

# Larsen & Toubro

BSE SENSEX  
73,143

S&P CNX  
22,213



Bloomberg	LT IN
Equity Shares (m)	1374
M.Cap.(INRb)/(USDb)	4657.2 / 56.1
52-Week Range (INR)	3739 / 2077
1, 6, 12 Rel. Per (%)	-9/10/30
12M Avg Val (INR M)	5870

## Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
Net Sales	2,190.5	2,533.6	2,886.6
EBITDA	236.8	289.9	342.9
PAT	128.6	166.4	205.8
EPS (INR)	94.0	122.1	150.0
GR. (%)	27.8	29.9	22.9
BV/Sh (INR)	644.6	731.4	838.1

## Ratios

ROE (%)	14.5	17.7	19.1
RoCE (%)	8.3	9.7	11.0

## Valuations

P/E (X)	36.2	28.0	22.6
P/BV (X)	5.3	4.6	4.0
EV/EBITDA (X)	24.0	19.5	16.3
Div Yield (%)	0.8	1.0	1.3

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	0.0	0.0	0.0
DII	37.2	37.1	39.6
FII	26.5	26.6	24.3
Others	36.3	35.9	36.1

FII Includes depository receipts

**CMP: INR3,388 TP: INR4,200 (+24%)**

**Buy**

## Growth drivers in place

Our recent interactions with the management of Larsen and Toubro (LT) make us believe that recent concerns related to its performance are transient, such as 1) **low YoY growth in domestic inflows in 9MFY24** was due to a high base of last year, particularly in domestic hydrocarbon; 2) **lower-than-expected margins** were attributed to legacy projects, which are now closer to completion in the next couple of quarters; and 3) **high share of international projects**, particularly in Saudi Arabia, where the addressable market is continuously growing. The positive factors that will drive growth ahead, in our view, are: 1) the ramp-up of domestic inflows after elections, 2) the completion of low-margin legacy projects in next couple of quarters, 3) the constant reduction in working capital and the resultant RoCE improvement, and 4) low working capital in international projects despite being fixed-price projects. **We maintain our estimates and SoTP-based TP of INR4,200, valuing the core business at 28x Mar'26E EPS. Maintain Buy.**

## Key investment thesis

### Domestic inflows to start ramping up after elections

LT's domestic inflows declined by 11% YoY in 9MFY24, due to a high base of last year, particularly in the domestic hydrocarbon segment (which had inflows of USD2b in 9MFY23). In FY24, domestic inflows are weak in hydrocarbon and refineries due to lower capex in the oil and gas sector. Adjusting for lumpy hydrocarbon orders in FY23, domestic inflow growth could have been higher. Moreover, domestic inflows from infrastructure segment for LT have started ramping up and we expect them to further pick up after elections. The company is eyeing large and mega projects from areas like transportation infra (various state road projects), high-speed rail and metro projects, irrigation projects, transmission projects, and B&F projects. Private sector capex has already started ramping up from select sectors (Refer Exhibit 4) and will get a further leg up from thermal power, PLI-led capex, and semiconductor capex.

### Focused-approach toward international opportunities

LT's international inflows surged 377% YoY in 9MFY24, primarily driven by inflows from the hydrocarbon and infrastructure segments from Middle-East. Infrastructure inflows came from various projects in Saudi Arabia and other regions in the Middle East, where the addressable market is growing continuously. Hydrocarbon inflows came largely from Saudi Aramco (both offshore and gas-based projects). While Aramco may go slow in awarding oil-based projects, particularly for Safania and Manifa fields, it is continuing with its capex plan for gas-based projects. LT has already been shortlisted for one package of Aramco's gas-based projects – MGS-3, as per media reports. LT is de-risking its exposure by mobilizing teams and localizing resources in Saudi Arabia for the timely completion of projects and has built a sufficient buffer for

margins unlike in the last cycle when several players under-quoted on margins. LT also made negative margins in FY15. However, since FY16, LT has posted average margins of 8.5-9% in the hydrocarbon segment even in a volatile commodity price scenario during FY17-21. The hydrocarbon business also had a negative average working capital cycle during most years between FY14 and FY22, which was much better than LT's domestic business. (Exhibit 7)

#### **Focusing on market share gain to stay above competition**

LT is focusing on increasing its market share by targeting projects that require either high technical qualifications or large sized projects. Thus, with the anticipation of a 10-12% CAGR in government capex over the long term and a large-scale recovery yet to be seen in the private sector capex in coming years, we still expect LT to grow at a faster rate. The company has consistently increased the share of large, mega and ultra-mega projects in its overall inflows, as these projects have limited competition and better working capital terms. This will further enable the company to stay ahead of competitors.

#### **Core business valuations are closer to previous peak**

Adjusted for subsidiary valuations, LT's core EPC business is trading at 28.5x/23.2x FY25E/FY26E EPS. We ascribe 28x to two-year forward earnings for core EPC business, which is similar to previous peak in FY18/FY19 as we believe that 1) growth of L&T's inflows and revenue over next decade is going to be better at 13.6%/13.7% CAGR as compared to 7.8%/6.3% CAGR seen over last decade of FY13-23 as both domestic and international addressable market is expanding simultaneously and 2) constant focus on working capital which is much lower than last decadal average of 22% of net sales.

#### **Financial outlook**

We expect a CAGR of 18%/23%/26% in revenue/EBITDA/PAT over FY23-26 for LT's core EPC division. The growth is expected to be driven by (1) 18% growth in order inflows, led by a strong prospect pipeline; (2) a gradual recovery in core EPC EBITDA margin to 9.1%/9.7% by FY25/FY26; and (3) control over working capital and NWC at 18% of sales. We expect the infrastructure and hydrocarbon segments to remain the key growth drivers for LT.

#### **Valuation and recommendation**

We maintain our estimates and TP of INR4,200 on LT, based on the SOTP methodology, valuing the core business at P/E of 28x Mar'26 EPS and a 25% holding company discount for subsidiaries. We maintain BUY rating on LT.

