

India

ADD (no change)

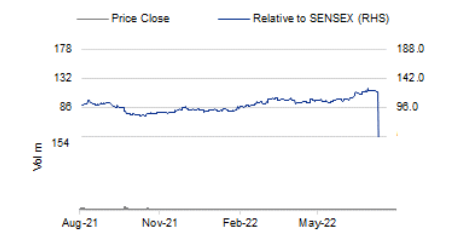
Consensus ratings*: Buy 19 Hold 4 Sell 7

Current price:	Rs1,238
Target price: ▲	Rs1,350
Previous target:	Rs1,130
Up/downside:	9.0%
InCred Research / Consensus:	18.2%
Reuters:	
Bloomberg:	KKC IN
Market cap:	US\$4,724m Rs343,063m
Average daily turnover:	US\$9.7m Rs702.1m
Current shares o/s:	277.2m
Free float:	49.0%

*Source: Bloomberg

Key changes in this note

- Raise FY23F-24F revenue by 3% each.
- Cut FY23F EBITDA by 1% and raise FY24F EBITDA by 5%.
- Cut FY23F EPS by 4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11.4	26.4	31.0
Relative (%)	1.1	12.8	21.1

Major shareholders	% held
Promoter (Cummins Inc)	51.0
SBI Mutual Fund	3.7
Kotak Mutual Fund	3.4

Analyst(s)



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Cummins India Ltd

Margins expected to bounce back

- 1QFY23 PAT beat was led by higher sales and other income offsetting miss in margins. Pricing action and softening commodity prices to aid margins.
- Strong underlying demand in the powergen segment, pick-up in key industrial sub-segments, and export push are key near-term growth drivers, in our view.
- Reiterate Add rating with a higher SOTP-based target price of Rs1,350.

Higher sales and other income aided PAT despite miss in margins

Cummins India or CIL's 1QFY23 sales (+42% yoy, +13% qoq) were 12% above our estimate aided by domestic/export sales beat of 11%/14%, respectively. EBITDA margin at 12.7% (-116bp qoq) was below our estimate of 13.2%, impacted by gross margin pressure (-90bp qoq) due to high commodity prices and product mix (higher share of lower HP genset and construction segments' sales). Core PAT of Rs2.1bn (+63% yoy) was 20% above our estimate on higher sales and other income (+82% yoy).

Price hikes and softening commodity prices aid margins

The company took multiple price hikes, with the last one effective 1 Jul 2022. Price hikes recently have been higher than the historical trend to offset higher commodity prices. Softening commodity prices and the company's pricing actions would lead to recovery in margins, in our view, and its aspiration is to normalize gross margin. The company expects to sustain its growth momentum in FY23F as end-market demand outlook remains strong and it is optimistic on short- and medium-term growth. Supply chain disruption has restricted 10-18% upside potential for domestic powergen sales.

Export growth, emission norm changes offer positive triggers

Export growth was aided by a) new fit-for-market product strategy, b) strong demand from the Middle East, Latin America, and Asia Pacific regions (aided by higher crude oil prices) for products catering to data centre, telecom, realty, and infrastructure segments. CPCB-IV+ emission norms will be implemented in Jun 2023F and pre-buying is likely in two quarters before this date. CIL could benefit on margins and market share post transition, throwing up export prospects for CPCB-4-compliant products (already undergoing testing).

Reiterate Add rating with higher target price of Rs1,350

Strong underlying demand in the powergen segment, pick-up in key industrial segment, export traction and changes in emission norms are key growth drivers. Long-term growth concerns over the powergen segment persists but the parent company is already investing in alternative fuel technologies, which CIL could adopt as India gets ready for fuel transition. We cut FY23F EBITDA by 1% on lower gross margin but raise FY24F EBITDA by 5% on higher sales. We retain Add rating on CIL with a higher SOTP-based target price of Rs1,350 (roll over 25x EV/EBITDA to Sep 2024F vs. 22x earlier, implying 33x Sep 2024F EPS) from Rs1,130 earlier. Downside risks are pent-up demand not sustaining and a slowdown in exports.

