

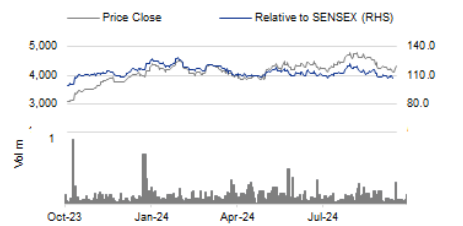
India

HOLD (no change)

| | |
|--|------------|
| Consensus ratings*: Buy 19 Hold 3 Sell 4 | |
| Current price: | Rs4,350 |
| Target price: | Rs4,500 |
| Previous target: | Rs4,600 |
| Up/downside: | 3.4% |
| InCred Research / Consensus: | -3.4% |
| Reuters: | JKCE.BO |
| Bloomberg: | JKCE IN |
| Market cap: | US\$4,629m |
| | Rs336,152m |
| Average daily turnover: | US\$9.4m |
| | Rs685.5m |
| Current shares o/s: | 77.3m |
| Free float: | 43.5% |
| *Source: Bloomberg | |

Key changes in this note

- Cut EBITDA by 8-9% for FY26F-27F.
- Retain HOLD with a lower TP of Rs4,500.
- Roll forward TP to Mar 2026F from Sep 2025F.



Source: Bloomberg

| | | | |
|--------------------------|-------|-------|------|
| Price performance | 1M | 3M | 12M |
| Absolute (%) | (6.2) | (0.9) | 41.6 |
| Relative (%) | (1.6) | 0.4 | 13.0 |

| | |
|---------------------------|--------|
| Major shareholders | % held |
| Promoter & Promoter Group | 45.7 |
| Kotak Small Cap Fund | 5.1 |
| Canara Robeco MF | 2.3 |

Research Analyst(s)



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

Saurabh SINGH
T (91) 2241611558
E saurabh.singh@incredresearch.com

Rohan KALLE
T (91) 22 4161 1561
E rohan.kalle@incredresearch.com

J K Cement Ltd

Muted 2Q performance; expansion on track

- 2Q consol. EBITDA stood at ~Rs2.8bn, down by ~39% yoy and ~9% below our estimate, due to higher costs, being impacted by several one-off costs.
- JKCE cut volume growth guidance to 6-7% (vs. ~10% earlier) for FY25F & expects EBITDA/t improvement to be in line with industry as pricing improves.
- We cut our EBITDA estimates by ~8-9% for FY26F-27F to reflect weak 1H and a slow recovery in pricing. Retain HOLD rating with a lower TP of Rs4,500.

Grey cement volume dips ~3% yoy in 2Q; revises FY25F volume

JK Cement or JKCE's 2QFY25 grey cement volume fell by ~3% yoy to 3.8mt, as volume from the South India unit was impacted severely due to extended plant shutdown (~70 days vs. planned ~45 days due to rains), leaving with a limited choice to purchase clinker from the market for Central India (higher cost). Better-priced market increased premium sales & higher incentives resulted in ~1% qoq improvement in grey cement realization, but it was more a short-term tactical choice and in the long run, it will focus on all regions and segments. During 2Q, Central India saw better demand than North and South, while the current month demand is better on a m-o-m basis with prices marginally up vs. 2Q avg. price. JKCE has revised its volume growth guidance to ~7% vs. its earlier guidance of ~10% for FY25F. Expects realization improvement qoq to be in line with the industry.

Blended EBITDA/t at Rs656 due to various one-off costs

Blended costs were up by ~10% qoq and ~4% yoy at Rs5,257/t. Blended fuel consumption costs were at Rs1.65/Kcal vs. Rs1.62 qoq as AFR costs increased and JKCE expects them to decline in the next few quarters. Other costs were up by ~37% qoq due to several one-off costs (totalling to Rs450-550m) in 2Q. JKCE expects Rs60/t cost savings in FY25F and the remaining in FY26F out of its guidance of ~Rs 150/t over next two years, led by freight cost optimization, increased use of green power & AFR. Blended EBITDA/t declined by Rs347 qoq to Rs656 & it expects profitability improvement to be in line with industry peers.

Maintains capex; expansion plan on track to reach 30mtpa by FY26F

JKCE maintained its capex guidance of ~Rs18bn for FY25F (Rs7.5bn in 1H) and ~Rs19bn for FY26F. All expansion plans are progressing as per schedule and JKCE expects to add 6mtpa grey cement capacity in FY26F, taking its total capacity to 30mtpa. After this, JKCE has an aim to increase its capacity to ~50mtpa by FY30F; options to expand at Jaisalmer (Rajasthan), Muddhol (Karnataka), Panna (Madhya Pradesh) and Toshali (Odisha).

