

THEMATIC REPORT  
**MIDCAP  
PICKS**



## Sector Overview

### IT Sector:

Most of the management of the IT companies remained cautious for the near term because of the client delaying signing of deals as well as global macro concerns that impacted sentiments. However, in the past couple of weeks as companies announce signing of large & mega deals and valuation seems attractive we are seeing buying interest from investors. In the near future, companies are focusing on cloud, digitalization, Artificial Intelligence (AI), Machine learning (ML), cyber security, etc. which will be able to aid strong growth.

### Cement Sector:

Overall the sector growth is expected to be driven by government push towards infra & housing, strong demand for real-estate, potential M&A and improving capacity by the companies. Also, declining raw material cost will aid in margin improvement. We believe due to monsoon, Q2FY24 may remain impacted however from a medium to long term perspective it is a win-win situation for cement companies.

### FMCG Sector:

The FMCG sector has been facing a tough time as rural demand is yet to pick-up pace as expected. Growth is still price led but we are seeing improvement in volumes. Further, raw material which impacted profits is showing some sign of easing and ahead it would translate to better profitability. Going ahead, FMCG companies are expected to see volume led growth led by capex, strong brand recall, innovative products and importantly rural catching up pace.

Amongst these sectors we have selected Midcap stocks which we believe have potential to perform and earn a return in the range of 16-21% from 9-12 months perspective.

Midcap Picks						
Company Name	Sector	Rating	Market Cap (Rs. Cr)	*CMP (Rs.)	Target Price (Rs.)	Upside %
<b>Mphasis Ltd.</b>	IT	<b>Buy</b>	46,034	2,442	<b>2,960</b>	<b>21.2</b>
<b>Nuvoco Vistas Corporation Ltd.</b>	Cement	<b>Buy</b>	13,609	381	<b>455</b>	<b>19.5</b>
<b>Jyothy Labs Ltd.</b>	FMCG	<b>Buy</b>	13,485	367	<b>428</b>	<b>16.5</b>
<b>CCL Products India Ltd.</b>	FMCG	<b>Buy</b>	8,566	644	<b>776</b>	<b>20.4</b>

\*CMP as on 26th September, 2023

## BUY

<b>CMP (Rs)</b>	<b>2,442</b>
<b>Target Price (Rs)</b>	<b>2,960</b>
<b>Potential Upside</b>	<b>21.2%</b>
<b>Sensex</b>	65,945
<b>Nifty</b>	19,665

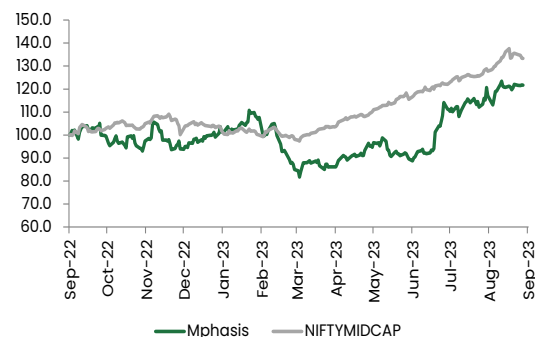
### Key Stock data

<b>BSE Code</b>	526299
<b>NSE Code</b>	MPHASIS
<b>Bloomberg</b>	MPHL IN
<b>Shares o/s, Cr (FV 10)</b>	18.7
<b>Market Cap (Rs Cr)</b>	46,034
<b>3M Avg Volume</b>	629,912
<b>52 week H/L</b>	2,552/1,660

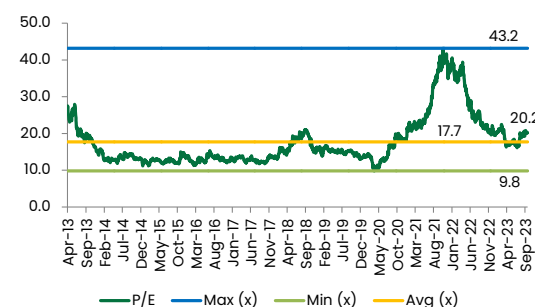
### Shareholding Pattern

(%)	Dec-22	Mar-23	Jun-23
<b>Promoter</b>	55.7	55.6	55.6
<b>FII</b>	18.9	17.7	17.2
<b>DII</b>	19.6	21.0	21.2
<b>Others</b>	5.9	5.6	6.1

### 1 Year relative price performance



### 1 year forward P/E (x)



## A good bet for next-gen technology

High Conviction Idea | Sector: IT

**Mphasis**, IT solutions provider specialize and helps clients deliver a portfolio of next-generation offerings and services that blend their deep domain expertise with cutting-edge technology. They have domain contextualized offerings, cross-functional teams, strong understanding of client business domain which helps in driving customer-centric transformation.

**Growth expected from next generation techniques:** Mphasis earns strong revenue from the American region (~81% in FY23), Banking vertical (~53% in FY23) and from its direct business (~95% in FY23). Currently, both American and Banking clients are facing headwinds and there is delay in the signing of deals. However, Mphasis aims to drive growth by introducing products which would help in transformation, gain more clients and fulfill their requirement as well as upskill employees and retain. So, their approach is to innovate products & solutions which would include newer technologies such as AI, ML, cyber security, etc. These technologies are high in demand thus the company has recently launched Mphasis.ai and partnered with Kore.ai & Databricks. Besides it has launched solutions such as Sparkle Innovation Ecosystem, the Hyperscalers network, Quantum Computing, DeepInsights™, InfraGenie™, PACE-ML, Xenon, Platform++, etc. to help clients transformative journey, improve productivity and drive efficiency.

**Deal momentum to be strong:** Over the last 5-6 years, Mphasis has been proactive focusing on winning more deals from existing as well as tying up with new clients for large deals. Currently its deal portfolio has seen a growth of 19% CAGR over FY18-FY23, and has won deals worth USD 1.31 bn and USD 0.71bn in FY23 and Q1FY24. Along with healthy demand for cloud and digitalization, the company has been continuously developing their offering for clients from cloud to Artificial Intelligence to machine learning and other technologies. Going ahead, their plan is to win large deals by focusing on strategic partnership, developing products using newer technologies and exploring opportunities in areas of growth such as hi-tech, insurance, healthcare, logistics, etc.

**Management Guidance:** Mphasis management is cautiously optimistic on the deal pipeline including cloud, AI and transformational deals. They saw a soft start in the Banking & Finance sector however pickup is likely ahead as well focus will be on gaining orders from other sectors. Also they expect EBIT margins to be retained in the range 15.25%-16.25% in every quarter of FY24.

**Outlook & Valuation:** Despite the macro challenges the IT sector is facing for the near term, we believe Mphasis strategy of investing in right growth areas such as new generation technology, partnering with companies for technology and adhering to customer centric approach will aid growth for the company. Also, management's optimistic view on margin range because of improving utilizations and gaining large deals would support growth. We have estimated its revenue/EBIT to grow at a 15% & 19% CAGR over FY23-25E and have initiated a **Buy** rating on the stock with a target price of **Rs 2,960**.

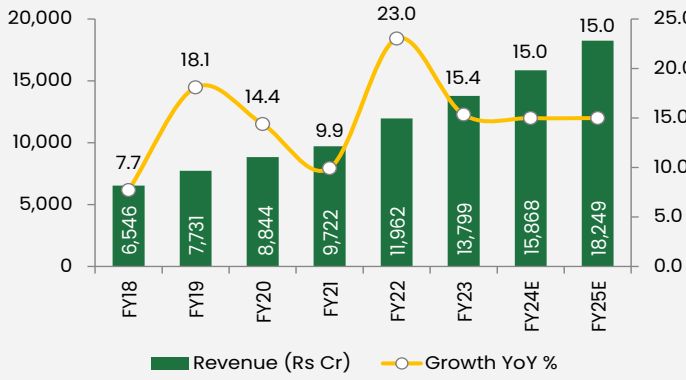
### Financial Summary – consolidated

Particulars, Rs cr	FY22	FY23	FY24E	FY25E
Net revenue	11,961.6	13,798.5	15,868.3	18,248.5
EBIT	1,827.0	2,108.7	2,471.2	2,992.8
EBIT Margin %	15.3	15.3	15.6	16.4
APAT	1,431.0	1,654.2	1,930.4	2,323.9
APATM (%)	12.0	12.0	12.2	12.7
EPS (Rs)	76.2	87.8	102.5	123.3
PE (x)	32.1	27.8	23.8	19.8
RoE (%)	20.6	20.8	21.6	22.6

