

# KEC International

Estimate changes	↓
TP change	↑
Rating change	↑

Bloomberg	KECI IN
Equity Shares (m)	266
M.Cap.(INRb)/(USDb)	204.5 / 2.3
52-Week Range (INR)	1313 / 605
1, 6, 12 Rel. Per (%)	-12/4/-29
12M Avg Val (INR M)	1124

## Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	255.6	298.2	351.7
EBITDA	19.8	23.9	28.1
PAT	8.3	10.7	13.5
EPS (INR)	31.1	40.3	50.9
GR. (%)	44.9	29.8	26.1
BV/Sh (INR)	225.4	258.3	301.1

## Ratios

ROE (%)	14.6	16.7	18.2
RoCE (%)	13.9	15.0	15.6

## Valuations

P/E (X)	24.7	19.1	15.1
P/BV (X)	3.4	3.0	2.6
EV/EBITDA (X)	12.3	10.3	9.0
Div Yield (%)	0.8	1.0	1.0

## Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	50.1	50.1	50.1
DII	22.5	22.6	26.3
FII	15.9	16.0	13.6
Others	11.4	11.3	10.0

FII Includes depository receipts

**CMP: INR768 TP: INR920 (+20%) Upgrade to Buy**

## Decent performance and reasonable valuations now

KEC posted good execution growth of 19% YoY and margin improvement of 80bp YoY in 2QFY26. The slight miss in PAT was attributed to higher interest expenses, which moved up due to higher debt and higher working capital. Going ahead, we expect KEC to benefit from 1) a strong prospect pipeline in T&D, 2) a strong order book of INR393b leading to a healthy 17% CAGR in execution, 3) margin improvement over a low base of last year, and 4) the easing of its working capital cycle on improved customer advances and the release of retention money. We cut our estimates by 11%/9%/5% for FY26/27/28 to bake in higher debt and slightly higher NWC. The stock has corrected from its recent highs and is now available at attractive valuations of 19.1x/15.1x on FY27/28 estimates. We upgrade KEC to BUY from Neutral earlier with a revised TP of INR920 (from INR950 earlier).

## Good performance; a slight miss on PAT

KEC's revenue and EBITDA were in line; however, PAT reported a slight miss. Revenue grew 19% YoY, led mainly by T&D and Cables divisions, which grew 44% and 19% YoY. EBITDA grew by 34% YoY to INR4.3b with EBITDA margin at 7.1%, up 80bp YoY/10bp QoQ. PAT surged 88% YoY to INR1.6b. Order inflow increased 81% YoY to INR105b in 2QFY26, taking the closing order book (OB) to INR393b (+15% YoY). T&D/non-T&D mix stood at 65%/35%. OB + L1 position stood at INR440b. For 1HFY26, revenue/EBITDA/PAT grew 15%/32%/65% to INR111b/INR8b/INR3b, while EBITDA margin expanded 90bp YoY to 7.0%. OCF/FCF outflow stood at INR9.2b/INR10.3b, declining 88%/83% YoY on higher working capital and capex. Net debt, including acceptances, stood at INR64.8b, vs. INR52.7b as of 30th Sep'24.

## T&D witnessing strong traction across geographies

Order inflows in the T&D business witnessed strong traction across geographies, driven by a healthy mix of domestic and international projects. The segment secured orders worth ~INR120b in 1HFY26 across India, the Middle East, CIS, and the Americas. Key wins included a large EPC order of INR31b in the UAE and a substation order of INR10b in Saudi Arabia. The company also secured its first order in a new CIS country. In India, order inflows were supported by growing activity in HVDC and intra-state TBCB projects, along with higher participation from private developers. SAE Towers continued to perform well, aided by strong demand in Latin America. Out of the company's total tender pipeline of INR1.8t, the T&D business alone accounts for INR600b–650b. We expect T&D segment order inflows/revenue to grow at 20%/24% CAGR over FY25-28.

### Non-T&D segment growth will take some time to improve

Among non-T&D segments, the cable business grew 19% YoY to INR5b, supported by a better product mix and cost optimization. In contrast, civil segment revenue stood at INR12b, down 15% YoY, impacted by prolonged monsoon, labor shortages, and delayed payments in water projects. We expect execution to accelerate in 2HFY26. Railway segment revenue declined 16% YoY to INR4b, as execution was selectively focused on projects. Overall, we are building in a recovery in civil segment revenue going forward, while we expect the railway segment to remain largely flat. We expect T&D/non-T&D mix to remain around 68%/32% by FY27.

### Margin trajectory improving

EBITDA margin improved 80bp YoY to 7.1% in 2QFY26, driven by strong execution and higher profitability in the T&D business, which has double-digit margins. The improvement was also supported by better cost absorption and operational efficiencies across key projects. We bake in margin improvement of 30bp from FY26 levels for FY27/28 as we expect the impact of low-margin legacy projects and cost overruns to get over by FY26-end. Benefits of project mix and cost optimization will also start reflecting from next year.

### Working capital to ease out from current levels

Working capital and net debt increased during the quarter, primarily due to timing-related factors such as spillover of collections in water and metro projects and higher inventory levels built to support execution momentum. Net debt, including acceptances, stood at INR64.8b as of Sep'25, compared to INR52.7b as of Sep'24. We expect NWC days to ease out from the current levels on improved customer advances and the release of retention money.

