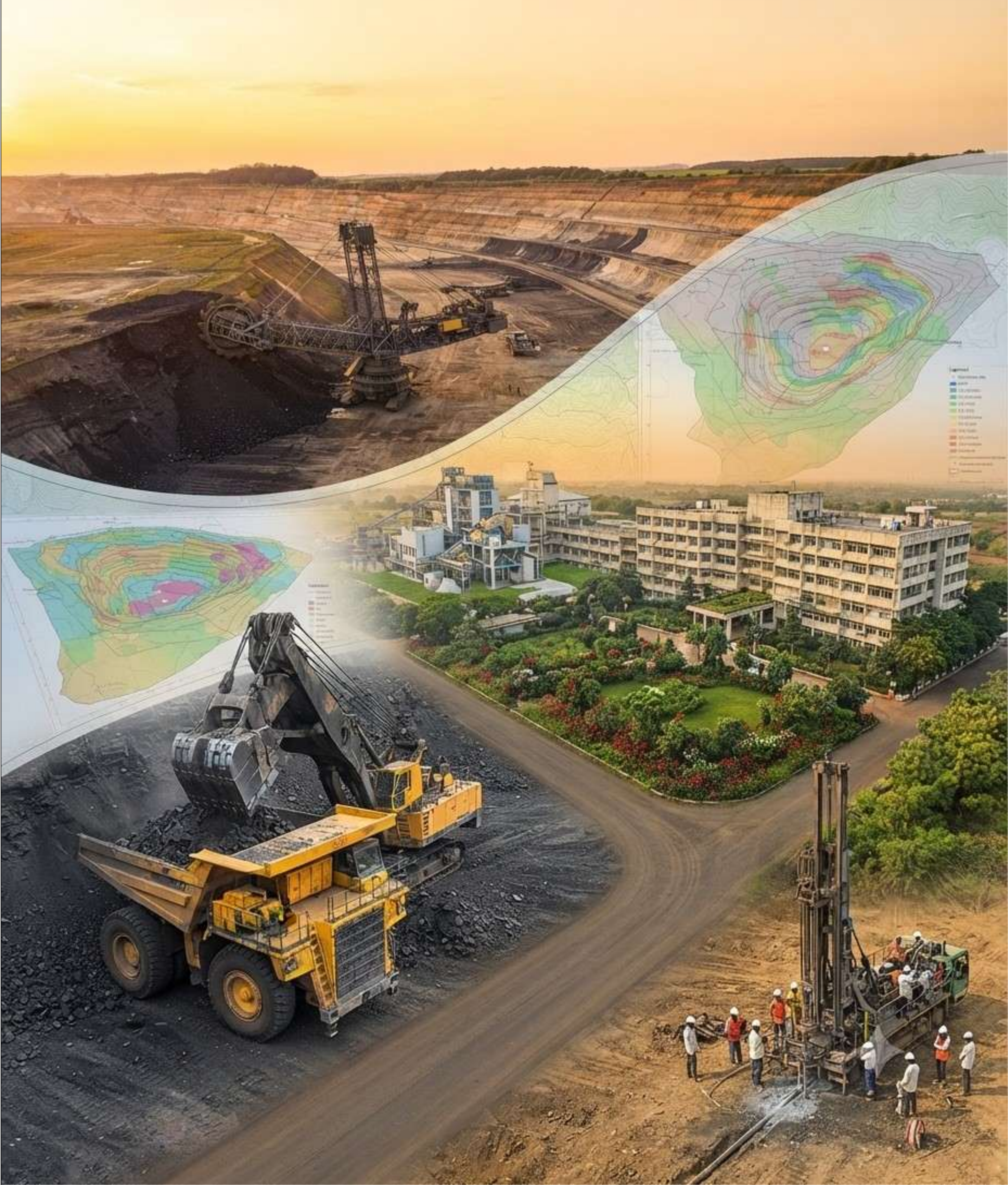
Pick of the Week

Central Mine Planning & Design Institute Ltd

Expanding Earth resource sector and allied professional activities



August 02, 2026

Central Mine Planning & Design Institute Ltd.

HDFC securities 25 YEARS
Powering India's Investments

Reco BUY

Industry	Consulting Services
LTP (July 31, 2026)	Rs. 239.83
Entry Range	**Rs. 235-250**
Add on Dips	**Rs. 215-220**
Base Case Target	**Rs. 265**
Bull Case Target	**Rs. 280**
Time Horizon	**4 Quarters**

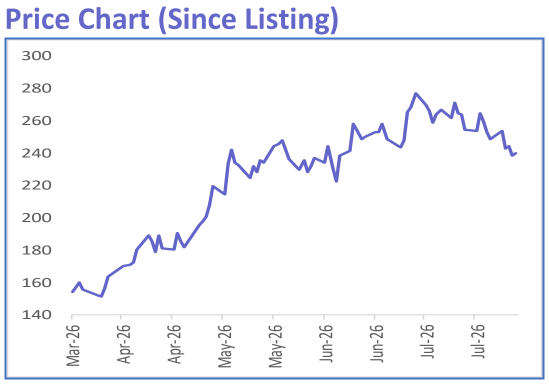
Stock Info

BSE Code	544739
NSE Code	CMPDI
Bloomberg	CMPDI IN
CMP July 31, 2026	239.83
Equity Capital (Rs Cr)	142.8
Face Value (Rs)	2.0
Equity Share O/S (Cr)	71.4
Market Cap (Rs Cr)	17,123.9
Book Value (Rs)	32.0
Avg. 52 Wk Volumes	5,621,822
52 Week High	283.7
52 Week Low	150.3

Share Holding Pattern % (June'26)

Promoters	85.0
Institutions	8.4
Non-Institutions	6.6
Total	100

Price Chart (Since Listing)



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Dominant player in the domestic coal mining industry.