#### **Key risks and concerns**

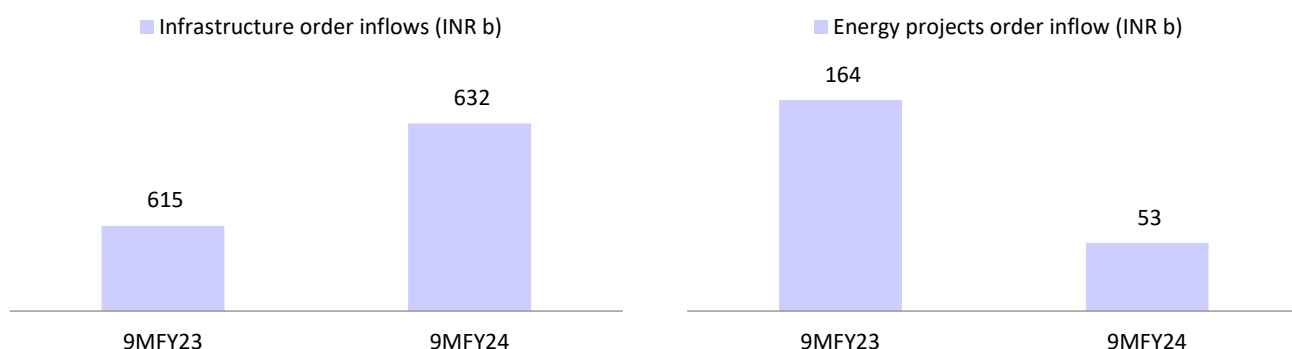
Slowdown in order inflows, delays in the completion of mega and ultra-mega projects, a sharp rise in commodity prices, higher crude prices, an increase in receivables and working capital, and increased competition are a few downside risks to our estimates.

## Decoding domestic inflow decline

### The decline in domestic order inflows was driven by lower orders in the domestic hydrocarbon segment

LT received order inflows worth INR1.8t in 9MFY24, up 65% YoY. This growth was mainly driven by international order inflows as domestic inflows declined by 11% YoY for the same period. Domestic inflows declined in 9MFY24 as they were quite lumpy and higher in 9MFY23 and as ordering from the domestic oil and gas sector has dried up completely this year. Infrastructure segment order inflows were flat YoY due to delays in decision-making amid elections. The decline in other segments was not significant in 9MFY24. Domestic ordering has started improving in Jan'24 for the infrastructure segment, but we expect it to see incremental improvement primarily after elections from core segments as well as the private sector. Thus, we are not much concerned about weak domestic inflows, which we believe will start ramping up after elections.

**Exhibit 1: Domestic infrastructure orders grew by 3% YoY in 9MFY24, but energy orders declined by 68% YoY in 9MFY24 due to high base of last year**



Source: Company, MOFSL

**Exhibit 2: YTD decline in hydrocarbon inflows led to lower domestic order inflows; international ordering remained robust during the same period**

LT order inflow (INR b)						
Order inflow	3QFY24	3QFY23	YoY%	9MFY24	9MFY23	YoY%
Total inflows	602	457	32	1,836	1,113	65
<b>Domestic inflows</b>	<b>203</b>	<b>407</b>	<b>-50</b>	<b>791</b>	<b>894</b>	<b>-11</b>
International inflows	399	50	694	1,044	219	377
LT order backlog (INR m)						
Order backlog	3QFY24	3QFY23	YoY%	9MFY24	9MFY23	YoY%
Total backlog	4,732	3,866	22	4,732	3,866	22
<b>Domestic</b>	<b>2,887</b>	<b>2,861</b>	<b>1</b>	<b>2,887</b>	<b>2,861</b>	<b>1</b>
% share of OB	61	74		61	74	
International	1,846	1,005	84	1,846	1,005	84
% share of OB	39	26		39	26	

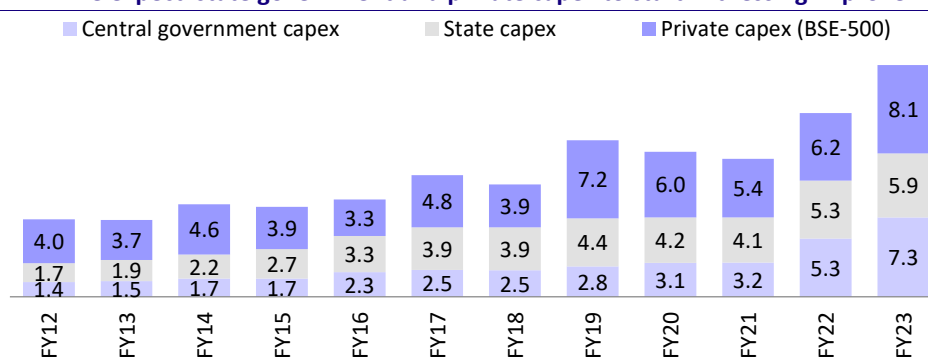
Source: Company, MOFSL

## Future inflow growth

### For LT, we expect future inflow growth to come from government/private capex in India and increased spending in the Middle East

We expect LT's inflow growth to be driven by incremental spending by the government in the water, urban infra, transmission, railways, defense, and renewable energy sectors. We expect state spending to be selective; however, water and irrigation projects form more than a quarter of state government budgets. Moreover, there is a strong addressable market in the Middle East for hydrocarbon, transmission, and urban infra projects. Several private sector announcements in the last few months also bode well for LT.

