

BUY UltraTech Cement**In-line quarter; firmly affirms capacity guidance**

Cement ▶ Result Update ▶ January 19, 2024

TARGET PRICE (Rs): 11,200

UltraTech Cement reported broadly in-line operational performance in Q3FY24 with consolidated EBITDA increasing 39% YoY/28% QoQ to Rs32.5bn. Blended EBITDA/t improved by Rs236/t (QoQ) to Rs1,191 mainly driven by increased average realization (+2% QoQ). Volume trajectory tapered down to 6% YoY (2% QoQ) to 27.3mt (9MFY24: +14% YoY). The company has increased its growth capex guidance to Rs90bn each in FY24-FY25 vs. earlier guidance of Rs60-70bn p.a. UltraTech has reiterated to reach ~180mt domestic grey cement capacity by FY27E (~10% CAGR, excluding Kesoram Industries), which would enable it to post industry-leading volume growth over the next few years. We have yet to factor in Kesoram's acquisitions in our estimates. Factoring in little lower volume growth, we have cut our FY25-26E EBITDA estimates by 1-4% and revised down TP to Rs11,200/sh, based on 18x Dec25 EV/E. Maintain BUY.

UltraTech Cement: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	5,25,988	6,32,400	6,95,853	7,62,053	8,53,622
EBITDA	1,15,143	1,06,198	1,27,861	1,53,828	1,78,755
Adj. PAT	56,665	50,639	68,635	85,676	1,04,606
Adj. EPS (Rs)	248.9	175.4	237.7	296.8	362.3
EBITDA margin (%)	21.9	16.8	18.4	20.2	20.9
EBITDA growth (%)	(0.5)	(7.8)	20.4	20.3	16.2
Adj. EPS growth (%)	35.0	(29.5)	35.5	24.8	22.1
RoE (%)	12.0	9.7	12.0	13.5	14.8
RoIC (%)	10.8	9.3	11.7	13.0	14.2
P/E (x)	51.4	57.5	42.5	34.0	27.9
EV/EBITDA (x)	25.6	27.7	23.1	19.2	16.4
P/B (x)	5.8	5.4	4.9	4.4	3.9
FCFF yield (%)	1.4	0.9	0.3	0.7	1.4

Source: Company, Emkay Research

Result Summary

UltraTech's India operations EBITDA increased by 40% YoY/29% QoQ at Rs31.5bn with EBITDA/t at Rs1,208. Capacity utilization improved marginally by 200bps QoQ to 77% (Q3FY23: 83%) and management is targeting it to improve to 80-85% utilization in Q4FY24. Industry demand during the quarter was lackluster (3-4% YoY) owing to elections in four major states, unseasonal rainfall in the South, construction ban in NCR, and sand shortage in some of the areas. Grey cement realization increased 2.1% YoY/2.8% QoQ to Rs5,499. Total cost/t declined 3% YoY/2% QoQ to Rs4,936 mainly led by a decline in RM+P&F cost (Rs76/t). Growth capex guidance has been revised to Rs90bn p.a. each in FY24/FY25 vs. earlier guidance of Rs65-70bn p.a. Net debt increased by Rs6.2bn QoQ to Rs55bn as on Dec-23.

What we liked: Increased capex intensity.**What we did not like:** Increased net debt and higher operating overheads.**Earnings call KTAs:**

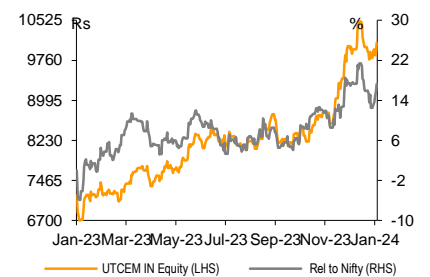
i) On the demand front, the company has started witnessing gradual improvement and is expecting 80-85% capacity utilization in Q4FY24; ii) Spot cement prices are marginally lower than average cement prices in Q3FY24; iii) Blended fuel cost per kcal stood at Rs2.04 in Q3FY24 vs. Rs2.18 in Q2FY24. Fuel consumption cost stood at \$150/t in Q3FY24 vs. \$162/t in Q2FY24. Management is expecting at least 7-8% reduction in fuel cost over the next two quarters; iv) It has a total growth capex outline of Rs250bn, of which Rs180bn will be likely to be spent in FY24-25. There will be an additional maintenance capex of Rs10-12bn p.a.; v) Management indicated that all expansions are clinker-backed and will likely add 14mt/10-12mt under phase II/III expansions. Projects in states like Rajasthan, Bihar, and U.P. will be eligible for incentives; vi) Effective date of the merger of Kesoram's acquisition is likely to be from 1-Apr-24.