Financial Summary	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (Rsm)	42,561	60,256	69,772	76,303	83,764
Operating EBITDA (Rsm)	5,795	8,851	10,433	12,573	14,058
Net Profit (Rsm)	6,178	8,866	9,108	10,770	12,009
Core EPS (Rs)	22.3	28.3	32.9	38.9	43.3
Core EPS Growth	(4.3%)	27.1%	16.0%	18.2%	11.5%
FD Core P/E (x)	55.53	38.69	37.67	31.85	28.57
DPS (Rs)	14.0	16.0	18.0	19.0	19.0
Dividend Yield	1.13%	1.29%	1.45%	1.54%	1.54%
EV/EBITDA (x)	57.42	37.36	31.65	25.91	22.78
P/FCFE (x)	95.29	58.99	63.06	35.58	31.80
Net Gearing	(23.4%)	(25.6%)	(24.4%)	(29.6%)	(35.1%)
P/BV (x)	7.78	7.07	6.52	5.90	5.29
ROE	14.4%	17.0%	18.0%	19.4%	19.5%
% Change In Core EPS Estimates			(3.90%)		
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Margins expected to bounce back

1QFY23 results

Key conference-call highlights ►

- **Current demand scenario:** CIL expects to sustain growth momentum in FY23F as end-market demand outlook remains strong and it is optimistic on short- and medium-term growth.
- **Segment-wise revenue break-up (1QFY23):** Domestic – Industrials: Rs2.37bn (+24%qoq), Powergen: Rs4.96bn (+5.3% qoq), Distribution: Rs4.16bn (+12.7% qoq), Exports: Rs4.85bn (+14.7% qoq).
- **Supply chain disruption has restricted 10-18% upside potential for domestic powergen sales:** There is supply chain disruption in electronics, sensors, wiring elements, and other parts in electrical sub-systems apart from electronics. Many small and medium suppliers of forged or machined items have gone out of business post Covid-19 pandemic and the company has developed alternative sources and has also been scaling them up. On the electronics side, the company is trying to multisource and would take time to resolve the problem.
- **Gross margin:** 1QFY23 gross margin was impacted due to a) significant commodity price increase and the two-quarter lag to pass on input cost inflation to consumers, and b) an adverse mix due to a higher share of lower horsepower or HP powergen sales (as price hikes have not caught up with cost inflation) and higher contribution of the construction segment. However, the company has taken multiple price hikes, with the last hike effective 1 Jul 2022. **Softening in commodity prices and the company's price actions would lead to a recovery in margins and the aspiration is to go back to original gross margin.**
- **Power generation segment:** CIL witnessed strong demand from pharma, biotech, infrastructure, data centres, and residential realty segments in the domestic market, which was partially curtailed by the ability of the supply chain to meet demand (10%-18% upside would have been possible if not for supply chain disruption). Infrastructure related to telecom, 5G, fibre, data centres, and residential realty are doing well, except for some slowdown in the road segment.
- **Industrial segment:**
 - **Construction:** This segment has underperformed management expectations as there has been a slight downtick in construction activity, but it expects overall construction activity to bounce back once the monsoon season is over.
 - **Railways:** This segment underperformed for two years during the Covid-19 pandemic and would make a comeback from a low base as the company is seeing a lot more orders and enquiries. Power Cars is migrating to the electric platform and the company is introducing new products for electrification, but the cycle will take time to materialize. All green energy products - fuel cells and green energy products - would be done through CIL.
 - **Compressor:** This segment is going through a cyclical downturn.
 - **Mining:** This segment is growing at record level and the company expects it to grow multifold due to power shortage problem and increased capex of steel companies.
 - **Marine and defence:** Both segments are doing better than historical numbers but have long gestation periods where the business could be lumpy.

- **New emission norms:** CPCB-4 products are complicated and sophisticated, and a significant price hike is expected for these products. Draft release (from Ministry of Environment, Forest, and Climate Change (MoEFCC)) indicates CPCB-4 implementation from Jun 2023F and is not likely to be postponed. Pre-buying is likely in last two quarters prior to the date of implementation. Tighter emission norms have a positive impact. Cummins globally witnessed a similar trend in the automotive market and expects the same trend for CIL as there would be enough technological differentiation in its products when compared to competitors.
- **Exports:** Export growth was led by new products introduced in some international markets. Demand remains strong in the Middle East, Latin America and Asia Pacific regions aided by higher crude oil prices. Large capital inflows in the Middle East created strong demand for data centres, telecom, infrastructure, and realty construction. Demand from global market is strong and can sustain for a whole year. Dozens of CPCB4+ compliant products for export are undergoing a testing cycle and are in the final stages for getting approval, and they would be the most advanced products in terms of emission for the power generation market. Bigger barrier to exports could be preference for buying from the US, Mexico, and Canada than the new alternative energy bill in the US. Export breakdown by regions (1QFY23): – Exports to Latin America/Asia Pacific/Europe/ Middle East/Africa were at Rs970m/Rs1.07bn/Rs830m/Rs.1.1bn/Rs390m in 1QFY23 vs. Rs970m/Rs960m/Rs920m/710m/340m, respectively, in 4QFY22.
- **Price hikes:** Price hikes recently were higher than the historical trend to offset higher commodity prices. CIL is not in a hurry for reducing prices due to softening commodity prices in order to retain original gross margin.
- **Impact of Meritor acquisition:** Cummins globally gets access to more products to sell to automotive customers in terms of integrated solutions. There are some products in marine and defence segments catered to by CIL which are manufactured by Meritor.
- **Hydrogen tenders:** Those tenders are being negotiated, is still work in progress with no major progress happening while more tenders are opening for which the company is bidding, working with partners to get into some areas and also working on setting up technical resources for such projects.
- **Fuel-agnostic products:** CIL has already developed fuel-agnostic products which doesn't only burn diesel but also are a high blend of ethanol, LNG, CNG, and biodiesel.
- **New products:** A lot of new products are coming in and they have started contributing, but the company is not able to make a significant impact due to supply chain constraints. A part of the growth in exports is being led by new products. In the domestic market, new products have been well accepted by customers.
- **Traded components:** These are mainly for the construction segment apart from data centres.