### Financial outlook

We cut our estimates by 11%/9%/5% for FY26/27/28 to bake in higher debt and slightly higher NWC. Accordingly, we expect a revenue/EBITDA/PAT CAGR of 17%/23%/33% 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 gradual recovery in EBITDA margin to 7.7% in FY26 and 8% by FY27/FY28; and 3) stable NWC. With the expected improvement in execution and margins, we expect its RoE and RoCE to improve to 18.2% and 15.6%, respectively, by FY28.

### Valuation and recommendation

KEC is currently trading at 24.7x/19.1x/15.1x on FY26E/27E/28E earnings. Our estimates bake in a revenue CAGR of ~17% and an EBITDA margin of 7.7% for FY26E and 8% for FY27E/28E. **We upgrade KEC to BUY from Neutral earlier with a revised TP of INR920 (from INR950 earlier)** based on 20x Dec'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 Earning Model

(INR m)

Y/E March - INR m	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Var (%)
<b>Net Sales</b>	<b>45,119</b>	<b>51,133</b>	<b>53,494</b>	<b>68,721</b>	<b>50,229</b>	<b>60,916</b>	<b>63,890</b>	<b>80,527</b>	<b>2,18,467</b>	<b>2,55,561</b>	<b>58,575</b>	<b>4</b>
YoY Change (%)	6.3	13.7	6.8	11.5	11.3	19.1	19.4	17.2	9.7	17.0	14.6	
Total Expenditure	42,415	47,931	49,749	63,333	46,728	56,612	58,907	73,554	2,03,428	2,35,800	54,299	4
<b>EBITDA</b>	<b>2,704</b>	<b>3,202</b>	<b>3,745</b>	<b>5,388</b>	<b>3,501</b>	<b>4,304</b>	<b>4,983</b>	<b>6,973</b>	<b>15,039</b>	<b>19,762</b>	<b>4,276</b>	<b>1</b>
YoY Change (%)	10.6	16.7	21.6	38.9	29.5	34.4	33.1	29.4	23.8	31.4	33.5	
Margins (%)	6.0	6.3	7.0	7.8	7.0	7.1	7.8	8.7	6.9	7.7	7.3	
Depreciation	465	453	453	465	459	506	521	599	1,837	2,084	508	(1)
Interest	1,550	1,681	1,702	1,703	1,511	1,715	1,713	1,914	6,636	6,854	1,676	2
Other Income	431	66	9	202	54	46	73	118	709	291	124	(63)
<b>PBT before EO expense</b>	<b>1,120</b>	<b>1,135</b>	<b>1,598</b>	<b>3,422</b>	<b>1,585</b>	<b>2,130</b>	<b>2,822</b>	<b>4,578</b>	<b>7,275</b>	<b>11,115</b>	<b>2,216</b>	<b>(4)</b>
Extra-Ord expense												
<b>PBT</b>	<b>1,120</b>	<b>1,135</b>	<b>1,598</b>	<b>3,422</b>	<b>1,585</b>	<b>2,130</b>	<b>2,822</b>	<b>4,578</b>	<b>7,275</b>	<b>11,115</b>	<b>2,216</b>	<b>(4)</b>
Tax	245	281	303	740	339	522	722	1,262	1,568	2,845	510	
Rate (%)	21.8	24.7	18.9	21.6	21.4	24.5	25.6	27.6	21.5	25.6	23.0	
<b>Reported PAT</b>	<b>876</b>	<b>854</b>	<b>1,296</b>	<b>2,682</b>	<b>1,246</b>	<b>1,608</b>	<b>2,099</b>	<b>3,317</b>	<b>5,707</b>	<b>8,269</b>	<b>1,706</b>	<b>(6)</b>
<b>Adj PAT</b>	<b>876</b>	<b>854</b>	<b>1,296</b>	<b>2,682</b>	<b>1,246</b>	<b>1,608</b>	<b>2,099</b>	<b>3,317</b>	<b>5,707</b>	<b>8,269</b>	<b>1,706</b>	<b>(6)</b>
YoY Change (%)	106.9	53.1	33.7	76.7	42.3	88.2	62.0	23.7	64.6	44.9	99.7	
Margins (%)	1.9	1.7	2.4	3.9	2.5	2.6	3.3	4.1	2.6	3.2	2.9	

	FY25				FY26		FY25	FY26E
INR m	1Q	2Q	3Q	4Q	1Q	2Q		
<b>Segmental revenue</b>								
T&D (domestic + SAE)	24,990	28,310	31,750	43,280	31,570	40,800	1,28,330	1,62,528
Cables	3,630	4,410	4,060	5,940	3,830	5,240	18,040	22,535
Railways	4,710	5,030	4,560	6,810	4,710	4,250	21,110	23,562
Civil	12,580	14,250	14,160	16,020	11,360	12,100	57,010	53,078
Less intersegmental	(790)	(870)	(1,040)	(3,330)	(1,240)	(1,470)	(6,030)	(7,030)
<b>Grand total</b>	<b>45,120</b>	<b>51,130</b>	<b>53,490</b>	<b>68,720</b>	<b>50,230</b>	<b>60,920</b>	<b>2,18,460</b>	<b>2,54,674</b>



