

VA Tech Wabag

| | |
|-----------------|---|
| Estimate change | ↑ |
| TP change | ↔ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | VATW IN |
| Equity Shares (m) | 62 |
| M.Cap.(INRb)/(USDb) | 75.7 / 0.8 |
| 52-Week Range (INR) | 1680 / 1033 |
| 1, 6, 12 Rel. Per (%) | 2/-24/-22 |
| 12M Avg Val (INR M) | 532 |

Financials & Valuations (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|----------------|-------|-------|-------|
| Sales | 38.8 | 45.0 | 52.4 |
| EBITDA | 4.9 | 6.4 | 7.6 |
| Adj. PAT | 4.0 | 4.5 | 5.5 |
| Adj. EPS (INR) | 64.3 | 73.1 | 88.0 |
| EPS Gr. (%) | 35.1 | 13.6 | 20.4 |
| BV/Sh. (INR) | 404.2 | 469.3 | 547.3 |

Ratios

| | | | |
|------------|------|------|------|
| RoE (%) | 15.9 | 15.6 | 16.1 |
| RoCE (%) | 22.2 | 22.4 | 23.3 |
| Payout (%) | 9.2 | 10.9 | 11.4 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 18.9 | 16.6 | 13.8 |
| P/BV (x) | 3.0 | 2.6 | 2.2 |
| EV/EBITDA (x) | 13.7 | 10.2 | 8.1 |
| Div. Yield (%) | 0.5 | 0.7 | 0.8 |

Shareholding pattern (%)

| As On | Dec-25 | Sep-25 | Dec-24 |
|----------|--------|--------|--------|
| Promoter | 19.1 | 19.1 | 19.1 |
| DII | 4.3 | 4.5 | 2.0 |
| FII | 19.0 | 18.4 | 18.9 |
| Others | 57.6 | 58.0 | 60.0 |

CMP: INR1,215 TP: INR1,900 (+56%) Buy

Healthy 3Q; robust outlook and cash flows to drive re-rating

Revenue/adj. EBITDA/adj. PAT grow 19%/25%/37% YoY in 3QFY26

- VA Tech Wabag (VATW) reported a healthy in-line result in 3QFY26 as its revenue/adj. EBITDA/adj. PAT grew 19%/25%/37% YoY.
- Adj. EBITDA margin expanded 67bp YoY to 13.6%, within the guided range of 13-15%. VATW treats forex gains/losses as part of its core operations. Hence, analyzing adjusted margins is more meaningful.
- Net cash stood at INR8.9b (over INR10b excluding HAM projects).
- RoW revenue surged 76% YoY, with EBIT margin of 26.6% (up 47bp YoY).
- India revenue declined 16% YoY, with EBIT margin of 20.2% (up 176bp YoY).
- EPC revenue (83% mix) grew 21% YoY, whereas O&M revenue rose 9% YoY.
- Municipal contributed 84% to revenue while Industrial at 16% of mix.
- In 9M, revenue/adj. EBITDA/adj. PAT grew 18%/17%/26% YoY.

Key highlights from the management commentary

- All major projects are progressing well in line with the execution timeline.
- Focus remains on profitable growth and overseas markets. Middle East remains at the top, followed by CIS and African markets. Indian market is also gaining momentum, with tenders in advanced stages of finalization.
- Middle East and other overseas projects are relatively better in terms of working capital cycle and cash flows compared to Indian projects.
- The company secured fresh orders of INR47b+ during 9MFY26. Moreover, it is a preferred bidder in projects worth over INR30b.
- It secured break-through orders in the future energy solutions sector for CBG plant in Uttar Pradesh and UPW, ETP, and ZLD for Renewsys in Hyderabad.
- The current order book of over INR160b (~5x FY25 revenue) supports 15-20% revenue CAGR guidance for the next 3-4 years.
- While the current order book is more inclined toward EPC projects having high volumes and relatively lower margins, VATW's focus remains on profitable growth by selective bidding in high-margin EPC and O&M jobs.

Valuation and view: Reiterate BUY

- We broadly maintain our earnings estimates after healthy in-line 3QFY26 results. After delivering a CAGR of 4%/18%/28% in revenue/EBITDA/PAT over FY21-25, we estimate a CAGR of 17%/22%/23% over FY25-28.
- VATW's current order book of over INR160b (~5x FY25 revenue), preferred-bidder status in orders worth INR30b, and a strong bid pipeline of INR150-200b provide strong 15-20% revenue growth visibility for the next 3-4 years.
- A greater focus on executing large-scale projects and high-margin segments such as EP, Industrial, and O&M augurs well for margins.
- The outlook for strong FCF generation, an INR10b+ net cash status, and expansion in return ratios makes VATW's scrip attractive at ~17x FY27E P/E.
- We, thus, reiterate our BUY rating and a TP of INR1,900, based on 26x FY27E P/E. ([our IC note dated Jul'25](#)).

