

# Asian Paints

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	APNT IN
Equity Shares (m)	959
M.Cap.(INRb)/(USD\$)	2303.5 / 26.5
52-Week Range (INR)	3395 / 2125
1, 6, 12 Rel. Per (%)	5/1/-19
12M Avg Val (INR M)	3318

## Financials & Valuations (INR b)

Y/E March	2026E	2027E	2028E
Sales	357.0	398.4	444.6
Sales Gr. (%)	5.3	11.6	11.6
EBITDA	64.8	74.8	83.6
EBIT Margin (%)	18.1	18.8	18.8
Adj. PAT	43.5	51.9	58.6
Adj. EPS (INR)	45.4	54.1	61.1
EPS Gr. (%)	6.8	19.2	12.9
BV/Sh.(INR)	205.7	217.5	236.0

## Ratios

RoE (%)	22.2	25.6	26.9
RoCE (%)	19.1	21.5	22.5
Payout (%)	90.4	75.8	67.2

## Valuation

P/E (x)	52.9	44.4	39.3
P/BV (x)	11.7	11.0	10.2
EV/EBITDA (x)	34.8	30.0	26.7
Div. Yield (%)	1.7	1.7	1.7

## Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	52.6	52.6	52.6
DII	21.0	15.6	12.4
FII	11.9	12.3	15.3
Others	14.4	19.5	19.7

FII includes depository receipts

**CMP: INR2,402      TP: INR2,500 (+6%)      Neutral**

## Challenges persist, exciting days still far away

- Asian Paints (APNT)'s consolidated revenue growth was flat in 1QFY26, with standalone revenue declining 1% YoY (in line). Domestic volume grew 4% YoY. Demand was subdued, as it was partially hit by the early monsoon, while product mix was unfavorable. APNT is witnessing early green shoots of demand recovery in urban areas, while rural areas remain steady. Demand in Jun and Jul'25 was muted, but management is hopeful for a recovery in Sep'25. International business revenue grew 8.4% (+17.5% in CC terms).
- Consolidated GM improved 20bp YoY due to softening RM prices, while it contracted 130bp QoQ to 42.7%. EBITDA margin contracted 70bp YoY to 18.2%. APNT's EBITDA declined 4% YoY (est. -1%) to INR16.2b.
- Management expects a gradual demand recovery ahead; it alluded to the fact that competitive intensity remains elevated in the space. The company is targeting single-digit growth in both value and volume terms in the near term and maintains its EBITDA margin guidance of 18-20%, supported by formulation and sourcing efficiencies.
- Given the uncertainty in demand and intense competition, the softening of RM prices is not rendering the required confidence in desired earnings. Against this backdrop, we reiterate our **Neutral rating with a TP of INR2,500 (based on 45x Jun'27E EPS)**.

## In-line performance; domestic volume up 4% YoY

- **Flat performance:** Consol. net sales remained flat YoY at INR89.4b (est. INR90.6b), given the muted demand environment. Decorative business (India) clocked a volume growth of 3.9% (est. 7%, 1.8% in 4QFY25), while revenue dipped 1% YoY. Downtrading was observed in the luxury segment, while both the economy and premium segments displayed healthy growth.
- **Contraction in operating margin:** Gross margin inched up 20bp YoY to 42.7% (est. 43.8%). GP was flat YoY at INR38.2b. Employee expenses rose 4% YoY, and other expenses were up 3% YoY. EBITDA margin contracted 70bp YoY to 18.2% (est. 18.5%).
- **Better industrial performance:** The Industrial Coatings segment posted an 8.8% YoY revenue growth, led by strong performance in Auto and Protective Coatings. The bath business revenue declined 5% YoY, while that of the kitchen business dipped 2.3%. Teak and Weather Seal revenue declined 32% YoY.
- **Healthy international growth:** International business registered a value growth of 8.4% (17.5% growth in CC terms) backed by growth in Asian markets, the UAE, and Egypt.
- **Continued dip in profitability:** EBITDA declined 4% YoY to INR16.2b (est. INR16.8b). PBT dipped 6% YoY to INR14.7b (est. INR14.8b). Adj. PAT declined 6% YoY to INR11.2b (est. INR11.3b) for the quarter.

## Key highlights from the management commentary

- The key retailing season is likely to shift to Sep'25, supported by the early festive season and the hope that monsoons will not affect demand.