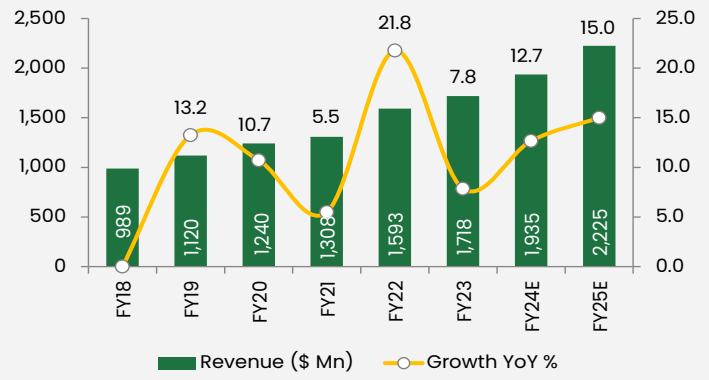
Source : RBL Research

Story in charts

Revenue in INR is expected to grow by 14.8% CAGR over FY23-25E

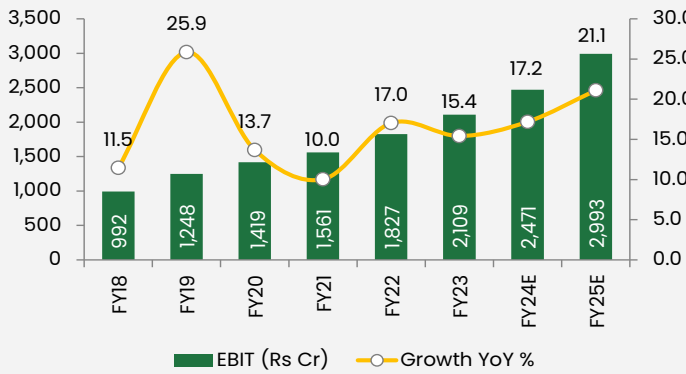


Revenue in USD is expected to grow by 13.8% CAGR over FY23-25E

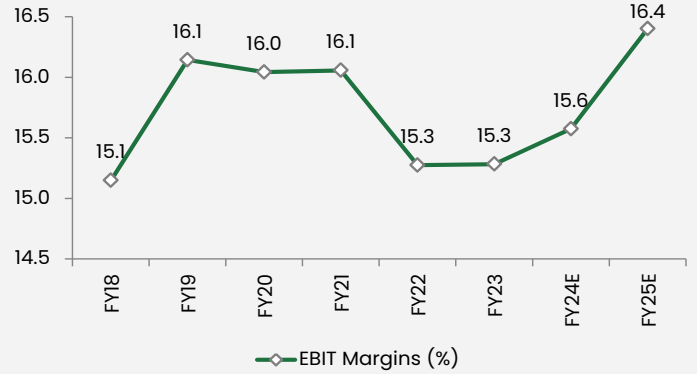


Source : RBL Research

EBIT to improve by 19% CAGR over FY23-25E

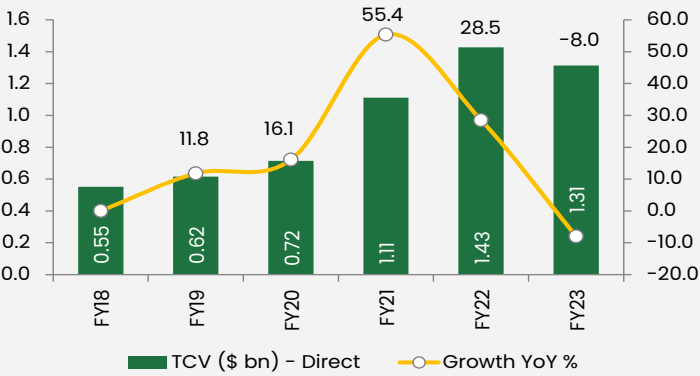


EBIT margin to improve to 16.4% in FY25E

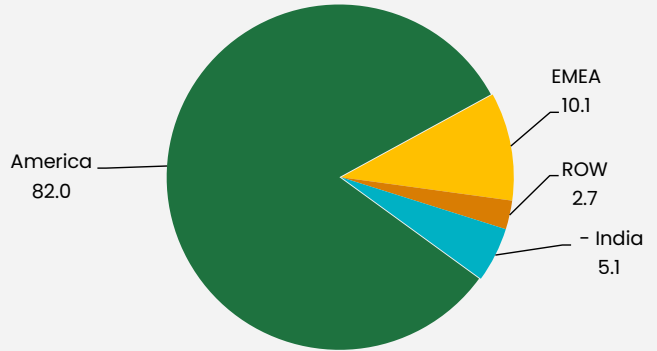


Source : RBL Research

Deal momentum remains strong

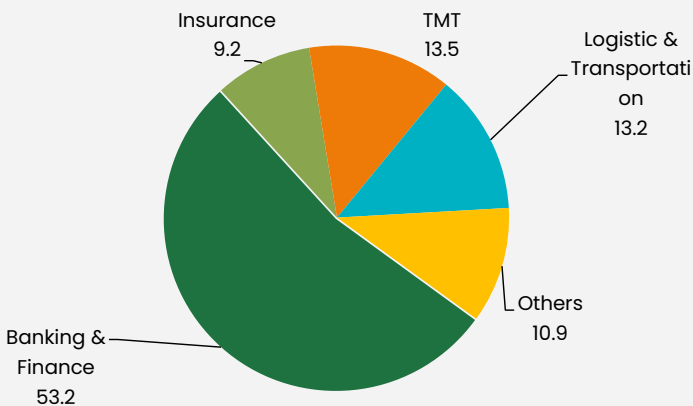


Revenue share by Geographies (%)

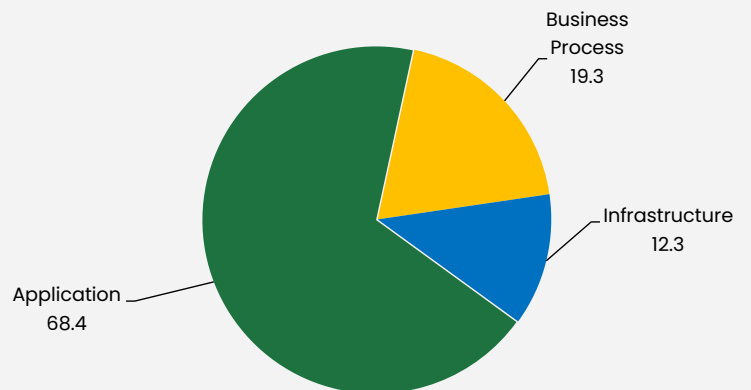


Source : RBL Research

Revenue share by Segments (%)



Revenue Share by Services (%)



Source : RBL Research

## Profit &amp; Loss A/C – consolidated

Particulars, Rs Cr	FY22	FY23	FY24E	FY25E
<b>Net sales</b>	<b>11,961.6</b>	<b>13,798.5</b>	<b>15,868.3</b>	<b>18,248.5</b>
Employee cost	7,034.5	8,075.8	9,287.1	10,620.6
Other expenses	2,809.3	3,288.8	3,744.9	4,233.7
<b>Total expenditure</b>	<b>9,843.8</b>	<b>11,364.5</b>	<b>13,032.1</b>	<b>14,854.3</b>
<b>EBITDA</b>	<b>2,117.8</b>	<b>2,434.0</b>	<b>2,836.2</b>	<b>3,394.2</b>
EBITDAM (%)	17.7	17.6	17.9	18.6
Depreciation	290.8	325.2	365.0	401.5
EBIT	1,827.0	2,108.7	2,471.2	2,992.8
EBIT Margin %	15.3	15.3	15.6	16.4
Other income	160.5	161.6	163.5	165.4
Interest expenses	74.4	97.3	104.7	120.4
PBT	1,913.1	2,173.1	2,530.0	3,037.7
Tax	482.0	518.8	599.6	713.9
<b>PAT (after Exceptional)</b>	<b>1,431.0</b>	<b>1,654.2</b>	<b>1,930.4</b>	<b>2,323.9</b>
PAT Margin %	12.0	12.0	12.2	12.7
EPS	76.2	87.8	102.5	123.3

Source : RBL Research

## Balance Sheet – consolidated

Particulars, Rs cr	FY22	FY23	FY24E	FY25E
Share Capital	187.8	188.4	188.4	188.4
Reserves & Surplus	6,643.8	7,542.7	8,531.0	9,912.9
<b>Total Shareholder's Fund</b>	<b>6,943.1</b>	<b>7,934.8</b>	<b>8,923.2</b>	<b>10,305.0</b>
Short term borrowing	527.2	198.5	238.0	273.7
<b>Total Debt</b>	<b>527.2</b>	<b>198.5</b>	<b>238.0</b>	<b>273.7</b>
Deferred tax liabilities	(89.8)	(139.3)	(160.2)	(184.2)
Long term provision	141.2	59.3	68.2	78.5
Other long term liabilities	690.0	714.5	821.7	944.9
<b>Total</b>	<b>741.4</b>	<b>634.5</b>	<b>729.7</b>	<b>839.2</b>
<b>Current Liabilities</b>				
Trade payables	849.6	864.0	995.6	1,144.9
Short term provisions	483.2	463.2	532.6	612.5
Other current liabilities	1,049.9	1,272.2	1,463.0	1,682.5
<b>Total</b>	<b>2,910.0</b>	<b>2,797.8</b>	<b>3,229.2</b>	<b>3,713.6</b>
<b>Total liabilities</b>	<b>10,594.5</b>	<b>11,367.2</b>	<b>12,882.2</b>	<b>14,857.8</b>
<b>Application of Assets</b>				
Net Block	3,773.6	4,086.7	4,492.7	5,028.6
Current work in process	11.0	5.5	5.5	5.5
Non current investment	377.8	384.8	442.5	508.8
Long term loans and advances	601.8	805.9	926.8	1,065.9
Other non-current assets	114.0	131.3	151.0	173.7
<b>Total</b>	<b>4,878.2</b>	<b>5,414.2</b>	<b>6,018.5</b>	<b>6,782.4</b>
<b>Current Assets</b>				
Current investments	1,435.2	1,367.9	1,573.1	1,809.0
Trade receivables	2,226.9	2,520.6	2,898.7	3,333.5
Cash balance	828.1	1,045.4	1,221.1	1,587.7
Bank balance	121.3	8.0	8.0	8.0
Short term loans and advances	890.0	880.7	1,012.8	1,164.8
Other current assets	214.7	130.3	149.9	172.4
<b>Total</b>	<b>5,716.4</b>	<b>5,953.0</b>	<b>6,863.7</b>	<b>8,075.4</b>
<b>Total assets</b>	<b>10,594.5</b>	<b>11,367.2</b>	<b>12,882.2</b>	<b>14,857.8</b>

Source : RBL Research

## Cash Flow – consolidated

Particulars, Rs Cr	FY22	FY23	FY24E	FY25E
Profit before tax	1,913.1	2,173.1	2,530.0	3,037.7
Add: Depreciation	290.8	325.2	365.0	401.5
Add: Interest cost	74.4	97.3	104.7	120.4
Less: Other Income / Interest Rec	(35.2)	(35.0)	-	-
Others	(8.4)	71.8	-	-
<b>Operating profit before working capital changes</b>	<b>2,234.6</b>	<b>2,632.3</b>	<b>2,999.7</b>	<b>3,559.6</b>
Changes in working capital	(150.1)	(577.9)	(183.3)	(212.8)
Cash from Operations	2,084.5	2,054.4	2,816.4	3,346.9
Less: Taxes	(368.6)	(592.6)	(599.6)	(713.9)
<b>Cash flow from Operations</b>	<b>1,715.9</b>	<b>1,461.8</b>	<b>2,216.8</b>	<b>2,633.0</b>
<b>Net cash used in Investing</b>				
Purchase of fixed assets	(120.0)	(113.1)	(770.9)	(937.4)
Purchase of investments	(6,385.2)	(8,046.2)	(262.9)	(302.3)
Sales of fixed assets	0.8	2.0	-	-
Sales of investments	6,190.3	8,311.2	-	-
Dividend Income	32.1	28.6	-	-
<b>Cash flow from investing</b>	<b>(282.0)</b>	<b>182.5</b>	<b>(1,033.8)</b>	<b>(1,239.7)</b>
<b>Cash flow from Financing</b>				
Proceeds from Equity shares	44.2	27.1	-	-
Proceeds of borrowings	3.2	(355.7)	39.5	35.7
Dividend (Incl dividend tax)	(1,217.7)	(865.2)	(942.0)	(942.0)
Interest cost	(27.6)	(49.2)	(104.7)	(120.4)
Others	(190.8)	(197.1)	-	-
<b>Cash flow from Financing</b>	<b>(1,388.7)</b>	<b>(1,440.2)</b>	<b>(1,007.2)</b>	<b>(1,026.8)</b>
<b>Net cash Inflow/ Outflow</b>	<b>45.2</b>	<b>204.1</b>	<b>175.7</b>	<b>366.5</b>
Opening cash	772.3	828.1	1,045.4	1,221.1
Exchange gain/loss	10.7	13.2	-	-
<b>Closing Cash</b>	<b>828.1</b>	<b>1,045.4</b>	<b>1,221.1</b>	<b>1,587.7</b>

