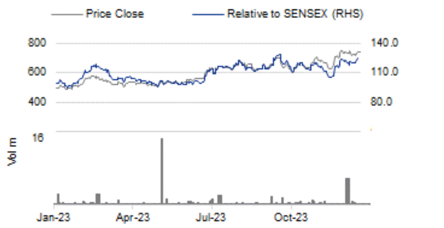
India

ADD *(Initiating coverage)*

Consensus ratings*:	Buy 14	Hold 2	Sell 0

Current price:	Rs745
Target price:	Rs900
Previous target:	NA
Up/downside:	20.8%
EIP Research / Consensus:	20.8%
Reuters:	
Bloomberg:	KPIL IN
Market cap:	US$1,456m
	Rs120,990m
Average daily turnover:	US$3.4m
	Rs284.0m
Current shares o/s:	162.4m
Free float:	7.9%

Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	13.3	16.4	48.9
Relative (%)	14.3	4.0	26.8

Major shareholders	% held
Promoters	40.6
Hdfc Trustee Company	9.8
ICICI Pru Equity & Debt	9.5

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Kalpataru Projects International Limited

Strong TAM + value unlocking from arms = ADD

- KPIL is an infrastructure play backed by robust promoter bandwidth which showcases its ability to initiate, expand, develop, grow and monetize assets.
- Divestment of T&D assets, real estate and refinancing of debt in road projects to release equity capital and lower funding from the parent to its subsidiaries.
- We initiate coverage with an ADD rating & SOTP- based TP of Rs900, valuing the standalone business at 15x FY26F & all investments/arms at Rs32/share.

Higher TAM and strong merger synergies

With the merger of JMC Projects (India), Kalpataru Projects International or KPIL (formerly Kalpataru Power Transmission) has created a synergy to expand its capabilities and competencies significantly. The merger offers a competitive edge to take on a wide range of projects in the power transmission and distribution or T&D, buildings and factories, water supply, railway, oil and gas, and urban infrastructure space.

Strong order book

The order book of KPIL currently stands at Rs470bn, with power T&D contributing a lion's share to the order book (36%) followed by buildings and factories or B&F (21%) and water projects (25%). The international order book stands at Rs189bn (40%). The company expects healthy activity in Africa and Latin America regions, with the strong traction from Fasttel and Linjemontage likely to continue.

It's time to encash non-core assets

Over the past few years, KPIL has created new assets including roads projects, Indore real estate, Shubham Logistics, etc. with a total equity investment of Rs9bn. These assets have now matured and KPIL is looking to monetize them gradually, which is likely to generate cash and lead to improvement in the RoCE. Management has given guidance of receiving Rs6bn from non-core assets, including the Indore real estate project and Vindhyachal road project, by the end of FY25F. KPIL is exploring additional opportunities and plans to initiate non-binding discussions over the next one-to-two quarters to divest Waiganga and Brij Bhumi projects by FY26F. Also, it is looking to divest SSL by FY26F. 65% of Indore real estate inventory has been sold and the balance is likely to complete by CY24F.

Initiate coverage on KPIL with an ADD rating and a TP of Rs900

On the valuation front, KPIL is still at ~15.9x FY25F EPS vs. rival KEC International's 18x FY25F EPS. Key positive triggers in the coming quarters include the reduction in promoter pledge. Further pledge reduction can drive a rerating for the stock. We have valued its standalone business at 15x FY26F and all investments & subsidiaries, at an equity value of Rs32/share. We initiate coverage on KPIL with an ADD rating and a SOTP-based target price of Rs900. Higher commodity prices, working capital and debt level, coupled with order inflow slowdown, are the key downside risks.

Financial Summary	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	124,071	143,370	166,349	195,832	224,603
Operating EBITDA (Rsm)	8,527	11,600	13,862	17,013	19,909
Net Profit (Rsm)	3,504	5,300	5,605	7,621	9,397
Core EPS (Rs)	17.6	29.3	34.5	46.9	57.8
Core EPS Growth	(35.9%)	66.2%	17.7%	36.0%	23.3%
FD Core P/E (x)	42.24	25.42	21.59	15.88	12.87
DPS (Rs)	1.4	6.3	6.8	7.3	7.8
Dividend Yield	7.8%	21.5%	17.9%	14.2%	11.8%
EV/EBITDA (x)	16.14	12.22	10.30	8.42	7.23
P/FCFE (x)	20.82	33.73	23.66	20.63	19.81
Net Gearing	33.8%	39.0%	37.7%	34.8%	31.8%
P/BV (x)	2.45	2.27	2.10	1.89	1.67
ROE	6.5%	9.3%	10.1%	12.5%	13.8%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

A diversified play on infrastructure sector

Figure 1: T&D segment accounts for a lion's share in KPIL's revenue and order book (Rs m)

Consolidated (Rs m)	Kalpataru Projects (Rs164bn-FY23 to Rs260bn - FY26F)					
Key Segments	T&D	B&F	Water	Oil & Gas	Railways	Urban Infra
Revenue Mix: FY23	60,420	41,360	26,110	9,860	16,520	4,090
Revenue Mix (FY23)	38.2%	26.1%	16.5%	6.2%	10.4%	2.6%
Order Book Mix: FY23	35.9%	18.6%	27.2%	3.6%	8.2%	6.5%
Revenue CAGR (24-26F)	19.1%	21.3%	4.2%	8.9%	8.9%	12.5%

Year	FY21	FY22	FY23	FY24F	FY25F	FY26F
Revenue	1,29,490	1,47,770	1,63,610	1,94,532	2,28,610	2,59,687
EBITDA Margin	11.7%	8.0%	8.4%	8.6%	8.8%	9.1%
Reported PAT	6,620	5,350	4,350	5,043	6,781	8,829

Key Investment Themes	The merger of JMC has created synergy to expand KPIL's capabilities, leading to a combined order visibility of ~US$5.6bn.
	The opportunities are strong over the next few years led by the increased focus on renewable power and new T&D infrastructure.
	The B&F segment will lead the rapid growth of IT, e-commerce and manufacturing industries, and the spread of data centres.
	Union Budget 2023 allocated Rs700bn for the Jal Jeevan Mission (+27%), which will provide multiple opportunities in the water segment.
	The railway segment remains strong led by allocation of Rs2,400bn for expanding and upgrading the railway network in India.
	KPIL will focus on securing projects in metro rail, elevated roads, public spaces, airports, etc.
	We expect its margins to improve from 8.4% in FY23 to 9.1% in FY26F.
	For FY24F, management has given order inflow guidance of Rs250bn, revenue growth of 25% and EBITDA margin of 8.5%.
	On the valuations front, KPIL trades at 15.9x FY25F EPS vs KEC International's ~18x FY25F EPS.

SOURCE: COMPANY REPORTS, INCRED RESEARCH

A diversified infrastructure play

Strong opportunities across sectors

Ability to grow and expand into new verticals

Kalpataru Projects International (KPIL) is a play on key infrastructure segments backed by a robust promoter bandwidth, which has demonstrated its ability to initiate, expand, develop, grow and monetize assets at the right valuations. KPIL is one the largest diversified EPC companies engaged in power transmission & distribution (T&D), buildings & factories (B&F), water supply & irrigation, railways, oil & gas pipelines and urban infrastructure. Over the past few decades, it has successfully ventured into oil & gas pipelines, railway and water segments, which augurs well to tap the opportunities and mitigate the risk of a slowdown in domestic T&D investments.

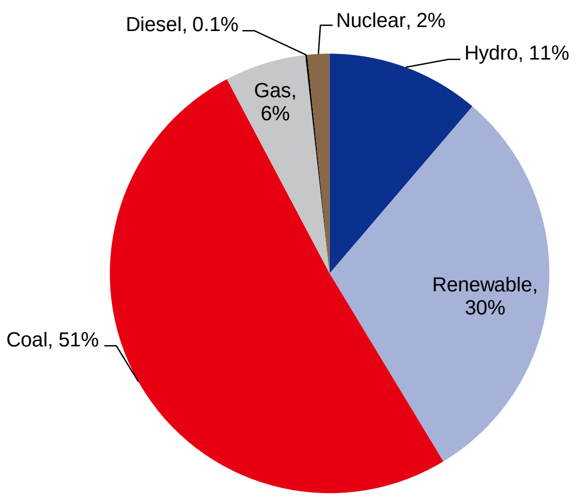
Figure 2: KPIL is a diversified infrastructure play

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India to target 500GW of renewable energy

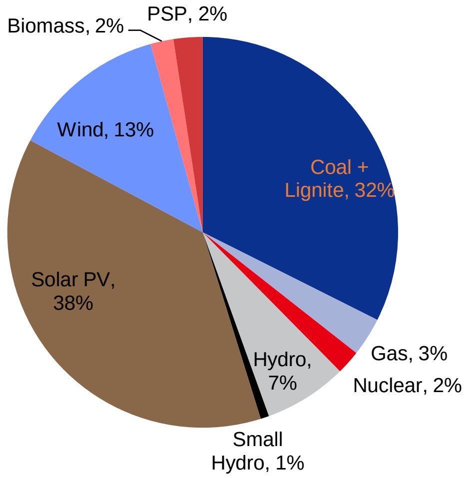
The Ministry of Power is taking a significant step towards reaching the goal of installing 500GW of renewable electricity by 2030F. To ensure the successful integration of power from renewable sources by 2030F, it is necessary to establish a strong transmission system in advance. In the water segment, the government has allocated Rs700bn for the Jal Jeevan Mission (+27%) with an aim to provide clean and accessible water, which will provide multiple opportunities in the water segment for KPIL.

Figure 3: Power generation capacity in India (FY23) at 416GW



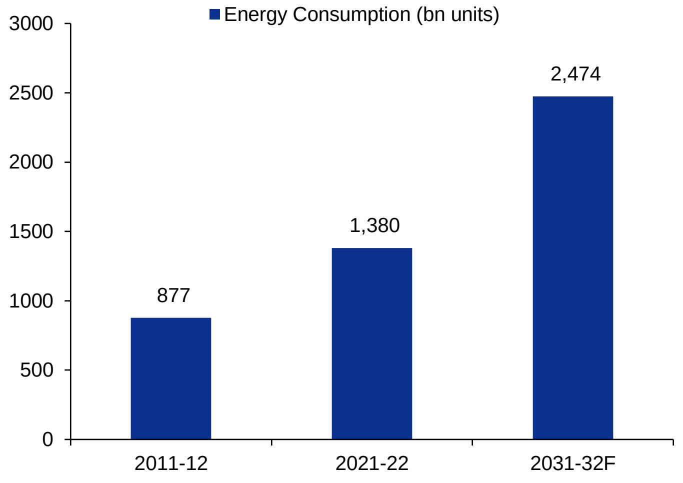
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 4: Power generation capacity in India (FY30F) seen at 777GW



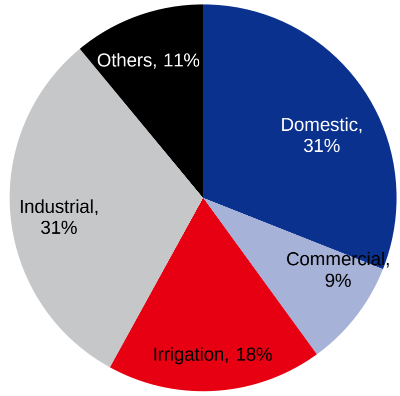
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 5: Energy consumption to remain healthy in the next decade



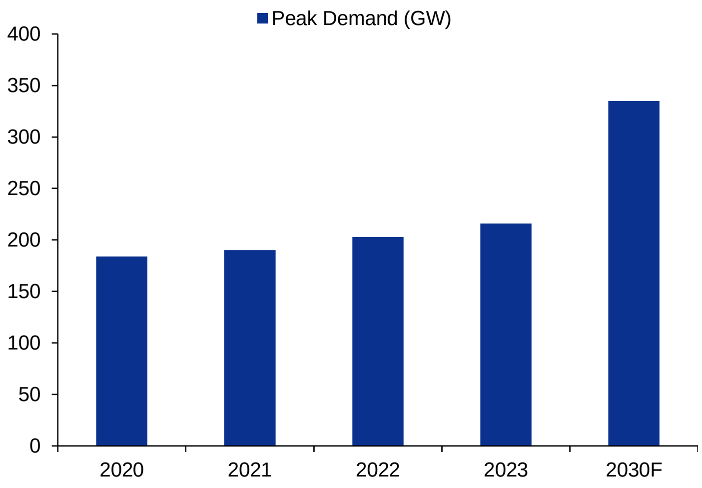
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 6: Energy consumption mix (FY32F)



