29 December 2023

Update | Sector: Cement

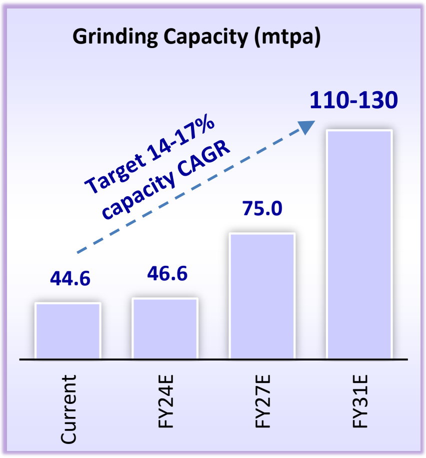
Dalmia Bharat

BSE SENSEX	S&P CNX
72,240	21,731

Stock Info

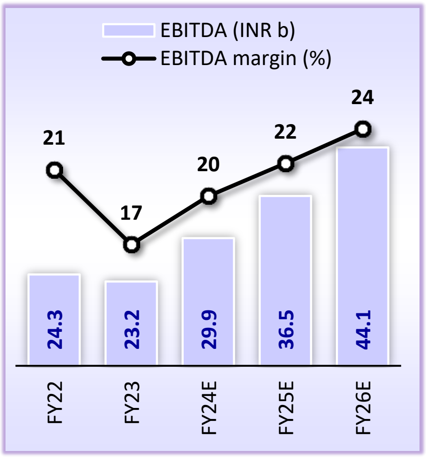
Bloomberg	DALBHARA IN
Equity Shares (m)	187
M.Cap.(INRb)/(USDb)	426.7 / 5.1
52-Week Range (INR)	2431 / 1672
1, 6, 12 Rel. Per (%)	-5/-12/3
12M Avg Val (INR M)	672

DALBHARA targets to grow capacity at 14-17% CAGR by FY31



Source: Company, MOFSL

Expect EBITDA margin improvement led by cost savings



Source: Company, MOFSL

CMP: INR2,280 TP: INR2,800 (+23%) Buy

Ambitious growth plans, execution in focus

4th largest player in the industry, focusing on sustainable growth

Dalmia Bharat (DALBHARA) has underperformed the BSE Sensex and most cement stocks under our coverage in the last six months (Exhibit 3) mainly due to a delay in the acquisition of JPA's cement assets (announced in Dec'22) and a slowdown in cement demand in the eastern region, in our view. However, we are optimistic about the company's long-term outlook, given: a) its plan to increase capacity to 110-130mtpa at a 14-17% CAGR by 2031; b) focus on sustainable growth through various initiatives such as higher blended cement, green energy mix; and c) strong balance sheet with the target to maintain a net debt-to-EBITDA ratio of less than 2x. We reiterate our BUY rating on the stock with a TP of INR2,800 (based on Sep'25E EV/EBITDA).

- **Aims to become a pan-India cement player:** DALBHARA has been consistent in capacity expansion over the past decade, with a ~15% CAGR in grinding capacity since FY14. In the long run, the company expects a 14-17% CAGR in capacity and aims to increase its cement grinding capacity to 75mtpa/110-130mtpa by FY27/FY31 through organic and inorganic routes. Currently, the company has a major presence in the east and south regions of India. It intends to establish its presence in the west, central and north regions. DALBHARA proposed to acquire cement assets of Jaiprakash Associates (JPA) located in central India, with a significant capacity share (~10%) in the region. The company has limestone reserves in North and Central India, which reduces the regional risk.
- **Focus on cost efficiency, innovation and sustainability:** The company focuses on cost reductions, innovation, and sustainability. Key initiatives are: 1) increase in green power share to 29% vs. 17% in FY22, 2) increase in TSR to 17% vs. 13% in FY22, 3) reduction in clinker factor to 58.5% and increase in blended cement to 88% in product mix, and 4) freight cost savings through a digital bidding platform for transporters and the use of heavy-duty electric trucks for transportation of raw materials. It is installing a chlorine bypass duct to remove chlorine from the system and achieve 100% replacement of fossil fuels. It also secured two coal blocks in the east and central regions, which will provide fuel security and cost optimization.
- **Strong operating cash flows (OCF) should support growth plans:** The company's clinker/cement capacity stood at 22.2mtpa/44.6mtpa. It plans to expand clinker/cement capacity to 27.1mtpa/49.5mtpa by FY26 through organic routes. Moreover, it has announced the acquisition of clinker/cement/CPP capacity of 6.7mtpa/9.4mtpa/280MW at an enterprise value of INR58.4b (USD75/t) from JPA. We estimate the company to generate cumulative OCF of INR112b over FY24-26, which will support its future growth plans. Net debt is expected to increase with the conclusion of the JPA deal and expects net debt to increase to around INR30-40b vs. net debt of INR15 as of Sep'23. The management targets to keep the net debt-to-EBITDA ratio below 2x unless big inorganic opportunities arise.

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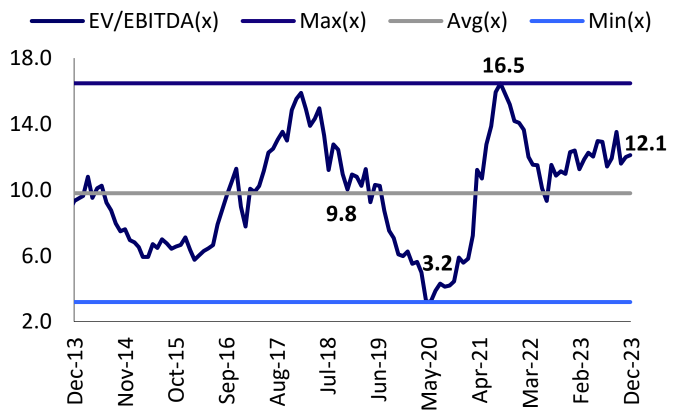
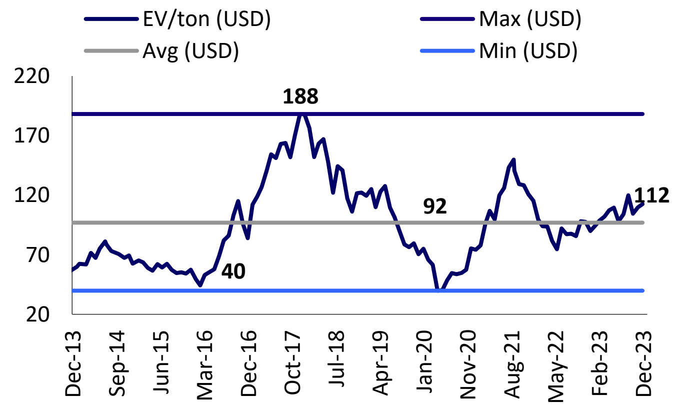
- **Valuation & view:** We estimate a CAGR of 11%/24%/34% in consolidated revenue/EBITDA/PAT over FY23-26, driven by higher sales volume, cost savings initiatives, and a lower tax rate. We estimate an ~11% CAGR in consolidated volume over FY23-26. We estimate its EBITDA/t at INR1,045/INR1,150/INR1,250 in FY24/FY25/FY26 vs. INR900 in FY23 (average EBITDA/t of INR1,150 over FY18-22). EBITDA margin is likely to increase to ~24% in FY26 vs. ~17% in FY23 (average EBITDA margin of ~23% over FY18-22).
- Under the Dalmia 2.0 initiative, the management has categorized priorities into four key areas: 1) Growth, 2) Financial Performance, 3) Sustaining Trust, and 4) Organization Building (this includes focus on leadership development and digital transformation).
- The stock trades at 11.5x/9.5x FY25E/FY26E EV/EBITDA and EV/t of USD108/ USD102. With an expected improvement in earnings, its focus on capacity expansions without leveraging the balance sheet and the scale of operations (diversifying its presence), we expect the stock to trade at higher multiples. We value DALBHARA at 13x Sep'25E EV/EBITDA to arrive at a TP of INR2,800, an upside of 23% from CMP. We maintain our BUY rating on the stock.

