

## Cement | Q4FY24 Result Update

## Reiterating confidence on robust outlook

- ACEM's revenue and EBITDA were in-line, however realization, EBITDA/tn and APAT were below estimates; Volume came above our estimates.
- The company guided market share gains from current 14% to 20% with doubling of capacity up to 140mtpa coupled >Rs1,500 EBITDA/tn by FY28E. We expect Revenue/EBITDA/ APAT CAGR of 10.6%/25.3%/25.4% over FY24-FY26E, led by 10.5%/13.0% volume growth and -3.0%/1.0% realization growth in FY25E/FY26E.
- We introduce consolidated estm. from standalone, reflecting fair value of business after eliminating MSA among ACEM and its subsidiaries (ACC and SNGI). We also factor significant improvement in EBITDA/tn from Rs1,082 in FY24 to Rs1,204/Rs1,360 in FY25E/FY26E.
- We believe ACEM will deliver superior growth in the near term given 1) significant capacity expansion from 78.9mtpa (incl. 1.3mtpa of Adani Cement) in Q1FY25 to 85.3/93.7mtpa in FY25E/FY26E (guidance 140mtpa by FY28), 2) industry leading volume growth & profitability, 3) sizeable cost reduction (guided Rs530/tn by FY28), and 4) healthy net cash of Rs243.4 bn (Rs200 bn cash infusion by the promoter). Accordingly, we upgrade to 'Accumulate' rating from Sell with revised TP of Rs629 (16.5x consolidated FY26E EV/EBITDA post adjusting ACC and SNGI minority stake).

## EBITDA/tn +16.9% YoY/ -16.4% QoQ

Higher than estimated volume (+17.3% YoY/ +17.4% QoQ to 16.6mt), lower than estimated realization/tn (-4.8% YoY/ -6.8% QoQ to Rs5,374) and lower than estimated cost/tn (-8.8% YoY/ -4.2% QoQ to Rs4,348) resulted in EBITDA/tn to Rs1,026. Revenue grew by 11.6% YoY to Rs88.9 bn (+9.4% QoQ) led by +17.3% YoY in volume to 16.6mt (+17.4% QoQ), which was partially offset by -4.8% YoY in realization/tn to Rs5,374 (-6.8% QoQ). EBITDA +37.1% YoY/ -1.9% YoY/ QoQ to Rs17.0 bn. APAT (post adjusting Rs2.2 bn/ Rs2.6 bn exceptional gain/ earlier year tax reversal) declined by 26% YoY to Rs5.9 bn.

**Key Risk – Lower volume/ profitability vs. estimates.**

## Q4FY24 Result (Rs Mn)

Particulars	Q4FY24	Q5FY23	YoY (%)	Q3FY24	QoQ (%)
Revenue	88,940	79,660	11.6	81,288	9.4
Total Expense	71,953	67,270	7.0	63,967	12.5
EBITDA	16,987	12,390	37.1	17,321	(1.9)
Depreciation	4,531	3,523	28.6	4,177	8.5
EBIT	12,456	8,867	40.5	13,144	(5.2)
Other Income	2,335	2,845	(17.9)	1,937	20.6
Interest	929	394	135.6	701	32.5
EBT	15,977	9,846	62.3	14,379	11.1
Tax	754	2,256	(66.6)	3,586	(79.0)
RPAT	10,552	6,449	63.6	8,231	28.2
APAT	5,864	7,921	(26.0)	8,231	(28.8)
			(bps)		(bps)
Gross Margin (%)	35.6	32.9	279	38.8	(315)
EBITDA Margin (%)	19.1	15.6	354	21.3	(221)
NPM (%)	11.9	8.1	377	10.1	174
Tax Rate (%)	4.7	22.9	(1819)	24.9	(2022)
EBIT Margin (%)	14.0	11.1	287	16.2	(216)

CMP	Rs 626
Target / Upside	Rs 629 / 1%
NIFTY	22,648

## Scrip Details

Equity / FV	Rs 4,926mn / Rs 2
Market Cap	Rs 1,541bn
	USD 18.6bn
52-week High/Low	Rs 649/ 376
Avg. Volume (no)	3,293,010
Bloom Code	ACEM IN
<b>Price Performance</b>	<b>1M</b> <b>3M</b> <b>12M</b>
Absolute (%)	(1) 12 59
Rel to NIFTY (%)	(2) 9 28

## Shareholding Pattern

	Dec'23	Mar'24	Apr'24
Promoters	63.2	66.7	70.3
MF/Banks/FIs	6.5	6.1	5.4
FIs	11.7	11.1	9.9
Public / Others	18.7	17.7	14.4

