

LG Electronics India

Estimate change



TP change



Rating change



Motilal Oswal values your support in the EXTEL POLL 2025 for India Research, Sales, Corporate Access and Trading team. We request your ballot.

EXTEL POLL
2025



| | |
|-----------------------|---------------|
| Bloomberg | LGEL IN |
| Equity Shares (m) | 679 |
| M.Cap.(INRb)/(USDb) | 1098.1 / 12.4 |
| 52-Week Range (INR) | 1749 / 1580 |
| 1, 6, 12 Rel. Per (%) | -7/-/- |
| 12M Avg Val (INR M) | 10628 |
| Free float (%) | 15.0 |

Financials & Valuations (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|----------------------|--------|-------|-------|
| Sales | 251.6 | 278.9 | 310.2 |
| EBITDA | 27.4 | 34.1 | 39.3 |
| Adj. PAT | 19.6 | 24.7 | 28.5 |
| EBITDA Margin (%) | 10.9 | 12.2 | 12.7 |
| Cons. Adj. EPS (INR) | 28.9 | 36.4 | 42.0 |
| EPS Gr. (%) | (11.1) | 26.0 | 15.6 |
| BV/Sh. (INR) | 106.7 | 130.4 | 157.7 |

Ratios

| | | | |
|------------|-------|-------|-------|
| Net D:E | (0.7) | (0.6) | (0.5) |
| RoE (%) | 29.6 | 30.7 | 29.2 |
| RoCE (%) | 31.0 | 31.8 | 30.1 |
| Payout (%) | 35.0 | 35.0 | 35.0 |

Valuations

| | | | |
|---------------|------|------|------|
| P/E (x) | 56.1 | 44.5 | 38.5 |
| P/BV (x) | 15.2 | 12.4 | 10.3 |
| EV/EBITDA (x) | 38.3 | 30.7 | 26.5 |
| Div Yield (%) | 0.6 | 0.8 | 0.9 |
| FCF Yield (%) | 1.2 | 0.8 | 1.2 |

CMP: INR1,618

TP: INR1,890 (+17%)

Buy

Margin under pressure amid external headwinds

Margin recovery will be led by localization and premium mix

- LG Electronics India's (LGEIL) 2QFY26 revenue inched up ~1% YoY to INR61.7b. However, EBITDA declined ~28% YoY to INR5.5b. OPM contracted 3.5pp YoY to 8.9% due to external factors (under absorption of fixed cost, rising commodity prices, and higher recycling costs). PAT declined ~27% YoY to INR3.9b.
- Management highlighted that it is entering its next phase of growth, with a clear strategy anchored in its Make for India, Make in India, Make India Global vision. 1HFY26 was impacted by a cool summer, early monsoons, currency volatility, US tariffs, and the GST rate cut, which temporarily delayed purchases; however, sales recovered quickly once GST changes took effect, supported by the festive and wedding season demand. Looking ahead, it expects growth to be driven by premiumization, deeper penetration through the newly launched LG essential series, expansion of premium appliances and TVs, and a stronger push in B2B segments, such as HVAC, and in information displays.
- We cut our EPS estimates ~13% for FY26E to factor in margin pressure in 2Q and ~7% for FY26-FY27E (each). The stock is trading at 45x/39x FY27/FY28E EPS. We value LGEIL at 45x FY28E EPS to arrive at our TP of INR1,890. **Reiterate Buy.**

Revenue up ~1% YoY; OPM contracts 3.5pp to ~9%

- LGEIL's consol. revenue/EBITDA/Adj PAT stood at INR61.7b/INR5.5b/INR3.9b (+1%/-28%/-27% YoY) and OPM contracted 3.5pp YoY to ~9% in 2QFY26.
- Segmental highlights: **a) Home appliances & air solutions (H&A) segment** – Revenue was flat YoY at INR39.5b, and EBIT declined ~32% YoY to INR3.2b. EBIT margin contracted 3.9pp YoY at 8.2%; **b) Home entertainment (HE)** – revenue rose ~3% YoY to INR22.3b, while EBIT declined 10% YoY to INR2.8b. EBIT margin contracted 1.8pp YoY to 12.6%.
- In 1HFY26, Revenue/EBITDA/ PAT stood at INR124.4b/INR12.6b/INR9.0b, which was -1%/-26%/-26% YoY. OPM contracted 3.5pp YoY to ~10%. OCF stood at INR10.3b vs INR14.2b in 1HFY25. Capex stood at INR5.9b vs INR1.5b. FCF stood at INR4.4b vs INR12.7b in 1HFY25.