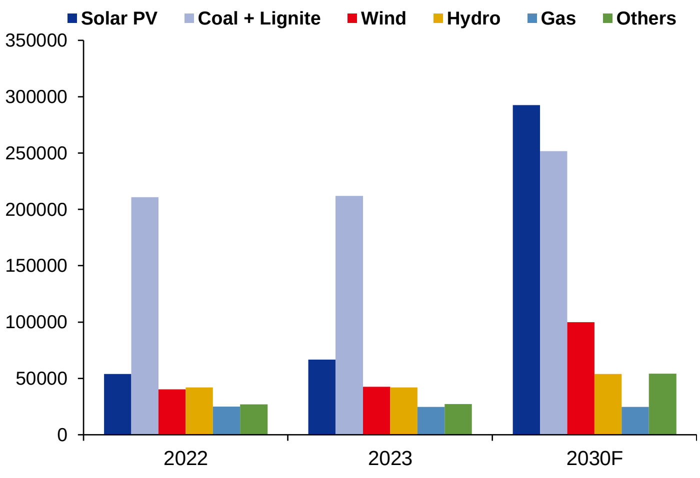
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 7: Peak power demand is expected at 335GW in 2030F



SOURCE: COMPANY REPORTS, INCRED RESEARCH

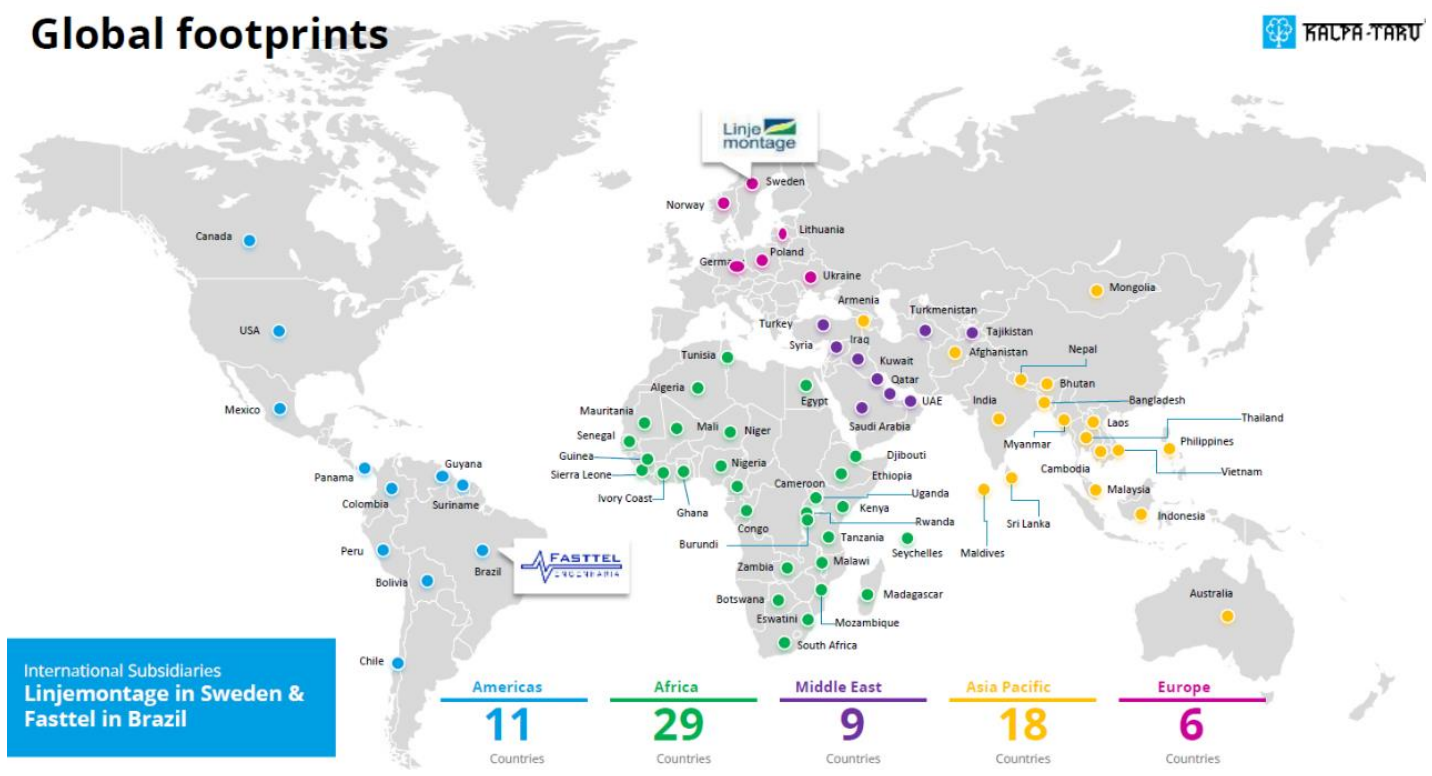
Figure 8: The transition towards green energy



SOURCE: COMPANY REPORTS, INCRED RESEARCH

As per the International Energy Agency or IEA, global renewable energy is likely to contribute ~61% to total energy generation by 2030F compared to ~30% currently. KPIL is at the forefront of providing innovative solutions for the T&D of clean energy, to access reliable and sustainable energy sources. Recently, KPIL was selected as a preferred EPC partner by a major utility in Australia for a significant renewable integration project, which underscores its crucial role in assisting the achievement of net-zero emission goal and benefiting local communities.

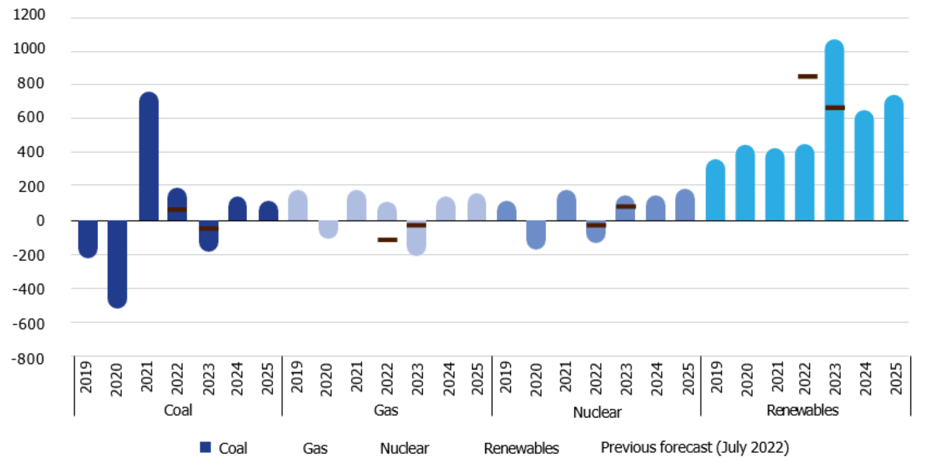
Figure 9: Worldwide presence of Kalpataru Projects International



SOURCE: COMPANY REPORTS, INCRED RESEARCH

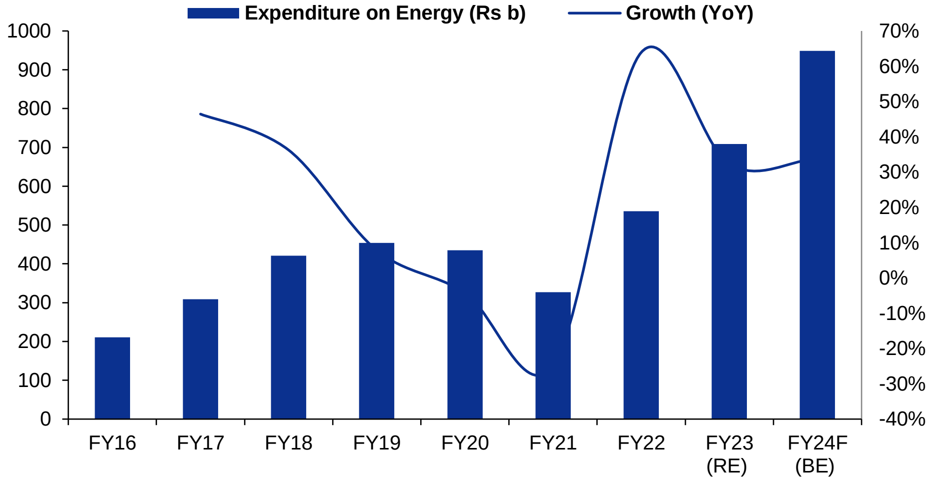
The opportunities for KPIL remain strong over the next few years led by Increased focus on renewable power and the establishment of a new T&D infrastructure in domestic as well as international markets. The company has forayed into the pre-cast technology segment and is looking to expand its international presence to explore infrastructure projects in various sectors including housing, hospitals, and government offices. Internationally, business visibility remains strong led by the adoption of renewable energy and the need for grid integration and upgrades. KPIL continues to focus on key international markets like Africa, MENA (Middle East and North Africa), and Latin America.

Figure 10: YoY change in global electricity generation - significant growth in renewables (MW)



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 11: Energy expenditure likely to grow by 34% in FY24F



SOURCE: BUDGET DOCUMENT, COMPANY REPORTS, INCRED RESEARCH

Modernization of energy grids globally

Renewable energy is in the limelight following awareness of the harmful environmental impact of CO2 emissions and greenhouse gases worldwide. This trend is expected to encourage the global power T&D market in the coming years. Several initiatives by the governments of various countries to promote the usage of energy generated through renewable energy sources are driving the global T&D market. It is also driven by urbanization and industrial growth across the globe. Global companies are focusing on modernizing their energy grid with high-voltage transmission to meet low-carbon goals, as high-voltage transmission grids used for long-distance transmission and renewable power plants are located at a long distance.

Higher investment in modernization of older grids

Aging energy generation and distribution infrastructure is one of the major challenges faced by developed countries. In the US, around 70% of the power transformers are more than 25 years old while 60% of the distribution poles are 30 years old. The advanced metering, monitoring and diagnostic systems, and other smart grid infrastructure would position them to embrace the modern grid and realize its economic and reliability benefits. Europe is planning to replace 140,000 miles of transition lines. The European Commission plans to invest €50bn annually in grid modification.

Rise in demand for electricity

The Asia Pacific region is a major consumer of electricity, accounting for ~80% of the demand, and of this 57% of the energy is consumed by China. Demand for electricity has increased in China owing to steady economic growth and industrial demand. Demand for electricity has also increased in India, South Korea, Japan and Indonesia in the Asia Pacific region. Around 1.2bn people have gained access to electricity in Asia’s developing countries since 2000, with 97% of the region having access in 2020 as compared to 67% in 2000. The number of people with access to electricity tripled from 8m a year between the years 2000 and 2013 to 24m people a year between 2014 and 2019 in the Middle East & Africa, especially in rural parts of the countries in Africa.

Higher TAM and strong merger synergies

With the merger of JMC Projects (India), KPIL has created a synergy to expand its capabilities and competencies significantly. The merger offers a competitive edge to take on a wide range of projects in the power T&D, buildings and factories, water, railway, oil and gas, and urban infrastructure sectors. The merger of JMC Projects (India) with KPIL led to a combined order book of ~US$5.6bn. The combined entity strengthens core EPC and construction business, and also the competitive edge, by opening new opportunities backed by a strong track record of execution excellence and well-established processes. KPIL positions itself strongly to leverage the opportunities arising out of rising global and national spending on energy transition and civil infrastructure development. The strategic focus is on tapping projects that require a combination of civil, electrical, and mechanical expertise, design, and construction. The merger of JMC Projects (India) has enhanced the capability to establish a portfolio with diversified and sustainable growth, prioritizing capital allocation to businesses with a high RoCE, ensuring optimal utilization and maximizing returns. KPIL started achieving cost optimization through centralized procurement, efficient mobilization of resources and a strong balance sheet.