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Quarterly Performance

(INRM)

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26E | Var |
|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|-----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | | | 3Q Est. | % |
| Net Sales | 6,265 | 7,003 | 8,110 | 11,562 | 7,340 | 8,345 | 9,613 | 13,545 | 32,940 | 38,843 | 9,428 | 2 |
| YoY Change (%) | 13.3 | 5.3 | 15.1 | 23.8 | 17.2 | 19.2 | 18.5 | 17.2 | 15.3 | 17.9 | 16.2 | |
| Total Expenditure | 5,452 | 6,067 | 7,106 | 10,154 | 6,384 | 7,452 | 8,398 | 11,679 | 28,717 | 33,913 | 8,177 | |
| EBITDA - reported | 813 | 936 | 1,004 | 1,408 | 956 | 893 | 1,215 | 1,866 | 4,223 | 4,930 | 1,251 | -3 |
| Margins (%) | 13.0 | 13.4 | 12.4 | 12.2 | 13.0 | 10.7 | 12.6 | 13.8 | 12.8 | 12.7 | 13.3 | |
| EBITDA - adjusted to forex gain | 759 | 1,030 | 1,051 | 1,400 | 820 | 1,205 | 1,310 | 1,916 | 4,240 | 5,251 | 1,301 | 1 |
| Margins (%) | 12.1 | 14.7 | 13.0 | 12.1 | 11.2 | 14.4 | 13.6 | 14.1 | 12.9 | 13.5 | 13.8 | |
| Depreciation | 19 | 13 | 13 | 14 | 14 | 17 | 16 | 15 | 59 | 62 | 15 | |
| Interest | 180 | 190 | 203 | 215 | 188 | 196 | 179 | 174 | 788 | 737 | 201 | |
| Other Income | 108 | 138 | 148 | 114 | 113 | 416 | 232 | 300 | 446 | 1,061 | 150 | |
| PBT before EO expense | 722 | 871 | 936 | 1,293 | 867 | 1,096 | 1,252 | 1,977 | 3,822 | 5,192 | 1,185 | |
| Extra-Ord expense | 0 | 0 | 0 | 0 | 0 | 0 | -47 | 0 | 0 | -47 | 0 | |
| PBT | 722 | 871 | 936 | 1,293 | 867 | 1,096 | 1,299 | 1,977 | 3,822 | 5,239 | 1,185 | |
| Tax | 152 | 221 | 207 | 316 | 209 | 260 | 300 | 465 | 896 | 1,234 | 278 | |
| Rate (%) | 21.1 | 25.4 | 22.1 | 24.4 | 24.1 | 23.7 | 23.1 | 23.5 | 23.4 | 23.5 | 23.5 | |
| Minority Interest | -2 | -3 | 0 | 0 | 0 | 0 | -4 | 0 | -5 | -4 | 0 | |
| Profit/Loss of Asso. Cos. | -22 | 53 | -27 | 18 | 0 | 12 | 8 | 6 | 22 | 26 | 6 | |
| Reported PAT | 550 | 706 | 702 | 995 | 658 | 848 | 1,011 | 1,518 | 2,953 | 4,035 | 912 | |
| Adj PAT | 550 | 706 | 702 | 995 | 658 | 848 | 964 | 1,518 | 2,953 | 3,988 | 912 | 6 |
| YoY Change (%) | 10.0 | 17.3 | 11.6 | 37.4 | 19.6 | 20.1 | 37.3 | 52.6 | 20.2 | 36.7 | 29.9 | |
| Margins (%) | 8.8 | 10.1 | 8.7 | 8.6 | 9.0 | 10.2 | 10.0 | 11.2 | 9.0 | 10.3 | 9.7 | |

E: MOFSL Estimates

Operating Metrics

| Y/E March | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | % YoY | % QoQ |
|--|--------------|---------------|--------------|--------------|--------------|-----------------|-----------------|
| Segment-wise revenue break-up (INR m) | | | | | | | |
| EPC | 6,512 | 9,612 | 5,717 | 6,853 | 7,855 | 21 | 15 |
| Municipal | 4,601 | 8,219 | 4,182 | 5,381 | 6,549 | 42 | 22 |
| Industrial | 1,911 | 1,393 | 1,535 | 1,472 | 1,306 | (32) | (11) |
| O&M | 1,525 | 1,895 | 1,488 | 1,431 | 1,665 | 9 | 16 |
| Municipal | 1,341 | 1,624 | 1,235 | 1,155 | 1,423 | 6 | 23 |
| Industrial | 184 | 271 | 253 | 276 | 242 | 32 | (12) |
| Total revenue | 8,037 | 11,507 | 7,205 | 8,284 | 9,520 | 18 | 15 |
| % YoY | 15 | 24 | 17 | 19 | 19 | | |
| O&M mix | 19 | 16 | 21 | 17 | 17 | | |
| Industrial mix | 26 | 14 | 25 | 21 | 16 | | |
| International mix | 40 | 44 | 44 | 52 | 58 | | |
| Geography-wise revenue break-up (INR m) | | | | | | | |
| India | 5,011 | 6,620 | 4,185 | 4,044 | 4,196 | (16) | 4 |
| RoW | 3,141 | 5,118 | 3,155 | 4,313 | 5,521 | 76 | 28 |
| EBIT margin (%) | | | | | | YoY (bp) | QoQ (bp) |
| India | 18.4 | 19.2 | 25.2 | 17.3 | 20.2 | 176 | 285 |
| RoW | 26.2 | 14.3 | 29.3 | 26.2 | 26.6 | 47 | 40 |
| Order book (INR b) | 142.6 | 136.7 | 157.8 | 160.2 | 163.4 | 15 | 2 |
| Book-to-bill ratio (x, TTM basis) | 4.7 | 4.2 | 4.7 | 4.6 | 4.5 | | |
| Order book break-up (INR b) | | | | | | | |
| EPC | 76.3 | 71.1 | 92.4 | 92.1 | 96.6 | 27 | 5 |
| Municipal | 65.7 | 57.9 | 80.4 | 80.5 | 80.1 | 22 | (1) |
| Industrial | 10.6 | 13.3 | 11.9 | 11.6 | 16.5 | 56 | 43 |
| O&M | 54.7 | 53.7 | 53.1 | 55.5 | 54.2 | (1) | (2) |
| Municipal | 43.9 | 42.4 | 42.0 | 44.7 | 43.6 | (1) | (3) |
| Industrial | 10.8 | 11.3 | 11.1 | 10.8 | 10.6 | (2) | (2) |
| Framework | 11.6 | 11.8 | 12.3 | 12.6 | 12.6 | 9 | 1 |