Source : RBL Research

## Key ratios – consolidated

Particulars	FY22	FY23	FY24E	FY25E
<b>Per share Data</b>				
EPS (Rs)	76.2	87.8	102.5	123.3
Book value per share (Rs)	369.7	421.2	473.6	547.0
Dividend per share (Rs)	64.8	45.9	50.0	50.0
Dividend Payout (%)	85.1	52.3	48.8	40.5
Dividend Yield %	2.7	1.9	2.0	2.0
<b>Profitability Ratios</b>				
EBITDAM(%)	17.7	17.6	17.9	18.6
PBTM (%)	16.0	15.7	15.9	16.6
NPM (%)	12.0	12.0	12.2	12.7
RoE (%)	20.6	20.8	21.6	22.6
RoCE (%)	24.5	25.9	27.0	28.3
<b>Efficiency Data</b>				
Debt-Equity Ratio	0.1	0.0	0.0	0.0
Interest Cover Ratio	24.6	21.7	23.6	24.8
Fixed Asset Ratio	0.3	0.3	0.3	0.3
Debtors (Days)	68.0	66.7	66.7	66.7
Inventory (Days)	0.0	0.0	0.0	0.0
Payable (Days)	25.9	22.9	22.9	22.9
WC (Days)	42.0	43.8	43.8	43.8
<b>Valuation</b>				
P/E (x)	32.1	27.8	23.8	19.8
P/BV	6.6	5.8	5.2	4.5
EV/EBITDA	21.5	18.6	15.9	13.2
EV/Sales	3.8	3.3	2.8	2.4

Source : RBL Research

## Improving utilization & debt reduction to drive growth

High Conviction Idea | Sector: Cement

### BUY

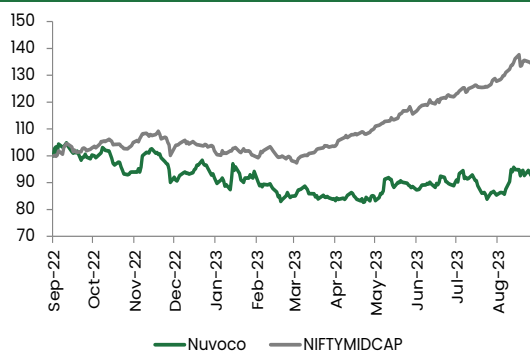
<b>CMP (Rs)</b>	<b>381</b>
<b>Target Price (Rs)</b>	<b>455</b>
<b>Potential Upside</b>	<b>19.5%</b>
<b>Sensex</b>	65,945
<b>Nifty</b>	19,665

<b>Key Stock data</b>	
<b>BSE Code</b>	543334
<b>NSE Code</b>	NUVOCO
<b>Bloomberg</b>	NUVOCO:IN
<b>Shares o/s, Cr (FV 10)</b>	35.7
<b>Market Cap (Rs Cr)</b>	13,609
<b>3M Avg Volume</b>	359,494
<b>52 week H/L</b>	428/288

### Shareholding Pattern

(%)	Dec-22	Mar-23	Jun-23
<b>Promoter</b>	71.8	71.8	71.8
<b>FII</b>	3.1	3.1	2.8
<b>DII</b>	20.2	20.4	20.6
<b>Others</b>	5.0	4.6	4.9

### 1 Year relative price performance



### 1 year forward EV/EBITDA (x)



**Nuvoco** is the fifth-largest cement group in India and one of the leading players in East India in terms of capacity. Its businesses consist of Cement, Ready-Mix Concrete and Modern Building Materials, which includes a range of over 60 products which meet the needs of individual home builders and institutional infrastructure development. Nuvoco provides best-in-class cement products such as Concrete, Duraguard, Double Bull, Premium Slag Cement, Nirmax and Infracem. It has 11 cement plants across 7 states with total capacity at 23.8 MnTPA and over the last five years it has been doubling its installed capacity and establishing itself as one of the fastest-growing cement companies in the country.

**Healthy growth prospect of the industry:** India is the second largest cement producer in the world however its per capita cement consumption is low at 240-250/kg as compared to the world average of 500-550/kg. This means there is a huge scope of growth of improvement which is expected to be driven by government investment towards infrastructure, increasing demand for housing and real-estate sector and capacity expansion by the players (~80-100MT by FY25 and adding 145-155 MT capacity by FY27). Further, the demand for the cement sector globally is expected to grow at 5% however for India it will be growing at double the rate by a CAGR of 8-9% from 350-375 MT to 400-425MT in FY24 and up-to 500-550 MT till FY27.

**Capacity addition in North meanwhile growth strategy to be followed in the East region:** Nuvoco has continuously added capacity in the past and now it has reached 23.8MnTPA. Going ahead as well the company plans to expand its capacity by 1.2MTPA in FY24 and take its total capacity to 25MTPA, along with other brownfield expansions in Nimbol, Bhiwani, Sonadih Siding and Jaspur Siding. Overall capex spend would be Rs 580cr for FY24 out of which Rs 120cr was spent in Q1 while ~Rs 100cr is expected to be spent in Q2 and remaining in 2HFY24.

**Debt reduction to be key focus area:** The company's primary focus is to reduce debt and bring down the net debt from Rs 4500cr to Rs 3,000-3,500cr but we believe it would be at a gradual pace given the concerns of elevated raw materials impacting profits in east regions. So, post reduction of debt their plan is to set up additional capacities in North and West India.

**Outlook & Valuations:** Nuvoco plan is to focus on debt reduction & improve utilization but not be aggressive in capacity addition for next 1-2 years. Ahead, their focus will be in driving the top line & bottom-line by increasing the share of premium products from 37% to 40%+ which are Concrete Uno or Duraguard Micro Fibre as well as focus on the sales of high demand products and improve capacity utilization. Besides, their focus will be on getting high realization from markets in East and North as well as the idea is to improve sales in markets like Bihar, Bengal, Jharkhand, Gujarat and Rajasthan. Lastly, additional revenue will be earned from Haryana market post its commissioning of the Haryana plant. On the profit front, its EBITDA/ton is likely to improve from Rs 644/ton in FY23 to Rs 826/ton by FY25E, driven by improving product mix & utilization level as well as some moderation in raw material prices. We estimate its revenue/EBITDA to grow by 11.4%/22.5% over FY23-25E and initiating coverage with a **Buy** rating and a target price of **Rs 455**, valuing at EV/EBITDA of 10x on FY25E EBITDA.

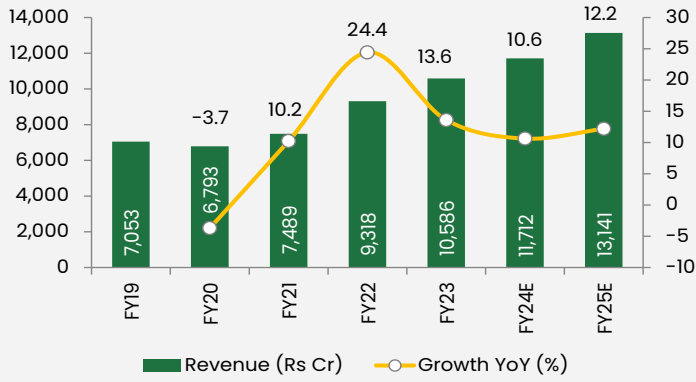
### Financial Summary - consolidated

Particulars, Rs cr	FY22	FY23	FY24E	FY25E
Net revenue	9,318.0	10,586.2	11,712.4	13,141.3
EBITDA	1,501.6	1,210.4	1,525.5	1,816.8
EBITDAM (%)	16.1	11.4	13.0	13.8
APAT	32.1	15.9	99.7	352.7
APATM (%)	0.3	0.1	0.9	2.7
EPS (Rs)	0.9	0.4	2.8	9.9
EV/EBITDA (x)	11.9	13.8	10.8	8.7
RoE (%)	0.4	0.2	1.1	3.8

