

Estimate changes

TP change

Rating change



Bloomberg	ARENM IN
Equity Shares (m)	183
M.Cap.(INRb)/(USD\$)	275.9 / 3.3
52-Week Range (INR)	1776 / 599
1, 6, 12 Rel. Per (%)	-10/59/118
12M Avg Val (INR M)	1661

## Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	112.6	125.9	139.1
EBITDA	16.2	17.4	20.2
Adj. PAT	9.1	9.7	11.4
EPS (INR)	49.5	53.0	62.3
EPS Gr. (%)	10.4	7.0	17.6
BV/Sh. (INR)	370	414	467

## Ratios

RoE (%)	14.2	13.5	14.1
RoCE (%)	14.0	13.5	14.1
Payout (%)	20.0	17.0	14.4

## Valuations

P/E (x)	30.4	28.4	24.2
P/BV (x)	4.1	3.6	3.2
Div. Yield (%)	0.7	0.6	0.6
FCF yield (%)	3.4	3.9	4.1

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	32.9	32.9	28.1
DII	14.6	15.4	10.5
FII	23.8	24.5	35.2
Others	28.8	27.3	26.3

FII Includes depository receipts

**CMP: INR1,508 TP: INR1,390 (-8%)**
**Neutral**

## Weak mix and rising RM costs dent profitability

### Commercializing tubular battery plant toward FY25 end

- Amara Raja's (ARENM) 1QFY25 financials were weak, with EBITDA margin contracting ~90bp QoQ to 13.7% (est. 14.8%). The margin contraction was due to a shift in the product mix, with traded goods rising to 23% of revenue (vs. ~12% in 4QFY24), along with some increase in RM costs. On a positive note, the quarter saw healthy volume growth in most segments.
- We cut FY25E/FY26E EPS by 10%/6% to factor in the increase in commodity prices. While market seems to be upbeat about ARENM's lithium ion foray, we remain circumspect of the returns from the business. The stock at ~28x/24x FY25/26E EPS appears fairly valued. We, hence, maintain Neutral rating with a revised TP of INR1,390 (based on 20x June-26E EPS).

### Share of traded goods rises to 23% from 12% QoQ, denting margins

- 1QFY25 revenue/EBITDA/adj. PAT grew 13%/17%/23% YoY to INR31.3b/INR4.3b/INR2.4b (est. INR29.9b/INR4.4b/INR2.6b). Revenue from the lead acid battery (LAB) business grew ~15% YoY, driven by growth in domestic and export automotive businesses.
- The company reported ~20% YoY growth in revenue from new energy business, predominantly mobility and energy storage.
- Gross margins came in lower at 31.1%, (-340bp QoQ, up 70bp YoY, est. 33.5%) due to a higher trading mix during the quarter at 23% (vs. ~12% in 4QFY24) and a rise in RM prices, partially offset by prices hikes of ~1% in Jun'24. It further took a price hike of 0.75% in Jul'24.
- EBITDA margin stood at 13.7% (est. 14.8%), up 40bp YoY/down 90bp QoQ).
- Lower margins and slightly higher depreciation led to lower adj. PAT of INR2.4b (up 23% YoY, est. INR2.6b).
- ARENM infused INR4.5b during 1QFY25 into its cell manufacturing subsidiary, ARACT, taking total equity investment till date to INR8.5b.

### Highlights from the management commentary

- Domestic volume grows YoY across segments:** i) 4W – Aftermarket 11%, OE 6-7%; ii) 2Ws – Aftermarket: 18-19%, OE: ~25%; iii) Inverter batteries – 15% YoY. International 4W volumes grew 45% YoY, led by new accounts in North America. Industrial declined 5% due to ~20% YoY decline in telecom segment.
- Replacement:** ARENM expects steady growth in replacement segment with 4Ws expected to maintain 8-9% growth at industry level and 2Ws to see 12-13%. It is confident of outperforming industry growth in both segments.
- The company has guided for INR8b capex for LAB,** with INR4.5b for a new tubular battery plant and the rest for maintenance capex.
- New energy capex:** The pack facility in the Telangana giga corridor has been completed and the commercial production is expected to start in 10 days from now. Construction is going on for the customer qualification plant and 2GWH NMC line. The commercial production should start by FY26 end or 1QFY27. Capex of INR20b will be required for these projects. In LFP, it is setting up an initial capacity of 4-5GWH, at an investment of INR20-25b capex. Commercial production to start in CY27.

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

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation and view**

- ARENM's venture into the lithium-ion sector is strategically sound given the opportunities in the segment and risks facing its core business. However, there are notable challenges: 1) market opportunities are limited by existing OEM partnerships; 2) the new facility will require years to become fully operational; 3) low-margin nature of lithium-ion manufacturing could dilute returns; and 4) long-term viability of technology remains uncertain despite the large capital investment.
- While the market is optimistic about ARENM's li-ion initiative, we are cautious about its potential returns. We believe the stock trading at around 28x/24x FY25/26E EPS appears fairly valued. Therefore, we maintain a Neutral rating with a revised target price of INR 1390, based on 20x June-26E EPS.

