

# Larsen & Toubro

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR1,783**      **TP: INR2,175 (+22%)**      **Buy**

## Robust operating performance; guidance unchanged

### Domestic ordering making gradual comeback; strong international ordering

- Larsen & Toubro's (L&T) adj. PAT grew 56% YoY and was 5% ahead of our estimate. Core E&C EBITDA grew 18% YoY and was 17% above our estimate, led by margin expansion in the Infrastructure segment. Management has maintained its revenue guidance of ~15%, order inflow guidance of 10-15%, and a stable core E&C margin on a YoY basis.
- International prospects are looking robust across segments, including hydrocarbon, power T&D, water, etc., thanks to higher oil prices. Domestic E&C order inflows were disappointing with 1HFY22 order inflows remaining at 55% of 1HFY20 levels. Our FY22 overall order inflow estimate stands at 6%, implying a 2HY22 ask rate of -9% on core E&C orders. After adjusting for the High Speed Rail (HSR) order last year, the implied ask rate for 2HFY22 stands at 33%.
- We largely maintain our earnings estimate, but increase our TP to INR2,175 (prior: INR2,080), on account of mark to market (MTM) of the CMPs of the listed subsidiaries. After adjusting for the subsidiaries' valuation (~INR1,070/sh), the core E&C business trades at an FY22/FY23E PE multiple of 15.0x/12.9x v/s the historical one-year fwd avg. PE multiple of 22x. L&T remains the best play on the capex cycle in India. Maintain Buy.

### Robust core E&C performance, gradual recovery underway

- **Adj. PAT ahead of estimate by 5%:** Consolidated revenue grew 12% YoY to INR348b, which was in-line with our estimate. EBITDA grew 20% YoY to INR39.9b, and was 9% above our estimate. EBITDA margin came in at 11.5% v/s our estimate of 11%. Adj. PAT grew 56% YoY to INR17.2b and was 5% ahead of our estimate.
- **Core E&C margin improves despite commodity price inflation:** Core E&C revenue grew 12% YoY to INR227b and was in-line with our estimate. We note that while 2QFY22 core E&C revenue remained 7% below the 2QFY20 level, the domestic core E&C was flattish while international execution was 25% below the 2QFY20 level. E&C EBITDA margin came in at 7.8%, and was higher than our estimate of 6.9%. Thus, the commodity price pressure was offset by a better job mix during the quarter. Overall, core E&C EBITDA grew 18% to INR17.6b and was 17% ahead of our estimate. **Core E&C adj. PAT grew 57% YoY to INR12.4b.**
- **Working capital in check:** Working capital, as a percentage of sales, improved to 22% (v/s 26.7% last year). While higher revenues aided working capital to sales ratio, the management has mentioned that collections in receivables has also begun improving - which is a key positive.

### Update on order book and inflows

- **Strong order book at INR3.3t:** L&T's order book grew 11% YoY to INR3.3t, with the order book/revenue ratio at 3.2x. The international business formed 23% of order book. In terms of clientele, the central/state government formed 10%/33%, PSUs 42%, and the private sector 15% of the company's total order book.

	LT IN
Bloomberg	LT IN
Equity Shares (m)	1,402
M.Cap.(INRb)/(USDb)	2503.7 / 33.4
52-Week Range (INR)	1885 / 903
1, 6, 12 Rel. Per (%)	1/4/31
12M Avg Val (INR M)	5303

### Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	1,360	1,568	1,779
EBITDA	156	184	216
PAT	69	89	111
EBITDA (%)	11.5	11.7	12.1
EPS (INR)	49.1	63.4	79.3
EPS Gr. (%)	-22.4	29.1	25.0
BV/Sh. (INR)	540	568	628

### Ratios

Net D/E	1.5	1.4	1.3
RoE (%)	9.1	11.2	12.6
RoCE (%)	5.0	5.8	6.4
Payout (%)	43.7	30.0	30.0

### Valuations

P/E (x)	36.3	28.1	22.5
P/BV (x)	3.3	3.1	2.8
EV/EBITDA (x)	19.2	16.1	13.8
Div Yield (%)	2.8	1.5	1.8
FCF Yield (%)	10.6	4.3	0.3

