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Initiating Coverage

Dalmia Bharat Ltd.

20-February-2021

RETAIL RESEARCH

Dalmia Bharat Ltd.

Industry	LTP	Base case Fair Value	Bull case Fair Value	Recommendation	Time Horizon
Cement	Rs.1475	Rs.1480	Rs.1590	Buy on dips to Rs.1370 and add more on dips to Rs.1260	2 quarters

HDFC Scrip Code	DALBHAEQNR
BSE Code	542216
NSE Code	DALBHARAT
Bloomberg	DALBHARA:IN
CMP Feb 19, 2021	1475
Equity Capital (cr)	38.6
Face Value (Rs)	2
Eq- Share O/S(cr)	18.7
Market Cap (Rscr)	27583
Book Value (Rs)	547
Avg.52 Wk Volume	587747
52 Week High	1507.70
52 Week Low	406.00

Share holding Pattern % (Dec, 2020)	
Promoters	56.07
Institutions	17.53
Non Institutions	26.40
Total	100.0

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Our Take:

Dalmia Bharat is a 4th largest cement producer in India with a capacity of 26.1 MTPA. It has a 5% market share in India and ~15% market share in East, 19% in Tamil Nadu and 13% market share in North East India. The company has grown from 5 plants with 12mnT of capacity in 2014 to currently 13 plants with 26.5mnT of capacity. Higher consistent growth has been driven by both organic as well as inorganic expansion. It has 54% capacity located in East India followed by 46% capacity in South India as on FY20.

We expect that Covid-19 led lockdown and slowdown in the economy will lead to subdued growth in volumes for Dalmia Cement for FY21. The industry has a high dependence on real estate and infra sector which is expected to be impacted due to expected slowdown in the economy. Going forward, we expect, a gradual recovery in cement demand and volumes are likely to pick-up from H2FY21 onwards. In the case of Dalmia Bharat, incremental volumes from the commencement of additional capacities will result in a lower decline in volumes compared to the industry. DBL is in a transition phase whereby it plans to augment its current capacity by 40% in tranches over next 2-6 quarters (including acquisition of Murali Industries 3 mntpa awarded under NCLT proceedings) from 26.5 mntpa to 38 mntpa. Large part of these incremental capacity is going to come on stream (7.8 mntpa) in the eastern region which is the key market for DBL. It aims to further consolidate presence and increase its market share in the eastern region where it’s a dominant player. Eastern Indiaregion is largely underpenetrated and thus has high growth potential compared to the rest of our country, where the company having a 54% of capacity FY20.

Valuations & Recommendation:

Going forward, the company is likely to get benefits from the strong market share gains in Southern India and Eastern India. Also, incremental cement capacity and better utilization’s to fuel further growth. We expect, 10% CAGR growth in top-line and 55% EPS CAGR growth over FY20-23E. At the LTP, the company is trading at FY23E EV/T of $110.8/T, 10.7x FY23E EV/EBITDA. We feel the base case fair value of the stock is Rs.1480 (FY23E EV/T of $111.1/T, 10.7xFY22E EV/EBITDA) and the bull case fair value is Rs.1590 (FY23E EV/T of $118.5/T, 11.5x FY23E EV/EBITDA). Investors can buy the stock on dips to Rs.1370 (FY23E EV/T of $103.6/T, 10x FY23E EV/EBITDA) and add more on dips to Rs.1260 (FY23E EV/T of $96.2/T, 9.3xFY22E EV/EBITDA).

Dalmia Bharat Ltd.

Financial Summary

Particulars (Rs cr)	Q3FY21	Q3FY20	YoY-%	Q2FY21	QoQ-%	FY19	FY20	FY21E	FY22E	FY23E
Total Operating Income	2857	2418	18%	2410	19%	9,484.0	9,674.0	10,353.4	11,503.3	12,837.2
EBITDA	694	455	53%	703	-1%	1,942.0	2,106.0	2,638.8	2,549.8	2,856.8
RPAT	182	24	658%	232	-22%	308.0	224.0	728.4	551.4	765.2
Diluted EPS (Rs)	9.74	1.24	685%	12.22	-20%	16.5	12.0	39.0	29.5	41.0
RoE-%						2.9	2.1	6.7	4.8	6.3
P/E (x)						89.4	122.9	37.8	49.9	36.0
EV/EBITDA						15.7	14.5	11.6	12.0	10.7

(Source: Company, HDFC sec)

