

Asian Paints


Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR3,400 TP: INR3,120 (-8%) Neutral

Demand outlook healthy; valuations expensive

- APNT reported strong volume growth of 10% in 1QFY24 (est. 8%). The management attributed this growth to the strong performance of the economy and premium segments, although the luxury segment lagged behind. Additionally, the company observed an improvement in rural markets, with rural and urban markets coming closer in terms of performance.
- The increase in gross margin was attributed to the softening of raw material prices, efficient sourcing, and a favorable product mix. As raw material prices stabilize, the gross margin is expected to return to normal levels.
- The management has given guidance for the EBITDA margin to be in the range of 18-20%. Although sharp input cost reductions could lead to healthy earnings growth, APNT's valuations are fair at 62.3x FY24E and 54.5x FY25E EPS. **We retain our Neutral rating with a TP of INR3,120 (based on 50x FY25E EPS).**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2023 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USDb)	3261.4 / 39.8
52-Week Range (INR)	3590 / 2686
1, 6, 12 Rel. Per (%)	-2/13/-9
12M Avg Val (INR M)	3296

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	344.9	386.8	440.9
Sales Gr. (%)	18.5	12.2	14.0
EBITDA	62.6	77.8	89.8
EBIT Margin (%)	18.2	20.1	20.4
Adj. PAT	42.4	52.4	59.8
Adj. EPS (INR)	44.2	54.6	62.4
EPS Gr. (%)	32.6	23.4	14.2
BV/Sh.(INR)	166.7	176.9	198.2
Ratios			
RoE (%)	28.5	31.8	33.2
RoCE (%)	24.4	27.6	29.2
Payout (%)	58.0	80.6	65.7
Valuation			
P/E (x)	76.8	62.3	54.5
P/BV (x)	20.4	19.2	17.2
EV/EBITDA (x)	51.4	41.2	35.6
Div. Yield (%)	0.8	1.3	1.2

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	52.6	52.6	52.6
DII	10.1	10.0	8.5
FII	17.5	17.1	18.6
Others	19.8	20.3	20.4

FII Includes depository receipts

In-line sales; better-than-expected margins

- Asian Paints reported consol net sales grew 6.7% YoY to INR91.8b (est. INR95.1b).
- **Gross margins expanded** 520bp/40bp YoY/QoQ to 42.9%.
- As a percentage of sales, stable employee costs (up 30bp YoY) and 'other expenses' remain flat YoY. EBITDA margin expanded ~500bp YoY/190bp QoQ to 23.1% (est. 20.1%).
- EBITDA grew 36.3% YoY to INR21.2b (est. INR19.0b).
- PBT also grew 46.3% YoY to INR20.7b (est. INR17.1b).
- Adj. PAT grew 48.5% YoY to INR15.7b (est. INR12.6b).

Key highlights from the management commentary

- APNT delivered a strong performance in 1Q, led by strong double-digit volume growth of ~10%.
- The economy and premium categories are currently experiencing substantial growth, while the luxury category is facing challenges and may consider price reductions if deemed necessary.
- The rural growth is getting better and was nearly on par with the urban market growth in Q1.
- EBITDA margin would remain in the range of 18%-20%.
- In Q1, the company added about 6k retail points, reaching a total of around 1.6 lac retail touchpoints, which is higher than the earlier guidance of adding 10k to 15k retail points for the full year FY24.

Valuation and view

- There are no material changes to our FY24E/FY25 EPS estimates.
- With the entry of new players with deep pockets and massive commitments to investments, the overall industry may see a shift in demand and margin structure due to heightened competition. We remain cautious as the paints segment may not enjoy higher multiples of the past. It needs to be noted that the re-rating was a bigger driver of stock price appreciation for APNT over the past five to six years, as the earnings CAGR has been in the 10-12% range.
- We have assumed FY24/FY25 EBITDA margins at the top end of the management's guidance. While improving margins would lead to better ROCE, new capex plans might dilute it. While we have taken a higher topline/EBITDA/PAT CAGR trajectory at 13.1%/19.8%/19.4% over FY23–FY25 – much higher than the preceding ten-year average in the 12–14% range – valuations are rich at ~62.3x FY24E EPS and 54.5x FY25 EPS. **We reiterate our Neutral rating with a TP of INR3,120 (premised on 50x FY25E EPS).**

