

Uptick in sugar prices partially offsets dip in recovery

About the stock: Dwarikesh Sugar (DSL) is a UP based sugar company with sugar crushing capacity of 21500 TCD, distillery capacity of 337.5 KLD & co-generation capacity of 96 MW.

- The company would be diverting 15-20% of sugarcane towards juice ethanol & remaining towards B-heavy ethanol, which would be 1.3 lakh tonnes of sugar equivalent sugarcane diversion towards ethanol

Q4FY23 Results: DSL reported weak results due to low recovery, subdued prices.

- Sales grew 12.1% YoY on account of significant growth in ethanol sales
- EBITDA was at ₹ 86.4 crore, down 15.6% YoY, with margins at 16.2%
- Consequently, PAT was at ₹ 46.8 crore (down 21.6% YoY)

What should investors do? DSL's share price has gone up 3.9x in the last five years (from ₹ 23 in April 2018 to ₹ 92 in April 2023).

- We cut earnings estimate considering lower sugar volumes, dip in recovery, increase in sugarcane SAP & higher income tax rate
- We maintain our **BUY** rating on the stock

Target Price and Valuation: We value the stock at ₹ 115, valuing the business at 12x FY25 PE.

Key triggers for future price performance:

- DSL has increased its distillery capacity to 11 crore litre from 5.5 crore litre with the commissioning of new 175 KLD distillery. This would lead to distillery revenue CAGR of 18.5% in FY23-25E. Distillery segment to contribute 35% to total revenues
- With the dip in sugar production in Maharashtra & Karnataka in 2022-23 season, domestic sugar prices have moved up by ₹ 2/kg to ₹ 36-37/kg. We believe domestic sugar prices would remain firm at least till November-2023
- Decline in sugar recovery has resulted in a dip in sugar as well as distillery segment margins. The company is changing sugarcane variety in its catchment area to reduce dependence on Co-0238 sugarcane variety

Alternate Stock Idea: We like Dalmia Bharat Sugar in our sugar coverage.

- It is fastest in utilising B-heavy & Sugarcane juice to produce ethanol. Distillery volumes to grow 1.8x to 22 crore litre by FY24. The company is aggressively exporting sugar & utilising higher global white sugar prices
- We value the stock at ₹ 490/share with a BUY recommendation



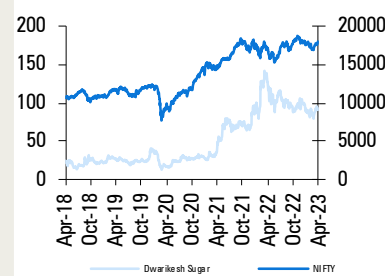
Particulars

| Particulars (₹ crore) | Amount |
|-----------------------------|----------|
| Market Capitalization | 1,725.8 |
| Total Debt (FY23) | 370.8 |
| Cash and Investments (FY23) | 39.8 |
| EV | 2,056.7 |
| 52 week H/L (₹) | 132 / 80 |
| Equity capital | 18.8 |
| Face value (₹) | 1.0 |

Shareholding pattern

| (in %) | Jun-22 | Sep-22 | Dec-22 | Mar-23 |
|----------|--------|--------|--------|--------|
| Promoter | 42.1 | 42.1 | 42.1 | 42.1 |
| FII | 7.2 | 7.0 | 5.7 | 4.4 |
| DII | 3.3 | 3.3 | 3.3 | 3.3 |
| Others | 47.5 | 47.7 | 49.0 | 50.3 |

Price Chart



Recent event & key risks

- The company is marginally increasing its crushing capacity with ₹ 30 crore capex
- Key Risk:** (i) Significant increase in sugarcane SAP in UP could pressurise margins (ii) If there is no improvement or further dip in recovery rate in 2023-24 season

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Key Financial Summary

| Key Financials | FY21 | FY22 | FY23 | 5 Year CAGR (FY18-23) | FY24E | FY25E | CAGR (FY23-25E) |
|------------------------|--------|--------|--------|-----------------------|--------|--------|-----------------|
| Total Operating Income | 1838.9 | 1974.1 | 2103.0 | 8.0% | 1961.1 | 2170.9 | 1.6% |
| EBITDA | 201.3 | 290.8 | 217.8 | 8.9% | 263.8 | 296.7 | 16.7% |
| EBITDA Margin % | 10.9 | 14.7 | 10.4 | | 13.5 | 13.7 | |
| Net Profit | 91.5 | 155.2 | 104.8 | 0.7% | 145.6 | 188.2 | 34.0% |
| EPS (₹) | 4.9 | 8.2 | 5.6 | | 7.7 | 10.0 | 34.0% |
| P/E | 18.9 | 11.1 | 16.5 | | 11.9 | 9.2 | |
| RoNW % | 15.8 | 23.1 | 14.2 | | 16.4 | 18.5 | |
| RoCE (%) | 14.4 | 20.6 | 16.0 | | 20.8 | 22.2 | |

