

# Zen Technologies

Estimate change 

TP change

Rating change 

Bloomberg	ZEN IN
Equity Shares (m)	90
M.Cap.(INRb)/(USD\$b)	97.5 / 1.1
52-Week Range (INR)	2628 / 800
1,6,12 Rel. Per (%)	-50/-30/29
12M Avg Val (INR M)	901

## Financials Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	9.0	10.6	15.8
EBITDA	3.3	3.9	5.9
EBITDA Margin (%)	37.0	37.0	37.0
PAT	2.7	3.3	4.8
EPS (INR)	30.5	36.6	53.4
EPS Growth (%)	116.8	20.2	45.9
BV/Share (INR)	191.4	228.0	281.4
<b>Ratios</b>			
Net D/E	-0.7	-0.7	-0.7
RoE (%)	25.2	17.5	21.0
RoCE (%)	25.8	17.8	21.3
<b>Valuations</b>			
P/E (x)	35.4	29.5	20.2
P/BV (x)	5.6	4.7	3.8
EV/EBITDA (x)	25.6	21.3	13.8

## Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	49.1	51.3	55.1
DII	9.0	8.1	3.1
FII	8.8	6.2	5.4
Others	33.2	34.5	36.4

FII Includes depository receipts

**CMP: INR1,080**

**TP: INR1,600 (+48%)**

**Buy**

## Sharp miss

Zen Technologies' results were sharply below our estimates on revenue/EBITDA/PAT due to delays in booking certain contracts during 3QFY25. The company's revenue/PAT grew by 44%/22% YoY, while EBITDA declined by 17% YoY due to operating deleverage. Zen has underperformed broader indices on concerns related to growth visibility, order inflows, and acquisition plans. The company: 1) expects inflows worth INR8b to materialize during 4QFY25-FY26, which will provide revenue visibility beyond FY25, 2) maintains revenue guidance of INR9b for FY25, with an EBITDA margin of 35%, despite a miss on revenues for 3QFY25, and 3) is building its portfolio across other simulators with the recent acquisition announcement of ARIPL, which is engaged in naval simulators, and MoUs and tie ups with other firms for air-based simulation solutions. Due to lower-than-expected order inflows in 9MFY25, we cut our estimates by 4%/25%/22% for FY25/26/27. Along with this, our target multiple has also been revised downwards, as the company was earlier getting a higher valuation multiple for growth, which is looking weak till FY26. Beyond FY26, we expect overall ordering to improve from large-sized simulator orders, recent acquisitions, and MoUs, as the company's overall capabilities are being enhanced across simulators, anti-drone, and other new areas. However, due to delays in the finalization of tenders, execution may remain impacted in the near to medium term. We reiterate BUY with a revised TP of INR1,600 based on 30x Mar'27E earnings.

## Weak set of results

Zen Tech's 3QFY25 revenue, EBITDA, and PAT came in below our estimates. Revenue was up 44.3% YoY at INR1.42b, a 39% miss on our estimate of INR2.31b. The revenue miss was due to delays in shipments and the shift of revenue booking to 4QFY25. Absolute EBITDA was down 17% YoY at INR367m vs. our estimate of INR859m (57% miss). EBITDA margin contracted 1910bp YoY/690bp QoQ to 26.0% vs. our estimate of 37.2% due to the revenue miss. PAT at INR386m came in 39% below our estimate of INR637m. PAT margin contracted 500bp YoY to 27.3%. Order book as of 30th Dec'24 stood at INR8.17b. This includes equipment order book of INR5.4b and AMC order book of INR2.8b. Despite a revenue miss in 3QFY25, the company has maintained its revenue guidance of INR9b for FY25.

## Future order inflow visibility

The company's order book stands at INR8.17b (66% Equipment; 34% AMC). The share of training simulators/anti-drones in the total order book is ~48%/52%, with the training simulators' order book comprising majority of orders in the domestic market (76%), while the anti-drone systems order book is more inclined towards the export market (55%). The anti-drone market is becoming crowded with an increasing number of players; however Zen has the advantage of full backward integration across seeker, detector, radar, camera, as well as both hard kill and soft kill, which others don't have as of now. Management mentioned that a few new orders are in the final stage of discussions and will start getting finalized in the next 2-3 months. Further, the company expects a sharp ramp-up in orders beyond FY26 on an overall increase in ordering as well as a wider TAM from the newly acquired companies.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Recent tie-ups and acquisitions

Zen Technologies has been catering its products to the Indian Army and, in its 2QFY25 con-call, the company mentioned opportunities to expand its offerings to the Indian Air Force and Indian Navy. The company has announced the acquisition of a 100% stake in Applied Research International Private Limited and ARI Labs Private Limited, marking its strategic entry into the Indian Navy platform. Additionally, the company's recent MoUs signed with AVT Simulation and TXT Group are in line with its statement to address opportunities across the Indian Air Force.

