

January 24, 2025

**RESULT REPORT Q3 FY25** | Sector: Cement

# UltraTech Cement

**Weak demand and pricing, increase in debt structure, and near-term underperformance of acquired company leads SELL rating**

## Result Synopsis

In 3QFY25, UTECM's numbers are better than our estimates driven by better-than-expected realization and improved cost efficiency level. Our assumption on revenue, volumes and opex per tonne were in-line with reported number, while we missed EBITDA and Adj. PAT in absolute number mainly due to better-than-expected realization (+0.8% QoQ). As an industry leader the volumes could have much better (11.1% YoY and 9.1% QoQ). However, the numbers are relatively good amidst sluggish demand and weak pricing environment supported by strong cost reduction. EBITDA/tn has improved to Rs951 and increase of 31.1% QoQ, but down by 20.2% YoY due to high base impact. We believe, further improvement in EBITDA/tn in the range of Rs1000-1130 in 4Q FY25 supported mainly by cost reduction. However, the full year EBITDA/tn would remain lower in the range of Rs950-980.

We expect volume addition from its recently acquired India Cement (ICL) from 4Q FY25 and Kesoram Industry (KIL) from FY26E onwards. At present ICL/ KCL capacity utilization stands at 57%/ 70% respectively and the same has been factored in our numbers respectively. It would take few more quarter ICL to reach UTECM's efficiency level whereas not much head room left for KIL with respect to capacity utilization due to higher competition in southern region. However, the ongoing cost saving capex program in ICL/ KIL would add profitability in next 12-15 months' time frame. At current scenario we are quite cautious on demand and realization front, until unless we observe any strong demand uptick or stable to marginal increase in cement prices, our view on the stock remains negative with SELL rating. We are factoring ICL and KCL's volume from 4Q FY25/ FY26E onwards respectively to arrive Revenue/ EBITDA/ Adj. PAT CAGR of 10.9%/ 13.5%/ 13.1% over FY24-FY27E. Our valuation is purely based on 1). volume addition from new units as well acquired units, 2). Improvement in capacity utilization, 3). Flattish to marginal increase in realization, 4). Cost efficiency level, and 5) High debt level. At present the stock is trading at 22x Sep'26 EV/EBITDA (25% premium to its historical avg. EV/EBITDA multiple, and 50-60% premium to peer avg. EV/EBITDA) looks over valued, we believe, sluggish demand, weak pricing, underperformance of ICL and increased debt structure are the key reason to squeeze profitability to some extent in near-term. Therefore, we value the stock at 16x Sep'26 EV/EBITDA with revised target price of Rs9039 (Earlier Rs8272) and maintain SELL rating.

## Result Highlights

- Revenue Rs172bn (+2.7% YoY/ +10% QoQ), is ~1.6% above our est. of Rs169bn. EBITDA Rs29bn (-11.3% YoY/ +43% QoQ), is ~11.3% above our est. of Rs26bn. Adj. PAT Rs15bn (-17.3% YoY/ +79% QoQ), is ~28% below our est. of Rs12bn.
- Volumes 30.4mt (+11.2% YoY/ +9.1% QoQ), is in-line with our estimate. While Realization Rs5661/tn (-7.6% YoY/ +0.8% QoQ), is ~1.4% above our est. Rs5584.
- EBITDA/tn Rs951 (-20.2% YoY/ +31.1% QoQ), is ~11.1% above our est. of Rs855 - Mainly due to better-than-expected realization.

## Exhibit 1: Actual vs estimates

| Rs Mn      | Actual  | Estimate |           | % Variation |           | Remarks  |
|------------|---------|----------|-----------|-------------|-----------|--|
|            |         | YSec     | Consensus | YSec        | Consensus |  |
| Sales      | 171,933 | 169,254  | 171,837   | 1.6         | 0.1       | Better than expected realization led to miss bottom line numbers |
| EBITDA     | 28,871  | 25,930   | 27,513    | 11.3        | 4.9       |  |
| Margin (%) | 16.8    | 15.3     | 16.0      | 147 bps     | 78 bps    |  |
| Rept. PAT  | 14,695  | 11,507   | 12,879    | 27.7        | 14.1      |  |

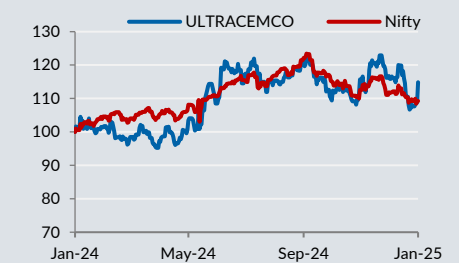
Source: Company, YES Sec

|                  |             |
|------------------|-------------|
| Reco             | : SELL      |
| CMP              | : Rs 11,296 |
| Target Price     | : Rs 9,039  |
| Potential Return | : -20%      |

## Stock data (as on Jan 24, 2025)

|                         |                 |
|-------------------------|-----------------|
| Nifty                   | 23,080          |
| 52 Week h/l (Rs)        | 12145 / 9250    |
| Market cap (Rs/USD mn)  | 3081455 / 35753 |
| Outstanding Shares (mn) | 288             |
| 6m Avg t/o (Rs mn):     | 3,866           |
| Div yield (%):          | 0.7             |
| Bloomberg code:         | UTCEM IN        |
| NSE code:               | ULTRACEMCO      |

## Stock performance



|                 | 1M    | 3M   | 1Y    |
|-----------------|-------|------|-------|
| Absolute return | -0.9% | 2.2% | 13.0% |

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

|          |       |
|----------|-------|
| Promoter | 60.0% |
| FII+DII  | 32.7% |
| Others   | 7.1%  |

## Δ in stance

| (1-Yr)       | New   | Old   |
|--------------|-------|-------|
| Rating       | SELL  | SELL  |
| Target Price | 9,039 | 8,272 |

## Δ in earnings estimates

|           | FY25E | FY26E | FY27E |
|-----------|-------|-------|-------|
| EPS (New) | 200.5 | 259.6 | 354.2 |
| EPS (Old) | 176.7 | 229.6 | 317.4 |
| % Change  | 13.3  | 13.1  | 11.6  |

