

Kalpataru Projects

BSE SENSEX

77,379

S&P CNX

23,432


KALPA-TARU®

POWER TRANSMISSION LIMITED

Stock Info

| | |
|-----------------------|-------------|
| Bloomberg | KPIL IN |
| Equity Shares (m) | 162 |
| M.Cap.(INRb)/(USD\$) | 205.6 / 2.4 |
| 52-Week Range (INR) | 1449 / 707 |
| 1, 6, 12 Rel. Per (%) | -1/-7/54 |
| 12M Avg Val (INR M) | 541 |

Financials & Valuations (INR b)

| Y/E MARCH | FY25E | FY26E | FY27E |
|-------------|-------|-------|-------|
| Net Sales | 191.8 | 233.4 | 282.0 |
| EBITDA | 16.4 | 20.9 | 26.1 |
| PAT | 7.6 | 10.5 | 13.9 |
| EPS (INR) | 44.3 | 61.6 | 81.5 |
| Gr. (%) | 41.8 | 39.2 | 32.2 |
| BV/Sh (INR) | 432.6 | 487.2 | 561.7 |

Ratios

| | | | |
|----------|------|------|------|
| RoE (%) | 11.5 | 13.4 | 15.5 |
| RoCE (%) | 10.4 | 11.8 | 13.5 |

Valuations

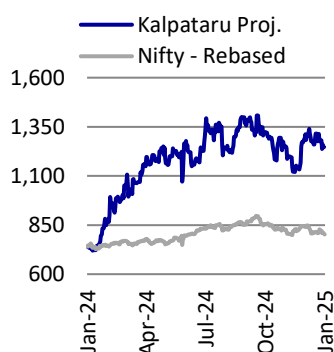
| | | | |
|---------------|------|------|------|
| P/E (x) | 27.2 | 19.5 | 14.8 |
| P/BV (x) | 2.8 | 2.5 | 2.1 |
| EV/EBITDA (x) | 13.4 | 10.7 | 8.6 |
| Divd Yld (%) | 0.6 | 0.6 | 0.6 |

Shareholding Pattern (%)

| As On | Sep-24 | Jun-24 | Sep-23 |
|----------|--------|--------|--------|
| Promoter | 35.2 | 35.2 | 41.1 |
| DII | 45.9 | 45.6 | 42.7 |
| FII | 10.7 | 10.1 | 8.5 |
| Others | 8.1 | 9.1 | 7.7 |

FII includes depository receipts

Stock Performance (1-year)


CMP: INR1,204
TP: INR1,500 (+25%)
Buy

Benefiting from industry tailwinds

We continue to remain positive on Kalpataru Projects International (KPIL) based on its positioning across fast-growing power T&D EPC as well as the Buildings and Factories (B&F) segment. The company has a strong order book of INR606b spread across domestic and international geographies, providing healthy revenue visibility of 2.5-3 years. Following a weak execution in 1HFY25, a ramp-up is expected in the coming quarters, driven by the strong order book and easing payment situation. Benign commodity prices provide comfort on margin expansion, and interest expenses are likely to come down post the recent fund raise via QIP. Promoter pledge has already come down to around 8% of the total shareholding, and with the expected IPO of real estate arm, we expect this to gradually wane down further. We slightly revise our estimates downward and roll forward our TP to Mar'27 estimates. Reiterate BUY on KPIL with an SoTP-based TP of INR1,500, valuing core business at 19x on two-year forward earnings.

Key investment argument

Addressable market remains strong across segments

The addressable market for KPIL continues to remain strong across segments, with increased traction witnessed in transmission projects both domestically and internationally. The domestic tendering pipeline stands at around INR500-700b, which is expected to be tendered over the next few months. NCT has already recommended projects worth INR460b to the Ministry of Power and 9,000ckm worth of transmission lines are lined up till FY29. By FY29, KPIL foresees an opportunity potential of INR2.5-3.5t from transmission and INR3-4t from distribution. KPIL, being an EPC player, targets an opportunity worth 25-30% of the project. With a market share of around 15-20% in the domestic T&D market, we expect an yearly potential inflow of nearly INR70-80b. The company is also eyeing similar inflow opportunities internationally, as reflected in large order wins from international T&D during FY25 to date.

Sharp increase in inflows on T&D thrust and B&F

KPIL has been witnessing improved order inflows across T&D from both domestic and international geographies since FY23. A similar trend has been observed in the B&F division since FY24 from residential and commercial buildings, airports, etc. Together, both these segments form nearly 72-75% of the overall order book. We expect continued traction in these segments, given the renewable push and strong pipeline of projects across both domestic and international geographies. The water segment forms nearly 17% of the overall order book and is currently facing payment pressure from the state government. Company has slowed down execution of water projects till 2QFY25 due to payment delays. However, this situation has gradually started easing. Going forward, we expect T&D and non-T&D to have a mix of 42%:58%.

Stable commodity prices provide comfort on margin

Commodity prices, particularly copper and HRC, have corrected by nearly 12%/13% since May'24. The company has around 40-45% of order book on fixed price basis, which will benefit from the softening of commodity prices. Additionally, with the completion of legacy projects, we expect margin expansion to be reflected in the financials.

Improving strength of balance sheet post-QIP

KPIL raised funds worth INR10b via QIP in Dec'24. Nearly 75% of the proceeds are planned for debt reduction, while remaining will be utilized for funding capex, working capital, investment in subsidiaries, JVs, or acquisition. This is expected to improve Net D/E to 0.2x in FY25 vs 0.4x in FY24. Net debt in 1H FY25 increased to INR28b due to an increase in receivables from certain water projects. The payment situation for water projects is gradually improving and, hence, we expect the working capital cycle to improve from 1H FY25 levels. We have factored in an NWC of 113 days in our estimates for KPIL.

Execution ramp-up a key variable to watch out for

KPIL's order book stood at INR606b at the end of 1H FY25, with an overall inflow of INR153b in FYTD. This order book provides a strong revenue visibility over the next 2-3 years. With a strong order book, fairly stable commodity prices, and a healthy balance sheet post-QIP, the only variable to be monitored is execution improvement across all projects beyond the water segment. We marginally revise our revenue estimates downwards to factor in delays in water projects and, thus, bake in revenues to grow at a 19% CAGR over FY24-27.

