

Estimate change	
TP change	
Rating change	

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USDb)	2208.6 / 25.8
52-Week Range (INR)	3395 / 2125
1, 6, 12 Rel. Per (%)	-12/-17/-28
12M Avg Val (INR M)	3723

**Financials & Valuations (INR b)**

Y/E March	2025	2026E	2027E
Sales	339.1	364.1	402.8
Sales Gr. (%)	-4.5	7.4	10.6
EBITDA	60.1	67.0	77.6
EBIT Margin (%)	17.7	18.4	19.3
Adj. PAT	40.7	45.7	54.3
Adj. EPS (INR)	42.5	47.7	56.7
EPS Gr. (%)	-26.7	12.3	18.8
BV/Sh.(INR)	202.2	207.9	222.2
<b>Ratios</b>			
RoE (%)	21.4	23.3	26.3
RoCE (%)	18.2	19.9	22.2
Payout (%)	103.6	86.0	72.4
<b>Valuation</b>			
P/E (x)	54.2	48.3	40.7
P/BV (x)	11.4	11.1	10.4
EV/EBITDA (x)	36.0	32.0	27.5
Div. Yield (%)	1.9	1.8	1.8

**Shareholding Pattern (%)**

As On	Mar-25	Dec-24	Mar-24
Promoter	52.6	52.6	52.6
DII	15.6	14.1	11.7
FII	12.3	13.7	15.9
Others	19.5	19.7	19.8

FII includes depository receipts

**CMP: INR2,303 TP: INR2,500 (+9%) Neutral**
**Demand concerns persist; weak margin delivery**

- Asian Paints (APNT) posted a weak 4QFY25, with consolidated/standalone revenue declining 4%/5% YoY (lower than est). Domestic volume grew 1.8% YoY. Muted demand conditions coupled with downtrading and increased competitive intensity have been adversely impacting revenue performance. International business revenue dipped 1.5% (+6% in CC terms).
- Gross margin improved 20bp YoY and 150bp QoQ to 43.9%, aided by moderating RM costs. EBITDA margin remained weak and contracted 220bp YoY to 17.2%. EBITDA declined sharply by 15% YoY (est. -10%) to INR14.4b.
- Management expects a gradual demand recovery ahead. APNT is targeting to achieve a single-digit revenue growth in FY26. The company maintains an EBITDA margin guidance of 18-20%.
- The stock has massively underperformed (a 20% fall in the last one year) owing to a sharp cut in earnings. Considering the uncertainty of demand recovery in the near term, the performance worries continue. Moderation in RM prices is a positive for the business; however, growth recovery will remain critical for a rebound in the stock performance. Industry volume recovery and competitive strategy on pricing/incentives will be the key monitorables. Amid the uncertainty, we reiterate our **Neutral rating with a TP of INR2,500 (based on 45x FY27E EPS)**.

**Performance below estimates; domestic volume inched up 2% YoY**

- Sluggish trends persist:** Consol. net sales declined 4% YoY to INR83.6b (est. INR85.3b) impacted by muted demand conditions, downtrading, and increased competitive intensity. The decorative business (India) clocked a volume growth of 1.8% (est. 4%, 1.6% in 3QFY25), while revenue declined 5% YoY during the quarter.
- Margin contraction:** Gross margin improved 20bp YoY to 43.9% (est. 42.4%). GP was down 4% YoY. Employee expenses rose 3% YoY, and other expenses were up 6% YoY. EBITDA margin contracted 220bp YoY to 17.2% (est. 17.9%).
- Industrial performance relatively better:** The Industrial business recorded a 6.1% growth, driven by strong performance in the General Industrial and Automotive segments. The bath business grew 4% YoY, while the kitchen business revenue declined 16% YoY. White Teak and Weather Seal revenue declined 43% YoY.
- Challenging international macros hurt growth:** International business registered a value decline of 1.5% (6% growth in CC terms) with headwinds from challenging macroeconomic conditions in Africa. Key markets in the Middle East and Asia fared well.
- Double-digit decline in profitability:** EBITDA declined 15% YoY to INR14.4b (est. INR15.2b). PBT dipped 26% YoY to INR11.8b (est. INR13.9b). Adj. PAT decline of 31% YoY to INR8.8b (est. INR10.4b).
- In FY25, net sales, EBITDA, and APAT dipped 5%, 21%, and 27%, respectively.

### Key highlights from the management commentary

- The paint market size would be INR800b with organized players having ~80% value market share.
- 4QFY25 was a tough quarter for APNT, as muted demand conditions and consumer sentiment, coupled with downtrading and increased competitive intensity, hit revenue. The value-volume gap should not be more than 6%, as per the management; however, it exceeded that range in 4Q (~7%). APNT expects the gap to narrow down to their guided levels.
- APNT will focus on providing value to customers and strengthening the brand saliency rather than just discounting or entering a pricing war. Moreover, strengthening backward integration and sourcing efficiencies will aid APNT in investing further in its brands.
- New products contributed to ~14% of overall revenues in Q4FY25. APNT indicated ~60% of NPDs to be in the premium and luxury product range.
- APNT expects demand recovery to take time and to be gradual. It expects T-3/ 4 towns to continue doing better in the near term, as normal monsoon forecasts coupled with continued support from government spending should boost rural demand trends further.
- APNT expects to deliver single-digit value growth in FY26.

