

## Higher cost led to EBITDA miss; vol. guidance revised downward

Cement ▶ Result Update ▶ January 25, 2024

TARGET PRICE (Rs): 300

**Sagar Cements' EBITDA came in 10-15% below our/consensus estimates in Q3FY24. On a favorable base, EBITDA grew 83% YoY/45% QoQ to Rs871mn (Emkay estimate: Rs980mn). On a sequential basis, EBITDA/t improved by Rs160/t to Rs619 mainly driven by a sharp increase in realization (up Rs286/t QoQ) to Rs4,757/t. However, higher-than-expected input costs led to a miss in our estimates. Volume grew 14% YoY (in-line with estimates) to 1.4mt in Q3FY24 mainly led by ramping up of new capacities in Jeerabad and Andhra Cements. Management has revised its volume guidance downwards to 5.6mt for FY24 (earlier 6.2mt), which implies 25% YoY growth in Q4FY24. Factoring in the Q3 miss and lower volumes, we have revised our EBITDA estimates downwards by 6-8% in FY25-26. We maintain our ADD rating with a revised Dec-24E TP of Rs300/share (10x EV/E).**

### Sagar Cements: Financial Snapshot ( Consolidated)

Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	15,969	22,295	25,238	30,763	36,713
EBITDA	2,758	1,532	2,762	4,103	5,339
Adj. PAT	692	(1,390)	(686)	396	1,387
Adj. EPS (Rs)	5.9	(10.6)	(5.3)	3.0	10.6
EBITDA margin (%)	17.3	6.9	10.9	13.3	14.5
EBITDA growth (%)	(31.1)	(44.5)	80.3	48.6	30.1
Adj. EPS growth (%)	(92.6)	(280.7)	(50.6)	(157.7)	250.2
RoE (%)	5.6	(9.6)	(4.3)	2.5	8.2
RoIC (%)	5.6	(0.1)	1.6	5.2	8.1
P/E (x)	45.8	(25.3)	(51.3)	88.8	25.4
EV/EBITDA (x)	15.2	31.2	17.3	11.5	8.7
P/B (x)	2.5	2.1	2.2	2.2	2.0
FCFF yield (%)	(6.5)	(5.5)	3.6	5.1	4.3

Source: Company, Emkay Research

### Result Summary:

Volumes increased 14% YoY to 1.4mt on account of ramping up of new capacities in Jeerabad (MP) and recently acquired Andhra Cements (78% QoQ to 0.17mt). Given the healthy uptick in cement prices for the southern region, realization improved by 6% QoQ to Rs4,757/t in Q3FY24. RM+P&F costs increased by Rs138/t, which limited the benefit of higher realization. Total cost/t increased 3% QoQ to Rs4,138 (>Rs126/t QoQ). Subsequently, EBITDA/t improved Rs160/t QoQ to Rs619 (Emkay est. Rs700). The board has approved clinker/cement capacity addition of 0.65mt/ 1.18mt in its subsidiary, Andhra Cements. The project cost is estimated at Rs4.7bn (USD47/t), and it is likely to be commissioned by FY26-end. Post expansion, Sagar's overall clinker/cement capacity will rise to 7mt/11.3mt. Net debt increased by Rs190mn QoQ to Rs14.0bn as of Dec-23.

**What we liked:** Better-than-anticipated cement realization and ramping of new capacities

**What we did not like:** Increased net debt and downward revision in volume guidance

### Key Concall Takeaways:

i) Management is targeting 7mt volume (+25% YoY) for FY25 (earlier 7.5mt), assuming demand might taper down due to general elections. Andhra Cements will likely have volumes of 0.9-1mt in FY25 (CU: 50-55%). ii) Sagar has revised its EBITDA guidance downwards to Rs3.1bn (earlier Rs4bn) in FY24, which implies EBITDA/t of Rs770-780 in Q4FY24. iii) Management expects a potential input cost saving of Rs100/t and operating leverage (Rs50/t) QoQ in Q4FY24. iv) Besides Andhra Cements' expansion, the company is looking to increase capacity by 0.5mt at Jeerabad and 0.25mt at Gudipadu in 9-12 months and is currently awaiting EC clearance for the same. v) Out of the overall capex of Rs4.7bn (about the expansion in Andhra Cements), 30%/50% will likely be spent in FY25/26E. vi) Cement prices are broadly stable from the exit of Dec-23 levels; management expects realization to remain stable as the company is not chasing low-cost orders. vii) For Jeerabad plant, capacity utilization stood at 69% in Q3FY24 and an incentive of Rs300mn is due and is likely to be received in the current quarter.

