

# Asian Paints

Estimate change



TP change



Rating change



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Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USD\$)	2980.8 / 37.4
52-Week Range (INR)	3588 / 2560
1, 6, 12 Rel. Per (%)	8/3/-3
12M Avg Val (INR M)	4229

## Financials & Valuations (INR b)

Y/E March	2022	2023E	2024E
Sales	291.0	361.7	408.8
Sales Gr. (%)	34.0	24.3	13.0
EBITDA	48.0	69.5	84.0
EBIT Margin (%)	16.5	19.2	20.5
Adj. PAT	32.0	47.5	58.5
Adj. EPS (INR)	33.4	49.5	61.0
EPS Gr. (%)	-0.2	48.3	23.3
BV/Sh.(INR)	144.0	160.8	178.1

## Ratios

RoE (%)	24.0	32.5	36.0
RoCE (%)	21.0	28.3	31.5
Payout (%)	54.4	72.7	72.1

## Valuation

P/E (x)	93.1	62.8	50.9
P/BV (x)	21.6	19.3	17.4
EV/EBITDA (x)	61.4	41.9	34.6
Div. Yield (%)	0.6	1.2	1.4

## Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	52.6	52.6	52.8
DII	8.5	7.6	7.3
FII	18.6	19.5	20.7
Others	20.4	20.3	19.2

FII Includes depository receipts

**CMP: INR3,108**
**TP: INR3,170 (+2%)**
**Neutral**

## Healthy demand growth leads revenue beat, valuations expensive

- The momentum witnessed in Feb-Mar'22 sustained in 1QFY23, leading to a 10-12% beat in sales/EBITDA/PAT v/s our expectations.
- EBITDA margin was in line with our forecasts and as expected ([highlighted in our channel check note](#)) was supported by ongoing mix improvements, even as commodity cost pressures sustained at higher levels in 1QFY23.
- The current valuations (~50.9x FY24E P/E) fully capture the upside over the next one-year. We maintain our **Neutral** rating.

## Sales led earnings beat

- **Net sales grew 54.1% YoY to INR86.1b (est. INR78.2b).** Volume growth stood at 37% (est. 26%) in the domestic Decorative Paints business.
- Gross margin fell 70bp YoY to 37.7%. As a percentage of sales, lower employee costs/other expenses (down 200bp/40bp YoY) led to a 170bp expansion in EBITDA margin to 18.1% (est. 18%).
- EBITDA grew 70.3% YoY to INR15.6b (est. INR14.1b).
- PBT grew 81.5% YoY to INR14.2b (est. INR12.7b).
- Adjusted PAT grew 84.6% YoY to INR10.6b (est. INR9.5b).
- Three-year revenue/EBITDA/PAT CAGR stood at 19%/10.3%/16.3%.

## Key highlights from the management commentary

- Demand in Tier I and II centers is growing faster as was the case in 4QFY22, leading to better mix, especially in sales of products like premium emulsions. Tier III and IV centers are seeing some downtrading due to steep price increases.
- APNT saw a further 6% sequential RM inflation in 1QFY23. It has raised prices by 2% in 1QFY23. Sequential inflation in 2QFY23 is likely to be in low single-digits (and ~25% YoY). While crude oil prices are coming down, the depreciation in the INR v/s the USD is impacting margin, as inflation in other RM.
- APNT is likely to raise prices by 0.5% in the first week of Aug'22. It is taking measured increases so as to not upset the demand environment.
- Gross margin is likely to remain in the 38-40.5% band for some time.

## Valuation and view

- A better-than-expected sales momentum has led to a 3%/8% increase in our FY23/FY24 EPS estimate.
- With the entry of new players with deep pockets and massive commitments on investments, the overall industry may see a shift in demand and margin structure due to the heightened competition. We remain cautious as the sector may not enjoy the higher multiples of the past. APNT has delivered 11.6% earnings CAGR over the past five years (FY17-22), while the stock price has delivered 24.1% CAGR, implying a significant re-rating. We have assumed a FY24 gross/EBITDA margin at the top end of the management's guidance. While we expect RoCE to improve, it will still be lower than the 30-40% recorded in the first half of the decade gone by. The stock remains expensive ~50.9x FY24E P/E. We maintain our Neutral rating with a TP of INR3,170 per share (50x Jun'24E EPS).

