

Kalpataru Projects

Estimate changes



TP change



Rating change



CMP: INR879

TP: INR1,200 (+37%)

Buy

Delayed payments hurt performance

Kalpataru Projects (KPIL) reported a broadly in-line revenue growth of 16% YoY, while its EBITDA/PAT grew 17%/9% YoY. PAT was hit by higher-than-expected interest expenses, as the collections from Water projects continued to be delayed. The company continues to maintain a 20-25% market share in the T&D opportunity pipeline while it is affected in the near term by delayed payments on the water segment. We expect its T&D, buildings & factories, and oil & gas segments to drive growth going forward. Benign commodity prices provide comfort on margin expansion, and interest expenses are likely to come down after the recent fundraising via QIP. The promoter pledge has already come down to around 8% of the total shareholding, and with the expected IPO of the real estate arm, we expect this to gradually reduce further. We cut our estimates by 13%/12%/11% for FY25E/26E/27E to factor in weaker-than-expected Water segment performance and slightly higher interest costs. We revise our SoTP-based TP down to INR1,200 based on 17x P/E. We reiterate our BUY rating on the stock.

Higher interest expenses lead to a PAT miss

Revenue came largely in line at INR48.2b (+16% YoY), primarily led by healthy execution in T&D/B&F segments (up 42%/26%). Water and Railways declined 42% and 18% YoY, respectively. EBITDA margin was flat YoY (down 10bp QoQ) at 8.4%. EBITDA at INR4b grew 17% YoY/15% QoQ. PAT grew 9% YoY to INR1.6b, below our estimate of INR1.9b, due to higher-than-expected interest costs (+29% YoY), lower other income (-31% YoY), and a higher effective tax rate (27.7% vs. 25.8% YoY). Order inflows at INR83.2b grew 41% YoY. The order book stood at INR614.3b (+19% YoY). NWC was flat YoY at 112 days (118 days in 2QFY25). Management aims to bring it below 100 days by FY25 end. Net debt came down to INR18.2b from INR27.9b in 2QFY25 and INR26b in 3QFY24. Debt reduction happened largely towards the quarter-end, resulting in continued high interest expenses. For 9MFY25, revenue/EBITDA/PAT grew 9%/10%/6% to INR126.8b/ INR10.6b/INR4.1b.

Segmental performance driven by T&D, B&F, and Oil & Gas segments

Segmental performance was driven by T&D, B&F, and Oil & Gas segments. Consolidated T&D revenues rose 34% during 9MFY25 (including subsidiaries LMG and Fasttel). Adjusted with LMG and Fasttel, 9MFY25 T&D revenue growth stood at 11% as both LMG and Fasttel grew at a much faster pace. Going ahead, we expect the growth to be driven more by standalone T&D as inflows have been strong for the company, and we expect Fasttel's growth to be limited. B&F revenue grew 23% for 9MFY25 on improved project execution and a healthy order mix. Oil & Gas revenue jumped 99% for 9MFY25, led by the commencement of execution on the Saudi project. We expect execution to further ramp up for this project during FY26. Water and railways segment revenues declined by 36% each during 9MFY25 due to selective execution and bidding in said segments. We believe water segment execution will revive from FY26, while railways will remain weak.

| Bloomberg | KPIL IN |
|-----------------------|-------------|
| Equity Shares (m) | 171 |
| M.Cap.(INRb)/(USD\$b) | 150 / 1.7 |
| 52-Week Range (INR) | 1449 / 852 |
| 1, 6, 12 Rel. Per (%) | -24/-24/-16 |
| 12M Avg Val (INR M) | 551 |

Financials Snapshot (INR b)

| Y/E MARCH | FY25E | FY26E | FY27E |
|-------------|-------|-------|-------|
| Net Sales | 187.1 | 221.8 | 265.2 |
| EBITDA | 15.6 | 19.8 | 24.5 |
| PAT | 6.6 | 9.3 | 12.4 |
| EPS (INR) | 38.7 | 54.5 | 72.6 |
| GR. (%) | 23.9 | 41.0 | 33.2 |
| BV/Sh (INR) | 427.0 | 474.5 | 540.2 |

Ratios

| | | | |
|----------|------|------|------|
| ROE (%) | 10.1 | 12.1 | 14.3 |
| RoCE (%) | 9.6 | 10.8 | 12.5 |

Valuations

| | | | |
|---------------|------|------|------|
| P/E (X) | 22.7 | 16.1 | 12.1 |
| P/BV (X) | 2.1 | 1.9 | 1.6 |
| EV/EBITDA (X) | 10.7 | 8.4 | 6.8 |
| Div Yield (%) | 0.8 | 0.8 | 0.8 |