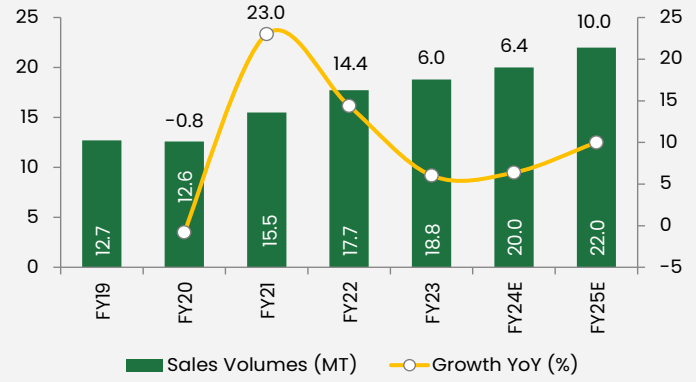
Source : RBL Research

Story in charts

Revenue is expected to grow by 11.4% CAGR over FY23-25E

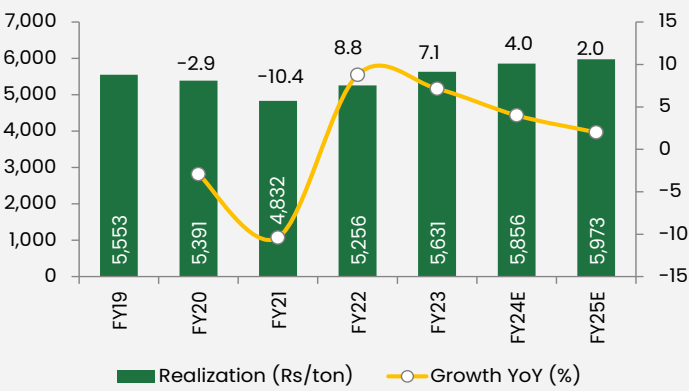


Sales Volumes is expected to improve by 8.2% CAGR over FY23-25E

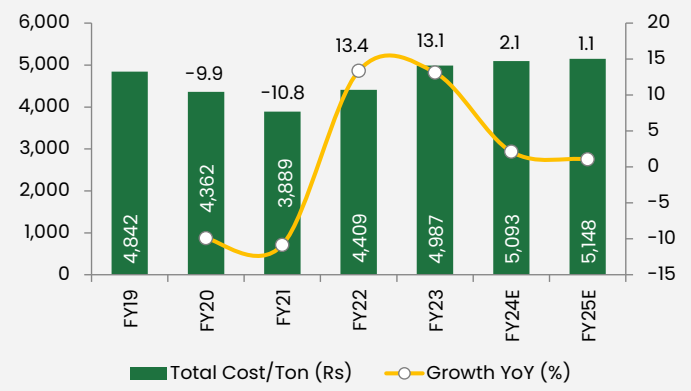


Source : RBL Research

Realization/ton is expected to improve by 3% CAGR over FY23-25E

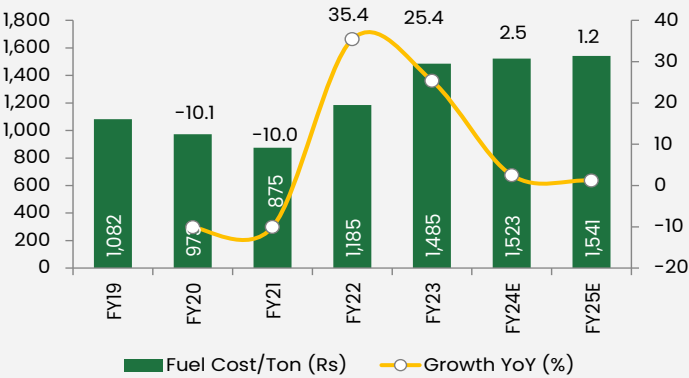


Total cost/ton is expected to improve by 1.6% CAGR over FY23-25E

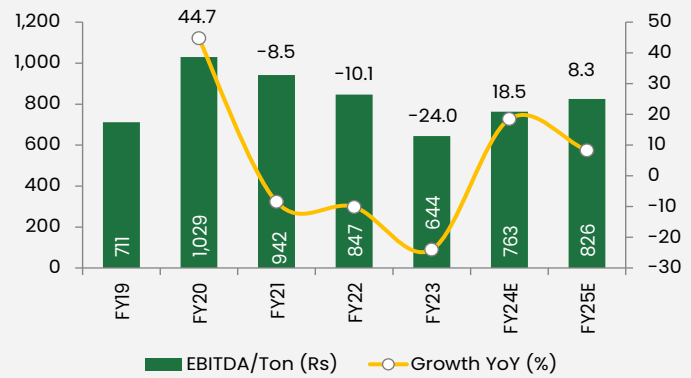


Source : RBL Research

Fuel cost/ton is expected to improve by 1.9% CAGR over FY23-25E

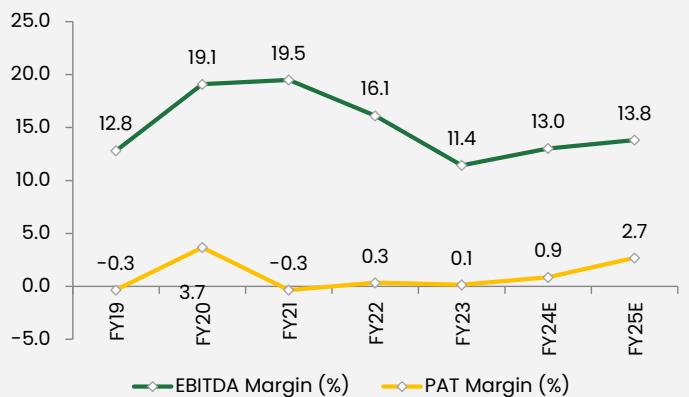


EBITDA/Ton is expected to improve by 13.3% CAGR over FY23-25E

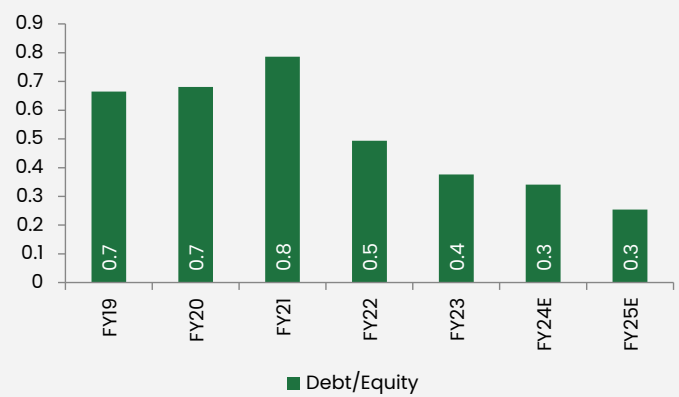


Source : RBL Research

Margins are expected to improve



Debt/Equity ratio is expected to reduce



Source : RBL Research



**Profit & Loss A/C – consolidated**

Particulars, Rs Cr	FY22	FY23	FY24E	FY25E
Net sales	9,318.0	10,586.2	11,712.4	13,141.3
<b>Expenditure</b>				
Cost of materials	1,505.9	1,765.0	1,897.4	2,089.5
Purchase of stock in trade	42.0	44.3	49.0	55.0
(Increase) / Decrease In Stocks	(174.0)	(23.6)	(26.1)	(29.3)
<b>Total raw materials</b>	<b>1,373.9</b>	<b>1,785.7</b>	<b>1,920.3</b>	<b>2,115.2</b>
<b>Gross Profit</b>	<b>7,944.1</b>	<b>8,800.5</b>	<b>9,792.0</b>	<b>11,026.1</b>
Employee cost	578.3	605.5	644.2	709.6
Advertisements cost	2,100.8	2,792.3	3,045.2	3,390.4
Other expenses	1,251.4	1,374.0	1,520.2	1,705.6
<b>Total expenditure</b>	<b>7,816.5</b>	<b>9,375.8</b>	<b>10,186.8</b>	<b>11,324.5</b>
<b>EBITDA</b>	<b>1,501.6</b>	<b>1,210.4</b>	<b>1,525.5</b>	<b>1,816.8</b>
EBITDAM (%)	16.1	11.4	13.0	13.8
Depreciation	918.0	951.1	960.4	959.3
EBIT	583.6	259.3	565.1	857.5
Other income	37.2	13.2	14.6	16.4
Interest expenses	569.9	511.9	426.3	331.2
PBT	50.9	(239.4)	153.4	542.7
Tax	18.8	(661.1)	53.7	189.9
<b>Reported PAT</b>	<b>32.1</b>	<b>421.7</b>	<b>99.7</b>	<b>352.7</b>
Exceptional Income / Expenses	0.0	(405.8)	0.0	0.0
PAT (after Exceptional)	32.1	15.9	99.7	352.7
PAT Margin %	0.3	0.1	0.9	2.7
EPS	0.9	0.4	2.8	9.9

Source : RBL Research

**Balance Sheet – consolidated**

Particulars, Rs cr	FY22	FY23	FY24E	FY25E
Share Capital	357.2	357.2	357.2	357.2
Reserves & Surplus	8,464.1	8,481.8	8,581.5	8,934.3
<b>Total Shareholder's Fund</b>	<b>8,821.2</b>	<b>8,839.0</b>	<b>8,938.7</b>	<b>9,291.5</b>
Long term borrowings	4,183.4	3,325.4	3,045.2	2,365.4
Short term borrowing	170.5	-	-	-
<b>Total Debt</b>	<b>4,353.8</b>	<b>3,325.4</b>	<b>3,045.2</b>	<b>2,365.4</b>
Deferred tax liabilities	1,854.0	1,189.9	1,405.5	1,577.0
Long term provision	89.9	182.2	201.5	226.1
Other long term liabilities	173.4	183.2	202.7	227.4
<b>Total</b>	<b>6,300.7</b>	<b>4,880.7</b>	<b>4,854.9</b>	<b>4,395.9</b>
<b>Current Liabilities</b>				
Trade payables	1,192.5	1,702.6	1,883.7	2,113.6
Short term provisions	494.5	547.2	605.4	679.2
Other current liabilities	2,635.5	3,018.2	3,396.6	3,942.4
<b>Total</b>	<b>4,492.9</b>	<b>5,268.0</b>	<b>5,885.7</b>	<b>6,735.2</b>
<b>Total liabilities</b>	<b>19,614.8</b>	<b>18,987.7</b>	<b>19,679.3</b>	<b>20,422.5</b>
<b>Application of Assets</b>				
Net Block	15,409.6	14,963.7	15,412.5	15,720.7
Current work in process	398.8	594.1	594.1	594.1
Long term loans and	507.2	522.5	578.1	648.6
Other non-current assets	706.6	383.6	424.4	473.1
<b>Total</b>	<b>17,022.2</b>	<b>16,463.9</b>	<b>17,009.1</b>	<b>17,436.5</b>
<b>Current Assets</b>				
Current investments	185.5	-	-	-
Inventories	1,068.3	1,050.0	1,161.7	1,303.5
Trade receivables	570.9	601.2	665.1	746.3
Cash balance	103.4	192.7	92.2	88.9
Bank balance	45.7	10.4	10.4	10.4
Short term loans and	259.4	217.6	240.7	276.0
Other current assets	359.4	451.9	500.0	561.0
<b>Total</b>	<b>2,592.6</b>	<b>2,523.8</b>	<b>2,670.2</b>	<b>2,986.1</b>
<b>Total assets</b>	<b>19,614.8</b>	<b>18,987.7</b>	<b>19,679.3</b>	<b>20,422.5</b>

Source : RBL Research

**Cash Flow – consolidated**

Particulars, Rs Cr	FY22	FY23	FY24E	FY25E
Profit before tax	50.9	(645.2)	153.4	542.7
Add: Depreciation	918.0	951.1	960.4	959.3
Add: Interest cost	569.9	511.9	426.3	331.2
Less: Other Income / Interest Rec	(22.0)	(5.3)	-	-
Others	29.4	437.4	-	-
<b>Operating profit before working capital changes</b>	<b>1,546.2</b>	<b>1,249.9</b>	<b>1,540.1</b>	<b>1,833.2</b>
Changes in working capital	(253.4)	477.7	528.8	631.9
Cash from Operations	1,292.8	1,727.6	2,069.0	2,465.1
Less: Taxes	(71.9)	(16.2)	(53.7)	(189.9)
<b>Cash flow from Operations</b>	<b>1,220.9</b>	<b>1,711.4</b>	<b>2,015.3</b>	<b>2,275.1</b>
<b>Net cash used in Investing</b>				
Purchase of fixed assets	(410.6)	(486.3)	(1,409.2)	(1,267.5)
Purchase of investments	(3,229.8)	(2,386.1)	-	-
Sales of fixed assets	1.2	-	-	-
Sales of investments	3,424.2	2,608.7	-	-
Dividend Income	24.4	3.5	-	-
Others	0.2	(0.2)	-	-
<b>Cash flow from investing</b>	<b>(190.3)</b>	<b>(260.4)</b>	<b>(1,409.2)</b>	<b>(1,267.5)</b>
Proceeds from Equity shares	1,500.0	-	-	-
Proceeds of borrowings	1,551.4	350.0	(280.2)	(679.8)
Sales of borrowings	(3,777.4)	(952.2)	-	-
Interest cost	(533.1)	(470.7)	(426.3)	(331.2)
Others	(161.1)	(288.8)	-	-
<b>Cash flow from Financing</b>	<b>(1,420.2)</b>	<b>(1,361.7)</b>	<b>(706.5)</b>	<b>(1,010.9)</b>
<b>Net cash Inflow/ Outflow</b>	<b>(389.7)</b>	<b>89.4</b>	<b>(100.5)</b>	<b>(3.3)</b>
Opening cash	493.1	103.4	192.7	92.2
<b>Closing Cash</b>	<b>103.4</b>	<b>192.7</b>	<b>92.2</b>	<b>88.9</b>

Source : RBL Research

**Key ratios – consolidated**

Particulars	FY22	FY23	FY24E	FY25E
<b>Per share Data</b>				
EPS (Rs)	0.9	0.4	2.8	9.9
Book value per share (Rs)	247.0	247.5	250.3	260.1
<b>Profitability Ratios</b>				
EBITDAM (%)	16.1	11.4	13.0	13.8
PBTM (%)	0.5	-2.3	1.3	4.1
NPM (%)	0.3	0.1	0.9	2.7
RoE (%)	0.4	0.2	1.1	3.8
RoCE (%)	4.4	2.1	4.7	7.4
<b>Efficiency Data</b>				
Debt-Equity Ratio	0.5	0.4	0.3	0.3
Interest Cover Ratio	1.0	0.5	1.3	2.6
Fixed Asset Ratio	1.7	1.4	1.3	1.2
Debtors (Days)	22.4	20.7	20.7	20.7
Inventory (Days)	41.8	36.2	36.2	36.2
Payable (Days)	46.7	58.7	58.7	58.7
WC (Days)	17.5	-1.8	-1.8	-1.8
<b>Valuation</b>				
P/E (x)	423.1	855.7	136.1	38.5
P/BV	1.5	1.5	1.5	1.5
EV/EBITDA	11.9	13.8	10.8	8.7
EV/Sales	1.9	1.6	1.4	1.2

