

# Kirloskar Oil Engines

Estimate changes



TP change



Rating change



Bloomberg	KOEL IN
Equity Shares (m)	145
M.Cap.(INRb)/(USDb)	232.1 / 2.4
52-Week Range (INR)	1765 / 713
1, 6, 12 Rel. Per (%)	8/55/121
12M Avg Val (INR M)	702

## Financials Snapshot (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Net Sales	56.5	67.7	82.1
EBITDA	7.4	9.5	11.9
PAT	4.6	6.2	7.8
EPS (INR)	31.9	42.6	53.9
GR. (%)	23.9	33.5	26.5
BV/Sh (INR)	230.8	264.8	307.8

## Ratios

ROE (%)	14.6	17.2	18.8
RoCE (%)	14.4	16.9	18.6

## Valuations

P/E (X)	50.0	37.5	29.6
P/BV (X)	6.9	6.0	5.2
EV/EBITDA (X)	30.8	24.0	19.0
Div Yield (%)	0.4	0.5	0.7

## Shareholding pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	41.1	41.1	41.2
DII	26.7	28.2	26.6
FII	10.8	8.5	9.1
Others	21.5	22.3	23.1

FII includes depository receipts

**CMP: INR1,597**

**TP: INR1,900 (+19%)**

**Buy**

## Continued outperformance on revenue

Kirloskar Oil Engines (KOEL)'s 4QFY26 revenue outperformed once again with sharp growth in the powergen and industrial segments. KOEL has gained market share during FY26, with overall powergen market volumes growing 18% YoY. The company's volume jumped 41% YoY in FY26. It has also gained near-double-digit market share in the HHP segment. The company has also announced an incremental capex of INR14b for expanding the capacity of engines. Going ahead, we expect KOEL to benefit from 1) incremental gains in both non-HHP and HHP powergen markets, 2) operating leverage benefits that can start playing out from FY27, 3) warranty renewal in the distribution segment, and 4) growth in the industrial segment. We expect exports to remain a bit patchy in the near term due to KOEL's exposure to the Middle East. We revise our estimates by 5%/6% for FY27/28 and roll forward to Jun'28 estimates. We reiterate our BUY rating with a revised SoTP-based TP of INR1,900 (vs. INR1,600), valuing the core business at a slightly higher multiple of 30x to factor in strong growth across segments.

## Strong performance was in line with our expectations

The company completed the transfer of its B2C segment to its wholly owned subsidiary through a slump sale. As a result, YoY growth rates are not comparable. On restated financials, revenue grew 24% YoY to INR15.3b, 10% above our estimate. Gross margin was broadly flat YoY at ~34.5% vs. our estimate of 35.5%. Absolute EBITDA increased 27% YoY to INR1.9b, in-line with our estimate, while margins expanded 30bp YoY to 12.6%. The margin was lower than our estimate, mainly due to higher-than-expected other expenses. Adj PAT increased 29% YoY to INR1.2b, broadly in line with our estimate. For FY26, revenue/EBITDA/PAT on revised financials increased 25%/24%/24% YoY, while EBITDA margin was flat at 13.1%. OCF increased 5% YoY to INR5b due to a better working capital position, while FCF declined 21% YoY to INR2b due to higher capex incurred in FY26.

## Powergen segment to continue to benefit from strong demand and higher HHP penetration

KOEL's powergen revenues grew by 30%/32% YoY for 4QFY26/FY26, indicating strong demand across key categories of powergen. The company achieved volumes of more than 50,000 units in FY26, whereas the industry achieved nearly 1,79,000 units. KOEL had gained market share across categories, especially HHP, too, with a near double-digit market share in HHP in FY26. The company has also announced a capex of INR14b for expanding engine capacity by 20,000 engines to 1,55,000 engines per annum, which will be completed by FY28. This capex is targeted to cater to demand coming from HHP and Optiprime, as well as from exports. This capex can potentially give incremental revenue worth INR50-56b at peak utilization (by around FY30) at an asset turnover of nearly 4x vs. the current powergen revenue of INR26b in FY26. This implies a powergen revenue CAGR of 30% over the next 4-5 years. We currently bake in powergen revenue CAGR of 22% over FY26-29. Our growth assumptions take into account volume as well as pricing for the industry and the company, as rising RM prices will warrant price hikes across the industry. Downside risk to

our growth assumptions can come from a demand slowdown, and upside risk to our growth comes from much faster growth in the HHP segment, where KOEL is currently scaling up across Edge, co-location, and also with hyperscalers in the data center segment.

### **Industrial segment benefiting from broad-based demand**

The industrial segment's revenue grew 24% YoY to INR3.7b in 4Q, in line with our estimate. Throughout the year, the segment witnessed strong demand across construction, mining, and railways, with construction growing 44% YoY, following the change in emission norms. The company is expanding into advanced systems integration opportunities through the newly incorporated Kirloskar Advanced Systems subsidiary, with focus areas including defense and other critical sectors. Ongoing execution of large nuclear power-related orders and increasing participation in mission-critical infrastructure indicate a gradual shift toward higher-specification industrial applications, which could improve product mix and long-term competitiveness. We expect growth drivers within the industrial sector to remain diversified across multiple subsegments, which supports sustainability across cycles. We factor in the industrial segment's revenue to clock a CAGR of 25% over FY26-28.