Q2FY20 Result Update

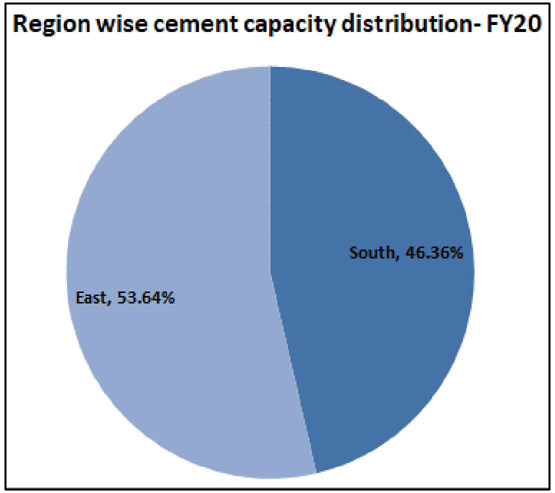
- The volumes of the company have grown by 13.7% to 5.80 MTPA in Q3FY21 compared to 5.10 MTPA in Q3FY20. Revenue has grown by 18%, y-o-y to Rs.2857 cr in Q3FY21 compared to Rs.2418 cr in Q3FY20.
- However, with the reduction in overall expenditure, the EBIDTA was at Rs.694 cr as compared to Rs.455 cr in the previous year. EBIDTA/T has improved YoY by 32.4% to Rs.1172/T.
- Commercialization of clinker line of 3 MTPA at Odisha(achieved ~70% utilization). Installed capacity increased to 28.5 MTPA

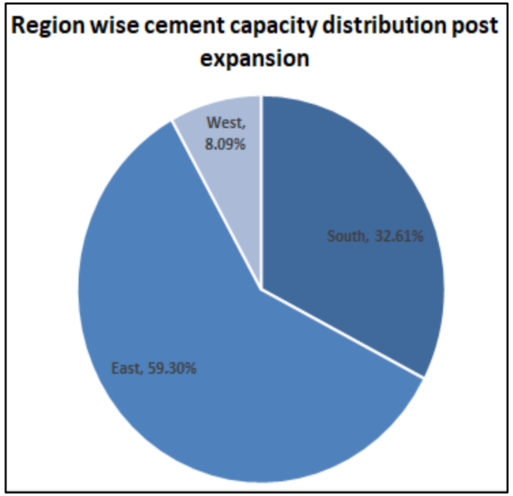
Long term Triggers

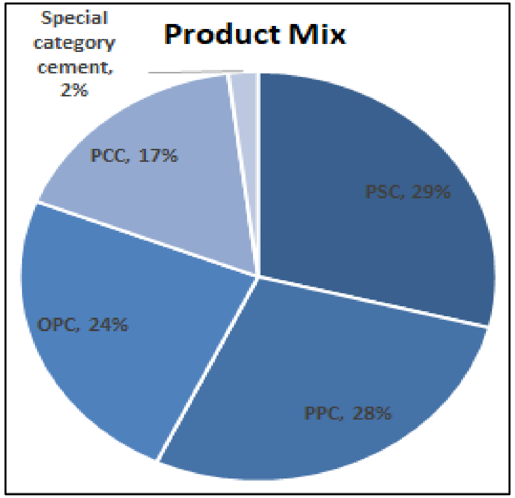
Diversified geographical presence

Dalmia Bharat has a significant presence in South, East & North East India and is now building a presence in the Western part of the country. The company had three plants in 2 states at south India in the year 2009 which expanded by the company to 13 plants in 10 states in FY20.

Dalmia Bharat Ltd.







Source – Company, HDFC sec Research

The Company's cement is sold in 22 states and Union territories of India with a brand portfolio of three brands: Dalmia Cement, Dalmia DSP and Konark Cement. These brands are available as Portland Pozzolona Cement, Portland Slag Cement, Composite Cement, and Ordinary Portland Cement. Company is the largest producer of slag cement and speciality cement in India. It has 5% market share with 4th position in Indian cement producers. It has a 15% market share in East, 19% in Tamil Nadu and 13% market share in North East India. The company has 6795 institutional customers, 32444 dealers and sub-dealers.

Rapid expansion has driven growth

Dalmia Bharat is one of the fastest-growing cement company. It has grown from 5 plants with 12mnT of capacity in 2014 to 13 plants with 26.5mnT of capacity currently. The company has made the various investment at various period for expanding capacity and presence to diverse geographic presence. The company has invested in capacity expansion at $75/T during FY06-11, $91/T of investment in FY12-14, $40/T of IBC acquisitions and $57/T of new capacity addition in East India. It has an average cost of capacity expansion is ~$73/T.

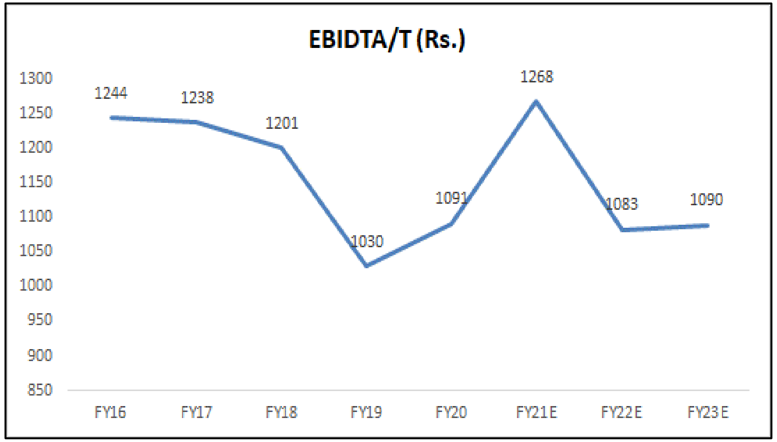
Dalmia Bharat Ltd.

