

Capital Goods

KKC - Financials Snapshot (INR b)

Y/E MAR	FY24	FY25E	FY26E
Net Sales	89.6	106.6	126.3
EBITDA	17.6	21.8	25.9
PAT	16.6	20.6	24.7
EPS (INR)	60.0	74.2	89.0
GR. (%)	33.4	23.7	19.9
BV/Sh (INR)	222.3	251.4	286.2
Ratios			
ROE (%)	28.8	31.3	33.1
RoCE (%)	28.1	29.6	31.3
Valuations			
P/E (X)	64.3	52.0	43.3
P/BV (X)	17.3	15.3	13.5
EV/EBITDA (X)	59.9	48.2	40.4
Div Yield (%)	0.9	1.1	1.3

KOEL - Financials Snapshot (INR b)

Y/E MAR	FY24	FY25E	FY26E
Net Sales	48.5	56.9	67.4
EBITDA	5.6	7.5	9.5
PAT	3.6	5.0	6.4
EPS (INR)	25.0	34.4	44.1
GR. (%)	33.8	37.9	28.1
BV/Sh (INR)	181.2	206.4	238.7
Ratios			
ROE (%)	14.6	17.8	19.8
RoCE (%)	14.0	17.1	19.4
Valuations			
P/E (X)	53.4	38.8	30.3
P/BV (X)	7.4	6.5	5.6
EV/EBITDA (X)	34.5	25.7	20.1
Div Yield (%)	0.5	0.7	0.9

Genset demand remains strong in 1QFY25

Genset channel checks

Our channel checks with genset players indicate that demand has been good so far in 1QFY25, mainly driven by pre-buying. Leaving aside a minor impact on demand from elections in May'24, demand is again strong in Jun'24, with faster decision-making from customers. Channel inventory for CPCB 2 is now largely over and players may see a higher share of CPCB 4+ sales in Jun'24. Some part of demand driven by pre-buying from the residential and commercial segments may moderate in Jul-Aug'24, while some end users will wait for price rationalization for initial few months of the norm change. Export markets are still weak and companies are already taking initiatives to export new products, which will start reflecting in a few quarters. We expect both Cummins India (KKC) and Kirloskar Oil Engines (KOEL) to be ready with their CPCB 4+ product portfolio and have products in other nodes too to hedge against any temporary demand slowdown after the norm implementation. We maintain our positive stance on key players in the genset industry and see KKC gaining market share in the current scenario. We maintain BUY on both KKC (TP: INR4,300) and KOEL (TP: INR1,500).

Key highlights from our interaction with genset players

Demand remains strong in 1QFY25, can see a blip in 2QFY25

Our channel checks with genset industry players indicate that:

- 1) The overall genset market stands at nearly INR100b, split 30-35% in LHP, 30-35% in mid-kVA range and the remaining 30% in HHP.
- 2) Domestic demand has remained strong across low-to-mid kVA ranges owing to pre-buying ahead of CPCB 4+ implementation and strong demand from all segments - manufacturing, hospitality, residential and commercial construction. Demand may moderate in Jul-Sep'24.
- 3) KKC, KOEL, and Mahindra Powerol form a major portion of overall market volumes, with KOEL and Mahindra Powerol historically more dominant in the LHP range. KKC is now also ramping up nodes across all ranges of LHP, which is covered in CPCB 4+.
- 4) HHP range forms the remaining market, which is not covered in CPCB 4+. Data centers remain a key growth driver for HHP genset, which is growing at a faster rate than low- to mid-range gensets. KKC is a leader in the HHP segment and KOEL's sales for its Opti-prime product for 1500/2000 kVA are also picking up and is waiting for certifications for data centre.
- 5) Supply chain is currently ready to shift toward new products from Jul'24 and we do not see the possibility of norms getting postponed again.

Pricing will be high initially

Pricing for CPCB 4+ is already higher by 30-40% across most nodes. Within this, KKC pricing is at 8-10% premium to other players in the market, similar to the historical trend, and will remain so for new products too. KKC has already indigenized nearly 70-75% of the cost and has a buffer to localize more. KOEL is working on taking indigenization to 85-88%. After 2-3 quarters, a pricing reduction of 5-10% cannot be ruled out as most players will achieve desired market volumes and hence may pass on some cost savings. Genset market will see maturity after 2-3 quarters.

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Competition is increasing in smaller nodes

Competition is increasing in smaller nodes of up to 125kVA as KKC has expanded its presence across lower nodes too, where KOEL and Mahindra Powerol were the leaders. KOEL is focusing more on a better product mix and an increasing share of higher HP products rather than chasing volumes. Products of smaller players like Eicher and Ashok Leyland are relatively cheaper than those of major players by 15-20% and this discount will remain for CPCB 4+ too. However, for higher kVA nodes, preference would remain for players having a strong distribution network such as KKC and KOEL. A close watch on pricing of competitors will be required in coming quarters.

