

# Ambuja Cements

Estimate change



TP change



Rating change



**CMP: INR522**

**TP: INR600 (+15%)**

**Buy**

## Weak realization and cost pressure drag performance

### Volume growth of 17% YoY, majorly driven by inorganic expansions

- Ambuja Cements (ACEM)'s 3QFY25 consolidated EBITDA (adjusted for prior period incentives of INR8.3b) declined ~49% YoY to INR8.9b (-35% vs. est.), due to weak realization and higher opex/t (up to INR100-150/t related to acquired assets that are in the transition and ramp-up phase). EBITDA/t declined 56% YoY to INR537 (est. INR848). PAT (adjusted for the reversal of tax provisions) declined 50% YoY to INR4.1b (-28% vs. our estimate).
- Management indicated consol. volume growth of ~17% YoY, with ~10% of this growth driven by two major inorganic expansions (Sanghi and Penna Cement). Currently, both companies are in the transition and ramp-up phase, and the company is implementing various cost-reduction initiatives. It expects plant capacity utilization for both companies to increase 70%+ in FY26 vs. sub-40% utilization currently.
- We reduce our FY25/26/27E EBITDA by 22%/17%/9% due to lower EBITDA/t assumptions. We also reduce our valuation multiple to 18x EV/EBITDA (vs. 20x earlier), a 10% discount to UTCEM. ACEM (consol.) trades at 20x/15x FY26/FY27E EV/EBITDA. We maintain our BUY rating with a revised TP of INR600 (earlier INR750).

### Blended realization/t decline 11% YoY; opex/t up 2% YoY

- Consol. revenue/adj. EBITDA/adj. PAT stood at INR85.0b/INR8.9b/INR4.1b (up 5%/down 49%/50% YoY, and up 3%/down 35%/28% vs. our estimate) in 3QFY25. Consol. sales volume rose ~17% YoY to 16.5mt (+5% vs. estimate).
- Realization/t declined 11%/1% YoY/QoQ to INR5,153 (2% below estimate). Opex/t was up 2% YoY (+4% vs. our estimate), led by a 6%/3% increase in variable cost/other expenses. However, freight cost/t declined ~7% YoY. EBITDA/t (adj. for prior period incentive income) declined 56% YoY to INR537 and OPM contracted 10.9pp YoY to ~10%.
- In 9MFY25, revenue was flat YoY, while adj. EBITDA/PAT declined 33%/40%. OPM contracted 6.4pp YoY to ~13% and EBITDA/t was down ~39% YoY to INR674. We estimate revenue to grow ~10% YoY in 4QFY25, while EBITDA/PAT may decline 29%/20%. We estimate volume growth of ~14% YoY, fueled by inorganic expansions, and EBITDA/t of INR633 vs. INR1,025/INR537 in 4QFY24/3QFY25.

### Highlights from the management commentary

- Cement demand is likely to grow ~4-5% in FY25, implying a better demand scenario in 2H vs. 1HFY25, driven by improved consumption, greater demand in the housing and infrastructure segments, and increased government spending.
- Price hikes were implemented in mid-Dec'24 and are expected to positively impact 4QFY25. However, cement prices in the South remain more depressed. The company's exposure in the South region has increased through inorganic expansions.
- Kiln fuel costs stood at INR1.66/Kcal vs. INR1.84/INR1.59 YoY/QoQ. The share of AFR in the fuel mix was at ~8% vs. 9.5% in 2QFY25.

Bloomberg	ACEM IN
Equity Shares (m)	2463
M.Cap.(INRb)/(USD\$b)	1286 / 14.9
52-Week Range (INR)	707 / 453
1, 6, 12 Rel. Per (%)	-2/-16/-16
12M Avg Val (INR M)	2103
Free float (%)	32.5

### Consol. Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	340.1	406.6	471.6
EBITDA	43.4	66.0	89.6
Adj. PAT	19.5	26.0	37.4
EBITDA Margin (%)	12.8	16.2	19.0
Adj. EPS (INR)	7.9	10.6	15.2
EPS Gr. (%)	-43.0	33.4	44.0
BV/Sh. (INR)	227	233	242

### Ratios

Net D:E	-0.3	-0.2	-0.2
RoE (%)	4.0	4.6	6.4
RoCE (%)	4.1	5.1	7.4
Payout (%)	13.5	47.3	39.5