## Valuation (x)

	FY24A	FY25E	FY26E
P/E	49.6	40.3	31.5
EV/EBITDA	22.2	17.2	13.5
ROE (%)	8.5	8.1	8.8
RoACE (%)	7.5	7.2	7.7

## Estimates (Rs bn)

	FY24A	FY25E	FY26E
Revenue	331.6	355.4	405.6
EBITDA	64.0	78.7	100.4
PAT	31.1	38.2	48.9
EPS (Rs.)	12.6	15.5	19.9

**VP Research: Shravan Shah**

Tel: +91 22 40969749

E-mail: shravans@dolatcapital.com

**Associate: Shouvik Chakraborty**

Tel: +9122 40969751

E-mail: shouvikc@dolatcapital.com

**Associate: Prachi Kadam**

Tel: +9122 409696772

E-mail: prachik@dolatcapital.com

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

Particulars (Rs mn)	Actual	DART Est	% Variance	Comments
Revenue	88,940	85,449	4.1	In line
EBITDA	16,987	16,911	0.4	In line
EBITDA %	19.1	19.8	(69 bps)	-
APAT	5,864	8,133	(27.9)	Due to exceptional item of Rs2.1 bn

Source: Company, DART

**Exhibit 2: Change in estimates**

Particulars (Rs mn)	FY25E			FY26E		
	New	Old	Chg (%)	New	Old	Chg (%)
Net revenues	355,422	-	-	405,643	-	-
EBIDTA	78,666	-	-	100,420	-	-
EBIDTA margin (%)	22.1	-	-	24.8	-	-
Adj. Net Profit	38,216	-	-	48,899	-	-
EPS (Rs)	15.5	-	-	19.9	-	-

Source: DART, Company

We introduce consolidated estm. from standalone, reflecting fair value of business after eliminating MSA among ACEM and its subsidiaries (ACC and SNGI).

**Exhibit 3: Volume, Realization and Cost/tn Analysis**

Particulars	Q4FY24	Q5FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	12MFY23	YoY (%)
Volume (mt)	16.6	14.1	17.3	14.1	17.4	59.2	54.7	8.1
Realization/ tn (Rs)	5,374	5,646	(4.8)	5,765	(6.8)	5,606	5,674	(1.2)
EBITDA/ tn (Rs)	1,026	878	16.9	1,228	(16.4)	1,082	677	59.9
Cost/ tn (Rs)	4,348	4,768	(8.8)	4,537	(4.2)	4,524	4,997	(9.5)
Raw Material Cost/ tn (Rs)	959	995	(3.6)	844	13.6	832	749	11.1
Employee Expenses/ tn (Rs)	190	274	(30.8)	227	(16.3)	229	275	(17.0)
Power and Fuels/ tn (Rs)	1,219	1,405	(13.2)	1,359	(10.3)	1,371	1,771	(22.6)
Freight Expenses/ tn (Rs)	1,280	1,391	(7.9)	1,326	(3.4)	1,353	1,391	(2.7)
Other expenses/ tn (Rs)	700	702	(0.4)	782	(10.5)	740	810	(8.7)

Source: Company, DART

**Exhibit 4: % of Revenue**

Particulars	Q4FY24	Q5FY23	Bps	Q3FY24	Bps	FY24	12MFY23	Bps
Raw Material Cost	17.8	17.6	22	14.6	320	14.8	13.2	164
Employee Expenses	3.5	4.9	(133)	3.9	(40)	4.1	4.9	(77)
Power and Fuels	22.7	24.9	(221)	23.6	(88)	24.5	31.2	(676)
Freight Expenses	23.8	24.6	(81)	23.0	83	24.1	24.5	(38)
Other expenses	13.0	12.4	58	13.6	(54)	13.2	14.3	(109)

