

Cummins India

Estimate change



TP change



Rating change



CMP: INR3,655 TP: INR4,300 (+18%)

Buy

Moving in the right direction across segments

Cummins India's (KKC) 2QFY25 results exceeded our and consensus estimates, with 31%/42%/37% YoY growth in revenue/EBITDA/PAT. Revenue growth was driven by strong YoY growth in the powergen, industrial and distribution segments, while exports remained weak. EBITDA margin expanded to 19.3%. Revenue growth improvement in powergen and industrial segments was far ahead of our estimates, driven by strong demand and price hikes. Export markets have been consistently improving QoQ for the last four quarters. We maintain our positive stance on KKC, led by: 1) its strong market positioning across segments, 2) positive underlying demand drivers, 3) the ability to sustain margins at higher levels, and 4) the ability to benefit from the fast-growing data center market. We fine tune our estimates and reiterate BUY on the stock with an unchanged TP of INR4,300.

Results ahead of our estimates

KKC reported a strong result in 2QFY25, with a beat on all parameters. Revenue came in at INR24.9b, up 31% YoY/8% QoQ (our est. INR22.4b). Domestic revenue at INR20b grew 47% YoY, whereas exports at INR4.4b declined 13% YoY but improved 13% QoQ. Powergen/Industrial/Distribution grew by 84%/35%/20%. Gross margin at 35.8% contracted 90bp YoY/200bp QoQ. This was offset by lower-than-expected employee costs, which led to EBITDA growth of 42% YoY to INR4.8b (8% beat). Margin came in at 19.3%, up 150bp YoY but down 100bp QoQ. PAT stood at INR4.5b (+37% YoY), 10% ahead of our estimates, aided by revenue and EBITDA outperformance and 22% YoY growth in other income to INR1.6b. For 1HFY25, revenue/EBITDA/PAT grew 16%/40%/35%, while FCF increased by 6% YoY to INR5.9b. For 2HFY25, we expect revenue/EBITDA/PAT to clock 22%/13%/5% growth.

Powergen segment benefiting from strong demand and price hikes

KKC has been benefiting from its strong market positioning in the powergen market and has gained market share in the current transition. With a range of nodes already available in the market for the last one year, the company has gained versus other smaller players, which faced range availability concerns during the quarter. We expect the current revenue run rate of INR8-9b in the powergen segment to improve in the coming quarters, driven by the benefit of improved demand, price hikes as well as the fast-growing data center market. In the near term, we can see increasing supplies in the powergen market from other players as well as its impact on pricing. However, over the medium to long term, we expect improved demand and increased indigenization to support revenues and margin.

| | |
|-----------------------|-------------|
| Bloomberg | KKC IN |
| Equity Shares (m) | 277 |
| M.Cap.(INRb)/(USD\$) | 1013.3 / 12 |
| 52-Week Range (INR) | 4172 / 1692 |
| 1, 6, 12 Rel. Per (%) | 2/-2/83 |
| 12M Avg Val (INR M) | 2233 |

Financials Snapshot (INR b)

| Y/E MARCH | FY25E | FY26E | FY27E |
|-------------|-------|-------|-------|
| Net Sales | 106.6 | 126.4 | 147.8 |
| EBITDA | 21.8 | 26.0 | 30.4 |
| PAT | 20.5 | 24.6 | 28.9 |
| EPS (INR) | 74.1 | 88.7 | 104.3 |
| GR. (%) | 23.6 | 19.6 | 17.7 |
| BV/Sh (INR) | 251.2 | 286.0 | 327.2 |

Ratios

| | | | |
|----------|------|------|------|
| ROE (%) | 31.3 | 33.0 | 34.0 |
| RoCE (%) | 29.5 | 31.2 | 32.3 |

Valuations

| | | | |
|---------------|------|------|------|
| P/E (X) | 49.4 | 41.3 | 35.1 |
| P/BV (X) | 14.6 | 12.8 | 11.2 |
| EV/EBITDA (X) | 45.8 | 38.3 | 32.5 |
| Div Yield (%) | 1.1 | 1.3 | 1.6 |

Shareholding pattern (%)

| As On | Sep-24 | Jun-24 | Sep-23 |
|----------|--------|--------|--------|
| Promoter | 51.0 | 51.0 | 51.0 |
| DII | 22.6 | 22.4 | 22.2 |
| FII | 17.5 | 18.0 | 16.5 |
| Others | 8.9 | 8.7 | 10.4 |

FII Includes depository receipts

Distribution segment benefiting from increased penetration

KKC's distribution segment revenue grew by 20% YoY during 2QFY25. This segment is benefiting from improved demand in the powergen segment and consequently increased requirements for spares and warranties. The company is also benefiting from increasing penetration of its products. We bake in a CAGR of 25% in distribution segment revenue over FY24-27.

