

Pidilite Industries

Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR2,592 TP: INR2,650 (+2%) Neutral

	PIDI IN
Bloomberg Equity Shares (m)	513
M.Cap.(INRb)/(USDb)	1318.3 / 15.9
52-Week Range (INR)	2805 / 2250
1, 6, 12 Rel. Per (%)	-2/-11/-10
12M Avg Val (INR M)	972

Broad-based volume growth; in-line EBITDA

Financials & Valuations (INR b)

Y/E March	2024E	2025E	2026E
Sales	123.0	136.9	153.6
Sales Gr. (%)	4.3	11.3	12.2
EBITDA	28.0	31.9	35.6
EBITDA Margin (%)	22.8	23.3	23.2
Adj. PAT	19.0	22.1	24.8
Adj. EPS (INR)	37.4	43.4	48.8
EPS Gr. (%)	48.2	16.2	12.3
BV/Sh.(INR)	163.3	186.7	211.3

Ratios

RoE (%)	24.5	24.8	24.5
RoCE (%)	22.2	22.9	22.8
Payout (%)	42.8	46.0	47.2

Valuations

P/E (x)	69.2	59.5	53.0
P/BV (x)	15.8	13.8	12.2
EV/EBITDA (x)	46.3	40.3	35.8
Div. Yield (%)	0.6	0.8	0.9

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	69.8	69.9	69.9
DII	8.3	8.0	8.1
FII	11.5	11.4	11.1
Others	10.3	10.8	10.9

FII includes depository receipts

- Pidilite (PIDI) delivered healthy 10% volume growth and in-line EBITDA in 3QFY24. The Consumer and B2B segments clocked robust double-digit volume growth. Rural and small-town markets outpaced urban markets. Value growth (4%) was impacted by price cuts.
- GM expanded 1,100bp YoY/150bps QoQ to 53% owing to benign raw material prices. VAM continued to decline to ~USD900/t from USD2,000/t in 3QFY23.
- PIDI remains committed to stepping up investments in brand and customer engagement. EBITDA margin expanded by 700bp YoY/150bp QoQ to 23.7% (est. 23.2%). We model 23% EBITDA margin for FY25/FY26.
- The lending business pilot is underway and will be launched in a southern Indian city in Feb'24. A dedicated team is established to work on the program at arm's length. The INR1b commitment over two years remains unchanged, depending on the pilot's success.
- PIDI's core categories still enjoy GDP multiplier; advantage of penetration and distribution can help PIDI deliver healthy volume-led growth in the medium term. EBITDA margin at +23% is already at an all-time high. We do not model further expansion as growth drivers (consumer acquisition, distribution expansion and brand investments) will require high opex. Given rich valuations, we reiterate our **Neutral** rating on the stock.

Healthy volume growth; in-line EBITDA

- Net sales grew 4.4% YoY to INR31.3b (est. INR32.3b), aided by with healthy volume growth in a challenging environment.
- Growth was broad based as both segments reported **double-digit UVG**. The 3-year/4-year revenue CAGRs stood at 11%/13%.
- **Consumer & Bazaar (C&B) segment** revenue rose 5% YoY to INR25.4b, EBIT grew 43% YoY to INR7.7b, and EBIT margin expanded 800bp YoY to 30.3%.
- **B2B segment** revenue grew 6% YoY to INR6.4b, EBIT increased by 93% to INR757m, and EBIT margin expanded 530bp to 11.9%.
- Gross margin expanded ~1,100bp YoY to 52.9% (est. 51.9%).
- As a percentage of sales, employee expenses rose 160bp YoY to 11.3% and other expenses increased by 250bp YoY to 16.7%. EBITDA margin expanded by 720bp YoY to **23.7% (est. 23.2%)**.
- EBITDA grew 49.7% YoY to INR7.4b (est. INR7.5b). The 3-year/4-year CAGRs stood at 5.0%/12.5%.
- PBT grew 64.7% YoY to INR6.9b (est. INR6.7b). The 3-year/4-year CAGRs stood at 5%/11%.
- Adj. PAT increased by 66.8% YoY to INR5.1b (est. INR5.0b). The 3-year/4-year CAGRs stood at 5%/10%.