Source: Company, DART

**Exhibit 5: Income statement (Consolidated)**

Particulars (Rs mn)	Q4FY24	Q5FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	12MFY23	YoY (%)
<b>Total Revenue</b>	<b>88,940</b>	<b>79,660</b>	<b>11.6</b>	<b>81,288</b>	<b>9.4</b>	<b>331,596</b>	<b>310,370</b>	<b>6.8</b>
Raw Material Cost	15,864	14,033	13.1	11,896	33.4	49,228	40,993	20.1
Employee Expenses	3,142	3,873	(18.9)	3,197	(1.7)	13,528	15,065	(10.2)
Power and Fuel	20,179	19,831	1.8	19,158	5.3	81,093	96,898	(16.3)
Freight Cost	21,191	19,624	8.0	18,692	13.4	80,006	76,068	5.2
Other expenses	11,577	9,909	16.8	11,024	5.0	43,746	44,325	(1.3)
<b>Total Expenditure</b>	<b>71,953</b>	<b>67,270</b>	<b>7.0</b>	<b>63,967</b>	<b>12.5</b>	<b>267,601</b>	<b>273,349</b>	<b>(2.1)</b>
<b>PBIDT (Excl. O.I.)</b>	<b>16,987</b>	<b>12,390</b>	<b>37.1</b>	<b>17,321</b>	<b>(1.9)</b>	<b>63,995</b>	<b>37,021</b>	<b>72.9</b>
Other Income	2,335	2,845	(17.9)	1,937	20.6	11,664	6,433	81.3
Depreciation	4,531	3,523	28.6	4,177	8.5	16,234	13,392	21.2
<b>EBIT</b>	<b>14,791</b>	<b>11,712</b>	<b>26.3</b>	<b>15,081</b>	<b>(1.9)</b>	<b>59,425</b>	<b>30,063</b>	<b>97.7</b>
Interest	929	394	135.6	701	32.5	2,764	1,629	69.6
<b>PBT ( Excl. Exceptional Items)</b>	<b>13,861</b>	<b>11,317</b>	<b>22.5</b>	<b>14,379</b>	<b>(3.6)</b>	<b>56,662</b>	<b>28,433</b>	<b>99.3</b>
Exceptional Items	2,116	(1,471)	-	0	-	2,116	(3,190)	-
Share in Profit of JV & Associates	34	43		102		229	221	
<b>PBT (Incl. Exceptional Items)</b>	<b>16,011</b>	<b>9,889</b>	<b>61.9</b>	<b>14,481</b>	<b>10.6</b>	<b>59,006</b>	<b>25,464</b>	<b>131.7</b>
Tax	754	2,256	(66.6)	3,586	(79.0)	11,626	3,785	207.2
Minority Interest	4,706	1,184		2,665		11,613	2,434	
<b>RPAT</b>	<b>10,552</b>	<b>6,449</b>	<b>63.6</b>	<b>8,231</b>	<b>28.2</b>	<b>35,768</b>	<b>19,245</b>	<b>85.9</b>
Adjustments	(4,688)	1,471	-	0	-	(4,688)	3,190	-
<b>APAT</b>	<b>5,864</b>	<b>7,921</b>	<b>(26.0)</b>	<b>8,231</b>	<b>(28.8)</b>	<b>31,080</b>	<b>22,436</b>	<b>38.5</b>
<b>Adj. EPS (Rs)</b>	<b>2.7</b>	<b>4.0</b>	<b>(33.1)</b>	<b>4.1</b>	<b>(35.6)</b>	<b>14.1</b>	<b>11.3</b>	<b>25.2</b>
			<b>bps</b>		<b>bps</b>			<b>bps</b>
EBIDTA Margin (Excl. O.I.)	19.1	15.6	354	21.3	(221)	19.3	11.9	737
Tax Rate (%)	4.7	22.8	(1,811)	24.8	(2,005)	19.7	14.9	484
NPM (%)	6.6	9.9	(335)	10.1	(353)	9.4	7.2	214

Source: Company, DART

## Exhibit 6: Valuation

Particulars	(Rs mn)
Assumed EV/EBITDA multiple (x)	16.5
EBITDA (FY26E)	100,420
EV	1,656,933
Less: Net Debt (FY26E)	(229,596)
MCap	1,886,530
Shares o/s (mn)	2,463
<b>(a) Value/share (Rs.)</b>	<b>766</b>
50% of FY26E Capital WIP	23,292
<b>(b) Value/share (Rs.)</b>	<b>9</b>
ACC's EBITDA	41,940
Minority stake in ACC's EBITDA (49.95%)	20,949
Minority EV @16.5x EV/EBITDA	345,660
<b>(c) Value/share (Rs.)</b>	<b>140</b>
Sanghi's EBITDA	2,240
Minority stake in Sanghi's EBITDA (39.56%)	886
Minority EV @16.5x EV/EBITDA	14,621
<b>(d) Value/share (Rs.)</b>	<b>6</b>
<b>Target price (Rs.) (a+b-c-d)</b>	<b>629</b>
<b>CMP (Rs.)</b>	<b>626</b>
Up/(down)side (%)	0.5

