

# Larsen & Toubro

Estimate change	↔
TP change	↓
Rating change	↔

**CMP: INR1,899**      **TP: INR2,165 (+15%)**      **Buy**

## In line result; domestic business likely to gather steam

### Maintains guidance; Balance Sheet improvement on track

Bloomberg	LT IN
Equity Shares (m)	1,402
M.Cap.(INRb)/(USD\$b)	2667.6 / 35.5
52-Week Range (INR)	2078 / 1306
1, 6, 12 Rel. Per (%)	1/10/19
12M Avg Val (INR M)	4713

- Adjusted PAT declined by 9% YoY to INR20.5b and was in line with our estimate (base year benefitted from bulky Real Estate sales). The company maintained its order inflow/revenue/core margin guidance, though it did highlight some risk of a spillover of order inflows from 4QFY22 into FY23.
- Adjusted for the HSR order won last year, core E&C order inflows grew 26% YoY to INR380b, with a two-year CAGR of 13%. On the execution front, core E&C domestic revenue grew 13% YoY (two-year at 6%), while international E&C revenue was flat. On the margin front, L&T has done a commendable job, despite commodity price headwinds, with core E&C (excluding Others, to adjust for the bulky Realty business) margin expanding 30bp YoY.
- We largely maintain our earnings estimate, but cut our TP to INR2,165/share (INR2,295 earlier) to account for mark-to-market (MTM) of listed subsidiaries' CMP (LTI/LTTS/MTCL has corrected by ~20% each in CY22 YTD). After adjusting for the subsidiaries' valuation (~INR950/share), the core E&C business trades at an FY23E/FY24E P/E multiple of 17.3x/15.6x v/s its historical one-year forward average P/E multiple of 22x. L&T remains the best play on the capex cycle in India. We maintain our Buy rating.

### Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	1,360	1,576	1,779
EBITDA	156	187	217
PAT	69	91	115
EBITDA (%)	11.5	11.8	12.2
EPS (INR)	49.1	65.0	81.9
EPS Gr. (%)	-22.4	32.2	26.1
BV/Sh. (INR)	540	569	632

### Ratios

Net D/E	1.5	1.4	1.3
RoE (%)	9.1	11.4	13.0
RoCE (%)	5.0	5.8	6.3
Payout (%)	43.7	30.0	30.0

### Valuations

P/E (x)	38.6	29.2	23.2
P/BV (x)	3.5	3.3	3.0
EV/EBITDA (x)	19.2	15.9	13.8
Div Yield (%)	2.8	1.5	1.9
FCF Yield (%)	10.6	4.4	0.6

### Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	0.0	0.0	0.0
DII	32.9	32.5	35.5
FII	23.9	24.0	19.1
Others	43.2	43.5	45.4

FII Includes depository receipts

### Satisfactory performance, outlook remains optimistic

- In line result on all parameters:** Consolidated revenue grew 11% YoY to INR396b (in line). EBITDA grew 6% YoY to INR345.3b (in line). EBITDA margin came in at 11.5%. Adjusted PAT fell 9% YoY to INR20.5b (in line).
- Core E&C margin weathers commodity price inflation:** Core E&C revenue grew 9% YoY to INR271b (in line). We note that core E&C revenue grew 4% on a two year CAGR basis, of which domestic core E&C grew at 6% CAGR, while international execution was -2%. E&C EBITDA margin came in at 7.5% v/s 9% in 3QFY21. If adjusted for the Others segment (largely the Realty business, which had bulky sales booking in 3QFY21), core E&C margin expanded by 30bp YoY. Commodity price pressure was offset by a better job mix in 3QFY22. Core E&C adjusted PAT fell 21% YoY to INR14.7b.
- Working capital in check:** Working capital, as a percentage of sales, improved to 23.1% (v/s 26.2% in 3QFY21). While higher revenue aided working capital to sales ratio, the management said that collections in receivables have also begun improving, which is a key positive.

### Update on order book and inflows

- Order book strong at INR3.4t:** L&T's order book grew 3% YoY to INR3.4t, with the order book/revenue ratio at 3.3x. The international business constituted 24% of the order book. In terms of clientele, the Centre/state governments formed 10%/29%, PSUs 44%, and the private sector 16%.
- Strong bid pipeline, final awarding holds key:** The management said the bid pipeline remains strong, with the overall pipeline at INR3.9t (+48% YoY) for 4QFY22. The Infrastructure sector's prospects stood at INR3.2t. The strong bid pipeline is encouraging, although a faster conversion to final awarding holds key to L&T meeting its order inflow guidance of a low-to-mid-teen growth. **Our FY22E order inflow growth estimate stands at 7%, implying an ask rate of 36% in 4QFY22E.**

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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.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation and view**