Retain HOLD rating with a lower TP of Rs4,500 on rich valuation

We like JKCE's presence and new expansion into regions having favourable demand and pricing, but we feel the current EV/t still limits any further upside in the stock price. We retain our HOLD rating on it with a Mar 2026F target price of Rs4,500, 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 | 117,878 | 131,675 | 145,160 |
| Operating EBITDA (Rsm) | 13,143 | 20,598 | 20,300 | 24,133 | 28,262 |
| Net Profit (Rsm) | 4,236 | 7,963 | 7,687 | 9,882 | 12,222 |
| Core EPS (Rs) | 54.8 | 103.1 | 99.5 | 127.9 | 158.2 |
| Core EPS Growth | (38.4%) | 88.0% | (3.5%) | 28.6% | 23.7% |
| FD Core P/E (x) | 79.36 | 42.21 | 43.73 | 34.02 | 27.50 |
| DPS (Rs) | 15.0 | 20.0 | 19.9 | 24.3 | 30.1 |
| Dividend Yield | 0.34% | 0.46% | 0.55% | 0.68% | 0.84% |
| EV/EBITDA (x) | 28.66 | 18.37 | 18.85 | 16.01 | 13.67 |
| P/FCFE (x) | 76.02 | 111.20 | 77.12 | 21.87 | 11.94 |
| Net Gearing | 88.2% | 80.3% | 79.6% | 76.0% | 66.6% |
| P/BV (x) | 7.18 | 6.26 | 5.65 | 5.01 | 4.39 |
| ROE | 9.4% | 15.8% | 13.6% | 15.6% | 17.0% |
| % Change In Core EPS Estimates | | | (0.44%) | (0.41%) | (0.38%) |
| InCred Research/Consensus EPS (x) | | | | | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Muted 2Q performance; expansion on track

Figure 1: Consolidated quarterly performance

| Particulars (Rs m) | 2QFY25 | 2QFY25F | 1QFY25 | 2QFY24 | % Change | | |
|---------------------------------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|
| | | | | | 2QFY25F | 1QFY25 | 2QFY24 |
| Net Sales | 25,601 | 24,010 | 28,076 | 27,528 | 7% | -9% | -7% |
| Raw Materials Consumed | 4,516 | 4,300 | 4,789 | 4,584 | 5% | -6% | -1% |
| Freight and Forwarding Expenses | 5,755 | 5,335 | 6,195 | 5,362 | 8% | -7% | 7% |
| Power and Fuel Costs | 4,928 | 5,053 | 5,697 | 6,332 | -2% | -13% | -22% |
| Employee Costs | 2,245 | 2,030 | 2,186 | 1,829 | 11% | 3% | 23% |
| Other Expenses | 5,318 | 4,176 | 4,347 | 4,752 | 27% | 22% | 12% |
| Total Expenditure | 22,762 | 20,893 | 23,214 | 22,858 | 9% | -2% | 0% |
| EBITDA | 2,840 | 3,116 | 4,862 | 4,670 | -9% | -42% | -39% |
| Depreciation | 1,463 | 1,478 | 1,473 | 1,407 | -1% | -1% | 4% |
| EBIT | 1,377 | 1,639 | 3,389 | 3,262 | -16% | -59% | -58% |
| Interest | 1,228 | 1,090 | 1,105 | 1,150 | 13% | 11% | 7% |
| Other Income | 378 | 344 | 447 | 293 | 10% | -16% | 29% |
| PBT | 1,550 | 893 | 2,732 | 2,405 | 74% | -43% | -36% |
| Tax | 189 | 286 | 884 | 648 | -34% | -79% | -71% |
| PAT before MI & Associates | 1,362 | 607 | 1,848 | 1,757 | 124% | -26% | -23% |
| Minority Interest | -103 | 0 | 5 | -4 | | | |
| Profit from Associates | 0 | 0 | 0 | 0 | | | |
| Recurring PAT | 1,258 | 607 | 1,853 | 1,754 | 107% | -32% | -28% |
| Extraordinary Items | 1,024 | 0 | 0 | 0 | | | |
| Reported PAT | 1,258 | 607 | 1,853 | 1,754 | 107% | -32% | -28% |
| EPS (Rs) | 17.6 | 7.9 | 23.9 | 22.7 | 124% | -26% | -23% |
| Gross Margin | 41% | 39% | 41% | 41% | 181bp | 5bp | -24bp |
| EBITDA Margin | 11.1% | 13.0% | 17.3% | 17.0% | -189bp | -623bp | -587bp |
| EBIT Margin | 5% | 7% | 12% | 12% | -145bp | -669bp | -647bp |
| PBT Margin | 6% | 4% | 10% | 9% | 234bp | -368bp | -268bp |
| PAT Margin | 5% | 3% | 7% | 6% | 239bp | -169bp | -146bp |
| Tax Rate | 12% | 32% | 32% | 27% | -1,984bp | -2,018bp | -1,478bp |
| Cost items as % of Sales | | | | | | | |
| RM | 18% | 18% | 17% | 17% | -27bp | 58bp | 99bp |
| Freight costs | 22% | 22% | 22% | 19% | 26bp | 41bp | 300bp |
| P&F costs | 19% | 21% | 20% | 23% | -179bp | -104bp | -375bp |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: 2QFY25 results on per tonne analysis

| Per tonne analysis | 2QFY25 | 2QFY25F | 1QFY25 | 2QFY24 | % Change | | |
|---------------------------|--------|---------|--------|--------|----------|--------|--------|
| | | | | | 2QFY25F | 1QFY25 | 2QFY24 |
| Sales volume (grey+white) | 4.33 | 4.26 | 4.85 | 4.51 | 1.5% | -10.7% | -4.1% |
| Blended realization/t | 5,913 | 5,630 | 5,793 | 6,100 | 5.0% | 2.1% | -3.1% |
| EBITDA/t | 656 | 731 | 1,003 | 1,035 | -10% | -35% | -37% |
| RM cost/t | 1,043 | 1,008 | 988 | 1,016 | 3% | 6% | 3% |
| P&F costs/t | 1,138 | 1,185 | 1,176 | 1,403 | -4% | -3% | -19% |
| Freight costs/t | 1,329 | 1,251 | 1,278 | 1,188 | 6% | 4% | 12% |
| Employee costs/t | 519 | 476 | 451 | 405 | 9% | 15% | 28% |
| Other expenses/t | 1,228 | 979 | 897 | 1,053 | 25% | 37% | 17% |
| Total costs/t | 5,257 | 4,899 | 4,790 | 5,065 | 7% | 10% | 4% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key takeaways from 2QFY25 results, presentation and earnings call ►

