

Asian Paints

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USD\$)	2599.5 / 31.1
52-Week Range (INR)	3568 / 2704
1, 6, 12 Rel. Per (%)	-2/-25/-31
12M Avg Val (INR M)	3228

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	354.9	384.6	433.2
Sales Gr. (%)	2.9	8.3	12.7
EBITDA	75.8	78.9	88.1
EBIT Margin (%)	21.4	20.5	20.3
Adj. PAT	55.6	56.2	62.0
Adj. EPS (INR)	57.9	58.6	64.7
EPS Gr. (%)	30.9	1.1	10.4
BV/Sh.(INR)	195.2	211.7	234.3

Ratios

RoE (%)	32.0	28.8	29.0
RoCE (%)	27.2	24.6	24.8
Payout (%)	75.9	70.0	63.4

Valuation

P/E (x)	46.8	46.3	41.9
P/BV (x)	13.9	12.8	11.6
EV/EBITDA (x)	33.7	31.9	28.4
Div. Yield (%)	1.6	1.5	1.5

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	52.6	52.6	52.6
DII	11.7	10.6	10.0
FII	15.9	17.4	17.1
Others	19.8	19.4	20.3

FII Includes depository receipts

CMP: INR2,710 TP: INR3,000 (+11%) Neutral

Focus on volume growth; margin risk still persists

- Asian Paints (APNT) posted 1%/2% YoY decline in consolidated/standalone revenue in 4QFY24, with decorative volume growth at 10% YoY (vs. est. 9%). The value-to-volume gap expanded to ~12% in 4Q from ~7% in 3QFY24. Revenue growth was hit by price cuts (~3.5% in 4Q), and an unfavorable product mix (subdued growth of the premium segment).
- Benign raw material prices continue to drive GM, which stood at 43.7% in 4Q, the best in the last 12 quarters. APNT's gross margin will be the key monitorable in FY25/FY26, considering the changing competitive landscape and dwindling raw material price benefits.
- Employee and other overheads (higher marketing and distribution spending) hurt EBITDA margin, which contracted 180bp YoY and 325bp QoQ to 19.4%. The marketing spending also accelerated due to the recently launched Neo Bharat Latex Paint (in the economy segment). EBITDA declined 9% YoY (est. +6%). APNT achieved a 21% EBITDA margin in FY24. Management reiterated its EBITDA margin guidance of 18-20% in the medium term. Due to a changing competitive landscape, a higher mix of the economy/mid segments, and the company's increased focus on volume traction, we model an EBITDA margin of 20.5% for FY25/FY26 (each).
- Despite APNT's various initiatives to drive volume growth, the revenue growth trend for FY25 is still weak due to price cuts, downtrading, and competitive pressure. Besides, the elevated EBITDA margin may not sustain in the near term. **Consequently, we reiterate our Neutral rating with a TP of INR3,000 (based on 45x FY26E EPS).**

Miss on EBITDA margin; EBITDA dipped 9% YoY

- Volume growth in double digits:** APNT reported a consolidated net sales decline of 1% YoY to INR87.3b (est. INR91.0b) hit by weak demand conditions and downtrading. Volume grew 10% YoY (est. +9%) in the domestic decorative paints. APNT has taken ~3.5% price cuts in 4QFY24.
- Mixed traction in the non-core business:** The Home Décor business continued to see gains from synergies with its Beautiful Homes stores. Bath Fitting sales dipped 8% YoY with a loss of INR100m (vs. INR10m profit YoY). Kitchen business grew 3% YoY, with INR27m EBITDA (vs. INR74m loss YoY). White Teak sales rose 33% YoY, while Weatherseal clocked 63% YoY growth.
- Disappointing margin performance:** Gross margins expanded 120bp YoY to 43.7% (est. 43.5%). The employee/other expenses rose 18%/12% YoY. EBITDA margin contracted ~180bp YoY to 19.4% (est. 21.8%). EBITDA declined 9% YoY to INR16.9b (est. INR19.8b). PBT also declined 7% YoY to INR16.0b (est. INR18.5b). Adj. PAT dipped 1% YoY to INR12.8b (est. INR14.0b) during the quarter.
- FY24 performance:** Net sales/EBITDA/APAT grew 3%/21%/22% YoY.