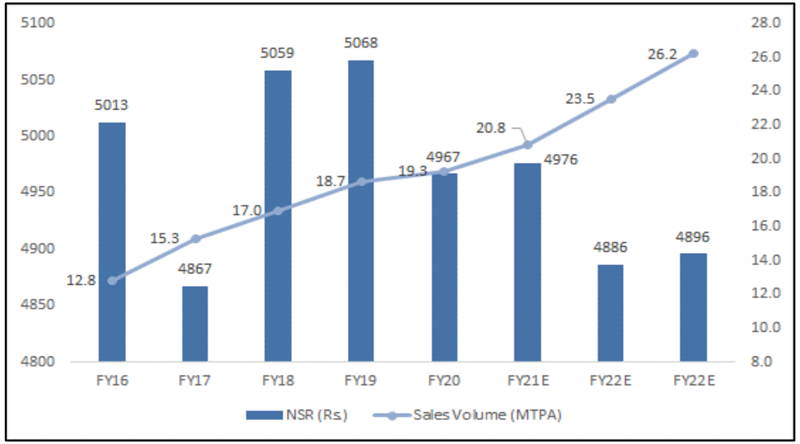
Dalmia Bharat has a plan to increase its manufacturing facilities to 17 plants spread across 10 states with a cumulative capacity of 37.1mnT by FY23E. Due to Covid-19, the expansion will get delayed which initially expected to commence by Q4FY21E/Q1FY22E. It has received approval for the acquisition of Murli Industries and clinker line at Rajgangpur which commenced its trial production in Q4FY20. Murli plant's operationalization is delayed to FY23E due to Covid-19. The acquistion of Murli Industries will allow the company to capture western markets where currently the company has no operating facility. DBL had acquired this company through the auctions under IBC proceedings at a valuation of $50/t. It will be able to fine tune Murli's cost structure will be in line with the existing operations in 1.5-2 years' timeframe. Also, limestone mines of Murli Industries are enough and likely to last for next 20-25 years. On the eastern India side, DBL had acquired Kalyanpur cement (1.1MTPA) in Bihar through IBC proceedings at a valuation of $20/t. Apart from this, the company has commission the grinding units at Odisha in Dec'20 and expected to commission grinding unit at Bengal by Mar'21.

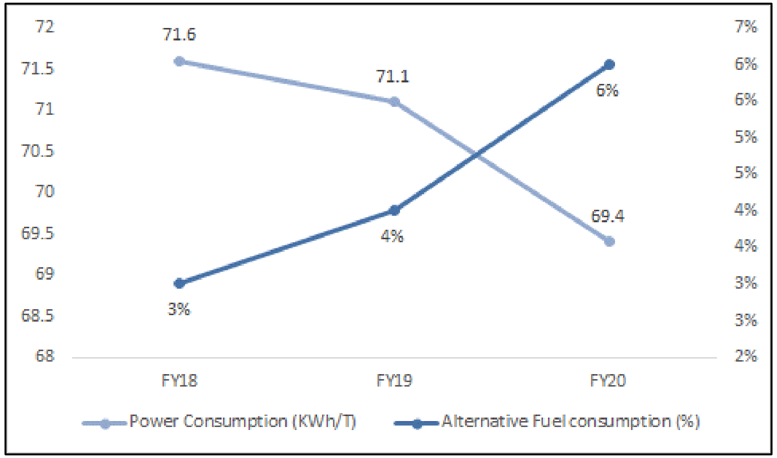
Project	State	Incremental Capacity (MTPA)	Commission Date
Bokaro	Jharkhand	1	Q4FY21E
Medinipur	West Bengal	2.5	Q4FY21E
Murli Ind – Acquisition	Maharashtra	3	FY23E
Kapildas Cuttak	Odisha	2.5	FY22E
Bihar	Bihar	2	FY23E

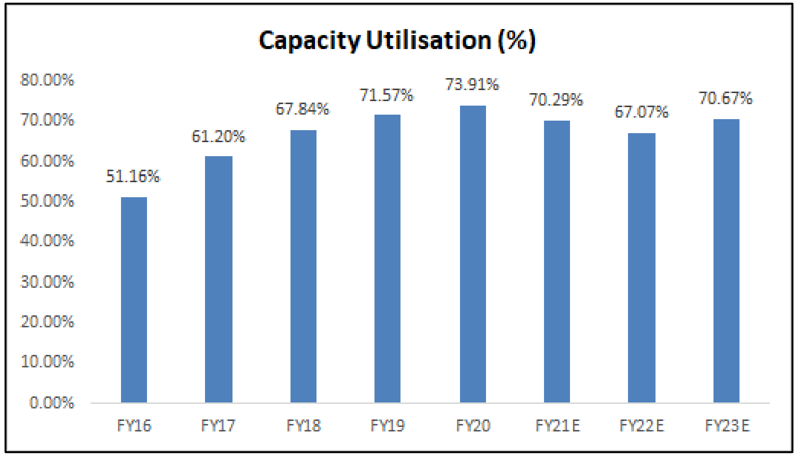
DBL does not only depend on the single raw material, it uses different alternative material to control costs. Dalmia Bharat has 195 MW of captive power plant including solar and waste heat recovery plant. It has the plan to use 100% renewal energy by 2030 and carbon-negative cement group by 2040. The company has Power Consumption <70 Kwh/t which is near to the industry norms. Also, Dalmia has lead distance is <300 km which again help to reduce transportation costs.