Source: Company, DART

## Earnings Call KTAs

### Demand & Volume

- India's GDP is expected to grow at 6-7% in the next 5 years, however cement demand is expected to grow at 8-9% (1.2x) coupled with higher utilization levels. Adani Cement's current market share stands at 14% and targets to reach 20% by FY28. It continues to focus on branding and technical support services which will yield higher volume and improvement in margins.
- Consolidated Ambuja's volume** stood at 16.6mt (+17.3% YoY/ +174% QoQ) in Q4FY24; 59.2mt (+8.1% YoY) in FY24.
- MSA volumes** stood at 4.04mt in Q4FY24 vs. 2.45mt in Q5FY23. Further, MSA volume from Sanghi Industries to Ambuja/ ACC stood at 0.42mt/ 0.25mt in Q4FY24. The **company targets 5mt volume from Sanghi in FY25 and no change in MSA as of now.**
- Q4FY24 region-wise volume** stood at 4.3/ 4.2/ 1.5/ 2.2/ 3.8mtpa for North/ East/ South/ Central/ West contributing to 27%/ 27%/ 9%/ 14%/ 24% of overall sales volumes.
- Capacity utilization** stood at 82% in Q4FY24 with North/ East/ South/ Central/ West at 85%/ 93%/ 79%/ 102%/ 63%; 81% in FY24.
- Trade share** stood at 86% in Q4FY24 vs. 87%/ 86% in Q3FY24/ Q5FY23.
- Blended cement** stood at 86% in Q4FY24 vs. 87%/ 92% in Q3FY24/ Q5FY23.
- Premium share** stood at 24.0% in Q4FY24 vs. 21.9%/ 22.2% in Q3FY24/ Q5FY23.
- Clinker factor** stood at 60.6% in Q4FY24 vs. 60.6%/ 60.6% in Q3FY24/ Q5FY23.
- Lead distance** in Q4FY24 stood at 276 kms vs. 284 kms/ 271 kms in Q3FY24/ Q5FY23. Direct dispatches to customers have been maintained at 54%. Secondary lead distance stood at 48 kms in Q4FY24 vs. 52 kms in Q5FY23. **Company plans to reduce distance to 100 kms as they expand their capacities to cater new and existing markets.**

## Price

- Management believes prices should not go down from current levels and improve from here on.

## Profitability

- Management targets EBITDA/tn of >Rs1500/tn by FY28. It expects improvement from total cost reduction of Rs530/tn to Rs3,650/tn by FY28.** It believes coal mines to be the game changer, followed by long term procurement of critical raw materials, streamlining of logistics cost through railway wagons. Also, it expects ~Rs150/tn savings from massive green investment of Rs100 bn in Green power and WHRS. At present, power cost stand at Rs6.75/ unit and is expected to come down to Rs4.5/ unit in the next 5 years. **Of the total savings, ~40% is expected to come from logistic cost and ~50% from RM and manufacturing cost optimization.**

## Cost

- RM Cost** – RM cost/tn stood at Rs959 in Q4FY24 (both down YoY and QoQ) primarily on account of long-term supply agreements. The company is already having 40% of flyash requirement under long term arrangement; targets to increase it to 50% by FY28.
- P&F Cost – Kiln Fuel cost** stood at Rs1.84 per kcal in Q4FY24 vs. Rs1.84/ Rs2.21 per kcal in Q3FY24/ Q5FY23; Rs1.9 per Kcal in FY24. Going forward, the company expects an **improvement of 4-5 paise on fuel prices in Q1FY25**. Consolidated thermal value has reduced from 755 kcal in Q5FY23 to 742 kcal in Q4FY24; expects further improvement in coming quarters.
- Freight & Forwarding Cost** – Company has been focusing on 3 major areas 1) reduction in lead distance, 2) warehouse footprint optimization and 3) rail-road mix optimization. **It has been targeting to reduce its average primary lead distance by ~100 kms.** With focus on cost reduction in logistics, order is placed for 11 general purpose wagon investment schemes, out of which 8 have already been delivered and remaining are expected to be delivered by end of Q1FY25 (vs. earlier FY24). These trains will enable cost efficient clinker movement from the mother plants. Apart from these, it has also ordered 26 BCFC rakes for safe and cost-efficient transportation of fly ash from thermal power stations to its facilities. Cost reduction is mainly driven by detailed route planning at each micro market level and adherence to its source, renegotiation on commercial terms, GPS and technological measures (98% is tracked via GPS). **The company believes sea route will bring a change in logistics cost in the foreseeable future; expects ~10% sea route share post 24 months.**
- Other expenses** – Other expenses/tn stood at Rs700 in Q4FY24 vs. Rs702/ Rs782 in Q5FY23/ Q4FY24; expects to further reduce with operational efficiencies and digitalization initiatives.
- Green power** – At present, WHRS capacity stands at 134MW vs. 40MW at the time of take over; targets to increase to 186MW by FY25. Earlier announced plan of 1GW RE is expected to be commissioned by FY26 ensuring share of green power to reach 60%. This would lead to savings of ~Rs90/tn in Power cost by FY28. Under Ph-1 200MW is expected to get commission at Khavda in Q1FY25. The share of WHRS in power mix stood at 13.5% in Q4FY24 vs. 9% in Q5FY23. **Green power share stood at 16.8% in FY24 and targets to reach 31%/ 60% by FY25/ FY28.**
- At present, the **share of AFR in fuel mix** stood at 10.6% in Q4FY24 vs. 9.1%/ 8.7% in Q3FY24/ Q5FY23.

