

# ABB India

Estimate changes

TP change

Rating change



Bloomberg	ABB IN
Equity Shares (m)	212
M.Cap.(INRb)/(USD\$b)	1511.5 / 18
52-Week Range (INR)	9200 / 4141
1, 6, 12 Rel. Per (%)	-7/-1/45
12M Avg Val (INR M)	2664

## Financials Snapshot (INR b)

Y/E DEC	CY24E	CY25E	CY26E
Net Sales	120.3	141.5	169.7
EBITDA	22.9	26.4	30.5
PAT	18.8	21.7	25.3
EPS (INR)	88.7	102.5	119.3
GR. (%)	50.5	15.6	16.3
BV/Sh (INR)	362.1	456.2	565.2

## Ratios

ROE (%)	27.6	25.1	23.4
RoCE (%)	27.8	25.2	23.5

## Valuations

P/E (X)	80.4	69.5	59.7
P/BV (X)	19.7	15.6	12.6
EV/EBITDA (X)	64.8	55.7	47.4
Div Yield (%)	0.3	0.3	0.4

## Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	75.0	75.0	75.0
DII	5.4	5.6	7.4
FII	12.3	12.1	10.2
Others	7.3	7.3	7.5

FII Includes depository receipts

**CMP: INR7,133**

**TP: INR8,500 (+19%)**

**Buy**

## Changing mix of order book hurts 3Q

ABB India (ABB)'s 3QCY24 performance was below our expectations due to lower-than-expected order inflows and execution. The quarter was hit by the changing mix of order book towards a higher share of long-gestation, large-sized orders. Margin performance, though, remained strong YoY, with improved pricing and lower RM costs. We expect the near-term execution velocity to be affected by slower-than-expected growth in order inflows and a shift of order book towards longer-gestation projects. However, with higher value-added content in large-sized order inflows, we expect margin performance to remain healthy. Order inflow growth across segments, except Electrification, was hit by decision delays from the private sector and high base in select segments. We cut our estimates by 9%/10%/11% for CY24E/CY25E/ CY26E to factor in 9MCY24 performance and the near-term impact on execution due to the longer execution cycle of orders. Our revised TP stands at INR8,500 (vs. INR9,500 earlier), implying 72x P/E on Dec'26E EPS. We continue to maintain our positive stance on ABB based on its ability to benefit from the high growth segments with its wide offerings and deeper penetration network. Reiterate BUY.

## Lower-than-expected order inflows and execution dent performance

ABB reported a miss in 3QCY24 vs. ours and consensus expectations. Revenue at INR29.1b grew 5% YoY, missing our expectation of INR34.3b as the order book tilted towards slightly longer gestation projects. Robotics & Motion/ Electrification segments grew 8%/11% YoY, while Process Automation declined 12% YoY. With robust demand, stable commodity prices, price hikes, and a better product mix, gross margin expanded ~670bp YoY to 43.4%. Other expenses rose during the quarter due to higher warranty costs. EBITDA margin came in at 18.6% vs. 15.8% in 3QCY23. PAT grew 22% YoY to INR4.4b, aided by higher other income (+21% YoY). Order inflows at INR33.4b rose 11% YoY, taking the order book to INR99.9b (+25% YoY). Cash balance stood at INR50b at the end of 3QCY24. For 9MCY24, ABB reported a revenue/EBITDA/PAT growth of 15%/54%/49% YoY. For 4QCY24, we expect a revenue/EBITDA/PAT growth of 14%/38%/36% YoY.

## Shifting mix of order book vs. the past

ABB's order book mix has changed over the past few quarters, with a good share of large-sized order inflows (INR5b or more) coming from high-growth segments (refer to Exhibit 8). Larger orders follow a project milestone trajectory, and hence it has hurt revenue growth (+5% YoY) during the quarter. In the current order book of INR99b, the share of large orders is around 25%. Along with this, ABB's quarterly order inflow run rate had already moved up to INR30-35b per quarter from INR20-25b. Due to delayed decision-making from a few sectors, we expect the order inflow trajectory to plateau over the next few quarters before it starts improving again.

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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.

### Execution growth hurt by the high exposures to low-growth sectors

ABB caters to diverse businesses through its 23 market segments. The high-growth segments, such as data centers, railways, and electronics, are growing at 20%+; moderate growth segments like water, power T&D, renewable, automobiles, and buildings and infra are witnessing 10-12% growth; while low-growth segments, such as base industries, are growing at less than 10%. ABB has a large installed base across base industries, and nearly 45-50% of the business originates from this segment, which is growing at less than 10%. About 15-20% of the business is from the fast-growing segments, which are experiencing 20%+ growth, and the remaining 30-35% of the business comes from the moderate growth segments. Due to longer gestation of the projects in high-growth segments, revenue growth was hurt during the quarter. However, as the pace of growth improves across base industries, we expect that overall revenue growth will start improving again.

### Electrification segment continues to see strong inflows

The electrification segment witnessed a 71% YoY increase in 3QCY24 in order inflows, driven by orders from data centers, railways, and exports. Execution pace stood at 11% YoY in 3QCY24 as large-sized orders from data centers, railways, etc. have longer gestation periods and are linked with project milestones. Execution will improve as large orders get executed. Demand momentum remains strong across power T&D, renewables, building, and infrastructure.

### Motion segment's performance hit by low capex and pricing pressure

The motion segment's order inflows were hit by pricing pressure in LT motors as well as muted demand from core sectors such as cement and steel. Despite pricing pressure, ABB has benefited from its offerings in traction motors and drives as well as energy-efficient motors. Pricing erosion in this segment appears to have bottomed out, and ABB expects to benefit from improved demand in the coming quarters.