## Financial Summary

| (Rs mn)   | FY25E   | FY26E   | FY27E   |
|-----------|---------|---------|---------|
| Revenue   | 713,823 | 852,531 | 965,860 |
| Growth    | 1%      | 19%     | 13%     |
| EBITDA    | 119,788 | 150,613 | 189,608 |
| Margin    | 17%     | 18%     | 20%     |
| Adj PAT   | 57,874  | 74,936  | 102,245 |
| Growth    | -18%    | 29%     | 36%     |
| EPS       | 200.5   | 259.6   | 354.2   |
| ND/EBITDA | 0.8     | 0.5     | 0.1     |
| ROE       | 9       | 11      | 14      |
| ROCE      | 9       | 10      | 13      |
| EV/EBITDA | 28.0    | 22.1    | 17.3    |

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## Exhibit 2: Quarterly snapshot (Console)

| Y/E Mar (Rs mn)      | 3QFY25  | 3QFY24  | YoY %    | 2QFY25  | QoQ%    | Our Est. | Var. (%) | 9MFY25  | 9MFY24  | YoY%     |
|----------------------|---------|---------|----------|---------|---------|----------|----------|---------|---------|----------|
| Net Revenue          | 171,933 | 167,400 | 2.7      | 156,347 | 10.0    | 169,254  | 1.6      | 508,976 | 504,892 | 0.8      |
| Total Expenses       | 143,062 | 134,854 | 6.1      | 136,165 | 5.1     |          |          | 429,530 | 416,346 | 3.2      |
| COGS                 | 32,962  | 26,554  | 24.1     | 29,165  | 13.0    |          |          | 94,366  | 80,936  | 16.6     |
| Employee Expenses    | 8,500   | 7,689   | 10.5     | 9,139   | (7.0)   |          |          | 25,021  | 22,882  | 9.3      |
| Power & fuel         | 39,802  | 41,780  | (4.7)    | 38,377  | 3.7     |          |          | 123,116 | 134,445 | (8.4)    |
| Freight Exp          | 38,112  | 36,209  | 5.3      | 35,835  | 6.4     |          |          | 115,760 | 112,335 | 3.0      |
| Other Expenses       | 23,687  | 22,622  | 4.7      | 23,649  | 0.2     |          |          | 71,267  | 65,749  | 8.4      |
| EBITDA               | 28,871  | 32,546  | (11.3)   | 20,183  | 43.0    | 25,930   | 11.3     | 79,446  | 88,546  | (10.3)   |
| EBITDA (%)           | 16.8    | 19.4    | -265 bps | 12.9    | 388 bps |          |          | 15.6    | 17.5    | -193 bps |
| D&A                  | 9,167   | 7,835   | 17.0     | 9,039   | 1.4     |          |          | 26,631  | 23,304  | 14.3     |
| Other income         | 2,443   | 1,405   | 73.9     | 2,207   | 10.7    |          |          | 6,308   | 4,813   | 31.0     |
| Interest Expense     | 3,819   | 2,622   | 45.7     | 3,171   | 20.4    |          |          | 9,546   | 7,069   | 35.0     |
| Exceptional/EO items | -       | -       | NA       | -       | NA      |          |          | (325)   | -       | NA       |
| Share JV/Associates  | (13)    | 58      | (121.7)  | (14)    | (13.2)  |          |          | 2       | 130     | (98.5)   |
| EBT                  | 18,315  | 23,552  | (22.2)   | 10,166  | 80.2    |          |          | 49,904  | 63,117  | (20.9)   |
| Tax                  | 3,580   | 5,804   | (38.3)   | 1,914   | 87.0    |          |          | 9,965   | 15,663  | (36.4)   |
| Minority Interest    | 40      | (22)    | (282.3)  | 51      | (22.0)  |          |          | 78      | (15)    | (618.7)  |
| Reported PAT         | 14,695  | 17,770  | (17.3)   | 8,200   | 79.2    |          |          | 39,861  | 47,469  | (16.0)   |
| Adjusted PAT         | 14,695  | 17,770  | (17.3)   | 8,200   | 79.2    | 11,507   | 27.7     | 40,105  | 47,469  | (15.5)   |
| Adjusted PAT (%)     | 8.5     | 10.6    | -207 bps | 5.2     | 330 bps |          |          | 7.9     | 9.4     | -152 bps |
| Adj. EPS             | 51.0    | 61.5    | (17.1)   | 28.5    | 79.2    |          |          | 139.2   | 164.7   | (15.5)   |

Source: Company, YES Sec

## Exhibit 3: Quarterly Operational Performance Analysis (Console)

| Particulars (Rs m)  | 3QFY25 | 3QFY24 | YoY %  | 2QFY25 | QoQ%   | Our Est. | Var. (%) | 9MFY25 | 9MFY24 | YoY%   |
|---------------------|--------|--------|--------|--------|--------|----------|----------|--------|--------|--------|
| Total Volumes (MMT) | 30.4   | 27.3   | 11.2   | 27.8   | 9.1    | 30.3     | 0.2      | 90.2   | 84.1   | 7.3    |
| NSR/te (Blended)    | 5,661  | 6,127  | (7.6)  | 5,616  | 0.8    | 5,583    | 1.4      | 5,645  | 6,006  | (6.0)  |
| RM/te               | 1,085  | 972    | 11.7   | 1,048  | 3.6    |          |          | 1,047  | 963    | 8.7    |
| Employees/te        | 280    | 281    | (0.6)  | 328    | (14.7) |          |          | 278    | 272    | 1.9    |
| Power/te            | 1,311  | 1,529  | (14.3) | 1,378  | (4.9)  |          |          | 1,366  | 1,599  | (14.6) |
| Freight/te          | 1,255  | 1,325  | (5.3)  | 1,287  | (2.5)  |          |          | 1,284  | 1,336  | (3.9)  |
| Others/te           | 780    | 828    | (5.8)  | 849    | (8.2)  |          |          | 790    | 782    | 1.1    |
| Opex/te (Blended)   | 4,711  | 4,936  | (4.6)  | 4,891  | (3.7)  | 4,728    | (0.4)    | 4,764  | 4,953  | (3.8)  |
| EBITDA/te (Blended) | 951    | 1,191  | (20.2) | 725    | 31.1   | 855      | 11.1     | 881    | 1,053  | (16.3) |

