

**In-line quarter; capacity additions to drive volumes**

Cement ▶ Result Update ▶ January 25, 2024

**TARGET PRICE (Rs): 2,500**

**For Q3FY24, Dalmia Bharat (Dalmia) reported in-line EBITDA of Rs7.7bn, which grew 20% YoY/32% QoQ. Volume rose 8% YoY (vs. our estimate: 2% YoY) to 6.8mt (includes 0.4mt volumes under tolling arrangement with JPA). Excluding JPA's tolling volumes, growth stood at 2% YoY. EBITDA/t increased by Rs183 QoQ to Rs1,138, which was mainly driven by higher realizations (up 4% QoQ to Rs5,286/t). Total cost/t remained flattish QoQ at Rs4,148. Management indicated that the deal with JPA may likely be finalized by Q4FY24-end (delay mainly on account of receiving lender approvals). Company has recapitulated its capacity growth target to 47mt/75mt/110-130mt by FY24/FY27/FY31. Factoring-in the Q3 operational performance and some delay in completion of cement assets of JPA, we revise down our EBITDA estimate 5-6% for FY25-26. We maintain ADD on the stock, and review our TP to Rs2,500/share now (based on 12.5x Dec-25E EV-EBITDA).**

**Dalmia Bharat: Financial Snapshot (Consolidated)**

Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	112,860	135,400	145,681	173,147	194,752
EBITDA	24,260	23,160	28,884	36,417	42,414
Adj. PAT	7,630	6,090	8,636	11,315	13,530
Adj. EPS (Rs)	59.9	52.8	46.1	60.4	72.2
EBITDA margin (%)	21.5	17.1	19.8	21.0	21.8
EBITDA growth (%)	(12.8)	(4.5)	24.7	26.1	16.5
Adj. EPS growth (%)	(9.0)	(11.8)	(12.8)	31.0	19.6
RoE (%)	5.4	4.1	5.4	6.7	7.6
RoIC (%)	13.7	10.8	12.2	11.9	11.8
P/E (x)	54.1	67.9	47.9	36.5	30.6
EV/EBITDA (x)	16.4	18.1	14.7	12.7	10.9
P/B (x)	2.6	2.6	2.5	2.4	2.2
FCFF yield (%)	0.5	(1.1)	(0.3)	(7.0)	1.4

Source: Company, Emkay Research

**Result Summary**

Dalmia's volumes rose 8% YoY/10% QoQ to 6.8mt (includes 0.4mt volumes under tolling arrangement with JPA). Company indicated that it has grown faster in key markets, given the subdued demand in the East. Considering the strong uptick in cement prices in the southern and eastern markets, realizations improved by Rs183/t QoQ to Rs5,286. However currently, spot prices have corrected to the Q2FY24 exit levels. Overall cost/t declined 4% YoY (flattish QoQ) to Rs4,148, with freight cost increasing 7% QoQ to Rs1,091. EBITDA/t increased 11% YoY/20% QoQ to Rs1,138. The management expects profitability to remain in the Rs1,100-1,200/t range in FY25. In 9MFY24, volumes grew 9% YoY. We expect volume growth to pick up pace from FY25E, as we incorporate JPA's assets acquisition and capacity expansion. Accordingly, we bake-in a volume CAGR of 13% during FY24E-26E.

**What we liked:** Better than expected volumes; initiatives to gain market share

**What we did not like:** Possibility of delay in acquisition of JPA's assets, in our view

**Earnings call KTAs:**

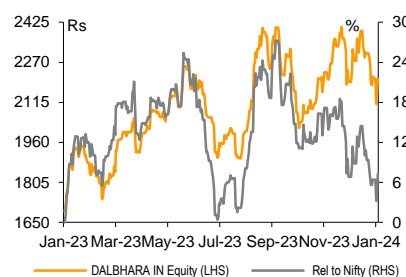
i) Over the medium term, Company targets mid-teen volume growth (15-16%) over the next few years. ii) Fuel prices stood at USD115-120/t in Q3 and spot prices are broadly tracking similar levels. On Kcal basis, fuel cost stood at Rs1.5/Kcal (vs Rs1.58/Kcal in Q2). Mgmt expects marginal reduction (~3%) in fuel cost on sequential basis in Q4FY24. iv) As of 9MFY24, Dalmia has incurred capex of Rs21.4bn. FY24 and FY25 capex guidance at Rs30-35bn (additional cash outflow for JPA's assets acquisition to be Rs33bn). v) Management expects cement demand to grow at 1.3x (~8-8.5%) of GDP over the next 4-5 years. Increasing consolidation may lead to better pricing for the sector and a likely 1.5-2% CAGR over the long term. vi) Others: Trade sales: up 300bps YoY to 63% in Q3; blended cement share: marginally lower at 84% and targets 100% in coming 3 years; lead distance: increased by 6km QoQ to 283km, which it is likely to maintain.

