

Distillery capex to make TEL biggest ethanol supplier

About the stock: Triveni Engineering (TEL) is one of the largest sugar companies in India with sugar crushing capacity of 60,000 TCD, distillery capacity of 660 KLD & co-generation power of 104 MW. It also has power transmission & waste water management business contributing 10% to revenues.

- The company announced distillery capacity expansion of 450 KLD (14 crore litre) with the capex of ₹460 crore. This would take its total distillery capacity from 21 crore litres now to ~35 crore litres by FY25.

Q1FY23 Results: TEL saw 18.2% sales jump led by strong sugar, ethanol volumes.

- Sales was up 18.2% YoY with 66.7% growth in distillery sales
- EBITDA was at ₹ 113.9 crore, down 23.9% YoY, with margins at 9.3%
- PAT was at ₹ 66.5 crore, down 28.0% YoY, due to ₹ 45.3 crore export subsidy in base quarter, higher cost of production & high interest cost

What should investors do? TEL's share price has gone up 176% in the last five years (from ₹ 85 in August 2017 to ₹ 236 in August 2022).

- We expect 47.4% volume CAGR in distillery volumes to boost distillery revenue by 56.8% CAGR during FY22-24E
- We maintain our **BUY** rating on the stock

Target Price and Valuation: We value the stock at ₹ 350, valuing the business at 14x FY24 PE

Key triggers for future price performance:

- With distillery capex, TEL would be able to increase its ethanol volumes 3x to 35 crore litre by FY25. Distillery sales to see 56.8% CAGR to ₹ 1632.7 crore in FY22-24E, which would be 28% of total revenues
- The company has announced further capacity addition of 450 KLD (14 crore litre) with the capex of ₹460 crore. TEL would be utilising sugarcane juice as well as grain route to produce ethanol from these distilleries
- The company is expected to generate ₹ 1588 crore of operating cash flow in the next two years, which would be utilised for ~₹ 900 crore capex (including some currently concluded), debt reduction, buybacks & dividends

Alternate Stock Idea: We also like Dwarikesh Sugar in our sugar coverage.

- The company is one of the most efficient with highest sugar recovery and abundant sugarcane availability. It is increasing its distillery capacity to 3x in the next three years
- We value the stock at ₹ 150/share with BUY recommendation



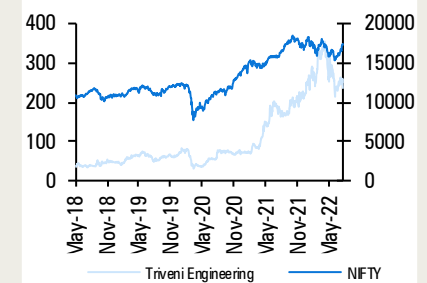
Particulars

| Particulars (₹ crore) | Amount |
|-----------------------------|-----------|
| Market Capitalization | 5,707.7 |
| Total Debt (FY22) | 1,559.8 |
| Cash and Investments (FY22) | 23.3 |
| EV | 7,244.2 |
| 52 week H/L (₹) | 374 / 137 |
| Equity capital | 24.2 |
| Face value (₹) | 1.0 |

Shareholding pattern

| (in %) | Sep-21 | Dec-21 | Mar-22 | Jun-22 |
|----------|--------|--------|--------|--------|
| Promoter | 68.4 | 68.4 | 68.4 | 68.4 |
| FII | 3.0 | 4.5 | 5.3 | 5.6 |
| DII | 5.1 | 5.2 | 4.7 | 4.9 |
| Others | 23.5 | 21.9 | 21.6 | 21.1 |

Price Chart



Recent event & key risks

- It announced capex of ₹460 crore capex for 450 KLD distillery capacity addition
- Key Risk:** (i) Dip in global prices could adversely impact exports & in turn domestic prices (ii) Any delay in ethanol blending program