Source : RBL Research

**BUY**

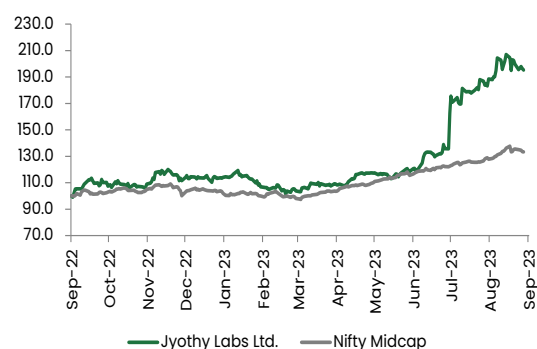
<b>CMP (Rs)</b>	<b>367</b>
<b>Target Price (Rs)</b>	<b>428</b>
<b>Potential Upside</b>	<b>16.5%</b>
<b>Sensex</b>	65,945
<b>Nifty</b>	19,665

**Key Stock data**

<b>BSE Code</b>	532926
<b>NSE Code</b>	JYOTHYLAB
<b>Bloomberg</b>	JYL IN
<b>Shares o/s, Cr (FV 1)</b>	36.7
<b>Market Cap (Rs Cr)</b>	13,485
<b>3M Avg Volume</b>	20,62,965
<b>52 week H/L</b>	390/175

**Shareholding Pattern**

(%)	Dec-22	Mar-23	Jun-23
<b>Promoter</b>	62.9	62.9	62.9
<b>FII</b>	13.4	13.8	13.8
<b>DII</b>	17.1	16.8	16.8
<b>Others</b>	6.6	6.5	6.5

**1 Year relative price performance**

**1 year forward P/E (x)**

**Moving up the ladder**

High Conviction Idea | Sector: FMCG

**Jyothy Labs Ltd** is one of the leading Indian FMCG Companies founded in 1983 with a single brand 'Ujala'. Over the years, it evolved into multi brands and different categories as well as started manufacturing and marketing of products. It evolved into categories such as Fabric care, Dishwashing, Household Insecticides and Personal care while some of its leading brands includes Ujala, Exo, Henko, Pril, Margo, Maxo, Mr. White, MoreLight, Neem, and Maya which are well-known and established brands in their respective categories.

**Undisputed leader in Fabric care with Ujala brand while other products brand catching up:** Jyothy Labs is an undisputed leader of Ujala brand with market share of ~84% and the company is continuously focusing on driving growth for its brand and Fabric care segment by innovating products, increasing spends for marketing and distribution activity. Besides, it ranks 2nd (value) for Pril Liquids and Exo Dishwash and 2nd (volume) for maxo mosquito repellent coil. Further, the company has also innovated product brands such as Margo, Henko, T-Shine which is gaining traction. Going ahead, the overall plan is to drive volume led growth by optimizing portfolio, improving demand from rural & urban areas and investing in R&D and advertising activities. So, all these efforts will aid Jyothy Labs to strengthen the core, add value from newly introduced products as well as gain market share.

**Segmental growth to be led by Fabric Care & Dishwashing:** The company's majority of the revenue came from soaps & detergent (65%) and Home care (32%) segments till FY16. Post that the company decided to restructure its revenue stream and now it has divided segments into fabric care (42.5%), Dishwashing (34.8%) followed by personal care (10.2%) and Household Insecticides (8.5%), laundry and others (hold 2% each). Additionally, it earns majority (i.e. 99.7%) of the profits from Fabric Care and Dishwashing segments. Further these two segments are growing at 17.9% and 17.5% CAGR over the last 3 years and this double digit growth is expected to continue driven by increasing demand for new categories such as liquids soaps & detergent, post wash products, etc. Along with it, the plan is to strengthen the portfolio by innovating products, positioning products across markets as per demand and focus on expanding distribution reach.

**Investment in distribution & marketing activity to boost growth:** The company is taking constant efforts towards brand building, increasing distribution reach by further strengthening direct reach, rural footprint and use of digital technology to enhance sales efficiency. Besides, its focus is on marketing activity wherein the company has selected well-known celebrities for campaigns which would create confidence amongst consumers. So, all these efforts will aid Jyothy Labs to gain market share, improve top line growth as well as margins.

**Outlook & Valuation:** We believe Jyothy labs has come a long way by innovating products across categories, investing on advertisements & promotional activities and gaining market share. Going ahead, the management aims for volume led growth and at the same time maintain margins. Additionally, they want to invest behind brand building initiatives, manufacturing and strengthen distribution reach in rural areas as well as grow digitally. We are optimistic on the growth prospect of the company and estimate its Revenue/EBITDA to grow at 15%/37% CAGR over FY23-25E. We initiate a **Buy** with a target price of **Rs 428**, valuing the company near to its 10 years average P/E of 32.7x.

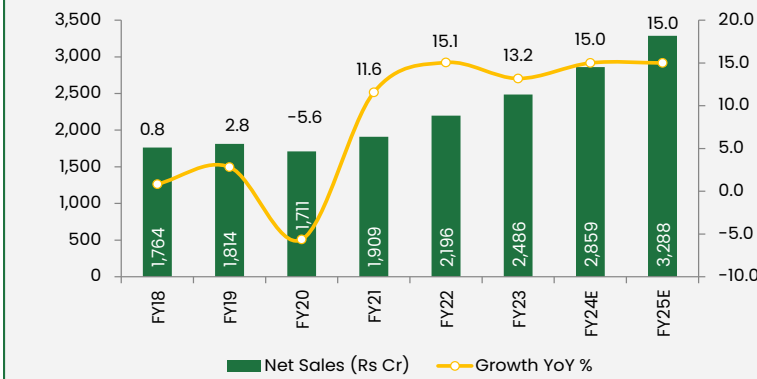
**Financial Summary - consolidated**

Particulars, Rs cr	FY22	FY23	FY24E	FY25E
Net revenue	2,196.5	2,486.0	2,858.9	3,287.8
EBITDA	248.2	315.9	454.2	597.9
EBITDAM (%)	11.3	12.7	15.9	18.2
APAT	159.1	239.7	342.0	455.0
APATM (%)	7.2	9.6	12.0	13.8
EPS (Rs)	4.3	6.5	9.3	12.4
PE (x)	80.8	53.6	37.6	28.2
RoE (%)	11.0	15.5	19.2	21.4