Shareholding pattern (%)

| As On | Dec-24 | Sep-24 | Dec-23 |
|----------|--------|--------|--------|
| Promoter | 33.5 | 35.2 | 40.6 |
| DII | 45.6 | 45.9 | 43.8 |
| FII | 12.7 | 10.7 | 7.7 |
| Others | 8.2 | 8.1 | 7.9 |

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

T&D pipeline poised to double; B&F outlook continues to be sanguine

The pipeline for T&D projects is expected to double, aided by prospects for large-scale projects in power transmission, renewable energy, grid upgradation, and expansion in India and international geographies. KPIL foresees a pipeline of USD2.5t-3.5t by 2029. Accordingly, the company is confident of clocking in a 20-25% T&D revenue CAGR over the coming 3-4 years. However, labor availability continues to be a challenge. Even as private capex is yet to see a broad-based recovery, the company has a positive outlook on the B&F segment, which is expected to be a key growth driver going ahead, with opportunities in commercial and residential real estate, airports, industrial capex, et al.

Water projects continue to be a drag on execution and margins

Overall revenue was impacted by the slower execution of water projects, as payments from government utilities in key states are yet to be released. This led to the company reducing its FY25 revenue growth guidance to 12-13%, owing to an ~INR20b shortfall in the Water segment in 9MFY25. KPIL has nearly INR100b of order book from the Water segment, and 40% of this order book is from Uttar Pradesh, while the rest is spread across other states. Nearly 80% of the Water segment's order book is from the Jal Jeevan Mission (JJM). Going forward, while the company will maintain its cautious approach towards water opportunities in the near term, it remains positive on the long-term prospects, given the higher budgetary allocation in FY26 for JJM and other projects.

International subsidiary's performance a mixed bag

LMG has clocked ~100% execution growth in 9MFY25 at INR13.4b, while its order book stood at a record INR31.4b. The company expects PBT margins of 3.5-4% in FY26 for LMG. Fasttel's 3QFY25 revenue grew 18% YoY, with the order book at INR10b. Its profitability was impacted by the sharp depreciation of the Brazilian Real. This entity is expected to break even in FY26.

Financial outlook

We cut our estimates to factor in lower Water segment revenue and higher interest costs. We expect KPIL to report a CAGR of 17%/21%/33% in revenue/EBITDA/PAT over FY24-27. This would be driven by: 1) inflows of INR243b/INR277b/INR316b in FY25/FY26/FY27 on a strong prospect pipeline, 2) a gradual recovery in EBITDA margin to 8.4%/8.9%/9.2% in FY25E/FY26E/27E, 3) control over working capital owing to improved customer advances, better debtor collections from water and railways, and claims settlement. Driven by improvement in margins and moderation in working capital, we expect KPIL's RoE and RoCE to improve to 14% and 12% in FY27E, respectively.

Valuation and view

KPIL is currently trading at 16.1x/12.1x FY26E/FY27E EPS. We **reiterate our BUY rating** with a revised SoTP-based TP of INR1,200, based on 17x P/E for the core business.

Key risks and concerns

A slowdown in execution, lower-than-expected order inflows, a spike in commodity prices, and an increase in promoter pledges are some of the key concerns that can weigh on the company's financials and valuations.

Kalpataru

Standalone - Quarterly Earnings Model

(INR m)

