NOT RATED

KEI Industries

Structurally wired for ~20% revenue CAGR till FY30

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CMP (Rs): 3,638 | TP (Rs): NA

We recently met the top management of KEI Industries, to assess future growth prospects in the W&C space and KEI's position in this high-growth area. KTAs: i) Retained guidance of +20% revenue CAGR till FY30, driven by strong demand across renewables, T&D, data centers, EV ecosystem, and industrial capex; gave guidance of 18% growth in FY26 (limited by capacities). ii) Phase 1 (LT/HT) at Sanand is on track to commence production by Q1FY26-end, while FY26 margin is seen to be stable (~10.5–11%), and ~50–100bps margin expansion is expected from FY28 as it scales up/EHV mix rises. iii) Wires gained traction (B2C mix at 52%) via deeper channel financing (~70% of dealer revenue) and expansion in new markets (East/South); Exports (~13% of revenue; targets ~17–18% by FY28) will benefit from easing freight bottlenecks via Sanand. On competition, the management believes robust sectoral growth tailwinds (~12–13% CAGR) would absorb incremental supply from new entrants like Birla/Adani without materially disrupting incumbent players. KEI currently trades at ~50x FY25 TTM PER (Consensus: FY27E PER of ~34x).

Guidance for over 20% revenue CAGR till FY30

The mgmt reiterated its FY30 growth guidance of over 20% (Rs250bn by FY30), driven by robust demand in renewables, thermal power, T&D infra, data centers, EV ecosystem, and industrial capex; however, it maintained its guidance at ~18% for FY26, which marks a ramp-up year with new capacities scaling up. Growth will be driven by a well-diversified order book across the domestic institutional, export, and B2C channels. The newly commissioned brownfield capacities at Pathredi and Chinchpada have supported volume growth in FY25 (~20% vs earlier guidance of ~18-19%), and the upcoming Sanand facility is expected to be a key inflection point (expects +20% revenue CAGR till FY30)

Sanand ramp-up to unlock margin expansion from FY28

Phase 1 of the Sanand facility (LT/HT cables) is on track to commence operations by end-Q1FY26, with planned capex outlay of ~Rs13bn in FY26; this will potentially unlock ~Rs55-60bn revenue, while Phase 2 (HVDC/EHV) will open high-value export opportunities. The mgmt. expects FY26 EBITDA margin to be stable at ~10.5–11%, with margin expansion of ~50–100bps anticipated from FY28, supported by operating leverage benefits at Sanand and improved product mix (higher EHV mix).

Strong industry growth to limit impact from competition; growth levers intact

The management believes the robust sectoral growth (~12-13% CAGR) is likely to absorb incremental supply from new entrants like Birla/Adani without materially disrupting incumbent players. The fragmented nature of the W&C market and long approval timelines (typically 5–7Y for institutional cable segments) also act as natural buffers. The wires business continues to outpace peers', on rising presence in East/South, with B2C revenue mix now at ~52% in FY25 (vs 27% in FY17). Exports (~Rs13bn in FY25; ~13% of revenue) are a structural growth lever for KEI (targets 17-18% revenue by FY28). Also, the EHV segment is expected to recover in FY26, backed by easing execution delays.

Target Price – 12M	
Change in TP (%)	**NA**
Current Reco.	NOT RATED
Previous Reco.	NA
Upside/(Downside) (%)	NA

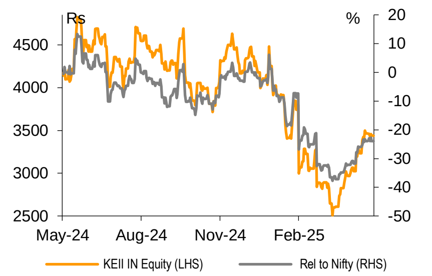
Stock Data	**KEII IN**
52-week High (Rs)	5,040
52-week Low (Rs)	2,424
Shares outstanding (mn)	95.6
Market-cap (Rs bn)	348
Market-cap (USD mn)	4,072
Net-debt, FY26E (Rs mn)	NA
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	2,932.4
ADTV-3M (USD mn)	34.4
Free float (%)	0.0
Nifty-50	24,752.4
INR/USD	85.4

Shareholding, Mar-25	
Promoters (%)	35.0
FPIs/MFs (%)	25.8/23.5

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	21.3	18.5	(12.2)
Rel. to Nifty	19.2	5.9	(18.8)

1-Year share price trend (Rs)



KEI Industries: Financial Snapshot (Consolidated)

Y/E (Rs mn)	FY21	FY22	FY23	FY24	FY25
Revenue	41,815	57,266	69,082	81,207	97,359
EBITDA	4,555	5,887	7,020	8,542	9,910
Adj. PAT	2,696	3,760	4,773	5,811	6,965
Adj. EPS (Rs)	30.0	41.7	52.9	64.4	72.9
EBITDA margin (%)	10.9	10.3	10.2	10.5	10.2
EBITDA growth (%)	(8.4)	29.3	19.2	21.7	16.0
Adj. EPS growth (%)	4.8	39.1	26.8	21.7	13.2
RoE (%)	16.4	19.2	20.2	20.3	15.6
RoIC (%)	17.1	20.1	22.7	26.6	23.6
P/E (x)	121.2	87.2	68.7	56.5	49.9
EV/EBITDA (x)	72.0	55.6	46.2	37.8	32.6
P/B (x)	18.4	15.4	12.7	10.4	6.0
FCFF yield (%)	0.4	0.5	1.3	0.7	(2.3)

Source: Company, Emkay Research

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Q&A with KEI's top management

How would the entry of Birla/Adani impact KEI?

- KEI views Birla (UltraTech)/Adani's entry into the W&C space as a **limited near-term threat**, given the **structural complexity and long gestation period of the business**. While the wires space can commence sales quickly if distribution is ready, building a full-fledged portfolio with brand trust and dealer stickiness typically takes ~2–2.5 years.
- **Cables pose even higher entry barriers**, requiring ~5-7 years for factory and product approvals, pre-qualification, and performance validation. With the overall market at ~Rs900-1,000bn and given ~12–13% CAGR, KEI believes the opportunity is large and fragmented (~25% unorganized) enough to accommodate new players without disrupting incumbents. Moreover, the effectiveness of using cement distribution channels (on UltraTech) for electrical products remains unproven.

What initiatives are being taken to improve exports? Which geographies will drive growth?

- KEI aims to grow exports from ~**13% of revenue currently to 17-18% by FY28**. Key initiatives include: 1) Sanand plant easing freight constraints and enabling EHV execution. 2) Focus on institutional sales across geographies—in the **Middle East, Africa, Australia, USA, and Europe**—with no particular focus on any select geography.

