

Estimate changes



TP change



Rating change



Bloomberg	SIEM IN
Equity Shares (m)	356
M.Cap.(INRb)/(USD\$b)	2446.2 / 28.8
52-Week Range (INR)	8130 / 3809
1, 6, 12 Rel. Per (%)	3/-9/64
12M Avg Val (INR M)	2459

### Financials Snapshot (INR b)

Y/E SEP	FY24	FY25E	FY26E
Net Sales	222.4	262.5	311.3
EBITDA	31.0	37.1	46.4
PAT	27.2	30.1	38.1
EPS (INR)	76.3	84.6	107.0
GR. (%)	38.5	10.8	26.6
BV/Sh (INR)	431.2	493.7	572.8

### Ratios

ROE (%)	19.1	18.3	20.1
RoCE (%)	19.4	18.6	20.3

### Valuations

P/E (X)	90.0	81.2	64.2
P/BV (X)	15.9	13.9	12.0
EV/EBITDA (X)	75.7	62.3	49.2
Div Yield (%)	0.2	0.3	0.4

### Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	75.0	75.0	75.0
DII	6.9	7.0	7.6
FII	8.7	8.6	7.9
Others	9.4	9.4	9.4

FII Includes depository receipts

**CMP: INR6,869**

**TP: INR8,000 (+16%)**

**Buy**

## Transient weakness

Siemens Ltd (SIEM) in its analyst call highlighted growth opportunities from new-age technologies such as semiconductors, batteries, photo voltaic, and electric vehicles amid lower capex by the government and private sectors in 1HFY25. The company maintains its selective outlook toward HVDC projects and plans to participate in projects based on VSC technology while most upcoming HVDC projects are likely to be on LCC technology. It maintains a positive outlook on the Energy segment mainly in the T&D and Smart infrastructure segment particularly owing to a continued thrust on renewables. Though Digital Industries and Mobility segments are impacted by a weak enquiry pipeline from the private sector and delays in railway tenders, SIEM expects the current weakness to be cyclical in nature. The demerger of its energy division is on track and after that, the focus will shift to growth for non-energy divisions. We believe that selective approach for HVDC projects and weak inflow for ex-Energy segments may weigh on near term performance of SIEM. This would start recovering when private and government capex revives. We slightly lower margin estimates and reiterate BUY rating with a revised TP of INR8,000.

## One-off property sale leads to strong beat on PAT in 4QFY24

SIEM reported largely in-line revenue at INR64.6b, up 11% YoY, led by Energy/Smart Infra/Mobility/Digital Industries, which reported YoY growth of 12%/8%/24%/11%. Gross margin expanded ~300bp YoY to 32.4%. This, coupled with operating leverage benefits, led to ~240bp EBITDA margin expansion to 14.5%. Consequently, EBITDA grew 34% YoY to INR9.4b, in line with our estimates. PAT at INR8.3b grew 45% YoY, much ahead of our and street estimates, primarily aided by higher other income (+95% YoY). This was on account of higher dividends from subsidiaries and gains on a property sale (INR688m). Order inflows at INR61.6b have been stable for the last four quarters, taking the order book to INR469.5b. In FY24, revenue/EBITDA/PAT grew 14%/25%/39%, while FCF grew 11% to INR13.2b. Order inflows jumped 14%, excluding the large 9,000HP locomotive order win in FY23.

## Segmental performance and outlook a mixed bag

- **Energy** segment revenue rose 12% YoY with a healthy 590bp margin expansion to 17.8%, due to one-offs related to accrual release and forex adjustments. Order inflows jumped 15% YoY, pertaining to grid technologies, oil & gas and turbine segments. The outlook remains robust for India and overseas while we expect HVDC ordering to be limited for Siemens due to its focus on VSC technology versus LCC technology. The demerger is on track to be completed in CY25.
- **Digital Industries** segment continues to face challenges in the form of customer destocking and supply chain issues. Revenue grew 11% YoY, while margin contracted ~210bp to 9.4%. Order inflows will start picking up once weak private capex sees a broad-based revival.
- **Mobility** segment revenue grew 24% YoY and margins jumped ~490bp to 8.2%, aided by a favorable mix and lower R&D spends. The order pipeline is currently weak, as there are no imminent big-ticket railways orders.

- **Smart Infra** revenue grew 8% YoY and margin expanded ~190bp to 13.4%, led by a better mix, pricing and volumes. The company expects demand in this segment to be driven by robust traction from data centers, industrial infra, commercial buildings and power utilities.

#### **Excl. Energy segment, order inflows currently growing at slow pace**

The company's order inflows, excluding the Energy segment, stood at INR148b in FY24 vs. INR133b in FY23 (up 11% YoY) and EBITDA margin improved 20bp YoY to 12.8%. After the demerger of its energy division, the growth and margin performance for all other segments will be important to watch out for. As per management, the performance of Digital Industries division was impacted by ongoing de-stocking by customers, particularly auto sector customers. This segment's growth would start improving once private capex investment starts ramping up. Upside to margins in Digital Industries division would come from combined offerings to customers for factory automation, motion control, and energy efficiency solutions. Smart Infra segment's margins would see an upside from improved volumes, driven by key areas such as electrification, building automation, grid solution, and e-mobility. Mobility segment's performance would be driven by improvement in ordering from both domestic and exports. We expect the margin trajectory of the Mobility division to improve once locomotive delivery commences in FY25. Our estimates currently build in a 20% revenue CAGR for all segments, excluding Energy.

#### **Emerging as an export hub with parent support**

SIEM has been leveraging its parent's support to emerge as a global manufacturing hub in the global Siemens network. This has resulted in a robust export trajectory in the past few quarters, which is also evident from improving dispatches of bogies, metros, transformers, switchgears, steam turbines and other products from its Indian facilities to cater to burgeoning global demand. The Board has approved a further investment of INR1b for power transformers, in addition to the INR3.6b investment announced previously. The additional investment will enable the company to expand the range of its offerings to include large reactors. The capacity will come online by Dec'25. Overall, for the next two to three years, the company has lined up a capex of INR11b. Accordingly, the upcoming capacities will serve both Indian and global geographies.

#### **Financial outlook**

We slightly lower our margin estimates to bake in FY24 performance and expect the company to clock a CAGR of 19%/22%/20% in revenue/EBITDA/PAT over FY24-27E.