### 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

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

- **Order inflow disappoints after adjusting for large international order:** Overall order inflow grew 50% to INR421b, out of which core E&C orders grew merely 73% to INR299b (or ~80% of 2QFY20 level). Domestic core E&C orders were disappointing, up merely 15% YoY to INR152b. International order inflow received a boost from a large unannounced order in the hydrocarbon segment.
- **Strong bid pipeline, final awarding holds key:** L&T has indicated that the bid pipeline remains strong, with the overall pipeline for the remainder of the year standing at INR6.8t (+12% YoY). The Infrastructure sector's prospects stood at INR5.3t, while the Hydrocarbon segment's prospects improved to INR1.2t (80% of the prospective business is from the Middle East). The strong bid pipeline is encouraging, although a faster conversion to final awarding holds the key to the company meeting the guidance of a low-to-mid-teen growth in order inflow. Considering the growth guidance of 12% YoY in order inflow for FY22, the ask rate for 2HFY22 stands at 3% – or 39% after adjusting for the one-time high ticket size HSR order. **Our order inflow growth estimate stands at 6% for FY22, implying an ask rate of 33% after adjusting for the HSR order.**

#### Valuation and view

- **Fundamentals fairly strong; macro tailwinds awaited:** L&T rightly prioritized balance sheet strength over growth during the second COVID wave. Labour availability no longer poses a challenge, and execution is expected to improve from hereon as construction activity picks up post monsoon. We believe that L&T is poised for a strong earnings growth momentum, if and when the order inflow gains momentum. The company has some more asset monetisation opportunities to capitalise on, including the sale of Nabha Power, a stake sale in L&T IDPL, and monetisation of the Hyderabad Metro.
- **Maintain Buy, with higher TP of INR2,175/share:** We maintain our earnings estimate, but increase our TP to INR2,175 (prior: INR2,080), on account of MTM of the CMPs of the listed subsidiaries (Holdco discount of 20%) and an unchanged target PE multiple of 20x for the core business. We estimate an FY21–24E EPS CAGR of 23%, driven by a 15% CAGR in the core E&C business and reducing losses from the Hyderabad Metro. After adjusting for the subsidiaries' valuation (~INR1,070/sh), the core E&C business trades at an FY22/FY23E PE multiple of 15.0x/12.9x v/s the historical one-year forward average PE 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 the capex cycle in India. Maintain Buy.

Quarterly Performance

(INR b)

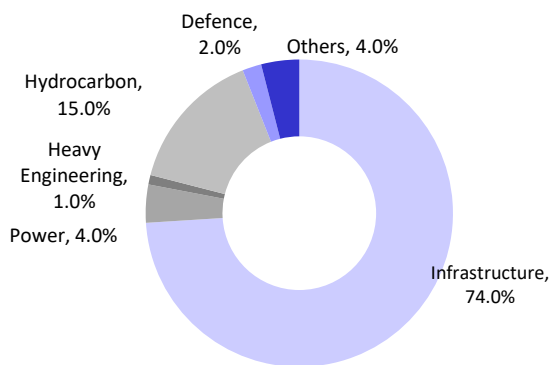
Y/E March	FY21				FY22E				FY21	FY22E	MOSL 2QE	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Sales</b>	<b>213</b>	<b>310</b>	<b>356</b>	<b>481</b>	<b>293</b>	<b>348</b>	<b>389</b>	<b>538</b>	<b>1,360</b>	<b>1,568</b>	<b>334</b>	<b>4.2%</b>
Change (%)	-28.3	-12.2	-1.8	8.7	38.0	12.0	9.3	11.9	-6.5	15.3	7.6	
<b>EBITDA</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>44.7</b>	<b>67.4</b>	<b>156.2</b>	<b>183.8</b>	<b>36.7</b>	<b>8.8%</b>
Change (%)	-47.2	-17.1	3.9	24.8	95.7	19.8	4.5	5.5	-4.3	17.6	10.1	
Margin (%)	7.6	10.7	12.0	13.3	10.8	11.5	11.5	12.5	11.5	11.7	11.0	
Depreciation	6.7	7.1	7.0	8.2	7.2	7.3	7.5	8.1	29.0	30.0	7.2	1.2%
Interest	10.6	10.4	9.6	8.5	8.3	7.8	8.5	9.7	39.1	34.3	9.0	-13.4%
Other Income	7.8	5.6	10.6	10.3	6.5	5.3	7.0	9.2	34.3	28.0	7.5	-29.0%
<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>35.7</b>	<b>58.8</b>	<b>122.4</b>	<b>147.5</b>	<b>28.0</b>	<b>7.7%</b>
Tax	2.1	6.8	10.4	20.9	7.2	8.8	10.0	15.7	40.1	41.8	7.8	12.7%
Effective Tax Rate (%)	31.0	31.6	28.3	36.3	31.6	29.3	28.0	26.8	32.8	28.3	28.0	
<b>Adjusted PAT (Before MI &amp; 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>25.7</b>	<b>43.1</b>	<b>82.3</b>	<b>105.7</b>	<b>20.2</b>	<b>5.8%</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>21.3</b>	<b>37.8</b>	115.8	89.1	<b>16.4</b>	<b>11.1%</b>
Change (%)	-79.4	118.4	4.9	3.0	287.4	-67.0	-13.6	14.9	21.3	-23.1	-70.3	
EO 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>21.3</b>	<b>38.8</b>	<b>69.0</b>	<b>89.1</b>	<b>16.4</b>	<b>5.2%</b>
Change (%)	-91.2	-52.1	4.5	11.5	878.0	55.7	-5.5	13.5	-22.4	29.1	48.0	

