

Larsen & Toubro

Estimate changes



TP change



Rating change



CMP: INR3,633

TP: INR4,200 (+5%)

Buy

Strong order pipeline boosts growth outlook

3Q performance supported by robust order inflows

Bloomberg	LT IN EQUITY
Equity Shares (m)	1,405
M.Cap.(INRb)/(USD\$)	5,097.3/61.3
52-Week Range (INR)	3,734/2,068
1, 6, 12 Rel. Per (%)	4 / 30/44
12M Avg Val (INR M)	5,385.4

Financials Snapshot (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)	38.8	30.0	24.3
P/BV (X)	5.6	5.0	4.3
EV/EBITDA (X)	25.4	20.6	17.3
Div Yield (%)	0.7	1.0	1.2

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

LT's 3QFY24 revenue beat our estimates, but lower-than-expected margins led to a miss in PAT. The company reported 19%/14%/15% YoY growth in revenue/EBITDA/PAT on a consolidated basis. Core E&C revenue and EBITDA grew by 25%/13% YoY in 3QFY24. LT has been benefiting from strong inflows, particularly from international geographies, and has received orders worth INR1.8t during 9MFY24 for its core E&C segment. The company has maintained its focus on mega and ultra-mega projects and has been able to improve working capital YoY to 16.6% of sales. However, margins are still below the guidance owing to legacy order execution and new orders still not achieving the margin recognition threshold. We expect LT to continue to benefit from the strong addressable market in both India and international locations. We revise our estimates to bake in improved inflows and lower margins. We increase our TP to INR4,200 based on the SOTP methodology, valuing the core business at P/E of 28x Mar'26E EPS and a 25% holding company discount for subsidiaries. Our higher multiple takes into account the continuously improving prospect pipeline and improvements in NWC and RoE, despite margins being lower than guidance. We maintain BUY on LT.

Revenue beat estimate, but margin was a miss

Consolidated revenue grew 19% YoY to INR551b in 3QFY24, ahead of our estimate. EBITDA rose 14% YoY to INR57.5b but came in 7% below our estimate due to lower-than-expected margins in the core E&C segment. PAT grew 15% YoY to INR29.5b. Core E&C revenue increased by 25% YoY to INR393b, ahead of our expectation. Margin declined ~80bp YoY to 7.7% vs. our expectation of 8.5%. Thus, core EBITDA grew 13% YoY to INR30b. Working capital improved further to 16.6% of sales for core E&C and RoE inched up to 15.2%. The order inflow in 3Q stood at INR601b, up 32% YoY, resulting in a strong order book of INR4.7t. For FY24, LT has guided for 20%+ growth in order inflows, revenue growth in high-teens, and margins of 8.25-8.5%.

Total 4Q prospect pipeline up 29% YoY; Middle East pipeline remains strong

LT's order book grew 22% YoY to INR4.7t, with an order book-to-revenue ratio of 3x. Overall inflows were mainly driven by international business as domestic inflows remained weak in 9MFY24. LT's prospect pipeline for 4QFY24 stands at INR6.3t, up 29% compared to 4QFY23. The pipeline has been boosted by strong order inflows in the hydrocarbon segment. The infrastructure sector forms 65% of the overall prospects, while the hydrocarbon segment makes up 27%. Stable oil prices auger well for prospects in the hydrocarbon segment and improve overall prospects in the Middle East. The company is cautiously bidding for thermal power projects. The hi-tech energy segment is still small, with a prospect pipeline of INR160b, but it will grow at a fast pace.

LT well managing risks in international and Saudi-based projects

The share of international projects in the total order book has increased to 39%, with Saudi Arabia accounting for nearly 29% of the order book at INR1.35t. The Middle Eastern regions, particularly Saudi Arabia, are witnessing strong traction in the hydrocarbon and renewable energy segments. With the share of Saudi Arabia moving up, LT is managing risks well by investing in talent and building teams in international locations for projects in the hydrocarbon and energy transition verticals. LT has relocated a senior management team for large projects and has also localized contract management teams. The company bids for new projects after taking into account the client profile, project financing, payment terms and margins, and building sufficient cushion as most of these contracts are fixed-price in nature.

Focus remains on reducing working capital and improving return profile

LT has been focusing on reducing working capital through improved collections and better customer advances. Despite reporting lower margins than the guidance, the company was able to improve RoE by 280bp YoY to 15.2% as it reduced working capital by 240bp to 16.6% of sales. With expected improvements in margins in FY25, there is scope for further RoE expansion. We expect working capital to remain comfortable at around 17-18% of sales, as the overall project mix is changing in favor of projects that have low NWC, such as international and mega and ultra-mega projects.

Improving prospect pipeline and control over working capital to drive 26% PAT CAGR over next three years

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 FY25/26; 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 view

We increase our TP to INR4,200 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 on LT. Our higher multiple takes into account the continuously improving prospect pipeline and improvements in NWC and RoE despite margins being lower than guidance.

Key risks and concerns

A 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.

