

# Kirloskar Oil Engines

Estimate changes



TP change



Rating change



	KOEL IN
Bloomberg Equity Shares (m)	145
M.Cap.(INRb)/(USDb)	108.6 / 1.3
52-Week Range (INR)	1450 / 691
1, 6, 12 Rel. Per (%)	-19/-36/-17
12M Avg Val (INR M)	340

## Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	50.1	58.1	68.6
EBITDA	6.5	7.8	9.6
PAT	4.2	5.1	6.4
EPS (INR)	28.9	35.4	44.3
GR. (%)	15.6	22.7	25.1
BV/Sh (INR)	202.3	228.3	260.8

## Ratios

ROE (%)	15.1	16.5	18.1
RoCE (%)	14.6	16.1	17.8

## Valuations

P/E (X)	25.9	21.1	16.9
P/BV (X)	3.7	3.3	2.9
EV/EBITDA (X)	16.7	13.5	10.7
Div Yield (%)	1.0	1.3	1.6

## Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	41.2	41.2	41.2
DII	25.0	24.9	24.4
FII	11.0	10.8	9.1
Others	22.8	23.1	25.4

FII Includes depository receipts

**CMP: INR749**

**TP: INR1,200 (+60%)**

**Buy**

## Tough quarter

Kirloskar Oil Engines (KOEL)'s 3QFY25 result was weaker than our expectation due to demand slowdown in B2B and lower volumes from the B2C segment because of facility transition. KOEL, being a key player in the low-to-mid-kVa power genset market, was hurt by demand volatility and competition in 3Q, leading to pressure on volumes and prices. We expect the demand and pricing environment to remain a bit volatile during 4QFY25 too. We anticipate the genset market to start maturing from 1QFY26. We also expect the B2C segment to start ramping up from 4QFY25, which can lead to better absorption of costs and higher margins. The company intends to increase its share of higher-margin segments such as HHP, distribution, and exports but is currently disrupted due to weak demand. We revise our estimates downward to factor in the 9MFY25 weakness of both B2B and B2C and bake in lower margins. The stock is trading at 21x/17x FY26/27E earnings. We value it at 25x Mar'27E earnings for the core business and add the value of subsidiaries to arrive at our TP of INR1,200. Reiterate BUY.

## Weak performance due to demand slowdown

KOEL reported a weak quarter and was adversely impacted by a demand slowdown in powergen and increased costs for the B2C division. Revenue came in at INR11.6b, growing by 3% YoY as the company faced muted demand in the B2B segment (+3% YoY) owing to the CPCB 4+ transition, while B2C declined 3% YoY due to the continued impact of the consolidation of five of its plants into a single unit in Ahmedabad. EBITDA at INR1.2b declined 12% YoY, due to weak revenue and operating leverage. Accordingly, EBITDA margin came in at 10.1%, a contraction of ~160bp YoY. PAT at INR650m declined 21% YoY, owing to weak operating performance and a higher effective tax (26.7% vs. 25.9% in 3QFY24). For 9MFY25, revenue/EBITDA/PAT grew 7%/24%/27% YoY.

## Segmental performance weak in Powergen and B2C

B2B Powergen revenue stood at INR4.2b in 3QFY25 vs. INR4.8b in 2QFY25 and INR4.26b in 3QFY24 (our expectation at INR4.1b). This suggests that a 2% YoY dip in revenue is led by a sharp volume decline, which has even offset the impact of better pricing. As per management, volumes were down by nearly 40-45% YoY, and this could have offset the 35-40% price hike due to CPCB 4+ transition. While for Cummins, the similar comparable portfolio of low-kVa to mid-kVa has grown 24% YoY. So, we believe that KOEL might have ceded some market share to other players during the quarter. B2B industrial revenue has grown by 15.5% YoY, which is slightly lower than our estimates. B2B distribution revenue has grown 15.6% to INR2.1b. Exports were also down 17% YoY due to weak demand from its key markets and a lack of large-sized order inflows during 3QFY25.

### Profitability hit by pricing pressure and higher costs for the B2C division

B2B's EBIT margin for 3QFY25 stood at 8.9% vs. 12.4% in 2QFY25 and 10.8% in 3QFY24. This indicates pricing and cost pressures in the B2B segment. B2C losses have widened during the quarter with a --9.3% EBIT margin due to initial ramp-up issues from the shift of facilities at one location. With the normalization of volumes in B2C, KOEL expects margins in the B2C segment to revert to previous levels.

### Outlook on the Powergen market

The Powergen market demand was hit by emission norm change and inventory of the earlier CPCB 2-related products. With the inventory of CPCB 2 largely being over, demand for CPCB 4+ products is expected to revive. Industry volumes are gradually improving sequentially from 28,000 units in 2QFY25 to 32,000 units in 3QFY25, and there are expectations that industry volumes will be around 36,000-38,000 units in 4QFY25 vs. more than 40,000 units in 4QFY24. Pricing is dynamic in the industry currently and varies from node to node. KOEL is strategically not participating in demand from commoditized segments such as telecom and is focusing on increasing the share of HHP in the overall portfolio.

### Outlook on industrial, distribution, and exports in the B2B segment

The industrial business reported a healthy growth of 16% YoY, aided by strong demand from construction, railways, mining, oil & gas, defense, etc. The company expects the momentum to continue, especially from defense with its close cooperation with the armed forces. The distribution segment clocked 15% growth, with improving penetration of its service network leading to continued traction. We see the momentum to sustain with the transition to CPCB 4+. Exports declined 17% YoY on a high base of 3QFY24, and the company has identified this segment as not having performed as envisaged in its 2X3Y strategy. It will focus on each geography separately on its merits and is confident of a pickup in the Middle East.

