

Cement | Q2FY24 Result Update

Profitability to improve; Capacity addition to support growth

- ACEM reported results broadly in line, however EBITDA below estimates, whereas APAT above estimates.
- ACEM posted +8.0% YoY revenue to Rs39.7 bn (-16.1% QoQ) led by +7.0% YoY in volume to 7.6mt (-16.5% QoQ) coupled with +0.9% YoY in realization/tn to Rs5,223 (+0.5% QoQ). EBITDA/ APAT +147.0%/ +317.8% YoY to Rs7.7 bn/ Rs6.4 bn in Q2FY24.
- We expect +3.7%/ +17.1%/ +5.3% revenue/ EBITDA/ APAT CAGR over FY23-FY26E led by -8.4% (+14.2% like to like)/ +5.7%/ +15.6% volume growth and -0.3%/ 0.0%/ 0.0% cement realization growth in FY24E/ FY25E/ FY26E.
- We maintain our EBITDA estimates for FY24E, however marginally increase by 1.8% for FY25E factoring higher volume and realization. We introduce FY26E. Stock has corrected by 12% since our last result update on 2nd Aug'23. As we roll over to FY26E, we upgrade from Sell to Accumulate with a revised TP of Rs472.

Outlook and Valuation

We factor 12.2mtpa/ 7mtpa capacity addition through organic route in FY25E/ FY26E. With this ACEM's capacity to increase from 31.5mtpa (Q2FY24) to 43.7/ 50.7mtpa by FY25E/ FY26E and combined with ACC its total capacity to increase from 68.5mtpa (Q2FY24) to 68.5/ 80.7/ 87.7mtpa by FY24E/ FY25E/ FY26E. Though management maintains its guidance of doubling Group's capacity from 68.5 (Q2FY24) to 140mtpa over 5 years. We are not factoring 24% rise in equity shares due to 477.48mn (Rs418.87/ warrant, Rs200 bn) warrants conversion by FY24E.

We factor significant improvement in EBITDA/tn from Rs852/ Rs1,018/ Rs1,031 in FY23/ Q2FY24/ H1FY24 to Rs1,114/ Rs1,190/ Rs1,222 in FY24E/ FY25E/ FY26E. Stock has corrected by 12% since our last result update on 2nd Aug'23. As we roll over to FY26E, we upgrade from Sell to Accumulate with a revised TP of Rs472 based on (14x standalone FY26E EV/EBITDA) and ACEM's 50%/ 57% stake in ACC/ SNGI at 20%/ 20% holding discount. **Key Risk – Lower volume/ profitability vs. expected.**

Q2FY24 Result (Rs Mn)

Particulars	Q2FY24	Q3FY23	YoY (%)	Q1FY24	QoQ (%)
Revenue	39,698	36,756	8.0	47,297	(16.1)
Total Expense	31,964	33,625	(4.9)	37,812	(15.5)
EBITDA	7,734	3,131	147.0	9,486	(18.5)
Depreciation	2,286	1,572	45.4	2,319	(1.4)
EBIT	5,449	1,559	249.6	7,167	(24.0)
Other Income	3,781	395	858.3	1,895	99.6
Interest	435	228	90.8	396	9.8
EBT	8,795	1,573	459.1	8,665	1.5
Tax	2,357	184	1180.1	2,216	6.3
RPAT	6,438	1,389	363.5	6,449	(0.2)
APAT	6,438	1,541	317.8	6,449	(0.2)
			(bps)		(bps)
Gross Margin (%)	35.9	30.6	530	34.4	146
EBITDA Margin (%)	19.5	8.5	1097	20.1	(57)
NPM (%)	16.2	3.8	1244	13.6	258
Tax Rate (%)	26.8	11.7	1509	25.6	122
EBIT Margin (%)	13.7	4.2	948	15.2	(143)

CMP	Rs 407
Target / Upside	Rs 472 / 16%
NIFTY	18,989

Scrip Details

Equity / FV	Rs 3,971mn / Rs 2
Market Cap	Rs 807bn
	USD 9.8bn
52-week High/Low	Rs 598/ 315
Avg. Volume (no)	33,18,240
Bloom Code	ACEM IN

Price Performance	1M	3M	12M
Absolute (%)	(4)	(12)	(25)
Rel to NIFTY (%)	(5)	(13)	(34)

