

BUY

Century Plyboards



Your success is our success

In-line quarter; maintain outlook

Building Materials ▶ Result Update ▶ November 10, 2023

TARGET PRICE (Rs): 820

Century Ply's Q2FY24 standalone EBITDA declined 7% YoY/increased 8% QoQ to Rs1.4bn, in line with our estimates. EBITDA margin slipped by 253bps YoY/54bps QoQ to 14.2%. Regarding MDF, with stabilization of the second line at Hoshiarpur, the management revised its H2FY24 growth target from 20% to 25%, given that margin is likely to remain stable/improve. The ongoing MDF & Laminates project at AP is on track for commissioning in FY24. We broadly maintain FY24E-26E EBITDA/EPS and revise Sep-24E TP to Rs820/share, post quarterly rollover, based on 32x P/E. Overall, we expect EBITDA/EPS CAGR of 19-21% over FY23-26E. We maintain our BUY rating on Century Ply, as we like its integrated business model, leadership position, strong branding and higher growth visibility, underpinned by expansion plans and a robust balance sheet.

Century Plyboards: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	30,270	36,466	39,777	47,162	56,136
EBITDA	5,308	5,587	6,168	7,844	9,862
Adj. PAT	3,131	3,833	3,931	4,947	6,455
Adj. EPS (Rs)	14.1	17.3	17.7	22.3	29.1
EBITDA margin (%)	17.5	15.3	15.5	16.6	17.6
EBITDA growth (%)	58.2	5.2	10.4	27.2	25.7
Adj. EPS growth (%)	63.5	22.4	2.6	25.8	30.5
RoE (%)	22.2	22.1	18.8	20.0	21.7
RoIC (%)	35.6	30.5	24.3	23.9	27.1
P/E (x)	45.3	37.0	36.1	28.7	22.0
EV/EBITDA (x)	26.7	25.4	24.0	18.9	14.9
P/B (x)	9.1	7.4	6.3	5.3	4.4
FCFF yield (%)	0.1	(0.3)	(3.8)	0.4	1.3

Source: Company, Emkay Research

Result Summary: Century's Plywood EBITDA increased 7% YoY/10% QoQ to Rs730mn with EBITDA margin decline of 48bps YoY/flat QoQ, at 13.6%. Volume grew 8% YoY to 94K CBM. MDF segment EBITDA increased 32% YoY/19% QoQ to Rs521mn (including arrears in electric subsidy of Rs78mn). Adjusting for the same, EBITDA margin declined by 180bps YoY/268bps QoQ to 23.5%. MDF volume grew 19% YoY/12% QoQ to 54K CBM. EBITDA for Laminates declined 34% YoY/rose 28% QoQ to Rs201mn, with margin decline of 557bps YoY/gain of 167bps QoQ, to 11.8%. Particle-Board EBITDA declined 36% YoY/3% QoQ to Rs87mn, with margin falling by 595bps YoY/staying flat QoQ, at 22%. Consolidated FCF generation stood at a negative Rs3.6bn, post working-capital blockage of Rs1.5bn and capex spend of Rs4.4bn in H1FY24.

What we like: Upward revision in growth guidance of the MDF segment

What we do not like: Lower than expected volumes in laminate segment

Key Concall Takeaways: i) In plywood, Company maintains guidance of overall 10% revenue growth and EBITDA margin sustain at 13-14% in H2FY24. ii) In laminates, Company has introduced Sainik Laminates in the economy market. With introduction of new ranges that target specific new market segments, overall performance of the laminates division will improve in coming quarters. The management has guided for QoQ double-digit growth and improving EBITDA margin. iii) With the second line at Hoshiarpur now stabilized, the management has revised up its growth target, from 20% to 25% for H2FY24. With increase in share of premium products, margin is likely to remain stable or improve in coming quarters. iv) In Particle Boards, the management expects improvement in both, revenue and margin, in the next few quarters. v) The ongoing MDF and Laminates project at Andhra Pradesh is on track and will commence operations in FY24. vi) Capex-spend in H1FY24 stood at Rs4.6bn and the management has guided for capex of Rs5.7bn and Rs4.5bn for H2FY24 and FY25, respectively.