Industrial segment to witness emission norm change from 4QFY25

Industrial segment revenue continued to clock robust performance, with 35% YoY growth in 2Q, driven by sustained traction in the construction space. Notably, emission norms for construction engines (CEV-V regulations) will be implemented 4QFY25 onward, thereby creating pre-buying opportunities in 3QFY25, which will further boost demand. We estimate a 14% CAGR for this segment over FY24-27E.

Exports have been continuously improving sequentially

Export revenues, though down 13% YoY, were up 13% sequentially. Europe and Latin America saw healthy demand, while other geographies such as APAC, Africa, and the Middle East were muted. Given that CPCB 4+ products are technologically advanced, the company is well-prepared as and when emission norms in these geographies become more stringent. We expect export revenue of INR17.4b/INR19.6b/INR22.1b for FY25/FY26/FY27.

Financial outlook

We fine tune our estimates and expect a CAGR of 18%/20% in revenue/PAT over FY24-27. We build in EBITDA margin of 20.4%/20.5%/20.5% for FY25/FY26/FY27. Our estimates factor in gross margin of 35.6% (vs. 36.7% in 1HFY25), as we expect some gross margin decline owing to the normalization of price levels for CPCB 4+.

Valuation and view

The stock is currently trading at 41x/35x on FY26E/FY27E EPS. We maintain our TP of INR4,300, based on 45x two-year forward EPS. Maintain BUY rating on the stock.

Key risks and concerns

Key risks to our recommendation would come from lower-than-expected demand for key segments, higher commodity prices, increased competitive intensity and lower-than-expected recovery in exports.

Cummins India

Standalone - Quarterly Earnings Model

(INR m)

| Y/E March | FY24 | | | | FY25E | | | | FY24 | FY25E | FY25E | Est |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|-----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | | |
| Net Sales | 22,087 | 18,997 | 25,341 | 23,162 | 23,042 | 24,923 | 28,733 | 29,931 | 89,586 | 1,06,629 | 22,388 | 11 |
| YoY Change (%) | 31.0 | -2.6 | 16.2 | 20.3 | 4.3 | 31.2 | 13.4 | 29.2 | 15.7 | 19.0 | 17.8 | |
| Total Expenditure | 18,681 | 15,611 | 19,961 | 17,719 | 18,369 | 20,113 | 22,672 | 23,715 | 71,972 | 84,868 | 17,934 | |
| EBITDA | 3,406 | 3,386 | 5,379 | 5,443 | 4,673 | 4,810 | 6,060 | 6,217 | 17,614 | 21,761 | 4,453 | 8 |
| Margins (%) | 15.4 | 17.8 | 21.2 | 23.5 | 20.3 | 19.3 | 21.1 | 20.8 | 19.7 | 20.4 | 19.9 | |
| Depreciation | 358 | 379 | 419 | 420 | 439 | 452 | 430 | 443 | 1,576 | 1,764 | 387 | 17 |
| Interest | 77 | 67 | 63 | 62 | 48 | 26 | 72 | 150 | 268 | 295 | 70 | (64) |
| Other Income | 1,175 | 1,322 | 1,136 | 2,045 | 1,322 | 1,611 | 1,428 | 1,495 | 5,678 | 5,856 | 1,378 | 17 |
| PBT before EO expense | 4,146 | 4,263 | 6,034 | 7,006 | 5,509 | 5,944 | 6,987 | 7,119 | 21,448 | 25,559 | 5,374 | 11 |
| Extra-Ord expense | | | 17 | | | | | | 17 | 0 | | |
| PBT | 4,146 | 4,263 | 6,017 | 7,006 | 5,509 | 5,944 | 6,987 | 7,119 | 21,431 | 25,559 | 5,374 | 11 |
| Tax | 989 | 978 | 1,467 | 1,390 | 1,311 | 1,438 | 1,680 | 1,717 | 4,824 | 6,146 | 1,292 | |
| Rate (%) | 23.9 | 22.9 | 24.4 | 19.8 | 23.8 | 24.2 | 24.0 | 24.1 | 22.5 | 24.0 | 24.0 | |
| Reported PAT | 3,157 | 3,285 | 4,549 | 5,615 | 4,198 | 4,506 | 5,307 | 5,402 | 16,606 | 19,413 | 4,082 | 10 |
| Adj PAT | 3,157 | 3,285 | 4,562 | 5,615 | 4,198 | 4,506 | 5,307 | 5,402 | 16,619 | 19,413 | 4,082 | 10 |
| YoY Change (%) | 50.6 | 30.2 | 26.7 | 76.3 | 33.0 | 37.2 | 16.3 | -3.8 | 45.7 | 16.8 | 24.2 | |
| Margins (%) | 14.3 | 17.3 | 18.0 | 24.2 | 18.2 | 18.1 | 18.5 | 18.0 | 18.6 | 18.2 | 18.2 | |