Export markets to recover in few quarters

For **KKC**, exports were impacted by a sharp demand slowdown across its key export markets such as the US, Europe, the Middle East, Africa and Asia Pacific. KKC plans to grow exports through outsourcing opportunities from the parent for LHP genset as well as customized products related to specific geographies such as South America. It will take 1-2 quarters to ramp up overall exports. **KOEL's** exports grew by 32% YoY in FY24, and the company is also evaluating geographies carefully with key focus on the Middle East and the US. It has appointed GOEM in both markets and would look to export CPCB 4+ products, along with Opti-prime gensets. KOEL has already applied for certification for CPCB 4+ products in the US.

Factors to watch out for in next few quarters

Genset market will remain mixed over the next few months owing to several events such as state election impact, transition to new norms, and expected private capex recovery in select sectors. We would watch out for the following key factors in coming quarters: 1) demand from government contracts, railway projects, infrastructure and real estate; 2) data center-led demand is fairly strong and hence, we would look for the abilities of players to capitalize on this demand; 3) price stabilization in the next one year as operating leverage kicks in; and 4) recovery in exports from current levels.

Growth strategies of players

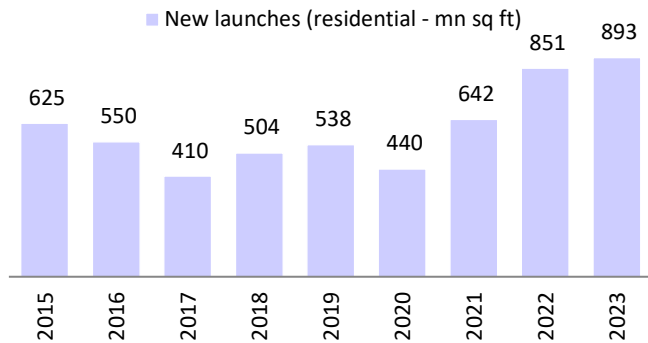
KKC is expanding its presence across all nodes and is likely to gain volume market share in the current norm shift across all nodes till 750kVA. It is already a leader in the HHP segment and will continue to benefit from the strong demand for HHP from data centers. Thus, its lower-margin LHP portfolio will be compensated by the high-margin HHP portfolio. **KOEL** is focusing on improving its overall product mix in the domestic market and is targeting to grow exports too, which will drive margin improvement for the company.

Valuation and recommendation

KKC is currently trading at 43.3x P/E and KOEL is trading at 30.3x P/E on Mar'26E EPS. We value KKC at 45x P/E on two-year forward estimates and KOEL at 29x P/E on two-year forward estimates for core business. We maintain BUY on both KKC (TP: INR4,300) and KOEL (TP: INR1,500) as they are ready to tide over the emission norm transition.

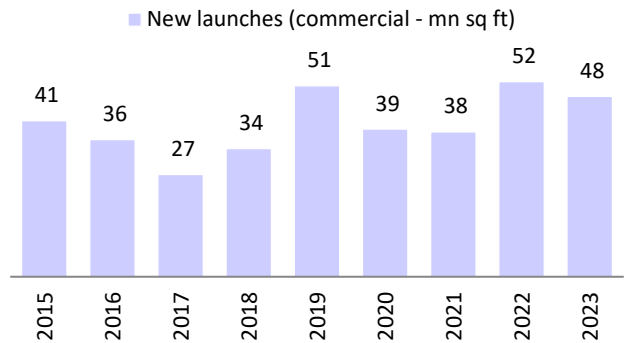
Demand growth to be led by real estate launches and data center expansion

Exhibit 1: Residential real estate launches were strong in last two years and would drive genset demand



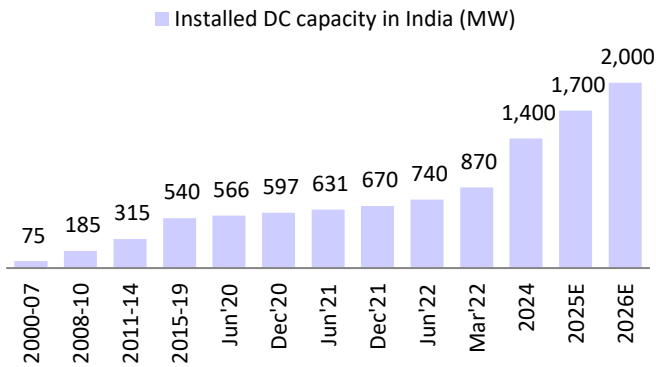
Source: Propequity

Exhibit 2: Commercial real estate launches were also strong in last two years and would drive genset demand