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

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## Consolidated quarterly performance

(INR b)

Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Est. Dom. Deco. Vol. growth (%)	106.0	34.0	18.0	8.0	37.0	12.0	7.0	10.0	31.0	10.0	26.0	
<b>Net Sales</b>	<b>55.9</b>	<b>71.0</b>	<b>85.3</b>	<b>78.9</b>	<b>86.1</b>	<b>88.7</b>	<b>98.1</b>	<b>88.8</b>	<b>291.0</b>	<b>361.7</b>	<b>78.2</b>	<b>10.1%</b>
Change (%)	91.1	32.6	25.6	18.7	54.1	25.0	15.0	12.6	34.0	24.3	40.0	
<b>Gross Profit</b>	<b>21.5</b>	<b>24.7</b>	<b>31.3</b>	<b>30.5</b>	<b>32.5</b>	<b>33.7</b>	<b>38.7</b>	<b>36.9</b>	<b>108.0</b>	<b>141.8</b>	<b>29.9</b>	
Gross Margin (%)	38.4	34.7	36.8	38.7	37.7	38.0	39.5	41.6	37.1	39.2	38.2	
<b>EBITDA</b>	<b>9.1</b>	<b>9.0</b>	<b>15.4</b>	<b>14.4</b>	<b>15.6</b>	<b>16.4</b>	<b>19.7</b>	<b>17.8</b>	<b>48.0</b>	<b>69.5</b>	<b>14.1</b>	<b>10.6%</b>
Margin (%)	16.4	12.7	18.1	18.3	18.1	18.5	20.1	20.1	16.5	19.2	18.0	
Change (%)	88.7	-28.5	-13.7	9.5	70.3	81.4	28.0	23.6	-1.1	44.8	54.0	
Interest	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	1.0	1.2	0.3	
Depreciation	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.4	8.2	8.7	2.0	
Other Income	0.9	1.4	0.7	0.8	1.0	1.2	1.1	1.1	3.8	4.3	0.9	
<b>PBT</b>	<b>7.8</b>	<b>8.2</b>	<b>13.8</b>	<b>13.0</b>	<b>14.2</b>	<b>15.2</b>	<b>18.4</b>	<b>16.3</b>	<b>42.7</b>	<b>64.0</b>	<b>12.7</b>	<b>11.9%</b>
Tax	2.0	2.2	3.6	3.2	3.7	3.8	4.6	4.8	11.0	17.0	3.2	
Effective Tax Rate (%)	26.2	27.1	26.3	24.3	26.1	25.2	25.2	29.5	25.8	26.5	25.2	
<b>Adjusted PAT</b>	<b>5.7</b>	<b>6.1</b>	<b>10.3</b>	<b>9.9</b>	<b>10.6</b>	<b>11.3</b>	<b>13.7</b>	<b>11.8</b>	<b>32.0</b>	<b>47.5</b>	<b>9.5</b>	<b>11.9%</b>
Change (%)	161.5	-29.0	-18.5	13.8	84.6	87.5	33.2	19.2	-0.2	48.3	65.0	

E: MOFSL estimates

## Consolidated key performance indicators

Y/E March	FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
<b>Realization growth (%)</b>	<b>-14.9</b>	<b>-1.4</b>	<b>7.6</b>	<b>10.7</b>	<b>17.1</b>	<b>13.0</b>	<b>8.0</b>	<b>2.6</b>
<b>Average growth in the last two years (%)</b>								
Volume	34.0	22.5	25.5	28.0	71.5	23.0	12.5	9.0
Sales	24.2	19.3	25.4	31.1	72.6	28.8	20.3	15.6
EBITDA	15.2	2.0	18.3	31.4	79.5	26.4	7.1	16.6
PAT	47.0	-14.1	21.9	47.5	123.1	29.2	7.3	16.5
<b>Average growth in the last three years (%)</b>								
Volume	28.0	19.7	20.7	19.5	35.0	19.0	19.3	22.0
<b>As a percentage of Sales</b>								
COGS	61.6	65.3	63.2	61.3	62.3	62.0	60.5	58.4
Operating Expenses	22.1	22.0	18.7	20.4	19.6	19.5	19.4	21.5
Depreciation	3.6	2.9	2.4	2.6	2.4	2.4	2.2	2.7
<b>YoY change (%)</b>								
COGS	112.9	55.7	44.7	28.0	55.9	18.8	10.0	7.3
Operating Expenses	49.7	40.6	25.1	3.7	37.0	10.8	19.4	18.5
Other Income	90.3	67.3	-26.7	6.6	10.4	-16.8	53.2	36.6
EBIT	143.3	-34.5	-16.3	12.1	89.0	103.9	31.6	25.1

E: MOFSL estimates

## Standalone performance

- Standalone net sales grew 58.5% YoY to INR75.9b.
- Gross margin declined by 150bp YoY to 38.1% and EBITDA margin expanded by 90bp to 19.3%.
- EBITDA grew 65.8% YoY to INR14.6b.
- PBT grew 72.7% YoY to INR13.7b.
- Adjusted PAT grew 70.7% YoY to INR10.2b.
- Four-year average volume growth stood at 31.8%.