| INR m | FY24 | | | | FY25E | | | | FY24 | FY25E | YoY (%) |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | |
| Segmental revenue | | | | | | | | | | | |
| Powergen | 8,700 | 4,860 | 10,730 | 9,420 | 8,030 | 8,960 | 12,149 | 14,251 | 33,710 | 43,391 | 28.7 |
| Industrial | 2,400 | 3,000 | 4,104 | 3,480 | 3,720 | 4,060 | 3,764 | 3,393 | 12,984 | 14,937 | 15.0 |
| Distribution | 5,300 | 5,490 | 6,620 | 6,040 | 6,510 | 6,580 | 7,812 | 8,411 | 23,450 | 29,313 | 25.0 |
| Exports | 5,000 | 5,070 | 3,250 | 3,440 | 3,890 | 4,400 | 4,576 | 4,580 | 16,760 | 17,446 | 4.1 |
| Total | 21,746 | 18,715 | 25,018 | 22,685 | 22,620 | 24,484 | 28,310 | 29,704 | 88,164 | 1,05,119 | 19.2 |

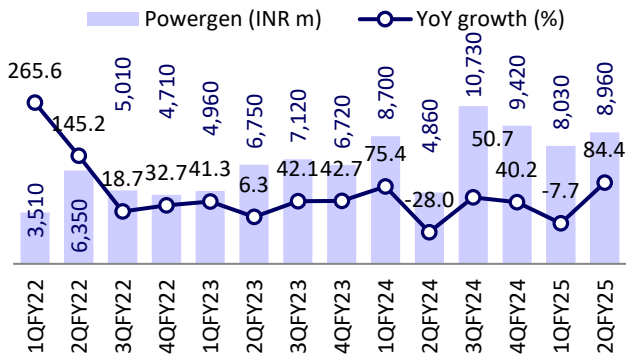


Conference call highlights

- **Domestic powergen:** Management is confident about the long-term sustainability of demand as infrastructure spending will continue to be robust for the coming years. Data centers continue to be a major growth driver for Cummins, with the advent of newer technologies such as AI and 5G, and KKC is witnessing healthy traction. Compared to developed countries, data centers are located in space-constrained cities in India due to which the range of gensets used is lower.
- **CPCB 4+ products:** Channel inventory is at normal levels for CPCB 4+. Prices have broadly remained stable; however, it will take another 1-2 quarters for price discovery to play out as competitors are still launching products at various nodes, wherein Cummins already has a presence.
- **Industrial segment:** Reported 35% YoY growth on the back of robust activity in the construction space. From Jan'25 onward, an emission norm change will take place, which will result in pre-buying in 3QFY25, which will further support the robust underlying demand. In 2QFY25, revenue was contributed by construction (INR1.46b), railways (INR1.05b), mining (INR320m) and compressor (INR580m).
- **Exports** have likely bottomed out, which saw a 13% sequential improvement. Europe and Latin America saw healthy demand, while APAC, Africa and the Middle East saw muted demand due to a variety of factors such as geopolitical issues, inventory buildup, better availability of power, etc.
- **2QFY25 revenue breakup:** Industrial – INR4.06b (+35% YoY), Powergen – INR8.96b (84% YoY), Distribution – INR6.58b (+20% YoY), HHP exports – INR2b (-24% YoY) and LHP exports – INR1.98b (-5% YoY).
- **Margin:** Gross margin saw a ~200bp YoY drop due to revenue mix being slightly tilted toward projects. However, this is not unusual and future margins will be determined by product mix (CPCB4+ and CPCB 2), pricing environment and cost initiatives.

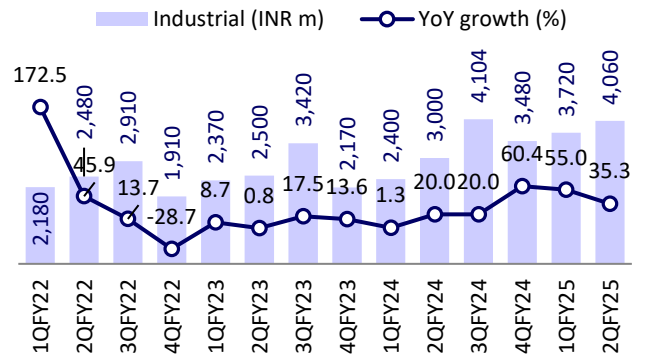
Key Exhibits

Exhibit 1: Powergen revenue jumped on a low base (INR m)