Target Price – 12M	Dec-24
Change in TP (%)	(1.8)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	11.0
CMP (19-Jan-24) (Rs)	10,093.7

Stock Data	Ticker
52-week High (Rs)	10,526
52-week Low (Rs)	6,604
Shares outstanding (mn)	288.7
Market-cap (Rs bn)	2,914
Market-cap (USD mn)	35,079
Net-debt, FY24E (Rs mn)	39,217
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	3,326.8
ADTV-3M (USD mn)	40.0
Free float (%)	-
Nifty-50	21,622
INR/USD	83.1
Shareholding, Dec-23	
Promoters (%)	60.0
FPIs/MFs (%)	18.2/14.3

Price Performance

(%)	1M	3M	12M
Absolute	0.8	18.5	40.0
Rel. to Nifty	-	7.5	17.2

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

Exhibit 1: Actual vs. Estimates (Q3FY24)

(Rs mn)	Actual	Estimates		Variation (%)		Comment
		Emkay	Consensus	Emkay	Consensus	
Net sales	164,870	164,319	170,290	0.3	(3.2)	
EBITDA	32,546	31,679	33,095	2.7	(1.7)	In-line
PAT	17,770	16,985	18,202	4.6	(2.4)	
Volumes (mt)	27.3	27.3		-		
Cement realization (Rs/ton)	6,035	6,015		0.3		
EBITDA (Rs/ton)	1,191	1,160		2.7		

Source: Bloomberg, Emkay Research

Exhibit 2: India Operations – Quarterly

India operations (Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Net Sales	147,550	178,850	170,070	151,950	158,820	7.6	4.5	424,740	480,840	13.2
Other Operating Income	2,340	2,270	2,180	2,810	2,520	7.7	(10.3)	6,510	7,510	15.4
Revenue	149,890	181,120	172,250	154,760	161,340	7.6	4.3	431,250	488,350	13.2
Expenditure	127,450	148,810	142,250	130,280	129,860	1.9	(0.3)	360,700	402,390	11.6
Total RM	21,290	30,240	27,680	23,540	24,510	15.1	4.1	62,380	75,730	21.4
Power and Fuel	46,550	51,080	47,300	42,070	40,030	(14.0)	(4.8)	126,180	129,400	2.6
Freight	34,440	41,580	40,690	34,780	35,810	4.0	3.0	97,270	111,280	14.4
Staff Cost	6,640	6,880	6,760	7,780	7,370	11.0	(5.3)	19,330	21,910	13.3
Other Expenditure	18,530	19,030	19,820	22,110	22,140	19.5	0.1	55,540	64,070	15.4
EBITDA	22,440	32,310	30,000	24,480	31,480	40.3	28.6	70,550	85,960	21.8
Depreciation	6,940	7,330	7,200	7,680	7,540	8.6	(1.8)	20,400	22,420	9.9
EBIT	15,500	24,980	22,800	16,800	23,940	54.5	42.5	50,150	63,540	26.7
Other Income	950	1,510	2,090	1,580	1,400	47.4	(11.4)	3,530	5,070	43.6
Interest	1,940	1,750	1,920	2,110	2,370	22.2	12.3	5,810	6,400	10.2
PBT	14,510	24,740	22,970	16,270	22,970	58.3	41.2	47,870	62,210	30.0
Total Tax	4,620	8,220	5,880	4,150	5,860	26.8	41.2	15,090	15,890	5.3
Adjusted PAT	9,890	16,520	17,090	12,120	17,110	73.0	41.2	32,780	46,320	41.3
Adjusted EPS (Rs)	34.3	57.2	59.2	42.0	59.3	73.0	41.2	113.6	160.5	41.3