Our Take

- Central Mine Planning & Design Institute Ltd (CMPDI) is one of the largest coal and mineral consultancy companies in India in terms 61.0% of market share, and the company is the preferred consultant for Coal India Ltd. The company offers consultancy and support services for the entire spectrum of coal and mineral exploration and mine planning and design services. With almost five decades of experience, the company has evolved as a pioneer in introducing new and suitable technology in the exploration and mining sectors. The company leverages the technical expertise in coal mining, resource management, and environmental sustainability that CIL has cultivated over the years.
- ***Investors can buy in the Rs 235-250 band and add on dips in the Rs 215-220 band (19.5x FY28E EPS). We believe the base case fair value of the stock is Rs 265 (23.75x FY28E EPS) and the bull case fair value of the stock is Rs 280 (25x FY28E EPS) over the next 4 quarters.***

Strategic role in meeting India's energy requirement,

CMPDI offers a comprehensive range of services across the entire spectrum of consultancy services from coal and mineral exploration, mine planning and design services, environmental services, geomatics services, laboratory services, coal beneficiation services and up to mine closure activities under one roof. Coal India Ltd (CIL) is a parent company, and CIL is the largest coal-producing company in the world as of March 31, 2026 and produced over 768.2 million metric tons per annum (MTPA) of coal in FY26. As an instrumental subsidiary of CIL and one of the largest consultancy service providers in the coal and mineral sector in India, CMPDI supports CIL's planning needs to expand its operations and adopt new technologies through detailed evaluations.

Sustainable volume growth with cost control initiatives

CMPDI seeks to diversify its revenue streams by expanding its footprint into international markets, particularly in Africa and Central Asia. Currently, the company is managing three international assignments, including consultancy services in Mozambique, and intends to market its dependable services at a lower cost than other global consultants. CMPDI aims to establish itself as a global leader in resource development and project execution.

Infrastructure overhaul set to unlock CIL's growth potentials

The government plans to increase coal production to substitute imports. Driven by the country's growing power demand and the electricity generation target, CIL has been undertaking several measures to increase the production run rate by accelerating the evacuation of coal to thermal power plants. The full benefit of this will be visible in 4-5 years when projects will be fully executed. Increased coal production could help to CMPDI to garner its revenue.

CMPDI poised to capitalise on CIL's massive capacity expansion drive

CIL is expected to undertake a massive capacity augmentation drive with projected capacity enhancement of 787 MT through opening and expansion of 50 mines, which require significant support of mining consultancy services in terms of exploration, geomatics, planning and design, environment as well as closure-related services for exhaustion of mines. CIL's aggressive capex plans could bring more opportunities to CMPDI to intake orders and garner revenue going forward.

Strong performance with better product margins in Q1FY27

- CMPDI delivered strong performance in Q1FY27, with robust revenue and profitability growth. Revenue grew 17.6% YoY to Rs 481 crore, led by strong growth in Planning & Design (P&D) and the Exploration segment. P&D grew 26% YoY driven primarily by ED-based jobs, PMC, and E-auction services, and Exploration rose 18% YoY driven primarily by Departmental & Outsourced Drilling., both segments contributed 76% to the revenue.
- Cost of Materials Consumed increased driven by higher Diesel prices along with increased consumption of Drilling Accessories and other tools.
- EBITDA increased by 61.9% YoY to Rs 168 crore in Q1FY27 and EBITDA margin ramped up to 34.9% in Q1FY27 vs. 25.4% in Q1FY26. Net Profit rose 54% YoY to Rs 116 crore and PAT margin stood at 23.1% in Q1FY27 vs. 17.9% in Q1FY26.

Financial Summary

Particulars (Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	481	409	17.6	827	-50.5	1,386	1,733	2,103	2,317	2,603	2,902
EBITDA	145	90	62.0	238	-62.3	383	727	841	778	891	1,009
APAT	116	76	53.9	188	-59.8	297	503	667	613	706	794
Diluted EPS (Rs)	1.6	1.1	53.9	2.6	-59.8	4.2	7.0	9.3	8.6	9.9	11.1
RoE-%						48.7	35.8	36.7	28.4	25.1	21.8
P/E (x)						57.7	34.0	25.7	27.9	24.3	21.6
EV/EBITDA (x)						42.6	22.2	19.2	20.6	17.5	14.9