Key highlights from the management commentary

- LGEIL expects margin expansion to be driven by higher localization, enhanced operational efficiencies, and a higher premium products mix. The new product categories will boost volumes, enabling fixed-cost absorption.
- The washing machine market share stood at 33.4%, and the refrigerator share rose to 29.9%, up 1% YoY. In the RAC category, share improved by 0.5% to 17.4% vs. YTD Sep'24.

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- The market share in TVs rose to ~28%, supported by premiumization and strong traction in large-screen formats. OLED market share reached ~62%, confirming LG's leadership in premium televisions.

Valuation and view

- LGEIL's 2QFY26 earnings were below our estimates due to margin pressure amid external factors. Management expects margins to improve going forward, with multiple initiatives taken by the company. Additionally, the company is pursuing a two-track strategy of continuing LG Essential while launching a new premium range to target niche demand and unlock growth in underpenetrated markets. This will also widen the price spectrum and help improve the asset turnover of the upcoming Sri City plan.
- We estimate LGEIL's revenue/EBITDA/PAT CAGR at 8%/8%/9% over FY25-28. We estimate the H&A segment's margin to be at ~13% (each) in FY27/FY28 vs. ~11% in FY26, while the HE segment's margin is projected at ~15%/16% in FY27/FY28 vs. ~14% in FY26. We anticipate a recovery in operating profit margin in FY27/28, driven by increased domestic sourcing of components, a focus on B2B and export markets, and growth in AMC revenue. The stock is trading reasonably at 45x/39x FY27/FY28E EPS. We value LGEIL at 45x FY28E EPS to arrive at our TP of INR1,890. **Reiterate BUY.**

Quarterly Performance (Consolidated)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | YoY | QoQ |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | |
| Sales | 64,088 | 61,139 | 43,970 | 74,465 | 62,629 | 61,740 | 46,608 | 80,630 | 2,43,666 | 2,51,613 | 1% | -1% |
| Change (%) | - | - | | | -2.3 | 1.0 | 6.0 | 8.3 | - | 3.3 | | |
| Adj EBITDA | 9,581 | 7,570 | 3,517 | 10,434 | 7,163 | 5,476 | 4,326 | 10,466 | 31,101 | 27,430 | -28% | -24% |
| Change (%) | - | - | | | -25.2 | -27.7 | 23.0 | 0.3 | - | -11.8 | | |
| Adj EBITDA margin (%) | 14.9 | 12.4 | 8.0 | 14.0 | 11.4 | 8.9 | 9.3 | 13.0 | 12.8 | 10.9 | (351) | (257) |
| Depreciation | 967 | 973 | 920 | 943 | 902 | 935 | 954 | 1,150 | 3,804 | 3,941 | -4% | 4% |
| Interest | 69 | 65 | 80 | 91 | 85 | 90 | 88 | 95 | 306 | 359 | 37% | 6% |
| Other Income | 580 | 668 | 698 | 695 | 744 | 798 | 810 | 859 | 2,640 | 3,211 | 19% | 7% |
| Extra-ordinary items | - | - | - | - | - | - | - | - | - | - | | |
| PBT | 9,124 | 7,199 | 3,214 | 10,094 | 6,920 | 5,249 | 4,094 | 10,080 | 29,631 | 26,342 | -27% | -24% |
| Tax | 2,328 | 1,842 | 823 | 2,606 | 1,787 | 1,354 | 1,044 | 2,569 | 7,598 | 6,754 | | |
| Effective Tax Rate (%) | 25.5 | 25.6 | 25.6 | 25.8 | 25.8 | 25.8 | 25.5 | 25.5 | 25.6 | 25.6 | | |
| Reported PAT | 6,796 | 5,357 | 2,391 | 7,488 | 5,133 | 3,894 | 3,050 | 7,511 | 22,033 | 19,588 | -27% | -24% |
| Change (%) | - | - | | | (24.5) | (27.3) | 27.5 | 0.3 | - | -11.1 | | |
| Adj PAT | 6,796 | 5,357 | 2,391 | 7,488 | 5,133 | 3,894 | 3,050 | 7,511 | 22,033 | 19,588 | -27% | -24% |
| Change (%) | - | - | | | (24.5) | (27.3) | 27.5 | 0.3 | - | -11.1 | | |