Consolidated - Quarterly Earnings												(INR m)
Y/E March - INR m	FY23				FY24E				FY23	FY24E	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)
Net Sales	3,58,532	4,27,626	4,63,897	5,83,352	4,78,824	5,10,240	5,51,278	6,50,127	18,33,407	21,90,469	5,38,430	2
YoY Change (%)	22.2	23.0	17.3	10.4	33.6	19.3	18.8	11.4	17.1	19.5	16.1	
Total Expenditure	3,18,965	3,78,632	4,13,166	5,15,022	4,30,137	4,53,921	4,93,688	5,75,922	16,25,785	19,53,668	4,76,434	
EBITDA	39,567	48,994	50,731	68,330	48,686	56,320	57,590	74,204	2,07,621	2,36,800	61,996	(7)
Margins (%)	11.0	11.5	10.9	11.7	10.2	11.0	10.4	11.4	11.3	10.8	11.5	
Depreciation	9,634	8,602	8,252	8,535	8,305	9,099	9,208	9,932	35,023	36,543	9,770	(6)
Interest	7,561	8,357	8,025	8,130	8,514	8,640	9,042	8,165	32,072	34,360	7,241	25
Other Income	6,947	7,385	7,550	7,409	11,456	11,330	8,378	6,182	29,292	37,345	7,936	6
PBT before EO expense	29,319	39,421	42,005	59,074	43,324	49,911	47,718	62,290	1,69,819	2,03,243	52,920	(10)
Extra-Ord expense			-1,360			0	0	0	-1,360	0	0	
PBT	29,319	39,421	43,365	59,074	43,324	49,911	47,718	62,290	1,71,179	2,03,243	52,920	(10)
Tax	6,389	11,229	12,705	14,606	12,163	11,355	11,773	18,289	44,930	53,579	13,230	
Rate (%)	21.8	28.5	29.3	24.7	28.1	22.8	24.7	29.4	26.2	26.4	25.0	
MI & P/L of Asso. Cos.	5,909	5,902	5,130	4,600	6,231	6,329	6,472	1,446	21,541	20,478	4,995	
Reported PAT	17,021	22,289	25,529	39,868	24,930	32,226	29,474	42,555	1,04,708	1,29,185	34,696	(15)
Adj PAT	17,021	22,289	24,568	39,868	24,930	32,226	29,474	42,555	1,03,705	1,29,185	34,696	(15)
YoY Change (%)	44.9	27.4	19.6	10.1	46.5	44.6	20.0	6.7	19.6	24.6	41.2	
Margins (%)	4.7	5.2	5.3	6.8	5.2	6.3	5.3	6.5	5.7	5.9	6.4	

Segmental analysis

INR m	FY23				FY24E				9MFY23	9MFY24	YoY (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Segmental revenue											
Consolidated (ex-services)	2,21,250	2,81,160	3,14,180	4,33,450	3,27,180	3,49,090	3,93,050	485,226	816,590	1069,320	30.9
Infrastructure Projects	1,41,810	1,93,700	2,19,440	3,12,220	2,20,580	2,46,130	2,78,450	339,986	554,950	745,160	34.3
Energy Projects	50,730	55,860	63,330	79,160	66,820	67,880	78,640	95,888	1,69,920	213,340	25.6
Hi-Tech Manufacturing	12,720	14,560	16,730	21,340	17,810	18,860	20,660	25,543	44,010	57,330	30.3
Others	15,990	17,040	14,680	20,730	21,970	16,220	15,300	23,808	47,710	53,490	12.1
IT & Technology Services	94,240	1,01,510	1,05,170	1,06,450	1,08,510	1,11,820	1,13,584	113,317	300,920	333,914	11.0
Financial Services	29,580	31,520	33,490	31,160	30,200	30,840	35,165	36,928	94,590	96,205	1.7
Development Projects	13,450	13,440	11,060	12,290	12,940	18,490	17,696	14,648	37,950	49,126	29.4
Total Revenues	3,58,520	4,27,630	4,63,900	5,83,350	4,78,830	5,10,240	5,59,494	650,119	1250,050	1548,564	23.9
Adjustments & eliminations											
Net reported revenue	3,58,520	4,27,630	4,63,900	5,83,350	4,78,830	5,10,240	5,59,494	650,119	1250,050	1548,564	23.9
Segmental EBITDA											
Consolidated (ex-services)	18,201	23,208	26,676	39,958	24,409	25,794	30,126	45,603	68,084	80,329	18.0
Infrastructure Projects	9,218	12,784	15,361	23,417	11,250	13,291	15,315	27,520	37,363	39,855	6.7
Energy Projects	4,312	4,748	5,510	8,233	6,081	6,449	7,628	8,770	14,570	20,157	38.3
Hi-Tech Manufacturing	1,921	2,694	2,928	4,204	2,992	2,810	3,450	4,836	7,542	9,252	22.7
Others	2,750	2,982	2,877	4,105	4,086	3,244	3,733	4,476	8,610	11,064	28.5
IT & Technology Services	20,921	22,231	20,193	21,184	22,353	22,588	24,988	23,233	63,345	69,929	10.4
Financial Services	3,845	6,399	2,947	6,886	7,429	8,234	3,516	8,828	13,191	19,180	45.4
Development Projects	605	699	-60	5,000	2,045	7,156	1,770	1,645	1,244	10,970	781.7
Total EBITDA	43,573	52,536	49,755	73,028	56,235	63,771	60,401	79,309	1,45,864	1,80,407	23.7
Net reported EBITDA	43,573	52,536	49,755	73,028	56,235	63,771	60,401	79,309	1,45,864	1,80,407	23.7
EBITDA margin (%)											
Consolidated (ex-services)	8.2	8.3	8.5	9.2	7.5	7.4	7.7	9.4	8.3	7.5	
Infrastructure Projects	6.5	6.6	7.0	7.5	5.1	5.4	5.5	8.1	6.7	5.3	
Energy Projects	8.5	8.5	8.7	10.4	9.1	9.5	9.7	9.1	8.6	9.4	
Hi-Tech Manufacturing	15.1	18.5	17.5	19.7	16.8	14.9	16.7	18.9	17.1	16.1	
Others	17.2	17.5	19.6	19.8	18.6	20.0	24.4	18.8	18.0	20.7	
IT & Technology Services	22.2	21.9	19.2	19.9	20.6	20.2	22.0	20.5	21.1	20.9	
Financial Services	13.0	20.3	8.8	22.1	24.6	26.7	10.0	23.9	13.9	19.9	
Development Projects	4.5	5.2	-0.5	40.7	15.8	38.7	10.0	11.2	3.3	22.3	
Total EBITDA margin (%)	12.2	12.3	10.7	12.5	11.7	12.5	10.8	12.2	11.7	11.6	
Net rep. EBITDA margin (%)	12.2	12.3	10.7	12.5	11.7	12.5	10.8	12.2	11.7	11.6	
Order inflow (INR m)	2,82,880	3,72,670	4,57,380	6,11,080	5,03,550	7,30,380	7,59,900		1544,290	2310,230	
Order book (INR m)	3634,480	3723,810	3865,880	3995,260	4154,690	4541,460	4698,070		3865,880	4698,070	