Dalmia Bharat Ltd.









Source – Company, HDFC sec Research

(Rs./T)	FY18	FY19	FY20	9MFY21
NSR	5059	5068	4967	5078
RM& Stock	1018	1079	968	857
PF	828	940	901	774
Freight	833	856	871	990
Employee	358	347	350	364
Other Exp	820	816	785	682
Total Opex	3858	4038	3876	3668
EBITDA	**1201**	**1030**	**1091**	**1410**

Source – Company, HDFC sec Research

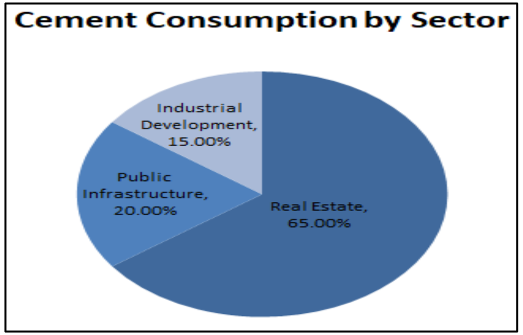
Innovative products help to fuel growth

Dalmia Bharat is a pioneer in manufacturing composite cement (using slag and fly ash) which helps in reducing carbon footprint and operating cost. InfraGreen is environment-friendly cement variant which requires only three days of curing while using 30% less cement and lower water consumption. Its new wall finishing product does not require a primer and reduces paint consumption by about 15-20%, leading to a cost saving of approximately 30%. It has three R&D centres and has filed 4 patents.

What could go wrong

Covid-19 led lockdown and slowdown in the economy affect future growth

Cement demand has fallen sharply in H1FY21. A decline in cement demand in FY21 may bring down capacity utilization of cement companies. Growth in the housing segment, that forms 60%-65% of cement demand, is likely to be affected given the impact of the slowdown in economic growth as lower income growth and income cuts will result on lower discretionary spending over the next year.



Source – Company, HDFC sec Research

The COVID-19 induced self-isolation impaired the home buying sentiments that has created an adverse impact on weak balance sheet builders and they tend to defer launches of new projects.

Fall in volumes will result in lower capacity utilization resulting in lower operating leverage.

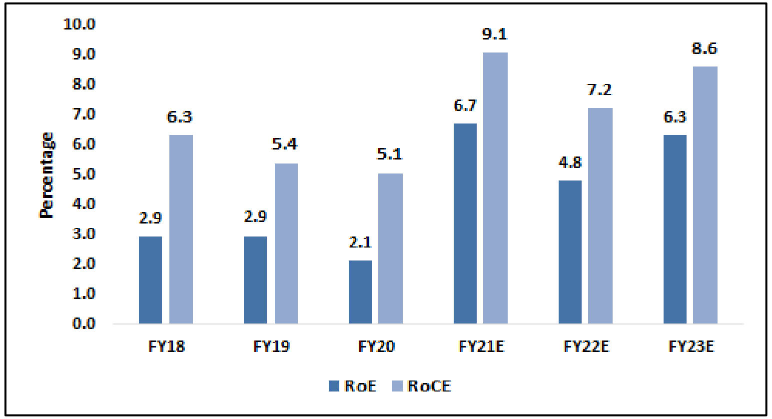
Prolonged deterioration of core economy sectors can result in slowdown in cement demand which can result in lower volume offtake and lower cement prices. Cement industry is a highly fixed cost intensive business. Any slowdown in demand can result in negative operating leverage which can impact the overall profitability of the company.

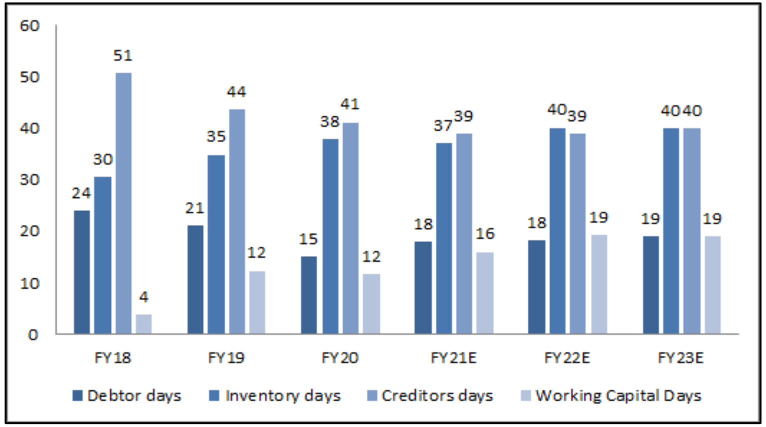
Any spike in key raw materials can result in higher input cost which can impact earnings.