- **Announced Acquisition:** The Board of Directors approved the following acquisitions:
  - 100% stake in **Applied Research International Private Limited (ARIPL)** in multiple tranches: ARIPL is engaged in the business of providing simulation and assessment tools for the marine, offshore, naval, ports & terminals, construction, and mining industries. Zen's management claimed that once it combines its weapon simulation technology with ARIPL's marine simulation technology, it will be able to create a product that caters to the Indian Navy with a margin profile of 35% vs ARIPL's current margin of 18-19%.
  - 100% stake in **ARI Labs Private Limited** in multiple tranches.
  - 45.33% stake in **Bhairav Robotics Private Limited** by way of subscription.
  - 51% stake in **Vector Technics Private Limited** by way of subscription: Through this acquisition, the company marked its entry into the drone segment by manufacturing support sub-units for drones, catering to the domestic as well as export markets.
- **MoU with TXT Group:** This MoU focuses on the development of advanced pilot training solutions, ranging from Part Task Trainers to Full Flight and Full Mission Simulators.
- **MoU with AVT Simulation:** Under this MoU, AVT Simulation will support Zen's entry into the US defense market, while Zen will help AVT expand internationally. Combining Zen's ground simulation expertise with AVT's air simulation strengths, the company aims to develop next-gen solutions for defense, emergency response, and commercial use.

Further, the company also approved an investment of USD10m in multiple tranches over a period of two years in Zen Technologies USA, Inc., a wholly-owned subsidiary of Zen Technologies, to leverage new growth opportunities in the US markets.

### Patents granted during the quarter

Since the beginning of the quarter to date, Zen has received Patent Grants for:

- **T90 Containerized Crew Gunnery Simulator (T-90 CGS):** An advanced, innovative system that provides a highly immersive and interactive training experience to increase the gunnery proficiency of the T-90 tank commander and gunner. The system replicates the battlefield conditions and operational tasks of the T90 tank, providing realistic targets with AI reactions.
- **T-72 Containerized Crew Gunnery Simulator System (T-72 CGS):** An advanced training platform designed to enhance the gunnery skills of T-72 tank commanders and gunners. By simulating critical operations like target acquisition, ammunition selection, and firing, the T-72 CGS prepares personnel for real-world combat scenarios.

- **Basic Gunnery Training Simulator:** A state-of-the-art training platform developed to enhance the technical and operational skills of a tank gunner, replicating real-world battlefield conditions with features such as target acquisition, ammunition selection, and firing simulations.

### Guidance

The company continued to maintain its FY25 revenue guidance of INR9b on account of expected strong execution in 4Q, revitalizing its topline growth. It expects orders to start coming in from 2QFY25/1HFY26 onwards, and EBITDA/PAT margin to be at 35%/25% for FY25.

### Financial outlook

We cut our estimates to factor in lower-than-expected order inflow in 9MFY25. We expect a revenue/EBITDA/PAT CAGR of 54%/53%/56% during FY24-27. This will be led by: 1) order inflow CAGR growth of 37% over FY24-27, due to a strong pipeline across simulators and anti-drones, 2) EBITDA margin of 37% for FY25, FY26, and FY27, and 3) control over working capital due to improved collections.

### Valuation and recommendation

The stock currently trades at 29.5x/20.2x P/E on FY26/27E earnings. We revise our estimates downwards to factor in the 3Q performance and lower-than-expected order inflows. Along with this, our target multiple is also revised downwards as the company was earlier getting a higher valuation multiple for growth, which is looking weak till FY26. Beyond FY26, we expect overall ordering to improve from large-sized simulator orders, recent acquisitions, and MoUs as the company's overall capabilities are getting enhanced across simulators, anti-drone, and other new areas. However, due to delays in the finalization of tenders, execution may remain impacted in the near to medium term. We reiterate BUY with a revised TP of INR1,600 based on 30x Mar'27E earnings.

### Key risks and concerns

A slowdown in procurement from the defense industry, especially for simulators, can expose the company to the risk of further reduced order inflows and hinder its growth. The company is also exposed to foreign currency risks for its export revenue. High working capital can also pose risks to cash flows, as historically, the company's working capital has remained high due to issues related to high debtors and inventory. This is likely to come down due to improved collections and lower inventory, according to the management. However, any delays in the same can affect cash flows for FY25/26.

Zen Technologies

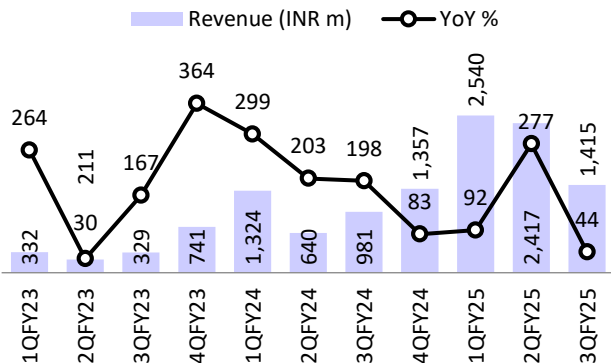
Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>1,324</b>	<b>640</b>	<b>981</b>	<b>1,357</b>	<b>2,540</b>	<b>2,417</b>	<b>1,415</b>	<b>2,639</b>	<b>4,303</b>	<b>9,011</b>	<b>2,310</b>	<b>(39)</b>
YoY Change (%)	298.5	203.1	197.8	83.0	91.7	277.4	44.3	94.5	166.5	109.4	135.6	
Total Expenditure	663	423	539	906	1,508	1,623	1,048	1,499	2,530	5,677	1,451	(28)
<b>EBITDA</b>	<b>662</b>	<b>218</b>	<b>442</b>	<b>451</b>	<b>1,032</b>	<b>794</b>	<b>367</b>	<b>1,141</b>	<b>1,772</b>	<b>3,334</b>	<b>859</b>	<b>(57)</b>
Margins (%)	50.0	34.0	45.1	33.2	40.6	32.9	26.0	43.2	41.2	37.0	37.2	
Depreciation	15	18	19	22	22	23	26	19	73	90	22	17
Interest	4	4	4	6	10	21	27	25	18	83	17	62
Other Income	26	48	42	23	30	84	220	201	139	535	35	522
<b>PBT</b>	<b>670</b>	<b>243</b>	<b>461</b>	<b>422</b>	<b>1,030</b>	<b>835</b>	<b>534</b>	<b>1,298</b>	<b>1,796</b>	<b>3,696</b>	<b>856</b>	<b>(38)</b>
Tax	199	70	144	140	288	182	147	328	552	946	219	(33)
Rate (%)	29.6	28.7	31.2	33.2	28.0	21.8	27.6	25.3	30.7	25.6	25.6	
<b>Reported PAT</b>	<b>471</b>	<b>173</b>	<b>317</b>	<b>282</b>	<b>742</b>	<b>652</b>	<b>386</b>	<b>969</b>	<b>1,244</b>	<b>2,750</b>	<b>637</b>	<b>(39)</b>
<b>Adj PAT</b>	<b>471</b>	<b>173</b>	<b>317</b>	<b>306</b>	<b>742</b>	<b>652</b>	<b>386</b>	<b>969</b>	<b>1,268</b>	<b>2,750</b>	<b>637</b>	<b>(39)</b>
YoY Change (%)	474.2	279.1	467.2	77.3	57.4	276.1	21.9	216.6	237.0	116.8	101.1	
Margins (%)	35.6	27.1	32.3	22.6	29.2	27.0	27.3	36.7	29.5	30.5	27.6	