#### **Valuation and view**

The stock is currently trading at a P/E of 81x/64x/52x on FY25E/FY26E/FY27E. We expect SIEM to benefit from expected revival in private capex, railways and higher exports as SIEM emerges as a manufacturing hub for the parent for exports going forward. We value the stock at 70x two-year forward EPS and maintain our **BUY** rating with a revised TP of INR8,000 (INR8,500 earlier).

#### **Key risks and concerns**

1) Slowdown in order inflows from key government-focused segments such as transmission and railways; 2) Aggression in bids to procure large-sized projects would adversely impact margins; 3) Related-party transactions with parent group entities at lower-than-market valuations

## Consolidated - Quarterly Earning Model

(INR Million)

Y/E September INR m	FY23				FY24				FY23	FY24	FY24E 4QE	Est Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>40,151</b>	<b>48,578</b>	<b>48,732</b>	<b>58,077</b>	<b>48,252</b>	<b>57,499</b>	<b>52,035</b>	<b>64,611</b>	<b>1,95,538</b>	<b>2,22,397</b>	<b>62,945</b>	<b>3</b>
YoY Change (%)	17.4	22.8	14.4	24.7	20.2	18.4	6.8	11.3	21.2	13.7	8.4	
Total Expenditure	34,159	42,366	43,067	51,076	42,291	48,717	45,120	55,230	1,70,668	1,91,358	53,599	
<b>EBITDA</b>	<b>5,992</b>	<b>6,212</b>	<b>5,665</b>	<b>7,001</b>	<b>5,961</b>	<b>8,782</b>	<b>6,915</b>	<b>9,381</b>	<b>24,870</b>	<b>31,039</b>	<b>9,346</b>	<b>0</b>
Margins (%)	14.9	12.8	11.6	12.1	12.4	15.3	13.3	14.5	12.7	14.0	14.8	
Depreciation	761	785	876	786	785	800	855	856	3,208	3,296	898	-5
Interest	37	99	43	49	34	313	53	205	228	605	20	925
Other Income	1,017	1,166	1,324	1,455	1,641	3,210	1,568	2,833	4,962	9,252	1,511	88
<b>PBT before EO expense</b>	<b>6,211</b>	<b>6,494</b>	<b>6,070</b>	<b>7,621</b>	<b>6,783</b>	<b>10,879</b>	<b>7,575</b>	<b>11,153</b>	<b>26,396</b>	<b>36,390</b>	<b>9,938</b>	<b>12</b>
Extra-Ord expense	0	0	0	-1	0	0	0	0	-1	0	0	
<b>PBT</b>	<b>6,211</b>	<b>6,494</b>	<b>6,070</b>	<b>7,622</b>	<b>6,783</b>	<b>10,879</b>	<b>7,575</b>	<b>11,153</b>	<b>26,397</b>	<b>36,390</b>	<b>9,938</b>	<b>12</b>
Tax	1,584	1,776	1,513	1,905	1,726	2,851	1,794	2,841	6,778	9,212	2,661	
Rate (%)	25.5	27.3	24.9	25.0	25.4	26.2	23.7	25.5	25.7	25.3	26.8	
<b>Reported PAT</b>	<b>4,627</b>	<b>4,718</b>	<b>4,557</b>	<b>5,717</b>	<b>5,057</b>	<b>8,028</b>	<b>5,781</b>	<b>8,312</b>	<b>19,619</b>	<b>27,178</b>	<b>7,277</b>	<b>14</b>
<b>Adj PAT</b>	<b>4,627</b>	<b>4,718</b>	<b>4,557</b>	<b>5,716</b>	<b>5,057</b>	<b>8,028</b>	<b>5,781</b>	<b>8,312</b>	<b>19,618</b>	<b>27,178</b>	<b>7,277</b>	<b>14</b>
YoY Change (%)	86.8	38.8	50.6	49.8	9.3	70.2	26.9	45.4	55.5	38.5	27.3	
Margins (%)	11.5	9.7	9.4	9.8	10.5	14.0	11.1	12.9	10.0	12.2	11.6	

INR m	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Segmental revenue</b>										
Energy	11,601	15,554	15,181	18,467	11,454	16,375	14,865	20,758	60,803	63,452
YoY (%)	6.5	30.1	4.4	13.2	-1.3	5.3	-2.1	12.4	13.2	4.4
Smart infrastructure	15,197	17,249	17,206	21,092	18,523	21,655	19,700	22,700	70,744	82,578
YoY (%)	18.0	15.8	14.2	26.6	21.9	25.5	14.5	7.6	19.0	16.7
Mobility	3,838	4,864	5,776	7,124	6,597	7,573	6,168	8,824	21,602	29,162
YoY (%)	27.6	64.8	47.7	61.2	71.9	55.7	6.8	23.9	51.2	35.0
Digital industry*	7,789	8,982	8,953	9,459	10,379	10,419	9,644	10,519	35,183	40,961
YoY (%)	-1.5	2.8	-10.1	0.2	33.3	16.0	7.7	11.2	12.7	16.4
Portfolio Companies	2,404	2,425	2,320	2,444	2,219	2,171	2,370	2,606	9,593	9,366
<b>Total</b>	<b>41,062</b>	<b>49,411</b>	<b>49,706</b>	<b>58,918</b>	<b>49,333</b>	<b>58,468</b>	<b>52,962</b>	<b>65,791</b>	<b>1,99,097</b>	<b>2,26,554</b>
Less: Intersegmental	-911	-833	-974	-841	-1,081	-969	-927	-1,180	-3,559	-4,157
<b>Total revenues</b>	<b>40,151</b>	<b>48,578</b>	<b>48,732</b>	<b>58,077</b>	<b>48,252</b>	<b>57,499</b>	<b>52,035</b>	<b>64,611</b>	<b>1,95,538</b>	<b>2,22,397</b>
<b>Segmental EBIT</b>										
Energy	1,331	1,766	1,585	2,191	1,251	2,243	1,903	3,701	6,873	9,098
Margin (%)	11.5	11.4	10.4	11.9	10.9	13.7	12.8	17.8	11.3	14.3
Smart infrastructure	1,328	1,947	1,737	2,439	1,964	3,097	2,772	3,045	7,451	10,878
Margin (%)	8.7	11.3	10.1	11.6	10.6	14.3	14.1	13.4	10.5	13.2
Mobility	135	423	371	236	492	698	161	723	1,165	2,074
Margin (%)	3.5	8.7	6.4	3.3	7.5	9.2	2.6	8.2	5.4	7.1
Digital industry	2,092	1,277	1,081	1,088	1,313	1,721	908	988	6,132	4,930
Margin (%)	26.9	14.2	12.1	11.5	12.7	16.5	9.4	9.4	17.4	12.0
<b>Total</b>	<b>4,896</b>	<b>5,427</b>	<b>4,790</b>	<b>5,956</b>	<b>5,034</b>	<b>7,769</b>	<b>5,782</b>	<b>8,484</b>	<b>21,663</b>	<b>27,069</b>

