

# Hindustan Aeronautics

Estimate change



TP change



Rating change



**CMP: INR4,387**

**TP: INR5,500 (+25%)**

**Buy**

## Tejas deliveries shifted to 2QFY27

Hindustan Aeronautics (HAL)'s 4QFY26 results were ahead of our estimates on better-than-expected margin and other income. Despite witnessing issues in Tejas Mk1A deliveries during FY26, the company scaled up execution across ALH, AL31-FP, and RD-33 engines and platforms and grew manufacturing revenue by 30% YoY in FY26. With an order book of INR2.5t, we expect manufacturing revenues to scale up as HAL would be working on various platforms such as LCA Mk1A, LCH, Su-30 engine upgrade, Su-30, HTT-40, and Dornier simultaneously in FY27. HAL is targeting 20 deliveries of the Tejas Mk1A in FY27 contingent upon receipt of engines from GE. For other platforms, too, execution ramp-up is expected to be faster as the supply chain is under control for those projects. We raise our estimates by 15%/8% to bake in slightly lower revenue and higher margin, in line with the delivery schedule of platforms. We reiterate our BUY rating with a TP of INR5,500, implying a 30x P/E two-year forward earnings. HAL continues to remain the cheapest stock in our defense coverage universe. However, re-rating is dependent upon platform deliveries, which are likely to commence from 2QFY27.

### Better-than-expected profitability

Revenue increased 2% YoY to INR139b, 6% above our estimate of INR131b. Gross margin contracted to 54.0% vs our estimate of 57.9%. However, lower-than-expected provision made during the quarter led to a 28% beat on absolute EBITDA of INR50.6b (-5% YoY), while EBITDA margin contracted 230bp YoY to 36.3% (vs our est. of 30.2%). Aided by higher-than-expected other income, PAT at INR42b increased 6% YoY, beating our estimates by 57%. For FY26, revenue/EBITDA/PAT increased 7%/2%/9% YoY to INR331b/98b/91b, while EBITDA margin contracted 150bp YoY to 29.5%. The company reported an order book of INR2.5t in FY26 vs ~INR1.9t last year. The increase is mainly due to the signing of major orders with the MoD for the supply of 97 additional LCA Mk1A aircraft (INR624b), six ALH CG (INR27b), and eight Dornier CG (INR219b). OCF/FCF declined 20%/18% YoY to INR109b/INR100b.

### Strong order book visibility

HAL closed FY26 with an order book of INR2.5t (vs INR1.9t at the beginning of the year). The company received fresh orders worth INR970b during the year, which included manufacturing contracts worth INR697b, ROH orders worth INR265b, development orders of INR30b, and export orders of INR4b. Key contracts received during the year included 97 LCA Tejas Mk1A aircraft for the Indian Air Force, 6 ALH Mk3 helicopters for the Indian Coast Guard, and 8 Dornier-228 aircraft. Management also highlighted a strong near-term pipeline of ~INR900b over the next two years, which includes 143 ALH helicopter orders for the Indian Army and Air Force, Sukhoi upgrades, and Dornier upgrade programs. The company expects the ALH order to be the single largest contributor within the upcoming order pipeline. Management also indicated that future approvals related to AMCA production participation and other indigenous aircraft programs could further strengthen long-term order visibility.

Bloomberg	HNAL IN
Equity Shares (m)	669
M.Cap.(INRb)/(USDb)	2933.4 / 30.6
52-Week Range (INR)	5166 / 3479
1, 6, 12 Rel. Per (%)	6/1/-4
12M Avg Val (INR M)	6847

### Financials Snapshot (INR b)

Y/E March	2026	2027E	2028E
Sales	330.9	376.5	472.9
EBITDA	97.7	110.7	136.6
Adj. PAT	91.2	100.2	120.1
Adj. EPS (INR)	136.3	149.9	179.6
EPS Gr. (%)	9.1	10.0	19.8
BV/Sh.(INR)	613.7	718.6	853.2

### Ratios

RoE (%)	22.2	20.9	21.1
RoCE (%)	22.7	21.3	21.4
Payout (%)	36.7	30.0	25.1

### Valuations

P/E (x)	32.2	29.3	24.4
P/BV (x)	7.1	6.1	5.1
EV/EBITDA (x)	25.3	21.9	17.0
Div. Yield (%)	1.1	1.0	1.0

### Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	71.6	71.6	71.6
DII	10.5	9.7	8.3
FII	10.2	10.9	12.1
Others	7.7	7.8	8.0

FII includes depository receipts

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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.

### Revenue mix during the year

HAL reported FY26 revenue of INR331b (+7% YoY) despite delays in Tejas deliveries and ongoing global supply chain disruptions. ROH revenues contributed ~INR205b, while manufacturing revenues stood at INR93b (+31% YoY), driven by ALH helicopters, AL31FP engines, and RD33 engine deliveries. Export revenues grew 25% YoY to INR5b. The company indicated that the current revenue mix of nearly 70% ROH and 30% manufacturing is likely to gradually move towards a more balanced 50-50% mix as large manufacturing programs scale up over the next few years.