### Valuation and view

- We cut our EPS by 4% for FY26 to reflect weak volume growth and pressure on margins.
- APNT remains focused on new launches across price segments and packaging revamps to stay competitive against both organized and unorganized players. The entry of deep-pocketed new players with notable investment commitments could drive shifts in market share and cost structures across the industry.
- We remain cautious about both value growth and margin for FY26. Despite a correction in the stock, demand and competitive pressure still hover around earnings. **Reiterate Neutral with a TP of INR2,500 (based on 45x FY27E EPS).**

### Quarterly Performance (Consol.)

Y/E March	(INR m)											
	FY24				FY25E				FY24	FY25E	FY25E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Est. Dom. Deco. Vol. growth (%)</b>	10.0	6.0	12.0	10.0	7.0	-0.5	1.6	1.8	9.5	2.5	4.0	
<b>Net Sales</b>	91,823	84,786	91,031	87,308	89,697	80,275	85,494	83,589	3,54,947	3,39,056	85,275	-2.0%
Change (%)	6.7	0.2	5.4	-0.6	-2.3	-5.3	-6.1	-4.3	2.9	-4.5	-2.3	
<b>Gross Profit</b>	39,419	36,771	39,695	38,160	38,152	32,732	36,291	36,724	1,54,045	1,43,898	36,128	
Gross Margin (%)	42.9	43.4	43.6	43.7	42.5	40.8	42.4	43.9	43.4	42.4	42.4	
<b>EBITDA</b>	21,213	17,162	20,561	16,914	16,938	12,395	16,367	14,362	75,850	60,062	15,249	-5.8%
Margin (%)	23.1	20.2	22.6	19.4	18.9	15.4	19.1	17.2	21.4	17.7	17.9	
Change (%)	36.3	39.8	27.6	-9.3	-20.2	-27.8	-20.4	-15.1	21.2	-20.8	-9.8	
<b>Interest</b>	458	509	544	541	554	630	558	528	2,052	2,270	535	
<b>Depreciation</b>	1,983	2,087	2,204	2,256	2,277	2,420	2,556	3,011	8,530	10,263	2,583	
<b>Other Income</b>	1,971	1,652	1,386	1,871	1,562	1,736	1,430	999	6,880	5,726	1,808	
<b>PBT</b>	20,743	16,218	19,199	15,988	15,669	11,081	14,683	11,822	72,148	53,255	13,940	-15.2%
Tax	5,301	4,186	4,926	3,488	4,168	2,654	3,897	3,214	17,901	13,934	3,124	
Effective Tax Rate (%)	25.6	25.8	25.7	21.8	26.6	23.9	26.5	27.2	24.8	26.2	22.4	
<b>Adjusted PAT</b>	15,749	12,324	14,752	12,753	11,868	8,738	11,284	8,838	55,577	40,728	10,378	-14.8%
Change (%)	48.5	53.3	34.5	-0.6	-24.6	-29.1	-23.5	-30.7	30.9	-26.7	-18.6	

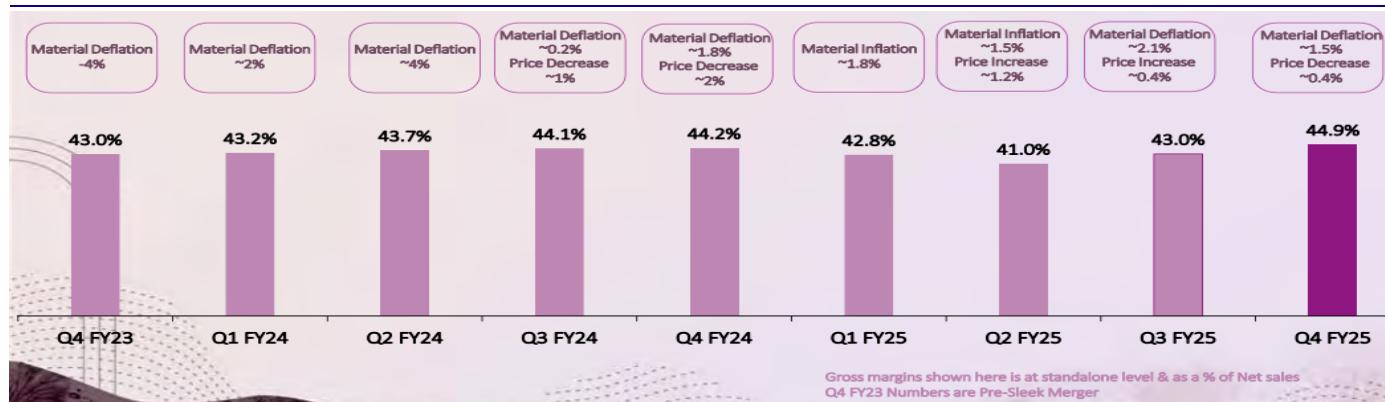
E: MOFSL Estimates

### Standalone performance

- Standalone net sales declined 5% YoY to INR71.9b.
- Gross margin improved 70bp YoY to 45.2%, while EBITDA margin contracted 210bp YoY to 18.4% on account of higher other expenses.
- EBITDA declined 15% YoY to INR13.2b.
- PBT decreased 24% YoY to INR11.6b.
- Adj. PAT was down 28% YoY to INR7.7b.
- In FY25, net sales, EBITDA, and APAT dipped 5%, 21%, and 27%, respectively.