Exhibit 1: Key contracts in order book (INR b)

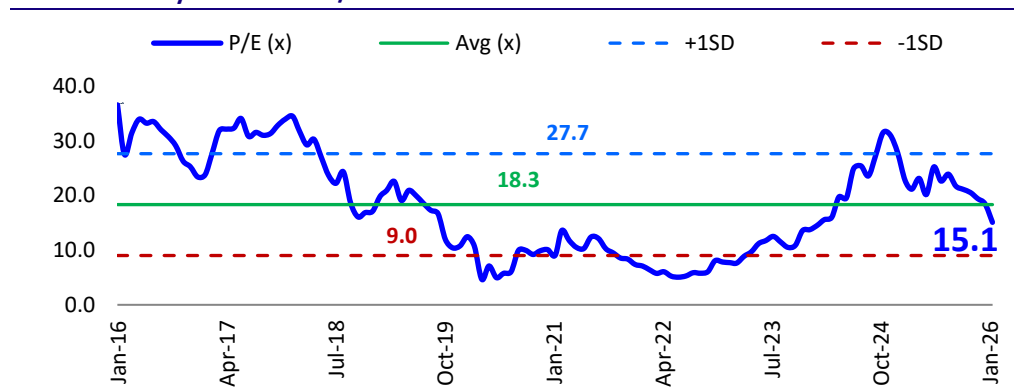
| Key contracts in order book | Nature | Classification |
|--|-----------------|----------------------|
| 400 MLD Perur, Chennai | Desalination | Mega (Above INR 10b) |
| 300 MLD SWA, Yanbu Al-Bahr, KSA | Desalination | Mega (Above INR 10b) |
| 200 MLD Al Haer ESC, KSA | ISTP | Mega (Above INR 10b) |
| 100 MLD Indosol, Andhra Pradesh | Desalination | Major (INR6-10b) |
| UPJN, O&M of Agra & Ghaziabad | OCOO | Mega (Above INR 10b) |
| 54+19 MLD Lusaka Water Supply and Sanitation Company | WWTP | Major (INR6-10b) |
| Water Block Package from BPCL, Madhya Pradesh | RWTP/RODMP/ZLD | Large (INR2.5-6b) |
| 200 MLD Pagla, Bangladesh | STP | Major (INR6-10b) |
| 150 MLD Digha & Kankarbagh | STP and Network | Mega (Above INR 10b) |
| BWSSB, Bengaluru | WWTP | Large (INR2.5-6b) |
| Key Framework Contracts | | |
| Libya STP | | INR6,114m |
| Bomba MED, Libya | | INR6,522m |

Source: Company

Exhibit 2: Changes in estimates (INR m)

| INR m | Old | | | New | | | Change | | |
|-----------------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Revenue | 38,631 | 44,906 | 52,352 | 38,843 | 45,012 | 52,376 | 1 | 0 | 0 |
| EBITDA | 5,092 | 6,364 | 7,582 | 4,930 | 6,357 | 7,580 | (3) | 0 | 0 |
| EBITDA margin % | 13.2 | 14.2 | 14.5 | 12.7 | 14.1 | 14.5 | | | |
| PAT | 3,894 | 4,531 | 5,447 | 3,988 | 4,531 | 5,453 | 2 | 0 | 0 |
| EPS | 62.8 | 73.1 | 87.9 | 64.3 | 73.1 | 88.0 | 2 | 0 | 0 |

Source: MOFSL, Company

Exhibit 3: One-year forward P/E band and standard deviation


Source: Bloomberg, MOFSL



3QFY26 earnings concall key takeaways

Business development and outlook

- All major projects are progressing well in line with the execution timeline.
- The focus remains on profitable growth and expansion in overseas markets.
- The Middle East is identified as a key growth engine, supported by sustained investments in desalination, wastewater, and reuse projects.
- Africa continues to witness steady opportunities driven by multilateral-funded sanitation and water projects.
- Southeast Asia and CIS offer diversification, while Europe is being pursued selectively for high-technology and complex water treatment projects without compromising margin discipline.
- The company expects recovery in order inflow in India, with several tenders in the advanced level of finalization.
- The company has secured fresh orders of INR47b+ in 9MFY26. Moreover, it is a preferred bidder/L1 on 2-3 large projects worth INR30b across India and international markets.
- The current order book of over INR160b (~5x FY25 revenue) supports 15-20% revenue CAGR guidance for the next 3-4 years.
- International projects account for ~50% of the order book, which management highlighted as structurally superior in terms of margins, working capital, and cash flow.
- It has secured breakthrough orders in the future energy solutions sector for the CBG plant in Uttar Pradesh and UPW, ETP and ZLD for Renewsys in Hyderabad.
- New-energy segments such as solar manufacturing, hydrogen, bio-CNG, semiconductors and data centers present emerging opportunities; several discussions are ongoing.
- While the current order book is more inclined toward EPC projects having high volumes and relatively lower margins, VATW's focus remains on profitable growth by selective bidding in high-margin EPC and O&M jobs.

