

BUY Ambuja Cement

Progress on capacity expansion is key; upgrade to BUY

Cement ▶ Result Update ▶ November 2, 2023

TARGET PRICE (Rs): 515

Ambuja Cement's standalone EBITDA came in-line with consensus estimates and grew 2.5x YoY on a low base (down 19% QoQ) to Rs7.7bn in Q2FY24. EBITDA/ton stood at Rs1,020 (down 2% QoQ). Mgmt. has reiterated its key focus areas: i) doubling of capacity from ~68mt to 140mt by FY28; ii) determining a target to set up 40mt clinker capacity (~10 lines) with 35 new grinding units to achieve capacity target by FY28; iii) aiming EBITDA/ton of Rs1,450 by FY28 by optimizing manufacturing and logistics costs and through group synergies. The long-term growth prospects and healthy BS along with the recent stock price correction (~15% in the last three months) offer a good entry point. Hence, we upgrade the stock to BUY from Hold. Factoring in the recent cement price hike, we have raised our EBITDA est. by 4-9% in FY24-26E and revised Sep-24E TP to Rs515 (16x EV/E) post the quarterly roll-over.

Ambuja Cement: Financial Snapshot (Standalone)

Y/E March (Rs mn)	CY21	FY23	FY24E	FY25E	FY26E
Revenue	1,39,650	1,99,854	1,79,468	1,94,321	2,24,094
EBITDA	32,075	32,204	37,001	42,115	50,264
Adj. PAT	21,462	27,108	24,720	27,818	33,118
Adj. EPS (Rs)	10.5	10.3	12.5	14.0	16.7
EBITDA margin (%)	23.0	16.1	20.6	21.7	22.4
EBITDA growth (%)	21.2	0.4	14.9	13.8	19.4
Adj. EPS growth (%)	16.2	(1.8)	21.0	12.5	19.1
RoE (%)	21.3	15.9	13.5	13.6	14.4
RoIC (%)	46.6	42.4	30.7	25.7	21.8
P/E (x)	37.6	37.2	32.7	29.0	24.4
EV/EBITDA (x)	23.9	22.5	20.0	17.9	15.3
P/B (x)	3.6	3.5	2.6	2.5	2.3
FCFF yield (%)	1.7	(0.1)	(2.3)	(2.0)	(2.0)

Source: Company, Emkay Research

Result Summary

Ambuja Cement's standalone volume grew 7.5% YoY to 7.6 MT, whereas realizations remained flat YoY (+1% QoQ) to Rs5,237/ton. Total cost/ton fell 12% YoY (+2% QoQ) to Rs4,217, marginally above our estimates. Consolidated vol. grew by mere 3% YoY to 13.1mt due to a challenging July month in North and heavy monsoon in the Central region. Standalone FCF generation stood at Rs2.8bn post working capital blockage of Rs2.2bn and capex spend of Rs9.2bn in H1FY23. Management has maintained its capex guidance of Rs75bn in FY24 (Rs25bn in ACC and Rs50bn in Ambuja Cement). Consolidated cash and cash equivalents declined by Rs1.6bn to Rs11.7bn.

What we liked: Unveiling more details on capacity expansion and various cost initiatives.

What we did not like: Lower than the industry's volume growth.

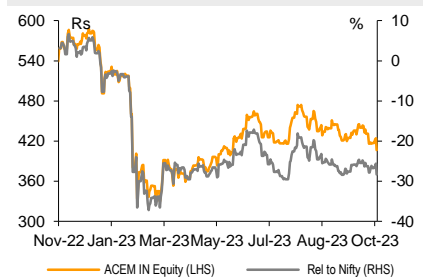
Key takeaways from the earnings call/Project updates: 1) As mentioned earlier, Ambuja Cement is setting up 40mt of clinker capacity (10 lines, large part is Brownfield) and 35 grinding units (GUs). For the 4mt Bhatapara clinker line, the GUs earmarked are Sankrail and Farakka; and for the 4mt Maratha clinker line, the GUs earmarked are Jalgaon, Amaravati and SalaiBanwa. On announced expansion, the company is targeting to commission 12mt/7mt grinding capacities in H2FY25/FY26. Sanghi's acquisition is expected to be completed by Q3FY24 (vs. Q4FY24 earlier). 2) Mgmt. is targeting cost saving worth Rs400/ton – Rs100/ton has already been kicked in, while the balance will be span across the next 12-36 months. Mgmt. is targeting to increase WHRS capacity to 175MW by Mar-25 (vs. 90MW currently). Besides, 200MW renewable power generation is expected in Gujarat by Mar-24. Mgmt. is targeting primary lead reduction of ~100km. 3) Mgmt. has maintained vol. guidance of 10-12% YoY going ahead. 4) MSA vol. were ~2.4mt (~1.2mt each in ACC and Ambuja) in Q2FY24.