| Y/E March | FY24 | | | | FY25E | | | | FY24 | FY25E | FY25 | Est |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|---------------|------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | | | | |
| Net Sales | 36,220 | 38,440 | 41,470 | 51,470 | 37,220 | 41,361 | 48,257 | 60,294 | 1,67,600 | 1,87,133 | 49,405 | -2 |
| YoY Change (%) | 15.4 | 16.7 | 18.2 | 17.1 | 2.8 | 7.6 | 16.4 | 17.1 | 16.9 | 11.7 | 19.1 | |
| Total Expenditure | 33,080 | 35,360 | 38,030 | 47,470 | 34,080 | 37,877 | 44,239 | 55,311 | 1,53,940 | 1,71,507 | 45,205 | |
| EBITDA | 3,140 | 3,080 | 3,440 | 4,000 | 3,140 | 3,485 | 4,019 | 4,983 | 13,660 | 15,626 | 4,199 | -4 |
| Margins (%) | 8.7 | 8.0 | 8.3 | 7.8 | 8.4 | 8.4 | 8.3 | 8.3 | 8.2 | 8.4 | 8.5 | |
| Depreciation | 930 | 880 | 940 | 930 | 930 | 914 | 956 | 1,175 | 3,680 | 3,976 | 971 | -2 |
| Interest | 750 | 850 | 830 | 940 | 860 | 998 | 1,071 | 906 | 3,370 | 3,834 | 874 | 23 |
| Other Income | 290 | 250 | 270 | 320 | 290 | 264 | 185 | 320 | 1,130 | 1,059 | 275 | -33 |
| PBT before EO expense | 1,750 | 1,600 | 1,940 | 2,450 | 1,640 | 1,836 | 2,177 | 3,222 | 7,740 | 8,876 | 2,629 | -17 |
| Extra-Ord expense | 0 | 0 | 0 | 350 | 0 | 0 | 0 | 0 | 350 | 0 | 0 | |
| PBT | 1,750 | 1,600 | 1,940 | 2,100 | 1,640 | 1,836 | 2,177 | 3,222 | 7,390 | 8,876 | 2,629 | -17 |
| Tax | 490 | 470 | 500 | 600 | 470 | 513 | 604 | 686 | 2,060 | 2,272 | 673 | |
| Rate (%) | 28.0 | 29.4 | 25.8 | 28.6 | 28.7 | 27.9 | 27.7 | 21.3 | 27.9 | 25.6 | 25.6 | |
| Reported PAT | 1,260 | 1,130 | 1,440 | 1,500 | 1,170 | 1,323 | 1,574 | 2,537 | 5,330 | 6,603 | 1,956 | -20 |
| Adj PAT | 1,260 | 1,130 | 1,440 | 1,750 | 1,170 | 1,323 | 1,574 | 2,537 | 5,582 | 6,603 | 1,956 | -20 |
| YoY Change (%) | -23.2 | 8.7 | 29.7 | 52.6 | -7.1 | 17.1 | 9.3 | 45.0 | 19.1 | 18.3 | 35.8 | |
| Margins (%) | 3.5 | 2.9 | 3.5 | 3.4 | 3.1 | 3.2 | 3.3 | 4.2 | 3.3 | 3.5 | 4.0 | |

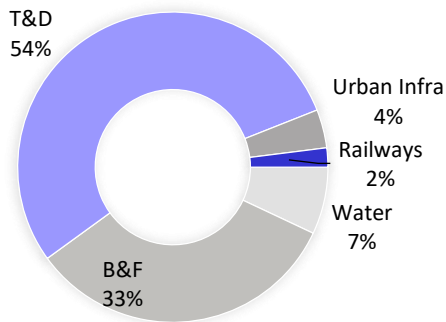


Conference call highlights

- **T&D segment** – There is continued strong traction across both domestic and international geographies given the global thrust on renewables, increasing electrification, and grid expansion. In India, the pipeline looks very strong for the coming 3-4 years, including HVDC projects. KPIL is confident of achieving 20-25% revenue CAGR over the coming three years; however, the availability of labor continues to be an issue.
- **Non-T&D** – B&F, oil & gas, and urban infra segments continue to witness healthy traction, while Railways would continue to be sluggish. In B&F, KPIL doesn't see any impact of weak private capex sentiments and is witnessing a lot of traction in real estate, factories, PSU buildings, etc. In oil & gas, margins from the Saudi Aramco order have not reached the recognition threshold, and FY26 will see ~40% execution and corresponding margin recognition in the high single digit. Because of the political instability in Bangladesh, the execution of the railway's order has been affected but is picking up now. KPIL intends to foray into the African market for railway projects going forward.
- **Water** – The collection trajectory continues to be slow, which has led to a stretched WC cycle. Of the Water order book of ~INR100b, JJM projects account for 75-80%. KPIL is confident of collecting receivables worth ~INR5-7b in the next 2 quarters. While it remains cautious in the short term, the company is optimistic about the long-term prospects on the back of budgetary allocations for JJM projects. It has received payments from Odisha and MP, but UP is still lagging, which forms a major portion of the Water segment's order book.
- **Non-core assets** – Sale of VEPL to be concluded in FY26, with an equity value of ~INR5b. Shubham is at a breakeven level. The company has invested ~INR690m in road BOOT assets in 9MFY25 and expects to invest another INR290m in 4QFY25. In FY26, the investment would be below INR500m. The Indore real estate inventory is expected to be cleared in a few weeks.
- **International subsidiaries** – LMG is sitting on a record order book of INR31.4b, while its revenue doubled YoY in 3QFY25. Fasttel was impacted by a sharp weakening of the Brazilian Real and is expected to break even in FY26.
- **Guidance** – Owing to the slowdown in Water projects, FY25 revenue growth guidance has been trimmed to 12-13%. However, management maintained PBT margin guidance at 4.5-5%, NWC below 100 days, and interest cost as a % of sales below 2%. Except for Railways, all other segments will report double-digit execution growth in FY26.