- **Fundamentals fairly strong; macro tailwinds awaited:** L&T rightly prioritized Balance Sheet strength over growth during the second COVID wave. Labor availability no longer poses a challenge. Execution is expected to improve from here on as construction activity picks up after the monsoon. We believe the company is poised for a strong earnings growth momentum, if and when order inflow gains momentum. It has some more asset monetization opportunities to capitalize on, including the sale of Nabha Power, a stake sale in L&T IDPL, and monetization of the Hyderabad Metro.
- **Maintain Buy with a higher TP of INR2,165/share:** We maintain our earnings estimate, but decrease our TP to INR2,165/share (INR2,295 earlier), to account for MTM of listed subsidiaries' CMP (holding company discount of 20%) and an unchanged target P/E multiple of 20x for the core business. Note that in CY22 YTD, LTI/LTTS/MTCL have corrected by ~20% each. We estimate an FY21-24E EPS CAGR of 25%, led by 15% CAGR in the core E&C business and reducing losses from the Hyderabad Metro. After adjusting for subsidiaries' valuation (~INR950/share), the core E&C business trades at an FY23/FY24E P/E multiple of 17.3x/15.6x v/s its historical one-year forward average P/E multiple of 22x. Should the stock revert to its historical average trading multiple of 22x, our TP for the stock will increase to ~INR2,285. L&T remains the best play on a capex cycle in India. We maintain our Buy rating.

**Quarterly performance**

(INR b)

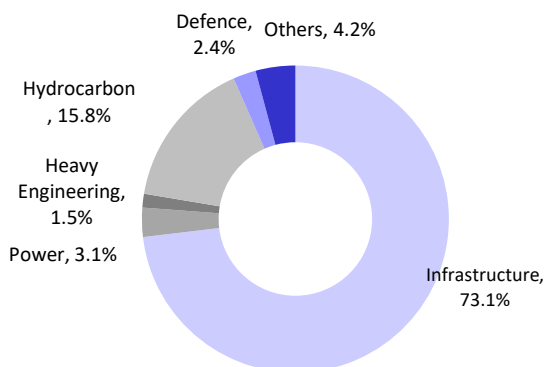
Y/E March	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Sales</b>	<b>213</b>	<b>310</b>	<b>356</b>	<b>481</b>	<b>293</b>	<b>348</b>	<b>396</b>	<b>540</b>	<b>1,360</b>	<b>1,576</b>	<b>389</b>	<b>1.7</b>
Change (%)	-28.3	-12.2	-1.8	8.7	38.0	12.0	11.1	12.2	-6.5	15.9	9.3	
<b>EBITDA</b>	<b>16.2</b>	<b>33.3</b>	<b>42.8</b>	<b>63.9</b>	<b>31.7</b>	<b>39.9</b>	<b>45.3</b>	<b>69.8</b>	<b>156.2</b>	<b>186.8</b>	<b>44.7</b>	<b>1.3</b>
Change (%)	-47.2	-17.1	3.9	24.8	95.7	19.8	5.9	9.3	-4.3	19.6	4.5	
Margin (%)	7.6	10.7	12.0	13.3	10.8	11.5	11.5	12.9	11.5	11.8	11.5	
Depreciation	6.7	7.1	7.0	8.2	7.2	7.3	7.3	7.5	29.0	29.3	7.5	-2.3
Interest	10.6	10.4	9.6	8.5	8.3	7.8	8.1	6.8	39.1	31.0	8.5	-4.3
Other Income	7.8	5.6	10.6	10.3	6.5	5.3	5.7	6.5	34.3	24.0	7.0	-18.4
<b>PBT</b>	<b>6.7</b>	<b>21.4</b>	<b>36.8</b>	<b>57.5</b>	<b>22.7</b>	<b>30.2</b>	<b>35.6</b>	<b>62.0</b>	<b>122.4</b>	<b>150.5</b>	<b>35.7</b>	<b>-0.5</b>
Tax	2.1	6.8	10.4	20.9	7.2	8.8	10.6	15.8	40.1	42.4	10.0	5.8
Effective Tax Rate (%)	31.0	31.6	28.3	36.3	31.6	29.3	29.8	25.4	32.8	28.2	28.0	
<b>Adjusted PAT (before MI and AI)</b>	<b>4.6</b>	<b>14.6</b>	<b>26.4</b>	<b>36.6</b>	<b>15.6</b>	<b>21.3</b>	<b>25.0</b>	<b>46.3</b>	<b>82.3</b>	<b>108.1</b>	<b>25.7</b>	<b>-2.9</b>
<b>Reported PAT</b>	<b>3.0</b>	<b>55.2</b>	<b>24.7</b>	<b>32.9</b>	<b>11.7</b>	<b>18.2</b>	<b>20.5</b>	<b>40.8</b>	115.8	91.3	21.3	-3.6
Change (%)	-79.4	118.4	4.9	3.0	287.4	-67.0	-16.7	23.8	21.3	-21.2	-13.6	
Extraordinary Inc./ (Exp.) - incl. discontinued operations	1.8	44.1	2.1	-1.2	0.0	1.0	0.0	-1.0	46.8	0.0	0.0	
<b>Adjusted PAT</b>	<b>1.2</b>	<b>11.1</b>	<b>22.6</b>	<b>34.2</b>	<b>11.7</b>	<b>17.2</b>	<b>20.5</b>	<b>41.7</b>	<b>69.0</b>	<b>91.3</b>	<b>21.3</b>	<b>-3.6</b>
Change (%)	-91.2	-52.1	4.5	11.5	878.0	55.7	-9.0	22.1	-22.4	32.2	-5.5	