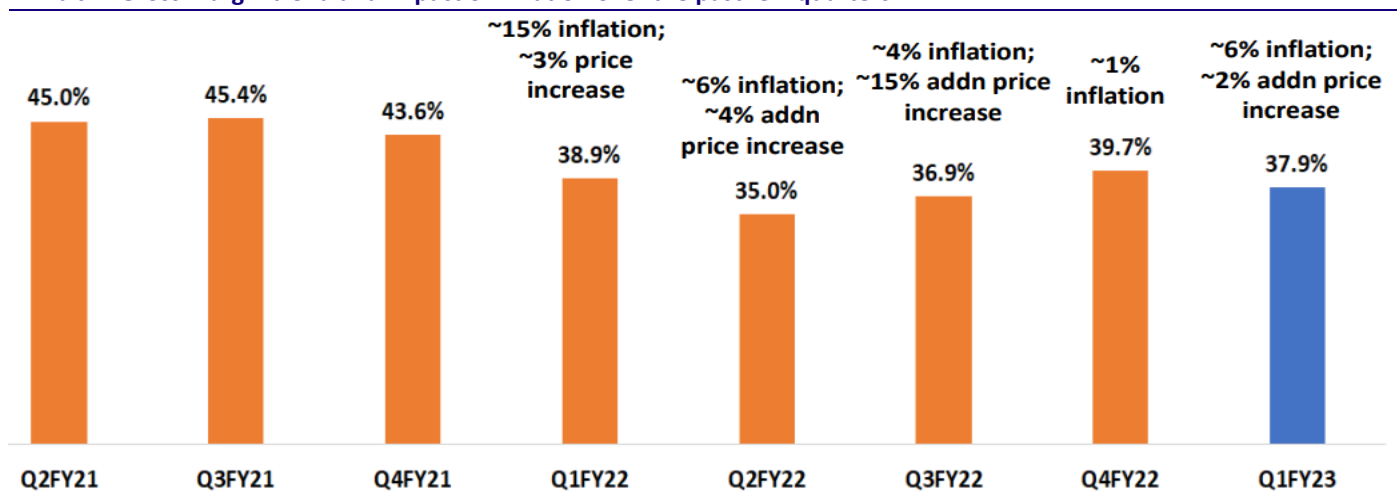
Standalone quarterly performance					(INR m)
Y/E March	FY22				FY23
	1Q	2Q	3Q	4Q	1Q
<b>Net Sales</b>	<b>47,859</b>	<b>61,519</b>	<b>74,911</b>	<b>67,596</b>	<b>75,862</b>
Change (%)	95.6	35.9	27.6	19.2	58.5
<b>Gross Profit</b>	<b>18,934</b>	<b>21,935</b>	<b>28,087</b>	<b>26,840</b>	<b>28,917</b>
Gross Margin (%)	39.6	35.7	37.5	39.7	38.1
<b>EBITDA</b>	<b>8,820</b>	<b>8,749</b>	<b>14,682</b>	<b>13,627</b>	<b>14,626</b>
Margin (%)	18.4	14.2	19.6	20.2	19.3
Change (%)	88.9	-23.9	-11.2	11.5	65.8
Interest	164	181	215	143	199
Depreciation	1,764	1,799	1,840	1,813	1,841
Other Income	1,056	1,525	1,047	891	1,138
<b>PBT</b>	<b>7,949</b>	<b>8,295</b>	<b>13,674</b>	<b>12,563</b>	<b>13,724</b>
Tax	1,988	2,109	3,472	3,026	3,551
Effective Tax Rate (%)	25.0	25.4	25.4	24.1	25.9
<b>Adjusted PAT</b>	<b>5,961</b>	<b>6,186</b>	<b>10,203</b>	<b>9,537</b>	<b>10,173</b>
Change (%)	136.6	-22.0	-14.1	16.4	70.7

### Exhibit 1: Imputed subsidiary quarterly performance

INR m	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Sales	4761.00	8235.00	9157.00	9807.00	7995.00	9442.00	10361.00	11331.00	10207.10
Sales growth (%)	-34.30	6.60	19.90	29.60	67.90	14.60	13.20	15.50	-9.92
EBITDA	173.00	1156.00	1337.00	958.00	315.00	295.00	741.00	806.00	933.70
EBITDA margin (%)	3.60	14.00	14.60	9.80	3.90	3.10	7.20	7.10	9.15
PAT	-323.00	588.00	774.00	503.00	-218.00	-135.00	110.00	2055.00	671.70

Source: Company, MOFSL

### Exhibit 2: Gross margin trend and impact of inflation over the past few quarters



Source: Company



## Highlights from the management commentary

### High volume growth trend continues

- Volume growth in 1QFY23 was 37% off a low base.
- APNT clocked healthy volumes and value CAGR of ~20% in the first quarter after a period of four years.
- Demand sentiment is stable, and the management expects to see double-digit growth going forward as well.
- There is no excessive stocking at the retail level.