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Key Financial Summary

| Key Financials | FY20 | FY21 | FY22 | 5 Year CAGR (FY17-FY22) | FY23E | FY24E | CAGR (FY22-24E) |
|------------------------|--------|--------|--------|-------------------------|--------|--------|-----------------|
| Total Operating Income | 4436.6 | 4674.2 | 4291.0 | 8.7% | 5136.3 | 5417.8 | 12.4% |
| EBITDA | 543.2 | 558.2 | 634.4 | 4.0% | 766.6 | 928.4 | 21.0% |
| EBITDA Margin % | 12.2 | 11.9 | 14.8 | | 14.9 | 17.1 | |
| Net Profit | 335.1 | 294.6 | 424.1 | 10.9% | 496.6 | 604.9 | 19.4% |
| EPS (₹) | 13.52 | 12.18 | 17.54 | 12.3% | 20.54 | 25.02 | 19.4% |
| P/E | 17.5 | 19.4 | 13.5 | | 11.5 | 9.4 | |
| RoNW % | 19.9 | 18.9 | 22.4 | | 21.9 | 22.4 | |
| RoCE (%) | 17.6 | 19.4 | 15.8 | | 18.3 | 20.5 | |

Source: Company, ICICI Direct Research

Key takeaways of recent quarter

Q1Y23 Results: Post capex, distillery volume to reach 3x to 35 crore litre

- Consolidated sales witnessed growth of 18.2% to ₹ 1225.7 crore led by 17.2% growth in sugar sales, 66.7% growth in distillery sales, 49.2% growth in water segment & 7% growth in gears business
- Sugar volumes increased 11.9% to 2.39 lakh tonnes, which is entirely domestic sales given the company has not exported any quantities of sugar in 2021-22 sugar season. Sugar realisation was up 5.7% to ₹ 35.3 /kg. The base quarter included ₹ 45.31 crore of export subsidy pertaining to FY21. Co-generation sales witnessed growth of 19% to ₹ 16.9 crore
- Distillery sales witnessed growth of 66.7% to ₹ 379.2 crore led by 42.4% increase in distillery volumes driven by commissioning of new 200 KLD capacity in March 2022. The distillery realisation was up 7% on account of higher proportion of B-heavy ethanol. B-Heavy ethanol constitutes 90% of the total sales volumes. OMCs increased ethanol prices by ₹ 1.0-2.5/litre for different feedstock in June-2022
- The company is looking to clock ~18 crore distillery volumes in FY23E & ~25 crore in FY24E. With the new capacity addition available for full year in FY25, total distillery volumes to touch ~35 crore litre in FY25
- IMIL sales volume increase 112.3% to 6.56 lakh cases on a low base as company started its IMIL operations last year. The segment is currently posting small loss. However, with the increase in volumes, it is likely to be profitable from FY24
- The company is holding sugar inventory to the tune of 4.68 lakh tonnes (lt) valued at ₹ 32.2/kg. Operating profit declined 23.9% to ₹113.9 crore given base quarter includes export subsidy of ₹ 45.31 crore. However, cost of production also increased by ₹ 2.5/kg due to increase in sugarcane prices & 16 bps lower sugar recovery in 2021-22 season
- The engineering business saw growth of 32.9% in Q1. Power transmission (gears) business witnessed sales growth of 7.6% to ₹ 30.4 crore & PBIT margin of 28.8% (down 34 bps). Order book was at ₹ 243.4 crore including long duration orders of ₹ 110 crore. Water business saw 49.2% revenue growth of ₹ 65.2 crore (low Covid-19 base). During the quarter, the company secured its second international project, in Bangladesh. This project is an EPC order and under a joint-venture arrangement with a Bangladeshi company. Order book for water business is at ₹ 1645.5 crore, which includes ₹ 950 crore O&M contracts
- Interest cost increased 38.4% to ₹ 21.7 crore due to higher working capital debt given company accelerate farmer payment in current season. Net profit de-grew 28% to ₹66.5 crore
- Triveni's distillery capacity has reached 660 KLD (21 crore litre) after completion of capex in the current quarter. This includes 60 KLD grain based distillery. The company has announced further capacity addition of 450 KLD, which would take its total capacity to 1110 KLD (35 crore litre). This would require investment of ₹460 crore and it would get commissioned in December 2023
- The new distillery would be fungible for sugarcane juice, B-heavy & grain based ethanol. The company would decide the product mix according to working economics at the time of commencement
- Total debt for the company increased marginally to ₹ 1541.5 crore as of June-2022 against ₹1503.7 crore in corresponding quarter last year. The higher debt level is mainly due to increased sugar inventory for the company given it has chosen not to export during 2021-22 season. Moreover, farmer's payment has been much faster in the season. Overall cost of debt is 5.07%