Source: Company, Emkay Research

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

(Rs/ton)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Volumes (mt)	24.7	30.5	29.0	25.7	26.1	5.7	1.6	71	81	13.9
Blended Realization	5,983	5,866	5,862	5,922	6,094	1.9	2.9	6,083	6,049	(0.6)
Raw-material Cost	863	992	954	917	941	8.9	2.5	880	938	6.6
Power and Fuel Cost	1,888	1,675	1,630	1,640	1,536	(18.6)	(6.3)	1,780	1,603	(9.9)
Freight Cost	1,397	1,364	1,403	1,355	1,374	(1.6)	1.4	1,372	1,378	0.5
Staff Cost	269	226	233	303	283	5.0	(6.7)	273	271	(0.5)
Other Expenditure	751	624	683	862	850	13.1	(1.4)	783	794	1.3
Operating Cost	5,168	4,881	4,903	5,077	4,983	(3.6)	(1.9)	5,088	4,984	(2.0)
Other Operating Income	95	74	75	110	97	1.9	(11.7)	92	93	1.3
EBITDA	910	1,060	1,034	954	1,208	32.7	26.6	995	1,065	7.0

Source: Company, Emkay Research

Exhibit 4: Consolidated financials (Quarterly)

(Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Net Sales	152,990	184,360	175,190	157,350	164,870	7.8	4.8	439,020	497,410	13.3
Other Operating Income	2,219	2,264	2,181	2,771	2,530	14.0	(8.7)	6,756	7,482	10.7
Revenue	155,209	186,624	177,371	160,121	167,400	7.9	4.5	445,776	504,892	13.3
Expenditure	131,851	153,399	146,879	134,612	134,854	2.3	0.2	372,802	416,346	11.7
Total RM	22,437	31,711	29,440	24,942	26,554	18.4	6.5	65,439	80,936	23.7
Power and Fuel	48,731	53,089	48,812	43,853	41,780	(14.3)	(4.7)	131,824	134,445	2.0
Freight	34,794	41,954	41,008	35,118	36,209	4.1	3.1	98,137	112,335	14.5
Staff Cost	6,942	7,164	7,070	8,123	7,689	10.8	(5.3)	20,225	22,882	13.1
Other Expenditure	18,947	19,480	20,550	22,577	22,622	19.4	0.2	57,177	65,749	15.0
EBITDA	23,359	33,225	30,492	25,509	32,546	39.3	27.6	72,974	88,546	21.3
Depreciation	7,232	7,617	7,491	7,978	7,835	8.3	(1.8)	21,263	23,304	9.6
EBIT	16,126	25,608	23,001	17,531	24,711	53.2	41.0	51,710	65,243	26.2
Other Income	1,266	1,215	1,737	1,671	1,405	11.0	(15.9)	3,816	4,813	26.1
Interest	2,153	1,914	2,108	2,339	2,622	21.8	12.1	6,313	7,069	12.0
PBT	15,240	24,909	22,631	16,863	23,494	54.2	39.3	49,213	62,988	28.0
Total Tax	4,647	8,223	5,766	4,094	5,804	24.9	41.8	15,206	15,663	3.0
Adjusted PAT	10,593	16,686	16,865	12,769	17,690	67.0	38.5	34,007	47,324	39.2
(Profit)/loss from JVs/Ass/MI	(11)	(27)	17	46	80	(823.6)	74.6	(27)	142	(623.5)
PAT after MI	10,582	16,660	16,882	12,815	17,770	67.9	38.7	33,980	47,467	39.7
Extraordinary Items	-	-	-	-	-					
Reported PAT	10,582	16,660	16,882	12,815	17,770	67.9	38.7	33,980	47,467	39.7
Adjusted EPS (Rs)	36.7	57.7	58.5	44.4	61.6	67.9	38.7	117.7	164.5	39.7
(%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (bps)	QoQ (bps)	9MFY23	9MFY24	YoY (bps)
EBITDAM	15.0	17.8	17.2	15.9	19.4	439	351	16.4	17.5	117
EBITM	10.4	13.7	13.0	10.9	14.8	437	381	11.6	12.9	132
EBTM	9.8	13.3	12.8	10.5	14.0	422	350	11.0	12.5	144
PATM	6.8	8.9	9.5	8.0	10.6	374	259	7.6	9.4	174
Effective Tax Rate	30.5	33.0	25.5	24.3	24.7			30.9	24.9	