Target Price – 12M	Sep-24
Change in TP (%)	5.1
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	28.5
CMP (09-Nov-23) (Rs)	638.0

Stock Data	Ticker
52-week High (Rs)	722
52-week Low (Rs)	436
Shares outstanding (mn)	222.2
Market-cap (Rs bn)	142
Market-cap (USD mn)	1,702
Net-debt, FY24E (Rs mn)	6,293
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	94.3
ADTV-3M (USD mn)	1.1
Free float (%)	-
Nifty-50	19,395
INR/USD	83.3
Shareholding, Sep-23	
Promoters (%)	73.0
FPIs/MFs (%)	5.6/14.5

Price Performance

(%)	1M	3M	12M
Absolute	(0.3)	1.9	8.8
Rel. to Nifty	0.3	3.1	1.8

1-Year share price trend (Rs)



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Quarterly Analysis

Exhibit 1: Actual vs. Estimates (Q2FY24)

(Rs mn)	Actual	Estimates		Variation (%)		Comment
		Emkay	Consensus	Emkay	Consensus	
Net sales	9,879	9,360	9,421	5.5	4.9	
EBITDA	1,404	1,444	1,442	(2.8)	(2.6)	In line with estimates
EBITDA margin (%)	14.2	15.4	15.3			
PAT	903	943	957	(4.2)	(5.6)	

Source: Bloomberg, Emkay Research

Exhibit 2: Quarterly Analysis – Standalone

(Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	H1FY23	H1FY24	YoY (%)
Revenue	9,002	8,772	9,618	8,824	9,879	9.7	12.0	17,817	18,703	5.0
Expenditure	7,495	7,498	7,991	7,522	8,475	13.1	12.7	14,857	15,997	7.7
Total RM cost	4,882	4,788	5,095	4,645	5,199	6.5	11.9	9,539	9,844	3.2
Staff cost	1,138	1,089	1,196	1,270	1,300	14.2	2.3	2,290	2,569	12.2
Other expenditure	1,475	1,622	1,700	1,608	1,977	34.0	23.0	3,028	3,584	18.4
EBITDA	1,507	1,274	1,627	1,302	1,404	(6.8)	7.8	2,960	2,706	(8.6)
Depreciation	178	180	187	218	221	24.1	1.2	356	439	23.3
EBIT	1,329	1,094	1,440	1,083	1,183	(11.0)	9.2	2,603	2,266	(12.9)
Other Income	195	61	136	99	88	(55.0)	(11.5)	255	187	(26.7)
Interest	34	40	41	57	57	65.2	0.2	73	114	55.3
PBT	1,489	1,115	1,535	1,126	1,214	(18.5)	7.8	2,785	2,339	(16.0)
Total Tax	257	277	407	285	310	20.7	9.0	588	595	1.2
Adjusted PAT	1,232	837	1,128	841	903	(26.7)	7.4	2,197	1,744	(20.6)
(Profit)/loss from JVs/Assoc./MI	470	24	-	-	-			470	-	
PAT after MI	762	814	1,128	841	903	18.5	7.4	1,727	1,744	1.0
Extra ordinary items	-	-	-	-	-			-	-	
Reported PAT	762	814	1,128	841	903	18.5	7.4	1,727	1,744	1.0
Adjusted EPS (Rs)	5.5	3.8	5.1	3.8	4.1	(26.7)	7.4	9.9	7.8	(20.6)
(%)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (bps)	QoQ (bps)	H1FY23	H1FY24	YoY (bps)
EBITDAM	16.7	14.5	16.9	14.8	14.2	(253)	(54)	16.6	14.5	(215)
EBITM	14.8	12.5	15.0	12.3	12.0	(279)	(30)	14.6	12.1	(249)
EBTM	16.5	12.7	16.0	12.8	12.3	(426)	(47)	15.6	12.5	(312)
PATM	13.7	9.5	11.7	9.5	9.1	(454)	(39)	12.3	9.3	(300)
Effective Tax rate	17.3	24.9	26.5	25.3	25.6			21.1	25.4	