Exhibit 1: Peer Comparison

| Sector / Company | CMP | TP | M Cap | EPS growth (%) | | | | EBITDA margins (%) | | | | PE (x) | | | | P/B (x) | | | | RoCE (%) | | | |
|------------------------------|-----|------------|-------|----------------|------|------|-------|--------------------|------|------|-------|--------|------|------|-------|---------|------|------|-------|----------|------|------|-------|
| | (₹) | (₹) Rating | | (₹ Cr) | FY21 | FY22 | FY23E | FY24E | FY21 | FY22 | FY23E | FY24E | FY21 | FY22 | FY23E | FY24E | FY21 | FY22 | FY23E | FY24E | FY21 | FY22 | FY23E |
| Balrampur Chini (BALCHI) | 365 | 515 Buy | 7662 | -3.2 | -0.3 | 36.3 | 37.4 | 14.8 | 14.4 | 17.7 | 20.5 | 16.0 | 16.0 | 11.8 | 8.6 | 2.9 | 2.8 | 2.5 | 2.2 | 16.4 | 15.3 | 17.6 | 23.0 |
| Dalmia Bharat Sugar (DALSUG) | 351 | 490 Buy | 2839 | 39.9 | 10.0 | 15.8 | 16.5 | 17.6 | 14.8 | 18.0 | 19.0 | 10.5 | 9.5 | 8.2 | 7.1 | 1.4 | 1.3 | 1.3 | 1.1 | 13.3 | 12.3 | 15.5 | 17.7 |
| Triveni Engineering (TRIENG) | 236 | 350 Buy | 5708 | -9.9 | 43.9 | 17.1 | 21.8 | 11.9 | 14.8 | 14.9 | 17.1 | 19.4 | 13.5 | 11.5 | 9.4 | 3.7 | 3.0 | 2.5 | 2.1 | 19.4 | 15.8 | 18.3 | 20.5 |
| Dwarikesh sugar (DOWASUG) | 109 | 150 Buy | 2055 | 24.5 | 69.6 | 17.1 | 48.7 | 10.9 | 14.7 | 14.3 | 18.9 | 22.5 | 13.2 | 11.3 | 7.6 | 3.7 | 3.2 | 2.5 | 2.0 | 14.4 | 20.6 | 20.4 | 30.3 |
| Avadh Sugar (AVASUG) | 522 | 890 Buy | 1044 | -12.4 | 60.3 | 53.9 | 21.3 | 9.6 | 11.0 | 13.1 | 13.8 | 13.5 | 8.4 | 5.5 | 4.5 | 1.6 | 1.3 | 1.1 | 0.9 | 11.5 | 12.5 | 17.8 | 22.0 |

Source: Company, ICICI Direct Research

Triveni Engineering is one of the most efficient sugar company in the country with sizable crushing capacity. With the current announcement of distillery capex, the company would be utilising sugarcane juice route to produce ethanol supplemented by grain based ethanol production. It's sugar realisation is also better compared to other sugar millers given 45% of its sugar production is refined sugar. With the increasing sugarcane diversion towards ethanol & aggressive exports of 11 million tonnes, sugar inventory in the country would reach to 5.5 million tonnes by September 2022, which would keep sugar prices firm above ₹35 / kg. However, we believe sugarcane production by farmers is also increasing at a faster pace. We believe sugar industry in India is required to further increase distillery capacities to utilise excess sugarcane to produce ethanol. We believe Triveni's capex announcement is the step in right direction. We maintain our **BUY** recommendation and target price of ₹350 / share, valuing it at 14x FY24E PE.