Is there any impact of the recent US tariffs?

- The management **does not expect any material impact from recent tariffs**. KEI continues to benefit from India's low-cost manufacturing advantage and strong global approvals that support export resilience. Moreover, US revenue for FY25 stood at Rs1.6bn (~1.7% of overall revenue).

When is margin expansion expected to start?

- EBITDA margin is expected to be stable at **~10.5–11% in FY26**, with **expansion of ~50–100bps anticipated from FY28**, as operating leverage improves from Sanand's scale-up and EHV contributes a higher share of the mix.

What is the capex plan for FY26-27?

- KEI has given guidance for **~Rs13bn capex across FY26-27**, primarily for:
  - **Sanand Phase 1** (LT/HT cables) – production to commence by **Q1FY26-end**
  - **Sanand Phase 2** (EHV/HVDC capacity) – to be rolled out from **FY27**, unlocking higher-value global opportunities
  - **Baroda plant** (LT/HT cables) **–** around Rs7-8bn capex planned over the next 2 years; 60acres of land already acquired.

Which sectors are driving major demand?

- Demand is broad-based, led by **strong capex in renewables (solar, wind)** and a revival in **coal-based thermal power projects,** along with related investments **in** the **T&D infrastructure** by central and state utilities.
- Additionally, growing demand from energy-intensive sectors like **data centers**, new manufacturing projects, and infrastructure developments such as **railways, metro rails, and highways** is driving momentum.
- KEI also caters to the **evolving EV ecosystem**, supplying products for both—EV **charging infrastructure and EV kits**, thus further diversifying its end-market exposure.

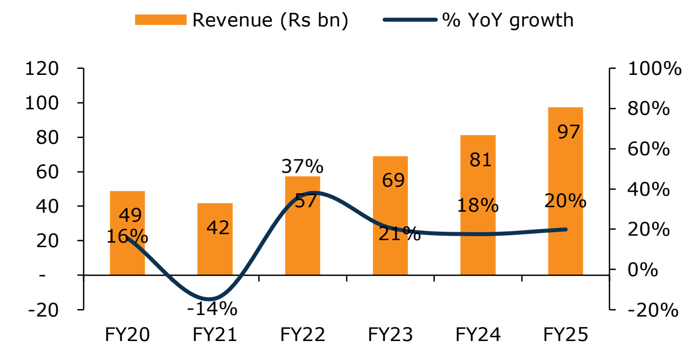
Story in Charts

Exhibit 1: Business Snapshot – Bird's eye view of KEI

Revenue division	**Wires and Cables**	**Stainless Steel Wire (SS)**	**Turnkey projects (EPC)**
Products			
FY25 revenue	Rs91.7bn	Rs2.2bn	Rs6.6bn
Sub-segment revenue - FY25	**Low Tension (LT):** Rs38.9bn **High Tension (HT):** Rs19.6bn **Extra High Voltage (EHV):** Rs4.0bn **Housing/Winding Wire (HW/WW):** Rs29.5bn	Rs2.2bn	Rs3.4bn
Sub-segment Mix	**LT:** 42.6% **HT:** 20.5% **EHV:** 4.1% **HW/WW:** 32.8%	100%	100%
FY25 revenue Mix	91.3%	2.1%	6.5%
Market Share	9%	NA	NA
Peers in the segment	Polycab, KEI, RR Kabel, Havells	Bansal Wires, Bharat Wire Ropes	Polycab, KEI, KPIL, L&T
Channel mix as of FY25	**Exports:** 13%; **Institutional:** 35%; **Retail:** 52%		
Geographical Retail mix	**North:** 38%; **West:** 29%; **South:** 18%; **East:** 15%		
Orderbook as of FY25	**EPC:** Rs 4.2bn**; EHV:** Rs 6.0bn**; Cable:** Rs 21.1bn**; Exports:** Rs 7.0bn		
Orderbook mix as of FY25	**EPC:** 11%**; EHV:** 16%**; Cable:** 55%**; Exports:** 18%		
FY20-25 CAGR			
Revenue	18.1%	9.4%	-14.0%
EBIT	17.2%	1.5%	-18.0%
FY25 EBIT Margin	10.6%	4.4%	9.3%
RoCE as of FY25	28.3%	12.3%	14.2%
Growth drivers	Retail expansion, product innovation, market share gains	Stainless steel usage in infrastructure, railways	EPC tender inflow from T&D utilities
Key Risk	Copper price volatility, competitive intensity from larger players and threat from new entrants	Limited segment scale, RM fluctuations	Execution delays, margin volatility due to lumpiness
Guidance in Q4FY25 earning call	KEI Industries have guidance for ~18% revenue growth in FY26, slightly below its long-term +20% CAGR target (Rs250bn topline by FY30), as FY26 will be a ramp-up year with commercial production at the Sanand greenfield facility (Phase 1) scaling gradually. The company incurred Rs6bn in capex during FY25 and plans to invest another ~Rs13bn over FY26–27, largely funded through QIP proceeds. This includes completion of Sanand Phase 1 (Rs55–60bn revenue potential from LT/HT cables) and preparatory work for Phase 2, which will add EHV/HVDC capacity. While near-term margin expansion may be muted due to scale-up costs, operating leverage and mix improvement are expected to drive ~50–100bps margin expansion from FY28 onward. Post new plant ramp-up by FY27/28, KEI expects to sustain >20% revenue CAGR, supported by robust demand across power T&D, renewables, infra, industrial capex, and rising export contribution.		
Guidance after the Adani announcement (CNBC Interview)	The Indian W&C market is expected to grow 2.5–3x by 2030, with domestic demand at ~Rs 1trn, creating room for multiple players. KEI is confident of sustaining ~20% CAGR till FY30, driven by domestic and export growth; it has given guidance for a conservative ~11% EBITDA margin. In the near-term, the management targets topline of Rs170–180bn by FY27–28. US revenue at ~Rs3–4bn, with plans to scale up to Rs8bn next year; US exposure remains limited, the management gives assurance amid tariff concerns.		