### Arka Fincap's AUM surpasses INR67b

Arka's revenue grew 43% YoY to INR2.1b, while AUM stood at INR67.4b. Management continues to closely monitor the granularity of the loan book, spread of the risk, and return profile. Arka intends to grow its loan book by increasing its exposure to small-ticket loans against property, which are fully secured. Management does not contemplate hiving off the entity, and Arka will continue to be housed under the consolidated KOEL business for the foreseeable future.

### Financial outlook

We reduce our estimates by 12%/17%/21% for FY25/26/27 to factor in lower revenue across segments as well as lower margins due to price volatility in B2B. We expect a revenue CAGR of 12% over FY24-27, driven by 11%/15%/15%/12%/10% CAGR in powergen/industrial/distribution/exports/B2C. Over FY24-27E, we bake in 240bp improvement in margins to build in better product mix and operating leverage benefits. We expect a PAT CAGR of 21% over the same period.

### Valuation and recommendation

The stock is currently trading at 26x/21x/17x FY25/26/27E earnings. Adjusted with subsidiary valuation, KOEL is trading at 22x/18x/14x FY25/26/27E EPS, which is still at a significant discount to the market leader. **We reiterate our BUY on KOEL** as we expect it to benefit from improved sales from higher HP segments, exports, and improving the trajectory of the B2C segment.

## Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>12,647</b>	<b>10,590</b>	<b>11,352</b>	<b>13,917</b>	<b>13,429</b>	<b>11,944</b>	<b>11,636</b>	<b>13,132</b>	<b>48,505</b>	<b>50,140</b>	<b>13,140</b>	<b>(11)</b>
YoY Change (%)	26.5	4.8	13.5	20.7	6.2	12.8	2.5	-5.6	17.8	3.4	15.7	
Total Expenditure	11,102	9,603	10,023	12,135	11,452	10,294	10,466	11,410	42,864	43,622	11,589	
<b>EBITDA</b>	<b>1,545</b>	<b>986</b>	<b>1,329</b>	<b>1,782</b>	<b>1,977</b>	<b>1,650</b>	<b>1,170</b>	<b>1,722</b>	<b>5,642</b>	<b>6,518</b>	<b>1,550</b>	<b>(25)</b>
Margins (%)	12.2	9.3	11.7	12.8	14.7	13.8	10.1	13.1	11.6	13.0	11.8	
Depreciation	213	243	257	257	247	266	320	270	970	1,103	250	28
Interest	14	16	20	29	27	26	31	48	78	132	33	(6)
Other Income	70	64	57	85	108	118	68	58	274	351	96	(29)
<b>PBT before EO expense</b>	<b>1,388</b>	<b>791</b>	<b>1,109</b>	<b>1,581</b>	<b>1,810</b>	<b>1,476</b>	<b>887</b>	<b>1,463</b>	<b>4,868</b>	<b>5,634</b>	<b>1,364</b>	<b>(35)</b>
<b>PBT</b>	<b>1,388</b>	<b>791</b>	<b>1,109</b>	<b>1,581</b>	<b>1,810</b>	<b>1,476</b>	<b>887</b>	<b>1,463</b>	<b>4,868</b>	<b>5,634</b>	<b>1,364</b>	<b>(35)</b>
Tax	355	205	287	405	462	365	236	389	1,252	1,453	352	
Rate (%)	25.6	25.9	25.9	25.6	25.5	24.7	26.7	26.6	25.7	25.8	25.8	
<b>Reported PAT</b>	<b>1,032</b>	<b>586</b>	<b>822</b>	<b>1,176</b>	<b>1,347</b>	<b>1,111</b>	<b>650</b>	<b>1,074</b>	<b>3,616</b>	<b>4,182</b>	<b>1,012</b>	<b>(36)</b>
<b>Adj PAT</b>	<b>1,032</b>	<b>586</b>	<b>822</b>	<b>1,176</b>	<b>1,347</b>	<b>1,111</b>	<b>650</b>	<b>1,074</b>	<b>3,616</b>	<b>4,182</b>	<b>1,012</b>	<b>(36)</b>
YoY Change (%)	59.9	-19.3	20.5	81.3	30.5	89.6	-20.9	-8.7	33.8	15.6	23.1	
Margins (%)	8.2	5.5	7.2	8.5	10.0	9.3	5.6	8.2	7.5	8.3	7.7	

## Segmental revenue

INR m	FY24				FY25E				FY24	FY25E	YoY (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Powergen	6,030	3,600	4,260	5,180	5,280	4,810	4,180	5,352	19,050	19,622	3.0
Industrial	2,320	2,350	2,320	3,090	3,200	2,530	2,680	2,880	10,080	11,290	12.0
Distribution & After Market	1,750	1,840	1,800	2,100	1,980	2,020	2,080	2,309	7,490	8,389	12.0
Exports	860	1,250	1,350	1,730	1,060	1,230	1,120	1,270	5,200	4,680	-10.0
<b>Total B2B</b>	<b>10,960</b>	<b>9,040</b>	<b>9,730</b>	<b>12,100</b>	<b>11,520</b>	<b>10,590</b>	<b>10,060</b>	<b>11,810</b>	<b>41,820</b>	<b>43,980</b>	<b>5.2</b>
WMS	1,340	1,160	1,330	1,530	1,650	1,110	1,390	1,489	5,370	5,639	5.0
FMS	260	270	190	150	170	140	90	122	870	522	-40.0
<b>Total B2C</b>	<b>1,600</b>	<b>1,430</b>	<b>1,520</b>	<b>1,680</b>	<b>1,820</b>	<b>1,250</b>	<b>1,480</b>	<b>1,611</b>	<b>6,240</b>	<b>6,161</b>	<b>-1.3</b>
<b>Total revenue (B2B+B2C)</b>	<b>12,560</b>	<b>10,470</b>	<b>11,250</b>	<b>13,780</b>	<b>13,340</b>	<b>11,840</b>	<b>11,540</b>	<b>13,420</b>	<b>48,060</b>	<b>50,140</b>	<b>4.3</b>