Exhibit 2: Variance Analysis

| | Q1FY23 | Q1FY22 | YoY (%) | Q4FY22 | QoQ (%) | Comments |
|--------------------------------------|---------|---------|----------|---------|----------|---|
| Total Operating Income | 1,225.7 | 1,036.8 | 18.2 | 1,070.0 | 14.5 | Revenue increased 18.2% led by 17.2% growth in sugar & 66.2% growth in distillery segment |
| Other Operating Income | 0.0 | 0.0 | N.A. | 0.0 | N.A. | |
| Raw Material Expenses | 926.2 | 719.7 | 28.7 | 639.0 | 44.9 | Cost of production increased by ₹ 2.5/kg on account of higher sugarcane prices & lower gross recovery rate by 16 bps |
| Employee Expense | 78.0 | 67.8 | 15.1 | 93.7 | -16.7 | |
| Other operating Expenses | 107.6 | 99.7 | 7.9 | 162.6 | -33.8 | |
| EBITDA | 113.9 | 149.6 | -23.9 | 174.7 | -34.8 | Operating margins declined by 23.9% on account of higher cost of production and ₹45.3 crore export subsidy in base quarter pertaining to FY21 |
| EBITDA Margin (%) | 9.3 | 14.4 | -514 bps | 16.3 | -703 bps | |
| Depreciation | 21.8 | 19.8 | 10.3 | 20.3 | 7.6 | |
| Interest | 21.7 | 15.6 | 38.4 | 14.6 | 48.2 | Interest cost increased mainly due to higher working capital debt given the company is holding higher inventory as it decided not to export any sugar in 2021-22 sugar season |
| Other Income | 9.9 | 3.6 | 171.6 | 3.0 | 233.1 | |
| PBT | 80.3 | 117.8 | -31.8 | 136.1 | -41.0 | |
| Tax Outgo | 22.2 | 31.6 | -29.6 | 34.2 | -35.1 | |
| PAT | 66.5 | 92.3 | -28.0 | 109.2 | -39.1 | Net profit witnessed a dip of 28% during the quarter |
| Key Metrics | | | | | | |
| Sugar sales volume (in lakh tonnes) | 2.4 | 2.1 | 11.9 | 2.0 | 19.8 | The company received 36% higher domestic sale quota. However, it did not export any sugar during 2021-22 season |
| Domestic realisation (₹ per kg) | 35.3 | 33.4 | 5.7 | 35.0 | 0.8 | Sugar prices were higher by 5.7% |
| Distillery volumes (in crore litre) | 3.9 | 2.7 | 42.4 | 2.7 | 44.1 | With commencement of 200 KLD capacity last quarter, distillery volumes were higher by 42.4% |
| Distillery realisation (₹ per litre) | 57.8 | 54.0 | 7.1 | 56.8 | 1.8 | With higher proportion of B-heavy ethanol, distillery realisation increased by 7.1% |

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

| (₹ Crore) | FY23E | | | FY24E | | | Comments |
|-------------------|---------|---------|----------|---------|---------|----------|---|
| | Old | New | % change | Old | New | % change | |
| Net sales | 4,927.3 | 5,136.3 | 4.2 | 5,221.5 | 5,417.8 | 3.8 | We estimate higher sugar sales quota in FY23E & higher distillery volumes in FY23E & FY24E as well |
| EBITDA | 747.3 | 766.6 | 2.6 | 904.3 | 928.4 | 2.7 | Uptick in operating profit would be slower than sales given grain based ethanol margins are lower than molasses based ethanol |
| EBITDA Margin (%) | 15.2 | 14.9 | -24 bps | 17.3 | 17.1 | -18 bps | |
| PAT | 489.9 | 496.6 | 1.4 | 600.6 | 604.9 | 0.7 | |
| EPS (₹) | 20.3 | 20.5 | 1.4 | 24.8 | 25.0 | 0.7 | |

