

# UltraTech Cement

Estimate change



TP change



Rating change



Bloomberg	UTCEM IN
Equity Shares (m)	288
M.Cap.(INRb)/(USDb)	1976.6 / 24.3
52-Week Range (INR)	7576 / 5158
1, 6, 12 Rel. Per (%)	-3/-2/-10
12M Avg Val (INR M)	2956

## Financial Snapshot (INR b)

Y/E MARCH	FY23E	FY24E	FY25E
Sales	621	669	730
EBITDA	104	128	145
Adj. PAT	51	61	72
EBITDA Margin (%)	17	19	20
Adj. EPS (INR)	176	213	251
EPS Gr. (%)	(10)	21	18
BV/Sh. (INR)	1,885	2,058	2,267

## Ratios

Net D:E	0.1	0.0	(0.1)
RoE (%)	9.7	10.8	11.6
RoCE (%)	9.0	10.1	11.0
Payout (%)	21.6	18.8	16.7

## Valuations

P/E (x)	38.9	32.2	27.3
P/BV (x)	3.6	3.3	3.0
EV/EBITDA(x)	19.4	15.5	13.4
EV/ton (USD)	190	187	156
Div. Yield (%)	0.6	0.6	0.6
FCF Yield (%)	0.5	2.2	2.8

## Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	60.0	60.0	60.0
DII	17.6	17.5	15.2
FII	14.8	14.7	15.8
Others	7.7	7.9	9.0

FII Includes depository receipts

**CMP: INR6,847**

**TP: INR7,875 (+15%)**

**Buy**

## Higher utilization comforting; profits to improve

### Dec'22 capacity utilization at 92%; 4Q should be at 95-100%

- UTCEM reported consolidated EBITDA of INR23.4b (estimated INR24.2b) and EBITDA/t of INR903 (estimated INR945). Adjusted PAT stood at INR10.6b (down 10% YoY; 5% below our estimate). Lower-than-estimated realization increase and unexpected increase in variable costs resulted in an earnings disappointment.
- The management expects a strong demand environment and utilization levels at 95-100% in 4Q (92% in Dec'22). We had highlighted in our [sector update](#) that industry clinker utilization levels should be at 89% in 4Q, which ideally should drive up profits improvement for the industry.
- We cut our FY24/FY25 EPS estimate by 5% (each). We reiterate our BUY rating on the stock, given robust expansion plans, structural cost improvement (increasing green energy share and logistics cost optimization) and strong balance-sheet (net-cash positive in FY25E).

### Volume in-line with estimate; grey cement realization up 0.6% QoQ

- Consolidated revenue/EBITDA/PAT stood at INR155b/INR23b/INR10.6b (up 20%/down 3%/down 10% YoY and 0%/down 3%/down 5% v/s our estimate), respectively. Sales volume grew 12% both YoY/QoQ to 25.86mt. RMC/white cementation revenue grew 50%/6% YoY, respectively.
- Grey cement realization was up 6.5% YoY (and up 0.6% QoQ). Blended realization was up 7% YoY (flat QoQ). Opex/t rose 12% YoY due to 21%/7% increase in variable/freight costs, respectively. Higher opex/t led to 14% YoY drop in EBITDA/t and 3.6pp YoY drop in OPM.
- In 9MFY23, consolidated revenue grew 20% YoY, led by 12%/8% growth in sales volume/realization, respectively. However, cost pressures (Opex/t up 18% YoY) led to 14% YoY decline in EBITDA to INR73b. OPM contracted 6.5pp YoY to 16.4% and EBITDA/t declined 23% YoY to INR986. Adjusted profit was down 19% YoY to INR34b.
- Consolidated net debt reduced to INR77.2b from INR83.6b in Sep'22. Net debt to EBITDA stood at 0.71x v/s 0.49x in 3QFY22.