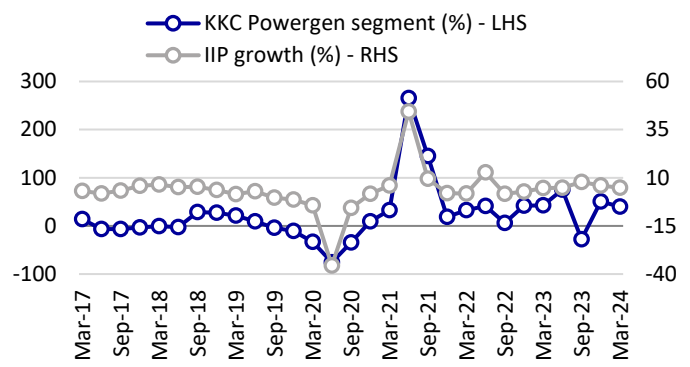
Source: Propequity

Exhibit 3: Data Centre market is growing very fast and seeing investments of USD4-5b in capacity ramp-up (MW)



Source: CRISIL, MOFSL

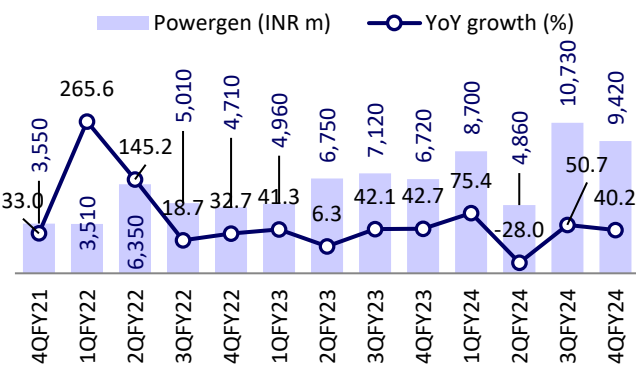
Exhibit 4: Powergen segment sales of KKC have a high correlation with IIP growth (%)



Source: MOSPI, MOFSL

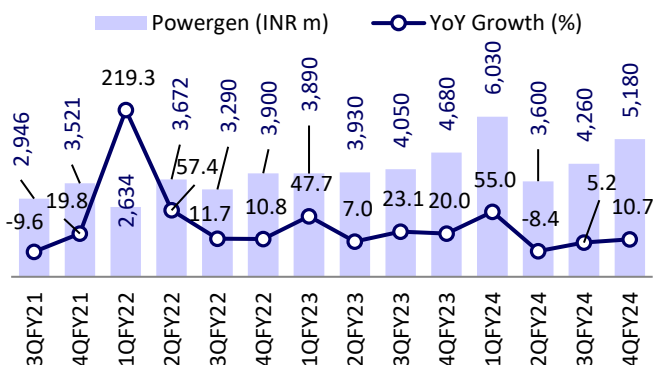
Exhibit 5: Powergen segment sales of KKC have moved up more than KOEL in FY24 due to data centers led demand too

KKC Powergen revenue trend (INR m)



Source: Company, MOFSL

KOEL Powergen revenue trend (INR m)



Source: Company, MOFSL

CPCB 4+ transition entails price hikes of 20-40%

Exhibit 6: KKC commands a premium as seen in price points of key nodes for players for CPCB 2 products (INR)

Node	Cummins	KOEL	Mahindra	Perkins	Baudouin
15kva	3,50,000	2,30,000	2,90,000		
62.5kva	5,60,000	4,90,000	5,38,000		
125kva	7,75,000	7,25,000	6,94,243		
160kva	11,48,000	11,20,000	10,62,000		
200kva	12,10,000	11,25,000	11,50,000		
320kva	19,50,000	18,40,000	19,00,000		21,56,000
400kva	29,45,000	24,00,000	22,50,000	24,00,000	23,10,000
500kva	32,00,000	28,00,000	28,50,000	28,00,000	28,00,000
625kva	38,50,000	35,00,000	36,50,000	37,00,000	39,00,000
750kva	49,55,000	48,00,000		43,50,000	48,00,000
1010kva	70,00,000	65,00,000		70,00,000	70,00,000
1250kva	98,00,000	90,00,000		1,00,00,000	92,00,000
1500kva	1,35,00,000	1,10,00,000		1,00,00,000	1,05,00,000
2000kva	1,50,00,000			2,00,00,000	1,66,00,000
2750kva	1,70,00,000				