Target Price – 12M	Dec-24
<b>Change in TP (%)</b>	<b>(5.8)</b>
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	14.3
CMP (25-Jan-24) (Rs)	2,205.1

Stock Data	Ticker
52-week High (Rs)	2,431
52-week Low (Rs)	1,672
Shares outstanding (mn)	187.5
Market-cap (Rs bn)	414
Market-cap (USD mn)	4,976
Net-debt, FY24E (Rs mn)	10,670
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	862.6
ADTV-3M (USD mn)	10.4
Free float (%)	-
Nifty-50	21,353
INR/USD	83.1
<b>Shareholding, Jun-23</b>	
Promoters (%)	55.9
FPIs/MFs (%)	13.9/8.9

Price Performance			
(%)	1M	3M	12M
Absolute	0.5	7.2	27.6
Rel. to Nifty	0.5	(4.0)	6.9

**1-Year share price trend (Rs)**



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## Quarterly Analysis

Exhibit 1: Actual vs. Estimates (Q3FY24)

(Rs mn)	Actual	Estimates		Variation (%)		Comment
		Emkay	Consensus	Emkay	Consensus	
Net sales	36,000	34,010	35,346	5.9	1.9	Better than expected volumes led to a beat on EBITDA
<b>EBITDA</b>	<b>7,750</b>	<b>7,389</b>	<b>7,585</b>	<b>4.9</b>	<b>2.2</b>	
PAT	2,630	2,093	2,481	25.6	6.0	
Volumes (mt)	6.8	6.4		6.0		
Cement realization (Rs/ton)	5,286	5,293		(0.1)		
EBITDA (Rs/ton)	1,138	1,150		(1.0)		

