

October 31, 2024

**RESULT REPORT Q2 FY25** | Sector: Cement

# Ambuja Cements

## Weak pricing and sluggish demand to result lower EBITDA/tn. Reinitiating with SELL

### Result Synopsis

In 2QFY25, ACL's consolidate numbers were better than other peers. Revenue/ EBITDA/ Volume/ Realization/ EBITDA per tonne is broadly in line with our estimates. Revenue up by 1.2% YoY (-9.6% QoQ), is 4% ahead of our estimate. Higher revenue despite seasonal impacts led by better realization and volume numbers. Volumes up by 9.1% YoY (-10% QoQ), is 1.4% ahead of our estimate. Realization down by 7.2% YoY (flattish QoQ), is 2.6% ahead of our estimates. EBITDA in absolute figure down by 14.6% YoY (-10.5% QoQ), is 3.5% ahead of our estimates. While EBITDA margin stood at 14.8% in 2Q FY25 vs. 17.5% in 2Q FY24. EBITDA/tn stood at Rs783 (-21.8% YoY, flattish QoQ) as compared to our estimate of Rs767. Better EBITDA/tn led by decline in overall opex/tn (-4.2% YoY, +1% QoQ). Adj. PAT decline by 27.7% YoY (-4.7% QoQ), is 14.6% below our estimate. Adj. PAT miss due to exceptional item of Rs1562mn.

**Ongoing capacity expansion to drive volume, factoring 11.6% volume CAGR over FY24-27E:** On consolidated basis, ACL at present capacity of 95mtpa enjoys 15% of market share and expected to reach 20% by FY28. The company is doubling the capacity by FY28 by adding ~45mt of capacity across the demand rich regions through organic and inorganic roots. At present the avg. capacity utilization stands at 63% (1HFY25). We believe, avg. capacity utilization at 63% due to higher addition and near-term sluggish demand. However, recent acquisition with Penna (in southern region), Master Supply Agreement with Sanghi Industry (Western region) and ACC to gain volumes going ahead at lower cost. As per our observation, higher capacity addition is southern region to dent ROE as the avg. capacity utilization in the region is lower at 55-60%. Until unless any sharp movement in government projects in southern region, we don't see improvement in capacity utilization. Recently the company has done binding agreement with Orient Cement (in southern region) and the deal is expected to conclude in near-term is likely to have synergy benefits.

**Cost initiatives to save margins:** Despite regional and weak pricing challenges, the company is able to deliver bottom line growth during the quarter, primarily driven by improved cost efficiency level. We see, ACL's EBITDA to improve further led by various cost initiative programme i.e., higher usage of green energy, usage of captive coal mining, reduction in lead distances through warehouse optimization, and operating leverage benefits. The long-term target for cost savings of Rs450-500/tn looks feasible but can expect it may take 1-2 years of time to reflect in numbers. We are cautious on margin front due to weak pricing and sluggish demand. And building EBITDA/tn of Rs913/ Rs993/ Rs1166 for FY25E/ FY26E/ FY27E.

### Outlook & Valuation:

We see the volume growth of 18.3% CAGR over FY24-FY27E, while factoring lower realization of -0.7% / -0.4% / +0.4% realization for FY25E/ FY26E/ FY27E. We believe, some improvement in realization from mid of FY26E and volume as well. And building Revenue/ EBITDA/ PAT growth of ~11.4% / ~14.5% / ~12.6% CAGR over FY24-27E. At CMP the stock is trading at 14x forward FY27E EV/EBITDA. We believe the stock is over valued at present. Considering the weak pricing and sluggish demand we are valuing the stock at 16x Sep'26 EV/EBITDA to arrive at a target price of Rs471, recommend SELL. Any sharp price hike and demand coupled higher cost saving are the key upside risk to our recommendation.

### Exhibit 1: Actual vs estimates

| Rs Mn      | Actual | Estimate |           | % Variation |           | Remarks  |
|------------|--------|----------|-----------|-------------|-----------|--|
|            |        | YSec     | Consensus | YSec        | Consensus |  |
| Sales      | 75,161 | 72,269   | 75,077    | 4.0         | 0.1       | Numbers are broadly in-line with our estimates |
| EBITDA     | 11,114 | 10,738   | 11,494    | 3.5         | -3.3      |  |
| Margin (%) | 14.8   | 14.9     | 15.3      | -10 bps     | -50 bps   |  |
| Rept. PAT  | 5,731  | 6,710    | 7,111     | -14.6       | -19.4     |  |

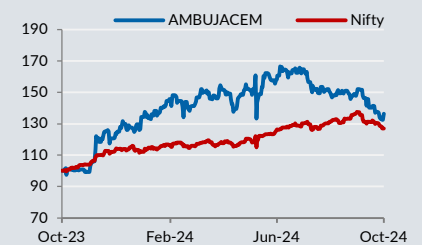
Source: Company, YES Sec

|                  |          |
|------------------|----------|
| Reco             | : SELL   |
| CMP              | : Rs 580 |
| Target Price     | : Rs 471 |
| Potential Return | : -19%   |

### Stock data (as on Oct 31, 2024)

|                         |                 |
|-------------------------|-----------------|
| Nifty                   | 24,241          |
| 52 Week h/l (Rs)        | 707 / 404       |
| Market cap (Rs/USD mn)  | 1416296 / 16845 |
| Outstanding Shares (mn) | 2,463           |
| 6m Avg t/o (Rs mn):     | 2,142           |
| Div yield (%):          | 0.3             |
| Bloomberg code:         | ACEM IN         |
| NSE code:               | AMBUJACEM       |

### Stock performance



|                 | 1M    | 3M     | 1Y    |
|-----------------|-------|--------|-------|
| Absolute return | -7.5% | -13.9% | 37.9% |

