Q3FY25 Update | Infrastructure |09 February 2025

SMIFS LIMITED
LEGACY | TRUST | GROWTH

H.G. Infra Engineering Ltd

Margin remains elevated; Prospects remains bright!

H.G. Infra Engineering Ltd (HG Infra) has presented satisfactory results for Q3FY25. Notably, its revenue has improved at a healthy pace, even though execution in certain projects were affected by the implementation of GRAP in the Delhi-NCR region. Further, EBITDA margin has stayed at an elevated level, largely as a result of a more favourable project mix - especially noting the superior margins related to solar and road (HAM) projects. Ahead, the company has reaffirmed its revenue target of ~17-18% for FY25 and expects this positive momentum to be maintained in FY26 on comfortable order book position. Furthermore, YTD FY25 inflows have been substantial and are projected to surpass Rs100bn for the fiscal year on strong order pipeline. Also, the margin guidance has been retained at ~15-16%, reflecting a likely shift in the revenue mix towards EPC projects in the roads and railways sector. Having said that, its borrowing at Dec'24-end has increased substantially primarily attributed to delays in the disbursement of funds for solar projects. These delays have resulted from extended approval processes faced by certain project SPVs, in-turn, leading to an increased need for funds for project execution. Nevertheless, it is expected to normalize by FY25-end as project execution progresses with receipts of necessary approvals, and payments are received. Further, the monetization of a pending HAM project is progressing as planned, with funds anticipated to be received in Feb'25. In addition, the company has initiated discussions for five HAM projects that are nearing completion. With these, the overall outlook remains favourable, and we maintain our BUY rating.

Q3 FY25 performance characterized by YoY revenue growth and an expansion in margin

- Revenue during Q3 FY25 rose by 12.0% YoY and 41.7% QoQ to ~Rs15.1bn, largely attributed to surge in the execution on its healthy order book. However, the implementation of GRAP in the Delhi-NCR area has resulted in a revenue loss of ~Rs1-1.5bn due to shortened execution period.
- EBITDA margin has experienced a significant rise, demonstrating 67bps YoY and 19bps QoQ improvement to 16.6%. This enhancement is largely attributed to a favorable project mix, with solar projects contributing ~Rs3.5bn to the revenue (wherein it is commanding ~18% margin). Consequently, EBITDA has improved by 16.7% YoY and 43.4% QoQ to ~Rs2.5bn.
- At net level, reported PAT has declined by 33.5% YoY to Rs1.4 bn. However, the company has recognized an exceptional item of ~Rs1.1 bn in Q3 FY24, related to gains from monetized HAM assets. Adj to this exceptional item, PAT has improved by 8.9% YoY. On a QoQ basis, the adj. PAT increased by 54.1%, driven by improved operational performance and muted depreciation cost.

Outlook and Valuation: HG Infra is well-positioned to achieve 16.1% revenue CAGR over FY24-27E, to be propelled by its strong existing order book position and expectations of better inflows. Further, margins are likely to remain elevated with an expectation of 15.5% in FY27. Consequently, EBITDA is projected to improve at 14.7% CAGR. Furthermore, we anticipate 14.6% (adj.) PAT CAGR over FY24-27E with controlled depreciation and finance costs. At CMP, the stock (excl. investments) is trading at 7.5x FY27E P/E. On SOTP methodology, our target price arrives at Rs1,914/share. BUY.

Standalone (Rs mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ(%)	Q3FY25E	Var. (%)
Net Sales	**15,085**	**13,464**	***12.0***	**10,645**	***41.7***	**15,558**	***(3.0)***
Operating Cost	12,585	11,322	*11.2*	8,900	*41.4*		
EBITDA	**2,501**	**2,142**	***16.7***	**1,744**	***43.4***	**2,443**	***2.4***
EBITDA Margin (%)	*16.6*	*15.9*	*67 bps*	*16.4*	*19 bps*	***15.7***	
Depreciation	362	367	*(1.3)*	359	*1.0*		
Interest	298	226	*31.8*	226	*32.0*		
Other income	24	25	*(6.1)*	33	*(26.6)*		
Exceptional items	-	1,067	-	-	-		
PBT	**1,864**	**2,642**	***(29.5)***	**1,192**	***56.3***		
Provision for tax	498	587	*(15.1)*	306	*62.9*		
Tax rate (%)	*26.7*	*22.2*	*451 bps*	*25.6*	*108 bps*		
Reported PAT	**1,366**	**2,055**	***(33.5)***	**886**	***54.1***	**1,376**	***(0.8)***
RPAT Margin (%)	*9.1*	*15.3*	*(621) bps*	*8.3*	*73 bps*		
Adjusted PAT	**1,366**	**1,254**	***8.9***	**886**	***54.1***	**1,376**	***(0.8)***

Source: Company, SMIFS research

Rating: BUY	**Return: 51.4%**
Current Price: 1,264	**Target Price: 1,914**

|Earlier recommendation

Previous Rating:	Buy
Previous Target Price:	1,827

Source: SMIFS Research

|Market data

Bloomberg:	HGINFRA: IN
52-week H/L (Rs):	1,880/855
Mcap (Rs bn/USD Bn):	82.4/0.9
Shares outstanding (mn)*:	65.2
Free float:	28.2%
Avg. daily vol (3M)	126k
Face Value (Rs):	10.0

Source: Bloomberg, SMIFS Research

|Shareholding pattern (%)

	Dec-24	Sep-24	Jun-24	Mar-24
Promoter	71.8	71.8	74.5	74.5
FIIs	2.8	2.6	2.0	1.7
DIIs	12.1	12.7	12.1	12.5
Public/others	13.3	12.9	11.4	11.3

Promoter pledging (%)