Real estate entity witnessing improved traction

The real estate entity is currently working on 22m sq ft of ongoing projects across residential and commercial sectors, with an additional 28m sq ft in forthcoming and planned projects. As of 31st Mar'24, the company held land reserves aggregating to 1,888 acres. These land reserves are located in Surat, Pune, Nagpur, Udaipur, and Shirol and will be developed in a phased manner. Debt for this entity increased to INR102b in FY24 from INR95b in FY23. With the IPO proceeds, the company plans to further reduce debt in the coming years.

Comfortable pledging levels

KPIL's pledging came down to 8.7% at the end of 2Q FY25, compared to 23.1%/12.8% in FY23/FY24, correspondingly loan against shares has also come down. This amount was utilized to support the real estate arm, which has started witnessing improved traction across projects and is expected to receive OCs for pending projects. We expect real estate arm to get funding support from the expected IPO, and hence we expect a reduction in promoter-level pledging for KPIL over time.

Financial outlook

We expect growth for KPIL to be driven by a healthy prospect pipeline, an improvement in execution, a stable-to-improving margin trajectory, and comfortable leverage. We expect revenue/EBITDA/PAT to grow at 19%/24%/38% over FY24-27.

Valuation and recommendation

KPIL is currently trading at 19.5x/14.8x FY26E/FY27E EPS. We cut our estimates slightly but roll forward our valuation to Mar'27E earnings. We maintain our SOTP-based TP of INR1,500, based on 19x P/E for the core business. **Reiterate BUY.**

Key exhibits

Exhibit 1: Expected pipeline of projects on transmission lined up over the next few years (ckm)

| Sl. No. | Fiscal | Region | Transmission Line | Length (ckm) |
|---------|---------|--------|--|--------------|
| 1 | 2024-25 | WR | ❖ Navsari (New) (South Gujarat) (GIS) – Padghe (GIS) | 400 |
| 2 | 2024-25 | SR | ❖ Narendra New (GIS) - Pune (GIS) 765 kV D/c Line | 680 |
| 3 | 2024-25 | NR | ❖ Bhada II - Sikar II 765 kV D/c Line | 612 |
| 4 | 2024-25 | ER | ❖ NKSTPP – Gaya 400kV D/c (Quad) Line | 285 |
| 5 | 2025-26 | NER | ❖ Bongaigaon (POWERGRID) – Nangladia 400kV D/c Line | 280 |
| 6 | 2025-26 | WR | ❖ Mandsaur PS – Indore (PG) 765 kV D/c Line | 400 |
| 7 | 2025-26 | SR | ❖ Anantapuram PS - Cuddapah 400 kV D/c Line | 200 |
| 8 | 2026-27 | ER | ❖ Bikaner-III – Neemrana-II 765 kV 2xD/c Line | 350 |
| 9 | 2026-27 | ER | ❖ Angul – Paradeep 765 kV D/c Line | 480 |
| 10 | 2026-27 | NER | ❖ Kathalguri (NEEPCO) – Namrup (POWERGRID) 220kV D/c Line | 100 |
| 11 | 2026-27 | WR | ❖ Halvad – Jamnagar 765kV D/c Line | 345 |
| 12 | 2026-27 | SR | ❖ Kamalapurad PS - Nizamabad-II 400kV D/c Line | 250 |
| 13 | 2026-27 | NR | ❖ Bikaner-IV PS – Sikar-II 765 kV 2xD/c Line | 600 |
| 14 | 2027-28 | SR | ❖ Kurnool-II - Bidar PS 765 kV D/c Line | 560 |
| 15 | 2027-28 | ER | ❖ LILO of Circuits of Angul – Sundargarh (Jharsuguda) 765kV 2xS/c Line | 150 |
| 16 | 2027-28 | NER | ❖ Extension of Alipurduar – Bongaigaon 400kV D/c line | 70 |
| 17 | 2028-29 | WR | ❖ ±800 kV HVDC Bipole line between KPS2 (HVDC) and Nagpur (HVDC) | 1200 |
| 18 | 2028-29 | SR | ❖ Avaraikulam Onshore PS – Tuticorin PS 400 kV D/c quad line | 200 |
| 19 | 2028-29 | NR | ❖ ±800KV HVDC line (Hexa lapwing) between Bhadla-3 & Fatehpur | 1900 |

Source: CEA, MOFSL

Exhibit 2: Near-term pipeline of transmission projects

| Transmission scheme | Mode | Timeframe | BPC | Est Cost (INR b) |
|--|-------------|-----------------------|------------|-------------------------|
| ❖ Transmission system strengthening to facilitate the evacuation of power from Bhadla/Bikaner complex | RTM | 18 months | Powergrid | 2.0 |
| ❖ Eastern Region Expansion Scheme-44 (ERES-44) | RTM | 18 months | Powergrid | 3.9 |
| ❖ Augmentation of transformation capacity at KPS3 (GIS) S/s under Khavda Phase-V Part B3 scheme | RTM | 24 months | AEL | 2.5 |
| ❖ Transmission system for Evacuation of Power from RE Projects in Rajgarh (1500 MW) SEZ in Madhya Pradesh-Phase III | TBCB | 24 months | RECPDCL | 10.8 |
| ❖ Transmission system for Evacuation of Power from RE Projects in Neemuch (1000 MW) SEZ in Madhya Pradesh Phase II | TBCB | 24 months | PFCCL | 23.9 |
| ❖ Eastern Region Expansion Scheme-43 (ERES-43) | RTM | 18 months | Powergrid | 3.1 |
| ❖ Additional Transmission System Proposed for redundant power supply to Dholera area | RTM | 18 months | Powergrid | 1.1 |
| ❖ Transmission system for the supply of power to Green Hydrogen/Ammonia manufacturing potential in Mundra area of Gujarat | TBCB | 36 months | PFCCL | 28.2 |
| ❖ Transmission system for the integration of Anantapur-II REZ Phase 1 for 4.5 GW | TBCB | 24 months | PFCCL | 46.8 |
| ❖ Transmission system for the supply of power to Green Hydrogen/Ammonia manufacturing potential in Tuticorin area | TBCB | 30 months | RECPDCL | 26.2 |
| ❖ Transmission System for the supply of power to Green Hydrogen/Ammonia manufacturing potential in Kandla area of Gujarat (Ph-I: 3.0 GW) | TBCB | 36 months | PFCCL | 27.8 |
| ❖ Transmission system for the evacuation of power from Rajasthan REZ Ph-V (Part-1: 4 GW) [Sirohi/Nagaur] Complex | TBCB | 24 months | RECPDCL | 50.3 |
| ❖ North-Eastern Region Expansion Scheme-XXV Part-A (NERES-XXV PartA) | TBCB | 36 months | PFCCL | 8.3 |
| ❖ Network Expansion scheme in Western Region to cater to Pumped storage potential near Talegaon (Pune) | TBCB | By Jan'27 | RECPDCL | 16.6 |
| ❖ Provision of ICT Augmentation and Bus Reactor at Bhuj-II PS | TBCB | 21 months | PFCCL | 5.9 |
| ❖ Transmission System for Offshore Wind Zone Phase-1 (500 MW VGF off the coast of Gujarat for Subzone B3) | RTM | 48 months | NA | 69.0 |
| ❖ Transmission System for Offshore Wind Farm in Tamil Nadu (500 MW VGF) | RTM | By Mar'30 | NA | 62.4 |
| ❖ Transmission System for evacuation of power from Mahan Energen Limited Generating Station in Madhya Pradesh | TBCB | 30 months | PFCCL | 5.6 |
| ❖ Transmission system for Augmentation of transformation capacity at 765/400kV Lakadia S/s (WRSS XXI(A) Transco Ltd) in Gujarat – Part B | TBCB | As per detailed scope | RECPDCL | 6.4 |
| ❖ Transmission System for evacuation of RE power from Raghnesda area of Gujarat – 3GW under Phase-I | TBCB | 30 months | PFCCL | 18.6 |
| ❖ Transmission scheme for evacuation of power from Ratle HEP (850 MW) & Kiru HEP (624 MW): PartA | TBCB | 24 months | RECPDCL | 12.1 |
| ❖ Transmission system strengthening at Kurnool-III PS for integration of additional RE generation projects | TBCB | 24 months | PFCCL | 28.9 |
| Total | | | | 460.1 |

