

13 September 2023

India | Equity Research | Company Update

## NMDC

### Metals

#### Volume-led upgrades likely

We upgrade NMDC to **BUY** from **ADD** as: 1) Sales volume in FY24E may breach the 32-40mnte range; 2) long-term volume visibility is clearer as the roadmap for 100mtpa by FY30, though aspirational, is being worked on; 3) commercial mining in Odisha is progressively getting undermined, resulting in more opportunity; and 4) RoE may improve further from the current level of 22% as mining business takes the centre stage and steel plant is demerged. Taking cognisance of the sales volume until Aug'23 and favourable price outlook, we raise our FY24E/FY25E EBITDA by 22%/38%, respectively. Furthermore, we raise EV/EBITDA multiple to 5.5x (earlier 5x) in view of robust volume trajectory in future. Our revised TP works out to INR 180 (earlier INR 130).

#### Sales volume trajectory moves beyond 40mtpa

NMDC's operating performance as of YTD Aug'23 has been robust with 23.1% and 29.7%, YoY growth in production and sales volume, respectively. In our view, the management's guidance of 47-49mnte and 50-54mntet for FY24/FY25 looks achievable as: 1) Supply to Chhattisgarh-based units has picked up; 2) supply to NMDC steel plant (5-6mtpa) has commenced; 3) supply from Karnataka has gone up 41.4% YoY as of YTD Aug'23 mainly due to the traction from JSW Steel. There are plans underway to increase both production and evacuation capacities for achieving the sales volume of 100mtpa by FY30. We believe sales volume growth would be the core focus now as the steel plant has been demerged and NMDC has an opportunity to consolidate its position in merchant mining space even in Odisha where mining scenario has changed considerably post the auctions.

#### RoE improvement and volume growth might result in upgrades

With significant capital allocation towards steel plant since FY12, we saw NMDC's RoE gradually reducing from a healthy 33.6% in FY12 to 21.7% by FY21. Despite the change in mining law that necessitates higher royalty payout, we expect RoE to improve hereon as high margin and low capex intensive mining business ramps up. Our revised FY24E/FY25E EBITDA at INR 73.3bn/INR 80.2bn is 7.7%/16% ahead of consensus, possibly due to higher volume estimates than the street. We expect consensus estimates to be revised up based on the operating performance of the company.

#### Financial Summary

Y/E March (INR mn)	FY22A	FY23A	FY24E	FY25E
Net Revenue	2,59,648	1,76,669	2,20,823	2,38,490
EBITDA	1,26,245	60,525	73,326	80,206
EBITDA Margin (%)	48.6	34.3	33.2	33.6
Net Profit	94,411	55,384	54,069	59,403
EPS (Rs)	32.2	18.9	18.4	20.3
EPS % Chg YoY	51.1	(54.4)	25.7	9.9
P/E (x)	4.2	9.3	7.4	6.7
EV/EBITDA (x)	2.6	5.3	4.2	3.7
RoCE (%)	33.6	15.4	21.2	20.2
RoE (%)	37.5	23.5	24.4	22.8

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#### Market Data

Market Cap (INR)	400bn
Market Cap (USD)	4,823mn
Bloomberg Code	NMDC IN
Reuters Code	NMDC.BO
52-week Range (INR)	147 /86
Free Float (%)	39.0
ADTV-3M (mn) (USD)	17.7

Price Performance (%)	3m	6m	12m
Absolute	29.3	22.0	59.2
Relative to Sensex	7.6	14.8	13.3

ESG Disclosure	2021	2022	Change
ESG score	34.1	-	-
Environment	15.8	-	-
Social	28.5	-	-
Governance	57.8	-	-

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
Revenue	12.9	21.1
EBITDA	22.4	37.9
EPS	20.8	35.8

#### Previous Reports

18-08-2023: [Q1FY24 results review](#)

25-05-2023: [Q4FY23 results review](#)

## Outlook: Volume ramp-up on cards; upgrade to BUY

We believe NMDC is likely to show robust volume growth as focus returns to mining business post steel plant demerger. We also expect an uptick in domestic steel production and change in iron ore sourcing pattern in Odisha to act as additional headwinds for the company to boost sales volume. Our EBITDA/te estimates for FY24-25E at INR 1,525-1,550 are lower than the past 18-year historical average of INR 2,060/te, mainly due to an additional royalty levied post the change in mining law. We believe volume ramp up may lead to RoE sustaining at 20% plus level. We have revised our FY24E/FY25E volume estimate by 2.5%/5.8% and recalibrated our iron ore price assumptions, in line with the prevailing prices. As a result, our FY24E/FY25E EBITDA is up by 22%/38%. We have also raised our EV/EBITDA multiple by 10% to 5.5x (earlier 5x) taking view of improving RoE and better volume growth prospects. As a result, our revised TP works out to INR 180 (earlier INR 130). We upgrade NMDC stock to **BUY** (earlier **ADD**).

### Exhibit 1: Earnings revision

(INR mn)	FY24E			FY25E		
	New	Old	% Chg	New	Old	% Chg
Sales	2,20,823	1,95,605	12.9	2,38,490	1,96,874	21.1
EBITDA	73,326	59,915	22.4	80,206	58,157	37.9
PAT	54,069	44,771	20.8	59,403	43,738	35.8

Source: Company data, I-Sec research

## Volume uptick in sight

### Volume trajectory thus far has been robust

NMDC has reported sales volume growth of 29.7% YoY at 17.4mt, led by both Chhattisgarh and Karnataka segments as of YTD Aug'23. For FY24E, our estimate of 48.1mt implies volume growth of 25.7% YoY- lower than what has been achieved until Aug'23. However, volume in the later part of FY23 picked up significantly; hence, we expect volume growth to be slightly lower at 23.5% YoY for the remaining part of the current year (FY24E). During Q1FY24 earnings call, management had guided for FY24 volume at 47-50mt, contingent on enhanced EC limit coming to force in Donimalai mine in Karnataka from Oct'23.