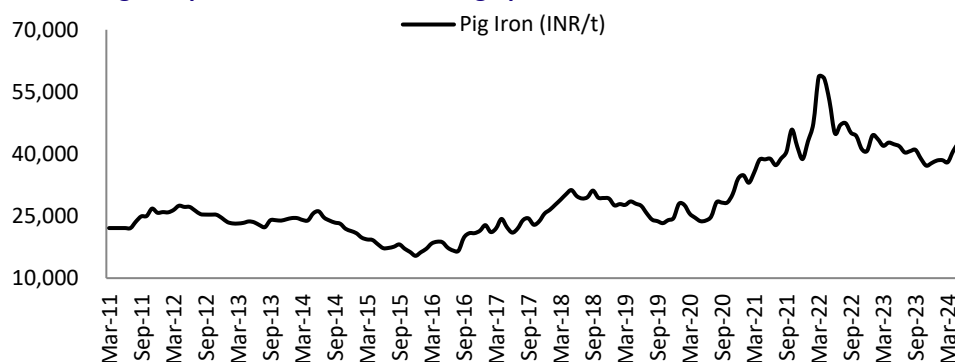
Source: Channel checks, Industry, MOFSL

Exhibit 7: Prices for CPCB 4+ products are at substantial premium to similar nodes for CPCB 2 (INR)

Node	Cummins	KOEL
15kva	3,55,000	3,60,000
20kva	4,00,000	3,40,000
30kva	6,78,000	6,25,000
40kva	7,38,000	7,67,000
58.5kva	9,50,000	8,66,000
82.5kva	11,85,000	11,80,000
100kva	11,60,000	
125kva	12,25,000	12,50,000
160kva	16,00,000	
180kva	17,79,738	13,25,000
200kva	21,51,000	17,00,000
250kva	22,50,000	18,75,326
320kva	28,80,000	23,65,000
500kva	43,00,000	40,00,000

Source: Channel checks, Industry, MOFSL

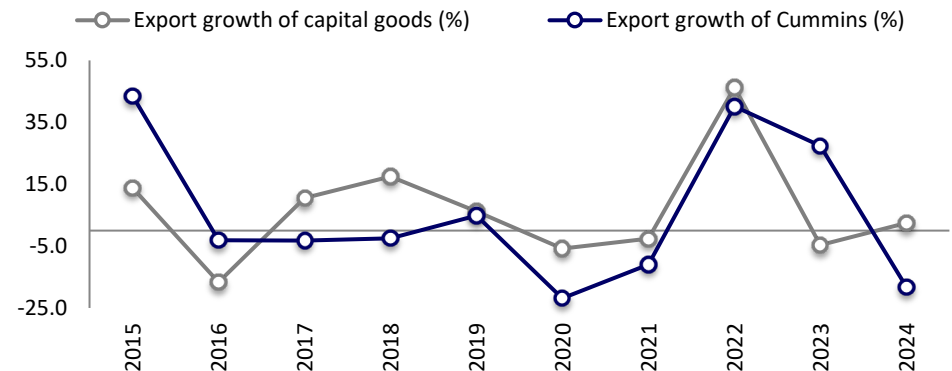
Exhibit 8: Pig iron prices have started moving up from the lows of Dec'23



Source: Company, MOFSL

Companies are taking steps to improve exports

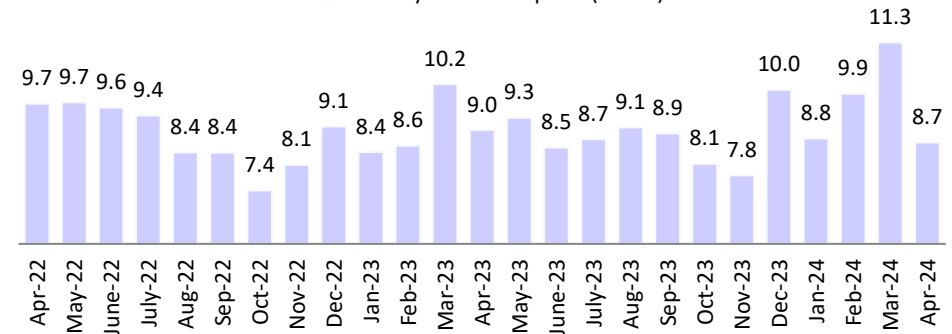
Exhibit 9: KKC exports have a strong correlation with India's overall exports (%)



Source: Company, MOFSL

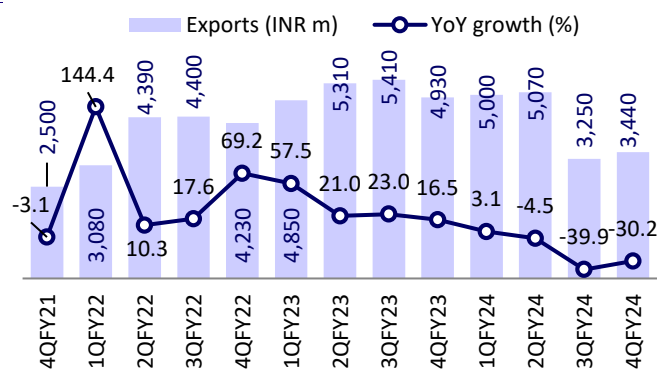
Exhibit 10: Engineering goods exports have been muted in the past few months; expected to see a gradual improvement as macro challenges ease (USD b)