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

In INR b	2QFY21	1QFY22	2QFY22	YoY	QoQ	FY21	FY22	YoY
<b>Core E&amp;C</b>								
Order book	2,989	3,237	3,305	11%	2%	3,274	3,569	9%
Order inflow	173	152	299	73%	97%	1,327	1,377	4%
Net revenues	204	179	227	12%	27%	935	1,084	16%
EBITDA	15	12	18	18%	41%	81	90	12%
EBITDA margin	7.3	7.0	7.8	+50 bps	+80 bps	8.6	8.3	-30 bps
Adj. PAT	8	9	12	57%	43%	57	67	18%
<b>Services</b>								
Order inflow	107	114	122	14%	7%	428	486	14%
Net revenues	107	114	120	13%	5%	425	485	14%
EBITDA	18	19	22	21%	16%	76	94	24%
EBITDA margin	17.3	16.9	18.5	+120 bps	+160 bps	17.8	19.3	+150 bps
Adj. PAT	3	3	5	52%	58%	12	22	78%

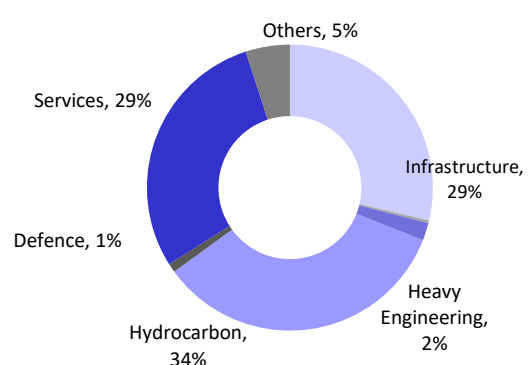
Source: MOFSL, Company

Exhibit 2: Order book break-up (INR3.3t; +11% YoY)



Source: MOFSL, Company

Exhibit 3: 2QFY22 order inflow (INR421b; +50% YoY)