Segmental Performance (INR m)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | YoY | QoQ |
|--|--------|--------|--------|--------|--------|--------|--------|--------|----------|----------|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | |
| Sales | | | | | | | | | | | | |
| Home Appliance and Air Solution division | 50,609 | 39,537 | 30,920 | 61,612 | 49,086 | 39,481 | 32,775 | 66,117 | 1,82,679 | 1,87,459 | 0% | -20% |
| Home entertainment division | 13,479 | 21,607 | 13,050 | 12,853 | 13,547 | 22,262 | 13,833 | 14,512 | 60,988 | 64,155 | 3% | 64% |
| EBIT | | | | | | | | | | | | |
| Home Appliance and Air Solution division | 7,571 | 4,807 | 2,190 | 8,867 | 5,643 | 3,245 | 3,114 | 8,619 | 23,434 | 20,620 | -32% | -42% |
| Home entertainment division | 2,337 | 3,121 | 1,760 | 2,091 | 2,125 | 2,810 | 1,798 | 2,249 | 9,309 | 8,982 | -10% | 32% |
| EBIT Margin (%) | | | | | | | | | | | | |
| Home Appliance and Air Solution division | 15.0 | 12.2 | 7.1 | 14.4 | 11.5 | 8.2 | 9.5 | 13.0 | 12.8 | 11.0 | (394) | (328) |
| Home entertainment division | 17.3 | 14.4 | 13.5 | 16.3 | 15.7 | 12.6 | 13.0 | 15.5 | 15.3 | 14.0 | (182) | (306) |



Key highlights from the management commentary

Demand environment and localization efforts

- The first half of FY26 was shaped by a challenging external environment, with demand impacted by an unexpectedly cool summer, early monsoons, currency volatility, US tariff changes, and geopolitical tensions, especially in the Indo-Pak region. The GST rate cut further disrupted market momentum, as both consumers and channel partners postponed purchases in anticipation of lower prices. Despite these pressures, LGEIL regained traction quickly after the revised GST rates came into effect, recovering nearly three months of sales in just six weeks as festive and wedding season demand accelerated.
- Amid these external pressures, the company continued to strengthen its cost structure through accelerated localization. Localization reached ~56% in 2QFY26, with a target of ~70% over the next 3-4 years. Progress has come from increased local sourcing of key components, the shift to in-house RAC compressor production, and the local manufacturing of premium OLED TVs and side-by-side refrigerators. These efforts are expected to deliver margin benefits through lower duties, reduced logistics costs, and lower FX exposure. Management indicated that localization and FX savings together could support ~3-4% annual efficiency gains depending on the product category.

LG Essential series

- LG Essential series is based on insights gathered from 1,200 Indian households, exploring their daily needs and expectations from its products. The survey highlighted that, beyond affordability, consumers increasingly seek energy-efficient solutions, washing machines that perform well under low water pressure, and refrigerators that eliminate the need for defrosting.
- Accordingly, it launched select SKUs last month during Diwali, including an 8kg top-loader and a 225-liter refrigerator, with two additional models planned for release later this year. It will also soon introduce a 0.9-ton RAC and a microwave with an air-fryer kit. These launches are well-received across the dealer network.
- The company has priced these products aggressively to offer entry-level customers a strong incentive to upgrade their first purchase, ensuring to exceed their expectations and become their preferred choice for future premium upgrades. The washing machine is priced in the INR16,000–18,000 range, while the refrigerator is around INR20,000. These products are already available in the market and are receiving an encouraging customer response.

