

# Kalpataru Projects

Estimate changes

TP change

Rating change



Bloomberg	KPIL IN
Equity Shares (m)	171
M.Cap.(INRb)/(USDb)	150 / 1.7
52-Week Range (INR)	1449 / 852
1, 6, 12 Rel. Per (%)	-24/-24/-16
12M Avg Val (INR M)	551

## Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	187.1	221.8	265.2
EBITDA	15.6	19.8	24.5
PAT	6.6	9.3	12.4
EPS (INR)	38.7	54.5	72.6
GR. (%)	23.9	41.0	33.2
BV/Sh (INR)	427.0	474.5	540.2

## Ratios

ROE (%)	10.1	12.1	14.3
RoCE (%)	9.6	10.8	12.5

## Valuations

P/E (X)	22.7	16.1	12.1
P/BV (X)	2.1	1.9	1.6
EV/EBITDA (X)	10.7	8.4	6.8
Div Yield (%)	0.8	0.8	0.8

## Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	33.5	35.2	40.6
DII	45.6	45.9	43.8
FII	12.7	10.7	7.7
Others	8.2	8.1	7.9

FII Includes depository receipts

**CMP: INR879**
**TP: INR1,200 (+37%)**
**Buy**

## Delayed payments hurt performance

Kalpataru Projects (KPIL) reported a broadly in-line revenue growth of 16% YoY, while its EBITDA/PAT grew 17%/9% YoY. PAT was hit by higher-than-expected interest expenses, as the collections from Water projects continued to be delayed. The company continues to maintain a 20-25% market share in the T&D opportunity pipeline while it is affected in the near term by delayed payments on the water segment. We expect its T&D, buildings & factories, and oil & gas segments to drive growth going forward. Benign commodity prices provide comfort on margin expansion, and interest expenses are likely to come down after the recent fundraising via QIP. The promoter pledge has already come down to around 8% of the total shareholding, and with the expected IPO of the real estate arm, we expect this to gradually reduce further. We cut our estimates by 13%/12%/11% for FY25E/26E/27E to factor in weaker-than-expected Water segment performance and slightly higher interest costs. We revise our SoTP-based TP down to INR1,200 based on 17x P/E. We reiterate our BUY rating on the stock.

## Higher interest expenses lead to a PAT miss

Revenue came largely in line at INR48.2b (+16% YoY), primarily led by healthy execution in T&D/B&F segments (up 42%/26%). Water and Railways declined 42% and 18% YoY, respectively. EBITDA margin was flat YoY (down 10bp QoQ) at 8.4%. EBITDA at INR4b grew 17% YoY/15% QoQ. PAT grew 9% YoY to INR1.6b, below our estimate of INR1.9b, due to higher-than-expected interest costs (+29% YoY), lower other income (-31% YoY), and a higher effective tax rate (27.7% vs. 25.8% YoY). Order inflows at INR83.2b grew 41% YoY. The order book stood at INR614.3b (+19% YoY). NWC was flat YoY at 112 days (118 days in 2QFY25). Management aims to bring it below 100 days by FY25 end. Net debt came down to INR18.2b from INR27.9b in 2QFY25 and INR26b in 3QFY24. Debt reduction happened largely towards the quarter-end, resulting in continued high interest expenses. For 9MFY25, revenue/EBITDA/PAT grew 9%/10%/6% to INR126.8b/ INR10.6b/INR4.1b.

## Segmental performance driven by T&D, B&F, and Oil & Gas segments

Segmental performance was driven by T&D, B&F, and Oil & Gas segments. Consolidated T&D revenues rose 34% during 9MFY25 (including subsidiaries LMG and Fasttel). Adjusted with LMG and Fasttel, 9MFY25 T&D revenue growth stood at 11% as both LMG and Fasttel grew at a much faster pace. Going ahead, we expect the growth to be driven more by standalone T&D as inflows have been strong for the company, and we expect Fasttel's growth to be limited. B&F revenue grew 23% for 9MFY25 on improved project execution and a healthy order mix. Oil & Gas revenue jumped 99% for 9MFY25, led by the commencement of execution on the Saudi project. We expect execution to further ramp up for this project during FY26. Water and railways segment revenues declined by 36% each during 9MFY25 due to selective execution and bidding in said segments. We believe water segment execution will revive from FY26, while railways will remain weak.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**T&D pipeline poised to double; B&F outlook continues to be sanguine**

