Motilal Oswal Financial Services

29 July 2025

1QFY26 Result Update| Sector: Capital Goods

KEC International

Estimate changes	↔
TP change	↓
Rating change	↔

Bloomberg	KECI IN
Equity Shares (m)	266
M.Cap.(INRb)/(USDb)	229 / 2.6
52-Week Range (INR)	1313 / 605
1, 6, 12 Rel. Per (%)	-2/-1/-2
12M Avg Val (INR M)	1265

Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	254.7	299.3	354.7
EBITDA	20.6	24.3	28.7
PAT	9.3	11.8	14.3
EPS (INR)	34.9	44.2	53.6
GR. (%)	62.6	26.9	21.1
BV/Sh (INR)	229.2	266.0	311.6
Ratios			
ROE (%)	16.2	17.9	18.6
RoCE (%)	15.0	16.1	16.8
Valuations			
P/E (X)	24.7	19.4	16.1
P/BV (X)	3.8	3.2	2.8
EV/EBITDA (X)	12.6	10.9	9.4
Div Yield (%)	0.8	0.9	0.9

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	50.1	50.1	51.9
DII	22.6	24.2	25.3
FII	16.0	15.4	12.7
Others	11.3	10.3	10.2

FII Includes depository receipts

CMP: INR860 TP: INR950 (+10%) Neutral

T&D remains the growth driver

KEC International (KEC)'s 1QFY26 performance was broadly in line on the revenue and EBITDA fronts, while PAT was above our estimate due to lower tax outgo. Strong execution, especially in the T&D and cables segments, boosted revenue growth while other segments' performance remained weak. KEC's margin improved YoY, and further improvement is subject to the performance of the non-T&D segments too. KEC's order book stands at INR344b, up 5% YoY (particularly driven by T&D). Looking ahead, T&D is expected to remain the key growth engine, supported by a strong order book and expanding global pipeline, while the non-T&D segments are taking some time to recover. We tweak our estimates and reiterate our NEUTRAL rating on the stock with a revised TP of INR950, premised on 21x Sep'27 estimates.

In-line revenue and EBITDA; beat on PAT

KEC's revenue and EBITDA were in line, but PAT was higher than our estimates due to a lower tax rate. Revenue grew 11% YoY to INR50.2b vs. our estimate of INR50.9b. Growth was primarily led by the T&D and Cables divisions, which grew 26% and 6% YoY, respectively. EBITDA grew 29% YoY to INR3.5b vs. our estimate of INR3.6b, while EBITDA margin stood at 7.0%, up 100bp YoY but down 80bp QoQ. PAT jumped 42% YoY to INR1.2b, beating our estimate by 6%, mainly owing to the lower-than-expected tax rate of 21.4% vs. our estimate of 25.6%. Order inflows declined 28% YoY to INR55.2b in 1QFY26, taking the closing order book (OB) to INR344b (+5% YoY). T&D/non-T&D mix stood at 60%/40%. OB + L1 position came in at INR400b.

Core T&D segment's strength sustained

The T&D segment continued to be the cornerstone of KEC's operations, contributing 63% to total revenues in 1QFY26, up from 55% last year. Strong execution in India and international markets, particularly Saudi Arabia and the Americas, supported this performance. KEC is also making strategic inroads into high-value areas such as HVDC and STATCOM, with four HVDC projects underway and additional bids in place. Tower manufacturing capacity has been expanded across multiple locations, enhancing readiness for large export orders, including recent wins in Mexico and Brazil. While the segment's outlook remains strong, awarding activity in India slowed during the quarter due to delays by private developers. Skilled labor availability in high-voltage transmission projects also remains a constraint. The company has an L1 pipeline of INR60b and a TAM of INR900b, and hence it expects the T&D segment to sustain growth. The cables business experienced better utilization post-commissioning of the aluminum conductor line at Vadodara, while solar projects contributed to renewables growth (up 87% YoY). However, the civil, water, and railway segments remained weak during the quarter due to site-level labor issues and delayed client payments.

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Muted awarding in 1Q due to developer delays and selective bidding

In 1QFY26, KEC witnessed muted order awarding activity, mainly due to 1) execution delays on the part of private developers in the domestic T&D space; 2) procedural delays in state and TBCB projects, which slowed down the flow of new domestic orders; and 3) adopting a more selective bidding approach, especially in civil and railway segments, choosing to focus on higher-margin and better-paying clients, which led to conscious deferral of certain orders. We retain our order inflow estimates of INR312b/INR377b for FY26/27, as we expect the awarding activity to ramp up in the coming quarters.

Margin trajectory improves, but full potential hinges on non-T&D segments

EBITDA margin improved 100bp YoY to 7% in 1QFY26, supported by operating leverage, favorable geographic mix, and raw material cost stability. KEC has retained its FY26 EBITDA margin guidance of 8-8.5% and aims to improve margins by 50-100bp in FY27. While the margin trajectory shows early signs of structural improvement, the full benefit hinges on execution ramp-up in underperforming segments like civil and water. In our view, KEC's discipline in project selection and cost control is a positive, but sustained profitability will depend on normalization in cash flow-intensive verticals and smooth commissioning of new capacities (such as in cables). The full margin potential is also dependent on normalization in the civil and water segments, both of which continue to face collection and execution challenges.