Shareholding Pattern

	Mar'23	Jun'23	Sep'23
Promoters	63.2	63.2	63.2
MF/Banks/FIs	5.8	5.6	6.5
FIs	11.2	12.5	11.7
Public / Others	19.8	18.8	18.7

Valuation (x)

	FY24E	FY25E	FY26E
P/E	31.1	30.5	27.5
EV/EBITDA	20.1	18.3	15.7
ROE (%)	8.8	8.4	8.6
RoACE (%)	8.8	8.0	8.2

Estimates (Rs bn)

	FY24E	FY25E	FY26E
Revenue	182.5	192.9	222.9
EBITDA	38.5	43.5	51.7
PAT	26.0	26.5	29.4
EPS (Rs.)	13.1	13.4	14.8

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EBITDA/tn +130.8% YoY/ -2.4% QoQ

In line volume (+7.0% YoY/ -16.5% QoQ to 7.6mt), in line realization/tn (+0.9% YoY/ +0.5% QoQ to Rs5,223) and in line cost/tn (-11.2% YoY/ +1.2% QoQ to Rs4,206) resulted in EBITDA/tn to Rs1,018.

Exhibit 1: Actual V/s DART estimates (Rs mn)

Particulars (Rs mn)	Actual	DART Est	% Variance	Comments
Revenue	39,698	41,537	(4.4)	In line
EBITDA	7,734	8,393	(7.8)	0%/ +0.9% realization/ cost vs. estimates
EBITDA %	19.5	20.2	(72 bps)	-
APAT	6,438	5,583	15.3	Higher other income and lower finance cost

Source: Company, DART

Exhibit 2: Change in estimates

Particulars (Rs mn)	FY24E			FY25E			FY26E
	New	Old	Chg (%)	New	Old	Chg (%)	Introduced
Net revenues	1,82,457	1,82,793	(0.2)	1,92,914	1,87,689	2.8	2,22,922
EBITDA	38,540	38,388	0.4	43,544	42,778	1.8	51,657
EBITDA margin (%)	21.1	21.0	12 bps	22.6	22.8	(22 bps)	23.2
Adj. Net Profit	25,979	24,592	5.6	26,514	25,964	2.1	29,386
EPS (Rs)	13.1	12.4	5.6	13.4	13.1	2.1	14.8

Source: DART, Company

We maintain our revenue and EBITDA estimates for FY24E, however increase APAT by 5.6% for FY24E factoring higher other income. For FY25E, we increase our revenue/ EBITDA estimates by 2.8%/ 1.8% factoring marginally higher volume and realization. Accordingly, we increase APAT by 2.1%. We introduce FY26E.

Exhibit 3: Volume, Realization and Cost/tn Analysis

Particulars	Q2FY24	Q3FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
Volume (mt)	7.6	7.1	7.0	9.1	(16.5)	16.7	14.5	15.3
Realization/ tn (Rs)	5,223	5,177	0.9	5,197	0.5	5,209	5,296	(1.6)
EBITDA/ tn (Rs)	1,018	441	130.8	1,042	(2.4)	1,031	690	49.5
Cost/ tn (Rs)	4,206	4,736	(11.2)	4,155	1.2	4,178	4,606	(9.3)
Raw Material Cost/ tn (Rs)	956	416	130.0	970	(1.4)	964	425	126.6
Employee Expenses/ tn (Rs)	196	217	(9.7)	186	5.3	191	220	(13.3)
Power and Fuels/ tn (Rs)	1,270	1,993	(36.3)	1,287	(1.3)	1,280	1,888	(32.2)
Freight Expenses/ tn (Rs)	1,122	1,183	(5.2)	1,150	(2.5)	1,137	1,205	(5.6)
Other expenses/ tn (Rs)	662	926	(28.6)	562	17.8	607	868	(30.0)

Source: Company, DART

Exhibit 4: % of Revenue

Particulars	Q2FY24	Q3FY23	Bps	Q1FY24	Bps	H1FY24	H1FY23	Bps
Raw Material Cost	18.3	8.0	1,027	18.7	(36)	18.5	8.0	1,047
Employee Expenses	3.8	4.2	(44)	3.6	17	3.7	4.2	(49)
Power and Fuels	24.3	38.5	(1,419)	24.8	(45)	24.6	35.7	(1,109)
Freight Expenses	21.5	22.9	(138)	22.1	(65)	21.8	22.8	(92)
Other expenses	12.7	17.9	(523)	10.8	186	11.7	16.4	(473)

