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Techno Funda Stock Pick

Somany Ceramics Ltd.

22-May-2023

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RETAIL RESEARCH

Somany Ceramics Ltd.

Stock	Buying Band	Adding band	Targets	SL *	Time Horizon
Somany Ceramics Ltd.	Rs. 602-614	Rs 530-540	Rs. 667 & 724	Rs 491	6-9 months

*Note: * Excluding Freak Trades lasting less than a minute. SL on closing basis*

Somany Ceramics Ltd (Weekly Chart)

Technical Observations:

- Somany Ceramics has corrected from an intermediate high of 970 tested in November 2021 and found support at the 446 levels in December 2022.
- These are strong supports as they roughly correspond to the 50 month SMA and previous intermediate highs of the stock tested in April 2019. This indicates the change of polarity principle is in operation as prior resistances are now acting as supports.
- The stock has since then gradually climbed higher and made higher tops and higher bottoms over the last few months.
- This week, the stock has broken out of the recent trading range on the back of above average volumes. In the process, the stock has also convincingly moved above the 200 day EMA, indicating that the bulls have gained an upper hand over the stock. This augurs well for the uptrend to continue.
- Weekly momentum indicators like the 14-week RSI are in rising mode and at 64.97 is not overbought, suggesting scope for more upsides in the coming months.
- With the intermediate and long term technical setup too looking positive, we believe the stock has the potential to move higher in the coming weeks and therefore recommend a buy. Our entry levels with stop loss and targets have been mentioned above.

Our Take:

Somany Ceramics Ltd (SCL) in a manufacturer of tiles, sanitaryware and bathroom fittings. Somany is one of the leading players in the Indian tiles industry with over four-decade-long track record of operations, well-recognised brand and pan-India distribution reach. It is the second largest Indian ceramic tiles company; having total tiles capacity of ~75 MSM (million square meters) p.a. (including dedicated outsource tie ups). The company mainly caters to domestic market (95%) and markets its tiles under the established brand names like Somany, Duragress, Durastone, Glostra, Vistoso, Vitro, VC Shield, Slip shield; that caters to customers of different price points. SCL has one of the largest distribution network - 9,000+ PoS across regions, which include 4,000+ dealers (added 225 dealers during 9MFY23). Around 80% of the network is based in Tier-3 and 4 towns. This wider and deeper non-metro presence which are relatively under-serviced by branded tile companies; would help enhance market share in these regions.

Somany Ceramics is on path of aggressive capacity additions in tiles - primarily in value added products; rebrand itself as a premium tiles brand. The proportion of revenues derived from GVT (Glazed Vitrified Tiles) has increased from 18.5% in FY19 to 25.4% in FY22 and likely to increase to 34% in couple of years. Recent capacity addition of 11 MSM is largely dedicated to GVT, thereby strengthening its realisations and improving margins. The company has announced setting up of greenfield manufacturing facility of large format/ slab tile of ~4.5 MSM in Gujarat; which is expected to commence production in Q2FY24. Additionally, the company has announced JV with Murarka Group for establishing a manufacturing facility in Nepal having capacity of ~3.5 MSM.

Gas prices have moderated meaningfully from recent peak levels, indicating margins have bottomed out in Q3FY23. Uptick in export sales from Morbi coupled with Government's thrust on building smart cities & affordable housing, ongoing housing upcycle as well as home improvement/upgradation would support domestic demand and prices. The company expects healthy rise in demand ahead and has guided for mid-teen revenue growth in FY24. High ad-spends and discounts/schemes to incentivise higher dealer stocking are expected to continue; but superior product mix (improving share of GVT to overall tiles segment) and likely stabilisation of gas cost prices should aid margin expansion in the coming quarters. The upcoming slab plant of 4.5MSM (Somany Max) which is expected to operationlise in Q2FY24 would further support margin expansion. Use of LPG or propane as an alternative to gas would support margin improvement over medium to long term. Bathware segment is expected to grow at an accelerated pace (CAGR of 20%+) on account of low base and robust demand leveraging on its brand and strong distribution network.

SCL reported tepid operational performance in 9MFY23, but we expect it to improve going ahead as margins would expand due to softening of gas prices. Somany's new capacities coming on stream will also improve product mix and be margin-accretive. Strong domestic demand tailwinds due to pick-up in the housing market and expected rebound in tiles exports would support healthy volume growth. We like SCL for its strong retail distribution, improving product mix, and tightening working capital. The company has been trading at an average ~30% discount to Kajaria's valuation. All these factors would narrow the valuation gap.

