Arihant Capital
Generating Wealth

Q4FY26 Result update
20th May 2026

Afcons Infrastructure Ltd

Gradual recovery will be supported by execution.

CMP: INR 316

Rating: BUY

Target Price: INR 401

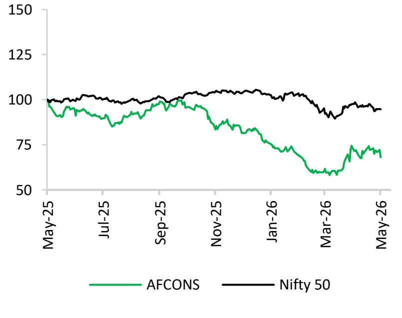
Stock Info	
BSE	544280
NSE	AFCONS
Bloomberg	AFCONS:IN
Reuters	AFCN.NS
Sector	Infra & Construction
Face Value (INR)	10
Equity Capital (INR mn)	3,678
Mkt Cap (INR mn)	1,16,218
52w H/L (INR)	479/266
Avg Yearly Volume (in 000')	1,044.2

Shareholding Pattern %
(As on Mar, 2026)

Promoters	50.17
DII	20.96
FII	12.19
Public & Others	16.69

Stock Performance (%)	3m	6m	12m*
Afcons Infrastructure	-0.8	-18.4	-31.9
NIFTY	-7.2	-9.3	-5.3

AFCONS vs NIFTY



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Afcons Infrastructure Ltd reported numbers, Q4FY26 revenue stood at INR 26,138mn (-18.9% YoY/-12.2% QoQ); below our estimates of INR 37,974mn due to slow execution. Gross Profit stood at INR 8,604mn (-17.1% YoY/-15.3% QoQ); below our estimates of INR 12,233mn. Gross margins improved by 70bps YoY (down by 123bps QoQ) to 32.9% in Q4FY26, supported by lower construction costs. EBITDA stood at INR 429mn (-85.4% YoY/-89.5% QoQ); below our estimates of INR 3,501mn. EBITDA margin stood at 1.6% in Q4FY26 vs 9.1% in Q4FY25, impacted by unfavorable arbitration with ONGC (INR 1,241mn), etc. PAT stood at INR -886mn in Q4FY26 vs 1,109mn; below our estimates of INR 1,096mn. PAT margin stood at -3.4% in Q4FY26 vs 3.4% in Q4FY25.

Key Highlights

Operational resilience and superior margins despite cyclical disruptions: The company maintained a double-digit margin (10.2%) in FY26, despite cyclical disruptions in the infrastructure sector. Q4FY26 loss was an aberration caused by a rare influence of government payment freezes, war-induced supply chain collapse, and inability to cross profit recognition thresholds on new projects. The company guided INR 300bn in order inflow in FY27E, backed by INR 150bn of visible L1, including the fully funded Croatia railway project and the Vadhvan port project. The pipeline is around INR 4,000bn (1/3 from overseas) and the company is actively pursuing. We anticipate that execution should re-accelerate once geopolitical stability returns and government payments normalize.

Manageable leverage and working capital unlocking: Working capital days have stretched to 143 days due to widespread, but temporary, government payment delays, notably the UP Jal Jeevan Mission's unique 100% completion condition. Around INR 10bn stuck receivables to unlock by Jun-26, reducing working capital days back to ~120 days. The increase in finance cost due to higher average borrowings and interest-bearing advances (40% of total) is expected to reverse as payments normalize and new overseas interest-free advances materialize.

Conservative accounting, one-off provisions, and contained arbitration risks: Q4FY26 provisions of INR 2.6-2.65bn are largely non-recurring and reflect conservative policy shifts rather than business erosion. The move to an ECL matrix for receivables required a one-time catch-up. A significant arbitration provision was made, where the company is still deciding whether to contest. On the TTA JV (Chennai Metro) dispute of INR 6.59bn for unforeseen geology, the company books revenue only to the extent of costs incurred, eliminating profit recognition risk. The Gabon project guarantee invocation was fully provided for with no residual bankruptcy risk. Domestic contracts have embedded escalation formulas for steel, cement, labor, and fuel. The new Croatia contract includes cost pass-through beyond 10%. Labor code impacts are fully factored.