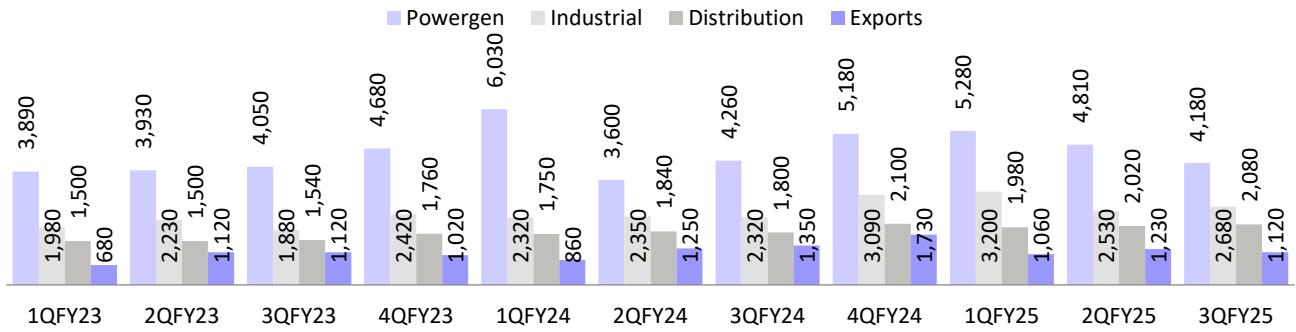


## Conference call highlights

- Powergen segment:** Demand has corrected owing to the CPCB 4+ transition and pre-buying in previous quarters in LHP and MHP nodes where KOEL is dominant. OptiPrime is seeing a healthy response, however, KOEL will need to ramp up its marketing efforts as its presence in the HHP nodes is minimal. Industry volumes are expected to recover to 36-38k units in 4QFY25 from ~32k units in 3QFY25. Price discovery is still playing out with some nodes seeing a correction while others have experienced an increase.
- Industrial segment:** Demand continues to be strong from construction, defense, railways, mining, and oil & gas sectors. Defense continues to be a key growth area and the company doesn't see any softening in demand. While the flat budgetary allocation for railways is expected to have a bearing on power car demand, KOEL believes it has other growth avenues. Notably, the CEV-V emission norm change has helped the company gain market share with construction OEMs.
- Exports:** Exports declined 17% YoY, on a high base of 3QFY24 which saw the delivery of a large one-time order (~INR400m). KOEL sees MENA and Americas driving growth going ahead.
- B2C:** The water management solutions segment (WMS) grew by 5% YoY while the farm mechanization segment (FMS) revenues continued to decline (53% YoY). Overall, B2C declined 3% YoY owing to the continued impact of the consolidation of its manufacturing locations into a single unit in Sanand. Accordingly, EBIT margin dipped to -9.3%, which is expected to normalize by 4QFY25. KOEL is evaluating its FMS business strategy closely, with adjustments in product portfolio and business model.