**Quarterly Performance****(INR Million)**

Y/E March (INR m)	FY24				FY25E				FY24	FY25E	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
<b>Net Sales</b>	<b>27,707</b>	<b>28,108</b>	<b>28,817</b>	<b>27,967</b>	<b>31,312</b>	<b>31,199</b>	<b>32,131</b>	<b>31,284</b>	<b>1,12,603</b>	<b>1,25,927</b>	<b>29,915</b>
YoY Change (%)	5.8	4.1	9.3	14.9	13.0	11.0	11.5	11.9	8.4	11.8	8.0
RM Cost (% of sales)	69.6	68.4	66.0	65.5	68.9	68.0	68.2	67.7	66.9	68.2	66.5
Staff Cost (% of sales)	6.4	5.8	6.3	5.8	5.9	6.0	5.9	5.9	6.2	6.0	6.0
Other Exp (% of sales)	10.7	12.1	12.6	14.1	11.5	11.7	12.2	12.8	12.5	12.1	12.7
<b>EBITDA</b>	<b>3,689</b>	<b>3,870</b>	<b>4,349</b>	<b>4,077</b>	<b>4,304</b>	<b>4,463</b>	<b>4,388</b>	<b>4,223</b>	<b>16,214</b>	<b>17,378</b>	<b>4,422</b>
Margins (%)	13.3	13.8	15.1	14.6	13.7	14.3	13.7	13.5	14.4	13.8	14.8
Depreciation	1,168	1,148	1,202	1,210	1,183	1,250	1,325	1,378	4,787	5,136	1,150
Interest	76	62	77	97	90	95	95	100	332	380	85
Other Income	218	275	238	283	256	280	285	280	1,015	1,100	260
<b>PBT after EO</b>	<b>2,662</b>	<b>2,935</b>	<b>3,307</b>	<b>3,053</b>	<b>3,287</b>	<b>3,398</b>	<b>3,253</b>	<b>3,024</b>	<b>12,110</b>	<b>12,962</b>	<b>3,447</b>
Tax	676	791	779	773	841	918	911	773	3,052	3,266	896
Tax Rate (%)	25.4	27.0	23.6	25.3	25.6	27.0	28.0	25.6	25.2	25.2	26.0
<b>Adj PAT</b>	<b>1,987</b>	<b>2,143</b>	<b>2,528</b>	<b>2,280</b>	<b>2,446</b>	<b>2,481</b>	<b>2,342</b>	<b>2,251</b>	<b>9,059</b>	<b>9,695</b>	<b>2,551</b>
YoY Change (%)	51.1	6.0	13.5	29.7	23.1	15.8	-7.4	-1.3	18.4	7.0	32.5

E: MOFSL Estimates



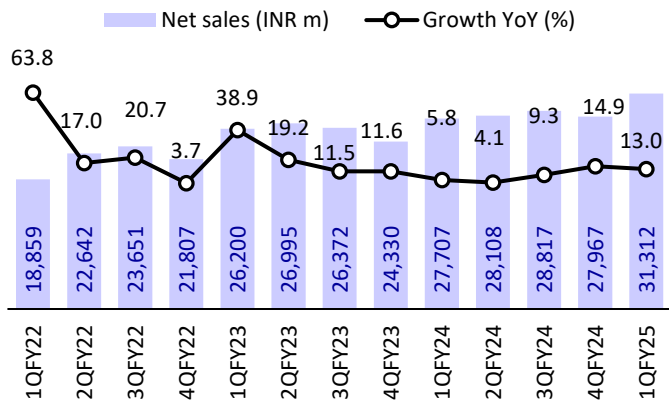
## Key takeaways from the management commentary

