

BUY Century Plyboards**Weak quarter; outlook set to improve from H2FY25**

Building Materials ▶ Result Update ▶ February 5, 2024

TARGET PRICE (Rs): 850

Century Ply's Q3FY24 standalone EBITDA declined 16% YoY/24% QoQ to Rs1.1bn (consensus est. Rs1.5bn). EBITDA margins contracted 307bps/275bps YoY and QoQ, respectively, to 11.5%. Sharp decline in profitability for MDF segment and heightened spending on branding activities for plywood (dealers meet) and laminates segment impacted profitability. Management expects demand weakness to continue for the next 1-2 quarters, after which demand will pick up. Factoring-in the Q3FY24 performance and near-term sluggish demand, we trim our EBITDA estimates by 6-13% for FY25-26. We continue to like Century Ply given its integrated business model, leadership position, and higher growth visibility, underpinned by expansion plans and likely implementation of BIS norms. We maintain BUY with revised Dec-24E TP of Rs850/sh (34x P/E vs earlier 32x), post quarterly rollover.

Century Plyboards: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	30,270	36,466	38,418	44,611	53,422
EBITDA	5,308	5,587	5,280	6,812	9,240
Adj. PAT	3,131	3,833	3,296	4,122	6,009
Adj. EPS (Rs)	14.1	17.3	14.8	18.6	27.0
EBITDA margin (%)	17.5	15.3	13.7	15.3	17.3
EBITDA growth (%)	58.2	5.2	(5.5)	29.0	35.6
Adj. EPS growth (%)	63.5	22.4	(14.0)	25.1	45.8
RoE (%)	22.2	22.1	16.0	17.2	21.1
RoIC (%)	35.6	30.5	20.2	20.2	25.6
P/E (x)	53.1	43.4	50.4	40.3	27.7
EV/EBITDA (x)	31.3	29.8	32.7	25.5	18.6
P/B (x)	10.7	8.7	7.5	6.5	5.3
FCFF yield (%)	0.1	(0.3)	(3.5)	(0.4)	1.7

Source: Company, Emkay Research

Result Summary: Overall revenue growth was muted at 7% YoY (down 5% QoQ) to Rs9.3bn (est. Rs9.7bn). Plywood division reported volume growth of 3% YoY (down 4% QoQ) to 90K CBM, whereas EBITDA margins declined 200bps YoY/382bps QoQ to 9.7% on account of higher dealer meet expense of Rs70mn (every 2 years), and appointment of McKinsey for advising on enhancement of prime products. MDF segment suffered the most, as EBITDA margins contracted 335bps YoY to 19.2%. Though MDF volumes grew 15% YoY to 55K CBM, realizations continued to remain under pressure (down 4% QoQ) owing to higher MDF imports (100K CBM imported in Q3FY24). For laminates segment, revenue grew 2% YoY (down 6% QoQ) to Rs1.6bn, whereas EBITDA margins declined 202 bps YoY to 12.4%, owing to increase in employee cost for newly-launched 'Sainik' laminate. Particle board EBITDA declined 26% YoY/33% QoQ to Rs58mn.

What we liked: Steady volume growth across segments (except Plywood segment)**What we do not like:** Significant EBITDA decline in Q3

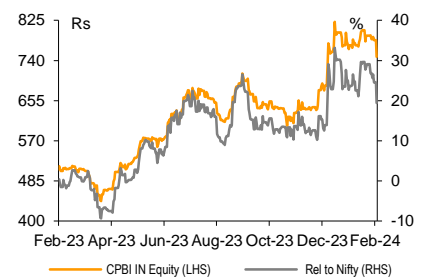
Key Concall Takeaways: i) Management indicated that demand weakness may continue for the next couple of quarters, with recovery anticipated from Q2FY25 onwards, driven by upcoming capacities (MDF & Laminates) and implementation of BIS norms. ii) Plywood segment may report single-digit YoY growth in Q4FY24 with margins in the range of 12-14%. MDF segment is expected to register more than 20% growth in Q4, however, EBITDA margins will likely dip owing to weak realizations (down 7-8% in Q3 and Q4). Laminates segment will probably witness single-digit YoY growth in Q4. iii) Indian manufacturers can avail BIS licenses with nominal costs. Importers may face challenges in procuring BIS licenses (for 6-7 months). iv) The company has commissioned phase one laminate press, the second press will be installed in FY25 with major capex to be spent in Q4FY24/Q1FY25.