Exhibit 1: One-year forward EV/EBITDA



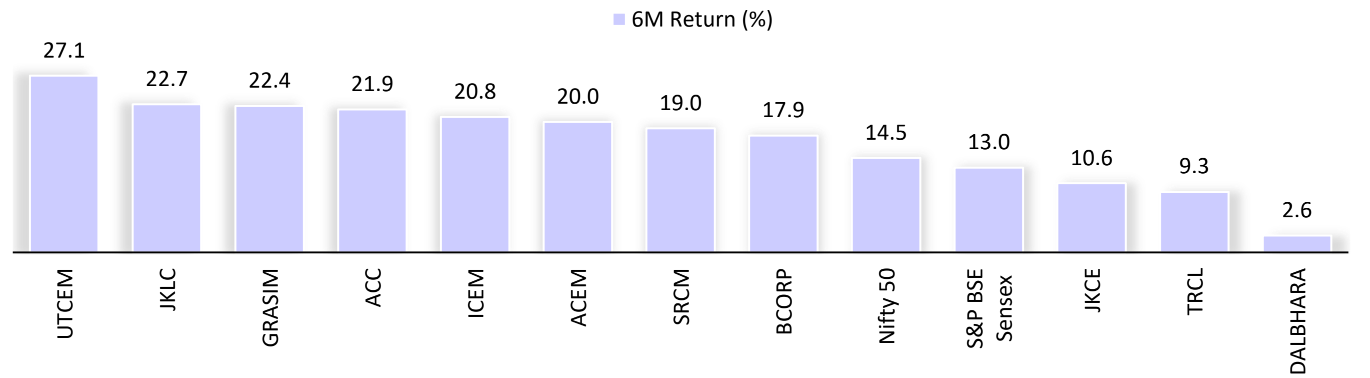
Source: Company, MOFSL

Exhibit 2: One-year forward EV/ton



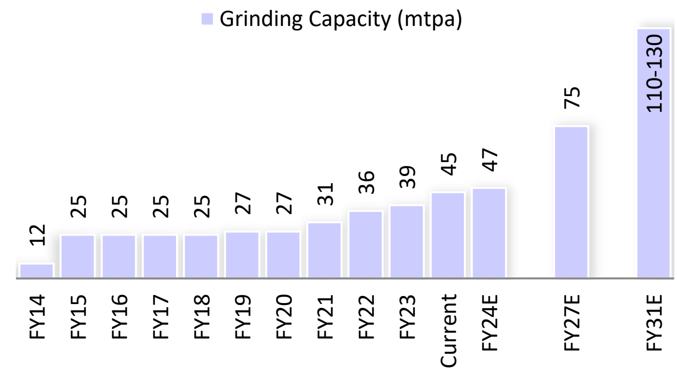
Source: Company, MOFSL

Exhibit 3: DALBHARA has underperformed major indices and other cement stocks under our coverage in the last six months



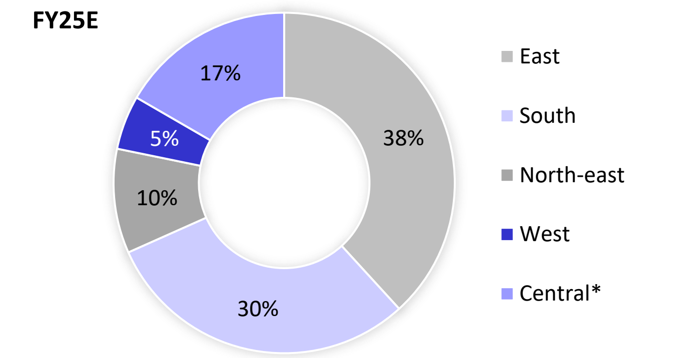
Source: Bloomberg, MOFSL

Exhibit 4: DALBHARA targets 14-17% capacity CAGR by FY31



Source: MOFSL, Company; FY24E closing capacity is excluding pending acquisition of JPA cement asset

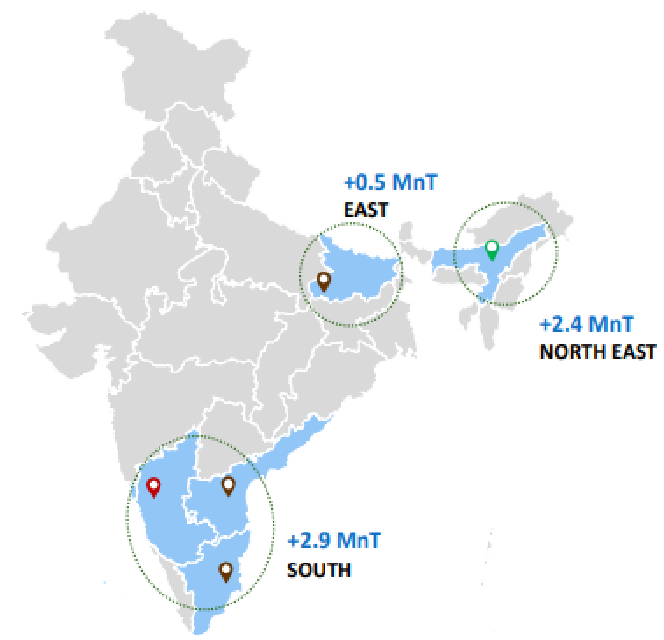
Exhibit 5: DALBHARA's grinding capacity regional break-up



Source: MOFSL, Company; *acquisition of JPA cement asset in central India is under process

Exhibit 6: Snapshot of DALBHARA's capacity expansion plan to reach 49.5mtpa organically