### Larger centers driving growth and mix improvement

- Demand in Tier I and II centers is growing faster as was the case in 4QFY22, leading to better mix, especially in sales of products like premium emulsions.
- Tier III and IV centers are seeing some downtrading due to steep price increases.

### Cost and margin

- APNT saw a further 6% sequential RM inflation in 1QFY23. It has raised prices by 2% in 1QFY23. Sequential inflation in 2QFY23 is likely to be in low single-digits (and ~25% YoY). While crude oil prices are coming down, the depreciation in the INR v/s the USD is impacting margin, as inflation in other RM.
- Better mix and costs savings have enabled stable sequential margins in 1QFY23.
- APNT is likely to raise prices by 0.5% in the first week of Aug'22. It is taking measured increases so as to not upset the demand environment.
- Gross margin is likely to remain in the 38-40.5% band for some time.
- RM inflation is expected to ease gradually in 2HFY23.

### Launches, expansions, and extensions

- APNT has several launches at the top end (premium and luxury) on an overall portfolio basis.
- It added 5,000 retailing points in 1QFY23 and is incrementally planning to add 5,000-8,000 outlets annually.
- Currently, it has 31 Beautiful Home Stores operational.
- Beautiful Home: The personalized interior design service is now being offered in nine cities.

### Other businesses

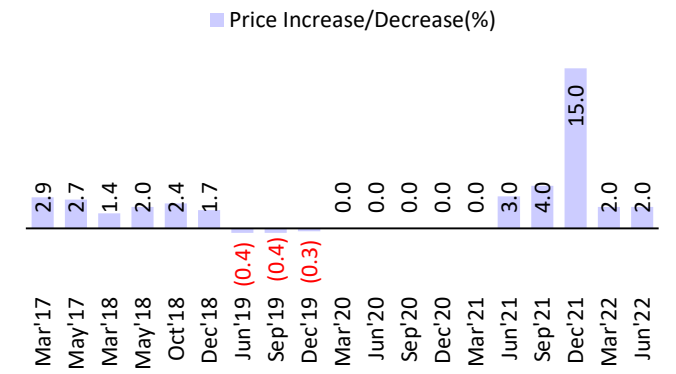
- Waterproofing and construction chemicals are doing well.
- White Teak, which it recently acquired, reported sales of INR200m in 1QFY23 v/s INR570m in FY22.
- Its international operation reported double-digit sales growth. Strong growth was seen in Nepal and Bangladesh. Sri Lanka and Egypt are facing severe currency issues.
- Demand in the Industrials and Automotive business remains strong. Powder coating, which caters to demand from products like fans and helmets, too has done very well.

### Other points

- Capex for FY23 stands at INR8b.
- Tax rate for FY23 should be ~27%.

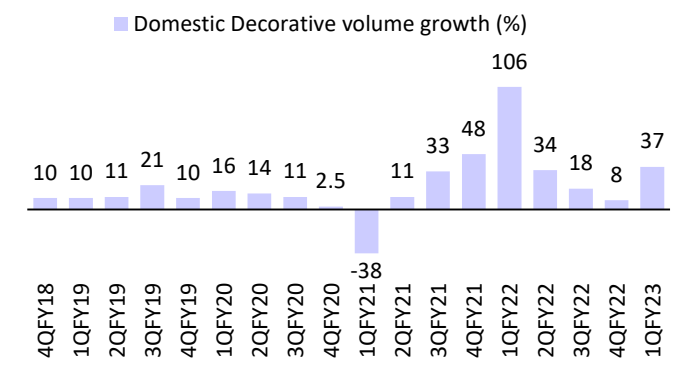
Key exhibits

Exhibit 3: APNT raises prices by ~2% in 1QFY23



Source: Company, MOFSL

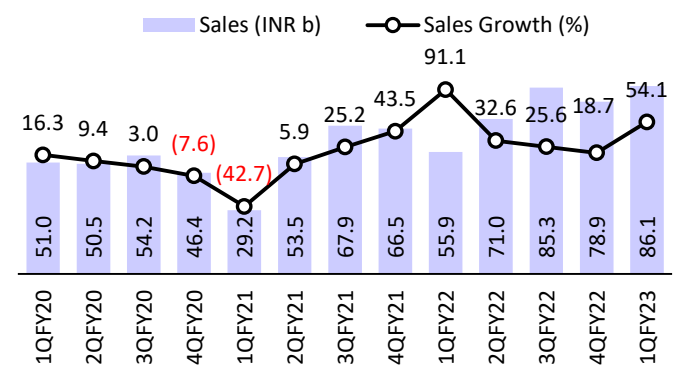
Exhibit 4: Volume growth in the domestic Decorative business stood at 37% YoY in 1QFY23