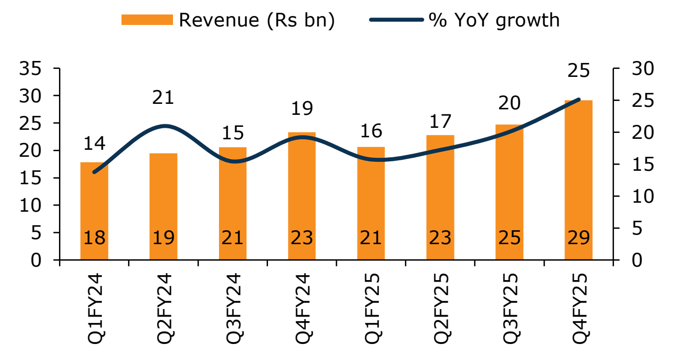
Source: Company, Emkay Research

Exhibit 2: KEI has consistently delivered stellar growth (>20% YoY) over the last 5 years…



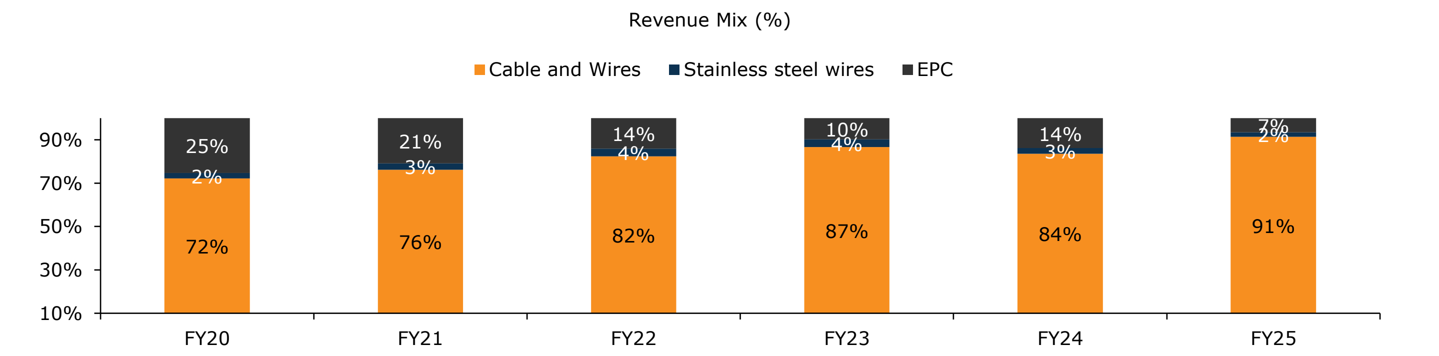
Source: Company, Emkay Research

Exhibit 3: …owing to ramp-up across product categories (mainly in Wires and Cables)…



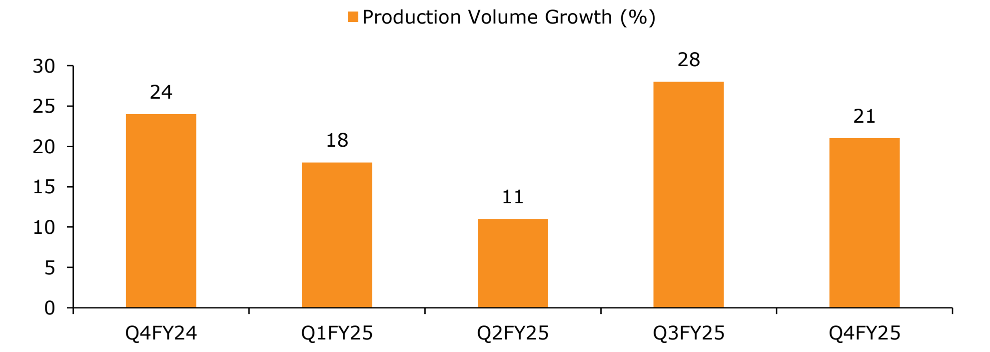
Source: Company, Emkay Research

Exhibit 4: …which is visible in the W&C share increasing, from 72% in FY20 to 91% in FY25



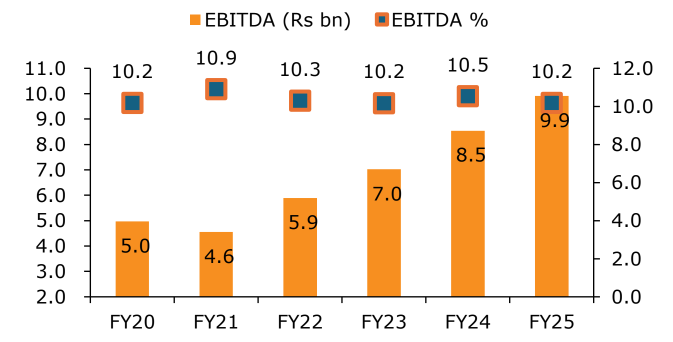
Source: Company, Emkay Research

Exhibit 5: W&C volume growth has been consistently healthy



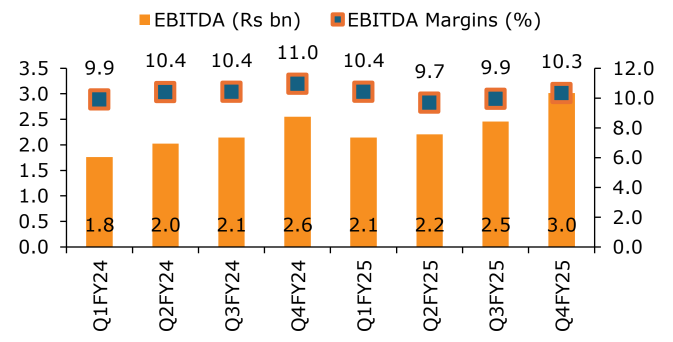
Source: Company, Emkay Research

Exhibit 6: KEI has been rangebound at 10-11% margin over the last 5 years...



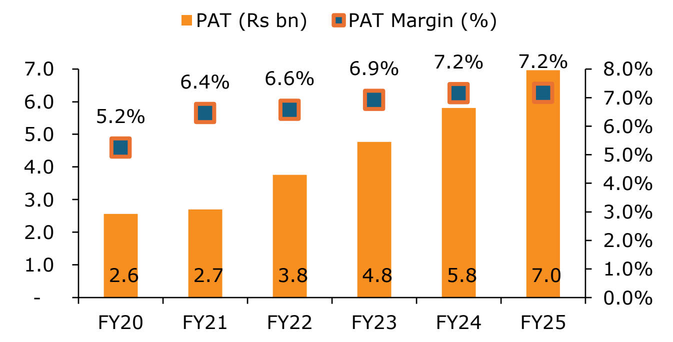
Source: Company, Emkay Research

Exhibit 7: ...with a similar trend seen across the last 8 quarters as well



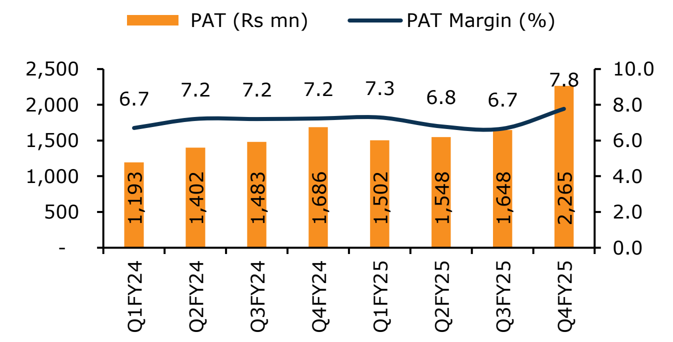
Source: Company, Emkay Research

Exhibit 8: KEI has delivered healthy profitability post Covid...