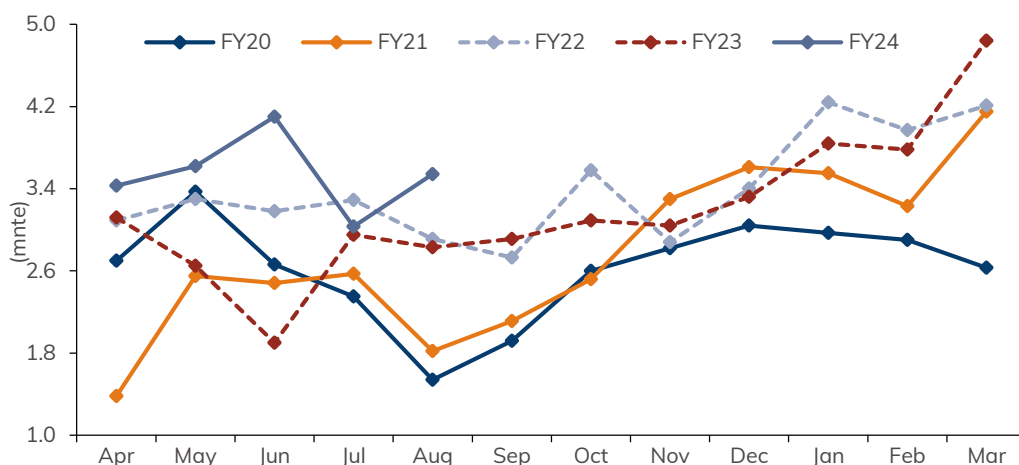
### Exhibit 2: NMDC's production growth has been strong thus far in FY24

(million tonnes)	Aug-23	Aug-22	% chg	Jul-23	% chg	YTD FY24	YTD FY23	% chg	FY24E	FY23	% chg
Chhattisgarh	2.2	2.0	13.2	1.9	20.5	11.9	9.6	24.9	31.5	26.7	18.2
Karnataka	1.3	0.9	52.3	1.2	11.0	5.5	3.9	41.4	16.6	11.6	43.1
<b>Total</b>	<b>3.5</b>	<b>2.8</b>	<b>25.1</b>	<b>3.0</b>	<b>16.8</b>	<b>17.4</b>	<b>13.4</b>	<b>29.7</b>	<b>48.1</b>	<b>38.3</b>	<b>25.7</b>

Source: I-Sec research, Company data

As per Exhibit 2, volume progression shows offtake every month has been higher vs prior year (and highest-ever). However, volume in Q4FY24E is likely to be critical as there was a significant pick up in Q4FY23.

### Exhibit 3: NMDC's progressive volume performance



Source: I-Sec research, Company data

On production front, NMDC has reported volume growth of 23.1% YoY at 16.6mt. For FY24E, our estimate of 48.1mt implies production volume growth of 16.7% YoY- lower than what has been achieved until Aug'23. However, going by volume growth trajectory in the later part of FY23, we would expect growth to slow down a bit for the remaining part of FY24.

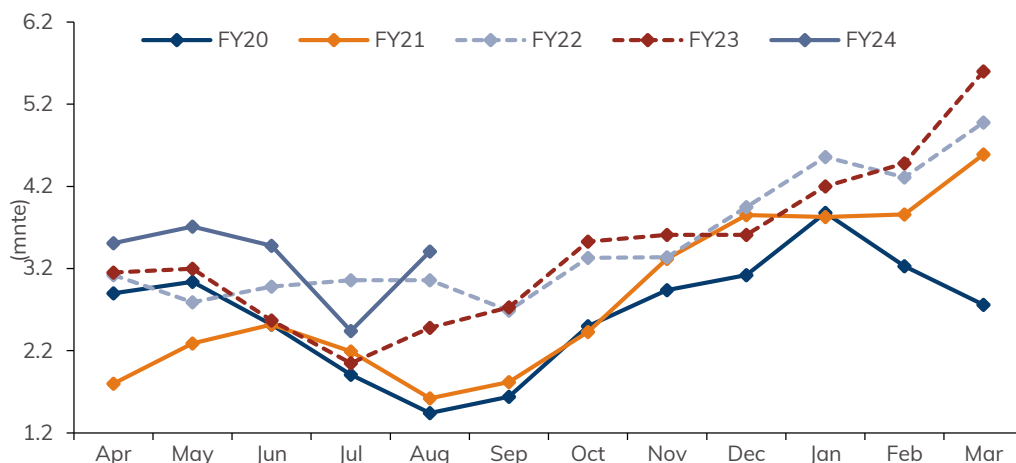
### Exhibit 4: NMDC's operating performance has been robust as of YTD Aug'23

(million tonnes)	Aug-23	Aug-22	% chg	Jul-23	% chg	YTD FY24	YTD FY23	% chg	FY24E	FY23	% chg
Chattisgarh	2.2	1.5	49.3	1.5	47.3	11.0	9.4	16.9	31.5	29.4	7.1
Karnataka	1.2	1.0	20.6	1.0	28.1	5.5	4.0	37.7	16.6	11.8	40.5
<b>Total</b>	<b>3.4</b>	<b>2.5</b>	<b>37.5</b>	<b>2.4</b>	<b>39.8</b>	<b>16.6</b>	<b>13.5</b>	<b>23.1</b>	<b>48.1</b>	<b>41.2</b>	<b>16.7</b>

Source: I-Sec research, Company data

As per Exhibit 4, volume progression shows production every month has been higher (except Jul'23) vs prior year (and highest-ever). However, volume in Q4FY24E may be critical as there was a significant pick up in Q3FY23. That said, relatively drier spell in Aug'23 has led to a significant uptick in production volume for the last month.