### Highlights from the management commentary

- Cement demand remains robust and 4Q seems to be on a solid footing, led by infrastructure and increased urban activities. Rural demand is also expected to improve gradually over the next few months. Industry seems to be focused on operating leverage and cement prices should witness a stable to rising trend.
- The company consumed the highest priced coal in 3Q and there should be a decline from hereon. Kiln fuel cost should be at USD175-180/t v/s USD200/t in 3Q. UTCEM maintains 45-50days of coal inventory.
- 6.6mtpa grinding capacity has been commissioned in 9MFY23 and the remaining 10mtpa would be commissioned in 4Q (total capacity will increase to 131mtpa). Work on further expansion of 22.6mtpa expansion has started and commissioning of these capacities should start from early-FY25E.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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**Cost reduction should help; reiterate BUY**

- UTCEM is expanding domestic grinding capacity to 131mtpa/154mtpa by FY23E/FY25-26E, offering strong growth visibility. We estimate sales volume CAGR of ~9% over FY22-25.
- Structural cost improvement initiatives such as 1) commissioning of WHRS/Solar power plants (Green power usage to increase to 36% by FY25 from 20% currently); and 2) optimization of logistics cost through digitization and reduction in lead distance will help structural cost improvement.
- The stock trades at 15.5x/13.4x FY24E/FY25E EV/EBITDA (v/s its 10-year average one-year forward EV/EBITDA of 15.7x). We reiterate our Buy rating on the stock by valuing it at 15.5x FY25E EV/EBITDA (v/s Sep'24 earlier). Our TP of INR7,875 (v/s INR7,770 earlier) offers a 15% upside potential.

**Consolidated quarterly performance**

(INR b)

	FY22				FY23				FY22	FY23E	FY23	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Net sales</b>	<b>118</b>	<b>120</b>	<b>130</b>	<b>158</b>	<b>152</b>	<b>139</b>	<b>155</b>	<b>176</b>	<b>526</b>	<b>621</b>	<b>155</b>	0
YoY change (%)	54.2	15.7	5.9	9.5	28.2	15.6	19.5	11.4	17.6	18.2	19.1	
Total expenditure	85	93	106	127	121	120	132	145	411	518	131	1
<b>EBITDA</b>	<b>33</b>	<b>27</b>	<b>24</b>	<b>31</b>	<b>31</b>	<b>19</b>	<b>23</b>	<b>31</b>	<b>115</b>	<b>104</b>	<b>24</b>	(3)
Margin (%)	28.0	22.6	18.6	19.5	20.4	13.4	15.0	17.6	21.9	16.7	15.6	
Depreciation	7	7	7	7	7	7	7	7	27	29	7	(0)
Interest	3	2	2	2	2	2	2	2	9	8	2	10
Other income	2	1	1	1	1	1	1	1	5	5	1	1
<b>PBT before EO expense</b>	<b>25</b>	<b>19</b>	<b>16</b>	<b>23</b>	<b>23</b>	<b>11</b>	<b>15</b>	<b>23</b>	<b>84</b>	<b>72</b>	<b>16</b>	(6)
<b>PBT after EO Expense</b>	<b>25</b>	<b>19</b>	<b>16</b>	<b>23</b>	<b>23</b>	<b>11</b>	<b>15</b>	<b>23</b>	<b>84</b>	<b>72</b>	<b>16</b>	(6)
Tax	8	6	-1	-2	7	3	5	6	12	21	5	(7)
Rate (%)	32.7	32.7	-4.7	-8.8	31.0	31.2	30.5	26.7	14.2	29.6	31.0	
<b>Reported PAT</b>	<b>17</b>	<b>13</b>	<b>17</b>	<b>25</b>	<b>16</b>	<b>8</b>	<b>11</b>	<b>17</b>	<b>72</b>	<b>51</b>	<b>11</b>	(5)
Minority interest	0	0	0	-0	0	0	0	-0	0	0	-0	
<b>Adj. PAT</b>	<b>17</b>	<b>13</b>	<b>12</b>	<b>15</b>	<b>16</b>	<b>8</b>	<b>11</b>	<b>17</b>	<b>57</b>	<b>51</b>	<b>11</b>	(5)
YoY change (%)	88.8	6.4	-26.8	-19.8	-6.7	-42.5	-9.7	13.5	1.5	-10.4	-4.6	

