

Results in-line; Growth Guidance reiterated at lower band

- KPIT reported CC revenue growth of 4.7% QoQ (DE: 4.5%), led by Asia (+ 23.1% QoQ) & Passenger Cars (+5.3% QoQ). OPM at 16.7%, was down 60bps QoQ (DE: 16.6%), due to a 1m wage hike impact.
- The company reiterated achieving a lower band of its revenue growth guidance (organic) of 18-22% as clients focus on cost reduction & prefer offshoring, while expecting outperformance in EBITDA margin of 20.5%+ despite pressure in certain OEMs in Europe.
- We tweak our FY25/26E earnings estimates by +1.7%/-4.1% QoQ on sustained growth momentum led by ramp ups from Asian OEMs. With this ongoing momentum we revise to our rating to 'Accumulate' with DCF based TP of Rs.1,800 (implies 52x FY27, ~2.5x on PEG).

Growth guidance intact at lower band; TCV wins remain soft

KPIT's lower band growth guidance implies 1.7%-2.5% CQGR over H2FY25 which reflects its strong positioning in existing portfolio, diversification synergies in newer areas & long-standing client relationships. New TCV wins stood healthy at \$207mn in Q2 (up 33% YoY; TTM down 17.5% YoY) but ramp-up has slowed in some markets (more pronounced in Germany).

Asia led growth; New opportunities to drive US growth

Amongst T-25 strategic clients (85.5% of Rev) revenue grew 3.7% QoQ while non-top-25 clients revenues grew by 12.7%. Asia grew by 23% QoQ, driven by strong spending from Japanese/Korean/Indian OEMs while US (+2%) momentum pick up led by 1) Integration Opportunities with US OEMs as US banned China software, and 2) Opportunities in off-highways and Trucks segments. However, Europe de-grew 0.6% QoQ due to China competition.

Cost reduction to moderate growth; while improving profitability

We believe KPIT's double-digit teens growth momentum is likely to sustain as it prioritizes long-term engagements and proactive deals while there will be headwinds as clients prioritize cost reduction through offshoring & lower fixed price billing, which may impact growth momentum while there will be margin uptick. Mgmt expects growth in CV FY26 onwards from US/EU.

Earnings Concall Highlights

Commentary: 1) KPIT will raise Rs. 28.8bn through QIP for inorganic initiatives, 2) Focus to increase in Off-highway & Trucks SBU.

Key Data

Nifty	24,436
Equity / FV	Rs 2,712mn / Rs 10
Market Cap	Rs 443bn
	USD 5.3bn
52-Week High/Low	Rs 1,929/ 1,091
Avg. Volume (no)	835,538
Bloom Code	KPITTECH IN

	Current	Previous
Rating	Accumulate	Reduce
Target Price	1,800	1,850

Change in Estimates

(Rs.bn)	Current	Chg (%)	bps
	FY25E	FY26E	FY25E
Revenue	58	68	(0.6)
EBITDA	12	15	(0.8)
EBITDA (%)	20.9	21.9	(4)
APAT	8	9	1.8
EPS (Rs)	29.5	34.5	1.7

Valuation (x)

	FY25E	FY26E	FY27E
P/E	55.4	47.4	40.0
EV/EBITDA	35.2	28.5	23.6
ROE (%)	32.5	30.0	28.3
RoACE (%)	33.9	31.2	29.3

Q2FY25 Result (Rs Mn)

Particulars	Q2FY25	YoY (%)	QoQ (%)
Revenue	14,714	22.7	7.8
Total Expense	11,697	21.9	8.7
EBITDA	3,018	25.8	4.7
Depreciation	561	16.6	6.8
EBIT	2,457	28.1	4.3
Other Income	519	448.3	(4.7)
Interest	102	(25.1)	(20.2)
EBT	2,874	53.1	3.6
Tax	794	71.3	9.4
RPAT	2,037	44.6	(0.2)
APAT	2,037	44.6	(0.2)
		(bps)	(bps)
Gross Margin	34.8	94	(53)
EBITDA (%)	20.5	50	(61)
NPM (%)	13.8	210	(111)
Tax Rate (%)	27.6	293	146
EBIT (%)	16.7	70	(57)

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Estimates			% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
USD Revenue	173.0	173.3	173.4	(0.2)	(0.2)	Revenue beat led by Passenger cars segment
INR Revenue	14,714	14,523	14,533	1.3	1.2	
EBIT	2,457	2,411	2,430	1.9	1.1	OPM beat led by lower cost of materials
EBIT, margin	16.7	16.6	16.7	10 bps	0 bps	
PAT	2,037	1,801	1,834	13.1	11.1	Beat expanded by one-time gain of ~Rs.450mn from insurance gain.