Source: Company, Emkay Research

Exhibit 3: Segmental Performance

MDF	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	H1FY23	H1FY24	YoY (%)
Sales Volumes (K CBM)	45,109	48,099	46,801	47,988	53,724	19.1	12.0	90,418	1,01,712	12.5
Realization (Rs/CBM)	34,649	34,392	34,294	34,752	35,118	1.4	1.1	34,472	34,946	1.4
Net sales (Rs mn)	1,563	1,654	1,605	1,668	1,887	20.7	13.1	3,117	3,554	14.0
EBITDA (Rs mn)	395	373	435	437	521	31.7	19.3	938	957	2.0
EBITDA margin (%)	25.3	22.6	27.1	26.2	27.6			30.1	26.9	
EBITDA/CBM (Rs)	8,763	7,759	9,297	9,096	9,692	10.6	6.6	10,378	9,411	(9.3)
Plywood	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	H1FY23	H1FY24	YoY (%)
Sales Volumes (CBM)	87,547	87,606	98,273	87,869	94,361	7.8	7.4	1,75,562	1,82,230	3.8
Realization (Rs/CBM)	55,465	54,945	57,640	55,476	57,121	3.0	3.0	54,631	56,328	3.1
Net sales (Rs mn)	4,856	4,814	5,665	4,875	5,390	11.0	10.6	9,591	10,265	7.0
EBITDA (Rs mn)	681	565	904	666	730	7.2	9.7	1,176	1,397	18.7
EBITDA margin (%)	14.0	11.7	16.0	13.7	13.6			12.3	13.6	
Laminates	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	H1FY23	H1FY24	YoY (%)
Sales Volumes (mn sheets)	1.9	1.6	1.8	1.8	2.0	6.7	12.0	3.8	3.9	3.2
Realization (Rs/sheet)	908	954	904	846	832	(8.4)	(1.7)	895	839	(6.3)
Net sales (Rs mn)	1,740	1,563	1,590	1,547	1,702	(2.2)	10.0	3,360	3,249	(3.3)
EBITDA (Rs mn)	306	225	226	157	201	(34.4)	28.2	524	357	(31.9)
EBITDA margin (%)	17.6	14.4	14.2	10.1	11.8			15.6	11.0	
Particle Board	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	H1FY23	H1FY24	YoY (%)
Sales Volumes (CBM)	19,157	15,595	16,733	19,040	18,350	(4.2)	(3.6)	40,694.0	37,390.0	(8.1)
Realization (Rs/CBM)	24,675	24,649	22,243	20,725	20,894	(15.3)	0.8	24,166	20,808	(13.9)
Net sales (Rs mn)	473	384	372	395	383	(18.9)	(2.8)	983	778	(20.9)
EBITDA (Rs mn)	135	79	67	90	87	(35.8)	(3.3)	319	176	(44.8)
EBITDA margin (%)	28.5	20.4	18.1	22.7	22.6			32.4	22.6	

Source: Company, Emkay Research

Exhibit 4: Quarterly Analysis – Consolidated

(Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)	H1FY23	H1FY24	YoY (%)
Revenue	9,086	8,837	9,654	8,910	9,968	9.7	11.9	17,974	18,878	5.0
Expenditure	7,856	7,551	8,016	7,578	8,525	8.5	12.5	15,312	16,104	5.2
Total RM cost	4,850	4,703	5,002	4,601	5,142	6.0	11.8	9,457	9,743	3.0
Staff cost	1,191	1,127	1,239	1,310	1,343	12.7	2.5	2,384	2,653	11.3
Other expenditure	1,815	1,721	1,775	1,667	2,040	12.4	22.3	3,472	3,707	6.8
EBITDA	1,230	1,287	1,638	1,332	1,443	17.3	8.3	2,662	2,775	4.2
Depreciation	191	193	200	231	234	22.4	1.2	382	464	21.7
EBIT	1,039	1,093	1,438	1,101	1,209	16.4	9.8	2,280	2,310	1.3
Other Income	204	53	160	122	146	(28.4)	20.0	264	267	1.4
Interest	38	44	45	61	61	60.0	(0.0)	81	123	51.6
PBT	1,205	1,102	1,554	1,161	1,294	7.4	11.4	2,463	2,455	(0.3)
Total Tax	260	279	408	290	322	24.1	11.3	592	612	3.5
Adjusted PAT	945	824	1,146	871	971	2.8	11.5	1,871	1,842	(1.5)
(Profit)/loss from JVs/Assoc./MI	(4)	(1)	(1)	(2)	(3)	(35)	30	(7)	(5)	(34.8)
PAT after MI	941	822	1,145	869	969	3.0	11.4	1,864	1,838	(1.4)
Extra ordinary items	-	-	-	-	-					
Reported PAT	941	822	1,145	869	969	3.0	11.4	1,864	1,838	(1.4)
Adjusted EPS (Rs)	4.2	3.7	5.1	3.9	4.4	3.0	11.4	8.4	8.3	(1.4)
(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (bps)	QoQ (bps)	H1FY23	H1FY24
EBITDAM	16.1	13.5	14.6	17.0	14.9	14.5	93	(47)	14.8	14.7
EBITM	14.0	11.4	12.4	14.9	12.4	12.1	69	(23)	12.7	12.2
EBTM	14.2	13.3	12.5	16.1	13.0	13.0	(28)	(5)	13.7	13.0
PATM	10.4	10.4	9.3	11.9	9.8	9.7	(66)	(4)	10.4	9.8
Effective Tax rate	26.4	21.6	25.3	26.2	25.0	24.9			24.0	24.9

