

View: Overhang on margins; Downgrade to Sell

- JKLC reported results above estimates on all fronts led by higher volume however realization in line.
- JKLC posted 49.2% / 50.7% / 167.2% YoY growth in revenue/ EBITDA/ APAT to Rs12.3 bn/ Rs2.2 bn/ Rs1.2 bn in Q1FY22 led by 39.5% YoY growth in volumes coupled with rise in realization by 7.0% YoY (+1.8% QoQ).
- We expect 8.4% / 6.2% / 4.2% revenue/ EBITDA/ APAT CAGR over FY21-23E led by 9.4% / 3.2% volume growth and 3.0% / 1.0% cement realization growth in FY22E/ FY23E.
- We increase our revenue and EBITDA estimates by 4.8% / 3.1% and 5.1% / 5.7% for FY22E / FY23E considering Q1FY22 results. Accordingly, we increase our APAT estimates by 8.4% / 8.8% for FY22E / FY23E. JKLC has announced 2.5 mtpa including 1.5 mtpa clinker (to be commissioned in next 3 years) greenfield expansion with a capex of Rs14 bn to be done at its subsidiary UCWL to capture growth in demand. We have assumed the same capex of UCWL (to be completed in FY24E) in standalone numbers.
- The stock has run up ~40% since our Q4FY21 result update note dated 21 May'21 thus, we downgrade to sell with a revised upwards SOTP of Rs640 based on (7.5x standalone FY23E EV/EBITDA, 50% of FY23E Capital WIP and JKLC's 72.5% stake in Udaipur Cement Works at 30% holding discount).

EBITDA/tn - up 8.0% / -11.9% YoY / QoQ

Realization in-line with estimates (+7.0% YoY / +1.8% QoQ to Rs4,633/tn), higher than estimated volume (+39.5% YoY / -8.5% QoQ to 2.66mt) and operating cost in-line with estimates (+6.7% YoY / +5.2% QoQ to Rs3,820/tn) helped JKLC to report EBITDA/tn of Rs813 (+8.0% YoY / -11.9% QoQ).

Q1FY22 Result (Rs Mn)

| Particulars | Q1FY22 | Q1FY21 | YoY (%) | Q4FY21 | QoQ (%) |
|-------------------|--------|--------|---------|--------|---------|
| Revenue | 12,315 | 8,252 | 49.2 | 13,220 | (6.8) |
| Total Expense | 10,155 | 6,818 | 48.9 | 10,541 | (3.7) |
| EBITDA | 2,161 | 1,433 | 50.7 | 2,679 | (19.3) |
| Depreciation | 460 | 484 | (5.0) | 478 | (3.8) |
| EBIT | 1,701 | 949 | 79.1 | 2,201 | (22.7) |
| Other Income | 169 | 82 | 106.5 | 273 | (38.3) |
| Interest | 257 | 378 | (32.2) | 299 | (14.3) |
| EBT | 1,613 | 653 | 147.0 | 2,484 | (35.1) |
| Tax | 426 | 209 | 103.9 | 500 | (14.9) |
| RPAT | 1,187 | 444 | 167.2 | 1,984 | (40.2) |
| APAT | 1,187 | 444 | 167.2 | 2,293 | (48.2) |
| | | | (bps) | | (bps) |
| Gross Margin (%) | 36.7 | 38.1 | (140) | 38.2 | (155) |
| EBITDA Margin (%) | 17.5 | 17.4 | 17 | 20.3 | (272) |
| NPM (%) | 9.6 | 5.4 | 426 | 15.0 | (536) |
| Tax Rate (%) | 26.4 | 32.0 | (558) | 20.1 | 626 |
| EBIT Margin (%) | 13.8 | 11.5 | 230 | 16.6 | (284) |

| | | | |
|--------------------------|-----------------|-----|-----|
| CMP | Rs 692 | | |
| Target / Downside | Rs 640 / 8% | | |
| NIFTY | 15,763 | | |
| Scrip Details | | | |
| Equity / FV | Rs 589mn / Rs 5 | | |
| Market Cap | Rs 81bn | | |
| | USD 1bn | | |
| 52-week High/Low | Rs 816 / 243 | | |
| Avg. Volume (no) | 9,06,955 | | |
| Bloom Code | JKLC IN | | |
| Price Performance | | | |
| 1M | 3M | 12M | |
| Absolute (%) | 20 | 72 | 138 |
| Rel to NIFTY (%) | 20 | 64 | 99 |