**Exhibit 5: Monthly sales volume progression**



Source: I-Sec research, Company data

**Rake movement for Chhattisgarh segment has remained good thus far in FY24**

NMDC dispatched 365 (equivalent to 1.4 mnte) iron ore rakes from Chhattisgarh in Aug'23, up 25.4% YoY (17.7% MoM). The supply to Chhattisgarh-based plants was up 34.1% YoY at 55 rakes to diverse set of customers. Outside Chhattisgarh, RINL was the largest customer, accounting for 128 rakes (up 36% YoY).

The decline in the supply to JSW Steel (Dolvi) has been made up by supplies to NMDC Steel Ltd. The latter procured 46 rakes (equivalent to 177kt). The steel plant has rolled out its first HRC coil in the last week of Aug'23. We expect the capacity to ramp-up progressively. At peak capacity, the requirement of the plant would be 4.8-5.5mt of iron ore (equivalent to 104-115 rakes).

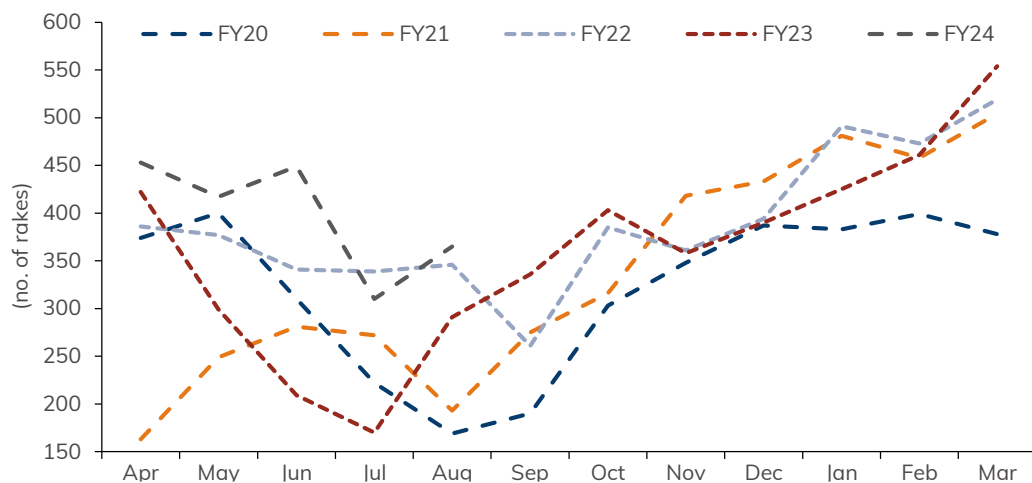
**Exhibit 6: Rake movement by regions and customers**

Number of rakes	Aug-23	Aug-22	% diff	Jul-23	% diff
Chhattisgarh based units	55	41	34.1	40	37.5
Outside Chhattisgarh of which	310	250	24.0	270	14.8
RINL	128	94	36.2	125	2.4
JSW Steel- Dolvi	76	134	(43.3)	94	(19.1)
KIOCL	37	9	311.1	30	23.3
Exports	0	0	NM	0	NM
<b>Total</b>	<b>365</b>	<b>291</b>	<b>25.4</b>	<b>310</b>	<b>17.7</b>

Source: I-Sec research, Company data

Rake movement thus far in FY24 has been better than all the prior years for every month except Jul'23. In Jul'23, rake movement was disrupted due to heavy downpour. That said, we see rake movement as an important enabler for NMDC to meet its volume target.

### Exhibit 7: Rake movement from NMDC Chhattisgarh



Source: I-Sec research, Company data

### The roadmap to 100mtpa

Management has set the target of reaching the production level of 47-50mnte in FY24, 51-54mnte in FY25. Furthermore, the company has made a comprehensive strategic management plan to enhance its iron ore production capacity to 67mtpa by FY26 and further to 100mtpa by FY30. The strategy focuses on growth largely through brownfield expansion of the existing mines and improving the evacuation infrastructure.