3QFY26 result – Healthy in-line quarter

- Revenue/adjusted EBITDA/adjusted PAT grew 19%/25%/37% YoY.
- Adjusted EBITDA margin expanded 67bp YoY to 13.6%, within the guided range of 13-15%.
- VATW treats forex gains/losses as part of its core operations. Hence, analyzing adjusted margins is more meaningful.
- Net cash stood at INR8.9b (over INR10b excluding HAM projects).
- RoW revenue surged 76% YoY, with an EBIT margin of 26.6% (up 47bp YoY).
- India revenue declined 16% YoY, with an EBIT margin of 20.2% (up 176bp YoY).
- EPC revenue (83% of mix) grew 21% YoY, whereas O&M revenue rose 9% YoY.
- Municipal contributed 84% to revenue, while industrial contributed 16% to the mix.
- In nine months, revenue/adjusted EBITDA/adjusted PAT grew 18%/17%/26% YoY.

Key exhibits

Exhibit 4: Customer-wise revenue mix trend (%)

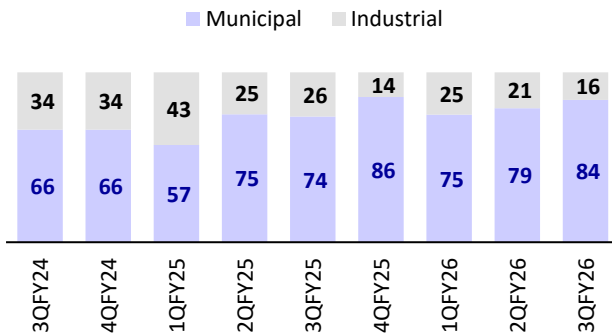


Exhibit 5: Segment-wise revenue mix trend (%)

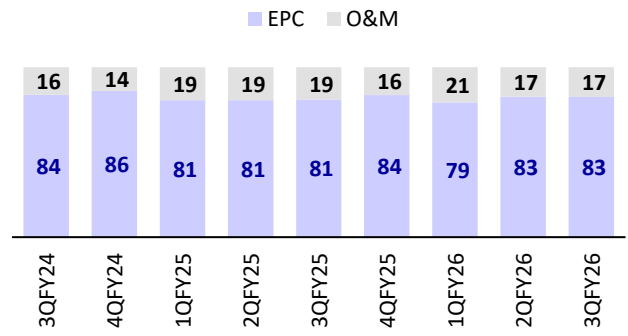


Exhibit 6: Geography-wise revenue mix trend (%)