Source: Company, Emkay Research

Exhibit 5: Consolidated quarterly analysis on a per-ton basis

(Rs/ton)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Volumes (mt)	25.9	31.7	30.0	26.7	27.3	5.7	2.4	74.0	84.0	13.5
Blended Realization	5,918	5,809	5,847	5,895	6,035	2.0	2.4	5,934	5,924	(0.2)
Raw Material Cost	868	999	983	935	972	12.0	4.0	884	964	9.0
Power and Fuel Cost	1,885	1,673	1,629	1,643	1,529	(18.9)	(6.9)	1,782	1,601	(10.1)
Freight Cost	1,346	1,322	1,369	1,316	1,325	(1.5)	0.7	1,326	1,338	0.9
Staff Cost	269	226	236	304	281	4.8	(7.5)	273	272	(0.3)
Other Expenditure	733	614	686	846	828	13.0	(2.1)	773	783	1.3
Operating Cost	5,101	4,833	4,903	5,044	4,936	(3.2)	(2.1)	5,039	4,958	(1.6)
Other Operating Income	86	71	73	104	93	7.9	(10.8)	91	89	(2.4)
EBITDA	904	1,047	1,018	956	1,191	31.8	24.6	986	1,055	6.9

Source: Company, Emkay Research

Exhibit 6: We change our EBITDA estimates by 1-4% for FY25-26E

(Rs mn)	FY24E			FY25E			FY26E		
	Old	New	Chg. (%)	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	721,662	695,853	(3.6)	789,379	762,053	(3.5)	876,901	853,622	(2.7)
EBITDA	141,902	127,861	(9.9)	159,896	153,828	(3.8)	180,603	178,755	(1.0)
PAT	80,060	68,851	(14.0)	94,146	85,622	(9.1)	110,742	104,547	(5.6)

Source: Emkay Research

Exhibit 7: We maintain BUY with a TP of Rs11,200/share, based on Dec-25E EV/E of 18x

EV/E valuation	
Dec-25E EBITDA (Rs bn)	173
EV/E (x)	18
Enterprise Value (Rs bn)	3,154
Net debt (Dec-24E; Rs bn)	41
Equity value (Rs bn)	3,113
No. of shares (mn)	289
Dec-24E Target Price (Rs/share)	11,200*