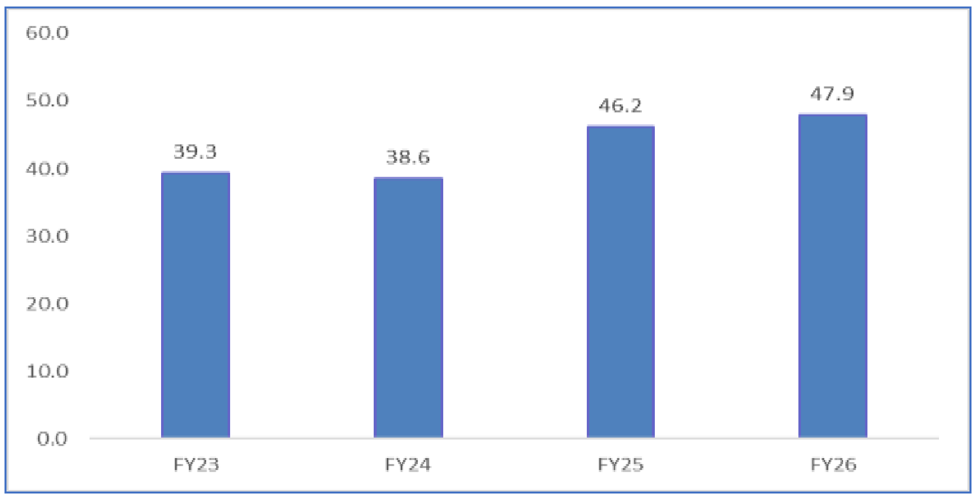
(Source: Company, HDFC sec)

Valuation & Recommendation:

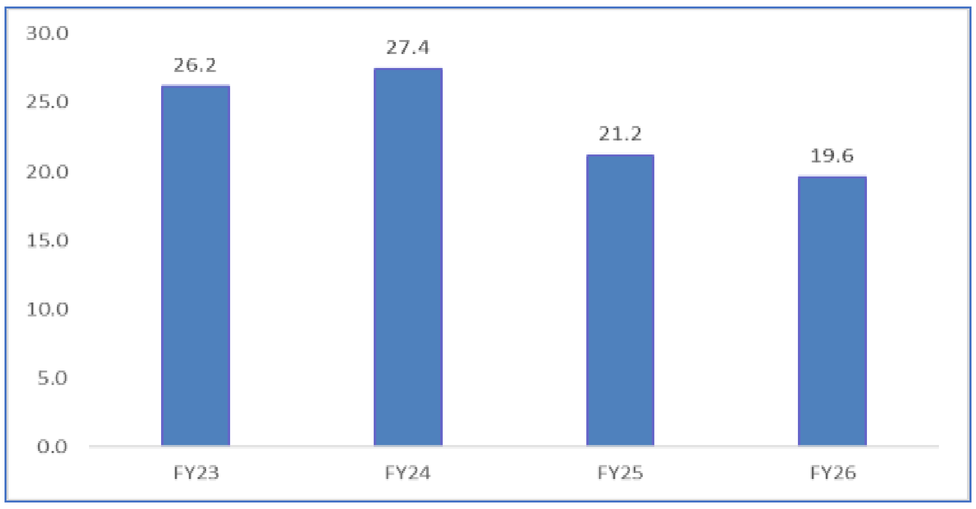
Investors can buy in the Rs 235-250 band and add on dips in the Rs 215-220 band (19.5x FY28E EPS). We believe the base case fair value of the stock is Rs 265 (23.75x FY28E EPS) and the bull case fair value of the stock is Rs 280 (25x FY28E EPS) over the next 4 quarters.

Story in Charts

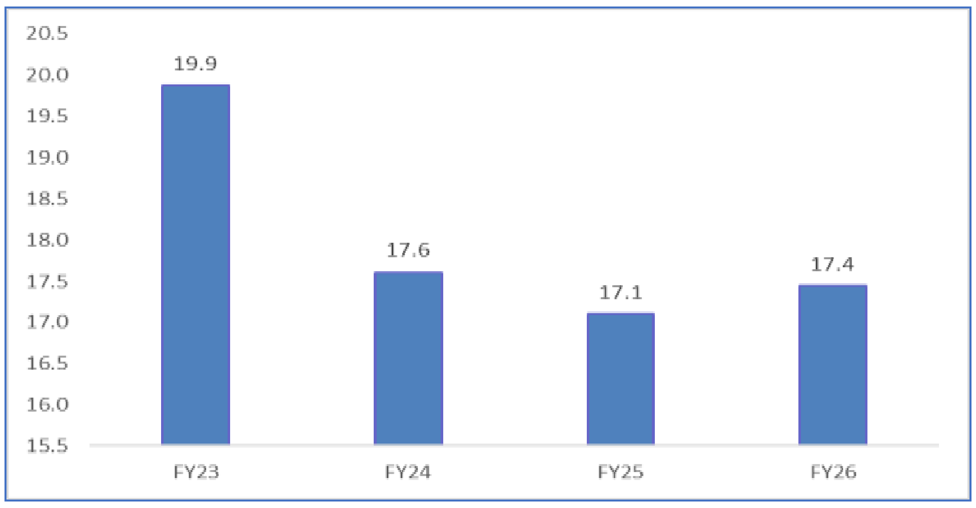
Exploration Revenue (%): Grew 26.8% CAGR over FY23-FY26



