Amara Raja

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	ARENM IN
Equity Shares (m)	183
M.Cap.(INRb)/(USDb)	188.8 / 2.2
52-Week Range (INR)	1776 / 738
1, 6, 12 Rel. Per (%)	-4/-27/11
12M Avg Val (INR M)	1816

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	126.0	139.0	153.5
EBITDA	17.0	18.8	21.2
Adj. PAT	9.4	10.1	11.8
EPS (INR)	51.4	55.4	64.4
EPS Gr. (%)	3.8	7.7	16.4
BV/Sh. (INR)	417	462	516
Ratios			
RoE (%)	13.1	12.6	13.2
RoCE (%)	13.0	12.6	13.4
Payout (%)	16.1	18.1	17.1
Valuations			
P/E (x)	20.1	18.6	16.0
P/BV (x)	2.5	2.2	2.0
Div. Yield (%)	0.9	1.0	1.1
FCF yield (%)	5.4	5.2	6.4

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	32.9	32.9	28.1
DII	14.8	15.4	17.9
FII	21.8	22.3	24.0
Others	30.5	29.4	30.0

FII Includes depository receipts

CMP: INR1,032 TP: INR1,120 (+9%) Neutral

High RM prices, power cost adjustment dent profit

Exports and replacement to remain key growth drivers for LAB segment

- Amara Raja's (ARENM) 3QFY25 results missed our estimates as EBITDA and PAT were hit by higher alloy metal costs and a power cost adjustment from the Andhra Pradesh government for FY24. Lead-acid battery (LAB) business grew 9% YoY, with most segments performing well, except for 4W OE and telecom.
- We cut our FY25/FY26 EPS estimates by 6%/7% to factor in provisions related to higher power and other operational costs. The stock at ~18.6x FY26E/16x FY27E EPS appears fairly valued. We, hence, maintain a Neutral rating with a revised TP of INR1,120 (based on 18x Dec'26E EPS).

Margins impacted by rising power costs in the State

- 3QFY25 standalone revenue grew ~10% YoY to INR31.6b (in line), whereas EBITDA/PAT fell 4%/9% YoY to INR4.2b/INR2.3b (est. INR4.5b/INR2.6b). 9MFY25 revenue/EBITDA/PAT grew ~11%/6%/6% YoY.
- The growth momentum was driven by exports, automotive after-markets and UPS segment. LAB contributed 96% of revenue, while the remaining came from the new energy business, including battery packs and chargers. LAB segment grew 9% YoY, driven by strong demand in automotive and industrial applications. In telecom, lithium adoption led to a decline.
- EBITDA margin contracted 200bp YoY/100bp QoQ at 13.1% (est. 14.3%). Operating margins were impacted by 100-120bp due to higher alloy metal costs (tin and antimony) and a power cost adjustment from the Andhra Pradesh government for FY24.
- An exceptional item of INR1.11b was recognized in the P&L, representing the difference between the cumulative amount received and the insurance claim receivable for the tubular battery plant.
- Adj. PAT declined 9% YoY at INR2.3b (est. INR2.6b).

Highlights from the management commentary

- LAB growth is expected to remain steady in the coming quarters. Lithium packs and chargers are projected to grow at least 10% in FY25. Discussions with multiple 2W and 3W OEMs for NMC cells are ongoing, though no new major agreements have been disclosed. The company aims for a steady ramp-up in its lithium cell business after CY27.
- **FY26 outlook:** 4W segment is expected to grow 8-9%, while 2W demand could rise by 11-12%, occasionally reaching 13%. The UPS segment is projected to grow 6-7%, and exports could see 13-14% growth. Total LAB revenue is expected to grow 11-12%.

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Research analyst - Amber Shukla (Amber.Shukla@MotilalOswal.com)

- **Li-ion plant:** The NMC plant's timeline is slightly delayed, with commercial supplies now expected by early CY27 instead of FY27. The LFP plant will commence at least three to four quarters after the NMC plant due to capital equipment gestation and software development requirements.
- **Capex:** For FY25, total capex is expected to be around INR10b, with INR3-4b allocated to lead-acid business and INR5-6b to the new energy business. 4W battery capacity utilization is at 85-90%, while 2W is close to 90%. Industrial UPS batteries' utilization is at 85%, whereas LVRLA is lower at 65-70%.

Valuation and view

- ARENM's venture into the lithium-ion business 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) low-margin nature of lithium-ion business is likely to dilute returns; and 3) 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 18.6x FY26E/16x FY27E EPS appears fairly valued. Therefore, we maintain a Neutral rating with a revised TP of INR1120, based on 18x Dec'26E EPS.