### Process automation segment witnesses both inflow and revenue declines

The process automation segment's inflows remained weak in 3QCY24 and even in 9MCY24 due to delays in decision-making from core industries. ABB gained on inflows from the process and energy industries and expects to gain further from the expansion of city gas distribution, blending projects, de-bottlenecking of existing refineries of state PSUs or the private sector, pharma sector expansion, and paint sector expansion, while inflows so far remained weak from the core industries. We expect this segment to witness improvement once private capex starts improving.

### Valuation and recommendation

ABB is currently trading at 69.5x/59.7x P/E on CY25/CY26 estimates. We cut our estimates by 9%/10%/11% for CY24E/CY25E/CY26E to factor in 9MCY24 performance and the near-term impact on execution due to the longer execution cycle of orders. We thus expect revenue growth of 15%/18%/20% in CY24/CY25/CY26 and margins of 19.0%/18.6%/18.0%, translating into a PAT growth of 51%/16%/16% for CY24/CY25/CY26E. Accordingly, we estimate a PAT CAGR of 27% over CY23-26. **We reiterate our BUY rating with a DCF-based TP of INR8,500, implying a multiple of 72x P/E on Dec'26E EPS.**

### Key risks and concerns

Slowdown in order inflows, pricing pressure across segments, increased competition, supply chain issues, and geopolitical risks are a few risks that can affect our estimates and valuations.

## Standalone - Quarterly Earnings Model

(INR m)

Y/E December	CY23				CY24E				CY23	CY24E	CY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>24,112</b>	<b>25,086</b>	<b>27,692</b>	<b>27,575</b>	<b>30,804</b>	<b>28,309</b>	<b>29,122</b>	<b>31,440</b>	<b>1,04,465</b>	<b>1,20,347</b>	<b>34,292</b>	<b>-15</b>
YoY Change (%)	22.5	22.2	30.6	13.6	27.8	12.8	5.2	14.0	21.9	15.2	23.8	
Total Expenditure	21,259	21,599	23,307	23,403	25,152	22,884	23,719	25,689	89,567	97,443	27,694	
<b>EBITDA</b>	<b>2,853</b>	<b>3,487</b>	<b>4,385</b>	<b>4,172</b>	<b>5,652</b>	<b>5,425</b>	<b>5,402</b>	<b>5,751</b>	<b>14,898</b>	<b>22,904</b>	<b>6,598</b>	<b>-18</b>
Margins (%)	11.8	13.9	15.8	15.1	18.3	19.2	18.6	18.3	14.3	19.0	19.2	
Depreciation	274	292	303	329	314	310	328	345	1,199	1,297	328	0
Interest	22	14	9	82	38	45	30	31	127	144	14	119
Other Income	723	750	768	776	871	868	929	989	3,017	3,657	951	-2
<b>PBT before EO expense</b>	<b>3,279</b>	<b>3,931</b>	<b>4,842</b>	<b>4,537</b>	<b>6,171</b>	<b>5,938</b>	<b>5,973</b>	<b>6,366</b>	<b>16,589</b>	<b>25,120</b>	<b>7,207</b>	<b>-17</b>
Extra-Ord expense												
<b>PBT</b>	<b>3,279</b>	<b>3,931</b>	<b>4,842</b>	<b>4,537</b>	<b>6,171</b>	<b>5,938</b>	<b>5,973</b>	<b>6,366</b>	<b>16,589</b>	<b>25,120</b>	<b>7,207</b>	<b>-17</b>
Tax	827	972	1,222	1,085	1,575	1,511	1,568	1,676	4,106	6,330	1,816	
Rate (%)	25.2	24.7	25.2	23.9	25.5	25.5	26.3	26.3	24.8	25.2	25.2	
<b>Reported PAT</b>	<b>2,452</b>	<b>2,959</b>	<b>3,620</b>	<b>3,452</b>	<b>4,596</b>	<b>4,426</b>	<b>4,405</b>	<b>4,690</b>	<b>12,483</b>	<b>18,790</b>	<b>5,391</b>	<b>-18</b>
<b>Adj PAT</b>	<b>2,452</b>	<b>2,959</b>	<b>3,620</b>	<b>3,452</b>	<b>4,596</b>	<b>4,426</b>	<b>4,405</b>	<b>4,690</b>	<b>12,483</b>	<b>18,790</b>	<b>5,391</b>	<b>-18</b>
YoY Change (%)	-34.3	110.9	84.0	13.1	87.4	49.6	21.7	35.8	79.5	51.2	48.9	
Margins (%)	10.2	11.8	13.1	12.5	14.9	15.6	15.1	14.9	11.9	15.6	15.7	