### **Distribution & aftermarket segment building a stronger ecosystem**

The distribution segment grew 20% YoY to INR2.8b in 4QFY26. The segment is gradually evolving into a wider lifecycle management platform with increasing focus on annual maintenance contracts, allied products, and installed-base monetization. Rising penetration of HHP gensets is also increasing the need for service capability and technical support. Investments in channel expansion and technical capabilities over the last few years support better penetration while also improving customer stickiness and earnings stability across cycles. We expect the segment's revenue to post a CAGR of 15% over FY26-28.

### **Exports supported by a deeper market presence**

The export segment revenue rose 10% YoY to INR1.6b in 4QFY26. At the consolidated level, international business crossed INR10b in sales during FY26 (+37% YoY) supported by traction in both powergen and fluid dynamics businesses. The company is shifting from a conventional export model toward building a deeper international presence through local teams, channels, service infrastructure, and potentially local assembly capabilities over time. The Middle East remains a key market where the company has already established its presence and expects to benefit from infrastructure rebuilding opportunities. We expect the company's increasing traction in the HHP segment to improve global acceptance over time. We expect export revenue to clock a 17% revenue CAGR over FY26-28.

### **Arka Finance (AFHPL) building a more stable retail franchise**

AFHPL continued to focus on building a more granular and secure retail franchise, with branch expansion increasing sharply from 34 branches to 137 branches during FY26. Revenue increased 8% YoY to INR2.2b, and AUM grew ~10% YoY to INR80b, while asset quality remained stable with GNPA at 1.2% and NNPA at 0.3%. The company also maintained stable profitability while continuing to invest in retail infrastructure and operating capabilities, creating a scalable long-term lending platform.

### Capex plans focused on high-value applications

The company announced a major capex program of ~INR14b at the Kagal facility over the next two years, focused on the HHP segment and export-oriented opportunities. This follows the earlier INR7b investment announced for adding 50,000 engine capacity, which is expected to come online by Apr'28. Unlike the earlier brownfield line expansion, the latest investment includes new buildings, fresh manufacturing lines, and infrastructure for larger and more sophisticated engines. The latest capex is targeted toward adding around 20,000 engines and reflects a strategic shift toward premium applications such as data centers, exports, nuclear, and critical infrastructure. Expected asset turnover of around 4x-5x indicates healthy utilization expectations and confidence in medium-term demand.

### Financial outlook

We raise our estimates by 5%/6% for FY27/FY28 and thus expect a revenue CAGR of 21% over FY26-28, driven by 22%/25%/15%/17% CAGR in powergen/industrial/distribution/exports. Over FY26-28E, we bake in a 140bp improvement in margins to build in better product mix and operating leverage benefits. We expect an EBITDA/PAT CAGR of 27%/30% over the same period.

### Valuation and recommendation

The stock is currently trading at 37.5x/29.6x P/E on FY27/28E earnings. Adjusted for subsidiary valuation, KOEL is trading at 33.6x/26.6x P/E on FY27/FY28E earnings, which is still at a significant discount to the market leader. **We reiterate our BUY rating with a revised SoTP-based TP of INR1,900** (vs. INR1,600), valuing the core business at a slightly higher multiple of 30x to factor in strong growth across segments.

#### Standalone - Quarterly Earnings Model

Y/E March	(INR m)											
	FY25				FY26				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
<b>Net Sales</b>	<b>13,429</b>	<b>11,944</b>	<b>11,636</b>	<b>14,125</b>	<b>12,720</b>	<b>14,595</b>	<b>13,806</b>	<b>15,347</b>	<b>51,133</b>	<b>56,468</b>	<b>13,960</b>	<b>10</b>
YoY Change (%)	6.2	12.8	2.5	1.5	(5.3)	22.2	18.6	8.7	5.4	24.9	(1.2)	
Gross profit	4,566	4,399	4,046	4,755	4,452	5,163	4,822	5,290	17,765	19,728	4,960	
Total Expenditure	11,452	10,294	10,466	12,384	11,004	12,555	12,118	13,419	44,596	49,096	12,035	
<b>EBITDA</b>	<b>1,977</b>	<b>1,650</b>	<b>1,170</b>	<b>1,741</b>	<b>1,716</b>	<b>2,040</b>	<b>1,688</b>	<b>1,928</b>	<b>6,537</b>	<b>7,373</b>	<b>1,925</b>	<b>0</b>
YoY Change (%)	28.0	67.3	(12.0)	(2.3)	(13.2)	23.7	44.3	10.8	15.9	24.2	10.6	
Margins (%)	14.7	13.8	10.1	12.3	13.5	14.0	12.2	12.6	12.8	13.1	13.8	
Depreciation	247	266	320	337	332	348	361	392	1,170	1,433	349	12
Interest	27	26	31	37	31	28	22	31	121	110	14	113
Other Income	108	118	68	52	121	116	80	89	344	407	92	(3)
<b>PBT before EO expense</b>	<b>1,810</b>	<b>1,476</b>	<b>887</b>	<b>1,419</b>	<b>1,476</b>	<b>1,780</b>	<b>1,385</b>	<b>1,595</b>	<b>5,590</b>	<b>6,236</b>	<b>1,654</b>	<b>(4)</b>
Extra-Ord expense				(209)	-	-	201	96	(209)	297	-	
<b>PBT</b>	<b>1,810</b>	<b>1,476</b>	<b>887</b>	<b>1,628</b>	<b>1,476</b>	<b>1,780</b>	<b>1,184</b>	<b>1,499</b>	<b>5,799</b>	<b>5,939</b>	<b>1,654</b>	<b>(9)</b>
Tax	462	365	236	416	380	445	311	388	1,480	1,524	420	
Rate (%)	25.5	24.7	26.7	25.6	25.8	25.0	26.2	25.9	25.5	25.7	25.4	
<b>Reported PAT</b>	<b>1,347</b>	<b>1,111</b>	<b>650</b>	<b>1,211</b>	<b>1,095</b>	<b>1,335</b>	<b>874</b>	<b>1,111</b>	<b>4,319</b>	<b>4,415</b>	<b>1,234</b>	<b>(10)</b>
<b>Adj PAT</b>	<b>1,347</b>	<b>1,111</b>	<b>650</b>	<b>1,056</b>	<b>1,095</b>	<b>1,335</b>	<b>1,022</b>	<b>1,183</b>	<b>4,164</b>	<b>4,636</b>	<b>1,236</b>	<b>(4)</b>
YoY Change (%)	30.5	89.6	(20.9)	(10.2)	(18.7)	20.2	57.1	12.1	15.1	23.9	17.1	
Margins (%)	10.0	9.3	5.6	7.5	8.6	9.1	7.4	7.7	8.1	8.2	8.9	

