Stock Note

Birla Corporation Ltd.

September 13, 2022

RETAILRESEARCH

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Cement & Cement Products	Rs.1089.3	Buy in Rs 1082-1095 band and add on dips to Rs 1007-1027 band	1192	1289	2-3 quarters

HDFC Scrip Code	BIRCOREQNR
BSE Code	500335
NSE Code	BIRLACORPN
Bloomberg	BCORP:IN
CMP Sep 12, 2022	1089.3
Equity Capital (Rs cr)	77
Face Value (Rs)	10
Equity Share O/S (cr)	7.7
Market Cap (Rs cr)	8389.1
Book Value (Rs)	786
Avg. 52 Wk Volumes	145279
52 Week High (Rs)	1650
52 Week Low (Rs)	823

Share holding Pattern % (Jun, 2022)	
Promoters	62.9
Institutions	20.4
Non Institutions	16.7
Total	100.0

* Refer at the end for explanation on Risk Ratings

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Our Take:

Birla Corporation Limited (BCL) is primarily engaged in the manufacturing of cement as its core business activity. It has a significant presence in the jute goods industry as well. BCL currently manufactures cement at eight locations through 11 manufacturing units with a combined capacity of 20 million tons per annum. BCL has a strong market presence in the central region, where it enjoys a market share of 14%. The Mukutban plant of RCCPL Private Limited (formerly Reliance Cement Company Private Limited), now a wholly owned subsidiary of Birla Corporation Limited is one of the most advanced cement factories in India, in terms of technology and efficiency parameters. With this expansion, BCL has strengthened its position in the western region.

We believe various cost saving initiatives taken by the company (such as waste heat recovery-based and solar power plants to replace high-cost grid power), increase in clinker capacity and coal extraction from captive mines would aid revenue and margin growth. Ramp-up of its newly commissioned greenfield integrated plant at Mukutban, with access to captive limestone and coal mines would further lead to improvement in operational efficiencies in the near term. The drag of the new plant on the operating metrics and the high power/fuel costs have impacted its FY22 results. We think both these could become more favourable to BCL in H2FY23 onwards.

Valuation & Recommendation:

Healthy pricing in north and central regions buoyed pricing by 5% QoQ in Q1FY23. High fuel prices (+20% QoQ), low utilisation, and stabilisation expenses of Mukutban drove up unitary opex by 6% QoQ. Adjusted unitary EBITDA (ex-Mukutban) recovered 15% QoQ to Rs 744 per MT. Operating losses amid ramp-up of Mukutban during FY23 should drag down its FY23 EBITDA by ~10% (15% impact in Q1). BCL has guided this plant to become EBITDA break-even by FY23 end. With major capex done, we expect gearing to cool off during FY23- 24E. We like BCL for its large retail presence in the lucrative north/central regions and various cost-cutting initiatives.

We believe investors can buy the stock in the range of Rs 1082-1095 band and add on dips to Rs 1007-1027 band (7.35x EV/EBITDA, $68 EV/MT), for base case fair value of Rs 1192 (8.25x EV/EBITDA, $76.5 EV/MT) and bull case fair value of Rs 1289 (8.7x EV/EBITDA, $81 EV/MT).

Financial Summary (Consolidated):

Particulars (Rs cr)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY21	FY22	FY23E	FY24E
Operating Income	2204	1749	26.0	2264	2.7	6785	7461	8827	9819
EBITDA	259	344	-24.5	277	6.3	1352	1110	1104	1496
APAT	74	142	-48.0	150	-50.8	689	430	234	456
Diluted EPS (Rs)	9.6	18.4	-48.0	19.4	-50.8	89.5	55.8	30.3	59.2
RoE-%						15.9	8.0	3.8	7.1
P/E (x)						12.2	19.6	35.9	18.4
EV/EBITDA						8.7	10.8	10.8	7.8
EV/MT (cr)						760	765.5	586.8	579.5

(Source: Company, HDFC sec)

Q1FY23 Result Review

Consolidated revenue from operations during the quarter stood at Rs 2,204 crores, up by ~26%, even during weak cement demand season during the quarter as the company managed to ramp up capacity utilization. Realization/t stood at Rs 5,311, up by ~7.66%, YoY but down 0.5% QoQ. Though the realizations improved, it wasn't enough to offset the rise in fuel and other costs. The company also faced challenges in terms of coal supply from linkage and e-auction coal from Coal India Ltd, which forced the company to procure coal from open market at a premium. Also, power cost at Satna and Chanderia plants shot up significantly. Power & fuel costs came in at Rs 1564/t (up 41% YoY and up 47% QoQ). Mukutban plant (3.9 mn tonnes capacity) commenced production on April 30. Including Mukutban, the capacity utilisation was 88%, while excluding it, the capacity utilisation came in at 101%.