Quarterly Performance- SA (INR M)

Y/E March (INR m)	FY24				FY25E				FY24	FY25E		VAR
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
Net Sales	**27,707**	**28,111**	**28,817**	**27,967**	**31,312**	**31,358**	**31,640**	**31,645**	**1,12,603**	**1,25,956**	**31,699**	**-0.2**
YoY Change (%)	5.8	4.1	9.3	14.9	13.0	11.6	9.8	13.2	8.4	11.9	10.0	
RM Cost (% of sales)	69.6	66.6	66.0	65.5	68.9	67.6	66.9	68.0	66.9	67.9	67.5	-60bp
Staff Cost (% of sales)	6.4	6.3	6.3	5.8	5.9	6.1	6.0	6.0	6.2	6.0	6.0	0bp
Other Exp (% of sales)	10.7	12.5	12.6	14.1	11.5	12.2	13.9	12.9	12.5	12.7	12.2	170bp
EBITDA	**3,689**	**4,099**	**4,349**	**4,077**	**4,304**	**4,407**	**4,158**	**4,135**	**16,214**	**17,004**	**4,535**	**-8.3**
Margins (%)	13.3	14.6	15.1	14.6	13.7	14.1	13.1	13.1	14.4	13.5	14.3	-120bp
Depreciation	1,168	1,207	1,202	1,210	1,183	1,220	1,233	1,243	4,787	4,879	1265	**-2.5**
Interest	76	81	77	97	90	131	107	113	332	440	115	**-7.4**
Other Income	218	277	238	283	256	185	293	277	1,015	1,010	255	**14.7**
PBT before EO expense	**2,662**	**3,087**	**3,307**	**3,053**	**3,287**	**3,240**	**3,111**	**3,058**	**12,110**	**12,695**	**3410**	**-8.8**
Extra-Ord expense	0	0	0	0	0	0	-1,111	0	0	0	0	
PBT after EO	**2,662**	**3,087**	**3,307**	**3,053**	**3,287**	**3,240**	**4,222**	**3,058**	**12,110**	**12,695**	**3,410**	**23.8**
Tax	676	823	779	773	841	833	1,103	799	3,052	3,576	852	
Tax Rate (%)	25.4	26.7	23.6	25.3	25.6	25.7	26.1	26.1	25.2	28.2	25.0	
Adj PAT	**1,987**	**2,264**	**2,528**	**2,280**	**2,446**	**2,407**	**2,298**	**2,259**	**9,059**	**9,119**	**2,557**	**-10.1**
YoY Change (%)	51.1	12.0	13.5	29.7	23.1	6.3	-9.1	-0.9	18.4	0.7	1.2	

E: MOFSL Estimates

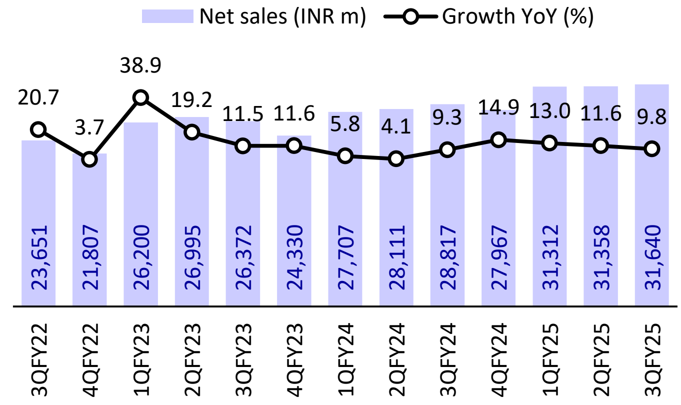
Key takeaways from the management commentary