Home Appliances and Air Solutions segment

- This segment continued to reinforce LG's category leadership, with market share remaining strong across core categories: ~33% in washing machines, ~30% in refrigerators, and ~17% in RACs, all showing sequential increase in market share. In premium categories, the company extended its leadership with a ~63% share in side-by-side refrigerators, reflecting strong traction for higher-value products.
- Margin was impacted by commodity inflation, recycling cost increases, and higher go-to-market spends during the festive period.
- LGEIL continued advancing its dual-track portfolio strategy. The Essential Series targets aspirational first-time buyers by offering affordable yet energy-efficient

appliances. Simultaneously, it widened its premium portfolio with new French door refrigerators and AI-enabled front-load washers.

- Demand is expected to strengthen in 2HFY26 due to GST-led price benefits, festive and wedding-related purchases, and the transition to new BEE star-rating norms from Jan'26. Promotional intensity has already moderated post Diwali, and the company expects steady momentum across both premium and value segments.

Home Entertainment segment

- The market share in TVs rose to ~28%, supported by premiumization and strong traction in large-screen formats. OLED market share increased sharply to ~63%, confirming LG's leadership in premium televisions.
- While the TV industry faced certain external headwinds due to tariffs and geopolitical issues, LGEIL expects demand to remain strong through H2HY26 as GST cuts and festive sentiment drive sales. Larger screen sizes continue to be the key upgrade driver, benefiting the company's premium TV mix.
- In the B2B segment, which contributes ~6% of revenue, performance was temporarily impacted by global IT budget realignments following US tariff changes. However, LGEIL maintains a strong pipeline and expects recovery as macro conditions stabilize. India-made display panels and leadership in inverter-based HVAC systems continue to offer advantages for the company.

Capex and exports updates

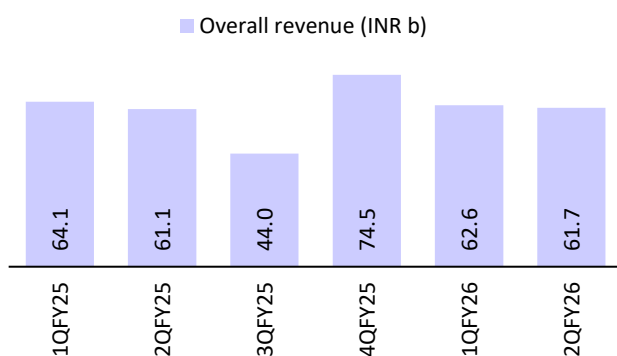
- A major part of the company's strategy is the upcoming INR50b Sri City manufacturing facility, which will significantly expand capacity, improve supply chain efficiency, and create a dedicated base for premium exports under LG's Global South initiative. The plant will begin operations with RAC production in Oct'26, followed by compressors, refrigerators, and washing machines in subsequent phases. The facility is being developed with a ~100% capital subsidy over 20 years and will be fully funded through internal accruals.
- This expansion complements LG's broader export strategy, where shipments to 54 countries contribute ~5–6% of revenue and are expected to rise as premium product lines expand.

Future outlook

- LGEIL is entering its next phase of growth with a clear strategy built around its Make for India, Make in India, Make India Global vision. The strong IPO response reinforced its position as an India-rooted company with high domestic trust. The long-term plan focuses on adapting global technology for Indian needs, scaling local manufacturing, and building India as a meaningful export hub.
- Looking ahead, it aims to sustain its growth trajectory through premiumization, deeper penetration with the Essential Series, expansion of its premium appliance and TV range, and a stronger push in B2B segments such as HVAC and information displays. Growing AMC and recurring service revenue are expected to further support margins. Management remains confident of returning to double-digit growth and strong profitability as market conditions stabilize.