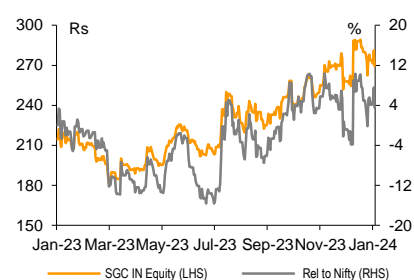
Target Price – 12M	Dec-24
Change in TP (%)	(3.2)
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	11.5
CMP (25-Jan-24) (Rs)	269.3

Stock Data	Ticker
52-week High (Rs)	305
52-week Low (Rs)	180
Shares outstanding (mn)	130.7
Market-cap (Rs bn)	35
Market-cap (USD mn)	423
Net-debt, FY22E (Rs mn)	5,682
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	182.8
ADTV-3M (USD mn)	2.2
Free float (%)	-
Nifty-50	21,353
INR/USD	83.1
<b>Shareholding, Dec-23</b>	
Promoters (%)	48.3
FPIs/MFs (%)	2.8/17.1

### Price Performance

(%)	1M	3M	12M
Absolute	4.4	14.3	20.2
Rel. to Nifty	4.4	2.4	0.7

### 1-Year share price trend (Rs)



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## Quarterly Analysis

### Exhibit 1: Actual vs. Estimates (Q3FY24)

(Rs mn)	Actual	Estimates		Variation (%)		Comment
		Emkay	Consensus	Emkay	Consensus	
Net sales	6,694	6,540	6,556	2.4	2.1	
<b>EBITDA</b>	<b>871</b>	<b>980</b>	<b>1,006</b>	<b>(11.2)</b>	<b>(13.5)</b>	<b>EBITDA miss mainly owing to higher-than-anticipated RM+P&amp;F costs</b>
PAT	(77)	29	8	NA	NA	
Volumes (mt)	1.41	1.40		0.5		
Cement realization (Rs/ton)	4,757	4,669		1.9		
EBITDA (Rs/ton)	619	700		(11.6)		