### Exhibit 8: Mining leases and their validity

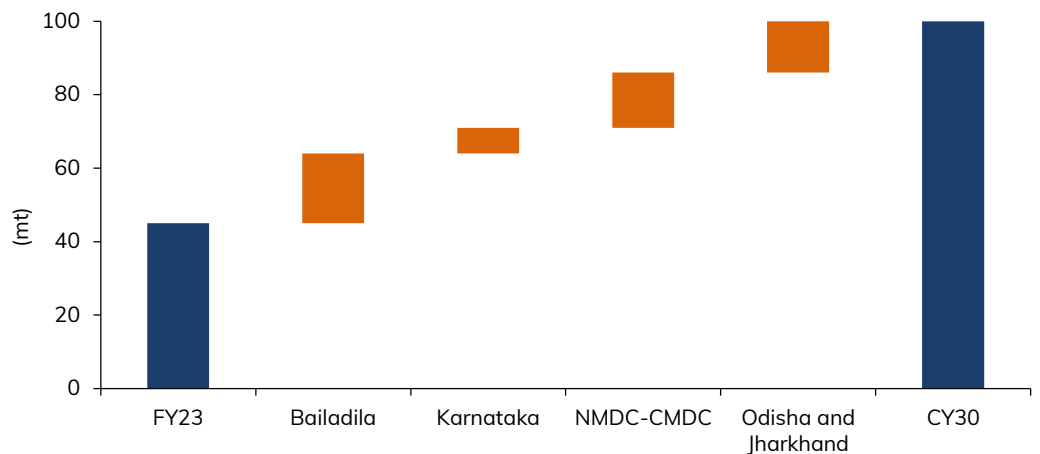
Sno.	Name of Mining Lease (ML)	State	Area (hectares)	ML Validity
1	Bailadila Deposit- 11 (A,B and C)	Chhattisgarh	874.9	10-09-2037
2	Bailadila Deposit- 14	Chhattisgarh	322.4	11-09-2035
3	Bailadila Deposit- 14NMZ	Chhattisgarh	506.7	06-12-2035
4	Bailadila Deposit- 5	Chhattisgarh	540.1	10-09-2035
5	Bailadila Deposit- 10	Chhattisgarh	309.3	10-09-2035
6	Donimalai Iron Ore Mines	Karnataka	597.5	03-11-2038
7	Kumaraswamy Iron ore Mines	Karnataka	639.8	17-10-2042

Source: I-Sec research, Company data

In the next five years, NMDC intends to increase the capacity of Bailadila sector to at least 51 mnte (FY23: 32 mnte), of which 24 mnte is likely to come from Bacheli complex and 26-27 mnte from Kirundul. These include expanding Deposit 14 and Deposit 14 NMZ to 10 mtpa and 8.50 mtpa, respectively, by FY26, and Deposit 5 to 12 mtpa by FY24. In Karnataka, the management is targeting to increase its capacity to 20mtpa from the current level of 17mtpa.

Besides, NMDC-CMDC Limited has two mining leases –Deposit 4 and 13, both in Bailadila. By FY30, about 15mtpa is likely to be mined from these two leases, resulting in total production rising to 86mtpa. The remaining 14mtpa may come from new mines that the company plans to start in Odisha and Jharkhand.

**Exhibit 9: Production capacity roadmap to 100mtpa**



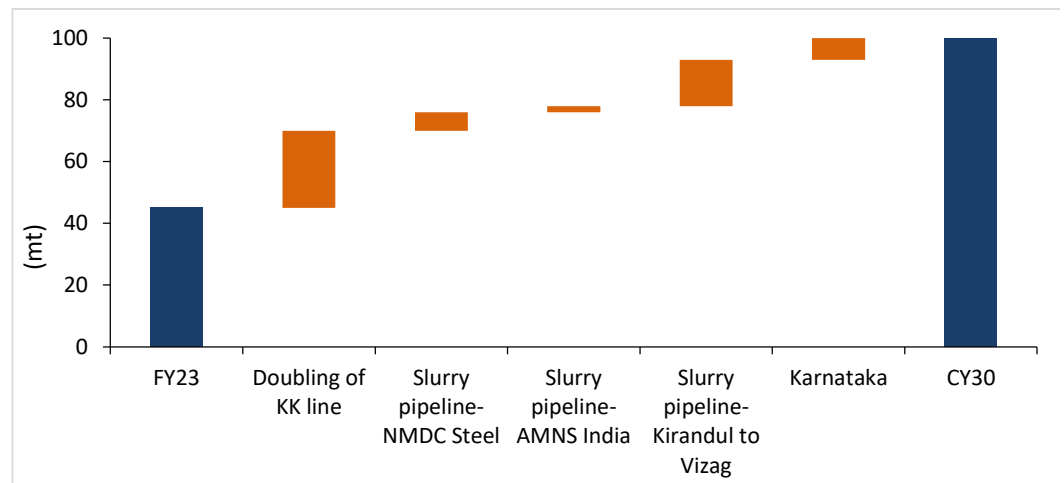
Source: I-Sec research, Company data

In order to augment the production and to improve the quality of product mix from Bailadila Sector, schemes like Screening Plant-III Kirandul, New Crushing Plant of Dep.14 & 11/C and Downhill conveyor, additional screening lines in Bachel, Rapid Wagon Loading System (RWLS) etc. are envisaged.

The evacuation capacity is expected to get a major boost through doubling of Kirandul-Kothavalasa (KK) line. Doubling of KK line between Kirandul & Jagdalpur (150.462 kms) is being executed by Railways as a Deposit work and overall progress for this work is 79%. Doubling of 106km rail line is already complete and is in operation. Another 22km rail line doubling is likely to complete soon. It is work in progress in other regions and may complete progressively by FY24E. The completion of this project may double the evacuation capacity of Bailadila sector through railway line. The current average movement is 15 rakes per day. Once doubled, 26 rakes per day will translate into 50mtpa through the KK line.

Besides, AMNS India is taking out 8mtpa through its conveyor system and plans to increase this to 10mtpa by FY30. NMDC's Nagarnar steel plant has commenced operations and is likely to require 6mtpa once the plant ramps up. By FY30, NMDC plans to lay a slurry pipeline of 15mtpa from Kirandul to Vizag of evacuated material, taking up the total evacuation to 100mtpa.