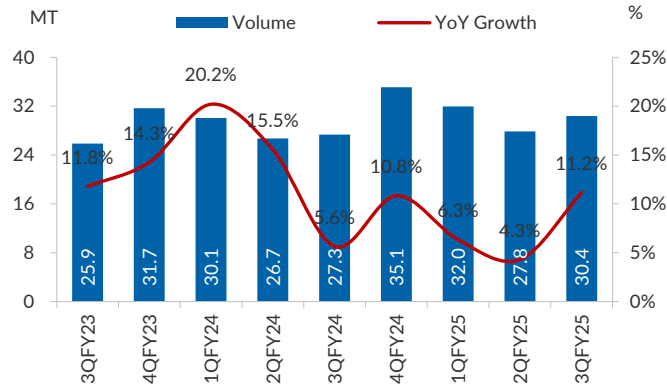
Source: Company, YES Sec

## KEY CON-CALL HIGHLIGHTS & ANALYSIS

- **Demand and Volume:** The South region, particularly Andhra Pradesh, is expected to drive demand recovery, improving volumes and pricing across the region. UTCEM's capacity in the South has grown significantly to 60 MT, achieving a 30% market share. Utilization in the East remains below 70%, while other regions are operating at around 75%.
- **Price:** Cement prices in the South have faced challenges in sustaining increases, with historical price disparity between Tamil Nadu/Kerala and Andhra Pradesh/Karnataka narrowing due to competition and demand shifts. Improving demand in Andhra Pradesh is expected to stabilize and boost regional prices.
- **CapEx and Expansion:** UTCEM has allocated RS. 8,000–9,000 cr for FY25 CapEx, funded entirely through internal accruals, with FY27 CapEx expected to drop to Rs. 6,000 cr. Recent clinker additions include 6.7 MT, with another 3.35 MT expected this quarter and 10 MT planned for FY26. The company is also testing inland waterways for eco-friendly and cost-effective logistics.
- **Cost Efficiency:** Efficiency improvements have reduced lead distances by 23 kms, saving Rs. 70/ton. Expanding WHRS has cut incremental power costs by 90%. The company aims to achieve a total cost reduction of Rs. 300 per ton by FY27, with measurable results expected by FY25.
- **India Cements:** Debt reduction at India Cements was achieved through asset monetization. UTCEM has not provided any loans or advances. India Cements' brands, such as CSK Cement, will be integrated into UTCEM, but there will be no association with IPL or cricket-related branding.
- **Kesoram:** The integration of Kesoram into UTCEM is on track for completion by Mar'25. Regulatory approvals for mines in Telangana and Karnataka are in advanced stages, with Rs. 500 cr allocated for CapEx improvements.
- **Debt Levels:** UTCEM's CapEx will be funded through internal accruals, ensuring debt levels remain stable. While debt reduction is expected to begin in FY26, FY25 levels will remain flat due to high CapEx. Debt at India Cements has been reduced through asset monetization, with no loans or advances provided by UTCEM. As on date, the consolidated net debt stands at Rs16160Cr (incl. Cost of open offer Rs3142Cr/ ICL's net debt is Rs12141Cr/ and India cement outstanding debt as of Dec'24 is Rs877Cr).
- **Future:** The company's UBS platform has strong growth potential, particularly in Tier 2 and Tier 3 towns, offering convenient solutions for individual homebuilders. Debt reduction is expected to start in FY26, with no significant increase in FY25 despite high CapEx. Andhra Pradesh's demand recovery will play a key role in future growth.