- **Outlook:** LAB growth is expected to remain steady in the coming quarters. Lithium packs and chargers are projected to grow at least 10% in FY25. Discussions with multiple 2W and 3W OEMs for NMC cells are ongoing, though no new major agreements have been disclosed beyond the previously announced deal with Ather Energy. The company aims for a steady ramp-up in its lithium cell business from CY27 onwards.
  - **FY26**: 4W segment is expected to grow 8-9%, while 2W demand could rise by 11-12%. The UPS segment is projected to grow 6-7%, and exports could see 13-14% growth. Total LAB revenue is expected to grow 11-12% in FY26E.
  - **Lithium ion Sector headwinds:** Challenges include oversupply, pricing pressure, and RM volatility, particularly from China. Given the high capital intensity, the company prefers a calibrated investment strategy, ensuring optimal utilization of capital while adjusting timelines as required.
- **Revenue and growth:** LAB contributed 96% of revenue, while the remaining came from the new energy business, including battery packs and chargers.
  - **LAB Segmental Performance:** 4W aftermarket volume growth stood at 11%, while OEM demand remained muted. 4W exports grew 8-9%, with expectations of a double-digit increase by year-end. 2W aftermarket and OEM volumes grew 16-17%, maintaining momentum. Tubular batteries and home UPS systems saw 15% volume growth. The lubes distribution business generated INR1b in revenue this quarter. The industrial segment witnessed strong growth in UPS and exports, though telecom battery demand declined due to the shift toward lithium ion.
- **Segmental Market share in LAB**: The company holds a stable 33-34% aftermarket share in 4W batteries and around 35-36% in 2W. Industrial battery market share, combining lead and lithium, stands at 57-58% in telecom and 40-43% in UPS. The OEM 2W segment has a 25% share, with inverter batteries at 10-11% due to limited manufacturing capacity.
  - **Telecom Battery Segment:** It contributed 10-11% of total revenue, with LAB accounting for 9%. Industry revenue growth remains muted due to limited new tower expansion, with demand driven primarily by replacement. The segment witnessed a 25% YoY decline due to the shift to lithium ion based batteries. Despite the low capacity utilization of the plant, profitability impact is limited as this is amongst the oldest plants of the company.
- The company received insurance claims of INR2.75b in lieu of the accident at its tubular battery plant. Given that this is in excess of its book value, company has reported an exceptional gain of INR1.11b in Q3. The new plant is set to resume operations in early FY26.
- The first phase of the recycling plant (50k ton refining capacity) began commercial operations this quarter, with smelting operations expected by 1QFY26.
- **Margin and cost pressures:** Operating margins were impacted by 100-120bp due to higher alloy metal costs (tin and antimony) and a power cost adjustment from the Andhra Pradesh government for FY24. Higher electricity costs are expected to impact margins by 40-50bp in the next quarter as well. However, increased procurement from renewable sources is expected to reduce power cost pressures from FY26.

- Currency depreciation is another headwind, with INR nearing 87.5-88 per USD, affecting imported lead prices. The company will explore mitigation measures to manage the impact.
- No immediate pricing changes have been made despite currency depreciation. Lead price movement will be monitored, and pricing actions will be taken accordingly.
- **New Energy Business:** Revenue declined 20% YoY due to changes in OEM demand, but localization of chargers is expected to drive recovery through FY25. The company started commercial deliveries of 2W battery packs and localized portable chargers for 2W and 3W applications.
- **Lithium-Ion Plant:** The NMC cell plant is expected to commence operations by end-CY26 or early CY27, initially targeting 1GWh capacity, with NMC cell prices at USD70-75/kWh. The LFP plant will commence at least three to four quarters after the NMC plant due to capital equipment gestation and software development requirements. The company remains cautious with its investment approach to avoid capital inefficiencies.
- The NMC plant at 2GWh will not be EBITDA positive initially. The entire lithium ion capacity utilization needs to reach at least 7-8GWh for low double-digit EBITDA margins. Stabilization will take two to three years, with optimal margins expected at ~85% utilization, subject to demand and plant ramp-up.
- **CapEx Plans:** For FY25, total CapEx is expected to be around INR10b, with INR3-4b allocated to lead-acid business and INR5-6b to the new energy business.
- 4W battery capacity utilization is at 85-90%, while 2W is close to 90%. Industrial UPS batteries' utilization is at 85%, whereas LVRLA is lower at 65-70%. Efficiency improvements have led to a 5-6% increase in output without significant capex. The upcoming tubular facility with a capacity of 120-130k batteries will support inverter battery demand.