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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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- **Competition remains intense, and the company is focusing on innovation, brand saliency, regionalization, and other strategic levers to navigate near-term uncertainties.**
- **The company is targeting single-digit growth in both value and volume terms.**
- Raw material prices have softened, especially crude derivatives, but the company is monitoring potential cost increases due to anti-dumping duties on TiO<sub>2</sub> from China—while the impact was not felt in Q1 due to sufficient inventory, a 1.5–2.5% cost increase is expected from Q2 onwards, though the company aims to maintain its EBITDA margin guidance of 18–20% supported by formulation and sourcing efficiencies.
- Management has planned INR7b in capex for FY26, of which INR1b has already been spent in 1Q.

### Valuation and view

- We largely maintain our estimates for FY26 and FY27.
- APNT remains focused on innovation, brand saliency, regionalization, and other strategic levers such as 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. The stock has not performed well on a YTD basis (up by a mere 4%) as demand and competitive pressure still hover around earnings. **We reiterate our Neutral rating with a TP of INR2,500 (based on 45x Jun'27E EPS).**

### Quarterly Performance (Consol.)

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Est. Dom. Deco. Vol. growth (%)	7.0	-0.5	1.6	1.8	3.9	7.0	6.0	8.0	2.5	6.2	7.0	
<b>Net Sales</b>	<b>89,697</b>	<b>80,275</b>	<b>85,494</b>	<b>83,589</b>	<b>89,386</b>	<b>84,289</b>	<b>92,334</b>	<b>91,033</b>	<b>3,39,056</b>	<b>3,57,042</b>	<b>90,594</b>	<b>-1.3%</b>
Change (%)	-2.3	-5.3	-6.1	-4.3	-0.3	5.0	8.0	8.9	-4.5	5.3	1.0	
<b>Gross Profit</b>	<b>38,152</b>	<b>32,732</b>	<b>36,291</b>	<b>36,724</b>	<b>38,155</b>	<b>35,823</b>	<b>39,888</b>	<b>40,127</b>	<b>1,43,898</b>	<b>1,53,993</b>	<b>39,680</b>	
Gross Margin (%)	42.5	40.8	42.4	43.9	42.7	42.5	43.2	44.1	42.4	43.1	43.8	
<b>EBITDA</b>	<b>16,938</b>	<b>12,395</b>	<b>16,367</b>	<b>14,362</b>	<b>16,250</b>	<b>13,859</b>	<b>18,433</b>	<b>16,238</b>	<b>60,062</b>	<b>64,779</b>	<b>16,759</b>	<b>-3.0%</b>
Margin (%)	18.9	15.4	19.1	17.2	18.2	16.4	20.0	17.8	17.7	18.1	18.5	
Change (%)	-20.2	-27.8	-20.4	-15.1	-4.1	11.8	12.6	13.1	-20.8	7.9	-1.1	
Interest	554	630	558	528	445	525	500	574	2,270	2,044	525	
Depreciation	2,277	2,420	2,556	3,011	3,009	3,000	3,050	3,069	10,263	12,128	3,000	
Other Income	1,562	1,736	1,430	999	1,928	1,800	1,800	1,057	5,726	6,585	1,600	
<b>PBT</b>	<b>15,669</b>	<b>11,081</b>	<b>14,683</b>	<b>11,822</b>	<b>14,724</b>	<b>12,134</b>	<b>16,683</b>	<b>13,652</b>	<b>53,255</b>	<b>57,193</b>	<b>14,834</b>	<b>-0.7%</b>
Tax	4,168	2,654	3,897	3,214	3,917	3,033	4,171	3,463	13,934	14,584	3,783	
Effective Tax Rate (%)	26.6	23.9	26.5	27.2	26.6	25.0	25.0	25.4	26.2	25.5	25.5	
<b>Adjusted PAT</b>	<b>11,868</b>	<b>8,738</b>	<b>11,284</b>	<b>8,838</b>	<b>11,171</b>	<b>9,287</b>	<b>12,811</b>	<b>10,249</b>	<b>40,728</b>	<b>43,517</b>	<b>11,309</b>	<b>-1.2%</b>
Change (%)	-24.6	-29.1	-23.5	-30.7	-5.9	6.3	13.5	16.0	-26.7	6.8	-4.7	