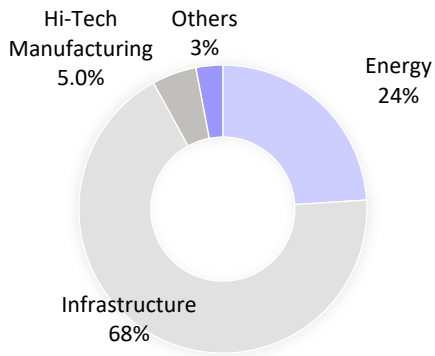


Conference call highlights

- **Record high order book:** Driven by a strong capex trend in the Middle East, 9MFY24 order inflows at INR1.8t for core E&C (+65% YoY) surpassed the FY23 level, taking the total order book to a record INR4.7t (+22% YoY). International orders accounted for 39% of the order book. Order inflows came mainly from the hydrocarbon, solar EPC & power transmission, water utilities, buildings & factories, and minerals & metals sectors. The domestic order book is comprised of orders from the central government (12%), state government (31%), state PSUs (35%), and private players (22%). About 18% of the order book is funded by multilateral agencies. The Middle East accounted for 92% of the international order book, with 80% of orders coming from Saudi Arabia. LT's exposure to Saudi Arabia stood at ~INR1.34t.
- **Core E&C performance:** Revenue grew 25% YoY to INR393b. Margin contracted ~80bp YoY to 7.7% on the back of legacy order execution and new jobs yet to reach the margin recognition threshold. The order inflow was robust at INR601.6b (+32% YoY). Near-term order prospects have improved to INR6.3t for 4QFY24 vs. INR4.9t in 4QFY23, largely driven by improving prospects in the Middle East.
- **4Q ordering pipeline robust:** The management has indicated a strong improvement in the prospect pipeline for 4Q at INR6.3t, especially from the hydrocarbon space in the Middle East. The infrastructure pipeline stood at INR4.1t spread across transportation (28%), metals and mining (17%), buildings & factories (19%), power T&D (4%), and heavy civil infra (16%). The energy segment pipeline stood at INR2t, comprising hydrocarbon (INR1.7t) and power (INR0.3t). High-tech manufacturing prospects stood at INR0.16t (flat YoY due to subdued progress in nuclear jobs).
- **Hyderabad Metro:** Average ridership improved to 444k pax per day vs. 394k in 3QFY23. Sequentially, however, it was lower vs. 462k pax per day due to fewer holidays in 2QFY24. Inter-corporate debt of ~INR30b was converted into equity, which could potentially result in interest cost savings of ~INR2.4b on Hyderabad Metro books.
- **Capex:** Electrolyser capex will be in the range of INR5-6b. On the data center front, ~INR6.5b has been capitalized, with a further planned investment of ~INR14b. Similarly, investment in semiconductors could be to the tune of INR8b/USD100m over the next two years; a part of this investment could potentially be earmarked for an inorganic expansion.
- **Guidance:** Since 9MFY24 order inflows have already surpassed the initial FY24 guidance, LT has increased the full-year guidance by 20% vs. FY23. Similarly, FY24 revenue growth guidance has been raised to high-teens from 10-12% earlier. However, given the job mix and completion stage, there would be a deferral of margin recognition to FY25. Accordingly, LT has revised core E&C margin guidance to the range of 8.25-8.5% vs. 8.5-9% earlier. The NWC-to-sales ratio will be broadly in the same range as the 3QFY24 level of 16.6%.
- **Outlook:** General elections could result in a temporary slowdown in domestic ordering momentum in 4QFY24 and 1QFY25. Private capex, though, is witnessing green shoots, but it is yet to see a full recovery. However, the order inflows from the Middle East remain strong in the hydrocarbon and renewable energy segments. Other geographies are a mixed bag in light of geopolitical tensions, inflation, economic slowdown, etc.

