

July 17, 2025

## Sturdily positioned to seize expanding opportunities...

**About the stock:** Azad Engineering (AEL) is one of the key manufacturers of qualified product lines supplying to global original equipment manufacturers (OEMs) in the energy, aerospace & defence and oil & gas industries, manufacturing highly engineered, complex and mission and life-critical components

- FY25 revenue mix: ~92% from exports, ~8% from domestic markets
- Consolidated revenue of the company has grown by ~33% CAGR during the period FY22-25 while EBITDA and PAT have grown by ~37% CAGR and ~44% CAGR respectively over the same period

### Investment Rationale

- **Qualified supplier with a portfolio of niche complex products for highly regulated industries:** AEL is a qualified and established supplier of complex & critical components (like airfoils/blades and other precision parts) to global OEMs (like Honeywell, Baker Hughes, Eaton Aerospace, Rolls Royce, Siemens Energy, GE Vernova, Mitsubishi Heavy Ind etc) across industries (like aerospace, defence, energy and oil & gas industries) having high-entry barriers. With a strict qualification process required to supply these critical products with high-quality standards (some components require defect rate of 'zero parts per million'), we believe AEL is well placed in terms of retaining its competitive lead (as of FY25 end, company has already established 45+ qualified manufacturing processes with ~1700 qualified parts)
- **Robust order backlog, strong industry tailwinds favour long-term growth:** AEL, which generates ~92% of its revenue from international markets, is well positioned to benefit significantly from healthy global demand from the targeted industries. Total Addressable Market (TAM) is estimated to reach ₹ 3430 bn by CY29 (vs ₹ 1500 bn in CY23), led by Aerospace & Defence sector at ₹ 2190 bn by CY29 (vs ₹ 1190 bn in CY23). Company aims to significantly expand its market share (currently at 1-1.5% of total global market). Company's order book has grown substantially over the last 2 years, led by strong order inflows. At present, company's total order book is estimated to be at ₹ 6,000 crores (~14x FY25 Revenue), provides strong revenue growth visibility
- **Expanding capacity to propel further growth:** Company has recently commissioned two new manufacturing facilities (primarily for GE Vernova and Mitsubishi with a total area of 14800 sq mtr) at Hyderabad. With these two facilities, company now operates six state-of-the-art manufacturing facilities in Hyderabad, which are equipped to produce high-precision forged and machined components across a combined manufacturing area of 34,800 sq mtr. Additionally, the company further plans to establish multiple sub facilities at Hyderabad in two phases (pending phase-1 of ~80100 sq mtr and phase-2 of 67267 sq mtr), dedicated to specific customers

### Rating and Target Price

- We believe that AEL is strongly positioned to capture larger pie of the forthcoming huge opportunity in complex precision components for regulated industries. With healthy execution and continuous order flows, we estimate revenue & PAT CAGR of ~30% & ~33% respectively over FY25-28E
- We recommend **BUY** on AEL with a TP of ₹ 1900 (valued at 60x P/E on FY28E)

### Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	194	252	341	457	33.0	590	766	996	29.6
EBITDA	62	72	117	161	37.3	209	272	354	30.0
EBITDA margin (%)	32.0	28.7	34.2	35.3		35.4	35.5	35.6	
Net Profit	29	8	59	87	43.7	115	154	205	32.8
EPS (Rs)	4.6	1.3	9.1	13.5		17.8	23.9	31.7	
P/E (x)	316.1	1,098.8	174.0	116.7		88.5	66.0	49.8	
EV/EBITDA (x)	166.2	143.9	87.2	60.4		46.7	36.2	28.0	
RoCE (%)	16.9	13.0	18.8	8.7		11.3	13.4	15.6	
RoE (%)	24.5	4.2	9.1	6.3		7.6	9.3	11.0	

Source: Company, ICICI Direct Research



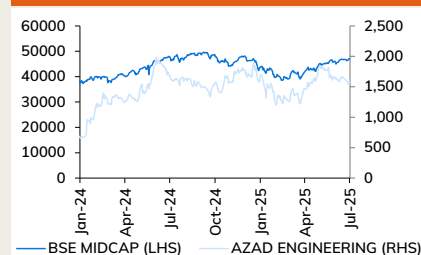
### Particulars

Particular	Amount
Market Capitalisation (Rs crore)	10,191
FY25 Gross Debt (Rs crore)	244
FY25 Cash (Rs crore)	697
EV (Rs crore)	9,738
52 Week H/L (Rs)	1930 / 1128
Equity Capital	12.9
Face Value	2.0

### Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	65.9	65.9	65.9	60.3
FII	9.7	9.7	10.0	14.2
DII	3.4	5.7	6.6	8.2
Others	21.0	18.6	17.6	17.2

### Price Chart



### Key risks

Key Risk: i) Dependency on limited customers ii) raw material unavailability iii) significant revenue from exports iv) change in technology

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## Company Background

Azad Engineering (AEL), incorporated in 1983, is one of the key manufacturers of qualified product lines supplying to global original equipment manufacturers (OEMs) in the energy, aerospace & defence and oil & gas industries, manufacturing highly engineered, complex and mission and life-critical components

