

# UltraTech Cement

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR11,423      TP: INR13,800 (+21%)      BUY**

## Robust volume growth; positive demand outlook ahead

### FY26E volume growth in double digits vs. 6-7% for the industry

- UltraTech Cement's (UTCEM) 3QFY25 operating performance was in line with our estimate, with EBITDA standing at INR28.9b (declined 11% YoY). EBITDA/t stood at INR951 (-20% YoY; vs. est. INR925). OPM contracted 2.7pp YoY to ~17% (est. ~16%). Adj. PAT declined ~17% YoY to INR14.7b (+14% vs. our estimate, led by higher other income and lower effective tax rate).
- Management highlighted that its domestic grey cement capacity is expected to increase to ~185mtpa by end-FY25 (including ICEM and Kesoram). The company is expected to post double-digit volume growth in FY26 vs. industry growth at ~6-7% YoY. The capacity utilization is estimated at ~80-85% on expanded capacity in FY26. With the acquisition of ICEM and Kesoram, the company's capacity share is likely to increase to ~30% in the South region. It believes both assets (ICEM and Kesoram) have scope for improvement in capacity utilization.
- We have incorporated ICEM in the company's consolidated earnings estimates from 4QFY25 and Kesoram cement assets from FY26E. The stock trades at 20x/16x FY26E/FY27E EV/EBITDA. We value UTCEM at 20x FY27E EV/EBITDA and arrive at a TP of INR13,800. **Reiterate BUY.**

### Sales volume rises 11% YoY; Opex/t down 5%/4% YoY/QoQ

- UTCEM's consol. revenue/EBITDA/adj. PAT stood at INR171.9b/INR28.9b/INR14.7b (+3%/-11%/-17% YoY and +1/+4%/+14% vs. our estimate). Consol. sales volume grew 11% YoY to 30.4mt. RMC revenue was up 14% YoY, while white cement/OOI declined ~1%/10% YoY.
- Blended realization declined 8% YoY (up 1% QoQ; in line). Opex/t was down 5% YoY (in line), led by 6%/5%/4% decline in other expenses/freight/variable costs. EBITDA/t declined 20% YoY to INR951. Depreciation/interest expenses rose 17%/46% YoY and other income increased 74% YoY.
- In 9MFY25, consol. revenue was up 1% YoY, while EBITDA/adj. PAT declined 10%/17% YoY. Volume grew ~7% YoY, while realization/t was down ~6%. EBITDA/t stood at INR881 (down 16% YoY). We estimate revenue/EBITDA/PAT to increase 12%/9%/6% YoY in 4QFY25, aided by the inclusion of ICEM in consolidated estimates from 4QFY25. EBITDA/t is estimated at INR1,076 vs. INR1,173/ INR951 in 4QFY24/3QFY25.

### Highlights from the management commentary

- Volume started to recover from Dec'24, and there has been a demand recovery across all sectors, including infrastructure, IHB, rural, and urban demand. Capacity utilization in the East region was below 70%, while it was at ~75% in other regions.
- The exit-Dec'24 price was marginally up (~1%) vs the 3QFY25 average. Further, in Jan'25, prices improved in the Central and West regions (1.5%).
- Consolidated net debt stood at INR161.6b after taking into consideration the cost of open offer (INR31.42b, which will be paid on the 4<sup>th</sup>/5<sup>th</sup> of Feb'25) and ICEM's net debt (INR8.77b). Net debt is expected to peak in FY26 and start reducing thereafter.

Bloomberg	UTCEM IN
Equity Shares (m)	289
M.Cap.(INRb)/(USD\$)	3297.2 / 38.1
52-Week Range (INR)	12145 / 9250
1, 6, 12 Rel. Per (%)	2/4/7
12M Avg Val (INR M)	3817

### Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	737	910	1,014
EBITDA	124	170	205
Adj. PAT	64	88	112
EBITDA Margin (%)	17	19	20
Adj. EPS (INR)	222	299	380
EPS Gr. (%)	(9)	35	27
BV/Sh. (INR)	2,259	2,655	2,945

### Ratios

Net D:E	0.2	0.2	0.2
RoE (%)	10.2	12.3	13.6
RoCE (%)	9.6	10.9	12.1
Payout (%)	22.5	23.4	23.7

### Valuations

P/E (x)	51.5	38.3	30.0
P/BV (x)	5.1	4.3	3.9
EV/EBITDA(x)	26.9	20.2	16.4
EV/ton (USD)	216	198	181
Div. Yield (%)	0.4	0.6	0.8
FCF Yield (%)	0.8	0.9	2.3

### Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	60.0	60.0	60.0
DII	15.2	14.3	13.8
FII	17.7	18.6	18.9
Others	7.1	7.1	7.3

