

**HOLD** Sagar Cements**Weak quarter; capacity-adds to drive superior volume growth**Cement ▶ Result Update ▶ **May 11, 2023****TARGET PRICE (Rs): 220**

**Sagar Cements' Q4FY23 EBITDA declined by 36% YoY/18% QoQ to Rs389mn. EBITDA/ton fell by 47% YoY/25% QoQ to Rs286 vs our estimate of Rs385 owing to higher-than-expected cost. Durga Cement Works (DCW) grinding unit (1.8mt) of Andhra Cements commenced operations in Apr '23, while the clinker unit (1.65mt) is likely to be operative from mid-Jun '23. Management targets 6.5mt volumes (+35% YoY; incremental 1mt from Andhra Cements), with doubling of EBITDA/ton to Rs625 in FY24. Sagar has revised its capital outlay for Andhra Cements to Rs2.75-3bn (vs Rs4.7bn), to be spent over the next 15-18 months. Net debt increased by Rs1.8bn QoQ to Rs12.6bn, as of Mar-23 which the company expects to gradually lower. Factoring-in the higher cost, we cut FY24-25E EBITDA by 7-8% and revise Mar-24E TP to Rs220/sh, based on 9x EV/EBITDA. Given the high leverage and limited upside, we maintain **HOLD** on the stock.**

**Sagar Cements: Financial Snapshot (Consolidated)**

Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Revenue	13,713	15,969	22,295	28,174	32,535
EBITDA	4,004	2,758	1,532	3,519	4,647
Adj. PAT	1,865	692	(1,390)	302	1,210
Adj. EPS (Rs)	79.4	5.9	(10.6)	2.3	9.3
EBITDA margin (%)	29.2	17.3	6.9	12.5	14.3
EBITDA growth (%)	115.9	(31.1)	(44.5)	129.7	32.1
Adj. EPS growth (%)	562.1	(92.6)	(280.7)	(121.8)	300.3
RoE (%)	17.2	5.6	(9.6)	1.8	7.0
RoIC (%)	15.2	5.6	(0.1)	4.3	6.9
P/E (x)	2.5	34.3	(19.0)	87.4	21.8
EV/EBITDA (x)	2.6	12.3	25.5	11.2	8.4
P/B (x)	0.4	1.9	1.6	1.6	1.5
FCFF yield (%)	(8.1)	(8.1)	(6.8)	2.7	4.6

Source: Company, Emkay Research

**Result Summary**

Sagar Cements' consolidated volumes increased by 20% YoY/~10% QoQ to 1.36mt, while cement realization/ton enhanced by 3% YoY/~1% QoQ to Rs4,581 – both in line with our estimates. Total cost/ton rose 10% YoY/remained flat QoQ to Rs4,294 (Emkay est.: Rs4,181). Other expenses include one-off costs of ~Rs100mn relating to higher sales promotion outlays and legal charges for an acquisition by Andhra Cement. The company reported profit of Rs980mn. Other income of Rs1.8bn includes a one-off gain of Rs1.68bn on redemption of NCDs in the subsidiary. FCF generation stood at a negative Rs2.8bn, post capex of Rs4.4bn and working capital release of Rs197mn in FY23.

**What we liked:** Industry-leading superior volume growth.**What we did not like:** High leverage.

**Key Concall takeaways:** 1) Management has retained its guidance of achieving 6.5mt (+35%YoY) capacity in FY24, with incremental 1mt from Andhra Cements in FY24. 2) Company has guided to double its EBITDA/ton to Rs625 in FY24. Management expects its Jajpur plant to achieve EBITDA breakeven in FY24. 4) Company has highlighted maintenance capex of Rs300mn, and capex of Rs2.75-3bn on Andhra Cements – to be spent over the next 15-18 months vs its earlier guidance of Rs4.7bn. Management is likely to provide more clarity in coming quarters. Clinker/cement capacity enhancement by 0.6mt/1.2mt at DCW would be commissioned by H2FY25. Post expansion, total cement capacity will increase to 11.3mt. 5) Company expects savings of Rs50/ton in power & fuel expenses in Q1FY24, and another Rs100/ton in Q2FY24 on a sequential basis. 6) Trade sales were broadly flat at 60% QoQ, in Q4FY23; green power share contribution was 32% in the quarter.