### Exhibit 3: Centre has budgeted for INR11.1t capex outlay for FY25 from INR10t budgeted for FY24. We expect state government and private capex to start witnessing improvement



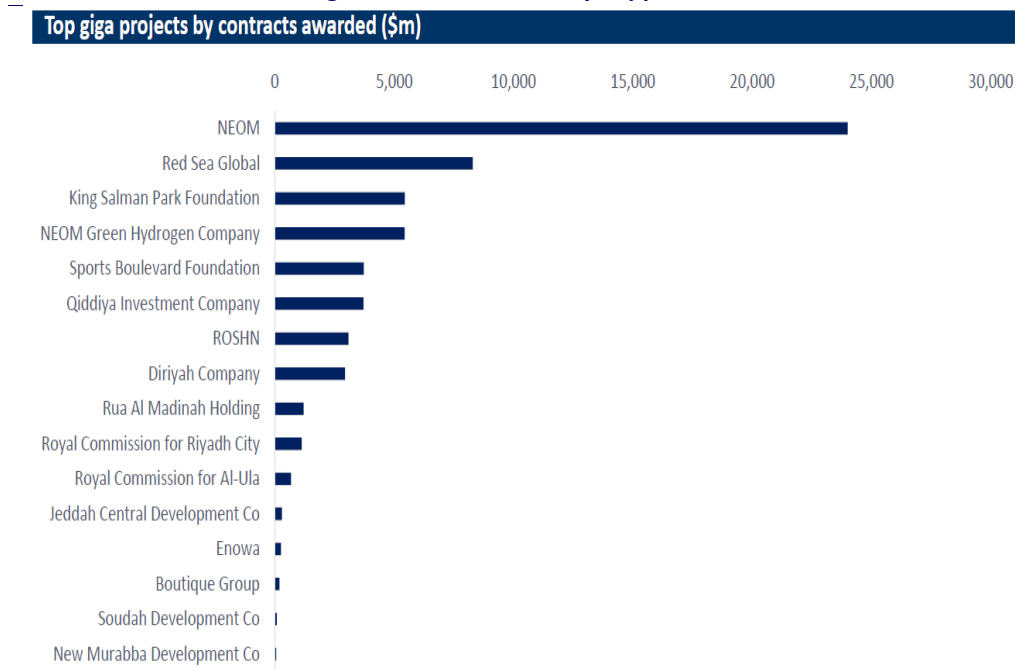
Source: Budget documents, MOFSL

### Exhibit 4: Private capex announcements have been significant over the last few months

Company name	Amount	Announcement	Source
Adani	USD1.5b	Adani flagship aims big on data centers with USD1.5b capex planned	<a href="#">Link</a>
Foxconn-HCL	USD37.2b	Foxconn, HCL announce semiconductor JV in India with USD37.2b investment	<a href="#">Link</a>
Oil PSUs	INR1.2t	ONGC, IOC, other oil PSUs to invest INR1.2t in FY25	<a href="#">Link</a>
JSW Steel	INR1t	JSW Steel CEO says capex to exceed INR1t for capacity expansion	<a href="#">Link</a>
BPCL	INR1.5t	BPCL plans INR1.5-1.7t capex over next five years	<a href="#">Link</a>
Taisys	USD100m	Taisys Boost To India's Semiconductor Scene; To Invest USD100m	<a href="#">Link</a>
PLI capex	INR1t	PLI scheme registers investments of INR1.03t	<a href="#">Link</a>
Cairn	USD1b	Cairn to double annual capital expenditure to USD1b for 5 years	<a href="#">Link</a>
JSW Steel	INR650b	JSW to invest INR650b to set up integrated steel complex in Odisha	<a href="#">Link</a>
GCMMF	INR115b	GCMMF to invest INR115b to expand operations across six states	<a href="#">Link</a>
Maruti Suzuki	INR1.25t	Maruti cranks up capital expenditure with INR1.25t 8-year plan	<a href="#">Link</a>
Coal India	INR165b	Coal India may exceed capex target of INR165b for FY24: Govt	<a href="#">Link</a>
Hindalco	INR50b	Hindalco plans INR50b capex for FY24	<a href="#">Link</a>
UltraTech	INR130b	UltraTech Cement announces third capex round worth INR130b	<a href="#">Link</a>
Shree Cement	INR70b	Shree Cement to expand clinker and cement capacity for INR70b	<a href="#">Link</a>
JK Lakshmi Cement	INR80b	JK Lakshmi Cement plans INR80b capex	<a href="#">Link</a>
Star Cement	INR22b	Star Cement's INR22b capex expansion drive on fast track: CEO	<a href="#">Link</a>
Nestle India	INR65b	Nestle India is investing INR65b till 2025	<a href="#">Link</a>
Mondelez India	INR40b	Mondelez to invest INR40b in India	<a href="#">Link</a>
Tata Power	INR600b	Tata Power plans INR600b capex over the next three years	<a href="#">Link</a>
Tata Motors	INR380b	Tata Motors lines up INR380b capex	<a href="#">Link</a>
HPCL	INR750b	HPCL lays out INR750b capex plan for 5 years	<a href="#">Link</a>
ONGC	INR300b	ONGC outlines INR300b capex plan	<a href="#">Link</a>
GAIL	INR300b	GAIL plans INR100b capex in next 3 years	<a href="#">Link</a>

Source: Media sources, MOFSL

**Exhibit 5: Top giga projects in Saudi Arabia account for USD884b in capex, which are under-construction; awarding of USD60b has already happened**