### Shareholding pattern (As of Sep'24 end)

|          |       |
|----------|-------|
| Promoter | 67.5% |
| FII+DII  | 25.8% |
| Others   | 6.6%  |

### Δ in stance

| (1-Yr)       | New  | Old |
|--------------|------|-----|
| Rating       | SELL | NA  |
| Target Price | 578  | NA  |

### Δ in earnings estimates

|           | FY25E | FY26E | FY27E |
|-----------|-------|-------|-------|
| EPS (New) | 11.8  | 17.0  | 10.8  |
| EPS (Old) | NA    | NA    | NA    |
| % Change  | NA    | NA    | NA    |

### Financial Summary

| (Rs mn)   | FY25E   | FY26E   | FY27E   |
|-----------|---------|---------|---------|
| Revenue   | 349,010 | 404,453 | 457,812 |
| Growth    | 5%      | 16%     | 13%     |
| EBITDA    | 57,284  | 72,529  | 96,025  |
| Margin    | 16%     | 18%     | 21%     |
| Adj PAT   | 26,555  | 35,461  | 51,042  |
| Growth    | -30%    | 34%     | 44%     |
| EPS       | 11.8    | 17.0    | 10.8    |
| ND/EBITDA | -0.9    | -1.1    | -1.3    |
| ROE       | 5%      | 7%      | 9%      |
| ROCE      | 5%      | 6%      | 8%      |
| EV/EBITDA | 23.9    | 18.5    | 13.5    |

**GIRIJA SHANKAR RAY**

Lead Analyst

girija.ray@ysil.in



## QUARTERLY RESULT ANALYSIS

**Exhibit 2: Quarterly snapshot (Standalone)**

| Y/E Mar (Rs mn)      | 2QFY25  | 2QFY24 | YoY %    | 1QFY25 | QoQ%    | Our Est. | Var. (%) | 1HFY25  | 1HFY24  | YoY%     |
|----------------------|---------|--------|----------|--------|---------|----------|----------|---------|---------|----------|
| Net Revenue          | 75,161  | 74,240 | 1.2      | 83,115 | (9.6)   | 72,269   | 4.0      | 158,276 | 161,369 | (1.9)    |
| Total Expenses       | 64,047  | 61,221 | 4.6      | 70,317 | (8.9)   |          |          | 134,364 | 131,681 | 2.0      |
| COGS                 | 14,202  | 10,330 | 37.5     | 15,773 | (10.0)  |          |          | 29,975  | 23,039  | 30.1     |
| Employee Expenses    | 3,486   | 3,412  | 2.2      | 3,170  | 9.9     |          |          | 6,656   | 7,189   | (7.4)    |
| Power & fuel         | 18,175  | 18,635 | (2.5)    | 20,670 | (12.1)  |          |          | 38,845  | 41,756  | (7.0)    |
| Freight Exp          | 18,252  | 18,004 | 1.4      | 20,961 | (12.9)  |          |          | 39,213  | 40,123  | (2.3)    |
| Other Expenses       | 9,932   | 10,840 | (8.4)    | 9,743  | 1.9     |          |          | 19,674  | 19,574  | 0.5      |
| EBITDA               | 11,114  | 13,018 | (14.6)   | 12,798 | (13.2)  | 10,738   | 3.5      | 23,912  | 29,688  | (19.5)   |
| EBITDA (%)           | 14.8    | 17.5   | -275 bps | 15.4   | -61 bps |          |          | 15.1    | 18.4    | -329 bps |
| D&A                  | 5,520   | 3,809  | 44.9     | 4,761  | 15.9    |          |          | 10,280  | 7,526   | 36.6     |
| Other income         | 3,740   | 4,760  | (21.4)   | 3,547  | 5.4     |          |          | 7,288   | 7,393   | (1.4)    |
| Interest Expense     | 669     | 613    | 9.1      | 678    | (1.4)   |          |          | 1,347   | 1,133   | 18.8     |
| Exceptional/EO items | (1,562) | -      | NA       | -      | NA      |          |          | (1,562) | -       | NA       |
| Share JV/Associates  | 22      | 40     | (44.5)   | 34     | (34.5)  |          |          | 56      | 93      | (39.4)   |
| EBT                  | 7,127   | 13,397 | (46.8)   | 10,941 | (34.9)  |          |          | 18,011  | 28,421  | (36.6)   |
| Tax                  | 2,398   | 3,525  | (32.0)   | 3,109  | (22.9)  |          |          | 5,507   | 7,287   | (24.4)   |
| Minority Interest    | 169     | 1,943  | (91.3)   | 1,433  | (88.2)  |          |          | 1,603   | 4,241   | (62.2)   |
| Reported PAT         | 4,560   | 7,930  | (42.5)   | 6,399  | (28.7)  |          |          | 12,505  | 21,134  | (40.8)   |
| Adjusted PAT         | 5,731   | 7,930  | (27.7)   | 6,399  | (10.4)  | 6,710    | (14.6)   | 13,676  | 21,134  | (35.3)   |
| Adjusted PAT (%)     | 7.6     | 10.7   | -306 bps | 7.7    | -7 bps  |          |          | 8.6     | 13.1    | -446 bps |
| Adj. EPS             | 2.9     | 4.0    | (27.7)   | 3.2    | (10.4)  |          |          | 5.6     | 8.6     | (35.3)   |