Source: Company, ICICI Direct Research

Key takeaways of recent quarter

Q4FY23 Results: Sugar recovery down 40 bps from peak

- DSL witnessed 12% revenue growth to ₹ 532.5 crore led by 98.7% growth in distillery sales. Sugar sales were down 10.9%. DSL is holding 1.06 lakh tonnes (lt) of sugar as on March 31, 2023 valued at ₹ 31.72/kg
- The 10.9% decline in sugar sales was mainly on account of 13.4% drop in sugar volume due to lower domestic sales quota. The company sold 0.87 lt of sugar in Q4. Sugar realisation was subdued (up merely 0.7% YoY) at ₹ 34.1/kg
- The 98.7% growth in distillery sales was driven by 78.8% growth in ethanol volumes & 11% jump in ethanol realisation. The company sold 2.95 crore litre of ethanol at a realisation of ₹ 65.6/litre
- The increase in ethanol volume was mainly due to commissioning of 175 KLD ethanol capacity in July-2022. Given the company is only producing ethanol from sugarcane juice route during the season, sugar realisation was higher by 11%
- Power sales were also down 2%. Power sales volume were down 7% to 7.16 crore litre whereas power realisation was up 3.1% to ₹ 3.3/unit
- In the current 2022-23 season, the company has seen flat sugarcane crushing at 30.27 lt at a net recovery rate of 8%. Out of this, 6.07 lt of sugarcane were diverted to produce ethanol directly from juice. Gross recovery for the season was down by 26 bps to 11.83% mainly due to red rot disease in its Bareilly plant catchment area
- The company expected to crush 38 lt of sugarcane for 2022-23 season, which is similar to last season. DSL is producing ethanol from sugarcane juice during the season and storing B-heavy molasses for ethanol production during off-season. The company is diverting 20% of sugarcane towards juice ethanol and remaining 80% towards B-heavy molasses
- Cost of producing ethanol from sugarcane juice is ₹ 55-57/litre including the conversion cost of ₹ 5/litre. Blended margin in ethanol (B-Heavy & sugarcane juice ethanol) would be 18-20% once DSL sees normalised recovery
- Sugar price above ₹ 37 / kg would fetch better margins by diverting more sugarcane towards sugar whereas sugar prices below ₹ 37/kg would fetch higher margins by diverting more sugarcane toward ethanol
- In the next season (2023-24 sugar season), the company expects to increase sugarcane crushing by 5-10% to 40-43 lt. It is working on increasing sugarcane availability in the Bareilly plant catchment area
- The company is introducing newer sugarcane variety in its catchment area to reduce the dependency on sugarcane variety Co-0238. In the next sugar season (2023-24), dependency on Co-0238 variety would reduce from 95% to 65%. Moreover, the company is also working to safeguard efficiency on Co-0238 variety
- DSL is undertaking ₹ 30 crore capex for increasing crushing capacity marginally in its Bijnor plant to reduce the number of days of crushing. The crushing in the later part of the season (end-May or June) significantly reduces recovery rate
- Total debt for DSL came down by ₹ 151.3 crore to ₹ 370.8 crore in FY23 against ₹ 522.1 crore in FY22. The company generated free cash flow of more than ₹ 200 crore in FY23. With sustainable generation of free cash flow, we expect the company to see a further debt reduction of ₹ 200 crore in FY24
- In the 2022-23 sugar season, industry wise sugar production is expected to be 32.7 million tonnes (MT). With the consumption of 27.7 MT and export of 6.0 MT, sugar inventory level is expected to come down by 1 MT. We

believe sugar inventory at the start of season would be close to 5 MT, which would be lowest in the last five years

- We believe domestic sugar prices would remain firm in the range of ₹ 36-40/kg till November-2023. The firm sugar prices are likely to improve sugar segment margins in FY24
- Global sugar prices are at an 11-year high hovering around US cents 27 / lb, which is equivalent to ₹48/kg in rupee terms. However, international prices would not have any impact on domestic prices given India has already exported 6 MT, which was allowed by the government