EBITDA during the quarter stood at Rs 259 crores, down by ~24.5%. YoY. EBITDA/t stood at Rs 645, down by ~35.56%, YoY. However, if adjusted for the start-up costs of Mukutban, the division's profitability for the June quarter expressed as EBITDA per ton, remained more or less unchanged at Rs 751, compared to Rs 755 in Q1FY22. Adjusted PAT during the quarter stood at Rs 74 crores, down by ~48%. YoY. Net debt stood at Rs 3,701 crores vs Rs 3,368 crores in Q1FY22.

Trade mix during the quarter was 79:21, while blended sales came in at 91%. BCL registered volume growth in the June quarter in all its key markets in northern, central and eastern India driven largely by the infrastructure sector. However, the price hike taken in April to pass on the increase in input costs could not be sustained due to adverse market conditions.

Jute Division: After several quarters of sustained improvement in financial performance, its jute division delivered a weak quarter, primarily due to substantial increase in jute prices. Revenue remained flat during the quarter, raw jute prices per metric ton rose by ~11.4% YoY and total expenses were up by ~5.6% YoY. BCL continues to focus on increasing exports of value-added jute products as to reduce dependence on Govt orders at regulated prices.

Key Developments & Triggers:

Capacity expansion plans

Newly commissioned Mukutban plant: Commercial production at Mukutban started on April 30th, 2022. The management has drawn up a detailed plan to ramp up production over the next few quarters at Mukutban. The management expects Mukutban plant to break even at EBITDA level end of FY23 and the plant will also receive certain incentives starting FY24. The management highlighted the incentives include 100% of the SGST reimbursement, electricity duty and royalty on limestone paid by the unit. Incentives on account of SGST reimbursement will accrue after the exhaustion of input tax credit on capex from FY23-24. This integrated plant has added capacity of 3.9 MT of cement annually, which increased BCL's total production capacity to 20 million tons. This plant is equipped with a 40 MW captive power plant and 10.6 MW waste heat recovery system. It marks the largest investment in the history of the company.

Cost rationalization measures

During Q1FY23, the company had to face various challenges in terms of coal supply and high power cost and to mitigate this effect, the company took various costing saving initiatives. The YoY/QoQ increase in fuel cost was 79% and 21% respectively during the quarter. The company had to procure from open market at much higher prices as there were supply issues from linkage and e-auction coal from Coal India. Also, power cost in June quarter rose to Rs 433/t vs Rs 372/t in Q1FY23. To mitigate the effect or rising costs, the company took the following initiatives:

- In Q1FY23, BCL mined 89,450 MT of coal from Sial Ghoghri against its rated quarterly capacity of 75,000 MT. Coal extraction from RCCPL's captive mine at Sial Ghoghri was increased substantially during the quarter.
- In Q1FY23, the company increased the use of industrial waste as alternative fuel and raw materials (AFR) across all its plants. AFR usage was at ~12% of total fuel consumption vs ~4% in Q4FY22.
- The company also witnessed robust demand from power utilities at both Satna and Chanderia, which will reduce the power cost going forward.
- The company also increased transportation of fly ash and was able to reduce cost of additives to Rs 437/t in Q1FY23 vs Rs 472/t in Q1FY22.
- The company has been consistently raising share of renewables (WHRS & Solar) within its total power consumption which scaled up to ~22.8% in Q1FY23r vs ~22.3% Q1FY22.

Government incentives to provide cost advantage

RCCPL's manufacturing units in Madhya Pradesh & Uttar Pradesh have been recognized as Mega Projects by the government and are eligible for special incentives which include GST & Stamp duty exemption and capital investment subsidies. In FY22, accrued subsidy benefit stood at Rs 150 crores. As of March 31st, 2022, subsidy receivable stood at around Rs 500 crores. In addition to this, Mukutban is also eligible for fiscal incentives for 20 years, which is expected to be received from FY24 The incentive will be granted by way of 100% reimbursement of

SGST, electricity duty and royalty on limestone paid by the unit. Incentive on account of SGST reimbursement will start to accrue after exhaustion of the input tax credit on capital expenditure from FY23-24. As against Rs. 500 crore of fiscal incentives due as on March 31, 2022, BCL received Rs 55 crores in Q1FY23.

