

India

HOLD (no change)

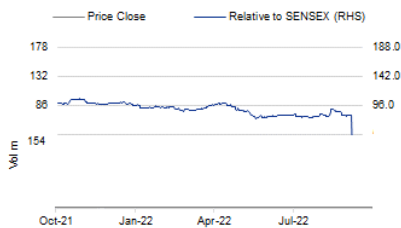
Consensus ratings*: Buy 18 Hold 18 Sell 11

Current price:	Rs21,189
Target price:	Rs21,657
Previous target:	Rs23,691
Up/downside:	2.2%
InCred Research / Consensus:	0.1%
Reuters:	SHCM.NS
Bloomberg:	SRCM IN
Market cap:	US\$10,528m Rs764,497m
Average daily turnover:	US\$19.5m Rs1416.6m
Current shares o/s:	36.1m
Free float:	73.6%

*Source: Bloomberg

Key changes in this note

- Net sales raised by 1% for FY23F-24F.
- EBITDA cut by 3-7% for FY23F-24F.
- Introduce FY25F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(12.2)	8.3	(24.2)
Relative (%)	(10.8)	0.5	(19.8)

Major shareholders	% held
Promoter & Promoter Group	62.6
SBI Mutual Fund	2.3
Axis Mutual Fund	1.7

Analyst(s)

Nishant BAGRECHA
T (91) 22 4161 1564
E nishant.bagrecha@incredcapital.com

Satisfish KUMAR
T (91) 22 4161 1562
E satisfish.kumar@incredcapital.com

Shree Cement Ltd

2QFY23 EBITDA miss on lower realization

- 2Q consolidated EBITDA stood at Rs5.4bn (our estimate: Rs5.8bn), down 41% yoy and 32% qoq, because of lower blended realization on lower power sales.
- Mr. Neeraj Akhoury (erstwhile MD & CEO of Ambuja Cements & ACC) appointed as MD. We cut our FY23F-24F EBITDA estimates by 3-7% to factor in 2Q miss.
- Retain HOLD rating with a lower target price of Rs21,657 (Rs23,691 earlier).

In-line volume performance while realization below our estimate

Shree Cement's 2QFY23 cement volume, including clinker, rose by ~18% yoy (in line) to 7.46mt driven by a recent capacity addition and higher clinker sales. Blended realization fell 8% qoq while it rose by only ~1% yoy and ~3% below our estimate which, we feel, could be due to a lower share from merchant power sales (figures not disclosed) and higher clinker volume. We estimate cement realization (adj. power sales) was down 4-5% qoq, largely in line with estimate. Our recent channel check indicates price hike attempts in Oct 2022, which should help realization to improve in coming quarters. The company plans to add a 3mpta grinding unit in West Bengal by Mar 2023F and has an integrated capacity expansion project at Gothra, Rajasthan (3.5mpta backed by 3.8mpta clinker) which will be completed by Mar 2024F. It has a long-term plan to double capacity to ~80mpta over the next six-to-seven years. We factor in FY23F/24F volume growth of 13%/9%, respectively.

Change in company's board/management team

Mr. Neeraj Akhoury (ex-Ambuja Cements' CEO) has been appointed as MD of Shree Cement. Mr. Prashant Bangur, joint MD, is now vice-chairman. Mr. H.M. Bangur, MD, is now chairman of the company.

Lowest EBITDA/t in a decade; limited cost advantage against peers

Blended EBITDA/t missed our estimate by 7% and stood at Rs728 (down 50% yoy and 32% qoq). Blended cost/t rose ~21% yoy while, surprisingly, down ~3% qoq. EBITDA/t was depressed by (a) lower realization, (b) ~64% yoy increase in raw material and P&F cost (while P&F cost/t fell qoq, this was on lower power sales). We expect cost reduction to be in line with coal/pet coke prices (fuel procured at Rs2.83/kcal in 2Q vs. Rs1.46 yoy and Rs2.63 qoq). We believe other industry major players would also deliver their worst-ever quarterly performance (even lower than our/ street expectations) in terms of profitability.