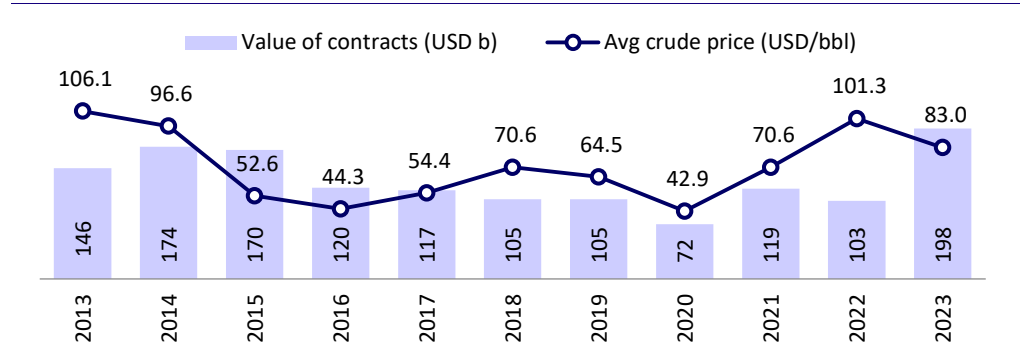
Source: MEED, MOFSL

## LT is managing risks of higher international exposure by mobilizing resources

### Projects are at fixed prices but have comfortable working capital cycle

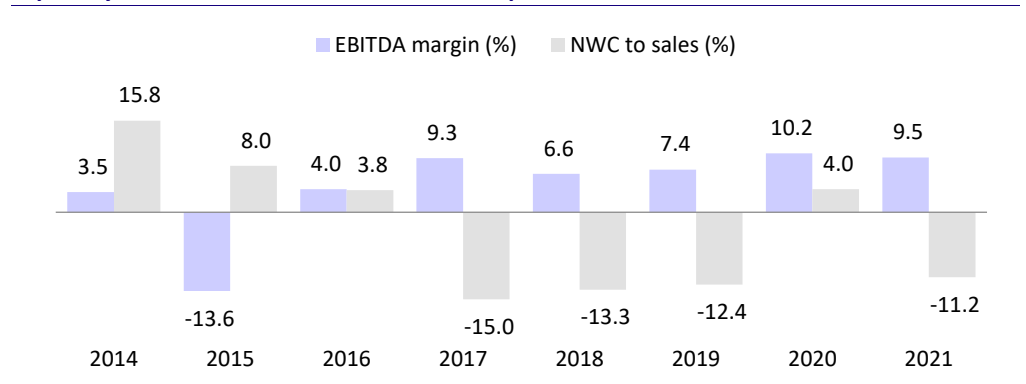
LT is managing the risks of higher international exposure by building a sufficient cushion on bidding for projects as well as by mobilizing teams and resources. During the last cycle of capex in the GCC region, several players bid aggressively. This time LT has built sufficient cushion for margins in line with the core business after taking into account client profiles, project financing and payment terms, as these are largely fixed-price projects. However, these projects have a very comfortable working capital cycle, provided that projects are executed on time. LT is managing execution risks well by investing in talent and building teams in international locations for projects in the hydrocarbon and energy transition verticals. The company has also relocated senior management teams for large projects and localized the contract management teams.

**Exhibit 6: GCC capex spending in 2023 overshoot previous highs seen in 2014-15**



Source: Company, MOFSL

**Exhibit 7: LT’s margins for hydrocarbon segment suffered during FY14-16; net working capital cycle remained comfortable for most period from FY14-21**



Source: Company, MOFSL

## LT tiding over competition by focusing on mega projects and cautious bidding

### Share of mega projects has moved up in last few years

With the anticipation of a 10-12% CAGR in government capex over the long term and a large-scale recovery yet to be seen in the private sector capex in coming years, we still expect LT to grow at a faster rate. The company has consistently increased the share of large, mega and ultra-mega projects in its overall inflows as these projects have limited competition and better working capital terms. Hence, LT is able to tide over competition and grow better than the market.

#### Exhibit 8: Share of mega projects across diverse sectors has increased in last 4 years for LT

Year	Customer	Region	Sector	Order size (distributed, INR b)
2020	SJVN Thermal	Domestic	Power	70.0
2020	Saudi Aramco	International	Hydrocarbon	70.0
2020	Navi Mumbai International Airport Pvt Ltd	Domestic	Infrastructure	60.0
2020	CIDCO	Domestic	Infrastructure	60.0
2020	HPCL	Domestic	Hydrocarbon	70.0
2021	NHSRCL	Domestic	Infrastructure	249.9
2021	NHSRCL	Domestic	Infrastructure	70.0
2021	HPCL	Domestic	Hydrocarbon	70.0
2021	HPCL	Domestic	Hydrocarbon	70.0
2021	RVNL	Domestic	Infrastructure	70.0
2021	ACWA Power	International	Infrastructure	60.0
2022	Overseas Client	International	Hydrocarbon	70.0
2023	ArcelorMittal Nippon Steel India	Domestic	Infrastructure	70.0
2023	NEOM Green Hydrogen Company	International	Infrastructure	230.7
2023	Government of MP	Domestic	Infrastructure	60.0
2023	Overseas Client	International	Hydrocarbon	60.0
2023	Saudi Aramco	International	Hydrocarbon	70.0
2024	NHSRCL	Domestic	Infrastructure	70.0
2024	MMRDA	Domestic	Infrastructure	70.0
2024	Saudi Aramco	International	Hydrocarbon	83.0
2024	Saudi Aramco	International	Hydrocarbon	240.7
2024	Leading client	International	Hydrocarbon	125
2024	Amaala Project	International	Infrastructure	75
2024	Leading client	Domestic	Infrastructure	125
2024	Dubai Electricity & Water Authority (DEWA)	International	Infrastructure	125

Source: Company, MOFSL

#### Exhibit 9: LT's bidding for projects indicates limited competition due to technical qualification

Project name	No. of qualified bidders	L1 player	Bid amount (INR b)	L2 player	Bid amount (INR b)	% difference
Bengaluru Metro (Kanana Line)	2	LT	10.2	Afcons	14.2	-28.3
Thane-Borival twin tunnel P-2	2	MEIL	69.4	LT (disqualified)	66.3	4.7
NLC Talabira project	2	BHEL	194.2	LT (backed out)	NA	NA
MAHSR - Package C3	3	LT	157.0	JKIL - NCC JV	188.4	-16.7
Orange gate tunnel	2	LT	67.2	JKIL - NCC JV	74.1	-9.4
Bandra reclamation	2	Adani Realty	23.1% rev share	LT	18% rev share	NA
Patna Museum Tunnel	3	LT	3.7	Afcons - Sam India	3.9	-5.1

