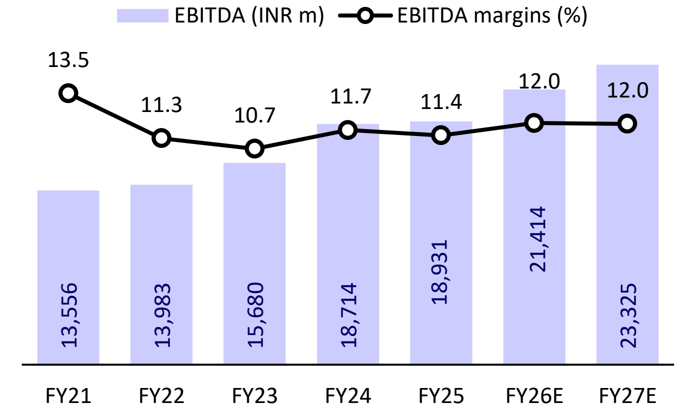
## Story in charts

**Exhibit 8: Trends in revenue and growth**



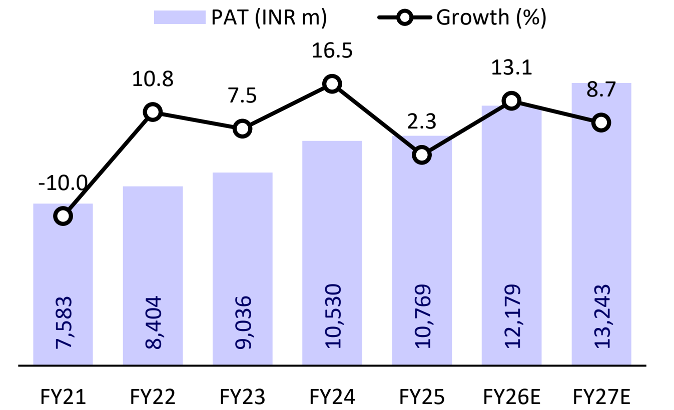

Source: Company, MOFSL

**Exhibit 9: Trends in EBITDA and EBITDA margin**



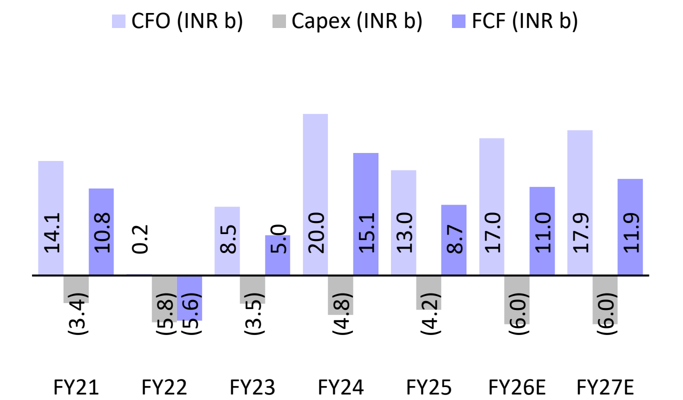

Source: Company, MOFSL

**Exhibit 10: PAT and PAT growth trends**



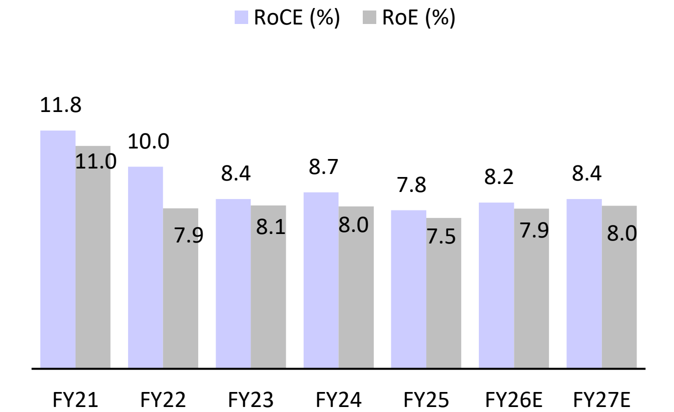

Source: Company, MOFSL

**Exhibit 11: Strong FCF driven by healthy CFO**



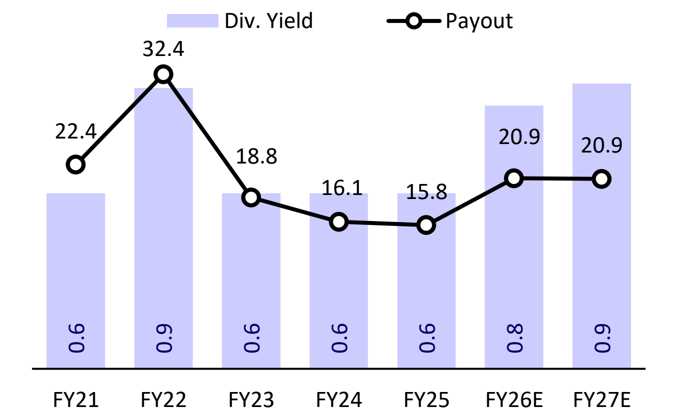

Source: Company, MOFSL

**Exhibit 12: Trend in return ratios**




Source: Company, MOFSL

**Exhibit 13: Dividend yield and dividend payout (%) trends**




Source: Company, MOFSL

## Financials and valuations

| Income Statement | | | | | | | | (INR M) |
|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26E** | **FY27E** |
| **Total Income** | **98,567** | **1,00,408** | **1,24,101** | **1,45,919** | **1,60,292** | **1,65,881** | **1,78,046** | **1,94,609** |
| Change (%) | -6.9 | 1.9 | 23.6 | 17.6 | 9.8 | 3.5 | 7.3 | 9.3 |
| **EBITDA** | **13,651** | **13,557** | **13,984** | **15,681** | **18,715** | **18,932** | **21,415** | **23,326** |
