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Generating Wealth

Q1FY27 Result update
3rd Aug 2026

PSP Projects Ltd

Continuing ramp-up execution with strong order book.

CMP: INR 978

Rating: ACCUMULATE

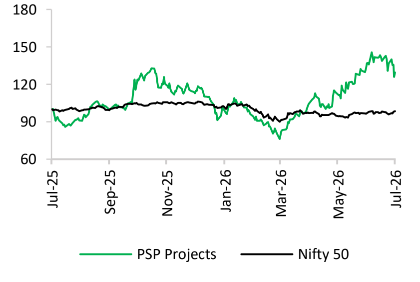
Target Price: INR 1,147

Stock Info	
BSE	540544
NSE	PSPPROJECT
Bloomberg	PSPPL:IN
Reuters	PSPP.BO
Sector	Infra & Construction
Face Value (INR)	10
Equity Capital (INR mn)	396
Mkt Cap (INR mn)	38,770
52w H/L (INR)	1,143/569
Avg Yearly Volume (in 000')	203.2

Shareholding Pattern % *(As on Jun, 2026)*	
Promoters	68.82
DII	2.91
FII	2.10
Public & Others	26.18

Stock Performance (%)	3m	6m	12m
PSP Projects	16.4	57.3	29.7
NIFTY	4.3	7.5	-1.6

PSP Projects vs NIFTY



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PSP Projects Ltd reported numbers, Q1FY27 revenue stood at INR 8,535mn (+64.8% YoY/-23.5% QoQ); above our estimates of INR 6,982mn. The QoQ decline due to seasonal challenges, including labour migration and the onset of the monsoon season, etc. Gross Profit stood at INR 1,231mn (+64.2% YoY/-13.5% QoQ); above our estimates of INR 1,032mn. Gross margins stable at 14.4% (-6bps YoY/+167bps QoQ) in Q1FY27. EBITDA stood at INR 548mn (+121% YoY/-8.4% QoQ); above our estimates of INR 369mn. EBITDA margin improved by 163bps YoY (+106bps QoQ) to 6.4% in Q1FY27. The employee costs in-terms of sales elevated to 5.4% of sales in Q1FY27 and expected to normalize to 4.5% of sales as revenue scaleup. PAT stood at INR 183mn (+4232% YoY/-13.3% QoQ)); above our estimates of INR 88. PAT margin improved by 207bps YoY (+25bps QoQ) to 2.1% in Q1FY27.

Key Highlights

Strong order book shows business visibility: The order book stood at INR 132.45bn (4.2x FY26 revenue), showing business visibility. The bid pipeline is INR 62bn+, of which comprises 61% from group projects. The major growth driver is the deepening synergy with the Adani Group, which represents 70% order book share and 93% of new inflows in Q1FY27. A landmark component of this collaboration is the INR 30bn scope within the Dharavi redevelopment project, which entails the construction of 30,000-32,000 residential units. The company is focusing on high-visibility opportunities in Gujarat and Mumbai, ensuring steady workflow without diluting its geographic focus.

Margin recovery expected from H2FY27E onwards: The company is transitioning major projects from the initial excavation phase into active construction, which is expected to accelerate execution and margin improvement in H2FY27E. The employee cost elevated to 5.4% of sales in Q1FY27, due to strategic hiring and seasonal turnover, and is expected to normalize to 4.5% of sales as revenue scales. The workforce has already reached 16,000 laborers, with plans to add another 3,000-4,000 workers as projects move into labor-intensive finishing and MEP stages. The margins remain stable because Adani projects operate on a cost-plus basis with a 7% EBITDA margin and include a pass-through mechanism for raw materials, insulating commodity price volatility.

Working capital optimization expected from Q2FY27E: The company has INR 8.36bn interest-free mobilization advances that significantly reduce external debt dependence. The management is focused on achieving net-debt-free status within the next 2-3 quarters. The company is focused on working capital optimization through recovery of INR 900mn receivables from the Surat Diamond Bourse and finalizing extension of time agreements for UP medical projects, which are expected to unlock unbilled revenue and receivables by Q2FY27E. The capex is controlled at 3%-4% of revenue, ensuring efficient deployment of resources to support growth without straining the balance sheet. The integration of the precast plant is expected to generate INR 1.5-2bn/annum enhances self-reliance and strengthening execution capabilities for large-scale building projects.

Outlook & Valuation: PSP Projects' order book stood at INR 132.45bn (~4.2x of FY26 revenue), showing business visibility. Adani Group projects constituted 70% and 30% of external contracts. Margins are expected to improve from H2FY27E as major projects transition from the excavation phase into more labor-intensive construction stages, thereby accelerating execution momentum. The company is actively pursuing new order inflows of INR 50-60bn in FY27E, supported by a robust pipeline of INR 62bn. The company is strategically concentrating in Gujarat and the Mumbai market and executing INR 30bn of work for the Dharavi redevelopment projects for 32,000 housing units. The company is leveraging INR 8.36bn interest-free advances to minimize external debt, aiming to achieve a net-debt-free status within the next 2-3 quarters. The company has maintained disciplined capex of 3%-4% of sales to ensure efficient and balanced growth. We anticipate that Revenue/EBITDA/PAT is expected to grow at 24.7%/32.7%/58.5% CAGR over the period of FY26-29E, respectively. RoE/ROCE is expected to improve from 4.5%/5.6% (FY26) to 13.3%/12.6% by FY29E, respectively. At the CMP of INR 978 per share, we reduce to an "ACCUMULATE" (earlier "BUY") rating with a TP of INR 1,147 per share, valuing it at an EV/EBITDA of 10x (-1SD 1-year forward EV/EBITDA: 10.4x) and FY29E EBITDA of INR 4,422mn, implying an upside of 17.2%.