Working capital moves up

Working capital days increased to 128 in 1QFY26, compared to the management's target of 110 days. The increase was driven by back-ended cash flows from metro and water projects, a delay in client approvals for cables, and proactive steel inventory stocking. Management maintains that this spike is transitory and expects working capital to normalize in 2HFY26. Over INR 10b is expected to be released from metro projects nearing completion, and the cable-related dispatch bottleneck has already begun to ease with customer clearances now received. Consequently, KEC has reiterated its target of bringing NWC down to ~110 days by year-end and its net debt target of INR45b.

Financial outlook

We retain our estimates and expect a revenue/EBITDA/PAT CAGR of 18%/24%/36% over FY25-28. This will be driven by 1) order inflow growth of 21% over the same period, led by a strong prospect pipeline; 2) a recovery in EBITDA margin to 8.1% by FY26/FY27; and 3) a gradual reduction in NWC. With the expected improvement in execution and margins, we expect its RoE and RoCE to improve to 18.6% and 16.8%, respectively, by FY28.

Valuation and recommendation

KEC is currently trading at 24.7x/19.4x/16.1x on FY26E/27E/28E earnings. Our estimates bake in a revenue CAGR of ~18% and an EBITDA margin of 8.1% for FY26E/27E/28E. **We reiterate our Neutral rating** with a revised TP of INR950 based on 21x Sep'27E EPS.

Key risks and concerns

A slowdown in order inflows, higher commodity prices, an increase in receivables and working capital, and heightened competition are some of the key risks that could potentially affect our estimates.

Consolidated – Quarterly (INR

Y/E March - INR m	FY25				FY26E				FY25	FY26E	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Net Sales	**45,119**	**51,133**	**53,494**	**68,721**	**50,229**	**58,575**	**63,668**	**82,202**	**2,18,467**	**2,54,674**	**50,935**	**(1)**
YoY Change (%)	6.3	13.7	6.8	11.5	11.3	14.6	19.0	19.6	9.7	16.6	12.9	
Total Expenditure	42,415	47,931	49,749	63,333	46,728	53,889	58,448	75,024	2,03,428	2,34,088	47,369	(1)
EBITDA	**2,704**	**3,202**	**3,745**	**5,388**	**3,501**	**4,686**	**5,221**	**7,178**	**15,039**	**20,586**	**3,565**	**(2)**
Margins (%)	6.0	6.3	7.0	7.8	7.0	8.0	8.2	8.7	6.9	8.1	7.0	
Depreciation	465	453	453	465	459	508	521	596	1,837	2,084	496	(8)
Interest	1,550	1,681	1,702	1,703	1,511	1,676	1,634	1,716	6,636	6,538	1,634	(8)
Other Income	431	66	9	202	54	141	145	240	709	580	138	(61)
PBT before EO expense	**1,120**	**1,135**	**1,598**	**3,422**	**1,585**	**2,643**	**3,210**	**5,106**	**7,275**	**12,544**	**1,573**	**1**
Extra-Ord expense												
PBT	**1,120**	**1,135**	**1,598**	**3,422**	**1,585**	**2,643**	**3,210**	**5,106**	**7,275**	**12,544**	**1,573**	**1**
Tax	245	281	303	740	339	677	822	1,374	1,568	3,211	403	
Rate (%)	21.8	24.7	18.9	21.6	21.4	25.6	25.6	26.9	21.5	25.6	25.6	
Reported PAT	**876**	**854**	**1,296**	**2,682**	**1,246**	**1,966**	**2,388**	**3,732**	**5,707**	**9,333**	**1,170**	**6**
Adj PAT	**876**	**854**	**1,296**	**2,682**	**1,246**	**1,966**	**2,388**	**3,732**	**5,707**	**9,333**	**1,170**	**6**
YoY Change (%)	106.9	53.1	33.7	76.7	42.3	130.2	84.4	39.2	64.6	63.5	33.6	
Margins (%)	1.9	1.7	2.4	3.9	2.5	3.4	3.8	4.5	2.6	3.7	2.3	

	FY25				FY26	FY25	FY26E	FY YoY (%)
INR m	1Q	2Q	3Q	4Q	1Q			
Segmental revenue								
T&D (domestic + SAE)	24,990	28,310	31,750	43,280	31,570	1,28,330	1,62,528	26.6
Cables	3,630	4,410	4,060	5,940	3,830	18,040	22,535	24.9
Railways	4,710	5,030	4,560	6,810	4,710	21,110	23,562	11.6
Civil	12,580	14,250	14,160	16,020	11,360	57,010	53,078	(6.9)
Less intersegmental	(790)	(870)	(1,040)	(3,330)	(1,240)	(6,030)	(7,030)	16.6
Grand total	**45,120**	**51,130**	**53,490**	**68,720**	**50,230**	**2,18,460**	**2,54,674**	**16.6**