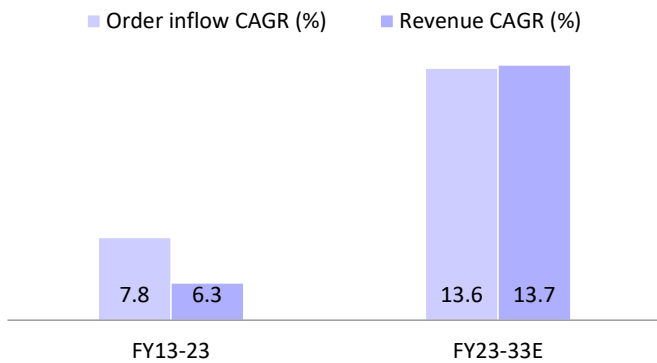
Source: Media reports, MOFSL

## Core business valuations move up on higher addressable market and lower NWC

Adjusted for subsidiary valuations, LT’s core EPC business is trading at 28.5x/23.2x FY25E/FY26E EPS. We ascribe 28x to two-year forward earnings for the core EPC business, which is similar to the previous peak in FY18/FY19, as we believe that 1) growth of L&T’s inflows and revenue over next decade is going to be better at 13.6%/13.7% CAGR as compared to 7.8%/6.3% CAGR seen over last decade of FY13-23 as both domestic and international addressable market is expanding simultaneously and 2) constant focus on working capital which is much lower than last decadal average of 22% of net sales.

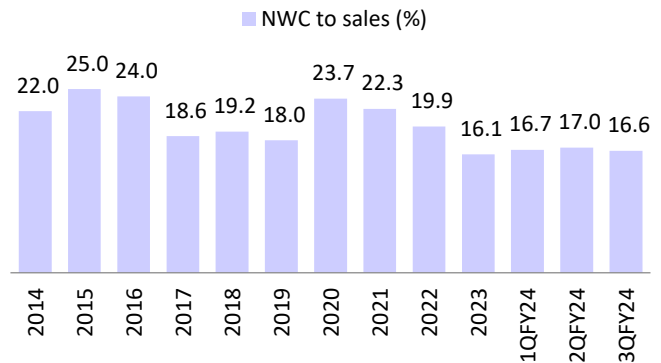
We maintain our estimates and SoTP-based TP of INR4,200 for LT. We maintain BUY rating on LT.

**Exhibit 10: We expect stronger order inflow and revenue CAGR in next decade vs. last decade for LT**



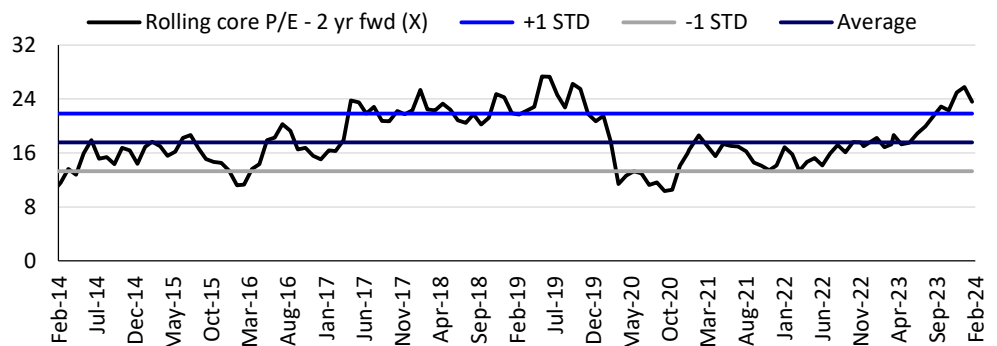
Source: Company, MOFSL

**Exhibit 11: NWC-to-sales in past used to be much higher, which will now be lower as LT focuses on reducing NWC**



Source: Company, MOFSL

**Exhibit 12: Better growth and improved NWC leading to higher valuations for core EPC, adjusted for subsidiary valuations as compared to past**



Source: Company, Bloomberg, MOFSL



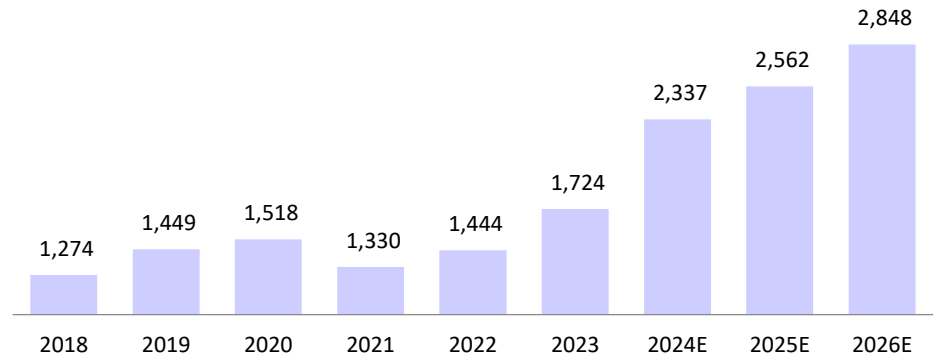
**Exhibit 13: LT- SoTP-based target price (INR/share)**

	Earnings/ Book (FY24) (INR m)	Target multiple (X)	Value (INR b)	Valuation basis	Stake (%)	Value (INR b)	March-26 Per share (INR)
Core E&C business (consolidated)	83,066	28	2,326	P/E	100.0	2,326	2,839
L&T Finance Holdings			497	(at MOFSL TP)	66.0	328	267
LTI-Mindtree			1,953	(at MOFSL TP)	68.7	1,342	1,093
L&T Technology Services			659	(at MOFSL TP)	73.8	486	396
IDPL- Roads, Transmission	24,000	1.2	29	Based on deal	51.0	15	14
Hyderabad Metro	24,390	1.0	24	P/B	100.0	24	23
Power Development	26,000	1.0	26	P/B	100.0	26	25
<b>Total subsidiaries</b>				25% holding co. disc.		1,666	1,364
<b>Grand total</b>							<b>4,200</b>