Figure 1: Quarterly estimates

YE March (Rs m)	1QFY23	1QFY22	yoy % chg	4QFY22	qoq % chg	FY22	FY21	yoy % chg	1QFY23E	Act vs our Est
Total revenue	16,867	11,845	42.4%	14,936	12.9%	61,404	43,292	41.8%	15,014	12.3%
Less:										
Net raw material consumed	11,621	7,768	49.6%	10,156	14.4%	41,068	27,606	48.8%	10,209	13.8%
Other expenses	1,593	1,240	28.5%	1,285	24.0%	5,529	4,965	11.4%	1,351	17.9%
Personnel expenses	1,513	1,349	12.2%	1,428	6.0%	5,956	4,926	20.9%	1,471	2.9%
Total expenditure	14,728	10,357	42.2%	12,869	14.4%	52,553	37,497	40.2%	13,032	13.0%
EBITDA	2,138	1,488	43.7%	2,066	3.5%	8,851	5,795	52.7%	1,982	7.9%
Less: Depreciation	337	309	8.9%	347	(3.1%)	1,340	1,255	6.8%	350	(3.9%)
EBIT	1,802	1,179	52.8%	1,719	4.8%	7,511	4,540	65.4%	1,632	10.4%
Less: Interest paid	19	18	10.9%	48	(59.8%)	115	162	(28.9%)	30	(35.3%)
Non-operating Income	1,001	549	82.4%	766	30.7%	2,875	3,346	(14.1%)	750	33.5%
Extraordinary income	-	1,324	NA	-	NA	1,324	356	272.2%	-	NA
Profit before tax	2,641	3,034	(13.0%)	2,437	8.4%	11,595	8,080	43.5%	2,352	12.3%
PBT excl. extraordinary	2,784	1,710	62.8%	2,437	14.2%	10,271	7,724	33.0%	2,352	18.4%
Less: Total tax	653	668	(2.3%)	545	19.6%	2,728	1,901	43.5%	576	13.2%
Profit after tax	1,988	2,366	(16.0%)	1,892	5.1%	8,867	6,179	43.5%	1,776	12.0%
PAT excl. extraordinary	2,131	1,307	63.0%	1,892	12.7%	7,808	5,894	32.5%	1,776	20.0%
Other comprehensive income	(5)	(17)		83.0		(1)	(2)			
Total comprehensive income	1,983	2,349	(15.6%)	1,975	0.4%	8,866	6,177	43.5%	1,776	0.0%
Diluted shares outstanding (m)	277	277		277		277	277		277	
Reported EPS-diluted (Rs.)	7.17	8.54	(16.0%)	6.82	5.1%	31.99	22.29	43.5%	6.41	12.0%
Proforma EPS diluted (Rs.)	7.69	4.72	63.0%	6.82	12.7%	28.17	21.26	32.5%	6.41	20.0%