Source: Bloomberg, Emkay Research

### Exhibit 2: Quarterly Financial Highlights (Consolidated)

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
<b>Revenue</b>	<b>5,757</b>	<b>6,215</b>	<b>5,397</b>	<b>5,868</b>	<b>6,694</b>	<b>16.3</b>	<b>14.1</b>	<b>16,080</b>	<b>17,959</b>	<b>11.7</b>
<b>Expenditure</b>	<b>5,282</b>	<b>5,827</b>	<b>5,092</b>	<b>5,266</b>	<b>5,824</b>	<b>10.3</b>	<b>10.6</b>	<b>14,937</b>	<b>16,181</b>	<b>8.3</b>
Total RM	1,267	1,243	999	759	1,078	(15.0)	42.1	2,979	2,836	(4.8)
Power & Fuel	2,095	2,418	2,093	2,393	2,496	19.1	4.3	6,517	6,982	7.1
Freight	984	1,131	1,017	1,117	1,215	23.5	8.8	2,757	3,350	21.5
Staff cost	251	258	268	299	299	19.1	0.2	735	866	17.9
Other expenditure	684	776	714	698	736	7.6	5.4	1,948	2,148	10.3
<b>EBITDA</b>	<b>476</b>	<b>389</b>	<b>305</b>	<b>602</b>	<b>871</b>	<b>83.0</b>	<b>44.6</b>	<b>1,143</b>	<b>1,778</b>	<b>55.5</b>
Depreciation	397	416	496	513	562	41.6	9.7	1,142	1,571	37.5
<b>EBIT</b>	<b>79</b>	<b>(27)</b>	<b>(191)</b>	<b>90</b>	<b>309</b>	<b>292.0</b>	<b>244.3</b>	<b>1</b>	<b>207</b>	<b>20,600.0</b>
Other Income	143	130	39	27	37	(73.9)	36.1	417	104	(75.1)
Interest	514	519	437	468	489	(4.9)	4.4	1,497	1,393	(6.9)
<b>PBT</b>	<b>(292)</b>	<b>(416)</b>	<b>(589)</b>	<b>(351)</b>	<b>(143)</b>	<b>(51.1)</b>	<b>(59.3)</b>	<b>(1,080)</b>	<b>(1,083)</b>	<b>0.3</b>
Total Tax	(20)	285	(166)	(98)	(41)	102.0	(58.2)	(185)	(305)	65.2
<b>Adjusted PAT</b>	<b>(272)</b>	<b>(700)</b>	<b>(422)</b>	<b>(253)</b>	<b>(102)</b>	<b>(62.6)</b>	<b>(59.8)</b>	<b>(895)</b>	<b>(777)</b>	<b>(13.1)</b>
(Profit)/loss from JVs/Ass/MI	(52)	(26)	(25)	(21)	(24)	(53.0)	14.1	(180)	(70)	(61.0)
<b>PAT after MI</b>	<b>(220)</b>	<b>(675)</b>	<b>(398)</b>	<b>(232)</b>	<b>(77)</b>	<b>(64.8)</b>	<b>(66.6)</b>	<b>(715)</b>	<b>(707)</b>	<b>(1.1)</b>
Extraordinary items	-	1,680	-	148	-		(100.0)	-	148	
<b>Reported PAT</b>	<b>(220)</b>	<b>1,005</b>	<b>(398)</b>	<b>(84)</b>	<b>(77)</b>	<b>(64.8)</b>	<b>(7.6)</b>	<b>(715)</b>	<b>(559)</b>	<b>(21.8)</b>
<b>Adjusted EPS (Rs)</b>	<b>(1.9)</b>	<b>(5.7)</b>	<b>(3.4)</b>	<b>(2.0)</b>	<b>(0.7)</b>	<b>(64.8)</b>	<b>(66.6)</b>	<b>(6.1)</b>	<b>(6.0)</b>	<b>(1.1)</b>
(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (bps)	QoQ (bps)	9MFY23	9MFY24	YoY (bps)
<b>EBIDTAM</b>	<b>8.3</b>	<b>6.3</b>	<b>5.6</b>	<b>10.3</b>	<b>13.0</b>	<b>57.4</b>	<b>26.7</b>	<b>7.1</b>	<b>9.9</b>	<b>279</b>
EBITM	1.4	(0.4)	(3.5)	1.5	4.6	237.1	201.8	0.0	1.2	115
EBTM	(5.1)	(6.7)	(10.9)	(6.0)	(2.1)			(6.7)	(6.0)	69
PATM	(4.7)	(11.3)	(7.8)	(4.3)	(1.5)			(5.6)	(4.3)	124
Effective Tax rate	6.9	(68.5)	28.3	27.9	28.7			17.1	28.2	

Source: Company, Emkay Research

### Exhibit 3: Quarterly analysis on a per-ton basis

Rs/ton	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Volumes (mt)	1.24	1.36	1.18	1.31	1.41	13.5	7.2	3.46	3.9	12.7
<b>Blended Realization</b>	<b>4,645</b>	<b>4,581</b>	<b>4,575</b>	<b>4,471</b>	<b>4,757</b>	<b>2.4</b>	<b>6.4</b>	<b>4,646</b>	<b>4,606</b>	<b>(0.9)</b>
Raw Material	1,022	916	847	578	766	(25.1)	32.5	861	727	(15.5)
Power and Fuel	1,690	1,782	1,774	1,823	1,773	4.9	(2.7)	1,883	1,791	(4.9)
Freight	794	834	862	851	864	8.8	1.5	797	859	7.8
Staff cost	203	190	228	228	213	5.0	(6.5)	954	952	(0.2)
Other expenditure	552	572	605	532	523	(5.2)	(1.7)	563	551	(2.1)
<b>Operating cost</b>	<b>4,261</b>	<b>4,294</b>	<b>4,317</b>	<b>4,012</b>	<b>4,138</b>	<b>(2.9)</b>	<b>3.2</b>	<b>4,316</b>	<b>4,150</b>	<b>(3.9)</b>
<b>EBITDA/ton</b>	<b>384</b>	<b>286</b>	<b>258</b>	<b>459</b>	<b>619</b>	<b>61.2</b>	<b>34.9</b>	<b>330</b>	<b>456</b>	<b>38.0</b>