Key highlights from the management commentary

- **TAM:** KEC sees a strong pipeline of ~INR1.8t, with INR900b in T&D and over INR500b in civil. Domestic demand is being driven by grid upgrades and REZ transmission, while international markets like Saudi Arabia, the UAE, and the Americas continue to offer steady opportunities. Though 1Q saw slower tender activity in India, management expects improved order finalizations in the coming quarters.
- **Order inflows:** Order inflows for 1Q stood at over INR55b, led by T&D and civil segments. The company holds an L1 position of INR60b, largely in T&D. While some awards from private developers are delayed, conversions are expected soon. The order book remains diversified and strong at INR344b.
- **T&D segment:** Revenue touched INR31.6b (+26% YoY), with new orders of INR32b during the quarter. Strategic progress was made in HVDC, with more bids underway. Hardware and tower exports picked up, particularly in Brazil and Mexico. Capacity expansion at Nagpur and other plants supports growing global demand. STATCOM and grid tech are emerging areas of focus.
- **Cables:** 1QFY26 revenue rose 5% YoY to INR3.8b. Margins were impacted due to approval delays and inventory build-up, but normalization is underway. Capacity doubling at Vadodara and E-beam cable investments remained on track, with commercial launch expected by year-end.
- **Civil business:** The civil business revenue was INR9.4b, which was hit by labor and cash flow issues. However, the segment secured large orders, including in high-rise and semiconductor EPC. Execution is expected to pick up from 2QFY26, aided by improved labor availability and a strong INR100b order book.

- **Railways segment:** The railways business posted INR4.7b in revenue, with notable deliveries for Vande Bharat and the Chenab Bridge. Execution of 500 km of KAVACH is ongoing, though supply chain issues have slowed the pace. New orders are expected, including from the Middle East.
- **Water:** Collections improved to INR2.6b in 1Q, with additional inflows in July, but total receivables remain high at ~INR8b. Execution remains cautious and selective. Improvement is gradual, and the segment continues to drag on working capital.
- **Update on capacity expansions:** Expansions have been completed at Dubai, Jaipur, and Jabalpur, and is now ongoing at the Nagpur plant. In the cables business, post commissioning of the aluminum conductor line in Vadodara, the company has already initiated its doubling. Capex for E-beam and elastomeric cables is underway, with commercial launch expected by the end of FY26.
- **O&G:** The business remained relatively subdued, with no significant revenue contribution during the quarter. However, the company secured its second international order for terminal station works in Africa, where it is already executing a pipeline project. Given the limited tender pipeline and high competition in the Indian market, KEC is focusing its O&G strategy on select overseas opportunities, especially in Africa.
- **Guidance maintained:** Revenue growth guidance of ~15% for FY26 is intact, with EBITDA margin guidance of 8-8.5% and targeted 50-100bp improvement in FY27. Working capital and debt metrics are also expected to improve sequentially.

Key Exhibits

Exhibit 1: Segmental order book breakup of INR344b

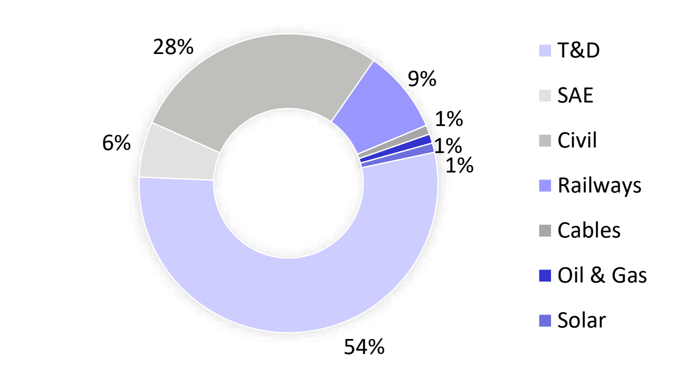


Exhibit 2: Segmental YTD order inflow breakup of INR55.2b

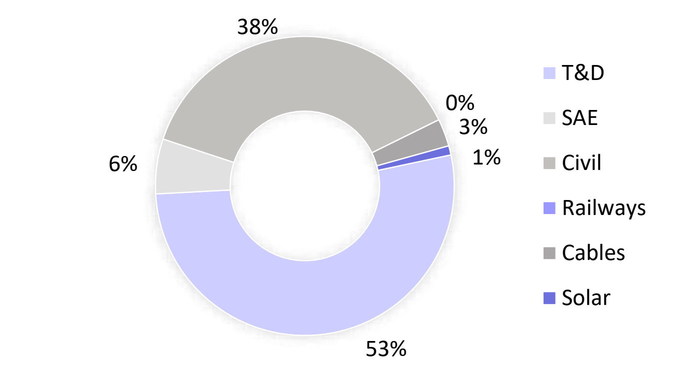


Exhibit 3: Revenue growth in line with expectations (INR b)

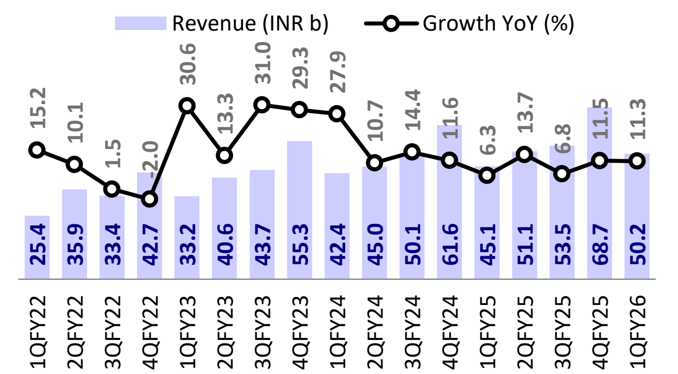


Exhibit 4: Gross margin trend has been patchy (%)