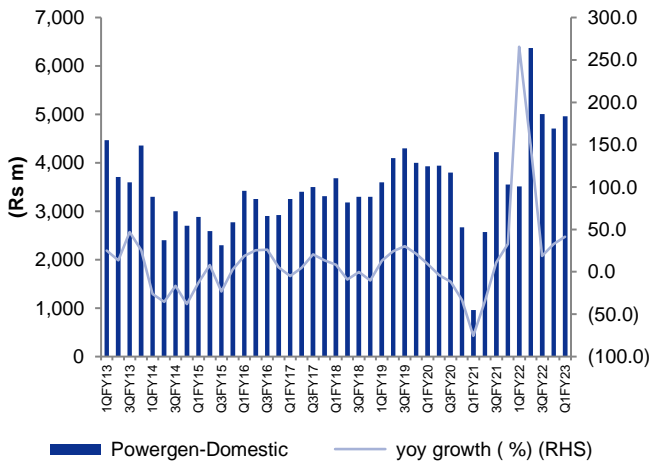
Margin Analysis	1QFY23	1QFY22	yoy bp chg	4QFY22	qoq bp chg	FY22	FY21	yoy bp chg	1QFY23E
Raw material as % of total revenue	68.9%	65.6%	332	68.0%	90	66.9%	63.8%	312	68.0%
Other expenses as % of total revenue	9.4%	10.5%	(102)	8.6%	84	9.0%	11.5%	(247)	9.0%
Personnel expenses as % of total revenue	9.0%	11.4%	(242)	9.6%	(59)	9.7%	11.4%	(168)	9.8%
EBITDA margin	12.7%	12.6%	12	13.8%	(116)	14.4%	13.4%	103	13.2%
EBIT margin	10.7%	10.0%	73	11.5%	(83)	12.2%	10.5%	175	10.9%
PBT margin (%)	15.7%	25.6%	(996)	16.3%	(66)	18.9%	18.7%	22	15.7%
Proforma NPM	12.6%	11.0%	160	12.7%	(3)	12.7%	13.6%	(90)	11.8%
Effective tax rate (%)	24.7%	22.0%	271	22.4%	233	23.5%	23.5%	0	24.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

1QFY23 results analysis ➤

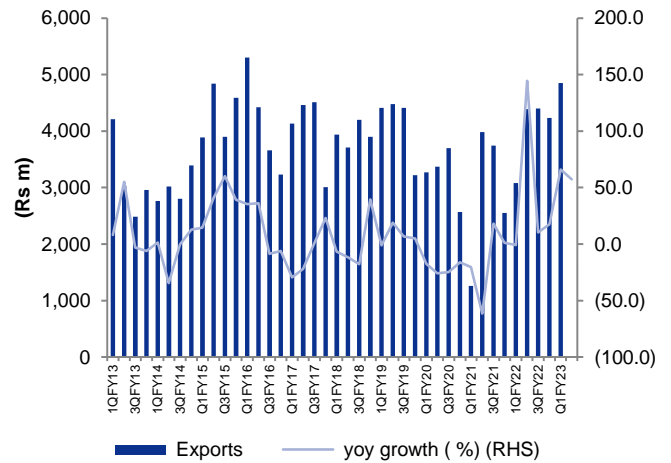
- Sales at Rs16.8bn (+42% yoy, +13% qoq) were 12% above our estimate of Rs15bn (17% above consensus estimate).
- EBITDA was at Rs2.1bn (+44% yoy, +4% qoq), 8% above our estimate of Rs1.98bn (7% above consensus estimate).
- EBITDA margin at 12.7% (+12bp yoy, -116bp qoq) was below our estimate of 13.2% (below consensus estimate of 13.9%) due to gross margin pressure (-332bp yoy, -90bp qoq) and higher-than-estimated other expenses (+29% yoy, +24% qoq).
- Other income was up 82% yoy at Rs1bn, above our estimate of Rs750m.
- Core PBT at Rs2.8bn (+63% yoy) was 18% above our estimate aided by higher other income.
- Tax rate stood at 24.7% vs. our expectation of 24.5% in 1QFY23.
- Core PAT stood at Rs2.1bn (+63% yoy), 20% above our estimate of Rs1.8bn (18% above consensus estimate) led by higher sales and other income.

Figure 2: Domestic powergen segment's sales rose by 5.3% qoq in 1QFY23



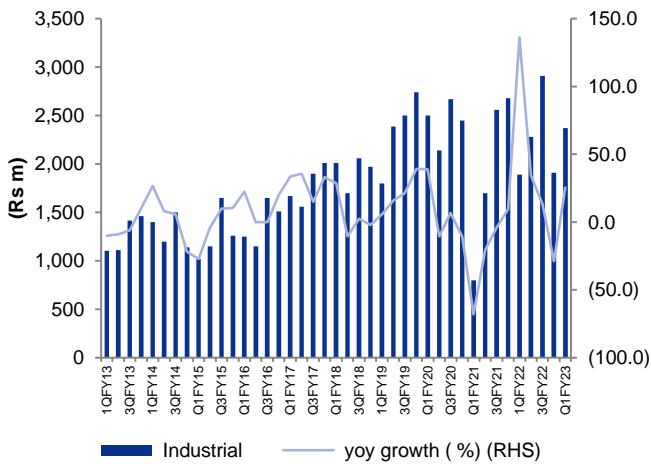
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Exports grew 14.7% qoq in 1QFY23



