

India

HOLD (no change)

Consensus ratings*: Buy 19 Hold 3 Sell 4

Current price: Rs4,480
 Target price: ▲ Rs4,600
 Previous target: Rs4,100
 Up/downside: 2.7%
 InCred Research / Consensus: 2.0%

Reuters: JKCE.BO
 Bloomberg: JKCE IN
 Market cap: US\$4,767m
 Rs346,162m
 Average daily turnover: US\$10.4m
 Rs753.8m
 Current shares o/s: 77.3m
 Free float: 43.0%

*Source: Bloomberg

Key changes in this note

- Maintain EBITDA estimates for FY25F-26F.
- Retain HOLD rating with a higher target price of Rs4,600.
- Introduce FY27F estimates.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|-----|------|------|
| Absolute (%) | 5.3 | 10.0 | 40.8 |
| Relative (%) | 1.0 | 0.7 | 16.6 |

| Major shareholders | % held |
|---------------------------|--------|
| Promoter & Promoter Group | 45.7 |
| Kotak Small Cap Fund | 5.0 |
| Canara Robeco MF | 2.3 |

Research Analyst(s)**Nishant BAGRECHA**

T (91) 22 4161 1564

E nishant.bagrecha@incredresearch.com

Rohan KALLE

T (91) 22 4161 1561

E rohan.kalle@incredresearch.com

J K Cement Ltd**Near-term challenges, but long-term intact**

- 1QFY25 consolidated EBITDA stood at ~Rs4.9bn, up ~19% yoy but down ~13% qoq while ~7% above our estimate, mainly due to lower blended costs.
- We expect 2Q margin to dip due to lower cement prices, and a rise in marketing & maintenance expenses. JKCE expects ~Rs75/t of cost savings in FY25F.
- We maintain our EBITDA estimates for FY25F-26F to factor in 2HFY25F recovery and cost savings. Retain HOLD rating with a higher TP of Rs4,600.

Volume guidance intact; capacity expansion remains on track

JK Cement or JKCE's 1QFY25 grey cement volume rose by ~5% yoy to 4.85mt, with its new Central India capacity ramp-up. The company has retained market share in all its markets, despite competition from top players. Grey cement realization declined by ~5% qoq led by soft pricing. While current prices (Jul 2024) are lower by ~1.5% vs. 1Q exit prices. JKCE retained its target volume growth of ~10% in FY25F, despite some near-term moderation in demand. During 1Q, it commissioned ~2mtpa grinding unit at Prayagraj in Uttar Pradesh. Further, construction work has begun for the upcoming 3.3mtpa clinker capacity at Panna, along with 1mtpa cement capacity each at Panna, Hamirpur and Prayagraj. JKCE has also initiated work on its 3mtpa split grinding unit in Bihar. All projects are likely to be commissioned by FY26F. JKCE aims to have ~30mtpa capacity by FY26F.

Blended EBITDA/t at >Rs1,000; targets ~Rs75/t savings in FY25F

Blended costs were down ~2% qoq and ~6% yoy at Rs4,790/t. Blended fuel consumption costs stood at Rs1.62/Kcal vs. Rs1.80 qoq and expects it to be in the range of Rs1.5-1.55/kcal in 2QFY25F. Overhead costs were lower due to the higher base last year on account of certain annual expenses and lower spending on branding, which is expected to pick up from 2QFY25F prior to the festive season. JKCE expects Rs75/t cost savings in FY25F out of its guidance of ~Rs 150-200/t over the next two years, led by freight cost optimization (Rs30-40/t), increased use of green power (Rs20-30/t) & alternative fuels. However, profitability expansion in FY25F will depend on price recovery post 1HFY25F.

Maintains capex guidance with comfortable leverage position

JKCE incurred a capex of ~Rs1.75bn in 1QFY25F and maintained its guidance of ~Rs19bn for FY25F and ~Rs18bn for FY26F. Consolidated net debt was up qoq at ~Rs28.3bn as of Jun 2024 vs. Rs25.8bn qoq. The company aims to maintain its leverage profile, despite being in the expansion phase, on the back of increased profitability.

Retain HOLD rating with a TP of Rs4,600 on rich valuation

We like JKCE's presence and new expansion in the regions having favourable demand and pricing, but we feel the current EV/t still limits any further upside in the stock. We retain our HOLD rating on it with a Sep 2025F target price of Rs4,600, set at an EV/EBITDA of 14x. **Downside risks:** Weak demand, pricing pressure, and delay in commissioning the capacity. **Upside risks:** Strong demand & pricing, sharp deleveraging, and cost control.