Target Price – 12M	Dec-24
Change in TP (%)	3.6
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	13.6
CMP (05-Feb-24) (Rs)	748.1

Stock Data	Ticker
52-week High (Rs)	850
52-week Low (Rs)	436
Shares outstanding (mn)	222.2
Market-cap (Rs bn)	166
Market-cap (USD mn)	2,001
Net-debt, FY24E (Rs mn)	6,653
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	232.0
ADTV-3M (USD mn)	2.8
Free float (%)	-
Nifty-50	21,772
INR/USD	83.1
Shareholding, Dec-23	
Promoters (%)	73.0
FPIs/MFs (%)	5.5/14.8

Price Performance

(%)	1M	3M	12M
Absolute	(3.1)	19.0	47.7
Rel. to Nifty	(3.4)	5.1	21.1

1-Year share price trend (Rs)**Dharmesh Shah**dharmesh.shah@emkayglobal.com
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Quarterly Analysis

Exhibit 1: Actual vs. Estimates (Q3FY24)

(Rs mn)	Actual	Estimates		Variation (%)		Comment
		Emkay	Consensus	Emkay	Consensus	
Net sales	9,343	10,119	9,709	(7.7)	(3.8)	Owing to weak profitability in MDF and plywood segment
EBITDA	1,071	1,507	1,497	(29.0)	(28.5)	
EBITDA margin (%)	11.5	14.9	15.4			
PAT	646	981	977	(34.2)	(33.9)	

Source: Bloomberg, Emkay Research

Exhibit 2: Quarterly Analysis – Standalone

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Revenue	8,772	9,618	8,824	9,879	9,343	6.5	(5.4)	26,588	28,046	5.5
Expenditure	7,498	7,991	7,522	8,475	8,273	10.3	(2.4)	22,355	24,270	8.6
Total RM cost	4,788	5,095	4,645	5,199	5,035	5.2	(3.2)	14,326	14,879	3.9
Staff cost	1,089	1,196	1,270	1,300	1,291	18.6	(0.7)	3,379	3,860	14.2
Other expenditure	1,622	1,700	1,608	1,977	1,947	20.1	(1.5)	4,650	5,531	19.0
EBITDA	1,274	1,627	1,302	1,404	1,071	(16.0)	(23.7)	4,234	3,776	(10.8)
Depreciation	180	187	218	221	216	19.8	(2.3)	537	655	22.1
EBIT	1,094	1,440	1,083	1,183	855	(21.9)	(27.8)	3,697	3,121	(15.6)
Other Income	61	136	99	88	88	44.2	(0.0)	315	274	(13.1)
Interest	40	41	57	57	77	94.4	35.6	113	191	69.1
PBT	1,115	1,535	1,126	1,214	865	(22.4)	(28.7)	3,900	3,204	(17.8)
Total Tax	277	407	285	310	219	(21.1)	(29.5)	866	814	(6.0)
Adjusted PAT	837	1,128	841	903	646	(22.8)	(28.5)	3,034	2,390	(21.2)
(Profit)/loss from JVs/Assoc./MI	24	-	-	-	-			494	-	(100.0)
PAT after MI	814	1,128	841	903	646	(20.6)	(28.5)	2,540	2,390	(5.9)
Extra ordinary items	-	-	-	-	-			-	-	
Reported PAT	814	1,128	841	903	646	(20.6)	(28.5)	2,540	2,390	(5.9)
Adjusted EPS (Rs)	3.7	5.1	3.8	4.1	2.9	(20.6)	(28.5)	11.4	10.7	(5.9)
(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (bps)	QoQ (bps)	9MFY23	9MFY24	YoY (bps)
EBITDAM	14.5	16.9	14.8	14.2	11.5	(307)	(275)	15.9	13.5	(246)
EBITM	12.5	15.0	12.3	12.0	9.1	(332)	(283)	13.9	11.1	(278)
EBTM	12.7	16.0	12.8	12.3	9.3	(345)	(303)	14.7	11.4	(324)
PATM	9.5	11.7	9.5	9.1	6.9	(263)	(223)	11.4	8.5	(289)
Effective Tax rate	24.9	26.5	25.3	25.6	25.3			22.2	25.4	