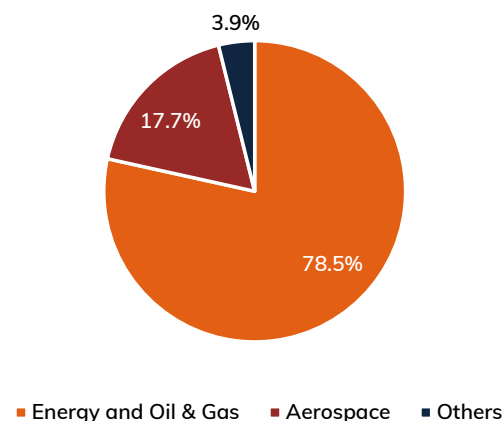
In the energy and oil & gas segment, AEL produces high-precision rotating and stationary 3D airfoils/blades, special machined parts and combustion component assemblies for land-based turbines with applications in industrial and energy plants using different fuel types such as nuclear, hydrogen, natural gas and thermal. In aerospace & defence segment, company manufactures products including airfoils/blades and components for engines, auxiliary power units (APUs), hydraulics, actuating systems, flight controls, fuel and inerting sections of commercial and defence aircrafts and spacecrafts, among other defence systems & various critical components for missiles

Consolidated revenue of the company has grown by ~33% CAGR in the last 3 years during the period FY22-25 while EBITDA and PAT have grown by ~37% CAGR and ~44% CAGR respectively over the same period

For FY25, revenue is at ₹ 457.4 crores up 34.2% YoY with EBITDA margin stands at 35.3% (vs 34.2% in FY24) and PAT at ₹ 87.3 crore an increase of 49.1% YoY. Energy & Oil and Gas contributed ~79% to the total revenues followed by ~18% from Aerospace and Defence, and ~3% from Others

The company derived ~92% of its revenues from exports in FY25 while balance ~8% from domestic markets. As of 9MFY25, United States (US) contributed ~41% to total revenues followed by Japan (~16%), UAE (~12.5%), Germany (~8%), France (~5.5%). Other exporting countries include UK, Italy, Poland, Singapore & Others

Revenue Mix (FY25)



Revenue Composition (FY25)

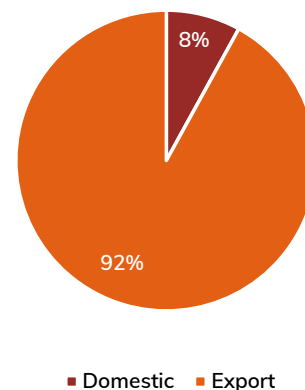
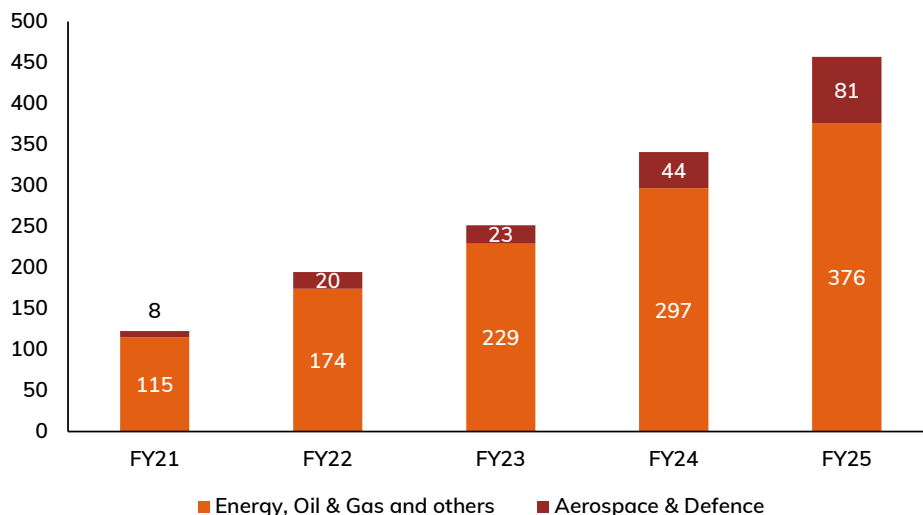
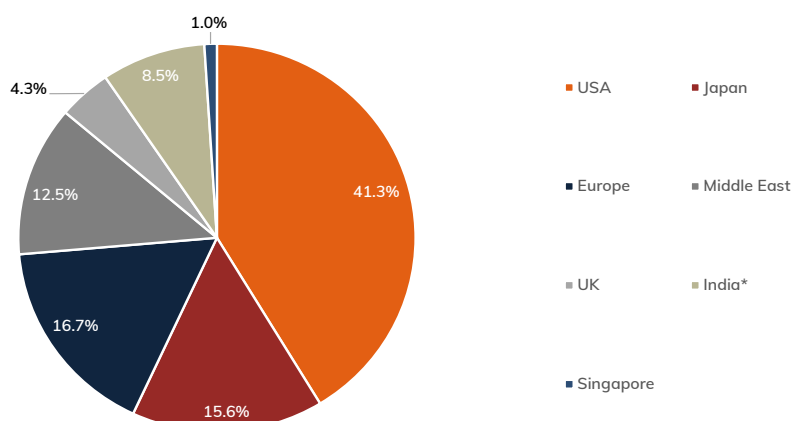


Exhibit 1: Segmental revenue break-up over the years (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 2: Geographical revenue break-up (9MFY25)



Source: Company, ICICI Direct Research

## Investment Rationale

### **Strong business moat; Complex & Critical components supplier to highly regulated industries with a strong customer profile**

Azad Engineering (AEL), since its incorporation in 1983, is one of the key manufacturers of qualified products (including complex and highly engineered precision forged and machined life-critical components) for global original equipment manufacturers (OEMs) in the energy, aerospace & defence, and oil & gas industries

Company partners with global OEMs and offers critical products like 3D rotating airfoils/blades for turbine engines, along with other critical components for defence and commercial aircraft, spacecraft, and gas, nuclear, and thermal turbines for power generation and industrial use. The company generates ~60% of its total revenue from airfoils/blades (including energy and aerospace & defence sectors)