**Key operating parameters**

Income Statement (INR/t)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY22	FY23E	FY23	Var.
											3QE	(%)
Volume (mt)	21.5	21.6	23.1	27.7	25.0	23.1	25.9	29.1	94.0	103.1	25.6	1
Change (YoY %)	47.0	7.9	-3.1	-0.3	16.3	6.7	11.8	5.0	8.8	9.6	10.5	
<b>Realization (including RMC)</b>	<b>5,495</b>	<b>5,553</b>	<b>5,614</b>	<b>5,694</b>	<b>6,056</b>	<b>6,014</b>	<b>6,002</b>	<b>6,046</b>	<b>5,595</b>	<b>6,030</b>	<b>6,051</b>	(1)
Change (YoY %)	4.9	7.2	9.3	9.8	10.2	8.3	6.9	6.2	8.1	7.8	7.8	
RM cost	674	799	891	984	912	873	868	890	847	886	914	(5)
Power and fuel	1,127	1,165	1,393	1,433	1,603	1,861	1,884	1,763	1,291	1,776	1,811	4
Staff cost	272	314	278	227	254	299	268	244	270	265	263	2
Freight and forwarding	1,230	1,235	1,256	1,256	1,314	1,318	1,345	1,373	1,246	1,339	1,336	1
Other expenditure	656	785	750	685	737	855	733	714	716	756	783	(6)
<b>Total expenditure</b>	<b>3,958</b>	<b>4,299</b>	<b>4,568</b>	<b>4,585</b>	<b>4,820</b>	<b>5,206</b>	<b>5,099</b>	<b>4,983</b>	<b>4,370</b>	<b>5,022</b>	<b>5,106</b>	(0)
<b>EBITDA</b>	<b>1,536</b>	<b>1,254</b>	<b>1,046</b>	<b>1,110</b>	<b>1,236</b>	<b>808</b>	<b>903</b>	<b>1,063</b>	<b>1,225</b>	<b>1,008</b>	<b>945</b>	(4)
YoY change (%)	8.3	(6.7)	(19.5)	(16.5)	(19.5)	(35.6)	(13.6)	(4.2)	(8.5)	(17.7)	(9.7)	

Sources: Company reports, MOFSL estimates



## Highlights from the management commentary

### Demand and pricing outlook

- Cement demand saw double-digit growth, driven by government thrust on infrastructure and pick-up in urban real estate. Rural demand has seen some moderation in North, Central, and East India; however, good monsoon and increased MSP by the government should drive up rural demand. Rural markets contributed 62% of trade volumes in 3QFY23. Capacity utilization in Dec'22 reached ~92% and it has been at 95-100% in 4Q for the last few years and this year is expected to see similar trends.
- Cement prices have not seen significant improvements despite strong demand and higher costs. Cement prices are stable and the industry seems to be concentrating on operating leverage benefits. Prices should witness a stable to rising trend over the next few months.
- The management does not expect any unusual pressure on cement prices due to new capacity additions in the near term (UTCEM will also commission 10mtpa capacities in 1.5months) as the new capacity would take time for ramping up the utilization.

### Operational highlights

- White cement volume was flat YoY (up 8% QoQ) at 0.41mt, whereas revenue grew 6%/6.5% YoY/QoQ to INR5.75b. RMC revenue increased 50% YoY and 13% QoQ to INR10b. The company has a total of 202 operational RMC plants in 3QFY23 v/s 151/186 in 3QFY22/2QFY23, respectively.
- Trade sales were at 66% in 3Q; however; blended cement sales were at 68%, indicating that blended cement is getting accepted in the non-trade segment. Blending ratio is at 1.42x and the next target is to reach 1.45x.
- OPC/non-trade sales should remain strong as the country sees growth from the infrastructure segment. Institutional sales have been good and forms 18-20% of the total cement consumption.
- No new petcoke capacities are coming up globally, and hence cost is expected to remain elevated. Higher coal cost should be the new normal in the near future. With the China economy opening up, industrial activities are expected to rise in the country, adversely impacting the global supply of fuel as China has always been a net importer.
- The company consumed the highest priced coal in 3Q and the management expects a decline from hereon. Kiln fuel cost should be at USD175-180/t in 4Q v/s USD200/t in 3Q. UTCEM maintains 45-50days of coal inventory.
- Average fuel cost was at INR2.6/kcal in 3QFY23 v/s INR2.5/Kcal in 2QFY23. Blended fuel price remained stable in USD terms but were adversely impacted by exchange rate fluctuations. Fuel-mix in kiln was 46% imported coal, 43% petcoke, and the remaining was a mix of domestic coal and AFR. Electricity generation cost stood at INR5.9/Kwh.
- Green energy (solar+ WHRS) fulfilled 19.8% of its power requirements (up 4.2pp YoY). WHRS capacity rose to 208MW (41MW WHRS capacity addition in 9MFY23). Also, other renewable power capacity (solar and wind) increased to 325MW (96MW addition in 9MFY23). In 4QFY23, the company will add another 30MW of WHRS, taking the total WHRS capacity to 238MW. The company aims to fulfill 50% of power requirements through green sources by FY30.