Financial Summary:

Particulars (Rs cr)	Q3FY23	Q3FY22	YoY-%	Q2FY23	QoQ-%	FY19	FY20	FY21	FY22
Total Operating Income	622.4	587.0	6.0	617.8	0.8	1,715.1	1,610.1	1,650.5	2,094.5
EBITDA	40.6	62.4	-35.0	42.2	-3.9	164.5	131.4	190.8	206.5
PAT	11.5	34.2	-66.4	11.7	-1.9	65.5	45.7	79.7	93.4
Adjusted PAT	12.0	32.2	-62.9	14.7	-18.8	46.3	15.0	57.7	88.7
EPS (Rs)	2.8	7.6	-62.9	3.5	-18.8	10.9	3.5	13.6	20.9
RoE-%						7.8	2.5	9.1	12.8
P/E (x)						55.7	171.7	44.6	29.1
EV/EBITDA (x)						18.5	23.1	14.8	14.4

(Source: Company, HDFC sec)

Somany Ceramics Ltd.

Quarterly Performance:

	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Revenue (Rs cr)	356	169	424	492	565	330	561	587	617	559	618	622
Growth-% (YoY)	*-31.4%*	*-57.2%*	*0.4%*	*12.9%*	*58.6%*	*94.7%*	*32.3%*	*19.2%*	*9.2%*	*69.5%*	*10.2%*	*6.0%*
Gross Margin (%)	64.4%	31.0%	54.2%	57.4%	54.1%	61.1%	55.0%	58.5%	52.0%	61.3%	57.3%	55.3%
EBITDA (Rs cr)	14	-12	49	63	90	23	68	62	51	45	42	41
EBITDA Margin (%)	3.9%	-6.9%	11.7%	12.9%	15.9%	7.0%	12.2%	10.6%	8.2%	8.0%	6.8%	6.5%
PAT Margin (%)	-2.6%	-13.0%	4.8%	5.7%	5.5%	1.4%	6.2%	5.5%	2.8%	3.7%	2.4%	1.9%
Tiles Volume (in MSM)	11.1	5.2	12.9	14.9	16.9	10.0	16.2	15.6	16.1	14.3	15.9	16.2
Growth-% (YoY)	*-27.9%*	*-56.5%*	*2.9%*	*11.8%*	*52.0%*	*93.6%*	*25.1%*	*4.8%*	*-4.5%*	*42.4%*	*-1.7%*	*3.7%*
Average Realisation (Rs /sqm)	280	285	288	288	291	292	306	329	333	337	341	336
Growth-% (YoY)	*-3.3%*	*-1.0%*	*-1.4%*	*0.7%*	*3.8%*	*2.4%*	*6.3%*	*14.2%*	*14.2%*	*15.3%*	*11.3%*	*2.2%*

(Source: Company, HDFC sec)

Key Developments & Near Term Triggers:

Moderation in gas price, alternative fuel management along with focus on value added mix would drive margin expansion:

Gas prices accounts for ~30% of the raw material cost for the tile manufacturers. Gas prices had spiked ~3x from Sep'20 to Mar'22 which impacted players across the industry especially unorganised players in Morbi. Many players observed shutdown of plants due to higher running cost of the plants, weak demand and inability to pass on raw material price increases. Large players, like Somany, modified their requirement and switched consumption partly to alternative fuels such as LPG or propane. In Q2FY23, the management highlighted that 50% of its units were run by LPG (LPG prices at Rs 50/scm vs Gas prices of Rs 65/scm during the said period). In Q3FY23, 10-15% plants were currently running on LPG while rest moved to natural gas which became cheaper than LPG. If LPG prices comes down, then they can switch back to LPG. SCL has fungible fuel management system in place and it takes only 6-8 hours to switch to alternate fuel.

Somany Ceramics posted weak number on the margin front; EBITDA margin of 8%/6.8%/6.5% in Q1FY23/Q2FY23/Q3FY23 compared to normal levels of 9-10%. Weak export demand, heightened local competitive pressures, high RM prices, logistical disruptions due unavailability of truckers in Q2FY23 impacted company's performance. Gas prices have moderated meaningfully from recent peak levels, which augurs well on the margin front. Gas prices are fallen further ~6-7% QoQ in Q4FY23, indicating margin has bottomed out in Q3FY23.

High ad-spends and discounts/schemes to incentivise higher dealer stocking are expected to continue; but superior product mix (improving share of GVT to overall tiles segment) and likely stabilisation of gas cost prices should aid margin expansion in the coming quarters. The upcoming slab plant of 4.5MSM (Somany Max) which is expected to operationlise in Q2FY24 would further support margin expansion. Use of LPG or propane as an alternative to gas would support margin improvement over medium to long term.