INR m	CY23				CY24E				CY23	CY24E	CY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Segmental revenue</b>												
Robotics & Motion	10,398	10,398	10,993	10,223	11,219	11,601	11,908	12,259	42,011	46,987	13,334	-11
YoY Change (%)	33.2	17.9	17.0	2.4	7.9	11.6	8.3	19.9	16.7	11.8	21.3	
Electrification Products	9,994	10,056	10,420	11,302	12,963	11,214	11,540	13,174	41,772	48,890	13,885	-17
YoY Change (%)	16.1	20.0	18.3	19.0	29.7	11.5	10.7	16.6	18.3	17.0	33.3	
Process Automation	4,202	5,096	6,756	6,307	7,263	6,327	5,963	6,269	22,361	25,822	6,772	-12
YoY Change (%)	22.8	37.6	93.1	23.5	72.9	24.2	-11.7	-0.6	42.1	15.5	0.2	
Unallocated and others (incl. excise duty)	19	53	24	29	26	44	47	49	125	165	359	-87
Less: inter-segmental	-500	-517	-502	-286	-667	-877	-335	-312	-1,804	-2,191	-59	
<b>Total revenues</b>	<b>24,112</b>	<b>25,086</b>	<b>27,692</b>	<b>27,575</b>	<b>30,804</b>	<b>28,309</b>	<b>29,122</b>	<b>31,440</b>	<b>1,04,465</b>	<b>1,19,674</b>	<b>34,292</b>	<b>-15</b>
<b>Segmental EBIT</b>												
Robotics & Motion	1,275	1,484	2,040	1,746	2,332	2,613	2,659	2,619	6,544	10,222	2,894	-8
Margin (%)	12.3	14.3	18.6	17.1	20.8	22.5	22.3	21.4	15.6	21.8	21.7	63bp
Electrification Products	1,946	1,640	2,011	2,148	3,078	2,594	2,397	2,687	7,746	10,756	3,124	-23
Margin (%)	19.5	16.3	19.3	19.0	23.7	23.1	20.8	20.4	18.5	22.0	22.5	-173bp
Process Automation	389	568	983	810	1,181	1,023	1,145	1,299	2,749	4,648	1,070	7
Margin (%)	9.2	11.1	14.5	12.8	16.3	16.2	19.2	20.7	12.3	18.0	15.8	341bp
<b>Total</b>	<b>3,609</b>	<b>3,692</b>	<b>5,034</b>	<b>4,704</b>	<b>6,590</b>	<b>6,230</b>	<b>6,202</b>	<b>6,604</b>	<b>17,039</b>	<b>25,626</b>	<b>7,088</b>	<b>-13</b>

## Conference call highlights



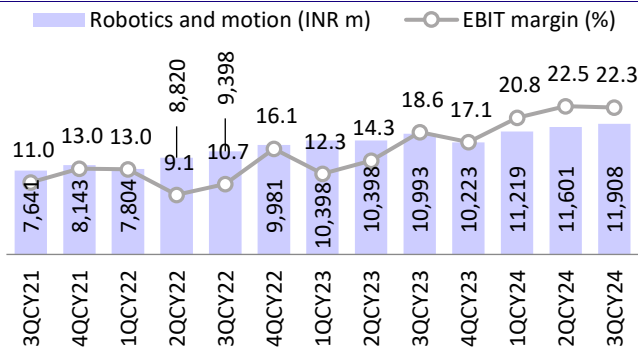
- Order book and inflows:** Order inflow growth stood at 11% YoY, but was hit by delayed decision-making from base industries. Management stated that the company is seeing an increase in share of large-sized orders since the past 7-8 quarters, with an average of INR5b orders. Current backlog consists of 25% of share from large sized orders from metals, oil & gas, transportation and data centers. While there is an uptick in large contracts forming part of order book, execution of these orders is still to gain momentum to align with project schedules. Base orders continue to show momentum with seamless execution coverage over the next four quarters.
- Revenue and material costs:** Revenue grew 5% YoY mainly from execution of base orders. It was adversely impacted due to the change in specifications in

railways' large project orders but ABB expects the growth % to increasing in the coming quarters. Order backlog, which does not see much stagnation, includes made-to-order and made-to-store type of orders that are expected to support revenue growth in future. Cost of materials consumed decreased by 670bp YoY on account of improved revenue mix, better margin orders, and price revisions.

- **Outlook on upscaling of inflows:** Management maintains a positive outlook overall. Post-Covid, the loyalty factor of customers has moved towards ABB and a lot of customers became performance sensitive, turning them into sticky customers. This, along with real expansion of economy, helped ABB inflows to increase from INR20-25b orders per quarter to INR30-35b order inflows per quarter. Management claims that ABB's business is set in such a way that it has the capability to expand its capacity to meet the demands of its customers without incurring heavy capex. **Currently, uncertainty in local and global markets may affect the business in the near term** and can result in near term plateauing of order inflows, but as it eases out, inflows are expected to reach move up beyond INR35b run-rate each quarter.
- **Motion and Robotics outlook:** Segmental margins were high despite LT and HT motors slowdown. LT motors are required in all industries and any slowdown in its demand affect market leaders such as ABB a bit more in advance. In the past nine months, external factors such as elections, flooding, etc. led to muted demand in this segment but management believes that these factors are temporary and once the price erosions stops, the segment will get back to double-digit growth.
- **Electrification business outlook:** Management has a positive outlook on the electrification business. In the last few quarters, ABB has seen some softening in power distribution orders from cement and steel industries, but the demand from other industries such as data centers, oil & gas, and buildings and infra, has seen strong growth. The launch of new portfolio 'ABB-free@home' to further support segments growth. ABB has gone deeper into localization and opened up new factories in past 1 year to increase its market share without depending on outside-India ecosystem.
- **Process Automation outlook:** Process automation segment saw an uptick on orders from metals and mining industry in last two quarters of CY23. In first two quarters, the oil & gas industry favored the order inflows and in current quarter, the orders momentum was supported by both these industries. The segment caters to three divisions:
  - Energy (oil & gas, refineries, petrochemicals, gas distribution): This segment is a heavy contributor to orders and revenue of process automation segment.
  - Process industries (Metals, cement, pulp and paper): These segments are cyclical in nature and unpredictable.
  - Instrumentation: ABB is expanding its portfolio to cater to international market by the parent company already has a strong hold on that.
  - Exports in this segment are low, but ABB is already catering to the Indian and South East Asian markets and is looking for opportunities to expand to the Middle East and African countries.