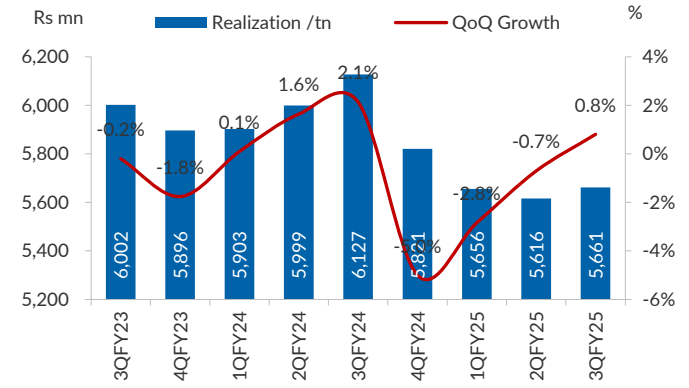
## QUATERLY CHARTS & ANALYSIS

**Exhibit 4: Volume recovery in 3Q despite sluggish demand**



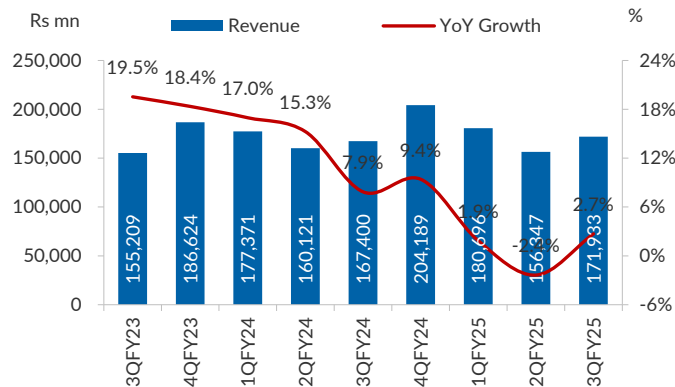
Source: Company, YES Sec

**Exhibit 5: Better realization led by strong brand equity and distributor networking in the industry**



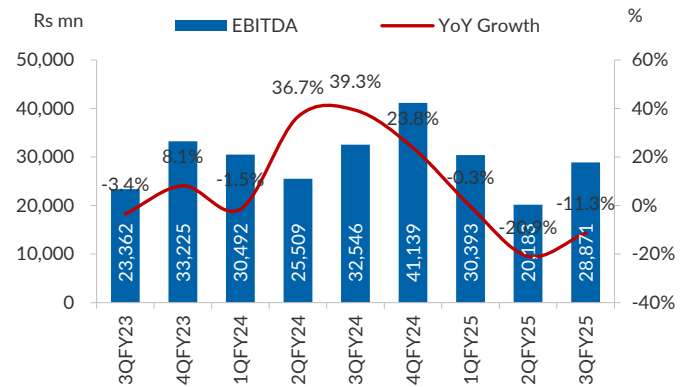
Source: Company, YES Sec

**Exhibit 6: Revenue increased led by better volume supported by marginal increase in realization**



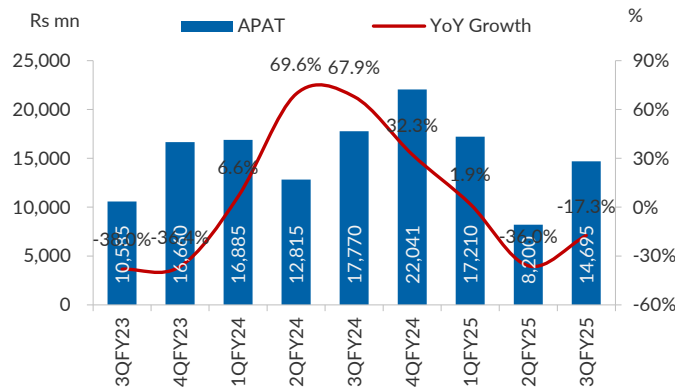
Source: Company, YES Sec

**Exhibit 7: EBITDA down by 11.3% YoY due high base impact but increased by 43% QoQ.**



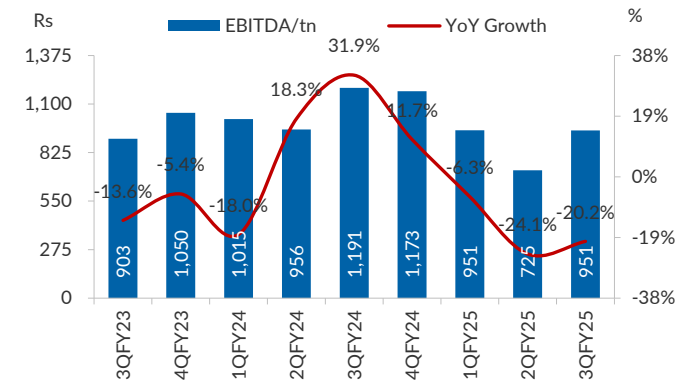
Source: Company, YES Sec

**Exhibit 8: Adj. PAT down by 17.3% YoY due to high base impact, however recovered by 79.2% on QoQ basis**



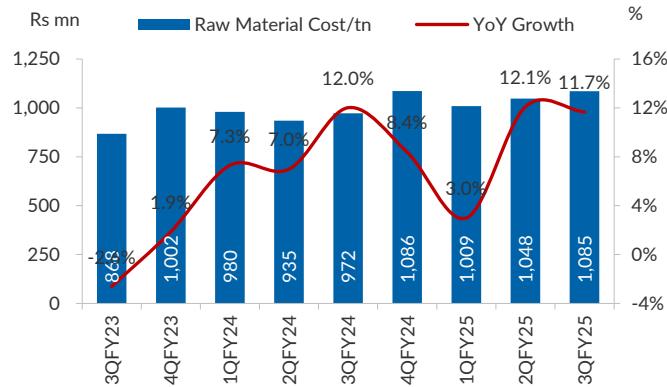
Source: Company, YES Sec

**Exhibit 9: EBITDA/tn have improved to Rs951 (+31.1% QoQ) led by better top-line growth with cost reduction**



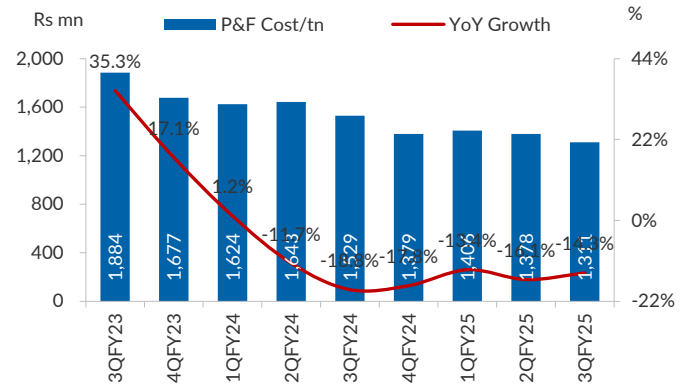
Source: Company, YES Sec

**Exhibit 10: RM cost/tn up by 11.7% YoY (+3.6% QoQ)**



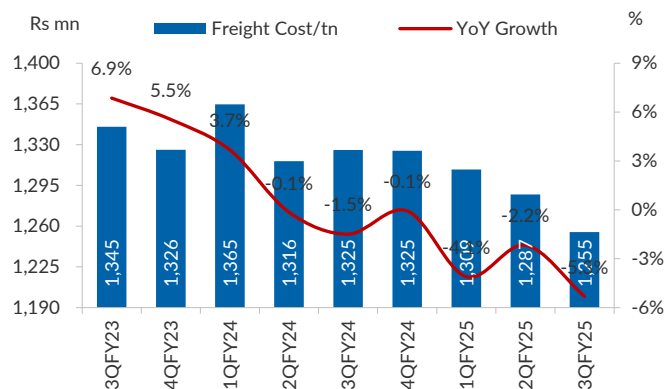
Source: Company, YES Sec

**Exhibit 11: P&F cost/tn down by 14.3% YoY (-4.9% QoQ) despite Rs48cr onetime charge levied by AP Govt.**



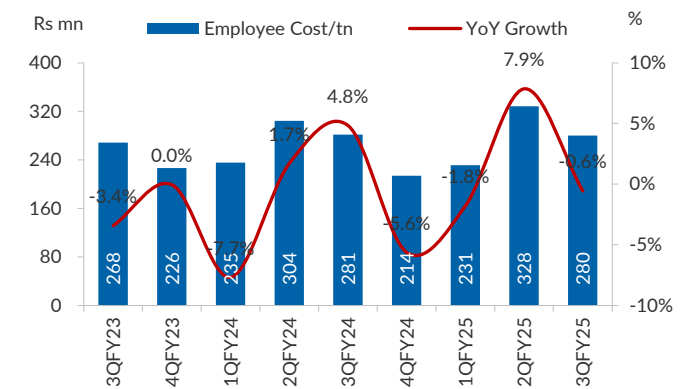
Source: Company, YES Sec

**Exhibit 12: Drop in logistic cost/tn due to reduction in lead distances by 23kms**



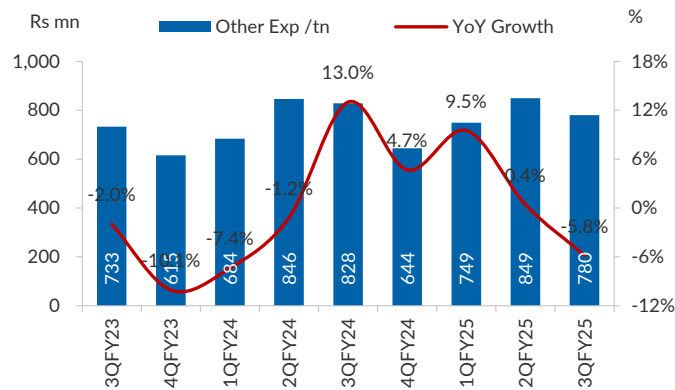
Source: Company, YES Sec

**Exhibit 13: Employee cost/tn down by 0.6% YoY (-14.7% QoQ) in the absence of half yearly bonus and incentives to the employees in 2Q FY25**