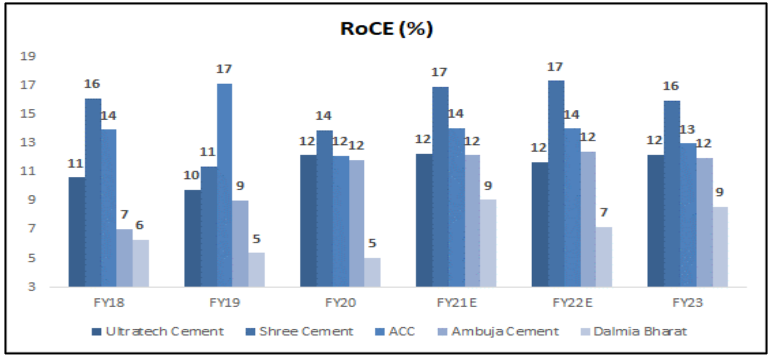
Weak financials and lower capacity utilization

Dalmia Bharat has below 75% of capacity utilization in past. We expect that due to Covid-19, capacity utilization will remain below 65%. Lower capacity utilization will adversely impact on profitability and financial performance.

Dalmia Bharat has a weak balance sheet compared to top peers which make it difficult for a company to sustain during a tough time. It has lower return ratio which is expected to remain lower due to slower growth, lower capacity utilization and upcoming expansion also at lower capacity utilization. It is also expecting that higher inventory days and falling creditor days will worsen the working capital cycle to 19 days in FY22E from 12 days in FY20. Higher interest costs and depreciation will impact adversely on bottom-line. DBL has opted for buyback rather to the repayment of debt to reduce the interest burden. This can improve EPS only if the profitability can improve. The company has a debt repayment plan going forward and also, it has repaid a significant portion of the debt.







Source – Company, HDFC sec Research

Fraud of mutual fund units by Depositary Participant

DBL was impacted by a Rs.344 cr worth of mutual fund fraud which was reported under-investment in FY20. Mutual Funds were fraudulently and illegally transfered by a depository participant (DP) Allied Financial Services Pvt. Ltd. It had transferred mutual fund units from a subsidiary of the DBL (DCBL accounts) to Allied's accounts and kept them as collateral with ILFS Securities Services Ltd. DBL had already seeked SEBI & Economic Offense Wing.help on defrauded ISSL securities.

Costs rise in H2 could bring pressure on margins

Higher pet coke prices should lead to a 10-15% increase in energy costs for the industry, though its usage may come down in favour of coal. Transportation cost increases as diesel prices has move up sharply. Transporting cement, clinker and raw material by road will also turn costlier.

Higher capex announcement in cement industry

Cement industry is revisiting capex plans and significant capex announcements have been made, and further capex announcement can be made. This could create a situation of oversupply over the next few years. If demand growth will not be in pace with capacity increase, the it will lead to lower capacity utilization and worsen pricing power.

About the Company

Dalmia Bharat founded in 1935 by Jaidayal Dalmia. Company has installed capacity of 26.5 MTPA spread across ten states and 13 manufacturing units, eight captive power plants. DBL has the fourth-largest cement manufacturing capacity in the country. The company has set up over 53 windmills in Muppandal (Tamil Nadu) to generate inexpensive and eco-friendly captive power. Its portfolio of brands includes DSP, Ultra, Superproof, Konark and SRPC, InfraGreen, Oil Well, AirStrip & Railway Sleeper Cement. 80% of products comprises of blended cement.

The Dalmia group is a diversified conglomerate with business interests in Cement, Sugar, Refractory and Power sectors across India. In 2010, the company’s Cement, Refractory and Power businesses were demerged from the group through a restructuring process into a separate listed entity ‘Dalmia Bharat Enterprises Ltd.’ DBL has acquired companies in the North East (Adhunik & Calcom Cement) and Jharkhand (Bokaro plant of Jaiprakash Associates) while also undertaking expansions in Karnataka and West Bengal. The company has also increased its stake in OCL to 74.6% from 45.4%, making it a wholly-owned subsidiary and then merged with DBL.