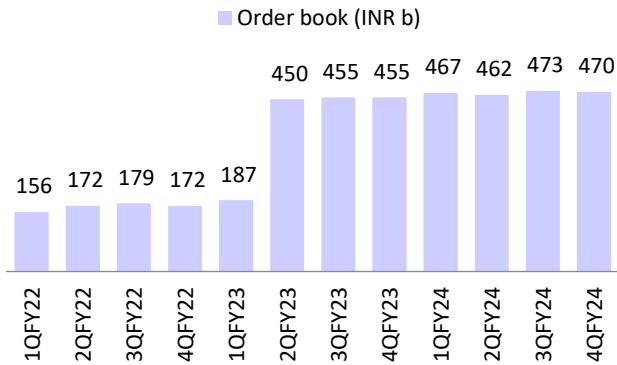
\*Digital industry estimates include digital plus portfolio of companies

## Key takeaways from the analyst meet

- **Pipeline** – Government spending has been muted so far in 1HFY25, and the company expects a pickup in 2H. Private capex has been a mixed bag, with robust traction being witnessed in new-age sectors such as semiconductors, battery storage, metros, data centers, etc. Meanwhile, traditional sectors such as automobiles, metals, etc. have been subdued. Even though companies have announced capex plans, it is yet to reach the tendering stage. However, the company remains confident about India's long-term prospects and believes the current moderation is cyclical in nature.
- **Energy** – There is robust traction in T&D both in India and globally, with increasing adoption of renewables and growing energy demand. As a result, SIEM's factories are operating at high utilization levels and catering to domestic and export demand, in line with the parent's strategy to make it a global hub. A higher share of renewables in the mix will drive demand for HVDC and STATCOM solutions. However, the company will not be participating in HVDC tenders with LCC technology, as it believes VSC technology is superior. The Energy segment's demerger is on track to be completed in CY25.
- **Digital Industries** – While there is traction from select sectors, the overall private capex environment has been tepid with a weak inquiry pipeline. Certain supply chain issues and continued destocking at customers' end, led to lower order inflows in FY24 (down 11%). Margin at 12.9% too was impacted by pricing pressure and unfavorable mix (down ~250bp). The company believes the situation will improve in 1-2 quarters, and private capex will be the key monitorable.
- **Mobility** – Deliveries for the large 9,000HP locomotive order will commence by FY25-end. However, there are no major tenders (6,000HP and 12,000HP) on the horizon, while Vande Bharat tendering is taking place. Near-term margins for Mobility might be low, as the company scales up its investments. Excluding the large order, order inflows grew 21% in FY24. The company sees healthy opportunity potential in metros, bogies, traction motors, signaling, TCAS, et al.
- **Smart Infra** – Healthy visibility from data centers, commercial buildings, power utilities, metals, cement, EV, et al. For FY24, revenue at INR64b grew by 19% YoY with a ~200bp margin gain at 15.6%. Order inflows grew 12% YoY with major wins from electrification and building products. The company expects an uptick for electrification & automation, electrical products, EVs, etc. going ahead.
- **Exports** – Exports are growing at a healthy pace, as the parent aims to make SIEM a global hub. The ongoing capex will also cater to the global Siemens network toward bogies, metros, transformers, switchgears, steam turbines and other products.
- **Capex** – SIEM has an overall capex plan of ~INR11b spread across Energy (INR4.6b), Smart Infra (INR4b), and Mobility (INR2b) over the next two to three years. Out of the total capex, it has spent ~INR3.2b in FY24.

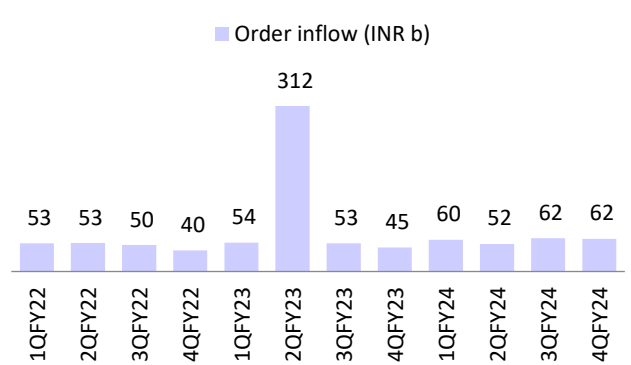
Key Exhibits

Exhibit 1: Order book close to all-time high (INR b)



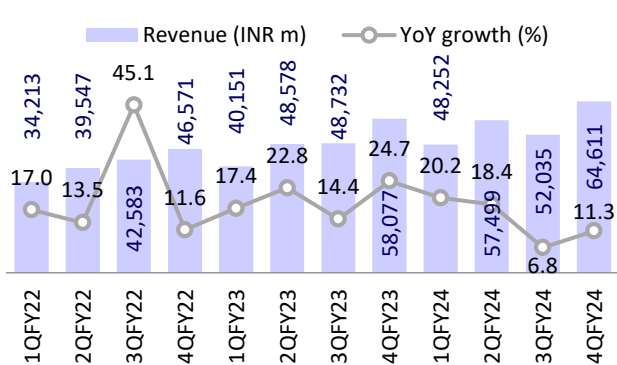
Source: Company, MOFSL

Exhibit 2: Order inflow stable for last 4 quarters (INR b)