Exhibit 1: Peer Comparison

| Sector / Company | CMP | TP | M Cap | EPS growth (%) | | | | EBITDA Margin (%) | | | | PE (x) | | | | P/B (x) | | | | RoCE (%) | | | | |
|-------------------------------|-----|-----|-------|----------------|--------|-------|-------|-------------------|-------|------|-------|--------|-------|------|-------|---------|-------|------|-------|----------|-------|------|-------|-------|
| | (₹) | (₹) | | Rating | (₹ Cr) | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E |
| Balrampur Chini (BALCHI) | 416 | 435 | Buy | 8478 | -0.1 | -31.9 | 84.2 | 18.0 | 14.4 | 11.3 | 16.2 | 16.6 | 18.3 | 26.1 | 13.4 | 11.4 | 3.1 | 2.9 | 2.5 | 2.3 | 15.3 | 10.1 | 19.1 | 20.5 |
| Dalmia Bharat Sugar (DALISUG) | 370 | 490 | Buy | 2997 | 10.0 | -13.3 | 33.8 | 17.1 | 14.8 | 14.6 | 16.4 | 17.2 | 10.2 | 11.7 | 8.8 | 7.5 | 1.3 | 1.3 | 1.2 | 1.1 | 12.3 | 12.8 | 16.0 | 16.9 |
| Triveni Engineering (TRIENG) | 287 | 360 | Buy | 6938 | 45.9 | -5.1 | 52.6 | 24.3 | 14.8 | 10.0 | 16.2 | 17.5 | 16.3 | 17.2 | 11.2 | 9.1 | 3.7 | 2.4 | 2.3 | 2.0 | 15.8 | 14.6 | 19.3 | 25.0 |
| Dwarikesh sugar (DWASUG) | 92 | 115 | Buy | 1726 | 69.6 | -32.5 | 38.9 | 29.3 | 14.7 | 10.4 | 13.5 | 13.7 | 11.1 | 16.5 | 11.9 | 9.2 | 2.6 | 2.3 | 1.9 | 1.7 | 20.6 | 16.0 | 20.8 | 22.2 |
| Dhampur Sugar (DHASUG) | 244 | 270 | Buy | 1623 | 0.5 | 8.5 | 13.9 | 27.4 | 15.3 | 12.7 | 14.2 | 15.3 | 11.3 | 10.4 | 9.1 | 7.1 | 1.6 | 1.4 | 1.3 | 1.1 | 13.9 | 15.3 | 17.7 | 19.9 |

Source: Company, ICICI Direct Research

Sugar inventory in India would be lowest in the last five years at the start of October 1, 2023. This would keep domestic sugar prices firm above ₹ 36/kg at least till start of the new crushing season. Moreover, expected occurrence of El Nino could keep domestic sugar prices firm until November-2024. On the flip side, recovery rate for UP based sugar mills have been on the declining trend from last two years, which has increased the cost of production. We believe firm sugar prices would partially offset the impact of lower recovery rate. With the completion of distillery capex, DSL would see 30% jump in ethanol volumes to 11 crore litre in FY24. We estimate distillery sales CAGR of 18.5% during FY23-25 to ₹ 748.7 crore, which would be 35% to overall revenues for the company. We cut down our estimate factoring in all the negatives i.e. lower recovery rate, ₹ 15/quintal in sugarcane prices & substantial decline in sugar volumes owing to higher diversion towards ethanol produced from sugarcane juice. We estimate sugar realisation of ₹ 36.2/kg & ₹ 37/ kg for FY24E & FY25E, respectively. We expect earnings CAGR of 34% during FY23-25E to ₹ 188.2 crore considering low base of FY23. DSL has strong balance sheet with debt to equity of 0.5x and expected cumulative free cash flow generation of ₹ 272 in the next two years. We assign **BUY** recommendation valuing it at 12x FY25E PE to arrive at the revised target price ₹ 115/share (₹ 120 earlier).