Source: ICICI Direct Research

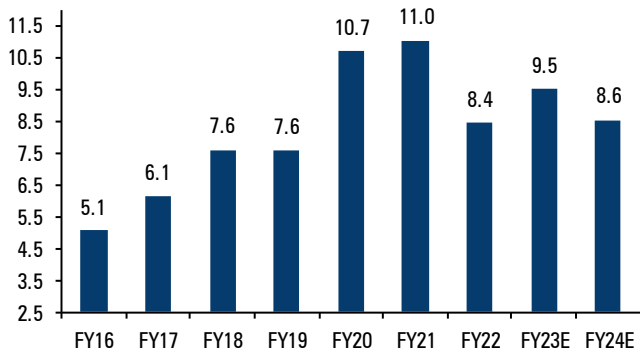
Exhibit 4: Assumptions

| | Current | | | | Earlier | | | | Comments |
|------------------------------|---------|-----------|-----------|---------|---------|---------|---------|---------|--|
| | FY19 | FY20 | FY21 | FY22 | FY23E | FY24E | FY23E | FY24E | |
| Sugar Sold (in tonne) | 759,067 | 1,069,545 | 1,103,233 | 844,159 | 951,190 | 856,071 | 902,824 | 902,824 | We change our sugar sales volume estimates for FY23E & FY24E |
| Sugar Price (₹ per tonne) | 31,420 | 30,249 | 31,364 | 34,744 | 35,500 | 36,200 | 36,000 | 36,200 | We reduce our FY23E sugar realisation estimate by ₹500/tonne given higher sugar production would keep sugar prices under check |
| Distillery volume | 51,279 | 93,889 | 103,637 | 117,837 | 182,900 | 256,050 | 179,100 | 217,800 | We change our distillery volumes estimates after capex announcement |
| Distillery price (₹ per KL) | 41,515 | 41,515 | 52,204 | 54,130 | 59,543 | 62,520 | 57,378 | 57,952 | Distillery realisation to increase given sugarcane juice route would be utilised for ethanol production |
| Power Units sold | 17.5 | 14.5 | 21.1 | 18.9 | 20.0 | 20.0 | 20.0 | 19.2 | |
| Price per unit (₹ per units) | 5.2 | 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 3.4 | 3.4 | |
| Gear/Gear box revenue | 129.3 | 150.3 | 126.3 | 179.5 | 206.4 | 227.0 | 212.3 | 233.5 | We trim down engineering business sales |
| Water segment revenue | 231.4 | 289.1 | 233.6 | 231.2 | 277.4 | 296.8 | 292.0 | 312.5 | inline with Q1FY23 numbers |

Source: ICICI Direct Research

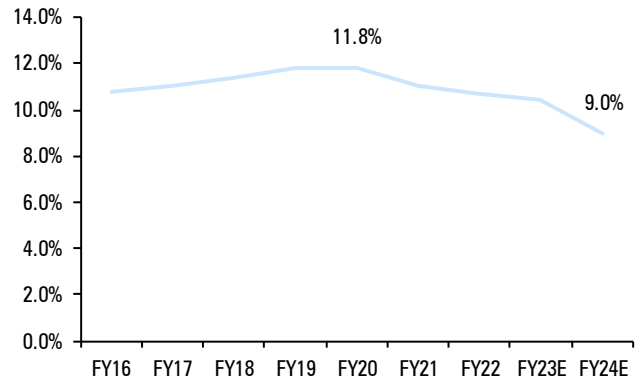
Key metrics

Exhibit 5: Sugar sales volume (in lakh tonne)



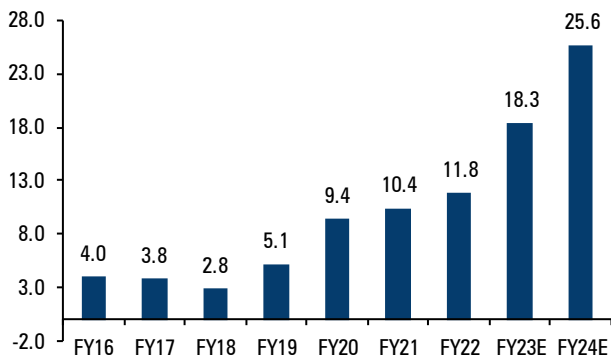
Source: ICICI Direct Research, Company

Exhibit 6: Sugar recovery rate (%)



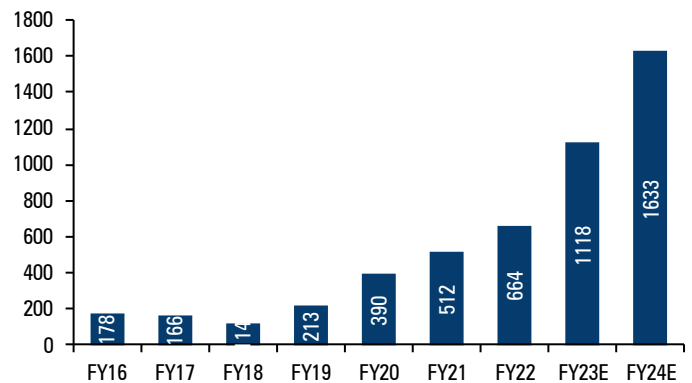
Source: ICICI Direct Research, Company

Exhibit 7: Ethanol volumes (in crore litre)