Source: Company, Emkay Research

Exhibit 5: Key assumptions

										CAGR (%)	
Segmental performance (Rs bn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY18-23	FY23-26E
Plywood											
Sales volumes ('000 CBM)	254	253	244	223	298	361	382	430	460	7.3	8.3
YoY (%)	0.9	(0.5)	(3.3)	(8.8)	33.9	21.3	5.7	12.6	6.8		
Revenue	12.6	12.7	12.3	11.2	15.8	20.1	21.9	24.6	26.5	9.7	9.8
YoY (%)	0.2	0.8	(3.3)	(9.0)	41.0	27.1	8.9	12.8	7.7		
EBITDA	1.8	1.7	1.1	1.2	2.2	2.2	3.0	3.4	3.7	3.7	19.9
YoY (%)	(16.3)	(3.7)	(35.6)	7.9	84.4	(2.7)	37.0	14.8	9.6		
Margin (%)	14.3	13.7	9.1	10.8	14.1	10.8	13.6	13.9	14.1	-351bps	329bps
Laminates											
Sales volumes (mn sheets)	5.42	5.88	6.19	5.52	6.75	7.21	7.90	9.00	10.45	5.9	13.2
YoY (%)	(7.1)	8.4	5.3	(10.9)	22.3	6.8	9.6	14.0	16.0		
Revenue	3.7	4.3	4.5	4.1	5.7	6.5	6.8	7.9	9.4	12.0	13.0
YoY (%)	1.8	16.8	5.2	(10.3)	39.0	14.8	4.3	16.6	18.6		
EBITDA	0.6	0.4	0.6	0.7	0.9	1.0	0.8	1.0	1.2	10.4	8.3
YoY (%)	1.7	(35.2)	62.3	18.4	21.8	8.0	(19.0)	26.5	24.0		
Margin (%)	16.1	8.9	13.8	18.2	15.9	15.0	11.6	12.6	13.2	-113bps	-178bps
MDF											
Sales volumes ('000 CBM)	48	132	153	147	178	185	221	324	428	30.9	32.2
YoY (%)	NA	173.7	15.8	(3.9)	20.8	4.1	19.0	47.0	32.0		
Revenue	1.1	3.0	3.5	3.6	5.6	6.4	7.7	11.2	14.9	41.4	32.8
YoY (%)	NA	161.6	18.7	2.5	54.6	14.8	20.2	45.5	34.0		
EBITDA	0.2	0.4	0.9	0.9	1.8	1.7	2.0	2.8	3.8	52.4	29.7
YoY (%)	NA	80.3	126.2	7.0	91.6	(1.8)	11.7	44.4	35.2		
Margin (%)	18.9	13.0	24.8	25.8	32.0	27.4	25.5	25.3	25.5	854bps	-190bps
Rs/CBM	4,403	2,900	5,662	6,302	9,992	9,426	8,845	8,689	8,902	16.4	(1.9)
Particle Board											
Sales volumes ('000 CBM)	46.0	61.9	62.7	55.0	72.9	73.0	74.3	75.0	157.5	9.7	29.2
YoY (%)	135.7	34.6	1.4	(12.4)	32.7	0.1	1.7	1.0	110.0		
Revenue	0.7	1.0	1.0	0.9	1.5	1.7	1.6	1.6	3.4	19.0	24.7
YoY (%)	215.3	33.6	1.7	(9.1)	67.1	15.6	(10.4)	2.0	112.1		
EBITDA	0.1	0.2	0.2	0.2	0.4	0.5	0.4	0.4	0.8	27.4	18.3
YoY (%)	168.6	57.9	10.0	(24.9)	125.5	14.1	(23.5)	(0.2)	116.9		
Margin (%)	19.0	22.5	24.3	20.1	27.1	26.7	22.8	22.3	22.8	772bps	-390bps
Rs/CBM	3,014	3,537	3,836	3,289	5,590	6,368	4,793	4,735	4,889	16.1	(8.4)