Organic Cement Capacity Expansion Plan – 49.5 MnT



Region	Plant	Capacity
Closing Capacity FY22		**35.9**
East	Bokaro, JH	0.6
North East	Adhunik, ML	0.2
East	Rajgangpur, OR	0.3
East	Kapilas, OR	0.3
North East	Calcom, AS	1.3
East	Bokaro Line 2, JH	2.5
East	Medinipur, WB	0.6
South	Sattur, TN	2.0
Capacity as on date		**43.7**
South	Belgaum, KA	0.9
South	Ariyalur, TN	1.0
South	Kadapa, AP	1.0
Closing Capacity FY24*		**46.6**
East	Kalyanpur, BH	**0.5**
Closing Capacity FY25*		**47.1**
North East	Lanka, AS	**2.4**
Closing Capacity FY26*		**49.5**

Debottlenecking Brownfield Greenfield

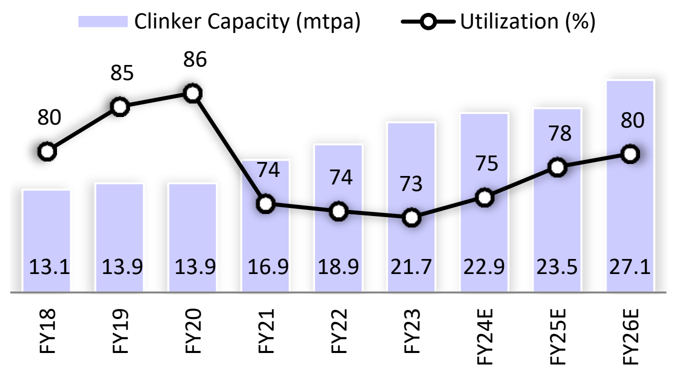
+ Represents Capacity Additions from 43.7 MnT to 49.5 MnT
Represents States where in capacity would be added

*the closing capacity is excluding the acquisition of cement assets of Jaiprakash Associates

47

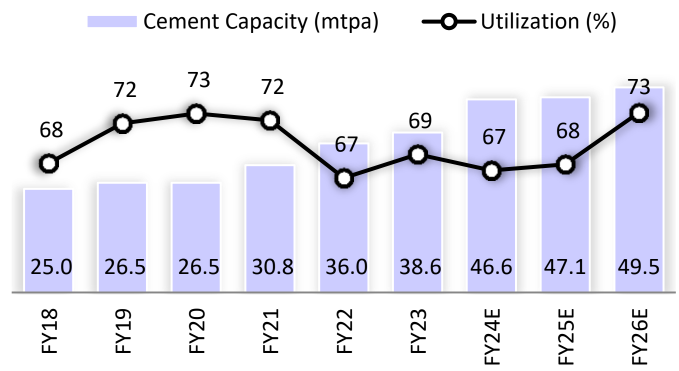
Source: MOFSL, Company

Exhibit 7: Clinker utilization declined due to higher CC ratio



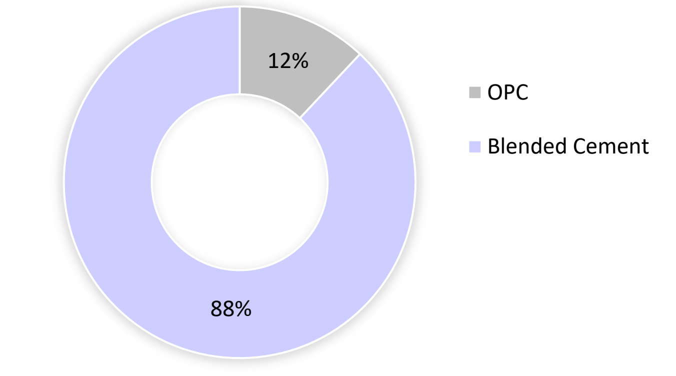
Source: MOFSL, Company

Exhibit 8: Cement utilization should improve



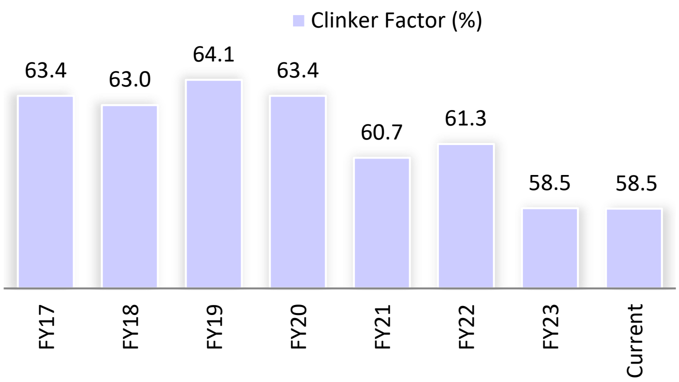
Source: MOFSL, Company

Exhibit 9: Blended cement share increased to ~88%...