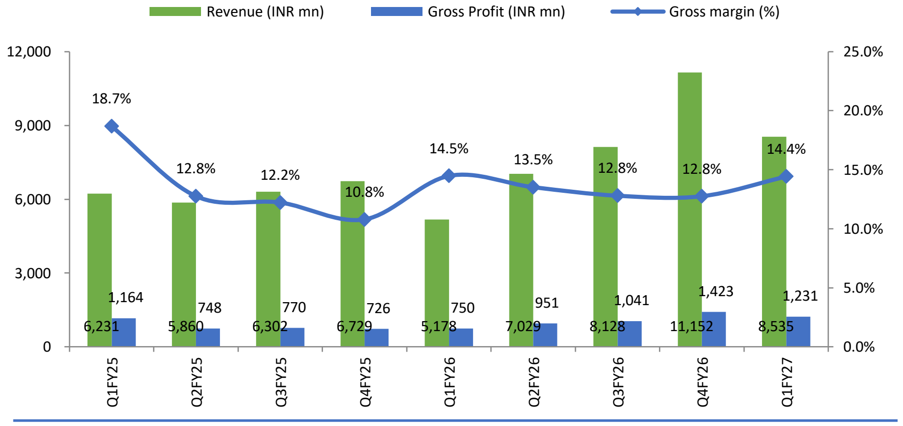
Q1FY27 Results

Exhibit 1: Income statement summary

Particular (INR mn)	Q1FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Revenue	5,178	11,152	8,535	64.8%	-23.5%
Net Raw Materials	1,906	3,705	2,963	55.4%	-20.0%
Construction expenses	2,521	6,024	4,340	72.1%	-28.0%
Gross profit	**750**	**1,423**	**1,231**	**64.2%**	**-13.5%**
Gross margin (%)	**14.5%**	**12.8%**	**14.4%**	**-6 bps**	**+167 bps**
Employee Cost	350	364	459	31.1%	26.1%
Other Expenses	152	460	224	47.8%	-51.4%
EBITDA	**248**	**598**	**548**	**121.0%**	**-8.4%**
EBITDA Margin (%)	**4.8%**	**5.4%**	**6.4%**	**+163 bps**	**+106 bps**
Depreciation	169	264	231		
Interest expense	112	112	75		
Other income	40.0	52.7	40.6		
Share of profits associate & JV	(0)	-	-		
Profit before tax	**7**	**275**	**282**	**3812.4%**	**2.7%**
Taxes	3	63	99		
PAT	**4**	**212**	**183**	**4231.5%**	**-13.3%**
PAT Margin (%)	**0.1%**	**1.9%**	**2.1%**	**+207 bps**	**+25 bps**
EPS (INR)	**0.1**	**5.3**	**4.6**		

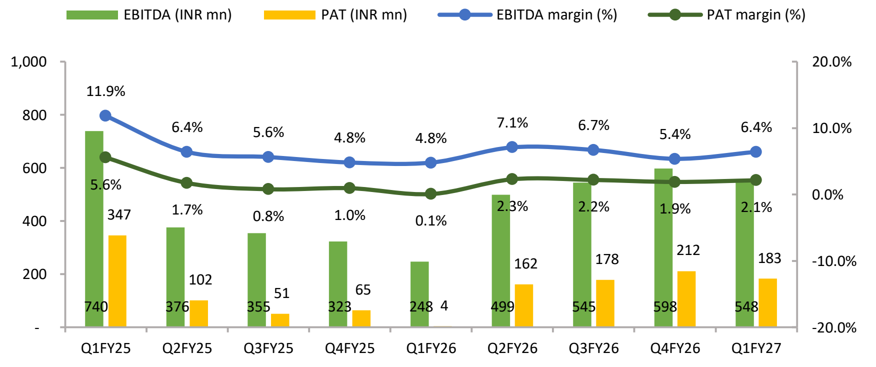
Source: Company Reports, Arihant Capital Research

Exhibit 2: Gross margins flat at 14.4% (+167 bps QoQ) to 14.4% in Q1FY27. Most Adani projects have cost-pass-through mechanisms, insulating it from raw material volatility.



Source: Company Reports, Arihant Capital Research

Exhibit 3: EBITDA margin improved by 163 bps YoY (+106 bps QoQ) to 6.4% in Q1FY27, supported by lower other expenses in-terms of sales.



Source: Company Reports, Arihant Capital Research

Order book

Exhibit 4: The order book stood at INR 132.5bn (+103.4% YoY/-1.5% QoQ) in Q1FY27. The order inflow stood at INR 6.3bn in Q1FY27 and management targeting order inflows of INR 50-60bn in FY27E.