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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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- Strong revenue growth was supported by a robust 10.4% volume increase as the C&B and B2B segments posted double-digit volume growth.
- The four-year volume CAGR is 12-12.5%, primarily attributed to inorganic growth, with a significant contribution from the inclusion of Araldite.
- VAM's consumption costs stood at USD900/t vs. USD2,000/t in 3QFY23 and USD1,000/t in 2QFY24.
- Both urban and rural markets expanded, with rural and small-town markets outperforming urban areas.
- The paints business, as consistently stated, solely focuses on small towns and rural areas.
- The waterproofing paint market is growing at a faster pace; therefore, the company will not lose market share due to the entry of new players.
- PIDI has set up a lending business to provide small retail loans for its domain ecosystem's business growth. A separate experienced team will be assigned to this business. PIDI management would not be affected by this.
- PIDI continues to focus on the expansion of its distribution network. It has expanded its network to 12,000 stores in 8,000+ villages under the 'Pidilite ki Duniya' program. It plans to add 1,000-1,500 stores every quarter.

Valuations and view

- We broadly maintain our EPS estimates for FY24 and FY25.
- The core categories enjoy GDP multiplier benefits. The advantages of penetration and distribution expansion can help PIDI deliver healthy volume growth in the medium term. Strong competitive positioning and execution superiority should help the company sustain the growth trends.
- Operating margin at +23% is already at an all-time high. We do not model further expansion as growth drivers (consumer acquisition, distribution expansion and brand investments) will require high opex. We build in a CAGR of 13-14% in EBITDA and PAT during FY24-26E.
- PIDI stands out for its market-leading position in the adhesives market with a strong brand and a solid balance sheet. However, we believe the current valuation limits the upside potential. We **reiterate our Neutral rating** on the stock with a **TP of INR2,650 (premised on 55x Dec'25 EPS)**.

Consolidated - Quarterly Earning Model

Y/E March	FY23				FY24E				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	31,011	30,112	29,976	26,893	32,751	30,760	31,300	28,211	1,17,991	1,23,023	32,314	-3.1
YoY change (%)	60.1	14.7	5.2	7.3	5.6	2.2	4.4	4.9	18.9	4.3	7.8	
Gross Profit	12,931	12,342	12,541	12,582	16,054	15,783	16,551	14,774	50,397	63,161	16,771	-1.3
Margin (%)	41.7	41.0	41.8	46.8	49.0	51.3	52.9	52.4	42.7	51.3	51.9	
EBITDA	5,295	4,999	4,959	4,592	7,070	6,797	7,425	6,733	19,844	28,024	7,506	-1.1
YoY change (%)	52.3	-9.0	-9.7	14.5	33.5	36.0	49.7	46.6	7.4	41.2	51.4	
Margins (%)	17.1	16.6	16.5	17.1	21.6	22.1	23.7	23.9	16.8	22.8	23.2	
Depreciation	613	636	686	762	734	752	795	803	2,697	3,084	789	
Interest	90	117	151	118	119	131	128	138	476	516	148	
Other Income	107	110	51	228	234	316	370	328	496	1,248	180	
PBT	4,698	4,355	4,173	3,940	6,451	6,230	6,872	6,121	17,166	25,673	6,749	1.8
Tax	1,157	1,098	1,052	1,038	1,704	1,631	1,765	1,575	4,344	6,675	1,721	
Rate (%)	24.6	25.2	25.2	26.3	26.4	26.2	25.7	25.7	25.3	26.0	25.5	
Adj PAT	3,541	3,347	3,061	2,873	4,746	4,599	5,107	4,546	12,822	18,998	5,028	1.6
YoY change (%)	64.4	-10.7	-13.9	15.3	34.0	37.4	66.8	58.2	7.3	48.2	64.2	
Margins (%)	11.4	11.1	10.2	10.7	14.5	15.0	16.3	16.1	10.9	15.4	15.6	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY23				FY24		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
2Y CAGR (%)							
Sales	88.0	26.5	14.2	9.7	30.0	8.2	4.8
EBITDA	182.4	-1.3	-12.0	-0.2	42.6	11.2	16.3
PAT	380.3	-3.0	-17.0	-3.7	48.5	10.8	19.9
% of Sales							
COGS	58.3	59.0	58.2	53.2	51.0	48.7	47.1
Operating Expenses	24.6	24.4	25.3	29.7	27.4	29.2	29.2
Depreciation	2.0	2.1	2.3	2.8	2.2	2.4	2.5
YoY change (%)							
COGS	83.4	23.9	8.4	1.0	-7.6	-15.7	-15.4
Operating Expenses	26.5	14.2	9.3	15.8	17.7	22.4	20.4
Other Income	74.5	-21.0	-0.8	105.4	119.4	187.7	620.9
EBIT	60.9	-10.8	-12.6	13.0	35.3	38.6	55.2