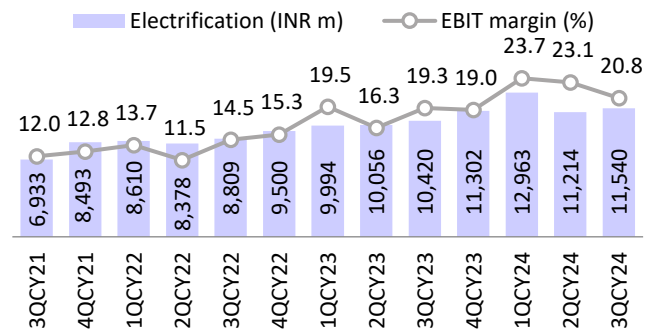
Key Exhibits

**Exhibit 1: Robotics and Motion: Margin improved due to favorable mix and share of exports/services**



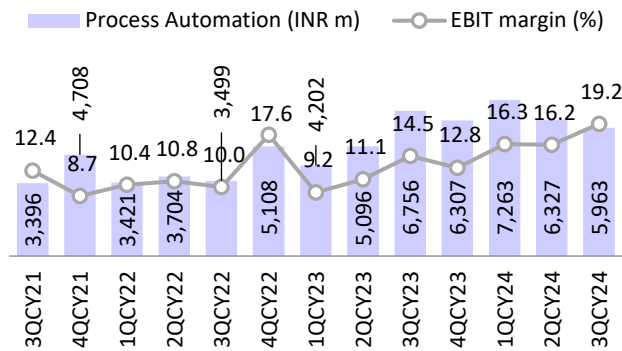
Source: Company, MOFSL

**Exhibit 2: Electrification: Revenue grew 11% YoY and execution of higher-margin orders buoyed overall margin**



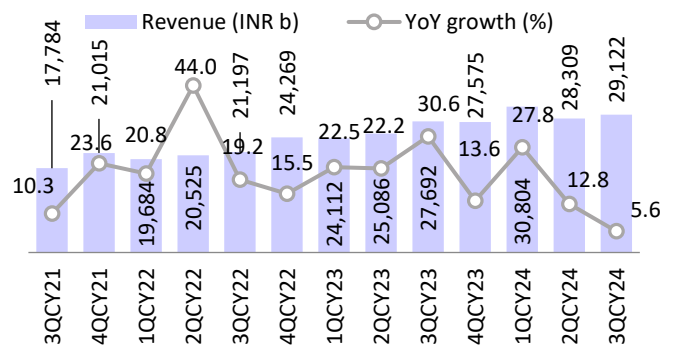
Source: Company, MOFSL

**Exhibit 3: Process Automation: Revenue declined 12% YoY due to a high base**



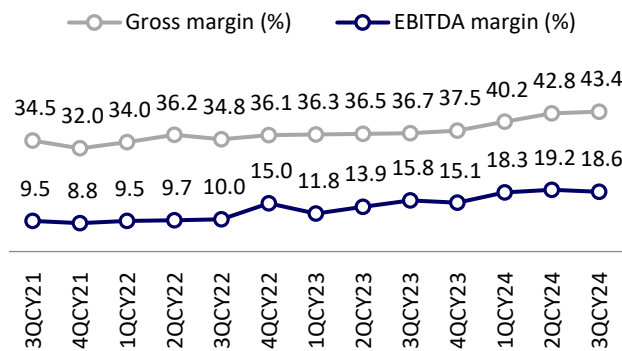
Source: Company, MOFSL

**Exhibit 4: Overall revenue grew 6% YoY on higher share of projects in the order book (INR m)**



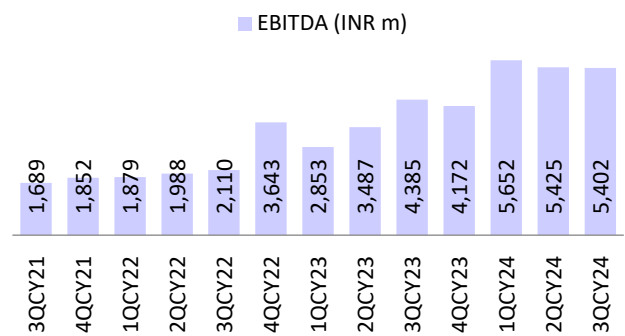
Source: Company, MOFSL

**Exhibit 5: EBITDA margin at 18.6%, up 270bp YoY**



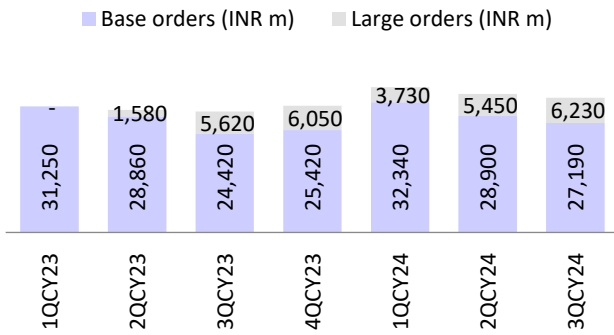
Source: Company, MOFSL

**Exhibit 6: EBITDA grew 23% YoY to INR5.4b**



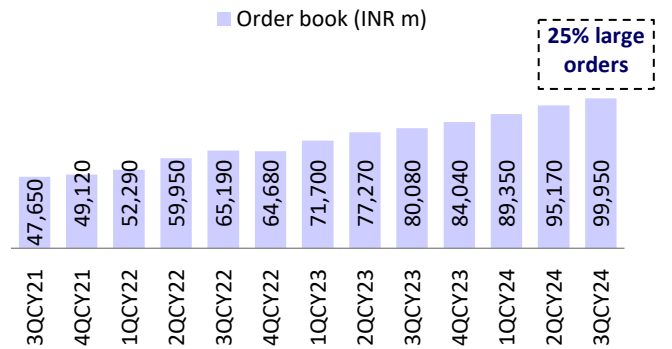
Source: Company, MOFSL

**Exhibit 7: Order inflows grew 11% YoY, with large orders up 11% YoY**



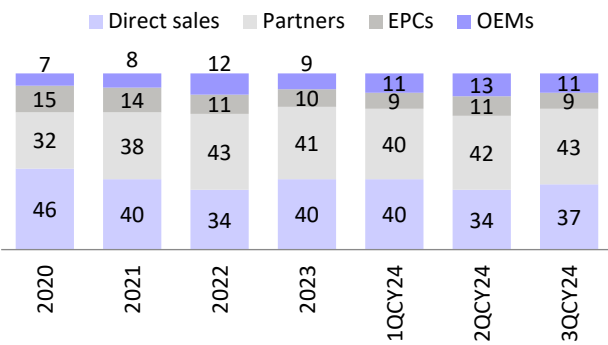
Source: Company, MOFSL

**Exhibit 8: Order book rose 25% YoY with a higher share of large orders**



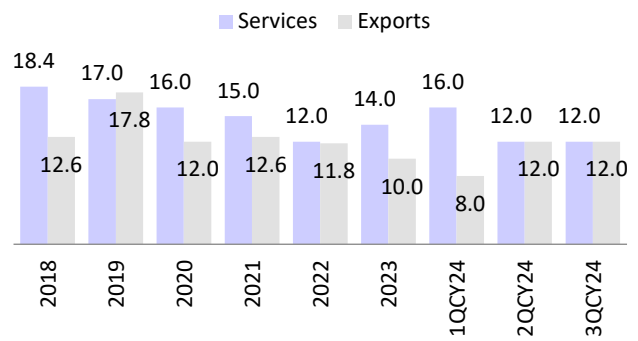
Source: Company, MOFSL

**Exhibit 9: Breakup of revenue by channels (%)**



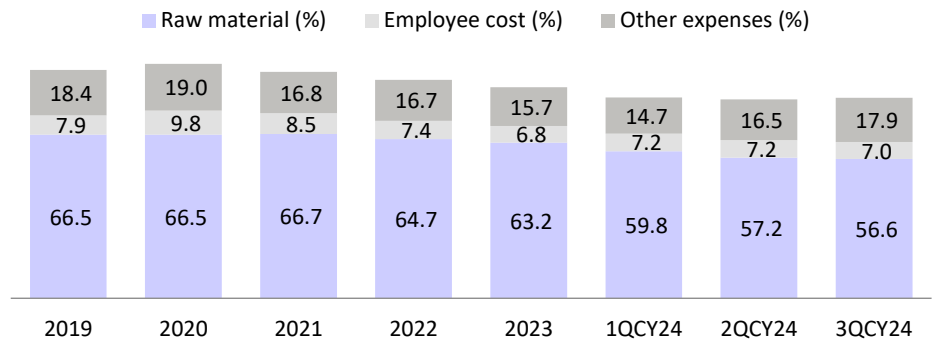
Source: Company, MOFSL

**Exhibit 10: Improving share of exports and services in revenues has led to better operating margin (%)**



Source: Company, MOFSL