Source: Company, DART

Exhibit 5: Income statement (Standalone)

Particulars (Rs mn)	Q2FY24	Q3FY23	YoY (%)	Q1FY24	QoQ (%)	H1FY24	H1FY23	YoY (%)
Revenue from operation	39,698	36,756	8.0	47,297	(16.1)	86,995	76,739	13.4
Other Operating Income	0	0	-	0	-	0	0	-
Total Revenue	39,698	36,756	8.0	47,297	(16.1)	86,995	76,739	13.4
Raw Material Cost	7,268	2,953	146.2	8,827	(17.7)	16,095	6,163	161.2
Employee Expenses	1,490	1,542	(3.4)	1,694	(12.1)	3,184	3,188	(0.1)
Power and Fuel	9,653	14,154	(31.8)	11,715	(17.6)	21,368	27,360	(21.9)
Freight Cost	8,525	8,401	1.5	10,465	(18.5)	18,990	17,459	8.8
Other expenses	5,028	6,576	(23.5)	5,110	(1.6)	10,138	12,574	(19.4)
Total Expenditure	31,964	33,625	(4.9)	37,812	(15.5)	69,775	66,743	4.5
PBIDT (Excl. OI)	7,734	3,131	147.0	9,486	(18.5)	17,220	9,996	72.3
Other Income	3,781	395	858.3	1,895	99.6	5,676	6,704	(15.3)
Depreciation	2,286	1,572	45.4	2,319	(1.4)	4,605	3,113	47.9
EBIT	9,230	1,953	372.5	9,061	1.9	18,291	13,587	34.6
Interest	435	228	90.8	396	9.8	831	479	73.6
PBT (Excl. Exceptional Items)	8,795	1,725	409.8	8,665	1.5	17,460	13,108	33.2
Exceptional Items	-	(152)	-	0	-	-	(152)	-
PBT (Incl. Exceptional Items)	8,795	1,573	459.1	8,665	1.5	17,460	12,956	34.8
Tax	2,357	184	1,180.1	2,216	6.3	4,573	1,079	323.8
RPAT	6,438	1,389	363.5	6,449	(0.2)	12,887	11,877	8.5
Adjustment	-	152	-	-	-	-	(1,793)	-
APAT	6,438	1,541	317.8	6,449	(0.2)	12,887	10,084	27.8
Adj. EPS (Rs)	3.2	0.78	317.8	3.25	(0.2)	6.49	5.08	27.8
			bps		bps			bps
EBIDTA Margin (excl. O.I.)	19.5	8.5	1,097	20.1	(57)	19.8	13.0	677
Tax Rate (%)	26.8	11.7	1,509	25.6	122	26.2	8.3	1,786
NPM (%)	16.2	4.2	1,203	13.6	258	14.8	13.1	167

Source: Company, DART

Exhibit 6: Valuation

Particulars	(Rs mn)
Assumed EV/EBITDA multiple (x)	14.0
EBITDA (FY26E)	51,657
EV	7,23,197
Less: Net Debt (FY26E)	1,375
MCap	7,21,822
Shares o/s	1,986
(a) Value/share (Rs)	364
50% of FY26E Capital WIP	17,710
(b) Value/share (Rs.)	9
ACC MCap based on our TP	4,61,357
ACEM's stake (50.05%) value in ACC	2,30,909
Holding company discount (%)	20
ACEM's stake value in ACC post discount	1,84,727
(c) Value/share (Rs.)	93
Ambuja's stake (56.74%) value in Sanghi Industries	16,742
Holding company discount (%)	20
Ambuja's stake value in ACC post discount	13,394
(d) Value/share (Rs.)	7
Target price (Rs.) (a+b+c+d)	472
CMP (Rs.)	407
Up/(down)side (%)	16.1