## Conference call highlights

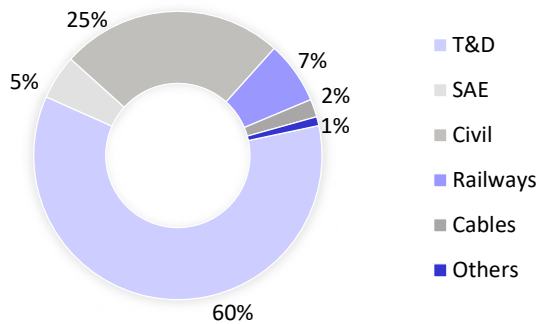
- **TAM:** KEC delivered a strong performance in 2QFY26, with revenue of INR60.9b, up 19% YoY, driven by robust execution in the T&D and cable businesses. YTD order inflows rose 20% YoY to INR160b, with 74% contributed by the T&D segment across domestic and international markets. The company also holds L1 positions worth INR50b, taking the total order book plus L1 to INR440b. The overall tender pipeline of INR1.8t, led by T&D and civil, provides strong growth visibility and long-term expansion opportunities.
- **T&D:** The business remained the company's primary growth driver, delivering revenues of INR40.8b, up 44% YoY, while maintaining double-digit EBITDA margins. The segment secured orders worth INR120b in 1HFY26, including its largest-ever EPC order of INR31b in the UAE and an INR10b substation order in Saudi Arabia. SAE Towers reported INR4.3b in revenue, up 35% YoY, reflecting strong traction in international markets. Capacity expansions at Dubai, Jaipur, Jabalpur, and Butibori (Nagpur) are scheduled to conclude by FY26-end, enhancing both domestic and global manufacturing capacity. The T&D order book plus L1 position stood at INR290b, and the company reaffirmed its outlook of sustaining double-digit margins in this segment.
- **Cables:** The division recorded INR5.2b in revenue, up 19% YoY, supported by an improved product mix and cost optimization. Profitability continued to improve. The company's capital investment for e-beam and elastomeric cables is progressing as planned, with commercial production expected to commence by the end of FY26. The e-beam plant, which requires additional regulatory

approvals, will be commissioned in 1QFY27, while the elastomeric cable line will start in 4QFY26. Management stated that these new products would cater to defense, automotive, and railway applications, and will enhance margins once operational. The EHV line is already fully booked and operational.

- **Civil business:** The segment reported INR9.7b in revenue in 2Q, impacted by monsoon delays, labor shortages, and slower payments in water projects. The order book plus L1 exceeds INR100b, with FY26 revenue expected at ~INR50b (~15% YoY growth). Margins remain in low-single digits but are guided to improve to high-single digits by FY27 as execution scales up in higher-margin building, factory, and data center projects. The company has exited low-margin metro and infra projects, focusing instead on larger residential, industrial, and selective water contracts to enhance operating leverage.
- **Railways:** The business has an order book and L1 of INR30b and is expected to achieve INR20b in revenue in FY26. The segment is under consolidation, with a strategic shift toward technology-driven sub-segments like signaling, TCAS/ Kavach, and BLT systems, both in India and overseas (Bangladesh, Middle East).
- **Water:** Receivables in the water business stood at INR8.8b as of Sep'25, slightly higher than INR8.5b in Mar'25. Payments from Madhya Pradesh remain steady, while Odisha has been slower though improving. Execution continues on a cash-and-carry basis, limiting further exposure. The Jal Jeevan Mission order backlog stands at INR16b (INR10b from Odisha and INR6b from MP). The slow payment pace has impacted civil revenue, though recent discussions with authorities have turned more favorable.
- **O&G:** The oil and gas pipeline business focused on global expansion, securing pre-qualification from a leading Middle East utility and positioning for a third international order. With weak domestic tendering and high competition, focus has shifted to overseas markets. KEC Spur underperformed due to limited execution but retains key international project qualifications for future opportunities.
- **Capacity expansion:** Ongoing expansions at tower manufacturing and cable facilities - particularly the Butibori (Nagpur) plant, are expected to be completed by FY26-end. The company has installed robotic equipment in Brazil to enhance productivity. The elastomeric and e-beam cable plants are progressing, with commissioning scheduled for 4QFY26 and 1QFY27, respectively. FY26 capex is estimated at INR4.0b, higher than the typical INR2.5-3.0b, due to these ongoing expansions.
- **Debt and working capital:** Net debt, including acceptances, stood at INR64.8b as of Sep'25, up from INR52.7b as of Sep'24 due to higher revenue, strategic inventory buildup amid lower steel prices, and delayed payments in water projects. This represents peak debt, which is expected to reduce to INR50b by FY26-end with inflows from Afghanistan, Saudi retentions, and metro clearances. Working capital days remain high at ~138 but should ease as collections materialize. Despite higher debt, interest cost declined to 2.8% of revenue, with a further drop to ~2.5% expected in 2HFY26.
- **Guidance:** Management has reiterated its FY26 guidance of ~15% revenue growth and 8% EBITDA margin, implying >8.5% margin in 2H. Net debt is projected to reduce to INR50b, and interest cost to stay at ~2.5% of sales. Civil and cable margins are set to improve, while T&D will sustain double-digit profitability.