Source: Company, Emkay Research

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**Exhibit 4: We have revised our EBITDA estimates downwards by 6-8% in FY25-26**

(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	Chg. (%)	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	27,786	25,238	(9.2)	32,309	30,763	(4.8)	37,386	36,713	(1.8)
<b>EBITDA</b>	<b>3,400</b>	<b>2,762</b>	<b>(18.8)</b>	<b>4,459</b>	<b>4,103</b>	<b>(8.0)</b>	<b>5,661</b>	<b>5,339</b>	<b>(5.7)</b>
PAT	(89)	(686)	NA	932	396	(57.5)	1,816	1,387	(23.6)

Source: Emkay Research

**Exhibit 5: We maintain ADD with a TP of Rs300/share, based on Dec-25E EV/E of 10x**

EV/E valuation	
Dec-25E EBITDA (Rs bn)	5.0
EV/E (x)	10.0
<b>Enterprise Value (Rs bn)</b>	<b>51</b>
Net debt (Dec-24E; Rs bn)	12
<b>Equity value (Rs bn)</b>	<b>39</b>
No. of shares (mn)	131
<b>Dec-24E Target Price (Rs/share)</b>	<b>300</b>

Source: Emkay Research

**Exhibit 6: Annual Financials**

	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR (%)	
										FY18-23	FY23-26E
<b>Key Assumptions</b>											
Capacity (mt)	4.2	5.8	5.8	5.8	8.3	8.3	10.1	11.3	11.3	14.5	10.9
Volumes (mt)	2.6	3.3	3.1	3.2	3.6	4.8	5.5	6.5	7.6	12.7	16.5
Utilization (%)	63	57	54	55	44	58	54	58	68		
Blended Realization (Rs/ton)	3,924	3,742	3,753	4,339	4,431	4,628	4,628	4,720	4,815	3.4	1.3
<b>EBITDA/ton (Rs/ton)</b>	<b>572</b>	<b>459</b>	<b>592</b>	<b>1,267</b>	<b>765</b>	<b>318</b>	<b>506</b>	<b>630</b>	<b>700</b>	<b>-11.1</b>	<b>30.1</b>
<b>P&amp;L (Rs bn)</b>											
Revenue	10	12	12	14	16	22	25	31	37	16.5	18.1
<b>EBITDA</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>4.103</b>	<b>5.339</b>	<b>0.3</b>	<b>51.6</b>
Adj. Net Profit	0	0	0	2	1	(1)	(1)	0	1	NA	NA
<b>Balance Sheet (Rs bn)</b>											
Equity	8	8	10	12	13	16	16	16	18		
Net Debt	4	5	5	6	10	13	13	12	11		
<b>Net Debt: EBITDA</b>	<b>2.8</b>	<b>3.3</b>	<b>2.6</b>	<b>1.4</b>	<b>3.7</b>	<b>8.2</b>	<b>4.6</b>	<b>2.9</b>	<b>2.1</b>		
Net Debt: Equity	0.5	0.6	0.5	0.5	0.8	0.8	0.8	0.7	0.6		
<b>Cash Flow (Rs bn)</b>											
OCF before NWC change	1	1	1	3	2	2	1	3	4		
Change in NWC	0	(0)	0	0	(2)	0	(0)	(0)	(0)		
Capex	(2)	(2)	(2)	(5)	(4)	(4)	(2)	(2)	(3)		
<b>FCF</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(3)</b>	<b>(3)</b>	<b>(0.5)</b>	<b>0.6</b>	<b>0.3</b>		
<b>Return ratios (%)</b>											
RoE	3.4	1.7	3.0	17.2	5.6	(9.6)	(4.3)	2.5	8.2		
RoCE	4.8	3.8	4.1	11.8	4.8	2.5	2.0	5.1	8.0		
<b>RoIC</b>	<b>5.3</b>	<b>4.2</b>	<b>4.3</b>	<b>15.2</b>	<b>5.6</b>	<b>(0.1)</b>	<b>1.6</b>	<b>5.2</b>	<b>8.1</b>		
<b>Valuations (x)</b>											
PE							(51.3)	88.8	25.4		
<b>EV/EBITDA</b>							<b>17.3</b>	<b>11.7</b>	<b>8.8</b>		
EV/ton (USD)							57	51	50		