Adequate limestone resources and captive power plants

BCL has 2 operational captive limestone mines (Sagmania & Birhulli) at Satna, Madhya Pradesh & and operational captive limestone mines (Nagri mines Jai,and Surjana) at Chanderia, Rajasthan. It sources around ~82% of its limestone requirement from its captive mines, which are mixed with high-grade limestone procured from open market. The company also has captive coal-based power plants (CPP) having aggregate capacity of 54 MW, WHRS plants having capacity of 22.50 MW and 11.50 MW solar plants at Satna, Chanderia and Raebareli ensuring continuous supply of power at competitive rates meeting more than 55% of its power requirement in FY22. This reduces the company's dependence on expensive source of power from the grid.

RCCPL has WHRS plant of 12.25-MW capacity and solar power of 21.70-MW capacity at Maihar and Kundaganj (including 14-MW solar power plant was commissioned in Q4FY21), which has met 27% of company's power requirement in FY22. Also, the company has 40 MW captive power plant in Mukutband plan, which was commissioned in Apr'22.

BCL has captive coal mines at Sial Ghogri, Madhya Pradesh. The block has 15.56 million tons of mineable reserve and 5.69 million tons of recoverable reserves. It catered to ~41% (~43% in FY21) of the total coal requirements in FY22 of the company. Also, BCL has been allotted 2 coal mines in Madhya Pradesh (Bikram and Brahmapuri blocks) in the auction in Dec'19. The coal mines are expected to be operational at full capacity by FY26 onwards.

Strong locational advantage

BCL and RCCPL have the cement operating units spread across Madhya Pradesh, Uttar Pradesh, West Bengal, Maharashtra and Rajasthan. The entities are operating grinding facilities near the user markets to save upon the cost of logistics. The integrated plants at Satna and Chanderia enjoy very good central location to service markets as well as other grinding units. Major Clinker requirement for Raebareli and Durgapur are met from Satna, Chanderia and Maihar, whereas limestone requirements of individual plants are met out of a mix of captive limestone near the plants and purchase of high-grade limestone from open markets. Furthermore, apart from limestone which constitutes basic raw material, other raw materials are also located in close proximity to the project sites which in turn enables the entity to optimize its cost.

RCCPL has its operational units spread across Maihar in MP, Kundanganj (300 kms from Maihar) in UP and Butibori (461 kms from Maihar) in Maharashtra. Out of the three units, only the unit at Maihar is an integrated facility, whereas in other two places, the company is operating grinding facilities near the user markets to save upon the cost of logistics. Limestone requirements of the unit at Maihar are met through Sadhera and Salaiya mines which is around 10 kms from the site and clinker requirements of two grinding units are met from the Maihar site. The unit at Maihar is well equipped with railway sidings which provide smooth and cost-effective transportation.

Strong distribution network

BCL & RCCPL has a strong sales network of around 250 sales promoters and more than 9000 dealers, more than 24,000 sub-dealers. The company has a significant multi-region presence in Madhya Pradesh, Maharashtra, Uttar Pradesh & Rajasthan, In Q1FY23, around ~79% of revenue was generated through trade channels and around 21% from non-trade channels. Its plants cover an average radius of 320kms, on a combined basis.

Key highlights from Annual Report-FY22

Future expansion plans: BCL is committed to increasing its annual cement production capacity to approximately 30 million tons (mt) by 2030. Current production capacity stands at 20 million tons. This ambitious expansion plan promises a buoyant outlook for the Company by ensuring improved profitability and cash flow, and efficiency,

Key projects recently completed or are to be commissioned in the near term:

- Inaugurated its 3.90 million tons integrated cement facility at Mukutban, Maharashtra which is the greenfield plant of RCCPL Private Limited, a wholly-owned subsidiary (acquired in 2016). It is the fourth integrated cement plant of the Group and the biggest single line or kiln cement facility in Maharashtra by capacity. It is powered by a 2 x 20-megawatt thermal captive power facility.
- Expansion project at Chanderia in Rajasthan has been completed in October 2021 and clinkerisation capacity has been increased.
- Plans to expand the capacity of its Kundanganj unit to 3 million tons from 2 million tons are in place.
- Stepping up coal production from its captive mines, the production from Sial Ghoghri coal mine has already been ramped up to 30,000 tons per month, 20% higher than its peak rated capacity. The Company has also accelerated the development of the Bikram coal mine; its production is expected to begin by the end of FY23.
- Allotted two coal mines in Madhya Pradesh (Bikram and Brahmapuri blocks) in the auction conducted by Coal Ministry in December 2019.
- Aiming to add more renewables in the power mix with plans to add a total of 8 megawatts solar power capacity at Chanderia, Satna and Kundanganj in FY23. In addition, investments are being made to generate an additional 10.6 megawatt from waste heat recovery system at Mukutban
- Plans in place for setting up a new grinding facility in Gaya with a 1.2 MTPA capacity.