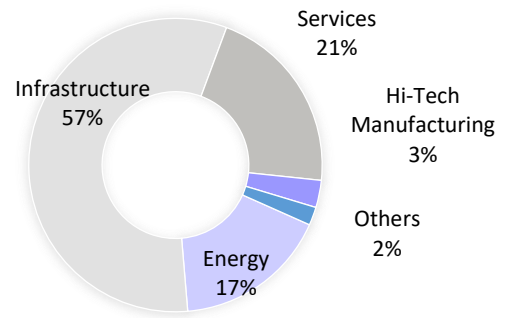
Key Exhibits

Exhibit 1: Segmental breakup of INR4.7t order book



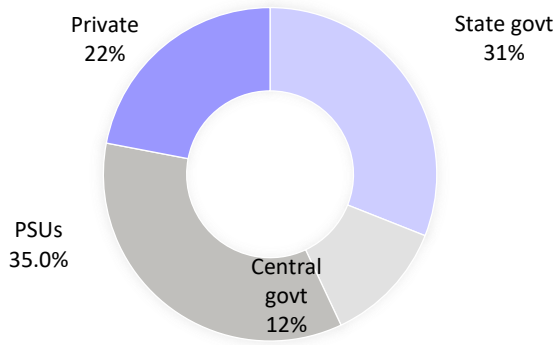
Source: MOFSL, Company

Exhibit 2: Segmental breakup of INR760b order inflows



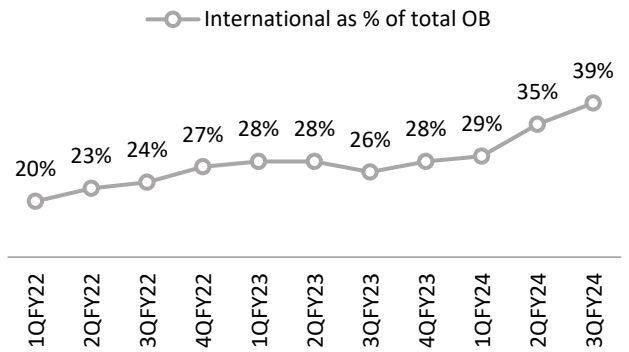
Source: MOFSL, Company

Exhibit 3: Order book largely comprises public sector orders (78%); private sector forms 22%



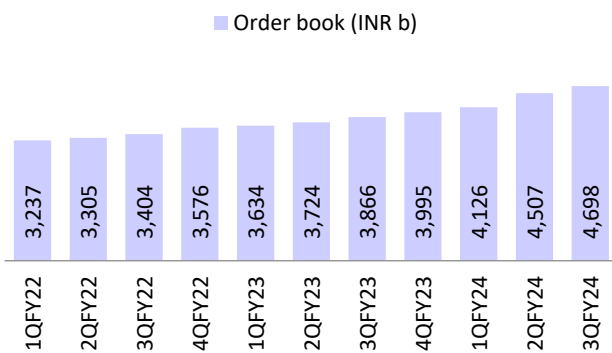
Source: MOFSL, Company

Exhibit 4: Share of international order jumped



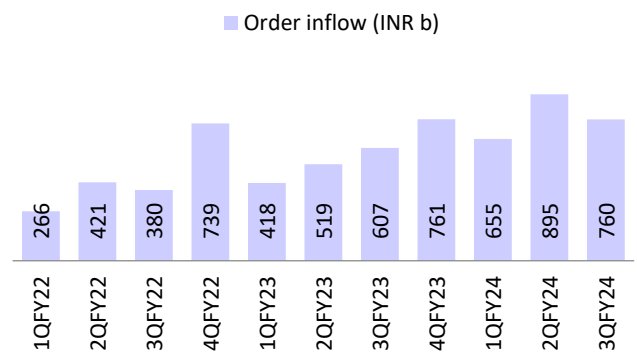
Source: MOFSL, Company

Exhibit 5: Order book has been robust in recent quarters boosted by inflows from Middle East