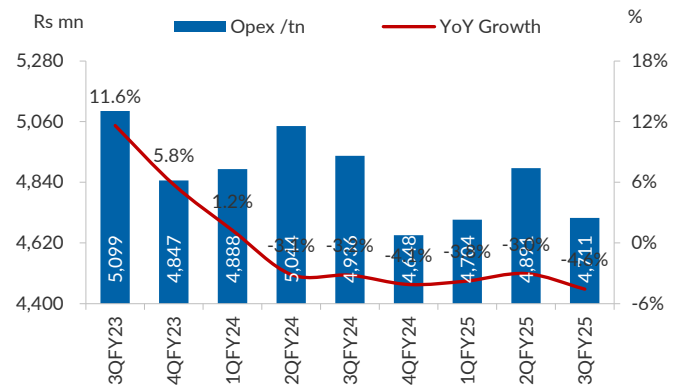
Source: Company, YES Sec

**Exhibit 14: Other exp/tn down by 5.8% YoY (-8.2% QoQ)**



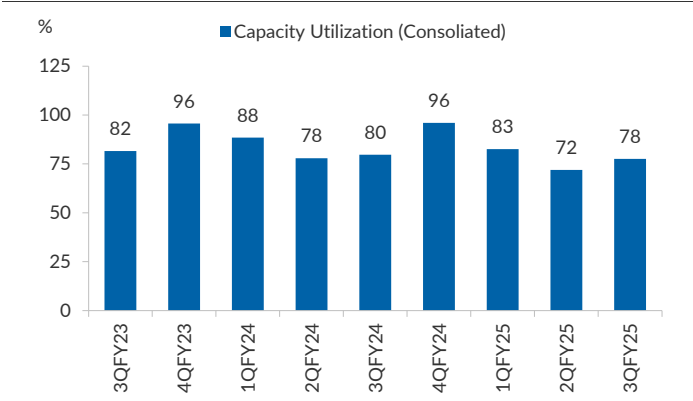
Source: Company, YES Sec

**Exhibit 15: Opex/tn down by 4.6% YoY (-3.7% QoQ)**



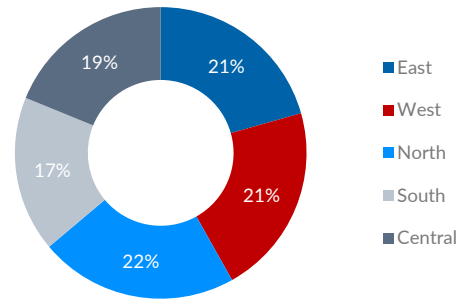
Source: Company, YES Sec

**Exhibit 16: Capacity utilization (Incl. overseas) improved to 78% in 3QFY25**



Source: Company, YES Sec

**Exhibit 17: Regional Mix as on date and further adding to reach 184mtpa by FY27E**



Source: Company, YES Sec

**Exhibit 18: Domestic growth plans on track**

| Particulars                                 | Unit                      | Project | Cement Capacity (Mtpa) | Timelines        |
|---|---------------------------|---------|------------------------|------------------|
| <b>Capacity as at Mar-24</b>                |                           |         |                        | <b>140.8</b>     |
| <b>Till Dec'24</b>                          | Karur, Tamil Nadu         | GU      | G                      | 2.7 Commissioned |
|   | Kukurdi, Chhattisgarh     | IU      | G                      | 2.7 Commissioned |
|   | Jharsuguda, Odisha        | GU      | B                      | 0.4 Commissioned |
|   | APCW, Andhra Pradesh      | IU      | B                      | 1.8 Commissioned |
|   | Arakkonam, Tamil Nadu     | GU      | B                      | 1.2 Commissioned |
|   | Kukurdi, Chattisgarh      | GU      | B                      | 0.6 Commissioned |
|   | Karur, Tamil Nadu         | GU      | B                      | 0.6 Q4 FY25      |
|   | Sonar Bangla, West Bengal | GU      | B                      | 0.6 Q4 FY25      |
|   | Durgapur, West Bengal     | GU      | B                      | 0.6 Q4 FY25      |
|   | Maihar, Madhya Pradesh    | IU      | B                      | 4.5 Q4 FY25      |
| Lucknow, Uttar Pradesh                      | BT                        | G       | 1.8 Q4 FY25            |                  |
| Panvel, Maharashtra                         | BT                        | B       | 1.0 Q4 FY25            |                  |
| <b>Capacity addition in FY25 (Excl. BT)</b> |                           |         |                        | <b>15.7</b>      |

| Particulars                               | Unit | Project | Cement Capacity (Mtpa) |             |
|---|------|---------|------------------------|-------------|
| <b>To be commissioned in FY26</b>         |      |         |                        |             |
| Patratu, Jharkhand                        | GU   | B       | 2.5                    |             |
| Shahjahanpur, Uttar Pradesh               | GU   | G       | 1.8                    |             |
| Nathdwara, Rajasthan                      | IU   | B       | 1.2                    |             |
| Dhule, Maharashtra                        | GU   | B       | 1.8                    |             |
| Visakhapatnam, Andhra Pradesh             | GU   | G       | 3.3                    |             |
| Parli, Maharashtra                        | GU   | B       | 1.2                    |             |
| <b>To be commissioned in FY27</b>         |      |         |                        |             |
| Aligarh, Uttar Pradesh                    | GU   | B       | 2.7                    |             |
| Bihar                                     | GU   | G       | 3.3                    |             |
| West Bengal                               | GU   | G       | 3.3                    |             |
| APCW, Andhra Pradesh                      | IU   | B       | 2.7                    |             |
| Andhra Pradesh                            | IU   | G       | 2.7                    |             |
| Gujarat                                   | BT   | G       | 1.2                    |             |
| Karnataka                                 | BT   | G       | 1.2                    |             |
| Assam                                     | BT   | G       | 1.2                    |             |
| Tamil Nadu                                | BT   | G       | 1.8                    |             |
| <b>Capacity addition in FY26 and FY27</b> |      |         |                        | <b>26.5</b> |