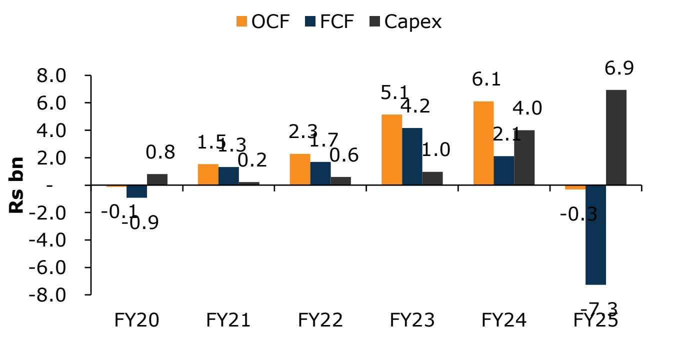
Source: Company, Emkay Research

Exhibit 9: ...while Q4FY25 marked the highest PAT quarter for KEI, with it crossing Rs2.3bn (PAT margin: ~7.8%)



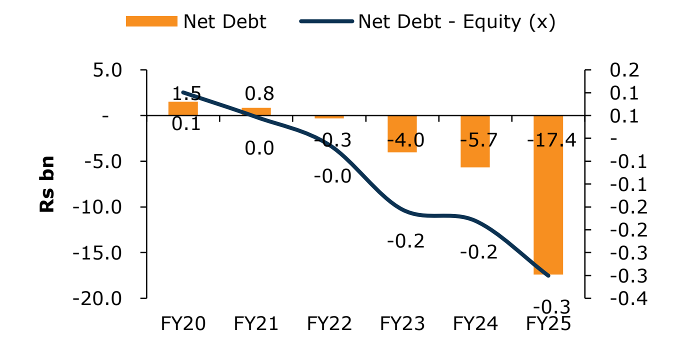
Source: Company, Emkay Research

Exhibit 10: Higher capex coupled with flattish OCF has led to negative FCF during FY25



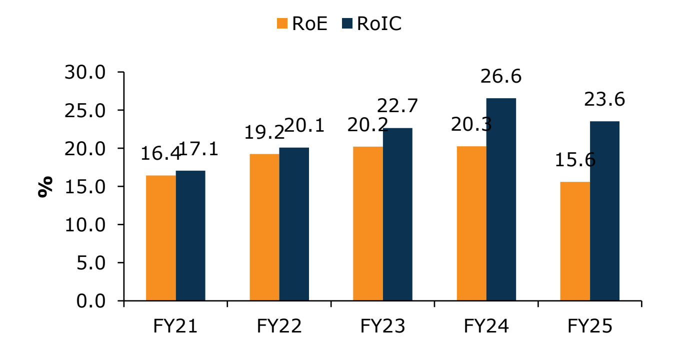
Source: Company, Emkay Research

Exhibit 11: KEI's net debt-to-equity stood at -0.3x post QIP...



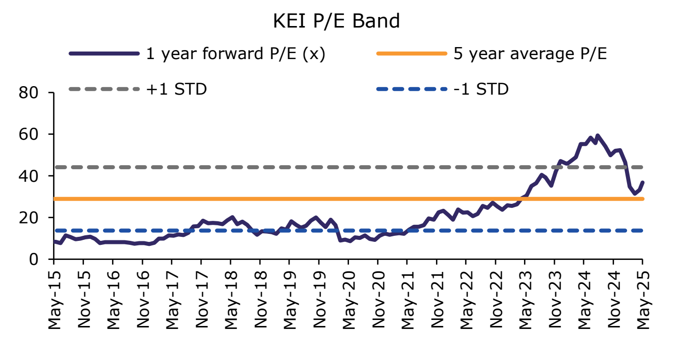
Source: Company, Emkay Research

Exhibit 12: ...with RoE/RoIC healthy at ~16/24%, respectively



Source: Company, Emkay Research

Exhibit 13: KEI trades at 50x FY25 TTM PER (near its 5Y Avg)

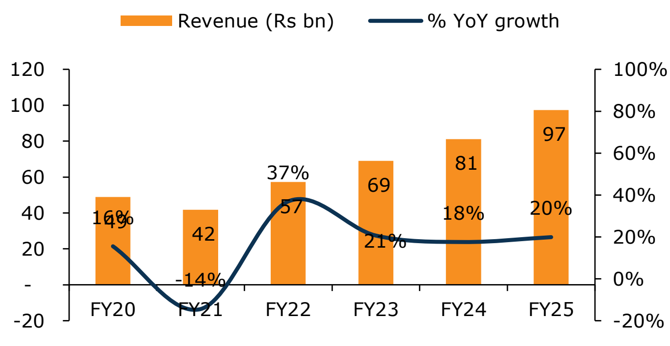


Source: Company, Emkay Research

Guidance for >20% revenue CAGR till FY30

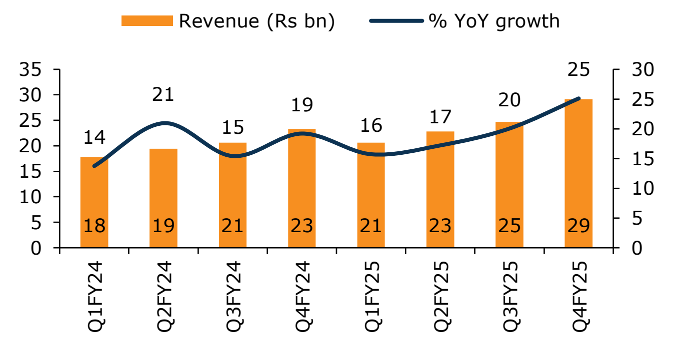
- KEI's FY25 revenue grew ~20% (ahead of the earlier ~18–19% guidance), aided by ramp-up of the newly commissioned brownfield capacities at Pathredi and Chinchpada.
- The management reiterated its long-term target of >20% CAGR till FY30 (revenue target: Rs250bn), driven by strong demand across renewables, thermal power, T&D infra, data centers, EV ecosystem, and industrial capex along with increased capacity (notably Sanand) additions, deeper penetration in high-growth segments (HT/LT cables), and continued retail channel expansion (B2C currently 52% vs 47%/29% in FY24/FY17).
- The upcoming Sanand facility is expected to be a key inflection point, unlocking >20% revenue CAGR potential through enhanced capacity, export readiness, and operating leverage.