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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

- The company delivered ~10% YoY volume growth in domestic decorative paints in 4QFY24. There was double-digit volume growth in urban markets; however, rural markets grew slowly.
- The company took 3.5% price cuts during the quarter, which further impacted its revenue growth adversely.
- The gap between volume and value growth remained high due to price cuts and downtrading.
- Management guided double-digit volume growth for 1QFY25/full year (FY25).
- APNT maintained an EBITDA margin guidance of 18-20%.
- Distribution footprint expansion continues, reaching over 0.16m retail touchpoints, with an addition of ~1,000 in 4QFY24.
- The new competition is not bringing any new technology; it is more of a me-too product, playing on discounted pricing. Customers' loyalty plays a big role in the paints category and APNT has a strong brand recall both at channel and consumer levels. The dealers' loyalty is not easy to replicate. More players will expand in the category, which is positive for the longer term.

Valuation and view

- There are no material changes to our EPS estimates.
- APNT launched the 'Neo Bharat Latex' paint in Jan'24 that penetrated into the unorganized segment with a branded solution, which is smart, affordable, and accessible to consumers. It will address a market size of INR50-55b (management aims to achieve a 30% share in the medium term).
- With the entry of new players having deep pockets and massive commitments to investments, the overall industry may see a shift in market share and cost structures. These will be the key monitorables for FY25.
- We remain cautious on both value growth and margin in FY25/FY26. Despite a correction in the stock, the risk of competitive pressure still hovers around its earnings. **Consequently, we reiterate our Neutral rating with a TP of INR3,000 (based on 45x FY26E EPS).**

Quarterly Performance (Consol.)

Y/E March	FY23				FY24				FY23	FY24	FY24E	(INR b)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var. (%)
Est. Dom. Deco. Vol. growth (%)	37.0	10.0	0.0	16.0	10.0	6.0	12.0	10.0	14.0	9.5	9.0	
Net Sales	86.1	84.6	86.4	87.9	91.8	84.8	91.0	87.3	344.9	354.9	91.0	-4.1%
Change (%)	54.1	19.2	1.3	11.3	6.7	0.2	5.4	-0.6	18.5	2.9	3.6	
Gross Profit	32.5	30.2	33.3	37.3	39.4	36.8	39.7	38.2	133.3	154.0	39.6	
Gross Margin (%)	37.7	35.7	38.6	42.5	42.9	43.4	43.6	43.7	38.7	43.4	43.5	
EBITDA	15.6	12.3	16.1	18.6	21.2	17.2	20.6	16.9	62.6	75.8	19.8	-14.7%
Margin (%)	18.1	14.5	18.7	21.2	23.1	20.2	22.6	19.4	18.2	21.4	21.8	
Change (%)	70.3	35.7	4.5	29.2	36.3	39.8	27.6	-9.3	30.3	21.2	6.4	
Interest	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.5	1.4	2.1	0.5	
Depreciation	2.1	2.2	2.1	2.2	2.0	2.1	2.2	2.3	8.6	8.5	2.2	
Other Income	1.0	1.0	0.9	1.1	2.0	1.7	1.4	1.9	3.9	6.9	1.5	
PBT	14.2	10.7	14.4	17.1	20.7	16.2	19.2	16.0	56.4	72.1	18.5	-13.7%
Tax	3.7	2.9	3.8	4.5	5.3	4.2	4.9	3.5	14.9	17.9	4.6	
Effective Tax Rate (%)	26.1	27.1	26.4	26.4	25.6	25.8	25.7	21.8	26.5	24.8	25.0	
Adjusted PAT	10.6	8.0	11.0	12.8	15.7	12.3	14.8	12.8	42.4	55.6	14.0	-8.7%
Change (%)	84.6	32.8	6.4	29.6	48.5	53.3	34.5	-0.6	32.6	30.9	8.9	

E: MOFSL Estimates

Key performance indicator

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

E: MOFSL Estimates

Standalone performance

- Standalone net sales declined 2% YoY to INR74.8b.
- Gross margin expanded 150bp YoY at 44.7%, while EBITDA margin contracted 220bp YoY to 20.7%.
- EBITDA declined 11% YoY to INR15.5b.
- PBT declined 8% YoY to INR15.2b.
- Adj. PAT dipped 2% YoY to INR12.1b.
- For FY24, net sales/EBITDA/adj. PAT grew 3%/21%/30% YoY.