The combined entity now has a higher credit rating for the erstwhile JMC Projects (India), aligning with KPIL's rating, and thus resulting in KPIL's combined rating of AA. This has substantially reduced interest costs relative to revenue. Further, it is actively bidding for large projects, including a data centre, and redeploying surplus merger personnel into new ventures to accelerate growth.

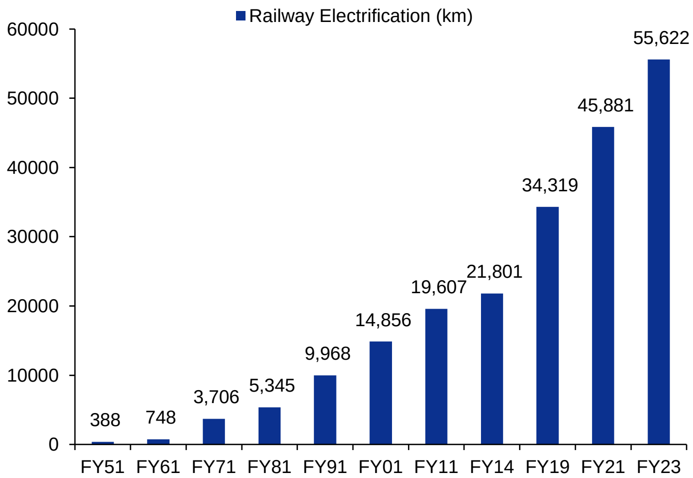
Figure 12: Diversifies into high-growth segments

SOURCE: COMPANY REPORTS, INCRED RESEARCH

- **Power T&D:** It is the biggest segment for KPIL, contributing 37% to its revenue. KPIL has established its footprint in 70 countries and delivered quality assets to be recognized as a global EPC player. The T&D market continues to be promising with a higher focus on renewables and the establishment of new T&D infrastructure in the domestic and international markets. The tender pipeline remains healthy, with domestic opportunities worth Rs500bn over the next 18-20 months. In the international market, the tender pipeline stands at US$4bn, particularly in Africa, Latin America, Asia and the Middle East, where KPIL has a strong presence. The power sector is witnessing significant growth in demand coupled with a change in the energy mix. Several government projects and schemes aim to always ensure a consistent access to adequate power supply while simultaneously advancing the clean energy transition by reducing the reliance on fossil fuels and ushering in a shift towards more eco-friendly, renewable energy sources.
- **B&F:** KPIL provides design and EPC services to clients in the real estate and manufacturing sectors. The company has collaborated with renowned industry leaders to deliver projects in the automotive, FMCG, textile and power sectors. Building projects include residential, IT and commercial, hospitals and institutional domains. The orders in the B&F segment remain healthy at Rs85bn as commercial and residential project launches to remain healthy on the back of a vibrant IT sector and the rising count of global captives, despite global slowdown and rising interest rates. KPIL is leveraging its capabilities in the international market and recently won a housing project in Maldives. KPIL is looking to add clients and improve its presence in areas like data centres, institutional buildings, processing plants, etc.

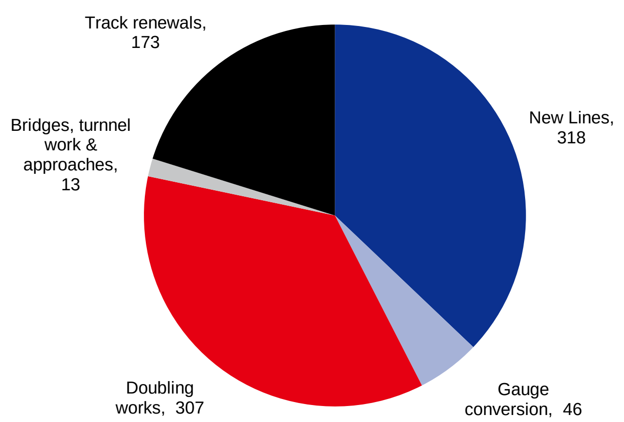
- **Water:** This segment provides EPC solutions for a wide range of water-related projects across India, Sri Lanka and Maldives. It undertakes projects related to supply and distribution, waste management, irrigation and operation and maintenance. The EPC solutions cover the entire spectrum of water infrastructure development, from project design to implementation and management. The Government of India or GoI, under its Jal Shakti mission by 2047, is looking for comprehensive water management practices and new technologies. India is likely to access water from an improved source, free of contamination. Also, it wants to improve the water reuse rate and reduce aquifer pollution. GoI could aim to increase the share of wastewater treated from 25%–30% currently to 90%–100% and also reduce non-revenue water, including water leaks and unbilled water, from ~30-35% in 2021 to 10–15% by 2047F.
- **Railway:** This segment caters to the various requirements of conventional railway lines, highspeed rails and metro rails. It is also engaged in building railway infrastructure, including railway electrification, traction sub-stations, track-laying, earthwork, bridges, buildings, stations, workshops, signaling and telecom. KPIL is the key beneficiary of the ongoing investments by Indian Railways. The allocation for Indian Railways is likely to increase from Rs2,400bn in FY23 to Rs3,000bn to enhance connectivity, foster development and promote the transition to a net zero economy. Indian Railways has prepared a National Rail Plan (NRP) to create a 'future-ready' railway system by 2030F. The National Rail Plan's target of increasing the share of freight traffic by rail, from 27% to 45%, by 2030F is being pursued through the construction of Dedicated Freight Corridors (DFCs) and various strategies implemented by Indian Railways. Additionally, policies like the Gati Shakti Multi-Modal Cargo Terminal and schemes like the Automobile Freight Train Operator are attracting private investment in developing cargo terminals and special wagons. These measures will make rail transportation more competitive and increase the market share of Indian Railways in the freight segment.

Figure 13: Railway electrification in India is largely completed



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 14: FY24 budget allocation for Indian Railways

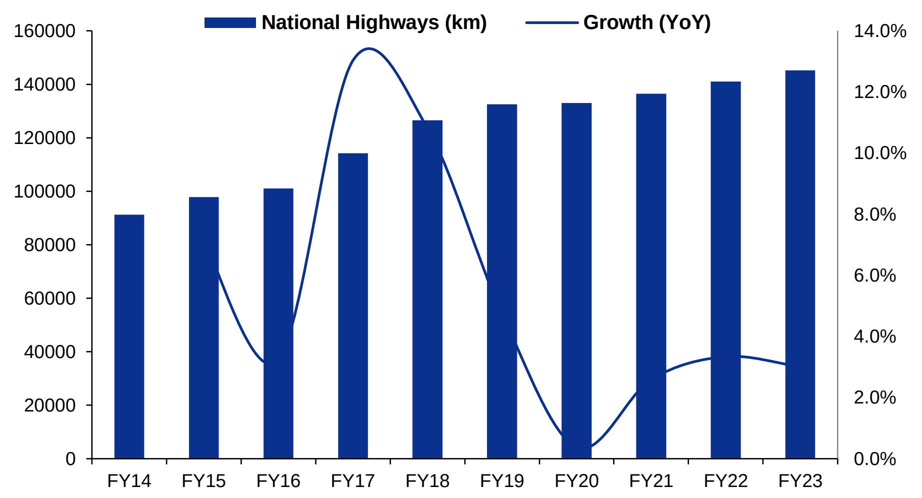


SOURCE: COMPANY REPORTS, INCRED RESEARCH

- **Urban infrastructure:** KPIL is one of the leading EPC players in heavy civil and urban infrastructure projects worldwide. It has capabilities to undertake construction for various infrastructure sectors including elevated metro rail lines, elevated corridors, flyovers, special bridges, tunnels (metro rail, main rail lines and roadways), highways and airports for multi-laterally funded projects. The total number of airports in India has increased to 147 from 74 in 2014. The Airports Authority of India (AAI) has incurred a capex of over Rs200bn. India is set to become the world's third-largest aviation market while the country is looking to construct 100 new airports over a span of five years.

- The positive prospects for the Indian infrastructure and construction sector in the coming decade are due to the government's initiatives and future projects such as the National Infrastructure Pipeline (N
- IP) and Smart Cities Mission, which are expected to create a significant market for construction equipment manufacturers and developers. Additionally, the growing demand for environment-friendly materials and sustainable technologies, coupled with the focus on creating sustainable structures, such as the Energy Conservation Building Code and Leadership in Energy and Environmental Design certifications, are likely to be key drivers of growth in this sector.

Figure 15: Addition of national highways to continue



SOURCE: COMPANY REPORTS, INCRED RESEARCH

- **Oil & gas:** KPIL is committed to delivering high-quality projects encompassing cross-country pipelines, processing facilities, refineries and fertilizer plants. It has expertise in design and engineering, civil, electrical, mechanical, procurement, construction management, testing and commissioning for end-to-end services spanning the entire project lifecycle.

  To tackle rising oil costs, the Indian government plans to commercialize 50% of its strategic petroleum reserves to earn revenue and thus build more storage tanks. Over the next five-to-six years, the length of India's gas pipeline system is likely to increase to 35,000km. By FY26F, India is looking to invest Rs3,000bn to expand gas infrastructure — pipelines, port-based LNG (liquefied natural gas) regasification terminals, city gas distribution (CGD) networks and gas exploration projects to meet the net-zero emissions goal by 2070F.

Figure 16: Key opportunities across segments

Segmental performance	Future opportunities
Power T&D	
FY23: Erection of 2,961 towers, Stringing of 2,409km	- Increased focus on renewables and the establishment of a new T&D infrastructure in the domestic and international markets. - Proposed investment of Rs207bn for the integration of 13GW of renewable energy in Ladakh adds to the massive business potential. - Tender pipeline of over Rs500bn in India over the next 20-24 months is an opportunity. - In the international market, strong visibility with a tender pipeline of US$4bn+, particularly in targeted regions such as Africa, Latin America, Asia, and the Middle East. - KPIL has been selected, along with Acciona Construction Australia Pvt Ltd and Genus Plus Group, to execute theTransgrid's HumeLink (East) transmission line project in Australia. This project will play a key role in Australia to achieve its net-zero emissions goal.
B&F	
FY23: Area built of 19m sqft; Completed 22 residential and commercial properties; ongoing projects - 75+	- Strong opportunities in the B&F segment led by rapid growth of IT, e-commerce and manufacturing industries and the spread of data centres. - Repeat orders from prominent developers and new business from institutional clients. - The company entered the pre-cast technology segment and is aiming to expand its international presence and explore infrastructure projects in sectors such as social housing, hospitals, and government offices. - Implemented the motorized shade system which uses a special cloth that efficiently absorbs heat while allowing natural light to pass through. This improves the energy consumption along with efficient insulation and light control. - Also incorporated a solar adaptive device that intelligently operates the curtains based on the Sun's position.
Water	
Pipeline laid for 15,203km; water in 4,43,695 connections; waterpipe network of 19,000+ km since inception; beneficiaries - 15+ m	- Union Budget 2023 allocated Rs700bn for the Jal Jeevan Mission (+27%), with an aim to provide clean and accessible water. This will provide multiple opportunities in the water segment. - The company is executing projects across six states in India and is bidding for large-scale projects in the domestic and international markets. The order book currently stands at a record Rs120bn.
Oil & gas	
Pipeline laid in FY23 - 614km; horizontal directional drilling in FY23 - 257km; ongoing projects - 22; intermediate, pumping, pigging and block value stations - 400+	- Globally and in India, it has a robust tender pipeline worth US$3bn+ for the next twelve months. - Received qualifications to bid in six-to-seven countries and plans to expand its international reach in the oil & gas business.
Railway	
19% share in railway electrification in FY23; electrification of 1,234rkm / 1,667tkm; ongoing projects - 20+	- India has allocated Rs2,400bn for expanding and upgrading the railway network in the country. - Aiming to strengthen business in areas like metro rail electrification, signalling and telecom, RRTS, and high-speed rail. - Pursuing global opportunities in railway infrastructure development.
Urban infrastructure	
FY23: 28km of hihways and roads completed; 14km of elevated flyovers; 2,500km of highways delivered since inception	Improving the capabilities to secure projects in metro rail, elevated roads, public spaces, airports, etc. - Globally, it has commenced the execution of an airport project in Maldives and continues to work on infrastructure projects in Ethiopia, Ghana, and Maldives.
Renewable power generation from biomass	
Units generated - 1.82bn; biomass consumed - 2.5 mt; Generation capacity of two biomass plants - 15.8MW	Established its first biomass plant at Padampur in Ganganagar district of Rajasthan in 2003. This plant utilizes agricultural waste and crop residue as inputs to generate 7.8MW of power. Another biomass plant, with a capacity of 8MW, was set up in the Tonk district of Rajasthan in 2006. Both plants are equipped with logistics infrastructure to collect approximately 200,000mt of biomass inputs annually.