Source: Company, YES Sec

**Exhibit 3: Quarterly Operational Performance Analysis (Standalone)**

| Particulars (Rs m)  | 2QFY25 | 2QFY24 | YoY %  | 1QFY25 | QoQ%   | Our Est. | Var. (%) | 1HFY25 | 1HFY24 | YoY%   |
|---------------------|--------|--------|--------|--------|--------|----------|----------|--------|--------|--------|
| Total Volumes (MMT) | 14.20  | 13.01  | 9.1    | 15.77  | (10.0) | 14.00    | 1.4      | 29.97  | 28.41  | 5.5    |
| NSR/te (Blended)    | 5,293  | 5,706  | (7.2)  | 5,270  | 0.4    | 5,160    | 2.6      | 5,281  | 5,680  | (7.0)  |
| RM/te               | 1,000  | 794    | 26.0   | 1,000  | (0.0)  |          |          | 1,000  | 811    | 23.3   |
| Employees/te        | 245    | 262    | (6.4)  | 201    | 22.1   |          |          | 222    | 253    | (12.2) |
| Power/te            | 1,280  | 1,432  | (10.6) | 1,311  | (2.3)  |          |          | 1,296  | 1,470  | (11.8) |
| Freight/te          | 1,285  | 1,384  | (7.1)  | 1,329  | (3.3)  |          |          | 1,308  | 1,412  | (7.4)  |
| Others/te           | 699    | 833    | (16.1) | 618    | 13.2   |          |          | 656    | 689    | (4.7)  |
| Opex/te (Blended)   | 4,510  | 4,706  | (4.2)  | 4,459  | 1.2    |          |          | 4,483  | 4,635  | (3.3)  |
| EBITDA/te (Blended) | 783    | 1,001  | (21.8) | 812    | (3.6)  | 767      | 2.0      | 798    | 1,045  | (23.6) |

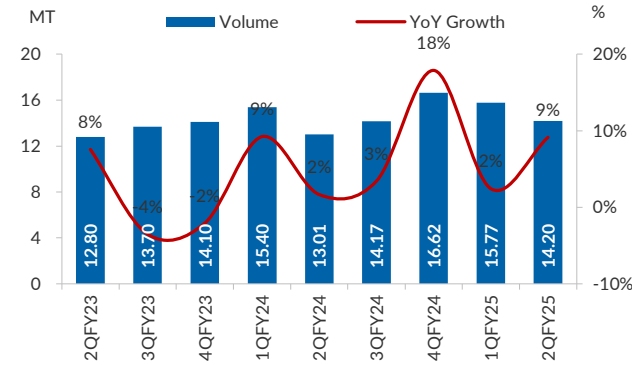
Source: Company, YES Sec

## ADANI CEMENTS KEY CON-CALL HIGHLIGHTS & ANALYSIS

- **Pricing and Demand:** No comments on pricing while demand is expected to at grow ~4%-5% in FY25E.
- **Capacity Expansion and capex guidance:** 4mtpa clinker (Bhatapara + Sankrail + Farakka + Sindri) and 6.4mtpa cement capacity is expected to commence by 4Q FY25. In 1HFY25, total capex outlay was Rs14700Cr (incl. Rs12500 towards organic and inorganic growth – Tuticorin GU, Penna acquisition and on-going capex). Besides the announced expansion, the company has identified 13 additional GU projects for which land acquisition and statutory approvals are under progress. This is likely to achieve long-term capacity target of 140mtpa by FY28E.
- **Energy Efficiency:** Fuel costs reduced by 13% to rupees Rs1.59/ kcal from Rs1.82/kcal 2Q FY24. 4mtpa clinker line in Maratha, Chandrapur would have 42MW of WHRS and provision for utilizing 30% Alternative Fuels. Targeting to reach 218MW WHRS by FY26 from the current level of 196MW vs. 40MW at the time of takeover. Targeting to reach 1000MW of renewable energy (RE) is expected to commission by FY26E which will make sure of 60% of power sourcing from green energy.
- **Logistic cost savings Lead Distance:** Secondary lead distance reduced by 7 km to 47 km. The direct dispatch to customers increased to 55%. Targeting to reduce the average primary road lead distance by about 100 kilometers. Primary lead distance in the 2QFY25 was 271 vs. 272 and secondary lead distance at 47 vs. 54.
- **Orient Cement update:** Binding agreement of 46.8% stake in OCL would help to reduce overall lead distance, logistic cost and improve market share. The acquisition will be met through internal accruals. Post the acquisition total capacity would reach to 97.4mtpa.
- **Penna Cement update:** Penna clinker utilization is 70% in 45days have helped to meet clinker requirements in other plants. So, there is a high clinker sale from Penna as well. ACL is targeting Penna utilization to be at 85% in next three years. Penna volumes stood at 0.1mtpa to 0.15mtpa in 2QFY25 excluding clinker.
- **Limestone update:** In 2Q FY25, the company has secured 70mt of new limestone reserves in MP and Maharashtra.
- **Other Details:** Blended cement is 84%, Premium segment is 26% of total trade segments. Share of AFR in fuel mix has improved to 9.5% from 7%. Green power in fuel mix has increased from 15.6% to 18.2%.