Monthly trend in exports (USD b)



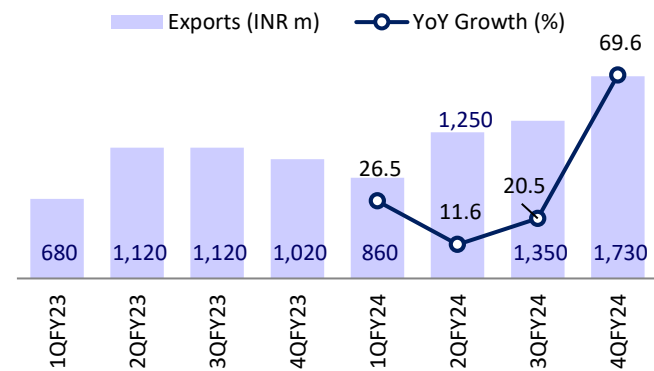
Source: Company, MOFSL

Exhibit 11: KKC exports continue to struggle owing to weakness across geographies (INR m)



Source: Company, MOFSL

Exhibit 12: KOEL's exports have started recovering as it continues to focus on improving exports (INR m)

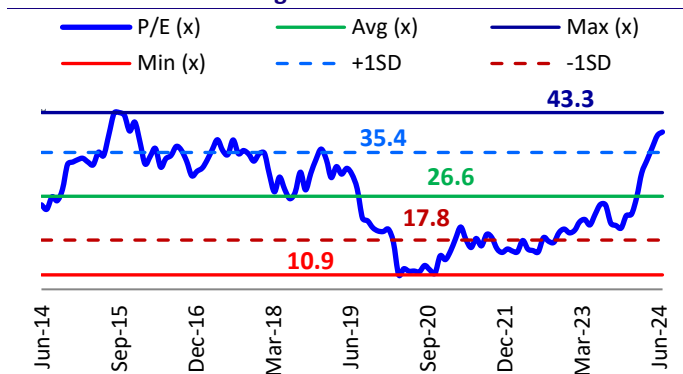


Source: Company, MOFSL

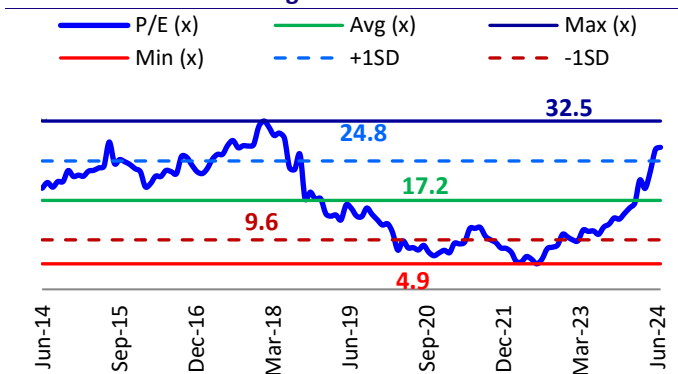
Exhibit 13: Sum-of-the-parts valuation of KOEL on Jun'26 estimates (INR/share)

	Earnings/ book (INR m)	Valn multiple (X)	Value (INR m)	KOEL's share (%)	Value for KOEL's share (INR m)	Per share value (INR)	Valuation basis
KOEL valuation							
Core business	6,971	29.0	2,02,155	100.0	2,02,155	1,395	29x P/E two-year forward earnings
Investments							
La Gajjar Machineries	104	12.0	1,251	100.0	1,251	9	12x P/E two-year forward earnings
Arka Fincap	11,100	1.3	14,541	100.0	14,541	100	1.3x P/BV on expanded book of FY26E
Total					2,17,947	1,504	