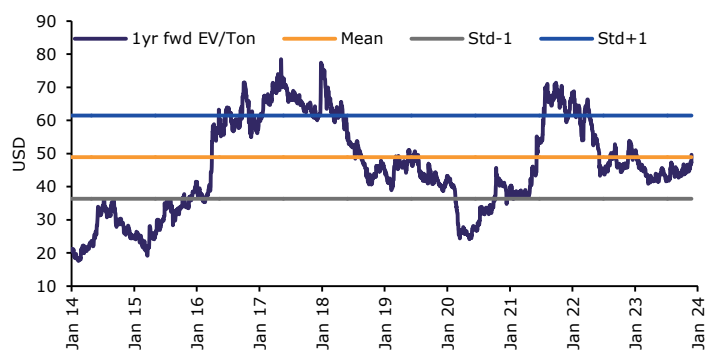
Source: Company, Emkay Research

## Exhibit 7: Annual analysis on a per-ton basis

Rs/ton	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Blended realization</b>	<b>3,924</b>	<b>3,742</b>	<b>3,753</b>	<b>4,339</b>	<b>4,431</b>	<b>4,628</b>	<b>4,628</b>	<b>4,720</b>	<b>4,815</b>
<b>YoY (%)</b>	<b>6.1</b>	<b>(4.6)</b>	<b>0.3</b>	<b>15.6</b>	<b>2.1</b>	<b>4.4</b>	<b>-</b>	<b>2.0</b>	<b>2.0</b>
Raw-material cost	548	734	726	758	625	876	745	737	751
Power and fuel costs	1,253	1,115	987	827	1,431	1,855	1,769	1,734	1,717
Freight costs	824	776	715	741	773	807	859	885	901
Staff cost	194	181	207	242	237	206	217	205	210
Other expenses	533	477	526	503	599	566	532	531	536
<b>Total Opex</b>	<b>3,352</b>	<b>3,283</b>	<b>3,161</b>	<b>3,072</b>	<b>3,666</b>	<b>4,310</b>	<b>4,121</b>	<b>4,091</b>	<b>4,115</b>
YoY (%)	4.9	(2.1)	(3.7)	(2.8)	19.3	17.6	(4.4)	(0.7)	0.6
<b>Blended EBITDA</b>	<b>572</b>	<b>459</b>	<b>592</b>	<b>1,267</b>	<b>765</b>	<b>318</b>	<b>506</b>	<b>630</b>	<b>700</b>
<b>YoY (%)</b>	<b>14.0</b>	<b>(19.7)</b>	<b>29.0</b>	<b>113.9</b>	<b>(39.6)</b>	<b>(58.4)</b>	<b>59.3</b>	<b>24.3</b>	<b>11.2</b>