Industry Structure & Developments:

Cement Division: During the year, the cement industry struggled to raise prices against tepid demand even as input costs kept rising in line with crude oil. In the last few months of financial year 2021- 2022, international coal prices shot up in the wake of the Russia-Ukraine conflict, unseasonal rainfall in mining areas of Australia and Indonesia's ban on coal exports, according to rating agency Crisil.

Power and fuel accounts for 50-55% of total cost of the cement industry. According to Crisil's estimates, cement companies in India witnessed a 400-500 basis point contraction in margin in financial year 2021-2022. Margins would continue to remain under pressure in financial year 2022-2023 due to input costs, and the cement industry could witness another 100-200 basis point decline in margin, says Crisil.

At the same time, demand for cement in India in financial year 2021-2022 was impacted by unseasonal rainfall and poor availability of sand and construction workers. Still, cement demand in India during the year is estimated to have grown at around 7%, largely due to a revival in demand across all key markets in the fourth quarter, according to Crisil.

Cement companies have managed to raise prices at the end of financial year 2021-2022, and in view of the intensifying cost pressure, they would seek a further price hike of Rs 25-50 a bag, according to Crisil, but given the inflationary pressure on the economy and the squeeze on liquidity, it is not immediately clear whether the price hike could be sustained.

Jute Division: Jute Industry is mostly concentrated in the eastern part of India, particularly in West Bengal. It plays a vital role in the economy of the state. Jute Industry supports over 300,000 workers and over four million farm families. Jute Industry is principally dependent on the orders from the government food grains procuring agencies and over the previous few years, dependence on the government orders is increasing and now it accounts for about 70% of its installed capacity.

With increasing concern and awareness about the adverse effect of synthetic packaging material to the environment, the demand of jute goods is expected to strengthen going forward. Increase in use of jute shopping bag, floor covering, jute geotextile products provide opportunity to boost demand of jute goods. With the increased demand of jute products due to increased acceptability of environmentally friendly and sustainable products, it is expected that jute industry will be able to sustain its upward trajectory in long run.

Key Risks & Concerns:

Volatility in input costs: Limestone along with power and fuel cost (including petcoke) are the major cost components for the cement industry. Furthermore, the industry being high power and freight intensive, the operating dynamics are significantly driven by the prices/regulations of coal/pet coke and crude oil. The surge in crude oil prices in FY22 has raised freight costs significantly, resulting in diesel prices doubling up. Elevated input costs, coupled with high freight and fuel expense, have aggravated the cost pressure, which in turn has impacted the profitability of cement companies.

Cyclicality in cement sector: BCL remains exposed to demand and pricing dynamics in the cement industry, which are influenced by the cyclical economic trends and capacity additions by the players in the respective regions during such periods. When the capacity additions exceed the incremental demand, the prices and consequently, the profitability of the players get impacted.

Large debt-funded capex plans: RCCPL has set up a greenfield integrated cement plant at Mukutban, in Maharashtra, with a capacity of 3.9 million MTPA at a cost of around Rs 2,744 crores. The project is being funded through a debt-equity mix of 2:1 and it has commenced commercial production from April 2022, after a delay from the earlier expectations owing to operational challenges amid the Covid-19 pandemic. The total net debt/EBITDA stood moderate at 3.06 times in FY22 (vs 2.27 times in FY21) due to the higher debt levels and a moderation in the operating profits. The ongoing debt-funded capex (towards limestone, coal block and sustenance capex) along with continued pressure on operating margins is likely to moderate BCL’s leverage and coverage metrics in FY23.

Company Background:

Birla Corporation Limited is the flagship Company of the MP Birla Group. Incorporated as Birla Jute Manufacturing Company Limited in 1919. It was given shape by Mr. MP Birla. The Company has interest in cement and jute goods. Its Birla Jute Mills is the first jute mill started by an Indian entrepreneur. The Company and its subsidiary, RCCPL Pvt Ltd, have 11 cement plants spread in eight locations across the country, with an annual installed capacity of almost 20 million tons. The Company produces an array of cement products under the MP Birla Cement brand suited to different climatic conditions as well as consumer segments. It also sells construction chemicals and wall putty.

In August 2016, BCL successfully acquired 100% equity stake in RCCPL Private Limited (RCCPL) (erstwhile Reliance Cement Company Private Limited) at an enterprise value of Rs 4,800 crores (including a debt of Rs 2,400 crore) to expand its cement business.