Source: MOFSL

Exhibit 14: KKC is trading at 43x Mar'26 estimates

Source: Company, MOFSL

Exhibit 15: KOEL is trading at 30x Mar'26 estimates

Source: Company, MOFSL

Financial Summary – Kirloskar Oil Engines

Standalone Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	28,775	26,944	32,997	41,161	48,505	56,920	67,370
Change (%)	-10.2	-6.4	22.5	24.7	17.8	17.3	18.4
Raw Materials	18,740	17,431	22,912	27,897	32,439	37,852	44,801
Gross Profit	10,035	9,513	10,085	13,264	16,066	19,068	22,569
Employees Cost	2,178	1,989	2,070	2,365	3,069	3,415	4,042
Other Expenses	5,439	4,686	5,327	6,630	7,355	8,117	9,069
Total Expenditure	26,357	24,106	30,309	36,892	42,864	49,384	57,912
% of Sales	91.6	89.5	91.9	89.6	88.4	86.8	86.0
EBITDA	2,418	2,838	2,688	4,269	5,642	7,536	9,458
Margin (%)	8.4	10.5	8.1	10.4	11.6	13.2	14.0
Depreciation	666	622	772	848	970	999	1,131
EBIT	1,752	2,217	1,915	3,422	4,672	6,537	8,328
Int. and Finance Charges	38	64	62	54	78	132	90
Other Income	374	245	248	273	274	313	371
PBT bef. EO Exp.	2,087	2,398	2,100	3,641	4,868	6,718	8,609
EO Items	165	-84	527	0	0	0	0
PBT after EO Exp.	2,252	2,314	2,627	3,641	4,868	6,718	8,609
Total Tax	548	617	547	939	1,252	1,732	2,220
Tax Rate (%)	24.3	26.6	20.8	25.8	25.7	25.8	25.8
Reported PAT	1,704	1,697	2,080	2,703	3,616	4,986	6,389
Adjusted PAT	1,579	1,759	1,663	2,703	3,616	4,986	6,389
Change (%)	-29.8	11.4	-5.4	62.5	33.8	37.9	28.1
Margin (%)	5.5	6.5	5.0	6.6	7.5	8.8	9.5

E: MOFSL Estimates

Standalone Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	289	289	289	290	290	290	290
Total Reserves	18,013	19,542	21,105	23,028	25,937	29,588	34,267
Net Worth	18,302	19,832	21,395	23,318	26,227	29,878	34,557
Total Loans	156	793	976	751	2,091	1,219	1,019
Deferred Tax Liabilities	52	125	146	61	100	100	100
Capital Employed	18,510	20,749	22,517	24,131	28,418	31,197	35,676
Gross Block	14,904	16,281	16,990	17,425	19,052	22,552	24,552
Less: Accum. Deprn.	11,281	11,826	12,488	13,174	14,144	15,142	16,273
Net Fixed Assets	3,623	4,455	4,502	4,251	4,908	7,410	8,279
Capital WIP	744	549	393	664	2,426	2,426	2,426
Total Investments	11,014	15,340	16,722	16,925	18,762	18,762	18,762
Curr. Assets, Loans & Adv.	9,203	8,092	8,505	11,557	13,115	15,264	21,199
Inventory	3,003	2,652	3,031	4,685	5,235	6,143	7,271
Accounts Receivable	3,628	3,558	3,945	4,672	5,684	6,670	7,895
Cash and Bank Balance	171	294	314	338	980	1,095	4,503
Loans and Advances	1,349	872	656	852	808	948	1,122
Other Assets	1,051	716	558	1,011	408	408	408
Curr. Liability & Prov.	6,073	7,686	7,606	9,267	10,793	12,665	14,991
Accounts Payable	4,798	6,419	6,175	6,326	7,274	8,536	10,103
Other Current Liabilities	696	646	729	1,700	2,223	2,609	3,087
Provisions	580	622	702	1,241	1,296	1,521	1,800
Net Current Assets	3,129	406	899	2,291	2,322	2,599	6,208
Appl. of Funds	18,510	20,749	22,517	24,131	28,418	31,196	35,675

Financial Summary – Kirloskar Oil Engines

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	10.9	12.2	11.5	18.7	25.0	34.4	44.1
Cash EPS	15.5	16.4	16.8	24.5	31.7	41.4	52.0
BV/Share	126.4	137.0	147.8	161.1	181.2	206.4	238.7
DPS	7.8	1.5	4.7	5.0	6.7	9.2	11.8
Payout (%)	66.5	12.8	32.6	26.8	26.8	26.8	26.8
Valuation (x)							
P/E	122.4	109.9	116.2	71.5	53.4	38.8	30.3
Cash P/E	86.1	81.2	79.4	54.4	42.1	32.3	25.7
P/BV	10.6	9.7	9.0	8.3	7.4	6.5	5.6
EV/Sales	6.7	7.2	5.9	4.7	4.0	3.4	2.8
EV/EBITDA	79.9	68.3	72.2	45.4	34.5	25.7	20.1
Dividend Yield (%)	0.6	0.1	0.4	0.4	0.5	0.7	0.9
FCF per share	10.6	27.5	7.9	9.6	10.9	17.0	37.4
Return Ratios (%)							
RoE	8.8	9.2	8.1	12.1	14.6	17.8	19.8
RoCE	8.8	9.2	8.0	11.8	14.0	17.1	19.4
RoIC	21.5	29.2	31.4	45.0	55.7	64.0	65.4
Working Capital Ratios							
Fixed Asset Turnover (x)	1.9	1.7	1.9	2.4	2.5	2.5	2.7
Asset Turnover (x)	1.6	1.3	1.5	1.7	1.7	1.8	1.9
Inventory (Days)	38	36	34	42	39	39	39
Debtor (Days)	46	48	44	41	43	43	43
Creditor (Days)	61	87	68	56	55	55	55
Leverage Ratio (x)							
Current Ratio	1.5	1.1	1.1	1.2	1.2	1.2	1.4
Interest Cover Ratio	45.9	34.9	30.7	63.8	60.0	49.4	93.0
Net Debt/Equity	-0.6	-0.7	-0.8	-0.7	-0.7	-0.6	-0.6