The pipeline for T&D projects is expected to double, aided by prospects for large-scale projects in power transmission, renewable energy, grid upgradation, and expansion in India and international geographies. KPIL foresees a pipeline of USD2.5t-3.5t by 2029. Accordingly, the company is confident of clocking in a 20-25% T&D revenue CAGR over the coming 3-4 years. However, labor availability continues to be a challenge. Even as private capex is yet to see a broad-based recovery, the company has a positive outlook on the B&F segment, which is expected to be a key growth driver going ahead, with opportunities in commercial and residential real estate, airports, industrial capex, et al.

**Water projects continue to be a drag on execution and margins**

Overall revenue was impacted by the slower execution of water projects, as payments from government utilities in key states are yet to be released. This led to the company reducing its FY25 revenue growth guidance to 12-13%, owing to an ~INR20b shortfall in the Water segment in 9MFY25. KPIL has nearly INR100b of order book from the Water segment, and 40% of this order book is from Uttar Pradesh, while the rest is spread across other states. Nearly 80% of the Water segment's order book is from the Jal Jeevan Mission (JJM). Going forward, while the company will maintain its cautious approach towards water opportunities in the near term, it remains positive on the long-term prospects, given the higher budgetary allocation in FY26 for JJM and other projects.

**International subsidiary's performance a mixed bag**

LMG has clocked ~100% execution growth in 9MFY25 at INR13.4b, while its order book stood at a record INR31.4b. The company expects PBT margins of 3.5-4% in FY26 for LMG. Fasttel's 3QFY25 revenue grew 18% YoY, with the order book at INR10b. Its profitability was impacted by the sharp depreciation of the Brazilian Real. This entity is expected to break even in FY26.

**Financial outlook**

We cut our estimates to factor in lower Water segment revenue and higher interest costs. We expect KPIL to report a CAGR of 17%/21%/33% in revenue/EBITDA/PAT over FY24-27. This would be driven by: 1) inflows of INR243b/INR277b/INR316b in FY25/FY26/FY27 on a strong prospect pipeline, 2) a gradual recovery in EBITDA margin to 8.4%/8.9%/9.2% in FY25E/FY26E/27E, 3) control over working capital owing to improved customer advances, better debtor collections from water and railways, and claims settlement. Driven by improvement in margins and moderation in working capital, we expect KPIL's RoE and RoCE to improve to 14% and 12% in FY27E, respectively.

**Valuation and view**

KPIL is currently trading at 16.1x/12.1x FY26E/FY27E EPS. We **reiterate our BUY rating** with a revised SoTP-based TP of INR1,200, based on 17x P/E for the core business.

**Key risks and concerns**

A slowdown in execution, lower-than-expected order inflows, a spike in commodity prices, and an increase in promoter pledges are some of the key concerns that can weigh on the company's financials and valuations.