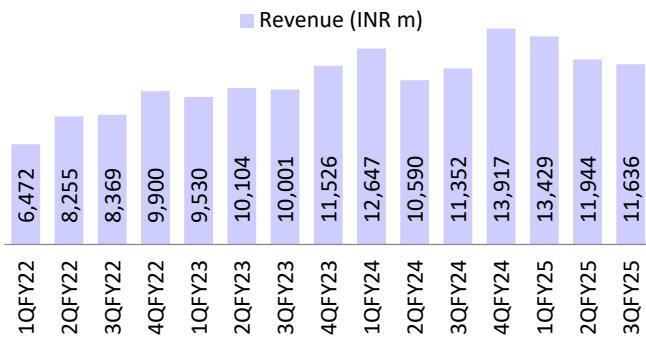
**Key Exhibits**

**Exhibit 1: Segmental revenue breakup (INR m)**



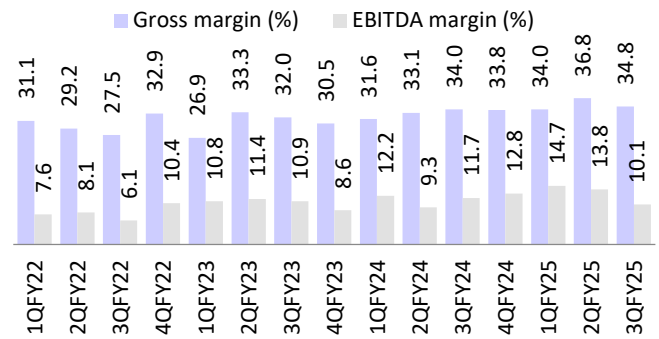
Source: Company, MOFSL

**Exhibit 2: 3QFY25 revenue grew 3% YoY**



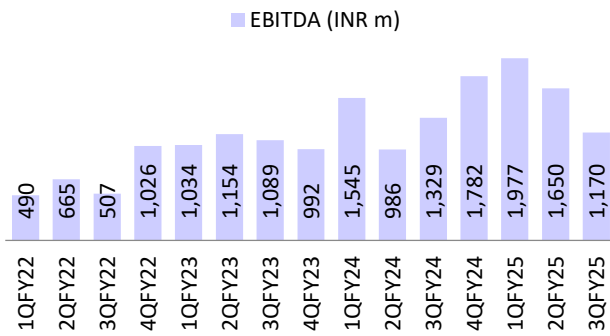
Source: Company, MOFSL

**Exhibit 3: EBITDA margin contracted ~160bp YoY**



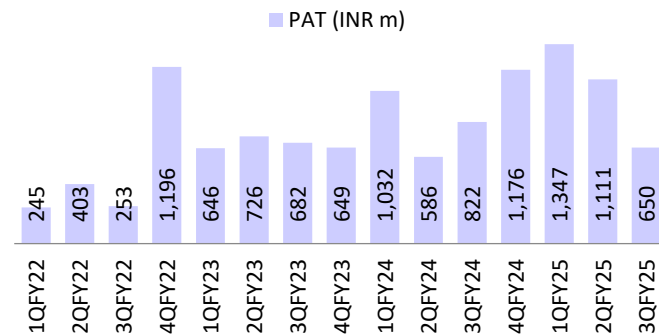
Source: Company, MOFSL

**Exhibit 4: EBITDA declined 12% YoY (INR m)**



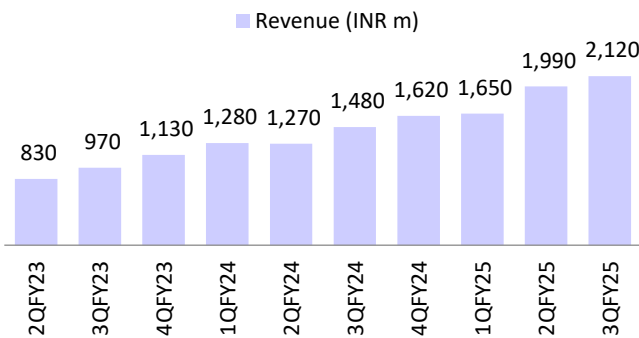
Source: Company, MOFSL

**Exhibit 5: PAT declined 21% YoY (INR m)**



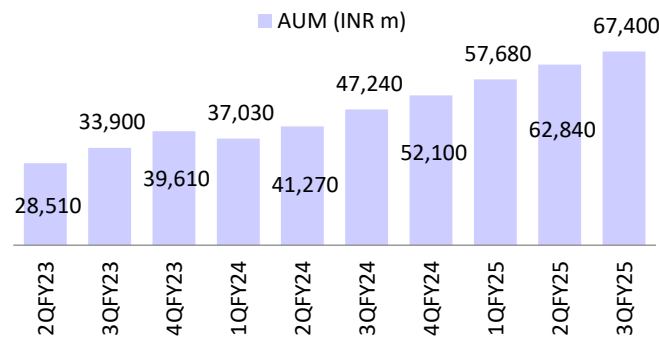
Source: Company, MOFSL

**Exhibit 6: Arka Fincap's revenue has been growing steadily**

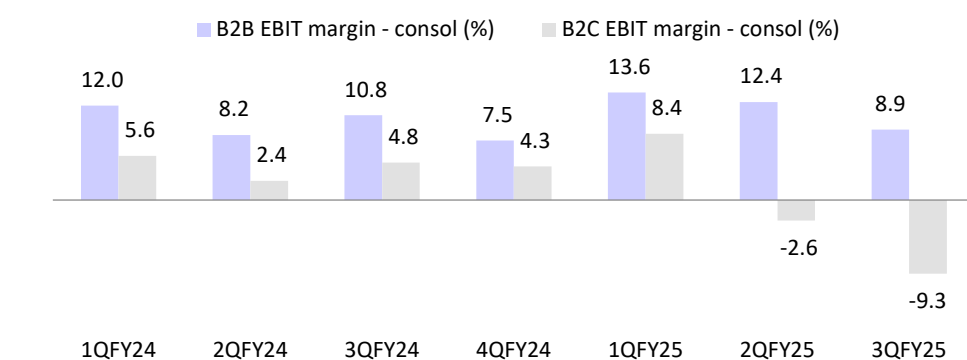


Source: Company, MOFSL

**Exhibit 7: Healthy growth in Arka Fincap's AUM (INR m)**



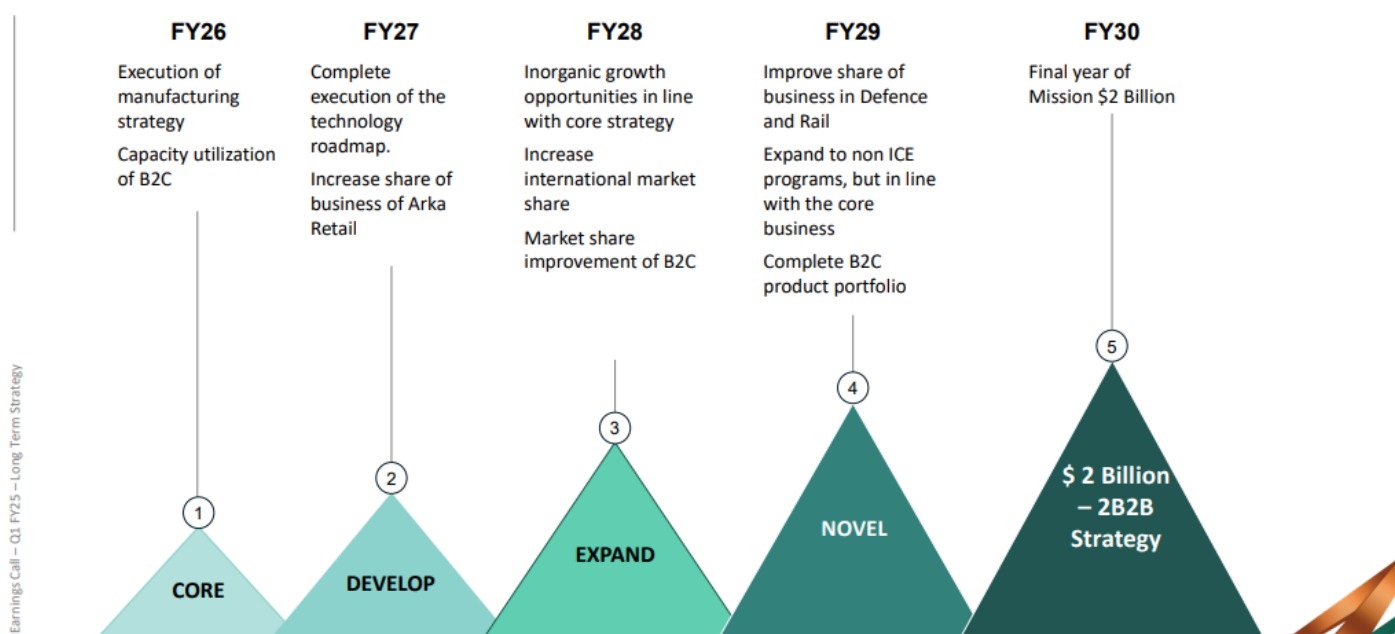
Source: Company, MOFSL

**Exhibit 8: B2C margins continued to be hurt by the transition to a new facility (%)**

Source: Company, MOFSL