- Freight cost has increased largely due to imposition of busy season surcharge since Oct'22. However, initiatives toward lead distance reduction (413kms v/s 428kms in 2QFY23) and improved operating efficiency partly offset the impact of busy season surcharge.

### Expansion and Debt position

- The company has commissioned 5.5mtpa Grey Cement capacity in 3QFY23 at various locations under the first phase of expansion announced in Dec'20 (overall commissioned 6.8mtpa in 9MFY23). Its domestic grey cement capacity has increased to 121.35mtpa. Further, the balance 10mtpa capacity is likely to commission in the next 45 days.
- Further, work on the second phase of growth of 22.6mtpa has started (main plant orders have been placed and civil work commenced at most sites). The commissioning of these capacities should start from early-FY25. The company targets to reach a capacity of 200mtpa by FY29/30E and this would be done through a mix of greenfield/brownfield expansions. Any inorganic expansion will be a new opportunity. Capex is expected to be INR60-70b every year till FY25.
- Putty expansion of 0.4mtpa at Nathdwara, Rajasthan, was commissioned in 3QFY23. With this expansion, UTCEM's wall care putty capacity increased to 1.3mtpa. UTCEM, with expanded capacity in white cement and Putty as well as its investment in RAK Cement, UAE, is strategically well positioned to cater to the white cement and putty demand in the country.
- Net debt declined to INR77.2b as of Dec'22 from INR83.6b in Sept'23. The quarter ended with a net negative working capital of INR1.25b and the company expects this to further improve in 4QFY23.

### Other highlights

- Fly-ash cost increased due to availability issues and is not expected to decline given increase in fly-ash consumption with higher share of blended cement production.
- In Construction chemical, revenue should be at INR8-10b in FY23. This segment helps in giving complete offering of building materials. Also, consolidation opportunities (though, it will be small) will be considered in this segment.

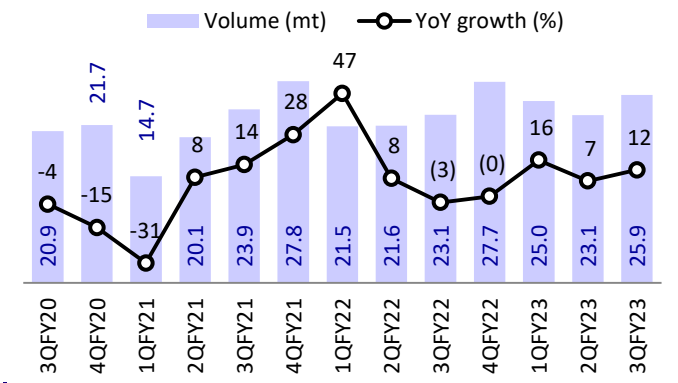
### Exhibit 1: Revisions to our estimates

(INR b)	Revised		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	669	730	657	716	1.8	2.0
EBITDA	128	145	130	146	(1.8)	(0.7)
PAT	61	72	65	76	(5.2)	(4.8)
EPS (INR)	212.8	250.9	224.6	263.6	(5.2)	(4.8)