Particular (INR mn)	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Revenue	**5,178**	**7,029**	**8,128**	**11,152**	**8,535**	**64.8%**	**-23.5%**
Net Raw Materials	1,906	3,233	3,035	3,705	2,963	55.4%	-20.0%
Construction expenses	2,521	2,845	4,052	6,024	4,340	72.1%	-28.0%
Gross profit	**750**	**951**	**1,041**	**1,423**	**1,231**	**64.2%**	**-13.5%**
Gross margin (%)	**14.5%**	**13.5%**	**12.8%**	**12.8%**	**14.4%**	**-6 bps**	**+167 bps**
Employee Cost	350	333	410	364	459	31.1%	26.1%
Other Expenses	152	119	85	460	224	47.8%	-51.4%
EBITDA	**248**	**499**	**545**	**598**	**548**	**121.0%**	**-8.4%**
EBITDA Margin (%)	**4.8%**	**7.1%**	**6.7%**	**5.4%**	**6.4%**	**+163 bps**	**+106 bps**
Depreciation	169	197	237	264	231		
Interest expense	112	120	109	112	75		
Other income	40.0	41.1	38.8	52.7	40.6		
Exceptional Items	-	-	(0)	-	-		
Share of profits associate & JV	(0)	-	-	-	-		
Profit before tax	**7**	**224**	**239**	**275**	**282**	**3812.4%**	**2.7%**
Taxes	3	62	61	63	99		
Minorities and other	-	-	-	-	-		
PAT	**4**	**162**	**178**	**212**	**183**	**4231.5%**	**-13.3%**
PAT Margin (%)	**0.1%**	**2.3%**	**2.2%**	**1.9%**	**2.1%**	**+207 bps**	**+25 bps**
EPS (INR)	**0.1**	**4.1**	**4.5**	**5.3**	**4.6**		

Order book (INR bn)	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Industrials	2.5	1.7	2.5	2.3	51.0	1966.0%	2138.2%
Institutional	28.1	42.9	41.6	51.4	1.8	-93.5%	-96.5%
Government	29.4	28.3	24.9	33.1	31.1	5.8%	-6.1%
Residential	5.2	26.0	22.8	47.7	48.5	833.5%	1.8%
Total Order book	**65.1**	**98.8**	**91.8**	**134.5**	**132.5**	**103.4%**	**-1.5%**

Order book share (%)	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Industrials	3.8%	1.8%	2.7%	1.7%	38.5%		
Institutional	43.1%	43.4%	45.3%	38.2%	1.4%		
Government	45.1%	28.6%	27.1%	24.6%	23.5%		
Residential	8.0%	26.3%	24.9%	35.5%	36.6%		
Total Order book	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

Source: Company reports, Arihant Capital Research

Q1FY27 Concall Highlights

Revenue
- The management maintained revenue guidance of INR 40-45bn in FY27E.
- Q1FY27 growth was mainly from Jun-26 (INR 3.19bn revenue), while Apr and May-26 were muted due to seasonal factors.

Margins
- The management guided 7%-8% margins from H2FY27E onwards as execution scales up.
- Adani projects EBITDA margins are 6%-7% and cost-plus model, while external projects margins are 8%-9%.

Order book
- The order book stood at INR 132.45bn (+103% YoY) in Q1FY27. The mix is Adani Group projects (70%) and External projects (30%).
- Segment-wise mix is Industrial (39%), Residential (37%), Government (23%), and Institution (1%).

Order inflow
- The order inflow stood at INR 6.3bn in Q1FY27. Around 93% of orders were from the Adani Group, including Mumbai Airport offices and Mundra port refurbishment.
- The order inflow guidance around INR 50-60bn in FY27E. Around INR 50bn is expected from Adani Group projects.

Dharavi
- Dharavi order book is around INR 30bn, involving construction of 30,000-32,000 residential units. The total project entails building 2 lakh houses over 5-6 years before land redevelopment begins. The company is building Mumbai capabilities to secure future phases.

Projects execution
- SMC project has completed core and shell, moving into MEP, interiors, and façade work.
- RVNL project is near completion, with two buildings ready for handover and the 3rd in finishing.
- Ahmedabad RCC work is progressing across multiple buildings.
- Ambaji Mata Temple (INR 9.62bn), a high-rise (INR 6.93bn), and Gift City developments are key ongoing projects.

Receivables, unbilled revenue & recovery
- Receivables stood at INR 7.45bn and unbilled revenue stood at INR 4.73bn.
- SDB outstanding stood at INR 900mn, and management is engaging for resolution.
- EOT agreements for UP medical projects are being finalized, expected to unlock both receivables and unbilled amounts by Aug-Sep 2026.

Q1FY27 Concall Highlights

Mobilization advances & Inventories

- Mobilization advances stood at INR 8.36bn, all interest-free.

- Inventories stood at INR 3.62bn. The breakup is materials (INR 2.05bn), WIP (INR 1.37bn), and finished goods (INR 190mn). Retention stood at INR 2.22bn.

Capex and Precast

- The capex stood at INR 280mn in Q1FY27. The capex is expected to remain at 3%-4% of sales.

- The pre-cast plant is expected to generate INR 1.5-2bn revenue going forward. Currently, fully focused on Adani building projects, with revenue integrated into general execution.

Labor and Employee Costs

- Employee costs stood at 5.4% of sales in Q1FY27, due to increments and headcount addition from 2,400 to 2,600. It's expected to normalize to 4.5% of sales as revenue picks up.