- **1QFY25 performance:** Adjusted for li-ion revenue in 1QFY24 (as li-ion revenue was part of standalone in the base quarter before the demerger), 1QFY25 revenue growth was ~15% YoY for lead business. This was driven by growth in both domestic and export auto segment.
  - Domestic volume growth YoY across segments: i) 4W: Aftermarket 11%, OE 6-7%; ii) 2Ws: Aftermarket: 18-19%, OE: ~25%; iii) Inverter batteries- 15% YoY. Inverter batteries were traded and traded revenue was higher at around 23% during the quarter vs. ~12% in 4QFY24; however, this would not cross ~15% in FY25E.
  - International 4W volumes grew 45% YoY, led by new accounts in North America.
  - Industrial declined 5%, led by a ~20% YoY drop in telecom segment, partially because of a high base and impacted by the transition toward lithium ion batteries. UPS and other segments reported growth YoY. The non-telecom part of the UPS business has been consistently growing at 7-8% and that trend will continue. Telecom revenue will depend on the capex plan for telecom companies in coming years.
  - It reported ~20% YoY growth in revenue from new energy business, predominantly mobility and energy storage.
- **Replacement-** The company expects steady growth in replacement segment to continue, with 4Ws expected to continue to grow at 8-9% at industry level and 2Ws at 12-13%. It is confident of outperforming industry growth in both segments.
- **Exports:** ARENM aims to clock a 15% CAGR over the next 2-3 years. It is seeing good traction in Northern American and European markets. Other markets such as the Middle East, APAC and Africa are also doing well. ARENM now supplies to 55 to 60 countries.
- **Segmental Market share:**
  - Aftermarket- 2W: ~40% and 4W: ~36%.
  - OEMs- It is about 25% in 2Ws and 35% in 4Ws.
  - Home Inverters- It only uses traded batteries and market share would be 15%.
  - Industrial UPS- Market share stands at 40-45%. Telecom- market share of 60%, including supplies of both lead and li-ion batteries.
- **Capex- It is commercializing tubular battery plant toward FY25 end**
  - The company has guided for INR8b capex for LAB, with INR4.5b for a new tubular battery plant and the rest for maintenance capex.
  - ARENM has a battery capacity of 21m/year for 4Ws and 32m/year for 2Ws. The current capacity utilization is 85-90%. It will continue to focus on optimum capacity utilization of existing LAB facilities. It has already achieved 5-6% capacity addition in these plants through productivity improvement.
  - New energy capex- The pack facility in Telangana giga corridor has been completed and the commercial production is expected to start in 10 days from now. Construction is going on for the customer qualification plant and 2GWH NMC line. The commercial production should start by FY26 end or 1QFY27. Capex of INR20b will be required for these projects.
  - LFP- The plans are getting laid out and there will be an initial capacity of 4-5GWH, which will be scaled up based on demand. INR20-25b capex will be required for this. Commercial production to start in CY27.

- **Lithium ion cell pricing trends:** Lithium cell prices have fallen to ~USD65-70 / kwh due to excess supply available. Prices are unlikely to be sustainable at the current levels even for Chinese companies, as per the management.
- **Circular solutions:** 80% of lead requirement will be met through recycled sources. It will launch a 100k-ton lead recycling facility in the first phase. Refining operations will start in Sep-Oct'24, and it will use that lead internally. Battery breaking operations will begin about four to five months after refining starts. This initiative will enhance recovery rates and improve raw material security. Ultimately, the facility should meet about 30% of its needs internally. There should not be much more investments needed beyond this, except for working capital.
- **Debt:** ARENM is currently debt free but may need short-term debt this year for an estimated capex of INR10-15b for lead acid and new energy projects. It is also planning long-term financing and will give details once it finalizes the approach.
- **Others-**
  - **PLI-** The company is technically qualified and it has applied for the same recently but there is no official announcement yet.
  - **New energy business-** Margin was just 5% in 1QFY25 vs. 13% QoQ. The margins will depend on mix and volume between packs and chargers. At contribution level, margins would be 7-8% for the pack manufacturing and 13-15% for charger manufacturing.
  - **InoBat-** The company invested EUR10m two years ago and EUR20m in 1Q, as it is working on certain high-power NMC cells and has a tie-up with Gotion for some of their requirements as well.