**Exhibit 1: Results snapshot – Core E&C and Services segments**

In INR b	3QFY21	2QFY22	3QFY22	YoY	QoQ	FY21	FY22	YoY
<b>Core E&amp;C</b>								
Order book	3,311	3,305	3,404	3%	3%	3,274	3,580	9%
Order inflow	622	299	380	-39%	27%	1,327	1,394	5%
Net revenue	249	227	272	9%	20%	935	1,090	17%
EBITDA	22	18	20	-9%	15%	81	93	15%
EBITDA margin	9.0	7.8	7.5	-150bp	-30bp	8.6	8.5	-10bp
Adj. PAT	18	12	15	-21%	19%	57	68	20%
<b>Services</b>								
Order inflow	110	122	124	13%	1%	428	488	14%
Net revenue	107	120	124	15%	3%	425	486	14%
EBITDA	20	22	25	23%	12%	76	94	25%
EBITDA margin	18.9	18.5	20.2	+130bp	+170bp	17.8	19.3	+150bp
Adj. PAT	4	5	6	43%	21%	12	23	87%

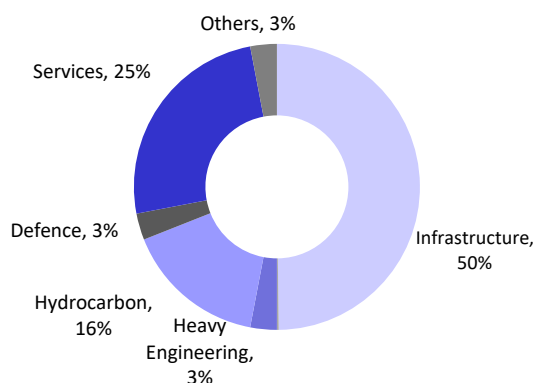
Source: MOFSL, Company

**Exhibit 2: Order book break-up (INR3.4t; +3% YoY)**



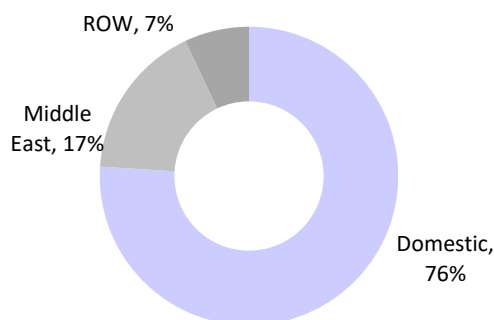
Source: MOFSL, Company

**Exhibit 3: Order inflow in 3QFY22 (INR504b; -31% YoY)**



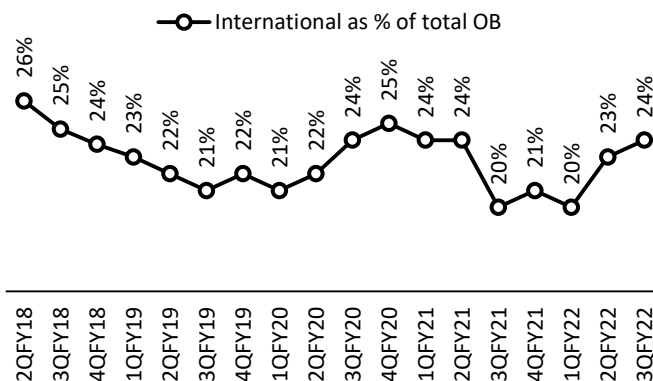
Source: MOFSL, Company

**Exhibit 4: Middle East constitutes 17% of order book**



Source: MOFSL, Company

**Exhibit 5: Share of international orders at 24%**



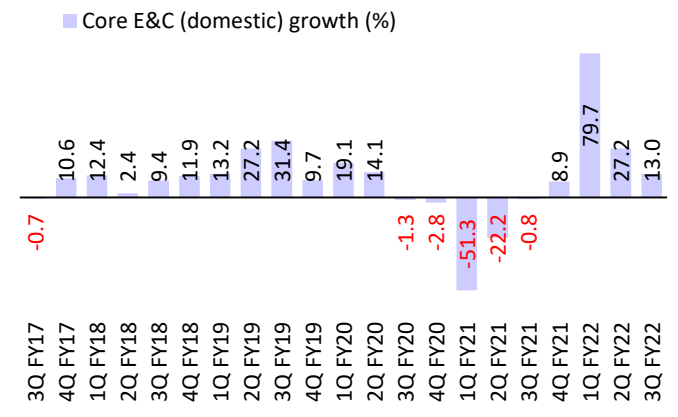
Source: MOFSL, Company

## Exhibit 6: Segmental performance snapshot

Segmental analysis (INR b)	3QFY21	2QFY22	3QFY22	YoY	QoQ
<b>Infrastructure</b>					
Order book	2,450	2,446	2,489	2%	2%
OB/revenue ratio	4	3.6	3.6		
Order inflow	454	121	253	-44%	110%
Net revenue	158	139	184	16%	32%
EBITDA	10	12	13	33%	13%
EBITDA margin	6.2	8.3	7.1	90bp	-120bp
<b>Power</b>					
Order book	132	132	104	-21%	-21%
OB/revenue ratio	5.2	3.3	2.5		
Order inflow	0	1	0.99	NA	-22%
Net revenue	9	11	11	19%	-4%
EBITDA	0.18	0.3	0.449	150%	50%
EBITDA margin	2	2.7	4.2	220bp	150bp
<b>Heavy Engineering</b>					
Order book	33	33	49	49%	49%
OB/revenue ratio	1.3	1	1.6		
Order inflow	7	8	13	76%	53%
Net revenue	7	6	7	-7%	10%
EBITDA	1	0.973	1	-27%	9%
EBITDA margin	20	15.7	15.6	-440bp	-10bp