Source: Bloomberg, Emkay Research

Exhibit 2: Quarterly financial highlights

(Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
<b>Revenue</b>	<b>33,550</b>	<b>39,120</b>	<b>36,240</b>	<b>31,490</b>	<b>36,000</b>	<b>7.3</b>	<b>14.3</b>	<b>96,280</b>	<b>103,730</b>	<b>7.7</b>
<b>Expenditure</b>	<b>27,110</b>	<b>32,050</b>	<b>30,140</b>	<b>25,600</b>	<b>28,250</b>	<b>4.2</b>	<b>10.4</b>	<b>80,190</b>	<b>83,990</b>	<b>4.7</b>
Total RM	3,700	7,500	5,660	5,330	6,260	69.2	17.4	12,310	17,250	40.1
Power & Fuel	9,640	8,710	9,020	6,980	7,260	(24.7)	4.0	28,080	23,260	(17.2)
Freight	7,020	8,220	8,090	6,310	7,430	5.8	17.7	19,800	21,830	10.3
Staff cost	1,930	1,910	2,220	2,260	2,210	14.5	(2.2)	5,800	6,690	15.3
Other expenditure	4,820	5,710	5,150	4,720	5,090	5.6	7.8	14,200	14,960	5.4
<b>EBITDA</b>	<b>6,440</b>	<b>7,070</b>	<b>6,100</b>	<b>5,890</b>	<b>7,750</b>	<b>20.3</b>	<b>31.6</b>	<b>16,090</b>	<b>19,740</b>	<b>22.7</b>
Depreciation	3,250	3,360	3,990	4,010	3,700	13.8	(7.7)	9,690	11,700	20.7
<b>EBIT</b>	<b>3,190</b>	<b>3,710</b>	<b>2,110</b>	<b>1,880</b>	<b>4,050</b>	<b>27.0</b>	<b>115.4</b>	<b>6,400</b>	<b>8,040</b>	<b>25.6</b>
Other Income	360	410	570	850	640	77.8	(24.7)	940	2,060	119.1
Interest	690	640	830	1,010	1,080	56.5	6.9	1,670	2,920	74.9
<b>PBT</b>	<b>2,860</b>	<b>3,480</b>	<b>1,850</b>	<b>1,720</b>	<b>3,610</b>	<b>26.2</b>	<b>109.9</b>	<b>5,670</b>	<b>7,180</b>	<b>26.6</b>
Total Tax	740	1,250	410	480	950	28.4	97.9	1,170	1,840	57.3
<b>Adjusted PAT</b>	<b>2,120</b>	<b>2,230</b>	<b>1,440</b>	<b>1,240</b>	<b>2,660</b>	<b>25.5</b>	<b>114.5</b>	<b>4,500</b>	<b>5,340</b>	<b>18.7</b>
(Profit)/loss from JVs/Ass/MI	80	200	140	60	30	(62.5)	(50.0)	40	230	
<b>PAT after MI</b>	<b>2,040</b>	<b>2,030</b>	<b>1,300</b>	<b>1,180</b>	<b>2,630</b>	<b>28.9</b>	<b>122.9</b>	<b>4,460</b>	<b>5,110</b>	<b>14.6</b>
Extra ordinary items	-	3,860	-	-	-			-	-	
<b>Reported PAT</b>	<b>2,040</b>	<b>5,890</b>	<b>1,300</b>	<b>1,180</b>	<b>2,630</b>	<b>28.9</b>	<b>122.9</b>	<b>4,460</b>	<b>5,110</b>	<b>14.6</b>
<b>Adjusted EPS (Rs)</b>	<b>10.9</b>	<b>10.8</b>	<b>6.9</b>	<b>6.3</b>	<b>14.0</b>	<b>28.9</b>	<b>122.9</b>	<b>23.8</b>	<b>27.3</b>	<b>14.6</b>

(%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (bps)	QoQ (bps)	9MFY23	9MFY24	YoY (bps)
<b>EBITDAM</b>	<b>19.2</b>	<b>18.1</b>	<b>16.8</b>	<b>18.7</b>	<b>21.5</b>	<b>233</b>	<b>282</b>	<b>16.7</b>	<b>19.0</b>	<b>232</b>
EBITM	9.5	9.5	5.8	6.0	11.3	174	528	6.6	7.8	110
EBTM	8.5	8.9	5.1	5.5	10.0	150	457	5.9	6.9	103
PATM	6.3	5.7	4.0	3.9	7.4	107	345	4.7	5.1	47
Effective Tax rate	25.9	35.9	22.2	27.9	26.3			20.6	25.6	

Source: Company, Emkay Research

Exhibit 3: Quarterly analysis on a per-ton basis

(Rs/ton)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
<b>Cement volumes (mt)</b>	<b>6.3</b>	<b>7.4</b>	<b>7.0</b>	<b>6.2</b>	<b>6.8</b>	<b>8.1</b>	<b>10.4</b>	<b>18.3</b>	<b>20.0</b>	<b>9.1</b>
<b>Blended realization</b>	<b>5,325</b>	<b>5,264</b>	<b>5,178</b>	<b>5,104</b>	<b>5,286</b>	<b>(0.7)</b>	<b>3.6</b>	<b>5,255</b>	<b>5,192</b>	<b>(1.2)</b>
Raw-material cost	587	1,009	809	864	919	56.5	6.4	672	863	28.5
Power and fuel cost	1,530	1,172	1,289	1,131	1,066	(30.3)	(5.8)	1,533	1,164	(24.0)
Freight cost	1,114	1,106	1,156	1,023	1,091	(2.1)	6.7	1,081	1,093	1.1
Staff cost	306	257	317	366	325	5.9	(11.4)	317	335	5.8
Other expenditure	765	768	736	765	747	(2.3)	(2.3)	775	749	(3.4)
<b>Operating cost</b>	<b>4,303</b>	<b>4,313</b>	<b>4,306</b>	<b>4,149</b>	<b>4,148</b>	<b>(3.6)</b>	<b>(0.0)</b>	<b>4,377</b>	<b>4,204</b>	<b>(4.0)</b>
<b>EBITDA</b>	<b>1,022</b>	<b>951</b>	<b>872</b>	<b>955</b>	<b>1,138</b>	<b>11.3</b>	<b>19.2</b>	<b>878</b>	<b>988</b>	<b>12.5</b>