The company features advanced facilities, including a 34,800 sqm operational area and ~94,899 sqm Phase -1 under construction, with two inaugurated facilities and a planned 67,267 sqm Phase-2. With 15 years of experience as a Tier 1 supplier, it offers ~1,700 qualified parts and over 45 manufacturing processes

Till date, they have delivered 3.09 million units, primarily generating revenue from exports to international OEMs through long-term agreements. In FY25, 92% of revenue came from exports, with over 96% from private sector clients

AEL adheres to a rigorous qualification process for each component, given the project and life-critical nature of its products. This process is essential to meet the stringent quality standards and requirements set forth by its clients. The components produced are characterized by high precision and mission-critical specifications, with some necessitating a 'zero parts per million' defect rate

OEMs are generally hesitant to change suppliers due to the high costs associated with switching, unless existing suppliers fail to meet quality, cost, or delivery standards. They typically consider switching suppliers when they identify a price difference of 20% or more. We believe that company is well positioned in terms of cost advantage over key global peers

The company has a vast clientele of global OEMs such as Honeywell International, Baker Hughes, Eaton Aerospace, Rolls Royce, Siemens Energy, MAN Energy Solutions, GE Vernova, Mitsubishi Heavy Industries & others

**Exhibit 3: Product portfolio of AEL (energy and oil & gas segments)**

Product Category	Products	End-Use Industry/Application
 <b>Nuclear Power Turbine – Turbine Airfoil Assembly</b>	<div>Fixed Airfoil</div>  <div>Last Stage Airfoil – Rotary &amp; Welding Chamfers</div>  <div>Last Stage Airfoil - Stationary</div> 	<b>Electric Power Generation</b>  <b>Combined Heat &amp; Power Plants</b>  <b>Renewable Energy Integration</b>  <b>Industrial Applications</b>  <b>Marine Propulsion</b>  <b>District Heating &amp; Cooling</b>  <b>Waste-to-Energy</b>  <b>Desalination Plants</b> 
 <b>Hydrogen / Natural Gas Turbine – Turbine Airfoil Assembly</b>	<div>Stator &amp; Rotor Airfoils</div>  <div>Compressor Airfoils</div>  <div>Hot Gas Parts</div> 	
 <b>Thermal Power Turbine – Turbine Airfoil Assembly</b>	<div>Fixed, Moving and Last Stage Airfoil/Blade</div> 	
 <b>Oil &amp; Gas – Up &amp; Mid Stream Subsystems</b>	<div>Slips</div>  <div>Drill Bits</div>  <div>Hatch Cover</div>  <div>Bonnet</div>  <div>Frame</div> 	<b>Discovery &amp; Extraction of Fossil Fuels</b> 

Source: Company, ICICI Direct Research

## Exhibit 4: Product portfolio of AEL (aerospace &amp; defence segment)

Product Category	Products	End-Use Industry/Application
 Aero Engine Assembly  Auxiliary Power Unit ("APU")  Air Generation & Valve Assembly	<div>           Airfoils, Unison Rings, Arm, Levers   </div> <div>           Body, Assembly   </div> <div>           Housing, Compressor &amp; Mount   </div>	Business Jet Aircrafts  Commercial Aircrafts  Defence Aircrafts  Training Jet Aircrafts  Helicopters 
 Actuator & Hydraulic Systems	<div>           Body, Valve   </div> <div>           Plate Butterfly   </div> <div>           Seal, Shaft &amp; Bearing Rod   </div> <div>           Piston Plate, Sealing Ring   </div>	
 Airframes & Booster	<div>           Cover &amp; Housing, Actuator   </div> <div>           Guide, Poppet   </div> <div>           Tees &amp; Elbows   </div> <div>           Nipples &amp; Adaptors   </div>	Defence and Missile Manufacturing 

Source: Company, ICICI Direct Research

**Entry barriers remains high:** Considering the complexity and criticality of these products (including airfoils and other critical components), we believe that any new player would face significant barriers to entry into this industry (including commercial and technical parameters). Since inception, Azad has achieved part-by-part qualification for more than 45 processes producing ~1,700 products for more than 20 clients. The management believes that the competition would take around 18 -20 years to replicate the company's model and to attain the same status. The primary barriers to entry include:

- Qualification process requires over 15 months and may last up to 4 years, also such period would not provide any revenue to the firm. There is a two to four year lead time to on-board a customer in conjunction with product qualification that brings no revenue. Any new entrant or supplier must also navigate through the same qualification process
- Vendors must undergo a separate qualification process for each component they supply and must implement quality and tracking procedures for higher level of quality control
- Product requirements are very stringent as they are life-critical and certain even require zero parts per million defects
- OEM's have a tendency to switch to a different supplier only when they find a 20% difference in price, which puts Azad in a comfortable position
- Capital requirements for the procurement of CNC machines are at almost ~US \$1.5mn as compared to ~US \$500k when the company had purchased them

Once a contract is awarded for a critical component, both the OEM and the supplier invest substantial time and resources into design, manufacturing, first article inspection (FAI), and the necessary testing and certification of product-specific equipment

#### Sizable opportunity for these products considering Large Total Addressable Market (TAM)

As AEL serves as a vital link in the global supply chain for OEMs and their customers, we believe that company would benefit substantially from the sizable market opportunity from these targeted industries

As per the company reports, total TAM is estimated to be ~₹ 3430 bn by CY29E (vs ~₹ 1500 in CY23). Company's strategy to capture this expanded wallet share is underpinned by key growth factors in each sector

In Aerospace & Defense segment (~18% of FY25 revenue), company estimates TAM of ₹ 2190 bn by CY29E (vs ~₹ 1190 bn in CY23), as the company is a critical component supplier for various aircrafts platforms such as Airbus SE (A320, A350, A355, A350XWB), Boeing (B737, B737 Max, B747, B777, B777X) and Gulfstream G550.