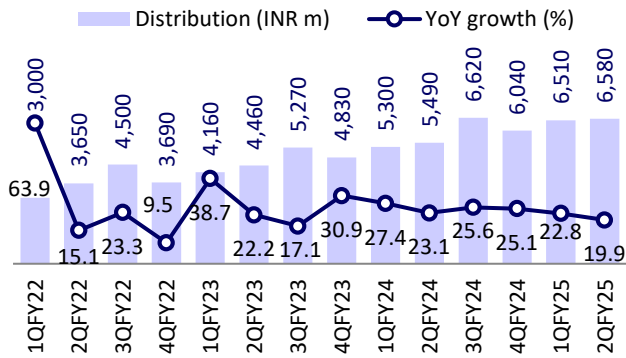
Source: Company, MOFSL

Exhibit 2: Industrial revenue grew by 35% YoY (INR m)



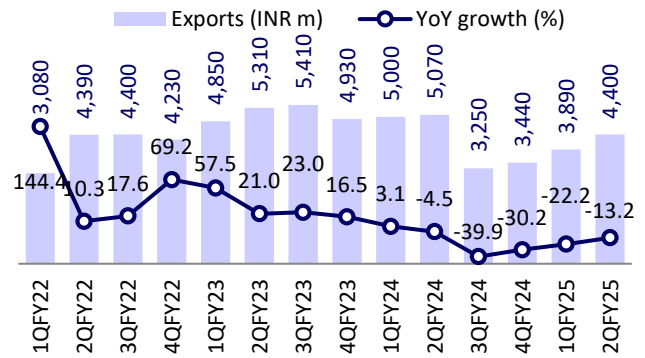
Source: Company, MOFSL

Exhibit 3: Distribution revenue grew by 20% YoY (INR m)



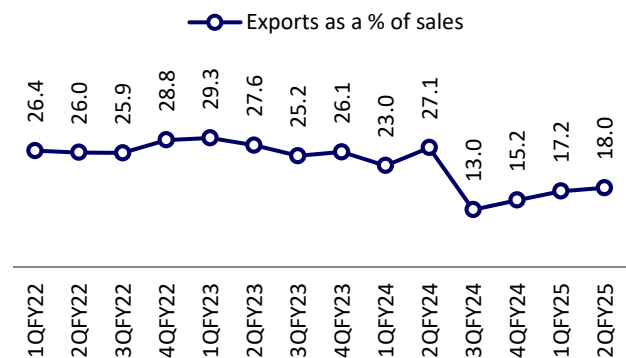
Source: Company, MOFSL

Exhibit 4: Export revenue up 13% sequentially (INR m)



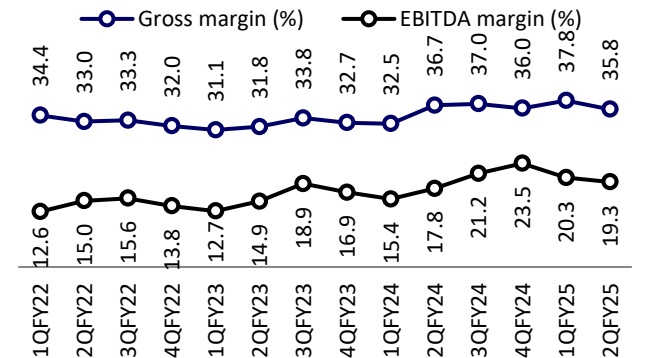
Source: Company, MOFSL

Exhibit 5: Share of exports has inched up to 18%



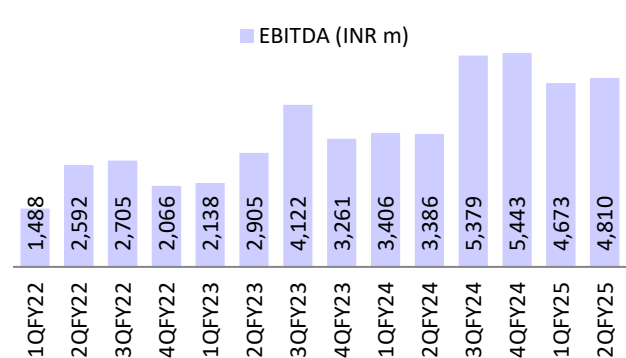
Source: Company, MOFSL

Exhibit 6: Healthy EBITDA margin at 19.3%



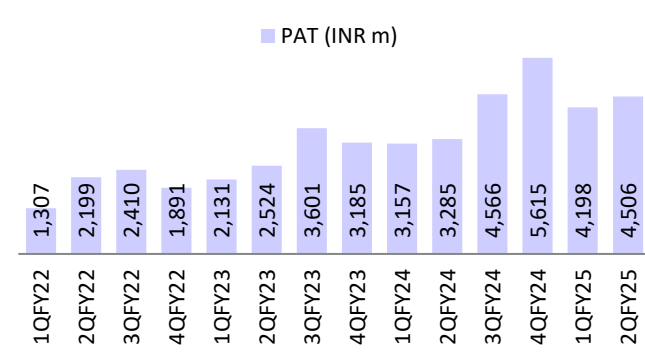
Source: Company, MOFSL

Exhibit 7: EBITDA at INR4.8b grew 42% YoY (INR m)