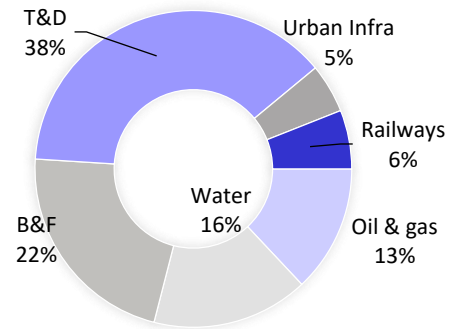
Key Exhibits

Exhibit 1: 9MFY25 order inflow stood at INR201.8b



Source: Company, MOFSL

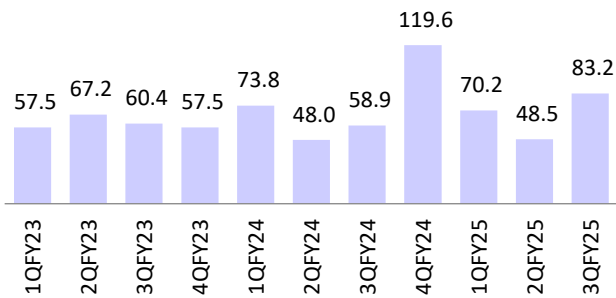
Exhibit 2: Order book of INR614b fairly diversified



Source: Company, MOFSL

Exhibit 3: Order inflow grew 41% YoY (INR b)

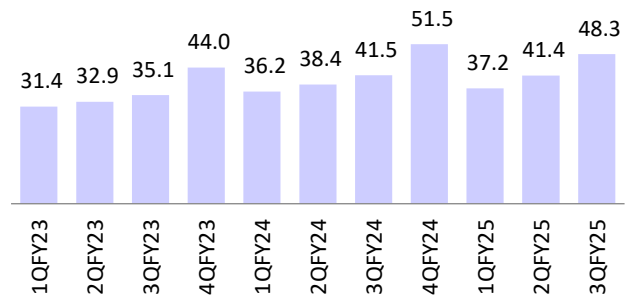
Order inflow (INR b)



Source: Company, MOFSL

Exhibit 4: Execution improved 16% YoY in 3QFY25 (INR b)

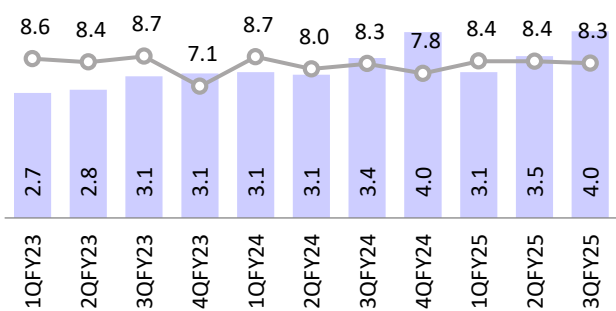
Revenue (INR b)



Source: Company, MOFSL

Exhibit 5: EBITDA margin was flat YoY (%)

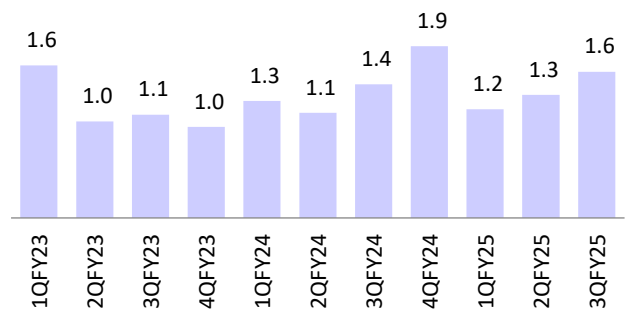
EBITDA (INR b) EBITDA margin (%)



Source: Company, MOFSL

Exhibit 6: PAT grew 9% YoY (INR b)

PAT (INR b)



Source: Company, MOFSL

Exhibit 7: We cut our estimates to account for the weak Water segment's performance and higher interest costs