Source: Company, Emkay Research

Exhibit 3: Segmental Performance

MDF	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Sales Volumes (K CBM)	48,099	46,801	47,988	53,724	55,376	15.1	3.1	138,517	157,088	13.4
Realization (Rs/CBM)	34,392	34,294	34,752	35,118	33,836	(1.6)	(3.7)	34,444	34,555	0.3
Net sales (Rs mn)	1,654	1,605	1,668	1,887	1,874	13.3	(0.7)	4,771	5,428	13.8
EBITDA (Rs mn)	373	435	437	521	360	(3.6)	(30.9)	1,312	1,317	0.4
EBITDA margin (%)	22.6	27.1	26.2	27.6	19.2			27.5	24.3	
EBITDA/CBM (Rs)	7,759	9,297	9,096	9,692	6,499	(16.2)	(32.9)	9,469	8,384	(11.5)
Plywood	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Sales Volumes (CBM)	87,606	98,273	87,869	94,361	90,229	3.0	(4.4)	263,168	272,459	3.5
Realization (Rs/CBM)	54,945	57,640	55,476	57,121	56,398	2.6	(1.3)	54,736	56,351	3.0
Net sales (Rs mn)	4,814	5,665	4,875	5,390	5,089	5.7	(5.6)	14,405	15,353	6.6
EBITDA (Rs mn)	565	904	666	730	495	(12.3)	(32.2)	1,741	1,892	8.7
EBITDA margin (%)	11.7	16.0	13.7	13.6	9.7			12.1	12.3	
Laminates	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Sales Volumes (mn sheets)	1.6	1.8	1.8	2.0	1.9	15.6	(7.4)	5.4	5.8	7.0
Realization (Rs/sheet)	954	904	846	832	844	(11.5)	1.5	913	840	(8.0)
Net sales (Rs mn)	1,563	1,590	1,547	1,702	1,599	2.3	(6.0)	4,923	4,848	(1.5)
EBITDA (Rs mn)	225	226	157	201	198	(12.0)	(1.1)	750	555	(25.9)
EBITDA margin (%)	14.4	14.2	10.1	11.8	12.4			15.2	11.5	
Particle Board	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Sales Volumes (CBM)	15,595	16,733	19,040	18,350	18,386	17.9	0.2	56,289.0	55,776.0	(0.9)
Realization (Rs/CBM)	24,649	22,243	20,725	20,894	19,966	(19.0)	(4.4)	24,300	20,530	(15.5)
Net sales (Rs mn)	384	372	395	383	367	(4.5)	(4.3)	1,368	1,145	(16.3)
EBITDA (Rs mn)	79	67	90	87	58	(26.1)	(33.0)	398	234	(41.1)
EBITDA margin (%)	20.4	18.1	22.7	22.6	15.8			29.1	20.5	

Source: Company, Emkay Research

Exhibit 4: Quarterly Analysis – Consolidated

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Revenue	8,837	9,654	8,910	9,968	9,374	6.1	(6.0)	26,811	28,252	5.4
Expenditure	7,551	8,016	7,578	8,525	8,313	10.1	(2.5)	22,863	24,417	6.8
Total RM cost	4,703	5,002	4,601	5,142	4,953	5.3	(3.7)	14,160	14,696	3.8
Staff cost	1,127	1,239	1,310	1,343	1,340	18.9	(0.3)	3,510	3,993	13.8
Other expenditure	1,721	1,775	1,667	2,040	2,020	17.4	(1.0)	5,193	5,728	10.3
EBITDA	1,287	1,638	1,332	1,443	1,061	(17.6)	(26.5)	3,949	3,836	(2.9)
Depreciation	193	200	231	234	229	18.5	(1.9)	575	694	20.6
EBIT	1,093	1,438	1,101	1,209	832	(23.9)	(31.2)	3,374	3,142	(6.9)
Other Income	53	160	122	146	93	76.8	(36.2)	316	361	13.9
Interest	44	45	61	61	83	89.5	35.4	125	206	64.9
PBT	1,102	1,554	1,161	1,294	842	(23.6)	(34.9)	3,565	3,296	(7.5)
Total Tax	279	408	290	322	215	(22.9)	(33.3)	871	827	(5.0)
Adjusted PAT	824	1,146	871	971	627	(23.9)	(35.5)	2,695	2,469	(8.4)
(Profit)/loss from JVs/Assoc./MI	(1)	(1)	(2)	(3)	4	(452)	(253)	(8)	(1)	(92.4)
PAT after MI	822	1,145	869	969	631	(23.3)	(34.9)	2,686	2,468	(8.1)
Extraordinary items	-	-	-	-	-					
Reported PAT	822	1,145	869	969	631	(23.3)	(34.9)	2,686	2,468	(8.1)
Adjusted EPS (Rs)	3.7	5.1	3.9	4.4	2.8	(23.3)	(34.9)	12.1	11.1	(8.1)
(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (bps)	QoQ (bps)	9MFY23	9MFY24	YoY (bps)
EBITDAM	14.6	17.0	14.9	14.5	11.3	(324)	(316)	14.7	13.6	(115)
EBITM	12.4	14.9	12.4	12.1	8.9	(350)	(326)	12.6	11.1	(146)
EBTM	12.5	16.1	13.0	13.0	9.0	(349)	(400)	13.3	11.7	(163)
PATM	9.3	11.9	9.8	9.7	6.7	(263)	(306)	10.1	8.7	(131)
Effective Tax rate	25.3	26.2	25.0	24.9	25.5			24.4	25.1	