Exhibit 14: KEI has consistently delivered stellar growth (>20% YoY) over the last 5 years…



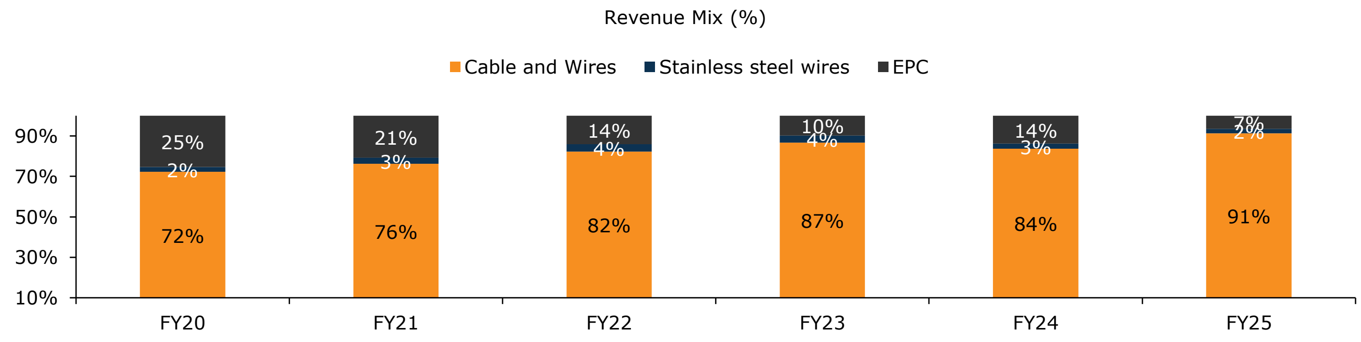
Source: Company, Emkay Research

Exhibit 15: …owing to ramp-up across product categories (mainly in Wires and Cables)…



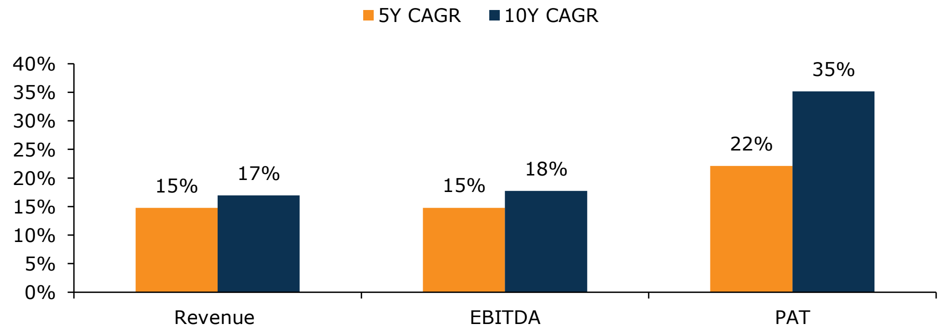
Source: Company, Emkay Research

Exhibit 16: …which is visible with the W&C share increasing, from ~72% in FY20 to ~91% in FY25



Source: Company, Emkay Research

Exhibit 17: KEI has historically been delivering sublime growth across revenue, EBITDA, PAT



Source: Company, Emkay Research

Sanand ramp-up to drive margin expansion by FY28

- Sanand Phase-1 is likely to unlock ~Rs55–60bn topline from LT/HT cables, while Phase 2 (HVDC/EHV) will open higher-value global opportunities.
- Moreover, an additional plant in Baroda – focused on LT/HT cables (already acquired 60acres of land) – will help KEI meet its FY30 revenue target of Rs250bn by contributing an additional ~Rs50-60bn revenue on planned capex of ~Rs7-8bn over the next 3-5 years.

Exhibit 18: KEI's robust capacity addition plans grant it a clear runway for achieving its Rs250bn revenue target till FY30

Plant / Location	Capex	Revenue potential	Key Products / Focus
Sanand (Gujarat) – Phase 1 (to complete by Q1FY26 End) and Phase 2 (to complete by FY26)	~Rs13bn (majorly in FY26)	~Rs55-60bn	LT, HT, and EHV cables
Baroda (Planned)	~Rs7–8bn (over the next 2 years); 60acres of land already acquired	~Rs50–60bn	LT/HT cables
Existing plants (Brownfield capex already completed)	Minimal in FY26	Already contributing ~Rs100bn in FY25	Wires, HT cables, SS wires (utilization levels - cables 85%, SS wires 91%)

Source: Company, Emkay Research

- Phase 1 of the Sanand facility (LT/HT cables) remains on track to commence operations by the end of Q1FY26, while Phase 2—focused on EHV capacity expansion—will be completed by Mar-26, with revenue to flow in FY27 onward. Planned capex outlay for the Sanand project is ~Rs13bn (majorly in FY26).
- The management expects EBITDA margin to stabilize at ~10.5–11% in FY26, with major expansion of ~50–100bps anticipated from FY28; this would be supported by operating leverage benefits at Sanand and improved product mix with higher EHV contribution, which will be mainly targeted for exports market (~13% of revenue mix ; targets ~17-18% mix by FY28) .

Exhibit 19: Plant-wise product mix

Products	Bhiwadi	Rakholi	Chopanki	Pathredi-1	Pathredi-2	Chinchpada
EHV	✓		✓			
HT Power Cable	✓		✓	✓	✓	
LT Power Cable	✓	✓	✓	✓	✓	✓
Control Cable	✓	✓		✓		✓
Instrumentation/ Communication Cable	✓			✓		✓
Rubber cable	✓					
House Wire/ Winding Wire	✓	✓				✓
Stainless Steel Wire	✓					

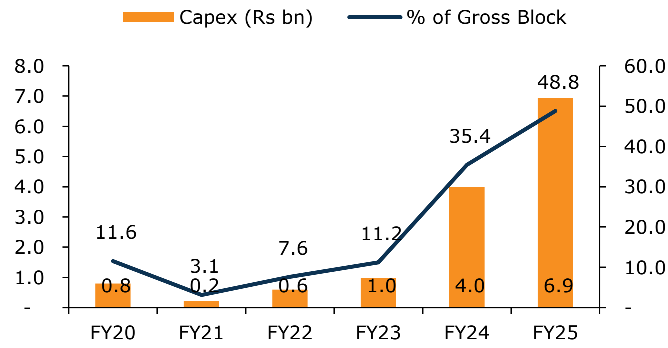
Source: Company, Emkay Research; Note: product mix in %

Exhibit 20: Plant wise capacity (as of 31-Mar-25)