Source: Emkay Research

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**Exhibit 4: We revise our EBITDA by 5-6% for FY25-26E**

(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	Chg. (%)	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	149,671	145,681	(2.7)	179,226	173,147	(3.4)	201,570	194,752	(3.4)
<b>EBITDA</b>	<b>31,303</b>	<b>28,884</b>	<b>(7.7)</b>	<b>38,612</b>	<b>36,417</b>	<b>(5.7)</b>	<b>44,863</b>	<b>42,414</b>	<b>(5.5)</b>
PAT	9,500	8,636	(9.1)	11,994	11,315	(5.7)	14,467	13,530	(6.5)

Source: Emkay Research

**Exhibit 5: We maintain ADD on Dalmia Bharat, marking down our TP to Rs2,500/share, based on Dec-25E EV/E of 12.5x**

EV/E valuation	
Dec-25E EBITDA (Rs bn)	41
EV/E (x)	12.5
<b>Enterprise Value (Rs bn)</b>	<b>511</b>
Net debt (Dec-24E; Rs bn)	39
<b>Equity value (Rs bn)</b>	<b>473</b>
No. of shares (mn)	187
<b>Dec-24E Target Price (Rs/share)</b>	<b>2,500</b>

Source: Emkay Research

**Exhibit 6: Annual Financials**

Key Assumptions	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR	
									FY19-23	FY23-26E
Cement Capacity (mt)	25	26	31	36	39	47	57	59	11.5	15.1
Volumes (mt)	19	19	21	22	26	28	33	36	8.4	11.9
Utilization (%)	75	74	67	62	67	60	58	61		
Blended Realization (Rs/ton)	5,047	4,967	5,088	5,084	5,258	5,195	5,300	5,395	1.0	0.9
<b>EBITDA/ton (Rs)</b>	<b>1,016</b>	<b>1,092</b>	<b>1,346</b>	<b>1,093</b>	<b>899</b>	<b>1,030</b>	<b>1,115</b>	<b>1,175</b>	<b>(3.0)</b>	<b>9.3</b>
<b>P&amp;L (Rs bn)</b>										
Revenue	95	96	105	113	135	146	173	195	9.3	12.9
EBITDA	19	21	28	24	23	29	36	42	4.5	22.3
Adj. Net Profit	3	2	9	8	6	9	11	14	20.5	27.7
<b>Balance Sheet (Rs bn)</b>										
Equity	106	106	126	157	156	164	173	185		
Net Debt	31	28	9	(14)	7	11	48	48		
Net Debt:EBITDA (x)	1.6	1.3	0.3	(0.6)	0.3	0.4	1.3	1.1		
Net Debt:Equity (x)	0.3	0.3	0.1	(0.1)	0.0	0.1	0.3	0.3		
<b>Cash Flow (Rs bn)</b>										
OCF before NWC change	15	16	27	24	22	24	29	33		
Change in NWC	(2)	3	8	(5)	(1)	3	(1)	(1)		
Capex	(9)	(14)	(13)	(18)	(27)	(30)	(63)	(30)		
<b>FCF</b>	<b>5</b>	<b>6</b>	<b>21</b>	<b>1</b>	<b>(6)</b>	<b>(3)</b>	<b>(36)</b>	<b>2</b>		
<b>Return ratios</b>										
RoE (%)	2.9	2.1	7.5	5.4	4.1	5.4	6.7	7.6		
RoCE (%)	4.7	2.9	5.8	4.6	4.0	5.4	6.3	6.7		
<b>RoIC (%)</b>	<b>13.4</b>	<b>12.8</b>	<b>19.1</b>	<b>13.7</b>	<b>10.8</b>	<b>12.2</b>	<b>11.9</b>	<b>11.8</b>		
<b>Valuations (x)</b>										
PER						47.9	36.5	30.6		
<b>EV/EBITDA</b>						<b>14.7</b>	<b>12.7</b>	<b>10.9</b>		
EV/ton (USD)						122	110	105		