Target Price – 12M	Mar-24
<b>Change in TP (%)</b>	<b>(8.4)</b>
Current Reco.	HOLD
Previous Reco.	HOLD
Upside/(Downside) (%)	8.7
CMP (10-May-23) (Rs)	202.2

Stock Data	Ticker
52-week High (Rs)	268
52-week Low (Rs)	154
Shares outstanding (mn)	130.7
Market-cap (Rs bn)	26
Market-cap (USD mn)	322
Net-debt, FY22E (Rs mn)	5,682
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	39.5
ADTV-3M (USD mn)	0.5
Free float (%)	34
Nifty-50	18,315
INR/USD	82.0
<b>Shareholding, Mar-23</b>	
Promoters (%)	45.2
FPIs/MFs (%)	3.9/19.1

**Price Performance**

(%)	1M	3M	12M
Absolute	9.3	(5.9)	(5.7)
Rel. to Nifty	5.2	(8.3)	(16.4)

**1-Year share price trend (Rs)****Dharmesh Shah**dharmesh.shah@emkayglobal.com  
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## Quarterly Analysis

### Exhibit 1: Actual vs. Estimates (Q4FY23)

(Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Net sales	6,215	6,189	6,341	0.4	(2.0)	In-line
<b>EBITDA</b>	<b>389</b>	<b>522</b>	<b>795</b>	<b>(25.6)</b>	<b>(51.1)</b>	<b>Lower-than-expected realization and higher cost</b>
PAT	980	(143)	145	(785.6)	574.2	
Volumes (mt)	1.36	1.36		0.1		
Cement realization (Rs/ton)	4,581	4,567		0.3		
EBITDA (Rs/ton)	286	385		(25.7)		