Quarterly Performance (Standalone)		(INR m)							
Y/E March		FY24			FY25				
		1Q	2Q	3Q	4Q	1Q	2Q		
<b>Net Sales</b>		<b>81,140</b>	<b>73,422</b>	<b>79,130</b>	<b>75,775</b>	<b>78,816</b>	<b>68,684</b>	<b>73,205</b>	<b>71,924</b>
Change (%)		7.0	0.0	5.2	-0.6	-2.9	-6.5	-7.5	-5.1
<b>Gross Profit</b>		<b>35,357</b>	<b>32,387</b>	<b>35,136</b>	<b>33,751</b>	<b>33,973</b>	<b>28,416</b>	<b>31,785</b>	<b>32,516</b>
Gross Margin (%)		43.6	44.1	44.4	44.5	43.1	41.4	43.4	45.2
<b>EBITDA</b>		<b>19,998</b>	<b>15,847</b>	<b>18,971</b>	<b>15,542</b>	<b>15,930</b>	<b>11,222</b>	<b>15,084</b>	<b>13,242</b>
Margin (%)		24.6	21.6	24.0	20.5	20.2	16.3	20.6	18.4
Change (%)		36.7	42.1	26.9	-11.1	-20.3	-29.2	-20.5	-14.8
Interest		263	275	310	329	304	390	328	340
Depreciation		1,721	1,789	1,900	1,959	1,957	2,073	2,214	2,694
Other Income		2,168	1,723	2,381	1,968	2,256	1,816	2,265	1,380
<b>PBT</b>		<b>20,182</b>	<b>15,506</b>	<b>19,142</b>	<b>15,221</b>	<b>15,924</b>	<b>10,574</b>	<b>14,807</b>	<b>11,588</b>
Tax		5,098	3,904	4,707	3,128	4,000	2,553	3,721	2,847
Effective Tax Rate (%)		25.3	25.2	24.6	20.5	25.1	24.1	25.1	24.6
<b>Adjusted PAT</b>		<b>15,084</b>	<b>11,603</b>	<b>14,435</b>	<b>12,094</b>	<b>11,924</b>	<b>8,021</b>	<b>11,086</b>	<b>8,741</b>
Change (%)		48.3	52.0	32.9	-2.0	-20.9	-30.9	-23.2	-27.7

Exhibit 1: Material deflation and price hikes taken by the company



Sources: Company reports



## Highlights from the management commentary

### India Business

- Paint market size would be INR800b with organized players having ~80% value market share.
- 4QFY25 was a tough quarter for APNT as muted demand conditions and consumer sentiment, coupled with downtrading, and increased competitive intensity impacted revenue.
- Value volume gap should not be more than 6% as per APNT, however, it exceeded that range in 4Q (~7%). They expect the gap to narrow down to their guided levels.
- APNT has seen some postponement of repainting, given the inflationary pressure on summers, few are downtrading as well.
- T3/4 markets are doing better than T1 and metros.
- The management stated that the decorative business is far more impacted than the industrial business.
- The Industrial Business recorded ~6% growth, driven by strong performance in the General Industrial and Automotive segments.
- Distribution expansion continued with 1.69 lac touch points.
- On competition: APNT will focus on providing value to customers and strengthening the brand saliency rather than just discounting or entering a pricing war. Moreover, strengthening backward integration and sourcing efficiencies will aid APNT to invest further in its brands.
- New Launches: APNT has focused on revamping the packaging with a premium look across the luxury, premium, and economy range of products. A lot of premium products launch, Apex Ultima Protek with 12 12-year warranty. Future of waterproofing – ‘Smartcare Infinia’ with 25 years of waterproofing warranty for terraces. There is also a range of regional packs (Gujarat, Tamil Nadu, Karnataka, UP, and Uttarakhand) under Smartcare Damp proof. Also launched a new campaign for Ace Exterior Emulsion to target the bottom of the pyramid, value customers.
- New products contributed to ~14% of overall revenues in Q4FY25. The management indicated ~60% of NPDs to be in the premium and luxury product range.
- Mid to luxury homes demand is picking up, which will aid demand for APNT premium products as well.
- Beautiful Homes Painting Services & Trusted Contractor Services continues to grow strongly.
- Home Décor (~ 4.5% of decorative revenue) saw muted performance as discretionary spending under pressure. White Teak sales are impacted by BIS challenges as it is mainly imported from China.
- Beautiful Homes Signature Store launched in Mumbai - Borivali, spread across 14k sqft. and Bandra, spread across 15k sqft. Similarly, it launched in Surat with 13k sqft.
- Projects/Institutional Business is witnessing a healthy demand driven by the Factories & Builders' segment. Moreover, traction is sustained in the government segment since 3QFY25.