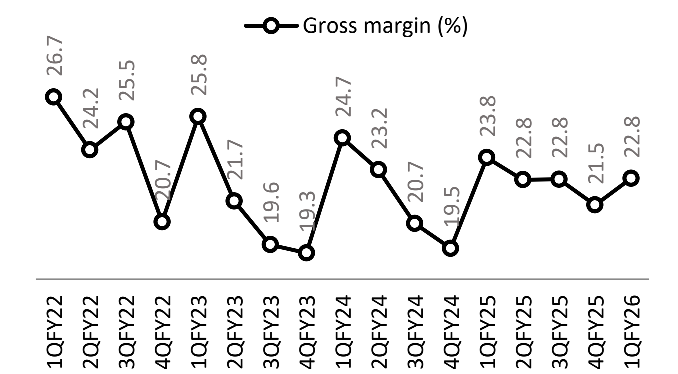


Exhibit 5: EBITDA margin expanded 100bp YoY (%)

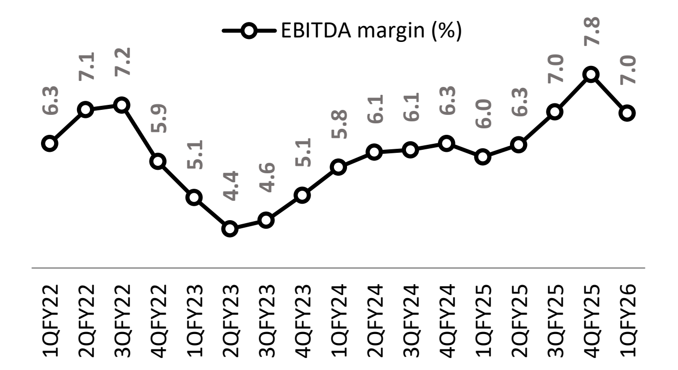


Exhibit 6: Interest cost-to-sales would ease gradually (%)

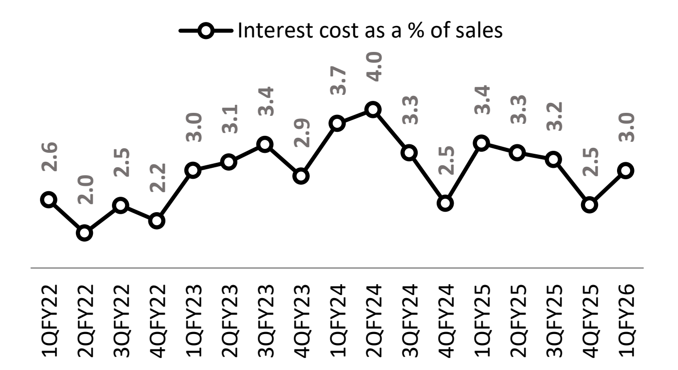
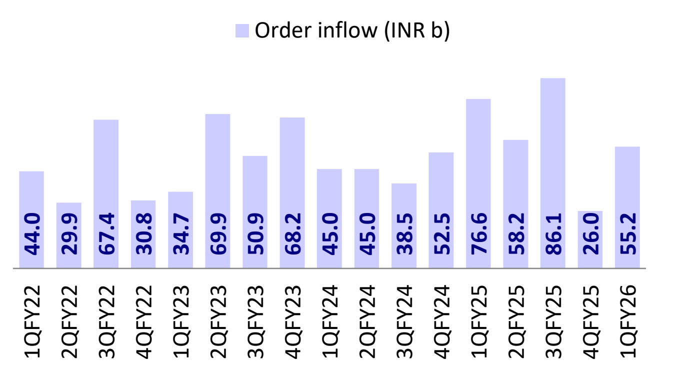
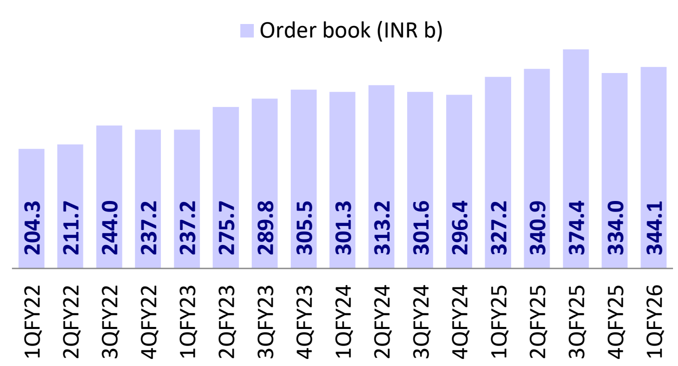


Exhibit 7: Order inflow declined 28% YoY (INR b)



Source: MOFSL, Company

Exhibit 8: OB grew 5% YoY (INR b)