Target Price – 12M	Sep-24
Change in TP (%)	7.2
Current Reco.	BUY
Previous Reco.	HOLD
Upside/(Downside) (%)	26.5
CMP (01-Nov-23) (Rs)	406.7

Stock Data	Ticker
52-week High (Rs)	598
52-week Low (Rs)	315
Shares outstanding (mn)	1,985.6
Market-cap (Rs bn)	807
Market-cap (USD mn)	9,695
Net-debt, FY24E (Rs mn)	-67,544
ADTV-3M (mn shares)	3
ADTV-3M (Rs mn)	1,529.1
ADTV-3M (USD mn)	18.4
Free float (%)	-
Nifty-50	18,989
INR/USD	83.3
Shareholding, Sep-23	
Promoters (%)	63.2
FPIs/MFs (%)	11.6/15.5

Price Performance

(%)	1M	3M	12M
Absolute	(4.3)	(11.9)	(25.3)
Rel. to Nifty	(1.0)	(8.4)	(28.6)

1-Year share price trend (Rs)**Dharmesh Shah**

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Quarterly Analysis

Exhibit 1: Actual vs. Estimates (Q2FY24)

(Rs mn)	Actual	Estimates		Variation (%)		Comment
		Emkay	Consensus	Emkay	Consensus	
Net sales	39,698	40,163	40,635	(1.2)	(2.3)	
EBITDA	7,734	8,068	7,711	(4.1)	0.3	In-line with consensus estimates
PAT	6,438	5,957	4,911	8.1	31.1	
Volumes (mt)	7.6	7.7		(1.4)		
Blended realization (Rs/ton)	5,237	5,225		0.2		
EBITDA (Rs/ton)	1,020	1,050		(2.8)		

Source: Bloomberg, Emkay Research

Exhibit 2: Standalone Quarterly Table

(Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	H1FY23	H1FY24	YoY (%)
Revenue	36,704	41,285	42,563	47,297	39,698	8.2	(16.1)	76,639	86,995	13.5
Expenditure	33,661	34,892	34,681	37,812	31,964	(5.0)	(15.5)	66,750	69,775	4.5
Total RM	2,960	7,480	8,695	8,827	7,268	145.5	(17.7)	6,177	16,095	160.6
Power and Fuel	14,147	12,111	10,343	11,715	9,653	(31.8)	(17.6)	27,345	21,368	(21.9)
Freight	8,395	8,362	9,326	10,465	8,525	1.6	(18.5)	17,443	18,990	8.9
Staff cost	1,532	1,595	1,680	1,309	1,490	(2.8)	13.8	3,169	2,799	(11.7)
Other expenditure	6,627	5,344	4,637	5,495	5,028	(24.1)	(8.5)	12,616	10,523	(16.6)
EBITDA	3,043	6,393	7,883	9,486	7,734	154.1	(18.5)	9,889	17,220	74.1
Depreciation	1,571	1,648	2,047	2,319	2,286	45.5	(1.4)	3,110	4,605	48.1
EBIT	1,473	4,745	5,836	7,167	5,449	270.0	(24.0)	6,779	12,615	86.1
Other Income	470	759	1,740	1,895	3,781	704.0	99.6	6,348	5,676	(10.6)
Interest	228	253	335	396	435	90.8	9.8	479	831	73.6
PBT	1,715	5,251	7,241	8,665	8,795	412.8	1.5	12,648	17,460	38.0
Total Tax	184	947	1,410	2,216	2,357	1,180.1	6.3	2,583	4,573	77.1
Adjusted PAT	1,531	4,303	5,831	6,449	6,438	320.5	(0.2)	10,065	12,887	28.0
Extraordinary items	(152)	(613)	(807)	-	-			1,793	-	
Reported PAT	1,379	3,690	5,024	6,449	6,438	366.9	(0.2)	11,858	12,887	8.7
Adjusted EPS (Rs)	0.8	2.2	2.9	3.2	3.2	320.5	(0.2)	5.1	6.5	28.0
(%)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (bps)	QoQ (bps)	H1FY23	H1FY24	YoY (bps)
EBIDTAM	8.3	15.5	18.5	20.1	19.5	1,119	(57)	12.9	19.8	689
EBITM	4.0	11.5	13.7	15.2	13.7	971	(143)	8.8	14.5	566
EBTM	4.7	12.7	17.0	18.3	22.2	1,748	383	16.5	20.1	357
PATM	4.2	10.4	13.7	13.6	16.2	1,205	258	13.1	14.8	168
Effective Tax Rate	10.7	18.0	19.5	25.6	26.8			20.4	26.2	