- In Industrial Business, PPGAP saw broad-based growth with general industrial and automotive segments both doing well. However, saw a dip in PBT margins YoY on the back of higher investments in the sales network.
- APPPG saw strong revenue growth in 4QFY25. However, the tight pricing environment continued to impact profits.

### International Business

- Q4 international business revenue dipped 1.5% in INR terms, growing 6% in constant currency terms. FY25 revenues remained flat YoY in INR terms.
- Africa's performance was impacted by currency devaluation, high inflation in Egypt & Ethiopia.
- The Middle East saw strong double-digit growth, especially in the UAE, which is a key growth market for APNT.
- Asia: Single-digit revenue growth; Continued recovery seen in Sri Lanka & Nepal; Macroeconomic conditions a concern in Bangladesh.
- In 4QFY25, the profitability was impacted due to higher costs on currency devaluation in key markets.

### Near-term outlook

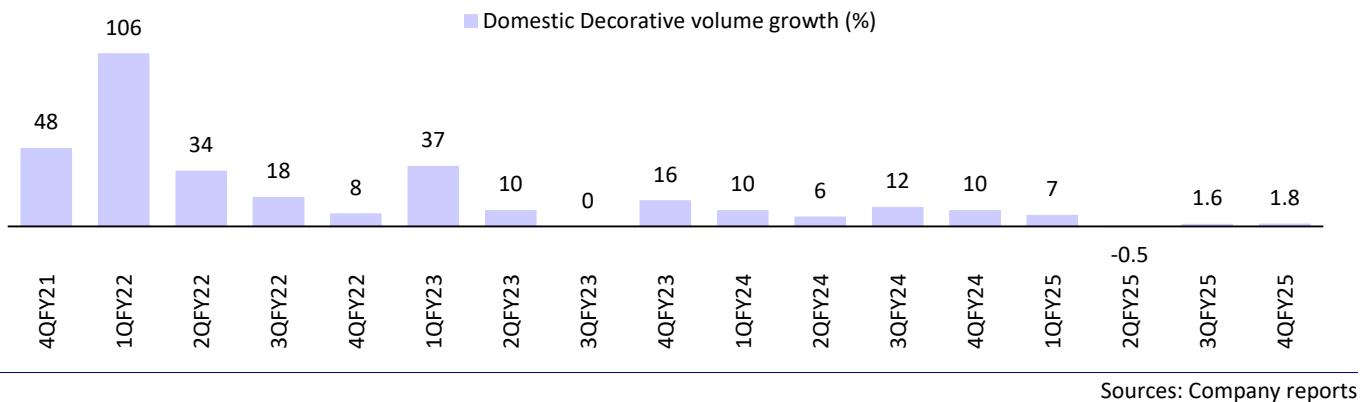
- APNT expects demand recovery to take time and will be gradual. They expect T3/4 towns to continue doing better in the near term, as normal monsoon forecast coupled with continued support from Government spending should support rural demand trends further.
- They expect competitive intensity to remain elevated.
- The geopolitical situation remains uncertain across many geographies. Flux in world trade order with the tariff war expected to persist.
- While the company expects some softening in raw material prices, they are keeping an eye on INR recovery.
- APNT expects to deliver single-digit value growth in FY26.
- The company maintains 18-20% EBITDA margin guidance for the medium term.

### Capex

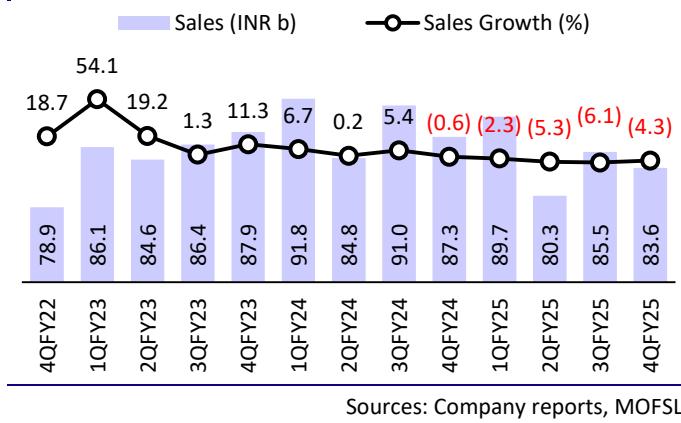
- Backward integration projects (VAM-VAE & White Cement) remain on track. The white cement plant will be operational by June 2025, which would further improve cost efficiency as well as enhance capability to bring out differentiated products with unique specs, venturing into cements. The VAM project is set to be fully operational by March 2027.
- Capex to be INR7-8b for FY27 and FY28 each.