- Over 16,000 laborers were deployed, with plans to add 3,000-4,000 more in the next 2 quarters as projects move to labor-intensive MEP and finishing stages.

Limits and Debt

- Fund-based utilization stood at INR 1.66bn, out of INR 14.97bn sanctioned. Non-fund-based limit stood at INR 6.78bn.

- Fixed deposits stood at INR 3.24bn, of which INR 1.39bn are lien-free.

- The company aims to become net-debt-free in the coming quarters.

Raw materials

- Most Adani projects have cost-pass-through mechanisms, insulating it from raw material volatility. However, external projects like RVNL and SMC saw minor impacts from rising aluminium and copper costs.

Other highlights

- The company remains focused on Gujarat and Mumbai. It is monitoring opportunities like Ambaji Corridor Development, Dharoi Dam region, and a potential Commonwealth Stadium in Ahmedabad.

- Seasonal shortages in Apr-Mar are expected to normalize, improving execution velocity.

Outlook & Valuation: PSP Projects' order book stood at INR 132.45bn (~4.2x of FY26 revenue), showing business visibility. Adani Group projects constituted 70% and 30% of external contracts. Margins are expected to improve from H2FY27E as major projects transition from the excavation phase into more labor-intensive construction stages, thereby accelerating execution momentum. The company is actively pursuing new order inflows of INR 50-60bn in FY27E, supported by a robust pipeline of INR 62bn. The company is strategically concentrating in Gujarat and the Mumbai market and executing INR 30bn of work for the Dharavi redevelopment projects for 32,000 housing units. The company is leveraging INR 8.36bn interest-free advances to minimize external debt, aiming to achieve a net-debt-free status within the next 2-3 quarters. The company has maintained disciplined capex of 3%-4% of sales to ensure efficient and balanced growth. We anticipate that Revenue/EBITDA/PAT is expected to grow at 24.7%/32.7%/58.5% CAGR over the period of FY26-29E, respectively. RoE/ROCE is expected to improve from 4.5%/5.6% (FY26) to 13.3%/12.6% by FY29E, respectively. At the CMP of INR 978 per share, we reduce to an "ACCUMULATE" (earlier "BUY") rating with a TP of INR 1,147 per share, valuing it at an EV/EBITDA of 10x (-1SD 1-year forward EV/EBITDA: 10.4x) and FY29E EBITDA of INR 4,422mn, implying an upside of 17.2%.

Valuation based on EV/EBITDA - FY29E	
EBITDA (INR mn)	4,422
EV/EBITDA (x)	10
EV (INR mn)	44,222
Debt (INR mn)	2,506
(Cash) (INR mn)	1,274
Market Cap (INR mn)	45,454
Shares (mn)	40
Target Price (INR)	**1,147**
CMP (INR)	**978**
Upside/Downside (%)	**17.2%**
Rating	**ACCUMULATE**

Source: Arihant Capital Research

Exhibit 5: 1-year forward EV/EBITDA Band

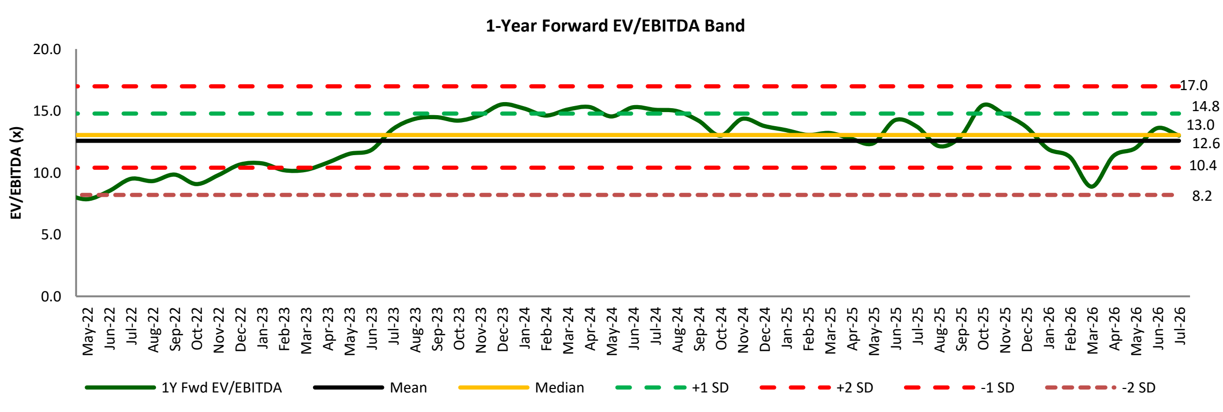
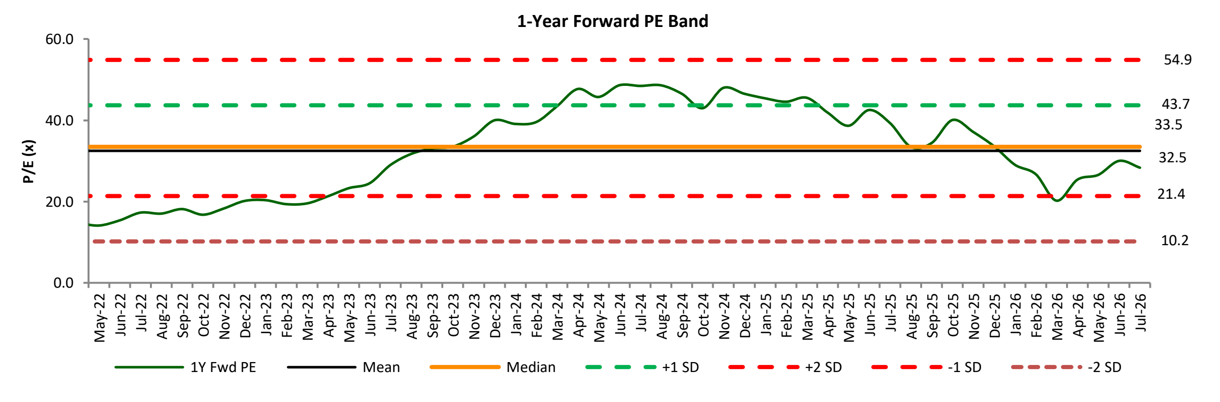