**Exhibit 10: Evacuation capacity roadmap to 100mtpa**

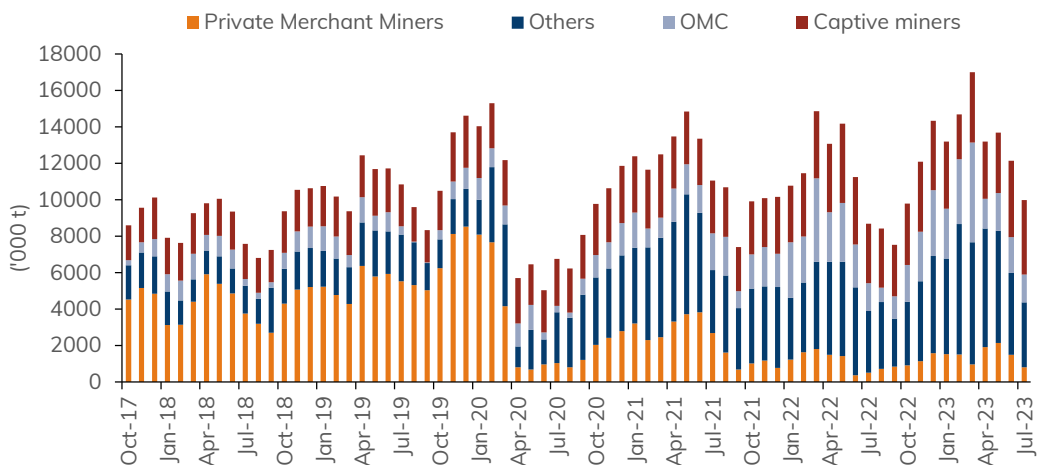


Source: Company data, I-Sec research

### The changed supply dynamics in Odisha bodes well

In Odisha, post the auction of iron ore blocks in FY21, the supply scenario has changed. The bidding was done at a steep premium by steel and other downstream players and the mines belonging to the erstwhile private merchant miners- Rungta, Serajuddin, Indrani Patnaik, Essel Mining etc have changed hands. In Odisha, while iron ore production declined initially in H1FY21, it gradually picked up, reaching the pre-auction production level.

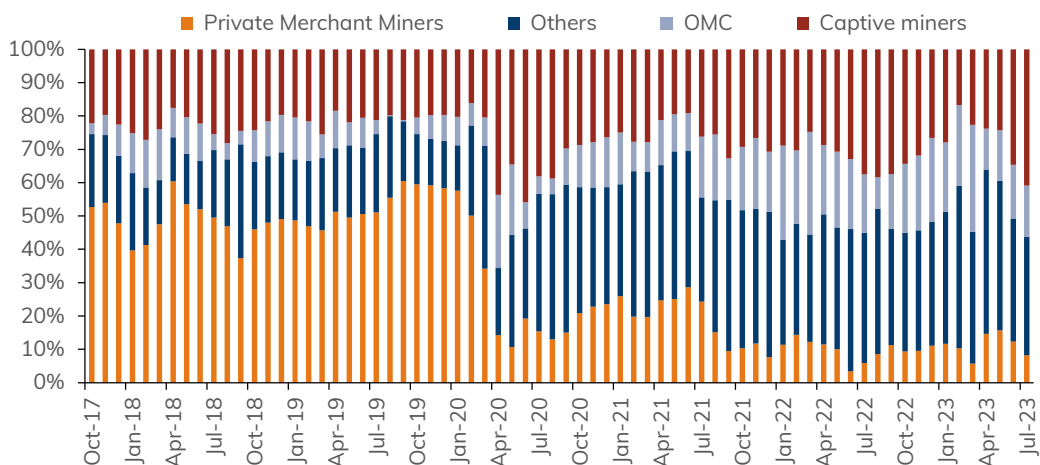
**Exhibit 11: Merchant miners in Odisha have been crowded out since Mar'20**



Source: I-Sec research, Company data

The share of private merchant miners in Odisha has gone down from 45-60% pre-Q1FY21 to merely 10-15% now. The share of steel players with captive iron ore mines has gone up between 15-20% on average to 35-50% now. Hence, iron ore available for third-party sales has gone down.

**Exhibit 12: Share of private merchant miners in Odisha has gone down**



Source: I-Sec research, Company data

As a result, we expect NMDC to get the access to steel players in Chhattisgarh and Odisha who were previously dependent on private merchant miners. NMDC's rake movement suggests supply to other states (primarily Odisha), barring RINL, KIOCL and JSW Steel Dolvi has gone up from 20 rakes a month on average pre-Mar'20 to 27-30 rakes post that.

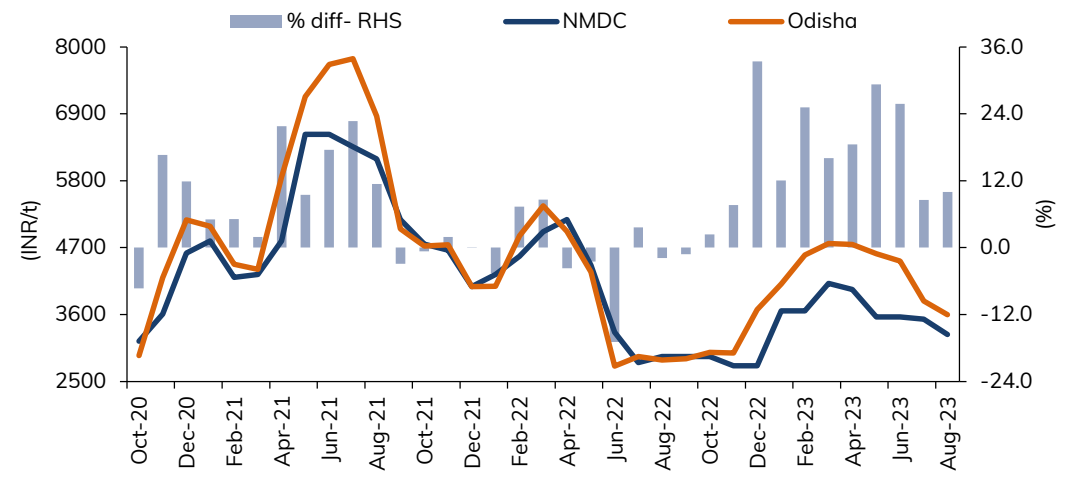
Besides, we expect even larger blast furnace players who are ramping-up capacity to increase sourcing from NMDC as the mines won during auction are mostly of 62%

grade or below and have higher alumina content. In order to maximise the blast furnace productivity, they need NMDC's ore.