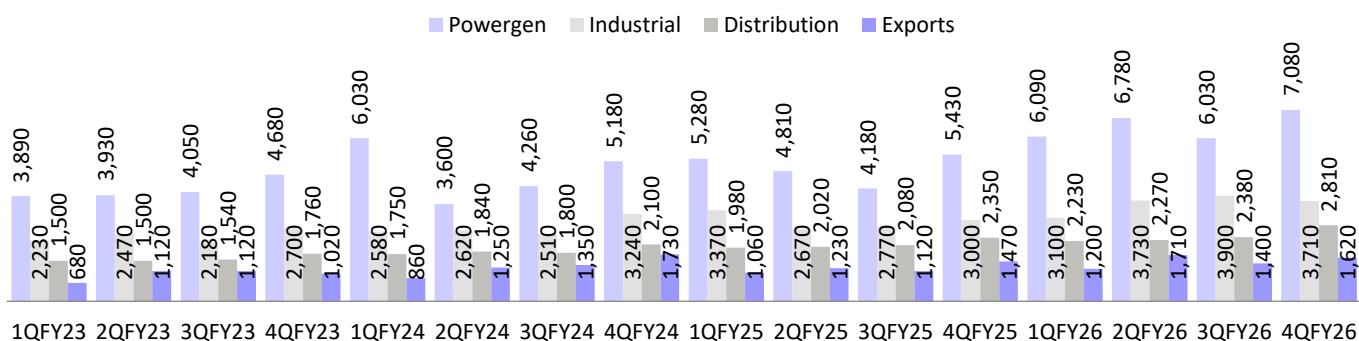
Please note that FY26 (quarterly and full year) figures are restated post B2C adjustment, while FY25 includes B2C, making YoY performance not comparable.

INR m	FY25				FY26				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Segmental revenue</b>												
Powergen	5,280	4,810	4,180	5,430	6,090	6,780	6,030	7,080	19,690	25,980	6,303	12
Industrial	3,370	2,670	2,770	3,000	3,100	3,730	3,900	3,710	11,810	14,440	3,772	(2)
Distribution & After Market	1,980	2,020	2,080	2,350	2,230	2,270	2,380	2,810	8,430	9,690	2,646	6
Exports	1,060	1,230	1,120	1,470	1,200	1,710	1,400	1,620	4,880	5,930	1,546	5
<b>Total B2B</b>	<b>11,690</b>	<b>10,730</b>	<b>10,150</b>	<b>12,250</b>	<b>12,620</b>	<b>14,490</b>	<b>13,710</b>	<b>15,220</b>	<b>44,810</b>	<b>56,040</b>	<b>14,268</b>	<b>7</b>
WMS	1,650	1,110	1,390	1,760	-	-	-	-	5,910	-	-	-
FMS	170	140	90	90	-	-	-	-	480	-	-	-
<b>Total B2C</b>	<b>1,650</b>	<b>1,110</b>	<b>1,390</b>	<b>1,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,910</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue (B2B+B2C)</b>	<b>13,340</b>	<b>11,840</b>	<b>11,540</b>	<b>14,010</b>	<b>12,620</b>	<b>14,490</b>	<b>13,710</b>	<b>15,220</b>	<b>50,720</b>	<b>56,040</b>	<b>14,268</b>	<b>7</b>