Source: CEA, MOFSL

Exhibit 3: Order inflows in FY25 remained strong at more than INR150b

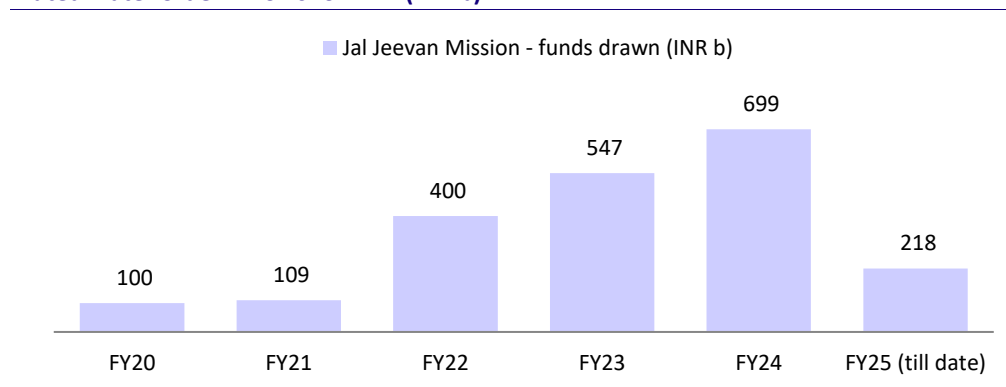
| Date | Project Value (INR b) | Orders |
|--------------|-----------------------|---|
| 31-Dec-24 | 10.1 | Transmission & Distribution (T&D) |
| | | Railway |
| | | Buildings & Factories (B&F) |
| 06-Dec-24 | 27.1 | Design & construction of elevated metro rail |
| | | Transmission & Distribution (T&D) |
| | | Residential building project |
| 13-Nov-24 | 22.7 | Transmission & Distribution (T&D) |
| | | Residential building project |
| 30-Sep-24 | 12.4 | Transmission & Distribution (T&D) |
| | | Residential and commercial building projects |
| 12-Sep-24 | 27.7 | Transmission & Distribution (T&D) |
| | | EPC project for the extension of airport from the Airports Authority of India (AAI) |
| | | Design & build project for residential building |
| 11-Jul-24 | 30.0 | Transmission & Distribution (T&D) |
| | | EPC order in the Water business in JV |
| | | B&F |
| 25-Jun-24 | 23.3 | Transmission & Distribution (T&D) |
| | | EPC order for an industrial plant in the metal industry |
| | | Residential building project |
| Total | 153.4 | |

Source: Company, MOFSL

Exhibit 4: The water segment forms nearly 17% of the total order book and is currently facing payment issues from state governments

| | FY22 | FY23 | FY24 | 1HFY25 |
|-------------------------------|------|------|------|--------|
| Transmission and Distribution | 34% | 36% | 35% | 37% |
| Building and Factories | 24% | 19% | 19% | 22% |
| Oil & Gas | 6% | 4% | 15% | 14% |
| Water | 20% | 27% | 18% | 17% |
| Railways | 8% | 8% | 7% | 6% |
| Urban Infrastructure | 8% | 7% | 5% | 4% |