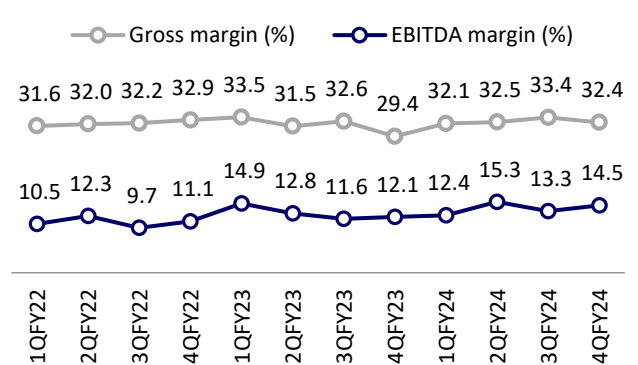
Source: Company, MOFSL

Exhibit 3: 4QFY24 revenue grew 11% YoY (INR m)



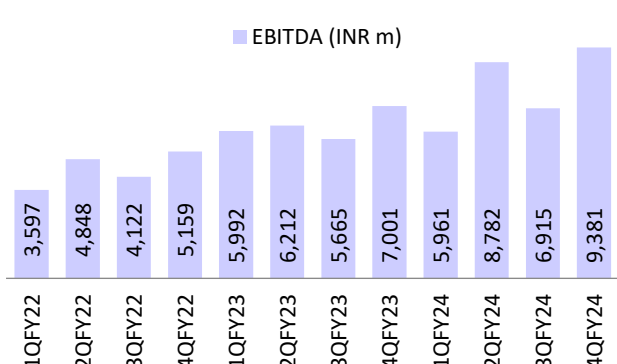
Source: Company, MOFSL

Exhibit 4: EBITDA margin expanded by ~250bp YoY (%)



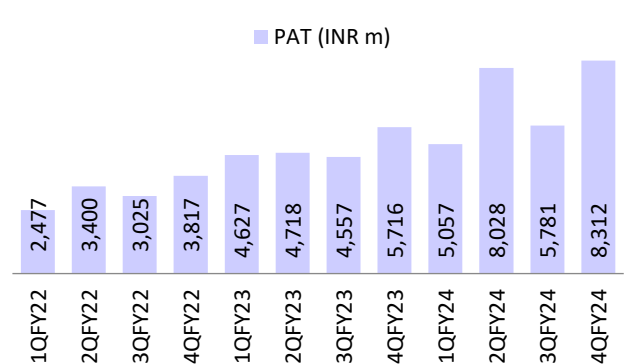
Source: Company, MOFSL

Exhibit 5: Record quarterly EBITDA, up 34% YoY (INR m)



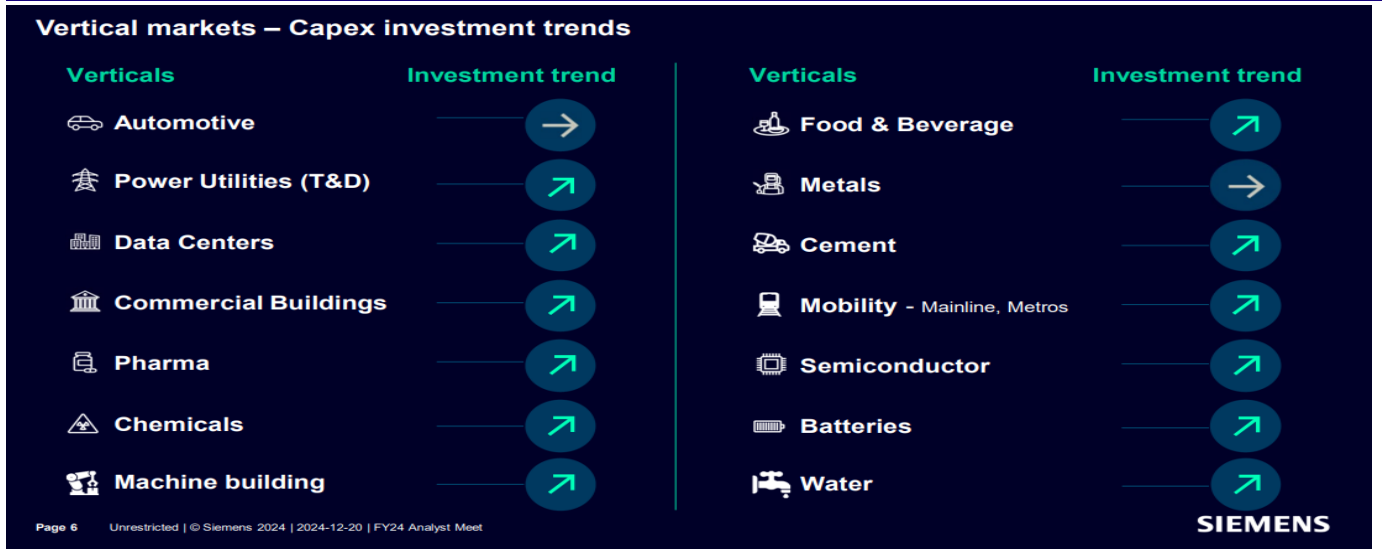
Source: Company, MOFSL

Exhibit 6: PAT grew 45% YoY to INR8.3b (INR m)