Quarterly Performance (Consol.)**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	(%)	
Est. Dom. Deco. Vol. growth (%)	37.0	10.0	0.0	16.0	10.0	8.0	12.0	10.0	14.0	10.0	8.0	
Net Sales	86,069	84,576	86,367	87,873	91,823	93,287	99,841	101,862	344,886	386,813	95,064	-3.4
Change (%)	54.1	19.2	1.3	11.3	6.7	10.3	15.6	15.9	18.5	12.2	10.5	
Gross Profit	32,450	30,219	33,310	37,341	39,419	38,807	41,134	41,309	133,321	160,670	39,451	
Gross Margin (%)	37.7	35.7	38.6	42.5	42.9	41.6	41.2	40.6	38.7	41.5	41.5	
Operating Expenses	16,891	17,942	17,196	18,694	18,206	20,466	21,676	22,493	70,723	82,842	20,438	
% of Sales	19.6	21.2	19.9	21.3	19.8	21.9	21.7	22.1	20.5	21.4	21.5	
EBITDA	15,560	12,277	16,114	18,648	21,213	18,341	19,458	18,815	62,598	77,828	19,013	11.6
Margin (%)	18.1	14.5	18.7	21.2	23.1	19.7	19.5	18.5	18.2	20.1	20.0	
Change (%)	70.3	35.7	4.5	29.2	36.3	49.4	20.8	0.9	30.3	24.3	22.2	
Interest	288	354	414	389	458	400	350	150	1,445	1,357	300	
Depreciation	2,081	2,157	2,141	2,202	1,983	2,650	2,800	3,168	8,580	10,601	2,500	
Other Income	990	955	866	1,055	1,971	900	1,110	-47	3,865	3,934	850	
PBT	14,181	10,721	14,426	17,112	20,743	16,191	17,418	15,450	56,438	69,803	17,063	21.6
Tax	3,706	2,903	3,811	4,514	5,301	4,291	4,668	3,540	14,935	17,800	4,419	
Effective Tax Rate (%)	26.1	27.1	26.4	26.4	25.6	26.5	26.8	22.9	26.5	25.5	25.9	
Adjusted PAT	10,602	8,038	10,971	12,831	15,749	11,901	12,750	11,978	42,442	52,377	12,644	24.6
Change (%)	84.6	32.8	6.4	29.6	48.5	48.0	16.2	-6.6	32.6	23.4	19.3	

E: MOFSL Estimates

Key Performance Indicators (Consol.)

Y/E March	FY23				FY24
	1Q	2Q	3Q	4Q	1Q
Realization growth (%)	17.1	9.2	1.3	-4.7	-3.3
Average growth in the last two years (%)					
Volume	71.5	22.0	9.0	12.0	23.5
Sales	72.6	25.9	13.4	15.0	30.4
EBITDA	79.5	3.6	-4.6	19.3	53.3
PAT	123.1	1.9	-6.1	21.7	66.6
Average growth in the last three years (%)					
Volume	35.0	18.3	17.0	24.0	51.0
As a percentage of Sales					
COGS	62.3	64.3	61.4	57.5	57.1
Operating Expenses	19.6	21.2	19.9	21.3	19.8
Depreciation	2.4	2.6	2.5	2.5	2.2
YoY change (%)					
COGS	55.9	17.4	-1.6	4.4	-2.3
Operating Expenses	37.0	14.9	8.0	16.0	7.8
Other Income	10.4	-30.9	20.5	31.2	99.1
EBIT	89.0	44.2	4.7	32.8	42.7

E: MOFSL Estimates

Standalone performance

- Standalone net sales grew 7.0% to **INR81.1b**.
- Gross margin expanded 550bp YoY to 43.6% and EBITDA margin expanded 540bp YoY to 24.6%.
- EBITDA grew 36.7% to INR19.9b.
- PBT rose 47.1% YoY to INR20.1b.
- Adj. PAT increased 48.3% YoY to INR15.1b.