### Valuations

P/E (x)	56.3	42.2	29.3
P/BV (x)	2.0	1.9	1.8
EV/EBITDA(x)	29.6	19.9	14.7
EV/ton (USD)	174	138	133
Div. Yield (%)	0.4	1.0	1.1
FCF Yield (%)	-0.6	-1.9	2.0

### Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	67.5	67.5	63.2
DII	16.6	15.2	15.8
FII	9.2	10.7	12.0
Others	6.7	6.6	9.1

FII includes depository receipts

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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**Valuation and view**

- Adjusted for one-offs, (prior period incentive incomes and reversal of tax provisions/interests), ACEM reported disappointing numbers in 3QFY25. The company's EBITDA/t was significantly lower than estimates due to weak realizations, as its exposure in the South region increased through inorganic growth, where pricing remains more depressed. Further opex/t was higher due to increased plant maintenance and other overheads related to the integration of newly acquired assets (Sanghi and Penna Cement). However, management has guided for both these assets to show improvement in performance in FY26.
- We reduce our FY25/26/27E EBITDA by 22%/17%/9% due to lower EBITDA/t assumptions. We also reduce our valuation multiple to 18x EV/EBITDA (vs. 20x earlier), a 10% discount to UTCEM. ACEM (consol.) trades at 20x/15x FY26/FY27E EV/EBITDA. We maintain our BUY rating with a revised TP of INR600 (earlier INR750).

**Consolidated quarterly performance**

	FY24				FY25				FY24	FY25E	FY25	(INR b)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE	Var. (%)	
<b>Net Sales</b>	<b>87.1</b>	<b>74.2</b>	<b>81.3</b>	<b>88.9</b>	<b>83.1</b>	<b>73.8</b>	<b>85.0</b>	<b>98.2</b>	<b>331.6</b>	<b>340.1</b>	<b>82.7</b>	(2)
YoY Change (%)	8.5	4.1	2.8	11.6	-4.6	-0.6	4.6	10.4	6.5	2.6	1.8	
<b>EBITDA</b>	<b>16.7</b>	<b>13.0</b>	<b>17.3</b>	<b>17.0</b>	<b>12.8</b>	<b>9.7</b>	<b>8.9</b>	<b>12.0</b>	<b>64.0</b>	<b>43.4</b>	<b>13.7</b>	(35)
YoY Change (%)	50.0	298.4	69.6	37.1	-23.2	-25.2	-48.9	-29.5	73.0	-32.2	5.0	
Margins (%)	19.1	17.5	21.3	19.1	15.4	13.2	10.4	12.2	19.3	12.8	16.5	(611)
Depreciation	3.7	3.8	4.2	4.5	4.7	5.5	6.6	4.3	16.2	21.2	6.0	12
Interest	0.5	0.6	0.7	0.9	0.7	0.7	0.7	1.0	2.8	3.1	0.7	(7)
Other Income	2.6	4.8	1.9	2.3	3.5	3.7	2.4	3.9	11.7	13.6	3.4	(28)
<b>PBT before EO Item</b>	<b>15.1</b>	<b>13.4</b>	<b>14.4</b>	<b>13.9</b>	<b>11.0</b>	<b>7.3</b>	<b>4.0</b>	<b>10.5</b>	<b>56.7</b>	<b>32.8</b>	<b>10.3</b>	(62)
Share of profit of JVs	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.1	-
Extraordinary Inc/(Exp)	0.0	0.0	0.0	2.1	0.0	-0.2	19.4	0.0	2.1	19.2	0.0	
<b>PBT after EO Exp/(Inc)</b>	<b>15.1</b>	<b>13.4</b>	<b>14.5</b>	<b>16.0</b>	<b>11.0</b>	<b>7.1</b>	<b>23.4</b>	<b>10.7</b>	<b>59.0</b>	<b>52.2</b>	<b>10.4</b>	124
Tax	3.8	3.5	3.6	0.8	3.1	2.4	5.2	2.7	11.6	13.4	2.8	
Prior period tax adj and reversal	0.0	0.0	0.0	2.6	0.0	0.0	-8.1	0.0	2.6	-8.1	0.0	
Rate (%)	24.9	26.3	24.8	20.8	28.4	33.6	-12.2	25.0	19.7	10.3	27.2	
<b>Reported Profit</b>	<b>11.4</b>	<b>9.9</b>	<b>10.9</b>	<b>15.3</b>	<b>7.9</b>	<b>4.7</b>	<b>26.2</b>	<b>8.0</b>	<b>47.4</b>	<b>46.8</b>	<b>7.6</b>	246
Minority Interest	2.3	1.9	2.7	4.7	1.4	0.2	5.0	3.7	11.6	10.4	1.8	-
<b>Adj PAT</b>	<b>9.1</b>	<b>7.9</b>	<b>8.2</b>	<b>5.3</b>	<b>6.5</b>	<b>4.6</b>	<b>4.1</b>	<b>4.3</b>	<b>30.5</b>	<b>19.5</b>	<b>5.8</b>	(28)
YoY Change (%)	20.4	579.6	52.6	(29.4)	(28.6)	(41.5)	(49.7)	(20.0)	8.2	(36.1)	(30.0)	