Source: Company, Emkay Research

Exhibit 3: Quarterly analysis on a per-ton basis

Rs/ton	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Cement volumes (mt)	7.1	7.7	8.1	9.1	7.6	7.5	(16.9)
Blended Realization	5,204	5,355	5,264	5,183	5,237	0.6	1.0
Raw Material	420	970	1,075	967	959	128.5	(0.9)
Power and Fuel	2,006	1,571	1,279	1,284	1,274	(36.5)	(0.8)
Freight	1,190	1,085	1,153	1,147	1,125	(5.5)	(1.9)
Staff cost	217	207	208	143	197	(9.6)	37.0
Other expenditure	940	693	574	602	663	(29.4)	10.1
Operating cost	4,773	4,526	4,289	4,144	4,217	(11.6)	1.8
EBITDA/ton	432	829	975	1,040	1,020	136.5	(1.8)

Source: Company, Emkay Research

Exhibit 4: Consolidated Quarterly Table

(Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	H1FY23	H1FY24	% YoY
Revenue	71,432	79,067	79,660	87,129	74,240	3.9	(14.8)	1,51,761	1,61,369	6.3
Expenditure	68,087	68,985	67,270	70,460	61,221	(10.1)	(13.1)	1,37,267	1,31,681	(4.1)
Total RM	6,533	12,913	14,033	11,138	10,330	58.1	(7.3)	14,047	21,468	52.8
Power & Fuel	27,329	23,413	19,831	23,121	18,635	(31.8)	(19.4)	53,654	41,756	(22.2)
Freight	18,228	18,380	19,624	22,119	18,004	(1.2)	(18.6)	38,064	40,123	5.4
Staff cost	3,674	3,671	3,873	3,777	3,412	(7.1)	(9.7)	7,521	7,189	(4.4)
Other expenditure	12,323	10,608	9,909	10,305	10,840	(12.0)	5.2	23,980	21,145	(11.8)
EBITDA	3,345	10,083	12,390	16,670	13,018	289.2	(21.9)	14,493	29,688	104.8
Depreciation	3,307	3,374	3,523	3,717	3,809	15.2	2.5	6,494	7,526	15.9
EBIT	38	6,709	8,867	12,952	9,209	NA	(28.9)	7,999	22,162	177.1
Other Income	1,016	1,297	2,845	2,632	4,760	368.5	80.8	1,874	7,393	294.5
Interest	405	430	394	521	613	51.2	17.6	805	1,133	40.8
PBT	649	7,576	11,317	15,064	13,357	1,958.7	(11.3)	9,068	28,421	213.4
Total Tax	(127)	1,355	2,256	3,762	3,525	(2,868.8)	(6.3)	1,671	7,287	336.1
Profit from assoc.	52	63	63	53	40	(22.3)	(24.0)	115	93	(19.5)
Minority Int.	-419	535	1184	2299	1943	(563.9)	(15.5)	716	4241	492.7
Adjusted PAT	1,246	5,749	7,941	9,056	7,930	536.2	(12.4)	6,797	16,986	149.9
Extraordinary items	(315)	(1,405)	(1,471)	-	-			1,655	-	
Reported PAT	932	4,344	6,470	9,056	7,930	751.0	(12.4)	8,452	16,986	101.0
Adjusted EPS (Rs)	0.6	2.9	4.0	4.6	4.0	536.2	(12.4)	3.4	8.6	149.9