FII includes depository receipts

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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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**Valuation and view**

- UTCEM has reported strong volume growth of ~11% YoY vs. the estimated industry volume growth of ~5% in 3QFY25. There are signs of recovery in cement demand across all sectors including infrastructure, IHB, rural, and urban demand. Further, a good monsoon is estimated to drive higher demand from the rural segment in the coming months. The company's profitability improvement QoQ was in line with expectations, led by cost reduction and improved realization.
- We estimate further improvement in profitability in 4QFY25, largely led by cost savings. We estimate consolidated EBITDA/t to improve to INR1,076 in 4QFY25 (while EBITDA/t ex-ICEM will improve to INR1,166) vs. INR951 in 3QFY25. We estimate a CAGR of 17%/28%/32% in consolidated revenue/EBITDA/adjusted PAT over FY25-FY27, aided by inorganic growth. UTCEM is estimated to continue to gain market share with its robust capacity expansion (including inorganic growth). We value the stock at 20x FY27E EV/EBITDA to arrive at our TP of INR13,800. We reiterate our BUY rating.

**Consolidated quarterly performance**

(INR b)

	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
<b>Net sales</b>	<b>177.4</b>	<b>160.1</b>	<b>167.4</b>	<b>204.2</b>	<b>180.7</b>	<b>156.3</b>	<b>171.9</b>	<b>228.1</b>	<b>709.1</b>	<b>737.0</b>	<b>170.3</b>	<b>1</b>
YoY change (%)	17.0	15.3	7.9	9.4	1.9	-2.4	2.7	11.7	12.1	3.9	1.7	
<b>Total expenditure</b>	<b>146.9</b>	<b>134.6</b>	<b>134.9</b>	<b>163.1</b>	<b>150.3</b>	<b>136.2</b>	<b>143.1</b>	<b>183.4</b>	<b>579.4</b>	<b>612.9</b>	<b>142.5</b>	<b>0</b>
<b>EBITDA</b>	<b>30.5</b>	<b>25.5</b>	<b>32.5</b>	<b>41.1</b>	<b>30.4</b>	<b>20.2</b>	<b>28.9</b>	<b>44.7</b>	<b>129.7</b>	<b>124.1</b>	<b>27.9</b>	<b>4</b>
Margin (%)	17.2	15.9	19.4	20.1	16.8	12.9	16.8	19.6	18.3	16.8	16.4	44
YoY change (%)	-1.5	36.7	39.3	23.8	-0.3	-20.9	-11.3	8.6	22.1	-4.3		
Depreciation	7.5	8.0	7.8	8.1	8.4	9.0	9.2	10.0	31.5	36.7	9.1	1
Interest	2.1	2.3	2.6	2.6	2.6	3.2	3.8	5.5	9.7	15.0	3.3	17
Other income	1.7	1.7	1.4	1.4	1.7	2.2	2.4	2.7	6.2	9.0	1.7	42
<b>PBT before EO expense</b>	<b>22.6</b>	<b>16.9</b>	<b>23.5</b>	<b>31.7</b>	<b>21.1</b>	<b>10.2</b>	<b>18.3</b>	<b>31.9</b>	<b>94.7</b>	<b>81.5</b>	<b>17.2</b>	<b>7</b>
Extra-ord expense	-	-	-	0.72	(0.33)	-	-	-	0.72	(0.33)	-	
<b>PBT after EO Expense</b>	<b>22.6</b>	<b>16.9</b>	<b>23.5</b>	<b>31.0</b>	<b>21.4</b>	<b>10.2</b>	<b>18.3</b>	<b>31.9</b>	<b>94.0</b>	<b>81.8</b>	<b>17.2</b>	<b>7</b>
Tax	5.8	4.1	5.8	8.5	4.5	1.9	3.6	7.5	24.2	17.5	4.3	
Prior period tax adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Rate (%)	25.5	24.3	24.7	27.5	20.9	18.8	19.5	23.5	25.7	21.3	25.0	
<b>Reported PAT</b>	<b>16.9</b>	<b>12.8</b>	<b>17.7</b>	<b>22.5</b>	<b>16.9</b>	<b>8.3</b>	<b>14.7</b>	<b>24.4</b>	<b>69.8</b>	<b>64.3</b>	<b>12.9</b>	<b>14</b>
Minority interest	0.0	0.0	-0.1	-0.1	0.0	0.1	0.1	-0.1	-0.2	0.0	0.0	
<b>Adj. PAT</b>	<b>16.9</b>	<b>12.8</b>	<b>17.8</b>	<b>23.1</b>	<b>16.7</b>	<b>8.2</b>	<b>14.7</b>	<b>24.5</b>	<b>70.6</b>	<b>64.1</b>	<b>12.9</b>	<b>14</b>
YoY change (%)	6.3	69.6	67.9	38.7	-1.0	-36.0	-17.3	6.0	39.2	-9.2	-27.3	