**Price: Seems to have bottomed out in the near term**

Despite being of better quality (higher grade and lower alumina content), NMDC's ore has been at a discount to Odisha-based miners as the company has endeavoured to increase volume. Currently, NMDC's ore is at a discount of 15% to Odisha-based miners as the latter has raised prices by INR 200/te, in line with steel prices. We also expect NMDC to take a price hike of INR 150-200/te on fines and lumps when it announces the revised prices soon.

**Exhibit 13: NMDC's notified price vs Odisha price for fines**



Source: I-Sec research, Company data



## See an upside on consensus numbers

In our revised estimates, we have raised our volume assumption by 2.5%/5.8% for FY24E/FY25E, respectively. We believe NMDC is likely to show robust volume growth as focus returns to mining business post steel plant demerger. We also expect domestic steel production uptick and change in iron ore sourcing pattern in Odisha to act as additional headwinds for the company to boost sales volume. Our revised price estimates at INR 3,680/te/ INR 3,650/te for fines for FY24E/FY25E are similar to the prevailing prices. Our FY24/FY25 EBTIDA estimates are 7.7% and 16% ahead of consensus estimates, respectively; however, we believe street estimates are likely to be revised upwards based on the volume growth delivered by the company in ensuing months.

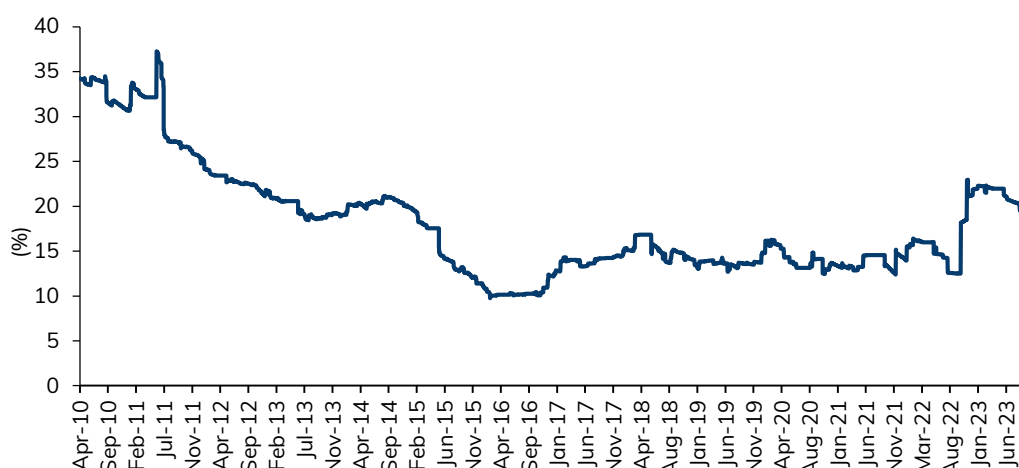
**Exhibit 14: Our estimates vs consensus**

(INR mn)	ISEC estimates			CAGR (FY23-25E)	Consensus		% difference	
	FY23	FY24E	FY25E		FY24E	FY25E	FY24E	FY25E
Revenue	1,76,669	2,20,823	2,38,490	16.2	1,96,722	2,03,255	12.3	17.3
EBITDA	67,375	73,326	80,206	9.1	68,088	69,150	7.7	16.0
EBITDA margin	38.1	33.2	33.6		34.6	34.0		
PAT	55,286	54,069	59,403	3.7	51,048	52,569	5.9	13.0
PAT margin	31.3	24.5	24.9		25.9	25.9		
EPS	18.9	18.4	20.3	3.7	18.2	18.6		
RoE	27.5	22.3	21.4		22.5	21.0		

Source: I-Sec research, Bloomberg

Our EBITDA/te estimates for FY24, FY25 at INR 1,525-1,550 are lower than past 18-year historical average of INR 2,060/te, mainly due to an additional royalty levied post the change in mining law. We believe volume ramp up is likely to lead to RoE sustaining at 20% plus level. While RoE is unlikely to scale back to pre-FY13 levels mainly due to higher royalty, we expect EBITDA growth at 9.1% YoY through to FY25E on volume ramp up.