E: MOFSL Estimates

Exhibit 1: Consolidated segmental performance

Segmental	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Consumer and Bazaar											
Sales (INRm)	14,862	21,304	22,645	19,132	24,358	24,315	24,216	21,128	26,609	25,083	25,413
Sales Growth (%)	111.7	39.5	22.5	10.6	63.9	14.1	6.9	10.4	9.2	3.2	4.9
EBIT (INRm)	3,704	5,827	5,629	4,177	5,352	5,265	5,372	4,560	7,078	6,935	7,704
% Contribution	89.7	95.8	93.5	90.6	87.5	91.5	92.6	86.5	88.5	90.8	91.0
EBIT Growth %	180.6	9.5	-12.7	-11.0	44.5	-9.6	-4.6	9.2	32.3	31.7	43.4
EBIT margin %	24.9	27.4	24.9	21.8	22.0	21.7	22.2	21.6	26.6	27.6	30.3
Business to Business											
Sales (INRm)	4,820	5,324	6,186	6,453	7,220	6,237	5,999	6,340	6,780	6,153	6,373
Sales Growth (%)	156.1	41.2	30.2	20.6	49.8	17.2	-3.0	-1.8	-6.1	-1.3	6.2
EBIT (INRm)	420	263	400	444	748	495	391	707	917	685	757
% Contribution	10.2	4.3	6.6	9.6	12.2	8.6	6.7	13.4	11.5	9.0	8.9
EBIT Growth %	-285.4	-9.4	-28.3	-15.3	78.1	88.4	-2.2	59.3	22.5	38.3	93.4
EBIT margin %	8.7	4.9	6.5	6.9	10.4	7.9	6.5	11.2	13.5	11.1	11.9

Source: Company, MOFSL

**Highlights from the management commentary****Demand environment and outlook**

- Strong revenue growth was supported by a robust 10.4% volume increase, as the C&B and B2B segments posted double-digit volume growth.
- The four-year volume CAGR is 12-12.5%, primarily attributed to inorganic growth, with a significant contribution from the inclusion of Araldite.
- Revenue growth of 4.6% was achieved by passing on the moderation in input prices through pricing adjustments.
- Both urban and rural markets expanded, with rural and small-town markets outpacing urban areas.
- Domestic subsidiaries posted strong sales growth, with double-digit increases in both the C&B and B2B segments.
- Domestic subsidiaries such as IPCA and Nina Percept are showing normal YTD business performance. They are on a healthy growth and profit trajectory in their respective sectors.
- Excluding the Pidilite USA business, the subsidiaries collectively reported modest sales growth, with EBITDA doubling in absolute terms compared to the same period last year. EBITDA margins showed improvements YoY and QoQ.

- Three years ago, Pidilite Ki Duniya covered 2,000 to 2,500 rural areas. Presently, in villages with populations ranging from 5,000 to 10,000, there are now 12,000 stores.
- In the B2B segment, the price cut is higher, while in the B2C segment, it is lower. Woodworking adhesives, with their maximum impact, are prevalent not only within this category but also in other areas.

Cost and margin

- VAM's consumption costs stood at USD900/t vs. USD2,000/t in 3QFY23.
- Gross margins are consistently similar across all categories.
- EBITDA margin would be in the range of 20-24% for FY24.

Lending business

- The lending business pilot is underway and will be launched in a southern Indian city in the next 15 to 20 days.
- A dedicated team, separate from Pidilite employees, is established at an arm's length.
- The INR1b commitment over two years remains unchanged, depending on the pilot's success.

Paint Business

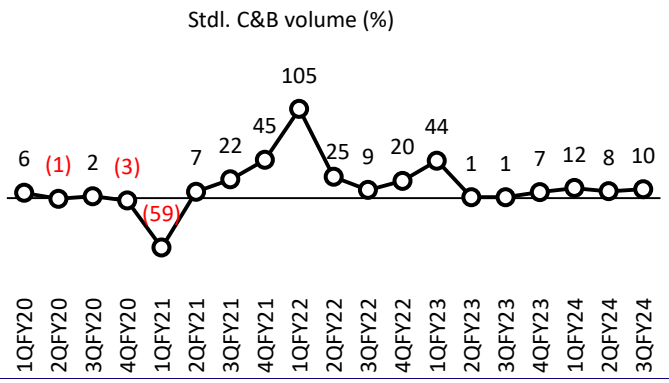
- The paints business, as consistently stated, focuses solely on small towns and rural areas.
- It commenced in Andhra Pradesh and Orissa and has expanded into Tamil Nadu and Karnataka.
- The management sees an opportunity in the lower segment of the market due to its extensive distribution network.