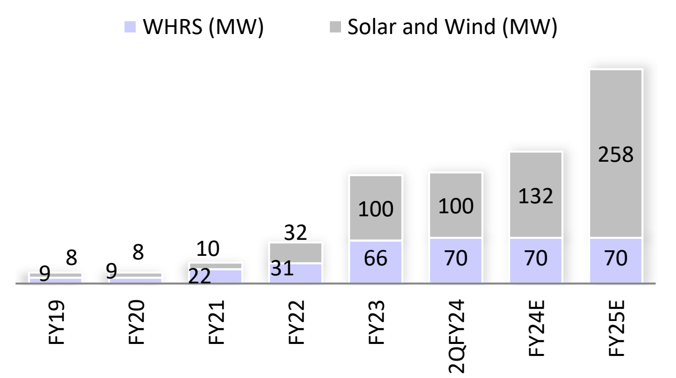
Source: MOFSL, Company

Exhibit 10: ...helping to increase CC ratio



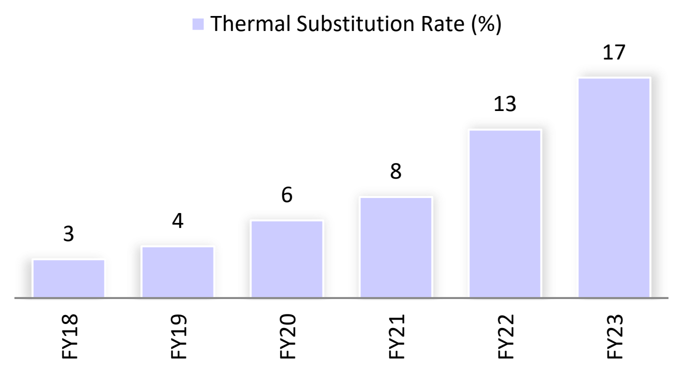
Source: MOFSL, Company

Exhibit 11: Increasing green power portfolio



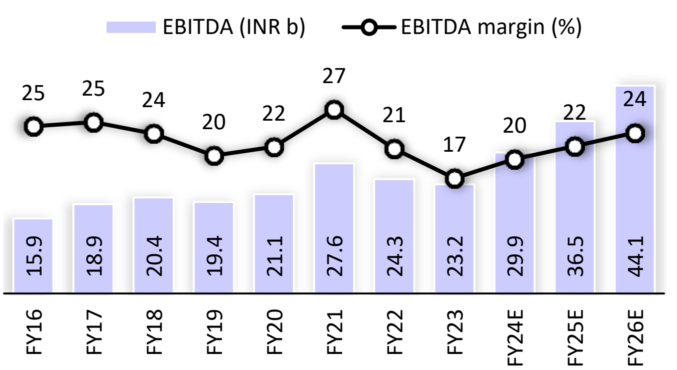
Source: MOFSL, Company

Exhibit 12: Increasing TSR and utilizing more alternative fuel



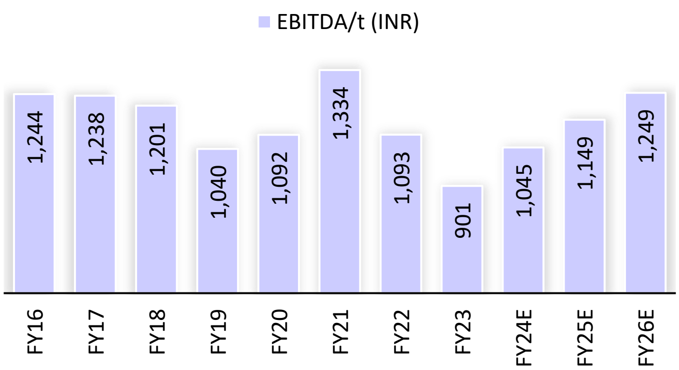
Source: MOFSL, Company

Exhibit 13: Estimate ~24% EBITDA CAGR over FY23-26



Source: MOFSL, Company

Exhibit 14: Estimate EBITDA/t to improve over FY24-26

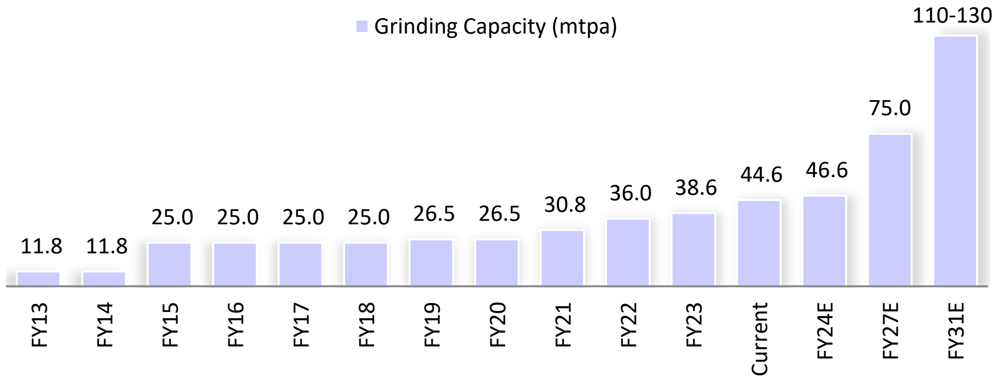


Source: MOFSL, Company

Aims to become a pan-India cement player

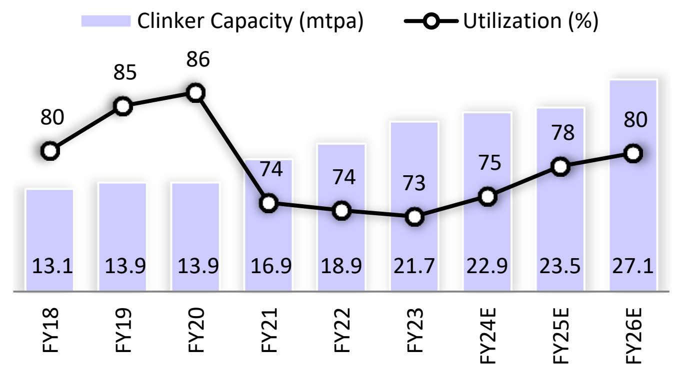
- DALBHARA has been consistent in capacity expansion over the past decade. The company's grinding capacity has seen a CAGR of ~15% since FY14. Currently, its clinker/cement capacity stood at 22.2mtpa/44.6mtpa across 14 cement plants and grinding units, which are spread across 10 states.
- As per its capacity expansion plan (outlined till FY26 through organic route), it will add clinker/cement capacity of 4.9mtpa (each) through a mix of greenfield, brownfield and debottlenecking, for which work is under-progress. After the completion of ongoing expansion plans, the company's clinker/cement capacity will increase to 27.1mtpa/49.5mtpa by FY26.
- The company has proposed to acquire cement assets of JPA located in central India. It is acquiring clinker/cement/CPP capacity of 6.7mtpa/9.4mtpa/280MW at an enterprise value of INR58.4b (USD75/t). The approval process from various banks is pending and is taking longer than anticipated. However, the company made tolling arrangements (contract manufacturing) with JPA for some of the plants. This will help the company to establish distribution network, building its brand and gain market share in the central India.
- DALBHARA targets to increase its grinding capacity to 75mtpa/110-130mtpa by FY27/FY31 through organic and inorganic routes. Currently, it has a major presence in east and south India. It intends to establish its presence in the west, central and north India by the end of FY24.