Quarterly Performance (Standalone)

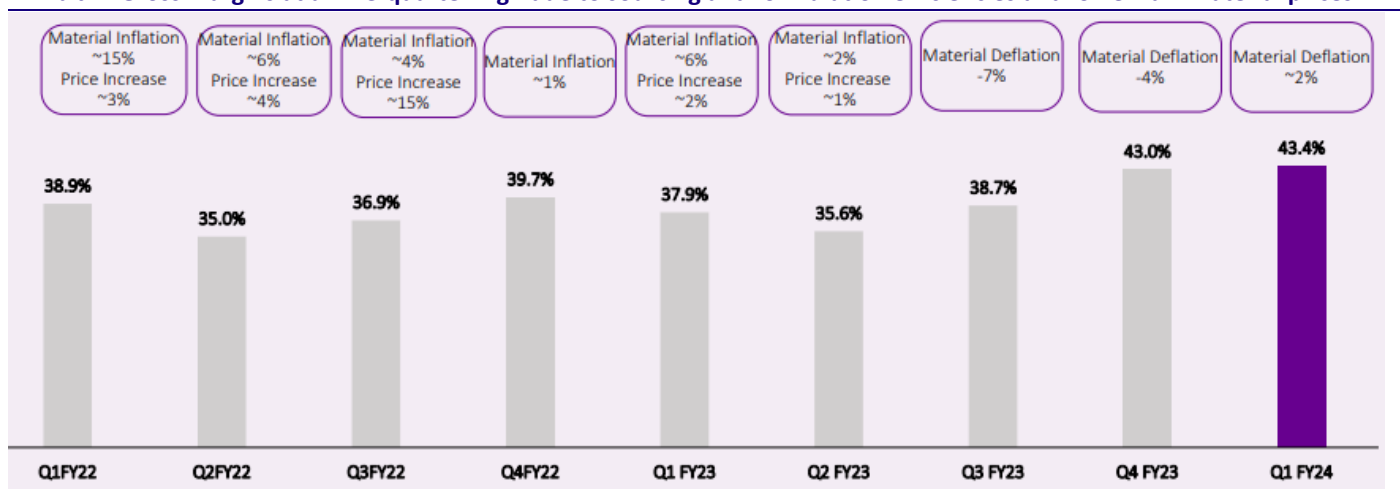
Y/E March	FY23				FY24
	1Q	2Q	3Q	4Q	1Q
Net Sales	75,862	73,443	75,218	76,260	81,140
Change (%)	58.5	19.4	0.4	12.8	7.0
Gross Profit	28,917	26,352	29,276	32,964	35,357
Gross Margin (%)	38.1	35.9	38.9	43.2	43.6
EBITDA	14,626	11,156	14,948	17,476	19,998
Margin (%)	19.3	15.2	19.9	22.9	24.6
Change (%)	65.8	27.5	1.8	28.2	36.7
Interest	199	235	247	249	263
Depreciation	1,841	1,890	1,891	1,937	1,721
Other Income	1,138	1,171	1,621	1,250	2,168
PBT	13,724	10,202	14,430	16,540	20,182
Tax	3,551	2,569	3,571	4,203	5,098
Effective Tax Rate (%)	25.9	25.2	24.7	25.4	25.3
Adjusted PAT	10,173	7,633	10,859	12,337	15,084
Change (%)	70.7	23.4	6.4	29.4	48.3

Exhibit 1: Subsidiary quarterly performance overview

INR m	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Sales	7,995.0	9,442.0	10,361.0	11,331.0	10,207.1	11,132.3	11,149.2	11,613.3	10,683.5
Sales growth (%)	67.9	14.6	13.2	15.5	27.7	17.9	7.6	2.5	4.7
EBITDA	315.0	295.0	741.0	806.0	933.7	1,121.5	1,166.7	1,171.7	1,215.3
EBITDA margin (%)	3.9	3.1	7.2	7.1	9.1	10.1	10.5	10.1	11.4
PAT	(218.0)	(135.0)	110.0	2,055.0	671.7	405.4	111.8	740.0	664.9

Sources: Company reports, MOFSL

Exhibit 2: Gross margins at a nine-quarter high due to sourcing and formulation efficiencies and lower raw material prices.



Sources: Company reports



Highlights from the management commentary

Performance and outlook

- APNT delivered a strong performance in 1Q, led by strong double-digit volume growth of 10%.
- Value growth was 8%, owing to a favorable product mix and price hikes.
- A four-year volume CAGR stood at 17.5% and Value CAGR stood at 17.0% at the end of 1QFY24.
- The economy and premium categories are largely growing, while the luxury category is facing challenges and may consider reducing prices, if necessary.
- Rural growth is getting better and was almost catching up to urban market growth in Q1.