Cement Division: The Cement Division of Birla Corporation Limited has 11 plants at eight locations, Satna & Maihar (Madhya Pradesh), Raebareli & Kundanganj (Uttar Pradesh), Chanderia (Rajasthan), Mukutban & Butibori (Maharashtra) and Durgapur (West Bengal). It manufactures varieties of cement like Ordinary Portland Cement (OPC), 43 & 53 grades, Portland Pozzolana Cement (PPC), fly ash-based PPC, Low Alkali Portland Cement, Portland Slag Cement (PSC), Low Heat Cement and Sulphate Resistant Cement. The cement is marketed under the brand names of MP Birla Cement PERFECT PLUS, RAKSHAK, SAMRAT ADVANCED, ULTIMATE ULTRA, UNIQUE, SAMRAT, ULTIMATE, CHETAK, PSC, MULTICEM & CONCRECEM, bringing the product under the common brand of M P Birla Cement.

BCL Plants

Location	Operational Capacity (million MT)
Satna, Madhya Pradesh	2.7
Chanderia, Rajasthan	4.2
Durgapur, West Bengal	2.1
Raebareli, Uttar Pradesh	1.2
	10.2

RCCPL Plants

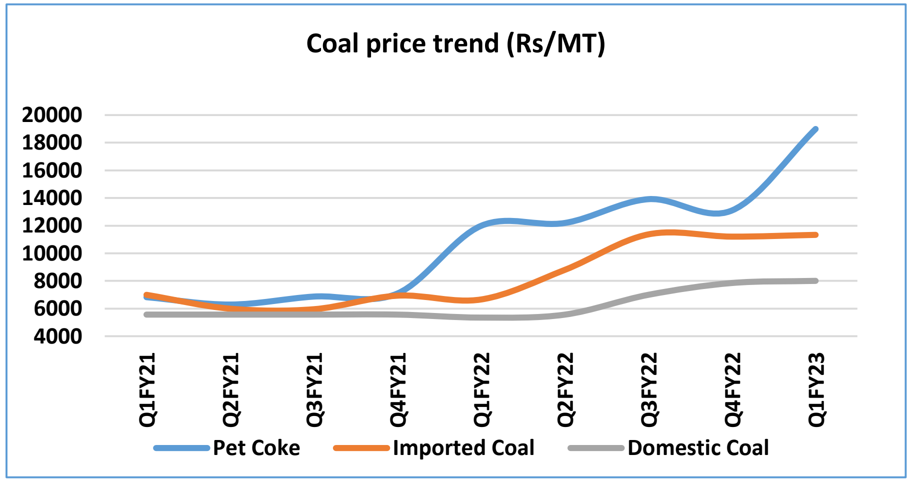
Location	Operational Capacity (million MT)
Maihar, Madhya Pradesh	3.2
Mukutban, Maharashtra	3.9
Kundanganj, Uttar Pradesh	2.2
Butibori, Maharashtra	0.5
	9.8

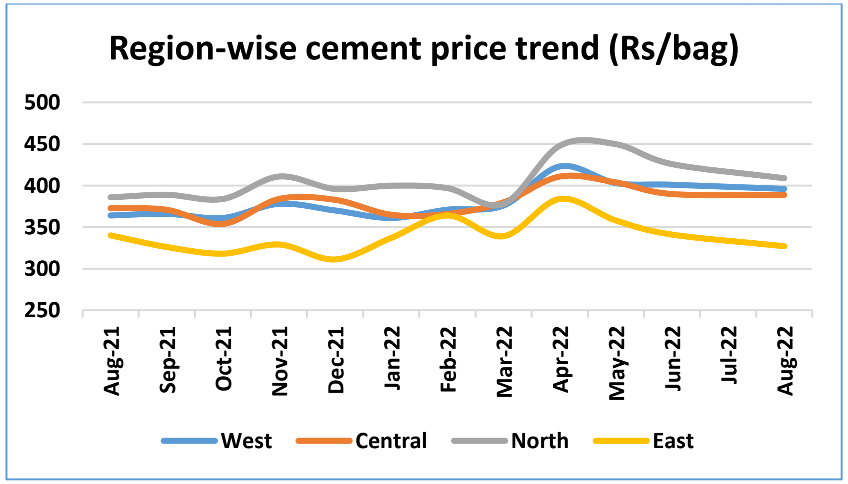
(Source: Company, HDFC sec)

Group Companies

Company	Relationship	% holding
RCCPL Private Limited (RCCPL)	Subsidiary of BCL	100.0
Birla Jute Supply Company Limited	Subsidiary of BCL	100.0
Talavadi Cements Limited	Subsidiary of BCL	98.0
Lok Cements Limited	Subsidiary of BCL	100.0
Budge Budge Floor Coverings Limited	Subsidiary of BCL	100.0
Birla (Cement) Assam Limited	Subsidiary of BCL	100.0
M.P. Birla Group Services Private Limited	Subsidiary of BCL	100.0
AAA Resources Private Limited	Subsidiary of RCCL	100.0
Utility Infrastructure & Works Private Limited	Subsidiary of RCCL	100.0