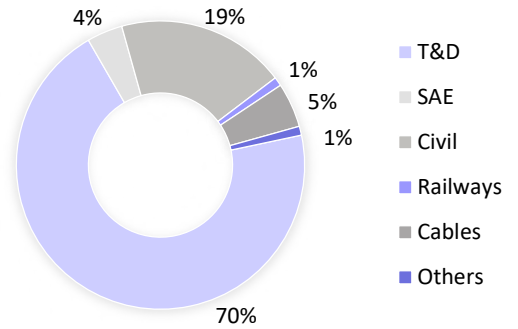
## Key Exhibits

**Exhibit 1: Segmental order book breakup of INR393b**



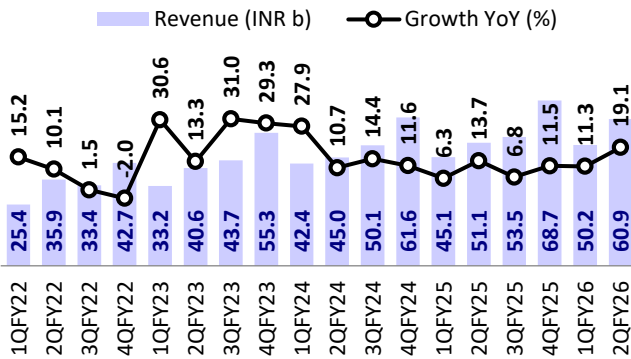
Source: MOFSL, Company

**Exhibit 2: Segmental YTD order inflow breakup of INR161b**



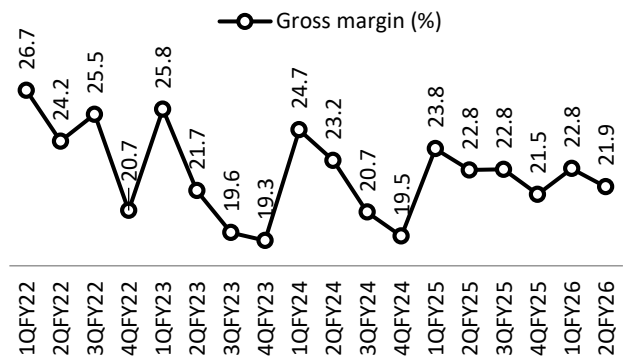
Source: MOFSL, Company

**Exhibit 3: Revenue growth above expectations (INR b)**



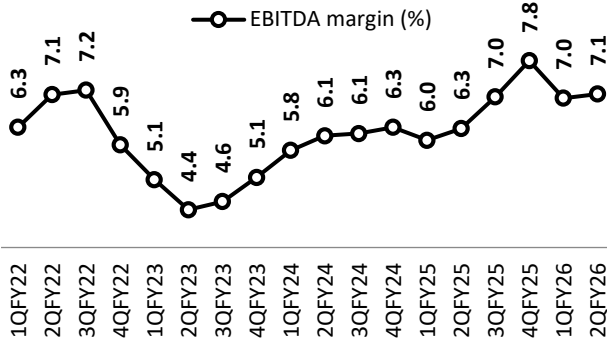
Source: MOFSL, Company

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



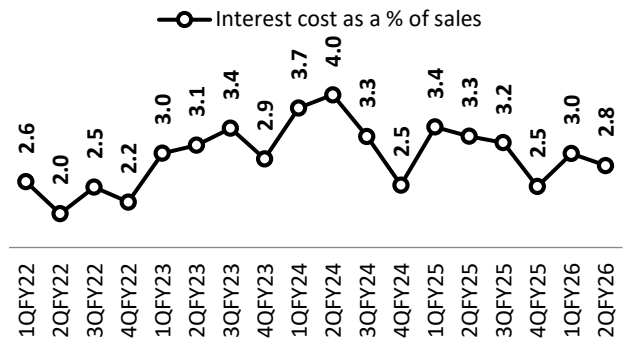
Source: MOFSL, Company

**Exhibit 5: EBITDA margin expanded 80bp YoY (%)**



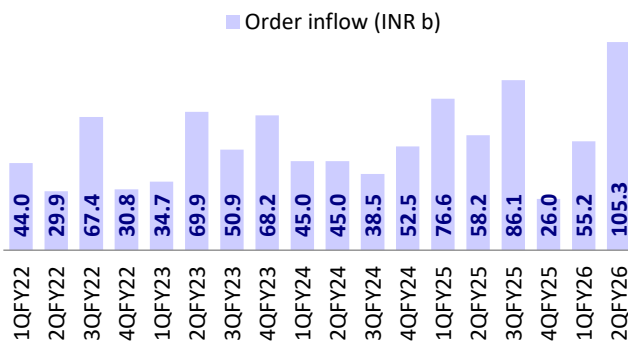
Source: MOFSL, Company

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



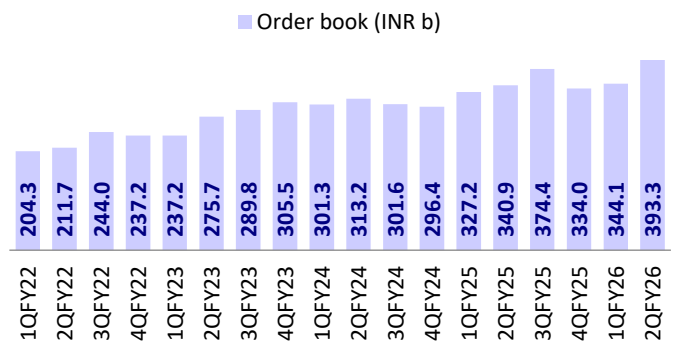
Source: MOFSL, Company

**Exhibit 7: Order inflow increased 81% YoY (INR b)**



Source: MOFSL, Company

**Exhibit 8: OB grew 15% YoY (INR b)**



Source: MOFSL, Company



**Exhibit 9: We cut our estimates by 11%/9%/5% for FY26/27/28 to bake in higher debt and slightly higher NWC**

(INR M)	FY26E			FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	New	Old	Chg (%)
Order inflow	3,05,293	3,12,455	(2.3)	3,68,869	3,77,509	(2.3)	4,34,287	4,40,642	(1.4)
Net Sales	2,55,561	2,54,674	0.3	2,98,231	2,99,255	(0.3)	3,51,693	3,54,673	(0.8)
EBITDA	19,762	20,586	(4.0)	23,869	24,343	(1.9)	28,081	28,700	(2.2)
EBITDA (%)	7.7	8.1	-35 bps	8.0	8.1	-13 bps	8.0	8.1	-11 bps
Adj. PAT	8,269	9,280	(10.9)	10,731	11,777	(8.9)	13,537	14,260	(5.1)
EPS (INR)	31.1	34.9	(10.9)	40.3	44.2	(8.9)	50.9	53.6	(5.1)

Source: MOFSL

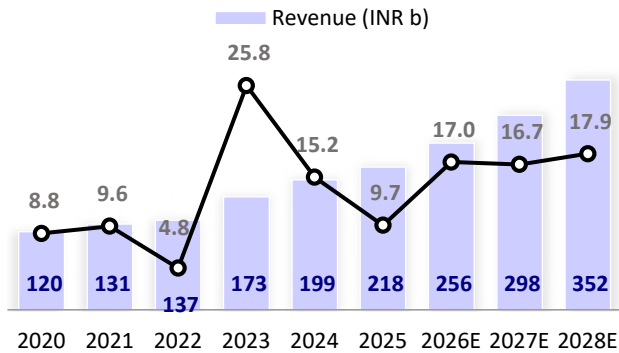
**Exhibit 10: Segmental assumptions (INR m)**

	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>Transmission &amp; distribution</b>										
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
<b>Revenues</b>	<b>65,906</b>	<b>66,360</b>	<b>64,910</b>	<b>60,050</b>	<b>74,851</b>	<b>90,080</b>	<b>1,15,080</b>	<b>1,50,829</b>	<b>1,84,503</b>	<b>2,19,544</b>
yoy growth (%)	-3.0	0.7	-2.2	-7.5	24.6	20.3	27.8	31.1	22.3	19.0
Order backlog	1,15,461	1,00,465	1,05,100	1,06,722	1,28,322	1,45,256	1,77,009	2,28,555	2,79,083	3,25,523
Bill to book ratio (%)	47.4	49.3	48.1	44.4	49.4	50.3	51.6	54.2	53.3	53.3
<b>Cables</b>										
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	74.0	35.0	25.0