**Exhibit 9: KOEL has maintained its strategic roadmap to achieve USD2b size in the next five years**

### 2B2B Strategy - The Ambition: Grow the Kirloskar Oil Engines business to \$2 Billion in the next 5 years at a consolidated level



Source: Company, MOFSL

**Exhibit 10: We cut our estimates to bake in the 9MFY25 performance**

(INR M)	FY25E			FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	50,140	54,749	(8.4)	58,103	65,229	(10.9)	68,570	77,756	(11.8)
EBITDA	6,518	7,117	(8.4)	7,844	9,132	(14.1)	9,600	11,663	(17.7)
EBITDA (%)	13.0	13.0	0 bps	13.5	14.0	-50 bps	14.0	15.0	-100 bps
Adj. PAT	4,182	4,727	(11.5)	5,130	6,211	(17.4)	6,417	8,092	(20.7)
EPS (INR)	28.9	32.7	(11.5)	35.4	42.9	(17.4)	44.3	55.9	(20.7)

Source: MOFSL

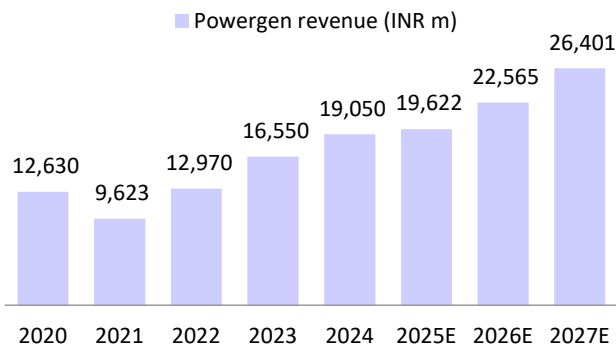
## Exhibit 11: Our SoTP valuation

	Earnings/ book	Valn multiple	Value	KOEL's share	Value for KOEL's share	Per share value	Valuation basis	
	(INR m)	(X)	(INR m)	(%)	(INR m)	(INR)		
<b>KOEL valuation</b>								
Core business	6,417	25	1,58,506	100.0	1,58,506	1,094	❖	25X two-year fwd EPS; 40% discount to KKC
<b>Investments</b>								
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 two-yr forward book
<b>Total</b>					<b>1,74,297</b>	<b>1,202</b>		