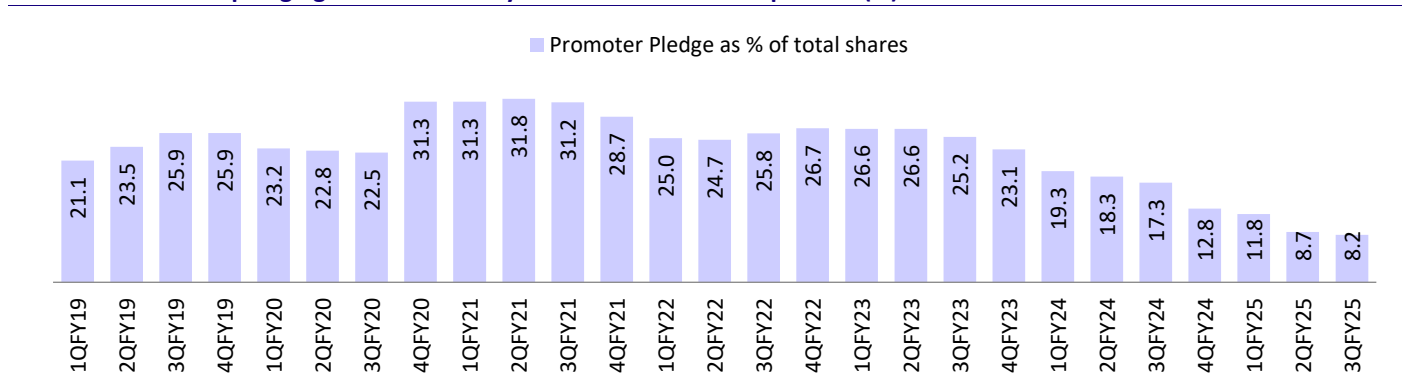
| (INR M) | FY25E | | | FY26E | | | FY27E | | |
|------------|----------|----------|---------|----------|----------|---------|----------|----------|---------|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Net Sales | 1,87,133 | 1,91,811 | (2.4) | 2,21,820 | 2,33,385 | (5.0) | 2,65,187 | 2,81,994 | (6.0) |
| EBITDA | 15,626 | 16,401 | (4.7) | 19,811 | 20,889 | (5.2) | 24,480 | 26,085 | (6.2) |
| EBITDA (%) | 8.4 | 8.6 | -20 bps | 8.9 | 9.0 | -2 bps | 9.2 | 9.3 | -2 bps |
| Adj. PAT | 6,603 | 7,557 | (12.6) | 9,309 | 10,523 | (11.5) | 12,403 | 13,914 | (10.9) |
| EPS (INR) | 38.7 | 44.3 | (12.6) | 54.5 | 61.6 | (11.5) | 72.6 | 81.5 | (10.9) |