Source: Company, Dolat Capital

Change in Estimates

For FY25E/FY26E/FY27E - (1) We tweak our USD revenue growth by -1.2%/-4.2% for FY25E/FY26E, as growth guidance reiterated at lower band of 18-22% CC growth owing to global slowdown in auto. (2) We tweak our margin estimates by 16bps/-15bps due to slowing growth momentum. (3) **Overall, we see a change of +1.7%/-4.1% to our earnings estimates** due to one-time gain in Q2 wrt to insurance claim for FY25E. We introduce FY27E growth expectations of 15.4% with OPM of 18.6% and EPS of Rs. 40.5 per share.

Exhibit 1: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25E			FY26E			FY27E
	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)	Introduced
USD Revenue	587	705	696	(1.2)	837	802	(4.2)	925
YoY growth,	40.5	20.0	18.6	(141 bps)	18.8	15.1	(368 bps)	15.4
INR Revenue	48,715	58,728	58,390	(0.6)	70,758	67,761	(4.2)	79,118
YoY growth,	44.8	20.6	19.9	(69 bps)	20.5	16.0	(444 bps)	16.8
EBIT	7,894	10,093	9,943	(1.5)	12,955	12,307	(5.0)	14,701
EBIT Margin,	16.2	17.2	17.0	(16 bps)	18.3	18.2	(15 bps)	18.6
Net Profit	5,945	7,865	8,007	1.8	9,745	9,349	(4.1)	11,084
EPS (Rs)	21.8	28.8	29.3	1.7	35.7	34.2	(4.1)	40.5

Source: Company, Dolat Capital

What to expect next Quarter

For Q3FY25, we expect growth of 2.2% QoQ in CC terms, led by continued deal ramp-up despite the impact of the furloughs. For OPM, we expect a slight expansion of 13bps QoQ mainly led by operating efficiencies.

Exhibit 2: What to expect next Quarter

(Rs Mn)	Q3FY25E	Q2FY25	Q3FY24	QoQ	YoY (%)
USD Revenue	176.8	173.0	149.1	2.2	18.6
INR Revenue	14,808	14,714	12,570	0.6	17.8
EBIT	2,492	2,457	2,085	1.4	19.5
PAT	1,885	2,037	1,553	(7.5)	21.4
EPS (Rs. Abs)	6.9	7.5	5.7	(7.5)	21.1
EBIT Margin (%)	16.8	16.7	16.6	13 bps	24 bps

Source: Company, Dolat Capital

Exhibit 3: Quarterly Revenue Growth Trend

Particulars	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
CC Growth QoQ (%)	8.3	4.9	8.5	7.1	9.0	4.3	5.1	4.7	4.7
USD Growth QoQ (%)	4.8	17.3	12.0	8.2	8.4	2.6	6.6	3.7	4.9
INR Growth QoQ (%)	8.6	23.1	10.9	7.9	9.3	4.8	4.8	3.6	7.8

Source: Company, Dolat Capital

Exhibit 4: Quarterly Financial Summary

Particulars (Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	QoQ	YoY	H1FY25	H1FY24	YoY
USD Revenue	145.2	149.0	159.0	164.9	173.0	4.9	19.1	337.9	279.1	21.1
INR Revenue	11,992	12,570	13,178	13,646	14,714	7.8	22.7	28,360	22,968	23.5
Operating Exp.	9,416	9,805	10,292	10,686	11,553	8.1	22.7	22,239	18,182	22.3
Employee Exp.	7,753	7,904	8,328	8,744	9,448	8.1	21.9	18,191	14,888	22.2
as % of sales	64.7	62.9	63.2	64.1	64.2	14 bps	(44 bps)	64.1	64.8	(1.0)
Other Expenses	1,664	1,901	1,964	1,942	2,105	8	27	4,048	3,294	22.9
as % of sales	13.9	15.1	14.9	14.2	14.3	8 bps	44 bps	14.3	14.3	(0.5)
EBITDA	2,399	2,585	2,729	2,882	3,018	4.7	25.8	5,899	4,538	30.0
Depreciation	481	500	527	525	561	6.8	16.6	1,086	931	16.6
EBIT	1,918	2,085	2,202	2,356	2,457	4.3	28.1	4,813	3,607	33.4
Other Income	95	188	166	544	519	(4.7)	448.3	1,063	310	243.3
PBT	1,877	2,116	2,245	2,767	2,831	2.3	50.8	5,598	3,644	53.6
Total Tax	463	548	586	725	794	9.4	71.3	1,519	885	71.6
Min. Int	5	14	16	0	0	NA	NA	0	10	NA
Reported PAT	1,409	1,553	1,644	2,042	2,037	(0.2)	44.6	4,079	2,749	48.4
Reported EPS	5.2	5.7	6.0	7.5	7.5	(0.3)	44.4	14.9	10.1	48.2
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	20.0	20.6	20.7	21.1	20.5	(61 bps)	50 bps	20.8	19.8	104 bps
EBIT	16.0	16.6	16.7	17.3	16.7	(57 bps)	70 bps	17.0	15.7	127 bps
PBT	15.7	16.8	17.0	20.3	19.2	(104 bps)	359 bps	19.7	15.9	387 bps
PAT	11.8	12.5	12.5	15.0	13.8	(111 bps)	210 bps	14.4	12.0	242 bps
Effective Tax rate	24.7	25.9	26.1	26.2	28.0	182 bps	335 bps	27.1	24.3	284 bps