Exhibit 6: 1-year forward PE Band



Source: Company Reports, Arihant Capital Research

Sensitivity Analysis

Exhibit 7: Changes in revenue & EBITDA margin impact on PAT levels.

FY29E PAT (INR mn)

		EBITDA Margin (%)						
	2,211	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%
Revenue (INR mn)	59,000	1,772	1,993	2,213	2,434	2,655	2,876	3,097
	60,000	1,820	2,045	2,270	2,494	2,719	2,944	3,168
	61,000	1,869	2,097	2,326	2,554	2,783	3,011	3,239
	62,000	1,918	2,150	2,382	2,614	2,846	3,078	3,310
	63,000	1,966	2,202	2,438	2,674	2,910	3,146	3,382
	64,000	2,015	2,255	2,494	2,734	2,973	3,213	3,453
	65,000	2,064	2,307	2,550	2,794	3,037	3,280	3,524

FY29E PAT Margin (%)

		EBITDA Margin (%)						
	3.6%	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%
Revenue (INR mn)	59,000	3.0%	3.4%	3.8%	4.1%	4.5%	4.9%	5.2%
	60,000	3.0%	3.4%	3.8%	4.2%	4.5%	4.9%	5.3%
	61,000	3.1%	3.4%	3.8%	4.2%	4.6%	4.9%	5.3%
	62,000	3.1%	3.5%	3.8%	4.2%	4.6%	5.0%	5.3%
	63,000	3.1%	3.5%	3.9%	4.2%	4.6%	5.0%	5.4%
	64,000	3.1%	3.5%	3.9%	4.3%	4.6%	5.0%	5.4%
	65,000	3.2%	3.5%	3.9%	4.3%	4.7%	5.0%	5.4%

Source: Company Reports, Arihant Capital Research

Exhibit 8: Changes in revenue, EBITDA margin, EV/EBITDA impact on TP.

FY29E Target Price (INR)

		EV/EBITDA (x)						
	1,147	8.0x	9.0x	10.0x	11.0x	12.0x	13.0x	14.0x
EBITDA (INR mn)	4,200	879	985	1,091	1,197	1,302	1,408	1,514
	4,300	899	1,007	1,116	1,224	1,333	1,441	1,550
	4,400	919	1,030	1,141	1,252	1,363	1,474	1,585
	4,500	939	1,053	1,166	1,280	1,393	1,507	1,620
	4,600	959	1,075	1,191	1,308	1,424	1,540	1,656
	4,700	980	1,098	1,217	1,335	1,454	1,572	1,691
	4,800	1,000	1,121	1,242	1,363	1,484	1,605	1,726

FY29E Target Price (INR)

		EBITDA Margin (%)						
	1,147	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%
Revenue (INR mn)	59,000	998	1,073	1,147	1,222	1,296	1,371	1,445
	60,000	1,015	1,091	1,166	1,242	1,318	1,393	1,469
	61,000	1,031	1,108	1,185	1,262	1,339	1,416	1,493
	62,000	1,048	1,126	1,204	1,282	1,360	1,439	1,517
	63,000	1,064	1,144	1,223	1,302	1,382	1,461	1,541
	64,000	1,080	1,161	1,242	1,323	1,403	1,484	1,565
	65,000	1,097	1,179	1,261	1,343	1,425	1,507	1,589

Source: Company Reports, Arihant Capital Research

Exhibit 9: Changes in revenue, EBITDA margin impact on EPS and changes in PE impact on TP.

FY29E EPS (INR)

		EBITDA Margin (%)						
	55.8	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%
Revenue (INR mn)	59,000	44.7	50.3	55.8	61.4	67.0	72.6	78.1
	60,000	45.9	51.6	57.3	62.9	68.6	74.3	79.9
	61,000	47.1	52.9	58.7	64.4	70.2	76.0	81.7
	62,000	48.4	54.2	60.1	65.9	71.8	77.7	83.5
	63,000	49.6	55.6	61.5	67.5	73.4	79.4	85.3
	64,000	50.8	56.9	62.9	69.0	75.0	81.1	87.1
	65,000	52.1	58.2	64.3	70.5	76.6	82.8	88.9

FY29E Target Price (INR)