Source: Company, MOFSL

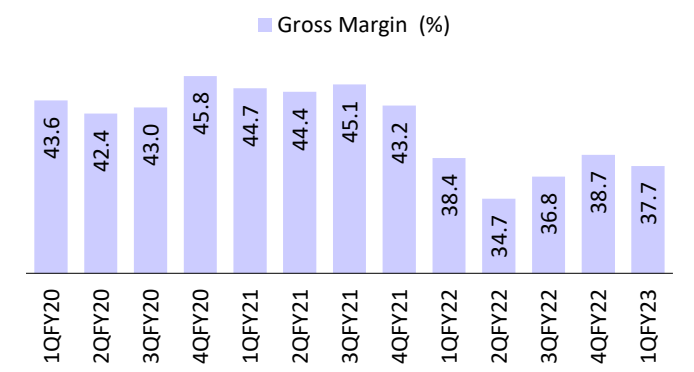
- Consolidated gross margin fell 70bp YoY to 37.7%. As a percentage of sales, lower employee costs/other expenses (down 200bp/40bp YoY) led to a 170bp expansion in EBITDA margin to 18.1% (est. 18%).

Exhibit 5: Consolidated sales up 54.1% YoY to INR86.1b in 1QFY23



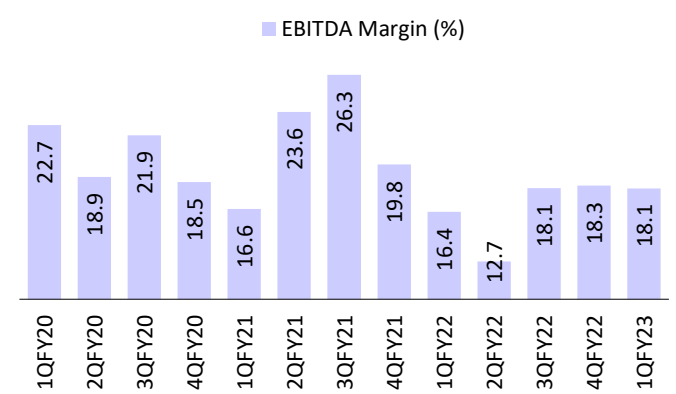
Source: Company, MOFSL

Exhibit 6: Gross margin contracts by 70bp YoY to 37.7% in 1QFY23



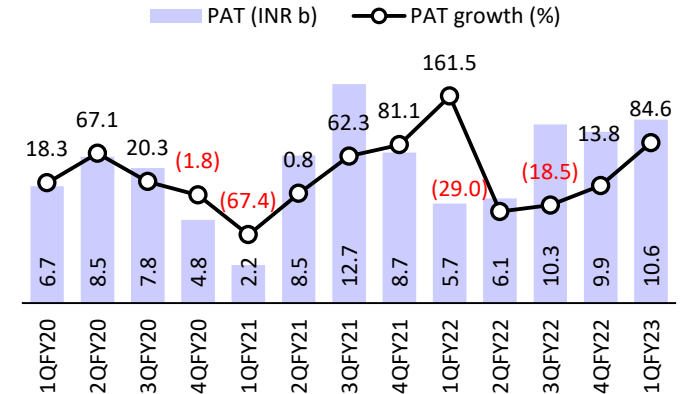
Source: Company, MOFSL

Exhibit 7: EBITDA margin expands by 170bp YoY to 18.1% in 1QFY23



Source: Company, MOFSL

Exhibit 8: PAT grew 84.6% YoY to INR10.6b in 1QFY23



Source: Company, MOFSL

## Valuation and view

### APNT has been a wealth creator in the past decade

- Despite having an already sizeable sales base of ~INR67b in FY10, APNT reported a healthy (12-13%) sales/EBITDA/PAT CAGR for the decade ended FY20.
- A widening dealer network and an increased thrust on non-metro cities led to a faster shift from the unorganized Paints business, which still constitutes ~30% of the market.
- Categories such as ‘Putty’ and ‘Waterproofing’ have been the new growth engines for the company.