| Financial Summary | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
|-----------------------------------|---------|---------|---------|---------|---------|
| Revenue (Rsm) | 97,202 | 115,560 | 123,861 | 138,386 | 153,468 |
| Operating EBITDA (Rsm) | 13,143 | 20,598 | 22,762 | 26,406 | 30,490 |
| Net Profit (Rsm) | 4,236 | 7,963 | 9,267 | 11,322 | 13,618 |
| Core EPS (Rs) | 54.8 | 103.1 | 119.9 | 146.5 | 176.2 |
| Core EPS Growth | (38.4%) | 88.0% | 16.4% | 22.2% | 20.3% |
| FD Core P/E (x) | 81.72 | 43.47 | 37.35 | 30.58 | 25.42 |
| DPS (Rs) | 15.0 | 20.0 | 24.0 | 27.8 | 33.5 |
| Dividend Yield | 0.33% | 0.45% | 0.65% | 0.75% | 0.90% |
| EV/EBITDA (x) | 29.42 | 18.86 | 17.16 | 14.90 | 12.90 |
| P/FCFE (x) | 78.29 | 114.51 | 51.33 | 20.64 | 12.22 |
| Net Gearing | 88.2% | 80.3% | 74.7% | 69.0% | 60.0% |
| P/BV (x) | 7.39 | 6.45 | 5.70 | 4.99 | 4.33 |
| ROE | 9.4% | 15.8% | 16.2% | 17.4% | 18.2% |
| % Change In Core EPS Estimates | | | (0.40%) | (0.38%) | (0.36%) |
| InCred Research/Consensus EPS (x) | | | | | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Near-term challenges, but long-term intact

Figure 1: Consolidated quarterly performance

| Particulars (Rs m) | 1QFY25 | 1QFY25F | 4QFY24 | 1QFY24 | % Change | | |
|---------------------------------------|---------------|---------------|---------------|---------------|------------|-------------|------------|
| | | | | | 1QFY25F | 4QFY24 | 1QFY24 |
| Net Sales | 28,076 | 26,875 | 31,058 | 27,626 | 4% | -10% | 2% |
| Raw Materials Consumed | 4,789 | 4,667 | 5,269 | 4,644 | 3% | -9% | 3% |
| Freight and Forwarding Expenses | 6,195 | 5,737 | 6,810 | 5,842 | 8% | -9% | 6% |
| Power and Fuel Costs | 5,697 | 5,708 | 6,156 | 6,910 | 0% | -7% | -18% |
| Employee Costs | 2,186 | 1,858 | 2,182 | 1,839 | 18% | 0% | 19% |
| Other Expenses | 4,347 | 4,369 | 5,041 | 4,312 | -1% | -14% | 1% |
| Total Expenditure | 23,214 | 22,338 | 25,458 | 23,548 | 4% | -9% | -1% |
| EBITDA | 4,862 | 4,536 | 5,599 | 4,078 | 7% | -13% | 19% |
| Depreciation | 1,473 | 1,482 | 1,530 | 1,384 | -1% | -4% | 6% |
| EBIT | 3,389 | 3,054 | 4,069 | 2,694 | 11% | -17% | 26% |
| Interest | 1,105 | 1,145 | 1,149 | 1,090 | -3% | -4% | 1% |
| Other Income | 447 | 395 | 457 | 316 | 13% | -2% | 42% |
| PBT | 2,732 | 2,304 | 3,472 | 1,769 | 19% | -21% | 54% |
| Tax | 884 | 760 | 1,275 | 662 | 16% | -31% | 33% |
| PAT before MI & Associates | 1,848 | 1,544 | 2,197 | 1,107 | 20% | -16% | 67% |
| Minority Interest | 5 | 0 | -1 | 12 | | | |
| Profit from Assoc. | 0 | 0 | 0 | 0 | | | |
| Recurring PAT | 1,853 | 1,544 | 2,196 | 1,119 | 20% | -16% | 66% |
| Extraordinary Items | 0 | 0 | 95 | -150 | | | |
| Reported PAT | 1,853 | 1,544 | 2,196 | 1,119 | 20% | -16% | 66% |
| EPS (Rs) | 23.9 | 20.0 | 28.4 | 14.3 | 20% | -16% | 67% |
| Gross Margin | 41% | 40% | 41% | 37% | 54 bp | -70 bp | 356 bp |
| EBITDA Margin | 17.3% | 16.9% | 18.0% | 14.8% | 44 bp | -71 bp | 256 bp |
| EBIT Margin | 12% | 11% | 13% | 10% | 71 bp | -103 bp | 232 bp |
| PBT Margin | 10% | 9% | 11% | 6% | 116 bp | -145 bp | 333 bp |
| PAT Margin | 7% | 6% | 7% | 4% | 86 bp | -47 bp | 255 bp |
| Tax Rate | 32% | 33% | 37% | 37% | -66 bp | -438 bp | -507 bp |
| Cost Items as % of Sales | | | | | | | |
| Raw Material Costs | 17% | 17% | 17% | 17% | -31 bp | 9 bp | 25 bp |
| Freight Costs | 22% | 21% | 22% | 21% | 72 bp | 14 bp | 92 bp |
| P&F Costs | 20% | 21% | 20% | 25% | -95 bp | 47 bp | -472 bp |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: 1QFY25 results on per tonne analysis