Source: MOFSL

Exhibit 8: We expect the standalone revenue to post a CAGR of 20% during FY24-27

| | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Transmission & distribution | | | | | | |
| Order inflows | 70,893 | 1,01,790 | 1,11,540 | 1,22,694 | 1,38,644 | 1,56,668 |
| YoY growth (%) | 14.0 | 43.6 | 9.6 | 10.0 | 13.0 | 13.0 |
| Revenues | 64,460 | 60,160 | 78,270 | 80,438 | 92,324 | 1,08,370 |
| YoY growth (%) | 28.9 | (6.7) | 30.1 | 2.8 | 14.8 | 17.4 |
| Order backlog | 1,11,387 | 1,65,305 | 2,06,780 | 2,49,036 | 2,95,356 | 3,43,654 |
| Bill-to-book ratio (%) | 54.1 | 37.1 | 35.4 | 30.0 | 29.0 | 29.0 |
| Buildings and Factories (B&F) | | | | | | |
| Order inflows | 43,658 | 37,550 | 65,280 | 68,544 | 75,398 | 82,938 |
| YoY growth (%) | (8.0) | (14.0) | 73.8 | 5.0 | 10.0 | 10.0 |
| Revenues | 33,130 | 41,360 | 47,900 | 54,903 | 61,389 | 68,145 |
| YoY growth (%) | | 24.8 | 15.8 | 14.6 | 11.8 | 11.0 |
| Order backlog | 78,626 | 87,244 | 1,10,210 | 1,23,851 | 1,37,860 | 1,52,653 |
| Bill-to-book ratio (%) | 31.4 | 42.5 | 40.0 | 38.0 | 38.0 | 38.0 |
| Water and urban infra | | | | | | |
| Order inflows | 58,211 | 90,240 | 33,540 | 38,571 | 48,214 | 60,267 |
| YoY growth (%) | 87.3 | 55.0 | (62.8) | 15.0 | 25.0 | 25.0 |
| Revenues | 20,320 | 30,250 | 42,150 | 26,569 | 29,429 | 33,647 |
| YoY growth (%) | | 48.9 | 39.3 | (37.0) | 10.8 | 14.3 |
| Order backlog | 91,731 | 1,51,530 | 1,37,000 | 1,49,002 | 1,67,788 | 1,94,408 |
| Bill-to-book ratio (%) | 24.7 | 22.1 | 25.0 | 17.0 | 17.0 | 17.0 |
| Railways and Oil and gas | | | | | | |
| Order inflows | 9,081 | 22,830 | 89,860 | 13,110 | 14,421 | 15,863 |
| YoY growth (%) | (57.3) | 151.4 | 293.6 | | 10.0 | 10.0 |
| Revenues | 25,040 | 26,370 | 22,470 | 25,223 | 38,679 | 55,025 |
| YoY growth (%) | | 5.3 | (14.8) | 12.3 | 53.3 | 42.3 |
| Order backlog | 45,865 | 55,102 | 1,30,160 | 1,18,047 | 93,789 | 54,627 |
| Bill-to-book ratio (%) | 41.5 | 46.0 | 22.5 | 22.5 | 22.5 | 22.5 |
| Total Order inflows | 1,81,843 | 2,52,410 | 3,00,220 | 2,42,919 | 2,76,677 | 3,15,736 |
| YoY growth (%) | 12.3 | 38.8 | 18.9 | (19.1) | 13.9 | 14.1 |
| Total Revenues | 1,24,071 | 1,43,370 | 1,67,600 | 1,87,133 | 2,21,820 | 2,65,187 |
| YoY growth (%) | | 15.6 | 16.9 | 11.7 | 18.5 | 19.6 |
| Order backlog | 3,27,610 | 4,59,180 | 5,84,150 | 6,39,936 | 6,94,793 | 7,45,343 |
| Bill-to-book ratio (%) | 33.8 | 31.6 | 27.5 | 26.5 | 28.5 | 31.1 |

Source: Company, MOFSL

Exhibit 9: Promoter pledging has considerably come down in recent quarters (%)

Source: Company, MOFSL

Exhibit 10: We revise our TP to INR1,200 based on SoTP valuation

| | Earnings/ book | Valn multiple | Value | KPIL's share | Value for KPIL share | Per share value | Valuation basis |
|----------------------------------|-------------------|------------------|----------------|-----------------|-------------------------|--------------------|----------------------|
| | INR m | (X) | INR m | (%) | INR m | INR | |
| Kalpataru consolidated valuation | | | | | | | |
| Core construction business | 11,451 | 17 | 194,664 | 100.0 | 194,664 | 1,140 | 17x two-year fwd EPS |
| Investments in subsidiaries | | | 10,249 | | 10,249 | 60 | |
| Road projects total | | | 1,165 | | 1,165 | 7 | |
| Total value | | | 244,498 | | 244,498 | 1,207 | |

Source: MOFSL

Valuation and view

KPIL is currently trading at 16.1x/12.1x FY26E/FY27E EPS. We **reiterate our BUY rating** with a revised SoTP-based TP of INR1,200, based on 17x P/E for the core business. This is still at a discount to its immediate peer.

Key risks

Key downside risks: 1) a slowdown in order inflows, 2) a spike in commodity prices, 3) higher crude prices, 4) higher inflation, 5) increase in receivables and working capital, and 6) intensified competition.

Financials and valuations (Standalone)

| Income Statement | | | | | | (INR m) |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Total Income from Operations | 1,24,071 | 1,43,370 | 1,67,600 | 1,87,133 | 2,21,820 | 2,65,187 |
| Change (%) | NA | 15.6 | 16.9 | 11.7 | 18.5 | 19.6 |
| Total Expenditure | 1,13,265 | 1,31,760 | 1,53,940 | 1,71,507 | 2,02,009 | 2,40,707 |
| % of Sales | 91.3 | 91.9 | 91.8 | 91.6 | 91.1 | 90.8 |
| EBITDA | 10,807 | 11,610 | 13,660 | 15,626 | 19,811 | 24,480 |
| Margin (%) | 8.7 | 8.1 | 8.2 | 8.4 | 8.9 | 9.2 |
| Depreciation | 2,720 | 2,950 | 3,680 | 3,976 | 4,666 | 5,146 |
| EBIT | 8,087 | 8,660 | 9,980 | 11,650 | 15,146 | 19,334 |
| Int. and Finance Charges | 2,436 | 2,940 | 3,370 | 3,834 | 4,002 | 4,085 |
| Other Income | 984 | 1,120 | 780 | 1,059 | 1,369 | 1,421 |
| PBT bef. EO Exp. | 6,635 | 6,840 | 7,390 | 8,876 | 12,512 | 16,671 |
| EO Items | -1,632 | 540 | | | | |
| PBT after EO Exp. | 5,003 | 7,380 | 7,390 | 8,876 | 12,512 | 16,671 |
| Total Tax | 1,491 | 2,070 | 2,060 | 2,272 | 3,203 | 4,268 |
| Tax Rate (%) | 29.8 | 28.0 | 27.9 | 25.6 | 25.6 | 25.6 |
| Reported PAT | 3,512 | 5,310 | 5,330 | 6,603 | 9,309 | 12,403 |
| Adjusted PAT | 4,657 | 4,921 | 5,330 | 6,603 | 9,309 | 12,403 |
| Change (%) | NA | 5.7 | 8.3 | 23.9 | 41.0 | 33.2 |
| Margin (%) | 3.8 | 3.4 | 3.2 | 3.5 | 4.2 | 4.7 |