Quarterly Performance (Standalone)

(INR b)

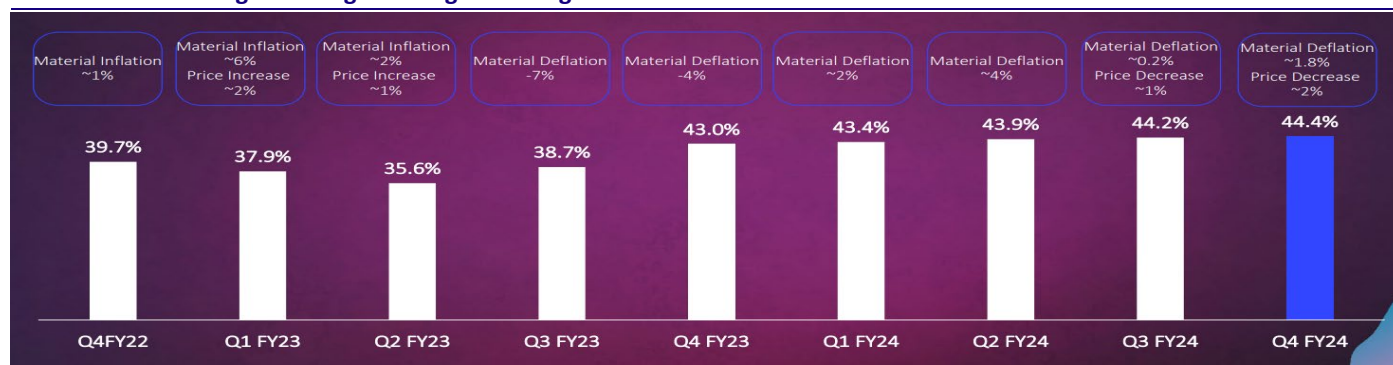
Y/E March	FY23				FY24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	75.9	73.4	75.2	76.3	81.1	73.4	79.1	74.8
Change (%)	58.5	19.4	0.4	12.8	7.0	0.0	5.2	-1.9
Gross Profit	28.9	26.4	29.3	33.0	35.4	32.4	35.1	33.4
Gross Margin (%)	38.1	35.9	38.9	43.2	43.6	44.1	44.4	44.7
EBITDA	14.6	11.2	14.9	17.5	20.0	15.8	19.0	15.5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

E: MOFSL Estimates

Exhibit 1: Subsidiary – quarterly performance overview

INR m	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
Sales	7,995	9,442	10,361	11,331	10,207	11,132	11,149	11,613	10,684	11,364	11,901	12,498
Sales growth (%)	67.92	14.65	13.15	15.54	27.68	17.91	7.61	2.5	4.67	2.08	6.74	7.6
EBITDA	315	295	741	806	934	1,122	1,167	1,172	1,215	1,315	1,590	1,426
EBITDA margin (%)	82.62	-74.48	-44.56	-15.95	196.22	279.78	57.39	45.46	30.16	17.24	36.27	21.7
PAT	-218	-135	110	2,055	672	405	112	740	665	721	316	659

Sources: Company reports, MOFSL

Exhibit 2: Sustained gross margin through sourcing and formulation efficiencies

Sources: Company reports

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

- The company delivered ~10% YoY volume growth in domestic decorative paints in 4QFY24. There was double-digit volume growth in urban markets; however, rural markets grew slowly.
- The company took 3.5% price cuts during the quarter, which further impacted its revenue growth adversely.
- The gap between volume and value growth remained high due to price cuts and downtrading.
- Since demand environment was weak in 4QFY24, downtrading played a key role. The rural areas were hit by inflationary pressures.
- The economy and luxury ranges performed well. However, there was a downtrading in the premium product range, mainly in the rural areas.
- Management guided double-digit volume growth for 1QFY25/full year (FY25).
- Management expects 5-6% gap in volume and value growth in the medium term. In 4QFY24, the gap was higher due to price cuts taken by the company.
- Management expects improvement in demand in FY25 due to improving demand in rural markets, prediction of normal monsoons, and contribution from the new launches.
- APNT is focusing more on the economy range, which offers a good potential for growth.
- There is expectation that B2B business will pick up in 2QFY25, after the election results, with the anticipation of strong growth in government, infrastructure, and construction-related businesses.
- Distribution footprint expansion continues, reaching over 0.16m retail touchpoints, with an addition of ~1,000 in 4QFY24.
- APNT has guided to add ~10,000 retail touchpoints every year going forward.