### Update on Tejas deliveries

The company expected LCA Tejas Mk1A deliveries to begin by Aug-Sep'26 after completion of ongoing refinements and testing activities. HAL has already received six GE-F404 engines and expects another 15-20 engines during FY27. GE has committed to delivering one engine in Jun'26, with deliveries likely to accelerate from August onward. The company expects to deliver ~20 Tejas aircraft during FY27, which should materially improve manufacturing revenues and execution momentum. More than 20 aircraft structures are already fully built, with engine ground runs completed, which indicates that execution bottlenecks are currently linked primarily to engine availability and final refinements. GE faced global casting and supply chain disruptions across its vendor ecosystem, though the situation is now gradually stabilizing. Further, Uttam AESA radar integration is currently planned for the 97 aircraft Tejas order once DRDO provides production clearance. We currently factor in six Tejas deliveries in FY27, though execution could improve further if GE engine supplies ramp up faster than our current expectations.

### Progress across other programs

- **HTT-40 trainer:** Aircraft deliveries to begin in FY27 with more than 20 aircraft targeted annually. Honeywell's engine supply issues for HTT-40 appear to be stabilizing, with deliveries expected to resume from next month.
- **Sukhoi program:** HAL plans to deliver one Su-30 aircraft during FY28, followed by the remaining 11 aircraft in FY29. The additional Su-30 upgrade program is expected to receive CCS approval during FY27, while the detailed design phase may continue for 5-6 years before upgrades commence.
- **The Tejas Mk2** prototype rollout is targeted by Mar'27.
- **Unmanned systems:** The rotary UAV prototype is undergoing ground testing, while the CATS Warrior is expected to achieve flight testing in FY28.

### Supply chain risk mitigation

The global aerospace supply chain disruptions continue across engines, castings, and critical imported components, though the situation is gradually stabilizing. HAL has increased engagement with Tier 1, Tier 2, and Tier 3 suppliers while also developing alternate domestic and foreign vendors to reduce dependence on single-source suppliers and mitigate delays. Procurement for major programs, including the 97 Tejas order, had been completed earlier, which limits near-term cost inflation risks while increasing outsourcing of structures and assemblies to private sector partners improves scalability and execution efficiency as production ramps up.

### Management guidance

The company guided for FY27 revenue growth of 10%-12%, supported by higher manufacturing revenues from LCA Tejas Mk1A and HTT-40 deliveries, while EBITDA margins are expected to remain stable at 30%-31%. Growth is likely to remain back-ended, as Tejas deliveries are expected to begin from the 2HFY27. HAL also plans

~INR120b of capex by 2030 toward infrastructure for Tejas Mk2, GE-414 engines, IMRH helicopters, SSLV production, and aero-engine indigenization.

### Financial outlook

We revise our estimates upward by 15%/8% to bake in slightly lower revenue and higher margin, in line with the delivery schedule of platforms. We expect the overall revenue/EBITDA/PAT to clock a CAGR of 20%/18%/15% over FY26-28. EBITDA margin is projected to remain strong at 29.4% in FY27, while it is expected to go down slightly to 28.9% in FY28 as the share of manufacturing revenues ramps up. The stock is currently trading at 29.3x/24.4x P/E on FY27E/FY28E EPS. We reiterate our BUY rating with a TP of INR5,500, implying 30x P/E two-year forward earnings.

### Key risks and concerns

Key risks would include 1) slower-than-expected finalization of large platform orders, 2) further delays in deliveries of key components such as engines for the Tejas Mk1A, 3) delays in payments from the MoD, and 4) higher involvement of the private sector.

### Consolidated - Quarterly Snapshot

Income Statement	FY25				FY26				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Y/E March</b>												
<b>Net Sales</b>	43.5	59.8	69.6	137.0	48.2	66.3	77.0	139.4	309.8	330.9	131.0	6
Change (%)	11.0	6.0	14.8	(7.2)	10.8	10.9	10.7	1.8	3.9	6.8	(4.4)	
Expenses	33.6	43.4	52.7	84.0	35.4	50.7	58.3	88.8	213.7	233.2	91.5	(3)
<b>EBITDA</b>	9.9	16.4	16.8	52.9	12.8	15.6	18.7	50.6	96.1	97.7	39.5	28
Change (%)	13.0	7.4	17.2	(10.3)	29.4	(5.0)	11.2	(4.5)	17.8	1.7	(25.4)	
As of % Sales	22.8	27.4	24.2	38.6	26.6	23.5	24.3	36.3	31.0	29.5	30.2	
Depreciation	1.5	1.8	2.8	7.4	1.9	2.3	3.1	6.3	13.4	13.5	8.2	(22)
Interest	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	(41)
Other Income	7.4	5.4	6.3	6.5	7.5	8.9	9.1	11.5	25.6	37.0	4.3	166
<b>PBT pre-EO items</b>	15.8	20.0	20.4	52.0	18.4	22.2	24.7	55.7	108.2	121.1	35.6	57
Extra-ordinary Items	-	0.1	-	-	-	-	-	-	0.1	-	-	
<b>PBT</b>	15.8	20.1	20.4	52.0	18.4	22.2	24.7	55.7	108.3	121.1	35.6	57
Tax	1.5	5.1	6.0	12.4	4.7	5.6	6.2	13.9	25.0	30.4	9.1	53
Effective Tax Rate (%)	9.3	25.5	29.6	23.9	25.5	25.1	25.1	24.9	23.1	25.1	25.5	
MI & P/L Share of JV	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.4	0.4	0.2	
<b>Reported PAT</b>	14.4	15.1	14.4	39.8	13.8	16.7	18.7	42.0	83.6	91.2	26.7	57
<b>Adj PAT</b>	14.4	15.0	14.4	39.8	13.8	16.7	18.7	42.0	83.6	91.2	26.7	57
Margin (%)	33.1	25.2	20.7	29.0	28.7	25.2	24.2	30.1	27.0	27.5	20.4	
Change (%)	76.5	21.7	14.1	(7.7)	(3.7)	10.9	29.6	5.5	38.4	9.1	(32.9)	