Demand and pricing outlook:

- **Combined sales volume (grey + white)** came in at 4.33mt, down ~4% yoy (~2% above Incred estimate). Standalone grey cement volume was down 3% yoy at 3.8mt, mainly due to the decline in South India, while Central India recorded growth. Gained market share in East Uttar Pradesh. Capacity utilization stood at 64% vs. 79% qoq.
- **Volume outlook:** Management expects volume growth of ~6-7% vs. earlier guidance of ~10% for FY25F. Expects demand to be better in 2HFY25F. Oct 2024 demand was better as compared to Sep 2024; however, government support will drive major demand, as per management, and expects it to come on stream by Nov 2024F.
- **Pricing:** Prices in Oct 2024 are marginally up vs. 2Q average price. Expect the prices to increase post-Diwali.
- **Regional market:** During 2Q, Central India witnessed better demand, while North and South India saw demand decline.
- **Blended realization/t (consolidated)** came in at Rs5,913/t, up ~2% qoq and 5% above Incred estimate. Standalone grey cement realization was up by ~1% qoq due to targeted selling in high realization areas and white cement realization was down by ~3% qoq.
- **Realization:** It was better due to no cement sales in lower realization pockets (like South India segment), along with increased premium cement sales. Expects the realization to improve in line with the industry in 3QFY25F. However, in the long run, the focus will be on servicing all categories and areas.
- **Both external and internal factors affected operations:** External factors affected demand, which was muted overall, leading to softness in prices; volume was also hit internally because of plant maintenance, affecting profitability for the quarter.

Cost & Margins:

- **Freight expenses** were up ~4% qoq and 12% yoy at Rs1,329/t as the lead distance stood at 419km vs. 415km qoq & 418km yoy. Increase in lead distance due to extended footprint.
- **P&F costs** declined by ~3% qoq and ~12% yoy to Rs1,138/t, where fuel consumption costs stood at Rs1.65/kcal vs. Rs1.62 qoq and Rs1.94 yoy.
- **Fixed costs** increased by 30% qoq to Rs1,747/t due to the rise in employee expenses and ~Rs550m impact of plant maintenance shutdown (Rs140/t).
- Purchased clinker worth Rs100m in 2QFY25.
- **On its guidance of cost savings:** Working on Rs150/t savings, already achieved Rs22/t savings in logistic costs; Rs45-50/t savings are expected by FY2025F. Green power and AFR to drive further savings. FY25F to have Rs60/t savings (cumulatively), while the rest of the savings to come in FY26F.
- **Consol. EBITDA:** Consolidated EBITDA stood at Rs2.84bn (~9% below our estimate), down ~3% yoy and ~42% qoq; Blended consolidated EBITDA/t stood at Rs656/t during the quarter (vs. Rs1,003 qoq and Rs1,035 yoy).
- **Consol. reported PAT** was ~Rs1.3bn due to an exceptional gain of Rs1.02bn in relation to adjustment of lease arrangements for its subsidiary, excluding an exceptional item. Profit after tax stood at Rs338m vs. our expectation of ~Rs607m. Depreciation was up by ~4% yoy at ~Rs1.5bn. The other income at Rs378m was up by ~29% yoy.
- Profitability expansion during the year will be in line with the industry, once pricing improves.
- **Other expenses** include a one-time expenditure of about Rs300m that won't happen in subsequent quarters. Purchased clinker due to plant shutdown, as

Central India market won't require it next quarter. Total one-time expenditure was Rs450-500m in 2Q.

- One-time subsidy from Central India was reflected during the quarter.
- **Plant shutdown in South India:** A 45-day shutdown was planned for maintenance, along with certain enhancements, for increasing AFR efficiency. But due to higher rainfall in South India, the shutdown was extended to 70 days. It resulted in the purchase of clinker at a higher cost from the market to service major markets.
- During 2Q, P&F costs were up due to an increase in AFR costs, and the company is renegotiating those contract prices. Pet-coke costs have decreased. Expects P&F costs to reduce over the next two quarters.