(Source: Company, HDFC sec)





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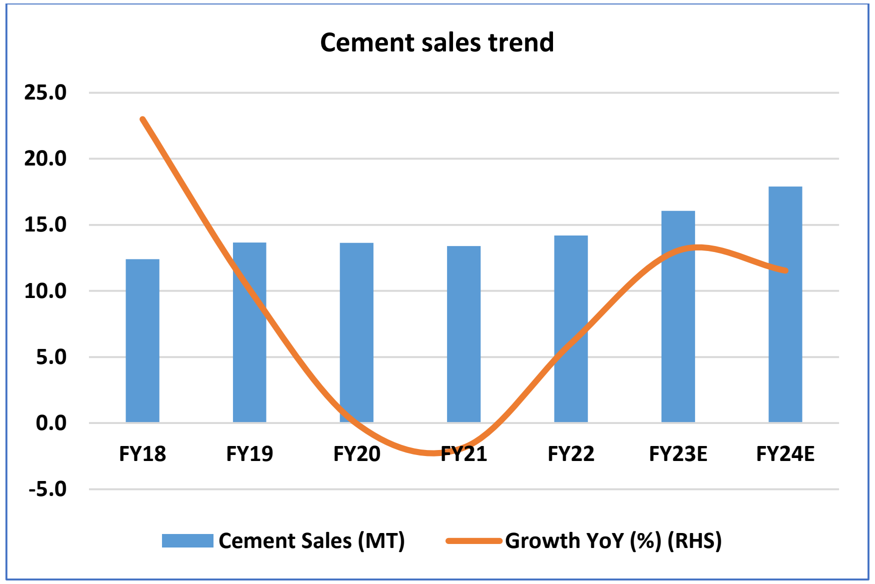
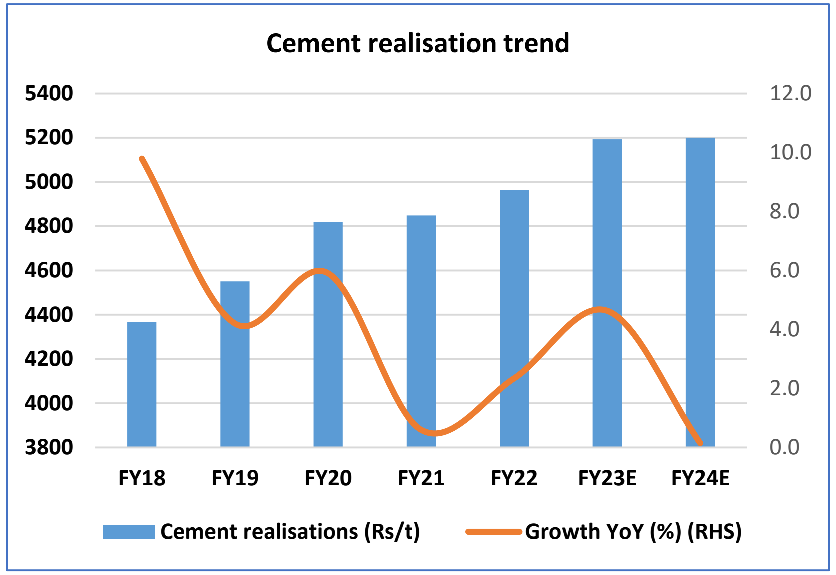
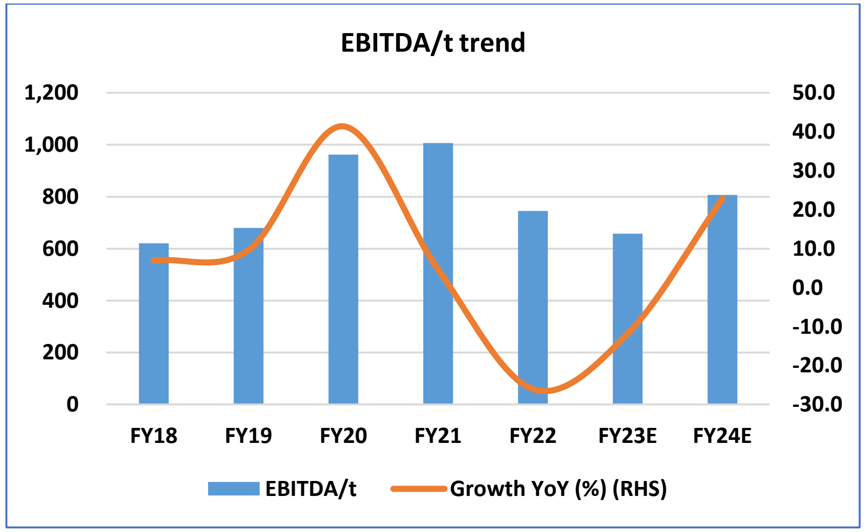
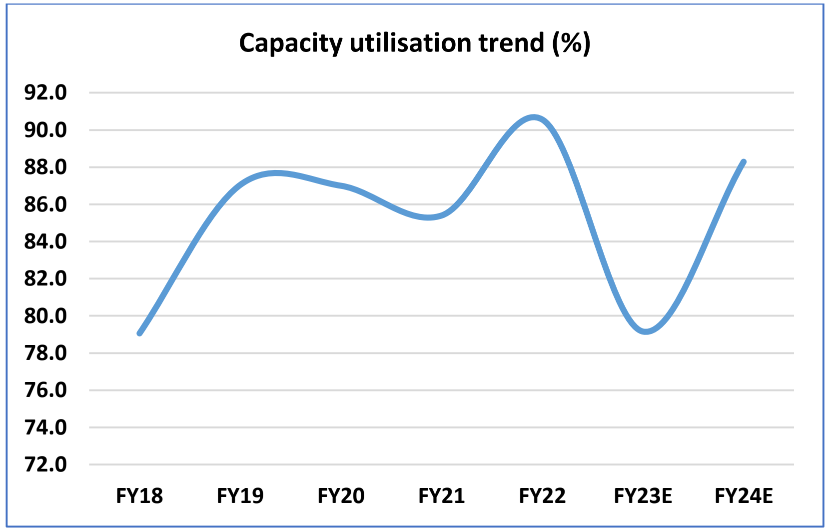