### Key highlights from the management commentary

- Order book and pipeline:** HAL ended FY26 with an order book of INR2.5t versus INR1.89t at the start of the year after receiving fresh orders worth INR970b. Major orders included 97 LCA Mark 1A aircraft, 6 ALH helicopters, 8 Dornier aircraft, and 10 ALH NG helicopters. Management also highlighted an additional order pipeline of ~INR900b over the next two years, including 143 ALH helicopters, Sukhoi upgrades, and more.
- Order inflow mix:** Fresh order inflows during FY26 were INR970b, including manufacturing orders worth ~INR697b and ROH orders worth INR265b. Management highlighted development orders of ~INR30b and export orders of around INR4b during the year.
- Revenue mix:** FY26 revenue from operations stood at INR331b with ROH revenues contributing ~INR205b (62% of total revenue), while manufacturing revenues stood at INR92b (~28% of total revenue), and the balance came from

development and other activities. Export revenues increased 25% YoY to INR5b vs INR4b in FY25.

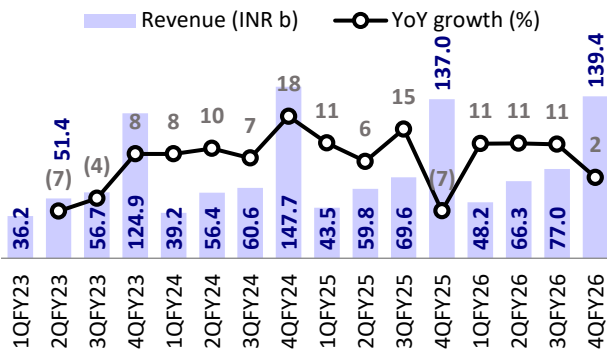
- **Supply chain situation:** Management acknowledged that global aerospace supply chains continue to remain slow, especially for engines and critical components from suppliers such as GE and Honeywell. GE is expected to supply around 15 additional engines in FY27 after delivering only 6 engines so far, while Honeywell engine supplies for HTT40 are expected to normalize from next month. HAL also indicated that it is directly engaging with Tier 2 and Tier 3 suppliers while developing alternate vendors to reduce future execution risks.
- **LCA deliveries update:** Management expects LCA Mark 1A deliveries to begin by Aug-Sep'26 after completion of ongoing refinements and testing. HAL has already received 6 GE engines and expects another 15 to 20 engines during FY27, which supports its target of delivering around 20 aircraft this year.
- **Capex:** HAL incurred Capex of INR24b and R&D spend of INR28b in FY26, which together represented around 8% to 9% of revenue. The company plans to invest nearly INR120b by 2030 toward infrastructure for LCA Mark 2, GE-414 engines, IMRH helicopters, and SSLV manufacturing. HAL has also expanded LCA production capacity to 24 aircraft annually across 3 lines and plans to increase HTT40 deliveries to more than 20 aircraft annually.
- **Guidance:** HAL guided for FY27 revenue growth of around 10%-12% vs 7% growth achieved in FY26, while EBITDA margin is expected to be around 30%-31% despite manufacturing contribution expected to rise toward 50% of revenues over time.

### Key milestones achieved in FY26

- The company operationalized its third LCA Tejas production line at Nasik, which increased total production capacity to 24 aircraft annually across three lines.
- ALH Dhruv NG completed its maiden flight in Dec'25.
- The HTT-40 trainer aircraft completed its maiden flight in Oct'25.
- HAL received DGCA certification for the indigenous manufacturing of Shakti civil engines and signed an agreement with Safran for the production of LEAP engine rotating parts used in Airbus A320 Neo and Boeing 737 Max aircraft.
- HAL signed an SSLV ToT agreement with ISRO and also contributed to successful LVM3 launches through the supply of critical hardware.
- The company filed 223 IPR applications during FY26, taking cumulative filings to 2,842, while total granted IPRs increased by 84 during the year to reach 1,226.