Source: Company, MOFSL estimates

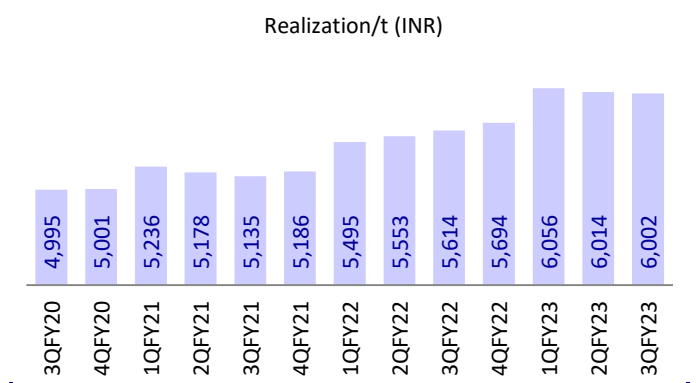
Story in charts

Exhibit 2: Sales volume grew 12% both YoY and QoQ



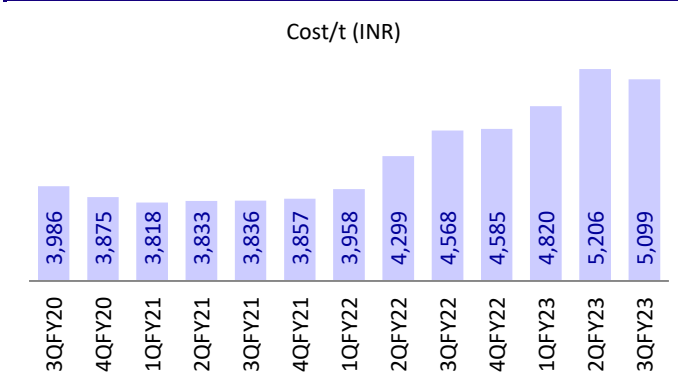
Sources: Company reports, MOFSL

Exhibit 3: Blended realization grew 7% YoY, but flat QoQ



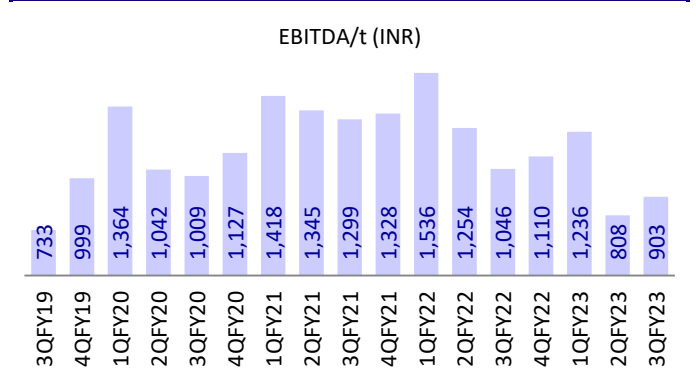
Sources: Company reports, MOFSL

Exhibit 4: OPEX/t increased 12% YoY, but down 2% QoQ



Sources: Company reports, MOFSL

Exhibit 5: EBITDA/t down 14% YoY, but up 12% QoQ



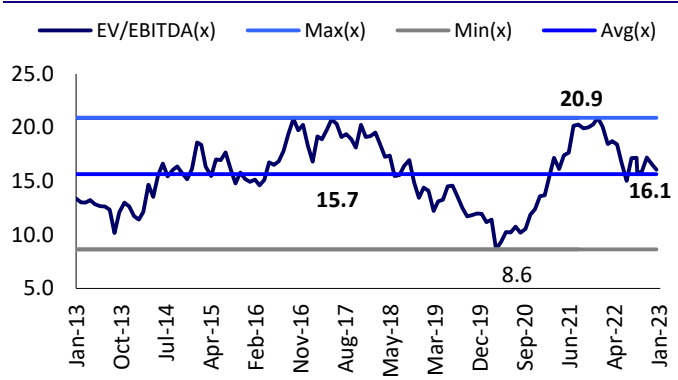
Sources: Company reports, MOFSL

Exhibit 6: Trend in key operating parameters

INR/t	3QFY23	3QFY22	YoY (%)	2QFY23	QoQ (%)
<b>Realization</b>	<b>6,002</b>	<b>5,614</b>	<b>7%</b>	<b>6,014</b>	<b>0%</b>
RM cost	868	891	-3%	873	-1%
Power and fuel	1,884	1,393	35%	1,861	1%
Staff cost	268	278	-3%	299	-10%
Freight and forwarding	1,345	1,256	7%	1,318	2%
Other expenditure	733	750	-2%	855	-14%
<b>Total expenditure</b>	<b>5,099</b>	<b>4,568</b>	<b>12%</b>	<b>5,206</b>	<b>-2%</b>
<b>EBITDA</b>	<b>903</b>	<b>1,046</b>	<b>-14%</b>	<b>808</b>	<b>12%</b>