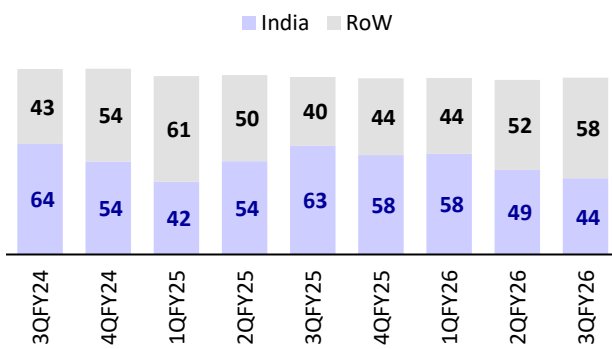


Exhibit 7: Revenue increased 19% YoY

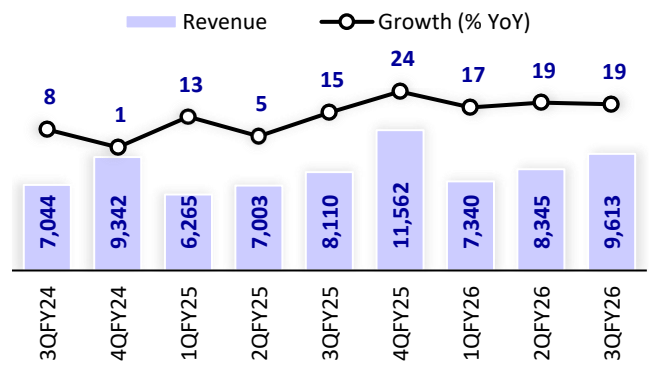


Exhibit 8: Adj. EBITDA, adj. PAT, and margin trends

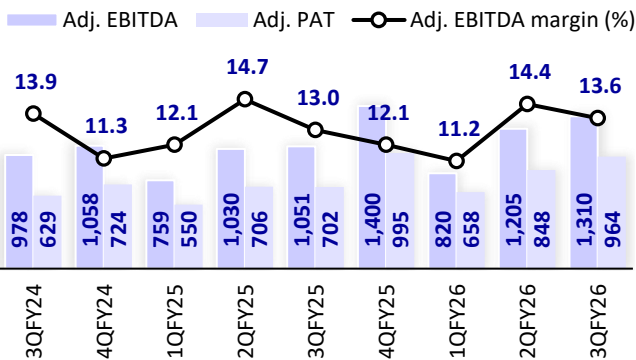


Exhibit 9: EPS grew 31% YoY

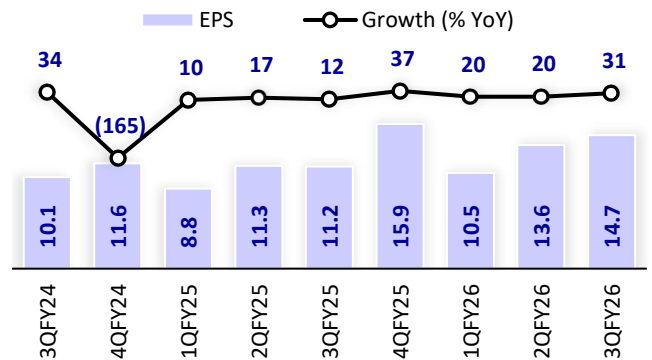


Exhibit 10: Order intake trend

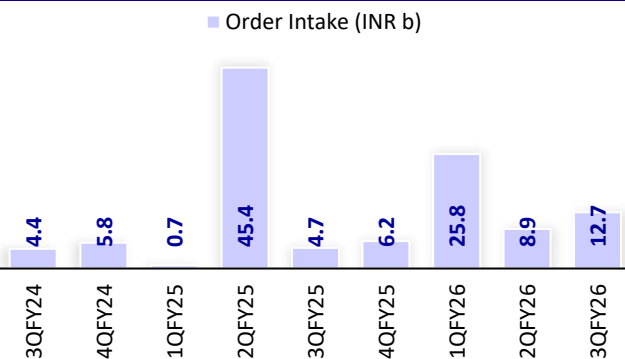
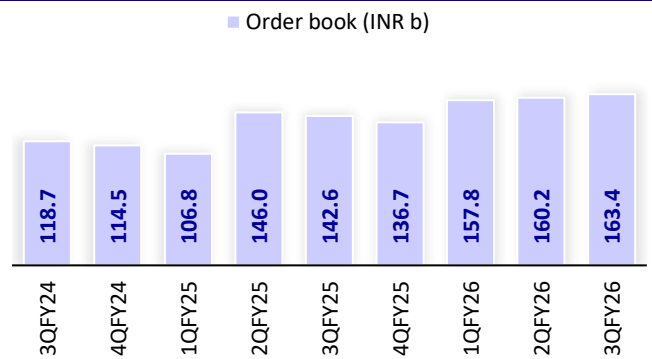


Exhibit 11: Closing order book trend



Source: Company, MOFSL

Exhibit 12: A strong book-to-bill ratio (~5x) provides high comfort on 15-20% revenue growth guidance

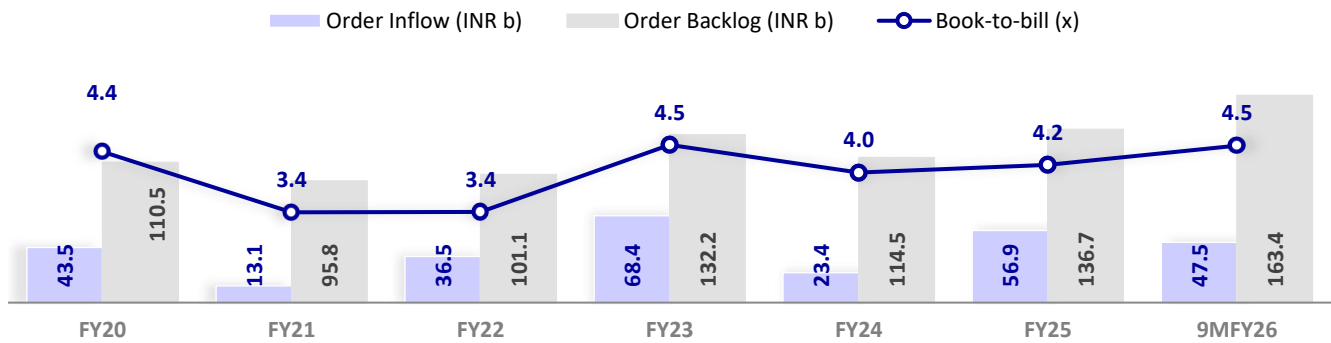


Exhibit 13: We expect 17% revenue CAGR, 14-15% margin...