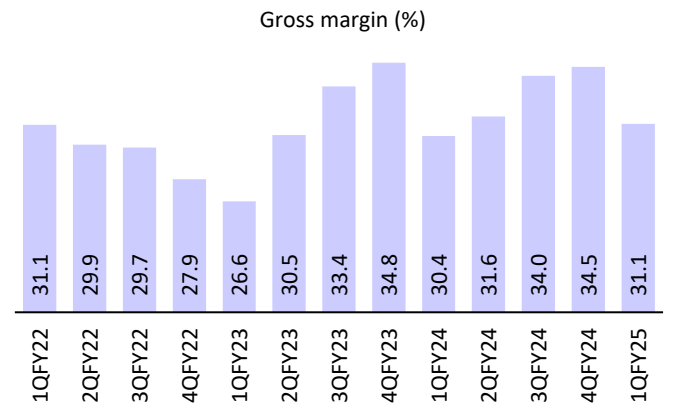
## Key exhibits

Exhibit 1: Trend in revenue and growth



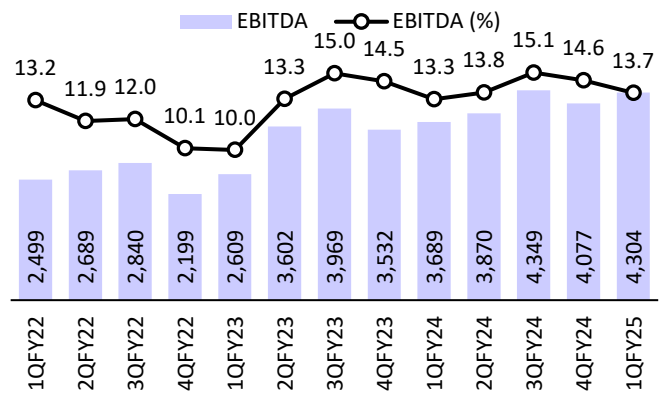
Source: Company, MOFSL

Exhibit 2: Gross margin impacted by RM cost inflation



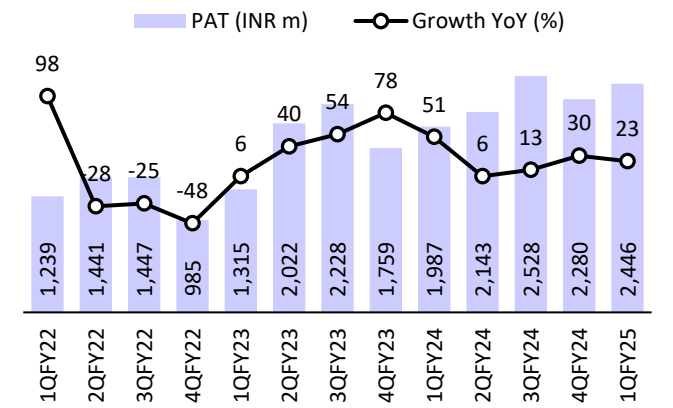
Source: Company, MOFSL

Exhibit 3: Trend in EBITDA and EBITDA margin



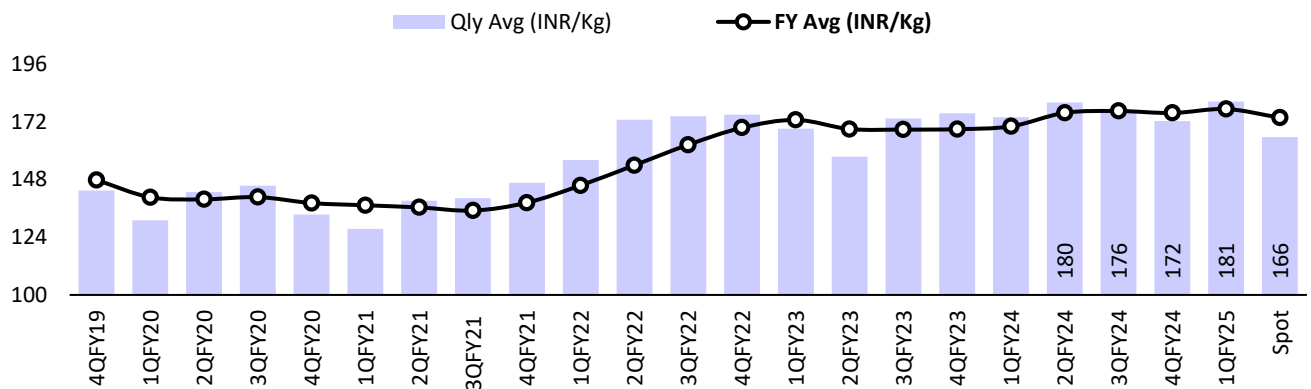
Source: Company, MOFSL

Exhibit 4: PAT and growth trend



Source: Company, MOFSL

Exhibit 5: Trend in spot lead prices (INR/kg)



Source: Bloomberg, MOFSL

### Valuation and view

■ **Industry structure remains a duopoly, but ARENM strong in second position:**

While the industry structure remains largely a duopoly, ARENM has emerged as a formidable challenger to leader EXID, with market leadership in Telecom and UPS segments and fast gaining share in Auto. Over FY14-24, it clocked 13%/9% CAGRs in net sales/PAT, exceeding EXID's 10%/8% CAGRs. This was driven by a combination of technological innovation (first to introduce maintenance-free, factory-charged, extended-warranty batteries), witty advertising, and a unique distribution model (franchisee-based), supported by operational efficiency-led competitive pricing.

■ **ARENM to emerge as one of the beneficiaries of strong outlook in LAB:**

The outlook on both auto and industrial segments remains strong. In the auto segment, strong growth posted by the industry over the last three years is expected to translate into healthy replacement demand in the coming years. The industrial segment is expected to benefit from the surge in demand for power backup for data centers. Thermal power generation is seeing a comeback and should see strong incremental demand with growth visibility for the next 5-6 years. Given its strong position in LAB both in auto and industrial segments, we expect the company to emerge as a beneficiary of the healthy demand outlook in the industry.

■ **EV transition remains the real risk for LAB in the long run:**

Transition to electrification globally and in India is emerging as a big risk for LAB players in the long run. The only saving grace for Indian players in the near term is the fact that EV transition is picking up pace currently in 2Ws and 3Ws only and the same in PVs is likely to take a bit longer. However, lithium ion batteries are now increasingly finding application even in various industrial use cases, including telecom, traction, UPS, etc. This transition is clearly emerging as a significant risk for LAB players like ARENM in the long run.