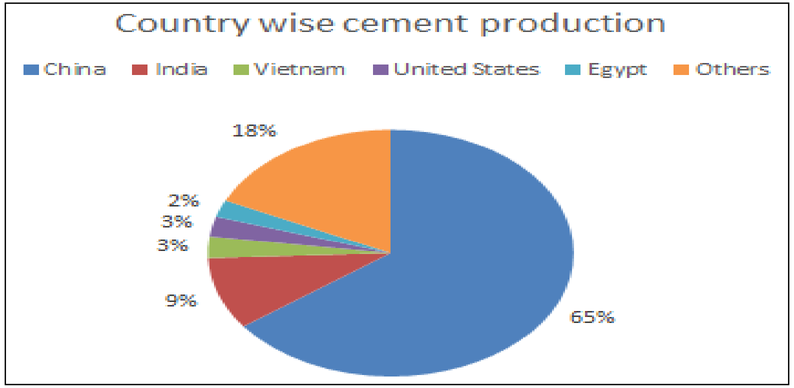
Brands

Source – Company, HDFC sec Research

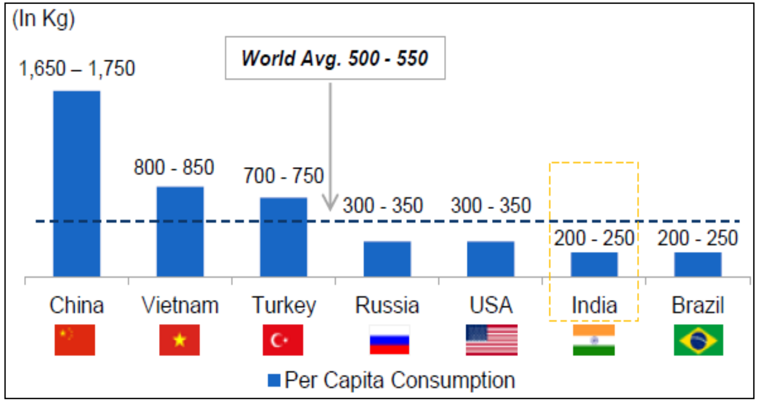
Industry

India is the second-largest cement producer in world. The cement industry occupies an important place in the Indian economy because of its strong linkages with other sectors such as construction, transportation, coal and power. The sector notably plays a critical role in the economic growth of the country, in its journey towards inclusive and decidedly conclusive growth. The construction sector alone constitutes about 7 per cent of the country's gross domestic product (GDP). India is the second-largest producer of cement in the world after China, with an installed capacity of ~509 MTPA. Presently, the Indian cement industry has 225 plants, owned by 65 players.

Dalmia Bharat Ltd.



Lower per capita cement consumption in India



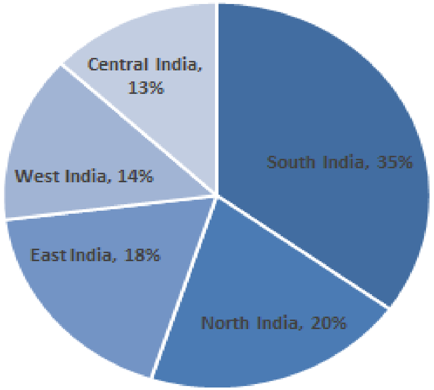
Source – Statista, Shree Cement earning presentation, HDFC sec Research

Although India is among the leading producers of cement in the world, its per capita cement consumption is at 200-250 kg, which is lowest among the developing countries. The world average is 500-580 kg, while countries such as China have a per capita cement consumption of 1650-1750 kg, followed by Vietnam (800-850 kg) and Turkey (700-750 kg). The factors that could trigger cement sales are infrastructural demand especially for Government projects, as well as higher housing demand in rural and semi-urban areas. A higher realization and rising dispatches are considered to be conducive for higher profits for the cement industry. All efforts are targeted to increase sales and reach the premium segment in prices.

The government also intends to expand the capacity of the railways and the facilities for handling and storage to ease the transportation of cement and reduce transportation costs. The demand for the cement industry is expected to reach 550-600 million tonnes per annum by 2025 because of the expanding demand of different end users i.e. housing, commercial construction and industrial construction.
Government thrust on affordable housing for realizing its vision of “Housing for All” by 2022 and Smart City program should also help in demand growth for cement. The rate of new cement capacity additions has also slowed down considerably. Therefore, the outlook for the cement sector looks better.

Cement, being a bulk commodity, is a freight intensive industry and long-distance transportation can prove to be uneconomical. This has resulted in cement being largely a regional play with the industry divided into five main regions viz. north, south, west, east and the central region. Cement is relatively a highly concentrated industry in India: I) the top 10 companies constitute> 60% of the market; ii) the top 5 companies enjoy a market share of around > 48%, and iii) the top 2 cement groups (Lafarge Holcim and Aditya Birla Group) enjoy a market share of around 38%.

Region wise cement capacity distribution Indutry



Source – Company, HDFC sec Research

Dalmia Bharat Ltd.

Peer Comparison as per FY20 Financial

Company	CMP (As on 20-02-2021)	Mcap (Rs. Cr.)	Capacity (MTPA)	OPM%	NPM%	RoE%	RoCE%	D/E(x)	TTM P/E (x)	TTM EV/T ($)	EBIDTA/T (Rs.)
Dalmia Bharat	1475	27583	26.5	22	3	2	5	0.5	44	119	1091
ACC	1747	32842	33.4	15	9	12	17	0.0	21	104	781
Ambuja Cement	275	54605	29.7	17	8	9	17	0.0	17	178	897
Shree Cement	27542	99427	44.4	29	12	13	16	0.2	49	267	1458
The Ramco Cement	962	22665	16.5	21	11	12	13	0.6	32	170	981
Ultratech Cement	6208	179163	114.8	22	9	12	14	0.7	25	196	1141
India Cements	165	5115	15.6	12	1	1	4	0.7	31	64	530
Heidelberg Cement	229	5198	6.26	24	12	22	28	0.2	22	100	1122
Birla Corp	869	6691	15.6	19	7	11	11	0.8	12	76	962
Deccan Cement	410	574	2.25	14	10	13	12	0.2	6	23	544
JK Cement	2610	20175	17.1	21	8	17	15	1	31	135	1186
JK Lakshmi Cement	376	4426	13.3	17	6	15	17	0.7	12	54	732
Orient Cement	92	1882	8.0	16	4	8	11	1.0	12	46	659