Source: Company, DART

Earnings Call KTAs

Demand & Volume

- Adani (ACEM & ACC) faced severe flood situation in the Northern (HP) region coupled with heavy monsoon in Central region in Jul'23 which impacted the volume in Q2FY24. However, company witnessed improvement in demand in Aug and Sep'23. It continues to see similar trend in Oct'23 and has seen healthy double digit growth in topline so far in Oct'23. Post Nov'23, company expects demand to be 8-10% YoY in the Eastern region.
- Clinker production (ACC + ACEM) stood at 17.4mt in H1FY24.
- Guidance** – ACEM expects volume growth of 10-15% over next 2-3 years. Company maintains its guidance of doubling its group (ACEM + ACC) capacity from current 67.5mtpa to 140mtpa by FY28.
- Consolidated trade share** stood at ~79% in Q2FY24 vs. 77-78%/ 79%/ 79% in Q1FY24/ Q5FY23/ Q4FY23.
- Blended cement** in Q2FY24 stood at 89% vs. 92%/ 92%/ 91% in Q1FY24/ Q5FY23/ Q4FY23.
- Premium share of trade sales** stood at 23.4% in Q2FY24 vs. 23%/ 22% in Q1FY24/ Q5FY23.
- Rail:Road mix** stood at 28:72 in Q2FY24 vs. 29:71/ 30:70/ 26:74 in Q1FY24/ Q5FY23/ Q3FY23. Direct dispatches increased from 44% to 49% in Q2FY24.
- Lead distance** stood at 165 kms in Q2FY24 vs. 170 kms/ 174 kms in Q1FY24/ Q3FY23; **company plans to reduce distance to 100kms as they expand their capacities to cater new and existing markets.**

Price

- Company mentioned that prices have remained steady during the quarter.

Profitability

- **Company is targeting an EBITDA/tn of Rs1,450-1,500** incl. other income (both ACC and ACEM to witness improvement) over 3 years period primarily led by continued focus on cost reduction and synergies in operations. **Company will try to reduce the profitability gap between ACC and ACEM.**

Cost

- **RM Cost** – RM cost increased on account of flyash, gypsum, clinker and limestone purchases in Q2FY24. Company has been taking initiatives like long term sourcing of flyash, manufacturing of synthetic gypsum to reduce the cost. Company mentioned that coal advances to Adani is nil for ACEM in Q1FY24 and nil for ACC in Q2FY24; going forward company did not comment if they will go ahead with such coal supply contracts.
- **P&F Cost** – Reduction in P&F cost was on account of mix and source optimization, increase in WHRS, maximization of AFR. On Standalone basis, fuel cost stood at Rs1.79 per Kcal in Q2FY24 vs. Rs2.07/ Rs2.72 per Kcal in Q1FY24/ Q3FY23. And on Consolidated basis, fuel cost stood at Rs1.82 per Kcal in Q2FY24 vs. 2.94 per Kcal in Q3FY23.
- **Freight & Forwarding Cost** – Reduction was on account of detailed route planning at micro market level coupled with renegotiations of commercial terms and GPS and technological measures. Logistics efficiencies has resulted in direct dispatch up from 48% to 58% in Q2FY24.
- **Other expenses** – New operating business model and increased synergies within cement business and group resulted in lower other expenses in Q2FY24.
- Company has 3 levers in its strategy 1) doubling its plant capacity, 2) reduction in operating cost; targets to become lowest cost producer in the industry. **Company targets total cost reduction of Rs400/tn (~Rs100/tn done) from P&F cost/ Logistics cost/ Other expenses over 3 years from now, and 3) enhancing its branding and marketing strategy.** On coal strategy front, company has achieved 30-40% and remaining 60% improvement is still left to achieve. On logistics front, company has reduced by 3-4% in Q2FY24 and expects to reduce another Rs100-150/tn over the next 6-12 months.
- **Green share** – On Standalone basis, WHRS share has increased from 3.9% in Q3FY23 to 15.1% in Q2FY24 and from 3.4% in Q3FY23 to 11.9% in Q2FY24 on Consolidated basis. WHRS power mix improved to 15% in H1FY24; expected to reach 17% by end of FY24. With these additions, total consolidated WHRS capacity will increase to 121MW by FY24. Going forward, WHRS capacity is further expected to grow from 90MW in Q2FY24 to 175MW (87.5MW/ 85.5MW for ACEM/ ACC) by Jul'24 and to 215MW (129MW/ 86MW for ACEM/ ACC) by Jul'25. Further focus on Renewable Energy (addition of 200MW Solar by FY24) to enhance green power and project already started in Khavda and Gujarat.