### Growth momentum in revenue to continue

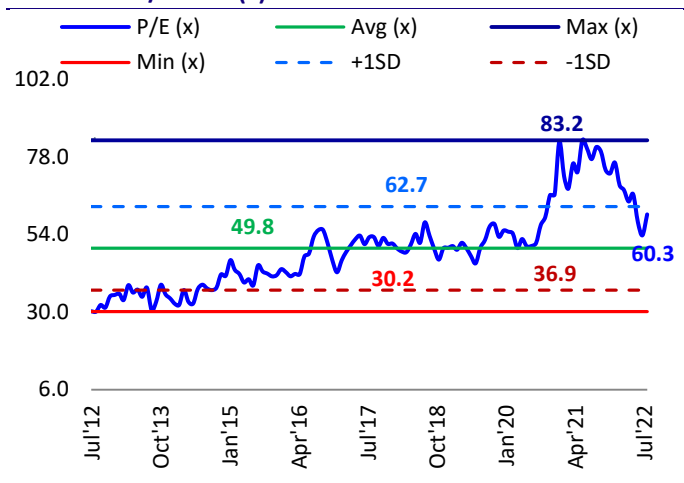
- A better-than-expected sales momentum has led to a 3%/8% increase in our FY23/FY24 EPS estimate.
- With the entry of new players with deep pockets and massive commitments on investments, the overall industry may see a shift in demand and margin structure due to the heightened competition. We remain cautious as the sector may not enjoy the higher multiples of the past. APNT has delivered 11.6% earnings CAGR over the past five years (FY17-22), while the stock price has delivered 24.1% CAGR, implying a significant re-rating. We have assumed a FY24 gross/EBITDA margin at the top end of the management’s guidance. While we expect RoCE to improve, it will still be lower than the 30-40% recorded in the first half of the decade gone by. The stock remains expensive ~50.9x FY24E P/E. We maintain our Neutral rating with a TP of INR3,170 per share (50x Jun’24E EPS).

Exhibit 9: Raise our FY23/FY24 EPS forecast by 3.2/7.8%

INR b	New estimate		Old estimate		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Sales	361.7	408.8	349.2	384.8	3.6	6.2
EBITDA	69.5	84.0	66.3	77.7	4.9	8.1
PAT	47.5	58.5	46.0	54.4	3.2	7.6