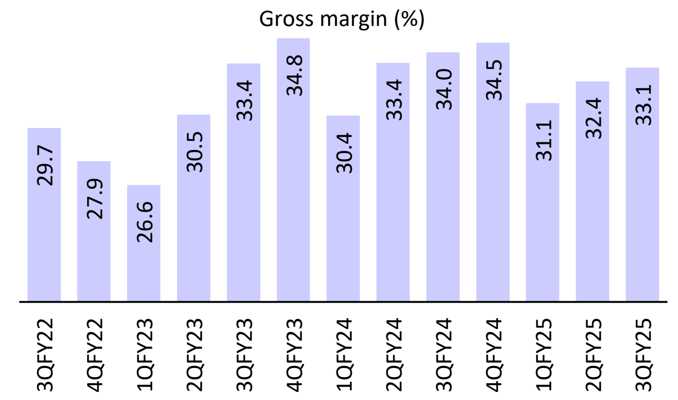
Key exhibits

Exhibit 1: Trend in revenue and growth



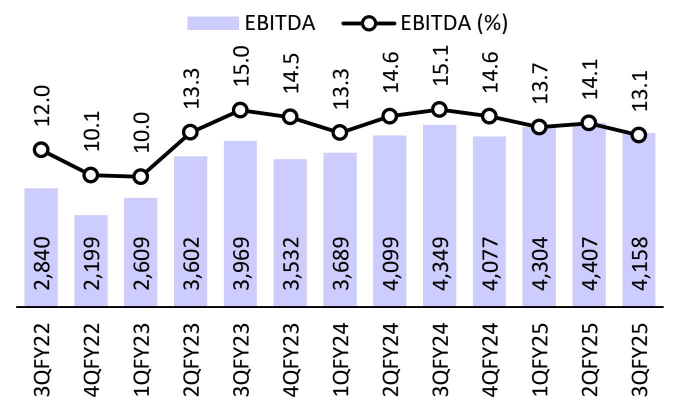
Source: Company, MOFSL

Exhibit 2: Gross margin impacted by RM cost inflation



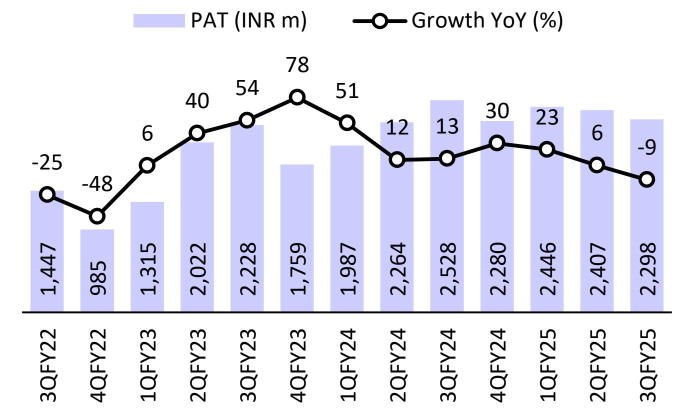
Source: Company, MOFSL

Exhibit 3: Trend in EBITDA and EBITDA margin



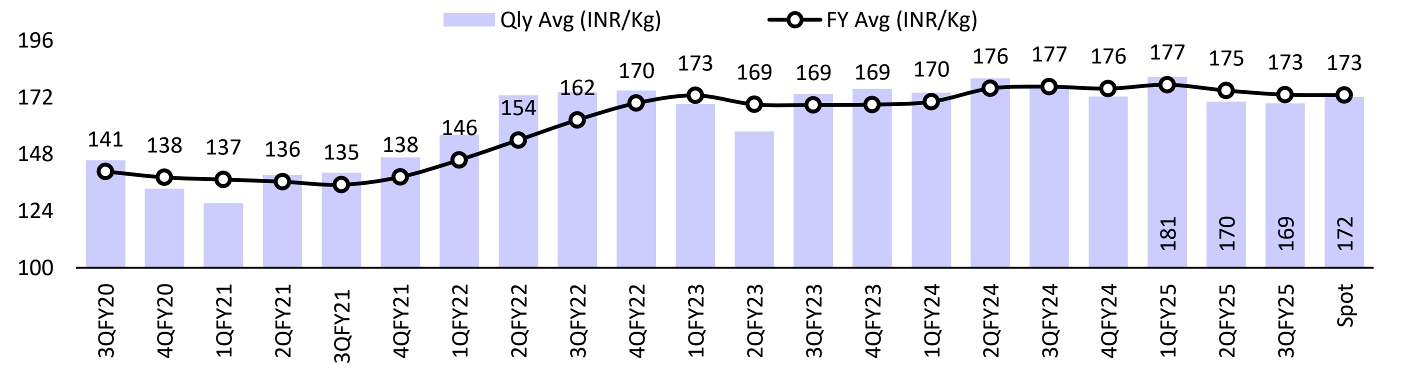
Source: Company, MOFSL

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 a CAGR of 13%/9% 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 steady 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 remaining 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 it is still not certain if the lithium-ion cell technology 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:** We cut our FY25/FY26 EPS estimates by 6%/7% to factor in provisions related to higher power and other operational costs. 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 18.6xFY26E/16x FY27E EPS appears fairly valued. Therefore, we maintain a Neutral rating with a revised TP of INR1,120, based on 18x Dec'26E EPS.