Capex, Debt and Expansion

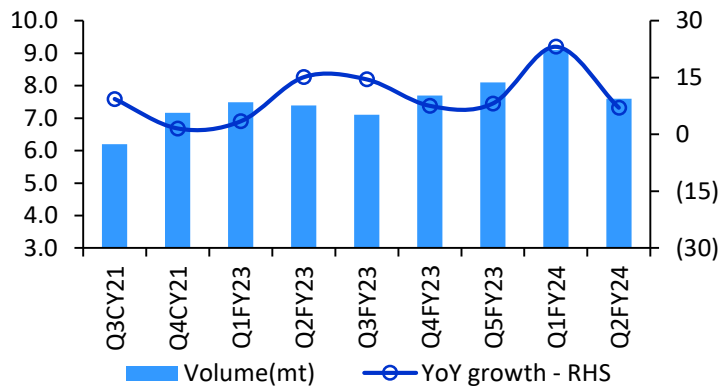
- **Capex** stood at Rs5.95 bn/ Rs11.2 bn in Q2FY24/ H1FY24. Company expects capex of Rs75 bn (vs. earlier Rs70 bn) for FY24; Rs50 bn/ Rs25 bn for ACEM/ ACC.
- **Consolidated Cash** stood at Rs117.2 bn in Q2FY24 vs. Rs118.9 bn (Q1FY24) vs. Rs118.5 bn (15MFY23).
- **Expansions** – Management will add ~40mtpa clinker capacity implying 10 new clinker lines of 4mtpa each. The first 3.3mtpa clinker line at Ametha, MP has commissioned in Q2FY24 and 1mtpa cement is expected to get commissioned in Q3FY24. For doubling the capacity to 140mtpa by FY28, company is targeting 35 new GUs. Out of this, 2 GUs are mapped to the upcoming 4mtpa clinker line at Bhatapara (2.3/ 4.6mtpa - Sankrail/ Farakka; to start by Q3FY25), another 2 GUs are mapped to 4mtpa clinker line at Chandrapur (2/ 2mtpa - Jalgaon/ Amravati). For the new facility Bhatapara (4mtpa) clinker apart from equipment which has been ordered, civil execution work has also started; expected to get commissioned by Q2FY26. And for its corresponding GUs at Sankrail and Farakka, order has been placed on EPC vendor and piling work has also started; expected to get commissioned by Q3FY25. For the new facility at Maratha (4mtpa clinker), Chandrapur, LOI has been placed on EPC vendor coupled with site development and pre-

project has also been started. EC and CTE approvals are expected in Q3FY24; expected to get commissioned by Q4FY26. These lines will have 42MW of WHRS capacity each and provision to utilize 50% of alternate fuels in the kilns. Company will be adding 1 new GU (2.4mtpa) at Salai Banwa, UP; ground breaking activities have already been done and expected to get completed in Q1FY26. GUs at Sindri/ Marwar of 1.6/ 2.4mtpa cement is expected to get commissioned in Q2FY25/ Q4FY25. And for 4.6mtpa Mundra GU, first line/ second line is expected to get commissioned by Q2FY26/ Q3FY26. Also, 1.3mtpa debottlenecking at Bhatinda, Punjab is expected to get commissioned in Q3FY25. Group company has also put up 1mtpa GU in Dahej providing additional GU capacity. Management will continue to share further details in time.

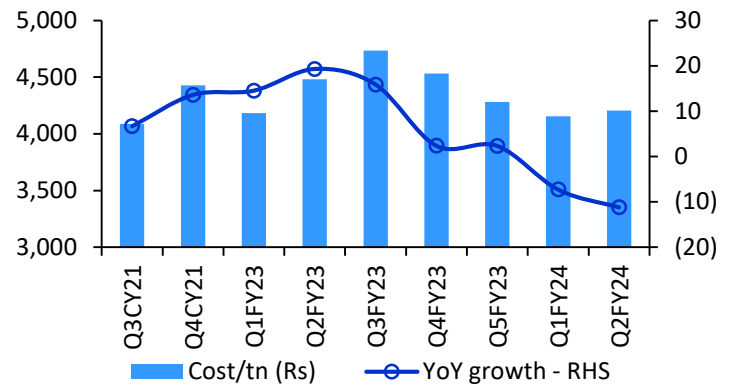
- **Sanghi Industries acquisition** – Adani acquired Sanghi Industries through Ambuja Cement at an EV of Rs50 bn and is to be fully funded through internal accruals; acquisition is expected to close in Q3FY24. It has plans to increase its cement capacity from 6.1mtpa to 10mtpa and then 15mtpa. This acquisition would help to accelerate Adani's goal of reaching 140mtpa ahead of 2028 and reinforce its position as a leader in construction materials sector. Sanghi's limestone reserves of 1bn tn to further help Adani in increasing its clinker capacity. It will also help in strengthening its footprint in its core markets where it believes it could increase its market share i.e. Gujarat, Mumbai & some parts of Maharashtra and South. Adani has already a strategy in place and will continue to sell cement through ACC and Ambuja brands and not through Sanghi brand. It will use more or less same MSA arrangement as it does for ACC and Ambuja once the acquisition is completed.