| Per tonne analysis | 1QFY25 | 1QFY25F | 4QFY24 | 1QFY24 | % Change | | |
|---------------------------|--------------|--------------|--------------|--------------|-----------|------------|------------|
| | | | | | 1QFY25F | 4QFY24 | 1QFY24 |
| Sales Volume (grey+white) | 4.85 | 4.82 | 5.21 | 4.61 | 0.5% | -7.0% | 5.2% |
| Blended Realization/t | 5,793 | 5,571 | 5,962 | 5,996 | 4.0% | -2.8% | -3.4% |
| EBITDA/t | 1,003 | 940 | 1,075 | 885 | 7% | -7% | 13% |
| RM Costs/t | 988 | 967 | 1,012 | 1,008 | 2% | -2% | -2% |
| P&F Costs/t | 1,176 | 1,183 | 1,182 | 1,500 | -1% | -1% | -22% |
| Freight Costs/t | 1,278 | 1,189 | 1,307 | 1,268 | 7% | -2% | 1% |
| Employee Costs/t | 451 | 385 | 419 | 399 | 17% | 8% | 13% |
| Other Expenses/t | 897 | 906 | 968 | 936 | -1% | -7% | -4% |
| Total Cost/t | 4,790 | 4,630 | 4,887 | 5,111 | 3% | -2% | -6% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key takeaways from 1QFY25 results, presentation and earnings call ➤

Demand and pricing outlook:

- **Combined sales volume (grey + white)** stood at 4.85mt, up ~5% yoy (in line with Incred estimate). Standalone grey cement volume was up 6% yoy at 4.33mt, while consolidated white cement volume grew 2% yoy to 513kt. Capacity utilization stood at 79% vs. 85% qoq while Central India expansion achieved ~93% capacity utilization.
- Management retained its volume growth target of ~10% for FY25F.
- **Regional markets:** The company hasn't lost market share in any of its markets, despite high competition from top players in the region.
- **Blended realization (consolidated)/t** stood at Rs5,793, down ~3% qoq. Standalone grey cement realization was down by ~5% qoq and white cement realization was down ~4% qoq.
- **Pricing:** Pricing remains under pressure; 2QFY25F prices are expected to be lower than in 1Q, with prices declining by ~1-1.5% in Jul 2024 from 1Q exit prices. Demand and pricing are expected to recover post-monsoon.
- Prices in the north and central India markets are in the same range. North India market pricing continues to remain stable while central India prices are flat qoq and are less volatile compared to south India.
- The company expects 2QFY25F to be difficult due to lower volume (seasonal), higher brand spending, and scheduled plant maintenance. An incremental cost of Rs50-70/t is expected on a qoq basis.

Costs:

- **Freight expenses** were down ~2% qoq (while up 1% yoy) at Rs1,278/t as the lead distance stood at 415km vs. 419km qoq & 426km yoy.
- The current focus on reducing lead distance is primarily in central India, aiming to save Rs10/t every quarter. South India remains expensive in lead distance terms North India remains the cheapest.
- Profitability expansion this year would depend on how pricing recovers post-1HFY25F.
- **P&F costs** declined by ~1% qoq and ~22% yoy to Rs1,176/t, as fuel consumption cost stood at Rs1.62/kcal vs. Rs1.8/kcal qoq and Rs2.19/kcal yoy. P&F costs remain soft and are expected to be softer in the next few months, with expectations in the range of Rs1.5-1.55/kcal in 2QFY25F.
- **Green power:** Current savings stood at Rs3/unit from green power, and it remains a priority for the company. It expects to achieve ~75% target by FY28F.
- **Fixed costs** decreased by 3% qoq to Rs1,348/t due to lower overheads.
- Other expenses were lower due to a high base last year on certain annual and branding expenses that have not commenced this year. Raw material costs were lower due to reduced volume and the purchase and sale of traded goods amounting to ~Rs300m in the previous quarter, recorded in grey cement revenue.
- **On its guidance of cost savings of Rs150-200/t over the next 2-3 years,** the company sees savings of Rs30-40/t in logistics, Rs20-30/t from green power, and some from AFR combination. Out of that, it expects cost savings of Rs75/t in FY25F.
- The company remains in the old tax regime and its cash tax rate is 17%.

Expansion and capex update:

- **Expansion update:** a) **Capacity added in 1Q:** The Group has commissioned 2mtpa grey cement GU at Prayagraj in 1QFY25 ahead of its scheduled 2QFY25F. The capex incurred was Rs3.21bn till Jun 2024 on the facility. b) The company has installed **grey cement capacity of 24.34mtpa and 3.05mtpa in white cement and wall putty, including subsidiary capacity.**