Plant Location	Start Date	Capacity (As of 31st March 25)
Bhiwadi	1996	• Cable – 64,600 Kms • House Wire/WW – 2,57,000 Kms • Stainless Steel Wire – 9,000 MT
Rakholi	2002	• Cable – 34,800 Kms • House Wire – 696,000 Kms
Chopanki	2007	• Cable – 5,700 Kms
Pathredi-1	2018	• Cable – 21,000 Kms
Pathredi-2	2024	• Cable – 13,000 Kms
Chinchpada	2019	• House Wire – 14,22,000 Kms • Cable – 55,800 Kms • Communication cable – 28,800 Kms

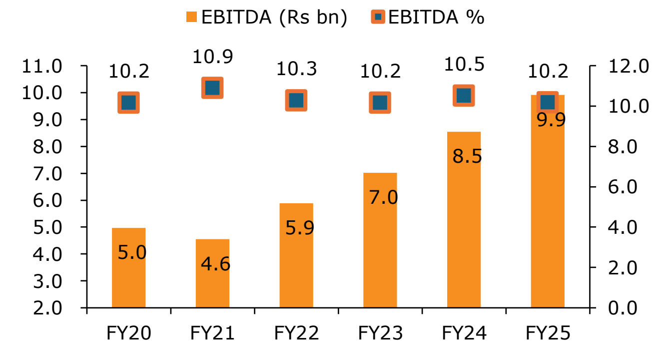
Source: Company, Emkay Research

Exhibit 21: KEI has significantly increased its capacity over the last 3 years



Source: Company, Emkay Research

Exhibit 22: KEI has maintained stable EBITDA margin at ~10-11% and expects ending FY26 at a similar range, with margin accretion kicking in from FY27/28 via better product mix



Source: Company, Emkay Research

Strong industry growth to limit impact from competition

- With the overall market at ~Rs900-1,000bn and given ~12–13% CAGR, KEI believes the opportunity is large and fragmented (~25% unorganized; ~23% as per Mordor intelligence) enough to accommodate new players without disrupting incumbents. Moreover, the effectiveness of using cement distribution channels (on UltraTech) for electrical products remains unproven.
- KEI views Birla (UltraTech)/Adani's entry into the W&C space as a limited near-term threat, given the structural complexity and long gestation period of the business. While the wires space can commence sales quickly if distribution is ready, building a full-fledged portfolio with brand trust and dealer stickiness typically takes ~2–2.5 years.
- Cables pose even higher entry barriers, requiring ~5-7 years for factory and product approvals, pre-qualification, and performance validation.

Exhibit 23: Unorganized sector still forms ~23-25% of overall W&C space

Market Size (Rs bn)	Paints	% Mix	W&C	% Mix
Organized	667	75	770	77
Unorganized	222	25	230	23
Total	**889**	100	**1000**	100

Source: Mordor Intelligence, Media Articles, Emkay Research

Exhibit 24: Key Comparison of the Paints and W&C industries

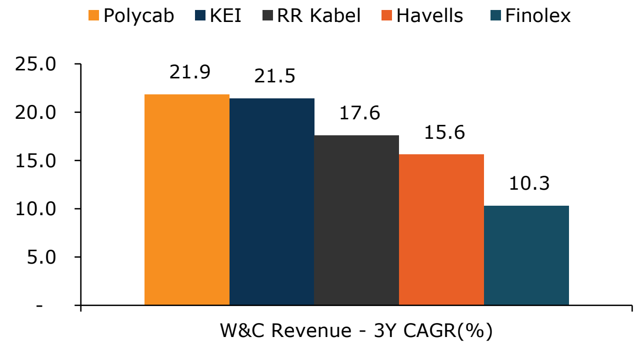
Factor	Paints Industry	Wires and Cables (W&C) Industry
Market Structure	Oligopoly (few dominant players); Asian Paints forms ~50% of the total market size	Fragmented (strong incumbents in niche segments); no W&C company forms more than 20% of the total market size
Distribution	Overlaps with cement due to white cement presence	Requires new distribution channel development
Regulatory Approvals	Minimal approvals required	Approvals needed across multiple industries (railways, oil & gas, solar, etc) for cables, and multiple product certifications like BIS, fire-resistance, etc
Lead Time for Entry	Faster entry due to existing distribution links for players like UTCEM	6-24M for approvals post-commissioning in cables
Market Share Gains	Easier due to brand strength and marketing	Difficult; each player is strong in select markets/segments (Polycab in retail, KEI in EHV cables)
Margin Profile	High EBITDA margin (~18-22%)	Reasonable margin (~9-13%) limiting price wars
RoCE	High (~30-35%)	Moderate (~20-25%)
Impact of New Entrants	Can disrupt pricing and market dynamics	Limited impact, as demand-supply are more balanced
UTCEM's Strategy	Large capex (Rs100bn), explicit revenue targets (Rs100bn in the next 3 years)	Modest capex (Rs18bn), no explicit market share guidance

Source: Company, Emkay Research

Growth levers still intact for KEI

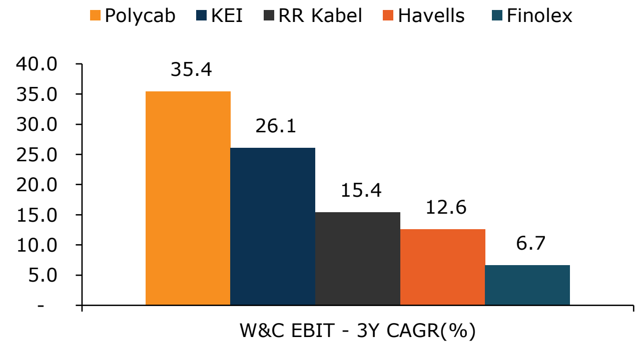
- Kei's wires business continues to outperform peers (ex Polycab), driven by rising presence in East/South (building on a strong base in the North/West) and increasing contribution from dealer/distributor-led sales (~52% of revenue in FY25 vs 45% in FY24).
- Also, ~70% of distributor sales are now routed via channel financing (vs ~50% in FY19). Moreover, exports (~Rs13bn in FY25; ~13% of consol revenue) is a structural growth lever for KEI, with the management targeting ~17-18% of overall sales by FY27/28.
- Currently, exports are spread across >60 countries with no material dependence on the US, which forms ~13% of the overall exports/~1% of the overall revenue.