**Key operating parameters**

Income Statement (INR/t)	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		2QE		
Volume (mt)	30.0	26.7	27.3	35.1	32.0	27.8	30.4	41.6	119.0	129.1	30.1	1
Change (YoY %)	19.6	15.5	5.6	10.8	6.6	4.3	11.2	18.5	12.6	8.4	10.2	
<b>Realization (including RMC)</b>	<b>5,920</b>	<b>5,999</b>	<b>6,127</b>	<b>5,821</b>	<b>5,656</b>	<b>5,616</b>	<b>5,661</b>	<b>5,488</b>	<b>5,957</b>	<b>5,710</b>	<b>5,659</b>	<b>0</b>
Change (YoY %)	-2.2	-0.2	2.1	-1.2	-4.5	-6.4	-7.6	-5.7	-0.4	-4.1	-7.6	
RM cost	983	935	972	1,086	1,009	1,048	1,085	917	1,000	1,026	1,030	5
Power and fuel	1,629	1,643	1,529	1,379	1,406	1,378	1,311	1,316	1,536	1,378	1,349	(3)
Staff cost	236	304	281	214	231	328	280	224	255	266	279	0
Freight and forwarding	1,369	1,316	1,325	1,325	1,309	1,287	1,255	1,334	1,334	1,326	1,304	(4)
Other expenditure	686	846	828	644	749	849	780	622	742	752	771	1
<b>Total expenditure</b>	<b>4,903</b>	<b>5,044</b>	<b>4,936</b>	<b>4,648</b>	<b>4,704</b>	<b>4,891</b>	<b>4,711</b>	<b>4,413</b>	<b>4,867</b>	<b>4,748</b>	<b>4,734</b>	<b>(0)</b>
<b>EBITDA</b>	<b>1,018</b>	<b>956</b>	<b>1,191</b>	<b>1,173</b>	<b>951</b>	<b>725</b>	<b>951</b>	<b>1,076</b>	<b>1,089</b>	<b>962</b>	<b>925</b>	<b>3</b>
YoY change (%)	(17.7)	18.3	31.9	11.8	(6.5)	(24.1)	(20.2)	(8.3)	8.4	(11.7)	(22.3)	

Sources: Company reports, MOFSL estimates



## Highlights from the management commentary

### Demand and pricing

- Volume started to recover from Dec'24 and there has been a demand recovery across all sectors, including infrastructure, IHB, rural, and urban demand. Urban demand, though, is maturing slightly but continues to see growth.
- The volume of ICEM was not included in 3Q volumes. The North and West regions continued to perform well, while the East region saw the lowest growth compared to other regions. Industry volume growth is expected to be at ~5% YoY in 3QFY25.
- Capacity utilization in the East region was below 70%, while it was at ~75% in other regions. The North region saw the best profitability, followed by the West region.
- The company aims for double-digit growth driven by expanded capacities and targets a capacity utilization of 80-85%. Industry demand growth is expected to be at 6-7% YoY in 4QFY25 and FY26.
- The exit-Dec price was marginally up (~1%) vs the 3QFY25 average. Cement demand started to improve from Dec'24, thus boosting cement prices. The North and West regions saw the best improvement in prices, with a growth of 3%+. In Jan'25, prices improved in the Central and West regions (~1.5%).
- Despite the increased competitive intensity in the South region, prices are likely to improve with a pickup in demand.

### Guidance on new acquisitions and strategic investment

- **Integration of ICEM and Kesoram cement businesses:** Capacity utilization of ICEM was 57% in 3Q, and there is an opportunity to increase the utilization rate. Kesoram is operating at ~70% capacity utilization, with the potential to improve its utilization by 4-5pp. There is no rush to change the brands of the acquired entities; however, the transition will happen in due course. The company will provide better clarity on the brand transition in the next quarter. It will take 12 months to improve the profitability of ICEM and bring it to a reasonable level. WHRS at ICEM plants will be commissioned by 3QFY27. There is also scope to improve realizations and reduce operating costs at Kesoram's plants. Increasing the density of plants in the South region will help reduce logistics costs.
- The open offer for ICEM was subscribed at 110% and concluded on 21<sup>st</sup> Jan'25. Post the open offer, UTCCEM's stake increased to 84.19%, which will be brought down to 75% in line with regulatory requirements. The average cost of acquisition was INR359/share.
- Debt of ICEM stood at INR8.77b in Dec'24 and the EV for this acquisition is INR120.8b for 14.45mtpa capacity. Cash generation from non-core assets will help further reduce debt. Capex will be required for WHRS, RE, and plant upgrades. The company has started reducing operating costs from the first month itself. There are debottlenecking and brownfield opportunities at a few of the plants, which will help increase capacities. WHRS will be commissioned by 3QFY26, and after that, the company's opex should be in line with UTCCEM. There is a difference of INR25-30/bag in the selling price of UTCCEM and ICEM brands. Rebranding of the ICEM brand will take place over time. ICEM's profitability turnaround is expected in 12 months, and at that time, it will