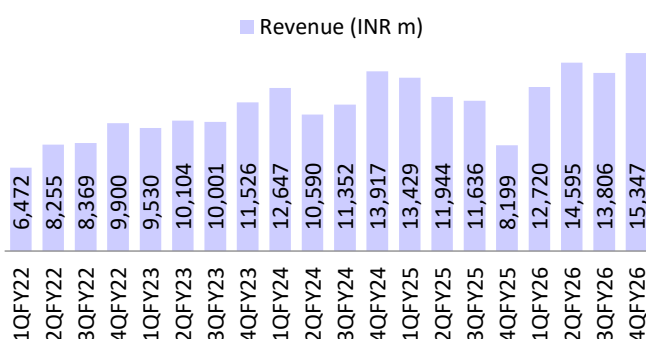
**Revised Standalone Quarterly Model**

Y/E March	4QFY26	4QFY25	YoY %	3QFY26	QoQ	FY26	FY25	YoY %
	B2B			B2B			B2B	
<b>Net Sales</b>	<b>15,347</b>	<b>12,362</b>	<b>24</b>	<b>13,806</b>	<b>11</b>	<b>56,468</b>	<b>45,207</b>	<b>25</b>
Gross profit	5,290	4,253	24	4,822	10	19,728	16,005	23
Total Expenditure	13,419	10,844	24	12,118	11	49,096	39,269	25
<b>EBITDA</b>	<b>1,928</b>	<b>1,518</b>	<b>27</b>	<b>1,688</b>	<b>14</b>	<b>7,373</b>	<b>5,938</b>	<b>24</b>
Margins (%)	12.6	12.3	30 bp	12.2	40 bp	13.1	13.1	0 bp
Depreciation	392	329	19	361	8	1,433	1,139	26
Interest	31	34	(9)	22	41	110	112	(2)
Other Income	89	83	8	80	11	407	341	19
<b>PBT before EO expense</b>	<b>1,595</b>	<b>1,238</b>	<b>29</b>	<b>1,385</b>	<b>15</b>	<b>6,236</b>	<b>5,028</b>	<b>24</b>
Extra-Ord expense	96	(209)		201		297	(209)	
<b>PBT</b>	<b>1,499</b>	<b>1,447</b>	<b>4</b>	<b>1,184</b>	<b>27</b>	<b>5,939</b>	<b>5,237</b>	<b>13</b>
Tax	388	371	5	311	25	1,524	1,338	14
Rate (%)	25.9	25.6		26.2		25.7	25.6	
<b>Reported PAT</b>	<b>1,111</b>	<b>1,076</b>	<b>3</b>	<b>874</b>	<b>27</b>	<b>4,415</b>	<b>3,898</b>	<b>13</b>
<b>Adj PAT</b>	<b>1,183</b>	<b>921</b>	<b>29</b>	<b>1,022</b>	<b>16</b>	<b>4,636</b>	<b>3,743</b>	<b>24</b>
Margins (%)	7.7	7.4	30 bp	7.4	30 bp	8.2	8.3	-10 bp