## Key exhibits

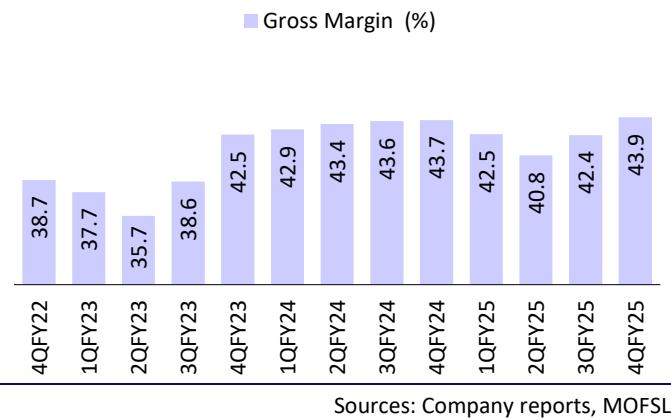
### Exhibit 2: Domestic business volume up marginally by 1.8% YoY in 4QFY25



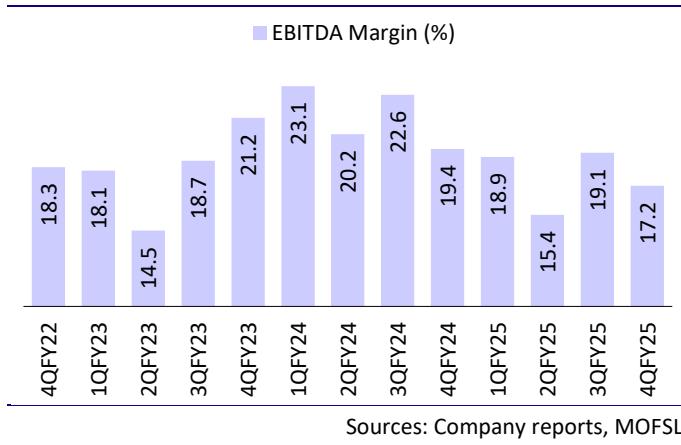
### Exhibit 3: Consolidated sales declined 4% YoY to INR83.6b



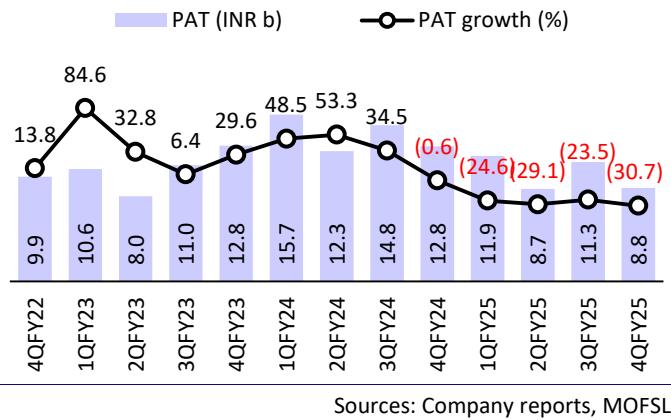
### Exhibit 4: Gross margin improved 20bp YoY to 43.9%



### Exhibit 5: EBITDA margin contacted 220bp YoY to 17.2% in 4QFY25



### Exhibit 6: PAT declined ~31% YoY to INR8.8b in 4QFY25



### Valuation and view

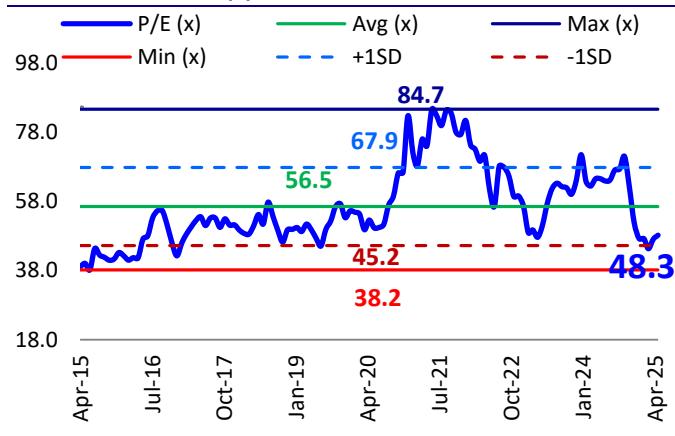
- We cut our EPS by 4% for FY26 to reflect weak volume growth and pressure on margins.
- APNT remains focused on new launches across price segments and packaging revamps to stay competitive against both organized and unorganized players. The entry of deep-pocketed new players with notable investment commitments could drive shifts in market share and cost structures across the industry.
- We remain cautious about both value growth and margin for FY26. Despite a correction in the stock, demand and competitive pressure still hover around earnings. **Reiterate Neutral with a TP of INR2,500 (based on 45x FY27E EPS).**