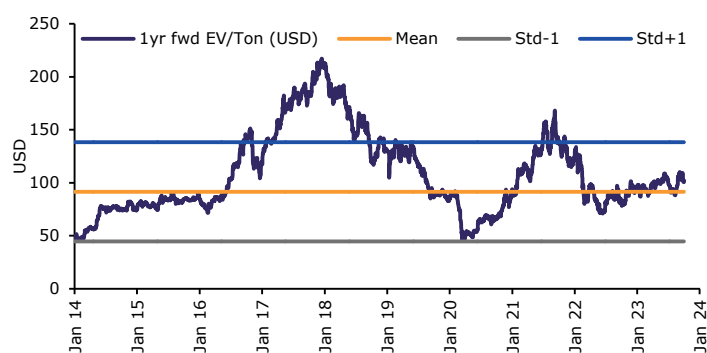
Source: Company, Emkay Research

## Exhibit 7: Annual analysis on a per-ton basis

(Rs/ton)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Blended realization</b>	<b>5,047</b>	<b>4,967</b>	<b>5,088</b>	<b>5,084</b>	<b>5,258</b>	<b>5,195</b>	<b>5,300</b>	<b>5,395</b>
<b>YoY (%)</b>	<b>(0.2)</b>	<b>(1.6)</b>	<b>2.4</b>	<b>(0.1)</b>	<b>3.4</b>	<b>(1.2)</b>	<b>2.0</b>	<b>1.8</b>
Raw-material costs	956	857	861	663	769	885	894	903
Power & fuel costs	940	901	809	1,158	1,429	1,129	1,148	1,174
Freight costs	979	982	1,009	1,061	1,088	1,093	1,107	1,130
Staff costs	347	350	345	335	299	318	303	291
Other expenses	810	785	719	774	773	739	734	723
<b>Operating costs</b>	<b>4,032</b>	<b>3,875</b>	<b>3,742</b>	<b>3,991</b>	<b>4,359</b>	<b>4,165</b>	<b>4,185</b>	<b>4,220</b>
YoY (%)	4.3	(3.9)	(3.4)	6.6	9.2	(4.4)	0.5	0.8
<b>Blended EBITDA</b>	<b>1,016</b>	<b>1,092</b>	<b>1,346</b>	<b>1,093</b>	<b>899</b>	<b>1,030</b>	<b>1,115</b>	<b>1,175</b>
<b>YoY (%)</b>	<b>(14.6)</b>	<b>7.5</b>	<b>23.3</b>	<b>(18.8)</b>	<b>(17.7)</b>	<b>14.5</b>	<b>8.2</b>	<b>5.4</b>