<b>Revenues</b>	<b>11,830</b>	<b>11,050</b>	<b>10,620</b>	<b>15,240</b>	<b>16,160</b>	<b>16,450</b>	<b>18,050</b>	<b>22,535</b>	<b>27,095</b>	<b>34,387</b>
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
<b>Railways</b>										
Order inflows	26,885	31,727	16,626	24,084	29,091	10,861	22,220	11,110	14,443	18,776
yoy growth (%)	-31.5	18.0	-47.6	44.9	20.8	-62.7	104.6	-50.0	30.0	30.0
<b>Revenues</b>	<b>19,180</b>	<b>25,510</b>	<b>34,080</b>	<b>38,600</b>	<b>37,020</b>	<b>31,150</b>	<b>21,120</b>	<b>17,763</b>	<b>17,907</b>	<b>17,284</b>
yoy growth (%)	127.3	33.0	33.6	13.3	-4.1	-15.9	-32.2	-15.9	0.8	-3.5
Order backlog	48,698	61,509	45,862	37,946	39,719	32,608	36,738	30,085	26,621	28,113
Bill to book ratio (%)	34.9	39.5	48.8	66.7	70.5	69.0	48.3	42.0	48.0	48.0
<b>Civil</b>										
Order inflows	11,266	27,194	15,418	63,651	78,323	45,255	34,565	55,303	66,364	79,637
yoy growth (%)	148.7	141.4	-43.3	312.8	23.1	-42.2	-23.6	60.0	20.0	20.0
<b>Revenues</b>	<b>5,950</b>	<b>3,760</b>	<b>12,810</b>	<b>21,440</b>	<b>38,310</b>	<b>54,390</b>	<b>56,990</b>	<b>53,313</b>	<b>57,909</b>	<b>64,700</b>
yoy growth (%)	40.7	-36.8	240.7	67.4	78.7	42.0	4.8	-6.5	8.6	11.7
Order backlog	4,682	26,654	32,485	78,263	1,19,157	1,12,647	93,514	95,505	1,03,960	1,18,896
Bill to book ratio (%)	55.0	20.6	37.3	33.3	32.6	38.4	43.9	44.0	45.0	45.0
<b>SAE</b>										
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
<b>Revenues</b>	<b>9,655</b>	<b>15,390</b>	<b>11,460</b>	<b>8,840</b>	<b>13,240</b>	<b>14,470</b>	<b>13,250</b>	<b>18,176</b>	<b>19,050</b>	<b>25,485</b>
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
<b>Total Order inflows</b>	<b>1,28,510</b>	<b>1,13,310</b>	<b>1,18,739</b>	<b>1,72,030</b>	<b>2,23,780</b>	<b>1,81,020</b>	<b>2,46,890</b>	<b>3,05,293</b>	<b>3,68,869</b>	<b>4,34,287</b>
YoY growth (%)	-14.9	-11.8	4.8	44.9	30.1	-19.1	36.4	23.7	20.8	17.7
<b>Revenues</b>	<b>1,10,005</b>	<b>1,19,654</b>	<b>1,31,142</b>	<b>1,37,423</b>	<b>1,72,817</b>	<b>1,99,130</b>	<b>2,18,460</b>	<b>2,55,561</b>	<b>2,98,231</b>	<b>3,51,693</b>
YoY growth (%)	9.4	8.8	9.6	4.8	25.8	15.2	9.7	17.0	16.7	17.9
<b>Total Order backlog</b>	<b>1,90,740</b>	<b>2,05,030</b>	<b>1,91,091</b>	<b>2,37,160</b>	<b>3,05,530</b>	<b>3,05,333</b>	<b>3,33,980</b>	<b>3,83,712</b>	<b>4,54,350</b>	<b>5,36,944</b>
Bill to book ratio (%)	47.4	49.3	50.6	52.0	51.4	52.2	52.4	54.0	53.9	53.8