**Exhibit 11: Margin improvement over the years is driven by lower RM and better operating leverage (as a % of sales)**



Source: Company, MOFSL

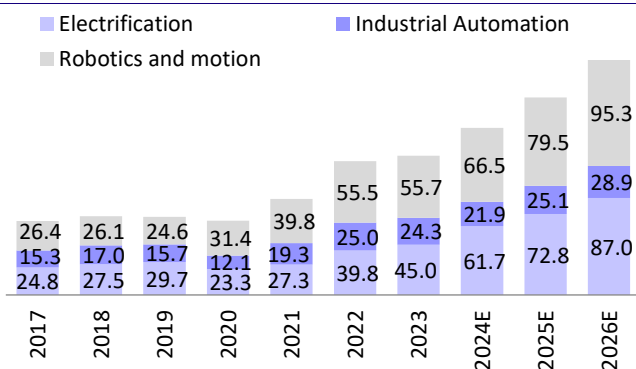
**Exhibit 12: ABB has once again outpaced its parent entity in terms of segmental margins, which is achieved via higher localization (Segment wise margins % - Parent vs. ABB India)**

	2019	2020	2021	2022	2023	1QCY24	2QCY24	3QCY24
<b>Electrification</b>								
Parent (A)	13.3%	14.1%	16.1%	16.5%	20.1%	22.4%	23.2%	24.1%
ABB India (B)	9.8%	4.1%	11.1%	13.8%	18.5%	23.7%	23.1%	20.8%
<b>Net margin difference (A-B)</b>	<b>3.5%</b>	<b>10.0%</b>	<b>5.0%</b>	<b>2.7%</b>	<b>1.6%</b>	<b>-1.3%</b>	<b>0.1%</b>	<b>3.3%</b>
<b>Motion</b>								
Parent (A)	16.6%	16.8%	17.1%	17.3%	18.9%	18.5%	19.9%	20.7%
ABB India (B)	9.2%	5.3%	12.5%	12.3%	15.9%	21.4%	23.1%	23.1%
<b>Net margin difference (A-B)</b>	<b>7.4%</b>	<b>11.5%</b>	<b>4.6%</b>	<b>5.0%</b>	<b>3.0%</b>	<b>-2.9%</b>	<b>-3.2%</b>	<b>-2.4%</b>
<b>Process Automation</b>								
Parent (A)	11.7%	7.8%	12.8%	14.0%	14.5%	15.6%	15.5%	15.2%
ABB India (B)	6.1%	-5.4%	9.1%	12.8%	12.3%	16.3%	16.2%	19.2%
<b>Net margin difference (A-B)</b>	<b>5.6%</b>	<b>13.2%</b>	<b>3.7%</b>	<b>1.2%</b>	<b>2.2%</b>	<b>-0.7%</b>	<b>-0.7%</b>	<b>-4.0%</b>
<b>Robotics and Discrete Automation</b>								
Parent (A)	11.9%	8.2%	10.8%	10.7%	14.7%	13.2%	11.1%	8.3%
ABB India (B)	8.8%	3.2%	7.9%	12.5%	12.7%	15.4%	14.6%	14.7%
<b>Net margin difference (A-B)</b>	<b>3.1%</b>	<b>5.0%</b>	<b>2.9%</b>	<b>-1.8%</b>	<b>2.0%</b>	<b>-2.2%</b>	<b>-3.5%</b>	<b>-6.4%</b>