Exhibit 15: DALBHARA targets to grow capacity at a CAGR of 14%-17% by FY31



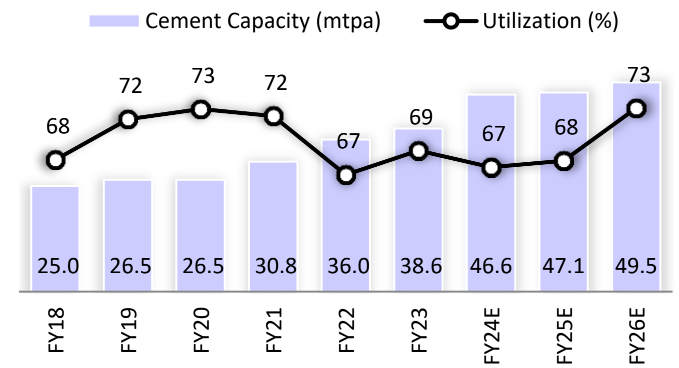
Source: MOFSL, Company

Exhibit 16: Clinker utilization declined due to higher CC ratio



Source: MOFSL, Company

Exhibit 17: Cement utilization should improve

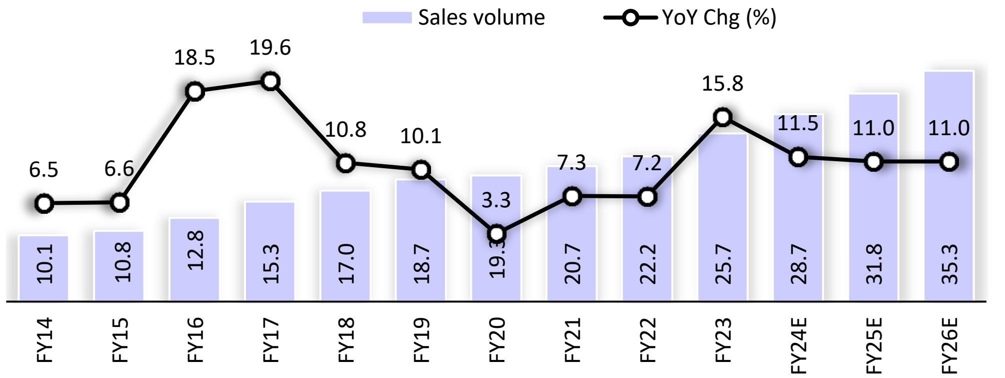


Source: MOFSL, Company

DALBHARA should benefit from healthy demand growth outlook

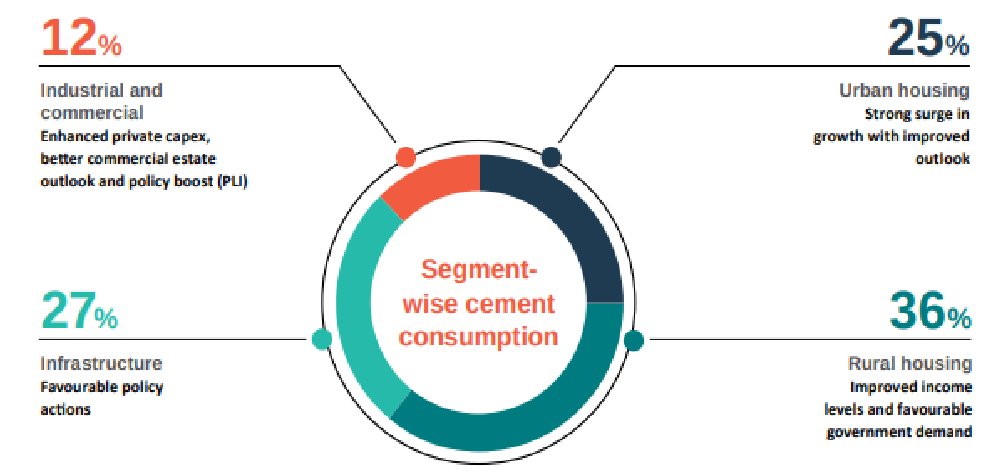
- Over FY14-23, DALBHARA posted a CAGR of ~14%/11% in grinding capacity/ volume, higher than the industry at ~5% (each). This has led to an increase in capacity/market share to 6.6%/6.4% in FY23 vs. 3.1%/4.0% in FY14.
- Cement demand remained strong after Covid and saw a CAGR of ~9% over FY21-23. We believe that demand improvement was fueled by increased government spending on infrastructure development, low-cost housing schemes, and strong demand from urban housing and real estate sector.
- DALBHARA volume grew ~10% YoY in 1HFY24 vs. 11.5% for the industry (our coverage universe volume grew ~15% YoY). In the recent past, the company lost some market share in east due to certain pricing-related decisions, which did not yield the intended results. However, the company is taking corrective measures to regain its volume share.
- We estimate a 7-8% CAGR in demand during FY23-28, driven by government-led infrastructure projects, IHB segment, urban housing and real estate, and a likely pick-up in private capex. DALBHARA, being among the leading players in the industry, should also benefit from strong demand momentum. We estimate a volume CAGR of ~11% over FY23-26, aided by capacity expansion. However, we have not yet factored in JPA cement asset acquisition in our estimates, pending requisite approvals.

Exhibit 18: Estimate DALBHARA volume CAGR of ~11% over FY23-26 (similar to FY14-23)



Source: MOFSL, Company

Exhibit 19: Segment-wise break-up of cement consumption going forward

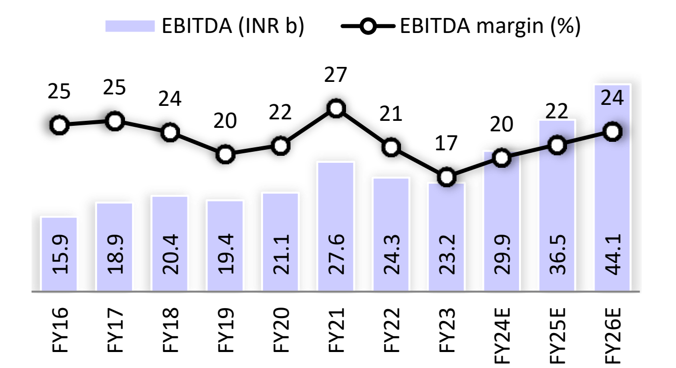


Source: MOFSL, Company

Focus on cost efficiency, innovation and sustainability

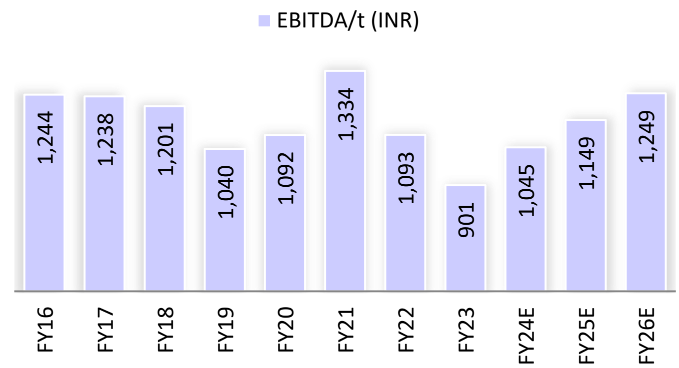
- DALBHARA has implemented several cost optimization and sustainability measures such as: 1) using low-cost additives, 2) reduction in clinker factor and increasing blended cement share, 3) increased use of renewable power and green fuel in the process, 4) utilizing the lowest coal, including local coal in the north-east plants, and 5) maximizing the usage of chemical gypsum and wet/conditioned fly ash.
- The company is continuously taking steps to reduce the clinker factor and targets to produce 100% blended cement by the next five years. its clinker factor percentage stood at 58.5% vs. industry average at ~68%.
- The company plans to increase its RE capacity (through a combination of solar and wind power capacities) to over 328MW by FY25 vs. 170MW currently. It also sources renewable electricity from the grid and Indian Energy Exchange (IEX), and has started purchasing hydel power to meet its RE commitment.
- It secured two coal blocks, namely Brinda Sesai (east) and Mandala North (central), which will provide fuel security and cost optimization for kilns.
- It is Increasing TSR (~17% in FY23 vs. India average ~4%) by replacing fossil fuel with green fuel. It is installing a chlorine bypass duct to remove chlorine from the system and targets to replace 100% of fossil fuels.
- Savings in logistics costs through a digital bidding platform for transporters and the use of heavy-duty electric trucks for the transportation of raw materials. DALBHARA has signed contracts for the deployment of 218 green vehicles. It has already deployed 16 vehicles and plans to deploy the remaining 202 vehicles in FY24. It aims to reduce logistics costs for cement and inbound materials by 10%.
- We estimate a 24% EBITDA CAGR, driven by 11% volume growth and ~12% growth in EBITDA/t. We estimate its EBITDA/t at INR1,045/INR1,150/INR1,250 in FY24/FY25/FY26 vs. INR900 in FY23 (average EBITDA/t was at INR1,150 over FY18-22). We believe that EBITDA/t improvement will largely be driven by cost reduction initiatives as high competitive intensity in its core markets (east and south) might restrict any material improvement in realization. EBITDA margin is likely to increase to ~24% in FY26 vs. ~17% in FY23 (average EBITDA margin of ~23% over FY18-22).