Others

- The growth proportion in Pioneer compared to Core increases by about 5% each quarter. The initial years' objective of 60-40 is currently tracking around 55-60 for Pioneer and 40-45 for Core.
- Growth drivers in new categories include tile adhesives, wood finishes, and joinery businesses. PIDI plans to achieve growth rates 2x-4x GDP.
- It is constructing larger factories for existing products, with two massive ones recently built in Vizag. The most recent facility in Vizag is now its largest adhesives factory, while the newly commissioned factory in Vizag is its biggest coatings factory.
- Pidilite has introduced two major products. In the Fevicol division, the premium variant Fevicol Hyperstar, a new range of sealants two years ago, and in the waterproofing business, new offerings include a variety of roof ceiling and exterior products at different price points.
- Fevicol, a Pidilite product, constitutes 10% of the total cost of the furniture.

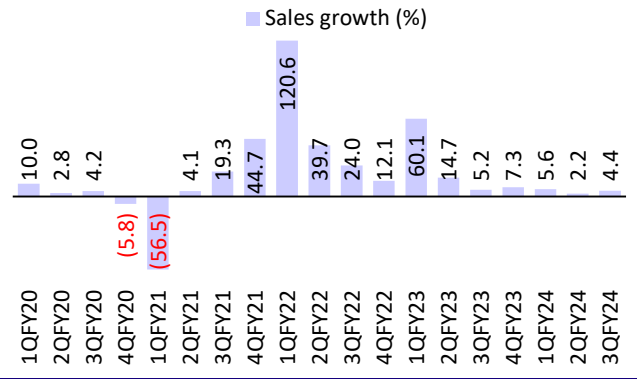
Key exhibits

Exhibit 2: Standalone C&B volume grew 10.3% YoY



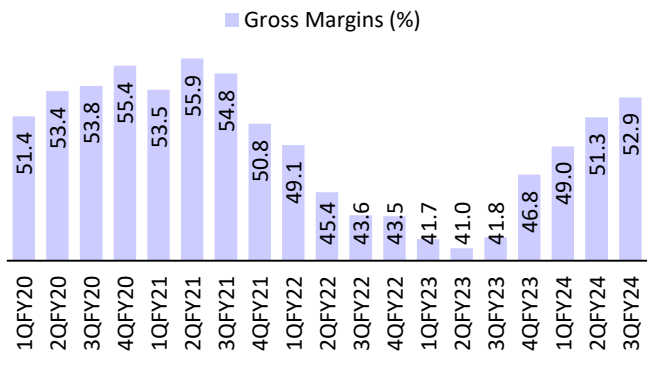
Source: Company, MOFSL

Exhibit 3: Consolidated sales grew 4.4% YoY to INR31.3b



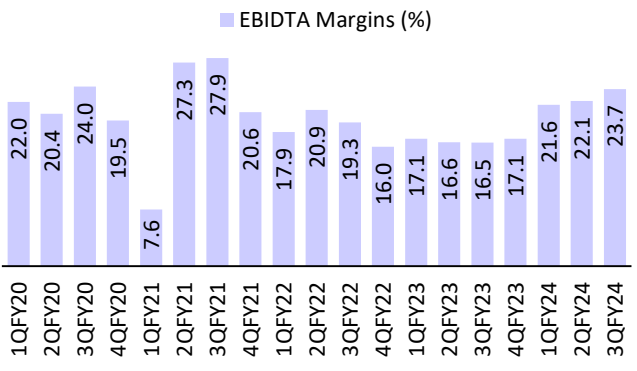
Source: Company, MOFSL

Exhibit 4: Consolidated gross margin expanded ~1,100bp YoY to 52.9% in 3QFY24



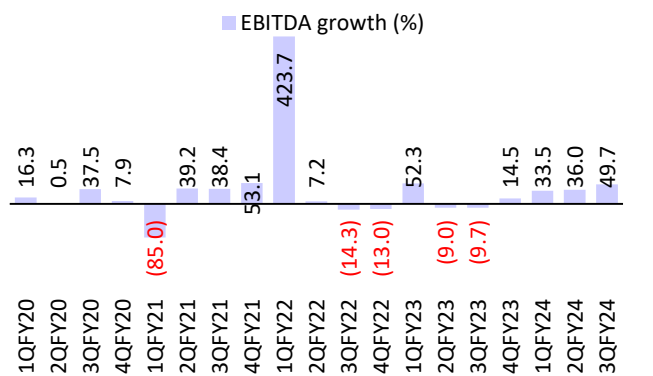
Source: Company, MOFSL

Exhibit 5: Consolidated EBITDA margin improved 720bp YoY to 23.7% in 3QFY24



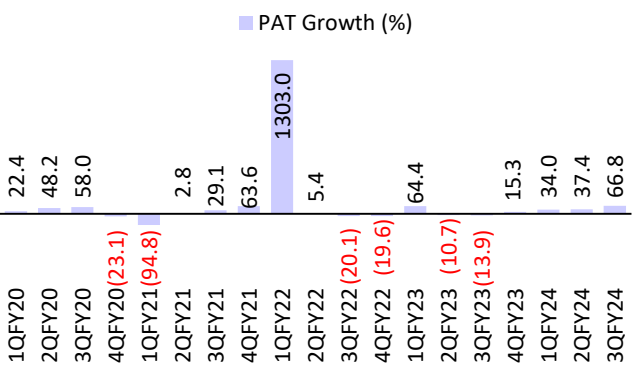
Source: Company, MOFSL

Exhibit 6: Consolidated EBITDA grew 49.7% YoY to INR7.4b



Source: Company, MOFSL

Exhibit 7: Consolidated adj. PAT grew 66.8% YoY to INR5.1b



Source: Company, MOFSL