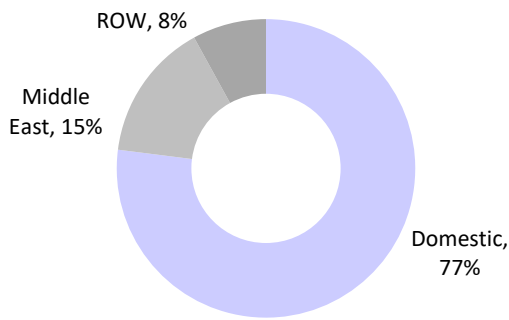
Source: MOFSL, Company

**Exhibit 4: Segmental performance snapshot**

Segmental analysis (INR m)	2QFY21	1QFY22	2QFY22	YoY	QoQ
<b>Infrastructure</b>					
Order book	22,11,860	24,60,120	24,45,700	11%	-1%
OB/Rev	3.5	3.7	3.6		
Order inflow	1,44,160	1,11,720	1,20,827	-16%	8%
Net revenues	1,29,700	1,04,100	1,39,200	7%	34%
EBITDA	8,301	7,391	11,554	39%	56%
EBITDA margin	6.4	7.1	8.3	190 bps	120 bps
<b>Power</b>					
Order book	1,49,450	1,29,480	1,32,200	-12%	2%
OB/Rev	6.4	3.6	3.3		
Order inflow	560	7,980	1,263	126%	-84%
Net revenues	6,900	7,600	11,100	61%	46%
EBITDA	214	190	300	40%	58%
EBITDA margin	3.1	2.5	2.7	-40 bps	20 bps
<b>Heavy Engineering</b>					
Order book	29,890	32,370	33,050	11%	2%
OB/Rev	1.1	1.0	1.0		
Order inflow	440	5,320	8,420	1814%	58%
Net revenues	6,000	5,500	6,200	3%	13%
EBITDA	306	985	973	218%	-1%
EBITDA margin	5.1	17.9	15.7	1060 bps	-220 bps
<b>Hydrocarbon</b>					
Order book	3,88,570	4,20,810	4,95,750	28%	18%
OB/Rev	2.4	2.3	2.6		
Order inflow	3,680	10,640	1,43,140	3790%	1245%
Net revenues	40,400	41,900	48,700	21%	16%
EBITDA	3,434	4,022	4,042	18%	0%
EBITDA margin	8.5	9.6	8.3	-20 bps	-130 bps
<b>Defense</b>					
Order book	89,670	64,740	66,100	-26%	2%
OB/Rev	2.8	1.8	1.8		
Order inflow	13,120	5,320	4,210	-68%	-21%
Net revenues	7,600	6,900	8,400	11%	22%
EBITDA	1,854	1,401	1,151	-38%	-18%
EBITDA margin	24.4	20.3	13.7	-1070 bps	-660 bps
<b>Others</b>					
Order book	1,19,560	1,29,480	1,32,200	11%	2%
Order inflow	10,760	10,640	21,050	96%	98%
Net revenues	13,200	13,300	13,800	5%	4%
EBITDA	2,376	2,022	2,870	21%	42%
EBITDA margin	18.0	15.2	20.8	280 bps	560 bps
<b>IT and Tech Services</b>					
Order inflow	62,465	72,503	80,634	29%	11%
Net revenues	61,700	72,200	78,800	28%	9%
EBITDA	14,280	16,710	18,320	28%	10%
EBITDA margin	23.1	23.1	23.2	10 bps	10 bps
<b>Financial Services</b>					
Order inflow	33,419	30,614	29,757	-11%	-3%
Net revenues	33,400	30,610	29,800	-11%	-3%
EBITDA	3,527	2,570	3,500	-1%	36%
EBITDA margin	10.6	8.4	11.7	118 bps	335 bps
<b>Developmental projects</b>					
Order inflow	11,396	11,263	11,699	3%	4%
Net revenues	11,400	11,300	11,700	3%	4%
EBITDA	600	-50	480	-20%	-1060%
EBITDA margin	5.3	-0.4	4.1	-116 bps	455 bps