Source: Company, Emkay Research

Exhibit 5: Key assumptions

Segmental performance (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR (%)	
										FY18-23	FY23-26E
Plywood											
Sales volumes ('000 CBM)	254	253	244	223	298	361	374	407	443	7.3	7.0
YoY (%)	0.9	(0.5)	(3.3)	(8.8)	33.9	21.3	3.4	8.8	9.0		
Revenue	12.6	12.7	12.3	11.2	15.8	20.1	21.2	23.1	25.3	9.7	8.1
YoY (%)	0.2	0.8	(3.3)	(9.0)	41.0	27.1	5.4	9.1	9.8		
EBITDA	1.8	1.7	1.1	1.2	2.2	2.2	2.6	3.0	3.5	3.7	17.7
YoY (%)	(16.3)	(3.7)	(35.6)	7.9	84.4	(2.7)	19.6	15.3	18.2		
Margin (%)	14.3	13.7	9.1	10.8	14.1	10.8	12.3	13.0	14.0	-351bps	315bps
Laminates											
Sales volumes (mn sheets)	5.42	5.88	6.19	5.52	6.75	7.21	7.78	8.87	10.30	5.9	12.6
YoY (%)	(7.1)	8.4	5.3	(10.9)	22.3	6.8	8.0	14.1	16.0		
Revenue	3.7	4.3	4.5	4.1	5.7	6.5	6.5	7.6	9.0	12.0	11.3
YoY (%)	1.8	16.8	5.2	(10.3)	39.0	14.8	(0.2)	16.7	18.6		
EBITDA	0.6	0.4	0.6	0.7	0.9	1.0	0.7	0.9	1.3	10.4	9.0
YoY (%)	1.7	(35.2)	62.3	18.4	21.8	8.0	(23.4)	25.2	34.9		
Margin (%)	16.1	8.9	13.8	18.2	15.9	15.0	11.5	12.3	14.0	-113bps	-94bps
MDF											
Sales volumes ('000 CBM)	48	132	153	147	178	185	214	311	404	30.9	29.7
YoY (%)	NA	173.7	15.8	(3.9)	20.8	4.1	15.7	45.0	30.0		
Revenue	1.1	3.0	3.5	3.6	5.6	6.4	7.4	10.6	13.9	41.4	29.8
YoY (%)	NA	161.6	18.7	2.5	54.6	14.8	15.4	43.6	32.0		
EBITDA	0.2	0.4	0.9	0.9	1.8	1.7	1.7	2.5	3.6	52.4	27.6
YoY (%)	NA	80.3	126.2	7.0	91.6	(1.8)	(4.2)	48.1	46.5		
Margin (%)	18.9	13.0	24.8	25.8	32.0	27.4	22.7	23.5	26.0	854bps	-135bps
Rs/CBM	4,403	2,900	5,662	6,302	9,992	9,426	7,798	7,967	8,980	16.4	(1.6)
Particle Board											
Sales volumes ('000 CBM)	46.0	61.9	62.7	55.0	72.9	73.0	74.3	75.0	157.6	9.7	29.2
YoY (%)	135.7	34.6	1.4	(12.4)	32.7	0.1	1.8	1.0	110.0		
Revenue	0.7	1.0	1.0	0.9	1.5	1.7	1.5	1.5	3.3	19.0	23.5
YoY (%)	215.3	33.6	1.7	(9.1)	67.1	15.6	(12.9)	2.0	112.1		
EBITDA	0.1	0.2	0.2	0.2	0.4	0.5	0.3	0.3	0.7	27.4	14.8
YoY (%)	168.6	57.9	10.0	(24.9)	125.5	14.1	(37.7)	6.0	129.2		
Margin (%)	19.0	22.5	24.3	20.1	27.1	26.7	19.1	19.9	21.5	772bps	-525bps
Rs/CBM	3,014	3,537	3,836	3,289	5,590	6,368	3,900	4,093	4,467	16.1	(11.1)