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Healthy order book provides revenue visibility

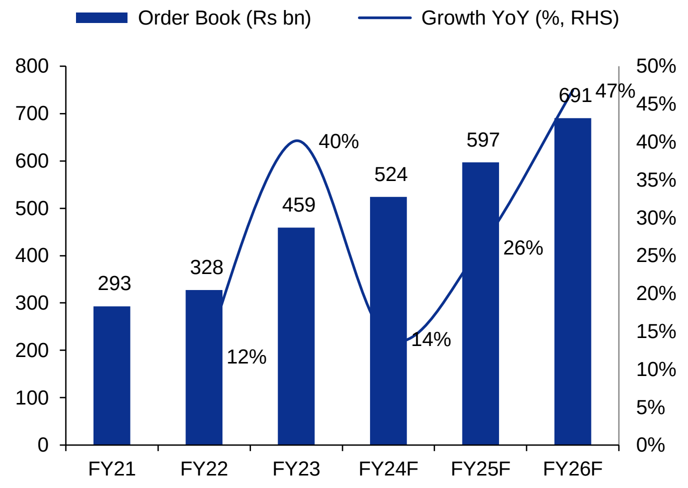
Strong order book

The current order book of KPIL stands at Rs470bn comprising a mix of T&D, B&F, and other civil businesses. International business contributes ~40% to the total order book, spread across 30 countries, balances execution and receivables to large extent. The order book of Fasttel stands at Rs5bn and that of LMG at Rs14.3bn.

The T&D segment contributes a lion's share to the order book (36%) followed by building and factories (21%) and water (25%). The international order book at Rs180bn (40%) includes ~Rs137bn from transmission projects and the remaining Rs43bn from civil businesses, including B&F, roads, water, and airports. The opportunities in the Middle East remain strong led by a strong capex, which is likely to unfold in the next few years. The company expects healthy activity from the Africa region and Latin America, with the strong traction from Fasttel and Linjemontage or LMG likely to continue. As regards civil businesses, there are a lot of opportunities in building factories in neighbouring countries and also road projects in Africa.

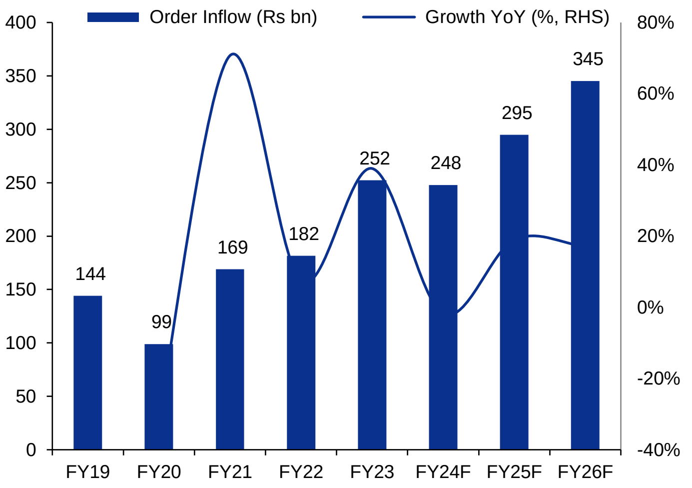
For 1HFY24, KPIL reported an order inflow of Rs122bn, with L1 status orders of over Rs42bn, mainly in the T&D, water and urban infrastructure segments. With a healthy pipeline across segments, it is looking at an order inflow of Rs250bn in FY24F.

Figure 17: Current consolidated order book of Rs470bn



SOURCE: COMPANY REPORTS, INCRED RESEARCH

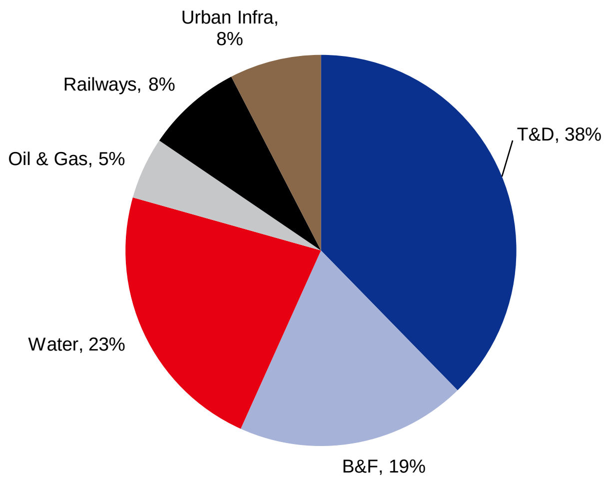
Figure 18: Consolidated order inflow to remain healthy



SOURCE: COMPANY REPORTS, INCRED RESEARCH

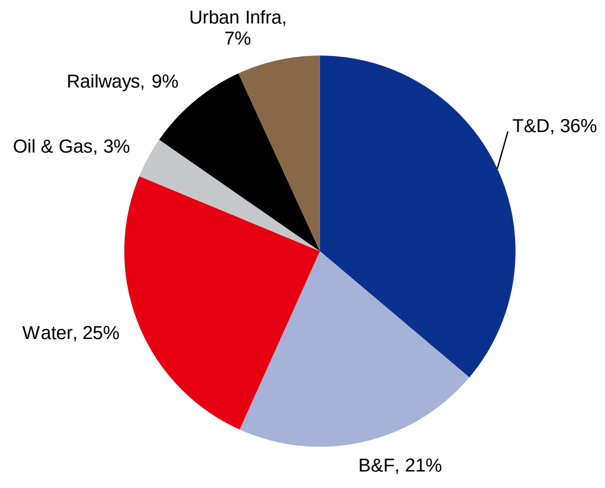
Going ahead, there are promising opportunities in the Middle East, particularly in oil-related projects and expansions. In Africa, there is a resurgence of funding after the Covid-19 pandemic, with numerous upcoming projects on the horizon. Additionally, its presence in the Latin American market, excluding Brazil, remains robust.

Figure 19: 38% of order inflow in 3QFY24 is from the T&D business



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 20: T&D has a lion's share in the total order book



SOURCE: COMPANY REPORTS, INCRED RESEARCH

It's time to encash non-core assets

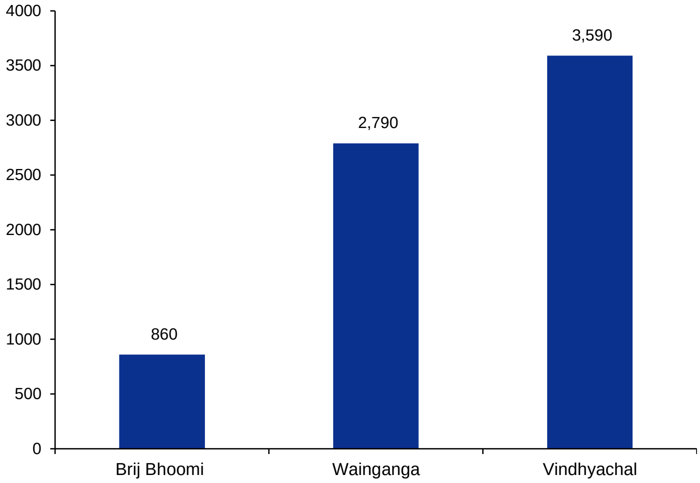
Over the past decade, KPIL invested Rs18bn of its cash flow into subsidiaries – four transmission (T&D) assets, four BOT road projects, a warehousing solutions provider, and a real estate company. Equity funding and loans to these projects accounted for 36% of KPP + JMC Projects (India)'s FY18 capital employed; these investments, barring T&D, have not yielded returns and have been a drag on KPP's valuation. We now expect that the proposed divestment of T&D assets, sale of the Indore real estate project, and refinancing of debt in road projects should release equity and reduce further cash outflow from the parent company.

Figure 21: Total investment of Rs18bn in subsidiaries

(Rs m)	Equity	Debt
Shree Shubham	3,072	1,286
Indore Real Estate	1,540	1,167
Linjemontage	525	1,973
Fastell	954	266
KPTL Chile	7	1,177
Road sector SPVs	3,317	3,714
Others	(685)	8
Total	**8,730**	**9,591**

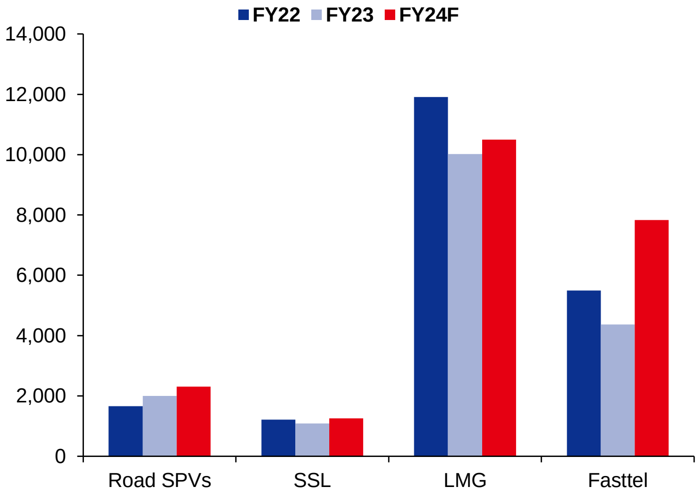
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 22: Investments in road SPVs (Rs m)



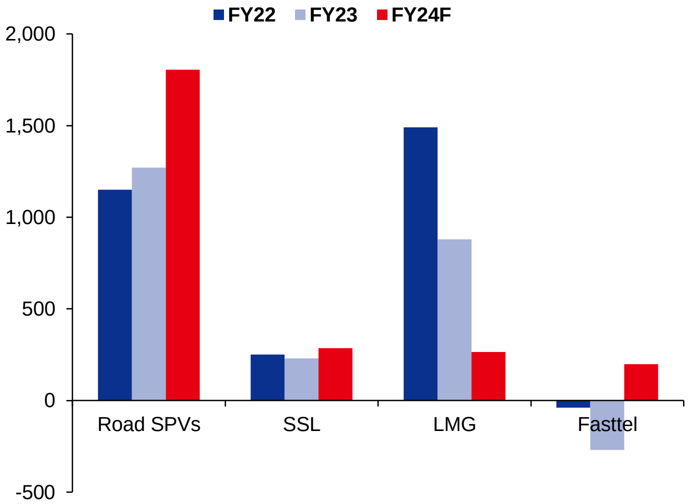
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 23: Rising revenue of subsidiaries … (Rsm)