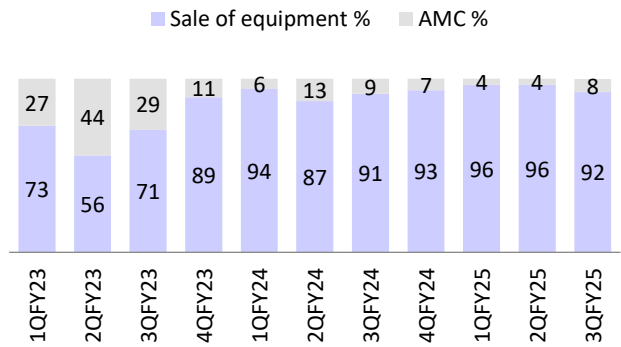
Key Exhibits

Exhibit 1: Overall revenue growth stood at 44% YoY and was lower than estimates



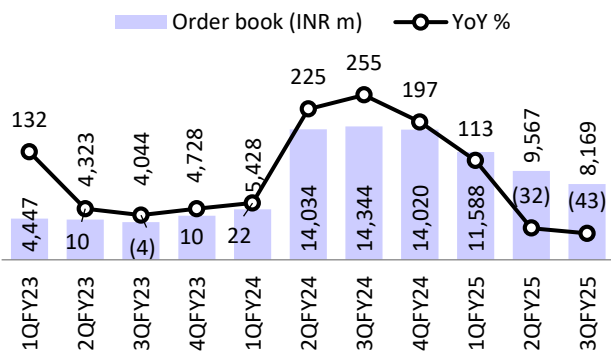
Source: Company, MOFSL

Exhibit 2: Share of revenue from the sale of equipment continues to remain a major contributor



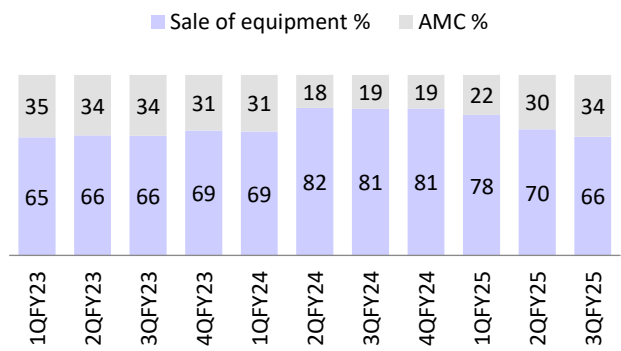
Source: Company, MOFSL

Exhibit 3: Order book indicating a downward trend on increased execution of equipment orders



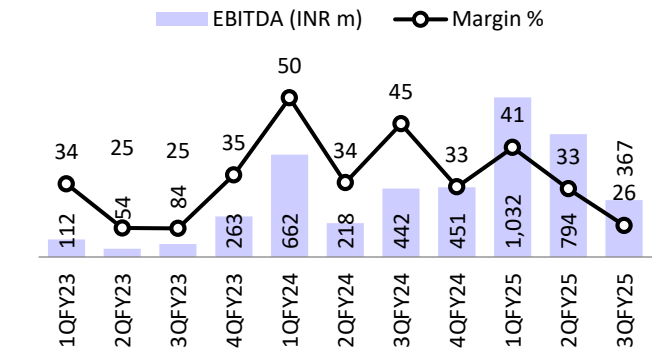
Source: Company, MOFSL

Exhibit 4: Share of AMC in order book on rise QoQ due to sustained-nature of the contracts compared to equipment