## Kalpataru

## Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
<b>Net Sales</b>	<b>36,220</b>	<b>38,440</b>	<b>41,470</b>	<b>51,470</b>	<b>37,220</b>	<b>41,361</b>	<b>48,257</b>	<b>60,294</b>	<b>1,67,600</b>	<b>1,87,133</b>	<b>49,405</b>	<b>-2</b>
YoY Change (%)	15.4	16.7	18.2	17.1	2.8	7.6	16.4	17.1	16.9	11.7	19.1	
Total Expenditure	33,080	35,360	38,030	47,470	34,080	37,877	44,239	55,311	1,53,940	1,71,507	45,205	
<b>EBITDA</b>	<b>3,140</b>	<b>3,080</b>	<b>3,440</b>	<b>4,000</b>	<b>3,140</b>	<b>3,485</b>	<b>4,019</b>	<b>4,983</b>	<b>13,660</b>	<b>15,626</b>	<b>4,199</b>	<b>-4</b>
Margins (%)	8.7	8.0	8.3	7.8	8.4	8.4	8.3	8.3	8.2	8.4	8.5	
Depreciation	930	880	940	930	930	914	956	1,175	3,680	3,976	971	-2
Interest	750	850	830	940	860	998	1,071	906	3,370	3,834	874	23
Other Income	290	250	270	320	290	264	185	320	1,130	1,059	275	-33
<b>PBT before EO expense</b>	<b>1,750</b>	<b>1,600</b>	<b>1,940</b>	<b>2,450</b>	<b>1,640</b>	<b>1,836</b>	<b>2,177</b>	<b>3,222</b>	<b>7,740</b>	<b>8,876</b>	<b>2,629</b>	<b>-17</b>
Extra-Ord expense	0	0	0	350	0	0	0	0	350	0	0	
<b>PBT</b>	<b>1,750</b>	<b>1,600</b>	<b>1,940</b>	<b>2,100</b>	<b>1,640</b>	<b>1,836</b>	<b>2,177</b>	<b>3,222</b>	<b>7,390</b>	<b>8,876</b>	<b>2,629</b>	<b>-17</b>
Tax	490	470	500	600	470	513	604	686	2,060	2,272	673	
Rate (%)	28.0	29.4	25.8	28.6	28.7	27.9	27.7	21.3	27.9	25.6	25.6	
<b>Reported PAT</b>	<b>1,260</b>	<b>1,130</b>	<b>1,440</b>	<b>1,500</b>	<b>1,170</b>	<b>1,323</b>	<b>1,574</b>	<b>2,537</b>	<b>5,330</b>	<b>6,603</b>	<b>1,956</b>	<b>-20</b>
<b>Adj PAT</b>	<b>1,260</b>	<b>1,130</b>	<b>1,440</b>	<b>1,750</b>	<b>1,170</b>	<b>1,323</b>	<b>1,574</b>	<b>2,537</b>	<b>5,582</b>	<b>6,603</b>	<b>1,956</b>	<b>-20</b>
YoY Change (%)	-23.2	8.7	29.7	52.6	-7.1	17.1	9.3	45.0	19.1	18.3	35.8	
Margins (%)	3.5	2.9	3.5	3.4	3.1	3.2	3.3	4.2	3.3	3.5	4.0	

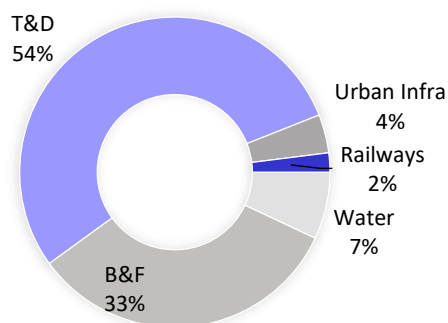


## Conference call highlights

- **T&D segment** – There is continued strong traction across both domestic and international geographies given the global thrust on renewables, increasing electrification, and grid expansion. In India, the pipeline looks very strong for the coming 3-4 years, including HVDC projects. KPIL is confident of achieving 20-25% revenue CAGR over the coming three years; however, the availability of labor continues to be an issue.
- **Non-T&D** – B&F, oil & gas, and urban infra segments continue to witness healthy traction, while Railways would continue to be sluggish. In B&F, KPIL doesn't see any impact of weak private capex sentiments and is witnessing a lot of traction in real estate, factories, PSU buildings, etc. In oil & gas, margins from the Saudi Aramco order have not reached the recognition threshold, and FY26 will see ~40% execution and corresponding margin recognition in the high single digit. Because of the political instability in Bangladesh, the execution of the railway's order has been affected but is picking up now. KPIL intends to foray into the African market for railway projects going forward.
- **Water** – The collection trajectory continues to be slow, which has led to a stretched WC cycle. Of the Water order book of ~INR100b, JJM projects account for 75-80%. KPIL is confident of collecting receivables worth ~INR5-7b in the next 2 quarters. While it remains cautious in the short term, the company is optimistic about the long-term prospects on the back of budgetary allocations for JJM projects. It has received payments from Odisha and MP, but UP is still lagging, which forms a major portion of the Water segment's order book.
- **Non-core assets** – Sale of VEPL to be concluded in FY26, with an equity value of ~INR5b. Shubham is at a breakeven level. The company has invested ~INR690m in road BOOT assets in 9MFY25 and expects to invest another INR290m in 4QFY25. In FY26, the investment would be below INR500m. The Indore real estate inventory is expected to be cleared in a few weeks.
- **International subsidiaries** – LMG is sitting on a record order book of INR31.4b, while its revenue doubled YoY in 3QFY25. Fasttel was impacted by a sharp weakening of the Brazilian Real and is expected to break even in FY26.
- **Guidance** – Owing to the slowdown in Water projects, FY25 revenue growth guidance has been trimmed to 12-13%. However, management maintained PBT margin guidance at 4.5-5%, NWC below 100 days, and interest cost as a % of sales below 2%. Except for Railways, all other segments will report double-digit execution growth in FY26.