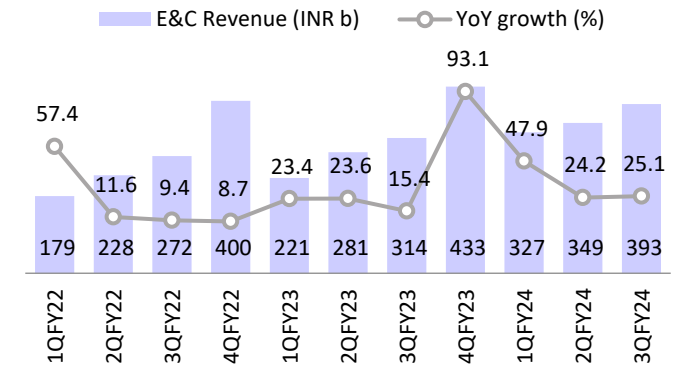
Source: MOFSL, Company

Exhibit 6: Strong traction in GCC leads to robust order inflows



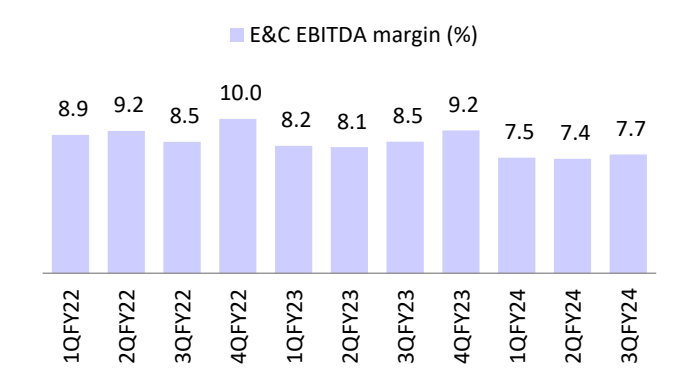
Source: MOFSL, Company

Exhibit 7: E&C revenue witnessing robust growth



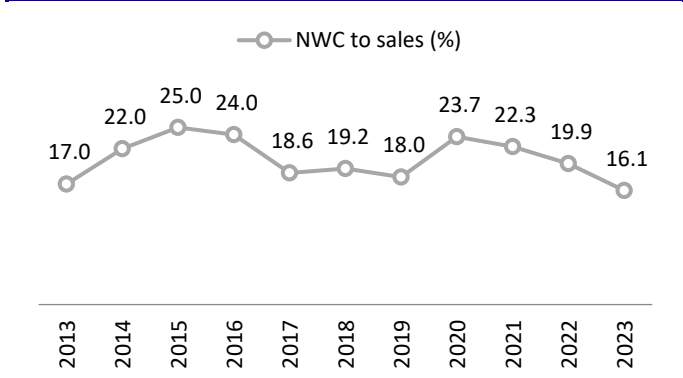
Source: MOFSL, Company

Exhibit 8: E&C EBITDA margin to remain in single digits



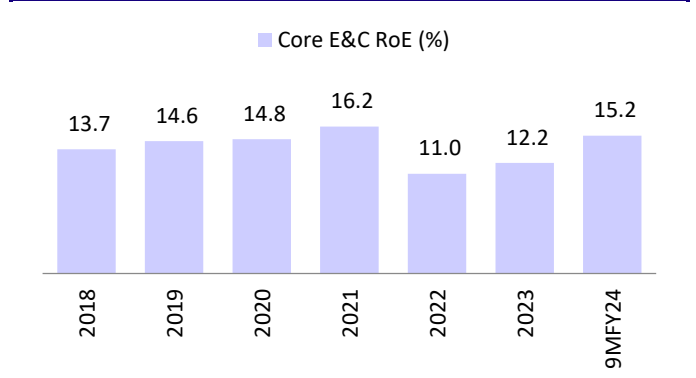
Source: MOFSL, Company

Exhibit 9: NWC-to-sales ratio has seen a steady decline



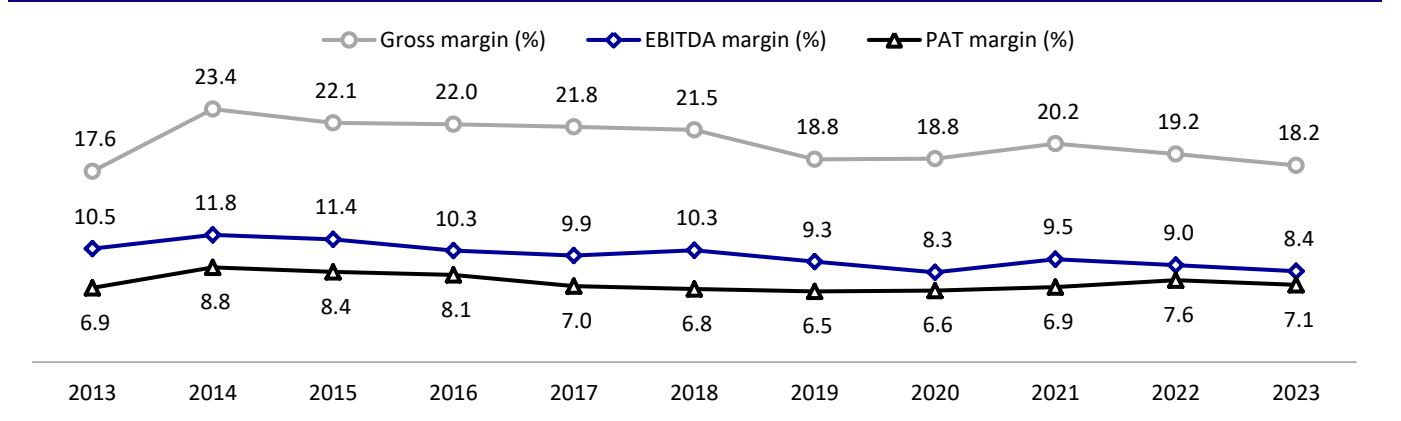
Source: MOFSL, Company

Exhibit 10: RoE witnessing gradual improvement



Source: MOFSL, Company