Outlook & Valuation: **Afcons Infrastructure order book stood at INR 325bn (~2.72x of FY26 revenue) and order inflow recovery to INR 300bn in FY27E, backed by INR 150bn already visible L1 positions, including the fully-funded Croatia railway project and the Vadhvan port opportunity. The company has withheld revenue and margin guidance due to persistent geopolitical supply chain disruptions, elongated government payment cycles, and volatility in fuel prices affecting fixed-price international contracts. Several positive catalysts are expected to materialize in FY27E. The anticipated unlocking of INR 10bn in stuck receivables by Jun-26 would reduce working capital from 143 days to 120 days. Execution on the Mumbai-Ahmedabad bullet train project will resume with the TBM machine starting Q1FY27E. Once war-related disruptions ease and government payment flows normalize, the company is well-positioned to leverage its execution capabilities. We are estimating revenue/EBITDA/PAT CAGR of 11.3%/13%/46.3% for FY26-FY28E. The stock is trading at an EV/EBITDA of 11.4x based on FY27E EBITDA. At the CMP of INR 316 per share, we are maintaining a "BUY" rating at a TP of INR 401 per share; valued at an EV/EBITDA of 7x (~50% discount of 1-year forward mean EV/EBITDA of 14.5x) and its FY28E EBITDA of INR 15,537mn; an upside of 26.9%.**

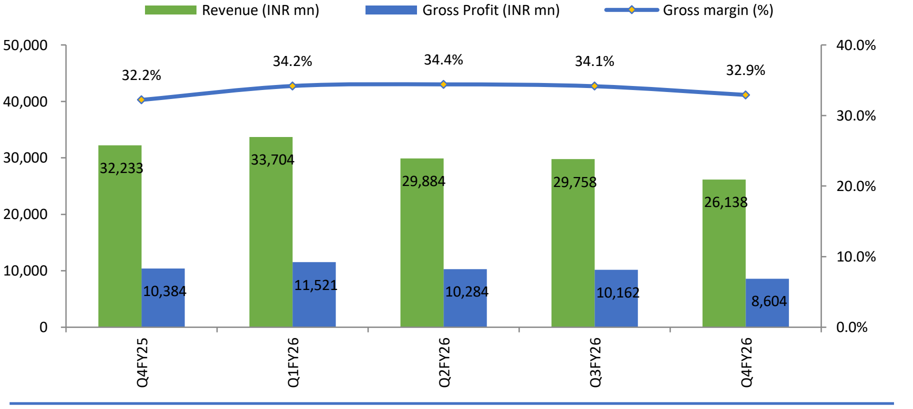
Q4FY26 Results

Exhibit 1: Income statement summary

Particular (INR mn)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Revenue	**32,233**	**29,758**	**26,138**	**-18.9%**	**-12.2%**
Net Raw Materials	8,904	6,696	5,803	-34.8%	-13.3%
Construction expenses	12,945	12,901	11,731	-9.4%	-9.1%
Gross profit	**10,384**	**10,162**	**8,604**	**-17.1%**	**-15.3%**
Gross margin (%)	**32.2%**	**34.1%**	**32.9%**	**+70 bps**	**-123 bps**
Employee Cost	3,834	3,468	3,787	-1.2%	9.2%
Other Expenses	3,614	2,591	4,388	21.4%	69.3%
EBITDA	**2,936**	**4,103**	**429**	**-85.4%**	**-89.5%**
EBITDA Margin (%)	**9.1%**	**13.8%**	**1.6%**	**-747 bps**	**-1215 bps**
Depreciation	1,240	934	996		
Interest expense	1,497	1,670	1,750		
Other income	1,642	497	1,628		
Profit before tax	**1,841**	**1,230**	**(689)**	**-137.4%**	**-156.0%**
Taxes	731	262	197		
PAT	**1,109**	**968**	**(886)**	**-179.8%**	**-191.5%**
PAT Margin (%)	**3.4%**	**3.3%**	**-3.4%**		
EPS (INR)	**3.0**	**2.6**	**(2.4)**		

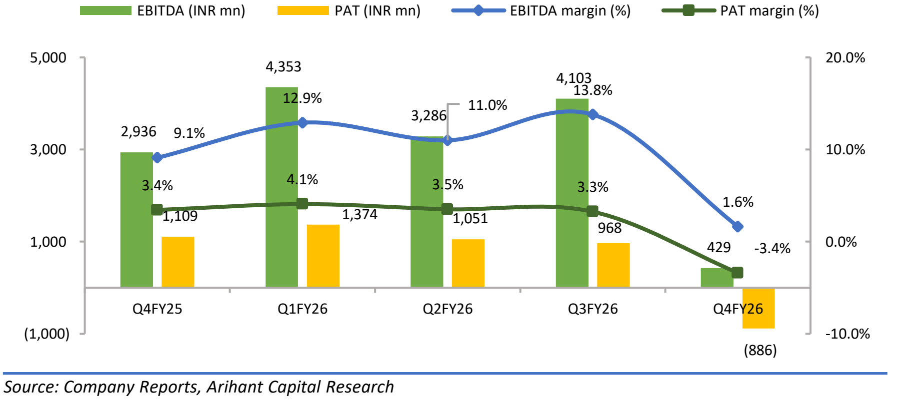
Source: Company Reports, Arihant Capital Research

Exhibit 2: Gross margins improved by 70 bps YoY (down by 123 bps QoQ) to 32.9% in Q4FY26 due to lower construction costs.