Source: Bloomberg, Emkay Research

### Exhibit 2: Quarterly financial highlights (Consolidated)

(Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)	FY22	FY23	YoY (%)
<b>Revenue</b>	<b>5,017</b>	<b>5,577</b>	<b>4,746</b>	<b>5,757</b>	<b>6,215</b>	<b>23.9</b>	<b>8.0</b>	<b>15,969</b>	<b>22,295</b>	<b>39.6</b>
<b>Expenditure</b>	<b>4,406</b>	<b>4,967</b>	<b>4,688</b>	<b>5,282</b>	<b>5,827</b>	<b>32.2</b>	<b>10.3</b>	<b>13,211</b>	<b>20,764</b>	<b>57.2</b>
Total RM cost	839	999	713	1,267	1,243	48.2	(1.9)	2,253	4,222	87.4
Power & Fuel cost	1,706	2,145	2,277	2,095	2,418	41.8	15.4	5,157	8,935	73.3
Freight cost	875	947	826	984	1,131	29.3	14.9	2,786	3,889	39.6
Staff cost	266	254	229	251	258	(2.9)	2.9	856	993	16.1
Other expenditure	721	621	643	684	776	7.7	13.5	2,160	2,725	26.1
<b>EBITDA</b>	<b>611</b>	<b>610</b>	<b>57</b>	<b>476</b>	<b>389</b>	<b>(36.4)</b>	<b>(18.3)</b>	<b>2,757</b>	<b>1,532</b>	<b>(44.4)</b>
Depreciation	315	366	379	397	416	31.9	4.6	925	1,558	68.3
<b>EBIT</b>	<b>296</b>	<b>245</b>	<b>(322)</b>	<b>79</b>	<b>(27)</b>	<b>(109.1)</b>	<b>(134.2)</b>	<b>1,832</b>	<b>(26)</b>	<b>(101.4)</b>
Other Income	42	124	149	143	130	212.7	(8.7)	134	547	307.6
Interest	471	481	503	514	519	10.1	1.0	925	2,016	118.0
<b>PBT</b>	<b>(134)</b>	<b>(112)</b>	<b>(676)</b>	<b>(292)</b>	<b>(416)</b>	<b>210.6</b>	<b>42.2</b>	<b>1,041</b>	<b>(1,495)</b>	<b>(243.6)</b>
Total Tax	58	19	(184)	(20)	285	393.2	(1,502.0)	496	100	(79.9)
<b>Adjusted PAT</b>	<b>(192)</b>	<b>(131)</b>	<b>(492)</b>	<b>(272)</b>	<b>(700)</b>	<b>265.6</b>	<b>157.5</b>	<b>546</b>	<b>(1,595)</b>	<b>(392.3)</b>
(Profit)/loss from JVs/Ass/MI	(76)	(59)	(69)	(52)	(26)	(66.6)	(50.7)	(100)	(205)	105.4
<b>PAT after MI</b>	<b>(115)</b>	<b>(72)</b>	<b>(423)</b>	<b>(220)</b>	<b>(675)</b>	<b>486.2</b>	<b>206.4</b>	<b>646</b>	<b>(1,390)</b>	<b>(315.2)</b>
Extra-ordinary items	-	-	-	-	1,680			47	1,680	3,451.8
<b>Reported PAT</b>	<b>(115)</b>	<b>(72)</b>	<b>(423)</b>	<b>(220)</b>	<b>1,005</b>	<b>(973.4)</b>	<b>(556.5)</b>	<b>693</b>	<b>290</b>	<b>(58.1)</b>
<b>Adjusted EPS (Rs)</b>	<b>(1.0)</b>	<b>(0.6)</b>	<b>(3.6)</b>	<b>(1.9)</b>	<b>(5.7)</b>	<b>486.2</b>	<b>206.4</b>	<b>5.5</b>	<b>(11.8)</b>	<b>(315.2)</b>
(%)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (bps)	QoQ (bps)	FY22	FY23	YoY (bps)
<b>EBITDAM</b>	<b>12.2</b>	<b>10.9</b>	<b>1.2</b>	<b>8.3</b>	<b>6.3</b>	<b>(592)</b>	<b>(201)</b>	<b>17.3</b>	<b>6.9</b>	<b>(1,040)</b>
EBITM	5.9	4.4	(6.8)	1.4	(0.4)	(633)	(180)	11.5	(0.1)	(1,159)
EBTM	(2.7)	(2.0)	(14.2)	(5.1)	(6.7)	(402)	(161)	6.5	(6.7)	(1,323)
PATM	(3.8)	(2.3)	(10.4)	(4.7)	(11.3)	(745)	(654)	3.4	(7.2)	(1,057)
Effective Tax rate	(43.1)	(17.1)	27.2	6.9	(68.5)			47.6	(6.7)	

Source: Company, Emkay Research

### Exhibit 3: Quarterly Analysis on a per-ton basis

(Rs/ton)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	YoY (%)	QoQ (%)	FY22	FY23	YoY (%)
Volume (mt)	1.13	1.19	1.03	1.24	1.36	20.3	9.5	3.60	4.82	33.7
<b>Blended Realization</b>	<b>4,448</b>	<b>4,702</b>	<b>4,585</b>	<b>4,645</b>	<b>4,581</b>	<b>3.0</b>	<b>(1.4)</b>	<b>4,431</b>	<b>4,628</b>	<b>4.4</b>
Raw Material expenses	744	842	689	1,022	916	23.2	(10.4)	625	876	40.2
Power & Fuel expenses	1,512	1,808	2,200	1,690	1,782	17.8	5.4	1,431	1,855	29.6
Freight expenses	776	798	798	794	834	7.5	5.0	773	807	4.4
Staff cost	236	214	222	203	190	(19.2)	(6.0)	954	952	(0.2)
Other expenditure	639	524	621	552	572	(10.5)	3.7	599	566	(5.6)
<b>Operating cost</b>	<b>3,907</b>	<b>4,187</b>	<b>4,530</b>	<b>4,261</b>	<b>4,294</b>	<b>9.9</b>	<b>0.8</b>	<b>3,666</b>	<b>4,310</b>	<b>17.6</b>
<b>EBITDA/ton</b>	<b>542</b>	<b>514</b>	<b>55</b>	<b>384</b>	<b>286</b>	<b>(47.1)</b>	<b>(25.4)</b>	<b>765</b>	<b>318</b>	<b>(58.4)</b>