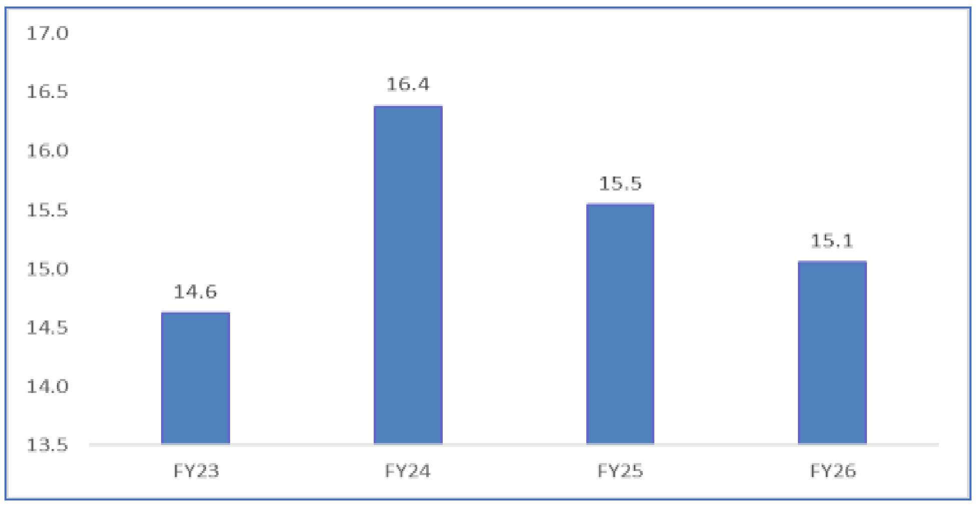
Planning & Design Revenue (%): Grew ~8% CAGR over FY23-FY26



Environment Revenue (%):Grew 13.6% CAGR over FY23-FY26



Geomatics Revenue (%): Grew ~20% CAGR over FY23-FY26



(Source: Company, HDFC sec)

A long-term relationship with CIL fosters synergies and collaborative opportunities,

Key Drivers

Offering a comprehensive range of services with strong parental support

- CMPDI offers a comprehensive range of services across the entire spectrum of consultancy services from coal and mineral exploration, mine planning and design services, environmental services, geomatics services, laboratory services, coal beneficiation services and up to mine closure activities under one roof.
- This holistic approach allows the company to address interconnected aspects of the coal and lignite sectors, ranging from initial resource extraction to final mine closure activities. By housing these diverse capabilities under one roof, the firm enhances operational efficiency and improves risk management for its clients. The organisation also serves as the dedicated custodian of India's coal and lignite data, maintaining a vast repository of information regarding resource quality and deposits.
- Coal India Ltd (CIL) is a parent company and CIL is the largest coal producing company in the world as of March 31, 2026 and produced over 768 million metric tons per annum (MTPA) of coal in FY26. CIL plays a pivotal role in India's energy generation and significantly contributes to the country's industrial growth. As an instrumental subsidiary of CIL and one of the largest consultancy service providers in the coal and mineral sector in India, CMPDI supports the planning needs of CIL to expand its operations and adopt new technologies following detailed evaluations.
- CMPDI will benefit significantly from their strategic support, stability, credibility and vast resources. This includes access to advanced technologies, a pool of skilled professionals, and robust financial backing to enable large projects while ensuring timely and efficient execution.
- The company leverages the technical expertise in coal mining, resource management, and environmental sustainability that CIL has cultivated over the years.
- The company's association with CIL enhances its market recognition and credibility and translates into long-term partnerships and repeat business, contributing to sustained growth and success. Its long term relationship with CIL fosters synergies and collaborative opportunities.

CIL's capex plan to open the revenue window for CMPDI

- CIL has outlined a massive capital expenditure program featuring a Rs 16,500 crore target for the current fiscal year and an overall Rs 1 trillion investment plan through 2030-31. The core spending areas prioritize land acquisition, coal evacuation logistics, and plant and machinery.
- Further, as per the investment plan, CIL has planned to invest substantial amount in diversification projects viz. setting up rail sidings and corridors, coal handling plants/silos; and roads (allocated 35%

CIL's aggressive capex plans to bring more opportunities to intake orders and garner revenue ahead

of capex), Heavy earth moving equipment, washeries and other plant and machinery (allocated 12% of capex) and Solar Power, Thermal Power Plant, Revival of Fertilizer Plants, Surface Coal Gasification (SCG), CBM, etc. over the year.

- CIL could pursue overseas acquisition of mines after detailed study and analysis of the blocks, especially low-ash coking coal. CIL has also plans to develop 36 new coal projects in the next five years and the total upcoming projects, including coal projects in the next four to five years stood at 75 and will be executed in four phases.
- CIL is expected to undertake a massive capacity augmentation drive with projected capacity enhancement of 787 MT through opening and expansion of 50 mines, which require significant support of mining consultancy services in terms of exploration, geomatics, planning and design, environment as well as closure-related services for exhaustion of mines. CIL's aggressive capex plans could bring more opportunities to CMPDI to intake orders and garner revenue going forward.