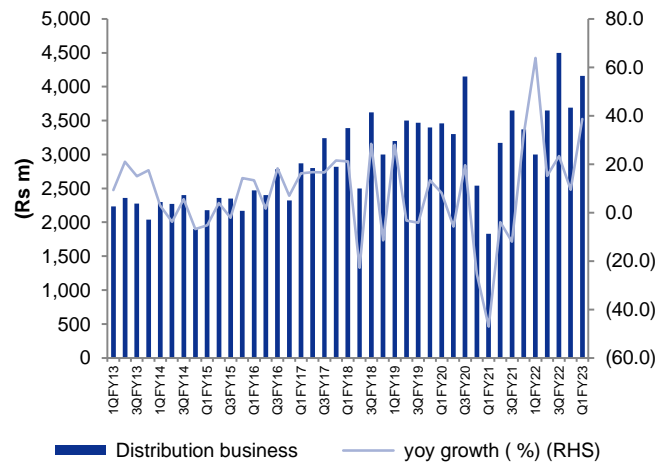
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Industrial segment's sales rose 24% qoq in 1QFY23



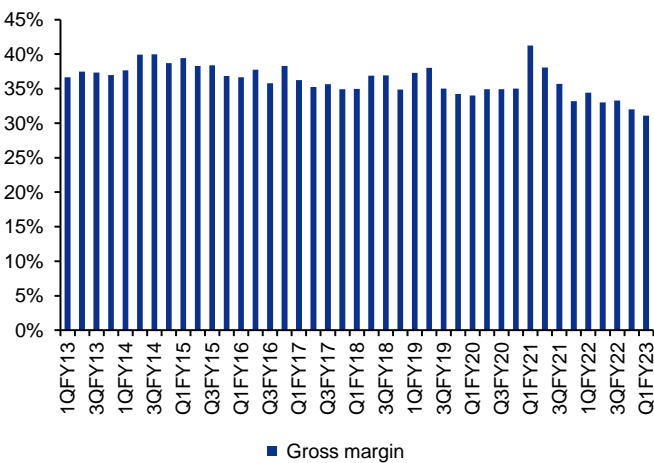
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Distribution business sales grew 12.7% qoq in 1QFY23



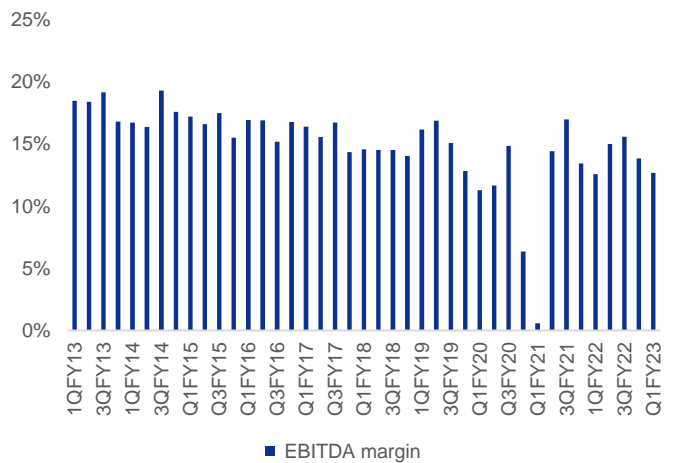
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Gross margin fell by 332bp yoy and 90bp qoq in 1QFY23



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: EBITDA margin improved by 12bp yoy to 12.7% in 1QFY23 (down 116bp qoq)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Annual segment-wise analysis