Exhibit 11: Legacy projects and RM inflation led to margin contraction in FY23



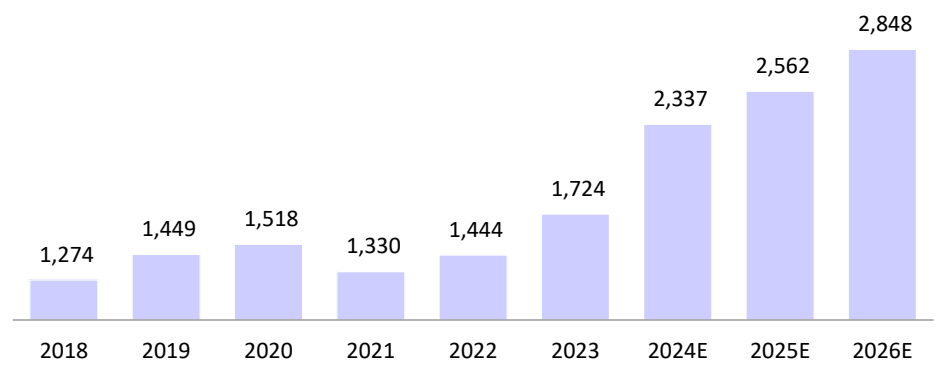
Source: Company, MOFSL

Exhibit 12: Changes in estimates

(INR M)	FY24E			FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	21,90,469	20,96,541	4.5	25,33,617	24,27,430	4.4	28,86,554	27,70,633	4.2
EBITDA	2,36,800	2,42,563	(2.4)	2,89,912	2,89,939	(0.0)	3,42,904	3,32,698	3.1
EBITDA (%)	10.8	11.6	-76 bps	11.4	11.9	-50 bps	11.9	12.0	-13 bps
Adj. PAT	1,28,553	1,34,135	(4.2)	1,66,420	1,66,128	0.2	2,05,800	2,01,920	1.9
EPS (INR)	93.5	97.6	(4.2)	121.1	120.9	0.2	149.7	146.9	1.9

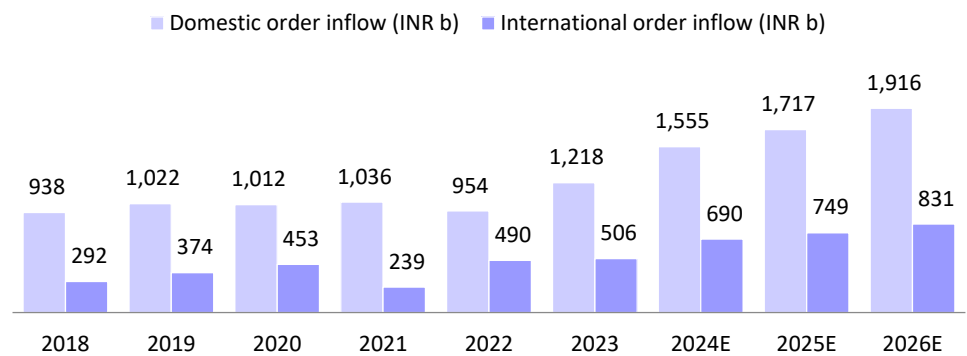
Source: MOFSL

Exhibit 13: Overall order inflow trend (INR b)