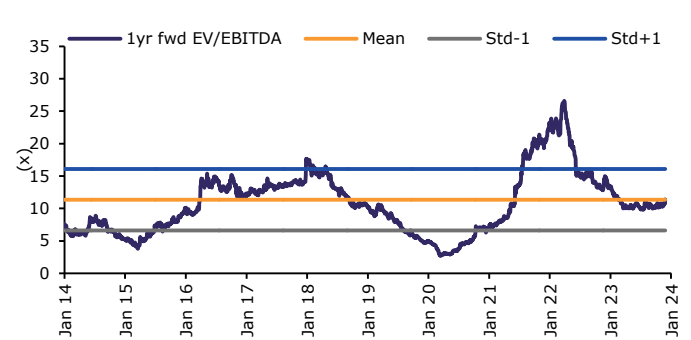
Source: Company, Emkay Research

## Exhibit 8: One-year forward EV/ton



Source: Bloomberg, Emkay Research

## Exhibit 9: One-year forward EV/EBITDA



Source: Bloomberg, Emkay Research

## Sagar Cements: Consolidated Financials and Valuations

Profit and Loss					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>15,969</b>	<b>22,295</b>	<b>25,238</b>	<b>30,763</b>	<b>36,713</b>
Revenue growth (%)	16.4	39.6	13.2	21.9	19.3
<b>EBITDA</b>	<b>2,758</b>	<b>1,532</b>	<b>2,762</b>	<b>4,103</b>	<b>5,339</b>
EBITDA growth (%)	(31.1)	(44.5)	80.3	48.6	30.1
Depreciation & Amortization	927	1,558	2,142	2,220	2,307
<b>EBIT</b>	<b>1,831</b>	<b>(26)</b>	<b>619</b>	<b>1,884</b>	<b>3,032</b>
EBIT growth (%)	(42.7)	(101.4)	0.0	204.1	60.9
Other operating income	0	0	0	0	0
Other income	134	547	137	139	153
Financial expense	925	2,016	1,863	1,630	1,465
<b>PBT</b>	<b>1,040</b>	<b>(1,495)</b>	<b>(1,107)</b>	<b>393</b>	<b>1,720</b>
Extraordinary items	0	0	0	0	0
Taxes	449	100	(318)	99	435
Minority interest	(100)	(205)	(103)	(103)	(103)
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>692</b>	<b>(1,390)</b>	<b>(686)</b>	<b>396</b>	<b>1,387</b>
PAT growth (%)	(62.9)	(301.0)	0.0	0.0	250.2
<b>Adjusted PAT</b>	<b>692</b>	<b>(1,390)</b>	<b>(686)</b>	<b>396</b>	<b>1,387</b>
<b>Diluted EPS (Rs)</b>	<b>5.9</b>	<b>(10.6)</b>	<b>(5.3)</b>	<b>3.0</b>	<b>10.6</b>
Diluted EPS growth (%)	(92.6)	(280.7)	(50.6)	(157.7)	250.2
<b>DPS (Rs)</b>	<b>0.8</b>	<b>0.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Dividend payout (%)</b>	<b>13.2</b>	<b>(6.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
EBITDA margin (%)	17.3	6.9	10.9	13.3	14.5
EBIT margin (%)	11.5	(0.1)	2.5	6.1	8.3
Effective tax rate (%)	43.1	(6.7)	28.7	25.3	25.3
<b>NOPLAT (pre-IndAS)</b>	<b>1,041</b>	<b>(28)</b>	<b>442</b>	<b>1,407</b>	<b>2,265</b>
Shares outstanding (mn)	117.5	130.7	130.7	130.7	130.7