Source: Company, MOFSL

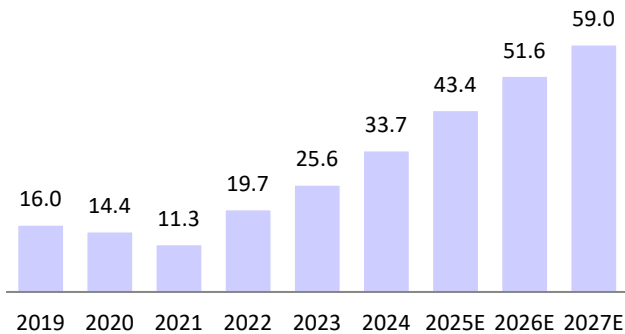
Exhibit 8: PAT grew by 37% YoY (INR m)



Source: Company, MOFSL

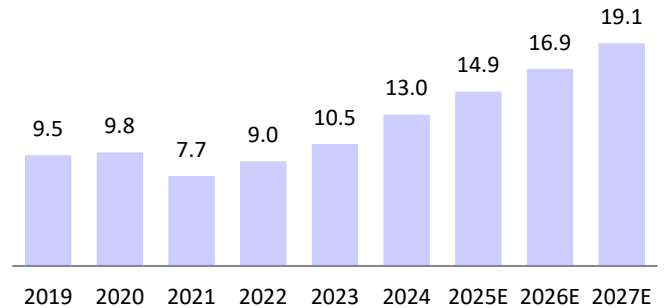
Financial Outlook

Exhibit 9: We expect a 21% CAGR in Powergen segment over FY24-FY27E (INR m)



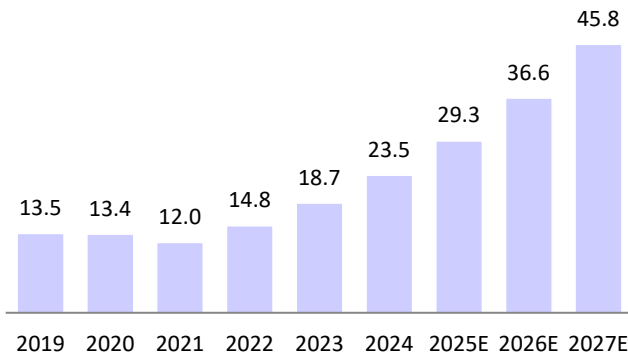
Source: Company, MOFSL

Exhibit 10: We expect a 14% CAGR in Industrial segment over FY24-FY27E (INR m)



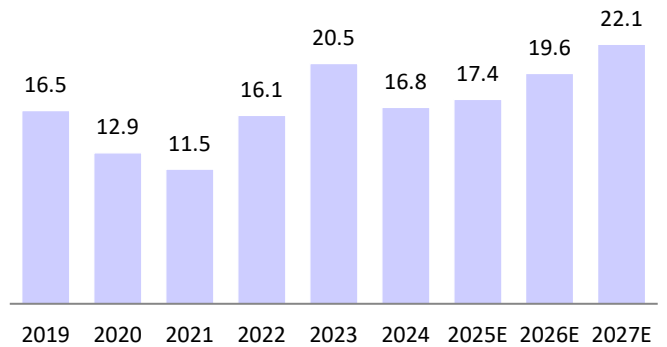
Source: Company, MOFSL

Exhibit 11: We expect a 25% CAGR in Distribution segment over FY24-FY27E (INR m)



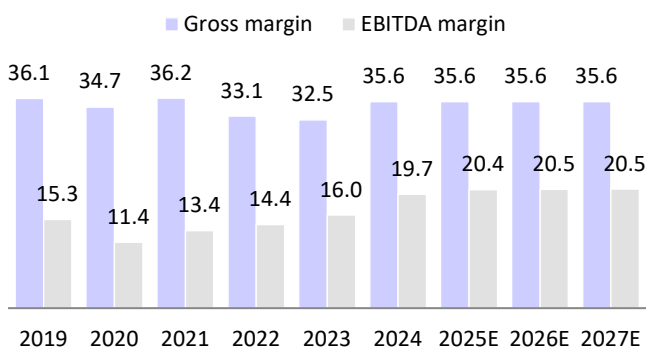
Source: Company, MOFSL

Exhibit 12: Exports to clock 10% CAGR on a low base over FY24-FY27E (INR m)