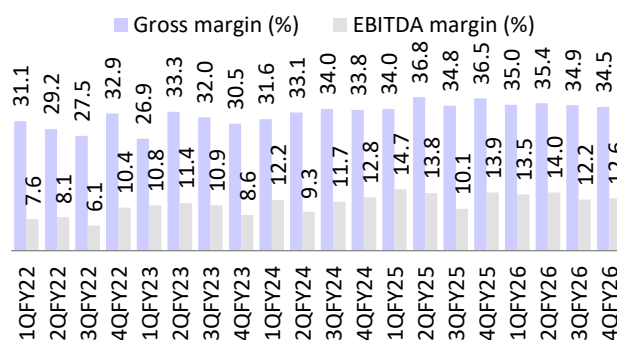
## Key Exhibits

**Exhibit 1: Segmental revenue breakup (INR m)**


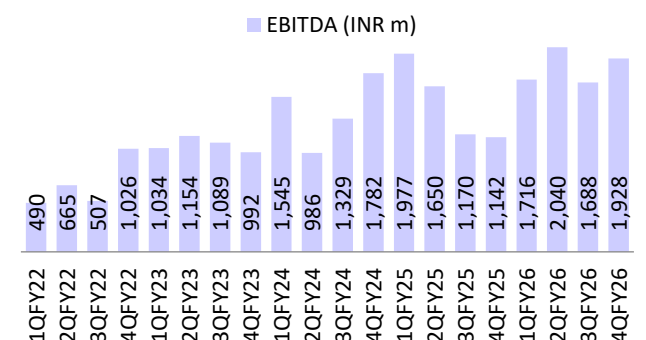
Source: Company, MOFSL

**Exhibit 2: 4QFY26 revenue grew 24% YoY, adjusted for the B2C business**


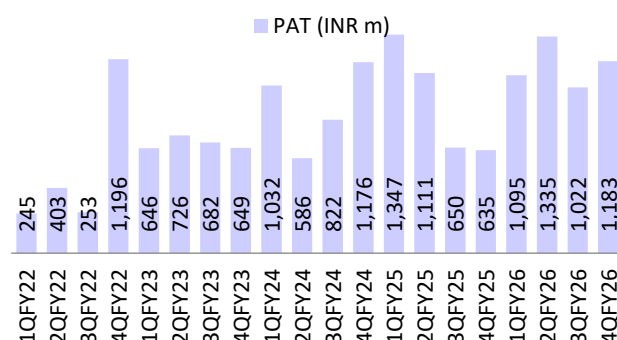
Source: Company, MOFSL

**Exhibit 3: EBITDA margin improved 30bp YoY to 12.6%, adjusted for the B2C business**


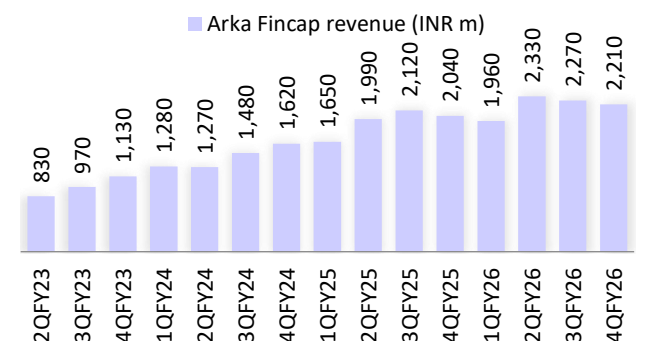
Source: Company, MOFSL

**Exhibit 4: EBITDA rose 27% YoY, adjusted for the B2C business**


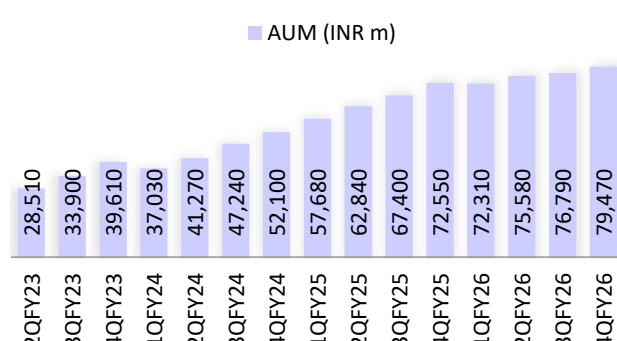
Source: Company, MOFSL

**Exhibit 5: PAT increased 29% YoY (INR m)**


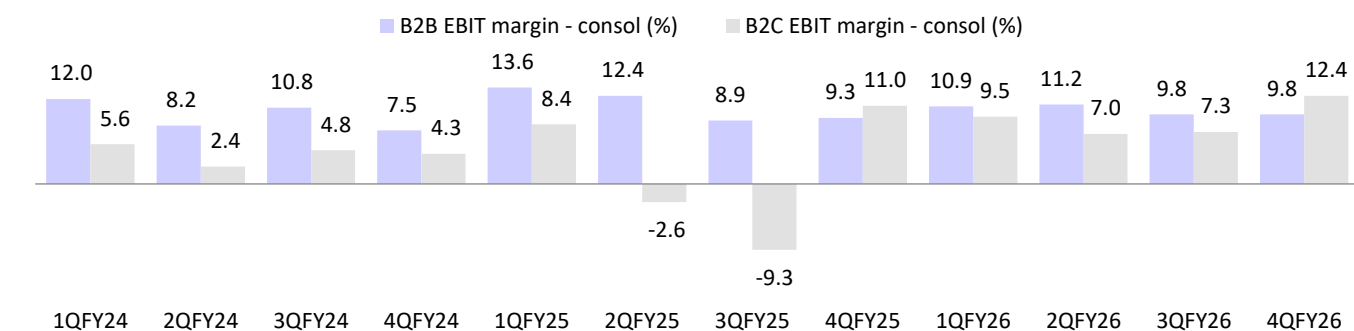
Source: Company, MOFSL

**Exhibit 6: AFHPL's revenue increased 8% YoY**


Source: Company, MOFSL

**Exhibit 7: Healthy growth in AFHPL's AUM**


Source: Company, MOFSL

**Exhibit 8: B2B margin improved YoY, while B2C margin's positive momentum continued**


Source: Company, MOFSL

**Exhibit 9: We arrive at our TP of INR1,900 based on SoTP valuation**

	Earnings/ book (INR m)	Valn multiple (X)	Value (INR m)	KOEL's share (%)	Value for KOEL's share (INR m)	Per share value (INR)	Valuation basis
<b>KOEL valuation</b>							
Core business	8,281	30	2,48,416	100	2,48,416	1,714	❖ 30X two-year fwd EPS; @35% discount to KKC
<b>Investments</b>							
La Gajjar Machineries	791	12	9,490	100	9,490	65	❖ 12X P/E two-year forward earnings
Arka Fincap	11,100	1.3	14,541	100	14,541	100	❖ 1.3X P/BV on expanded two-year forward book
<b>Total</b>					<b>2,72,448</b>	<b>1,880</b>	

Source: Company, MOFSL

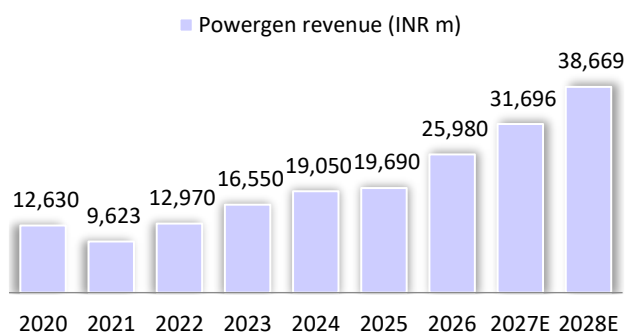
**Exhibit 10: We increase our estimates by 5%/6% for FY27/FY28E to factor in slightly better execution of the powergen segment**

(INR M)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	67,697	65,053	4.1	82,080	76,916	6.7
EBITDA	9,478	9,107	4.1	11,902	11,153	6.7
EBITDA (%)	14.0	14.0	0 bps	14.5	14.5	0 bps
Adj. PAT	6,187	5,901	4.8	7,827	7,356	6.4
EPS (INR)	42.6	40.6	4.8	53.9	50.6	6.4