■ **Foray into lithium ion will have its own challenges:**

Given the significant imminent risk to its core business, the company has forayed into manufacturing of lithium ion cells in partnership with a Chinese major. The total capex outlay will be INR95b over a 10-year period, which will have an eventual cell manufacturing capacity of 16 GWh. It plans to start with a customer qualification plant having capacity of 2 Gwh initially and get the same approved from key customers. The company is also looking for a partner for cell manufacturing, who could help it set up and stabilize the plant and also help in securing and localizing supply chain. While ARENM can fund the initial couple of years of this project through internal accruals, we expect the company would need to raise funds to finance the balance project. Further, we think the company's foray into lithium ion cell manufacturing is likely to see multiple challenges in the coming years, which include: 1) most domestic PV OEMs either have their own lithium ion manufacturing plans or have existing tie-ups, limiting Amara's potential addressable market in this space; 2) given Amara is setting up a greenfield in this segment without prior experience, we expect its facility to take at least a couple of years to stabilize operations as it goes through its testing and validation phase initially for interested OEMs; 3) since lithium ion cell manufacturing is a low-margin business, we expect this business to be return-dilutive for Amara in the long run, even if this venture is successful; and

4) given that one is still not sure if the lithium ion cell technology itself will emerge as a sustainable technology in the long run, we think the outcome of this venture remains highly uncertain, at this stage, despite the significant capital commitment required.

- **Valuations fair; reiterate our Neutral rating:** While the market seems to be upbeat about Amara's lithium ion foray, we remain circumspect of the returns from the business. We believe the stock trading at around 28x/24x FY25/26E EPS appears fairly valued for the new energy business. Hence, we maintain a Neutral rating with a revised TP of INR1390, based on 20x Jun'26E EPS.

#### Exhibit 6: Revisions to our estimates

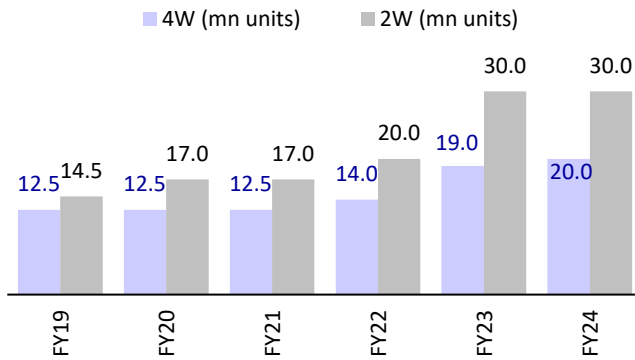
(INR M)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,25,927	1,25,927	0.0	1,39,056	1,39,056	0.0
EBITDA (%)	13.8	15.0	-120bp	14.5	15.3	-80bp
Net Profit	9,695	10,791	-10.2	11,405	12,164	-6.2
EPS (INR)	53.0	59.0	-10.2	62.3	66.5	-6.2