Expansion and capex update:

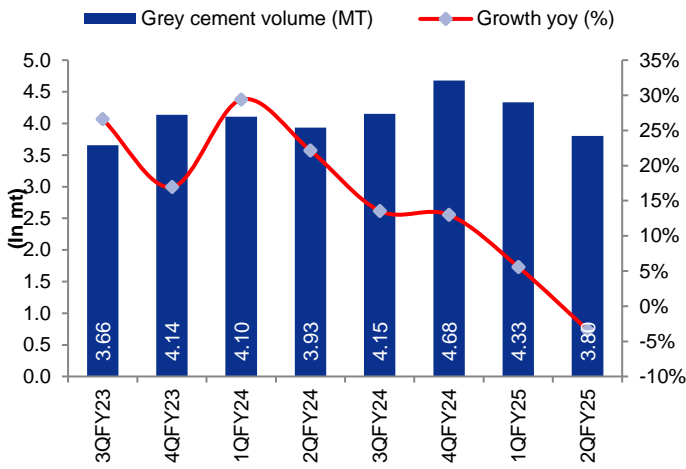
- **Expansion update:** a) 3.3mtpa clinker line 2 & 3mtpa cement expansion at Panna, Hamirpur, Prayagraj: Order for main P&M release, construction progressing as per plan, incurred capex of Rs4.45bn till Sep 2024. b) 3mtpa grinding unit or GU at Bihar: Land acquisition completed and order for machinery has been placed, incurred capex of Rs330m till Sep 2024 for the projects.
- 6mtpa expansion to be completed by FY26F, in line with the targeted timeline.
- **Capex:** The company has maintained its capex guidance of Rs20bn for FY25F and Rs18bn for FY26F. Incurred a capex of Rs7.5bn till 1HFY25.

Other business highlights:

- **Trade mix at 65%.** Premium products' share at 14% of trade sales. Green power mix was at 49% YTD, the target is to reach 75% by FY30F. YTD TSR was 13%, targets 35% by FY30F.
- **The company has installed grey cement capacity of 24.34mtpa and 3.05mtpa in white cement and wall putty.**
- **Consolidated net debt** stood at Rs30.4bn vs. Rs28.3bn as of Jun 2024-end. Net debt/EBITDA ratio at 1.6x vs 1.36x as of Jun 2024-end.
- **Paints:** Paint business plan remains the same, with an investment limit of Rs6bn and is not expected to increase. It expects EBITDA loss of Rs350-400m in FY25F (current focus to be on brand expansion). Paint business revenue was Rs539m in 2Q, Rs1,170m in 1HFY25, EBITDA loss of Rs150m in 2Q, Rs250m in 1HFY25. It expects EBITDA loss of Rs350-400mn in FY25F. Did the highest sales in Oct 2024. Plans to ramp up revenue to Rs4-5bn in FY26F and Rs5bn by FY27F. Expects to turn EBITDA positive by FY27F (same as earlier guidance). Increased paint prices are in line with the industry.
- **White cement/putty:** Realization was down due to continued aggression by Asian Paints in the putty segment; prices continue to bottom out beyond expectations. Asian Paints is the largest player in putty, with a market share of 30%, followed by Birla Corp with 24%, and ~JKCE with 22%. Asian Paints is growing beyond other players in the segment. The putty industry should grow by 8-9% in FY25F, and the company expects to grow by 5-6%. White cement grew by 3% yoy.
- **On Toshali plant:** The company's management had a meeting with the chief minister, as it had to start afresh on Odisha limestone land acquisition and expects the approval to long-term arrangements by Dec 2024F.
- Two coal mines were won in Madhya Pradesh; one block is smaller and needs to work on it from the start. Targets commissioning in FY27F-FY28F. Second site to commence work over the next 30 months. Fuel to be used for Central India plant will be very cheaper than what it costs currently.
- Blended mix was 70%, road:rail 91%:9%. In 2Q fuel mix, pet-coke was 75%.
- Booked incentives stood at Rs580m in 2Q.
- The Panna plant consumes the lowest AFR among all plants.

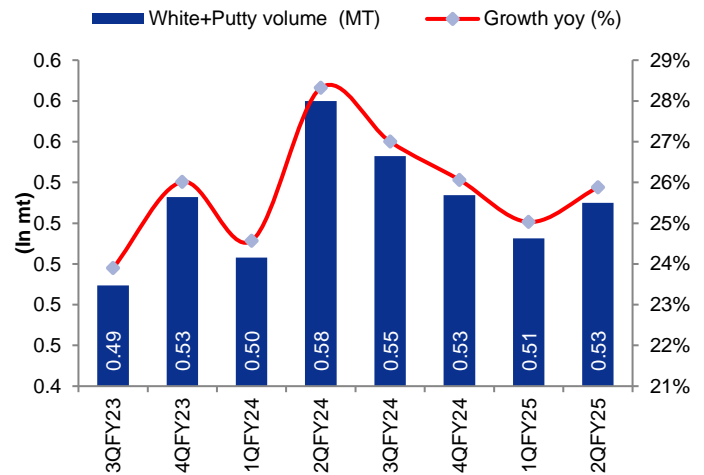
Key charts ▶

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



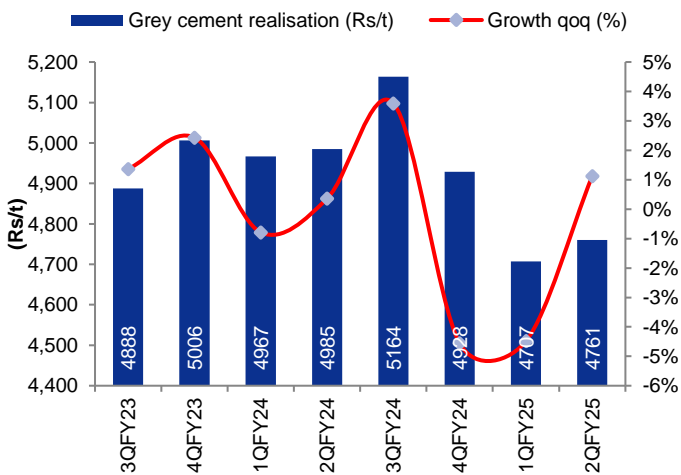
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: White cement (including putty) volume was up by 26% yoy