Export demand witnessing some green shoots:

The Indian Ceramic tiles industry is highly fragmented with Morbi (Gujarat) contributing 50-55% of India's total production. Largest ceramic cluster, Morbi, continued to scale operations, largely on the export front. India, over the years, has gained a strong foothold globally in tiles exports (from Rs 2.4bn in FY14 to Rs 128bn in FY22). Imposition of anti-dumping duty by the US and Europe on Chinese tiles benefitted Morbi players. Healthy export growth would reduce the competitive intensity in the domestic market, making room for higher growth for leading domestic brands like Somany. After witnessing a good run for the last few years, it witnessed subdued export demand, increase in freight rates, shortage of containers, inflated raw material costs. Higher supply in domestic market and morbi tiles available ~20-25% cheaper than leading organised brands impacted the volumes of organised players. Small unorganized players in Morbi resorted to substantial under-cutting of prices due to their cashflow issue.

The situation however saw some improvement in last few months with significant fall in ocean freight rate, anti-dumping duty on Turkey by major European countries and significant rise in electricity & gas prices in Europe. Indian tiles players saw demand revival in Europe supported by competitive price advantage. Strong export sales from Morbi coupled with Government's thrust on building smart cities & affordable housing and ongoing real estate upcycle would benefit leading domestic players like Somany. Commissioning of new greenfield slab manufacturing facility of ~4.5 MSM in Gujarat in FY24E and setting up of 3.5 MSM tiles manufacturing capacity in Nepal via JV with Murarka Group would support healthy volume growth.

Weak performance in the last few quarters; expect sharp recovery especially on the margin front:
SCL reported revenue growth of 21.8% YoY during 9MFY23 largely driven by higher tiles volumes (up 11% YoY). Overall subdued demand environment impacted sequential volume growth and realizations. Rising interest rates, extended monsoon, festivity season, logistical disruptions due unavailability of truckers in Q2FY23 impacted volume offtake. Substantial rise in power & fuel costs suppressed its EBITDA margin (down 330 bps YoY during 9MFY23 to 7.1%). Discounting /incentives to dealers and ad spends further impacted the margins. After relatively weak performance; the management expects business recovery from Q4FY23 onward on the back of reduced competition from Morbi (strong rebound in exports) and decline in gas prices. Gas prices have cooled off indicating margin has bottomed out in Q3FY23. Ongoing housing upcycle as well as home improvement/upgradation would support domestic demand. The company expects healthy rise in demand ahead and has guided for mid-teen revenues growth in FY24. Somany continues to work towards moving up the value chain by improving its product mix, increasing market share, brand visibility and optimising costs.

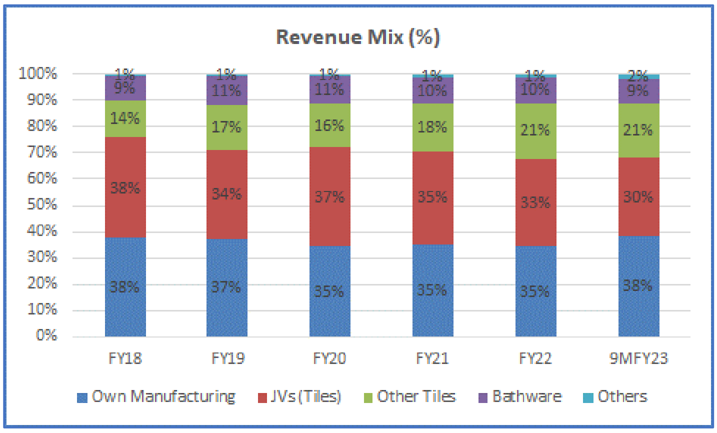
(Source: investing.com, HDFC sec)

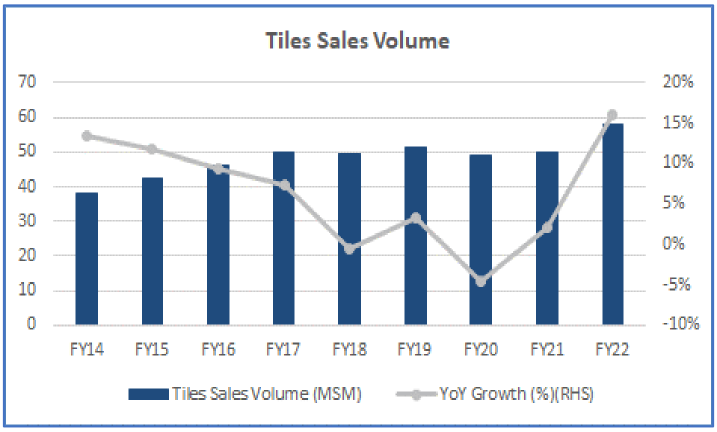
Long Term Triggers:

Established market position in the tiles industry having a strong brand name:
Somany Ceramics Ltd is one of the leading players in the Indian tiles industry with over four-decade-long track record of operations, well-recognised brand and pan-India distribution reach. The company's diverse products range comprises ceramic wall and floor tiles, polished vitrified tiles, glazed vitrified tiles, sanitaryware and bath fittings. Its 11 plants that manufacture tiles, sanitaryware and bath fittings are spread across India, which aids faster turnaround in serving over 9,000 point of sales across regions. It markets its tiles under the established

brand names like Somany, Duragress, Durastone, Glostra, Vistoso, Vitro, VC Shield, Slip shield. These brands cater to various price points and enjoy a strong recall.

Somany invested extensively in a design studio to develop new styles and collections, strengthening a premium yet affordable positioning. With expansion into the bathware segment, whereby it sells sanitaryware, faucets and bath fittings; SCL has marked its position as premium bath interior solutions apart from being a strong tile brand. Bathware segment is a natural extension of its product line, and is leveraging its distribution network (600 dealers overlap). The company strengthened its bath fittings offtake through the successful introduction of the ‘French Collection’ series. To improve its brand visibility, the company appointed Salman Khan as Brand Ambassador. It invests 2-3% of revenues in brand building. With presence across multiple price points and products, significant distribution reach as well as brand recognition, the company has been able to maintain a healthy market position.





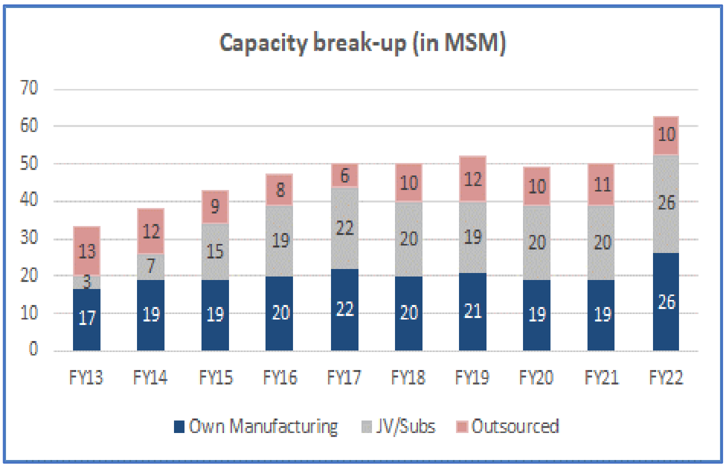
(Source: Company, HDFC sec)

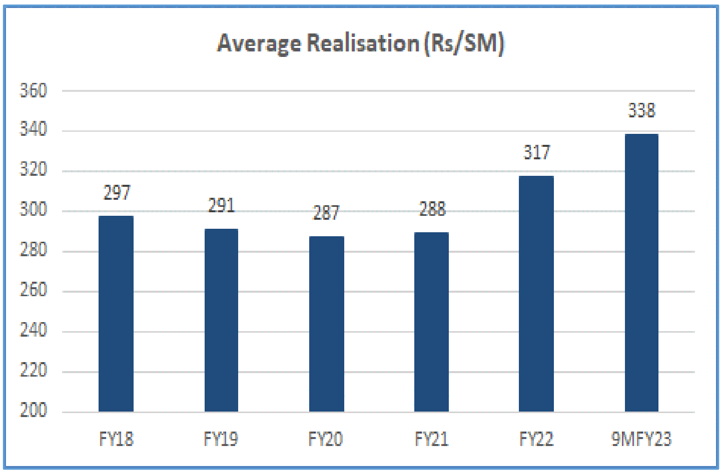
Strong distribution network and retail focus:

SCL has one of the largest distribution network - 9,000+ PoS across regions, which include 4,000+ dealers (added 225 dealers during 9MFY23). The company’s trade partners were dispersed across the country – North India generated 44% of revenues, South India 26%, Eastern India 18%, West India 9% and exports 3%. The company has widened its distribution footprint, appointed more active retailers and churned inactive ones, strengthening its distribution efficiency. SCL’s distribution network comprises a market presence across 6000+ retailers; approx 80% of the network is based in Tier-3 and 4 towns. This wider and deeper non-metro presence which are relatively under-serviced by branded tile companies; would help enhance market share in these regions. SCL, in recent years, has made a decisive shift from institutional customers to servicing retail demand with the objective to broadbase its risk profile, be proximate to customers and improving realisations. Revenue from retail segment currently forms 80%+. To enhance its retail presence, SCL has increased its promotional expenses - increased its visibility through print, electronic media - to build brand image. The company has set up 400+ exclusive showrooms and franchise outlets pan-India.