Source: MOFSL



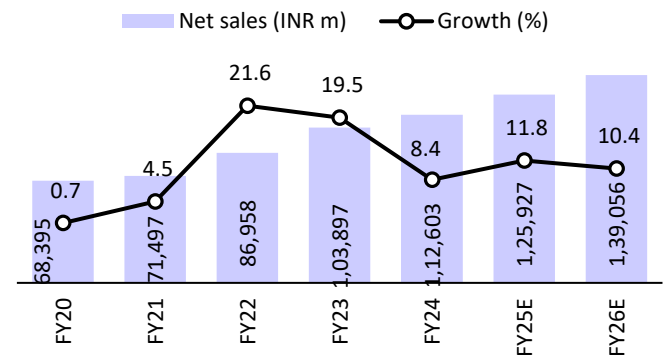
## Story in charts

**Exhibit 7: Significant addition in 2W capacity**



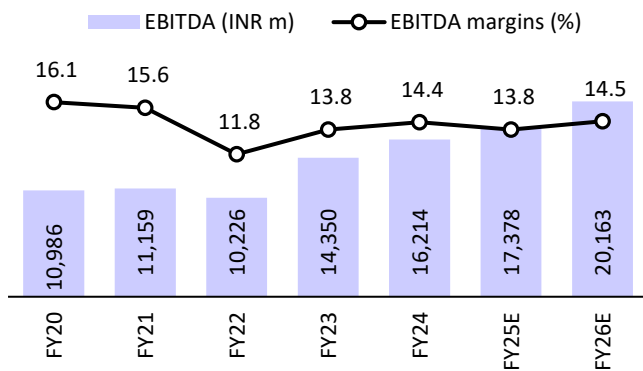
Source: Company, MOFSL

**Exhibit 8: Trend in revenue**



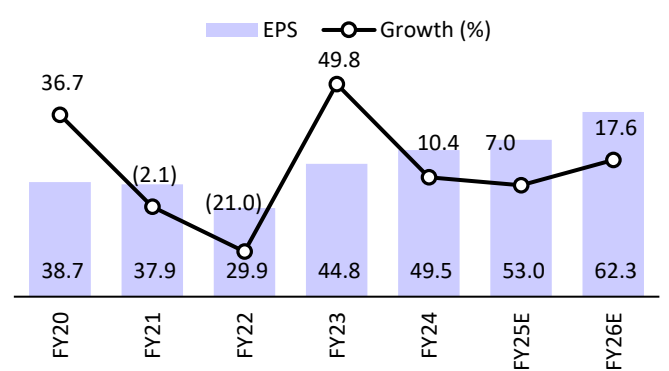
Source: Company, MOFSL

**Exhibit 9: EBITDA and EBITDA margin trend**



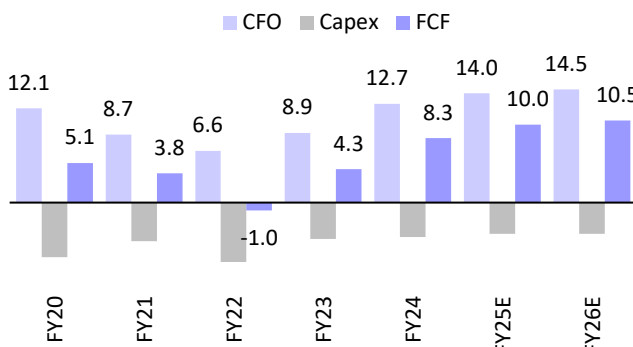
Source: Company, MOFSL

**Exhibit 10: Earnings likely to see stability from FY25E**



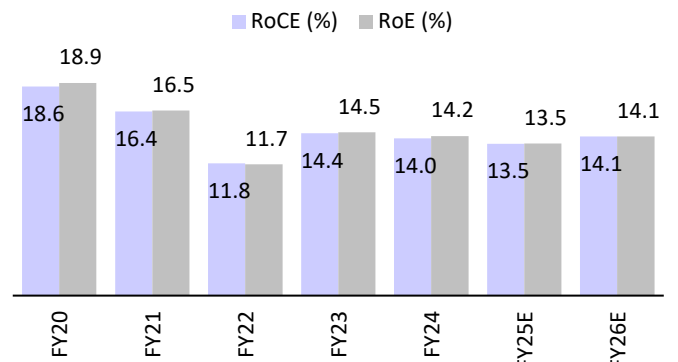
Source: Company, MOFSL

**Exhibit 11: Trend in CFO, capex, and FCF**



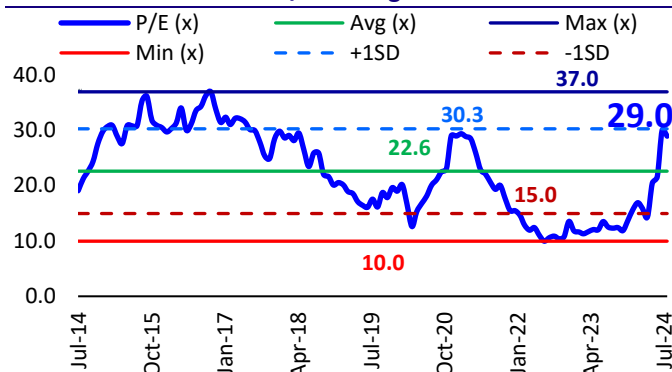
Source: Company, MOFSL

**Exhibit 12: Return ratios to recover moderately**



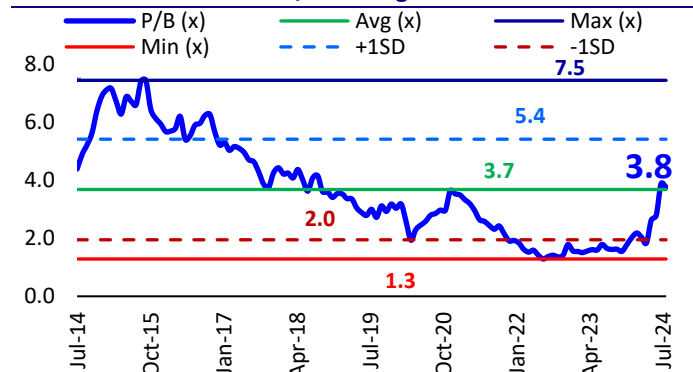
Source: Company, MOFSL

**Exhibit 13: Valuations – P/E trading bands**



Source: Company, MOFSL

**Exhibit 14: Valuations – P/B trading bands**



Source: Company, MOFSL



## Financials and valuations

### Standalone - Income Statement

(INR Million)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Net Sales</b>	<b>67,931</b>	<b>68,395</b>	<b>71,497</b>	<b>86,958</b>	<b>1,03,897</b>	<b>1,12,603</b>	<b>1,25,927</b>	<b>1,39,056</b>
Change (%)	12.1	0.7	4.5	21.6	19.5	8.4	11.8	10.4
<b>EBITDA</b>	<b>9,518</b>	<b>10,986</b>	<b>11,159</b>	<b>10,226</b>	<b>14,350</b>	<b>16,214</b>	<b>17,378</b>	<b>20,163</b>
Margin (%)	14.0	16.1	15.6	11.8	13.8	14.4	13.8	14.5
Depreciation	2,612	3,007	3,192	3,957	4,504	4,787	5,136	5,416
<b>EBIT</b>	<b>6,906</b>	<b>7,978</b>	<b>7,967</b>	<b>6,269</b>	<b>9,846</b>	<b>11,427</b>	<b>12,242</b>	<b>14,747</b>
Int. and Finance Charges	70	122	105	151	296	332	380	350
Other Income - Rec.	468	551	874	780	897	1,015	1,100	850
<b>PBT bef. EO Exp.</b>	<b>7,304</b>	<b>8,407</b>	<b>8,736</b>	<b>6,898</b>	<b>10,447</b>	<b>12,110</b>	<b>12,962</b>	<b>15,247</b>
EO Expense/(Income)	0	0	0	0	477	0	0	0
<b>PBT after EO Exp.</b>	<b>7,304</b>	<b>8,407</b>	<b>8,736</b>	<b>6,898</b>	<b>9,970</b>	<b>12,110</b>	<b>12,962</b>	<b>15,247</b>
Current Tax	2,469	1,799	2,265	1,786	2,620	3,191	3,370	3,964
Deferred Tax	0	0	0	0	43	-140	-104	-122
Tax Rate (%)	33.8	21.4	25.9	25.9	26.7	25.2	25.2	25.2
<b>Reported PAT</b>	<b>4,835</b>	<b>6,608</b>	<b>6,470</b>	<b>5,112</b>	<b>7,307</b>	<b>9,059</b>	<b>9,695</b>	<b>11,405</b>
<b>PAT Adj for EO items</b>	<b>4,835</b>	<b>6,608</b>	<b>6,470</b>	<b>5,113</b>	<b>7,656</b>	<b>9,059</b>	<b>9,695</b>	<b>11,405</b>
Change (%)	2.6	36.7	-2.1	-21.0	49.8	18.3	7.0	17.6
Margin (%)	7.1	9.7	9.0	5.9	7.4	8.0	7.7	8.2

### Standalone - Balance Sheet

(INR Million)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	171	171	171	171	171	183	183	183
Total Reserves	33,182	36,385	41,932	45,343	59,886	67,504	75,552	85,310
<b>Net Worth</b>	<b>33,353</b>	<b>36,556</b>	<b>42,103</b>	<b>45,514</b>	<b>60,056</b>	<b>67,687</b>	<b>75,735</b>	<b>85,493</b>
Deferred Liabilities	959	441	407	314	1,036	885	781	659