Source: Company, MOFSL

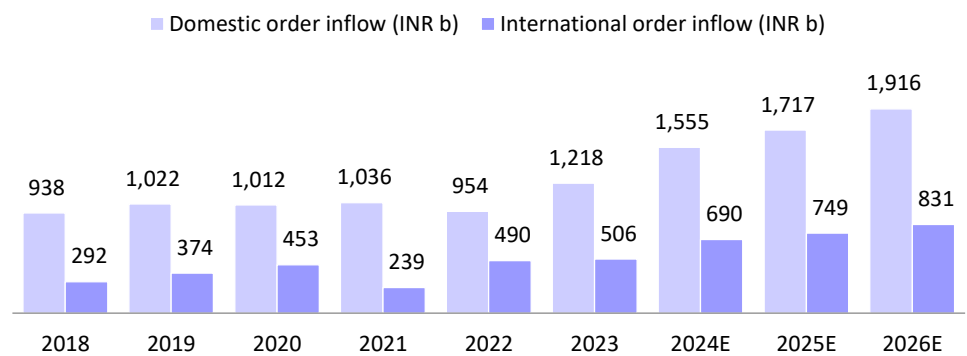
## Financial outlook

Exhibit 14: Overall order inflow trend (INR b)



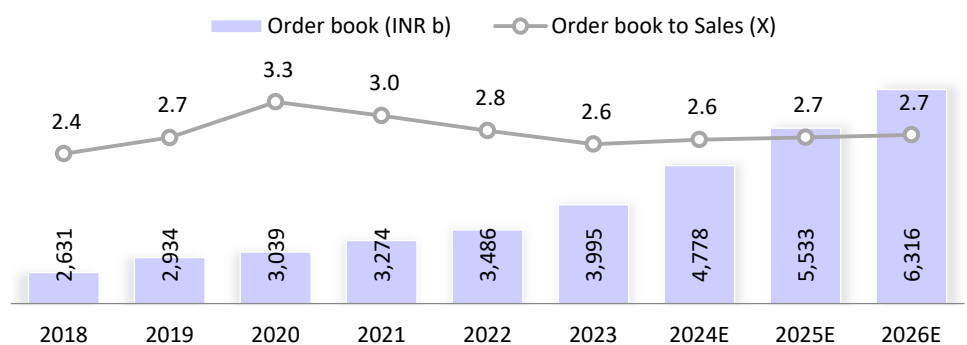
Source: Company, MOFSL

Exhibit 15: Geography-wise order inflow trend



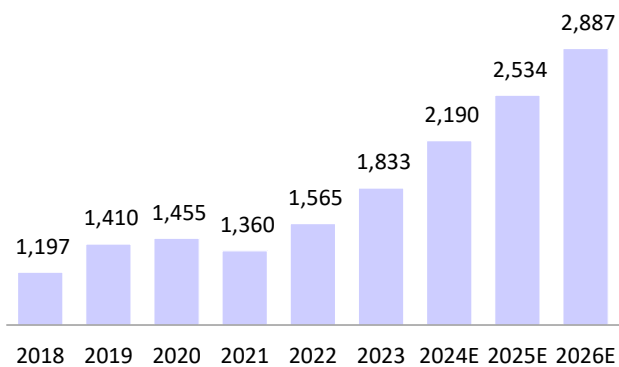
Source: Company, MOFSL

Exhibit 16: Robust tendering pipeline to support order book growth



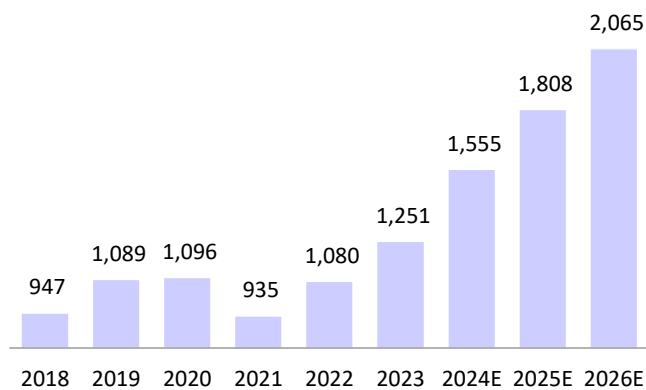
Source: Company, MOFSL

**Exhibit 17: Consolidated revenue trend (INR b)**



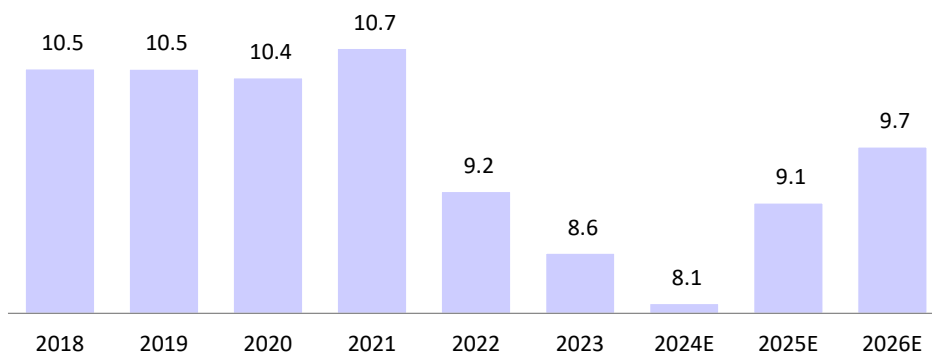
Source: Company, MOFSL

**Exhibit 18: Core E&C revenue trend (INR b)**



Source: Company, MOFSL

**Exhibit 19: E&C EBITDA margin to improve as legacy projects are completed (%)**



Source: Company, MOFSL

## Financials and Valuation

### Consolidated – Income Statement

(INR Million)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Total Income from Operations</b>	<b>14,54,523</b>	<b>13,59,790</b>	<b>15,65,212</b>	<b>18,33,407</b>	<b>21,90,469</b>	<b>25,33,617</b>	<b>28,86,554</b>
Change (%)	3.2	-6.5	15.1	17.1	19.5	15.7	13.9
Employees Cost	2,31,140	2,47,620	2,97,313	3,72,358	4,44,876	5,14,568	5,86,249
Other Expenses	86,468	88,920	88,341	87,493	1,15,788	1,17,911	1,21,730
<b>Total Expenditure</b>	<b>12,91,232</b>	<b>12,03,549</b>	<b>13,83,039</b>	<b>16,25,785</b>	<b>19,53,668</b>	<b>22,43,705</b>	<b>25,43,650</b>
% of Sales	88.8	88.5	88.4	88.7	89.2	88.6	88.1
<b>EBITDA</b>	<b>1,63,291</b>	<b>1,56,241</b>	<b>1,82,173</b>	<b>2,07,621</b>	<b>2,36,800</b>	<b>2,89,912</b>	<b>3,42,904</b>
Margin (%)	11.2	11.5	11.6	11.3	10.8	11.4	11.9
Depreciation	24,623	29,042	29,480	35,023	36,543	39,675	39,647
<b>EBIT</b>	<b>1,38,668</b>	<b>1,27,199</b>	<b>1,52,694</b>	<b>1,72,599</b>	<b>2,00,258</b>	<b>2,50,237</b>	<b>3,03,256</b>
Int. and Finance Charges	27,967	39,134	31,257	32,072	34,360	33,049	32,095
Other Income	23,609	34,294	22,671	29,292	37,345	40,914	43,185
<b>PBT bef. EO Exp.</b>	<b>1,34,310</b>	<b>1,22,358</b>	<b>1,44,107</b>	<b>1,69,819</b>	<b>2,03,243</b>	<b>2,58,102</b>	<b>3,14,347</b>
<b>PBT after EO Exp.</b>	<b>1,34,310</b>	<b>1,22,358</b>	<b>1,44,107</b>	<b>1,69,819</b>	<b>2,03,243</b>	<b>2,58,102</b>	<b>3,14,347</b>
Total Tax	32,632	40,593	42,166	44,930	53,579	68,039	77,108
Tax Rate (%)	24.3	33.2	29.3	26.5	26.4	26.4	24.5
Minority Interest	13,452	13,617	17,499	20,599	21,110	23,643	31,439
<b>Reported PAT</b>	<b>88,946</b>	<b>68,292</b>	<b>85,724</b>	<b>1,03,348</b>	<b>1,29,185</b>	<b>1,67,773</b>	<b>2,06,151</b>
Adjusted PAT	88,226.1	68,148.5	84,441.9	1,04,290.3	1,28,552.9	1,66,420.0	2,05,799.7