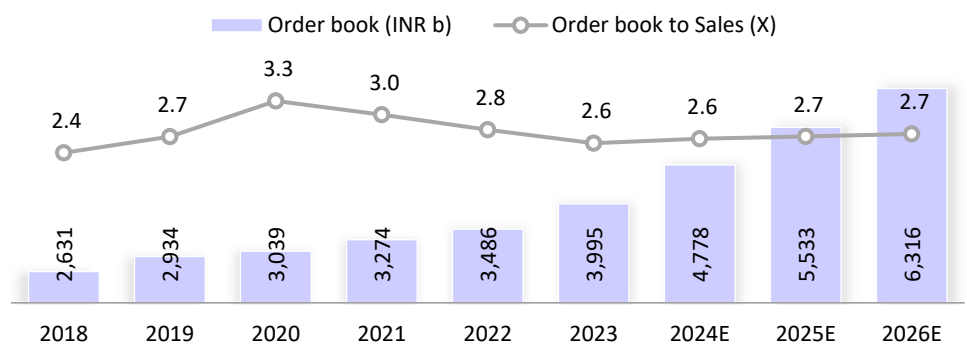
Source: Company, MOFSL

Exhibit 14: Geography-wise order inflow trend

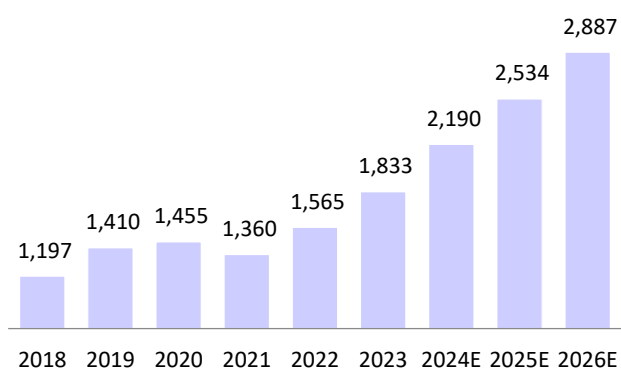


Source: Company, MOFSL

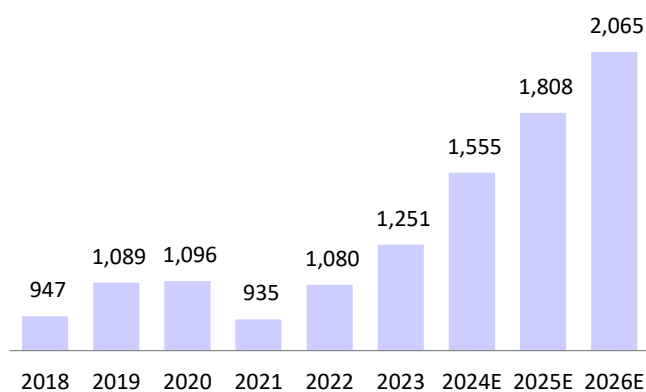
Exhibit 15: Robust tendering pipeline to support order book growth



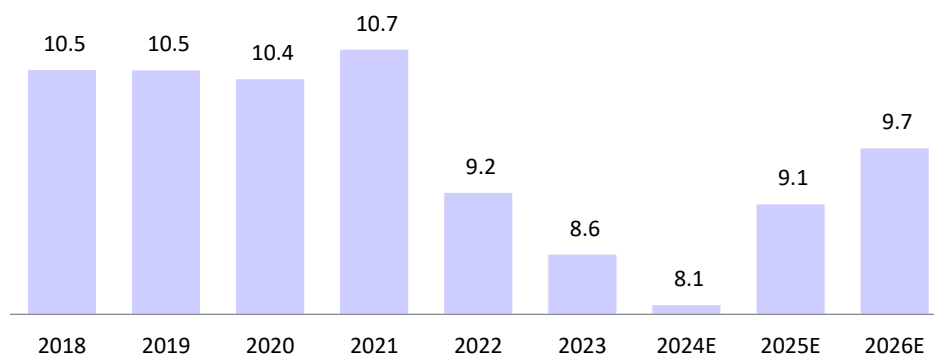
Source: Company, MOFSL

Exhibit 16: Consolidated revenue trend (INR b)

Source: Company, MOFSL

Exhibit 17: Core E&C revenue trend (INR b)

Source: Company, MOFSL

Exhibit 18: E&C EBITDA margin to improve as legacy projects are completed (%)

Source: Company, MOFSL

Exhibit 19: 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
Total subsidiaries				25% holding co. disc.		1,666	1,364
Grand total							4,200

Source: Company, MOFSL

Financials and Valuation

Income Statement								(INR Million)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	
Net Sales	14,54,523	13,59,790	15,65,212	18,33,407	21,90,469	25,33,617	28,86,554	
change%	3.2	(6.5)	15.1	17.1	19.5	15.7	13.9	
Gross Profit	1,63,291	1,56,241	1,82,173	2,07,621	2,36,800	2,89,912	3,42,904	
Gross margin%	11.2	11.5	11.6	11.3	10.8	11.4	11.9	
Total Expense	12,91,232	12,03,549	13,83,039	16,25,785	19,53,668	22,43,705	25,43,650	
EBITDA	1,63,291	1,56,241	1,82,173	2,07,621	2,36,800	2,89,912	3,42,904	
EBITDA 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	
EBIT	1,38,668	1,27,199	1,52,694	1,72,599	2,00,258	2,50,237	3,03,256	
Interest and finance charge	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	
PBT Before EO	1,34,310	1,22,358	1,44,107	1,69,819	2,03,243	2,58,102	3,14,347	
PBT after EO	1,34,310	1,22,358	1,44,107	1,69,819	2,03,243	2,58,102	3,14,347	
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	
Reported PAT	88,226	68,149	84,442	1,04,290	1,28,553	1,66,420	2,05,800	
Adjusted PAT	88,226	68,149	84,442	1,04,290	1,28,553	1,66,420	2,05,800	
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	

