

# UltraTech Cement

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## Higher cost led to EBITDA miss; market-share gains likely to continue

UltraTech's consolidated EBITDA declined ~4% YoY/increased 25% QoQ to Rs23.4bn in Q3FY23, coming in 6% below our estimates (in line with consensus) owing to higher than expected cost/ton. Blended EBITDA/ton fell 14% YoY/increased 12% QoQ to Rs904 (Emkay est.: Rs985). In Phase-1, the company's domestic grey-cement capacity is expected to increase to ~131mt by FY23-end from ~121mt currently. It may further rise to ~154mt by FY25E under Phase-II which should propel volume growth and market-share gains. Management's commentary is cautious, as it does not expect any significant movement in cement prices in the near term, and input cost is expected to remain elevated over the longer term. Factoring-in the Q3 miss, the slow pace of price hike and higher fuel cost/ton, we reduce our FY24E-25E EBITDA by 4-6% with revised TP of Rs7,350/sh (earlier Rs7,100), based on 13x Mar-25 EV/E (on half-yearly roll-over). We maintain BUY, given that the company's extensive pan-India presence, premium brand positioning, and focus on cost efficiency make it better placed to improve its margin in the medium term.

**Results summary:** UltraTech's consolidated volume grew by 12% YoY to 25.9mt, while blended realization increased 8% YoY/~1% QoQ to Rs5,918 (Emkay Est: Rs5,958). India operations EBITDA declined ~4% YoY/increased 24% QoQ to Rs22.4bn, with EBITDA/ton at Rs910 (Emkay est.: Rs998). Capacity utilization increased by 800bps YoY to 83% in Q3FY23. Total cost/ton increased by 12% YoY/declined 2% QoQ to Rs5,101 (Emkay Est: Rs5,041). Consolidated PAT declined 10% YoY/increased 40% QoQ to Rs10.6bn. In Q3, UltraTech generated FCF of Rs6.6bn post working-capital release of Rs4bn and capex spend of Rs15bn. Accordingly, net debt declined by Rs6.4bn QoQ to Rs77bn, as of Dec-22.

**What we liked:** Double-digit volume growth, robust demand outlook and decline in net debt.

**What we did not like:** Higher-than-expected cost and Management's cautious commentary on cement price and input cost.

**Earnings call KTAs:** 1) Management does not expect any significant movement in cement prices; however, it remains hopeful that price may firm up with increasing utilization levels. The company mentioned that it is disinclined to losing market share in a growing demand environment. 2) Management expects fuel cost reduction sequentially in Q4FY23; however, it does not expect any major softening in the long run. Fuel consumption costs stood flat QoQ at US\$200/ton in Q3 vs spot prices of ~US\$175/ton. 3) Capacity utilization stood at 83% in Q3 (92% in Dec-22) and is expected to improve >90% in Q4; Infra (owing to pre-election spending) and Rural (due to better MSP) demand is expected to be the key growth driver. 6) UltraTech has commissioned 16MW of WHRS in Q3 and expects to add another 30MW in Q4, increasing its total WHRS capacity to 238MW by Mar-23. Besides, all clinkerization units are expected to have WHRS by FY24. Green power is targeted to increase to 50% by 2030 (vs ~20% at Q3 end); 7) Company commissioned 6.8mt capacity in 9MFY23 and is expected to commission another 10mt in the next few months. Company is on track to complete Phase-2 of expansion by FY25/FY26, and targets 200mt capacity by FY30, through the organic route. Management maintained its capex guidance of Rs60-70bn in FY23; 8) Revenue from construction chemicals is likely to be Rs8-10bn in FY23; 9) Trade mix declined 200bps QoQ to 66%, while blended sales stood at 68%, Clinker-to-Cement conversion ratio stood at 1.42x, lead distance declined by 15kms QoQ to 413kms in Q3.

### Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	4,47,258	5,25,988	6,25,532	6,86,749	7,63,198
EBITDA	1,15,679	1,15,143	1,06,094	1,36,902	1,60,202
EBITDA Margin (%)	25.9	21.9	17.0	19.9	21.0
APAT	55,809	56,665	51,133	76,636	92,947
EPS (Rs)	193.3	196.3	177.1	265.5	322.0
EPS (% chg)	45.4	1.5	(9.8)	49.9	21.3
ROE (%)	13.4	12.0	9.7	13.3	14.4
P/E (x)	35.4	34.9	38.7	25.8	21.3
EV/EBITDA (x)	19.3	18.5	19.9	15.4	13.0
P/BV (x)	4.5	3.9	3.6	3.3	2.9

Source: Company, Emkay Research. [am.emkay@whitemarquesolutions.com](mailto:am.emkay@whitemarquesolutions.com) use and downloaded at 01/24/2023 03:13 PM

<b>CMP</b>	<b>Target Price</b>
<b>Rs 6,850</b> as of (January 23, 2023)	<b>Rs 7,350 (▲)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>7.3 %</b>

### Change in Estimates

EPS Chg FY23E/FY24E (%)	(10)/(8)
Target Price change (%)	3.5
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	177.1	265.5
Consensus	190.8	267.2
Mean Consensus TP (12M)	Rs 7,969	

### Stock Details

Bloomberg Code	UTCEM IN
Face Value (Rs)	10
Shares outstanding (mn)	289
52 Week H/L	7,576 / 5,157
M Cap (Rs bn/USD bn)	1,977 / 24.30
Daily Avg Volume (nos.)	3,51,770
Daily Avg Turnover (USD mn)	30.2

### Shareholding Pattern Dec '22

Promoters	60.0%
FIIIs	14.1%
DIIIs	18.0%
Public and Others	7.9%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(1)	8	6	(7)
<b>Rel. to Nifty</b>	(3)	4	(2)	(9)

### Relative price trend



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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**Exhibit 1: Actual vs. Estimates (Q3FY23) consolidated**

(Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	1,52,990	1,50,210	1,52,063	1.9	0.6	Broadly in-line
<b>EBITDA</b>	<b>23,359</b>	<b>24,833</b>	<b>23,362</b>	<b>(5.9)</b>	<b>(0.0)</b>	<b>Owing to higher than expected increase in costs</b>
Adj. PAT	10,582	11,819	10,988	(10.5)	(3.7)	Due to lower EBITDA, higher interest expense and lower other income
Volume (mt)	25.9	25.2		2.6		
Blended Realization (Rs/ton)	5,914	5,958		(0.7)		
EBITDA (Rs/ton)	903	985		(8.3)		