Source: Company, MOFSL

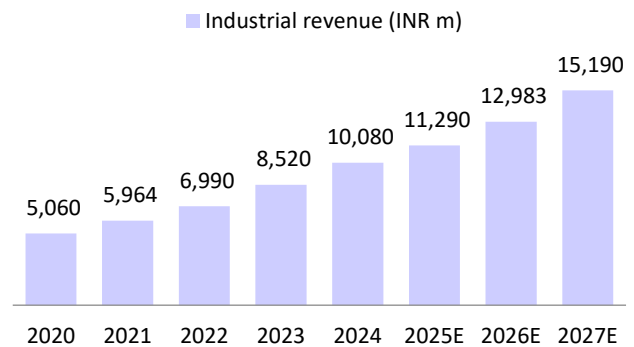
## Financial outlook

**Exhibit 12: We expect powergen revenue to post an 11% CAGR over FY24-27**



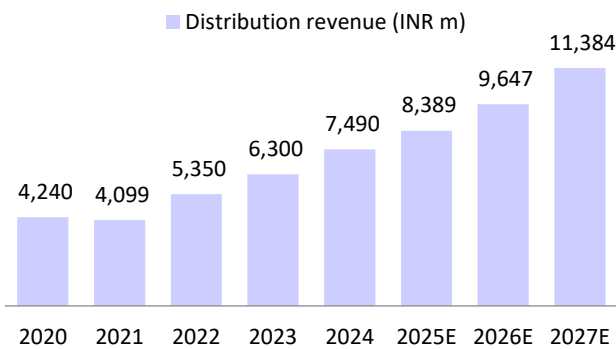
Source: Company, MOFSL

**Exhibit 13: We expect industrial revenue to clock a CAGR of 15% over FY24-27 fueled by strong demand**



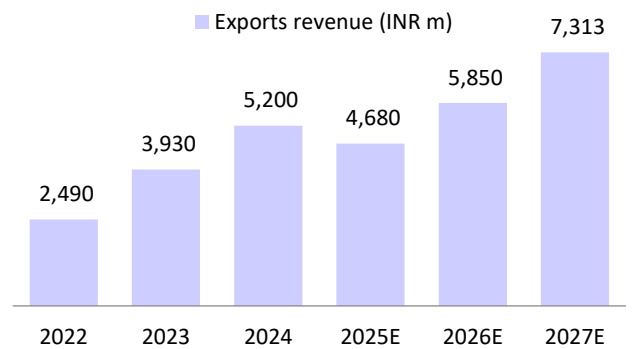
Source: Company, MOFSL

**Exhibit 14: We expect distribution revenue CAGR to remain strong at 15% over FY24-27**



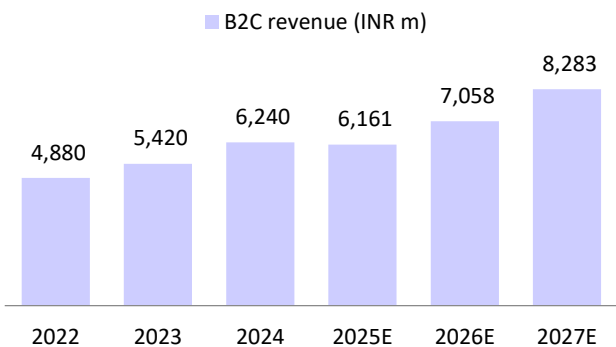
Source: Company, MOFSL

**Exhibit 15: We expect export revenue to clock a 12% CAGR over FY24-27**



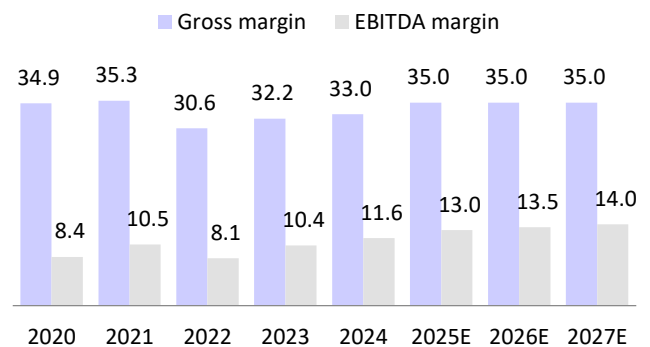
Source: Company, MOFSL

**Exhibit 16: We expect B2C revenue to record a CAGR of 10% over FY24-27 with an expanding footprint**



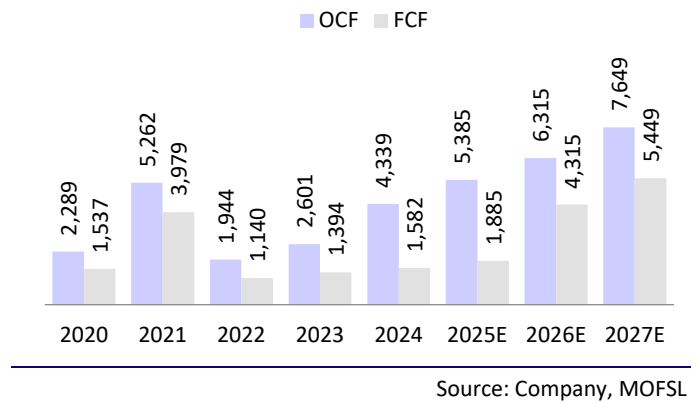
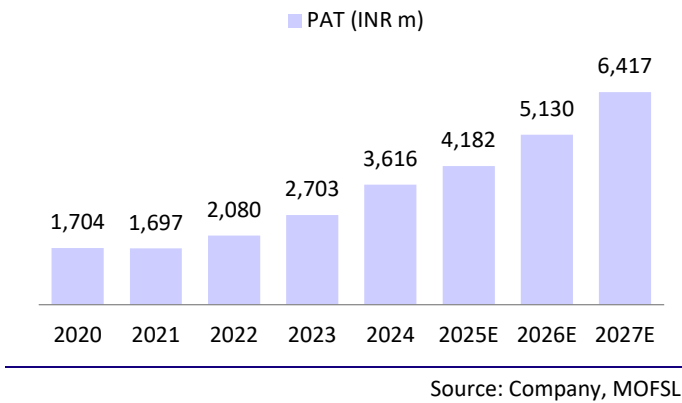
Source: Company, MOFSL

**Exhibit 17: We expect margin expansion to be driven by price hikes and a higher share of exports (%)**

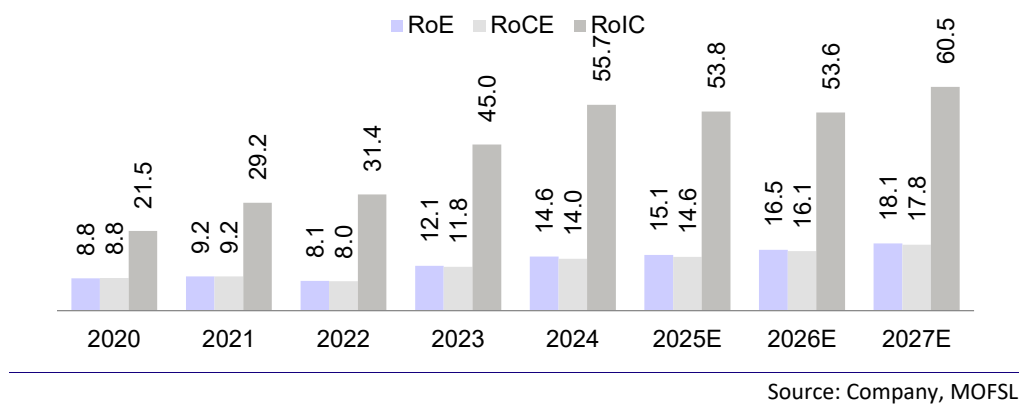


Source: Company, MOFSL

**Exhibit 18: We expect PAT to post a 21% CAGR over FY24-27**      **Exhibit 19: We expect OCF & FCF to improve further (INR m)**