Shareholding Pattern

| | Dec'20 | Mar'21 | Jun'21 |
|-----------------|--------|--------|--------|
| Promoters | 46.2 | 46.2 | 46.2 |
| MF/Banks/FIs | 26.3 | 26.3 | 27.6 |
| FIs | 10.6 | 10.6 | 10.3 |
| Public / Others | 16.9 | 16.9 | 16.0 |

Valuation (x)

| | FY21A | FY22E | FY23E |
|-----------|-------|-------|-------|
| P/E | 20.6 | 21.1 | 19.0 |
| EV/EBITDA | 10.8 | 10.4 | 9.6 |
| ROE (%) | 20.8 | 17.1 | 16.4 |
| RoACE (%) | 16.6 | 14.8 | 14.6 |

Estimates (Rs mn)

| | FY21A | FY22E | FY23E |
|-----------|--------|--------|--------|
| Revenue | 43,847 | 49,426 | 51,539 |
| EBITDA | 7,898 | 8,139 | 8,908 |
| PAT | 3,947 | 3,856 | 4,286 |
| EPS (Rs.) | 33.5 | 32.8 | 36.4 |

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

| Particulars | Actual | DART Est | % Variance | Comments |
|-----------------|--------|----------|------------|--|
| Revenue (Rs mn) | 12,315 | 10,511 | 17.2 | +16.3% / +0.8% higher/ higher than estimated volume/ realization |
| EBITDA (Rs mn) | 2,161 | 1,709 | 26.5 | +0.8% / -0.8% higher/ lower than estimated realization/ cost |
| EBITDA% | 17.5 | 16.3 | 129 | |
| PAT (Rs mn) | 1,187 | 731 | 62.5 | Led by better operating performance and lower tax |

Source: Company, DART

Exhibit 2: Change in estimates – Increase FY22E/ FY23E estimates

| (Rs mn) | FY22E | | | FY23E | | |
|-------------------|--------|--------|----------|--------|--------|---------|
| | New | Old | % change | New | Old | %change |
| Net revenues | 49,426 | 47,156 | 4.8 | 51,539 | 50,009 | 3.1 |
| EBIDTA | 8,139 | 7,741 | 5.1 | 8,908 | 8,430 | 5.7 |
| EBIDTA margin (%) | 16.5% | 16.4% | 5 | 17.3% | 16.9% | 43 |
| Adj. Net Profit | 3,856 | 3,557 | 8.4 | 4,286 | 3,940 | 8.8 |
| EPS (Rs) | 32.8 | 30.2 | 8.4 | 36.4 | 33.5 | 8.8 |