Total Loans	468	343	234	234	2,014	1,527	1,250	1,050
<b>Capital Employed</b>	<b>34,780</b>	<b>37,341</b>	<b>42,744</b>	<b>46,062</b>	<b>63,106</b>	<b>70,098</b>	<b>77,766</b>	<b>87,202</b>
Gross Block	26,165	29,269	38,628	42,498	57,236	59,035	63,251	67,251
Less: Accum. Deprn.	8,037	10,977	14,081	17,575	20,354	23,532	28,668	34,084
<b>Net Fixed Assets</b>	<b>18,128</b>	<b>18,292</b>	<b>24,548</b>	<b>24,923</b>	<b>36,882</b>	<b>35,503</b>	<b>34,583</b>	<b>33,168</b>
Capital WIP	3,147	8,270	3,993	8,297	2,343	3,217	3,000	3,000
<b>Total Investments</b>	<b>205</b>	<b>1,562</b>	<b>2,805</b>	<b>778</b>	<b>4,860</b>	<b>14,791</b>	<b>23,791</b>	<b>32,791</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>23,480</b>	<b>21,882</b>	<b>26,625</b>	<b>29,761</b>	<b>35,288</b>	<b>34,833</b>	<b>36,474</b>	<b>40,251</b>
Inventory	10,614	11,427	14,382	18,038	16,752	18,095	20,010	22,097
Account Receivables	7,686	6,363	7,875	7,926	7,797	10,171	10,695	11,810
Cash and Bank Balance	502	326	967	536	998	1,045	731	782
Loans and Advances	4,678	3,766	3,401	3,262	9,741	5,522	5,037	5,562
<b>Curr. Liability &amp; Prov.</b>	<b>10,179</b>	<b>12,665</b>	<b>15,227</b>	<b>17,697</b>	<b>16,267</b>	<b>18,245</b>	<b>20,082</b>	<b>22,008</b>
Account Payables	5,104	6,149	7,465	8,065	7,514	8,398	10,005	11,048
Other Current Liabilities	3,761	4,685	5,623	7,177	6,005	6,924	7,556	8,343
Provisions	1,314	1,832	2,140	2,455	2,749	2,923	2,521	2,616
<b>Net Current Assets</b>	<b>13,301</b>	<b>9,217</b>	<b>11,398</b>	<b>12,064</b>	<b>19,021</b>	<b>16,588</b>	<b>16,392</b>	<b>18,243</b>
<b>Appl. of Funds</b>	<b>34,780</b>	<b>37,341</b>	<b>42,744</b>	<b>46,062</b>	<b>63,106</b>	<b>70,098</b>	<b>77,766</b>	<b>87,202</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>28.3</b>	<b>38.7</b>	<b>37.9</b>	<b>29.9</b>	<b>44.8</b>	<b>49.5</b>	<b>53.0</b>	<b>62.3</b>
Cash EPS	43.6	56.3	56.6	53.1	71.2	75.7	81.0	91.9
BV/Share	195.3	214.0	246.5	266.5	351.6	369.9	413.9	467.2
DPS	7.1	11.0	11.0	4.5	6.1	10.6	9.6	9.6
Payout (%)	30.0	34.1	29.0	15.0	14.3	20.0	17.0	14.4
<b>Valuation (x)</b>								
P/E	53.2	38.9	39.8	50.3	33.6	30.4	28.4	24.2
Cash P/E	34.6	26.8	26.6	28.4	21.2	19.9	18.6	16.4
P/BV	7.7	7.0	6.1	5.7	4.3	4.1	3.6	3.2
EV/Sales	3.8	3.8	3.6	3.0	2.5	2.3	2.0	1.9
EV/EBITDA	27.0	23.4	23.0	25.1	18.0	15.9	14.8	12.8
<b>Return Ratios (%)</b>								
RoE	15.4	18.9	16.5	11.7	14.5	14.2	13.5	14.1
RoCE	14.9	18.6	16.4	11.8	14.4	14.0	13.5	14.1
RoIC	15.8	21.6	19.0	13.0	15.8	16.1	18.1	21.9
<b>Working Capital Ratios</b>								
Gross Fixed Asset Turnover (x)	2.6	2.3	1.9	2.0	1.8	1.9	2.0	2.1
Inventory (Days)	57.0	61.0	73.4	75.7	58.9	58.7	58.0	58.0
Debtor (Days)	41	34	40	33	27	33	31	31
Creditor (Days)	27	33	38	34	26	27	29	29
Working Capital Turnover (Days)	69	47	53	48	63	50	45	46
<b>Leverage Ratio (x)</b>								
Current Ratio	2.3	1.7	1.7	1.7	2.2	1.9	1.8	1.8
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

