

# Ambuja Cements

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR560 TP: INR550 (-2%) Neutral**

**Higher cost led earnings miss; consol. volume up 3% YoY**

## Capacity expansion up to 32mtpa under progress

	ACEM IN
Bloomberg	
Equity Shares (m)	1986
M.Cap.(INRb)/(USDb)	1112.6 / 13.4
52-Week Range (INR)	586 / 315
1, 6, 12 Rel. Per (%)	8/11/17
12M Avg Val (INR M)	2987
Free float (%)	36.9

## Financial Snapshot (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	178.7	197.7	219.5
EBITDA	35.6	45.8	52.4
Adj. PAT	25.5	29.2	33.5
EBITDA Margin (%)	19.9	23.1	23.9
Adj. EPS (INR)	12.8	11.9	13.6
EPS Gr. (%)	1.2	-7.6	14.7
BV/Sh. (INR)	152.9	191.5	200.6

## Ratios

Net D:E	-0.2	-0.4	-0.4
RoE (%)	14.4	10.8	9.2
RoCE (%)	15.0	11.2	9.5
Payout (%)	27.3	37.9	33.1

## Valuations

P/E (x)	34.2	37.0	32.3
P/BV (x)	2.9	2.3	2.2
EV/EBITDA(x)	21.7	20.1	17.6
EV/ton (USD)	298	264	239
Div. Yield (%)	0.6	0.8	0.8
FCF Yield (%)	-0.3	-0.7	0.9

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	63.2	63.2	63.2
DII	15.8	15.5	17.0
FII	12.0	11.7	10.8
Others	9.1	9.9	9.1

FII Includes depository receipts

- ACEM (standalone) EBITDA came in at INR8.5b vs. our estimate of INR9.6b, due to higher-than-estimated opex/t (+5% vs. our estimate). EBITDA/t came in at INR1,038 (est. INR1,203) and OPM stood at 19% (vs. est. 22.5%). PAT stood at INR5.1b (20% below our estimate). Consolidated sales volume grew 3% YoY and EBITDA/t increased ~65% YoY/24% QoQ to INR1,228.

- The management highlighted that ~12% of clinker capacities were under maintenance, leading to higher costs. The company's cement capacity has increased to 77.4mtpa and another ~32mtpa expansion is underway at various stages. This expansion will help the company reach 110mtpa capacity by FY27.

- We cut our FY24 EPS estimates by 5%, due to earnings miss, while maintaining estimates for FY25-26. ACEM trades at 20.1x/17.6x FY25E/FY26E EV/EBITDA (standalone). We maintain our Neutral rating on the stock.

## EBITDA/t stood at INR1,038 (up 28% YoY); OPM surged 4pp YoY to ~19%

- ACEM's standalone revenue/EBITDA/Adj. PAT stood at INR44b/INR8.5b/INR5.1b (up 8%/36%/24% YoY and up 4%/down 11%/down 20% vs. our estimate) in 3Q. Sales volumes were up 6% YoY to 8.2mt (+5% vs. estimate).

- Realization/t increased 1% YoY (1% above our estimate). Opex/t declined 4% YoY, led by a 5% decline in variable/other expense (each). Freight cost/t grew 3% YoY. Employee cost declined 14% YoY to INR1.4b. Depreciation/interest cost increased 42%/80%, whereas 'Other Income' grew 22% YoY.

- In 9MFY24, revenue was up 11% YoY to INR131b, led by a 12% volume growth and 1% realization drop. EBITDA was up 58% YoY to INR25.7b and OPM was up 5.8pp YoY to 19.6%. Adjusted PAT was up 23% YoY to INR18b.

## Highlights from the management commentary

- The Kiln shutdown had a INR150-200/t impact on EBITDA (INR50/t maintenance expense, higher sales of traded goods by INR30-40/t, and higher cost of clinker consumption).

- After the acquisition of ACC and ACEM, the company has realized cost savings of INR 400/t and anticipates the possibility of achieving additional savings of INR300/t in the next two years.

- EBITDA/t should reach INR1,400+ for ACEM. This does not consider price hikes. It expects RoCE of 19% and OPM of 25-26% by FY28.

## Valuation and view

- We are factoring in EBITDA/t of INR1,234/INR1,285 in FY25/26E vs. INR1,057 in FY24E. The management guides for further cost-reduction initiatives, which can lead to a positive surprise if executed as planned.