Source: Emkay Research. *Our TP also includes Kesoram's value of Rs415

Exhibit 8: Annual Financials

Key Assumptions	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR (%)	
										FY18-23	FY23-26E
Capacity (mt)	86	100	115	118	121	138	142	160	169	10.0	7.1
Volumes (mt)	65	76	82	86	94	106	116	125	138	10.4	9.2
Utilization (%)	82	82	77	74	78	82	82	78	81		
Blended Realization (Rs/ton)	4,795	4,815	5,038	5,118	5,502	5,895	5,899	6,008	6,121	4.2	1.3
EBITDA/ton (Rs)	951	889	1,144	1,338	1,225	1,004	1,100	1,230	1,300	1.1	9.0
P&L (Rs bn)											
Revenue	314	374	421	447	526	632	696	762	854	15.0	10.5
EBITDA	61	68	94	116	115	106	128	154	179	11.6	19.0
Adj. Net Profit	25	24	38	56	57	51	69	86	105	15.5	27.4
Balance Sheet (Rs bn)											
Equity	264	284	391	442	504	544	598	667	751		
Net Debt	141	196	169	67	39	27	39	41	24		
Net Debt:EBITDA	2.3	2.9	1.8	0.6	0.3	0.3	0.3	0.3	0.1		
Net Debt:Equity	0.5	0.7	0.4	0.2	0.1	0.0	0.1	0.1	0.0		
Cash Flow (Rs bn)											
OCF before NWC change	40	47	65	87	93	74	96	113	136		
Change in NWC	(8)	(9)	5	23	(5)	(3)	(2)	(2)	(2)		
Capex	(180)	(15)	(17)	(18)	(56)	(61)	(95)	(101)	(101)		
FCF	(149)	23	53	91	32	10	(1)	10	33		
Return ratios (%)											
RoE	9.7	8.9	11.4	13.4	12.0	9.7	12.0	13.5	14.8		
RoCE	7.6	6.8	8.6	11.6	10.4	8.9	11.0	12.3	13.6	-	
RoIC	9.1	7.4	9.3	11.0	10.8	9.3	11.7	13.0	14.2		
Valuations (x)											
PER (x)						57.5	42.5	34.0	27.9		
EV/EBITDA (x)						27.8	23.0	19.2	16.5		
EV/ton (USD)						260	254	225	211		

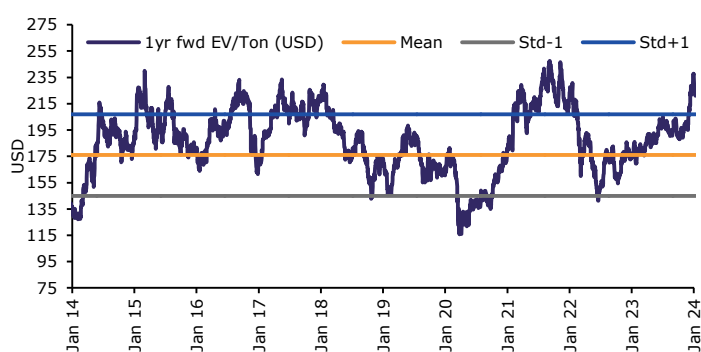
Source: Company, Emkay Research

Exhibit 9: Annual analysis on a per-ton basis

(Rs/ton)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Blended Realization	4,795	4,815	5,038	5,118	5,502	5,895	5,899	6,008	6,121
YoY (%)	2.0	0.4	4.6	1.6	7.5	7.1	0.1	1.8	1.9
Raw-Material Cost	813	855	767	820	847	919	953	969	988
Power and Fuel Cost	981	1,103	1,029	964	1,291	1,749	1,577	1,527	1,545
Freight Cost	1,132	1,158	1,181	1,162	1,246	1,325	1,325	1,346	1,366
Staff Cost	280	270	305	272	270	259	264	263	256
Other expenses	706	619	691	618	717	725	767	761	752
YoY (%)	(5.6)	(12.3)	11.6	(10.6)	15.9	1.2	5.9	(0.9)	(1.1)
Total Operating Cost	3,911	4,005	3,973	3,836	4,371	4,976	4,886	4,865	4,907
Other Operating Income	68	79	79	56	95	85	87	88	86
Blended EBITDA	951	889	1,144	1,338	1,225	1,004	1,100	1,230	1,300
YoY (%)	(2.6)	(6.6)	28.7	17.0	(8.5)	(18.0)	9.5	11.9	5.6