<b>Hydrocarbon</b>					
Order book	464	496	537	16%	8%
OB/revenue ratio	2.8	2.6	2.8		
Order inflow	132	143	80	-39%	-44%
Net revenue	44	49	49	11%	0%
EBITDA	5	4	5	-13%	16%
EBITDA margin	12.2	8.3	9.6	-260bp	130bp
<b>Defense</b>					
Order book	99	66	82	-17%	24%
OB/revenue ratio	3.1	1.8	2.4		
Order inflow	7	4	17	139%	315%
Net revenue	10	8	8	-23%	-6%
EBITDA	2	1	2	8%	62%
EBITDA margin	16.9	13.7	23.6	670bp	990bp
<b>Others</b>					
Order book	132	132	142	8%	8%
Order inflow	22	21	15	-30%	-27%
Net revenue	20	14	15	-27%	6%
EBITDA	7	3	2	-71%	-30%
EBITDA margin	34.3	20.8	13.7	-2060bp	-710bp
<b>IT and Tech Services</b>					
Order inflow	68	81	84	25%	5%
Net revenue	65	79	84	29%	7%
EBITDA	17	18	20	21%	9%
EBITDA margin	25.4	23.2	23.8	-160bp	58bp
<b>Financial Services</b>					
Order inflow	34	30	30	-13%	0%
Net revenue	34	30	30	-13%	0%
EBITDA	4	4	5	23%	31%
EBITDA margin	11	11.7	15.4	449bp	370bp
<b>Developmental projects</b>					
Order inflow	8	12	10	20%	-17%
Net revenue	8	12	10	21%	-16%
EBITDA	0.01	0.48	0.31	3000%	-35%
EBITDA margin	0.1	4.1	3.2	304bp	-94bp

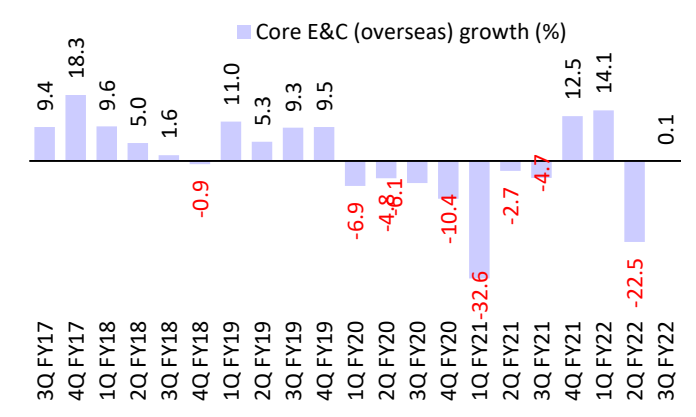
Source: MOFSL, Company

**Exhibit 7: Domestic core E&C revenue forms 74% of overall core E&C revenue, up 13% YoY in 3QFY22 on a low base**



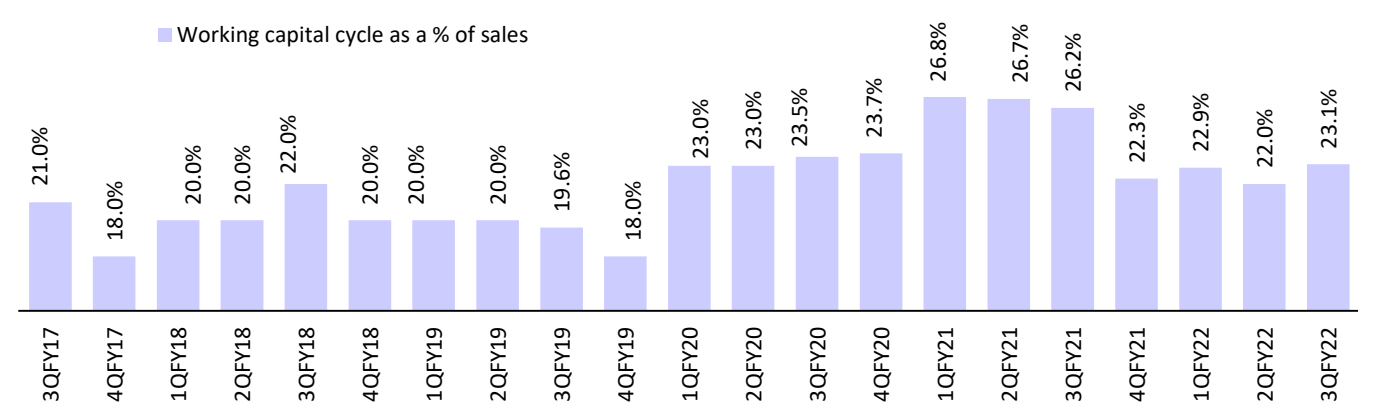
Source: MOFSL, Company

**Exhibit 8: Overseas core E&C revenue was flat YoY in 3QFY22 and constitutes 26% of overall core E&C revenue**



Source: MOFSL, Company

**Exhibit 9: Working capital, as a percentage of sales, moderates YoY to 23.1% in 3QFY22**



Source: MOFSL, Company

## Key takeaways from the management interaction

### Guidance

- Order inflow: The management has maintained its order inflow guidance, but there is a tail risk of a spillover of orders from 4QFY22 into subsequent quarters.
- It has also maintained its execution guidance.
- Margin: It has maintained its margin guidance similar to FY21 levels.