- It has further outlined its expansion plans of 12mtpa (apart from its earlier announced plan of 19.6mtpa additions); though clinker capacity additions seem to be lower (10.25mtpa aggregate). The stock trades at 20.1x/17.6x FY25E/FY26E EV/EBITDA (standalone). We incorporate Sanghi cement's estimates in consolidated financials. We reiterate our Neutral rating with a TP of INR550 based on 15x FY26E EV/EBITDA (on a consolidated basis).

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

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## Standalone quarterly performance

(INR b)

Y/E December/March	FY23*					FY24				FY23*	FY24E	MOFSL 3QE	Var. (%)
	1Q	2Q	3Q	4Q	5Q	1Q	2Q	3Q	4QE				
<b>Net Sales</b>	<b>39.3</b>	<b>39.9</b>	<b>36.8</b>	<b>41.3</b>	<b>42.6</b>	<b>47.3</b>	<b>39.7</b>	<b>44.4</b>	<b>47.3</b>	<b>199.9</b>	<b>178.7</b>	<b>42.6</b>	1
Change (YoY %)	8.4	18.5	13.5	10.5	8.4	18.4	8.0	7.5	11.2	43.0	-10.6	3.3	
<b>EBITDA</b>	<b>7.9</b>	<b>6.8</b>	<b>3.1</b>	<b>6.3</b>	<b>7.9</b>	<b>9.5</b>	<b>7.7</b>	<b>8.5</b>	<b>9.9</b>	<b>32.2</b>	<b>35.6</b>	<b>9.6</b>	(11)
Margin (%)	20.2	17.1	8.5	15.2	18.5	20.1	19.5	19.2	20.9	16.1	19.9	22.5	(329)
Depreciation	1.5	1.5	1.6	1.6	2.0	2.3	2.3	2.3	2.4	8.3	9.3	2.3	(0)
Interest	0.2	0.3	0.2	0.3	0.3	0.4	0.4	0.5	0.3	1.3	1.6	0.4	16
Other Income	0.3	6.3	0.4	0.9	1.7	1.9	3.8	1.1	2.8	9.5	9.6	1.9	(43)
<b>PBT before EO Item</b>	<b>6.5</b>	<b>11.4</b>	<b>1.7</b>	<b>5.3</b>	<b>7.2</b>	<b>8.7</b>	<b>8.8</b>	<b>6.8</b>	<b>10.0</b>	<b>32.1</b>	<b>34.3</b>	<b>8.7</b>	(22)
Extraordinary Inc./ (Exp.)	0.0	0.0	-0.2	-0.6	-0.8	0.0	0.0	0.0	0.0	-1.6	0.0	0.0	
<b>PBT after EO Exp./ (Inc.)</b>	<b>6.5</b>	<b>11.4</b>	<b>1.6</b>	<b>4.6</b>	<b>6.4</b>	<b>8.7</b>	<b>8.8</b>	<b>6.8</b>	<b>10.0</b>	<b>30.6</b>	<b>34.3</b>	<b>8.7</b>	(22)
Tax	1.6	0.9	0.2	0.9	1.4	2.2	2.4	1.7	2.5	5.0	8.8	2.3	
Prior period tax adj and reversal	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	
Rate (%)	24.2	21.1	11.7	20.4	21.9	25.6	26.8	24.5	25.3	21.3	25.6	26.8	
<b>Reported Profit</b>	<b>4.9</b>	<b>10.5</b>	<b>1.4</b>	<b>3.7</b>	<b>5.0</b>	<b>6.4</b>	<b>6.4</b>	<b>5.1</b>	<b>7.5</b>	<b>25.5</b>	<b>25.5</b>	<b>6.4</b>	(20)
<b>Adjusted PAT</b>	<b>4.9</b>	<b>9.0</b>	<b>1.5</b>	<b>4.1</b>	<b>5.6</b>	<b>6.4</b>	<b>6.4</b>	<b>5.1</b>	<b>7.5</b>	<b>25.2</b>	<b>25.5</b>	<b>6.4</b>	(20)
Change (YoY %)	(25.6)	24.2	(65.9)	37.9	13.8	(28.2)	328.5	23.8	32.9	18.4	1.2	54.3	

Source: MOFSL, Company \*Note: FY23 is 15-month period as the company changed its accounting year-end from December to March; 2) Quarterly numbers of FY23 don't add up to full year numbers due to restatement of financials