Capacity expansion & Consistent Thrust on improving product mix:

Somany Ceramics is on path of aggressive capacity additions in tiles primarily in value added products; rebrand itself as a premium tiles brand. In term of the products, glazed vitrified tiles (GVT) commands best margins, followed by ceramic tiles and then plain vitrified tiles. The proportion of revenues derived from GVT has increased from 18.5% in FY19 to 25.4% in FY22 and likely to increase to 34% in couple of years. As at March’22, the company had access to ~63 million square meters (MSM) of tiles, mainly through its own plants (26.28 msm), through subsidiaries/associates (26.39 MSM) and through other outsourced partners (~10 MSM). The company had undertaken largest capacity through three different projects which resulted in net addition of 11 MSM, which was operational in Q1FY23. These projects were spread across three different geographies which gives strategic advantage to the company. This new capacity of 11 MSM has potential to generate revenue to the tune of Rs 250-300cr at optimal utilisation levels. This capacity expansion is largely dedicated to GVT, thereby strengthening its realisations. The company has announced capex of Rs 170cr for greenfield manufacturing facility of large format tiles/slabs of ~4.5 MSM capacity in Gujarat (Somany Max plant) which is expected to commence production in Q2FY24. Additionally, the company has announced JV with Murarka Group for establishing a manufacturing facility in Nepal having capacity of ~3.5 MSM entailing capex of Rs 62.5cr (50% share). Around 75-80% of its production will be for Nepal market while the remaining for the regions around the border in India. Large capacity addition in value added premium segment would improve its average realization and margins.





(Source: Company, HDFC sec)

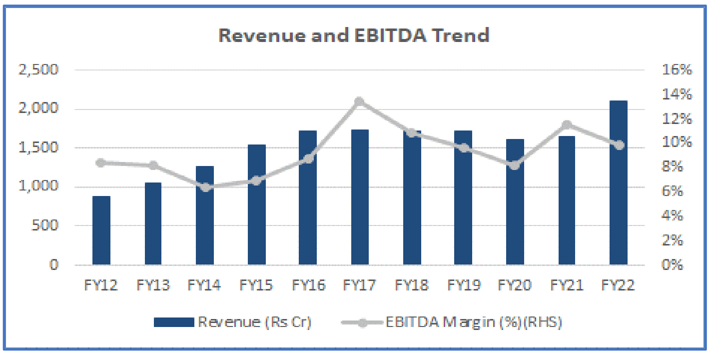
High growth in bathware segment:

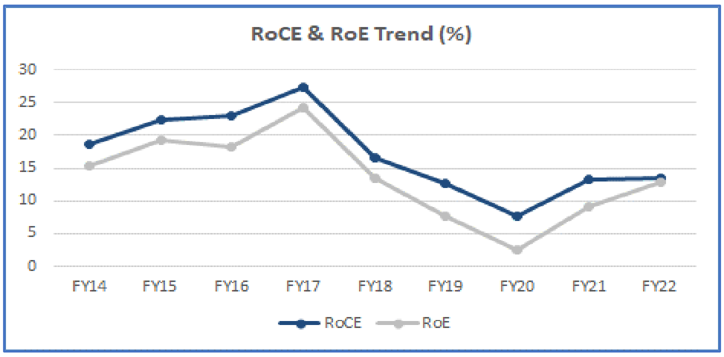
Somany forayed into the sanitaryware business in 2007; it forayed into the bath fittings business in 2010. It started off by selling outsourced products, and later it set up its capacity. Bathware segment is a natural extension of its product line, and is leveraging its distribution network (600 dealers overlap). The company has widened its reach through the scaling up of new Bath Studios, leveraging the ‘shop in shop’ approach to widen its retail footprint. To cater to high-end premium consumers, SCL has launched the ‘French Collection’ range of sanitary-ware (smart and intelligent toilet market). Contributing ~9.5% of topline in 9MFY23, the management expects this segment to grow at accelerated pace (CAGR of 20%+) on account of low base and robust demand leveraging on its brand and strong distribution network.

Financial Discipline and likely improvement in return ratios:

Somany Ceramics reported weak set of numbers during FY17-20 due to industry and company-level issues. Weak demand due to slowdown in real estate (impacted by demonetisation and GST-related destocking by dealers) impacted revenue and margins. Somany also had its fair share of issues in the recent past (employee/broker fraud, mis-management in treasury operations) which pulled down its profits. The management had adopted certain corrective measures - credit discipline, cash flow focus, strengthening operations, and cleaning up its balance sheet; which protected investor interests. The company moderated its receivables cycle and increased the proportion of cash and carry business. Capacity addition in the value-added segment would improve its average realisation and pull its margins closer to the industry leader. Despite clouded global outlook, Indian’s tile industry should benefit from government’s thrust on smart cities & affordable housing and softening of gas prices.