Exhibit 20: Estimate ~24% EBITDA CAGR over FY23-26



Source: MOFSL, Company

Exhibit 21: Estimate EBITDA/t to improve over FY24-26

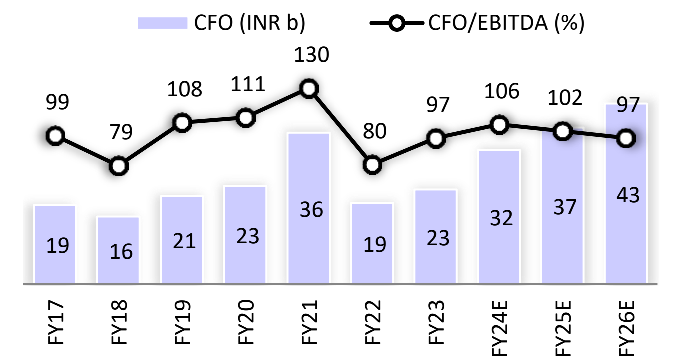


Source: MOFSL, Company

Strong OCF to support growth plans

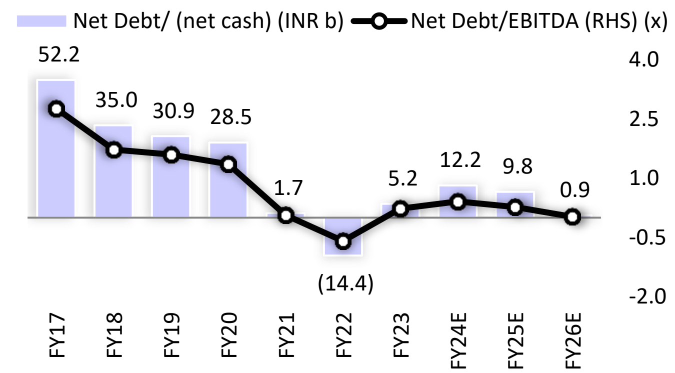
- The company's cumulative OCF stood at INR78b during FY21-23. Cumulative FCF stood at INR23b after a capex of INR55b during that period.
- The company has announced a capex plan of INR36.4b for setting up a new clinker unit of 3.6mtpa at its Umrangso unit and grinding capacity of 2.4mtpa at its Lanka unit in Assam. Further, it announced brownfield expansion of 0.5mtpa at its Bihar plant at an estimated capex of INR910m and this is expected to be completed during FY25.
- The management expects capex of INR65b (including INR37b for JPA's part cement asset acquisition) in FY24 and INR30-35b in FY25. It incurred a capex of INR15.2b in 1HFY24. We estimate the company to generate cumulative OCF of INR112b over FY24-26, which will support its future growth plans. We have not yet factored in JPA cement asset acquisition in our estimates, pending requisite approvals
- Further, in the past few years, it has approved the divestment of its non-core businesses/assets. The company divested its entire stake in Hippo Stores (a retail business), refractory business and a part stake in IEX in line with its goal to become a pan-India pure-play cement company. It will continue to evaluate to divestment its residual stake in IEX. This also helps the company to reduce its net-debt and keeps net debt-to-EBITDA below 2x.
- DALBHARA's consolidated net debt increased by INR10b in 1HFY24 to INR15b as of Sep'23, aided by an increase in capex. The net debt-to-EBITDA ratio increased to 0.59x as of Sep'23 vs. 0.29x as of Mar'23. Net debt is expected to increase to around INR30-40b after the conclusion of the JPA deal. The management targets to keep the net debt-to-EBITDA ratio below 2x unless big inorganic opportunities arise.

Exhibit 22: CFO and EBITDA conversion ratio improves



Source: MOFSL, Company

Exhibit 23: Net debt increases in FY24E due to higher capex



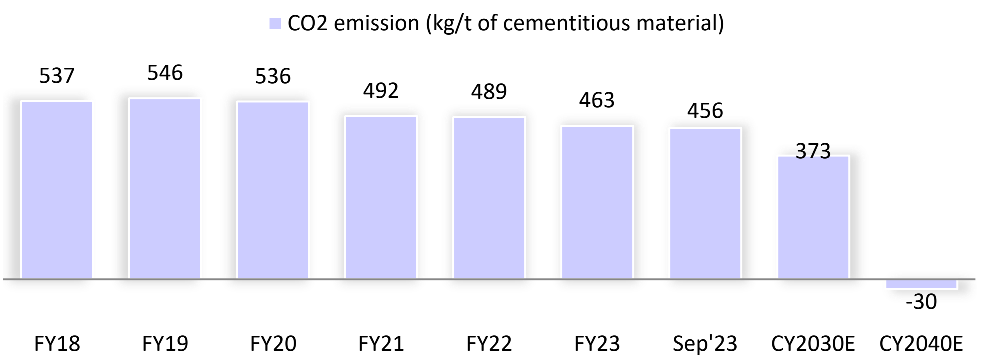
Source: MOFSL, Company

Key sustainability development and initiatives

The company is adopting industry-best sustainability practices, which includes:

- It usage various alternative raw materials such as fly ash, slag, red mud, blue metal, lime sludge, synthetic gypsum in cement production. The percentage of alternative raw material to total material used in production stood at ~42% in FY23. Its blended cement share increased to 88% in in 1HFY24.
- The company's TSR stood at ~17% in FY23. This was achieved through the substitution of fossil fuels with various environmental-friendly alternatives, such as industrial wastes, municipal solid waste, renewable biomass (including bamboo and plantation sources), and hazardous waste.
- The company is using 29% renewable power in total energy consumption. The company plans to increase its RE capacity (through a combination of solar and wind power capacities) to over 328MW by FY25 vs. 170MW currently.
- The company achieved 31% recycled water usage and become 14x water positive. It targets to become 20x water positive by FY25 through air cooling instead of water cooling in CPP, rain water harvesting, zero water discharge at plants and intervention program: drip irrigation, ponds, sprinklers.
- DALBHARA is signatory to RE100, EP100 and EV100 collectively. It is committed to doubling energy productivity (EP100), 100% use of renewable energy (RE100) and a significant transition toward electric vehicles (EV100) by CY30.
- The company reduced net CO_2 emissions by to 456Kg/t of cementitious material. The company's eastern operation net CO_2 emissions reduced to 316Kg/t of cementitious material.
- It has committed to investing up to 10% of its operating cash flows towards an innovation and green energy fund, which will be channelized towards focused R&D in the area of climate change and technology advancement.