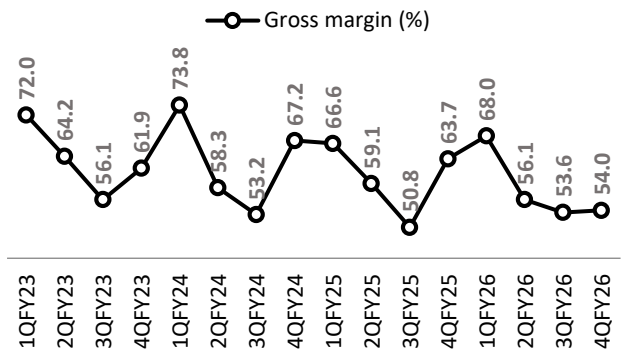
## Key Exhibits

**Exhibit 1: Revenue increased 2% YoY**



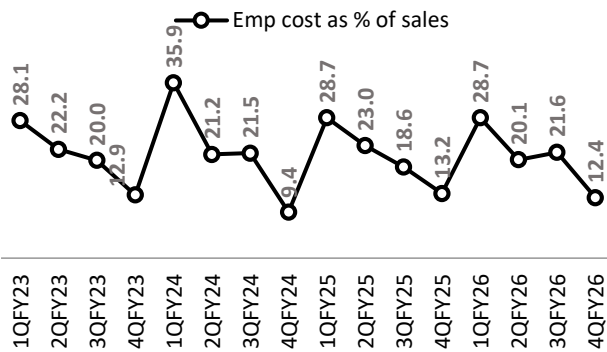
Source: MOFSL, Company

**Exhibit 2: Gross margin contracted to 54%**



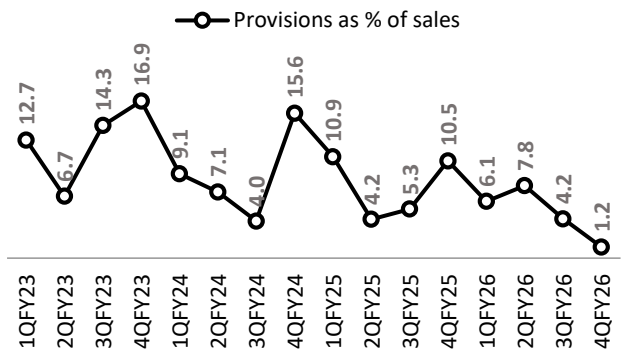
Source: MOFSL, Company

**Exhibit 3: Employee costs as % of sales declined YoY**



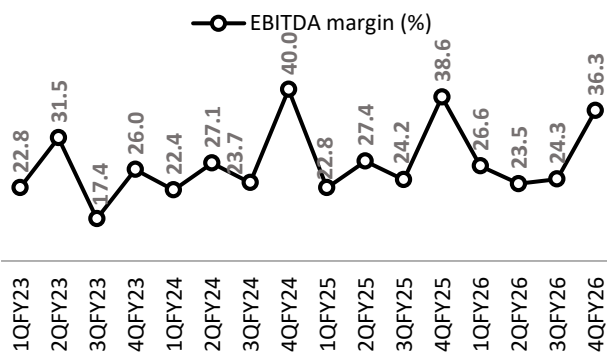
Source: MOFSL, Company

**Exhibit 4: Provisions as % of sales remained low**



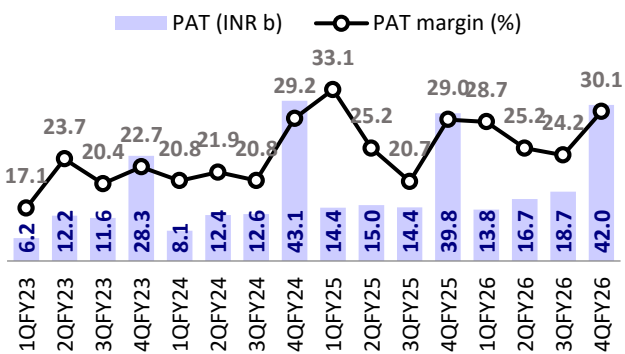
Source: MOFSL, Company

**Exhibit 5: EBITDA margin contracted 230bp YoY**



Source: MOFSL, Company

**Exhibit 6: PAT increased 6% YoY**



Source: MOFSL, Company

**Exhibit 7: We raise our estimates to bake in slightly lower revenue and higher margin, in line with the delivery schedule**

(INR m)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	3,76,531	3,90,664	-3.6	4,72,926	5,07,071	-6.7
EBITDA	1,10,702	1,05,639	4.8	1,36,650	1,36,837	-0.1
EBITDA (%)	29.4	27.0	240 bp	28.9	27.0	190 bp
Adj. PAT	1,00,245	86,921	15.3	1,20,137	1,11,301	7.9
EPS (INR)	149.9	130.0	15.3	179.6	166.4	7.9

Source: MOFSL

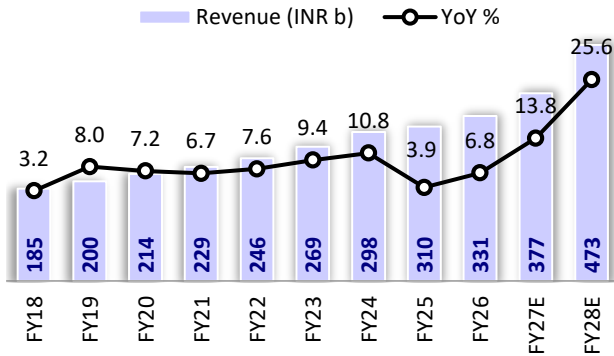
**Exhibit 8: HAL's addressable market over the medium to long term until FY30**