Source: Company, Emkay Research

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**Exhibit 4: We increase our EBITDA estimates by 6-7% for FY24**

Earnings revision	FY24E			FY25E		
	Old	New	% chg	Old	New	% chg
Revenue (Rs mn)	27,518	28,174	2.4	33,568	32,535	(3.1)
<b>EBITDA (Rs mn)</b>	<b>3,781</b>	<b>3,519</b>	<b>(6.9)</b>	<b>5,069</b>	<b>4,647</b>	<b>(8.3)</b>
PAT (Rs mn)	693	302	(56.4)	1,660	1,210	(27.1)

Source: Emkay Research

**Exhibit 5: We maintain HOLD on Sagar Cements, with TP of Rs220/share, based on Mar-25E EV/E**

EV/E valuation, backed by DCF analysis	Mar-24E
Mar25E EBITDA (Rs bn)	4.6
EV/E (x)	9
<b>Enterprise Value (Rs bn)</b>	<b>42</b>
Net debt (Mar-24E; Rs bn)	13
<b>Equity value (Rs bn)</b>	<b>29</b>
No. of shares (mn)	131
<b>Mar-24E Target Price (Rs/share)</b>	<b>220</b>

Source: Emkay Research

**Exhibit 6: Annual Financials**

Key Assumptions	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	CAGR	CAGR
									(FY18-23)	(FY23-25E)
Capacity (mt)	4.2	5.8	5.8	5.8	8.3	8.3	10.1	11.3	14.5	16.8
Volumes (mt)	2.6	3.3	3.1	3.2	3.6	4.8	6.1	6.9	12.7	19.5
Utilization – RHS (%)	63	57	54	55	44	58	61	61		
Blended Realization (Rs/ton)	3,924	3,742	3,753	4,339	4,431	4,628	4,605	4,727	3.4	1.1
<b>EBITDA/ton (Rs/ton)</b>	<b>572</b>	<b>459</b>	<b>592</b>	<b>1,267</b>	<b>765</b>	<b>318</b>	<b>575</b>	<b>675</b>	<b>(11.1)</b>	<b>45.7</b>
<b>P&amp;L (Rs bn)</b>										
Revenue	10	12	12	14	16	22	28	32,535	16.5	20.8
EBITDA	2	1	2	4	3	2	4	4,647	0.3	74.2
Adj. Net Profit	0	0	0	2	1	(1)	0	1	NA	NA
<b>Balance Sheet (Rs bn)</b>										
Equity	8	8	10	12	13	16	17	18		
Net Debt	4	5	5	6	10	13	13	13		
Net Debt-to-EBITDA (x)	2.8	3.3	2.6	1.4	3.7	8.2	3.7	2.7		
Net Debt-to-Equity (x)	0.5	0.6	0.5	0.5	0.8	0.8	0.8	0.7		
<b>Cash Flow (Rs bn)</b>										
OCF before NWC change	1	1	1	3	2	2	2	3		
Change in NWC	0	(0)	0	0	(2)	0	(0)	(0)		
Capex	(2)	(2)	(2)	(5)	(4)	(4)	(2)	(3)		
<b>FCF</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(3)</b>	<b>(3)</b>	<b>(1)</b>	<b>0</b>		
<b>Return ratios (%)</b>										
RoE	3.4	1.7	3.0	17.2	5.6	(9.6)	1.8	7.0		
RoCE	4.8	3.8	4.1	11.8	4.8	2.5	4.6	6.9		
<b>RoIC</b>	<b>5.3</b>	<b>4.2</b>	<b>4.3</b>	<b>15.2</b>	<b>5.6</b>	<b>(0.1)</b>	<b>4.3</b>	<b>6.9</b>		
<b>Valuation (x)</b>										
PER (x)	15.7	30.3	84.3	12.7	34.3	NA	87.4	21.8		
EV/EBITDA (x)	5.6	6.0	14.8	7.1	10.6	23.9	11.1	8.5		
EV/ton (USD)	24	19	58	61	43	54	47	43		