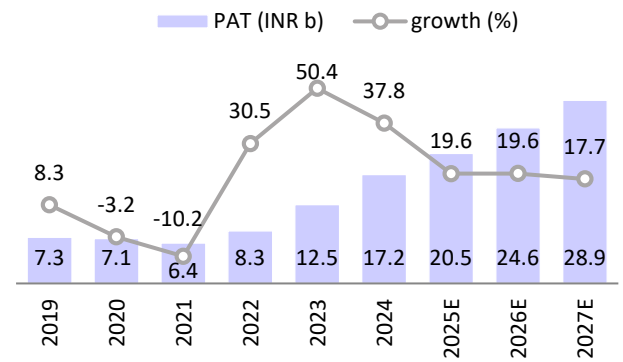
Source: Company, MOFSL

Exhibit 13: Margin to expand in FY25 & FY26 (%)

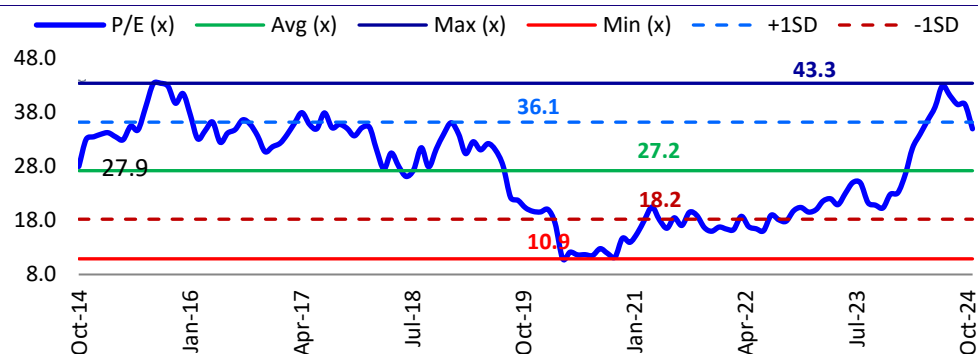


Source: Company, MOFSL

Exhibit 14: PAT to clock 19% CAGR over FY24-27E (INR m)



Source: Company, MOFSL

Exhibit 15: Stock is currently trading at 35x 2-yr forward P/E

Source: Bloomberg, MOFSL

Exhibit 16: We marginally tweak our estimates to factor in 2QFY25 performance

| (INR M) | FY25E | | | FY26E | | | FY27E | | |
|------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Net Sales | 1,06,629 | 1,06,607 | 0.0 | 1,26,366 | 1,26,343 | 0.0 | 1,47,780 | 1,47,755 | 0.0 |
| EBITDA | 21,761 | 21,789 | (0.1) | 25,958 | 25,877 | 0.3 | 30,361 | 30,328 | 0.1 |
| EBITDA (%) | 20.4 | 20.4 | -3 bps | 20.5 | 20.5 | 6 bps | 20.5 | 20.5 | 2 bps |
| Adj. PAT | 20,541 | 20,567 | (0.1) | 24,576 | 24,663 | (0.4) | 28,926 | 29,234 | (1.1) |
| EPS (INR) | 74.1 | 74.2 | (0.1) | 88.7 | 89.0 | (0.4) | 104.3 | 105.5 | (1.1) |

Source: MOFSL

Valuation and view

The stock is currently trading at 41x/35x on FY26E/FY27E EPS. We maintain our TP of INR4,300, based on 45x two-year forward EPS. Maintain BUY rating on the stock.

Key risks and concerns

- **Faster energy transition toward cleaner sources.** A sooner-than-expected transition toward clean sources of fuel in India and the company's inability to keep pace with new products. However, the company is continuously working on new products and has access to technology for products related to natural gas gensets or hydrogen-based gensets.
- **Slowdown in exports.** Its margins have a high correlation with exports. A prolonged slowdown in export markets can impact margins adversely.
- **Increasing competition.** Increased competition from domestic and international players can result in pricing pressure, thereby impacting margins over the medium to long term.