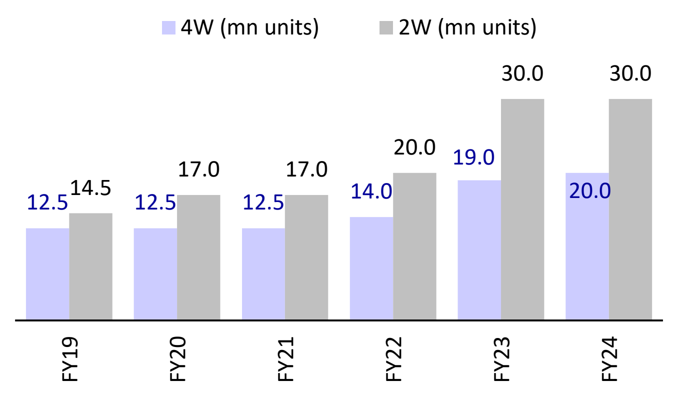
Exhibit 6: Revisions to our estimates

(INR M)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,25,956	1,25,956	0.0	1,39,010	1,39,058	0.0
EBITDA (%)	13.5	14.2	-70bp	13.5	14.2	-70bp
Net Profit	9,407	9,993	-5.9	10,136	10,903	-7.0
EPS (INR)	51.4	54.6	-5.9	55.4	59.6	-7.0