Source: Company, YES Sec

**Exhibit 19: Long-term growth plan details**



Source: Company, YES Sec

## Exhibit 20: Change in estimates

| Rs mn             | New Estimates |         |         | Old Estimates |         |         | Change (%) |       |       |
|-------------------|---------------|---------|---------|---------------|---------|---------|------------|-------|-------|
|                   | FY25E         | FY26E   | FY27E   | FY25E         | FY26E   | FY27E   | FY25E      | FY26E | FY27E |
| Revenue           | 713,823       | 852,531 | 965,860 | 714,871       | 812,375 | 920,776 | (0.15)     | 4.94  | 4.90  |
| EBITDA            | 119,788       | 150,613 | 189,608 | 112,812       | 139,727 | 175,842 | 6.2        | 7.8   | 7.8   |
| EBITDA Margin (%) | 16.8          | 17.7    | 19.6    | 15.8          | 17.2    | 19.1    | 100bps     | 47bps | 53bps |
| APAT              | 57,874        | 74,936  | 102,245 | 51,022        | 66,296  | 91,628  | 13.4       | 13.0  | 11.6  |
| Adj. EPS (Rs)     | 200.5         | 259.6   | 354.2   | 177           | 230     | 317     | 13.5       | 13.1  | 11.6  |

Source: Company, YES Sec

## Exhibit 21: Annual Operational Performance Estimates (Console)

| Operating Details         | FY23  | FY24  | FY25E | FY26E | FY27E |
|---------------------------|-------|-------|-------|-------|-------|
| Volume (mt)               | 105.6 | 119.1 | 125.9 | 150.1 | 168.3 |
| YoY (%)                   | 12.4  | 12.8  | 5.7   | 19.2  | 12.1  |
| Utilization (%)           | 80    | 81    | 77    | 75    | 78    |
| Realization (Rs)          | 5,988 | 5,952 | 5,668 | 5,681 | 5,739 |
| YoY (%)                   | 7.0   | (0.6) | (4.8) | 0.2   | 1.0   |
| Cost per tonne (Rs)       |       |       |       |       |       |
| Raw Material Cost (Rs/mt) | 920   | 999   | 1,055 | 1,097 | 1,134 |
| Employee Cost/tn (Rs)     | 259   | 255   | 280   | 281   | 282   |
| Power & Fuel Cost (Rs/mt) | 1,751 | 1,535 | 1,355 | 1,255 | 1,135 |
| Freight Cost/tn (Rs)      | 1,326 | 1,333 | 1,268 | 1,276 | 1,285 |
| Other Expenses (Rs/mt)    | 726   | 742   | 760   | 769   | 777   |
| Blended EBITDA(Rs/tn)     | 1,006 | 1,089 | 951   | 1,004 | 1,127 |

Source: Company, YES Sec

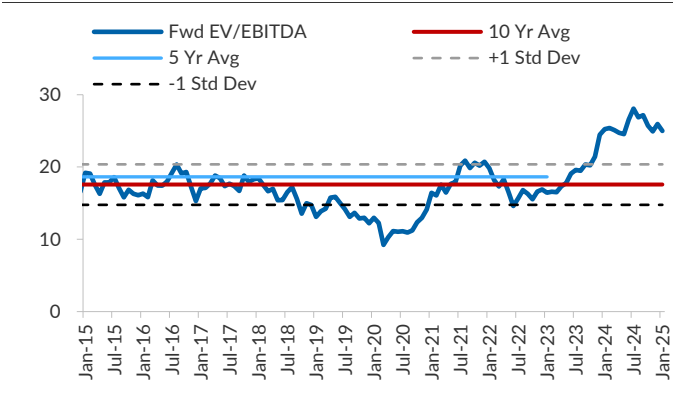
## Exhibit 22: Valuation Summary

| Valuation               | Rs mn     |
|-------------------------|-----------|
| Sep'26 e EBITDA (Rs mn) | 170,110   |
| Target Multiple (x)     | 16        |
| EV (Rs mn)              | 2,721,762 |
| Less: Net Debt (Rs mn)  | 112,232   |
| Equity Value (Rs mn)    | 2,609,530 |
| No of Shares (in mn)    | 289       |
| Value of shares (Rs)    | 9,039     |
| CMP (Rs)                | 11,296    |
| Upside / (downside)     | -20%      |