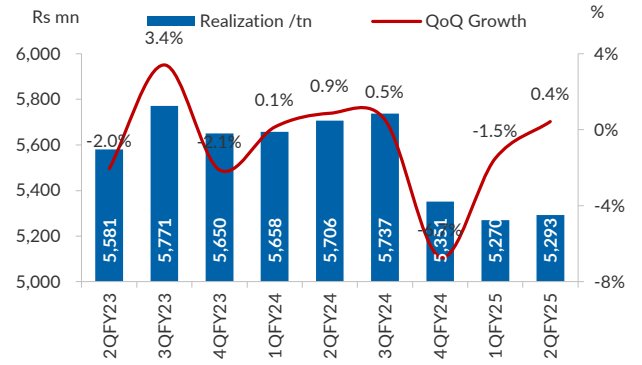
## QUATERLY CHARTS & ANALYSIS

**Exhibit 4: Volume up by 9% YoY and down by 10% QoQ basis**



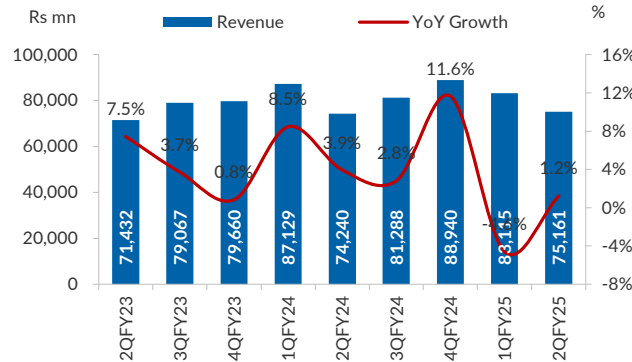
Source: Company, YES Sec

**Exhibit 5: Realisation/tn down by 7.2 YoY and flattish QoQ basis**



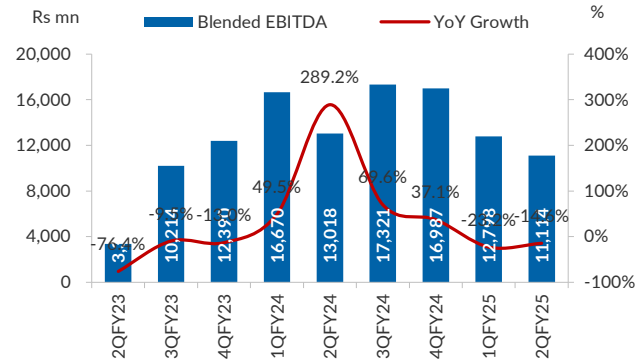
Source: Company, YES Sec

**Exhibit 6: Revenue up by 1.2% YoY and down by 9.6% QoQ basis**



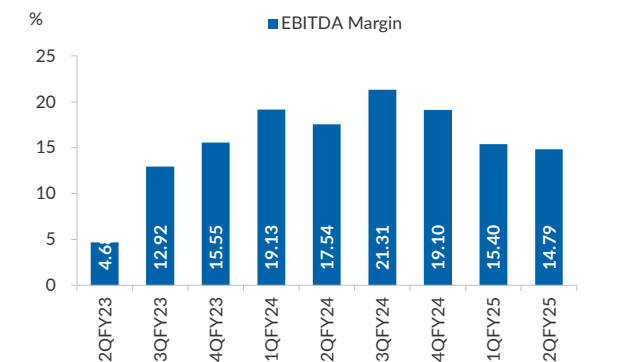
Source: Company, YES Sec

**Exhibit 7: EBITDA down by 14.6%/13.2% on YoY/QoQ basis respectively**



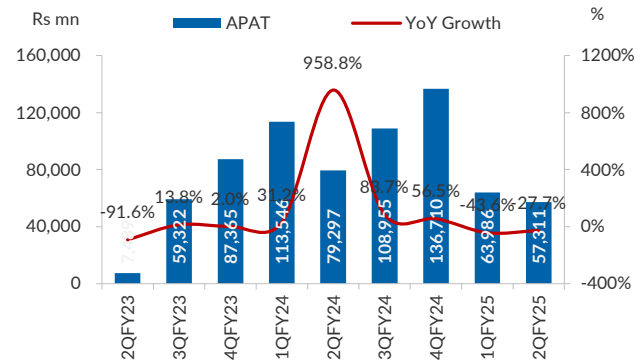
Source: Company, YES Sec

**Exhibit 8: EBITDA Margin down by 275 bps/51 bps on YoY/QoQ basis respectively**



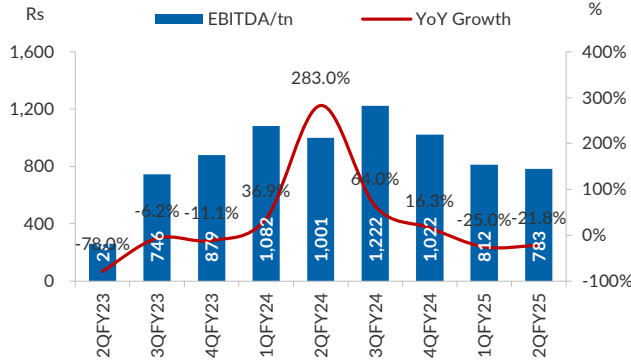
Source: Company, YES Sec

**Exhibit 9: Adj. PAT down by 27.7%/10.4% on YoY/QoQ basis respectively**



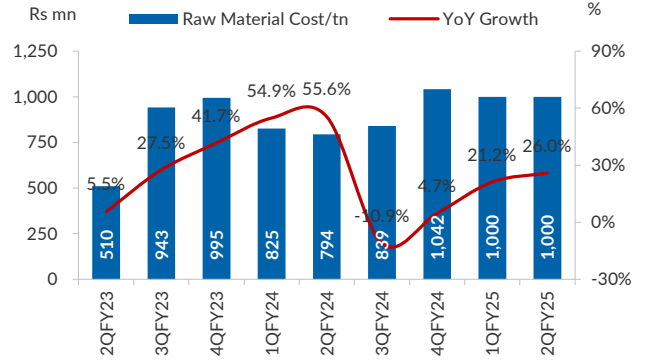
Source: Company, YES Sec

**Exhibit 10: EBITDA/tn down by 21.8%/3.6% on YoY/QoQ basis respectively**



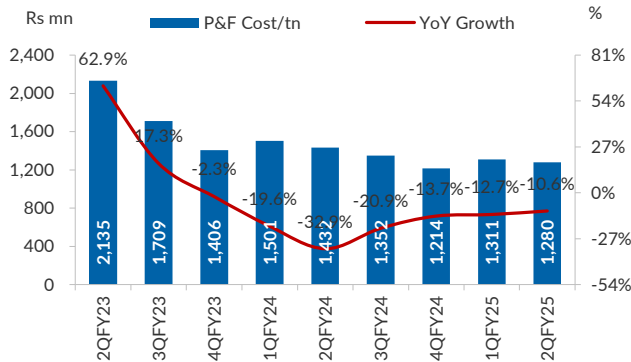
Source: Company, YES Sec

**Exhibit 11: RM Cost/tn up by 26% YoY and flattish on QoQ basis**



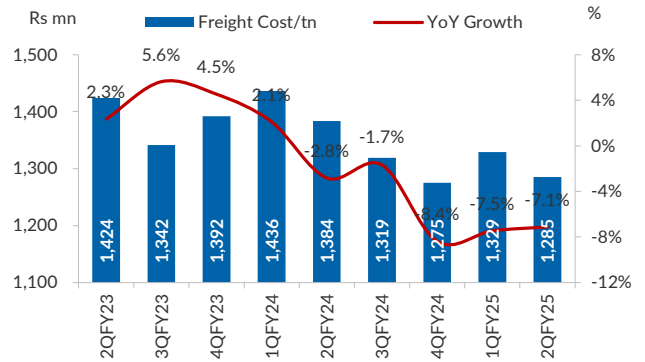
Source: Company, YES Sec

**Exhibit 12: P&F Cost/tn down by 10.6%/2.3% on YoY/QoQ basis respectively**



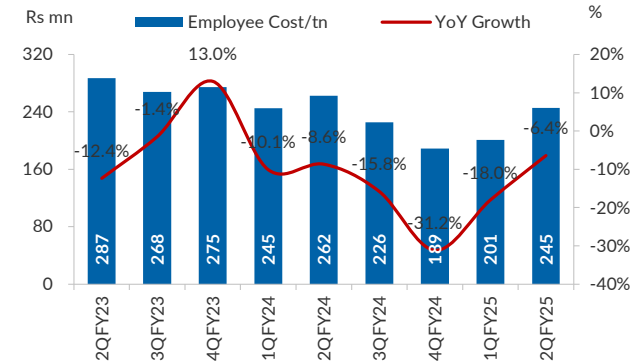
Source: Company, YES Sec

**Exhibit 13: Freight Cost/tn down by 7.1%/3.3% on YoY/QoQ basis respectively**



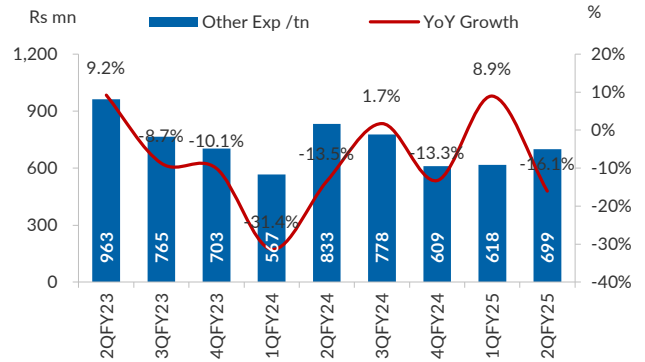
Source: Company, YES Sec