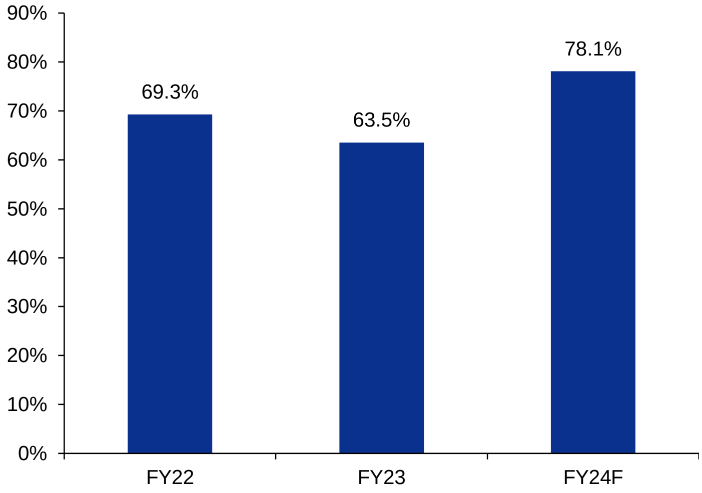
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 24: …with higher EBITDA (Rs m)



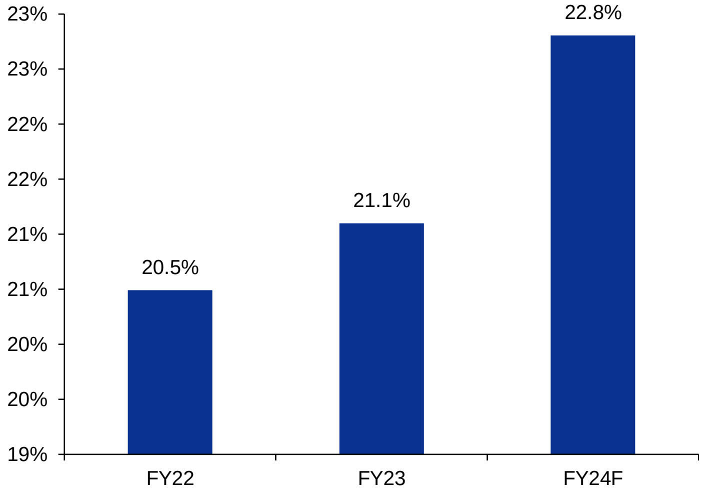
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 25: EBITDA margin of road SPVs



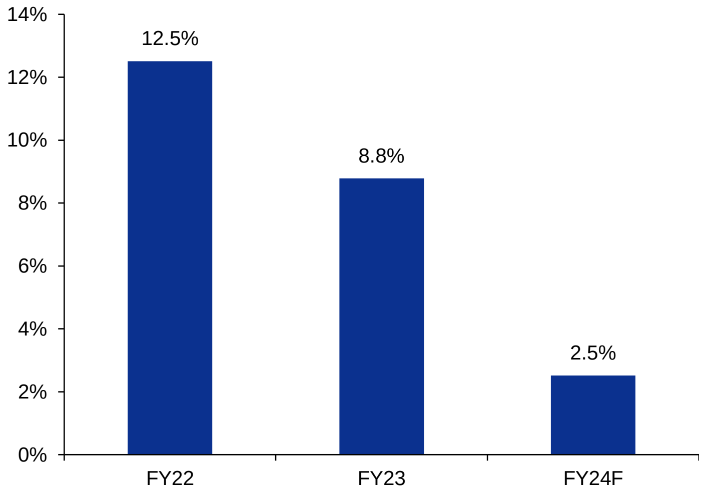
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 26: EBITDA margin of SSL



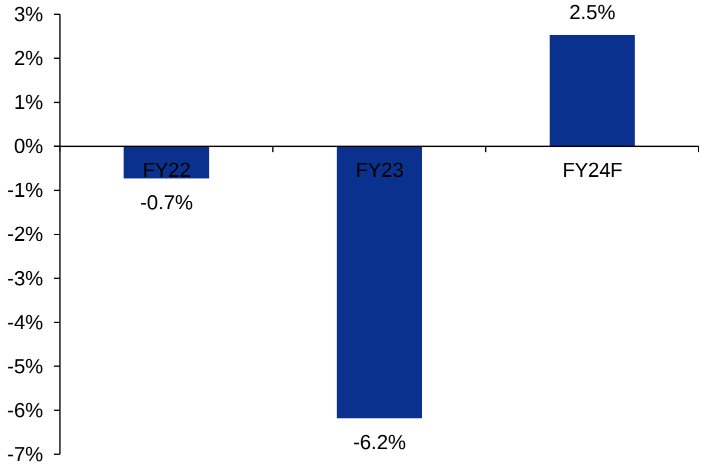
Source: Company Reports, INCRED RESEARCH

Figure 27: EBITDA margin of LMG



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 28: EBITDA margin of Fasttel



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Share Shubham Logistics (SSL)

SSL is a wholly-owned subsidiary of KPIL which provides agri-storage infrastructure along with a wide range of value-added services including preservation, maintenance & security, testing & certification, collateral management & pest control activities. It manages and operates warehouses which include owned, hired, third party and Public Private Partnership (PPP) model across six states - Rajasthan, Gujarat, Madhya Pradesh, Maharashtra, Haryana & Karnataka. SSL has been appointed as a service provider by Maharashtra State Warehousing Corporation (MSWC) for preservation, maintenance and security of food grain stocks at 11 locations. SSL has forayed into a new segment of non-agri warehousing wherein 203,000 sqft has been leased out to industrial customers. Recently, it signed an agreement with DCX to provide an online vibrant agritech platform that can be used by farmers, traders, processors and government agencies for safe and efficient digital trade, storage, export and import of agriculture commodities. Currently, SSL manages more than 400 warehouses, with its total storage capacity exceeding 11msqft.

Revenue was impacted because of lower utilization of warehouses in the past few quarters. Management is looking for investors to sell SSL, which is likely to be completed by FY26F.

Linjemontage (LMG)

KPIL's subsidiary, Kalpataru Power Transmission Sweden AB (KPTS), has acquired an 85% stake in LMG, a Swedish EPC company, along with its two wholly-owned subsidiaries in Apr 2019. In Jul 2022, it acquired the remaining 15% stake in LMG and hence, LMG has now become a 100% subsidiary of KPTS. LMG, along with its two subsidiaries, has received orders worth Rs6.5bn while its order book remains at Rs10bn (1x FY23 sales). LMG is now one of the key players in the Swedish EPC market in the sub-station, transmission line and industrial segments. This is a result of continued operational efficiency, better procurement and the ability to deliver projects on time. LMG continues to add more capabilities like its entry into the 400kV transmission line business, underground cabling and expanding its presence. Further, LMG has successfully completed two large 400kV projects. The growth was impacted in FY23 and 1HFY24 due to deferment of capex. Order visibility remains healthy, given higher adoption of renewables and upgradation of grid infrastructure. Order inflow has improved so far in FY24, receiving orders worth Rs15.5bn. Management has given guidance of improvement in revenue and profitability.

Fasttel Engenharia S.A.

Fasttel Engenharia S.A. (Fasttell) is an established EPC player with more than three decades of presence, having its footprint in almost all Brazilian states. It has developed thousands of kilometres of transmission lines up to 750kV and sub-stations up to 500 kV level. Fasttel is working with various reputed customers across Brazil. Fasttel is well-positioned for actively participating in studies and solutions for the next round of auctions announced by Brazil. KPIL holds a 51% equity stake in Fasttel Engenharia S.A. through its wholly-owned subsidiary, Kalpataru Power Do Brasil Participacoes Ltda.

Revenue and profitability of Fasttel was impacted post Covid-19 pandemic due to higher cost of raw materials and operations. Currently, legacy projects have been largely completed. Profitability is improving, with higher visibility of orders coupled with reduced competition in Brazil. Management has given guidance of improvement in revenue and profitability in FY25F.

Update on road SPVs

Vindhyachal Expressway Pvt. Ltd. (VEPL)

- The average per day toll collection stood at Rs2.3m in 1HFY24 compared to Rs2.2m 1HFY23. VEPL has a concession life until 2043, with a provision for a further increase of around six years.
- The outstanding debt stood at Rs3.2bn as of 3QFY24-end, which is to be paid by Jan 2028 whereas the concession period, including the expected extension period, ends in FY49, having a very long tail without debt.
- Earlier during the year, it received a non-bidding offer for divestment, which has not materialized.
- Currently, it is in discussions with a new potential investor.

Wainganga Expressway Pvt. Ltd. (WEPL)

- Average per day toll collection stood at Rs2.47m in 1HFY24 compared to Rs2.18m in 1HFY23. The restructuring could not fructify due to amalgamation of JMC Projects (India) with KPIL. The bank has not proceeded with restructuring due to improved financials of the sponsor.
- Outstanding bank debt stood at Rs1.4bn as of 3QFY24-end, which is to be paid by Dec 2026.

Brij Bhoomi Expressway Pvt. Ltd. (BBEPL)

- Per day toll collection stood at Rs1m in 1HFY24 compared to Rs1.03m in 1HFY23.

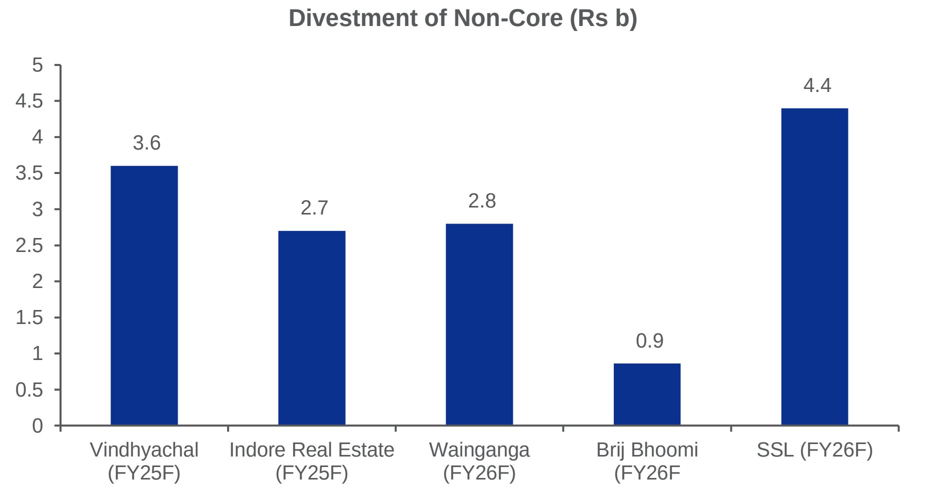
- Bank debt as of 3QFY24-end stood at Rs430m. The project is self-sustainable and does not need any fund support.

Indore real estate: ~65% of Indore real estate inventory has been sold and management is looking to complete the remaining sale in CY24F.

Divestment of non-core assets to continue

Over the past few years, KPIL has created new assets including roads projects, Indore real estate, Shubham Logistics, etc. with a total equity investment of Rs9bn. These assets have now matured and KPIL is looking to monetize them gradually, which is likely to generate cash and lead to improvement in the RoCE. Management has given guidance of receiving Rs6bn from non-core assets, including the Indore real estate project and Vindhyachal road project, by the end of FY25F. KPIL is exploring additional opportunities and plans to initiate non-binding discussions over the next one-to-two quarters to divest Waiganga and Brij Bhumi projects by FY26F. Also, it is looking to divest SSL by FY26F.

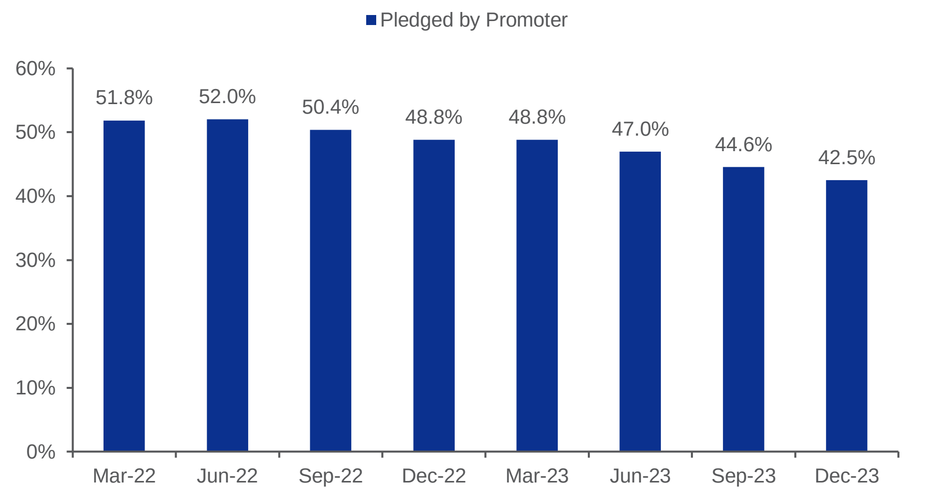
Figure 29: Likely divestment of Rs6bn of non-core assets in FY25F and a further divestment of Rs8bn such assets by FY26F



SOURCE: COMPANY REPORTS, INCRED RESEARCH

The promoter pledging is largely in the real estate business, which is showing an improvement with sales momentum improving. The Radiance project in Goregaon, Mumbai received the Occupation Certificate or OC while the inventory is getting cleared, which is likely to reduce the promoters' share pledge further in the coming quarters. The lowering of debt in the real estate business is likely because of improved sales performance and potential land parcel sales. The company is planning for an IPO of Kalpataru Ltd, which is likely to reduce its pledge further.