generate INR200-300/t lower profitability compared to UTCEM. The company will look forward to monetizing land that is not suitable for cement plants. ICEM's Tamil Nadu plants have limestone reserves with visibility of over 25 years.

- The company is awaiting the last leg of approvals for the mine transfers in Telangana and Andhra Pradesh. This acquisition is expected to be completed by Mar'25. UTCEM's capacity will reach 185mtpa by FY26-end, including the capacities of Kesoram and ICEM.
- The company is evaluating the North East markets and its investment in Star Cement is purely financial investment. It has acquired an 8.42% stake at a consideration of INR7.76b.

### Operational highlights

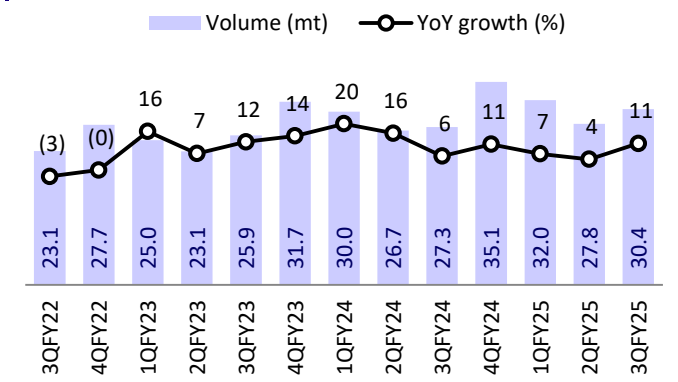
- The company will have to use a mix of coal and petcoke and given its size, it will face higher consumption costs. Blended imported fuel consumption (CV: 7500) cost was at USD125/t; 6% lower QoQ and 17% lower YoY. Petcoke consumption was at 58% in 3Q and fuel consumption cost was INR1.76/kcal vs INR1.84/kcal in 2QFY25. At current spot prices, coal costs should come down to INR1.7/kcal. Power cost was slightly higher due to an additional one-time charge of INR480m levied by the Andhra Pradesh government during the quarter.
- Lead distance was 377km vs 397km in 2QFY24, with potential for further reduction of 5-6%. Coastal transport will not go beyond 5% (3% as of now).

### Capex and net debt

- Capex in FY25 will be ~INR93b. In FY26, capex is expected to be at INR80-90b for UTCEM and INR4-5b for Kesoram. Capex in FY27 is expected to be at INR60-70b. ICEM's capex will be at INR5b+. UTCEM will add an organic capacity of 15mtpa in FY26. Including other big players' capacity addition, overall supply in the industry is estimated at ~50mtpa in FY26.
- The company has added 6.75mtpa clinker in 9MFY25 and another 3.35mtpa will be added in 4QFY25. It will also commission a clinker capacity of 10mtpa in FY26.
- Consolidated net debt stands at INR161.60b after taking into consideration the cost of the open offer (INR31.42b to be paid on the 4<sup>th</sup>/5<sup>th</sup> of Feb'25) and ICEM's net debt (INR8.77b). The company expects net debt to peak in FY26 and start reducing thereafter.