**Exhibit 7: We cut our EPS estimates by 4% in FY26**

INR b	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Sales</b>	364.1	402.8	366.1	405.0	-0.6	-0.5
<b>EBITDA</b>	67.0	77.6	67.9	76.5	-1.4	1.5
<b>PAT</b>	45.7	54.3	47.6	54.3	-3.9	0.0

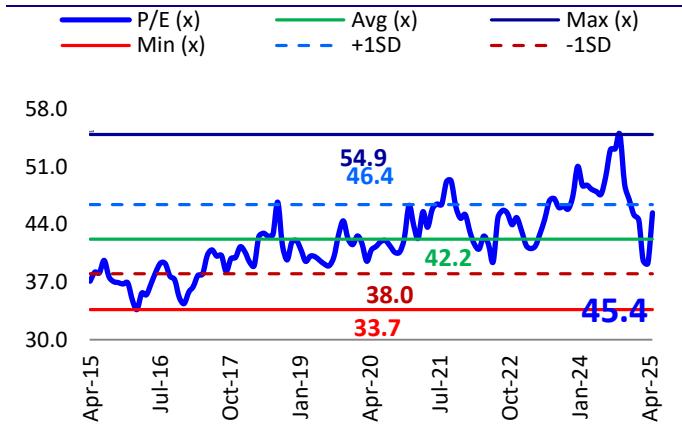
Sources: Company reports, MOFSL

**Exhibit 8: P/E ratio (x) for APNT**



Sources: Bloomberg, company reports, MOFSL

**Exhibit 9: P/E ratio for the Consumer sector**



Sources: Bloomberg, company reports, MOFSL

## Financials and valuations

### Income Statement consol.

	(INR m)								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Net Sales</b>	<b>1,92,401</b>	<b>2,02,113</b>	<b>2,17,128</b>	<b>2,91,013</b>	<b>3,44,886</b>	<b>3,54,947</b>	<b>3,39,056</b>	<b>3,64,094</b>	<b>4,02,811</b>
Change (%)	14.4	5.0	7.4	34.0	18.5	2.9	-4.5	7.4	10.6
Raw Materials	1,12,646	1,13,835	1,20,972	1,83,008	2,11,565	2,00,902	1,95,158	2,07,689	2,28,602
<b>Gross Profit</b>	<b>79,756</b>	<b>88,278</b>	<b>96,156</b>	<b>1,08,005</b>	<b>1,33,321</b>	<b>1,54,045</b>	<b>1,43,898</b>	<b>1,56,405</b>	<b>1,74,210</b>
Margin (%)	41.5	43.7	44.3	37.1	38.7	43.4	42.4	43.0	43.2
Operating Expenses	42,100	46,660	47,600	59,969	70,723	78,195	83,836	89,392	96,577
<b>EBITDA</b>	<b>37,655</b>	<b>41,618</b>	<b>48,556</b>	<b>48,036</b>	<b>62,598</b>	<b>75,850</b>	<b>60,062</b>	<b>67,013</b>	<b>77,633</b>
Change (%)	17.8	10.5	16.7	-1.1	30.3	21.2	-20.8	11.6	15.8
Margin (%)	19.6	20.6	22.4	16.5	18.2	21.4	17.7	18.4	19.3
Depreciation	6,221	7,805	7,913	8,164	8,580	8,530	10,263	11,658	12,162
Int. and Fin. Charges	1,053	1,023	916	954	1,445	2,052	2,270	1,773	1,542
Other Income	2,330	3,043	3,031	3,800	3,865	6,880	5,726	6,470	7,247
<b>Profit before Taxes</b>	<b>32,712</b>	<b>35,833</b>	<b>42,758</b>	<b>42,719</b>	<b>56,438</b>	<b>72,148</b>	<b>53,255</b>	<b>60,052</b>	<b>71,176</b>
Change (%)	8.2	9.5	19.3	-0.1	32.1	27.8	-26.2	12.8	18.5
Margin (%)	17.0	17.7	19.7	14.7	16.4	20.3	15.7	16.5	17.7
Tax	9,428	9,501	11,218	11,644	15,108	17,847	13,756	15,313	18,150
Deferred Tax	1,553	-953	-242	-614	-173	54	178	0	0
Tax Rate (%)	33.6	23.9	25.7	25.8	26.5	24.8	26.2	25.5	25.5
<b>PAT Before Minority</b>	<b>21,731</b>	<b>27,284</b>	<b>31,782</b>	<b>31,689</b>	<b>41,503</b>	<b>54,247</b>	<b>39,321</b>	<b>44,739</b>	<b>53,026</b>
Minority Interest	-407	-507	-286	-316	-939	-1,330	-1,407	-1,007	-1,314
<b>Adjusted PAT</b>	<b>22,138</b>	<b>27,791</b>	<b>32,068</b>	<b>32,005</b>	<b>42,442</b>	<b>55,577</b>	<b>40,728</b>	<b>45,746</b>	<b>54,340</b>
Change (%)	9.2	25.5	15.4	-0.2	32.6	30.9	-26.7	12.3	18.8
Margin (%)	11.5	13.8	14.8	11.0	12.3	15.7	12.0	12.6	13.5
Exceptional/Prior Period inc	-58	-50	0	-1,157	-489	0	-3,631	0	0
<b>Reported PAT</b>	<b>22,080</b>	<b>27,742</b>	<b>32,068</b>	<b>30,848</b>	<b>41,953</b>	<b>55,577</b>	<b>37,097</b>	<b>45,746</b>	<b>54,340</b>