E: MOFSL Estimates

### Standalone performance

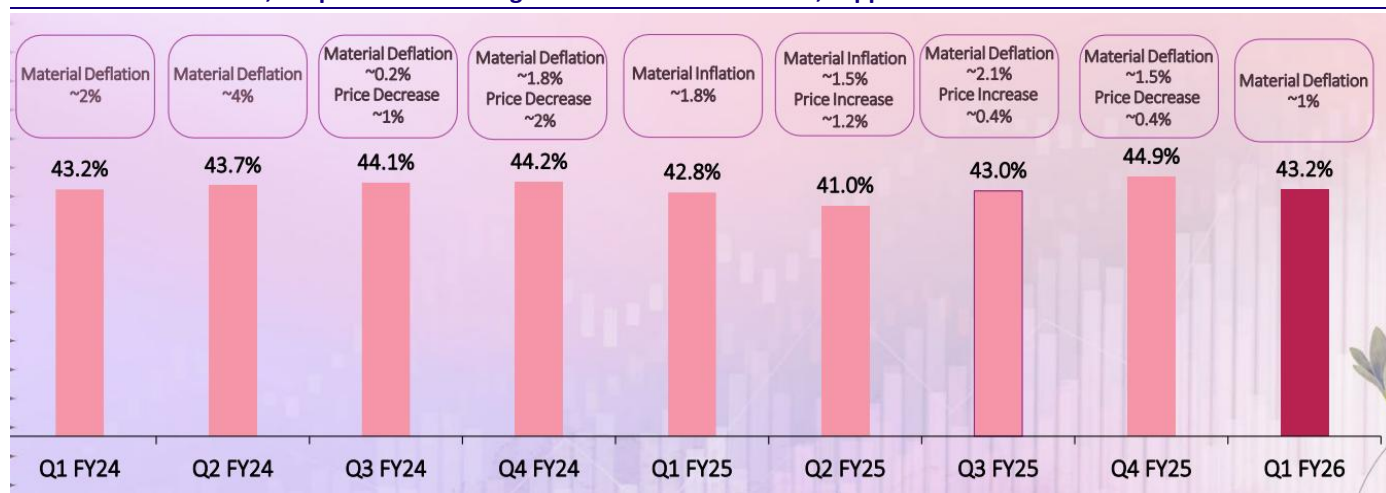
- Standalone net sales declined 1% YoY to INR78.6b.
- Gross margin improved 30bp YoY to 43.3%, while EBITDA margin contracted 70bp YoY to 19.3% on account of higher other expenses.
- EBITDA declined 5% YoY to INR15.2b for the quarter.
- PBT dipped 8% YoY to INR14.7b.
- Adj. PAT was down 8% YoY at INR11b.

### Quarterly Performance (Standalone)

(INR m)

Y/E March	FY25				FY26
	1Q	2Q	3Q	4Q	1Q
<b>Net Sales</b>	<b>79,756</b>	<b>68,684</b>	<b>73,205</b>	<b>71,924</b>	<b>78,685</b>
Change (%)	-1.7	-6.5	-7.5	-5.1	-1.3
<b>Gross Profit</b>	<b>34,288</b>	<b>28,416</b>	<b>31,785</b>	<b>32,516</b>	<b>34,082</b>
Gross Margin (%)	43.0	41.4	43.4	45.2	43.3
<b>EBITDA</b>	<b>15,959</b>	<b>11,222</b>	<b>15,084</b>	<b>13,242</b>	<b>15,200</b>
Margin (%)	20.0	16.3	20.6	18.4	19.3
Change (%)	-20.2	-29.2	-20.5	-14.8	-4.8
Interest	327	390	328	340	303
Depreciation	1,983	2,073	2,214	2,694	2,693
Other Income	2,245	1,816	2,265	1,380	2,477
<b>PBT</b>	<b>15,893</b>	<b>10,574</b>	<b>14,807</b>	<b>11,588</b>	<b>14,682</b>
Tax	4,001	2,553	3,721	2,847	3,685
Effective Tax Rate (%)	25.2	24.1	25.1	24.6	25.1
<b>Adjusted PAT</b>	<b>11,892</b>	<b>8,021</b>	<b>11,086</b>	<b>8,741</b>	<b>10,996</b>
Change (%)	-21.2	-30.9	-23.2	-27.7	-7.5