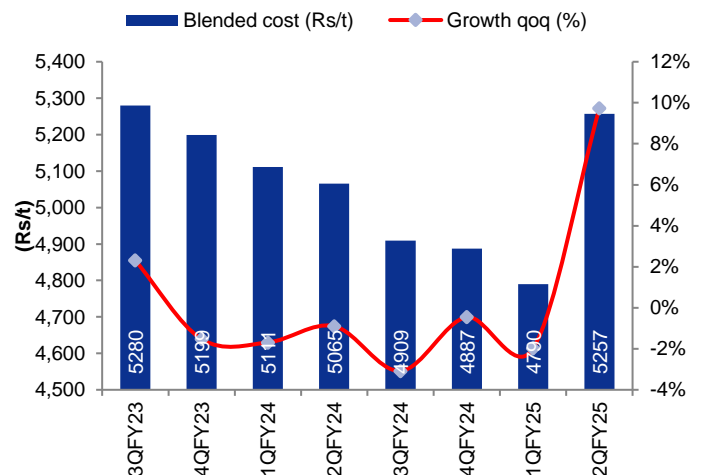
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Grey cement realization 1% up qoq but down 5% yoy



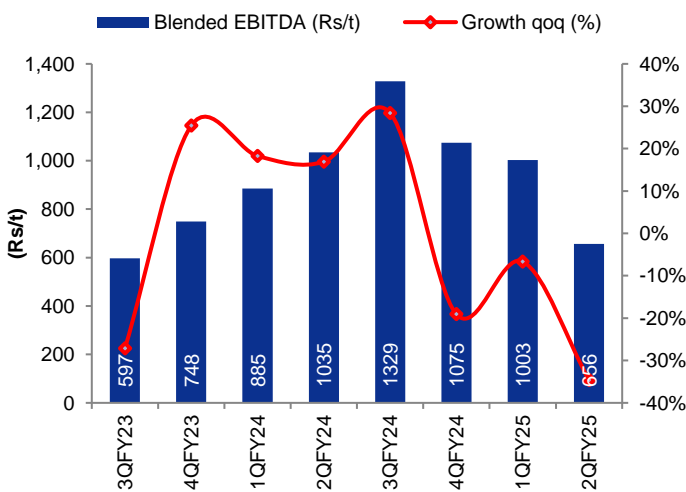
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Blended costs/t increased by ~10% qoq and ~4% yoy



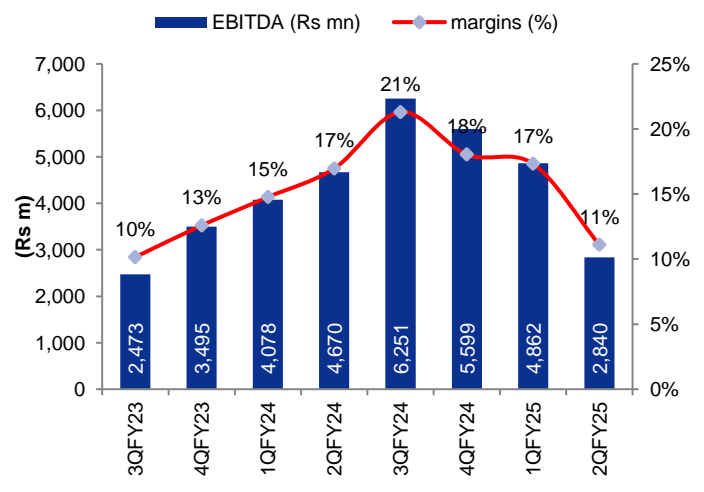
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Blended EBITDA/t declines by Rs347 qoq and Rs379 yoy to Rs656



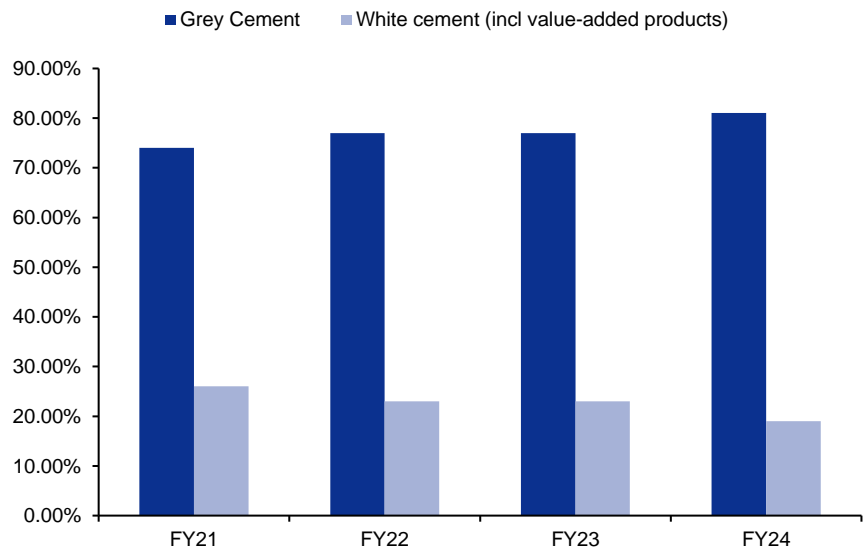
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Consolidated EBITDA at ~Rs.2.8bn, declining by ~42% qoq and 39% yoy