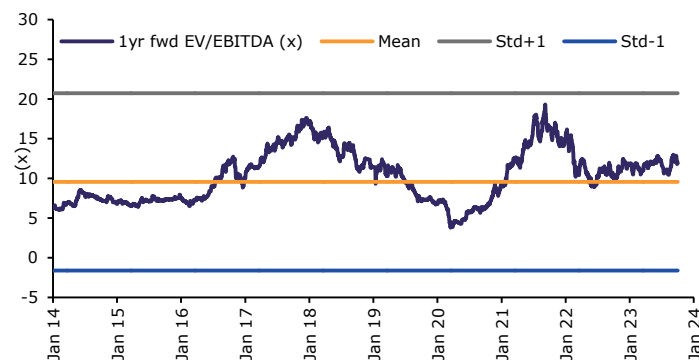
Source: Company, Emkay Research

## Exhibit 8: One-year forward EV/ton



Source: Bloomberg, Emkay Research

## Exhibit 9: One-year forward EV/EBITDA



Source: Bloomberg, Emkay Research

## Dalmia Bharat: Consolidated Financials and Valuations

Profit and Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>112,860</b>	<b>135,400</b>	<b>145,681</b>	<b>173,147</b>	<b>194,752</b>
Revenue growth (%)	7.3	20.0	7.6	18.9	12.5
<b>EBITDA</b>	<b>24,260</b>	<b>23,160</b>	<b>28,884</b>	<b>36,417</b>	<b>42,414</b>
EBITDA growth (%)	(12.8)	(4.5)	24.7	26.1	16.5
Depreciation & Amortization	12,360	13,050	15,437	17,329	19,061
<b>EBIT</b>	<b>11,900</b>	<b>10,110</b>	<b>13,447</b>	<b>19,088</b>	<b>23,353</b>
EBIT growth (%)	(21.8)	(15.0)	33.0	42.0	22.3
Other operating income	0	0	0	0	0
Other income	1,550	1,380	2,696	2,022	2,062
Financial expense	1,970	2,340	4,008	5,331	6,549
<b>PBT</b>	<b>11,480</b>	<b>9,150</b>	<b>12,134</b>	<b>15,779</b>	<b>18,866</b>
Extraordinary items	3,570	3,810	0	0	0
Taxes	3,610	2,420	3,093	3,992	4,773
Minority interest	240	640	405	471	564
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>11,200</b>	<b>9,900</b>	<b>8,636</b>	<b>11,315</b>	<b>13,530</b>
PAT growth (%)	(9.0)	(11.6)	(12.8)	31.0	19.6
<b>Adjusted PAT</b>	<b>7,630</b>	<b>6,090</b>	<b>8,636</b>	<b>11,315</b>	<b>13,530</b>
<b>Diluted EPS (Rs)</b>	<b>59.9</b>	<b>52.8</b>	<b>46.1</b>	<b>60.4</b>	<b>72.2</b>
Diluted EPS growth (%)	(9.0)	(11.8)	(12.8)	31.0	19.6
<b>DPS (Rs)</b>	<b>9.0</b>	<b>9.0</b>	<b>6.9</b>	<b>9.1</b>	<b>10.8</b>
<b>Dividend payout (%)</b>	<b>15.0</b>	<b>17.0</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>
EBITDA margin (%)	21.5	17.1	19.8	21.0	21.8
EBIT margin (%)	10.5	7.5	9.2	11.0	12.0
Effective tax rate (%)	31.4	26.4	25.5	25.3	25.3
<b>NOPLAT (pre-IndAS)</b>	<b>8,158</b>	<b>7,436</b>	<b>10,019</b>	<b>14,259</b>	<b>17,445</b>
Shares outstanding (mn)	187.1	187.5	187.5	187.5	187.5