Somany Ceramics Ltd.





(Source: Company, HDFC sec)

Key Risks & Concerns:

Intensifying competition: The tile industry is highly fragmented with the unorganised sector accounting for more than 50% value share and ~60% volume share. The company faces competition from other large players like Kajaria Ceramics Ltd, H & R Johnson (India), Asian Granito India apart from Morbi players. Strong competition from Morbi players in the past, has dented the realisations and working capital of large players. Also in the last 4-5 years, players in Morbi have started focusing on brand creation (participating in exhibitions, road shows). Excess capacity addition could intensify competition in domestic market impacting the company growth outlook.

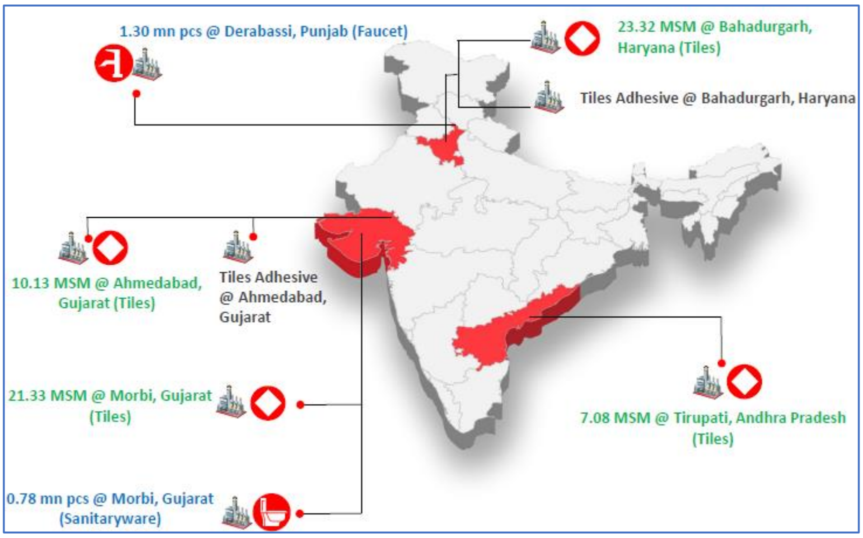
Slowdown in exports: Largest ceramic cluster, Morbi (Gujarat), have been largely focused on export sales. Healthy export growth reduces the competitive intensity in the domestic market, making room for high growth for leading domestic brands. Slowdown in exports could result in oversupply of tiles in the domestic market, leading to under-cutting of prices by small unorganized players and can affect volume offtake of the company. Levy of anti-dumping on Indian tiles by any key export country could impact export momentum.

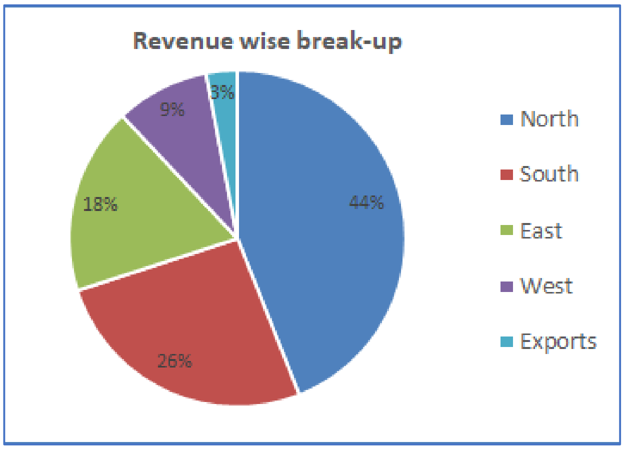
Volatility in fuel /gas prices: Gas accounts for ~30% of total production cost. Availability and pricing of natural gas remains a concern; an increase in gas price would adversely impact margins. Continued rise in gas prices will hit profits owing to industry's limitation to pass on the cost inflation.

Slowdown in real estate sector: The tile industry's growth is highly dependent on overall economic development and the real estate sector. Any slowdown in the real estate sector could dampen SCL's growth prospects. Any slowdown in Tier 2 and 3 cities may dampen its volume growth.