The global aviation market is witnessing robust growth driven by increased commercial aircraft orders, fleet modernization programs and heightened defence spending globally due to geopolitical tensions. Though company's majority of the revenue is contributed from exports, Indian govt's focus on manufacturing indigenous aircrafts and engines, including partnerships with Defence Research and Development Organisation (DRDO) and Gas Turbine Research Establishment (GTRE), is expected to provide opportunities in longer-term

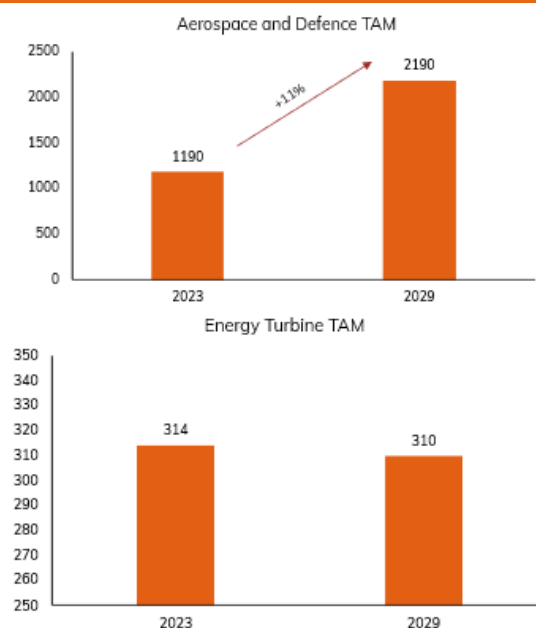
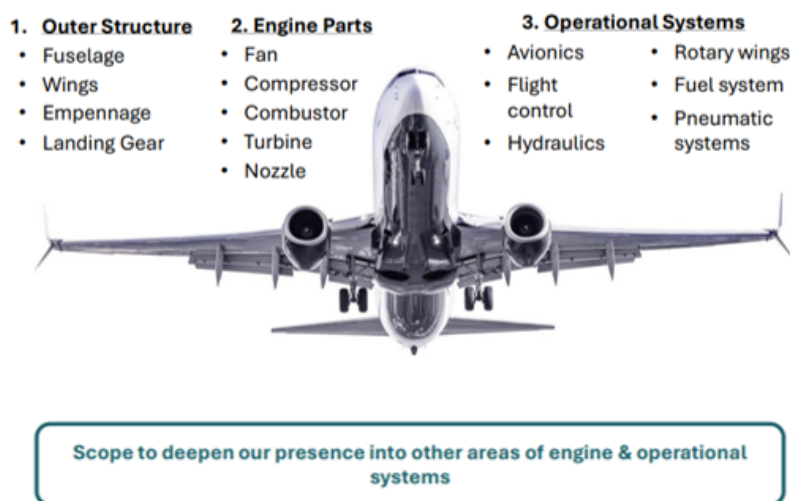
In Energy and Oil & Gas segment (~82% of FY25 revenue), company estimates TAM of ₹ 1240 bn by CY29E, as the requirement for high-precision components such as airfoils is expected to be driven by the growth of gas turbine capacities for power generation and the ongoing necessity for dependable components in traditional power plants. The company caters to the top 3 players (GE Power, Siemens and Mitsubishi) which command ~75% of the global gas power turbine manufacturing

The management also anticipates growth through the opportunity to engage existing customers by introducing new component lines. They also see a demand for turbines in industrial applications, as well as a replacement market for turbines due to their finite operational lifespan. Furthermore, continued support for conventional energy to complement renewable sources is also witnessing traction. In oil & gas segment, growth is expected to be propelled by ongoing investments in exploration and production, the need for advanced components in complex drilling environments, and the maintenance/upgrade of existing infrastructure to meet global energy demands

Overall, the company aims to transition itself from being a component supplier to undertaking full engine assemblies through strengthening capabilities across value chain and expanding growth opportunities. With these opportunities and strategies in place, the management aims to boost its wallet share from to 2-2.5% in the medium term (from 1-1.5% at present) with a long-term goal of increasing it to 10%