Source: Company, Emkay Research

Exhibit 6: Annual Analysis

Consolidated	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR (%)	
										FY18-23	FY23-26E
P&L (Rs bn)											
Revenue	20	23	23	21	30	36	38	45	53	12.5	13.6
EBITDA	3.3	3.0	2.8	3.4	5.3	5.6	5.3	6.8	9.2	11.0	18.3
Adj. Net Profit	1.6	1.5	1.5	2.0	3.1	3.8	3.3	4.1	6.0	18.6	16.2
Balance Sheet (Rs bn)											
Equity	8.5	9.7	10.9	12.7	15.6	19.1	22.1	25.7	31.1		
Net Debt	5.5	5.0	2.4	-0.6	-0.2	0.4	6.7	7.8	5.3		
Net Debt: EBITDA (x)	1.7	1.7	0.9	(0.2)	(0.0)	0.1	1.3	1.1	0.6		
Net Debt: Equity (x)	0.6	0.5	0.2	0.0	0.0	0.0	0.3	0.3	0.2		
Cash Flow (Rs bn)											
OCF before NWC change	2.5	2.4	2.8	2.8	4.3	4.9	4.2	5.4	7.4		
Change in NWC	0.2	(0.1)	0.8	0.8	(1.6)	(0.5)	(0.1)	(0.0)	(0.3)		
Capex	(2.4)	(1.6)	(0.2)	(0.5)	(2.6)	(4.8)	(10.1)	(6.1)	(4.1)		
FCF	0.3	0.7	3.4	3.1	0.1	(0.4)	(6.0)	(0.7)	3.1		
Return ratios (%)											
RoE	20.8	16.3	14.6	17.2	22.2	22.1	16.0	17.2	21.1		
RoCE	13.7	12.3	12.2	15.1	19.7	19.4	13.2	13.4	16.8		
RoIC	13.5	13.3	12.7	15.7	22.8	19.7	13.3	13.2	16.7		
Valuations (x)											
PER							50.4	40.3	27.7		
EV/EBITDA							31.5	25.4	18.8		
P/B							7.5	6.5	5.3		

Source: Company, Emkay Research

Exhibit 7: We maintain BUY, with a TP of Rs850/share, based on 34x Dec-25E P/E

	Rs/share
Dec-25E EPS	25
P/E (x)	34
Target Price	850
CMP	748
Upside (%)	14

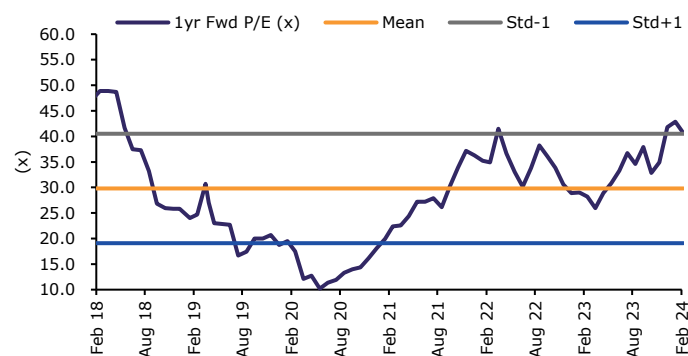
Source: Company, Emkay Research

Exhibit 8: We cut our EBITDA estimates by 6-13% for FY24E-26E

(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	Chg. (%)	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	39,777	38,418	(3.4)	47,162	44,611	(5.4)	56,136	53,422	(4.8)
EBITDA	6,168	5,280	(14.4)	7,844	6,812	(13.2)	9,862	9,240	(6.3)
PAT	3,931	3,296	(16.2)	4,947	4,122	(16.7)	6,455	6,009	(6.9)