**Exhibit 20: Return ratios to improve with improved profitability (%)**





## Financials and valuation

Income Statement							(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>26,944</b>	<b>32,997</b>	<b>41,161</b>	<b>48,505</b>	<b>50,140</b>	<b>58,103</b>	<b>68,570</b>
Change (%)	-6.4	22.5	24.7	17.8	3.4	15.9	18.0
Raw Materials	17,431	22,912	27,897	32,439	32,591	37,767	44,571
<b>Gross Profit</b>	<b>9,513</b>	<b>10,085</b>	<b>13,264</b>	<b>16,066</b>	<b>17,549</b>	<b>20,336</b>	<b>24,000</b>
Employees Cost	1,989	2,070	2,365	3,069	3,510	4,067	4,800
Other Expenses	4,686	5,327	6,630	7,355	7,521	8,425	9,600
<b>Total Expenditure</b>	<b>24,106</b>	<b>30,309</b>	<b>36,892</b>	<b>42,864</b>	<b>43,622</b>	<b>50,259</b>	<b>58,970</b>
% of Sales	89.5	91.9	89.6	88.4	87.0	86.5	86.0
<b>EBITDA</b>	<b>2,838</b>	<b>2,688</b>	<b>4,269</b>	<b>5,642</b>	<b>6,518</b>	<b>7,844</b>	<b>9,600</b>
Margin (%)	10.5	8.1	10.4	11.6	13.0	13.5	14.0
Depreciation	622	772	848	970	1,103	1,248	1,360
<b>EBIT</b>	<b>2,217</b>	<b>1,915</b>	<b>3,422</b>	<b>4,672</b>	<b>5,416</b>	<b>6,596</b>	<b>8,240</b>
Int. and Finance Charges	64	62	54	78	132	90	74
Other Income	245	248	273	274	351	407	480
<b>PBT bef. EO Exp.</b>	<b>2,398</b>	<b>2,100</b>	<b>3,641</b>	<b>4,868</b>	<b>5,634</b>	<b>6,913</b>	<b>8,647</b>
EO Items	-84	527	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>2,314</b>	<b>2,627</b>	<b>3,641</b>	<b>4,868</b>	<b>5,634</b>	<b>6,913</b>	<b>8,647</b>
Total Tax	617	547	939	1,252	1,453	1,782	2,229
Tax Rate (%)	26.6	20.8	25.8	25.7	25.8	25.8	25.8
Minority Interest	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>1,697</b>	<b>2,080</b>	<b>2,703</b>	<b>3,616</b>	<b>4,182</b>	<b>5,130</b>	<b>6,417</b>
<b>Adjusted PAT</b>	<b>1,759</b>	<b>1,663</b>	<b>2,703</b>	<b>3,616</b>	<b>4,182</b>	<b>5,130</b>	<b>6,417</b>
Change (%)	11.4	-5.4	62.5	33.8	15.6	22.7	25.1
Margin (%)	6.5	5.0	6.6	7.5	8.3	8.8	9.4

Balance Sheet							(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	289	289	290	290	290	290	290
Total Reserves	19,542	21,105	23,028	25,937	28,999	32,756	37,456
<b>Net Worth</b>	<b>19,832</b>	<b>21,395</b>	<b>23,318</b>	<b>26,227</b>	<b>29,289</b>	<b>33,046</b>	<b>37,746</b>
Total Loans	793	976	751	2,091	1,219	1,019	819
Deferred Tax Liabilities	125	146	61	100	100	100	100
<b>Sources of Funds</b>	<b>20,749</b>	<b>22,517</b>	<b>24,131</b>	<b>28,418</b>	<b>30,608</b>	<b>34,165</b>	<b>38,664</b>
Gross Block	16,281	16,990	17,425	19,052	22,552	24,552	26,752
Less: Accum. Deprn.	11,826	12,488	13,174	14,144	15,246	16,494	17,854
<b>Net Fixed Assets</b>	<b>4,455</b>	<b>4,502</b>	<b>4,251</b>	<b>4,908</b>	<b>7,306</b>	<b>8,058</b>	<b>8,898</b>
Capital WIP	549	393	664	2,426	2,426	2,426	2,426
<b>Total Investments</b>	<b>15,340</b>	<b>16,722</b>	<b>16,925</b>	<b>18,762</b>	<b>18,762</b>	<b>18,762</b>	<b>18,762</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>8,092</b>	<b>8,505</b>	<b>11,557</b>	<b>13,115</b>	<b>13,271</b>	<b>17,848</b>	<b>23,836</b>
Inventory	2,652	3,031	4,685	5,235	5,412	6,271	7,401
Accounts Receivable	3,558	3,945	4,672	5,684	5,876	6,809	8,036
Cash and Bank Balance	294	314	338	980	741	3,393	6,850
Loans and Advances	872	656	852	808	835	967	1,142
Other Assets	716	558	1,011	408	408	408	408
<b>Curr. Liability &amp; Prov.</b>	<b>7,686</b>	<b>7,606</b>	<b>9,267</b>	<b>10,793</b>	<b>11,157</b>	<b>12,929</b>	<b>15,258</b>
Accounts Payable	6,419	6,175	6,326	7,274	7,519	8,713	10,283
Other Current Liabilities	646	729	1,700	2,223	2,298	2,663	3,142
Provisions	622	702	1,241	1,296	1,340	1,553	1,832
<b>Net Current Assets</b>	<b>406</b>	<b>899</b>	<b>2,291</b>	<b>2,322</b>	<b>2,114</b>	<b>4,919</b>	<b>8,578</b>
<b>Appl. of Funds</b>	<b>20,749</b>	<b>22,517</b>	<b>24,131</b>	<b>28,418</b>	<b>30,607</b>	<b>34,164</b>	<b>38,664</b>