(%)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (bps)	QoQ (bps)	H1FY23	H1FY24	YoY (bps)
EBIDTAM	4.7	12.8	15.6	19.1	17.5	1,285	(160)	9.6	18.4	885
EBITM	0.1	8.5	11.1	14.9	12.4	1,235	(246)	5.3	13.7	846
EBTM	0.9	9.6	14.2	17.3	18.0	1,708	70	6.0	17.6	1,164
PATM	1.7	7.3	10.0	10.4	10.7	894	29	4.5	10.5	605
Effective Tax Rate	(19.6)	17.9	19.9	25.0	26.4			18.4	25.6	

Source: Company, Emkay Research

Exhibit 5: Quarterly Analysis on a per ton basis (Consolidated)

Rs/ton	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (bps)	QoQ (bps)	H1FY23	H1FY24	YoY (%)
Cement volumes (mt)	12.8	13.7	14.1	15.4	13.1	9.6	9.1	26.8	28.5	6.3
Blended Realization	5,602	5,759	5,642	5,658	5,671	(1.1)	0.3	5,664	5,664	0.0
Raw material	512	940	994	723	789	35.2	(27.2)	524	754	43.7
Power and fuel	2,143	1,705	1,404	1,501	1,424	(19.9)	6.9	2,002	1,466	(26.8)
Freight	1,430	1,339	1,390	1,436	1,375	1.7	3.4	1,421	1,408	(0.9)
Staff cost	288	267	274	245	261	(10.5)	(10.6)	281	252	(10.1)
Other expenditure	967	773	702	669	828	(19.4)	(4.7)	895	742	(17.1)
Operating cost	5,340	5,024	4,764	4,575	4,677	(7.1)	(4.0)	5,123	4,622	(9.8)
EBITDA/ton	262	734	878	1,082	995	36.4	23.4	541	1,042	92.7

Source: Company, Emkay Research

Exhibit 6: Capex expansion projects over FY25-26

Debottlenecking and Efficiency Improvement

Project Description	Expected timelines for completion	Project Cost	Capex incurred till date
Waste Heat Recovery System (67 MW)	Maratha - Q4 FY24 Ambujanagar - Q1 FY25 Wadi - Q2 FY25 Chanda - Q1 FY25	1,068	404
Mechanisation (various initiatives)	FY 25	1,055	127
Geo Clean (AFR)	FY 25	157	9
BCFC Rakes	FY 25	845	38
BCFC unloading & Rail Infrastructure (14 locations)	FY 25	711	44

Capacity Expansion Projects

	Clinker (MTPA)	Cement (MTPA)	Expected timelines for completion
Debottlenecking			
Bhatinda	-	1.3	Q3 FY25
Brownfield			
Bhatapara Line 3 (CU)	4.0	-	Q2 FY26
Maratha Line 2 (CU)	4.0	-	Q4 FY26
Sankrail (GU)	-	2.3	Q3 FY25
Mundra (GU)	-	4.6	Q2 FY26 (1st Line) Q3 FY26 (2nd Line)
Marwar (GU)	-	2.4	Q4 FY25
Sindri (GU)	-	1.6	Q2 FY25
Greenfield			
Salai Banwa (GU)	-	2.4	Q1 FY26
Farakka (GU)	-	4.6	Q3 FY25
Total Expansion Projects	8.0	19.2	

Source: Company, Emkay Research

Exhibit 7: We have revised our EBITDA estimates upwards by 4-9% in FY24-26E

(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	Chg. (%)	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	1,64,599	1,79,468	9.0	1,78,152	1,94,321	9.1	2,15,077	2,24,094	4.2
EBITDA	33,877	37,001	9.2	38,588	42,115	9.1	48,492	50,264	3.7
PAT	21,851	24,720	13.1	25,322	27,818	9.9	32,355	33,118	2.4

Source: Emkay Research

Exhibit 8: We upgrade the stock to BUY with a TP of Rs 515/share, based on Sep-25E EV/E