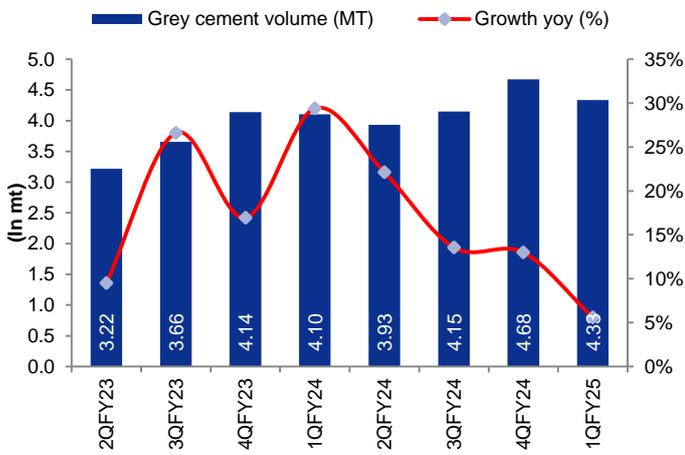
- **New additions: a)** 3.3mtpa clinker line 2 & 3mtpa cement expansion at Panna, Hamirpur, Prayagraj (each of 1mtpa): Order for main P&M release, construction work finalized, incurred capex of Rs950m till Jun 2024. **b)** 3mtpa GUt at Bihar: Land acquisition completed and order for machinery has been placed, incurred a capex of Rs260m till Jun 2024. Expects to start construction work post monsoon.
- Panna plant work has already started and is expected to be completed by 3QFY25F. Targets to have ~30mtpa capacity by FY26F.
- **On long-term expansions:** Jaisalmer Line-2 will be the first, followed by potential expansions in Karnataka, Panna Line-3, and Odisha. Land is available for all expansions.
- **Capex update:** Rs1.75bn incurred in capex (Rs1.25bn for Panna and Rs0.5bn for other capex) in 1QFY25F. Maintained its capex guidance of Rs19bn for FY25F and Rs18bn for FY26F.

Other business highlights:

- **During 1Q**, blended cement share stood at 67%, trade mix at ~63%, and premium products' share at 13% of trade sales.
- **Paints:** Product pricing is at par with the market. **Revenue was Rs570m in 1Q with an EBITDA loss of Rs100m due to higher brand spending.** The paint business plans remain within an investment limit of Rs6bn, and an expected EBITDA loss of Rs350-400m in FY25F (focusing on brand expansion). The revenue target is Rs5bn for FY26F, with expectations to turn EBITDA positive by FY27F (same as earlier guidance).
- **White cement/putty:** The white cement business revenue is declining due to lower value realization of putty, as competitors like Asian Paints remain aggressive in the segment. Putty growth is higher for Asian Paints, while JKCE aims for industry-level growth or like UTCCEM's. UTCCEM acquiring a stake in RAK Cement is positive, as per the company.
- **During 1Q**, white cement volume was restated to include inter-consumption for putty and its other complementary products. Volume has been restated from 1QFY24.
- **Toshali:** No progress yet on Odisha limestone lease transfer due to elections and changes in local government. Expects it to get completed by Sep 2025F. Achieved 30,000/t volume in 1Q, targeting 100,000/t quarterly volume by 4QFY25F.
- Incentives were Rs690m in 1Q.
- Clinker sales were 24,000/t in 1Q.
- In 1Q, rail mix was 9% and pet coke mix was 68%.
- The company's current clinker capacity is greater than ~18mtpa.
- The impact of JPA assets on the market will depend on which player acquires the assets and believes foreclosure will take place not before the end of FY25F.
- **Green power mix** was 57% vs. 51% qoq, targets to reach 75% by FY30F. While **TSR** was 17.3% vs. 16.3% qoq, targets to reach 35% by FY30F.
- During 1Q **net debt** was Rs28.3bn vs. Rs25.8bn in Mar 2024. **Net debt/EBITDA** was 1.36x vs. 1.29x in Mar 2024.
- Even with higher expansion capex in the coming years, leverage will remain comfortable due to increased profitability and incremental volume.

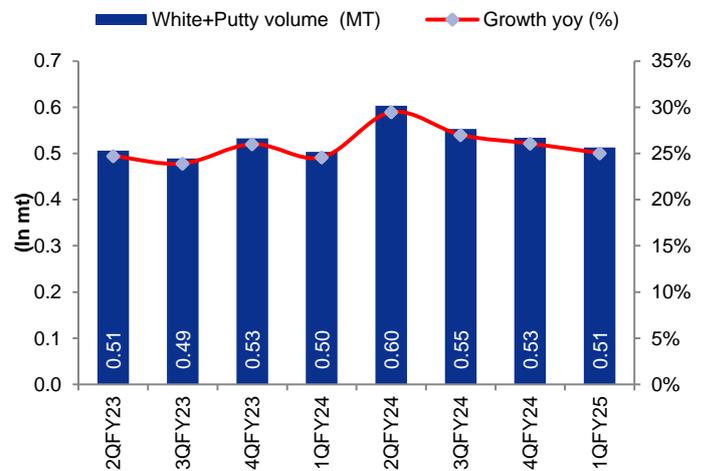
Key charts ➤

Figure 3: Consol. grey cement sales volume rises by ~6% yoy



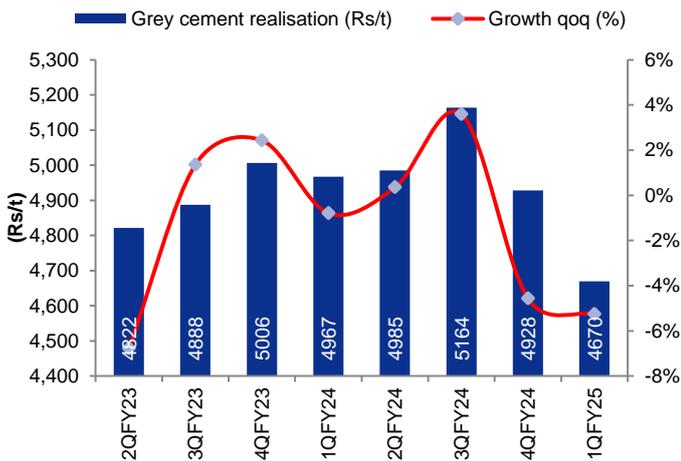
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: White cement (including putty) volume was up by 25% yoy