Segmental highlights

- Strong growth in the demand for wood finishes, especially in the premium segment, is observed. Similarly, enamels with a premium component are experiencing a significant rise in popularity.
- Economy immersions also performed well, attracting customers from the unorganized sector to the organized sector.
- The safe painting service, which includes a highly contractor service, has been successfully expanding its reach and is now available in over 650 towns. Revenue doubled in Q1.
- The kitchen business's components segment faced a decline, with a 12% decrease in revenue, primarily attributed to the high base of price increases in the previous year.
- Despite the challenges, the company's margins improved in the kitchen business, registering an adjusted loss of about INR 20mn.
- The management targets to increase the contribution from the home décor business to 7-8% of decorative sales by FY25-26.
- Sales at White Teak grew 28.4% YoY to INR 260mn, while Weather seal's sales more than doubled to INR 98mn.
- As part of their staggered buyout plan, the company acquired an 11% stake in White Teak from its existing shareholders for INR 538mn, resulting in White Teak becoming a subsidiary of the company.

Cost and margins

- Gross margin expanded, owing to a decrease in material costs, sourcing efficiencies, and a decent overall product mix.
- EBITDA margin would remain in the range of 18-20%.
- The auto sector, including both two-wheelers and four-wheelers, is showing promising signs of growth with the emergence of additional production lines and the rise of electric vehicles (EVs).
- The company expects the uptick in overall demand to continue in this area.

Distribution and new products

- In Q1, the company added about 6k retail points, reaching a total of around 1.6 lac retail touchpoints, which is higher than the earlier guidance of adding 10k to 15k retail points for the full year FY24.

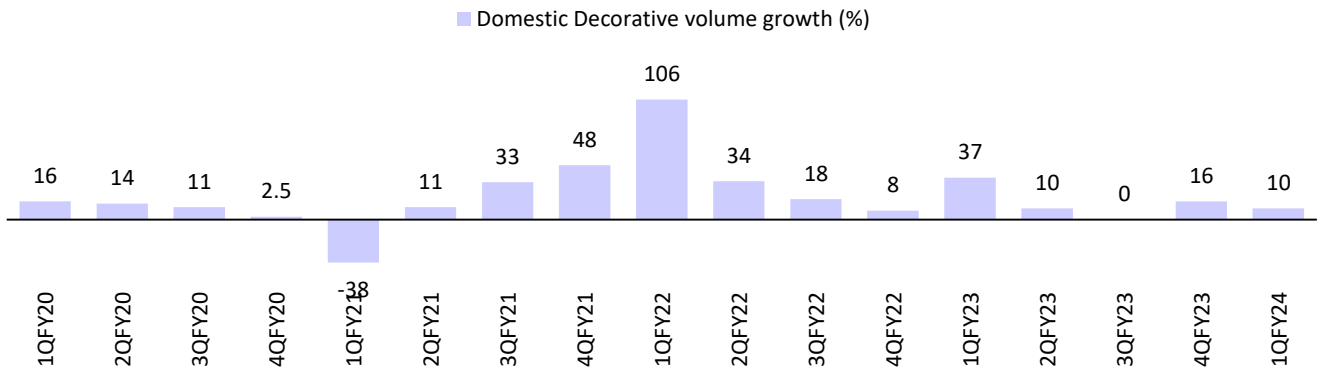
- New products have contributed 11%-13% of the overall revenues, and this trend continued in the current quarter with an 11% contribution.
- The company has launched Nilaya Naturals, a super luxury product that is exclusive in India.
- It is a completely organic emulsion with 90% organic materials that are environmentally friendly, and it is available in over 200 shades.
- The company currently operates 44 Beautiful Home stores nationwide, and this number is expected to grow to 65 to 70 stores by the end of the year.
- The company is the second-largest player in the fabric and furnishing business. It has established co-branding arrangements with various brands such as Pure, ACE Design, Sabyasachi, Sarita Handa, and Jaipur Rugs.
- Expanded into new categories such as wallpaper, lighting, flooring, and UPVC doors and windows.

Capex

- The company plans to spend INR 87.5b over the next three years for capacity expansion.
- The current capacity expansion projects are progressing well and are on schedule for the current year.