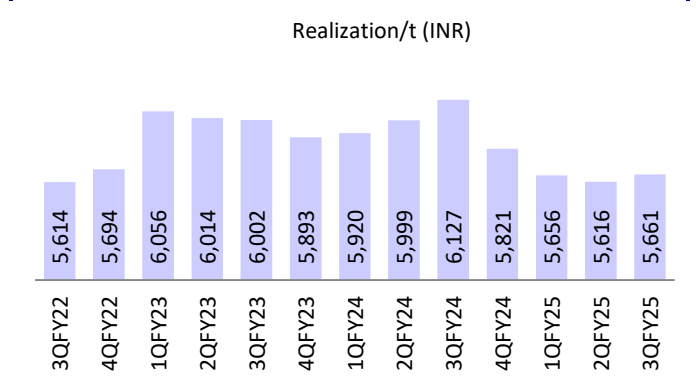
## Story in charts

**Exhibit 1: Sales volume grew ~11% YoY**



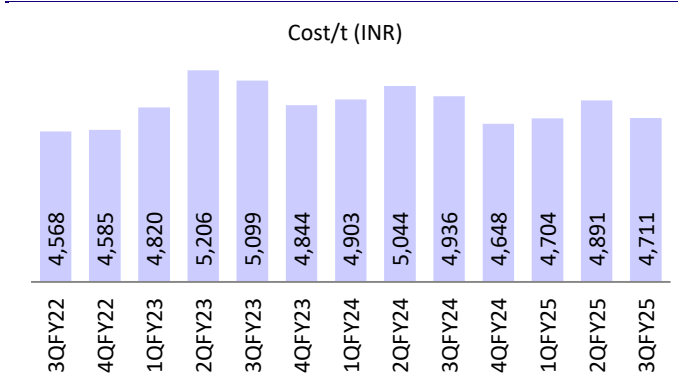
Sources: Company reports, MOFSL

**Exhibit 2: Blended realization declined 8% YoY (up 1% QoQ)**



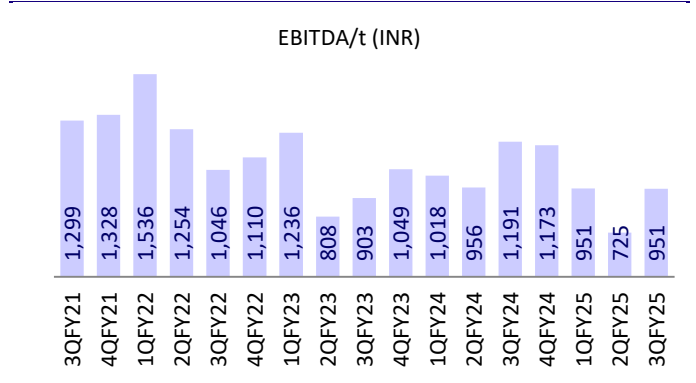
Sources: Company reports, MOFSL

**Exhibit 3: Opex/t declined 5% YoY and 4% QoQ**



Sources: Company reports, MOFSL

**Exhibit 4: EBITDA/t declined 20% YoY (up 31% QoQ)**



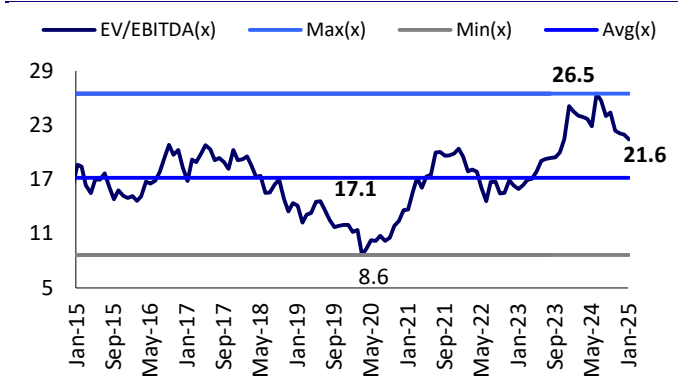
Sources: Company reports, MOFSL

**Exhibit 5: Trends in key operating parameters**

INR/t	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)
<b>Realization</b>	<b>5,661</b>	<b>6,127</b>	<b>-8%</b>	<b>5,616</b>	<b>1%</b>
RM cost	1,085	972	12%	1,048	4%
Power and fuel	1,311	1,529	-14%	1,378	-5%
Staff cost	280	281	-1%	328	-15%
Freight and forwarding	1,255	1,325	-5%	1,287	-3%
Other expenditure	780	828	-6%	849	-8%
<b>Total expenditure</b>	<b>4,711</b>	<b>4,936</b>	<b>-5%</b>	<b>4,891</b>	<b>-4%</b>
<b>EBITDA</b>	<b>951</b>	<b>1,191</b>	<b>-20%</b>	<b>725</b>	<b>31%</b>