**Per ton analysis**

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
Volume	15.4	13.1	14.1	16.6	15.8	14.2	16.5	18.9	59.2	65.5	15.7	5
Change (YoY %)	9	2	3	18	3	9	17	14	7	11	11	
<b>Blended Realization</b>	<b>5,658</b>	<b>5,667</b>	<b>5,765</b>	<b>5,368</b>	<b>5,260</b>	<b>5,181</b>	<b>5,153</b>	<b>5,190</b>	<b>5,604</b>	<b>5,196</b>	<b>5,285</b>	(2)
Change (YoY %)	-0.7	1.7	-0.1	-5.0	-7.0	-8.6	-10.6	-3.3	-0.5	-7.3	-8.3	
Raw Material	825	789	844	1,045	998	997	1,082	1,288	883	1,103	975	11
Staff Cost	245	260	227	190	201	245	232	164	229	207	225	3
Power and fuel	1,501	1,423	1,359	1,218	1,308	1,276	1,262	1,163	1,371	1,248	1,246	1
Freight	1,436	1,374	1,326	1,279	1,327	1,282	1,239	1,320	1,352	1,293	1,330	(7)
Other expenditure	567	828	782	611	617	697	802	621	688	682	660	21
<b>Total cost</b>	<b>4,575</b>	<b>4,673</b>	<b>4,537</b>	<b>4,342</b>	<b>4,450</b>	<b>4,498</b>	<b>4,616</b>	<b>4,557</b>	<b>4,523</b>	<b>4,533</b>	<b>4,437</b>	4
<b>EBITDA</b>	<b>1,082</b>	<b>994</b>	<b>1,228</b>	<b>1,025</b>	<b>810</b>	<b>684</b>	<b>537</b>	<b>633</b>	<b>1,082</b>	<b>663</b>	<b>848</b>	(37)
Change (YoY %)	37	289	65	17	(25)	(31)	(56)	(38)	46	(39)	(31)	



## Highlights from the management commentary

### Demand and pricing

- Cement demand is projected to grow 4-5% in FY25, implying a better demand scenario compared to 1HFY25, driven by improved consumption, greater demand in the housing and infrastructure segments, and increased government spending.
- Price hikes were implemented in mid-Dec'24 and are expected to positively impact 4QFY25. However, cement prices in the South remain more depressed. The company's exposure in the South region has increased with the acquisition of a GU each in Tamil Nadu and Penna Cement.