Figure 30: Rerating to continue with a further reduction in share pledge of the promoter



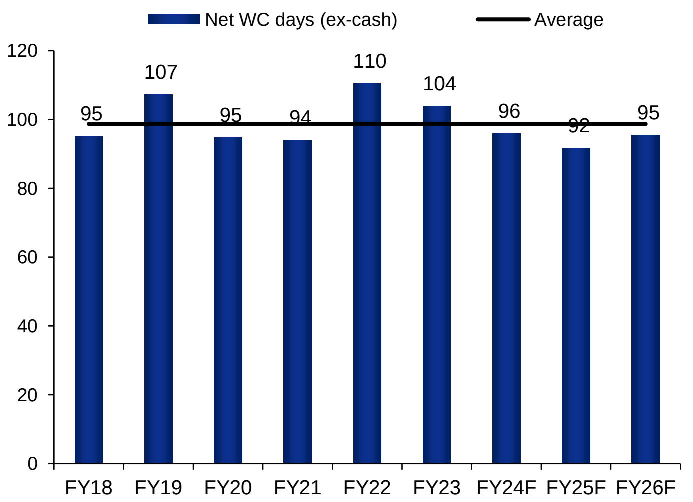
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Continuous focus on working capital and margins

Working capital position set to improve

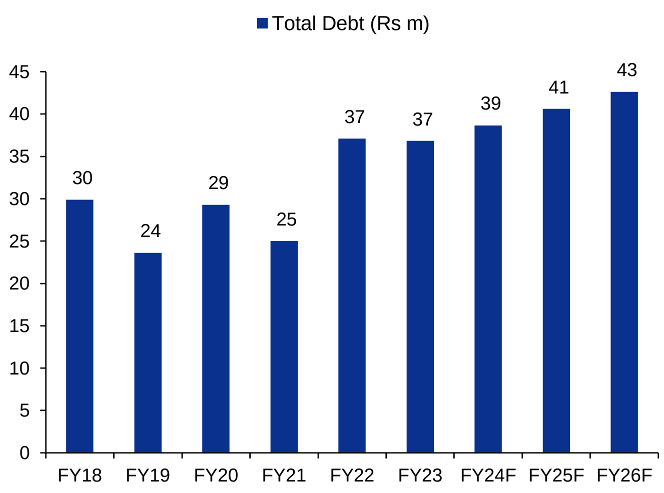
Net working capital days improved to 104 days in 1HFY24 vs. 140 days YoY, led by the continuous focus on closure of projects. KPIL has been cautious about not getting into projects which have a high retention rate; there are a lot of projects in the Middle East where the retention is as high as 20%. On the standalone business, its working capital stands at 112 days. Management is focusing on lower working capital projects. Civil business, including B&F and water, has a lower net working capital or NWC requirement, which contributes 45% to the order book. Over the past few quarters, debt has increased significantly due to higher capex and incremental working capital requirements. While the debt is likely to remain at an elevated level following healthy revenue growth over the next few years, NWC days are likely to be on the lower side.

Figure 31: Consolidated NWC days to decline



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 32: Consolidated debt to remain at an elevated level



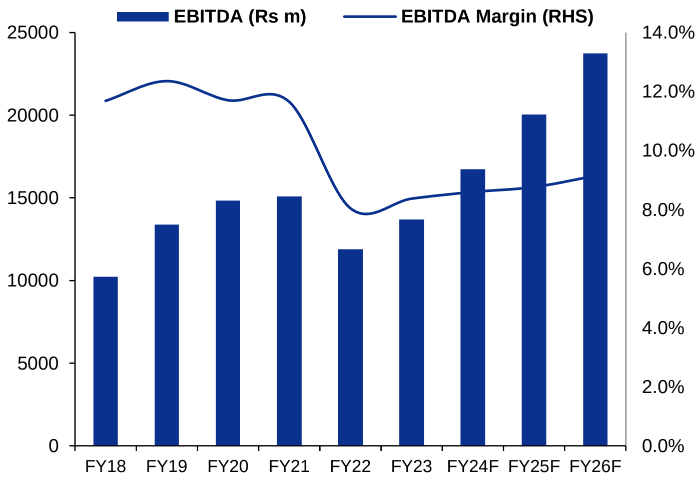
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Margin expansion on the cards

We expect KPIL's margin to improve from 8.4% in FY23 to 9.2% in FY26F led by softening raw material prices, coupled with cost synergies from JMC Projects (India) and completion of low-margin legacy projects. The margin has reduced from 11.7% in FY18 to 8.4% in FY23 due to investment-building capabilities and a higher urge to increase the business. KPIL bid aggressively in some international geographies for prequalification, which impacted the margin. In T&D

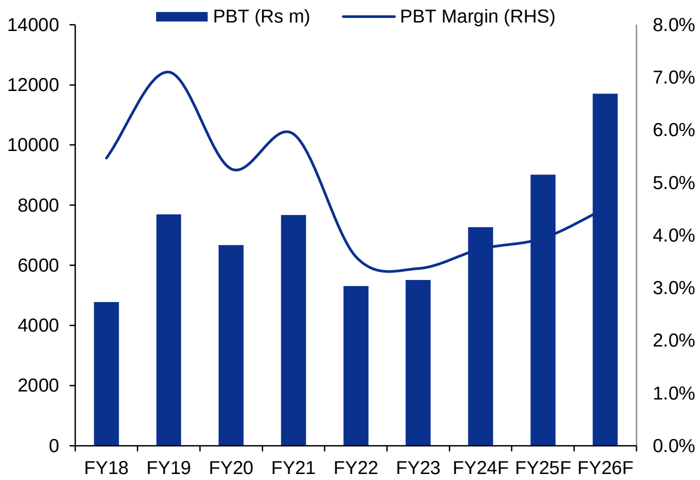
business, management has given guidance of 9-10%, and the margin in the building and factories segment is likely to be at ~11% while oil and gas and railway segments enjoy 4-6% margin. KPIL is looking for a PBT margin of 4.5% over the next few years by focusing on interest cost savings and efficient working capital management. During 1HFY24, the EBITDA margin stood at 8.6% vs. 8.9% in 1HFY23. In the current order book, there are few legacy projects in the railway segment and primarily in the building and factories segment, some old projects.

Figure 33: Consolidated EBITDA margin to improve



SOURCE: COMPANY REPORTS, INCRED RESEARCH

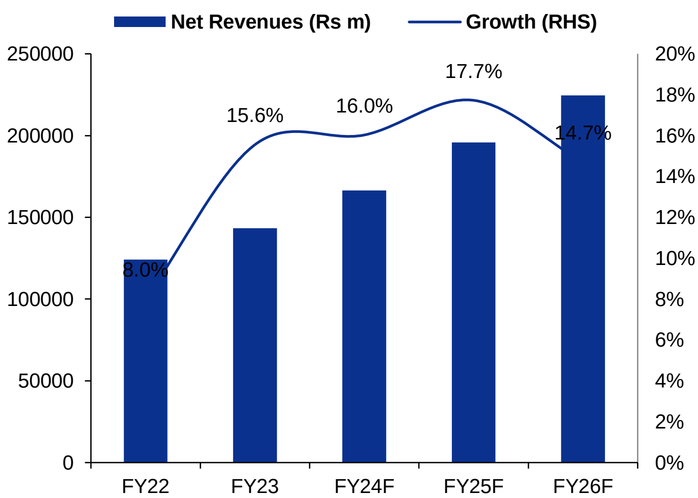
Figure 34: Consolidated PBT margin on track



SOURCE: COMPANY REPORTS, INCRED RESEARCH

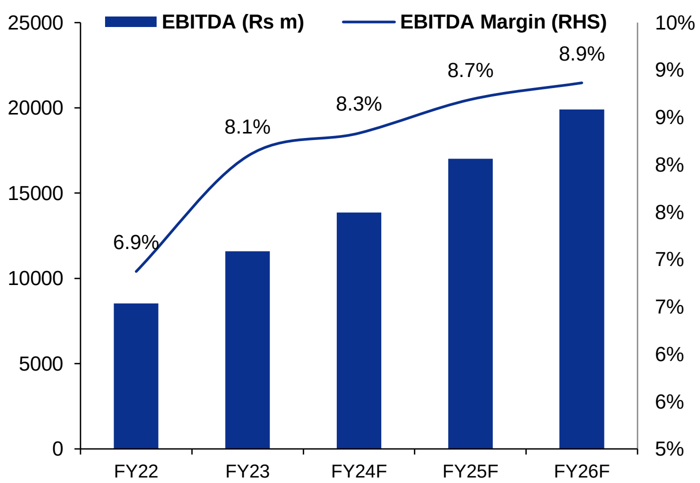
One of the key highlights of KPIL's performance in the past 10 years has been its ability to maintain profitability in a tight band of 8-10%, even as it grew its non-T&D businesses over this period to 62% of sales from ~10%. As these relatively new businesses achieve critical mass, their profitability should converge with the T&D segment's margins, leading to a further scope for margin expansion; however, we expect the margin to remain at 8.3% to 8.9%, lower than the historical average of ~10%. Similarly, JMC Projects (India)'s focus on improving 'bid' margins and cost optimization in the past few years resulted in a margin expansion of 300-400bp. Its measured entry into the international market, which has a higher margin, is likely to provide upside on the margin front. We believe there is an upside risk to our estimates, particularly margin assumptions. Even on the working capital front, KPIL has demonstrated its control with the intensity to sales reducing to an average 28% over FY18-19 from 40% over FY15-17.