Standalone performance for 3QFY24

- Net sales grew 4.6% YoY to INR28.3b, aided by with healthy volume growth in a challenging environment.
- Underlying volume growth was healthy at 10.4%.
- Both urban and rural markets grew, with rural growth outpacing urban growth.
- **C&B segment** revenues were up 5.4% YoY to INR23.3b. Segment EBIT grew 45.4% YoY to INR7.5b. Segmental EBIT margins expanded ~900bp YoY to 32.4%.
- **B2B segment** revenues were up by 4.7% YoY to INR5.4b. Segment EBIT grew 85.1% YoY to INR752m. Segment margins expanded ~600bp YoY to 14.0%.
- Gross margins expanded ~1200bp YoY to 52.9% and EBITDA margins expanded 770bp YoY to 25.0%.
- EBITDA grew 51.4% YoY to INR7.1b. The 3-year/4-year CAGR is 7.3%/13.3%.
- PBT grew by 72.1% YoY at INR6.9b. The three-year/four-year CAGR is 8%/13%.
- Adj. PAT grew by 76.5% to INR5.2b. The three-year/four-year CAGR is 9%/12%.

Standalone Quarterly Performance

(INR m)

Y/E March	FY23				FY24		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	27,897	27,152	27,097	23,824	29,635	27,801	28,345
Change (%)	62.3	22.7	12.1	6.8	6.2	2.4	4.6
Gross Profit	11,388	10,944	11,126	11,074	14,494	14,234	15,001
Gross Margin %	40.8	40.3	41.1	46.5	48.9	51.2	52.9
EBITDA	4,872	4,641	4,678	4,361	6,713	6,425	7,083
EBITDA Margin %	17.5	17.1	17.3	18.3	22.7	23.1	25.0
Change (%)	50.3	-3.1	-2.2	12.3	37.8	38.5	51.4
Depreciation	504	527	575	614	615	625	665
Interest	44	71	101	69	67	75	75
Other Income	107	283	32	208	271	365	600
PBT	4,431	4,326	4,034	3,886	6,302	6,091	6,943
Tax	1,097	958	1,072	979	1,627	1,543	1,715
Effective Tax Rate (%)	24.8	22.1	26.6	25.2	25.8	25.3	24.7
Adj PAT	3,334	3,369	2,963	2,907	4,675	4,548	5,229
Change (%)	60.7	-0.7	-8.1	15.3	40.2	35.0	76.5