### Operational highlights

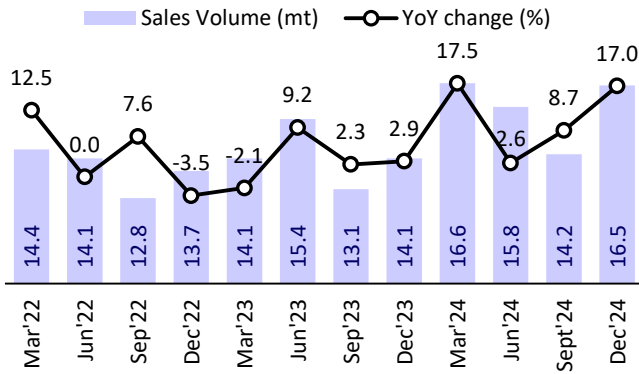
- The blended cement mix in total sales volumes is at ~82%. Premium products as % of trade volume increased 400bp to ~26% (flat QoQ). Kiln fuel costs stood at INR1.66/Kcal vs. INR1.84/INR1.59 YoY/QoQ. The share of AFR in the fuel mix was at ~8% vs. 9.5% in 2QFY25. The share of green power in the power mix increased to 21.5% vs. 15.8%/18.2% YoY/QoQ. Additionally, the company has increased its WHRS capacity from 40MW (at the time of acquisition from Holcim Group) to 197MW and aims to expand it further to 218MW by Mar'25.
- Freight costs declined due to footprint optimization, as overall lead distance declined by 4km to 285km. Direct dispatches increased 7pp YoY to ~57%. Road PTPK costs decreased by 2% to INR4.12 PTPK. The company has ordered 11 GPWIS rakes, all of which have been delivered and are running in the approved circuit. These rakes will enable cost-efficient clinker movement from other plants to the clinker grinding units. In addition, the company has ordered 26 BCFC rakes for safe and cost-efficient transportation of Fly Ash from thermal power plants to its facilities. Of these, five rakes have been delivered and another four are likely to be delivered before Mar'25.
- The company commissioned a 200MW solar power in Gujarat, Khavda, during the quarter. It also secured 631mt of new limestone reserves (one in MP and one in Karnataka) in 3QFY25.
- The company now includes the volumes of Penna and Sanghi in its overall consol. volumes (1.4 mt) during the quarter. The cost structures of both the companies are currently in a transition phase, with various initiatives in place to reduce costs. The capacity utilization for both entities is still sub-40%. The company estimates INR100-150/t of impact on profitability due to the transition of these newly acquired assets, which are still in the ramp-up and transition phase. It expects the performance of both assets to improve going forward and reach 70%+ capacity utilization in FY26. Additionally, both Sanghi and Penna brands (B and C categories) have been transitioned into ACEM and ACC (A category).
- The Sanghi plant has two kilns. Cost optimization and shutdown work have been completed for the first kiln, while the second kiln remains shut down for full repair and maintenance.
- The company is set to receive a large bucket of incentives of around INR45b (over the next seven to nine years).

**Capacity expansion and capex plan**

- The company plans to expand its cement capacity to 140mtpa by FY28 and is progressing well to achieve the stated target. With the acquisition of Orient Cement, the company's operating cement capacity will rise to 97mtpa (post-completion of the acquisition) from 89mtpa currently.
- The 4mtpa clinker unit in Bhatapara (Chhattisgarh), along with associated grinding units in Sankrail and Farakka (West Bengal) and Sindri (Jharkhand), is expected to be commissioned by end-4QFY25. The GU in Salai Banwa, Uttar Pradesh, is set to be commissioned in 1QFY26. The brownfield expansions at the Bathinda GU in Punjab and the Marwar GU in Rajasthan are expected to be commissioned in 2QFY26. Additionally, the Kalamboli blending unit in Maharashtra, the Dahej GU expansion in Gujarat, the Jodhpur (Penna) GU, and the Krishnapatnam GU are expected to be commissioned in 3QFY26. The Maratha clinker unit of 4mtpa in Maharashtra and the Warishaliganj grinding unit in Bihar are expected to be commissioned by end-FY26, with the potential to reach 118mtpa by FY26-end.
- The company has identified 13 additional grinding units, for which land acquisitions and statutory approvals are currently in process. These units will help the company achieve a capacity of 140mtpa by FY28.
- Additionally, the Maratha clinker unit (4mtpa) in Maharashtra and the Warisaliganj grinding unit in Bihar are set to be completed by FY26 end, bringing the total capacity to 118mtpa. With 13 more grinding units planned, the capacity is expected to reach 140mtpa by FY28.
- Capex for FY25 is estimated at INR80b; 9MFY25 capex stood at INR60b. The remaining balance will be utilized in 4QFY25 for ongoing expansions. The company's consolidated cash balance stood at INR87.6b as of Dec'24. Cash outflow for the Orient Cement acquisition is expected to be INR40b (excluding the cash required for an open offer, expected in FY26) in 4QFY25. With this, the company expects a closing cash balance of around INR37.0b as of Mar'25.