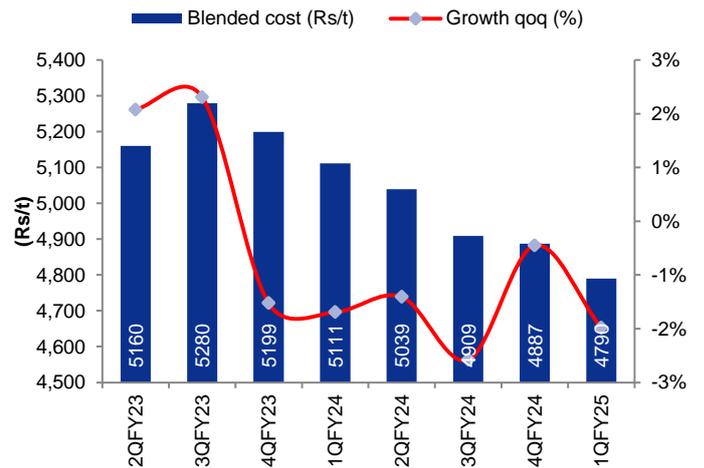
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Grey cement realization declines 5% qoq and ~6% yoy



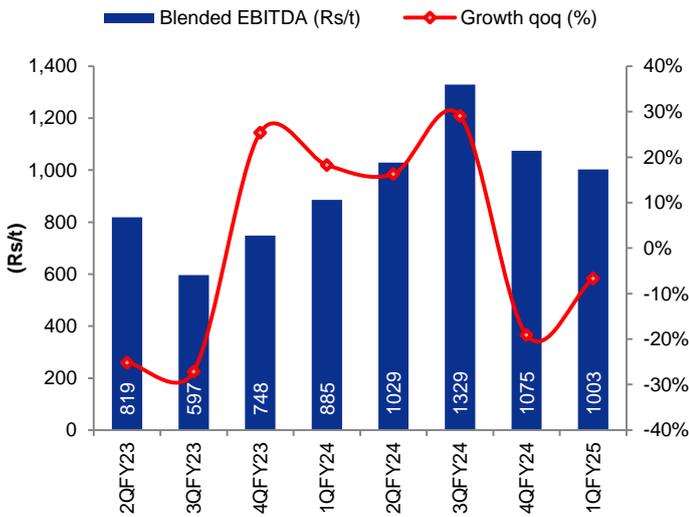
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Blended cost/t declines 2% qoq and 6% yoy



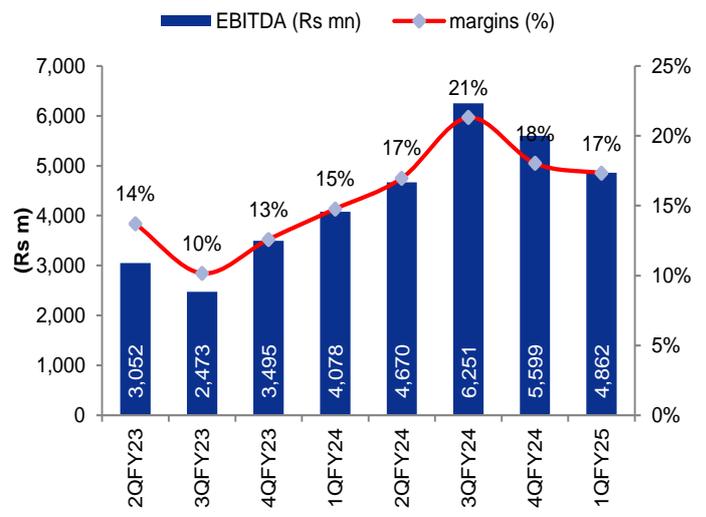
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Blended EBITDA/t declines by Rs72 qoq and improves by Rs118 yoy to Rs1,003



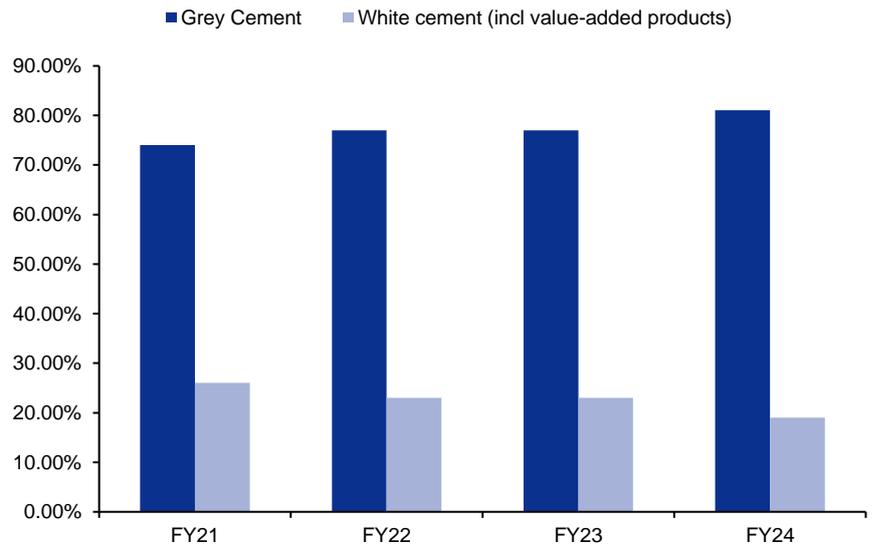
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Consolidated EBITDA at ~Rs4.9bn was up by ~19% yoy and declines 13% qoq