		PE (x)						
	1,147	10.0x	15.0x	20.0x	25.0x	30.0x	35.0x	40.0x
EPS (INR)	50.0	500	750	1,000	1,250	1,500	1,750	2,000
	52.0	520	780	1,040	1,300	1,560	1,820	2,080
	54.0	540	810	1,080	1,350	1,620	1,890	2,160
	56.0	560	840	1,120	1,400	1,680	1,960	2,240
	58.0	580	870	1,160	1,450	1,740	2,030	2,320
	60.0	600	900	1,200	1,500	1,800	2,100	2,400
	62.0	620	930	1,240	1,550	1,860	2,170	2,480

Source: Company Reports, Arihant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	19,378	25,058	25,121	31,487	42,457	51,769	61,066
Net Raw Materials	15,908	20,776	21,712	27,323	36,649	44,558	52,469
Employee Cost	935	1,251	1,195	1,458	1,964	2,384	2,800
Other Expenses	235	422	419	816	998	1,191	1,375
EBITDA	**2,301**	**2,609**	**1,794**	**1,891**	**2,845**	**3,635**	**4,422**
EBITDA Margin (%)	**11.9%**	**10.4%**	**7.1%**	**6.0%**	**6.7%**	**7.0%**	**7.2%**
Depreciation	(400)	(649)	(727)	(866)	(1,013)	(1,157)	(1,352)
Interest expense	(320)	(508)	(442)	(452)	(428)	(373)	(325)
Other income	250	242	173	173	211	220	208
Profit before tax	**1,804**	**1,690**	**783**	**744**	**1,615**	**2,325**	**2,953**
Taxes	(485)	(460)	(219)	(189)	(433)	(584)	(742)
PAT	**1,319**	**1,230**	**564**	**555**	**1,182**	**1,741**	**2,211**
PAT Margin (%)	**6.8%**	**4.9%**	**2.2%**	**1.8%**	**2.8%**	**3.4%**	**3.6%**
EPS (INR)	36.7	34.1	14.2	13.9	29.8	43.9	55.8

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity capital	360	360	396	396	396	396	396
Reserves	7,650	8,789	11,693	12,243	13,425	15,167	17,378
Net worth	**8,010**	**9,149**	**12,089**	**12,640**	**13,822**	**15,563**	**17,774**
Minority Interest	-	-	-	-	-	-	-
Provisions	34	58	71	146	47	57	67
Debt	2,047	4,795	3,029	3,826	3,306	2,906	2,506
Total Liabilities	**10,091**	**14,002**	**15,190**	**16,611**	**17,174**	**18,526**	**20,347**
Fixed assets	2,384	3,208	3,060	4,117	4,512	4,902	5,405
Capital Work In Progress	177	29	28	9	47	55	64
Other Intangible assets	12	11	14	14	14	14	14
Investments	2,057	1,562	2,258	2,112	2,547	2,588	2,443
Other non current assets	202	262	378	627	849	1,035	1,221
Net working capital	**(131)**	**1,576**	**1,657**	**802**	**3,579**	**3,513**	**4,429**
Inventories	1,531	3,178	3,239	3,476	4,318	5,005	5,894
Sundry debtors	4,339	3,421	5,298	9,282	9,306	10,637	12,213
Loans & Advances	34	35	7	4	42	52	61
Other current assets	1,529	1,308	1,453	2,317	2,675	2,837	3,346
Sundry creditors	(3,683)	(4,200)	(4,179)	(4,652)	(5,969)	(7,253)	(8,535)
Other current liabilities & Prov	(3,880)	(2,166)	(4,161)	(9,626)	(6,793)	(7,765)	(8,549)
Cash	2,424	2,271	2,078	4,155	1,380	1,759	1,274
Other Financial Assets	2,966	5,083	5,717	4,777	4,246	4,659	5,496
Total Assets	**10,091**	**14,002**	**15,190**	**16,611**	**17,174**	**18,526**	**20,347**

Source: Company Reports, Arihant Capital Research

Du-Pont Analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Tax burden (x)	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Interest burden (x)	0.9	0.9	0.7	0.7	0.9	0.9	1.0
EBIT margin (x)	0.1	0.1	0.0	0.0	0.0	0.0	0.1
Asset turnover (x)	1.8	1.9	1.7	1.6	1.8	2.1	2.2
Financial leverage (x)	1.5	1.5	1.4	1.6	1.8	1.7	1.7
RoE (%)	**17.7%**	**14.3%**	**5.3%**	**4.5%**	**8.9%**	**11.9%**	**13.3%**