Source: Company Reports, Arihant Capital Research

Exhibit 3: EBITDA margin contracted by 747 bps YoY (down by 1215 bps QoQ) to 1.6% in Q4FY26, due to provisions and cost overruns.



Source: Company Reports, Arihant Capital Research

Order book

Exhibit 4: Marine & Industrial and Surface transport order book significantly increased, while other segments faced challenges in Q4FY26.

Segment-wise Order book (INR bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Urban Infra - Underground & Elevated Metro	129.3	121.7	113.0	104.6	94.6	91.0	-25.2%	-3.8%
Urban Infra - Bridge & Elevated Corridor	87.4	81.1	77.7	71.9	69.4	74.7	-7.9%	7.7%
Hydro & Underground	95.1	88.5	88.3	81.7	78.9	74.7	-15.5%	-5.2%
Marine & Industrial	19.0	44.2	45.9	42.5	50.5	48.7	10.2%	-3.4%
Surface Transport	34.2	18.4	17.7	19.6	15.8	29.2	58.7%	85.4%
Oil & Gas	15.2	14.7	10.6	6.5	6.3	6.5	-55.9%	3.0%
Total order book	**380.2**	**368.7**	**353.1**	**326.8**	**315.4**	**325.0**	**-11.9%**	**3.0%**

Segment-wise Order book (%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Urban Infra - Underground & Elevated Metro	34.0%	33.0%	32.0%	32.0%	30.0%	28.0%		
Urban Infra - Bridge & Elevated Corridor	23.0%	22.0%	22.0%	22.0%	22.0%	23.0%		
Hydro & Underground	25.0%	24.0%	25.0%	25.0%	25.0%	23.0%		
Marine & Industrial	5.0%	12.0%	13.0%	13.0%	16.0%	15.0%		
Surface Transport	9.0%	5.0%	5.0%	6.0%	5.0%	9.0%		
Oil & Gas	4.0%	4.0%	3.0%	2.0%	2.0%	2.0%		
Total order book	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

Source: Company Reports, Arihant Capital Research

Exhibit 5: The two Croatia road tenders cancelled, were Afcons was L1 which impacted order booking in overseas. Domestic order booking also slowed down.

Geography-wise order book (INR bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Domestic	323.2	317.1	310.7	290.9	283.9	282.7	-10.8%	-0.4%
Overseas	57.0	51.6	42.4	35.9	31.5	42.2	-18.2%	33.9%
Total order book	**380.2**	**368.7**	**353.1**	**326.8**	**315.4**	**325.0**	**-11.9%**	**3.0%**

Geography-wise order book (%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Domestic	85.0%	86.0%	88.0%	89.0%	90.0%	87.0%		
Overseas	15.0%	14.0%	12.0%	11.0%	10.0%	13.0%		
Total order book	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

Source: Company Reports, Arihant Capital Research

Exhibit 6: Private and Government order book faced challenges, while Multilateral saw recovery in Q4FY26.

Client-wise order book (INR bn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Government	311.8	291.3	277.2	258.2	255.5	256.7	-11.9%	0.5%
Multilateral	41.8	36.9	33.5	29.4	25.2	39.0	5.8%	54.5%
Private Sector	26.6	40.6	42.4	39.2	34.7	29.2	-27.9%	-15.7%
Total order book	**380.2**	**368.7**	**353.1**	**326.8**	**315.4**	**325.0**	**-11.9%**	**3.0%**

Client-wise order book (%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Government	82.0%	79.0%	78.5%	79.0%	81.0%	79.0%		
Multilateral	11.0%	10.0%	9.5%	9.0%	8.0%	12.0%		
Private Sector	7.0%	11.0%	12.0%	12.0%	11.0%	9.0%		
Total order book	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

Source: Company Reports, Arihant Capital Research

Q4FY26 Concall Highlights

Revenue

- The management does not provide revenue and EBITDA margin guidance for FY27 due to geopolitical uncertainty, elongated award cycles, and unsolved payment delays.

- Overseas revenue share stood at 30% in Q4FY26, despite being only 13% of the order book, due to a mismatch between revenue contribution and backlog composition.

Order book

- The order inflow stood at INR 41.25bn in FY26. The order book stood at INR 324.96bn (-12% YoY) in FY26.