- Focus on innovation with new products contributing 11% to overall revenue in 4QFY24.
- The new competition is not bringing any new technology; it is more of a me-too product, playing on discounted pricing. Customers' loyalty plays a big role in the paints category and APNT has a strong brand recall both at channel and consumer levels. The dealers' loyalty is not easy to replicate. More players will expand in the category, which is positive for the longer term.

Cost and margins

- In 4QFY24, there has been a 1.8% decrease in the material prices.
- Gross margin improved in 4QFY24 from softening raw material prices coupled with operational, formulation and sourcing efficiencies. However, management keeps eye on the geopolitical conditions and its impact on the raw material prices.
- There is an increase in ad spending during the quarter. It will remain in the range of 3-5%.
- The management maintained the EBITDA margin guidance of 18-20%.

Segmental performance

- APNT launched the 'Neo Bharat Latex' paint in Jan'24 that penetrated into the unorganized segment with a branded solution, which is smart, affordable, and accessible to consumers. Its brand ambassador is Virat Kohli. It will address a market size of INR50-55b (management aims to achieve a 30% share in the medium term).
- The Home Décor business contributed 4% of revenue during the quarter.
- Currently, the company has 60 'Beautiful Homes' stores across India. It targeted to reach 80-85 stores by FY25 and 150-200 stores in the next five years.
- The Kitchen business delivers 5% revenue growth led by expansion in distribution reach while bath business is showing de-growth of 8% due to weak demand trend at industry level. Homes Décor business is not performing well due to lack of consumer trust. APNT now focuses on enhancing brand building.
- Institutional business continued doing well largely driven by builders & factories segment. However, a pre-election slowdown in government sector is visible.
- Strong performance from White Teak (Offering Decorative & Designer Lights) delivered 33% sales growth in 4Q and Weatherseal (uPVC Windows and Doors) delivered 63% sales growth. The growth is driven from extended product offerings, expanded distribution reach and synergies with their Beautiful Homes Network.
- Industrial business, including auto refinishes and protective paints, maintains a strong growth trajectory.
- Company focused on further strengthening growth in the Industrial business and scaling up and expanding footprint in Home Décor business.

Capex

- In the greenfield water- based manufacturing paint at Madhya Pradesh (capacity of 0.4m K.L. p.a.), land acquisition is completed while statutory approvals is in process. It is targeted to be completed by CY28.

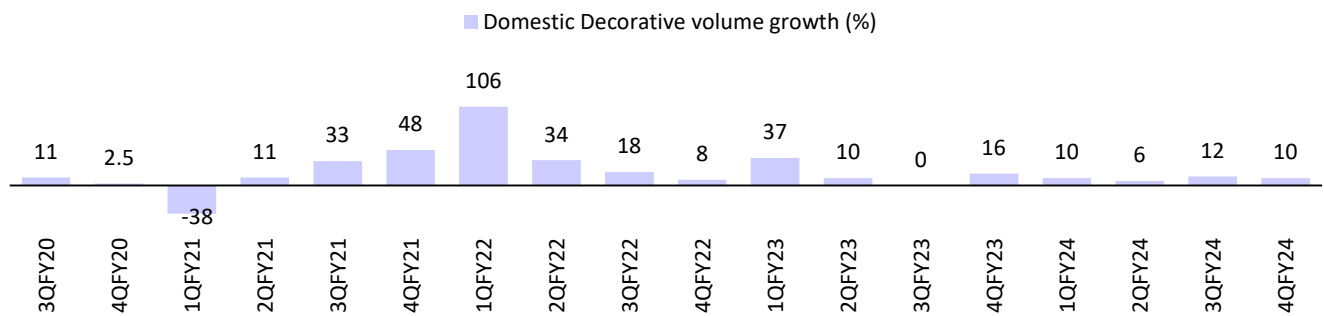
- Brownfield expansions at both Khandala and Kasna have been completed augmenting capacity by 1.2 lakh KL p.a. The Ankleshwar & Mysuru expansion is on track and targeted to complete in CY25.
- In the backward integration plan with White cement, civil construction has been started and targeted to commissioned plant in CY25.
- In VAM-VAE integration plan, environment clearance has been received and civil work has commenced. It targeted to be complete by CY26. Expectation of 1-1.5% cost saving with this integration.