Pledging	-	-	-	-

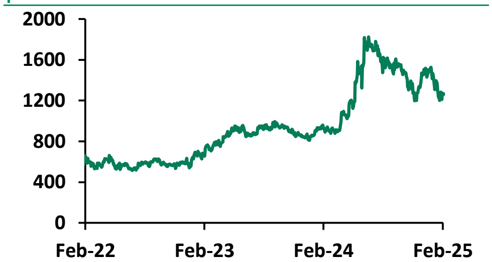
Source: BSE

|Price performance (%) *

	1M	3M	12M	36M
NIFTY 50	-0.6	-2.6	7.4	36.8
NIFTY 500	-3.1	-5.1	7.6	45.6
HGINFRA: IN	-13.2	-3.8	37.1	92.7

**as on 07th Feb'25; Source: Ace Equity, SMIFS research*

| 3 Year Price Performance Chart



Source: BSE

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Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA margin (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	Adj P/E (x)*	EV/EBITDA (x)*
FY23	44,185	*22.2*	7,103	*16.1*	4,214	*24.4*	*64.7*	*26.8*	*23.6*	10.8	6.6
FY24	51,217	*15.9*	8,220	*16.0*	4,645	*10.2*	*71.3*	*22.7*	*20.8*	12.7	7.1
FY25E	59,958	*17.1*	9,770	*16.3*	5,553	*19.5*	*85.2*	*21.3*	*19.9*	14.8	8.6
FY26E	69,413	*15.8*	10,992	*15.8*	6,124	*10.3*	*94.0*	*19.1*	*17.8*	13.5	8.0
FY27E	80,068	15.3	12,399	15.5	6,998	14.3	107.4	18.2	16.9	11.8	7.0

*Source: Company, SMIFS Research Estimates; *Not adjusted for investments*

Q3FY25— Key takeaways from the management call

- **Order book position:** As of 31st Dec'24, the order book stands at ~Rs150.8bn, indicating a healthy assurance of ~2.6x TTM revenues. The Roads (EPC) segment contributes 41.3% to the total backlog, while Roads (HAM), Railways, and Solar account for 33.2%, 15.2%, and 10.3%, respectively. Government clients contribute ~94% to the order backlog, with private clients (mainly Adani) representing the remaining ~6%. In terms of geographical distribution, Maharashtra accounts for ~34% of the order backlog, followed by Jharkhand at ~16%, Uttar Pradesh at ~12%, Rajasthan at ~10%, and Andhra Pradesh at ~6%, among others.

- **Inflows:** HG Infra has successfully secured order inflows totaling ~Rs82.0bn during YTD FY25. Key contracts include: a) the Nagpur-Chandrapur road EPC project (Packages NC-04 and NC-05) with a combined value of ~Rs41.4bn, b) an elevated corridor HAM project in Gujarat worth ~Rs7.0bn, c) the Kosi Parikrama Marg (Package - 6) HAM project in Uttar Pradesh with an EPC value of ~Rs6.8bn, d) a solar plant project from Ultra Vibrant, amounting to ~Rs4.1bn, and e) the Delhi Station redevelopment project (the company's share is Rs11.0bn; which includes construction of an elevated road:~Rs8.0bn and MEP related jobs:~Rs3.0bn). With a strong pipeline and the expected pick up in awarding, the company forecasts an inflow of ~Rs2.0-3.0bn for the remainder of the year. This is likely to enable the company to reach near to its order inflow target of ~Rs110bn for FY25. Furthermore, the company has outlined a goal of adding ~Rs100bn worth of projects in FY26.

- **Bidding pipeline**: The company has submitted bids for projects amounting to ~Rs160-170bn, wherein results are still awaited. These bids are across various sectors, including roads (~Rs90bn), railways (~Rs60bn), and solar energy (~Rs11bn). Additionally, the overall bidding pipeline stands robust, totaling ~Rs800bn, with opportunities in the roads sector valued at ~Rs550bn, railways at ~Rs180bn, and solar at ~Rs70bn. Having said that, the management anticipates an increase in project awards from NHAI in roads sector as cabinet approvals are gradually obtained. However, it is possible that the awarding of projects within the current bidding pipeline may extend into FY26. Further, there is a notable presence of intense competition. In light of these, the company is looking into opportunities in the other infrastructure related segments, with a particular focus on water (JJM, river linking among others) and power transmission segments. Having said, the company is not inclined to submit bids for BOT Roads projects on its own/directly.

- **Revenue and margin guidance**: The company has predominantly upheld its revenue growth forecasts for FY25, projecting an increase of ~17-18%, with a revenue target of ~Rs60bn. Consequently, revenue for Q4 FY25 is anticipated to be ~19.0bn, reflecting a growth of ~17%. Additionally, the current execution momentum is expected to persist, with a goal of achieving ~15% YoY growth for FY26, targeting revenues ~Rs70bn. The EBITDA margin is projected to hover at ~15-16%, with a greater contribution expected from EPC projects.

- **Update on key EPC projects:** a) Ganga Expressway: The project, with an outstanding order value of Rs8.9bn, has reached ~81.2% completion as of 31st Dec'24. The work is progressing as planned and is expected to be completed during H1 FY26, b) Delhi-UER: The project is at ~96.0% completion stage, with an outstanding order value stands at ~Rs566mn. Consequently, the company has applied for PCoD, c) Kalimandir Dimma Chowk: This project, having outstanding value of Rs5.8bn, has got appointed during Sept'24 and is in the preliminary stages of execution, having achieved ~5.4% completion. Having said that, the execution pace is getting impacted by specific design modifications made by the authorities, d) Neelmangala-Tumkur: Challenges related to land availability have hindered the project's progress, causing a standstill for the past six months. Nevertheless, a settlement agreement was executed with the NHAI in Dec'24, which included the de-scoping of certain RoW sections. As a result, the project value has been revised to ~Rs6.5bn, compared to earlier figure of Rs8.4bn. With this, the management expects completion by FY27.

- **Update on key HAM projects:** a) Karnal Munak Ring Road: The project is advancing according to the established timeline and has reached a completion rate of 55.1% by Dec'24. Consequently, the outstanding order value is at ~Rs4.0bn. b) Raipur-Visakhapatnam (AD-1, OD-5, OD-6): The packages, which collectively hold an outstanding value of Rs3.4bn, are progressing effectively, with >85% of the work completed. The management is optimistic about completion of all three packages by FY25-end and has already applied for PCoD. c) Khammam-Davarapalle (Package -I and -II): With an outstanding value of Rs3.9bn and completion of 70%+ as of 31st Dec'24, the execution is projected to get completed by Q1 FY26-end, d) Chennai Tirupati (Package-II): The project, having Rs6.8bn value, has secured appointed date in Dec'24 and execution has commenced likewise.