Geographic revenue split (Rs m)												
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23F	FY24F	FY25F
Domestic	27,010	25,990	29,250	33,470	33,780	38,730	37,710	30,883	44,161	50,753	55,569	61,331
Exports	11,980	17,220	16,630	16,110	15,740	16,520	12,910	11,530	16,100	19,019	20,734	22,432
yoy growth (%)												
Domestic	(16.6)	(3.8)	12.5	14.4	0.9	14.7	(2.6)	(18.1)	43.0	14.9	9.5	10.4
Exports	(5.7)	43.7	(3.4)	(3.1)	(2.3)	5.0	(21.9)	(10.7)	39.6	18.1	9.0	8.2
Geographic revenue mix (%)												
Domestic	69	60	64	68	68	70	74	73	73	73	73	73
Exports	31	40	36	32	32	30	26	27	27	27	27	27
Segment-wise revenue (Rs m)												
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23F	FY24F	FY25F
Powergen-domestic	11,240	10,550	12,490	13,320	13,330	15,920	14,340	11,080	19,590	21,941	23,696	26,066
Industrial	5,180	5,070	5,540	6,880	7,600	9,380	9,750	7,430	8,990	10,968	12,284	13,758
Automotive	1,160	810	690	850								
Distribution business	9,910	9,840	10,680	11,740	12,430	13,450	13,440	12,020	14,840	17,066	18,773	20,650
Exports	11,980	17,220	16,630	16,110	15,740	16,520	12,910	11,530	16,100	19,019	20,734	22,432
Total revenues	38,990	43,210	45,880	49,580	49,520	55,250	50,620	42,413	60,261	69,772	76,303	83,764
yoy growth (%)												
Powergen-domestic	(29.9)	(6.1)	18.4	6.6	0.1	19.4	(9.9)	(22.7)	76.8	12.0	8.0	10.0
Industrial	0.8	(2.1)	9.3	24.2	10.5	23.4	3.9	(23.8)	21.0	22.0	12.0	12.0
Automotive	(27.0)	(30.2)	(14.8)	23.2								
Distribution business	(1.4)	(0.7)	8.5	9.9	5.9	8.2	(0.1)	(10.6)	23.5	15.0	10.0	10.0
Exports	(5.6)	43.7	(3.4)	(3.1)	(2.3)	5.0	(21.9)	(10.7)	39.6	18.1	9.0	8.2
Total revenue	(13.5)	10.8	6.2	8.1	(0.1)	11.6	(8.4)	(16.2)	42.1	15.8	9.4	9.8
Segment-wise revenue mix (%)												
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23F	FY24F	FY25F
Powergen-domestic	29	24	27	27	27	29	28	26	33	31	31	31
Industrial	13	12	12	14	15	17	19	18	15	16	16	16
Automotive	3	2	2	2								
Distribution business	25	23	23	24	25	24	27	28	25	24	25	25
Exports	31	40	36	32	32	30	26	27	27	27	27	27
Total revenue	100	100	100	100	100	100	100	100	100	100	100	100

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Earnings revision summary

(Rs m)	Old estimates		New estimates		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Revenue	68,903	75,462	70,973	77,615	3.0%	2.9%
EBITDA	10,542	11,998	10,433	12,574	-1.0%	4.8%
Core PAT	9,477	10,770	9,108	10,770	-3.9%	0.0%

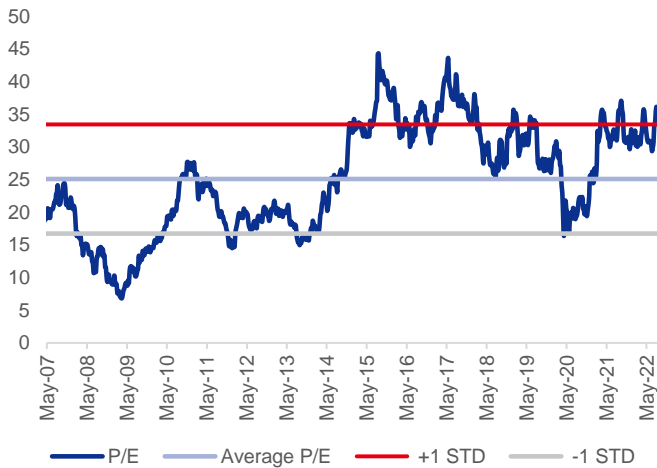
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: SOTP-based target price

Segment	Basis	Multiple (x)	EBITDA/ PAT (Rs m)	Value (Rs m)	Stake (%)	Cummins' stake value (Rs m)	Value per share (Rs)
Core business	Long-term average EV/EBITDA	22xSept-24 EBITDA	13,316	3,35,958	100%	3,35,958	1,212
Valvoline	P/E in line with peers	10x FY24F EPS	1,649	16,490	50%	8,245	30
Cummins Generator Technologies	P/E multiple discount to standalone	10x FY24F EPS	509	5,091	49%	2,469	9
Cash		1x FY21 net cash		18,189		18,189	66
Investment property		0.8x FY21 BV	11,641	9,313		9,313	34
Total value per share							1,350

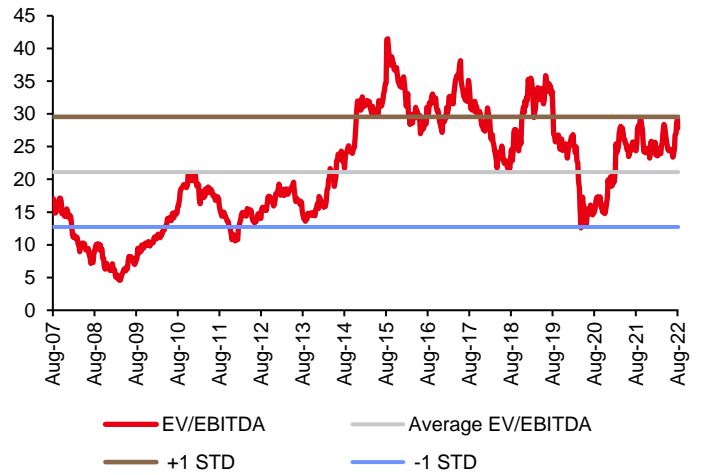
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Cummins India's current P/E above +1SD