Exhibit 2: Variance Analysis

| | Q4FY23 | Q3FY22 | YoY (%) | Q3FY23 | QoQ (%) | Comments |
|---------------------------------------|--------|----------|----------|--------|---------|--|
| Total Operating Income | 532.5 | 475.0 | 12.1 | 383.8 | 38.7 | Net sales witnessed a growth of 12.1% led by 98.7% jump in distillery sales |
| Other Operating Income | 0.0 | 0.0 | N.A. | 0.0 | N.A. | |
| Raw Material Expenses | 387.1 | 328.2 | 17.9 | 286.0 | 35.3 | Gross margins contracted by 301 bps on account of subdued sugarcane realisation, lower recovery & higher contribution of sugarcane juice based ethanol |
| Employee Expense | 29.4 | 24.6 | 19.5 | 31.0 | -5.3 | Overhead spends were higher due to significant increase in distillery volumes |
| Other operating Expenses | 29.7 | 19.7 | 50.6 | 40.3 | -26.4 | |
| EBITDA | 86.4 | 102.4 | -15.6 | 26.5 | 226.2 | Operating profit was impacted by lower gross margins as well as higher overhead spends |
| EBITDA Margin (%) | 16.2 | 21.6 | -534 bps | 6.9 | 933 bps | |
| Depreciation | 12.8 | 11.8 | 8.9 | 13.4 | -4.2 | |
| Interest | 5.9 | 5.5 | 8.6 | 6.0 | -1.3 | |
| Other Income | 1.9 | 0.5 | 264.8 | 7.9 | -76.1 | |
| PBT | 69.6 | 85.7 | -18.8 | 15.0 | 363.2 | |
| Tax Outgo | 22.8 | 26.1 | -12.6 | 4.5 | NC | |
| PAT | 46.8 | 59.6 | -21.6 | 10.5 | 344.5 | Net profit declined by 21.6% due to de-growth in operating profit |
| Key Metrics | | | | | | |
| Sugar sales volume (in tonnes) | 87,540 | 1,01,090 | -13.4 | 64,719 | 35.3 | Sugar sales volume was down due to lower domestic sales quota |
| Domestic Sugar realisation (₹ per kg) | 34.1 | 33.9 | 0.7 | 35.5 | -4.0 | Sugar prices remain subdued |
| Distillery volumes (in crore litre) | 3.0 | 1.7 | 78.8 | 1.7 | 73.5 | Distillery volumes were significantly higher given the company commissioned new distillery earlier during the year |
| Distillery realisation (₹ per litre) | 65.6 | 59.1 | 11.0 | 65.0 | 0.9 | Higher contribution of sugarcane juice based ethanol resulted in higher distillery realisation |

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

| (₹ Crore) | FY24E | | | FY25E | | | |
|-------------------|---------|---------|----------|---------|---------|----------|--|
| | Old | New | % change | Old | New | % change | |
| Net sales | 2,022.8 | 1,961.1 | -3.1 | 2,124.0 | 2,170.9 | 2.2 | We cut down our FY24 estimate mainly due to expected decline in sugar sales volume due to higher diversion towards ethanol. We increase FY25 sugar volume estimate given the company is working on increasing sugarcane availability in its catchment area |
| EBITDA | 308.4 | 263.8 | -14.5 | 341.2 | 296.7 | -13.0 | We change our operating profit estimate due to 26 bps decline in sugar recovery in current season |
| EBITDA Margin (%) | 15.2 | 13.5 | -179 bps | 16.1 | 13.7 | -240 bps | |
| PAT | 190.7 | 145.6 | -23.7 | 220.1 | 188.2 | -14.5 | We change our FY24 income tax estimate from 25% to 31% as per company guidance |
| EPS (₹) | 10.1 | 7.7 | -23.4 | 11.7 | 10.0 | -14.6 | |