Source: MOFSL, Company

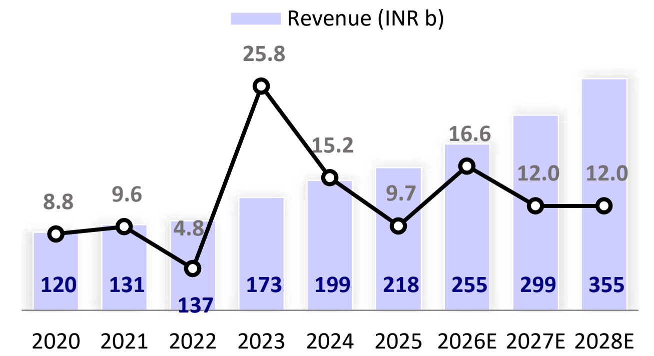
Exhibit 9: Segmental assumptions (INR m)

	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Transmission & distribution										
Order inflows	70,295	38,525	68,881	60,211	89,512	1,01,371	1,55,541	2,02,375	2,35,031	2,65,984
YoY growth (%)	-13.8	-45.2	78.8	-12.6	48.7	13.2	53.4	30.1	16.1	13.2
Revenues	**65,906**	**66,360**	**64,910**	**60,050**	**74,851**	**90,080**	**1,15,080**	**1,44,353**	**1,82,523**	**2,17,555**
YoY growth (%)	-3.0	0.7	-2.2	-7.5	24.6	20.3	27.8	25.4	26.4	19.2
Order backlog	1,15,461	1,00,465	1,05,100	1,06,722	1,28,322	1,45,256	1,77,009	2,35,032	2,87,539	3,35,969
Bill to book ratio (%)	47.4	49.3	48.1	44.4	49.4	50.3	51.6	51.9	51.8	51.7
Cables										
Order inflows	9,539	10,198	8,313	10,322	11,189	14,482	12,345	21,505	29,032	36,290
YoY growth (%)	-9.7	6.9	-18.5	24.2	8.4	29.4	10.0	35.0	35.0	25.0
Revenues	**11,830**	**11,050**	**10,620**	**15,240**	**16,160**	**16,450**	**18,050**	**22,535**	**27,095**	**34,387**
YoY growth (%)	17.2	-6.6	-3.9	43.5	6.0	1.8	9.7	24.8	20.2	26.9
Order backlog	3,741	6,151	1,911	2,372	3,055	5,929	6,680	5,650	7,587	9,490
Bill to book ratio (%)	91.0	79.3	73.4	124.6	119.2	93.8	98.8	98.8	98.8	98.8
Railways										
Order inflows	26,885	31,727	16,626	24,084	29,091	10,861	22,220	24,700	23,465	22,292
YoY growth (%)	-31.5	18.0	-47.6	44.9	20.8	-62.7	104.6	-5.0	-5.0	-5.0
Revenues	**19,180**	**25,510**	**34,080**	**38,600**	**37,020**	**31,150**	**21,120**	**23,562**	**23,812**	**23,364**
YoY growth (%)	127.3	33.0	33.6	13.3	-4.1	-15.9	-32.2	11.6	1.1	-1.9
Order backlog	48,698	61,509	45,862	37,946	39,719	32,608	36,738	37,876	37,529	36,457
Bill to book ratio (%)	34.9	39.5	48.8	66.7	70.5	69.0	48.3	48.0	48.0	48.0
Civil										
Order inflows	11,266	27,194	15,418	63,651	78,323	45,255	34,565	48,875	65,981	82,477
YoY growth (%)	148.7	141.4	-43.3	312.8	23.1	-42.2	-23.6	35.0	35.0	25.0
Revenues	**5,950**	**3,760**	**12,810**	**21,440**	**38,310**	**54,390**	**56,990**	**53,078**	**55,036**	**63,673**
YoY growth (%)	40.7	-36.8	240.7	67.4	78.7	42.0	4.8	-6.9	3.7	15.7
Order backlog	4,682	26,654	32,485	78,263	1,19,157	1,12,647	93,514	89,311	1,00,257	1,19,060
Bill to book ratio (%)	55.0	20.6	37.3	33.3	32.6	38.4	43.9	45.0	45.0	45.0
SAE										
Order inflows	10,526	5,666	9,501	13,762	15,665	9,051	22,220	15,000	24,000	33,600
YoY growth (%)	-30.3	-46.2	67.7	44.9	13.8	-42.2	145.5	-32.5	60.0	40.0
Revenues	**9,655**	**15,390**	**11,460**	**8,840**	**13,240**	**14,470**	**13,250**	**18,176**	**19,050**	**25,485**
YoY growth (%)	-5.8	59.4	-25.5	-22.9	49.8	9.3	-8.4	37.2	4.8	33.8
Order backlog	18,157	10,252	5,733	11,858	15,277	8,893	20,039	16,863	21,813	29,929
Bill to book ratio (%)	39.7	73.3	76.4	70.1	67.2	73.1	66.2	66.0	66.0	66.0
Total Order inflows	**1,28,510**	**1,13,310**	**1,18,739**	**1,72,030**	**2,23,780**	**1,81,020**	**2,46,890**	**3,12,455**	**3,77,509**	**4,40,642**
YoY growth (%)	-14.9	-11.8	4.8	44.9	30.1	-19.1	36.4	26.6	20.8	16.7
Revenues	**1,10,005**	**1,19,654**	**1,31,142**	**1,37,423**	**1,72,817**	**1,99,130**	**2,18,460**	**2,54,674**	**2,99,255**	**3,54,673**
YoY growth (%)	9.4	8.8	9.6	4.8	25.8	15.2	9.7	16.6	17.5	18.5
Total Order backlog	**1,90,740**	**2,05,030**	**1,91,091**	**2,37,160**	**3,05,530**	**3,05,333**	**3,33,980**	**3,91,761**	**4,70,015**	**5,55,984**
Bill to book ratio (%)	47.4	49.3	50.6	52.0	51.4	52.2	52.4	53.4	53.0	52.8