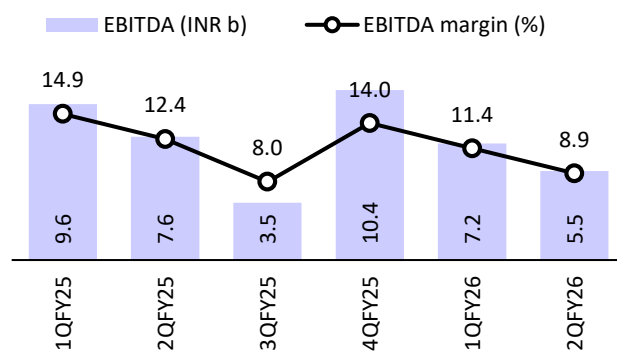
Story in charts

Exhibit 1: Overall revenue increased 1% YoY



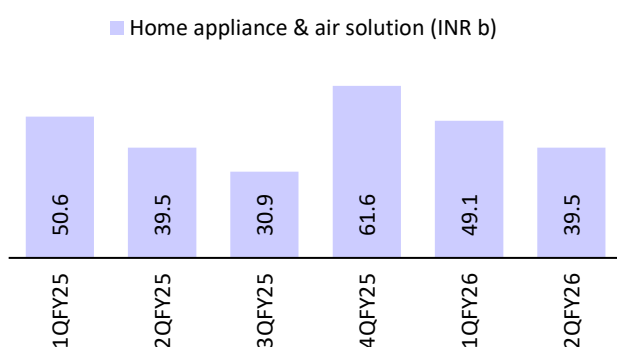
Source: MOFSL, Company

Exhibit 2: EBITDA margin contracted 3.5pp YoY



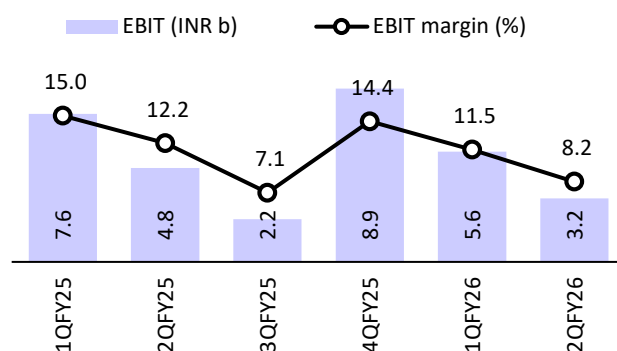
Source: MOFSL, Company

Exhibit 3: H&A segment's revenue remained flat YoY



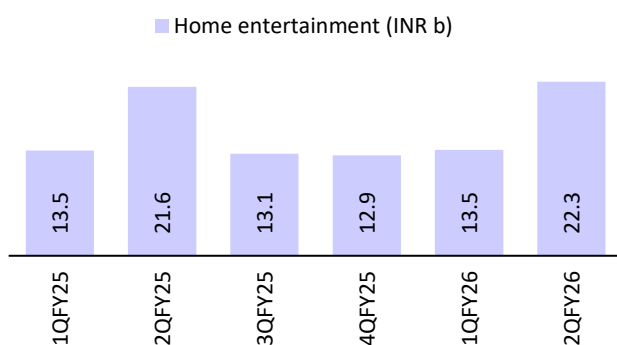
Source: MOFSL, Company

Exhibit 4: H&A segment's margin contracted 3.9pp YoY



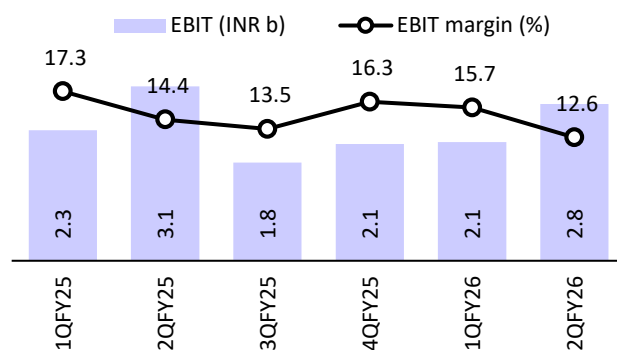
Source: MOFSL, Company

Exhibit 5: HE segment's revenue increased 3% YoY



Source: MOFSL, Company

Exhibit 6: HE segment's margin contracted 1.8pp YoY



Source: MOFSL, Company

Financials and valuations (Consolidated)