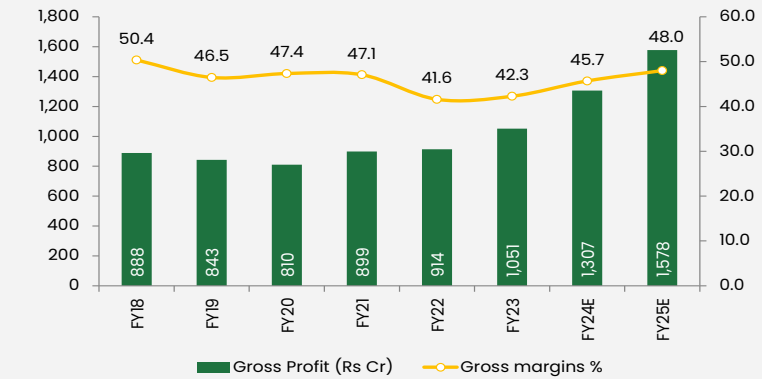
Source : RBL Research

Story in charts

Revenue is expected to grow by 15% CAGR over FY23-25E

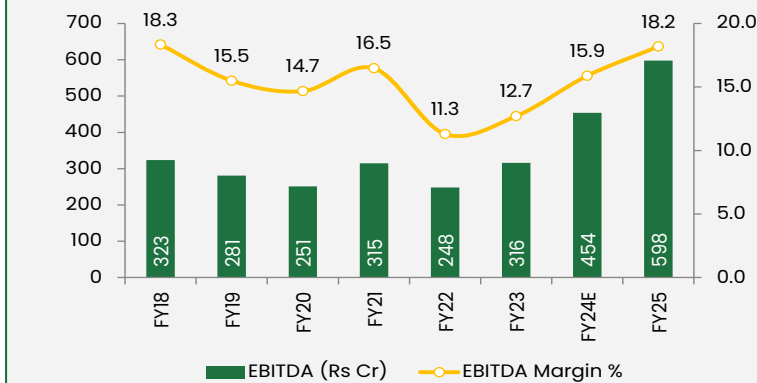


Gross profit is expected to improve by 22.5% CAGR over FY23

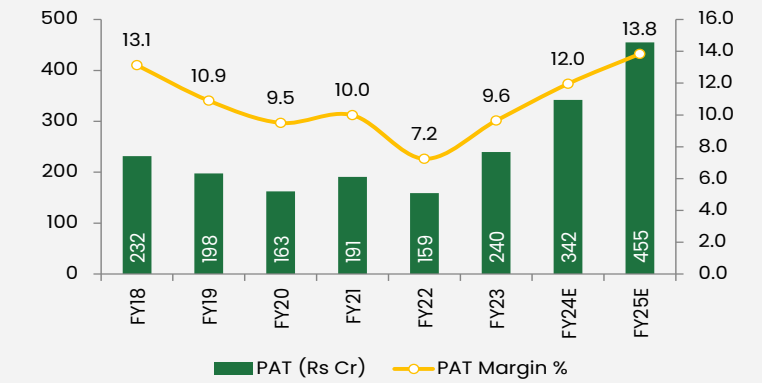


Source : RBL Research

EBITDA margins to improve to 18.2% by FY25E

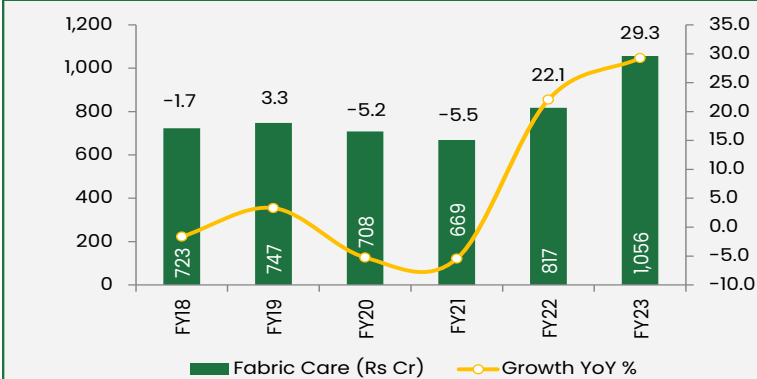


PAT margins to improve to 13.8% by FY25E

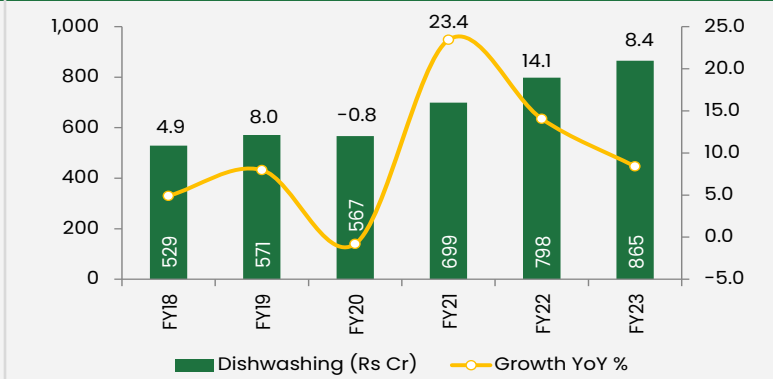


Source : RBL Research

Fabric Care grew by 8% CAGR over FY18-23

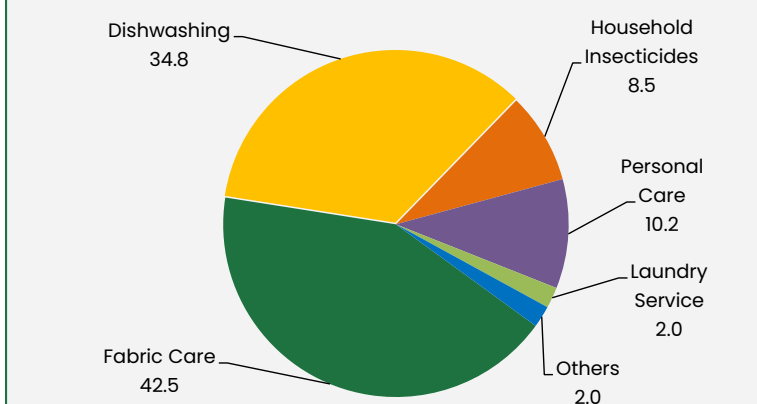


Dishwashing grew by 10.3% CAGR over FY18-23

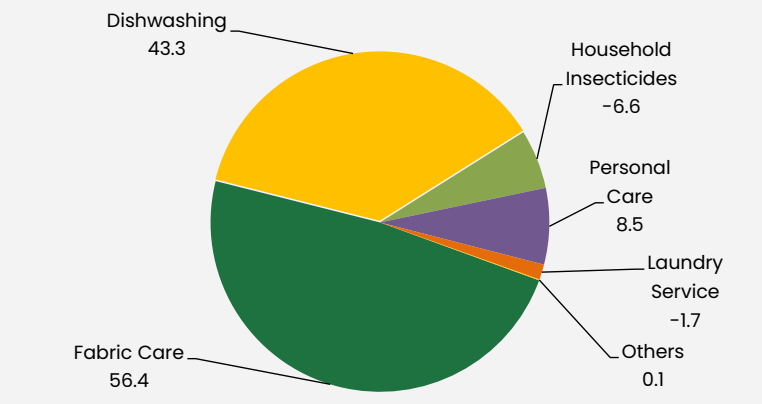


Source : RBL Research

Revenue Share by the segments (%)



Profit Share by the segments (%)



Source : RBL Research

**Profit & Loss A/C – consolidated**

Particulars, Rs Cr	FY22	FY23	FY24E	FY25E
<b>Net sales</b>	<b>2,196.5</b>	<b>2,486.0</b>	<b>2,858.9</b>	<b>3,287.8</b>
<b>Expenditure</b>				
Cost of materials	1,096.0	1,291.2	1,429.5	1,578.1
Purchase of stock in trade	190.3	147.0	128.7	138.1
(Increase) / Decrease In Stocks	(3.3)	(3.3)	(5.7)	(6.6)
<b>Total raw materials</b>	<b>1,283.0</b>	<b>1,434.9</b>	<b>1,552.4</b>	<b>1,709.6</b>
<b>Gross Profit</b>	<b>913.5</b>	<b>1,051.1</b>	<b>1,306.5</b>	<b>1,578.1</b>
Employee cost	247.5	264.8	305.9	345.2
Advertisements cost	161.1	174.3	205.8	243.3
Other expenses	256.8	296.2	340.6	391.7
<b>Total expenditure</b>	<b>1,948.3</b>	<b>2,170.2</b>	<b>2,404.7</b>	<b>2,689.8</b>
<b>EBITDA</b>	<b>248.2</b>	<b>315.9</b>	<b>454.2</b>	<b>597.9</b>
EBITDAM (%)	11.3	12.7	15.9	18.2
Depreciation	58.2	50.1	57.2	65.8
EBIT	190.1	265.8	397.0	532.2
Other income	18.7	39.5	45.5	52.3
Interest expenses	11.8	13.1	13.1	13.1
PBT	196.9	292.2	429.4	571.4
Tax	37.8	59.5	87.4	116.3
<b>Reported PAT</b>	<b>159.1</b>	<b>232.7</b>	<b>342.0</b>	<b>455.0</b>
Exceptional Income / Expenses	0.0	7.0	0.0	0.0
PAT (after Exceptional)	159.1	239.7	342.0	455.0
PAT Margin %	7.2	9.6	12.0	13.8
EPS	4.3	6.5	9.3	12.4

Source : RBL Research

**Balance Sheet – consolidated**

Particulars, Rs cr	FY22	FY23	FY24E	FY25E
Share Capital	36.7	36.7	36.7	36.7
Reserves & Surplus	1,406.8	1,512.3	1,744.1	2,088.9
<b>Total Shareholder's Fund</b>	<b>1,443.6</b>	<b>1,549.0</b>	<b>1,780.8</b>	<b>2,125.7</b>
Minority Interest	(40.7)	2.1	2.1	2.1
Short term borrowing	126.5	-	-	-
<b>Total Debt</b>	<b>126.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long term provision	67.6	70.8	74.3	78.9
Other long term liabilities	31.5	33.5	38.5	44.3
<b>Total</b>	<b>99.1</b>	<b>104.3</b>	<b>112.9</b>	<b>123.2</b>
<b>Current Liabilities</b>				
Trade payables	236.4	214.4	246.5	283.5
Short term provisions	12.6	21.8	25.1	28.9
Other current liabilities	145.2	170.1	183.0	197.3
<b>Total</b>	<b>520.7</b>	<b>406.3</b>	<b>454.6</b>	<b>509.6</b>
<b>Total liabilities</b>	<b>2,022.8</b>	<b>2,061.7</b>	<b>2,350.3</b>	<b>2,760.6</b>
<b>Application of Assets</b>				
Net Block	294.4	286.9	301.3	316.3
Current work in process	7.6	15.5	15.5	15.5
Goodwill on consolidation	786.3	786.3	786.3	786.3
Tax assets	90.7	84.5	91.5	105.2
Other non-current assets	119.6	113.3	120.1	138.1
<b>Total</b>	<b>1,298.6</b>	<b>1,286.6</b>	<b>1,314.6</b>	<b>1,361.4</b>
<b>Current Assets</b>				
Inventories	297.2	301.9	347.1	399.2
Trade receivables	143.1	137.8	158.5	182.3
Cash balance	76.0	105.6	292.4	571.1
Bank balance	135.2	177.8	177.8	177.8
Other current assets	72.6	52.0	59.8	68.8
<b>Total</b>	<b>724.1</b>	<b>775.1</b>	<b>1,035.6</b>	<b>1,399.1</b>
<b>Total assets</b>	<b>2,022.8</b>	<b>2,061.7</b>	<b>2,350.3</b>	<b>2,760.6</b>

Source : RBL Research

**Cash Flow – consolidated**

Particulars, Rs Cr	FY22	FY23	FY24E	FY25E
Profit before tax	196.9	299.2	429.4	571.4
Add: Depreciation	58.2	50.1	57.2	65.8
Add: Interest cost	11.8	13.1	13.1	13.1
Less: Other Income / Interest Rec	(3.6)	(7.7)	-	-
Others	(3.6)	(19.7)	-	-
Operating profit before	259.7	335.1	499.6	650.2
Changes in working capital	(25.9)	50.2	(30.7)	(51.2)
Cash from Operations	233.9	385.3	469.0	599.1
Less: Taxes	(31.3)	(56.7)	(87.4)	(116.3)
<b>Cash flow from Operations</b>	<b>202.5</b>	<b>328.6</b>	<b>381.6</b>	<b>482.7</b>
<b>Net cash used in Investing</b>				
Purchase of fixed assets	(26.1)	(35.5)	(71.5)	(80.8)
Sales of fixed assets	4.7	23.3	-	-
Dividend Income	2.8	7.1	-	-
Others	(13.1)	(43.2)	-	-
<b>Cash flow from investing</b>	<b>(31.7)</b>	<b>(48.3)</b>	<b>(71.5)</b>	<b>(80.8)</b>
<b>Cash flow from Financing</b>				
Proceeds of borrowings	10.0	(125.0)	-	-
Dividend (Incl dividend tax)	(146.9)	(91.8)	(110.2)	(110.2)
Interest cost	(7.4)	(10.4)	(13.1)	(13.1)
Others	(22.4)	(23.5)	-	-
<b>Cash flow from Financing</b>	<b>(166.7)</b>	<b>(250.7)</b>	<b>(123.3)</b>	<b>(123.3)</b>
<b>Net cash Inflow/ Outflow</b>	<b>4.2</b>	<b>29.6</b>	<b>186.8</b>	<b>278.7</b>
Opening cash	71.9	76.0	105.6	292.4
<b>Closing Cash</b>	<b>76.0</b>	<b>105.6</b>	<b>292.4</b>	<b>571.1</b>

Source : RBL Research

**Key ratios – consolidated**

Particulars	FY22	FY23	FY24E	FY25E
<b>Per share Data</b>				
EPS (Rs)	4.3	6.5	9.3	12.4
Book value per share (Rs)	39.3	42.2	48.5	57.9
Dividend per share (Rs)	4.0	2.5	3.0	3.0
Dividend Payout %	92.3	38.3	32.2	24.2
Dividend Yield %	1.1	0.7	0.9	0.9
<b>Profitability Ratios</b>				
EBITDAM (%)	11.3	12.7	15.9	18.2
PBTM (%)	9.0	11.8	15.0	17.4
NPM (%)	7.2	9.6	12.0	13.8
RoE (%)	11.0	15.5	19.2	21.4
RoCE (%)	12.1	17.2	22.3	25.0
<b>Efficiency Data</b>				
Debt-Equity Ratio	0.1	0.0	0.0	0.0
Interest Cover Ratio	16.1	20.3	30.3	40.7
Fixed Asset Ratio	0.1	0.1	0.1	0.1
Debtors (Days)	23.8	20.2	20.2	20.2
Inventory (Days)	49.4	44.3	44.3	44.3
Payable (Days)	39.3	31.5	31.5	31.5
WC (Days)	33.9	33.1	33.1	33.1
<b>Valuation</b>				
P/E (x)	80.8	53.6	37.6	28.2
P/BV	8.9	8.3	7.2	6.0
EV/EBITDA	52.0	40.4	27.7	20.5
EV/Sales	5.9	5.1	4.4	3.7