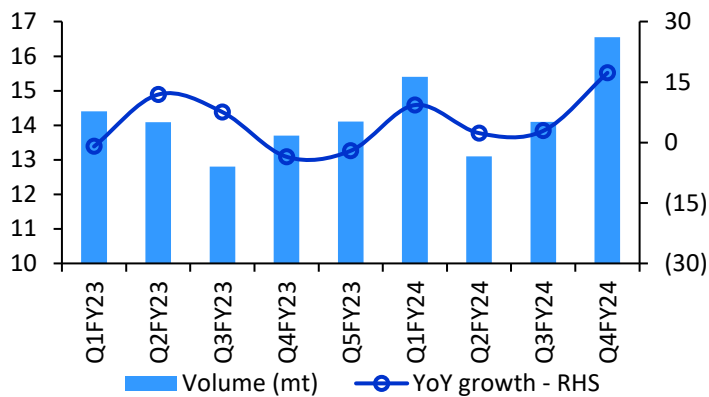
## Capex, Debt and Expansion

- Capex** incurred stood at Rs44.8 bn in FY24. The company expects capex of Rs75 bn (55%/ 45% greenfield/ brownfield projects) through internal accruals and operating cash flows in FY25.

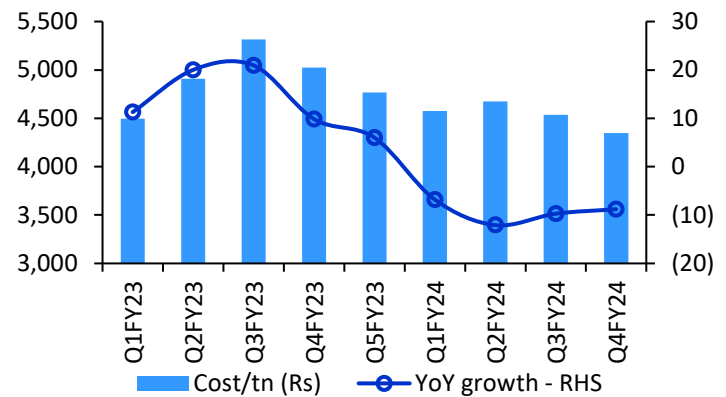
- **Consolidated Net Cash** stood at Rs160.0 bn (FY24) vs. Rs118.5 bn (15MFY23) vs. Rs85.9 bn (9MFY24). Including warrant money of Rs83.4 bn received in Apr'24, current consolidated cash stood at Rs243.4 bn. **Company will continue to remain debt free.**
- **On-going Expansions** – Already added 11.4mtpa over the last 18 months . At present, **Adani's (Ambuja + ACC + Sanghi) current total cement/ clinker capacity stands at 78.9mtpa/ ~54mtpa and is on track to reach 86mtpa/ 100mtpa/ 120mtpa/ 140mtpa cement capacity by FY25/ FY26/ FY27/ FY28 and 82mtpa clinker capacity by FY28; 80%/ 20% brownfield/ greenfield expansion.** Capacity expansion of 19.6mtpa is already under execution and 41mtpa (9 Kilns and 17 GUs) is ongoing at various stages. Guided 6.4mtpa (2.4mtpa, Sankrail in Q3FY25 + 2.4mtpa, Farakka Ph-I in Q3FY25 + 1.6mtpa, Sindri in Q4FY25) to be added in FY25, 8.4mtpa (2.4mtpa, Salai Banwa in Q1FY26 + 1.2mtpa, Bathinda in Q2FY26 vs. earlier Q4FY25 + 2.4mtpa, Marwar in Q2FY26 vs. earlier Q1FY26 + 2.4mtpa, Mundra line-1) in FY26, 2.4mtpa, Mundra line-2 in Q1FY27 and 2.4mtpa, Farakka Ph-II (no time line). On clinker front, 4mtpa each at Bhatapara, Chhattisgarh and Maratha, Maharashtra to be added by Q4FY25/ Q2FY26, respectively. Also, the company is ready to place orders for 3 kilns (4mtpa each at West - Sanghi, North and South) totaling to 12mtpa in; land and requisite limestone secured at all locations and is waiting for ECs. This 12mtpa clinker is expected to produce ~20mt cement.
- **New expansions** – In addition, the Board has also approved 2.25mtpa clinker unit in Mundra (Calcium Hydroxide process) and 17 cement GUs (2.4mtpa each) at 17 locations for which land acquisitions and statutory approvals are under progress. **The company believes it is ready for capacity expansion up to 175mtpa in the foreseeable future.**