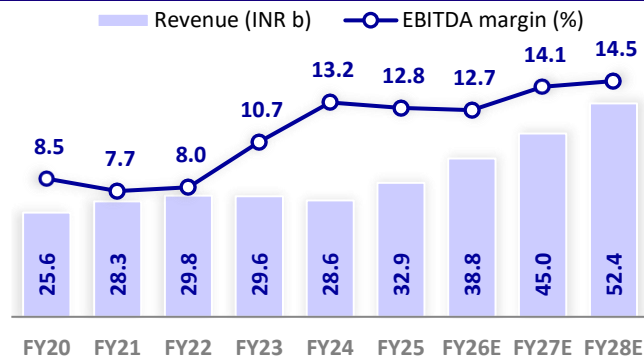


Exhibit 14: ...and 23% CAGR in PAT over FY25-FY28

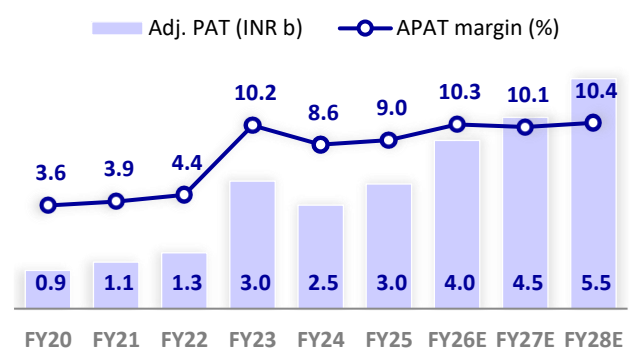


Exhibit 15: Return ratios to witness further improvement

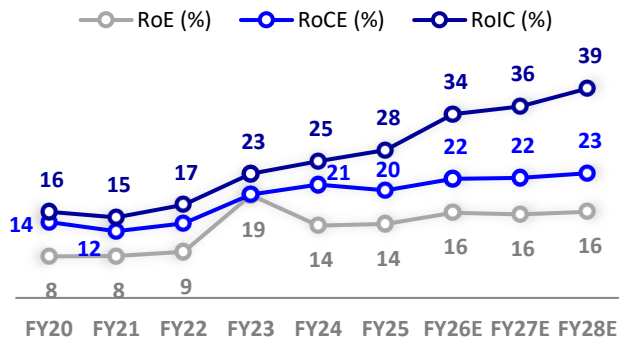


Exhibit 16: Healthy FCF aided by margins and tight WC cycle

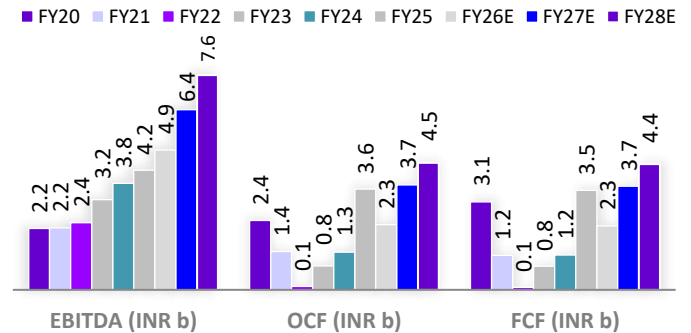


Exhibit 17: Rising O&M mix in revenue to drive margins...

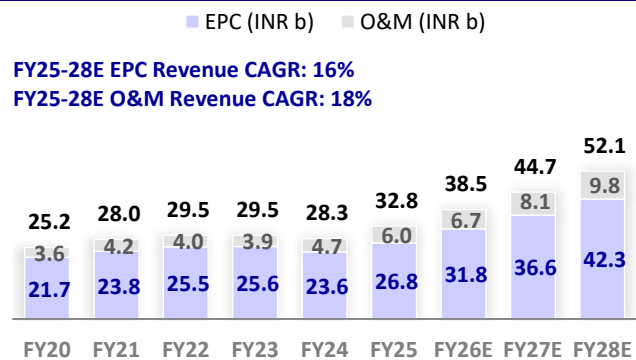
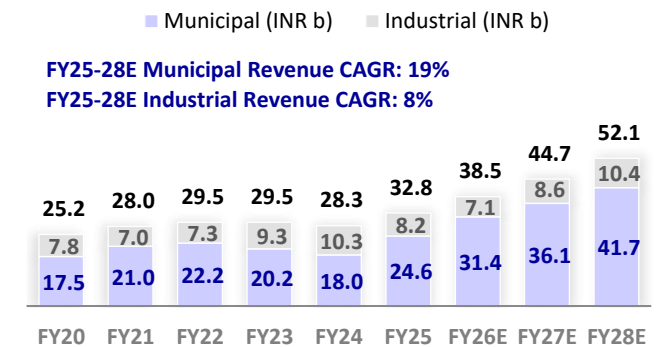