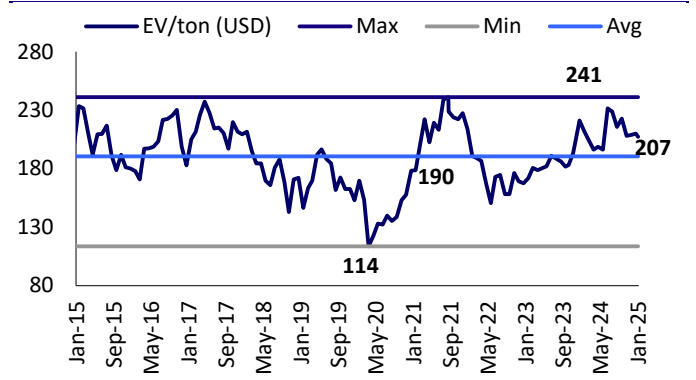
Sources: Company reports, MOFSL

**Exhibit 6: One-year forward EV/EBITDA (x) trend**



Sources: Company reports, MOFSL

**Exhibit 7: One-year forward EV/t trend**



Sources: Company reports, MOFSL

## Financials and valuations

### Consolidated Income Statement

	(INR m)							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Total Income from Operations</b>	<b>4,24,299</b>	<b>4,47,258</b>	<b>5,25,988</b>	<b>6,32,400</b>	<b>7,09,081</b>	<b>7,37,049</b>	<b>9,10,368</b>	<b>10,13,964</b>
Change (%)	2.0	5.4	17.6	20.2	12.1	3.9	23.5	11.4
Raw Materials	65,181	70,858	79,650	97,150	1,19,029	1,32,471	1,58,406	1,76,221
Employees Cost	25,199	23,530	25,347	27,390	30,376	34,330	41,855	45,257
Other Expenses	2,40,141	2,37,191	3,05,848	4,01,662	4,29,991	4,46,104	5,39,723	5,87,971
<b>Total Expenditure</b>	<b>3,30,520</b>	<b>3,31,579</b>	<b>4,10,845</b>	<b>5,26,201</b>	<b>5,79,396</b>	<b>6,12,905</b>	<b>7,39,984</b>	<b>8,09,449</b>
As a Percentage of Sales	77.9	74.1	78.1	83.2	81.7	83.2	81.3	79.8
<b>EBITDA</b>	<b>93,779</b>	<b>1,15,679</b>	<b>1,15,144</b>	<b>1,06,199</b>	<b>1,29,686</b>	<b>1,24,143</b>	<b>1,70,384</b>	<b>2,04,515</b>
Margin (%)	22.1	25.9	21.9	16.8	18.3	16.8	18.7	20.2
Depreciation	27,227	27,002	27,148	28,880	31,453	36,666	45,571	50,639
<b>EBIT</b>	<b>66,552</b>	<b>88,677</b>	<b>87,996</b>	<b>77,319</b>	<b>98,233</b>	<b>87,478</b>	<b>1,24,813</b>	<b>1,53,876</b>
Int. and Finance Charges	19,917	14,857	9,447	8,227	9,680	14,996	21,518	21,082
Other Income	6,511	7,342	5,078	5,031	6,170	9,006	10,220	11,392
<b>PBT bef. EO Exp.</b>	<b>53,146</b>	<b>81,162</b>	<b>83,627</b>	<b>74,122</b>	<b>94,722</b>	<b>81,488</b>	<b>1,13,516</b>	<b>1,44,186</b>
EO Items	19,788	-2,607	0	0	-720	325	0	0
<b>PBT after EO Exp.</b>	<b>72,934</b>	<b>78,555</b>	<b>83,627</b>	<b>74,122</b>	<b>94,002</b>	<b>81,813</b>	<b>1,13,516</b>	<b>1,44,186</b>
Total Tax	15,413	25,387	11,901	23,429	24,183	17,466	25,523	32,139
Tax Rate (%)	21.1	32.3	14.2	31.6	25.7	21.3	22.5	22.3
Minority Interest	-32	-34	-118	54	-231	0	0	0
<b>Reported PAT</b>	<b>57,553</b>	<b>53,202</b>	<b>71,844</b>	<b>50,640</b>	<b>70,050</b>	<b>64,347</b>	<b>87,993</b>	<b>1,12,047</b>
<b>Adjusted PAT</b>	<b>41,946</b>	<b>54,967</b>	<b>56,665</b>	<b>50,640</b>	<b>70,572</b>	<b>64,090</b>	<b>87,993</b>	<b>1,12,047</b>
Change (%)	69.0	31.0	3.1	-10.6	39.4	-9.2	37.3	27.3
Margin (%)	9.9	12.3	10.8	8.0	10.0	8.7	9.7	11.1