Source: Company, YES Sec

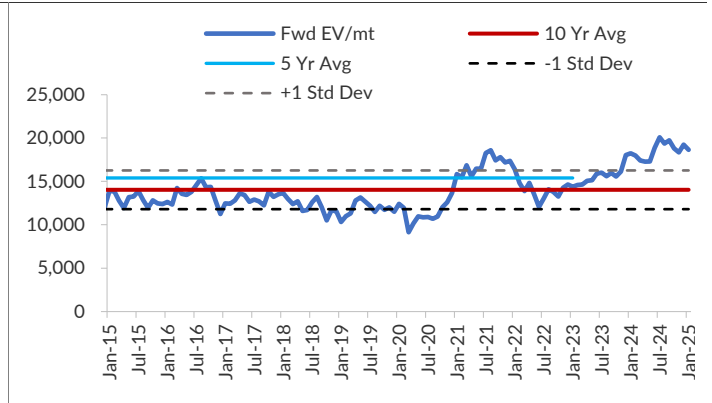


**Exhibit 23: 1-yr forward EV/EBITDA band**



Source: Company, YES Sec

**Exhibit 24: 1-yr forward EV/te (\$) band**



Source: Company, YES Sec



## FINANCIALS

**Exhibit 25: Balance Sheet (Console)**

| YE March (Rs mn)            | FY23           | FY24             | FY25E            | FY26E            | FY27E            |
|-----------------------------|----------------|------------------|------------------|------------------|------------------|
| <i>Sources of funds</i>     |                |                  |                  |                  |                  |
| Eq. Share Capital           | 2,887          | 2,887            | 2,887            | 2,887            | 2,887            |
| Reserves & Surplus          | 540,359        | 599,388          | 637,054          | 690,338          | 769,479          |
| <b>Shareholders' Funds</b>  | <b>543,245</b> | <b>602,275</b>   | <b>639,941</b>   | <b>693,225</b>   | <b>772,366</b>   |
| Non-Controlling Interest    | 556            | 559              | 549              | 538              | 528              |
| Total Loan Funds            | 110,577        | 114,030          | 177,840          | 185,260          | 160,388          |
| Other liabilities           | 72,079         | 73,627           | 73,689           | 75,478           | 76,941           |
| <b>Total Liabilities</b>    | <b>913,870</b> | <b>1,008,020</b> | <b>1,104,614</b> | <b>1,208,408</b> | <b>1,297,882</b> |
| <i>Application of funds</i> |                |                  |                  |                  |                  |
| Net Block                   | 520,594        | 556,159          | 601,085          | 676,103          | 709,697          |
| Right use of Assets         | 11,904         | 9,163            | 9,254            | 9,347            | 9,440            |
| Capital WIP                 | 40,349         | 67,828           | 76,500           | 40,000           | 31,500           |
| Investments                 | 72,970         | 82,490           | 135,816          | 150,933          | 163,284          |
| Other non-current assets    | 118,991        | 115,646          | 115,846          | 126,012          | 134,335          |
| Inventories                 | 66,118         | 83,297           | 68,890           | 82,091           | 93,893           |
| Trade Receivables           | 38,670         | 42,782           | 40,998           | 48,965           | 55,474           |
| Cash & Bank Balances        | 11,496         | 7,832            | 13,112           | 23,470           | 41,927           |
| Other current Assets        | 32,779         | 42,825           | 43,111           | 51,488           | 58,333           |
| Total Current Assets        | 149,063        | 176,736          | 166,112          | 206,014          | 249,627          |
| Trade Payables              | 72,093         | 84,783           | 78,963           | 94,306           | 106,843          |
| Other Current Liabilities   | 115,318        | 132,746          | 133,633          | 159,601          | 180,817          |
| Total Current Liabilities   | 187,411        | 217,529          | 212,596          | 253,907          | 287,660          |
| Net Current Assets          | (26,889)       | (37,476)         | (72,071)         | (73,918)         | (37,726)         |
| <b>Total Assets</b>         | <b>913,870</b> | <b>1,008,020</b> | <b>1,104,614</b> | <b>1,208,408</b> | <b>1,297,882</b> |

Source: Company, YES Sec

## Exhibit 26: Income statement (Console)

| YE March (Rs mn)                        | FY23           | FY24           | FY25E          | FY26E          | FY27E          |
|---|----------------|----------------|----------------|----------------|----------------|
| Net Sales                               | 632,400        | 709,081        | 713,823        | 852,531        | 965,860        |
| <i>Expenses:</i>                        |                |                |                |                |                |
| Raw Materials                           | 97,150         | 119,029        | 132,872        | 164,648        | 190,875        |
| Employee Cost                           | 27,390         | 30,376         | 35,255         | 42,168         | 47,466         |
| P&F Cost                                | 184,913        | 182,833        | 170,585        | 188,280        | 190,956        |
| Freight cost                            | 140,092        | 158,807        | 159,671        | 191,482        | 216,257        |
| Other Expenses                          | 76,657         | 88,351         | 95,652         | 115,340        | 130,698        |
| <b>EBITDA</b>                           | <b>106,199</b> | <b>129,686</b> | <b>119,788</b> | <b>150,613</b> | <b>189,608</b> |
| Depreciation & Amortization             | 28,880         | 31,453         | 36,401         | 41,482         | 44,906         |
| <b>EBIT</b>                             | <b>77,319</b>  | <b>98,233</b>  | <b>83,387</b>  | <b>109,130</b> | <b>144,701</b> |
| Other Income                            | 5,031          | 6,170          | 6,224          | 6,276          | 6,331          |
| Finance cost                            | 8,227          | 9,680          | 12,583         | 15,663         | 14,910         |
| Exceptional items                       | -              | (720)          | -              | -              | -              |
| <b>PBT</b>                              | <b>74,122</b>  | <b>94,002</b>  | <b>77,028</b>  | <b>99,743</b>  | <b>136,122</b> |
| Tax Expenses                            | 23,429         | 24,183         | 19,257         | 24,936         | 34,030         |
| Share in Profit / (Loss) of Asso and JV | 40             | 220            | 92             | 118            | 143            |
| Minority Interest                       | 94             | (10)           | (11)           | (11)           | (11)           |
| Profit from discontinued operations     | -              | -              | -              | -              | -              |
| <b>RPAT</b>                             | <b>50,640</b>  | <b>70,050</b>  | <b>57,874</b>  | <b>74,936</b>  | <b>102,245</b> |
| <b>APAT</b>                             | <b>50,640</b>  | <b>70,590</b>  | <b>57,874</b>  | <b>74,936</b>  | <b>102,245</b> |

Source: Company, YES Sec

## Exhibit 27: Cash Flow (Console)

| YE March (Rs mn)                   | FY23            | FY24            | FY25E            | FY26E            | FY27E           |
|------------------------------------|-----------------|-----------------|------------------|------------------|-----------------|
| Operating profit before WC changes | 105,298         | 130,291         | 126,104          | 157,007          | 196,082         |
| Net chg in working capital         | (3,370)         | (4,811)         | 10,982           | 12,084           | 8,856           |
| Income tax Paid                    | (11,243)        | (16,505)        | (19,257)         | (24,936)         | (34,030)        |
| <b>CFO</b>                         | <b>90,685</b>   | <b>108,975</b>  | <b>117,829</b>   | <b>144,155</b>   | <b>170,907</b>  |
| <i>Adj. CFO</i>                    | 83,670          | 100,441         | 105,246          | 128,492          | 155,997         |
| Capital expenditure                | (62,195)        | (90,056)        | (89,945)         | (80,114)         | (70,128)        |
| Other Investments                  | (9,676)         | 2,175           | (53,673)         | (25,261)         | (20,639)        |
| <b>CFI</b>                         | <b>(71,871)</b> | <b>(87,881)</b> | <b>(143,619)</b> | <b>(105,375)</b> | <b>(90,767)</b> |
| <i>Adj FCF</i>                     | 21,475          | 10,385          | 15,301           | 48,378           | 85,869          |
| Change in Equity                   | 47              | 19              | (0)              | -                | -               |
| Debt (Incl. Interest)              | (5,525)         | (8,492)         | 51,278           | (6,771)          | (38,580)        |
| Dividend                           | (10,913)        | (10,944)        | (20,208)         | (21,651)         | (23,104)        |
| Others                             | 81              | 161             | -                | -                | -               |
| <b>CFF</b>                         | <b>(16,310)</b> | <b>(19,257)</b> | <b>31,070</b>    | <b>(28,423)</b>  | <b>(61,684)</b> |
| Net chg in cash                    | 2,504           | 1,838           | 5,280            | 10,358           | 18,457          |
| Opening Cash & Eq                  | 3,592           | 11,496          | 7,832            | 13,112           | 23,470          |
| Other Adj:                         | 5,400           | (5,502)         | -                | -                | -               |
| <b>Closing Cash &amp; Eq</b>       | <b>11,496</b>   | <b>7,832</b>    | <b>13,112</b>    | <b>23,470</b>    | <b>41,927</b>   |