Plans to expand globally and diversify clients

CMPDI intends to expand its footprint into international markets to explore new growth opportunities

- CMPDI seeks to diversify its revenue streams by expanding its footprint into international markets, particularly in Africa and Central Asia. Currently the company is managing three international assignments, including consultancy services in Mozambique, and intends to market its dependable services at a lower cost than other global consultants. CMPDI aims to establish as a global leader in resource development and project execution.
- CMPDI intends to expand its footprint into international markets to explore new growth opportunities by leveraging domestic expertise. Coal could remain a major energy source and a growing sector for many African and Central Asian Countries. CMPDI is planning to establish partnerships with global mining companies and government agencies to enhance global presence and explore prospects of future growth in new geographies, particularly in the African nations.

Government's announced dedicated corpus for mine closure to bring huge opportunity for CMPDI

The government's dedicated corpus of over Rs 40,000 crore ($5 billion) for scientific mine closure is positive for CMPDI

- The Union government announced a dedicated corpus of over Rs 40,000 crore ($5 billion) for scientific mine closure, targeting 147 coal mines over the next two to three years. The Union government signed an implementation agreement with Germany's Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to bolster technical cooperation. The initiative aims to prevent exhausted coal mines becoming long-term environmental liabilities and to restore mined land for sustainable and productive use.
- The corpus will underwrite the safe closure, ecological restoration and productive reuse of exhausted mines rather than leaving them abandoned after extraction ends. The ministry has framed scientific mine closure as an opportunity to convert degraded land into productive assets and has earmarked 25 per cent of approved closure costs for community development, creating an investment potential of nearly Rs 100 bn over the next decade.
- The implementation agreement with GIZ is designed to provide technical cooperation in mine closure planning, repurposing strategies, capacity building and the adoption of international best practices. The partnership is expected to strengthen institutional capability in India and to improve the long-term sustainability of mine closure projects.
- This initiative features a digital and technical monitoring framework supported by bodies like the Central Mine Planning and Design Institute (CMPDI) and international cooperation with Germany's GIZ.

Focused on infrastructure upgradation, technological integration and strategic diversification into Non-Coal Minerals

CMPDI investing in high-end machinery and advanced software, including AI and big data analytics

- CMPDI aims to maintain operational excellence by investing in high-end machinery and advanced software, including artificial intelligence and big data analytics.
- The company recently introduced hydrostatic drill machines and seismic vibrators to enhance penetration depth and cost efficiency.
- The company plans to automate its geochemical laboratories to handle larger volumes of coal and non-coal mineral analysis.
- The organisation also adopts digital technologies such as 3D modelling, remote sensing, and GIS to improve accuracy.
- CMPDI ensures that its operations remain competitive and capable of meeting the evolving technical needs of the global mining industry by modernising its facilities and tools.

Strategic Diversification into Non-Coal Minerals:

- CMPDI intends to leverage its extensive coal sector experience to diversify into the mineral sector, focusing on critical resources like lithium, nickel, cobalt, and copper. The organization applies its technical and regulatory knowledge to non-coal minerals, ensuring efficient project execution through established best practices.

CMPDI submitted 11 proposals to NMEDT for minerals such as bauxite and zinc, with six projects already approved.,

- As of December 2025, the company has submitted eleven proposals to the National Mineral Exploration and Development Trust for minerals such as bauxite and zinc, with six projects already approved.
- CMPDI also prioritises specialised hydrogeological services, having recently received accreditations for groundwater modelling. These efforts aim to capitalize on a growing consultancy market projected to reach Rs 4,327 crore by FY30.

Hyper growth phase in rare earth minerals industry to boost geological exploration and resource revaluation

- The market growth is primarily driven by accelerating demand from the electric vehicle (EV) sector, where each vehicle requires 1-2 kilograms of neodymium for permanent magnet synchronous motors, combined with explosive expansion in renewable energy infrastructure, including wind turbines that consume 200-300 kilograms of permanent magnet material per unit. Global EV production is projected to reach 40-50 million units annually by 2030, representing a 29% CAGR through 2025.

Growth Outlook

- The global rare earth elements (REE) market size is expected to be valued at US$ 7.8 bn in 2026 and projected to reach US$ 15.4 bn by 2033, growing at a CAGR of 10.2% between 2026 and 2033.
- India holds about 8% of the world's rare earth elements (REE) reserves, ranking third globally, yet produces less than 1% of the global output, creating a massive opportunity for growth. The market is expected to grow at a CAGR of ~8.1% to ~9% between 2025 and 2030, driven by aggressive government initiatives like the Rs 7,280 crore magnet manufacturing scheme and the National Critical Minerals Mission.
- India aims to significantly boost domestic mining and processing, particularly of neodymium and praseodymium, with output projected to rise sharply by FY27E.