#### Others

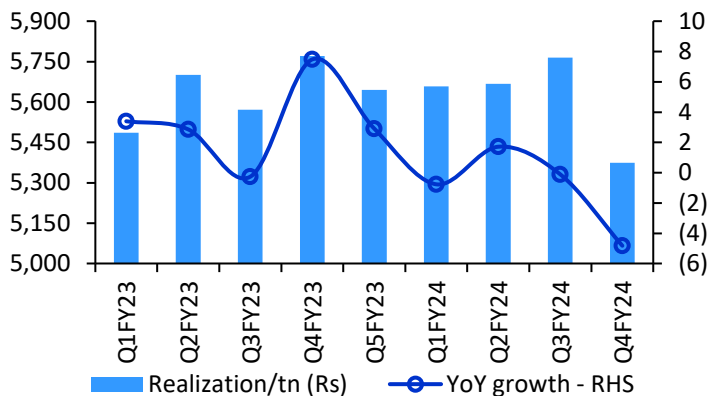
- **Limestone reserves** – To secure its limestone supplies, secured new 142 mn tn reserves in Q4FY24 at a premium <3%, taking total reserves to 7.8 bn tn.
- **Coal Mines** – To meet its requirements, Ambuja aims to have captive coal supplies and has been bidding for active coal mines. Besides the 1.2 mt captive coal mine in Gare Palma, company has won 2 mt coal mine each in Maharashtra and MP. These 3 mines would cater to ~50% of the current requirement.
- **Calcined Clay** –1-2 industry trials have been made, however it needs to do more work on that.
- Adani family has fully subscribed to the warrants program in Ambuja Cements by further infusing Rs83.39 bn in Apr'24 thereby infusing total amount of Rs200 bn. Adani family has increased their stake in ACEM to 70.3.% This follows, the investment of Rs50 bn/ Rs66.61 bn on 18th Oct'22/ 28th Mar'24, which was for part issuance of the shares.
- **Carbon Emissions** stood at 559 kg/ tn in FY24.
- The board has approved a **dividend** of Rs2/sh for FY24.