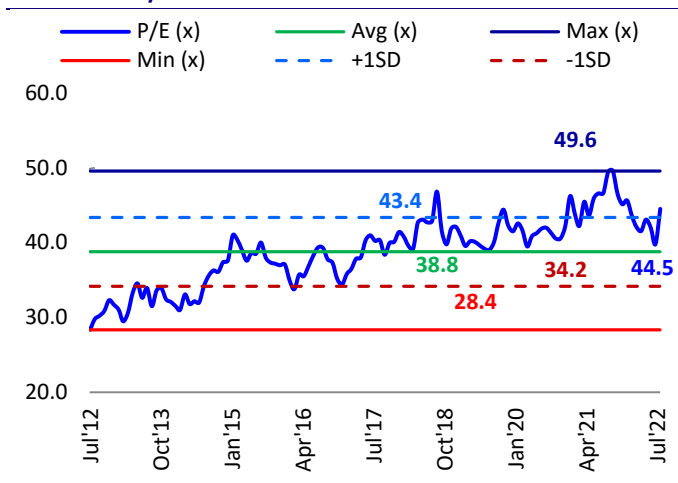
Source: Company, MOFSL

Exhibit 10: P/E ratio (x) for APNT



Source: Bloomberg, Company, MOFSL

Exhibit 11: P/E ratio for the Consumer sector



Source: Bloomberg, Company, MOFSL

## Financials and valuations

### Consolidated Income Statement

	(INR m)						
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Net Sales</b>	<b>1,68,246</b>	<b>1,92,401</b>	<b>2,02,113</b>	<b>2,17,128</b>	<b>2,91,013</b>	<b>3,61,677</b>	<b>4,08,802</b>
Change (%)	11.7	14.4	5.0	7.4	34.0	24.3	13.0
Raw Materials	96,912	1,12,646	1,13,835	1,20,972	1,83,008	2,19,844	2,38,853
<b>Gross Profit</b>	<b>71,334</b>	<b>79,756</b>	<b>88,278</b>	<b>96,156</b>	<b>1,08,005</b>	<b>1,41,832</b>	<b>1,69,949</b>
Margin (%)	42.4	41.5	43.7	44.3	37.1	39.2	41.6
Operating Expenses	39,358	42,100	46,660	47,600	59,969	72,289	85,994
<b>EBITDA</b>	<b>31,976</b>	<b>37,655</b>	<b>41,618</b>	<b>48,556</b>	<b>48,036</b>	<b>69,544</b>	<b>83,955</b>
Change (%)	7.1	17.8	10.5	16.7	-1.1	44.8	20.7
Margin (%)	19.0	19.6	20.6	22.4	16.5	19.2	20.5
Depreciation	3,605	6,221	7,805	7,913	8,164	8,713	9,382
Int. and Fin. Charges	351	1,053	1,023	916	954	1,198	1,241
Other Income	2,206	2,330	3,043	3,031	3,800	4,338	4,597
<b>Profit before Taxes</b>	<b>30,227</b>	<b>32,712</b>	<b>35,833</b>	<b>42,758</b>	<b>42,719</b>	<b>63,970</b>	<b>77,929</b>
Change (%)	4.8	8.2	9.5	19.3	-0.1	49.7	21.8
Margin (%)	18.0	17.0	17.7	19.7	14.7	17.7	19.1
Tax	10,414	9,428	9,501	11,218	11,644	16,952	19,872
Deferred Tax	-5	1,553	-953	-242	-614	0	0
Tax Rate (%)	34.4	33.6	23.9	25.7	25.8	26.5	25.5
<b>PAT Before Minority</b>	<b>19,817</b>	<b>21,731</b>	<b>27,284</b>	<b>31,782</b>	<b>31,689</b>	<b>47,018</b>	<b>58,057</b>
Minority Interest	-458	-407	-507	-286	-316	-456	-489
<b>Adjusted PAT</b>	<b>20,275</b>	<b>22,138</b>	<b>27,791</b>	<b>32,068</b>	<b>32,005</b>	<b>47,474</b>	<b>58,546</b>
Change (%)	1.9	9.2	25.5	15.4	-0.2	48.3	23.3
Margin (%)	12.1	11.5	13.8	14.8	11.0	13.1	14.3
<b>Reported PAT</b>	<b>20,275</b>	<b>22,080</b>	<b>27,742</b>	<b>32,068</b>	<b>30,848</b>	<b>47,474</b>	<b>58,546</b>

### Balance Sheet

	(INR m)						
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Share Capital	959	959	959	959	959	959	959
Reserves	83,143	93,746	1,00,342	1,27,104	1,37,156	1,53,259	1,69,882
<b>Net Worth</b>	<b>84,102</b>	<b>94,706</b>	<b>1,01,302</b>	<b>1,28,063</b>	<b>1,38,116</b>	<b>1,54,218</b>	<b>1,70,841</b>
Loans	5,334	6,156	3,401	3,402	7,757	7,757	7,757
Other Liability	4,011	12,137	11,984	11,538	11,362	11,689	12,958
Minority Interest	3,277	3,613	4,035	4,229	3,875	4,332	4,820
<b>Capital Employed</b>	<b>96,724</b>	<b>1,16,611</b>	<b>1,20,722</b>	<b>1,47,232</b>	<b>1,61,109</b>	<b>1,77,995</b>	<b>1,96,377</b>
Gross Block	43,781	66,983	69,895	71,910	73,895	78,895	85,895
Less: Accum. Depn.	9,731	13,942	19,573	24,807	30,191	38,904	48,286
<b>Net Fixed Assets</b>	<b>34,050</b>	<b>53,041</b>	<b>50,322</b>	<b>47,103</b>	<b>43,705</b>	<b>39,992</b>	<b>37,609</b>
Capital WIP	14,051	2,097	1,402	1,830	4,264	4,264	4,264
Right to Use Assets	0	8,711	9,201	8,456	9,058	9,058	9,058
<b>Investments</b>	<b>21,407</b>	<b>25,686</b>	<b>20,189</b>	<b>47,368</b>	<b>32,475</b>	<b>48,713</b>	<b>58,456</b>
Current	10,567	11,745	5,125	32,671	21,807	32,711	34,452
Non-current	10,840	13,941	15,064	14,697	10,668	16,002	24,004
<b>Curr. Assets, L&amp;A</b>	<b>64,854</b>	<b>69,740</b>	<b>77,066</b>	<b>95,770</b>	<b>1,37,654</b>	<b>1,58,988</b>	<b>1,75,812</b>
Inventory	26,583	31,499	33,898	37,986	61,530	60,445	67,200
Account Receivables	17,371	19,134	17,994	26,051	38,738	43,599	49,280
Cash and Bank Balance	4,047	4,449	7,828	6,108	8,643	23,125	22,548
Others	16,854	14,659	17,345	25,626	28,743	31,819	36,783
<b>Curr. Liab. and Prov.</b>	<b>40,911</b>	<b>45,878</b>	<b>40,658</b>	<b>56,322</b>	<b>68,475</b>	<b>76,390</b>	<b>82,193</b>
Account Payables	21,600	23,943	21,366	33,787	41,643	48,185	52,351
Other Liabilities	17,344	19,617	16,860	19,538	23,952	24,671	25,904
Provisions	1,967	2,318	2,432	2,996	2,880	3,535	3,937
<b>Net Current Assets</b>	<b>23,944</b>	<b>23,863</b>	<b>36,408</b>	<b>39,449</b>	<b>69,179</b>	<b>82,598</b>	<b>93,619</b>
Godwill on Cons.	3,273	3,213	3,200	3,026	2,429	2,429	2,429
<b>Application of Funds</b>	<b>96,724</b>	<b>1,16,611</b>	<b>1,20,722</b>	<b>1,47,232</b>	<b>1,61,109</b>	<b>1,77,995</b>	<b>1,96,377</b>