**Exhibit 14: Employee Cost/tn down by 6.4% YoY and up by 22.1% on QoQ basis**



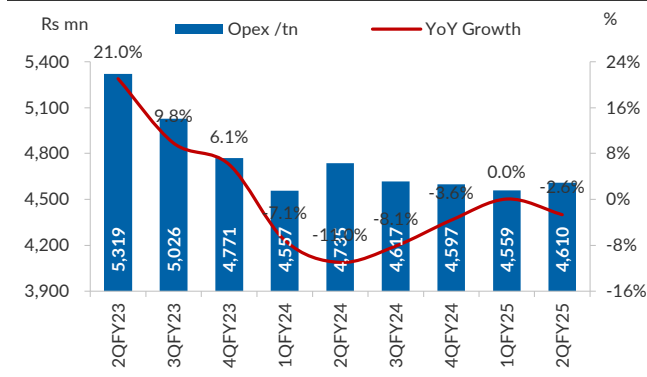
Source: Company, YES Sec

**Exhibit 15: Other Exp/tn down by 16.1% YoY and up by 13.2% on QoQ basis**



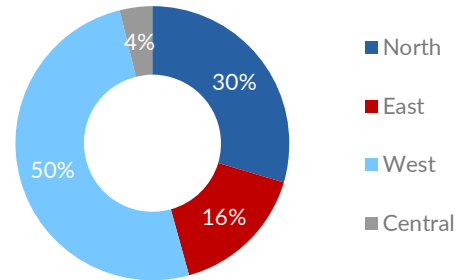
Source: Company, YES Sec

**Exhibit 16: Opex/tn down by 4.2% YoY and up by 1.2% on QoQ basis**



Source: Company, YES Sec

**Exhibit 17: Regional Mix as on date and further adding 45mtpa by FY28**



Source: Company, YES Sec

**Exhibit 18: Change in estimates**

| Rs mn             | New Estimates |         |         | Old Estimates |       |       | Change (%) |       |       |
|-------------------|---------------|---------|---------|---------------|-------|-------|------------|-------|-------|
|                   | FY25E         | FY26E   | FY27E   | FY25E         | FY26E | FY27E | FY25E      | FY26E | FY27E |
| Revenue           | 349,010       | 404,453 | 457,812 | NA            | NA    | NA    | NA         | NA    | NA    |
| EBITDA            | 57,284        | 72,529  | 96,025  | NA            | NA    | NA    | NA         | NA    | NA    |
| EBITDA Margin (%) | 16.4          | 17.9    | 21.0    | NA            | NA    | NA    | NA         | NA    | NA    |
| APAT              | 26,555        | 35,461  | 51,042  | NA            | NA    | NA    | NA         | NA    | NA    |
| Adj. EPS (Rs)     | 11.8          | 17.0    | 10.8    | NA            | NA    | NA    | NA         | NA    | NA    |