Source: Company, Emkay Research

Cash Flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	11,480	9,150	12,134	15,779	18,866
Others (non-cash items)	350	(5,150)	23	0	0
Taxes paid	240	(140)	(3,093)	(3,992)	(4,773)
Change in NWC	(5,150)	(770)	3,139	(905)	(543)
<b>Operating cash flow</b>	<b>19,370</b>	<b>22,520</b>	<b>28,547</b>	<b>31,048</b>	<b>36,534</b>
Capital expenditure	(17,560)	(27,010)	(30,000)	(63,450)	(30,095)
Acquisition of business	6,330	2,980	72	0	0
Interest & dividend income	750	770	2,696	2,022	2,062
<b>Investing cash flow</b>	<b>(10,480)</b>	<b>(23,260)</b>	<b>(27,233)</b>	<b>(61,428)</b>	<b>(28,033)</b>
Equity raised/(repaid)	50	0	0	0	0
Debt raised/(repaid)	(5,800)	6,670	2,000	38,000	(1,000)
Payment of lease liabilities	(350)	0	0	0	0
Interest paid	(2,670)	(3,300)	(4,008)	(5,331)	(6,549)
Dividend paid (incl tax)	(1,000)	(1,690)	(1,295)	(1,697)	(2,029)
Others	(980)	310	0	0	0
<b>Financing cash flow</b>	<b>(10,400)</b>	<b>1,990</b>	<b>(3,303)</b>	<b>30,972</b>	<b>(9,578)</b>
Net chg in Cash	(1,510)	1,250	(1,988)	592	(1,077)
OCF	19,370	22,520	28,547	31,048	36,534
Adj. OCF (w/o NWC chg.)	24,520	23,290	25,409	31,953	37,077
FCFF	1,810	(4,490)	(1,453)	(32,402)	6,439
FCFE	(3,990)	2,180	547	5,598	5,439
OCF/EBITDA (%)	79.8	97.2	98.8	85.3	86.1
FCFE/PAT (%)	(52.3)	35.8	6.3	49.5	40.2
<b>FCFF/NOPLAT (%)</b>	<b>22.2</b>	<b>(60.4)</b>	<b>(14.5)</b>	<b>(227.2)</b>	<b>36.9</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	374	375	375	375	375
Reserves & Surplus	156,496	155,905	163,245	172,863	184,363
<b>Net worth</b>	<b>156,870</b>	<b>156,280</b>	<b>163,620</b>	<b>173,238</b>	<b>184,738</b>
Minority interests	720	1,160	1,160	1,160	1,160
Deferred tax liability (net)	20,340	16,340	16,363	16,363	16,363
<b>Total debt</b>	<b>31,400</b>	<b>37,630</b>	<b>39,630</b>	<b>77,630</b>	<b>76,630</b>
<b>Total liabilities &amp; equity</b>	<b>209,330</b>	<b>211,410</b>	<b>220,774</b>	<b>268,392</b>	<b>278,892</b>
Net tangible fixed assets	105,320	123,260	142,823	190,494	193,433
Net intangible assets	25,560	24,430	24,430	24,430	24,430
Net ROU assets	1,120	1,870	1,870	1,870	1,870
Capital WIP	10,360	18,590	13,590	12,040	20,135
Goodwill	8,070	7,300	7,300	7,300	7,300
Investments [JV/Associates]	13,030	7,070	7,070	7,070	7,070
<b>Cash &amp; equivalents</b>	<b>45,610</b>	<b>31,020</b>	<b>28,960</b>	<b>29,551</b>	<b>28,474</b>
Current assets (ex-cash)	37,970	41,890	39,661	43,712	47,392
Current Liab. & Prov.	39,380	44,020	44,930	48,075	51,213
<b>NWC (ex-cash)</b>	<b>(1,410)</b>	<b>(2,130)</b>	<b>(5,269)</b>	<b>(4,364)</b>	<b>(3,820)</b>
<b>Total assets</b>	<b>209,330</b>	<b>211,410</b>	<b>220,774</b>	<b>268,392</b>	<b>278,892</b>
Net debt	(14,210)	6,610	10,670	48,079	48,156
Capital employed	209,330	211,410	220,774	268,392	278,892
<b>Invested capital</b>	<b>140,330</b>	<b>154,730</b>	<b>171,154</b>	<b>219,731</b>	<b>223,213</b>
BVPS (Rs)	838.3	833.6	872.7	924.0	985.4
Net Debt/Equity (x)	(0.1)	0.0	0.1	0.3	0.3
Net Debt/EBITDA (x)	(0.6)	0.3	0.4	1.3	1.1
Interest coverage (x)	6.8	4.9	4.0	4.0	3.9
<b>RoCE (%)</b>	<b>6.8</b>	<b>5.5</b>	<b>7.5</b>	<b>8.6</b>	<b>9.3</b>

Source: Company, Emkay Research

Valuations and Key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	54.1	67.9	47.9	36.5	30.6
P/CE(x)	20.6	21.6	17.2	14.4	12.7
P/B (x)	2.6	2.6	2.5	2.4	2.2
EV/Sales (x)	3.5	3.1	2.9	2.7	2.4
EV/EBITDA (x)	16.4	18.1	14.7	12.7	10.9
EV/EBIT(x)	33.5	41.5	31.5	24.2	19.8
EV/IC (x)	2.8	2.7	2.5	2.1	2.1
FCFF yield (%)	0.5	(1.1)	(0.3)	(7.0)	1.4
FCFE yield (%)	(1.0)	0.5	0.1	1.2	1.2
Dividend yield (%)	0.4	0.4	0.3	0.4	0.5
<b>DuPont-RoE split</b>					
Net profit margin (%)	6.8	4.5	5.9	6.5	6.9
Total asset turnover (x)	0.6	0.6	0.7	0.7	0.7
Assets/Equity (x)	1.4	1.3	1.4	1.5	1.5
<b>RoE (%)</b>	<b>5.4</b>	<b>3.9</b>	<b>5.4</b>	<b>6.7</b>	<b>7.6</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	7.2	5.5	6.9	8.2	9.0
IC turnover (x)	0.8	0.9	0.9	0.9	0.9
<b>RoIC (%)</b>	<b>13.7</b>	<b>10.8</b>	<b>12.2</b>	<b>11.9</b>	<b>11.8</b>
<b>Operating metrics</b>					
Core NWC days	(4.6)	(5.7)	(13.2)	(9.2)	(7.2)
<b>Total NWC days</b>	<b>(4.6)</b>	<b>(5.7)</b>	<b>(13.2)</b>	<b>(9.2)</b>	<b>(7.2)</b>
Fixed asset turnover	0.5	0.6	0.6	0.6	0.6
Opex-to-revenue (%)	65.5	68.3	63.1	62.1	61.5