Source: Company, MOFSL

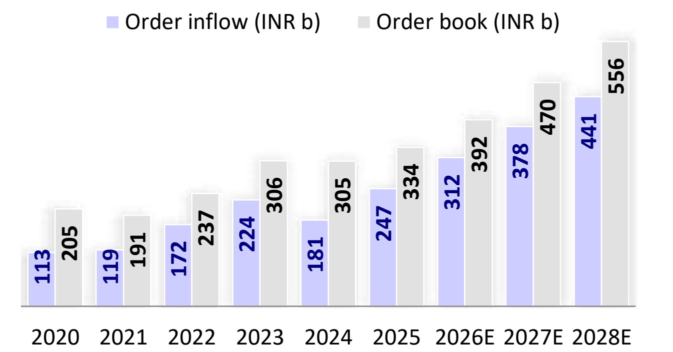
Financial outlook

Exhibit 10: We expect an 18% revenue CAGR over FY25-28, driven by a strong order book



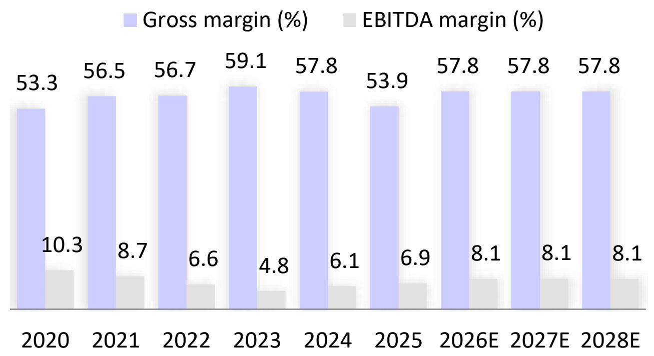
Source: Company, MOFSL

Exhibit 11: Order inflow and order book have started moving up since the beginning of FY25 (INR b)



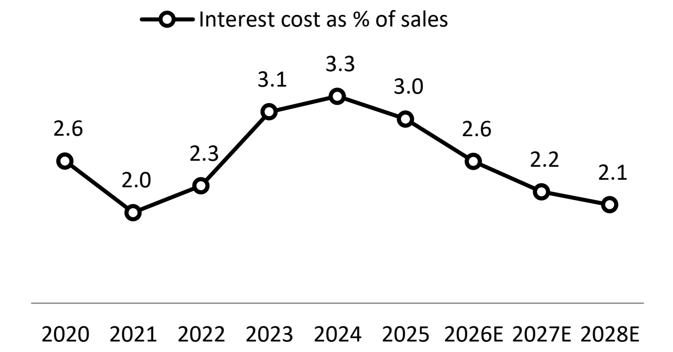
Source: Company, MOFSL

Exhibit 12: We expect a gradual margin expansion as legacy projects get over (%)



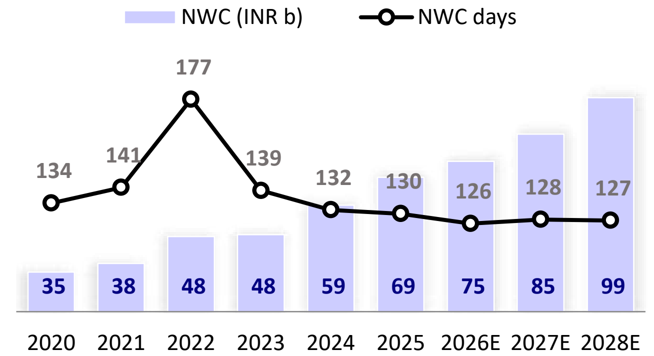
Source: Company, MOFSL

Exhibit 13: Interest costs as a % of sales would see a steady decline going forward (%)



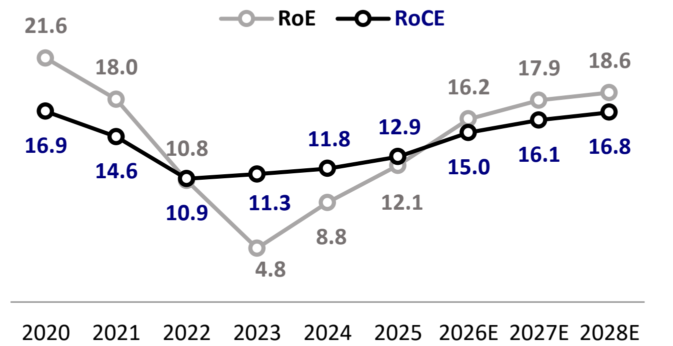
Source: Company, MOFSL

Exhibit 14: We expect NWC days to moderate, while net debt to remain high on strong growth