Source: Company, Emkay Research

Cash Flows					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	1,040	(1,495)	(1,107)	393	1,720
Others (non-cash items)	0	0	0	0	0
Taxes paid	(298)	(148)	318	(99)	(435)
Change in NWC	(1,700)	197	(98)	(211)	(316)
<b>Operating cash flow</b>	<b>870</b>	<b>1,752</b>	<b>3,335</b>	<b>3,998</b>	<b>4,793</b>
Capital expenditure	(3,610)	(4,400)	(1,600)	(1,603)	(2,805)
Acquisition of business	0	0	0	0	0
Interest & dividend income	56	1,670	137	139	153
<b>Investing cash flow</b>	<b>(7,643)</b>	<b>2,392</b>	<b>(1,565)</b>	<b>(1,566)</b>	<b>(2,754)</b>
Equity raised/(repaid)	105	3,429	0	0	0
Debt raised/(repaid)	6,873	(5,206)	600	(1,000)	(2,000)
Payment of lease liabilities	(19)	(18)	0	0	0
Interest paid	(752)	(1,779)	(1,863)	(1,630)	(1,465)
Dividend paid (incl tax)	(59)	(92)	0	0	0
Others	(19)	(18)	0	0	0
<b>Financing cash flow</b>	<b>6,149</b>	<b>(3,666)</b>	<b>(1,263)</b>	<b>(2,630)</b>	<b>(3,465)</b>
Net chg in Cash	(625)	478	507	(198)	(1,426)
OCF	870	1,752	3,335	3,998	4,793
Adj. OCF (w/o NWC chg.)	2,570	1,554	3,433	4,209	5,109
FCFF	(2,740)	(2,648)	1,735	2,396	1,989
FCFE	4,133	(7,854)	2,335	1,396	(11)
OCF/EBITDA (%)	31.5	114.3	120.8	97.4	89.8
FCFE/PAT (%)	597.7	565.2	(340.3)	352.4	(0.8)
<b>FCFF/NOPLAT (%)</b>	<b>(263.2)</b>	<b>9,585.2</b>	<b>393.0</b>	<b>170.3</b>	<b>87.8</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	235	261	261	261	261
Reserves & Surplus	12,319	16,114	15,575	15,971	17,359
<b>Net worth</b>	<b>12,554</b>	<b>16,375</b>	<b>15,837</b>	<b>16,233</b>	<b>17,620</b>
Minority interests	540	514	514	514	514
Deferred tax liability (net)	823	104	104	104	104
<b>Total debt</b>	<b>15,034</b>	<b>14,721</b>	<b>15,321</b>	<b>14,321</b>	<b>12,321</b>
<b>Total liabilities &amp; equity</b>	<b>28,951</b>	<b>31,715</b>	<b>31,777</b>	<b>31,173</b>	<b>30,560</b>
Net tangible fixed assets	19,374	27,528	26,313	24,593	26,653
Net intangible assets	573	573	573	573	573
Net ROU assets	133	133	133	133	133
Capital WIP	1,005	992	1,091	2,194	498
Goodwill	416	416	416	416	416
Investments [JV/Associates]	0	0	0	0	0
<b>Cash &amp; equivalents</b>	<b>4,774</b>	<b>2,105</b>	<b>2,612</b>	<b>2,414</b>	<b>988</b>
Current assets (ex-cash)	7,230	6,214	7,039	8,748	10,767
Current Liab. & Prov.	4,539	5,540	6,267	7,765	9,468
<b>NWC (ex-cash)</b>	<b>2,691</b>	<b>674</b>	<b>772</b>	<b>983</b>	<b>1,299</b>
<b>Total assets</b>	<b>28,951</b>	<b>31,715</b>	<b>31,777</b>	<b>31,173</b>	<b>30,560</b>
Net debt	10,260	12,616	12,710	11,907	11,333
Capital employed	28,951	31,715	31,777	31,173	30,560
<b>Invested capital</b>	<b>23,173</b>	<b>28,618</b>	<b>28,074</b>	<b>26,565</b>	<b>29,074</b>
BVPS (Rs)	106.8	125.3	121.2	124.2	134.8
Net Debt/Equity (x)	0.8	0.8	0.8	0.7	0.6
Net Debt/EBITDA (x)	3.7	8.2	4.6	2.9	2.1
Interest coverage (x)	2.1	0.3	0.4	1.2	2.2
<b>RoCE (%)</b>	<b>7.8</b>	<b>1.7</b>	<b>2.4</b>	<b>6.4</b>	<b>10.3</b>