Aircraft	Amount (INR b)	Quantity	Comments
<b>Already awarded</b>			
Tejas Mk1a	480	83	❖ IAF has already placed an order for 83 Tejas Mk1A aircraft, including 73 fighters and 10 trainers. Delivery yet to commence for Tejas Mk1a.
Su30 upgrade	260	240	❖ Already awarded to HAL
ALH	81	34	❖ Already awarded to HAL
Dornier	29	25	❖ Already awarded to HAL
RD-33	52	100	❖ Already awarded to HAL
12 Su-30 Mk1 aircraft	135	12	❖ Already awarded to HAL
LCH - Prachand	630	156	❖ LCH Prachand's order was awarded to HAL recently
Tejas Mk1a	624	97	❖ Awarded in Sep'25
<b>Upcoming projects over 2-3 years</b>			
Tejas Mk2	680	108	❖ Tejas Mk2 is designed to replace aging aircraft like the Mirage 2000, MiG-29, and Jaguar in the IAF.
LUH	95	187	❖ LUH will replace the army and the Indian Air Force's (IAF) ageing fleets of Cheetah and Chetak helicopters.
LUH	97	197	
Su 30 Mk1	630	84	❖ IAF also plans to prioritise the indigenous upgrade of Russian-origin Sukhoi 30 fighter jets during FY26
NUH	217	111	❖ Naval Utility Helicopter prototype in development, RFI issued in Aug'25.
<b>Total</b>	<b>1,720</b>		
<b>Upcoming projects over 4-5 years</b>			
IMRH (multi-utility)	1,000	400	❖ Indian armed forces are expected to procure 400 units of Indian Multi-Role Helicopter (IMRH) to replace ageing Mi-17 helicopters.
TEDBF	1,450	145	❖ The Indian Navy has projected requirements for nearly 145 TEDBF aircraft. Each prototype will cost INR100m (USD110m). The prototype rollout is planned for late 2026 or early 2027, followed by the first flight in 2028, certification by 2032, and induction in 2034.
<b>Total</b>	<b>2,450</b>		
<b>Overall TAM</b>	<b>4,170</b>		