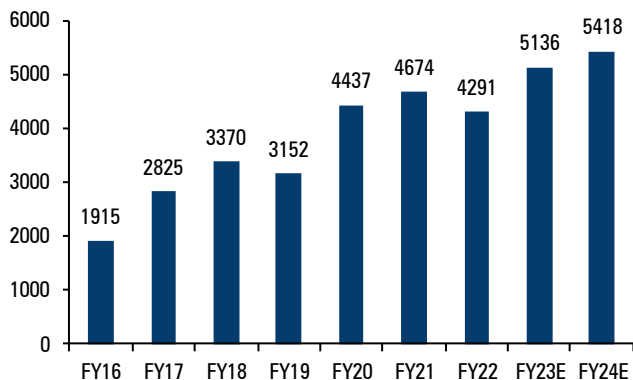
Source: Company, ICICI Direct Research

Exhibit 8: Ethanol sales (₹ crore) (including IMIL net of excise)



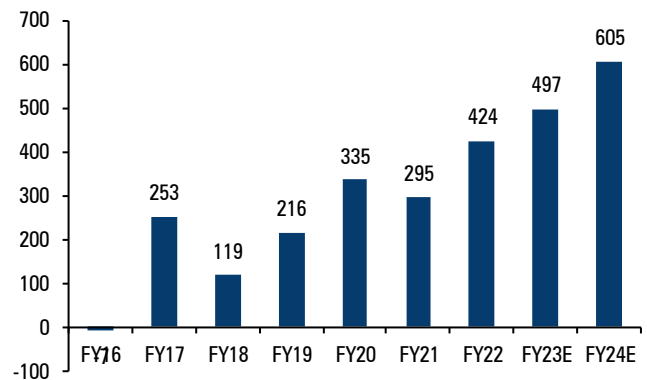
Source: Company, ICICI Direct Research

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 (%) |
|-------|-----------------|---------------|------------|---------------|-----------|------------------|-------------|-------------|
| FY21 | 4674.2 | 5.4 | 12.2 | -9.9 | 19.4 | 11.7 | 18.9 | 19.4 |
| FY22 | 4291.0 | -8.2 | 17.5 | 43.9 | 13.5 | 11.3 | 22.4 | 15.8 |
| FY23E | 5136.3 | 19.7 | 20.5 | 17.1 | 11.5 | 9.1 | 21.9 | 18.3 |
| FY24E | 5417.8 | 5.5 | 25.0 | 21.8 | 9.4 | 7.4 | 22.6 | 20.5 |

Source: Company, ICICI Direct Research

Financial Summary

| Exhibit 12: Profit and loss statement | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | ₹ crore | | | |
| (Year-end March) | FY21 | FY22 | FY23E | FY24E |
| Total Operating Income | 4,674.2 | 4,291.0 | 5,136.3 | 5,417.8 |
| Growth (%) | 0.0 | -8.2 | 19.7 | 5.5 |
| Raw Material Expenses | 3,436.1 | 2,859.2 | 3,532.5 | 3,622.5 |
| Employee Expenses | 270.8 | 302.7 | 323.6 | 346.7 |
| Administrative Expenses | 0.0 | 0.0 | 0.0 | 0.0 |
| Excise Duty | 0.0 | 0.0 | 0.0 | 0.0 |
| Marketing expenses | 0.0 | 0.0 | 0.0 | 0.0 |
| Other expenses | 409.1 | 494.7 | 513.6 | 520.1 |
| Total Operating Expenditure | 4,116.0 | 3,656.5 | 4,369.8 | 4,489.4 |
| EBITDA | 558.2 | 634.4 | 766.6 | 928.4 |
| Growth (%) | 2.8 | 13.7 | 20.8 | 21.1 |
| Depreciation | 79.1 | 80.7 | 98.6 | 113.8 |
| Interest | 51.6 | 54.5 | 64.7 | 63.3 |
| Other Income | 30.4 | 22.2 | 25.1 | 20.1 |
| PBT | 458.6 | 514.6 | 628.4 | 771.3 |
| Exceptional items | -0.7 | 6.7 | 0.0 | 0.0 |
| Total Tax | 165.2 | 149.7 | 158.4 | 194.4 |
| PAT | 294.6 | 424.1 | 496.6 | 604.9 |
| Growth (%) | -12.1 | 43.9 | 17.1 | 21.8 |
| EPS (₹) | 12.2 | 17.7 | 20.5 | 25.0 |