Source: DART, Company

Exhibit 3: Volume, Realization & Cost/tn Analysis

| (Rs) | Q1FY22 | Q1FY21 | YoY (%) | Q4FY21 | QoQ (%) | FY21 | FY20 | YoY (%) |
|---------------------------|--------|--------|---------|--------|---------|-------|-------|---------|
| Volume(MT) | 2.66 | 1.91 | 39.5 | 2.90 | (8.5) | 9.89 | 9.18 | 7.7 |
| Realization/tn (Rs) | 4,633 | 4,331 | 7.0 | 4,552 | 1.8 | 4,434 | 4,404 | 0.7 |
| EBIDTA/tn (Rs) | 813 | 752 | 8.0 | 922 | (11.9) | 799 | 732 | 9.1 |
| Cost/tn (Rs) | 3,820 | 3,579 | 6.7 | 3,630 | 5.2 | 3,635 | 3,671 | (1.0) |
| Raw Material Cost/tn (Rs) | 1,091 | 1,121 | (2.7) | 1,095 | (0.3) | 1,096 | 927 | 18.2 |
| Employee Expenses/tn (Rs) | 312 | 424 | (26.3) | 273 | 14.5 | 331 | 340 | (2.7) |
| Power and Fuels/tn (Rs) | 908 | 690 | 31.5 | 782 | 16.1 | 789 | 919 | (14.2) |
| Freight Expenses/tn (Rs) | 934 | 870 | 7.3 | 935 | (0.1) | 893 | 890 | 0.3 |
| Other expenses/tn (Rs) | 574 | 473 | 21.4 | 545 | 5.3 | 527 | 595 | (11.4) |

Source: Company, DART

Exhibit 4: % of Revenue

| Particulars | Q1FY22 | Q1FY21 | Bps | Q4FY21 | Bps | FY21 | FY20 | Bps |
|-------------------|--------|--------|-------|--------|------|------|------|-------|
| Raw Material Cost | 23.6 | 25.9 | (233) | 24.1 | (50) | 24.7 | 21.1 | 367 |
| Employee Expenses | 6.7 | 9.8 | (305) | 6.0 | 75 | 7.5 | 7.7 | (26) |
| Power and Fuels | 19.6 | 15.9 | 366 | 17.2 | 242 | 17.8 | 20.9 | (309) |
| Freight Expenses | 20.2 | 20.1 | 7 | 20.5 | (37) | 20.1 | 20.2 | (8) |
| Other expenses | 12.4 | 10.9 | 148 | 12.0 | 42 | 11.9 | 13.5 | (163) |

Source: Company, DART

Exhibit 5: Income statement (Standalone)

| Rs (Mn) | Q1FY22 | Q1FY21 | YoY (%) | Q4FY21 | QoQ (%) | FY21 | FY20 | YoY (%) |
|----------------------------|---------------|--------------|--------------|---------------|---------|---------------|---------------|-------------|
| Total Revenue | 12,315 | 8,252 | 49.2 | 13,220 | (6.8) | 43,847 | 40,435 | 8.4 |
| Raw Material Cost | 2,901 | 2,136 | 35.8 | 3,180 | (8.8) | 10,839 | 8,513 | 27.3 |
| Employee Expenses | 830 | 808 | 2.8 | 792 | 4.8 | 3,270 | 3,120 | 4.8 |
| Power and Fuel | 2,414 | 1,315 | 83.5 | 2,271 | 6.3 | 7,798 | 8,439 | (7.6) |
| Freight Cost | 2,483 | 1,658 | 49.8 | 2,714 | (8.5) | 8,832 | 8,176 | 8.0 |
| Other expenses | 1,527 | 901 | 69.4 | 1,584 | (3.6) | 5,212 | 5,464 | (4.6) |
| Total Expenditure | 10,155 | 6,818 | 48.9 | 10,541 | (3.7) | 35,950 | 33,711 | 6.6 |
| PBIDT (Excl. OI) | 2,161 | 1,433 | 50.7 | 2,679 | (19.3) | 7,898 | 6,724 | 17.5 |
| Other Income | 169 | 82 | 106.5 | 273 | (38.3) | 745 | 501 | 48.7 |
| Depreciation | 460 | 484 | (5.0) | 478 | (3.8) | 1,942 | 1,884 | 3.1 |
| EBIT | 1,869 | 1,031 | 81.3 | 2,474 | (24.4) | 6,700 | 5,341 | 25.4 |
| Interest | 257 | 378 | (32.2) | 299 | (14.3) | 1,425 | 1,644 | (13.3) |
| EBT (before EO) | 1,613 | 653 | 147.0 | 2,175 | (25.8) | 5,275 | 3,697 | 42.7 |
| Exceptional items | - | - | - | 309.20 | - | 309 | 302 | 2.3 |
| EBT (after EO) | 1,613 | 653 | 147.0 | 1,865 | (13.5) | 4,966 | 3,395 | 46.3 |
| Tax | 426 | 209 | 103.9 | 500 | (14.9) | 1,328 | 1,042 | 27.4 |
| RPAT | 1,187 | 444 | 167.2 | 1,365 | (13.0) | 3,638 | 2,352 | 54.7 |
| Adjustment | - | - | - | 309.20 | - | 309 | 283 | 9.2 |
| APAT | 1,187 | 444 | 167.2 | 1,674 | (29.1) | 3,947 | 2,636 | 49.8 |
| Adj. EPS (Rs) | 10.09 | 3.77 | 167.2 | 14.23 | (29.1) | 33.54 | 22.39 | 49.8 |
| | | | | bps | | bps | | bps |
| EBIDTA Margin (excl. O.I.) | 17.5 | 17.4 | 17 | 20.3 | (272) | 18.0 | 16.6 | 138 |
| NPM (%) | 9.6 | 5.38 | 426 | 12.7 | (303) | 9.0 | 6.5 | 248 |
| Tax Rate (%) | 26.4 | 32.0 | (558) | 26.8 | (42) | 26.7 | 30.7 | (397) |