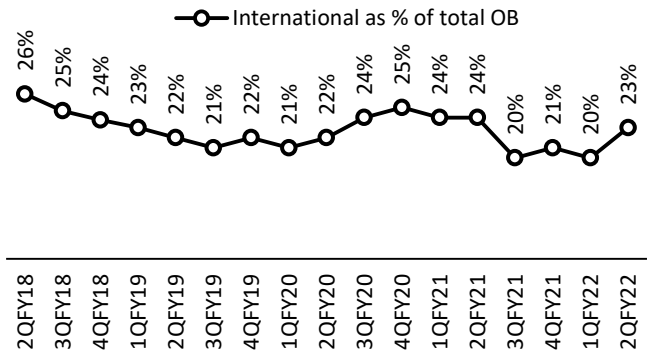
Source: MOFSL, Company

**Exhibit 5: Middle East constitutes 15% of order book**



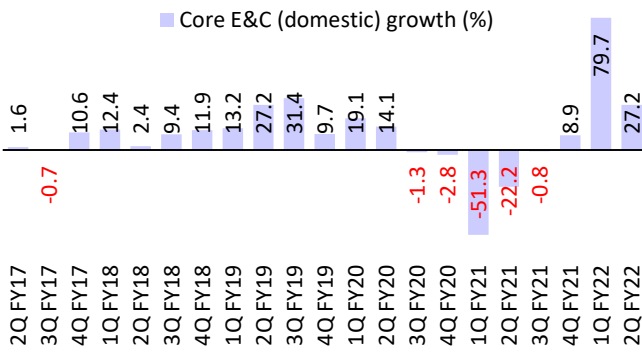
Source: MOFSL, Company

**Exhibit 6: Share of international orders at 23%**



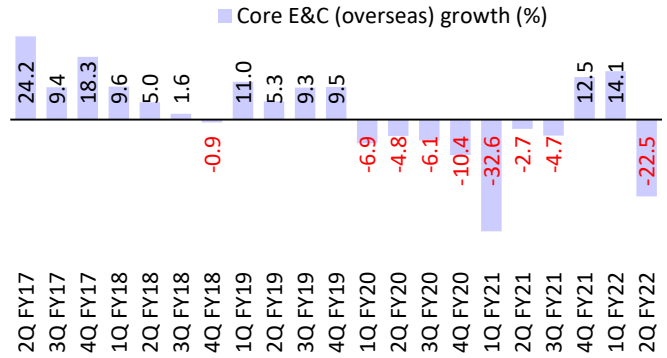
Source: MOFSL, Company

**Exhibit 7: Core E&C domestic revenue formed 78% of overall core E&C revenue; up 27% YoY in 2QFY22 on a low base**



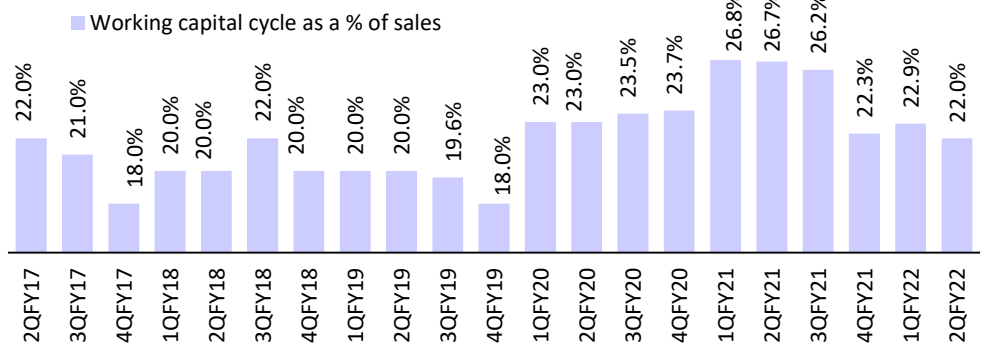
Source: MOFSL, Company

**Exhibit 8: Core E&C overseas revenue declined ~23% YoY in 2QFY22 and formed 22% of overall core E&C revenue**



Source: MOFSL, Company

**Exhibit 9: Working capital, as a percentage of sales, moderated YoY to 22% in 2QFY22**



Source: MOFSL, Company

## Key takeaways from management interaction

### Order book and inflow outlook

- Final awarding in the domestic segment has witnessed deferment although the tender pipeline has increased.
- **Prospects pipeline for 2HFY22 stands at INR6.8t in 2QFY22 (v/s INR6.1t YoY), up 12% YoY.** Domestic order pipeline stood at ~INR4.7t and international order pipeline at INR2.2t. Infrastructure segment prospects stood at INR5.3t (+20% YoY), out of which domestic pipeline comprised INR4.2t and international pipeline INR1.1t. Hydrocarbon prospects stood at INR1.2t, 80% of which comprises international prospects.
- 31% of the total order book is funded through multilateral institutions.
- Management has maintained its FY22 order inflow guidance of a low double-digit to mid-teen growth YoY.
- The macroeconomic parameters have begun favouring private capex although likely ordering is expected only in FY23.
- Out of the total order book, ~4-5% can be termed as slow moving, with no execution challenges in the remaining 95% of the order book.

### Margin outlook

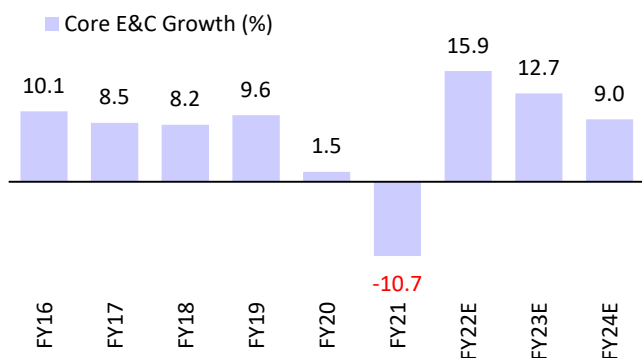
- **The management has maintained its FY22 margin guidance for the core E&C business (flat YoY) and will revisit its guidance at the end of 3QFY22.**
- 60-65% of the company's order book is on variable cost basis, thus shielding it from the ongoing commodity cost inflation.
- The management expects several key projects to cross the margin booking threshold in FY22.
- The Infrastructure segment's margins improved in 2QFY22 on account of a favourable job mix, despite commodity price inflation.