- **Appointed dates in pending projects:** a) Nagpur-Chandrapur EPC (NC-04 and NC-05): While the packages have attained L1 status during May'24, the issuance of LoA has been postponed due to changes in alignment and the unavailability of the desired land. Having said that, the management is looking forward to receiving the LoA by Mar'25, b) Marol junction to Sarkhej EPC: With land availability at 100%, the company has begun the process of mobilizing its manpower. The appointed date for this project is anticipated to by May'25, and c) Varanasi-Ranchi-Kolkata HAM (Package -10 and -13): The packages are currently under advances stages of land acquisitions and forest clearances has been secured recently. With this, the appointed date for the packages to get secured by Apr'25.

- **Update on key railway projects:** a) Delhi Metro: Progress on the project is satisfactory, with a completion status of 70.3% and an outstanding order book valued at ~Rs1.0bn., b) Bilaspur Viaduct: Although the project has faced initial delays caused by significant rainfall in the site locations, its execution is picked up in recent times and is anticipated to be completed within the scheduled timeline (in FY26), and c) Kanpur Station redevelopment: Despite securing an appointed date in Oct'23, the project has only completed ~14.1% of its work as of Dec'24, largely due to design and land-related challenges. However, these challenges are being addressed, and a significant acceleration in execution is expected moving forward.

- **Update on solar projects:** The company has been actively participating in solar power plant projects, with the total estimated EPC value of these endeavors stands at ~Rs22.4bn (for700MW DC capacity). The land acquisition process for entire projects has now been completed. At present, the company has achieved a 30.6% completion towards these projects, and the outstanding order book value at Q3 FY25-end stands at Rs15.6bn. Having said that, the company expects margin for solar projects to remain elevated at ~18% with benefiting accruing from solar module prices. The company expects execution on these projects to be completed in FY26. Moreover, the company has also successfully secured battery storage-related jobs in Q3 FY25 from NTPC Vidyut Vyapar Nigam Ltd and Gujarat Urja Vikas Nigam Ltd. In these projects, the civil engineering work is projected to ~Rs5.0bn (~35% of the total project cost; focusing on the development of substations and transmission systems), with 65% of the expenses related to the battery costs. Having said that, the management has indicated towards 12-13% of EPC margin and 14-15% of project IRR in Battery storage-related jobs.

- **Equity Requirement:** The overall equity requirement for the HAM projects amounts to ~Rs17.3bn. The company has already invested ~Rs9.3bn till Q3 FY25-end, with an additional ~Rs1.2bn anticipated to be infused in Q4 FY25. The remaining sum of ~Rs6.4bn is anticipated to be injected evenly over FY26 and FY27. Additionally, the total equity requirement for the solar projects is Rs7.2bn. As of 31st Dec'24, Rs1.3bn has been invested, with an estimated ~Rs1.2bn expected to be infused in Q4 FY25 and the remaining is anticipated in FY26.

- **Debt position**: The gross debt amounted to ~Rs13.2bn as of 31st Dec'24, rising from Rs8.8bn at Q2-end FY25 and Rs4.5bn at FY24-end. This increase in debt is primarily due to delays in receiving essential SPV-related approvals from specific DISCOMs, which have caused a postponement in the disbursement of amount towards solar projects. However, management has noted that the necessary approvals for such SPVs have now been obtained, and disbursements are getting on track. It is expected that the debt figure will normalize by FY25-end, with estimates ranging from ~Rs6.0-7.0bn.

- **Asset Monetization:** The company has effectively monetized three HAM projects: a) Gurgaon Sohna (Rajiv Chowk), b) Rewari Ateli Mandi, and c) Ateli Narnaul Bypass. For these projects, the company has received Rs3.2bn during FY24, with an additional ~Rs540mn received in Oct'24 following NHAI's approval concerning GST. Regarding the monetization of the fourth HAM project, Rewari-Bypass (Package 4), NOCs are already obtained from NHAI and lenders in Mar'24. However, compliance with the SPV conditions is currently underway. Consequently, it is anticipated that an amount ~Rs1.3bn (as compared to the equity infusion of Rs757mn) to be received in Feb'25 with the successful completion of the transaction.

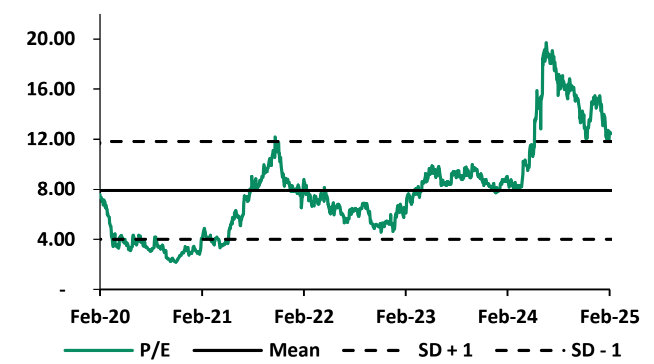
- **Capex:** The company has reported capex amounting to Rs920mn during 9MFY25. The management anticipates incremental capex of Rs50-100mn to be incurred in Q4 FY25 and Rs400-500mn for FY26.

Outlook and Valuation

A robust order backlog, expected inflows, and diversification across geographical and sectoral lines are likely to propel the company's topline growth. The firm's strong construction capabilities, bolstered by in-house design and execution teams, to also play a crucial role. However, margin is expected to decline from current levels, primarily due to a change in the project mix that favours lower-margin EPC jobs. Conversely, the company's low D/E ratio, satisfactory working capital days, and healthy return ratios reinforce its strong financial position.