## Per tonne analysis

Y/E December/March	FY23*					FY24				FY23*	FY24E	MOFSL 3QE	Var. (%)
	1Q	2Q	3Q	4Q	5Q	1Q	2Q	3Q	4QE				
Volume	7.49	7.39	7.04	7.71	8.07	9.08	7.58	8.20	8.84	37.78	33.70	7.96	3
Change (YoY %)	3	15	14	8	8	23	8	6	9	12	12	3	
<b>Blended Realization</b>	<b>5,243</b>	<b>5,404</b>	<b>5,220</b>	<b>5,352</b>	<b>5,273</b>	<b>5,209</b>	<b>5,235</b>	<b>5,414</b>	<b>5,358</b>	<b>5,290</b>	<b>5,304</b>	<b>5,355</b>	1
Change (YoY %)	4.8	2.9	-0.1	2.6	0.6	-3.6	0.3	1.2	1.6	2.2	0.3	0.1	
Raw Material	708	435	419	970	1,077	972	958	1,375	990	732	1,072	950	45
Staff Cost	205	221	219	207	208	187	196	167	184	212	183	192	(13)
Power and fuel	1,377	1,786	2,010	1,570	1,281	1,290	1,273	1,047	1,224	1,592	1,210	1,225	(15)
Freight	1,160	1,224	1,193	1,084	1,155	1,153	1,124	1,114	1,154	1,160	1,137	1,135	(2)
Other expenditure	732	810	934	710	574	563	663	673	685	750	644	650	4
<b>Total cost</b>	<b>4,183</b>	<b>4,478</b>	<b>4,775</b>	<b>4,540</b>	<b>4,296</b>	<b>4,164</b>	<b>4,215</b>	<b>4,376</b>	<b>4,237</b>	<b>4,445</b>	<b>4,246</b>	<b>4,152</b>	5
<b>EBITDA</b>	<b>1,059</b>	<b>926</b>	<b>445</b>	<b>812</b>	<b>977</b>	<b>1,045</b>	<b>1,020</b>	<b>1,038</b>	<b>1,121</b>	<b>845</b>	<b>1,057</b>	<b>1,203</b>	(14)

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



## Highlights from the management commentary

### Operational highlights

- About 12% of ACEM's standalone clinker capacity was under maintenance, and one kiln experienced a breakdown. This led to INR150-200/t impact on EBITDA (maintenance expense, higher sales of traded goods, consumption of clinker). Blended cement sales was 87% and premium cement contributed 22% to sales volumes.
- Energy cost/t declined 21% YoY, led by better fuel management and kiln fuel cost declined 22%. Direct dispatches increased to 52% vs. 50% in Dec'22 and transport through railways stood at 26%. Capex incurred was at INR10.5b and acquisition of Sanghi industries led to cash outflow of INR38b. Consolidated cash balance stands at INR85.9b.
- **EBITDA/t guidance:** EBITDA/t should reach INR1,400+ for ACEM. This does not consider price hikes. It expects RoCE of 19% and OPM of 25-26% by FY28.

### Capacity expansion and capex plan

- Clinker capacity has increased to 51mtpa, post commissioning of the Ametha unit (3.3mtpa) and the acquisition of Sanghi Industries (6.6mtpa). Grinding capacity increased to 77.4mtpa, post commissioning of 1mtpa plant at Ametha, the acquisition of 6.6mtpa plant of Sanghi and stake increase in Asian Concrete (1.5mtpa).
- Bhatapara clinker unit of 4mtpa is expected to get commissioned by 4QFY25, which will cater to grinding units of Sankrail (2.4mtpa) and Farakka (4.8mtpa). The Maratha clinker unit of 4mtpa is expected to get commissioned by 2QFY26. The Board has approved clinker capacity expansion of 2.25mtpa at Mundra and grinding units of 2.5mtpa each at Hoshiarpur, Amravati, Jalgaon, Warisaliganj, and Pune. Completion of these plants will help the company reach a grinding capacity of 110mtpa.
- Debottlenecking will be done at Clinker plant of ACC at Wadi, Karnataka. Further, brownfield expansions at clinker plants have been considered and the company is awaiting the completion of public hearings (expected by Jun'24). Brownfield clinker expansion will be completed within 18-20 months, following the receipt of EC.
- **Capex:** Capex in FY24 is estimated to be INR35b and every year INR50-60b will be spent. All these capex plans will be met through internal sources.