Source: Bloomberg, Emkay Research

**Exhibit 2: India operations – Quarterly**

(Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)	9MFY22	9MFY23	YoY (%)
Net Sales	1,21,560	1,49,190	1,45,430	1,31,760	1,47,550	21.4	12.0	3,46,970	4,24,740	22.4
Other operating income	2,880	2,310	1,460	2,710	2,340	(18.8)	(13.7)	7,250	6,510	(10.2)
<b>Revenue</b>	<b>1,24,440</b>	<b>1,51,500</b>	<b>1,46,890</b>	<b>1,34,470</b>	<b>1,49,890</b>	<b>20.5</b>	<b>11.5</b>	<b>3,54,220</b>	<b>4,31,250</b>	<b>21.7</b>
<b>Expenditure</b>	<b>1,01,080</b>	<b>1,21,290</b>	<b>1,16,840</b>	<b>1,16,410</b>	<b>1,27,450</b>	<b>26.1</b>	<b>9.5</b>	<b>2,71,140</b>	<b>3,60,700</b>	<b>33.0</b>
Total RM	18,550	24,680	21,540	19,550	21,290	14.8	8.9	46,520	62,380	34.1
Power & Fuel	30,750	38,220	38,600	41,030	46,550	51.4	13.5	77,910	1,26,180	62.0
Freight	28,720	34,520	32,700	30,130	34,440	19.9	14.3	81,510	97,270	19.3
Staff cost	6,140	6,020	6,090	6,600	6,640	8.1	0.6	18,180	19,330	6.3
Other expenditure	16,920	17,850	17,910	19,100	18,530	9.5	(3.0)	47,020	55,540	18.1
<b>EBITDA</b>	<b>23,360</b>	<b>30,210</b>	<b>30,050</b>	<b>18,060</b>	<b>22,440</b>	<b>(3.9)</b>	<b>24.3</b>	<b>83,080</b>	<b>70,550</b>	<b>(15.1)</b>
Depreciation	6,450	6,800	6,670	6,790	6,940	7.6	2.2	19,270	20,400	5.9
<b>EBIT</b>	<b>16,910</b>	<b>23,410</b>	<b>23,380</b>	<b>11,270</b>	<b>15,500</b>	<b>(8.3)</b>	<b>37.5</b>	<b>63,810</b>	<b>50,150</b>	<b>(21.4)</b>
Other Income	700	1,050	1,390	1,190	950	35.7	(20.2)	4,160	3,530	(15.1)
Interest	1,780	1,750	2,000	1,870	1,940	9.0	3.7	7,230	5,810	(19.6)
<b>PBT</b>	<b>15,830</b>	<b>22,710</b>	<b>22,770</b>	<b>10,590</b>	<b>14,510</b>	<b>(8.3)</b>	<b>37.0</b>	<b>60,740</b>	<b>47,870</b>	<b>(21.2)</b>
Total Tax	4,600	8,040	7,140	3,330	4,620	0.4	38.7	19,400	15,090	(22.2)
<b>Adjusted PAT</b>	<b>11,230</b>	<b>14,670</b>	<b>15,620</b>	<b>7,260</b>	<b>9,890</b>	<b>(11.9)</b>	<b>36.2</b>	<b>41,340</b>	<b>32,780</b>	<b>(20.7)</b>
<b>Adjusted EPS (Rs)</b>	<b>38.9</b>	<b>50.8</b>	<b>54.2</b>	<b>25.2</b>	<b>34.3</b>	<b>(11.9)</b>	<b>36.2</b>	<b>143.2</b>	<b>113.6</b>	<b>(20.7)</b>

Source: Company, Emkay Research

**Exhibit 3: India operations – Quarterly analysis on per-ton basis**

Rs/ton	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)	9MFY22	9MFY23	YoY (%)
<b>Cement volumes (mt)</b>	<b>22.0</b>	<b>26.6</b>	<b>24.1</b>	<b>22.1</b>	<b>24.7</b>	<b>12.1</b>	<b>11.4</b>	<b>63.0</b>	<b>70.9</b>	<b>12.5</b>
<b>Blended Realization</b>	<b>5,525</b>	<b>5,619</b>	<b>6,034</b>	<b>5,954</b>	<b>5,983</b>	<b>8.3</b>	<b>0.5</b>	<b>5,621</b>	<b>6,083</b>	<b>8.2</b>
Raw Material	843	930	894	883	863	2.4	(2.3)	738	880	19.2
Power & Fuel	1,398	1,440	1,602	1,854	1,888	35.1	1.8	1,236	1,780	44.0
Freight	1,305	1,300	1,357	1,362	1,397	7.0	2.6	1,293	1,372	6.1
Staff cost	279	227	253	298	269	(3.5)	(9.7)	288	273	(5.5)
Other expenditure	769	672	743	863	751	(2.3)	(12.9)	746	783	5.0
<b>Operating cost</b>	<b>4,595</b>	<b>4,568</b>	<b>4,848</b>	<b>5,260</b>	<b>5,168</b>	<b>12.5</b>	<b>(1.7)</b>	<b>4,302</b>	<b>5,088</b>	<b>18.3</b>
Other operating income	131	87	61	122	95	(27.5)	(22.5)	115	92	(20.2)
<b>EBITDA</b>	<b>1,062</b>	<b>1,138</b>	<b>1,248</b>	<b>816</b>	<b>910</b>	<b>(14.3)</b>	<b>11.5</b>	<b>1,318</b>	<b>995</b>	<b>(24.5)</b>

Source: Company, Emkay Research

**Exhibit 4: We maintain BUY with TP of Rs7,350/share, based on 13x its Mar-25E EV/EBITDA**

EV/E method, backed by DCF analysis	Rs bn
Mar-25E EBITDA	160
EV/E (x)	13
Enterprise Value	2,115
Net cash (Mar-24E)	6
Equity value	2,122
No. of shares (mn)	289
<b>Mar-24 Target Price (Rs/share)</b>	<b>7,350</b>