Source: MOFSL

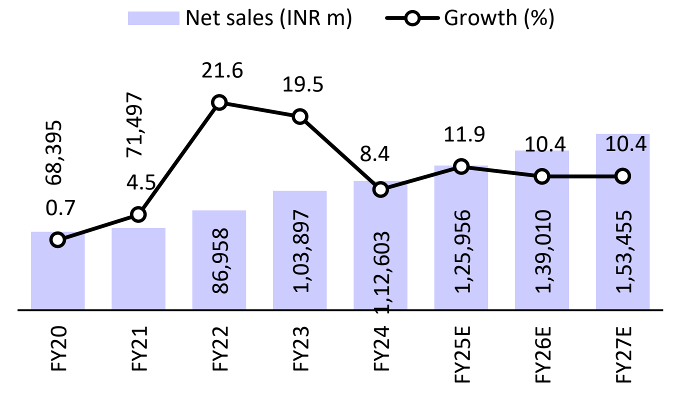
Story in charts

Exhibit 7: Significant addition in 2W capacity



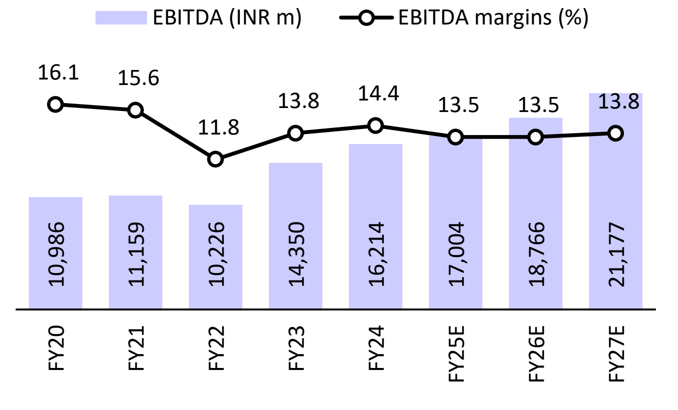
Source: Company, MOFSL

Exhibit 8: Trend in revenue



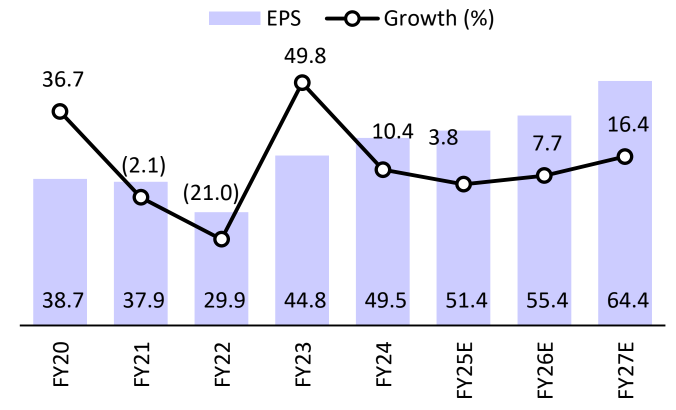
Source: Company, MOFSL

Exhibit 9: EBITDA and EBITDA margin trend



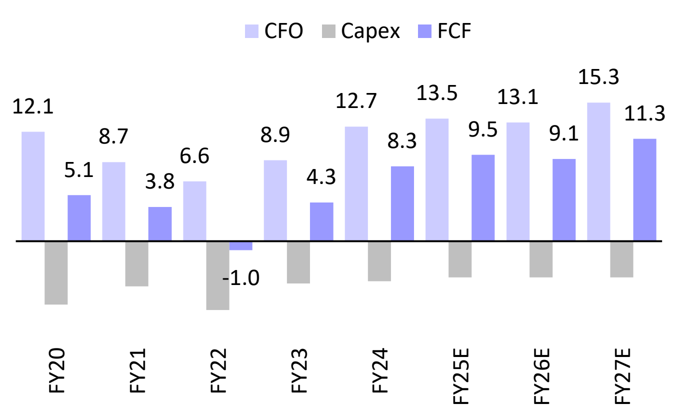
Source: Company, MOFSL

Exhibit 10: Earnings likely to see stability from FY25E



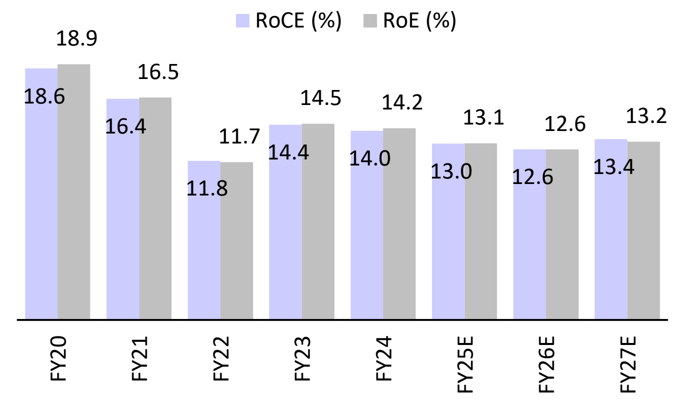
Source: Company, MOFSL

Exhibit 11: Trend in CFO, capex, and FCF



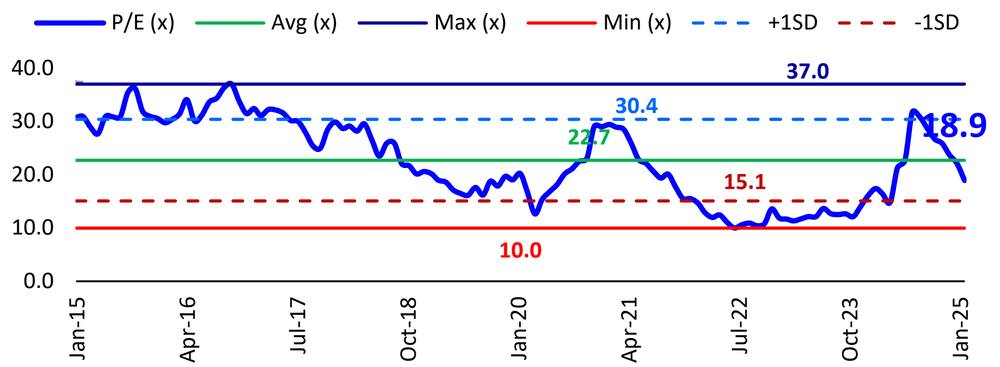
Source: Company, MOFSL

Exhibit 12: Return ratios to remain supressed



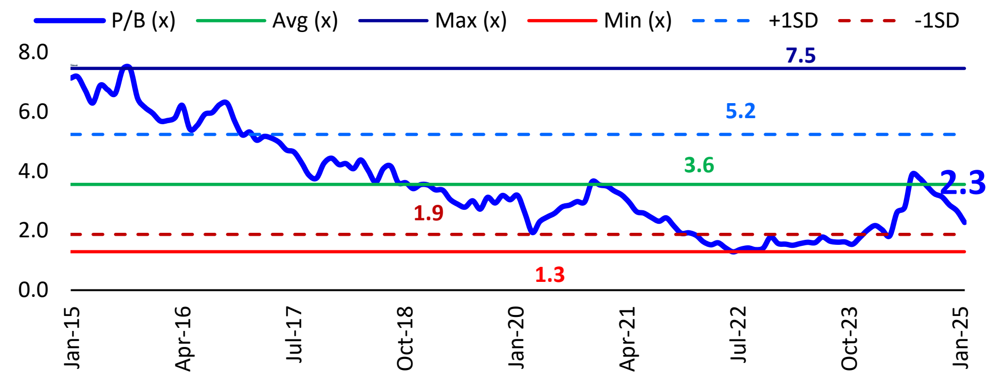
Source: Company, MOFSL

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 M)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Net Sales	**68,395**	**71,497**	**86,958**	**1,03,897**	**1,12,603**	**1,25,956**	**1,39,010**	**1,53,455**
Change (%)	0.7	4.5	21.6	19.5	8.4	11.9	10.4	10.4
Gross operating income	**68,395**	**71,497**	**86,958**	**1,03,897**	**1,12,603**	**1,25,956**	**1,39,010**	**1,53,455**
Total Expenditure	57,409	60,338	76,732	89,547	96,389	1,08,952	1,20,243	1,32,279
% of Sales	83.9	84.4	88.2	86.2	85.6	86.5	86.5	86.2
EBITDA	**10,986**	**11,159**	**10,226**	**14,350**	**16,214**	**17,004**	**18,766**	**21,177**
Margin (%)	16.1	15.6	11.8	13.8	14.4	13.5	13.5	13.8
Growth	15.4	1.6	-8.4	40.3	13.0	4.9	10.4	12.8
Depreciation	3,007	3,192	3,957	4,504	4,787	4,879	5,416	5,609
EBIT	**7,978**	**7,967**	**6,269**	**9,846**	**11,427**	**12,125**	**13,350**	**15,568**
Int. and Finance Charges	122	105	151	296	332	440	550	650
Other Income - Rec.	551	874	780	897	1,015	1,010	750	850
PBT bef. EO Exp.	**8,407**	**8,736**	**6,898**	**10,447**	**12,110**	**12,695**	**13,550**	**15,768**
EO Expense/(Income)	0	0	0	477	0	-1,111	0	0
PBT after EO Exp.	**8,407**	**8,736**	**6,898**	**9,970**	**12,110**	**13,805**	**13,550**	**15,768**
Current Tax	1,799	2,265	1,786	2,620	3,191	3,589	3,523	4,100
Deferred Tax	0	0	0	43	-140	-14	-108	-126
Tax Rate (%)	21.4	25.9	25.9	26.7	25.2	25.9	25.2	25.2
Reported PAT	**6,608**	**6,470**	**5,112**	**7,307**	**9,059**	**10,230**	**10,136**	**11,794**
PAT Adj for EO items	**6,608**	**6,470**	**5,113**	**7,656**	**9,059**	**9,407**	**10,136**	**11,794**
Change (%)	36.7	-2.1	-21.0	49.8	18.3	3.8	7.7	16.4

Standalone - Balance Sheet								(INR M)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Equity Share Capital	171	171	171	171	183	183	183	183
Total Reserves	36,385	41,932	45,343	59,886	67,504	76,086	84,392	94,173
Net Worth	**36,556**	**42,103**	**45,514**	**60,056**	**67,687**	**76,269**	**84,575**	**94,356**
Deferred Liabilities	441	407	314	1,036	885	871	763	637