Source: Company, Dolat Capital

Earnings call KTAs

- **Revenue:** KPIT reported revenue growth of 4.7% QoQ in CC terms and 4.9% QoQ in USD terms driven in areas like powertrain and Middleware in PV. **Region-wise Mix:** Europe (58.8% of Rev) de-grew by 0.6% QoQ, while Asia (23.7% of Rev), up 23% QoQ, while USA region (27.5% of Rev) posted muted growth of 2.4% QoQ. **Revenue By Vehicle Type:** Passenger Cars (80% of Rev) posted 5.3% QoQ growth, while Commercial Vehicles (16.6% of Rev) grew by 2.8% QoQ.
- **TCV Wins:** For Q2, KPIT won new engagements of \$207mn in TCV as compared to \$202mn in Q1FY25. Out of this TCV, Won 5 large engagements worth \$120-130mn which include deal wins with a) 2 American OEM, b) 2 European OEM and C) 1 Asian OEM for Integration.
- **Operating Margin:** EBIT margin declined by 60bps QoQ to 16.7% in Q2, while EBITDA margin declined by 61bps to 20.5% due to 1m wage hike impact and quarterly promotions. Margin increased on account of growing fixed-price contracts and offshoring for certain clients.
- **T-25 Strategic Clients (85.5% of Rev):** Revenue from T-25 strategic clients grew by 3.7% QoQ, while Non-Top 25 clients grew by 12.7% QoQ. It saw tremendous growth from a large Japanese OEM (likely Honda), Korean OEM & Indian OEM. While mgmt. sees growth potentially to largely continue from all its key regions within Asia viz. Korea, Japan, and India, across Top 25 clients and expect growth to sustain from Asia faster than other regions for the foreseeable future.
- **Guidance:** For FY'25E, KPIT retains revenue organic growth guidance of 18-22% in CC terms but expects to achieve a lower band, and an EBITDA Margin of 20.5% plus with an outperformance expectation of 30-40bps.
- **Employees:** Employee base stood at 13.1k, and KPIT added 901 employees QoQ. Though KPIT did not state its attrition numbers but mentioned that it was at lowest ever.
- **Outlook Commentary:** Management stated that despite significant competition from Chinese OEMs, the automotive industry continues to have a lot of headroom. KPIT is also undertaking steps to expand its presence in China – be it existing local OEMs in China, or Chinese OEMs working for global markets. US ban on Chinese software will create an opportunity for vendors of US OEMs. Most European OEMs are under pressure, but mgmt. expects opportunity in areas like off-highway and trucks going forward.
- **Cash:** Net Cash balance stood at Rs. 10Bn.
- **QIP:** Board has approved QIP of Rs. 28.8bn for multiple inorganic opportunities in the areas like Off-highway, compliance and Infrastructure development, which will lead to a dilution of approx. 6% at current market cap of Rs. 480bn.
- **PAT:** PAT stood at Rs. 2bn (flat QoQ) mainly driven by one-time gain of Rs.450mn from insurance claim. Adj. PAT stood at Rs. 1.6bn (down 21% QoQ).
- **M&A: 1) N-Dream AG (Cloud based Car gaming space):** KPIT raised a further 13% stake for Euro 3mn (at P/S of 6.6x and valuing the company at \$23.1mn) to 26%. Earlier, it acquired a 13% stake in Dec-23 for Euro 3mn (at P/S of 6.6x).
- **On AI:** KPIT is focused on improving productivity in the software development life cycle and creating differentiated offerings.