Source: Company, MOFSL

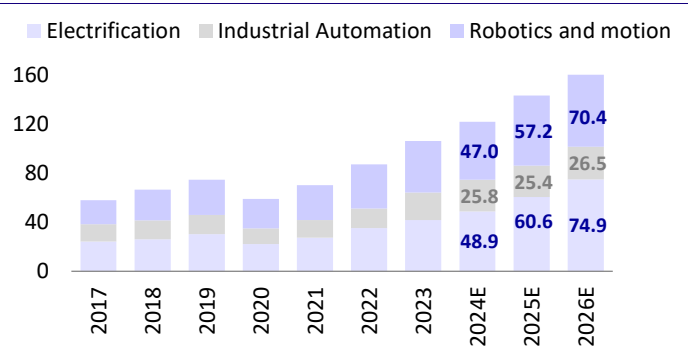
## Financial outlook

**Exhibit 13: We expect 19% order inflow CAGR over CY23-CY26 (INR b)**



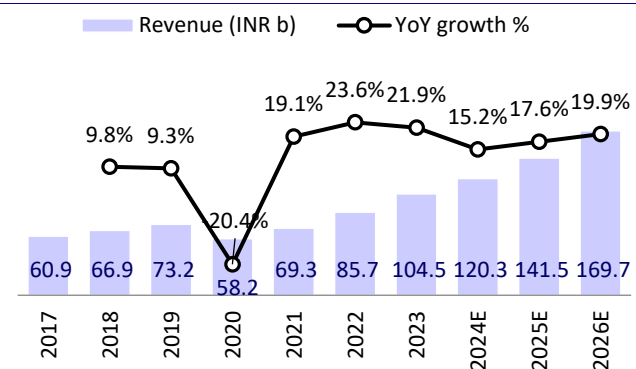
Source: Company, MOFSL

**Exhibit 14: Revenue is expected to clock 17% CAGR over CY23-26 (INR b)**



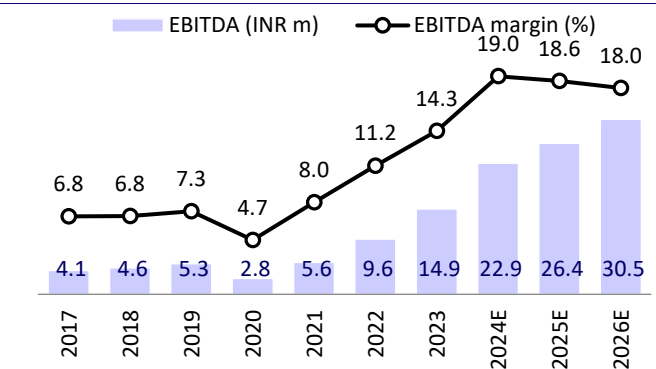
Source: Company, MOFSL

**Exhibit 15: Revenue growth has been strong over the last few years on healthy inflows (INR b)**

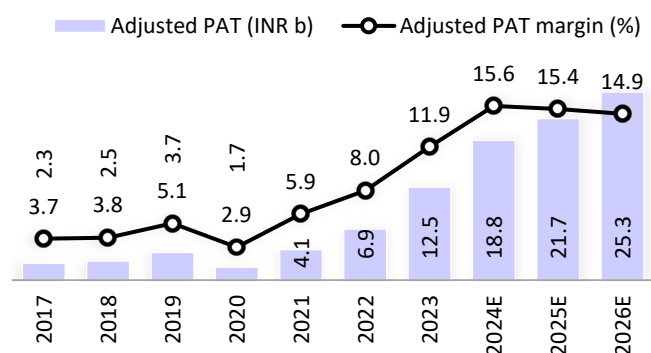


Source: Company, MOFSL

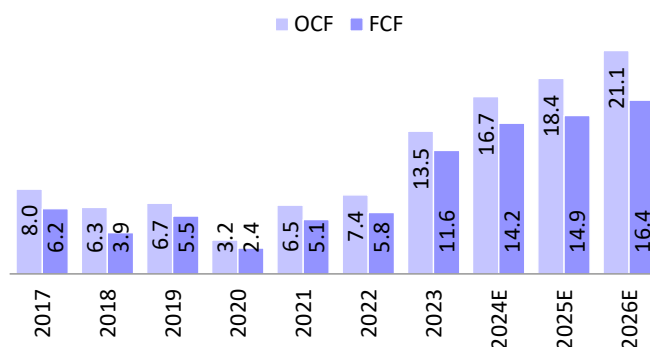
**Exhibit 16: We expect 27% EBITDA CAGR over CY23-26 (INR b)**



Source: Company, MOFSL

**Exhibit 17: PAT is likely to clock 27% CAGR over CY23-26 (INR b)**

Source: Company, MOFSL

**Exhibit 18: FCF and OCF to remain strong on stable working capital (INR b)**

Source: Company, MOFSL

**Exhibit 19: We cut our estimates to bake in 9MCY24 performance (INR M)**

	CY24E			CY25E			CY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,20,347	1,32,426	(9.1)	1,41,523	1,60,486	(11.8)	1,69,699	1,93,036	(12.1)
EBITDA	22,904	25,242	(9.3)	26,369	29,810	(11.5)	30,548	34,687	(11.9)
EBITDA (%)	19.0	19.1	-3 bps	18.6	18.6	6 bps	18.0	18.0	3 bps
Adj. PAT	18,790	20,552	(8.6)	21,725	24,200	(10.2)	25,274	28,262	(10.6)
EPS (INR)	88.7	97.0	(8.6)	102.5	114.2	(10.2)	119.3	133.4	(10.6)