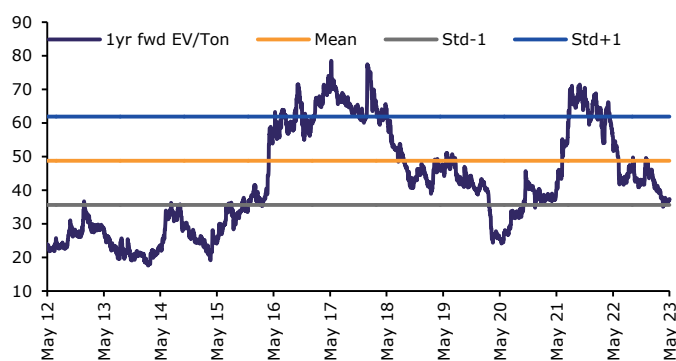
Source: Emkay Research

## Exhibit 7: Annual analysis on a per-ton basis

(Rs/ton)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Blended realization</b>	<b>3,924</b>	<b>3,742</b>	<b>3,753</b>	<b>4,339</b>	<b>4,431</b>	<b>4,628</b>	<b>4,605</b>	<b>4,727</b>
<b>% YoY</b>	<b>6.1</b>	<b>(4.6)</b>	<b>0.3</b>	<b>15.6</b>	<b>2.1</b>	<b>4.4</b>	<b>(0.5)</b>	<b>2.7</b>
Raw material costs	548	734	726	758	625	876	885	895
Power & fuel costs	1,253	1,115	987	827	1,431	1,855	1,587	1,564
Freight costs	824	776	715	741	773	807	801	821
Staff costs	194	181	207	242	237	206	187	191
Other expenses	533	477	526	503	599	566	570	580
<b>Operating costs</b>	<b>3,352</b>	<b>3,283</b>	<b>3,161</b>	<b>3,072</b>	<b>3,666</b>	<b>4,310</b>	<b>4,030</b>	<b>4,052</b>
<b>% YoY</b>	<b>4.9</b>	<b>(2.1)</b>	<b>(3.7)</b>	<b>(2.8)</b>	<b>19.3</b>	<b>17.6</b>	<b>(6.5)</b>	<b>0.5</b>
<b>Blended EBITDA</b>	<b>572</b>	<b>459</b>	<b>592</b>	<b>1,267</b>	<b>765</b>	<b>318</b>	<b>575</b>	<b>675</b>
<b>% YoY</b>	<b>14.0</b>	<b>(19.7)</b>	<b>29.0</b>	<b>113.9</b>	<b>(39.6)</b>	<b>(58.4)</b>	<b>80.9</b>	<b>17.4</b>