Others

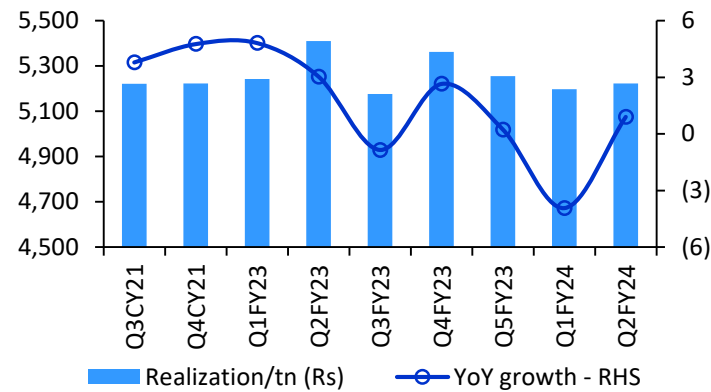
- **MSA** – Current MSA is fully optimized except recently started 3.3mtpa clinker at Ametha, MP. It booked volume of 2.4mt (1.2mt each for ACC & Ambuja) on consolidated level in Q2FY24 vs. 1.5mt in Q1FY24.

Exhibit 7: Volume (mt)


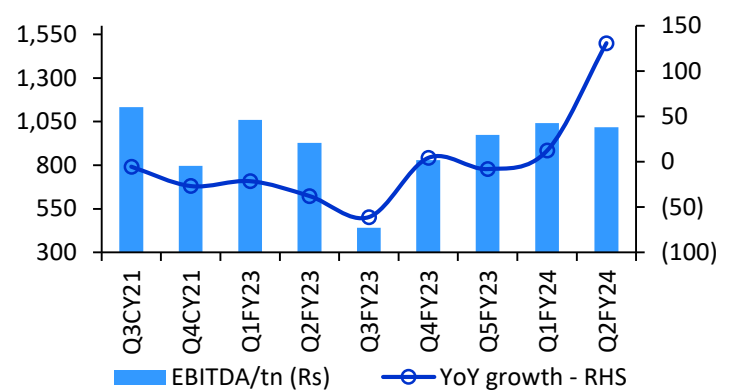
Source: Company, DART

Exhibit 8: Cost/tn (Rs)


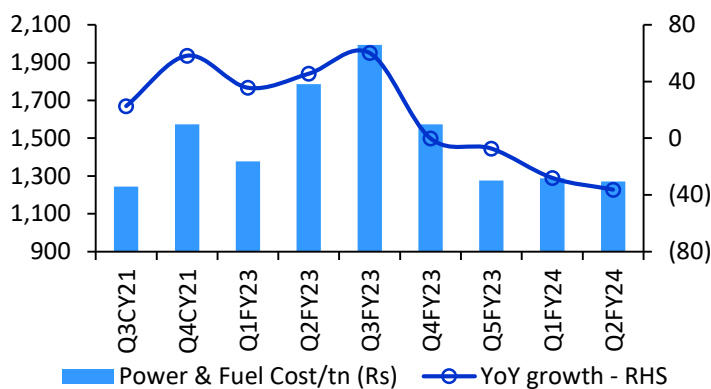
Source: Company, DART

Exhibit 9: Realization/tn (Rs)