### Cost reduction and future targets

- It has achieved cost savings of INR400/t after acquisition of ACC and ACEM plants. WHRS capacity has been increased to 119MW, which was at 40MW at the time of acquisition and will further be increased to 186MW by Mar'25.
- It will commission renewable energy (RE) capacity of 1GW (200MW by FY24'end) by FY26 and green energy will help to fulfil 60% of power requirements. This will lead to cost savings of INR90/t by FY28.
- The company had captive coal mine at Gare Palma and has further won 2mtpa coal mine in Maharashtra. Both these mines will fulfil 40-50% of its coal requirements.

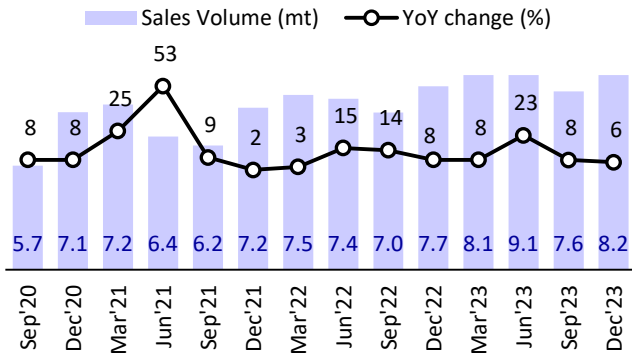
- AFR share has increased to 9.1% vs. 7.1% at the time of acquisition; whereas, WHRS share has increased to 12.7% vs. 3.4% at the time of acquisition.
- The target is to reduce lead distance to 100kms (currently at 284km vs. 291km at the time of acquisition - 277km for ACEM and 295km for ACC). Direct dispatches continue to increase and it was at 52% vs. 50% in Dec-22.
- The company is also procuring 11 general purpose wagons (7 delivered and 4 will be procured by FY24-end). Additionally, 26 rakes have been ordered, facilitating the movement of fly ash. Vehicles have been tagged with GPS to help efficient tracking/movement (98% completed).
- Another INR300/t of savings will come in the next 12-24 months, led by 1) INR90/t through green power, 2) INR50-60/t through logistics, 3) INR50/t in RM procurement and 4) INR50/t through footprint optimization. Own fuel procurement will further add to profitability.

#### Update on subsidiaries and other highlights

- **ACC:** A lot of inefficiencies have been addressed; footprint optimization is also being done. Profitability gap between ACEM and ACC has narrowed.
- **Sanghi Industries:** Capacity utilization will increase to 75-80% vs. 25-30% as of now. It will install a conveyor belt from the plant to Jetty, which will entail a capex of INR2b. The entire sales has been shifted into the brands of ACC and ACEM. This plant has limestone reserves of 1b tons and would help further expansion of capacities. The group will also try to sell in parts of coastal Maharashtra and coastal areas of the Southern region.
- **MSA volumes:** Total MSA volumes stood at 2.9mt (1.7mt from ACC to ACEM and 1.3mt from ACEM to ACC). Every year, 10-15% new capacities are being added, which can help drive MSA volumes.
- **Industry growth:** Industry volumes grew ~3.5%YoY in 3QFY24. Demand growth should be at 7-8% in the mid-term and current capacities will help the group to match industry demand growth. Additional growth is expected to materialize from the capacities that have been announced.
- **Arrangement with Dahej plant:** Adani Cement's grinding unit at Dahej is being operated as a tolling unit (INR350-400/t tolling charges).