### Exhibit 1: RM deflation, coupled with sourcing & formulation efficiencies, supported GM



Sources: Company reports



## Highlights from the management commentary

### India Business

- APNT's 1Q demand was hit by early monsoons, though early signs of recovery are visible in urban areas, while rural demand remained stable.
- June experienced weak demand due to heavy monsoons, and a similar pattern observed in 1Q is continuing in July.
- The key retailing season is expected to shift to September, supported by the early festive season and the hope that monsoons will not affect demand.
- Lower inflation and supportive government policies are likely to aid overall demand recovery. Green shoots of demand are visible across the industry.
- Competition remains intense, and the company is focusing on innovation, brand saliency, regionalization, and other strategic levers to navigate near-term uncertainties.
- The company continues to build scale in its Industrial Business segment by leveraging technical expertise and expanding distribution reach.
- The 1Q product mix was led by economy emulsions, Smartcare waterproofing, exterior textures, and wood finishes, while luxury emulsions underperformed.
- Downtrading was observed in the luxury segment, while both the economy and premium segments displayed healthy growth.
- The company expanded its distribution footprint, now catering to over 0.17m retail touchpoints.
- The projects and institutional business saw some deceleration in segments like co-operative housing societies and factories, though demand remained strong from builders and government projects.
- The company continues to focus on service differentiation through Beautiful Homes Painting Service and Trusted Contractor Service, with a strong emphasis on NPS.
- Innovation remains a core focus, with new product launches contributing ~14% of overall 1Q revenues.
- The Home Décor business now contributes 4% to overall decorative revenues.
- The recent job cuts in IT companies are not expected to materially impact paint demand, as repainting demand is need-based and the premium housing segment, where most IT employees reside on rent, will be stable.
- The company offers additional quantity in paints like new variants of the Ultra range with 10% additional coverage, which does not directly help the consumers but helps the channel partners, i.e., contractors, to push new product offerings, which improve their margins and enhance engagement.
- Northern, Western, and Eastern regions performed well, while the Southern region saw weaker performance.
- The company is targeting single-digit growth in both value and volume terms.

### Segmental Information

- White Teak (decorative and designer lighting) net sales decline 32% YoY, impacted by BIS-related challenges and subdued retail demand.
- Weatherseal (uPVC windows and doors) posted net sales growth of 32% YoY, driven by an expanded product portfolio, wider reach, and synergies with the Beautiful Homes Network.

- The Kitchen business saw a revenue decline of ~2% in 1Q due to weak demand conditions.
- The Bath business reported a revenue decline of ~5%, also hit by muted demand.
- PPG Asian Paints (PPGAP) delivered double-digit revenue growth, benefiting from strong performance in the Automotive and General Industrial segments.
- Asian Paints PPG (APPPG) posted modest revenue growth of 5%, driven by the Protective Coatings segment.

### **International Business**

- The company reported 1Q revenue growth of 8.4% in INR terms, with constant currency growth at 17.5%, led by strong performance in Asian markets, the UAE, and Egypt.
- Performance in Ethiopia was adversely impacted by currency devaluation.
- Profitability improved during the quarter, supported by operational efficiencies and favorable raw material costs.

### **Costs and margins**

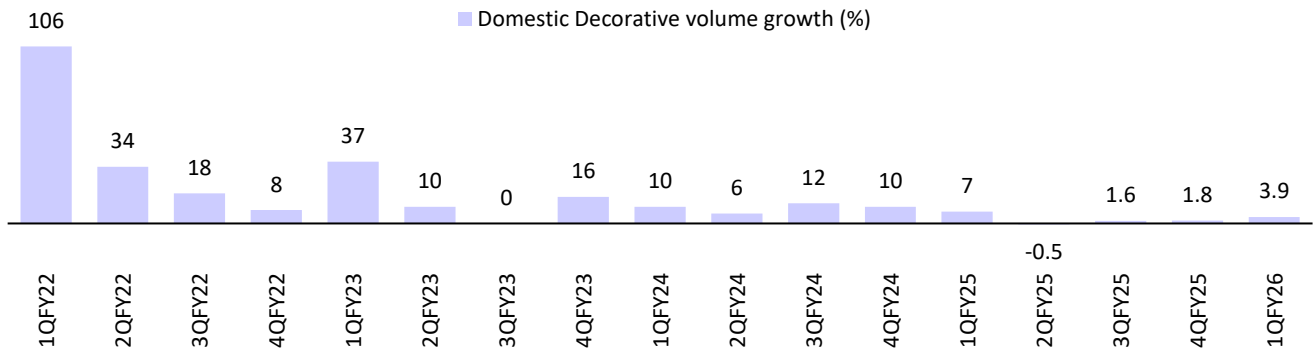
- Gross margin was supported by sourcing and formulation efficiencies, along with raw material deflation, despite an adverse product mix and increased discounting.
- Raw material prices have softened, especially crude derivatives, but the company is monitoring potential cost increases due to anti-dumping duties on TiO<sub>2</sub> from China.
- The impact of TiO<sub>2</sub> duties was not felt in 1Q due to sufficient inventory, but a 1.5%–2.5% cost increase is expected from 2Q onwards.
- Despite cost pressures, the company aims to maintain its EBITDA margin guidance of 18–20%, supported by formulation and sourcing efficiencies.