Source: ICICI Direct Research

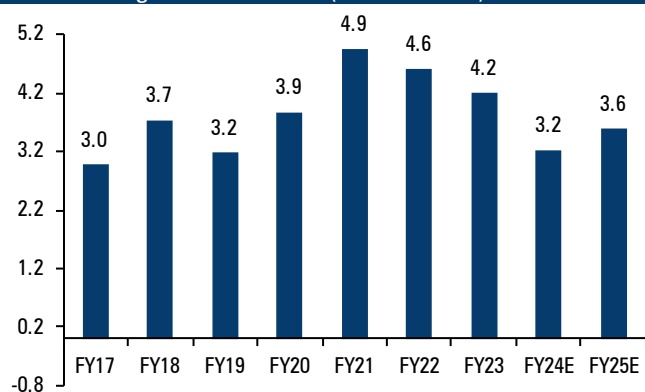
Exhibit 4: Assumptions

| | Current | | | | | Earlier | | |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|---|
| | FY21 | FY22 | FY23 | FY24E | FY25E | FY24E | FY25E | |
| Sugar Sold (in tonne) | 4,94,890 | 4,59,850 | 4,20,005 | 3,22,970 | 3,58,448 | 3,47,325 | 3,49,061 | We revise our sugar sales volume estimate given the company would be producing lower sugar given higher diversion towards ethanol |
| Sugar Price (₹ per tonne) | 32,099 | 33,907 | 34,642 | 36,200 | 37,000 | 35,500 | 36,000 | Given domestic sugar prices have moved up considerably, we change our sugar realisation estimates |
| Distillery volume | 31,700 | 55,700 | 84,200 | 1,09,725 | 1,16,280 | 1,09,725 | 1,19,700 | Slight tweaking in FY25E distillery volumes |
| Distillery price (₹ per KL) | 50,223 | 58,399 | 62,500 | 63,750 | 64,388 | 62,994 | 63,624 | Slight change in distillery realisation estimates |
| Power Units sold | 17.1 | 16.0 | 14.7 | 14.7 | 15.1 | 16.5 | 17.0 | We change our power sales volume estimates |
| Price per unit (₹ per units) | 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 3.4 | 3.5 | |

Source: ICICI Direct Research

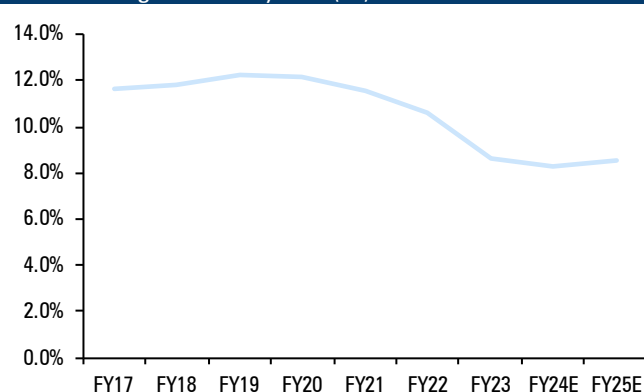
Key Metrics

Exhibit 5: Sugar sales volume (in lakh tonne)



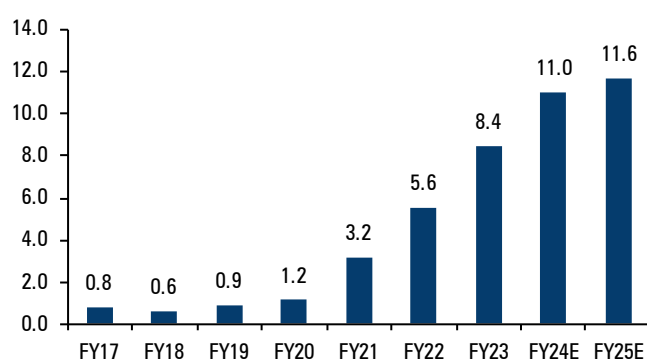
Source: ICICI Direct Research, Company

Exhibit 6: Sugar recovery rate (%)



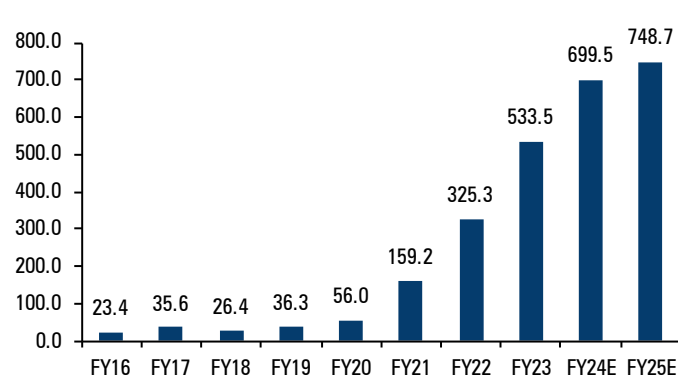
Source: ICICI Direct Research, Company

Exhibit 7: Ethanol volumes (in crore litre)