Source: MOFSL

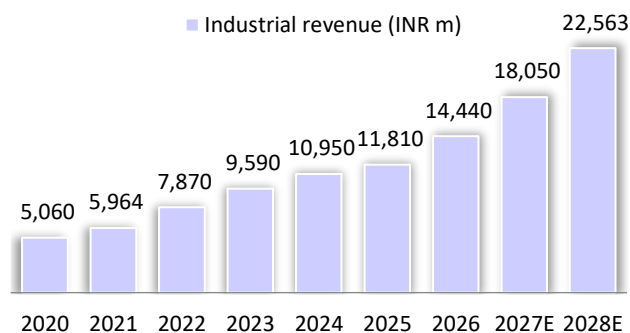
## Financial outlook

**Exhibit 11: We expect powergen revenue to clock 22% CAGR over FY26-28**



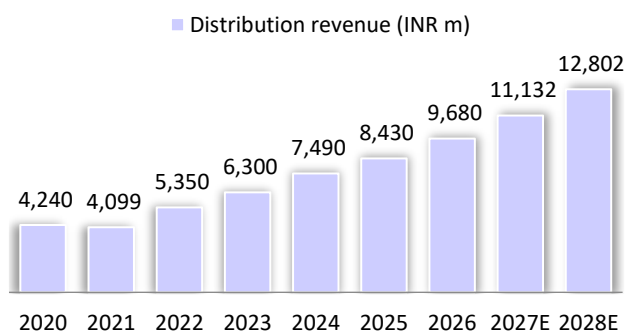
Source: Company, MOFSL

**Exhibit 12: We expect industrial revenue to record a CAGR of 25% over FY26-28 due to strong demand**



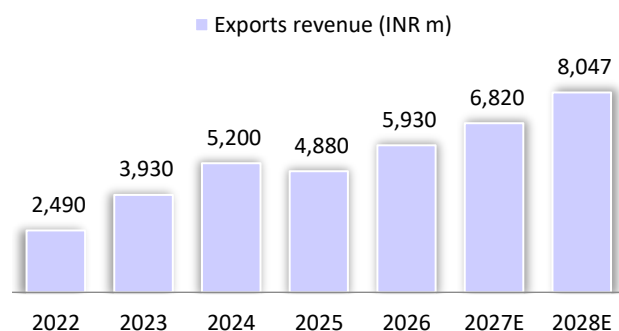
Source: Company, MOFSL

**Exhibit 13: We expect distribution revenue CAGR to remain strong at 15% over FY26-28**



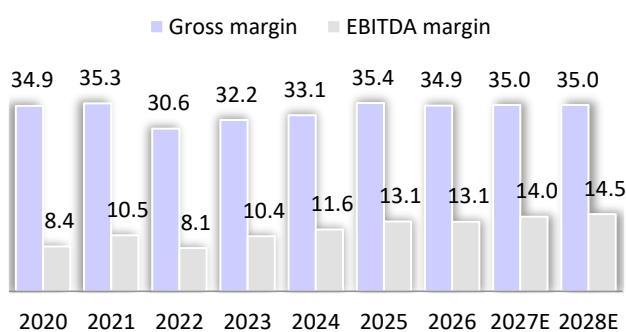
Source: Company, MOFSL

**Exhibit 14: We expect export revenue to clock a 16% CAGR over FY26-28**



Source: Company, MOFSL

**Exhibit 15: Better product mix to improve margins (%)**



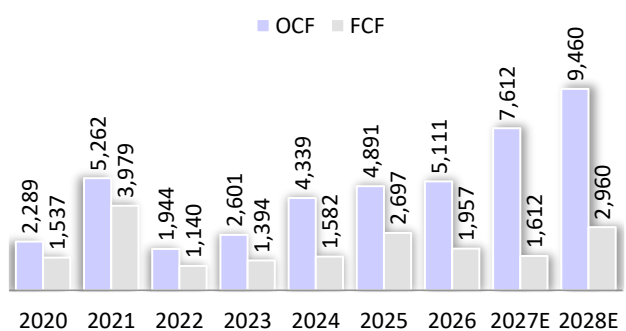
Source: Company, MOFSL

**Exhibit 16: We expect PAT to post 30% CAGR over FY26-28**



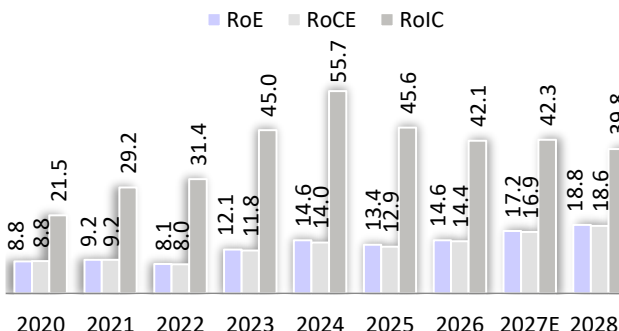
Source: Company, MOFSL

**Exhibit 17: We expect OCF & FCF to improve further (INR m)**



Source: Company, MOFSL

**Exhibit 18: Return ratios to remain comfortable (%)**



Source: Company, MOFSL

## Financials and Valuation

### Standalone - Income Statement

	(INR m)							
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Total Income from Operations</b>	<b>26,944</b>	<b>32,997</b>	<b>41,161</b>	<b>48,505</b>	<b>45,207</b>	<b>56,468</b>	<b>67,697</b>	<b>82,080</b>
Change (%)	-6.4	22.5	24.7	17.8	-6.8	24.9	19.9	21.2
Raw Materials	17,431	22,912	27,897	32,439	29,202	36,741	44,003	53,352
<b>Gross Profit</b>	<b>9,513</b>	<b>10,085</b>	<b>13,264</b>	<b>16,066</b>	<b>16,005</b>	<b>19,728</b>	<b>23,694</b>	<b>28,728</b>
Employees Cost	1,989	2,070	2,365	3,069	3,220	3,569	4,278	5,187
Other Expenses	4,686	5,327	6,630	7,355	6,847	8,786	9,938	11,639
<b>Total Expenditure</b>	<b>24,106</b>	<b>30,309</b>	<b>36,892</b>	<b>42,864</b>	<b>39,269</b>	<b>49,096</b>	<b>58,220</b>	<b>70,178</b>
% of Sales	89.5	91.9	89.6	88.4	86.9	86.9	86.0	85.5
<b>EBITDA</b>	<b>2,838</b>	<b>2,688</b>	<b>4,269</b>	<b>5,642</b>	<b>5,938</b>	<b>7,373</b>	<b>9,478</b>	<b>11,902</b>
Margin (%)	10.5	8.1	10.4	11.6	13.1	13.1	14.0	14.5
Depreciation	622	772	848	970	1,139	1,433	1,569	1,906
<b>EBIT</b>	<b>2,217</b>	<b>1,915</b>	<b>3,422</b>	<b>4,672</b>	<b>4,799</b>	<b>5,940</b>	<b>7,909</b>	<b>9,995</b>
Int. and Finance Charges	64	62	54	78	112	110	76	60
Other Income	245	248	273	274	341	407	489	593
<b>PBT bef. EO Exp.</b>	<b>2,398</b>	<b>2,100</b>	<b>3,641</b>	<b>4,868</b>	<b>5,028</b>	<b>6,236</b>	<b>8,323</b>	<b>10,529</b>
EO Items	-84	527	0	0	209	-297	0	0
<b>PBT after EO Exp.</b>	<b>2,314</b>	<b>2,627</b>	<b>3,641</b>	<b>4,868</b>	<b>5,237</b>	<b>5,939</b>	<b>8,323</b>	<b>10,529</b>