### **Capex**

- Backward integration projects for VAM-VAE and white cement are progressing on schedule and are expected to enhance cost efficiency and support differentiated product development.
- The company has planned INR7b capex for FY26, out of which 1b has already been spent in 1Q.
- The white cement plant has been commissioned and is expected to become operational in the next quarter.
- The VAM plant is expected to commence operations between 1QFY27 and 2QFY27.

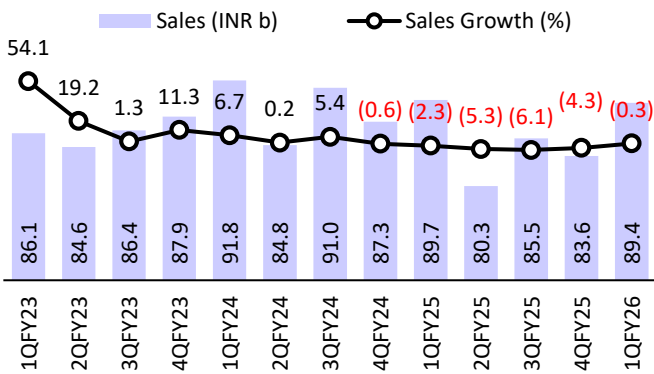
## Key exhibits

**Exhibit 2: Domestic business volume up 3.9% YoY in 1QFY26**



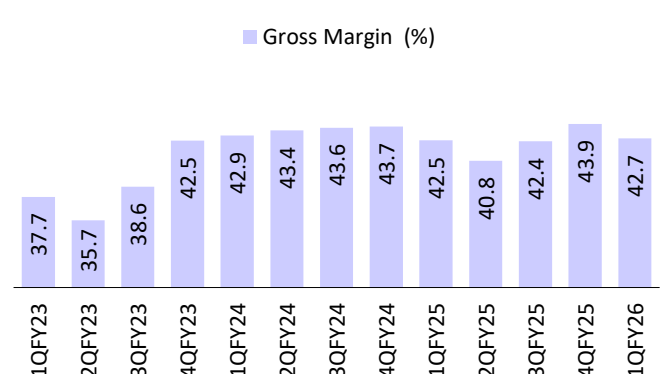
Sources: Company reports

**Exhibit 3: Consolidated sales flat YoY at INR89.4b in 1QFY26**



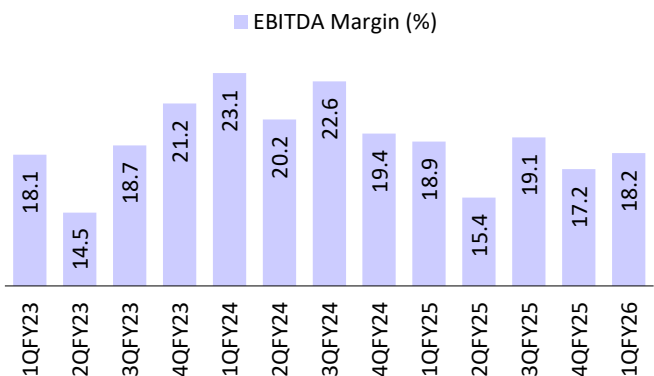
Sources: Company reports, MOFSL

**Exhibit 4: Gross margin improved 20bp YoY to 42.7%**



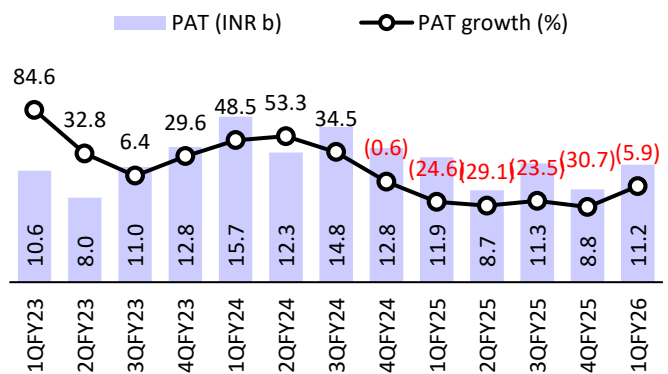
Sources: Company reports, MOFSL

**Exhibit 5: EBITDA margin contracted 70bp YoY to 18.2%**



Sources: Company reports, MOFSL

**Exhibit 6: PAT declined ~6% YoY to INR11.2b in 1QFY26**



Sources: Company reports, MOFSL

### Valuation and view

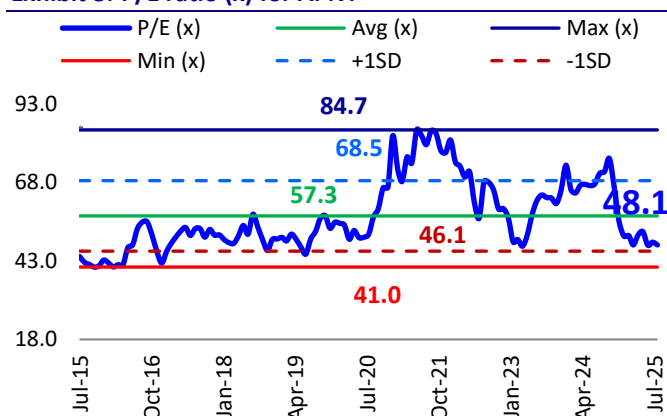
- We largely maintain our estimates for FY26 and FY27.
- APNT remains focused on innovation, brand saliency, regionalization, and other strategic levers such as new launches across price segments and packaging revamps to stay competitive against both organized and unorganized players. The entry of deep-pocketed 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. The stock has not performed well on a YTD basis (up by a mere 4%) as demand and competitive pressure still hover around earnings. **We reiterate our Neutral rating with a TP of INR2,500 (based on 45x Jun'27E EPS).**

**Exhibit 7: We largely maintain our estimates for FY26 and FY27.**

INR b	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	357.0	398.4	358.9	400.5	-0.5	-0.5
EBITDA	64.8	74.8	65.1	75.2	-0.5	-0.5
PAT	43.5	51.9	43.8	52.3	-0.6	-0.8