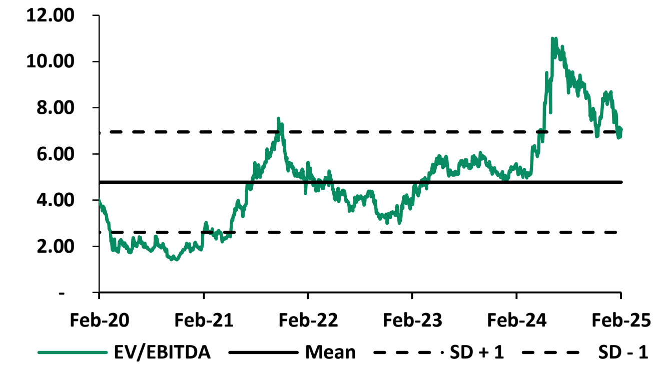
At CMP, the stock (excluding investments) is trading at a valuation of 12.2x FY25E P/E, 9.5x FY26E P/E and 7.5x FY27E P/E. We have rolled forward our valuation to FY27E while continued to adopt the Sum-of-the-Parts valuation methodology. We have assessed the core construction segment at 14x FY27E P/E. Additionally, hybrid annuity assets have been valued at 1x their' FY27E book value, while solar assets are appraised at 70% of the expected equity investments. Consequently, core construction segment is valued at ~Rs1,503/share, with investments at ~Rs411/share. Thus, we maintain BUY rating on the stock with a target price of Rs1,914/share.

Fig 1: 1-year forward P/E



Source: AceEquity, SMIFS Research

Fig 2: 1-year forward EV/EBITDA



Source: AceEquity, SMIFS Research

Fig 3: Change in Estimates

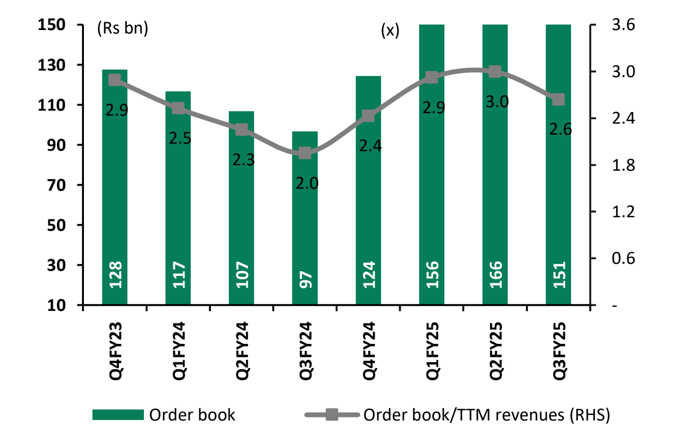
Rs mn	New Estimates			Old Estimates			Change (%)		
	FY25e	FY26e	FY27e	FY25e	FY26e	FY27e	FY25e	FY26e	FY27e
Revenue	59,958	69,413	80,068	59,958	69,431	80,081	-	-	-
Gross profit	13,954	15,946	17,998	13,953	15,939	18,216	-	-	(1.2)
Gross profit margin (%)	*23.3*	*23.0*	*22.5*	*23.3*	*23.0*	*22.7*	-	*2 bps*	*(27) bps*
EBITDA	9,770	10,992	12,399	9,477	10,842	12,447	3.1	1.4	(0.4)
EBITDA Margin (%)	*16.3*	*15.8*	*15.5*	*15.8*	*15.6*	*15.5*	*49 bps*	*22 bps*	*(6) bps*
APAT	5,553	6,124	6,998	5,362	6,123	7,098	3.6	0.0	(1.4)
Adj. EPS (Rs)	85.2	94.0	107.4	82.3	94.0	108.9	3.6	0.0	(1.4)

Source: Company, SMIFS research

Our top-line projections are in close agreement with the management's guidance. Consequently, the revenue estimates remain stable. Nevertheless, the company has reported improved margins for 9M FY25. Additionally, the increased contribution from solar projects is anticipated to sustain margins at an elevated level. As a result, we have revised our margin expectations upward for FY25 and FY26, while largely maintaining our expectations for FY27E. Furthermore, we have made adjustments for depreciation based on revised capital expenditures and finance costs due to higher-than-anticipated borrowings. Consequently, the profit after tax (PAT) has been adjusted accordingly.