| Balance Sheet | | | | | | (INR m) |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
| Equity Share Capital | 298 | 325 | 325 | 342 | 342 | 342 |
| Total Reserves | 49,073 | 52,872 | 57,176 | 72,575 | 80,696 | 91,913 |
| Net Worth | 49,371 | 53,197 | 57,500 | 72,916 | 81,038 | 92,255 |
| Total Loans | 26,551 | 29,346 | 32,635 | 34,635 | 38,135 | 36,135 |
| Deferred Tax Liabilities | -880 | -1,338 | -1,411 | -1,411 | -1,411 | -1,411 |
| Capital Employed | 75,042 | 81,206 | 88,724 | 1,06,140 | 1,17,762 | 1,26,979 |
| Gross Block | 23,789 | 27,708 | 29,881 | 36,381 | 41,381 | 44,381 |
| Less: Accum. Depr | 10,574 | 10,941 | 13,524 | 17,499 | 22,165 | 27,311 |
| Net Fixed Assets | 13,214 | 16,767 | 16,358 | 18,882 | 19,216 | 17,070 |
| Goodwill on Consolidation | 201 | 201 | 201 | 201 | 201 | 201 |
| Capital WIP | 203 | 484 | 320 | 320 | 320 | 320 |
| Total Investments | 8,929 | 8,741 | 8,593 | 8,593 | 8,593 | 8,593 |
| Curr. Assets, Loans & Adv. | 1,22,897 | 1,47,237 | 1,70,200 | 2,00,694 | 2,34,698 | 2,74,460 |
| Inventory | 9,193 | 10,874 | 12,397 | 13,841 | 16,407 | 19,615 |
| Account Receivables | 43,239 | 51,246 | 55,244 | 65,112 | 72,927 | 87,185 |
| Cash and Bank Balance | 9,886 | 8,581 | 8,488 | 16,706 | 20,858 | 18,815 |
| Loans and Advances | 8,163 | 8,608 | 10,885 | 12,153 | 14,406 | 17,223 |
| Other Current Assets | 52,416 | 67,928 | 83,187 | 92,882 | 1,10,099 | 1,31,623 |
| Curr. Liability & Prov. | 70,401 | 92,224 | 1,06,947 | 1,22,550 | 1,45,266 | 1,73,666 |
| Other Current Liabilities | 65,676 | 87,673 | 1,01,990 | 1,17,015 | 1,38,705 | 1,65,822 |
| Provisions | 4,725 | 4,551 | 4,957 | 5,535 | 6,561 | 7,843 |
| Net Current Assets | 52,496 | 55,012 | 63,253 | 78,145 | 89,432 | 1,00,795 |
| Appl. of Funds | 75,042 | 81,205 | 88,724 | 1,06,140 | 1,17,762 | 1,26,979 |