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

| | CO ₂ Emission (kg/ton of cementitious material) | Green Power Mix (%) | Thermal Substitution Rate (%) | Water Positivity (in times) |
|--------------------|---|------------------------|----------------------------------|--------------------------------|
| FY24 | 512 | 51 | 16.3 | 4.5 |
| YTD September 2024 | 510 | 49 | 13 | 4.5 |
| TARGET FY30 | 465 | 75 | 35 | 5 |

Specific Net Scope 1 emission reduced by 12% from 580 in base year FY20
Green Power mix was 19% in base year FY20, now stood at 49% moving towards Green Clean Energy
TSR was 6% in base year FY20, now stood at 13%
In line with the target as compared to 3 times in base year FY20

Note: Standalone India Operations- All the Plants as per SBTi approval as against data of 9 Plants shared earlier

SOURCE: INCRED RESEARCH, JKCE 2QFY25 PRESENTATION

Key changes ➤

Figure 11: Our revised earnings estimates

| Rs. m | New | | | Old | | | Change (%) | | |
|-----------|----------|----------|----------|----------|----------|----------|------------|-------|-------|
| | FY25F | FY26F | FY27F | FY25F | FY26F | FY27F | FY25F | FY26F | FY27F |
| Sales | 1,17,878 | 1,31,675 | 1,45,160 | 1,23,861 | 1,38,386 | 1,53,468 | -5% | -5% | -6% |
| EBITDA | 20,300 | 24,133 | 28,262 | 22,762 | 26,406 | 30,490 | -12% | -9% | -8% |
| PAT | 7,687 | 9,882 | 12,222 | 9,267 | 11,322 | 13,618 | -21% | -15% | -11% |
| EPS (Rs.) | 99.5 | 127.9 | 158.2 | 119.9 | 146.5 | 176.2 | -21% | -15% | -11% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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

| Rs. m | Incred | | | Consensus | | | Change (%) | | |
|--------|----------|----------|----------|-----------|----------|----------|------------|-------|-------|
| | FY25F | FY26F | FY27F | FY25F | FY26F | FY27F | FY25F | FY26F | FY26F |
| Sales | 1,17,878 | 1,31,675 | 1,45,160 | 1,21,298 | 1,37,006 | 1,53,093 | -3% | -4% | -5% |
| EBITDA | 20,300 | 24,133 | 28,262 | 21,493 | 26,497 | 30,361 | -6% | -9% | -7% |
| PAT | 7,687 | 9,882 | 12,222 | 8,499 | 11,135 | 13,801 | -10% | -11% | -11% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 13: Key assumptions

| | FY23A | FY24A | FY25A | FY26F | FY27F |
|--|--------|--------|--------|--------|--------|
| Volume (mtpa) (Grey + White) | 16 | 19 | 20 | 22 | 24 |
| Yoy | 16% | 18% | 5% | 11% | 9% |
| Blended realization (per tonne) | 5,854 | 5,865 | 5,779 | 5,819 | 5,879 |
| Yoy | 5% | 0% | -1% | 1% | 1% |
| Blended cost (per tonne) | 5,178 | 4,974 | 4,879 | 4,840 | 4,814 |
| Yoy | 12% | -4% | -2% | -1% | -1% |
| Blended EBITDA (per tonne) | 810 | 1,079 | 1,015 | 1,086 | 1,164 |
| Yoy | -23% | 33% | -6% | 7% | 7% |
| EBITDA (Rs m) | 13,143 | 20,598 | 20,300 | 24,133 | 28,262 |
| Yoy | -11% | 57% | -1% | 19% | 17% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 14: Maintain HOLD rating with a Mar 2026F target price of Rs4,500, set at an EV/EBITDA of 14x

| Valuation | TP |
|----------------------------------|--------------|
| Target EV/EBITDA (x) | 14.0 |
| Target EV (Rs m) | 3,95,668 |
| Net debt / (cash) (Rs m) | 47,658 |
| No. of shares (m) | 77 |
| Fair value per share (Rs) | 4,500 |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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