Source: DART, Company

Exhibit 6: Valuation

| Particulars | (Rs mn) |
|--|--------------|
| Assumed EV/EBITDA multiple (x) | 7.5 |
| EBITDA (FY23E) | 8,908 |
| EV | 66,813 |
| Less: Net Debt (FY23E) | 3,854 |
| Mcap | 62,959 |
| Shares o/s (mn) | 118 |
| (a) Value/share (Rs) | 535 |
| Udaipur Cement Works Mcap | 12,701 |
| JKLC's stake (72.54%) value in Udaipur Cement Works | 9,213 |
| Holding company discount (%) | 30 |
| JKLC's stake value in Udaipur Cement Works post discount | 6,449 |
| (b) Value/share (Rs) | 54.8 |
| 50% of FY23E Capital WIP | 5,888 |
| (c) Value/share (Rs) | 50.0 |
| Target price (Rs) (a+b) | 639.9 |
| CMP (Rs) | 692.0 |
| Up/(down)side (%) | (7.5) |

Source: DART, Company

Key earnings takeaways

Demand & Volume

- Demand was very good till 22nd April'21, after which lockdown was imposed and it restricted the dispatches till 1st June'21. Demand picked up well from 1st June'21 until 1st July'21, after which monsoon started dampening the demand. Expect demand to pick up after Sept'21.
- In FY22, volume expected to grow 8%-9% YoY. Performance in Q3FY21 and Q4FY21 was good and on that higher base the management expects a 4%-6% growth in volumes. Q2FY22 expected to be subdued.
- The company is confident that they will not lose market share in the absence of any big expansion. They will create opportunities in their key markets and will have major share in the key markets. Expect supply to get absorbed in the markets they are present without having the need to go sell somewhere else.
- Q1FY22 standalone clinker production was 1.745 mt vs. 1.724 mt in Q4FY21. Standalone cement production in Q1FY22 was 2.09 mt vs. 2.60 mt in Q4FY21. Standalone clinker sales was 0.369 mt vs 0.104 mt in Q4FY21 vs. 0.301 in Q1FY21 mt and cement sales was 2.289 mt in Q1FY22 vs 2.804 mt in Q4FY21 vs 1.60 mt in Q1FY21. RMC revenue in Q1FY22 was Rs330 mn vs. Rs410 mn in Q4FY21 and non-cement revenue was Rs780 mn vs. Rs950 mn in Q4FY21.
- Sale of clinker was higher during the quarter since there was a lot of uncertainty in April'21 and May'21 and hence surplus was sold in the market.
- UCWL sold 0.593 mt of cement in Q1FY22 vs. 0.581 mt in Q4FY21.
- Trade: Non trade mix was 53:47 in Q1FY22. OPC:PPC mix was 42:58 in Q1FY22.
- Capacity Utilization of clinker unit stood at 100% in Q1FY22.
- The company will try to maximize premium sales from current 25% of trade sales to 30%.