Source: MOFSL



## Financials and Valuation

Income Statement							(INR m)
Y/E Dec	CY20	CY21	CY22	CY23	CY24E	CY25E	CY26E
<b>Total Income from Operations</b>	<b>58,210</b>	<b>69,340</b>	<b>85,675</b>	<b>1,04,465</b>	<b>1,20,347</b>	<b>1,41,523</b>	<b>1,69,699</b>
Change (%)	-20.4	19.1	23.6	21.9	15.2	17.6	19.9
Raw Materials	38,705	46,263	55,426	66,025	72,208	84,914	1,03,516
<b>Gross Profit</b>	<b>19,505</b>	<b>23,077</b>	<b>30,249</b>	<b>38,440</b>	<b>48,139</b>	<b>56,609</b>	<b>66,183</b>
Employee Cost	5,680	5,882	6,353	7,152	8,413	9,505	11,153
Other Expenses	11,066	11,627	14,277	16,391	16,822	20,735	24,481
<b>Total Expenditure</b>	<b>55,450</b>	<b>63,773</b>	<b>76,057</b>	<b>89,567</b>	<b>97,443</b>	<b>1,15,154</b>	<b>1,39,151</b>
% of Sales	95.3	92.0	88.8	85.7	81.0	81.4	82.0
<b>EBITDA</b>	<b>2,759</b>	<b>5,567</b>	<b>9,619</b>	<b>14,898</b>	<b>22,904</b>	<b>26,369</b>	<b>30,548</b>
Margin (%)	4.7	8.0	11.2	14.3	19.0	18.6	18.0
Depreciation	1,204	1,027	1,047	1,199	1,297	1,451	1,732
<b>EBIT</b>	<b>1,556</b>	<b>4,540</b>	<b>8,572</b>	<b>13,699</b>	<b>21,607</b>	<b>24,919</b>	<b>28,816</b>
Int. and Finance Charges	169	107	131	127	144	145	146
Other Income	1,069	1,596	1,795	3,017	3,657	4,270	5,119
<b>PBT bef. EO Exp.</b>	<b>2,456</b>	<b>6,029</b>	<b>10,235</b>	<b>16,589</b>	<b>25,120</b>	<b>29,044</b>	<b>33,789</b>
EO Items							
<b>PBT after EO Exp.</b>	<b>2,456</b>	<b>6,029</b>	<b>10,235</b>	<b>16,589</b>	<b>25,120</b>	<b>29,044</b>	<b>33,789</b>
Total Tax	739	1,918	3,372	4,107	6,330	7,319	8,515
Tax Rate (%)	30.1	31.8	32.9	24.8	25.2	25.2	25.2
<b>Reported PAT</b>	<b>1,716</b>	<b>4,112</b>	<b>6,863</b>	<b>12,482</b>	<b>18,790</b>	<b>21,725</b>	<b>25,274</b>
<b>Adjusted PAT</b>	<b>1,716</b>	<b>4,112</b>	<b>6,863</b>	<b>12,482</b>	<b>18,790</b>	<b>21,725</b>	<b>25,274</b>
Change (%)	-53.9	139.5	66.9	81.9	50.5	15.6	16.3
Margin (%)	2.9	5.9	8.0	11.9	15.6	15.4	14.9

Balance Sheet							(INR m)
Y/E Dec	CY20	CY21	CY22	CY23	CY24E	CY25E	CY26E
Equity Share Capital	424	424	424	424	424	424	424
Total Reserves	35,640	40,028	48,970	59,022	76,312	96,237	1,19,351
<b>Net Worth</b>	<b>36,064</b>	<b>40,452</b>	<b>49,394</b>	<b>59,446</b>	<b>76,736</b>	<b>96,661</b>	<b>1,19,775</b>
Total Loans	0	0	0	0	0	0	0
Deferred Tax Liabilities	-1,172	-939	-898	-1,027	-1,027	-1,027	-1,027
<b>Capital Employed</b>	<b>34,892</b>	<b>39,513</b>	<b>48,496</b>	<b>58,419</b>	<b>75,709</b>	<b>95,634</b>	<b>1,18,748</b>
Gross Block	11,150	11,764	13,432	15,624	18,131	21,654	26,342
Less: Accum. Deprn.	3,469	3,741	4,586	5,831	7,128	8,578	10,310
<b>Net Fixed Assets</b>	<b>7,681</b>	<b>8,024</b>	<b>8,846</b>	<b>9,793</b>	<b>11,004</b>	<b>13,076</b>	<b>16,032</b>
Goodwill on Consolidation	146	146	146	146	146	146	146
Capital WIP	749	769	693	599	599	599	599
<b>Total Investments</b>	<b>1</b>	<b>0</b>	<b>4,932</b>	<b>39,408</b>	<b>39,408</b>	<b>39,408</b>	<b>39,408</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>60,016</b>	<b>70,248</b>	<b>77,668</b>	<b>59,038</b>	<b>86,407</b>	<b>1,14,603</b>	<b>1,48,358</b>
Inventory	8,408	10,091	14,207	15,608	14,683	17,352	20,968
Account Receivables	26,419	25,604	24,451	25,443	35,939	42,263	50,677
Cash and Bank Balance	22,066	26,877	31,491	8,769	24,981	42,229	61,412
Loans and Advances	292	796	921	1,859	2,231	2,677	3,213
Other Current Asset	2,832	6,880	6,599	7,359	8,573	10,081	12,088
<b>Curr. Liability &amp; Prov.</b>	<b>33,701</b>	<b>39,781</b>	<b>43,788</b>	<b>50,566</b>	<b>61,855</b>	<b>72,198</b>	<b>85,796</b>
Other Current Liabilities	30,801	36,436	39,956	46,058	56,580	65,995	78,357
Provisions	2,901	3,345	3,832	4,508	5,275	6,204	7,439
<b>Net Current Assets</b>	<b>26,315</b>	<b>30,467</b>	<b>33,880</b>	<b>8,472</b>	<b>24,551</b>	<b>42,404</b>	<b>62,562</b>
Misc Expenditure	0	107	0	0	0	0	0
<b>Appl. of Funds</b>	<b>34,892</b>	<b>39,513</b>	<b>48,496</b>	<b>58,419</b>	<b>75,709</b>	<b>95,634</b>	<b>1,18,748</b>