### Consolidated Balance Sheet

	(INR m)							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	2,886	2,887	2,887	2,887	2,887	2,887	2,947	2,947
Total Reserves	3,88,269	4,38,860	5,01,466	5,40,359	5,99,388	6,49,300	7,79,337	8,64,864
<b>Net Worth</b>	<b>3,91,155</b>	<b>4,41,747</b>	<b>5,04,353</b>	<b>5,43,245</b>	<b>6,02,275</b>	<b>6,52,187</b>	<b>7,82,284</b>	<b>8,67,811</b>
Minority Interest	75	57	-31	556	559	21,671	21,671	21,671
Total Loans	2,28,979	2,04,878	1,02,028	99,008	1,02,984	2,31,754	2,55,592	2,20,592
Deferred Tax Liabilities	49,120	60,407	60,332	62,601	64,478	72,713	84,134	98,224
<b>Capital Employed</b>	<b>6,69,329</b>	<b>7,07,089</b>	<b>6,66,683</b>	<b>7,05,411</b>	<b>7,70,296</b>	<b>9,78,325</b>	<b>11,43,680</b>	<b>12,08,297</b>
Gross Block	6,01,997	6,08,332	6,33,795	7,00,914	7,62,404	10,08,337	11,83,975	12,45,058
Less: Accum. Deprn.	94,597	1,16,414	1,41,421	1,68,417	1,97,083	2,57,089	3,02,660	3,53,299
<b>Net Fixed Assets</b>	<b>5,07,400</b>	<b>4,91,918</b>	<b>4,92,374</b>	<b>5,32,497</b>	<b>5,65,321</b>	<b>7,51,248</b>	<b>8,81,316</b>	<b>8,91,759</b>
Goodwill on Consolidation	62,525	62,199	62,502	63,293	63,455	69,470	69,470	69,470
Capital WIP	9,095	16,867	47,847	40,404	68,112	71,367	74,867	87,867
Current Investment	42,437	1,08,939	49,633	58,366	54,848	<b>34,848</b>	<b>34,848</b>	<b>43,848</b>
Non-current Investment	16,850	12,842	13,725	14,604	27,642	41,072	41,072	41,072
<b>Curr. Assets, Loans, and Adv.</b>	<b>1,44,307</b>	<b>1,59,034</b>	<b>1,71,938</b>	<b>2,04,460</b>	<b>2,28,444</b>	<b>2,57,191</b>	<b>2,97,924</b>	<b>3,40,004</b>
Inventory	41,483	40,180	55,956	66,118	83,297	86,583	1,06,943	1,25,009
Account Receivables	22,383	25,717	30,716	38,670	42,782	44,469	54,926	69,450
Cash and Bank Balance	5,392	20,076	3,592	11,496	7,832	4,901	7,236	4,514
Loans and Advances	75,049	73,061	81,674	88,175	94,533	1,21,238	1,28,819	1,41,032
<b>Curr. Liability and Prov.</b>	<b>1,19,152</b>	<b>1,52,307</b>	<b>1,71,595</b>	<b>2,08,459</b>	<b>2,37,724</b>	<b>2,47,070</b>	<b>2,56,016</b>	<b>2,65,924</b>
Account Payables	35,014	46,993	58,628	72,093	84,783	88,127	1,08,851	1,21,237
Other Current Liabilities	76,240	96,441	1,04,309	1,28,080	1,43,660	1,49,657	1,37,874	1,35,389
Provisions	7,898	8,873	8,658	8,286	9,281	9,286	9,292	9,297
<b>Net Current Assets</b>	<b>25,155</b>	<b>6,727</b>	<b>343</b>	<b>-3,999</b>	<b>-9,280</b>	<b>10,121</b>	<b>41,908</b>	<b>74,081</b>
Deferred Tax Assets	60	72	164	66	49	50	50	51
Net Assets Held for Sale	5,808	7,526	95	180	149	149	149	149
<b>Appl. of Funds</b>	<b>6,69,329</b>	<b>7,07,089</b>	<b>6,66,683</b>	<b>7,05,411</b>	<b>7,70,296</b>	<b>9,78,325</b>	<b>11,43,680</b>	<b>12,08,297</b>