Source: Company, YES Sec

**Exhibit 19: Annual Operational Performance Estimates (Console)**

| Operating Details            | FY23       | FY24         | FY25E      | FY26E      | FY27E        |
|------------------------------|------------|--------------|------------|------------|--------------|
| Volume (mt)                  | 69         | 59           | 63         | 73         | 82           |
| YoY (%)                      | 26.6       | (14.3)       | 6.0        | 16.4       | 12.7         |
| Utilization (%)              | 102        | 76           | 66         | 63         | 64           |
| Realization (Rs)             | 5,635      | 5,601        | 5,561      | 5,536      | 5,560        |
| YoY (%)                      | 6.2        | (0.6)        | (0.7)      | (0.4)      | 0.4          |
| Cost per tonne (Rs)          |            |              |            |            |              |
| Raw Material Cost (Rs/mt)    | 740        | 832          | 942        | 1,012      | 1,072        |
| Employee Cost/tn (Rs)        | 269        | 229          | 244        | 254        | 259          |
| Power & Fuel Cost (Rs/mt)    | 1,702      | 1,370        | 1,310      | 1,185      | 1,035        |
| Freight Cost/tn (Rs)         | 1,378      | 1,351        | 1,376      | 1,326      | 1,266        |
| Other Expenses (Rs/mt)       | 812        | 741          | 779        | 769        | 764          |
| <b>Blended EBITDA(Rs/tn)</b> | <b>741</b> | <b>1,081</b> | <b>913</b> | <b>993</b> | <b>1,166</b> |

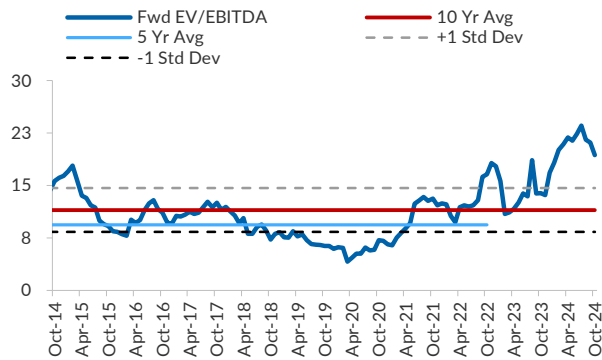
Source: Company, YES Sec

## Exhibit 20: Valuation Summary

| Valuation                      | Rs mn     |
|--------------------------------|-----------|
| Sep'26E EBITDA                 | 84,277    |
| Target EBITDA (x)              | 16        |
| EV                             | 1,348,436 |
| Less. ACC Minority Interest    | 272,863   |
| Less. Sanghi Minority Interest | 8,447     |
| Less Net Debt & CWIP           | (92,365)  |
| ACEM's Eq Value                | 1,159,491 |
| No. of Shares                  | 2,463     |
| Target Price (Rs)              | 471       |
| CMP (Rs)                       | 580       |
| Up/Downside                    | -19%      |

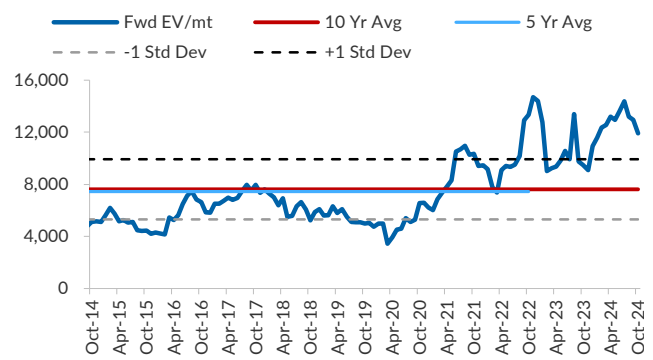
Source: Company, YES Sec

## Exhibit 21: 1-yr forward EV/EBITDA band



Source: Company, YES Sec

## Exhibit 22: 1-yr forward EV/te (\$) band



Source: Company, YES Sec

## FINANCIALS

**Exhibit 23: Balance Sheet (Console)**

| YE March (Rs mn)                 | FY23           | FY24           | FY25E          | FY26E          | FY27E          |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| <i>Sources of funds</i>          |                |                |                |                |                |
| Eq. Share Capital                | 3,971          | 4,395          | 4,926          | 4,926          | 4,926          |
| Reserves & Surplus               | 313,011        | 410,155        | 404,271        | 434,961        | 480,001        |
| <b>Shareholders' Funds</b>       | <b>316,982</b> | <b>414,551</b> | <b>409,197</b> | <b>439,887</b> | <b>484,927</b> |
| Total Loan Funds                 | 70,584         | 93,908         | 103,299        | 123,959        | 148,751        |
| Other liabilities                | 5,227          | 6,990          | 6,871          | 7,781          | 8,899          |
| <b>Total Liabilities</b>         | <b>10,025</b>  | <b>18,051</b>  | <b>18,368</b>  | <b>18,825</b>  | <b>19,265</b>  |
| <i>Application of funds</i>      |                |                |                |                |                |
| Net Block                        |                |                |                |                |                |
| Capital WIP                      | 150,937        | 234,109        | 307,330        | 332,855        | 347,463        |
| Investments                      | 5,882          | 7,583          | 7,583          | 7,583          | 7,583          |
| Other non-current assets         | 25,259         | 26,585         | 17,810         | 8,843          | 9,000          |
| Inventories                      | 2,137          | 8,486          | 8,524          | 8,601          | 8,678          |
| Trade Receivables                | 140,508        | 135,281        | 141,771        | 151,165        | 160,205        |
| Cash & Bank Balances             | 32,728         | 36,086         | 31,256         | 35,248         | 39,434         |
| Other current Assets             | 11,544         | 12,131         | 11,705         | 12,931         | 13,736         |
| Total Current Assets             | 29,610         | 110,689        | 51,437         | 77,959         | 125,738        |
| Trade Payables                   | 118,612        | 82,029         | 92,206         | 106,854        | 120,951        |
| Other Current Liabilities        | 192,494        | 240,935        | 186,604        | 232,992        | 299,859        |
| <b>Total Current Liabilities</b> | <b>27,739</b>  | <b>31,088</b>  | <b>32,531</b>  | <b>36,446</b>  | <b>40,614</b>  |
| Net Current Assets               | 86,658         | 88,391         | 99,357         | 115,141        | 130,332        |
| <b>Total Assets</b>              | <b>114,397</b> | <b>119,478</b> | <b>131,888</b> | <b>151,587</b> | <b>170,946</b> |