Company Background:

Somany Ceramics Ltd (SCL), founded in 1968, in a manufacturer of tiles, sanitaryware and bathroom fittings. Somany is a complete décor solutions provider and its extensive range of products include – Ceramic Wall and Floor Tiles, Polished Vitrified Tiles, Glazed Vitrified Tiles, Digital Tiles, Sanitaryware and Bath Fittings as well as Tile Laying Solutions. It is the second largest Indian ceramic tiles company; having total tiles capacity of ~75 MSM (million square meters) p.a. (including dedicated outsource tie ups). The company has announced setting up of greenfield manufacturing facility of large format/ slab tile of ~4.5 MSM in Gujarat; which is expected to commence production in Q2FY24. Additionally, the company has announced JV with Murarka Group for establishing a manufacturing facility in Nepal having capacity of ~3.5 MSM. The company mainly caters to domestic market (95%) and markets its tiles under the established brand names like Somany, Duragress, Durastone, Glostra, Vistoso, Vitro, VC Shield, Slip shield; that caters to customers of different price sensitivities. SCL has also presence in bathware segment and has in-house manufacturing capacity 0.78 mn pieces p.a. of sanitaryware and 1.30 mn pieces p.a of bath fittings products. The company has significant presence in markets beyond Tier-1 cities and has wide distribution network of 4000+ dealers. The company continues to work towards moving up the value chain by way of improved product mix, increase in market share, higher brand visibility and cost optimisation through use of alternative fuels.





(Source: Company, HDFC sec)

Peer comparison:

	Mcap (Rs cr)	Revenue			EBITDA Margin (%)			PAT		
		FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Somany Ceramics	**2,581**	**2,434**	**2,743**	**3,087**	**7.4**	**9.6**	**10.2**	**69**	**120**	**157**
Kajaria Ceramics	18,983	4,382	5,021	5,768	13.5	15.7	16.4	352	491	607

	RoE (%)			P/E (x)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Somany Ceramics	**9.1**	**14.3**	**16.1**	**37.6**	**21.4**	**16.4**
Kajaria Ceramics	15.5	19.7	21.5	53.9	38.5	31.2

(Note: Kajaria Ceramics Ltd reported FY23 numbers; Source: Bloomberg estimates, HDFC sec)

Somany Ceramics Ltd.

Financials:

Income Statement

(Rs Cr)	FY19	FY20	FY21	FY22
Net Revenues	**1715.1**	**1610.1**	**1650.5**	**2094.5**
Growth (%)	**0.1**	**-6.1**	**2.5**	**26.9**
Operating Expenses	1550.5	1478.7	1459.7	1887.9
EBITDA	**164.5**	**131.4**	**190.8**	**206.5**
Growth (%)	**-11.5**	**-20.2**	**45.2**	**8.3**
EBITDA Margin (%)	**9.6**	**8.2**	**11.6**	**9.9**
Depreciation	44.3	59.0	61.3	64.0
EBIT	**120.3**	**72.4**	**129.4**	**142.6**
Other Income	18.0	12.7	12.8	13.4
Interest expenses	45.9	49.4	40.1	29.6
PBT	**92.3**	**35.8**	**102.1**	**126.4**
Tax	26.8	-9.9	22.4	33.0
RPAT	65.5	45.7	79.7	93.4
APAT	**46.3**	**15.0**	**57.7**	**88.7**
Growth (%)	**-38.1**	**-67.6**	**284.7**	**53.7**
EPS	10.9	3.5	13.6	20.9