See better opportunities among peers; maintain HOLD rating

Shree Cement trades at EV/EBITDA of 18.2x FY24F, still at a premium to peers, which could narrow as the profitability premium fell in the past couple years. We retain HOLD rating on it. Our target price of Rs21,657 (Rs23,691 earlier) is based on 16x (17x earlier) EV/EBITDA and rollover to Sep 2024F. We find a better risk-reward ratio among peers.

Downside risks: Weak demand, pricing pressure, delay in commissioning of capacity and any material rise in input cost. **Upside risks:** Better-than-expected demand recovery, pricing growth, value-accretive acquisition, and better-than-expected cost control.

Financial Summary	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (Rsm)	135,598	150,096	174,707	194,397	211,331
Operating EBITDA (Rsm)	40,795	37,079	30,970	41,352	47,036
Net Profit (Rsm)	22,859	23,319	13,914	21,743	25,885
Core EPS (Rs)	633.6	646.3	385.6	602.6	717.4
Core EPS Growth	48.8%	2.0%	(40.3%)	56.3%	19.1%
FD Core P/E (x)	33.44	32.78	54.94	35.16	29.53
DPS (Rs)	60.0	90.0	57.8	90.4	107.6
Dividend Yield	0.28%	0.42%	0.33%	0.52%	0.61%
EV/EBITDA (x)	18.10	20.15	24.57	18.29	15.87
P/FCFE (x)	118.02	292.42	(49.36)	226.28	69.36
Net Gearing	(17.3%)	(10.3%)	(2.2%)	(4.2%)	(8.2%)
P/BV (x)	4.96	4.38	4.11	3.75	3.40
ROE	16.0%	14.2%	7.7%	11.2%	12.1%
% Change In Core EPS Estimates			(0.51%)	(0.42%)	(0.39%)
InCred Research/Consensus EPS (x)			0.85	0.88	0.90

SOURCE: INCRED RESEARCH, COMPANY REPORTS

2QFY23 EBITDA miss on lower realization

2QFY23 results review

Quick snapshot of SRCM's 2QFY23 results and long-term expansion plan ►

Key operational update:

- Shree Cement reported 2QFY23 consolidated revenue of Rs 40.4bn, up 20% yoy (down 9% qoq) and 3% below our estimate of Rs41.5bn.
- Sales volume (cement+clinker) stood at 7.46mtpa, up ~18% yoy (down ~0.6% qoq) and in line with our estimate, driven by a capacity addition-led volume push and higher clinker sales (clinker sales stood at 0.263mt vs. 0.06mt in 1QFY23 and 0.035mt in 2QFY22).
- Blended realization stood at Rs 5,416/t, down 8% qoq (up by only 1.4% yoy) and 2.9% below our expectation, as average pan-India cement price in 2QFY23 fell by ~5% qoq.
- Consolidated EBITDA for the quarter was at Rs5.4bn (lowest in last 22 quarters), down 41% yoy and 32% qoq (7% below our expectation).
- EBITDA/t stood at Rs728 during the quarter (our estimate: Rs783/t) vs. Rs 1,068 in 1QFY23 and Rs1,458 in 2QFY22 excluding other income.
- Operating cost/t: Overall blended cost/t was higher by 20.7% yoy (while down 2.7% qoq) on account of a) energy cost/t being up 61% yoy while down 8% qoq to Rs1,848, b) logistics cost/t up 3% yoy while down 4% qoq to Rs1,165 c) raw material cost/t surprisingly up 75% yoy and 53% qoq to Rs510 during the quarter, and d) employee cost/t down 12% yoy and 2% qoq. Other expenses were down 11% yoy and 8% qoq.
- We believe the company has consumed high-cost coal and pet-coke during 1HFY23 and the recent dip in cost of some input items (~20% correction in pet-coke prices over the past two months) will result in lower cost/t in 2HFY23F.
- Reported PAT declined by ~67% yoy and 34% qoq to ~Rs1.8bn vs. our expectation of Rs2.2bn. PAT was below with our estimate because of higher depreciation and interest cost during the quarter.
- Cash and cash equivalents stood at Rs33.1bn as at end-Sep 2022 vs. Rs 36.7bn as at end-Mar 2022.
- Cash flow from operations stood at Rs6.5bn in 1HFY23 vs. Rs10.2bn in 1HFY22.