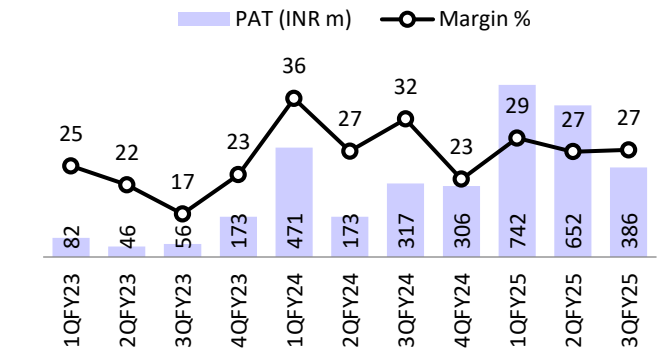
Source: Company, MOFSL

**Exhibit 5: EBITDA down 17% YoY, while margin contracted 1,910bp YoY**



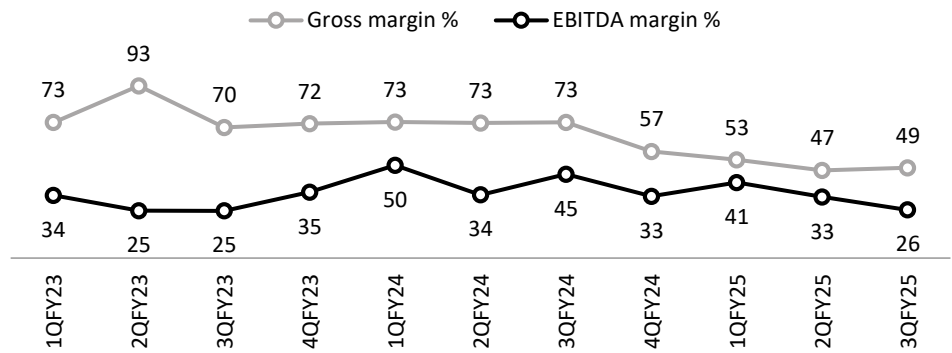
Source: Company, MOFSL

**Exhibit 6: PAT increased 22% YoY, while PAT margin contracted 500bp YoY**



Source: Company, MOFSL

**Exhibit 7: Gross and EBITDA margins contracted, mainly due to the evolving nature of the new products**



Source: Company, MOFSL

**Exhibit 8: Acquisitions approved and announced by Zen Technologies**

Name of target company	Stake (%)	Cost of acquisition (INR m)	Mode of acquisition	Expected timeline of acquisition	Company profile
<b>Applied Research International Private Limited ("ARIPL")</b>	100.00	1,275	In multiple tranches	<b>Tranche 1</b> 1,009,782 shares Expected to be completed in the next 1-3 weeks <b>Tranche 2</b> 318,878 shares Expected to be completed within 13 months of the completion of tranche 1	Engaged in the business of: (i) providing simulation and assessment tools for the marine, offshore, naval, ports & terminals, construction, and mining industries (ii) providing services related to the maintenance, certification, and assessment solutions for the abovementioned (i) (iii) fleetview monitoring of ships (iv) maintenance and module development for the e-governance of DG Shipping of India
<b>ARI Labs Private Limited ("ALPL")</b>	100.00	25	In multiple tranches	35,100 shares Expected to be completed in the next 1-3 weeks	Engaged in the business of providing simulation and assessment tools for the marine and naval industries
<b>Bhairav Robotics Private Limited</b>	45.33	~40	By way of subscription	By the end of FY25	Product offering includes robotic products, such as quadrupedal robots and autonomous weapon systems
<b>Vector Technics Private Limited</b>	51.00	~250	By way of subscription	By the end of FY25	Specializes in propulsion and power distribution solutions for drones and UAVs; existing product offering includes BLDC motors, Electronic Speed Controllers (ESC), propellers, and starter generators, which are the major components for drones, UAVs, and robotic products; all the products are Made in India

Source: Company, MOFSL

**Exhibit 9: Recent tie-up with US-based AVT Simulation's products and application details that complement Zen's portfolio**

Product	Application
Apache Gunnery Trainer (AGT)	❖ It is an "all-in-one" part-task procedural Apache simulator trainer that prepares front seaters by managing the complexities of various buttons, switches, and knobs, along with the endless Multi-Purpose Display (MPD) pages.
Close Combat Tactical Trainer (CCTT)	❖ It is a ground simulator designed to provide Infantry, Armor, Mechanized Infantry, Cavalry, and Armored Reconnaissance crews, units, and staff with a virtual, collective training capability that will increase and sustain readiness.
Construction Equipment Virtual Trainer (CEVT)	❖ It allows Warfighters to perform construction tasks that vary from leveling earth to excavating a trench and from constructing a stockpile to loading a hauling unit.
Receiver Aerial Refueling (RAR) Trainer	❖ It makes virtual air-to-air refueling realistic, effective, and acceptable for training pilots and boom operators.
Targeted Fidelity Aircraft Trainer (TFAT)	❖ AVT can configure this system with a range of options that allow customers to match fidelity to their training needs and budget. This flexible trainer adapts to the changing aircraft operational capabilities and evolving Mission Essential Tasks to support Aircrews and their missions.
USMC Deployable Virtual Training Environment (DVTE)	❖ It is a deployable, laptop-based simulation system capable of emulating virtual organic and supporting infantry battalion weapons systems and training scenarios to facilitate T&R-based training.