Source: Emkay Research

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**Exhibit 5: Consolidated financials (quarterly)**

Rs mn	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)	9MFY22	9MFY23	YoY (%)
Net Sales	1,27,100	1,55,570	1,50,070	1,35,960	1,52,990	20.4	12.5	3,61,510	4,39,020	21.4
Other operating income	2,749	2,103	1,570	2,967	2,219	(19.3)	(25.2)	6,806	6,756	(0.7)
<b>Revenue</b>	<b>1,29,849</b>	<b>1,57,673</b>	<b>1,51,640</b>	<b>1,38,927</b>	<b>1,55,209</b>	<b>19.5</b>	<b>11.7</b>	<b>3,68,316</b>	<b>4,45,776</b>	<b>21.0</b>
<b>Expenditure</b>	<b>1,05,656</b>	<b>1,26,945</b>	<b>1,20,691</b>	<b>1,20,261</b>	<b>1,31,851</b>	<b>24.8</b>	<b>9.6</b>	<b>2,83,899</b>	<b>3,72,802</b>	<b>31.3</b>
Total RM	20,606	27,240	22,826	20,177	22,437	8.9	11.2	52,410	65,439	24.9
Power & Fuel	32,214	39,684	40,131	42,961	48,731	51.3	13.4	81,689	1,31,824	61.4
Freight	29,048	34,789	32,906	30,437	34,794	19.8	14.3	82,263	98,137	19.3
Staff cost	6,429	6,273	6,371	6,912	6,942	8.0	0.4	19,074	20,225	6.0
Other expenditure	17,358	18,959	18,457	19,774	18,947	9.1	(4.2)	48,465	57,177	18.0
<b>EBITDA</b>	<b>24,194</b>	<b>30,728</b>	<b>30,949</b>	<b>18,666</b>	<b>23,359</b>	<b>(3.5)</b>	<b>25.1</b>	<b>84,416</b>	<b>72,974</b>	<b>(13.6)</b>
Depreciation	6,742	7,034	6,952	7,079	7,232	7.3	2.2	20,114	21,263	5.7
<b>EBIT</b>	<b>17,452</b>	<b>23,694</b>	<b>23,997</b>	<b>11,587</b>	<b>16,126</b>	<b>(7.6)</b>	<b>39.2</b>	<b>64,302</b>	<b>51,710</b>	<b>(19.6)</b>
Other Income	705	924	1,087	1,463	1,266	79.6	(13.4)	4,154	3,816	(8.1)
Interest	1,823	2,063	2,158	2,003	2,153	18.1	7.5	7,384	6,313	(14.5)
<b>PBT</b>	<b>16,334</b>	<b>22,555</b>	<b>22,926</b>	<b>11,047</b>	<b>15,240</b>	<b>(6.7)</b>	<b>38.0</b>	<b>61,072</b>	<b>49,213</b>	<b>(19.4)</b>
Total Tax	4,592	7,847	7,114	3,445	4,647	1.2	34.9	19,233	15,206	(20.9)
<b>Adjusted PAT</b>	<b>11,742</b>	<b>14,708</b>	<b>15,812</b>	<b>7,602</b>	<b>10,593</b>	<b>(9.8)</b>	<b>39.3</b>	<b>41,840</b>	<b>34,007</b>	<b>(18.7)</b>
(Profit)/loss from JVs/Ass/MI	(17)	71	28	(45)	(11)	NA	NA	45	(27)	NA
<b>PAT after MI</b>	<b>11,725</b>	<b>14,779</b>	<b>15,841</b>	<b>7,557</b>	<b>10,582</b>	<b>(9.7)</b>	<b>40.0</b>	<b>41,885</b>	<b>33,980</b>	<b>(18.9)</b>
Extraordinary items	5,352	9,827	-	-	-	NA	NA	5,352	-	NA
<b>Reported PAT</b>	<b>17,077</b>	<b>24,605</b>	<b>15,841</b>	<b>7,557</b>	<b>10,582</b>	<b>(38.0)</b>	<b>40.0</b>	<b>47,237</b>	<b>33,980</b>	<b>(28.1)</b>
<b>Adjusted EPS (Rs)</b>	<b>40.6</b>	<b>51.2</b>	<b>54.9</b>	<b>26.2</b>	<b>36.7</b>	<b>(9.7)</b>	<b>40.0</b>	<b>145.1</b>	<b>117.7</b>	<b>(18.9)</b>