Exhibit 5: Deal Wins (Net New) velocity has improved across markets and across key offerings

Period	Company	Type
Q2FY25	European Car OEM	Strategic engagements in the autonomous, middleware and diagnostics domains
Q2FY25	European Car OEM	Crucial engagements in the body electronics connected and electric powertrain domains
Q2FY25	American CV OEM	Strategic engagements in the electric powertrain and connected domains
Q2FY25	American Car OEM	Strategic engagements in the connected, middleware and powertrain domains
Q2FY25	Asian OEM	Key Engagements in autonomous and powertrain domains
Q1FY25	European Car OEM	Significant engagement in connected vehicle domain
Q1FY25	European Car OEM	Strategic engagements in the autonomous, electric and conventional powertrain domains.
Q1FY25	American Car OEM	Crucial engagement in the middleware and architecture consulting and electric powertrain.
Q1FY25	Asian OEM	Strategic engagements in the connected, middleware and architecture domains
Q1FY25	American Car OEM	Key Engagements in powertrain and connected domains
Q4FY24	European Car OEM	Significant engagements in the electric powertrain and connected domains.
Q4FY24	Asian Car OEM	Strategic engagements in the connected, autonomous and middleware domains.
Q4FY24	American Car OEM	Crucial engagements in connected, electric and conventional powertrain domains.
Q4FY24	American Car OEM	Strategic engagements in the autonomous, electric and conventional powertrain domains.
Q4FY24	American CV OEM	Key Engagements in powertrain and vehicle diagnostics domain
Q3FY24	Asian OEM	Multiple engagements in the Autonomous Driving and Vehicle Engineering domains
Q3FY24	European OEM	Strategic engagements in the System Engineering for Body electronics domains
Q3FY24	European OEMs	Several strategic engagements in the E-Powertrain domain
Q3FY24	European OEM	Strategic engagement in the Autonomous Driving domain
Q3FY24	American CV OEM	Several engagements in Vehicle Engineering domain
Q2FY24	European OEM	Multi- year engagement in the autonomous driving domain
Q2FY24	American OEM	A few engagements in the electric powertrain domain
Q2FY24	European OEM	Several engagements in the electric powertrain, autonomous driving and connected domains
Q2FY24	American OEM	A program in the powertrain domain
Q2FY24	Asian OEM	Various engagements in the connected and vehicle engineering domains
Q1FY24	European OEM	Multiple engagements in autonomous driving, body electronics and diagnostics
Q1FY24	American OEM	A few engagements in the electric powertrain domain
Q1FY24	American OEM	Several engagements in the middleware and architecture consulting and electric powertrain
Q1FY24	European OEM	Multiple programs in autonomous driving and body electronics domains
Q1FY24	American CV OEM	Various engagements in the vehicle engineering and connected domains
Q4FY23	Honda	Technology partner to realize the journey of Honda's Software-Defined Mobility (SDM)
Q4FY23	American OEM	A engagement in middleware development and integration domain
Q4FY23	European OEM	Engagement in the electric powertrain domain
Q4FY23	American CV OEM	Multiple engagements in the vehicle engineering design and connected domains
Q4FY23	Asian OEM	Multiple programs in the connected vehicle domains
Q4FY23	European OEM	A engagement in the electric powertrain domain

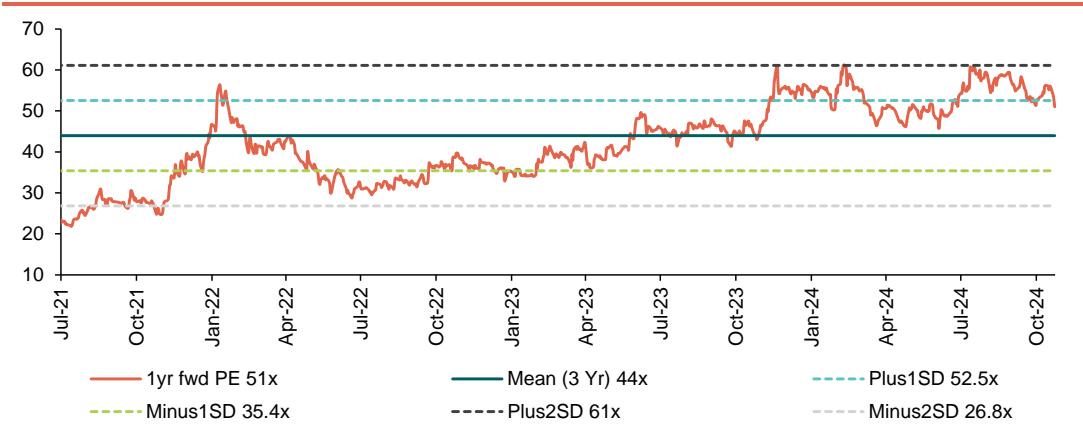
Source: Company, Dolat Capital

Valuation

KPIT is a strong ER&D player with focused capabilities in the automotive industry's sunrise technologies. Technologies like software-defined vehicles, autonomous driving and electrification will continue to act as multi-year tailwinds for the Automotive ER&D and thus super-specialized players like KPIT will continue to win and grow in this market.