| Income Statement | | | | | | | | (INR M) |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
| Net Sales | 1,50,866 | 1,68,342 | 1,98,646 | 2,13,520 | 2,43,666 | 2,51,613 | 2,78,919 | 3,10,187 |
| Change (%) | -4.0 | 11.6 | 18.0 | 7.5 | 14.1 | 3.3 | 10.9 | 11.2 |
| Raw Materials | 97,679 | 1,18,005 | 1,40,281 | 1,49,302 | 1,65,801 | 1,74,117 | 1,89,944 | 2,10,307 |
| Gross margin (%) | 35.3 | 29.9 | 29.4 | 30.1 | 32.0 | 30.8 | 31.9 | 32.2 |
| Staff Cost | 6,610 | 7,255 | 7,992 | 8,868 | 9,628 | 10,398 | 11,438 | 12,582 |
| Other Expenses | 23,068 | 25,995 | 31,380 | 33,101 | 37,136 | 39,669 | 43,416 | 47,973 |
| EBITDA | 23,509 | 17,087 | 18,993 | 22,249 | 31,101 | 27,430 | 34,121 | 39,326 |
| % of Net Sales | 15.6 | 10.2 | 9.6 | 10.4 | 12.8 | 10.9 | 12.2 | 12.7 |
| Depreciation | 2,439 | 2,584 | 3,004 | 3,644 | 3,804 | 3,941 | 4,264 | 4,913 |
| Interest | 156 | 225 | 226 | 285 | 306 | 359 | 384 | 403 |
| Other Income | 1,702 | 2,038 | 2,440 | 2,051 | 2,640 | 3,211 | 3,729 | 4,362 |
| PBT | 22,616 | 16,316 | 18,203 | 20,371 | 29,631 | 26,342 | 33,203 | 38,371 |
| Tax | 5,951 | 4,260 | 4,723 | 5,260 | 7,598 | 6,754 | 8,513 | 9,839 |
| Rate (%) | 26.3 | 26.1 | 25.9 | 25.8 | 25.6 | 25.6 | 25.6 | 25.6 |
| Extra-ordinary Inc.(net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 16,665 | 12,056 | 13,480 | 15,111 | 22,033 | 19,588 | 24,689 | 28,533 |
| Change (%) | -10.1 | -27.7 | 11.8 | 12.1 | 45.8 | -11.1 | 26.0 | 15.6 |
| Adjusted PAT | 16,665 | 12,056 | 13,480 | 15,111 | 22,033 | 19,588 | 24,689 | 28,533 |
| Change (%) | -10.1 | -27.7 | 11.8 | 12.1 | 45.8 | -11.1 | 26.0 | 15.6 |