Company	Regions wise Presence				
	North	West	South	East	Central
ACC	Y	Y	Y	Y	Y
Ambuja Cement	Y	Y	Y	Y	Y
Dalmia Bharat			Y	Y	Y
Shree Cement	Y	Y	Y	Y	Y
The Ramco Cement			Y	Y	
Ultratech Cement	Y	Y	Y	Y	Y
India Cements		Y	Y		
Heidelberg Cement					Y
Birla Corp	Y	Y		Y	Y
Deccan Cement			Y		
JK Cement	Y	Y	Y		
JK Lakshmi Cement	Y	Y		Y	
Orient Cement		Y	Y		Y

Dalmia Bharat Ltd.

	Sales (Rs. Cr)				EBIDTA Margin (%)				PAT (Rs. Cr)				RoE (%)			
	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
Dalmia Bharat	9674	10353	11503	12837	22	25	22	22	224	728	551	765	2	7	5	6
ACC	13786	16644	18086	20664	18	17	17	17	1409	1525	1762	1920	12	12	13	13
Ambuja Cement	11668	11268	12728	14070	18	23	23	23	1528	1789	1941	2081	7	8	9	9
Shree Cement	11904	12229	13575	15802	31	32	32	33	1570	2096	2417	2824	14	15	15	16
The Ramco Cement	5368	5099	6115	7188	21	28	26	27	601	725	774	1050	13	13	13	16
Ultratech Cement	42125	42430	47050	51260	22	23	23	24	3791	5110	5400	6310	12	12	12	12
India Cements	5186	4974	5919	NA	12	12	13	NA	50	22	153	NA	1	0	3	NA
Heidelberg Cement	2170	1920	2222	2729	24	21	22	25	268	211	292	352	22	15	19	21
Birla Corp	6916	6474	7245	8526	19	20	20	20	505	446	498	598	11	9	9	10
Deccan Cement	556	768	768	828	14	20	17	17	57	117	83	83	13	23	14	12
JK Cement	5802	6135	6999	8301	21	23	23	25	496	603	730	1063	17	18	19	22
JK Lakshmi Cement	4044	4181	4391	4791	17	16	16	17	235	255	260	288	15	14	13	12
Orient Cement	2422	2203	2521	2822	16	19	16	17	87	118	118	165	8	10	9	12

Dalmia Bharat Ltd.

Financials

Income Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Revenue	**8580**	**9484**	**9674**	**10353**	**11503**	**12837**
Growth (%)	15.2	10.5	2.0	7.0	11.1	11.6
Operating Expenses	6544	7542	7568	7715	8953	9980
EBITDA	**2036**	**1942**	**2106**	**2639**	**2550**	**2857**
Growth (%)	**7.5**	**-4.6**	**8.4**	**25.3**	**-3.4**	**12.0**
EBITDA Margin (%)	**23.7**	**20.5**	**21.8**	**25.5**	**22.2**	**22.3**
Other Income	274	235	217	180	213	240
Depreciation	1213	1296	1528	1366	1576	1620
EBIT	**1097**	**881**	**795**	**1453**	**1186**	**1477**
Interest	708	542	438	377	364	349
Shares of Profit in JV (net of Tax)	0.0	0.0	0.0	0.0	0.0	0.0
PBT	**389**	**339**	**357**	**1075**	**823**	**1128**
Tax	98.0	-10.0	119.0	331.4	255.0	349.7
RPAT	**291**	**349**	**238**	**744**	**568**	**778**
Minority Int.	**1**	**-41**	**-14**	**-15**	**-16**	**-13**
APAT	**292.0**	**308.0**	**224.0**	**728.4**	**551.4**	**765.2**
Growth (%)	**563.6**	**5.5**	**-27.3**	**225.2**	**-24.3**	**38.8**
EPS	15.6	16.5	12.0	39.0	29.5	41.0

Balance Sheet

As at March	FY18	FY19	FY20	FY21E	FY22E	FY23E
SOURCE OF FUNDS						
Share Capital	**6654.0**	**39.0**	**39.0**	**37.3**	**37.3**	**37.3**
Reserves	3667	10586	10511	11217	11744	12476
Minority Interest	-30	11	25	25	25	25
Other Equity & Liabilities	0	0	0	0	0	0
Shareholders' Funds	**10291**	**10636**	**10575**	**11279**	**11806**	**12538**
Long Term Debt	5459	4015	3505	3049	2897	2752
Long Term Provisions & Others	1604	1691	1639	1698	1769	1854
Total Source of Funds	**17354**	**16342**	**15719**	**16027**	**16472**	**17145**
APPLICATION OF FUNDS						
Net Block	14210	13862	13896	14396	14798	15200
Non-Current Investments	97	109	118	127	127	127
Goodwill on Consolidation	0	231	231	231	231	231
Deferred Tax Assets (net)	0	0	0	0	0	0
Long Term Loans & Advances	837	932	529	551	645	789
Other Assets	0	0	0	0	0	0
Total Non Current Assets	**15144**	**15134**	**14774**	**15305**	**15802**	**16347**
Current Investments	3408	2315	2698	2428	2428	2428
Inventories	779	1032	974	1050	1264	1407
Trade Receivables	564	549	397	511	574	668
Short term Loans & Advances	943	910	954	973	1022	1093
Cash & Equivalents	354	469	403	476	529	756
Other Current Assets	128	115	301	304	310	316
Total Current Assets	**6176**	**5390**	**5727**	**5741**	**6128**	**6669**
Short-Term Borrowings	863	908	1246	1082	1060	1039
Trade Payables	928	877	829	824	957	1094
Other Current Liab & Provisions	2104	2256	2566	2951	3246	3506
Short-Term Provisions	71	141	141	162	195	233
Total Current Liabilities	**3966**	**4182**	**4782**	**5019**	**5457**	**5872**
Net Current Assets	2210	1208	945	722	671	797
Total Application of Funds	**17354**	**16342**	**15719**	**16027**	**16472**	**17145**