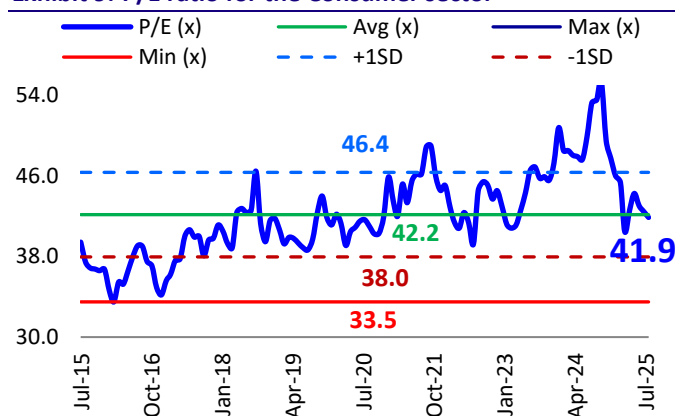
Sources: Company reports, MOFSL

**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	FY28E
<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>3,57,042</b>	<b>3,98,425</b>	<b>4,44,643</b>
Change (%)	14.4	5.0	7.4	34.0	18.5	2.9	-4.5	5.3	11.6	11.6
Raw Materials	1,12,646	1,13,835	1,20,972	1,83,008	2,11,565	2,00,902	1,95,158	2,03,049	2,26,063	2,52,210
<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>1,53,993</b>	<b>1,72,362</b>	<b>1,92,433</b>
Margin (%)	41.5	43.7	44.3	37.1	38.7	43.4	42.4	43.1	43.3	43.3
Operating Expenses	42,100	46,660	47,600	59,969	70,723	78,195	83,836	89,214	97,587	1,08,876
<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>64,779</b>	<b>74,776</b>	<b>83,557</b>
Change (%)	17.8	10.5	16.7	-1.1	30.3	21.2	-20.8	7.9	15.4	11.7
Margin (%)	19.6	20.6	22.4	16.5	18.2	21.4	17.7	18.1	18.8	18.8
Depreciation	6,221	7,805	7,913	8,164	8,580	8,530	10,263	12,128	12,558	13,488
Int. and Fin. Charges	1,053	1,023	916	954	1,445	2,052	2,270	2,044	1,619	1,619
Other Income	2,330	3,043	3,031	3,800	3,865	6,880	5,726	6,585	7,375	8,260
<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>57,193</b>	<b>67,974</b>	<b>76,710</b>
Change (%)	8.2	9.5	19.3	-0.1	32.1	27.8	-26.2	7.4	18.9	12.9
Margin (%)	17.0	17.7	19.7	14.7	16.4	20.3	15.7	16.0	17.1	17.3
Tax	9,428	9,501	11,218	11,644	15,108	17,847	13,756	14,584	17,333	19,561
Deferred Tax	1,553	-953	-242	-614	-173	54	178	0	0	0
Tax Rate (%)	33.6	23.9	25.7	25.8	26.5	24.8	26.2	25.5	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>42,609</b>	<b>50,641</b>	<b>57,149</b>
Minority Interest	-407	-507	-286	-316	-939	-1,330	-1,407	-909	-1,249	-1,414
<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>43,517</b>	<b>51,890</b>	<b>58,563</b>
Change (%)	9.2	25.5	15.4	-0.2	32.6	30.9	-26.7	6.8	19.2	12.9
Margin (%)	11.5	13.8	14.8	11.0	12.3	15.7	12.0	12.2	13.0	13.2
Exceptional/Prior Period inc	-58	-50	0	-1,157	-489	0	-3,631	0	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>43,517</b>	<b>51,890</b>	<b>58,563</b>

### Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	959	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	1,96,320	2,07,634	2,25,455
<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>1,97,279</b>	<b>2,08,593</b>	<b>2,26,415</b>
Loans	6,156	3,401	3,402	7,757	9,722	11,071	8,638	7,711	7,710	7,710
Other Liability	12,137	11,984	11,538	11,362	13,158	17,306	18,609	20,817	23,356	26,277
Minority Interest	3,613	4,035	4,229	3,875	4,537	6,954	6,592	7,501	8,750	10,163
<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>2,33,308</b>	<b>2,48,409</b>	<b>2,70,564</b>
Gross Block	66,983	69,895	71,910	73,895	78,693	89,061	1,17,532	1,32,532	1,42,532	1,52,532