Order inflows

- The management guided order inflow of INR 300bn in FY26, with INR 150bn already having clear visibility and another INR 150bn expected from the pipeline. The split for the balance orders is 60% domestic and 40% international, across marine, urban infrastructure, hydro, and surface transport segments.

- The company has already booked INR 80bn and another INR 70bn in L1 positions. Key L1s include the Croatia railway project (fully ECB-funded) – INR 75.44bn, Vadhvan port project – INR 53bn, and a DMRC underground metro – INR 3.73bn.

- Vadhvan port L1 (INR 53bn) is part of the visible INR 150bn.

- The Middle East (Abu Dhabi's $55bn pipeline) is being actively pursued, but not factored into guidance.

Pipeline

- The bid pipeline is around INR 4000bn over the next 2 years, with 70% domestic and 30% overseas. The breakup is hydro and underground – INR 960bn, marine and Industrial – INR 900bn, rail & road – INR 850bn, and urban infrastructure – INR 1300bn.

Croatia L1 tender cancellations

- The two Croatia road tenders, where Afcons was L1, were cancelled due to client budget constraints, but will be re-tendered after an estimate revision.

TBM

- The 2nd TBM confinement for the Bullet Train C2 package has been received. The main driver lowered, and tunneling is expected to begin before the end of next quarter. Project duration has extended by 12-15 months.

JJM

- The UP Jal Jeevan Mission project faces a client-imposed hurdle. Payments are only upon 100% completion of final connections, contrary to contract terms requiring progressive payments. This has forced Afcons to slow execution and re-sequence work. It impacted the monthly turnover of INR 600-700mn.

Working capital

- Working capital days increased to 143 days. Payment delays are widespread across state and central governments, though private clients are not affected. A sizable receivable unlock of around INR 10bn is expected by Jun-26, which should bring working capital days back to ~120 days.

- International orders typically carry interest-free advances, which improve working capital. The current low proportion of overseas orders (13% of the order book) has reduced this benefit.

Q4FY26 Concall Highlights

Debt and Interest cost

- Gross debt stood at INR 35.38bn and net debt stood at INR 26.53bn.

- The interest cost increased due to higher average borrowings from working capital lockup. Interest-bearing advances increased to 40% of total advances (from 20% in Sep-24), adding interest expense.

Capex

- The capex stood at INR 10.69bn in FY26, out this INR 7bn capex was incurred in Q4FY26. The capex is expected to be INR 7.25bn in FY27E, with depreciation expected to be similar or marginally higher.

- Depreciation stood at INR 4.54bn in FY26, including accelerated depreciation on TBMS.

Execution impact

- Q4FY26 execution was impacted by delayed customer payments, forcing a choice between growth and liquidity, war-induced supply chain disruption (POL, logistics, vendor advance demands), failure of fast-track projects to ramp up, and inability to cross margin recognition thresholds in new projects.

Arbitration and Provision

- A significant one-time provision was made for an arbitration award where the company is deciding whether to contest.

- On the TTA JV (Chennai Metro), INR 6.59bn variation for unforeseen geology, revenue is booked only to the extent of cost incurred when no settlement is reached.

- In the Gabon project, a bank guarantee was invoked, but the project was 92% complete.

- The company made a provision of INR 1.6bn in Q4FY26 across projects. The provision stood at INR 3.25bn in FY26.

- Around INR 2.6-2.65bn is considered one-off, including expected credit loss matrix for provisions, conservative provision for an arbitration award, and extra costs on marine operations.

Supply chain

- Overseas projects in Bangladesh, the Maldives, Tanzania, Benin, and the Ivory Coast faced fuel shortages, material movement disruptions (via India and Dubai), and vendor non-performance despite advances. The geopolitical situation remains unresolved with no significant improvement seen.

- The war caused severe POL and logistics disruptions, with vendors demanding advance payments.

Pricing

- Domestic projects have robust escalation formulas covering steel, cement, labor, and fuel.

- International projects are mostly fixed-price, though the Croatia contract has a pass-through beyond 10% cost escalation.

Other highlights

- The other income of INR 3.74bn is recurring and integral business, including arbitration interest (INR 190mn) and other interest (INR 610mn). The balance comes from foreign exchange gains and miscellaneous operating income.

- The new Labor Code's minimum wage impact has been fully factored in.