EV/E valuation, backed by DCF analysis	
Sep-25E EBITDA (Rs bn)	46
EV/E (x)	16
Enterprise Value (Rs bn)	739
Net debt (Sep-24E; Rs bn)	(60)
Equity value –Standalone (Rs bn)	799
ACC – 50% of FV	222
SOTP value (Rs bn)	1022
No. of shares (mn)	1986
Jun-24E Target Price (Rs/share)	515

Source: Emkay Research

Exhibit 9: Annual Analysis

Key Assumptions	CY17	CY18	CY19	CY20	CY21	15MFY23	FY24E	FY25E	FY26E	CAGR (%)	
										CY17-FY23	FY23-26E
Capacity (mt)	29.7	29.7	29.7	29.7	31.5	31.5	31.5	37.2	45.0	1.2	12.7
Volumes (mt)	23.0	24.2	24.0	22.7	27.0	37.8	33.6	36.0	41.0	10.5	2.8
Utilization (%)	82	87	86	81	86	120	107	97	91		
Blended Realization (Rs/ton)	4,455	4,525	4,717	4,927	5,103	5,227	5,335	5,399	5,461	3.2	1.5
EBITDA/ton (Rs/ton)	824	780	893	1,167	1,187	852	1,100	1,170	1,225	0.7	12.9
PnL (Rs bn.)											
Revenue	105	114	117	114	140	200	179	194	224	13.8	3.9
EBITDA	19	19	21	26	32	32	37	42	50	11.2	16.0
Adj. Net Profit	12	12	14	17	21	27	25	28	33	17.6	6.9
Balance Sheet (Rs bn)											
Equity	200	210	222	203	222	285	305	327	354		
Net Debt	(35)	(33)	(47)	(29)	(41)	(84)	(83)	(69)	(54)		
Cash Flow (Rs bn)											
OCF	18	14	24	24	31	(45)	66	53	53		
Change in WC	2	(6)	4	4	(5)	(8)	(1)	(1)	(1)		
Capex	(5)	(6)	(11)	(10)	(11)	(21)	(47)	(47)	(53)		
FCF	15	2	17	18	14	(74)	18	5	(1)		
Return ratios (%)											
RoE (%)	13.6	11.8	12.7	16.4	21.3	15.9	13.5	13.6	14.4		
RoCE (%)	13.8	11.9	12.8	16.6	21.5	16.4	14.0	14.0	14.9		
RoIC (%)	27.4	23.5	27.2	39.6	46.6	42.4	30.7	25.7	21.8		
Valuations (x)											
PE (x)							25.8	22.2	19.1		
EV/EBITDA (x)							13.8	11.9	10.8		
EV/ton (x)							211	180	153		

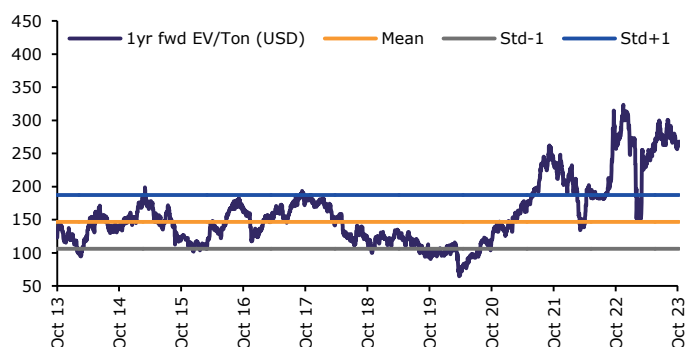
Source: Company, Emkay Research

Exhibit 10: Annual analysis on a per-ton basis

Rs/ton	CY17	CY18	CY19	CY20	CY21	15MFY23	FY24E	FY25E	FY26E
Blended realization	4,545	4,682	4,847	5,014	5,167	5,288	5,335	5,399	5,461
YoY (%)	5.7	3.0	3.5	3.4	3.0	2.3	0.9	1.2	1.2
Raw materials cost	655	696	755	831	750	1,034	959	957	947
Power & fuel costs	970	1,051	1,075	993	1,266	1,591	1,323	1,310	1,303
Freight costs*	961	1,044	998	950	903	858	1,136	1,159	1,186
Staff cost	288	281	281	295	251	212	174	172	160
Other expenses	847	830	846	777	810	742	643	630	640
Total Opex	3,721	3,902	3,955	3,847	3,980	4,436	4,235	4,229	4,236
YoY (%)	5.8	4.9	1.3	(2.7)	3.5	11.4	(4.5)	(0.2)	0.2
Blended EBITDA	824	780	893	1,167	1,187	852	1,100	1,170	1,225
YoY (%)	5.5	(5.3)	14.5	30.7	1.7	(28.2)	29.1	6.4	4.7