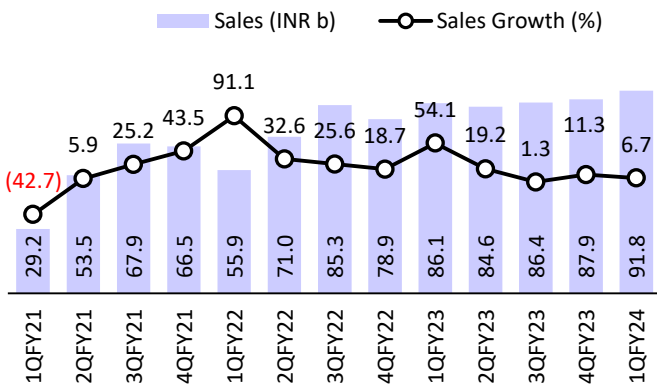
Key exhibits

Exhibit 3: Volume growth stood at 10% YoY in 1QFY24



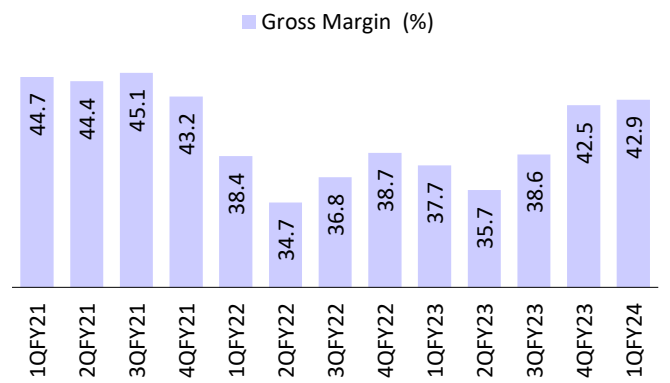
Sources: Company reports

Exhibit 4: Consolidated sales grew 6.7% YoY to INR91.8b in 1QFY24



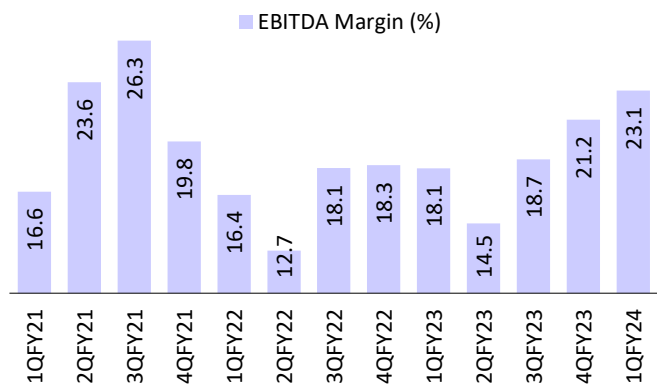
Sources: Company reports, MOFSL

Exhibit 5: Gross margin expanded 520bp YoY in 1QFY24



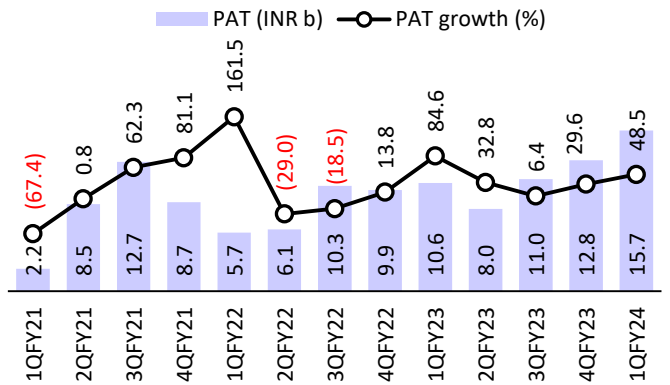
Sources: Company reports, MOFSL

Exhibit 6: EBITDA margin expanded 500bp YoY to 23.1% in 1QFY24



Sources: Company reports, MOFSL

Exhibit 7: PAT grew 48.5% YoY to INR15.7b in 1QFY24



Sources: Company reports, MOFSL

Valuation and view

APNT has been a wealth creator in the past decade

- Despite having an already sizeable sales base of ~INR109b in FY13, APNT reported a sales/EBITDA/PAT CAGR of 12.2%/14.1%/14.3% for the decade ended in FY23.
- An expanding 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.