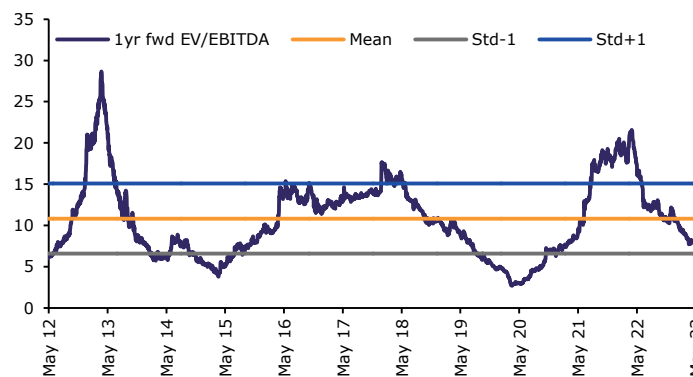
Source: Emkay Research

## Exhibit 8: One-year forward EV/ton (USD)



Source: Bloomberg, Emkay Research

## Exhibit 9: One-year forward EV/EBITDA (x)



Source: Bloomberg, Emkay Research

## Sagar Cements: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
<b>Revenue</b>	<b>13,713</b>	<b>15,969</b>	<b>22,295</b>	<b>28,174</b>	<b>32,535</b>
Revenue growth (%)	16.7	16.4	39.6	26.4	15.5
<b>EBITDA</b>	<b>4,004</b>	<b>2,758</b>	<b>1,532</b>	<b>3,519</b>	<b>4,647</b>
EBITDA growth (%)	115.9	(31.1)	(44.5)	129.7	32.1
Depreciation & Amortization	810	927	1,558	1,866	1,952
<b>EBIT</b>	<b>3,194</b>	<b>1,831</b>	<b>(26)</b>	<b>1,653</b>	<b>2,695</b>
EBIT growth (%)	199.5	(42.7)	(101.4)	0.0	63.1
Other operating income	188	0	0	0	0
Other income	78	134	547	191	195
Financial expense	466	925	2,016	1,577	1,408
<b>PBT</b>	<b>2,806</b>	<b>1,040</b>	<b>(1,495)</b>	<b>267</b>	<b>1,483</b>
Extraordinary items	0	0	0	0	0
Taxes	945	449	100	68	375
Minority interest	(4)	(100)	(205)	(103)	(103)
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>1,865</b>	<b>692</b>	<b>(1,390)</b>	<b>302</b>	<b>1,210</b>
PAT growth (%)	598.4	(62.9)	(301.0)	0.0	300.3
<b>Adjusted PAT</b>	<b>1,865</b>	<b>692</b>	<b>(1,390)</b>	<b>302</b>	<b>1,210</b>
<b>Diluted EPS (Rs)</b>	<b>79.4</b>	<b>5.9</b>	<b>(10.6)</b>	<b>2.3</b>	<b>9.3</b>
Diluted EPS growth (%)	562.1	(92.6)	(280.7)	(121.8)	300.3
<b>DPS (Rs)</b>	<b>6.5</b>	<b>0.8</b>	<b>0.7</b>	<b>0.2</b>	<b>0.9</b>
<b>Dividend payout (%)</b>	<b>8.2</b>	<b>13.2</b>	<b>(6.6)</b>	<b>10.0</b>	<b>10.0</b>
EBITDA margin (%)	29.2	17.3	6.9	12.5	14.3
EBIT margin (%)	23.3	11.5	(0.1)	5.9	8.3
Effective tax rate (%)	33.7	43.1	(6.7)	25.3	25.3
<b>NOPLAT (pre-IndAS)</b>	<b>2,118</b>	<b>1,041</b>	<b>(28)</b>	<b>1,235</b>	<b>2,013</b>
Shares outstanding (mn)	23.5	117.5	130.7	130.7	130.7