We expect a Revenue CAGR of 19% over FY24-FY30E with average EBITDA margins of ~20%, Cost of Capital of 11% and Terminal growth of 3%. Taking these assumptions, **we revise our rating to 'Accumulate' with a DCF based TP of Rs. 1,800 per share (implies ~2.5x on PEG basis).**

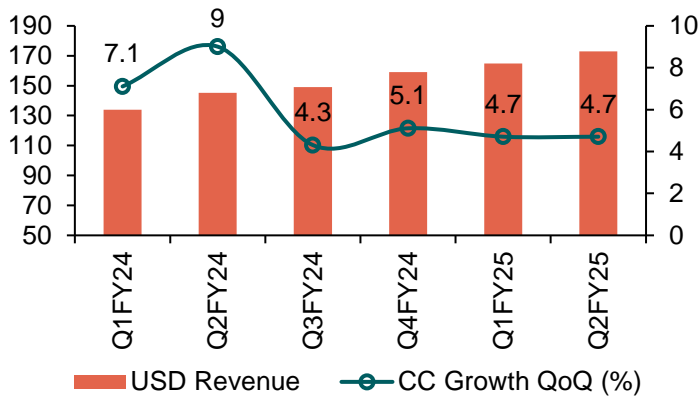
Exhibit 6: KPIT trades at 51x, below +1 Std. Dev. and higher than its 3-year mean PE of 44x