E: MOFSL Estimates

Standalone segmental performance

Segmental	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Consumer and Bazaar											
Sales (INRm)	13,213	18,026	19,251	17,132	21,983	21,964	22,106	18,824	24,309	22,767	23,309
Sales Growth (%)	115.0	35.0	20.5	18.1	66.4	21.8	14.8	9.9	10.6	3.7	5.4
EBIT (INRm)	3,489	5,143	5,019	4,144	5,104	5,118	5,189	4,546	6,870	6,695	7,545
% Contribution	86.2	92.5	91.1	89.8	87.0	91.9	92.1	87.6	88.5	90.3	90.8
EBIT Growth %	138.3	4.7	-15.1	-3.5	46.3	-0.5	3.4	9.7	34.6	30.8	45.4
EBIT margin %	26.4	28.5	26.1	24.2	23.2	23.3	23.5	24.1	28.3	29.4	32.4
Business to Business											
Sales (INRm)	4,204	4,394	5,117	5,549	6,329	5,517	5,128	5,365	5,807	5,356	5,371
Sales Growth (%)	149.7	39.5	35.2	31.9	50.6	25.5	0.2	-3.3	-8.2	-2.9	4.7
EBIT (INRm)	551	426	501	478	749	456	406	640	892	705	752
% Contribution	13.6	7.7	9.1	10.4	12.8	8.2	7.2	12.3	11.5	9.5	9.1
EBIT Growth %	796.3	-2.7	-13.0	-21.1	35.9	7.0	-18.9	33.7	19.0	54.4	85.1
EBIT margin %	13.1	9.7	9.8	8.6	11.8	8.3	7.9	11.9	15.4	13.2	14.0

Valuation and view

PIDI has done exceptionally well over the past 10 years

- Stringent focus on revenue growth, market share gains, and pricing discipline have facilitated strong growth in the past decade. This has been further aided by gains from the unorganized segment.
- Its pioneering advertising strategy has strengthened the brand in a commoditized category.
- Consistent performance across lines is reflected in a CAGR of 12% for sales/EBITDA/PAT over the 10 years ended FY23.
- However, the earnings CAGR over the past two/five years has slowed to ~7%/~6% due to the pandemic and high commodity inflation.

Comments on valuations

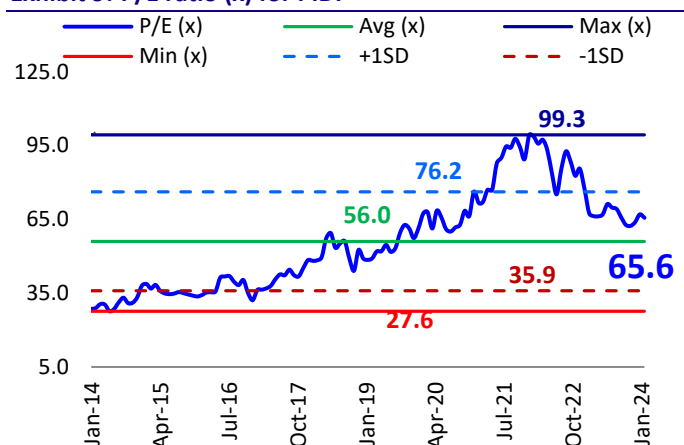
- We broadly maintain our EPS estimates for FY24 and FY25.
- The core categories enjoy GDP multiplier, penetration and distribution expansion can further help in delivering healthy volume growth in the medium term. Strong competitive positioning and execution superiority should help in sustaining the growth trend.
- Operating margin at +23% is already at an all-time high. We do not model further expansion as growth multiplier (consumer acquisition, distribution expansion and brand investments) will require high opex. We build in a CAGR of 13-14% in EBITDA and PAT during FY24-26E.
- PIDI stands out for its market-leading position in the adhesives market with a strong brand and a solid balance sheet. However, we believe the current valuation limits the upside potential. We **reiterate our Neutral rating** on the stock with a **TP of INR2,650 (premised on 55x Dec'25 EPS)**.

Exhibit 8: No material change in our EPS estimates for FY24/FY25

(INR b)	New estimates		Old estimates		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Net Sales	123.0	136.9	126.0	142.7	(2.4)	(4.0)
EBITDA	28.0	31.9	28.5	33.3	(1.6)	(4.0)
Adjusted PAT	19.0	22.1	18.5	22.1	2.5	0.1