(Source: Company, HDFC sec)

Peer Comparison:

(Rs cr)	Mcap	Sales			EBITDA Margin (%)			APAT			RoE (x)			EV/EBITDA (x)			EV/MT (cr)		
		FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Birla Corporation	8389	7461	8827	9819	14.9	12.5	15.2	430	234	456	8.0	3.8	7.1	10.8	10.8	7.8	764	585	578
JK Cements	22024	7991	9491	10867	18.9	16.5	18.3	713	534	729	17.8	11.8	14.5	15.4	15.5	12.3	1190.0	1240.0	1040.0
Nuvoco Vistas	13647	9318	11529	12789	16.1	13.8	17.6	32	164	619	377.4	73.7	19.6	11.6	10.6	7.2	765.5	586.8	579.5

(Source: Company, HDFC sec)

Financials (Consolidated):

Income Statement

(Rs cr)	FY20	FY21	FY22	FY23E	FY24E
Net Revenues	**6916**	**6785**	**7461**	**8827**	**9819**
Growth (%)	***5.6***	***-1.9***	***10.0***	***18.3***	***11.2***
Operating Expenses	5580	5415	6351	7722	8323
EBITDA	**1336**	**1352**	**1110**	**1104**	**1496**
Growth (%)	***40.8***	***2.6***	***-19.0***	***-0.5***	***35.4***
EBITDA Margin (%)	***19.3***	***20.2***	***14.9***	***12.5***	***15.2***
Depreciation	352	371	397	495	572
Other Income	85	10	67	44	45
EBIT	**984**	**999**	**713**	**609**	**923**
Interest expenses	388	296	243	342	360
PBT	**682**	**714**	**538**	**311**	**607**
Tax	176	82	139	78	152
PAT	**505**	**631**	**399**	**234**	**456**
Share of Asso./Minority Int./EO (Loss)	0	-58	-31	0	0
Adj. PAT	**505**	**689**	**430**	**234**	**456**
Growth (%)	***97.5***	***36.4***	***-37.6***	***-45.7***	***95.0***
EPS	65.6	89.5	55.8	30.3	59.2