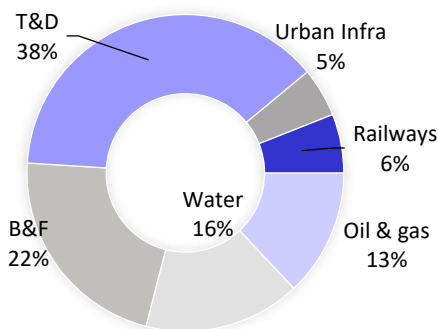
## Key Exhibits

**Exhibit 1: 9MFY25 order inflow stood at INR201.8b**



Source: Company, MOFSL

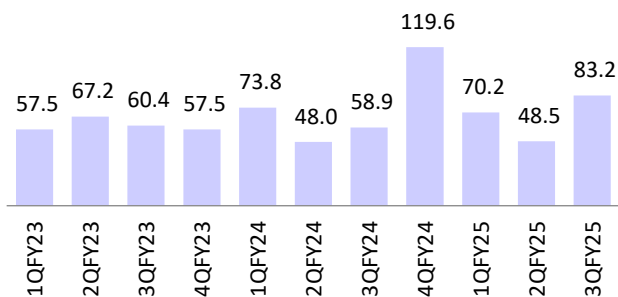
**Exhibit 2: Order book of INR614b fairly diversified**



Source: Company, MOFSL

**Exhibit 3: Order inflow grew 41% YoY (INR b)**

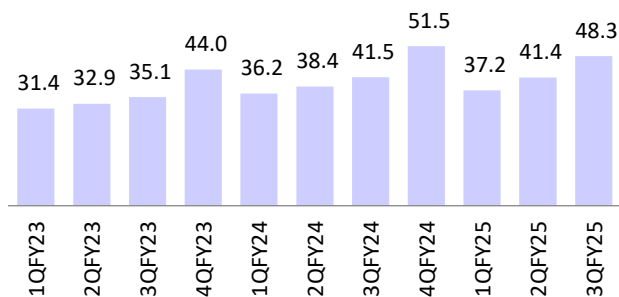
■ Order inflow (INR b)



Source: Company, MOFSL

**Exhibit 4: Execution improved 16% YoY in 3QFY25 (INR b)**

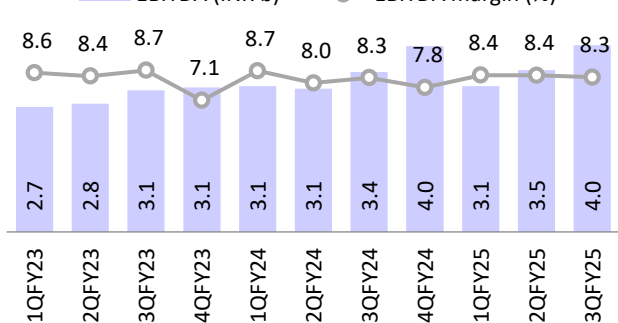
■ Revenue (INR b)



Source: Company, MOFSL

**Exhibit 5: EBITDA margin was flat YoY (%)**

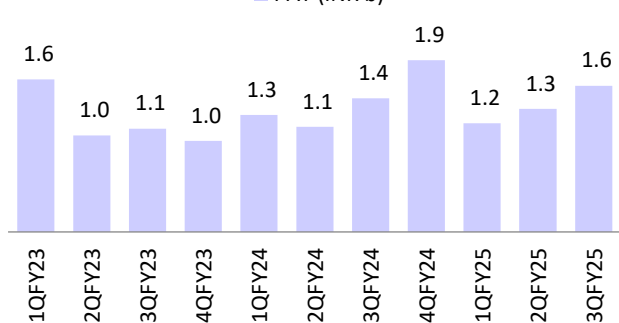
■ EBITDA (INR b)    —○— EBITDA margin (%)



Source: Company, MOFSL

**Exhibit 6: PAT grew 9% YoY (INR b)**

■ PAT (INR b)