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	1,804	1,690	783	744	1,615	2,325	2,953
Depreciation	400	649	727	866	1,013	1,157	1,352
Tax paid	(485)	(460)	(219)	(189)	(433)	(584)	(742)
Working capital Δ	584	(1,707)	(81)	855	(2,777)	66	(917)
Operating cashflow	**2,304**	**171**	**1,210**	**2,276**	**(581)**	**2,965**	**2,646**
Capital expenditure	(901)	(1,324)	(577)	(1,904)	(1,447)	(1,555)	(1,864)
Free cash flow	**1,402**	**(1,152)**	**632**	**372**	**(2,029)**	**1,410**	**782**
Equity raised	1	(1)	2,377	(5)	0	-	-
Investments	228	496	(697)	147	(436)	(41)	146
Others	(1,698)	(2,177)	(753)	691	309	(600)	(1,023)
Debt financing/disposal	690	2,748	(1,765)	797	(520)	(400)	(400)
Dividends paid	(180)	(90)	-	-	-	-	-
Other items	17	24	13	74	(99)	10	10
Net Δ in cash	**460**	**(153)**	**(193)**	**2,077**	**(2,775)**	**379**	**(485)**
Opening Cash Flow	**1,963**	**2,424**	**2,271**	**2,078**	**4,155**	**1,380**	**1,759**
Closing Cash Flow	**2,424**	**2,271**	**2,078**	**4,155**	**1,380**	**1,759**	**1,274**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth matrix (%)							
Revenue growth	10.9%	29.3%	0.3%	25.3%	34.8%	21.9%	18.0%
Op profit growth	-11.0%	13.4%	-31.2%	5.4%	50.5%	27.8%	21.7%
Profitability ratios (%)							
OPM	11.9%	10.4%	7.1%	6.0%	6.7%	7.0%	7.2%
Net profit margin	6.8%	4.9%	2.2%	1.8%	2.8%	3.4%	3.6%
RoCE	17.2%	13.3%	6.1%	5.6%	8.9%	11.3%	12.6%
RoNW	17.7%	14.3%	5.3%	4.5%	8.9%	11.9%	13.3%
RoA	13.1%	8.8%	3.7%	3.3%	6.9%	9.4%	10.9%
Per share ratios (INR)							
EPS	36.7	34.1	14.2	13.9	29.8	43.9	55.8
Dividend per share	5.0	2.5	-	-	-	-	-
Cash EPS	47.8	52.2	32.6	35.8	55.4	73.1	89.9
Book value per share	222.5	254.1	305.0	318.8	348.7	392.6	448.4
Valuation ratios (x)							
P/E	26.7	28.7	69.0	70.5	32.8	22.3	17.5
P/CEPS	20.5	18.7	30.0	27.3	17.7	13.4	10.9
P/B	4.4	3.8	3.2	3.1	2.8	2.5	2.2
EV/EBITDA	15.1	14.5	22.1	20.3	14.3	11.0	9.0
Payout (%)							
Dividend payout	13.6%	7.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax payout	26.9%	27.2%	28.0%	25.4%	26.8%	25.1%	25.1%
Liquidity ratios							
Debtor days	70	57	63	85	80	70	68
Inventory days	27	41	54	45	39	38	38
Creditor days	67	64	66	54	49	50	51
WC Days	30	34	52	75	70	58	55
Leverage ratios (x)							
Interest coverage	5.9	3.9	2.4	2.3	4.3	6.6	9.5
Net debt / equity	-0.0	0.3	0.1	-0.0	0.1	0.1	0.1
Net debt / op. profit	-0.2	1.0	0.5	-0.2	0.7	0.3	0.3

Source: Company Reports, Arihant Capital Research

Story in Charts

Exhibit 10: Revenue is expected to grow at a CAGR of 24.7% over the period of FY26-29E.

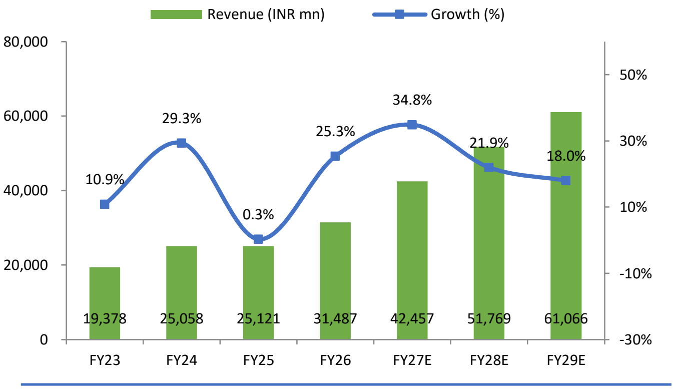


Exhibit 11: Gross margins are expected to improve going forward.