Total Tax	617	547	939	1,252	1,338	1,524	2,136	2,702
Tax Rate (%)	26.6	20.8	25.8	25.7	25.6	25.7	25.7	25.7
<b>Reported PAT</b>	<b>1,697</b>	<b>2,080</b>	<b>2,703</b>	<b>3,616</b>	<b>3,898</b>	<b>4,415</b>	<b>6,187</b>	<b>7,827</b>
<b>Adjusted PAT</b>	<b>1,759</b>	<b>1,663</b>	<b>2,703</b>	<b>3,616</b>	<b>3,743</b>	<b>4,636</b>	<b>6,187</b>	<b>7,827</b>
Change (%)	11.4	-5.4	62.5	33.8	3.5	23.9	33.5	26.5
Margin (%)	6.5	5.0	6.6	7.5	8.3	8.2	9.1	9.5

### Standalone - Balance Sheet

	(INR m)							
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	289	289	290	290	290	291	291	291
Total Reserves	19,542	21,105	23,028	25,937	29,466	33,254	38,194	44,443
<b>Net Worth</b>	<b>19,832</b>	<b>21,395</b>	<b>23,318</b>	<b>26,227</b>	<b>29,756</b>	<b>33,545</b>	<b>38,485</b>	<b>44,734</b>
Total Loans	793	976	751	2,091	1,294	1,044	844	644
Deferred Tax Liabilities	125	146	61	100	250	432	432	432
<b>Capital Employed</b>	<b>20,749</b>	<b>22,517</b>	<b>24,131</b>	<b>28,418</b>	<b>31,301</b>	<b>35,021</b>	<b>39,761</b>	<b>45,810</b>
Gross Block	16,281	16,990	17,425	19,052	23,397	26,052	32,052	38,552
Less: Accum. Deprn.	11,826	12,488	13,174	14,144	15,283	16,716	18,285	20,191
<b>Net Fixed Assets</b>	<b>4,455</b>	<b>4,502</b>	<b>4,251</b>	<b>4,908</b>	<b>8,114</b>	<b>9,336</b>	<b>13,767</b>	<b>18,360</b>
Capital WIP	549	393	664	2,426	957	1,444	1,444	1,444
<b>Total Investments</b>	<b>15,340</b>	<b>16,722</b>	<b>16,925</b>	<b>18,762</b>	<b>17,873</b>	<b>16,478</b>	<b>16,478</b>	<b>16,478</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>8,092</b>	<b>8,505</b>	<b>11,557</b>	<b>13,115</b>	<b>16,131</b>	<b>21,114</b>	<b>24,030</b>	<b>28,876</b>
Inventory	2,652	3,031	4,685	5,235	4,931	6,034	7,234	8,771
Accounts Receivable	3,558	3,945	4,672	5,684	6,511	7,825	9,381	11,374
Cash and Bank Balance	294	314	338	980	3,062	5,526	5,615	6,738
Loans and Advances	872	656	852	808	686	837	908	1,101
Other Assets	716	558	1,011	408	942	892	892	892
<b>Curr. Liability &amp; Prov.</b>	<b>7,686</b>	<b>7,606</b>	<b>9,267</b>	<b>10,793</b>	<b>11,774</b>	<b>13,350</b>	<b>15,957</b>	<b>19,348</b>
Accounts Payable	6,419	6,175	6,326	7,274	6,506	7,686	9,214	11,172
Other Current Liabilities	646	729	1,700	2,223	3,756	3,954	4,741	5,748
Provisions	622	702	1,241	1,296	1,512	1,710	2,002	2,428
<b>Net Current Assets</b>	<b>406</b>	<b>899</b>	<b>2,291</b>	<b>2,322</b>	<b>4,357</b>	<b>7,764</b>	<b>8,072</b>	<b>9,528</b>
<b>Appl. of Funds</b>	<b>20,749</b>	<b>22,517</b>	<b>24,131</b>	<b>28,418</b>	<b>31,301</b>	<b>35,021</b>	<b>39,761</b>	<b>45,811</b>