Management/board-level changes in Shree Cement:

- Change in the designation of Mr. Hari Mohan Bangur from managing director to chairman of the company. Mr. Benu Gopal Bangur resigned as director and chairman of the company.
- Mr. Neeraj Akhoury, additional director, designated as MD of the company.
- Change in the designation of Mr. Prashant Bangur from joint MD to vice-chairman of the company.

Capacity expansion:

- Shree Cement or SRCM had earlier announced its medium-term expansion plan to put in place ~56mtpa cement capacity by FY25F.
- SRCM to set up a 3mtpa unit at Digha & Parbatpur villages in Purulia district of West Bengal at a cost of Rs7.5bn, which would be commissioned by Mar 2023F, and the mode of financing is mainly by way of equity contribution from SRCM.
- SCRUM to set up an integrated 3.5mtpa cement plant along with 3.8mtpa clinker capacity at village Gothra in Nawalgarh tehsil of Rajasthan at a cost of Rs35bn by Mar 2024F. The mode of financing is through internal accruals and debt.

- Set up 1.5mtpa clinker and 3mtpa cement capacities at Guntur in Andhra Pradesh at a capex of Rs25bn by Dec 2024F.
- Aforesaid expansions will increase SRCM's India capacity to 56mtpa from 46.4mtpa by FY25F. SRCM aims to reach cement capacity of 80mtpa by FY30F (at a 7% CAGR).
- SRCM is setting up 106MW solar power plants at various locations in India with a capex of Rs5bn which is financed by internal accruals.

Our view:

- We expect weak margins to keep the stock price under pressure in the near term. We believe consensus earnings and stock price estimates are pricing in a recovery in margins in 2HFY23F. Price hikes from Nov 2022F, after the festive season, hold the key to meet these expectations. Mr. H.M. Bangur, in one of his recent interviews, had said that cement demand in India is expected to grow at an 8-10% CAGR over the next three-to-four years, whereby SRCM's volume should grow at 10-12%. The company is more aggressive in its approach now and believes that US\$100-120/t is a good price for any acquisition.
- On quarterly performance, SRCM has delivered broadly in-line volume driven by capacity addition and higher clinker sales while EBITDA miss was mainly on account of lower realization during the quarter.

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	2QFY23	2QFY23F	1QFY23	2QFY22	% Change		
					2QFY23F	1QFY23	2QFY22
Net Sales	40,380	41,506	44,149	33,734	-3%	-9%	20%
Raw materials consumed	3,804	2,380	2,499	1,846	60%	52%	106%
Freight and forwarding expenses	8,684	9,057	9,145	7,141	-4%	-5%	22%
Power and fuel cost	13,778	15,330	15,137	7,268	-10%	-9%	90%
Employee cost	2,382	2,353	2,434	2,295	1%	-2%	4%
Other expenses	6,305	6,565	6,925	5,975	-4%	-9%	6%
Total expenditure	34,953	35,684	36,140	24,524	-2%	-3%	43%
EBITDA	5,428	5,822	8,008	9,210	-7%	-32%	-41%
Depreciation	3,956	3,367	3,497	2,903	18%	13%	36%
EBIT	1,471	2,456	4,512	6,306	-40%	-67%	-77%
Interest	660	557	554	556	19%	19%	19%
Other income	1,593	1,228	-201	1,536	30%	-893%	4%
PBT	2,405	3,127	3,756	7,287	-23%	-36%	-67%
Tax	572	844	968	1,647	-32%	-41%	-65%
PAT before MI & Associates	1,832	2,283	2,789	5,639	-20%	-34%	-68%
Minority interest	-1	21	-6	11	-106%	-81%	-111%
Profit from associate cos.	0	0	0	0			
Recurring PAT	1,834	2,263	2,795	5,628	-19%	-34%	-67%
Extraordinary items	0	0	0	0			
Reported PAT	1,834	2,263	2,795	5,628	-19%	-34%	-67%
EPS (Rs)	50.8	62.7	77.5	156.0	-19%	-34%	-67%
Gross margin	35%	36%	39%	52%	-56 bp	-438 bp	-1686 bp
EBITDA margin	13.4%	14.0%	18.1%	27.3%	-59 bp	-470 bp	-1386 bp
EBIT margin	4%	6%	10%	19%	-227 bp	-658 bp	-1505 bp
PBT margin	6%	8%	9%	22%	-158 bp	-255 bp	-1564 bp
PAT margin	5%	5%	6%	17%	-91 bp	-179 bp	-1214 bp
Tax rate	24%	27%	26%	23%	-320 bp	-196 bp	119 bp
Cost items as % of sales							
Raw material cost	9%	6%	6%	5%	369 bp	376 bp	395 bp
Freight cost	22%	22%	21%	21%	-32 bp	79 bp	34 bp
P&F cost	34%	37%	34%	22%	-281 bp	-17 bp	1,258 bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