Source: Company, MOFSL

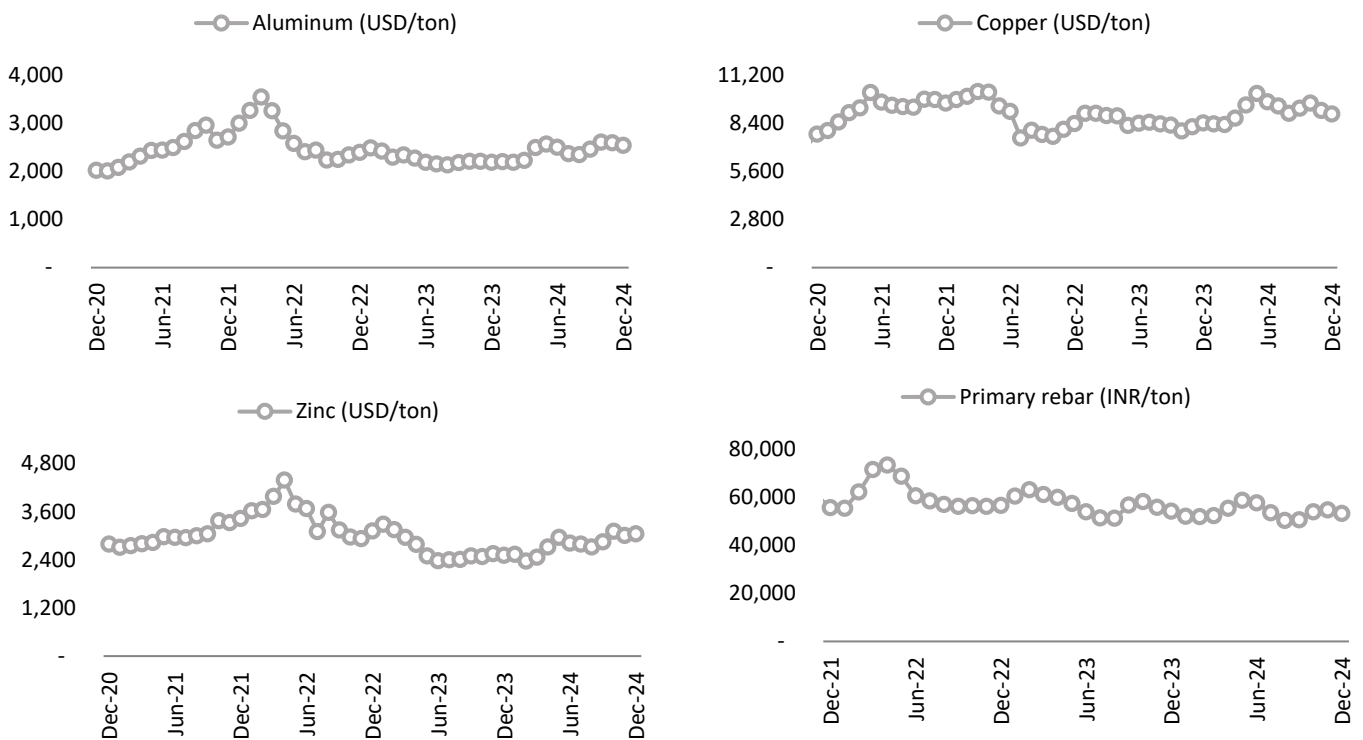
Exhibit 5: Funds drawn by states in FY25 so far have tapered off for JJM projects, reflecting muted water order inflows for KPIL (INR b)

Source: Ministry of Jal Shakti

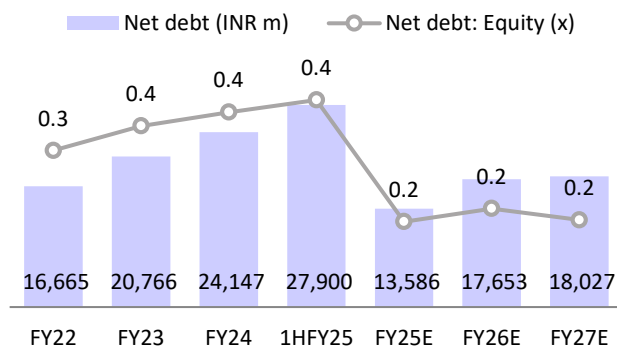
Exhibit 6: Key regions from where KPIL secured water projects in FY23

| Project details | State |
|---|----------------|
| Multi villages 30-50 MLD Capacity Surface Water Supply Scheme (792 km) | Bihar |
| 24 MLD Lahchura Water Supply Scheme | Uttar Pradesh |
| The Narmada-Jhabua-Petlawad-Thandala-Sardarpur micro-irrigation scheme | Madhya Pradesh |
| 30 MLD at Khargone and 50 MLD at Burhanpur | Madhya Pradesh |
| River linking project for 360 MLD of water, with a length of 65+ km | NA |
| Construction of water and sewerage facilities across 34 Maldivian islands | Maldives |

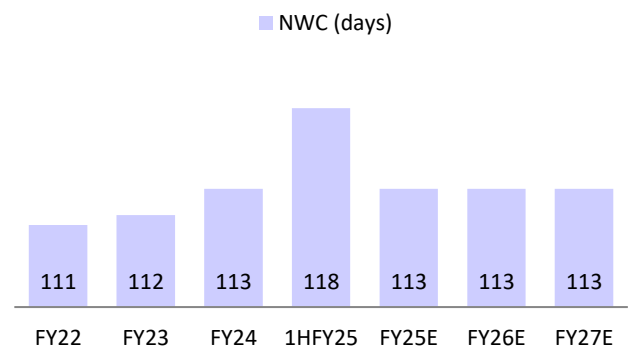
Source: Company, MOFSL

Exhibit 7: Commodity prices, particularly for copper and HRC, have corrected by nearly 12%/13% since May'24

Source: Steelmint, Bloomberg, MOFSL

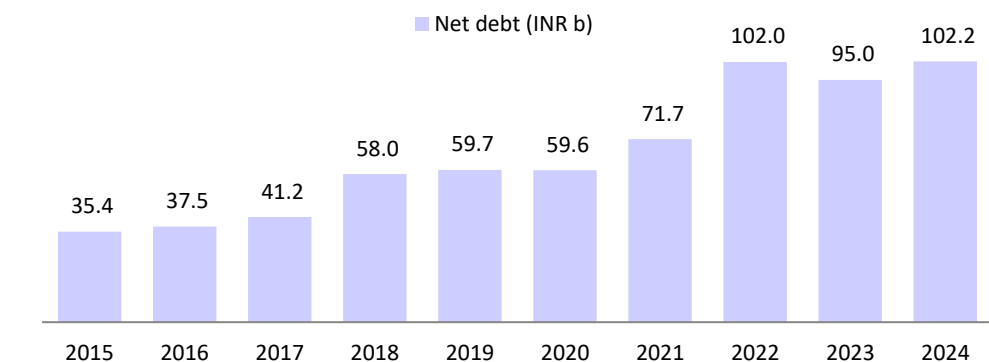
Exhibit 8: We expect net debt to reduce post the QIP issue; it had increased in 1HFY25 on higher NWC (INR b)

Source: Company, MOFSL

Exhibit 9: The working capital cycle had increased in 1HFY25 on payment issues from water projects (days)