Source: Company, MOFSL

**Exhibit 10: TXT e-tech and PACE's products (relevant to Zen Technologies) and their applications**

Product	Application
Human-Machine Interface (HMI) & Embedded Graphics	❖ Provide HMI graphical modeling tools to produce state-of-the-art graphics and highly optimized code for both PC and embedded systems
Aircraft Configuration Environment	❖ An ecosystem of seven aircraft product configuration applications that makes every part of the process easier than ever before
InstructIQ	❖ A core adaptive training platform, compatible with a wide range of training devices and powered by artificial intelligence; provides data-driven pilot competency analytics using artificial intelligence to make training more efficient and effective
Extended Reality - XR	❖ Offers a complete enterprise solution for XR training, which enables customers to build their own immersive training environment

Source: Company, MOFSL

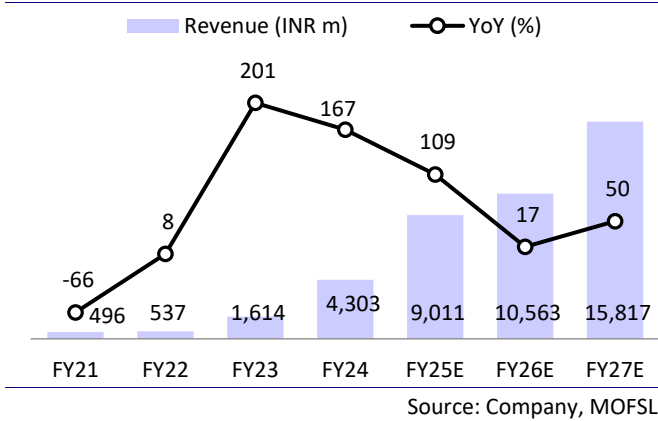
**Exhibit 11: We cut our estimates due to lower-than-expected order inflows**

(INR m)	FY25E			FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	9,011	10,045	(10.3)	10,563	14,249	(25.9)	15,817	20,089	(21.3)
EBITDA	3,334	3,817	(12.7)	3,908	5,414	(27.8)	5,852	7,634	(23.3)
EBITDA (%)	37.0	38.0	-100 bp	37.0	38.0	-100 bp	37.0	38.0	-100 bp
Adj. PAT	2,750	2,863	(4.0)	3,305	4,427	(25.3)	4,823	6,151	(21.6)
EPS (INR)	30	32	(4.0)	37	49	(25.3)	53	68	(21.6)

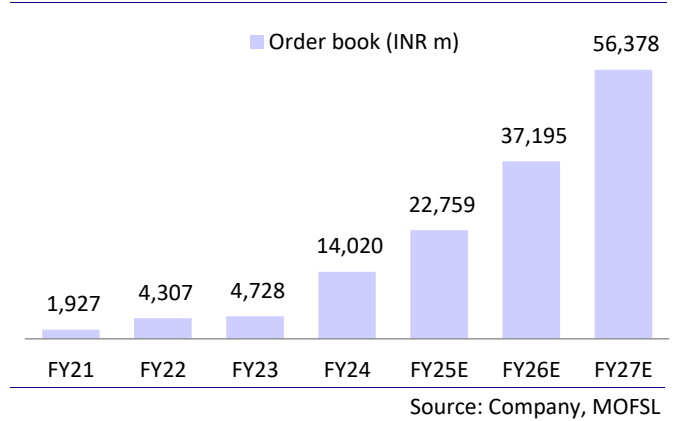
Source: MOFSL

**Financial outlook**

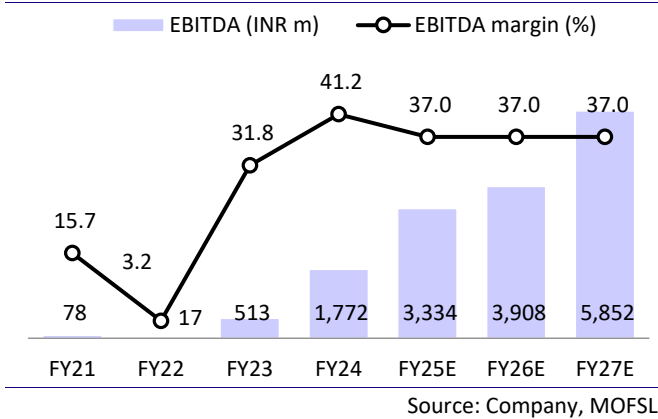
**Exhibit 12: We expect Zen’s revenue to clock a 54% CAGR over FY24-FY27**



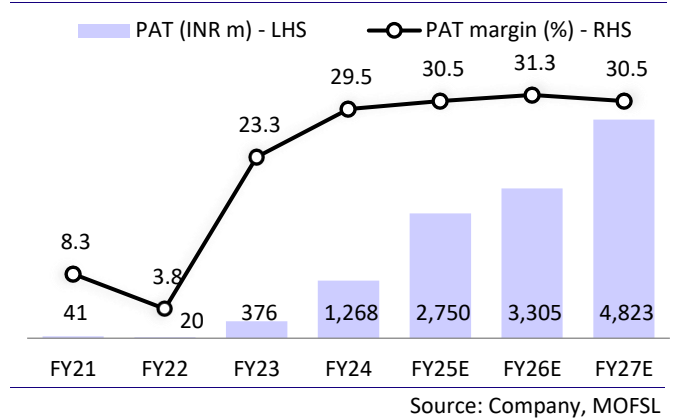
**Exhibit 13: Order book to boost up on expected inflows, planned acquisitions**