#### Exhibit 5: Total Addressable Market Snapshot (₹ bn)

##### Key components used in an aircraft



Source: Company, ICICI Direct Research

#### Robust order-book provides strong revenue visibility

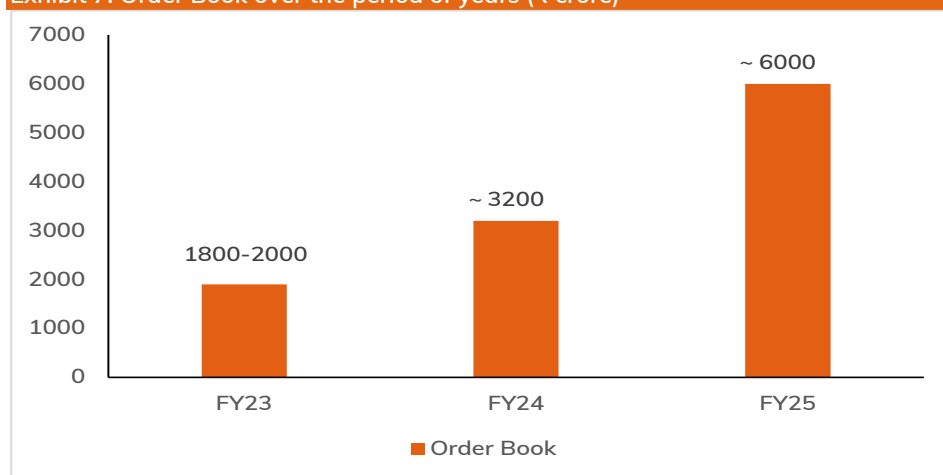
At present, AEL's order book (encompassing all operational sectors, including energy, aerospace & defence, as well as oil & gas) is estimated to be at ₹ 6,000 crores (14.3x FY25 Revenue), which provides strong revenue visibility. Of this current backlog, 50-60% is contributed from defence segment, followed by energy and oil & gas (40-50%). The order book has grown substantially over the last 2 years as order backlog stood at ₹ 1800-2000 crore at FY23 end. The major orders and Memorandum of Understandings (MoUs) signed during FY25 is shown in Exhibit 6



**Exhibit 6: Major orders received in FY25**

Arabelle Solutions	BHEL	Baker Hughes	GE Vernova	
1. Signed a supply agreement for the supply of critical and highly complex rotating and stationary components. The value of this agreement for the entire term is at USD 40 Mn	1. Secured a purchase order from Bharat Heavy Electrical Limited (BHEL) for the supply of advanced, high-complex rotating airfoils for supercritical turbines. Prestigious collaborative indigenization project; evaluation and approval by the Central Electricity Authority Ministry of Power, NTPC, & BHEL	1. Signed an MoU to setup a facility to manufacture and supply of precision components, sub-assemblies, assemblies to cater the requirements within the kingdom of Saudi Arabia.  2. Signed an additional Strategic supply Agreement with Nuovo Pignone srl, a corporation of Baker Hughes company, that involves the supply of high-complex and critical components.	1. Secured agreement to supply of highly engineered, complex rotating and stationary airfoils for Advanced Gas turbine engines, the contract is valued at USD 112 Mn  2. Secured agreement for manufacturing and supplying of highly engineered and complex rotating and stationary Airfoils for advanced nuclear, industrial, and thermal power industries, contract valued at USD 53.5 Mn	
GTRE	Honeywell Aerospace	Mitsubishi	Rolls Royce Plc London	Siemens Energy Global
1. Secured a prestigious nation pride contract from GTRE one of the pioneering Research and Development Organizations under DRDO and the Ministry of Defense, Government of India. The contract is of end-to-end manufacturing, assembling and integration of a complete assembled Advanced Turbo Gas Generator Engine	1. Received a business award from Honeywell Aerospace ISC, USA, for manufacturing and supply of high complex components to meet the global demand in the Aviation industry . This Phase 1 of the Award, valued at USD 16 Mn spend over the contract period has added to its strategic collaboration with Honeywell Aerospace.	1. Signed a Long-Term Contract & Price Agreement (LTCPA) with Mitsubishi Heavy Industries for supply of highly engineered & complex rotating and stationary airfoils for Advanced Gas & Thermal power turbine engines. This current Phase of contract is valued at USD 83 Mn for a period of 5 years	1. Signed a deal to produce Civil Aircraft Engine Components and supply super critical complex machined parts for a period of life of the Engine Program on a long-term basis.	1. Secured agreement to manufacture and supply critical rotating components for the global demands of advanced gas and thermal turbine engines.  2. Secured agreement for manufacturing and supplying essential components like combustion commodities, cold blades, and machined parts, valued at USD 90 Mn

Source: Company, ICICI Direct Research

**Exhibit 7: Order Book over the period of years (₹ crore)**

Source: Company, ICICI Direct Research

**Expanding capacities across segments with focus on increasing share of better-margin segments**

Company has recently commissioned two new manufacturing facilities (primarily for GE Vernova and Mitsubishi with area of 7600 sq mtr and 7200 sq mtr respectively) at Tunikibollaram IP, Hyderabad. With these two facilities, company now operates six state-of-the-art manufacturing facilities in Hyderabad, which are equipped to produce high-precision forged and machined components across a combined manufacturing area of 34,800 sq mtr

Additionally, the company further plans to establish multiple sub facilities at Hyderabad in two phases (pending phase-1 of ~80100 sq mtr and phase-2 of 67267 sq mtr), dedicated to specific customers.

Company has also entered into a non-binding agreement with Baker Hughes to explore setting up a manufacturing facility in Saudi Arabia. This facility would focus on producing precision components, sub-assemblies, and assemblies for the Saudi market, potentially driven by a previous five-year contract with a Baker Hughes subsidiary for oil and gas components

## Exhibit 8: Manufacturing facilities

			Area	Customers
Existing facilities	➤	4 facilities in Hyderabad	34800 sq. mtr	Multiple Customers
Upcoming facilities	➤	Multitple Sub facilities	Phase 1: ~ 80100 sq. mtr (excludes 2 facilities which have been already inaugurated) Phase 2: 67267 sq. mtr	Dedicated for Specific Customers

Source: Company, ICICI Direct Research

The financing for the construction and development of these upcoming facilities is expected to be sourced from a combination of debt and internal accruals. The company recently raised ₹ 700 crore through QIP in March 2025, of which ₹ 525 crore was for capital expenditure purpose. As of May 2025 end, company notified that only ~₹ 9 core has been utilised on capex and balance ₹ 516 crore is expected to be utilised over the next 2-3 years. Company expects to generate revenue of 2x of this capex post full utilisation of these capacities, which implies additional revenue of ~₹ 1400 crore by FY30E