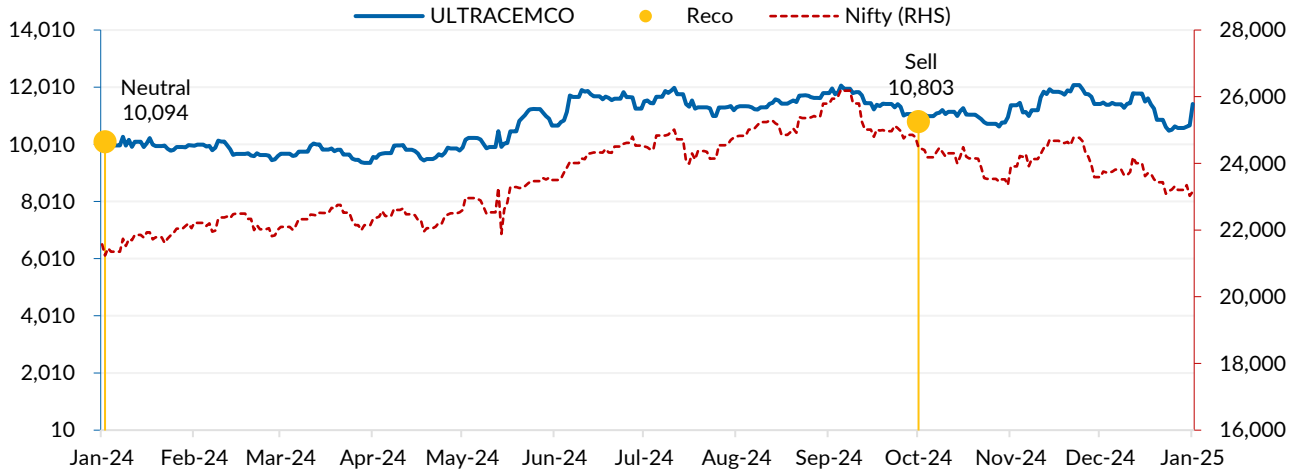
Source: Company, YES Sec

## Exhibit 28: Ratio Analysis (Console)

| YE March                        | FY23      | FY24      | FY25E     | FY26E     | FY27E     |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Growth Ratio (%)</b>         |           |           |           |           |           |
| Revenue                         | 20        | 12        | 1         | 19        | 13        |
| EBITDA                          | (8)       | 22        | (8)       | 26        | 26        |
| Adjusted PAT                    | (31)      | 39        | (18)      | 29        | 36        |
| <b>Margin Ratios (%)</b>        |           |           |           |           |           |
| Gross Profit                    | 85        | 83        | 81        | 81        | 80        |
| EBITDA                          | 17        | 18        | 17        | 18        | 20        |
| EBIT                            | 13        | 15        | 13        | 14        | 16        |
| Core PBT                        | 11        | 12        | 10        | 11        | 13        |
| Adjusted PAT                    | 8         | 10        | 8         | 9         | 11        |
| <b>Return Ratios (%)</b>        |           |           |           |           |           |
| ROE                             | 10        | 12        | 9         | 11        | 14        |
| ROCE                            | 9         | 11        | 9         | 10        | 13        |
| <b>Turnover Ratios (days)</b>   |           |           |           |           |           |
| <b>Gross Block Turnover (x)</b> | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  |
| Adj OCF/Adj PAT (%)             | 165       | 142       | 182       | 171       | 153       |
| <b>Inventory</b>                | <b>35</b> | <b>38</b> | <b>39</b> | <b>32</b> | <b>33</b> |
| Debtors                         | 20        | 21        | 21        | 19        | 20        |
| Creditors                       | 38        | 40        | 42        | 37        | 38        |
| Cash conversion cycle           | 18        | 19        | 18        | 14        | 15        |
| <b>Solvency Ratio (x)</b>       |           |           |           |           |           |
| Debt-equity                     | 0         | 0         | 0         | 0         | 0         |
| Net debt-equity                 | 0         | 0         | 0         | 0         | 0         |
| <b>Gross Debt/EBITDA</b>        | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  |
| Current Ratio                   | 1         | 1         | 1         | 1         | 1         |
| Interest coverage ratio         | 10        | 11        | 7         | 7         | 10        |
| <b>Dividend</b>                 |           |           |           |           |           |
| DPS                             | 38        | 70        | 75        | 80        | 85        |
| Dividend Yield (%)              | 1         | 1         | 1         | 1         | 1         |
| Dividend Payout (%)             | 22        | 29        | 37        | 31        | 24        |
| <b>Per share Ratios (Rs)</b>    |           |           |           |           |           |
| Basic EPS (reported)            | 175       | 243       | 200       | 260       | 354       |
| Adjusted EPS                    | 175       | 245       | 200       | 260       | 354       |
| CEPS                            | 275       | 353       | 327       | 403       | 510       |
| BVPS                            | 1,884     | 2,088     | 2,219     | 2,403     | 2,677     |
| <b>Valuation (x)*</b>           |           |           |           |           |           |
| Adj P/E                         | 38        | 36        | 57        | 44        | 32        |
| P/BV                            | 4         | 4         | 5         | 5         | 4         |
| EV/EBITDA                       | 18        | 20        | 28        | 22        | 17        |
| EV/Sales                        | 3         | 4         | 5         | 4         | 3         |
| <b>Adj Mcap / Core PBT</b>      | <b>27</b> | <b>28</b> | <b>45</b> | <b>34</b> | <b>24</b> |
| Adj Mcap / Adj OCF              | 22        | 24        | 30        | 25        | 20        |

Source: Company, YES Sec

## Recommendation Tracker



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Analyst signature

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