**Exhibit 7: Volume (mt)**


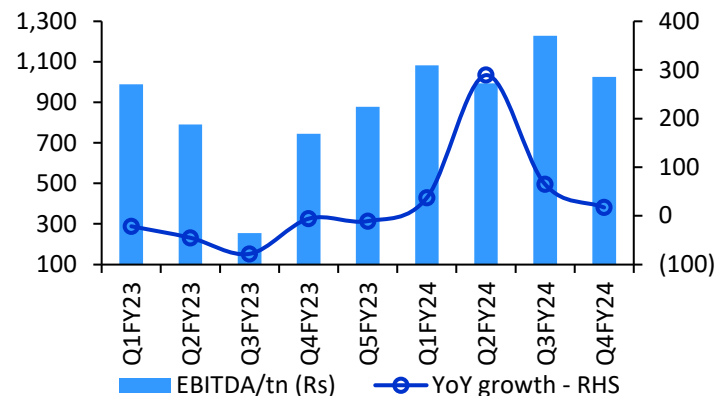
Source: Company, DART

**Exhibit 8: Cost/tn (Rs)**


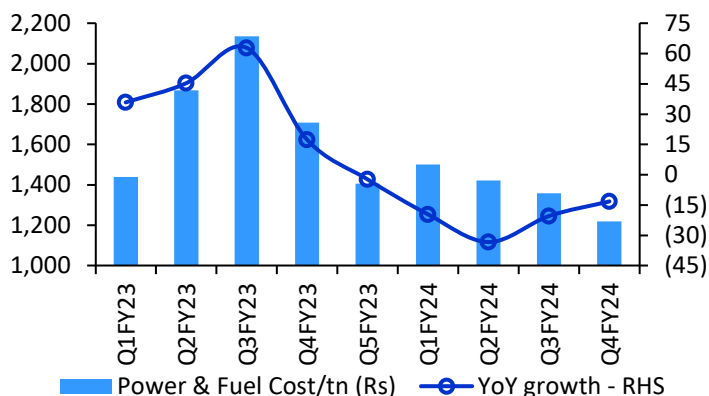
Source: Company, DART

**Exhibit 9: Realization/tn (Rs)**


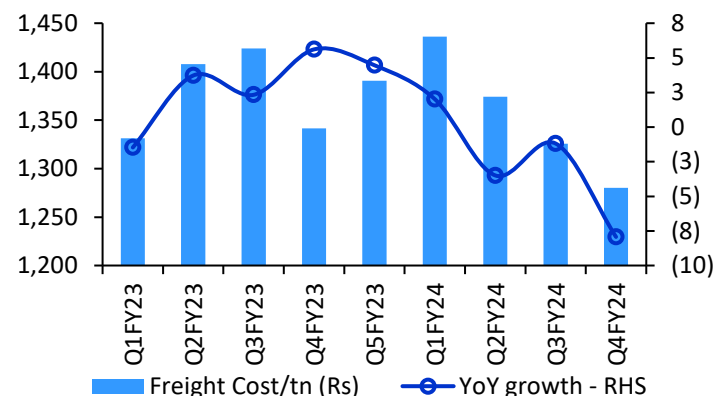
Source: Company, DART

**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	FY24A	FY25E	FY26E
<b>Revenue</b>	<b>389,370</b>	<b>331,596</b>	<b>355,422</b>	<b>405,643</b>
<b>Total Expense</b>	<b>338,147</b>	<b>267,601</b>	<b>276,755</b>	<b>305,222</b>
COGS	263,965	210,327	215,371	237,752
Employees Cost	18,565	13,528	13,528	13,934
Other expenses	55,616	43,746	47,856	53,537
<b>EBIDTA</b>	<b>51,224</b>	<b>63,995</b>	<b>78,666</b>	<b>100,420</b>
Depreciation	16,452	16,234	20,675	24,250
<b>EBIT</b>	<b>34,772</b>	<b>47,761</b>	<b>57,991</b>	<b>76,170</b>
Interest	1,949	2,764	2,896	2,947
Other Income	7,377	11,664	9,766	8,365
Exc. / E.O. items	(3,190)	2,116	0	0
<b>EBT</b>	<b>37,009</b>	<b>58,777</b>	<b>64,861</b>	<b>81,588</b>
Tax	7,051	11,626	16,403	20,618
<b>RPAT</b>	<b>25,829</b>	<b>35,768</b>	<b>38,216</b>	<b>48,899</b>
Minority Interest	4,410	11,613	10,472	12,300
Adjustment	280	229	229	229
<b>APAT</b>	<b>28,364</b>	<b>31,080</b>	<b>38,216</b>	<b>48,899</b>

### Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
<b>Sources of Funds</b>				
Equity Capital	3,971	4,395	4,926	4,926
Minority Interest	70,584	93,908	103,677	115,039
Reserves & Surplus	313,011	410,155	526,305	569,046
<b>Net Worth</b>	<b>316,982</b>	<b>414,551</b>	<b>531,231</b>	<b>573,972</b>
Total Debt	477	368	368	368
Net Deferred Tax Liability	7,004	15,122	15,122	15,122
<b>Total Capital Employed</b>	<b>395,046</b>	<b>523,948</b>	<b>650,397</b>	<b>704,500</b>

### Applications of Funds

Net Block	156,818	241,692	286,017	326,767
CWIP	25,259	26,585	36,585	46,585
Investments	2,137	899	899	899
<b>Current Assets, Loans &amp; Advances</b>	<b>333,001</b>	<b>383,434</b>	<b>459,814</b>	<b>479,921</b>
Current Investment		7,587	70,000	70,000
Inventories	32,728	36,086	37,003	42,231
Receivables	11,544	12,131	12,659	14,448
Cash and Bank Balances	29,610	110,689	119,038	119,964
Loans and Advances	185	178	187	197
Other Current Assets	258,935	216,763	220,928	233,081
<b>Less: Current Liabilities &amp; Provisions</b>	<b>122,168</b>	<b>128,660</b>	<b>132,917</b>	<b>149,670</b>
Payables	27,739	31,088	31,160	35,563
Other Current Liabilities	94,429	97,573	101,757	114,107
<i>sub total</i>				
Net Current Assets	210,833	254,773	326,897	330,250
<b>Total Assets</b>	<b>395,046</b>	<b>523,948</b>	<b>650,397</b>	<b>704,500</b>

E – Estimates, Note: FY23 is 15months

### Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
<b>(A) Margins (%)</b>				
Gross Profit Margin	32.2	36.6	39.4	41.4
EBIDTA Margin	13.2	19.3	22.1	24.8
EBIT Margin	8.9	14.4	16.3	18.8
Tax rate	19.1	19.8	25.3	25.3
Net Profit Margin	6.6	10.8	10.8	12.1
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	67.8	63.4	60.6	58.6
Employee	4.8	4.1	3.8	3.4
Other	14.3	13.2	13.5	13.2
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	17.8	17.3	20.0	25.8
Inventory days	31	40	38	38
Debtors days	11	13	13	13
Average Cost of Debt	411.8	654.2	787.5	801.3
Payable days	26	34	32	32
Working Capital days	198	280	336	297
FA T/O	2.5	1.4	1.2	1.2
<b>(D) Measures of Investment</b>				
AEPS (Rs)	11.5	12.6	15.5	19.9
CEPS (Rs)	18.2	19.2	23.9	29.7
DPS (Rs)	5.1	2.0	2.0	2.0
Dividend Payout (%)	44.1	16.0	13.0	10.2
BVPS (Rs)	128.7	168.3	215.7	233.0
RoANW (%)	9.9	8.5	8.1	8.8
RoACE (%)	10.2	7.5	7.2	7.7
RoAIC (%)	12.0	12.3	12.3	13.7
<b>(E) Valuation Ratios</b>				
CMP (Rs)	626	626	626	626
P/E	54.3	49.6	40.3	31.5
Mcap (Rs Mn)	1,541,176	1,541,176	1,541,176	1,541,176
MCap/ Sales	4.0	4.6	4.3	3.8
EV	1,512,043	1,423,269	1,352,506	1,351,580
EV/Sales	3.9	4.3	3.8	3.3
EV/EBITDA	29.5	22.2	17.2	13.5
P/BV	4.9	3.7	2.9	2.7
Dividend Yield (%)	0.8	0.3	0.3	0.3
<b>(F) Growth Rate (%)</b>				
Revenue	34.4	(14.8)	7.2	14.1
EBITDA	(17.5)	24.9	22.9	27.7
EBIT	(31.3)	37.4	21.4	31.3
PBT	(28.1)	58.8	10.4	25.8
APAT	(6.3)	9.6	23.0	28.0
EPS	(6.3)	9.6	23.0	28.0