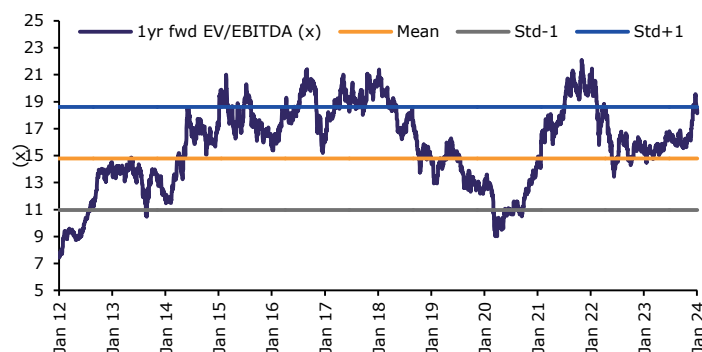
Source: Company, Emkay Research

Exhibit 10: One-year forward EV/ton



Source: Bloomberg, Emkay Research

Exhibit 11: One-year forward EV/EBITDA



Source: Bloomberg, Emkay Research

UltraTech Cement: Consolidated Financials and Valuations

Profit and Loss					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	5,25,988	6,32,400	6,95,853	7,62,053	8,53,622
Revenue growth (%)	17.6	20.2	10.0	9.5	12.0
EBITDA	1,15,143	1,06,198	1,27,861	1,53,828	1,78,755
EBITDA growth (%)	(0.5)	(7.8)	20.4	20.3	16.2
Depreciation & Amortization	27,148	28,880	31,119	34,016	35,159
EBIT	87,996	77,318	96,742	1,19,812	1,43,596
EBIT growth (%)	(0.8)	(12.1)	25.1	23.8	19.9
Other operating income	8,908	9,020	10,129	10,940	11,815
Other income	5,078	5,031	6,225	7,109	8,259
Financial expense	9,447	8,227	11,375	12,155	11,741
PBT	83,627	74,122	91,591	1,14,766	1,40,115
Extraordinary items	15,179	0	0	0	0
Taxes	27,079	23,429	23,173	29,036	35,449
Minority interest	(118)	54	(216)	54	60
Income from JV/Associates	0	0	0	0	0
Reported PAT	71,844	50,639	68,635	85,676	1,04,606
PAT growth (%)	35.0	(29.5)	35.5	24.8	22.1
Adjusted PAT	56,665	50,639	68,635	85,676	1,04,606
Diluted EPS (Rs)	248.9	175.4	237.7	296.8	362.3
Diluted EPS growth (%)	35.0	(29.5)	35.5	24.8	22.1
DPS (Rs)	38.0	47.5	59.4	72.5	0.0
Dividend payout (%)	15.3	27.1	25.0	24.4	0.0
EBITDA margin (%)	21.9	16.8	18.4	20.2	20.9
EBIT margin (%)	16.7	12.2	13.9	15.7	16.8
Effective tax rate (%)	32.4	31.6	25.3	25.3	25.3
NOPLAT (pre-IndAS)	59,502	52,880	72,266	89,500	1,07,266
Shares outstanding (mn)	288.7	288.7	288.7	288.7	288.7

Source: Company, Emkay Research

Cash Flows					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	83,627	74,122	91,591	1,14,766	1,40,115
Others (non-cash items)	(212)	2,721	0	0	0
Taxes paid	(27,079)	(23,429)	(23,173)	(29,036)	(35,449)
Change in NWC	(8,984)	14,119	52	(3,109)	(4)
Operating cash flow	94,165	99,555	1,03,950	1,20,591	1,42,174
Capital expenditure	(52,356)	(72,855)	(95,034)	(1,00,561)	(1,01,054)
Acquisition of business	58,054	(1,065)	(5,000)	(5,000)	(5,000)
Interest & dividend income	5,078	5,031	6,225	7,109	8,259
Investing cash flow	10,777	(68,889)	(93,809)	(98,451)	(97,795)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(1,02,699)	(3,021)	12,000	20,000	0
Payment of lease liabilities	(2,227)	0	0	0	0
Interest paid	(9,447)	(8,227)	(11,375)	(12,155)	(11,741)
Dividend paid (incl tax)	(10,970)	(10,970)	(13,727)	(17,135)	(20,921)
Others	1,689	(545)	(2,236)	115	120
Financing cash flow	(1,21,425)	(22,762)	(15,338)	(9,176)	(32,542)
Net chg in Cash	(16,484)	7,904	(5,197)	12,964	11,837
OCF	94,165	99,555	1,03,950	1,20,591	1,42,174
Adj. OCF (w/o NWC chg.)	1,03,149	85,436	1,03,897	1,23,700	1,42,177
FCFF	41,809	26,700	8,916	20,031	41,119
FCFE	(60,889)	23,680	20,916	40,031	41,119
OCF/EBITDA (%)	81.8	93.7	81.3	78.4	79.5
FCFE/PAT (%)	(107.5)	46.8	30.5	46.7	39.3
FCFF/NOPLAT (%)	70.3	50.5	12.3	22.4	38.3