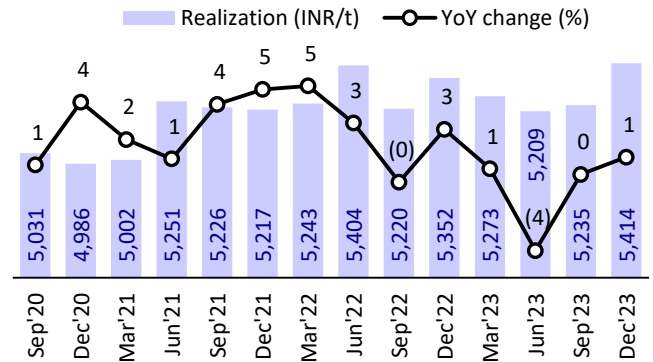
Story in charts

Exhibit 1: Sales volume\* (including clinker) up 6% YoY



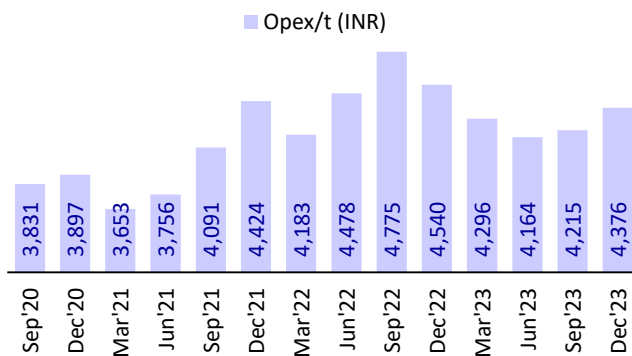
Source: Company, MOFSL; Note: \*Standalone

Exhibit 2: Realization increased 1% YoY



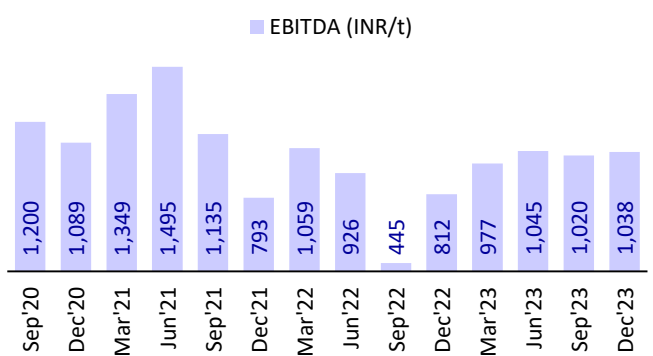
Source: Company, MOFSL; Note: FY23 is 15-month period

Exhibit 3: OPEX/t down 4% YoY



Source: Company, MOFSL; Note: FY23 is 15-month period

Exhibit 4: EBITDA/t was at INR1,038 (est. INR1,203)



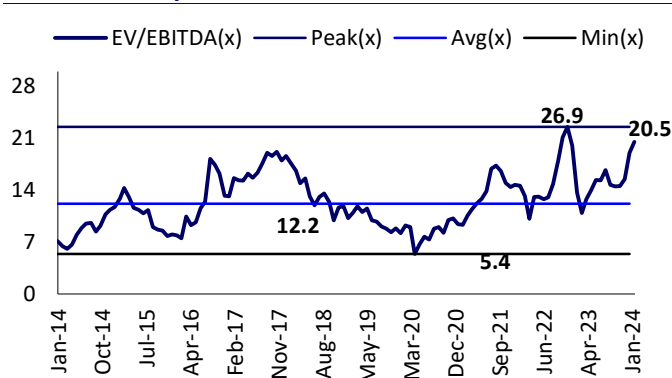
Source: Company, MOFSL; Note: FY23 is 15-month period

Exhibit 5: Key performance indicators – per ton analysis

INR/t	Dec'23	Dec'22	YoY (%)	Sep'23	QoQ (%)
<b>Blended Realization</b>	<b>5,414</b>	<b>5,352</b>	<b>1</b>	<b>5,235</b>	<b>3</b>
Raw Material	1,375	970	42	958	44
Staff Cost	167	207	(19)	196	(15)
Power and Fuel	1,047	1,570	(33)	1,273	(18)
Freight	1,114	1,084	3	1,124	(1)
Other exp.	673	799	(16)	663	2
<b>Total Cost</b>	<b>4,376</b>	<b>4,540</b>	<b>(4)</b>	<b>4,215</b>	<b>4</b>
<b>EBITDA</b>	<b>1,038</b>	<b>812</b>	<b>28</b>	<b>1,020</b>	<b>2</b>

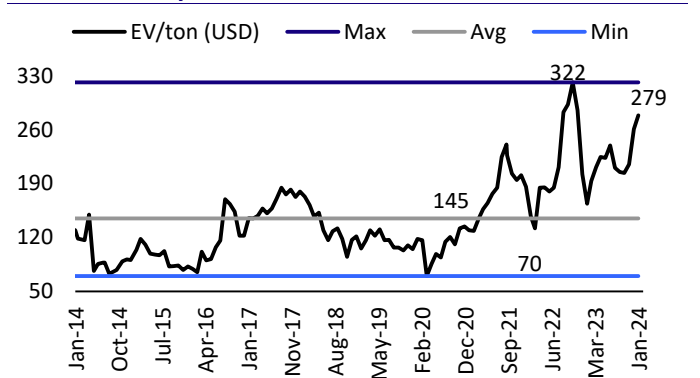
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA chart