Source: Company, MOFSL

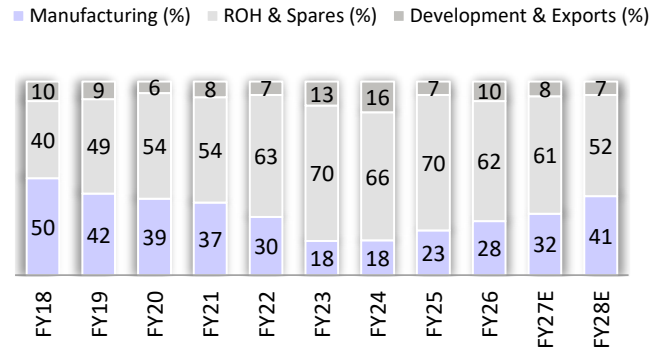
## Financial outlook

**Exhibit 9: We expect HAL's revenue to clock a CAGR of 20% over FY26-28**



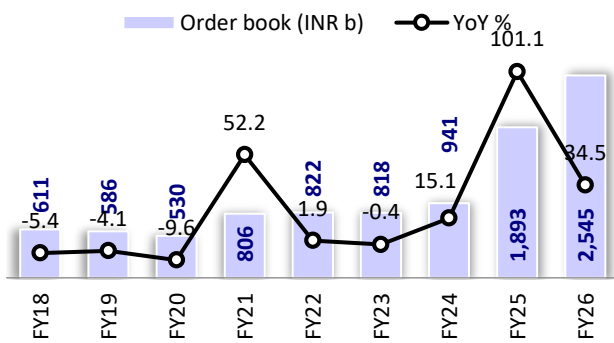
Source: Company, MOFSL

**Exhibit 10: Share of manufacturing revenue likely to grow beyond FY26**



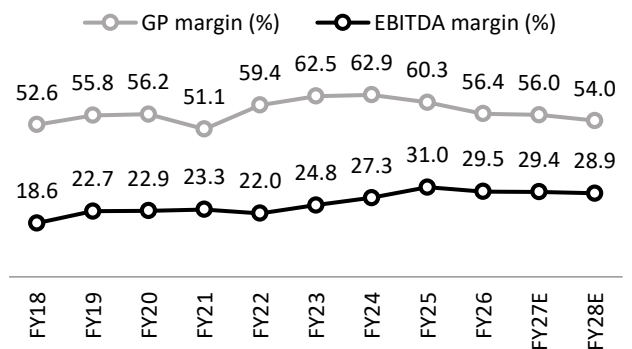
Source: Company, MOFSL

**Exhibit 11: Order book stood at ~INR2.5t as of 31<sup>st</sup> Mar'26 on strong inflows**



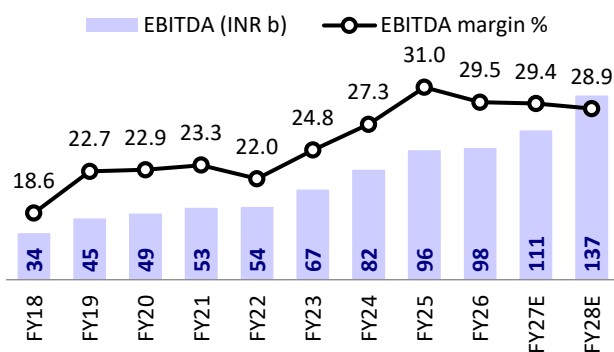
Source: Company, MOFSL

**Exhibit 12: We expect the gross margin to come down as the share of manufacturing revenue starts increasing**



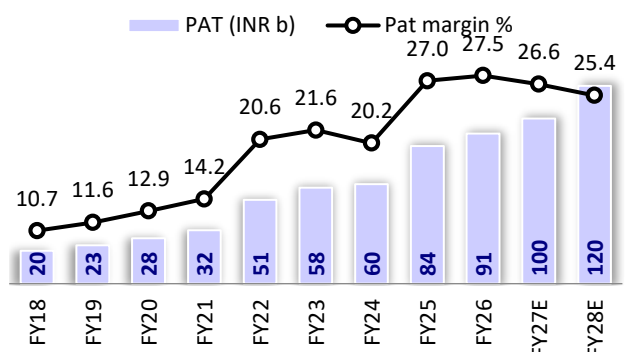
Source: Company, MOFSL

**Exhibit 13: EBITDA to clock a CAGR of 18% over FY26-28**



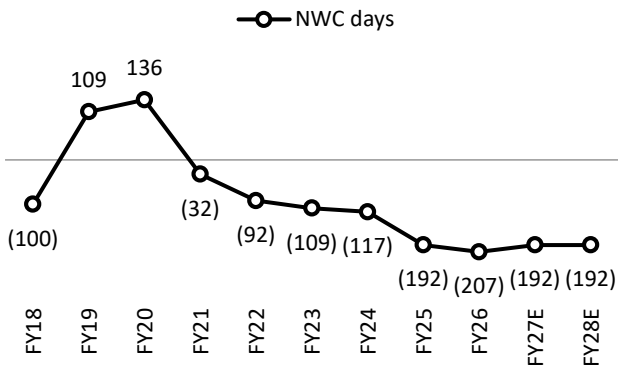
Source: MOFSL, Company

**Exhibit 14: We expect a PAT CAGR of 15% over FY26-28**



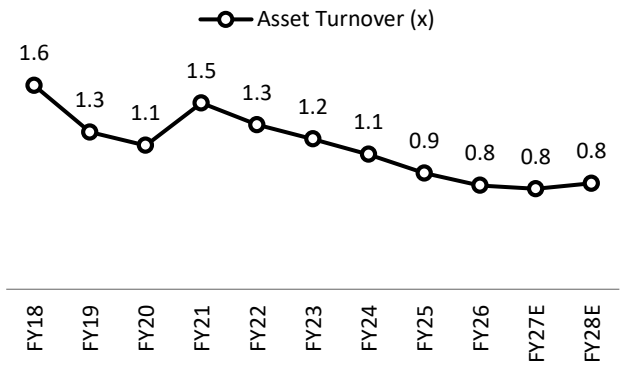
Source: MOFSL, Company

**Exhibit 15: NWC days to remain at comfortable levels**



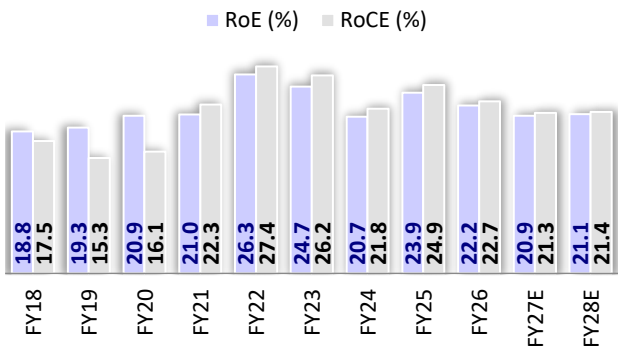
Source: MOFSL, Company

**Exhibit 16: Asset turnover to remain comfortable**



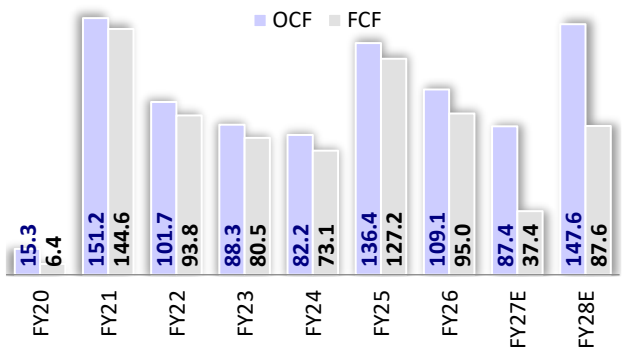
Source: MOFSL, Company

**Exhibit 17: We expect RoE/RoCE to remain at ~21%**



Source: MOFSL, Company

**Exhibit 18: OCF/FCF to remain at strong levels (INR b)**



Source: MOFSL, Company

## Financials and valuation

Consolidated Income Statement									(INR b)
Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>Net Sales</b>	<b>214</b>	<b>229</b>	<b>246</b>	<b>269</b>	<b>298</b>	<b>310</b>	<b>331</b>	<b>377</b>	<b>473</b>
Change (%)	7.2	6.7	7.6	9.4	10.8	3.9	6.8	13.8	25.6
Raw Materials	94	112	100	101	111	123	144	166	218
<b>Gross Profit</b>	<b>121</b>	<b>117</b>	<b>146</b>	<b>168</b>	<b>188</b>	<b>187</b>	<b>187</b>	<b>211</b>	<b>255</b>
Employee Cost	48	43	46	49	53	57	61	67	77
Other Expenses	24	20	46	52	53	34	28	34	42
<b>Total Expenditure</b>	<b>165</b>	<b>175</b>	<b>192</b>	<b>202</b>	<b>217</b>	<b>214</b>	<b>233</b>	<b>266</b>	<b>336</b>
% of Net Sales	77.1	76.7	78.0	75.2	72.7	69.0	70.5	70.6	71.1
<b>EBITDA</b>	<b>49</b>	<b>53</b>	<b>54</b>	<b>67</b>	<b>82</b>	<b>96</b>	<b>98</b>	<b>111</b>	<b>137</b>
Margin (%)	22.9	23.3	22.0	24.8	27.3	31.0	29.5	29.4	28.9
Depreciation	10	12	11	18	14	13	14	16	18
<b>EBIT</b>	<b>39</b>	<b>42</b>	<b>43</b>	<b>49</b>	<b>68</b>	<b>83</b>	<b>84</b>	<b>95</b>	<b>118</b>
Interest	3	3	1	1	0	0	0	0	0