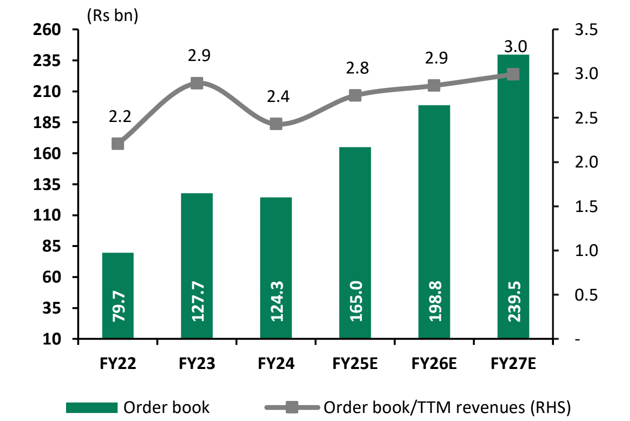
Story In Charts

Fig 4: Quarterly Order Book



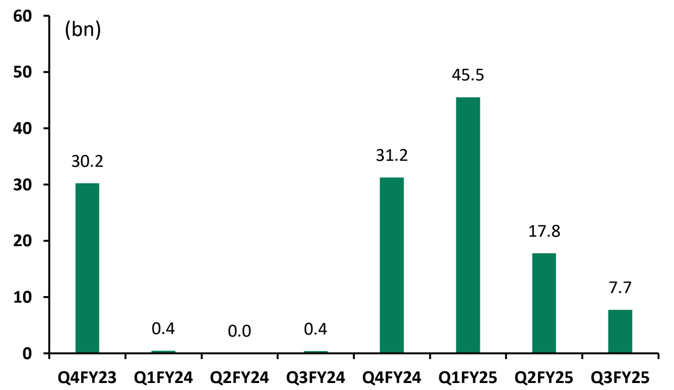
Source: Company, SMIFS Research

Fig 5: Yearly Order Book



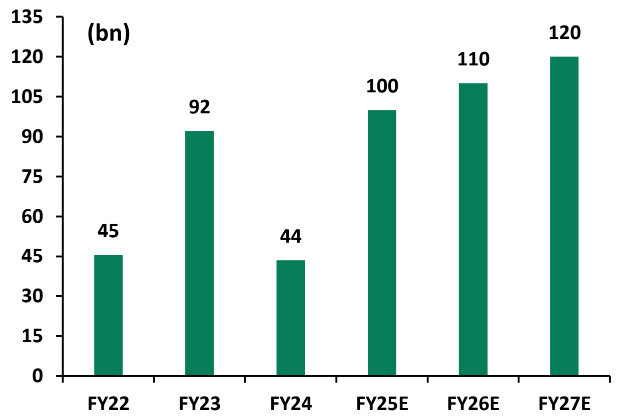
Source: Company, SMIFS Research Estimates

Fig 6: Quarterly Order Inflows*



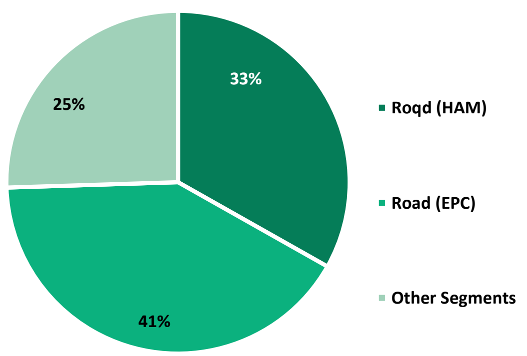
*Source: Company, SMIFS Research; *Calculated for Q2 FY25 and Q3 FY25*

Fig 7: Yearly Order Inflows



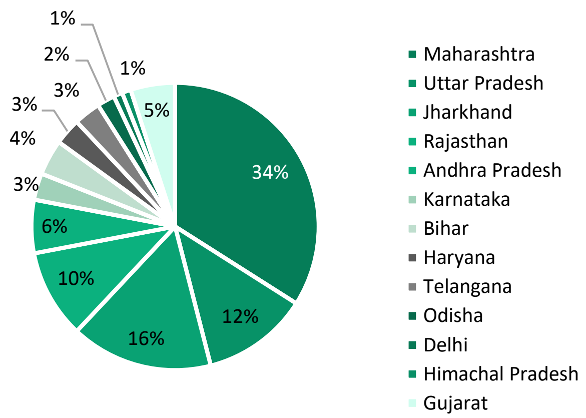
Source: Company, SMIFS Research Estimates

Fig 8: Segment-wise order backlog



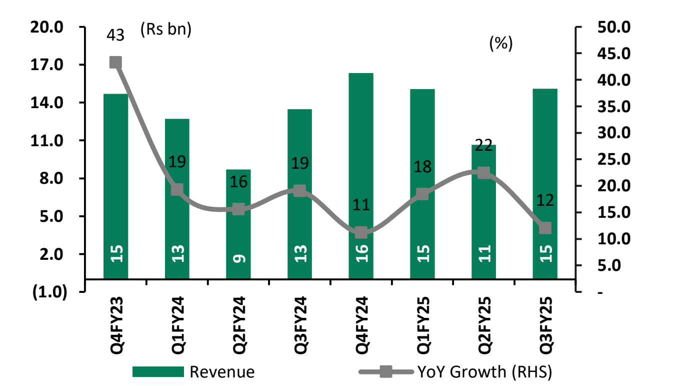
Source: Company, SMIFS Research

Fig 9: State-wise order breakup*



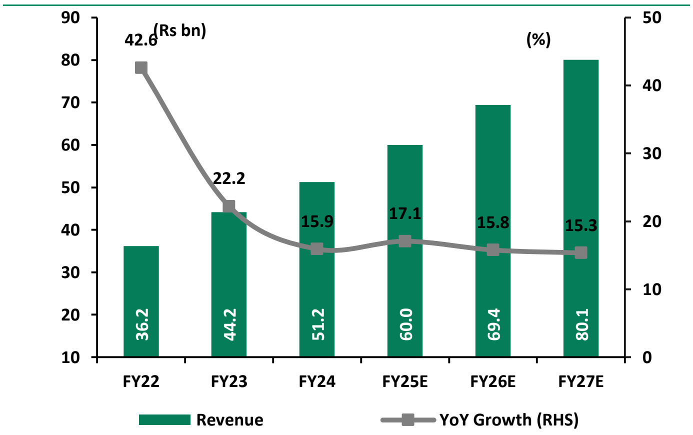
Source: Company, SMIFS Research

Fig 10: Quarterly Revenues



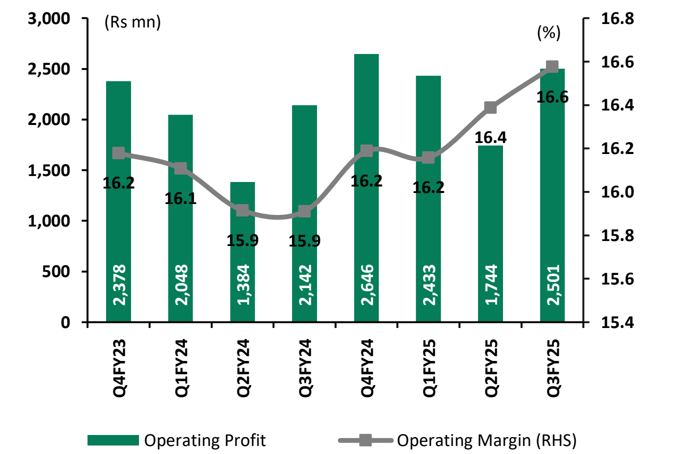
Source: Company, SMIFS Research

Fig 11: Yearly Revenues



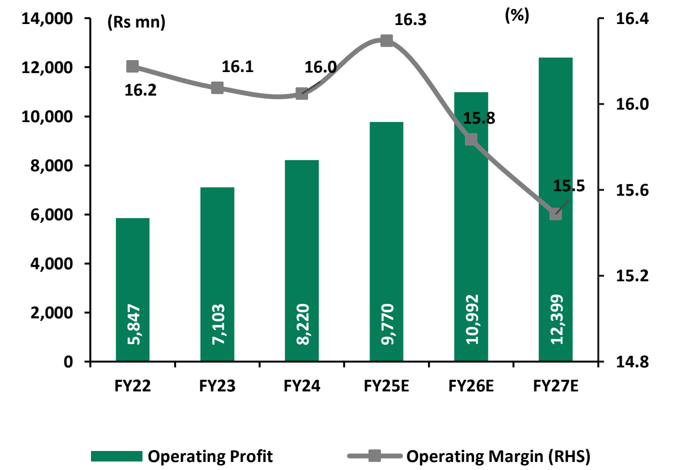
Source: Company, SMIFS Research Estimates