	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (bps)	QoQ (bps)	9MFY22	9MFY23	YoY (bps)
<b>EBITDA</b>	<b>18.6</b>	<b>19.5</b>	<b>20.4</b>	<b>13.4</b>	<b>15.0</b>	<b>(358)</b>	<b>161</b>	<b>22.9</b>	<b>16.4</b>	<b>(655)</b>
EBIT	13.4	15.0	15.8	8.3	10.4	(305)	205	17.5	11.6	(586)
EBT	12.6	14.3	15.1	8.0	9.8	(276)	187	16.6	11.0	(554)
PAT	9.0	9.3	10.4	5.5	6.8	(222)	135	11.4	7.6	(373)
Effective Tax rate	28.1	34.8	31.0	31.2	30.5			31.5	30.9	(59)

Source: Company, Emkay Research

**Exhibit 6: Consolidated quarterly analysis on per-ton basis**

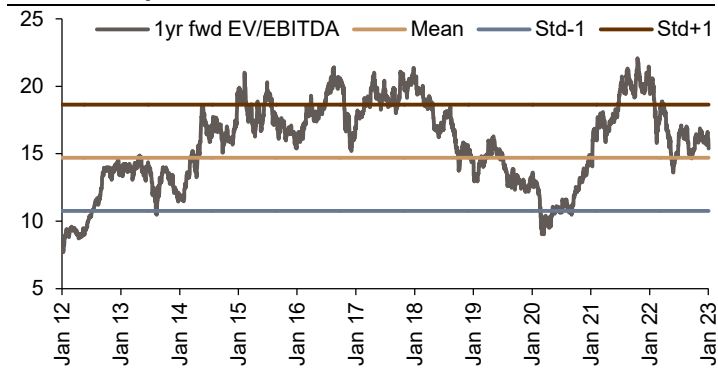
Rs/ton	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)	9MFY22	9MFY23	YoY (%)
<b>Volumes (mt)</b>	<b>23.1</b>	<b>27.7</b>	<b>25.0</b>	<b>23.1</b>	<b>25.9</b>	<b>11.8</b>	<b>11.9</b>	<b>66.3</b>	<b>74.0</b>	<b>11.6</b>
<b>Blended Realization</b>	<b>5,495</b>	<b>5,618</b>	<b>5,993</b>	<b>5,886</b>	<b>5,918</b>	<b>7.7</b>	<b>0.6</b>	<b>5,555</b>	<b>6,025</b>	<b>8.5</b>
Raw Material	891	984	912	873	868	(2.6)	(0.6)	790	884	11.9
Power and Fuel	1,393	1,433	1,603	1,860	1,885	35.4	1.4	1,232	1,782	44.6
Freight	1,256	1,256	1,314	1,318	1,346	7.2	2.2	1,241	1,326	6.9
Staff cost	278	227	254	299	269	(3.4)	(10.2)	288	273	(5.0)
Other expenditure	750	685	737	856	733	(2.3)	(14.4)	731	773	5.7
<b>Operating cost</b>	<b>4,568</b>	<b>4,585</b>	<b>4,820</b>	<b>5,206</b>	<b>5,101</b>	<b>11.7</b>	<b>(2.0)</b>	<b>4,282</b>	<b>5,039</b>	<b>17.7</b>
Other operating income	119	76	63	128	86	(27.8)	(33.2)	103	91	(11.0)
<b>EBITDA</b>	<b>1,046</b>	<b>1,110</b>	<b>1,236</b>	<b>808</b>	<b>904</b>	<b>(13.6)</b>	<b>11.8</b>	<b>1,273</b>	<b>986</b>	<b>(22.5)</b>