Source: Company, Dolat Capital

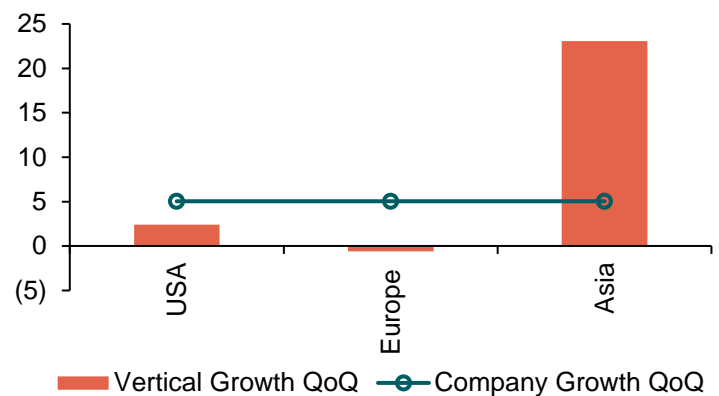
Story in Charts

Exhibit 7: Revenue grew by 4.7% QoQ in CC terms



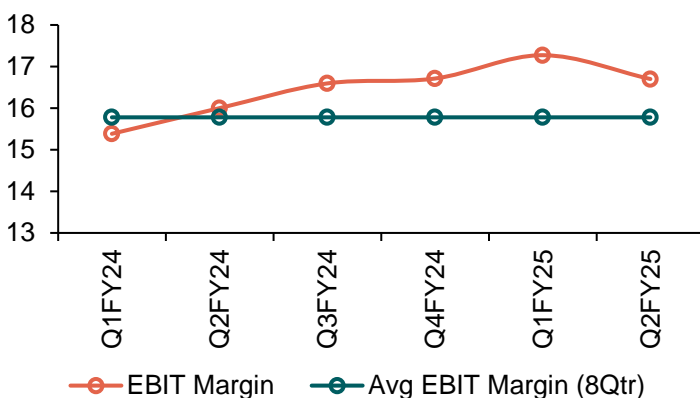
Source: Company, Dolat Capital

Exhibit 8: Asia Led Growth; Europe remain soft



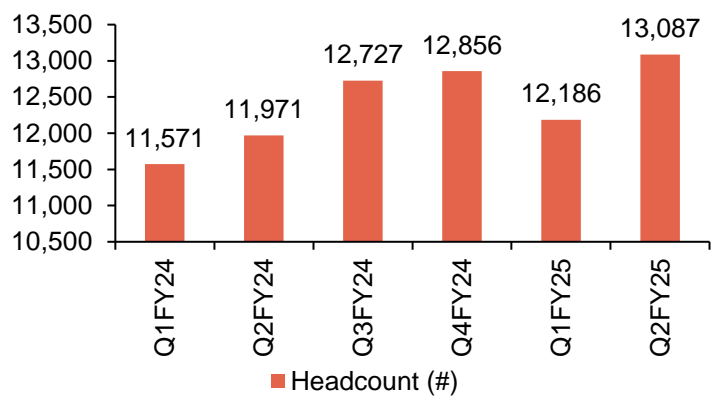
Source: Company, Dolat Capital

Exhibit 9: OPM at 16.7%, down 60bps



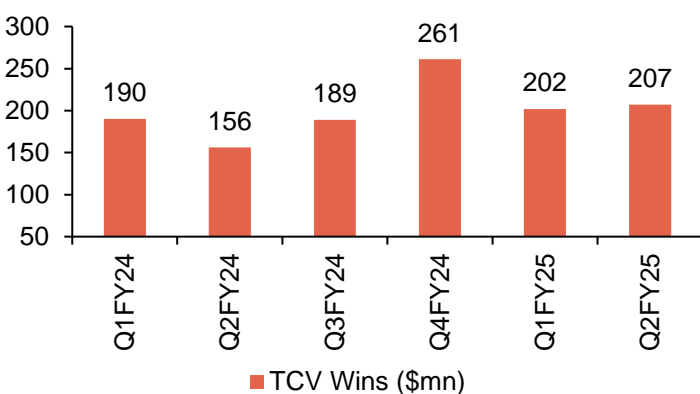
Source: Company, Dolat Capital

Exhibit 10: KPIT added 901 employees in Q2



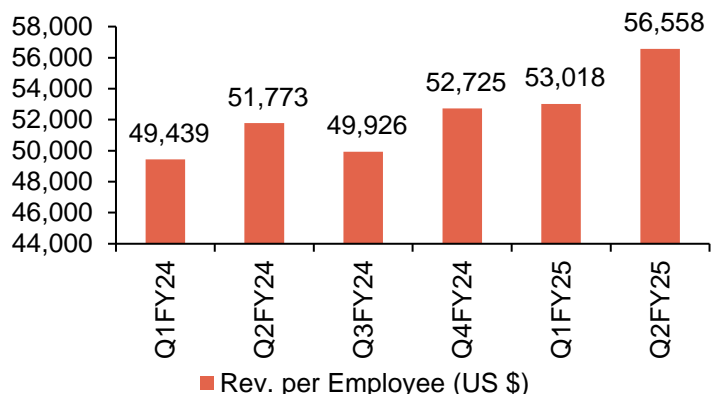
Source: Company, Dolat Capital

Exhibit 11: Net New TCV Win stable at \$207mn



Source: Company, Dolat Capital

Exhibit 12: Rev/employee up 6.7%/9.2% QoQ/YoY



Source: Company, Dolat Capital

Exhibit 13: Operating Metrics

Particulars	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
USD Revenue	94.2	110.5	123.8	133.9	145.2	149	159.0	164.9	173.0
CC Growth QoQ (%)	8.3	4.9	8.5	7.1	9	4.3	5.1	4.7	4.7
USD Growth QoQ (%)	4.8	17.3	12.0	8.2	8.4	2.6	6.6	3.7	4.9
Region Amount (\$mn)									
USA	34.8	35.4	44.7	44.9	44.2	44.6	47.2	46.5	47.6
Europe	41.1	57.0	61.4	68.1	76.4	78.8	82.3	85.0	84.5
Asia	18.2	18.1	17.7	21.0	24.7	25.8	29.5	33.4	41.1
Region Growth YoY (%)									
USA	7.0	16.3	34.9	28.5	26.8	25.9	5.8	3.5	7.8
Europe	27.9	62.2	79.2	89.7	85.8	38.4	34.0	24.8	10.6
Asia	16.3	(0.2)	(10.1)	10.1	35.4	42.4	66.5	59.4	66.6
Vertical Amount (\$mn)									
Passenger Cars	69.3	86.0	92.1	100.5	110.1	116.9	125.6	132.0	139.1
Commercial Vehicles	23.8	23.5	30.8	28.8	29.1	25.9	27.8	27.9	28.7
Others	1.2	1.0	0.9	4.6	6.1	6.3	5.7	5.0	5.3
Vertical Growth YoY (%)									
Passenger Cars	16.1	40.0	46.5	50.2	58.8	35.9	36.3	31.3	26.4
Commercial Vehicles	20.8	15.1	39.5	28.6	22.4	10.3	(9.7)	(3.2)	(1.4)
Others	16.2	(46.0)	(58.4)	NA	N.M	N.M	N.M	N.M	N.M
Client Amount (\$mn)									
Top 25	80.4	89.9	98.4	110.6	122.0	126.7	137.4	142.6	147.9
Non - Top Client	13.8	20.6	25.4	23.3	23.2	22.4	21.6	22.3	25.1
Client Growth YoY (%)									
Top 21	19.4	29.6	34.8	44.9	51.6	40.8	39.6	29.0	21.3
Non - Top Client	5.7	43.9	80.4	71.6	68.9	8.7	(14.8)	(4.5)	8.0
Project Type (\$mn)									