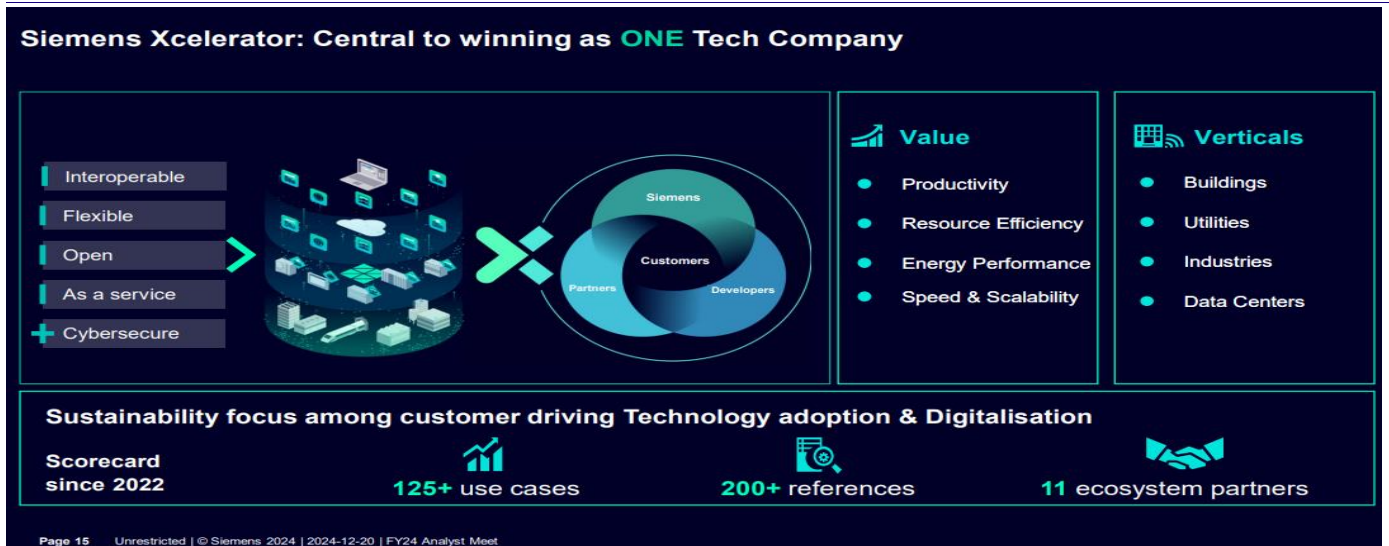
Source: Company, MOFSL

Exhibit 7: New-age sectors are driving growth, while traditional sectors are yet to see a broad-based recovery



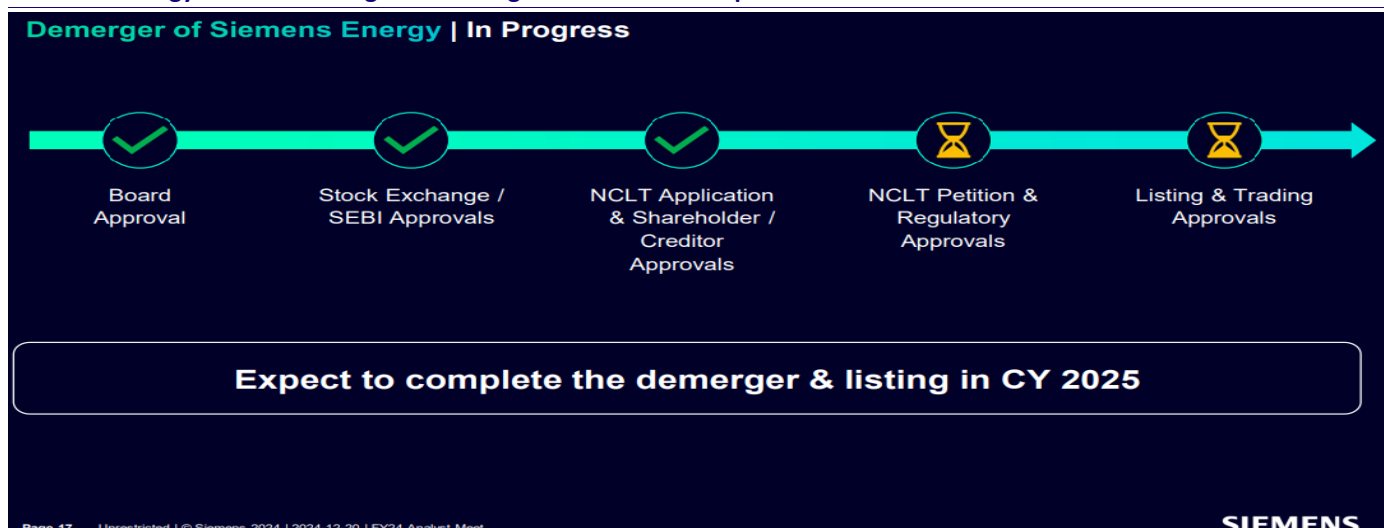
Source: Company, MOFSL

Exhibit 8: Siemens Xcelerator is witnessing increasing use cases and is garnering higher references



Source: Company, MOFSL

## Exhibit 9: Energy division demerger and listing on track to be completed in CY25



Source: Company, MOFSL

## Exhibit 10: Financial summary of the proposed new entity and its current contribution to the business

**Carve-Out Financials: SL (ex-Energy Business) and Energy Business for FY24**

figures in billion INR

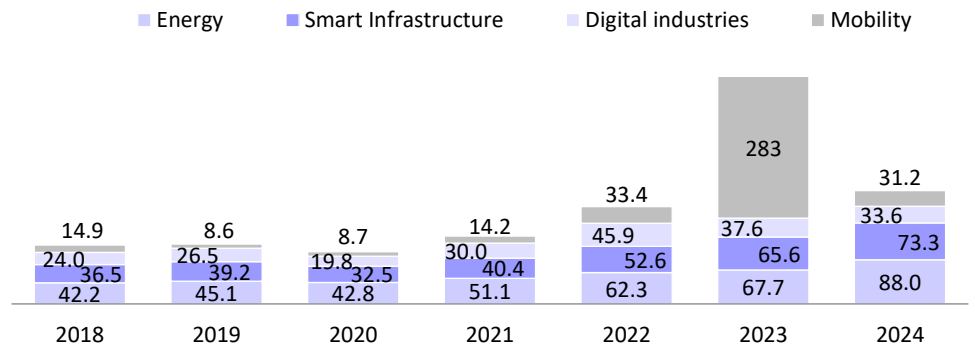
Particulars	Siemens Ltd. (Pre-Demerger)		Particulars	SEIL / Energy Business (Post-Demerger)		SL excl. Energy Business (Post-Demerger)	
	FY23	FY24		FY23	FY24	FY23	FY24
Order Book	455.2	482.6	Order Book	77.2	100.5	378.0	382.1
New Orders	463.8	235.6	New Orders	67.7	88.0	396.1	147.6
Revenue	177.0	202.5	Revenue	59.9	62.8	117.1	139.7
EBITDA	+22.4	+27.7	EBITDA	+7.6	+9.8	+14.8	+17.9
EBITDA Margin %	+12.7%	+13.7%	EBITDA Margin %	+12.7%	+15.7%	+12.6%	+12.8%
PAT	19.1	26.7	PAT	5.2	7.1	13.9	19.6