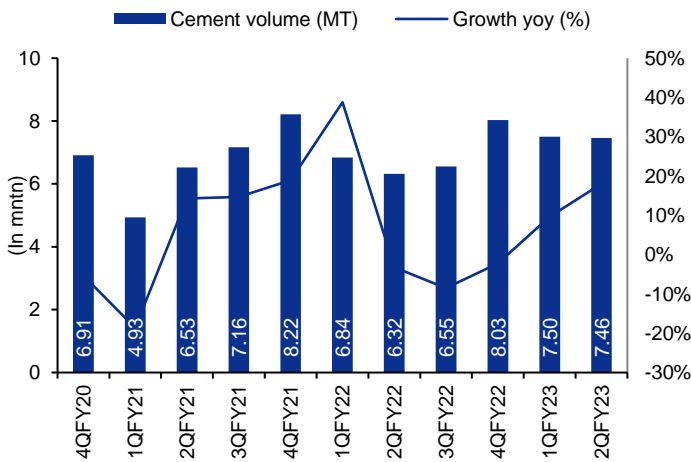
Figure 2: 2QFY23 results: Per tonne analysis

Per tonne analysis	2QFY23	2QFY23F	1QFY23	2QFY22	% Change		
					2QFY23F	1QFY23	2QFY22
Sales volume (cement + clinker)	7.46	7.44	7.50	6.32	0.2%	-0.6%	18.0%
Realization	5,416	5,579	5,886	5,341	-2.9%	-8.0%	1.4%
EBITDA/t	728	783	1,068	1,458	-7%	-31.8%	-50.1%
Raw material cost/t	510	320	333	292	60%	53%	75%
P&F cost/t	1,848	2,060	2,018	1,151	-10%	-8%	61%
Freight cost/t	1,165	1,217	1,219	1,131	-4%	-4%	3%
Employee cost/t	319	316	324	363	1%	-2%	-12%
Other expenses/t	846	882	923	946	-4%	-8%	-11%
Total cost/t	4,688	4,796	4,818	3,883	-2.3%	-2.7%	20.7%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

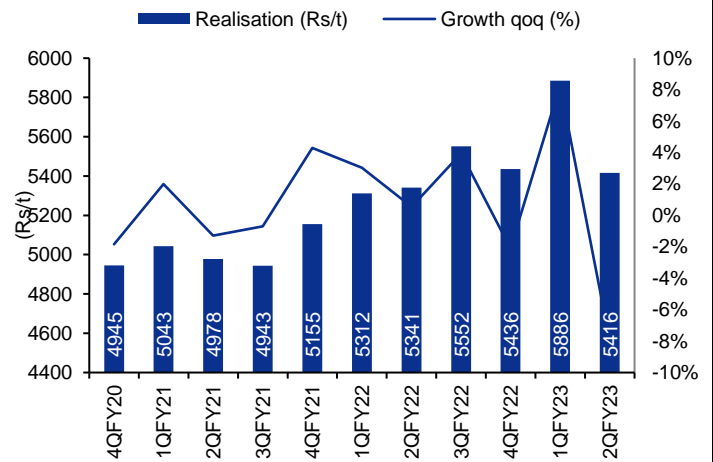
Key charts ➔

Figure 3: Cement sales volume, including clinker, increased 18% yoy (down only 1% qoq)