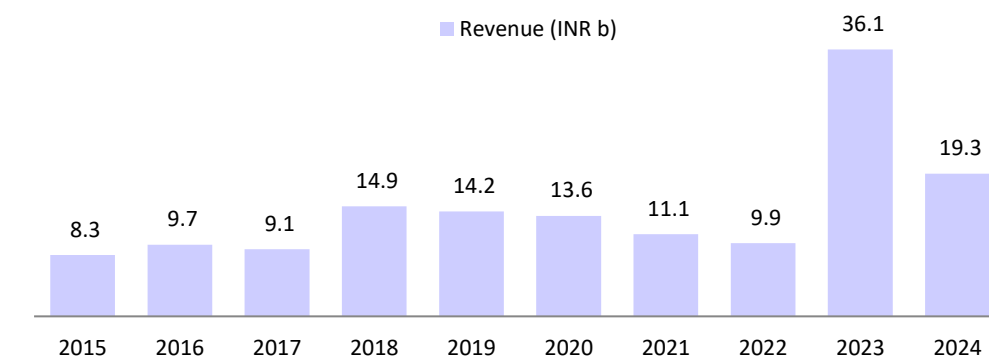
Source: Company, MOFSL

Exhibit 10: The net debt of Kalpataru Ltd, Kalpataru Group's real estate entity, had increased in FY22, but came down from land sale proceeds from the Amazon deal. It has remained high due to new launches (INR b).



Source: Company, MOFSL

Exhibit 11: Revenue booking will improve as projects reach completion stage for Kalpataru Ltd (INR b)

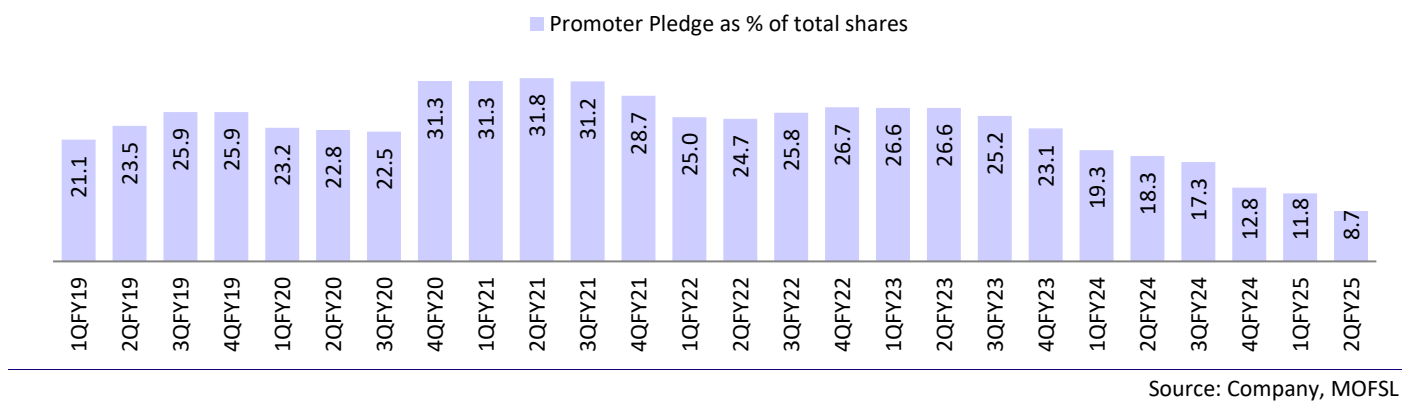


Source: Company, MOFSL

Exhibit 12: Summary of ongoing, forthcoming, and planned projects of Kalpataru Ltd

| Type of projects | Number of projects | Developable Area (in msf) |
|-----------------------------|--------------------|---------------------------|
| Ongoing Projects | | |
| Residential | 24 | 21.6 |
| Commercial | 1 | 0.4 |
| Sub-total A | 25 | 22.0 |
| Forthcoming Projects | | |
| Residential | 8 | 10.5 |
| Commercial | 1 | 0.4 |
| Mixed-use development | 1 | 9.0 |
| Sub-total B | 10 | 19.9 |
| Planned Projects | | |
| Residential | 5 | 7.8 |
| Sub-total C | 5 | 7.8 |
| Total (A+B+C) | 40 | 49.8 |

Source: Company, MOFSL

Exhibit 13: Promoter pledging has considerably come down in recent quarters (%)**Exhibit 14: Change in estimates to bake in some moderation in revenues**

| (INR M) | FY25E | | | FY26E | | | FY27E | | |
|------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Net Sales | 1,91,811 | 1,97,618 | (2.9) | 2,33,385 | 2,42,580 | (3.8) | 2,81,994 | 2,90,910 | (3.1) |
| EBITDA | 16,401 | 16,897 | (2.9) | 20,889 | 21,712 | (3.8) | 26,085 | 26,910 | (3.1) |
| EBITDA (%) | 8.6 | 8.6 | 0 bps | 9.0 | 9.0 | 0 bps | 9.3 | 9.3 | 0 bps |
| Adj. PAT | 7,557 | 7,898 | (4.3) | 10,523 | 11,069 | (4.9) | 13,914 | 14,464 | (3.8) |
| EPS (INR) | 44.3 | 46.2 | (4.3) | 61.6 | 64.8 | (4.9) | 81.5 | 84.7 | (3.8) |

Source: MOFSL

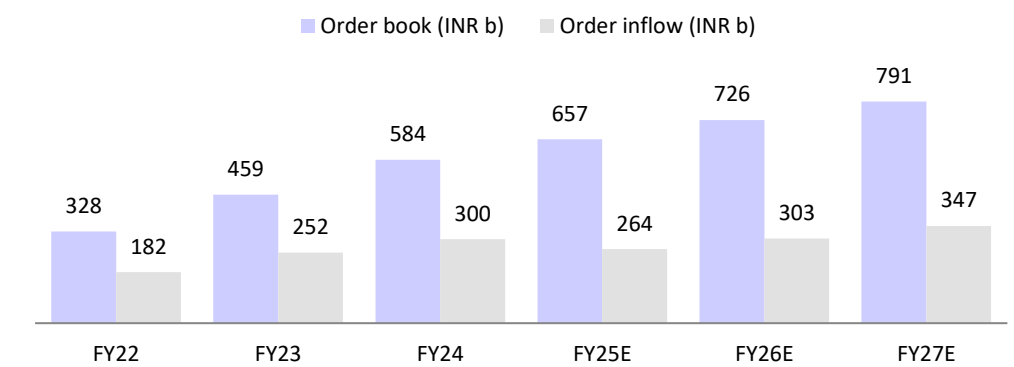
Exhibit 15: SOTP valuation

| | Earnings/ book | Valn multiple | Value | KPIL share | Value for KPIL share | Per share value | |
|-----------------------------|-------------------|------------------|----------------|---------------|-------------------------|--------------------|----------------------|
| | INR m | (X) | INR m | (%) | INR m | INR | Valuation basis |
| Kalpataru valuation | | | | | | | |
| Core construction business | 13,047 | 19 | 247,896 | 100.0 | 247,896 | 1,452 | 19x two-year fwd EPS |
| Investments in subsidiaries | | | 10,249 | | 10,249 | 60 | |
| Road projects total | | | 1,165 | | 1,165 | 7 | |
| Total value | | | 244,498 | | 244,498 | 1,518 | |