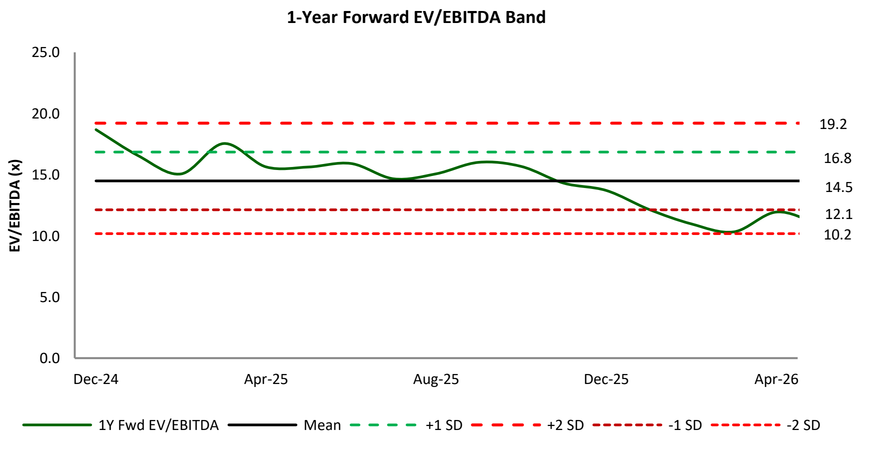
- The effective tax rate of 35% was higher than usual due to JVs taxed at 35-36%.

Outlook & Valuation: Afcons Infrastructure order book stood at INR 325bn (~2.72x of FY26 revenue) and order inflow recovery to INR 300bn in FY27E, backed by INR 150bn already visible L1 positions, including the fully-funded Croatia railway project and the Vadhvan port opportunity. The company has withheld revenue and margin guidance due to persistent geopolitical supply chain disruptions, elongated government payment cycles, and volatility in fuel prices affecting fixed-price international contracts. Several positive catalysts are expected to materialize in FY27E. The anticipated unlocking of INR 10bn in stuck receivables by Jun-26 would reduce working capital from 143 days to 120 days. Execution on the Mumbai-Ahmedabad bullet train project will resume with the TBM machine starting Q1FY27E. Once war-related disruptions ease and government payment flows normalize, the company is well-positioned to leverage its execution capabilities. We are estimating revenue/EBITDA/PAT CAGR of 11.3%/13%/46.3% for FY26-FY28E. The stock is trading at an EV/EBITDA of 11.4x based on FY27E EBITDA. At the CMP of INR 316 per share, we are maintaining a "BUY" rating at a TP of INR 401 per share; valued at an EV/EBITDA of 7x (~50% discount of 1-year forward mean EV/EBITDA of 14.5x) and its FY28E EBITDA of INR 15,537mn; an upside of 26.9%.

Valuation based on EV/EBITDA - FY28E	
EBITDA (INR mn)	15,537
EV/EBITDA (x)	7
EV (INR mn)	108,758
Debt (INR mn)	47,492
Cash (INR mn)	8,776
Market Cap (INR mn)	147,473
Shares (mn)	368
Target Price (INR)	**401**
CMP (INR)	**316**
Upside/Downside (%)	**26.9%**
Rating	**BUY**

Source: Arihant Capital Research

Exhibit 7: We assigned 7x of EV/EBITDA (~50% discount of 1-year forward mean EV/EBITDA), due to arbitration and provisioning.



Sensitivity Analysis

Exhibit 8: Changes in revenue and EBITDA margin impact on PAT & EPS.

FY28E PAT (INR mn)

Revenue (INR mn)	EBITDA Margin (%)						
5,368	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%
135,000	2,835	3,340	3,845	4,349	4,854	5,359	5,864
140,000	3,171	3,695	4,219	4,742	5,266	5,789	6,313
145,000	3,508	4,050	4,593	5,135	5,677	6,219	6,762
150,000	3,845	4,406	4,967	5,528	6,089	6,650	7,211
155,000	4,181	4,761	5,341	5,920	6,500	7,080	7,659
160,000	4,518	5,116	5,715	6,313	6,911	7,510	8,108
165,000	4,854	5,471	6,089	6,706	7,323	7,940	8,557

FY28E EPS (INR)

Revenue (INR mn)	EBITDA Margin (%)						
14.6	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%
135,000	7.7	9.1	10.5	11.8	13.2	14.6	15.9
140,000	8.6	10.0	11.5	12.9	14.3	15.7	17.2
145,000	9.5	11.0	12.5	14.0	15.4	16.9	18.4
150,000	10.5	12.0	13.5	15.0	16.6	18.1	19.6
155,000	11.4	12.9	14.5	16.1	17.7	19.2	20.8
160,000	12.3	13.9	15.5	17.2	18.8	20.4	22.0
165,000	13.2	14.9	16.6	18.2	19.9	21.6	23.3

Source: Company Reports, Arihant Capital Research

Exhibit 9: Target Price range based on PE & EV/EBITDA.