E: MOFSL estimates



## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>							
EPS	21.1	23.1	29.0	33.4	33.4	49.5	61.0
Cash EPS	24.9	29.6	37.1	41.7	41.9	58.6	70.8
BV/Share	87.7	98.7	105.6	133.5	144.0	160.8	178.1
DPS	12.4	10.7	21.8	4.9	18.2	36.0	44.0
Payout (%)	58.6	46.4	75.3	14.5	54.4	72.7	72.1

### Valuation (x)

P/E ratio	147.0	134.6	107.3	93.0	93.1	62.8	50.9
Cash P/E ratio	124.8	105.1	83.7	74.6	74.2	53.1	43.9
EV/Sales ratio	17.6	15.4	14.6	13.5	10.1	8.1	7.1
EV/EBITDA ratio	92.6	78.5	71.0	60.4	61.4	41.9	34.6
P/BV ratio	35.4	31.5	29.4	23.3	21.6	19.3	17.4
Dividend Yield (%)	0.4	0.3	0.7	0.2	0.6	1.2	1.4

### Return Ratios (%)

RoE	25.3	24.8	28.4	28.0	24.0	32.5	36.0
RoCE	21.6	21.0	23.6	24.2	21.0	28.3	31.5
RoIC	23.7	22.1	23.2	24.1	20.6	29.9	34.7

### Working Capital Ratios

Debtor (Days)	38	36	32	44	49	44	44
Asset Turnover (x)	1.7	1.6	1.7	1.5	1.8	2.0	2.1

### Leverage Ratio

Debt/Equity ratio (x)	0.1	0.1	0.0	0.0	0.1	0.1	0.0
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### Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(loss) before Tax	31,391	33,107	36,283	43,044	41,877	63,970	77,929
Depreciation	3,605	4,307	7,819	7,913	8,164	8,713	9,382
Net interest	-422	-282	96	165	-125	-3,139	-3,356
Others	-1,835	-896	-401	-1,426	-342	0	0
Direct Taxes Paid	-10,807	-9,820	-10,108	-10,797	-11,757	-16,952	-19,872
(Incr.)/Decr. in WC	-797	-4,274	-7,371	-2,065	-27,952	1,063	-11,598
<b>CF from Operations</b>	<b>21,134</b>	<b>22,143</b>	<b>26,319</b>	<b>36,834</b>	<b>9,865</b>	<b>53,654</b>	<b>52,485</b>
Incr. in FA	-14,088	-11,336	-3,669	-2,543	-4,987	-5,000	-7,000
<b>Free Cash Flow</b>	<b>7,047</b>	<b>10,807</b>	<b>22,650</b>	<b>34,291</b>	<b>4,878</b>	<b>48,654</b>	<b>45,485</b>
Pur. of Investments	426	1,602	-2,536	-3,679	973	-16,238	-9,743
Others	2,353	-3,177	7,918	-25,829	14,761	16,216	5,288
<b>CF from Invest.</b>	<b>-11,309</b>	<b>-12,911</b>	<b>1,713</b>	<b>-32,050</b>	<b>10,747</b>	<b>-5,021</b>	<b>-11,454</b>
Incr. in Debt	-440	631	-2,614	257	3,247	0	0
Dividend Paid	-12,178	-10,487	-21,207	-4,994	-17,628	-34,531	-42,205
Net interest Paid	-352	-512	-1,009	-893	-936	3,139	3,356
Others	-822	1,539	178	-875	-2,759	-2,759	-2,759
<b>CF from Fin. Activity</b>	<b>-13,791</b>	<b>-8,830</b>	<b>-24,652</b>	<b>-6,504</b>	<b>-18,076</b>	<b>-34,151</b>	<b>-41,608</b>
<b>Incr./Decr. in Cash</b>	<b>-3,966</b>	<b>402</b>	<b>3,380</b>	<b>-1,721</b>	<b>2,536</b>	<b>14,482</b>	<b>-577</b>
Add: Opening Balance	8,012	4,047	4,449	7,828	6,108	8,643	23,125
<b>Closing Balance</b>	<b>4,047</b>	<b>4,449</b>	<b>7,828</b>	<b>6,108</b>	<b>8,643</b>	<b>23,125</b>	<b>22,548</b>

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

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