Source: Company, MOFSL

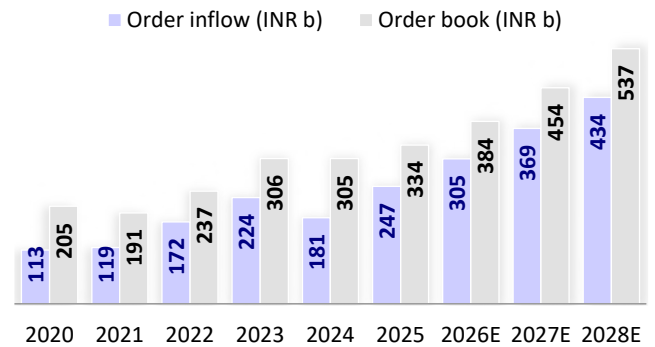
## Financial outlook

**Exhibit 11: We expect a 17% revenue CAGR over FY25-28 driven by strong order book**



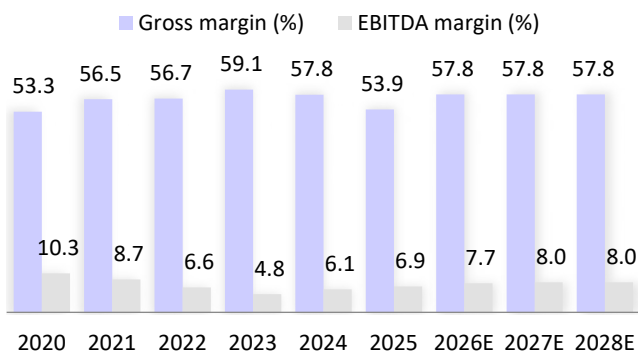
Source: Company, MOFSL

**Exhibit 12: Order inflow and order book have started moving up since the beginning of FY25 (INR b)**



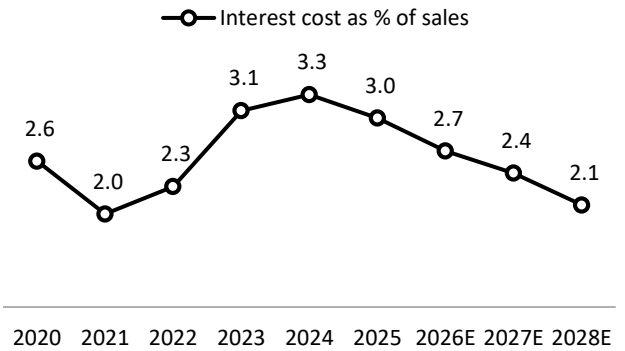
Source: Company, MOFSL

**Exhibit 13: We expect a gradual margin expansion as legacy projects get over (%)**



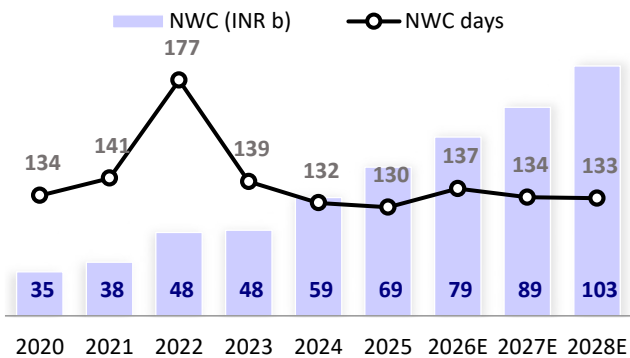
Source: Company, MOFSL

**Exhibit 14: Interest costs as a % of sales to see a steady decline going forward (%)**



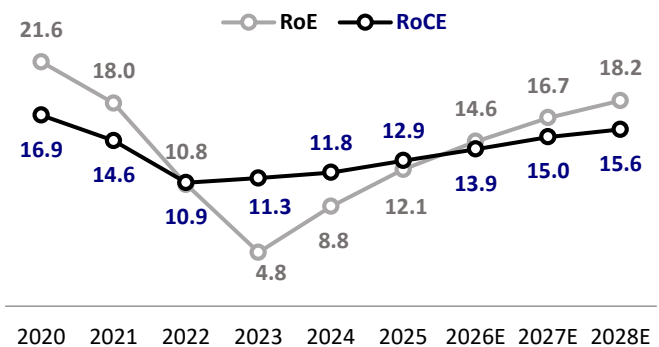
Source: Company, MOFSL

**Exhibit 15: We expect NWC days to moderate from FY27 onwards, while net debt to remain high on strong growth**



Source: Company, MOFSL

**Exhibit 16: 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
<b>Total Income from Operations</b>	<b>1,31,142</b>	<b>1,37,423</b>	<b>1,72,817</b>	<b>1,99,142</b>	<b>2,18,467</b>	<b>2,55,561</b>	<b>2,98,231</b>	<b>3,51,693</b>
Change (%)	9.6	4.8	25.8	15.2	9.7	17.0	16.7	17.9
Raw Materials	96,076	1,04,582	1,36,208	1,55,848	1,69,103	1,97,293	2,30,234	2,71,507
<b>Gross Profit</b>	<b>35,065</b>	<b>32,840</b>	<b>36,609</b>	<b>43,294</b>	<b>49,364</b>	<b>58,268</b>	<b>67,997</b>	<b>80,186</b>
Employees Cost	11,151	11,219	14,749	14,406	15,402	18,488	21,575	25,442
Other Expenses	12,503	12,587	13,562	16,742	18,923	20,019	22,553	26,662
<b>Total Expenditure</b>	<b>1,19,730</b>	<b>1,28,388</b>	<b>1,64,520</b>	<b>1,86,996</b>	<b>2,03,428</b>	<b>2,35,800</b>	<b>2,74,362</b>	<b>3,23,611</b>
% of Sales	91.3	93.4	95.2	93.9	93.1	92.3	92.0	92.0
<b>EBITDA</b>	<b>11,412</b>	<b>9,034</b>	<b>8,297</b>	<b>12,146</b>	<b>15,039</b>	<b>19,762</b>	<b>23,869</b>	<b>28,081</b>
Margin (%)	8.7	6.6	4.8	6.1	6.9	7.7	8.0	8.0
Depreciation	1,525	1,579	1,615	1,854	1,837	2,084	2,339	2,632
<b>EBIT</b>	<b>9,886</b>	<b>7,456</b>	<b>6,683</b>	<b>10,292</b>	<b>13,202</b>	<b>17,677</b>	<b>21,530</b>	<b>25,449</b>
Int. and Finance Charges	2,627	3,160	5,386	6,551	6,636	6,854	7,288	7,385
Other Income	299	134	313	524	709	291	182	131
<b>PBT bef. EO Exp.</b>	<b>7,559</b>	<b>4,430</b>	<b>1,610</b>	<b>4,265</b>	<b>7,275</b>	<b>11,115</b>	<b>14,424</b>	<b>18,195</b>