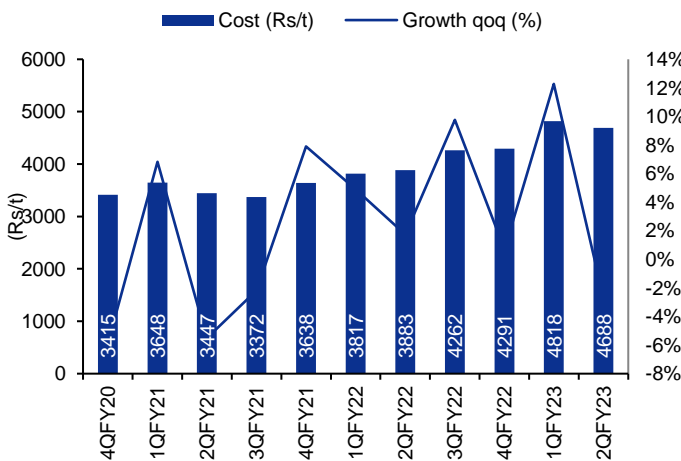
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Blended realization corrected 8% qoq while up only ~1% yoy



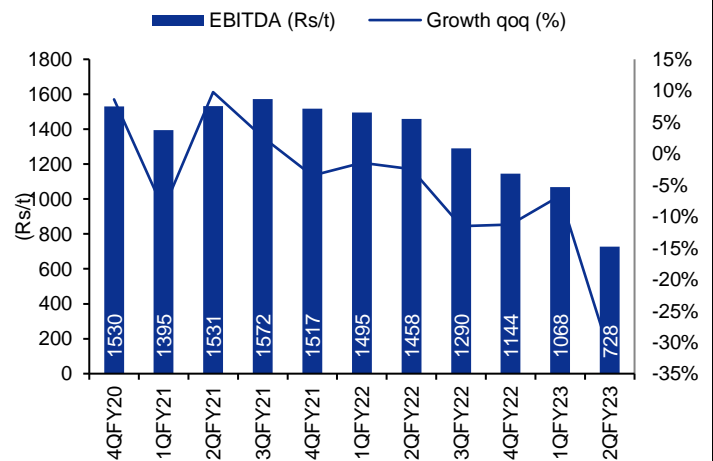
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Total operating cost/t was up by 21% yoy while down 3% qoq



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA fell 50% yoy and 32% qoq mainly due to lower realization



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Revision in our earnings estimates

Rs. m	NEW		Old		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Sales	1,74,707	1,94,397	1,73,019	1,92,128	1%	1%
EBITDA	30,970	41,352	33,030	42,470	-7%	-3%
PAT	13,914	21,743	15,775	23,090	-13%	-6%
EPS (Rs.)	385.6	602.6	433	636	-12%	-6%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred		Consensus		Change (%)	
	FY23F	FY24F	FY23F	FY23F	FY23F	FY23F
Sales	1,74,707	1,94,397	1,73,745	1,93,620	1%	0%
EBITDA	30,970	41,352	36,138	45,886	-14%	-10%
PAT	13,914	21,743	18,493	25,130	-25%	-13%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 9: Key assumptions