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
PBT	2,806	1,040	(1,495)	267	1,483
Others (non-cash items)	0	0	0	0	0
Taxes paid	(365)	(298)	(148)	(68)	(375)
Change in NWC	223	(1,700)	197	(188)	(178)
<b>Operating cash flow</b>	<b>3,772</b>	<b>870</b>	<b>1,752</b>	<b>3,469</b>	<b>4,299</b>
Capital expenditure	(4,613)	(3,610)	(4,400)	(2,413)	(2,503)
Acquisition of business	0	0	0	0	0
Interest & dividend income	30	56	1,670	191	195
<b>Investing cash flow</b>	<b>(4,475)</b>	<b>(7,643)</b>	<b>2,392</b>	<b>(2,324)</b>	<b>(2,410)</b>
Equity raised/(repaid)	671	105	3,429	0	0
Debt raised/(repaid)	3,190	6,873	(5,206)	600	(1,000)
Payment of lease liabilities	(17)	(19)	(18)	0	0
Interest paid	(474)	(752)	(1,779)	(1,577)	(1,408)
Dividend paid (incl tax)	(153)	(59)	(92)	(30)	(121)
Others	(17)	(19)	(18)	0	0
<b>Financing cash flow</b>	<b>3,217</b>	<b>6,149</b>	<b>(3,666)</b>	<b>(1,007)</b>	<b>(2,529)</b>
Net chg in Cash	2,513	(625)	478	138	(639)
OCF	3,772	870	1,752	3,469	4,299
Adj. OCF (w/o NWC chg.)	3,548	2,570	1,554	3,656	4,477
FCFF	(841)	(2,740)	(2,648)	1,056	1,797
FCFE	2,349	4,133	(7,854)	1,656	797
OCF/EBITDA (%)	94.2	31.5	114.3	98.6	92.5
FCFE/PAT (%)	125.9	597.7	565.2	547.9	65.9
<b>FCFF/NOPLAT (%)</b>	<b>(39.7)</b>	<b>(263.2)</b>	<b>9,585.2</b>	<b>85.5</b>	<b>89.3</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Share capital	235	235	261	261	261
Reserves & Surplus	11,810	12,319	16,114	16,386	17,475
<b>Net worth</b>	<b>12,045</b>	<b>12,554</b>	<b>16,375</b>	<b>16,647</b>	<b>17,736</b>
Minority interests	535	540	514	514	514
Deferred tax liability (net)	759	823	104	104	104
<b>Total debt</b>	<b>8,129</b>	<b>15,034</b>	<b>14,721</b>	<b>15,321</b>	<b>14,321</b>
<b>Total liabilities &amp; equity</b>	<b>21,468</b>	<b>28,951</b>	<b>31,715</b>	<b>32,587</b>	<b>32,676</b>
Net tangible fixed assets	11,911	19,374	27,528	26,502	28,053
Net intangible assets	576	573	573	573	573
Net ROU assets	112	133	0	0	0
Capital WIP	5,175	1,005	992	1,992	992
Goodwill	416	416	416	416	416
Investments [JV/Associates]	0	0	0	0	0
<b>Cash &amp; equivalents</b>	<b>2,542</b>	<b>4,774</b>	<b>2,105</b>	<b>2,242</b>	<b>1,603</b>
Current assets (ex-cash)	4,731	7,230	6,214	7,857	9,252
Current Liab. & Prov.	4,218	4,539	5,540	6,995	8,212
<b>NWC (ex-cash)</b>	<b>513</b>	<b>2,691</b>	<b>674</b>	<b>862</b>	<b>1,040</b>
<b>Total assets</b>	<b>21,468</b>	<b>28,951</b>	<b>31,715</b>	<b>32,587</b>	<b>32,676</b>
Net debt	5,587	10,260	12,616	13,079	12,718
Capital employed	21,468	28,951	31,715	32,587	32,676
<b>Invested capital</b>	<b>13,751</b>	<b>23,173</b>	<b>28,618</b>	<b>28,353</b>	<b>30,081</b>
BVPS (Rs)	512.6	106.8	125.3	127.4	135.7
Net Debt/Equity (x)	0.5	0.8	0.8	0.8	0.7
Net Debt/EBITDA (x)	1.4	3.7	8.2	3.7	2.7
Interest coverage (x)	7.0	2.1	0.3	1.2	2.1
<b>RoCE (%)</b>	<b>17.8</b>	<b>7.8</b>	<b>1.7</b>	<b>5.7</b>	<b>8.9</b>