EO Items	0	-436	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>7,559</b>	<b>3,994</b>	<b>1,610</b>	<b>4,265</b>	<b>7,275</b>	<b>11,115</b>	<b>14,424</b>	<b>18,195</b>
Total Tax	2,032	674	-151	797	1,568	2,845	3,693	4,658
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	8,269	10,731	13,537
<b>Adjusted PAT</b>	<b>5,527</b>	<b>3,683</b>	<b>1,761</b>	<b>3,468</b>	<b>5,707</b>	<b>8,269</b>	<b>10,731</b>	<b>13,537</b>
Change (%)	-2.3	-33.4	-52.2	97.0	64.6	44.9	29.8	26.1
Margin (%)	4.2	2.7	1.0	1.7	2.6	3.2	3.6	3.8

### 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	59,481	68,216	79,624
<b>Net Worth</b>	<b>33,597</b>	<b>36,199</b>	<b>37,714</b>	<b>40,957</b>	<b>53,475</b>	<b>60,014</b>	<b>68,748</b>	<b>80,156</b>
Total Loans	18,434	28,627	31,945	38,123	37,011	42,011	45,011	49,511
Deferred Tax Liabilities	-68	-1,703	-3,273	-3,537	-4,372	-4,372	-4,372	-4,372
<b>Capital Employed</b>	<b>51,963</b>	<b>63,123</b>	<b>66,386</b>	<b>75,544</b>	<b>86,114</b>	<b>97,653</b>	<b>1,09,388</b>	<b>1,25,296</b>
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
<b>Net Fixed Assets</b>	<b>11,821</b>	<b>12,880</b>	<b>13,143</b>	<b>13,561</b>	<b>13,684</b>	<b>15,280</b>	<b>17,173</b>	<b>19,407</b>
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
<b>Total Investments</b>	<b>11</b>	<b>126</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,25,696</b>	<b>1,45,720</b>	<b>1,67,470</b>	<b>1,70,356</b>	<b>2,00,421</b>	<b>2,32,835</b>	<b>2,64,487</b>	<b>3,08,117</b>
Inventory	8,422	10,665	11,372	12,133	11,405	16,804	19,610	24,089
Account Receivables	1,01,498	1,16,659	1,34,966	1,35,133	1,63,095	1,92,546	2,20,609	2,60,156
Cash and Bank Balance	2,492	2,619	3,442	2,733	6,559	3,155	2,921	1,459
Loans and Advances	13,284	15,777	17,691	20,357	19,362	20,330	21,346	22,413
<b>Curr. Liability &amp; Prov.</b>	<b>87,897</b>	<b>98,125</b>	<b>1,17,027</b>	<b>1,11,234</b>	<b>1,31,158</b>	<b>1,53,629</b>	<b>1,75,439</b>	<b>2,05,396</b>
Other Current Liabilities	87,107	97,109	1,15,841	1,10,037	1,29,953	1,51,528	1,72,987	2,02,505
Provisions	790	1,015	1,186	1,197	1,206	2,101	2,451	2,891
<b>Net Current Assets</b>	<b>37,799</b>	<b>47,596</b>	<b>50,443</b>	<b>59,122</b>	<b>69,263</b>	<b>79,206</b>	<b>89,048</b>	<b>1,02,721</b>
<b>Appl. of Funds</b>	<b>51,963</b>	<b>63,123</b>	<b>66,386</b>	<b>75,544</b>	<b>86,114</b>	<b>97,653</b>	<b>1,09,388</b>	<b>1,25,296</b>