	FY21	FY22	FY23F	FY24F	FY25F
Volume (mtpa)	26.8	27.7	31.3	34.3	36.7
yoy	8%	3%	13%	9%	7%
Realization (per t)	5,052	5,411	5,574	5,674	5,753
yoy	-2%	7%	3%	2%	1%
Cost (per t)	3,532	4,075	4,586	4,467	4,473
yoy	-3%	15%	13%	-3%	0%
EBITDA (per t)	1,520	1,337	988	1,207	1,281
yoy	1%	-12%	-26%	22%	6%
EBITDA (Rs m)	40,795	37,079	30,970	41,352	47,036
yoy	9%	-9%	-16%	34%	14%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Our target price of Rs21,657 is based on 16x Sep 2024F EV/EBITDA

Valuation	TP
Target EV/EBITDA multiple (x)	16
Target EV (Rs m)	6,57,498
Net debt (Rs m)	(59,649)
No. of shares (m)	36
UAE plant @ book value	20,000
Value per share	554
Target price per share (Rs)	21,657

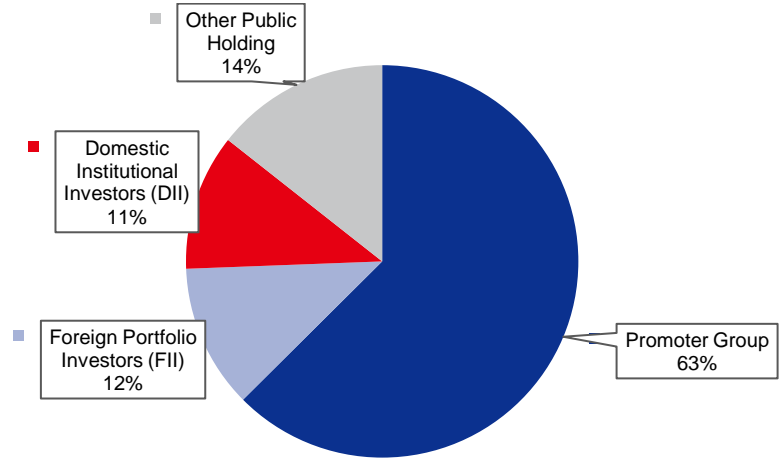
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: Cement sector peer comparison

Company	Bloomberg Ticker	Rating	Closing Price (LC)	Target Price (LC)	% Upside	Market cap (US\$ m)	EV/EBITDA (x)		P/BV (x)		RoE (%)		P/E (x)		EV/t (US\$)	
							FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
UltraTech Cement	UTCEM IN	ADD	6,192	7,721	25%	21,696	15.7	12.9	3.2	2.9	11.4	13.1	29.6	23.3	176.7	172.0
ACC	ACC IN	ADD	2,244	2,388	6%	5,114	10.7	9.3	2.6	2.3	12.5	12.6	21.4	19.3	114.3	109.6
Ambuja Cements	ACEM IN	HOLD	502	398	-21%	12,095	25.4	23.0	4.1	3.9	9.5	10.1	43.8	39.7	178.0	178.3
Shree Cement	SRCM IN	HOLD	21,189	21,657	2%	9,279	24.5	18.3	4.1	3.7	7.7	11.2	54.9	35.1	204.7	191.2
The Ramco Cements	TRCL IN	ADD	698	879	26%	2,001	15.5	11.4	2.4	2.2	7.7	11.1	32.6	20.9	132.7	115.4
JK Cement	JKCE IN	ADD	2,479	2,883	16%	2,325	16.4	11.9	4.1	3.6	14.6	19.0	29.9	20.1	187.1	147.4
Birla Corp	BCORP IN	ADD	897	1,300	45%	838	10.3	7.6	1.2	1.2	4.9	8.5	26.0	14.1	73.2	73.4
Heidelberg	HEIM IN	ADD	206	205	0%	565	10.5	7.8	2.8	2.7	14.5	19.6	19.8	14.1	86.1	83.4
Dalmia Bharat	DALBHARA IN	ADD	1,503	1,901	26%	3,421	12.8	10.3	1.8	1.7	4.4	6.4	41.8	27.0	94.4	82.5
JK Lakshmi	JKLC IN	ADD	538	602	12%	769	9.1	7.9	2.3	2.0	14.4	16.3	17.0	13.1	70.3	73.6
Orient Cement	ORCMNT IN	ADD	124	176	42%	308	6.1	6.3	1.5	1.4	14.0	14.5	11.5	9.9	49.9	46.6
Prism Johnson	PRSMJ IN	ADD	124	142	15%	755	12.9	8.7	4.5	3.9	9.2	18.9	50.9	22.2	139.6	137.5
Mean							14.2	11.3	2.9	2.6	10.4	13.4	31.6	21.6	125.6	117.6
Median							12.9	9.8	2.7	2.5	10.5	12.8	29.7	20.5	123.5	112.5
Minimum							6.1	6.3	1.2	1.2	4.4	6.4	11.5	9.9	49.9	46.6
Maximum							25.4	23.0	4.5	3.9	14.6	19.6	54.9	39.7	204.7	191.2