Source: Company, MOFSL

**Exhibit 7: We cut our estimates to account for the weak Water segment's performance and higher interest costs**

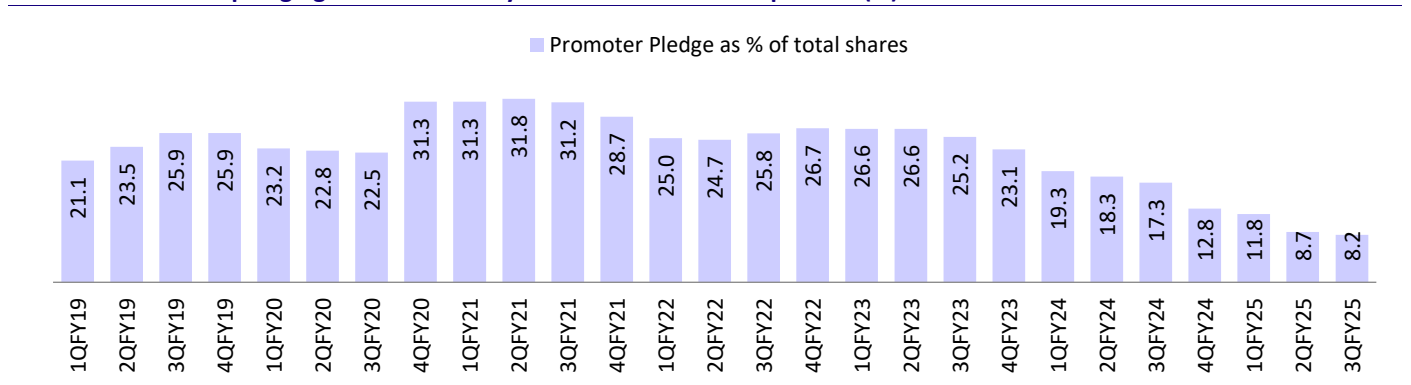
(INR M)	FY25E			FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,87,133	1,91,811	(2.4)	2,21,820	2,33,385	(5.0)	2,65,187	2,81,994	(6.0)
EBITDA	15,626	16,401	(4.7)	19,811	20,889	(5.2)	24,480	26,085	(6.2)
EBITDA (%)	8.4	8.6	-20 bps	8.9	9.0	-2 bps	9.2	9.3	-2 bps
Adj. PAT	6,603	7,557	(12.6)	9,309	10,523	(11.5)	12,403	13,914	(10.9)
EPS (INR)	38.7	44.3	(12.6)	54.5	61.6	(11.5)	72.6	81.5	(10.9)