International Business

- The international business reported 2% sales growth in INR terms, but delivered double-digit growth ex-Nepal in 4QFY24.
- In FY24, international business reported 1% de-growth in INR terms, but high single-digit growth ex-Nepal.
- The good growth trajectory seen in the Middle east and Africa markets.
- Liquidity crunch & adverse macroeconomic situation impacting sales in Nepal. Also, no improvement seen there.
- The slower industry growth influenced Bangladesh sales.
- Stabilizing economic conditions supported by currency appreciation aided revenue recovery in Sri Lanka.

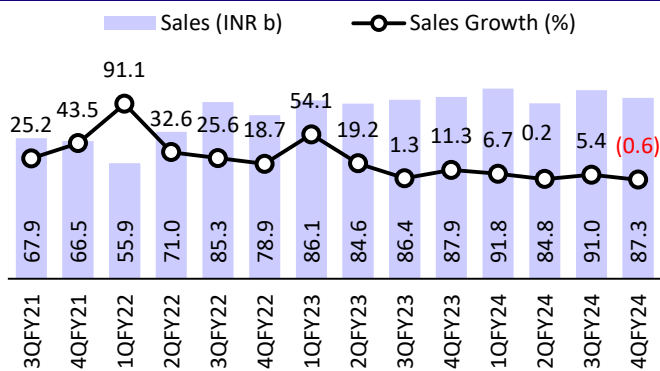
Key exhibits

Exhibit 3: Volume growth stood at 10% YoY in 4QFY24



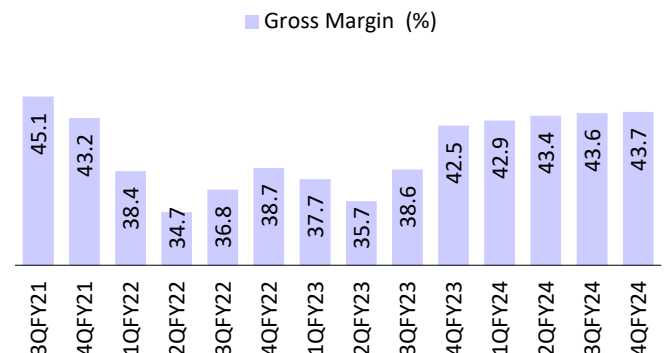
Sources: Company reports

Exhibit 4: Consolidated sales remained flat YoY at INR87.3b in 4QFY24



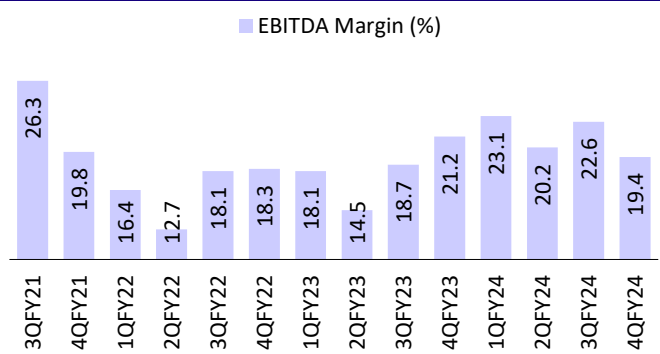
Sources: Company reports, MOFSL

Exhibit 5: Gross margin expanded 120bp YoY in 4QFY24



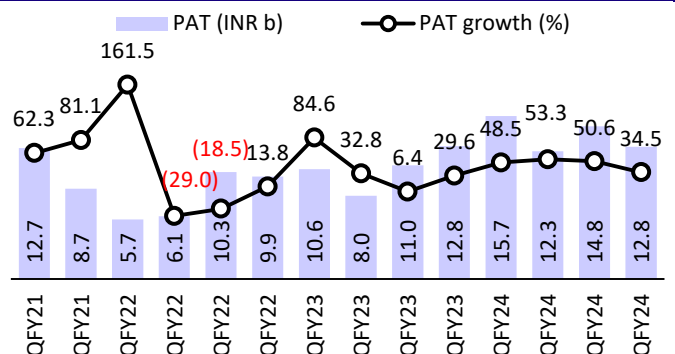
Sources: Company reports, MOFSL

Exhibit 6: EBITDA margin contacted 180bp YoY to 19.4% in 4QFY24



Sources: Company reports, MOFSL