Trading at fair valuations

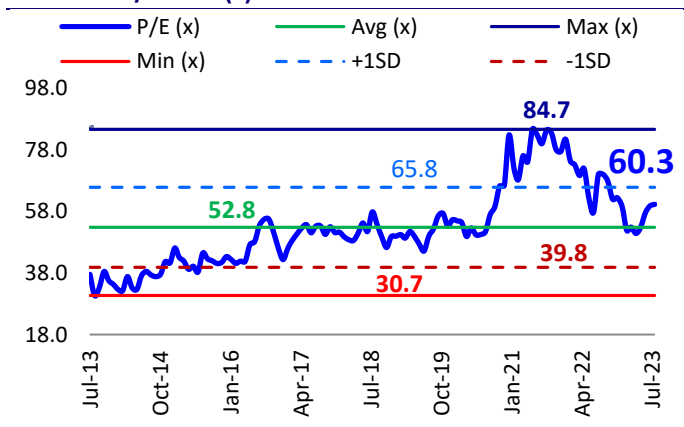
- There are no material changes to our FY24E/FY25 EPS estimates.
- With the entry of new players with deep pockets and massive commitments to investments, the overall industry may see a shift in demand and margin structure due to heightened competition. We remain cautious as the paints segment may not enjoy higher multiples of the past. It needs to be noted that re-rating was a bigger driver of stock price appreciation for APNT over the past five to six years, as the earnings CAGR has been in the 10-12% range.
- We have assumed FY24/FY25 EBITDA margins at the top end of the management’s guidance. While improving margins would lead to better ROCE, new capex plans might dilute it. While we have taken a higher topline/EBITDA/PAT CAGR trajectory at 13.1%/19.8%/19.4% over FY23–FY25 – much higher than the preceding ten-year average in the 12–14% range – valuations are rich at ~62.3x FY24E EPS and 54.5x FY25 EPS. **We reiterate our Neutral rating with a TP of INR3,120 (premised on 50x FY25E EPS).**

Exhibit 8: No material changes to our model

INR b	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	386.8	440.9	386.4	440.0	0.1	0.2
EBITDA	77.8	89.8	77.5	89.3	0.5	0.5
PAT	52.4	59.8	52.1	59.5	0.5	0.6