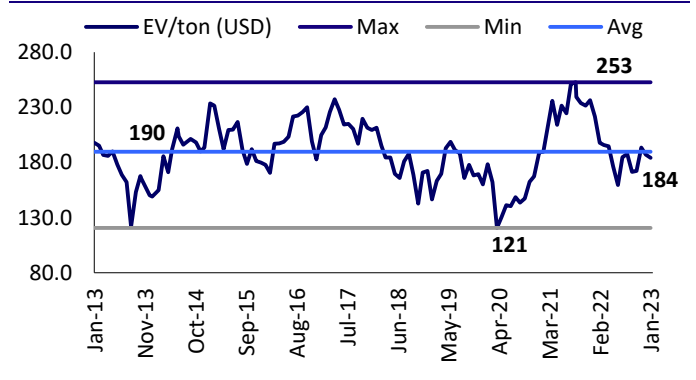
Sources: Company reports, MOFSL

Exhibit 7: One-year forward EV/EBITDA (x) trend



Sources: Company reports, MOFSL

Exhibit 8: One-year forward EV/t trend



Sources: Company reports, MOFSL

## Financials and valuations

### Consolidated Income Statement

	(INR m)							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Total Income from Operations</b>	<b>3,09,786</b>	<b>4,16,088</b>	<b>4,24,299</b>	<b>4,47,258</b>	<b>5,25,988</b>	<b>6,21,482</b>	<b>6,68,949</b>	<b>7,29,863</b>
Change (%)	22.1	34.3	2.0	5.4	17.6	18.2	7.6	9.1
Raw Materials	52,888	69,831	65,181	70,858	79,650	91,306	1,09,315	1,20,376
Employees Cost	18,102	22,911	25,199	23,530	25,347	27,312	29,176	31,169
Other Expenses	1,77,344	2,49,877	2,40,141	2,37,191	3,05,848	3,99,008	4,02,549	4,33,745
<b>Total Expenditure</b>	<b>2,48,335</b>	<b>3,42,619</b>	<b>3,30,520</b>	<b>3,31,579</b>	<b>4,10,845</b>	<b>5,17,626</b>	<b>5,41,040</b>	<b>5,85,290</b>
As a percentage of Sales	80.2	82.3	77.9	74.1	78.1	83.3	80.9	80.2
<b>EBITDA</b>	<b>61,452</b>	<b>73,469</b>	<b>93,779</b>	<b>1,15,679</b>	<b>1,15,144</b>	<b>1,03,855</b>	<b>1,27,909</b>	<b>1,44,573</b>
Margin (%)	19.8	17.7	22.1	25.9	21.9	16.7	19.1	19.8
Depreciation	18,479	24,507	27,227	27,002	27,148	28,617	33,467	36,570
<b>EBIT</b>	<b>42,972</b>	<b>48,962</b>	<b>66,552</b>	<b>88,677</b>	<b>87,996</b>	<b>75,238</b>	<b>94,441</b>	<b>1,08,004</b>
Int. and Finance Charges	12,376	17,779	19,917	14,857	9,447	8,492	7,813	6,656
Other Income	5,886	4,634	6,511	7,342	5,078	5,170	5,495	5,897
<b>PBT bef. EO Exp.</b>	<b>36,482</b>	<b>35,818</b>	<b>53,146</b>	<b>81,162</b>	<b>83,627</b>	<b>71,916</b>	<b>92,123</b>	<b>1,07,244</b>
EO Items	-3,466	-1,139	0	-2,607	0	0	0	0
<b>PBT after EO Exp.</b>	<b>33,016</b>	<b>34,679</b>	<b>53,146</b>	<b>78,555</b>	<b>83,627</b>	<b>71,916</b>	<b>92,123</b>	<b>1,07,244</b>
Total Tax	10,770	10,681	15,413	25,387	11,901	21,260	30,814	34,937
Tax Rate (%)	32.6	30.8	29.0	32.3	14.2	29.6	33.4	32.6
Minority Interest	24	-37	-32	-34	-118	-143	-118	-118
<b>Reported PAT</b>	<b>22,222</b>	<b>24,035</b>	<b>37,765</b>	<b>53,202</b>	<b>71,844</b>	<b>50,799</b>	<b>61,426</b>	<b>72,424</b>
<b>Adjusted PAT</b>	<b>24,557</b>	<b>24,823</b>	<b>37,765</b>	<b>54,967</b>	<b>56,665</b>	<b>50,799</b>	<b>61,426</b>	<b>72,424</b>
Change (%)	-9.5	1.1	52.1	45.6	3.1	-10.4	20.9	17.9
Margin (%)	7.9	6.0	8.9	12.3	10.8	8.2	9.2	9.9