| EBITDA Margins (%) | 13.8 | 13.5 | 11.3 | 10.7 | 11.7 | 11.4 | 12.0 | 12.0 |
| Change (%) | -3.3 | -0.7 | 3.1 | 12.1 | 19.3 | 1.2 | 13.1 | 8.9 |
| Depreciation | 3,626 | 3,794 | 4,131 | 4,558 | 4,975 | 5,039 | 5,491 | 5,844 |
| **EBIT** | **10,025** | **9,763** | **9,852** | **11,123** | **13,740** | **13,893** | **15,924** | **17,482** |
| Interest Charges | 94 | 238 | 394 | 295 | 486 | 439 | 505 | 580 |
| Other Income | 639 | 654 | 805 | 1,324 | 845 | 962 | 885 | 828 |
| EO Exp/(Inc) | 217 | - | (46,938) | - | - | - | - | - |
| **PBT** | **10,352** | **10,179** | **57,199** | **12,151** | **14,099** | **14,415** | **16,304** | **17,728** |
| Tax | 2,097 | 2,596 | 10,356 | 3,115 | 3,569 | 3,646 | 4,125 | 4,485 |
| Effective Rate (%) | 20.3 | 25.5 | 18.1 | 25.6 | 25.3 | 25.3 | 25.3 | 25.3 |
| **Rep. PAT** | **8,255** | **7,583** | **46,843** | **9,036** | **10,530** | **10,769** | **12,179** | **13,243** |
| Change (%) | -2.2 | -8.1 | 517.8 | -80.7 | 16.5 | 2.3 | 13.1 | 8.7 |
| **Adj. PAT** | **8,428** | **7,583** | **8,404** | **9,036** | **10,530** | **10,769** | **12,179** | **13,243** |
| Change (%) | 9.4 | -10.0 | 10.8 | 7.5 | 16.5 | 2.3 | 13.1 | 8.7 |