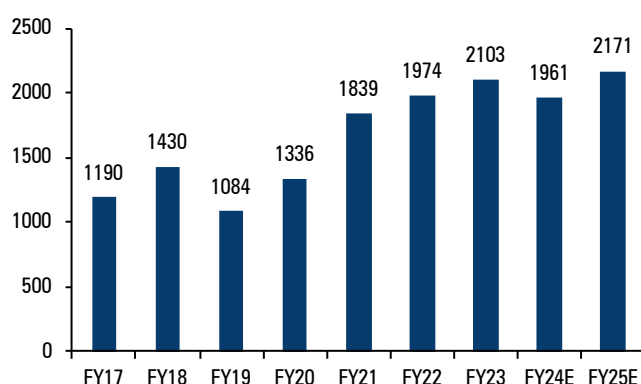
Source: Company, ICICI Direct Research

Exhibit 8: Ethanol sales (₹ crore)



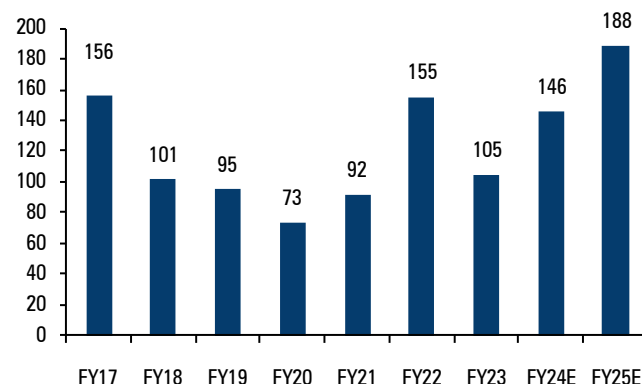
Source: Company, ICICI Direct Research

Exhibit 9: Revenue trend (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 10: Net profit trend (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 11: Valuation

| | Sales (₹ cr) | Growth (%) | EPS (₹) | Growth (%) | PE (x) | EV/EBITDA (x) | RoNW (%) | RoCE (%) |
|-------|-----------------|---------------|------------|---------------|-----------|------------------|-------------|-------------|
| FY22 | 1974.1 | 7.4 | 8.2 | 69.6 | 11.1 | 7.5 | 23.1 | 20.6 |
| FY23 | 2103.0 | 6.5 | 5.6 | -32.5 | 16.5 | 9.4 | 14.2 | 16.0 |
| FY24E | 1961.1 | -6.7 | 7.7 | 38.9 | 11.9 | 7.1 | 16.4 | 20.8 |
| FY25E | 2170.9 | 10.7 | 10.0 | 29.3 | 9.2 | 6.2 | 18.5 | 22.2 |

Source: Company, ICICI Direct Research

Financial Summary

| Exhibit 12: Profit and loss statement | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | ₹ crore | | | |
| (Year-end March) | FY22 | FY23 | FY24E | FY25E |
| Total Operating Income | 1,974.1 | 2,103.0 | 1,961.1 | 2,170.9 |
| Growth (%) | 7.4 | 6.5 | -6.7 | 10.7 |
| Raw Material Expenses | 1,475.3 | 1,634.8 | 1,466.2 | 1,633.7 |
| Employee Expenses | 96.3 | 118.0 | 118.6 | 126.9 |
| Administrative Expenses | 0.0 | 0.0 | 0.0 | 0.0 |
| Excise Duty | 0.0 | 0.0 | 0.0 | 0.0 |
| Other expenses | 111.7 | 132.3 | 112.5 | 113.6 |
| Total Operating Expenditure | 1,683.3 | 1,885.2 | 1,697.3 | 1,874.2 |
| EBITDA | 290.8 | 217.8 | 263.8 | 296.7 |
| Growth (%) | 44.5 | -25.1 | 21.1 | 12.5 |
| Depreciation | 43.6 | 50.2 | 52.8 | 52.3 |
| Interest | 31.7 | 29.1 | 14.3 | 8.8 |
| Other Income | 3.2 | 14.0 | 14.3 | 16.0 |
| PBT | 215.5 | 138.5 | 196.7 | 235.6 |
| Exceptional items | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Tax | 63.5 | 47.7 | 65.4 | 63.4 |
| PAT | 155.2 | 104.8 | 145.6 | 188.2 |
| Growth (%) | 69.6 | -32.5 | 38.9 | 29.3 |
| EPS (₹) | 8.2 | 5.6 | 7.7 | 10.0 |