| Balance Sheet (Consolidated) | | | | | | | | (INR M) |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|
| Y/E March | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
| Share Capital | 1,131 | 1,131 | 1,131 | 1,131 | 6,788 | 6,788 | 6,788 | 6,788 |
| Reserves | 64,734 | 53,876 | 42,431 | 36,591 | 52,914 | 65,646 | 81,694 | 1,00,240 |
| Net Worth | 65,865 | 55,007 | 43,562 | 37,722 | 59,702 | 72,434 | 88,482 | 1,07,028 |
| Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deffered Tax Liability | -1,432 | -1,278 | -1,365 | -1,720 | -2,040 | -2,040 | -2,040 | -2,040 |
| Capital Employed | 64,433 | 53,729 | 42,197 | 36,002 | 57,662 | 70,394 | 86,442 | 1,04,988 |
| Gross Fixed Assets | 22,781 | 24,840 | 30,146 | 32,839 | 35,801 | 38,554 | 45,054 | 70,554 |
| Less: Depreciation | 12,292 | 14,365 | 16,719 | 19,651 | 22,510 | 26,451 | 30,715 | 35,628 |
| Net Fixed Assets | 10,489 | 10,475 | 13,427 | 13,188 | 13,291 | 12,103 | 14,339 | 34,926 |
| Capital WIP | 338 | 1,030 | 246 | 244 | 753 | 6,000 | 15,000 | 5,000 |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Curr. Assets | 98,331 | 81,409 | 74,883 | 69,832 | 99,087 | 1,09,478 | 1,20,193 | 1,34,913 |
| Inventory | 26,418 | 24,094 | 26,410 | 23,974 | 30,315 | 31,021 | 34,387 | 38,242 |
| Debtors | 10,595 | 13,811 | 14,995 | 17,970 | 23,612 | 24,382 | 27,028 | 30,058 |
| Cash & Bank Balance | 55,108 | 37,094 | 27,626 | 22,226 | 37,415 | 47,092 | 51,037 | 58,004 |
| Other Current Assets | 6,161 | 6,331 | 5,783 | 5,589 | 7,659 | 6,894 | 7,642 | 8,498 |
| Current Liab. & Prov. | 44,725 | 39,185 | 46,359 | 47,262 | 55,470 | 57,188 | 63,091 | 69,851 |
| Creditors | 33,397 | 25,984 | 31,192 | 30,351 | 34,049 | 35,160 | 38,975 | 43,345 |
| Other Liabilities | 9,154 | 11,433 | 13,108 | 14,504 | 18,629 | 19,237 | 21,324 | 23,715 |
| Provisions | 2,174 | 1,768 | 2,059 | 2,407 | 2,791 | 2,791 | 2,791 | 2,791 |
| Net Current Assets | 53,606 | 42,224 | 28,524 | 22,570 | 43,617 | 52,290 | 57,102 | 65,062 |
| Application of Funds | 64,433 | 53,729 | 42,197 | 36,002 | 57,662 | 70,394 | 86,442 | 1,04,988 |

Financials and valuations (Consolidated)

Ratios

| Y/E March | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| Adjusted EPS | 24.6 | 17.8 | 19.9 | 22.3 | 32.5 | 28.9 | 36.4 | 42.0 |
| Growth (%) | -10.1 | -27.7 | 11.8 | 12.1 | 45.8 | -11.1 | 26.0 | 15.6 |
| Cash EPS | 28.1 | 21.6 | 24.3 | 27.6 | 38.1 | 34.7 | 42.7 | 49.3 |
| Book Value | 97.0 | 81.0 | 64.2 | 55.6 | 88.0 | 106.7 | 130.4 | 157.7 |
| DPS | 11.8 | 20.0 | 22.0 | 18.5 | 0.0 | 10.1 | 12.7 | 14.7 |
| Payout (incl. Div. Tax.) | 80.0 | 187.7 | 184.6 | 138.5 | 0.0 | 35.0 | 35.0 | 35.0 |
| Valuation (x) | | | | | | | | |
| P/Sales | 12.1 | 10.9 | 9.2 | 8.6 | 4.5 | 4.4 | 3.9 | 3.5 |
| P/E (standalone) | 65.9 | 91.1 | 81.5 | 72.7 | 49.9 | 56.1 | 44.5 | 38.5 |
| Cash P/E | 57.5 | 75.0 | 66.7 | 58.6 | 42.5 | 46.7 | 37.9 | 32.9 |
| EV/EBITDA | 44.4 | 62.1 | 56.4 | 48.4 | 34.1 | 38.3 | 30.7 | 26.5 |
| EV/Sales | 6.9 | 6.3 | 5.4 | 5.0 | 4.4 | 4.2 | 3.8 | 3.4 |
| Price/Book Value | 16.7 | 20.0 | 25.2 | 29.1 | 18.4 | 15.2 | 12.4 | 10.3 |
| Dividend Yield (%) | 0.7 | 1.2 | 1.4 | 1.1 | 0.0 | 0.6 | 0.8 | 0.9 |
| Profitability Ratios (%) | | | | | | | | |
| RoE | 25.7 | 19.9 | 27.4 | 37.2 | 45.2 | 29.6 | 30.7 | 29.2 |
| RoCE | 26.4 | 20.7 | 28.5 | 39.2 | 47.5 | 31.0 | 31.8 | 30.1 |
| RoIC | 129.7 | 82.6 | 75.9 | 97.4 | 119.3 | 80.2 | 75.6 | 62.1 |
| Turnover Ratios | | | | | | | | |
| Debtors (Days) | 26 | 30 | 28 | 31 | 35 | 35 | 35 | 35 |
| Inventory (Days) | 64 | 52 | 49 | 41 | 45 | 45 | 45 | 45 |
| Creditors. (Days) | 81 | 56 | 57 | 52 | 51 | 51 | 51 | 51 |
| Asset Turnover (x) | 2.3 | 3.1 | 4.7 | 5.9 | 4.2 | 3.6 | 3.2 | 3.0 |
| Leverage Ratio | | | | | | | | |
| Net Debt/Equity (x) | -0.8 | -0.7 | -0.6 | -0.6 | -0.6 | -0.7 | -0.6 | -0.5 |