| Balance Sheet | | | | | | | | (INR M) |
|---|---|---|---|---|---|---|---|---|
| **Y/E March** | **FY20** | **FY21** | **FY22** | **FY23** | **FY24** | **FY25** | **FY26E** | **FY27E** |
| Share Capital | 850 | 850 | 850 | 850 | 850 | 850 | 850 | 850 |
| Reserves | 62,111 | 68,085 | 1,05,131 | 1,11,248 | 1,30,522 | 1,43,573 | 1,53,202 | 1,63,683 |
| **Net Worth** | **62,961** | **68,935** | **1,05,981** | **1,12,098** | **1,31,372** | **1,44,423** | **1,54,052** | **1,64,533** |
| Loans | 0 | 0 | 0 | 2,708 | 3,856 | 3,752 | 3,752 | 3,752 |
| Deferred Tax Liability | 1,019 | 771 | -654 | -1,160 | -137 | 108 | 108 | 108 |
| **Capital Employed** | **63,980** | **69,706** | **1,05,327** | **1,13,646** | **1,35,092** | **1,48,283** | **1,57,912** | **1,68,393** |
| **Application of Funds** | | | | | | | | |
| Gross Fixed Assets | 36,039 | 42,740 | 48,245 | 53,473 | 58,005 | 63,151 | 69,151 | 75,151 |
| Less: Depreciation | 12,645 | 16,361 | 20,509 | 24,970 | 29,353 | 34,392 | 39,882 | 45,727 |
| **Net Fixed Assets** | **23,394** | **26,379** | **27,736** | **28,503** | **28,652** | **28,759** | **29,269** | **29,425** |
| Capital WIP | 2,969 | 2,008 | 3,124 | 1,009 | 2,017 | 1,375 | 1,375 | 1,375 |
| Investments | 21,148 | 31,012 | 60,773 | 63,477 | 86,258 | 99,766 | 1,05,706 | 1,15,206 |
| **Curr.Assets** | **34,911** | **36,889** | **41,352** | **46,362** | **51,600** | **58,291** | **59,123** | **63,442** |
| Inventory | 21,923 | 23,462 | 24,647 | 29,891 | 32,493 | 38,274 | 36,585 | 39,988 |
| Sundry Debtors | 8,154 | 8,874 | 11,945 | 12,745 | 12,650 | 15,772 | 14,634 | 15,995 |
| Cash & Bank Balance | 1,449 | 825 | 1,536 | 681 | 2,174 | 1,113 | 3,026 | 2,127 |
| Loans & Advances | 322 | 383 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Current Assets | 3,064 | 3,345 | 3,223 | 3,045 | 4,282 | 3,132 | 4,878 | 5,332 |
| **Current Liab. & Prov.** | **18,441** | **26,582** | **27,657** | **25,705** | **33,435** | **39,908** | **37,560** | **41,054** |
| Sundry Creditors | 10,361 | 16,483 | 16,268 | 15,360 | 23,199 | 28,431 | 21,951 | 23,993 |
| Other Liabilities | 4,478 | 6,856 | 8,191 | 6,962 | 6,456 | 6,794 | 11,707 | 12,796 |
| Provisions | 3,602 | 3,244 | 3,198 | 3,383 | 3,780 | 4,683 | 3,902 | 4,265 |
| **Net Current Assets** | **16,470** | **10,307** | **13,695** | **20,657** | **18,165** | **18,383** | **21,563** | **22,388** |
| **Application of Funds** | **63,980** | **69,705** | **1,05,327** | **1,13,646** | **1,35,092** | **1,48,283** | **1,57,912** | **1,68,393** |