Exhibit 7: PAT grew 35% YoY to INR12.8b in 4QFY24



Sources: Company reports, MOFSL

Valuation and view

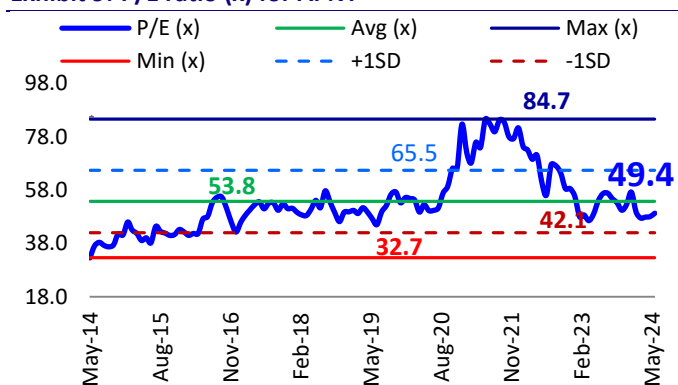
- There are no material changes to our EPS estimates.
- APNT launched the 'Neo Bharat Latex' paint in Jan'24 that penetrated into the unorganized segment with a branded solution, which is smart, affordable, and accessible to consumers. It will address a market size of INR50-55b (management aims to achieve a 30% share in the medium term).
- With the entry of new players having deep pockets and massive commitments to investments, the overall industry may see a shift in market share and cost structures. These will be the key monitorables for FY25.
- We remain cautious on both value growth and margin in FY25/FY26. Despite a correction in the stock, the risk of competitive pressure still hovers around its earnings. **Consequently, we reiterate our Neutral rating with a TP of INR3,000 (based on 45x FY26E EPS).**

Exhibit 8: There are no material changes to our FY25/FY26 estimates

INR b	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	384.6	433.2	389.2	433.4	-1.2	0.0
EBITDA	78.9	88.1	80.6	88.3	-2.1	-0.2
PAT	56.2	62.0	56.9	61.7	-1.3	0.6