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t chart



Source: Company, MOFSL

## Standalone financials and valuations

Income Statement								(INR m)
Y/E December	CY18	CY19	CY20	CY21	FY23*	FY24E	FY25E	FY26E
<b>Net Sales</b>	<b>1,13,568</b>	<b>1,16,679</b>	<b>1,13,719</b>	<b>1,39,790</b>	<b>1,99,854</b>	<b>1,78,734</b>	<b>1,97,688</b>	<b>2,19,452</b>
Change (%)	8.6	2.7	-2.5	22.9	43.0	-10.6	10.6	11.0
Total Expenditure	94,653	95,190	87,253	1,07,639	1,67,650	1,43,100	1,51,937	1,67,067
As a percentage of Sales	83.3	81.6	76.7	77.0	83.9	80.1	76.9	76.1
<b>EBITDA</b>	<b>18,915</b>	<b>21,489</b>	<b>26,466</b>	<b>32,152</b>	<b>32,204</b>	<b>35,634</b>	<b>45,751</b>	<b>52,385</b>
Change (%)	-2.5	13.6	23.2	21.5	0.2	10.6	28.4	14.5
Margin (%)	16.7	18.4	23.3	23.0	16.1	19.9	23.1	23.9
Depreciation	5,481	5,438	5,212	5,517	8,324	9,323	10,923	11,923
<b>EBIT</b>	<b>13,434</b>	<b>16,050</b>	<b>21,254</b>	<b>26,634</b>	<b>23,880</b>	<b>26,310</b>	<b>34,828</b>	<b>40,462</b>
Interest	823	835	831	910	1,280	1,602	1,684	1,775
Other Income – Rec.	3,391	4,265	3,720	2,812	9,523	9,570	6,127	6,352
<b>PBT before EO Exp.</b>	<b>16,002</b>	<b>19,480</b>	<b>24,144</b>	<b>28,536</b>	<b>32,123</b>	<b>34,279</b>	<b>39,271</b>	<b>45,038</b>
EO Exp./(Inc.)	-2,779	0	0	657	1,573	0	0	0
<b>PBT after EO Exp.</b>	<b>18,781</b>	<b>19,480</b>	<b>24,144</b>	<b>27,879</b>	<b>30,551</b>	<b>34,279</b>	<b>39,271</b>	<b>45,038</b>
Current Tax	4,780	5,730	6,520	6,908	4,964	8,775	10,053	11,530
Deferred Tax	-869	-1,535	-278	139	52	0	0	0
Tax Rate (%)	20.8	21.5	25.9	25.3	16.4	25.6	25.6	25.6
<b>Reported PAT</b>	<b>14,870</b>	<b>15,285</b>	<b>17,901</b>	<b>20,832</b>	<b>25,535</b>	<b>25,503</b>	<b>29,218</b>	<b>33,508</b>
<b>PAT Adj. for EO Items</b>	<b>12,091</b>	<b>14,415</b>	<b>17,901</b>	<b>21,323</b>	<b>25,212</b>	<b>25,503</b>	<b>29,218</b>	<b>33,508</b>
Change (%)	-3.2	19.2	24.2	19.1	18.2	1.2	14.6	14.7
Margin (%)	10.6	12.4	15.7	15.3	12.6	14.3	14.8	15.3