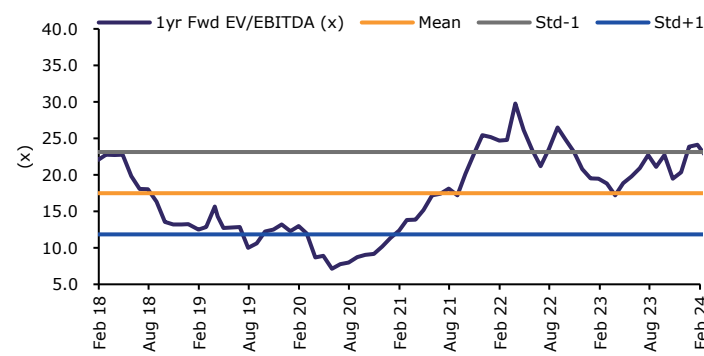
Source: Emkay Research

Exhibit 9: One-year forward P/E



Source: Bloomberg, Emkay Research

Exhibit 10: One-year forward EV/EBITDA



Source: Bloomberg, Emkay Research

Century Plyboards: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	30,270	36,466	38,418	44,611	53,422
Revenue growth (%)	42.1	20.5	5.4	16.1	19.8
EBITDA	5,308	5,587	5,280	6,812	9,240
EBITDA growth (%)	58.2	5.2	(5.5)	29.0	35.6
Depreciation & Amortization	743	775	925	1,233	1,356
EBIT	4,566	4,812	4,356	5,579	7,884
EBIT growth (%)	71.1	5.4	(9.5)	28.1	41.3
Other operating income	0	0	0	0	0
Other income	231	477	359	381	458
Financial expense	114	170	280	414	338
PBT	4,682	5,119	4,435	5,546	8,005
Extraordinary items	0	0	0	0	0
Taxes	1,550	1,278	1,132	1,417	1,989
Minority interest	1	8	8	8	8
Income from JV/Associates	0	0	0	0	0
Reported PAT	3,131	3,833	3,296	4,122	6,009
PAT growth (%)	63.5	22.4	(14.0)	25.1	45.8
Adjusted PAT	3,131	3,833	3,296	4,122	6,009
Diluted EPS (Rs)	14.1	17.3	14.8	18.6	27.0
Diluted EPS growth (%)	63.5	22.4	(14.0)	25.1	45.8
DPS (Rs)	1.5	1.0	1.5	1.8	2.7
Dividend payout (%)	10.7	5.8	9.9	9.9	9.9
EBITDA margin (%)	17.5	15.3	13.7	15.3	17.3
EBIT margin (%)	15.1	13.2	11.3	12.5	14.8
Effective tax rate (%)	33.1	25.0	25.5	25.5	24.8
NOPLAT (pre-IndAS)	3,054	3,610	3,244	4,154	5,926
Shares outstanding (mn)	222.2	222.2	222.2	222.2	222.2

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	4,682	5,119	4,435	5,546	8,005
Others (non-cash items)	(62)	(86)	0	0	0
Taxes paid	(1,084)	(1,131)	(1,132)	(1,417)	(1,989)
Change in NWC	(1,632)	(467)	(130)	(43)	(284)
Operating cash flow	2,762	4,379	4,018	5,353	6,968
Capital expenditure	(2,576)	(4,830)	(10,051)	(6,051)	(4,051)
Acquisition of business	0	0	0	0	0
Interest & dividend income	35	212	359	381	458
Investing cash flow	(3,199)	(4,796)	(9,692)	(5,671)	(3,593)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	737	915	5,000	1,000	(1,500)
Payment of lease liabilities	50	0	0	0	0
Interest paid	(116)	(144)	(280)	(414)	(338)
Dividend paid (incl tax)	(223)	(333)	(326)	(408)	(596)
Others	(50)	(49)	(21)	27	54
Financing cash flow	349	388	4,373	205	(2,379)
Net chg in Cash	(88)	(29)	(1,301)	(113)	995
OCF	2,762	4,379	4,018	5,353	6,968
Adj. OCF (w/o NWC chg.)	4,393	4,846	4,149	5,396	7,252
FCFF	186	(451)	(6,033)	(699)	2,916
FCFE	923	463	(1,033)	301	1,416
OCF/EBITDA (%)	52.0	78.4	76.1	78.6	75.4
FCFE/PAT (%)	29.5	12.1	(31.3)	7.3	23.6
FCFF/NOPLAT (%)	6.1	(12.5)	(185.9)	(16.8)	49.2