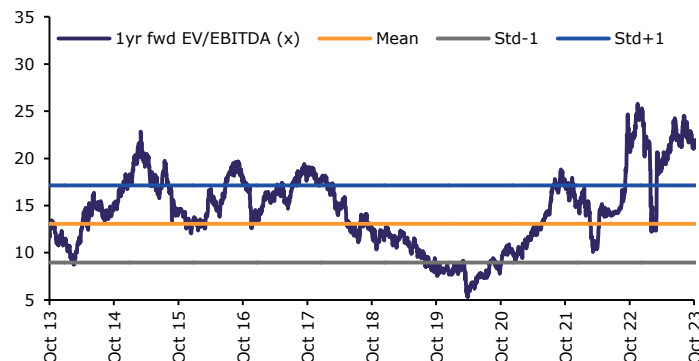
Source: Company, Emkay Research; inter-clinker transfer included in freight cost from FY24E

Exhibit 11: One-year forward EV/ton



Source: Bloomberg, Emkay Research

Exhibit 12: One-year forward EV/EBITDA



Source: Bloomberg, Emkay Research

Ambuja Cement: Standalone Financials and Valuations

Profit and Loss

Y/E March (Rs mn)	CY21	FY23	FY24E	FY25E	FY26E
Revenue	1,39,650	1,99,854	1,79,468	1,94,321	2,24,094
Revenue growth (%)	22.8	14.5	12.2	8.3	15.3
EBITDA	32,075	32,204	37,001	42,115	50,264
EBITDA growth (%)	21.2	0.4	14.9	13.8	19.4
Depreciation & Amortization	5,512	8,324	9,278	10,704	12,279
EBIT	26,562	23,880	27,723	31,410	37,985
EBIT growth (%)	25.0	(28.1)	45.1	13.3	20.9
Other operating income	0	0	0	0	0
Other income	2,856	9,523	7,179	7,675	8,240
Financial expense	909	1,280	1,721	1,746	1,771
PBT	28,509	32,123	33,181	37,339	44,454
Extraordinary items	(657)	(1,573)	0	0	0
Taxes	7,047	5,016	8,461	9,522	11,336
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	20,805	25,535	24,720	27,818	33,118
PAT growth (%)	16.2	(1.8)	21.0	12.5	19.1
Adjusted PAT	21,462	27,108	24,720	27,818	33,118
Diluted EPS (Rs)	10.5	10.3	12.5	14.0	16.7
Diluted EPS growth (%)	16.2	(1.8)	21.0	12.5	19.1
DPS (Rs)	6.3	2.0	2.5	2.8	3.3
Dividend payout (%)	60.1	19.4	20.0	20.0	20.0
EBITDA margin (%)	23.0	16.1	20.6	21.7	22.4
EBIT margin (%)	19.0	11.9	15.4	16.2	17.0
Effective tax rate (%)	24.7	15.6	25.5	25.5	25.5
NOPLAT (pre-IndAS)	19,997	20,152	20,653	23,401	28,299
Shares outstanding (mn)	1,985.7	1,985.5	1,985.5	1,985.5	1,985.5