Source: Company, Emkay Research

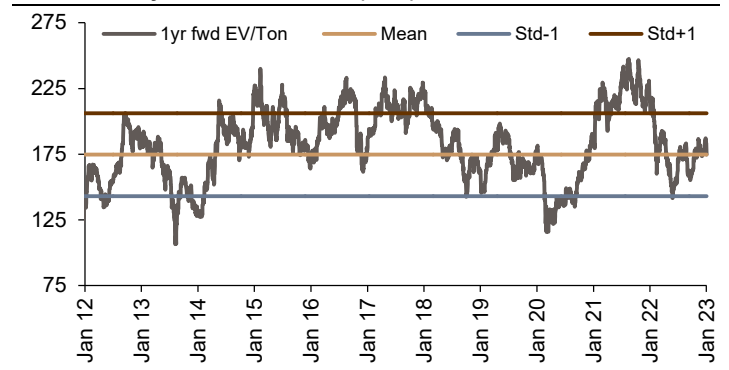
**Exhibit 7: We cut our FY24-FY25 EBITDA estimates by 4-6%**

Y/E March (Rs mn)	FY23E			FY24E			FY25E		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	6,22,546	6,25,532	0.5	6,89,222	6,86,749	(0.4)	7,64,239	7,63,198	(0.1)
<b>EBITDA</b>	<b>1,14,715</b>	<b>1,06,094</b>	<b>(7.5)</b>	<b>1,45,842</b>	<b>1,36,902</b>	<b>(6.1)</b>	<b>1,66,156</b>	<b>1,60,202</b>	<b>(3.6)</b>
PAT	56,578	51,133	(9.6)	83,670	76,636	(8.4)	97,697	92,947	(4.9)