### Order book and inflow outlook

- Prospect pipeline for 4QFY22 stands at INR3.92t v/s INR2.65t in 4QFY21 (+48% YoY). This is the highest 4Q pipeline in the last couple of years. Domestic/international order pipeline stood ~INR3.03t/~INR890b. Infrastructure segment prospects stood at INR3.15t (v/s INR2.15t YoY). Of this, the domestic pipeline comprised of INR2.75t and the balance pertains to international prospects.
- Around 33% of its order book is funded by bilateral and multilateral agencies.
- While tendering activity was strong in 3QFY22, final awarding was a tad weaker. We expect 4QFY22 to be strong for order inflows.
- Order book breakup by clientele: Centre: 10%, state: 29%, PSU: 44%, private: 16%.
- Around 24% of the order book is international, of which 71% pertains to the Middle East.

### Margin

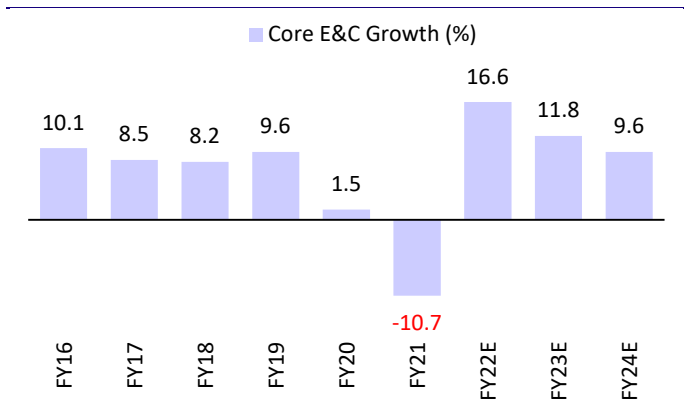
- The lower margin on a YoY basis was on account of lesser sales bookings in the Realty business. In FY21, L&T benefitted from a one-time bulk booking in the Realty business. Excluding Realty sales, margin would have expanded slightly.
- It has been impacted by commodity price inflation (30-50bp) in 9MFY22. This has been offset by a better job mix and other cost control measures.

### Other key takeaways

- Working capital, as a percentage of sales, has improved to 23.1% v/s 26.2% YoY. It is a function of a better denominator as execution has improved. The management expects to end FY22 at 22.3%, which is similar to FY21 levels.
- Customer collections, excluding financial Services, has improved to INR321b in 3QFY22 v/s INR329b in 3QFY21.
- Net debt in core E&C is negligible at present and the company doesn't think that it will increase over the next few quarters.
- **Hyderabad Metro:** Refinancing of debt has aided savings of 2.6% and its impact will be seen from 4QFY22 onwards. Annual interest expense will fall to INR10b from INR14b in FY21, leading to annual savings of INR4b. Ridership is improving (average passengers/day: 55,000/146,000/218,000 in 1Q/2Q/3QFY22). It is looking for financial support from the Telangana government. It is also looking to bring in an equity partner in the asset.
- **Nabha Power:** The management is looking for investors, but it won't be undertaking any distress sale. A coal fired Power plant is not a priority for a lot of the investors in the ESG world. It is a very good plant and has PPAs in place, with 16-17 years of annuity income.
- Labor availability is currently at 261k and is near normal levels. Around 95% of staff and 75% of workmen have taken both doses of their COVID-19 vaccination.
- The management expects the government to spend the budgeted amount of capex in the remainder of FY22 and hence remains confident of strong execution in 4Q.

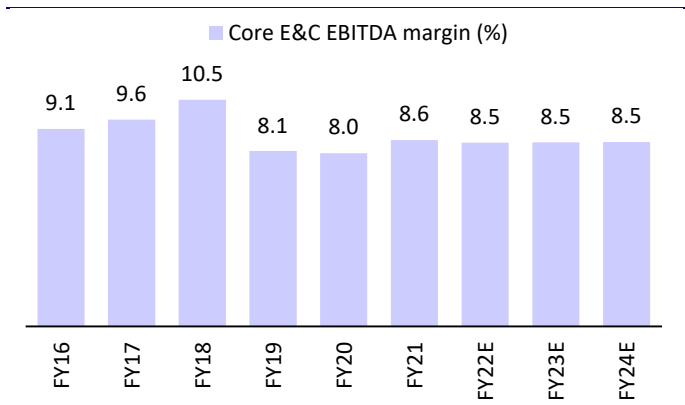
**Expect consolidated revenue/EBITDA CAGR of 13%/16% over FY21-24E**