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: JKCE's revenue contribution from grey cement increased to 81% in FY24 from 74% in FY21



SOURCE: INCRED RESEARCH, JKCE ANNUAL REPORT

Figure 10: JKCE's key ESG metrics and sustainability goals



Key changes ➤

Figure 11: Our revised earnings estimates

| Rs.m | New | | Old | | Change (%) | |
|-----------|----------|----------|----------|----------|------------|-------|
| | FY25F | FY26F | FY25F | FY26F | FY25F | FY26F |
| Sales | 1,23,861 | 1,38,386 | 1,24,616 | 1,39,221 | -1% | -1% |
| EBITDA | 22,762 | 26,406 | 22,845 | 26,518 | 0% | 0% |
| PAT | 9,267 | 11,322 | 9,324 | 11,399 | -1% | -1% |
| EPS (Rs.) | 119.9 | 146.5 | 121 | 148 | -1% | -1% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Changes in our earnings estimates vs. Bloomberg consensus estimates

| Rs. Mn | Incred | | | Consensus | | | Change (%) | | |
|--------|----------|----------|----------|-----------|----------|----------|------------|--------|--------|
| | FY25F | FY26F | FY27F | FY25F | FY26F | FY27F | FY25 F | FY26 F | FY26 F |
| Sales | 1,23,861 | 1,38,386 | 1,53,468 | 1,25,089 | 1,40,086 | 2,13,893 | -1% | -1% | -28% |
| EBITDA | 22,762 | 26,406 | 30,490 | 23,316 | 27,313 | 28,755 | -2% | -3% | 6% |
| PAT | 9,267 | 11,322 | 13,618 | 9,799 | 12,029 | 27,343 | -5% | -6% | -50% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 13: Key assumptions

| | FY22A | FY23A | FY24A | FY25F | FY26F |
|---------------------------------|--------|--------|--------|--------|--------|
| Volume (mtpa) (Grey + White) | 16 | 19 | 21 | 23 | 25 |
| Yoy | 16% | 18% | 9% | 11% | 10% |
| Blended realization (per tonne) | 5,854 | 5,865 | 5,835 | 5,877 | 5,924 |
| Yoy | 5% | 0% | -1% | 1% | 1% |
| Blended cost (per tonne) | 5,178 | 4,974 | 4,858 | 4,842 | 4,827 |
| Yoy | 12% | -4% | -2% | 0% | 0% |
| Blended EBITDA (per tonne) | 810 | 1,079 | 1,094 | 1,142 | 1,197 |
| Yoy | -23% | 33% | 1% | 4% | 5% |
| EBITDA (Rs m) | 13,143 | 20,598 | 22,762 | 26,406 | 30,490 |
| Yoy | -11% | 57% | 11% | 16% | 15% |

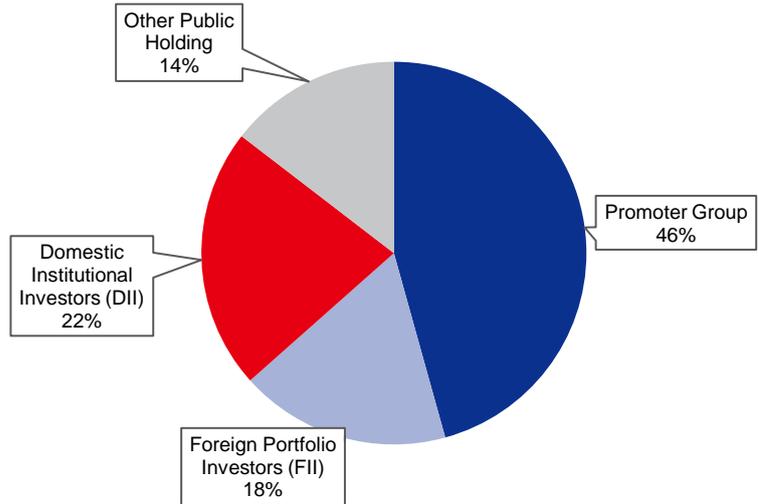
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 14: Maintain HOLD rating with a Sep 2025F target price of Rs4,600, set at an EV/EBITDA of 14x

| Valuation | TP |
|---------------------------|--------------|
| Target EV/EBITDA (x) | 14.0 |
| Target EV (Rs m) | 3,98,271 |
| Net debt / (cash) (Rs m) | 43,276 |
| No. of shares (m) | 77 |
| Fair value per share (Rs) | 4,600 |