Source : RBL Research

## Not just a B2B coffee player; diversifying to B2C

High Conviction Idea | Sector: FMCG

### BUY

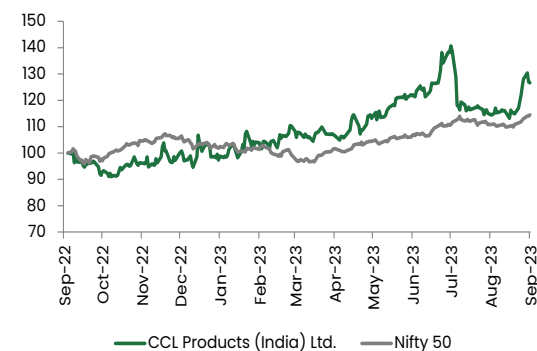
<b>CMP (Rs)</b>	<b>644</b>
<b>Target Price (Rs)</b>	<b>776</b>
<b>Potential Upside</b>	<b>20.4%</b>
<b>Sensex</b>	65,945
<b>Nifty</b>	19,665

<b>Key Stock data</b>	
<b>BSE Code</b>	519600
<b>NSE Code</b>	CCL
<b>Bloomberg</b>	CCLP IN
<b>Shares o/s, Cr (FV 2)</b>	13.3
<b>Market Cap (Rs Cr)</b>	8,566
<b>3M Avg Volume</b>	2,25,616
<b>52 week H/L</b>	750/471

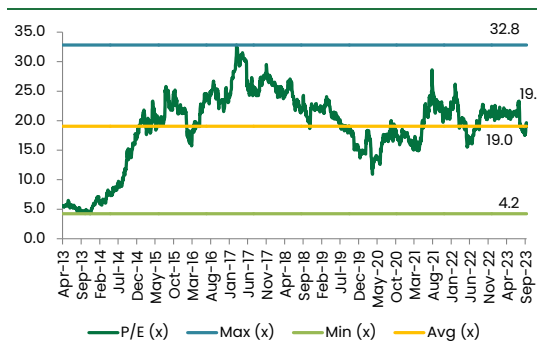
### Shareholding Pattern

(%)	Dec-22	Mar-23	Jun-23
<b>Promoter</b>	46.3	46.3	46.3
<b>FII</b>	7.6	7.7	7.7
<b>DII</b>	21.7	21.1	21.1
<b>Others</b>	24.4	24.9	24.9

### 1 Year relative price performance



### 1 year forward P/E (x) chart



Incorporated in 1994, **CCL Products (India) Ltd.**, formerly known as Continental Coffee Ltd, is engaged in the production, trading and distribution of Coffee in India and globally. It is one of the largest instant coffee makers in India and globally. Further, it is also the largest private label coffee manufacturer in the world. It exports to over 90+ countries and ~1000 cups of continental coffee are consumed every second. Amongst products, it provides retail & bulk packaging and has over 1000+ coffee blends to produce coffee in various forms like Spray Dried Coffee Powder, Spray-Dried Agglomerated, Freeze Concentrated Liquid Coffee, Roast & Ground Coffee, Roasted Coffee Beans, Freeze Dried Coffee and Premix Coffee. It has 4 manufacturing plants two located in Andhra Pradesh, India, one in Switzerland and other in Vietnam with a current combined capacity of 55,000 MTPA in FY23.

**Strengthening B2C segment:** Over the years, CCL products have strengthened its B2B segment by creating more than 1000+ unique blends of coffee for customers in India and overseas. Besides, the company's strong product base, improvement in volumes and interest in expansion helped it to foray into the B2C segment. Thus, in 2016, it launched 'Continental Coffee' specifically tailored to the tastes and preferences of Indian consumers. This business started serving private labels, Institutional clients and expanding its own continental coffee brand. Further, in the short span of time CCL became an established player and gained 3rd position in the Indian B2C market on the back of strong product portfolio, focused on packaging, marketing & distribution channels as well as smoothing of supply chain. In addition, to further strengthen its B2C presence globally, CCL products in June 2023 have acquired 6 coffee brands from Sweden based coffee roasters Löfbergs Group which includes Percol, Rocket Fuel, Plantation Wharf, The London Blend, Perk Up and Percol Fusion. The acquisition will give CCL access to major supermarkets in the UK, which is Europe's largest instant coffee market. Currently, B2C is 10% of the revenue and in the next 7-10 years the company has plans to grow B2C segment revenue to 50% by expanding products and reach.

**Capacity expansion well on track:** CCL products have continuously expanded its production facilities from 3,500 MTPA in 1995 to 55,000MTPA in FY23. Further, they are adding another 16,000 MTPA spray dried capacity in India by FY24 and an additional 6,000 MTPA freeze dried coffee capacity in Vietnam by Q2FY25 which will take the total capacity to 77000 MTPA. All the capacity expansion will help in fulfilling demand as well as better utilization will lead to strong volume growth. Thus the management expects volumes to grow in the range of 20-25% YoY in the next 3-4 years.

**Plans are to be a FMCG player:** CCL Products has taken a step forward for its vision to be a FMCG player and thus in July 2022, it ventured into the frozen foods category with launch of its plant-based brand 'Continental Greenbird' in India. The company launched 100% vegetarian products like Chicken like nuggets, chicken like sausages, chicken like kababs and keema. Further, this category is niche in India and ahead it has huge growth potential because India has the potential to emerge as one of the largest markets for plant-based protein alternatives and also demand is increasing for this kind of diet on a daily basis. At present, Chhattisgarh, Pune and Hyderabad are the key states where products were launched and going ahead it intends to increase penetration, launch new products and enter more categories.

**Outlook & Valuation:** We believe over the years, CCL products has been strengthening its position in the coffee market and its focus towards premium & value added products, strengthening B2C segment as well as continuous capacity expansion will drive growth for the company. Further, its market share in the domestic market and exports stands at 3% and 8% respectively in FY22, and ahead it has plans to gain market share. Moreover, its stable financials, brand recall value and its relationship with customers globally and in India in the B2B segment leads to repetitive business that is helping growth. We remain positive on the growth prospect of the company and have estimated its revenue/EBITDA/PAT to grow at 25%/29%/31% CAGR over FY23-25E. We have initiated a **Buy** on the stock and have arrived at a target price of **Rs 776**, assigning a P/E multiple of 22x FY25EPS.

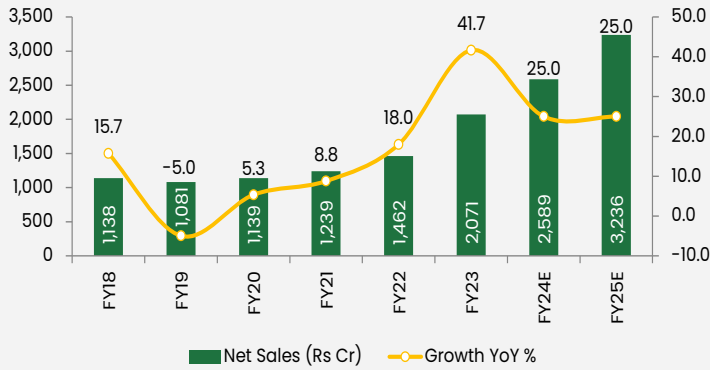
### Financial Summary - consolidated

Particulars, Rs cr	FY22	FY23	FY24E	FY25E
Net revenue	1,462.0	2,071.2	2,589.0	3,236.3
EBITDA	331.1	399.9	513.9	665.0
EBITDAM (%)	22.6	19.3	19.8	20.5
APAT	204.4	268.9	352.4	464.7
APATM (%)	14.0	13.0	13.6	14.4
EPS (Rs)	15.4	20.2	26.5	34.9
PE (x)	41.9	31.9	24.3	18.4
RoE (%)	16.3	18.1	19.9	21.5