Source: Company, Emkay Research

Cash Flows

Y/E March (Rs mn)	CY21	FY23	FY24E	FY25E	FY26E
PBT	28,509	32,123	33,181	37,339	44,454
Others (non-cash items)	4,397	(827)	11,054	12,507	14,108
Taxes paid	(3,629)	(3,346)	(8,461)	(9,522)	(11,336)
Change in NWC	(4,615)	(7,855)	1,445	(840)	(851)
Operating cash flow	24,663	20,096	30,039	31,809	38,135
Capital expenditure	(11,425)	(21,116)	(46,739)	(47,167)	(53,337)
Acquisition of business	(50)	(34,864)	29,393	14,696	45,016
Interest & dividend income	2,415	7,724	7,179	7,675	8,240
Investing cash flow	(9,060)	(48,255)	(10,167)	(24,796)	2,452
Equity raised/(repaid)	0	50,000	0	0	0
Debt raised/(repaid)	35	5	0	0	0
Payment of lease liabilities	5,032	0	0	0	0
Interest paid	(1,183)	(679)	(1,721)	(1,746)	(1,771)
Dividend paid (incl tax)	(2,021)	(12,514)	(4,944)	(5,564)	(6,624)
Others	0	(697)	0	0	0
Financing cash flow	(3,168)	36,115	(6,665)	(7,310)	(8,395)
Net chg in Cash	12,434	7,956	13,207	(297)	32,192
OCF	24,663	20,096	30,039	31,809	38,135
Adj. OCF (w/o NWC chg.)	29,278	27,951	28,594	32,649	38,986
FCFF	13,238	(1,019)	(16,700)	(15,358)	(15,201)
FCFE	13,273	(1,015)	(16,700)	(15,358)	(15,201)
OCF/EBITDA (%)	76.9	62.4	81.2	75.5	75.9
FCFE/PAT (%)	61.8	(3.7)	(67.6)	(55.2)	(45.9)
FCFF/NOPLAT (%)	66.2	(5.1)	(80.9)	(65.6)	(53.7)

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	CY21	FY23	FY24E	FY25E	FY26E
Share capital	3,971	3,971	3,971	3,971	3,971
Reserves & Surplus	2,18,101	2,81,084	3,00,860	3,23,114	3,49,609
Net worth	2,22,073	2,85,055	3,04,831	3,27,085	3,53,580
Minority interests	0	0	0	0	0
Deferred tax liability (net)	2,018	2,181	2,236	2,291	2,349
Total debt	435	477	477	477	477
Total liabilities & equity	2,24,526	2,87,713	3,07,543	3,29,853	3,56,405
Net tangible fixed assets	71,283	75,562	91,486	1,33,362	1,79,472
Net intangible assets	1,742	2,393	2,393	2,393	2,393
Net ROU assets	3,433	8,240	8,240	8,240	8,240
Capital WIP	9,513	8,419	29,956	24,543	19,489
Goodwill	0	0	0	0	0
Investments [JV/Associates]	1,17,877	1,17,667	1,17,667	1,17,667	1,17,667
Cash & equivalents	41,723	84,207	68,021	53,028	37,672
Current assets (ex-cash)	36,164	62,552	62,031	64,567	68,279
Current Liab. & Prov.	57,209	71,327	72,251	73,947	76,808
NWC (ex-cash)	(21,045)	(8,775)	(10,220)	(9,379)	(8,529)
Total assets	2,24,526	2,87,713	3,07,543	3,29,853	3,56,405
Net debt	(41,288)	(83,730)	(67,544)	(52,551)	(37,195)
Capital employed	2,24,526	2,87,713	3,07,543	3,29,853	3,56,405
Invested capital	55,413	77,420	91,899	1,34,615	1,81,577
BVPS (Rs)	111.8	114.9	153.5	164.7	178.1
Net Debt/Equity (x)	(0.2)	(0.3)	(0.2)	(0.2)	(0.1)
Net Debt/EBITDA (x)	(1.3)	(2.6)	(1.8)	(1.2)	(0.7)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	13.7	10.4	11.7	12.3	13.5