**Exhibit 15: Lifetime RoE range**

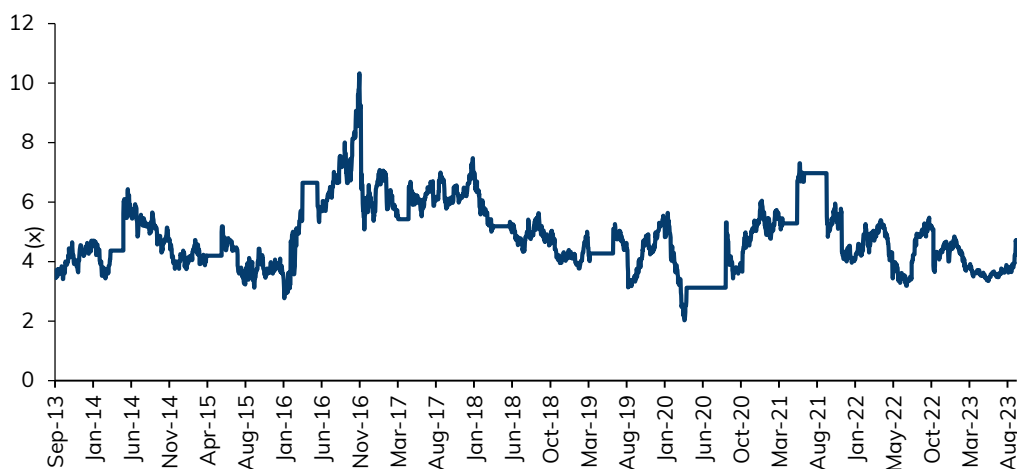


Source: I-Sec research, Bloomberg

## Valuations: We value NMDC at INR 180

Taking cognisance of improving RoE and volume growth, we value NMDC at 1 deviation above its past ten-year historical trading range i.e. 5.5x (earlier 5x).

### Exhibit 16: EV/EBITDA range over the past ten years



Source: I-Sec research, Bloomberg

As a result, our TP works out to INR 180/share, valuing NMDC at 5.5x FY25E EBITDA, resulting in an upside of 31% from the CMP. We upgrade the stock to BUY (earlier ADD). Our recommendation is also based on sustainable dividend yield of 6-7% p.a. and current cash balance of INR 112bn, equivalent to 28% of the current market cap.

### Key risks

Lower than expected sales volumes and sharp correction in iron ore prices are the key downside risks to our call. The recent imposition of export duty doesn't augur well for NMDC. On the other hand, extensive covid easing in China followed by stimulus measures and removal of export duty on pellets are the key upside risks

### Exhibit 17: We value NMDC at INR 180/share

	FY25E
EBITDA (INR mn)	80,206
Applicable multiple (x)	5.5
Enterprise value (INR mn)	4,41,134
Net debt	-83,668
Market Cap	5,24,803
No. of shares (mn)	2,931
Total Fair value (INR/share)	<b>180</b>

Source: I-Sec research

In Exhibit 17, we provide a flavour of valuation scenarios through to FY30, assuming ramp up to 100mtpa. We have ascribed declining multiples to EBITDA, progressively, to take into account the increasing uncertainty on earnings. Our TP works out to INR 175-200/share range in all the scenarios.

### Exhibit 18: TP scenarios

Year	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Volume	48	52	56	63	72	87	100
EBITDA/t	1,500	1,500	1,500	1,500	1,500	1,500	1,500
EBITDA	73,326	80,206	84,300	94,416	1,08,578	1,30,294	1,49,838
Multiple	6.0	5.5	5.0	4.5	4.0	3.5	3.0
EV	4,39,958	4,41,134	4,21,500	4,24,872	4,34,313	4,56,029	4,49,514
Tax	22,935	25,198	26,966	30,011	34,301	40,891	46,867
Capex	20,000	25,000	30,000	40,000	50,000	60,000	70,000
Net profit	54,069	59,403	62,920	70,025	80,035	95,411	1,09,355
Dividend	11,895	13,069	13,842	15,406	17,608	20,991	24,058
Cash accretion	18,496	16,940	13,492	9,000	6,670	8,413	8,913
Net debt	-83,668	-95,937	-1,09,429	-1,18,429	-1,25,099	-1,33,511	-1,42,425
Fair price	176	180	178	183	190	199	200

Source: I-Sec research

### Exhibit 19: Shareholding pattern

%	Dec'22	Mar'23	Jun'23
Promoters	60.8	60.8	60.8
Institutional investors	26.8	26.6	25.0
MFs and others	4.4	5.9	6.7
FIs/Banks	1.2	1.1	0.9
Insurance	14.5	12.2	10.2
FIIIs	6.7	7.4	7.2
Others	12.4	12.6	14.2

Source: Bloomberg

### Exhibit 20: Price chart



Source: Bloomberg

## Financial Summary

### Exhibit 21: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Net Sales</b>	<b>2,59,648</b>	<b>1,76,669</b>	<b>2,20,823</b>	<b>2,38,490</b>
Operating Expenses	1,33,403	1,16,144	1,47,497	1,58,283
<b>EBITDA</b>	<b>1,26,245</b>	<b>60,525</b>	<b>73,326</b>	<b>80,206</b>
EBITDA Margin (%)	48.6	34.3	33.2	33.6
Depreciation & Amortization	2,877	3,362	3,757	4,251
EBIT	1,23,367	57,164	69,569	75,955
Interest expenditure	391	752	752	752
Other Non-operating Income	7,185	7,682	8,187	9,398
<b>Recurring PBT</b>	<b>1,30,162</b>	<b>64,093</b>	<b>77,004</b>	<b>84,600</b>
<b>Profit / (Loss) from Associates</b>	-	-	-	-
Less: Taxes	35,751	21,082	22,935	25,198
PAT	94,411	43,011	54,069	59,403
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	12,373	-	-
<b>Net Income (Reported)</b>	<b>94,411</b>	<b>55,384</b>	<b>54,069</b>	<b>59,403</b>
<b>Net Income (Adjusted)</b>	<b>94,411</b>	<b>55,384</b>	<b>54,069</b>	<b>59,403</b>