Source: Company, Emkay Research

Exhibit 6: Annual Analysis

Consolidated	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR (%)	
										FY18-23	FY23-26E
P&L (Rs bn)											
Revenue	20	23	23	21	30	36	40	47	56	12.5	15.5
EBITDA	3.3	3.0	2.8	3.4	5.3	5.6	6.2	7.8	9.9	11.0	20.9
Adj. Net Profit	1.6	1.5	1.5	2.0	3.1	3.8	3.9	4.9	6.5	18.6	19.0
Balance Sheet (Rs bn)											
Equity	8.5	9.7	10.9	12.7	15.6	19.1	22.6	26.9	32.5		
Net Debt	5.5	5.0	2.4	-0.6	-0.2	0.4	6.3	6.3	5.0		
Net Debt:EBITDA (x)	1.7	1.7	0.9	(0.2)	(0.0)	0.1	1.0	0.8	0.5		
Net Debt:Equity (x)	0.6	0.5	0.2	0.0	0.0	0.0	0.3	0.2	0.2		
Cash Flow (Rs bn)											
OCF before NWC change	2.5	2.4	2.8	2.8	4.3	4.9	4.9	6.1	7.8		
Change in NWC	0.2	(0.1)	0.8	0.8	(1.6)	(0.5)	0.1	(0.5)	(0.8)		
Capex	(2.4)	(1.6)	(0.2)	(0.5)	(2.6)	(4.8)	(10.5)	(5.1)	(5.1)		
FCF	0.3	0.7	3.4	3.1	0.1	(0.4)	(5.6)	0.5	1.9		
Return ratios (%)											
RoE	20.8	16.3	14.6	17.2	22.2	22.1	18.8	20.0	21.7		
RoCE	13.7	12.3	12.2	15.1	19.7	19.4	15.6	16.1	18.5		
RoIC	13.5	13.3	12.7	15.7	22.8	19.7	15.7	15.4	17.4		
Valuations (x)											
PER						37.0	36.1	28.7	22.0		
EV/EBITDA						25.3	23.0	18.9	15.0		
P/B						7.4	6.3	5.3	4.4		

Source: Company, Emkay Research

Exhibit 7: We maintain BUY, with TP of Rs820/share, based on 32x Sep-25E P/E

	Rs/share
Sep-25E EPS	26
P/E (x)	32
Target Price	820
CMP	638
Upside (%)	29

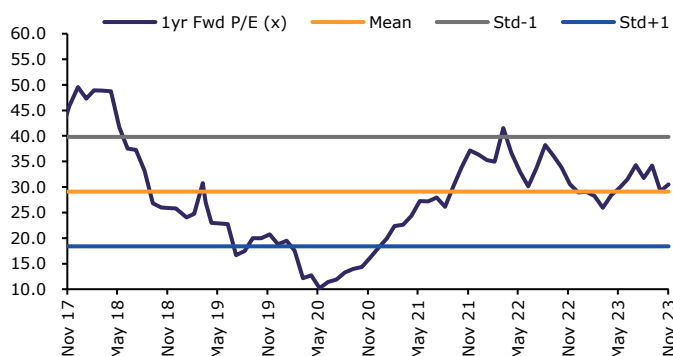
Source: Company, Emkay Research

Exhibit 8: We broadly maintain our estimates for FY24-26

(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	Chg. (%)	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	40,224	39,777	(1.1)	48,440	47,162	(2.6)	58,218	56,136	(3.6)
EBITDA	6,101	6,168	1.1	7,888	7,844	(0.6)	10,157	9,862	(2.9)
PAT	3,837	3,931	2.5	4,992	4,947	(0.9)	6,746	6,455	(4.3)