FY28E Target Price (INR)

EPS (INR)	PE (x)						
401	15.0x	20.0x	25.0x	30.0x	35.0x	40.0x	45.0x
12.0	180	240	300	360	420	480	540
13.0	195	260	325	390	455	520	585
14.0	210	280	350	420	490	560	630
15.0	225	300	375	450	525	600	675
16.0	240	320	400	480	560	640	720
17.0	255	340	425	510	595	680	765
18.0	270	360	450	540	630	720	810

FY28E Target Price (INR)

EBITDA (INR mn)	EV/EBITDA (x)						
401	5.0x	6.0x	7.0x	8.0x	9.0x	10.0x	11.0x
13,000	282	317	353	388	423	459	494
14,000	296	334	372	410	448	486	524
15,000	309	350	391	432	472	513	554
16,000	323	366	410	453	497	540	584
17,000	336	383	429	475	521	567	614
18,000	350	399	448	497	546	595	644
19,000	364	415	467	519	570	622	674

Source: Company Reports, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue	126,374	132,675	125,484	119,484	130,685	147,880
Net Raw Materials	90,524	93,065	85,362	78,913	86,220	97,461
Employee Cost	12,982	13,834	14,351	14,517	15,813	17,849
Other Expenses	9,762	12,126	12,212	13,882	15,118	17,033
EBITDA	**13,106**	**13,650**	**13,560**	**12,171**	**13,534**	**15,537**
EBITDA Margin (%)	**10.4%**	**10.3%**	**10.8%**	**10.2%**	**10.4%**	**10.5%**
Depreciation	(4,716)	(4,945)	(4,911)	(4,539)	(4,993)	(5,473)
Interest expense	(4,467)	(5,773)	(6,292)	(6,736)	(7,097)	(7,146)
Other income	2,067	3,794	4,744	3,737	3,999	4,259
Profit before tax	**5,991**	**6,726**	**7,100**	**3,868**	**5,443**	**7,177**
Taxes	(1,882)	(2,229)	(2,232)	(1,361)	(1,372)	(1,809)
PAT	**4,109**	**4,498**	**4,868**	**2,507**	**4,071**	**5,368**
PAT Margin (%)	**3.3%**	**3.4%**	**3.9%**	**2.1%**	**3.1%**	**3.6%**
Other Comprehensive income	637	(7)	(98)	83	-	-
Total comprehensive income	**4,745**	**4,491**	**4,770**	**2,591**	**4,071**	**5,368**
EPS (INR)	65.9	13.2	13.0	7.0	11.1	14.6

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity capital	720	3,407	3,678	3,678	3,678	3,678
Reserves	31,037	32,552	48,927	50,820	54,742	59,913
Net worth	**31,757**	**35,960**	**52,605**	**54,498**	**58,420**	**63,591**
Minority Interest	16	16	15	8	8	8
Provisions	1,589	2,365	1,720	2,200	2,352	2,662
Debt	21,315	29,196	26,645	46,842	47,792	47,492
Total Liabilities	**70,910**	**83,086**	**104,343**	**125,015**	**132,095**	**140,371**
Fixed assets	24,487	27,151	26,309	24,104	35,371	36,755
Capital Work In Progress	1,836	431	329	9,010	357	391
Other Intangible assets	6	6	6	5	5	5
Investments	3,664	4,188	4,427	4,297	4,705	5,324
Other non current assets	16,756	15,834	19,772	18,286	20,256	22,921
Net working capital	**16,401**	**23,799**	**43,701**	**58,357**	**60,330**	**63,979**
Inventories	15,858	16,266	10,102	10,166	11,338	12,550
Sundry debtors	28,479	36,202	34,582	40,381	40,459	45,377
Loans & Advances	534	618	572	679	653	739
Other current assets	43,634	49,963	65,294	73,425	76,979	83,056
Sundry creditors	(39,813)	(47,566)	(39,751)	(44,707)	(45,576)	(51,124)
Other current liabilities & Prov	(32,289)	(31,684)	(27,098)	(21,587)	(23,523)	(26,618)
Cash	3,774	6,663	7,706	8,859	9,110	8,776
Other Financial Assets	3,983	5,013	2,093	2,095	1,960	2,218
Total Assets	**70,910**	**83,086**	**104,343**	**125,015**	**132,095**	**140,371**

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26	FY27E	FY28E
Tax burden (x)	0.7	0.7	0.7	0.6	0.7	0.7
Interest burden (x)	0.7	0.8	0.8	0.5	0.6	0.7
EBIT margin (x)	0.1	0.1	0.1	0.1	0.1	0.1
Asset turnover (x)	1.0	0.9	0.8	0.7	0.7	0.7
Financial leverage (x)	4.4	4.2	3.6	3.3	3.3	3.3
RoE (%)	**14.0%**	**13.3%**	**11.0%**	**4.7%**	**7.2%**	**8.8%**