Exhibit 24: DALBHARA commits to becoming carbon negative by CY40

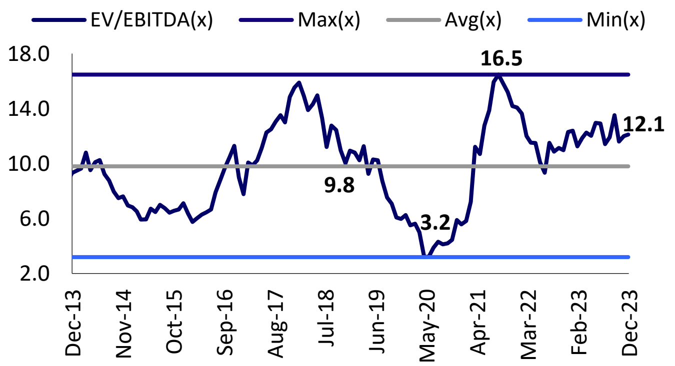


Source: MOFSL, Company

View and valuation

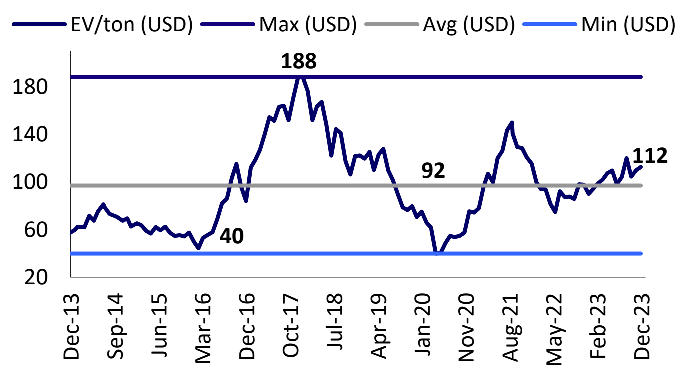
- DALBHARA has increased its capacity to 44.6mtpa (~14% CAGR since FY11) and has set an ambitious target of increasing its grinding capacity to 75mtpa by FY27 and 110-130mtpa by FY31.
- Despite the significant expansion, the company's leverage remains low, supported by strong volume growth (~15% CAGR over FY14-24E), improvement in profitability (EBITDA CAGR of 21% over FY14-24E), and divestment of non-core assets (divested entire investment in refractory business, retail business for all construction and building materials and partial stake in IEX). Its net debt stood at INR15b and net debt-to-EBITDA ratio at 0.59x as of Sep'23.
- It is one of the few cement companies that have completed the buyback of equity shares (6.17m shares at an average price of INR531.96/share in FY21). It has announced plans to return up to 10% of its operating cash flow to shareholders through dividends and share buybacks.
- We estimate the company's consolidated revenue/EBITDA/PAT CAGR at 11%/24%/35% over FY23-26, driven by higher sales volume, cost savings initiatives and lower tax rate. We estimate DALBHARA's consolidated volume to report ~11% CAGR over FY23-26. We further estimate its EBITDA/t at INR1,045/INR1,150/INR1,250 in FY24/FY25/FY26 vs. INR900 in FY23 (average EBITDA/t was at INR1,150 over FY18-22). EBITDA margin is likely to increase to ~24% in FY26 vs. 17% in FY23 (average EBITDA margin of ~23% over FY18-22). We estimate ROE/ROCE to 9.3%/8.8% in FY26 vs. 4.3%/4.2% in FY23.
- The stock trades at 11.5x/9.5x FY25E/FY26E EV/EBITDA and an EV/t of USD108/USD102. With an expected improvement in earnings, its focus on capacity expansions without leveraging the balance sheet, and the scale of operations (diversifying its presence), we expect the stock to trade at higher multiples. We value DALBHARA at 13x Sep'25E EV/EBITDA to arrive at a TP of INR2,800, an upside of 23% from current levels. We maintain our BUY rating on the stock.

Exhibit 25: One-year forward EV/EBITDA



Source: Company, MOFSL

Exhibit 26: One-year forward EV/ton



Source: Company, MOFSL

Financials and valuations

Income Statement (INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	**94,840**	**96,740**	**1,01,100**	**1,12,860**	**1,35,400**	**1,50,111**	**1,67,101**	**1,84,776**
Change (%)	10.5	2.0	4.5	11.6	20.0	10.9	11.3	10.6
EBITDA	**19,420**	**21,060**	**27,620**	**24,260**	**23,160**	**29,935**	**36,535**	**44,107**
Margin (%)	20.5	21.8	27.3	21.5	17.1	19.9	21.9	23.9
Depreciation	12,960	15,280	12,500	12,350	13,050	16,231	17,250	19,419
EBIT	**6,460**	**5,780**	**15,120**	**11,910**	**10,110**	**13,704**	**19,285**	**24,688**
Int. and Finance Charges	5,510	4,380	2,950	2,020	2,340	3,872	4,070	3,585
Other Income - Rec.	2,440	2,170	1,810	1,600	1,380	2,070	1,548	1,835
PBT bef. EO Exp.	**3,390**	**3,570**	**13,980**	**11,490**	**9,150**	**11,903**	**16,762**	**22,939**
EO Expense/(Income)	0	0	-3,330	20	-3,850	0	0	0
PBT after EO Exp.	**3,390**	**3,570**	**17,310**	**11,470**	**13,000**	**11,903**	**16,762**	**22,939**
Current Tax	1,120	1,140	2,120	250	320	3,047	4,291	5,872
Deferred Tax	-1,220	50	3,330	2,900	2,100	0	0	0
Tax Rate (%)	-2.1	27.5	40.4	26.5	29.6	25.6	25.6	25.6
Reported PAT	**3,490**	**2,380**	**11,860**	**8,320**	**10,580**	**8,856**	**12,471**	**17,067**
Minority and Associates	-410	-140	-130	-240	-190	-400	-400	-400
PAT Adj. for EO items	**3,080**	**2,240**	**8,400**	**8,203**	**6,850**	**8,456**	**12,071**	**16,667**
Change (%)	5.5	-27.3	275.0	-2.3	-16.5	23.4	42.8	38.1
Margin (%)	3.2	2.3	8.3	7.3	5.1	5.6	7.2	9.0