Fig 12: Quarterly EBITDA & Margin



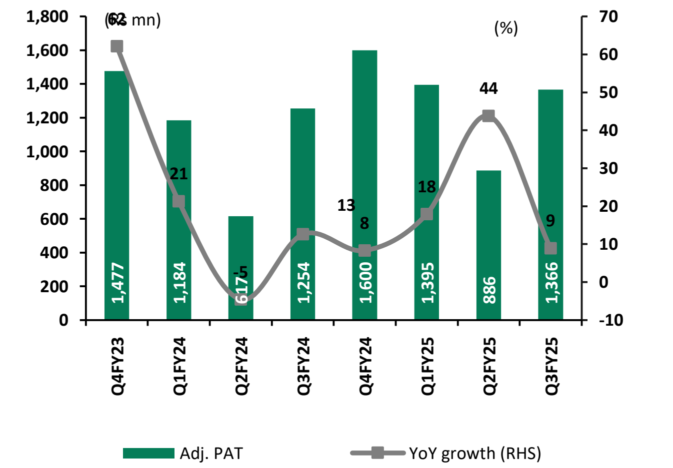
Source: Company, SMIFS Research

Fig 13: Yearly EBITDA & Margin



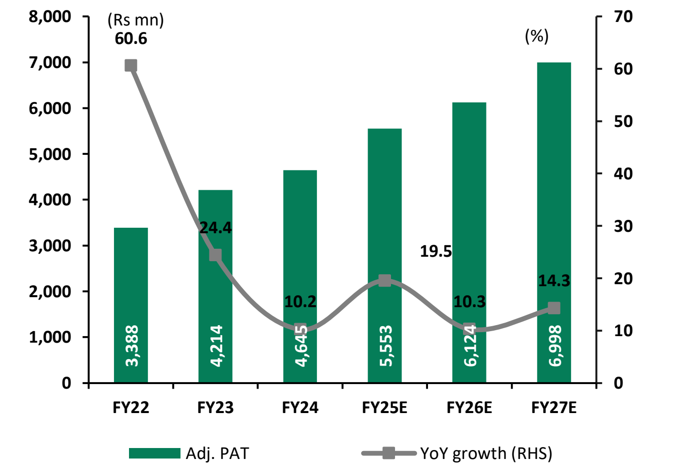
Source: Company, SMIFS Research Estimates

Fig 14: Quarterly Adjusted PAT and YoY growth



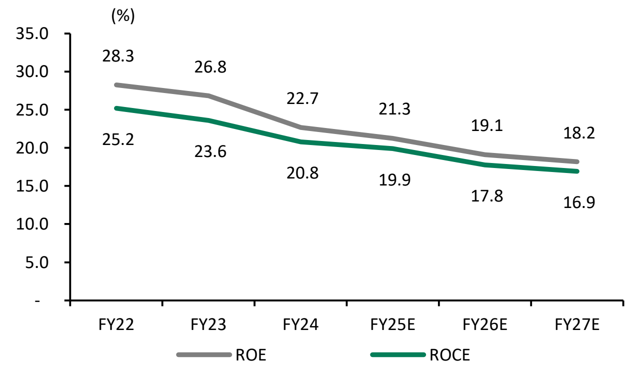
Source: Company, SMIFS Research

Fig 15: Annual Adjusted PAT and YoY growth



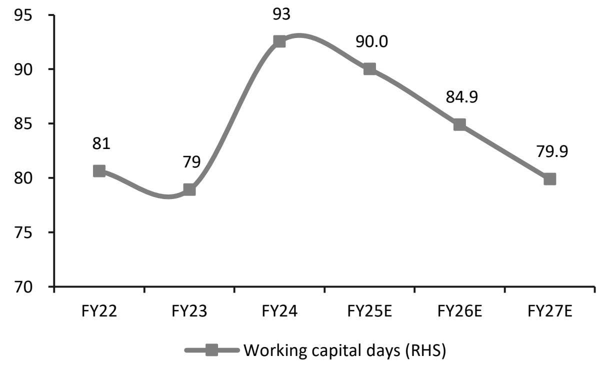
Source: Company, SMIFS Research Estimates