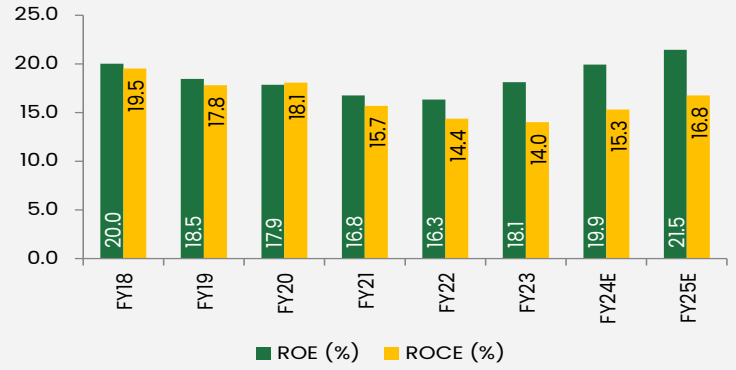
Source : RBL Research

Story in charts

Revenue is expected to grow by 25% CAGR over FY23-25E

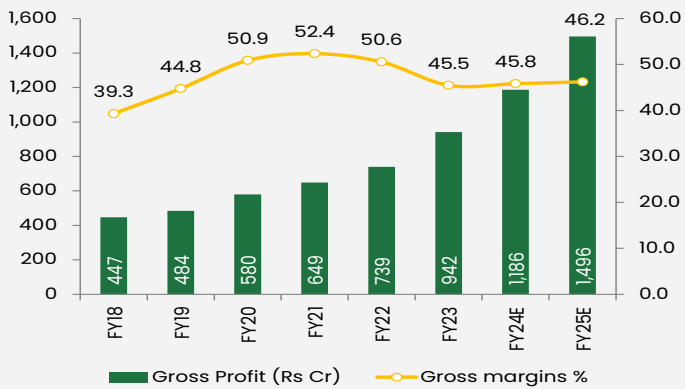


ROE & ROCE is expected to improve to 21.5% & 16.8% by FY25E

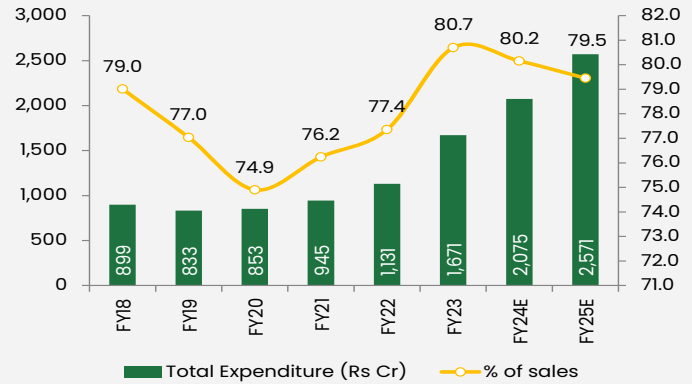


Source : RBL Research

Gross margins to improve to 46.2% by FY25E

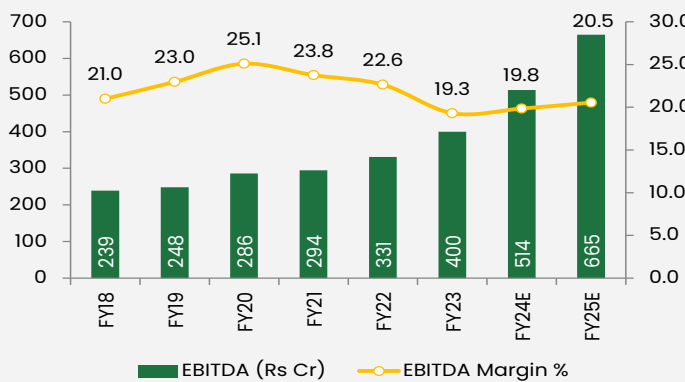


Expenditure is expected to decline

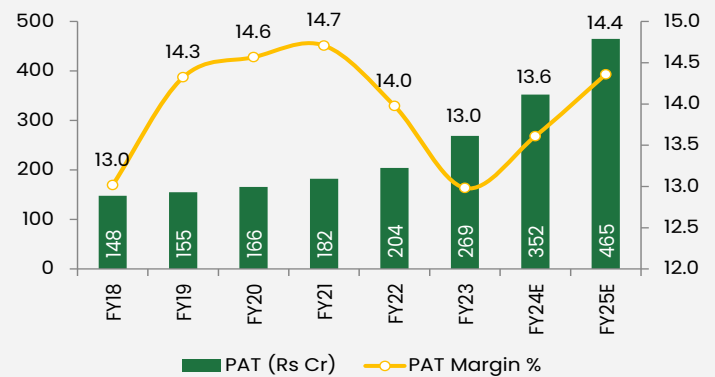


Source : RBL Research

EBITDA margins expected to improve to 20.5% by FY25E



PAT margins expected to improve to 14.4% by FY25E



Source : RBL Research



## Profit &amp; Loss A/C – consolidated

Particulars, Rs Cr	FY22	FY23	FY24E	FY25E
Net sales	1,462.0	2,071.2	2,589.0	3,236.3
<b>Expenditure</b>				
Cost of materials	785.6	1,140.5	1,416.2	1,757.3
(Increase) / Decrease In Stocks	(62.7)	(10.9)	(13.6)	(17.0)
<b>Total raw materials</b>	<b>722.9</b>	<b>1,129.6</b>	<b>1,402.6</b>	<b>1,740.3</b>
<b>Gross Profit</b>	<b>739.1</b>	<b>941.6</b>	<b>1,186.4</b>	<b>1,496.0</b>
Employee cost	97.7	113.5	141.8	177.3
Other expenses	310.4	428.3	530.7	653.7
<b>Total expenditure</b>	<b>1,131.0</b>	<b>1,671.4</b>	<b>2,075.2</b>	<b>2,571.3</b>
<b>EBITDA</b>	<b>331.1</b>	<b>399.9</b>	<b>513.9</b>	<b>665.0</b>
EBITDAM (%)	22.6	19.3	19.8	20.5
Depreciation	57.5	63.7	77.7	97.1
EBIT	273.6	336.1	436.2	567.9
Other income	4.1	3.3	4.1	5.1
Interest expenses	16.4	34.4	40.5	45.8
PBT	261.3	305.0	399.7	527.2
Tax	57.0	36.1	47.3	62.4
<b>Reported PAT</b>	<b>204.4</b>	<b>268.9</b>	<b>352.4</b>	<b>464.7</b>
PAT Margin %	14.0	13.0	13.6	14.4
EPS	15.4	20.2	26.5	34.9

Source : RBL Research

## Balance Sheet – consolidated

Particulars, Rs cr	FY22	FY23	FY24E	FY25E
Share Capital	26.6	26.6	26.6	26.6
Reserves & Surplus	1,224.1	1,455.6	1,741.5	2,139.7
<b>Total Shareholder's Fund</b>	<b>1,250.7</b>	<b>1,482.2</b>	<b>1,768.1</b>	<b>2,166.3</b>
Long term borrowings	111.7	200.8	251.1	313.8
Short term borrowing	539.0	715.3	828.5	906.2
<b>Total Debt</b>	<b>650.8</b>	<b>916.1</b>	<b>1,079.5</b>	<b>1,220.0</b>
Deferred tax liabilities	72.6	72.7	90.9	113.6
Long term provision	1.0	2.6	3.2	4.0
Other long term	3.9	2.4	3.1	3.8
<b>Total</b>	<b>189.2</b>	<b>278.6</b>	<b>348.2</b>	<b>435.3</b>
<b>Current Liabilities</b>				
Trade payables	45.7	73.8	92.3	115.4
Short term provisions	-	5.0	6.3	7.8
Other current liabilities	45.4	42.1	52.6	65.7
<b>Total</b>	<b>630.1</b>	<b>836.1</b>	<b>979.6</b>	<b>1,095.0</b>
<b>Total liabilities</b>	<b>2,069.9</b>	<b>2,596.9</b>	<b>3,095.9</b>	<b>3,696.6</b>
<b>Application of Assets</b>				
Net Block	882.3	1,253.7	1,434.9	1,661.5
Current work in process	160.0	54.0	54.0	54.0
Other non-current assets	40.7	42.0	52.6	65.7
<b>Total</b>	<b>1,082.9</b>	<b>1,349.7</b>	<b>1,541.5</b>	<b>1,781.1</b>
<b>Current Assets</b>				
Inventories	519.1	578.3	716.4	895.5
Trade receivables	319.6	441.4	553.3	691.6
Cash balance	55.9	85.7	106.9	105.5
Bank balance	(6.5)	(2.3)	(2.3)	(2.3)
Other current assets	98.9	144.1	180.1	225.1
<b>Total</b>	<b>987.0</b>	<b>1,247.2</b>	<b>1,554.4</b>	<b>1,915.5</b>
<b>Total assets</b>	<b>2,069.9</b>	<b>2,596.9</b>	<b>3,095.9</b>	<b>3,696.6</b>

Source : RBL Research

## Cash Flow – consolidated

Particulars, Rs Cr	FY22	FY23	FY24E	FY25E
Profit before tax	261.3	305.0	399.7	527.2
Add: Depreciation	57.5	63.7	77.7	97.1
Add: Interest cost	-	34.4	40.5	45.8
Others	27.0	17.8	-	-
<b>Operating profit before working capital changes</b>	<b>345.8</b>	<b>420.9</b>	<b>517.9</b>	<b>670.1</b>
Changes in working capital	(206.1)	(187.6)	(246.9)	(313.5)
Cash from Operations	139.7	233.3	271.1	356.5
Less: Taxes	(39.0)	(35.0)	(47.3)	(62.4)
Cash flow from Operations	100.7	198.3	223.7	294.1
Net cash used in Investing				
Purchase of fixed assets	(189.9)	(332.3)	(258.9)	(323.6)
Others	-	0.1	-	-
<b>Cash flow from investing</b>	<b>(189.9)</b>	<b>(332.1)</b>	<b>(258.9)</b>	<b>(323.6)</b>
<b>Cash flow from Financing</b>				
Proceeds of borrowings	-	187.5	163.4	140.4
Sales of borrowings	(59.9)	77.8	-	-
Dividend (Incl dividend tax)	(66.5)	(66.5)	(66.5)	(66.5)
Interest cost	-	(34.4)	(40.5)	(45.8)
Others	151.5	(0.8)	-	-
<b>Cash flow from</b>	<b>25.1</b>	<b>163.6</b>	<b>56.4</b>	<b>28.1</b>
<b>Net cash Inflow/ Outflow</b>	<b>(64.1)</b>	<b>29.8</b>	<b>21.2</b>	<b>(1.4)</b>
Opening cash	120.0	55.9	85.7	106.9
<b>Closing Cash</b>	<b>55.9</b>	<b>85.7</b>	<b>106.9</b>	<b>105.5</b>

Source : RBL Research

## Key ratios – consolidated

Particulars	FY22	FY23	FY24E	FY25E
<b>Per share Data</b>				
EPS (Rs)	15.4	20.2	26.5	34.9
Book value per share (Rs)	94.0	111.4	132.9	162.8
Dividend per share (Rs)	5.0	5.0	5.0	5.0
Dividend Yield (%)	32.5	24.7	18.9	14.3
Dividend Yield %	0.8	0.8	0.8	0.8
<b>Profitability Ratios</b>				
EBITDAM(%)	22.6	19.3	19.8	20.5
PBTM (%)	17.9	14.7	15.4	16.3
NPM (%)	14.0	13.0	13.6	14.4
RoE (%)	16.3	18.1	19.9	21.5
RoCE (%)	14.4	14.0	15.3	16.8
<b>Efficiency Data</b>				
Debt-Equity Ratio	0.5	0.6	0.6	0.6
Interest Cover Ratio	16.7	9.8	10.8	12.4
Fixed Asset Ratio	0.6	0.6	0.6	0.5
Debtors (Days)	79.8	77.8	78.0	78.0
Inventory (Days)	129.6	101.9	101.0	101.0
Payable (Days)	11.4	13.0	13.0	13.0
WC (Days)	198.0	166.7	166.0	166.0
<b>Valuation</b>				
P/E (x)	41.9	31.9	24.3	18.4
P/BV	6.8	5.8	4.8	4.0
EV/EBITDA	27.7	23.5	18.6	14.6
EV/Sales	6.3	4.5	3.7	3.0

Source : RBL Research

## Research Team

Siddarth Bhamre	<a href="mailto:siddarth.bhamre@religare.com">siddarth.bhamre@religare.com</a>
Ajit Mishra	<a href="mailto:ajit.mishra@religare.com">ajit.mishra@religare.com</a>
Manoj M Vayalar	<a href="mailto:manoj.vayalar@religare.com">manoj.vayalar@religare.com</a>
Nirvi Ashar	<a href="mailto:nirvi.ashar@religare.com">nirvi.ashar@religare.com</a>
Gaurav Arora	<a href="mailto:gaurav.arora3@religare.com">gaurav.arora3@religare.com</a>
Akshay Tiwari	<a href="mailto:akshay.tiwari@religare.com">akshay.tiwari@religare.com</a>
Abhijeet Banerjee	<a href="mailto:abhijeet.banerjee@religare.com">abhijeet.banerjee@religare.com</a>
Gaurav Sharma	<a href="mailto:gauravsharma2@religare.com">gauravsharma2@religare.com</a>
Rohan Shah	<a href="mailto:rohan.shah@religare.com">rohan.shah@religare.com</a>
Riddhika Mirajkar	<a href="mailto:riddhika.mirajkar@religare.com">riddhika.mirajkar@religare.com</a>

Before you use this research report, please ensure to go through the disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 and Research Disclaimer at the following link: <https://www.religareonline.com/disclaimer>

Specific analyst(s) specific disclosure(s) inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 is/are as under:

**Statements on ownership and material conflicts of interest, compensation– Research Analyst (RA)**

S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? <b>[If answer is yes, nature of Interest is given below this table]</b>		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one percent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

[Please note that only in case of multiple RAs, if in the event answers differ inter-se between the RAs, then RA specific answer with respect to questions under F(a) to F(j) below, are given separately]

Nature of Interest (if answer to F(a) above is Yes: .....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F(a) to F(j) above, are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

Copyright in this document vests exclusively with RBL. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose, without prior written permission from RBL. We do not guarantee the integrity of any emails or attached files and are not responsible for any changes made to them by any other person.

Research Disclaimer: <https://www.religareonline.com/disclaimer>