Source: MOFSL

**Exhibit 8: We expect the standalone revenue to post a CAGR of 20% during FY24-27**

	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Transmission &amp; distribution</b>						
Order inflows	70,893	1,01,790	1,11,540	1,22,694	1,38,644	1,56,668
YoY growth (%)	14.0	43.6	9.6	10.0	13.0	13.0
<b>Revenues</b>	<b>64,460</b>	<b>60,160</b>	<b>78,270</b>	<b>80,438</b>	<b>92,324</b>	<b>1,08,370</b>
YoY growth (%)	28.9	(6.7)	30.1	2.8	14.8	17.4
Order backlog	1,11,387	1,65,305	2,06,780	2,49,036	2,95,356	3,43,654
Bill-to-book ratio (%)	54.1	37.1	35.4	30.0	29.0	29.0
<b>Buildings and Factories (B&amp;F)</b>						
Order inflows	43,658	37,550	65,280	68,544	75,398	82,938
YoY growth (%)	(8.0)	(14.0)	73.8	5.0	10.0	10.0
<b>Revenues</b>	<b>33,130</b>	<b>41,360</b>	<b>47,900</b>	<b>54,903</b>	<b>61,389</b>	<b>68,145</b>
YoY growth (%)		24.8	15.8	14.6	11.8	11.0
Order backlog	78,626	87,244	1,10,210	1,23,851	1,37,860	1,52,653
Bill-to-book ratio (%)	31.4	42.5	40.0	38.0	38.0	38.0
<b>Water and urban infra</b>						
Order inflows	58,211	90,240	33,540	38,571	48,214	60,267
YoY growth (%)	87.3	55.0	(62.8)	15.0	25.0	25.0
<b>Revenues</b>	<b>20,320</b>	<b>30,250</b>	<b>42,150</b>	<b>26,569</b>	<b>29,429</b>	<b>33,647</b>
YoY growth (%)		48.9	39.3	(37.0)	10.8	14.3
Order backlog	91,731	1,51,530	1,37,000	1,49,002	1,67,788	1,94,408
Bill-to-book ratio (%)	24.7	22.1	25.0	17.0	17.0	17.0
<b>Railways and Oil and gas</b>						
Order inflows	9,081	22,830	89,860	13,110	14,421	15,863
YoY growth (%)	(57.3)	151.4	293.6		10.0	10.0
<b>Revenues</b>	<b>25,040</b>	<b>26,370</b>	<b>22,470</b>	<b>25,223</b>	<b>38,679</b>	<b>55,025</b>
YoY growth (%)		5.3	(14.8)	12.3	53.3	42.3
Order backlog	45,865	55,102	1,30,160	1,18,047	93,789	54,627
Bill-to-book ratio (%)	41.5	46.0	22.5	22.5	22.5	22.5
<b>Total Order inflows</b>	<b>1,81,843</b>	<b>2,52,410</b>	<b>3,00,220</b>	<b>2,42,919</b>	<b>2,76,677</b>	<b>3,15,736</b>
YoY growth (%)	12.3	38.8	18.9	(19.1)	13.9	14.1
<b>Total Revenues</b>	<b>1,24,071</b>	<b>1,43,370</b>	<b>1,67,600</b>	<b>1,87,133</b>	<b>2,21,820</b>	<b>2,65,187</b>
YoY growth (%)		15.6	16.9	11.7	18.5	19.6
<b>Order backlog</b>	<b>3,27,610</b>	<b>4,59,180</b>	<b>5,84,150</b>	<b>6,39,936</b>	<b>6,94,793</b>	<b>7,45,343</b>
Bill-to-book ratio (%)	33.8	31.6	27.5	26.5	28.5	31.1

Source: Company, MOFSL

**Exhibit 9: Promoter pledging has considerably come down in recent quarters (%)**

Source: Company, MOFSL

**Exhibit 10: We revise our TP to INR1,200 based on SoTP valuation**

	Earnings/ book	Valn multiple	Value	KPIL's share	Value for KPIL share	Per share value	Valuation basis
	INR m	(X)	INR m	(%)	INR m	INR	
Kalpataru consolidated valuation							
Core construction business	11,451	17	194,664	100.0	194,664	1,140	17x two-year fwd EPS
Investments in subsidiaries			10,249		10,249	60	
Road projects total			1,165		1,165	7	
<b>Total value</b>			<b>244,498</b>		<b>244,498</b>	<b>1,207</b>	

Source: MOFSL

**Valuation and view**

KPIL is currently trading at 16.1x/12.1x FY26E/FY27E EPS. We **reiterate our BUY rating** with a revised SoTP-based TP of INR1,200, based on 17x P/E for the core business. This is still at a discount to its immediate peer.

**Key risks**

Key downside risks: 1) a slowdown in order inflows, 2) a spike in commodity prices, 3) higher crude prices, 4) higher inflation, 5) increase in receivables and working capital, and 6) intensified competition.