Financials and valuations

| Income Statement | | | | | | | (INR m) |
|-------------------------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Total Income from Operations | 43,292 | 61,404 | 77,444 | 89,586 | 1,06,629 | 1,26,366 | 1,47,780 |
| Change (%) | -16.1 | 41.8 | 26.1 | 15.7 | 19.0 | 18.5 | 16.9 |
| Total Expenditure | 37,497 | 52,553 | 65,018 | 71,972 | 84,868 | 1,00,408 | 1,17,419 |
| % of Sales | 86.6 | 85.6 | 84.0 | 80.3 | 79.6 | 79.5 | 79.5 |
| EBITDA | 5,795 | 8,851 | 12,426 | 17,614 | 21,761 | 25,958 | 30,361 |
| Margin (%) | 13.4 | 14.4 | 16.0 | 19.7 | 20.4 | 20.5 | 20.5 |
| Depreciation | 1,255 | 1,340 | 1,405 | 1,576 | 1,764 | 2,090 | 2,442 |
| EBIT | 4,540 | 7,511 | 11,022 | 16,037 | 19,997 | 23,868 | 27,919 |
| Int. and Finance Charges | 162 | 115 | 158 | 268 | 295 | 295 | 295 |
| Other Income | 3,702 | 2,875 | 4,200 | 5,678 | 5,856 | 7,124 | 8,601 |
| PBT bef. EO Exp. | 8,080 | 10,271 | 15,064 | 21,448 | 25,559 | 30,697 | 36,226 |
| EO Items | 0 | 1,059 | -143 | -17 | | | |
| PBT after EO Exp. | 8,080 | 11,330 | 14,921 | 21,431 | 25,559 | 30,697 | 36,226 |
| Total Tax | 1,901 | 2,463 | 3,623 | 4,824 | 6,146 | 7,382 | 8,712 |
| Tax Rate (%) | 23.5 | 21.7 | 24.3 | 22.5 | 24.0 | 24.0 | 24.0 |
| Reported PAT | 6,179 | 8,866 | 11,298 | 16,606 | 19,413 | 23,315 | 27,515 |
| Adjusted PAT | 6,350 | 8,284 | 12,460 | 16,623 | 20,541 | 24,576 | 28,926 |
| Change (%) | -10.2 | 30.5 | 50.4 | 33.4 | 23.6 | 19.6 | 17.7 |
| Margin (%) | 14.7 | 13.5 | 16.1 | 18.6 | 19.3 | 19.4 | 19.6 |

| Balance Sheet | | | | | | | (INR m) |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Equity Share Capital | 554 | 554 | 554 | 554 | 554 | 554 | 554 |
| Total Reserves | 43,513 | 47,972 | 53,125 | 61,077 | 69,065 | 78,712 | 90,139 |
| Net Worth | 44,068 | 48,527 | 53,680 | 61,631 | 69,619 | 79,266 | 90,693 |
| Total Loans | 156 | 3,933 | 3,500 | 1,000 | 1,000 | 1,000 | 1,000 |
| Deferred Tax Liabilities | 823 | 971 | 1,057 | 941 | 941 | 941 | 941 |
| Sources of Funds | 45,047 | 53,430 | 58,237 | 63,572 | 71,560 | 81,207 | 92,634 |
| Gross Block | 20,337 | 22,278 | 23,458 | 26,183 | 30,444 | 35,378 | 40,731 |
| Less: Accum. Deprn. | 8,684 | 10,024 | 11,429 | 13,005 | 14,769 | 16,859 | 19,301 |
| Net Fixed Assets | 11,654 | 12,254 | 12,030 | 13,178 | 15,675 | 18,519 | 21,431 |
| Capital WIP | 1,275 | 608 | 413 | 968 | 968 | 968 | 968 |
| Total Investments | 13,892 | 15,939 | 21,042 | 21,927 | 21,927 | 21,927 | 21,927 |
| Curr. Assets, Loans & Adv. | 29,950 | 39,230 | 41,625 | 48,884 | 56,214 | 67,316 | 80,496 |
| Inventory | 5,578 | 7,288 | 8,862 | 9,369 | 12,211 | 14,472 | 16,924 |
| Account Receivables | 10,745 | 12,473 | 15,927 | 20,776 | 21,930 | 25,989 | 30,393 |
| Cash and Bank Balance | 9,652 | 14,267 | 13,808 | 15,047 | 18,055 | 22,093 | 27,609 |
| Loans and Advances | 1,517 | 2,646 | 539 | 505 | 601 | 712 | 833 |
| Other Current Assets | 2,459 | 2,556 | 2,488 | 3,188 | 3,418 | 4,051 | 4,737 |
| Curr. Liability & Prov. | 11,922 | 14,621 | 16,883 | 21,413 | 23,225 | 27,524 | 32,188 |
| Other Current Liabilities | 9,723 | 12,362 | 14,497 | 18,602 | 19,953 | 23,646 | 27,653 |
| Provisions | 2,199 | 2,258 | 2,386 | 2,810 | 3,272 | 3,878 | 4,535 |
| Net Current Assets | 18,029 | 24,609 | 24,741 | 27,472 | 32,990 | 39,792 | 48,308 |
| Misc Expenditure | 199 | 21 | 11 | 27 | 0 | 0 | 0 |
| Appl. of Funds | 45,047 | 53,430 | 58,237 | 63,572 | 71,560 | 81,207 | 92,634 |