Cash Flow Statement

| Y/E March | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|-----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| (INR M) | | | | | | | | |
| PBT before EO Items | 20,880 | 15,575 | 18,292 | 20,562 | 29,472 | 26,342 | 33,203 | 38,371 |
| Add : Depreciation | 2,460 | 2,612 | 3,004 | 3,644 | 3,804 | 3,941 | 4,264 | 4,913 |
| Interest | (1,467) | (1,399) | (1,977) | (1,720) | (2,172) | (2,853) | (3,345) | (3,959) |
| Less : Direct Taxes Paid | 5,676 | 4,016 | 4,425 | 5,698 | 7,539 | 6,754 | 8,513 | 9,839 |
| (Inc)/Dec in WC | (4,229) | 6,793 | (3,988) | 125 | 7,025 | (1,005) | 867 | 993 |
| CF from Operations | 20,426 | 5,979 | 18,882 | 16,663 | 16,539 | 21,681 | 24,741 | 28,494 |
| (Inc)/Dec in FA | (1,749) | (2,695) | (5,138) | (2,411) | (3,346) | (8,000) | (15,500) | (15,500) |
| Free Cash Flow | 18,677 | 3,284 | 13,744 | 14,252 | 13,193 | 13,681 | 9,241 | 12,994 |
| (Pur)/Sale of Investments | 2,051 | 1,963 | 2,399 | 2,197 | 3,070 | 3,211 | 3,729 | 4,362 |
| CF from Investments | 302 | (732) | (2,739) | (214) | (275) | (4,789) | (11,771) | (11,138) |
| (Inc)/Dec in Net Worth / Others | (243) | (414) | (494) | (654) | (770) | - | - | - |
| (Inc)/Dec in Debt | - | - | - | - | - | - | - | - |
| Less : Interest Paid | 156 | 225 | 225 | 269 | 305 | 359 | 384 | 403 |
| Dividend Paid | 13,327 | 22,626 | 24,888 | 20,929 | - | 6,856 | 8,641 | 9,986 |
| CF from Fin. Activity | (13,726) | (23,265) | (25,607) | (21,852) | (1,075) | (7,214) | (9,025) | (10,389) |
| Inc/Dec of Cash | 7,002 | (18,018) | (9,464) | (5,403) | 15,189 | 9,678 | 3,945 | 6,967 |
| Add: Beginning Balance (incl.bank deposits) | 48,106 | 55,112 | 37,090 | 27,629 | 22,226 | 37,415 | 47,092 | 51,037 |
| Closing Balance | 55,108 | 37,094 | 27,626 | 22,226 | 37,415 | 47,092 | 51,037 | 58,004 |

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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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