Note: Orderbook includes INR 263 billion of 9K HP Locomotive order in FY23

Source: Company, MOFSL

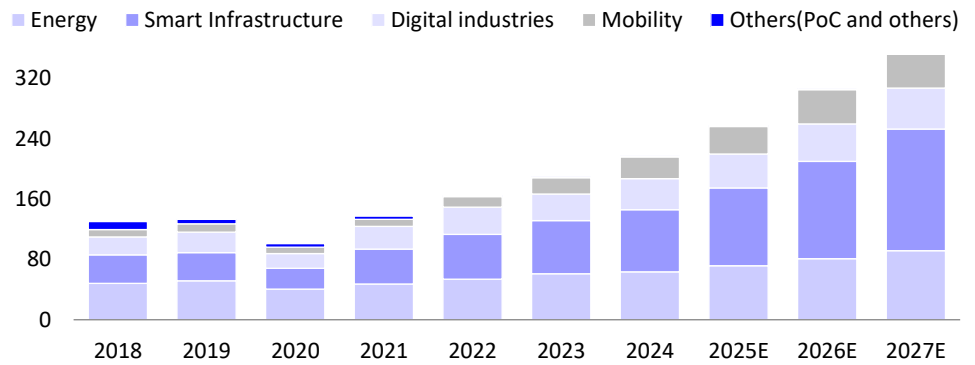
Financial outlook

Exhibit 11: FY24 order inflow grew 14%, excluding the large 9,000HP order (INR b)



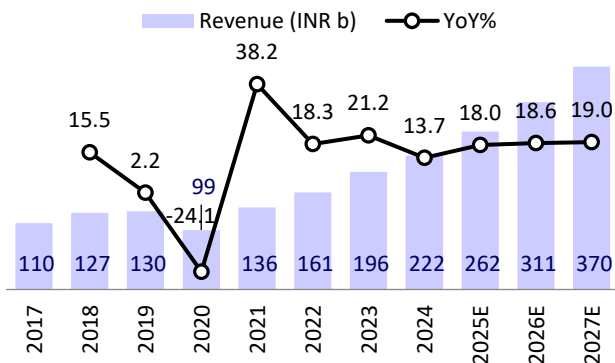
Source: Company, MOFSL

Exhibit 12: Segment-wise revenue breakup (INR b)



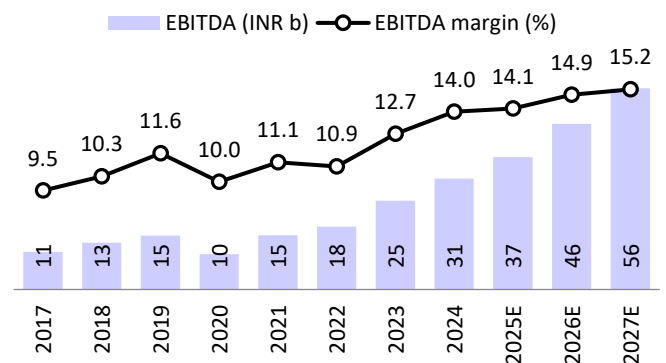
Source: Company, MOFSL

Exhibit 13: We expect revenue CAGR of 19% over FY24-27



Source: Company, MOFSL

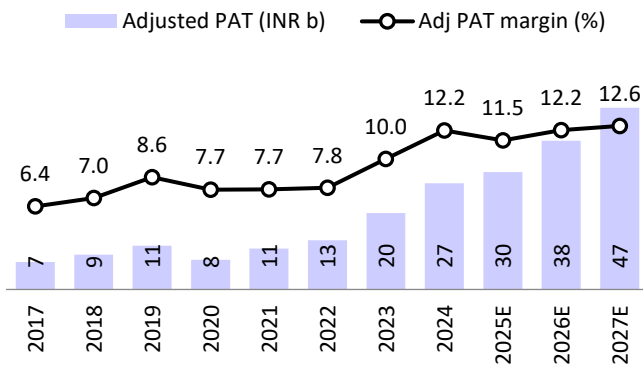
Exhibit 14: We expect EBITDA margin in the 14-15% range