Source: Company, ICICI Direct Research

| Exhibit 13: Cash flow statement | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | ₹ crore | | | |
| (Year-end March) | FY21 | FY22 | FY23E | FY24E |
| Profit/Loss after Tax | 459.8 | 573.8 | 496.6 | 604.9 |
| Add: Depreciation | 79.1 | 80.7 | 98.6 | 113.8 |
| Add: Interest & Others | 49.3 | 14.5 | 0.0 | 0.0 |
| (Inc)/dec in Current Assets | 396.7 | -421.6 | 43.7 | 113.1 |
| Inc/(dec) in Current Liabilities | -131.3 | -269.0 | 150.6 | -32.8 |
| CF from operating activities | 790.8 | -173.4 | 789.5 | 799.0 |
| (Inc)/dec in Investments | 2.1 | 2.3 | 0.4 | 0.0 |
| (Inc)/dec in Fixed Assets | -89.2 | -293.5 | -450.0 | -450.0 |
| Others | -21.0 | 33.5 | 4.6 | 0.0 |
| CF from investing activities | -107.9 | -256.8 | -450.0 | -455.0 |
| Issue/(Buy back) of Equity | -65.0 | 0.0 | 0.0 | 0.0 |
| Inc/(dec) in loan funds | -564.6 | 573.9 | -200.0 | -150.0 |
| Dividend paid & dividend tax | 0.0 | -72.5 | -145.1 | -169.3 |
| Inc/(dec) in Sec. premium | -7.1 | -5.9 | 0.0 | 0.0 |
| Others | -51.5 | -53.4 | 0.0 | 0.0 |
| CF from financing activities | -703.7 | 442.1 | -345.1 | -319.3 |
| Net Cash flow | -20.8 | 12.0 | -5.6 | 24.7 |
| Opening Cash | 32.0 | 11.3 | 23.3 | 17.6 |
| Cash with bank | 1.3 | 4.6 | 0.0 | 0.0 |
| Closing Cash | 12.6 | 27.9 | 17.6 | 42.4 |

Source: Company, ICICI Direct Research

| Exhibit 14: Balance Sheet | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | ₹ crore | | | |
| | FY21 | FY22 | FY23E | FY24E |
| Liabilities | | | | |
| Equity Capital | 24.2 | 24.2 | 24.2 | 24.2 |
| Reserve and Surplus | 1,531.5 | 1,888.7 | 2,240.2 | 2,675.9 |
| Total Shareholders funds | 1,555.7 | 1,912.9 | 2,264.4 | 2,700.1 |
| Total Debt | 870.5 | 1,559.8 | 1,359.8 | 1,209.8 |
| Long Term Provisions | 51.8 | 33.5 | 31.5 | 29.5 |
| Other Non-current Liabilities | 154.5 | 150.3 | 151.3 | 152.3 |
| Total Liabilities | 2632.4 | 3656.4 | 3806.9 | 4091.6 |
| Assets | | | | |
| Gross Block | 1,437.0 | 1,521.9 | 1,971.9 | 2,421.9 |
| Less: Acc Depreciation | 378.0 | 458.8 | 557.4 | 671.2 |
| Net Block | 1,059.0 | 1,063.1 | 1,414.5 | 1,750.7 |
| Capital WIP | 22.2 | 256.5 | 256.5 | 256.5 |
| Intangible assets | 1.9 | 2.3 | 2.3 | 2.3 |
| Non Current Investments | 157.8 | 205.5 | 210.5 | 215.5 |
| Other non-current assets | 166.4 | 212.4 | 212.0 | 212.0 |
| Current Assets | | | | |
| Inventory | 1,733.8 | 2,036.9 | 1,883.3 | 1,730.7 |
| Debtors | 208.4 | 266.8 | 356.7 | 376.2 |
| Cash | 12.6 | 27.9 | 17.6 | 42.4 |
| Loans & Advances | 21.0 | 7.0 | 27.0 | 47.0 |
| Other Current Assets | 236.9 | 219.1 | 219.1 | 219.1 |
| Current Liabilities | | | | |
| Creditors | 624.3 | 350.8 | 642.4 | 661.4 |
| Provisions | 37.3 | 48.3 | 48.3 | 48.3 |
| Other CL | 325.9 | 242.0 | 102.0 | 51.2 |
| Net Current Assets | 1225.1 | 1916.6 | 1711.1 | 1654.5 |
| Total Assets | 2,632.4 | 3,656.4 | 3,806.9 | 4,091.6 |