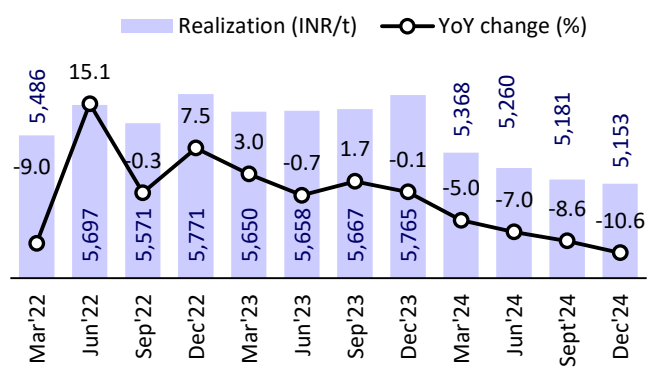
Story in charts

Exhibit 1: Consol. sales volume was up 17% YoY



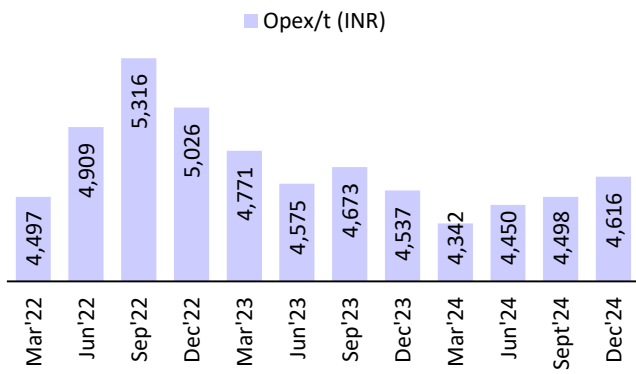
Source: Company, MOFSL

Exhibit 2: Realization declined 11% YoY



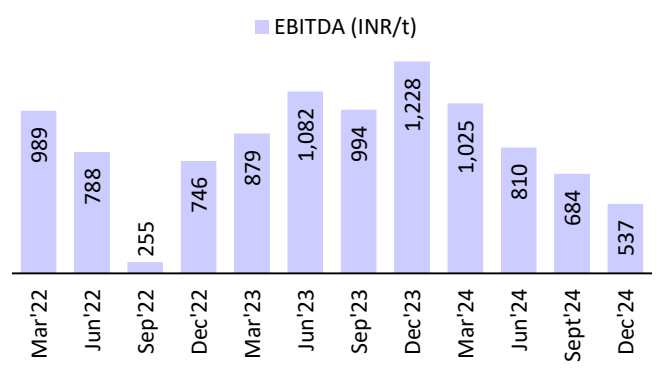
Source: Company, MOFSL

Exhibit 3: OPEX/t was up 2% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t declined 56% YoY to INR537



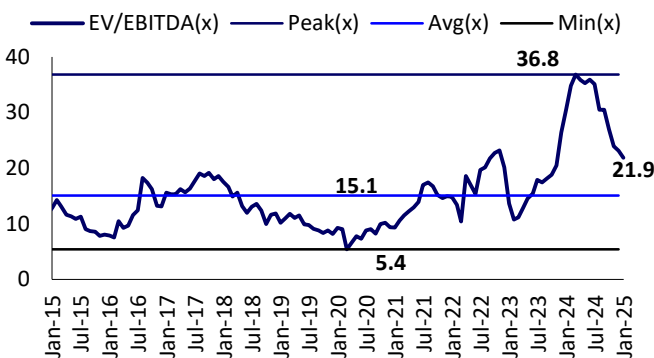
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis (standalone)

INR/t	Dec'24	Dec'23	YoY (%)	Sep'24	QoQ (%)
<b>Blended Realization</b>	<b>5,153</b>	<b>5,765</b>	<b>(11)</b>	<b>5,181</b>	<b>(1)</b>
Raw Material	1,082	844	28	997	9
Staff Cost	232	227	2	245	(5)
Power and Fuel	1,262	1,359	(7)	1,276	(1)
Freight	1,239	1,326	(7)	1,282	(3)
Other exp.	802	782	3	697	15
<b>Total Cost</b>	<b>4,616</b>	<b>4,537</b>	<b>2</b>	<b>4,498</b>	<b>3</b>
<b>EBITDA</b>	<b>537</b>	<b>1,228</b>	<b>(56)</b>	<b>684</b>	<b>(21)</b>

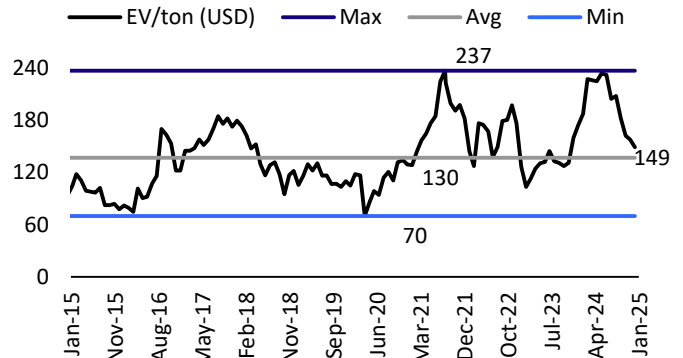
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA chart