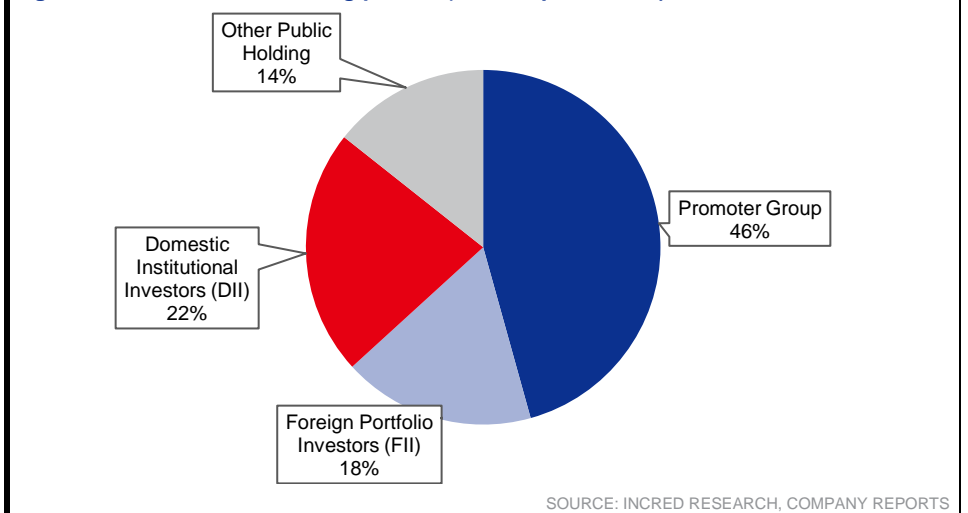
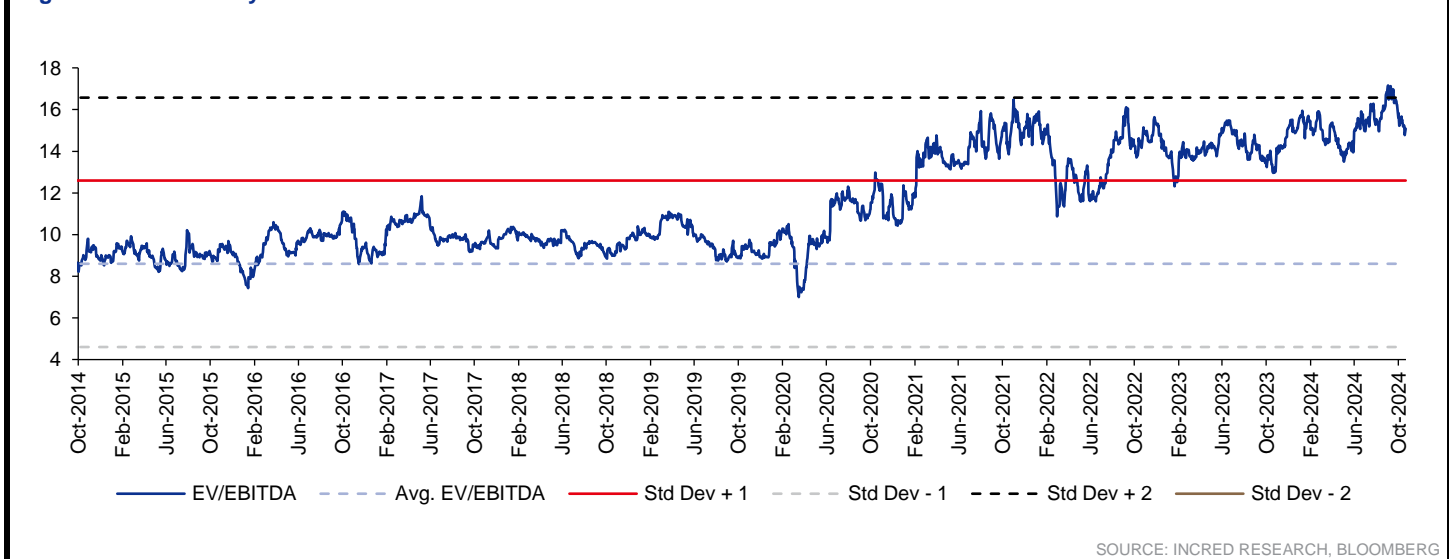
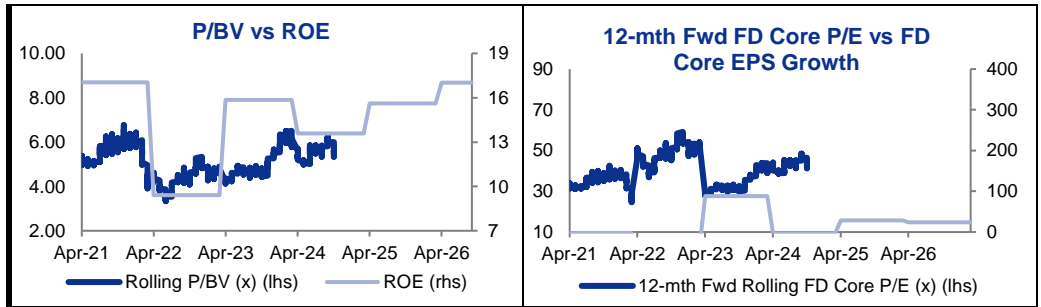


Figure 16: JKCE one-year forward EV/EBITDA trades between +1 SD and +2 SD



BY THE NUMBERS



Profit & Loss

| (Rs mn) | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
|---|---------------|----------------|----------------|----------------|----------------|
| Total Net Revenues | 97,202 | 115,560 | 117,878 | 131,675 | 145,160 |
| Gross Profit | 97,202 | 115,560 | 117,878 | 131,675 | 145,160 |
| Operating EBITDA | 13,143 | 20,598 | 20,300 | 24,133 | 28,262 |
| Depreciation And Amortisation | (4,619) | (5,726) | (6,013) | (6,734) | (7,542) |
| Operating EBIT | 8,524 | 14,872 | 14,288 | 17,399 | 20,720 |
| Financial Income/(Expense) | (3,122) | (4,531) | (4,713) | (4,665) | (4,619) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 874 | 1,451 | 1,552 | 1,575 | 1,599 |
| Profit Before Tax (pre-EI) | 6,276 | 11,791 | 11,127 | 14,309 | 17,700 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 6,276 | 11,791 | 11,127 | 14,309 | 17,700 |
| Taxation | (2,113) | (3,837) | (3,449) | (4,436) | (5,487) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 4,163 | 7,954 | 7,678 | 9,873 | 12,213 |
| Minority Interests | 73 | 9 | 9 | 9 | 9 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 4,236 | 7,963 | 7,687 | 9,882 | 12,222 |
| Recurring Net Profit | 4,236 | 7,963 | 7,687 | 9,882 | 12,222 |
| Fully Diluted Recurring Net Profit | 4,236 | 7,963 | 7,687 | 9,882 | 12,222 |