Source: Company, ICICI Direct Research

| Exhibit 15: Key ratios | | | | |
|-----------------------------|------|------|-------|-------|
| | FY21 | FY22 | FY23E | FY24E |
| Per share data (₹) | | | | |
| EPS | 12.2 | 17.5 | 20.5 | 25.0 |
| Cash EPS | 15.5 | 20.9 | 24.6 | 29.7 |
| BV | 64.3 | 79.1 | 93.6 | 111.7 |
| DPS | 0.0 | 5.0 | 6.0 | 7.0 |
| Cash Per Share | 15.6 | 19.0 | 23.1 | 27.8 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 11.9 | 14.8 | 14.9 | 17.1 |
| PBT / Net Sales | 9.8 | 12.0 | 12.2 | 14.2 |
| PAT Margin | 6.3 | 10.0 | 9.7 | 11.2 |
| Inventory days | 135 | 173 | 134 | 117 |
| Debtor days | 16 | 23 | 25 | 25 |
| Creditor days | 49 | 30 | 46 | 45 |
| Return Ratios (%) | | | | |
| RoE | 18.9 | 22.4 | 21.9 | 22.4 |
| RoCE | 19.4 | 15.8 | 18.3 | 20.5 |
| Valuation Ratios (x) | | | | |
| P/E | 19.4 | 13.5 | 11.5 | 9.4 |
| EV / EBITDA | 11.7 | 11.3 | 9.1 | 7.4 |
| EV / Net Sales | 1.4 | 1.7 | 1.4 | 1.3 |
| Market Cap / Sales | 1.2 | 1.3 | 1.1 | 1.1 |
| Price to Book Value | 3.7 | 3.0 | 2.5 | 2.1 |
| Solvency Ratios | | | | |
| Debt/EBITDA | 1.6 | 2.5 | 1.8 | 1.3 |
| Debt / Equity | 0.6 | 0.8 | 0.6 | 0.4 |
| Current Ratio | 2.7 | 4.6 | 3.3 | 3.2 |
| Quick Ratio | 0.6 | 0.9 | 0.8 | 0.9 |

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 | | | | RoCE (%) | | | | |
|------------------------------|-----|-----|-------|---------|--------|------|------|---------|-------|------|------|---------------|-------|------|------|-------|-------|------|------|----------|-------|------|------|-------|
| | (₹) | (₹) | | Rating | (₹ Cr) | FY21 | FY22 | FY23E | FY24E | FY21 | FY22 | FY23E | FY24E | FY21 | FY22 | FY23E | FY24E | FY21 | FY22 | FY23E | FY24E | FY21 | FY22 | FY23E |
| Balrampur Chini (BALCHI) | 365 | 515 | Buy | 7,662 | 22.8 | 22.8 | 31.0 | 42.6 | 16.0 | 16.0 | 11.8 | 8.6 | 12.3 | 12.5 | 9.9 | 7.2 | 2.9 | 2.8 | 2.5 | 2.2 | 16.4 | 15.3 | 17.6 | 23.0 |
| Dalmia Bharat Sugar (DALSUG) | 351 | 490 | Buy | 2,839 | 33.4 | 36.7 | 42.5 | 49.6 | 10.5 | 9.5 | 8.2 | 7.1 | 8.2 | 8.3 | 6.3 | 5.1 | 1.4 | 1.3 | 1.3 | 1.1 | 13.3 | 12.3 | 15.5 | 17.7 |
| Triveni Engineering (TRIENG) | 236 | 350 | Buy | 5,708 | 12.2 | 17.5 | 20.5 | 25.0 | 19.4 | 13.5 | 11.5 | 9.4 | 11.7 | 11.3 | 9.1 | 7.4 | 3.7 | 3.0 | 2.5 | 2.1 | 19.4 | 15.8 | 18.3 | 20.5 |
| Dwarikesh sugar (DWASUG) | 109 | 150 | Buy | 2,055 | 4.9 | 8.2 | 9.6 | 14.4 | 22.5 | 13.2 | 11.3 | 7.6 | 13.5 | 9.0 | 8.2 | 5.3 | 3.7 | 3.2 | 2.5 | 2.0 | 14.4 | 20.6 | 20.4 | 30.3 |
| Avadh Sugar (AVASUG) | 522 | 890 | Buy | 1,044 | 38.8 | 62.2 | 95.7 | 116.1 | 13.5 | 8.4 | 5.5 | 4.5 | 8.8 | 7.4 | 4.9 | 3.5 | 1.6 | 1.3 | 1.1 | 0.9 | 11.5 | 12.5 | 17.8 | 22.0 |

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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