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
P/E (x)	2.5	34.3	(19.0)	87.4	21.8
P/CE(x)	1.8	14.7	157.2	12.2	8.4
P/B (x)	0.4	1.9	1.6	1.6	1.5
EV/Sales (x)	0.8	2.1	1.8	1.4	1.2
EV/EBITDA (x)	2.6	12.3	25.5	11.2	8.4
EV/EBIT(x)	3.2	18.6	(1,507.2)	23.9	14.5
EV/IC (x)	0.8	1.5	1.4	1.4	1.3
FCFF yield (%)	(8.1)	(8.1)	(6.8)	2.7	4.6
FCFE yield (%)	22.7	12.2	(20.1)	4.2	2.0
Dividend yield (%)	3.2	0.4	0.3	0.1	0.5
<b>DuPont-RoE split</b>					
Net profit margin (%)	13.6	4.3	(6.2)	1.1	3.7
Total asset turnover (x)	0.7	0.6	0.7	0.9	1.0
Assets/Equity (x)	1.7	2.0	2.1	1.9	1.9
<b>RoE (%)</b>	<b>17.2</b>	<b>5.6</b>	<b>(9.6)</b>	<b>1.8</b>	<b>7.0</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	15.4	6.5	(0.1)	4.4	6.2
IC turnover (x)	1.0	0.9	0.9	1.0	1.1
<b>RoIC (%)</b>	<b>15.2</b>	<b>5.6</b>	<b>(0.1)</b>	<b>4.3</b>	<b>6.9</b>
<b>Operating metrics</b>					
Core NWC days	13.7	61.5	11.0	11.2	11.7
<b>Total NWC days</b>	<b>13.7</b>	<b>61.5</b>	<b>11.0</b>	<b>11.2</b>	<b>11.7</b>
Fixed asset turnover	0.7	0.7	0.7	0.8	0.8
Opex-to-revenue (%)	53.3	68.6	74.2	68.3	66.8

Source: Company, Emkay Research

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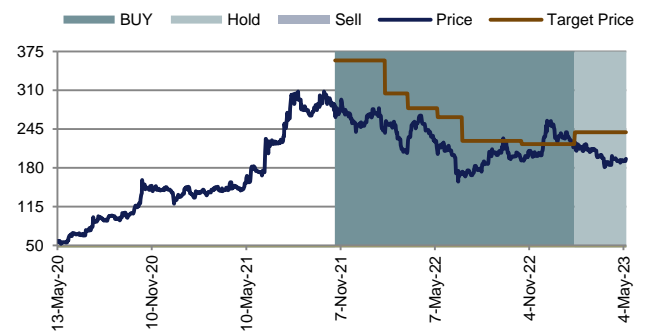
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Date	CMP (INR)	TP (INR)	Rating	Analyst
04-May-23	192	240	Hold	Dharmesh Shah
02-Mar-23	208	240	Hold	Dharmesh Shah
19-Feb-23	218	240	Hold	Dharmesh Shah
05-Feb-23	219	240	Hold	Dharmesh Shah
30-Jan-23	222	240	Hold	Dharmesh Shah
29-Dec-22	229	220	Buy	Dharmesh Shah
05-Dec-22	241	220	Buy	Dharmesh Shah
05-Nov-22	209	220	Buy	Dharmesh Shah
20-Oct-22	192	220	Buy	Dharmesh Shah
04-Oct-22	199	225	Buy	Dharmesh Shah
04-Sep-22	201	225	Buy	Dharmesh Shah
21-Jul-22	178	225	Buy	Dharmesh Shah
04-Jul-22	166	225	Buy	Dharmesh Shah
28-Jun-22	174	225	Buy	Dharmesh Shah
12-May-22	203	265	Buy	Dharmesh Shah
27-Mar-22	255	280	Buy	Dharmesh Shah
16-Mar-22	227	280	Buy	Dharmesh Shah
31-Jan-22	238	305	Buy	Dharmesh Shah
31-Dec-21	270	360	Buy	Dharmesh Shah
02-Dec-21	258	360	Buy	Dharmesh Shah
28-Oct-21	265	360	Buy	Dharmesh Shah
27-Oct-21	270	360	Buy	Dharmesh Shah

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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