### Other key takeaways

- Working capital as a % of sales improved to 22% in 1HFY22 (v/s 26.7% in 1HFY21). The management aims to maintain working capital as % of sales at around the current levels (~22%) by FY22-end.
- **Hyderabad Metro:** Ridership stood at ~190k per day during Oct'21 and at ~146k per day for 2QFY22. Revenue in 1HFY22 stood at INR1.4b, with EBITDA coming in at ~INR270m.
- Realty segment: 2QFY22 revenue stood at INR3.2b, with EBITDA margin coming in at 40%+. Out of the 7.6k residential units, L&T has booked revenues in 2.9k units. Another 2.5k units have been sold with the company awaiting buyers to take possession. The company has pending ~2.2k units to be sold.
- Labour availability is no longer an issue as of now, with the current availability of labour force being greater than the requirement.
- While the domestic supply chain has normalised, the international supply chain may pose some risks in the near-term.
- Management aims to strike a balance between growth and capital employed. With improving collections, L&T will expedite execution.
- The next five-year plan will be finalized by the end of CY21.

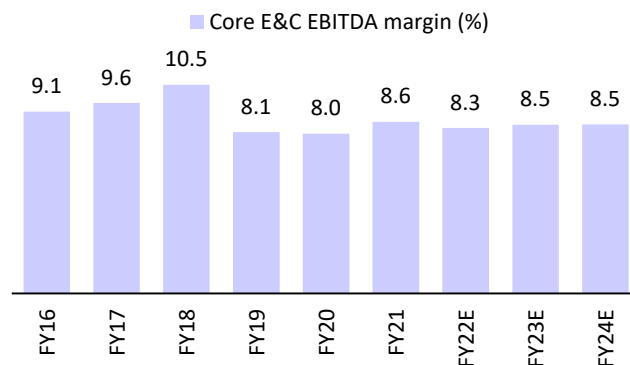
**Forecast consolidated revenue/EBITDA CAGR of 13%/16% over FY21-24**