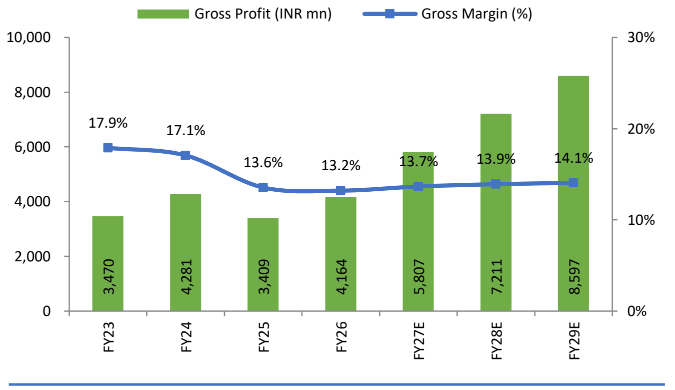


Exhibit 12: Growth in EBITDA & PAT levels

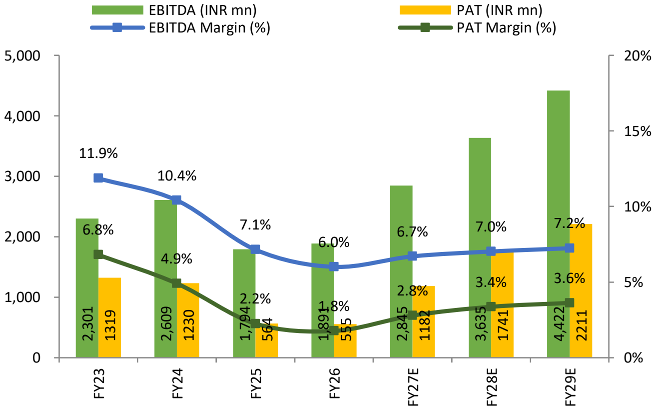


Exhibit 13: Return ratios to be improve

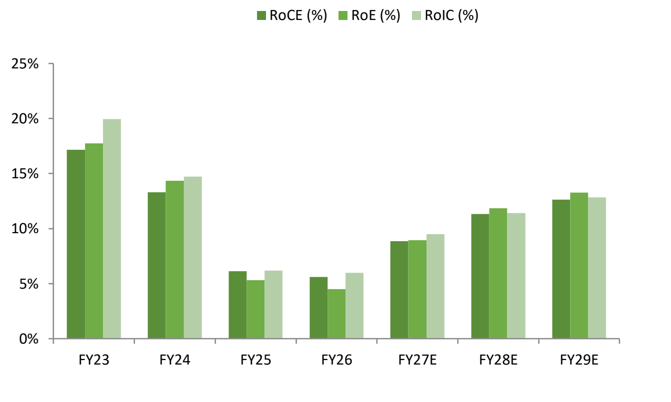


Exhibit 14: Working capital days to be improve.

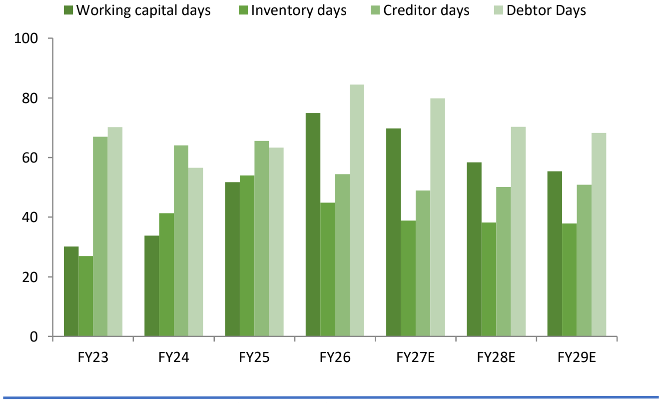
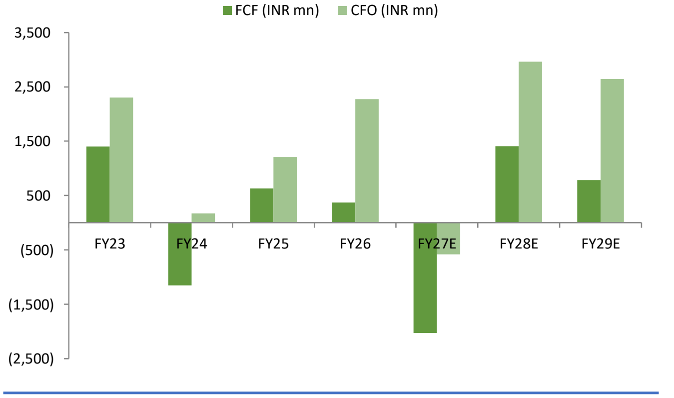
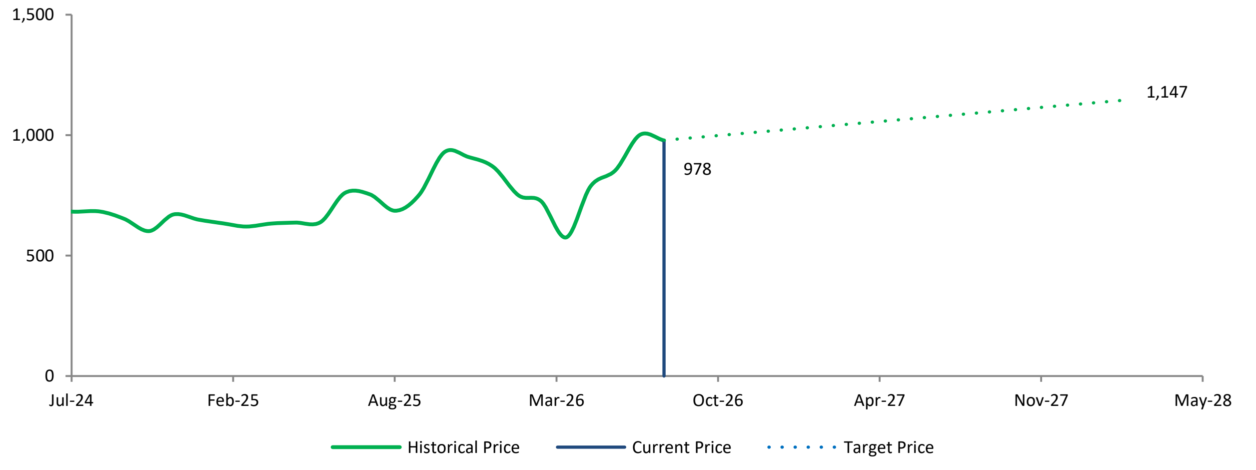


Exhibit 15: Cash flows to be improve.



Source: Company Reports, Arihant Capital Research

Exhibit 16: PSP Projects Target Price



Source: NSE, Arihant Capital Research

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REDUCE	-5% to -12%
SELL	<-12%

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