Less: Accum. Depn.	13,942	19,573	24,807	30,191	35,362	40,349	45,964	58,092	70,650	84,138
<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>74,440</b>	<b>71,882</b>	<b>68,394</b>
Capital WIP	2,097	1,402	1,830	4,264	10,196	26,984	12,545	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	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>	<b>71,858</b>
Current	11,745	5,125	32,671	21,807	26,970	32,034	32,450	38,797	46,170	54,727
Non-current	13,941	15,064	14,697	10,668	15,647	13,845	14,798	15,538	16,315	17,130
<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>1,53,863</b>	<b>1,72,224</b>	<b>1,98,368</b>
Inventory	31,499	33,898	37,986	61,530	62,106	59,234	67,193	66,517	74,227	82,838
Account Receivables	19,134	17,994	26,051	38,738	46,391	48,908	43,224	44,019	49,121	54,819
Cash and Bank Balance	4,449	7,828	6,108	8,643	8,438	10,840	7,820	5,240	3,289	7,057
Others	14,659	17,345	25,626	28,743	30,340	35,696	33,323	38,087	45,588	53,654
<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>82,508</b>	<b>91,360</b>	<b>1,01,233</b>
Account Payables	23,943	21,366	33,787	41,643	36,354	38,313	38,480	41,166	45,832	51,133
Other Liabilities	19,617	16,860	19,538	23,952	31,051	35,230	33,986	37,385	41,124	45,236
Provisions	2,318	2,432	2,996	2,880	3,049	2,850	3,249	3,957	4,404	4,864
<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>71,355</b>	<b>80,865</b>	<b>97,135</b>
Goodwill on Cons.	3,213	3,200	3,026	2,429	2,285	4,192	2,196	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>2,33,308</b>	<b>2,48,409</b>	<b>2,70,564</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>										
<b>EPS</b>	<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>45.4</b>	<b>54.1</b>	<b>61.1</b>
Cash EPS	29.6	37.1	41.7	41.9	53.2	66.8	53.2	58.0	67.2	75.1
BV/Share	98.7	105.6	133.5	144.0	166.7	195.2	202.2	205.7	217.5	236.0
DPS	10.7	21.8	4.9	18.2	25.6	44.0	44.0	41.0	41.0	41.0
Payout %	46.4	75.3	14.5	54.4	58.0	75.9	103.6	90.4	75.8	67.2
<b>Valuation (x)</b>										
P/E	104.1	82.9	71.8	72.0	54.3	41.5	56.6	52.9	44.4	39.3
Cash P/E	81.2	64.7	57.6	57.4	45.2	35.9	45.2	41.4	35.7	32.0
EV/Sales	11.9	11.3	10.4	7.8	6.6	6.4	6.7	6.3	5.6	5.0
EV/EBITDA	60.5	54.8	46.4	47.3	36.1	29.8	37.6	34.8	30.0	26.7
P/BV	24.3	22.7	18.0	16.7	14.4	12.3	11.9	11.7	11.0	10.2
Dividend Yield (%)	0.4	0.9	0.2	0.8	1.1	1.8	1.8	1.7	1.7	1.7
<b>Return Ratios (%)</b>										
RoE	24.8	28.4	28.0	24.0	28.5	32.0	21.4	22.2	25.6	26.9
RoCE	21.0	23.6	24.2	21.0	24.4	27.2	18.2	19.1	21.5	22.5
RoIC	22.1	23.2	24.1	20.6	25.1	28.6	18.7	18.5	20.7	21.6
<b>Working Capital Ratios</b>										
Debtor (Days)	36	32	44	49	49	50	47	45	45	45
Asset Turnover (x)	1.6	1.7	1.5	1.8	1.8	1.6	1.5	1.5	1.6	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	0.0

### Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(loss) before Tax	33,107	36,283	43,044	41,877	56,888	73,478	51,031	57,193	67,974	76,710
Depreciation	4,307	7,819	7,913	8,164	8,580	8,530	10,263	12,128	12,558	13,488
Net interest	-282	96	165	-125	102	151	265	-4,542	-5,756	-6,641
Others	-896	-401	-1,426	-342	-972	-2,873	-2,152	0	0	0
Direct Taxes Paid	-9,820	-10,108	-10,797	-11,757	-14,943	-18,351	-13,955	-14,584	-17,333	-19,561
(Incr)/Decr in WC	-4,274	-7,371	-2,065	-27,952	-7,721	101	-5,702	1,908	-11,460	-12,502
<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>52,103</b>	<b>45,982</b>	<b>51,494</b>
Incr in FA	-11,336	-3,669	-2,543	-4,987	-12,475	-21,939	-17,952	-15,000	-10,000	-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>37,103</b>	<b>35,982</b>	<b>41,494</b>
Pur of Investments	1,602	-2,536	-3,679	973	1,813	283	-9	-7,087	-8,150	-9,373
Others	-3,177	7,918	-25,829	14,761	-10,077	-7,153	3,293	6,585	7,375	8,260
<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>-15,502</b>	<b>-10,775</b>	<b>-11,112</b>
Incr in Debt	631	-2,614	257	3,247	2,382	31	-130	-927	0	0
Dividend Paid	-10,487	-21,207	-4,994	-17,628	-19,361	-25,509	-31,402	-39,327	-39,327	-39,327
Net interest Paid	-512	-1,009	-893	-936	-1,420	-1,906	-2,032	-2,044	-1,619	-1,619
Others	1,539	178	-875	-2,759	-3,003	-2,441	5,461	3,117	3,788	4,333
<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>-39,181</b>	<b>-37,158</b>	<b>-36,613</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>-2,580</b>	<b>-1,951</b>	<b>3,769</b>
Add: Opening Balance	4,047	4,449	7,828	6,108	8,643	8,438	10,840	7,820	5,240	3,289
<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>5,240</b>	<b>3,289</b>	<b>7,057</b>

E: MOFSL Estimates

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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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