Price

- Currently there is price pressure in the North and prices are stable in the East and West.
- Increase in input cost is across the industry. Currently the management does not expect cement price till Sept'21.
- Realization at UCWL is lower compared to JK Lakshmi standalone because of the market they sell the product has lower prices but it also has lower freight cost.

Cost

- Raw material cost was higher QoQ on increase in the cost of gypsum, flyash and some clinker purchase primarily at UCWL.
- P&F input (coal + pet coke) cost for JK Lakshmi stands at Rs7,000/tn in Q1FY22 vs. Rs6,600/tn in Q4FY21 vs. Rs6,500 in Q1FY21. The company has inventory for next 3-5 months. Expect P&F input cost to increase >Rs8000/tn in Q2FY22 considering the increase in prices of pet coke and coal, and expect to be higher in Q3FY22 as well. Fuel mix stood at 54% coal, 40% pet coke and 6% biomass in Q1FY22 vs. 45% pet coke, 45% coal and 10% bio mass in Q4FY21.

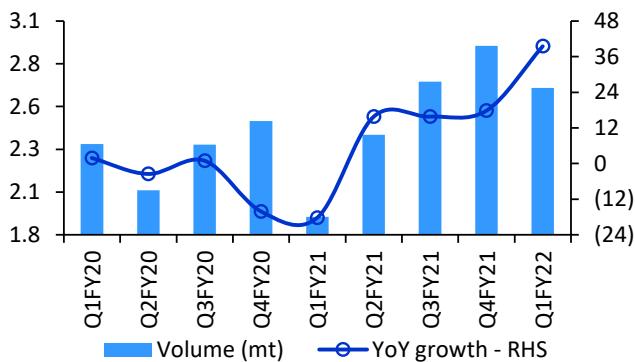
- 10MW WHRS plant at sirohi will help reduce cost, it will get commissioned by Q3FY22.
- Freight cost remained flat during in Q1FY22 on account of savings made through direct product allocation, plant location and lower lead distance. Impact of diesel prices increase will be felt on freight cost, it has increased 27% YoY and 15% QoQ. The company will ensuring best optimization of the plant location and direct shipments but there is limited headroom available to reduce freight cost.
- Other expenses higher on account of higher cost of packing material on per tonne basis.
- No additional cost will be incurred on consultancy services of BCG.