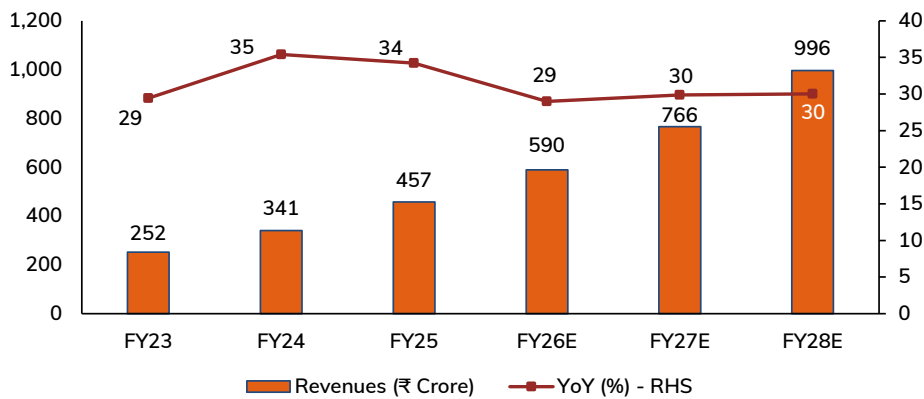
## Key Financial Summary

### Revenue expected to grow ~30% CAGR over FY25-28E

AEL has reported healthy topline growth of ~33% CAGR in the last 3 years (FY22-25), led by healthy demand from key sectors like Aerospace & Defence (A&D), Oil & Gas (O&G), and Energy sectors supported by strong execution

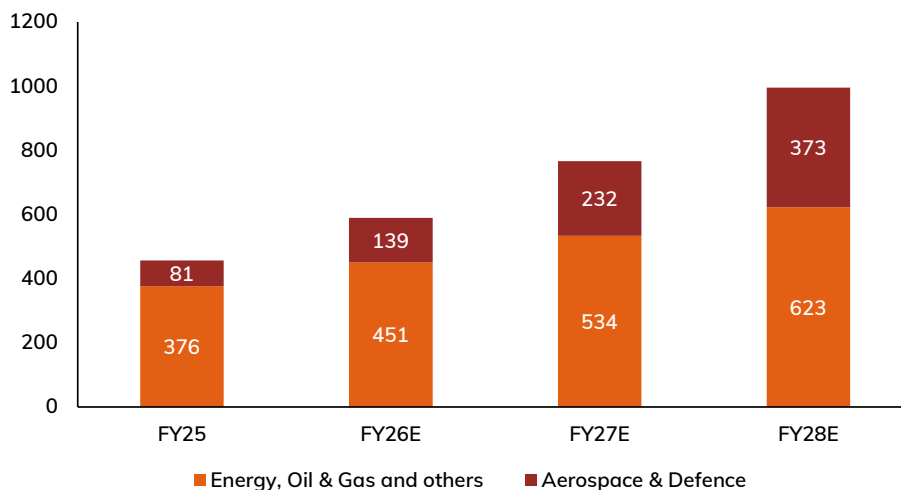
Going forward, we project a revenue CAGR of ~30% over FY25-28E, driven by sustained strong demand for company's products, increase in capacities and further pick-up in execution across segments. We expect share of aerospace & defence will also increase considerably to ~37% by FY28E from ~18% in FY25, led by better growth in the segment as compared to energy and oil & gas segments

**Exhibit 9: Trend in Topline**



Source: Company, ICICI Direct Research

**Exhibit 10: Share of aerospace & defence is expected to increase going ahead**



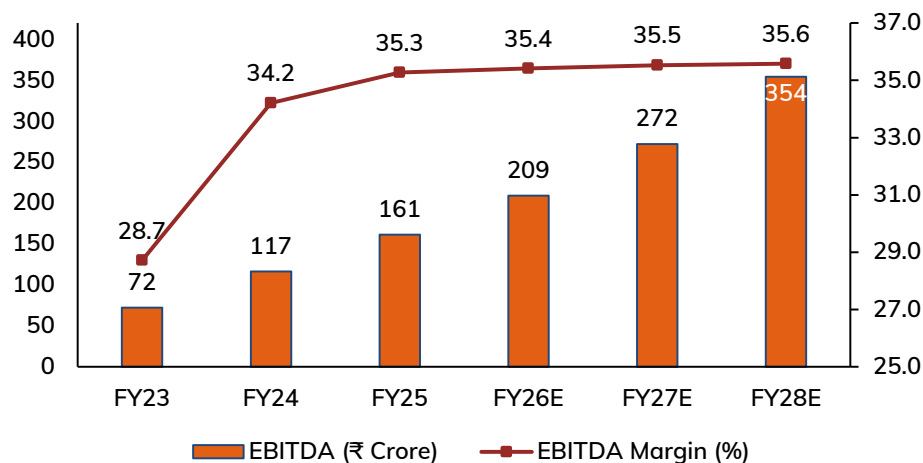
Source: Company, ICICI Direct Research

### EBITDA expected to grow ~30% CAGR over FY25-28E

With operational efficiencies kicked in across segments and improvement in capacity utilization, EBITDA margin improved substantially over FY21-25, leading to EBITDA CAGR of ~55% over the same period

Going ahead, we estimate EBITDA margin to sustain at 35-36% over FY26E-28E, led by continuous focus on operational efficiencies. Subsequently, EBITDA is expected at ~30% CAGR over FY25-28E