Total Loans	343	234	234	2,014	1,527	2,000	2,800	500
Capital Employed	**37,341**	**42,744**	**46,062**	**63,106**	**70,098**	**79,140**	**88,138**	**95,493**
Gross Block	29,269	38,628	42,498	57,236	59,035	63,251	67,251	71,251
Less: Accum. Deprn.	10,977	14,081	17,575	20,354	23,532	28,411	33,827	39,436
Net Fixed Assets	**18,292**	**24,548**	**24,923**	**36,882**	**35,503**	**34,840**	**33,424**	**31,815**
Capital WIP	8,270	3,993	8,297	2,343	3,217	3,000	3,000	3,000
Total Investments	**1,562**	**2,805**	**778**	**4,860**	**14,791**	**24,791**	**33,091**	**39,991**
Curr. Assets, Loans&Adv.	**21,882**	**26,625**	**29,761**	**35,288**	**34,833**	**36,814**	**40,366**	**44,605**
Inventory	11,427	14,382	18,038	16,752	18,095	20,015	22,089	24,385
Account Receivables	6,363	7,875	7,926	7,797	10,171	10,698	11,806	13,033
Cash and Bank Balance	326	967	536	998	1,045	1,064	910	1,049
Loans and Advances	3,766	3,401	3,262	9,741	5,522	5,038	5,560	6,138
Curr. Liability & Prov.	**12,665**	**15,227**	**17,697**	**16,267**	**18,245**	**20,305**	**21,743**	**23,918**
Account Payables	6,149	7,465	8,065	7,514	8,398	10,007	11,045	12,192
Other Current Liabilities	4,685	5,623	7,177	6,005	6,924	7,557	8,341	9,207
Provisions	1,832	2,140	2,455	2,749	2,923	2,741	2,358	2,519
Net Current Assets	**9,217**	**11,398**	**12,064**	**19,021**	**16,588**	**16,509**	**18,622**	**20,687**
Appl. of Funds	**37,341**	**42,744**	**46,062**	**63,106**	**70,098**	**79,140**	**88,138**	**95,493**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	**38.7**	**37.9**	**29.9**	**44.8**	**49.5**	**51.4**	**55.4**	**64.4**
Growth	36.7	-2.1	-21.0	49.8	10.4	3.8	7.7	16.4
Cash EPS	56.3	56.6	53.1	71.2	75.7	78.1	85.0	95.1
BV/Share	214.0	246.5	266.5	351.6	369.9	416.8	462.2	515.6
DPS	11.0	11.0	4.5	6.1	10.6	9.6	10.7	11.8
Payout (%)	34.1	29.0	15.0	14.3	20.0	16.1	18.1	17.1
Valuation (x)								
P/E	26.7	27.2	34.5	23.0	20.8	20.1	18.6	16.0
Cash P/E	18.3	18.2	19.4	14.5	13.6	13.2	12.1	10.8
P/BV	4.8	4.2	3.9	2.9	2.8	2.5	2.2	2.0
EV/Sales	2.6	2.5	2.0	1.7	1.6	1.4	1.3	1.1
EV/EBITDA	16.0	15.7	17.2	12.4	10.9	10.4	9.5	8.3
Dividend Yield (%)	1.1	1.1	0.4	0.6	1.0	0.9	1.0	1.1
FCF per share	27.9	17.9	-7.4	28.8	47.8	52.1	49.6	61.6
Return Ratios (%)								
RoE	18.9	16.5	11.7	14.5	14.2	13.1	12.6	13.2
RoCE	18.6	16.4	11.8	14.4	14.0	13.0	12.6	13.4
RoIC	21.6	19.0	13.0	15.8	16.1	17.7	19.7	22.7
Working Capital Ratios								
Inventory (Days)	61.0	73.4	75.7	58.9	58.7	58.0	58.0	58.0
Debtor (Days)	34	40	33	27	33	31	31	31
Creditor (Days)	33	38	34	26	27	29	29	29
Working Capital Turnover (Days)	47	53	48	63	50	45	47	47
Leverage Ratio (x)								
Current Ratio	1.7	1.7	1.7	2.2	1.9	1.8	1.9	1.9
Interest Cover Ratio	65	76	42	33	34	28	24	24