**Exhibit 10: Expect core E&C revenue CAGR of 13% over FY21-24E**



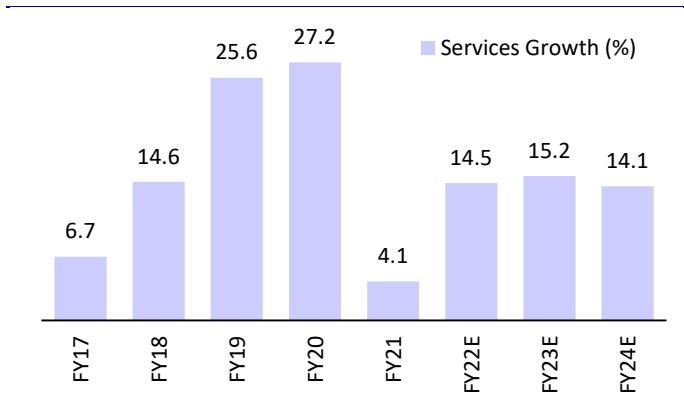
Source: MOFSL, Company

**Exhibit 11: Expect EBITDA margin to stabilize ~8.5% over FY23-24E**



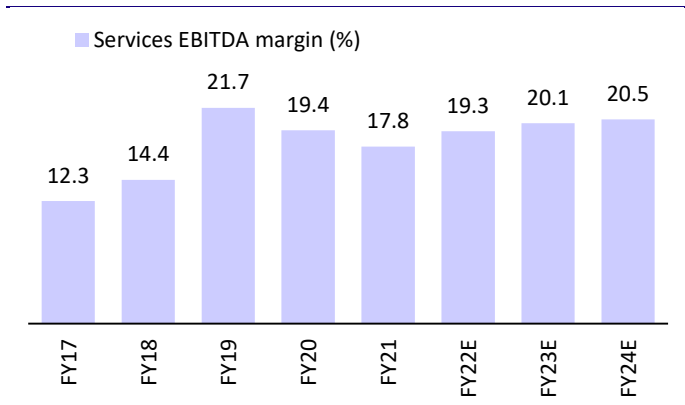
Source: MOFSL, Company

**Exhibit 12: Expect revenue CAGR of ~15% in Services over FY21-24E**



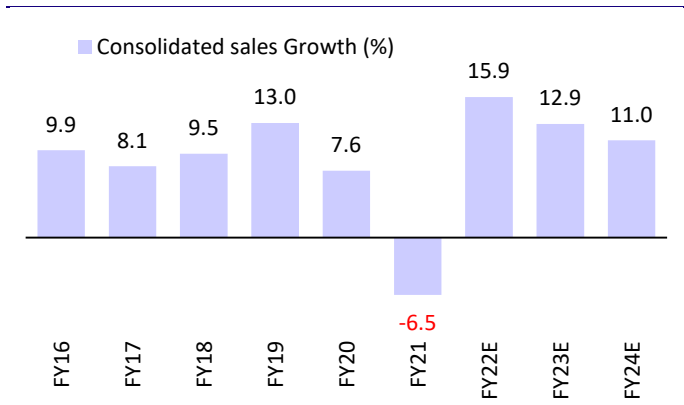
Source: MOFSL, Company

**Exhibit 13: Expect EBITDA margin in Services to rebound to 19-21% over FY22-24E**



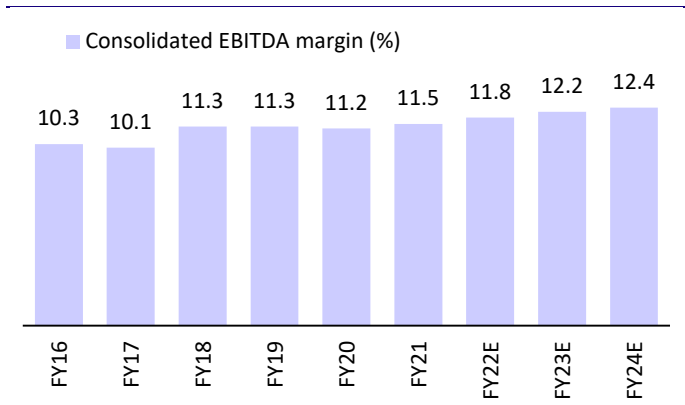
Source: MOFSL, Company

**Exhibit 14: Expect consolidated revenue CAGR of 13% over FY21-24E**



Source: MOFSL, Company

**Exhibit 15: Expect consolidated EBITDA to expand by 90bp over FY21-24E**



Source: MOFSL, Company

## Valuation and view

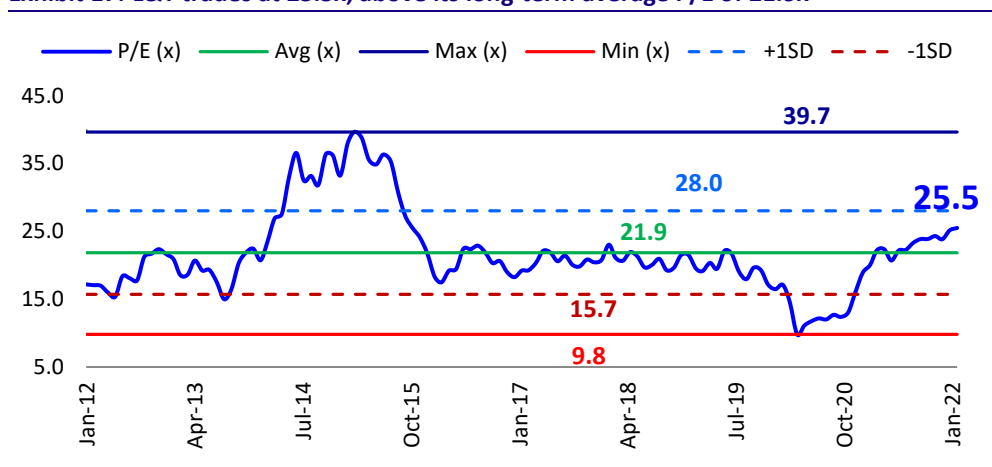
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- Maintain Buy with a higher TP of INR2,165/share:** We maintain our earnings estimate, but decrease our TP to INR2,165/share (INR2,295 earlier), on account of the MTM of listed subsidiaries' CMP (holding company discount of 20%) and an unchanged target P/E multiple of 20x for the core business. Note that in CY22 YTD, LTI/LTTS/MTCL have corrected by ~20% each. We estimate an FY21-24E EPS CAGR of 25%, led by 15% CAGR in the core E&C business and reducing losses from the Hyderabad Metro. After adjusting for subsidiaries' valuation (~INR950/share), the core E&C business trades at an FY23/FY24E P/E multiple of 17.3x/15.6x v/s its historical one-year forward average P/E multiple of 22x. Should the stock revert to its historical average trading multiple of 22x, our TP for the stock will increase to ~INR2,285. L&T remains the best play on a capex cycle in India. We maintain our **Buy** rating.

### Exhibit 16: Our SoTP-based TP stands at INR2,165/share

Business segment	Mar'24E (INR)	Remarks
Core E&C	1,214	❖ 20x core E&C EPS v/s its long-term average of 22x
LTI, LTTS, and MTCL	848	❖ 20% discount to its current m-cap
Finance holdings	67	❖ 20% discount to its current m-cap
Development projects	35	❖ P/Inv. based approach
<b>Total</b>	<b>2,165</b>	

Source: MOFSL, Company

### Exhibit 17: L&T trades at 25.5x, above its long-term average P/E of 21.9x



Source: MOFSL, Company



## Financials and valuations

Income Statement							(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Net Sales</b>	<b>1,197</b>	<b>1,352</b>	<b>1,455</b>	<b>1,360</b>	<b>1,576</b>	<b>1,779</b>	<b>1,975</b>