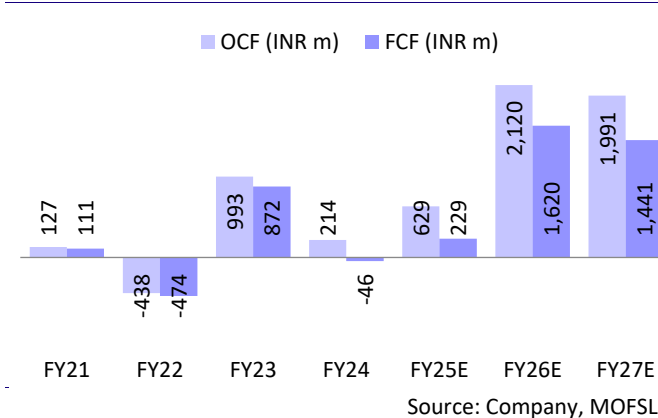
**Exhibit 14: EBITDA margin to remain above 35% levels**



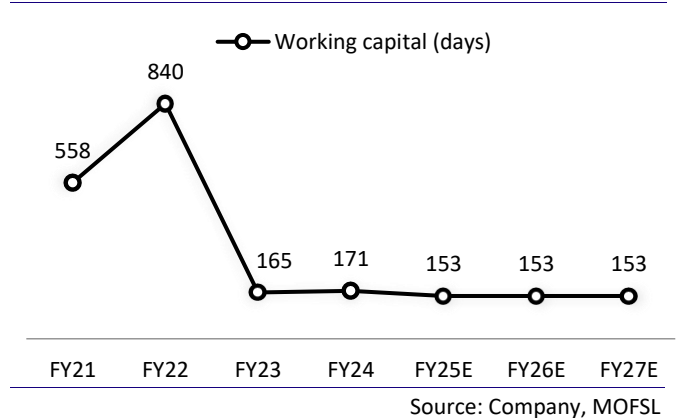
**Exhibit 15: We expect 56% PAT CAGR over FY24-FY27**