Standalone - Cash Flow Statement **(INR M)**

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net P/L Before Tax and E/O Items	8,407	8,733	6,898	10,447	12,110	12,695	13,550	15,768
Depreciation	3,007	3,192	3,957	4,504	4,787	4,879	5,416	5,609
Interest & Finance Charges	122	105	151	-601	-684	-570	-200	-200
Direct Taxes Paid	2,364	1,995	1,993	2,563	3,289	3,576	3,415	3,973
(Inc)/Dec in WC	2,892	-1,301	-2,406	-2,866	-271	98	-2,267	-1,925
CF from Operations	**12,065**	**8,734**	**6,607**	**8,921**	**12,654**	**13,526**	**13,084**	**15,278**
Others	-296	-714	-277	641	488	0	0	0
CF from Operating incl EO	**11,769**	**8,020**	**6,329**	**9,562**	**13,142**	**13,526**	**13,084**	**15,278**
(inc)/dec in FA	-6,999	-4,964	-7,598	-4,647	-4,401	-4,000	-4,000	-4,000
Free Cash Flow	**4,770**	**3,056**	**-1,268**	**4,915**	**8,741**	**9,526**	**9,084**	**11,278**
(Pur)/Sale of Investments	-14,803	-14,598	-13,440	-27,976	-35,190	10,000	8,300	6,900
Others	13,305	13,212	16,219	24,731	28,871	-8,990	-7,550	-6,050
CF from Investments	**-8,497**	**-6,350**	**-4,819**	**-7,892**	**-10,720**	**-2,990**	**-3,250**	**-3,150**
(Inc)/Dec in Debt	-275	-321	-359	-377	-871	459	692	-2,426
Interest Paid	-52	-40	-67	-161	-188	-440	-550	-650
Dividend Paid	-3,311	-854	-1,708	-581	-1,367	-1,647	-1,830	-2,013
CF from Fin. Activity	**-3,638**	**-1,215**	**-2,135**	**-1,119**	**-2,425**	**-1,628**	**-1,688**	**-5,089**
Inc/Dec of Cash	**-365**	**455**	**-624**	**551**	**-2**	**8,908**	**8,146**	**7,039**
Add: Beginning Balance	2,512	512	967	343	894	892	9,801	17,947
Closing Balance	**2,147**	**967**	**343**	**894**	**892**	**9,801**	**17,947**	**24,986**

E: MOFSL Estimates

N O T E S

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BUY	>=15%
SELL	< - 10%
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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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