## Financials and valuation

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>20.8</b>	<b>13.8</b>	<b>6.6</b>	<b>13.0</b>	<b>21.4</b>	<b>31.1</b>	<b>40.3</b>	<b>50.9</b>
Cash EPS	26.5	19.8	12.7	20.0	28.3	38.9	49.1	60.7
BV/Share	126.2	136.0	141.7	153.9	200.9	225.4	258.3	301.1
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	20.9	18.6	15.7
<b>Valuation (x)</b>								
P/E	37.0	55.5	116.2	59.0	35.8	24.7	19.1	15.1
Cash P/E	29.0	38.9	60.6	38.4	27.1	19.8	15.6	12.6
P/BV	6.1	5.6	5.4	5.0	3.8	3.4	3.0	2.6
EV/Sales	1.7	1.7	1.3	1.2	1.1	1.0	0.8	0.7
EV/EBITDA	19.3	25.5	28.1	19.8	15.6	12.3	10.3	9.0
Dividend Yield (%)	0.5	0.5	0.4	0.5	0.7	0.8	1.0	1.0
FCF per share	20.1	-21.2	11.3	-0.4	17.9	0.7	22.7	13.3
<b>Return Ratios (%)</b>								
RoE	18.0	10.6	4.8	8.8	12.1	14.6	16.7	18.2
RoCE	14.8	10.8	11.4	11.8	12.9	13.9	15.0	15.6
RoIC	15.1	11.3	11.9	12.4	13.6	15.2	16.0	16.5
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	5.9	5.5	6.5	7.0	7.2	7.5	7.8	8.1
Asset Turnover (x)	2.5	2.2	2.6	2.6	2.5	2.6	2.7	2.8
Inventory (Days)	23	28	24	22	19	24	24	25
Debtor (Days)	282	310	285	248	272	275	270	270
<b>Leverage Ratio (x)</b>								
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	2.6	3.0	3.4
Net Debt/Equity	0.5	0.7	0.8	0.9	0.6	0.6	0.6	0.6

### 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	11,115	14,424	18,195
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	6,854	7,288	7,385
Direct Taxes Paid	-2,032	-674	151	-797	-1,568	-2,845	-3,693	-4,658
(Inc)/Dec in WC	-2,405	-9,669	-2,026	-9,387	-6,315	-13,347	-10,076	-15,136
<b>CF from Operations</b>	<b>7,274</b>	<b>-1,174</b>	<b>6,736</b>	<b>2,486</b>	<b>7,866</b>	<b>3,860</b>	<b>10,283</b>	<b>8,419</b>
Others	-595	-1,636	-1,569	-264	-835	0	0	0
<b>CF from Operating incl EO</b>	<b>6,679</b>	<b>-2,809</b>	<b>5,166</b>	<b>2,222</b>	<b>7,031</b>	<b>3,860</b>	<b>10,283</b>	<b>8,419</b>
(Inc)/Dec in FA	-1,322	-2,826	-2,156	-2,333	-2,266	-3,680	-4,232	-4,867
<b>Free Cash Flow</b>	<b>5,357</b>	<b>-5,635</b>	<b>3,010</b>	<b>-111</b>	<b>4,764</b>	<b>180</b>	<b>6,051</b>	<b>3,552</b>
(Pur)/Sale of Investments	214	-116	126	0	0	0	0	0
<b>CF from Investments</b>	<b>-1,107</b>	<b>-2,942</b>	<b>-2,030</b>	<b>-2,333</b>	<b>-2,266</b>	<b>-3,680</b>	<b>-4,232</b>	<b>-4,867</b>
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	5,000	3,000	4,500
Interest Paid	-2,627	-3,160	-5,386	-6,551	-6,636	-6,854	-7,288	-7,385
Dividend Paid	-1,284	-1,065	-799	-1,065	-1,464	-1,730	-1,997	-2,130
<b>CF from Fin. Activity</b>	<b>-4,716</b>	<b>6,315</b>	<b>-2,314</b>	<b>-598</b>	<b>-938</b>	<b>-3,584</b>	<b>-6,285</b>	<b>-5,015</b>
<b>Inc/Dec of Cash</b>	<b>855</b>	<b>564</b>	<b>822</b>	<b>-709</b>	<b>3,826</b>	<b>-3,404</b>	<b>-234</b>	<b>-1,463</b>
Opening Balance	1,637	2,492	2,619	3,442	2,733	6,559	3,155	2,921
Other Bank Balances		-436						
<b>Closing Balance</b>	<b>2,492</b>	<b>2,619</b>	<b>3,442</b>	<b>2,733</b>	<b>6,559</b>	<b>3,155</b>	<b>2,921</b>	<b>1,459</b>

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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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