Balance Sheet								(INR m)
Y/E December	CY18	CY19	CY20	CY21	FY23*	FY24E	FY25E	FY26E
Equity Share Capital	3,971	3,971	3,971	3,971	3,971	3,971	4,926	4,926
Money received against issue of warrants					50,000	50,000		
Total Reserves	2,06,154	2,18,081	1,99,187	2,18,078	2,31,084	2,49,637	4,66,816	4,89,240
<b>Net Worth</b>	<b>2,10,125</b>	<b>2,22,052</b>	<b>2,03,159</b>	<b>2,22,049</b>	<b>2,85,055</b>	<b>3,03,609</b>	<b>4,71,742</b>	<b>4,94,167</b>
Def. Liabilities	3,722	2,161	1,860	2,137	2,181	2,181	2,181	2,181
Total Loans	397	353	436	469	477	435	435	435
<b>Capital Employed</b>	<b>2,14,244</b>	<b>2,24,565</b>	<b>2,05,454</b>	<b>2,24,655</b>	<b>2,87,713</b>	<b>3,06,224</b>	<b>4,74,358</b>	<b>4,96,782</b>
Gross Block	73,721	80,435	86,658	1,08,864	1,26,928	1,49,428	2,01,928	2,36,928
Less: Accum. Depn.	17,085	22,310	27,343	32,407	40,731	50,054	60,977	72,900
<b>Net Fixed Assets</b>	<b>56,636</b>	<b>58,125</b>	<b>59,315</b>	<b>76,457</b>	<b>86,198</b>	<b>99,374</b>	<b>1,40,951</b>	<b>1,64,028</b>
Capital WIP	9,996	14,562	21,300	10,859	9,430	23,512	16,012	14,012
Investments in subsidiaries	1,18,138	1,17,890	1,17,877	1,17,647	1,17,667	1,17,667	1,17,667	1,17,667
Investments – Trade	2,305	6,537	788	5,266	17,180	17,180	17,180	17,180
<b>Curr. Assets</b>	<b>64,792</b>	<b>72,793</b>	<b>55,534</b>	<b>71,348</b>	<b>1,28,567</b>	<b>1,20,225</b>	<b>2,55,251</b>	<b>2,58,256</b>
Inventory	12,778	9,541	7,466	14,641	16,394	16,969	18,772	20,845
Debtors	4,703	5,132	1,915	2,947	5,649	6,329	7,002	7,775
Cash and Bank Bal.	31,045	40,638	28,500	36,942	68,280	57,434	1,88,733	1,87,643
Others	16,267	17,483	17,652	16,818	38,244	39,494	40,744	41,994
<b>Curr. Liability and Prov.</b>	<b>37,623</b>	<b>45,342</b>	<b>49,360</b>	<b>57,173</b>	<b>71,328</b>	<b>71,735</b>	<b>72,703</b>	<b>74,361</b>
Creditors	36,327	43,985	48,765	56,423	70,429	70,400	71,368	73,026
Provisions	1,296	1,357	595	750	899	1,335	1,335	1,335
<b>Net Current Assets</b>	<b>27,169</b>	<b>27,451</b>	<b>6,174</b>	<b>14,176</b>	<b>57,239</b>	<b>48,491</b>	<b>1,82,547</b>	<b>1,83,895</b>
<b>Appl. of Funds</b>	<b>2,14,244</b>	<b>2,24,565</b>	<b>2,05,454</b>	<b>2,24,404</b>	<b>2,87,713</b>	<b>3,06,224</b>	<b>4,74,358</b>	<b>4,96,782</b>

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



## Standalone financials and valuations

### Ratios

Y/E December/March	CY18	CY19	CY20	CY21	FY23*	FY24E	FY25E	FY26E
<b>Basic (INR)</b>								
EPS	6.1	7.3	9.0	10.7	12.7	12.8	11.9	13.6
Cash EPS	8.8	10.0	11.6	13.5	16.9	17.5	16.3	18.4
BV/Share	105.8	111.8	102.3	111.8	143.6	152.9	191.5	200.6
DPS	1.5	1.5	18.5	6.3	2.5	3.5	4.5	4.5
Payout (%)	22.3	19.5	205.2	60.1	19.4	27.3	37.9	33.1
<b>Valuation (x)</b>								
P/E ratio	72.1	60.5	48.7	40.9	34.6	34.2	37.0	32.3
Cash P/E ratio	49.6	43.9	37.7	32.5	26.0	25.0	26.9	23.8
P/BV ratio	4.2	3.9	4.3	3.9	3.1	2.9	2.3	2.2
EV/Sales ratio	7.3	6.9	7.2	5.9	3.9	4.3	4.6	4.2
EV/EBITDA ratio	43.8	37.7	31.1	25.5	24.1	21.7	20.1	17.6
EV/t (Cap) - USD	338	331	335	315	299	298	264	239
Dividend Yield (%)	0.3	0.3	3.3	1.1	0.4	0.6	0.8	0.8
<b>Return Ratios (%)</b>								
RoE	13.8	14.6	18.7	22.3	18.4	14.4	10.8	9.2
RoCE	15.2	16.1	19.3	22.9	20.4	15.0	11.2	9.5
RoIC	18.9	23.6	35.3	41.0	26.3	19.6	20.0	18.3
<b>Working Capital Ratios</b>								
Asset Turnover (x)	0.5	0.5	0.6	0.6	0.7	0.6	0.4	0.4
Debtor (Days)	15.1	16.1	6.1	7.7	10.3	12.9	12.9	12.9
Inventory (Days)	41	30	24	38	30	35	35	35
Work Cap (Days)	87.3	85.9	19.8	37.0	104.5	99.0	337.0	305.9
<b>Leverage Ratio (x)</b>								
Current Ratio	1.7	1.6	1.1	1.2	1.8	1.7	3.5	3.5
Debt/Equity ratio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