Change (%)	2.2	-22.8	23.9	23.5	23.3	29.5	23.7
Margin (%)	6.1	5.0	5.4	5.7	5.9	6.6	7.1

### Consolidated – Balance Sheet

(INR Million)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	2,808	2,809	2,810	2,811	2,749	2,749	2,749
Total Reserves	6,64,424	7,55,876	8,21,267	8,90,449	8,83,191	10,02,515	11,49,135
<b>Net Worth</b>	<b>6,67,232</b>	<b>7,58,685</b>	<b>8,24,077</b>	<b>8,93,260</b>	<b>8,85,939</b>	<b>10,05,264</b>	<b>11,51,884</b>
Minority Interest	95,208	1,20,515	1,29,661	1,42,422	1,63,785	1,88,353	2,16,606
Total Loans	14,10,071	13,46,291	12,55,080	12,06,504	12,38,303	12,71,641	13,05,141
Deferred Tax Liabilities	-23,935	-15,183	-18,008	-33,544	-33,544	-33,544	-33,544
Other liabilities	19,842	0	0	2,730	2,730	2,730	2,730
<b>Capital Employed</b>	<b>21,68,418</b>	<b>22,10,308</b>	<b>21,90,810</b>	<b>22,11,372</b>	<b>22,57,213</b>	<b>24,34,444</b>	<b>26,42,816</b>
Gross Block	4,97,473	5,70,322	5,31,013	5,94,017	6,54,221	7,13,414	7,75,320
Less: Accum. Deprn.	98,086	1,27,128	1,32,585	1,67,607	2,04,150	2,43,825	2,83,473
<b>Net Fixed Assets</b>	<b>3,99,387</b>	<b>4,43,193</b>	<b>4,27,368</b>	<b>4,26,410</b>	<b>4,50,070</b>	<b>4,69,589</b>	<b>4,91,847</b>
Capital WIP	76,783	5,034	20,006	40,544	21,937	21,937	21,937
<b>Total Investments</b>	<b>2,37,622</b>	<b>3,96,266</b>	<b>3,96,034</b>	<b>4,47,983</b>	<b>4,47,983</b>	<b>4,47,983</b>	<b>4,47,983</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>23,29,144</b>	<b>22,41,241</b>	<b>23,27,883</b>	<b>23,48,744</b>	<b>26,01,758</b>	<b>29,47,199</b>	<b>33,27,458</b>
Inventory	57,467	58,205	59,433	68,288	81,587	94,368	1,07,514
Account Receivables	4,07,315	4,22,298	4,61,389	4,47,315	5,04,425	5,83,446	6,64,721
Cash and Bank Balance	1,51,178	1,62,415	1,89,532	2,25,196	2,19,745	2,88,022	3,81,726
Loans and Advances	10,61,171	9,90,912	9,55,424	8,88,851	9,36,861	9,87,635	10,41,340
Others	6,52,013	6,07,412	6,62,105	7,19,094	8,59,140	9,93,729	11,32,157
<b>Curr. Liability &amp; Prov.</b>	<b>8,74,518</b>	<b>8,75,427</b>	<b>9,80,481</b>	<b>10,52,310</b>	<b>12,64,536</b>	<b>14,52,265</b>	<b>16,46,409</b>
Account Payables							
Other Current Liabilities	8,39,923	8,37,703	9,38,744	10,08,678	12,12,105	13,92,051	15,78,144
Provisions	34,595	37,725	41,737	43,632	52,431	60,215	68,265
<b>Net Current Assets</b>	<b>14,54,626</b>	<b>13,65,814</b>	<b>13,47,402</b>	<b>12,96,435</b>	<b>13,37,222</b>	<b>14,94,934</b>	<b>16,81,049</b>
<b>Misc Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Appl. of Funds</b>	<b>21,68,418</b>	<b>22,10,308</b>	<b>21,90,810</b>	<b>22,11,372</b>	<b>22,57,213</b>	<b>24,34,444</b>	<b>26,42,816</b>