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	2,887	2,887	2,887	2,887	2,887
Reserves & Surplus	5,01,467	5,40,359	5,95,266	6,63,807	7,47,492
Net worth	5,04,353	5,43,245	5,98,153	6,66,694	7,50,379
Minority interests	(31)	556	340	394	454
Deferred tax liability (net)	60,169	62,536	60,516	60,577	60,637
Total debt	1,02,028	99,008	1,11,008	1,31,008	1,31,008
Total liabilities & equity	6,66,520	7,05,345	7,70,017	8,58,673	9,42,478
Net tangible fixed assets	4,25,922	4,36,434	5,15,306	5,71,095	6,41,878
Net intangible assets	1,17,168	1,17,168	1,17,168	1,17,168	1,17,168
Net ROU assets	11,786	11,786	11,786	11,786	11,786
Capital WIP	47,773	40,349	26,398	38,192	34,373
Goodwill	62,502	63,293	63,293	63,293	63,293
Investments [JV/Associates]	3,931	12,478	12,478	12,478	12,478
Cash & equivalents	63,019	71,988	71,791	89,755	1,06,591
Current assets (ex-cash)	1,37,565	1,60,310	1,77,750	1,95,736	2,23,220
Current Liab. & Prov.	1,71,595	2,08,459	2,25,951	2,40,829	2,68,309
NWC (ex-cash)	(34,031)	(48,149)	(48,202)	(45,093)	(45,089)
Total assets	6,66,520	7,05,345	7,70,017	8,58,673	9,42,478
Net debt	39,010	27,020	39,217	41,253	24,416
Capital employed	6,66,520	7,05,345	7,70,017	8,58,673	9,42,478
Invested capital	5,51,798	5,80,531	6,59,351	7,18,249	7,89,036
BVPS (Rs)	1,747.2	1,881.8	2,072.0	2,309.4	2,599.3
Net Debt/Equity (x)	0.1	0.0	0.1	0.1	0.0
Net Debt/EBITDA (x)	0.3	0.3	0.3	0.3	0.1
Interest coverage (x)	0.1	0.1	0.1	0.1	0.1
RoCE (%)	13.6	12.0	14.0	15.6	16.9

Source: Company, Emkay Research

Valuations and Key Ratios					
Y/E March	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	51.4	57.5	42.5	34.0	27.9
P/CE(x)	34.8	36.6	29.2	24.3	20.8
P/B (x)	5.8	5.4	4.9	4.4	3.9
EV/Sales (x)	5.7	4.7	4.3	3.9	3.5
EV/EBITDA (x)	25.6	27.7	23.1	19.2	16.4
EV/EBIT(x)	33.9	38.2	30.5	24.7	20.5
EV/IC (x)	5.4	5.1	4.5	4.1	3.7
FCFF yield (%)	1.4	0.9	0.3	0.7	1.4
FCFE yield (%)	(2.0)	0.8	0.7	1.4	1.4
Dividend yield (%)	0.4	0.5	0.6	0.7	0.0
DuPont-RoE split					
Net profit margin (%)	10.8	8.0	9.9	11.2	12.3
Total asset turnover (x)	0.8	0.9	0.9	0.9	0.9
Assets/Equity (x)	1.5	1.3	1.3	1.3	1.3
RoE (%)	12.0	9.7	12.0	13.5	14.8
DuPont-RoIC					
NOPLAT margin (%)	11.3	8.4	10.4	11.7	12.6
IC turnover (x)	1.0	1.1	1.1	1.1	1.1
RoIC (%)	10.8	9.3	11.7	13.0	14.2
Operating metrics					
Core NWC days	(23.6)	(27.8)	(25.3)	(21.6)	(19.3)
Total NWC days	(23.6)	(27.8)	(25.3)	(21.6)	(19.3)
Fixed asset turnover	0.7	0.8	0.8	0.8	0.8
Opex-to-revenue (%)	63.0	67.8	65.7	63.9	63.1