### Consolidated Balance Sheet

	(INR m)							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	2,746	2,746	2,886	2,887	2,887	2,887	2,887	2,887
Total Reserves	2,61,066	3,34,738	3,88,269	4,38,860	5,01,466	5,41,270	5,91,149	6,51,449
<b>Net Worth</b>	<b>2,63,812</b>	<b>3,37,484</b>	<b>3,91,155</b>	<b>4,41,747</b>	<b>5,04,353</b>	<b>5,44,156</b>	<b>5,94,036</b>	<b>6,54,336</b>
Minority Interest	160	122	75	57	-31	-148	-266	-383
Total Loans	1,94,802	2,53,370	2,28,979	2,04,878	1,02,028	1,02,028	82,028	72,028
Deferred Tax Liabilities	31,827	63,856	49,120	60,407	60,332	67,283	76,723	87,572
<b>Capital Employed</b>	<b>4,90,601</b>	<b>6,54,832</b>	<b>6,69,329</b>	<b>7,07,089</b>	<b>6,66,683</b>	<b>7,13,320</b>	<b>7,52,522</b>	<b>8,13,553</b>
Gross Block	4,30,455	5,71,407	6,02,798	6,14,319	6,41,922	7,33,589	7,95,270	8,76,965
Less: Accum. Deprn.	43,665	68,172	95,399	1,22,401	1,49,549	1,78,166	2,11,633	2,48,203
<b>Net Fixed Assets</b>	<b>3,86,790</b>	<b>5,03,235</b>	<b>5,07,400</b>	<b>4,91,918</b>	<b>4,92,374</b>	<b>5,55,424</b>	<b>5,83,637</b>	<b>6,28,762</b>
Goodwill on Consolidation	10,363	62,989	62,525	62,199	62,502	62,502	62,502	62,502
Capital WIP	15,112	11,486	9,095	16,867	47,847	31,582	30,582	11,582
Current Investment	39,491	15,165	42,437	1,08,939	49,633	<b>22,694</b>	<b>22,694</b>	<b>22,694</b>
Non-current Investment	14,978	14,048	16,850	12,842	13,725	13,725	13,725	13,725
<b>Curr. Assets, Loans, and Adv.</b>	<b>1,04,677</b>	<b>1,58,335</b>	<b>1,44,307</b>	<b>1,59,034</b>	<b>1,71,938</b>	<b>2,08,939</b>	<b>2,25,765</b>	<b>2,67,530</b>
Inventory	32,676	40,990	41,483	40,180	55,956	65,365	70,112	76,445
Account Receivables	22,206	27,870	22,383	25,717	30,716	35,865	38,330	41,761
Cash and Bank Balance	2,191	7,397	5,392	20,076	3,592	26,373	36,326	68,665
Loans and Advances	47,604	82,079	75,049	73,061	81,674	81,336	80,997	80,659
<b>Curr. Liability and Prov.</b>	<b>80,904</b>	<b>1,10,548</b>	<b>1,19,152</b>	<b>1,52,307</b>	<b>1,71,595</b>	<b>1,81,807</b>	<b>1,86,647</b>	<b>1,93,507</b>
Account Payables	23,849	31,671	35,014	46,993	58,628	69,272	74,563	81,353
Other Current Liabilities	50,526	71,206	76,240	96,441	1,04,309	1,03,869	1,03,412	1,03,476
Provisions	6,529	7,671	7,898	8,873	8,658	8,665	8,672	8,678
<b>Net Current Assets</b>	<b>23,773</b>	<b>47,787</b>	<b>25,155</b>	<b>6,727</b>	<b>343</b>	<b>27,132</b>	<b>39,118</b>	<b>74,023</b>
Deferred Tax assets	94	121	60	72	164	166	168	171
Net Assets held for sale	0	0	5,808	7,526	95	95	95	95
<b>Appl. of Funds</b>	<b>4,90,601</b>	<b>6,54,832</b>	<b>6,69,329</b>	<b>7,07,089</b>	<b>6,66,683</b>	<b>7,13,320</b>	<b>7,52,522</b>	<b>8,13,553</b>