Source: Company, MOFSL

Exhibit 15: We expect return ratios to improve on better profitability (%)



Source: Company, MOFSL

Financials and valuation

Consolidated - Income Statement								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	**1,31,142**	**1,37,423**	**1,72,817**	**1,99,142**	**2,18,467**	**2,54,674**	**2,99,255**	**3,54,673**
Change (%)	9.6	4.8	25.8	15.2	9.7	16.6	17.5	18.5
Raw Materials	96,076	1,04,582	1,36,208	1,55,848	1,69,103	1,96,608	2,31,025	2,73,808
Gross Profit	**35,065**	**32,840**	**36,609**	**43,294**	**49,364**	**58,066**	**68,230**	**80,865**
Employees Cost	11,151	11,219	14,749	14,406	15,402	18,424	21,649	25,658
Other Expenses	12,503	12,587	13,562	16,742	18,923	19,056	22,238	26,507
Total Expenditure	**1,19,730**	**1,28,388**	**1,64,520**	**1,86,996**	**2,03,428**	**2,34,088**	**2,74,912**	**3,25,973**
% of Sales	91.3	93.4	95.2	93.9	93.1	91.9	91.9	91.9
EBITDA	**11,412**	**9,034**	**8,297**	**12,146**	**15,039**	**20,586**	**24,343**	**28,700**
Margin (%)	8.7	6.6	4.8	6.1	6.9	8.1	8.1	8.1
Depreciation	1,525	1,579	1,615	1,854	1,837	2,084	2,339	2,632
EBIT	**9,886**	**7,456**	**6,683**	**10,292**	**13,202**	**18,501**	**22,004**	**26,068**
Int. and Finance Charges	2,627	3,160	5,386	6,551	6,636	6,538	6,684	7,411
Other Income	299	134	313	524	709	509	509	509
PBT bef. EO Exp.	**7,559**	**4,430**	**1,610**	**4,265**	**7,275**	**12,473**	**15,830**	**19,167**
EO Items	0	-436	0	0	0	0	0	0
PBT after EO Exp.	**7,559**	**3,994**	**1,610**	**4,265**	**7,275**	**12,473**	**15,830**	**19,167**
Total Tax	2,032	674	-151	797	1,568	3,193	4,052	4,907
Tax Rate (%)	26.9	16.9	-9.4	18.7	21.5	25.6	25.6	25.6
Reported PAT	5,527	3,320	1,761	3,468	5,707	9,280	11,777	14,260
Adjusted PAT	**5,527**	**3,683**	**1,761**	**3,468**	**5,707**	**9,280**	**11,777**	**14,260**
Change (%)	-2.3	-33.4	-52.2	97.0	64.6	62.6	26.9	21.1
Margin (%)	4.2	2.7	1.0	1.7	2.6	3.6	3.9	4.0

Consolidated - Balance Sheet								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	514	514	514	514	532	532	532	532
Total Reserves	33,083	35,685	37,200	40,443	52,942	60,492	70,272	82,403
Net Worth	**33,597**	**36,199**	**37,714**	**40,957**	**53,475**	**61,024**	**70,805**	**82,935**
Total Loans	18,434	28,627	31,945	38,123	37,011	37,011	39,011	42,511
Deferred Tax Liabilities	-68	-1,703	-3,273	-3,537	-4,372	-4,372	-4,372	-4,372
Capital Employed	**51,963**	**63,123**	**66,386**	**75,544**	**86,114**	**93,664**	**1,05,444**	**1,21,075**
Gross Block	22,307	24,933	26,430	28,550	30,509	34,189	38,421	43,288
Less: Accum. Deprn.	10,485	12,053	13,286	14,988	16,825	18,909	21,248	23,880
Net Fixed Assets	**11,821**	**12,880**	**13,143**	**13,561**	**13,684**	**15,280**	**17,173**	**19,407**
Goodwill on Consolidation	2,154	2,497	2,685	2,721	2,782	2,782	2,782	2,782
Capital WIP	179	25	115	139	385	385	385	385
Total Investments	**11**	**126**	**0**	**0**	**0**	**0**	**0**	**0**
Curr. Assets, Loans&Adv.	**1,25,696**	**1,45,720**	**1,67,470**	**1,70,356**	**2,00,421**	**2,28,998**	**2,61,888**	**3,06,481**
Inventory	8,422	10,665	11,372	12,133	11,405	16,746	19,677	24,293
Account Receivables	1,01,498	1,16,659	1,34,966	1,35,133	1,63,095	1,84,900	2,17,267	2,57,502
Cash and Bank Balance	2,492	2,619	3,442	2,733	6,559	7,022	3,598	2,272
Loans and Advances	13,284	15,777	17,691	20,357	19,362	20,330	21,346	22,413
Curr. Liability & Prov.	**87,897**	**98,125**	**1,17,027**	**1,11,234**	**1,31,158**	**1,53,781**	**1,76,784**	**2,07,981**
Other Current Liabilities	87,107	97,109	1,15,841	1,10,037	1,29,953	1,51,688	1,74,324	2,05,065
Provisions	790	1,015	1,186	1,197	1,206	2,093	2,460	2,915
Net Current Assets	**37,799**	**47,596**	**50,443**	**59,122**	**69,263**	**75,217**	**85,104**	**98,500**
Appl. of Funds	**51,963**	**63,123**	**66,386**	**75,544**	**86,114**	**93,664**	**1,05,444**	**1,21,075**