Financials and valuation

| Ratios | | | | | | | |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Basic (INR) | | | | | | | |
| EPS | 23 | 30 | 45 | 60 | 74 | 89 | 104 |
| Cash EPS | 27.4 | 34.7 | 50.0 | 65.7 | 80.5 | 96.2 | 113.2 |
| BV/Share | 159.0 | 175.1 | 193.7 | 222.3 | 251.2 | 286.0 | 327.2 |
| DPS | 14.0 | 10.5 | 25.0 | 34.5 | 41.2 | 49.3 | 58.0 |
| Payout (%) | 62.8 | 32.8 | 61.3 | 57.5 | 58.8 | 58.6 | 58.5 |
| Valuation (x) | | | | | | | |
| P/E | 159.7 | 122.4 | 81.4 | 61.0 | 49.4 | 41.3 | 35.1 |
| Cash P/E | 133.3 | 105.4 | 73.1 | 55.7 | 45.5 | 38.0 | 32.3 |
| P/BV | 23.0 | 20.9 | 18.9 | 16.5 | 14.6 | 12.8 | 11.2 |
| EV/Sales | 23.2 | 16.3 | 13.0 | 11.2 | 9.3 | 7.9 | 6.7 |
| EV/EBITDA | 173.3 | 113.4 | 80.8 | 56.8 | 45.8 | 38.3 | 32.5 |
| Dividend Yield (%) | 0.4 | 0.3 | 0.7 | 0.9 | 1.1 | 1.3 | 1.6 |
| FCF per share | 24.3 | 28.1 | 23.7 | 36.0 | 53.1 | 64.9 | 79.0 |
| Return Ratios (%) | | | | | | | |
| RoE | 14.8 | 17.9 | 24.4 | 28.8 | 31.3 | 33.0 | 34.0 |
| RoCE | 13.9 | 16.8 | 21.0 | 28.1 | 29.5 | 31.2 | 32.3 |
| RoIC | 15.9 | 27.4 | 36.6 | 51.1 | 54.0 | 54.3 | 54.1 |
| Working Capital Ratios | | | | | | | |
| Fixed Asset Turnover (x) | 2.1 | 2.8 | 3.3 | 3.4 | 3.5 | 3.6 | 3.6 |
| Asset Turnover (x) | 1.0 | 1.1 | 1.3 | 1.4 | 1.5 | 1.6 | 1.6 |
| Inventory (Days) | 47 | 43 | 42 | 38 | 42 | 42 | 42 |
| Debtor (Days) | 91 | 74 | 75 | 85 | 75 | 75 | 75 |
| Creditor (Days) | 82 | 73 | 68 | 76 | 68 | 68 | 68 |
| Leverage Ratio (x) | | | | | | | |
| Current Ratio | 2.5 | 2.7 | 2.5 | 2.3 | 2.4 | 2.4 | 2.5 |
| Interest Cover Ratio | 28.1 | 65.3 | 69.8 | 59.9 | 67.9 | 81.0 | 94.8 |
| Net Debt/Equity | -0.5 | -0.5 | -0.6 | -0.6 | -0.6 | -0.5 | -0.5 |

| Cash Flow Statement | | | | | | | (INR m) |
|------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| OP/(Loss) before Tax | 8,711 | 9,614 | 11,631 | 17,773 | 25,107 | 30,317 | 35,963 |
| Direct Taxes Paid | -832 | -2,543 | -3,520 | -4,972 | -6,146 | -7,382 | -8,712 |
| CF from Operations | 7,879 | 7,071 | 8,111 | 12,801 | 18,961 | 22,935 | 27,252 |
| (Inc)/Dec in FA | -1,140 | 705 | -1,540 | -2,812 | -4,234 | -4,934 | -5,353 |
| Free Cash Flow | 6,738 | 7,776 | 6,571 | 9,989 | 14,727 | 18,001 | 21,898 |
| (Pur)/Sale of Investments | -75 | -7,597 | 376 | -2,967 | 0 | 0 | 0 |
| Others | 1,371 | 1,030 | 1,857 | 3,106 | 0 | 0 | 0 |
| CF from Investments | 155 | -5,862 | 694 | -2,673 | -4,234 | -4,934 | -5,353 |
| Dividend Paid | -3,881 | -4,435 | -6,237 | -8,593 | -11,424 | -13,668 | -16,087 |
| Others | -4,844 | 3,661 | -607 | -2,733 | -295 | -295 | -295 |
| CF from Fin. Activity | -8,724 | -774 | -6,844 | -11,326 | -11,719 | -13,963 | -16,382 |
| Inc/Dec of Cash | -691 | 434 | 1,960 | -1,198 | 3,008 | 4,038 | 5,516 |
| Opening Balance | 4,538 | 9,652 | 14,267 | 13,808 | 15,047 | 18,055 | 22,093 |
| Other adjustments | 5,804 | 4,181 | -2,420 | 2,437 | | | |
| Closing Balance | 9,652 | 14,267 | 13,808 | 15,047 | 18,055 | 22,093 | 27,609 |

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NOTES

| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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