Standalone Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
(INR m)							
OP/(Loss) before Tax	2,252	2,314	2,627	3,641	4,868	6,718	8,609
Depreciation	666	622	772	848	970	999	1,131
Interest & Finance Charges	38	38	50	35	78	132	90
Direct Taxes Paid	-679	-324	-567	-960	-1,084	-1,732	-2,220
(Inc)/Dec in WC	407	2,654	-157	-1,025	-441	-162	-201
CF from Operations	2,685	5,304	2,726	2,539	4,391	5,955	7,408
Others	-396	-42	-782	61	-52	0	0
CF from Operating incl EO	2,289	5,262	1,944	2,601	4,339	5,955	7,408
(Inc)/Dec in FA	-752	-1,282	-804	-1,206	-2,757	-3,500	-2,000
Free Cash Flow	1,537	3,979	1,140	1,394	1,582	2,455	5,408
(Pur)/Sale of Investments	4,159	-2,855	680	3,235	-1,091	0	0
Others	-4,995	-1,316	-8,870	-3,585	-334	0	0
CF from Investments	-1,588	-5,453	-8,994	-1,556	-4,182	-3,500	-2,000
Inc/(Dec) in Debt	10	613	172	-236	1,338	-200	-200
Interest Paid	-38	-62	-53	-50	-107	-132	-90
Dividend Paid	-940	-217	-578	-723	-724	-1,335	-1,710
Others	-1,422	-20	7,529	-12	-21	-673	0
CF from Fin. Activity	-2,391	314	7,070	-1,021	486	-2,340	-2,000
Inc/Dec of Cash	-1,690	123	20	23	643	115	3,408
Opening Balance	1,861	171	294	314	338	980	1,095
Closing Balance	172	294	314	338	980	1,095	4,503

Financial Summary – Cummins India

Standalone Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total Income from Operations	51,577	43,292	61,404	77,444	89,586	1,06,607	1,26,343
Change (%)	-8.9	-16.1	41.8	26.1	15.7	19.0	18.5
Raw Materials	33,679	27,606	41,068	52,309	57,701	68,664	81,375
Gross Profit	17,899	15,687	20,336	25,135	31,886	37,944	44,968
Employee Cost	5,602	4,926	5,956	6,298	7,793	8,782	10,408
Other Expenses	6,434	4,965	5,529	6,411	6,479	7,372	8,683
Total Expenditure	45,715	37,497	52,553	65,018	71,972	84,818	1,00,466
% of Sales	88.6	86.6	85.6	84.0	80.3	79.6	79.5
EBITDA	5,863	5,795	8,851	12,426	17,614	21,789	25,877
Margin (%)	11.4	13.4	14.4	16.0	19.7	20.4	20.5
Depreciation	1,187	1,255	1,340	1,405	1,576	1,625	1,942
EBIT	4,676	4,540	7,511	11,022	16,037	20,164	23,935
Int. and Finance Charges	203	162	115	158	268	295	295
Other Income	3,315	3,702	2,875	4,200	5,678	5,786	7,150
PBT bef. EO Exp.	7,789	8,080	10,271	15,064	21,448	25,656	30,791
PBT after EO Exp.	7,590	8,080	11,330	14,921	21,431	25,656	30,791
Total Tax	1,297	1,901	2,463	3,623	4,824	6,170	7,404
Tax Rate (%)	17.1	23.5	21.7	24.3	22.5	24.0	24.0
Reported PAT	6,293	6,179	8,866	11,298	16,606	19,486	23,386
Adjusted PAT	7,072	6,350	8,284	12,460	16,623	20,567	24,663
Change (%)	-3.2	-10.2	30.5	50.4	33.4	23.7	19.9
Margin (%)	13.7	14.7	13.5	16.1	18.6	19.3	19.5