Debt & Capex

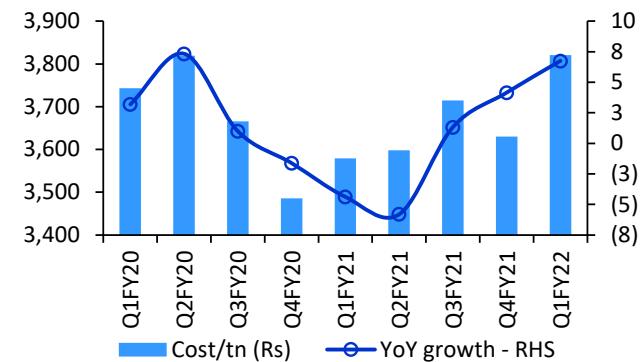
- The balance capex of Rs600 mn at UCW is now completed. UCWL's clinker capacity increased from 1.2mtpa to 1.5mtpa and grinding capacity from 1.6mtpa to 2.2mtpa.
- The mix of funding for recently announced Rs.14-15 bn capex (1.5mtpa clinker and 2.5mtpa split grinding) at UCWL likely to be announced by next quarter. However, broadly D:E of 70:30 and exploring equity infusion by parent. This expansion is having a timeline of three years wherein 1.5mtpa clinker combined with 1 GU at Udaipur to be commissioned in 2 year and 2 split GU (locations to be decided by next quarter) in the third year.
- Capex – The balance Rs1.36 bn out of Rs2.4 bn capex primarily for 10MW WHRS at Sirohi and maintenance capex of Rs300-400 mn will be incurred in FY22.
- The company has acquired two mines on lease in Rajasthan and Kutch. After the expansion at UCW line 2 is completed, management will take a call on whether to expand in east through a brownfield project or near the mine through a greenfield project.
- Standalone Gross debt/ Net debt stood at Rs1.01 bn/ Rs4.4 bn vs. Rs11.3 bn/ 4.0 bn as on FY21. Consolidated Gross debt/ Net Debt stood at Rs16.6 bn/ Rs8.5 bn as on 30th June'21 vs. Rs16.5 bn/ Rs8.2 bn as on FY21.
- UCWL's Gross debt/ Net debt stood at Rs5.5 bn/ Rs4.1 bn as on 30th June'21.
- There is no debt repayment due at UCWL in FY22 but Rs3.3 bn is maturing in FY22 at JKLC which will be paid through internal accrual and from profits generated during the year.

Others

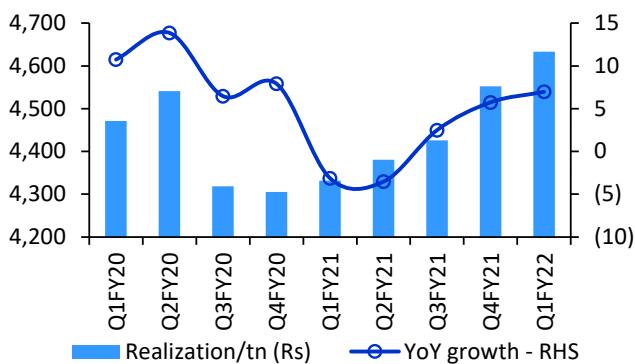
- Reason for not merging UWCL with JKLC is due to different tax rate at both companies. UCWL has shifted to new tax rate whereas JKLC follows the old tax rate. Management waiting for MAT credit of JK Lakshmi to get utilized.
- UCWL incentive has expired.

Exhibit 7: Volume (mt)


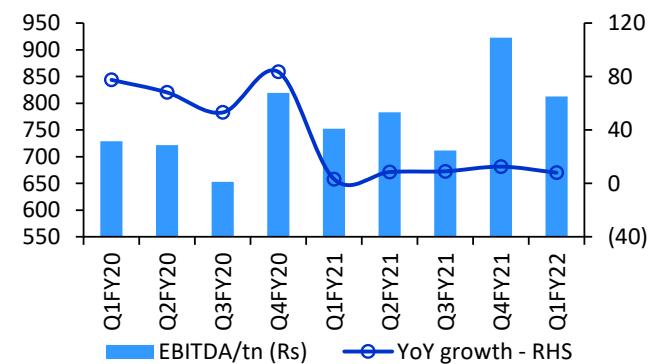
Source: Company, DART

Exhibit 8: Cost/tn (Rs)