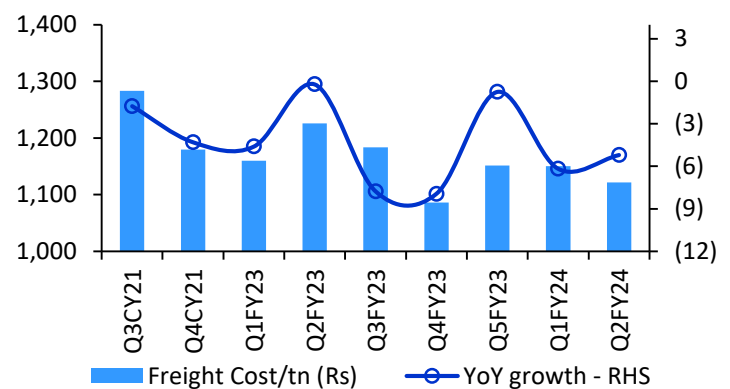
Source: Company, DART

Exhibit 10: EBITDA/tn (Rs)


Source: Company, DART

Exhibit 11: Power & fuel cost/tn (Rs)


Source: Company, DART

Exhibit 12: Freight cost/tn (Rs)


Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24E	FY25E	FY26E
Revenue	1,99,854	1,82,457	1,92,914	2,22,922
Total Expense	1,67,650	1,43,917	1,49,370	1,71,265
COGS	1,31,608	1,16,300	1,20,252	1,38,391
Employees Cost	8,002	6,305	6,810	7,354
Other expenses	28,041	21,312	22,308	25,520
EBIDTA	32,204	38,540	43,544	51,657
Depreciation	8,324	9,288	10,094	12,737
EBIT	23,880	29,252	33,451	38,920
Interest	1,280	2,696	4,088	4,688
Other Income	9,523	8,161	6,070	5,038
Exc. / E.O. items	(1,573)	0	0	0
EBT	30,550	34,718	35,432	39,270
Tax	5,016	8,738	8,918	9,884
RPAT	25,535	25,979	26,514	29,386
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	25,163	25,979	26,514	29,386

Balance Sheet

(Rs Mn)	FY23A	FY24E	FY25E	FY26E
Sources of Funds				
Equity Capital	3,971	3,971	3,971	3,971
Minority Interest	0	0	0	0
Reserves & Surplus	2,31,084	2,52,099	2,73,649	2,98,071
Net Worth	2,85,055	3,06,070	3,27,620	3,52,042
Total Debt	477	40,477	60,477	60,477
Net Deferred Tax Liability	2,181	2,181	2,181	2,181
Total Capital Employed	2,87,713	3,48,728	3,90,278	4,14,700

Applications of Funds

Net Block	86,197	1,01,910	1,21,816	1,79,079
CWIP	8,419	35,419	55,419	35,419
Investments	1,17,759	1,34,501	1,34,501	1,34,501
Current Assets, Loans & Advances	1,46,666	1,40,578	1,45,871	1,43,503
Inventories	16,394	18,709	19,781	22,858
Receivables	5,649	6,498	6,871	7,940
Cash and Bank Balances	25,331	71,498	72,832	59,102
Loans and Advances	44	63	67	77
Other Current Assets	99,249	43,810	46,321	53,526
Less: Current Liabilities & Provisions	71,328	63,679	67,329	77,802
Payables	15,711	14,996	15,856	18,322
Other Current Liabilities	55,617	48,683	51,473	59,480
<i>sub total</i>				
Net Current Assets	75,338	76,899	78,542	65,701
Total Assets	2,87,713	3,48,728	3,90,278	4,14,700