Standalone Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	554	554	554	554	554	554	554
Total Reserves	41,195	43,513	47,972	53,125	61,077	69,124	78,794
Net Worth	41,750	44,068	48,527	53,680	61,631	69,678	79,348
Total Loans	4,854	156	3,933	3,500	1,000	1,000	1,000
Deferred Tax Liabilities	800	823	971	1,057	941	941	941
Capital Employed	47,404	45,047	53,430	58,237	63,572	71,619	81,289
Gross Block	20,894	20,337	22,278	23,458	26,183	30,213	35,147
Less: Accum. Deprn.	8,617	8,684	10,024	11,429	13,005	14,505	16,447
Net Fixed Assets	12,277	11,654	12,254	12,030	13,178	15,708	18,700
Capital WIP	800	1,275	608	413	968	608	608
Total Investments	18,606	13,892	15,939	21,042	21,927	21,036	21,036
Curr. Assets, Loans & Adv.	27,713	29,950	39,230	41,625	48,884	57,488	68,464
Inventory	5,729	5,578	7,288	8,862	9,369	12,209	14,469
Account Receivables	11,316	10,745	12,473	15,927	20,776	21,925	25,984
Cash and Bank Balance	4,538	9,652	14,267	13,808	15,047	19,336	23,250
Loans and Advances	2,448	1,517	2,646	539	505	601	712
Other Current Assets	3,682	2,459	2,556	2,488	3,188	3,417	4,050
Curr. Liability & Prov.	12,137	11,922	14,621	16,883	21,413	23,220	27,518
Other Current Liabilities	9,650	9,723	12,362	14,497	18,602	19,949	23,642
Provisions	2,487	2,199	2,258	2,386	2,810	3,271	3,877
Net Current Assets	15,576	18,029	24,609	24,741	27,472	34,268	40,946
Misc Expenditure	144	199	21	11	27	0	0
Appl. of Funds	47,404	45,047	53,430	58,237	63,572	71,619	81,289

E: MOFSL Estimates

Financial Summary – Cummins India

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	26	23	30	45	60	74	89
Cash EPS	29.8	27.4	34.7	50.0	65.7	80.1	96.0
BV/Share	150.6	159.0	175.1	193.7	222.3	251.4	286.2
DPS	17.0	14.0	10.5	25.0	35.2	41.3	49.5
Payout (%)	90.3	62.8	32.8	61.3	58.7	58.7	58.7
Valuation (x)							
P/E	151.1	168.3	129.0	85.8	64.3	52.0	43.3
Cash P/E	129.4	140.5	111.1	77.1	58.7	48.2	40.2
P/BV	25.6	24.3	22.0	19.9	17.3	15.3	13.5
EV/Sales	20.7	24.5	17.2	13.7	11.8	9.9	8.3
EV/EBITDA	182.4	182.8	119.6	85.2	59.9	48.2	40.4
Dividend Yield (%)	0.4	0.4	0.3	0.6	0.9	1.1	1.3
FCF per share	13.1	24.3	28.1	23.7	36.0	54.6	64.7
Return Ratios (%)							
RoE	17.0	14.8	17.9	24.4	28.8	31.3	33.1
RoCE	14.6	13.9	16.8	21.0	28.1	29.6	31.3
RoIC	15.6	15.9	27.4	36.6	51.1	54.4	54.2
Working Capital Ratios							
Fixed Asset Turnover (x)	2.5	2.1	2.8	3.3	3.4	3.5	3.6
Asset Turnover (x)	1.1	1.0	1.1	1.3	1.4	1.5	1.6
Inventory (Days)	41	47	43	42	38	42	42
Debtor (Days)	80	91	74	75	85	75	75
Leverage Ratio (x)							
Current Ratio	2.3	2.5	2.7	2.5	2.3	2.5	2.5
Interest Cover Ratio	23.1	28.1	65.3	69.8	59.9	68.5	81.3
Net Debt/Equity	-0.4	-0.5	-0.5	-0.6	-0.6	-0.6	-0.5

Standalone Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	7,599	8,711	9,614	11,631	17,773	25,068	30,263
Direct Taxes Paid	-1,609	-832	-2,543	-3,520	-4,972	-6,170	-7,404
CF from Operations	5,990	7,879	7,071	8,111	12,801	18,898	22,859
(Inc)/Dec in FA	-2,366	-1,140	705	-1,540	-2,812	-3,768	-4,934
Free Cash Flow	3,623	6,738	7,776	6,571	9,989	15,131	17,925
(Pur)/Sale of Investments	-1,163	-75	-7,597	376	-2,967	892	0
Others	1,395	1,371	1,030	1,857	3,106	0	0
CF from Investments	-2,135	155	-5,862	694	-2,673	-2,876	-4,934
Dividend Paid	-5,681	-3,881	-4,435	-6,237	-8,593	-11,438	-13,717
Others	1,572	-4,844	3,661	-607	-2,733	-295	-295
CF from Fin. Activity	-4,109	-8,724	-774	-6,844	-11,326	-11,733	-14,011
Inc/Dec of Cash	-254	-691	434	1,960	-1,198	4,289	3,914
Opening Balance	7,379	4,538	9,652	14,267	13,808	15,047	19,336
Other adjustments	-2,587	5,804	4,181	-2,420	2,437		
Closing Balance	4,538	9,652	14,267	13,808	15,047	19,336	23,250

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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