Source: Company, ICICI Direct Research

| Exhibit 13: Cash flow statement | | | | |
|-------------------------------------|---------------|---------------|---------------|--------------|
| | ₹ crore | | | |
| (Year-end March) | FY22 | FY23 | FY24E | FY25E |
| Profit/Loss after Tax | 218.7 | 152.5 | 145.6 | 188.2 |
| Add: Depreciation | 43.6 | 50.2 | 52.8 | 52.3 |
| Add: Interest | 31.7 | 25.8 | 0.0 | 0.0 |
| (Inc)/dec in Current Assets | 132.5 | 163.6 | 56.6 | -91.5 |
| Inc/(dec) in Current Liabilities | -34.6 | -38.2 | -15.9 | -6.3 |
| CF from operating activities | 352.5 | 313.9 | 239.2 | 142.7 |
| (Inc)/dec in Investments | 0.0 | 0.0 | 0.0 | 0.0 |
| (Inc)/dec in Fixed Assets | -175.3 | -98.7 | -60.0 | -50.0 |
| Others | 0.7 | 7.2 | 39.2 | 0.0 |
| CF from investing activities | -174.7 | -91.5 | -20.8 | -50.0 |
| Issue/(Buy back) of Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Inc/(dec) in loan funds | -85.0 | -151.3 | -200.0 | -40.0 |
| Dividend paid & dividend tax | -61.2 | -37.7 | -37.7 | -56.5 |
| Inc/(dec) in Sec. premium | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | -31.5 | -33.0 | 39.4 | 0.0 |
| CF from financing activities | -177.7 | -221.9 | -198.3 | -96.5 |
| Net Cash flow | 0.1 | 0.4 | 20.1 | -3.8 |
| Opening Cash | 0.1 | 0.2 | 0.7 | 20.8 |
| Cash with bank | 38.3 | 39.2 | 0.0 | 0.0 |
| Closing Cash | 38.6 | 39.8 | 20.8 | 17.0 |

Source: Company, ICICI Direct Research

| Exhibit 14: Balance Sheet | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | ₹ crore | | | |
| | FY22 | FY23 | FY24E | FY25E |
| Liabilities | | | | |
| Equity Capital | 18.8 | 18.8 | 18.8 | 18.8 |
| Reserve and Surplus | 654.5 | 721.0 | 868.3 | 1,000.1 |
| Total Shareholders funds | 673.3 | 739.8 | 887.1 | 1,018.9 |
| Total Debt | 520.7 | 370.8 | 170.8 | 130.8 |
| Long Term Provisions | 22.3 | 24.7 | 22.7 | 20.7 |
| Other Non-current Liabilities | 1.4 | 3.1 | 3.1 | 3.1 |
| Total Liabilities | 1,217.7 | 1,138.3 | 1,083.6 | 1,173.4 |
| Assets | | | | |
| Gross Block | 953.2 | 1,197.7 | 1,257.7 | 1,307.7 |
| Less: Acc Depreciation | 565.1 | 615.4 | 668.2 | 720.5 |
| Net Block | 388.1 | 582.3 | 589.5 | 587.2 |
| Capital WIP | 142.5 | 0.0 | 0.0 | 0.0 |
| Intangible assets | 0.0 | 0.0 | 0.0 | 0.0 |
| Non Current Investments | 0.3 | 0.3 | 0.3 | 0.3 |
| Other non-current assets | 41.7 | 11.6 | 11.6 | 11.6 |
| Current Assets | | | | |
| Inventory | 757.7 | 560.7 | 490.3 | 554.8 |
| Debtors | 34.5 | 71.5 | 65.4 | 72.4 |
| Cash | 38.6 | 39.8 | 20.8 | 17.0 |
| Loans & Advances | 0.3 | 0.1 | 0.1 | 0.1 |
| Other Current Assets | 15.8 | 13.5 | 33.5 | 53.5 |
| Current Liabilities | | | | |
| Creditors | 96.3 | 55.1 | 41.2 | 44.9 |
| Provisions | 4.4 | 5.0 | 5.0 | 5.0 |
| Other CL | 101.1 | 81.7 | 81.7 | 73.7 |
| Net Current Assets | 645.0 | 544.0 | 482.2 | 574.2 |
| Total Assets | 1,217.7 | 1,138.3 | 1,083.6 | 1,173.4 |