## Financials and Valuation

### Ratios

Y/E Dec	CY20	CY21	CY22	CY23	CY24E	CY25E	CY26E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>8.1</b>	<b>19.4</b>	<b>32.4</b>	<b>58.9</b>	<b>88.7</b>	<b>102.5</b>	<b>119.3</b>
Cash EPS	13.8	24.2	37.3	64.6	94.8	109.4	127.4
BV/Share	170.2	190.9	233.1	280.5	362.1	456.2	565.2
DPS	8.7	10.5	12.5	15.1	18.1	21.7	26.0
Payout (%)	125.8	63.0	45.3	29.9	23.8	24.7	25.5
<b>Valuation (x)</b>							
P/E	879.8	367.3	220.0	121.0	80.4	69.5	59.7
Cash P/E	517.2	293.9	190.9	110.4	75.2	65.2	55.9
P/BV	41.9	37.3	30.6	25.4	19.7	15.6	12.6
EV/Sales	25.6	21.4	17.3	14.4	12.3	10.4	8.5
EV/EBITDA	539.3	266.4	153.7	100.8	64.8	55.7	47.4
Dividend Yield (%)	0.1	0.1	0.2	0.2	0.3	0.3	0.4
FCF per share	11.5	24.2	26.7	54.9	67.0	70.4	77.3
<b>Return Ratios (%)</b>							
RoE	4.8	10.7	15.3	22.9	27.6	25.1	23.4
RoCE	5.1	10.9	15.5	23.1	27.8	25.2	23.5
RoIC	7.3	25.9	49.4	98.1	158.7	154.6	140.3
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	5.2	5.9	6.4	6.7	6.6	6.5	6.4
Asset Turnover (x)	1.7	1.8	1.8	1.8	1.6	1.5	1.4
Inventory (Days)	53	53	61	55	45	45	45
Debtor (Days)	166	135	104	89	109	109	109
<b>Leverage Ratio (x)</b>							
Current Ratio	1.8	1.8	1.8	1.2	1.4	1.6	1.7
Interest Cover Ratio	9.2	42.4	65.4	108.2	150.1	171.8	197.0
Net Debt/Equity	-0.6	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8

### Cash Flow Statement

(INR m)

Y/E Dec	CY20	CY21	CY22	CY23	CY24E	CY25E	CY26E
OP/(Loss) before Tax	2,894	7,072	13,503	16,589	25,120	29,044	33,789
Depreciation	1,204	1,027	1,047	1,199	1,297	1,451	1,732
Interest & Finance Charges	-509	-579	-1,137	-2,644	-3,513	-4,125	-4,973
Direct Taxes Paid	-1,033	-1,131	-2,467	-3,667	-6,330	-7,319	-8,515
(Inc)/Dec in WC	-130	1,015	-194	1,696	132	-604	-975
<b>CF from Operations</b>	<b>2,427</b>	<b>7,405</b>	<b>10,752</b>	<b>13,173</b>	<b>16,706</b>	<b>18,446</b>	<b>21,058</b>
Others	755	-912	-3,427	285	0	0	0
<b>CF from Operating incl EO</b>	<b>3,182</b>	<b>6,492</b>	<b>7,326</b>	<b>13,458</b>	<b>16,706</b>	<b>18,446</b>	<b>21,058</b>
(Inc)/Dec in FA	-747	-1,358	-1,660	-1,831	-2,507	-3,522	-4,689
<b>Free Cash Flow</b>	<b>2,435</b>	<b>5,134</b>	<b>5,666</b>	<b>11,627</b>	<b>14,198</b>	<b>14,924</b>	<b>16,370</b>
(Pur)/Sale of Investments	3,476	0	19,741	-16	0	0	0
Others	1,695	950	180	2,827	0	0	0
<b>CF from Investments</b>	<b>4,424</b>	<b>-409</b>	<b>18,262</b>	<b>981</b>	<b>-2,507</b>	<b>-3,522</b>	<b>-4,689</b>
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-337	-124	0	0	0	0	0
Interest Paid	-169	-85	-300	-364	3,513	4,125	4,973
Dividend Paid	-1,017	-1,060	-1,102	-2,331	-1,500	-1,800	-2,160
<b>CF from Fin. Activity</b>	<b>-1,523</b>	<b>-1,268</b>	<b>-1,402</b>	<b>-2,695</b>	<b>2,013</b>	<b>2,325</b>	<b>2,813</b>
<b>Inc/Dec of Cash</b>	<b>6,084</b>	<b>4,815</b>	<b>24,186</b>	<b>11,744</b>	<b>16,212</b>	<b>17,249</b>	<b>19,183</b>
Opening Balance	15,976	22,066	26,877	31,491	8,769	24,981	42,229
Other Bank Balances	6	-4	-19,573	-34,466			
<b>Closing Balance</b>	<b>22,066</b>	<b>26,877</b>	<b>31,491</b>	<b>8,769</b>	<b>24,981</b>	<b>42,229</b>	<b>61,412</b>

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