Source: Emkay Research

**Exhibit 8: : 1-year forward EV/EBITDA**

Source: Bloomberg, Emkay Research

**Exhibit 9: : 1-year forward EV/ton (USD)**

Source: Bloomberg, Emkay Research

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>4,47,258</b>	<b>5,25,988</b>	<b>6,25,532</b>	<b>6,86,749</b>	<b>7,63,198</b>
<b>Expenditure</b>	<b>3,31,579</b>	<b>4,10,845</b>	<b>5,19,438</b>	<b>5,49,847</b>	<b>6,02,995</b>
<b>EBITDA</b>	<b>1,15,679</b>	<b>1,15,143</b>	<b>1,06,094</b>	<b>1,36,902</b>	<b>1,60,202</b>
Depreciation	27,002	27,148	28,688	33,505	36,514
<b>EBIT</b>	<b>88,676</b>	<b>87,996</b>	<b>77,406</b>	<b>1,03,397</b>	<b>1,23,689</b>
Other Income	7,342	5,078	5,119	4,843	5,234
Interest expenses	14,857	9,447	8,360	5,620	4,483
<b>PBT</b>	<b>81,162</b>	<b>83,627</b>	<b>74,165</b>	<b>1,02,619</b>	<b>1,24,440</b>
Tax	25,387	27,079	22,991	25,963	31,483
Extraordinary Items	(2,607)	15,179	0	0	0
Minority Int./Income from Assoc.	34	118	(41)	(21)	(10)
<b>Reported Net Income</b>	<b>53,201</b>	<b>71,844</b>	<b>51,133</b>	<b>76,636</b>	<b>92,947</b>
<b>Adjusted PAT</b>	<b>55,809</b>	<b>56,665</b>	<b>51,133</b>	<b>76,636</b>	<b>92,947</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	2,887	2,887	2,887	2,887	2,887
Reserves & surplus	4,38,860	5,01,467	5,42,373	6,03,698	6,78,064
<b>Net worth</b>	<b>4,41,747</b>	<b>5,04,353</b>	<b>5,45,259</b>	<b>6,06,585</b>	<b>6,80,950</b>
<b>Minority Interest</b>	<b>57</b>	<b>(31)</b>	<b>11</b>	<b>31</b>	<b>41</b>
<b>Loan Funds</b>	<b>2,04,727</b>	<b>1,02,028</b>	<b>90,528</b>	<b>72,528</b>	<b>57,528</b>
Net deferred tax liability	60,335	60,169	60,456	60,516	60,577
<b>Total Liabilities</b>	<b>7,06,866</b>	<b>6,66,520</b>	<b>6,96,254</b>	<b>7,39,661</b>	<b>7,99,097</b>
<b>Net block</b>	<b>5,91,214</b>	<b>5,85,829</b>	<b>6,53,465</b>	<b>6,46,102</b>	<b>7,27,322</b>
<b>Investment</b>	<b>1,21,781</b>	<b>63,358</b>	<b>52,158</b>	<b>57,158</b>	<b>62,158</b>
<b>Current Assets</b>	<b>1,31,959</b>	<b>1,41,156</b>	<b>1,58,847</b>	<b>1,94,984</b>	<b>2,13,294</b>
Cash & bank balance	20,076	3,592	1,271	10,603	11,648
Other Current Assets	1,651	1,651	1,651	1,651	1,651
<b>Current liabilities &amp; Provision</b>	<b>1,54,897</b>	<b>1,71,595</b>	<b>1,82,845</b>	<b>2,08,452</b>	<b>2,26,777</b>
<b>Net current assets</b>	<b>(22,939)</b>	<b>(30,439)</b>	<b>(23,998)</b>	<b>(13,469)</b>	<b>(13,483)</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>7,06,866</b>	<b>6,66,520</b>	<b>6,96,254</b>	<b>7,39,661</b>	<b>7,99,097</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>71,247</b>	<b>93,845</b>	<b>69,005</b>	<b>97,776</b>	<b>1,19,206</b>
Other Non-Cash items	11,237	(212)	0	0	0
Chg in working cap	39,088	(8,984)	(8,761)	(1,198)	1,059
<b>Operating Cashflow</b>	<b>1,38,043</b>	<b>94,165</b>	<b>72,177</b>	<b>1,08,734</b>	<b>1,28,740</b>
Capital expenditure	(18,414)	(52,725)	(61,058)	(60,375)	(89,926)
<b>Free Cash Flow</b>	<b>1,19,630</b>	<b>41,440</b>	<b>11,119</b>	<b>48,359</b>	<b>38,814</b>
Investments	(62,494)	58,423	11,200	(5,000)	(5,000)
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(73,566)</b>	<b>10,777</b>	<b>(44,738)</b>	<b>(60,532)</b>	<b>(89,692)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(24,252)	(1,02,699)	(11,500)	(18,000)	(15,000)
Dividend paid (incl tax)	(10,685)	(10,970)	(10,227)	(15,331)	(18,591)
Other Financing Cash Flow	0	1,689	328	81	71
<b>Financing Cashflow</b>	<b>(49,793)</b>	<b>(1,21,425)</b>	<b>(29,759)</b>	<b>(38,871)</b>	<b>(38,003)</b>
<b>Net chg in cash</b>	<b>14,684</b>	<b>(16,484)</b>	<b>(2,320)</b>	<b>9,331</b>	<b>1,045</b>
Opening cash position	5,392	20,076	3,592	1,271	10,603
<b>Closing cash position</b>	<b>20,076</b>	<b>3,592</b>	<b>1,271</b>	<b>10,603</b>	<b>11,648</b>

Source: Company, Emkay Research

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**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	25.9	21.9	17.0	19.9	21.0
EBIT Margin	19.8	16.7	12.4	15.1	16.2
Effective Tax Rate	31.3	32.4	31.0	25.3	25.3
Net Margin	12.5	10.8	8.2	11.2	12.2
ROCE	14.0	13.6	12.1	15.1	16.8
ROE	13.4	12.0	9.7	13.3	14.4
RoIC	10.7	10.8	9.1	12.4	14.0

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	193.3	196.3	177.1	265.5	322.0
CEPS	286.9	290.3	276.5	381.5	448.5
BVPS	1,530.4	1,747.2	1,888.9	2,101.3	2,358.9
DPS	7.5	16.2	19.0	21.4	0.0

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	35.4	34.9	38.7	25.8	21.3
P/CEPS	25.0	24.7	25.9	18.8	16.0
P/BV	4.5	3.9	3.6	3.3	2.9
EV / Sales	4.6	3.9	3.3	2.9	2.6
EV / EBITDA	19.3	18.5	19.9	15.4	13.0
Dividend Yield (%)	0.1	0.2	0.3	0.3	0.0

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	0.2	0.1	0.1	0.0	0.0
Net Debt/EBIDTA	0.6	0.3	0.4	0.1	(0.1)
Working Cap Cycle (days)	(35.1)	(23.6)	(14.7)	(12.8)	(12.0)