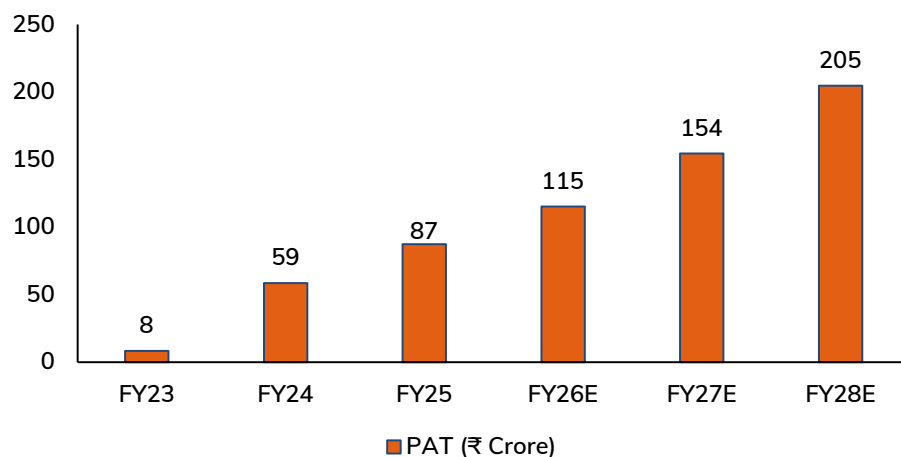


**Exhibit 11: Trend in EBITDA & Margins**


Source: Company, ICICI Direct Research

### **PAT expected to grow ~33% CAGR over FY25-28E**

With healthy growth in EBITDA, we expect PAT to grow at a CAGR of ~33% over FY25-28E to ₹ 213 crore by FY28E from ₹ 87 crore in FY25. The PAT margin is also set to improve from 19.1% in FY25 to 21.4% by FY28E

**Exhibit 12: Trend in PAT and PAT Margin**


Source: Company, ICICI Direct Research

### **Return ratios to improve substantially over FY26-28E**

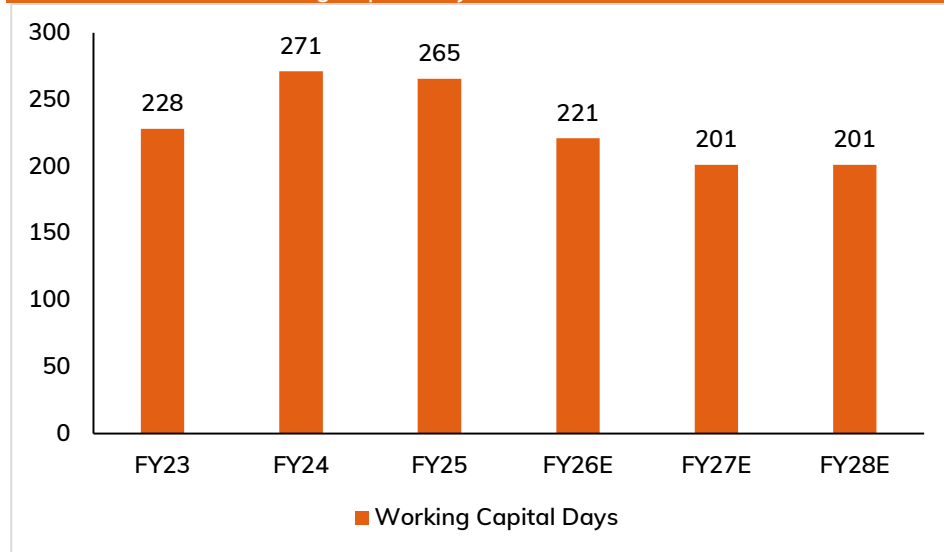
Return ratios are also expected to improve over FY26-28E, led by improvement in execution, overall margins and asset turnover ratio

**Exhibit 13: Trend in Return Ratios**


Source: Company, ICICI Direct Research

**Working capital cycle to improve over FY26-28E**

Company's working capital cycle has increased on account of higher receivables days on exports side and increase in inventory days (mainly due to increase in procurement of specialised raw materials required for development of products). However, going ahead, we expect an improvement in working capital days on account of pick-up in execution of production orders of qualified products after completing development phase. Company also guides improvement in net working capital cycle and targets net WC days at 140-150 days in the coming years

**Exhibit 14: Trend in Working Capital Days**

Source: Company, ICICI Direct Research

## Risk and Concerns

### High dependency on limited Customers

A considerable reliance on a limited number of customers characterizes the company's business model. The potential loss of any key customer or a decline in revenue from sales to these customers could substantially impact the business, its operational results, financial health, cash flow, and future outlook

### Significant revenue from exports

As of now, the company generates approximately 92% of its sales from exports. Its products are distributed across the United States, Europe, Japan, the Middle East, and the United Kingdom. Notably, Japan and the USA account for over 50% of the export sales combined. Consequently, any alterations in import and export regulations, shifts in regional and local economic conditions, or geopolitical uncertainties could significantly affect the company's operations

### Availability of raw materials

Company is dependent on third party suppliers, including overseas suppliers, for the import and supply of our primary raw materials, plant, machinery and components, including aluminium, stainless steel, specialised steel, titanium, nimonic alloy, inconel and other super alloy grades. Any delay, shortage, interruption, reduction in the supply of or volatility in the prices of raw materials, plant, machinery and components on which the company rely may have an adverse effect on business operations