**Exhibit 16: OCF and FCF to increase from FY26, led by higher operating profit**

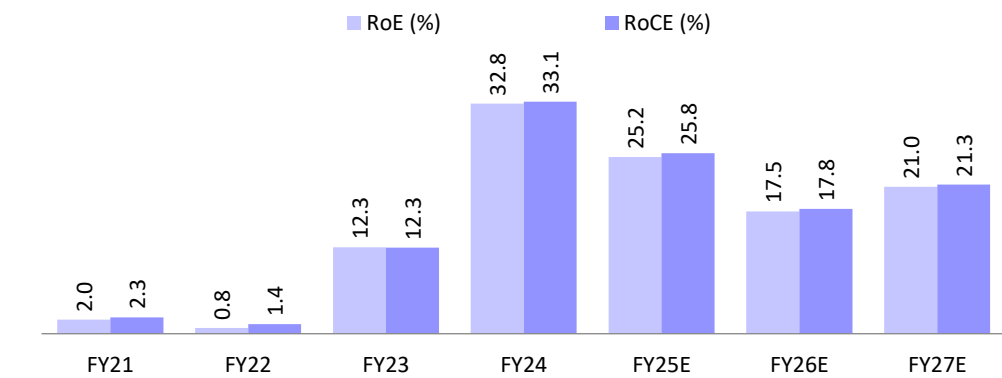


**Exhibit 17: NWC expected to stabilize on improved collections**



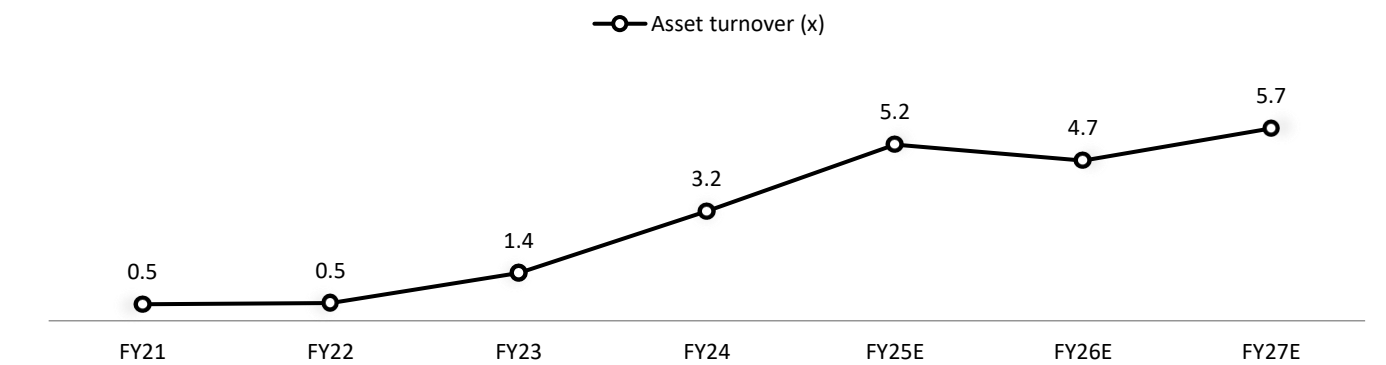


**Exhibit 18: ROE and ROCE expected to stay above 20% levels beyond FY26**



Source: Company, MOFSL

**Exhibit 19: With an improved product mix, we expect the asset turnover ratio to improve over the years**



Source: Company, MOFSL

## Financials and valuations

### Standalone - Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>1,470</b>	<b>496</b>	<b>537</b>	<b>1,614</b>	<b>4,303</b>	<b>9,011</b>	<b>10,563</b>	<b>15,817</b>
Change (%)	59.4	-66.3	8.4	200.6	166.5	109.4	17.2	49.7
Raw Materials	390	80	83	408	1,373	4,055	4,542	6,802
<b>Gross Profit</b>	<b>1,080</b>	<b>416</b>	<b>454</b>	<b>1,206</b>	<b>2,930</b>	<b>4,956</b>	<b>6,021</b>	<b>9,016</b>
Employee Cost	167	127	148	228	432	631	739	1,107
Other Expenses	278	211	289	465	726	991	1,373	2,056
<b>Total Expenditure</b>	<b>834</b>	<b>418</b>	<b>520</b>	<b>1,102</b>	<b>2,530</b>	<b>5,677</b>	<b>6,655</b>	<b>9,965</b>
% of Sales	56.7	84.3	96.8	68.2	58.8	63.0	63.0	63.0
<b>EBITDA</b>	<b>636</b>	<b>78</b>	<b>17</b>	<b>513</b>	<b>1,772</b>	<b>3,334</b>	<b>3,908</b>	<b>5,852</b>
Margin (%)	43.3	15.7	3.2	31.8	41.2	37.0	37.0	37.0
Depreciation	38	40	37	44	73	90	117	148
<b>EBIT</b>	<b>599</b>	<b>38</b>	<b>-20</b>	<b>469</b>	<b>1,699</b>	<b>3,244</b>	<b>3,792</b>	<b>5,705</b>
Int. and Finance Charges	32	10	14	20	18	83	91	100
Other Income	19	29	53	91	139	535	742	878
<b>PBT bef. EO Exp.</b>	<b>586</b>	<b>57</b>	<b>19</b>	<b>539</b>	<b>1,820</b>	<b>3,696</b>	<b>4,443</b>	<b>6,483</b>
EO Items	-1	0	-2	14	-24	0	0	0
<b>PBT after EO Exp.</b>	<b>587</b>	<b>57</b>	<b>20</b>	<b>525</b>	<b>1,844</b>	<b>3,696</b>	<b>4,443</b>	<b>6,483</b>
Total Tax	-20	16	-2	163	552	946	1,137	1,660
Tax Rate (%)	-3.3	27.8	-7.9	31.0	29.9	25.6	25.6	25.6
<b>Reported PAT</b>	<b>606</b>	<b>41</b>	<b>22</b>	<b>362</b>	<b>1,292</b>	<b>2,750</b>	<b>3,305</b>	<b>4,823</b>
<b>Adjusted PAT</b>	<b>605</b>	<b>41</b>	<b>20</b>	<b>376</b>	<b>1,268</b>	<b>2,750</b>	<b>3,305</b>	<b>4,823</b>
Change (%)	214.4	-93.2	-50.5	1,753.7	237.0	116.8	20.2	45.9
Margin (%)	41.2	8.3	3.8	23.3	29.5	30.5	31.3	30.5

### Standalone - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	77	80	80	80	84	90	90	90
Total Reserves	1,910	2,052	2,837	3,112	4,447	17,191	20,496	25,319
<b>Net Worth</b>	<b>1,988</b>	<b>2,132</b>	<b>2,917</b>	<b>3,192</b>	<b>4,531</b>	<b>17,281</b>	<b>20,586</b>	<b>25,410</b>
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	9	9	123	59	0	0	0	0
Deferred Tax Liabilities	-203	-206	-201	-134	63	63	63	63
<b>Capital Employed</b>	<b>1,794</b>	<b>1,935</b>	<b>2,839</b>	<b>3,117</b>	<b>4,595</b>	<b>17,344</b>	<b>20,650</b>	<b>25,473</b>
Gross Block	995	1,012	1,016	1,142	1,326	1,726	2,226	2,776
Less: Accum. Deprn.	351	391	425	468	541	631	748	895
<b>Net Fixed Assets</b>	<b>644</b>	<b>621</b>	<b>591</b>	<b>674</b>	<b>785</b>	<b>1,095</b>	<b>1,479</b>	<b>1,881</b>
Goodwill on Consolidation	0	0	0	0	0	0	0	0
Capital WIP	0	0	25	19	107	107	107	107
<b>Total Investments</b>	<b>159</b>	<b>241</b>	<b>243</b>	<b>243</b>	<b>263</b>	<b>263</b>	<b>263</b>	<b>263</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>1,128</b>	<b>1,169</b>	<b>2,517</b>	<b>3,394</b>	<b>6,029</b>	<b>21,302</b>	<b>25,158</b>	<b>32,740</b>
Inventory	104	86	142	411	1,334	2,345	2,749	4,117
Account Receivables	444	174	196	662	1,691	3,542	4,153	6,218
Cash and Bank Balance	185	333	761	1,472	1,422	12,103	14,374	16,593
Loans and Advances	299	563	1,404	812	1,564	3,276	3,840	5,750
Other Current Asset	96	13	15	36	17	36	42	63
<b>Curr. Liability &amp; Prov.</b>	<b>138</b>	<b>95</b>	<b>538</b>	<b>1,213</b>	<b>2,589</b>	<b>5,423</b>	<b>6,357</b>	<b>9,519</b>
Account Payables	111	78	520	1,190	2,559	5,359	6,282	9,406
Other Current Liabilities	16	17	18	23	0	0	0	0
Provisions	10	1	0	0	31	64	75	112
<b>Net Current Assets</b>	<b>990</b>	<b>1,074</b>	<b>1,979</b>	<b>2,181</b>	<b>3,440</b>	<b>15,879</b>	<b>18,801</b>	<b>23,222</b>
<b>Appl. of Funds</b>	<b>1,793</b>	<b>1,935</b>	<b>2,839</b>	<b>3,117</b>	<b>4,595</b>	<b>17,344</b>	<b>20,649</b>	<b>25,473</b>