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t chart



Source: Company, MOFSL

## Consolidated financials and valuations

Income Statement						(INR m)		
Y/E December/March	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E	FY27E
<b>Net Sales</b>	<b>2,71,036</b>	<b>2,45,162</b>	<b>2,89,655</b>	<b>3,89,370</b>	<b>3,31,596</b>	<b>3,40,075</b>	<b>4,06,619</b>	<b>4,71,581</b>
Change (%)	4.1	-9.5	18.1	7.5	6.5	2.6	19.6	16.0
Total Expenditure	2,24,774	1,95,106	2,27,551	3,38,147	2,67,601	2,96,708	3,40,616	3,81,956
As a Percentage of Sales	82.9	79.6	78.6	86.8	80.7	87.2	83.8	81.0
<b>EBITDA</b>	<b>46,261</b>	<b>50,056</b>	<b>62,104</b>	<b>51,224</b>	<b>63,995</b>	<b>43,367</b>	<b>66,003</b>	<b>89,625</b>
Change (%)	15.3	8.2	24.1	-34.0	56.2	-32.2	52.2	35.8
Margin (%)	17.1	20.4	21.4	13.2	19.3	12.8	16.2	19.0
Depreciation	11,525	11,618	11,525	16,447	16,234	21,166	26,883	31,136
<b>EBIT</b>	<b>34,736</b>	<b>38,438</b>	<b>50,579</b>	<b>34,777</b>	<b>47,761</b>	<b>22,200</b>	<b>39,120</b>	<b>58,489</b>
Interest	1,699	1,402	1,457	1,949	2,764	3,058	4,530	4,177
Other Income – Rec.	5,533	4,438	3,524	7,377	11,664	13,649	13,046	13,649
<b>PBT Before EO Exp.</b>	<b>38,570</b>	<b>41,474</b>	<b>52,647</b>	<b>40,205</b>	<b>56,662</b>	<b>32,790</b>	<b>47,637</b>	<b>67,961</b>
EO Exp./(Inc.)	-275	1,702	1,205	3,190	-2,116	-19,178	0	0
<b>PBT After EO Exp.</b>	<b>38,845</b>	<b>39,772</b>	<b>51,442</b>	<b>37,015</b>	<b>58,777</b>	<b>51,969</b>	<b>47,637</b>	<b>67,961</b>
Tax Expense	10,922	8,848	14,534	7,051	11,626	5,359	12,195	17,398
Tax Rate (%)	28.1	22.2	28.3	19.0	19.8	10.3	25.6	25.6
Add: Share of Profit from Associate	200	144	202	280	229	229	229	229
Less: Minority Interest	6,882	7,414	9,307	4,410	11,612	10,398	9,656	13,342
<b>Reported PAT</b>	<b>21,241</b>	<b>23,654</b>	<b>27,804</b>	<b>25,834</b>	<b>35,768</b>	<b>36,441</b>	<b>26,015</b>	<b>37,450</b>
<b>PAT Adj. for EO Items</b>	<b>20,966</b>	<b>25,357</b>	<b>28,707</b>	<b>28,227</b>	<b>30,545</b>	<b>19,503</b>	<b>26,015</b>	<b>37,450</b>
Change (%)	47.6	20.9	13.2	-21.3	35.3	-36.1	33.4	44.0
Margin (%)	7.7	10.3	9.9	7.2	9.2	5.7	6.4	7.9