Source: MOFSL

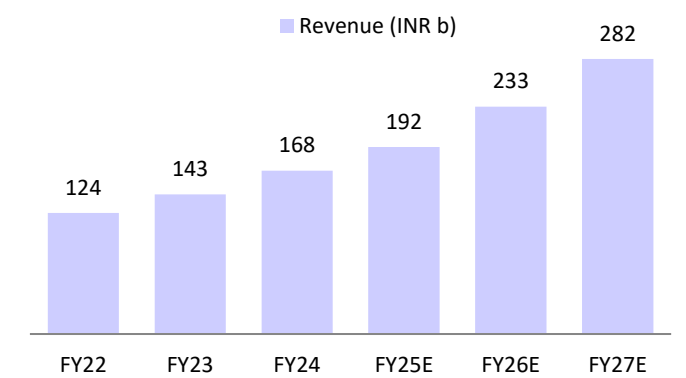
Financial outlook

Exhibit 16: Order inflow and order book trend (INR b)



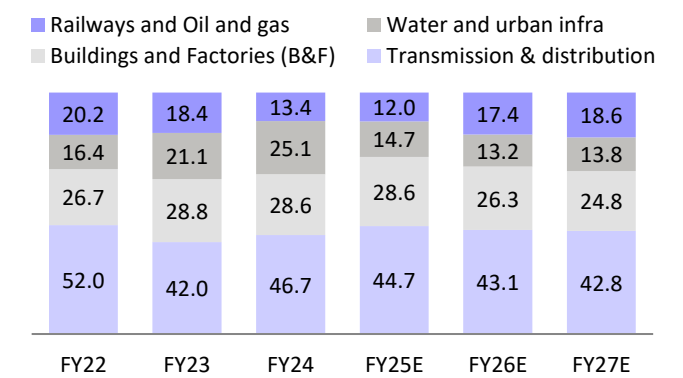
Source: Company, MOFSL

Exhibit 17: We expect 19% revenue CAGR over FY24-27



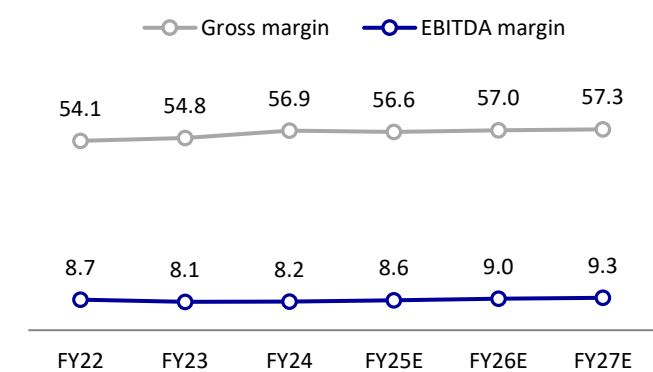
Source: Company, MOFSL

Exhibit 18: Revenue mix is diversified across segments (%)



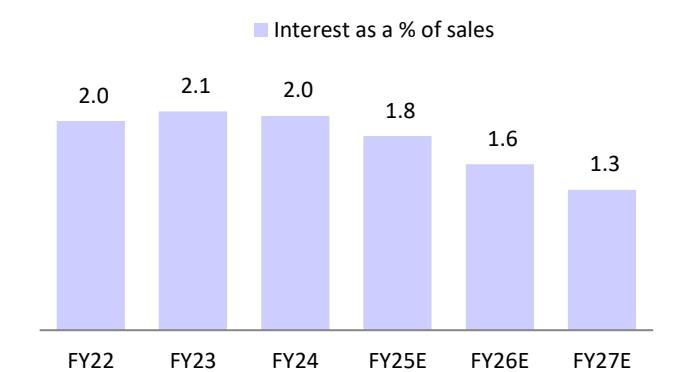
Source: Company, MOFSL

Exhibit 19: EBITDA margin to expand from FY25

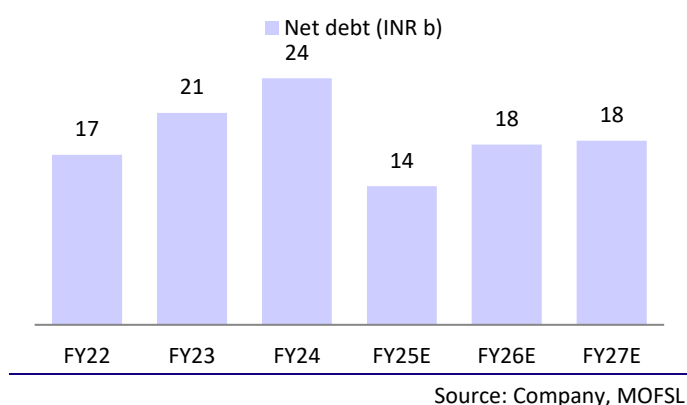
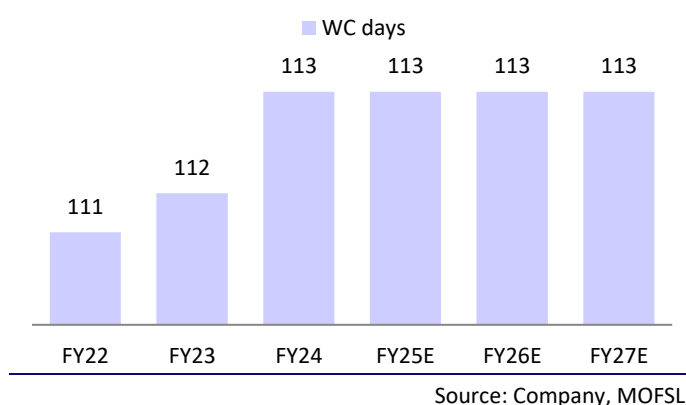
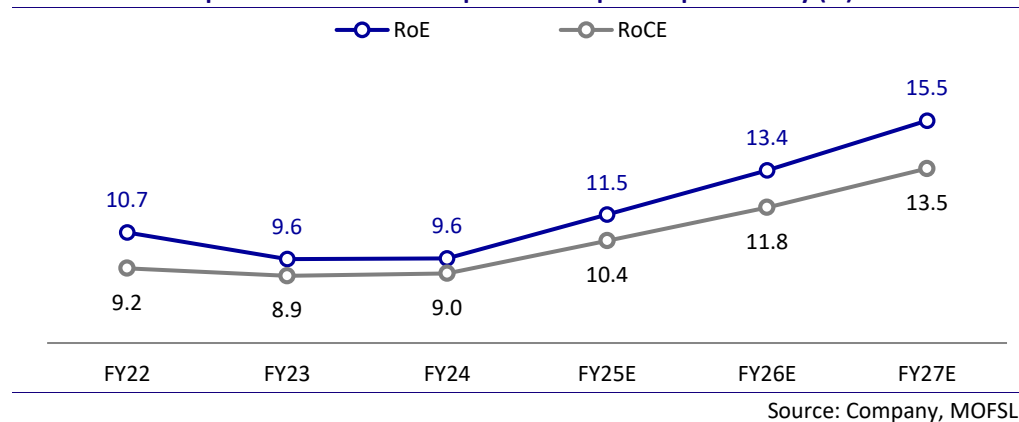