Change (%)	9.5	13.0	7.6	-6.5	15.9	12.9	11.0
<b>EBITDA</b>	<b>136</b>	<b>153</b>	<b>163</b>	<b>156</b>	<b>187</b>	<b>217</b>	<b>245</b>
Change (%)	21.9	13.0	6.5	-4.3	19.6	16.0	13.2
Margin (%)	11.3	11.3	11.2	11.5	11.8	12.2	12.4
Depreciation	19	19	25	29	29	30	32
<b>EBIT</b>	<b>116</b>	<b>134</b>	<b>139</b>	<b>127</b>	<b>158</b>	<b>186</b>	<b>214</b>
Net Interest	15	18	28	39	31	28	27
Other Income	14	18	24	34	24	25	25
<b>PBT</b>	<b>115</b>	<b>134</b>	<b>134</b>	<b>122</b>	<b>151</b>	<b>183</b>	<b>212</b>
Tax	32	41	33	40	42	48	55
Rate (%)	27.8	30.3	24.3	32.8	28.2	26.4	26.0
<b>Reported Profit (Before MI and AI)</b>	<b>84</b>	<b>102</b>	<b>108</b>	<b>129</b>	<b>108</b>	<b>135</b>	<b>157</b>
Less: Minority Interest	6	13	13	13	18	21	24
Add: Profit from Associates	-4	-0	1	0	1	1	1
EO Adjustments	1	9	7	47	0	0	0
<b>Adjusted PAT</b>	<b>72</b>	<b>80</b>	<b>89</b>	<b>69</b>	<b>91</b>	<b>115</b>	<b>133</b>
Change (%)	22.4	11.0	10.6	-22.4	32.2	26.1	15.9
<b>Cons. Profit (Reported)</b>	<b>74</b>	<b>89</b>	<b>95</b>	<b>116</b>	<b>91</b>	<b>115</b>	<b>133</b>

Balance Sheet							(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Share Capital	3	3	3	3	3	3	3
Reserves	546	621	664	756	797	884	983
<b>Net Worth</b>	<b>549</b>	<b>624</b>	<b>667</b>	<b>759</b>	<b>799</b>	<b>887</b>	<b>986</b>
Loans	1,075	1,256	1,410	1,326	1,326	1,426	1,536
Deferred Tax Liability	-21	-31	-24	-15	-15	-15	-15
Minority Interest	52	68	95	121	138	159	184
<b>Capital Employed</b>	<b>1,655</b>	<b>1,916</b>	<b>2,149</b>	<b>2,190</b>	<b>2,249</b>	<b>2,457</b>	<b>2,691</b>
Gross Fixed Assets	220	262	535	571	591	611	631
Less: Depreciation	58	74	99	128	157	187	219
Add: Capital WIP	158	163	33	5	5	5	5
<b>Net Fixed Assets</b>	<b>320</b>	<b>351</b>	<b>470</b>	<b>448</b>	<b>439</b>	<b>429</b>	<b>417</b>
Investments	153	211	200	396	396	396	396
Inventory	48	64	57	58	67	76	85
Debtors	331	370	407	422	490	553	613
Cash and Bank Balance	80	117	151	162	192	275	376
Loans and Advances	24	25	22	11	13	15	16
Other Current Assets	575	615	688	647	750	847	940
Current Assets	1,923	2,195	2,353	2,241	2,452	2,805	3,179
Current Liab. and Prov.	741	841	875	896	1,038	1,172	1,301
<b>Net Current Assets</b>	<b>1,182</b>	<b>1,354</b>	<b>1,478</b>	<b>1,346</b>	<b>1,413</b>	<b>1,633</b>	<b>1,878</b>
<b>Capital Deployed</b>	<b>1,655</b>	<b>1,916</b>	<b>2,149</b>	<b>2,190</b>	<b>2,249</b>	<b>2,457</b>	<b>2,691</b>