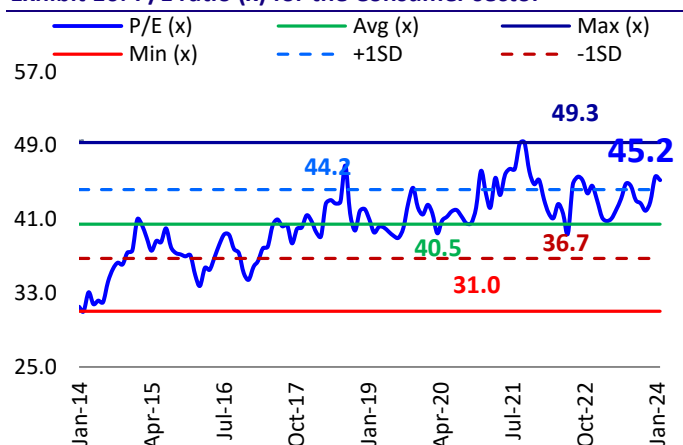
Source: Company, MOFSL

Exhibit 9: P/E ratio (x) for PIDI



Source: Company, MOFSL

Exhibit 10: P/E ratio (x) for the Consumer sector



Source: Company, MOFSL

Financials and valuations

Income Statement Consol.

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	70,780	73,348	72,927	99,210	1,17,991	1,23,023	1,36,904	1,53,561
Change (%)	16.4	3.6	-0.6	36.0	18.9	4.3	11.3	12.2
Raw Materials	35,866	34,025	33,767	54,442	67,594	59,862	65,834	74,013
Gross Profit	34,914	39,323	39,160	44,768	50,397	63,161	71,070	79,548
Margin (%)	49.3	53.6	53.7	45.1	42.7	51.3	51.9	51.8
Operating Expenses	21,232	23,160	22,354	26,295	30,553	35,137	39,122	43,911
EBITDA	13,682	16,163	16,806	18,473	19,844	28,024	31,948	35,636
Change (%)	2.0	18.1	4.0	9.9	7.4	41.2	14.0	11.5
Margin (%)	19.3	22.0	23.0	18.6	16.8	22.8	23.3	23.2
Depreciation	1,327	1,699	2,007	2,396	2,697	3,084	3,259	3,455
Int. and Fin. Charges	261	336	372	421	476	516	529	592
Other Income	1,466	1,494	794	363	496	1,248	1,327	1,522
Profit before Taxes	13,560	15,622	15,221	16,019	17,166	25,673	29,487	33,111
Change (%)	0.1	15.2	-2.6	5.2	7.2	49.6	14.9	12.3
Margin (%)	19.2	21.3	20.9	16.1	14.5	20.9	21.5	21.6
Tax	4,132	3,477	3,964	4,070	4,344	6,675	7,407	8,317
Tax Rate (%)	30.5	22.3	26.0	25.4	25.3	26.0	25.1	25.1
Adj PAT	9,428	12,145	11,258	11,949	12,822	18,998	22,080	24,793
Change (%)	-1.9	28.8	-7.3	6.1	7.3	48.2	16.2	12.3
Margin (%)	13.3	16.6	15.4	12.0	10.9	15.4	16.1	16.1
Reported PAT	9,249	11,567	11,312	12,076	12,733	18,908	21,990	24,704

Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	508	508	508	508	508	508	508	508
Reserves	40,973	44,048	55,421	63,529	71,615	82,480	94,393	1,06,917
Net Worth	41,481	44,556	55,930	64,037	72,123	82,988	94,902	1,07,425
Loans	1,111	2,806	3,223	4,158	3,906	3,125	3,022	3,481
Deferred Liability	1,094	693	3,814	3,772	3,780	3,780	3,780	3,780
Minority Interest	2,072	2,157	2,400	1,989	2,336	2,336	2,336	2,336
Capital Employed	45,757	50,211	65,367	73,956	82,145	92,229	1,04,040	1,17,023
Gross Block	23,518	28,728	45,496	50,138	54,915	59,415	63,415	66,915
Less: Accum. Depn.	10,892	12,501	14,157	15,974	18,672	21,755	25,014	28,470
Net Fixed Assets	12,626	16,227	31,340	34,164	36,243	37,659	38,400	38,445
Capital WIP	2,421	2,593	2,939	2,254	4,059	4,059	4,059	4,059
Goodwill	1,850	1,840	12,840	12,868	12,898	12,898	12,898	12,898
Others	889	728	941	554	510	510	510	510
Investments	15,477	11,862	5,160	4,586	8,809	13,075	18,217	23,359
Curr. Assets, L&A	25,775	31,977	34,919	40,517	42,530	46,530	54,526	65,261
Inventory	9,345	9,295	12,342	16,951	18,171	18,201	19,504	20,405
Account Receivables	10,560	10,885	13,210	14,305	15,353	16,178	17,704	17,880
Cash and Bank Balance	1,904	7,033	4,515	3,552	3,267	5,891	10,543	19,707
Others	3,966	4,765	4,853	5,709	5,740	6,260	6,775	7,269
Curr. Liab. and Prov.	13,281	15,016	22,771	20,987	22,903	23,204	25,539	27,718
Current liabilities	12,534	14,194	21,691	19,705	21,313	21,646	23,874	25,933
Provisions	747	822	1,080	1,283	1,591	1,558	1,666	1,785
Net Current Assets	12,494	16,961	12,148	19,529	19,627	23,327	28,986	37,543
Application of Funds	45,757	50,211	65,367	73,956	82,146	91,528	1,03,070	1,16,813