Balance Sheet						(INR m)		
Y/E December	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E	FY27E
Equity Share Capital	3,971	3,971	3,971	3,971	4,395	4,926	4,926	4,926
Money Received Against Issue of Warrants				50,000	27,797			
Total Reserves	2,36,809	2,23,605	2,49,566	2,63,010	3,82,359	5,53,259	5,67,899	5,91,510
<b>Net Worth</b>	<b>2,40,780</b>	<b>2,27,576</b>	<b>2,53,537</b>	<b>3,16,982</b>	<b>4,14,551</b>	<b>5,58,185</b>	<b>5,72,825</b>	<b>5,96,436</b>
Minority Interest	57,368	63,409	71,450	70,584	93,908	1,02,991	1,11,239	1,23,172
Def. Liabilities	9,367	6,260	7,562	7,004	15,122	15,122	15,122	15,122
Total Loans	353	436	435	477	368	435	435	435
<b>Capital Employed</b>	<b>3,07,868</b>	<b>2,97,681</b>	<b>3,32,985</b>	<b>3,95,046</b>	<b>5,23,948</b>	<b>6,76,733</b>	<b>6,99,620</b>	<b>7,35,165</b>
Gross Block	1,74,809	1,85,238	2,13,828	2,43,254	3,44,361	5,10,116	5,85,166	6,61,216
Less: Accum. Depn.	46,610	59,140	69,989	86,436	1,02,669	1,22,697	1,48,385	1,78,258
<b>Net Fixed Assets</b>	<b>1,28,199</b>	<b>1,26,099</b>	<b>1,43,839</b>	<b>1,56,818</b>	<b>2,41,692</b>	<b>3,87,419</b>	<b>4,36,782</b>	<b>4,82,959</b>
Capital WIP	15,544	24,219	21,964	25,259	26,585	30,616	44,591	28,566
Capital Advances	4,422	6,050	4,234	4,810	14,123	14,123	14,123	14,123
Goodwill	78,815	78,761	78,697	78,697	82,193	82,193	82,193	82,193
Investments in Subsidiaries	1,459	1,546	1,705	1,861	623	623	623	623
Investments – Trade	26,579	7,026	8,861	276	7,863	7,863	7,863	7,863
<b>Curr. Assets</b>	<b>1,46,805</b>	<b>1,53,507</b>	<b>1,92,773</b>	<b>2,49,495</b>	<b>2,79,531</b>	<b>2,84,798</b>	<b>2,53,099</b>	<b>2,66,906</b>
Inventory	20,965	16,486	27,380	32,728	36,086	42,244	46,082	52,691
Debtors	10,686	5,611	6,458	11,544	12,131	18,766	22,410	26,124
Cash and Bank Bal.	67,003	82,457	1,08,358	1,15,610	1,52,625	1,44,349	1,04,418	1,10,902
Others	48,152	48,953	50,577	89,613	78,689	79,439	80,189	77,189
<b>Curr. Liability and Prov.</b>	<b>93,956</b>	<b>99,526</b>	<b>1,19,088</b>	<b>1,22,168</b>	<b>1,28,660</b>	<b>1,30,902</b>	<b>1,39,653</b>	<b>1,48,067</b>
Creditors	89,969	96,601	1,16,026	1,19,373	1,25,671	1,27,912	1,36,664	1,45,078
Provisions	3,987	2,926	3,062	2,795	2,989	2,989	2,989	2,989
<b>Net Current Assets</b>	<b>52,850</b>	<b>53,980</b>	<b>73,685</b>	<b>1,27,327</b>	<b>1,50,870</b>	<b>1,53,896</b>	<b>1,13,446</b>	<b>1,18,839</b>
<b>Appl. of Funds</b>	<b>3,07,868</b>	<b>2,97,681</b>	<b>3,32,985</b>	<b>3,95,046</b>	<b>5,23,948</b>	<b>6,76,733</b>	<b>6,99,620</b>	<b>7,35,165</b>

Source: Company, MOFSL; \* Note: 15-month period due to a change in the accounting year from December to March