Financials and valuations

Ratios

| Y/E March | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | |
| EPS | 28.5 | 30.1 | 32.6 | 38.7 | 54.5 | 72.6 |
| Cash EPS | 45.1 | 48.1 | 55.1 | 61.9 | 81.8 | 102.8 |
| BV/Share | 301.9 | 325.3 | 351.6 | 427.0 | 474.5 | 540.2 |
| DPS | 6.5 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Payout (%) | 30.3 | 21.4 | 21.3 | 18.0 | 12.8 | 9.6 |
| Valuation (x) | | | | | | |
| P/E | 44.3 | 41.9 | 38.7 | 22.7 | 16.1 | 12.1 |
| Cash P/E | 28.0 | 26.2 | 22.9 | 14.2 | 10.7 | 8.6 |
| P/BV | 4.2 | 3.9 | 3.6 | 2.1 | 1.9 | 1.6 |
| EV/Sales | 1.8 | 1.6 | 1.4 | 0.9 | 0.8 | 0.6 |
| EV/EBITDA | 20.5 | 19.4 | 16.8 | 10.7 | 8.4 | 6.8 |
| Dividend Yield (%) | 0.5 | 0.6 | 0.6 | 0.8 | 0.8 | 0.8 |
| FCF per share | 10.1 | -9.1 | 26.0 | -9.2 | 34.2 | 30.6 |
| Return Ratios (%) | | | | | | |
| RoE | 10.7 | 9.6 | 9.6 | 10.1 | 12.1 | 14.3 |
| RoCE | 9.2 | 8.9 | 9.0 | 9.6 | 10.8 | 12.5 |
| RoIC | 10.1 | 10.4 | 10.7 | 11.4 | 13.4 | 15.4 |
| Working Capital Ratios | | | | | | |
| Fixed Asset Turnover (x) | 5.2 | 5.2 | 5.6 | 5.1 | 5.4 | 6.0 |
| Asset Turnover (x) | 1.7 | 1.8 | 1.9 | 1.8 | 1.9 | 2.1 |
| Inventory (Days) | 27 | 28 | 27 | 27 | 27 | 27 |
| Debtor (Days) | 127 | 130 | 120 | 127 | 120 | 120 |
| Leverage Ratio (x) | | | | | | |
| Current Ratio | 1.7 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Interest Cover Ratio | 3.3 | 2.9 | 3.0 | 3.0 | 3.8 | 4.7 |
| Net Debt/Equity | 0.2 | 0.2 | 0.3 | 0.1 | 0.1 | 0.1 |

Cash Flow Statement

| Y/E March | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (INR m) | | | | | | |
| OP/(Loss) before Tax | 3,504 | 5,320 | 5,330 | 8,876 | 12,512 | 16,671 |
| Depreciation | 2,720 | 2,948 | 3,679 | 3,976 | 4,666 | 5,146 |
| Interest & Finance Charges | 2,436 | 2,939 | 3,370 | 3,834 | 4,002 | 4,085 |
| Direct Taxes Paid | -2,067 | -2,534 | -2,033 | -2,272 | -3,203 | -4,268 |
| (Inc)/Dec in WC | -5,355 | -4,512 | -5,796 | -9,485 | -7,134 | -13,406 |
| CF from Operations | 1,236 | 4,160 | 4,550 | 4,929 | 10,843 | 8,228 |
| Others | 2,529 | 1,434 | 2,587 | 0 | 0 | 0 |
| CF from Operating incl EO | 3,765 | 5,594 | 7,136 | 4,929 | 10,843 | 8,228 |
| (Inc)/Dec in FA | -2,113 | -7,078 | -2,889 | -6,500 | -5,000 | -3,000 |
| Free Cash Flow | 1,653 | -1,485 | 4,247 | -1,571 | 5,843 | 5,228 |
| (Pur)/Sale of Investments | -712 | -269 | -208 | 0 | 0 | 0 |
| Others | -37 | 2,880 | -1,568 | 0 | 0 | 0 |
| CF from Investments | -2,862 | -4,467 | -4,665 | -6,500 | -5,000 | -3,000 |
| Issue of Shares | 0 | 0 | 0 | 10,000 | 0 | 0 |
| Inc/(Dec) in Debt | 4,908 | 2,460 | -800 | 2,000 | 3,500 | -2,000 |
| Interest Paid | -2,517 | -3,120 | -3,163 | -3,834 | -4,002 | -4,085 |
| Dividend Paid | -261 | -1,022 | -1,137 | -1,187 | -1,187 | -1,187 |
| Others | 859 | -549 | 3,311 | 0 | 0 | 0 |
| CF from Fin. Activity | 2,989 | -2,231 | -1,789 | 6,978 | -1,690 | -7,272 |
| Inc/Dec of Cash | 3,892 | -1,104 | 682 | 5,407 | 4,153 | -2,045 |
| Opening Balance | 4,787 | 9,887 | 8,581 | 8,488 | 16,706 | 20,858 |
| Other adjustments | 1,208 | -202 | -775 | 2,811 | 0 | 1 |
| Closing Balance | 9,887 | 8,581 | 8,488 | 16,706 | 20,858 | 18,815 |

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NOTES

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|----------------------------------|--|
| 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 |

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