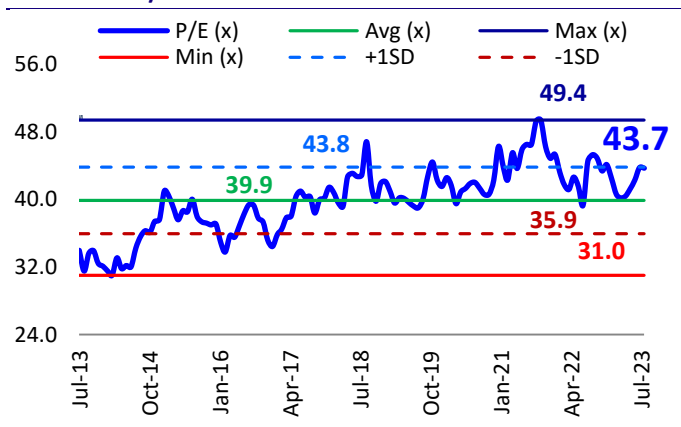
Sources: Company reports, MOFSL

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	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	150.6	168.2	192.4	202.1	217.1	291.0	344.9	386.8	440.9
Change (%)	5.5	11.7	14.4	5.0	7.4	34.0	18.5	12.2	14.0
Raw Materials	83.3	96.9	112.6	113.8	121.0	183.0	211.6	226.1	255.6
Gross Profit	67.3	71.3	79.8	88.3	96.2	108.0	133.3	160.7	185.3
Margin (%)	44.7	42.4	41.5	43.7	44.3	37.1	38.7	41.5	42.0
Operating Expenses	37.5	39.4	42.1	46.7	47.6	60.0	70.7	82.8	95.5
EBITDA	29.9	32.0	37.7	41.6	48.6	48.0	62.6	77.8	89.8
Change (%)	7.8	7.1	17.8	10.5	16.7	-1.1	30.3	24.3	15.4
Margin (%)	19.8	19.0	19.6	20.6	22.4	16.5	18.2	20.1	20.4
Depreciation	3.3	3.6	6.2	7.8	7.9	8.2	8.6	10.6	12.5
Int. and Fin. Charges	0.3	0.4	1.1	1.0	0.9	1.0	1.4	1.4	1.4
Other Income	2.6	2.2	2.3	3.0	3.0	3.8	3.9	3.9	4.3
Profit before Taxes	28.8	30.2	32.7	35.8	42.8	42.7	56.4	69.8	80.2
Change (%)	8.2	4.8	8.2	9.5	19.3	-0.1	32.1	23.7	14.9
Margin (%)	19.1	18.0	17.0	17.7	19.7	14.7	16.4	18.0	18.2
Tax	8.9	10.4	9.4	9.5	11.2	11.6	15.1	17.8	20.5
Deferred Tax	0.5	0.0	1.6	-1.0	-0.2	-0.6	-0.2	0.0	0.0
Tax Rate (%)	32.7	34.4	33.6	23.9	25.7	25.8	26.5	25.5	25.5
PAT Before Minority	19.4	19.8	21.7	27.3	31.8	31.7	41.5	52.0	59.8
Minority Interest	-0.5	-0.5	-0.4	-0.5	-0.3	-0.3	-0.9	-0.4	-0.1
Adjusted PAT	19.9	20.3	22.1	27.8	32.1	32.0	42.4	52.4	59.8
Change (%)	7.3	1.9	9.2	25.5	15.4	-0.2	32.6	23.4	14.2
Margin (%)	13.2	12.1	11.5	13.8	14.8	11.0	12.3	13.5	13.6
Reported PAT	19.9	20.3	22.1	27.7	32.1	30.8	42.0	52.4	59.8

Balance Sheet								(INR b)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Share Capital	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	75.1	83.1	93.7	100.3	127.1	137.2	159.0	168.8	189.2
Net Worth	76.0	84.1	94.7	101.3	128.1	138.1	159.9	169.7	190.1
Loans	5.6	5.3	6.2	3.4	3.4	7.8	9.7	7.8	7.8
Other Liability	3.5	4.0	12.1	12.0	11.5	11.4	13.2	14.7	16.4
Minority Interest	3.8	3.3	3.6	4.0	4.2	3.9	4.5	4.9	5.0
Capital Employed	88.9	96.7	116.6	120.7	147.2	161.1	187.3	197.0	219.3
Gross Block	37.2	43.8	67.0	69.9	71.9	73.9	78.7	100.7	125.7
Less: Accum. Depn.	6.1	9.7	13.9	19.6	24.8	30.2	35.4	46.0	58.4
Net Fixed Assets	31.1	34.0	53.0	50.3	47.1	43.7	43.3	54.7	67.3
Capital WIP	2.6	14.1	2.1	1.4	1.8	4.3	10.2	10.2	10.2
Right to Use Assets	0.0	0.0	8.7	9.2	8.5	9.1	12.1	12.1	12.1
Investments	26.5	21.4	25.7	20.2	47.4	32.5	42.6	44.7	51.5
Current	13.0	10.6	11.7	5.1	32.7	21.8	27.0	21.3	26.8
Non-current	13.5	10.8	13.9	15.1	14.7	10.7	15.6	23.5	24.6
Curr. Assets, L&A	61.9	64.9	69.7	77.1	95.8	137.7	147.3	159.0	172.1
Inventory	26.3	26.6	31.5	33.9	38.0	61.5	62.1	63.6	71.3
Account Receivables	14.5	17.4	19.1	18.0	26.1	38.7	46.4	46.6	43.5
Cash and Bank Balance	8.0	4.0	4.4	7.8	6.1	8.6	8.4	15.5	16.8
Others	13.2	16.9	14.7	17.3	25.6	28.7	30.3	33.4	40.6
Curr. Liab. and Prov.	35.2	40.9	45.9	40.7	56.3	68.5	70.5	86.0	96.2
Account Payables	19.2	21.6	23.9	21.4	33.8	41.6	36.4	49.6	56.0
Other Liabilities	14.0	17.3	19.6	16.9	19.5	24.0	31.1	32.6	35.9
Provisions	2.0	2.0	2.3	2.4	3.0	2.9	3.0	3.9	4.3
Net Current Assets	26.7	23.9	23.9	36.4	39.4	69.2	76.8	73.0	76.0
Godwill on Cons.	1.9	3.3	3.2	3.2	3.0	2.4	2.3	2.3	2.3
Application of Funds	88.9	96.7	116.6	120.7	147.2	161.1	187.3	197.0	219.3