Financials and valuation

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	**20.8**	**13.8**	**6.6**	**13.0**	**21.4**	**34.9**	**44.2**	**53.6**
Cash EPS	26.5	19.8	12.7	20.0	28.3	42.7	53.0	63.5
BV/Share	126.2	136.0	141.7	153.9	200.9	229.2	266.0	311.6
DPS	4.0	4.0	3.0	4.0	5.5	6.5	7.5	8.0
Payout (%)	23.2	32.1	45.4	30.7	25.7	18.6	17.0	14.9
Valuation (x)								
P/E	41.4	62.2	130.1	66.1	40.1	24.7	19.4	16.1
Cash P/E	32.5	43.5	67.9	43.0	30.4	20.2	16.2	13.6
P/BV	6.8	6.3	6.1	5.6	4.3	3.8	3.2	2.8
EV/Sales	1.9	1.9	1.5	1.3	1.2	1.0	0.9	0.8
EV/EBITDA	21.5	28.2	31.0	21.8	17.3	12.6	10.9	9.4
Dividend Yield (%)	0.5	0.5	0.3	0.5	0.6	0.8	0.9	0.9
FCF per share	20.1	-21.2	11.3	-0.4	17.9	32.8	12.2	17.7
Return Ratios (%)								
RoE	18.0	10.6	4.8	8.8	12.1	16.2	17.9	18.6
RoCE	14.8	10.8	11.4	11.8	12.9	15.0	16.1	16.8
RoIC	15.1	11.3	11.9	12.4	13.6	16.6	17.4	17.6
Working Capital Ratios								
Fixed Asset Turnover (x)	5.9	5.5	6.5	7.0	7.2	7.4	7.8	8.2
Asset Turnover (x)	2.5	2.2	2.6	2.6	2.5	2.7	2.8	2.9
Inventory (Days)	23	28	24	22	19	24	24	25
Debtor (Days)	282	310	285	248	272	265	265	265
Leverage Ratio (x)								
Current Ratio	1.4	1.5	1.4	1.5	1.5	1.5	1.5	1.5
Interest Cover Ratio	3.8	2.4	1.2	1.6	2.0	2.8	3.3	3.5
Net Debt/Equity	0.5	0.7	0.8	0.9	0.6	0.5	0.5	0.5

Consolidated - Cash Flow Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	7,559	4,430	1,610	4,265	7,275	12,473	15,830	19,167
Depreciation	1,525	1,579	1,615	1,854	1,837	2,084	2,339	2,632
Interest & Finance Charges	2,627	3,160	5,386	6,551	6,636	6,538	6,684	7,411
Direct Taxes Paid	-2,032	-674	151	-797	-1,568	-3,193	-4,052	-4,907
(Inc)/Dec in WC	-2,405	-9,669	-2,026	-9,387	-6,315	-5,491	-13,312	-14,721
CF from Operations	**7,274**	**-1,174**	**6,736**	**2,486**	**7,866**	**12,411**	**7,488**	**9,582**
Others	-595	-1,636	-1,569	-264	-835	0	0	0
CF from Operating incl EO	**6,679**	**-2,809**	**5,166**	**2,222**	**7,031**	**12,411**	**7,488**	**9,582**
(Inc)/Dec in FA	-1,322	-2,826	-2,156	-2,333	-2,266	-3,680	-4,232	-4,867
Free Cash Flow	**5,357**	**-5,635**	**3,010**	**-111**	**4,764**	**8,731**	**3,256**	**4,715**
(Pur)/Sale of Investments	214	-116	126	0	0	0	0	0
CF from Investments	**-1,107**	**-2,942**	**-2,030**	**-2,333**	**-2,266**	**-3,680**	**-4,232**	**-4,867**
Issue of Shares	1,378	347	553	840	8,274	0	0	0
Inc/(Dec) in Debt	-2,184	10,193	3,317	6,179	-1,112	0	2,000	3,500
Interest Paid	-2,627	-3,160	-5,386	-6,551	-6,636	-6,538	-6,684	-7,411
Dividend Paid	-1,284	-1,065	-799	-1,065	-1,464	-1,730	-1,997	-2,130
CF from Fin. Activity	**-4,716**	**6,315**	**-2,314**	**-598**	**-938**	**-8,268**	**-6,680**	**-6,040**
Inc/Dec of Cash	**855**	**564**	**822**	**-709**	**3,826**	**463**	**-3,424**	**-1,326**
Opening Balance	1,637	2,492	2,619	3,442	2,733	6,559	7,022	3,598
Other Bank Balances		-436						
Closing Balance	**2,492**	**2,619**	**3,442**	**2,733**	**6,559**	**7,022**	**3,598**	**2,272**

N O T E S

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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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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.
Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.