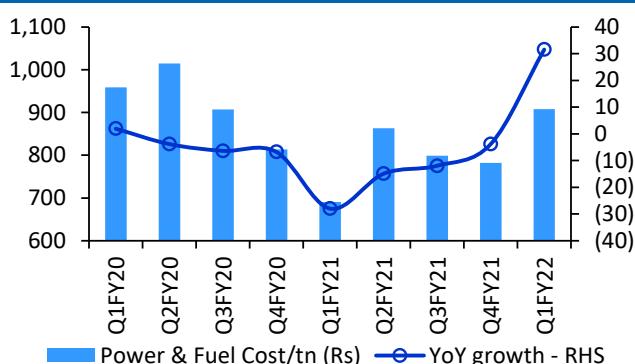
Source: Company, DART

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

Profit and Loss Account

| (Rs Mn) | FY20A | FY21A | FY22E | FY23E |
|--|---------------|---------------|---------------|---------------|
| Revenue | 40,435 | 43,847 | 49,426 | 51,539 |
| Total Expense | 33,711 | 35,950 | 41,287 | 42,631 |
| COGS | 25,127 | 27,468 | 31,865 | 32,812 |
| Employees Cost | 3,120 | 3,270 | 3,433 | 3,605 |
| Other expenses | 5,464 | 5,212 | 5,989 | 6,214 |
| EBIDTA | 6,724 | 7,898 | 8,139 | 8,908 |
| Depreciation | 1,883 | 1,942 | 2,031 | 2,102 |
| EBIT | 4,841 | 5,956 | 6,107 | 6,807 |
| Interest | 1,644 | 1,425 | 1,217 | 1,199 |
| Other Income | 501 | 745 | 618 | 515 |
| Exc. / E.O. items | (302) | (309) | 0 | 0 |
| EBT | 3,395 | 4,966 | 5,508 | 6,123 |
| Tax | 1,042 | 1,328 | 1,652 | 1,837 |
| RPAT | 2,353 | 3,638 | 3,856 | 4,286 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Profit/Loss share of associates | 0 | 0 | 0 | 0 |
| APAT | 2,636 | 3,947 | 3,856 | 4,286 |

Balance Sheet

| (Rs Mn) | FY20A | FY21A | FY22E | FY23E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Sources of Funds | | | | |
| Equity Capital | 589 | 589 | 589 | 589 |
| Minority Interest | 0 | 0 | 1 | 1 |
| Reserves & Surplus | 16,538 | 20,201 | 23,615 | 27,459 |
| Net Worth | 17,127 | 20,789 | 24,203 | 28,048 |
| Total Debt | 14,667 | 11,231 | 10,904 | 10,904 |
| Net Deferred Tax Liability | 205 | 641 | 641 | 641 |
| Total Capital Employed | 31,999 | 32,661 | 35,750 | 39,594 |

Applications of Funds

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Net Block | 28,032 | 26,615 | 26,084 | 24,982 |
| CWIP | 1,519 | 2,275 | 5,775 | 11,775 |
| Investments | 3,673 | 3,833 | 3,833 | 3,833 |
| Current Assets, Loans & Advances | 12,275 | 13,891 | 15,791 | 15,255 |
| Inventories | 4,128 | 3,155 | 3,792 | 3,954 |
| Receivables | 882 | 537 | 812 | 847 |
| Cash and Bank Balances | 314 | 3,591 | 4,230 | 4,376 |
| Loans and Advances | 433 | 433 | 433 | 433 |
| Other Current Assets | 2,347 | 2,502 | 2,850 | 2,971 |
| Less: Current Liabilities & Provisions | 13,500 | 13,953 | 15,734 | 16,252 |
| Payables | 4,685 | 3,962 | 4,604 | 4,801 |
| Other Current Liabilities | 8,815 | 9,991 | 11,130 | 11,451 |
| <i>sub total</i> | | | | |
| Net Current Assets | (1,225) | (62) | 57 | (997) |
| Total Assets | 31,999 | 32,661 | 35,750 | 39,594 |