E – Estimates, Note: FY23 is 15months

Important Ratios

Particulars	FY23A	FY24E	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	34.1	36.3	37.7	37.9
EBIDTA Margin	16.1	21.1	22.6	23.2
EBIT Margin	11.9	16.0	17.3	17.5
Tax rate	16.4	25.2	25.2	25.2
Net Profit Margin	12.8	14.2	13.7	13.2
(B) As Percentage of Net Sales (%)				
COGS	65.9	63.7	62.3	62.1
Employee	4.0	3.5	3.5	3.3
Other	14.0	11.7	11.6	11.4
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.1	0.2	0.2
Interest Coverage	18.7	10.9	8.2	8.3
Inventory days	30	37	37	37
Debtors days	10	13	13	13
Average Cost of Debt	270.4	13.2	8.1	7.8
Payable days	29	30	30	30
Working Capital days	138	154	149	108
FA T/O	2.3	1.8	1.6	1.2
(D) Measures of Investment				
AEPS (Rs)	12.7	13.1	13.4	14.8
CEPS (Rs)	16.9	17.8	18.4	21.2
DPS (Rs)	6.3	2.5	2.5	2.5
Dividend Payout (%)	49.7	19.1	18.7	16.9
BVPS (Rs)	143.6	154.1	165.0	177.3
RoANW (%)	9.9	8.8	8.4	8.6
RoACE (%)	10.2	8.8	8.0	8.2
RoAIC (%)	10.7	10.8	11.3	11.6
(E) Valuation Ratios				
CMP (Rs)	407	407	407	407
P/E	32.1	31.1	30.5	27.5
Mcap (Rs Mn)	8,07,463	8,07,463	8,07,463	8,07,463
MCap/ Sales	4.0	4.4	4.2	3.6
EV	7,82,609	7,76,442	7,95,108	8,08,838
EV/Sales	3.9	4.3	4.1	3.6
EV/EBITDA	24.3	20.1	18.3	15.7
P/BV	2.8	2.6	2.5	2.3
Dividend Yield (%)	1.5	0.6	0.6	0.6
(F) Growth Rate (%)				
Revenue	43.0	(8.7)	5.7	15.6
EBITDA	0.2	19.7	13.0	18.6
EBIT	(10.3)	22.5	14.4	16.4
PBT	9.6	13.6	2.1	10.8
APAT	17.1	3.2	2.1	10.8
EPS	17.1	3.2	2.1	10.8

E – Estimates, Note: FY23 is 15months

Cash Flow

Particulars	FY23A	FY24E	FY25E	FY26E
Profit before tax	30,550	34,718	35,432	39,270
Depreciation & w.o.	8,324	9,288	10,094	12,737
Net Interest Exp	(1,868)	(5,466)	(1,982)	(350)
Direct taxes paid	(3,346)	(8,738)	(8,918)	(9,884)
Change in Working Capital	(7,855)	(4,429)	145	417
Non Cash	(5,711)	0	0	0
(A) CF from Operating Activities	20,096	25,372	34,771	42,190
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(21,537)	(52,000)	(50,000)	(50,000)
Free Cash Flow	(1,441)	(26,628)	(15,229)	(7,810)
(Inc.)/ Dec. in Investments	0	0	0	0
Other	(51,037)	41,004	5,232	2,634
(B) CF from Investing Activities	(72,573)	(10,997)	(44,768)	(47,366)
Issue of Equity/ Preference	50,000	0	0	0
Inc./(Dec.) in Debt	(36)	40,000	20,000	0
Interest exp net	(679)	(2,696)	(4,088)	(4,688)
Dividend Paid (Incl. Tax)	(12,514)	(4,964)	(4,964)	(4,964)
Other	(656)	(549)	383	1,099
(C) CF from Financing	36,115	31,792	11,331	(8,554)
Net Change in Cash	(16,362)	46,167	1,334	(13,730)
Opening Cash balances	41,692	25,331	71,498	72,832
Closing Cash balances	25,331	71,498	72,832	59,102

E – Estimates, Note: FY23 is 15months

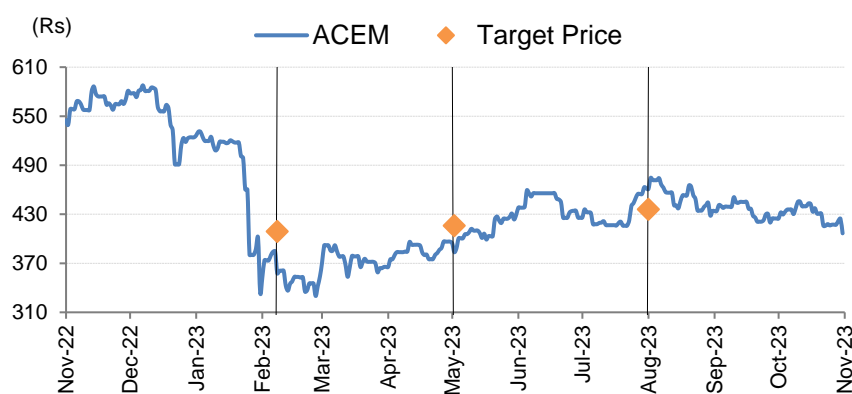
Notes

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Feb-23	Reduce	409	358
May-23	Reduce	416	384
Aug-23	SELL	436	461

*Price as on recommendation date

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