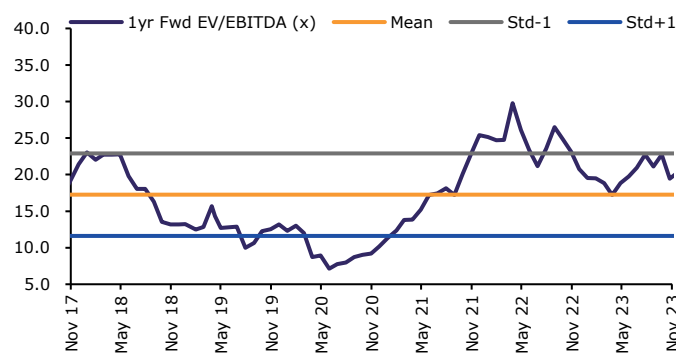
Source: Emkay Research

Exhibit 9: One-year forward P/E



Source: Bloomberg, Emkay Research

Exhibit 10: One-year forward EV/EBITDA



Source: Bloomberg, Emkay Research

Century Plyboards: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	30,270	36,466	39,777	47,162	56,136
Revenue growth (%)	42.1	20.5	9.1	18.6	19.0
EBITDA	5,308	5,587	6,168	7,844	9,862
EBITDA growth (%)	58.2	5.2	10.4	27.2	25.7
Depreciation & Amortization	743	775	967	1,233	1,404
EBIT	4,566	4,812	5,201	6,611	8,458
EBIT growth (%)	71.1	5.4	8.1	27.1	27.9
Other operating income	0	0	0	0	0
Other income	231	477	377	341	323
Financial expense	114	170	302	334	229
PBT	4,682	5,119	5,276	6,618	8,553
Extraordinary items	0	0	0	0	0
Taxes	1,550	1,278	1,337	1,664	2,090
Minority interest	1	8	8	8	8
Income from JV/Associates	0	0	0	0	0
Reported PAT	3,131	3,833	3,931	4,947	6,455
PAT growth (%)	63.5	22.4	2.6	25.8	30.5
Adjusted PAT	3,131	3,833	3,931	4,947	6,455
Diluted EPS (Rs)	14.1	17.3	17.7	22.3	29.1
Diluted EPS growth (%)	63.5	22.4	2.6	25.8	30.5
DPS (Rs)	1.5	1.0	1.7	2.2	2.8
Dividend payout (%)	10.7	5.8	9.8	9.7	9.7
EBITDA margin (%)	17.5	15.3	15.5	16.6	17.6
EBIT margin (%)	15.1	13.2	13.1	14.0	15.1
Effective tax rate (%)	33.1	25.0	25.3	25.1	24.4
NOPLAT (pre-IndAS)	3,054	3,610	3,883	4,949	6,391
Shares outstanding (mn)	222.2	222.2	222.2	222.2	222.2

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	4,682	5,119	5,276	6,618	8,553
Others (non-cash items)	(62)	(86)	0	0	0
Taxes paid	(1,084)	(1,131)	(1,337)	(1,664)	(2,090)
Change in NWC	(1,632)	(467)	88	(546)	(783)
Operating cash flow	2,762	4,379	4,919	5,634	6,989
Capital expenditure	(2,576)	(4,830)	(10,498)	(5,051)	(5,051)
Acquisition of business	0	0	0	0	0
Interest & dividend income	35	212	377	341	323
Investing cash flow	(3,199)	(4,796)	(10,121)	(4,711)	(4,728)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	737	915	4,500	(1,100)	(2,000)
Payment of lease liabilities	50	0	0	0	0
Interest paid	(116)	(144)	(302)	(334)	(229)
Dividend paid (incl tax)	(223)	(333)	(384)	(478)	(625)
Others	(50)	(49)	(53)	(82)	(100)
Financing cash flow	349	388	3,761	(1,994)	(2,954)
Net chg in Cash	(88)	(29)	(1,441)	(1,071)	(693)
OCF	2,762	4,379	4,919	5,634	6,989
Adj. OCF (w/o NWC chg.)	4,393	4,846	4,831	6,180	7,771
FCFF	186	(451)	(5,579)	582	1,937
FCFE	923	463	(1,079)	(518)	(63)
OCF/EBITDA (%)	52.0	78.4	79.8	71.8	70.9
FCFE/PAT (%)	29.5	12.1	(27.4)	(10.5)	(1.0)
FCFF/NOPLAT (%)	6.1	(12.5)	(143.7)	11.8	30.3