## Financials and valuations

<b>Ratios</b>								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>6.7</b>	<b>0.5</b>	<b>0.2</b>	<b>4.2</b>	<b>14.0</b>	<b>30.5</b>	<b>36.6</b>	<b>53.4</b>
Cash EPS	7.1	0.9	0.6	4.7	14.9	31.5	37.9	55.1
BV/Share	22.0	23.6	32.3	35.4	50.2	191.4	228.0	281.4
DPS	0.4	0.1	0.1	0.2	1.0	0.0	0.0	0.0
Payout (%)	5.1	19.4	39.2	4.2	6.6	0.0	0.0	0.0
<b>Valuation (x)</b>								
P/E	161.0	2,377.1	4,800.9	259.0	76.8	35.4	29.5	20.2
Cash P/E	151.6	1,204.7	1,692.0	232.0	72.7	34.3	28.5	19.6
P/BV	49.0	45.7	33.4	30.5	21.5	5.6	4.7	3.8
EV/Sales	66.2	196.0	180.3	59.5	22.3	9.5	7.9	5.1
EV/EBITDA	153.0	1,251.7	5,629.2	187.3	54.2	25.6	21.3	13.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
FCF per share	6.9	1.3	-5.2	9.7	-0.5	2.5	17.9	16.0
<b>Return Ratios (%)</b>								
RoE	35.6	2.0	0.8	12.3	32.8	25.2	17.5	21.0
RoCE	33.4	2.3	1.4	12.3	33.1	25.8	17.8	21.3
RoIC	42.2	1.9	-1.4	20.3	56.9	62.9	52.3	58.9
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.5	0.5	0.5	1.4	3.2	5.2	4.7	5.7
Asset Turnover (x)	0.8	0.3	0.2	0.5	0.9	0.5	0.5	0.6
Inventory (Days)	26	64	96	93	113	95	95	95
Debtor (Days)	110	128	133	150	143	143	143	143
Creditor (Days)	28	57	353	269	217	217	217	217
<b>Leverage Ratio (x)</b>								
Current Ratio	8.2	12.3	4.7	2.8	2.3	3.9	4.0	3.4
Interest Cover Ratio	18.8	3.8	-1.4	23.1	92.3	39.2	41.6	56.9
Net Debt/Equity	-0.2	-0.3	-0.3	-0.5	-0.4	-0.7	-0.7	-0.7

### Standalone – Cashflow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	586	57	19	539	1,844	3,696	4,443	6,483
Depreciation	38	40	37	44	73	90	117	148
Interest & Finance Charges	23	-15	-30	-48	12	83	91	100
Direct Taxes Paid	-114	-28	-12	-87	-321	-946	-1,137	-1,660
(Inc)/Dec in WC	111	74	-452	537	-1,405	-1,759	-651	-2,202
<b>CF from Operations</b>	<b>643</b>	<b>127</b>	<b>-439</b>	<b>985</b>	<b>204</b>	<b>1,164</b>	<b>2,862</b>	<b>2,869</b>
Others	1	0	1	8	10	-535	-742	-878
<b>CF from Operating incl EO</b>	<b>644</b>	<b>127</b>	<b>-438</b>	<b>993</b>	<b>214</b>	<b>629</b>	<b>2,120</b>	<b>1,991</b>
(Inc)/Dec in FA	-23	-10	-36	-121	-260	-400	-500	-550
<b>Free Cash Flow</b>	<b>622</b>	<b>117</b>	<b>-474</b>	<b>872</b>	<b>-46</b>	<b>229</b>	<b>1,620</b>	<b>1,441</b>
(Pur)/Sale of Investments	-26	-82	-3	-25	-42	0	0	0
Others	-62	-84	-393	119	-518	535	742	878
<b>CF from Investments</b>	<b>-110</b>	<b>-176</b>	<b>-432</b>	<b>-27</b>	<b>-820</b>	<b>135</b>	<b>242</b>	<b>328</b>
Issue of Shares	0	0	0	0	0	10,000	0	0
Inc/(Dec) in Debt	-154	-1	865	-64	-58	0	0	0
Interest Paid	-32	-5	-9	-16	-12	-83	-91	-100
Dividend Paid	-23	-32	-8	-8	-17	0	0	0
Others	-5	134	25	-97	26	0	0	0
<b>CF from Fin. Activity</b>	<b>-214</b>	<b>97</b>	<b>873</b>	<b>-184</b>	<b>-62</b>	<b>9,917</b>	<b>-91</b>	<b>-100</b>
<b>Inc/Dec of Cash</b>	<b>321</b>	<b>47</b>	<b>3</b>	<b>782</b>	<b>-668</b>	<b>10,681</b>	<b>2,271</b>	<b>2,219</b>
Opening Balance	-225	96	144	147	929	1,422	12,103	14,374
Other Bank Balances	89	189	614	543	1,161	0	0	0
<b>Closing Balance</b>	<b>185</b>	<b>333</b>	<b>761</b>	<b>1,472</b>	<b>1,422</b>	<b>12,103</b>	<b>14,374</b>	<b>16,593</b>

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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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