Role of Mining consultancy services

- Mining consultancy services are a specialised part of the mining industry that provide technical, engineering, and advisory solutions for every stage of a mineral asset's life. These services help companies identify, develop, and improve mineral resources through tasks like geological exploration, resource estimation, and mine planning. By combining expert knowledge with data analytics and engineering, consultants play a vital role in reducing project risks, improving mineral recovery, and ensuring that mining follows all legal and environmental rules.

How CMPDI to play a role in rare earth elements' growth journey?

- CMPDI has been offering comprehensive exploration services for coal and mineral deposits. These services include exploration, resource modelling, resource evaluation and documentation, which are crucial for making informed investment and exploitation decisions. This involves detailed geological exploration of regionally explored blocks aims to generate reliable geological and geo-engineering data, which is essential for assessing in-situ coal reserves and preparing comprehensive mining project reports. This exploration involves a multifaceted approach, including geophysical surveys through multi-probe geophysical logging, 2D/3D seismic surveys, and hydrogeological investigations.

CMPDI's achievement

- The company exceeded the drilling target, achieving 1.0 million meters, i.e. 10.12 lakh meters, including 0.46 million meters via departmental drilling and 0.5 million meters via outsourced drilling at a productivity rate of 635 meters per drill per month.
- Conducted 437.9 line kilometres of 2D seismic surveys, marking an 87% year-on-year growth, with 300.0
- line kilometres completed using departmental resources, which reflects a 46% increase from the previous year.
- The company added 7.5 billion tonnes of coal resources to the measured category through detailed exploration across 270 square kilometres via 21 geological reports.
- In addition, approximately 7.4 billion tonnes of coal resources have been estimated under the Indicated and Inferred categories as part of Regional (Promotional) Exploration. These estimates are based on exploration covering about 208 sq. km, reported through 9 Geological Reports.
- Identified 75 million tonnes of lignite resources in the Indicated category through a geological report covering 166 square kilometres

Sound financial profile led by healthy debt protection metrics and liquidity

- CMPDI's operating and financial performance has been robust, led by negligible debt, healthy cash-generating ability and consistent dividend payment to shareholders over the past, and the company's production has been performing well over the past. Its financial flexibility is strong, supported by robust liquidity.

Robust financials led by a strong profitability, debt-free balance sheet, and healthy liquidity,

- CMPDI's revenue grew ~9% CAGR over the FY21-FY26 and we expect that the company could report revenue ~12% CAGR over the FY26 to FY28E and expect EBITDA margin in the range of 40-41.5% band over the FY27E to FY28E.
- The company' has debt free balance sheet in FY26, and the company has no further plans to raise any debt going forward. Capital structure is expected to remain comfortable and debt protection metrics could also be healthy going forward.
- The liquidity position of the company is expected to remain strong owing to healthy cash accruals aided by control over receivables. CMPDI's total cash and cash equivalents stood at ~Rs 1,075 crore as on March 31, 2026.
- The receivable days remain unchanged YoY at 2 days as on March 31, 2026, payable days increased to 44 days from 35 days in FY25. CMPDI is expected to maintain negative working capital going forward.
- CMPDI recommended total dividend at Rs 1.06 per share in FY26, implying a dividend yield of 0.45%. We expect Rs 2/3 for FY27E/FY28E, respectively.

Risks & Concerns

- CMPDI depends significantly on Coal India Ltd. and its subsidiaries for a major portion of its revenue, if Coal India Ltd fails to provide the assured business support or financial backing that underpins the current strategic diversification roadmap and stability.
- CMPDI operates in a specialised consultancy niche, and any downturn in the coal or mineral sectors could lead to a decrease in the requirement for technical services. The company may struggle to maintain its competitive edge if it fails to continuously upgrade high-end machinery and advanced software like artificial intelligence and big data analytics.
- CMPDI relies on its seven regional institutes for localised support, and any disruption at these strategically positioned locations could increase turnaround times and hinder efficient logistics management.
- The company faces potential delays in project execution due to the complex nature of deep-seated exploration and the challenges of drilling in difficult or unknown geological conditions. The company may find it difficult to scale operations if it cannot successfully integrate advanced automation and digital transformation across all its mineral exploration and processing divisions.
- The company faces challenges in establishing commercial coal bed methane projects, as these require complex coordination with private players and successful global tendering processes for development. CMPDI may struggle to implement underground coal gasification if pilot projects at Kasta West Block do not prove technically or commercially viable under specific Indian geo-mining conditions.
- The company faces a potential skill gap if its workforce of ~2,700 employees is not regularly trained to handle emerging technologies like remote sensing and 3D modelling. CMPDI relies on labourers hired through contractors, which introduces risks related to labour management, safety compliance, and potential disruptions in field exploration and drilling activities.
- The company faces stiff competition from established international consultants who may offer more advanced or diverse services in global markets, particularly in Europe and North America.

Company Description

Central Mine Planning & Design Institute Ltd (CMPDI) is one of the largest coal and mineral consultancy companies in India, with a 61.0% market share, and the company is the preferred consultant for Coal India Ltd. The company offers consultancy and support services for the entire spectrum of coal and mineral exploration and mine planning and design services. Its services also include infrastructure engineering, environmental management, geomatics, specialised technology services, and management systems, primarily for the coal industry as well as for other minerals. Services span the entire lifecycle of mining operations, from initial exploration to mine closure.