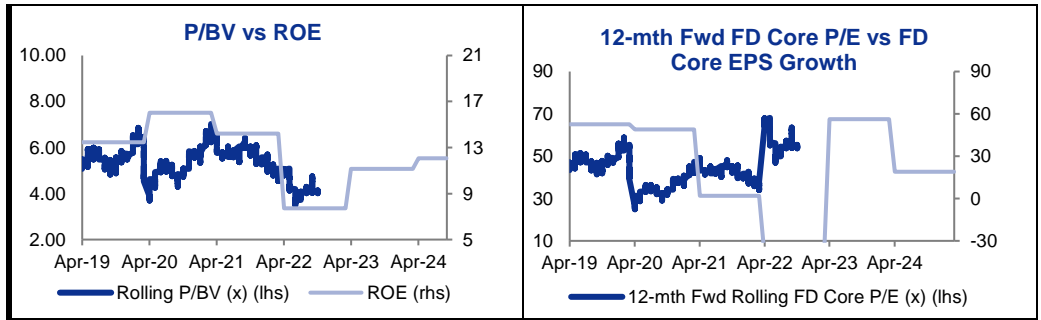
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 14 OCT 2022

Figure 12: SRCM's shareholding pattern (as at end-Jun 2022)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Net Revenue	135,598	150,096	174,707	194,397	211,331
Gross Profit	135,598	150,096	174,707	194,397	211,331
Operating EBITDA	40,795	37,079	30,970	41,352	47,036
Depreciation And Amortisation	(12,623)	(11,459)	(14,667)	(15,401)	(16,171)
Operating EBIT	28,171	25,621	16,302	25,951	30,866
Financial Income/(Expense)	(2,513)	(2,161)	(2,410)	(2,205)	(2,161)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	4,383	5,459	4,476	4,924	5,416
Profit Before Tax (pre-EI)	30,041	28,918	18,369	28,670	34,121
Exceptional Items					
Pre-tax Profit	30,041	28,918	18,369	28,670	34,121
Taxation	(7,145)	(5,552)	(4,409)	(6,881)	(8,189)
Exceptional Income - post-tax					
Profit After Tax	22,896	23,366	13,960	21,790	25,932
Minority Interests	(37)	(47)	(47)	(47)	(47)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	22,859	23,319	13,914	21,743	25,885
Recurring Net Profit	22,859	23,319	13,914	21,743	25,885
Fully Diluted Recurring Net Profit	22,859	23,319	13,914	21,743	25,885