Figure 35: Standalone entity's revenue



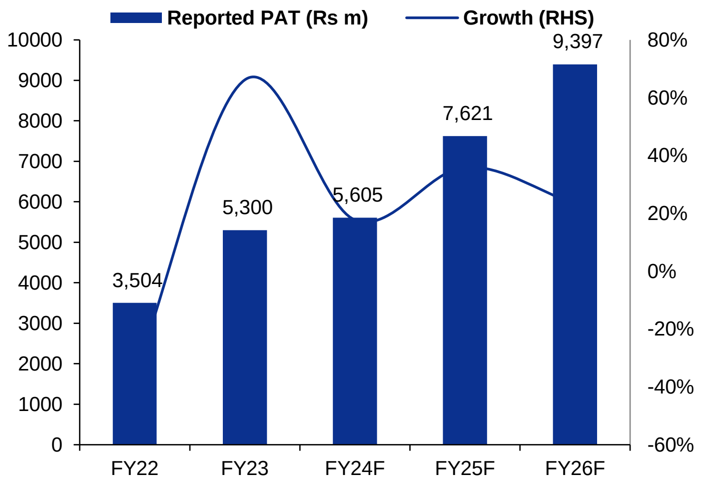
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 36: Standalone entity's EBITDA



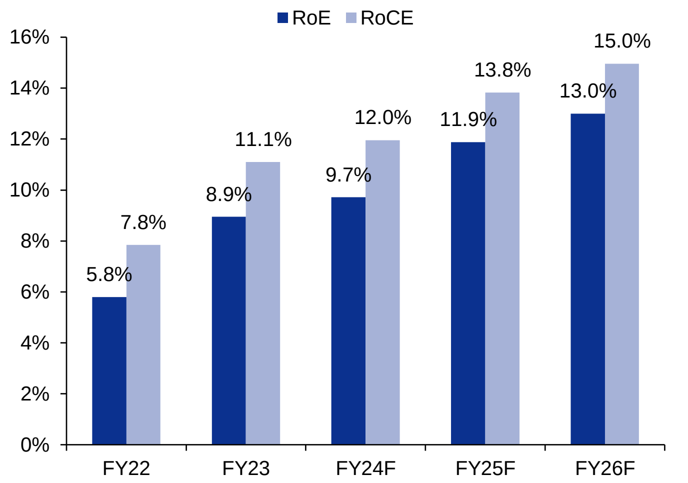
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 37: Standalone entity's PAT (Rs m)



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 38: Return ratios



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Valuation and risks

- For FY24F, management has given order inflow guidance of Rs250bn, revenue growth at 25%, EBITDA margin at 8.5% and PBT margin at 4.5%. Order win prospects remain healthy in the T&D segment, with tendering of Rs500-700bn. KPIL is looking at synergy benefits of JMC Projects (India) led by lower interest costs and the ability to build large projects, as reflected by the data centre order.
- KPIL has fared well vs. its close peer KEC International, where its interest cost-to-sales ratio stands at 2.2% and for KPIL standalone it is still lower compared to its peer, at ~3.4%. Further, NWC days are at 104 for KPIL compared to its peer's 140 days. On the valuation front, KPIL trades at ~15.9x FY25F EPS vs. KEC International's 24x FY25F EPS.
- With a strong order book (Rs470bn) and a healthy pipeline, we expect KPIL to report healthy numbers in the coming years. The key positive triggers in the coming quarters include a reduction in share pledge by the promoter, deal closure in road assets and exit from the Indore real estate project.
- Currently, the promoter's holding stands at 40.6%, of which ~42.5% is pledged towards the real estate business, which is the key overhang on the stock price. However, the pledging has reduced from 52% in Jun 2022. Further reduction in pledging can drive a P/E multiple rerating for the stock.
- We have valued the standalone business at 15x FY26F EPS and all investments, including investments and subsidiaries at equity value of Rs32/share. We initiate coverage on KPIL with an ADD rating and a target price of Rs900.

Risks

- **Higher commodity prices:** They impact margins in the case of fixed-price contracts. Any further losses in overseas markets may also impact the company's earnings.
- **Higher working capital:** The working capital intensity remains high for KPIL due to the long execution span of projects, milestone-based payments and retention money requirement.
- **High debt level:** Higher working capital requirements, in addition to some legacy projects, resulted in a high debt level, with the total net debt rising to Rs31.8bn at the end of 2QFY24 from Rs28.8bn at the end of 2QFY23.
- **Slowdown in orders:** Any delay in finalization of tenders in domestic/international T&D markets may hit order inflow.

Figure 39: SOTP-based target price of Rs900

Particulars (Rs m)	Equity Investment/PAT	Valuations	Basis	Mcap	KPTL Share	Total Value	Value Per Share
Standalone (KPP and JMC)	9,397	15.0	P/E	1,40,958	100%	1,40,958	868
Linjemontage & Fastell	1,479	1.0	P/BV	1,479	100%	1,479	9
Enegylink (Indore Real Estate)	1,540	1.0	P/BV	1,540	80%	1,232	8
Shubham Logistics	3,072	0.8	P/BV	2,458	70%	1,720	11
Total Investment in Road BOOT Assets	3,317	0.5	P/BV	1,659	50%	829	5
Total				**1,48,093**		**1,46,218**	**900**

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 40: Target price of Rs900 (Implied P/E of 15.6x FY26F EPS)

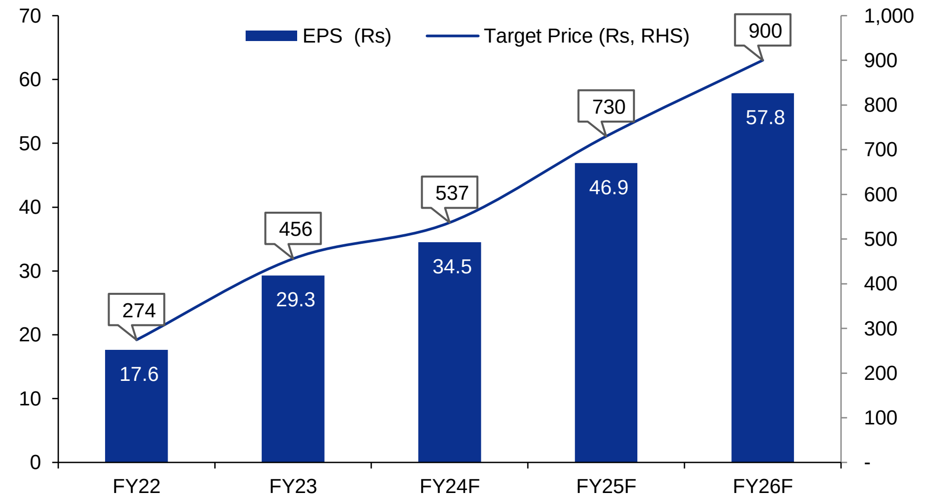
	Kalpataru Projects International
CMP (Rs)	**741**
Mean P/E (x)	**14.8**
Target P/E (x)	**15.6**
Premium/(Discount)	**5%**
Target Price in Rs (FY26F)	**900**
Expected Return (%)	**21.5**

Price Sensitivity Analysis

	EPS	**Growth**	**P/E**	**Target P/E multiple (x)**				
	(Rs)	**(%)**	**(x)**	**11.6**	**13.6**	**15.6**	**17.6**	**19.6**
FY22	17.6	-35.4	42.0	204	239	274	310	345
FY23	29.3	66.2	25.3	339	397	456	515	573
FY24F	34.5	17.7	21.5	399	468	537	606	675
FY25F	46.9	36.0	15.8	542	636	730	824	918
FY26F	57.8	23.3	12.8	669	784	900	1,016	1,132

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 41: EPS to grow from Rs29 in FY23 to Rs58 in FY26F



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Scenario analysis

Figure 42: Base-case target price of Rs900

	Bull Case	**Base Case**	**Bear Case**
Revenue CAGR	21%	16%	6%
FY26F EBITDA Margin	9.4%	8.9%	8.3%
FY26F EPS (Rs)	77.7	57.8	33.1
Target P/E (x)	18.6	15.6	12.6
Target Price (Rs)	1,443	900	415
Upside	94.8%	21.5%	-43.9%

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Base Case: In a Base-case scenario, we expect a 16% CAGR in revenue with an average EBITDA margin of 8.6% in FY23-26F, which translates into EBITDA and PAT CAGRs of 20%, and 25%, respectively. Assigning a 15.6x P/E multiple to its FY26F EPS, we arrive at a target price of Rs900.

Figure 43: PAT CAGR of 25% in a base-case scenario

Base Case Scenario	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR (%)
Total Sales	79,040	76,707	1,24,071	1,43,370	1,66,349	1,95,832	2,24,603	16%
Growth (YoY, %)		-3.0%	61.7%	15.6%	16.0%	17.7%	14.7%	
EBITDA	8,601	8,070	8,527	11,600	13,862	17,013	19,909	20%
Growth (YoY, %)		-6.2%	5.7%	36.0%	19.5%	22.7%	17.0%	
EBITDA Margin (%)	10.9%	10.5%	6.9%	8.1%	8.3%	8.7%	8.9%	
PAT	4,391	4,469	2,864	4,760	5,605	7,621	9,397	25%
Growth (YoY, %)		1.8%	-35.9%	66.2%	17.7%	36.0%	23.3%	
PAT Margin (%)	5.6%	5.8%	2.3%	3.3%	3.4%	3.9%	4.2%	
EPS (Rs)	27.0	27.5	17.6	29.3	34.5	46.9	57.8	25%

SOURCES: COMPANY REPORTS, INCRED RESEARCH

Bull Case: In a bull-case scenario, we expect a 21% CAGR in revenue with an average EBITDA margin of 9.1% in FY23-26F, which translates into EBITDA and PAT CAGRs of 27%, and 38%, respectively. Assigning a 15.6x P/E multiple to its FY26F EPS, we arrive at a target price of Rs1,443.

Figure 44: PAT CAGR of 38% in a bull-case scenario

Bull Case Scenario	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR (%)
Total Sales	79,040	76,707	1,24,071	1,43,370	1,73,517	2,12,946	2,54,879	21%
Growth (YoY, %)		-3.0%	61.7%	15.6%	21.0%	22.7%	19.7%	
EBITDA	8,601	8,070	8,527	11,600	15,327	19,565	23,867	27%
Growth (YoY, %)		-6.2%	5.7%	36.0%	32.1%	27.7%	22.0%	
EBITDA Margin (%)	10.9%	10.5%	6.9%	8.1%	8.8%	9.2%	9.4%	
PAT	4,391	4,469	2,864	4,760	6,841	9,203	12,628	38%
Growth (YoY, %)		1.8%	-35.9%	66.2%	43.7%	34.5%	37.2%	
PAT Margin (%)	5.6%	5.8%	2.3%	3.3%	3.9%	4.3%	5.0%	
EPS (Rs)	27.0	27.5	17.6	29.3	42.1	56.7	77.7	38%

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Bear Case: In a bear-case scenario, we expect a 6% CAGR in revenue with an average EBITDA margin of 8.3% in FY23-26F, which translates into EBITDA and PAT CAGRs of 7%, and 4%, respectively. Assigning a 12.6x P/E multiple to its FY26F EPS, we arrive at a target price of Rs415.

Figure 45: PAT CAGR of 4% in a bear-case scenario

Bear Case Scenario	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR (%)
Total Sales	79,040	76,707	1,24,071	1,43,370	1,52,012	1,63,752	1,71,435	6%
Growth (YoY, %)		-3.0%	61.7%	15.6%	6.0%	7.7%	4.7%	
EBITDA	8,601	8,070	8,527	11,600	11,767	13,073	14,294	7%
Growth (YoY, %)		-6.2%	5.7%	36.0%	1.4%	11.1%	9.3%	
EBITDA Margin (%)	10.9%	10.5%	6.9%	8.1%	7.7%	8.0%	8.3%	
PAT	4,391	4,469	2,864	4,760	3,863	4,276	5,370	4%
Growth (YoY, %)		1.8%	-35.9%	66.2%	-18.9%	10.7%	25.6%	
PAT Margin (%)	5.6%	5.8%	2.3%	3.3%	2.5%	2.6%	3.1%	
EPS (Rs)	27.0	27.5	17.6	29.3	23.8	26.3	33.1	4%