E – Estimates, Note: FY23 is 15months

## Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
<b>Profit before tax</b>	<b>37,289</b>	<b>59,006</b>	<b>65,090</b>	<b>81,817</b>
Depreciation & w.o.	16,447	16,234	20,675	24,250
Net Interest Exp	(3,477)	(6,605)	(4,916)	(3,745)
Direct taxes paid	(7,385)	(9,156)	(16,403)	(20,618)
Change in Working Capital	(34,729)	1,941	(794)	2,494
Non Cash	(801)	(4,962)	(3)	(3)
<b>(A) CF from Operating Activities</b>	<b>7,344</b>	<b>56,458</b>	<b>63,650</b>	<b>84,196</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(42,318)	(44,825)	(75,000)	(75,000)
<b>Free Cash Flow</b>	<b>(34,974)</b>	<b>11,634</b>	<b>(11,350)</b>	<b>9,196</b>
(Inc.)/ Dec. in Investments	0	0	(60,699)	0
Other	(81,657)	12,557	5,531	1,770
<b>(B) CF from Investing Activities</b>	<b>(123,975)</b>	<b>(32,268)</b>	<b>(130,168)</b>	<b>(73,230)</b>
Issue of Equity/ Preference	50,000	66,610	83,391	0
Inc./(Dec.) in Debt	(36)	(241)	0	0
Interest exp net	(1,275)	(2,341)	(2,896)	(2,947)
Dividend Paid (Incl. Tax)	(17,955)	(5,848)	(5,630)	(7,096)
Other	(1,425)	(1,293)	0	0
<b>(C) CF from Financing</b>	<b>29,310</b>	<b>56,888</b>	<b>74,865</b>	<b>(10,043)</b>
Net Change in Cash	(87,321)	81,078	8,347	923
<b>Opening Cash balances</b>	<b>116,932</b>	<b>29,610</b>	<b>110,691</b>	<b>119,041</b>
<b>Closing Cash balances</b>	<b>29,610</b>	<b>110,689</b>	<b>119,038</b>	<b>119,964</b>

E – Estimates, Note: FY23 is 15months

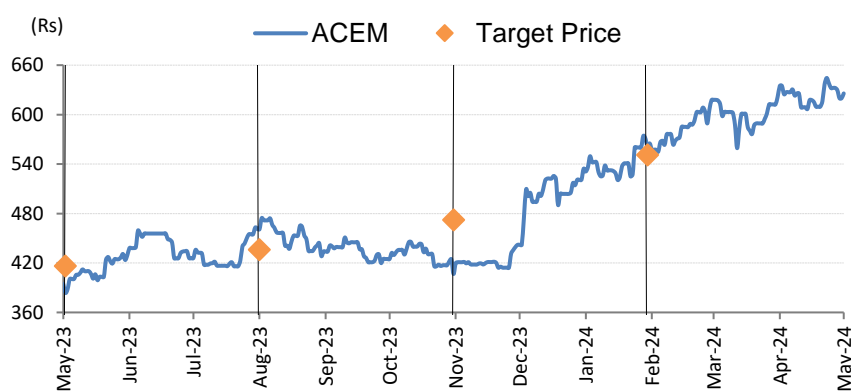
## Notes

## 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.)
May-23	REDUCE	416	384
Aug-23	SELL	436	461
Nov-23	Accumulate	472	407
Jan-24	SELL	551	560

\*Price as on recommendation date

## DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
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Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
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### CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	VP - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Girish Raj Sankunny	VP - Equity Sales	girishr@dolatcapital.com	+9122 4096 9625
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

**Dolat Capital Market Private Limited.**

Naman Midtown, A-1203, 12th Floor, Senapati Bapat Marg, Prabhadevi, Mumbai 400013

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Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: [research@dolatcapital.com](mailto:research@dolatcapital.com) | [www.dolatresearch.com](http://www.dolatresearch.com)