Source: Company, MOFSL

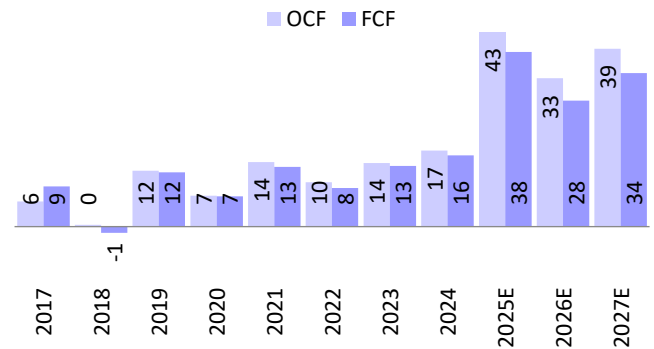


**Exhibit 15: We expect PAT to reflect improvement in EBITDA margin**



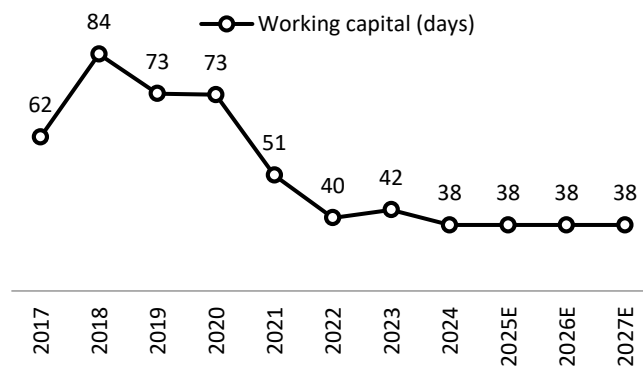
Source: Company, MOFSL

**Exhibit 16: We expect OCF & FCF to start improving from FY25 (INR b)**



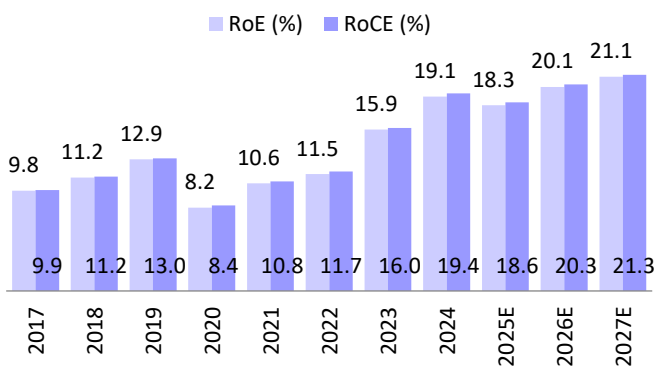
Source: Company, MOFSL

**Exhibit 17: We expect higher working capital to bake in projects, based the nature of projects (days)**



Source: Company, MOFSL

**Exhibit 18: We expect RoE and RoCE improvement to be led by improved PAT**



Source: Company, MOFSL

**Exhibit 19: We slightly reduce our estimates to factor in FY24 performance**

(INR M)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	2,62,466	2,54,313	3.2	3,11,299	3,02,598	2.9
EBITDA	37,100	38,411	(3.4)	46,441	47,655	(2.5)
EBITDA (%)	14.1	15.1	-97 bps	14.9	15.7	-83 bps
Adj. PAT	30,110	30,863	(2.4)	38,119	38,600	(1.2)
EPS (INR)	84.6	86.7	(2.4)	107.0	108.4	(1.2)

Source: MOFSL

**Key risks and concerns**

- Slowdown in order inflows from key government-focused segments such as transmission and railways owing to the election schedule.
- Aggression in bids to procure large-sized projects would adversely impact margins.
- Related-party transactions with parent group entities at lower-than-market valuations to weigh on the stock performance.

## Financials and Valuation

Income Statement <span style="float: right;">(INR m)</span>							
Y/E September	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>1,36,392</b>	<b>1,61,378</b>	<b>1,95,538</b>	<b>2,22,397</b>	<b>2,62,466</b>	<b>3,11,299</b>	<b>3,70,421</b>
Change (%)	38.2	18.3	21.2	13.7	18.0	18.6	19.0
<b>Gross Profit</b>	<b>43,275</b>	<b>52,115</b>	<b>61,626</b>	<b>72,471</b>	<b>85,528</b>	<b>1,01,441</b>	<b>1,22,559</b>
<b>Total Expenditure</b>	<b>1,21,207</b>	<b>1,43,805</b>	<b>1,70,667</b>	<b>1,91,357</b>	<b>2,25,366</b>	<b>2,64,859</b>	<b>3,14,077</b>
<b>EBITDA</b>	<b>15,185</b>	<b>17,573</b>	<b>24,871</b>	<b>31,040</b>	<b>37,100</b>	<b>46,441</b>	<b>56,343</b>
Margin (%)	11.1	10.9	12.7	14.0	14.1	14.9	15.2
Depreciation	3,005	3,171	3,208	3,296	3,461	3,672	3,926
<b>EBIT</b>	<b>12,180</b>	<b>14,402</b>	<b>21,663</b>	<b>27,744</b>	<b>33,639</b>	<b>42,769</b>	<b>52,417</b>
Int. and Finance Charges	246	363	228	605	605	605	605
Other Income	2,265	3,078	4,962	9,253	7,479	9,125	10,878
<b>PBT bef. EO Exp.</b>	<b>14,199</b>	<b>17,117</b>	<b>26,397</b>	<b>36,392</b>	<b>40,513</b>	<b>51,289</b>	<b>62,690</b>
<b>PBT after EO Exp.</b>	<b>14,199</b>	<b>17,117</b>	<b>26,397</b>	<b>36,392</b>	<b>40,513</b>	<b>51,289</b>	<b>62,690</b>
Total Tax	3,698	4,498	6,778	9,211	10,403	13,169	16,097
Tax Rate (%)	26.0	26.3	25.7	25.3	25.7	25.7	25.7
<b>Reported PAT</b>	<b>10,501</b>	<b>12,619</b>	<b>19,619</b>	<b>27,181</b>	<b>30,110</b>	<b>38,119</b>	<b>46,593</b>
<b>Adjusted PAT</b>	<b>10,501</b>	<b>12,619</b>	<b>19,619</b>	<b>27,181</b>	<b>30,110</b>	<b>38,119</b>	<b>46,593</b>
Change (%)	38.6	20.2	55.5	38.5	10.8	26.6	22.2
Margin (%)	7.7	7.8	10.0	12.2	11.5	12.2	12.6

Balance Sheet <span style="float: right;">(INR m)</span>							
Y/E September	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	712	712	712	712	712	712	712
Total Reserves	1,02,778	1,15,390	1,30,159	1,52,855	1,75,107	2,03,277	2,37,709
<b>Net Worth</b>	<b>1,03,490</b>	<b>1,16,102</b>	<b>1,30,871</b>	<b>1,53,567</b>	<b>1,75,819</b>	<b>2,03,989</b>	<b>2,38,421</b>
Minority Interest	81	76	86	94	94	94	94
Total Loans	25	0	0	0	0	0	0
Deferred Tax Liabilities	-473	-975	-1,627	-2,776	-2,776	-2,776	-2,776
<b>Capital Employed</b>	<b>1,03,123</b>	<b>1,15,203</b>	<b>1,29,330</b>	<b>1,50,885</b>	<b>1,73,137</b>	<b>2,01,307</b>	<b>2,35,739</b>
Gross Block	30,118	31,906	34,303	38,359	42,821	47,728	53,127
Less: Accum. Deprn.	10,774	13,945	17,153	20,449	23,910	27,582	31,508
<b>Net Fixed Assets</b>	<b>19,344</b>	<b>17,961</b>	<b>17,150</b>	<b>17,910</b>	<b>18,910</b>	<b>20,146</b>	<b>21,618</b>
Goodwill on Consolidation	11,732	12,354	12,576	12,576	12,576	12,576	12,576
Capital WIP	350	517	501	1,034	1,034	1,034	1,034
<b>Total Investments</b>	<b>972</b>	<b>766</b>	<b>668</b>	<b>653</b>	<b>1,204</b>	<b>1,204</b>	<b>1,204</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,46,705</b>	<b>1,68,323</b>	<b>1,83,567</b>	<b>2,18,044</b>	<b>2,76,964</b>	<b>3,30,118</b>	<b>3,94,504</b>
Inventory	17,969	21,650	25,046	26,305	31,044	36,820	43,813
Account Receivables	51,061	56,544	59,211	75,319	88,889	1,05,427	1,25,450
Cash and Bank Balance	51,591	65,841	76,507	95,679	1,32,552	1,58,838	1,90,694
Loans and Advances	8,185	7,113	7,288	4,618	5,450	6,464	7,692
Other Current Assets	17,899	17,175	15,515	16,123	19,028	22,568	26,854
<b>Curr. Liability &amp; Prov.</b>	<b>75,980</b>	<b>84,912</b>	<b>84,622</b>	<b>99,332</b>	<b>1,37,551</b>	<b>1,63,772</b>	<b>1,95,197</b>
Other Current Liabilities	62,899	75,013	67,394	80,648	95,178	1,12,887	1,34,326
Provisions	13,081	9,899	17,228	18,684	42,373	50,885	60,871
<b>Net Current Assets</b>	<b>70,725</b>	<b>83,411</b>	<b>98,945</b>	<b>1,18,712</b>	<b>1,39,412</b>	<b>1,66,346</b>	<b>1,99,306</b>
Misc Expenditure	0	194	-510	0	0	0	0
<b>Appl. of Funds</b>	<b>1,03,123</b>	<b>1,15,203</b>	<b>1,29,330</b>	<b>1,50,885</b>	<b>1,73,137</b>	<b>2,01,307</b>	<b>2,35,739</b>