Exhibit 18: ...along with faster growth in industrials



Financials and valuations

Consolidated - Income Statement

(INRm)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Income from Operations | 28,345 | 29,793 | 29,605 | 28,564 | 32,940 | 38,843 | 45,012 | 52,376 |
| Change (%) | 10.8 | 5.1 | -0.6 | -3.5 | 15.3 | 17.9 | 15.9 | 16.4 |
| RM Cost | 22,331 | 23,057 | 22,695 | 21,667 | 25,605 | 29,359 | 33,760 | 39,284 |
| Gross Profit | 6,014 | 6,736 | 6,910 | 6,897 | 7,335 | 9,484 | 11,252 | 13,092 |
| Employees Cost | 1,985 | 2,507 | 2,655 | 2,354 | 2,645 | 3,018 | 3,430 | 3,912 |
| Other Expenses | 1,841 | 1,860 | 1,077 | 786 | 467 | 1,536 | 1,465 | 1,600 |
| Total Expenditure | 26,157 | 27,423 | 26,427 | 24,807 | 28,717 | 33,913 | 38,655 | 44,796 |
| % of Sales | 92.3 | 92.0 | 89.3 | 86.8 | 87.2 | 87.3 | 85.9 | 85.5 |
| EBITDA | 2,188 | 2,370 | 3,178 | 3,757 | 4,223 | 4,930 | 6,357 | 7,580 |
| Margin (%) | 7.7 | 8.0 | 10.7 | 13.2 | 12.8 | 12.7 | 14.1 | 14.5 |
| Depreciation | 121 | 101 | 88 | 84 | 59 | 62 | 63 | 68 |
| EBIT | 2,066 | 2,269 | 3,090 | 3,673 | 4,164 | 4,868 | 6,294 | 7,512 |
| Int. and Finance Charges | 903 | 877 | 658 | 711 | 788 | 737 | 918 | 969 |
| Other Income | 82 | 324 | 536 | 434 | 446 | 1,061 | 503 | 534 |
| PBT bef. EO Exp. | 1,245 | 1,716 | 2,968 | 3,396 | 3,822 | 5,192 | 5,878 | 7,077 |
| EO Items | 0 | 0 | 2,892 | 0 | 0 | -47 | 0 | 0 |
| PBT after EO Exp. | 1,245 | 1,716 | 76 | 3,396 | 3,822 | 5,239 | 5,878 | 7,077 |
| Total Tax | 295 | 363 | 59 | 797 | 896 | 1,234 | 1,381 | 1,663 |
| Tax Rate (%) | 23.7 | 21.2 | 77.6 | 23.5 | 23.4 | 23.5 | 23.5 | 23.5 |
| Minority Interest | -93 | 0 | -20 | 48 | -5 | -4 | -4 | -5 |
| Share of Profit/Loss of JV and associates | 58 | -32 | 93 | -95 | 22 | 26 | 30 | 34 |
| Reported PAT | 1,101 | 1,320 | 130 | 2,456 | 2,953 | 4,035 | 4,531 | 5,453 |
| Adjusted PAT | 1,101 | 1,320 | 3,022 | 2,456 | 2,953 | 3,988 | 4,531 | 5,453 |
| Change (%) | 21.1 | 19.9 | 128.9 | -18.7 | 20.2 | 35.1 | 13.6 | 20.4 |
| Margin (%) | 3.9 | 4.4 | 10.2 | 8.6 | 9.0 | 10.3 | 10.1 | 10.4 |

Consolidated - Balance Sheet

(INRm)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Equity Share Capital | 124 | 124 | 124 | 124 | 124 | 124 | 124 | 124 |
| Total Reserves | 13,973 | 15,267 | 15,625 | 18,062 | 21,275 | 24,938 | 28,973 | 33,806 |
| Net Worth | 14,098 | 15,391 | 15,749 | 18,186 | 21,399 | 25,062 | 29,097 | 33,930 |
| Minority Interest | -134 | -133 | -3 | 53 | 51 | 49 | 47 | 45 |
| Total Loans | 3,495 | 4,285 | 2,132 | 2,806 | 3,573 | 3,373 | 3,173 | 2,973 |
| Deferred Tax Liabilities | 41 | 33 | 11 | 0 | 0 | 0 | 0 | 0 |
| Capital Employed | 17,500 | 19,576 | 17,889 | 21,045 | 25,023 | 28,484 | 32,317 | 36,948 |
| Gross Block | 2,335 | 2,373 | 2,415 | 2,470 | 2,471 | 2,521 | 2,571 | 2,621 |
| Less: Accum. Deprn. | 1,472 | 1,573 | 1,661 | 1,745 | 1,804 | 1,866 | 1,929 | 1,997 |
| Net Fixed Assets | 863 | 800 | 754 | 725 | 667 | 655 | 642 | 624 |
| Capital WIP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 244 | 376 | 458 | 671 | 694 | 794 | 894 | 994 |
| Curr. Assets, Loans&Adv. | 40,506 | 38,848 | 39,681 | 44,349 | 51,312 | 57,942 | 65,161 | 73,762 |
| Inventory | 298 | 320 | 353 | 359 | 358 | 422 | 489 | 569 |
| Account Receivables | 18,972 | 20,711 | 21,939 | 25,215 | 26,080 | 30,222 | 34,405 | 39,316 |
| Cash and Bank Balance | 3,713 | 4,286 | 2,754 | 5,097 | 9,446 | 11,260 | 13,619 | 16,619 |
| Loans and Advances | 17,523 | 13,532 | 14,635 | 13,678 | 15,428 | 16,038 | 16,648 | 17,258 |
| Curr. Liability & Prov. | 24,112 | 20,447 | 23,004 | 24,700 | 27,650 | 30,906 | 34,379 | 38,432 |
| Account Payables | 10,777 | 9,853 | 10,697 | 10,283 | 10,458 | 12,119 | 13,797 | 16,055 |
| Other Current Liabilities | 12,714 | 9,777 | 11,646 | 13,137 | 15,576 | 16,876 | 18,376 | 19,876 |
| Provisions | 621 | 816 | 661 | 1,280 | 1,616 | 1,911 | 2,206 | 2,501 |
| Net Current Assets | 16,393 | 18,401 | 16,677 | 19,649 | 23,662 | 27,035 | 30,781 | 35,330 |
| Misc Expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Appl. of Funds | 17,500 | 19,576 | 17,889 | 21,045 | 25,023 | 28,484 | 32,317 | 36,948 |