Source: Company, ICICI Direct Research

| Exhibit 15: Key ratios | | | | |
|-----------------------------|-------|------|-------|-------|
| | FY22 | FY23 | FY24E | FY25E |
| Per share data (₹) | | | | |
| EPS | 8.2 | 5.6 | 7.7 | 10.0 |
| Cash EPS | 10.6 | 8.2 | 10.5 | 12.8 |
| BV | 35.8 | 39.3 | 47.1 | 54.1 |
| DPS | 1.3 | 2.0 | 2.0 | 3.0 |
| Cash Per Share | 30.0 | 32.7 | 35.5 | 38.3 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 14.7 | 10.4 | 13.5 | 13.7 |
| PBT / Net Sales | 11.1 | 7.3 | 10.8 | 11.6 |
| PAT Margin | 7.9 | 5.0 | 7.4 | 8.7 |
| Inventory days | 140.1 | 97.3 | 91.3 | 93.3 |
| Debtor days | 6.4 | 12.4 | 12.2 | 12.2 |
| Creditor days | 17.8 | 9.6 | 7.7 | 7.5 |
| Return Ratios (%) | | | | |
| RoE | 23.1 | 14.2 | 16.4 | 18.5 |
| RoCE | 20.6 | 16.0 | 20.8 | 22.2 |
| Valuation Ratios (x) | | | | |
| P/E | 11.1 | 16.5 | 11.9 | 9.2 |
| EV / EBITDA | 7.5 | 9.4 | 7.1 | 6.2 |
| EV / Net Sales | 1.1 | 1.0 | 1.0 | 0.8 |
| Market Cap / Sales | 0.9 | 0.8 | 0.9 | 0.8 |
| Price to Book Value | 2.6 | 2.3 | 1.9 | 1.7 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 1.8 | 1.7 | 0.6 | 0.4 |
| Debt / Equity | 0.8 | 0.5 | 0.2 | 0.1 |
| Current Ratio | 7.2 | 9.1 | 10.3 | 11.2 |
| Quick Ratio | 0.5 | 1.2 | 1.7 | 2.1 |

Source: Company, ICICI Direct Research

Exhibit 16: ICICI Direct coverage universe (Sugar)

| Sector / Company | CMP | TP | M Cap | EPS (₹) | | | | P/E (x) | | | | EV/EBITDA (x) | | | | P/B (x) | | | | RoCE (%) | | | | |
|------------------------------|-----|-----|-------|---------|--------|------|-------|---------|-------|------|-------|---------------|-------|------|-------|---------|-------|------|-------|----------|-------|------|-------|-------|
| | (₹) | (₹) | | Rating | (₹ Cr) | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E | FY25E | FY22 | FY23E | FY24E |
| Balrampur Chini (BALCHI) | 416 | 435 | Buy | 8,478 | 22.8 | 16.0 | 31.0 | 36.6 | 18.2 | 26.0 | 13.4 | 11.4 | 13.7 | 18.8 | 9.8 | 8.8 | 3.1 | 2.9 | 2.5 | 2.3 | 15.3 | 10.1 | 19.1 | 20.5 |
| Dalmia Bharat Sugar (DALSUG) | 370 | 490 | Buy | 2,997 | 36.7 | 31.9 | 42.6 | 49.9 | 10.1 | 11.6 | 8.7 | 7.4 | 8.3 | 8.1 | 6.1 | 5.2 | 1.3 | 1.3 | 1.2 | 1.1 | 12.3 | 12.8 | 16.0 | 16.9 |
| Triveni Engineering (TRIENG) | 287 | 360 | Buy | 6,938 | 17.7 | 16.8 | 25.7 | 31.9 | 16.2 | 17.0 | 11.2 | 9.0 | 13.4 | 13.9 | 8.9 | 6.9 | 3.7 | 2.4 | 2.3 | 2.0 | 15.8 | 14.6 | 19.3 | 25.0 |
| Dwarikesh sugar (DWASUG) | 92 | 115 | Buy | 1,726 | 8.2 | 5.6 | 7.7 | 10.0 | 11.1 | 16.5 | 11.9 | 9.2 | 7.5 | 9.4 | 7.1 | 6.2 | 2.6 | 2.3 | 1.9 | 1.7 | 20.6 | 16.0 | 20.8 | 22.2 |
| Dhampur Sugar (DHASUG) | 244 | 270 | Buy | 1,623 | 21.7 | 23.5 | 26.8 | 34.2 | 11.3 | 10.4 | 9.1 | 7.1 | 7.6 | 6.8 | 5.6 | 4.6 | 1.6 | 1.4 | 1.3 | 1.1 | 13.9 | 15.3 | 17.7 | 19.9 |

Source: Bloomberg, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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