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Profit before tax	5,991	6,726	7,100	3,868	5,443	7,177
Depreciation	4,716	4,945	4,911	4,539	4,993	5,473
Tax paid	(1,882)	(2,229)	(2,232)	(1,361)	(1,372)	(1,809)
Working capital Δ	3,961	(7,397)	(19,902)	(14,657)	(1,972)	(3,650)
Operating cashflow	**12,785**	**2,046**	**(10,123)**	**(7,610)**	**7,092**	**7,192**
Capital expenditure	(8,350)	(6,204)	(3,966)	(11,016)	(7,607)	(6,891)
Free cash flow	**4,435**	**(4,158)**	**(14,089)**	**(18,626)**	**(515)**	**301**
Equity raised	636	(7)	12,066	(530)	-	-
Investments	(566)	(523)	(240)	130	(407)	(619)
Others	(1,592)	(109)	(1,017)	1,485	(1,835)	(2,923)
Debt financing/disposal	(1,746)	7,881	(2,551)	20,197	950	(300)
Dividends paid	-	(288)	(288)	(92)	(149)	(197)
Other items	(2,657)	93	7,162	(1,410)	2,208	3,405
Net Δ in cash	**(1,490)**	**2,888**	**1,043**	**1,153**	**251**	**(334)**
Opening Cash Flow	**5,264**	**3,774**	**6,663**	**7,706**	**8,859**	**9,110**
Closing Cash Flow	**3,774**	**6,663**	**7,706**	**8,859**	**9,110**	**8,776**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26	FY27E	FY28E
Growth matrix (%)						
Revenue growth	14.7%	5.0%	-5.4%	-4.8%	9.4%	13.2%
Op profit growth	40.0%	4.2%	-0.7%	-10.2%	11.2%	14.8%
Profitability ratios (%)						
OPM	10.4%	10.3%	10.8%	10.2%	10.4%	10.5%
Net profit margin	3.3%	3.4%	3.9%	2.1%	3.1%	3.6%
RoCE	13.5%	13.7%	12.4%	8.0%	8.8%	9.6%
RoNW	14.0%	13.3%	11.0%	4.7%	7.2%	8.8%
RoA	5.8%	5.4%	4.7%	2.0%	3.1%	3.8%
Per share ratios (INR)						
EPS	65.9	13.2	13.0	7.0	11.1	14.6
Dividend per share	-	0.8	0.8	0.3	0.4	0.5
Cash EPS	122.6	27.7	26.6	19.2	24.6	29.5
Book value per share	441.3	105.5	143.0	148.2	158.8	172.9
Valuation ratios (x)						
P/E	4.8	24.0	24.4	44.9	28.5	21.6
P/CEPS	2.6	11.4	11.9	16.5	12.8	10.7
P/B	0.7	3.0	2.2	2.1	2.0	1.8
EV/EBITDA	3.1	9.5	10.0	12.7	11.4	10.0
Payout (%)						
Dividend payout	0.0%	6.4%	5.9%	3.7%	3.7%	3.7%
Tax payout	31.4%	33.1%	31.4%	35.2%	25.2%	25.2%
Liquidity ratios						
Debtor days	84	89	103	114	113	106
Inventory days	58	63	56	47	46	45
Creditor days	115	134	142	144	141	133
WC Days	27	18	17	18	18	17
Leverage ratios (x)						
Interest coverage	1.9	1.5	1.4	1.1	1.2	1.4
Net debt / equity	0.6	0.6	0.4	0.7	0.7	0.6
Net debt / op. profit	1.3	1.7	1.4	3.1	2.9	2.5

Source: Company Reports, Arihant Capital Research

Story in Charts

Exhibit 10: Revenue is expected to grow at a CAGR of 11.3% over the period of FY26-28E.

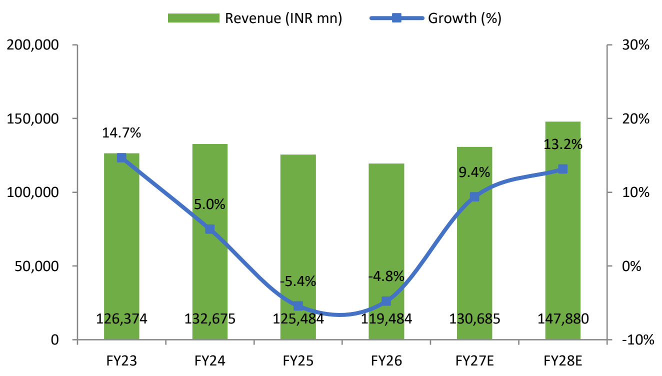


Exhibit 11: Gross margins are expected to improve going forward.