Balance Sheet

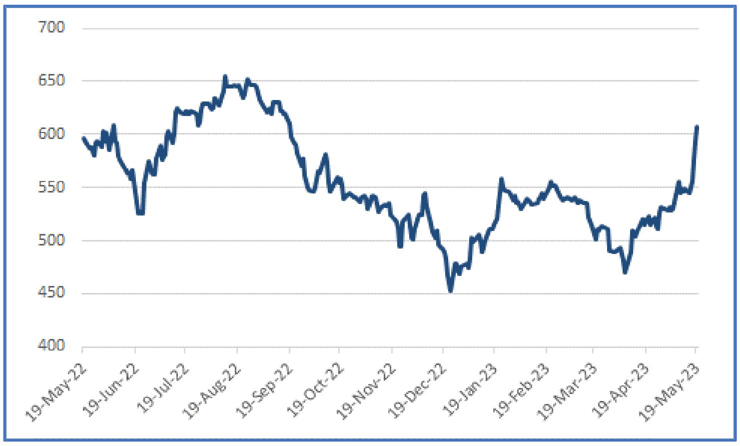
As at March (Rs Cr)	FY19	FY20	FY21	FY22
SOURCE OF FUNDS				
Share Capital	8.5	8.5	8.5	8.5
Reserves	604.6	598.0	646.9	717.8
Shareholders' Funds	**613.0**	**606.5**	**655.4**	**726.3**
Minority's Interest	89.6	94.1	99.7	107.6
Long Term Debt	237.3	221.2	183.7	204.0
Net Deferred Taxes	53.2	35.8	32.1	32.3
Long Term Prov & Others	32.8	37.2	40.9	42.5
Total Source of Funds	**1025.9**	**994.8**	**1011.8**	**1112.7**
APPLICATION OF FUNDS				
Net Block & Goodwill	712.9	777.9	756.9	752.0
CWIP	24.7	6.0	8.6	226.7
Other Non-Current Assets	23.7	18.3	20.7	23.5
Total Non Current Assets	**761.3**	**802.2**	**786.2**	**1002.2**
Current Investments	68.3	34.1	89.8	60.0
Inventories	254.5	328.2	244.6	273.7
Trade Receivables	417.9	279.8	230.7	236.8
Cash & Equivalents	40.0	20.1	149.1	148.6
Other Current Assets	122.4	87.5	59.2	66.9
Total Current Assets	**903.2**	**749.7**	**773.4**	**786.0**
Short-Term Borrowings	273.3	254.8	215.0	343.1
Trade Payables	202.1	172.9	188.2	225.5
Other Current Liab & Prov	163.1	129.5	144.7	107.0
Total Current Liabilities	**638.6**	**557.2**	**547.8**	**675.5**
Net Current Assets	264.6	192.6	225.6	110.5
Total Application of Funds	**1025.9**	**994.8**	**1011.8**	**1112.7**

Somany Ceramics Ltd.

Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21	FY22
Reported PBT	80.1	9.6	83.7	126.4
Non-operating & EO items	-1.2	35.3	21.6	-3.7
Interest Expenses	32.4	38.6	33.0	23.9
Depreciation	44.3	59.0	61.3	64.0
Working Capital Change	-38.1	25.5	182.3	-18.7
Tax Paid	-31.5	-15.2	-25.5	-35.3
OPERATING CASH FLOW (a)	**85.9**	**152.8**	**356.5**	**156.5**
Capex	-155.9	-66.4	-41.4	-268.0
Free Cash Flow	-70.0	86.3	315.1	-111.5
Investments	97.3	17.6	-75.0	33.3
Non-operating income	-30.3	33.9	26.7	-20.6
INVESTING CASH FLOW (b)	**-88.9**	**-14.8**	**-89.6**	**-255.3**
Debt Issuance / (Repaid)	72.1	-86.5	-85.4	81.4
Interest Expenses	-41.1	-45.6	-45.6	-31.2
FCFE	-39.0	-45.8	184.1	-61.4
Share Capital Issuance	9.7	0.0	0.0	6.5
Dividend	-13.8	-20.4	-10.2	0.0
Others	0.0	0.0	2.0	-6.7
FINANCING CASH FLOW (c)	**27.0**	**-152.6**	**-139.1**	**49.9**
NET CASH FLOW (a+b+c)	**23.9**	**-14.6**	**127.7**	**-48.9**

One Year Price Chart



(Source: Company, HDFC sec)

Key Ratios

	FY19	FY20	FY21	FY22
PROFITABILITY RATIOS (%)				
EBITDA Margin	9.6	8.2	11.6	9.9
EBIT Margin	8.1	5.3	8.6	7.4
APAT Margin	2.7	0.9	3.5	4.2
RoE	7.8	2.5	9.1	12.8
RoCE	12.7	7.7	13.3	13.4
SOLVENCY RATIOS (x)				
Debt/EBITDA	3.1	3.6	2.1	2.6
D/E	0.8	0.8	0.6	0.8
PER SHARE DATA (Rs.)				
EPS	10.9	3.5	13.6	20.9
CEPS	21.4	17.4	28.1	35.9
Dividend	2.0	2.0	2.4	0.0
BVPS	144.7	143.1	154.6	171.0
TURNOVER RATIOS				
Debtor days	98.1	79.1	56.5	40.7
Inventory days	54.7	66.0	63.3	45.2
Creditors days	46.3	42.5	39.9	36.0
VALUATION (x)				
P/E (x)	55.7	171.7	44.6	29.1
P/BV (x)	4.2	4.2	3.9	3.6
EV/EBITDA (x)	18.5	23.1	14.8	14.4
EV/Revenue (x)	1.8	1.9	1.7	1.4
Dividend Yield (%)	0.3	0.3	0.4	0.0
Dividend Payout (%)	18.3	56.5	17.6	0.0

(Note: Consolidated numbers, Source: Company, HDFC sec)

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