Other Income	3	4	10	17	19	26	37	39	42
<b>PBT Before EO Exp</b>	<b>39</b>	<b>43</b>	<b>52</b>	<b>65</b>	<b>86</b>	<b>108</b>	<b>121</b>	<b>133</b>	<b>160</b>
EO Items	1	0	0	0	16	0	0	0	0
<b>PBT After EO Exp</b>	<b>40</b>	<b>43</b>	<b>52</b>	<b>65</b>	<b>102</b>	<b>108</b>	<b>121</b>	<b>133</b>	<b>160</b>
Tax	11	10	1	7	26	25	30	34	40
Rate (%)	28.4	24.3	2.8	10.5	30.2	23.1	25.1	25.3	25.3
MI & P/L of Asso. Cos	0	0	-0	0	0	0	0	1	1
<b>Reported PAT</b>	<b>29</b>	<b>32</b>	<b>51</b>	<b>58</b>	<b>76</b>	<b>84</b>	<b>91</b>	<b>100</b>	<b>120</b>
Change (%)	23.8	12.6	56.5	14.7	30.8	9.8	9.0	10.0	19.8
<b>Adjusted PAT</b>	<b>28</b>	<b>32</b>	<b>51</b>	<b>58</b>	<b>60</b>	<b>84</b>	<b>91</b>	<b>100</b>	<b>120</b>
Change (%)	18.7	17.4	56.6	14.7	3.6	38.4	9.1	10.0	19.8

Consolidated Balance Sheet									(INR b)
Y/E March	2,020	2021	2022	2023	2024	2025	2026	2027E	2028E
Share Capital	3	3	3	3	3	3	3	3	3
Reserves	129	151	190	232	288	346	407	477	567
<b>Net Worth</b>	<b>132</b>	<b>154</b>	<b>193</b>	<b>236</b>	<b>291</b>	<b>350</b>	<b>410</b>	<b>481</b>	<b>571</b>
Minority Interest	0	0	0	0	0	0	0	0	0
Loans	59	0	0	0	0	0	0	0	0
Deferred Tax Liability	-5	-1	-6	-11	-15	-16	-11	-11	-11
<b>Capital Employed</b>	<b>187</b>	<b>154</b>	<b>188</b>	<b>225</b>	<b>277</b>	<b>334</b>	<b>399</b>	<b>469</b>	<b>559</b>
Gross Fixed Assets	122	132	140	159	172	184	204	254	314
Less: Depreciation	48	60	72	90	104	118	131	147	166
<b>Net Fixed Assets</b>	<b>74</b>	<b>72</b>	<b>68</b>	<b>68</b>	<b>67</b>	<b>67</b>	<b>73</b>	<b>107</b>	<b>148</b>
Capital WIP	20	19	25	19	25	31	33	33	33
Investments	10	11	14	15	16	18	19	19	19
<b>Curr. Assets</b>	<b>424</b>	<b>415</b>	<b>472</b>	<b>559</b>	<b>658</b>	<b>932</b>	<b>1,188</b>	<b>1,176</b>	<b>1,447</b>
Inventory	194	167	143	121	132	217	309	263	331
Debtors	191	141	125	141	165	205	232	250	313
Cash & Bank Balance	3	72	143	203	264	382	462	508	607
Loans & Advances	1	0	0	0	0	0	0	0	0
Other Current Assets	35	35	61	93	96	128	185	155	195
<b>Current Liab. &amp; Prov.</b>	<b>341</b>	<b>363</b>	<b>391</b>	<b>436</b>	<b>490</b>	<b>713</b>	<b>914</b>	<b>866</b>	<b>1,088</b>
Creditors	41	23	26	31	34	51	44	62	78
Other Liabilities	237	328	302	324	364	559	774	679	853
Provisions	63	13	63	81	92	103	95	125	157
<b>Net Current Assets</b>	<b>83</b>	<b>51</b>	<b>81</b>	<b>123</b>	<b>169</b>	<b>219</b>	<b>274</b>	<b>310</b>	<b>359</b>
<b>Application of Funds</b>	<b>187</b>	<b>154</b>	<b>188</b>	<b>225</b>	<b>277</b>	<b>334</b>	<b>399</b>	<b>469</b>	<b>559</b>