Source: Company, YES Sec



## Exhibit 24: Income statement (Console)

| YE March (Rs mn)                        | FY23          | FY24          | FY25E         | FY26E         | FY27E         |
|---|---------------|---------------|---------------|---------------|---------------|
| Net Sales                               | 389,370       | 331,596       | 349,010       | 404,453       | 457,812       |
| <i>Expenses:</i>                        |               |               |               |               |               |
| Raw Materials                           | 51,109        | 49,228        | 59,095        | 73,901        | 88,237        |
| Employee Cost                           | 18,565        | 13,528        | 15,284        | 18,521        | 21,287        |
| P&F Cost                                | 117,619       | 81,093        | 82,209        | 86,560        | 85,212        |
| Freight cost                            | 95,237        | 80,006        | 86,392        | 96,908        | 104,287       |
| Other Expenses                          | 55,616        | 43,746        | 48,746        | 56,034        | 62,764        |
| <b>EBITDA</b>                           | <b>51,224</b> | <b>63,995</b> | <b>57,284</b> | <b>72,529</b> | <b>96,025</b> |
| Depreciation & Amortization             | 16,447        | 16,234        | 24,603        | 27,659        | 30,236        |
| <b>EBIT</b>                             | <b>34,777</b> | <b>47,761</b> | <b>32,681</b> | <b>44,871</b> | <b>65,790</b> |
| Other Income                            | 7,377         | 11,664        | 5,235         | 5,258         | 5,494         |
| Finance cost                            | 1,949         | 2,764         | 2,509         | 2,847         | 3,227         |
| Exceptional items                       | 3,190         | (2,116)       | -             | -             | -             |
| <b>PBT</b>                              | <b>37,015</b> | <b>58,777</b> | <b>35,407</b> | <b>47,281</b> | <b>68,057</b> |
| Tax Expenses                            | 7,051         | 11,626        | 8,852         | 11,820        | 17,014        |
| Share in Profit / (Loss) of Asso and JV | 280           | 229           | -             | -             | -             |
| Minority Interest                       | 4,410         | 11,612        | -             | -             | -             |
| <b>RPAT</b>                             | <b>25,834</b> | <b>35,768</b> | <b>26,555</b> | <b>35,461</b> | <b>51,042</b> |
| <b>APAT</b>                             | <b>23,441</b> | <b>37,355</b> | <b>26,555</b> | <b>35,461</b> | <b>51,042</b> |

Source: Company, YES Sec

## Exhibit 25: Cash Flow (Console)

| YE March (Rs mn)                   | FY23             | FY24            | FY25E           | FY26E           | FY27E           |
|------------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| Operating profit before WC changes | 49,463           | 63,673          | 62,519          | 77,787          | 101,519         |
| Net chg in working capital         | (34,729)         | 1,941           | 7,691           | 125             | 552             |
| Income tax Paid                    | (7,385)          | (9,156)         | (8,852)         | (11,820)        | (17,014)        |
| <b>CFO</b>                         | <b>7,349</b>     | <b>56,458</b>   | <b>61,358</b>   | <b>66,091</b>   | <b>85,057</b>   |
| Adj. CFO                           | 5,400            | 53,694          | 58,849          | 63,244          | 81,830          |
| Capital expenditure                | (40,659)         | (39,611)        | (89,050)        | (44,217)        | (45,000)        |
| Other Investments                  | (104,148)        | (49,893)        | (6,529)         | (9,470)         | (9,117)         |
| <b>CFI</b>                         | <b>(144,808)</b> | <b>(89,504)</b> | <b>(95,579)</b> | <b>(53,687)</b> | <b>(54,117)</b> |
| Adj FCF                            | (35,259)         | 14,083          | (30,201)        | 19,028          | 36,830          |
| Change in Equity                   | 50,000           | 66,610          | (18,122)        | 20,815          | 24,947          |
| Debt (Incl. Interest)              | (2,735)          | (3,874)         | (2,514)         | (1,771)         | (1,949)         |
| Dividend                           | (17,955)         | (5,848)         | (4,395)         | (4,926)         | (6,158)         |
| <b>CFF</b>                         | <b>29,310</b>    | <b>56,888</b>   | <b>(25,031)</b> | <b>14,117</b>   | <b>16,840</b>   |
| Net chg in cash                    | (108,148)        | 23,842          | (59,252)        | 26,522          | 47,779          |
| Opening Cash & Eq                  | 116,930          | 29,610          | 110,689         | 51,437          | 77,959          |
| Othe Adj:                          | 20,829           | 57,237          | -               | -               | -               |
| <b>Closing Cash &amp; Eq</b>       | <b>29,610</b>    | <b>110,689</b>  | <b>51,437</b>   | <b>77,959</b>   | <b>125,738</b>  |