Source: Company, MOFSL

Exhibit 20: Interest as a % of sales is lower than that of peers



Source: Company, MOFSL

Exhibit 21: Net debt is at comfortable levels (INR b)

Exhibit 22: Net working capital to remain stable at 113 days

Exhibit 23: We expect return ratios to improve on improved profitability (%)


Financials and Valuation (standalone)

| Income Statement | | | | | | (INR m) |
|------------------------------|----------|----------|----------|----------|----------|----------|
| Y/E March | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Total Income from Operations | 1,24,071 | 1,43,370 | 1,67,600 | 1,91,811 | 2,33,385 | 2,81,994 |
| Change (%) | NA | 15.6 | 16.9 | 14.4 | 21.7 | 20.8 |
| Total Expenditure | 1,13,265 | 1,31,760 | 1,53,940 | 1,75,411 | 2,12,496 | 2,55,909 |
| % of Sales | 91.3 | 91.9 | 91.8 | 91.4 | 91.0 | 90.7 |
| EBITDA | 10,807 | 11,610 | 13,660 | 16,401 | 20,889 | 26,085 |
| Margin (%) | 8.7 | 8.1 | 8.2 | 8.6 | 9.0 | 9.3 |
| Depreciation | 2,720 | 2,950 | 3,680 | 3,886 | 4,486 | 4,966 |
| EBIT | 8,087 | 8,660 | 9,980 | 12,515 | 16,403 | 21,120 |
| Int. and Finance Charges | 2,436 | 2,940 | 3,370 | 3,494 | 3,630 | 3,712 |
| Other Income | 984 | 1,120 | 780 | 1,137 | 1,371 | 1,294 |
| PBT bef. EO Exp. | 6,635 | 6,840 | 7,390 | 10,157 | 14,143 | 18,702 |
| EO Items | -1,632 | 540 | | | | |
| PBT after EO Exp. | 5,003 | 7,380 | 7,390 | 10,157 | 14,143 | 18,702 |
| Total Tax | 1,491 | 2,070 | 2,060 | 2,600 | 3,621 | 4,788 |
| Tax Rate (%) | 29.8 | 28.0 | 27.9 | 25.6 | 25.6 | 25.6 |
| Reported PAT | 3,512 | 5,310 | 5,330 | 7,557 | 10,523 | 13,914 |
| Adjusted PAT | 4,657 | 4,921 | 5,330 | 7,557 | 10,523 | 13,914 |
| Change (%) | NA | 5.7 | 8.3 | 41.8 | 39.2 | 32.2 |
| Margin (%) | 3.8 | 3.4 | 3.2 | 3.9 | 4.5 | 4.9 |

| Balance Sheet | | | | | | (INR m) |
|----------------------------|----------|----------|----------|----------|----------|----------|
| Y/E March | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Equity Share Capital | 298 | 325 | 325 | 342 | 342 | 342 |
| Total Reserves | 49,073 | 52,872 | 57,176 | 73,528 | 82,864 | 95,591 |
| Net Worth | 49,371 | 53,197 | 57,500 | 73,870 | 83,205 | 95,933 |
| Total Loans | 26,551 | 29,346 | 32,635 | 31,635 | 35,135 | 33,135 |
| Deferred Tax Liabilities | -880 | -1,338 | -1,411 | -1,411 | -1,411 | -1,411 |
| Capital Employed | 75,042 | 81,206 | 88,724 | 1,04,094 | 1,16,929 | 1,27,657 |
| Gross Block | 23,789 | 27,708 | 29,881 | 34,881 | 39,881 | 42,881 |
| Less: Accum. Depr | 10,574 | 10,941 | 13,524 | 17,409 | 21,895 | 26,861 |
| Net Fixed Assets | 13,214 | 16,767 | 16,358 | 17,472 | 17,986 | 16,020 |
| Goodwill on Consolidation | 201 | 201 | 201 | 201 | 201 | 201 |
| Capital WIP | 203 | 484 | 320 | 320 | 320 | 320 |
| Total Investments | 8,929 | 8,741 | 8,593 | 8,593 | 8,593 | 8,593 |
| Curr. Assets, Loans & Adv. | 1,22,897 | 1,47,237 | 1,70,200 | 2,03,122 | 2,42,668 | 2,87,195 |
| Inventory | 9,193 | 10,874 | 12,397 | 14,187 | 17,262 | 20,858 |
| Account Receivables | 43,239 | 51,246 | 55,244 | 63,224 | 76,928 | 92,950 |
| Cash and Bank Balance | 9,886 | 8,581 | 8,488 | 18,049 | 17,482 | 15,108 |
| Loans and Advances | 8,163 | 8,608 | 10,885 | 12,457 | 15,157 | 18,314 |
| Other Current Assets | 52,416 | 67,928 | 83,187 | 95,204 | 1,15,839 | 1,39,966 |
| Curr. Liability & Prov. | 70,401 | 92,224 | 1,06,947 | 1,25,613 | 1,52,839 | 1,84,673 |
| Other Current Liabilities | 65,676 | 87,673 | 1,01,990 | 1,19,940 | 1,45,937 | 1,76,332 |
| Provisions | 4,725 | 4,551 | 4,957 | 5,673 | 6,903 | 8,341 |
| Net Current Assets | 52,496 | 55,012 | 63,253 | 77,508 | 89,829 | 1,02,523 |
| Appl. of Funds | 75,042 | 81,205 | 88,724 | 1,04,094 | 1,16,929 | 1,27,657 |