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	6.2	17.6	18.9	9.8	11.1
EBITDA	22.8	(0.5)	(7.9)	29.0	17.0
EBIT	32.1	(0.8)	(12.0)	33.6	19.6
PAT	(8.5)	35.0	(28.8)	49.9	21.3

<b>Quarterly (Rs mn)</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>Q1FY23</b>	<b>Q2FY23</b>	<b>Q3FY23</b>
Revenue	1,29,849	1,57,673	1,51,640	1,38,927	1,55,209
EBITDA	24,194	30,728	30,949	18,666	23,359
<b>EBITDA Margin (%)</b>	<b>18.6</b>	<b>19.5</b>	<b>20.4</b>	<b>13.4</b>	<b>15.0</b>
PAT	11,725	14,779	15,841	7,557	10,582
<b>EPS (Rs)</b>	<b>40.6</b>	<b>51.2</b>	<b>54.9</b>	<b>26.2</b>	<b>36.7</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>	<b>Dec-22</b>
Promoters	60.0	60.0	60.0	60.0	60.0
FII	15.7	14.0	13.1	14.6	14.1
DII	15.2	16.4	18.2	17.4	18.0
Public and Others	9.1	9.6	8.8	8.1	7.9

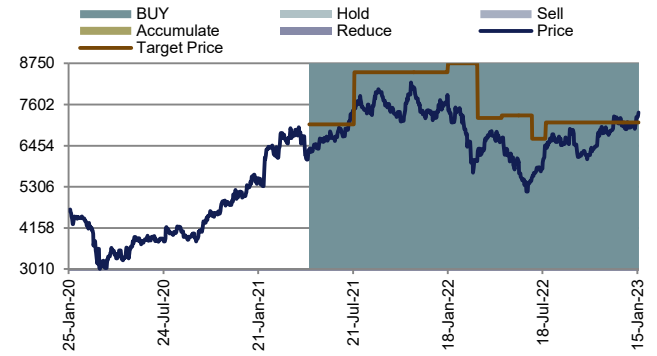
Source: Capitaline

## RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
29-Dec-22	6,982	7,100	12m	Buy	Dharmesh Shah
05-Dec-22	7,199	7,100	12m	Buy	Dharmesh Shah
05-Nov-22	6,893	7,100	12m	Buy	Dharmesh Shah
19-Oct-22	6,398	7,100	12m	Buy	Dharmesh Shah
04-Oct-22	6,308	7,100	12m	Buy	Dharmesh Shah
04-Sep-22	6,578	7,100	12m	Buy	Dharmesh Shah
24-Jul-22	6,459	7,100	12m	Buy	Dharmesh Shah
04-Jul-22	5,709	6,650	12m	Buy	Dharmesh Shah
28-Jun-22	5,573	6,650	12m	Buy	Dharmesh Shah
02-Jun-22	6,008	7,300	12m	Buy	Dharmesh Shah
01-May-22	6,630	7,300	12m	Buy	Dharmesh Shah
16-Mar-22	6,306	7,230	12m	Buy	Dharmesh Shah
18-Jan-22	7,556	8,750	12m	Buy	Dharmesh Shah
31-Dec-21	7,591	8,500	12m	Buy	Dharmesh Shah
02-Dec-21	7,323	8,500	12m	Buy	Dharmesh Shah
19-Oct-21	7,170	8,500	12m	Buy	Dharmesh Shah
05-Sep-21	7,930	8,500	12m	Buy	Dharmesh Shah
06-Aug-21	7,528	8,500	12m	Buy	Dharmesh Shah
23-Jul-21	7,490	8,500	12m	Buy	Dharmesh Shah
06-Jun-21	6,664	7,050	12m	Buy	Dharmesh Shah
10-May-21	6,403	7,050	12m	Buy	Dharmesh Shah
09-May-21	6,482	7,050	12m	Buy	Dharmesh Shah
28-Apr-21	6,361	7,050	12m	Buy	Dharmesh Shah

Source: Company, Emkay Research

## RECOMMENDATION HISTORY (Rs/share)



Source: Bloomberg, Company, Emkay Research



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Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

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