**Exhibit 10: Core E&C revenue CAGR of 12% estimated over FY21-24**



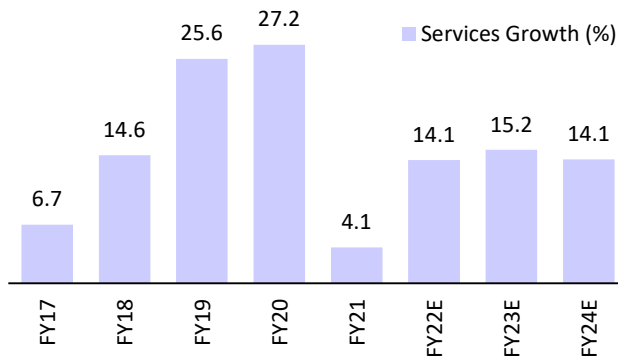
Source: MOFSL, Company

**Exhibit 11: EBITDA margin expected to stabilise at ~8.5% over FY23-24**



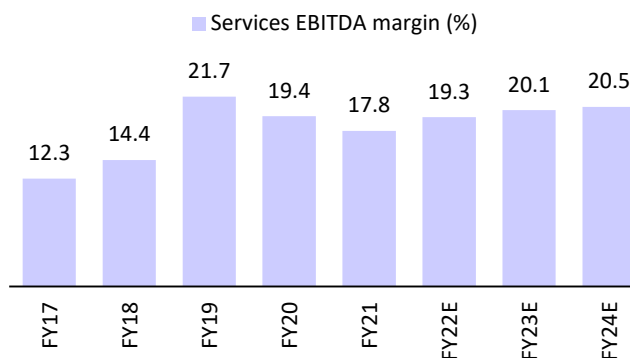
Source: MOFSL, Company

**Exhibit 12: Services revenue CAGR of ~14% estimated over FY21-24**



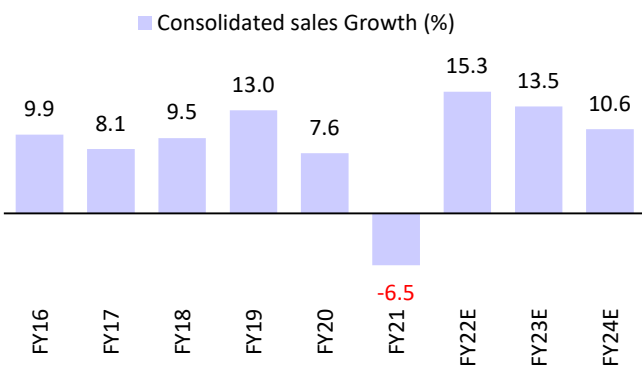
Source: MOFSL, Company

**Exhibit 13: Services EBITDA margin expected to rebound to ~19-21% over FY22-FY24**



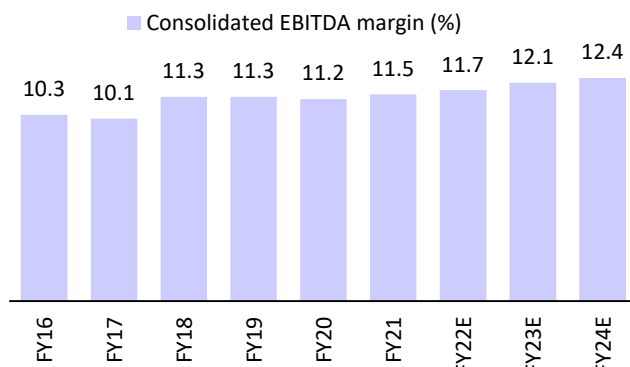
Source: MOFSL, Company

**Exhibit 14: Consolidated revenue CAGR of 13% estimated over FY21-24**



Source: MOFSL, Company

**Exhibit 15: Consolidated EBITDA estimated to expand by 90bp over FY21-24**



Source: MOFSL, Company

## Valuation and view

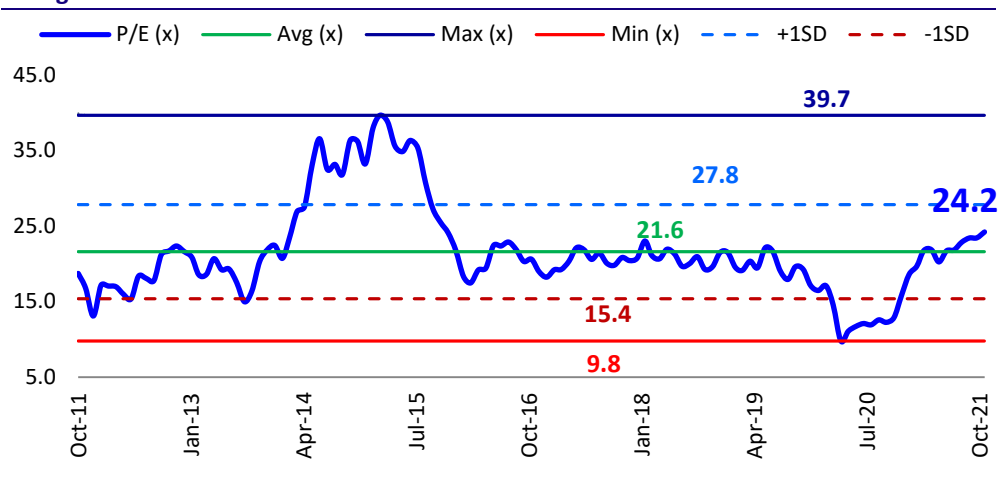
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### Exhibit 16: Our SoTP-based TP stands at INR2,175/share

Business segment	Mar'23E (INR)	Remarks
Core E&C	1,108	❖ 20x Core E&C EPS v/s long-term average of 22x
LTI, LTTS, and MTCL	957	❖ 20% discount to current m-cap
Finance holdings	75	❖ 20% discount to current m-cap
Development projects	35	❖ P/Inv. based approach
<b>Total</b>	<b>2,175</b>	