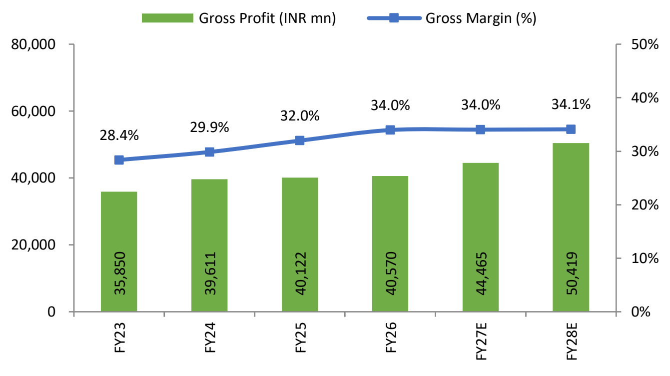


Exhibit 12: Growth in EBITDA & PAT levels

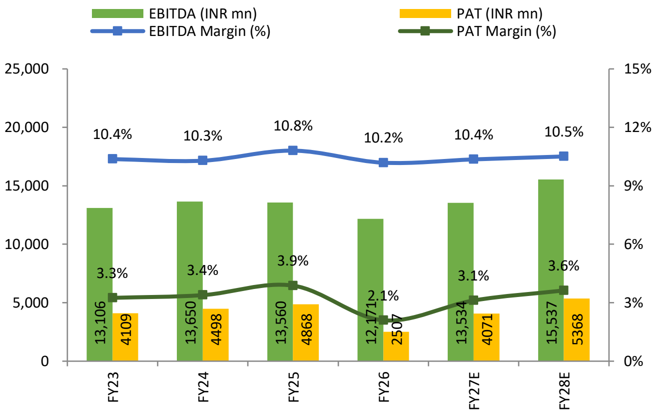


Exhibit 13: Return ratios to be improve

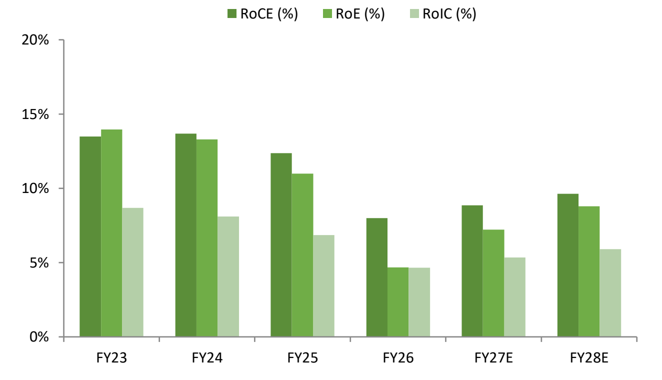


Exhibit 14: Working capital days to be improve.

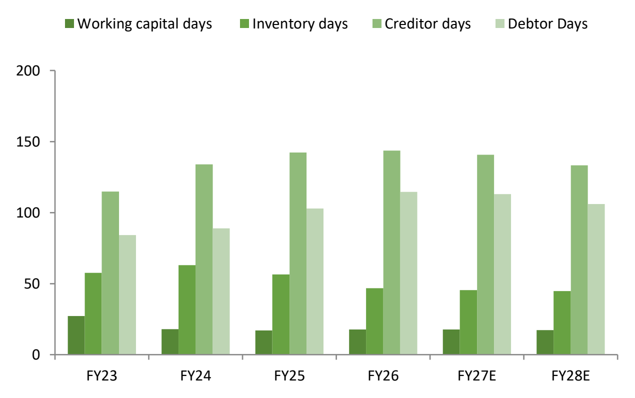
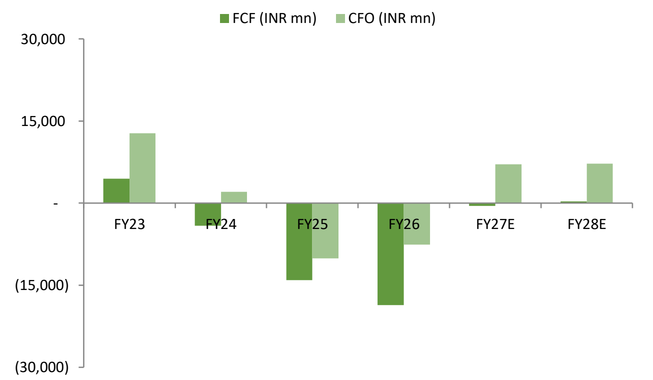


Exhibit 15: Cash flows to be improve.



Source: Company Reports, Arihant Capital Research

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