Financials and Valuation (standalone)

Ratios

| Y/E March | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | |
| EPS | 27.3 | 28.8 | 31.2 | 44.3 | 61.6 | 81.5 |
| Cash EPS | 43.2 | 46.1 | 52.8 | 67.0 | 87.9 | 110.6 |
| BV/Share | 289.1 | 311.5 | 336.7 | 432.6 | 487.2 | 561.7 |
| DPS | 6.8 | 7.0 | 7.3 | 7.0 | 7.0 | 7.0 |
| Payout (%) | 31.6 | 21.4 | 22.3 | 15.7 | 11.3 | 8.5 |
| Valuation (x) | | | | | | |
| P/E | 44.1 | 41.8 | 38.6 | 27.2 | 19.5 | 14.8 |
| Cash P/E | 27.9 | 26.1 | 22.8 | 18.0 | 13.7 | 10.9 |
| P/BV | 4.2 | 3.9 | 3.6 | 2.8 | 2.5 | 2.1 |
| EV/Sales | 1.7 | 1.5 | 1.3 | 1.1 | 1.0 | 0.8 |
| EV/EBITDA | 19.6 | 18.6 | 16.1 | 13.4 | 10.7 | 8.6 |
| Dividend Yield (%) | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| FCF per share | 9.7 | -8.7 | 24.9 | 14.2 | 4.4 | 26.5 |
| Return Ratios (%) | | | | | | |
| RoE | 10.7 | 9.6 | 9.6 | 11.5 | 13.4 | 15.5 |
| RoCE | 9.2 | 8.9 | 9.0 | 10.4 | 11.8 | 13.5 |
| RoIC | 10.1 | 10.4 | 10.7 | 12.5 | 14.6 | 16.2 |
| Working Capital Ratios | | | | | | |
| Fixed Asset Turnover (x) | 5.2 | 5.2 | 5.6 | 5.5 | 5.9 | 6.6 |
| Asset Turnover (x) | 1.7 | 1.8 | 1.9 | 1.8 | 2.0 | 2.2 |
| Inventory (Days) | 27 | 28 | 27 | 27 | 27 | 27 |
| Debtor (Days) | 127 | 130 | 120 | 120 | 120 | 120 |
| Leverage Ratio (x) | | | | | | |
| Current Ratio | 1.7 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Interest Cover Ratio | 3.3 | 2.9 | 3.0 | 3.6 | 4.5 | 5.7 |
| Net Debt/Equity | 0.2 | 0.2 | 0.3 | 0.1 | 0.1 | 0.1 |

Cash Flow Statement

| Y/E March | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| OP/(Loss) before Tax | 3,504 | 5,320 | 5,330 | 10,157 | 14,143 | 18,702 |
| Depreciation | 2,720 | 2,948 | 3,679 | 3,886 | 4,486 | 4,966 |
| Interest & Finance Charges | 2,436 | 2,939 | 3,370 | 3,494 | 3,630 | 3,712 |
| Direct Taxes Paid | -2,067 | -2,534 | -2,033 | -2,600 | -3,621 | -4,788 |
| (Inc)/Dec in WC | -5,355 | -4,512 | -5,796 | -7,505 | -12,887 | -15,068 |
| CF from Operations | 1,236 | 4,160 | 4,550 | 7,432 | 5,751 | 7,524 |
| Others | 2,529 | 1,434 | 2,587 | 0 | 0 | 0 |
| CF from Operating incl EO | 3,765 | 5,594 | 7,136 | 7,432 | 5,751 | 7,524 |
| (Inc)/Dec in FA | -2,113 | -7,078 | -2,889 | -5,000 | -5,000 | -3,000 |
| Free Cash Flow | 1,653 | -1,485 | 4,247 | 2,432 | 751 | 4,524 |
| (Pur)/Sale of Investments | -712 | -269 | -208 | 0 | 0 | 0 |
| Others | -37 | 2,880 | -1,568 | 0 | 0 | 0 |
| CF from Investments | -2,862 | -4,467 | -4,665 | -5,000 | -5,000 | -3,000 |
| Issue of Shares | 0 | 0 | 0 | 10,000 | 0 | 0 |
| Inc/(Dec) in Debt | 4,908 | 2,460 | -800 | -1,000 | 3,500 | -2,000 |
| Interest Paid | -2,517 | -3,120 | -3,163 | -3,494 | -3,630 | -3,712 |
| Dividend Paid | -261 | -1,022 | -1,137 | -1,187 | -1,187 | -1,187 |
| Others | 859 | -549 | 3,311 | 0 | 0 | 0 |
| CF from Fin. Activity | 2,989 | -2,231 | -1,789 | 4,318 | -1,318 | -6,899 |
| Inc/Dec of Cash | 3,892 | -1,104 | 682 | 6,750 | -566 | -2,376 |
| Opening Balance | 4,787 | 9,887 | 8,581 | 8,488 | 18,049 | 17,482 |
| Other adjustments | 1,208 | -202 | -775 | 2,811 | 0 | 1 |
| Closing Balance | 9,887 | 8,581 | 8,488 | 18,049 | 17,482 | 15,108 |

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

| 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 |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

MOFSL, its associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:

- received any compensation/other benefits from the subject company of this report
- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:

- a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures. To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement

Kalpataru Projects International

Analyst ownership of the stock

No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and

interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act of Singapore. Accordingly, if a Singapore person is not, or ceases to be, such an investor, they must immediately discontinue any use of this Report and inform MOCMSPL.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

| Contact Person | Contact No. | Email ID |
|--------------------|-----------------------------|------------------------------|
| Ms. Hemangi Date | 022 40548000 / 022 67490600 | query@motilaloswal.com |
| Ms. Kumud Upadhyay | 022 40548082 | servicehead@motilaloswal.com |
| Mr. Ajay Menon | 022 40548083 | am@motilaloswal.com |

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp grievances@motilaloswal.com.