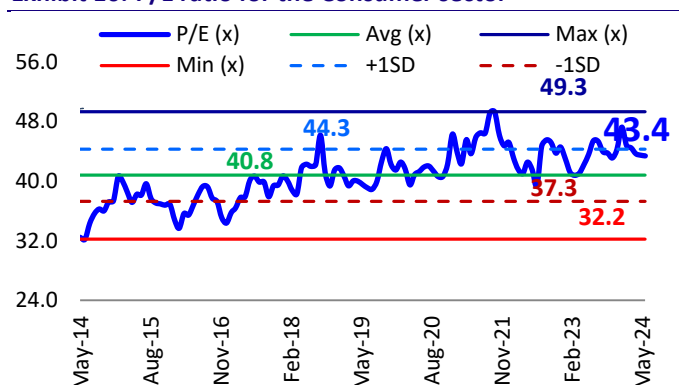
Sources: Company reports, MOFSL

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 b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	192.4	202.1	217.1	291.0	344.9	354.9	384.6	433.2
Change (%)	14.4	5.0	7.4	34.0	18.5	2.9	8.3	12.7
Raw Materials	112.6	113.8	121.0	183.0	211.6	200.9	219.6	248.1
Gross Profit	79.8	88.3	96.2	108.0	133.3	154.0	165.0	185.1
Margin (%)	41.5	43.7	44.3	37.1	38.7	43.4	42.9	42.7
Operating Expenses	42.1	46.7	47.6	60.0	70.7	78.2	86.1	97.0
EBITDA	37.7	41.6	48.6	48.0	62.6	75.8	78.9	88.1
Change (%)	17.8	10.5	16.7	-1.1	30.3	21.2	4.0	11.7
Margin (%)	19.6	20.6	22.4	16.5	18.2	21.4	20.5	20.3
Depreciation	6.2	7.8	7.9	8.2	8.6	8.5	9.7	11.5
Int. and Fin. Charges	1.1	1.0	0.9	1.0	1.4	2.1	2.2	2.1
Other Income	2.3	3.0	3.0	3.8	3.9	6.9	7.0	7.4
Profit before Taxes	32.7	35.8	42.8	42.7	56.4	72.1	74.0	81.9
Change (%)	8.2	9.5	19.3	-0.1	32.1	27.8	2.6	10.6
Margin (%)	17.0	17.7	19.7	14.7	16.4	20.3	19.2	18.9
Tax	9.4	9.5	11.2	11.6	15.1	17.8	18.9	20.9
Deferred Tax	1.6	-1.0	-0.2	-0.6	-0.2	0.1	0.0	0.0
Tax Rate (%)	33.6	23.9	25.7	25.8	26.5	24.8	25.5	25.5
PAT Before Minority	21.7	27.3	31.8	31.7	41.5	54.2	55.1	61.0
Minority Interest	-0.4	-0.5	-0.3	-0.3	-0.9	-1.3	-1.1	-1.0
Adjusted PAT	22.1	27.8	32.1	32.0	42.4	55.6	56.2	62.0
Change (%)	9.2	25.5	15.4	-0.2	32.6	30.9	1.1	10.4
Margin (%)	11.5	13.8	14.8	11.0	12.3	15.7	14.6	14.3
Reported PAT	22.1	27.7	32.1	30.8	42.0	55.6	56.2	62.0

Balance Sheet

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	93.7	100.3	127.1	137.2	159.0	186.3	202.1	223.8
Net Worth	94.7	101.3	128.1	138.1	159.9	187.3	203.1	224.8
Loans	6.2	3.4	3.4	7.8	9.7	11.1	8.8	9.3
Other Liability	12.1	12.0	11.5	11.4	13.2	17.3	19.4	21.8
Minority Interest	3.6	4.0	4.2	3.9	4.5	7.0	8.0	9.0
Capital Employed	116.6	120.7	147.2	161.1	187.3	222.6	239.3	264.9
Gross Block	67.0	69.9	71.9	73.9	78.7	92.6	111.7	126.7
Less: Accum. Depn.	13.9	19.6	24.8	30.2	35.4	43.9	53.6	65.1
Net Fixed Assets	53.0	50.3	47.1	43.7	43.3	48.7	58.1	61.6
Capital WIP	2.1	1.4	1.8	4.3	10.2	27.0	13.5	13.5
Right to Use Assets	8.7	9.2	8.5	9.1	12.1	18.6	18.6	18.6
Investments	25.7	20.2	47.4	32.5	42.6	45.9	52.8	60.7
Current	11.7	5.1	32.7	21.8	27.0	32.0	38.2	45.4
Non-current	13.9	15.1	14.7	10.7	15.6	13.8	14.5	15.3
Curr. Assets, L&A	69.7	77.1	95.8	137.7	147.3	154.7	183.3	208.0
Inventory	31.5	33.9	38.0	61.5	62.1	59.2	62.2	70.0
Account Receivables	19.1	18.0	26.1	38.7	46.4	48.9	37.9	42.7
Cash and Bank Balance	4.4	7.8	6.1	8.6	8.4	10.8	42.2	46.5
Others	14.7	17.3	25.6	28.7	30.3	35.7	41.0	48.8
Curr. Liab. and Prov.	45.9	40.7	56.3	68.5	70.5	76.4	91.1	101.6
Account Payables	23.9	21.4	33.8	41.6	36.4	38.3	48.1	54.4
Other Liabilities	19.6	16.9	19.5	24.0	31.1	35.2	38.8	42.6
Provisions	2.3	2.4	3.0	2.9	3.0	2.9	4.2	4.6
Net Current Assets	23.9	36.4	39.4	69.2	76.8	78.3	92.2	106.4
Goodwill on Cons.	3.2	3.2	3.0	2.4	2.3	4.2	4.2	4.2
Application of Funds	116.6	120.7	147.2	161.1	187.3	222.6	239.3	264.9