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Cummins India's current EV/EBITDA trades above historical average



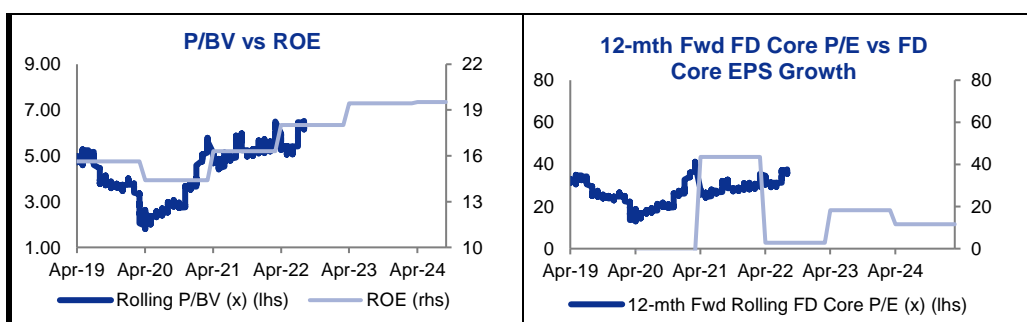
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Peer comparison

Company	Bloomberg Ticker	Recom.	Price Rs	TP Rs	Mkt cap (US\$ m)	P/E (x)			P/BV (x)			EV/EBITDA (x)			Dividend Yield (%)		
						FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
ABB India	ABB IN	Reduce	2,798	1,975	7,238	91	71	60	14.7	12.4	10.8	67	51	42	0.2	0.2	0.3
Bharat Heavy Electricals	BHEL IN	Reduce	53	38	2,266	-118	30	16	0.7	0.7	0.7	119	14	8	(0.4)	1.7	3.2
Cummins India	KKC IN	Add	1,238	1,350	4,134	38	32	29	6.5	5.9	5.3	32	26	23	1.5	1.5	1.5
Larsen & Toubro	LT IN	Add	1,750	1,900	32,273	24	20	18	3.2	2.9	2.6	16	14	12	1.1	1.1	1.2
Siemens India	SIEM IN	Hold	2,830	2,500	12,555	75	58	49	8.6	7.8	6.9	51	39	33	0.4	0.4	0.5
Thermax	TMX IN	Hold	2,124	2,165	3,093	53	39	32	6.3	5.6	4.9	36	27	21	0.5	0.6	0.6
Voltas	VOLT IN	Hold	992	1020	4,080	58	47	37	5.6	5.2	4.8	44	36	29	0.7	0.8	0.8
KEC International	KECI IN	Add	392	500	1,306	26	13	9	2.6	2.2	1.9	13	8	6	0.8	1.5	2.2
Bharat Electronics	BHE IN	Add	288	300	8,620	24	22	19	5.2	4.6	4.0	18	16	14	2.0	2.1	2.5
Bharat Dynamics	BDL IN	Add	884	575	1,987	22	20	18	4.7	4.1	3.6	15	13	11	1.8	2.0	2.2
Hindustan Aeronautics	HNAL IN	Add	2,264	2,025	9,063	17	16	14	3.4	3.0	2.6	10	9	7	1.8	1.9	2.2

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Net Revenues	43,292	61,404	70,973	77,615	85,200
Gross Profit	15,687	20,336	23,279	26,622	29,564
Operating EBITDA	5,795	8,851	10,433	12,573	14,058
Depreciation And Amortisation	(1,255)	(1,340)	(1,422)	(1,485)	(1,548)
Operating EBIT	4,539	7,511	9,011	11,089	12,510
Financial Income/(Expense)	(162)	(115)	(115)	(115)	(115)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	3,702	2,875	3,306	3,463	3,705
Profit Before Tax (pre-EI)	8,079	10,271	12,202	14,437	16,100
Exceptional Items		1,324			
Pre-tax Profit	8,079	11,594	12,202	14,437	16,100
Taxation	(1,901)	(2,728)	(3,094)	(3,667)	(4,091)
Exceptional Income - post-tax					
Profit After Tax	6,178	8,866	9,108	10,770	12,009
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	6,178	8,866	9,108	10,770	12,009
Recurring Net Profit	6,178	7,854	9,108	10,770	12,009
Fully Diluted Recurring Net Profit	6,178	7,854	9,108	10,770	12,009