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	18.6	23.9	22.2	23.5	25.2	37.4	43.4	48.8
Cash EPS	21.2	27.2	26.1	28.2	30.5	43.4	49.9	55.6
BV/Share	81.7	87.7	110.1	126.0	141.9	163.3	186.7	211.3
DPS	6.5	7.0	7.5	8.0	11.0	16.0	20.0	23.0
Payout %	35.0	29.3	33.6	33.7	43.9	42.8	46.0	47.2
Valuation (x)								
P/E	139.3	108.1	116.7	110.0	102.5	69.2	59.5	53.0
Cash P/E	122.1	94.9	99.0	91.6	84.7	59.5	51.9	46.5
EV/Sales	18.3	17.7	17.9	13.2	11.1	10.6	9.4	8.3
EV/EBITDA	94.8	80.3	77.8	70.9	65.8	46.3	40.3	35.8
P/BV	31.7	29.5	23.5	20.5	18.2	15.8	13.8	12.2
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.4	0.6	0.8	0.9
Return Ratios (%)								
RoE	24.4	28.2	22.4	19.9	18.8	24.5	24.8	24.5
RoCE	22.5	25.9	20.0	17.6	16.9	22.2	22.9	22.8
RoIC	34.8	41.1	26.9	20.6	19.8	27.3	30.6	34.2
Working Capital Ratios								
Debtor (Days)	54	54	66	53	47	48	47	43
Creditor (Days)	80	91	141	89	79	83	83	80
Asset Turnover (x)	2.8	2.2	1.7	1.8	2.1	2.0	2.0	2.0
Leverage Ratio								
Debt/Equity (x)	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0

Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
PBT before Extra Ord	13,416	14,698	15,225	16,138	17,232	25,673	29,487	33,111
Add: Depreciation	1,327	1,699	2,007	2,396	2,697	3,084	3,259	3,455
Interest Paid	55	211	204	375	400	516	529	592
Less: Taxes Paid	4,093	3,931	3,709	4,620	4,116	6,675	7,407	8,317
Non-operating income	467	448	73	-369	-148	1,248	1,327	1,522
(Incr)/Decr in WC	-1,791	565	268	-5,104	-786	-1,075	-1,008	608
CF from Operations	8,448	12,796	13,921	9,554	15,576	20,274	23,533	27,927
Incr in FA	-2,538	-4,439	-3,520	-3,740	-4,977	-4,500	-4,000	-3,500
Acquisition of companies	0	0	-20,569	-2,622	0			
Free Cash Flow	5,910	8,356	-10,167	3,192	10,599	15,774	19,533	24,427
Pur of Investments	-2,317	4,713	7,069	693	-4,034	-4,266	-5,142	-5,142
Others	281	551	1,343	-168	-286	1,248	1,327	943
CF from Invest.	-4,574	825	-15,677	-5,837	-9,297	-7,518	-7,815	-7,699
Change in share capital	0	28	-291	-389	161	0	0	0
Incr in Debt	-92	328	168	846	-805	-781	-103	459
Dividend Paid	-3,635	-8,254	-7	-4,319	-5,083	-8,133	-10,166	-11,691
Interest Paid	-167	-254	-293	-332	-345	-516	-529	-592
Others	287	-340	-339	-487	-492	0	0	0
CF from Fin. Activity	-3,606	-8,492	-762	-4,680	-6,564	-9,430	-10,797	-11,824
Incr/Decr of Cash	269	5,128	-2,518	-963	-285	3,327	4,920	8,404
Add: Opening Balance	1,636	1,904	7,033	4,515	3,552	3,267	6,593	11,513
Closing Balance	1,904	7,032	4,515	3,552	3,267	6,593	11,513	19,917

E: MOFSL Estimates

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NOTES

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BUY	>=15%
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UNDER REVIEW	Rating may undergo a change
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