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Adjusted EPS</b>	<b>51.7</b>	<b>57.3</b>	<b>63.4</b>	<b>49.1</b>	<b>65.0</b>	<b>81.9</b>	<b>95.0</b>
Growth (%)	22.4	10.9	10.5	-22.4	32.2	26.1	15.9
<b>Cons. EPS (fully diluted)</b>	<b>51.7</b>	<b>63.5</b>	<b>68.0</b>	<b>82.5</b>	<b>65.0</b>	<b>81.9</b>	<b>95.0</b>
Growth (%)	22.4	22.8	7.1	21.2	-21.2	26.1	15.9
Cash EPS	65.5	77.2	85.6	103.1	85.8	103.6	117.5
Book Value	391.7	444.7	475.3	540.2	569.1	631.6	702.0
DPS	15.9	18.0	18.0	36.0	19.5	24.6	28.5
Payout (incl. Div. Tax.)	30.8	28.4	26.5	43.7	30.0	30.0	30.0
<b>Valuation (x)</b>							
P/E	25.8	33.1	30.0	38.6	29.2	23.2	20.0
Cash P/E	20.4	16.9	15.2	12.6	15.2	12.6	11.1
EV/EBITDA	21.1	19.3	18.9	19.2	15.9	13.8	12.2
EV/Sales	2.5	2.2	2.1	2.2	1.9	1.7	1.5
Price/Book Value	3.7	4.3	4.0	3.5	3.3	3.0	2.7
Dividend Yield (%)	1.2	1.4	1.4	2.8	1.5	1.9	2.2
<b>Profitability Ratios (%)</b>							
RoE	13.2	12.9	13.3	9.1	11.4	13.0	13.5
RoCE	5.7	5.5	5.7	5.0	5.8	6.3	6.6
<b>Turnover Ratios</b>							
Debtors (Days)	101.0	100.0	102.2	113.4	113.4	113.4	113.4
Inventory (Days)	14.8	17.3	14.4	15.6	15.6	15.6	15.6
Asset Turnover (x)	0.7	0.7	0.7	0.6	0.7	0.7	0.7
<b>Leverage Ratio</b>							
Current Ratio (x)	2.6	2.6	2.7	2.5	2.4	2.4	2.4
Net Debt/Equity ratio (x)	1.8	1.8	1.9	1.5	1.4	1.3	1.2

### Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22E	FY23E	(INR b) FY24E
<b>PBT before EO Items</b>	<b>115</b>	<b>143</b>	<b>143</b>	<b>230</b>	<b>151</b>	<b>183</b>	<b>212</b>
Add: Depreciation	19	21	25	29	29	30	32
Others	(11)	(12)	(1)	(121)	1	1	1
Less: Direct Tax Paid	(34)	(46)	(40)	(35)	(42)	(48)	(55)
(Inc.)/Dec. in WC	(34)	(24)	(78)	54	(39)	(36)	(35)
<b>CF from Operations</b>	<b>56</b>	<b>82</b>	<b>48</b>	<b>157</b>	<b>100</b>	<b>130</b>	<b>154</b>
(Inc.)/Dec. in FA	(185)	(173)	(33)	37	(20)	(119)	(129)
<b>Free Cash Flow</b>	<b>(129)</b>	<b>(91)</b>	<b>15</b>	<b>194</b>	<b>80</b>	<b>11</b>	<b>26</b>
(Pur.)/Sale of Investments	54	(35)	(64)	(54)	-	-	-
<b>CF from Investments</b>	<b>54</b>	<b>(35)</b>	<b>(64)</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>-</b>
(Inc.)/Dec. in Net Worth	0	0	0	0	-	-	-
(Inc.)/Dec. in Debt	128	179	141	(87)	-	100	110
Others	(5)	11	(13)	(5)	-	-	-
Dividend Paid	(24)	(26)	(46)	(37)	(51)	(27)	(35)
<b>CF from Fin. Activity</b>	<b>99</b>	<b>163</b>	<b>83</b>	<b>(128)</b>	<b>(51)</b>	<b>73</b>	<b>75</b>
<b>Inc./Dec. in Cash</b>	<b>25</b>	<b>37</b>	<b>34</b>	<b>11</b>	<b>29</b>	<b>84</b>	<b>101</b>
Add: Opening Balance	56	80	117	151	162	192	275
<b>Closing Balance</b>	<b>80</b>	<b>117</b>	<b>151</b>	<b>162</b>	<b>192</b>	<b>275</b>	<b>376</b>

Explanation of Investment Rating	
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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