E: MOFSL estimates

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>89.4</b>	<b>90.4</b>	<b>130.8</b>	<b>190.4</b>	<b>196.3</b>	<b>176.0</b>	<b>212.8</b>	<b>250.9</b>
Cash EPS	156.7	179.6	225.2	284.0	290.3	275.1	328.7	377.6
BV/Share	960.7	1,228.8	1,355.2	1,530.4	1,747.2	1,885.0	2,057.8	2,266.7
DPS	9.5	10.5	11.5	37.0	38.0	38.0	40.0	42.0
Payout (%)	12.7	14.0	10.1	19.4	19.4	21.6	18.8	16.7
<b>Valuation (x)</b>								
P/E		75.8	52.3	36.0	34.9	38.9	32.2	27.3
Cash P/E		38.1	30.4	24.1	23.6	24.9	20.8	18.1
P/BV		5.6	5.1	4.5	3.9	3.6	3.3	3.0
EV/Sales		5.0	5.0	4.6	3.8	3.2	3.0	2.7
EV/t (USD)		237	237	226	216	190	187	156
EV/EBITDA		28.5	22.8	17.6	17.5	19.4	15.5	13.4
Dividend Yield (%)		0.2	0.2	0.5	0.6	0.6	0.6	0.6
FCF per share		156.9	249.4	369.4	127.4	35.1	151.8	191.3
<b>Return Ratios (%)</b>								
RoE	9.7	8.3	10.4	13.2	12.0	9.7	10.8	11.6
RoCE	8.4	7.1	8.6	10.3	12.7	9.0	10.1	11.0
RoIC	8.2	6.4	7.7	10.2	13.4	8.8	9.7	10.6
<b>Working Capital Ratios</b>								
Inventory (Days)	38	36	36	33	39	38	38	38
Debtor (Days)	26	24	19	21	21	21	21	21
Creditor (Days)	28	28	30	38	41	41	41	41
<b>Leverage Ratio (x)</b>								
Current Ratio	1.3	1.4	1.2	1.0	1.0	1.1	1.2	1.4
Interest Coverage Ratio	3.5	2.8	3.3	6.0	9.3	8.9	12.1	16.2
Net Debt/Equity ratio	0.6	0.7	0.5	0.2	0.1	0.1	0.0	0.0

### Consolidated Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	33,015	34,685	52,423	78,576	83,627	71,916	92,123	1,07,244
Depreciation	18,479	24,507	27,022	27,002	27,148	28,617	33,467	36,570
Interest and Finance Charges	12,328	17,779	19,917	14,857	9,447	8,492	7,813	6,656
Direct Taxes Paid	-8,429	-7,101	-8,914	-12,910	-15,549	-14,312	-21,377	-24,090
(Inc.)/Dec. in WC	-12,477	-6,957	4,503	23,264	-4,730	-4,008	-2,033	-2,566
<b>CF from Operations</b>	<b>42,916</b>	<b>62,913</b>	<b>94,949</b>	<b>1,30,789</b>	<b>99,943</b>	<b>90,705</b>	<b>1,09,994</b>	<b>1,23,814</b>
Others	-4,042	-3,352	-5,929	-5,785	-7,110	-5,170	-5,495	-5,897
<b>CF from Operations incl. EO</b>	<b>38,874</b>	<b>59,561</b>	<b>89,020</b>	<b>1,25,004</b>	<b>92,832</b>	<b>85,535</b>	<b>1,04,499</b>	<b>1,17,917</b>
(Inc.)/Dec. in FA	-18,828	-16,482	-17,037	-18,389	-56,062	-75,402	-60,681	-62,694
<b>Free Cash Flow</b>	<b>20,047</b>	<b>43,079</b>	<b>71,983</b>	<b>1,06,615</b>	<b>36,771</b>	<b>10,133</b>	<b>43,818</b>	<b>55,223</b>
(Pur.)/Sale of Investments	36,777	26,614	-26,266	-70,949	76,888	26,939	0	0
Others	621	1,007	1,210	774	1,744	5,170	5,495	5,897
<b>CF from Investments</b>	<b>18,570</b>	<b>11,138</b>	<b>-42,094</b>	<b>-88,565</b>	<b>22,570</b>	<b>-43,293</b>	<b>-55,186</b>	<b>-56,798</b>
Issue of Shares	157	52	27	70	44	0	0	0
Inc./(Dec.) in Debt	-42,069	-46,482	-26,663	-25,149	-1,12,232	0	-20,000	-10,000
Interest Paid	-12,050	-16,854	-19,445	-14,805	-2,227	-8,492	-7,813	-6,656
Dividend Paid	-3,340	-3,462	-3,800	-3,748	-10,650	-10,969	-11,547	-12,124
Others	0	-827	-31	68	87	0	0	0
CF from Fin. Activity	-57,302	-67,572	-49,911	-43,565	-1,24,979	-19,461	-39,360	-28,780
<b>Inc./Dec. in Cash</b>	<b>142</b>	<b>3,127</b>	<b>-2,985</b>	<b>-7,125</b>	<b>-9,577</b>	<b>22,781</b>	<b>9,953</b>	<b>32,339</b>
Opening Balance	629	1,286	4,450	8,897	10,782	3,592	26,373	36,326
<b>Closing Balance</b>	<b>772</b>	<b>4,412</b>	<b>1,465</b>	<b>1,772</b>	<b>1,205</b>	<b>26,373</b>	<b>36,326</b>	<b>68,665</b>

NOTES



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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