E – Estimates

Important Ratios

| Particulars | FY20A | FY21A | FY22E | FY23E |
|---|--------|--------|--------|--------|
| (A) Margins (%) | | | | |
| Gross Profit Margin | 37.9 | 37.4 | 35.5 | 36.3 |
| EBIDTA Margin | 16.6 | 18.0 | 16.5 | 17.3 |
| EBIT Margin | 12.0 | 13.6 | 12.4 | 13.2 |
| Tax rate | 30.7 | 26.7 | 30.0 | 30.0 |
| Net Profit Margin | 5.8 | 8.3 | 7.8 | 8.3 |
| (B) As Percentage of Net Sales (%) | | | | |
| COGS | 62.1 | 62.6 | 64.5 | 63.7 |
| Employee | 7.7 | 7.5 | 6.9 | 7.0 |
| Other | 13.5 | 11.9 | 12.1 | 12.1 |
| (C) Measure of Financial Status | | | | |
| Gross Debt / Equity | 0.9 | 0.5 | 0.5 | 0.4 |
| Interest Coverage | 2.9 | 4.2 | 5.0 | 5.7 |
| Inventory days | 37 | 26 | 28 | 28 |
| Debtors days | 8 | 4 | 6 | 6 |
| Average Cost of Debt | 10.7 | 11.0 | 11.0 | 11.0 |
| Payable days | 42 | 33 | 34 | 34 |
| Working Capital days | (11) | (1) | 0 | (7) |
| FA T/O | 1.4 | 1.6 | 1.9 | 2.1 |
| (D) Measures of Investment | | | | |
| AEPS (Rs) | 22.4 | 33.5 | 32.8 | 36.4 |
| CEPS (Rs) | 38.4 | 50.0 | 50.0 | 54.3 |
| DPS (Rs) | 3.9 | 0.0 | 3.8 | 3.8 |
| Dividend Payout (%) | 17.5 | 0.0 | 11.4 | 10.3 |
| BVPS (Rs) | 145.5 | 176.7 | 205.7 | 238.4 |
| RoANW (%) | 16.3 | 20.8 | 17.1 | 16.4 |
| RoACE (%) | 13.6 | 16.6 | 14.8 | 14.6 |
| RoAIC (%) | 15.4 | 19.6 | 20.2 | 20.4 |
| (E) Valuation Ratios | | | | |
| CMP (Rs) | 692 | 692 | 692 | 692 |
| P/E | 30.9 | 20.6 | 21.1 | 19.0 |
| Mcap (Rs Mn) | 81,422 | 81,422 | 81,422 | 81,422 |
| MCap/ Sales | 2.0 | 1.9 | 1.6 | 1.6 |
| EV | 91,605 | 85,388 | 84,422 | 85,276 |
| EV/Sales | 2.3 | 1.9 | 1.7 | 1.7 |
| EV/EBITDA | 13.6 | 10.8 | 10.4 | 9.6 |
| P/BV | 4.8 | 3.9 | 3.4 | 2.9 |
| Dividend Yield (%) | 0.6 | 0.0 | 0.5 | 0.5 |
| (F) Growth Rate (%) | | | | |
| Revenue | 4.2 | 8.4 | 12.7 | 4.3 |
| EBITDA | 62.0 | 17.5 | 3.1 | 9.5 |
| EBIT | 105.4 | 23.0 | 2.6 | 11.4 |
| PBT | 225.0 | 46.3 | 10.9 | 11.2 |
| APAT | 231.1 | 49.7 | (2.3) | 11.2 |
| EPS | 231.1 | 49.7 | (2.3) | 11.2 |

Cash Flow

| (Rs Mn) | FY20A | FY21A | FY22E | FY23E |
|--------------|---------|---------|---------|---------|
| CFO | 5,413 | 8,622 | 7,233 | 7,668 |
| CFI | (1,586) | (439) | (5,125) | (6,041) |
| CFF | (3,693) | (4,907) | (1,469) | (1,481) |
| FCFF | 4,489 | 7,360 | 2,233 | 668 |
| Opening Cash | 180 | 314 | 3,591 | 4,230 |
| Closing Cash | 314 | 3,591 | 4,230 | 4,376 |

E – Estimates

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.) |
|--------|------------|----------|-------------|
| Aug-20 | Accumulate | 334 | 287 |
| Nov-20 | Buy | 393 | 287 |
| Dec-20 | Buy | 393 | 363 |
| Feb-21 | Buy | 446 | 351 |
| May-21 | Accumulate | 583 | 494 |

*Price as on recommendation date

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