CMPDI is a wholly owned subsidiary of Coal India, incorporated on November 1, 1975, conferred the status of Mini Ratna (Category II) company in 2009 and were further upgraded to the status of Mini Ratna (Category I) company in 2019. CMPDIL functions through its corporate headquarters at Ranchi and its 7 Regional Institutes located at Asansol, Dhanbad, Ranchi, Nagpur, Bilaspur, Singrauli, and Bhubaneswar, respectively, along with various field units and exploration camps.

With almost five decades of experience, the company has evolved as a pioneer in introducing new and suitable technology in the exploration and mining sectors.

CMPDI assists the Ministry of Coal in strategic decisions and initiatives relating to coal-sector through maintaining inventories of coal deposits, coal mining potentials and operations, and also assists Ministry of Petroleum and Natural Gas ("MoP&NG") for matters related to coalbed methane ("CBM"). CMPDI serves as the liaison between Ministry of Coal, Coal India Limited, and coal producing companies on technical and operational matters and also acting as the in-house consultant and advisor for other coal-producing companies within the Coal India group

Parent Company

Coal India Ltd. (CIL) is the largest producer of coal in India and the second-largest producer in the world. CIL is engaged in the production and sale of coal. It holds around 48% of the proven coal reserves of India. The company's products include coking coal, semi-coking coal, non-coking coal and washed coal.

The company operates through 85 mining areas across eight states, managing a total of 310 working mines, consisting of 129 underground, 168 opencasts, and 13 mixed mines and contributed to ~74% of India's coal production in FY26. The company has 14 wholly owned Indian subsidiaries, and it has a wholly owned subsidiary in Mozambique, Coal India Africana Ltd.

Business Overview

Business Verticals

Geological Exploration and Resource Evaluation caters a wide array of services, such as drilling and geological report preparation, which includes geological mapping, geophysical logging, seismic surveys, gravity surveys, magnetic surveys, resistivity imaging, hydrogeological studies, chemical studies, geotechnical studies; and resource evaluation. With expertise in planning and executing exploration projects in both coal and non-coal mineral sectors.

Mine Planning and Design Services caters to both open-pit and underground mining operations, covering a range of minerals, including coal, lignite, bauxite, and manganese. Its expertise includes detailed feasibility studies, technology and equipment selection, optimised mine design layouts, production and equipment scheduling, and resource optimisation through the integration of advanced mine-planning software and geotechnical tools. The company also offers comprehensive consultancy services for coal washing, including the setup/renovation/modernization of washeries.

Revenue Verticals (%)-FY26

Environmental Planning and Monitoring Services includes preparation of Environmental Impact Assessments ("EIAs") and Environment Management Plans ("EMP"), carrying capacity studies, and the planning and design of pollution control facilities. The company also conducts carbon footprint analyses, scientific sand replenishment studies, ecological studies, mine closure planning, riverine ecosystem studies, and soil conservation practices.

Geomatics, Remote Sensing and Survey Services offers a full suite of geomatics services, including over-burden volumetric measurement and coal stock measurement and utilize latest technologies such as satellite-based remote sensing, geographic information system ("GIS"), global positioning system ("GPS"), digital photogrammetry, survey using light detection and ranging ("LiDAR") sensor, unmanned aerial vehicles ("UAVs") and gyroscope, for terrestrial as well as mine surveying.

The company offers a variety of other services including training programs to enhance industrial skills. also offer specialized consultancy that includes degree of gassiness studies in mines, mine air analysis, CBM / Coal Mine Methane ("CMM") specific studies, ventilation and gas surveys, controlled blasting, performance evaluation of explosives, mining electronics, mine capacity assessment, and non-destructive testing.

Institutes and R&D Centre: CMPDI operates seven regional institutes in key coal-producing states such as Madhya Pradesh, Chhattisgarh, Odisha, and West Bengal, facilitating on-ground project management and collaboration with local mining operations. As of December 31, 2025, CMPDI operated a network of eight well-equipped laboratories located across various coalfields. recognized as an in-house R&D unit by the Department of Scientific and Industrial Research.

Financial Statements

Income Statements

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Revenues	**1386**	**1733**	**2103**	**2317**	**2603**	**2902**
Growth (%)	**14.7**	**25.0**	**21.4**	**10.2**	**12.4**	**11.5**
Operating Expenses	1003	1006	1262	1539	1711	1894
EBITDA	**383**	**727**	**841**	**778**	**891**	**1009**
Growth (%)	**-68.3**	**89.8**	**15.7**	**-7.5**	**14.6**	**13.1**
EBITDA Margin (%)	**27.6**	**42.0**	**40.0**	**33.6**	**34.3**	**34.8**
Depreciation	29	32	33	35	35	40
EBIT	**354**	**695**	**807**	**743**	**857**	**969**
Other Income	13	37	75	81	91	97
Interest expenses	0	0	0	0	0	0
PBT	**367**	**733**	**882**	**824**	**948**	**1066**
Tax	70	230	215	210	242	272
RPAT	**297**	**503**	**667**	**613**	**706**	**794**
Share of Asso./Minority Int.	**0**	**0**	**0**	**0**	**0**	**0**
Adj PAT	**297**	**503**	**667**	**613**	**706**	**794**
Growth (%)	**-76.0**	**69.6**	**32.5**	**-8.1**	**15.2**	**12.5**
EPS	**4.2**	**7.0**	**9.3**	**8.6**	**9.9**	**11.1**