### Balance Sheet

	(INR m)								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	959	959	959	959	959	959	959	959	959
Reserves	93,746	1,00,342	1,27,104	1,37,156	1,58,963	1,86,324	1,93,039	1,98,450	2,12,149
<b>Net Worth</b>	<b>94,706</b>	<b>1,01,302</b>	<b>1,28,063</b>	<b>1,38,116</b>	<b>1,59,922</b>	<b>1,87,283</b>	<b>1,93,998</b>	<b>1,99,410</b>	<b>2,13,108</b>
Loans	6,156	3,401	3,402	7,757	9,722	11,071	8,638	7,711	7,710
Other Liability	12,137	11,984	11,538	11,362	13,158	17,306	18,609	20,817	23,356
Minority Interest	3,613	4,035	4,229	3,875	4,537	6,954	6,592	7,599	8,913
<b>Capital Employed</b>	<b>1,16,611</b>	<b>1,20,722</b>	<b>1,47,232</b>	<b>1,61,109</b>	<b>1,87,339</b>	<b>2,22,614</b>	<b>2,27,837</b>	<b>2,35,536</b>	<b>2,53,088</b>
Gross Block	66,983	69,895	71,910	73,895	78,693	92,604	1,25,724	1,29,693	1,39,693
Less: Accum. Depn.	13,942	19,573	24,807	30,191	35,362	43,892	54,156	65,814	77,975
<b>Net Fixed Assets</b>	<b>53,041</b>	<b>50,322</b>	<b>47,103</b>	<b>43,705</b>	<b>43,331</b>	<b>48,712</b>	<b>71,568</b>	<b>63,879</b>	<b>61,718</b>
Capital WIP	2,097	1,402	1,830	4,264	10,196	26,984	12,545	12,545	12,545
Right to Use Assets	8,711	9,201	8,456	9,058	12,089	18,563	18,437	18,437	18,437
<b>Investments</b>	<b>25,686</b>	<b>20,189</b>	<b>47,368</b>	<b>32,475</b>	<b>42,617</b>	<b>45,879</b>	<b>47,248</b>	<b>54,335</b>	<b>62,485</b>
Current	11,745	5,125	32,671	21,807	26,970	32,034	32,450	38,797	46,170
Non-current	13,941	15,064	14,697	10,668	15,647	13,845	14,798	15,538	16,315
<b>Curr. Assets, L&amp;A</b>	<b>69,740</b>	<b>77,066</b>	<b>95,770</b>	<b>1,37,654</b>	<b>1,47,276</b>	<b>1,54,679</b>	<b>1,51,559</b>	<b>1,68,049</b>	<b>1,88,084</b>
Inventory	31,499	33,898	37,986	61,530	62,106	59,234	67,193	67,831	75,044
Account Receivables	19,134	17,994	26,051	38,738	46,391	48,908	43,224	44,888	49,662
Cash and Bank Balance	4,449	7,828	6,108	8,643	8,438	10,840	7,820	17,242	17,791
Others	14,659	17,345	25,626	28,743	30,340	35,696	33,323	38,087	45,588
<b>Curr. Liab. and Prov.</b>	<b>45,878</b>	<b>40,658</b>	<b>56,322</b>	<b>68,475</b>	<b>70,455</b>	<b>76,394</b>	<b>75,716</b>	<b>83,905</b>	<b>92,376</b>
Account Payables	23,943	21,366	33,787	41,643	36,354	38,313	38,480	42,107	46,347
Other Liabilities	19,617	16,860	19,538	23,952	31,051	35,230	33,986	37,385	41,124
Provisions	2,318	2,432	2,996	2,880	3,049	2,850	3,249	4,413	4,906
<b>Net Current Assets</b>	<b>23,863</b>	<b>36,408</b>	<b>39,449</b>	<b>69,179</b>	<b>76,821</b>	<b>78,285</b>	<b>75,843</b>	<b>84,144</b>	<b>95,708</b>
Goodwill on Cons.	3,213	3,200	3,026	2,429	2,285	4,192	2,196	2,196	2,196
<b>Application of Funds</b>	<b>1,16,611</b>	<b>1,20,722</b>	<b>1,47,232</b>	<b>1,61,109</b>	<b>1,87,339</b>	<b>2,22,614</b>	<b>2,27,837</b>	<b>2,35,536</b>	<b>2,53,088</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>									
EPS	<b>23.1</b>	<b>29.0</b>	<b>33.4</b>	<b>33.4</b>	<b>44.2</b>	<b>57.9</b>	<b>42.5</b>	<b>47.7</b>	<b>56.7</b>
Cash EPS	29.6	37.1	41.7	41.9	53.2	66.8	53.2	59.8	69.3
BV/Share	98.7	105.6	133.5	144.0	166.7	195.2	202.2	207.9	222.2
DPS	10.7	21.8	4.9	18.2	25.6	44.0	44.0	41.0	41.0
Payout %	46.4	75.3	14.5	54.4	58.0	75.9	103.6	86.0	72.4
<b>Valuation (x)</b>									
P/E	99.8	79.5	68.9	69.0	52.0	39.7	54.2	48.3	40.7
Cash P/E	77.9	62.1	55.3	55.0	43.3	34.5	43.3	38.5	33.2
EV/Sales	11.4	10.8	9.9	7.5	6.3	6.1	6.4	5.9	5.3
EV/EBITDA	58.0	52.5	44.5	45.3	34.6	28.5	36.0	32.0	27.5
P/BV	23.3	21.8	17.2	16.0	13.8	11.8	11.4	11.1	10.4
Dividend Yield (%)	0.5	0.9	0.2	0.8	1.1	1.9	1.9	1.8	1.8
<b>Return Ratios (%)</b>									
RoE	24.8	28.4	28.0	24.0	28.5	32.0	21.4	23.3	26.3
RoCE	21.0	23.6	24.2	21.0	24.4	27.2	18.2	19.9	22.2
RoIC	22.1	23.2	24.1	20.6	25.1	28.6	18.7	20.0	22.8
<b>Working Capital Ratios</b>									
Debtor (Days)	36	32	44	49	49	50	47	45	45
Asset Turnover (x)	1.6	1.7	1.5	1.8	1.8	1.6	1.5	1.5	1.6
<b>Leverage Ratio</b>									
Debt/Equity (x)	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0

### Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>(INR m)</b>									
OP/(loss) before Tax	33,107	36,283	43,044	41,877	56,888	73,478	51,031	60,052	71,176
Depreciation	4,307	7,819	7,913	8,164	8,580	8,530	10,263	11,658	12,162
Net interest	-282	96	165	-125	102	151	265	-4,697	-5,705
Others	-896	-401	-1,426	-342	-972	-2,873	-2,152	0	0
Direct Taxes Paid	-9,820	-10,108	-10,797	-11,757	-14,943	-18,351	-13,955	-15,313	-18,150
(Incr)/Decr in WC	-4,274	-7,371	-2,065	-27,952	-7,721	101	-5,702	1,122	-11,015
<b>CF from Operations</b>	<b>22,143</b>	<b>26,319</b>	<b>36,834</b>	<b>9,865</b>	<b>41,934</b>	<b>61,036</b>	<b>39,751</b>	<b>52,821</b>	<b>48,468</b>
Incr in FA	-11,336	-3,669	-2,543	-4,987	-12,475	-21,939	-17,952	-3,969	-10,000
<b>Free Cash Flow</b>	<b>10,807</b>	<b>22,650</b>	<b>34,291</b>	<b>4,878</b>	<b>29,460</b>	<b>39,097</b>	<b>21,799</b>	<b>48,852</b>	<b>38,468</b>
Pur of Investments	1,602	-2,536	-3,679	973	1,813	283	-9	-7,087	-8,150
Others	-3,177	7,918	-25,829	14,761	-10,077	-7,153	3,293	6,470	7,247
<b>CF from Invest.</b>	<b>-12,911</b>	<b>1,713</b>	<b>-32,050</b>	<b>10,747</b>	<b>-20,739</b>	<b>-28,809</b>	<b>-14,668</b>	<b>-4,586</b>	<b>-10,903</b>
Incr in Debt	631	-2,614	257	3,247	2,382	31	-130	-927	0
Dividend Paid	-10,487	-21,207	-4,994	-17,628	-19,361	-25,509	-31,402	-39,327	-39,327
Net interest Paid	-512	-1,009	-893	-936	-1,420	-1,906	-2,032	-1,773	-1,542
Others	1,539	178	-875	-2,759	-3,003	-2,441	5,461	3,215	3,853
<b>CF from Fin. Activity</b>	<b>-8,830</b>	<b>-24,652</b>	<b>-6,504</b>	<b>-18,076</b>	<b>-21,401</b>	<b>-29,825</b>	<b>-28,103</b>	<b>-38,813</b>	<b>-37,016</b>
<b>Incr/Decr of Cash</b>	<b>402</b>	<b>3,380</b>	<b>-1,721</b>	<b>2,536</b>	<b>-205</b>	<b>2,402</b>	<b>-3,020</b>	<b>9,422</b>	<b>549</b>
Add: Opening Balance	4,047	4,449	7,828	6,108	8,643	8,438	10,840	7,820	17,242
<b>Closing Balance</b>	<b>4,449</b>	<b>7,828</b>	<b>6,108</b>	<b>8,643</b>	<b>8,438</b>	<b>10,840</b>	<b>7,820</b>	<b>17,242</b>	<b>17,791</b>

E: MOFSL Estimates

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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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