E: MOFSL estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>145.3</b>	<b>190.4</b>	<b>196.3</b>	<b>175.4</b>	<b>244.5</b>	<b>222.0</b>	<b>298.6</b>	<b>380.3</b>
Cash EPS	239.7	284.0	290.3	275.4	353.4	349.0	453.3	552.1
BV/Share	1,355.2	1,530.4	1,747.2	1,881.8	2,086.2	2,259.1	2,654.8	2,945.1
DPS	11.5	37.0	38.0	38.0	70.0	50.0	70.0	90.0
Payout (%)	9.1	19.4	19.4	21.7	28.6	22.5	23.4	23.7
<b>Valuation (x)</b>								
P/E	78.6	60.0	58.2	65.1	46.7	51.5	38.3	30.0
Cash P/E	47.7	40.2	39.3	41.5	32.3	32.7	25.2	20.7
P/BV	8.4	7.5	6.5	6.1	5.5	5.1	4.3	3.9
EV/Sales	8.2	7.5	6.3	5.2	4.6	4.6	3.9	3.4
EV/t (USD)	333.2	316.1	307.5	277.4	248.6	216.0	197.6	180.8
EV/EBITDA	36.4	28.0	28.1	30.3	24.6	26.9	20.2	16.4
Dividend Yield (%)	0.1	0.3	0.3	0.3	0.6	0.4	0.6	0.8
FCF per share	249.4	369.4	127.4	102.6	69.7	96.0	99.3	263.0
<b>Return Ratios (%)</b>								
RoE	11.5	13.2	12.0	9.7	12.3	10.2	12.3	13.6
RoCE	9.5	10.3	12.7	9.0	11.5	9.6	10.9	12.1
RoIC	8.5	10.2	13.4	9.1	11.8	9.1	10.2	11.4
<b>Working Capital Ratios</b>								
Inventory (Days)	36	33	39	38	43	43	43	45
Debtor (Days)	19	21	21	22	22	22	22	25
Creditor (Days)	30	38	41	42	44	44	44	44
<b>Leverage Ratio (x)</b>								
Current Ratio	1.2	1.0	1.0	1.0	1.0	1.0	1.2	1.3
Interest Coverage Ratio	3.3	6.0	9.3	9.4	10.1	5.8	5.8	7.3
Net Debt/Equity ratio	0.5	0.2	0.1	0.1	0.1	0.3	0.3	0.2

### Consolidated Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	52,423	78,576	83,627	74,122	94,002	81,813	1,13,516	1,44,186
Depreciation	27,022	27,002	27,148	28,880	31,453	60,006	45,571	50,639
Interest and Finance Charges	19,917	14,857	9,447	8,227	9,680	14,996	21,518	21,082
Direct Taxes Paid	-8,914	-12,910	-15,549	-11,243	-16,505	-9,232	-14,103	-18,050
(Inc.)/Dec. in WC	4,503	23,264	-4,730	-3,370	-4,811	-18,498	-29,453	-34,895
<b>CF from Operations</b>	<b>94,949</b>	<b>1,30,789</b>	<b>99,943</b>	<b>96,617</b>	<b>1,13,819</b>	<b>1,29,085</b>	<b>1,37,049</b>	<b>1,62,963</b>
Others	-5,929	-5,785	-7,110	-5,932	-4,844	-9,006	-10,220	-11,392
<b>CF from Operations incl. EO</b>	<b>89,020</b>	<b>1,25,004</b>	<b>92,832</b>	<b>90,685</b>	<b>1,08,975</b>	<b>1,20,079</b>	<b>1,26,829</b>	<b>1,51,571</b>
(Inc.)/Dec. in FA	-17,037	-18,389	-56,062	-61,056	-88,841	-92,362	-97,570	-74,083
<b>Free Cash Flow</b>	<b>71,983</b>	<b>1,06,615</b>	<b>36,771</b>	<b>29,629</b>	<b>20,135</b>	<b>27,717</b>	<b>29,259</b>	<b>77,488</b>
(Pur.)/Sale of Investments	-26,266	-70,949	76,888	-13,642	-653	97,230	4,920	-9,000
Others	1,210	774	1,744	2,827	1,612	-2,48,329	50,414	11,392
<b>CF from Investments</b>	<b>-42,094</b>	<b>-88,565</b>	<b>22,570</b>	<b>-71,871</b>	<b>-87,881</b>	<b>-2,43,461</b>	<b>-42,236</b>	<b>-71,691</b>
Issue of Shares	27	70	44	47	19	0	0	0
Inc./(Dec.) in Debt	-26,663	-25,149	-1,12,232	-3,632	-6,240	1,28,770	-19,003	-35,000
Interest Paid	-19,445	-14,805	-2,227	-1,894	-2,252	-14,996	-21,518	-21,082
Dividend Paid	-3,800	-3,748	-10,650	-10,913	-10,944	-14,435	-20,627	-26,520
Others	-31	68	87	81	161	21,112	-21,112	0
CF from Fin. Activity	-49,911	-43,565	-1,24,979	-16,310	-19,257	1,20,452	-82,258	-82,602
<b>Inc./Dec. in Cash</b>	<b>-2,985</b>	<b>-7,125</b>	<b>-9,577</b>	<b>2,504</b>	<b>1,838</b>	<b>-2,931</b>	<b>2,335</b>	<b>-2,722</b>
Opening Balance	8,377	27,201	13,169	8,992	5,994	7,832	4,901	7,236
<b>Closing Balance</b>	<b>5,392</b>	<b>20,076</b>	<b>3,592</b>	<b>11,496</b>	<b>7,832</b>	<b>4,901</b>	<b>7,236</b>	<b>4,514</b>

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UNDER REVIEW	Rating may undergo a change
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