### Cash Flow Statement

Y/E December	CY18	CY19	CY20	CY21	FY23*	FY24E	FY25E	FY26E
<b>(INR m)</b>								
OP/(Loss) before Tax	15,061	19,480	24,144	27,879	30,551	34,279	39,271	45,038
Depreciation	5,481	5,438	5,212	5,517	8,324	9,323	10,923	11,923
Interest and Finance Charges	-709	-1,515	-1,369	-214	-1,868	0	0	0
Direct Taxes Paid	-6,251	-808	-4,648	-3,659	-3,346	-8,775	-10,053	-11,530
(Inc.)/Dec. in WC	-6,166	3,877	3,676	-4,557	-7,855	-2,099	-2,758	-2,438
<b>CF from Operations</b>	<b>7,416</b>	<b>26,472</b>	<b>27,015</b>	<b>24,966</b>	<b>25,807</b>	<b>32,727</b>	<b>37,383</b>	<b>42,994</b>
Others	-2,406	-1,632	-952	-201	-5,711	0	0	0
<b>CF from Operations incl. EO</b>	<b>5,009</b>	<b>24,840</b>	<b>26,062</b>	<b>24,765</b>	<b>20,096</b>	<b>32,727</b>	<b>37,383</b>	<b>42,994</b>
(Inc.)/Dec. in FA	-5,936	-11,114	-9,756	-11,430	-21,116	-36,581	-45,000	-33,000
<b>Free Cash Flow</b>	<b>-927</b>	<b>13,726</b>	<b>16,307</b>	<b>13,336</b>	<b>-1,020</b>	<b>-3,854</b>	<b>-7,617</b>	<b>9,994</b>
(Pur.)/Sale of Investments	3,393	3,734	3,342	-4,096	-11,502	0	0	0
Others	13,174	-3,999	5,819	2,370	7,744	0	0	0
<b>CF from Investments</b>	<b>10,631</b>	<b>-11,379</b>	<b>-595</b>	<b>-13,156</b>	<b>-24,874</b>	<b>-36,581</b>	<b>-45,000</b>	<b>-33,000</b>
Issue of Shares	0	0	0	0	0	0	955	0
Inc./(Dec.) in Debt	216	0	-237	35	-31	-42	0	0
Interest Paid	-513	-558	-633	-756	-679	0	0	0
Dividend Paid	-4,498	-3,320	-36,646	-2,021	-12,514	-6,950	-11,084	-11,084
Others	12	11	-88	-427	49,340	0	1,49,045	0
<b>CF from Fin. Activity</b>	<b>-4,784</b>	<b>-3,868</b>	<b>-37,604</b>	<b>-3,169</b>	<b>36,115</b>	<b>-6,992</b>	<b>1,38,916</b>	<b>-11,084</b>
<b>Inc./Dec. in Cash</b>	<b>10,856</b>	<b>9,593</b>	<b>-12,137</b>	<b>8,441</b>	<b>31,338</b>	<b>-10,846</b>	<b>1,31,299</b>	<b>-1,090</b>
Opening Balance	20,189	31,045	40,638	28,500	36,942	68,280	57,434	1,88,733
<b>Closing Balance</b>	<b>31,045</b>	<b>40,638</b>	<b>28,500</b>	<b>36,941</b>	<b>68,279</b>	<b>57,434</b>	<b>1,88,733</b>	<b>1,87,643</b>

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

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NOTES



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

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