Source: Company, Emkay Research

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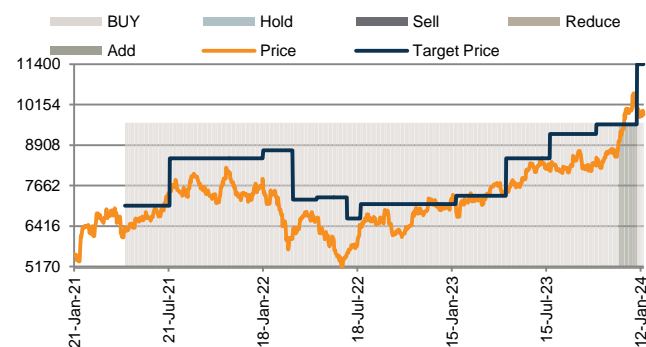
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Date	Closing Price (INR)	TP (INR)	Rating	Analyst
05-Jan-24	10,016	11,400	Buy	Dharmesh Shah
30-Nov-23	9,004	9,550	Add	Dharmesh Shah
30-Nov-23	9,004	9,550	Buy	Dharmesh Shah
30-Nov-23	9,004	9,550	Buy	Dharmesh Shah
29-Oct-23	8,210	9,550	Buy	Dharmesh Shah
19-Oct-23	8,519	9,550	Buy	Dharmesh Shah
28-Sep-23	8,154	9,250	Buy	Dharmesh Shah
18-Sep-23	8,628	9,250	Buy	Dharmesh Shah
22-Jul-23	8,119	9,250	Buy	Dharmesh Shah
03-Jun-23	7,851	8,500	Buy	Dharmesh Shah
04-May-23	7,502	8,500	Buy	Dharmesh Shah
29-Apr-23	7,556	8,500	Buy	Dharmesh Shah
07-Apr-23	7,702	7,350	Buy	Dharmesh Shah
02-Mar-23	7,289	7,350	Buy	Dharmesh Shah
05-Feb-23	7,189	7,350	Buy	Dharmesh Shah
23-Jan-23	6,850	7,350	Buy	Dharmesh Shah
29-Dec-22	6,982	7,100	Buy	Dharmesh Shah
05-Dec-22	7,199	7,100	Buy	Dharmesh Shah
05-Nov-22	6,893	7,100	Buy	Dharmesh Shah
19-Oct-22	6,398	7,100	Buy	Dharmesh Shah
04-Oct-22	6,308	7,100	Buy	Dharmesh Shah
04-Sep-22	6,578	7,100	Buy	Dharmesh Shah
24-Jul-22	6,459	7,100	Buy	Dharmesh Shah
04-Jul-22	5,709	6,650	Buy	Dharmesh Shah
28-Jun-22	5,573	6,650	Buy	Dharmesh Shah
02-Jun-22	6,008	7,300	Buy	Dharmesh Shah
01-May-22	6,630	7,300	Buy	Dharmesh Shah
16-Mar-22	6,306	7,230	Buy	Dharmesh Shah
18-Jan-22	7,556	8,750	Buy	Dharmesh Shah
31-Dec-21	7,591	8,500	Buy	Dharmesh Shah
02-Dec-21	7,323	8,500	Buy	Dharmesh Shah
19-Oct-21	7,170	8,500	Buy	Dharmesh Shah
05-Sep-21	7,930	8,500	Buy	Dharmesh Shah
06-Aug-21	7,528	8,500	Buy	Dharmesh Shah
23-Jul-21	7,490	8,500	Buy	Dharmesh Shah
06-Jun-21	6,664	7,050	Buy	Dharmesh Shah
10-May-21	6,403	7,050	Buy	Dharmesh Shah
09-May-21	6,482	7,050	Buy	Dharmesh Shah
28-Apr-21	6,361	7,050	Buy	Dharmesh Shah

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
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