## Financials and valuation

<b>Ratios</b>							
<b>Y/E March</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
<b>Basic (INR)</b>							
<b>EPS</b>	<b>12.2</b>	<b>11.5</b>	<b>18.7</b>	<b>25.0</b>	<b>28.9</b>	<b>35.4</b>	<b>44.3</b>
Cash EPS	16.4	16.8	24.5	31.7	36.5	44.1	53.8
BV/Share	137.0	147.8	161.1	181.2	202.3	228.3	260.8
DPS	1.5	4.7	5.0	6.7	7.7	9.5	11.9
Payout (%)	12.8	32.6	26.8	26.8	26.8	26.8	26.8
<b>Valuation (x)</b>							
P/E	61.6	65.1	40.1	30.0	25.9	21.1	16.9
Cash P/E	45.5	44.5	30.5	23.6	20.5	17.0	13.9
P/BV	5.5	5.1	4.6	4.1	3.7	3.3	2.9
EV/Sales	4.0	3.3	2.6	2.3	2.2	1.8	1.5
EV/EBITDA	38.3	40.5	25.5	19.4	16.7	13.5	10.7
Dividend Yield (%)	0.2	0.6	0.7	0.9	1.0	1.3	1.6
FCF per share	27.5	7.9	9.6	10.9	13.0	29.8	37.6
<b>Return Ratios (%)</b>							
RoE	9.2	8.1	12.1	14.6	15.1	16.5	18.1
RoCE	9.2	8.0	11.8	14.0	14.6	16.1	17.8
RoIC	29.2	31.4	45.0	55.7	53.8	53.6	60.5
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	1.7	1.9	2.4	2.5	2.2	2.4	2.6
Asset Turnover (x)	1.3	1.5	1.7	1.7	1.6	1.7	1.8
Inventory (Days)	36	34	42	39	39	39	39
Debtor (Days)	48	44	41	43	43	43	43
Creditor (Days)	87	68	56	55	55	55	55
<b>Leverage Ratio (x)</b>							
Current Ratio	1.1	1.1	1.2	1.2	1.2	1.4	1.6
Interest Cover Ratio	34.9	30.7	63.8	60.0	40.9	73.7	112.1
Net Debt/Equity	-0.7	-0.8	-0.7	-0.7	-0.6	-0.6	-0.7

<b>Cash Flow Statement</b>					<b>(INR m)</b>		
<b>Y/E March</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
OP/(Loss) before Tax	2,314	2,627	3,641	4,868	5,634	6,913	8,647
Depreciation	622	772	848	970	1,103	1,248	1,360
Interest & Finance Charges	38	50	35	78	132	90	74
Direct Taxes Paid	-324	-567	-960	-1,084	-1,453	-1,782	-2,229
(Inc)/Dec in WC	2,654	-157	-1,025	-441	-31	-153	-202
<b>CF from Operations</b>	<b>5,304</b>	<b>2,726</b>	<b>2,539</b>	<b>4,391</b>	<b>5,385</b>	<b>6,315</b>	<b>7,649</b>
Others	-42	-782	61	-52	0	0	0
<b>CF from Operating incl EO</b>	<b>5,262</b>	<b>1,944</b>	<b>2,601</b>	<b>4,339</b>	<b>5,385</b>	<b>6,315</b>	<b>7,649</b>
(Inc)/Dec in FA	-1,282	-804	-1,206	-2,757	-3,500	-2,000	-2,200
<b>Free Cash Flow</b>	<b>3,979</b>	<b>1,140</b>	<b>1,394</b>	<b>1,582</b>	<b>1,885</b>	<b>4,315</b>	<b>5,449</b>
(Pur)/Sale of Investments	-2,855	680	3,235	-1,091	0	0	0
Others	-1,316	-8,870	-3,585	-334	0	0	0
<b>CF from Investments</b>	<b>-5,453</b>	<b>-8,994</b>	<b>-1,556</b>	<b>-4,182</b>	<b>-3,500</b>	<b>-2,000</b>	<b>-2,200</b>
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	613	172	-236	1,338	-200	-200	-200
Interest Paid	-62	-53	-50	-107	-132	-90	-74
Dividend Paid	-217	-578	-723	-724	-1,119	-1,373	-1,718
Others	-20	7,529	-12	-21	-673	0	0
<b>CF from Fin. Activity</b>	<b>314</b>	<b>7,070</b>	<b>-1,021</b>	<b>486</b>	<b>-2,125</b>	<b>-1,663</b>	<b>-1,991</b>
<b>Inc/Dec of Cash</b>	<b>123</b>	<b>20</b>	<b>23</b>	<b>643</b>	<b>-240</b>	<b>2,652</b>	<b>3,457</b>
Opening Balance	171	294	314	338	980	741	3,393
<b>Closing Balance</b>	<b>294</b>	<b>314</b>	<b>338</b>	<b>980</b>	<b>741</b>	<b>3,393</b>	<b>6,850</b>

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