## Financials and Valuation

Ratios								(INR m)
Y/E September	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	
<b>Basic (INR)</b>								
<b>EPS</b>	<b>29.5</b>	<b>35.4</b>	<b>55.1</b>	<b>76.3</b>	<b>84.6</b>	<b>107.0</b>	<b>130.8</b>	
Cash EPS	37.9	44.3	64.1	85.6	94.3	117.4	141.9	
BV/Share	290.6	326.0	367.5	431.2	493.7	572.8	669.5	
DPS	8.0	10.0	10.0	12.0	22.1	27.9	34.2	
Payout (%)	32.7	28.2	18.2	15.7	26.1	26.1	26.1	
<b>Valuation (x)</b>								
P/E	232.9	193.8	124.6	90.0	81.2	64.2	52.5	
Cash P/E	181.1	154.9	107.1	80.2	72.8	58.5	48.4	
P/BV	23.6	21.1	18.7	15.9	13.9	12.0	10.3	
EV/Sales	17.5	14.7	12.1	10.6	8.8	7.3	6.1	
EV/EBITDA	157.6	135.4	95.2	75.7	62.3	49.2	40.0	
Dividend Yield (%)	0.1	0.1	0.1	0.2	0.3	0.4	0.5	
<b>Return Ratios (%)</b>								
RoE	10.6	11.5	15.9	19.1	18.3	20.1	21.1	
RoCE	10.8	11.7	16.0	19.4	18.6	20.3	21.3	
RoIC	21.1	21.6	32.3	39.4	54.4	80.9	93.8	
<b>Working Capital Ratios</b>								
Asset Turnover (x)	1.3	1.4	1.5	1.5	1.5	1.5	1.6	
Inventory (Days)	48	49	47	43	43	43	43	
Debtor (Days)	137	128	111	124	124	124	124	
<b>Leverage Ratio (x)</b>								
Current Ratio	1.9	2.0	2.2	2.2	2.0	2.0	2.0	
Interest Cover Ratio	49.5	39.7	95.0	45.9	55.6	70.7	86.6	
Net Debt/Equity	-0.5	-0.6	-0.6	-0.6	-0.8	-0.8	-0.8	

Cash Flow Statement								(INR m)
Y/E September	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	
OP/(Loss) before Tax	15,058	20,817	26,397	36,392	40,513	51,289	62,690	
Depreciation	3,005	3,171	3,208	3,296	3,461	3,672	3,926	
Interest & Finance Charges	246	363	228	605	605	605	605	
Direct Taxes Paid	-3,735	-5,215	-8,033	-8,314	-10,403	-13,169	-16,097	
(Inc)/Dec in WC	2,339	-3,619	-5,143	-6,706	16,173	-648	-1,104	
<b>CF from Operations</b>	<b>16,913</b>	<b>15,517</b>	<b>16,657</b>	<b>25,273</b>	<b>50,350</b>	<b>41,748</b>	<b>50,021</b>	
Others	-2,692	-5,732	-2,657	-8,578	-7,479	-9,125	-10,878	
<b>CF from Operating incl EO</b>	<b>14,221</b>	<b>9,785</b>	<b>14,000</b>	<b>16,695</b>	<b>42,870</b>	<b>32,623</b>	<b>39,143</b>	
(Inc)/Dec in FA	-1,074	-1,313	-664	-1,022	-4,462	-4,908	-5,399	
<b>Free Cash Flow</b>	<b>13,147</b>	<b>8,472</b>	<b>13,336</b>	<b>15,673</b>	<b>38,409</b>	<b>27,715</b>	<b>33,744</b>	
(Pur)/Sale of Investments	-13,623	4,419	-2,159	6	-551	0	0	
Others	-9,196	-3,459	-4,765	-4,036	7,479	9,125	10,878	
<b>CF from Investments</b>	<b>-23,893</b>	<b>-353</b>	<b>-7,588</b>	<b>-5,052</b>	<b>2,467</b>	<b>4,217</b>	<b>5,480</b>	
Inc/(Dec) in Debt	-2,385	-825	-893	-1,017	0	0	0	
Interest Paid	-140	-248	-45	-148	-605	-605	-605	
Dividend Paid	-2,493	-2,849	-3,561	-3,568	-7,859	-9,949	-12,161	
<b>CF from Fin. Activity</b>	<b>-5,018</b>	<b>-3,922</b>	<b>-4,499</b>	<b>-4,733</b>	<b>-8,464</b>	<b>-10,554</b>	<b>-12,766</b>	
<b>Inc/Dec of Cash</b>	<b>-14,690</b>	<b>5,510</b>	<b>1,913</b>	<b>6,910</b>	<b>36,873</b>	<b>26,286</b>	<b>31,856</b>	
Opening Balance	55,517	51,591	65,841	76,507	95,679	1,32,552	1,58,838	
<b>Closing Balance</b>	<b>51,591</b>	<b>65,841</b>	<b>76,507</b>	<b>95,679</b>	<b>1,32,552</b>	<b>1,58,838</b>	<b>1,90,694</b>	

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NOTES

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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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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/NCDX); 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 dpgrievances@motilaloswal.com.