Financials and valuations

Ratios

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| Adj EPS | 17.8 | 21.3 | 48.7 | 39.6 | 47.6 | 64.3 | 73.1 | 88.0 |
| Cash EPS | 19.7 | 22.9 | 50.2 | 41.0 | 48.6 | 65.3 | 74.1 | 89.0 |
| BV/Share | 227 | 248 | 254 | 293 | 345 | 404 | 469 | 547 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 4.0 | 6.0 | 8.0 | 10.0 |
| Payout (%) | 0.0 | 0.0 | 0.0 | 0.0 | 8.4 | 9.2 | 10.9 | 11.4 |
| Valuation (x) | | | | | | | | |
| P/E | 68.4 | 57.1 | 24.9 | 30.7 | 25.5 | 18.9 | 16.6 | 13.8 |
| Cash P/E | 61.6 | 53.0 | 24.2 | 29.7 | 25.0 | 18.6 | 16.4 | 13.6 |
| P/BV | 5.3 | 4.9 | 4.8 | 4.1 | 3.5 | 3.0 | 2.6 | 2.2 |
| EV/Sales | 2.6 | 2.5 | 2.5 | 2.6 | 2.1 | 1.7 | 1.4 | 1.2 |
| EV/EBITDA | 34.3 | 31.8 | 23.5 | 19.4 | 16.4 | 13.7 | 10.2 | 8.1 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.5 | 0.7 | 0.8 |
| FCF per share | 19.6 | 1.5 | 13.4 | 19.8 | 56.6 | 36.3 | 59.0 | 71.5 |
| Return Ratios (%) | | | | | | | | |
| RoE | 7.8 | 8.6 | 19.2 | 13.5 | 13.8 | 15.9 | 15.6 | 16.1 |
| RoCE (pre-tax) | 12.4 | 13.9 | 19.3 | 21.1 | 20.1 | 22.2 | 22.4 | 23.3 |
| RoIC (pre-tax) | 15.0 | 17.4 | 23.2 | 25.5 | 27.6 | 34.3 | 35.7 | 39.1 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 12.1 | 12.6 | 12.3 | 11.6 | 13.3 | 15.4 | 17.5 | 20.0 |
| Net Working Capital Cycle (Days) | 163 | 173 | 172 | 186 | 158 | 148 | 139 | 130 |
| Debtor (Days, incl. CA) | 470 | 420 | 451 | 497 | 460 | 435 | 414 | 394 |
| Inventory (Days) | 4 | 4 | 4 | 5 | 4 | 4 | 4 | 4 |
| Creditor (Days, incl. CL) | 310 | 251 | 284 | 316 | 306 | 290 | 279 | 268 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 1.7 | 1.9 | 1.7 | 1.8 | 1.9 | 1.9 | 1.9 | 1.9 |
| Interest Cover Ratio | 2.4 | 3.0 | 5.5 | 5.8 | 5.9 | 8.0 | 7.4 | 8.3 |
| Net Debt/Equity | 0.0 | 0.0 | 0.0 | -0.1 | -0.3 | -0.3 | -0.4 | -0.4 |

Consolidated - Cash Flow Statement

(INRm)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|----------------------------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| OP/(Loss) before Tax | 1,303 | 1,684 | 169 | 3,301 | 3,844 | 5,239 | 5,878 | 7,077 |
| Depreciation | 121 | 101 | 88 | 84 | 59 | 62 | 63 | 68 |
| Interest & Finance Charges | 366 | 363 | 287 | 255 | 334 | 737 | 918 | 969 |
| Direct Taxes Paid | -319 | -186 | -275 | -260 | -817 | -1,119 | -1,266 | -1,548 |
| (Inc)/Dec in WC | -968 | -2,817 | 491 | -2,882 | 76 | -1,560 | -1,387 | -1,549 |
| CF from Operations | 502 | -856 | 760 | 498 | 3,496 | 3,360 | 4,206 | 5,017 |
| Others | 851 | 972 | 89 | 837 | 56 | -1,059 | -501 | -532 |
| CF from Operating incl EO | 1,353 | 116 | 849 | 1,335 | 3,552 | 2,301 | 3,705 | 4,485 |
| (Inc)/Dec in FA | -136 | -26 | -17 | -110 | -40 | -50 | -50 | -50 |
| Free Cash Flow | 1,217 | 90 | 832 | 1,225 | 3,512 | 2,251 | 3,655 | 4,435 |
| (Pur)/Sale of Investments | 0 | -183 | 0 | 0 | 0 | -100 | -100 | -100 |
| Others | 95 | -131 | 175 | 951 | -1,170 | 1,061 | 503 | 534 |
| CF from Investments | -41 | -340 | 158 | 841 | -1,210 | 911 | 353 | 384 |
| Issue of Shares | 1,178 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | -1,737 | 826 | -2,101 | 660 | 714 | -200 | -200 | -200 |
| Interest Paid | -347 | -364 | -281 | -249 | -333 | -737 | -918 | -969 |
| Dividend Paid | -13 | 2 | 0 | 0 | 0 | -372 | -496 | -620 |
| Others | 60 | -18 | -18 | 25 | -41 | -85 | -81 | -76 |
| CF from Fin. Activity | -859 | 446 | -2,400 | 436 | 340 | -1,394 | -1,695 | -1,865 |
| Inc/Dec of Cash | 453 | 223 | -1,393 | 2,612 | 2,682 | 1,818 | 2,363 | 3,004 |
| Opening Balance | 2,489 | 3,038 | 3,210 | 2,066 | 4,399 | 7,177 | 8,995 | 11,358 |
| Other cash & cash equivalent | 55 | -51 | 249 | -279 | 96 | 0 | 0 | 0 |
| Closing Balance | 2,997 | 3,210 | 2,066 | 4,399 | 7,177 | 8,995 | 11,358 | 14,362 |

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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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