## Financials and valuation

### Ratios

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
Basic (INR)	43.1	48.5	76.0	87.1	114.0	125.1	136.3	149.9	179.6
<b>Adjusted EPS</b>	<b>41.3</b>	<b>48.5</b>	<b>76.0</b>	<b>87.1</b>	<b>90.3</b>	<b>125.0</b>	<b>136.3</b>	<b>149.9</b>	<b>179.6</b>
Growth (%)	18.7	17.4	56.6	14.7	3.6	38.4	9.1	10.0	19.8
Cash EPS	56.3	65.8	92.6	113.8	111.3	145.0	156.6	173.8	207.3
Book Value	198.1	230.6	288.8	352.5	435.7	523.1	613.7	718.6	853.2
DPS	20.0	15.0	20.0	25.0	29.5	38.0	50.0	45.0	45.0
Payout (incl. Div. Tax.)	48.5	30.9	26.3	28.7	32.7	30.4	36.7	30.0	25.1

### Valuation (x)

P/E (standalone)	106.1	90.4	57.7	50.3	48.6	35.1	32.2	29.3	24.4
Cash P/E	78.0	66.6	47.4	38.5	39.4	30.2	28.0	25.2	21.2
EV/EBITDA	61.0	53.6	51.6	40.9	32.7	26.6	25.3	21.9	17.0
EV/Sales	13.9	12.5	11.3	10.1	8.9	8.2	7.5	6.4	4.9
Price/Book Value	22.1	19.0	15.2	12.4	10.1	8.4	7.1	6.1	5.1
Dividend Yield (%)	0.5	0.3	0.5	0.6	0.7	0.9	1.1	1.0	1.0

### Profitability Ratios (%)

RoE	20.9	21.0	26.3	24.7	20.7	23.9	22.2	20.9	21.1
RoCE	16.1	22.3	27.4	26.2	21.8	24.9	22.7	21.3	21.4
RoIC	16.1	44.7	137.4	648.5	NA	NA	NA	NA	NA

### Turnover Ratios

Debtors (Days)	325	225	185	191	202	242	256	242	242
Inventory (Days)	331	266	213	165	162	255	340	255	255
Creditors. (Days)	70	36	38	42	42	60	49	60	60
Asset Turnover (x)	1.1	1.5	1.3	1.2	1.1	0.9	0.8	0.8	0.8

### Leverage Ratio

Net Debt/Equity (x)	0.4	-0.5	-0.7	-0.9	-0.9	-1.1	-1.1	-1.1	-1.1
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### Consolidated Cash Flow Statement

(INR b)

Y/E March	2020	2021	2022	2023	2024	2025	2026	2027E	2028E
PBT before EO Items	40	43	52	65	102	109	122	134	161
Add : Depreciation	10	12	13	24	14	14	14	16	18
Interest	3	2	1	0	0	0	0	0	0
Less : Direct Taxes Paid	18	9	10	28	20	35	30	34	40
(Inc)/Dec in WC	32	-92	-16	-5	31	-48	-22	-10	-51
Others	12	10	30	22	16	2	-18	-39	-42
<b>CF from Operations</b>	<b>15</b>	<b>151</b>	<b>102</b>	<b>88</b>	<b>82</b>	<b>136</b>	<b>109</b>	<b>87</b>	<b>148</b>
(Inc)/Dec in FA	-9	-7	-8	-8	-9	-9	-14	-50	-60
<b>Free Cash Flow</b>	<b>6</b>	<b>145</b>	<b>94</b>	<b>81</b>	<b>73</b>	<b>127</b>	<b>95</b>	<b>37</b>	<b>88</b>
(Pur)/Sale of Investments	-1	-1	-115	-47	-64	-116	-89	0	0
Others	-4	-5	-5	-3	9	17	20	39	42
<b>CF from Investments</b>	<b>-13</b>	<b>-12</b>	<b>-128</b>	<b>-57</b>	<b>-64</b>	<b>-108</b>	<b>-83</b>	<b>-11</b>	<b>-18</b>
(Inc)/Dec in Net Worth	0	0	0	0	0	0	0	0	0
(Inc)/Dec in Debt	18	-59	-0	0	0	0	0	0	0
Less : Interest Paid	3	2	1	1	0	0	0	0	0
Dividend Paid	13	10	13	17	20	25	33	30	30
Others	-0	-0	-0	-0	-0	-0	-0	0	0
<b>CF from Fin. Activity</b>	<b>1</b>	<b>-71</b>	<b>-15</b>	<b>-17</b>	<b>-20</b>	<b>-26</b>	<b>-34</b>	<b>-30</b>	<b>-30</b>
<b>Inc/Dec of Cash</b>	<b>3</b>	<b>69</b>	<b>-41</b>	<b>14</b>	<b>-2</b>	<b>3</b>	<b>-8</b>	<b>46</b>	<b>99</b>
Add: Beginning Balance	0	3	71	31	44	43	45	462	508
Other Bank Balances	0	0	113	159	222	336	424	0	0
<b>Closing Balance</b>	<b>3</b>	<b>72</b>	<b>143</b>	<b>203</b>	<b>264</b>	<b>382</b>	<b>462</b>	<b>508</b>	<b>607</b>

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