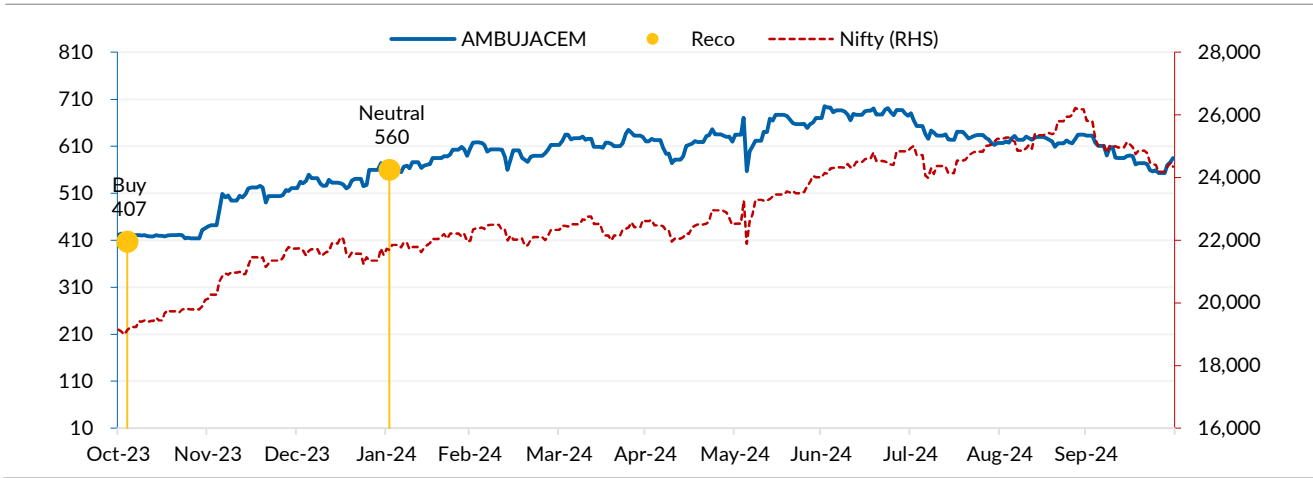
Source: Company, YES Sec

## Exhibit 26: Ratio Analysis (Console)

| YE March                      | FY23   | FY24   | FY25E  | FY26E | FY27E |
|-------------------------------|--------|--------|--------|-------|-------|
| <b>Growth Ratio (%)</b>       |        |        |        |       |       |
| Revenue                       | 34.4   | (14.8) | 5.3    | 15.9  | 13.2  |
| EBITDA                        | (17.5) | 24.9   | (10.5) | 26.6  | 32.4  |
| Adjusted PAT                  | (12.9) | 59.4   | (28.9) | 33.5  | 43.9  |
| <b>Margin Ratios (%)</b>      |        |        |        |       |       |
| Gross Profit                  | 86.9   | 85.2   | 83.1   | 81.7  | 80.7  |
| EBITDA                        | 13.2   | 19.3   | 16.4   | 17.9  | 21.0  |
| EBIT                          | 8.9    | 14.4   | 9.4    | 11.1  | 14.4  |
| Core PBT                      | 6.5    | 10.1   | 7.1    | 9.1   | 12.5  |
| Adjusted PAT                  | 6.0    | 11.3   | 7.6    | 8.8   | 11.1  |
| <b>Return Ratios (%)</b>      |        |        |        |       |       |
| ROE                           | 6.6    | 8.3    | 5.2    | 6.6   | 8.5   |
| ROCE                          | 7.8    | 8.4    | 4.7    | 6.2   | 8.1   |
| <b>Turnover Ratios (days)</b> |        |        |        |       |       |
| Gross Block Turnover (x)      | 1.8    | 1.2    | 0.9    | 0.9   | 0.9   |
| Adj OCF/Adj PAT (%)           | 23.0   | 143.7  | 221.6  | 178.3 | 160.3 |
| Inventory                     | 13.0   | 9.6    | 10.4   | 12.2  | 12.3  |
| Debtors                       | 43.9   | 28.0   | 29.3   | 32.8  | 34.3  |
| Creditors                     | 13.7   | 11.3   | 11.0   | 11.7  | 11.9  |
| Cash conversion cycle         | 9.8    | 18.5   | 14.4   | 10.0  | 9.7   |
| <b>Solvency Ratio (x)</b>     |        |        |        |       |       |
| Debt-equity                   | 0.0    | 0.0    | 0.0    | 0.0   | 0.0   |
| Net debt-equity               | (0.1)  | (0.2)  | (0.1)  | (0.1) | (0.2) |
| Gross Debt/EBITDA             | 0.1    | 0.1    | 0.1    | 0.1   | 0.1   |
| Current Ratio                 | 1.7    | 2.0    | 1.5    | 1.6   | 1.8   |
| Interest coverage ratio       | 17.8   | 17.3   | 13.0   | 15.8  | 20.4  |
| <b>Dividend</b>               |        |        |        |       |       |
| DPS                           | 2.5    | 2.0    | 2.0    | 2.5   | 3.0   |
| Dividend Yield (%)            | 0.7    | 0.4    | 0.3    | 0.4   | 0.5   |
| Dividend Payout (%)           | 21.2   | 11.8   | 18.6   | 17.4  | 14.5  |
| <b>Per share Ratios (Rs)</b>  |        |        |        |       |       |
| Basic EPS (reported)          | 13.0   | 16.3   | 10.8   | 14.4  | 20.7  |
| Adjusted EPS                  | 11.8   | 17.0   | 10.8   | 14.4  | 20.7  |
| CEPS                          | 20.1   | 24.4   | 20.8   | 25.6  | 33.0  |
| BVPS                          | 195    | 231    | 208    | 229   | 257   |
| <b>Valuation (x)</b>          |        |        |        |       |       |
| Adj P/E                       | 31.3   | 27.6   | 53.6   | 40.1  | 27.9  |
| P/BV                          | 1.9    | 2.0    | 2.8    | 2.5   | 2.2   |
| EV/EBITDA                     | 13.9   | 14.4   | 23.9   | 18.5  | 13.5  |
| EV/Sales                      | 1.8    | 2.8    | 3.9    | 3.3   | 2.8   |
| Adj Mcap / Core PBT           | 27.7   | 27.4   | 54.7   | 36.4  | 22.6  |
| Adj Mcap / Adj OCF            | 130.5  | 17.0   | 23.2   | 21.1  | 15.7  |

Source: Company, YES Sec

## Recommendation Tracker



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