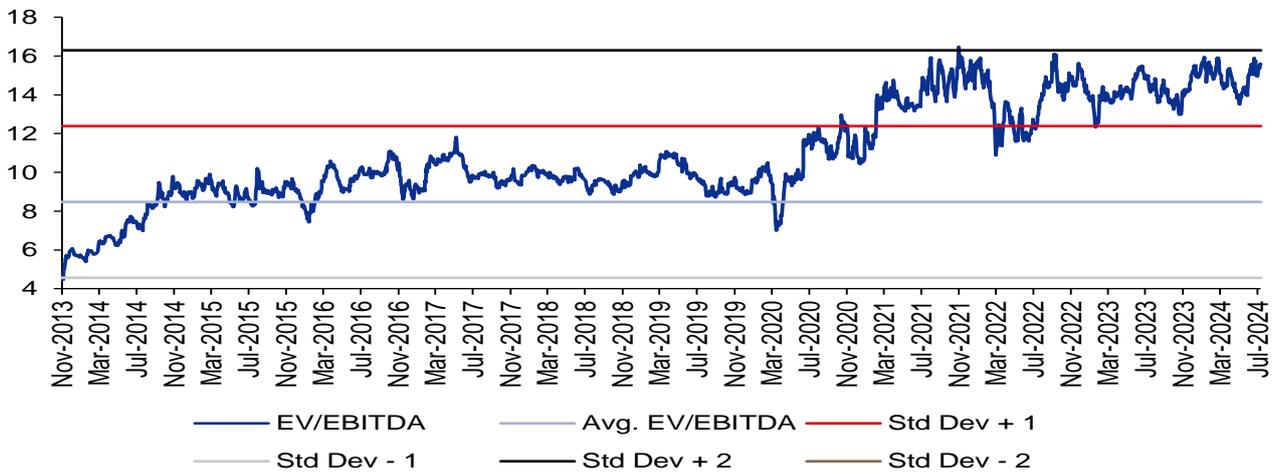
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 15: JKCE's shareholding pattern (as of Jun 2024-end)



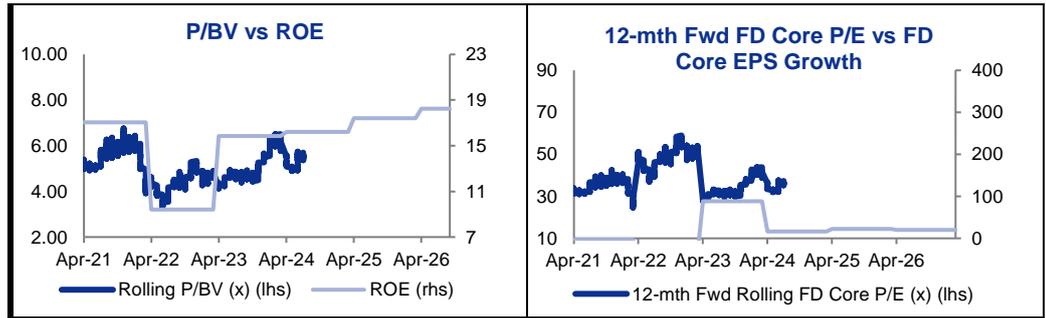
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: JKCE one-year forward EV/EBITDA trades close to +2SD



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

| (Rs mn) | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
|---|---------------|----------------|----------------|----------------|----------------|
| Total Net Revenues | 97,202 | 115,560 | 123,861 | 138,386 | 153,468 |
| Gross Profit | 97,202 | 115,560 | 123,861 | 138,386 | 153,468 |
| Operating EBITDA | 13,143 | 20,598 | 22,762 | 26,406 | 30,490 |
| Depreciation And Amortisation | (4,619) | (5,726) | (6,184) | (6,926) | (7,758) |
| Operating EBIT | 8,524 | 14,872 | 16,578 | 19,480 | 22,732 |
| Financial Income/(Expense) | (3,122) | (4,531) | (4,640) | (4,594) | (4,548) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 874 | 1,451 | 1,480 | 1,509 | 1,539 |
| Profit Before Tax (pre-EI) | 6,276 | 11,791 | 13,418 | 16,395 | 19,724 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 6,276 | 11,791 | 13,418 | 16,395 | 19,724 |
| Taxation | (2,113) | (3,837) | (4,159) | (5,083) | (6,114) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 4,163 | 7,954 | 9,258 | 11,313 | 13,609 |
| Minority Interests | 73 | 9 | 9 | 9 | 9 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 4,236 | 7,963 | 9,267 | 11,322 | 13,618 |
| Recurring Net Profit | 4,236 | 7,963 | 9,267 | 11,322 | 13,618 |
| Fully Diluted Recurring Net Profit | 4,236 | 7,963 | 9,267 | 11,322 | 13,618 |