E: MOFSL estimates

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	
Net worth	6,67,232	7,58,685	8,24,077	8,93,260	8,85,939	10,05,264	11,51,884	
Other Liability + Def Tax Liabilities	(23,935)	(15,183)	(18,008)	(33,544)	(33,544)	(33,544)	(33,544)	
Minority Interest	95,208	1,20,515	1,29,661	1,42,422	1,63,785	1,88,353	2,16,606	
Capital Employed	21,48,576	22,10,308	21,90,810	22,08,642	22,54,483	24,31,714	26,40,087	
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 Dep	98,086	1,27,128	1,32,585	1,67,607	2,04,150	2,43,825	2,83,473	
Fixed Asset (Net Block)	3,99,387	4,43,193	3,98,429	4,26,410	4,50,070	4,69,589	4,91,847	
CWIP	76,783	5,034	20,006	40,544	21,937	21,937	21,937	
Goodwill	-	-	-	-	-	-	-	
Total Investment	2,37,622	3,96,266	3,96,034	4,47,983	4,47,983	4,47,983	4,47,983	
Curr. Assets Loans & Advances	21,77,966	20,78,826	21,38,351	21,23,549	23,82,013	26,59,178	29,45,732	
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	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	
Current Liab and Provision	8,94,359	8,75,427	9,80,481	10,55,039	12,67,266	14,54,995	16,49,139	
Account Payables	-	-	-	-	-	-	-	
Other current liabilities	8,59,764	8,37,703	9,38,744	10,11,408	12,14,834	13,94,780	15,80,874	
Provision	34,595	37,725	41,737	43,632	52,431	60,215	68,265	
Net Current Assets	12,83,607	12,03,399	11,57,870	10,68,509	11,14,748	12,04,183	12,96,594	
Application of Funds	21,48,576	22,10,308	21,61,870	22,08,642	22,54,483	24,31,714	26,40,087	

E: MOFSL estimates

Financials and Valuation

Ratios							
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)							
EPS	64.2	49.6	61.4	75.9	93.5	121.1	149.7
Cash EPS	82.1	70.7	82.9	101.4	120.1	150.0	178.6
Book Value	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 (incl. div. text)	0.3	0.9	0.4	0.3	0.3	0.3	0.3
Valuation (X)							
P/E	57.8	74.8	60.4	48.9	38.8	30.0	24.3
Cash P/E	45.2	52.4	44.7	36.6	30.2	24.2	20.3
Price/ Book Value	7.6	6.7	6.2	5.7	5.6	5.0	4.3
EV/Sales	4.3	4.6	3.9	3.3	2.7	2.4	2.0
EV/EBITDA	38.7	40.0	33.6	29.1	25.4	20.6	17.3
Div Yield (%)	0.5	1.0	0.6	0.6	0.7	1.0	1.2
Profitability Ratios (%)							
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
Turnover Ratios (x)							
Asset Turnover (x)	0.7	0.6	0.7	0.8	1.0	1.1	1.1
Debtors (No. of days)	102	113	108	89	84	84	84
Inventory (No. of days)	14	16	14	14	14	14	14
Creditors (No. of days)	-	-	-	-	-	-	-
Leverage Ratios (%)							
Net Debt/ Equity (x)	1.5	1.0	0.8	0.6	0.6	0.5	0.4

E: MOFSL estimates

Cash Flow Statement								(INR Million)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	
Adj EBITDA	1,63,291	1,56,241	1,82,173	2,07,621	2,36,800	2,89,912	3,42,904	
Non-Cash Op. Exp (Inc)	4,474	1,03,064	(8,586)	(2,869)	(17,493)	(14,426)	(19,997)	
(Inc)/Dec in Wkg Cap	(77,838)	99,702	47,566	53,791	(46,238)	(89,435)	(92,411)	
Tax Paid	(40,465)	(34,710)	(45,521)	(51,272)	(53,579)	(68,039)	(77,108)	
Other Operating Activities	17,476	(95,856)	16,004	20,497	34,360	33,049	32,095	
CF. From Op Activity	66,939	2,28,441	1,91,636	2,27,770	1,53,850	1,51,062	1,85,482	
(Inc)/Dec in FA & CWIP	(32,994)	(9,223)	(30,399)	(37,934)	(41,597)	(59,194)	(61,905)	
Free Cash flows	33,944	2,19,218	1,61,237	1,89,835	1,12,253	91,868	1,23,577	
(Pur)/ Sale of inv	38,802	(1,75,595)	(24,225)	(89,546)	-	-	-	
others	(88,371)	1,30,530	17,947	44,363	-	-	-	
CF. From Inv Activity	(49,568)	(45,065)	(6,278)	(45,183)	-	-	-	
(Inc)/ Dec in net worth	176	159	110	103	(99,200)	-	-	
(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 (Incl.tax)	(45,513)	(40,325)	(25,284)	(30,914)	(37,305)	(48,448)	(59,531)	
CF. From Fin Activity	63,716	(1,52,744)	(1,51,815)	(1,15,725)	(1,17,704)	(23,591)	(29,873)	
(Inc)/dec in cash	48,092	21,409	3,144	28,928	(5,451)	68,277	93,704	
Add: Opening Balance	1,03,086	1,41,006	1,86,388	1,96,268	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	

E: MOFSL estimates

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NOTES

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UNDER REVIEW	Rating may undergo a change
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