(Source: Company, HDFC sec)

Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26	FY27E	FY28E
SOURCE OF FUNDS						
Share Capital	143	143	143	143	143	143
Reserves	1075	1449	1899	2140	3206	3786
Shareholders' Funds	**1218**	**1592**	**2042**	**2283**	**3349**	**3929**
Long Term Debt	1	1	1	1	1	1
Net Deferred Taxes	-58	-18	-22	-32	-35	-39
Long Term Provisions & Others	102	101	87	97	101	92
Minority Interest	**0**	**0**	**0**	**0**	**0**	**0**
Total Source of Funds	**1262**	**1676**	**2107**	**2349**	**3416**	**3983**
APPLICATION OF FUNDS						
Net Block & Goodwill	259	259	255	284	426	389
Other Non-Current Assets	4	5	5	6	7	8
Total Non Current Assets	**263**	**264**	**260**	**291**	**433**	**397**
Inventories	0	0	0	0	0	0
Trade Receivables	16	14	14	13	14	16
Cash & Equivalents	822	984	944	1075	1555	2069
Other Current Assets	760	891	1443	1848	1982	2129
Total Current Assets	**1599**	**1890**	**2401**	**2936**	**3552**	**4215**
Short-Term Borrowings	1	0	0	1	1	1
Trade Payables	145	105	200	276	264	278
Other Current Liab & Provisions	453	373	353	600	305	350
Total Current Liabilities	**599**	**478**	**553**	**877**	**569**	**628**
Net Current Assets	999	1412	1847	2059	2983	3586
Total Application of Funds	**1262**	**1676**	**2107**	**2349**	**3416**	**3983**

(Source: Company, HDFC sec)

Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26	FY27E	FY28E
Reported PBT	367	733	882	824	948	1,066
Non-operating & EO items	-1	-2	-1	9	-4	-16
Interest Expenses	-7	-32	-55	-73	0	0
Depreciation	29	32	33	35	35	40
Working Capital Change	114	-320	-6	215	-86	-63
Tax Paid	-102	-164	-183	-293	-242	-272
OPERATING CASH FLOW (a)	**399**	**246**	**671**	**716**	**651**	**755**
Capex	-44	-32	-42	-64	-75	-80
Free Cash Flow	356	214	629	652	576	675
Investments	0	0	0	0	-3	-4
Non-operating income	-43	-208	-415	-97	91	97
INVESTING CASH FLOW (b)	**-86**	**-240**	**-457**	**-161**	**13**	**14**
Debt Issuance / (Repaid)	0	0	0	0	-40	-40
Interest Expenses	7	32	55	73	0	0
FCFE	363	246	684	725	535	635
Share Capital Issuance	0	0	0	0	0	0
Dividend	-101	-151	-256	-448	-143	-214
FINANCING CASH FLOW (c)	**-94**	**-119**	**-201**	**-375**	**-183**	**-255**
NET CASH FLOW (a+b+c)	**219**	**-113**	**13**	**180**	**481**	**514**

(Source: Company, HDFC sec)

Key Ratios

Particulars	FY23	FY24	FY25	FY26	FY27E	FY28E
Profitability Ratio (%)						
EBITDA Margin	27.6	42.0	40.0	33.6	34.3	34.8
EBIT Margin	25.6	40.1	38.4	32.1	32.9	33.4
APAT Margin	21.4	29.0	31.7	26.5	27.1	27.4
RoE	48.7	35.8	36.7	28.4	25.1	21.8
RoCE	47.0	34.2	35.3	27.5	24.5	21.5
Solvency Ratio (x)						
Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
D/E	0.0	0.0	0.0	0.0	0.0	0.0
PER SHARE DATA (Rs)						
EPS	4.2	7.0	9.3	8.6	9.9	11.1
CEPS	4.6	7.5	9.8	9.1	10.4	11.7
BV	17.1	22.3	28.6	32.0	46.9	55.0
Dividend	1.0	0.0	0.0	1.1	2.0	3.0
Turnover Ratios (days)						
Debtor days	4.2	3.0	2.4	2.1	2.0	2.0
Inventory days	0.0	0.0	0.0	0.0	0.0	0.0
Creditors days	38.3	22.0	34.7	43.6	37.0	35.0
VALUATION (x)						
P/E	57.7	34.0	25.7	27.9	24.3	21.6
P/BV	14.1	10.8	8.4	7.5	5.1	4.4
EV/EBITDA	42.6	22.2	19.2	20.6	17.5	14.9
EV / Revenues	11.8	9.3	7.7	6.9	6.0	5.2
Dividend Yield (%)	0.4	0.0	0.0	0.4	0.8	1.3
Dividend Payout (%)	23.6	0.0	0.0	12.3	20.2	27.0

(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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Disclosure:

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