### Standalone - Cash Flow Statement

(INR Million)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net P/L Before Tax and E/O Items	7,304	8,407	8,733	6,898	10,447	12,110	12,962	15,247
Depreciation	2,612	3,007	3,192	3,957	4,504	4,787	5,136	5,416
Interest & Finance Charges	42	122	105	151	-601	-684	-720	-500
Direct Taxes Paid	2,417	2,364	1,995	1,993	2,563	3,289	3,266	3,842
(Inc)/Dec in WC	-1,843	2,892	-1,301	-2,406	-2,866	-271	-118	-1,801
<b>CF from Operations</b>	<b>5,698</b>	<b>12,065</b>	<b>8,734</b>	<b>6,607</b>	<b>8,921</b>	<b>12,654</b>	<b>13,994</b>	<b>14,520</b>
Others	-284	-296	-714	-277	641	488	0	0
<b>CF from Operating incl EO</b>	<b>5,413</b>	<b>11,769</b>	<b>8,020</b>	<b>6,329</b>	<b>9,562</b>	<b>13,142</b>	<b>13,994</b>	<b>14,520</b>
(inc)/dec in FA	-5,282	-6,999	-4,964	-7,598	-4,647	-4,401	-4,000	-4,000
<b>Free Cash Flow</b>	<b>131</b>	<b>4,770</b>	<b>3,056</b>	<b>-1,268</b>	<b>4,915</b>	<b>8,741</b>	<b>9,994</b>	<b>10,520</b>
Others	10,904	13,305	13,212	16,219	24,731	28,871	-7,900	-8,150
<b>CF from Investments</b>	<b>-4,629</b>	<b>-8,497</b>	<b>-6,350</b>	<b>-4,819</b>	<b>-7,892</b>	<b>-10,720</b>	<b>-2,900</b>	<b>-3,150</b>
(Inc)/Dec in Debt	-51	-275	-321	-359	-377	-871	-380	-322
Interest Paid	-11	-52	-40	-67	-161	-188	-380	-350
Dividend Paid	-855	-3,311	-854	-1,708	-581	-1,367	-1,647	-1,647
<b>CF from Fin. Activity</b>	<b>-916</b>	<b>-3,638</b>	<b>-1,215</b>	<b>-2,135</b>	<b>-1,119</b>	<b>-2,425</b>	<b>-2,407</b>	<b>-2,319</b>
<b>Inc/Dec of Cash</b>	<b>-131</b>	<b>-365</b>	<b>455</b>	<b>-624</b>	<b>551</b>	<b>-2</b>	<b>8,686</b>	<b>9,051</b>
Add: Beginning Balance	2,644	2,512	512	967	343	894	892	9,579
<b>Closing Balance</b>	<b>2,512</b>	<b>2,147</b>	<b>967</b>	<b>343</b>	<b>894</b>	<b>892</b>	<b>9,579</b>	<b>18,630</b>

E: MOFSL Estimates

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