SOURCE: COMPANY REPORTS, INCRED RESEARCH

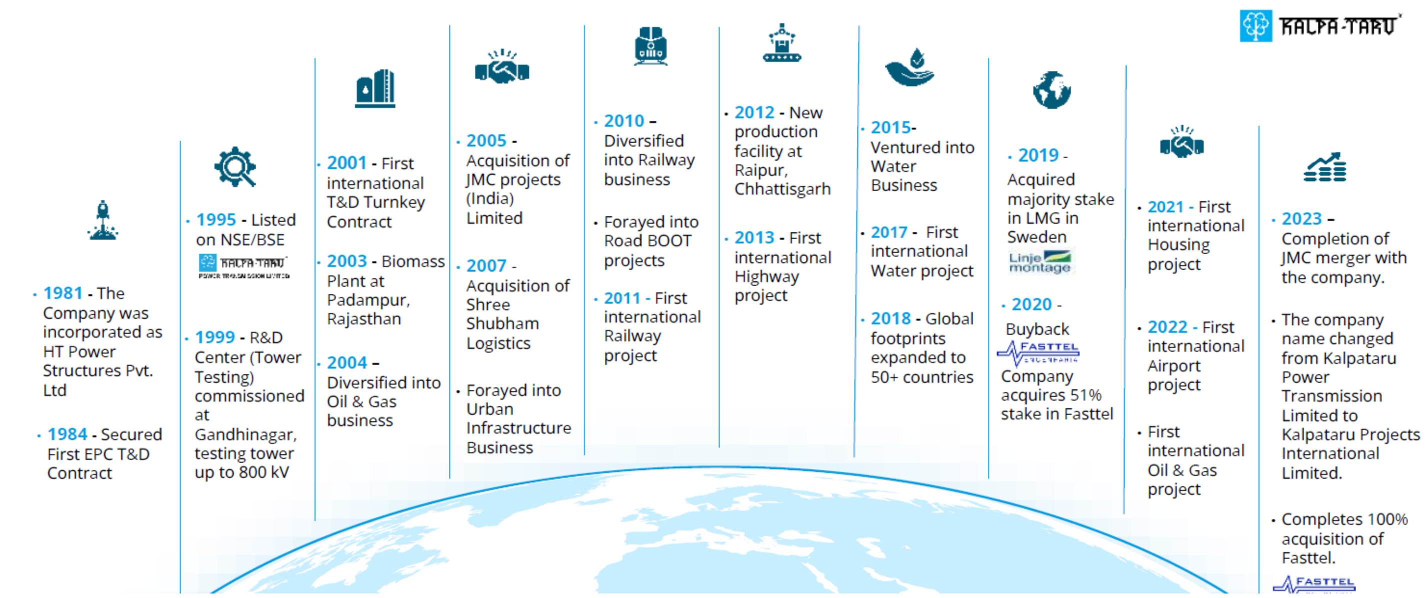
Company Background

- Kalpataru Projects International (KPIL) is one of the leading EPC companies with proven experience and expertise spanning over three decades. KPIL is executing marquee projects with comprehensive capabilities that deliver complete solutions covering design, testing, fabrication, erection and construction of transmission lines, oil and gas infrastructure and railways projects on a turnkey basis. KPIL has established its footprint in 63 countries spread across five continents.
- KPIL is a part of the Kalpataru Group established in 1969. It is a diversified conglomerate with interests in real estate, power generation, agri logistics and EPC in major infrastructure segments like power transmission and distribution, buildings & factories, roads & highways, water & irrigation, railways and oil & gas.
- The company has an annual production capacity of over 240,000mt of transmission towers at its state-of-the-art manufacturing facilities in India and an ultra-modern tower testing facility, making it figure among the largest power transmission EPC companies globally.
- KPIL has successfully positioned its high-voltage Sub-station business both in air- insulated (AIS) and gas-insulated (GIS) segments in the domestic and international markets. KPIL has extended its reach in the European market through its subsidiary LinjemontageiGrastorp AB in Sweden and in Latin

America through its subsidiary Fasttel Engenharia Ltda in Brazil. The wide reach and presence of KPIL's T&D business includes international geographies like Africa, CIS countries, the Middle East, SAARC, Asia-Pacific, Europe and America.

- In India, the company has been collaborating with the country's accelerating infrastructure push by executing EPC projects not just in power transmission, but also in the oil & gas and railway infrastructure.

Figure 46: Key milestones



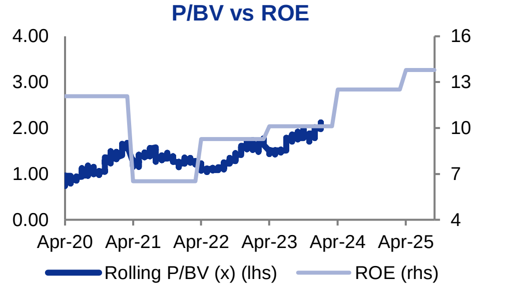
SOURCE: COMPANY REPORTS, INCRED RESEARCH

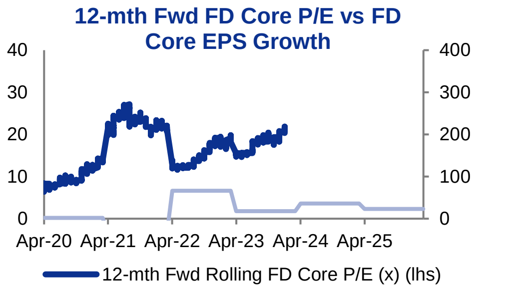
Figure 47: Key management

	**Mofatraj P. Munot** *Group Founder, Promoter And Chairman – Kalpataru Group*	Mr. Mofatraj P. Munot is the promoter and non-executive chairman of Kalpataru Power Transmission. He also serves as a non-executive chairman of Kalpataru, the flagship real estate arm of the group. He has vast experience of close to five decades in real estate and property development, civil contracting and EPC across the industry spectrum. He founded the Kalpataru group in 1969 and has been the guiding force behind the group's stellar success.
	**Parag M. Munot** *Promoter Director*	Mr. Parag Munot is the managing director of Kalpataru, the flagship real estate arm of the group. He is responsible for the group's real estate and property development business. At the group level, he provides strategic support and drives new business initiatives. He is a graduate in Commerce and holds an MBA from Carnegie Mellon University, USA.
	**Manish Mohnot** *Managing Director & CEO*	Mr. Manish Mohnot has more than two decades of experience in areas related to power, oil and gas, infrastructure, consulting, banking, and business development. He serves on the board of Shree Shubham Logistics. He is a qualified chartered accountant and a cost accountant. He has also done an advanced management program from Harvard University, USA.
	**S K Tripathi** *Dy. Managing Director*	Mr. Shailendra Kumar Tripathi is a civil engineer from Government Engineering College, Jabalpur, Madhya Pradesh. Since passing out in 1984, he has worked in major Infrastructure companies like JMC Projects (India), Gammon India, Larsen & Toubro and Oriental Structural Engineers Private Limited. He has over three decades of experience in the field of project planning and execution of large size infrastructure projects involving roads and airports. His technical, strategic decisions and leadership skills, coupled with his sound financial and business sense, has helped him in securing and successfully implementing many projects under the public-private partnership model.
	**Sanjay Dalmia** *Executive Director*	Mr. Sanjay Dalmia is a chartered accountant and a company secretary having vast experience of over 33 years in overall business management.
	**Amit Uplenchwar** *Director*	Mr. Amit Uplenchwar has done his Bachelor of Engineering in the mechanical field from Nagpur University and Master of Business Administration degree in finance & IT from Maastricht University, Netherlands. He has also successfully completed a leadership course from Harvard University. Mr. Uplenchwar has rich and varied experience in corporate strategy, operations, business development, mergers & acquisitions while serving the sectors such as transportation, power, water, oil & gas, aerospace & defence and logistics.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Net Revenues	**124,071**	**143,370**	**166,349**	**195,832**	**224,603**
Gross Profit	**67,063**	**78,610**	**94,893**	**111,232**	**128,023**
Operating EBITDA	**8,527**	**11,600**	**13,862**	**17,013**	**19,909**
Depreciation And Amortisation	(2,720)	(2,950)	(3,623)	(3,925)	(4,225)
Operating EBIT	**5,808**	**8,650**	**10,239**	**13,088**	**15,684**
Financial Income/(Expense)	(2,436)	(2,940)	(3,351)	(3,494)	(3,679)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	984	1,120	1,055	1,140	1,231
Profit Before Tax (pre-EI)	**4,356**	**6,830**	**7,943**	**10,734**	**13,235**
Exceptional Items					
Pre-tax Profit	**4,356**	**6,830**	**7,943**	**10,734**	**13,235**
Taxation	(1,491)	(2,070)	(2,338)	(3,113)	(3,838)
Exceptional Income - post-tax	639	540			
Profit After Tax	**3,504**	**5,300**	**5,605**	**7,621**	**9,397**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**3,504**	**5,300**	**5,605**	**7,621**	**9,397**
Recurring Net Profit	2,864	4,760	5,605	7,621	9,397
Fully Diluted Recurring Net Profit	**2,864**	**4,760**	**5,605**	**7,621**	**9,397**

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
PBT	4,356	6,830	7,943	10,734	13,235
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(5,355)	(4,512)	(5,432)	(7,085)	(9,034)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	2,720	2,950	3,623	3,925	4,225
Other Operating Cashflow	2,216	427			
Net Interest (Paid)/Received	1,895	2,433	3,351	3,494	3,679
Tax Paid	(2,067)	(2,534)	(2,338)	(3,113)	(3,838)
Cashflow From Operations	**3,764**	**5,594**	**7,147**	**7,955**	**8,267**
Capex	(2,113)	(7,078)	(2,452)	(2,456)	(2,461)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(712)	(269)	(1,049)	(1,175)	(1,316)
Other Investing Cashflow	(37)	2,880			
Cash Flow From Investing	**(2,862)**	**(4,467)**	**(3,501)**	**(3,631)**	**(3,777)**
Debt Raised/(repaid)	4,908	2,460	1,467	1,541	1,618
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(261)	(1,022)	(1,103)	(1,184)	(1,266)
Preferred Dividends					
Other Financing Cashflow	(1,658)	(3,669)	(3,351)	(3,494)	(3,679)
Cash Flow From Financing	**2,989**	**(2,231)**	**(2,987)**	**(3,138)**	**(3,327)**
Total Cash Generated	3,891	(1,104)	659	1,186	1,163
Free Cashflow To Equity	**5,810**	**3,587**	**5,114**	**5,864**	**6,108**
Free Cashflow To Firm	**(993)**	**(1,306)**	**295**	**829**	**811**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	9,886	8,581	9,035	10,017	10,979
Total Debtors	41,087	49,439	56,969	67,066	76,919
Inventories	9,193	10,874	12,761	15,023	17,230
Total Other Current Assets	60,362	69,637	79,756	92,819	107,686
Total Current Assets	**120,529**	**138,530**	**158,521**	**184,924**	**212,814**
Fixed Assets	13,417	17,251	16,079	14,611	12,847
Total Investments	8,929	8,741	9,790	10,965	12,281
Intangible Assets	201	201	201	201	201
Total Other Non-Current Assets	8,144	12,656	13,289	13,953	14,651
Total Non-current Assets	**30,691**	**38,849**	**39,359**	**39,730**	**39,980**
Short-term Debt	18,505	20,101	21,106	22,162	23,270
Current Portion of Long-Term Debt					
Total Creditors	37,566	45,825	53,323	62,773	71,996
Other Current Liabilities	22,954	39,687	45,575	53,652	61,535
Total Current Liabilities	**79,025**	**105,613**	**120,004**	**138,588**	**156,801**
Total Long-term Debt	8,046	9,245	9,707	10,193	10,702
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	10,678	5,484	5,912	6,373	6,870
Total Non-current Liabilities	**18,724**	**14,729**	**15,619**	**16,566**	**17,573**
Total Provisions	4,099	3,840	4,558	5,365	6,153
Total Liabilities	**101,848**	**124,182**	**140,181**	**160,519**	**180,527**
Shareholders Equity	49,371	53,197	57,699	64,135	72,267
Minority Interests					
Total Equity	**49,371**	**53,197**	**57,699**	**64,135**	**72,267**

Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	61.7%	15.6%	16.0%	17.7%	14.7%
Operating EBITDA Growth	5.7%	36.0%	19.5%	22.7%	17.0%
Operating EBITDA Margin	6.9%	8.1%	8.3%	8.7%	8.9%
Net Cash Per Share (Rs)	(102.59)	(127.84)	(134.07)	(137.51)	(141.54)
BVPS (Rs)	303.93	327.48	355.20	394.82	444.88
Gross Interest Cover	2.38	2.94	3.06	3.75	4.26
Effective Tax Rate	34.2%	30.3%	29.4%	29.0%	29.0%
Net Dividend Payout Ratio	7.8%	21.5%	19.7%	15.5%	13.5%
Accounts Receivables Days	115.33	115.23	116.74	115.59	116.99
Inventory Days	48.58	56.55	60.36	59.94	60.95
Accounts Payables Days	193.75	235.00	253.22	250.45	254.67
ROIC (%)	6.0%	8.7%	9.6%	11.2%	12.2%
ROCE (%)	9.3%	10.9%	12.0%	14.1%	15.5%
Return On Average Assets	3.8%	4.2%	4.3%	4.8%	5.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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