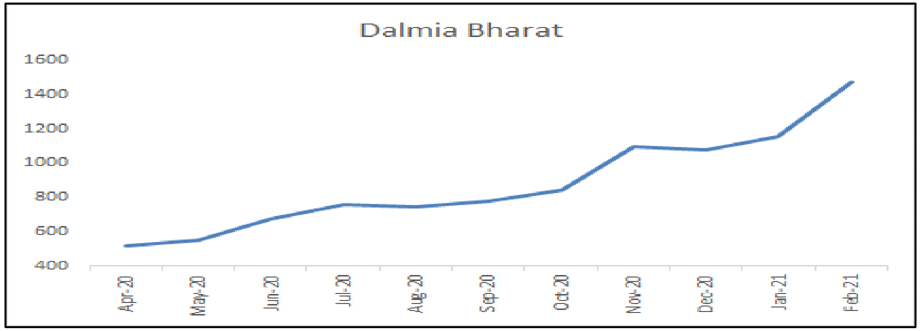
RETAIL RESEARCH

Dalmia Bharat Ltd.

Cash Flow Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	389	339	357	1,075	823	1,128
Non-operating & EO items	-274	-235	-217	-200	-213	-240
Interest Expenses	708	542	438	377	364	349
Depreciation	1,213	1,296	1,528	1,386	1,576	1,620
Working Capital Change	-1,038	1,117	197	296	105	100
Tax Paid	-98	10	-119	-331	-255	-350
OPERATING CASH FLOW (a)	**900**	**3,069**	**2,184**	**2,603**	**2,400**	**2,607**
Capex	224	-1,104	-1,646	-1,639	-1,978	-2,022
Free Cash Flow	1,124	1,965	538	964	421	585
Investments	267	-338	394	-31	-94	-144
Non-operating income	274	235	217	200	213	240
INVESTING CASH FLOW (b)	**765**	**-1,207**	**-1,035**	**-1,471**	**-1,860**	**-1,926**
Debt Issuance / (Repaid)	-816	-1,357	-562	-396	-82	-60
Interest Expenses	-708	-542	-438	-377	-364	-349
FCFE	-401	66	-462	190	-24	177
Share Capital Issuance	-1	-6,574	14	-2	0	0
Dividend	0	-39	-47	-37	-41	-47
FINANCING CASH FLOW (c)	**-1,525**	**-8,512**	**-1,033**	**-813**	**-486**	**-455**
NET CASH FLOW (a+b+c)	**140**	**-6,650**	**116**	**319**	**54**	**227**

One Year Price Chart



Key Ratios

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Profitability (%)						
EBITDA Margin	23.7	20.5	21.8	25.5	22.2	22.3
EBIT Margin	12.8	9.3	8.2	14.0	10.3	11.5
APAT Margin	3.4	3.7	2.5	7.2	4.9	6.1
RoE	2.9	2.9	2.1	6.7	4.8	6.3
RoCE	6.3	5.4	5.1	9.1	7.2	8.6
Solvency Ratio						
D/E	0.6	0.5	0.5	0.4	0.3	0.3
Interest Coverage	1.5	1.6	1.8	3.8	3.3	4.2
PER SHARE DATA						
EPS	15.6	16.5	12.0	39.0	29.5	41.0
CEPS	0.5	82.3	89.8	113.3	114.0	127.7
BV	1155	551	547	577	604	642
Dividend	0.0	2.0	2.0	2.0	2.2	2.5
Turnover Ratios (days)						
Debtor days	24	21	15	18	18	19
Inventory days	30	35	38	37	40	40
Creditors days	51	44	41	39	39	40
Working Capital Days	4	12	12	16	19	19
VALUATION						
P/E	94.3	89.4	122.9	37.8	49.9	36.0
P/BV	475.8	2.7	2.7	2.6	2.4	2.3
EV/EBITDA	15.0	15.7	14.5	11.6	12.0	10.7
Dividend Yield	0.0	0.1	0.1	0.1	0.1	0.2
Dividend Payout	0.0	12.1	16.7	5.1	7.4	6.1

Source: Company, HDFC sec Research

Disclosure:

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