## Financials and Valuation

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>64</b>	<b>50</b>	<b>61</b>	<b>76</b>	<b>94</b>	<b>121</b>	<b>150</b>
Cash EPS	82.1	70.7	82.9	101.4	120.1	150.0	178.6
BV/Share	485.5	552.0	599.6	649.9	644.6	731.4	838.1
DPS	18.0	36.0	22.0	22.0	27.1	35.3	43.3
Payout (%)	33.1	86.2	35.3	29.3	28.9	28.9	28.9
<b>Valuation (x)</b>							
P/E	52.8	68.4	55.2	44.7	36.2	28.0	22.6
Cash P/E	41.3	47.9	40.9	33.4	28.2	22.6	19.0
P/BV	7.0	6.1	5.7	5.2	5.3	4.6	4.0
EV/Sales	4.1	4.3	3.7	3.1	2.6	2.2	1.9
EV/EBITDA	36.2	37.4	31.4	27.2	24.0	19.5	16.3
Dividend Yield (%)	0.5	1.1	0.6	0.6	0.8	1.0	1.3
FCF per share	24.7	159.5	117.3	138.1	81.7	66.8	89.9
<b>Return Ratios (%)</b>							
RoE	13.7	9.6	10.7	12.1	14.5	17.6	19.1
RoCE	6.2	5.2	5.9	7.1	8.3	9.7	11.0
RoIC	6.8	5.1	6.7	8.2	9.6	11.4	13.2
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	2.9	2.4	2.9	3.1	3.3	3.6	3.7
Asset Turnover (x)	0.7	0.6	0.7	0.8	1.0	1.0	1.1
Inventory (Days)	14	16	14	14	14	14	14
Debtor (Days)	102	113	108	89	84	84	84
Creditor (Days)	0	0	0	0	0	0	0
<b>Leverage Ratio (x)</b>							
Current Ratio	2.7	2.6	2.4	2.2	2.1	2.0	2.0
Interest Cover Ratio	5.0	3.3	4.9	5.4	5.8	7.6	9.4
Net Debt/Equity	1.5	1.0	0.8	0.6	0.6	0.5	0.4

### Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	1,43,142	2,30,263	1,44,107	1,69,730	1,82,765	2,35,812	2,83,259
Depreciation	24,623	29,042	29,480	35,023	36,543	39,675	39,647
Interest & Finance Charges	19,669	25,358	20,721	13,897	34,360	33,049	32,095
Direct Taxes Paid	-40,465	-34,710	-45,521	-51,272	-53,579	-68,039	-77,108
(Inc)/Dec in WC	-77,838	99,702	47,566	53,791	-46,238	-89,435	-92,411
<b>CF from Operations</b>	<b>69,131</b>	<b>3,49,655</b>	<b>1,96,352</b>	<b>2,21,170</b>	<b>1,53,850</b>	<b>1,51,062</b>	<b>1,85,482</b>
Others	-2,192	-1,21,213	-4,717	6,600	0	0	0
<b>CF from Operating incl EO</b>	<b>66,939</b>	<b>2,28,441</b>	<b>1,91,636</b>	<b>2,27,770</b>	<b>1,53,850</b>	<b>1,51,062</b>	<b>1,85,482</b>
(Inc)/Dec in FA	-32,994	-9,223	-30,399	-37,934	-41,597	-59,194	-61,905
<b>Free Cash Flow</b>	<b>33,944</b>	<b>2,19,218</b>	<b>1,61,237</b>	<b>1,89,835</b>	<b>1,12,253</b>	<b>91,868</b>	<b>1,23,577</b>
(Pur)/Sale of Investments	38,802	-1,75,595	-24,225	-89,546	0	0	0
Others	-88,371	1,30,530	17,947	44,363	0	0	0
<b>CF from Investments</b>	<b>-82,563</b>	<b>-54,289</b>	<b>-36,677</b>	<b>-83,117</b>	<b>-41,597</b>	<b>-59,194</b>	<b>-61,905</b>
Issue of Shares	176	159	110	103	-99,200	0	0
Inc/(Dec) in Debt	1,38,176	-87,325	-84,131	-44,967	31,798	33,339	33,500
Interest Paid	-28,522	-33,213	-33,751	-34,701	-34,360	-33,049	-32,095
Dividend Paid	-45,513	-40,325	-25,284	-30,914	-37,305	-48,448	-59,531
Others	-601	7,960	-8,758	-5,247	21,363	24,568	28,253
<b>CF from Fin. Activity</b>	<b>63,716</b>	<b>-1,52,744</b>	<b>-1,51,815</b>	<b>-1,15,725</b>	<b>-1,17,704</b>	<b>-23,591</b>	<b>-29,873</b>
<b>Inc/Dec of Cash</b>	<b>48,092</b>	<b>21,409</b>	<b>3,144</b>	<b>28,928</b>	<b>-5,451</b>	<b>68,277</b>	<b>93,704</b>
Opening Balance	1,17,262	1,51,178	1,62,415	1,89,532	2,25,196	2,19,745	2,88,022
Closing Balance	1,51,178	1,62,415	1,89,532	2,25,196	2,19,745	2,88,022	3,81,726

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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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