Cash Flow

| (Rs mn) | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| EBITDA | 13,143 | 20,598 | 20,300 | 24,133 | 28,262 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (4,112) | 3,294 | 123 | (29) | (894) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | 874 | 1,451 | 1,552 | 1,575 | 1,599 |
| Other Operating Cashflow | 5,366 | (2,707) | 6,293 | 15,293 | 24,293 |
| Net Interest (Paid)/Received | (3,122) | (4,531) | (4,713) | (4,665) | (4,619) |
| Tax Paid | 1,622 | 1,542 | (3,449) | (4,436) | (5,487) |
| Cashflow From Operations | 13,771 | 19,646 | 20,106 | 31,871 | 43,155 |
| Capex | (18,697) | (11,782) | (19,500) | (18,000) | (16,000) |
| 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) | (18,248) | (18,000) | (16,000) |
| 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) | (1,860) | (2,272) | (2,810) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (2,226) | (2,347) | (4,284) | (15,284) | (24,284) |
| Cash Flow From Financing | 7,413 | (4,157) | (3,644) | (16,056) | (26,094) |
| Total Cash Generated | 1,036 | (869) | (1,786) | (2,185) | 1,061 |
| Free Cashflow To Equity | 4,422 | 3,023 | 4,359 | 15,371 | 28,155 |
| Free Cashflow To Firm | (3,255) | 7,819 | 6,571 | 18,536 | 31,773 |

SOURCE: 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 | 7,881 | 5,696 | 6,757 |
| Total Debtors | 4,801 | 5,663 | 6,136 | 6,133 | 6,363 |
| Inventories | 9,741 | 11,816 | 12,272 | 13,709 | 15,113 |
| Total Other Current Assets | 13,800 | 17,019 | 15,914 | 17,118 | 18,871 |
| Total Current Assets | 37,382 | 44,165 | 42,203 | 42,655 | 47,104 |
| Fixed Assets | 83,071 | 91,381 | 104,868 | 116,134 | 124,592 |
| 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 | 116,092 | 127,358 | 135,816 |
| 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 | 9,191 | 9,880 | 10,728 |
| Other Current Liabilities | 12,305 | 14,078 | 14,145 | 16,064 | 17,710 |
| Total Current Liabilities | 29,468 | 34,001 | 33,948 | 36,556 | 39,050 |
| 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 | 99,252 | 103,360 | 106,853 |
| Shareholders Equity | 46,840 | 53,671 | 59,498 | 67,108 | 76,521 |
| Minority Interests | (444) | (455) | (455) | (455) | (455) |
| Total Equity | 46,396 | 53,216 | 59,043 | 66,653 | 76,066 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-23A | Mar-24A | Mar-25F | Mar-26F | Mar-27F |
| Revenue Growth | 21.6% | 18.9% | 2.0% | 11.7% | 10.2% |
| Operating EBITDA Growth | (11.3%) | 56.7% | (1.4%) | 18.9% | 17.1% |
| Operating EBITDA Margin | 13.5% | 17.8% | 17.2% | 18.3% | 19.5% |
| Net Cash Per Share (Rs) | (529.46) | (552.86) | (608.32) | (656.02) | (655.23) |
| BVPS (Rs) | 606.20 | 694.61 | 770.02 | 868.51 | 990.32 |
| Gross Interest Cover | 2.73 | 3.28 | 3.03 | 3.73 | 4.49 |
| 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 | 18.27 | 17.00 | 15.71 |
| Inventory Days | 40.98 | 34.04 | 37.29 | 36.01 | 36.23 |
| Accounts Payables Days | 33.38 | 33.69 | 34.60 | 32.36 | 32.17 |
| ROIC (%) | 8.3% | 13.2% | 11.5% | 12.9% | 14.3% |
| ROCE (%) | 9.6% | 14.7% | 13.0% | 14.7% | 16.2% |
| Return On Average Assets | 5.9% | 8.9% | 8.1% | 8.9% | 9.5% |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

| | |
|--|--|
| Stock Ratings | Definition: |
| Add | The stock's total return is expected to exceed 10% over the next 12 months. |
| Hold | The stock's total return is expected to be between 0% and positive 10% over the next 12 months. |
| Reduce | The stock's total return is expected to fall below 0% or more over the next 12 months. |
| <i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i> | |
| Sector Ratings | Definition: |
| Overweight | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation. |
| Neutral | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation. |
| Underweight | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation. |
| Country Ratings | Definition: |
| Overweight | An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark. |
| Neutral | A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark. |
| Underweight | An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark. |