Fixed Project	50.4	56.4	67.6	73.6	70.6	68.5	78.2	76.7	74.9
T&M	43.8	54.1	56.2	60.3	74.6	80.5	80.8	88.2	98.1
Project Type YoY (%)									
Fixed Project	43.4	54.8	40.6	60.6	40.0	21.6	15.7	4.1	6.2
T&M	(3.2)	14.5	44.0	36.8	70.4	48.6	43.7	46.4	31.4
Employee Base									
Development	9,284	9,795	10,297	10,837	11,219	11,949	12,064	12,438	12,248
Enabling sales	632	695	716	734	752	778	792	815	839
Total	9,916	10,490	11,013	11,571	11,971	12,727	12,856	13,253	13,087
DSO	48	51	54	50	47	46	51	46	45

Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25E	FY26E	FY27E
Revenue	48,715	58,390	67,761	79,118
Total Expense	38,863	46,206	52,931	61,630
COGS	584	682	835	802
Employees Cost	31,120	37,228	42,799	49,972
Other expenses	7,160	8,296	9,297	10,856
EBIDTA	9,852	12,184	14,830	17,488
Depreciation	1,958	2,241	2,522	2,787
EBIT	7,894	9,943	12,307	14,701
Interest	548	477	556	589
Other Income	664	1,388	797	765
Exc. / E.O. items	0	0	0	0
EBT	8,010	10,854	12,549	14,877
Tax	2,019	2,847	3,200	3,794
Minority Interest	40	0	0	0
Profit/Loss share of associates	(5)	0	0	0
RPAT	5,945	8,007	9,349	11,084
Adjustments	0	0	0	0
APAT	5,945	8,007	9,349	11,084

Balance Sheet

(Rs Mn)	FY24A	FY25E	FY26E	FY27E
Sources of Funds				
Equity Capital	2,712	2,712	2,712	2,712
Minority Interest	171	171	171	171
Reserves & Surplus	18,746	24,719	31,898	40,675
Net Worth	21,630	27,602	34,781	43,558
Total Debt	447	496	544	592
Net Deferred Tax Liability	(92)	(17)	59	135
Total Capital Employed	21,985	28,081	35,384	44,285

Applications of Funds

Net Block	16,120	16,948	18,195	19,877
CWIP	5	35	75	110
Investments	0	0	0	0
Current Assets, Loans & Advances	24,765	33,063	42,550	53,758
Current Investments	863	1,013	1,113	1,163
Inventories	902	1,217	1,532	1,582
Receivables	7,489	8,897	10,396	12,355
Cash and Bank Balances	7,705	13,741	20,876	29,553
Loans and Advances	0	0	0	0
Other Current Assets	7,805	8,194	8,633	9,104
Less: Current Liabilities & Provisions	18,906	21,965	25,437	29,461
Payables	2,398	2,819	3,193	3,676
Other Current Liabilities	16,509	19,146	22,244	25,785
<i>sub total</i>				
Net Current Assets	5,859	11,097	17,113	24,297
Total Assets	21,985	28,081	35,384	44,285