### Increasing competitive market for key products

Azad operates in a competitive global market for high-precision and mission-critical components, contending with various manufacturers. This competition is influenced by several factors, including product quality and reliability, design and innovation, technological advancements, manufacturing capabilities, pricing strategies, and brand recognition. Any inability to effectively compete in this demanding industry could significantly impact the company's business performance, operational results, financial health, cash flow, and future growth potential

### Technological Obsolescence

The organization is tasked with manufacturing products that are essential for mission success and life safety. This entails that certain items must meet zero parts per million defect standards, necessitating highly specialized machinery that is quite costly. Additionally, any alterations in specifications from the Original Equipment Manufacturers could make the current machinery obsolete, leading to substantial replacement expenses

## Financial Summary

### Exhibit 15: Profit and loss statement

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	341	457	590	766	996
% Growth	35.4	34.2	29.0	29.9	30.0
Other income	32.0	10.6	12.2	14.0	16.1
Total Revenue	341	457	590	766	996
% Growth	35.4	34.2	29.0	29.9	30.0
Total Raw Material Costs	46	64	83	107	139
Employee Expenses	74	93	116	145	181
other expenses	104	139	182	242	321
Total Operating Expenditure	224	296	381	494	642
Operating Profit (EBITDA)	117	161	209	272	354
% Growth	61.3	38.4	29.5	30.3	30.2
EBITDA Margin	34.2	35.3	35.4	35.5	35.6
Interest	47	18	17	15	14
PBDT	101	154	205	271	357
Depreciation	21	29	40	51	65
PBT before Exceptional Items	81	124	164	221	292
Total Tax	22	37	49	66	88
PAT before MI	59	87	115	154	205
PAT	59	87	115	154	205
% Growth	591.3	49.1	31.8	34.1	32.5
Diluted EPS	9.9	13.5	17.8	23.9	31.7

Source: Company, ICICI Direct Research

### Exhibit 16: Cash flow statement

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	59	87	115	154	205
Depreciation	21	29	40	51	65
Interest	47	18	17	15	14
Cash Flow before WC changes	126	135	172	220	283
Changes in inventory	(47)	(56)	(21)	(42)	(76)
Changes in debtors	(51)	(54)	(27)	(54)	(91)
Changes in loans & Advances	-	-	-	-	-
Changes in other current assets	(34)	(24)	(7)	(40)	(38)
Net Increase in Current Assets	(132)	(137)	(56)	(137)	(206)
Changes in creditors	2	30	23	31	40
Changes in provisions	(2)	0	-	-	-
Net Inc in Current Liabilities	17	72	25	33	44
Net CF from Operating activities	11	70	141	116	120
Changes in def tax assets	-	-	-	(1)	(1)
(Purchase)/Sale of Fixed Assets	(101)	(248)	(180)	(170)	(170)
Net CF from Investing activities	(115)	(281)	(143)	(189)	(181)
Dividend and Dividend Tax	-	-	-	-	-
Net CF from Financing Activities	72	849	(169)	(15)	(14)
Net Cash flow	(32)	638	(171)	(88)	(75)
Opening Cash/Cash Equivalent	91	59	697	526	438
Closing Cash/ Cash Equivalent	59	697	526	438	364

Source: Company, ICICI Direct Research

### Exhibit 17: Balance sheet

₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	11.8	12.9	12.9	12.9	12.9
Reserve and Surplus	633	1,381	1,493	1,648	1,852
Total Shareholders funds	645	1,394	1,506	1,661	1,865
Total Debt	37	244	94	94	94
Total Liabilities	707	1,704	1,632	1,786	1,991
Gross Block	255	505	665	835	1,065
Acc: Depreciation	59	89	129	179	244
Net Block	255	417	536	656	821
Capital WIP	40	80	100	100	40
Total Fixed Assets	298	516	656	775	880
Non Current Assets	73	148	76	95	107
Inventory	133	189	210	252	327
Debtors	170	223	251	304	396
Other Current Assets	60	84	91	131	169
Cash	59	697	526	438	364
Total Current Assets	422	1,197	1,082	1,131	1,263
Current Liabilities	50	80	103	134	175
Provisions	4	90	91	91	92
Total Current Liabilities	85	157	182	215	259
Net Current Assets	337	1,040	900	916	1,004
Total Assets	707	1,704	1,632	1,786	1,991

Source: Company, ICICI Direct Research

### Exhibit 18: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Diluted EPS	9.1	13.5	17.8	23.9	31.7
Cash per Share	9.1	107.9	81.5	67.9	56.3
BV	99.9	215.8	233.2	257.2	288.8
EBITDA Margin	34.2	35.3	35.4	35.5	35.6
PAT Margin	17.2	19.1	19.5	20.2	20.5
RoE	9.1	6.3	7.6	9.3	11.0
RoCE	18.8	8.7	11.3	13.4	15.6
RoIC	15.4	14.0	15.7	16.8	18.2
EV / EBITDA	87.2	60.4	46.7	36.2	28.0
P/E	174.0	116.7	88.5	66.0	49.8
EV / Net Sales	29.8	21.3	16.5	12.9	10.0
Sales / Equity	0.5	0.3	0.4	0.5	0.5
Market Cap / Sales	29.9	22.3	17.3	13.3	10.2
Price to Book Value	15.8	7.3	6.8	6.1	5.5
Asset turnover	0.5	0.3	0.4	0.4	0.5
Debtors Turnover Ratio	2.4	2.3	2.5	2.8	2.8
Creditors Turnover Ratio	7.0	7.0	6.4	6.4	6.4
Debt / Equity	0.1	0.2	0.1	0.1	0.1
Current Ratio	5.8	3.3	3.2	3.4	3.6
Quick Ratio	3.7	2.1	2.0	2.1	2.3

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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