Exhibit 25: KEI has outperformed major peers (ex-Polycab), seeing sales CAGR of ~21.5% over the last 3Y…



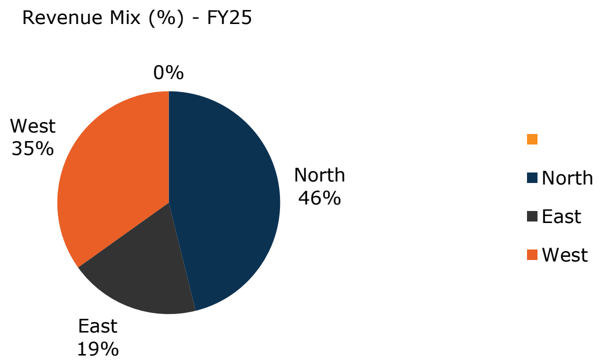
Source: Company, Emkay Research

Exhibit 26: …with a robust W&C EBIT CAGR of ~26% over FY22-25 driven by higher B2C sales and improved product mix (higher HT cables + exports)



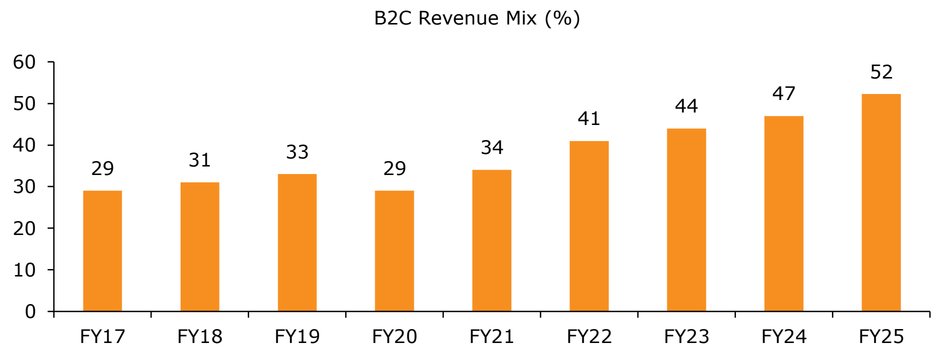
Source: Company, Emkay Research

Exhibit 27: North and West cumulatively form ~66% of the overall revenue mix, while the management is seeing strong traction in the East/South as well



Source: Company, Emkay Research

Exhibit 28: KEI has seen its B2C wires and cables mix grow to ~52% from 29% in FY17



Source: Company, Emkay Research

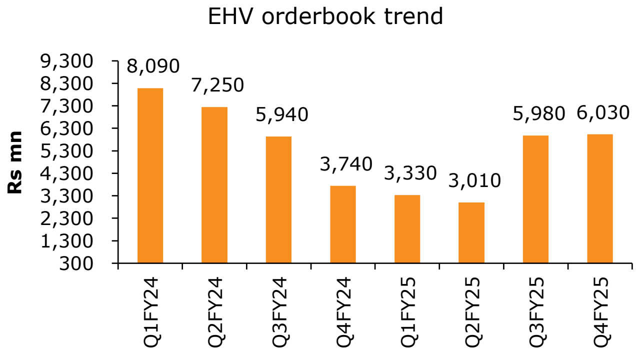
Exhibit 29: Exports currently form ~13% of the revenue mix, with an aim to ramp it up to 17-18% of the total mix

Particulars (Rs mn)	Export	Domestic	Total
Institutional – Wires and Cables	10,550	30,660	41,210
Dealer/Distribution- Wires and Cables	-	50,880	50,880
SS	1,040	1,080	2,120
EPC	1,050	2,380	3,430
Total Revenue - FY25	**12,640**	**85,000**	**97,640**
Revenue Contribution - FY25 (%)	**13**	**87**	**100**

Source: Company, Emkay Research

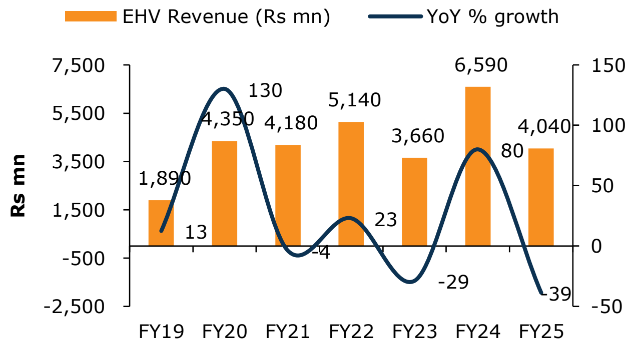
- The company expects its EHV cable capacity at Sanand (Phase 2) to be completed by Mar-26, making it operational in FY27. EHV division's softness in FY25 was due to project execution delays linked to right-of-way (ROW) and clearance issues, which impacted order flow and deployment timelines. Additionally, EHV capacity was underutilized, dampening profitability, given EHV's higher margin profile (~14–15%); however, the additional capacity was utilized to manufacture HT Cables in FY25.
- The Sanand facility has been designed to overcome these hurdles with the capability to produce longer cables and improved proximity to ports. The management highlighted that this capacity addition will not only boost the export contribution from EHV cables but also ease bottlenecks in other segments where current capacity is stretched.
- The management reiterated that the EHV segment is expected to recover in FY26E (post revenue declining ~39% in FY25), backed by improved execution visibility coupled with higher demand from EHV cables globally.

Exhibit 30: KEI slowed down its order bookings for the EHV segment post-Q1FY24, with decent pick-up seen after Q3FY25



Source: Company, Emkay Research

Exhibit 31: EHV segment saw a dip in FY25 owing to project execution delays linked to right-of-way (ROW) and clearance issues



Source: Company, Emkay Research

KEI Industries: Consolidated Financials and Valuations

Profit & Loss

Y/E (Rs mn)	FY21	FY22	FY23	FY24	FY25
Revenue	**41,815**	**57,266**	**69,082**	**81,207**	**97,359**
Revenue growth (%)	(14.4)	36.9	20.6	17.6	19.9
EBITDA	**4,555**	**5,887**	**7,020**	**8,542**	**9,910**
EBITDA growth (%)	(8.4)	29.3	19.2	21.7	16.0
Depreciation & Amortization	578	555	571	614	701
EBIT	**3,977**	**5,333**	**6,449**	**7,928**	**9,208**
EBIT growth (%)	(9.7)	34.1	20.9	22.9	16.1
Other operating income	-	-	-	-	-
Other income	201	146	318	324	718
Financial expense	573	404	347	439	556
PBT	**3,604**	**5,075**	**6,420**	**7,813**	**9,370**
Extraordinary items	0	0	0	(2)	0
Taxes	909	1,315	1,647	2,002	2,406
Minority interest	-	-	-	-	-
Income from JV/Associates	1	-	-	0	0
Reported PAT	**2,696**	**3,760**	**4,773**	**5,808**	**6,965**
PAT growth (%)	5.2	39.4	26.9	21.7	19.9
Adjusted PAT	**2,696**	**3,760**	**4,773**	**5,811**	**6,965**
Diluted EPS (Rs)	**30.0**	**41.7**	**52.9**	**64.4**	**72.9**
Diluted EPS growth (%)	4.8	39.1	26.8	21.7	13.2
DPS (Rs)	**2.0**	**2.5**	**3.0**	**3.1**	**4.4**
Dividend payout (%)	**6.7**	**6.0**	**5.7**	**4.8**	**6.0**
EBITDA margin (%)	10.9	10.3	10.2	10.5	10.2
EBIT margin (%)	9.5	9.3	9.3	9.8	9.5
Effective tax rate (%)	25.2	25.9	25.6	25.6	25.7
NOPLAT (pre-IndAS)	**2,974**	**3,951**	**4,795**	**5,896**	**6,844**
Shares outstanding (mn)	90	90	90	90	96