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	223	223	223	223	223
Reserves & Surplus	15,346	18,921	21,852	25,523	30,887
Net worth	15,568	19,143	22,075	25,746	31,110
Minority interests	(26)	(37)	(37)	(37)	(37)
Deferred tax liability (net)	167	68	68	68	68
Total debt	2,697	3,534	8,558	9,636	8,246
Total liabilities & equity	18,406	22,708	30,664	35,412	39,387
Net tangible fixed assets	7,748	10,673	18,547	22,716	24,411
Net intangible assets	20	17	17	17	17
Net ROU assets	0	0	0	0	0
Capital WIP	1,766	2,362	3,612	4,262	5,262
Goodwill	0	0	0	0	0
Investments [JV/Associates]	3	1	1	1	1
Cash & equivalents	2,610	2,782	1,481	1,368	2,364
Current assets (ex-cash)	10,160	11,327	11,440	11,954	13,181
Current Liab. & Prov.	3,898	4,453	4,435	4,907	5,849
NWC (ex-cash)	6,262	6,874	7,004	7,048	7,332
Total assets	18,406	22,708	30,664	35,412	39,387
Net debt	(182)	352	6,653	7,766	5,271
Capital employed	18,138	22,308	30,240	34,910	38,775
Invested capital	14,027	17,562	25,569	29,781	31,760
NPVS (Rs)	70.1	86.2	99.4	115.9	140.0
Net Debt/Equity (x)	0.0	0.0	0.3	0.3	0.2
Net Debt/EBITDA (x)	0.0	0.1	1.3	1.1	0.6
Interest coverage (x)	42.0	31.1	16.8	14.4	24.7
RoCE (%)	19.7	19.4	13.2	13.4	16.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	53.1	43.4	50.4	40.3	27.7
P/CE(x)	42.9	36.1	39.4	31.0	22.6
P/B (x)	10.7	8.7	7.5	6.5	5.3
EV/Sales (x)	5.5	4.6	4.5	3.9	3.2
EV/EBITDA (x)	31.3	29.8	32.7	25.5	18.6
EV/EBIT(x)	36.4	34.6	39.7	31.2	21.7
EV/IC (x)	11.8	9.5	6.8	5.8	5.4
FCFF yield (%)	0.1	(0.3)	(3.5)	(0.4)	1.7
FCFE yield (%)	0.6	0.3	(0.6)	0.2	0.8
Dividend yield (%)	0.2	0.1	0.2	0.2	0.4
DuPont-RoE split					
Net profit margin (%)	10.3	10.5	8.6	9.2	11.2
Total asset turnover (x)	1.9	1.8	1.5	1.4	1.5
Assets/Equity (x)	1.1	1.2	1.3	1.4	1.3
RoE (%)	22.2	22.1	16.0	17.2	21.1
DuPont-RoIC					
NOPLAT margin (%)	10.1	9.9	8.4	9.3	11.1
IC turnover (x)	2.4	2.3	1.8	1.6	1.7
RoIC (%)	35.6	30.5	20.2	20.2	25.6
Operating metrics					
Core NWC days	75.5	68.8	66.5	57.7	50.1
Total NWC days	75.5	68.8	66.5	57.7	50.1
Fixed asset turnover	2.7	2.7	2.0	1.7	1.7
Opex-to-revenue (%)	32.8	32.1	34.7	34.0	31.8

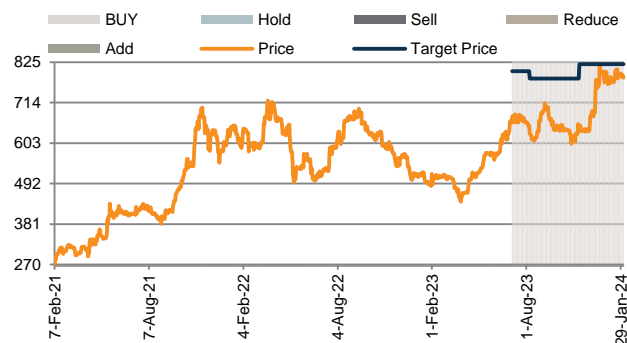
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
30-Nov-23	645	820	Buy	Dharmesh Shah
10-Nov-23	636	820	Buy	Dharmesh Shah
08-Sep-23	697	780	Buy	Dharmesh Shah
07-Aug-23	629	780	Buy	Dharmesh Shah
04-Jul-23	670	800	Buy	Dharmesh Shah

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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