E – Estimates

Important Ratios

Particulars	FY24A	FY25E	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	34.9	35.1	35.6	35.8
EBIDTA Margin	20.2	20.9	21.9	22.1
EBIT Margin	16.2	17.0	18.2	18.6
Tax rate	25.2	26.2	25.5	25.5
Net Profit Margin	12.2	13.7	13.8	14.0
(B) As Percentage of Net Sales (%)				
COGS	1.2	1.2	1.2	1.0
Employee	63.9	63.8	63.2	63.2
Other	14.7	14.2	13.7	13.7
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	14.4	20.8	22.2	25.0
Inventory days	7	8	8	7
Debtors days	56	56	56	57
Average Cost of Debt	116.7	101.2	106.9	103.6
Payable days	18	18	17	17
Working Capital days	44	69	92	112
FA T/O	3.0	3.4	3.7	4.0
(D) Measures of Investment				
AEPS (Rs)	21.9	29.5	34.5	40.9
CEPS (Rs)	29.1	37.8	43.8	51.1
DPS (Rs)	6.7	7.5	8.0	8.5
Dividend Payout (%)	30.6	25.4	23.2	20.8
BVPS (Rs)	79.7	101.7	128.2	160.6
RoANW (%)	31.1	32.5	30.0	28.3
RoACE (%)	33.5	33.9	31.2	29.3
RoAIC (%)	61.2	69.5	85.3	100.6
(E) Valuation Ratios				
CMP (Rs)	1635	1635	1635	1635
Mcap (Rs Mn)	443,451	443,451	443,451	443,451
EV	435,330	429,192	422,006	413,327
MCap/ Sales	9.1	7.6	6.5	5.6
EV/Sales	8.9	7.4	6.2	5.2
P/E	74.6	55.4	47.4	40.0
EV/EBITDA	44.2	35.2	28.5	23.6
P/BV	20.5	16.1	12.7	10.2
Dividend Yield (%)	0.4	0.5	0.5	0.5
(F) Growth Rate (%)				
Revenue	44.8	19.9	16.0	16.8
EBITDA	55.7	23.7	21.7	17.9
EBIT	62.3	26.0	23.8	19.4
PBT	62.0	35.5	15.6	18.6
APAT	56.0	34.7	16.8	18.6
EPS	56.0	34.7	16.8	18.6

E – Estimates

Cash Flow

Particulars	FY24A	FY25E	FY26E	FY27E
Profit before tax	8,004	10,854	12,549	14,877
Depreciation & w.o.	1,958	2,241	2,522	2,787
Net Interest Exp	436	(911)	(241)	(176)
Direct taxes paid	(1,371)	(2,847)	(3,200)	(3,794)
Change in Working Capital	871	837	1,114	1,443
Non Cash	119	0	0	0
(A) CF from Operating Activities	10,018	10,174	12,743	15,137
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(1,549)	(3,119)	(3,834)	(4,534)
Free Cash Flow	8,469	7,055	8,909	10,603
(Inc.)/ Dec. in Investments	(428)	(150)	(100)	(50)
Other	(3,660)	1,388	797	765
(B) CF from Investing Activities	(5,637)	(1,881)	(3,137)	(3,819)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	(3)	48	48	48
Interest exp net	(195)	0	0	0
Dividend Paid (Incl. Tax)	(1,287)	(2,035)	(2,170)	(2,306)
Other	(915)	(477)	(556)	(589)
(C) CF from Financing	(2,400)	(2,464)	(2,678)	(2,846)
Net Change in Cash	2,035	5,830	6,929	8,472
Opening Cash balances	4,542	6,550	12,380	19,309
Closing Cash balances	6,550	12,380	19,309	27,780

E – Estimates

Notes

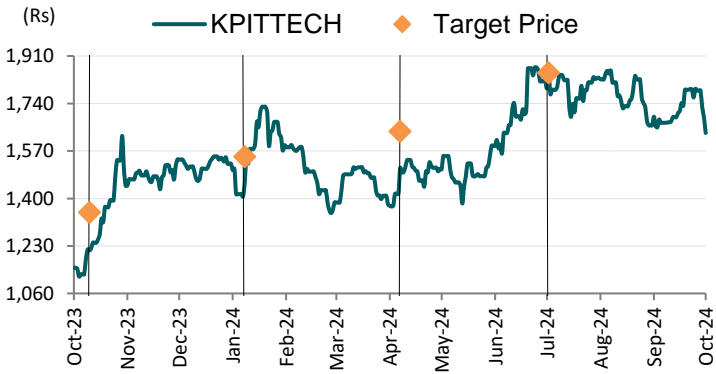
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(3)	(9)	42
Rel to NIFTY (%)	0	(9)	15

Shareholding Pattern

Particulars	Mar'24	Jun'24	Sep'24
Promoters	39.5	39.5	39.5
MF/Banks/FIs	14.0	16.7	16.7
FIIIs	24.0	22.2	22.2
Public / Others	22.6	21.7	21.7



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-23	Accumulate	1,350	1,214
Jan-24	Accumulate	1,550	1,457
Apr-24	Accumulate	1,640	1,509
Jul-24	Reduce	1,850	1,854

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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