## Financials and valuations (Standalone)

Income Statement						(INR m)
Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>1,24,071</b>	<b>1,43,370</b>	<b>1,67,600</b>	<b>1,87,133</b>	<b>2,21,820</b>	<b>2,65,187</b>
Change (%)	NA	15.6	16.9	11.7	18.5	19.6
<b>Total Expenditure</b>	<b>1,13,265</b>	<b>1,31,760</b>	<b>1,53,940</b>	<b>1,71,507</b>	<b>2,02,009</b>	<b>2,40,707</b>
% of Sales	91.3	91.9	91.8	91.6	91.1	90.8
<b>EBITDA</b>	<b>10,807</b>	<b>11,610</b>	<b>13,660</b>	<b>15,626</b>	<b>19,811</b>	<b>24,480</b>
Margin (%)	8.7	8.1	8.2	8.4	8.9	9.2
Depreciation	2,720	2,950	3,680	3,976	4,666	5,146
<b>EBIT</b>	<b>8,087</b>	<b>8,660</b>	<b>9,980</b>	<b>11,650</b>	<b>15,146</b>	<b>19,334</b>
Int. and Finance Charges	2,436	2,940	3,370	3,834	4,002	4,085
Other Income	984	1,120	780	1,059	1,369	1,421
<b>PBT bef. EO Exp.</b>	<b>6,635</b>	<b>6,840</b>	<b>7,390</b>	<b>8,876</b>	<b>12,512</b>	<b>16,671</b>
EO Items	-1,632	540				
<b>PBT after EO Exp.</b>	<b>5,003</b>	<b>7,380</b>	<b>7,390</b>	<b>8,876</b>	<b>12,512</b>	<b>16,671</b>
Total Tax	1,491	2,070	2,060	2,272	3,203	4,268
Tax Rate (%)	29.8	28.0	27.9	25.6	25.6	25.6
<b>Reported PAT</b>	<b>3,512</b>	<b>5,310</b>	<b>5,330</b>	<b>6,603</b>	<b>9,309</b>	<b>12,403</b>
<b>Adjusted PAT</b>	<b>4,657</b>	<b>4,921</b>	<b>5,330</b>	<b>6,603</b>	<b>9,309</b>	<b>12,403</b>
Change (%)	NA	5.7	8.3	23.9	41.0	33.2
Margin (%)	3.8	3.4	3.2	3.5	4.2	4.7

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	72,575	80,696	91,913
<b>Net Worth</b>	<b>49,371</b>	<b>53,197</b>	<b>57,500</b>	<b>72,916</b>	<b>81,038</b>	<b>92,255</b>
Total Loans	26,551	29,346	32,635	34,635	38,135	36,135
Deferred Tax Liabilities	-880	-1,338	-1,411	-1,411	-1,411	-1,411
<b>Capital Employed</b>	<b>75,042</b>	<b>81,206</b>	<b>88,724</b>	<b>1,06,140</b>	<b>1,17,762</b>	<b>1,26,979</b>
Gross Block	23,789	27,708	29,881	36,381	41,381	44,381
Less: Accum. Depr	10,574	10,941	13,524	17,499	22,165	27,311
<b>Net Fixed Assets</b>	<b>13,214</b>	<b>16,767</b>	<b>16,358</b>	<b>18,882</b>	<b>19,216</b>	<b>17,070</b>
Goodwill on Consolidation	201	201	201	201	201	201
Capital WIP	203	484	320	320	320	320
<b>Total Investments</b>	<b>8,929</b>	<b>8,741</b>	<b>8,593</b>	<b>8,593</b>	<b>8,593</b>	<b>8,593</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>1,22,897</b>	<b>1,47,237</b>	<b>1,70,200</b>	<b>2,00,694</b>	<b>2,34,698</b>	<b>2,74,460</b>
Inventory	9,193	10,874	12,397	13,841	16,407	19,615
Account Receivables	43,239	51,246	55,244	65,112	72,927	87,185
Cash and Bank Balance	9,886	8,581	8,488	16,706	20,858	18,815
Loans and Advances	8,163	8,608	10,885	12,153	14,406	17,223
Other Current Assets	52,416	67,928	83,187	92,882	1,10,099	1,31,623
<b>Curr. Liability &amp; Prov.</b>	<b>70,401</b>	<b>92,224</b>	<b>1,06,947</b>	<b>1,22,550</b>	<b>1,45,266</b>	<b>1,73,666</b>
Other Current Liabilities	65,676	87,673	1,01,990	1,17,015	1,38,705	1,65,822
Provisions	4,725	4,551	4,957	5,535	6,561	7,843
<b>Net Current Assets</b>	<b>52,496</b>	<b>55,012</b>	<b>63,253</b>	<b>78,145</b>	<b>89,432</b>	<b>1,00,795</b>
<b>Appl. of Funds</b>	<b>75,042</b>	<b>81,205</b>	<b>88,724</b>	<b>1,06,140</b>	<b>1,17,762</b>	<b>1,26,979</b>



## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>						
<b>EPS</b>	<b>28.5</b>	<b>30.1</b>	<b>32.6</b>	<b>38.7</b>	<b>54.5</b>	<b>72.6</b>
Cash EPS	45.1	48.1	55.1	61.9	81.8	102.8
BV/Share	301.9	325.3	351.6	427.0	474.5	540.2
DPS	6.5	7.0	7.0	7.0	7.0	7.0
Payout (%)	30.3	21.4	21.3	18.0	12.8	9.6
<b>Valuation (x)</b>						
P/E	44.3	41.9	38.7	22.7	16.1	12.1
Cash P/E	28.0	26.2	22.9	14.2	10.7	8.6
P/BV	4.2	3.9	3.6	2.1	1.9	1.6
EV/Sales	1.8	1.6	1.4	0.9	0.8	0.6
EV/EBITDA	20.5	19.4	16.8	10.7	8.4	6.8
Dividend Yield (%)	0.5	0.6	0.6	0.8	0.8	0.8
FCF per share	10.1	-9.1	26.0	-9.2	34.2	30.6
<b>Return Ratios (%)</b>						
RoE	10.7	9.6	9.6	10.1	12.1	14.3
RoCE	9.2	8.9	9.0	9.6	10.8	12.5
RoIC	10.1	10.4	10.7	11.4	13.4	15.4
<b>Working Capital Ratios</b>						
Fixed Asset Turnover (x)	5.2	5.2	5.6	5.1	5.4	6.0
Asset Turnover (x)	1.7	1.8	1.9	1.8	1.9	2.1
Inventory (Days)	27	28	27	27	27	27
Debtor (Days)	127	130	120	127	120	120
<b>Leverage Ratio (x)</b>						
Current Ratio	1.7	1.6	1.6	1.6	1.6	1.6
Interest Cover Ratio	3.3	2.9	3.0	3.0	3.8	4.7
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
						(INR m)
OP/(Loss) before Tax	3,504	5,320	5,330	8,876	12,512	16,671
Depreciation	2,720	2,948	3,679	3,976	4,666	5,146
Interest & Finance Charges	2,436	2,939	3,370	3,834	4,002	4,085
Direct Taxes Paid	-2,067	-2,534	-2,033	-2,272	-3,203	-4,268
(Inc)/Dec in WC	-5,355	-4,512	-5,796	-9,485	-7,134	-13,406
<b>CF from Operations</b>	<b>1,236</b>	<b>4,160</b>	<b>4,550</b>	<b>4,929</b>	<b>10,843</b>	<b>8,228</b>
Others	2,529	1,434	2,587	0	0	0
<b>CF from Operating incl EO</b>	<b>3,765</b>	<b>5,594</b>	<b>7,136</b>	<b>4,929</b>	<b>10,843</b>	<b>8,228</b>
(Inc)/Dec in FA	-2,113	-7,078	-2,889	-6,500	-5,000	-3,000
<b>Free Cash Flow</b>	<b>1,653</b>	<b>-1,485</b>	<b>4,247</b>	<b>-1,571</b>	<b>5,843</b>	<b>5,228</b>
(Pur)/Sale of Investments	-712	-269	-208	0	0	0
Others	-37	2,880	-1,568	0	0	0
<b>CF from Investments</b>	<b>-2,862</b>	<b>-4,467</b>	<b>-4,665</b>	<b>-6,500</b>	<b>-5,000</b>	<b>-3,000</b>
Issue of Shares	0	0	0	10,000	0	0
Inc/(Dec) in Debt	4,908	2,460	-800	2,000	3,500	-2,000
Interest Paid	-2,517	-3,120	-3,163	-3,834	-4,002	-4,085
Dividend Paid	-261	-1,022	-1,137	-1,187	-1,187	-1,187
Others	859	-549	3,311	0	0	0
<b>CF from Fin. Activity</b>	<b>2,989</b>	<b>-2,231</b>	<b>-1,789</b>	<b>6,978</b>	<b>-1,690</b>	<b>-7,272</b>
<b>Inc/Dec of Cash</b>	<b>3,892</b>	<b>-1,104</b>	<b>682</b>	<b>5,407</b>	<b>4,153</b>	<b>-2,045</b>
Opening Balance	4,787	9,887	8,581	8,488	16,706	20,858
Other adjustments	1,208	-202	-775	2,811	0	1
<b>Closing Balance</b>	<b>9,887</b>	<b>8,581</b>	<b>8,488</b>	<b>16,706</b>	<b>20,858</b>	<b>18,815</b>

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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