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)								
EPS	23.1	29.0	33.4	33.4	44.2	57.9	58.6	64.7
Cash EPS	29.6	37.1	41.7	41.9	53.2	66.8	68.7	76.6
BV/Share	98.7	105.6	133.5	144.0	166.7	195.2	211.7	234.3
DPS	10.7	21.8	4.9	18.2	25.6	44.0	41.0	41.0
Payout %	46.4	75.3	14.5	54.4	58.0	75.9	70.0	63.4
Valuation (x)								
P/E	117.4	93.5	81.1	81.2	61.2	46.8	46.3	41.9
Cash P/E	91.7	73.0	65.0	64.7	50.9	40.5	39.4	35.4
EV/Sales	13.4	12.7	11.7	8.8	7.4	7.2	6.5	5.8
EV/EBITDA	68.4	61.9	52.5	53.4	40.9	33.7	31.9	28.4
P/BV	27.4	25.7	20.3	18.8	16.3	13.9	12.8	11.6
Dividend Yield (%)	0.4	0.8	0.2	0.7	0.9	1.6	1.5	1.5
Return Ratios (%)								
RoE	24.8	28.4	28.0	24.0	28.5	32.0	28.8	29.0
RoCE	21.0	23.6	24.2	21.0	24.4	27.2	24.6	24.8
RoIC	22.1	23.2	24.1	20.6	25.1	28.6	28.0	29.4
Working Capital Ratios								
Debtor (Days)	36	32	44	49	49	50	36	36
Asset Turnover (x)	1.6	1.7	1.5	1.8	1.8	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

Cash Flow Statement

(INR b)

Y/E March	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E
OP/(loss) before Tax	33.1	36.3	43.0	41.9	56.9	73.5	74.0	81.9
Depreciation	4.3	7.8	7.9	8.2	8.6	8.5	9.7	11.5
Net interest	-0.3	0.1	0.2	-0.1	0.1	0.2	-4.8	-5.2
Others	-0.9	-0.4	-1.4	-0.3	-1.0	-2.9	0.0	0.0
Direct Taxes Paid	-9.8	-10.1	-10.8	-11.8	-14.9	-18.4	-18.9	-20.9
(Incr)/Decr in WC	-4.3	-7.4	-2.1	-28.0	-7.7	0.1	17.5	-9.9
CF from Operations	22.1	26.3	36.8	9.9	41.9	61.0	77.5	57.3
Incr in FA	-11.3	-3.7	-2.5	-5.0	-12.5	-21.9	-5.6	-15.0
Free Cash Flow	10.8	22.6	34.3	4.9	29.5	39.1	71.9	42.3
Pur of Investments	1.6	-2.5	-3.7	1.0	1.8	0.3	-6.9	-7.9
Others	-3.2	7.9	-25.8	14.8	-10.1	-7.2	7.0	7.4
CF from Invest.	-12.9	1.7	-32.1	10.7	-20.7	-28.8	-5.5	-15.5
Incr in Debt	0.6	-2.6	0.3	3.2	2.4	0.0	-2.3	0.5
Dividend Paid	-10.5	-21.2	-5.0	-17.6	-19.4	-25.5	-39.3	-39.3
Net interest Paid	-0.5	-1.0	-0.9	-0.9	-1.4	-1.9	-2.2	-2.1
Others	1.5	0.2	-0.9	-2.8	-3.0	-2.4	3.2	3.4
CF from Fin. Activity	-8.8	-24.7	-6.5	-18.1	-21.4	-29.8	-40.7	-37.5
Incr/Decr of Cash	0.4	3.4	-1.7	2.5	-0.2	2.4	31.3	4.3
Add: Opening Balance	4.0	4.4	7.8	6.1	8.6	8.4	10.8	42.2
Closing Balance	4.4	7.8	6.1	8.6	8.4	10.8	42.2	46.5

E: MOFSL Estimates

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