Source: Company, Emkay Research

Balance Sheet

Y/E (Rs mn)	FY21	FY22	FY23	FY24	FY25
Share capital	180	180	180	180	191
Reserves & Surplus	17,560	21,175	25,711	31,302	57,666
Net worth	**17,740**	**21,355**	**25,892**	**31,483**	**57,858**
Minority interests	-	-	-	0	0
Non-current liab. & prov.	281	294	266	273	304
Total debt	**3,054**	**3,314**	**1,353**	**1,342**	**1,783**
Total liabilities & equity	**21,346**	**25,203**	**27,776**	**33,482**	**60,526**
Net tangible fixed assets	4,743	4,739	4,838	5,412	7,557
Net intangible assets	18	21	17	15	11
Net ROU assets	610	549	818	2,276	2,363
Capital WIP	71	165	146	1,209	3,855
Goodwill	-	-	-	-	-
Investments [JV/Associates]	12	20	13	16	17
Cash & equivalents	**2,212**	**3,600**	**5,372**	**7,006**	**19,152**
Current assets (ex-cash)	22,419	26,176	26,498	30,630	39,390
Current Liab. & Prov.	8,739	10,067	9,925	13,082	11,819
NWC (ex-cash)	**13,680**	**16,109**	**16,573**	**17,548**	**27,571**
Total assets	**21,346**	**25,203**	**27,776**	**33,482**	**60,526**
Net debt	842	(287)	(4,019)	(5,664)	(17,369)
Capital employed	21,346	25,203	27,776	33,482	60,526
Invested capital	**18,441**	**20,869**	**21,428**	**22,975**	**35,139**
BVPS (Rs)	197.4	237.0	287.1	348.9	605.5
Net Debt/Equity (x)	-	-	(0.2)	(0.2)	(0.3)
Net Debt/EBITDA (x)	0.2	-	(0.6)	(0.7)	(1.8)
Interest coverage (x)	7.3	13.6	19.5	18.8	17.9
RoCE (%)	**21.1**	**24.1**	**26.1**	**27.5**	**21.5**

Source: Company, Emkay Research

Cash flows

Y/E (Rs mn)	FY21	FY22	FY23	FY24	FY25
PBT (ex-other income)	3,604	5,075	6,420	7,810	9,370
Others (non-cash items)	-	-	-	-	-
Taxes paid	(909)	(1,315)	(1,647)	(2,002)	(2,406)
Change in NWC	(2,370)	(2,555)	(349)	(689)	(8,227)
Operating cash flow	**1,539**	**2,286**	**5,139**	**6,105**	**(322)**
Capital expenditure	(231)	(596)	(977)	(4,000)	(6,943)
Acquisition of business	(4)	(9)	7	(3)	(1)
Interest & dividend income	42	19	156	209	264
Investing cash flow	**754**	**(584)**	**(1,371)**	**(3,526)**	**(15,007)**
Equity raised/(repaid)	79	56	20	11	19,719
Debt raised/(repaid)	0	0	0	0	1,510
Payment of lease liabilities	-	-	-	-	-
Interest paid	(573)	(404)	(347)	(439)	(556)
Dividend paid (incl tax)	(180)	(225)	(271)	(281)	(418)
Others	(612)	259	(1,961)	(9)	(1,069)
Financing cash flow	**(1,286)**	**(314)**	**(2,559)**	**(718)**	**19,185**
Net chg in Cash	1,007	1,389	1,208	1,861	3,856
OCF	1,539	2,286	5,139	6,105	(322)
Adj. OCF (w/o NWC chg.)	3,909	4,841	5,488	6,794	7,905
FCFF	1,308	1,690	4,163	2,105	(7,265)
FCFE	777	1,305	3,971	1,875	(7,556)
OCF/EBITDA (%)	33.8	38.8	73.2	71.5	(3.3)
FCFE/PAT (%)	28.8	34.7	83.2	32.3	(108.5)
FCFF/NOPLAT (%)	**44.0**	**42.8**	**86.8**	**35.7**	**(106.1)**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E	FY21	FY22	FY23	FY24	FY25
P/E (x)	121.2	87.2	68.7	56.5	49.9
EV/CE(x)	15.8	13.3	11.9	9.8	5.4
P/B (x)	18.4	15.4	12.7	10.4	6.0
EV/Sales (x)	7.8	5.7	4.7	4.0	3.3
EV/EBITDA (x)	72.0	55.6	46.2	37.8	32.6
EV/EBIT(x)	82.4	61.4	50.3	40.7	35.0
EV/IC (x)	17.8	15.7	15.1	14.0	9.2
FCFF yield (%)	0.4	0.5	1.3	0.7	(2.3)
FCFE yield (%)	223.4	375.3	1,142.3	539.3	(2,173.7)
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1
DuPont-RoE split					
Net profit margin (%)	6.4	6.6	6.9	7.2	7.2
Total asset turnover (x)	2.1	2.5	2.7	2.8	2.2
Assets/Equity (x)	1.2	1.2	1.1	1.0	1.0
RoE (%)	**16.4**	**19.2**	**20.2**	**20.3**	**15.6**
DuPont-RoIC					
NOPLAT margin (%)	7.1	6.9	6.9	7.3	7.0
IC turnover (x)	2.4	2.9	3.3	3.7	3.4
RoIC (%)	**17.1**	**20.1**	**22.7**	**26.6**	**23.6**
Operating metrics					
Core NWC days	119.4	102.7	87.6	78.9	103.4
Total NWC days	**119.4**	**102.7**	**87.6**	**78.9**	**103.4**
Fixed asset turnover	6.4	8.2	9.1	9.6	9.3
Opex-to-revenue (%)	15.8	13.9	13.2	13.3	13.0

Source: Company, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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