E: MOFSL Estimates

## Financials and valuations

**Ratios**

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|---|
| **Basic (INR)** | | | | | | | | |
| **EPS** | **9.9** | **8.9** | **9.9** | **10.6** | **12.4** | **12.7** | **14.3** | **15.6** |
| Cash EPS | 14.2 | 13.4 | 14.7 | 16.0 | 18.2 | 18.6 | 20.8 | 22.5 |
| Book Value per Share | 74.1 | 81.1 | 124.7 | 131.9 | 154.6 | 169.9 | 181.2 | 193.6 |
| DPS | 4.1 | 2.0 | 3.2 | 2.0 | 2.0 | 2.0 | 3.0 | 3.3 |
| Payout (Incl. Div. Tax) % | 41.3 | 22.4 | 32.4 | 18.8 | 16.1 | 15.8 | 20.9 | 20.9 |
| **Valuation (x)** | | | | | | | | |
| P/E | 37.3 | 41.5 | 37.4 | 34.8 | 29.9 | 29.2 | 25.8 | 23.7 |
| Cash P/E | 26.1 | 27.6 | 25.1 | 23.1 | 20.3 | 19.9 | 17.8 | 16.5 |
| EV/EBITDA | 21.4 | 20.9 | 18.0 | 16.1 | 12.3 | 11.5 | 9.8 | 8.6 |
| EV/Sales | 3.0 | 2.8 | 2.0 | 1.7 | 1.4 | 1.3 | 1.2 | 1.0 |
| Price to Book Value | 5.0 | 4.6 | 3.0 | 2.8 | 2.4 | 2.2 | 2.0 | 1.9 |
| Dividend Yield (%) | 1.1 | 0.5 | 0.9 | 0.5 | 0.5 | 0.5 | 0.8 | 0.9 |
| **Profitability Ratios (%)** | | | | | | | | |
| RoE | 13.4 | 11.0 | 7.9 | 8.1 | 8.0 | 7.5 | 7.9 | 8.0 |
| RoCE | 13.8 | 11.8 | 10.0 | 8.4 | 8.7 | 7.8 | 8.2 | 8.4 |
| RoIC | 21.4 | 19.6 | 21.3 | 18.7 | 22.0 | 22.9 | 25.4 | 26.8 |
| **Turnover Ratios** | | | | | | | | |
| Debtors (Days) | 30 | 32 | 35 | 32 | 29 | 35 | 30 | 30 |
| Inventory (Days) | 81 | 85 | 72 | 75 | 74 | 84 | 75 | 75 |
| Creditors (Days) | 38 | 60 | 48 | 38 | 53 | 63 | 45 | 45 |
| Working Capital (Days) | 73 | 58 | 60 | 68 | 50 | 56 | 60 | 60 |
| Gross Fixed Asset Turnover (x) | 2.7 | 2.3 | 2.6 | 2.7 | 2.8 | 2.6 | 2.6 | 2.6 |
| **Leverage Ratio** | | | | | | | | |
| Net Debt/Equity (x) | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

**Cash Flow Statement** (INR M)

| Y/E March | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|---|---|---|---|---|---|---|---|
| OP/(Loss) before Tax | 10,352 | 10,179 | 57,199 | 12,151 | 14,099 | 14,415 | 15,923 | 17,481 |
| Interest/Dividends Received | -429 | -362 | -225 | -233 | -237 | -212 | 885 | 828 |
| Depreciation & Amortisation | 3,626 | 3,794 | 4,131 | 4,558 | 4,975 | 5,039 | 5,491 | 5,844 |
| Direct Taxes Paid | -2,494 | -2,721 | -10,472 | -3,212 | -3,707 | -3,726 | -4,125 | -4,485 |
| (Inc)/Dec in Working Capital | -2,155 | 3,044 | -3,479 | -4,538 | 4,874 | -2,637 | -1,220 | -1,724 |
| Other Items | 237 | 200 | -46,951 | -242 | -38 | 100 | 0 | 0 |
| **CF from Oper. Activity** | **9,137** | **14,134** | **205** | **8,484** | **19,965** | **12,979** | **16,954** | **17,944** |
| (Inc)/Dec in FA+CWIP | -4,646 | -3,384 | -5,783 | -3,493 | -4,844 | -4,245 | -6,000 | -6,000 |
| **Free Cash Flow** | **4,491** | **10,750** | **-5,579** | **4,991** | **15,122** | **8,735** | **10,954** | **11,944** |
| (Pur)/Sale of Invest. | 1,397 | -9,385 | 8,537 | -5,385 | -11,328 | -7,558 | -5,986 | -9,500 |
| **CF from Inv. Activity** | **-3,249** | **-12,769** | **2,754** | **-8,878** | **-16,172** | **-11,803** | **-11,986** | **-15,500** |
| Interest Rec./(Paid) | -100 | -289 | -549 | -461 | -601 | -539 | -505 | -580 |
| Dividends Paid | -4,986 | -1,700 | -1,698 | 0 | -2,848 | -1,596 | -2,550 | -2,763 |
| **CF from Fin. Activity** | **-5,086** | **-1,989** | **-2,247** | **-461** | **-2,301** | **-2,239** | **-3,055** | **-3,343** |
| **Inc/(Dec) in Cash** | **802** | **-623** | **711** | **-855** | **1,493** | **-1,062** | **1,913** | **-899** |
| Add: Beginning Balance | 647 | 1,449 | 826 | 1,536 | 681 | 2,174 | 1,113 | 3,026 |
| **Closing Balance** | **1,449** | **826** | **1,536** | **681** | **2,174** | **1,113** | **3,026** | **2,127** |

E: MOFSL Estimates

| 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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