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	223	223	223	223	223
Reserves & Surplus	15,346	18,921	22,381	26,682	32,307
Net worth	15,568	19,143	22,604	26,905	32,530
Minority interests	(26)	(37)	(37)	(37)	(37)
Deferred tax liability (net)	167	68	68	68	68
Total debt	2,697	3,534	8,075	7,068	5,180
Total liabilities & equity	18,406	22,708	30,709	34,003	37,741
Net tangible fixed assets	7,748	10,673	18,505	22,673	24,321
Net intangible assets	20	17	17	17	17
Net ROU assets	0	0	0	0	0
Capital WIP	1,766	2,362	4,059	3,709	5,709
Goodwill	0	0	0	0	0
Investments [JV/Associates]	3	1	1	1	1
Cash & equivalents	2,610	2,782	1,341	270	(423)
Current assets (ex-cash)	10,160	11,327	11,373	12,512	14,254
Current Liab. & Prov.	3,898	4,453	4,587	5,179	6,139
NWC (ex-cash)	6,262	6,874	6,786	7,332	8,115
Total assets	18,406	22,708	30,709	34,003	37,741
Net debt	(182)	352	6,293	6,264	4,957
Capital employed	18,138	22,308	30,268	33,470	37,095
Invested capital	14,027	17,562	25,308	30,023	32,453
BVPS (Rs)	70.1	86.2	101.7	121.1	146.4
Net Debt/Equity (x)	0.0	0.0	0.3	0.2	0.2
Net Debt/EBITDA (x)	0.0	0.1	1.0	0.8	0.5
Interest coverage (x)	42.0	31.1	18.5	20.8	38.4
RoCE (%)	19.7	19.4	15.6	16.1	18.5

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	45.3	37.0	36.1	28.7	22.0
P/CE(x)	36.6	30.8	28.9	22.9	18.0
P/B (x)	9.1	7.4	6.3	5.3	4.4
EV/Sales (x)	4.7	3.9	3.7	3.1	2.6
EV/EBITDA (x)	26.7	25.4	24.0	18.9	14.9
EV/EBIT(x)	31.0	29.5	28.5	22.4	17.3
EV/IC (x)	10.1	8.1	5.8	4.9	4.5
FCFF yield (%)	0.1	(0.3)	(3.8)	0.4	1.3
FCFE yield (%)	0.7	0.3	(0.7)	(0.3)	0.0
Dividend yield (%)	0.2	0.2	0.3	0.3	0.4
DuPont-RoE split					
Net profit margin (%)	10.3	10.5	9.9	10.5	11.5
Total asset turnover (x)	1.9	1.8	1.5	1.5	1.6
Assets/Equity (x)	1.1	1.2	1.3	1.3	1.2
RoE (%)	22.2	22.1	18.8	20.0	21.7
DuPont-RoIC					
NOPLAT margin (%)	10.1	9.9	9.8	10.5	11.4
IC turnover (x)	2.4	2.3	1.9	1.7	1.8
RoIC (%)	35.6	30.5	24.3	23.9	27.1
Operating metrics					
Core NWC days	75.5	68.8	62.3	56.7	52.8
Total NWC days	75.5	68.8	62.3	56.7	52.8
Fixed asset turnover	2.7	2.7	2.0	1.8	1.8
Opex-to-revenue (%)	32.8	32.1	32.9	32.6	31.5

Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
08-Sep-23	697	780	Buy	Dharmesh Shah
07-Aug-23	629	780	Buy	Dharmesh Shah
04-Jul-23	670	800	Buy	Dharmesh Shah

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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