Source: Company, Emkay Research

Valuations and Key Ratios

Y/E March	CY21	FY23	FY24E	FY25E	FY26E
P/E (x)	37.6	37.2	32.7	29.0	24.4
P/CE(x)	29.9	28.5	23.7	21.0	17.8
P/B (x)	3.6	3.5	2.6	2.5	2.3
EV/Sales (x)	5.6	3.7	4.1	3.9	3.4
EV/EBITDA (x)	23.9	22.5	20.0	17.9	15.3
EV/EBIT(x)	28.8	37.9	26.7	24.0	20.3
EV/IC (x)	13.8	9.3	8.1	5.6	4.2
FCFF yield (%)	1.7	(0.1)	(2.3)	(2.0)	(2.0)
FCFE yield (%)	1.7	(0.1)	(2.3)	(2.0)	(2.0)
Dividend yield (%)	1.5	0.5	0.6	0.7	0.8
DuPont-RoE split					
Net profit margin (%)	15.4	13.6	13.8	14.3	14.8
Total asset turnover (x)	0.6	0.6	0.6	0.6	0.7
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	10.1	8.6	8.4	8.8	9.7
DuPont-RoIC					
NOPLAT margin (%)	14.3	10.1	11.5	12.0	12.6
IC turnover (x)	2.9	3.0	2.1	1.7	1.4
RoIC (%)	46.6	42.4	30.7	25.7	21.8
Operating metrics					
Core NWC days	(55.0)	(20.0)	(20.8)	(17.6)	(13.9)
Total NWC days	(55.0)	(20.0)	(20.8)	(17.6)	(13.9)
Fixed asset turnover	1.4	1.4	1.3	1.1	1.0
Opex-to-revenue (%)	62.5	64.3	61.4	60.6	60.2

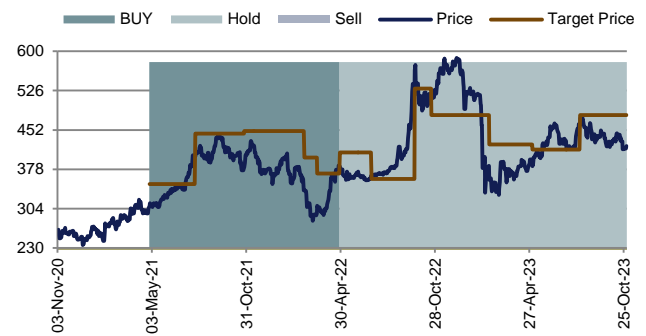
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	CMP (INR)	TP (INR)	Rating	Analyst
28-Sep-23	420	480	Hold	Dharmesh Shah
18-Sep-23	437	480	Hold	Dharmesh Shah
03-Aug-23	474	480	Hold	Dharmesh Shah
02-Aug-23	461	480	Hold	Dharmesh Shah
03-Jun-23	438	415	Hold	Dharmesh Shah
04-May-23	388	415	Hold	Dharmesh Shah
03-May-23	384	415	Hold	Dharmesh Shah
27-Mar-23	370	425	Hold	Dharmesh Shah
02-Mar-23	371	425	Hold	Dharmesh Shah
09-Feb-23	358	425	Hold	Dharmesh Shah
05-Feb-23	374	480	Hold	Dharmesh Shah
29-Dec-22	523	480	Hold	Dharmesh Shah
05-Dec-22	573	480	Hold	Dharmesh Shah
05-Nov-22	559	480	Hold	Dharmesh Shah
21-Oct-22	513	480	Hold	Dharmesh Shah
04-Oct-22	492	530	Hold	Dharmesh Shah
19-Sep-22	565	530	Hold	Dharmesh Shah
04-Sep-22	416	360	Hold	Dharmesh Shah
20-Jul-22	368	360	Hold	Dharmesh Shah
04-Jul-22	369	360	Hold	Dharmesh Shah
28-Jun-22	366	360	Hold	Dharmesh Shah
16-May-22	368	410	Hold	Dharmesh Shah
28-Apr-22	383	410	Hold	Dharmesh Shah
16-Mar-22	309	370	Buy	Dharmesh Shah
19-Feb-22	338	400	Buy	Dharmesh Shah
31-Dec-21	378	450	Buy	Dharmesh Shah
19-Dec-21	369	450	Buy	Dharmesh Shah
02-Dec-21	377	450	Buy	Dharmesh Shah
27-Oct-21	382	450	Buy	Dharmesh Shah
05-Sep-21	437	445	Buy	Dharmesh Shah
25-Jul-21	402	445	Buy	Dharmesh Shah
06-Jun-21	332	350	Buy	Dharmesh Shah
30-Apr-21	309	350	Buy	Dharmesh Shah
28-Apr-21	309	350	Buy	Dharmesh Shah

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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