Source: MOFSL, Company

### Exhibit 17: L&T trades at above long-term average P/E; catch-up in valuations largely owing to subsidiaries



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>1,568</b>	<b>1,779</b>	<b>1,968</b>
Change (%)	9.5	13.0	7.6	-6.5	15.3	13.5	10.6
<b>EBITDA</b>	<b>136</b>	<b>153</b>	<b>163</b>	<b>156</b>	<b>184</b>	<b>216</b>	<b>244</b>
Change (%)	21.9	13.0	6.5	-4.3	17.6	17.5	12.9
Margin (%)	11.3	11.3	11.2	11.5	11.7	12.1	12.4
Depreciation	19	19	25	29	30	31	32
<b>EBIT</b>	<b>116</b>	<b>134</b>	<b>139</b>	<b>127</b>	<b>154</b>	<b>185</b>	<b>211</b>
Net Interest	15	18	28	39	34	34	34
Other Income	14	18	24	34	28	29	30
<b>PBT</b>	<b>115</b>	<b>134</b>	<b>134</b>	<b>122</b>	<b>147</b>	<b>180</b>	<b>208</b>
Tax	32	41	33	40	42	49	55
Rate (%)	27.8	30.3	24.3	32.8	28.3	27.1	26.6
<b>Reported Profit (Before MI and AI)</b>	<b>84</b>	<b>102</b>	<b>108</b>	<b>129</b>	<b>106</b>	<b>131</b>	<b>152</b>
Less: Minority Interest	6	13	13	13	17	20	23
Add: Profits of Associates	-4	-0	1	0	0	0	0
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>89</b>	<b>111</b>	<b>130</b>
Change (%)	22.4	11.0	10.6	-22.4	29.1	25.0	16.4
<b>Cons. Profit (Reported)</b>	<b>74</b>	<b>89</b>	<b>95</b>	<b>116</b>	<b>89</b>	<b>111</b>	<b>130</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	794	879	975
<b>Net Worth</b>	<b>549</b>	<b>624</b>	<b>667</b>	<b>759</b>	<b>797</b>	<b>882</b>	<b>978</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	137	157	180
<b>Capital Employed</b>	<b>1,655</b>	<b>1,916</b>	<b>2,149</b>	<b>2,190</b>	<b>2,245</b>	<b>2,450</b>	<b>2,679</b>
Gross Fixed Assets	220	262	535	571	591	611	631
Less: Depreciation	58	74	99	128	158	189	221
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>438</b>	<b>427</b>	<b>415</b>
Investments	153	211	200	396	396	396	396
Inventory	48	64	57	58	67	76	84
Debtors	331	370	407	422	487	553	611
Cash and Bank Balance	80	117	151	162	190	269	368
Loans and Advances	24	25	22	11	13	15	16
Other Current Assets	575	615	688	647	746	846	936
Current Assets	1,923	2,195	2,353	2,241	2,444	2,798	3,164
Current Liab. and Prov.	741	841	875	896	1,033	1,172	1,296
<b>Net Current Assets</b>	<b>1,182</b>	<b>1,354</b>	<b>1,478</b>	<b>1,346</b>	<b>1,411</b>	<b>1,626</b>	<b>1,868</b>
<b>Capital Deployed</b>	<b>1,655</b>	<b>1,916</b>	<b>2,149</b>	<b>2,190</b>	<b>2,245</b>	<b>2,450</b>	<b>2,679</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>63.4</b>	<b>79.3</b>	<b>92.3</b>
Growth (%)	22.4	10.9	10.5	-22.4	29.1	25.0	16.4
<b>Cons. EPS (fully diluted)</b>	<b>51.7</b>	<b>63.5</b>	<b>68.0</b>	<b>82.5</b>	<b>63.4</b>	<b>79.3</b>	<b>92.3</b>
Growth (%)	22.4	22.8	7.1	21.2	-23.1	25.0	16.4
Cash EPS	65.5	77.2	85.6	103.1	84.8	101.5	115.4
Book Value	391.7	444.7	475.3	540.2	567.6	627.9	696.4
DPS	15.9	18.0	18.0	36.0	19.0	23.8	27.7
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	31.1	28.1	36.3	28.1	22.5	19.3
Cash P/E	20.4	16.9	15.2	12.6	15.4	12.8	11.3
EV/EBITDA	21.1	19.3	18.9	19.2	16.1	13.8	12.3
EV/Sales	2.5	2.2	2.1	2.2	1.9	1.7	1.5
Price/Book Value	3.7	4.0	3.8	3.3	3.1	2.8	2.6
Dividend Yield (%)	1.2	1.4	1.4	2.8	1.5	1.8	2.1
<b>Profitability Ratios (%)</b>							
RoE	13.2	12.9	13.3	9.1	11.2	12.6	13.3
RoCE	5.7	5.5	5.7	5.0	5.8	6.4	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 (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	FY24E
<b>PBT before EO Items</b>	<b>115</b>	<b>143</b>	<b>143</b>	<b>230</b>	<b>147</b>	<b>180</b>	<b>208</b>
Add: Depreciation	19	21	25	29	30	31	32
Others	(11)	(12)	(1)	(121)	0	0	0
Less: Direct Taxes Paid	(34)	(46)	(40)	(35)	(42)	(49)	(55)
(Inc.)/Dec. in WC	(34)	(24)	(78)	54	(37)	(38)	(34)
<b>CF from Operations</b>	<b>56</b>	<b>82</b>	<b>48</b>	<b>157</b>	<b>99</b>	<b>124</b>	<b>151</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>79</b>	<b>5</b>	<b>22</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)	(33)
<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>77</b>
<b>Inc./Dec. in Cash</b>	<b>25</b>	<b>37</b>	<b>34</b>	<b>11</b>	<b>28</b>	<b>79</b>	<b>99</b>
Add: Opening Balance	56	80	117	151	162	190	269
<b>Closing Balance</b>	<b>80</b>	<b>117</b>	<b>151</b>	<b>162</b>	<b>190</b>	<b>269</b>	<b>368</b>

(INR 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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