Cash Flow

(Rs m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
EBITDA	40,795	37,079	30,970	41,352	47,036
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(10,102)	1,984	1,477	817	(3,452)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	4,383	5,459	4,476	4,924	5,416
Other Operating Cashflow	17,121	(10,129)	(8,129)	(6,629)	(5,129)
Net Interest (Paid)/Received	(2,513)	(2,161)	(2,410)	(2,205)	(2,161)
Tax Paid	(7,145)	(5,552)	(4,409)	(6,881)	(8,189)
Cashflow From Operations	42,538	26,680	21,976	31,378	33,522
Capex	(2,387)	(17,592)	(26,000)	(27,500)	(25,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(24,063)	(3,922)	(15,465)	(2,000)	1,500
Cash Flow From Investing	(26,450)	(21,514)	(41,465)	(29,500)	(24,000)
Debt Raised/(repaid)	(9,610)	(2,552)	4,000	1,500	1,500
Proceeds From Issue Of Shares	(65)	(8)	(93)	(93)	(93)
Shares Repurchased					
Dividends Paid	(2,165)	(3,247)	(2,525)	(3,946)	(4,698)
Preferred Dividends					
Other Financing Cashflow	(486)	(2,687)	8,176	6,676	5,176
Cash Flow From Financing	(12,326)	(8,494)	9,557	4,136	1,884
Total Cash Generated	3,761	(3,328)	(9,932)	6,014	11,406
Free Cashflow To Equity	6,478	2,614	(15,489)	3,378	11,022
Free Cashflow To Firm	18,600	7,327	(17,079)	4,083	11,683

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	45,098	38,160	28,228	34,242	45,648
Total Debtors	6,859	7,883	9,573	10,119	11,580
Inventories	17,157	24,970	26,326	26,630	30,107
Total Other Current Assets	12,759	13,691	13,278	15,552	17,963
Total Current Assets	81,873	84,703	77,404	86,543	105,298
Fixed Assets	62,163	72,822	83,655	95,255	104,084
Total Investments	46,990	55,063	55,563	56,063	56,563
Intangible Assets	9,965	10,535	25,500	27,000	25,000
Total Other Non-Current Assets	14,140	14,365	14,865	15,365	15,865
Total Non-current Assets	133,258	152,786	179,583	193,682	201,512
Short-term Debt	5,087	7,158	11,658	12,658	13,658
Current Portion of Long-Term Debt					
Total Creditors	8,830	8,904	10,971	11,794	12,559
Other Current Liabilities	23,091	30,802	32,845	35,963	39,096
Total Current Liabilities	37,008	46,864	55,474	60,416	65,313
Total Long-term Debt	13,316	12,983	12,483	12,983	13,483
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	10,322	2,535	2,535	2,535	2,535
Total Non-current Liabilities	23,638	15,519	15,019	15,519	16,019
Total Provisions					
Total Liabilities	60,646	62,383	70,493	75,934	81,332
Shareholders Equity	153,974	174,603	185,991	203,788	224,975
Minority Interests	512	503	503	503	503
Total Equity	154,486	175,106	186,494	204,291	225,478

Key Ratios					
	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	5.4%	10.7%	16.4%	11.3%	8.7%
Operating EBITDA Growth	8.5%	(9.1%)	(16.5%)	33.5%	13.7%
Operating EBITDA Margin	30.1%	24.7%	17.7%	21.3%	22.3%
Net Cash Per Share (Rs)	739.90	499.38	113.24	238.36	512.91
BVPS (Rs)	4,267.57	4,839.32	5,154.97	5,648.22	6,235.45
Gross Interest Cover	11.21	11.85	6.77	11.77	14.28
Effective Tax Rate	23.8%	19.2%	24.0%	24.0%	24.0%
Net Dividend Payout Ratio	9.5%	13.9%	18.2%	18.2%	18.2%
Accounts Receivables Days	23.77	17.92	18.23	18.49	18.74
Inventory Days	46.15	51.22	53.58	49.71	49.00
Accounts Payables Days	29.66	28.64	25.23	27.15	27.05
ROIC (%)	30.9%	24.5%	12.6%	18.3%	20.2%
ROCE (%)	17.1%	13.9%	8.0%	11.8%	12.8%
Return On Average Assets	12.3%	11.3%	6.6%	8.9%	9.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000007793. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

	Analyst/ Relative	Entity/ Associates
any financial interests in the company covered in this report (subject company) and nature of such financial interest	NO	NO
actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;	NO	NO
any other material conflict of interest at the time of publication of the research report or at the time of public appearance	NO	NO
received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months	NO	NO
managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
received any compensation or other benefits from the subject company or third party in connection with the research report	NO	NO
served as an officer, director or employee of the subject company	NO	NO
been engaged in market making activity for the subject company	NO	NO

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.