Source Company data, I-Sec research

### Exhibit 22: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Total Current Assets	1,57,185	1,58,077	1,75,527	1,91,247
of which cash & cash eqv.	85,616	75,890	87,845	1,00,114
Total Current Liabilities & Provisions	38,380	37,837	38,504	38,688
<b>Net Current Assets</b>	<b>1,18,806</b>	<b>1,20,240</b>	<b>1,37,023</b>	<b>1,52,558</b>
Investments	8,950	9,347	9,347	9,347
Net Fixed Assets	30,329	23,888	25,028	27,027
ROU Assets	-	-	-	-
Capital Work-in-Progress	13,283	19,916	34,916	53,666
Total Intangible Assets	6,346	8,163	8,163	8,163
Other assets	26,728	36,004	36,004	36,004
Deferred Tax assets	-	-	-	-
<b>Total Assets</b>	<b>2,10,747</b>	<b>2,44,645</b>	<b>2,77,570</b>	<b>3,13,854</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>17,941</b>	<b>4,176</b>	<b>4,176</b>	<b>4,176</b>
<b>Deferred Tax Liability</b>				
provisions	10,925	12,560	12,560	12,560
other Liabilities	1,564	1,557	1,557	1,557
Equity Share Capital	2,931	2,931	2,931	2,931
Reserves & Surplus	1,77,252	2,23,278	2,56,204	2,92,488
<b>Total Net Worth</b>	<b>1,80,183</b>	<b>2,26,208</b>	<b>2,59,134</b>	<b>2,95,419</b>
Minority Interest	135	142	142	142
<b>Total Liabilities</b>	<b>2,10,747</b>	<b>2,44,645</b>	<b>2,77,570</b>	<b>3,13,854</b>

Source Company data, I-Sec research

### Exhibit 23: Quarterly trend

(INR mn, year ending March)

	Sep-22	Dec-22	Mar-23	Jun-23
Net Sales	33,285	37,200	58,514	53,947
% growth (YOY)	(51.0)	(36.7)	(13.8)	13.2
EBITDA	8,542	11,434	21,624	19,935
Margin %	25.7	30.7	37.0	37.0
Other Income	4,260	1,879	(89)	2,942
Extraordinaries	-	-	12,373	-
<b>Adjusted Net Profit</b>	<b>8,887</b>	<b>8,901</b>	<b>22,771</b>	<b>16,612</b>

Source Company data, I-Sec research

### Exhibit 24: Cashflow statement

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Operating Cashflow</b>	<b>69,418</b>	<b>24,656</b>	<b>44,811</b>	<b>50,990</b>
Working Capital Changes	(23,075)	(31,455)	(4,828)	(3,267)
Capital Commitments	(11,983)	(14,013)	(20,000)	(25,000)
<b>Free Cashflow</b>	<b>57,435</b>	<b>10,643</b>	<b>24,811</b>	<b>25,990</b>
<b>Other investing cashflow</b>	<b>(20,156)</b>	<b>14,446</b>	<b>8,187</b>	<b>9,398</b>
Cashflow from Investing Activities	(32,139)	433	(11,813)	(15,602)
Issue of Share Capital	-	-	-	-
Interest Cost	(391)	(752)	-	-
Inc (Dec) in Borrowings	2,917	(13,597)	-	-
Dividend paid	(43,195)	(10,993)	(21,043)	(23,119)
Others	-	-	-	-
Cash flow from Financing Activities	(40,669)	(25,365)	(21,043)	(23,119)
<b>Chg. in Cash &amp; Bank balance</b>	<b>(3,389)</b>	<b>(276)</b>	<b>11,955</b>	<b>12,269</b>
Closing cash & balance	(3,389)	(276)	11,955	12,269

Source Company data, I-Sec research

### Exhibit 25: Key ratios

(Year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Per Share Data (INR)</b>				
Reported EPS	32.2	14.7	18.4	20.3
Adjusted EPS (Diluted)	32.2	18.9	18.4	20.3
Cash EPS	33.2	20.0	19.7	21.7
Dividend per share (DPS)	14.7	6.6	7.2	7.9
Book Value per share (BV)	61.5	77.2	88.4	100.8
Dividend Payout (%)	45.8	45.0	38.9	38.9
<b>Growth (%)</b>				
Net Sales	68.9	(32.0)	25.0	8.0
EBITDA	43.6	(52.1)	21.1	9.4
EPS (INR)	51.1	(54.4)	25.7	9.9
<b>Valuation Ratios (x)</b>				
P/E	4.2	9.3	7.4	6.7
P/CEPS	4.1	6.8	6.9	6.3
P/BV	2.2	1.8	1.5	1.4
EV / EBITDA	2.6	5.3	4.2	3.7
Dividend Yield (%)	10.8	4.8	5.3	5.8
<b>Operating Ratios</b>				
Gross Profit Margins (%)	102.5	99.3	96.0	96.1
EBITDA Margins (%)	48.6	34.3	33.2	33.6
Effective Tax Rate (%)	27.5	32.9	29.8	29.8
Net Profit Margins (%)	36.4	24.3	24.5	24.9
Net Debt / Equity (x)	(0.4)	(0.4)	(0.4)	(0.4)
Net Debt / EBITDA (x)	(0.6)	(1.3)	(1.3)	(1.3)
Fixed Asset Turnover (x)	6.1	4.2	5.1	5.0
Inventory Turnover Days	44	49	50	54
Receivables Days	61	49	48	53
Payables Days	14	12	12	13
<b>Profitability Ratios</b>				
RoCE (%)	33.6	15.4	21.2	20.2
RoE (%)	37.5	23.5	24.4	22.8
RoIC (%)	44.4	23.0	35.3	31.9

Source Company data, I-Sec research

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