## Consolidated financials and valuations

Ratios								
Y/E December/March	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>								
EPS	10.6	12.8	14.5	14.2	13.9	7.9	10.6	15.2
Cash EPS	16.4	18.6	20.3	22.5	21.3	16.5	21.5	27.8
BV/Share	121.3	114.6	127.7	159.6	188.6	226.6	232.6	242.1
DPS	1.5	18.5	6.3	2.5	2.0	2.0	5.0	6.0
Payout (%)	14.0	155.3	45.0	19.2	12.3	13.5	47.3	39.5
<b>Valuation (x)</b>								
P/E Ratio	42.2	34.9	30.8	31.3	32.1	56.3	42.2	29.3
Cash P/E Ratio	27.2	23.9	22.0	19.8	20.9	27.0	20.7	16.0
P/BV Ratio	3.7	3.9	3.5	2.8	2.4	2.0	1.9	1.8
EV/Sales Ratio	4.1	4.5	3.7	2.8	3.4	3.8	3.2	2.8
EV/EBITDA Ratio	24.0	22.1	17.4	21.1	17.8	29.6	19.9	14.7
EV/t (Cap) - USD	205	204	190	185	171	174	138	133
Dividend Yield (%)	0.3	3.5	1.2	0.5	0.4	0.4	1.0	1.1
<b>Return Ratios (%)</b>								
RoE	9.1	10.9	12.0	10.0	8.4	4.0	4.6	6.4
RoCE	10.8	12.8	15.2	9.9	10.5	4.1	5.1	7.4
RoIC	11.0	14.5	18.6	12.4	12.8	4.7	5.5	7.6
<b>Working Capital Ratios</b>								
Asset Turnover (x)	0.9	0.8	0.9	1.0	0.6	0.5	0.6	0.6
Debtor (Days)	14.4	8.4	8.1	10.8	13.4	20.1	20.1	20.2
Inventory (Days)	28	25	35	31	40	45	41	41
Work Cap (Days)	71.2	80.4	92.9	119.4	166.1	165.2	101.8	92.0
<b>Leverage Ratio (x)</b>								
Current Ratio	1.6	1.5	1.6	2.0	2.2	2.2	1.8	1.8
Debt/Equity Ratio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement								
Y/E December	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E	FY27E
(INR m)								
OP/(Loss) Before Tax	38,753	39,916	51,645	37,295	59,006	52,198	47,866	68,190
Depreciation	11,525	11,618	11,525	16,447	16,234	20,028	25,688	29,873
Interest and Finance Charges	1,705	1,699	1,402	1,905	2,764	2,764	3,058	4,530
Direct Taxes Paid	-5,299	-11,702	-6,476	-7,385	-9,156	-5,359	-12,195	-17,398
(Inc.)/Dec. in WC	2,407	8,492	-3,602	-40,913	-12,390	-11,301	519	1,090
<b>CF from Operations</b>	<b>49,092</b>	<b>50,022</b>	<b>54,494</b>	<b>7,349</b>	<b>56,458</b>	<b>58,329</b>	<b>64,936</b>	<b>86,286</b>
Others	0	0	0	0	0	0	0	0
<b>CF from Operations incl. EO</b>	<b>49,092</b>	<b>50,022</b>	<b>54,494</b>	<b>7,349</b>	<b>56,458</b>	<b>58,329</b>	<b>64,936</b>	<b>86,286</b>
(Inc.)/Dec. in FA	-16,070	-17,253	-22,963	-40,659	-39,611	-65,566	-89,025	-60,025
<b>Free Cash Flow</b>	<b>33,022</b>	<b>32,769</b>	<b>31,530</b>	<b>-33,310</b>	<b>16,847</b>	<b>-7,237</b>	<b>-24,089</b>	<b>26,261</b>
(Pur.)/Sale of Investments	4,142	4,080	2,893	2,668	-2,944	0	0	0
Others	-8,658	19,865	-1,963	8,585	-33,776	-1,04,220	0	0
<b>CF from Investments</b>	<b>-20,587</b>	<b>6,692</b>	<b>-22,034</b>	<b>-29,407</b>	<b>-76,331</b>	<b>-1,69,786</b>	<b>-89,025</b>	<b>-60,025</b>
Issue of Shares	0	0	0	0	424	531	0	0
Inc./(Dec.) in Debt	0	0	0	-1,155	-1,533	67	0	0
Interest Paid	-1,705	-1,699	-1,402	-1,581	-2,341	-2,764	-3,058	-4,530
Dividend Paid	-5,174	-37,959	-3,334	-12,514	-4,964	-4,926	-12,316	-14,779
Others	-1,120	-1,603	-1,823	44,560	65,302	1,10,274	-468	-468
<b>CF from Fin. Activity</b>	<b>-7,999</b>	<b>-41,261</b>	<b>-6,560</b>	<b>29,310</b>	<b>56,888</b>	<b>1,03,182</b>	<b>-15,842</b>	<b>-19,777</b>
<b>Inc./Dec. in Cash</b>	<b>20,507</b>	<b>15,453</b>	<b>25,901</b>	<b>7,253</b>	<b>37,015</b>	<b>-8,275</b>	<b>-39,931</b>	<b>6,484</b>
Opening Balance	46,497	67,003	82,457	1,08,358	1,15,610	1,52,625	1,44,349	1,04,418
<b>Closing Balance</b>	<b>67,003</b>	<b>82,457</b>	<b>1,08,357</b>	<b>1,15,610</b>	<b>1,52,625</b>	<b>1,44,349</b>	<b>1,04,418</b>	<b>1,10,902</b>

Source: Company, MOFSL; \* Note: 15-month period due to a change in the accounting year from December to March

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NOTES



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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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