Balance Sheet (INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	390	390	374	375	375	375	375	375
Total Reserves	1,06,000	1,05,650	1,27,726	1,60,235	1,55,905	1,61,923	1,71,557	1,85,786
Net Worth	**1,06,390**	**1,06,040**	**1,28,100**	**1,60,610**	**1,56,280**	**1,62,298**	**1,71,932**	**1,86,161**
Deferred capital investment subsidy	1,290	1,400	1,240	1,250	1,660	1,660	1,660	1,660
Deferred Liabilities	11,880	12,770	16,590	15,640	16,100	16,100	16,100	16,100
Minority Interest	110	250	340	720	1,160	1,560	1,960	2,360
Total Loans	58,780	59,500	37,080	31,190	37,420	45,920	46,920	43,420
Capital Employed	**1,78,450**	**1,79,960**	**1,83,350**	**2,09,410**	**2,12,620**	**2,27,538**	**2,38,572**	**2,49,701**
Gross Block	1,66,210	1,66,440	1,86,160	2,00,360	2,16,590	2,61,270	2,78,240	3,14,210
Less: Accum. Deprn.	30,470	40,890	49,910	59,020	68,760	82,961	98,181	1,15,570
Net Fixed Assets	**1,35,740**	**1,25,550**	**1,36,250**	**1,41,340**	**1,47,830**	**1,78,309**	**1,80,059**	**1,98,640**
Capital WIP	5,200	17,400	10,060	10,450	18,710	7,000	18,000	10,000
Current Investment	**23,150**	**26,980**	**32,930**	**43,990**	**29,350**	**29,350**	**29,350**	**29,350**
Non-current Investment	1,090	1,610	7,410	13,060	5,900	5,900	5,900	5,900
Curr. Assets, Loans and Adv.	**39,300**	**37,670**	**32,210**	**37,840**	**53,400**	**53,929**	**57,069**	**63,097**
Inventory	10,320	9,740	7,600	9,460	13,160	14,394	16,023	17,718
Account Receivables	5,490	6,640	5,110	6,730	7,000	8,225	9,156	10,125
Cash and Bank Balance	4,690	4,030	2,470	1,600	2,850	4,355	7,784	13,201
Loans and Advances	18,800	17,260	17,030	20,050	30,390	26,954	24,105	22,053
Curr. Liability and Prov.	**26,030**	**29,250**	**35,510**	**37,270**	**42,570**	**46,950**	**51,806**	**57,286**
Account Payables	23,430	27,210	32,820	34,600	39,370	43,402	47,857	52,919
Provisions	2,600	2,040	2,690	2,670	3,200	3,548	3,949	4,367
Net Current Assets	**13,270**	**8,420**	**-3,300**	**570**	**10,830**	**6,979**	**5,263**	**5,811**
Appl. of Funds	**1,78,450**	**1,79,960**	**1,83,350**	**2,09,410**	**2,12,620**	**2,27,538**	**2,38,572**	**2,49,701**

E: MOFSL estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)*								
EPS	**15.8**	**11.5**	**44.9**	**43.8**	**36.5**	**45.1**	**64.4**	**88.9**
Cash EPS	82.3	89.8	111.7	109.7	106.1	131.6	156.4	192.4
BV/Share	545.6	543.8	684.6	857.2	833.6	865.7	917.1	993.0
DPS	2.0	2.0	1.3	9.0	9.0	13.0	13.0	13.0
Payout (%)	12.5	17.2	3.0	20.6	24.6	28.8	20.2	14.6
Valuation (x)*								
P/E			50.8	52.1	62.4	50.6	35.4	25.6
Cash P/E			20.4	20.8	21.5	17.3	14.6	11.8
P/BV			3.3	2.7	2.7	2.6	2.5	2.3
EV/Sales			4.1	3.6	3.1	2.9	2.5	2.3
EV/EBITDA			15.2	16.6	17.9	14.5	11.5	9.5
EV/t (USD)			165	135	130	112	108	102
Dividend Yield (%)			0.1	0.4	0.4	0.6	0.6	0.6
Return Ratios (%)								
RoIC	4.5	3.0	6.7	6.0	4.5	5.9	7.8	9.7
RoE	2.9	2.1	7.2	5.7	4.3	5.3	7.2	9.3
RoCE	5.3	3.5	6.1	5.6	4.2	5.8	7.3	8.8
Working Capital Ratios								
Asset Turnover (x)	0.5	0.5	0.6	0.5	0.6	0.7	0.7	0.7
Inventory (Days)	40	37	27	31	35	35	35	35
Debtor (Days)	21	25	18	22	19	20	20	20
Leverage Ratio (x)								
Current Ratio	1.5	1.3	0.9	1.0	1.3	1.1	1.1	1.1
Debt/Equity ratio	0.6	0.6	0.3	0.2	0.2	0.3	0.3	0.2

Cash Flow Statement (INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	3,390	3,570	13,640	11,620	13,210	11,903	16,762	22,939
Depreciation	12,960	15,280	12,500	12,360	13,050	16,231	17,250	19,419
Interest and Finance Charges	5,510	3,640	3,190	1,930	2,310	3,602	4,070	3,585
Direct Taxes Paid	-240	-660	440	240	-140	-3,047	-4,291	-5,872
(Inc.)/Dec. in WC	1,500	2,740	7,810	-5,150	-770	5,236	5,006	4,724
CF from Operations	**23,120**	**24,570**	**37,580**	**21,000**	**27,660**	**33,924**	**38,797**	**44,794**
Others	-2,220	-1,190	-1,540	-1,680	-5,140	-2,070	-1,548	-1,835
CF from Operations incl. EO	**20,900**	**23,380**	**36,040**	**19,320**	**22,520**	**31,854**	**37,250**	**42,959**
(Inc.)/Dec. in FA	-13,290	-13,450	-10,270	-17,560	-27,010	-35,000	-30,000	-30,000
Free Cash Flow	**7,610**	**9,930**	**25,770**	**1,760**	**-4,490**	**-3,146**	**7,250**	**12,959**
(Pur.)/Sale of Investments	10,320	-4,970	6,050	6,380	2,980	0	0	0
Others	2,870	300	370	410	1,080	2,061	1,537	1,825
CF from Investments	**-100**	**-18,120**	**-3,850**	**-10,770**	**-22,950**	**-32,939**	**-28,463**	**-28,175**
Issue of Shares	40	0	-4,000	50	0	0	0	0
Inc./(Dec.) in Debt	-13,870	120	-25,340	-5,800	6,670	8,629	1,149	-3,345
Interest Paid	-5,420	-4,680	-3,960	-2,320	-2,970	-3,602	-4,070	-3,585
Dividend Paid	-400	-930	0	-1,000	-1,690	-2,437	-2,437	-2,437
Others	0	-430	-450	-350	-330	0	0	0
CF from Fin. Activity	**-19,650**	**-5,920**	**-33,750**	**-9,420**	**1,680**	**2,590**	**-5,358**	**-9,366**
Inc./Dec. in Cash	**1,150**	**-660**	**-1,560**	**-870**	**1,250**	**1,506**	**3,429**	**5,417**
Opening Balance	3,540	4,690	4,030	2,470	1,600	2,850	4,355	7,784
Closing Balance	**4,690**	**4,030**	**2,470**	**1,600**	**2,850**	**4,355**	**7,784**	**13,201**

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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