Cash Flow

(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
EBITDA	5,795	8,851	10,433	12,573	14,058
Cash Flow from Invt. & Assoc.	2,285	2,744	1,770	1,864	2,043
Change In Working Capital	1,028	(684)	(3,589)	(1,111)	(1,269)
(Incr)/Decr in Total Provisions	(15)	(62)			
Other Non-Cash (Income)/Expense	1,255	1,340	1,422	1,485	1,548
Other Operating Cashflow	(1,595)	(1,153)	(3,191)	(3,348)	(3,590)
Net Interest (Paid)/Received	(162)	(115)	(115)	(115)	(115)
Tax Paid	(832)	(2,543)	(3,094)	(3,667)	(4,091)
Cashflow From Operations	7,759	8,378	3,635	7,680	8,583
Capex	(778)	(1,519)	(1,500)	(1,500)	(1,500)
Disposals Of FAs/subsidiaries	22	1,747			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	1,295	(6,567)	3,306	3,463	3,705
Cash Flow From Investing	539	(6,339)	1,806	1,963	2,205
Debt Raised/(repaid)	(4,697)	3,777			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(3,881)	(4,435)	(4,990)	(5,267)	(5,267)
Preferred Dividends					
Other Financing Cashflow	(146)	(116)	(115)	(115)	(115)
Cash Flow From Financing	(8,724)	(774)	(5,105)	(5,382)	(5,382)
Total Cash Generated	(427)	1,265	336	4,262	5,406
Free Cashflow To Equity	3,600	5,816	5,441	9,643	10,788
Free Cashflow To Firm	8,459	2,154	5,556	9,758	10,903

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	10,483	16,346	16,797	21,174	26,695
Total Debtors	10,745	12,473	15,556	17,012	18,674
Inventories	5,578	7,288	8,750	9,569	10,504
Total Other Current Assets	3,343	3,143	3,633	3,973	4,361
Total Current Assets	30,149	39,250	44,736	51,728	60,235
Fixed Assets	23,128	22,652	22,730	22,746	22,698
Total Investments	3,692	6,149	6,149	6,149	6,149
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	26,820	28,801	28,879	28,895	28,847
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	7,293	9,973	10,695	11,695	12,838
Other Current Liabilities	4,629	4,648	5,372	5,875	6,449
Total Current Liabilities	11,922	14,621	16,066	17,570	19,287
Total Long-term Debt	156	3,933	3,933	3,933	3,933
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	156	3,933	3,933	3,933	3,933
Total Provisions	823	971	971	971	971
Total Liabilities	12,902	19,525	20,970	22,474	24,191
Shareholders Equity	44,068	48,527	52,645	58,148	64,891
Minority Interests					
Total Equity	44,068	48,527	52,645	58,148	64,891

Key Ratios					
	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	(15.9%)	41.6%	15.8%	9.4%	9.8%
Operating EBITDA Growth	(1.2%)	52.7%	17.9%	20.5%	11.8%
Operating EBITDA Margin	13.6%	14.7%	15.0%	16.5%	16.8%
Net Cash Per Share (Rs)	37.25	44.78	46.41	62.20	82.11
BVPS (Rs)	158.97	175.06	189.92	209.77	234.09
Gross Interest Cover	28.07	65.31	78.36	96.42	108.78
Effective Tax Rate	23.5%	23.5%	25.4%	25.4%	25.4%
Net Dividend Payout Ratio	62.8%	58.8%	54.8%	48.9%	43.9%
Accounts Receivables Days	93.00	69.00	72.07	76.58	76.44
Inventory Days	74.75	57.18	61.37	65.56	65.85
Accounts Payables Days	(94.25)	(76.73)	(79.08)	(80.13)	(80.48)
ROIC (%)	11.5%	18.1%	19.4%	23.1%	25.4%
ROCE (%)	9.8%	15.3%	16.2%	18.4%	18.8%
Return On Average Assets	10.8%	12.2%	13.0%	14.1%	14.3%

Key Drivers					
	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Segmental Revenues (Rs m)	N/A	N/A	N/A	N/A	N/A
Powergen	11,080	19,590	21,941	23,696	26,066
Industrial	7,430	8,990	10,968	12,284	13,758
Auto	N/A	N/A	N/A	N/A	N/A
Distribution	12,020	14,840	17,066	18,773	20,650
Domestic	30,883	44,161	50,753	55,569	61,331
Exports	11,530	16,100	19,019	20,734	22,432
Revenue growth	N/A	N/A	N/A	N/A	N/A
Powergen	(23)	77	12	8	10

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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