Cash Flow

| (Rs mn) | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| EBITDA | 13,143 | 20,598 | 22,762 | 26,406 | 30,490 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (4,112) | 3,294 | 256 | (258) | (1,324) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | 874 | 1,451 | 1,480 | 1,509 | 1,539 |
| Other Operating Cashflow | 5,366 | (2,707) | 6,293 | 15,293 | 24,293 |
| Net Interest (Paid)/Received | (3,122) | (4,531) | (4,640) | (4,594) | (4,548) |
| Tax Paid | 1,622 | 1,542 | (4,159) | (5,083) | (6,114) |
| Cashflow From Operations | 13,771 | 19,646 | 21,992 | 33,274 | 44,336 |
| Capex | (18,697) | (11,782) | (19,000) | (18,000) | (17,000) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | (1,451) | (4,576) | 1,252 | | |
| Cash Flow From Investing | (20,148) | (16,358) | (17,748) | (18,000) | (17,000) |
| Debt Raised/(repaid) | 10,799 | (265) | 2,500 | 1,500 | 1,000 |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (1,159) | (1,545) | (2,243) | (2,603) | (3,131) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (2,226) | (2,347) | (4,284) | (15,284) | (24,284) |
| Cash Flow From Financing | 7,413 | (4,157) | (4,027) | (16,387) | (26,415) |
| Total Cash Generated | 1,036 | (869) | 217 | (1,113) | 921 |
| Free Cashflow To Equity | 4,422 | 3,023 | 6,744 | 16,774 | 28,336 |
| Free Cashflow To Firm | (3,255) | 7,819 | 8,884 | 19,868 | 31,884 |

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

| Balance Sheet | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (Rs mn) | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
| Total Cash And Equivalents | 9,041 | 9,667 | 9,884 | 8,772 | 9,693 |
| Total Debtors | 4,801 | 5,663 | 5,769 | 6,066 | 6,727 |
| Inventories | 9,741 | 11,816 | 12,895 | 14,407 | 15,978 |
| Total Other Current Assets | 13,800 | 17,019 | 16,721 | 17,990 | 19,951 |
| Total Current Assets | 37,382 | 44,165 | 45,269 | 47,235 | 52,349 |
| Fixed Assets | 83,071 | 91,381 | 104,196 | 115,270 | 124,512 |
| Total Investments | 215 | 2,681 | 3,031 | 3,031 | 3,031 |
| Intangible Assets | 7,522 | 6,242 | 4,639 | 4,639 | 4,639 |
| Total Other Non-Current Assets | 4,877 | 3,553 | 3,553 | 3,553 | 3,553 |
| Total Non-current Assets | 95,686 | 103,857 | 115,420 | 126,493 | 135,736 |
| Short-term Debt | 8,941 | 10,612 | 10,612 | 10,612 | 10,612 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 8,221 | 9,311 | 9,670 | 10,471 | 11,499 |
| Other Current Liabilities | 12,305 | 14,078 | 14,863 | 16,883 | 18,723 |
| Total Current Liabilities | 29,468 | 34,001 | 35,145 | 37,965 | 40,834 |
| Total Long-term Debt | 41,010 | 41,774 | 44,274 | 45,774 | 46,774 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 16,194 | 19,030 | 21,030 | 21,030 | 21,030 |
| Total Non-current Liabilities | 57,204 | 60,804 | 65,304 | 66,804 | 67,804 |
| Total Provisions | | | | | |
| Total Liabilities | 86,672 | 94,805 | 100,448 | 104,769 | 108,637 |
| Shareholders Equity | 46,840 | 53,671 | 60,696 | 69,415 | 79,902 |
| Minority Interests | (444) | (455) | (455) | (455) | (455) |
| Total Equity | 46,396 | 53,216 | 60,241 | 68,960 | 79,447 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
| Revenue Growth | 21.6% | 18.9% | 7.2% | 11.7% | 10.9% |
| Operating EBITDA Growth | (11.3%) | 56.7% | 10.5% | 16.0% | 15.5% |
| Operating EBITDA Margin | 13.5% | 17.8% | 18.4% | 19.1% | 19.9% |
| Net Cash Per Share (Rs) | (529.46) | (552.86) | (582.40) | (616.21) | (617.23) |
| BVPS (Rs) | 606.20 | 694.61 | 785.52 | 898.36 | 1,034.09 |
| Gross Interest Cover | 2.73 | 3.28 | 3.57 | 4.24 | 5.00 |
| Effective Tax Rate | 33.7% | 32.5% | 31.0% | 31.0% | 31.0% |
| Net Dividend Payout Ratio | 27.4% | 19.4% | 24.2% | 23.0% | 23.0% |
| Accounts Receivables Days | 17.03 | 16.53 | 16.84 | 15.61 | 15.21 |
| Inventory Days | 40.98 | 34.04 | 36.41 | 36.01 | 36.13 |
| Accounts Payables Days | 33.38 | 33.69 | 34.26 | 32.82 | 32.60 |
| ROIC (%) | 8.3% | 13.2% | 13.5% | 14.5% | 15.7% |
| ROCE (%) | 9.6% | 14.7% | 15.0% | 16.2% | 17.3% |
| Return On Average Assets | 5.9% | 8.9% | 9.0% | 9.5% | 10.0% |

SOURCES: 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. INH000011024. 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.