## Financials and Valuation

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>12.1</b>	<b>11.4</b>	<b>18.6</b>	<b>24.9</b>	<b>25.7</b>	<b>31.9</b>	<b>42.6</b>	<b>53.9</b>
Cash EPS	16.4	16.8	24.4	31.6	33.6	41.8	53.4	67.0
BV/Share	136.4	147.2	160.4	180.4	204.7	230.8	264.8	307.8
DPS	1.5	4.7	5.0	5.0	6.0	6.5	8.6	10.9
Payout (%)	12.8	32.6	26.8	20.0	22.3	21.4	20.2	20.2
<b>Valuation (x)</b>								
P/E	131.8	139.4	85.8	64.1	61.9	50.0	37.5	29.6
Cash P/E	97.4	95.2	65.3	50.5	47.5	38.2	29.9	23.8
P/BV	11.7	10.8	9.9	8.8	7.8	6.9	6.0	5.2
EV/Sales	8.6	7.0	5.6	4.8	5.1	4.0	3.4	2.8
EV/EBITDA	81.9	86.5	54.4	41.3	38.7	30.8	24.0	19.0
Dividend Yield (%)	0.1	0.3	0.3	0.3	0.4	0.4	0.5	0.7
FCF per share	27.4	7.8	9.6	10.9	18.6	13.5	11.1	20.4
<b>Return Ratios (%)</b>								
RoE	9.2	8.1	12.1	14.6	13.4	14.6	17.2	18.8
RoCE	9.2	8.0	11.8	14.0	12.9	14.4	16.9	18.6
RoIC	29.2	31.4	45.0	55.7	45.6	42.1	42.3	39.8
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.7	1.9	2.4	2.5	1.9	2.2	2.1	2.1
Asset Turnover (x)	1.3	1.5	1.7	1.7	1.4	1.6	1.7	1.8
Inventory (Days)	36	34	42	39	40	39	39	39
Debtor (Days)	48	44	41	43	53	51	51	51
Creditor (Days)	87	68	56	55	53	50	50	50
<b>Leverage Ratio (x)</b>								
Current Ratio	1.1	1.1	1.2	1.2	1.4	1.6	1.5	1.5
Interest Cover Ratio	34.9	30.7	63.8	60.0	42.7	53.8	104.7	168.0
Net Debt/Equity	-0.7	-0.8	-0.7	-0.7	-0.7	-0.6	-0.6	-0.5

### Standalone - Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	2,314	2,627	3,641	4,868	5,799	6,200	8,323	10,529
Depreciation	622	772	848	970	1,170	1,450	1,569	1,906
Interest & Finance Charges	38	50	35	78	114	113	76	60
Direct Taxes Paid	-324	-567	-960	-1,084	-1,331	-1,535	-2,136	-2,702
(Inc)/Dec in WC	2,654	-157	-1,025	-441	-270	-922	-220	-333
<b>CF from Operations</b>	<b>5,304</b>	<b>2,726</b>	<b>2,539</b>	<b>4,391</b>	<b>5,483</b>	<b>5,305</b>	<b>7,612</b>	<b>9,460</b>
Others	-42	-782	61	-52	-592	-193	0	0
<b>CF from Operating incl EO</b>	<b>5,262</b>	<b>1,944</b>	<b>2,601</b>	<b>4,339</b>	<b>4,891</b>	<b>5,111</b>	<b>7,612</b>	<b>9,460</b>
(Inc)/Dec in FA	-1,282	-804	-1,206	-2,757	-2,194	-3,155	-6,000	-6,500
<b>Free Cash Flow</b>	<b>3,979</b>	<b>1,140</b>	<b>1,394</b>	<b>1,582</b>	<b>2,697</b>	<b>1,957</b>	<b>1,612</b>	<b>2,960</b>
(Pur)/Sale of Investments	-2,855	680	3,235	-1,091	1,339	1,849	0	0
Others	-1,316	-8,870	-3,585	-334	-2,280	-1,905	0	0
<b>CF from Investments</b>	<b>-5,453</b>	<b>-8,994</b>	<b>-1,556</b>	<b>-4,182</b>	<b>-3,135</b>	<b>-3,210</b>	<b>-6,000</b>	<b>-6,500</b>
Inc/(Dec) in Debt	613	172	-236	1,338	-797	-250	-200	-200
Interest Paid	-62	-53	-50	-107	-141	-86	-76	-60
Dividend Paid	-217	-578	-723	-724	-871	-944	-1,247	-1,578
Others	-20	7,529	-12	-21	2,134	1,842	0	0
<b>CF from Fin. Activity</b>	<b>314</b>	<b>7,070</b>	<b>-1,021</b>	<b>486</b>	<b>326</b>	<b>562</b>	<b>-1,523</b>	<b>-1,837</b>
<b>Inc/Dec of Cash</b>	<b>123</b>	<b>20</b>	<b>23</b>	<b>643</b>	<b>2,082</b>	<b>2,464</b>	<b>89</b>	<b>1,123</b>
Opening Balance	171	294	314	338	980	3,062	5,526	5,615
<b>Closing Balance</b>	<b>294</b>	<b>314</b>	<b>338</b>	<b>980</b>	<b>3,062</b>	<b>5,526</b>	<b>5,615</b>	<b>6,738</b>

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