Fig 16: ROE & ROCE



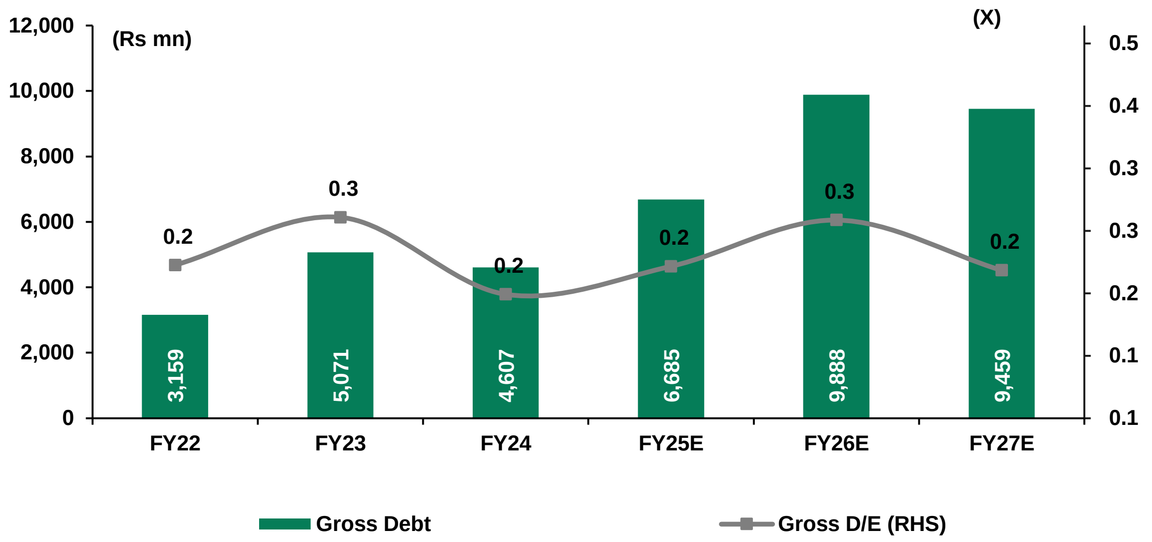
Source: Company, SMIFS Research Estimates

Fig 17: Working capital days



Source: Company, SMIFS Research Estimates

Fig 18: Gross debt and gross debt/ equity



Source: Company, SMIFS Research Estimates

Quarterly financials, operating metrics, and key performance indicators

Fig 19: Quarterly Financials

Y/E March (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net sales	**14,696**	**12,713**	**8,695**	**13,464**	**16,345**	**15,059**	**10,645**	**15,085**
Cost of Material Consumed	11,362	9,670	6,418	10,324	12,776	11,667	8,052	11,532
Employee Cost	628	715	648	776	743	787	753	874
Other Expenditure	329	280	245	222	180	172	95	179
EBITDA	**2,378**	**2,048**	**1,384**	**2,142**	**2,646**	**2,433**	**1,744**	**2,501**
Depreciation	261	311	354	367	380	348	359	362
Interest	77	38	17	25	46	32	33	24
Other Income	190	173	216	226	195	220	226	298
Exceptional Items	-	-	-	1,067	-	-	-	-
PBT	**2,005**	**1,602**	**831**	**2,642**	**2,117**	**1,897**	**1,192**	**1,864**
Tax	528	419	214	587	518	501	306	498
Tax rate (%)	26.3	26.1	25.8	22.2	24.5	26.4	25.6	26.7
Reported PAT	**1,477**	**1,184**	**617**	**2,055**	**1,600**	**1,395**	**886**	**1,366**
Adjusted PAT	**1,477**	**1,184**	**617**	**1,254**	**1,600**	**1,395**	**886**	**1,366**
YoY Growth (%)								
Revenue	*43.2*	*19.3*	*15.6*	*19.0*	*11.2*	*18.4*	*22.4*	*12.0*
EBITDA	*51.6*	*26.0*	*14.6*	*13.2*	*11.3*	*18.8*	*26.1*	*16.7*
Adj. PAT	*62.1*	*21.2*	*(4.6)*	*12.6*	*8.3*	*17.9*	*43.7*	*8.9*
QoQ Growth (%)								
Revenue	*29.9*	*(13.5)*	*(31.6)*	*54.9*	*21.4*	*(7.9)*	*(29.3)*	*41.7*
EBITDA	*25.6*	*(13.9)*	*(32.4)*	*54.8*	*23.5*	*(8.0)*	*(28.3)*	*43.4*
Adj. PAT	*32.5*	*(19.9)*	*(47.9)*	*103.4*	*27.5*	*(12.8)*	*(36.5)*	*54.1*
Margin (%)								
Gross Profit	*22.7*	*23.9*	*26.2*	*23.3*	*21.8*	*22.5*	*24.4*	*23.6*
EBITDA	*16.2*	*16.1*	*15.9*	*15.9*	*16.2*	*16.2*	*16.4*	*16.6*
Adj. PAT	*10.1*	*9.3*	*7.1*	*9.3*	*9.8*	*9.3*	*8.3*	*9.1*
Employee cost as % of sales	*4.3*	*5.6*	*7.5*	*5.8*	*4.5*	*5.2*	*7.1*	*5.8*
Other expenses as % of sales	*2.2*	*2.2*	*2.8*	*1.6*	*1.1*	*1.1*	*0.9*	*1.2*
Operational Matrix								
Order book (Rs mn)	1,27,658	1,16,746	1,06,782	96,713	1,24,340	1,56,418	1,66,235	1,50,799
Inflows (Rs mn)*	30,212	425	-	362	42,757	45,502	17,800	7,700
Order book/TTM bill (x)	2.9	2.5	2.3	2.0	2.4	2.9	3.0	2.6

Source: Company, SMIFS Research; Calculated for Q2 FY25 and Q3 FY25

Financial Statements (Standalone)

Income Statement

YE March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenues	**44,185**	**51,217**	**59,958**	**69,413**	**80,068**
Raw Materials	34,475	39,189	46,005	53,467	62,070
% of sales	*78.0*	*76.5*	*76.7*	*77.0*	*77.5*
Personnel	1,959	2,882	3,454	3,896	4,354
% of sales	*4.4*	*5.6*	*5.8*	*5.6*	*5.4*
Other Expenses	649	927	730	1,059	1,244
% of sales	*1.5*	*1.8*	*1.2*	*1.5*	*1.6*
EBITDA	**7,103**	**8,220**	**9,770**	**10,992**	**12,399**
Other Income	963	1,412	1,472	1,567	1,661
Depreciation	181	126	153	162	166
EBIT	**6,320**	**6,934**	**8,452**	**9,587**	**10,905**
Finance cost	633	810	1,028	1,399	1,550
Core PBT	**5,507**	**5,998**	**7,270**	**8,026**	**9,189**
Exceptional Items	-	1,067	543	-	-
PBT	**5,687**	**7,192**	**7,966**	**8,188**	**9,355**
Tax-Total	1,474	1,737	2,008	2,063	2,358
Tax Rate (%) - Total	*25.9*	*24.2*	*25.2*	*25.2*	*25.2*
Reported PAT	**4,214**	**5,455**	**5,959**	**6,124**	**6,998**
Adjusted PAT	**4,214**	**4,645**	**5,553**	**6,124**	**6,998**