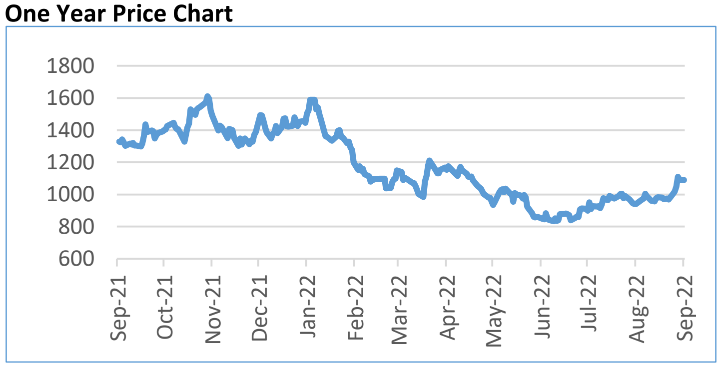
Balance Sheet

As at March	FY20	FY21	FY22	FY23E	FY24E
SOURCE OF FUNDS					
Share Capital	77	77	77	77	77
Reserves	4729	5409	5972	6171	6558
Shareholders' Funds	**4806**	**5486**	**6049**	**6248**	**6635**
Total Debt	4295	4146	4326	4226	4126
Net Deferred Taxes	857	867	972	1072	1072
Other Non-curr. Liab.	0	0	0	0	0
Total Sources of Funds	**9958**	**10499**	**11347**	**11546**	**11833**
APPLICATION OF FUNDS					
Net Block & Goodwill	7325	7579	10083	10011	0
CWIP	1602	2103	2549	49	349
Investments	160	289	407	407	407
Total Non-Current Assets	**9089**	**9717**	**10535**	**10540**	**10767**
Inventories	788	810	820	1059	1119
Debtors	250	280	303	309	344
Cash & Equivalents	776	641	740	743	790
Other Current Assets	1272	1448	1454	1574	1704
Total Current Assets	**3086**	**3178**	**3316**	**3685**	**3957**
Creditors	523	589	762	883	982
Other Current Liab & Provisions	1695	1807	1743	1796	1910
Total Current Liabilities	**2217**	**2396**	**2505**	**2679**	**2891**
Net Current Assets	869	782	812	1006	1066
Total Application of Funds	**9958**	**10499**	**11347**	**11546**	**11833**

Cash Flow Statement

(Rs Cr)	FY20	FY21	FY22	FY23E	FY24E
Reported PBT	682	713	538	311	607
Non-operating & EO items	-59	53	-77	-44	-45
Interest Expenses	388	296	243	342	360
Depreciation	352	371	397	495	572
Working Capital Change	21	-20	0	-191	-13
Tax Paid	-42	-84	-61	22	-152
OPERATING CASH FLOW (a)	**1341**	**1328**	**1039**	**936**	**1331**
Capex	-986	-803	-776	-500	-800
Free Cash Flow	355	526	263	436	531
Investments	-208	207	-11	0	0
Non-operating income	10	14	12	44	45
INVESTING CASH FLOW (b)	**-1184**	**-582**	**-775**	**-456**	**-755**
Debt Issuance / (Repaid)	186	-225	125	-100	-100
Interest Expenses	-387	-349	-318	-342	-360
FCFE	154	-49	70	-6	71
Share Capital Issuance	0	0	0	0	0
Dividend	0	-127	-77	-35	-68
Others	0	0	0	0	0
FINANCING CASH FLOW (c)	**-201**	**-702**	**-270**	**-4377**	**-529**
NET CASH FLOW (a+b+c)	**-44**	**45**	**-6**	**3**	**47**

One Year Price Chart



Key Ratios

Particulars	FY20	FY21	FY22	FY23E	FY24E
Profitability Ratios (%)					
EBITDA Margin	19.3	20.2	14.9	12.5	15.2
EBIT Margin	14.2	14.7	9.6	6.9	9.4
APAT Margin	0.0	0.0	0.0	0.0	0.0
RoE	13.2	15.9	8.0	3.8	7.1
RoCE	9.0	11.0	6.5	4.7	6.3
Solvency Ratio (x)					
Net Debt/EBITDA	2.6	2.6	3.2	3.2	2.2
Net D/E	0.9	0.8	0.7	0.7	0.6
PER SHARE DATA (Rs)					
EPS	65.6	89.5	55.8	30.3	59.2
CEPS	111.3	137.6	107.4	94.7	133.5
BV	517.3	605.6	785.5	811.3	861.6
Dividend	7.5	10.0	10.0	4.6	8.9
Turnover Ratios (days)					
Debtor days	13	15	15	13	13
Inventory days	42	44	40	44	42
Creditors days	28	32	37	37	37
VALUATION					
P/E	16.6	12.2	19.6	35.9	18.4
P/BV	1.7	1.5	1.4	1.3	1.3
EV/EBITDA	8.9	8.7	10.8	10.8	7.8
EV/MT (cr)	761.3	760.4	765.5	586.8	579.5
Dividend Yield (%)	0.7	0.9	0.9	0.4	0.8

(Source: Company, HDFC sec)

PRANAV DHIRAJ JAIN

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HDFC Sec Retail Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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