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)									
EPS	20.8	21.1	23.1	29.0	33.4	33.4	44.2	54.6	62.4
Cash EPS	24.2	24.9	29.6	37.1	41.7	41.9	53.2	65.7	75.3
BV/Share	79.3	87.7	98.7	105.6	133.5	144.0	166.7	176.9	198.2
DPS	9.6	12.4	10.7	21.8	4.9	18.2	25.6	44.0	41.0
Payout %	46.1	58.6	46.4	75.3	14.5	54.4	58.0	80.6	65.7
Valuation (x)									
P/E	163.9	160.9	147.3	117.3	101.7	101.9	76.8	62.3	54.5
Cash P/E	140.3	136.6	115.0	91.6	81.6	81.2	63.9	51.8	45.1
EV/Sales	21.5	19.3	16.8	16.0	14.8	11.1	9.3	8.3	7.3
EV/EBITDA	108.2	101.4	86.0	77.8	66.1	67.2	51.4	41.2	35.6
P/BV	42.9	38.8	34.4	32.2	25.5	23.6	20.4	19.2	17.2
Dividend Yield (%)	0.3	0.4	0.3	0.6	0.1	0.5	0.8	1.3	1.2
Return Ratios (%)									
RoE	28.2	25.3	24.8	28.4	28.0	24.0	28.5	31.8	33.2
RoCE	23.9	21.6	21.0	23.6	24.2	21.0	24.4	27.6	29.2
RoIC	24.1	23.7	22.1	23.2	24.1	20.6	25.1	29.5	31.7
Working Capital Ratios									
Debtor (Days)	35	38	36	32	44	49	49	44	36
Asset Turnover (x)	1.7	1.7	1.6	1.7	1.5	1.8	1.8	2.0	2.0
Leverage Ratio									
Debt/Equity (x)	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.0	0.0

Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
(INR b)									
OP/(loss) before Tax	29.6	31.4	33.1	36.3	43.0	41.9	56.9	69.8	80.2
Depreciation	3.4	3.6	4.3	7.8	7.9	8.2	8.6	10.6	12.5
Net interest	-0.8	-0.4	-0.3	0.1	0.2	-0.1	0.1	-2.6	-2.9
Others	-1.7	-1.8	-0.9	-0.4	-1.4	-0.3	-1.0	0.0	0.0
Direct Taxes Paid	-9.3	-10.8	-9.8	-10.1	-10.8	-11.8	-14.9	-17.8	-20.5
(Incr)/Decr in WC	-6.0	-0.8	-4.3	-7.4	-2.1	-28.0	-7.7	10.8	-1.6
CF from Operations	15.3	21.1	22.1	26.3	36.8	9.9	41.9	70.9	67.7
Incr in FA	-6.7	-14.1	-11.3	-3.7	-2.5	-5.0	-12.5	-22.0	-25.0
Free Cash Flow	8.6	7.0	10.8	22.6	34.3	4.9	29.5	48.9	42.7
Pur of Investments	2.0	0.4	1.6	-2.5	-3.7	1.0	1.8	-2.1	-6.7
Others	0.7	2.4	-3.2	7.9	-25.8	14.8	-10.1	3.9	4.3
CF from Invest.	-3.9	-11.3	-12.9	1.7	-32.1	10.7	-20.7	-20.2	-27.5
Incr in Debt	2.1	-0.4	0.6	-2.6	0.3	3.2	2.4	-2.0	0.0
Dividend Paid	-9.5	-12.2	-10.5	-21.2	-5.0	-17.6	-19.4	-42.2	-39.3
Net interest Paid	-0.4	-0.4	-0.5	-1.0	-0.9	-0.9	-1.4	-1.4	-1.4
Others	0.1	-0.8	1.5	0.2	-0.9	-2.8	-3.0	1.9	1.8
CF from Fin. Activity	-7.6	-13.8	-8.8	-24.7	-6.5	-18.1	-21.4	-43.7	-38.9
Incr/Decr of Cash	3.8	-4.0	0.4	3.4	-1.7	2.5	-0.2	7.0	1.4
Add: Opening Balance	4.2	8.0	4.0	4.4	7.8	6.1	8.6	8.4	15.5
Closing Balance	8.0	4.0	4.4	7.8	6.1	8.6	8.4	15.5	16.8

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOFSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): IN2000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.