Source: Company, Emkay Research

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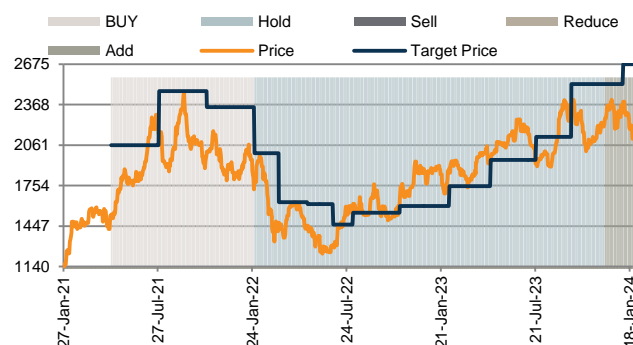
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Date	Closing Price (INR)	TP (INR)	Rating	Analyst
05-Jan-24	2,391	2,675	Add	Dharmesh Shah
30-Nov-23	2,218	2,525	Add	Dharmesh Shah
30-Nov-23	2,218	2,525	Hold	Dharmesh Shah
16-Oct-23	2,322	2,525	Hold	Dharmesh Shah
28-Sep-23	2,340	2,525	Hold	Dharmesh Shah
18-Sep-23	2,369	2,125	Hold	Dharmesh Shah
22-Jul-23	1,921	2,125	Hold	Dharmesh Shah
17-Jun-23	2,255	1,950	Hold	Dharmesh Shah
03-Jun-23	2,139	1,950	Hold	Dharmesh Shah
04-May-23	2,024	1,950	Hold	Dharmesh Shah
26-Apr-23	1,934	1,950	Hold	Dharmesh Shah
27-Mar-23	1,869	1,750	Hold	Dharmesh Shah
02-Mar-23	1,846	1,750	Hold	Dharmesh Shah
06-Feb-23	1,885	1,750	Hold	Dharmesh Shah
05-Feb-23	1,868	1,600	Hold	Dharmesh Shah
29-Dec-22	1,855	1,600	Hold	Dharmesh Shah
12-Dec-22	1,906	1,600	Hold	Dharmesh Shah
05-Dec-22	1,886	1,600	Hold	Dharmesh Shah
05-Nov-22	1,743	1,600	Hold	Dharmesh Shah
03-Nov-22	1,654	1,600	Hold	Dharmesh Shah
04-Oct-22	1,596	1,550	Hold	Dharmesh Shah
04-Sep-22	1,535	1,550	Hold	Dharmesh Shah
05-Aug-22	1,616	1,550	Hold	Dharmesh Shah
04-Jul-22	1,318	1,460	Hold	Dharmesh Shah
28-Jun-22	1,302	1,460	Hold	Dharmesh Shah
10-May-22	1,422	1,615	Hold	Dharmesh Shah
16-Mar-22	1,474	1,630	Hold	Dharmesh Shah
28-Jan-22	1,785	2,000	Hold	Dharmesh Shah
31-Dec-21	1,848	2,350	Buy	Dharmesh Shah
02-Dec-21	1,848	2,350	Buy	Dharmesh Shah
29-Oct-21	2,012	2,350	Buy	Dharmesh Shah
05-Sep-21	2,229	2,470	Buy	Dharmesh Shah
29-Jul-21	2,135	2,470	Buy	Dharmesh Shah
06-Jun-21	1,791	2,060	Buy	Dharmesh Shah
01-May-21	1,506	2,060	Buy	Dharmesh Shah
28-Apr-21	1,510	2,060	Buy	Dharmesh Shah

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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