Source: Company, Emkay Research

Valuations and Key Ratios					
Y/E March	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	45.8	(25.3)	(51.3)	88.8	25.4
P/CE(x)	19.5	209.4	24.2	13.5	9.5
P/B (x)	2.5	2.1	2.2	2.2	2.0
EV/Sales (x)	2.6	2.1	1.9	1.5	1.3
EV/EBITDA (x)	15.2	31.2	17.3	11.5	8.7
EV/EBIT(x)	22.9	(1,846.1)	77.3	25.0	15.3
EV/IC (x)	1.8	1.7	1.7	1.8	1.6
FCFF yield (%)	(6.5)	(5.5)	3.6	5.1	4.3
FCFE yield (%)	9.9	(16.4)	4.9	3.0	0.0
Dividend yield (%)	0.3	0.3	0.0	0.0	0.0
<b>DuPont-RoE split</b>					
Net profit margin (%)	4.3	(6.2)	(2.7)	1.3	3.8
Total asset turnover (x)	0.6	0.7	0.8	1.0	1.2
Assets/Equity (x)	2.0	2.1	2.0	2.0	1.8
<b>RoE (%)</b>	<b>5.6</b>	<b>(9.6)</b>	<b>(4.3)</b>	<b>2.5</b>	<b>8.2</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	6.5	(0.1)	1.7	4.6	6.2
IC turnover (x)	0.9	0.9	0.9	1.1	1.3
<b>RoIC (%)</b>	<b>5.6</b>	<b>(0.1)</b>	<b>1.6</b>	<b>5.2</b>	<b>8.1</b>
<b>Operating metrics</b>					
Core NWC days	61.5	11.0	11.2	11.7	12.9
<b>Total NWC days</b>	<b>61.5</b>	<b>11.0</b>	<b>11.2</b>	<b>11.7</b>	<b>12.9</b>
Fixed asset turnover	0.7	0.7	0.7	0.8	0.9
Opex-to-revenue (%)	68.6	74.2	73.0	71.1	69.9

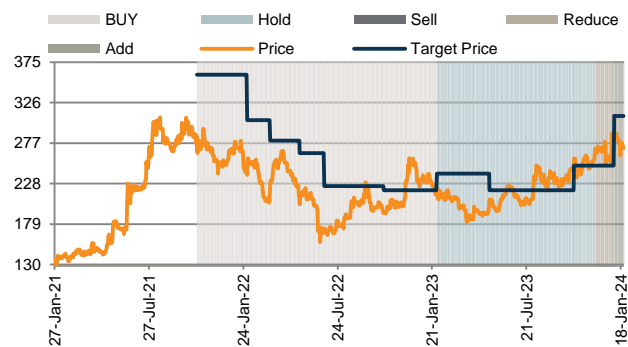
Source: Company, Emkay Research

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
05-Jan-24	288	310	Add	Dharmesh Shah
30-Nov-23	267	250	Reduce	Dharmesh Shah
30-Nov-23	267	250	Hold	Dharmesh Shah
20-Oct-23	258	250	Hold	Dharmesh Shah
28-Sep-23	226	220	Hold	Dharmesh Shah
18-Sep-23	229	220	Hold	Dharmesh Shah
28-Jul-23	209	220	Hold	Dharmesh Shah
03-Jun-23	210	220	Hold	Dharmesh Shah
11-May-23	209	220	Hold	Dharmesh Shah
04-May-23	192	240	Hold	Dharmesh Shah
02-Mar-23	208	240	Hold	Dharmesh Shah
19-Feb-23	218	240	Hold	Dharmesh Shah
05-Feb-23	219	240	Hold	Dharmesh Shah
30-Jan-23	222	240	Hold	Dharmesh Shah
29-Dec-22	229	220	Buy	Dharmesh Shah
05-Dec-22	241	220	Buy	Dharmesh Shah
05-Nov-22	209	220	Buy	Dharmesh Shah
20-Oct-22	192	220	Buy	Dharmesh Shah
04-Oct-22	199	225	Buy	Dharmesh Shah
04-Sep-22	201	225	Buy	Dharmesh Shah
21-Jul-22	178	225	Buy	Dharmesh Shah
04-Jul-22	166	225	Buy	Dharmesh Shah
28-Jun-22	174	225	Buy	Dharmesh Shah
12-May-22	203	265	Buy	Dharmesh Shah
27-Mar-22	255	280	Buy	Dharmesh Shah
16-Mar-22	227	280	Buy	Dharmesh Shah
31-Jan-22	238	305	Buy	Dharmesh Shah
31-Dec-21	270	360	Buy	Dharmesh Shah
02-Dec-21	258	360	Buy	Dharmesh Shah
28-Oct-21	265	360	Buy	Dharmesh Shah
27-Oct-21	270	360	Buy	Dharmesh Shah

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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