Source: Company, SMIFS Research Estimates

Key Ratios

YE March	FY23	FY24	FY25E	FY26E	FY27E
Growth Ratio (%)					
Revenue	22.2	15.9	17.1	15.8	15.3
EBITDA	21.5	15.7	18.9	12.5	12.8
Adjusted PAT	24.4	10.2	19.5	10.3	14.3
Margin Ratios (%)					
Gross Profit	22.0	23.5	23.3	23.0	22.5
EBITDA	16.1	16.0	16.3	15.8	15.5
EBIT	14.3	13.5	14.1	13.8	13.6
Core PBT	12.5	11.7	12.1	11.6	11.5
Adjusted PAT	9.5	9.1	9.3	8.8	8.7
Return Ratios (%)					
ROE	26.8	22.7	21.3	19.1	18.2
ROCE	23.6	20.8	19.9	17.8	16.9
Turnover Ratios (days)					
Gross block turnover ratio	47.6	44.7	45.9	49.8	53.9
Adj OCF / Adj PAT (%)	124.5	40.9	118.7	117.4	114.6
Inventory	19.4	21.1	22.0	23.0	23.0
Debtors	72.6	65.4	75.5	73.4	71.4
Creditors	61.4	65.1	67.5	66.5	66.5
Cash conversion cycle	30.6	21.5	30.0	29.9	27.9
Solvency Ratio (x)					
Debt-equity	0.3	0.2	0.2	0.3	0.2
Net debt/equity	0.1	(0.0)	0.1	0.2	0.1
Gross debt/EBITDA	0.7	0.6	0.7	0.9	-
Current Ratio	1.4	1.7	1.6	1.5	1.5
Interest coverage ratio	10.0	8.6	8.2	6.9	7.0
Dividend					
DPS	1.3	1.5	1.8	2.0	2.3
Dividend Yield (%)	0.2	0.2	0.1	0.2	0.2
Dividend Payout (%)	1.9	2.1	2.1	2.1	2.1
Per share Ratios (Rs)					
Basic EPS (reported)	64.7	83.7	91.4	94.0	107.4
Adj EPS	64.7	71.3	85.2	94.0	107.4
CEPS	79.4	105.4	114.0	118.0	132.9
BV	272.9	355.8	445.7	537.9	643.3
Valuation (x)*					
Adj P/E	10.8	12.7	14.8	13.5	11.8
P/BV	2.6	2.5	2.8	2.3	2.0
EV/EBITDA	6.6	7.1	8.6	8.0	7.0
EV/Sales	1.1	1.1	1.4	1.3	1.1
Adj Mcap / Core PBT	7.5	8.9	10.7	9.7	8.4
Adj Mcap / Adj OCF	7.9	28.1	11.8	10.8	9.7

Source: Company, SMIFS Research Estimates

Balance Sheet

YE March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Source of funds					
Share Capital	652	652	652	652	652
Reserves & Surplus	17,133	22,533	28,394	34,405	41,272
Shareholders' Funds	**17,784**	**23,185**	**29,046**	**35,057**	**41,924**
Total Loan Funds	**5,071**	**4,607**	**6,685**	**9,888**	**9,459**
Other Liabilities	145	122	155	183	218
Total Liabilities	**23,000**	**27,914**	**35,887**	**45,127**	**51,601**
Application of funds					
Gross Block	10,336	12,312	13,512	14,012	15,262
Net Block	6,212	7,262	6,950	5,881	5,468
Capital WIP	719	42	26	11	27
Right use of assets	40	86	94	104	114
Intangible Asset	15	17	18	21	23
Investment Properties	79	58	58	58	58
Quasi Investments	2,330	2,556	2,605	2,658	2,718
Other Investments	**5,382**	**4,008**	**12,297**	**21,897**	**27,497**
Other Non-Current Assets	**367**	**1,169**	**669**	**682**	**779**
Inventories	2,353	2,967	3,614	4,374	5,045
Sundry Debtors	8,791	9,177	12,402	13,959	15,663
Current Investments	10	857	-	-	-
Cash and Bank Balance	1,794	1,993	2,033	1,879	2,231
Other current assets	7,001	10,823	10,854	11,614	12,738
Total Current Assets	**19,949**	**25,816**	**28,903**	**31,826**	**35,676**
Sundry Creditors	7,437	9,133	11,088	12,647	14,588
Other current liabilities	4,656	3,965	4,645	5,363	6,172
Total Current Liabilities	**12,093**	**13,099**	**15,733**	**18,010**	**20,759**
Net Current Assets	**7,856**	**12,717**	**13,170**	**13,816**	**14,917**
Total Assets	**23,000**	**27,914**	**35,887**	**45,127**	**51,601**

Source: Company, SMIFS Research Estimates

Cash Flow

YE March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Operating profit before WC changes	7,377	8,578	10,313	10,992	12,399
Net changes in working capital	64	(3,937)	(686)	(338)	(471)
Tax Paid	1,571	1,931	2,008	2,063	2,358
Cash flow from operating activities	**5,871**	**2,710**	**7,620**	**8,590**	**9,571**
Adj. OCF	**5,248**	**1,900**	**6,592**	**7,191**	**8,021**
Capital expenditure	(3,392)	(2,239)	(1,153)	(496)	(1,276)
Adj FCF	1,856	(339)	5,438	6,696	6,745
Cash flow from investing activities	**(6,827)**	**(870)**	**(8,432)**	**(9,933)**	**(6,710)**
Debt	1,888	(40)	1,963	2,687	(847)
Dividend	(65)	(81)	(98)	(114)	(130)
Interest and Lease	(648)	(851)	(1,013)	(1,383)	(1,531)
Cash flow from financing activities	**1,174**	**(1,457)**	**852**	**1,190**	**(2,509)**
Net change in cash	**219**	**383**	**40**	**(153)**	**352**

Source: Company, SMIFS Research Estimates

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